

Analyst

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Economy

Dec-24: C/a Records Surplus of US\$ 0.58bn Led by Lower Trade and Services Balance

- For Dec-24, C/a balance registered a surplus of US\$ 0.58bn compared to a surplus of US\$ 0.68bn recorded during the month of Nov-24. C/a deficit recorded a surplus of US\$ 0.58bn in Dec-24 compared to a surplus of US\$ 0.28bn in Dec-23. On a monthly basis surplus declined in Dec-24 mainly due to higher trade deficit while higher remittance restricted overall decline.
- Pakistan's export receipts were recorded at US\$ 3.05bn compared to last month's US\$ 2.75bn, inclining by +11%m/m and on a yearly basis up by +10%/y. Country's import bill was recorded at US\$ 4.78bn, up by +17%m/m and +15%/y.
- C/a recorded fifth consecutive surplus during Dec-24 mainly due to higher remittances and exports. Going forward, C/a deficit is likely remain manageable in FY25 owing to continued balance between trade deficit and remittances. In our view, higher remittances are likely to restrict C/a deficit to 0-1% of GDP in FY25.

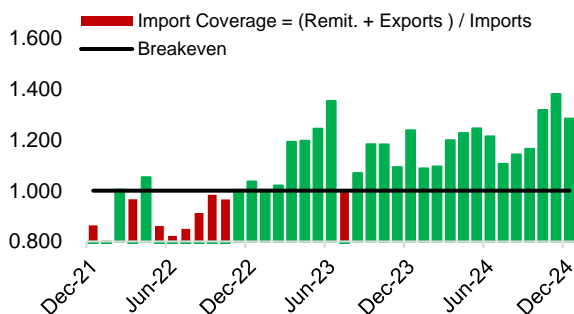
We review current account balance numbers published for the month of Nov-24 by the State Bank of Pakistan (SBP).

Monthly current account printed US\$ 0.58bn surplus

For the month of Dec-24, C/a balance registered a surplus of US\$ 0.58bn compared to a surplus of US\$ 0.68bn recorded during the month of Nov-24. C/a deficit recorded a surplus of US\$ 0.58bn in Dec-24 compared to a surplus of US\$ 0.28bn in Dec-23. On a monthly basis surplus declined in Dec-24 mainly due to higher trade deficit while higher remittance restricted overall decline. This brings total C/a surplus for 1HFY25 to US\$ 1.21bn, compared to deficit of US\$ 1.40bn 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 Dec-23

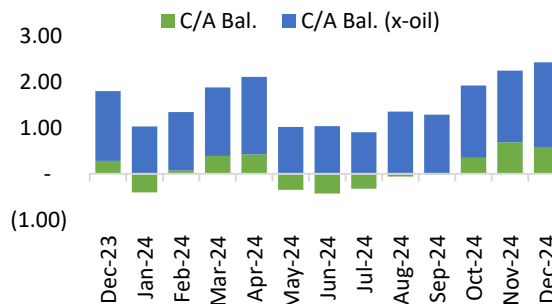


Exhibit: Monthly Current Account Balance

US\$ mn	Dec-24	Nov-24	m/m	Dec-23	y/y	1HFY25	1HFY24	y/y
Exports (G)	3,054	2,745	11%	2,782	10%	16,229	15,146	7%
Imports (G)	4,779	4,100	17%	4,173	15%	27,743	25,375	9%
Trade Bal.	(1,725)	(1,355)	27%	(1,391)	24%	(11,514)	(10,229)	13%
Services Bal.	(218)	(200)	9%	(101)	116%	(1,589)	(1,361)	17%
Remittances	3,079	2,915	6%	2,382	29%	17,846	13,436	33%
Income Bal.	2,525	2,239	13%	1,771	43%	14,313	10,193	40%
C/a Bal.	582	684	-15%	279	109%	1,210	(1,397)	-187%
C/a Bal. (x-oil)	1,835	1,554	18%	1,515	21%	8,494	5,457	56%

Source: SBP, IGI Research

Exports increased by +11m/m during Dec-24

For the month, the country's export receipts were recorded at US\$ 3.05bn compared to last month's US\$ 2.75bn, inclining by +11m/m and on a yearly basis up by +10y/y. Dec-24 monthly export number was higher compared to its FY24 monthly average export number of US\$ 2.59bn. During the month higher numbers were largely supported by growth in textile and other exports despite decline in food, petroleum and other manufacturing exports. Textile exports were higher mainly due to increased bed wear, cotton cloth and towel exports.

Exhibit: Monthly Trade Break-up Commodity wise

US\$ mn	Dec-24	Nov-24	m/m	Dec-23	y/y	1HFY25	1HFY24	y/y
Exports (G)	3,054	2,745	11%	2,795	9%	16,308	15,296	7%
Food Exports	694	717	-3%	773	-10%	3,568	3,365	6%
Textile Exports	1,447	1,389	4%	1,317	10%	8,645	8,214	5%
Other Exports	913	640	43%	705	29%	4,095	3,717	10%
Imports (G)	4,779	4,100	17%	4,173	15%	27,743	25,375	9%
Food Imports	710	567	25%	553	28%	3,428	3,483	-2%
Machinery Imports	655	590	11%	616	6%	4,017	3,115	29%
Transport Imports	131	116	13%	150	-13%	817	778	5%
Petroleum Imports	1,253	870	44%	1,236	1%	7,284	6,854	6%
Other Imports	2,029	1,957	4%	1,617	25%	12,198	11,146	9%

Source: SBP, IGI Research

Imports augmented by +17m/m during Dec-24

During the month of Dec-24, the country's import bill was recorded at US\$ 4.78bn, up by +17m/m and +15y/y. During the month, Petroleum, Food, Textile, Machinery and Agriculture increased while Metal imports

declined. Increase in petroleum imports was higher due to rise in international oil prices.

Remittances up by +6%/m/m

During the month of Dec-24, remittances were recorded at US\$ 3.08bn compared to the previous month of US\$ 2.92bn; up by +6%/m/m. Major increase in inflows came from UK, EU, Saudi Arabia and UAE to the tune of US\$ 0.46bn, US\$ 0.36bn, US\$ 0.77 and US\$ 0.63bn.

Exhibit: Monthly Remittances Break-up Country wise								
US\$ mn	Dec-24	Nov-24	m/m	Dec-23	y/y	1HFY25	1HFY24	y/y
USA	284	288	-1%	264	8%	1,774	1,577	13%
U.K.	457	410	11%	368	24%	2,639	1,988	33%
Saudi Arabia	771	729	6%	578	33%	4,424	3,254	36%
UAE	631	619	2%	419	51%	3,584	2,328	54%
Other GCC	310	303	2%	255	22%	1,795	1,489	21%
EU	360	323	11%	285	26%	2,135	1,695	26%
Other	266	242	10%	213	25%	1,495	1,104	35%
Total	3,079	2,915	6%	2,382	29%	17,846	13,435	33%

Source: SBP, IGI Research

Outlook

C/a recorded fifth consecutive surplus during Dec-24 mainly due to higher remittances and exports. Going forward, C/a deficit is likely remain manageable in FY25 owing to continued balance between trade deficit and remittances. In our view, higher remittances are likely to restrict C/a deficit to 0-1% of GDP in FY25.

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