

Foundation Alert

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

Event

- State Bank of Pakistan (SBP) released September 2021 remittances which came in at US\$2.7bn, up 17% YoY and flat MoM. This cumulated into remittances of US\$8.0bn during 1QFY22, up by 12% YoY.

Impact

- In September 2021, remittances increased by 17% YoY (flat MoM). This is the seventh consecutive month when inflows recorded around US\$2.7bn, and the sixteenth consecutive month they have been above US\$2bn. On sequential basis, inflows remained flat compared to August.
- During 1QFY22, remittances at US\$8.0bn were up by 12% YoY compared to US\$7.1bn in 1QFY21.
- Remittances have been high for last sixteen months given (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, (3) altruistic transfers to Pakistan amid the pandemic, and (4) orderly foreign exchange market conditions.
- On MoM basis, remittances were up by 11/5/3/2% from Others/UK/Other GCC/EU and flat from Saudi Arabia. Whereas decline was observed of 2/12% from UAE/USA.
- On YoY basis, significantly higher remittances were recorded from EU/US/UK/Others/Other GCC/UAE/Saudi Arabia, up by 44/36/28/28/14/6/4% YoY respectively.
- During 1QFY22, remittances increased from EU/US/Others/UK/Other GCC/UAE by 48/32/16/13/12/9% YoY. Whereas declined of 3% was recorded from Saudi Arabia.

Outlook

- We believe FY22 remittances would remain elevated and exceed the level seen in FY21 despite easing of travel restrictions amid mass COVID vaccinations.

Fig 1: September 2021 Remittances

US\$ Mn	Sep-21	Sep-20	YoY	Aug-21	MoM	1QFY22	1QFY21	YoY
KSA	691	666	4%	694	0%	2,026	2,080	-3%
U.K	370	289	28%	353	5%	1,116	985	13%
USA	245	180	36%	279	-12%	836	633	32%
UAE	502	473	6%	512	-2%	1,545	1,421	9%
Other GCC	298	261	14%	289	3%	881	784	12%
EU	299	207	44%	292	2%	889	601	48%
Others	265	207	28%	238	11%	742	638	16%
Total	2,670	2,284	17%	2,657	0%	8,034	7,143	12%

Source: SBP, Foundation Research, October 2021

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