

Pakistan Economy

FY24: CAD marked the lowest deficit in last 13 years

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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



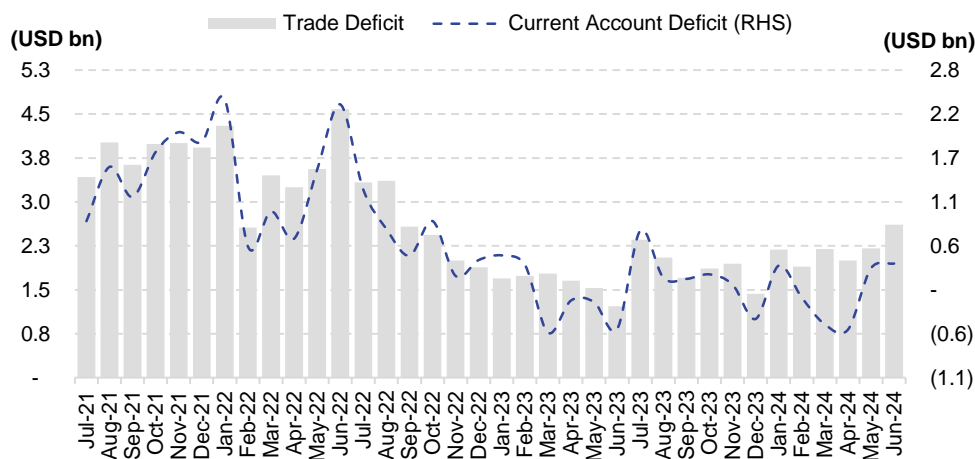
Best Money Market Broker
(Islamic) 2021

Balance of Payment

FY24: CAD marked the lowest deficit in last 13 years

- Pakistan posted a current account deficit of USD 681mn in FY24 compared to a deficit of USD 3.3bn in FY23. This marks the lowest deficit in last 13 years. The decline in FY24 is driven by reduction in trade deficit and increase in remittances.
- Total exports in FY24 stood at USD 38.9bn, marking a substantial 10% YoY growth. On the other hand, total imports amounted to USD 63.3bn, up by 3% YoY.
- In Jun'24, Pakistan posted a current account deficit of USD 329mn compared to a deficit of USD 248mn during May'24. Total exports in Jun'24 recorded at USD 3.1bn, marking a 17% decrease from USD 3.7bn in May'24. Additionally, compared to Jun'23, there was a 14% increase in exports.
- Moreover, total imports for Jun'24 reached USD 5.7bn, reflecting a 4% decline from the May'24 figure of USD 5.9bn. When compared to Jun'23, imports showed a 45% increase.

Exhibit: Current Account deficit clocked in at USD 329mn during Jun'24



Source (s): SBP, AHL Research

Exhibit: Pakistan's Balance of Payment

(USD mn)	Jun-24	Jun-23	YoY	MoM	FY24	FY23	YoY
Exports (Goods)	2,433	2,111	15%	-19%	31,090	27,876	12%
Imports (Goods)	4,631	3,177	46%	-8%	53,167	52,695	1%
Trade Balance (Goods)	(2,198)	(1,066)	106%	7%	(22,077)	(24,819)	-11%
Exports (Services)	640	591	8%	-8%	7,806	7,596	3%
Imports (Services)	1,055	746	41%	23%	10,119	8,638	17%
Trade Balance (Services)	(415)	(155)	168%	153%	(2,313)	(1,042)	122%
Trade Balance	(2,613)	(1,221)	114%	18%	(24,390)	(25,861)	-6%
Balance on Pri. Income	(1,139)	(664)	72%	-21%	(8,623)	(5,765)	50%
Balance on Sec. Income	3,423	2,375	44%	1%	32,332	28,351	14%
Income (Net)	2,284	1,711	33%	16%	23,709	22,586	5%
Remittances	3,158	2,187	44%	-3%	30,250	27,333	11%
CAB	(329)	490	nm	33%	(681)	(3,275)	-79%
FDI	(141)	(119)	18%	-42%	(1,635)	(670)	144%
Financial Account	(824)	(743)	11%	nm	(4,701)	468	nm
Capital Account	26	12	117%	189%	176	375	-53%
Overall Balance	(500)	(1,113)	-55%	nm	(2,862)	4,218	nm

