

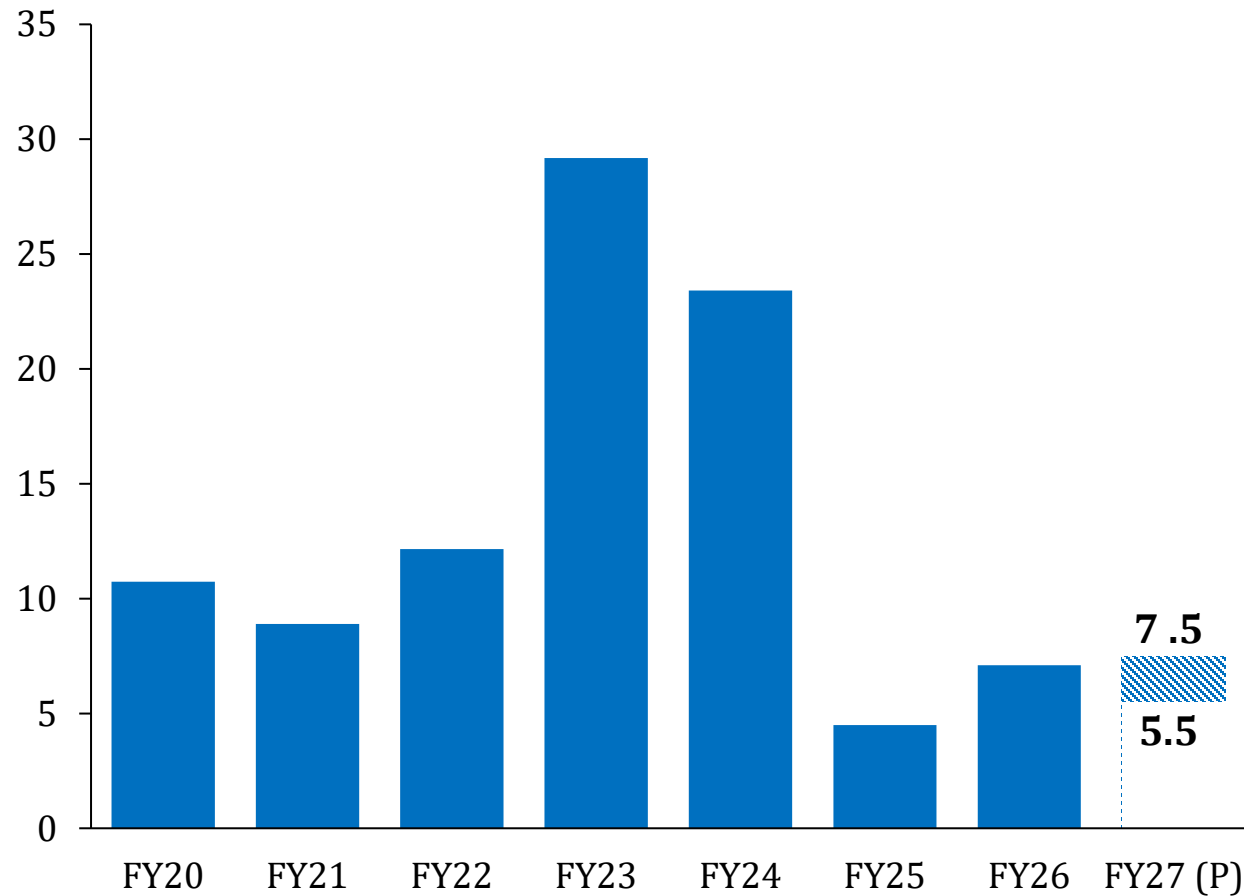


Post-MPC Analyst Briefing

26th October 2026

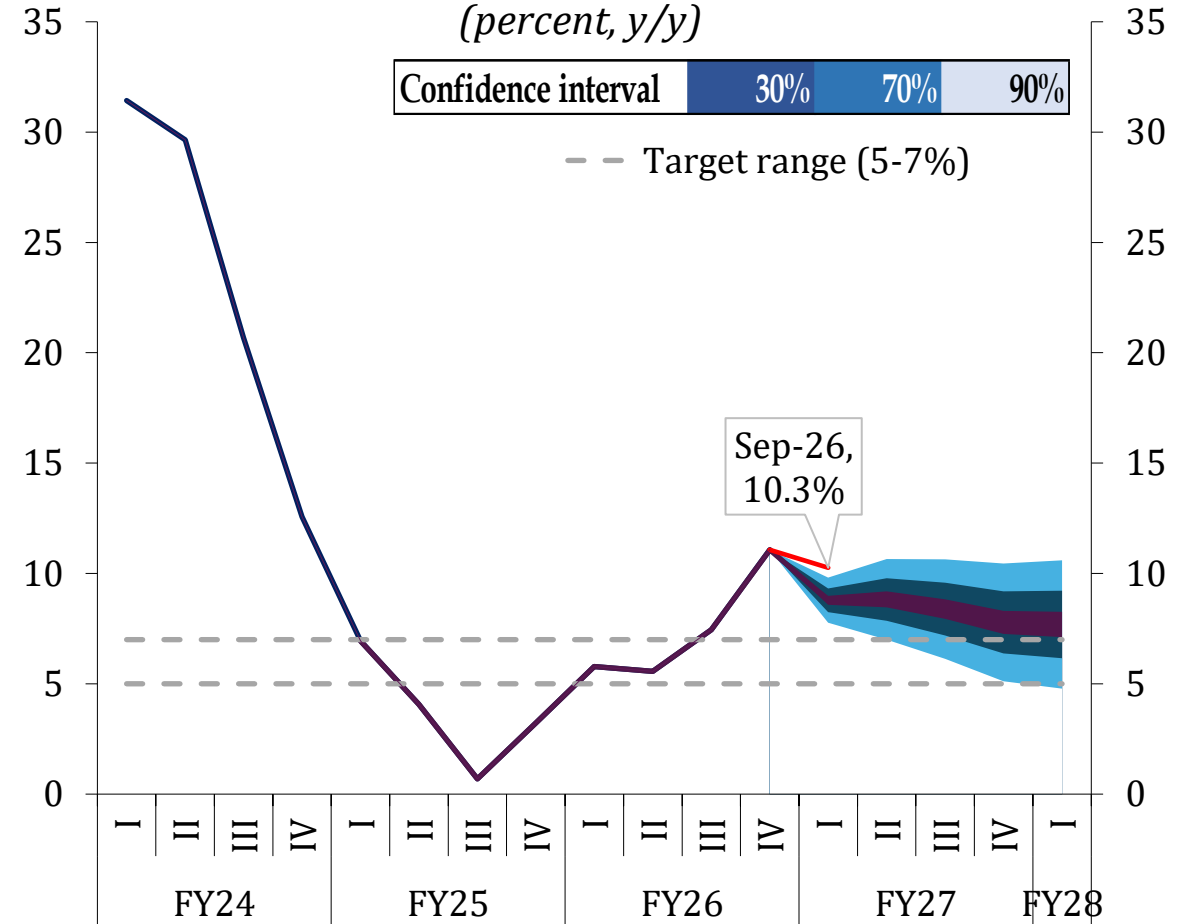
Inflation during Q1 turned out slightly above expectations; amidst the severe supply shock

Figure 1: Average Headline Inflation
(percent, y/y)



P: Projections made in July 2026
Source: PBS, SBP

Figure 2: Fan Chart Baseline CPI inflation projections in August MPR
(percent, y/y)

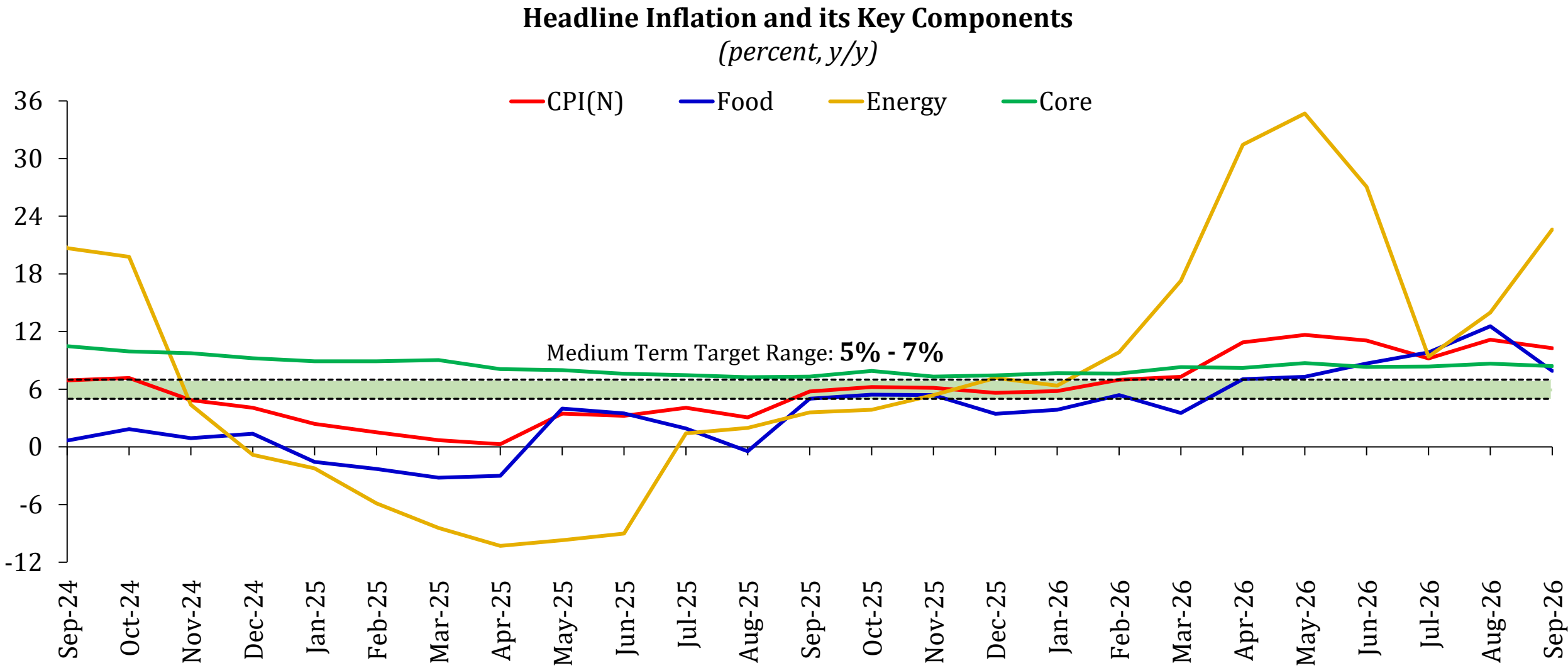


Energy prices remain a key source of inflationary pressures

Heat Map of CPI Inflation (m/m)																	
		weight	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
CPI-National			2.9	-0.6	2.1	1.7	0.4	-0.4	0.4	0.3	1.2	2.5	0.5	-0.3	1.2	1.2	1.3
Urban Basket																	
Urban CPI	100.0	3.4	-0.7	1.6	1.4	0.5	-0.4	0.2	0.3	1.3	2.7	0.7	-0.5	1.2	0.9	1.3	
NFNE (Core)	53.7	0.8	0.3	0.3	1.1	0.3	0.5	1.0	0.2	0.7	1.9	1.3	-0.1	0.7	0.5	0.2	
Core Goods	19.3	0.2	0.4	0.6	1.2	0.5	0.5	1.0	1.2	0.3	0.2	2.1	-0.1	0.3	0.8	0.4	
Services	34.4	1.3	0.3	0.0	1.0	0.1	0.4	1.0	-0.6	1.0	3.3	0.7	-0.1	1.1	0.3	0.0	
Food	36.8	2.4	-1.3	4.0	1.7	0.3	-1.7	-0.2	-0.8	0.1	2.3	0.2	1.0	3.7	1.0	0.2	
Perishable	4.5	13.5	-13.0	12.0	13.7	-5.2	-17.4	-11.8	2.7	2.6	16.0	-13.1	11.9	18.2	3.5	0.1	
Non-Perishable	32.3	1.1	0.3	3.0	0.2	1.1	0.4	1.1	-1.1	-0.1	0.9	1.7	-0.1	2.1	0.7	0.2	
Energy	9.5	14.3	-2.0	-0.4	1.2	1.8	0.6	-0.8	3.0	6.0	6.0	0.1	-4.6	-3.5	1.8	7.0	
Rural Basket																	
Rural CPI	100.0	2.1	-0.5	2.8	2.1	0.2	-0.6	0.6	0.3	1.0	2.1	0.3	0.0	1.2	1.6	1.2	
NFNE (Core)	42.6	0.7	0.2	0.5	1.3	0.5	0.6	1.1	0.4	0.8	1.1	0.2	0.2	0.9	0.6	0.2	
Core Goods	20.6	0.4	0.3	0.9	1.4	0.4	0.7	0.9	1.1	0.7	0.3	0.1	-0.2	0.4	0.8	0.3	
Services	22.0	1.1	0.1	0.2	1.1	0.6	0.4	1.3	-0.4	0.9	2.0	0.4	0.7	1.5	0.3	0.1	
Food	45.9	2.7	-0.7	5.5	3.0	-0.7	-1.9	0.4	-0.5	-0.6	0.9	0.2	0.9	3.4	2.1	0.3	
Perishable	5.8	18.9	-11.0	13.4	16.2	-8.5	-18.1	-15.1	1.1	3.0	14.3	-12.8	13.1	17.0	5.6	1.7	
Non-Perishable	40.2	0.8	0.8	4.5	1.3	0.5	0.4	2.2	-0.7	-0.9	-0.5	1.7	-0.3	1.9	1.7	0.1	
Energy	11.4	4.9	-2.0	-0.1	1.4	2.7	1.1	0.0	3.0	7.6	9.7	0.9	-3.8	-5.4	2.8	7.8	
SPI			3.2	3.0	1.1	0.3	0.5	0.2	-0.6	-0.1	2.2	3.6	1.3	-0.4	0.0	1.0	1.6
WPI			1.2	-0.2	0.5	0.5	-0.2	-0.9	-0.2	0.7	5.9	5.1	-0.8	-1.2	0.0	2.0	1.9
		weight	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
								-1SD	Average	+1SD							

The heat map key is based on average and standard deviation for the period Jul 2021 to Sep 2026
 Source: PBS

Elevated energy prices are delaying the return of headline inflation within the target range



Food inflation eased in September amidst favorable base effect



Figure 1: Disaggregated Food inflation
(contribution in percentage, y/y)

