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Economy

Aug-25: C/a Reports Deficit of US\$ 245mn as Trade Deficit Shrinks

- For the month of Aug-25, C/a balance registered a deficit of US\$ 245mn compared to a deficit of US\$ 379mn recorded during the month of Jul-25. C/a recorded a deficit of US\$ 245mn in Aug-25 compared to a deficit of US\$ 82mn in Aug-24. On a monthly basis, C/a shrank in Aug-25 mainly due to lower trade deficit. This brings total C/a deficit for 2MFY26 to US\$ 624mn compared to US\$ 430mn in the same period last year.
- Pakistan's export receipts were recorded at US\$ 2.51bn compared to last month's US\$ 2.78bn, declining by 10%*m/m* and on a yearly basis up by +3%*y/y*. Country's import bill was recorded at US\$ 4.98bn, down by 8%*m/m* and up by +6%*y/y*.
- C/a deficit shrank in Aug-25 on a monthly basis mainly due to narrowed trade deficit as decline in imports outpaced exports. Moreover, remittances also witnessed a slight decline during the month. Going forward, C/a is likely to report a moderate deficit in FY26 on the back of rise in imports and subdued exports while temporary pressure is expected due to floods.

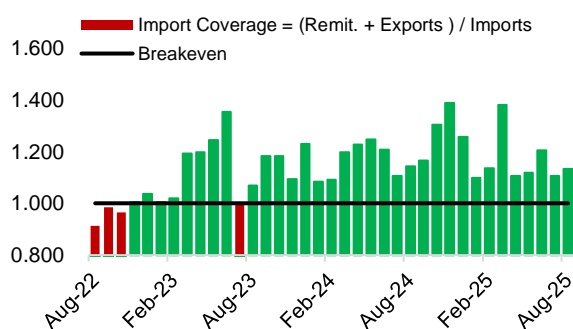
We review current account balance numbers published for the month of Aug-25 by the State Bank of Pakistan (SBP).

Monthly current account printed US\$ 245mn Deficit

For the month of Aug-25, C/a balance registered a deficit of US\$ 245mn compared to a deficit of US\$ 379mn recorded during the month of Jul-25. C/a recorded a deficit of US\$ 245mn in Aug-25 compared to a deficit of US\$ 82mn in Aug-24. On a monthly basis, C/a shrank in Aug-25 mainly due to lower trade deficit. This brings total C/a deficit for 2MFY26 to US\$ 624mn compared to US\$ 430mn 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-24

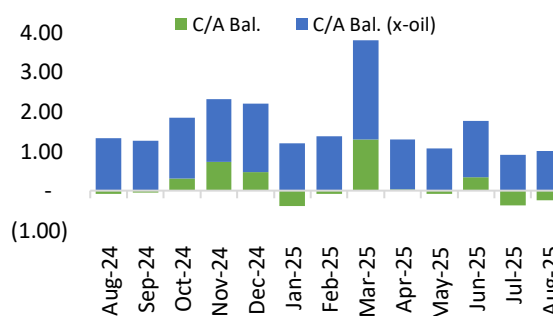


Exhibit: Monthly Current Account Balance

| US\$ mn | Aug-25 | Jul-25 | m/m | Aug-24 | y/y | 2MFY26 | 2MFY25 | y/y |
|------------------|---------|---------|------|---------|------|---------|---------|------|
| Exports (G) | 2,508 | 2,780 | -10% | 2,437 | 3% | 5,288 | 4,798 | 10% |
| Imports (G) | 4,984 | 5,417 | -8% | 4,709 | 6% | 10,401 | 9,558 | 9% |
| Trade Bal. | (2,476) | (2,637) | -6% | (2,272) | 9% | (5,113) | (4,760) | 7% |
| Services Bal. | (437) | (271) | 61% | (358) | 22% | (708) | (604) | 17% |
| Remittances | 3,138 | 3,214 | -2% | 2,943 | 7% | 6,352 | 5,937 | 7% |
| Income Bal. | 2,668 | 2,529 | 5% | 2,548 | 5% | 5,197 | 4,934 | 5% |
| C/a Bal. | (245) | (379) | -35% | (82) | 199% | (624) | (430) | 45% |
| C/a Bal. (x-oil) | 994 | 896 | 11% | 1,327 | -25% | 1,890 | 2,203 | -14% |

Source: SBP, IGI Research

Exports declined by 10% m/m during Aug-25

For the month, the country's export receipts were recorded at US\$ 2.51bn compared to last month's US\$ 2.78bn, declining by 10% m/m and on a yearly basis up by +3% y/y. Aug-25 monthly export number was below its FY25 monthly average export number of US\$ 2.69bn. During the month lower numbers were largely due to decline in Food, Textile, Petroleum and other manufacturing exports during the month. Petroleum exports were down due to no crude oil exports during the month.

