

Analyst

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Economy

Jan-25: C/a Records Deficit of US\$ 0.42bn Led by Higher Trade Deficit

- For the month of Jan-25, C/a balance registered a deficit of US\$ 0.42bn compared to a surplus of US\$ 0.47bn recorded during the month of Dec-24. C/a recorded a deficit of US\$ 0.42bn in Jan-25 compared to a deficit of US\$ 0.40bn in Jan-24. On a monthly basis deficit was recorded in Jan-25 mainly due to higher trade deficit while remittances also declined.
- Pakistan's export receipts were recorded at US\$ 2.94bn compared to last month's US\$ 3.06bn, declining by 4%m/m and on a yearly basis up by +10%/y. Country's import bill was recorded at US\$ 5.46bn, up by +11%m/m and +17%/y.
- C/a recorded a deficit after reporting a surplus for five consecutive months during Jan-25 mainly due to lower remittances and higher trade deficit. Going forward, C/a deficit is likely remain manageable in FY25; however, higher imports and debt repayments amid lack of financial inflows are likely to keep C/a balance under pressure during 2HFY25. In our view, higher remittances are likely to restrict C/a deficit to 0-1% of GDP in FY25.

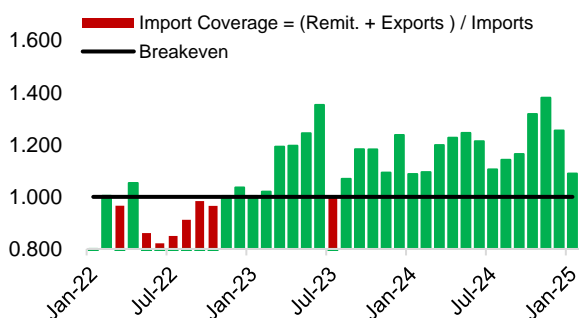
We review current account balance numbers published for the month of Jan-25 by the State Bank of Pakistan (SBP).

Monthly current account printed US\$ 0.42bn deficit

For the month of Jan-25, C/a balance registered a deficit of US\$ 0.42bn compared to a surplus of US\$ 0.47bn recorded during the month of Dec-24. C/a recorded a deficit of US\$ 0.42bn in Jan-25 compared to a deficit of US\$ 0.40bn in Jan-24. On a monthly basis deficit was recorded in Jan-25 mainly due to higher trade deficit while remittances also declined. This brings total C/a surplus for 7MFY25 to US\$ 0.68bn, compared to deficit of US\$ 1.80bn 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

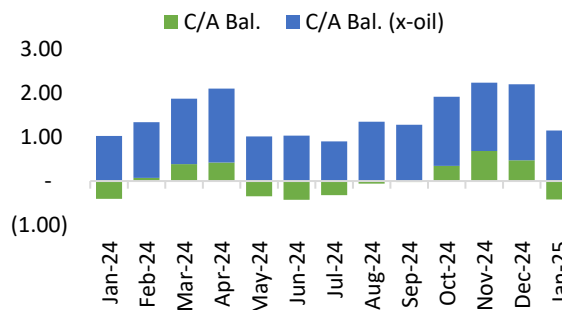


Exhibit: Monthly Current Account Balance

US\$ mn	Jan-25	Dec-24	m/m	Jan-24	y/y	7MFY25	7MFY24	y/y
Exports (G)	2,940	3,060	-4%	2,680	10%	19,175	17,826	8%
Imports (G)	5,455	4,895	11%	4,669	17%	33,314	30,044	11%
Trade Bal.	(2,515)	(1,835)	37%	(1,989)	26%	(14,139)	(12,218)	16%
Services Bal.	(315)	(243)	30%	(287)	10%	(1,929)	(1,648)	17%
Remittances	3,002	3,080	-3%	2,398	25%	20,849	15,834	32%
Income Bal.	2,410	2,552	-6%	1,872	29%	16,750	12,065	39%
C/a Bal.	(420)	474	-189%	(404)	4%	682	(1,801)	-138%
C/a Bal. (x-oil)	1,151	1,727	-33%	1,026	12%	9,537	6,482	47%

