



## ECONOMY NEWS

### **GDP 3.7 Percent, Economy \$452 Billion, Per Capita \$1,901**

Pakistan's economy grew 3.7 percent in FY2025-26, missing the official 4.2 percent target, according to the National Accounts Committee. Growth, however, exceeded IMF (3.6 percent), ADB (3.5 percent), and World Bank (3 percent) estimates and improved from last year's 3.18 percent, indicating gradual recovery despite structural constraints. The economy size rose to \$452.1 billion from \$408.2 billion, while per capita income increased to \$1,901 from \$1,824, reflecting overall nominal expansion. Growth was led by services at 4.1 percent and agriculture at 2.9 percent, while industry grew 3.5 percent but remained constrained by energy shortages and weak mining activity, despite support from manufacturing and construction.

### **World Bank cuts growth to 3 percent**

The World Bank has lowered Pakistan's GDP growth forecast to 3 percent, citing the impact of the Middle East conflict and rising energy costs, while also warning of continued external pressures on the economy. It highlighted risks from weaker remittances, higher import bills, and sustained global oil price volatility affecting domestic stability.

### **Fiscal deficit falls to 0.7 percent of GDP**

Pakistan's fiscal deficit narrowed to Rs 856.4 billion (0.7 percent of GDP) during July–March FY2025-26, according to the Finance Division's consolidated fiscal operations data. Total revenue reached Rs 14.8 trillion (11.4 percent of GDP), including Rs 9.3 trillion in FBR taxes and Rs 4.6 trillion in non-tax income supported by SBP profits and higher petroleum levy inflows, while total expenditure stood at Rs 15.7 trillion (12.1 percent of GDP), with major outlays in interest payments (Rs 4.95 trillion), defence (Rs 1.7 trillion), subsidies (Rs 631.9 billion) and grants (Rs 1.2 trillion). Provincial governments also posted a combined surplus of Rs 1.6 trillion, contributing to overall fiscal consolidation.

### **Current account posts \$324 million deficit**

Pakistan's current account recorded a \$324 million deficit in April 2026, reversing a \$1.13 billion surplus in March, according to the State Bank of Pakistan. It also widened from

a \$12 million deficit in April 2025, while the 10MFY26 position turned into a \$316 million deficit versus a \$1.662 billion surplus last year, reflecting renewed external pressure.

The decline was driven mainly by higher imports, which rose to \$5.97 billion from \$4.89 billion in March, widening the goods trade deficit to \$3.41 billion. Exports remained stable at \$2.56 billion, while services posted a small surplus of \$24 million. Despite \$3.54 billion in remittances, higher import demand widened the external gap.

### **Inflation hits 10.9 percent in April**

Pakistan's inflation rose to 10.9 percent in April 2026, the highest in nearly two years and the first double-digit reading since July 2024, according to the Pakistan Bureau of Statistics, exceeding the government's earlier 9 percent estimate. The increase was driven mainly by higher fuel and energy costs amid global oil volatility, geopolitical tensions, and increased petroleum taxes, pushing up transport and electricity prices. Food inflation also remained elevated due to higher prices of essential items such as tomatoes, onions, and wheat products, keeping overall cost-of-living pressures high across urban and rural areas.

### **Energy Circular Debt rises to Rs 5.20 trillion**

Pakistan's circular debt in power and gas has reached Rs 5.206 trillion (early 2026), according to IMF EFF 3rd and RSF 2nd review reports. Of this, power sector debt stands at Rs 1.764 trillion and gas sector debt at Rs 3.442 trillion (2.7 percent of GDP), showing continued stress in the energy chain despite reforms. The report notes IMF-backed measures including tariff adjustments, subsidy cuts, conversion of power sector liabilities into CPPA-G debt, and recovery surcharges, but the overall stock continues to rise. It adds that the power sector met its end-2025 flow target supported by improved recoveries and 9 percent demand growth (Dec–Feb), while in gas, tariff alignment has limited new debt, though late payment surcharges are still increasing total liabilities.