

May's family remittances – Mother's day behind biggest remittances inflow

July 1, 2015

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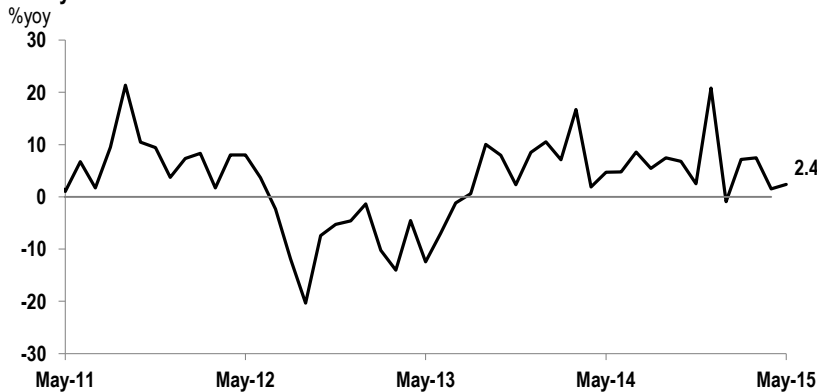
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- **Remittances (May): US\$ 2,198.4 million; Banorte-Ixe: US\$ 2,338.4 mn; consensus: US\$ 2,271 mn (range of estimates: US\$ 2,200 mn to US\$ 2,390.3 mn); previous: US\$ 2,012.1 mn**
- **We believe that the spike in remittances inflows is explained by the better labor dynamics for Mexican workers abroad along with a seasonal effect**
- **Remittances inflows have grown 3.6% yoy in the first five months of the year**
- **In our view, the better growth prospects for the U.S. economy will continue to support remittances inflows**

Family remittances increased 2.4% yoy in May. According to Banxico, the flow of remittances sent during the fifth month of the year amounted to US\$ 2,198.4 million, which implies a 2.4% yoy expansion. We highlight that the remittances inflows during May were partly explained by a seasonal effect – since Mexican migrant workers tend to remit a larger amount of money in May given Mother's Day. However, we believe that the best performance of this indicator is also explained by an improvement in the working conditions of Mexican migrant workers abroad. Meanwhile, the number of operations stood at 7,822.5 mn (+3.3% yoy) with an average amount of US\$ 281 (0.9% yoy). Year-to-date, family remittances accumulated a balance of US\$ 9,928.1 million, which implies a 3.6% yoy expansion.

Family remittances

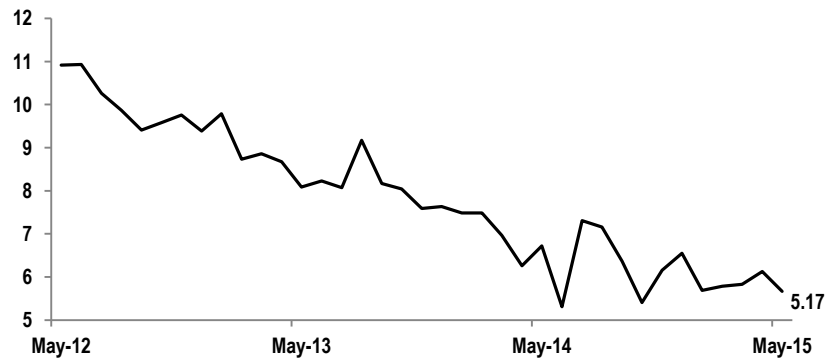


Source: Banco de México

We believe that the flow of remittances will continue to recover given the recent performance in the U.S. labor market. Latest employment figures for Mexican workers in the U.S. published by the *U.S. Census Bureau* shows that the unemployment rate of Mexican workers without citizenship stood practically unchanged in May (refer to the chart below). In fact, unemployment rate's recent trend has been clearly downward sloping for the Mexican migrant workforce since July 2014. Moreover, the number of Mexican employed workers have increased during this same period, which implies that the reduction in the unemployment rate has occurred in a context where the total number of Mexican workers has increased, suggesting that the flow of remittances will continue to show a better performance in the future, since Mexican migrants without U.S. citizenship tend to send a larger amount of remittances than migrants with citizenship. We believe that the growth in the number of Mexican migrant workers will be reflected in an increased flow of family remittances during 2H15.

Unemployment rate for Mexican workers in the U.S. without citizenship

%, sa



Source: Banorte-Ixe; U.S. Census Bureau

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