

Day Break

Friday, June 12, 2026

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GDP: +3.70%



Agriculture: +2.89%



Industrial: +3.51%



Services: +4.09%



Inflation: 6.2%



Exports: US\$ 25.8bn



Imports: US\$ 52.7bn



Remittances: US\$ 33.9bn

Economy

Pakistan Economic Survey 2025-26: Key Highlights

- Pakistan's GDP grew by 3.70% in FY2026 which reflects continued macroeconomic stabilization and recovery across key sectors.
- The government aims for 4.0% GDP growth target in FY2027, focusing on stability and sustainability.
- Inflation averaged 6.2% during July-Apr FY2026, compared to 4.73% during the same period last year. However, for the month Apr-26 the inflation stood at 10.9%.
- Agriculture sector posted a growth of 2.89% in FY26. Livestock growth was recorded at 3.75% leading the agriculture sector growth. Meanwhile, forestry, fishing and important crops are projected to post growths of 2.02%, 1.66% and 1.44% respectively.
- The external account deteriorated, with the current account posting a deficit of US \$0.3bn during Jul-Apr FY26, compared to a surplus of US \$1.8bn during FY25. Foreign Exchange Reserves increased to US\$ 22.6bn in May 2026. Remittances during Jul-Apr FY26 were recorded at US\$ 33.9bn.

We review key summary points from Economic Survey of Pakistan for the year 2025-26 published on 11th June, 2026.

Pakistan GDP growth recorded at 3.70%

According to the latest Pakistan Economic Survey (PES), the country's GDP posted a growth of 3.70%. This brings the size of Pakistan's GDP to PKR 127tn, up by +11.3%. In US dollar terms, the total size increased to US\$ 452bn from last year's US\$ 408bn, an increase of +10.8% y/y. As a result, Pakistan's current GDP per capita increased to US\$ 1,844 from US\$ 1,697 in 2025, up by +8.6%/y/y or US\$ 146.

Sector Performance: Mainly Led by Services sector

In terms of sectors, the service sector continues to dominate with a major share of 58.4%, a growth of +4.1%/y/y, followed by the agriculture sector at 23.4%, which increased by +2.9%/y/y. Lastly, the industrial sector recorded an increase of +3.5%.

Services Sector

Provisional figures indicate that the services sector has registered a growth of 4.09% in FY26, an improvement over the 3.14% recorded in FY25. Among the sub-sectors, Public Administration and Social Security

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(General Government) posted the strongest performance with a notable growth of 8.54% followed by information and communication which posted a growth of 7.52%.

Industrial Sector

The industrial sector has shown some deterioration, posting a provisional growth of 3.51% in FY26 as compared to 5.56% growth in FY25. Among its components, manufacturing has recorded a growth of 6.61%, followed by construction at 5.73% whereas mining and quarrying registered a meagre growth of 0.38%. On the other hand, Electricity Generation & Distribution & Gas Distribution are projected to decline by a whopping -10.63%.

Agriculture Sector

The agriculture sector is expected to post a growth of just 2.89% in FY26 as per the provisional numbers. This growth is to be largely driven by growth in livestock recording at 3.75% followed by growth in cotton ginning at 2.43%. Meanwhile, forestry, fishing and important crops are projected to post growths of 2.02%, 1.66% and 1.44% respectively.

GDP Growth Projection for FY26-27: Aims for Stability and Sustainability

The government's key aim is to maintain the stability in the economy, striving for a 4.0%-4.1% GDP growth target in the next fiscal year, this target aims to sustain economic recovery following the 3.7% growth achieved in FY26.

Fiscal Landscape of Pakistan: FY26 Overview and Outlook

With revenue at PKR 14.8 trillion, down by -18% in 9MFY26, the fiscal deficit for 9MFY26 was recorded at 0.7% of GDP, compared to 2.6% in the same period last year. Total expenditures fell by 35% to PKR 15.6tn, driven by a 34% decrease in current expenditure, with markup payments declining notably by -44% during 9MFY26.

The primary balance achieved a surplus of PKR 4.1tn. Tax collection fell by -20%, while non-tax revenues declined by -12%. Annual inflation averaged 6.69% during 11MFY26, compared to 4.61% during the 11MFY25. Due to the geopolitical tensions in the Middle East and renewed inflation pressures the State Bank of Pakistan in response increased the policy rate by 100bps to 11.5% in 9MFY26 after reducing it by 1,150 bps during the last year to 10.5%. Total public debt reached PKR 83.3tn by March 2026. Looking ahead, the government aims for fiscal consolidation in the FY27 budget, focusing on prudent expenditure and revenue reforms.

