

Analyst

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Economy

Aug-24: C/a Records Surplus of US\$ 0.08bn Led by Lower Trade and Primary Income Deficit

- For the month of Aug-24, C/a balance registered a surplus of US\$ 0.08bn compared to a deficit of US\$ 0.25bn recorded during the month of Jul-24. C/a deficit recorded a surplus of US\$ 0.08bn in Aug-24 compared to a deficit of US\$ 0.15bn in Aug-23. C/a recorded a surplus in Aug-24 on monthly basis mainly due to lower trade and primary income deficit.
- Pakistan's export receipts were recorded at US\$ 2.49bn compared to last month's US\$ 2.37bn, increasing by +5%/m and on a yearly basis up by +3%/y. country's import bill was recorded at US\$ 4.72bn, down by 2%/m and up by +11%/y.
- C/a deficit declined during the month mainly due to lower primary income and trade deficit. Although remittances witnessed a decline in Aug-24, however, increase in exports and drop in imports contributed to a C/a surplus. Going forward, C/a deficit is likely to increase in FY25 but remain manageable owing to continued balance between trade deficit and remittances.

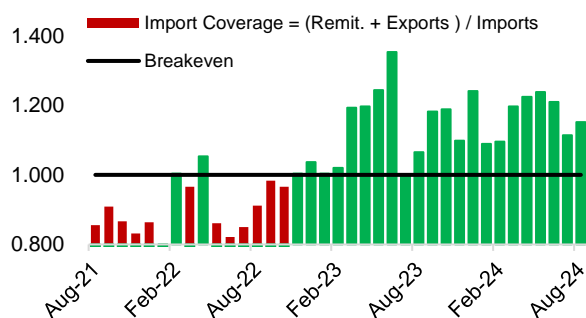
We review current account balance numbers published for the month of Aug-24 by the State Bank of Pakistan (SBP).

Monthly current account printed US\$ 0.08bn surplus

For the month of Aug-24, C/a balance registered a surplus of US\$ 0.08bn compared to a deficit of US\$ 0.25bn recorded during the month of Jul-24. C/a deficit recorded a surplus of US\$ 0.08bn in Aug-24 compared to a deficit of US\$ 0.15bn in Aug-23. C/a recorded a surplus in Aug-24 on monthly basis mainly due to lower trade and primary income deficit. This brings total C/a deficit for 2MFY25 to US\$ 0.17bn, down by 81%/y, compared to US\$ 0.89bn in the same period last year

Exhibit: Export and Remittances coverage

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



Source: SBP, IGI Research

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

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

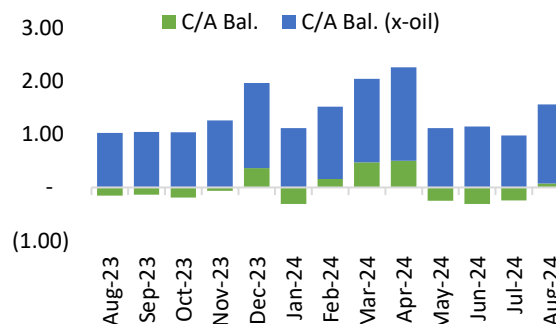


Exhibit: Monthly Current Account Balance								
US\$ mn	Aug-24	Jul-24	m/m	Aug-23	y/y	2MFY25	2MFY24	y/y
Exports (G)	2,488	2,374	5%	2,418	3%	4,862	4,536	7%
Imports (G)	4,715	4,819	-2%	4,234	11%	9,534	8,376	14%
Trade Bal.	(2,227)	(2,445)	-9%	(1,816)	23%	(4,672)	(3,840)	22%
Services Bal.	(280)	(191)	47%	(220)	27%	(471)	(481)	-2%
Remittances	2,943	2,995	-2%	2,095	40%	5,938	4,124	44%
Income Bal.	2,582	2,390	8%	1,884	37%	4,972	3,428	45%
C/a Bal.	75	(246)	-130%	(152)	-149%	(171)	(893)	-81%
C/a Bal. (x-oil)	1,484	978	52%	1,023	45%	2,462	989	149%

Source: SBP, IGI Research

Exports inclined by +5%m/m

For the month, the country's export receipts were recorded at US\$ 2.49bn compared to last month's US\$ 2.37bn, increasing by +5%m/m and on a yearly basis up by +3%/y/y. Aug-24 monthly export number stands below its FY24 monthly average export number of US\$ 2.59bn. During the month higher numbers were largely supported by growth in textile, other manufacturing and other exports despite decline in food and petroleum exports.

Exhibit: Monthly Trade Break-up Commodity wise								
US\$ mn	Aug-24	Jul-24	m/m	Aug-23	y/y	2MFY25	2MFY24	y/y
Exports (G)	2,488	2,374	5%	2,425	3%	4,862	4,545	7%
Food Exports	492	545	-10%	392	25%	1,037	766	35%
Textile Exports	1,407	1,376	2%	1,415	-1%	2,783	2,735	2%
Other Exports	589	453	30%	618	-5%	1,042	1,044	0%
Imports (G)	4,715	4,819	-2%	4,234	11%	9,534	8,376	14%
Food Imports	509	536	-5%	605	-16%	1,044	1,236	-16%
Machinery Imports	638	898	-29%	514	24%	1,536	951	62%
Transport Imports	147	148	-1%	137	7%	295	292	1%
Petroleum Imports	1,409	1,224	15%	1,175	20%	2,633	1,882	40%
Other Imports	2,012	2,014	0%	1,804	12%	4,026	4,014	0%

Source: SBP, IGI Research

Imports declined by 2%m/m during Aug-24

During the month of Aug-24, the country's import bill was recorded at US\$ 4.72bn, down by 2%m/m and up by +11%/y/y. During the month, Food, Machinery, Metal and Agri declined while Petroleum, Textile and all other imports increased.

Remittances down by 2%/m/m

During the month of Aug-24, remittances were recorded at US\$ 2.94bn compared to the previous month of US\$ 3.0bn; down by 2%/m/m. Major increase in inflows came from USA, UK and EU to the tune of US\$ 0.32bn, US\$ 0.48bn and US\$ 0.38bn, however, major decline was witnessed from UAE and Saudi Arabia to the tune of US\$ 0.54bn and US\$ 0.71bn respectively.

Exhibit: Monthly Remittances Break-up Country wise								
US\$ mn	Aug-24	Jul-24	m/m	Aug-23	y/y	2MFY25	2MFY24	y/y
USA	322	300	7%	263	23%	622	504	24%
U.K.	475	443	7%	330	44%	918	636	44%
Saudi Arabia	713	760	-6%	491	45%	1,473	978	51%
UAE	538	611	-12%	308	75%	1,150	624	84%
Other GCC	281	288	-2%	245	15%	570	473	20%
EU	376	351	7%	291	29%	727	574	27%
Other	237	240	-1%	167	42%	477	334	43%
Total	2,943	2,994	-2%	2,095	40%	5,937	4,124	44%

Source: SBP, IGI Research

Outlook

C/a deficit declined during the month mainly due to lower primary income and trade deficit. Although remittances witnessed a decline in Aug-24, however, increase in exports and drop in imports contributed to a C/a surplus. Going forward, C/a deficit is likely to increase in FY25 but remain manageable owing to continued balance between trade deficit and remittances.

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