

Pakistan Economy

Current Account posts highest ever monthly surplus in Mar'25

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Balance of Payment

Current Account posts highest ever monthly surplus in Mar'25

Balance of Payment at a glance

- The **current account balance** recorded a record surplus of USD 1,195mn in Mar'25 vs. USD 363mn in Mar'24 and a deficit of USD 97mn in Feb'25, led by 37% YoY growth in remittances to USD 4.1bn.
- For 9MFY25, surplus stood at USD 1,859mn vs. deficit of USD 1,652mn in SPLY.



- Goods imports** rose 8% YoY to USD 4,949mn, but fell 2% MoM.
- In 9MFY25, imports totaled USD 40.4bn, up 11% YoY. Key imports: machinery at USD 822mn, petroleum at USD 1.2bn.
- Service imports** were up 7% YoY to USD 970mn, flat MoM.



- Goods exports** rose 10% YoY to USD 2.8bn in Mar'25, and 6% MoM. Cumulatively, they reached USD 24.6bn in 9MFY25, up 12% YoY.
- Service exports** increased 5% YoY to USD 744mn, with tech exports up 12% YoY and MoM to USD 342mn.

- The **trade deficit** expanded in Mar'25, increasing to USD 2.4bn compared to USD 2.2bn in SPLY.
- The overall trade balance posted a deficit of USD 21bn in 9MFY25, up from SPLY USD 18bn.



- In Mar'25, **secondary income** rose by 33% YoY to USD 4,259mn, compared to USD 3,204mn in Mar'24.
- Workers' remittances** grew by 37% YoY to USD 4.1bn.
- During 9MFY25, remittances rose by 33% YoY to USD 28.0bn.



Outlook:

- We expect country to post a CA surplus of USD 1.3bn in FY25 after 14 years.
- This growth is mainly due to increase in remittances by 24% YoY to USD 37.4bn, we view.

Balance of Payment

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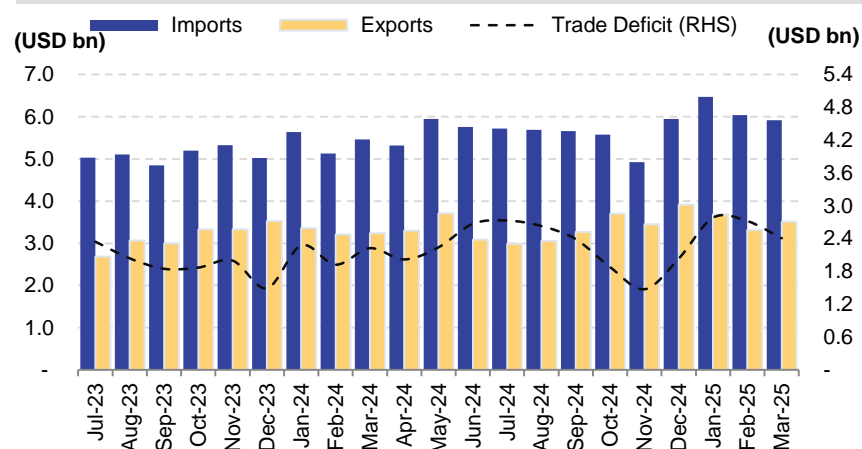
- The **current account** balance recorded its highest-ever monthly surplus of USD 1,195mn in Mar'25, compared to a surplus of USD 363mn in Mar'24 and a deficit of USD 97mn in Feb'25. The improvement in the current account position was primarily driven by record-high remittances, which rose by 37% YoY to USD 4.1bn, up from USD 2.9bn in the SPLY. On a cumulative basis, the country posted a current account surplus of USD 1,859mn during 9MFY25, a significant turnaround from the deficit of USD 1,652mn recorded in the SPLY.
- Exports** of goods increased by 10% YoY to USD 2.8bn in Mar'25, compared to USD 2.5bn in Mar'24. On a MoM basis, exports rose by 6% from USD 2.6bn in Feb'25. Similarly, exports of services registered a 5% YoY increase, reaching USD 744mn in Mar'25, versus USD 709mn in Mar'24. On a MoM basis, services exports grew by 4% from USD 713mn in Feb'25. A major driver of growth within the services segment was technology exports, which rose by 12% YoY to USD 342mn in Mar'25, contributing 46% to total services exports. On a MoM basis, technology exports also posted a 12% increase. Cumulatively, during 9MFY25, technology exports stood at USD 2,824mn, reflecting a 24% YoY growth.
- Imports** of goods rose by 8% YoY to USD 4,949mn in Mar'25, compared to USD 4,573mn in Mar'24. However, on a MoM basis, goods imports declined by 2% from USD 5,063mn in Feb'25. Similarly, imports of services increased by 7% YoY to USD 970mn (vs. USD 908mn in Mar'24), but remained largely unchanged MoM from USD 973mn in Feb'25. Key import categories during the month included machinery, amounting to USD 822mn, and petroleum products, which stood at USD 1.2bn.
- The **primary income deficit** increased by 11% YoY to USD 657mn in Mar'25, compared to USD 592mn in Mar'24. On a MoM basis, the deficit widened by 15%.
- The **balance on secondary income** increased 33% YoY, reaching USD 34,259mn in Mar'25, compared to USD 3,204mn in Mar'24. On a MoM basis, it increased by 33% from USD 3,194mn in Feb'25.

