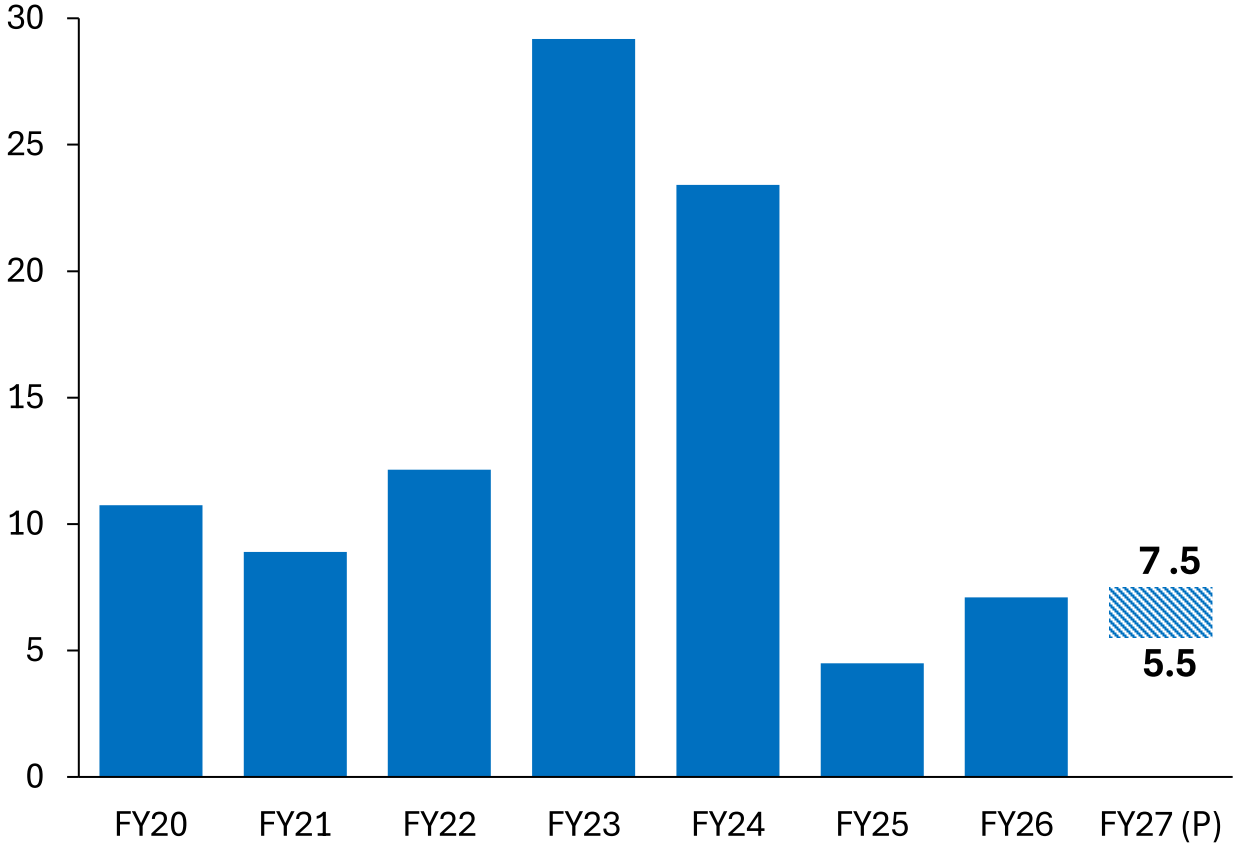
Post-MPC Analyst Briefing

14th September 2026

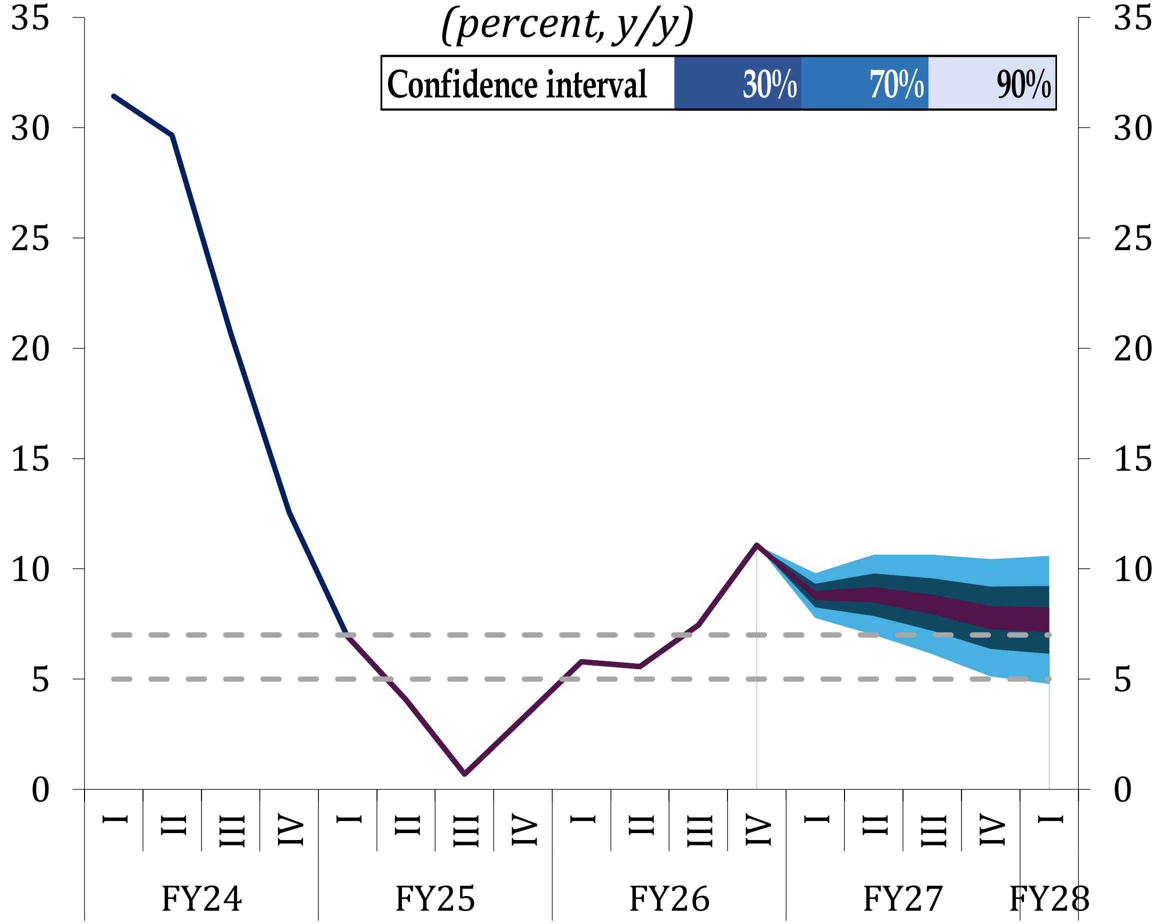
Inflation outcomes have been in line with expectations, however, risks to the outlook have increased

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



P: Projections
Source: PBS, SBP

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



Since the last MPC meeting, inflation has been driven primarily by a rise in food prices, while energy prices have remained volatile

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
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
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
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**
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
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
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**
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
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
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**
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
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**
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
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
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**
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
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
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**
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
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
	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

Key	-1SD	Average	+1SD

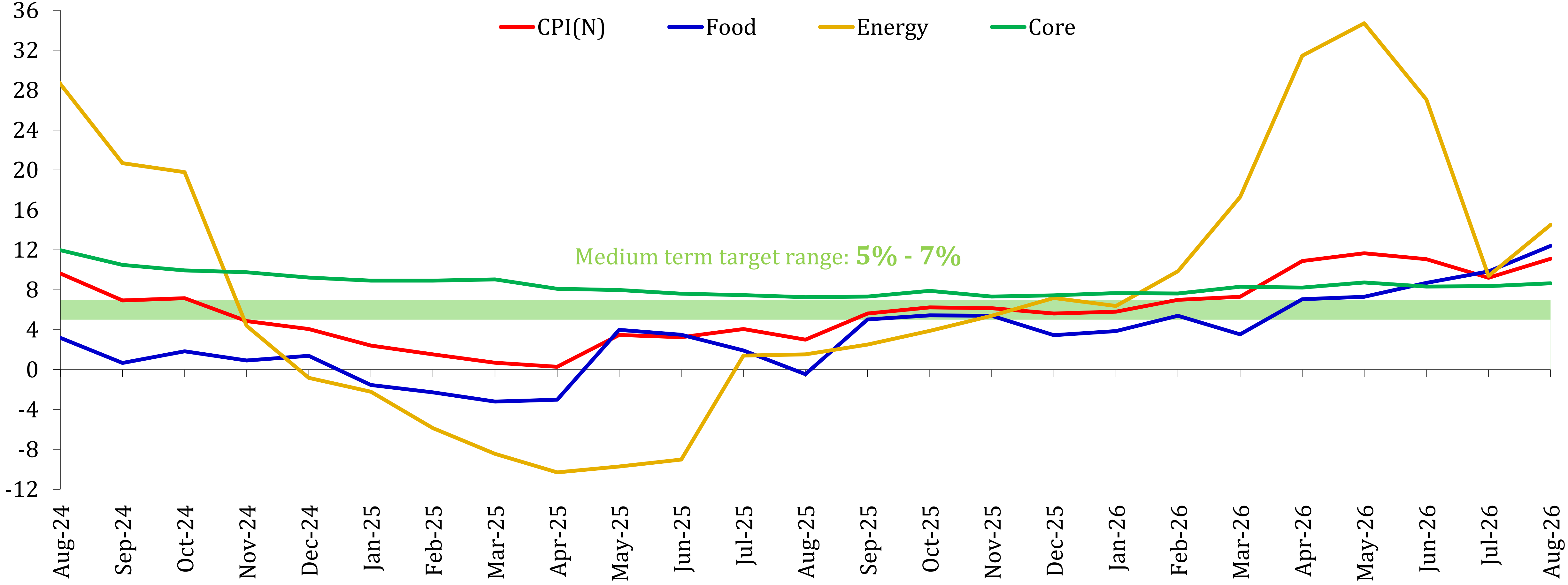
The heat map key is based on average and standard deviation for the period Jul 2021 to Aug 2026

Source: PBS

Headline inflation increased broadly in line with projections, while core inflation turned out somewhat lower than expected

Headline inflation and its key components

(y/y, percent)



Source: PBS

Inflation expectations, after moderating in the past few months, have increased in September

Figure 1: Market Analysts
(Annual average, percent)

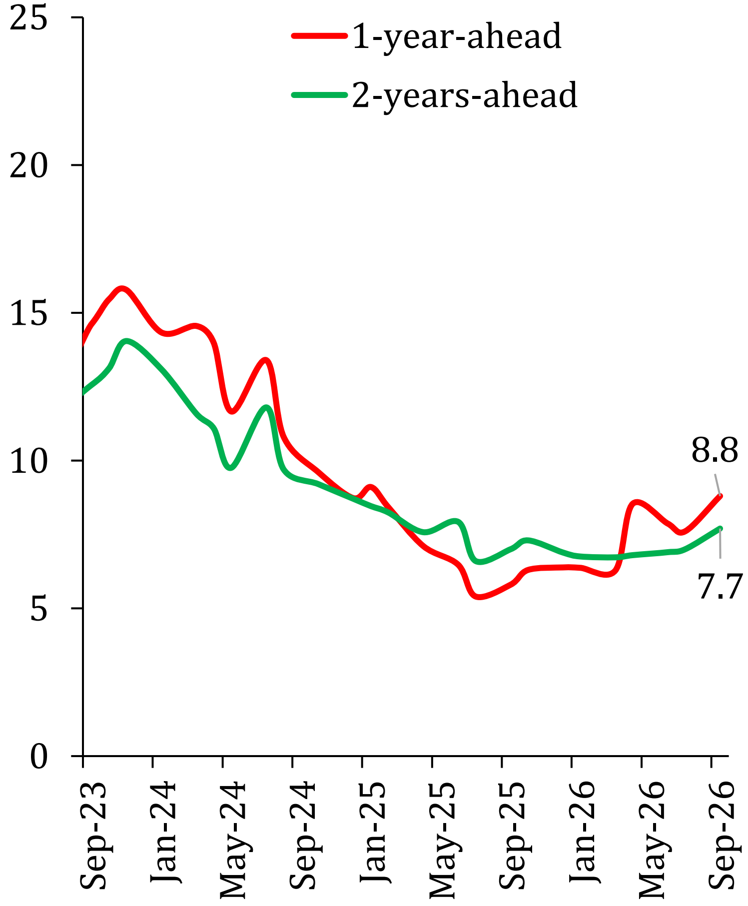


Figure 2: Businesses Expectations
(Annual average, percent)