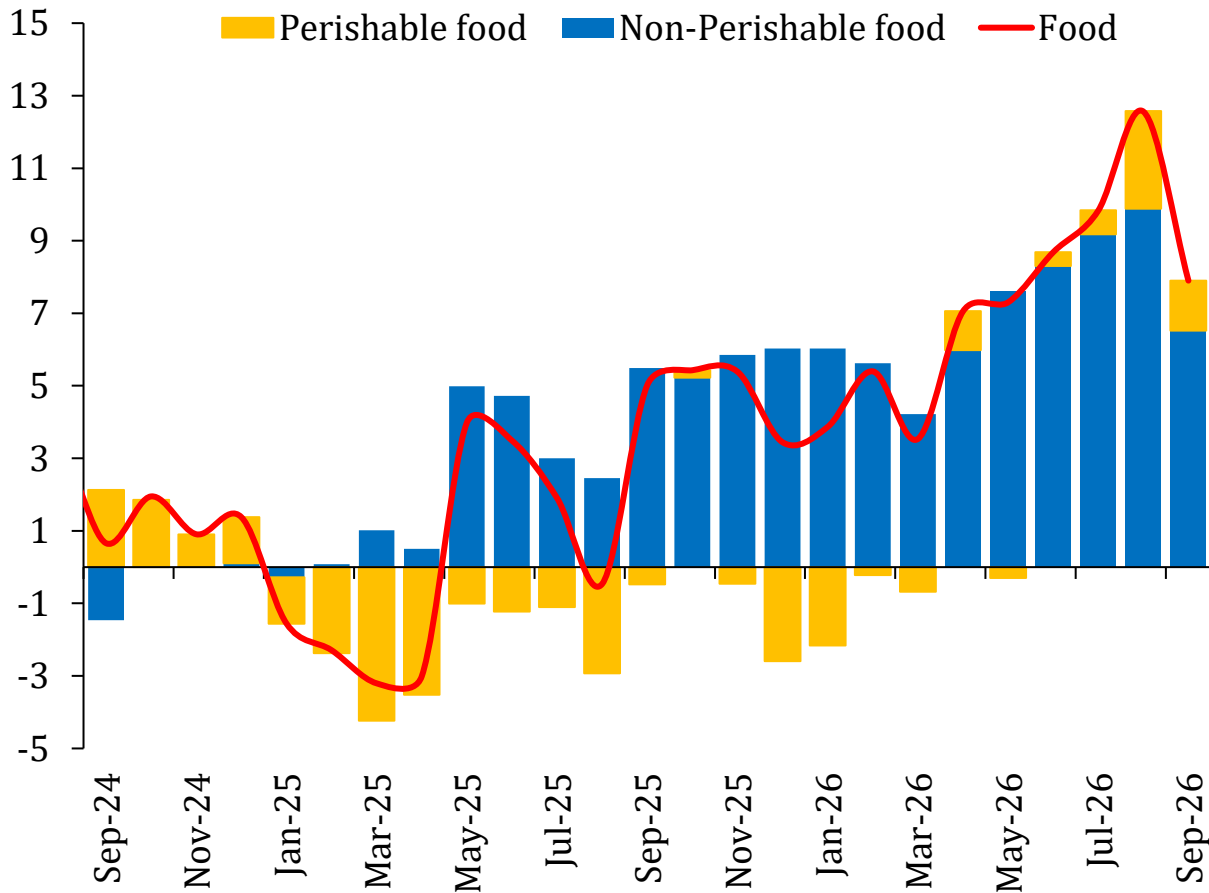
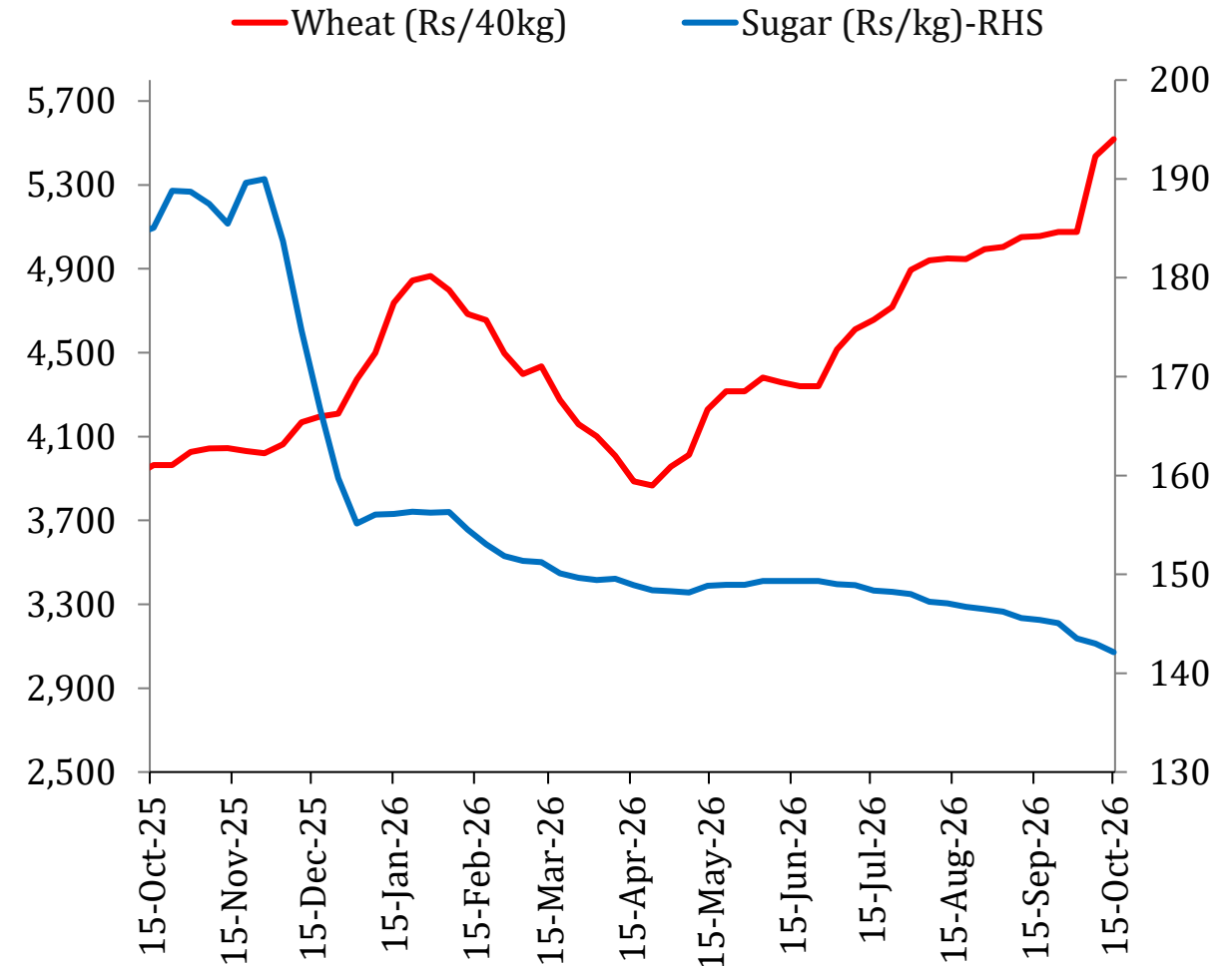
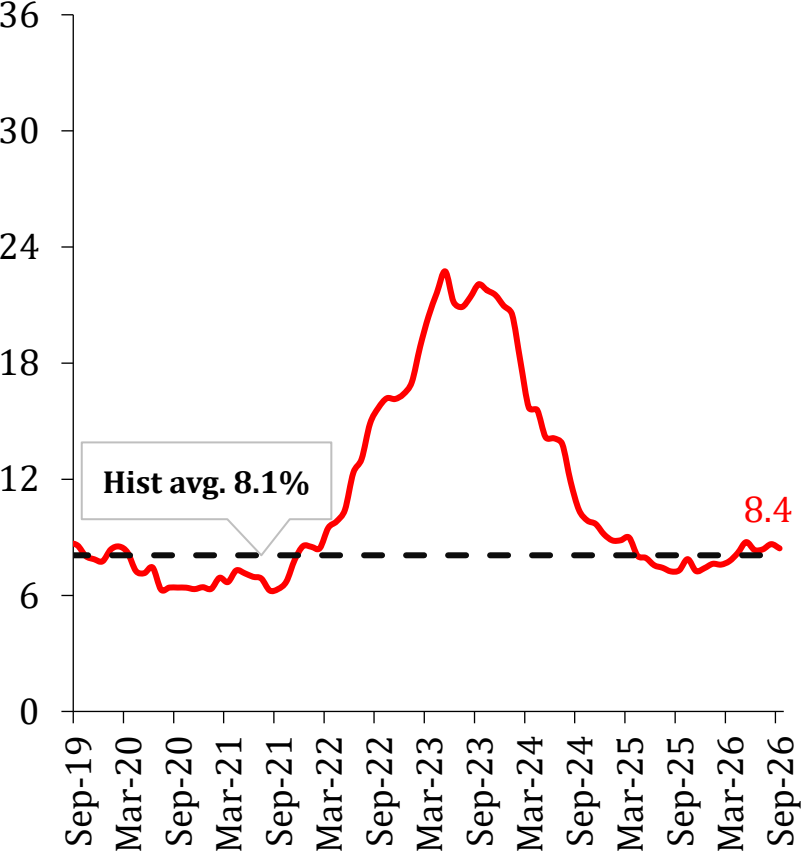


Figure 2: Wheat and Sugar prices



Second-round effects of higher energy prices remain muted

Figure 1: Core - Overall



Core Goods and Services Inflation
(percent, y/y)

Figure 2: Core - Goods

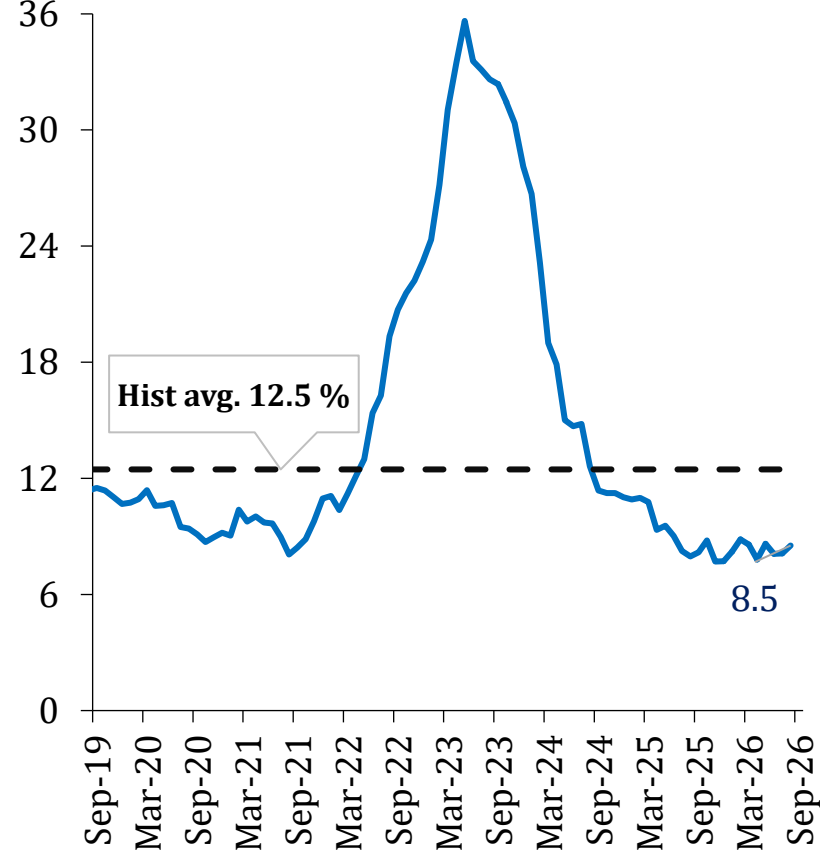
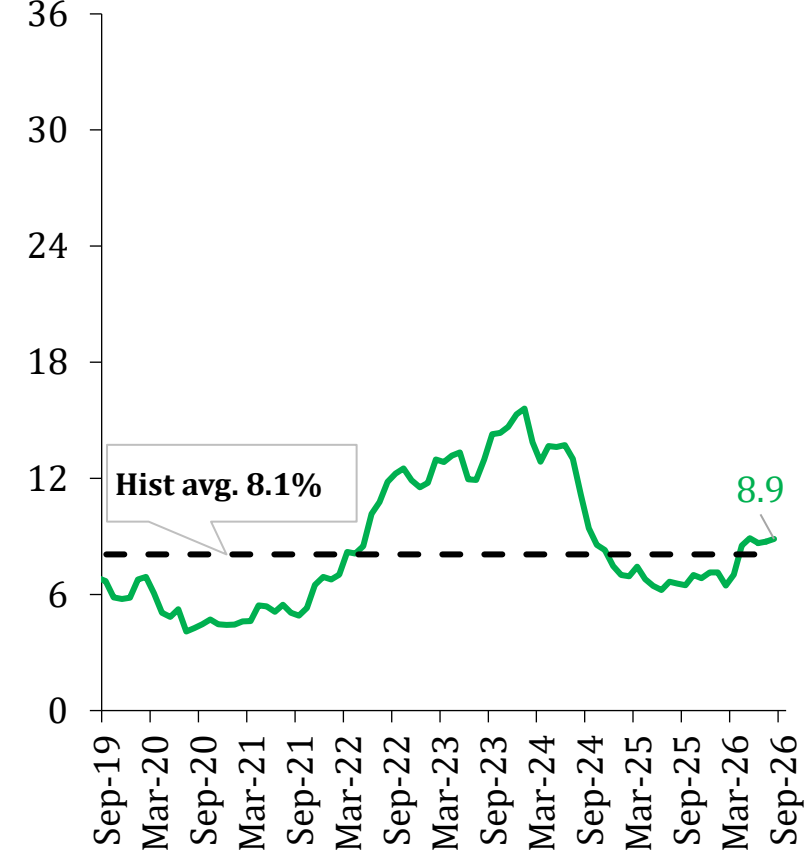


Figure 3: Core - Services



Source: PBS & SBP staff estimates

Core inflation accounts for 49.3% of the national CPI basket, comprising core goods (19.8%) and core services (29.4%). Weights are calculated using a composite CPI basket with 60% urban and 40% rural weights. Historical averages refer to the average y/y inflation over the past 15 years.

Moderation in growth of monetary aggregates bodes well for containing inflationary pressures



Figure 1: M2 Growth
(percent, y/y)

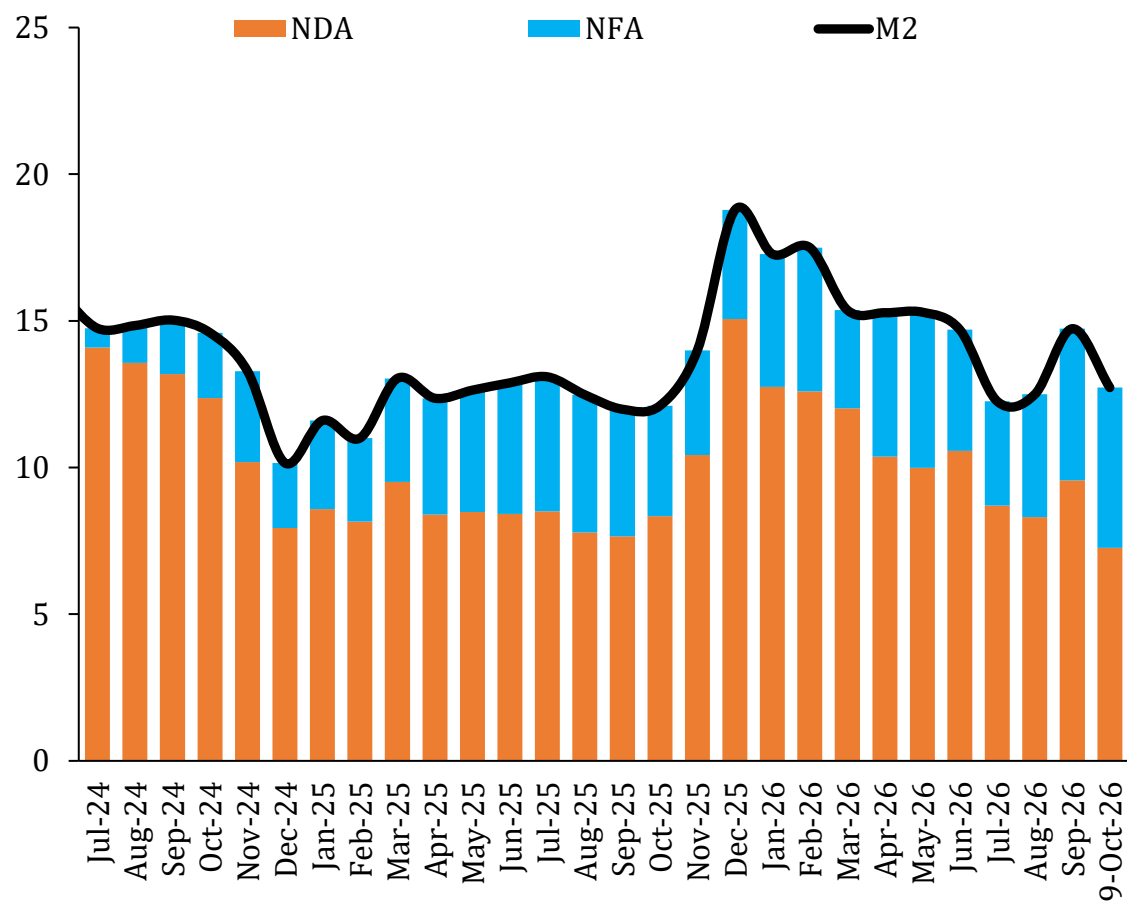
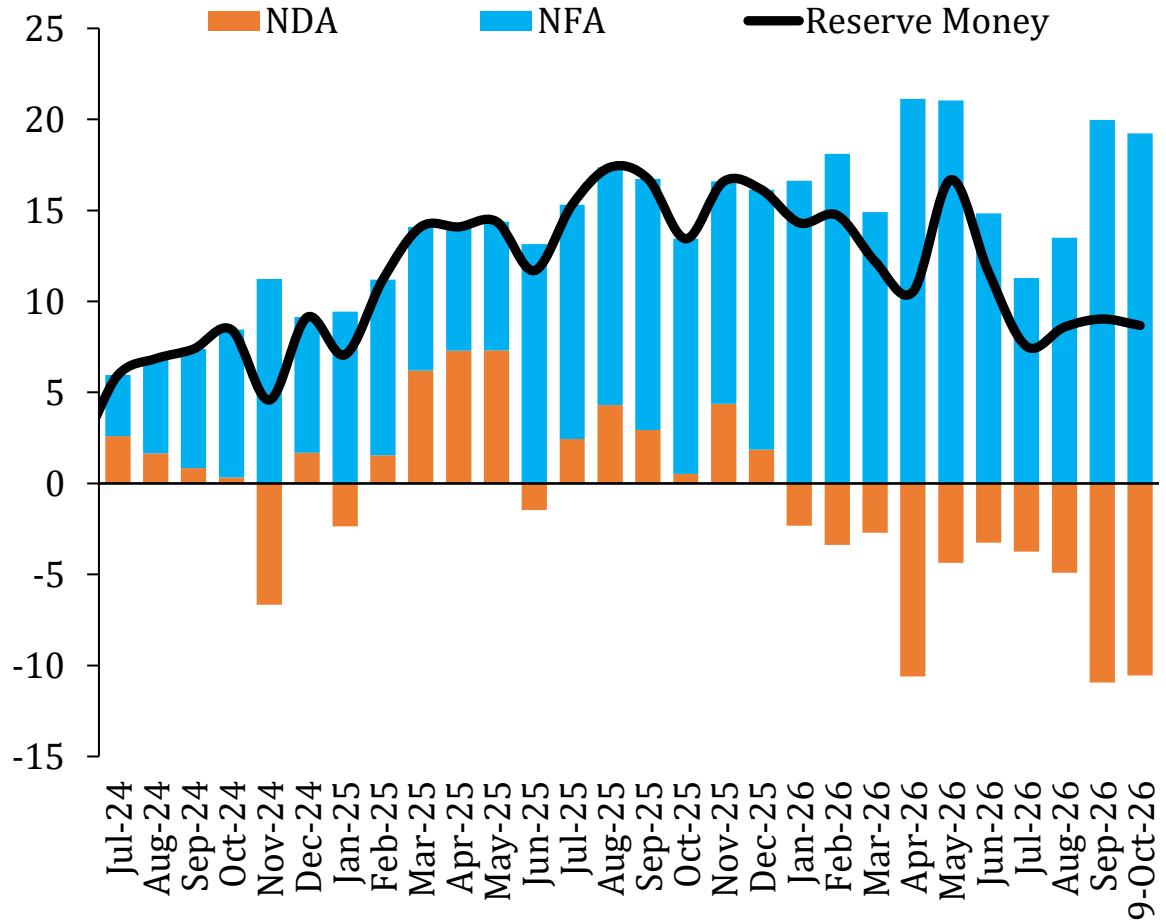


