

Day Break

Tuesday, June 10, 2025

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GDP: +2.68%



Agriculture: +0.56%



Industrial: +4.77%



Services: +2.9%



Inflation: 4.7%



Exports: US\$ 27.3bn



Imports: US\$ 48.6bn



Remittances: US\$ 31.2bn

Economy

Pakistan Economic Survey 2024-25: Key Highlights

- Pakistan's GDP grew by 2.68% in FY2025. Challenges at the beginning of FY2025 included high interest rates.
- The government aims for 5.7% medium-term growth, focusing on stability and sustainability.
- Inflation averaged 4.7% during July-April FY2025, compared to 26% during the same period last year. Headline CPI was reported at 0.3% in April 2025 compared to 17.3% during the same period last year.
- Agriculture sector posted a growth of 0.56% in FY25. Livestock growth was recorded at 4.72% leading the agriculture sector growth. The major crops recorded a decline of 13.49% due to weather challenges and lower cultivation.
- The external account improved, with the current account posting a surplus of US \$1.9bn during Jul-Apr FY25, compared to a deficit of US \$1.3bn during FY24. Foreign Exchange Reserves increased to US\$ 16.64bn in May 2025. Remittances during Jul-Apr FY25 were recorded at US\$ 31.2bn witnessing a significant increase of 31%y/y.

We review key summary points from Economic Survey of Pakistan for the year 2024-25 published on 09th June, 2025.

Pakistan GDP growth recorded at 2.68%

According to the latest Pakistan Economic Survey (PES), the country's GDP posted a growth of 2.68%. This brings the size of Pakistan's GDP to PKR 114tn, up by +7.5%. In US dollar terms, the total size increased to US\$ 406bn from last year's US\$ 375bn, an increase of +8% y/y. As a result, Pakistan's current GDP per capita increased to US\$ 1,824 from US\$ 1,680 in 2024, up by +8.5%y/y or US\$ 144.

Sector Performance: Mainly Led by Industrial sector

In terms of sectors, the service sector continues to dominate with a major share of 58.4%, a growth of +2.9%y/y, followed by the agriculture sector at 23.54%, which increased by 0.56%y/y. Lastly, the industrial sector recorded an increase of +4.8%.

IGI Research

Sakina Makati

sakina.makati@igi.com.pk

Tel: (+92-21) 111-234-234 Ext: 810

Laraib Nisar

laraib.nisar@igi.com.pk

Tel: (+92-21) 111-234-234 Ext: 974

Services Sector

Provisional figures indicate that the services sector has registered a growth of 2.91% in FY25, an improvement over the 2.19% recorded in FY24. Among the sub-sectors, Public Administration and Social Security (General Government) posted the strongest performance with a notable growth of 9.92%. In contrast, wholesale and retail trade recorded a minimal increase of just 0.14%.

Industrial Sector

The industrial sector has shown a strong recovery, posting a provisional growth of 4.77% in FY25. Among its components, electricity, gas & water supply is expected to lead with a robust growth of 28.88%, followed by construction at 6.61%, and manufacturing at 1.34%. On the other hand, mining & quarrying and Large-Scale Manufacturing (LSM) are projected to decline by 3.38% and 1.53%, respectively.

Agriculture Sector

The agriculture sector is expected to post a growth of just 0.56% in FY25 as per the provisional numbers, the lowest in nine years (FY16: 0.41%) and well below the 5-year average of 3.38%. This slowdown is largely due to declines in important crops and cotton ginning, down 13.49% and 19.03%, respectively. Meanwhile, other crops are set to grow by 4.78%, with livestock, forestry, and fishing also showing gains of 4.72%.

Medium-Term Growth Projection: Aims for Stability and Sustainability

The government's key aim is maintain the stability in the economy, striving for a 5.7% medium-term growth target, the government is trying to bring in growth focused policy reforms and the URAAN Pakistan's transformation strategy is also in place to achieve this growth target.

Fiscal Landscape of Pakistan: FY24 Overview and Outlook

With revenue at PKR 10.23 trillion, up by 26% YoY, the fiscal deficit for 9MFY24 was recorded at 2.4% of GDP, compared to 3.7% during the same period last year. Total expenditures rose by 19% to PKR 16.3tn, driven by a 18% increase in current expenditure, notably in markup payments.

The primary balance achieved a surplus of PKR 3.5tn. Tax collection rose by 29%, while non-tax revenues grew by 91%. Annual inflation averaged 4.61% during 11MFY25, compared to 24.52% during the 11MFY24.

In response, the State Bank of Pakistan reduced the policy rate by a cumulative 1,100 bps during the last year, policy rate currently stands at 11% compared to 22% during May 2024. Total public debt reached PKR 76.0tn by March 2025. Looking ahead, the government aims for fiscal

consolidation in the FY26 budget, focusing on prudent expenditure and revenue reforms.

Pakistan's External Accounts: FY25 Recap & Future Prospects

In the first ten months of fiscal year 2025, Pakistan managed to record a current account surplus of US\$ 1.8bn, compared to a current account deficit of US\$ 0.9bn during the same period last year. This positive change was mainly due to lower international oil and commodity prices and better remittances flow.