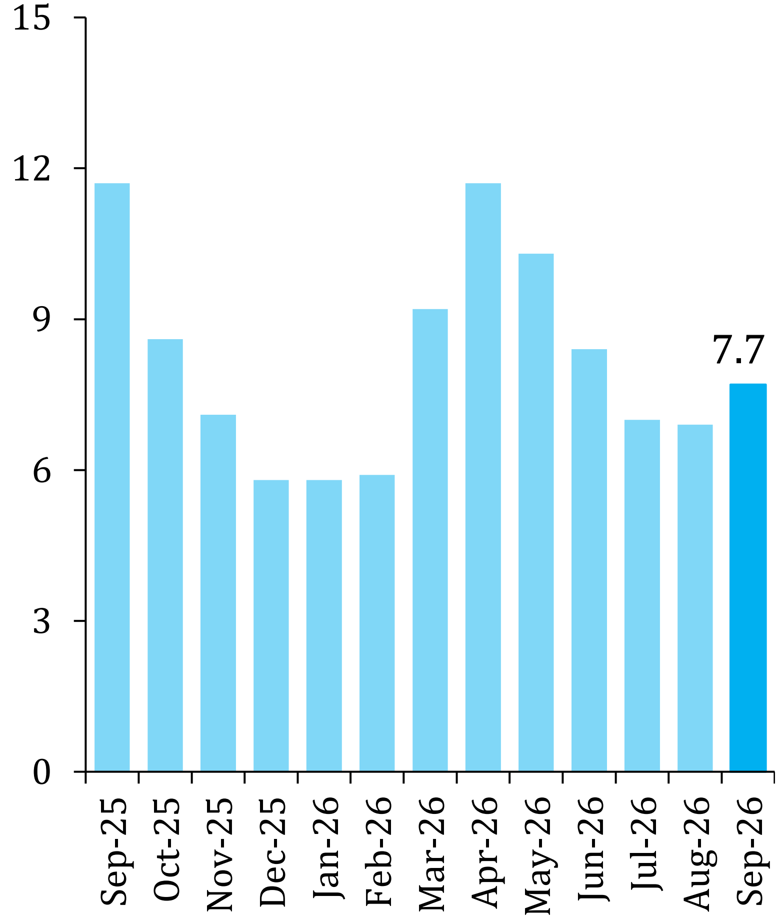
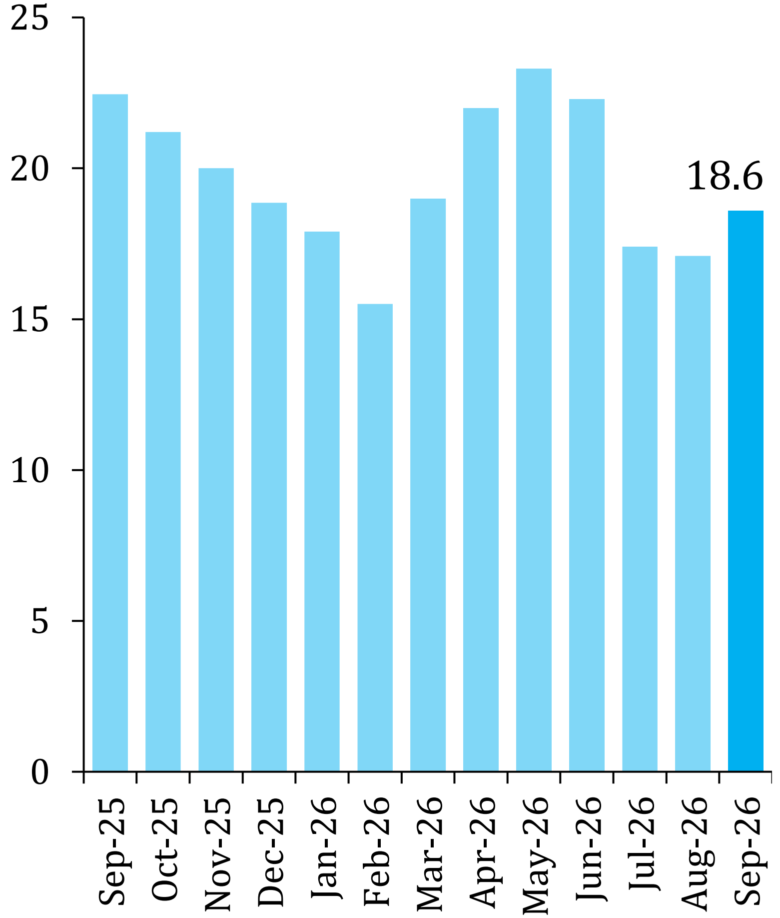
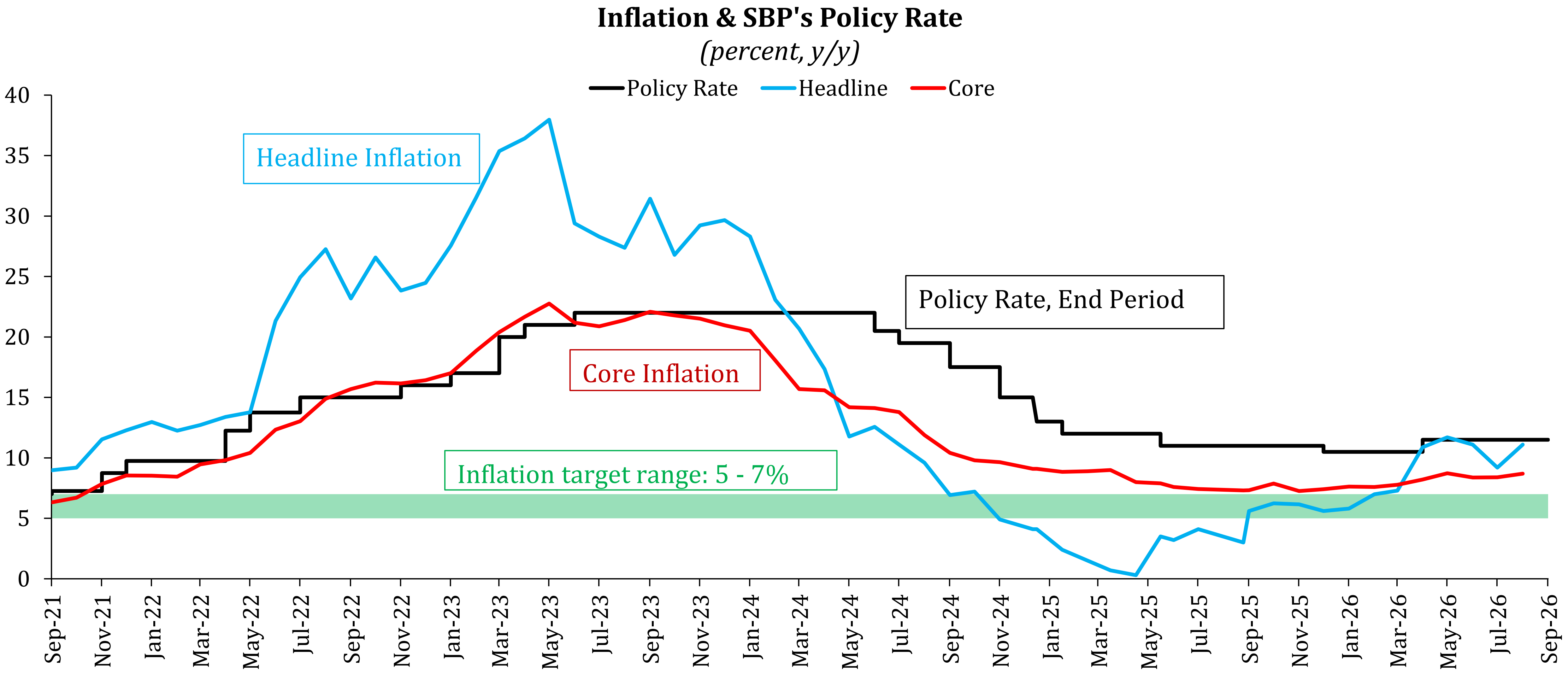


Figure 3: Consumers Expectations
(Annual average, percent)



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

LSM recorded 5.0 percent growth during FY26, despite a contraction in May and June

Figure 1: Large-scale Manufacturing
(percent, y/y)

