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MONTHLY BULLETIN

JANUARY, 2026

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TOP STORIES

JANUARY-2026 BULLETIN

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- *FX Reserves – Rise by \$551.1M; SBP \$16.1B, banks \$5.2B.*
- *Digital Currency MoU – Stablecoin integration with Pakistan.*
- *Early Debt Repayment – Rs 3,654B retired early, improving fiscal profile.*
- *PIA Air-to-Rail – Seamless travel in Canada and UK.*
- *Climate Finance Needs – \$565.7B for NDC 3.0 targets.*
- *World Bank Visit – Economic cooperation and reform support.*
- *Trade & Remittances – Trade deficit \$22B; remittances \$3.59B in Dec 2025.*
- *Petroleum Prices – HSD up Rs 11.3; MS stable.*
- *Macroeconomic Outlook – Stability, surpluses, industrial recovery.*
- *Agriculture Sector – 2.9% growth; livestock +6.3%.*
- *Large-Scale Manufacturing – 6% YoY growth; strong industrial recovery.*
- *Inflation – CPI 5.6% YoY; easing trend continues.*
- *Fiscal & External Accounts – Fiscal surplus 0.8%; current account -\$1.2B.*
- *Capital Markets – KSE-100 rises; strong investor confidence.*
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- *Health & Governance – Sehat Sahulat changes; HC judge confirmations.*
- *Davos 2026 – Pakistan highlights reforms, investment, and innovation.*
- *Global Updates – Iran-US tension , US-Venezuela Development*
- *Financial Updates – Forex, Gold/Silver*
- *Tax World – FBR collections & Court Decisions.*



INTRODUCTION

This newsletter aims to provide a concise summary of the developments that influence Pakistan's economic landscape.

ECONOMIC EVENTS

- As of 23-Jan-2026, the foreign exchange reserves increased by \$551.1 million from last month Dec'25. The reserves held with SBP are \$16.101 billion and reserves with commercial banks stood at \$5.192 billion.

LIQUID FOREIGN EXCHANGE RESERVES (MILLION US\$)

END PERIOD	NET RESERVES WITH SBP	NET RESERVES WITH BANKS	TOTAL LIQUID FX RESERVES
02-Jan-26	16,055.7	5,136.7	21,192.4
09-Jan-26	16,071.8	5,176.6	21,248.4
16-Jan-26	16,087.7	5,170.5	21,258.2
23-Jan-26	16,101.1	5,192.2	21,293.3

- On January 14, 2026, Pakistan signed an MoU with SC Financial Technologies, an affiliate of World Liberty Financial, to explore using its USD1 stablecoin for regulated cross-border payments and integration with Pakistan's digital currency infrastructure. The agreement, signed by Finance Minister Muhammad Aurangzeb and World Liberty CEO Zach Witkoff, aims to promote innovation in digital payments while ensuring regulatory compliance and national interest, amid Pakistan's efforts to boost remittances and reduce cash reliance.



- **Pakistan has, for the first time, begun early repayment of domestic debt on an unprecedented scale, retiring Rs 3,654 billion over 14 months, including Rs 2,150 billion in FY2026 alone. Nearly 44% of SBP-held debt has been cleared early, reducing the central bank’s debt stock and improving the overall public debt profile. This move reflects a shift toward fiscal discipline, responsible economic management, and a lower debt-to-GDP ratio, strengthening Pakistan’s financial stability.**
- **Pakistan International Airlines (PIA) announced partnerships with rail services in Canada and the UK to offer seamless “air-to-rail” travel for passengers. Travelers can now book combined air and rail tickets to reach their final destinations without separate bookings. PIA passengers arriving in Toronto can connect to eight Canadian cities, while those in London or Manchester can access over 50 UK cities by train. Tickets can be conveniently booked through PIA offices, travel agents, the airline’s website, or mobile app.**
- **Pakistan will require an estimated \$565.7 billion by 2035 to meet its NDC 3.0 climate targets, including major emissions reductions, higher EV adoption, and a shift to renewable energy. Achieving these goals hinges on mobilising green-aligned capital, guided by the Pakistan Green Taxonomy (PGT) and strengthened ESG disclosure frameworks. The SECP’s revised ESG Disclosure Guidelines, now aligned with PGT and moving toward mandatory reporting by 2029–31 for public listed companies, aim to enhance transparency, attract sustainable investment, and support Pakistan’s climate transition.**
- **Suzuki Pakistan has unveiled its new global corporate philosophy, “Suzuki By Your Side,” reinforcing the brand’s commitment to deeper customer connection as part of a worldwide rollout. The philosophy emphasizes people-centric mobility, focusing on understanding evolving customer needs and delivering reliable, meaningful mobility solutions. Building on its legacy in Pakistan since 1983, Suzuki reiterates its promise of trust, care, and lifelong support, staying close to customers at every stage of their journey.**



