

June’s family remittances – 6.1% yoy, growth in line with our estimate

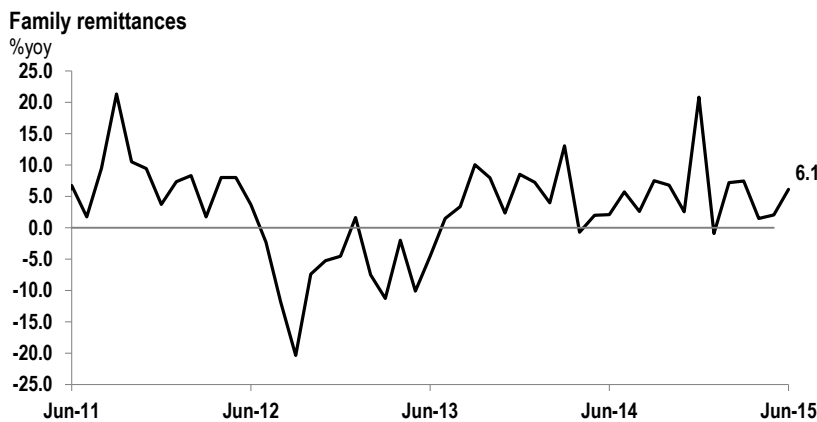
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Alejandro Cervantes
Senior Economist, Mexico
alejandro.cervantes@banorte.com

- **Remittances (June): US\$ 2,168.3 million; Banorte-Ixe: US\$ 2,160 mn; consensus: US\$ 2,130 mn (range of estimates: US\$ 2,100 mn to US\$ 2,267.4 mn); previous: US\$ 2,198.4 mn**
- **We believe that the spike in remittances inflows was explained by the better labor dynamics for Mexican workers abroad**
- **Remittances inflows have grown 4% yoy in the first half of the year**
- **In our view, the better growth prospects for the U.S. economy will continue to support remittances inflows**

Family remittances increased 6.1% yoy in June. According to Banxico, the flow of remittances sent during the sixth month of the year amounted to US\$ 2,168.3 million, in line with our US\$ 2,160 forecast. Today’s figure implies a 6.1% yoy expansion. We highlight that the remittances inflows during June were partly explained by an improvement in the working conditions of Mexican migrant workers abroad. Meanwhile, the number of operations stood at 7.3 mn (+5.8% yoy) with an average amount of US\$ 298.9 (+0.3% yoy). Year-to-date, family remittances accumulated a balance of US\$ 12,088.9 million, which implies a 4% yoy expansion.



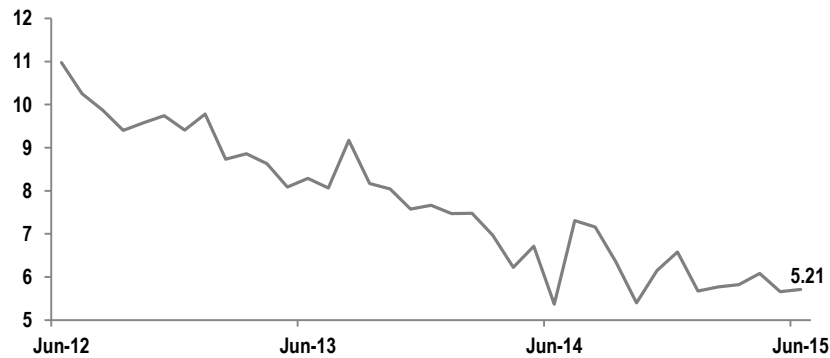
Source: Banco de México

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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 June (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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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy			
Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Economic Analysis			
Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Rey Saúl Torres Olivares	Analyst, Mexico	saul.torres@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
Fixed income and FX Strategy			
Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal; CFA	FX Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst Fixed income and FX	santiago.leal@banorte.com	(55) 1103 - 2368
Equity Strategy			
Manuel Jiménez Zaldivar	Director Equity Research Analyst - Telecommunications / Media	manuel.jimenezza@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/Mining/Chemistry	marissa.garza@banorte.com	(55) 1670 - 1717
Marisol Huerta Mondragón	Senior Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1227
José Itzamna Espitia Hernández	Equity Research Analyst – Airports/Cement/Infrastructure/Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto parts	valentine.mendoza@banorte.com	(55) 1670 - 2250
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 1670 - 2251
Corporate Debt			
Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248
Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Jorge de la Vega Grajales	Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Private Banking	lpietrini@ixe.com.mx	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Asset Management	pimentelr@ixe.com.mx	(55) 5268 - 9004
Ricardo Velazquez Rodríguez	International Banking	rvelazquez@ixe.com.mx	(55) 5268 - 9879
Victor Antonio Roldan Ferrer	Transactional Banking	vroidan@ixe.com.mx	(55) 5004 - 1454