Exhibit: Pakistan's Balance of Payment

| (USD mn) | Mar-25 | Mar-24 | YoY | Feb-25 | MoM | 9MFY25 | 9MFY24 | YoY |
|--------------------------|--------------|------------|-------------|-------------|-----------|--------------|----------------|-----------|
| Exports (Goods) | 2,768 | 2,523 | 10% | 2,603 | 6% | 24,660 | 22,892 | 8% |
| Imports (Goods) | 4,949 | 4,573 | 8% | 5,063 | -2% | 43,388 | 39,057 | 11% |
| Trade Balance (Goods) | (2,181) | (2,050) | 6% | (2,460) | -11% | (18,728) | (16,165) | 16% |
| Exports (Services) | 744 | 709 | 5% | 713 | 4% | 6,235 | 5,685 | 10% |
| Imports (Services) | 970 | 908 | 7% | 973 | 0% | 8,553 | 7,867 | 9% |
| Trade Balance (Services) | (226) | (199) | 14% | (260) | -13% | (2,318) | (2,182) | 6% |
| Trade Balance | (2,407) | (2,249) | 7% | (2,720) | -12% | (21,046) | (18,347) | 15% |
| Balance on Pri. Income | (657) | (592) | 11% | (571) | 15% | (6,524) | (5,725) | 14% |
| Balance on Sec. Income | 4,259 | 3,204 | 33% | 3,194 | 33% | 29,429 | 22,420 | 31% |
| Income (Net) | 3,602 | 2,612 | 38% | 2,623 | 37% | 22,905 | 16,695 | 37% |
| Remittances | 4,055 | 2,954 | 37% | 3,124 | 30% | 28,029 | 21,038 | 33% |
| CAB | 1,195 | 363 | 229% | (97) | nm | 1,859 | (1,652) | nm |
| FDI | (42) | (269) | -84% | (61) | -31% | (1,725) | (1,266) | 36% |
| Financial Account | 1,768 | 83 | 21x | 96 | 18x | 1,403 | (4,519) | nm |
| Capital Account | 10 | 15 | -33% | 5 | 100% | 103 | 152 | -32% |
| Overall Balance | 496 | (244) | nm | 145 | 242% | (748) | (2,368) | -68% |

Source (s): SBP, AHL Research

Exhibit: Historical trend of exports, imports and trade deficit



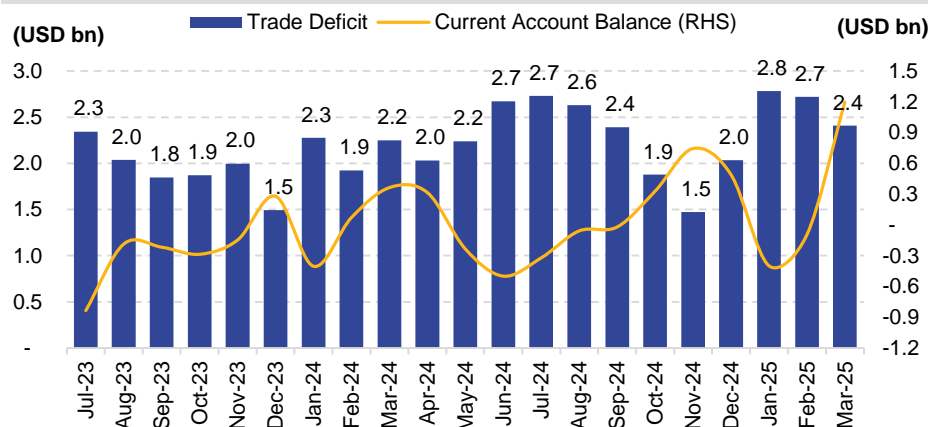
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Balance of Payment