- World Bank Group President Ajay Banga is visiting Pakistan to advance economic cooperation and align on reform priorities under the World Bank’s long-term engagement framework. His discussions with Pakistan’s leadership focus on macroeconomic stability, structural reforms, human capital development, energy, climate resilience, and private-sector-led growth. The visit reinforces the World Bank’s commitment to a 10-year Country Partnership Framework, envisaging substantial multilateral support tied to reform implementation and measurable development outcomes.
- Pakistan’s trade deficit widened 28.22% YoY to \$22.04 billion in the first seven months of FY26, driven by higher imports (+9.4% to \$40.23bn) and lower exports (-7.1% to \$18.20bn). In contrast, January 2026 showed improvement, with exports rising to \$3.06bn (+3.7% YoY) and imports easing to \$5.79bn. As a result, the January trade deficit fell 6.6% YoY to \$2.72bn and declined 28.5% month-on-month from December.
- In FY2025-26, workers’ remittances reached \$3.59 billion in December 2025, showing a 16.56% increase compared to \$3.08 billion in the same month of the previous fiscal year. Overall, remittances for the 6MFY26 rose by \$1.91 billion, totaling \$19.75 billion, up from \$17.84 billion during the corresponding period last year.

Year	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
FY-26	\$ 3.22 B	\$ 3.14 B	\$ 3.18 B	\$ 3.42 B	\$ 3.19 B	\$ 3.59 B
FY-25	\$ 2.99 B	\$ 2.94 B	\$ 2.86 B	\$ 3.05 B	\$ 2.92 B	\$ 3.08 B

Product	Prices as of 1st Jan (A)	Prices as of 16th Jan (B)	Prices as of 1st Feb (C)	Monthly Increase / Decrease (C-A)
MS (Petrol)	253.17	253.17	253.17	0
High-Speed Diesel (HSD)	257.08	257.08	268.38	11.3

Pakistan Monthly Economic Update & Outlook — January 2026

Here is the concise summary of Pakistan Monthly Economic Update & Outlook - January 2026, published by the State Bank of Pakistan (SBP). It presents an overview of key macroeconomic developments, sectoral performance, and the near-term economic outlook, highlighting major trends in growth, inflation, fiscal and external accounts, financial markets, and global economic conditions.

1- Overall Macroeconomic Performance

Pakistan completed the first half of FY26 with notable macroeconomic stability, supported by easing inflation, a recovery in industrial output, a stable exchange rate, and rising foreign exchange reserves. Fiscal discipline resulted in both fiscal and primary surpluses, while strong remittance inflows and improved investor confidence strengthened the overall economic environment. The government's Economic Governance Reforms are aimed at institutionalizing these gains and supporting sustainable, private-sector-led growth.

Key Macroeconomic Indicators

Indicator	Status
Inflation (Dec 2025)	5.6% YoY
FX Reserves (Jan 16, 2026)	\$ 21.3 bn
Exchange Rate	Stable (PKR 280/USD)
Fiscal Balance	Surplus
Market Sentiment	Strong

Trend Snapshot:

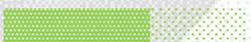
Macroeconomic Stability  (Strong)

2- Agriculture Sector Performance

The agriculture sector showed resilience and recovery, growing 2.9% in Q1-FY26, a significant improvement from last year. Growth was driven mainly by livestock, supported by lower input costs and increased credit availability. Although some crop segments remained under pressure, higher fertilizer usage, rising agricultural credit, and increased imports of farm machinery signal improving productivity prospects.

Indicator	FY26 Performance
Agriculture Growth (Q1)	2.90%
Livestock Growth	6.30%
Agri Credit (Jul–Dec)	Rs 1,411.6 bn (+11.4%)
Agri Machinery Imports	21.60%
Urea Offtake (Rabi)	26.10%

Momentum Indicator:

Agriculture Recovery  (Moderate–Strong)



3- Large-Scale Manufacturing (LSM)

LSM remained on a sustained recovery path, recording 6.0% growth during Jul–Nov FY26, the strongest performance in nearly a decade. Sixteen industrial sectors posted positive growth, led by automobiles, textiles, cement, food, and petroleum products. Strong domestic demand and improving credit conditions are reinforcing industrial expansion.