Figure 2: Reserve Money Growth
(percent, y/y)



Source: SBP

Inflation expectations have increased for consumers and professional forecasters, while eased for businesses in the latest surveys

Figure 1: Professional Forecasters
(Annual average, percent)

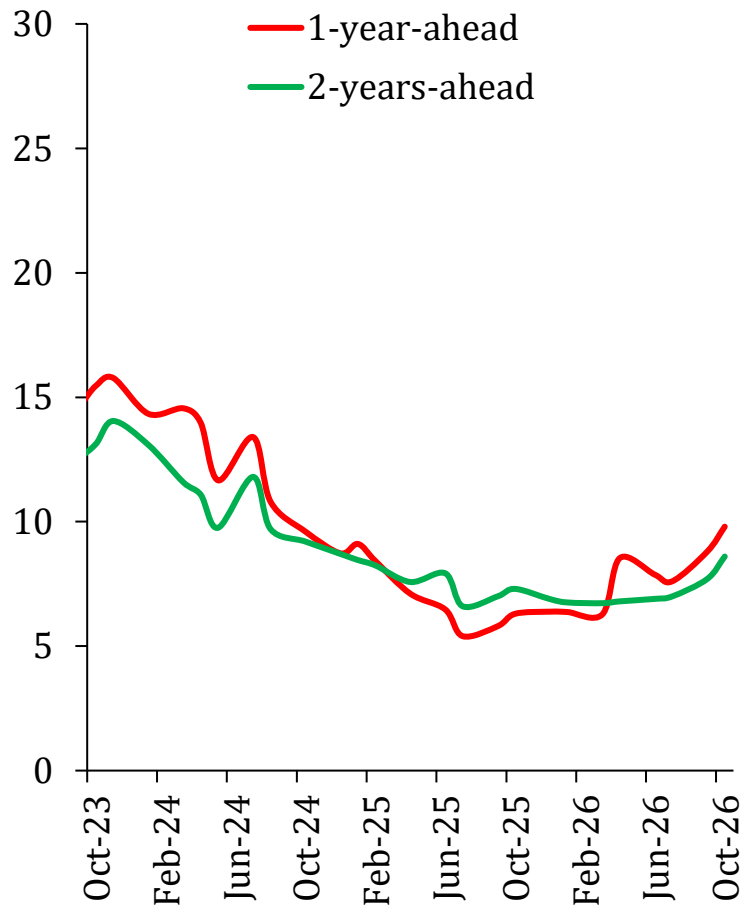


Figure 2: Businesses
(Annual average, percent)

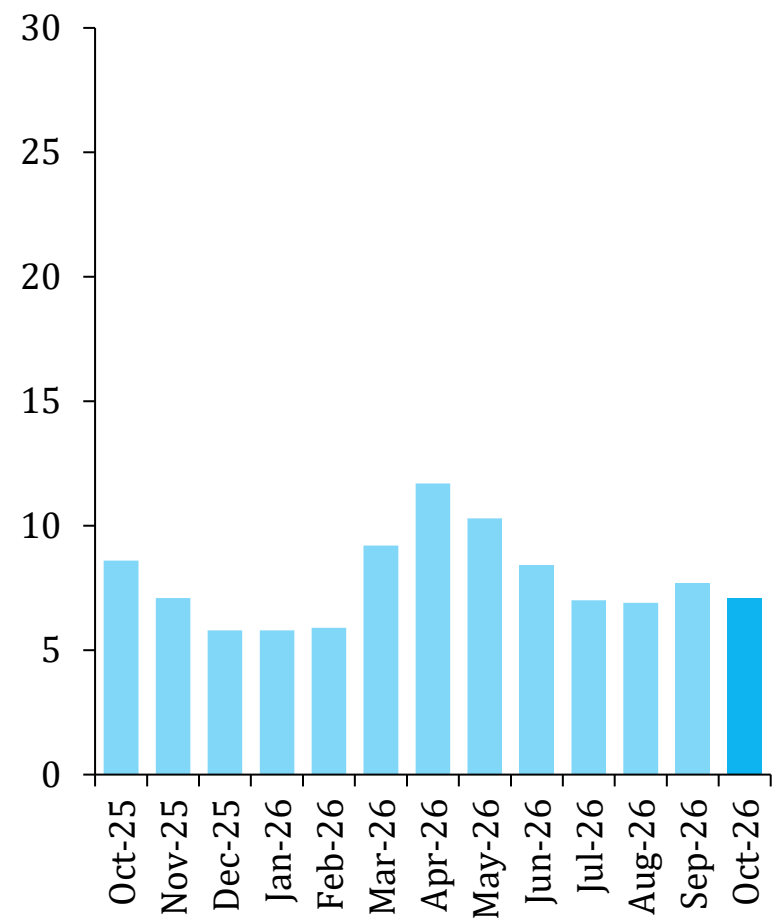
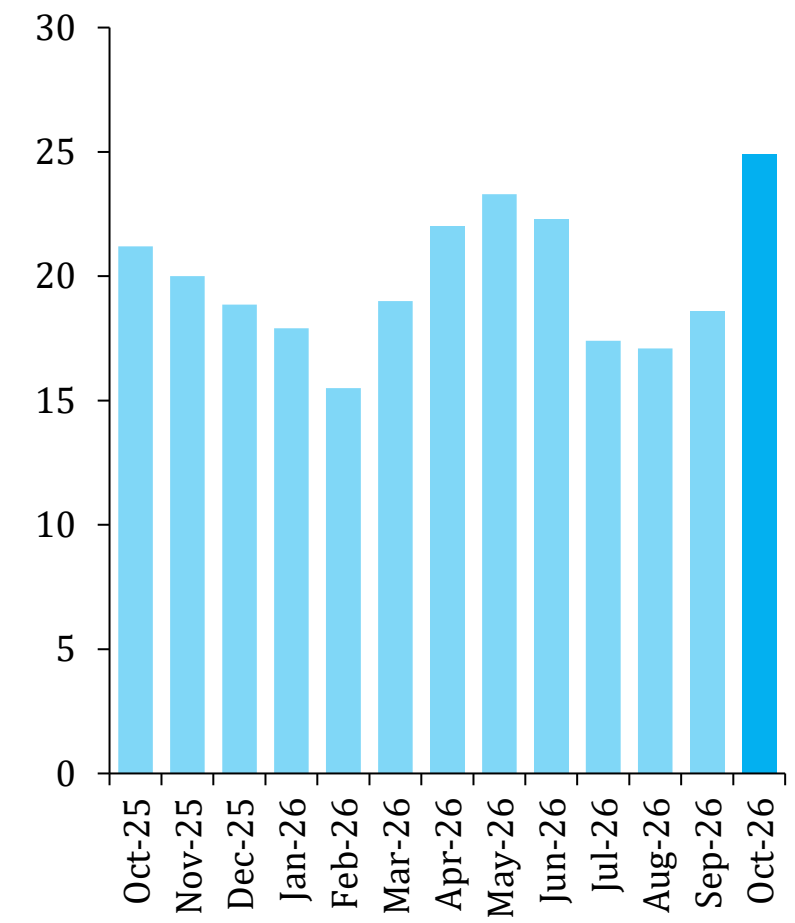
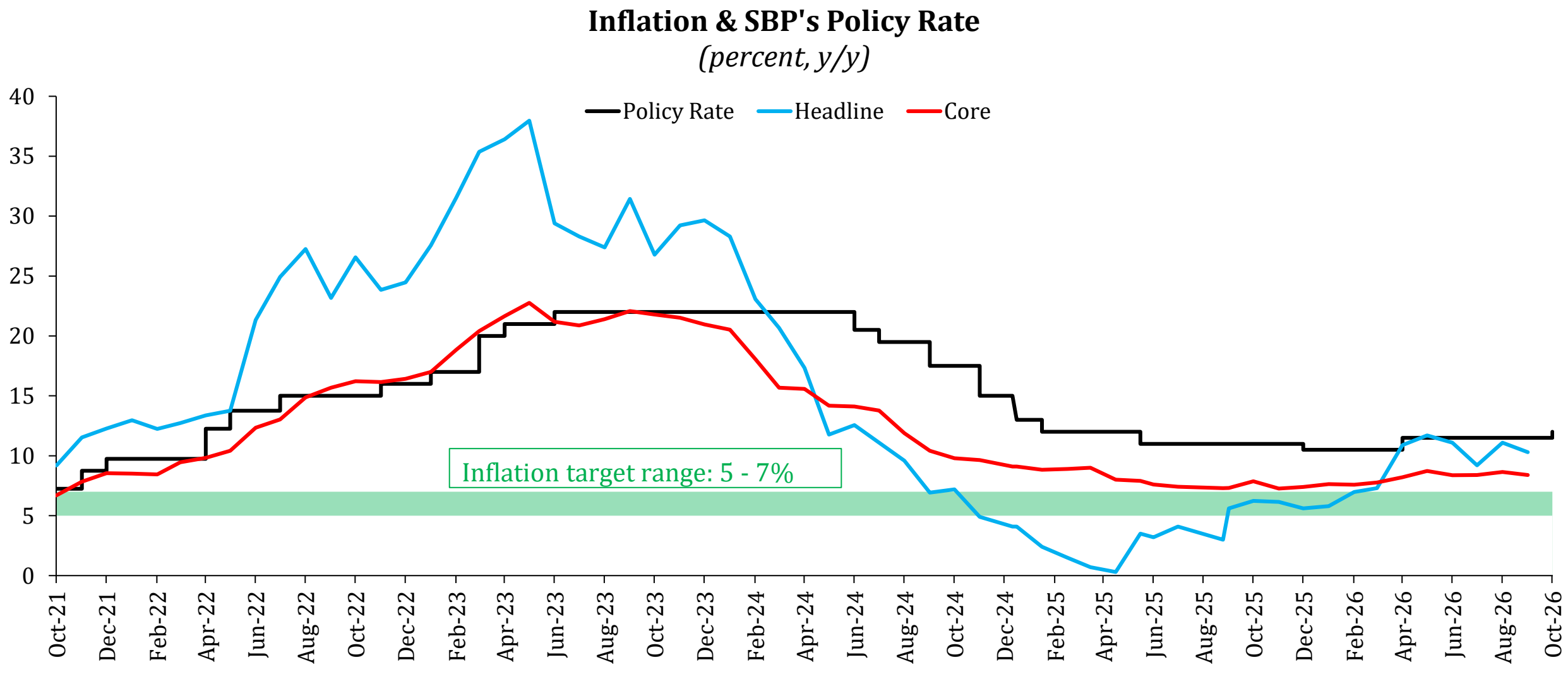


Figure 3: Consumers
(Annual average, percent)



Note: Survey responses of Businesses/Consumers are with 5 percent trimmed mean. Figure 1 is average of forecasts shared by market analysts with SBP.
Source: SBP-IBA Consumers/business surveys.

Monetary policy stance remains appropriate to guide inflation towards 5 – 7 percent target range



Source: PBS, SBP staff calculations

The Middle East conflict has disrupted the strong growth momentum during the last quarter of FY26

Figure 1: Contribution to Quarterly Real GDP Growth
(percent, y/y)