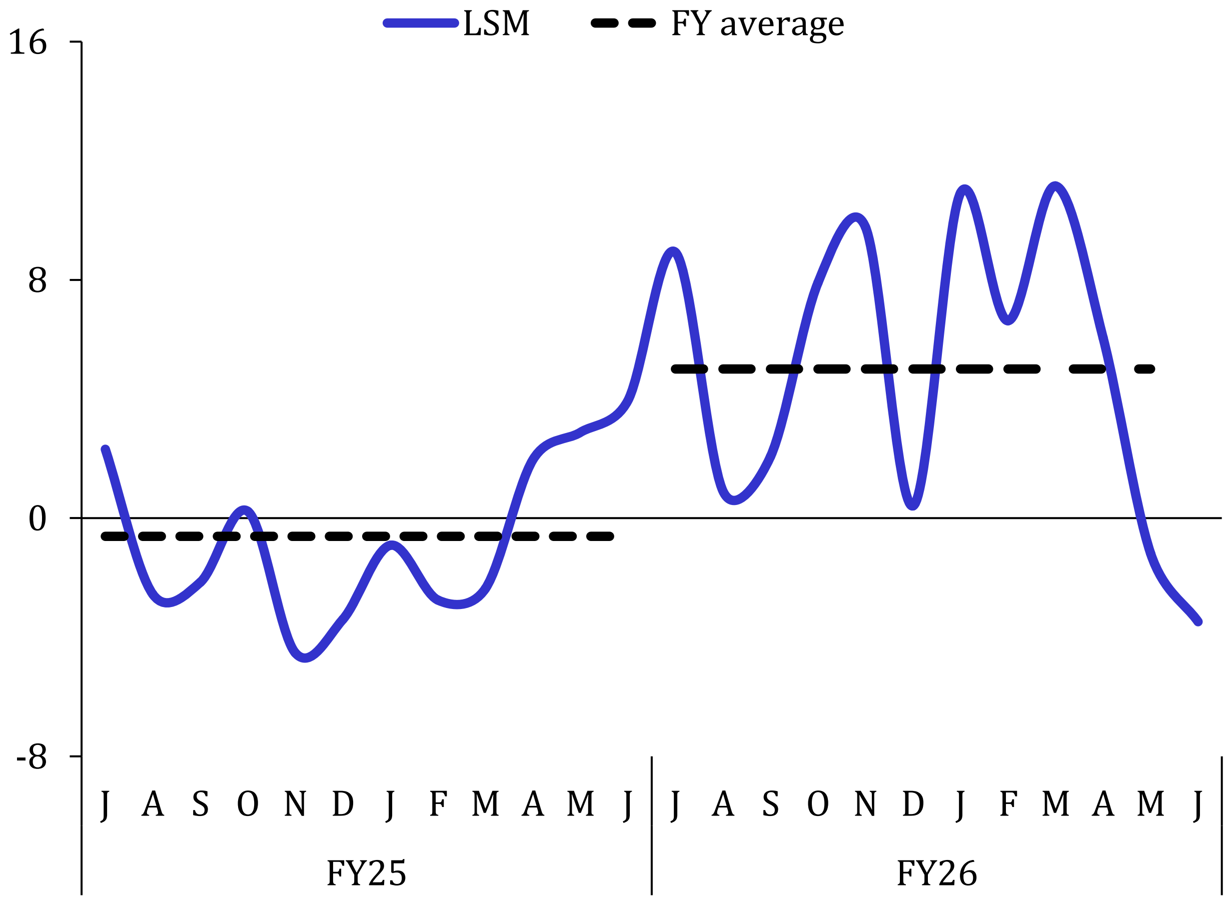
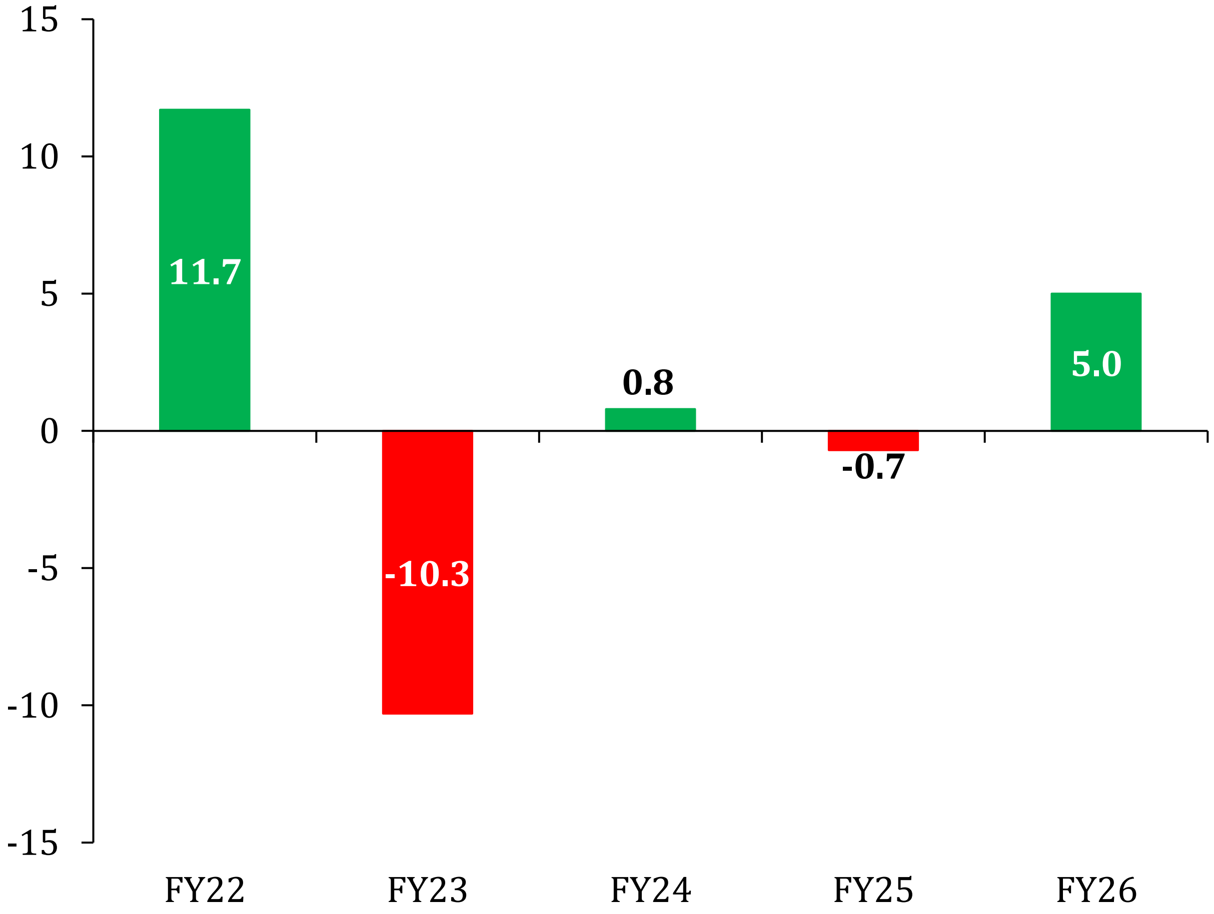
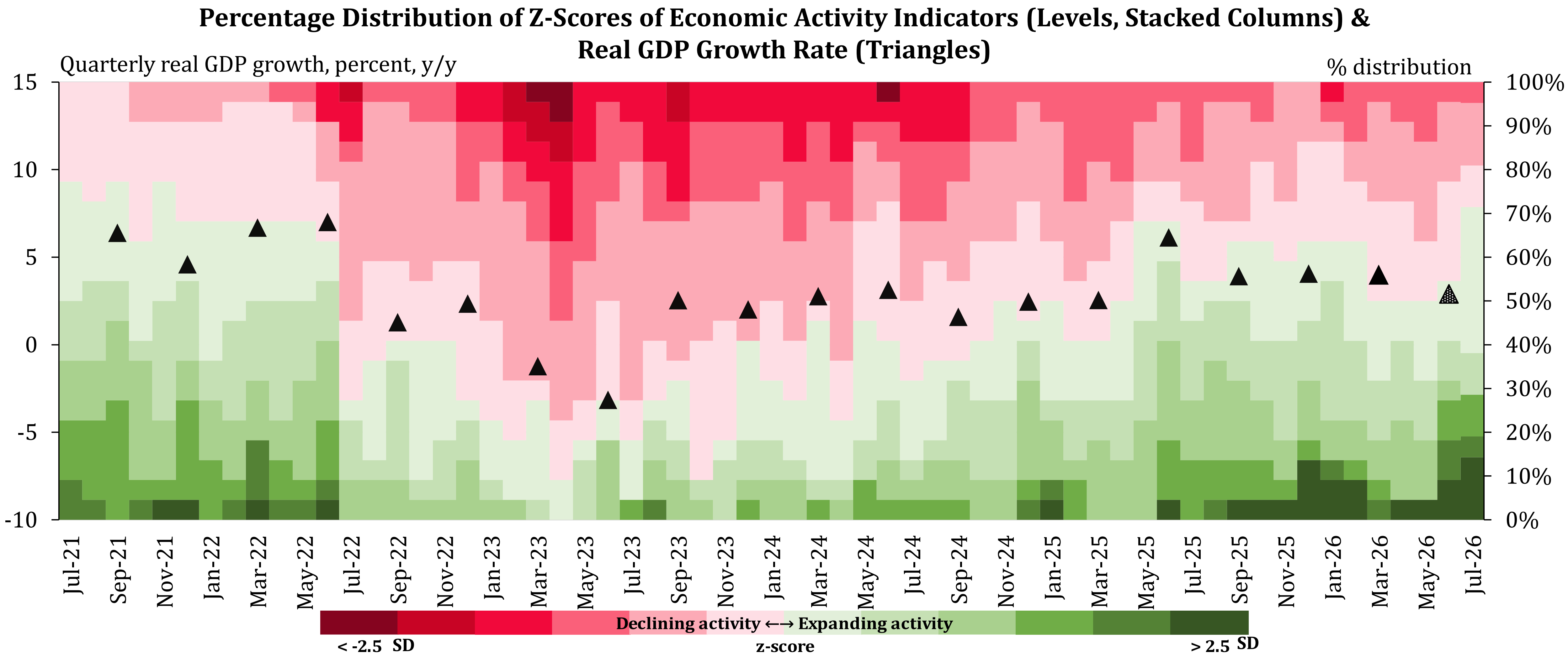


Figure 2: Large Scale Manufacturing
(percent, y/y)



Source: PBS, SBP Staff calculations

After moderation during Q4-FY26, HFIs showed improvement in economic activity



Note: 22 HFIs used . LSM is till June

Source: SBP, PBS, NFDC, APCMA, PAMA, FBR, NEPRA, OCAC, PSX, SBP staff estimates

PMI also inched up; while capacity utilization remained close to its long-term average

Figure 1: Purchasing Managers Index

(diffusion indices, >50 means expansion/improvement)

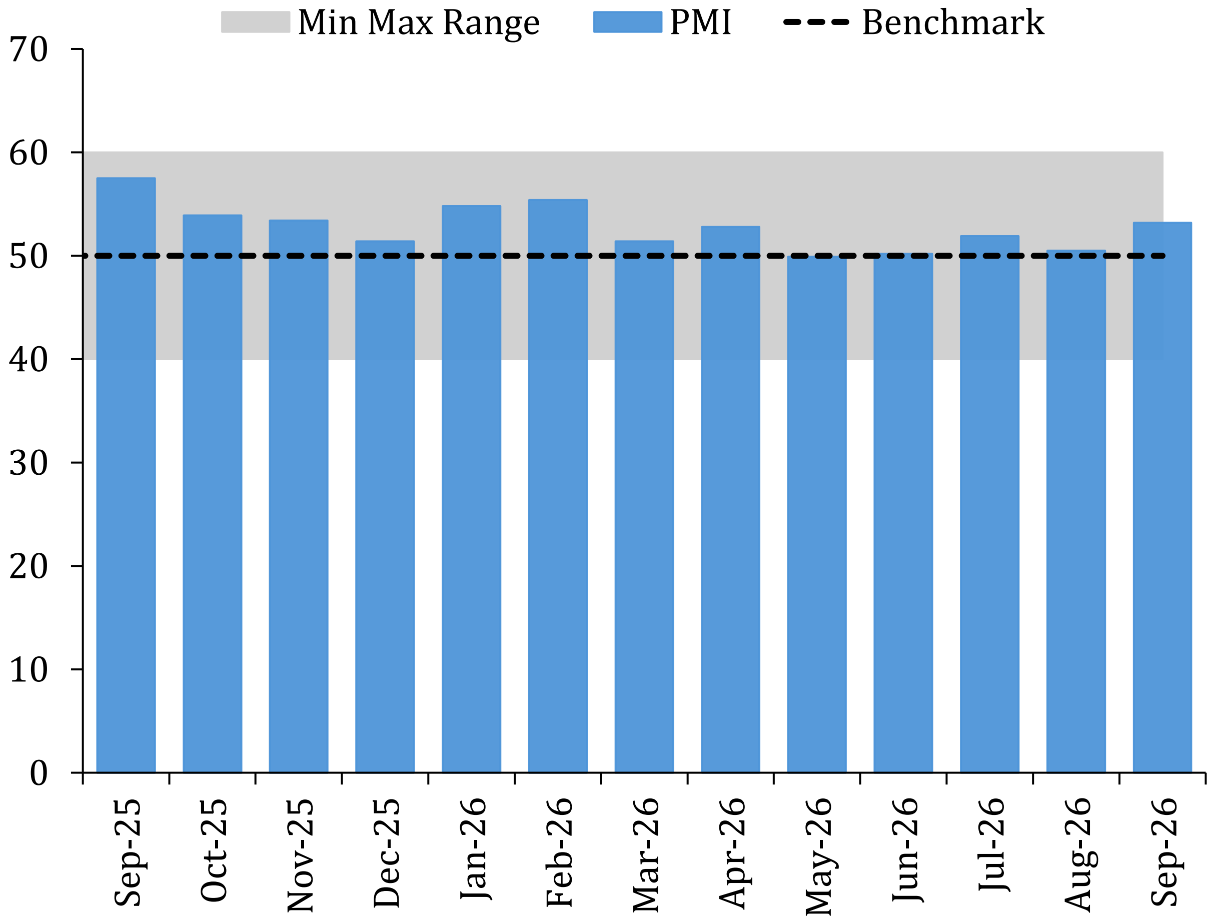
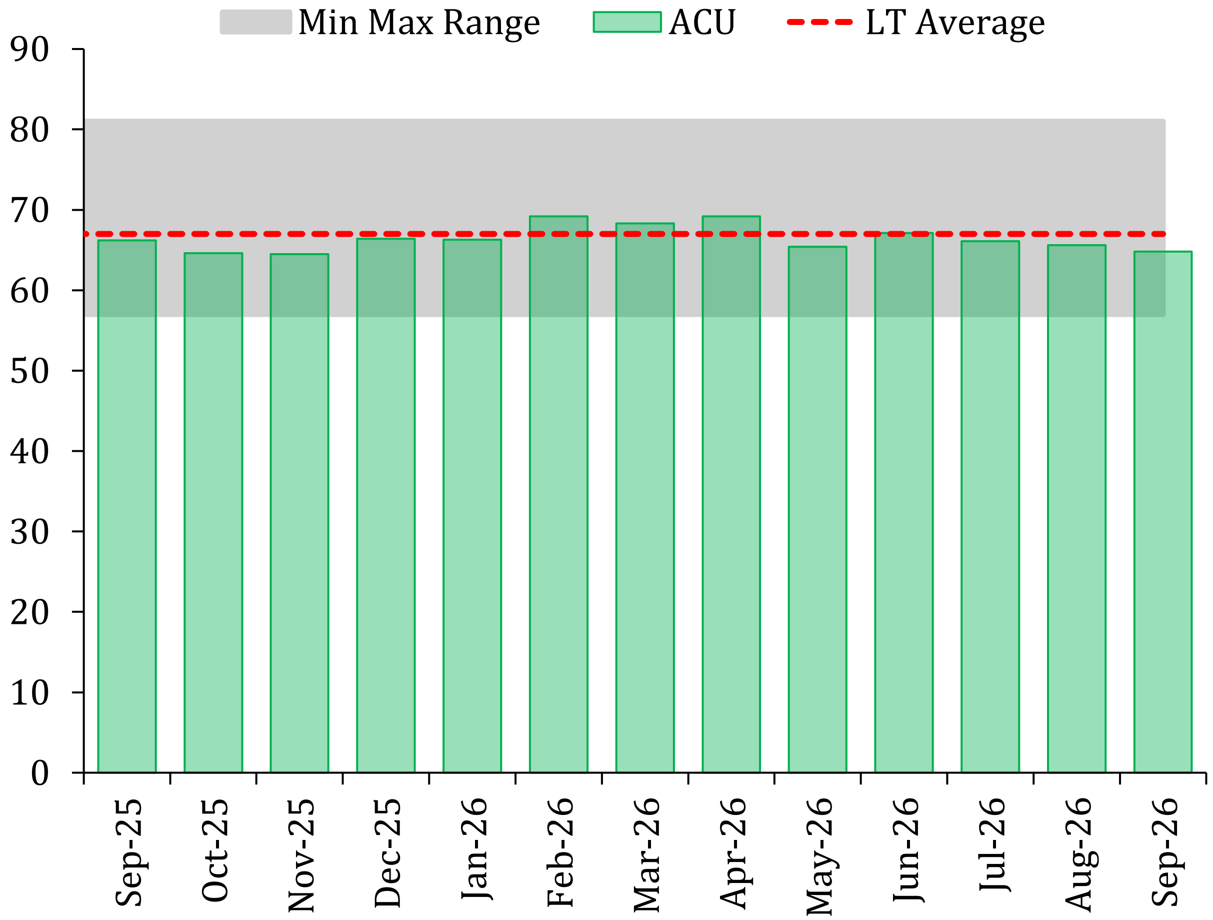


