Day Break

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Analyst

Abdullah Farhan
abdullah.farhan@igi.com.pk

Economy

Sep-24: C/a Records Surplus of US$ 0.12bn Led by Lower Trade and Services Deficit

- For the month of Sep-24, C/a balance registered a surplus of US$ 0.12bn compared to a surplus of US$ 0.03bn recorded during the month of Aug-24. C/a deficit recorded a surplus of US$ 0.12bn in Sep-24 compared to a deficit of US$ 0.22bn in Sep-23. On a monthly basis surplus was reported in Sep-24 mainly due to higher exports and lower services deficit.
- Pakistan's export receipts were recorded at US$ 2.65bn compared to last month's US$ 2.448bn, increasing by +7%m/m and on a yearly basis up by +8%y/y. Country's import bill was recorded at US$ 4.69bn, down by 0.4%m/m and up by +19%y/y.
- C/a deficit declined during the month mainly due to lower services and trade deficit despite debt repayments. Although remittances witnessed a decline in Sep-24, however, increase in exports and stable imports contributed to a C/a surplus. 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 Sep-24 by the State Bank of Pakistan (SBP).

Monthly current account printed US$ 0.12bn surplus

For the month of Sep-24, C/a balance registered a surplus of US$ 0.12bn compared to a surplus of US$ 0.03bn recorded during the month of Aug-24. C/a deficit recorded a surplus of US$ 0.12bn in Sep-24 compared to a deficit of US$ 0.22bn in Sep-23. On a monthly basis surplus was reported in Sep-24 mainly due to higher exports and lower services deficit. This brings total C/a deficit for 3MFY25 to US$ 0.10bn, down by 92%y/y, compared to US$ 1.24bn in the same period last year

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

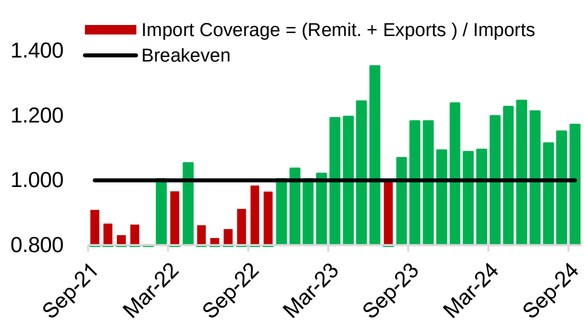
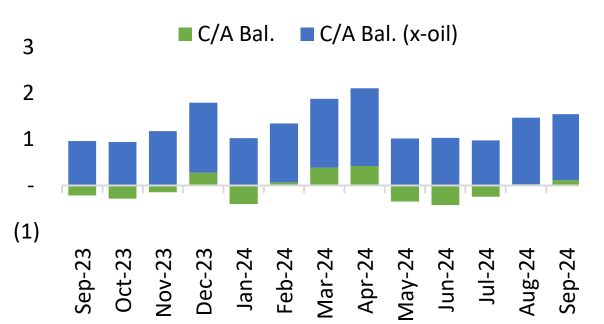


Exhibit: C/a trend (in US$ bn)
Current account trend with and without oil imports since Sep-23



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance								
US$ mn	Sep-24	Aug-24	m/m	Sep-23	y/y	3MFY25	3MFY24	y/y
Exports (G)	2,645	2,477	7%	2,438	8%	7,496	6,952	8%
Imports (G)	4,691	4,709	0%	3,928	19%	14,219	12,288	16%
Trade Bal.	(2,046)	(2,232)	-8%	(1,490)	37%	(6,723)	(5,336)	26%
Services Bal.	(226)	(282)	-20%	(358)	-37%	(699)	(895)	-22%
Remittances	2,849	2,943	-3%	2,208	29%	8,787	6,332	39%
Income Bal.	2,391	2,543	-6%	1,630	47%	7,324	4,990	47%
C/a Bal.	**119**	**29**	**310%**	**(218)**	**-155%**	**(98)**	**(1,241)**	**-92%**
C/a Bal. (x-oil)	**1,422**	**1,438**	**-1%**	**963**	**48%**	**3,838**	**1,822**	**111%**