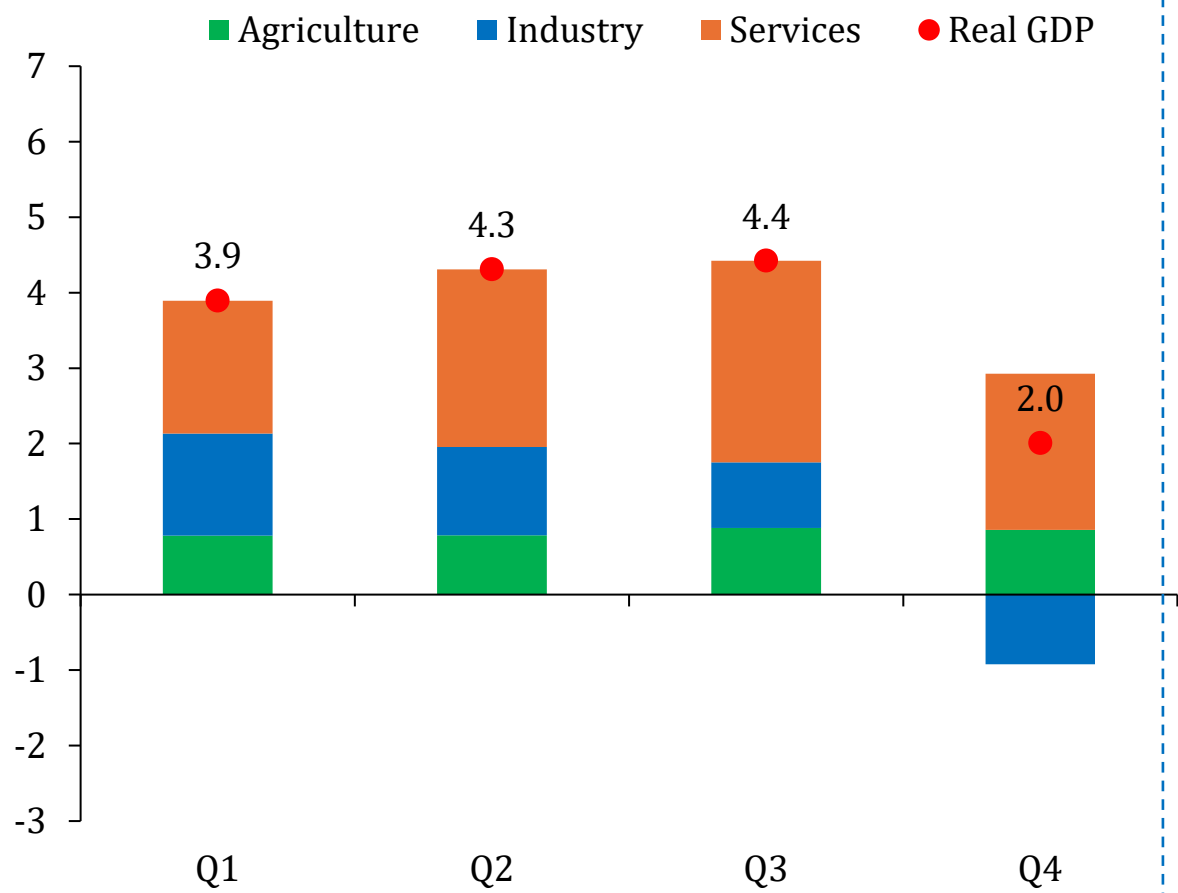
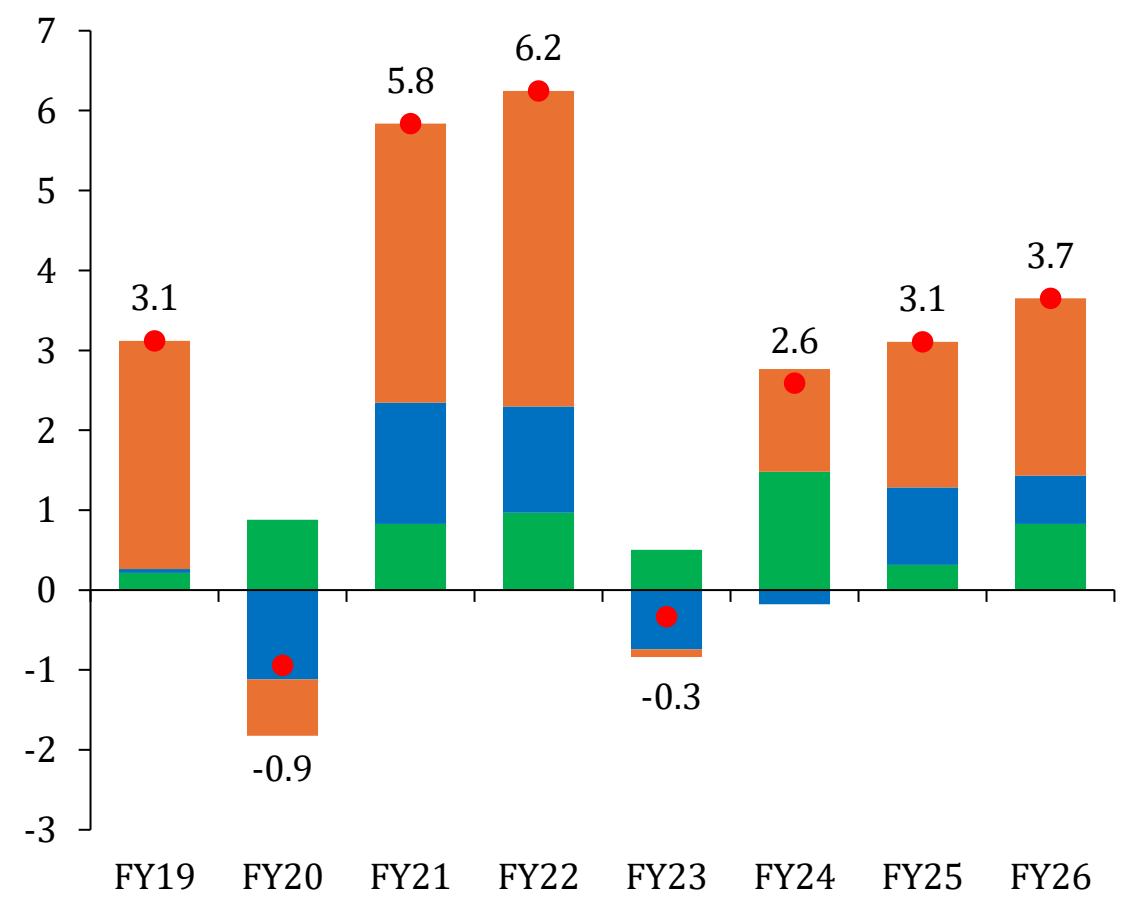


Figure 2: Contribution to Annual Real GDP Growth
(percent, y/y)



LSM growth has started to recover, though moderately, after showing contraction during May and June 2026



Figure 1: Large-scale Manufacturing
(y/y growth in %)

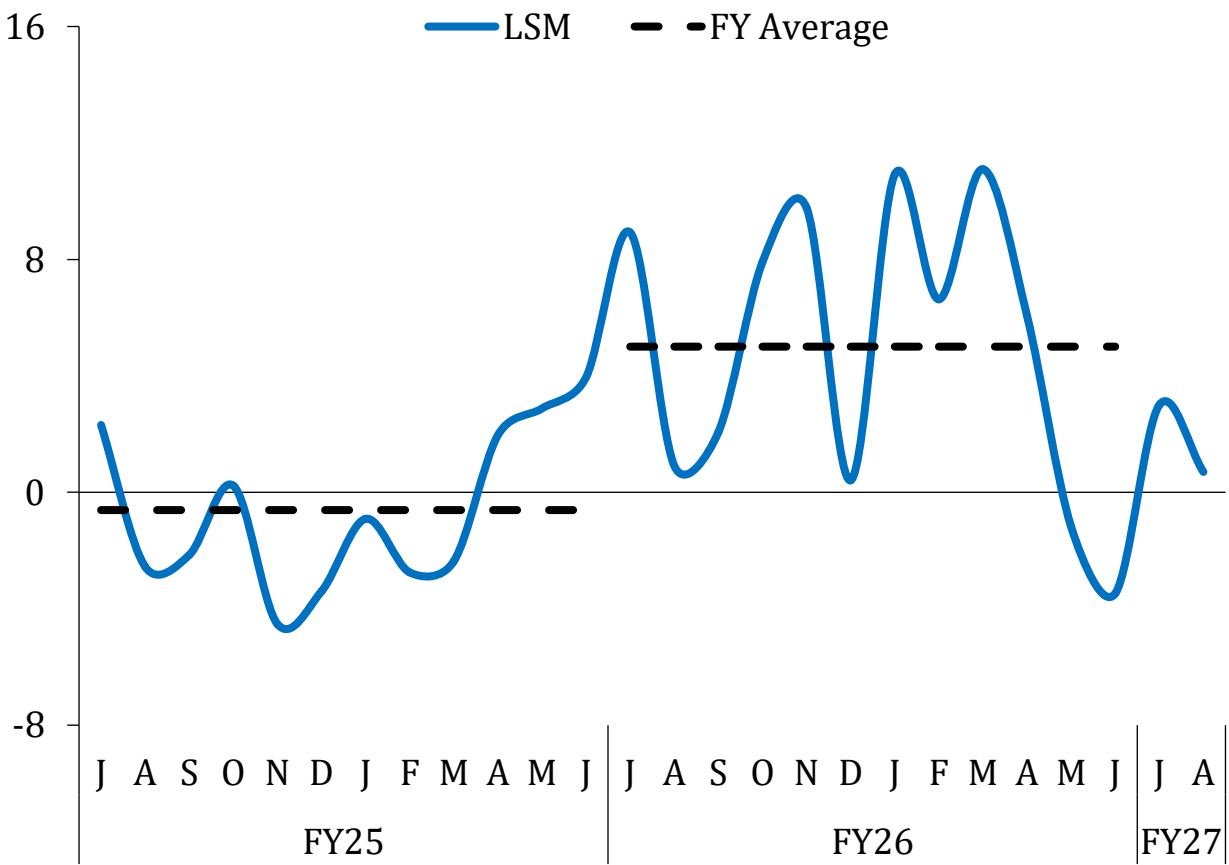


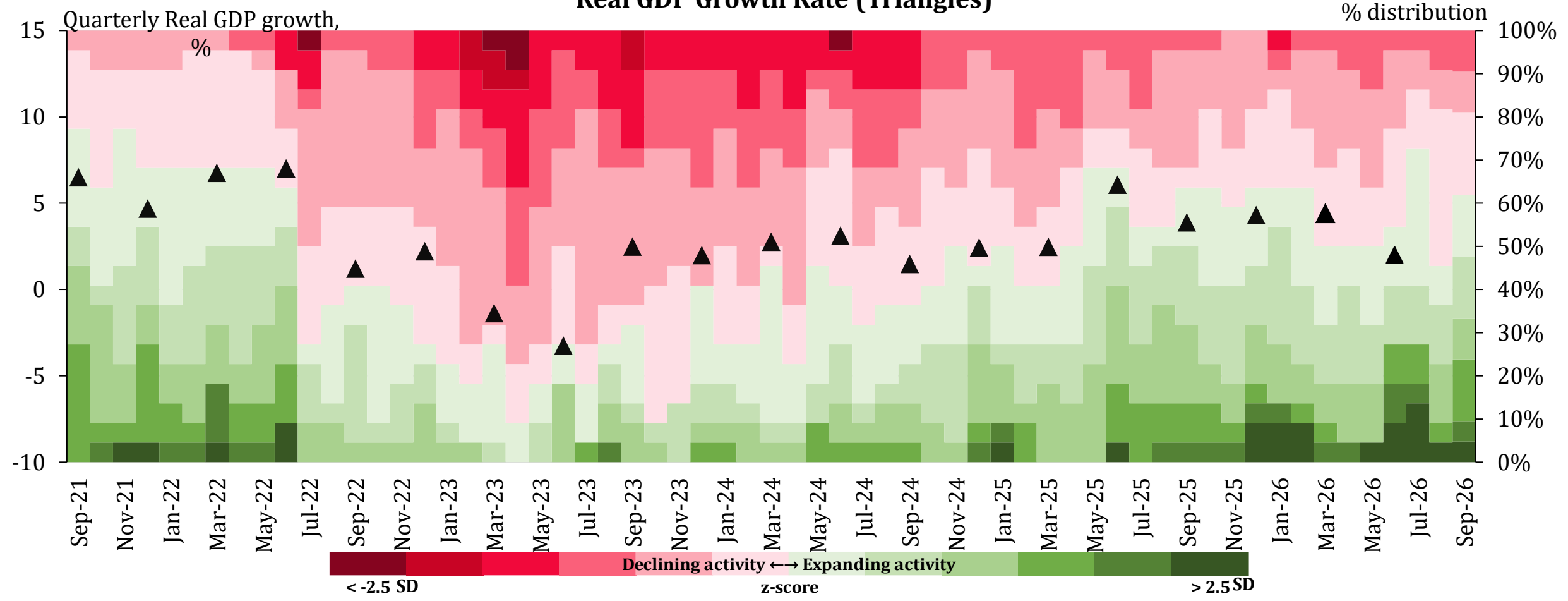
Table 1: No. of Subsectors that Improved/Worsened

	(y/y)					
	Growth	Improved			Worsened	
	y/y	Count	Contr ¹	Weight	Count	Contr ¹
Q1-FY26	3.9	15	5.1	58.4	7	-1.2
Q2-FY26	5.7	14	7.4	49.2	8	-1.7
Q3-FY26	9.5	16	10.4	43.7	6	-0.8
Q4-FY26	0.4	14	4.5	29.1	8	-4.1
Jul-Aug FY26	4.8	13	5.7	39.8	9.0	-0.9
Jul-Aug FY27	1.9	12	6.5	27.0	10.0	-4.7

¹ Contribution in growth
Source: PBS

Z-scores of HFIs indicate improvement in economic activity in September

Percentage Distribution of Z-Scores of Economic Activity Indicators (Levels, Stacked Columns) & Real GDP Growth Rate (Triangles)



Note: 22 HFIs used for this chart
 Source: SBP, PBS, NFDC, APCMA, PAMA, FBR, NEPRA, OCAC, PSX, SBP staff estimates

Moreover, PMI and average capacity utilization remain broadly aligned with their long-term averages

Figure 1: Purchasing Managers Index
(diffusion indices, >50 means expansion/improvement)

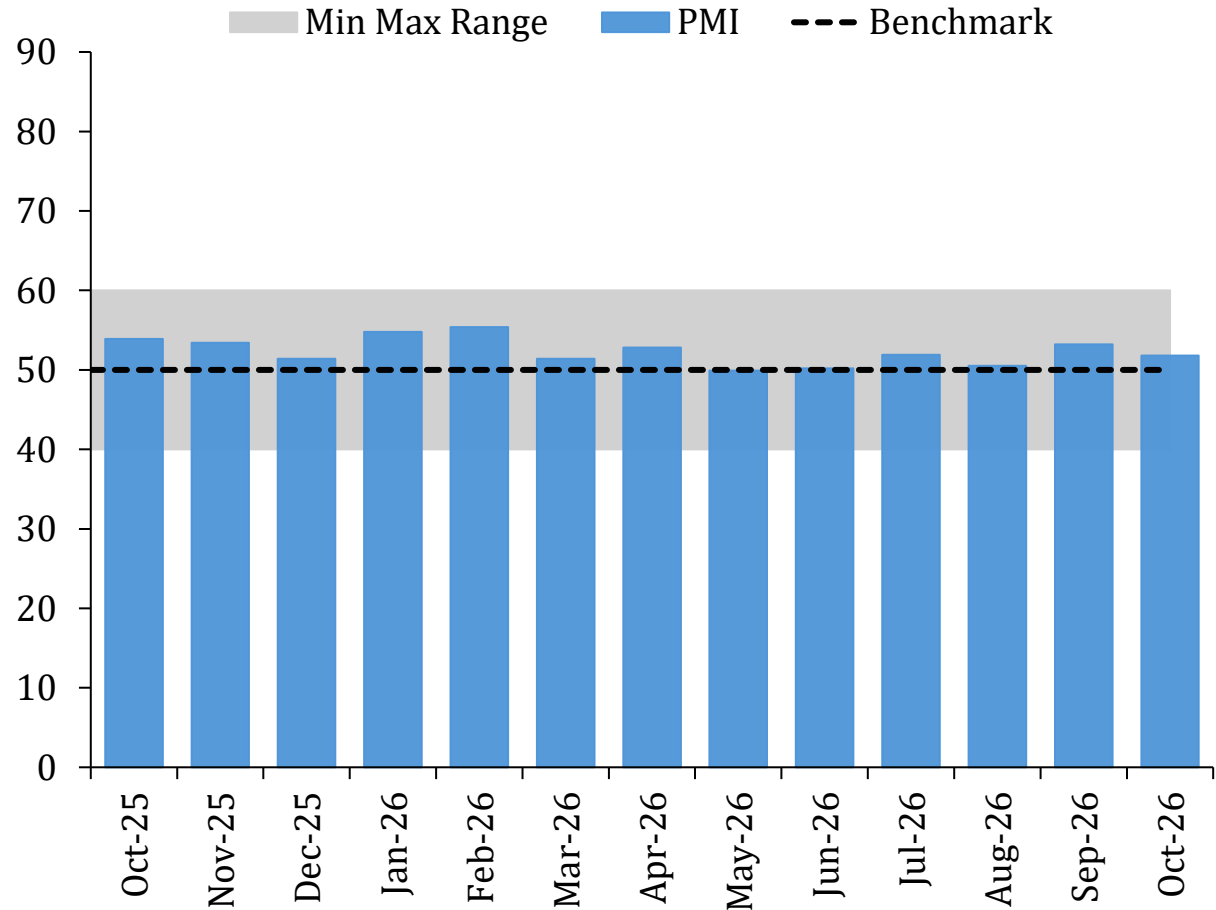
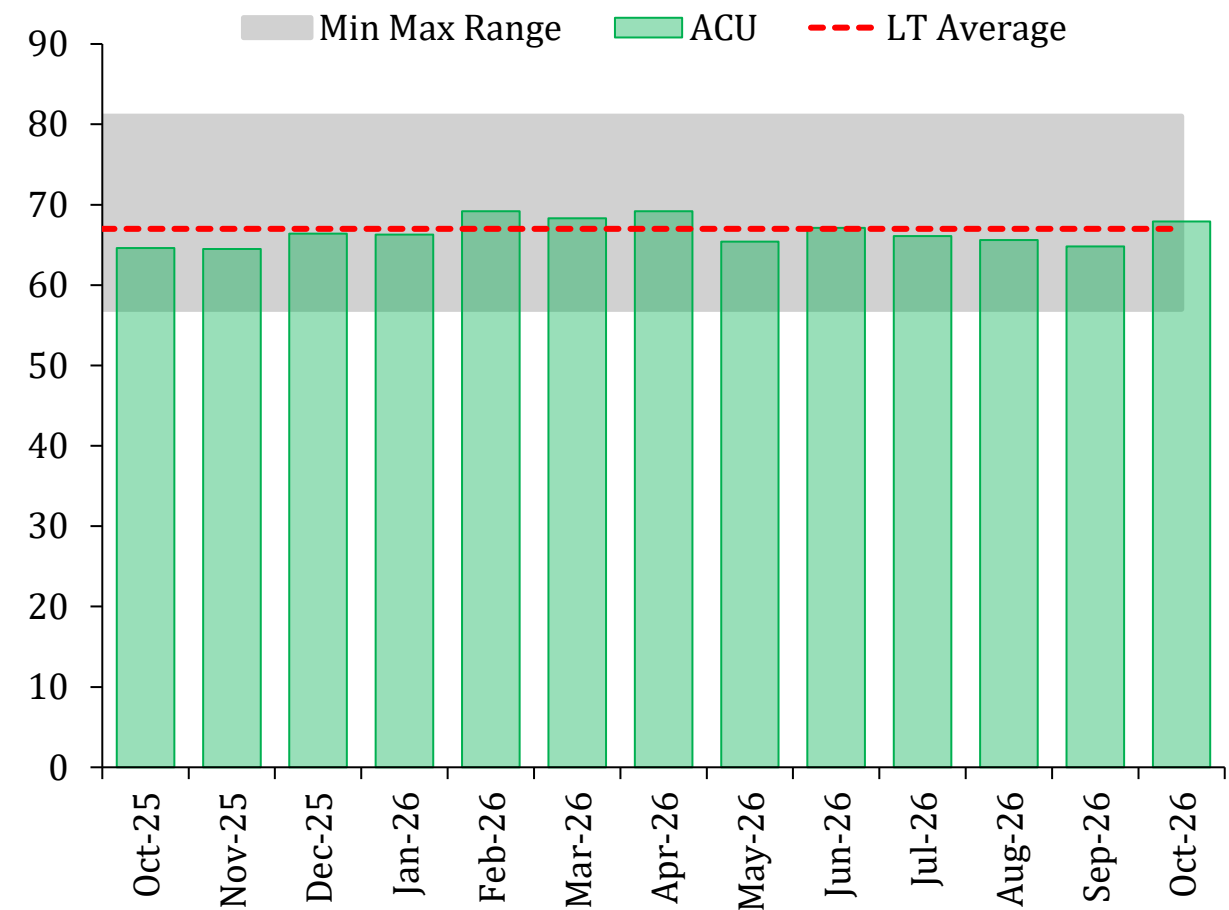