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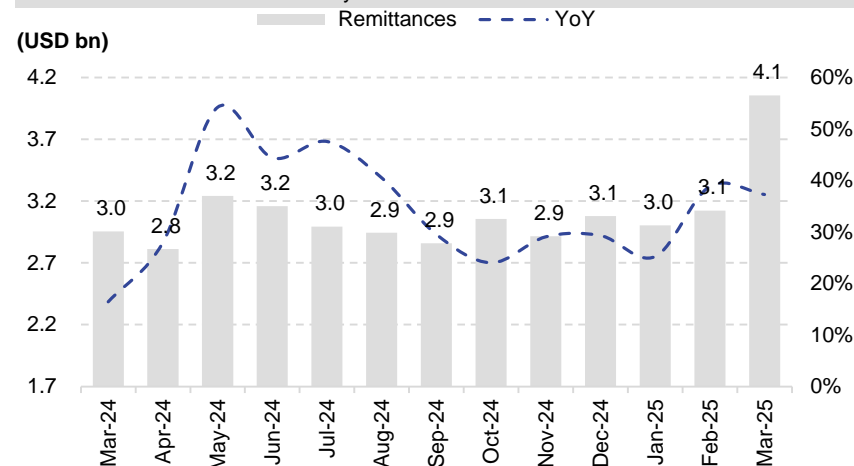
- Workers' remittances** grew robustly by 37% YoY, reaching USD 4.1bn in Mar'25, compared to USD 2.9bn in Mar'24. On a MoM basis, remittances increased by 30%, up from USD 3.1bn in Feb'25. In 9MFY25, remittances increased by 33%YoY to USD 28.0bn. Key contributors to this growth included Saudi Arabia, with a 40% YoY rise to USD 987mn, the UAE, which saw a 54% increase to USD 842mn, and the UK, which experienced a 48% YoY growth to USD 684mn.
- The Country witnessed net FDI inflow of USD 26mn during Mar'25. Net foreign direct investment (inflow) settled at USD 26mn in Mar'25, compared to net inflow of USD 95mn during Feb'25. During 9MFY25, net FDI inflow up by 14% YoY to USD 1,644mn compared to an inflow of USD 1,442mn in 9MFY24.
- Outlook:** We expect the country to register a current account (CA) surplus of USD 1.3bn in FY25, marking the first surplus after 14 years. This improvement is primarily attributable to a significant 24% YoY increase in workers' remittances, which are expected to reach USD 37.4bn during the year.

Exhibit: C/A balance clocked in at USD 1,195mn during Mar'25



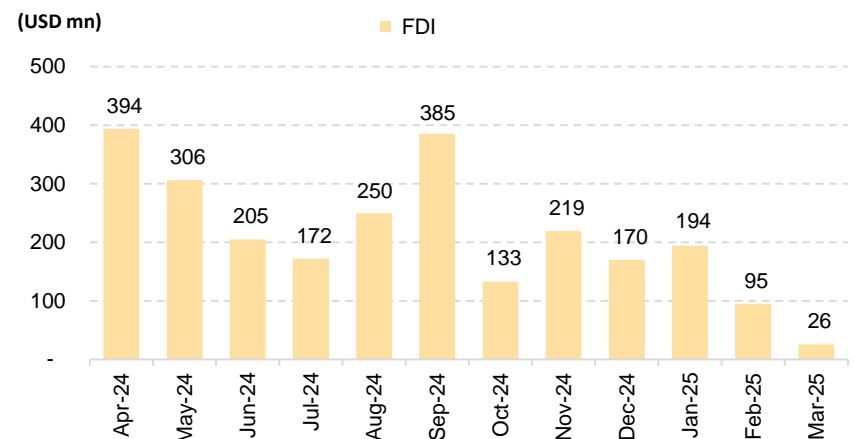
Source (s): SBP, AHL Research

Exhibit: Historical Trend of Monthly Remittances



Source (s): SBP, AHL Research

Exhibit: Historical Trend of Monthly FDI



Source (s): SBP, AHL Research

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