Figure 2: Average Capacity Utilization[1]

(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)

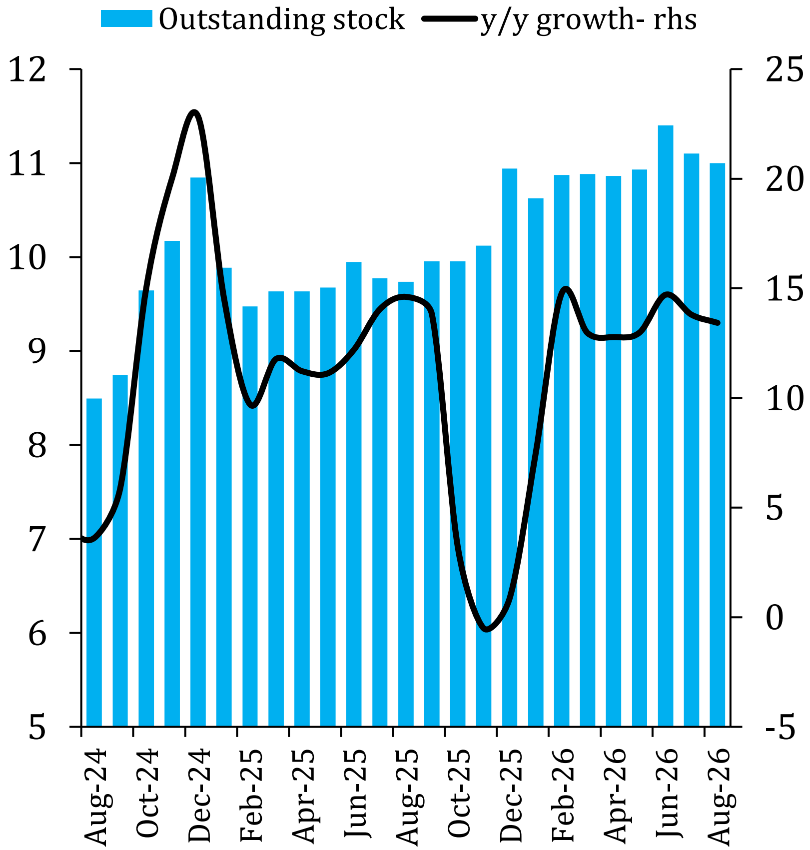


Figure 2: Loans to Businesses
(percent contribution in y/y growth)

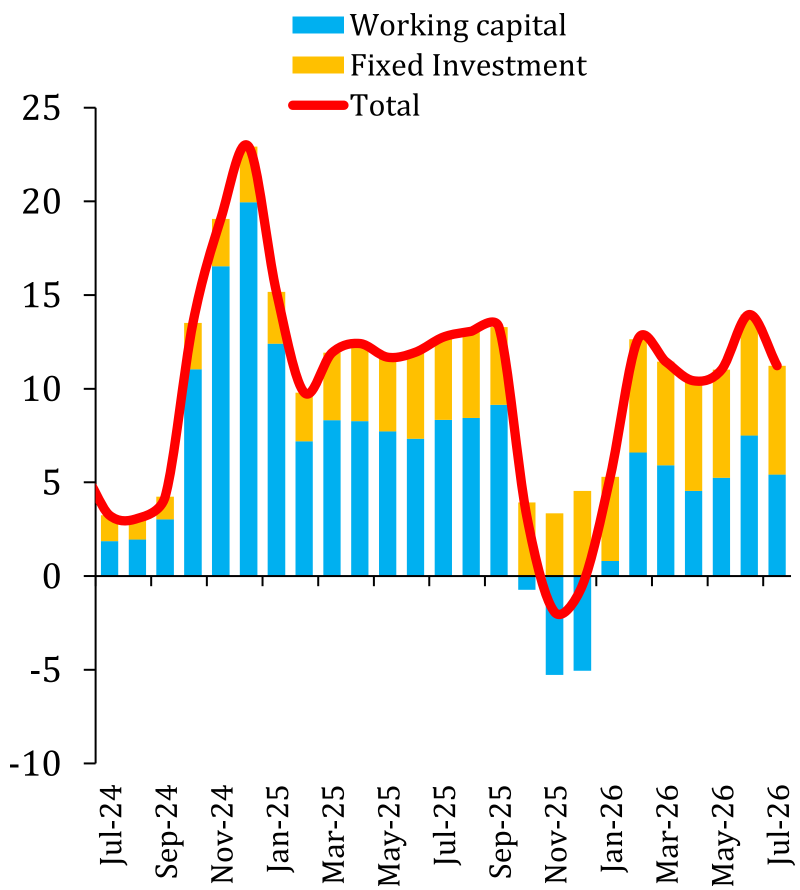
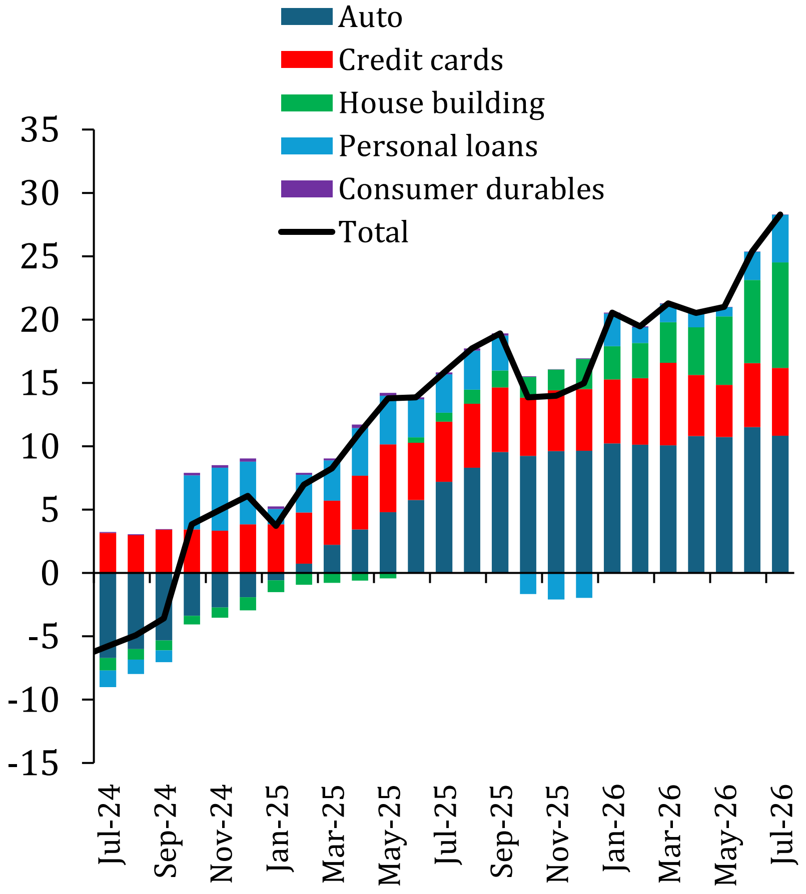


Figure 3: Consumer Financing
(percent contribution in y/y growth)



Credit-to-Private Sector (PSC) outstanding stock for August 2026 is reported as of August 28, 2026.
Source: SBP

Economic growth is projected to improve, without adding excessive pressures on inflation and external account

Figure 1: Contribution in Real GDP Growth
(contribution, percentage points)

