Economy News

SBP Holds Policy Rate at 11%

The State Bank of Pakistan kept the policy rate unchanged at 11% in October 2025, marking the fourth consecutive pause since the 1 percentage point cut in May. The MPC cited rising inflation, post-flood economic recovery, and steady GDP growth as key considerations. Strong foreign exchange reserves, improving industrial activity, and resilient private-sector credit support the outlook, while inflation risks from global commodity prices and food supply pressures persist. The committee judged the real policy rate to be adequate for guiding inflation toward the medium-term target.

Pakistan's GDP Grows 3.04% to $407 Billion in FY2025

Pakistan's economy grew by 3.04% in FY2025, up from an earlier estimate of 2.68%, according to the National Accounts Committee. Quarterly growth reached 5.66% in Q4, driven by strong industrial expansion, while revised growth for the first three quarters ranged from 1.80% to 2.79%. The country's economic size now stands at $407.2 billion, with per capita income rising to $1,812, reflecting improvements across agriculture, industry, and services.

Pakistan Unveils National Tariff Policy 2025–30

Pakistan launched the National Tariff Policy (NTP) 2025–30, aiming to cut the simple average tariff to 9.7% and the trade-weighted average below 6% by 2029–30 through the removal of Additional Customs Duties, Regulatory Duties, and the 5th Schedule. The policy seeks to restore export competitiveness, attract investment, and integrate Pakistan into Global Value Chains, following concerns over a widening trade deficit. Officials highlight that past tariff reforms between FY2002 and FY2008 drove the country's strongest export growth of 13% annually.

Pakistan's Debt Surges to Rs. 78.7 Trillion, Exceeds FRDL Limit

Pakistan's public debt rose by Rs. 7.45 trillion in FY2024-25 to Rs. 78.7 trillion ($277.6 billion), or 68.6% of GDP, surpassing the 60% ceiling set by the FRDL Act. Domestic debt stood at Rs. 53.5 trillion with a 15.8% average interest rate, while external debt was Rs. 25.2 trillion at 4.4%. High reliance on domestic financing pushed interest payments to nearly 6% of GDP. The Medium-Term Debt Management Strategy highlighted reduced refinancing risk, with domestic debt maturity extended from 2.7 to 3.8 years, raising overall debt maturity to 4.5 years.

Power Sector Circular Debt Hits Rs. 1.69 Trillion in Q1 FY2025-26

Pakistan's power sector circular debt increased by Rs. 79 billion to Rs. 1.693 trillion in the first quarter (July–September) of FY2025-26, slightly higher than the Rs. 73 billion rise in the same period last year. Payables to power producers rose to Rs. 944 billion, while GENCOs' payables to fuel suppliers declined to Rs. 90 billion. DISCOs inefficiencies fell by Rs. 67 billion compared to last year, reflecting improved operational performance. The Power Division attributed the increase to seasonal and operational factors and noted that these fluctuations have no impact on consumer tariffs.

Inflation Climbs to 6.2% in October due to recent floods

Pakistan's inflation rate rose to 6% in October 2025, up from 5.6% in September, exceeding the government's projected range of 5 to 6 percent, driven by recent floods and supply pressures. Urban CPI stood at 6 percent, while rural inflation reached 6.6 percent. Prices of food and non-alcoholic beverages increased by 5.56 percent, health and education by 9.69 percent and 10.61 percent respectively, and utilities by 4.24 percent. The Finance Ministry reaffirmed its commitment to fiscal discipline and targeted social protection to keep inflation under control.

Petrol and Diesel Prices Hike for November 1 to 15

For the fortnight of November 1 to 15, petrol price was raised by Rs. 2.43 per litre to Rs. 265.45 and high-speed diesel (HSD) by Rs. 3.02 to Rs. 278.44, following OGRA and ministry recommendations. Kerosene and light diesel oil also increased, reflecting global oil market fluctuations, with higher HSD costs expected to impact transport and food prices.