

Trade deficit increased by 50% MoM in December

Higher imports led by Machinery led to the massive rise in trade deficit

- As seen recently, SBP's latest data revealed that the trade deficit deteriorated sharply during Dec-2020 to US\$2,768mn, which is a 50% MoM/64% YoY increase from the previously recorded months.
- The increase was largely driven by higher import payments, which jumped by 23% MoM during December. However, on a positive note, the highest increase was seen in the Machinery group (50% MoM) on the back of higher import payments for power and telecom machinery, whereas payments for textile machinery also increased on MoM basis.
- Moreover, other categories of imports that witnessed significant increases included transport (higher CKD and CBU imports), textiles (mainly raw cotton imports), and petroleum (higher payments for crude and LNG partly offset by lower payments for POL products).
- Although PBS data continues to show a strong improvement in exports (up by 5% YoY in 1HFY21), this has so far not reflected via higher export receipts in SBP data, where the same have shown a 5% YoY decline in the same period.

Trade Balance

(US\$ mn)	Dec-20	Nov-20	MoMΔ	Dec-19	YoYΔ	1HFY21	1HFY20	YoYΔ
Trade Deficit (goods)	(2,768)	(1,841)	50%	(1,683)	64%	(11,404)	(9,743)	17%
Total Imports	5,019	4,079	23%	3,791	32%	23,207	22,136	5%
<i>Food Group</i>	774	685	13%	390	99%	3,290	2,183	51%
<i>Machinery Group</i>	826	552	50%	647	28%	3,827	3,245	18%
<i>Transport Group</i>	267	182	46%	96	177%	997	773	29%
<i>Petroleum Group</i>	845	693	22%	715	18%	4,283	5,334	-20%
<i>Textile Group</i>	499	389	28%	392	27%	2,044	1,411	45%
<i>Agri. & Other Chemical</i>	674	629	7%	525	28%	3,745	3,715	1%
<i>Metal Group</i>	395	378	4%	267	48%	2,034	1,673	22%
<i>Miscellaneous Group</i>	108	105	3%	68	58%	571	406	41%
<i>All Others</i>	631	465	36%	690	-9%	2,416	3,397	-29%
Total Exports	2,251	2,238	1%	2,108	7%	11,803	12,393	-5%
<i>Food Group</i>	434	354	22%	458	-5%	1,964	2,249	-13%
<i>Textile Group</i>	1,252	1,135	10%	1,135	10%	6,621	6,820	-3%
<i>Petroleum Group</i>	21	11	99%	32	-34%	107	256	-58%
<i>Other Manufacture</i>	317	316	0%	310	2%	1,824	1,880	-3%
<i>All Others</i>	228	422	-46%	174	31%	1,288	1,189	8%

Source: SBP

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