LSM & Industrial Output

Sector Highlight	YoY Growth
LSM (Jul–Nov)	6.00%
LSM (Nov 2025)	10.40%
Cars Production	56.10%
Trucks & Buses	89.40%
Cement Dispatches	9.70%

Industrial Trend:

LSM Growth  (Strong)

4- Inflation Developments

Inflation continued its gradual downward trend, with CPI easing to 5.6% YoY in December 2025. The average inflation rate for H1-FY26 stood at 5.2%, significantly lower than last year. Falling food prices—especially perishables—helped offset pressures from education, health, and energy-related costs.

Inflation Breakdown (YoY)

Category	% Change
Education	9.9
Health	7.7
Housing & Energy	6.9
Transport	4.9
Perishable Food	-20.1

Inflation Direction:

Inflation Trend  (Cooling)

5- Fiscal Sector Performance

Fiscal management remained on track, supported by revenue growth and a sharp decline in interest payments. The government achieved a consolidated fiscal surplus of 0.8% of GDP, while the primary surplus stood at 2.8% of GDP, reinforcing macroeconomic confidence and debt sustainability.

Fiscal Indicators (Jul–Nov FY26)

Indicator	Outcome
Fiscal Balance	+0.8% of GDP
Primary Balance	+2.8% of GDP
FBR Revenue Growth	9.50%
Interest Payments	-21.30%

Fiscal Health Gauge:

Fiscal Stability  (Strong)

6- External Sector Developments

The current account recorded a deficit of \$1.2 billion in H1-FY26 due to rising imports amid improving economic activity. However, robust remittances and strong IT services exports helped cushion external pressures and supported reserve accumulation.

External Sector Snapshot

Indicator	Value
Current Account Balance	-\$1.2 bn
Remittances	\$19.7 bn (+10.6%)
IT Services Exports	19.80%
Trade Deficit	\$17.6 bn
FX Reserves	\$21.3 bn

External Position:

External Stability  (Comfortable)



7- Capital Markets & Business Confidence

Capital markets remained exceptionally strong, with the PSX ranking among the world's top-performing markets. Rising market capitalization, strong index gains, and increased company incorporations reflect renewed investor confidence and improving business sentiment.

Capital Market Performance

Indicator	Status
KSE-100 Index	188,587
Market Capitalization	Rs 21.2 tn
Index Growth (YoY)	64%
New Company Registrations	28.70%

Market Sentiment:

Investor Confidence  (Very Strong)



POLITICAL FRONT

- Pakistan's passport ranking improved to 98th in the 2026 Henley Passport Index, up from 103rd in 2025, tied with Yemen and ranking above Iraq, Syria, and Afghanistan. The Pakistani passport now offers visa-free or visa-on-arrival access to 31 countries, with additional ETA facilities for Kenya, Seychelles, and Sri Lanka. Interior Minister Mohsin Naqvi welcomed the improvement, calling it a positive step after years of being among the world's lowest-ranked passports.
- The UAE and Pakistan, with leaders from both sides in agreement, approved a "pre-immigration clearance" system allowing Pakistani travelers to complete immigration in Pakistan and bypass long airport procedures in the UAE. The decision was made in a meeting between Interior Minister Mohsin Naqvi and UAE's Director General of Customs Ahmed Bin Lahij Al Falasi. The pilot will start in Karachi and later expand nationwide, aiming to facilitate travel and improve the overall experience for Pakistani nationals.
- Prime Minister Shehbaz Sharif announced a Rs4.4 per unit reduction in electricity rates and lower wheeling charges for industries, along with a cut in the export refinance rate from 7.5% to 4.5%, aiming to boost productivity and exports. He highlighted Pakistan's economic stabilization, with single-digit inflation and a 10.5% policy rate, while acknowledging ongoing challenges like poverty, unemployment, and high industrial costs. The premier emphasized export-led growth, support for SMEs, and collaboration with the private sector, praising business leaders for their role in strengthening the economy and awarded them blue passports as "ambassadors at large."
- Prime Minister Shehbaz Sharif reaffirmed Pakistan's commitment to strengthening trade and cooperation with the European Union, emphasizing the importance of the GSP+ status in boosting bilateral trade. He highlighted Pakistan's readiness to work with the EU on mutually beneficial initiatives in trade, investment, development, and other key areas. The EU ambassador appreciated Pakistan's engagement and confirmed continued support for trade enhancement, including the upcoming EU-Pakistan Business Forum. Pakistan's GSP+ status, granted in 2014 and extended until 2027, has significantly increased exports, with the country actively implementing 27 international conventions under the framework.

