

Foundation Alert

Economy: December remittances clocked in at US\$2.0bn

Event

- State Bank of Pakistan (SBP) released Dec'22 remittances which came in at US\$2.0bn, down 19/3% YoY/MoM.

Impact

- In Dec'22, remittances decreased by 19% YoY to US\$2.0bn. Sequentially, inflows declined by 3% MoM in Dec'22.
- On YoY basis, across the board decline was observed of 32/27/20/19/18/8/7% from Others/UAE/Other GCC/EU/Saudi Arabia/UK/USA.
- On MoM basis, remittances declined by 13/10/7/5% from UAE/Others/Other GCC/EU. Whereas, increased by 5/4/0% from UK/Saudi Arabia/USA.
- During 1HFY23, remittances decreased by 11% YoY to US\$14.1bn. Inflows decreased by 17/14/14/12/10/8% from Others/Saudi Arabia/UAE/EU/Other GCC/UK. Whereas, they increased from USA by 2% YoY.

Outlook

- We believe FY23 remittances are poised to decline due to easing of travel restrictions and slowdown in developed economies amid higher interest rates despite benefit of higher oil prices in GCC countries.

Fig 1: December 2022 Remittances

US\$ Mn	Dec-22	Dec-21	YoY	Nov-22	MoM	1HFY23	1HFY22	YoY
KSA	516	627	-18%	498	4%	3,470	4,034	-14%
U.K	314	341	-8%	299	5%	1,977	2,147	-8%
USA	231	249	-7%	229	0%	1,526	1,494	2%
UAE	329	453	-27%	378	-13%	2,602	3,008	-14%
Other GCC	238	298	-20%	257	-7%	1,632	1,807	-10%
EU	233	290	-19%	245	-5%	1,544	1,750	-12%
Others	180	263	-32%	201	-10%	1,300	1,567	-17%
Total	2,041	2,520	-19%	2,108	-3%	14,052	15,807	-11%

Source: SBP, Foundation Research, January 2023

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