Day Break

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Economy

Jul-26: C/a Reports Deficit of US$ 328mn Led by Higher Trade and Services Deficit

- For the month of Jul-26, C/a balance registered a deficit of US$ 328mn compared to a deficit of US$ 814mn recorded during the month of Jun-26. C/a recorded a deficit of US$ 328mn in Jul-26 compared to a deficit of US$ 529mn in Jul-25. On a monthly basis, C/a deficit narrowed in Jul-26 mainly due to higher remittances and exports. On a y/y basis, C/a deficit also narrowed due to higher remittances and lower services deficit.
- Pakistan’s export receipts were recorded at US$ 3.01bn compared to last month's US$ 2.57bn, increasing by +17%m/m while on yearly basis exports are also up by +9%y/y. Import bill was recorded at US$ 6.15bn compared to US$ 6.15bn in Jun-26, flat on monthly basis and up by +13%y/y.
- C/a deficit for Jul-26 narrowed mainly due to higher remittances and exports while imports remained stagnant. Going forward, C/a is likely to remain in deficit led by higher imports while remittances are likely to contain overall current account deficit. However, uncertainty remain around Middle East conflict which could in turn keep trade balance under pressure.

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

Monthly current account printed US$ 328mn deficit

For the month of Jul-26, C/a balance registered a deficit of US$ 328mn compared to a deficit of US$ 814mn recorded during the month of Jun-26. C/a recorded a deficit of US$ 328mn in Jul-26 compared to a deficit of US$ 529mn in Jul-25. On a monthly basis, C/a deficit narrowed in Jul-26 mainly due to higher remittances and exports. On a y/y basis, C/a deficit also narrowed due to higher remittances and lower services deficit.

Exhibit: Export and Remittances coverage

Export and Remittance coverage of total import comes positively despite increase in imports

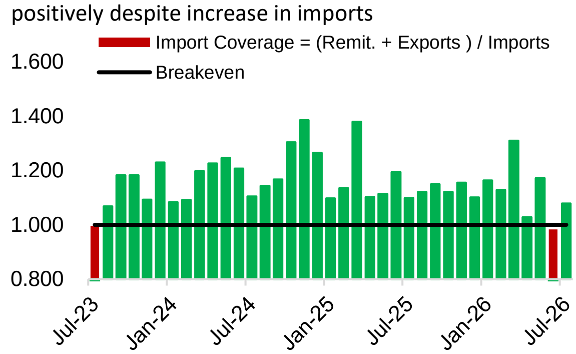
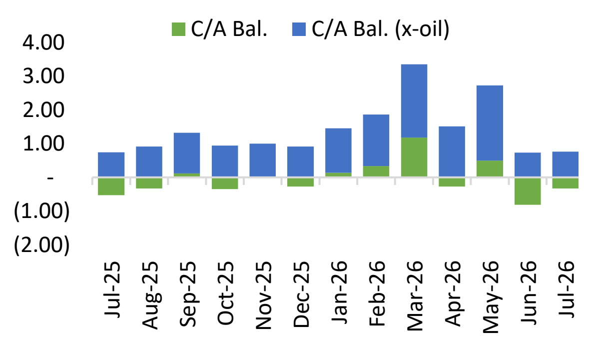


Exhibit: C/a trend (in US$ bn)

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



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance								
US$ mn	Jul-26	Jun-26	m/m	Jul-25	y/y	1MFY27	1MFY26	y/y
Exports (G)	3,008	2,573	17%	2,750	9%	3,008	2,750	9%
Imports (G)	6,154	6,152	0%	5,429	13%	6,154	5,429	13%
Trade Bal.	(3,146)	(3,579)	-12%	(2,679)	17%	(3,146)	(2,679)	17%
Services Bal.	(228)	(83)	175%	(304)	-25%	(228)	(304)	-25%
Remittances	3,631	3,475	4%	3,214	13%	3,631	3,214	13%
Income Bal.	3,046	2,848	7%	2,454	24%	3,046	2,454	24%
C/a Bal.	**(328)**	**(814)**	**-60%**	**(529)**	**-38%**	**(328)**	**(529)**	**-38%**
C/a Bal. (x-oil)	**765**	**734**	**4%**	**746**	**3%**	**765**	**746**	**3%**