Source (s): SBP, AHL Research

Balance of Payment

FY24: Imports (+3% YoY), Exports (+10% YoY)

Imports:

- In Jun'24, total imports, including both goods and services, declined by 4% compared to the previous month, reaching USD 5.7bn.
- Meanwhile, the YoY comparison for Jun'24 depicts a 45% jump in total imports compared to the same period last year.
- In Jun'24, the import of goods saw a 46% YoY increase and a 8% MoM decrease, reaching a total of USD 4.6bn.
- On the other hand, the import of services in Jun'24 experienced a 41% YoY increase and a 23% MoM increase, reaching a total of USD 1.1bn.
- During FY24, overall imports registered a 3% YoY increase, amounting to USD 63.3bn.
- Category wise imports during the FY24 were as follows: USD 15.2bn for the petroleum group, USD 8.9bn for agriculture and other chemicals, USD 7.1bn for the food group, and USD 7.4bn for the machinery group.

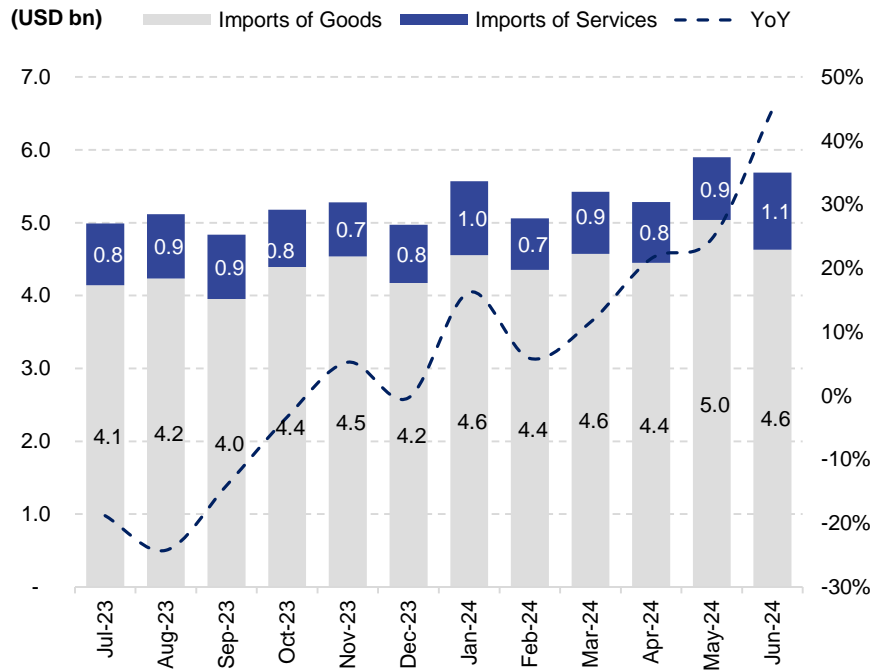
Exports:

- In Jun'24, the total exports, including both goods and services, reported a 17% decrease compared to the preceding month, amounting to USD 3.1bn while up by 14% YoY.
- The export of goods saw a 15% YoY increase in Jun'24. However, there was a 19% MoM decline in goods exports during the same period.
- Meanwhile, in Jun'24, the export of services experienced a 8% YoY increase and a 8% MoM decline.
- During FY24, total exports recorded a 10% YoY uptick, totaling USD 38.9bn.
- In addition, Pakistan posted its highest-ever export of services in FY24, amounting to USD 7.8bn, mainly driven by record-breaking technology exports, which totaled USD 3.2bn.