Pakistan's External Accounts: FY26 Recap & Future Prospects

In the first ten months of fiscal year 2026, Pakistan recorded a current account deficit of US\$ 0.3bn, compared to a current account surplus of US\$ 1.8bn during FY25. This negative change was mainly due to higher international oil prices and supply disruptions due to the ongoing geopolitical tensions.

During 10MFY26, remittances inflows declined to US\$ 33.9bn from US\$ 38.3bn recorded in FY25. Pakistan also recently received US\$ 1.32bn under the IMF EFF and RSF program. With total reserves at US\$ 22.6bn 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

		2020A	2021A	2022A	2023A	2024A	2025R	2026P*
Real Sector								
GDP (growth rate)	%	-0.9%	5.8%	6.2%	-0.2%	2.6%	3.2%	3.7%
GDP (in PKR)	PKRtn	48	56	67	84	105	114	127
GDP (in US\$)	US\$bn	301	349	376	338	372	408	452
GDP per Capita	US\$	1,458	1,677	1,767	1,549	1,576	1,697	1,844
%age Share								
Agriculture	%	24%	23%	23%	23%	24%	24%	23%
Industries	%	19%	19%	19%	18%	18%	18%	18%
Commodity Producing	%	42%	42%	42%	42%	42%	42%	42%
Services	%	58%	58%	58%	58%	58%	58%	58%
Growth Rate								
Agriculture	%	3.9%	3.5%	4.2%	2.2%	6.4%	1.5%	2.9%
Industries	%	-5.7%	8.2%	7.0%	-3.9%	-1.0%	5.6%	3.5%
Commodity Producing	%	-0.6%	5.6%	5.5%	-0.6%	3.1%	3.2%	3.2%
Services	%	-1.2%	5.9%	6.7%	0.0%	2.3%	3.1%	4.1%
Prices and Policy Rate								
CPI (National) - avg	%y/y	11%	9%	12%	29%	23%	4%	7%
Discount Rate (Ceiling) – Period end	%	12%	8%	11%	22%	22%	13%	13%
Policy Rate (Target) – Period End	%	12%	7%	10%	21%	21%	12%	12%
External Accounts								
Current Account Balance	US\$bn	(4.4)	(2.8)	(17.5)	(2.4)	(2.1)	1.8	(0.3)
Exports (G)	US\$bn	22.5	25.6	32.5	27.9	31.0	32.3	25.8
Imports (G)	US\$bn	43.6	54.3	71.5	52.0	53.2	59.1	52.8
Trade Balance	US\$bn	(21.1)	(28.6)	(39.1)	(24.1)	(22.2)	(26.8)	(26.9)
Remittances	US\$bn	23.1	29.4	31.2	27.0	30.2	38.3	33.9
C/a Bal. / GDP	%	-1%	-1%	-5%	-1%	-1%	0%	0%
Trade Balance / GDP	%	-7%	-8%	-10%	-7%	-6%	-7%	-6%
Total: Import Cover	x	4.3	5.4	4.0	2.0	3.8	3.4	4.0
FX Reserves – Period end								
Fx Reserves	US\$bn	18.9	24.4	15.5	9.2	14.2	18.1	22.6
Fx Reserves: Sbp	US\$bn	12.1	17.3	9.8	4.4	8.9	12.7	17.2
Fiscal Accounts								
Tax Revenues	PKRtn	4.7	5.3	6.8	7.8	10.1	12.7	10.2
Non-Tax Revenues	PKRtn	1.5	1.6	1.3	1.8	3.2	5.3	4.6
Current Expenditure	PKRtn	8.5	9.1	11.5	14.4	18.6	21.5	14.3
Development Expenditure	PKRtn	1.2	1.3	1.7	2.0	2.1	3.0	1.9
Budget Deficit	PKRtn	(3.4)	(3.4)	(5.3)	(6.5)	(7.2)	(6.2)	(0.9)
Tax Revenues	%age of GDP	10.0%	9.4%	10.1%	9.3%	9.6%	11.2%	8.0%
Non-Tax Revenues	%age of GDP	3.2%	2.9%	1.9%	2.2%	3.0%	4.6%	3.7%
Current Expenditure	%age of GDP	17.9%	16.3%	17.3%	17.3%	17.7%	18.9%	11.2%
Development Expenditure	%age of GDP	2.5%	2.4%	2.5%	2.3%	2.0%	2.6%	1.5%
Budget Deficit	%age of GDP	-7.1%	-6.1%	-7.9%	-7.8%	-6.9%	-5.4%	-0.7%

