



# Economy | Update | Remittances | Import Cover | Apr'24



Date: 10<sup>th</sup> May'24

REP # 048



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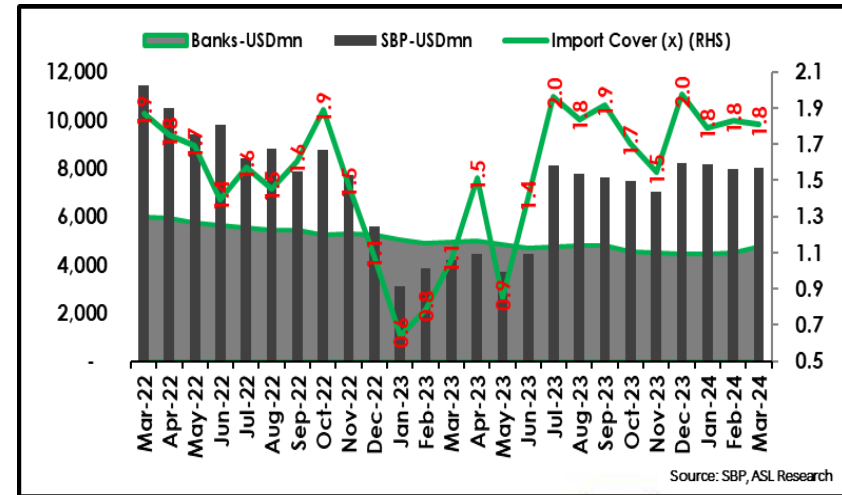
# Import Cover stabilizing to 2 months

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- As the SBA officially completed by Apr'24, the reserves of Pakistan has improved remarkably with the inflows from IMF and other friendly countries surged by c.USD4.66bn during FYTD, robustly increasing the SBP reserves to USD9.12bn as of 3<sup>rd</sup> May'24. Overall FX reserves of the country has resultantly improved by c.48% in FYTD to USD14.46bn, though, commercial banks reserves remained at the same levels, minutely increasing by c.USD56mn during FYTD. Major inflows that Pakistan has witnessed, during FYTD were mainly during Jul'23 and May'24 respectively amounting to USD4.20bn and USD1.11bn.
- The significant rise in Central Bank reserves during FYTD has notably improved Import Cover of Pakistan to almost 2 months, which mainly plunged to 19-24 days earlier during 1HCY23. This notable improvement in the Import Cover from merely 19 days to 2 months has mainly been the phenomenon of easing off import bill to USD44.79bn, notably reduced by c.4%YoY during 10MFY24. Further to this, the austerity measures that Caretaker Govt. has taken to stabilize parity, earlier during 1QFY24, along with the restriction on non-essential imports has mainly improved the imports during 10MFY24 comparing the 10MFY23.
- It is to note here, with the starting of new EFF IMF program, during FY25, we believe the import cover to stabilize above 3 months, shall there be a strategy of restricted non-essential imports along with the measures to keep parity within the IMF indicated levels. We believe the concerning ME tensions, may cause barriers to restrict imports below FY25 targets.

USDmnn	03-May-24	05-Apr-24	WoW	Jun-23	FYTD
Central Bank	9,120	8,040	13.4%	4,463	104.4%
Commercial Banks	5,339	5,401	-1.2%	5,283	1.1%
<b>Total Reserves</b>	<b>14,459</b>	<b>13,442</b>	<b>7.6%</b>	<b>9,746</b>	<b>48.4%</b>