Source: SBP, IGI Research

Exports inclined by +7%m/m

For the month, the country's export receipts were recorded at US$ 2.65bn compared to last month's US$ 2.48bn, increasing by +7%m/m and on a yearly basis up by +8%y/y. Sep-24 monthly export number was higher compared to its FY24 monthly average export number of US$ 2.59bn. During the month higher numbers were largely supported by growth in textile, petroleum and all other exports despite decline in food exports.

Exhibit: Monthly Trade Break-up Commodity wise								
US$ mn	Sep-24	Aug-24	m/m	Sep-23	y/y	3MFY25	3MFY24	y/y
Exports (G)	**2,645**	**2,477**	**7%**	**2,470**	**7%**	**7,496**	**7,015**	**7%**
Food Exports	488	492	-1%	492	-1%	1,525	1,257	21%
Textile Exports	1,470	1,407	4%	1,333	10%	4,253	4,068	5%
Other Exports	687	578	19%	646	6%	1,718	1,689	2%
Imports (G)	**4,691**	**4,709**	**0%**	**3,928**	**19%**	**14,219**	**12,288**	**16%**
Food Imports	516	509	1%	460	12%	1,560	1,696	-8%
Machinery Imports	637	638	0%	471	35%	2,173	1,422	53%
Transport Imports	141	147	-4%	126	12%	436	418	4%
Petroleum Imports	1,303	1,409	-8%	1,181	10%	3,936	3,063	29%
Other Imports	2,095	2,006	4%	1,690	24%	6,115	5,689	7%

Source: SBP, IGI Research

Imports declined by 0.4%m/m during Sep-24

During the month of Sep-24, the country's import bill was recorded at US$ 4.69bn, down by 0.4%m/m and up by +19%y/y. During the month, Petroleum, Textile and Transport declined while Agriculture, Metal and Food imports increased.

Remittances down by 3%m/m

During the month of Sep-24, remittances were recorded at US$ 2.85bn compared to the previous month of US$ 2.94bn; down by 3%m/m. Major decline in inflows came from USA, UK, Saudi Arabia and EU to the tune of US$ 0.28bn, US$ 0.42bn, US$ 0.68 and US$ 0.37bn, however, major increase was witnessed from UAE and other GCC to the tune of US$ 0.56bn and US$ 0.29bn respectively.

Exhibit: Monthly Remittances Break-up Country wise

US$ mn	Sep-24	Aug-24	m/m	Sep-23	y/y	3MFY25	3MFY24	y/y
USA	275	322	-15%	264	4%	897	768	17%
U.K.	424	475	-11%	311	36%	1,342	948	42%
Saudi Arabia	681	713	-4%	538	27%	2,155	1,516	42%
UAE	560	538	4%	400	40%	1,710	1,024	67%
Other GCC	291	281	4%	248	17%	861	721	19%
EU	365	376	-3%	270	35%	1,092	844	29%
Other	252	237	6%	177	42%	729	511	43%
Total	**2,849**	**2,943**	**-3%**	**2,208**	**29%**	**8,786**	**6,332**	**39%**

Source: SBP, IGI Research

Outlook

C/a deficit declined during the month mainly due to lower services and trade deficit despite debt repayments. Although remittances witnessed a decline in Sep-24, however, increase in exports and stable imports contributed to a C/a surplus. Going forward, C/a deficit is likely to increase in FY25 but remain manageable owing to continued balance between trade deficit and remittances. SBP expects C/a deficit to settle between 0%-1% of GDP in FY25 while IMF estimates deficit of around 0.9% of GDP.

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IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

IGI Finex Securities Limited
Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited
Website: www.igisecurities.com.pk

Head Office
Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780

Lahore Office
Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Islamabad Office
3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office
Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office
Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office
Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009