- The federal government will end direct funding for provincial health coverage, limiting the Sehat Sahulat Programme to AJK, GB, and ICT until June 2027. Health being a provincial subject, provinces are encouraged to implement their own contributory insurance schemes for vulnerable populations. Future plans include pilot projects and a gradual transition toward full social health insurance at the provincial level.
- President Asif Ali Zardari visited Bahrain for four days(13–16 January 2026), meeting King Hamad and Crown Prince Salman to enhance trade, investment, defence, and strategic ties. He was honoured with the Order of Shaikh Isa Bin Salman Al Khalifa, highlighting the enduring friendship between Pakistan and Bahrain.
- President Zardari visited the UAE (26–29 January 2026) to meet senior leadership and review cooperation in trade, economic, security, and people-to-people ties, reinforcing the strong bilateral relationship. During the visit, he also engaged with the UAE Minister of Tolerance and Coexistence, emphasizing dialogue, inclusivity, and peaceful coexistence. He praised the UAE’s model of social harmony as an example aligning with Pakistan’s commitment to interfaith respect and cultural diversity.
- President Asif Ali Zardari approved the confirmation of 27 additional judges of the Sindh, Lahore, and Peshawar High Courts on the recommendations of the Judicial Commission of Pakistan (JCP). This includes 10 judges for SHC, 11 for LHC, and 6 for PHC, along with six-month extensions for several additional judges across the three courts. The approvals were made on the advice of the prime minister, following JCP deliberations chaired by the Chief Justice of Pakistan.
- Punjab plans to replace petrol and diesel vehicles in government fleets with electric and hybrid vehicles, while new petrol pumps must install EV charging units. The province is also rolling out smog reduction measures like e-buses, drone surveillance, super seeders, and expanded air-quality monitoring, showing early success with a 60% drop in smog.
- A major under-invoicing and trade-based money laundering case involving the import of solar kits under the Sindh Solar Energy Project (SSEP) was exposed before a Senate committee. The FBR reported that solar kits declared at \$16–23 per unit were actually paid at about \$112 per unit by the World Bank, indicating large-scale tax evasion, fake invoicing, and foreign exchange violations. The case has been referred to NAB, Anti- Money Laundering authorities, and forensic audit, while the Senate panel strongly criticised the absence of the Economic Affairs Minister and senior officials, directing accountability action.



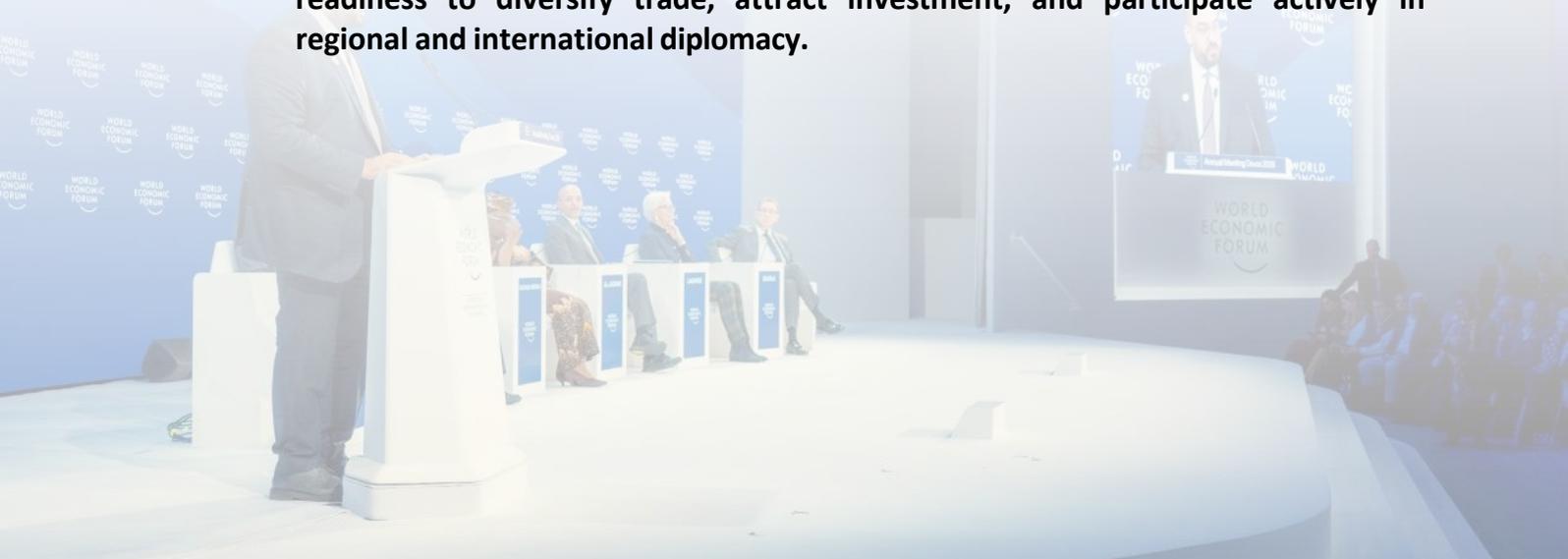
Pakistan at Davos 2026: Charting a Path from Stability to Growth

The World Economic Forum's Annual Meeting 2026 in Davos, Switzerland, brought together global leaders, policymakers, and business executives to discuss the challenges and opportunities shaping the world today.