Remittances increased significantly by 31% YoY to US\$ 31bn. Pakistan also received US\$ 2bn under the IMF EFF and RSF program. With total reserves at US\$ 14.3bn and a stable Pakistani Rupee, the economic outlook seems promising.

Looking ahead, we expect Pakistan to move toward prosperity, driven by fiscal reforms, privatization, and improved investor confidence under ongoing IMF programs. Efforts to diversify exports, strengthen regional trade, and integrate value chains are helping reduce external risks. Better credit conditions and lower inflation support a gradual recovery in Large-Scale Manufacturing, though global trade slowdown and tighter immigration may pose challenges to exports and remittances.

Exhibit: Pakistan Key Economic Forecasts

		2019A	2020A	2021A	2022A	2023A	2024R	2025P*
Real Sector								
GDP (growth rate)	%	3.10%	-0.90%	5.80%	6.20%	-0.21%	2.51%	2.68%
GDP (in PKR)	PKRtn	44	48	56	67	84	105	115
GDP (in US\$)	US\$bn	321.9	300.8	348.9	375.6	338	372	406
GDP per Capita	US\$	1,578	1,458	1,677	1,767	1,549	1,576	1,690
%age Share								
Agriculture	%	22%	24%	23%	23%	23%	24%	24%
Industries	%	19%	19%	19%	19%	18%	18%	18%
Commodity Producing	%	42%	42%	42%	42%	42%	42%	42%
Services	%	58%	58%	58%	58%	58%	58%	58%
Growth Rate								
Agriculture	%	0.90%	3.90%	3.50%	4.20%	2.24%	6.40%	0.6%
Industries	%	0.20%	-5.70%	8.20%	7.00%	-3.88%	-1.37%	4.8%
Commodity Producing	%	0.60%	-0.60%	5.60%	5.50%	-0.56%	2.96%	2.3%
Services	%	5.00%	-1.20%	5.90%	6.70%	0.04%	2.19%	2.9%
Prices and Policy Rate								
CPI (National) - avg	%y/y	7%	11%	9%	12%	29%	24%	5%
Discount Rate (Ceiling) – Period end	%	10%	12%	8%	11%	23%	22%	12%
Policy Rate (Target) – Period End	%	10%	12%	7%	10%	22%	21%	11%
External Accounts								
Current Account Balance	US\$bn	-13.4	-4.4	-2.8	-17.5	-2.4	-2.1	1.9
Exports (G)	US\$bn	24.3	22.5	25.6	32.5	27.9	31.0	27.3
Imports (G)	US\$bn	51.9	43.6	54.3	71.5	52.0	53.2	48.6
Trade Balance	US\$bn	-27.6	-21.1	-28.6	-39.1	-24.1	-22.2	-21.3
Remittances	US\$bn	21.7	23.1	29.4	31.2	27.0	30.2	34.4
C/a Bal. / GDP	%	-4%	-1%	-1%	-5%	-1%	-1%	0%
Trade Balance / GDP	%	-9%	-7%	-8%	-10%	-7%	-6%	-5%
Total: Import Cover	x	3.3	4.3	5.4	4	2.0	3.8	3.4
FX Reserves – Period end								
Fx Reserves	US\$bn	14.5	18.9	24.4	15.5	9.2	14.2	16.6
Fx Reserves: Sbp	US\$bn	7.3	12.1	17.3	9.8	4.4	8.9	11.5
Fiscal Accounts								
Tax Revenues	PKRtn	4.5	4.7	5.3	6.8	7.8	10.1	9.1
Non-Tax Revenues	PKRtn	0.4	1.5	1.6	1.3	1.8	3.2	4.2
Current Expenditure	PKRtn	7.1	8.5	9.1	11.5	14.4	18.6	14.6
Development Expenditure	PKRtn	1.2	1.2	1.3	1.7	2.0	2.1	1.5
Budget Deficit	PKRtn	-3.4	-3.4	-3.4	-5.3	-6.5	-7.2	-3.0
Tax Revenues	%age of GDP	10.20%	10.00%	9.40%	10.10%	9.35%	9.50%	8.00%
Non-Tax Revenues	%age of GDP	1.00%	3.20%	2.90%	1.90%	2.17%	3.03%	3.69%
Current Expenditure	%age of GDP	16.20%	17.90%	16.30%	17.30%	17.27%	17.66%	12.72%
Development Expenditure	%age of GDP	2.80%	2.50%	2.40%	2.50%	2.33%	2.58%	1.35%
Budget Deficit	%age of GDP	-7.90%	-7.10%	-6.10%	-7.90%	-7.80%	-7.02%	-2.59%

Source: Ministry of Finance, SBP, PBS, IGI Research, *Provisional Jul-Mar 2025 or latest available data

