

# MASHREQ GLOBAL DIGEST

## Pakistan

April 6 – April 12



This edition of Market Digest focuses on Pakistan's key macroeconomic indicators, along with updates on its financial and tech sectors, offering insights into current economic trends.

### Macroeconomic News

#### ADB Sees 2.5% Growth for Pakistan

The Asian Development Bank (ADB) expects Pakistan's economy to grow by 2.5% this fiscal year and 3% next year, as economic reforms begin to take effect. Supported by the IMF program, Pakistan has made progress in key areas like tax policy and energy sector reform, leading to greater macroeconomic stability. It is worth noting that The IMF has reached a staff-level agreement late March with Pakistan for a new \$1.3 billion climate resilience loan, which is part of the country's ongoing 37-month bailout program. This deal, pending board approval, will unlock additional funds and bring total disbursements under the program to \$2 billion.

Reference: [Arab News](#), [Reuters](#)



#### Pakistan's Inflation Hits 60-Year Low at 0.7% in March

In March 2025, Pakistan's annual inflation rate fell to just 0.7%—its lowest in six decades—down sharply from 20.7% a year earlier. This significant decline is attributed to economic reforms and policy measures by the central bank. However, inflation rose by 0.9% on a monthly basis, driven by increased prices of tomatoes, fruits, eggs, sugar, and readymade garments. Prime Minister Shehbaz Sharif welcomed the figures, calling them proof that the country's economy is heading in the right direction, with inflation staying historically low even during Ramadan.

Reference: [Arab News](#)

#### Pakistan Sees Growing Exports and Strengthens Trade Ties

Pakistan's exports to Europe rose by 9.4% during the first eight months of FY25 (from July 2024 to February 2025), largely driven by increased demand for textiles and garments, and the country's continued access to the EU's GSP Plus trade scheme. The EU remains Pakistan's second-largest trading partner, absorbing 28% of its exports. The EU recently extended the GSP+ scheme for another four years, supporting Pakistan's shift toward an export-led economy. In related news, Pakistan's bilateral trade with the UAE exceeded \$10.9 billion in FY24, reflecting a strong economic partnership between the two nations. Additionally, remittances from the Pakistani diaspora in the UAE are expected to surpass \$7 billion in FY25, further highlighting the robust ties.

Reference: [Arab News Pakistan](#), [Arab News](#)



#### IT and Minerals Tipped as Key to Pakistan's Economic Revival



Federal Finance Minister Muhammad Aurangzeb emphasized that Pakistan's Information Technology and mineral sectors will be key drivers of economic transformation under Prime Minister Shehbaz Sharif's leadership. Speaking at the Lahore Chamber of Commerce and Industry, he highlighted government efforts to reduce inflation and lower the interest rate from 22% to 12%, while also addressing foreign investor concerns and promising tax relief for the salaried class. He announced plans for privatizing 24 national entities, enhancing ease of doing business, and boosting investor confidence through reforms like profit repatriation and reduced human interaction.

Reference: [Mashriq TV](#)

#### Pakistan Cuts Power Prices Amid Economic Recovery

Pakistan will cut power prices for both domestic and industrial users, signaling economic recovery after its near-default crisis. Prime Minister Shehbaz Sharif credited power sector reforms and lower global oil prices for making the cuts possible. The tariff reduction, averaging 7.4 rupees per kilowatt-hour, follows efforts to stabilize the economy with IMF support.

Reference: [Reuters](#)



#### Pakistan Seeks Fresh Bids for PIA Privatization

Pakistan will seek new bids for the privatization of Pakistan International Airlines (PIA) later this month, after a previous attempt failed. The government plans to sell a 51-100% stake in the debt-ridden airline as part of reforms under a \$7 billion IMF program. Issues with taxation and PIA's balance sheet have been addressed, and a new Expression of Interest (EoI) will be published by April 2025, with the privatization targeted for completion by the end of the year. The government is also exploring options for selling PIA's Roosevelt Hotel in New York. It is worth noting that PIA posted an annual profit for the first time in over two decades, reporting a net profit of PKR 26.2 billion after deferred tax adjustments.

Reference: [Reuters](#), [Zawya](#)

#### Pakistan's Forex Reserves Edge Up to \$15.75 Billion

Pakistan's foreign exchange reserves rose slightly, with the State Bank of Pakistan (SBP) reporting a \$23 million increase to \$10.7 billion as of April 4. Total national reserves, including commercial banks, reached \$15.75 billion. Commercial banks' reserves grew by \$150 million to \$5.05 billion.

Reference: [The News](#)

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### IFC Commits \$300M to Pakistan's Reko Diq Project

The International Finance Corporation (IFC), a member of the World Bank Group, has committed \$300 million in debt financing for Pakistan's Reko Diq copper and gold mining project in Balochistan. With a total project cost of \$6.6 billion, it is expected to significantly boost exports, generate tax revenues, and create jobs. This initiative is part of the World Bank's broader plan to invest up to \$40 billion in Pakistan over the next decade, fostering economic growth and strengthening domestic supply chains.