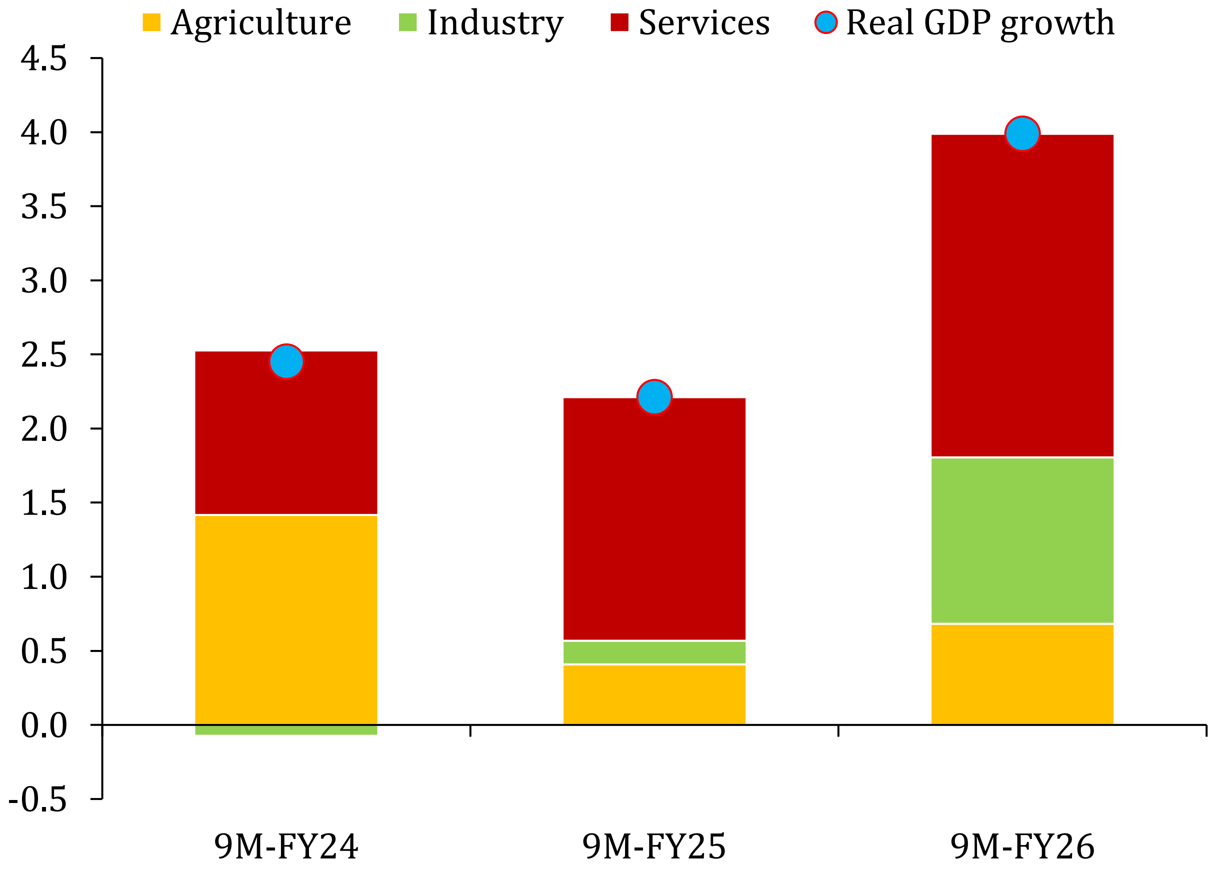
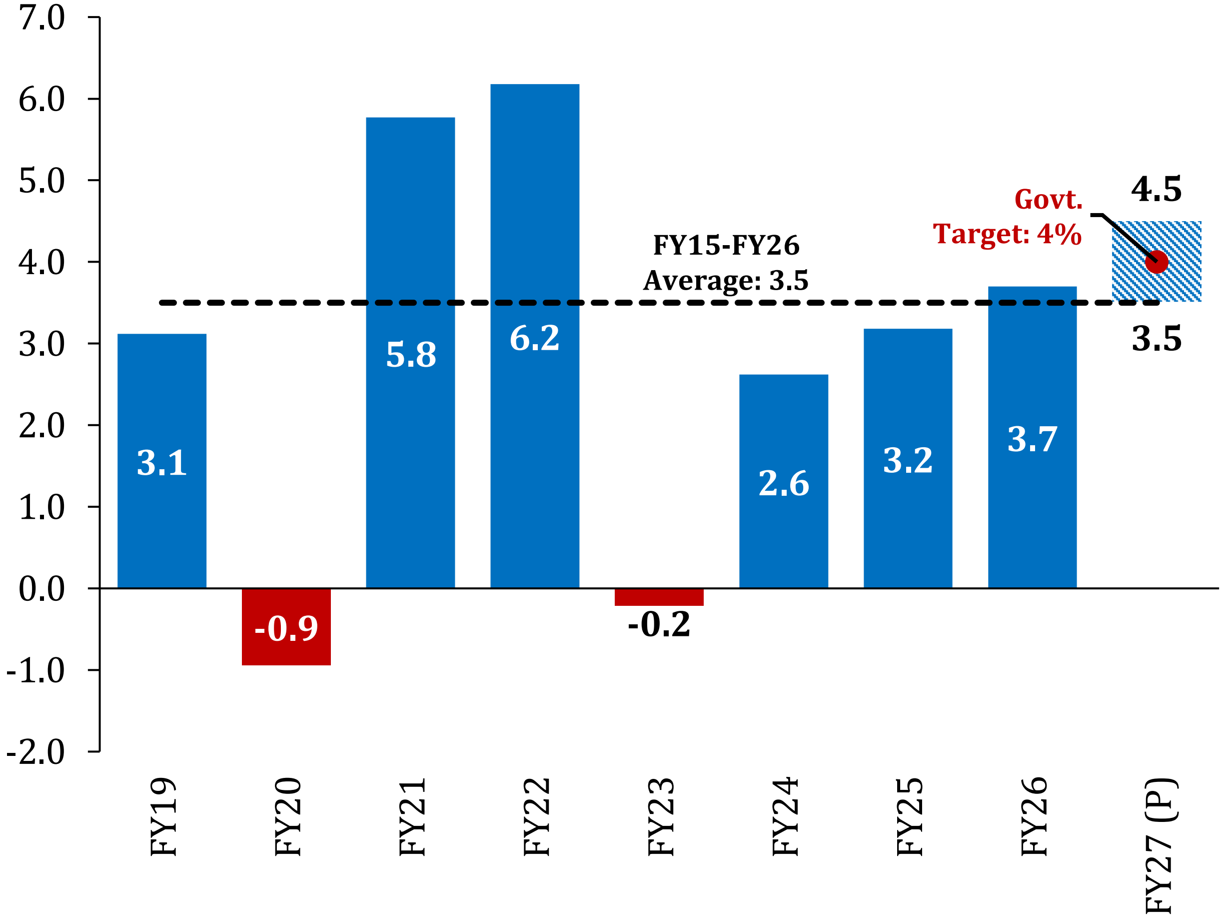
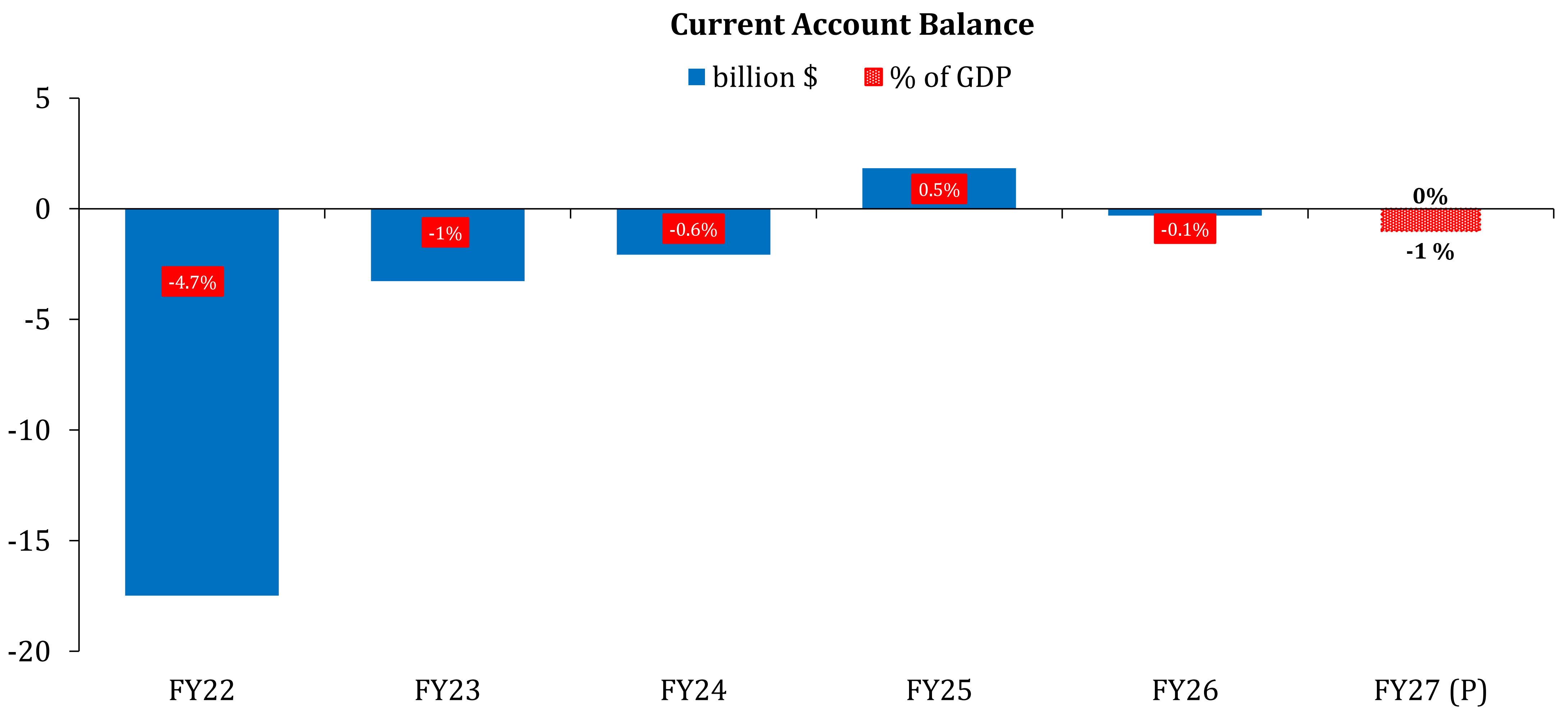


Figure 2: Annual Real GDP Growth
(percent, y/y)



P: Projection, FY26 growth in Figure 2 is provisional
Source: PBS, SBP staff calculations.

Current account remained broadly balanced in FY26, despite elevated global energy prices amidst the Middle East conflict.



Source: P: Projection
Source: SBP

Exports and non-oil imports picked up in July, workers' remittances continue to remain robust

Figure 1: Trend in Imports
(billion $)

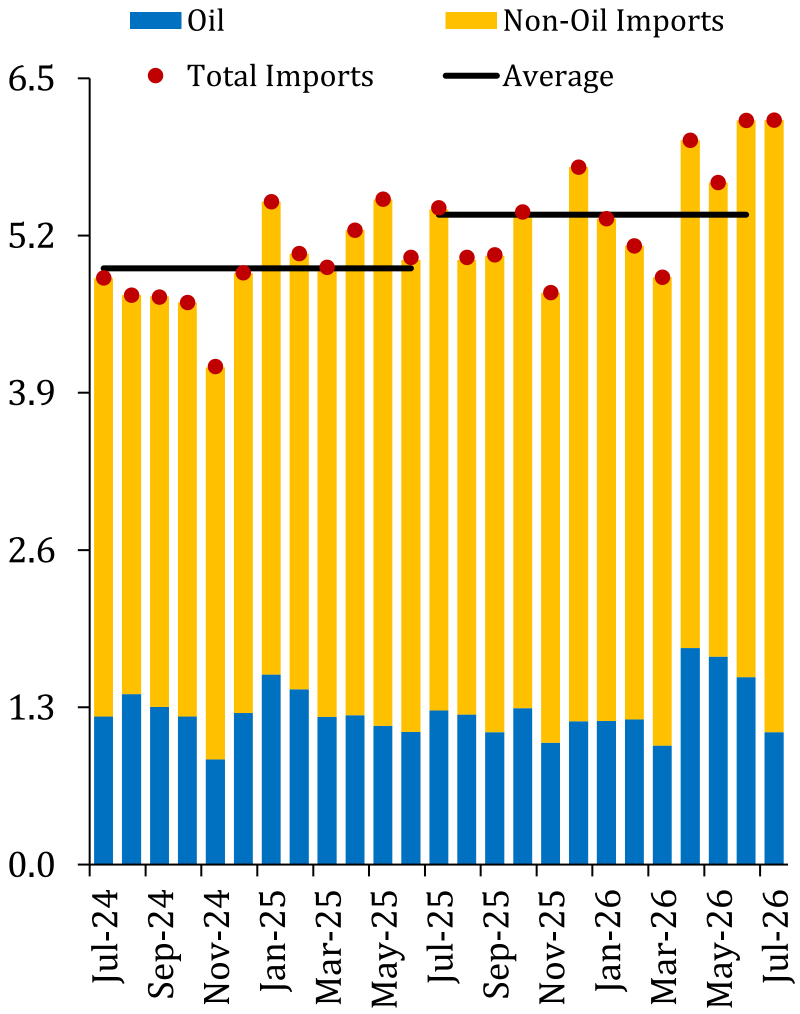


Figure 2: Trend in Exports
(billion $)

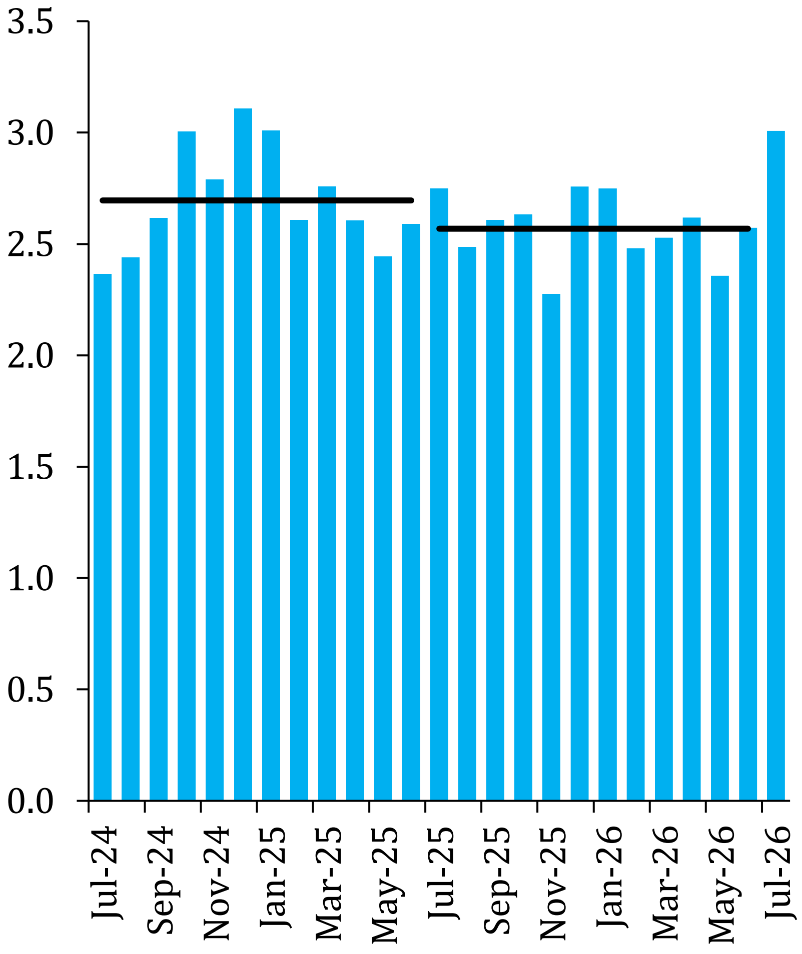
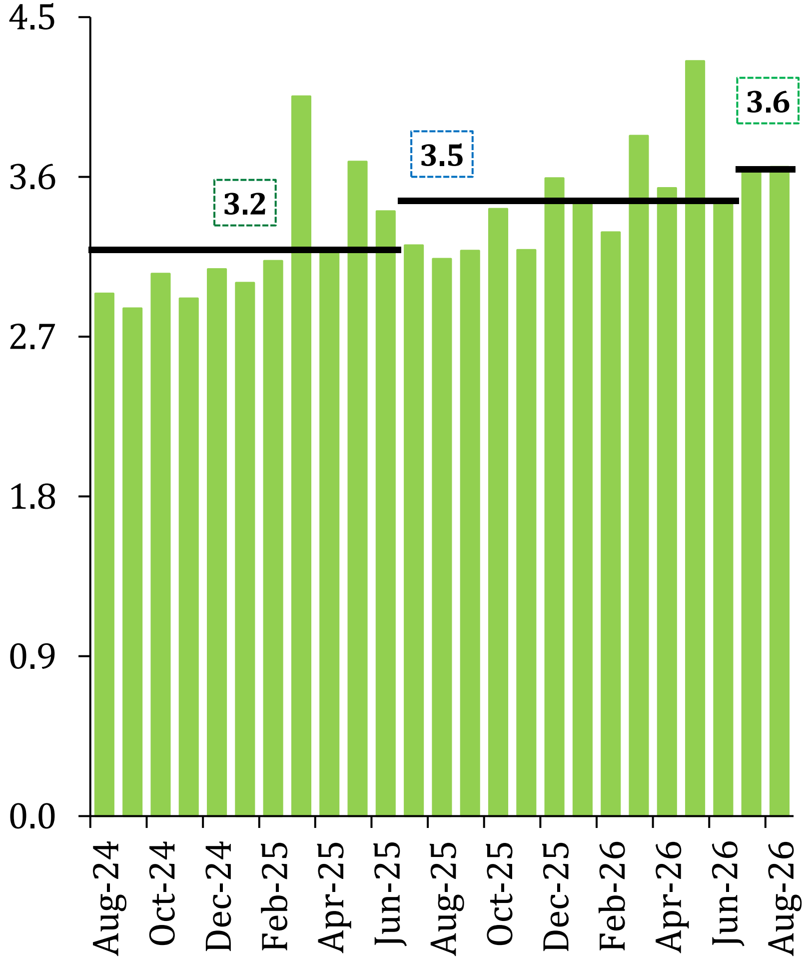