Source: SBP, ASL Research



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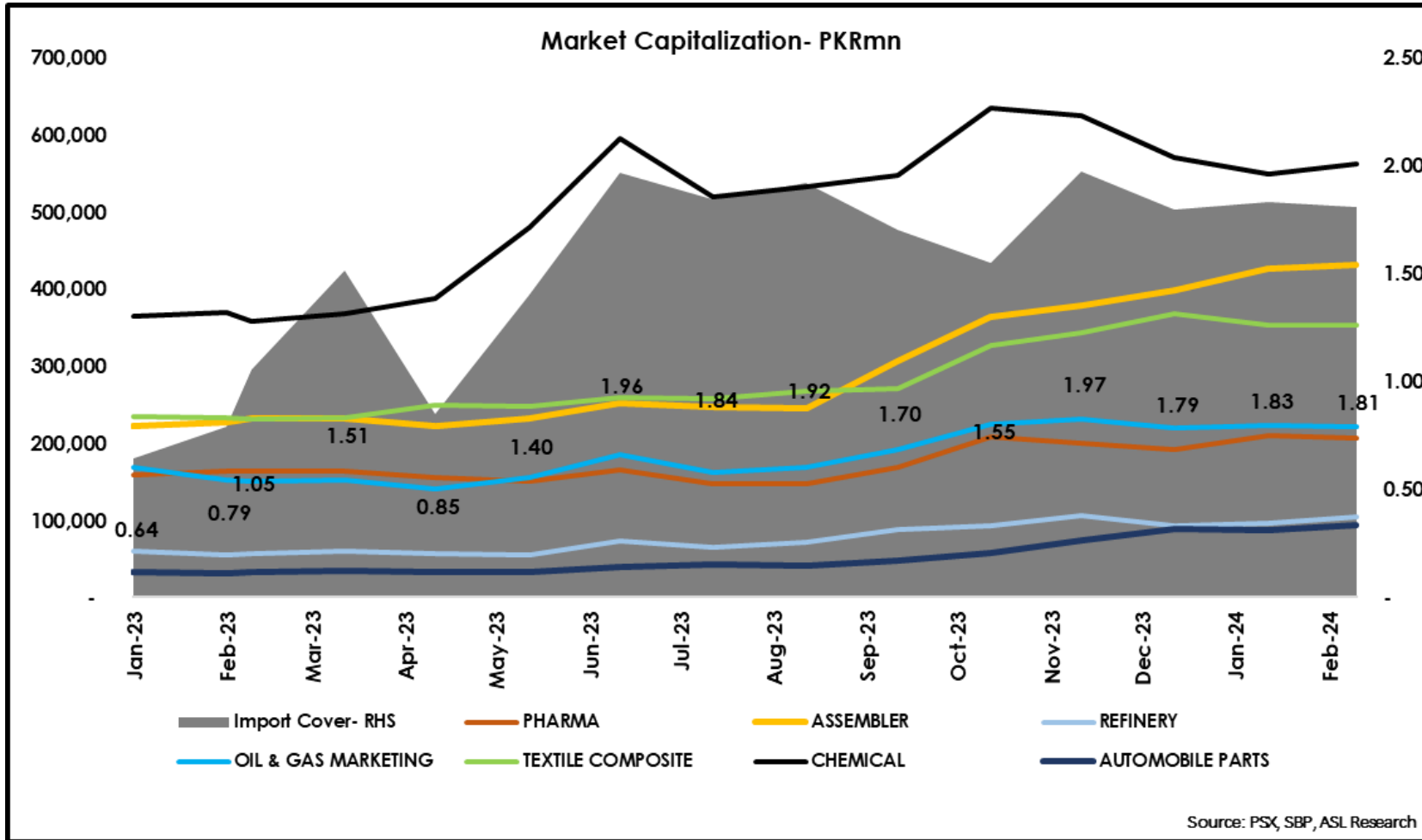
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# Import Cover, Stabilizing Sectors' Market Capitalization



