###### Current Account Deficit (CAD) of Pakistan touched $19,897 million during FY18 as compared to a deficit of $12,621 million during FY17. The break-up of CAD is as follows:

**REVIEW ON PAKISTAN’S BALANCE OF PAYMENTS – FY18**

1. Trade in Goods shows a deficit of $31,824 million increased by $5,144 million as compared to corresponding period last year.
2. Trade in Services is also in deficit of $6,068 million increased by $1,729 million.
3. Primary Income witnessed a deficit of $5,484 million increased by $436 million as compared to last year.
4. Secondary income revealed a surplus of $23,479 million increased by $33 million as compared to last year.

During FY18, net receipts of $376 million have been recorded in capital account. Net borrowing of current and capital account touched $19,521 million whereas, financial account net of reserves related items showed a net inflow of $14,300 million during FY18 increased by 40.2%.

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**TRADE IN GOODS**

###### Trade in goods balance shows a deficit of $31,824 million increased by 19.3% during FY18 as compared to $26,680 million a year earlier. Exports reached $24,768 million during FY18, increased by 12.6% from $22,003 million a year earlier. Imports increased by $7,909 million from $48,683 million in FY17 to $56,592 million during FY18. General Merchandise Exports[[1]](#footnote-1) increased by $2,762 million to reach $24,753 million as compared to $21,991 million recorded during corresponding period last year. The imports payments reported by banks increased by $7,170 million to reach $54,448 million during FY18 as compared to $47,279 million a year earlier. During FY18, Imports on FOB[[2]](#footnote-2) basis touched $56,592 million increased by 16.2% as compared to $48,683 million recorded during FY17.

**EXPORTS BY COMMODITY AND COUNTRY**

Export receipts by commodity groups during FY18 along with FY17 are shown in Table 3.

The commodity-wise analysis of export receipts revealed that exports remained concentrated in textiles and textile articles which has the largest share of 55.4% of total exports receipts during FY18 as they earned $13,461 million with a growth of 7.3%. Vegetable products witnessed the second largest share of 12.6% of the total export receipts increased by 26.2% from $2,417 million in FY17 to $3,051 million during FY18.

The country-wise comparison of exports receipts during FY18 with FY17 is shown in Figure 1. USA, UK, China, Afghanistan and UAE remained top five destinations of country’s exports and witnessed 42.3% share of total exports. Exports to USA have been 15.9% of total exports increased by 5.0% as compared to last year, exports to UK has the second largest share i.e. 7.3% of total exports increased by 9.5% as compared to last year. Exports to China also remained 7.2% of total exports.

**IMPORTS BY COMMODITY AND COUNTRY**

Import payments by commodity groups during FY18 along with FY17 are shown in Table 4[[3]](#footnote-3).

****Commodity-wise analysis of import payments revealed that 26.8% of overall import payments were made for minerals products which increased by 27.5% from $11,467 million in FY17 to $14,617 million in FY18. Machinery and mechanical appliances group shared 15.5% of total import payments increased by 17.7% from $7,157 million in FY17 to $8,420 million in FY18. Minerals products, machinery and mechanical appliances and products of chemical or allied industries groups shared 53.4% of the total imports payments during FY18.

The country-wise comparison of import payments to major countries during FY18 with FY17 is shown in Figure 2. During FY18, major chunk of import payments i.e. $30,003 million (55.1% of total import payments) were made to China, UAE, Singapore, Saudi Arabia and USA.

**TRADE IN SERVICES**

****The trade in services balance showed a deficit of $6,068 million as against a deficit of $4,339 million a year earlier.

**EXPORT OF SERVICES**

Export of services decreased by 4.8% from $5,555 million in FY17 to $5,288 million in FY18. Sectoral analysis revealed that other business services shares 25.7% of overall export of services increased by 5.8% as compared to last year. The second largest share of 23.9% is held by government goods and services decreased by $520 million. Telecommunication, Comp. and Information services shared 20.2% of total export of services which is the third highest increased by $127 million as compared to last year.

**IMPORT OF SERVICES**

Import of services stood at $11,356 million increased by 14.8% from $9,894 million reported in FY17. The analysis showed that rise of $1,462 million in payments has mainly been due to growth of 4.3% in transport services increased from $3,878 million in FY17 to $4,046 million in FY18. Transport, Other Business and Travel services shared 81.5 of total import of services.

**PRIMARY INCOME**

****Primary income account showed a deficit of $5,484 million during FY18 increased by 8.6% from $5,048 million a year earlier. Net inflow of compensation of employees increased from $67 million in FY17 to $76 million in the current year. During the period under review, net payments to direct investors decreased by $92 million from $3,292 million in FY17 to $3,200 million in FY18. Portfolio investment income and other investment income posted net outflows of $676 million and $1,796 million respectively during FY18. Besides, income from Reserves assets increased from $95 million in FY17 to $112 million during the period under review.

**SECONDARY INCOME**

Secondary income (Net) recorded as $23,479 million during FY18, increased by 0.1% from $23,446 million reported in FY17. During current year, Pakistani expatriates sent $19,914 million to Pakistan increased by 2.9% as compared to corresponding period last year.

