

Foundation Alert

Economy: May remittances came in at US\$2.1bn

Event

- State Bank of Pakistan (SBP) released May'23 remittances which came in at US\$2.1bn, down 10/4% YoY/MoM.

Impact

- In May'23, remittances decreased by 10% YoY to US\$2.1bn. Sequentially, inflows declined by 4% in May'23.
- On YoY basis, decline was observed of 23/23/14/8/7/4% from UAE/Others/UK/EU/Other GCC/KSA. However, remittances from USA increased by 10% YoY.
- On MoM basis, across the board decrease in remittances of 13/12/8/5/3 was observed from UK/UAE/Others/USA/EU while increased by a mere 0.1/7% from Other GCC and KSA.
- During 11MFY23, remittances decreased by 13% YoY to US\$24.8bn. Inflows decreased by 20/19/16/8/8% from Others/UAE/Saudi Arabia/Other GCC/EU/UK. Whereas, they increased by 1% 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.

Fig 1: May 2023 Remittances

US\$ mn	May-23	May-22	YoY	Apr-23	MoM	11MFY23	11MFY22	YoY
KSA	524	546	-4%	490	7%	5,925	7,079	-16%
U.K	307	358	-14%	354	-13%	3,711	4,036	-8%
USA	257	235	10%	272	-5%	2,825	2,800	1%
UAE	336	434	-23%	380	-12%	4,321	5,346	-19%
Other GCC	251	269	-7%	250	0%	2,918	3,299	-12%
EU	249	270	-8%	258	-3%	2,840	3,076	-8%
Others	179	233	-23%	195	-8%	2,292	2,853	-20%
Total	2,103	2,346	-10%	2,198	-4%	24,832	28,489	-13%

Source: SBP, Foundation Research, June 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.