MONTHLY ECONOMIC UPDATE & OUTLOOK

GOVERNMENT OF PAKISTAN
FINANCE DIVISION
ECONOMIC ADVISER'S WING

NOVEMBER 2025

ECONOMIC UPDATE

Pakistan's economy is progressing on a path of gradual stabilization with early gains from operationalized structural reforms. Key indicators are showing improvement as fiscal discipline is maintained through stronger revenue mobilization and prudent expenditure management. Meanwhile higher remittances and expanding LSM sector and IT exports further strengthen the economic outlook. Public debt has declined by over Rs. 1,371 billion, marking the first quarterly reduction in more than five years. This decline reflects strategic use of surplus funds for early retirement of costly debt, thereby reducing refinancing and rollover risks and strengthening macroeconomic stability.

Agriculture Sector Experiences Mixed Crop Performance and Input Uptake.

According to the Federal Committee on Agriculture (FCA) meeting held on 23rd October 2025, sugarcane production estimates for the year 2025-26 witnessed an increase of 0.6 percent to 84.74 million tonnes from 84.24 million tonnes last year despite floods. Cotton output is estimated at 6.85 million bales, down 3.3 percent from 7.08 million bales. Similarly, rice production declined by 3.2 percent to 9.41 million tonnes from 9.72 million tonnes and maize production by 6.7 percent to 8.43 million tonnes from 9.03 million tonnes last year. However, mung and chillies production increased by 14.9 and 0.5 percent to 150.8 and 114.4 thousand tonnes, respectively, from last year. The FCA has fixed wheat production target for Rabi 2025-26 at 29.68 million tonnes from an area of 9.65 million hectares based on satisfactory input situation. During Jul-Oct FY2026, agricultural credit disbursement jumped by 18.6 percent to Rs. 845.3 billion from Rs. 712.8 billion last year. The imports of agricultural machinery & implements increased by 23.5 percent to $49.3 million during Jul-Oct FY2026 from $39.9 million last year.

LSM is Recovering across Sub-Sectors.

Large-Scale Manufacturing (LSM) registered a growth of 4.1 percent during Jul-Sep FY2026 with 15 sectors recording positive growth, including textile, wearing apparel, non-metallic mineral products, food, coke & petroleum products, electrical equipment, automobile and tobacco. In September 2025, LSM grew by 2.7 percent on year-on-year (YoY) basis and by 2.1 percent on a month-on-month (MoM) basis. During Jul-Oct FY2026, the performance of the automobile sector remained encouraging, supported by a substantial increase in the production of cars (70.9%), trucks & buses (96.9%), and jeeps & pick-ups (42.2%). Similarly, cumulative cement dispatches reached 17.3 million tonnes, up 15.5 percent during Jul-Oct, FY2026. Domestic dispatches totalled 13.9 million tonnes with 18.1 percent YoY increase, while exports rose by 6.0 percent to 3.42 million tonnes. This signifies economy to achieve the targeted growth.

Headline Inflation Inches Up to 6.2 Percent in October 2025.

CPI inflation recorded at 6.2 percent on YoY basis in October 2025 as compared to 5.6 percent in the previous month and 7.2 percent in October 2024. On MoM basis, it increased by 1.8 percent as compared to 2.0 percent in the previous month and 1.2 percent in

October 2024. YoY major contributing factors of inflation includes Education (10.6%), Health (9.7%), Clothing & Footwear (8.1%), Transport (6.7%), Non-Perishable Food (6.3%), Restaurants & Hotels (6.1%), Electricity, Gas & Fuels (4.2%), Furnishing & Household Equipment Maintenance (4.0%), Alcoholic Beverages & Tobacco (3.3%), Perishable food items (1.7%) and Housing, Water, Electricity, Gas & Fuels (4.2%), while decline observed in Recreation & Culture (3.7%). The Sensitive Price Indicator for the week ending November 27, 2025, increased by 0.73 percent. During the week, out of 51 items, the prices of 14 items increased, 12 items decreased and 25 items remained stable.

