

# Day Break

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Securities

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## Economy

### Feb-24: C/a Records Surplus of US\$ 0.13bn Supported by Favorable Income Balance

- For the month of Feb-24, C/a balance registered a surplus of US\$ 0.13bn compared to a deficit of US\$ 0.3bn recorded during the month of Jan-24. This brings total C/a deficit to US\$ 1.0bn during 8MFY24 compared to US\$ 3.85bn in the same period last year.
- Country's export receipts were recorded at US\$ 2.56bn compared to last month's US\$ 2.69bn, declining by 5%m/m, and on a yearly basis up by +16%/y. Import bill was recorded at US\$ 4.28bn down by 6%m/m and up by +10%/y.
- C/a surplus during Feb-24 was mainly due to increase of +6%m/m in income balance while imports too were down by 6%m/m. In our view, c/a is likely to stay under control during FY24. However, imports may rise going forward as IMF has continuously emphasized on stricter management of the exchange rate and has been advising the government to relax measures aimed at controlling the import bill.

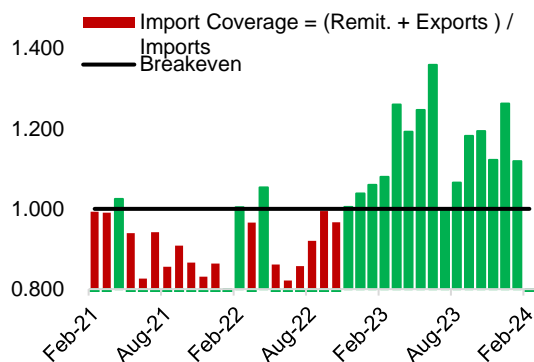
We review current account balance numbers published for the month of Feb-24 by the State Bank of Pakistan (SBP).

#### Monthly current account surplus printed US\$ 0.13bn

For the month of Feb-24, C/a balance registered a surplus of US\$ 0.13bn compared to a deficit of US\$ 0.3bn recorded during the month of Jan-24. This brings total C/a deficit to US\$ 1.0bn during 8MFY24, down by compared to US\$ 3.85bn in the same period last year. C/a surplus was recorded during the month as income balance increased by +6%m/m owing to lower service balance deficit.

#### 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 Feb-23

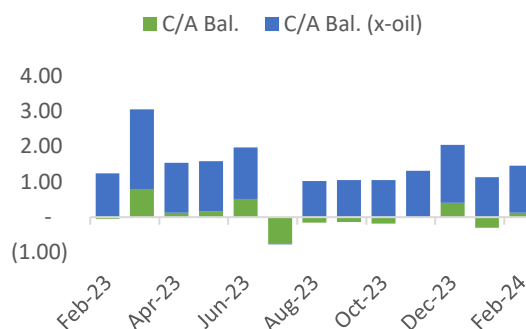


Exhibit: Monthly Current Account Balance								
US\$ mn	Feb-24	Jan-24	m/m	Feb-23	y/y	8MFY24	8MFY23	y/y
Exports (G)	2,556	2,697	-5%	2,199	16%	20,538	18,644	10%
Imports (G)	4,275	4,554	-6%	3,878	10%	34,079	37,355	-9%
Trade Bal.	(1,719)	(1,857)	-7%	(1,679)	2%	(13,541)	(18,711)	-28%
Services Bal.	(158)	(331)	-52%	(57)	177%	(1,892)	(289)	555%
Remittances	2,250	2,398	-6%	1,990	13%	18,084	18,308	-1%
Income Bal.	2,005	1,885	6%	1,686	19%	14,434	15,154	-5%
<b>C/a Bal.</b>	<b>128</b>	<b>(303)</b>	<b>n/m</b>	<b>(50)</b>	<b>n/m</b>	<b>(999)</b>	<b>(3,846)</b>	<b>-74%</b>
<b>C/a Bal. (x-oil)</b>	<b>1,325</b>	<b>1,127</b>	<b>18%</b>	<b>1,239</b>	<b>7%</b>	<b>8,481</b>	<b>8,769</b>	<b>-3%</b>

Source: SBP, IGI Research

#### Exports dropped by 5%/m/m

For the month, the country's export receipts were recorded at US\$ 2.56bn compared to last month's US\$ 2.69bn, declining by 5%/m/m and on a yearly basis up by +16%/y/y. Feb-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 food and textile exports primarily rice, cotton cloth and knitwear.

Exhibit: Monthly Trade Break-up Commodity wise								
US\$ mn	Feb-24	Jan-24	m/m	Feb-23	y/y	8MFY24	8MFY23	y/y
<b>Exports (G)</b>	<b>2,556</b>	<b>2,697</b>	<b>-5%</b>	<b>2,198</b>	<b>16%</b>	<b>20,549</b>	<b>18,639</b>	<b>10%</b>
Food Exports	638	742	-14%	380	68%	4,745	2,972	60%
Textile Exports	1,312	1,374	-5%	1,289	2%	10,899	11,619	-6%
Other Exports	606	581	4%	529	15%	4,905	4,048	21%
<b>Imports (G)</b>	<b>4,275</b>	<b>4,554</b>	<b>-6%</b>	<b>3,878</b>	<b>10%</b>	<b>34,079</b>	<b>37,355</b>	<b>-9%</b>
Food Imports	753	695	8%	775	-3%	4,931	5,850	-16%
Machinery Imports	645	692	-7%	292	121%	4,452	3,246	37%
Transport Imports	130	115	13%	73	78%	1,023	924	11%
Petroleum Imports	1,197	1,430	-16%	1,289	-7%	9,480	12,615	-25%
Other Imports	1,549	1,622	-4%	1,450	7%	14,193	14,719	-4%

Source: SBP, IGI Research

#### Imports declined by 6%/m/m during Feb-24

During the month of Feb-24, the country's import bill was recorded at US\$ 4.28bn, down by 6%/m/m and +10%/y/y. During the month, petroleum, agriculture/other chemical, machinery and textile imports declined, while food, transport, and metal imports increased.

### Remittances down by 6%m/m

During the month of Feb-24, remittances were recorded at US\$ 2.25bn compared to the previous month of US\$ 2.40bn; down by 6%m/m. Major decline in inflows came from Saudi Arabia, UAE and UK to the tune of US\$ 0.54bn, US\$ 0.39bn and US\$ 0.35bn respectively.

Exhibit: Monthly Remittances Break-up Country wise								
US\$ mn	Feb-24	Jan-24	m/m	Feb-23	y/y	8MFY24	8MFY23	y/y
USA	287	283	1%	220	31%	2,147	2,050	5%
U.K.	346	362	-4%	317	9%	2,696	2,649	2%
Saudi Arabia	540	587	-8%	455	19%	4,381	4,435	-1%
UAE	385	408	-6%	324	19%	3,121	3,206	-3%
Other GCC	232	253	-8%	242	-4%	1,974	2,127	-7%
EU	263	290	-9%	245	7%	2,249	2,050	10%
Other	196	214	-8%	187	5%	1,514	1,792	-15%
<b>Total</b>	<b>2,250</b>	<b>2,398</b>	<b>-6%</b>	<b>1,990</b>	<b>13%</b>	<b>18,083</b>	<b>18,308</b>	<b>-1%</b>

Source: SBP, IGI Research

### Outlook

C/a surplus during Feb-24 was mainly due to higher income balance despite decline in exports and remittances. In our view, c/a is likely to remain manageable during FY24. Imports may rise going forward as IMF has called for tighter control on exchange rate and wants the Government let go of measures taken to control import bill. According to IMF, these measures are affecting growth and building external pressures.

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