Figure 2: Average Capacity Utilization¹
(manufacturing sector, percent)



1: Based on historical ACU data since Oct 2017 (Average=67); highest value recorded in Jun 2021, lowest value recorded in Apr 2020

Source: SBP-IBA Surveys

Further, robust growth in private sector credit continued

Figure 1: Credit to Private Sector
(stock in Rs trillion, growth in percent)

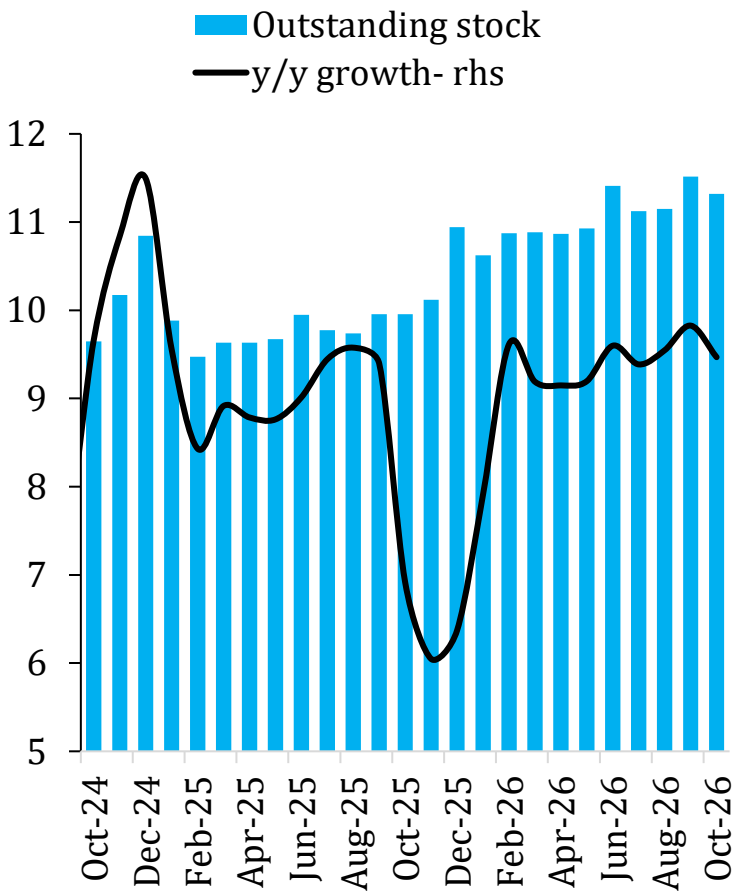


Figure 2: Loan to Businesses
(percent, y/y)

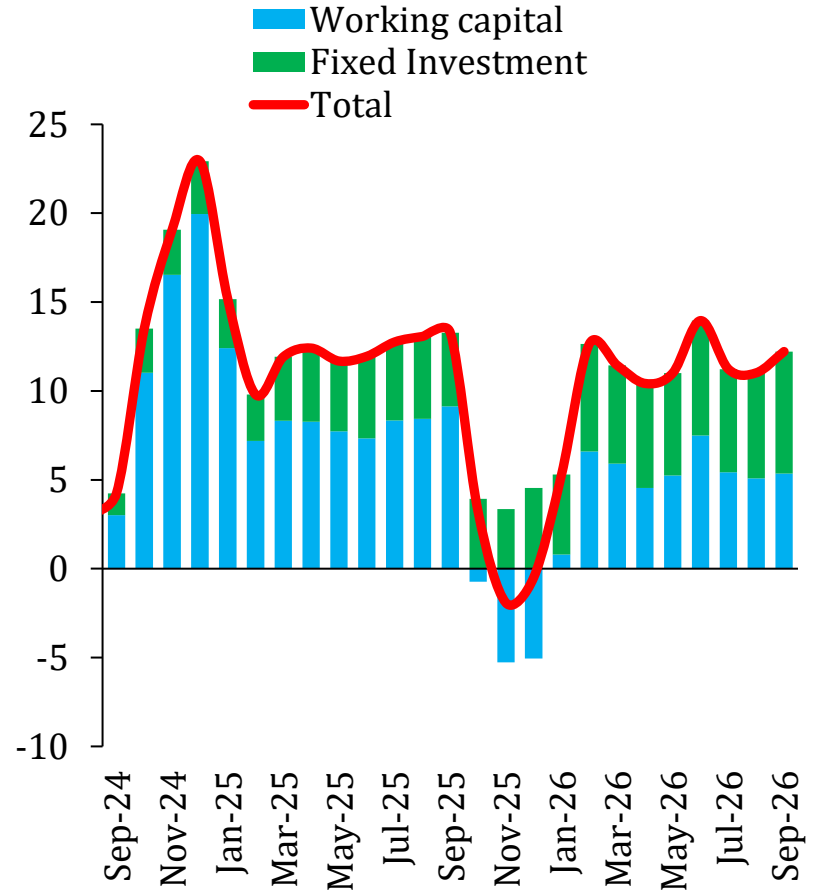
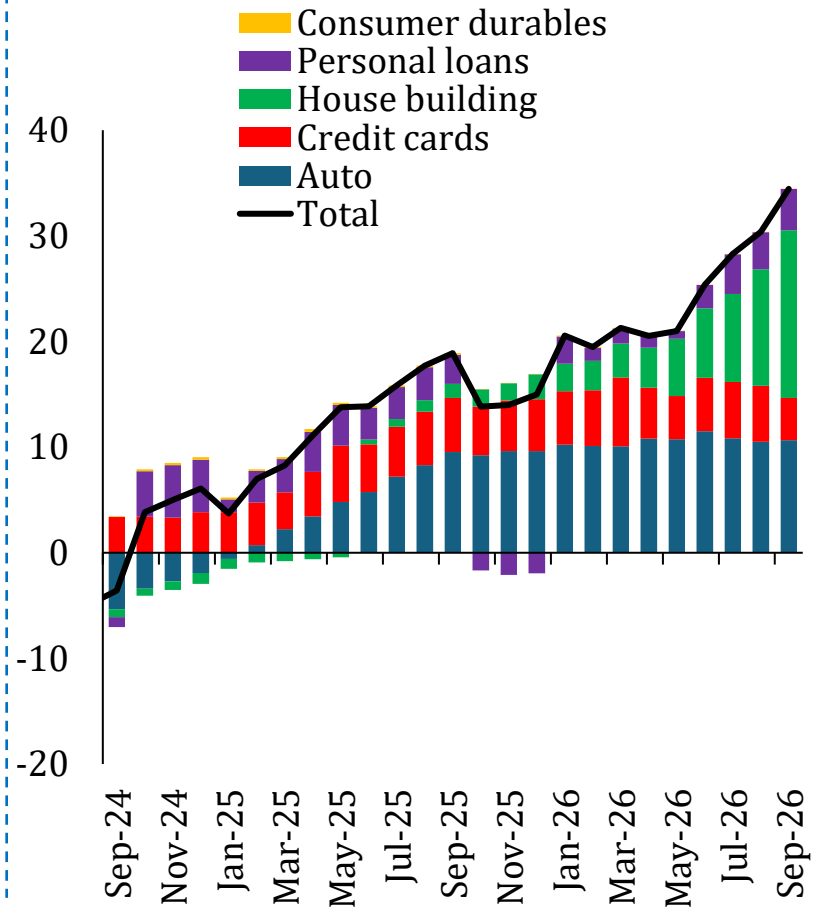


Figure 3: Consumer Financing
(percent, y/y)



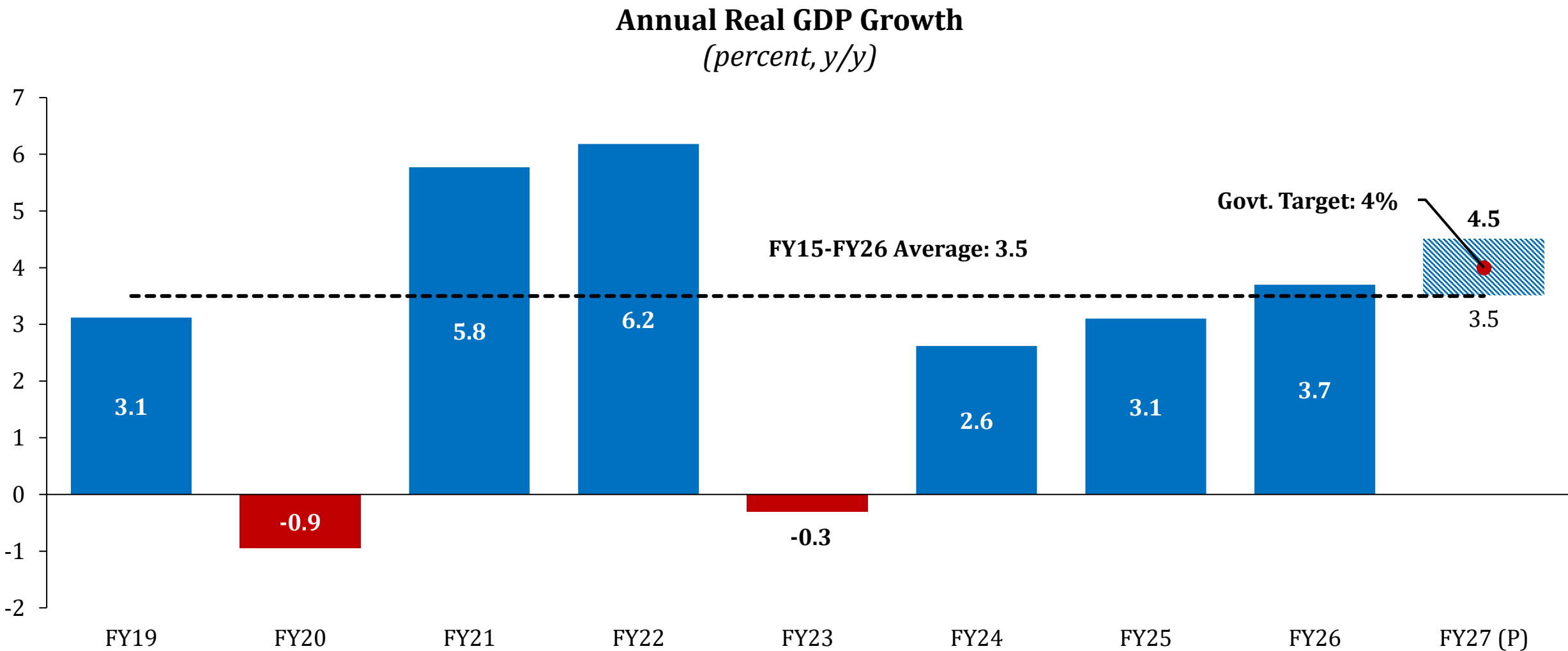
Credit-to-Private Sector (PSC) outstanding stock for October 2026 is reported as of October 09, 2026.
Source: SBP

Further, FCA’s first estimates show better than targeted production of kharif crops, except in case of cotton crop

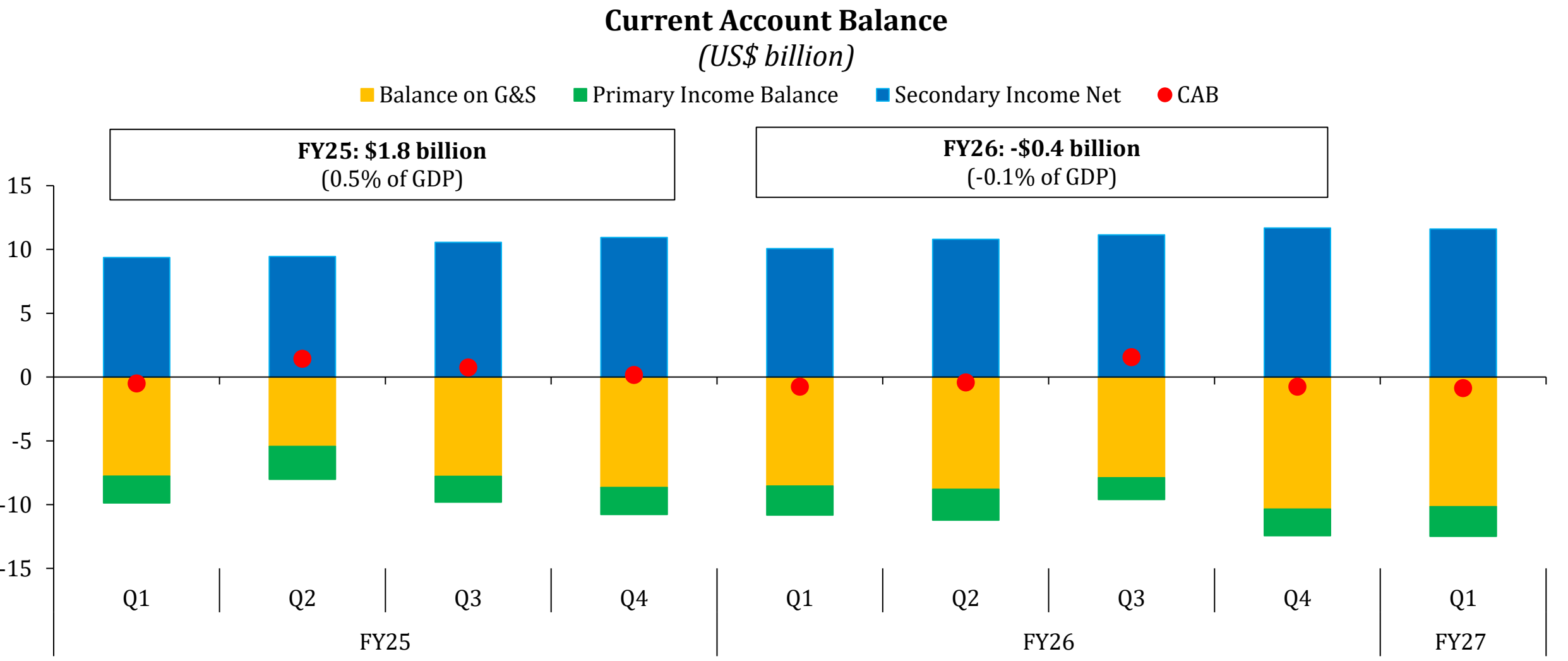


Comparison of Kharif Crop Production Estimates for FY27		
<i>(million MT, unless stated otherwise)</i>		
	Target	FCA 1st Estimates
Rice	9.2	10.2
Sugarcane	80.3	97.3
Cotton, <i>(million bales)</i>	9.6	6.7
Maize	9.8	10.0

