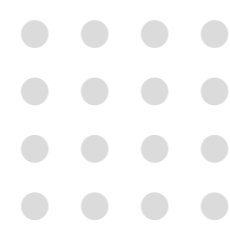




# Pakonomics

## April 2026



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# HIGHLIGHTS

In May 2026, the Executive Board of the International Monetary Fund approved the disbursement of USD 1.3 billion following the successful completion of the third review under Pakistan's Extended Fund Facility ("EFF"), along with the second review of the Resilience and Sustainability Facility ("RSF"). The amount was received by the State Bank of Pakistan on 12 May 2026.

Under the IMF framework, the Federal Board of Revenue ("FBR") has been assigned a tax revenue target of PKR 15.26 trillion for FY2026-27, implying an increase of approximately 13.6% over the revised FY2025-26 target. The IMF projections are based on nominal GDP growth assumptions of 12.5% and additional taxation measures amounting to PKR 430 billion.

Revenue Shortfall in Fiscal Year 2025-26 ("FY26"): During the first ten months - Jul-April period of FY26, the FBR recorded a substantial revenue shortfall of PKR 684 billion, with collections amounting to PKR 10,262 billion against a target of PKR 10,946 billion.

According to the valuation of Tola Associates ("TA"), the value of PKR is 251.0/USD after incorporating the Current Account Balance ("CAB") of the Jul-April period of FY26.

In the inter-bank market, the value of the national currency stands at PKR 278.6/USD as of 22nd May 2025. Over the past week, the USD to PKR parity rate has slightly declined from 279/USD.



According to the Pakistan Bureau of Statistics ("PBS"), Pakistan's LSM sector showed an expansion of 11.1% in March 2026 on a Year-on-Year ("Y-o-Y") basis vs. March 2025.

According to the SBP, Pakistan received a monthly remittance inflow of \$3.54 billion in April 2026, recording a decline of 7.6% compared to \$3.81 billion in March 2026 on a M-o-M basis.

The Net foreign currency reserves held by the SBP stood at \$17.08 billion as of 15th May 2026.

The Currency in circulation stock from 1st July 2025 to 9th May 2026 has expanded by PKR 1,217 billion, compared to an expansion of PKR 1,250 billion during the same period last year.

According to the PBS, the pace of Consumer Price Index ("CPI") inflation has clocked in at 10.9% on a Y-o-Y basis in April 2026 vs. 0.3% in the same month of the previous year.

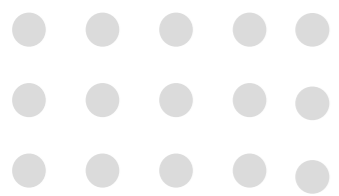
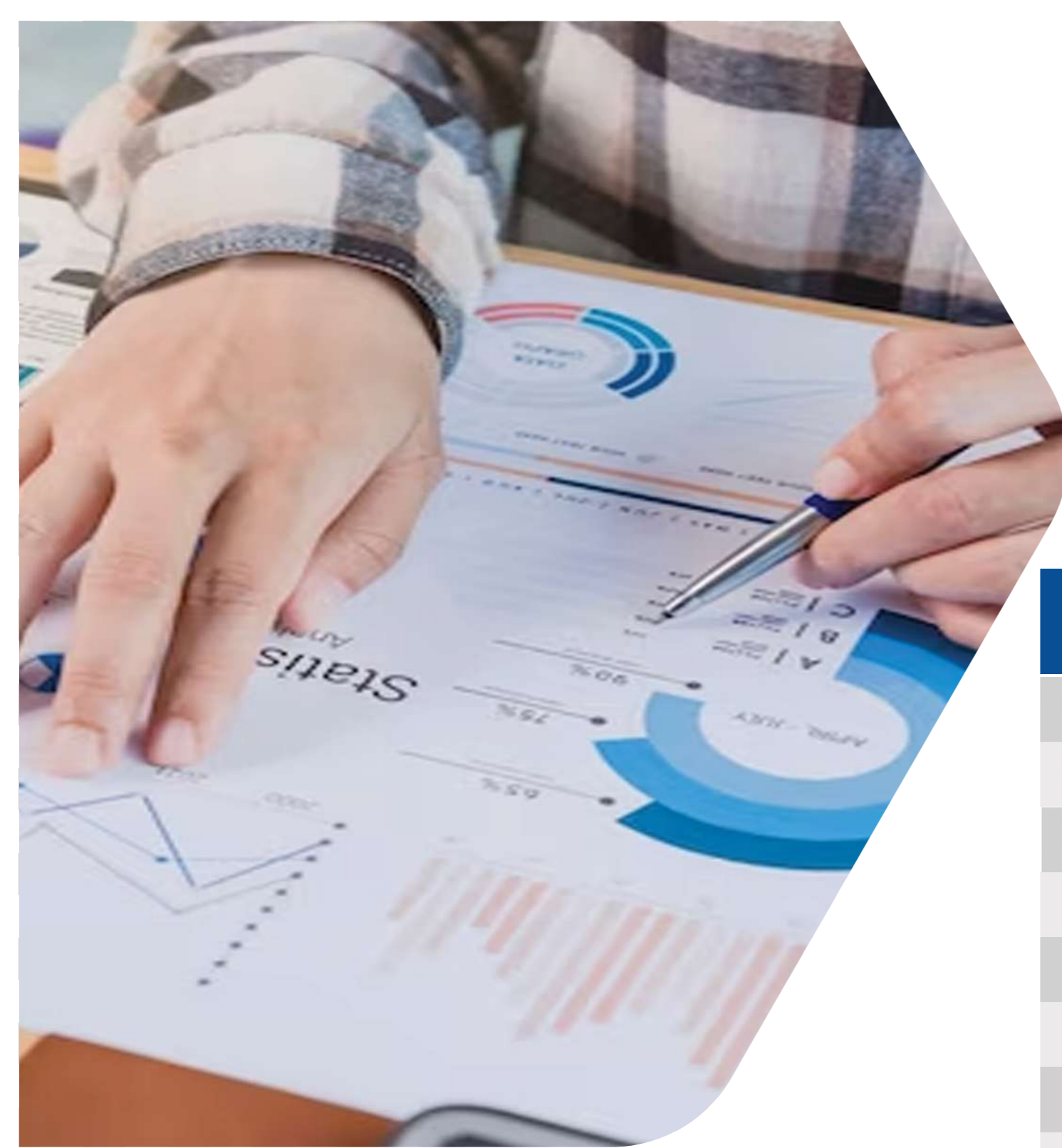
Pakistan's net FDI has plunged by 30.8% or \$636 million to \$1,409 million provisionally during the Jul-April period of FY26, as compared to \$2,035 million during the same period of FY25.

The total Net Foreign Investment plunged by 97.8% or \$1,492 million to \$32 million only on a Y-o-Y basis in the Jul-April period of FY26 as against the amount of \$1,460 million in the same period of FY25.

Pakistan reported a Current Account Balance ("CAB") of \$252 million during the Jul-April Period of FY26, compared to a Current Account Surplus ("CAS") of \$1,662 million in the same period of FY25.



