

Day Break

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Analyst

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Economy

Apr-24: C/a Records Surplus of US\$ 0.49bn Supported by Favorable Trade Balance

- For the month of Apr-24, C/a balance registered a surplus of US\$ 0.49bn compared to a surplus of US\$ 0.43bn recorded during the month of Mar-24. This brings total C/a deficit to US\$ 0.20bn during 10MFY24, up by +3.7xy/y compared to US\$ 3.92bn in the same period last year.
- Country's export receipts were recorded at US\$ 2.63bn compared to last month's US\$ 2.53bn, inclining by +4%m/m and on a yearly basis up by +23%/y. import bill was recorded at US\$ 4.45bn, down by 3%m/m and up +23%/y.
- If surplus of more than US\$ 200mn is cumulatively recorded in the remaining months of FY24, the Pakistan is likely to end the year with a total surplus for the first time since 2021. Going forward, exports and remittances are likely to stabilize. Thus, C/a deficit is likely to remain manageable amid lower import demand.

We review current account balance numbers published for the month of Apr-24 by the State Bank of Pakistan (SBP).

Monthly current account surplus printed US\$ 0.49bn

For the month of Apr-24, C/a balance registered a surplus of US\$ 0.49bn compared to a surplus of US\$ 0.43bn recorded during the month of Mar-24. This brings total C/a deficit to US\$ 0.20bn during 10MFY24, up by +3.7xy/y compared to US\$ 3.92bn in the same period last year. C/a surplus was recorded during the month as trade balance reduced despite lower remittances and income balance.

Exhibit: Export and Remittances coverage

Export and Remittance coverage of total import comes positively as imports dropped

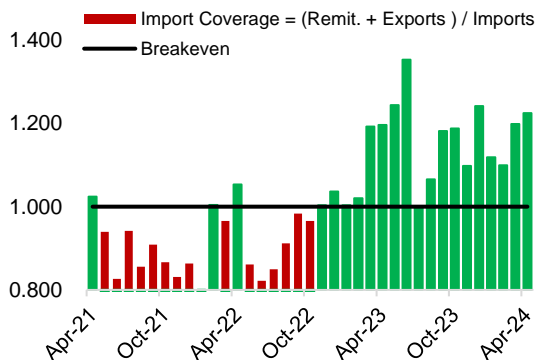
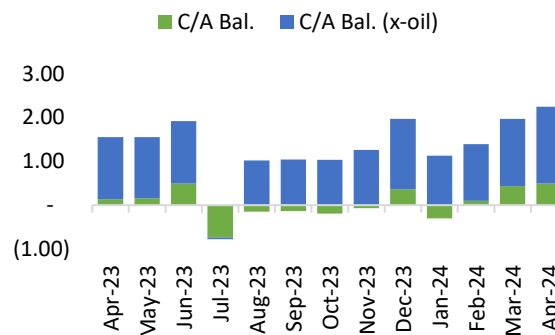


Exhibit: C/a trend (in US\$ bn)

Current account trend with and without oil imports since Apr-23



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance								
US\$ mn	Apr-24	Mar-24	m/m	Apr-23	y/y	10MFY24	10MFY23	y/y
Exports (G)	2,634	2,528	4%	2,135	23%	25,669	23,200	11%
Imports (G)	4,447	4,572	-3%	3,622	23%	43,353	45,766	-5%
Trade Bal.	(1,813)	(2,044)	-11%	(1,487)	22%	(17,684)	(22,566)	-22%
Services Bal.	(187)	(153)	22%	(171)	9%	(1,906)	(545)	250%
Remittances	2,812	2,954	-5%	2,198	28%	23,850	23,043	4%
Income Bal.	2,491	2,631	-5%	1,792	39%	19,388	19,191	1%
C/a Bal.	491	434	13%	134	266%	(202)	(3,920)	-95%
C/a Bal. (x-oil)	1,752	1,533	14%	1,418	24%	11,639	11,437	2%

Source: SBP, IGI Research

Exports increased by +4%/m/m

For the month, the country's export receipts were recorded at US\$ 2.63bn compared to last month's US\$ 2.53bn, inclining by +4%/m/m and on a yearly basis up by +23%/y/y. Apr-24 monthly export number stands above its FY23 monthly average export number of US\$ 2.3bn. During the month, lower numbers were largely supported by increase in other manufacturing exports and rices exports despite drop in overall food and textile exports.

Exhibit: Monthly Trade Break-up Commodity wise								
US\$ mn	Apr-24	Mar-24	m/m	Apr-23	y/y	10MFY24	10MFY23	y/y
Exports (G)	2,634	2,528	4%	2,101	25%	25,689	23,178	11%
Food Exports	607	611	-1%	472	29%	5,963	3,919	52%
Textile Exports	1,298	1,361	-5%	1,177	10%	13,551	14,111	-4%
Other Exports	728	556	31%	452	61%	6,175	5,149	20%
Imports (G)	4,447	4,572	-3%	3,622	23%	43,353	45,766	-5%
Food Imports	494	752	-34%	554	-11%	6,176	6,946	-11%
Machinery Imports	760	732	4%	306	148%	5,936	3,877	53%
Transport Imports	117	125	-6%	99	18%	1,265	1,111	14%
Petroleum Imports	1,261	1,099	15%	1,284	-2%	11,841	15,357	-23%
Other Imports	1,815	1,864	-3%	1,378	32%	18,135	18,475	-2%

Source: SBP, IGI Research

Imports declined by 3%/m/m during Apr-24

During the month of Apr-24, the country's import bill was recorded at US\$ 4.45bn, down by 3%/m/m and up +23%/y/y. During the month, food,

transport and other imports declined, while machinery, petroleum, agriculture/chemical and textile imports increased.

Remittances down by 5%*m/m*

During the month of Apr-24, remittances were recorded at US\$ 2.81bn compared to the previous month of US\$ 2.95bn; down by 5%*m/m*. Major decline in inflows came from USA and UK to the tune of US\$ 0.33bn and US\$ 0.40bn respectively while remittance from Saudi Arabia inclined by +1%*m/m* to US\$ 0.71bn.

Exhibit: Monthly Remittances Break-up Country wise								
US\$ mn	Apr-24	Mar-24	m/m	Apr-23	y/y	10MFY24	10MFY23	y/y
USA	329	373	-12%	272	21%	2,849	2,638	8%
U.K.	403	462	-13%	354	14%	3,561	3,423	4%
Saudi Arabia	712	703	1%	490	45%	5,796	5,493	6%
UAE	542	548	-1%	380	43%	4,212	3,995	5%
Other GCC	288	303	-5%	250	15%	2,565	2,675	-4%
EU	298	315	-5%	258	16%	2,861	2,605	10%
Other	239	251	-5%	195	22%	2,004	2,213	-9%
Total	2,812	2,954	-5%	2,198	28%	23,849	23,043	3%

Source: SBP, IGI Research

Outlook

If surplus of more than US\$ 200mn is cumulatively recorded in the remaining months of FY24, the Pakistan is likely to end the year with a total surplus for the first time since 20211. Going forward, exports and remittances are likely to stabilize. Thus, C/a deficit is likely to remain manageable amid lower import demand.

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