

# Pakistan Economy

## Current Account posts a surplus of USD 128mn in Feb'24

20-Mar-2024

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Best Securities House: 2023  
Best Investment Bank: 2023



Best Investment Bank: 2022



Best Equity House: 2022



Best Equity Advisor: 2021



Best Brokerage House: 2023  
Corporate Finance House: 2023  
Best Economic Research House: 2023  
Best Equity Sales Person (Runner up): 2023



Top 25 Companies  
(2019, 2018 & 2017)



Excellence Award  
Leading Brokerage House for RDA 2021



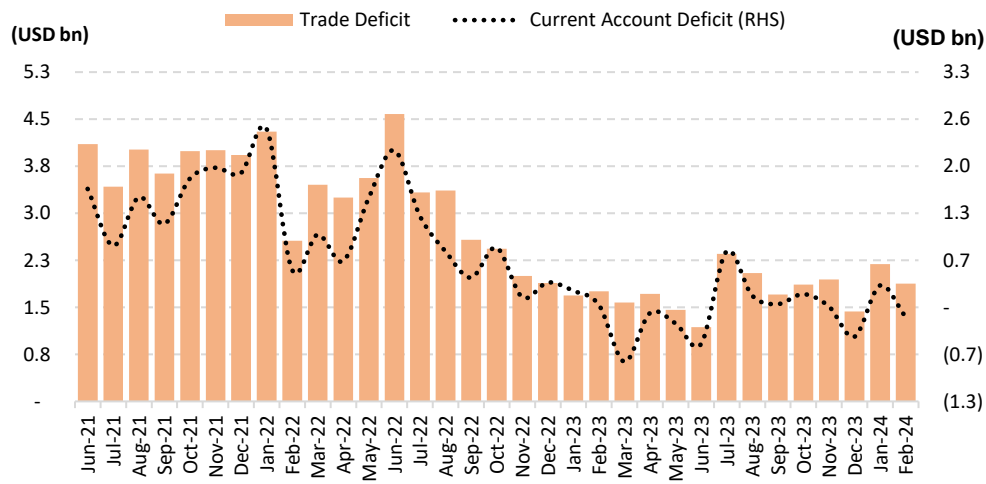
Best Money Market Broker  
(Islamic) 2021

# Balance of Payment

## Current Account posts a surplus in Feb'24

- In Feb'24, the Current Account shifted to a surplus of USD 128mn from a deficit of USD 303mn recorded in the previous month (Jan'24). This marked a significant improvement both MoM and YoY, as in the same period last year, the Current Account had posted a deficit of USD 50mn.
- Regarding MoM changes, total imports decreased by 9%, while total exports saw a 6% decrease in Feb'24. Remittances also experienced a 6% decrease compared to the previous month. On a YoY basis, exports grew by 14%, imports by 12%, and remittances by 13% in Feb'24.
- Overall, in 8MFY24, the Current Account Deficit decreased by 74% YoY to USD 999mn, marking a significant improvement from the USD 3.85bn deficit recorded in the same period last year.

**Exhibit: Current Account surplus clocked in at USD 128mn during Feb'24**



Source (s): SBP, AHL Research

**Exhibit: Pakistan's Balance of Payment**

(USD mn)	Feb-24	Feb-23	YoY	Jan-24	MoM	8MFY24	8MFY23	YoY
Exports (Goods)	2,556	2,199	16%	2,697	-5%	20,538	18,644	10%
Imports (Goods)	4,275	3,878	10%	4,554	-6%	34,079	37,355	-9%
Trade Balance (Goods)	(1,719)	(1,679)	2%	(1,857)	-7%	(13,541)	(18,711)	-28%
Exports (Services)	627	591	6%	682	-8%	5,079	5,149	-1%
Imports (Services)	785	648	21%	1,013	-23%	6,971	5,438	28%
Trade Balance (Services)	(158)	(57)	177%	(331)	-52%	(1,892)	(289)	555%
Trade Balance	(1,877)	(1,736)	8%	(2,188)	-14%	(15,433)	(19,000)	-19%
Balance on Pri. Income	(417)	(321)	30%	(650)	-36%	(4,805)	(3,474)	38%
Balance on Sec. Income	2,422	2,007	21%	2,535	-4%	19,239	18,628	3%
Income (Net)	2,005	1,686	19%	1,885	6%	14,434	15,154	-5%
Remittances	2,250	1,990	13%	2,398	-6%	18,084	18,308	-1%
<b>CAB</b>	<b>128</b>	<b>(50)</b>	<b>nm</b>	<b>(303)</b>	<b>nm</b>	<b>(999)</b>	<b>(3,846)</b>	<b>-74%</b>
FDI	(122)	(121)	1%	233	nm	(722)	(36)	1906%
Financial Account	235	(950)	nm	119	97%	(3,981)	1,752	nm
Capital Account	14	8	75%	15	-7%	117	336	-65%
Overall Balance	158	(932)	nm	641	-75%	(2,207)	5,607	nm

