

# Pakistan Economy

## Oct'24: Third consecutive C/A surplus

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**EUROMONEY**

Best for Research: '24  
Best for Diversity & Inclusion: '24  
Best Investment Bank: '23

**ASIAMONEY**

Best Securities House: '23  
Best Investment Bank: '23

 **CFA Society  
Pakistan**

Best Brokerage House: '23 – '21  
Best Corporate Finance House: '23 - '13  
Best Economic Research House: : '23 – '21  
Best Research Analyst: '22 – '20

**FinanceAsia**

Best Investment Bank: '22

 **INTERNATIONAL  
FINANCE**

Best Brokerage House: '23

  
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STOCK EXCHANGE  
LIMITED

Top 25 Companies  
( '17-'19)

  
ASSET TRIPLE A AWARDS

Best Gender Equality Bond: '24  
Best Equity Advisor: '21

  
CENTRAL  
DEPOSITORY  
COMPANY

Excellence Award Leading  
Brokerage House for RDA '21

# Balance of Payment

## Oct'24: Third consecutive C/A surplus

### Balance of Payment at a glance

- In Oct'24, the country posted a **current account surplus** of USD 349mn, a significant shift from the USD 287mn deficit reported in Oct'23.
- This marks the third consecutive month of surplus. For 4MFY25, the current account has turned positive, reaching USD 218mn.



- **Imports** of goods rose by 5.1% YoY in Oct'24 to USD 4.6bn, and increased by 12.9% over the Jul-Oct FY25 period.
- Key imports included machinery (USD 2.8bn) and petroleum (USD 5.2bn).
- China remained the largest source, with imports rising 21.4% YoY to USD 1.21bn.
- Service imports grew by 16.7% YoY to USD 950mn.



- **Exports** of goods rose by 11.2% YoY in Oct'24, reaching USD 3.0bn, while total exports for the Jul-Oct period grew by 8.7% to USD 10.5bn. Textile exports accounted for USD 5.8bn, up 5% YoY.
- Service exports increased by 13.3% YoY in Oct'24 to USD 689mn, with technology exports surging 39% YoY to USD 330mn, making up 48% of service exports.

- The **trade deficit** in goods narrowed slightly in Oct'24, improving 4.7% YoY from USD 1.7bn in Oct'23 to USD 1.6bn.
- The overall trade balance posted a deficit of USD 9.3bn in 4MFY25, up from SPLY USD 8.1bn.
- For 4MFY25 period, the trade deficit widened by 18.9%.



- In Oct'24, **secondary income** totaled USD 3.1bn, with remittances accounting for ~USD 3.05bn. Overall, remittances experienced a 24% YoY increase.
- During 4MFY25, remittances clocked-in at USD 11.9bn, up 35% YoY.



- In Oct'24, **FDI** inflows totaled USD 133mn, down 18.5% YoY and 85% MoM.
- For 4MFY25, cumulative FDI reached USD 904mn, up 32% YoY.
- China was the largest source with USD 414mn, followed by Hong Kong at USD 100mn.
- The power sector led with USD 414mn, while the financial services sector received USD 190mn.