Balance of Payment

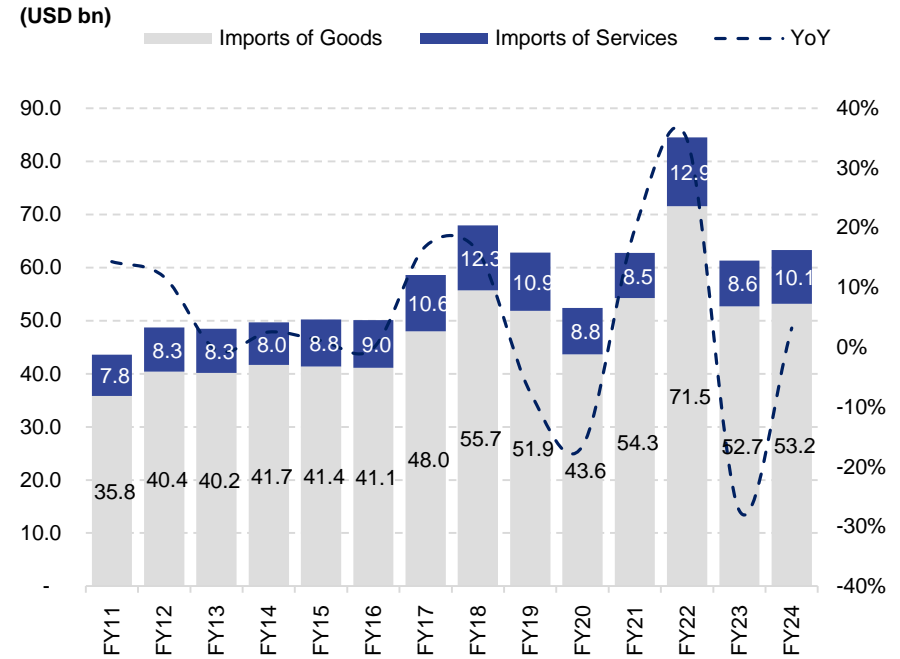
Imports up by 3% YoY during FY24

Exhibit: Historical Trend of Monthly Imports



Source (s): SBP, AHL Research

Exhibit: Imports reported 3% YoY increase during FY24

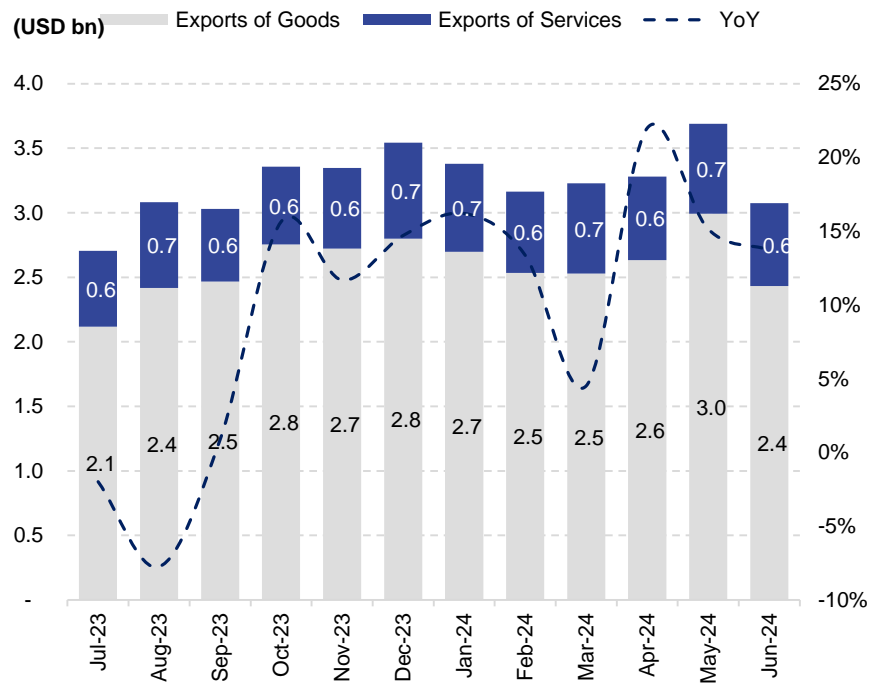


Source (s): SBP, AHL Research

Balance of Payment

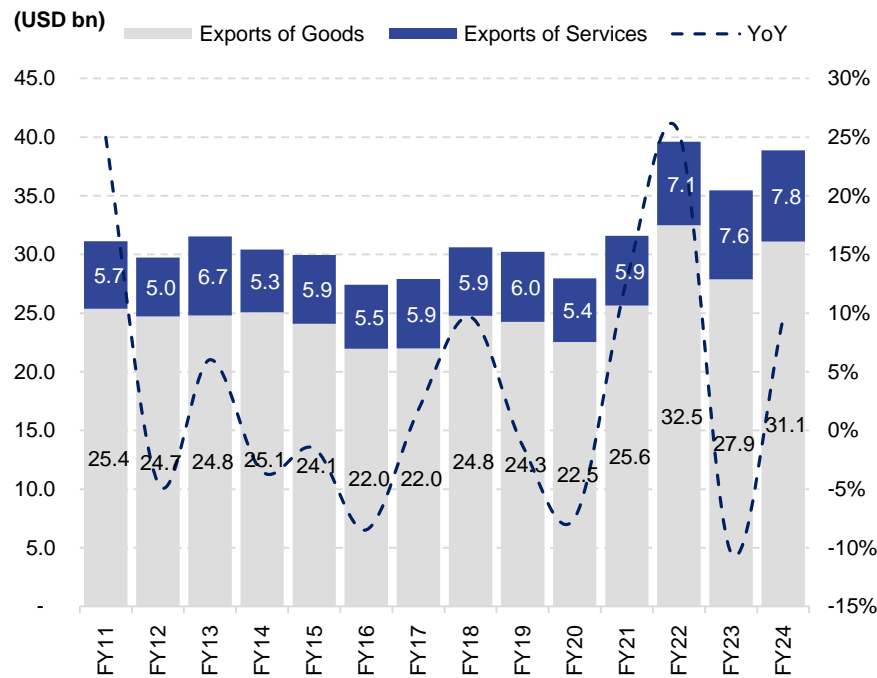
Exports increased by 10% YoY during FY24

Exhibit: Historical Trend of Monthly Exports



Source (s): SBP, AHL Research

Exhibit: Exports up by 10% YoY during FY24



Source (s): SBP, AHL Research

Balance of Payment

FY24: Remittances (+11% YoY), FDI (+17% YoY)

Remittances:

- Remittances from overseas Pakistanis witnessed a decline of 3% MoM, reaching USD 3.16bn in Jun'24 compared to USD 3.24bn in May'24. On a YoY basis, remittances increased by 44% (Jun'23: USD 2.2bn).
- In FY24, remittances experienced a increase of 11% YoY, amounting to USD 30.3bn, as compared to USD 27.3bn in the FY23.
- In Jun'24, remittance inflows from Saudi Arabia amounted to USD 809mn, showing a 57% YoY increase and while, a 1% MoM decrease. Remittances from the UAE stood at USD 654mn in Jun'24, depicting a 101% YoY and 2% MoM decline. The UK contributed USD 487mn in remittances during Jun'24, experiencing a 42% YoY and 3% MoM increase. Remittances from the EU countries totaled USD 322mn in Jun'24, reflecting an 18% YoY and 3% MoM decrease.