Exhibit: GDP Growth Rates*

Pakistan Real GDP growth rate arrived at 2.7% for FY25P

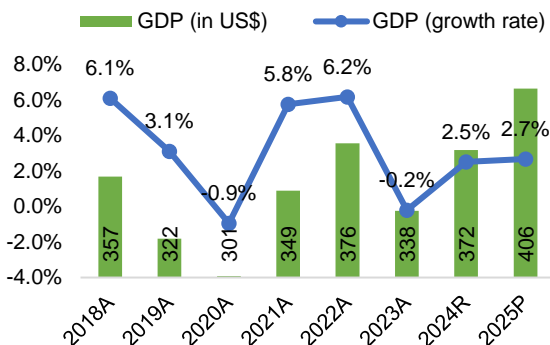


Exhibit: Sectoral Performance*

A rebound in all sectors was witnessed during FY25 primarily led by services

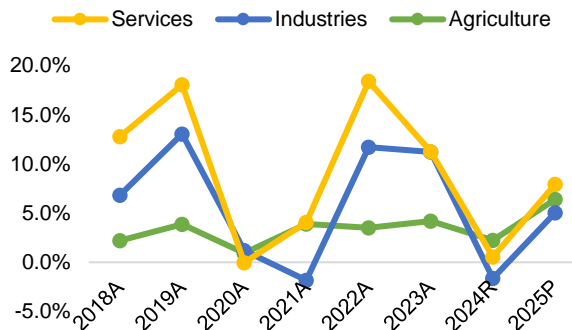


Exhibit: SBP Foreign Exchange (FX) reserves and Import coverage

SBP FX reserves recovered to US\$ 11.5bn by end of May-25 increasing by US\$ 2.4bn in 11MFY25. This has lifted import cover to 3.1 months.

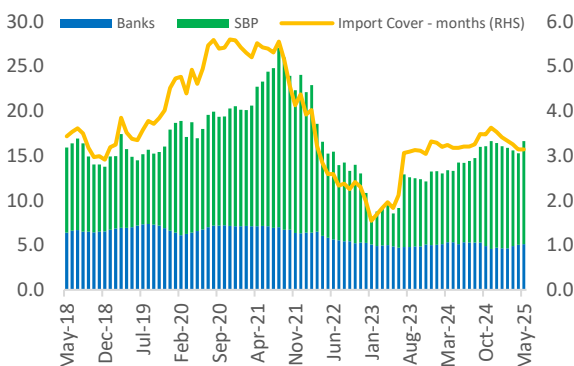


Exhibit: Inflation Indicators

All indicators depicting a downward trend in prices.

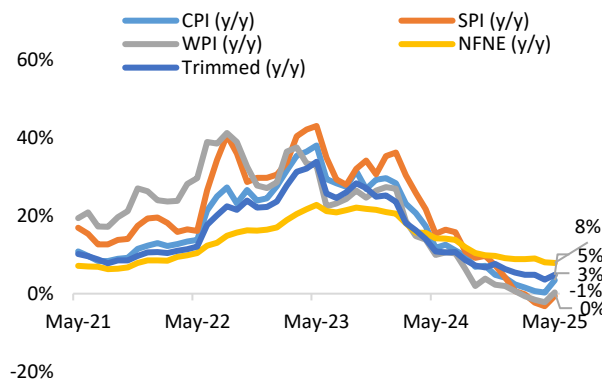
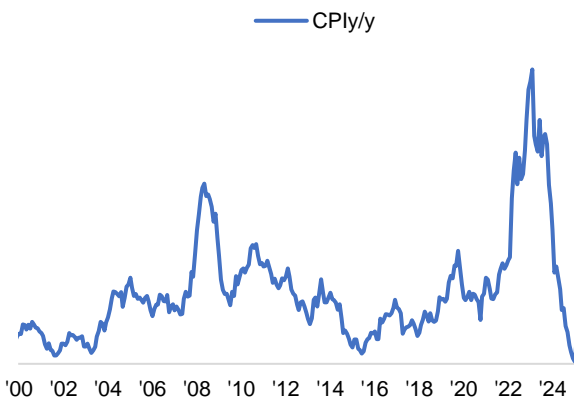


Exhibit: Pakistan CPI Historical

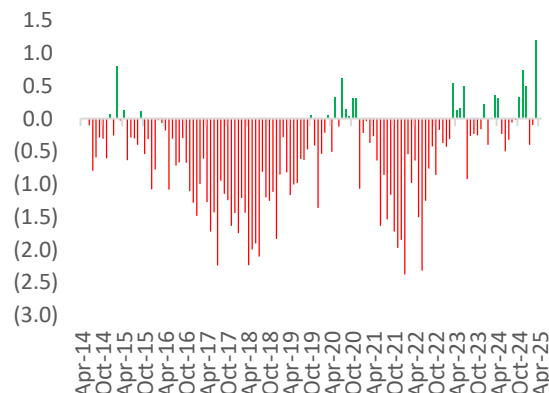
(BASE=2015-16) Headline inflation witnessed a sharp decline in 2025 led by lower food and electricity prices



Source: Ministry of Finance, SBP, PBS, IGI Research, *FY24: forecasts

Exhibit: Monthly C/a Bal

Higher remittances and exports along with restricted imports have pushed C/a Balance in to surplus in last few months.



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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

IGI Finex Securities Limited

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Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Islamabad Office

3rd Floor, Kamran Centre,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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