**FINANCIAL ACCOUNT**

The net financial account has touched $14,300 million increased by $ 4,102 million reflecting an increase of 40.2% during FY18. Foreign Direct Investment in Pakistan increased by $722 million (with a growth of 26.3%) to reach $3,471 million for the period under review as against $2,749 million recorded during last year. A net inflow of $2,209 million (including a receipt of $1,000 million under Sukuk bonds and $1,500 million under Euro bonds) was recorded in portfolio investment in Pakistan during FY18 as compared to net outflow of $251 million in FY17.Other investment liabilities decreased by 1.2% to reach $8,855 million from $8,965 million in FY17. Similarly, other investment assets have also decreased from $1,180 in FY17 million to $273 million during FY18.

**DISBURSEMENTS AND REPAYMENTS OF LOANS**

****During FY18, inflows of $11,992 million were recorded under foreign loans decreased by $1,139 million as compared to $13,131 million in FY17. During current year, $6,782 million long term loans were disbursed to the government out of which $3,458 million were disbursed to finance various projects in Pakistan whereas $3,324 million were disbursed as non-project loans. Inflows of short term loans increased from $1,958 million in FY17 to $2,304 million in FY18. The major share in short term loans pertains to government which increased by $562 million during FY18 as compared to FY17.

During the period under review, $5,086 million loans were repaid as compared to $5,762 million repaid in FY17. Payments of $3,225 million were made against long term loans of which $2,619 million were repaid against government loans. The short-term loan repayments decreased by $230 million from $2,091 million in FY17 to $1,861 million during the current year of which $1,488 million has been paid against government loans.

**RESERVES AND RELATED ITEMS**

Reserve assets decreased by $6,227 million during FY18 as against a decrease of $1,844 million in previous year.