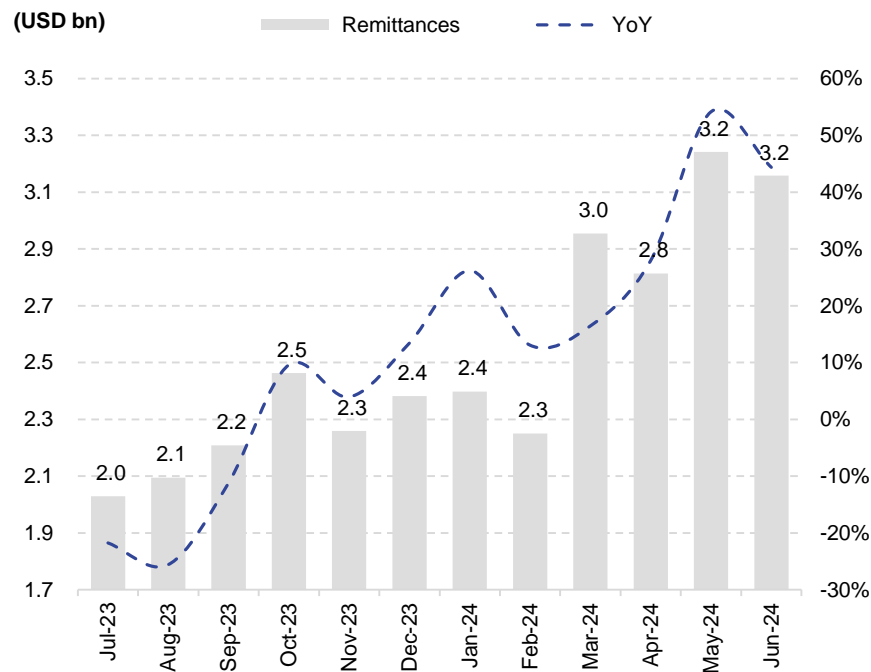
Foreign Direct Investment:

- Net foreign direct investment (inflow) settled at USD 169mn in Jun'24, compared USD 122mn during Jun'23.
- During FY24, net FDI inflow was up by 17% YoY to USD 1.9bn compared to an inflow of USD 1.6bn in FY23.
- During FY24, China emerged as the leading contributor to net FDI, recording a net FDI of USD 568mn, followed by the Hong Kong with a net FDI of USD 359mn.
- In terms of sectors, the power sector attracted the most significant investment during FY24, totaling USD 800mn, followed by the oil and gas exploration sector with USD 304mn during the same period.

