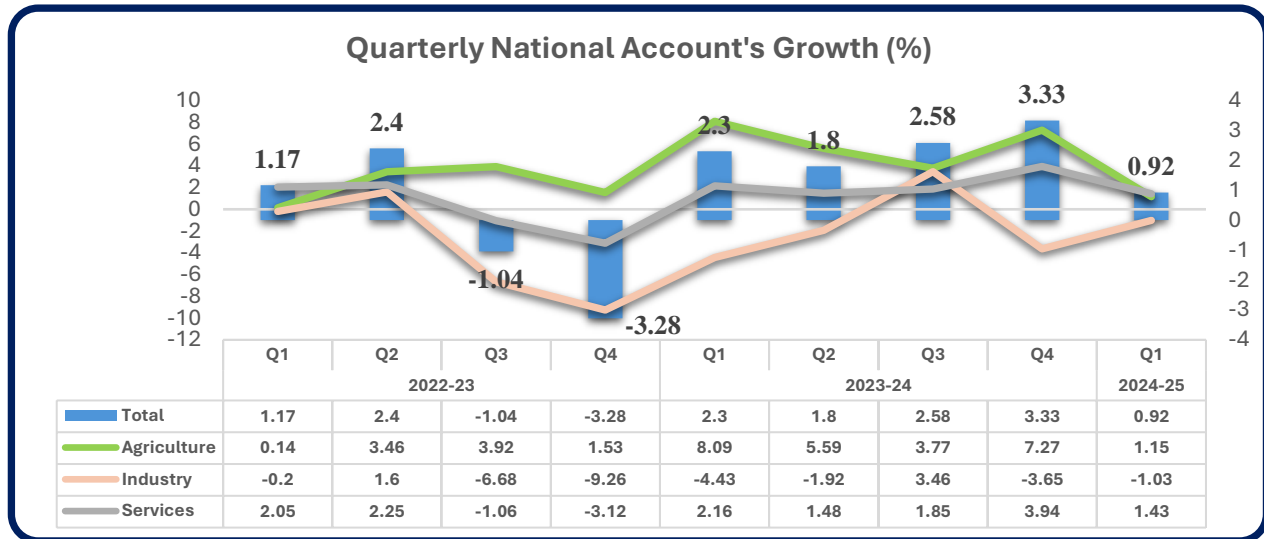


Economy Alert

High Costs and Policy Volatility Drag Pakistan's Growth to 0.92% in Q1 of FY25:

The 111th meeting of the National Accounts Committee (“NAC”) took place last Monday, where the provisional GDP growth rate for the July-September quarter of ongoing FY25 was approved at 0.92%. GDP, a key indicator of goods and services output within a specific period, showed a marked slowdown compared to the 2.3% growth recorded in the same quarter of the previous Fiscal Year, as stated in the NAC's working paper.



The Government has set an ambitious annual growth target of 3.6% for the FY25. However, Q1 growth does not seem promising amidst policy rate was kept high above 15% in Q1. Despite the average inflation rate being below 10%. Further, Q1FY25 growth also falls significantly short of the 2.5% population growth rate, underscoring the economy's struggle to create adequate jobs for the expanding youth population.

The table hereinbelow illustrates a comparison of the first quarter of FY25 and FY24,

| Sector/ Industry | Q1 FY24 | Q1 FY25 |
|-------------------------------------------|----------------|---------------|
| Agriculture | | |
| Crops | 16.11 | (5.93) |
| Livestock | 4.56 | 4.89 |
| Forestry | 4.25 | 0.78 |
| Fishing | 0.69 | 0.82 |
| Industrial Sector | | |
| Mining & Quarrying | 5.89 | (6.49) |
| Manufacturing | 1.86 | 2.16 |
| LSM | (0.65) | (0.82) |
| Services Sector | | |
| Wholesale & retail trade | 3.23 | 0.51 |
| Transport & Storage | 2.67 | -0.07 |
| Accommodation and Food Services | 3.98 | 4.58 |
| Information and Communication | 6.58 | 5.09 |
| Finance & Insurance Activities | (12.95) | 1.14 |
| Real Estate Activities (OD) | 3.62 | 4.22 |