Day Break

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Economy

Jun-24: C/a Records Deficit of US$ 0.33bn Led by Higher Trade and Income Deficit

- For the month of Jun-24, C/a balance registered a deficit of US$ 0.33bn compared to a deficit of US$ 0.25bn recorded during the month of May-24. This brings total C/a deficit to US$ 0.68bn during FY24, down by 79%y/y compared to US$ 3.28bn in the same period last year.
- Country's export receipts were recorded at US$ 2.43bn compared to last month's US$ 2.99bn, declining by 19%m/m and on a yearly basis up by +15%y/y. import bill was recorded at US$ 4.63bn, down by 8%m/m and up by +46%y/y.
- C/a deficit was recorded during the month mainly due to higher income and trade deficit. Rise in exports and remittances led to lower C/a balance in FY24 despite higher primary income deficit and imports. 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 Jun-24 by the State Bank of Pakistan (SBP).

Monthly current account deficit printed US$ 0.33bn

For the month of Jun-24, C/a balance registered a deficit of US$ 0.33bn compared to a deficit of US$ 0.25bn recorded during the month of May-24. This brings total C/a deficit to US$ 0.68bn during FY24, down by 79%y/y compared to US$ 3.28bn in the same period last year. Highest ever net primary income deficit of US$ 8.6bn in FY24 mainly due to interest payments and dividend repatriation. C/a deficit was recorded during the month was mainly due to higher trade and income deficit. C/a deficit for Fy24 settled at 0.2% of GDP.

Exhibit: Export and Remittances coverage
Export and Remittance coverage of total import comes positively as imports dropped

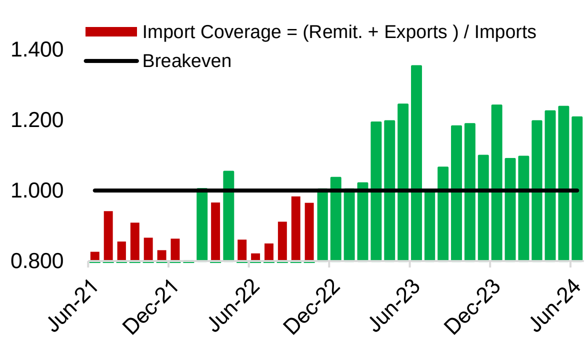
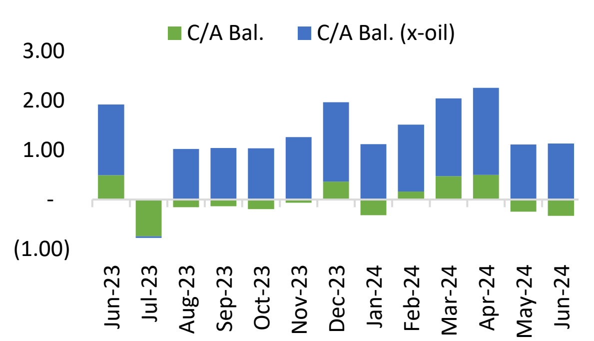


Exhibit: C/a trend (in US$ bn)
Current account trend with and without oil imports since Jun-23



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance

US$ mn	Jun-24	May-24	m/m	Jun-23	y/y	FY24	FY23	y/y
Exports (G)	2,433	2,992	-19%	2,111	15%	31,090	27,876	12%
Imports (G)	4,631	5,037	-8%	3,177	46%	53,167	52,695	1%
Trade Bal.	(2,198)	(2,045)	7%	(1,066)	106%	(22,077)	(24,819)	-11%
Services Bal.	(415)	(164)	153%	(155)	168%	(2,313)	(1,042)	122%
Remittances	3,158	3,242	-3%	2,187	44%	30,250	27,333	11%
Income Bal.	2,284	1,961	16%	1,711	33%	23,709	22,586	5%
C/a Bal.	**(329)**	**(248)**	**33%**	**490**	**-167%**	**(681)**	**(3,275)**	**-79%**
C/a Bal. (x-oil)	**1,130**	**1,114**	**1%**	**1,430**	**-21%**	**13,981**	**14,264**	**-2%**

