



Economy | Remittances | Review | FY24 Forecast



Date: 09th Apr'24

REP # 048



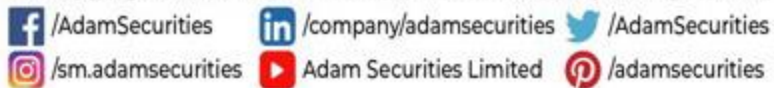
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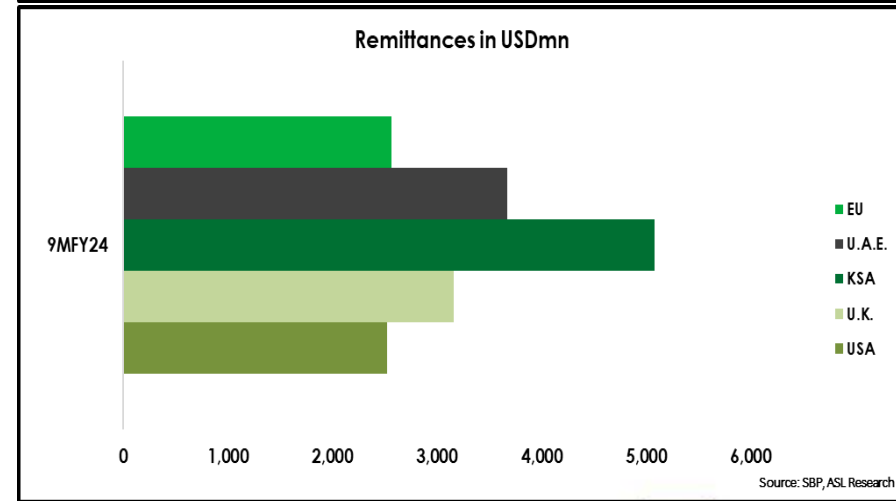
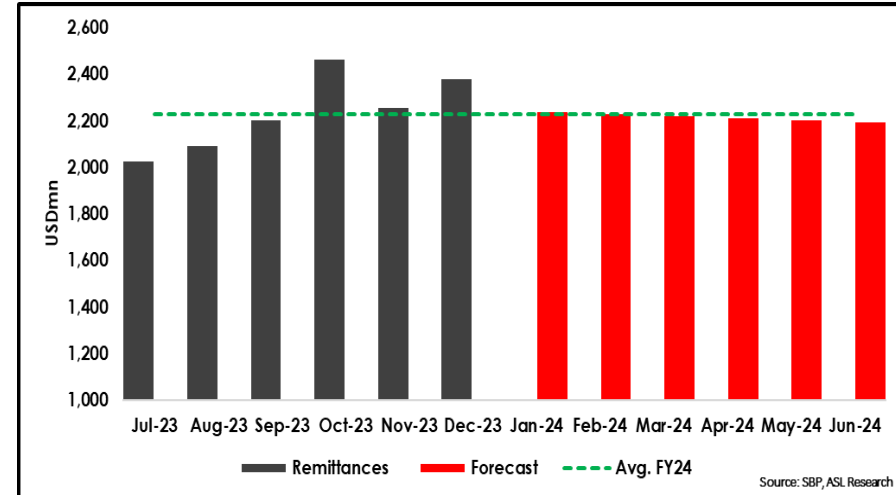
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Remittances: Global recovery, surges remittances up by c.31%MoM during Mar'24

