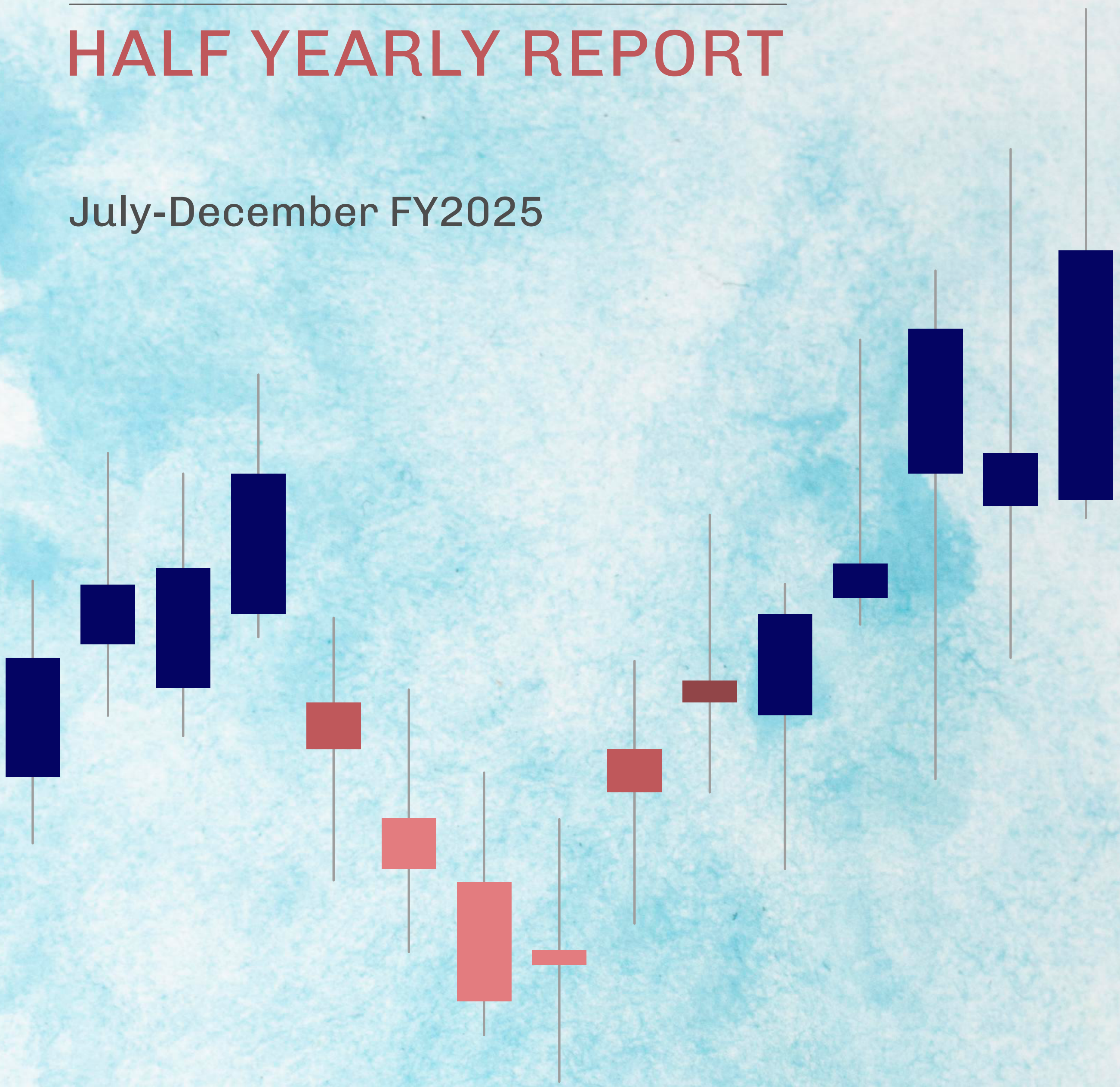
STATE OF PAKISTAN'S
ECONOMY
HALF YEARLY REPORT

July-December FY2025



GOVERNMENT OF PAKISTAN
FINANCE DIVISION
ECONOMIC ADVISER'S WING

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https://www.finance.gov.pk/updates.html

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Table of Contents

Executive Summary

Pakistan's economy demonstrated a continued improvement in H1-FY2025, building upon the stabilization achieved in FY2024, when GDP expanded by 2.5 percent after the previous year's contraction. The positive momentum was fueled by sound macroeconomic management, effective inflation control measures, and enhanced fiscal and external accounts stability.

Inflation substantially declined to 7.2 percent in H1-FY2025 from 28.8 percent a year earlier, supported by easing global prices, a stable exchange rate, and targeted government policies. Policy reforms, monetary easing, and fiscal consolidation further strengthened the foundation for sustainable economic momentum.

The agricultural sector grew by 6.2 percent in FY2024, buoyed by increased investment, expanded agricultural credit, and favourable weather conditions. High-frequency indicators, including machinery, investment and water availability, suggest a positive outlook for future growth in the sector. The industrial sector exhibited mixed results; like textile sector is improving gradually. The services sector is projected to continue its positive trajectory, driven by the recovery of domestic activity and growth in trade.

The current account balance posted a surplus of $1.21 billion in Jul-Dec FY2025. Record-high remittance inflows and strong export performance offset the increasing import bill. Foreign Direct Investment (FDI) surged by 20 percent, driven by investments in the power and oil sectors. Foreign exchange reserves are enough to cover over two months of imports, supported by IMF disbursements and international financial assistance. The Pakistani rupee appreciated by 1.2 percent, indicative of favorable external developments.

The government has been able to reduce the fiscal deficit to 0.04 percent of GDP in Jul-Nov FY2025, a marked improvement from the previous year's deficit. The improvement was bolstered by robust growth in tax and non-tax revenue, reflecting improved fiscal discipline, reduced interest rates, and a stable exchange rate.

With strengthened economic fundamentals, declining inflation, and growing investors' confidence, Pakistan is well-positioned for continued growth momentum throughout FY2025. Key policy measures, including monetary easing and export facilitation, are creating an environment conducive to private sector-driven growth. Continued fiscal discipline and improved external account, alongside favorable global trends, are expected to sustain this positive momentum. Committed to sustainable growth, the government is focused on overcoming structural challenges and promoting inclusive development. In this regard, recently, the Government has unveiled its homegrown 5-Year Economic Transformation Plan, URAAN Pakistan. The plan underscores inclusivity through a pragmatic, inclusive, and self-reliant approach to address Pakistan's economic challenges.

1. Introduction

The economic recovery achieved in FY2024, with GDP growth rate of 2.5 percent against a contraction of 0.2 percent in FY2023, has sustained positive growth of 0.92 percent in the first quarter of FY2025. However, growth has slowed compared to the 2.3 percent recorded last year, reflecting moderation across key sectors, particularly in agriculture. The slower growth in agriculture is primarily due to the high base effect in the crop sector of the last fiscal year and the decline in the crop production of cotton, rice, sugarcane, and maize. However, the textile sector, wholesale, retail trade are gradually accelerating and impacting other related sectors positively.

Inflationary pressures, which peaked during FY2023, moderated significantly in FY2024, driven by effective policy interventions, declining global commodity prices, and exchange rate stability. This created room for monetary easing, with a 1000 basis-point reduction in the policy rate stimulating economic activity. The easing monetary stance, coupled with a more favorable environment for industrial and consumer sectors, is reinforcing economic momentum.

The external sector, saw a marked improvement in remittance inflows along with resilient export performance, contributing to a substantial improvement in the current account balance. FDI demonstrated growth, particularly in the energy and Financial Business. Meanwhile, the rupee exhibited stability against the dollar, supported by strengthened foreign exchange reserves and sound fiscal management. On the fiscal front, enhanced revenue mobilization efforts led to a significant increase in both tax and non-tax revenues, resulting in a significantly lower fiscal deficit.

The disbursement of $1.03 billion under the IMF's Extended Fund Facility (EFF) has played a critical role in reinforcing fiscal and external stability, boosting investor confidence, and catalyzing economic activity. Additionally, Pakistan's successful hosting of the 2024 SCO Summit has further bolstered market sentiment and business confidence. Collectively, these developments signal a positive economic outlook for FY2025 and over the medium term.

2. Economic Performance

Following a contraction of 0.2 percent in FY2023, the GDP growth recovered in FY2024 and posted a growth of 2.5 percent.

Pakistan's economy continued to improve in H1-FY2025, building upon the stabilization achieved in FY2024. The positive momentum has been fueled by sound macroeconomic management, effective inflation control measures, and enhanced fiscal and external account stability.

In Q1 FY2025, GDP growth was estimated at 0.9 percent compared to 2.3 percent in the same quarter of FY2024 on the back of 1.15 percent growth in agriculture, and 1.43 percent growth in services. In the industrial

Table 2.1: Quarter-wise GDP Growth (%)

Sector	FY2023				FY2024 (P)				FY2025 (P)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Agriculture	0.14	3.46	3.92	1.53	8.09	5.59	3.77	7.27	1.15
Industry	-0.20	1.60	-6.68	-9.26	-4.43	-1.92	3.46	-3.65	-1.03
Services	2.05	2.25	-1.06	-3.12	2.16	1.48	1.85	3.94	1.43
GDP	1.17	2.40	-1.04	-3.28	2.30	1.80	2.58	3.33	0.92

Source: PBS

sector, the growth remained negative, however, the rate of contraction slowed down to -1.03 percent from -4.43 percent last year signaling gradual improvement.