# ECONOMY AT A GLANCE

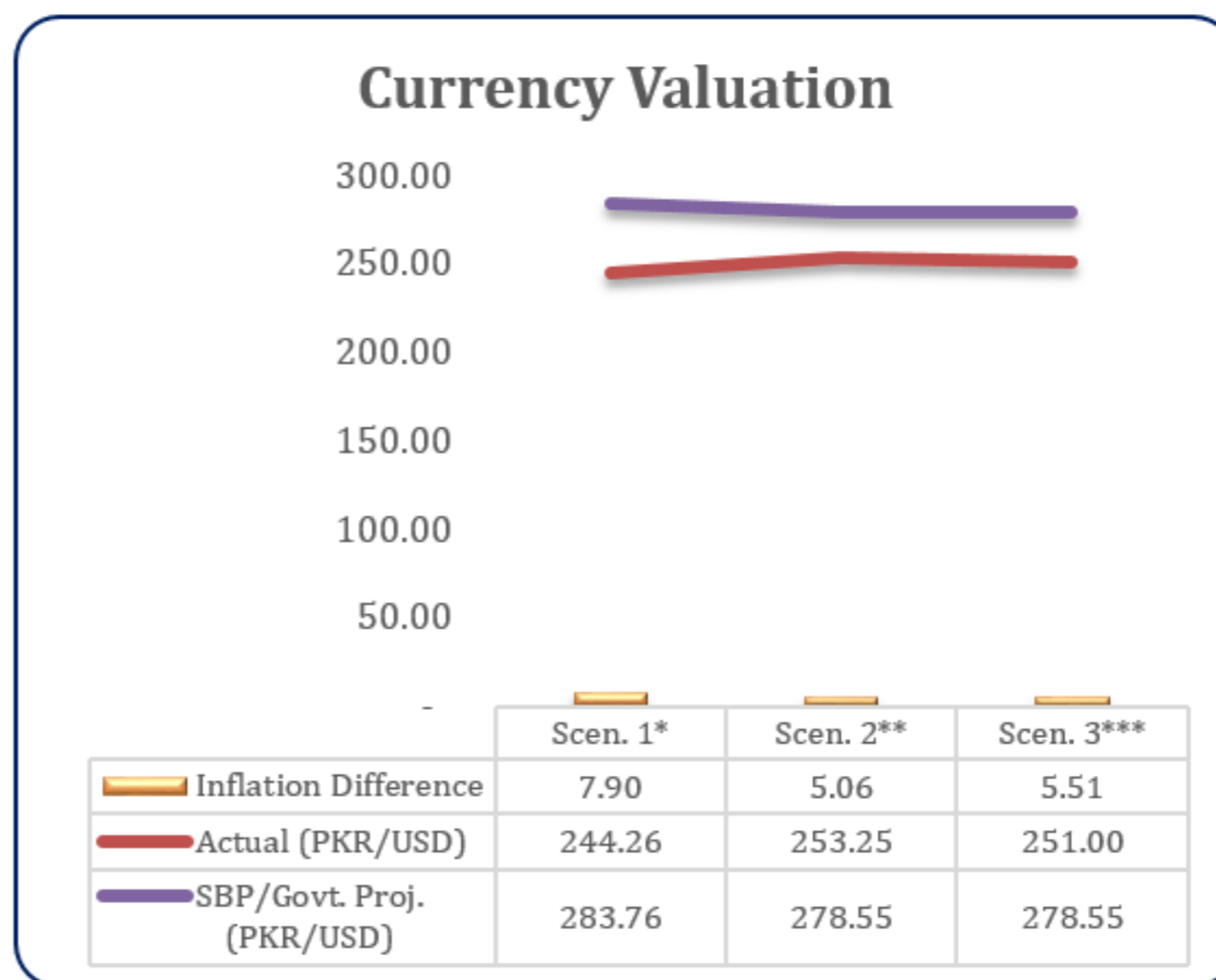


Economic Indicators	Period	Status	Current Year	Last Year
LSM (Base Year 2015-16)	March	↑	11.09 %	(2.37) %
Central Government Debt	March	↑	PKR 80,524 Billion	PKR 73,688 Billion
Credit to Private Sector	Jul – 9th May	↑	PKR 828 Billion	PKR 655 Billion
Worker's Remittances	April	↓	US \$3,539 Million	US \$3,177 Million
Broad Money (M2)	Jul – 9th May	↑	PKR 2,087 Billion	PKR 1,250 Billion
Net Government Sector borrowing	Jul – 9th May	↓	PKR 568 Billion	PKR 1,714 Billion
National CPI (Base Year 2015-16)	April	↑	10.9 %	0.3 %
FBR Tax Collection	Jul-April	↑	PKR 10,262 Billion	PKR 9,295 Billion
Foreign Exchange Reserves with SBP	As of 15th May	↑	\$17.08 Billion	\$11.44 Billion
Foreign Direct Investments	Jul-April	↓	\$1,409 Million	\$2,035 Million
Trade Deficit in Goods	Jul-April	↑	US\$ (31,988) Million	US\$ (26,594) Million
Current Account Deficit	Jul-April	↓	\$(252) Million	\$1,662 Million

# 1. VALUATION OF THE PAKISTANI RUPEE PARITY

According to the valuation of TA, the value of PKR is 251.0/USD after adjusting the CAB of the period of Jul-April the FY26 (Note: This estimation also includes two major factors of CA, i.e., Primary Income Balance and Secondary Income balance). The PKR value has been kept artificially undervalued at PKR 278.55/USD, as the present value of PKR currency would have been 251.0/USD.

The graph depicts three scenarios: (a) First scenario provides PKR valuation as of June 30, 2025; (b) The second scenario provides the PKR value based on the Government's CAD projection of 0.46% of the GDP for FY26; and (c) The last scenario calculates the PKR value based on the adjusted CA projection of the Government adjusted for the Jul-April period of FY26). **A 10-rupee depreciation results in a 2% increase in inflation, and vice versa.**



*\*Valuation as per actual CAD of till FY25*

*\*\* If CAD is restricted to its targeted value of \$2.11 billion for FY26.*

*\*\*\* Actual CAD of Jul-April FY2025-26 cumulated in the Projection (adjusted on a monthly basis)*