Balance of Payment

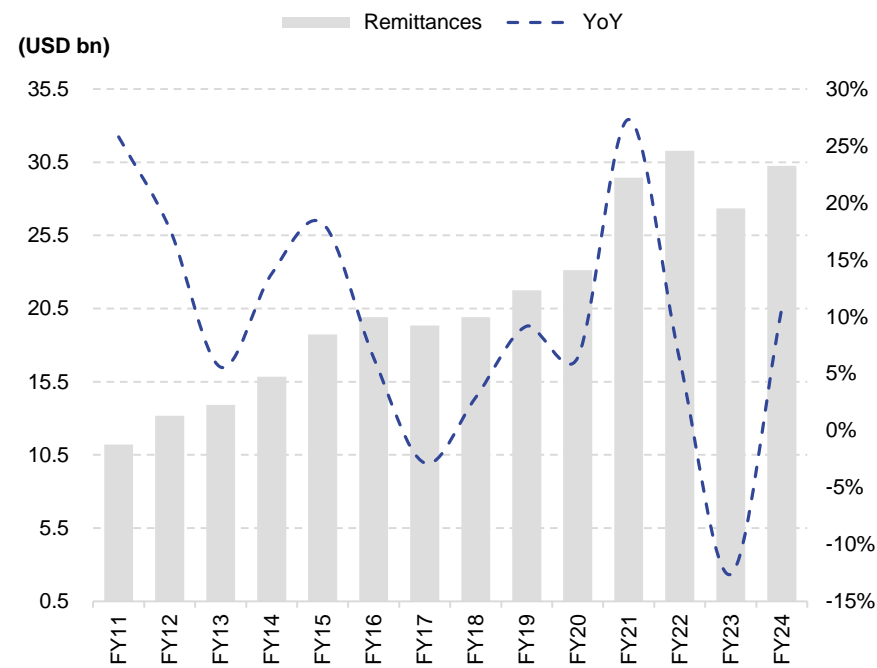
Remittances up by 17% YoY during FY24

Exhibit: Historical Trend of Monthly Remittances



Source (s): SBP, AHL Research

Exhibit: Remittances up by 17% YoY during FY24

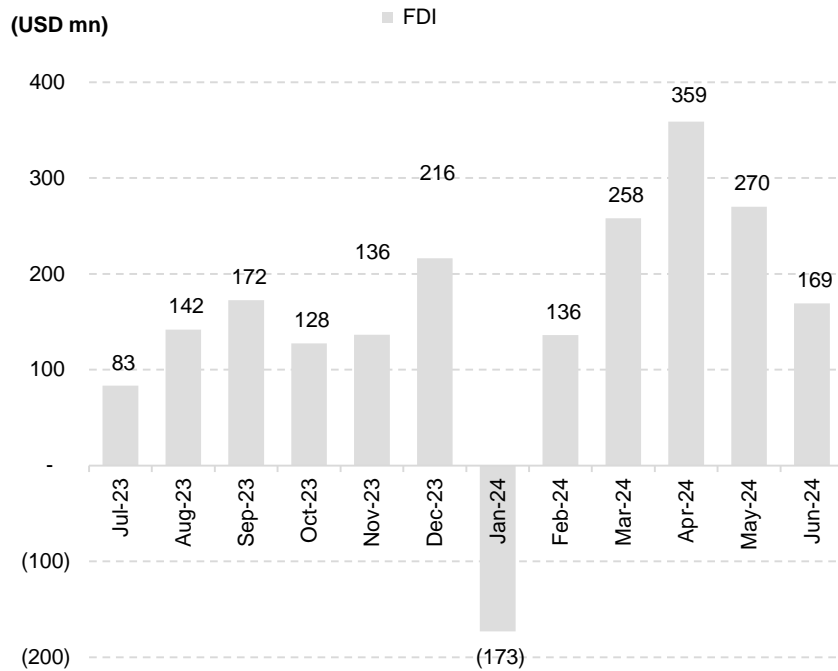


Source (s): SBP, AHL Research

Balance of Payment

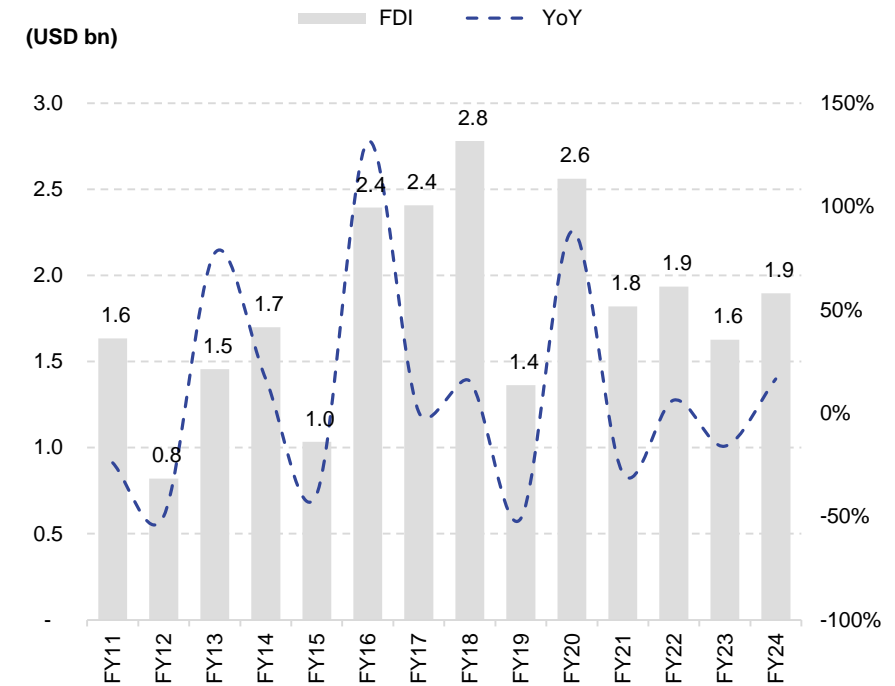
FDI up by 17% during FY24

Exhibit: Historical Trend of Monthly FDI



Source (s): SBP, AHL Research

Exhibit: FDI up by 17% in FY24



Source (s): SBP, AHL Research

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

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- 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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