

# Family remittances grow 9.1% yoy in August

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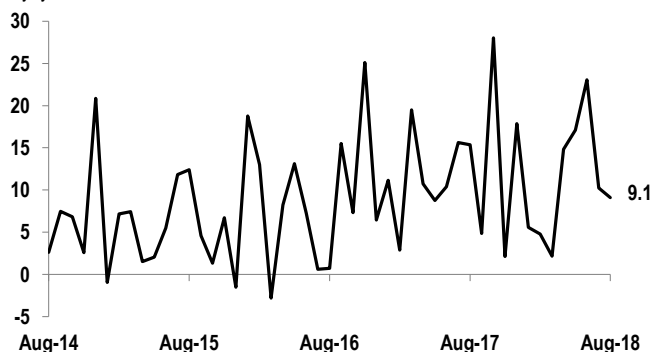
- **Remittances (August): US\$2,856.2mn; Banorte: US\$2,902.1mn; consensus: US\$2,902.1mn; previous: US\$2,866.5mn**
- **Family remittances increased 9.1% yoy in August**
- **The flow of remittances during the month was partly explained by the positive trend in employment of Mexican migrant workers in the US**
- **However, this was partially offset by the 0.8% appreciation of the MXN during the month**
- **Looking ahead, we continue to believe that the flow of remittances will be influenced by the upward trend in the US labor market, coupled with Trump's anti-immigration policy**

**Remittances grow 9.1% in August.** According to Banxico, the flow of remittances sent during the eighth month of 2018 amounted to US\$2,856.2 million, below our US\$2,902.1 million forecast. This implies a 9.1% yoy expansion. In addition, the number of operations stood at 8.8 million (+5% yoy), with an average amount of US\$324.12 (+3.9% yoy). Year-to-date, family remittances amounted to US\$21,967.2 million, which implies an 11.1% yoy expansion.

**Positive trend in employment of Mexican migrant workers in the US.** During August, the number of Mexican-born employees working in the US (with or without citizenship) increased by 124.7 thousand. With this, now the number of employees stands at 7.4 million. This increase, along with positive data in the first half of the year, point to more favorable conditions for these workers, which in turn, enables them to send more remittances to their families in Mexico. However, during August, the Mexican peso appreciated 0.8%, which might have discouraged remittances in the month. It should be noted that FX appreciation encourages Mexican migrants to send a lower amount of remittances, considering that they have a lower purchasing power.

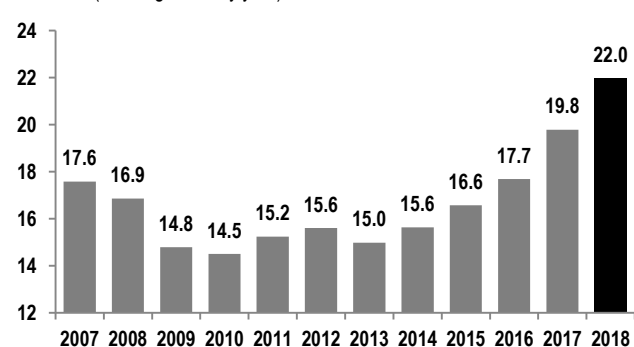
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**Family remittances**  
% yoy



Source: Banxico

**Family remittances (year-to-date)**  
US\$ billion (Jan-Aug for every year)



Source: Banxico

**We believe that the growth of remittances in 2018 will continue to be explained by the strength of the labor market and US immigration policy.**

In the first case, the upward trend in the US labor market has not only translated into greater labor opportunities for Mexican migrants without citizenship, but also an increase in the real wages of these workers. We believe that the spike in real wages will continue to favor remittances inflows to our country.

In the second case, it could be argued that family remittances are an alternative form of savings for migrants, which implies that the increase observed in the flow of remittances since 2016 can be also explained by Trump's anti-migration policy. It is likely that Mexican migrant workers continue to discount a higher probability of being deported, which would significantly reduce their expectation of permanent income, and consequently increase the desire to save. Looking ahead, we consider these factors will be the main drivers in explaining the flow of remittances in the first half of 2018.

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