

Family remittances hit a new record high as a result of the US elections

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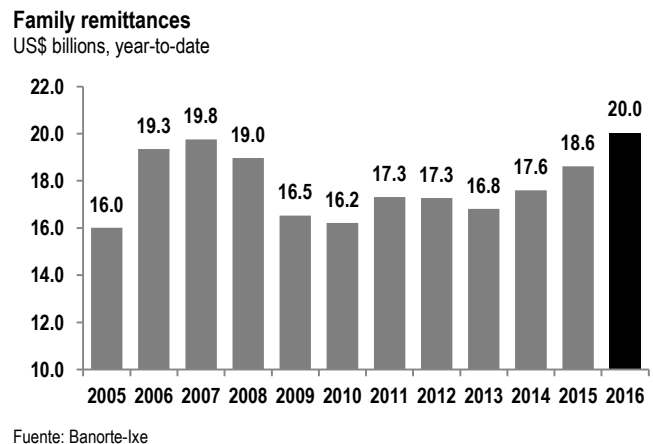
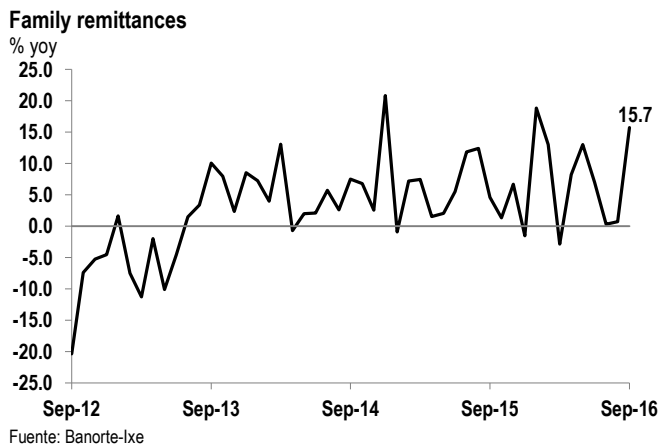
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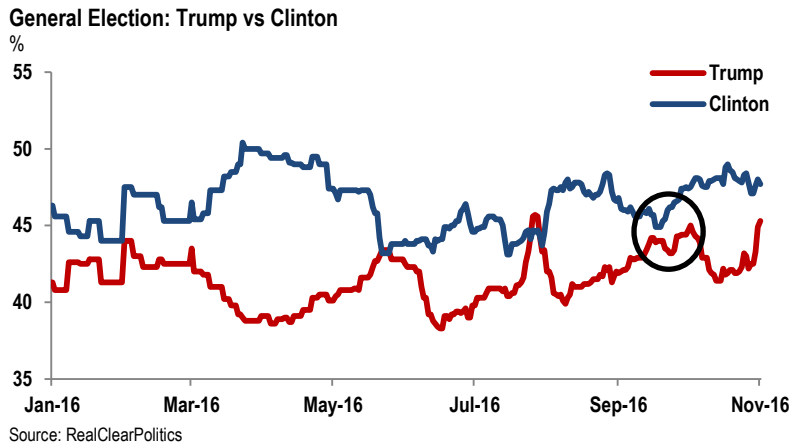
- **Remittances (September): US\$ 2,378.2 million; Banorte-Ixe: US\$ 2,250 mn; consensus: US\$ 2,180 mn (range of estimates: US\$ 2,100 mn to US\$ 2,298 mn); previous: US\$ 2,269.7 mn**
- **We believe that the 15.7% expansion in September’s remittances was explained by the electoral process in the US**
- **Year-to-date, family remittances hit a new record high (US\$ 20,043.6 million in 2016 vs. US\$ 19,762.9 million in 2007)**
- **Looking ahead, we believe that the flow of remittances will be influenced by the electoral process in the US**

Family remittances increased 15.7% yoy in September. According to Banxico, the flow of remittances sent during the ninth month of the year amounted to US\$2,378.2 million, which implies a 15.7% yoy expansion (Banorte-Ixe: US\$ 2,250 million; consensus: US\$2,180 million). Moreover, the number of operations stood at 7.8 million (+9.5% yoy) with an average amount of US\$ 304.7 (5.7% yoy). Year-to-date, family remittances hit a new record high (US\$ 20,043.6 million in 2016 vs. US\$ 19,762.9 million in 2007), and now add a 7.7% yoy expansion (refer to the charts below).

As we expected, the strong expansion in the flow of remittances was explained by the electoral process in the US. In the second and third week of September, the average of electoral polls showed a virtual tie between Donald Trump and Hillary Clinton (refer to the chart on the next page). As a result, the Mexican currency depreciated significantly (about 3.3%). We believe that the depreciated peso coupled with the higher probability of a Trump victory encouraged Mexican migrant workers to send a higher flow of remittances.

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Looking ahead, we believe that the flow of remittances will be influenced by the electoral process in the US. A Hillary Clinton victory will likely translate in a marginal growth of remittances inflows during November and December. However, if Donald Trump wins the elections, it is likely that the flow of remittances will increase 20% yoy in the last two months of the year.

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