Day Break

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Economy

Jun-26: C/a Reports Deficit of US$ 649mn Led by Higher Trade Deficit and Lower Remittances

- For the month of Jun-26, C/a balance registered a deficit of US$ 649mn compared to a surplus of US$ 500mn recorded during the month of May-26. C/a recorded a deficit of US$ 649mn in Jun-26 compared to a surplus of US$ 220mn in Jun-25. On a monthly basis, C/a turned in to deficit in Jun-26 mainly due to lower remittances and higher trade deficit. This brings total C/a deficit for FY26 to US$ 139mn compared to surplus of US$ 1,838mn in the same period last year.
- Pakistan's export receipts were recorded at US$ 2.60bn compared to last month's US$ 2.36bn, increasing by +10%m/m while on yearly basis remained relatively flat. Import bill was recorded at US$ 6.15bn compared to US$ 5.64bn in May-26, up by +9%m/m and +22%y/y.
- C/a deficit for Jun-26 was mainly led by lower remittance and higher trade deficit as import growth outpaced exports. Going forward, C/a is likely to remain in deficit led by higher trade deficit while remittances are likely to support subdued growth in exports while imports increase in line with economic activity. However, if war prolongs C/a may face pressure with rising imports and potential decline in remittances.

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$ 649mn deficit

For the month of Jun-26, C/a balance registered a deficit of US$ 649mn compared to a surplus of US$ 500mn recorded during the month of May-26. C/a recorded a deficit of US$ 649mn in Jun-26 compared to a surplus of US$ 220mn in Jun-25. On a monthly basis, C/a turned in to deficit in Jun-26 mainly due to lower remittances and higher trade deficit. This brings total C/a deficit for FY26 to US$ 139mn compared to surplus of US$ 1,838mn in the same period last year.

Exhibit: Export and Remittances coverage

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

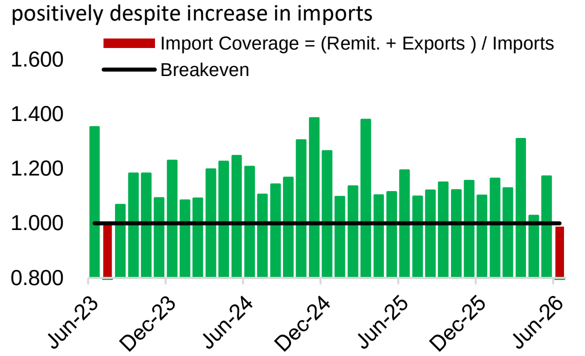
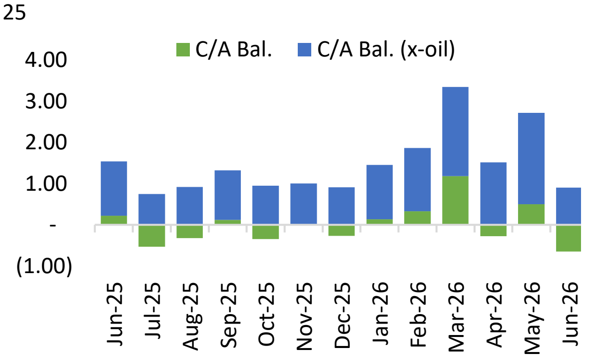


Exhibit: C/a trend (in US$ bn)

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



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance								
US$ mn	Jun-26	May-26	m/m	Jun-25	y/y	FY26	FY25	y/y
Exports (G)	2,595	2,357	10%	2,591	0%	30,843	32,343	-5%
Imports (G)	6,147	5,640	9%	5,020	22%	64,466	59,146	9%
Trade Bal.	(3,552)	(3,283)	8%	(2,429)	46%	(33,623)	(26,803)	25%
Services Bal.	25	54	-54%	(204)	-112%	(1,891)	(2,836)	-33%
Remittances	3,475	4,252	-18%	3,406	2%	41,585	38,300	9%
Income Bal.	2,878	3,729	-23%	2,853	1%	35,375	31,477	12%
C/a Bal.	**(649)**	**500**	**-230%**	**220**	**-395%**	**(139)**	**1,838**	**-108%**
C/a Bal. (x-oil)	**899**	**2,220**	**-59%**	**1,316**	**-32%**	**15,379**	**16,842**	**-9%**

