

Day Break

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Analyst

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Economy

May-24: C/a Records Deficit of US\$ 0.27bn Led by Higher Trade and Primary Income Deficit

- For the month of Apr-24, C/a balance registered a surplus of US\$ 0.49bn compared to a surplus of US\$ 0.50bn recorded during the month of Apr-24. This brings total C/a deficit to US\$ 0.46bn during 11MFY24, down by 88%/y/y compared to US\$ 3.77bn in the same period last year.
- Country's export receipts were recorded at US\$ 3.01bn compared to last month's US\$ 2.63bn, inclining by +14%/m/m and on a yearly basis up by +16%/y/y. Import bill was recorded at US\$ 5.05bn, up by +13%/m/m and +35%/y/y.
- C/a deficit was recorded during the month mainly due to higher primary income and trade deficit. Rise in imports and repatriation led to higher deficit despite higher remittances. Going forward, imports are likely to increase however, higher exports and remittances are likely to restrict slippages in C/a balance during FY25.

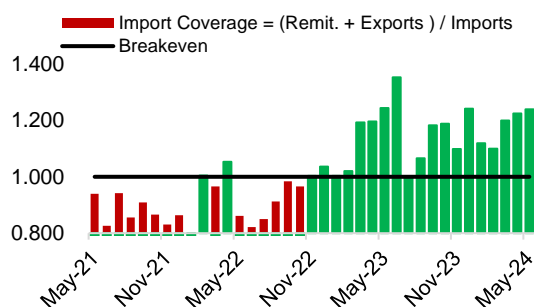
We review current account balance numbers published for the month of May-24 by the State Bank of Pakistan (SBP).

Monthly current account deficit printed US\$ 0.27bn

For the month of Apr-24, C/a balance registered a surplus of US\$ 0.49bn compared to a surplus of US\$ 0.50bn recorded during the month of Apr-24. C/a deficit was recorded during May-24 after 3 months of surplus. This brings total C/a deficit to US\$ 0.46bn during 11MFY24, down by 88%/y/y compared to US\$ 3.77bn in the same period last year. C/a deficit was recorded during the month was mainly due to trade and primary income deficit of PKR 1.4bn.

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 Apr-23

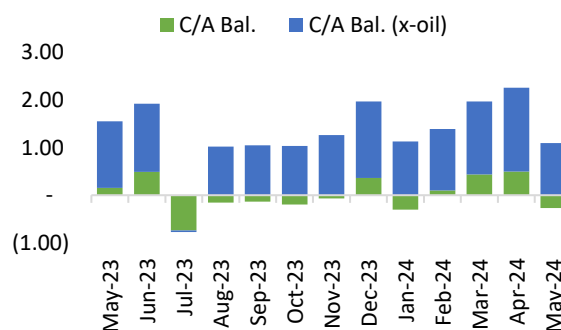


Exhibit: Monthly Current Account Balance								
US\$ mn	May-24	Apr-24	m/m	May-23	y/y	11MFY24	11MFY23	y/y
Exports (G)	3,009	2,634	14%	2,565	17%	28,678	25,765	11%
Imports (G)	5,047	4,449	13%	3,752	35%	48,402	49,518	-2%
Trade Bal.	(2,038)	(1,815)	12%	(1,187)	72%	(19,724)	(23,753)	-17%
Services Bal.	(193)	(187)	3%	(342)	-44%	(2,099)	(887)	137%
Remittances	3,243	2,812	15%	2,103	54%	27,093	25,146	8%
Income Bal.	1,961	2,501	-22%	1,684	16%	21,359	20,875	2%
C/a Bal.	(270)	499	-154%	155	-274%	(464)	(3,765)	-88%
C/a Bal. (x-oil)	1,092	1,760	-38%	1,397	-22%	12,739	12,834	-1%

Source: SBP, IGI Research

Exports increased by +14%m/m

For the month, the country's export receipts were recorded at US\$ 3.01bn compared to last month's US\$ 2.63bn, inclining by +14%m/m and on a yearly basis up by +16%/y/y. May-24 monthly export number stands above its FY23 monthly average export number of US\$ 2.3bn. During the month, higher numbers were largely supported by increase in textile exports and petroleum exports despite drop in overall food exports.

Exhibit: Monthly Trade Break-up Commodity wise								
US\$ mn	May-24	Apr-24	m/m	May-23	y/y	11MFY24	11MFY23	y/y
Exports (G)	3,009	2,634	14%	2,603	16%	28,698	25,781	11%
Food Exports	596	607	-2%	445	34%	6,559	4,363	50%
Textile Exports	1,479	1,298	14%	1,329	11%	15,029	15,440	-3%
Other Exports	935	728	28%	829	13%	7,110	5,978	19%
Imports (G)	5,047	4,449	13%	3,752	35%	48,402	49,518	-2%
Food Imports	513	494	4%	587	-13%	6,689	7,533	-11%
Machinery Imports	848	760	12%	295	187%	6,784	4,172	63%
Transport Imports	166	117	42%	92	82%	1,432	1,203	19%
Petroleum Imports	1,362	1,261	8%	1,242	10%	13,203	16,599	-20%
Other Imports	2,157	1,817	19%	1,536	40%	20,294	20,012	1%

Source: SBP, IGI Research

Imports increased by +13%m/m during May-24

During the month of May-24, the country's import bill was recorded at US\$ 5.05bn, up by +13%m/m and +35%/y/y. During the month, Petroleum, textile and machinery increased.

Remittances up by +15%m/m

During the month of May-24, remittances were recorded at US\$ 3.24bn compared to the previous month of US\$ 2.81bn; up by +15%m/m. Major increase in inflows came from UAE, UK and Saudi Arabia to the tune of US\$ 0.67bn, US\$ 0.47 and US\$ 0.82bn respectively.

Exhibit: Monthly Remittances Break-up Country wise								
US\$ mn	May-24	Apr-24	m/m	May-23	y/y	11MFY24	11MFY23	y/y
USA	360	330	9%	257	40%	3,209	2,895	11%
U.K.	473	403	17%	306	54%	4,034	3,730	8%
Saudi Arabia	819	712	15%	524	56%	6,616	6,017	10%
UAE	668	542	23%	336	99%	4,880	4,331	13%
Other GCC	314	288	9%	251	25%	2,879	2,926	-2%
EU	340	298	14%	249	36%	3,201	2,854	12%
Other	268	239	12%	179	50%	2,273	2,393	-5%
Total	3,243	2,813	15%	2,103	54%	27,093	25,146	8%

Source: SBP, IGI Research

Outlook

C/a deficit was recorded during the month mainly due to higher primary income and trade deficit. Rise in imports and repatriation led to higher deficit despite higher remittances. Going forward, imports are likely to increase however, higher exports and remittances are likely to restrict slippages in C/a balance during FY25.

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