Monetary Policy Report - August 2025

11%

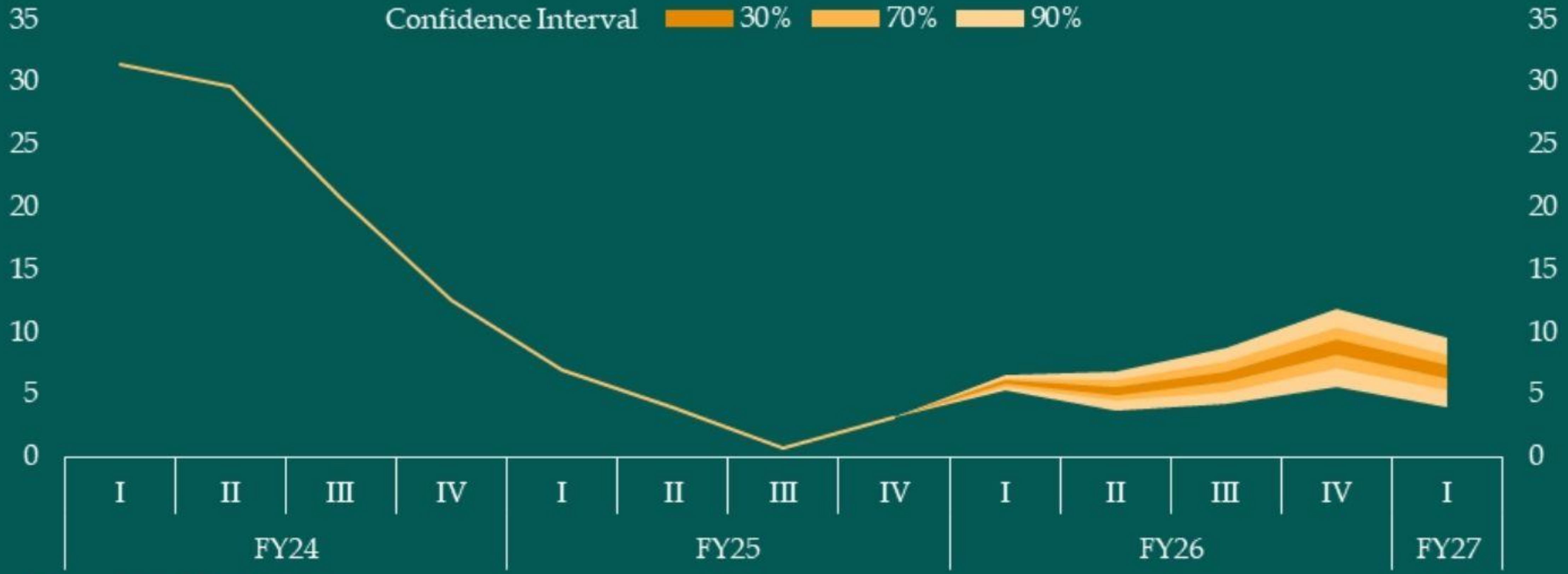
July 2025

Monetary Policy Decision

Since June 2024, the Monetary Policy Committee (MPC) has reduced the policy rate by 1,100 bps to 11 percent. In its meetings in June and July 2025, **the MPC decided to keep the policy rate unchanged at 11 percent.** The MPC assessed the real policy rate to be adequately positive to stabilize inflation in the medium term target range

Monetary Policy Report - August 2025

Uncertainty around Inflation going forward



Source: SBP Staff estimates

Monetary Policy Report - August 2025

Macroeconomic Outlook

Real GDP

The real GDP growth is assessed to range between **3.25 - 4.25** percent in FY26

Current Account

Further increase in import demand is projected, which is expected to lead to a moderate current account deficit of **0 to 1 percent** of GDP in FY26

SBP's FX Reserves

Following recent upgrade in the country's sovereign credit ratings, SBP's FX reserves are projected to continue to rise, reaching **$15.5 billion** by Dec '25 and over **$17 billion** by Jun '26

Monetary Policy Report - August 2025

Key Risks to the Outlook

- Volatile international commodity prices
- Global trade uncertainty
- Unanticipated adjustment in administered energy prices