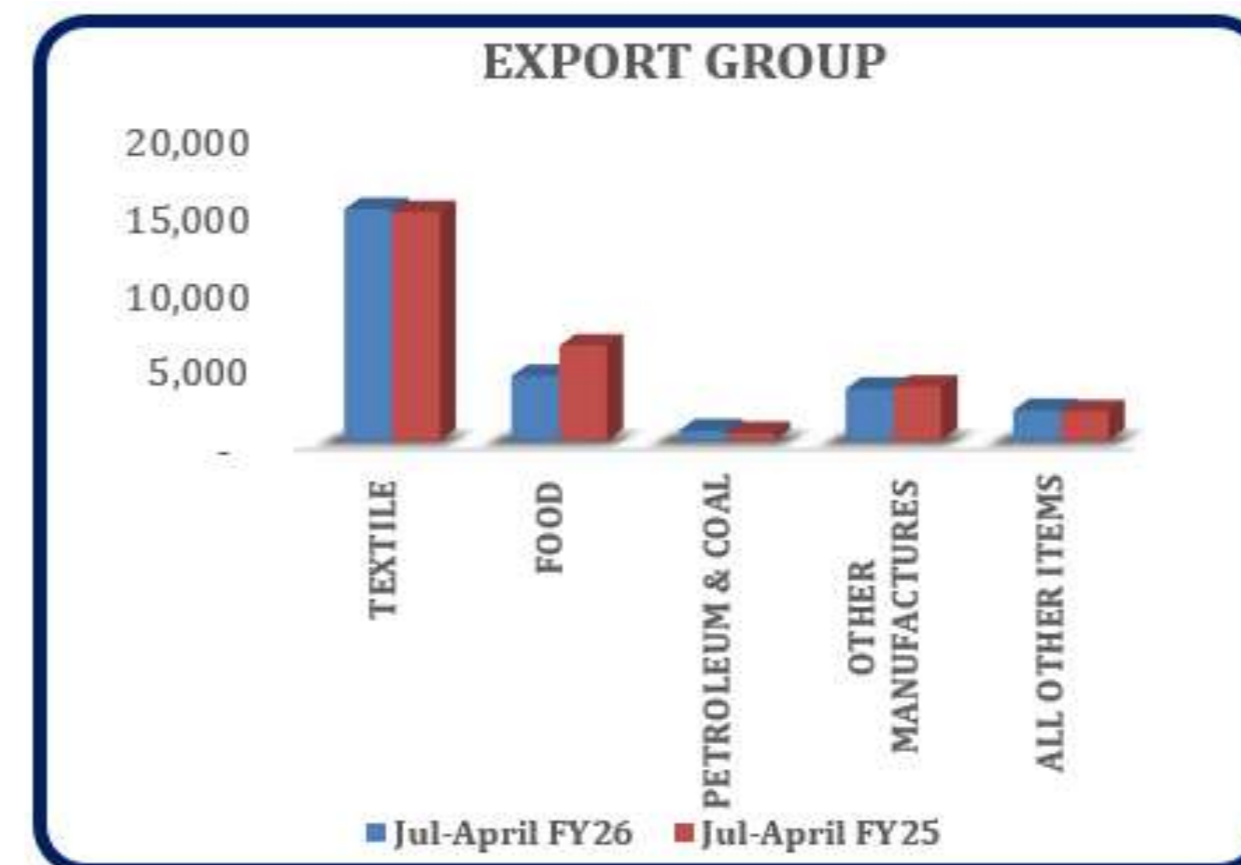
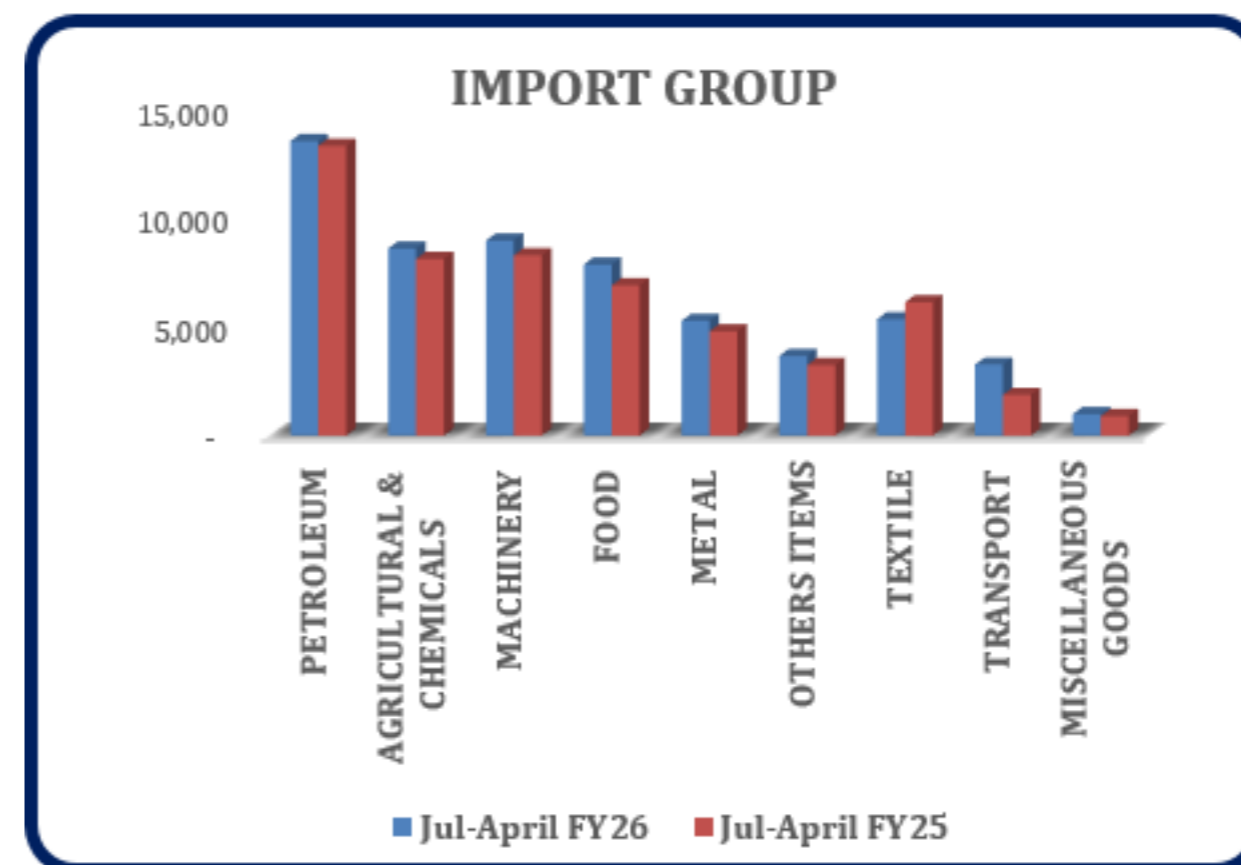
## 2. CURRENT ACCOUNT ("CA"):

The CA stood at \$324 million of deficit in month of April 2026, breaking the streak of the consecutive months of surplus in FY26. This represents a decline in CAB of almost 1.3 times from a surplus of \$1,134 million in March 2026. On a year-on-year ("Y-o-Y") basis, the CA surplus has declined by 260 times compared to the same month in FY25.

