Day Break

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Economy

Aug-26: C/a Reports Deficit of US$ 98mn Led by Lower Trade Deficit and Higher Remittances

- For the month of Aug-26, C/a balance registered a deficit of US$ 98mn compared to a deficit of US$ 445mn recorded during the month of Jul-26. C/a recorded a deficit of US$ 98mn in Aug-26 compared to a deficit of US$ 324mn in Aug-25. On a monthly basis, C/a deficit narrowed in Aug-26 mainly due to higher remittances and lower trade deficit. This brings total C/a deficit for 2MFY27 to US$ 543mn compared to US$ 853mn deficit in 2MFY26.
- Pakistan's export receipts were recorded at US$ 2.46bn compared to last month's US$ 2.99bn, declining by 18%m/m while on yearly basis exports are marginally down by 1%y/y. import bill was recorded at US$ 5.49bn compared to US$ 6.15bn in Jul-26, declining by 11%m/m and up by +9%y/y.
- C/a deficit for Aug-26 narrowed mainly due to higher remittances and lower imports which was partially offset by decline in exports. Going forward, C/a is likely to remain in deficit led by higher imports while remittances are likely to contain overall current account deficit between SBP's target of 0-1% of GDP in FY27.

We review current account balance numbers published for the month of Aug-26 by the State Bank of Pakistan (SBP).

Monthly current account printed US$ 98mn deficit

For the month of Aug-26, C/a balance registered a deficit of US$ 98mn compared to a deficit of US$ 445mn recorded during the month of Jul-26. C/a recorded a deficit of US$ 98mn in Aug-26 compared to a deficit of US$ 324mn in Aug-25. On a monthly basis, C/a deficit narrowed in Aug-26 mainly due to higher remittances and lower trade deficit. This brings total C/a deficit for 2MFY27 to US$ 543mn compared to US$ 853mn deficit in 2MFY26.

Exhibit: Export and Remittances coverage

Export and Remittance coverage of total import comes positively despite decline in exports

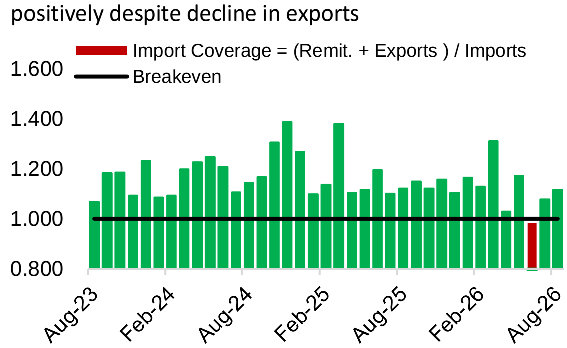
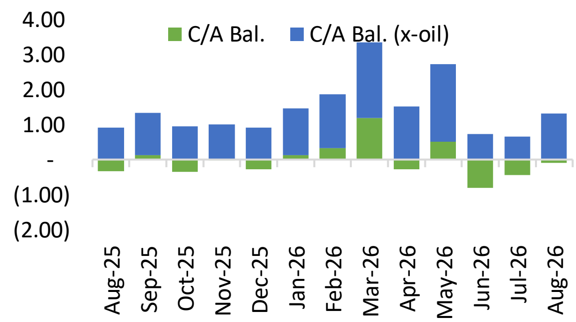


Exhibit: C/a trend (in US$ bn)

Current account trend with and without oil imports since Jul-25



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance

US$ mn	Aug-26	Jul-26	m/m	Aug-25	y/y	2MFY27	2MFY26	y/y
Exports (G)	2,460	2,985	-18%	2,488	-1%	5,445	5,238	4%
Imports (G)	5,486	6,149	-11%	5,020	9%	11,635	10,449	11%
Trade Bal.	(3,026)	(3,164)	-4%	(2,532)	20%	(6,190)	(5,211)	19%
Services Bal.	(286)	(276)	4%	(449)	-36%	(562)	(753)	-25%
Remittances	3,656	3,630	1%	3,138	17%	7,286	6,352	15%
Income Bal.	3,214	2,995	7%	2,657	21%	6,209	5,111	21%
C/a Bal.	**(98)**	**(445)**	**-78%**	**(324)**	**-70%**	**(543)**	**(853)**	**-36%**
C/a Bal. (x-oil)	**1,320**	**648**	**104%**	**915**	**44%**	**1,968**	**1,661**	**18%**

