

Oct 19, 2018

Monthly Remittances



Source: SBP & WE Research

- According to data compiled by SBP, remittances surged by 13% to clock in at USD 5.42 billion in 1QFY19 as compared to USD 4.79 billion SPLY. During the month of September 2018, remittances were recorded at USD 1.45 billion up by 12% YoY while it depicts decline of 29% MoM primarily due to Eid effect.
- During 1QFY19, highest growth in remittance noted from USA, jumped by 32% YoY while the remittance from UK, Saudi Arabia, UAE and EU Countries registered a growth of 18%, 3% and 11% and 4% YoY respectively. While, remittances from other GCC countries were down by 7%.
- During 1QFY19, contribution from USA and UK improved to 15% & 14% respectively from 13% each in SPLY while those of Saudi Arabia, UAE and Other GCC countries reduced to 23%, 22% & 10% respectively.
- In Sep '18, remittances from USA grew to 35% YoY to record at USD 231.21 while it contributed 16% of total remittance. On the other hand, Saudi Arabia remained major contributor during the month under review by contributing 25% (USD 360.15) of total remittance followed by UAE at 21%. On the other hand, remittances from Other GCC countries and EU declined by 5% & 9% respectively, while their contribution were recorded at 9% and 3% respectively.

Horizontal Analysis of Remittances (USD mln) - Major Countries/Regions

Source: SBP & WE Research

	Sep-18	Sep-17	YoY	Aug-18	MoM	1QFY19	1QFY18	YoY
Total	1,452	1,294	12%	2,037	-29%	5,420	4,790	13%
USA	231	172	35%	317	-27%	828	626	32%
UK	203	195	4%	279	-27%	759	643	18%
Saudi Arabia	360	308	17%	466	-23%	1,263	1,228	3%
UAE	301	303	-1%	461	-35%	1,196	1,078	11%
Other GCC	134	141	-5%	193	-31%	526	563	-7%
EU Countries	41	45	-9%	60	-31%	166	160	4%

Vertical Analysis of Remittances (USD mln) - Major Countries/Regions

Source: SBP & WE Research

	Sep-18	Sep-17	Aug-18	1QFY19	1QFY18
USA	16%	13%	16%	15%	13%
UK	14%	15%	14%	14%	13%
Saudi Arabia	25%	24%	23%	23%	26%
UAE	21%	23%	23%	22%	23%
Other GCC	9%	11%	9%	10%	12%
EU Countries	3%	3%	3%	3%	3%

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WE Financial Services Ltd. uses three rating categories, depending upon return from current market price, with Target period as December 2018 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Potential to target price	
Buy Upside	More than +10% from last closing price
HOLD	In between -10% and +10% from last closing price
SELL	Less than -10% from last closing price

Equity Valuation Methodology

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

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Relative valuation (P/E, P/B, P/S)
- Equity & Asset return based (EVA, Residual income)

Risks

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

- Market Risk
- Interest Rate Risk
- Exchange rate risk

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