2.1 Agriculture Sector

Agriculture has shown a growth of 1.15 percent in Q1 as compared to 8.09 percent in the same period last year. The growth in important crops contracted by 11.19 percent in Q1 due to the high base effect in the crop sector of the last fiscal year and the decline in the crop production of cotton (-29.6%), rice (-1.2%), sugarcane (-2.2%) and maize (-15.6%). Although important crops comprise wheat, cotton, rice, maize, and sugarcane, however, in Q1 there is no impact from wheat as it is neither sown nor harvested during this quarter. Other crops have witnessed 2.08 percent growth in Q1 as compared to -2.08 percent last year. Livestock has increased by 4.89 percent as compared to 4.56 percent last year because of a decrease in inputs (dry fodder). Forestry and fishing have retained their normal growth tendency and witnessed modest growth of 0.78 percent and 0.82 percent, respectively.

In Q1-FY2025, the government remained committed to support agriculture by ensuring the timely availability of farm inputs for Kharif crops. The allocation of Rs. 23.9 billion under PSDP in FY2025 underscores the government's strategic focus on productivity enhancement and sector modernization. Agricultural credit disbursement rose significantly by 24.8 percent in FY2024, reaching Rs. 2,216 billion, which helped farmers to manage input costs and improve productivity. This upward trend is expected to continue, with agriculture credit expansion target of Rs. 2,572.3 billion for FY2025.

During Jul-Nov FY2025, agriculture credit disbursement recorded Rs.925.7 billion compared to Rs.853.0 billion same periods last year showing an increase of 8.5 percent. Imports of agricultural machinery surged by 46.8 percent in H1-FY2025 to $53.7 million, reflecting a shift toward mechanization and improved efficiency. Conversely, insecticide imports declined from $94.9 million to $66.5 million, indicating the need to enhance crop protection measures. Similarly, the fertilizer offtake during the Kharif sowing season of 2024 showed a decline, with urea offtake falling by 17.3 percent to 2,746 thousand tonnes and DAP offtake down by 15.3 percent to 642 thousand tonnes. These declines were driven by delayed sowing due to climate variations, shifts in crop acreage, and lower wheat prices, which affected farmers' purchasing power. For the Rabi 2024-25 season, urea offtake during (Oct-Dec 2024) remained 2,003 thousand tonnes (18 percent higher than Oct-Dec 2023) whereas DAP offtake was 690 thousand tonnes (19.5 percent higher than Oct-Dec 2023). Higher fertilizers offtake may be attributed to disbursement of interest-free loans to small farmers by the Punjab Government through Kissan Card for purchase of agriculture inputs (seed and fertilizer).

Table-2.2: Agriculture Sector Growth (%)

Sectors	2023-24 (R)				2024-25 (P)
	Q1	Q2	Q3	Q4	Q1
Agriculture	8.09	5.59	3.77	7.27	1.15
1. Crops	16.11	10.13	2.34	13.49	-5.93
Important Crops	29.88	14.64	1.69	26.99	-11.19
Other Crops	-2.08	-1.14	-0.60	-1.68	2.08
Cotton Ginning	33.91	61.19	60.98	35.64	-0.85
2. Livestock	4.56	2.57	4.86	5.07	4.89
3. Forestry	4.25	-1.23	-3.47	-2.82	0.78
4. Fishing	0.69	0.82	0.83	0.86	0.82

Source: PBS

The irrigation system was pivotal in supporting Kharif 2024 crops despite challenging climatic conditions. The Indus River System Authority (IRSA) reported water supply at 60.48 MAF, slightly below the 61.85 MAF recorded in Kharif 2023. Despite this marginal decrease, IRSA ensured equitable water distribution among provinces to meet crop irrigation needs.

2.2 Industrial Sector

The industrial sector experienced a contraction of 1.7 percent in FY2024, attributed to stabilization measures, a tight monetary policy stance, elevated inflation rates, and an unstable exchange rate. LSM sustain growth of 1.0 percent in FY2024.

In Q1-FY2025, the industrial sector contracted by 1.03 percent, showing improvement compared to a substantial contraction of 4.43 percent in the same period last year. This recovery was largely attributed to growth in manufacturing, as well as electricity, gas, and water supply. However, downside risks persist in Mining and Quarrying, which declined by 6.49 percent, and Construction, which contracted significantly by 14.91 percent.

During Jul-Nov FY2025, the LSM sector experienced a slight decline of 1.25 percent, compared to the contraction of 1.9 percent recorded during the same period last year (Figure 2.1). In November 2024, LSM witnessed a contraction of 3.81 percent on YoY basis and 1.19 percent on MoM basis. Despite the contraction, high weighted sectors such as textiles, food, wearing apparel, pharmaceuticals, beverages and automobiles displayed renewed vitality, highlighting the sector's resilience and potential for recovery (Figure 2.1).

Economic activity within the textile sector, which constitutes 18.2 percent of the LSM output, showed signs of recovery. Following a steep contraction of 12.7 percent in Jul-Nov FY2024, the sector rebounded with a 2.3 percent growth in Jul-Nov FY2025. This turnaround was underpinned by improved macroeconomic conditions, including a decline in inflation, exchange rate stability, and a reduced policy rate that lowered borrowing costs and stimulated investment.

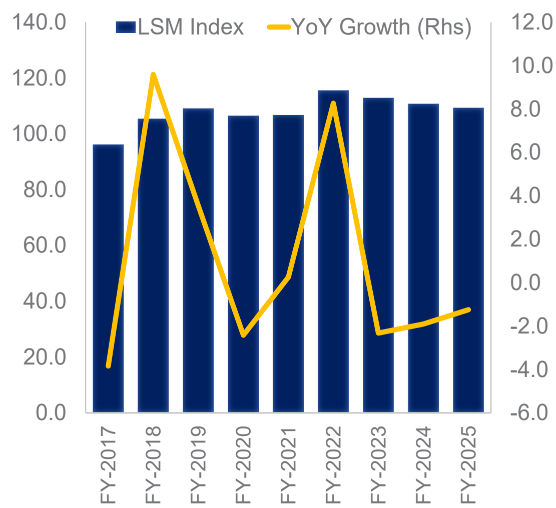
Although cotton production declined in FY2025, the increasing imports of raw cotton have effectively bridged the gap, ensuring a steady supply of essential raw materials for textile production. Additionally, the rise in textile machinery imports and working capital borrowing reflects the sector's commitment to expanding and modernizing its production capacity, reinforcing the outlook for sustained growth and expansion in the coming months (Figure 2.2).

Table-2.3: Industrial Sector Growth (%)

	2023-24 (R)				2024-25 (P)
	Q1	Q2	Q3	Q4	Q1
Industry	-4.43	-1.92	3.46	-3.65	-1.03
1. Mining & Quarrying	5.89	-3.57	-6.36	-11.74	-6.49
2. Manufacturing	1.86	1.72	3.42	5.53	2.16
Large Scale	-0.65	-0.73	1.60	4.19	-0.82
Small Scale	8.98	8.93	9.03	9.28	9.67
Slaughtering	6.36	6.43	6.64	6.99	7.47
3. Electricity, Gas & Water Supply	-35.96	-20.05	25.95	-34.54	0.58
4. Construction	7.03	-3.18	-5.80	-1.11	-14.91

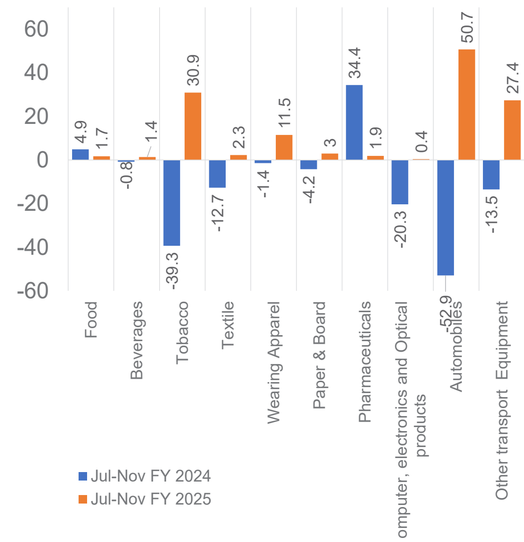
Source: PBS

Figure 2.1: Performance of LSM Index and Growth (Jul-Nov)



Source: PBS

Figure 2.2: Sectoral Performance of LSM



Source: PBS

The automobile industry demonstrated a remarkable recovery during Jul-Dec FY2025. Total vehicle production surged by 28.3 percent, while sales grew by 28.2 percent compared to the same period in FY2024 (Table 2.4). Substantial gains in the production of cars, trucks, and buses, as well as jeeps and pick-ups, indicate rising consumer demand and improved business confidence. However, a decline in tractor production underscores the need for targeted measures to address sector-specific challenges.

November 2024 marked a significant milestone for Pakistan's automotive and green energy sectors, with Dewan Motors commencing local production of electric vehicles (EVs). Further expansion of the EV market is anticipated following Chinese automotive giant BYD's August 2024 announcement to establish a production plant and launch three EV models in collaboration with Mega Motors. This initiative represents a key advancement in Pakistan's EV market development and strengthens industrial collaboration with China.

