

## Foundation Alert

### Economy: January remittances fall below US\$2.0bn after 31 months

#### Event

- State Bank of Pakistan (SBP) released Jan'23 remittances which came in at US\$1.9bn, down 13/10% YoY/MoM.

#### Impact

- In Jan'23, remittances decreased by 13% YoY to US\$1.9bn. Sequentially, inflows declined by 10% MoM in Jan'23.
- On YoY basis, decline was observed of 30/26/12/6% from UAE/Saudi Arabia/Others/Other GCC/. Whereas, incline of 2/1% YoY was witnessed from UK/USA and remained flat YoY from EU.
- On MoM basis, remittances declined by 23/19/12/3% from Saudi Arabia/UAE/USA/Others. Whereas, increased by 3/1% MoM from UK/Other GCC and remained flat MoM from EU.
- During 7MFY23, remittances decreased by 11% YoY to US\$18.0bn. Inflows decreased by 16/15/15/10/9/6% from Others/Saudi Arabia/UAE/EU/Other GCC/UK. Whereas, they inclined from USA by 3% YoY.

#### Outlook

- We believe remittances are poised to post double digit decline in FY23 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: January 2023 Remittances

US\$ Mn	Jan-23	Jan-22	YoY	Dec-22	MoM	7MFY23	7MFY22	YoY
KSA	408	549	-26%	530	-23%	3,892	4,583	-15%
U.K	330	324	2%	321	3%	2,314	2,471	-6%
USA	214	212	1%	244	-12%	1,753	1,706	3%
UAE	269	382	-30%	331	-19%	2,874	3,391	-15%
Other GCC	244	258	-6%	241	1%	1,878	2,064	-9%
EU	240	239	0%	240	0%	1,791	1,990	-10%
Others	190	216	-12%	195	-3%	1,505	1,783	-16%
<b>Total</b>	<b>1,894</b>	<b>2,180</b>	<b>-13%</b>	<b>2,102</b>	<b>-10%</b>	<b>16,007</b>	<b>17,988</b>	<b>-11%</b>

Source: SBP, Foundation Research, February 2023

#### Analyst

Zeeshan Azhar  
+92 21 3561 2290-94

zeeshan@fs.com.pk  
Ext 331

### Important disclosures:

**Disclaimer:** This report has been prepared by FSL. The information and opinions contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified and no guaranty, representation or warranty, express or implied is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as, an offer, or solicitation of an offer, to buy or sell any securities or other financial instruments. FSL may, to the extent permissible by applicable law or regulation, use the above material, conclusions, research or analysis before such material is disseminated to its customers. Not all customers will receive the material at the same time. FSL, their respective directors, officers, representatives, employees, related persons may have a long or short position in any of the securities or other financial instruments mentioned or issuers described herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise, either as principal or agent. FSL may make markets in securities or other financial instruments described in this publication, in securities of issuers described herein or in securities underlying or related to such securities. FSL may have recently underwritten the securities of an issuer mentioned herein. This document may not be reproduced, distributed or published for any purposes.

**Research Dissemination Policy:** Foundation Securities (Pvt.) Ltd. endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

**Target price risk disclosures:** Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company will enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

**Analyst certification:** The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst principally responsible for the preparation of this research receives compensation based on overall revenues of Foundation Securities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

#### Recommendations definitions

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