

Philippine remittances bounce but flows from Middle East contract

Bangko Sentral ng Pilipinas (BSP) reported Overseas Filipino (OF) remittance growth for October. Remittances from most regions expanded, however, the Middle East contracted for the 10th straight month



Source: Shutterstock

-15.9% Year-to-date growth of remittances from the Middle East

- The Bangko Sentral ng Pilipinas (BSP) Overseas Filipino (OF) remittance growth for the month of October moved past market expectations to post an 8.7% gain year on year. OFs sent home a total of \$2.47bn for October, bringing the cumulative total to \$23.77bn, up 3.1% from the same period in 2017.
- Growth in remittances was seen from most geographic areas with the Americas, Europe and Asia showing expansion of 14.9%, 10.4% and 12.3%, respectively, for October.

- Despite the year-on-year gain, one area of concern that continues to fester is the contraction in remittances from the Middle East (ME), which posted a 10th straight month of contraction and a year-to-date drop of 15.9%. The ME is the second largest source of OF \$ flows, accounting for 22.8% of the total for 2018.
- Should cash sent home from this region remain in decline, overall OF remittance flows are expected to remain subdued, causing the PHP to struggle (YTD growth at 3.1%, lowest 10-month growth since 2013) given its dependence on these structural flows for support.