CA FLOWS	April-26	March-26	April-25	MoM (%)	YoY (%)
Exports of goods FOB	2,558	2,527	2,606	1.23	(1.84)
Imports of goods FOB	5,970	4,892	5,246	22.04	13.80
(i) Balance on trade in goods	(3,412)	(2,365)	(2,640)	44.27	29.24
Exports of services	914	911	751	0.33	21.70
Imports of services	890	852	913	4.46	(2.56)
(ii) Balance on trade in services	24	59	(162)	(59.32)	(114.78)
Primary Income Credit	87	95	84	(8.42)	3.57
Primary Income Debit	744	702	698	5.98	6.65
(iii) Balance in Primary Income	(657)	(607)	(614)	8.24	7.07
Secondary Income Credit	3,756	4,103	3,440	(8.46)	9.19
Worker Remittances	3,539	3,831	3,177	(7.62)	11.39
Secondary Income Debit	35	56	36	(37.50)	(2.78)
(iv) Balance on secondary income	3,721	4,047	3,404	(8.06)	9.31
Current Account Surplus/ (Deficit) "i + ii + iii + iv"	(324)	1,134	(12)	(128.57)	2,600.00

# 3. BALANCE OF TRADE IN GOODS

According to the PBS, Pakistan's trade deficit has increased by a margin of 3.8% to \$4.07 billion in April of FY26, compared to \$3.92 billion in the same month of FY25. Moreover, the exports went up by 14.0% to \$2.48 billion during the April month of FY26 compared to \$2.17 billion in the same month of last FY25. Further, the imports increased by 7.5% to \$6.55 billion in April of FY26 compared to \$6.10 billion in the same period of FY25. Additionally, on a M-o-M basis, exports rose up by almost 9.5% compared to \$2.26 billion in March 2026. Furthermore, the country's trade deficit hiked by 43.5% compared to \$2.84 billion in March 2026 on a M-o-M basis.



# 4. LARGE SCALE MANUFACTURING

According to the PBS, Pakistan's LSM sector showed an expansion of 8.5% in Feb 2026 on a Y-o-Y basis vs. Feb 2025. However, on a M-o-M basis, the overall output growth contracted by almost 9.0%, compared to the month of Jan 2025. Additionally, Sector-wise, important groups such as cotton yarn, cotton cloth, the garment sector, and the cement industry showed a growth of 2.2%, 0.2%, 7.2%, and 11.1% respectively, in the month of Feb of FY26.

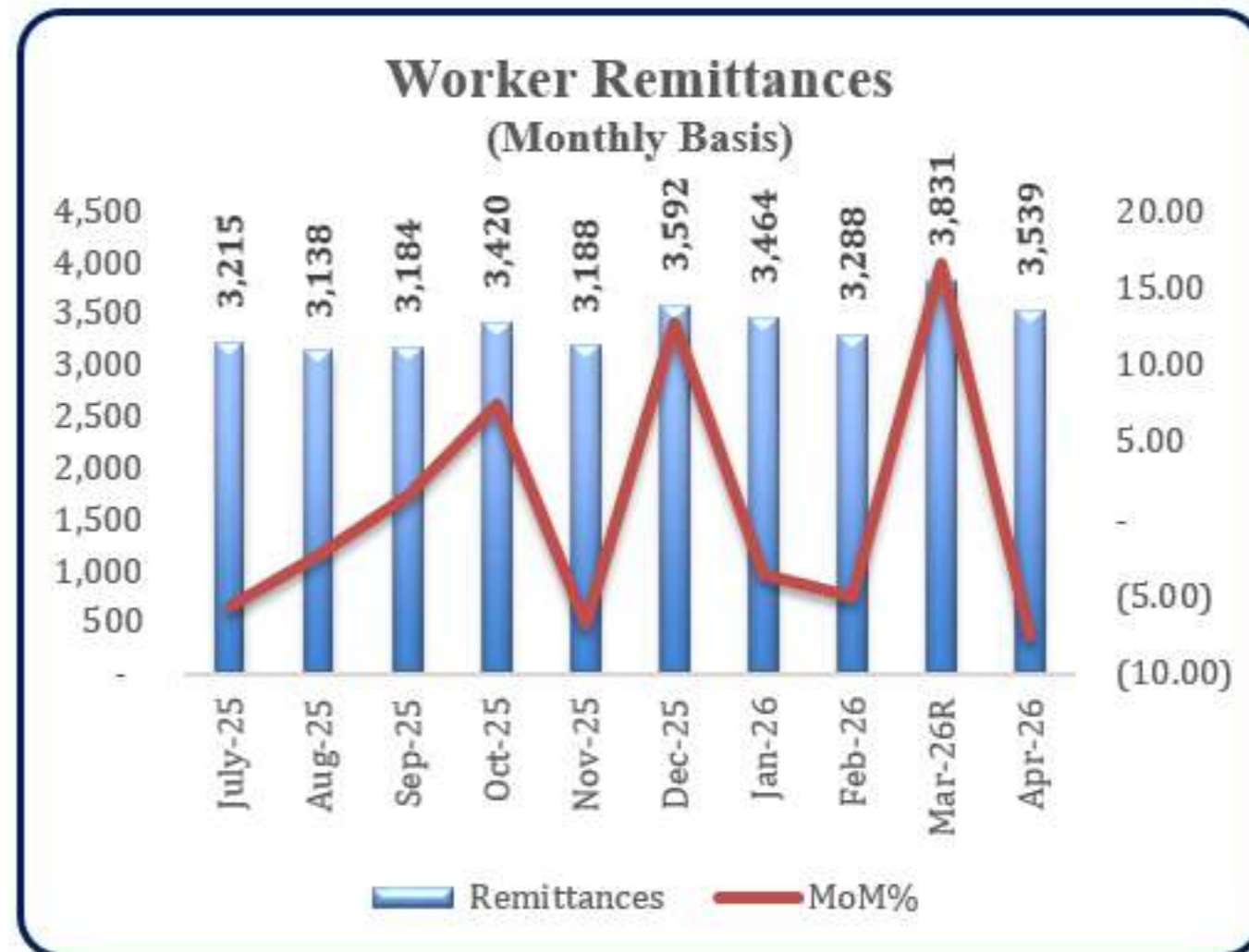
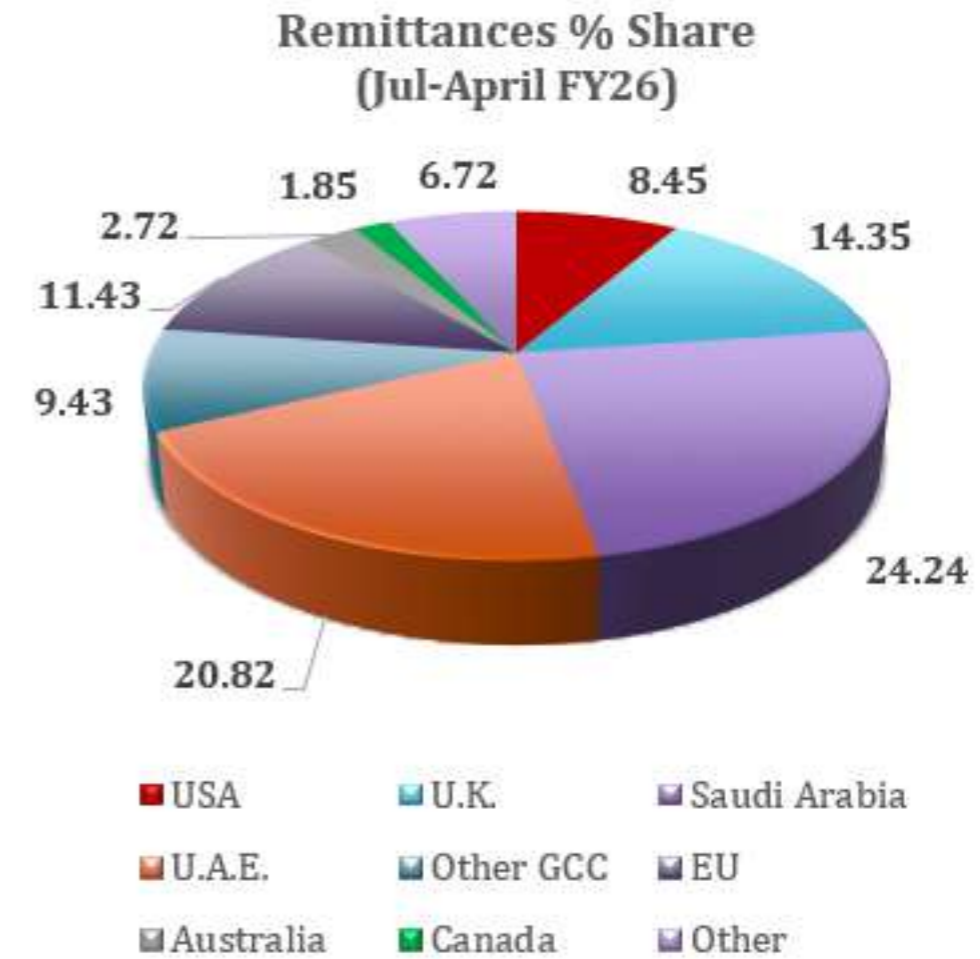
LSM (%)	Weight	March-26	March-25	Jul-March FY26 (%)
Food	10.69	53.67	(7.55)	9.77
Beverages	3.84	7.84	9.48	7.69
Tobacco	2.07	37.30	(25.23)	11.70
Textile	18.16	(3.34)	5.15	0.75
Wearing Apparel	6.08	1.79	(0.41)	6.60
Coke & Petroleum Products	6.66	3.39	5.94	10.92
Rubber Products	0.24	22.64	(3.50)	14.26
Non Metallic Mineral Products	5.01	(7.12)	(5.10)	8.18
Fabricated Metal	0.42	(11.58)	(19.13)	7.26
Computer, electronics and Optical products	0.03	(1.10)	8.15	1.24
Electrical Equipment	2.05	26.36	(9.40)	11.87
Automobiles	3.10	61.35	18.80	61.66
Other transport Equipment	0.69	38.44	29.90	39.93
Furniture	0.51	90.70	(59.81)	20.45
Other Manufacturing (Football)	0.32	14.16	(23.11)	23.06
Leather Products	1.23	(4.94)	3.70	(2.25)
Wood Products	0.18	0.31	8.36	(1.50)
Paper & Board	1.63	(0.49)	2.11	0.06
Chemicals	6.48	(4.41)	(6.62)	(1.44)
Pharmaceuticals	5.15	(7.71)	4.62	(5.14)
Iron & Steel Products	3.45	(11.46)	(4.24)	(6.33)
Machinery and Equipment	0.39	140.65	(71.28)	(8.72)
LSM Growth for March 2026 (Y/Y)				<b>11.09%</b>
LSM Growth of March 2026 vs. February 2025 (M/M)				<b>(5.19)%</b>
LSM Jul-March FY26 (Cumulative)				<b>6.48%</b>