Source (s): SBP, AHL Research

# Balance of Payment

## Feb'24: Imports (+12% YoY), Exports (+14% YoY)

### Imports:

- In Feb'24, total imports, including both goods and services, decreased by 9% compared to the previous month, reaching USD 5.1bn. Meanwhile, the YoY comparison for Feb'24 depicts a 12% jump in total imports compared to the same period last year.
- Specifically, in Feb'24, the import of goods experienced a 10% YoY increase and a 6% MoM decline, totaling USD 4.3bn. On the flip side, the import of services in Feb'24 displayed a 21% YoY increase and a 23% MoM decrease, settling at USD 785mn.
- During 8MFY24, overall imports registered a 4% YoY decline, amounting to USD 41.0bn.
- Category wise imports during the 8MFY24 were as follows: USD 10.0bn for the petroleum group, USD 6.0bn for agriculture and other chemicals, USD 4.9bn for the food group, and USD 4.5bn for the machinery group.

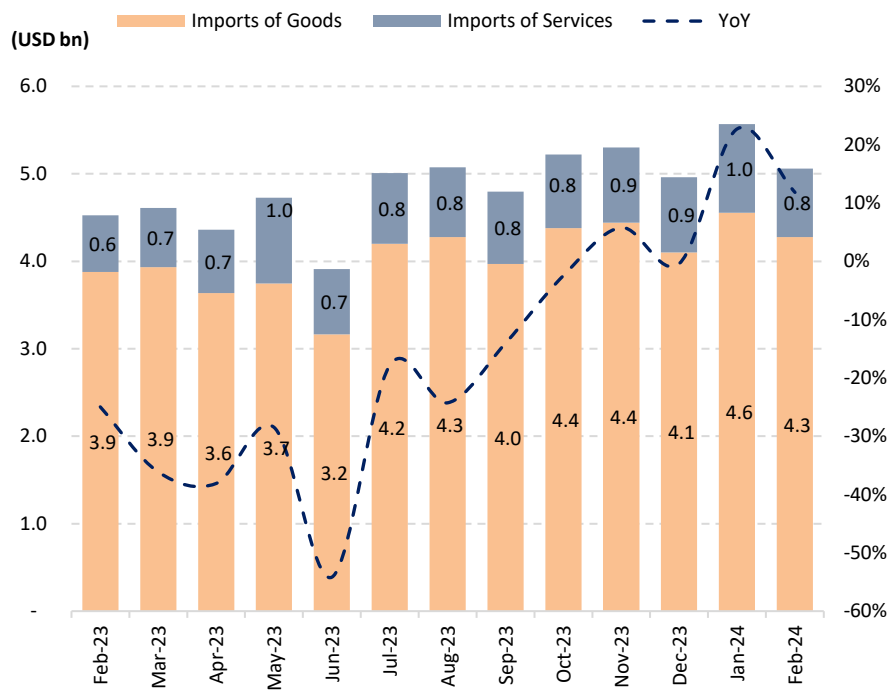
### Exports:

- In Feb'24, the total exports, including both goods and services, reported a 6% decrease compared to the preceding month, amounting to USD 3.2bn, down from USD 3.4bn in Jan'24.
- The export of goods saw a significant 16% YoY increase in Feb'24. However, there was a 5% MoM drop in goods exports during the same period.
- Meanwhile, the export of services witnessed a 6% YoY jump and a 8% MoM decrease in Feb'24.
- During 8MFY24, total exports recorded a 7% YoY uptick, totaling USD 25.5bn.
- In Feb'24, monthly technology exports increased by 32% YoY but decreased by 2% MoM, reaching USD 257mn. Moreover, during the 8MFY24, technology exports amounted to USD 2.0bn, marking a 15% YoY increase.