Continued Fiscal Consolidation Efforts Result in Fiscal and Primary Surplus.

During Jul-Sep FY2026, net federal revenues increased by 2.4 percent to Rs. 4,117.5 billion, compared to Rs. 4019.5 billion last year. During Jul-Oct FY2026, FBR's tax collection rose to Rs. 3,834.9 billion, up by 11.4 percent. On the expenditure side, total outlays increased by 11.9 percent during Jul-Sep FY2026 to Rs. 2,779.3 billion. Consequently, the federal fiscal balance recorded a second time surplus of Rs. 1,338.2 billion, compared to a surplus of Rs. 1,536.3 billion last year. The primary balance also improved, posting a surplus of Rs. 3,497.3 billion, up from Rs. 3,202.4 billion in the corresponding period.

External Sector Shows Increasing Trade Activity and Remittance Inflows.

The current account posted a deficit of $733 million during Jul-Oct FY2026, increasing from a deficit of $206 million recorded last year. Goods exports rose by 2.0 percent to $10.6 billion, while imports increased by 9.6 percent to $20.7 billion, resulting in a trade deficit of $10.1 billion compared to $8.5 billion last year.

Gains in key exports were observed in knitwear (8.2%), garments (5.1%), and bedwear (6.9%). Increases in major imports were recorded in petroleum crude (13.5%), petroleum products (10.5%) and palm oil (29.4%). Service exports grew by 15.9 percent to $3.0 billion; imports increased by 12.0 percent to $4.2 billion, with a service trade deficit of $1.2 billion against $1.1 billion last year. IT exports were up by 19.6 percent to $1.4 billion.

Remittances surged by 9.3 percent to $13.0 billion, led by inflows from Saudi Arabia (24.2% share) and UAE (20.7%). Net FDI inflows declined, recording at $747.7million. Main sources of inflow were China ($226.7 million) and Hong Kong ($120.1 million). Sector-wise, power ($297.0 million) and financial services ($259.8 million) attracted the most FDI. Private and public FPI recorded net outflows of $159.7 million and $378.8 million, respectively. As of November 14, 2025, foreign exchange reserves stood at $19.7 billion, including $14.6 billion with SBP.

Monetary Indicators Show Steady Performance – Anticipating Price Stability. Whereas, Pakistan Stock Market Witnessed Bearish Trend.

The Monetary Policy Committee (MPC) in its meeting maintained policy rate at 11.0 percent, unchanged since June 2025. The committee adopted a cautious approach to support the price stability. Economic performance has improved on the basis of favorable high frequency indicators and lower than anticipated floods impacts. Supply disruptions emanated from floods are expected to further ease out in coming months. However, the decision incorporated risk factors around the outlook arising from volatile global commodity prices; export prospects amidst the evolving tariff dynamics; and potential domestic food supply frictions. During 1st July – 31st October, FY2026 money supply (M2) showed negative growth of 1.0 percent compared to negative growth of 1.7 percent in last year. Within M2, Net Foreign Assets of the banking system increased by Rs. 204.5 billion as compared to an increase of Rs. 324.2 billion last year. Whereas, Net Domestic Assets of the banking system decreased by Rs. 605.0 billion as compared to a decrease of Rs. 914.6 billion last year. Under the borrowing for budgetary support, the government has retired Rs. 1078.4 billion against the retirement of Rs. 1432.4 billion last year. The private sector has borrowed Rs. 66.1 billion as compared to borrowing of Rs. 806.3 billion last year. In October 2025, the Pakistan Stock Exchange (PSX) remained bearish, with the KSE-100 Index declining by 3,862 points to close at 161,631. By month-end market capitalization contracted by Rs. 702 billion, to reach Rs. 18,561 billion.

Social Welfare Outlays and Worker Migration Rise Significantly.