Table 2.4: Performance of the Auto Industry

Indicators (unit 000)		Jul-Dec FY2024	Jul-Dec FY2025	Growth Rate %
Cars	Prod	30,786	47,990	55.9
	Sales	30,662	46,502	51.7
Trucks & Buses	Prod	811	1,703	110.0
	Sales	790	1,494	89.1
Jeeps & Pickups	Prod	9,422	15,623	65.8
	Sales	8,791	14,174	61.2
Tractors	Prod	23,614	16,621	-29.6
	Sales	23,411	17,397	-25.7
Two and three Wheelers	Prod	543,773	698,446	28.4
	Sales	541,821	696,455	28.5
Total Vehicles	Prod	608,406	780,383	28.3
	Sales	605,475	776,022	28.2

Source: Pakistan Automotive Manufacturers Association (PAMA)

The cement industry demonstrated a mixed performance during Jul-Dec FY2025, with total dispatches reaching 22.9 million tonnes, marking a 4.0 percent decline from the same period last year. Domestic dispatches dropped by 10.4 percent to 18.1 million tonnes, reflecting weak local demand amid subdued construction activity and rising input costs. The reduction in public-sector development expenditure on construction projects, essential for fiscal consolidation, contributed to the contraction in domestic demand.

In contrast, cement exports showed significant growth, increasing by 31.7 percent to 4.8 million tonnes during the period. This growth was underpinned by robust demand in regional markets, competitive pricing, and a relatively stable exchange rate, underscoring the industry's ability to leverage external demand to offset domestic challenges.

2.3 Services Sector

In FY2024, the Services Sector rebounded from a marginal contraction of 0.02 percent in FY2023 to achieve a growth rate of 2.2 percent, demonstrating resilience amid challenging economic conditions. This recovery set a positive trajectory for FY2025, however, in Q1 FY2025, the growth moderated to 1.43 percent from 2.16 percent last year. The drop in services growth is largely attributed to a slowdown in wholesale & retail trade and transport & storage.

Table-2.5: Services Sector Growth -%

Sectors	2023-24 (R)				2024-25 (P)
	Q1	Q2	Q3	Q4	Q1
Services	2.16	1.48	1.85	3.94	1.43
1. Wholesale & Retail Trade	3.23	2.44	2.82	4.90	0.51
2. Transport & Storage	2.67	2.79	1.19	1.81	-0.07
3. Accommodation & Food Services	3.98	4.00	4.11	4.31	4.58
4. Information & Communication	6.58	-1.23	-2.22	11.22	5.09
5. Financial & Insurance Activities	-12.95	-16.15	-5.30	-2.69	1.14
6. Real Estate Activities	3.62	3.64	3.75	3.95	4.22
7. Public Administration & Social Securities (Gen Government)	-10.65	-11.17	-8.32	-0.92	-4.49
8. Education	8.55	8.84	9.30	9.49	2.03
9. Human Health & Social Work Activities	6.15	5.60	6.06	6.16	5.60
10. Other Private Services	3.93	3.86	3.33	3.41	3.30
GDP	2.30	1.80	2.58	3.33	0.92

Source: PBS

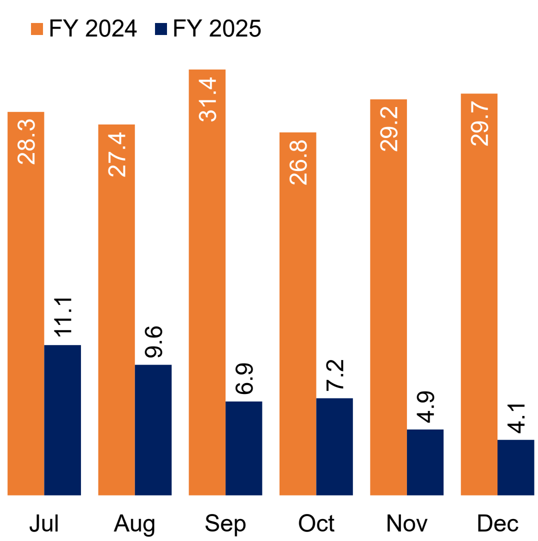
Trade volume in services (encompassing both exports and imports) grew by 8.3 percent in Jul-Dec FY2025, supported by expansion in the Information & Communication sector, a cornerstone of Pakistan's transition toward a digital economy. Furthermore, remittance inflows saw a notable surge of 32.8 percent during Jul-Dec FY2025, enhancing household incomes and stimulating consumer spending across retail businesses and other private services.

As the economic recovery deepens, the other private services sector is expected to improve further, driven by rising economic activity and improved consumer sentiment. The Services Sector's substantial forward and backward links with other sectors amplify its influence on overall economic stability and growth.

3. Inflation

Inflation remained persistently elevated at 23.4 percent in FY2024 after reaching multi-decade high of 29.2 percent in FY2023. However, the government's measures led to a notable decline in inflation in H1-FY2025, as the Consumer Price Index (CPI) inflation dropped to 7.2 percent from 28.8 percent last year (Figure 3.1). This substantial reduction in inflation highlights the effectiveness of an optimal policy mix, including fiscal consolidation, targeted interventions by the State Bank of Pakistan (SBP), and exchange rate stability, alongside favourable external conditions. These measures have played a crucial role in alleviating inflationary pressures and fostering a more stable macroeconomic environment.

Figure 3.1: Month-Wise CPI Inflation, Jul-Dec



Source: PBS

Urban Food inflation experienced a pronounced decline, dropping to 2.7 percent in H1-FY2025 from 33.2 percent in the corresponding half of previous year. Rural food inflation was recorded at 0.4 percent compared to 33.2 percent in H1-FY2024. This improvement reflects enhanced domestic food supplies and a reduction in global food prices. International trends, as indicated by the World Bank Food Price Index, have contributed to lower import costs for essential food items, thereby alleviating domestic inflationary pressures.

Non-food inflation stood at 13.2 percent, down from 24.4 percent in the previous year in Urban whereas in Rural, it recorded at 10.0 percent down from 26.2 percent in H1-FY2024. This decline is primarily attributed to the fall in global energy prices and stable exchange rate, which have reduced transportation and production costs, leading to lower inflation in non-food sectors. Additionally, the decrease in petroleum prices since May 2024 has eased cost pressures for both households and businesses, further contributing to the overall reduction in inflation.

Regional disparities in inflation rates were observed in H1-FY2025, with urban areas experiencing a CPI inflation rate of 8.7 percent, while rural areas recorded a lower rate of 5.1 percent. The higher inflation in urban areas can be attributed to stronger wage pressures and higher non-food inflation, whereas rural areas benefited from improved agricultural output, which helped contain inflationary pressures (Table 3.1).

Further evidence of easing inflationary pressures is reflected in the Wholesale Price Index (WPI), which fell sharply to 4.4 percent from 25.4 percent in the previous year, and the Sensitive Price Indicator (SPI), which decreased to 9.4 percent from 31.6 percent. These figures indicate that price levels across both wholesale and retail markets are stabilizing, suggesting a broader reduction in inflationary pressures throughout the supply chain.

4. External Sector

During FY2024, a combination of strong

Table 3.1: CPI Inflation (YoY), -%

Months	FY2024			FY2025		
	CPI National	Food (U)	Core (U)	CPI National	Food (U)	Core (U)
July	28.3	40.2	18.4	11.1	3.4	11.7
August	27.4	38.8	18.4	9.6	4.1	10.2
September	31.4	33.9	18.6	6.9	1.7	9.3
October	26.8	28.9	18.5	7.2	2.7	8.7
November	29.2	29.8	18.6	4.9	1.7	8.9
December	29.7	28.8	18.2	4.1	2.5	8.1
H1	28.8	33.2	18.4	7.2	2.7	9.5

Note: U represents urban

Source: Pakistan Bureau of Statistics

remittance inflows and significant export growth contributed to contained current account deficit significantly. Remittances played a crucial role in offsetting the trade and primary income deficits, supporting the overall external balance. Additionally, improved financial inflows, the successful completion of the IMF's Stand-By Arrangement (SBA), and bilateral financial assistance led to a buildup in foreign exchange reserves, contributing to external sector stability.

This positive momentum extended into H1-FY2025, as the external position strengthened further, underpinned by a current account surplus, a rise in FDI inflows, and timely disbursement under the IMF's Extended Fund Facility (EFF). These developments indicate an improving economic outlook, although challenges related to balancing trade dynamics remain.

4.1 Trade in Goods

The goods trade deficit widened by 12.6 percent, reaching $11.5 billion in Jul-Dec FY2025, up from $10.2 billion last year primarily driven by an increase in imports, which outpaced export growth.

Exports

Export receipts (FOB) increased by 7.2 percent, reaching $16.2 billion in Jul-Dec FY2025, up from $15.1 billion in the corresponding period of the previous year. This growth was broad-based, driven by improvements across both the textile and non-textile sectors.

Textile Exports: Textile exports (53% of total export receipts), recorded a 5.2 percent increase, reaching $8.6 billion in Jul-Dec FY2025, up from $8.2 billion in the corresponding period of the previous year. This growth was driven by strong performance in key segments, notably knitwear, which rose by 9.7 percent to $2.3 billion, and readymade garments, which experienced a significant 18.1 percent increase to $2 billion. Other categories, such as bedwear, made-up articles, and towels, also showed positive growth. Conversely, certain segments, including raw cotton, and cotton yarn, registered declines during the period, reflecting a mixed performance across the sector.