(Source: PBS)



# 5. WORKER'S REMITTANCES

As per the SBP, Pakistan received a monthly remittance inflow of \$3.54 billion in April 2026, recording a decline of 7.6% compared to \$3.81 billion in March 2026 on a M-o-M basis. Similarly, on a Y-o-Y comparison, the remittance inflows went up by 11.4% when compared to \$3.18 billion received a year ago in the same month.

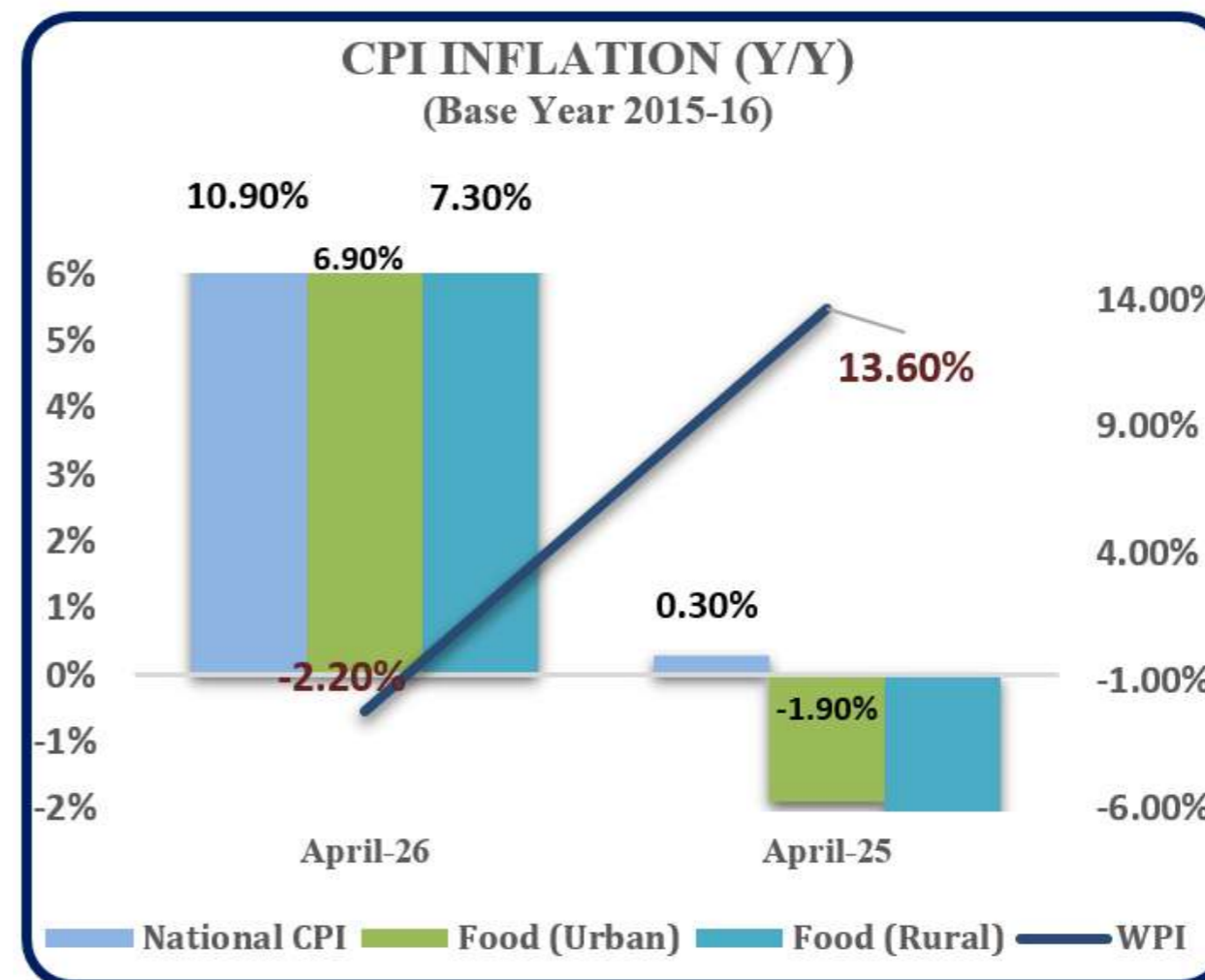


# 6. CONSUMER PRICE INDEX INFLATION

According to the PBS, the monthly inflation rate in April 2026 is reported at 10.9% on a Y-o-Y basis. Inflation is back to double digits after nearly 2 years; this increase in inflation is due to perishable food items and utilities, transport and education, seeing a rise in prices. Additionally, the food inflation rates in both the urban and rural areas rose to a level of 6.9% and 7.3%, respectively. The Wholesale Price Index (“WPI”) rose at a rate of 13.6% on a Y-o-Y basis in FY26, which was recorded at -2.2% in the same month of FY25. Moreover, on a M-o-M basis, the national CPI increased by 2.5%. Additionally, the Food inflation rate has risen by 2.3% and 0.9% in urban and rural areas, on a M-o-M basis, respectively. In April 2026, Core inflation, which is calculated by excluding energy and food items, rose by 8.0% and 8.5% in urban and rural areas on a Y-o-Y basis.

