

# MASHREQ GLOBAL DIGEST

## Pakistan

January 11 – January 17

This edition of the Market Digest captures Pakistan's latest macroeconomic and financial developments, as well as key recent deals, offering a concise snapshot of the country's evolving economic direction.

### Macroeconomic News

#### Pakistan's Growth Forecast Cut to 3%

The World Bank has lowered Pakistan's economic growth forecast to 3% for the current fiscal year, down from the government's 4.2% target, due to challenges in agriculture, trade, and the aftermath of recent floods. Growth is expected to improve slightly to 3.4% next year, supported by agricultural recovery, reconstruction projects, improving industrial activity, and stronger bank lending. Inflation is projected to ease gradually, though external risks remain, including potential higher U.S. tariffs, rising imports, and pressure on the current account.

Reference: [Daily Times](#)

#### Pakistan Inflation Rises to 3.87%

Pakistan's weekly inflation rose 3.87% year-on-year in the week ended January 15, 2026, driven mainly by sharp increases in wheat flour (+34.9%) and gas charges for low-income households (+29.9%), intensifying pressure on poorer segments. While prices of essentials such as eggs, meat, sugar, milk, and clothing also increased, sharp declines in vegetable prices along with lower fuel costs, provided partial relief. On a week-on-week basis, inflation edged up 0.25%, led by rises in tomatoes, LPG, and wheat flour, highlighting uneven cost pressures across income groups.

Reference: [Pakistan Today](#)



#### Pakistan's Forex Reserves Climb to \$21.25B

Pakistan's total liquid foreign exchange reserves rose to \$21.25 billion as of January 9, 2026, according to the State Bank of Pakistan, reflecting gradually strengthening external buffers. Central bank reserves increased by \$16 million to \$16.07 billion, their highest level since FY21, supported by stronger remittance inflows and reserve management operations—an important cushion as Pakistan faces sizable external debt servicing and import financing needs.

Reference: [Pakistan Today](#)

#### Pakistan Overseas Jobs Up 5%, Remittances Up 9%

Pakistan recorded a 5% increase in overseas employment and a 9% rise in workers' remittances in 2025, providing a boost to foreign exchange inflows amid ongoing economic recovery efforts. About 762,499 Pakistanis found jobs abroad in 2025, while remittances reached around \$40 billion, supported by new labor mobility agreements with countries including Italy, Belarus, Iraq, and the resumption of Qatari work visas. The government sees overseas employment and remittances as key pillars in stabilizing external accounts under the IMF program.

Reference: [Arab News](#)

#### Pakistan Says Exports Must Double to Avoid IMF Return

Pakistan must double its exports to \$60 billion within four years to avoid returning to the IMF, Planning Minister Ahsan Iqbal said, highlighting the urgency of fixing the country's external imbalance. Under the government's URAAN Pakistan reform plan, Islamabad may declare an "export emergency" to fast-track tax refunds, remove structural bottlenecks, and boost competitiveness, as exports have fallen sharply this fiscal year while imports surged, widening the trade deficit. Economists warn the target is ambitious amid weak global growth, though stronger services exports could partly bridge the gap.

Reference: [Arab News](#)



#### Pakistan Targets 3,000 EV Charging Stations by 2030

Pakistan has unveiled a national roadmap to install 3,000 electric vehicle (EV) charging stations by 2030, including 240 stations planned for the current fiscal year, as part of its green mobility push. The plan, developed by the National Energy Efficiency and Conservation Authority (NEECA) and a private conglomerate, aims to address the country's limited and uneven charging infrastructure, which has slowed EV adoption. While regulatory support is in place, progress has been hampered by grid connection delays, customs and approval bottlenecks, leaving Pakistan's EV ecosystem still at an early stage despite growing policy momentum.

Reference: [Arab News](#)



### Financial/Tech News

#### Pakistan Explores Dollar-Linked Stablecoin in Deal with Trump-Linked Crypto Firm

Pakistan has signed an agreement with World Liberty Financial affiliate SC Financial Technologies to explore using the USD1 dollar-linked stablecoin for cross-border payments under a regulated framework. The move—one of the first publicly disclosed partnerships between the Trump-family-linked crypto venture and a sovereign state—aims to improve remittances and digital payments as Pakistan prepares a central bank digital currency pilot and finalizes virtual asset regulation, while officials stress the initiative is exploratory and subject to regulatory oversight.

Reference: [Reuters](#)

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### Pakistan Eyes 5G Rollout

Pakistan is moving ahead with plans for a 5G rollout after Prime Minister Shehbaz Sharif met with Ericsson to discuss using the company's global expertise in advanced telecom networks. With a 5G spectrum auction expected soon, the government sees next-generation connectivity as a driver of economic growth, productivity, and digital public services, supporting broader efforts to modernize the telecom sector and accelerate digital transformation.