Exhibit: Monthly Trade Break-up Commodity wise

| US\$ mn | Aug-25 | Jul-25 | m/m | Aug-24 | y/y | 2MFY26 | 2MFY25 | y/y |
|--------------------|--------------|--------------|-------------|--------------|-----------|---------------|--------------|-----------|
| Exports (G) | 2,508 | 2,780 | -10% | 2,477 | 1% | 5,288 | 4,851 | 9% |
| Food Exports | 346 | 419 | -17% | 492 | -30% | 765 | 1,037 | -26% |
| Textile Exports | 1,402 | 1,574 | -11% | 1,407 | 0% | 2,976 | 2,783 | 7% |
| Other Exports | 759 | 788 | -4% | 578 | 31% | 1,547 | 1,031 | 50% |
| Imports (G) | 4,984 | 5,417 | -8% | 4,709 | 6% | 10,401 | 9,558 | 9% |
| Food Imports | 632 | 608 | 4% | 509 | 24% | 1,240 | 1,044 | 19% |
| Machinery Imports | 752 | 892 | -16% | 638 | 18% | 1,644 | 1,536 | 7% |
| Transport Imports | 271 | 337 | -20% | 147 | 84% | 608 | 295 | 106% |
| Petroleum Imports | 1,239 | 1,275 | -3% | 1,409 | -12% | 2,514 | 2,633 | -5% |
| Other Imports | 2,091 | 2,304 | -9% | 2,006 | 4% | 4,396 | 4,050 | 9% |

Source: SBP, IGI Research

Imports dropped by 8% m/m during Aug-25

During the month of Aug-25, the country's import bill was recorded at US\$ 4.98bn, down by 8% m/m and up by +6% y/y. During the month, Machinery, Transport, Petroleum, Textile, Metal and Agriculture imports declined while Food and all other imports increased.

Remittances down by 2%m/m

During the month of Aug-25, remittances were recorded at US\$ 3.14bn compared to the previous month of US\$ 3.22bn; down by 2%m/m and up by +7%y/y. Major decline in inflows came from Saudi Arabia, UAE and USA while inflows from UK, EU and Other GCC increased during the month.

| Exhibit: Monthly Remittances Break-up Country wise | | | | | | | | |
|--|--------------|--------------|------------|--------------|-----------|--------------|--------------|-----------|
| US\$ mn | Aug-25 | Jul-25 | m/m | Aug-24 | y/y | 2MFY26 | 2MFY25 | y/y |
| USA | 267 | 270 | -1% | 322 | -17% | 537 | 622 | -14% |
| U.K. | 463 | 450 | 3% | 475 | -2% | 914 | 918 | -1% |
| Saudi Arabia | 737 | 824 | -11% | 713 | 3% | 1,560 | 1,473 | 6% |
| UAE | 643 | 665 | -3% | 538 | 19% | 1,308 | 1,150 | 14% |
| Other GCC | 304 | 296 | 3% | 281 | 8% | 600 | 570 | 5% |
| EU | 433 | 424 | 2% | 376 | 15% | 857 | 727 | 18% |
| Other | 291 | 285 | 2% | 237 | 23% | 576 | 477 | 21% |
| Total | 3,138 | 3,215 | -2% | 2,943 | 7% | 6,352 | 5,937 | 7% |

Source: SBP, IGI Research

Outlook

C/a deficit shrank in Aug-25 on a monthly basis mainly due to narrowed trade deficit as decline in imports outpaced exports. Moreover, remittances also witnessed a slight decline during the month. Going forward, C/a is likely to report a moderate deficit in FY26 on the back of rise in imports and subdued exports while temporary pressure is expected due to floods.

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