Day Break

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Economy

Feb-25: C/a Deficit Improves to US$ 0.01bn Led by Higher Remittances

- For the month of Feb-25, C/a balance registered a deficit of US$ 0.01bn compared to a deficit of US$ 0.40bn recorded during the month of Jan-25. On a monthly basis deficit reduced in Feb-25 mainly due to lower trade deficit and higher remittances. This brings C/a surplus for 8MFY25 to US$ 0.69bn, compared to deficit of US$ 1.73bn in the same period last year.
- Pakistan's export receipts were recorded at US$ 2.59bn compared to last month's US$ 2.99bn, declining by 13%m/m and on a yearly basis up by +2%y/y. Country's import bill was recorded at US$ 5.02bn, down by 8%m/m and +15%y/y.
- C/a turned in to deficit in Jan-25 after 3 months of consecutive surpluses. However, in Feb-25 deficit reduced amid lower trade deficit and supported by higher remittances. Going forward, C/a deficit is likely to remain manageable in FY25; however, higher imports and debt repayments amid lack of financial inflows are likely to keep C/a balance under pressure during 2HFY25. In our view, higher remittances are likely to restrict deficit to 0-1% of GDP in FY25.

We review current account balance numbers published for the month of Feb-25 by the State Bank of Pakistan (SBP).

Monthly current account printed US$ 0.01bn deficit

For the month of Feb-25, C/a balance registered a deficit of US$ 0.01bn compared to a deficit of US$ 0.40bn recorded during the month of Jan-25. C/a recorded a deficit of US$ 0.01bn in Feb-25 compared to a surplus of US$ 0.07bn in Feb-24. On a monthly basis deficit reduced in Feb-25 mainly due to lower trade deficit and higher remittances. This brings total C/a surplus for 8MFY25 to US$ 0.69bn, compared to deficit of US$ 1.73bn in the same period last year.

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

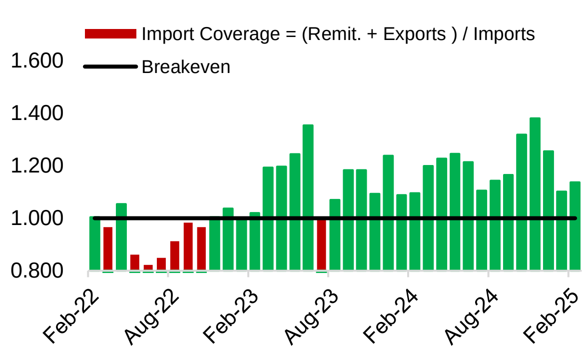
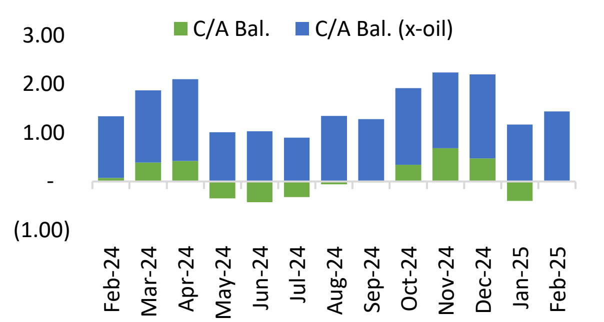


Exhibit: C/a trend (in US$ bn)
Current account trend with and without oil imports since Feb-24



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance

US$ mn	Feb-25	Jan-25	m/m	Feb-24	y/y	8MFY25	8MFY24	y/y
Exports (G)	2,593	2,992	-13%	2,531	2%	21,820	20,357	7%
Imports (G)	5,023	5,443	-8%	4,366	15%	38,325	34,410	11%
Trade Bal.	(2,430)	(2,451)	-1%	(1,835)	32%	(16,505)	(14,053)	17%
Services Bal.	(304)	(332)	-8%	(88)	245%	(2,250)	(1,736)	30%
Remittances	3,119	3,003	4%	2,250	39%	23,969	18,084	33%
Income Bal.	2,722	2,384	14%	1,994	37%	19,446	14,059	38%
C/a Bal.	**(12)**	**(399)**	**-97%**	**71**	**-117%**	**691**	**(1,730)**	**-140%**
C/a Bal. (x-oil)	**1,438**	**1,172**	**23%**	**1,268**	**13%**	**10,995**	**7,750**	**42%**