# Balance of Payment

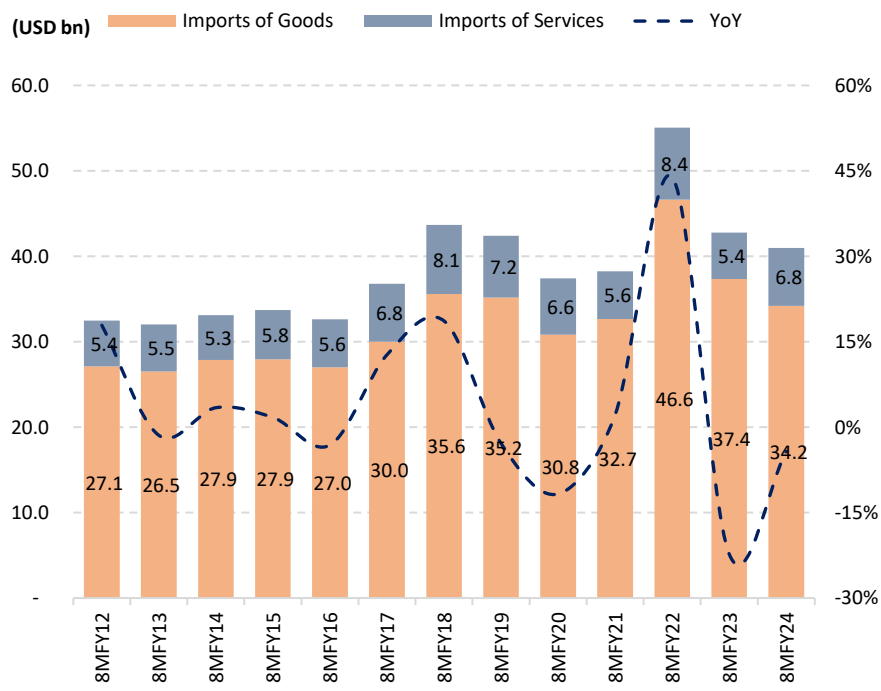
## Imports up by 12% YoY during Feb'24

Exhibit: Historical Trend of Monthly Imports



Source (s): SBP, AHL Research

Exhibit: Imports down by 4% YoY during 8MFY24

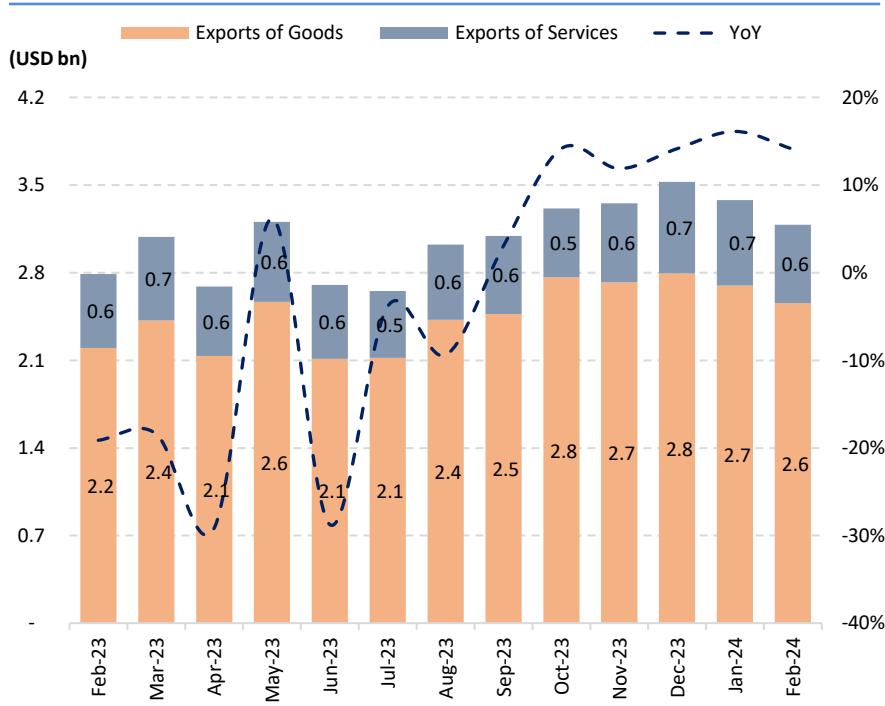


Source (s): SBP, AHL Research

# Balance of Payment

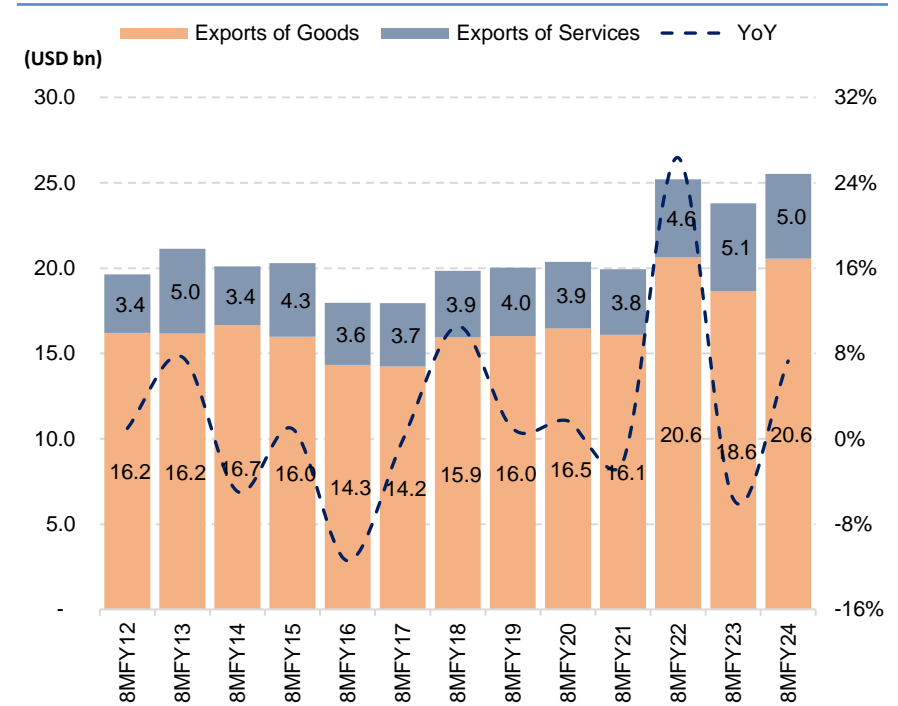
Exports increased by 14% YoY during Feb'24

Exhibit: Historical Trend of Monthly Exports



Source (s): SBP, AHL Research

Exhibit: Exports up by 7% YoY during 8MFY24



Source (s): SBP, AHL Research

# Balance of Payment

## Feb'24: Remittances (+13% YoY), FDI (+1% YoY)

### Remittances:

- Remittances from overseas Pakistanis witnessed a reduction of 6% MoM, reaching USD 2.2bn in Feb'24 compared to USD 2.4bn in Jan'24. On a YoY basis, remittances increased by 13% (Feb'23: USD 2.0bn).
- In the 8MFY24, remittances experienced a meager 1% YoY decline, amounting to USD 18.1bn, as compared to USD 18.3bn in the 8MFY23.
- In Feb'24, remittance inflows from Saudi Arabia amounted to USD 540mn, showing a YoY increase of 19% and a MoM decrease of 8%. Remittances from the UAE stood at USD 385mn in Feb'24, depicting a YoY jump of 19% and a MoM decrease of 6%. The UK contributed USD 346mn in remittances during Feb'24, experiencing a YoY increase of 9% and a MoM decrease of 4%. Remittances from the USA totaled USD 287mn in Feb'24, reflecting a YoY increase of 31% and a 1% MoM increase.