Further, during FY18, $86 million has been paid to IMF against Use of Fund credit and loans. Resultantly, reserves and related items decreased by $6,141 million in FY18.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Summary Balance of Payments**  **Million US$** | | | | | | |
|  | | | | | | |
| **ITEM** | **2017** | | **2018** | | **Jul - Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2017-18** | **2016-17** |
|  |  |  |  |  |  |  |
| **Current account balance** | **-4,469** | **-4,560** | **-4,560** | **-6,308** | **-19,897** | **-12,621** |
| **Current account balance without official transfers** | **-4,616** | **-4,719** | **-4,717** | **-6,721** | **-20,773** | **-13,131** |
| Exports of goods FOB | 5,650 | 6,141 | 6,463 | 6,514 | 24,768 | 22,003 |
| Imports of goods FOB | 13,403 | 13,597 | 14,349 | 15,243 | 56,592 | 48,683 |
| **Balance on trade in goods** | **-7,753** | **-7,456** | **-7,886** | **-8,729** | **-31,824** | **-26,680** |
| Exports of services | 1,286 | 1,355 | 1,325 | 1,322 | 5,288 | 5,555 |
| Imports of services | 2,858 | 2,804 | 2,624 | 3,070 | 11,356 | 9,894 |
| **Balance on trade in services** | **-1,572** | **-1,449** | **-1,299** | **-1,748** | **-6,068** | **-4,339** |
| **Balance on trade in goods and services** | **-9,325** | **-8,905** | **-9,185** | **-10,477** | **-37,892** | **-31,019** |
| Primary income credit | 168 | 165 | 194 | 152 | 679 | 662 |
| Primary income debit | 1,224 | 1,689 | 1,297 | 1,953 | 6,163 | 5,710 |
| **Balance on primary income** | **-1,056** | **-1,524** | **-1,103** | **-1,801** | **-5,484** | **-5,048** |
| **Balance on goods, services and primary**  **income** | **-10,381** | **-10,429** | **-10,288** | **-12,278** | **-43,376** | **-36,067** |
| Secondary income credit | 5,970 | 5,913 | 5,793 | 6,032 | 23,708 | 23,647 |
| General government | 149 | 166 | 166 | 432 | 913 | 541 |
| Current international cooperation | 45 | 29 | 63 | 65 | 202 | 133 |
| Other official current transfers | 104 | 137 | 103 | 367 | 711 | 408 |
| Financial corporations, NFC\*, households and NPISHs | 5,821 | 5,747 | 5,627 | 5,600 | 22,795 | 23,106 |
| Workers' remittances | 4,845 | 5,019 | 4,939 | 5,111 | 19,914 | 19,351 |
| Other personal transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current transfers | 976 | 728 | 688 | 489 | 2,881 | 3,755 |
| Secondary income debit | 58 | 44 | 65 | 62 | 229 | 201 |
| **Balance on secondary income** | **5,912** | **5,869** | **5,728** | **5,970** | **23,479** | **23,446** |
| **Capital account balance** | **106** | **80** | **106** | **84** | **376** | **375** |
| Capital account credit | 106 | 80 | 106 | 84 | 376 | 375 |
| Capital account debit | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net lending (+) / net borrowing (–)** | **-4,363** | **-4,480** | **-4,454** | **-6,224** | **-19,521** | **-12,246** |
| **Financial account** | **-2,388** | **-4,947** | **-2,060** | **-4,905** | **-14,300** | **-10,198** |
| **Direct investment** | **-1,018** | **-888** | **-709** | **-846** | **-3,461** | -2,663 |
| **Direct investment abroad** | 2 | 5 | 0 | 3 | 10 | 86 |
| Equity and investment fund shares\*\* | 2 | 5 | 0 | 1 | 8 | 86 |
| Debt instruments | 0 | 0 | 0 | 2 | 2 | 0 |
| **Direct investment in Pakistan** | 1,020 | 893 | 709 | 849 | 3,471 | 2,749 |
| Equity and investment fund shares\*\* | 1,060 | 969 | 657 | 686 | 3,372 | 2,717 |
| Debt instruments | -40 | -76 | 52 | 163 | 99 | 32 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ITEM** | **2017** | | **2018** | | **Jul - Jun** | |
| **Jul - Sep** | **Oct - Dec** | **Jan - Mar** | **Apr – Jun** | **2017-18** | **2016-17** |
| **Portfolio investment** | **100** | **-2,338** | **-18** | **-1** | **-2,257** | **250** |
| **Portfolio investment abroad** | -28 | 108 | -4 | -124 | -48 | -1 |
| Equity and investment fund shares | 0 | -4 | 1 | -15 | -18 | 3 |
| Debt securities | -28 | 112 | -5 | -109 | -30 | -4 |
| **Portfolio investment in Pakistan** | -128 | 2,446 | 14 | -123 | 2,209 | -251 |
| Equity and investment fund shares | -76 | -54 | 14 | -123 | -239 | -516 |
| Debt securities | -52 | 2,500 | 0 | 0 | 2,448 | 265 |
| **Financial derivatives and employee stock options** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Other Investment** | **-1,470** | **-1,721** | **-1,333** | **-4,058** | **-8,582** | **-7,785** |
| **Net acquisition of financial assets** | -276 | 302 | 123 | 124 | 273 | 1,180 |
| Central Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposit-taking corporations | -499 | 256 | -199 | 120 | -322 | 313 |
| General Government | -11 | 6 | 43 | 3 | 41 | 69 |
| Other Sector | 234 | 40 | 279 | 1 | 554 | 798 |
| **Net incurrence of liabilities** | **1,194** | **2,023** | **1,456** | **4,182** | **8,855** | **8,965** |
| Central Bank | 0 | 2 | 2 | 1,544 | 1,548 | -4 |
| Deposit-taking corporations | 323 | -67 | -47 | -318 | -109 | 1,631 |
| **General Government** | **127** | **1,624** | **657** | **2,486** | **4,894** | **5,040** |
| **Disbursements** | **1,481** | **2,358** | **1,327** | **3,341** | **8,507** | **9,414** |
| Credit and loans with the IMF | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long-term | 937 | 1,690 | 1,134 | 3,021 | 6,782 | 8,251 |
| Short-term | 544 | 668 | 193 | 320 | 1,725 | 1,163 |
| **Amortization** | **1,350** | **733** | **669** | **1,355** | **4,107** | **4,374** |
| Credit and loans with the IMF | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Long-term | 904 | 572 | 569 | 574 | 2,619 | 2,981 |
| Short-term | 446 | 161 | 100 | 781 | 1,488 | 1,393 |
| Other Liabilities (net) | **-4** | **-1** | **-1** | **500** | **494** | 0 |
| **Other Sector** | **744** | **464** | **844** | **470** | **2,522** | **2,298** |
| Disbursements | 1,096 | 649 | 1,019 | 721 | 3,485 | 3,615 |
| Amortization | 337 | 192 | 188 | 262 | 979 | 1,388 |
| Other Liabilities (net) | -15 | 7 | 13 | 11 | 16 | 71 |
| **Net Errors and Omissions** | **-172** | **-180** | **-111** | **-457** | **-920** | **102** |
| **Overall Balance** | **2,147** | **-287** | **2,505** | **1,776** | **6,141** | **1,946** |
| **Reserves and Related Items** | **-2,147** | **287** | **-2,505** | **-1,776** | **-6,141** | **-1,946** |
| Reserve Assets | -2,147 | 287 | -2,549 | -1,818 | -6,227 | -1,844 |
| Use of Fund Credit and Loans | 0 | 0 | -44 | -42 | -86 | 102 |
| Exceptional Financing | 0 | 0 | 0 | 0 | 0 | 0 |
| **SBP Gross Reserves** | **15,442** | **15,764** | **13,300** | **11,341** | **11,341** | **17,550** |

1. General Merchandise exports at f.o.b are obtained by adding in exports receipts (transactions reported through banks on mixed (FOB & C&F) basis, goods procured in ports by carriers, timing adjustment and subtracting freight and coverage adjustment. [↑](#footnote-ref-1)
2. Imports at f.o.b are obtained by subtracting freight component from imports payments through banks and adding goods procured on ports by carriers, NRI, personal baggage and foreign economic assistance. [↑](#footnote-ref-2)
3. This also includes Import Payments of Offshore accounts. [↑](#footnote-ref-3)