Reference: [Arab News](#)

### Pakistan Expands Raast to Boost Remittances as Reserves Rise

Pakistan has allowed exchange companies to route home remittances through Raast, widening access to its real-time, low-cost digital payments network as part of a broader push toward a cashless economy. The State Bank of Pakistan said the move will improve efficiency, channel inflows through formal systems, and curb informal transfers, while total liquid foreign exchange reserves edged up to \$21.25 billion, with central bank holdings rising to \$16.07 billion.

Reference: [Arab News](#)

## Deals

### Pakistan in Talks to Convert Saudi Loans into Export Revenues

Pakistan is in discussions with Saudi Arabia to convert roughly \$2 billion of existing Saudi loans into an export deal for JF-17 fighter jets, according to Reuters. Under the proposed structure, the value of the aircraft would be offset against outstanding debt, reducing repayment obligations while generating export revenue and foreign-currency inflows. The talks highlight Pakistan's efforts to ease balance-of-payments pressure and monetize domestic manufacturing capacity, particularly as bilateral support from Gulf partners remains a key pillar of external financing.



Reference: [Reuters](#)

### Pakistan Expands Global Partnerships to Support Economic Recovery

Pakistan has recently intensified its economic outreach with key international partners as part of a broader effort to stabilize the economy and lay the groundwork for sustainable growth. Through high-level engagements with Saudi Arabia, Japan, the U.S., Bahrain, Morocco and the UAE, Islamabad has been actively promoting investment opportunities in minerals, energy, agriculture, IT, and infrastructure, while signaling a commitment to regulatory easing, policy coordination, and improved investor facilitation. These initiatives are aimed at attracting long-term foreign capital, expanding export capacity, and strengthening external accounts, reflecting a strategic shift toward growth-oriented reforms as Pakistan advances its recovery under the IMF-supported program.

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

## Markets

### Market Dashboard

- U.S. equities ended the week slightly lower and range-bound despite solid tech and bank earnings. Political uncertainty weighed on sentiment after President Trump signaled Kevin Hassett may remain in his current role, reducing expectations of a more dovish Federal Reserve. The S&P 500 fell 0.38%, the Nasdaq declined 0.66%, and the Dow slipped 0.29%. Markets are now pricing only a 20% chance of a March rate cut. Chip stocks outperformed, financials lagged, and a clear rotation into defensive and small-cap stocks pushed the Russell 2000 up about 2% to a record close.
- Bitcoin ended the week higher after pushing toward the \$97,000 level before easing slightly, extending its strong gains since late November, though momentum showed signs of cooling into the weekend. Despite the advance, experts warn that risks are rising, noting macro signals of an overheated market, including a divergence between rising gold and falling oil that has historically preceded pressure on risk assets like Bitcoin. As a result, many believe the rally may not be sustainable in the near term.
- Gold finished the week higher despite a sharp pullback on Friday, as profit-taking and easing geopolitical tensions weighed on prices after recent record highs. Spot gold fell more than 1% on the day but still gained about 1.9% for the week, marking a second consecutive weekly advance after hitting a fresh all-time high. Silver also retreated late in the week yet posted a strong weekly gain, while platinum and palladium eased on Friday but remained up over the week, as reduced safe-haven demand offset earlier momentum driven by geopolitical risk and expectations of stable interest rates.
- Oil prices ended the week higher, supported by short-covering ahead of the U.S. holiday weekend and lingering geopolitical concerns, with both benchmarks reaching multi-month highs during the week. Brent crude settled at \$64.13 and WTI at \$59.44 on Friday, recovering part of the sharp losses seen a day earlier after fears around Iran briefly eased. Despite the rebound, analysts note that ample global supply and the prospect of additional Venezuelan barrels are likely to cap further gains, keeping oil range-bound as geopolitical risk premiums fade.
- The U.S. dollar strengthened over the week, rising to its highest level in six weeks, as markets reassessed the outlook for U.S. monetary policy and Fed leadership. Comments suggesting Kevin Hassett may remain in his current role reduced expectations of a more dovish Federal Reserve, while solid U.S. economic data reinforced the view that rate cuts are unlikely in the near term, supporting the dollar's advance.

Indicators	9-Jan-26	16-Jan-26	% Change
S&P 500	6,966.28	6,940.01	-0.38%
Bitcoin	90,513.10	95,525.12	5.54%
Gold	4,510.45	4,595.03	1.88%
Crude Oil	63.34	64.13	1.25%
EUR/USD	1.1658	1.1609	-0.42%

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