# Balance of Payment

## Oct'24: Third consecutive C/A surplus

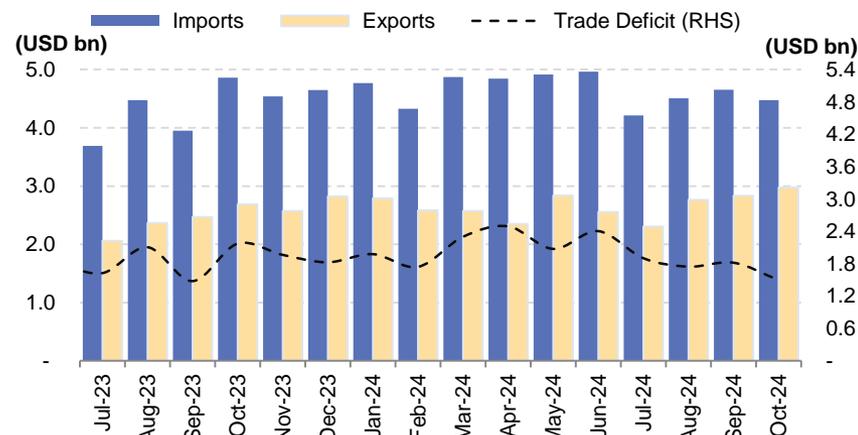
- The **current account balance** showed significant improvement, shifting from a deficit of USD 287mn in Oct'23 to a surplus of USD 349mn in Oct'24, marking a significant YoY turnaround. For the first 4M of FY25, the balance moved from a deficit of USD 1.5bn in the SPLY to a surplus of USD 218mn, driven largely by a substantial increase in workers' remittances.
- Exports of goods** rose by 11.2% YoY, reaching USD 3.0bn in Oct'24 compared to USD 2.7bn in Oct'23. Over the Jul-Oct period, exports increased by 8.7%, moving from USD 9.7bn to USD 10.5bn. This growth reflects stronger demand in international markets, particularly for textile products, which recorded USD 5.8bn, up 5% YoY. The USA was the top export destination for Pakistan in Oct'24, with USD 576mn worth of exports, followed by China, with USD 254mn in exports.
- On the contrary, **imports of goods** increased by 5.1% YoY, reaching USD 4.6bn in Oct'24 from USD 4.4bn in Oct'23, and saw a 12.9% rise over Jul-Oct, climbing from USD 16.7bn to USD 18.8bn. Major imports during 4MFY25 were in machinery (USD 2.8bn) and petroleum (USD 5.2bn). China remained the largest source of imports, with total imports rising by 21.4% YoY to USD 1.21bn in Oct'24, up from USD 993mn in Oct'23. The UAE followed, with imports worth USD 479mn.
- The **trade deficit in goods** narrowed slightly in Oct'24, moving from USD 1.7bn in SPLY to USD 1.6bn in FY25, showing a 4.7% YoY improvement. However, for the 4MFY25 period, the trade deficit widened by 18.9%.
- Exports of services** grew by 13.3% YoY in Oct'24 to USD 689mn, while **imports of services** increased by 16.7% YoY to USD 950mn. Technology exports experienced a significant rise of 39% YoY in Oct'24, reaching USD 330mn (the highest since May'24) and contributing 48% to total service exports. The MoM increase in technology exports was 13%, highlighting strong sectoral growth.

**Exhibit:** Pakistan's Balance of Payment

(USD mn)	Oct-24	Oct-23	YoY	Sep-24	MoM	4MFY25	4MFY24	YoY
Exports (Goods)	3,022	2,719	11%	2,635	15%	10,508	9,671	9%
Imports (Goods)	4,608	4,383	5%	4,696	-2%	18,832	16,671	13%
Exports (Services)	689	608	13%	662	4%	2,601	2,409	8%
Imports (Services)	950	814	17%	920	3%	3,593	3,510	2%
Trade Balance	(1,847)	(1,870)	-1%	(2,319)	-20%	(9,316)	(8,101)	15%
Balance on Pri. Income	(908)	(952)	-5%	(653)	39%	(2,884)	(2,640)	9%
Balance on Sec. Income	3,104	2,535	22%	3,058	2%	12,418	9,213	35%
Remittances	3,052	2,463	24%	2,860	7%	11,850	8,795	35%
<b>CAB</b>	<b>349</b>	<b>(287)</b>	<b>nm</b>	<b>86</b>	<b>306%</b>	<b>218</b>	<b>(1,528)</b>	<b>nm</b>
FDI	(115)	(152)	-24%	(375)	-69%	(885)	(658)	34%
Financial Account	(78)	26	nm	(356)	-78%	(909)	(3,775)	-76%
Capital Account	12	15	-20%	14	-14%	67	55	22%
Overall Balance	(544)	172	nm	(347)	57%	(927)	(2,067)	-55%

