

Current Account Boost Drives Real Rupee Value to 251/USD:

- Recent data from the Balance of Payments (“BoP”) indicates that the real effective value of the Pakistani rupee is approximately **Rs.251/USD**, whereas the prevailing market rate, as reported by the State Bank of Pakistan (“SBP”), stands at **278.96/USD**. Although the rupee is gradually appreciating, it still remains significantly undervalued.
- This gap reflects an estimated inflationary impact of around **5.6%**, which Pakistani people continues to bear. With that high growth target seems optimistic amidst high policy rate, if this correction has been done then policy rate could ease by **4-5%**, then Pakistan’s real growth target 4.2% could be achievable.
- Despite the ongoing conflict, the current account (“CA”) has shown improvement this month. Pakistan recorded a current account surplus of **\$1.07 billion** in March 2026, according to data released by the SBP on Thursday. This takes 9MFY26 current account to surplus of \$8 million.
- The primary driver has been a notable increase in **Remittances**, which rose by approximately \$530 million, while the **Import bill** declined by around \$263 million, on a month on month basis.
- When analyzing the Good import structure, the **Petroleum sector** stands out, as Pakistan typically sources 23–25% of its imports from the petroleum group. In March 2026, Pakistan imported crude oil at around **\$95/barrel**, compared to **\$64/barrel** in February 2026 prior to the Gulf conflict. This sharp increase resulted in an additional burden of approximately \$233 million for nearly the same quantity of imports.
- However, this impact was partially offset by a slowdown in imports across other key sectors. Imports of the **food group, metals, and textiles** declined by approximately \$176 million, \$105 million, and \$93 million, respectively, helping to neutralize the overall pressure on the external account.
- Additionally, Pakistan’s external sector shows signs of short-term resilience, supported by remittance inflows and controlled imports. However, the persistent gap between the real and nominal exchange rate continues to impose inflationary costs to the people of Pakistan.