From economic recovery and technological innovation to sustainability and geopolitical tensions, the five-day gathering set the stage for global dialogue and decision-making that will influence the coming years.

- Pakistan's Leadership Presence

- Pakistan was represented by a high-level delegation led by Prime Minister Shehbaz Sharif, alongside Foreign Minister Ishaq Dar, Finance & Revenue Minister Muhammad Aurangzeb, and Chief of Defence Staff Field Marshal Syed Asim Munir. Their collective presence highlighted Pakistan's commitment to economic reform, investment promotion, and constructive engagement in global affairs.
- The delegation used the forum to present a cohesive narrative of economic stabilization and reform, showcasing Pakistan's efforts to reduce fiscal deficits, increase tax revenue, and strengthen institutional frameworks. The leadership also engaged in bilateral discussions with key global partners, signaling Pakistan's readiness to diversify trade, attract investment, and participate actively in regional and international diplomacy.





KEY HIGHLIGHTS FOR PAKISTAN

- ***Economic Reforms & Stability:*** Pakistan emphasized macroeconomic consolidation, fiscal discipline, and steps to enhance investor confidence. Meetings with global financial institutions reaffirmed its commitment to sustainable economic policies.
- ***Investment Opportunities:*** The country highlighted sectors such as technology, digital finance, minerals, and value-added manufacturing, attracting commitments from international companies, including new expansions by global firms.
- ***Diplomatic Engagement:*** Pakistan strengthened ties with regional and global partners, promoting dialogue on multilateral cooperation, peace initiatives, and strategic partnerships.
- ***Future-Focused Policies:*** Emphasis on technology, innovation, and youth-led economic growth positions Pakistan as a forward-looking economy ready to integrate into global value chains.



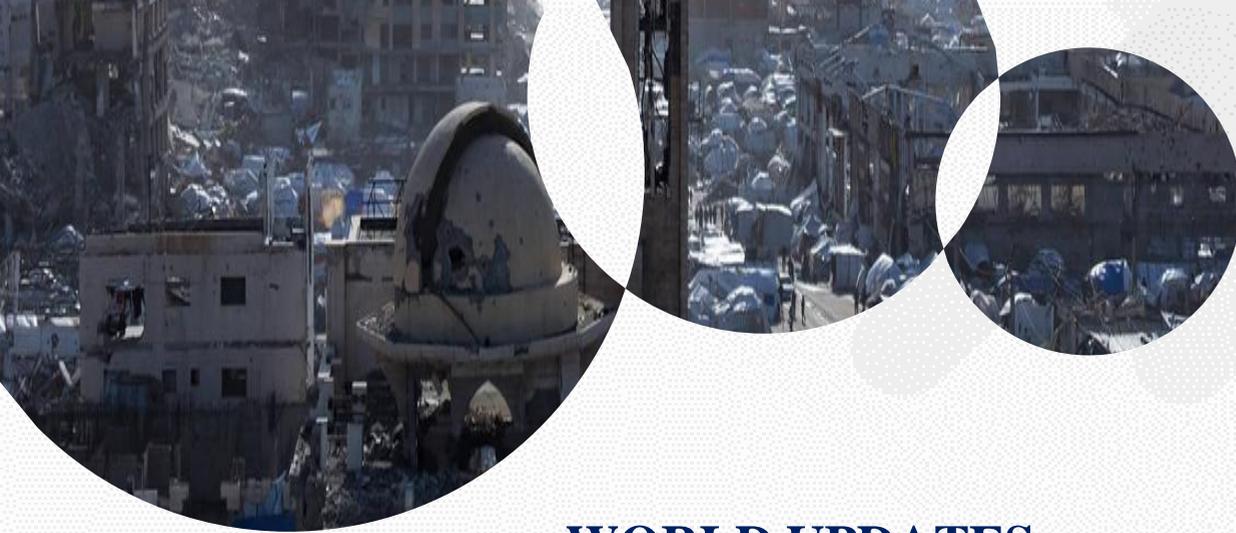
- Global Perspectives:

- ***United States:*** Focused on maintaining global economic stability, addressing inflationary pressures, and supporting innovation and trade partnerships worldwide.
- ***European Union:*** Highlighted the importance of sustainable development, green energy transition, and regulatory harmonization to support inclusive growth across member states.
- ***China:*** Emphasized digital infrastructure, Belt and Road initiatives, and strategic partnerships in trade and energy as key drivers of global economic influence.
- ***Gulf States (Saudi Arabia, UAE, Qatar):*** Stressed investment diversification, renewable energy projects, and regional economic integration as priorities for sustainable growth.
- ***United Kingdom:*** Focused on post-Brexit trade expansion, technological innovation, and governance reforms to boost international competitiveness.
- ***Japan:*** Highlighted fiscal prudence, industrial modernization, and leveraging technology for resilience against economic shocks and demographic challenges.