Reference: [Reuters](#), [Arab News](#)



## Financial & Tech News

### Pakistan Seeks to Become a Crypto Hub

Changpeng Zhao, founder of Binance, was appointed as a strategic adviser to Pakistan's newly established Pakistan Crypto Council (PCC), an initiative aimed at integrating blockchain into the country's financial system. His role includes guiding regulation, infrastructure, and education, as well as advising on national initiatives like digital currency and crypto mining. This appointment comes as Pakistan looks to allocate surplus electricity to Bitcoin mining and AI data centers, turning energy challenges into economic opportunities. With over 15-20 million crypto users and a strong freelancer economy, the country aims to position itself as a regional hub for blockchain and digital innovation, despite hurdles like limited infrastructure.

Reference: [Aljazeera](#), [Reuters](#)



### Pakistan's Largest Mutual Fund IPO Raises \$170 Million

Lucky Investments Limited raised a record Rs50 billion (\$170 million) in Pakistan's largest-ever mutual fund IPO with its Lucky Islamic Money Market Fund, marking a significant milestone for Shariah-compliant investments in the country. This success reflects growing investor confidence in ethical financial products, supported by the expanding Islamic finance sector, which aims to increase its share of the banking system to 35% by 2025.

Reference: [Arab News Pakistan](#)

## Events

### Pakistan Seeks Global Investment in \$6 Trillion Mineral Sector

At the Pakistan Minerals Investment Forum, Prime Minister Shehbaz Sharif invited global investors from Saudi Arabia, China, the US, the EU, and others to tap into Pakistan's vast \$6 trillion mineral sector. Despite rich reserves, including copper, gold, and salt, Pakistan's mineral sector contributes only 3.2% to the GDP. Sharif emphasized that the country would no longer allow the export of raw materials but instead encourage investors to establish industries that export finished products. The country also unveiled a new National Minerals Harmonization Framework 2025 to ensure sustainable mining practices. U.S. official Eric Meyer expressed interest in securing deals for "critical minerals" and emphasized strengthening partnership.

Reference: [Arab News Pakistan](#), [Arab News Pakistan](#)

## Markets

### Market Dashboard

- Wall Street ended a volatile week with strong gains on Friday, as the S&P 500 rose 1.81%, the Dow gained 619 points, and the Nasdaq surged 2.06%. The rally followed positive remarks from President Trump about a potential trade deal with China, easing market concerns after a difficult Thursday. Despite dramatic swings during the week, the S&P 500, Nasdaq, and Dow posted gains of 5.7%, 7.3%, and nearly 5%, respectively. However, concerns over inflation and trade policies persist, especially after China retaliated with higher tariffs on U.S. products. Citi revised its year-end S&P 500 target to 5,800, down from 6,500, due to ongoing tariffs and signs of an economic slowdown.
- This week, Bitcoin has experienced a decline, falling below the \$80,000 mark amid ongoing tariff volatility and sluggish capital inflows. Despite a brief rally following Trump's tariff pause announcement, the price failed to sustain upward momentum, with technical indicators pointing to continued bearish pressure. ETF outflows and a drop in monthly capital flows further underscore market uncertainty, leaving Bitcoin vulnerable to further downside in the short term.
- Gold surged past \$3,200 this week, driven by a weaker U.S. dollar and escalating tensions in the U.S.-China trade war. Spot gold reached a record high of \$3,245.28 per ounce, up over 6% for the week, as investors flocked to the metal's safe-haven appeal. Additionally, expectations for U.S. Federal Reserve rate cuts, declining producer prices, and increased geopolitical instability have created an environment conducive to gold's rise, with the precious metal continuing to attract strong investment flows.
- Oil prices experienced volatility this week, rising by over \$1 on Friday due to concerns over potential U.S. restrictions on Iranian oil exports, which could reduce global supply. Goldman Sachs lowered its oil price forecasts, predicting Brent at \$62 and WTI at \$58 by December 2025, due to economic risks and increased OPEC+ supply. In a recession scenario, Brent could drop to \$50 by 2026, with a more extreme decline to under \$40 if global growth slows and OPEC+ cuts unwind.
- The U.S. dollar dropped to a three-year low against the euro and a 10-year low against the Swiss franc due to rising U.S.-China tariffs, fueling recession concerns and diminishing confidence in the dollar's safe-haven status.

Indicators	4-Apr-25	11-Apr-25	% Change
S&P 500	5,074.08	5,363.36	5.70%
Bitcoin	83,843.80	83,404.84	-0.52%
Gold	3,037.36	3,236.21	6.55%
Crude Oil	65.58	64.71	-1.33%
EUR/USD	1.1044	1.1364	2.90%

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