



External Communications Department

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Governor SBP briefed global investors on improvements in Pakistan's economy and its promising outlook

Governor SBP, Mr. Jameel Ahmad, met delegates from international rating agencies and key global investors during the events hosted by leading financial institutions, including Standard Chartered, JP Morgan, Bank of America, and Jefferies, on the sidelines of the 2024 IMF-World Bank annual meetings in Washington, DC. The Governor provided an overview of Pakistan's significantly improved economic indicators over the past year, emphasizing a promising economic outlook. He pointed out that SBP's prudent monetary policy stance and the government's fiscal consolidation have played a crucial role in restoring macroeconomic stability in the country.

Governor acknowledged the challenges faced by the global and emerging economies, including Pakistan, and emphasized the necessity of tough yet essential policy responses to address these macroeconomic challenges. He noted that both the SBP and the government have implemented vital stabilization measures, which are now yielding positive results. Mr. Ahmad added that inflation has peaked and is now on a clear downward trajectory. The external account has improved significantly, with foreign exchange buffers strengthening. Moreover, both overall public sector debt and gross external financing needs relative to GDP have decreased substantially. Economic activity is also recovering with real GDP growth expected to improve further in the current fiscal year. As such, the economy is headed in the right direction, he concluded.

Mr. Ahmad explained that inflation in Pakistan peaked at 38 percent in May 2023 and is on a downward trajectory since then – reaching 6.9 percent (y/y) in September 2024. He added that the disinflation process remained broad-based, as core inflation also witnessed a noticeable decline in recent months. Governor highlighted that, despite challenging conditions, the external account has shown substantial improvement over the past 12 months. Even with a significant increase in imports, particularly non-oil imports, and the normalization of profit/dividend repatriation by foreign investors, the external current deficit has narrowed significantly, remaining at manageable levels. The improvement in the current account balance is primarily attributed to strong growth in both exports and workers' remittances. This low current account along with improved financial inflows has helped in strengthening SBP's FX reserves from a low of US\$3.1 billion at the end of Jan 2023 to US\$11 billion as of October 11, 2024. Governor informed that SBP is targeting to increase its FX reserves to US\$13 billion by end-June 2025.

Looking ahead, Mr. Ahmad stressed the importance of the structural reform agenda, supported by multilateral and bilateral partnerships under the new IMF program. This comprehensive, home-grown reforms package aims to foster sustainable growth. He shared insights into the SBP's strategic plan for 2024-2028, which prioritizes price stability, the buildup of FX reserves, and the development of an innovative and inclusive digital financial services ecosystem to meet modern banking needs. The plan also focuses on enhancing the efficiency, effectiveness, fairness, and stability of the financial system.