Non-Textile Exports: Food and other manufactured goods outside the textile sector demonstrated exceptional performance. Food exports surged by 5.9 percent, reaching $3.6 billion, supported by a significant 2.9 percent increase in rice exports, which accounted for $1.6 billion, driven by higher domestic production and favorable international market conditions. Moreover, surgical items, leather products, chemicals, and pharmaceuticals also contributed positively. Conversely, exports of sports goods, and engineering products experienced declines, indicating a mixed performance across these sub-sectors (Table 4.1).

Table 4.1: Exports Performance ($ million)

Commodities	Jul-Dec		Absolute Change	% Change	Point Contribution to % Change
	FY2024	FY2025			
Food Group	3369	3569	199	5.9	1.3
Rice	1539	1584	44.8	2.9	0.3
Textile Group	8214	8645	431	5.2	2.8
Cotton Yarn	573	319	-254	-44.3	-0.9
Cotton cloth	951	963	11.4	1.2	0.1
Knitwear	2078	2279	201	9.7	1.4
Bed Wear	1414	1,521	107.8	7.6	0.7
Readymade Garments	1,663	1,965	302	18.1	2.2
Petroleum Group	223	432	209.3	94	2.5
Other Manufactures	2002	2071	69	3.4	0.4
Chemicals and Pharma. Pro.	708.4	735	26.4	3.7	0.2
Leather Manufactures	311	317	6.5	2.1	0.04
Sports Goods	217	202	-15	-6.8	-0.1
Surgical Goods & Medical Instruments	226	234	8	3.5	0.1
All Other	1,349	1,370	21	1.6	0.1
Total Exports	15,146	16,230	1084	7.2	7.2

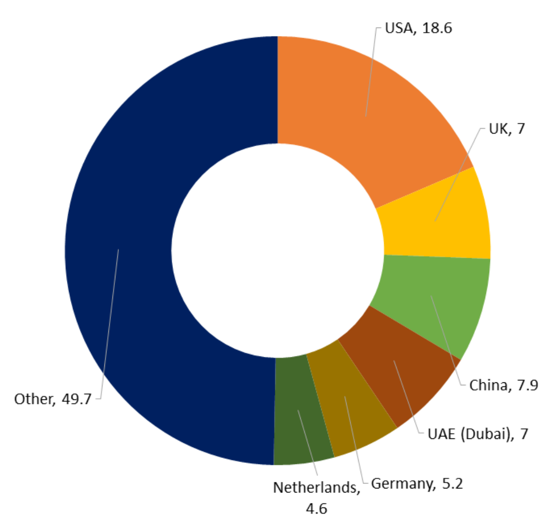
Source: SBP

When assessed by volume, key export items such as rice, knitwear, and readymade garments showed growth in both value and quantity, reflecting the combined effect of increased domestic production and rising unit prices. In contrast, other export categories exhibited mixed trends in unit prices and volumes, indicating varying levels of competitiveness across different product lines.

Key Export Destinations

The United States (US) remains Pakistan's leading export destination, comprising 18.6 percent of total exports and exhibiting a steady 9.8 percent growth in demand. Similarly, exports to the United Kingdom (UK) and Germany experienced positive growth, increasing by 8.3 percent and 15.1 percent, respectively, underscoring strong trade relations with key European markets (Figure 4.1). Exports to the United Arab Emirates (UAE), particularly Dubai, also demonstrated robust growth of 16.8 percent accounting

Figure 4.1: Major Export Destination H1-FY2025 (% Share)



Source: SBP

for 6.0 percent of total exports, conversely, exports to China declined significantly by 13.2 percent. On a positive note, South Asian regional trade showed remarkable expansion, with exports to Afghanistan and Bangladesh increasing by 92.0 percent and 29.3 percent, respectively, indicating strengthened regional trade ties.

Imports

Imports in Jul-Dec FY2025 saw an increase of 9.3 percent, reaching $27.7 billion, compared to $25.4 billion during the same period in the last year. This growth was mainly fueled by machinery, transport, metal and textile group imports.

Machinery imports rose by 29.0 percent to $4.0 billion driven by a significant 48.4 percent rise in Power generating machinery along with a 41.0 percent surge in electrical machinery & apparatus to US$ 1.32 billion. Textile machinery and construction & mining machinery also observed an increasing trend of 22 percent and 180 percent, respectively.

Non-petroleum imports surged by 13.5percent to $20.5 billion. The food group, however, experienced a 1.6 percent decline due to reduced imports of key items such as milk, wheat, tea and sugar. Conversely, transportation imports experienced a significant rise of 5.0 percent, led by a 13.0 percent increase in road motor vehicles mainly due to 9.4 percent growth in the complete Knock down (CKD) of vehicles.

Agrochemicals imports expanded by 3.0 percent, driven by an increase in fertilizer and plastic materials, and medicinal products. The metals sector observed 8.3 percent growth, particularly in iron and steel scrap, signaling a recovery in both construction and allied industries. Miscellaneous imports also grew by 10.5 percent, with rubber tires and tubes showing an exceptional 104.0 percent increase (Table 4.2).

Table 4.2: Imports Performance ($ million)

Commodities	Jul-Dec		Absolute Change	Percent Change	Point Contribution to % Change
	FY2024	FY2025			
Food Group	3483	3428	-55	-1.6	-0.2
Edible Oil (Soya & Palm)	1412	1,686	274	19.4	0.4
Machinery Group	3115	4017	902	29	4.2
Power Generating	185	274	89	48.4	0.5
Electrical Machinery	933	1,316	383	41	1.96
Telecom	840	1030	190	22.6	0.8
Transport Group	777	816	39	5	0.15
Road Motor Vehicles	678	766	88	13	0.4
Petroleum Group	7353	7284	-70	-0.9	-0.3
Petroleum Products	3078	2920	-158	-5.1	-0.5
Petroleum Crude	2,499	2,577	77.4	3.1	0.3
Natural Gas, Liquified	1,688	1,696	8.5	0.5	0.03
Textile Group	1,689	2591	902	53.4	5.0
Agri Chemicals Group	4522	4664	142	3.1	0.5
Plastic Material	1,257	1,312	55	4.4	0.2
Fertilizer	290	383	92	32	0.44
Metal Group	2253	2,439	186	8.3	0.7
Iron & Steel Scrap	827	875	48	5.8	0.2

Table 4.2: Imports Performance ($ million)

Commodities	Jul-Dec		Absolute Change	Percent Change	Point Contribution to % Change
	FY2024	FY2025			
Iron & Steel	1091	1064	-27	-2.5	-0.1
Miscellaneous Group	444	491	47	10.5	0.2
Rubber Tyres & Tubes	35	71	36	104	0.3
All Others	1,925	2045	120	6.2	0.5
Total Imports	25,375	27,743	2,368	9.3	

Source: SBP

Petroleum crude imports increased in volume, indicating a higher demand for energy resources. However, the overall import bill was moderated by a decrease in unit prices. For other major import categories, trends were varied. Some categories saw increased volumes and unit price stability, while others experienced fluctuations, showcasing the complexity of import dynamics.

4.2 Trade in Services

The services trade deficit increased by 16.8 percent to $1.59 billion during Jul-Dec FY2025 ($1.39 billion), the service exports experienced decent growth of 6.8 percent, which reached $ 4.05 billion from $3.8 billion last year, and had a crucial role in curtailing the deficit. The main contributors are Telecommunications, Computer, and Information Services, expanding by 28.0 percent, reaching $1.9 billion. This impressive performance reflects the impact of measures taken, including streamlined foreign exchange regulations, advancements in digital banking infrastructure, and newly introduced incentives, all of which have strengthened the sector's global competitiveness.

Service imports increased by 9.5 percent to $5.64 billion as compared to $ 5.15 billion primarily influenced by an increase in travel imports by 13.0 percent and transport service imports by 6.1 percent.

Box-I: Policy Initiatives FY2025 for Strengthening the External Sector

- SBP amended the Foreign Exchange Manual to facilitate IT exporters, introducing a new Equity Investment Abroad (EIA) category, removing prior bank designation requirements, and permitting ownership of multiple entities per jurisdiction.
- New frameworks for long-term FX funding allow Authorized Dealers to leverage Diversified Payment Rights (DPRs) and foreign exchange future flow transactions for international fundraising.
- To enhance home remittances, exchange companies receive PKR 2 per USD surrendered under a fixed incentive and up to PKR 4 per incremental USD under variable schemes, based on year-over-year growth benchmarks.
- Revisions to Telegraphic Transfer reimbursement schemes include SAR 20 per eligible transaction and additional variable reimbursements of SAR 8 and SAR 7 for growth up to and beyond 10%, respectively.
- SBP extended permissions for exchange companies to import up to 50% of the value of export consignments in cash US dollars, ensuring adequate supply in the open market through June 2025.
- Export facilitation for sugar included processing approvals for 150,000 MT and an additional 100,000 MT of shipments, with extended compliance deadlines approved by the ECC.
- SBP launched a Risk Coverage Scheme for SME financing, aiming to double exposure

to Rs. 1,100 billion in five years by enhancing banks' risk absorption capacity.