Source: SBP, IGI Research

Exports declined by 13%m/m during Feb-25

For the month, the country's export receipts were recorded at US$ 2.59bn compared to last month's US$ 2.99bn, declining by 13%m/m and on a yearly basis up by +2%y/y. Feb-25 monthly export number was still higher compared to its FY24 monthly average export number of US$ 2.59bn. During the month lower numbers were largely due to decline in textile, food, petroleum and other manufacturing exports while all other exports increased marginally. Textile exports were higher mainly due to decreased bed wear, knitwear and readymade garments exports.

Exhibit: Monthly Trade Break-up Commodity wise

US$ mn	Feb-25	Jan-25	m/m	Feb-24	y/y	8MFY25	8MFY24	y/y
Exports (G)	**2,593**	**2,992**	**-13%**	**2,534**	**2%**	**21,898**	**20,527**	**7%**
Food Exports	429	562	-24%	638	-33%	4,559	4,745	-4%
Textile Exports	1,370	1,575	-13%	1,303	5%	11,590	10,891	6%
Other Exports	794	855	-7%	593	34%	5,749	4,891	18%
Imports (G)	**5,023**	**5,443**	**-8%**	**4,366**	**15%**	**38,325**	**34,410**	**11%**
Food Imports	732	748	-2%	752	-3%	4,907	4,930	0%
Machinery Imports	671	730	-8%	638	5%	5,418	4,445	22%
Transport Imports	179	160	12%	130	38%	1,156	1,022	13%
Petroleum Imports	1,450	1,571	-8%	1,197	21%	10,304	9,480	9%
Other Imports	1,991	2,234	-11%	1,649	21%	16,540	14,532	14%

Source: SBP, IGI Research

Imports dropped by 8%m/m during Feb-25

During the month of Feb-25, the country's import bill was recorded at US$ 5.02bn, down by 8%m/m and +15%y/y. During the month, Petroleum, Agriculture and Machinery imports declined while Transport and Metal group imports increased. Increase in petroleum imports was higher due to lower LNG imports.

Remittances up by +4%m/m

During the month of Feb-25, remittances were recorded at US$ 3.12bn compared to the previous month of US$ 3.0bn; up by +4%m/m. Major increase in inflows came from UK, UAE, Saudi Arabia, Other GCC and USA to the tune of US$ 0.50bn, US$ 0.65bn, US$ 0.74bn, US$ 0.31bn and US$ 0.31bn. However, remittances from EU declined by 4%m/m to US$ 0.34bn.

Exhibit: Monthly Remittances Break-up Country wise

US$ mn	Feb-25	Jan-25	m/m	Feb-24	y/y	8MFY25	8MFY24	y/y
USA	309	299	3%	287	8%	2,402	2,147	12%
U.K.	502	444	13%	346	45%	3,565	2,696	32%
Saudi Arabia	744	728	2%	540	38%	5,896	4,381	35%
UAE	652	622	5%	385	70%	4,858	3,121	56%
Other GCC	307	295	4%	232	32%	2,397	1,974	21%
EU	340	354	-4%	263	29%	2,829	2,249	26%
Other	264	262	1%	196	35%	2,022	1,515	33%
Total	**3,119**	**3,003**	**4%**	**2,250**	**39%**	**23,969**	**18,083**	**33%**

Source: SBP, IGI Research

Outlook

C/a turned in to deficit in Jan-25 after three months of consecutive surpluses. However, in Feb-25 deficit reduced amid lower trade deficit and supported by higher remittances. Going forward, C/a deficit is likely to remain manageable in FY25; however, higher imports and debt repayments amid lack of financial inflows are likely to keep C/a balance under pressure during 2HFY25. In our view, higher remittances are likely to restrict C/a deficit to 0-1% of GDP in FY25.

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