- Takeaways

Davos 2026 underscored the varied priorities of global powers: from sustainable growth and technological innovation to geopolitical strategy and economic resilience.

The forum reaffirmed the importance of multilateral dialogue, collaboration, and forward-looking policy-making in shaping the global economic and political landscape for the years ahead.



WORLD UPDATES

- The Gaza “Board of Peace”, launched on 22 January 2026 at Davos under UN Security Council Resolution 2803, aims to oversee a ceasefire, coordinate reconstruction, facilitate humanitarian aid, and support governance in Gaza. Chaired by U.S. President Donald Trump, it includes international figures and supervises the National Committee for the Administration of Gaza (NCAG) for day-to-day administration. Founding members include Pakistan, Turkey, Egypt, Qatar, Saudi Arabia, UAE, and others, while some Western nations have declined participation. The Board seeks to accelerate humanitarian relief, rebuild infrastructure, and stabilize governance, testing the sustainability of the fragile ceasefire and regional peace efforts.
- President Donald Trump has nominated former Federal Reserve Governor Kevin Warsh to succeed Jerome Powell as Fed Chair when his term ends in May, positioning a long-time critic of the central bank to advance a potential shift in monetary policy. If confirmed by the Senate, Warsh would lead the world’s most influential central bank amid renewed White House pressure for lower interest rates. Once known as an inflation hawk, Warsh now supports rate cuts and has called for a broad overhaul of the Fed’s policy framework.
- Starting 1 February 2026, the United States imposed new tariffs of 10% on imports from key European countries, including Denmark, Norway, Sweden, France, Germany, the Netherlands, Finland, and the UK, in connection with U.S. demands over Greenland and Arctic policy. These duties were set to rise to 25% by June 2026 if no diplomatic resolution was reached. The announcement sent immediate ripples through financial markets, weakening equities and raising concerns over trade disruptions.
- In January 2026, U.S. President Donald Trump renewed his interest in Greenland, citing its strategic importance for U.S. national security and Arctic influence amid growing competition from Russia and China. He proposed a broad, non-binding framework to Denmark and NATO that would give the United States expanded and long-term access to Greenland for defense, security, and strategic cooperation, rather than an immediate transfer of sovereignty. While Trump portrayed the framework as a pathway to deeper U.S. involvement and influence, Denmark and Greenland firmly rejected any notion of acquisition, stressing that discussions can only center on enhanced security cooperation within existing sovereignty arrangements

- In late January 2026, European Council President António Costa called an extraordinary EU summit in Brussels to discuss growing geopolitical tensions, including U.S. actions affecting Greenland, aiming to coordinate a unified European response. At the same time, NATO Secretary General Jens Stoltenberg briefed Nordic defence ministers on alliance measures to strengthen regional security and collective defence. The UK Prime Minister also addressed the nation, highlighting Britain's commitment to NATO solidarity and support for European partners. These meetings reflect urgent multilateral efforts to manage security risks, reinforce cooperation, and ensure stability amid evolving international challenges.
- The United States has paused immigrant visa processing for 75 countries, including Pakistan, from January 21, as the State Department reviews screening under the "public charge" rule. Consular officers have been instructed to halt visas while assessing applicants' risk of reliance on public welfare, considering factors like finances, health, and employment prospects. The suspension applies to all immigrant visa categories, with only limited exceptions, and has no set timeline for resumption, potentially affecting family and employment-based migration from Pakistan.
- Australia's world-first ban on social media use for under-16s is showing rapid impact, with platforms disabling around 4.7 million underage accounts within a month of the law taking effect. Early compliance data from the eSafety Commissioner indicates strong cooperation by major platforms, backed by clear regulatory guidance and public awareness efforts. While full compliance will take time as age-verification systems mature, authorities view the rollout as smooth and effective. The government has also initiated long-term research to assess the policy's impact on children's mental health.
- In early January 2026, Lebanon took a major step toward solving its chronic energy challenges by signing an offshore gas development agreement deal with Total Energies, Qatar Energy, and Eni for offshore exploration in Block 8, aiming to boost domestic energy production. The country also received a major energy aid package, including fuel support from Egypt, strengthening its electricity supply and overall energy security.
- India and the European Union have concluded a long-awaited landmark trade agreement aimed at deepening economic ties and reducing reliance on U.S. trade amid global uncertainty. The deal will significantly lower tariffs on over 96% of traded goods, boost EU exports to India, and open India's protected market, including sharp cuts in duties on automobiles and alcoholic beverages. Once legally vetted, the agreement is expected to be implemented within a year, enhancing bilateral trade currently valued at \$136.5 billion.