Figure 3: Workers' Remittances
(billion $)



Source: SBP

Moreover, despite large debt repayments, SBP's FX reserves remained above $18 billion, while forward liabilities remain low

Figure 1: Net SBP Liquid Reserves
(billion $)

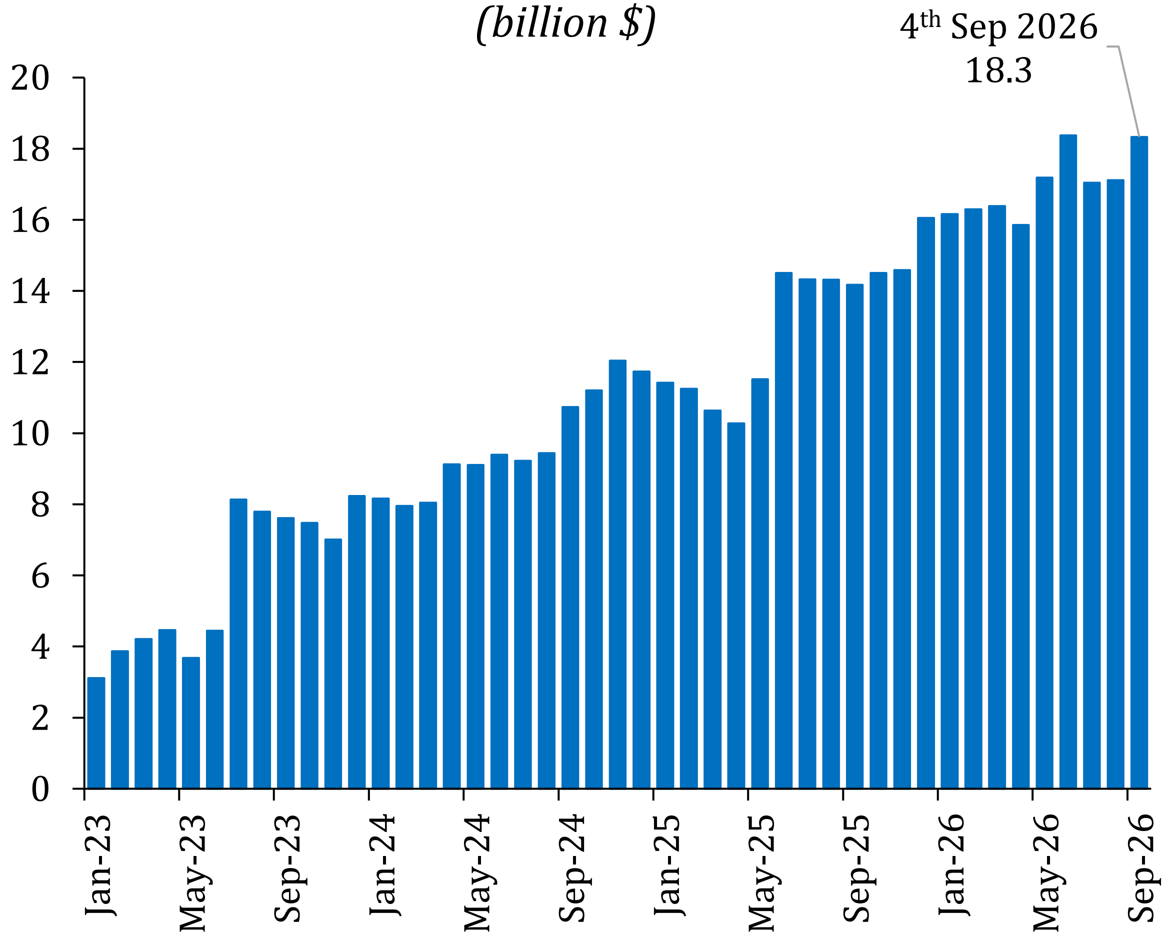
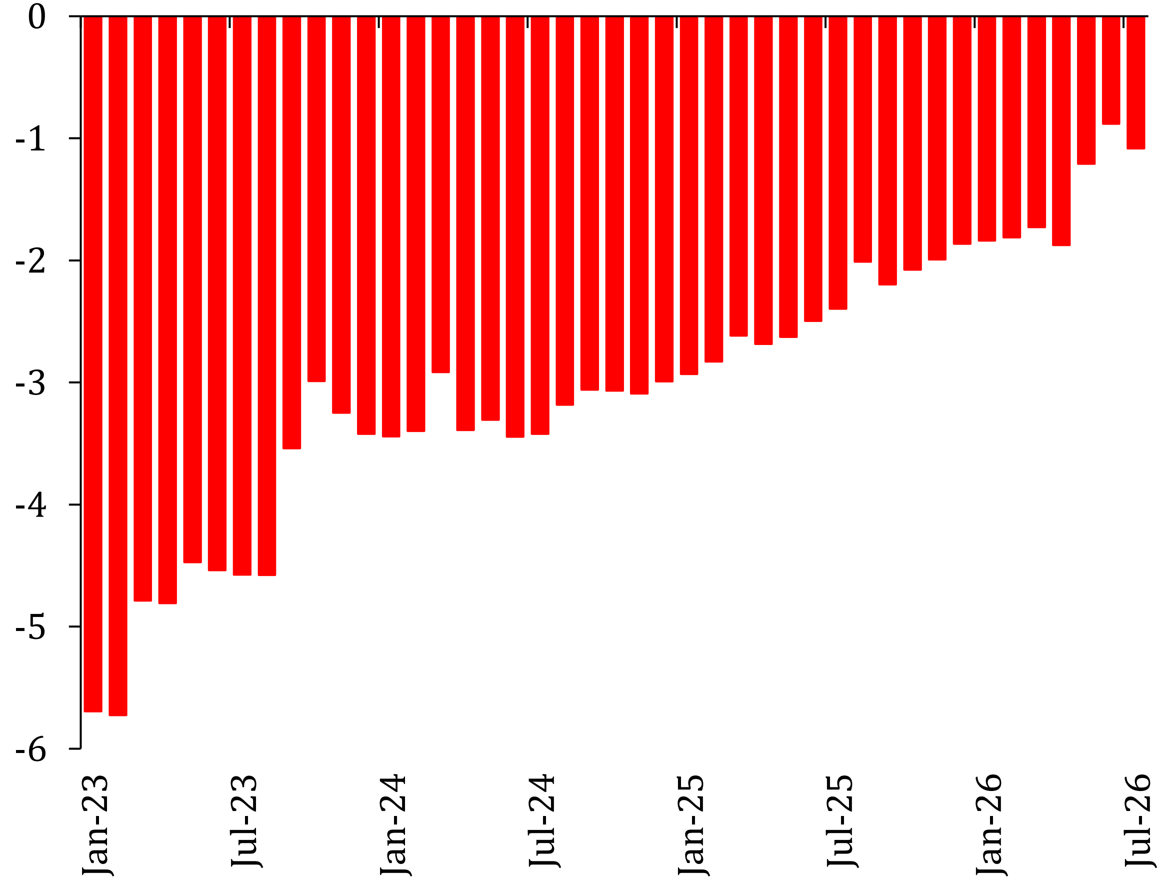


Figure 2: Forward Liabilities
(billion $)



Net SBP reserves for July 2026 are provisional. August 2026 reserve position is as of 28 August 2026, while September 2026 data are as of 4 September 2026.
Source: SBP

Growth in monetary aggregates decelerated in recent months

Figure 1: Asset Side of M2
(percent contribution to y/y growth)

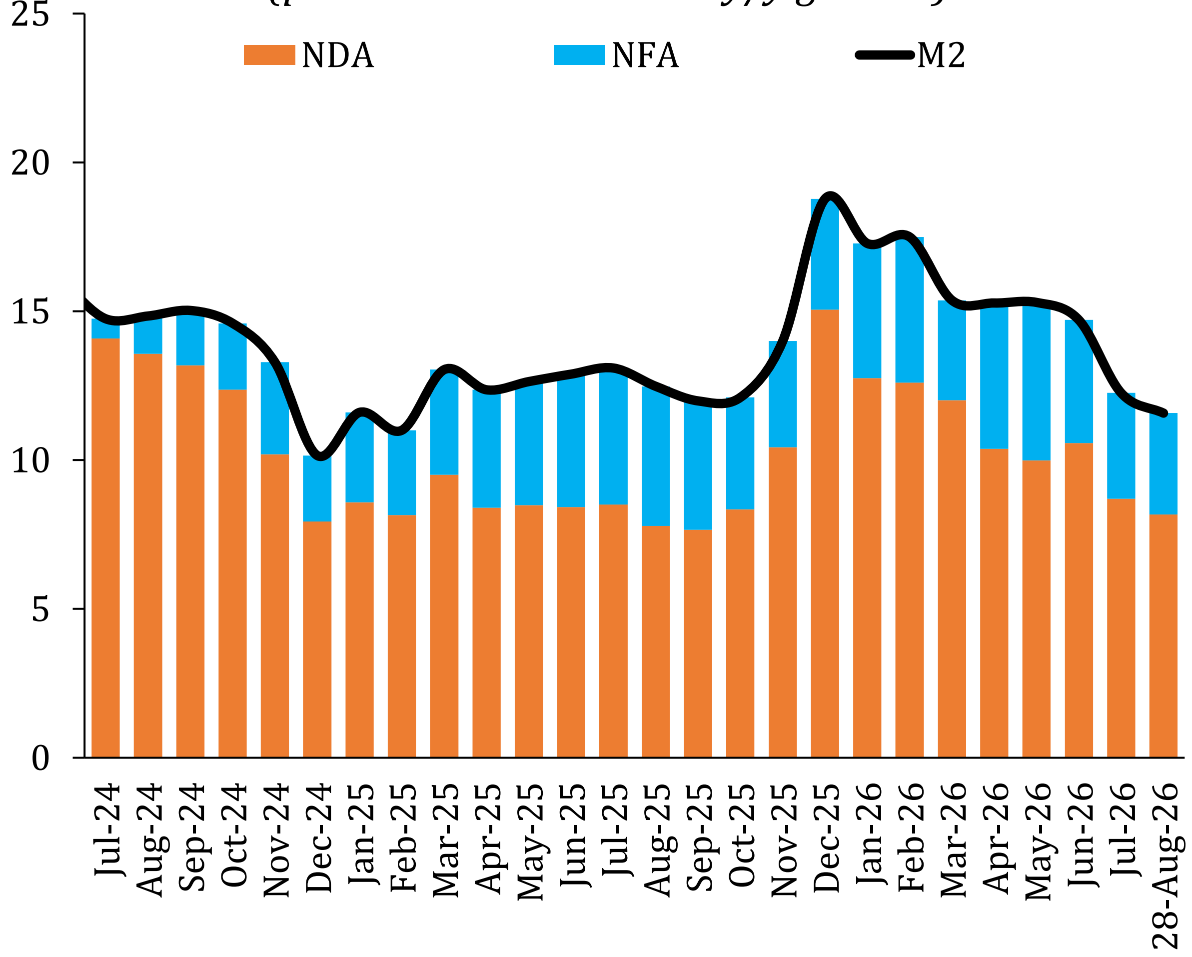
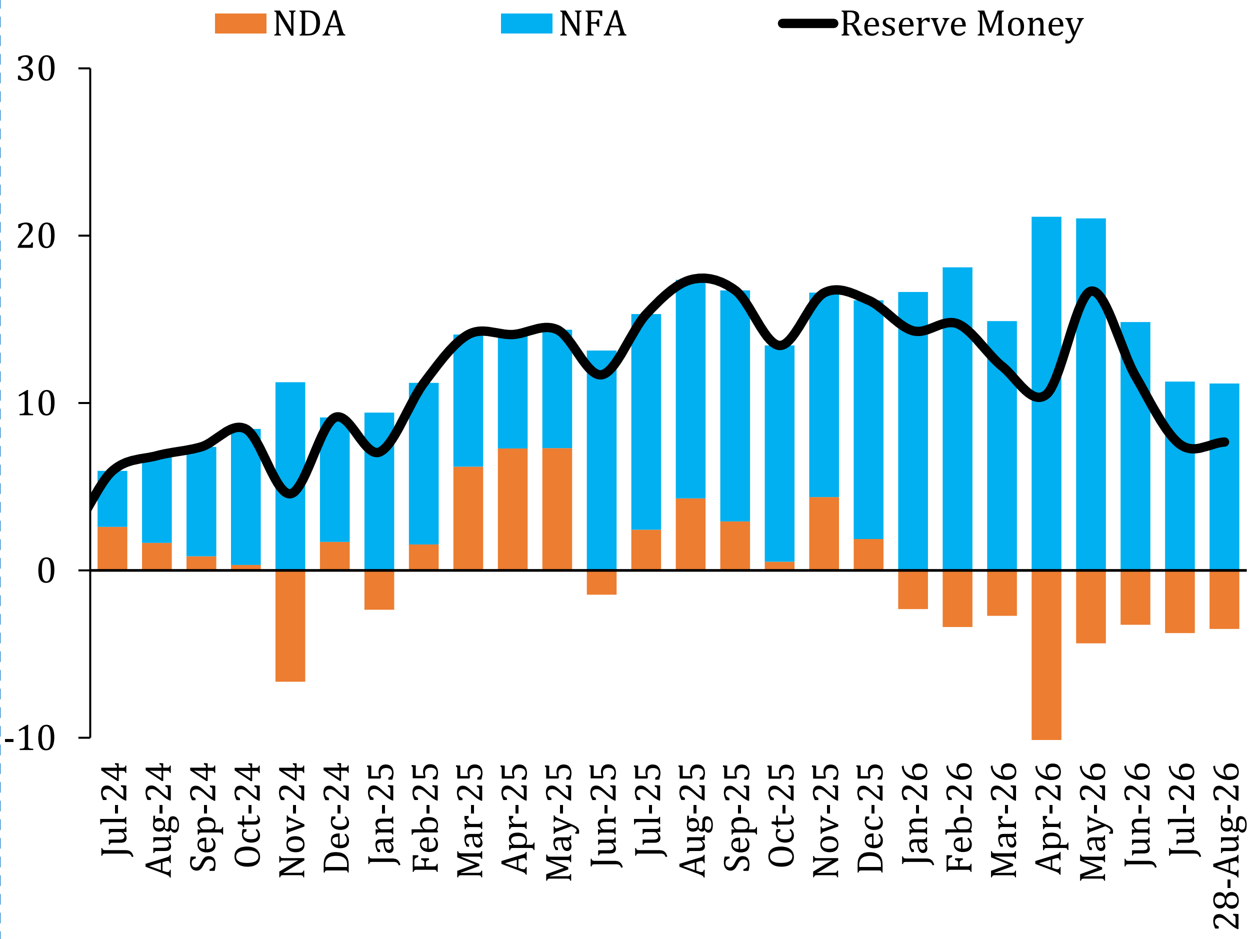


