

Foundation Alert

Economy: February remittances came in at US\$1.99bn

Event

- State Bank of Pakistan (SBP) released Feb'23 remittances which came in at US\$1.99bn, down/up 9/5% YoY/MoM.

Impact

- In Feb'23, remittances decreased by 9% YoY to US\$1.99bn. Sequentially, inflows inclined by 5% in Feb'23.
- On YoY basis, decline was observed of 19/16/16/8/1% from Saudi Arabia/Others/UAE/Other GCC/U.K. Whereas, incline of 4/3% YoY was witnessed from USA/EU.
- On MoM basis, remittances increased by 20/12/3/2% from UAE/Saudi Arabia/USA/EU. Whereas, decreased by 4/2/1% MoM from U.K/Others/ Other GCC.
- During 8MFY23, remittances decreased by 11% YoY to US\$18.0bn. Inflows decreased by 16/15/15/9/9/6% 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: February 2023 Remittances

| US\$ Mn | Feb-23 | Feb-22 | YoY | Jan-23 | MoM | 8MFY23 | 8MFY22 | YoY |
|--------------|--------------|--------------|------------|--------------|-----------|---------------|---------------|-------------|
| KSA | 455 | 558 | -19% | 408 | 12% | 4,347 | 5,141 | -15% |
| U.K | 317 | 320 | -1% | 330 | -4% | 2,631 | 2,791 | -6% |
| USA | 219 | 211 | 4% | 214 | 3% | 1,973 | 1,917 | 3% |
| UAE | 324 | 386 | -16% | 269 | 20% | 3,198 | 3,777 | -15% |
| Other GCC | 242 | 261 | -8% | 244 | -1% | 2,119 | 2,326 | -9% |
| EU | 245 | 238 | 3% | 240 | 2% | 2,036 | 2,227 | -9% |
| Others | 186 | 221 | -16% | 190 | -2% | 1,691 | 2,005 | -16% |
| Total | 1,988 | 2,196 | -9% | 1,894 | 5% | 17,994 | 20,184 | -11% |

Source: SBP, Foundation Research, March 2023

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Important disclosures:

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Recommendations definitions

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