Group	Weight (%)	% Change over	
		March-26	April-25
Food	34.58	1.80	7.63
Non-perishable	29.60	0.14	7.26
Perishable	4.99	15.25	10.26
Utility	23.63	2.43	16.84
Health	2.79	0.31	7.08
Transport	5.91	15.47	29.88
Education	3.79	2.96	8.27
Restaurants & Hotels	6.92	0.72	5.28

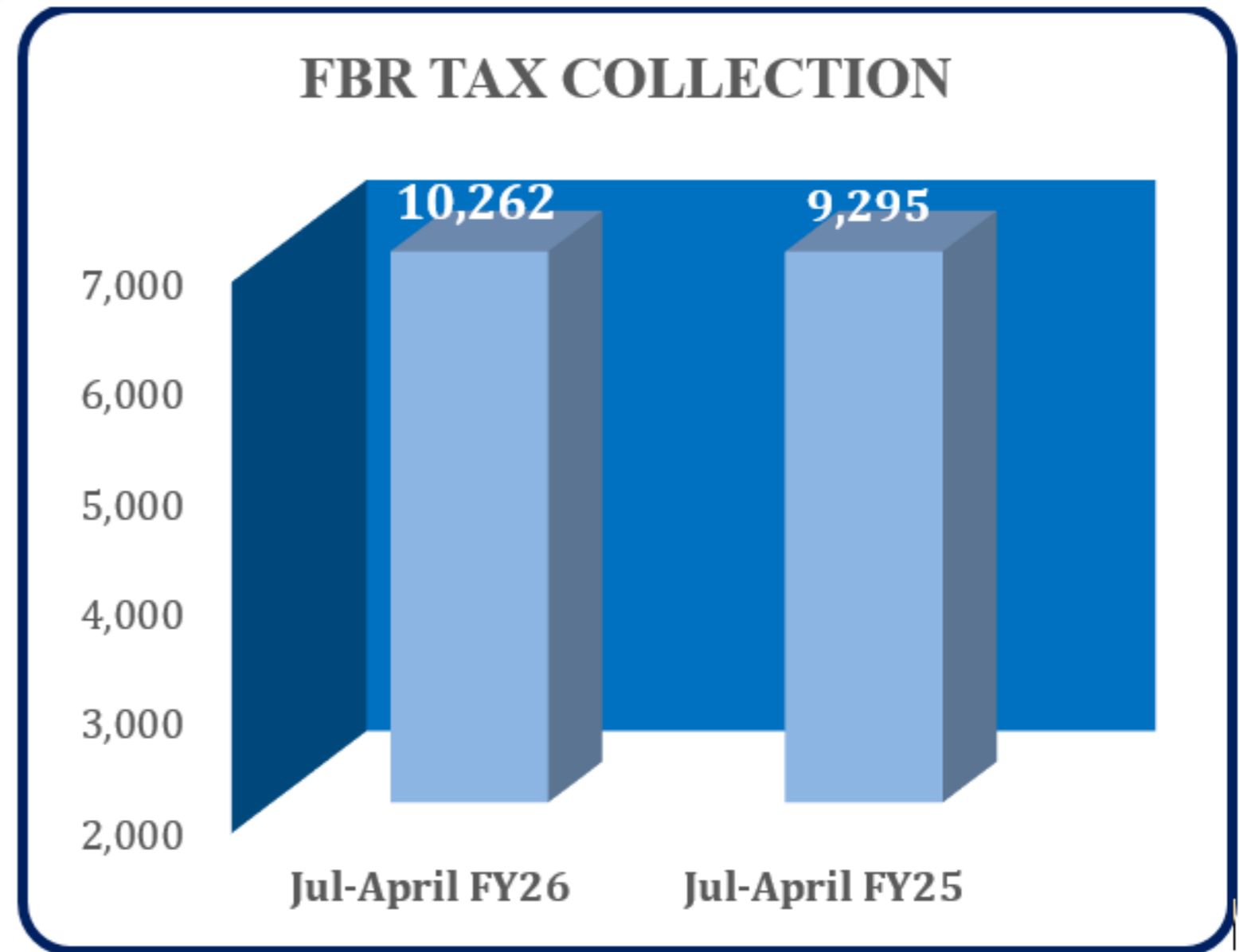
(Source: PBS)