- Duty-free imports of cotton, textile machinery, and non-locally produced raw materials continue to bridge supply-demand gaps and support the textile sector.
- Pakistan and Azerbaijan signed a Preferential Trade Agreement and a Transit Trade Agreement, alongside hosting the 4th Joint Working Group meeting and a Business Forum in September 2024.
- Pakistan hosted the SCO Trade Ministerial Meetings in September 2024, adopting key documents on trade promotion, creative economy, and investment incentives among member states.
- Duty exemptions for rice exports to Kenya were secured, boosting trade with East Africa, while preparations for a Pakistan-East Africa Joint Trade Committee are underway.

Source: State Bank of Pakistan and Ministry of Commerce

4.3 Workers' Remittances

Remittances witnessed an impressive growth of 32.8 percent to reach $17.8 billion during H1 FY2025 compared to the same period in FY2024. This significant increase was fueled by multiple factors, including increased migration, exchange rate stability, and targeted government incentives.

Saudi Arabia maintained its position as the largest source of remittances, contributing 24.8 percent with $ 4.4 billion, a 36 percent rise. The UAE followed with $ 3.6 billion, showing a substantial 54 percent increase, particularly boosted by Dubai's remarkable 61.8 percent growth to $2.8 billion. Other significant contributors included the UK and the US with 32.7 and 12.5 percent, respectively. The EU collectively added $ 2.1 billion, growing by 26.0 percent, with standout contributions from Italy, Spain, and Germany.

4.4 Current Account

The current account experienced a surplus of $1.21 billion in Jul-Dec FY2025, compared to a deficit of $1.39 billion in the corresponding period of the previous year. In December 2024, the current account posted a surplus of $0.58 billion, marking the third consecutive monthly surplus. This marked improvement can primarily be attributed to a substantial increase in workers' remittances bolstered by stronger export performance.

Figure-4.2: Country-Wise Remittances (H1-FY2025), % Share

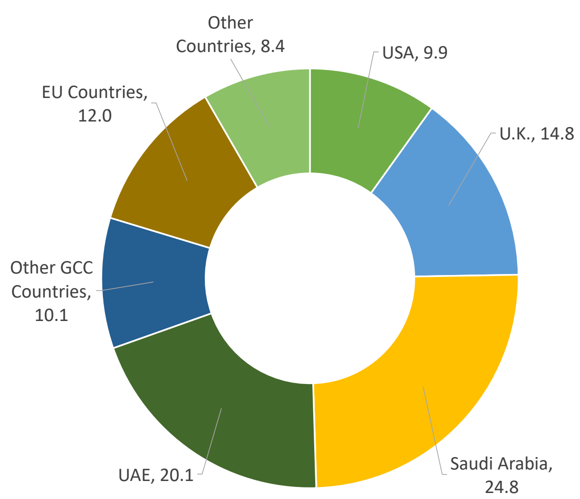
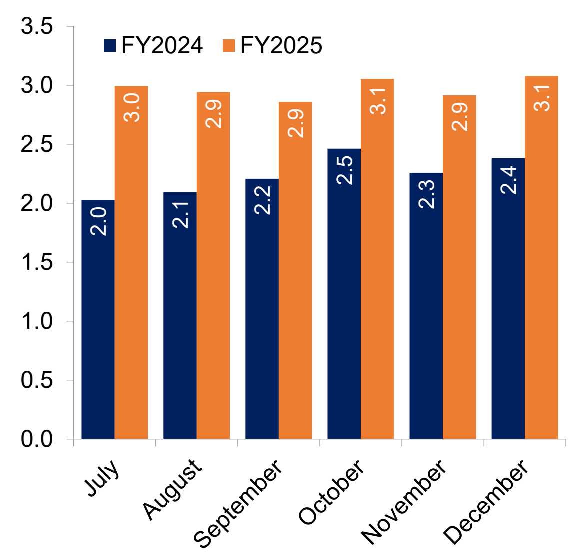


Figure-4.3: Month-wise Remittances (US $ Billon)

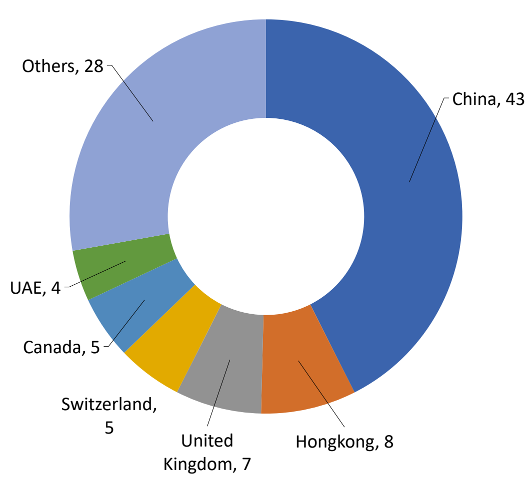


Source: SBP

4.5 Foreign Investment

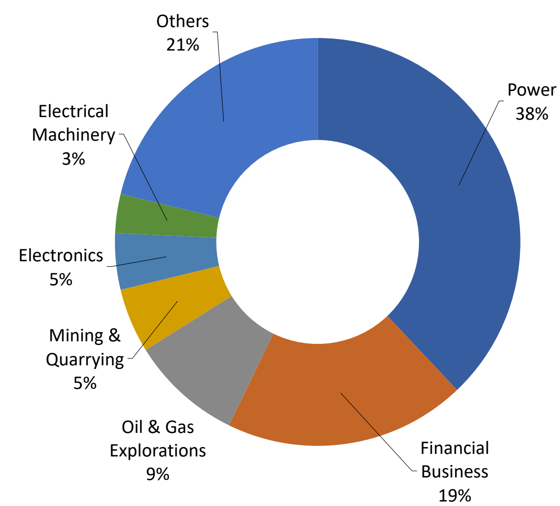
Foreign Direct Investment Inflows demonstrated a marked improvement of 20.0 percent in Jul-Dec FY2025, reaching $1.329 billion, up from $1.11 billion last year. In December, FDI reached $ 0.169 billion, compared to $0.252 billion last year. The expansion in H1-FY25 was predominantly driven by significant net contributions from China ($0.535 billion), Hong Kong ($ 0.134 billion), and the United Kingdom ($0.130 billion). The power sector attracted largest share of inflows, amounting to $ 0.49 billion, followed by the financial business which received $ 0.353 billion.

Figure-4.4: Country-wise FDI Inflows (%) (H1-FY2025)



Source: SBP

Figure-4.5: Sector-wise FDI Inflows (H1-FY2025)



Source: SBP

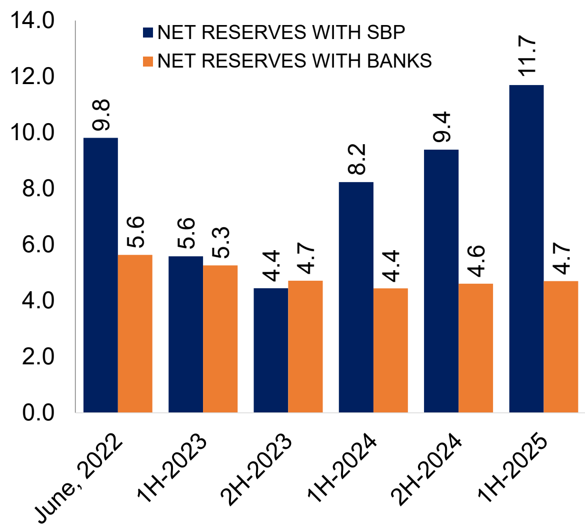
In contrast, foreign private portfolio investment recorded a net outflow of $0.22 billion, against a modest inflow of $0.07 billion in Jul-Dec FY2024. Whereas foreign public portfolio investment recorded as $ 0.14 billion, an increase from the previous year. Consequently, total foreign investment inflows for Jul-Dec FY2025 amounted to $1.25billion, a rise from $1.179 billion last year.

4.6 Reserves and Exchange Rate

Pakistan's foreign exchange reserves experienced notable improvement during FY2024 reaching $14.0 billion, comprising $9.39 billion held by the State Bank of Pakistan (SBP) and $4.61 billion maintained by commercial banks. In H1-FY2025, the surplus in the current account, positive net financial inflows, and further IMF disbursement under the Extended Fund Facility (EFF) contributed to a 17.01 percent rise in reserves. As of 27th December 2024, total reserves amounted to $16.4 billion, with $ 11.7 billion at the SBP and $ 4.7 billion at commercial banks, reflecting an increase from $12.7 billion ($8.2billion at the SBP and $ 4.4 billion at commercial banks) at the end of H1-FY2024.

In H1-FY2025, the State Bank of Pakistan's reserves reached a 33-month high, a level not seen since mid-March 2022. These reserves now provide coverage for over two months of imports, marking a significant improvement from less than one month of import cover in June 2023. During H1-FY2025, the exchange rate appreciated by 1.9 percent, averaging Rs.

Figure 4.6: Half Yearly Reserves Position ($ Billion)



Source: SBP

278.1, compared to Rs. 281.8 in H1-FY2024. The stability of the rupee can be attributed to the gradual strengthening of foreign exchange reserves and a series of proactive measures implemented to regulate the foreign exchange market.