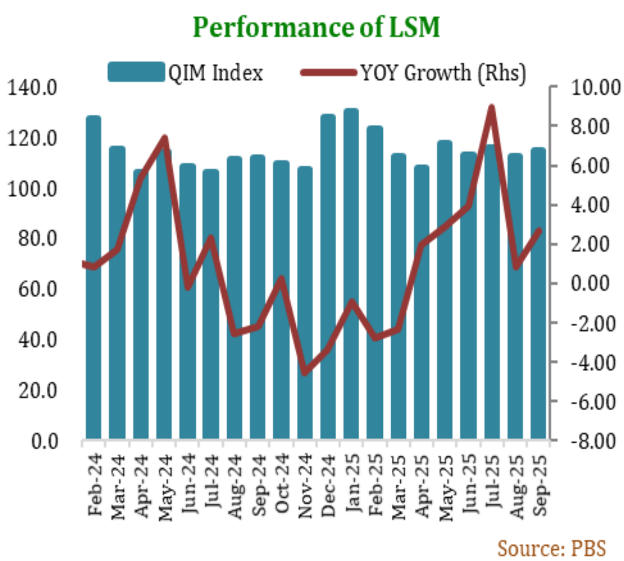
In October 2025, the Bureau of Emigration & Overseas Employment registered 90,339 workers, a 22.8 percent increase from 73,545 in September, 2025. As a result, the total registrations reached 278,613, during Jul–Oct FY2026. Additionally, the Pakistan Poverty Alleviation Fund, in partnership with 26 organizations, disbursed 7,459 interest-free loans worth Rs. 456.9 million during the October 2025. Since 2019, a total of Rs. 121.1 billion have been provided to the borrowers. During Jul-Sep FY2026, an amount of Rs. 143.3 billion was spent under the BISP, representing a 43.3 percent increase compared to last year.

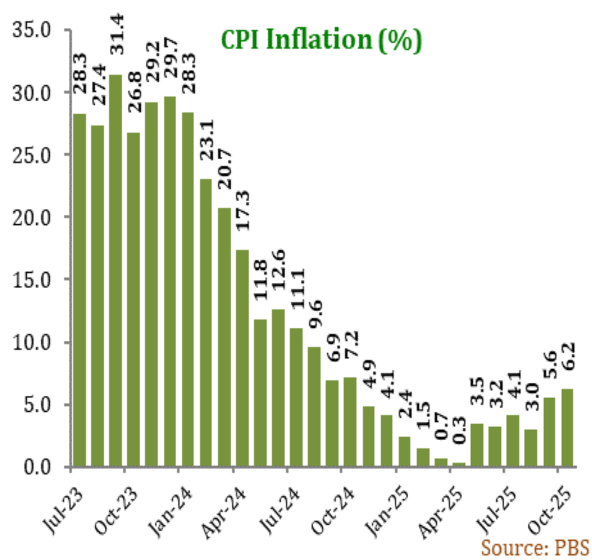
Economic Outlook

Pakistan's economic outlook remains cautiously optimistic, as industrial activity continue to strengthen amid implementation of economic reforms. However, inflation is expected to remain in the range of 5.0-6.0 percent in November, due to pressures on food prices and agriculture output. While the crop outlook is mixed, adequate input availability and government support measures are expected to stabilize supplies as the Rabi season progresses.

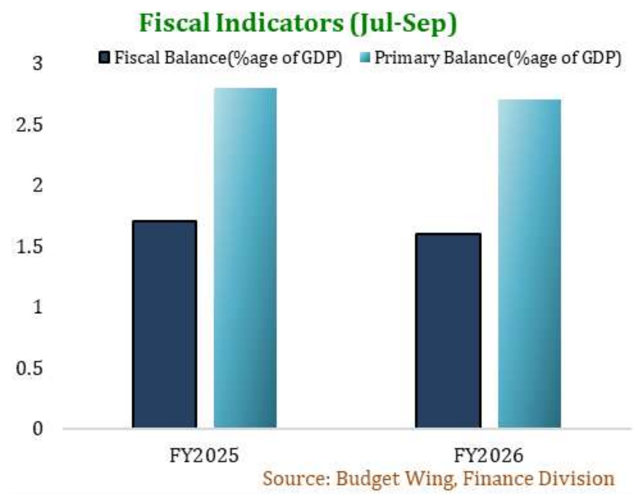
The current account deficit remains within the expected range, on the back of steady export growth and strong remittance inflows despite the increase in import demand to meet the production requirements. Overall, the economy is projected to maintain its positive momentum, supported by continued structural reforms, digital transition, governance improvements, on the back of ongoing efforts toward fiscal discipline and macroeconomic stabilization.

