

Jul-Nov C/A deficit plunges 73pc YoY

KARACHI: The country's current account deficit fell sharply by 73 percent during the first five months of this fiscal year (FY20), supported by lower import bill.

According to the State Bank of Pakistan (SBP), the country's current account deficit stood at \$ 1.821 billion in Jul-Nov of FY20 compared to \$ 6.733 billion during the same period last year (FY19), depicting a notable decline of \$ 4.912 billion.

Economists said that improvement in goods trade deficit coupled with growth in exports has resulted in massive reduction in the current account deficit during this fiscal year. However, they said that there is need to bring more foreign inflows to finance the current account deficit and build the country's foreign exchange reserves. For the last one year, the federal government is making efforts to bring down the current account deficit and after a long gap successfully turned the deficit into surplus in October 2019.

However, the surplus momentum could not be maintained in November 2019 due to some decline in exports. Month-on-month basis, current account recorded \$ 319 million deficit in November 2019 versus a surplus of \$ 70 million in October 2019.

The detailed analysis revealed that cumulative deficit of goods, services and income sector declined by 29 percent to \$ 12.147 billion in Jul-Nov of FY20 down from \$ 17.199 billion in the same period of FY19.

With \$ 10.309 billion exports and \$ 18.311 billion imports, the country's goods trade deficit stood at \$ 8 billion in Jul-Nov of FY20 against \$ 23.218 billion in the corresponding period of last fiscal year. During the period under review, services trade deficit stood at \$ 1.619 billion with \$ 2.165 billion exports and \$ 3.784 billion imports.

Similarly, deficit of income sector witnessed some growth. Income sector deficit stood at \$ 2.526 billion as its payments were \$ 2.721 billion against receipts of \$ 195 million.