5. Fiscal Sector Performance and Public Debt Management

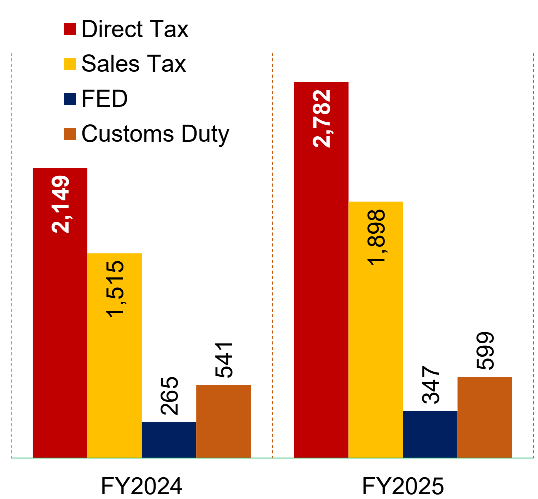
Despite historical challenges faced by Pakistan's fiscal sector, the government has implemented various policy and administrative measures to enhance revenue mobilization and adopted austerity measures to effectively contain expenditures.

The government is taking measures to reform the fiscal sector by broadening the tax base, strengthening fiscal institutions, and ensuring long-term debt sustainability. Moreover, the efforts are geared towards improving federal-provincial institutional arrangements to enhance revenue generation from diversified sources. An important development is the reorganization of federal-provincial fiscal relations through the National Fiscal Pact, which is essential for enhancing overall revenue mobilization.

5.1 Fiscal Performance

The fiscal performance indicates positive developments in revenue collection and expenditure management. During Jul-Dec FY2025, FBR tax collections realized a significant increase of 25.9 percent YoY, reaching Rs. 5,624.9 billion, up from Rs. 4,469.2 billion. This growth was broad-based, driven by direct and indirect taxes. Direct taxes rose to Rs. 2,781.6 billion, compared to Rs. 2,148.9 billion in the same period last year, while indirect taxes—encompassing sales tax, customs duties, and federal excise duty—increased to Rs. 2,843.3 billion, up from Rs. 2,320.4 billion (Figure 5.1).

Figure 5.1- FBR Tax Collection (Rs Billion) Jul-Dec



Source: FBR

During Jul-Nov FY2025, Non tax revenues increased by 95%, reaching Rs 3,417.7 billion, up from Rs.1,757.2 billion last year. This remarkable growth was broad-based, driven by higher receipts from dividends, PTA profit, passport fee, royalties on oil/gas, natural gas development surcharge and petroleum levy. Moreover, SBP contributed a significant surplus profit of Rs. 2,500 billion. The exceptionally high profit stemmed from the elevated interest rates throughout FY2024.

The expenditure increased by 16.0 percent to Rs. 5,604.7 billion in Jul-Nov FY2025 from Rs. 4,831.0 billion last year. Current expenditure rose by 16.3 percent, reaching Rs. 5,480.4 billion, while PSDP expenditure increased to Rs.124.3 billion representing a growth of 4.0 percent YoY. The reduction in interest rates, driven by the policy rate cut, dampen the rise in markup payments to a moderate 16.3 percent during Jul-Nov FY2025, compared to sharp 74 percent surge last year, signaling easing fiscal pressures.

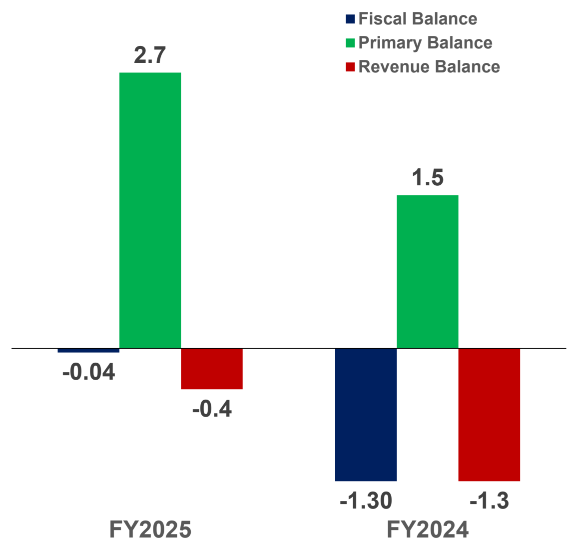
Fiscal & Primary Balance

The government's initiatives to improve expenditure management and optimize resource mobilization are reflected in the overall fiscal position. The fiscal deficit is recorded at 0.04 percent of GDP (Rs.43.5 billion) during Jul-Nov FY2025 significantly lower than the 1.3 percent (Rs.1,375.4 billion) last year. Furthermore, the primary surplus continued to improve owing to contained growth in non-markup spending and reached Rs.3349.7 billion (2.7 percent of GDP) during Jul-Nov FY2024 from Rs.1542.1 billion (1.5 percent of GDP) last year. This improvement was driven by higher revenues, both tax and non-tax, which outpaced the growth in expenditure, alongside contained growth in non-mark-up spending (Figure 5.2). The robust primary balance highlights improved fiscal management and reinforces the government's commitment to reducing reliance on borrowing while upholding fiscal discipline.

5.2 Public Debt

The government's debt management strategy helped in reducing the public debt-to-GDP ratio to 67.5 percent at end-Jun'24 (74.9 percent of GDP at end June 23), the lowest level in the past five years. During Q1 FY 2025, public debt observed a marginal increase of 1.3 percent to Rs 72,138 billion compared to a growth of 2.43 percent in Q1 FY 2024. The debt-to-GDP ratio is projected

Figure 5.2: Fiscal Indicators % of GDP (Jul-Nov)



Source: Finance Division

to follow a downward trajectory, driven by prudent debt management and fiscal consolidation efforts.

The ongoing stabilization reforms and improved macroeconomic indicators have positively impacted Pakistan's international bonds. Yields on Pakistan's Eurobonds and Sukuks, which peaked above 60 percent in 2023, have steadily declined and are now hovering in the 10-11 percent range, reflecting enhanced investor sentiment and a reduction in perceived risk.

The government has implemented a range of key strategies to strengthen debt management and ensure fiscal sustainability. These measures include prioritizing long-term debt issuance to reduce refinancing risks, reprofiling existing debt to extend maturities, and diversifying financing sources to secure low-cost funding.

- The government has reduced its reliance on short-term instruments to reduce refinancing and gross financing needs in the short term, thereby reducing rollover risk. This strategy has facilitated the long-term profiling of debt, increasing the average time to maturity from

Table 5.1: Public Debt (PKR Billion)

	Jun-23	Jun-24	Sep-24
Domestic Debt	38,809	47,160	47,536
External Debt	24,071	24,086	24,602
Total Public Debt	62,880	71,246	72,138
Total Debt of Government	57,778	65,079	64,091
Debt Ratios			
Total Public Debt as percentage of GDP	74.9	67.5	-
Total Debt of Government as percentage of GDP	68.8	61.6	-
Memorandum Items			
GDP (current market price)	83,949	105,616	-
Government deposits with the banking system	5,102	6,141	8,047
US Dollar, last day average exchange rates	286.4	278.4	277.7

Source: SBP and Debt Management Office, Ministry of Finance

2.81 years in June 2024 to 3.3 years by December 2024.

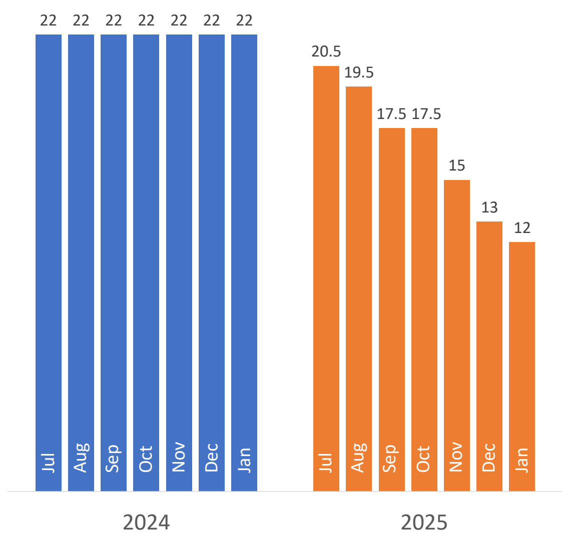
- The government's debt buyback program has marked a significant milestone in the country's fiscal management. By purchasing Rs 1,026 billion worth of T-bills through three liability management operations, the government has achieved immediate savings of Rs 31 billion. This strategic move not only reduces the government's debt burden but also influences the long-term cost of debt through effective yield curve management.
- The government's prudent debt management strategies are expected to yield substantial benefits, with projected savings of over Rs 1 trillion on debt servicing in the current fiscal year.
- A strong emphasis has been placed on expanding the range of instruments to cater to different investor preferences. This includes the introduction of Shariah-compliant instruments such as long-term fixed and variable-rate Sukuks, aimed at boosting the share of Islamic financing in government securities to 15 percent by FY2026 from 11 percent in FY2024.
- Furthermore, the government has focused on sustainable financing options, such as issuing domestic green Sukuks and asset-light Sukuks, to support environmentally sustainable projects while broadening the investor base. The government aims to carry out the issuance of Domestic Listed Green Sukuk during CY25.
- The government is exploring additional external financing options, including accessing the international bond market and securing commercial loans. In this context, it is set to issue its first-ever Panda Bond in the Chinese market, capitalizing on the lower yields and costs offered in that market.
- The Debt Management Office is also developing a Sovereign Sustainable Finance Framework for international capital market issuances, designed to channel capital into projects that will support climate adaptation, enhance social equity, and stimulate green economic growth.