Economic growth outlook remained broadly unchanged, though risks have increased



The current account balance recorded a deficit of US\$874 million in Q1-FY27



Improved exports and workers' remittances helped finance higher import bill



Figure 1: Trend in Imports
(billion \$)

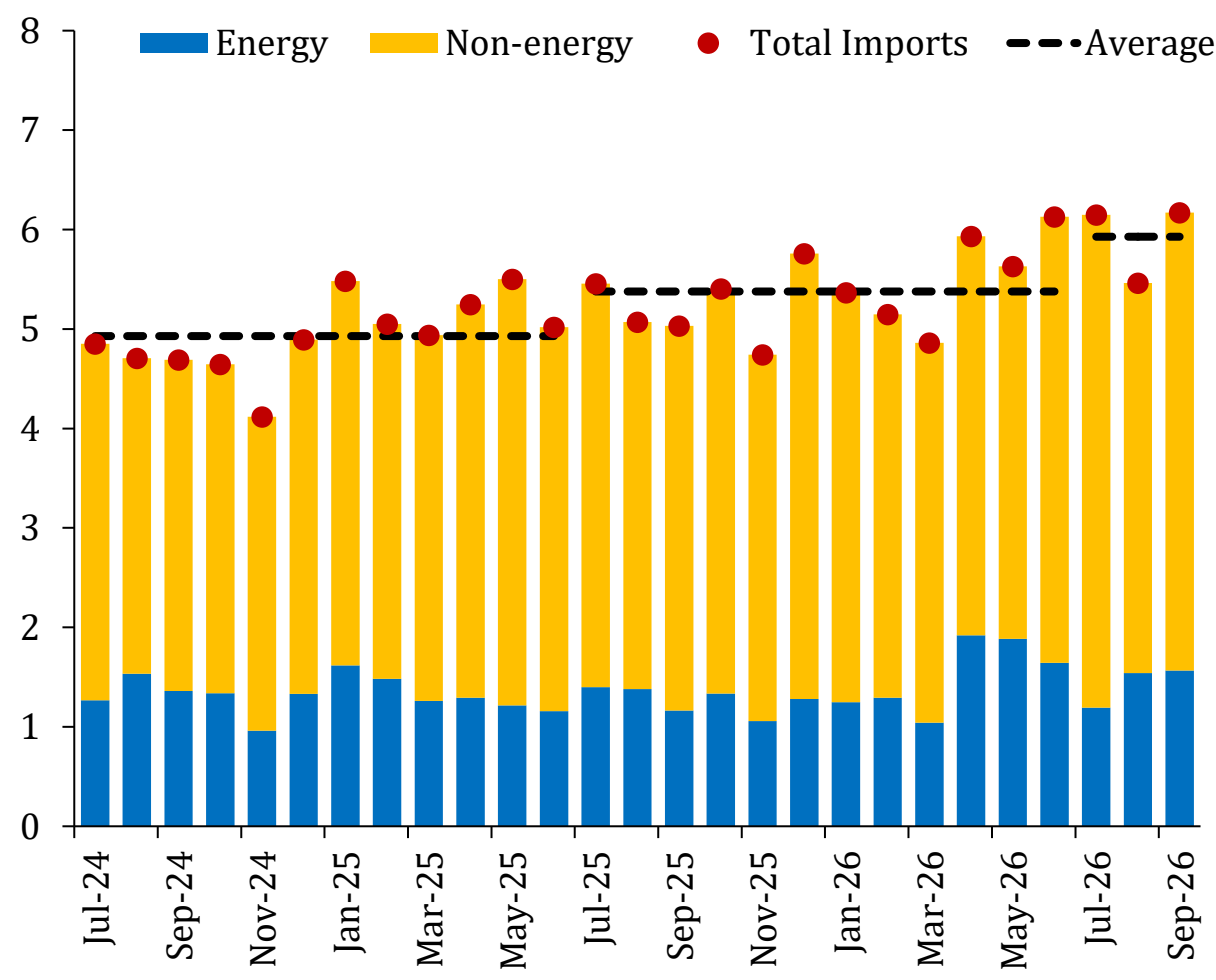
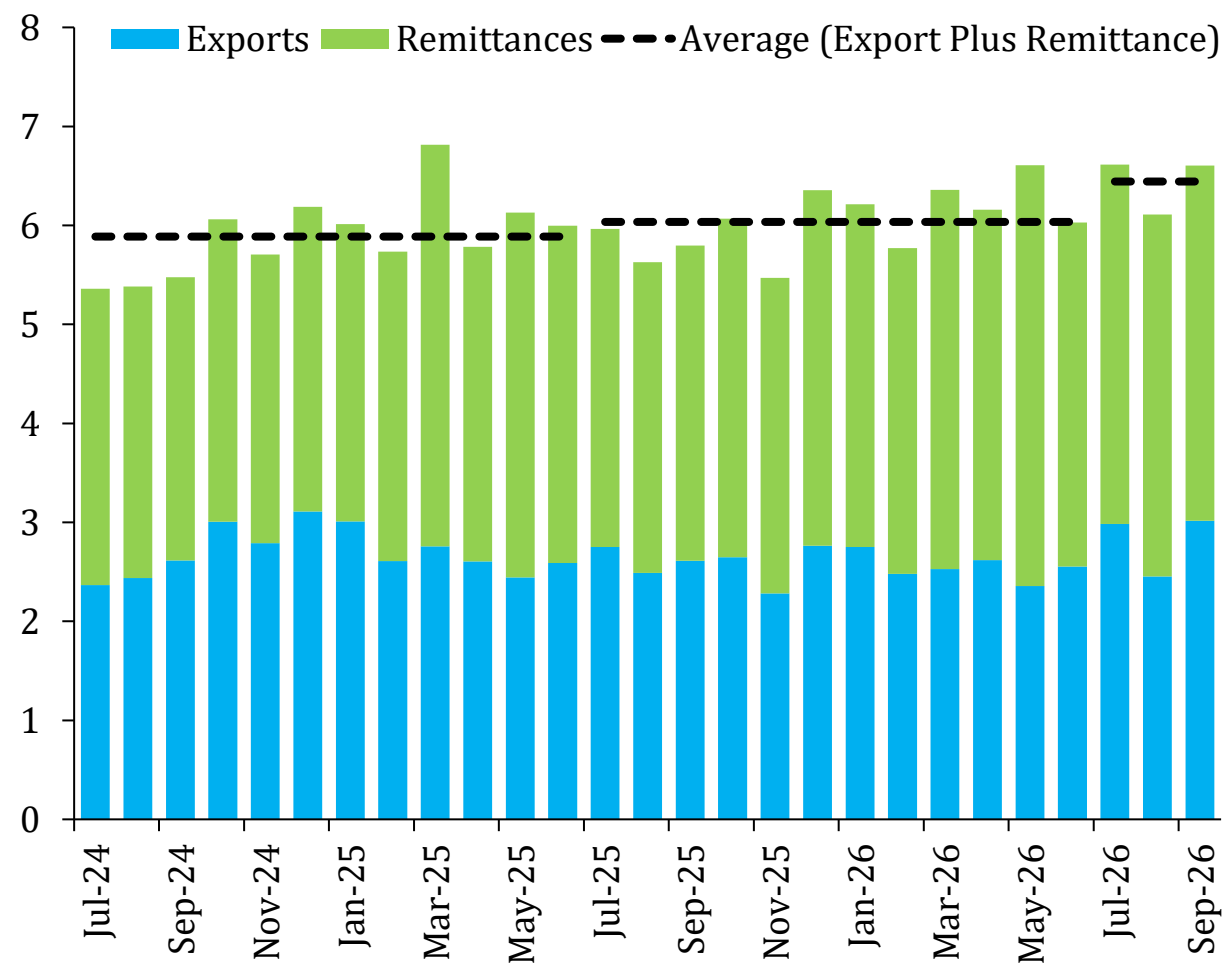


Figure 2: Trend in Exports and Remittances
(billion \$)





SBP's FX buffers strengthened, reflecting both increase in reserves and decline in FX liabilities

Figure 1: SBP Liquid FX Reserves
(billion \$)

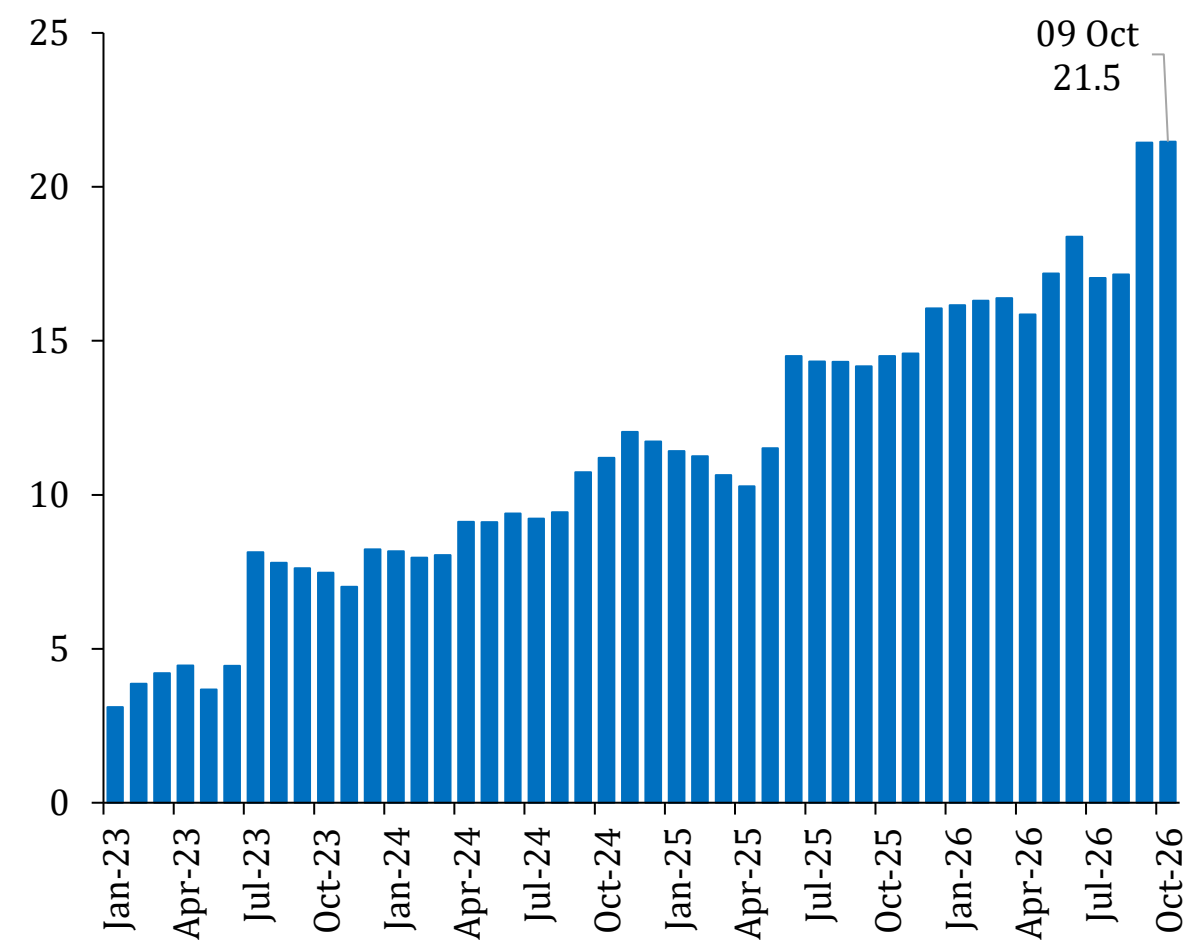
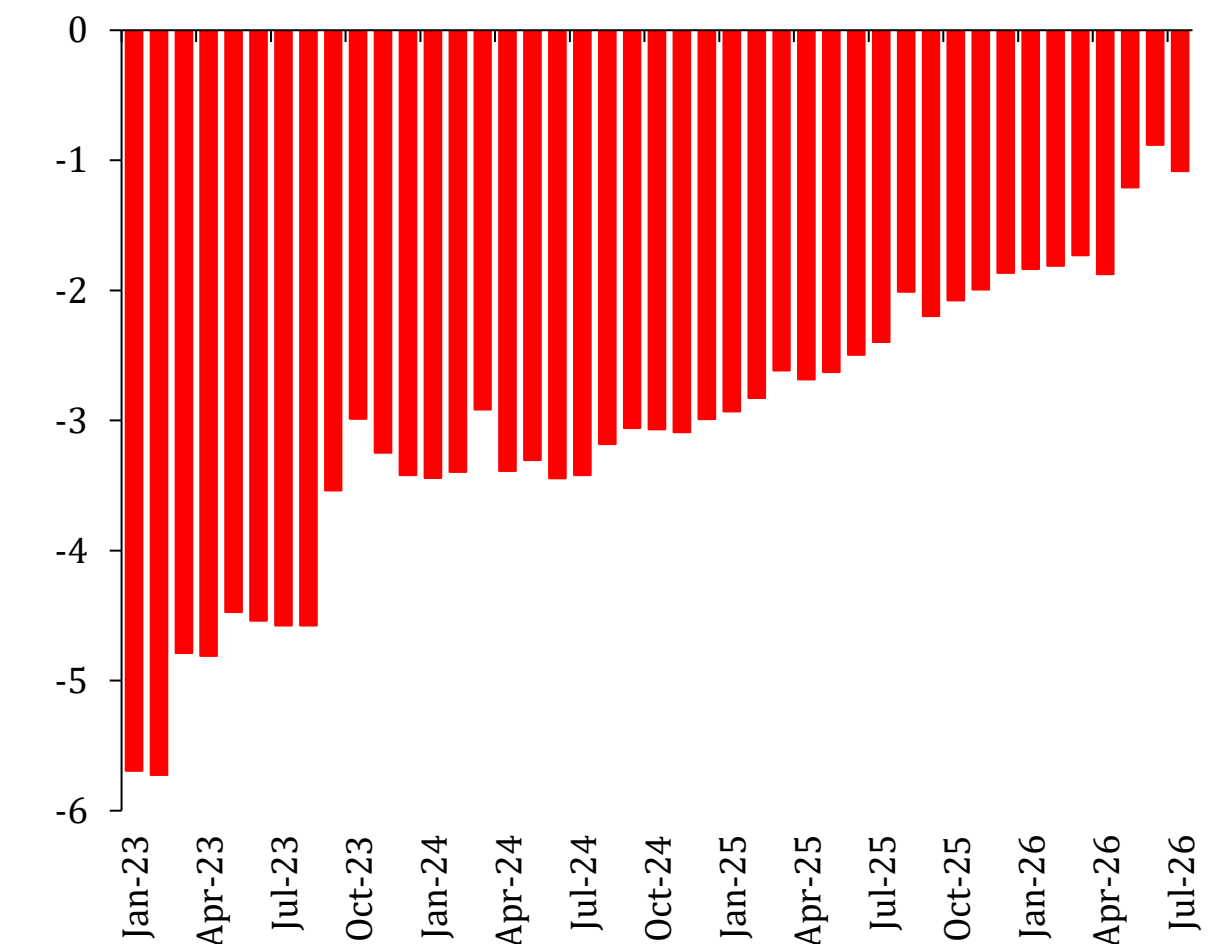


Figure 2: SBP's Forward FX Liabilities
(billion \$)



Consistent fiscal consolidation is supporting macroeconomic stability, while making the country's debt dynamics more sustainable