Source (s): SBP, AHL Research

**Exhibit:** Historical trend of exports, imports and trade deficit



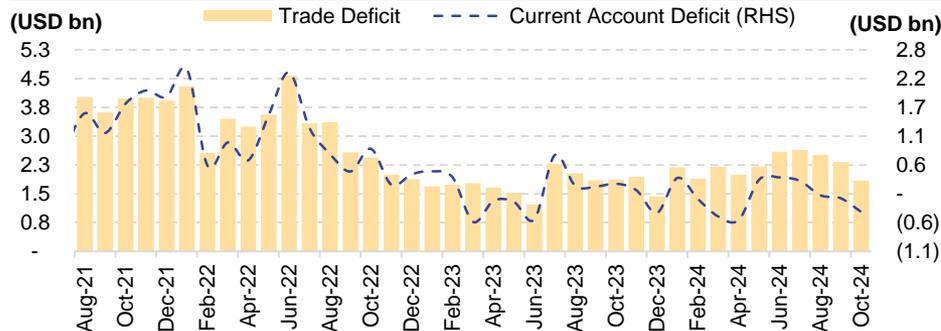
Source (s): SBP, AHL Research

# Balance of Payment

## Oct'24: Third consecutive C/A surplus

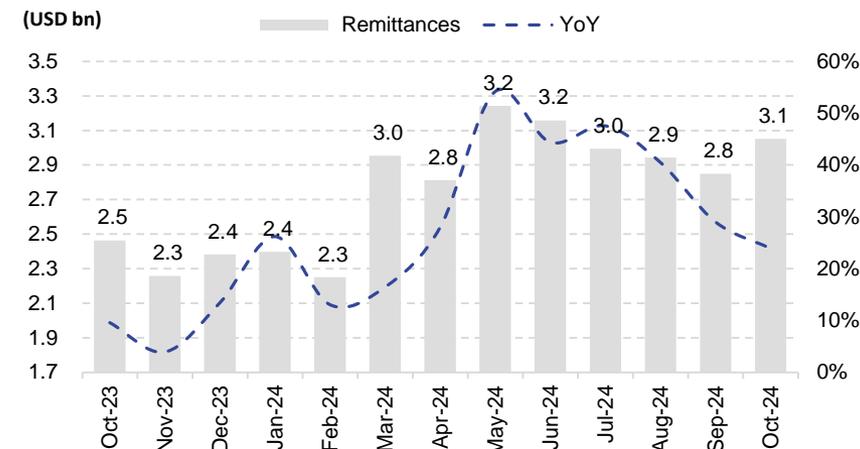
- Remittances** saw a significant increase in Oct'24, rising 24% YoY to USD 3.05bn compared to USD 2.46bn in Oct'23. Key contributors to this growth included Saudi Arabia, with a 24% YoY rise to USD 767mn, and the UAE, which saw a 31% increase to USD 621mn. The UK also experienced a 30% increase, reaching USD 429mn, while remittances from the EU grew by 21% to USD 359mn. The USA and other countries saw more modest increases, with the USA growing by 6% to USD 299mn and other countries rising by 25% to USD 577mn. Over the 4MFY25 period, total remittances grew by 35% YoY, reaching USD 11.85bn.
- In Oct'24, **Foreign Direct Investment** inflows totaled USD 133mn, down 18.5% YoY from USD 163mn in Oct'23. On a MoM basis, FDI dropped by 85%. For the 4MFY25 period, cumulative FDI reached USD 904mn, reflecting a 32% increase from USD 684mn in the same period last year. China remained the largest source of FDI, contributing USD 414mn, followed by Hong Kong at USD 100mn. The power sector attracted the most investment, with USD 414mn, while the financial services sector received USD 190mn.

**Exhibit: C/A Surplus clocked in at USD 349mn during Oct'24**



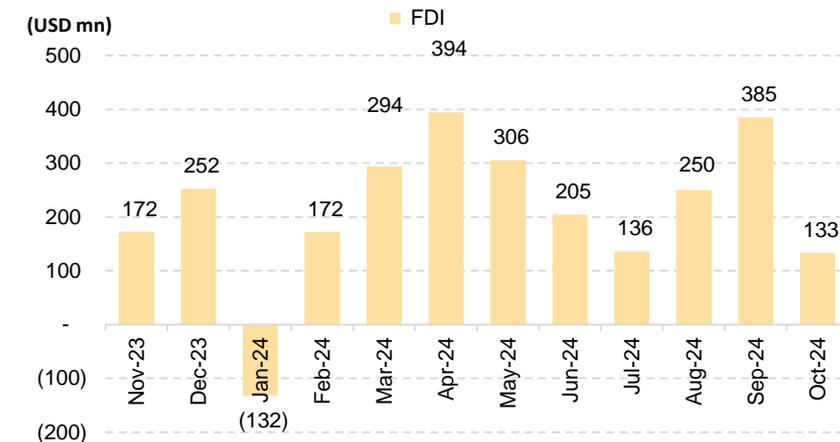
Source (s): SBP, AHL Research

**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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- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

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