6. Monetary Policy

At the beginning of FY2025, economic recovery and declining inflationary pressures facilitated a shift in monetary policy direction. In June 2024, the State Bank of

Pakistan commenced monetary policy normalization after holding the policy rate at 22 percent for around a year. By January 2025, the policy rate had been reduced by a cumulative 1000 basis points to 12 percent (Figure 6.1). This adjustment is anticipated to bolster economic activity, enhance business confidence, and support a sustainable recovery in FY2025. Furthermore, this change signals an accommodative stance, moving forward, to counteract the subdued growth observed in previous quarters, underscoring a commitment to fostering macroeconomic stability.

Figure 6.1:Policy Rate (%)



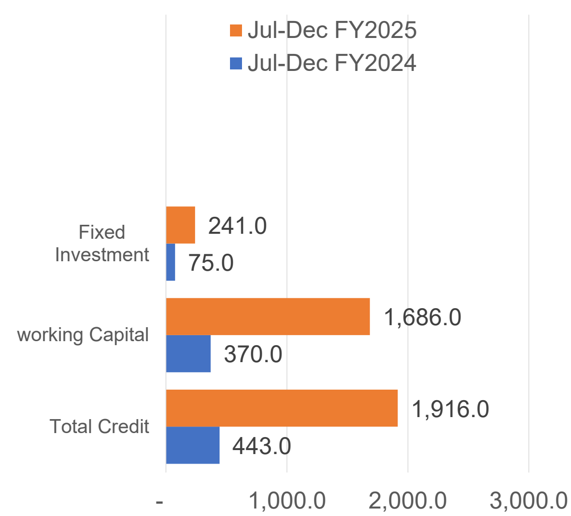
Source: SBP

Broad money (M2) experienced a negative growth of 0.8 percent during H1- FY2025, compared to an increase of 4.5 percent in the same period of the previous year. Within M2, the Net Foreign Assets (NFA) of the banking system increased by Rs. 624 billion, compared to an increase of Rs. 608 billion during the corresponding period last year. Within the NFA component, the SBP's NFA recorded an increase of Rs. 652 billion as compared to an increase of Rs. 672 billion in the same period last year. Conversely, the NFA of scheduled banks fell by Rs. 28 billion against a decline of Rs. 64 billion observed in the previous year.

Simultaneously, Net Domestic Assets (NDA) declined by Rs. 923 billion, in contrast to an increase of Rs. 780 billion observed in the previous year. within NDA, government borrowing for budgetary support showed a net retirement of Rs. 2,247 billion compared to borrowing of Rs. 2,084 billion in the same period last year. This trend reflects the government's continued efforts on reducing fiscal deficits and stabilizing the domestic financial environment.

Commodity operation loans witnessed net retirement, while private sector credit recorded a significant increase of Rs. 2,090 billion, compared to Rs. 476 billion during the same period last year. Within private sector credit, loans to businesses witnessed a noticeable rise of Rs 1,916 billion, significantly higher than the Rs. 443.0 billion recorded in the previous year. This emanated from both working capital and fixed investment credit demand (Figure 6.2).

Figure 6.2: Loans to Private Sector Businesses - by type of Finance (Rs bn)



Source: SBP

Significant revival in private sector credit derived from enough financial inflows, retirement under budgetary borrowing, and a supportive policy environment coupled with increased investment lending - rejuvenate both private sector credit demand and supply. This improvement suggests a gradual recovery in business expansion activities, reflecting greater confidence in near - medium-term economic outlook.

Box-II: Uraan Pakistan: National Economic Transformation Plan (2024-29)

Vision: Transform Pakistan into an Upper Middle-Income Country by 2035, aligned with SDGs.

Framework (5Es):

- Export Growth: Target $60B exports (IT, engineering, and agro-products)
- E-Pakistan: ICT freelancing to $5B, training 1M freelancers.
- Energy & Climate: 10% renewable energy and cut 50% emissions.
- Infrastructure: Modernize transport and connectivity.
- Equity: Reduce poverty by 13% with inclusive growth.

Key Targets:

- 6% GDP growth, inflation at 6%, enhanced investment, and macroeconomic stability.
- Enablers: Political stability, governance reforms, human capital development, and public financial management.
- Focus: Innovation (productivity & quality, diversification, SME's entrepreneurship & specialization and branding) digital transformation, climate resilience, and equitable economic participation.

Source: Ministry of Planning Development & Special Initiatives

7. Global Economic Update and Outlook

Pakistan's economy is closely linked to global economic trends, particularly those of its major trading partners and remittance sources. The evolving dynamics of the global economy have significant direct and indirect implications for domestic economic stability and growth.

According to World Economic outlook, IMF January 2025, global growth is projected at 3.3 percent both in 2025 and 2026 higher than 3.2 percent in last year, which is below the historical (2000–19) average of 3.7 percent.

Among advanced economies, growth forecast revisions go in different directions. In the US, underlying demand remains robust, reflecting strong wealth effects, a less restrictive monetary policy stance, and supportive financial conditions. Growth is projected to be at 2.7 percent in 2025 and will remain at 2.1 percent - around potential level in 2026. In the Euro Area, growth is expected to pick up but at a more gradual pace - from 0.8 percent to 1.0 and 1.4 percent in 2025 and 2026, respectively with geopolitical tensions continuing to weigh on sentiment.

In emerging market and developing economies, growth performance in 2025 and 2026 is expected to remain same as in 2024 (4.2 percent). Growth for China is expected to remain at 4.6 and 4.5 percent in 2025 and 2026, respectively from 4.8 percent in 2024. The growth will derive from fiscal package announced in November 2024 largely offsetting the negative effect on investment from heightened trade policy uncertainty and property market drag.

Moreover, Global Economic Prospects (GEP) – World Bank January 2025 and World Economy Report- UN January 2025, both reports are also forecasting steady outlook for the global economy in coming years. Pakistan's exports are taking advantage of favorable growth trend in main exports destinations as evident through CLI position of Pakistan's main exports markets – hovering around potential level at 100 in 2024 (Figure 8.5). For the outlook, stronger growth in key trading partners, such as US (2.7%), UK (1.6%), EA (1.0%), and Saudi Arabia (3.3%), will further boost Pakistan's exports.

Global headline inflation is expected to decline to 4.2 percent in 2025 and to 3.5 percent in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies. The projected decline in global inflation could ease imported inflation pressures in Pakistan, benefiting domestic consumers and businesses. Moreover, decline in energy prices, particularly oil, is anticipated, reducing import bills and alleviating fiscal pressures on Pakistan's economy.

World trade volume for goods and services is projected to grow by 3.4 percent in 2025, presenting opportunities for Pakistan's export sectors, particularly textiles and agriculture. The GCC countries' growth, especially Saudi Arabia, creates opportunities for labor exports, further boosting remittances. These points underscore Pakistan's potential to capitalize on favorable global trends while continuing structural reforms to achieve sustainable economic growth.

Figure 7.1 (a): Composite Leading Indicator

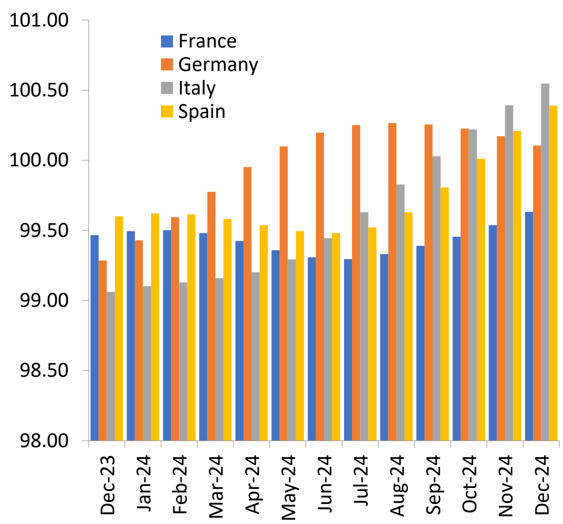
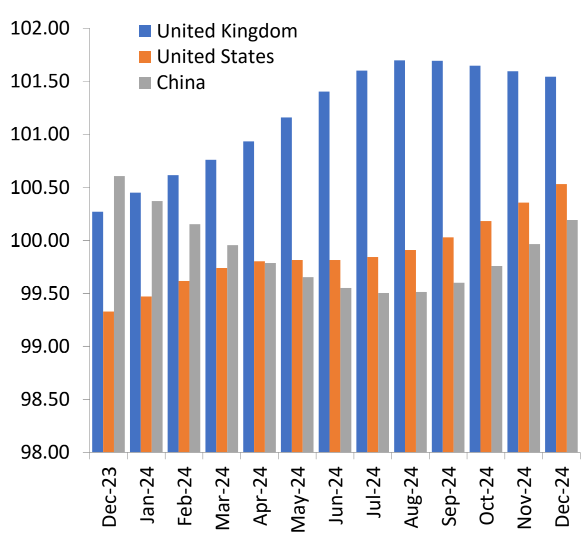