Source: SBP, IGI Research

Exports down on a monthly basis during Aug-26

For the month, the country's export receipts were recorded at US$ 2.46bn compared to last month's US$ 2.99bn, declining by 18%m/m while on yearly basis exports are marginally down by 1%y/y. Aug-26 monthly export number was lower compared to its last 12-month average export number of US$ 2.59bn. During the month lower numbers were largely due to drop in Textile, Food, Other Manufacturing Exports and Petroleum Exports.

Exhibit: Monthly Trade Break-up Commodity wise

US$ mn	Aug-26	Jul-26	m/m	Aug-25	y/y	2MFY27	2MFY26	y/y
Exports (G)	**2,460**	**2,985**	**-18%**	**2,496**	**-1%**	**5,445**	**5,276**	**3%**
Food Exports	384	452	-15%	346	11%	837	765	9%
Textile Exports	1,431	1,635	-12%	1,402	2%	3,066	2,976	3%
Other Exports	645	898	-28%	747	-14%	1,542	1,535	0%
Imports (G)	**5,486**	**6,149**	**-11%**	**5,020**	**9%**	**11,635**	**10,449**	**11%**
Food Imports	636	782	-19%	632	1%	1,419	1,240	14%
Machinery Imports	866	1,054	-18%	752	15%	1,920	1,644	17%
Transport Imports	316	432	-27%	282	12%	748	620	21%
Petroleum Imports	1,418	1,093	30%	1,239	14%	2,511	2,514	0%
Other Imports	2,250	2,787	-19%	2,116	6%	5,038	4,432	14%

Source: SBP, IGI Research

Imports down on monthly basis during Aug-26

During the month of Aug-26, the country's import bill was recorded at US$ 5.49bn compared to US$ 6.15bn in Jul-26, declining by 11%m/m and up by +9%y/y. During the month, Transport, Metal, Machinery, Textile, Food and Agriculture imports declined which was offset by US$ 325mn increase in Petroleum imports. Higher POL, crude and LNG imports led to overall increase in Petroleum imports while higher Palm oil under Food, Electrical Machinery and apparatus under Machinery imports, Motor Vehicles under Transport, and Plastic Materials under Agriculture imports led to overall decline in imports.

Remittances up by +1%m/m

During the month of Aug-26, remittances were recorded at US$ 3.66bn compared to the previous month of US$ 3.63bn; up by +1%m/m and up by +17%y/y. Major increase to inflows came from UK, UAE and EU during the month. Flows from Saudi Arabia, USA and Other GCC declined while inflows other countries (Australia primarily) increased by US$ 28mn during the month.

Exhibit: Monthly Remittances Break-up Country wise

US$ mn	Aug-26	Jul-26	m/m	Aug-25	y/y	2MFY27	2MFY26	y/y
USA	309	316	-2%	267	16%	625	537	16%
U.K.	564	555	1%	463	22%	1,119	914	22%
Saudi Arabia	873	914	-4%	737	19%	1,787	1,560	15%
UAE	750	737	2%	643	17%	1,487	1,308	14%
Other GCC	327	336	-3%	304	8%	663	600	10%
EU	496	461	7%	433	15%	957	857	12%
Other	338	310	9%	291	16%	648	577	12%
Total	**3,656**	**3,630**	**1%**	**3,138**	**17%**	**7,287**	**6,353**	**15%**

Source: SBP, IGI Research

Outlook

C/a deficit for Aug-26 narrowed mainly due to higher remittances and lower imports which was partially offset by decline in exports. Going forward, C/a is likely to remain in deficit led by higher imports while remittances are likely to contain overall current account deficit between SBP's target of 0-1% of GDP in FY27.

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