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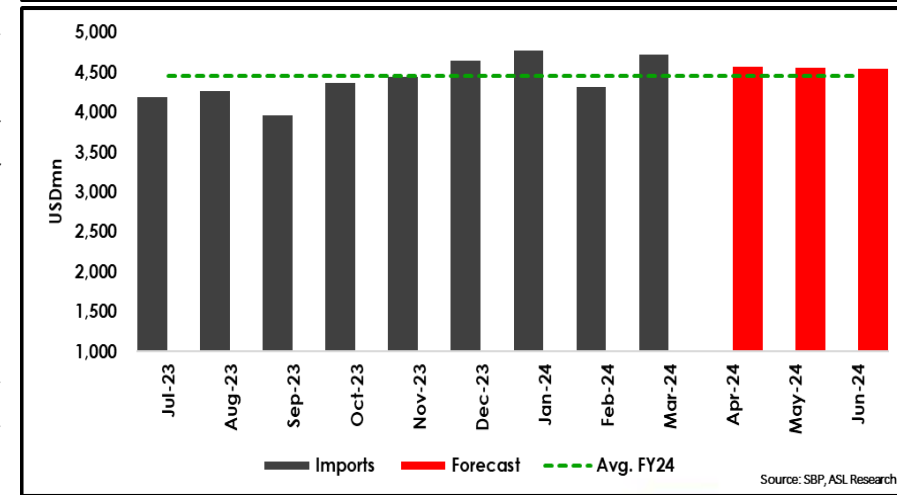
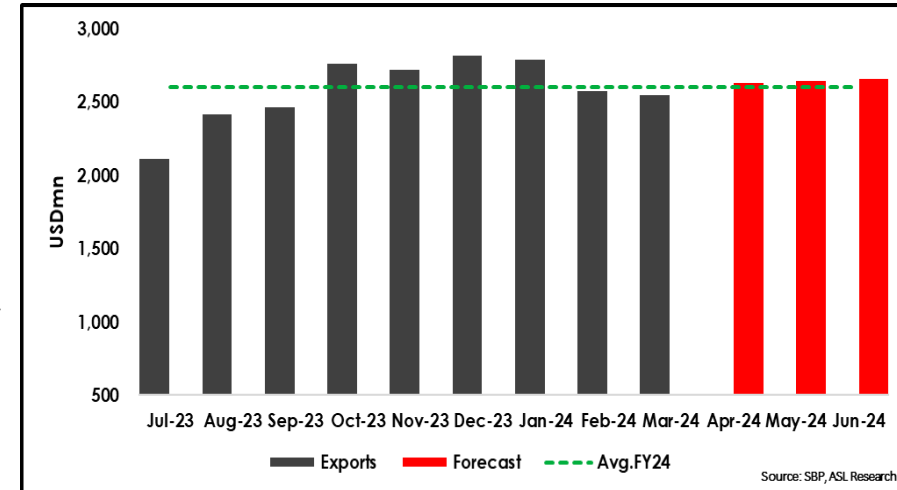
- Workers' Remittances during Mar'24 has marked remarkable recovery to USD2.95bn, after span of almost 2 Years, where the remittances surged above USD3bn during Apr'22. The remarkable recovery during Mar'24 was mainly witnessed from UAE, UK, KSA and US where we have noticed the remittances up by c.42%MoM, c.33%MoM, c.30%MoM and c.30%MoM respectively to USD548mn, USD462mn, USD703mn and USD373mn when comparing the month earlier levels. It is to note here that the reviving global economies along with the stability in USDPKR, averaged Rs.278.5/USD during 3QFY24, has improved confidence of the consumers. Further, post announcement of rate cut sentiments in the G-20 and other developed nations has improved unemployment rates, to some extent. We have noticed, during 8MFY24, CPI numbers has started to wane away, where Germany, France, UK and US average inflation has respectively eased off by c.396bpsYoY, 199bpsYoY, 227bpsYoY and 376bpsYoY during 8MFY24 compared to 8MFY23. The easing inflationary pressures has revived hopes of reducing interest rates in the G-20 countries which has notably revived and improved purchasing power of the consumers.
- With the 3 months numbers in consideration, we believe the FY24 remittances to record at c.USD28bn, rising above by c.4%YoY comparing the year earlier levels of FY23. We also believe the revival of the remittances may likely to occur on the reviving purchasing power of the expats along with the improving investments in Pakistan.



C/A Deficit: C/A deficit to remain within 0.6% of GDP during FY24

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- With the improving macros, we believe the C/A deficit will be 0.6% of GDP, since during 8MFY24 C/A deficit clocked in at USD0.99bn, marking a significant improvement of USD2.85bn Or c.74%YoY when comparing the year earlier levels of 8MFY23. Further, the improvement in 8MFY24 C/A deficit was mainly the resultant effect of improving and reviving the trade balance that has notably improved by c.28%YoY to USD18.71bn when compared to 8MFY23 trade deficit numbers.
- During 9MFY24, we have noticed, trade numbers have waned away mainly on the drastic rise in imports c.9.2%MoM witnessed during Mar'24 mainly in the midst of lifting of ban on non-essential imports. Further, during 9MFY24, the rising trend of the export numbers have waned away, inching the exports by c.9%YoY compared to 8MFY24 exports of c.10.2%YoY. The decline in exports during Mar'24 by c.1.1%MoM has mainly cause the 9MFY24 exports to drift away.
- It is really drastic for the economy that Pakistan's export-oriented sector has been on verge of higher cost of production where Gas and Power cost drastically increased multiple times during FY24, averaging c.190% hike in gas prices. This higher production cost during FY24 has cause the export-oriented sector to shutdown, turning the employment rate to below sustainable levels which may likely purchasing power of the end consumer, even the NCPI is supposed to arrive at c.25%, down by c.3.5%YoY during FY24. We believe the trade deficit to improve by c.8%YoY to USD22.23bn during FY24 compared to FY23.





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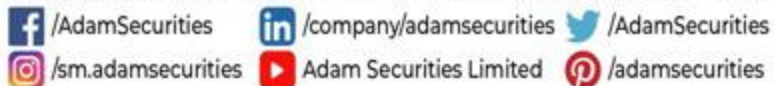
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