Figure 1: Overall Fiscal and Primary Balance
(percent of GDP)

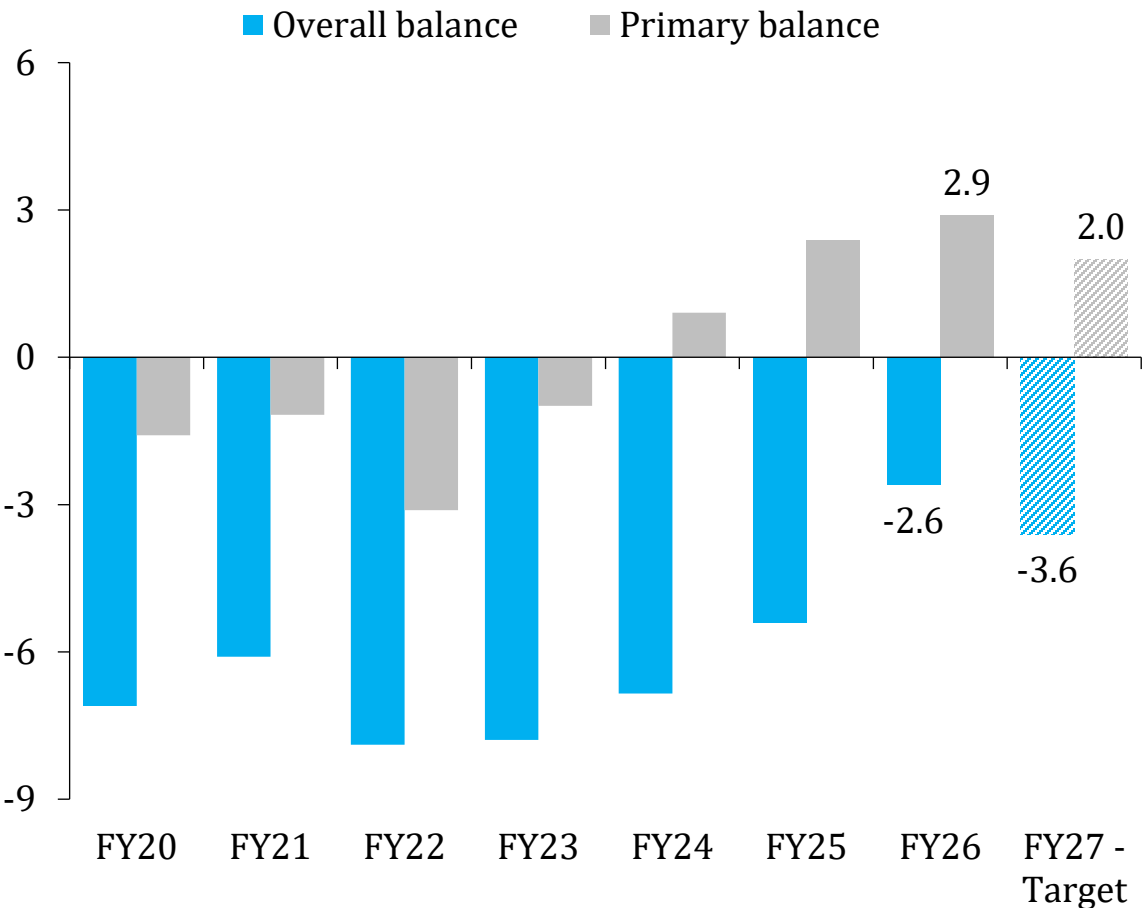
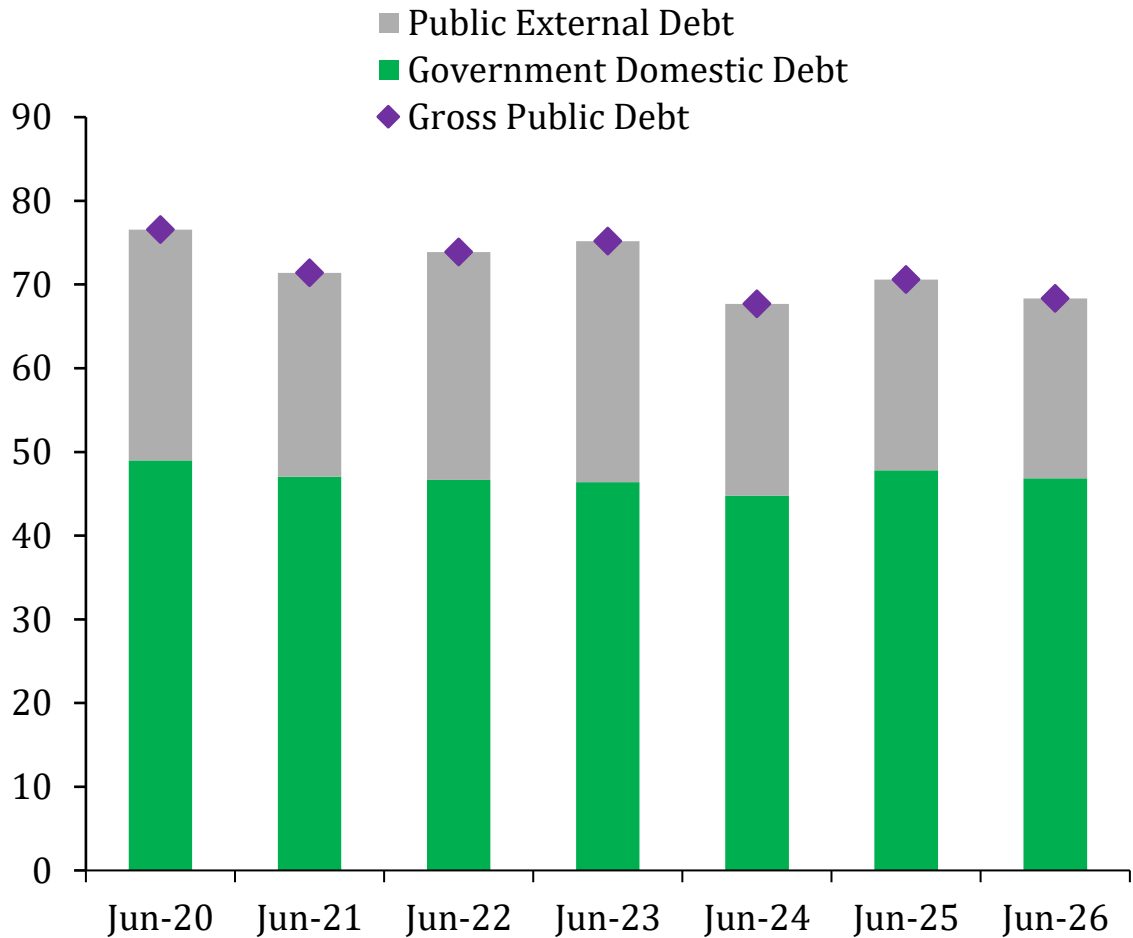
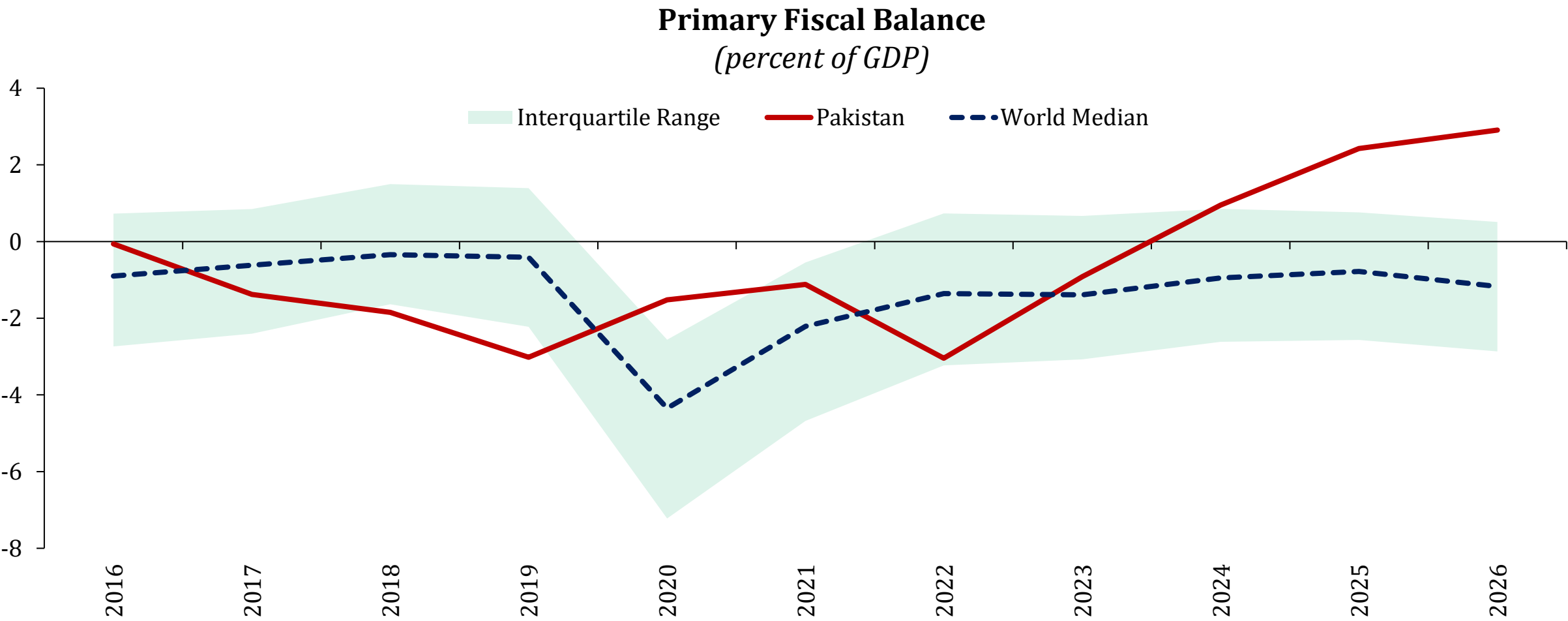


Figure 2: Pakistan's Debt Profile
(percent of GDP)



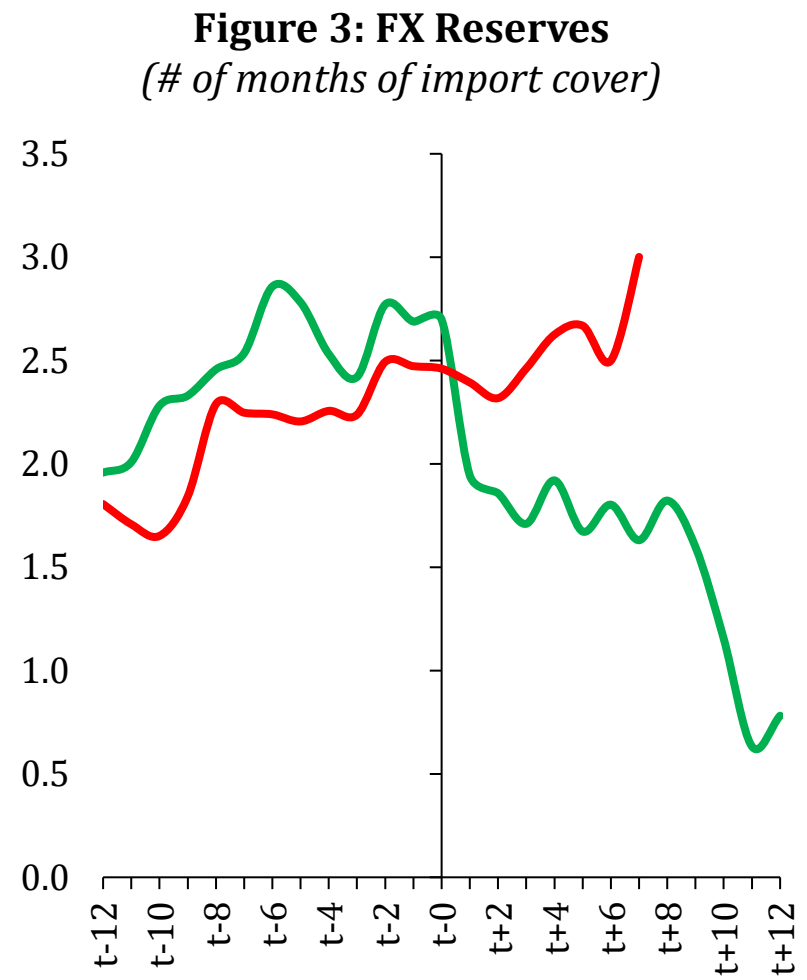
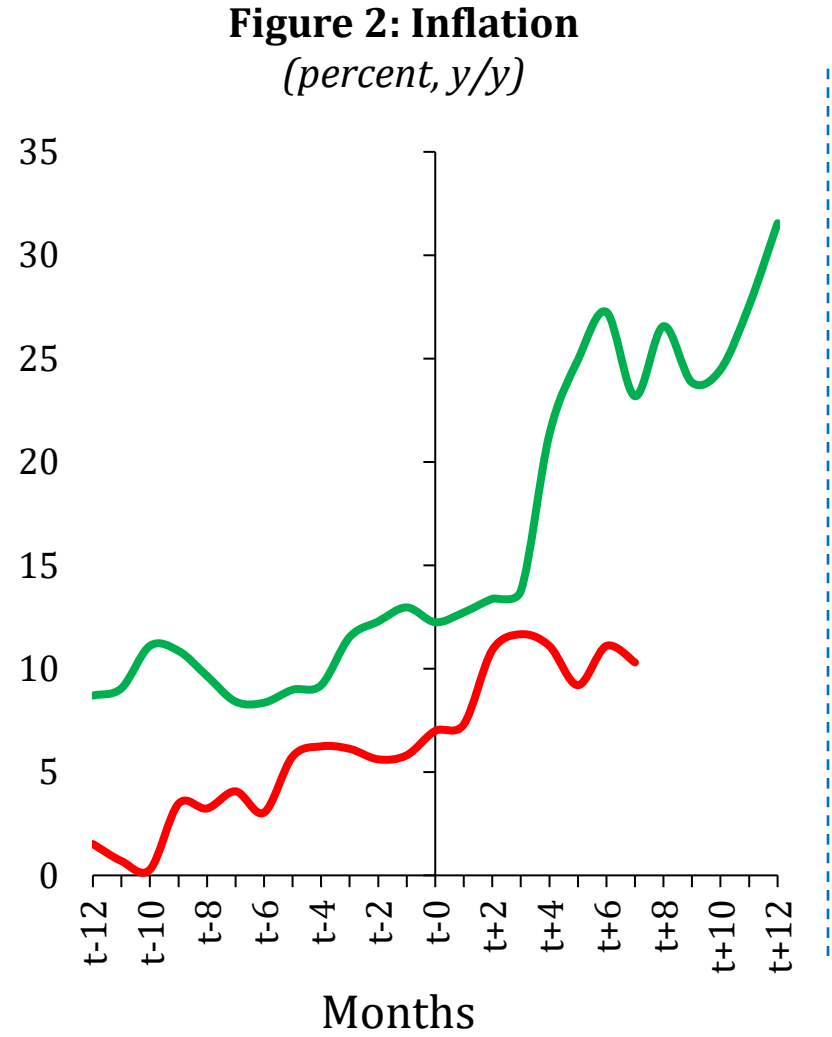
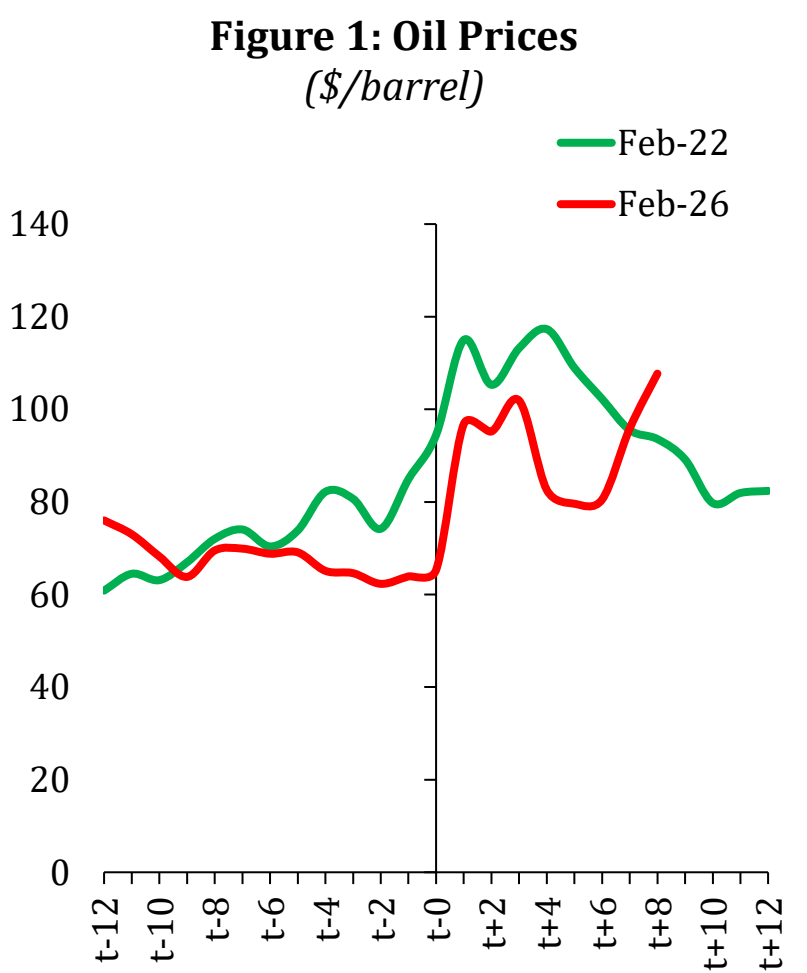
Source: MoF, SBP

Fiscal consolidation in Pakistan has been higher than other countries in recent years



Source: IMF WEO. Interquartile range is based on difference of 3rd quartile and 1st quartile of primary fiscal balance for 123 economies.

