ECD/M&PRD/PR/01/2025-81 October 17, 2025

Governor SBP updates foreign investors on Pakistan’s improving macroeconomic outlook

Governor of the State Bank of Pakistan, Mr. Jameel Ahmad, highlighted Pakistan’s improving macroeconomic outlook during high-level meetings with senior executives from global financial and investment institutions, including JP Morgan, Standard Chartered, Jefferies, Barclays, Citibank, Bank of America Securities, and major credit rating agencies. These engagements took place on the sidelines of the IMF–World Bank Annual Meetings in Washington, D.C. during October 13-18 2025.

Governor SBP briefed participants on the substantial progress Pakistan has made in stabilizing its economy. He highlighted that a prudent monetary policy, combined with sustained fiscal consolidation efforts, has led to macroeconomic stability in the country. The stage is now set for the next phase of revival in investment and economic growth.

Mr. Ahmad highlighted that headline inflation has declined sharply over the past two years, reaching 5.6 percent in September 2025. Moreover, core inflation has also come down significantly from over 22 percent to less than 8 percent, and is expected to moderate further in the coming months. Notwithstanding the impact of the recent floods, headline inflation is expected to stabilize within its target range of 5 to 7 percent in the medium term.

Regarding the external account, the Governor informed that Pakistan’s FX buffers have registered substantial qualitative as well as quantitative improvements. SBP has improved the stability and transparency of the FX market through structural reforms in exchange companies and promotion of remittances through formal channels. These efforts have brought stability in the FX market, allowing SBP to strategically purchase $20 billion during the last three years from the interbank market to build its FX reserves, which have increased around five times since bottoming out in February 2023. At the same time, SBP’s forward liabilities have also reduced significantly. Mr. Ahmad also informed that Pakistan’s public sector external debt increased only marginally since June 2022. The Governor emphasized that this improvement in FX buffers reflects SBP’s policy focus on building FX buffers to withstand external shocks. He also shared that SBP is targeting to increase FX reserves to $17.5 billion by June 2026.

The Governor also stressed that economic growth is recovering, reaching 3 percent during FY25. He noted that, although the recent floods have somewhat moderated the overall growth outlook for FY26, the real GDP growth for FY26 is expected to remain higher than FY25 and within the projected range of 3.25 to 4.25 percent.

Mr. Ahmad also highlighted the progress made by SBP in achieving objectives in its five-year Strategic Plan – the Vision 2028. He discussed the improvements made in areas like financial stability and inclusion, and in addressing gaps in financial service delivery – especially for traditionally underserved segments like small and medium enterprises and female population.

In sharing his overall macroeconomic assessment, Governor SBP informed that results of the tough yet necessary policy and regulatory changes are now materializing in the form of contained inflation and current account deficit and a more sustainable pickup in economic growth. This has provided the space to the government to undertake the needed structural reforms to address longstanding bottlenecks straining sustained high economic growth. Mr. Ahmad expressed his confidence that with progress on the reform agenda – supported by continued engagement with multilateral development partners like the IMF and World Bank – Pakistan will be able to achieve sustainable growth and socioeconomic uplift for its people.

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