Iran–U.S. Tensions: Protests, Diplomacy, and Conflict Risk

- Iran–U.S. tensions escalated after widespread protests erupted in Iran, initially driven by economic stress, inflation, and public frustration with governance. As demonstrations spread, Iranian authorities imposed strict security measures, framing the unrest as an internal matter. At the same time, the situation drew strong international attention, particularly from the United States, which openly criticized Tehran and increased political, economic, and military pressure, arguing concerns over regional security and Iran’s policies.
- From Tehran’s perspective, U.S. actions—including tougher sanctions, military signaling in nearby waters, and intelligence activity—are viewed as hostile interference and a violation of Iran’s sovereignty, aimed at weakening the state under the pretext of supporting human rights and stability. Washington, however, has stopped short of direct military action, aware that any strike could trigger a wider regional conflict and destabilize global energy markets.
- Importantly, many countries have refused to allow their airspace, bases, or logistical routes to be used for any attack on Iran. Several Gulf states, Turkey, and European countries have emphasized de-escalation, while others have quietly pushed for diplomacy to prevent miscalculation. This collective reluctance has significantly constrained military options, keeping the crisis contained for now and reinforcing diplomacy as the dominant path over open conflict.





U.S.–Venezuela Developments: Strategic and Financial Implications

- In January 2026, the United States undertook a high-profile military operation in Venezuela, resulting in the detention of President Nicolás Maduro. While the U.S. framed the operation as part of counter-narcotics and security measures, it has sparked international debate over sovereignty and potential breaches of international law, raising questions for global investors and policy observers.
- A key strategic driver is Venezuela’s vast oil reserves, among the largest in the world. Following the operation, the U.S. moved to ease certain sanctions, facilitating access for American companies to Venezuelan crude. This opens potential avenues for refining, trade, and export, offering corporate gains and strengthening U.S. energy security.
- Analysts note that while these developments could increase U.S. corporate revenues and influence in global energy markets, the broader economic benefit for ordinary Americans remains limited. Moreover, the operation has elicited international criticism, particularly from China, Russia, and regional blocs, highlighting the geopolitical and reputational risks associated with unilateral actions.
- For investors and financial strategists, the situation signals potential shifts in global oil supply dynamics, market volatility, and geopolitical risk premiums, underscoring the importance of closely monitoring developments in Latin America’s energy sector.

FINANCIAL WORLD

Forex Update

- The Inter Bank rate of PKR appreciated by Rs 0.30 against the Dollar in Jan'26 and closed at 280.20.
- The closing rate of major currencies on 30th Jan 2026;

INTER BANK RATES

Currency	Symbol	Bank Buying TT Clean	Bank Selling TT & OD
 Australian Dollar	AUD	195.99	196.34
 Canadian Dollar	CAD	206.97	207.34
 China Yuan	CNY	40.27	40.34
 Danish Krone	DKK	44.91	44.99
 Euro	EUR	333.72	334.32
 Hong Kong Dollar	HKD	35.83	35.89
 Japanese Yen	JPY	1.8177	1.821
 Saudi Riyal	SAR	74.58	74.71
 Singapore Dollar	SGD	220.89	221.29
 Swedish Korona	SEK	31.64	31.7
 Swiss Franc	CHF	364.34	364.99
 Thai Bhat	THB	8.92	8.93
 U.A.E Dirham	AED	76.17	76.31
 UK Pound Sterling	GBP	384.97	385.66
 US Dollar	USD	279.7	280.2



GOLD & SILVER UPDATES

- **Precious Metals Surge to New Heights**

In 2025, gold and silver emerged as standout performers in global markets, with both metals reaching multi-year highs as investors sought protection from inflation, currency volatility, and geopolitical uncertainty.

Gold rallied strongly, supported by continued central bank purchases and persistent safe-haven demand, while silver benefits from both investment demand and its industrial use cases. At peak prices, the combined market value of gold and silver assets exceeded \$7 trillion, reflecting extraordinary confidence in precious metals as a hedge against economic risk.