LSM resume growth trajectory, whereas expected inflationary pressure is building up.

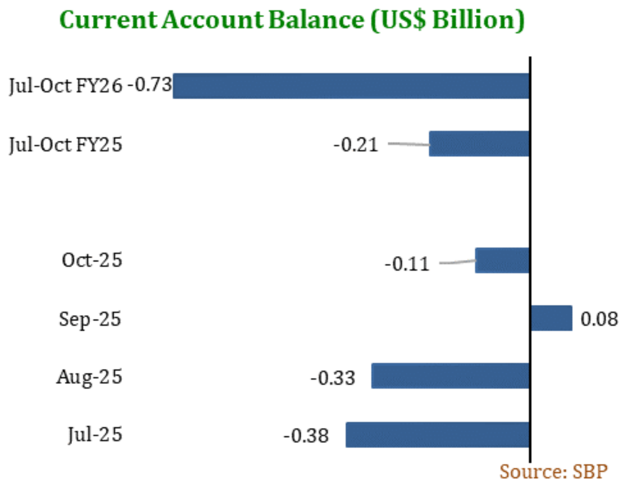


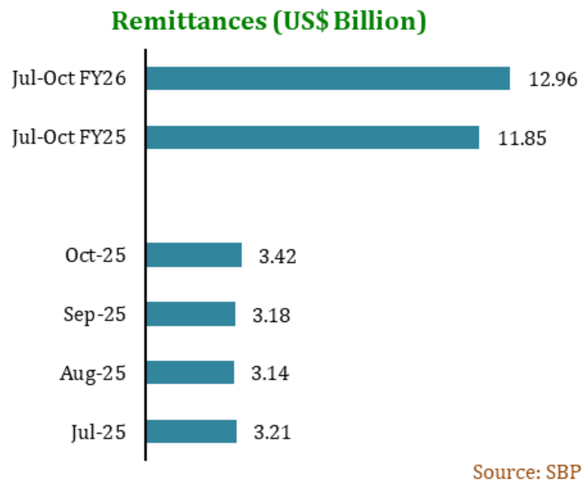


Consolidation efforts sustain fiscal stability. While the Pakistan stock market exhibited volatility.



Remittances continue to contribute positively to the external account amid higher import demand.





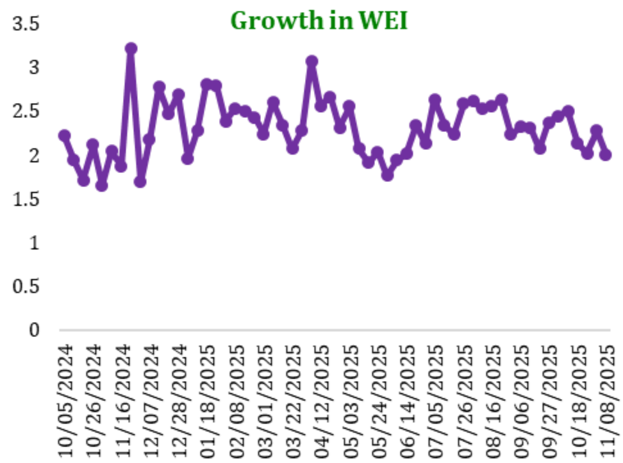
Global Economic Update and Outlook

According to Global Economic Outlook 3Q25 by Fitch, global GDP growth is projected to be at 2.4 percent in 2025 and 2.3 percent in 2026, with China at 4.7 percent in 2025 and 4.1 percent in 2026, Eurozone at 1.1 percent, U.K at 1.2 percent and U.S at 1.6 percent in both years. As per monthly PMI bulletin November 2025, the J.P. Morgan Global Composite Output Index posted 52.9 in October (up from 52.5 in September). The global economic growth expansion continued into the beginning of the year's final quarter, with growth accelerating across both manufacturing and services. Nevertheless, trade conditions and business confidence remained deteriorated.

