

Foundation Alert

Economy: June remittances came in at US\$2.7bn

Event

- State Bank of Pakistan (SBP) released June 2021 remittances which came in at US\$2.7bn, up 9/8% YoY/MoM. This cumulated into remittances of US\$29.4bn during FY21, up by 27% YoY.

Impact

- In June 2021, remittances increased by 9/8% YoY/MoM with seasonal pre-Eid related inflows during June helping to further boost remittances level.
- During FY21, remittances reached a record US\$29.4bn, up by 27% YoY taking average monthly remittances to US\$2.4bn during FY21.
- Record high inflows of workers' remittances during FY21 were driven by (1) proactive policy measures by the Government and SBP to incentivize the use of formal channels, (2) curtailed cross-border travel in the face of COVID-19 infections, (3) altruistic transfers to Pakistan amid the pandemic, and (4) orderly foreign exchange market conditions.
- On MoM basis, remittances were up across the board by 14/13/9/7/6/6/3% from Other GCC/EU/Saudi Arabia/USA/UAE/Others/UK.
- On YoY basis, significantly higher remittances were recorded from USA/UK/EU/Others/KSA/Other GCC/UAE, up by 58/58/52/44/16/14/9% YoY respectively. Whereas, remittances declined by 10% YoY from Saudi Arabia.
- During FY21, remittances increased from all locations with UK, USA, EU, Others, Saudi Arabia, Other GCC and UAE up by 58/58/52/44/16/14/9% YoY.

Outlook

- We believe FY22 remittances would remain elevated and reach a similar level to FY21 given prolongation of travel restrictions amid recurrent waves of COVID.

Fig 1: June 2021 Remittances

US\$ Mn	Jun-21	Jun-20	YoY	May-21	MoM	FY21	FY20	YoY
KSA	671	748	-10%	614	9%	7,667	6,613	16%
U.K	376	350	7%	365	3%	4,067	2,569	58%
USA	279	176	58%	261	7%	2,754	1,743	58%
UAE	544	516	5%	512	6%	6,114	5,612	9%
Other GCC	298	261	14%	262	14%	3,310	2,910	14%
EU	274	210	30%	244	13%	2,709	1,778	52%
Others	246	211	17%	233	6%	2,749	1,907	44%
Total	2,688	2,473	9%	2,491	8%	29,371	23,132	27%

Source: SBP, Foundation Research, July 2021

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Important disclosures:

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If	
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Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.