- **Jan 2026: Sudden Crash and Its Ripple Effects**

The rally came to an abrupt halt in January 2026. Gold prices dropped more than 10% from recent highs, and silver plunged roughly 25–30% in the space of days as profit-taking intensified. The sharp decline erased trillions in market value, slashed returns for retail and institutional investors, and triggered forced liquidations in leveraged positions.

Equity markets, especially metals and mining stocks, faced heightened volatility, and national holdings of gold reserves saw marked valuation declines. The episode underscored how swiftly sentiment can shift in commodities markets and how deeply such reversals can impact investor portfolios and broader financial stability.

CAPITAL & MONEY MARKET

- The State Bank of Pakistan kept the policy rate unchanged at 10.5%, as headline inflation eased to 5.6% in December 2025, though core inflation remains relatively high at 7.4%. Economic activity has improved more than expected, led by industry and agriculture, resulting in an upward revision of FY26 GDP growth to 3.75–4.75%. While higher imports and weaker exports widened the trade deficit, strong workers' remittances and stable global commodity prices kept the current account deficit under control, allowing FX reserves to rise to \$16.1 billion, with expectations to exceed \$18 billion by June 2026. Fiscal performance showed slower tax revenue growth, but lower interest payments helped maintain overall stability. Inflation is projected to remain within the 5–7% target range in FY26–FY27, supported by a positive real interest rate and a cautious policy stance.
- KIBOR prevailing rate as of Jan 30, 2026

KIBOR		
As on 30-Jan-26		
Tenor	BID	OFFER
1 Month	10.25	10.75
3 Month	10.23	10.48
6 Month	10.24	10.49
12 Month	10.24	10.74

- The KSE-100 Index closed at 184,174.48 points, reflecting a monthly increase of 10,120.16 points from 174,054.32 points. The KSE-100 Index has surged by 43,139.5 points over the past six months, driven by improving macroeconomic indicators, reduced interest rates, strong corporate earnings in the banking and energy sectors, and renewed investor confidence supported by ongoing economic reforms.



Important Economic Indicators as of 31st Jan 2026

Currency (PKR to USD) Rs. 280.20

Stock Market (KSE-100 Index) 184,178.48

Unemployment Rate 7.1% (E)

Inflation Rate 5.8%

Interest Rate 10.5%

Corporate Tax Rate 29%

Personal Income Tax Rate 35%

GDP Annual Growth 3.2% (E)

Consumer Confidence 41.8

Brent Crude Oil \$ 70.69/Bbl

WTI Crude Oil \$ 65.21/Bbl

Gold per Tola Rs. 522,131

TAX

TAX WORLD

- The Federal Constitutional Court (FCC) upheld the constitutionality of the super tax under Sections 4-B and 4-C of the Income Tax Ordinance 2001, affirming Parliament's exclusive authority to levy taxes and setting aside high court rulings that had challenged it. The decision secures over Rs310 billion in public revenue while allowing petroleum sector exemptions under existing concession agreements. The ruling clarifies that courts cannot alter tax rates or slabs.
- The Supreme Court ruled that audit observations by the Auditor General of Pakistan against federal or provincial entities cannot be used by tax authorities to initiate audits or proceedings against private taxpayers. Justice Munib Akhtar emphasized that the Auditor General and tax authorities operate under separate laws and distinct powers, which do not overlap. The decision arose from a sales tax case against a Diamond Filling & CNG station, Peshawar, where the court upheld that government audit findings cannot justify private sector tax actions. The court dismissed the tax department's appeal, reinforcing the separation of authority between the Auditor General and fiscal bodies.
- During the first six months of FY 2025-26, salaried employees led income tax payments, contributing Rs 266 billion which is Rs 23 billion more than the same period last year. Tax collection from real estate also improved, with PKR 87 billion from plot sales and PKR 39 billion from purchases. Federal government employees paid 8% more tax, while provincial employees' contributions declined. Overall, income tax collections exceeded PKR 3 trillion, though high-income traders largely remained outside the tax net.
- The Federal Board of Revenue (FBR) has collected Rs 7,176 billion during the first seven months (July–January) of FY 2025-26 against a target of Rs 7,521 billion, reflecting a shortfall of Rs 345 billion.
- In January 2026 alone, the FBR collected Rs 1,015 billion against a target of Rs 1,030 billion, showing a slight shortfall of Rs 15 billion but a robust month-on-month growth of 16%, surpassing the six-month average of 10–11% and marking a 16% increase over January last year. Income tax collections demonstrated significant improvement, rising to Rs 483 billion from Rs 381 billion last year, representing a 26% growth, driven by enhanced enforcement measures and recovery of amounts stuck in litigation. Sales tax collections also improved, reaching Rs 360 billion against Rs 322 billion last year, reflecting a 12% growth linked to the recovery in large-scale manufacturing.



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