Source: SBP, IGI Research

Exports up on a monthly basis during Jun-26

For the month, the country's export receipts were recorded at US$ 2.60bn compared to last month's US$ 2.36bn, increasing by +10%m/m while on yearly basis remained relatively flat. Jun-26 monthly export number was slightly 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 and Food exports led by Knitwear, Cotton Cloth, Bedwear and Rice exports while Petroleum and Other Manufacturing Exports posted a marginal growth.

Exhibit: Monthly Trade Break-up Commodity wise								
US$ mn	Jun-26	May-26	m/m	Jun-25	y/y	FY26	FY25	y/y
Exports (G)	**2,595**	**2,357**	**10%**	**2,609**	**-1%**	**30,871**	**32,324**	**-4%**
Food Exports	444	364	22%	375	18%	4,742	6,307	-25%
Textile Exports	1,558	1,248	25%	1,373	13%	17,592	17,260	2%
Other Exports	594	746	-20%	861	-31%	8,537	8,757	-3%
Imports (G)	**6,147**	**5,640**	**9%**	**5,020**	**22%**	**64,466**	**59,146**	**9%**
Food Imports	643	549	17%	692	-7%	8,300	7,660	8%
Machinery Imports	863	876	-2%	734	18%	9,435	8,586	10%
Transport Imports	435	365	19%	247	76%	3,819	2,159	77%
Petroleum Imports	1,548	1,720	-10%	1,096	41%	15,518	15,004	3%
Other Imports	2,658	2,130	25%	2,251	18%	27,393	25,738	6%

Source: SBP, IGI Research

Imports up by +9%m/m during Jun-26

During the month of Jun-26, the country's import bill was recorded at US$ 6.15bn compared to US$ 5.64bn in May-26, up by +9%m/m and +22%y/y. During the month, Metal, Textile, Food, Transport and Agriculture imports increased while Petroleum and Machinery imports declined. This substantial increase in imports was mainly led by higher Iron/Steel and Scrap under Metal Group, Aircraft, Ships and Boats under Transport, Raw Cotton under Textile Group, and Fertilizer manufactured under Agriculture Group.

Remittances down by 18%m/m

During the month of Jun-26, remittances were recorded at US$ 3.48bn compared to the previous month of US$ 4.25bn; down by 18%m/m and up by +2%y/y. Major decline to inflows came from UAE, Saudi Arabia and UK contributing nearly 69% of the total drop in remittances during the month. Flows from Other GCC, USA and EU also declined during the month. This brings total inflows in FY26 to US$ 41.59bn against US$ 38.30bn in FY25, up by +9%y/y. Major growth in remittances in FY26 was supported by higher inflows from UAE, EU and Australia.

Exhibit: Monthly Remittances Break-up Country wise

US$ mn	Jun-26	May-26	m/m	Jun-25	y/y	FY26	FY25	y/y
USA	297	349	-15%	281	6%	3,624	3,720	-3%
U.K.	515	645	-20%	538	-4%	6,326	5,905	7%
Saudi Arabia	830	1,025	-19%	823	1%	9,783	9,345	5%
UAE	792	1,007	-21%	717	10%	8,807	7,829	12%
Other GCC	321	393	-18%	303	6%	3,934	3,712	6%
EU	415	466	-11%	442	-6%	5,227	4,543	15%
Other	305	367	-17%	301	1%	3,884	3,244	20%
Total	**3,475**	**4,252**	**-18%**	**3,406**	**2%**	**41,585**	**38,299**	**9%**

Source: SBP, IGI Research

Outlook

C/a deficit for Jun-26 was mainly led by lower remittance and higher trade deficit as import growth outpaced exports. Going forward, C/a is likely to remain in deficit led by higher trade deficit while remittances are likely to support subdued growth in exports while imports increase in line with economic activity. However, if war prolongs C/a may face pressure with rising imports and potential decline in remittances.

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