Day Break

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Analyst

Abdullah Farhan
abdullah.farhan@igi.com.pk

Economy

Feb-26: C/a Reports Surplus of US$ 427mn as Primary Income and Services Deficit Shrinks

- For the month of Feb-26, C/a balance registered a surplus of US$ 427mn compared to a surplus of US$ 68mn recorded during the month of Jan-26 and a deficit of US$ 85mn in Feb-25. On a monthly basis, C/a turned in to surplus in Feb-26 mainly due to higher Income balance and decline in services deficit despite lower remittances. This brings total C/a deficit for 8MFY26 to US$ 0.70bn compared to surplus of US$ 0.48bn in the same period last year.
- Pakistan's export receipts were recorded at US$ 2.48bn compared to last month's US$ 2.75bn, dropping by 9.6%m/m while on yearly basis down by 4.9%y/y. import bill was recorded at US$ 5.15bn compared to US$ 5.35bn in Jan-26, down by 3.6%m/m and up by +2.0%y/y.
- C/a surplus for Feb-26 was mainly led by higher income balance and lower services deficit as Primary income deficit shrank despite drop in remittances and higher trade deficit. Going forward, C/a is likely to come under pressure if the ongoing war prolongs with oil imports rising in line with oil prices while exports are also likely to face attrition. Remittances may also face slowdown with more than 50% flows from impacted countries. Nevertheless, higher remittances are likely to contain overall deficit.

We review current account balance numbers published for the month of Feb-26 by the State Bank of Pakistan (SBP).

Monthly current account printed US$ 427mn surplus

For the month of Feb-26, C/a balance registered a surplus of US$ 427mn compared to a surplus of US$ 68mn recorded during the month of Jan-26. C/a recorded a surplus of US$ 427mn in Feb-26 compared to a deficit of US$ 85mn in Feb-25. On a monthly basis, C/a turned in to surplus in Feb-26 mainly due to higher Income balance and decline in services deficit despite lower remittances. This brings total C/a deficit for 8MFY26 to US$ 0.70bn compared to surplus of US$ 0.48bn in the same period last year.

Exhibit: Export and Remittances coverage

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

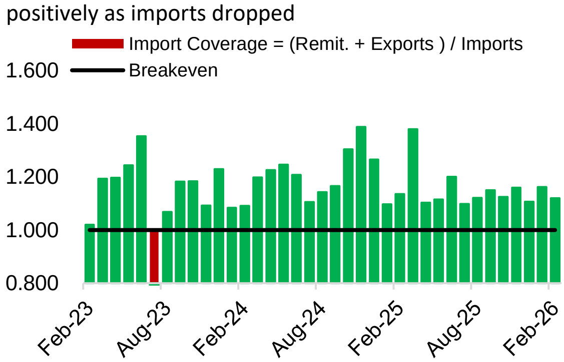
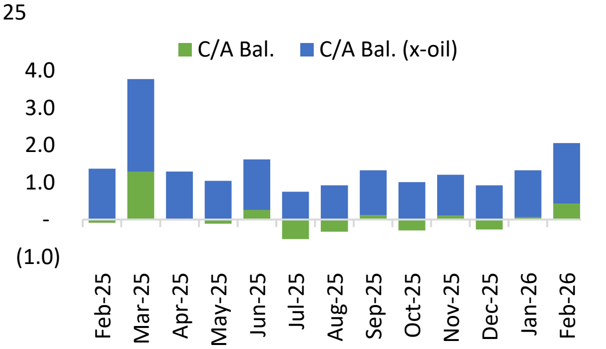


Exhibit: C/a trend (in US$ bn)

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



Source: SBP, IGI Research

Exhibit: Monthly Current Account Balance

US$ mn	Feb-26	Jan-26	m/m	Feb-25	y/y	8MFY26	8MFY25	y/y
Exports (G)	2,482	2,745	-10%	2,609	-5%	20,741	21,936	-5%
Imports (G)	5,152	5,346	-4%	5,050	2%	41,823	38,433	9%
Trade Bal.	(2,670)	(2,601)	3%	(2,441)	9%	(21,082)	(16,497)	28%
Services Bal.	(99)	(269)	-63%	(257)	-61%	(2,137)	(2,078)	3%
Remittances	3,288	3,464	-5%	3,127	5%	26,488	23,977	10%
Income Bal.	3,196	2,938	9%	2,613	22%	22,519	19,054	18%
C/a Bal.	**427**	**68**	**528%**	**(85)**	**n/m**	**(700)**	**479**	**n/m**
C/a Bal. (x-oil)	**1,626**	**1,254**	**30%**	**1,365**	**19%**	**8,777**	**10,783**	**-19%**