# 7. FBR TAX REVENUE COLLECTION

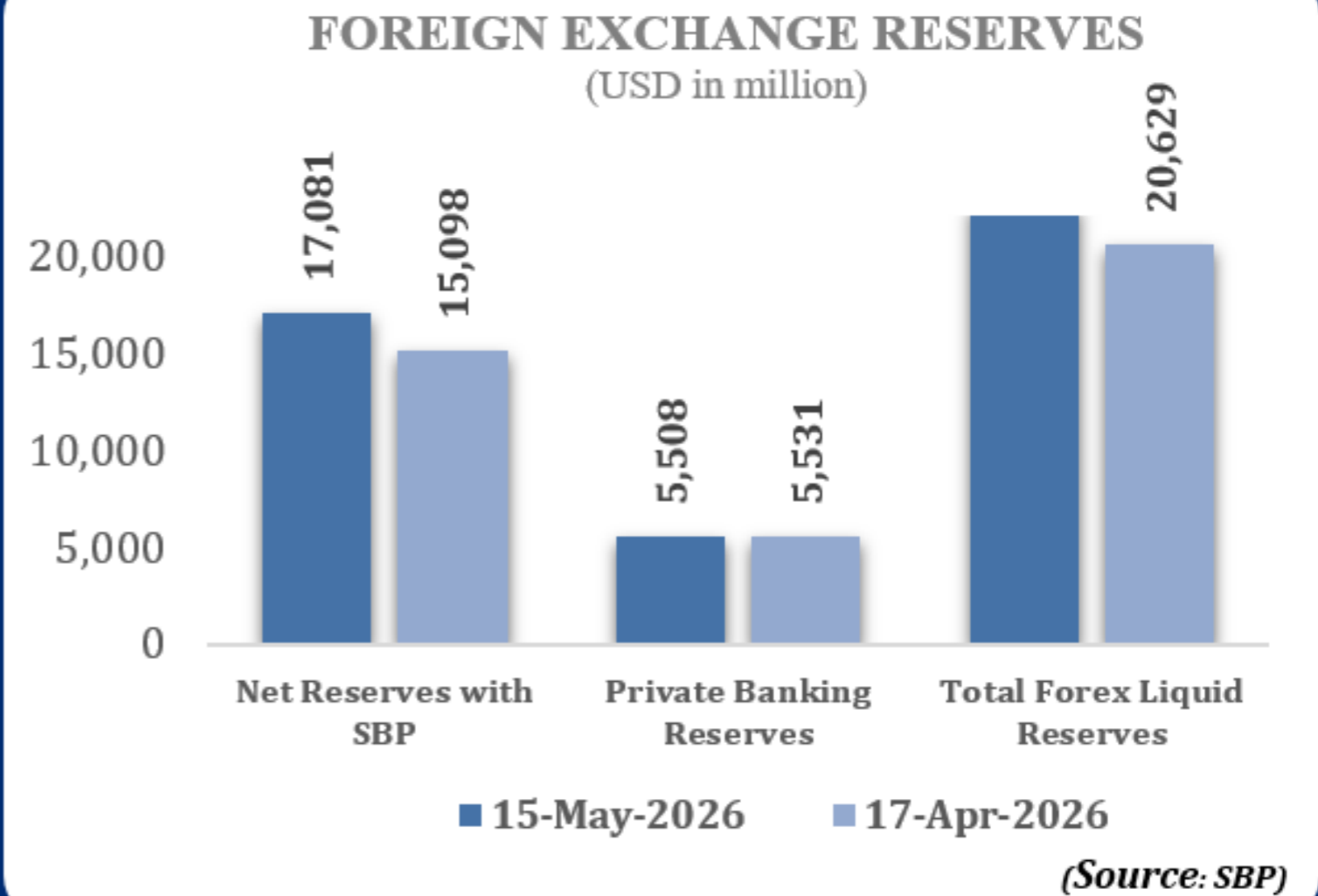
As per the data published by the FBR, the FBR collected PKR 10,262 billion worth of tax revenue in the ten months period of FY26 and failed to achieve its target of PKR 10,946 billion. As per the article by Mubarak Zeb Khan, published in Dawn titled, 'FBR misses July-April target by Rs684bn', "tax officials said, attributing much of the shortfall to disruptions linked to the ongoing Middle East conflict."





## 8. FOREIGN EXCHANGE RESERVES

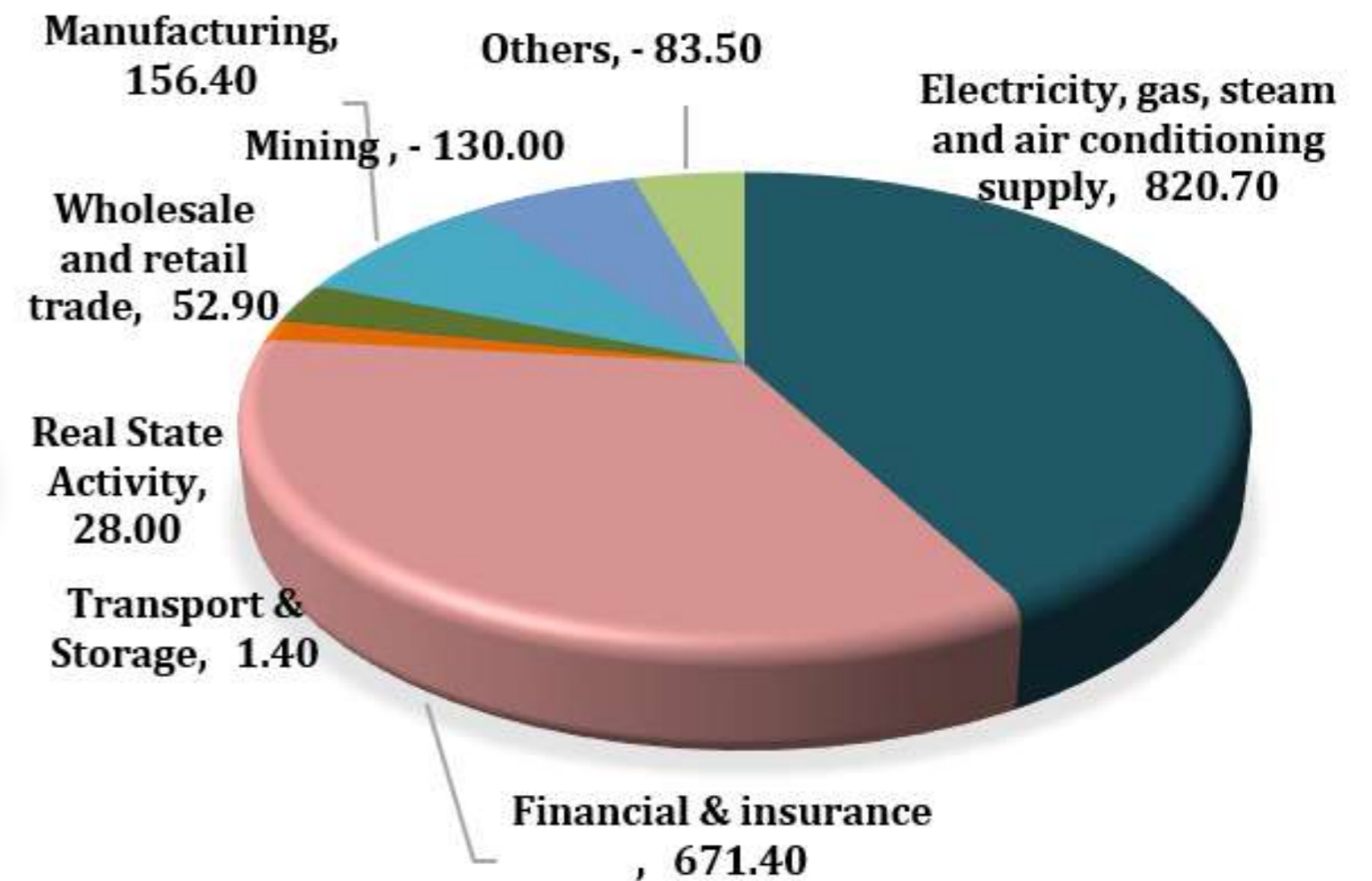
The Net foreign exchange reserves of the SBP stood at \$17.1 billion as of May 15th, 2026, representing an increase of 13.1%, or \$2.0 billion, compared to the previous month's reserves of \$15.1 billion on April 17th, 2026. Such increase in reserves is attributed to the loan tranche under the successful completion of the third review under Pakistan's Extended Fund Facility ("EFF") from IMF.



# 9. FOREIGN DIRECT INVESTMENT

Pakistan's net FDI has plunged by 30.8% or \$636 million to \$1,409 million provisionally during the Jul-April period of FY26, as compared to \$2,035 million during the same period of FY25. Whereas, the total Net Foreign Investment plunged by 97.8% or \$1,492 million to \$32 million only on a Y-o-Y basis in the Jul-April period of FY26 as against the amount of \$1,460 million in the same period of FY25. This Pie chart shows the percentage share of net inflows in different sectors of the Economy in the Jul-April period of FY26.