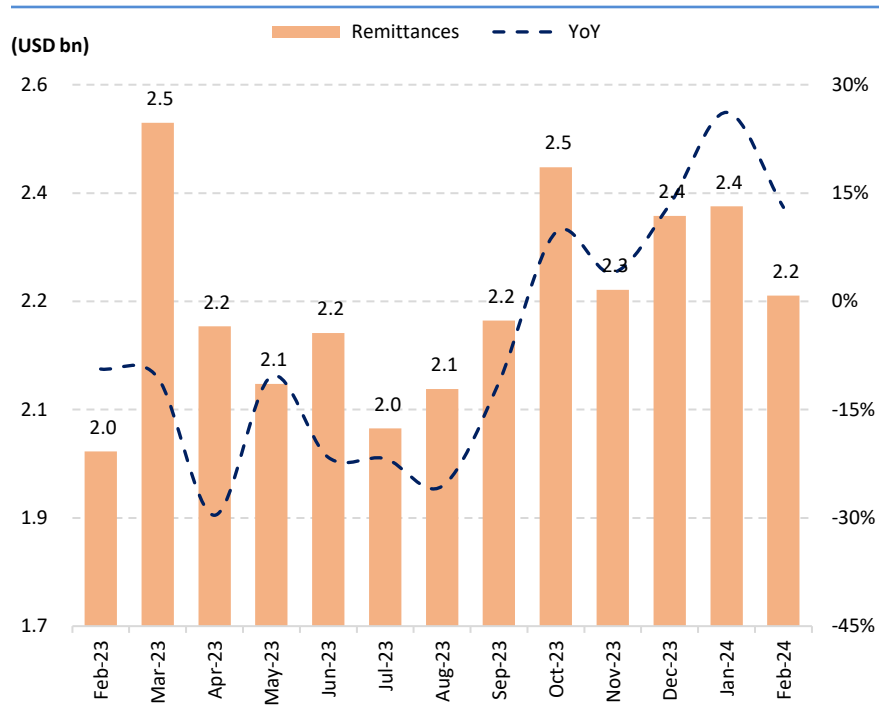
### Foreign Direct Investment:

- In Feb'24, the country experienced a net FDI inflow of USD 131mn, against the net inflow of USD 113mn in Feb'23.
- Over the 8MFY24, net FDI declined by 17% YoY to USD 821mn, compared to an inflow of USD 990mn during the same period last year.
- During the 8MFY24, Hong Kong emerged as the leading contributor to net FDI, recording a net FDI of USD 235mn, closely followed by the UK with a net FDI of USD 164mn.
- In terms of sectors, the power sector attracted the most significant investment during 8MFY24, totaling USD 249mn, followed by the oil and gas exploration sector with USD 151mn during the same period.

# Balance of Payment

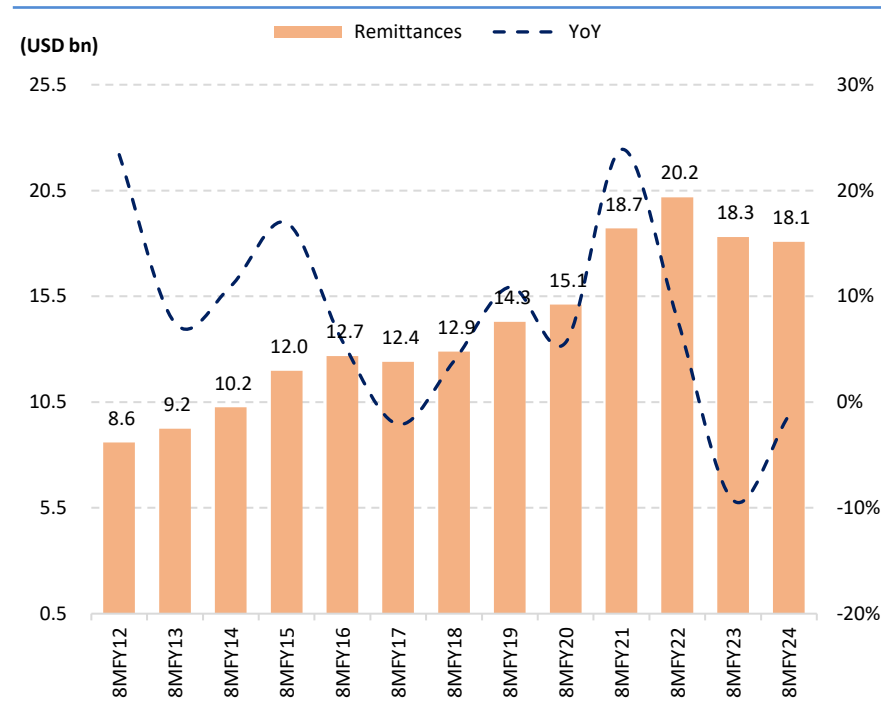
## Remittances up by 13% YoY during Feb'24

