

June remittances up 2% YoY; FY26 inflow at record US\$42bn

- Pakistan received US\$3.48bn in workers' remittances during Jun-26, up 2% YoY but down 18% MoM following May's record Eid-related inflows. While monthly flows normalized, remittances remained comfortably above the US\$3bn mark. The UAE (+10% YoY) and USA (+6% YoY) led growth among major corridors, while Saudi Arabia remained broadly stable (+1% YoY).
- FY26 remittances reached a record US\$41.6bn, up 9% YoY, with the average monthly inflow improving to US\$3.47bn versus US\$3.18bn in FY25. Structural support from higher overseas employment, continued migration toward formal banking channels, and stable exchange rate dynamics continued to underpin inflows throughout the year.
- Remittances remain the cornerstone of Pakistan's external account as trade pressures increase. The FY26 trade deficit, as per PBS, widened 22% YoY to US\$39.5bn, with imports rising 8% YoY while exports declined 6% YoY.

FY26 closes with record remittance inflows

Pakistan received US\$3.48bn in workers' remittances during Jun-26, representing a 2% YoY increase but an 18% MoM decline from May's exceptionally strong seasonal inflows. The moderation was expected following the Eid-related surge in May and does not alter the underlying strength of remittance trends. Consequently, FY26 remittances reached a record US\$41.6bn, compared with approximately US\$38.2bn in FY25, marking 9% YoY growth.

Pakistan Foreign Workers' Remittances

US\$m	Apr-26	May-26	Jun-26	MoM	YoY	FY26	YoY
USA	317	349	297	-15%	6%	3,624	-3%
UK	564	645	515	-20%	-4%	6,326	7%
KSA	842	1,025	830	-19%	1%	9,783	5%
UAE	734	1,007	792	-21%	10%	8,807	12%
- Dubai	566	828	615	-26%	15%	6,765	11%
- Abu Dhabi	129	158	146	-8%	-16%	1,719	8%
Other GCC	329	393	321	-18%	6%	3,934	6%
- Kuwait	77	84	68	-19%	16%	892	4%
- Oman	95	133	111	-17%	-5%	1,294	-2%
EU Countries	432	466	415	-11%	-6%	5,227	15%
- Germany	73	71	65	-9%	-7%	807	9%
- Spain	75	83	75	-10%	-3%	906	16%
- Italy	126	136	121	-11%	-6%	1,547	19%
Malaysia	14	18	13	-28%	-17%	168	-9%
Australia	93	107	82	-23%	1%	1,142	37%
Others	213	243	210	-14%	3%	2,575	16%
Total	3,537	4,252	3,475	-18%	2%	41,585	9%

Source: SBP, JS Research

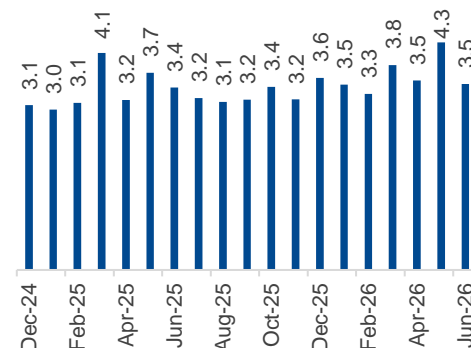
The average monthly remittance run-rate improved to US\$3.47bn during FY26 from US\$3.18bn a year earlier. The sustained improvement reflects continued

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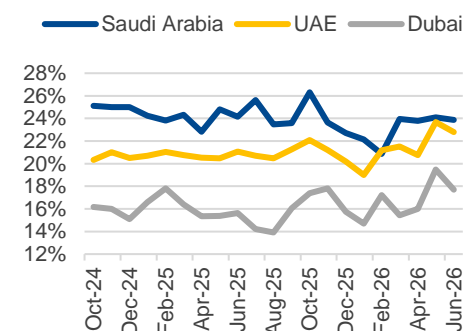
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Monthly remittances (US\$ bn)



Source: SBP, JS Research

KSA, UAE & Dubai remittance trend (US\$m)



Source: SBP, JS Research

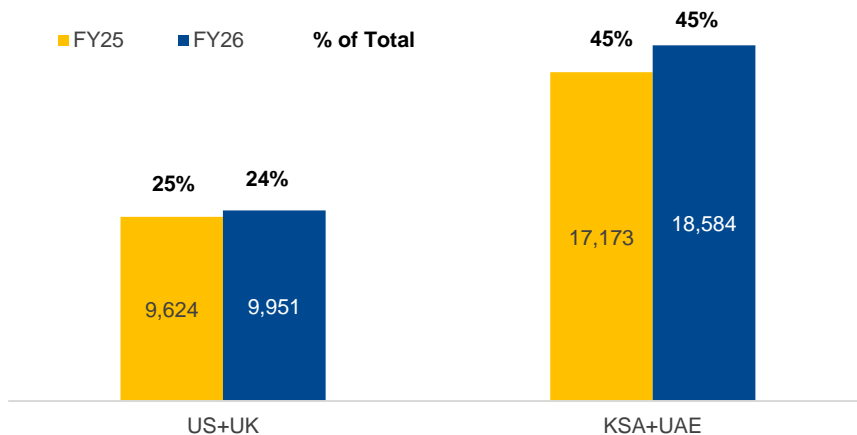
expansion in Pakistan's overseas workforce, greater use of formal banking channels, relatively stable interbank FX spreads, and supportive geopolitical factors that encouraged higher transfers during parts of the year.

