

Current account posts deficit of US\$98mn in Aug-2026

- Pakistan's current account posted a deficit of US\$98mn in Aug-2026, narrowing 78% from July's revised US\$445mn shortfall (previously reported at US\$328mn), as a lower import bill and a smaller income outflow offset weaker exports. The 2MFY27 deficit stood at US\$543mn, down 36% YoY.
- Trade deficit eased 4% MoM to US\$3.0bn, but exports slipped 1% YoY while imports rose 9% YoY. On a cumulative basis, the 2MFY27 trade deficit widened 19% YoY to US\$6.2bn, cushioned by remittances which grew 15% YoY to US\$7.3bn.
- The financial account swung to a US\$346mn net inflow in August (from a revised US\$832mn outflow in July) on stronger FDI and net government borrowing, taking overall balance of payments to a US\$118mn surplus from a US\$1.4bn deficit in July.

Deficit narrows further on lower imports

Pakistan's current account posted a deficit of US\$98mn in Aug-2026, narrowing sharply from July's revised shortfall of US\$445mn (previously reported at US\$328mn). The improvement was driven by an 11% MoM drop in the goods import bill to US\$5.5bn and a smaller income outflow (US\$672mn vs US\$849mn in July), which more than offset an 18% MoM fall in exports to US\$2.5bn. That said, the current account has now remained in deficit for three consecutive months, although August's gap is the smallest of the three and well below the US\$324mn deficit recorded in Aug-2025.

Remittances, the current account's main pillar of support, rose 17% YoY (+1% MoM) to US\$3.66bn in Aug-2026, covering ~121% of the month's goods trade deficit. Cumulatively, remittances reached US\$7.3bn in 2MFY27, up 15% YoY.

Strong remittances continue to cushion the external account, but with the goods trade deficit up 19% YoY in 2MFY27, the position remains vulnerable should remittance momentum soften or imports pick up further.

2MFY27: Services gap narrows, trade gap widens

The current account deficit for 2MFY27 stood at US\$543mn, 36% lower than the US\$853mn recorded in 2MFY26. The improvement came despite a wider goods trade deficit of US\$6.2bn (+19% YoY), as imports grew 11% YoY to US\$11.6bn against a modest 4% YoY rise in exports to US\$5.4bn.

The offsets came from services and transfers. Services exports grew 29% YoY to US\$1.8bn, outpacing a 10% YoY rise in services imports, which trimmed the services deficit by 25% YoY to US\$562mn. Meanwhile, current transfers rose 16% YoY to US\$7.7bn on the back of remittances. Sustaining this mix will be key, as the goods trade gap alone has absorbed ~85% of 2MFY27 remittance inflows.

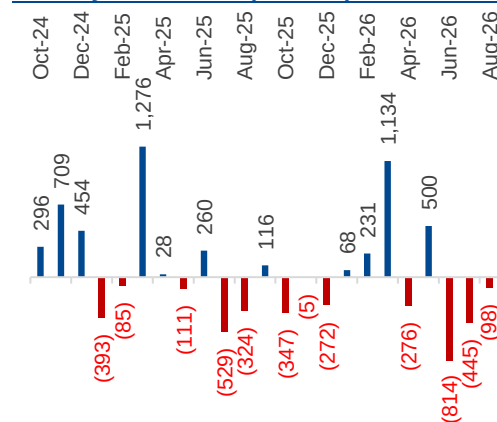
Within exports, Textile exports (58% of the total exports receipts) were up 2% YoY in Aug-2026. On the other hand, petroleum group imports which account for 26% of the import bill, are up 14% YoY. Notably, Petroleum group imports were flat YoY in 2MFY27 despite significant drop in POL products (-26% YoY) and LNG imports

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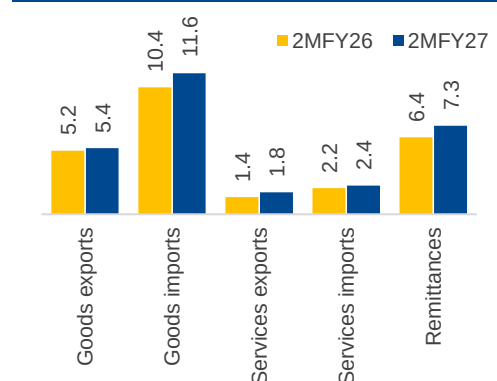
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Monthly CA balance (US\$ mn)