Figure 7.1 (b): Composite Leading Indicator



Source: OCED

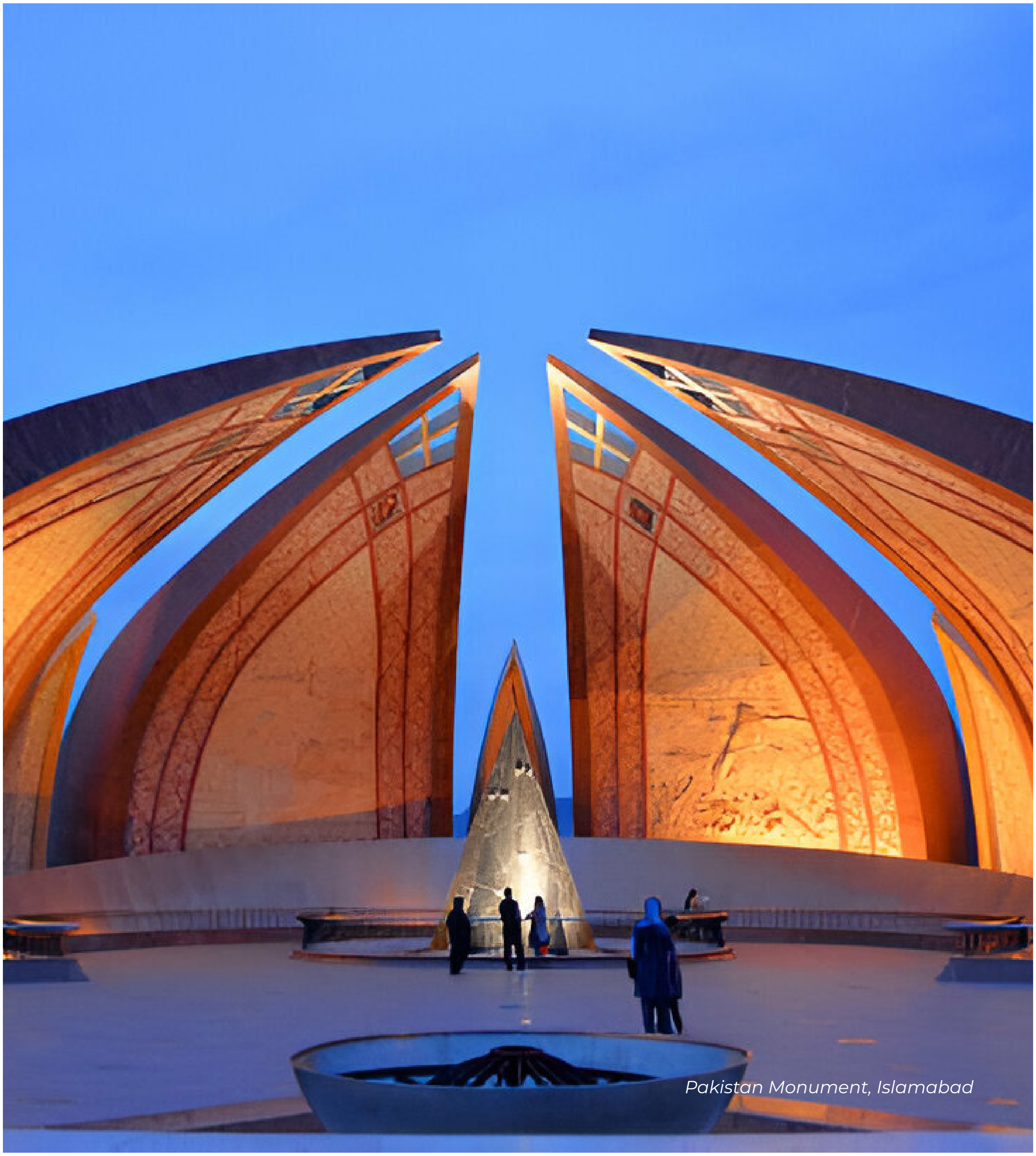
8. Conclusion

The report highlights Pakistan's resilience and adaptability in the face of a dynamic global and domestic economic landscape. Positive developments in key sectors underscore the impact of targeted reforms, sound fiscal management, and strategic interventions. Effective fiscal consolidation efforts, combined with a prudent debt management strategy, are expected to maintain the downward trajectory of debt to GDP ratio.The external sector has made progress in balancing trade dynamics, with remittances and foreign investments bolstering external accounts. Stable foreign exchange reserves further contribute to economic stability.

Despite facing global challenges, including a moderate recovery in international trade and geopolitical uncertainties, Pakistan's economy shows promising signs of sustainable growth. The decline in inflationary pressures, easing policy rates, and stable commodity prices have created a favorable environment for investment and private sector-led expansion. However, persistent issues, such as structural imbalances, fiscal rigidity, and high public debt, require continued reform efforts.

The economic outlook for Pakistan is encouraging, underpinned by stabilizing macroeconomic fundamentals and a gradual recovery of key sectors. Inflation is expected to stabilize near the long-term average of 7 percent in the coming quarters, fostering conditions conducive to economic activity. This anticipated stability will likely facilitate further reduction in policy rates, lowering borrowing costs for both businesses and consumers. Such a shift is expected to boost investment and economic momentum, particularly in LSM and services, which are key growth drivers this year.

Trade dynamics are forecasted to improve, with growth in both exports and imports driven by higher volumes, supporting broader economic activity. Remittance inflows are expected to maintain their upward trend, contributing to a more stable external account and boosting household consumption. On the fiscal side, a significant decline in markup expenditures, supported by reduced borrowing costs, will enhance fiscal sustainability. This development not only strengthens public finances but also provides room for further economic recovery initiatives. Importantly, these trends indicate potential reductions in unemployment as economic activity gains momentum. With sustained reforms and resilience, Pakistan's economy is on a path toward greater stability and prosperity.



Pakistan Monument, Islamabad

ECONOMIC INDICATORS (27-01-2025)

External Sector		FY2024	FY2024 (Jul-Dec)	FY2025 (Jul-Dec)	% Change	FY2024 (Dec)	FY2025 (Dec)	% Change
Remittances ($ billion)		30.3	13.436	17.846	▲ 32.8%	2.382	3.079	▲ 29.3%
Exports FOB ($ billion)		31.0	15.146	16.229	▲ 7.2%	2.782	3.054	▲ 9.8%
Imports FOB ($ billion)		53.1	25.375	27.743	▲ 9.3%	4.173	4.779	▲ 14.5%
Current Account Balance ($ million)		-1,695	-1,397	1,210	▲	279	582	▲
FDI ($ million)		2,346	1,108	1,329	▲ 19.9%	252	170	▼ 32.5%
Portfolion Investment ($ million)		-383.8	71.0	-81.7	▼	32.3	-230.5	▼
Total Foreign Investment ($ million)		1,962.3	1179	1247.4	▲ 5.8%	284.2	-60.7	▼
Forex Reserves ($ Billion)	Total	14.0	13.643	16.189				
	SBP	9.4	8.583	11.449				
	Banks	4.6	5.061	4.741				
		(End June)	17-Jan-24	17-Jan-25				
Exchange Rate (PKR/US$)		278.3	280.10	278.71				
		(End June)	17-Jan-24	17-Jan-25				

Source: SBP

Fiscal Sector (Rs. Billion)	FY2024	FY2024 (Jul-Nov)	FY2025 (Jul-Nov)	% Change	FY2024 (Dec)	FY2025 (Dec)	% Change
FBR Revenue (Jul-Dec)	9,311	4,469.2	5,625	▲ 25.9%	984.5	1,329.9	▲ 35.1%
Non-Tax Revenue	3,183.8	1757.2	3,418	▲ 94.5%			
Fiscal Balance	-7,207	-1375.4	-43.5	▲			
Primary Balance	953	1542.1	3,350	▲			

Source: FBR & Budget Wing

Monetary Sector	FY2024	FY2024	FY2025	% Change
Agricluture Cerdit (Jul-Nov)	2216.0	853.0	925.7	▲ 8.5%
Credit to Private Sector (Flows)	512.9	123.3	1632.6	
		1-Jul to 12-Jan	1-Jul to 10-Jan	
Growth in M2 (percent)	16.0	2.1	-2	
		1-Jul to 12-Jan	1-Jul to 10-Jan	
Policy Rate (percent)	20.5	22.0	12.0	
	(End June)	29-Jan-24	27-Jan-25	

Source: SBP

Real Sector	FY2024	FY2024	FY2025
CPI (National) %	23.4	29.7	4.1
		(Dec)	(Dec)
		28.8	7.2
		(Jul-Dec)	(Jul-Dec)
Large Scale Manufacturing (LSM) %	0.90	-0.71	-3.81
		(Nov)	(Nov)
		-1.9	-1.25
		(Jul-Nov)	(Jul-Nov)

Source: PBS

Financial Sector	FY2024	FY2024	FY2025	% Change
PSX Index	78445	64822	114880	▲ 77.2%
	28-Jun-24	24-Jan-24	24-Jan-25	
Market Capitalization (Rs trillion)	10.37	9.48	14.12	▲ 48.9%
	28-Jun-24	24-Jan-24	24-Jan-25	
Market Capitalization ($ billion)	37.28	33.91	50.64	▲ 49.3%
	28-Jun-24	24-Jan-24	24-Jan-25	
Incorporation of Companies (Jul-Dec)	26,939	14,082	16,510	▲ 17.2%

Source: PBS, PSX & SECP

STATE OF PAKISTAN'S

ECONOMY

HALF YEARLY REPORT

JUL-DEC FY2025

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