Figure 2: Asset Side of Reserve Money
(percent contribution to y/y growth)



Source: SBP

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)

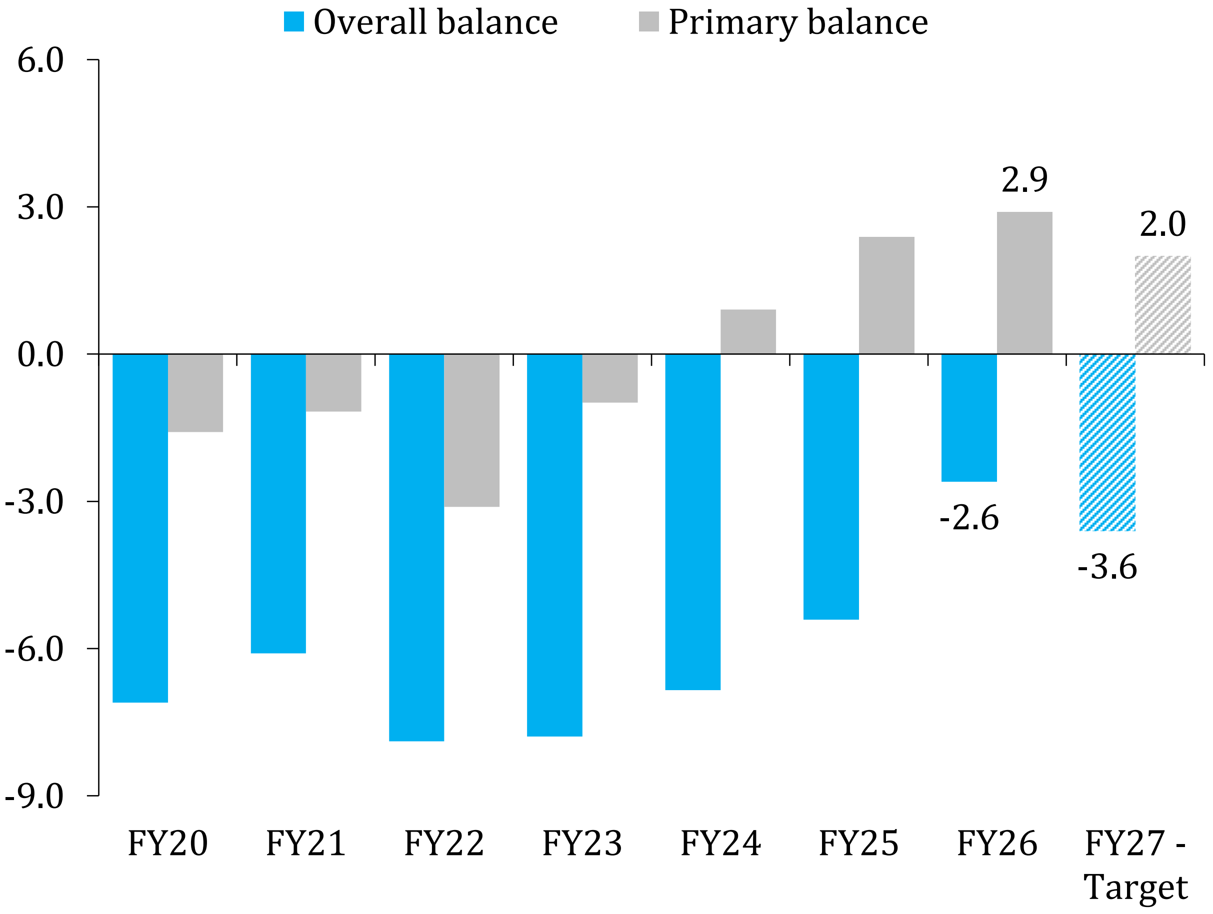
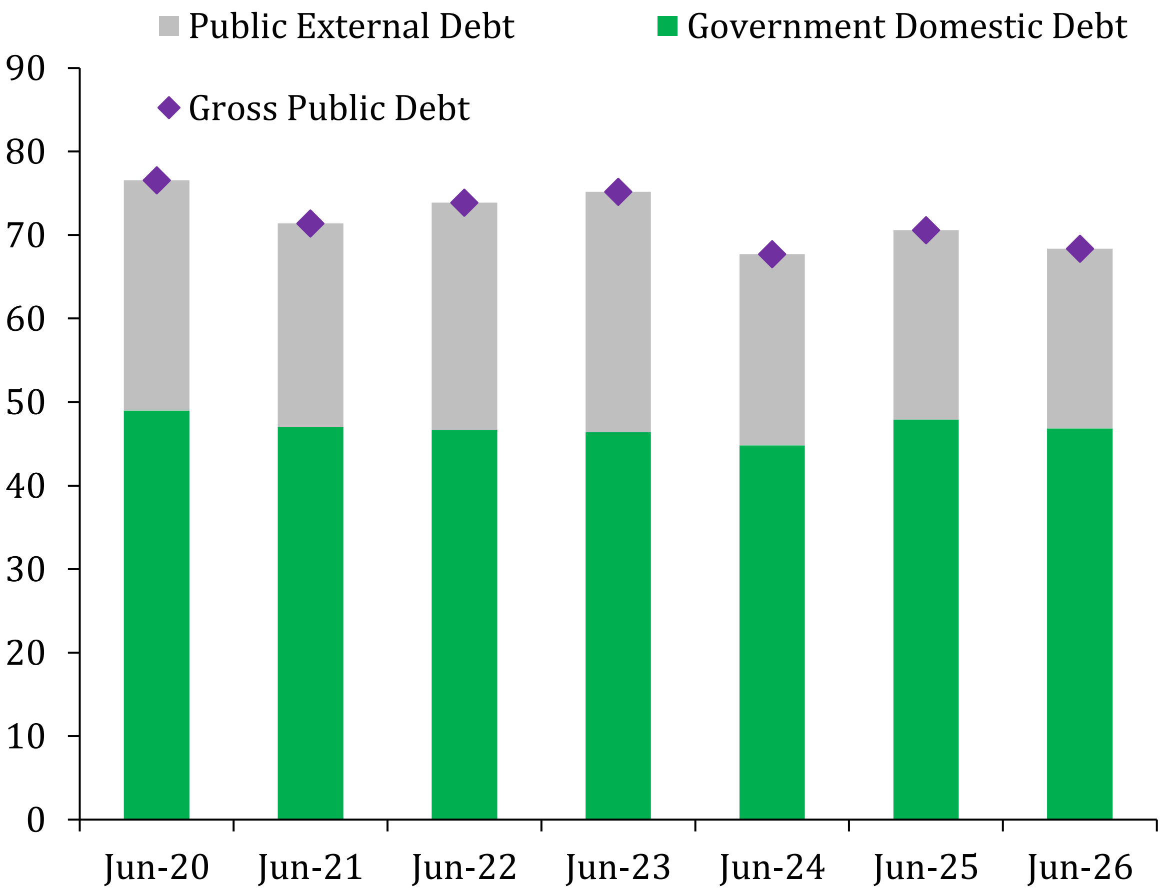


Figure 2: Pakistan's Debt Profile
(percent of GDP)



Source: MoF, SBP

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

Figure 1: Oil Prices
(USD/Barrel)

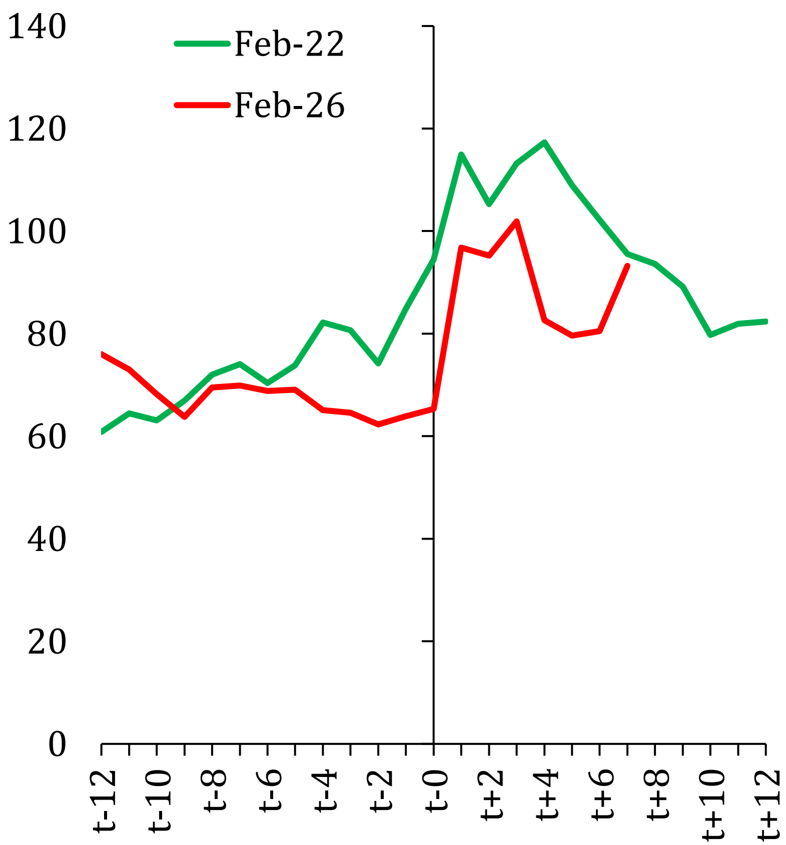


Figure 2: Inflation
(percent, y/y)

