

Foundation Alert

Economy: April remittances came in at US\$2.2bn

Event

- State Bank of Pakistan (SBP) released Apr'23 remittances which came in at US\$2.2bn, down 29/13% YoY/MoM.

Impact

- In Apr'23, remittances decreased by 29% YoY to US\$2.2bn. Sequentially, inflows declined by 13% in Apr'23 despite Eid effect.
- On YoY basis, decline was observed of 38/38/31/31/25/21/13% from Others/UAE/Saudi Arabia/Other GCC/UK/USA/EU.
- On MoM basis, across the board decrease in remittances of 16/15/14/14/13/13/6% was observed from Other GCC/USA/UK/Others/Saudi Arabia/EU/UAE.
- During 10MFY23, remittances decreased by 13% YoY to US\$22.7bn. Inflows decreased by 19/19/17/12/8/7% from Others/UAE/Saudi Arabia/Other GCC/EU/UK. Whereas, they remained flat YoY from USA.

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: April 2023 Remittances

US\$ Mn	Apr-23	Apr-22	YoY	Mar-23	MoM	10MFY23	10MFY22	YoY
KSA	489	705	-31%	564	-13%	5,400	6,532	-17%
U.K	361	484	-25%	420	-14%	3,412	3,678	-7%
USA	276	347	-21%	323	-15%	2,571	2,565	0%
UAE	382	614	-38%	408	-6%	3,987	4,912	-19%
Other GCC	249	359	-31%	298	-16%	2,667	3,030	-12%
EU	257	297	-13%	297	-13%	2,590	2,806	-8%
Others	196	318	-38%	227	-14%	2,114	2,620	-19%
Total	2,211	3,124	-29%	2,537	-13%	22,742	26,143	-13%

Source: SBP, Foundation Research, May 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.