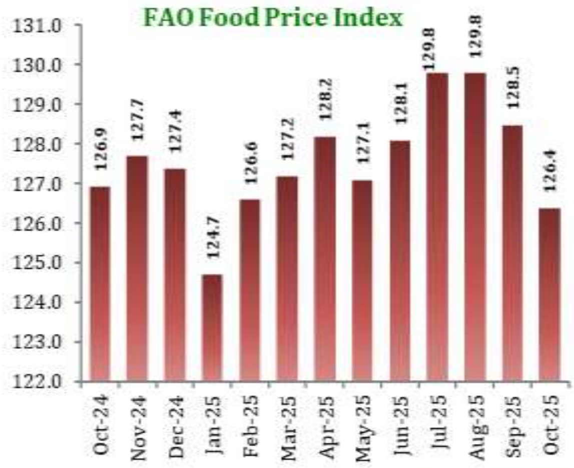
Global inflationary pressures eased, with average selling prices for goods and services increasing at the slowest pace since April, while global input cost inflation decreased marginally to its lowest level so far this year, as reported in the bulletin. The commodity prices softened in October from previous month; the energy price index fell 3.7 percent, the agricultural price index declined 1.9 percent, with the fall in food (0.8%), beverages

(5.6%) and raw material (1.2%). Fertilizer prices also fell 6.6 percent, while metal prices rose from 5.5 percent last month. The FAO Food Price Index (FFPI) averaged 126.4 points in October 2025, down 2.1 points from its revised September level of 128.5 points. The decline in the index was driven by cereals, dairy, meat and sugar, which partly offset by higher vegetable oil prices. Overall, the FFPI remained marginally lower than in October, last year but remained significantly lower (33.8 points, 21.1%) than its March 2022 peak. Moving ahead, the commodity markets are expected to reinforce this disinflationary trend.

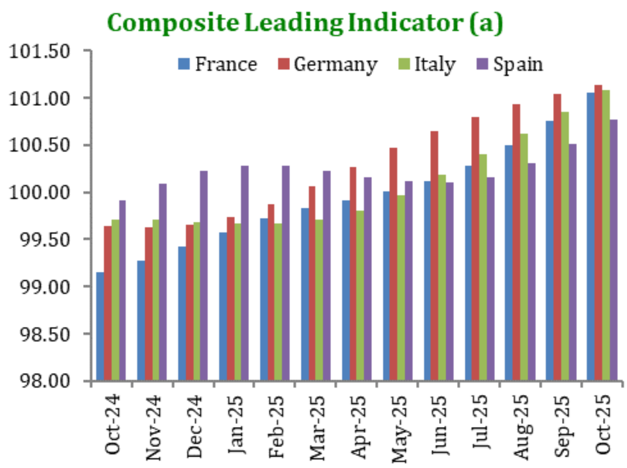
As per the World Bank's Commodity Markets Outlook October 2025, the prices are projected to decline by about 7 percent this year and by an additional 7 percent in 2026 due to subdued global growth, elevated trade tensions, policy uncertainty and ample global oil supply. Energy prices, in particular, are expected to continue contributing to global disinflation in 2026. Metals and minerals prices are likely to remain stable, while agricultural prices may marginally decline due to strong supply conditions. However, precious metals may rise by a further 5 percent following an investment-driven surge of nearly 40 percent in 2025. The U.S Weekly Economic Index is at 2.29 percent for the week ending November 15, with a 13-week moving average of 2.27 percent. Similarly, economic activity in Pakistan's major export economies suggest stable export prospects, as the Composite Leading Indicator of Euroarea, U.K, U.S and China are operating above or near their long-term potential levels.



