

Foundation Alert

Economy: October remittances came in at US\$2.5bn

Event

- State Bank of Pakistan (SBP) released October 2021 remittances which came in at US\$2.5bn, up 10% YoY. This cumulated into remittances of US\$10.6bn during 4MFY22, up by 12% YoY.

Impact

- In October 2021, remittances increased by 10% YoY. This is the eighth consecutive month when inflows recorded above US\$2.5bn, and the seventeenth consecutive month they have been above US\$2bn. However, on sequential basis, inflows declined by 6% MoM in Oct'21.
- During 4MFY22, remittances at US\$10.6bn were up by 12% YoY compared to US\$9.4bn in 4MFY21.
- Remittances have been high for last seventeen 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 declined by 5/6/5/9/4/3/5% from KSA/UK/USA/UAE/Other GCC/EU/Others.
- On YoY basis, significantly higher remittances were recorded from EU/US/UK/Others/Other GCC/Saudi Arabia, up by 43/26/24/21/5/3% YoY respectively. While. Remittances from UAE declined by 10% YoY in Oct'21.
- During 4MFY22, remittances increased from EU/US/Others/UK/Other GCC/UAE by 47/31/17/16/10/4% YoY. Whereas declined of 1% 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: October 2021 Remittances

US\$ Mn	Oct-21	Oct-20	YoY	Sep-20	MoM	4QFY22	4QFY21	YoY
KSA	655	635	3%	691	-5%	2,681	2,715	-1%
U.K	347	279	24%	370	-6%	1,463	1,264	16%
USA	232	183	26%	245	-5%	1,068	816	31%
UAE	456	504	-10%	502	-9%	2,001	1,925	4%
Other GCC	286	273	5%	298	-4%	1,166	1,057	10%
EU	291	203	43%	299	-3%	1,180	805	47%
Others	251	207	21%	265	-5%	993	845	17%
Total	2,518	2,284	10%	2,670	-6%	10,552	9,427	12%

Source: SBP, Foundation Research, November 2021

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