Better initial macroeconomic conditions and proactive policy actions are helping contain the impact of the Middle-East conflict



October 2026 oil prices represent the average of daily observations available through 23rd October 2026. Data for 23rd October 2026 are based on intraday observations. Import cover for August and September 2026 is calculated using provisional number of August 2026 and reserve position as of 25th September 2026, respectively.

Source: Bloomberg, PBS & SBP staff calculations

Prudent monetary and fiscal policies helped sustain economic growth without adding excessive pressures on external account and inflation

Figure 1: Inflation (Percent)

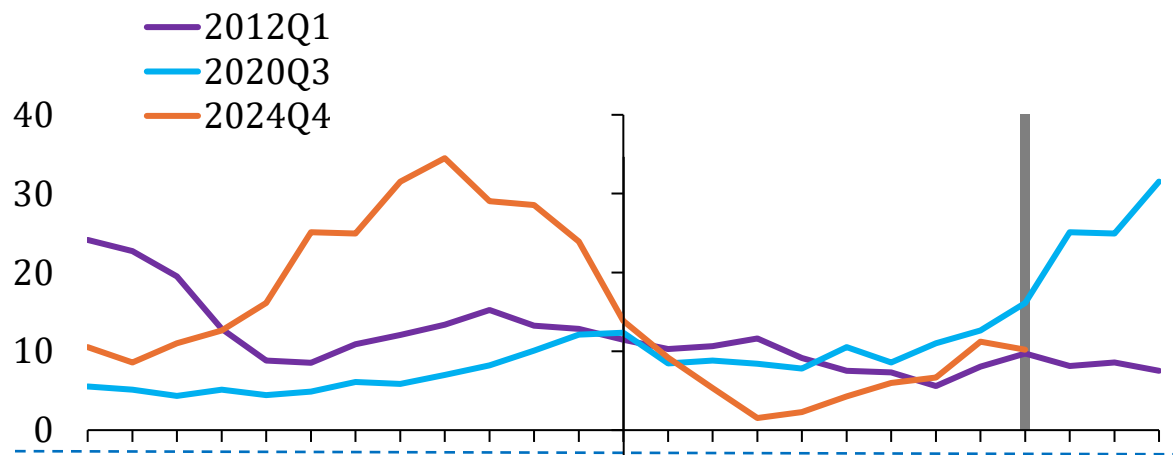


Figure 2: Policy Rate (Percent)

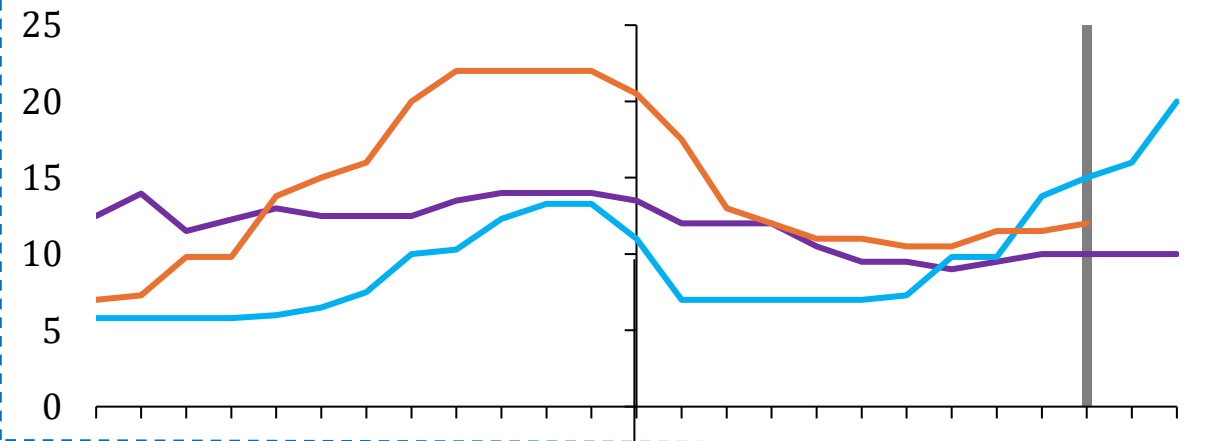


Figure 3: GDP Growth (Percent)

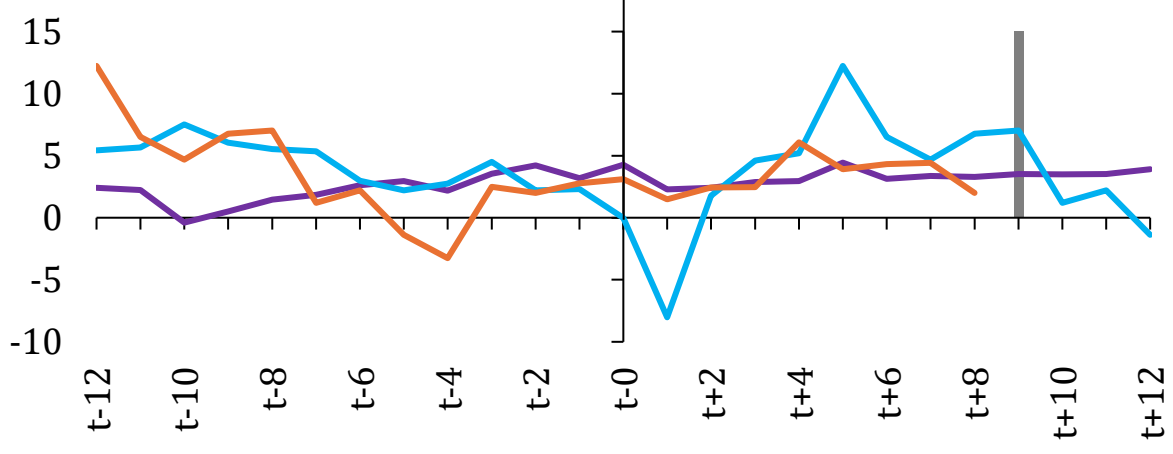
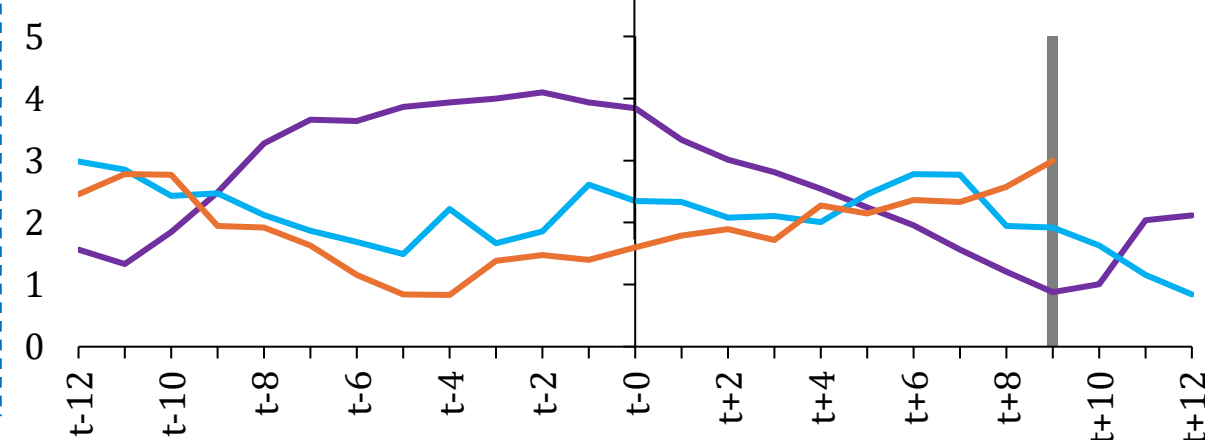


Figure 4: Import Cover (Months)



Quarter

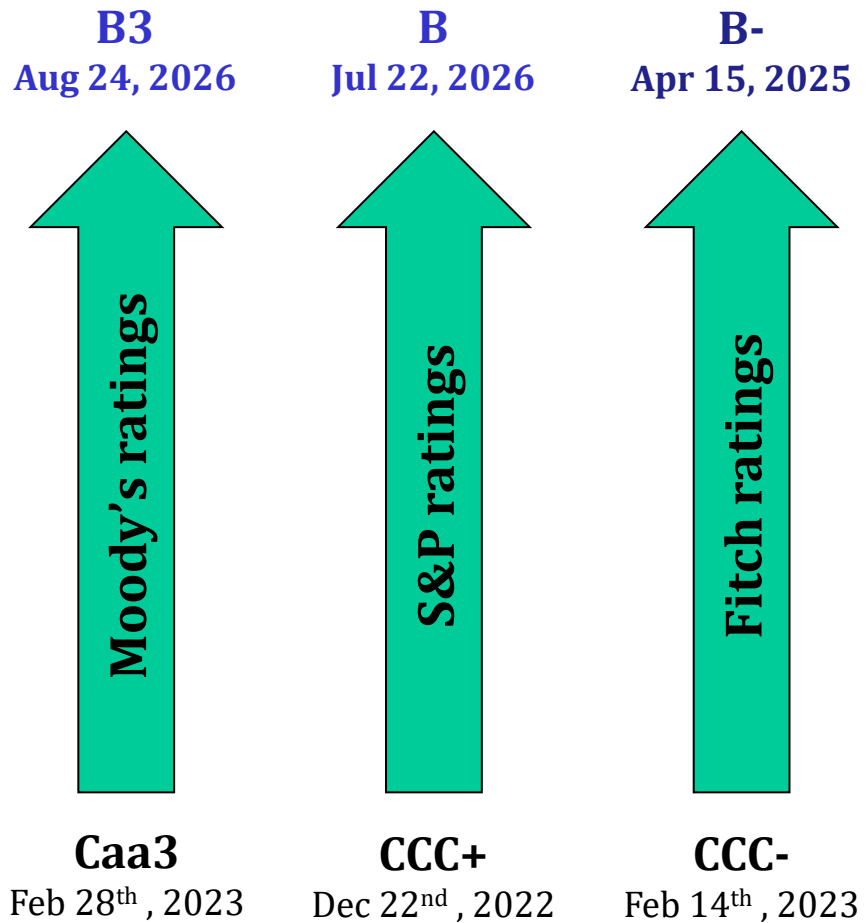
Note: Quarters are based on fiscal year (July-June) basis. Import cover for quarter one of FY27 is calculate using reserve position as of 25th September 2026.

Source: PBS, SBP

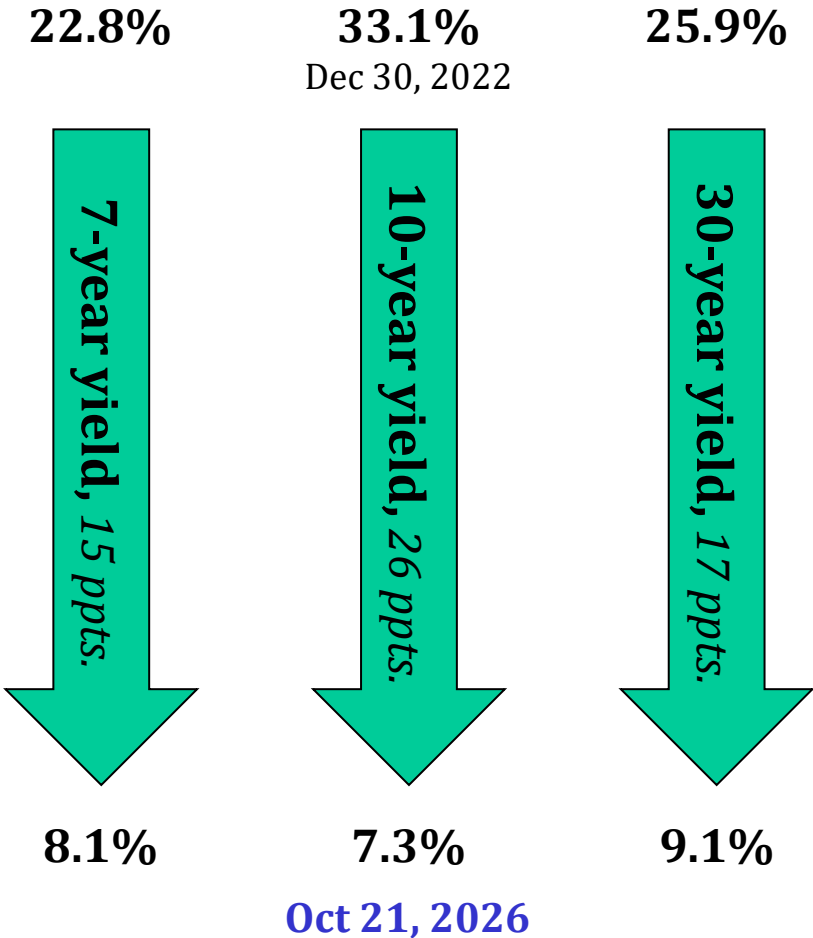
A prudent policy mix in recent years has led to a notable improvement in the country's sovereign credit ratings and bond market performance



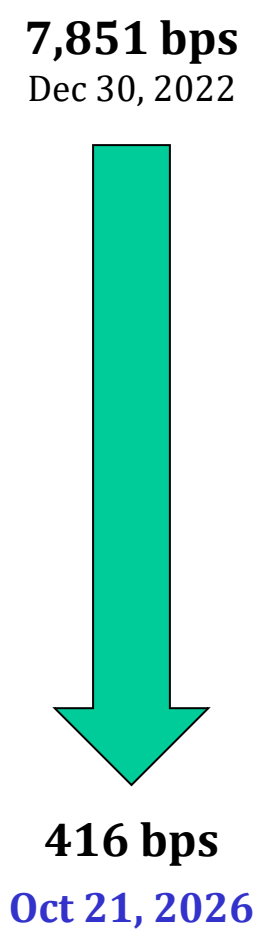
Improved Sovereign Credit Ratings



Improved Sovereign Bond Yields

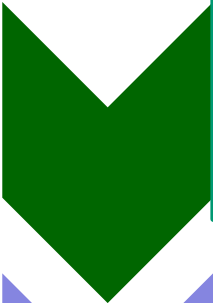


5-year CDS Spread



Latest available data as of 21st October 2026
Source: Bloomberg

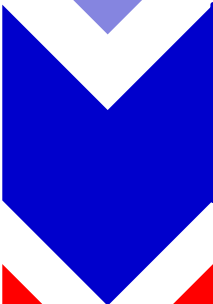
Key Takeaways



MPC remains committed to achieving and maintaining price stability in the wake of heightened risks arising from prolonged and intensified supply shock



GDP growth is expected to gain further traction during FY27



Continued accumulation of FX and fiscal buffers have yielded confidence in Pakistan's economy by the credit rating agencies and global capital markets



Continued fiscal consolidation, alongside reforms, remains critical to achieve higher sustainable growth

Thank You