Exhibit: Historical Trend of Monthly remittances



Source (s): SBP, AHL Research

Exhibit: Remittances down by 1% YoY during 8MFY24

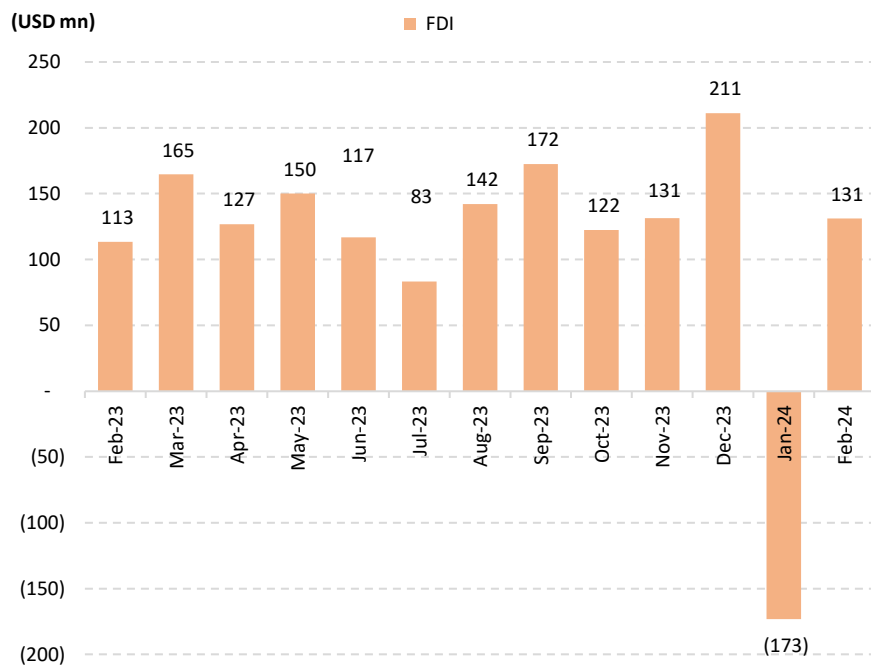


Source (s): SBP, AHL Research

# Balance of Payment

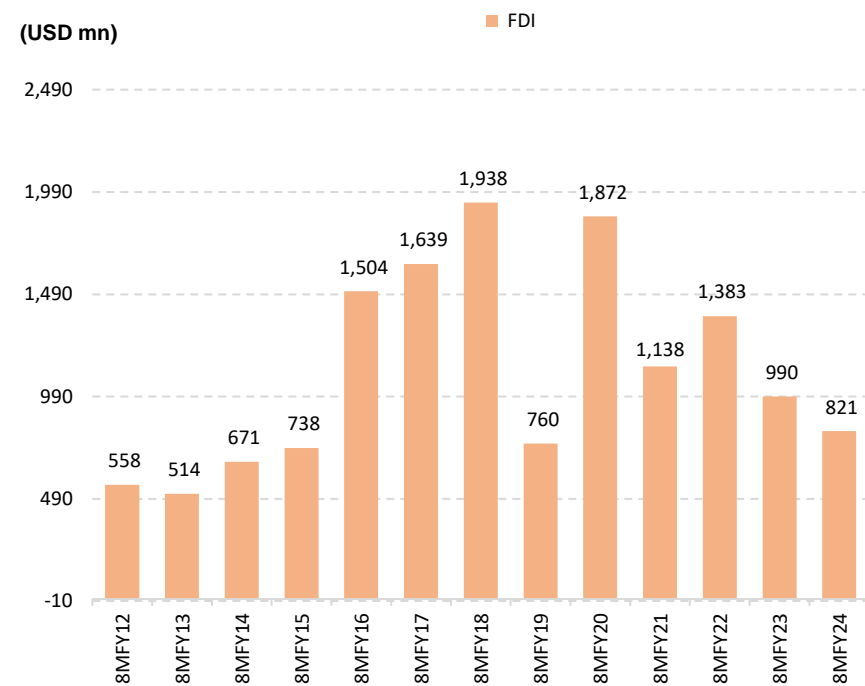
## FDI recorded inflow of USD 131mn during Feb'24

Exhibit: Historical Trend of Monthly FDI



Source (s): SBP, AHL Research

Exhibit: FDI down 16% YoY during 8MFY24



Source (s): SBP, AHL Research



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Rating	Description
BUY	Upside of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside of subject security(ies) is between -15% and +15% from last closing of market price(s)
SELL	Upside of subject security(ies) is less than -15% from last closing of market price(s)

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AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

**Risks:** The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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