TAURUS SECURITIES LIMITED
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Insight—Economy—Sep'26 Balance of Payments (BOP)

Sep'26 CAD up sharply on a sequential basis

- Pakistan's Current Account Deficit (CAD) for the month of Sep'26 was up sharply on a sequential basis, clocking-in at USD 356Mn, compared to a CAD of only USD 73Mn last month. While, a surplus of USD 133Mn was recorded in the corresponding month last year. Cumulatively, 3MFY27 CAD amounted to USD 874Mn, up 16% over the same period last year.
- Goods Imports surged 13%MoM with Goods Exports increasing 23%MoM, resulting in the Trade Deficit arriving at USD 3.2Bn, up 5%MoM. Imports were largely driven by increase in Food Imports (up 18%MoM) due to higher Palm Oil imports mainly; and Transport Imports (up 28%MoM) owing to 31%MoM spike in CKD imports. Pressure also came from higher Iron & Steel scrap imports as well as uptick in Agri. & Chemical imports. Other Imports (i.e. non-merchandise) were up 1.4xMoM too. Energy imports remained more or less at par with the previous month.
- Exports of Rice (up 38%MoM) & Ready-made garments (up 22% MoM) drove higher Food exports and Textile exports, respectively. Other exports along with non-merchandise exports posted the biggest gains—leading to ~23%MoM increase in total exports. Elsewhere, Services Deficit was up 3%MoM. Wherein, IT exports showcased robust momentum, picking-up 10%MoM arriving at USD 435Mn during the month.
- Additionally, Workers' Remittances stood at USD 3.6Bn in Sep'26, down 2% on a MoM basis, although up 13%YoY. Remittances for 3MFY27 were recorded at USD 10.9Bn, up 14% over the SPLY. To note the SBP expects remittances for FY27 to touchdown at over USD 44Bn level.
- Going forward, we anticipate the CAD to worsen in light of the recent surge in global energy prices with Brent touching USD 111/bbl. amid renewed escalation between the US & Iran, as well as the conflict between Saudi Arabia (KSA) & Houthis affecting KSA's energy infrastructure and exports severely—putting the global supply at a huge risk. In addition, Ukraine continues to hit Russian refineries—another risk to global energy supplies in the months ahead, specially as winters commence.
- Finally, the Government is also expected to import Wheat in order to avert a domestic supply crisis. Whereas, textile exports may suffer due to lower demand owing to higher global inflation.

Sep'26 CAB posts a deficit of ~USD 356Mn

USD Mn	Sep'26	Sep'25
Goods Exports	3,015	2,611
Goods Imports	(6,172)	(5,032)
Balance on trade	**(3,157)**	**(2,421)**
Balance on services	(281)	(155)
Bal. on Goods & Services	**(3,438)**	**(2,576)**
Primary Income - net	**(792)**	**(683)**
Secondary Income - net	**3,874**	**3,392**
Remittances	3,588	3,184
Others	286	208
Current Account Bal.	**(356)**	**133**

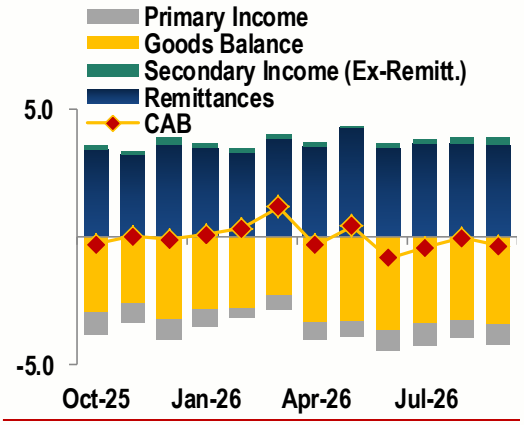
Source: SBP & TSL Research; Surplus / (Deficit)

3MFY27 CA posts a deficit of ~USD 874Mn

USD Mn	3MFY27	3MFY26
Goods Exports	8,454	7,853
Goods Imports	(17,784)	(15,558)
Balance on trade	**(9,330)**	**(7,705)**
Balance on services	(831)	(840)
Bal. on Goods & Services	**(10,161)**	**(8,545)**
Primary Income - net	**(2,320)**	**(2,272)**
Secondary Income - net	**11,607**	**10,062**
Remittances	10,875	9,536
Others	732	526
Current Account Bal.	**(874)**	**(755)**

Source: SBP & TSL Research; Surplus / (Deficit)

Sep'26 CAB posts a deficit of ~USD 356Mn



Source: State Bank of Pakistan and TSL Research

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- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S, EV/EBITDA, EV/Revenue etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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Frequently Used Acronyms

TP	Target Price	**DCF**	Discounted Cash Flows	**FCF**	Free Cash Flows
FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm	**DDM**	Dividend Discount Model
SOTP	Sum of the Parts	**P/E**	Price to Earnings ratio	**P/BVPS**	Price to Book ratio
P/S	Price to Sales	**EVA**	Economic Valued Added	**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**DY**	Dividend Yield
ROE	Return on Equity	**ROA**	Return on Assets	**JPB**	Justified Price to Book

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