**NET FDI SECTOR WISE**  
(USD IN MILLION)



# 10. DEBT PROFILE

The total central Government debt, comprising of the Government's domestic debt and external debt, has surged to PKR 80.5 trillion by the end of March 2026, marking a substantial increase of almost 9.3% compared to the same month of the previous Fiscal Year. These figures underscore the significant escalation in the country's debt burden, signaling challenges in debt management and fiscal sustainability.

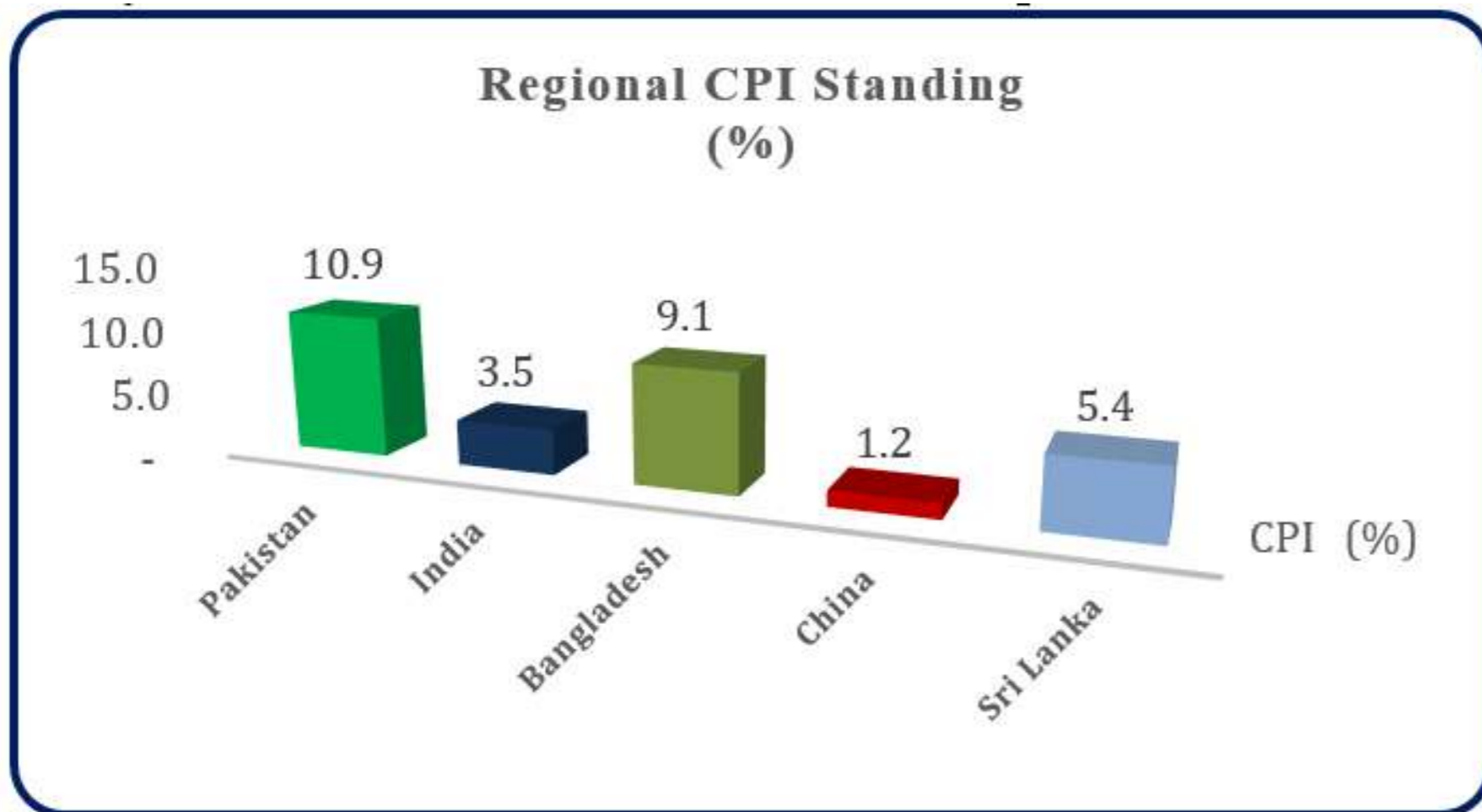


Pakistan's Total Debt & Liabilities			
(PKR in billion)	March-26	March-25	% change
Domestic Debt	57,566	51,518	11.7%
% of GDP	<b>50.2%</b>	<b>49.0%</b>	
External Debt	22,959	22,170	3.6%
% of GDP	<b>20.0%</b>	<b>21.1%</b>	
Total Debt	80,524	73,688	10.0%
% of GDP	<b>70.2</b>	<b>70.0%</b>	
Nominal GDP	114,694	105,143	9.27

(Source: SBP & MOF)

# 11. REGIONAL ANALYSIS

Compared to other countries in the region, the Pakistani rupee has remained stable against the USD over the past month; however, inflation may escalate due to energy price hike internationally amidst the uncertain situation in the Gulf region, given Pakistan's dependence on oil imports. Inflation in Bangladesh has risen to 9.1%. In Sri Lanka, the CPI has recorded an inflation of 5.4% in April 2026, driven by a decrease in Srilankan rupee. Meanwhile, India's inflation has increased to 3.5% from 3.0%, primarily due to rising energy prices. Additionally, China recorded inflation of 1.2% in April 2026.



Country	Local Currency Units per USD (As of 25th May)	Currency Appreciation (Depreciation) % Change Y-o-Y
Pakistan	278.6	1.5
India	95.6	(12.3)
Bangladesh	122.9	(1.0)
China	6.8	5.3
Sri Lanka	332.8	(11.1)

(Source: Trading Economics)





# OUTLOOK

Pakistan’s economy is expected to grow at around 3.2%–3.6% in FY26, below the Government’s target of 4.2%, reflecting a fragile and uneven recovery. The ongoing conflict in the Gulf region, particularly disruptions around the trade routes has weakened global growth and trade flows, directly impacting Pakistan’s external sector. Rising oil prices and cuts in development spending are likely to further slow economic momentum, keeping growth below potential.

Pakistan’s tax revenue outlook for FY26 remains challenging, as the original tax collection target of PKR 14.13 trillion set by the Federal Board of Revenue (“FBR”) has undergone successive downward revisions amid persistent revenue shortfalls and weakening macroeconomic conditions. During the third IMF review, the target was revised to PKR 13.43 trillion for FY26 and new target of PKR 15.26 trillion is set for FY27.

Pakistan’s economic outlook entering FY2026–27 remains highly polarized, as the economy continues to oscillate between IMF-led stabilization measures and the possibility of domestically driven growth-oriented reforms. While the Government remains committed to fiscal consolidation under the ongoing IMF programme, the continuation of aggressive taxation, contractionary monetary policies, and externally driven fiscal adjustments may constrain investment, industrial activity, and long-term economic sustainability. For a detailed comparative review of IMF-led budgetary measures and the domestically driven policy model budget, we have included our analysis in this report titled **Bipolar Pakistan’s Economy: Boom and Bust**.

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