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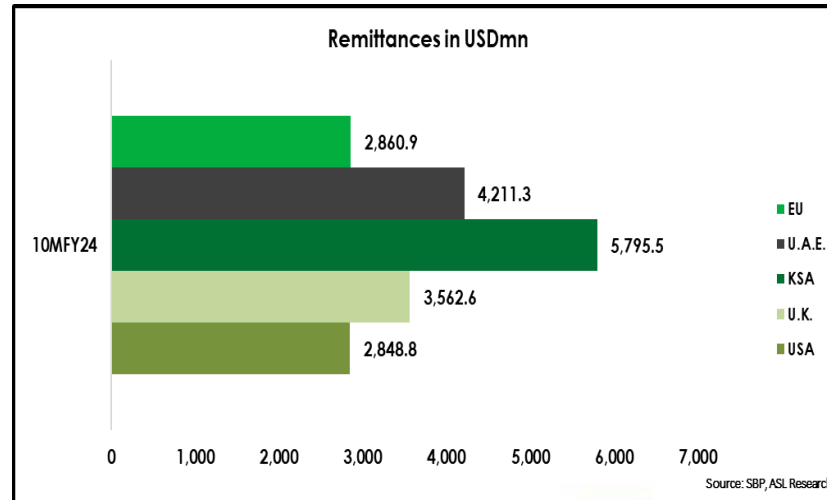
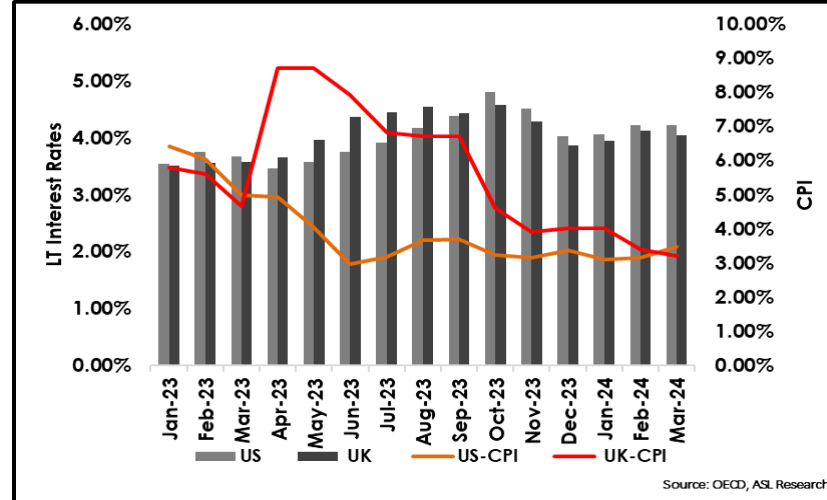
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- Remittances numbers have clocked in at USD2.82bn during Apr'24, surging by c.28%YoY. The rise in remittances during Apr'24 on YoY basis has mainly happened on the improving macroeconomic scenario in the G-20 countries which mainly include US, UK, EU and GCC countries. Considering the regional remittances inflows, we have noticed, KSA, UAE, US, EU, GCC and UK have repatriated USD712mn, USD542mn, USD329mn, USD298mn, USD288mn, and USD403mn respectively during Apr'24 when comparing the year earlier levels. However, the numbers have notably declined on MoM basis by c.5% mainly on the base effect phenomena which marked 2 Years high remittances compared to Apr'22 remittances of USD3.13bn.
- This remarkable improvement in remittances has mainly witnessed on the rising trend of moving abroad, since the start of economic uncertainty, along with the raging political and law & order situation in Pakistan. Further, the as per the latest OECD numbers, we have noticed average CPI during 10MFY24 has notably eased off by c.425bps, 325bps, 187bps and c.175bps for GER, US, UK and FRA which revived consumers spendings and purchasing power of the end consumers.
- Although, the unemployment rate in US is still high where average unemployment rate during 10MFY24 has marked at c.3.8%, upping by c.24bpsYoY, the Phillip's phenomenon has appeared to be causing the stubborn unemployment rates where, the economy requires more aggregate demand to cause demand pull inflation which may certainly reduce Jobless claims in the medium to longer term scenario.





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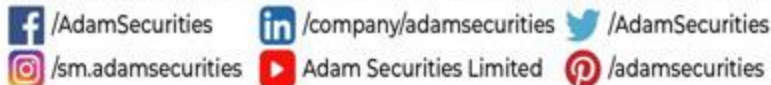
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