Source: SBP, JS Research

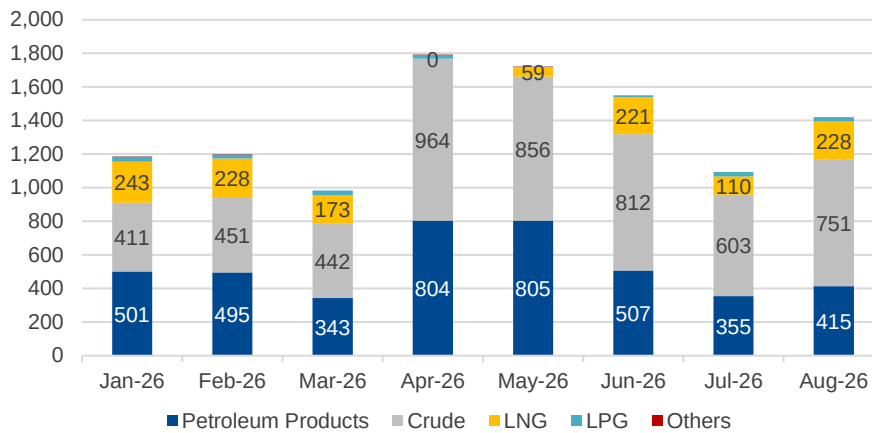
2MFY27 vs 2MFY26: key flows (US\$bn)



Source: SBP, JS Research

(-29% YoY), due to jump in oil prices (Brent up 26% YoY in 2MFY27) amid the geopolitical unrest.

Higher oil prices pushing up monthly petroleum import bill (US\$ mn)



Source: SBP, JS Research

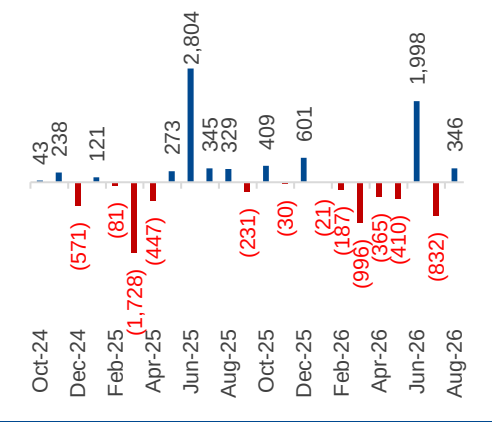
US\$m	Jul-26	Aug-26	MoM	YoY	2MFY26	2MFY27	YoY
Current account	(445)	(98)	-78%	NM	(853)	(543)	-36%
Trade balance	(3,164)	(3,026)	NM	NM	(5,211)	(6,190)	19%
- Exports	2,985	2,460	-18%	-1%	5,238	5,445	4%
- Imports	6,149	5,486	-11%	9%	10,449	11,635	11%
Services balance	(276)	(286)	NM	NM	(753)	(562)	NM
- Services Exports	939	872	-7%	29%	1,405	1,811	29%
- Services Imports	1,215	1,158	-5%	3%	2,158	2,373	10%
Income	(849)	(672)	NM	NM	(1,569)	(1,521)	NM
Current transfers	3,844	3,886	1%	16%	6,680	7,730	16%
- Remittances	3,630	3,656	1%	17%	6,352	7,286	15%
Capital account	19	3	-84%	-77%	30	22	-27%
Financial account	(832)	346	NM	NM	674	(486)	NM
FDI	180	311	73%	94%	355	491	38%
FPI	27	42	NM	NM	(83)	69	NM
Others	(1,034)	(6)	NM	NM	408	(1,040)	NM
Assets	240	2	-99%	-99%	116	242	109%
Liabilities	(1,274)	(8)	NM	NM	292	(1,282)	NM
Banks	(798)	(211)	NM	NM	(215)	(1,009)	NM
Government	(554)	124	NM	NM	536	(430)	NM
- Loans	254	651	156%	NM	982	905	-8%
- Amortization	(893)	(572)	NM	NM	(489)	(1,465)	NM
- Other	85	45	-47%	-70%	43	130	202%
Errors/Omission	(131)	(133)	2%	NM	(48)	(264)	NM
BOP	(1,389)	118	NM	NM	(197)	(1,271)	NM

Source: SBP, JS Research

Financial inflows lift BOP into surplus

The financing picture improved in August. Government flows turned positive at US\$124mn as loan disbursements of US\$651mn exceeded amortization of US\$572mn, while outflows from bank liabilities eased to US\$211mn from US\$798mn in July. With support from FDI and FPI, the financial account recorded a net inflow of US\$346mn (vs a revised US\$832mn outflow in July), taking the overall balance of payments to a US\$118mn surplus from a US\$1.4bn deficit in the prior month. On a cumulative basis, however, the 2MFY27 BOP remains in a US\$1.3bn deficit (vs US\$197mn in 2MFY26), weighed down by US\$1.5bn of government debt amortization, highlighting the external account's continued reliance on the timing of debt inflows and repayments.

Monthly Financial Account balance
(US\$ mn)



Source: SBP, JS Research

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