

Foundation Alert

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

Event

- State Bank of Pakistan (SBP) released Mar'23 remittances which came in at US\$2.5bn, down/up 11/27% YoY/MoM.

Impact

- In Mar'23, remittances decreased by 11% YoY to US\$2.5bn. Sequentially, inflows inclined by 27% in Mar'23 due to Ramadan effect, in our view.
- On YoY basis, decline was observed of 23/22/18/14% from Others/UAE/ Saudi Arabia/Other GCC. Whereas, incline of 6/5/5% YoY was witnessed from EU/USA/UK.
- On MoM basis, across the board increase in remittances of 44/33/26/24/23/23/22% was observed from USA/UK/UAE/Saudi Arabia/Other GCC/Others/EU.
- During 9MFY23, remittances decreased by 11% YoY to US\$20.5bn. Inflows decreased by 17/16/16/10/7/4% from Others/Saudi Arabia/UAE/Other GCC/EU/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.

Table 1: March 2023 Remittances

US\$ Mn	Mar-23	Mar-22	YoY	Feb-23	MoM	9MFY23	9MFY22	YoY
KSA	564	686	-18%	455	24%	4,911	5,828	-16%
U.K	422	402	5%	317	33%	3,053	3,193	-4%
USA	316	302	5%	219	44%	2,289	2,218	3%
UAE	407	521	-22%	324	26%	3,604	4,298	-16%
Other GCC	298	345	-14%	242	23%	2,417	2,671	-10%
EU	299	281	6%	245	22%	2,334	2,508	-7%
Others	228	297	-23%	186	23%	1,919	2,302	-17%
Total	2,533	2,835	-11%	1,988	27%	20,527	23,019	-11%

Source: SBP, Foundation Research, April 2023

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Important disclosures:

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