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## Pakistan Achieves First Annual Current Account Surplus in 14 Years Amid Economic Rebound

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– Categories: Economics



In a significant shift signaling economic stabilisation, Pakistan has recorded its first full-year current account surplus in 14 years, marking a notable recovery under the International Monetary Fund (IMF) programme. According to Khurram Schehzad, adviser to the Ministry of Finance, the current account (CA) surplus reached \$2.1 billion for Fiscal Year 2025, including a \$328 million surplus in June alone, the largest monthly surplus in 22 years. This

development, coupled with strong performance in the equity markets, points to improved fiscal discipline and rising investor confidence.

The surplus has been driven by a combination of rising remittances, increased foreign direct investment (FDI), and a rebound in textile exports. Schehzad highlighted that remittances surged by approximately 27 percent year-on-year to a record \$38.3 billion, while FDI increased by 5 percent to \$2.5 billion. Meanwhile, textile exports, the backbone of Pakistan's manufacturing sector, grew by 7.4 percent, reaching \$17.9 billion. These figures reflect the success of broader structural reforms undertaken as part of the \$7 billion IMF bailout package approved in September 2024, which focused on currency market liberalisation, tax reforms, and stronger fiscal oversight.

Pakistan's Real Effective Exchange Rate (REER) is reported to have improved export competitiveness, although exact figures were not disclosed in official data. On the equity front, the Pakistan Stock Exchange (PSX) reached record highs, with the benchmark KSE-100 index crossing the 140,000-point mark for the first time. Market capitalisation surpassed Rs 16.8 trillion (approximately \$60 billion), making it the fourth-best performing equity market globally in July 2025, according to data from the Ministry of Finance. This upswing reflects renewed optimism in the private sector and a more favourable investment climate.



Despite these gains, challenges remain. Topline Securities reported that while the services deficit fell by 16 percent, the goods trade deficit widened to \$27 billion. Looking ahead, analysts forecast a manageable current account deficit between \$0.5 billion and \$1.5 billion (equivalent to 0.1 to 0.3 percent of GDP) in FY2026. However, with reform momentum holding steady, Pakistan appears well positioned to maintain external account stability. This surplus is not merely a numerical milestone; it signals a shift toward fiscal responsibility and long-term resilience, offering a hopeful path forward for an economy long affected by cyclical deficits and external vulnerabilities.