



## Economy News

### Pakistan's GDP grows 3.71% in Q1 of FY2026

Pakistan's GDP grew 3.71% in the first quarter of FY2026, up 2.15% from the same period last year, Federal Minister Ahsan Iqbal said. Industrial growth led the expansion at 9.38%, compared to 0.12% in Q1 of FY2025, despite the 2025 flood shock, fiscal tightening, energy subsidy withdrawal, and food inflation. The economy's size in FY2025 stood at Rs. 113.7 trillion (\$407.2 billion), with per capita income at Rs. 506,188 (\$1,812), higher than the previous year.

### Pakistan receives \$3.59 billion in Remittances in December 2025

Pakistan's remittances reached \$3.59 billion in December 2025, up 16.5% year-on-year and 13% from November, the State Bank of Pakistan (SBP) reported. In the first half of FY2025-26, inflows stood at \$19.7 billion, up 11% from \$17.8 billion in the same period last year. Saudi Arabia led with \$813 million, followed by the UAE \$726 million, the UK \$560 million, the US \$302 million, and EU countries \$499 million. Analysts said growth is supported by higher manpower exports, remittance incentives, and stronger formal channels, with FY26 remittances expected to reach \$41 billion.

### Trade Deficit widens 34.6% to \$19.2 billion in First Half of FY2025-26

Pakistan's trade deficit rose 34.6% to \$19.2 billion in the first half (Jul-Dec) of FY2025-26, up from \$14.3 billion in the same period last year. Exports fell 8.7% to \$15.2 billion, while imports increased 11.28% to \$34.3 billion, the Pakistan Bureau of Statistics (PBS) reported. On a monthly basis, the trade gap widened 23.8% to \$3.7 billion in Dec-25, with exports down 20.41% to \$2.7 billion and imports up 2% to \$6.022 billion. Yearly comparisons for Dec-25 showed exports declined 4.26% to \$2.3 billion, while imports rose 13.49% to \$6.02 billion.

### Forex Reserves stood at \$21.19 billion as of Jan 2, 2026

Pakistan's total liquid foreign exchange reserves stood at \$21.19 billion as of Jan 2, 2026. The State Bank of Pakistan held \$16.06 billion, while commercial banks maintained \$5.14 billion. SBP reserves increased by \$141 million during the week, improving the country's external liquidity. The reserves provide an import cover of about 2.65 months. The rupee closed slightly higher at Rs. 280.05 against the US dollar in the interbank market. Gold prices declined in the local market, with per tola gold

falling by Rs. 600 to Rs. 466,162 and 10-gram gold dropping to Rs. 399,658 amid cautious global sentiment.

### Government raises Over Rs. 1 trillion through T-Bills and PIBs

The government borrowed Rs. 1.087 trillion through treasury bills and 10-year Pakistan Investment Bonds (PIB) with Rs. 979.3 billion from T-bills and Rs. 108 billion from PIBs, SBP reported. Cut-off yields on T-bills fell by up to 34 basis points, reflecting expectations of a possible policy rate cut. Investor demand was strong, with bids of Rs. 2.5 trillion. Domestic debt rose modestly in the first five months of FY2025-26, mainly through long-term PIBs, as the government manages borrowing to meet fiscal targets.

### World Bank approves \$700 Million for Pakistan

The World Bank approved \$700 million for Pakistan under its PRID-MPA initiative to support macroeconomic stability and service delivery, part of a potential \$1.35 billion multi-year programme. Of this, \$600 million will fund federal program and \$100 million will support Sindh. The programme aims to strengthen revenue collection, improve budget execution, and boost investments in education, healthcare, and climate resilience. Officials said it will ensure resources reach frontline services efficiently and increase transparency across the country.

### Inflation rises to 5.6% in December 2025

Pakistan's inflation rose to 5.6% in December 2025, up from 4.1% a year earlier, the National Price Monitoring Committee reported. Wheat flour prices jumped over 19% in the past year, from Rs. 1,800 to Rs. 2,146 per 20 kg bag. The increase was driven by higher gas rates, rising gold prices, and costlier wheat, milk, and chicken. Meanwhile, prices of onions, potatoes, tea, pulses, electricity, and stationery fell.

### Govt freezes Gas Prices for Six Months Despite Rs. 3 Trillion Debt

The government will maintain gas prices for the next six months, offering relief to households and businesses, Petroleum Minister Ali Pervaiz Malik said. The freeze comes despite the gas sector's circular debt nearing Rs. 3 trillion. Malik highlighted improvements in reducing losses, with SNGPL cutting unaccounted-for gas from 9% to 5% and SSGC from 17% to 10%, while efforts continue to address low gas pressure in Balochistan. He also noted a successful LNG agreement with Qatar, ensuring reliable energy supply without breaching existing contracts.