Source: SBP, IGI Research

Exports declined on a monthly basis during Feb-26

For the month, the country's export receipts were recorded at US$ 2.48bn compared to last month's US$ 2.75bn, dropping by 9.6%m/m while on yearly basis down by 4.9%y/y. Feb-26 monthly export number was below its FY25 monthly average export number of US$ 2.68bn. During the month lower numbers were largely due to decline in Textile exports led by Knitwear, Bedwear and readymade garments exports. Moreover, Other Manufacturing exports were also down where Leather Gloves and Engineering Goods exports were main drivers. However, food exports inched up mainly led by higher Rice and Tobacco exports.

Exhibit: Monthly Trade Break-up Commodity wise

US$ mn	Feb-26	Jan-26	m/m	Feb-25	y/y	8MFY26	8MFY25	y/y
Exports (G)	**2,482**	**2,745**	**-10%**	**2,603**	**-5%**	**20,775**	**21,908**	**-5%**
Food Exports	394	387	2%	429	-8%	3,088	4,559	-32%
Textile Exports	1,355	1,458	-7%	1,370	-1%	11,909	11,590	3%
Other Exports	733	900	-19%	804	-9%	5,777	5,759	0%
Imports (G)	**5,152**	**5,346**	**-4%**	**5,050**	**2%**	**41,823**	**38,433**	**9%**
Food Imports	819	816	0%	732	12%	5,746	4,907	17%
Machinery Imports	669	739	-9%	671	0%	6,042	5,418	12%
Transport Imports	369	301	23%	179	106%	2,377	1,156	106%
Petroleum Imports	1,199	1,186	1%	1,450	-17%	9,477	10,304	-8%
Other Imports	2,095	2,304	-9%	2,018	4%	18,181	16,648	9%

Source: SBP, IGI Research

Imports down by 3.6%m/m during Feb-26

During the month of Feb-26, the country's import bill was recorded at US$ 5.15bn compared to US$ 5.35bn in Jan-26, down by 3.6%m/m and up by

+2.0%y/y. During the month, Petroleum, Food and Transport imports increased while Machinery, Metal, Agriculture, Textile and other imports declined. Drop imports was mainly led by lower Fertilizer under Agriculture and Electrical Machinery & Apparatus under Machinery imports.

Remittances down by 5.1%m/m

During the month of Feb-26, remittances were recorded at US$ 3.29bn compared to the previous month of US$ 3.46bn; down by 5%m/m and up by +5%y/y. Major contribution to outflows came from Saudi Arabia, EU, UK and Other GCC while flows from USA and UAE increased during the month.

Exhibit: Monthly Remittances Break-up Country wise

US$ mn	Feb-26	Jan-26	m/m	Feb-25	y/y	8MFY26	8MFY25	y/y
USA	319	296	8%	310	3%	2,302	2,402	-4%
U.K.	532	575	-7%	497	7%	4,014	3,560	13%
Saudi Arabia	685	767	-11%	745	-8%	6,168	5,897	5%
UAE	696	658	6%	658	6%	5,444	4,863	12%
Other GCC	317	331	-4%	307	3%	2,525	2,397	5%
EU	395	483	-18%	345	15%	3,499	2,834	23%
Other	342	355	-4%	266	29%	2,537	2,023	25%
Total	**3,288**	**3,464**	**-5%**	**3,127**	**5%**	**26,490**	**23,977**	**10%**

Source: SBP, IGI Research

Outlook

C/a surplus for Feb-26 was mainly led by higher income balance and lower services deficit as Primary income deficit shrank despite drop in remittances and higher trade deficit. Going forward, C/a is likely to come under pressure if the ongoing war prolongs with oil imports rising in line with oil prices while exports are also likely to face attrition. Remittances may also face slowdown with more than 50% flows from impacted countries.

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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
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@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
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@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
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