Economy News

Pakistan Unveils Rs. 18.77 trillion Budget, Targets 4% Growth in FY27

Pakistan's Federal Budget FY2026–27 amounts to Rs. 18.77 trillion, targeting 4% GDP growth and 8.2% inflation under IMF-backed measures. Revenues are projected at Rs. 20.60 trillion, with Rs. 15.26 trillion from taxes, and a deficit of Rs. 7.02 trillion (3.6% of GDP). A primary surplus of 2% of GDP is aimed at fiscal discipline. Defense spending will rise 18% to Rs. 3 trillion, while development expenditure remains limited at Rs. 1 trillion due to debt servicing. The Economic Survey 2026 reported 3.7% GDP growth, supported by services, industry, and agriculture, alongside a US$72 million current account surplus driven by remittances. Inflation averaged 6.2% in FY26, reflecting energy shocks. Fiscal indicators improved with the deficit reduced to 0.7% of GDP, underscoring the need for continued consolidation and external support.

Finance Bill 2026–27 Ushers in Broader Tax Relief

The Finance Act, 2026, effective from July 1, introduces major tax reforms aimed at broadening the tax base, providing targeted relief, and supporting the FBR's Rs. 14.13 trillion revenue target under the IMF programme. Key measures include revised income tax slabs, lower withholding taxes on property transactions, enhanced digital tax administration, and stricter enforcement against tax evasion.

IMF Approves US$1.32 Billion for Pakistan

The IMF approved approximately US$1.32 billion for Pakistan, including US$1.1 billion under the Extended Fund Facility and US$220 million under the Resilience and Sustainability Facility. The IMF also reaffirmed its focus on maintaining fiscal discipline, achieving a 2% primary surplus in FY2027, and continuing structural reforms under Pakistan's US$7 billion programme.

Government Cuts Fuel Prices by Rs. 1.97 Per Litre as Global Oil Supplies Ease

Pakistan has reduced petrol and high-speed diesel prices by Rs. 1.97 per litre for the week beginning July 4, 2026, bringing petrol to Rs. 297.53 and diesel to Rs. 309.50 per litre. The reduction follows easing global oil prices and improved supply conditions after reduced tensions in the Middle East, with the government continuing to pass on the benefit of lower international fuel prices to consumers.

Pakistan Champions 'Pakistan First' Digital Assets Strategy at Zurich Finance Summit

At the Point Zero Forum 2026 in Zurich, Pakistan advocated greater participation of developing economies in shaping digital finance. PVARA Chairman Bilal bin Saqib highlighted "Pakistan First" approach and its position as the third-largest country for crypto adoption. He further emphasized balancing digital innovation with fiscal stability.

Pakistan Reviews $1 Billion Korean Hydropower Proposal

Pakistan is assessing a proposed $1 billion investment from South Korea's KOEN in two hydropower projects, the 229MW Asrit Kedam and 238MW Kalam Asrit plants. The projects await tariff approval and inclusion in the IGCEP 2025–35, with the government reaffirming its support for foreign investment and future energy demand growth.

Pakistan Weekly SPI Inflation Eases to 13.52% YoY

Pakistan's weekly inflation (SPI) eased to 13.52% year-on-year for the week ended July 2, 2026, while declining 0.98% on a weekly basis, mainly due to lower petroleum prices. Despite the slowdown, food and energy prices continued to keep inflationary pressures elevated.

PSX Hits Fresh Record High as KSE-100 Closes Above 185,370 Points

The PSX opened strongly, with the KSE-100 Index gaining over 800 points to 179,765.33, driven by improved investor sentiment following progress in Iran–U.S. peace talks and broad-based buying across key sectors.

SBP Expects Record US$44 Billion in Workers' Remittances for FY27

Workers' remittances are projected to reach US$44 billion in FY2026–27, up from US$41.5 billion in FY2025–26, supported by strong inflows from overseas Pakistanis, improved macroeconomic conditions, and confidence in the banking system.