



Economy News

LSM Growth, Exports and Remittances Strengthen Pakistan's Economic Outlook

Pakistan's Large-Scale Manufacturing (LSM) sector grew by 5.0% in FY2025-26, bouncing back from a 0.7% contraction the previous year, with 16 of 22 sectors showing positive growth. Key contributors included automobiles [57.8%], transport equipment [42.4%], and electrical equipment [14.3%]. The external sector also performed well, with goods exports rising 9.4% to US\$3.0 billion in July 2026 and total exports of goods and services up 13% to US\$3.9 billion. ICT exports were notable at US\$417 million. Additionally, Workers' Remittances grew 13% to US\$3.6 billion, building on record remittances of US\$41.6 billion in FY2026. These trends indicate resilient economic activity and external-sector strength in Pakistan.

Foreign Investors Repatriate US\$261 Million in Profits & Dividends in July 2026

Foreign investors repatriated \$261.4 million in profits and dividends in July 2026, a 72.7% increase from \$151.4 million in June but 11.4% lower than \$295 million in July 2025. Foreign Direct Investment (FDI) constituted \$255 million of this, marking an 81.4% rise month-on-month but a 13.5% decrease year-on-year. Foreign Portfolio Investment (FPI) outflows were \$6.3 million, down 41.7% from June but significantly up from \$0.2 million a year ago. The power sector led outflows at \$73.1 million, followed by financial business at \$61.9 million and communications at \$24 million. China was the largest recipient at \$114.1 million, followed by the United Kingdom at \$47.2 million, the Netherlands at \$29.8 million, the United States at \$26.4 million and the United Arab Emirates at \$14.7 million.

FBR Collect PKR 1.722 trillion in July-August 2026

FBR cumulative collections for July-August 2026 reached PKR 1.722 trillion, surpassing the target of PKR 1.710 trillion by PKR 12 billion, but only reflecting a 4% growth over PKR 1.656 trillion from the previous year. Strong sales tax and federal excise duty receipts contributed positively, with income tax collections at PKR 688 billion, below the target by PKR 70 billion and 3% less than last

year. Sales tax receipts exceeded expectations at PKR 718 billion, marking a 14% increase year-on-year. Customs duty was slightly below target at PKR 198 billion, while federal excise duty marginally exceeded its target. Refunds issued rose to PKR 155 billion from PKR 124 billion. Overall, the government has set a revenue target of PKR 15.264 trillion for FY2027, up from over PKR 13 trillion in FY26.

Petrol Price Rises by PKR 0.77, HSD Price Falls by PKR 1.03 per Litre

The government has increased the petrol price by PKR 0.77 per litre and reduced the price of high-speed diesel (HSD) by PKR 1.03 per litre, with the revised rates effective from September 1, 2026. Petrol will now cost PKR 342.79 per litre, while HSD will be priced at PKR 370.41 per litre. The government continues to levy PKR 114 per litre in taxes and duties on petrol and PKR 100 per litre on diesel. The latest adjustment follows fluctuations in international oil prices and comes after the government shifted to daily fuel price adjustments in July 2026 with OGRA tasked with determining prices based on international market trends. HSD prices have declined substantially from their peak of PKR 520.35 per litre recorded in April, while petrol prices have fallen from a peak of PKR 458.41 per litre during the same period.

Pakistan Seeks to Expand US\$30 Billion Goods Export Base to Sustain Economic Growth

Pakistan aims to expand its US\$30 billion goods export base to promote economic growth and address balance-of-payments issues. The government is shifting to a growth model focused on export and private investment, seeking to increase both the volume and quality of exports. Notably, IT exports have reached around US\$4.6 billion in FY2026. To support exporters, initiatives like a PKR 3 billion SME Risk Pool and trade credit insurance have been established. The government is also implementing financial measures, including 4.5% financing for exporters and tax reductions, to enhance competitiveness. With projected economic growth of 3.7% in FY2026 and a fiscal deficit of 2.6% of GDP, with the aim to boost productive capacity and reduce reliance on external financing.