

Analyst

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Economy

Jul-24: C/a Records Deficit of US\$ 0.16bn Led by Lower Primary Income and Services Deficit

- For the month of Jul-24, C/a balance registered a deficit of US\$ 0.16bn compared to a deficit of US\$ 0.31bn recorded during the month of Jun-24. C/a deficit is down by 78%/y/y in Jul-24 compared to US\$ 0.74bn recorded in Jul-23. C/a deficit was lower in Jul-24 on monthly basis mainly due to higher income balance and lower services deficit.
- Country's export receipts were recorded at US\$ 2.39bn compared to last month's US\$ 2.44bn, declining by 2%/m/m and on a yearly basis up by +13%/y/y. Country's import bill was recorded at US\$ 4.82bn, up by +4%/m/m and up by +16%/y/y.
- C/a deficit declined during the month mainly due to lower primary income and services deficit. However, decline in exports and remittances restricted the overall decline in C/a deficit. Going forward, C/a deficit is likely to increase in FY25 but remain manageable owing to continued balance between trade deficit and remittances.

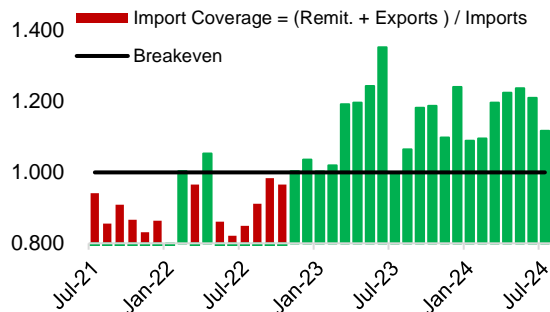
We review current account balance numbers published for the month of Jul-24 by the State Bank of Pakistan (SBP).

Monthly current account deficit printed US\$ 0.16bn

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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 Jul-23

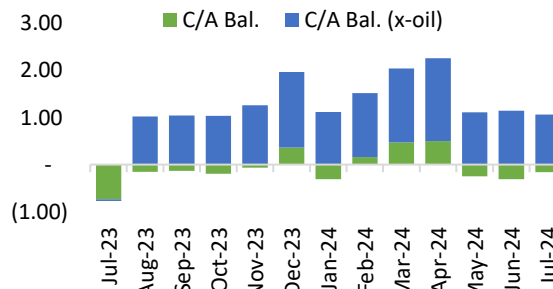


Exhibit: Monthly Current Account Balance								
US\$ mn	Jul-24	Jun-24	m/m	Jul-23	y/y	1MFY25	1MFY24	y/y
Exports (G)	2,391	2,444	-2%	2,118	13%	2,391	2,118	13%
Imports (G)	4,819	4,630	4%	4,142	16%	4,819	4,142	16%
Trade Bal.	(2,428)	(2,186)	11%	(2,024)	20%	(2,428)	(2,024)	20%
Services Bal.	(159)	(408)	-61%	(261)	-39%	(159)	(261)	-39%
Remittances	2,995	3,158	-5%	2,029	48%	2,995	2,029	48%
Income Bal.	2,425	2,281	6%	1,544	57%	2,425	1,544	57%
C/a Bal.	(162)	(313)	-48%	(741)	-78%	(162)	(741)	-78%
C/a Bal. (x-oil)	1,062	1,146	-7%	(33)	n/m	1,062	(33)	n/m

Source: SBP, IGI Research

Exports declined by 2%m/m

For the month, the country's export receipts were recorded at US\$ 2.39bn compared to last month's US\$ 2.44bn, declining by 2%m/m and on a yearly basis up by +13%/y. Jul-24 monthly export number stands below its FY24 monthly average export number of US\$ 2.59bn. During the month, lower numbers were largely supported by decline in other manufacturing and other exports despite increase in textile, food and petroleum exports.

Exhibit: Monthly Trade Break-up Commodity wise								
US\$ mn	Jul-24	Jun-24	m/m	Jul-23	y/y	1MFY25	1MFY24	y/y
Exports (G)	2,391	2,444	-2%	2,120	13%	2,391	2,120	13%
Food Exports	545	523	4%	374	46%	545	374	46%
Textile Exports	1,376	1,272	8%	1,320	4%	1,376	1,320	4%
Other Exports	470	649	-28%	426	10%	470	426	10%
Imports (G)	4,819	4,630	4%	4,142	16%	4,819	4,142	16%
Food Imports	536	422	27%	632	-15%	536	632	-15%
Machinery Imports	898	621	44%	437	105%	898	437	105%
Transport Imports	148	190	-22%	155	-5%	148	155	-5%
Petroleum Imports	1,224	1,459	-16%	708	73%	1,224	708	73%
Other Imports	2,014	1,938	4%	2,211	-9%	2,014	2,211	-9%

Source: SBP, IGI Research

Imports increased by +4%m/m during Jul-24

During the month of Jul-24, the country's import bill was recorded at US\$ 4.82bn, up by +4%m/m and up by +16%/y. During the month, Food, Machinery, Metal and Agri increased while Petroleum and Transport imports declined.

Remittances down by 5%/m

During the month of Jul-24, remittances were recorded at US\$ 3.0bn compared to the previous month of US\$ 3.16bn; down by 5%/m. Major increase in inflows came from EU to the tune of US\$ 0.35bn, however, major decline was witnessed from UK, USA, UAE and Saudi Arabia to the tune of US\$ 0.44bn, US\$ 0.30bn, US\$ 0.61 and US\$ 0.76bn respectively.

Exhibit: Monthly Remittances Break-up Country wise								
US\$ mn	Jul-24	Jun-24	m/m	Jul-23	y/y	1MFY25	1MFY24	y/y
USA	300	322	-7%	241	24%	300	241	24%
U.K.	443	487	-9%	307	45%	443	307	45%
Saudi Arabia	761	809	-6%	487	56%	761	487	56%
UAE	611	654	-7%	315	94%	611	315	94%
Other GCC	289	301	-4%	228	26%	289	228	26%
EU	351	330	6%	283	24%	351	283	24%
Other	240	254	-6%	167	44%	240	167	44%
Total	2,995	3,158	-5%	2,029	48%	2,995	2,029	48%

Source: SBP, IGI Research

Outlook

C/a deficit declined during the month mainly due to lower primary income and services deficit. However, decline in exports and remittances restricted the overall decline in C/a deficit. 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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