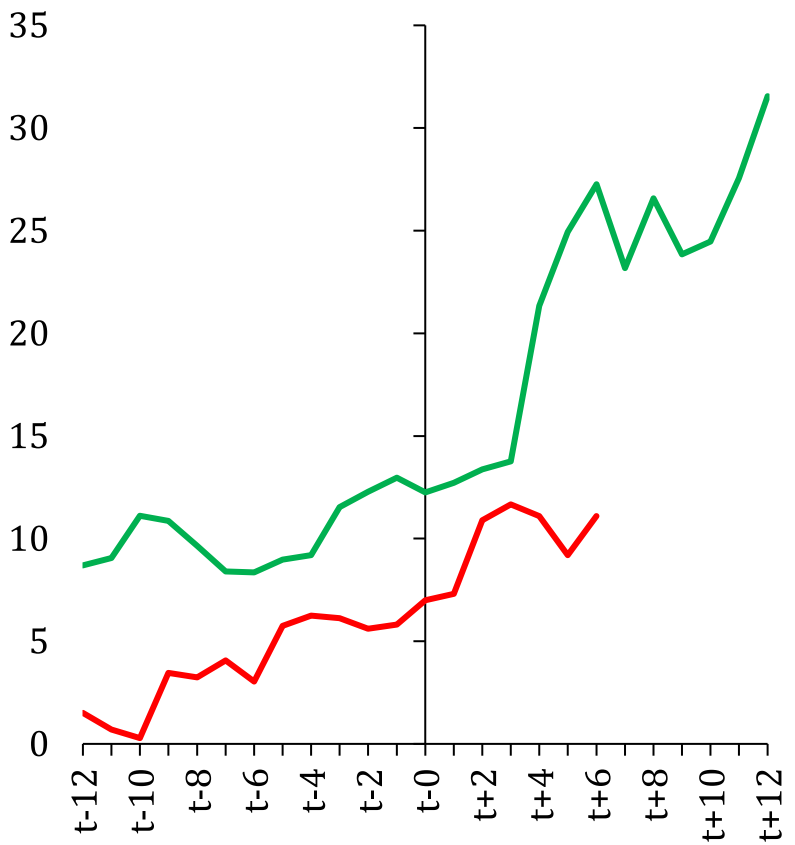
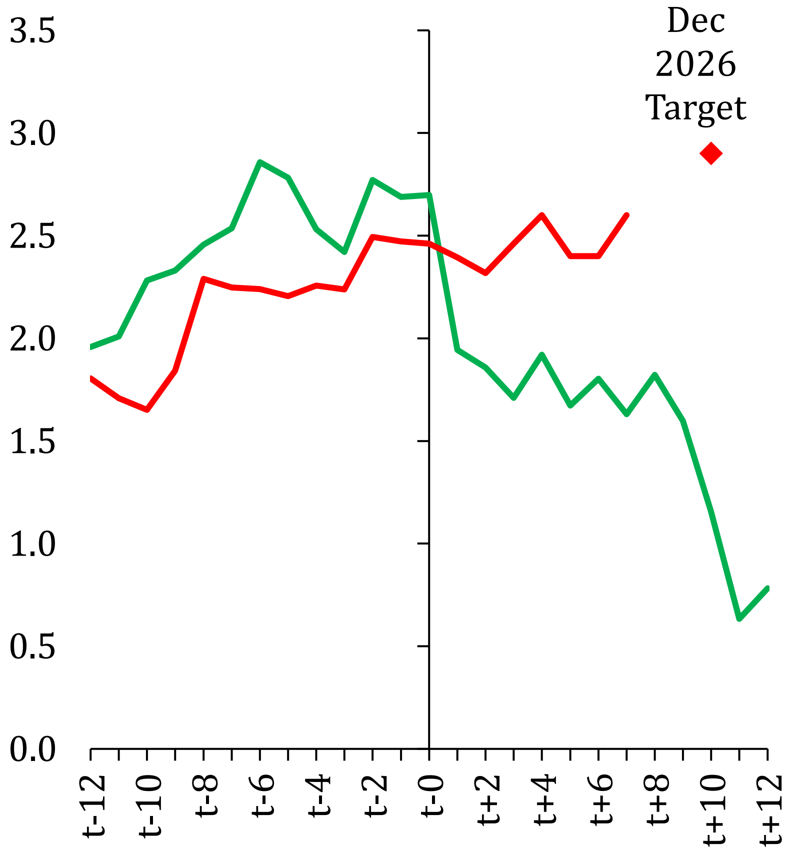


Figure 3: FX Reserves
(# of months of import cover)



Months

September 2026 oil prices represent the average of daily observations available up to 11 September 2026.
Import cover for August and September 2026 is calculated using reserve positions as of 28th August 2026 and 4th 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)*

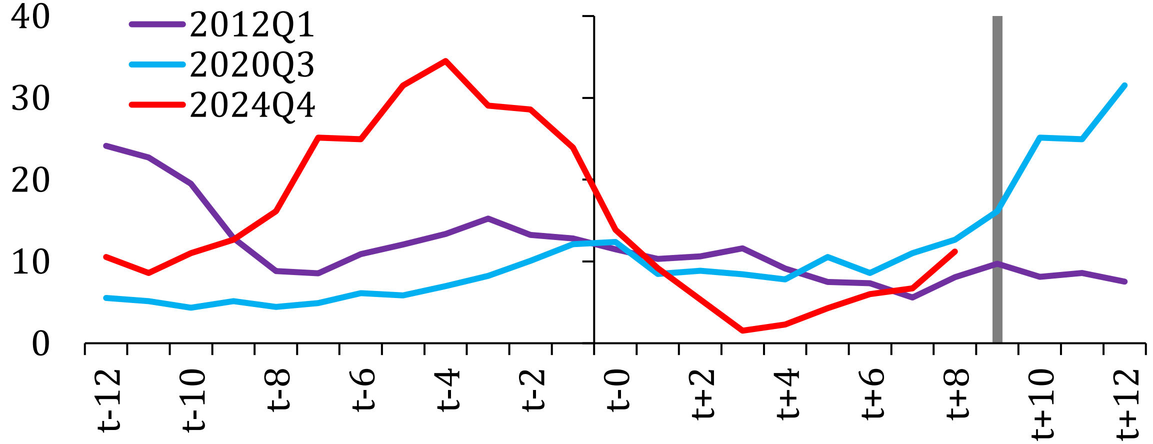


Figure 2: Policy Rate *(Percent)*

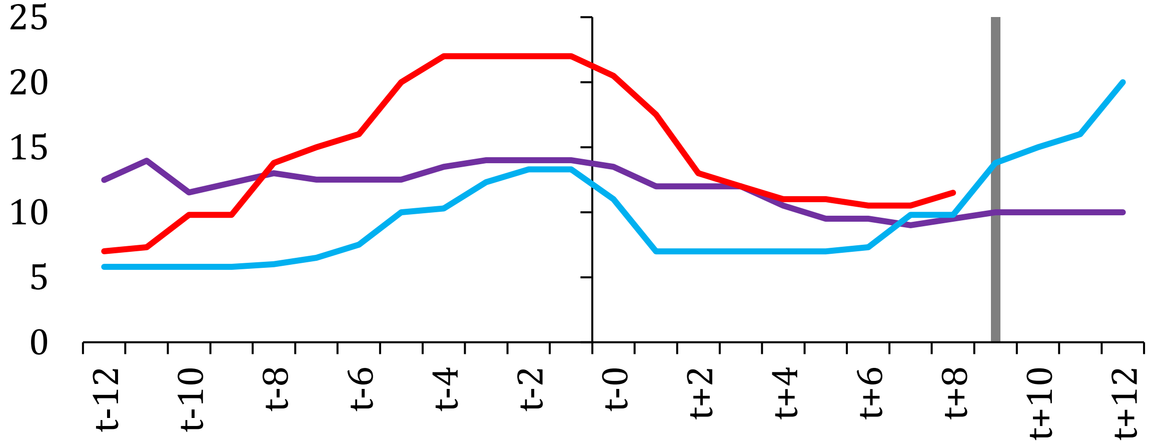


Figure 3: GDP Growth *(Percent)*

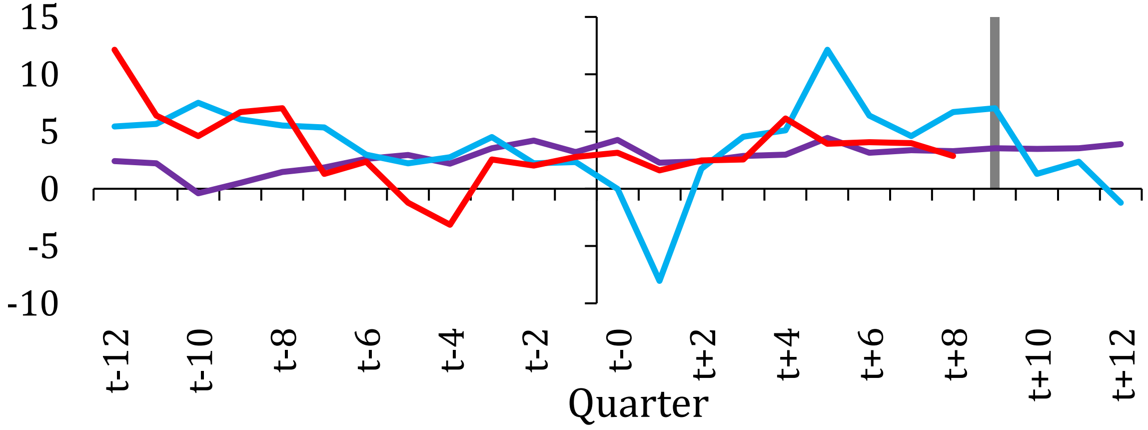
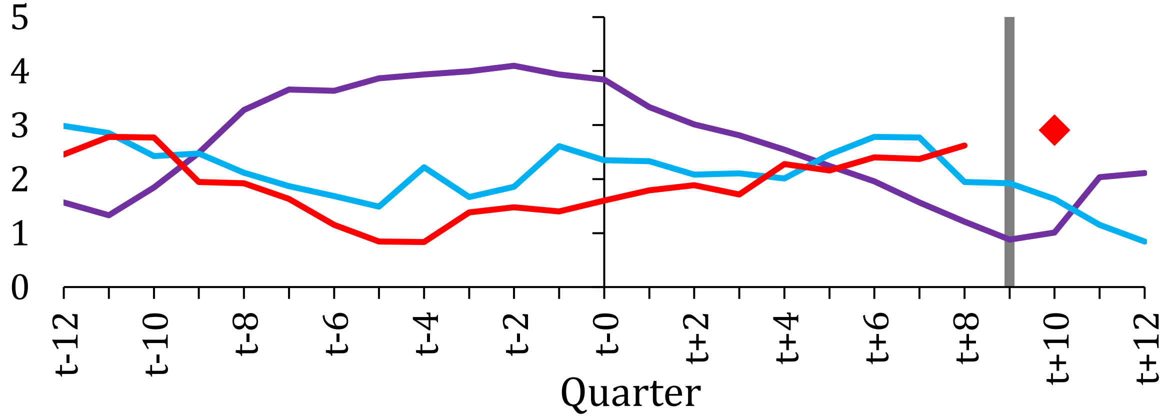


Figure 4: Import Cover *(# of months)*



Note: Quarters are based on fiscal year (July-Jun) basis.
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

	Moody's ratings	S&P ratings	Fitch ratings
Latest	B3 Aug 24, 2026	B Jul 22, 2026	B- Apr 15, 2025
Earlier	Caa3 Feb 28, 2023	CCC+ Dec 22, 2022	CCC- Feb 14, 2023

Improved Sovereign Bond Yields

	7-year yield, *16 ppts.*	10-year yield, *27 ppts.*	30-year yield, *17 ppts.*
Dec 30, 2022	22.8%	33.1%	25.9%
Sep. 11, 2026	7.2%	6.6%	9.1%

5-year CDS Spread

7,851 bps
Dec 30, 2022

342 bps
Sep. 11, 2026

Latest available data as of 11th September 2026
Source: Bloomberg

Key Takeaways

- MPC remains firmly committed to achieving and maintaining price stability despite heightened risks arising from prolonging supply shock
- GDP growth is expected to regain 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 remains critical to build fiscal buffers and ensure macroeconomic stability, which is essential to achieve sustainable growth
- Prolonging supply shock continues to reinforce the importance of structural reforms and sustaining confidence in Pakistan's economy

Thank you