Source: Federal Reserve Bank of Dallas



Source: FAO.org



Source: OECD

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Economic Indicators

(28-11-2025)

External Sector							
	FY2025	**FY2025 (Jul-Oct)**	**FY2026 (Jul-Oct)**	**% Change**	**FY2025 (Oct)**	**FY2026 (Oct)**	**% Change**
Remittances ($ billion)	38.299	11.850	12.955	↑ 9.3	3.054	3.418	↑11.9
Exports FOB ($ billion)	32.34	10.4	10.6	↑ 2.0	3.0	2.7	↓8.6
Imports FOB ($ billion)	59.111	18.9	20.7	↑ 9.6	4.6	5.3	↑13.5
Current Account Balance ($ million)	1,932	-206	-733	↓	296	-112	↓
FDI ($ million)	2489.7	1,010.5	747.7	↓26.0	145.9	178.9	↑22.6
Portfolio Investment- ($ million)	-650.2	185.7	-538.5	↓	53.3	94.8	↑
Total Foreign Investment ($ million)	1,839.5	1,196.2	209.2	↓	199.2	273.7	↑37.4
Forex Reserves ($ billion)	19.3 (SBP: 14.5) (Banks: 4.8) (End June)	16.0 (SBP: 11.3) (Banks: 4.7) (On 15th Nov 2024)	19.7 (SBP: 14.5) (Banks: 5.2) (On 14th Nov 2025)				
Exchange rate (PKR/US$)	283.8 (End June)	278.0 (On 27th Nov 2024)	280.6 (On 27th Nov 2025)				

Source: SBP

Fiscal (Rs. Billion)							
	FY2025	**FY2025 (Jul-Sep)**	**FY2026 (Jul-Sep)**	**% Change**	**FY2025 (Oct)**	**FY2026 (Oct)**	**% Change**
FBR Revenue (Jul-Oct)	11,744	3,442.7	3,834.9	↑ 11.4	879.7	950.6	8.1
Non-Tax Revenue	5,056.4	3,021.7	3,008.5	↓0.4			
Fiscal Balance	-6,168.0	1,896.0	2,119.5	↑			
Primary Balance	2,719.4	3,202.4	3,497.3	↑			

Source: FBR & Budget Wing

	FY2025	**FY2025**	**FY2026**	
Agriculture Credit (Jul-Oct)	2,577.3	712.8	845.3	↑ 18.6
Credit to private sector (Flows)	1,081.6	878.7 (1st Jul to 08th Nov)	-54.9 (1st Jul to 07th Nov)	↓
Growth in M2 (percent)	13.7	-1.01 (1st Jul to 08th Nov)	-2.15 (1st Jul to 07th Nov)	
Policy Rate (percent)	11.0 (End June)	15.0 (04-Nov-2024)	11.0 (27-Oct-2025)	

Source: SBP

Real Sector			
	FY2025	**FY2025**	**FY2026**
CPI (National) (percent)	4.5	7.2 (Oct) 8.7 (Jul-Oct)	6.2 (Oct) 4.7 (Jul-Oct)
Large Scale Manufacturing (LSM) (percent)	-0.69	-0.90 (Jul-Sep)	4.08 (Jul-Sep)

Source: PBS

Financial Sector				
	FY2025	**FY2025**	**FY2026**	**% Change**
PSX Index*	125,627 (On 30th June 2025)	99,269 (On 27th Nov 2024)	165,373 (On 27th Nov 2025)	↑ 66.6
Market Capitalization (Rs. trillion)	15.24 (On 30th June 2025)	12.6 (On 27th Nov 2024)	18.7 (On 27th Nov 2025)	↑ 49.0
Market Capitalization ($ billion)	53.69 (On 30th June 2025)	45.24 (On 27th Nov 2024)	66.79 (On 27th Nov 2025)	↑ 47.6
Incorporation of Companies (Jul-Oct)	35,210	10,916	14,804	↑ 35.6

*: Formerly Karachi Stock Exchange (KSE)

Source: PBS, PSX & SECP