Source: SBP, IGI Research

Exports up on a monthly basis during Jul-26

For the month, the country's export receipts were recorded at US$ 3.01bn compared to last month's US$ 2.57bn, increasing by +17%m/m while on yearly basis exports are also up by +9%y/y. Jul-26 monthly export number was higher compared to its last 12 month average export number of US$ 2.57bn. During the month higher numbers were largely due to increase in Textile, Other Manufacturing Exports and other exports while Petroleum Exports declined.

Exhibit: Monthly Trade Break-up Commodity wise								
US$ mn	Jul-26	Jun-26	m/m	Jul-25	y/y	1MFY27	1MFY26	y/y
Exports (G)	**3,008**	**2,573**	**17%**	**2,780**	**8%**	**3,008**	**2,780**	**8%**
Food Exports	452	444	2%	419	8%	452	419	8%
Textile Exports	1,635	1,558	5%	1,574	4%	1,635	1,574	4%
Other Exports	921	572	61%	788	17%	921	788	17%
Imports (G)	**6,154**	**6,152**	**0%**	**5,429**	**13%**	**6,154**	**5,429**	**13%**
Food Imports	783	643	22%	608	29%	783	608	29%
Machinery Imports	1,055	863	22%	892	18%	1,055	892	18%
Transport Imports	435	435	0%	337	29%	435	337	29%
Petroleum Imports	1,093	1,548	-29%	1,275	-14%	1,093	1,275	-14%
Other Imports	2,789	2,663	5%	2,316	20%	2,789	2,316	20%

Source: SBP, IGI Research

Imports flat on monthly basis during Jul-26

During the month of Jul-26, the country's import bill was recorded at US$ 6.15bn compared to US$ 6.15bn in Jun-26, flat on monthly basis and up by +13%y/y. During the month, Metal, Machinery, Textile, Food and Agriculture imports increased which was offset by US$ 455mn decline in

Petroleum imports and stable transport imports. Lower POL, crude and LNG imports led to overall decline in Petroleum imports while higher Palm oil under Food, Electrical Machinery and apparatus under Machinery imports, CBU Motor car under Transport, and Plastic Materials under Agriculture imports led to overall stagnant imports.

Remittances up by +5%m/m

During the month of Jul-26, remittances were recorded at US$ 3.63bn compared to the previous month of US$ 3.48bn; up by +5%m/m and up by +13%y/y. Major increase to inflows came from Saudi Arabia, UK, USA and EU during the month. Flows from Other GCC also increased while inflows from UAE dropped by US$ 55mn during the month.

Exhibit: Monthly Remittances Break-up Country wise

US$ mn	Jul-26	Jun-26	m/m	Jul-25	y/y	1MFY27	1MFY26	y/y
USA	317	296	7%	270	18%	317	270	18%
U.K.	555	515	8%	450	23%	555	450	23%
Saudi Arabia	914	830	10%	824	11%	914	824	11%
UAE	737	792	-7%	665	11%	737	665	11%
Other GCC	336	321	5%	296	14%	336	296	14%
EU	462	415	11%	424	9%	462	424	9%
Other	309	305	1%	285	8%	309	285	8%
Total	**3,631**	**3,475**	**5%**	**3,215**	**13%**	**3,631**	**3,215**	**13%**

Source: SBP, IGI Research

Outlook

C/a deficit for Jul-26 narrowed mainly due to higher remittances and exports while imports remained stagnant. Going forward, C/a is likely to remain in deficit led by higher imports while remittances are likely to contain overall current account deficit. However, uncertainty remain around Middle East conflict which could in turn keep trade balance under pressure.

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