Source: SBP, IGI Research

Exports declined by 19%m/m

For the month, the country’s export receipts were recorded at US$ 2.43bn compared to last month's US$ 2.99bn, declining by 19%m/m and on a yearly basis up by +15%y/y. Jun-24 monthly export number stands above its FY23 monthly average export number of US$ 2.3bn. During the month, lower numbers were largely supported by decline in textile exports and food exports. This brings total exports for FY24 to US$ 31.09bn, up by +12%y/y compared to US$ 27.88bn in FY23 mainly driven by higher food and petroleum exports.

Exhibit: Monthly Trade Break-up Commodity wise

US$ mn	Jun-24	May-24	m/m	Jun-23	y/y	FY24	FY23	y/y
Exports (G)	**2,433**	**2,992**	**-19%**	**2,119**	**15%**	**31,114**	**27,900**	**12%**
Food Exports	523	596	-12%	375	39%	7,082	4,738	49%
Textile Exports	1,272	1,479	-14%	1,188	7%	16,301	16,627	-2%
Other Exports	638	918	-30%	556	15%	7,731	6,535	18%
Imports (G)	**4,631**	**5,037**	**-8%**	**3,177**	**46%**	**53,167**	**52,695**	**1%**
Food Imports	422	513	-18%	433	-3%	7,111	7,966	-11%
Machinery Imports	621	848	-27%	259	140%	7,406	4,431	67%
Transport Imports	190	166	14%	63	199%	1,621	1,266	28%
Petroleum Imports	1,459	1,362	7%	940	55%	14,662	17,539	-16%
Other Imports	1,939	2,147	-10%	1,481	31%	22,367	21,493	4%

Source: SBP, IGI Research

Imports declined by 8%m/m during Jun-24

During the month of Jun-24, the country’s import bill was recorded at US$ 4.63bn, down by 8%m/m and up by +46%y/y. During the month, Machinery, textile, Metal and Agri declined. This brings total imports for

FY24 to US$ 53.17bn, up by +1%y/y compared to US$ 52.70bn in FY23. Major increase in imports during FY24 was from Metal and machinery while Petroleum, Food and Textile witnessed sharp decline.

Remittances down by 3%m/m

During the month of Jun-24, remittances were recorded at US$ 3.16bn compared to the previous month of US$ 3.24bn; down by 3%m/m. Major increase in inflows came from UK to the tune of US$ 0.49bn, however, major decline was witnessed from USA, Other GCC and EU to the tune of US$ 0.32bn, US$ 0.30bn and US$ 0.33bn respectively. This brings total remittances for FY24 to US$ 30.3bn, up by +11%y/y compared to US$ 27.33bn in FY23. Major increase in inflows was recorded from UAE, Saudi Arabia and EU.

Exhibit: Monthly Remittances Break-up Country wise

US$ mn	Jun-24	May-24	m/m	Jun-23	y/y	FY24	FY23	y/y
USA	322	359	-10%	273	18%	3,531	3,168	11%
U.K.	487	473	3%	343	42%	4,522	4,073	11%
Saudi Arabia	809	819	-1%	516	57%	7,424	6,533	14%
UAE	654	668	-2%	325	101%	5,535	4,656	19%
Other GCC	301	314	-4%	272	11%	3,180	3,198	-1%
EU	330	340	-3%	279	18%	3,531	3,134	13%
Other	254	268	-5%	179	43%	2,528	2,571	-2%
Total	**3,158**	**3,242**	**-3%**	**2,187**	**44%**	**30,251**	**27,333**	**11%**

Source: SBP, IGI Research

Outlook

C/a deficit was recorded during the month mainly due to higher income and trade deficit. Rise in exports and remittances led to lower C/a balance in FY24 despite higher primary income deficit and imports. 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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