Source: SBP, IGI Research

Exports declined by 4%m/m during Jan-25

For the month, the country's export receipts were recorded at US\$ 2.94bn compared to last month's US\$ 3.06bn, declining by 4%m/m and on a yearly basis up by +10%/y/y. Jan-25 monthly export number was higher compared to its FY24 monthly average export number of US\$ 2.59bn. During the month lower numbers were largely due to decline in food and other exports despite increase in textile, petroleum and other manufacturing exports. Textile exports were higher mainly due to increased bed wear, knitwear and readymade garments exports.

Exhibit: Monthly Trade Break-up Commodity wise

US\$ mn	Jan-25	Dec-24	m/m	Jan-24	y/y	7MFY25	7MFY24	y/y
Exports (G)	2,940	3,060	-4%	2,697	9%	19,253	17,993	7%
Food Exports	562	694	-19%	742	-24%	4,130	4,107	1%
Textile Exports	1,575	1,447	9%	1,374	15%	10,220	9,587	7%
Other Exports	803	918	-13%	581	38%	4,903	4,299	14%
Imports (G)	5,455	4,895	11%	4,669	17%	33,314	30,044	11%
Food Imports	748	710	5%	695	8%	4,176	4,178	0%
Machinery Imports	730	655	11%	692	5%	4,747	3,807	25%
Transport Imports	160	131	22%	115	39%	977	893	9%
Petroleum Imports	1,571	1,253	25%	1,430	10%	8,855	8,283	7%
Other Imports	2,246	2,145	5%	1,737	29%	14,560	12,883	13%

Source: SBP, IGI Research

Imports augmented by +11%m/m during Jan-25

During the month of Jan-25, the country's import bill was recorded at US\$ 5.46bn, up by +11%m/m and +17%/y/y. During the month, Petroleum, Food, Machinery, Transport, Petroleum, Metal and Agriculture increased

while all other imports declined. Increase in petroleum imports was higher due to rise POL product and LNG imports.

Remittances down by 3%/m

During the month of Jan-25, remittances were recorded at US\$ 3.0bn compared to the previous month of US\$ 3.08bn; down by 3%/m. Major decline in inflows came from Saudi Arabia, Other GCC, USA, UAE and EU to the tune of US\$ 0.73bn, US\$ 0.29bn, US\$ 0.30bn, US\$ 0.62bn and US\$ 0.35bn. However, remittances from UK increased by +1%/m to US\$ 0.44bn.

Exhibit: Monthly Remittances Break-up Country wise								
US\$ mn	Jan-25	Dec-24	m/m	Jan-24	y/y	7MFY25	7MFY24	y/y
USA	298	304	-2%	283	5%	2,092	1,860	12%
U.K.	444	438	1%	362	22%	3,064	2,350	30%
Saudi Arabia	728	771	-5%	587	24%	5,152	3,841	34%
UAE	622	631	-2%	408	53%	4,206	2,736	54%
Other GCC	295	310	-5%	253	17%	2,090	1,742	20%
EU	354	360	-2%	290	22%	2,489	1,985	25%
Other	261	266	-2%	214	22%	1,757	1,318	33%
Total	3,002	3,080	-3%	2,398	25%	20,849	15,833	32%

Source: SBP, IGI Research

Outlook

C/a recorded a deficit after reporting a surplus for five consecutive months during Jan-25 mainly due to lower remittances and higher trade deficit. Going forward, C/a deficit is likely remain manageable in FY25; however, higher imports and debt repayments amid lack of financial inflows are likely to keep C/a balance under pressure during 2HFY25. In our view, higher remittances are likely to restrict C/a deficit to 0-1% of GDP in FY25.

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