GCC remains dominant with mixed regional trends

The GCC continued to account for the majority of remittance inflows during FY26, although June witnessed a broad-based normalization after May's exceptionally strong print. Saudi Arabia remained the largest source, contributing US\$830mn during June (+1% YoY) and US\$9.78bn for FY26 (+5% YoY). The UAE followed with US\$792mn in June (+10% YoY), taking cumulative FY26 inflows to US\$8.81bn (+12% YoY). Within the UAE, Dubai remained the dominant contributor with US\$6.77bn during FY26 (+11% YoY).

Among developed markets, the USA remained relatively soft on a cumulative basis despite posting 6% YoY growth in June, ending FY26 at US\$3.62bn, down 3% YoY. The UK closed the year on a stronger footing, with FY26 remittances increasing 7% YoY to US\$6.33bn. Europe remained one of the strongest-performing regions, with EU countries delivering 15% YoY growth during FY26, led by Italy (+19%) and Spain (+16%), while Australia continued to outperform with 37% YoY growth in annual inflows.

Share in Remittances (US\$ mn)



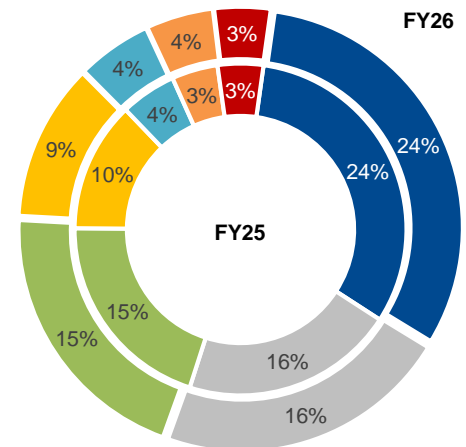
Source: SBP, JS Research

Record remittances cushion a deteriorating trade balance

FY26 reaffirmed the critical role of remittances in supporting Pakistan's external account. According to PBS data, the FY26 trade deficit widened 22% YoY to US\$39.5bn, as imports increased 8% YoY to US\$69.6bn while exports declined 6% YoY to US\$30.1bn. The sharp deterioration in the merchandise trade balance highlights the economy's continued dependence on workers' remittances to contain external financing pressures.

While the record US\$41.6bn in remittances provides an important cushion against the widening trade gap, Pakistan's external position remains exposed to sustained import demand and elevated energy prices. The concentration of more than half of total remittances within GCC economies also remains a key medium-term risk, leaving external stability closely tied to labour market conditions and economic activity in the Gulf. Nonetheless, FY26's record remittance performance, together

Share in Remittances

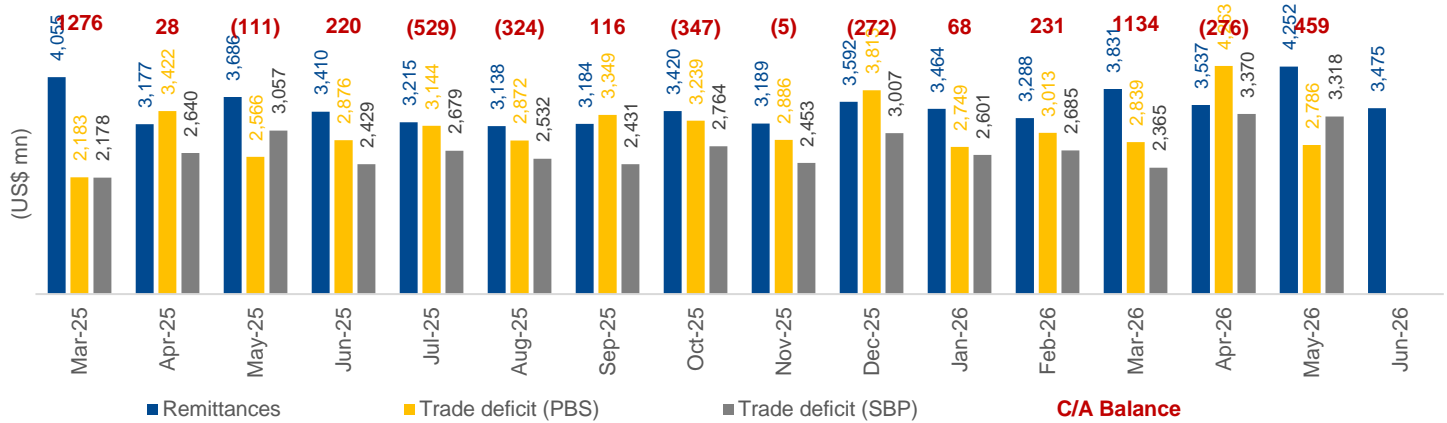


- Saudi Arabia
- USA
- Oman
- Dubai
- Abu Dhabi
- U.K.
- Italy

Source: SBP, JS Research

with the recovery in SBP reserves to around US\$18.3bn by end-June, provides a stronger starting point for FY27 despite an increasingly challenging external environment.

Current Account & Remittances trend (US\$ mn)



Source: PBS, SBP, JS Research

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