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 3.7% for FY26P

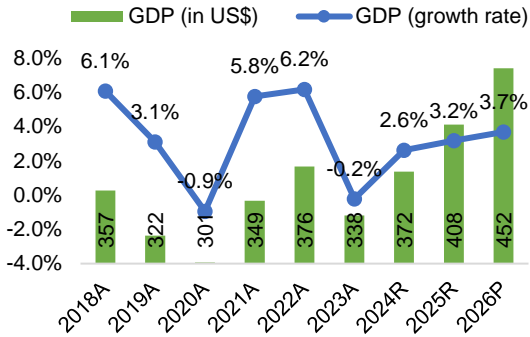


Exhibit: Sectoral Performance*

Agricultural and Services sector witnessed growth during FY26 whereas Industrial sector declined

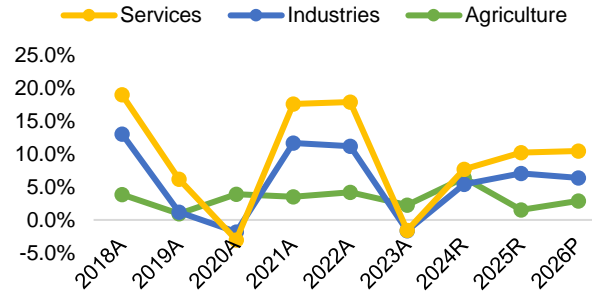


Exhibit: SBP Foreign Exchange (FX) reserves and Import coverage

SBP FX reserves rose to US\$ 22.6bn by end of May-26 increasing by US\$ 3.7bn in 11MFY26. This has lifted import cover to 4.0 months.

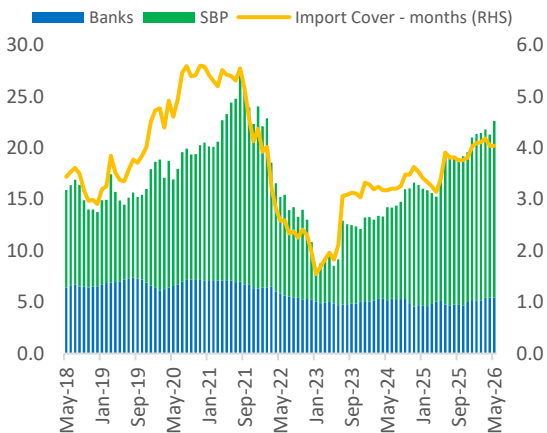


Exhibit: Inflation Indicators

All indicators depicting an upward trend in prices.

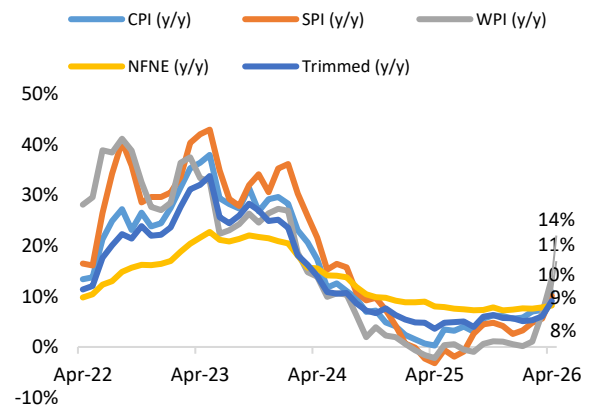


Exhibit: Pakistan CPI Historical

(BASE=2015-16) Headline inflation witnessed an increase in 2026 led by higher food and electricity prices

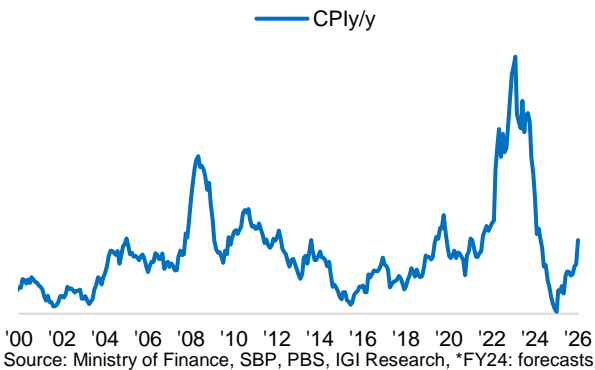
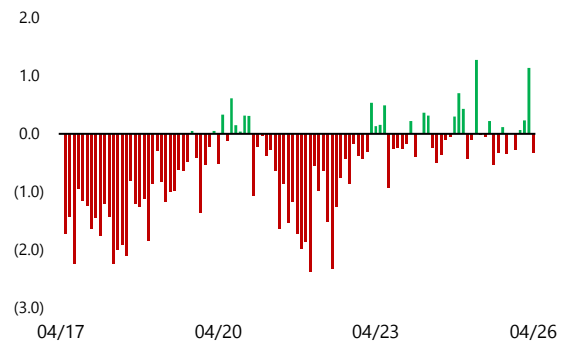


Exhibit: Monthly C/a Bal

Higher remittances and exports along with restricted imports have supported the C/A balance.



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