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# Family remittances reached a new historic high in 2017

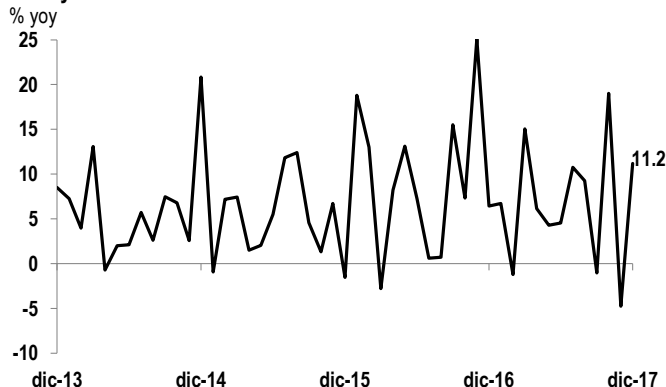
- **Remittances (December): US\$2,604.2mn; Banorte: US\$2,542.6mn; consensus: US\$2,450mn (range of estimates: US\$2,304.3mn to US\$2,552.5mn); previous: US\$2,258.6mn**
- **Family remittances increased 11.2% yoy in December**
- **Year-to-date family remittances also reached a new historic high of US\$28.8 billion, which implies a 6.6% yoy expansion**
- **Looking ahead, we continue to believe that the flow of remittances will be influenced by Trump’s anti-immigration policy**

**New historic high.** According to Banxico, the flow of remittances sent during the last month of 2017 amounted to US\$2,604.2 million, marginally above our US\$2,542.6 million forecast (consensus: US\$2,450mn), which implies a 11.2% yoy expansion. In addition, the number of operations stood at 8.4 million (4% yoy) with an average amount of US\$309.8 (6.9% yoy). We highlight that in 2017, the US\$28.8 billion remitted stands as a new historic high (6.6% yoy; refer to the charts below).

**December’s growth was partially explained by the MXN depreciation.** We believe that remittances growth in December was partially explained by the 6.7% depreciation of the Mexican currency within the first 25 days of the month, given that the flow of remittances in the short-run is very sensitive to high fluctuations in Mexican peso. In particular, a sharp depreciation may encourage Mexican migrant workers to increase their remittances, given that the purchasing power of the amount remitted is greater in Mexico than in the U.S.

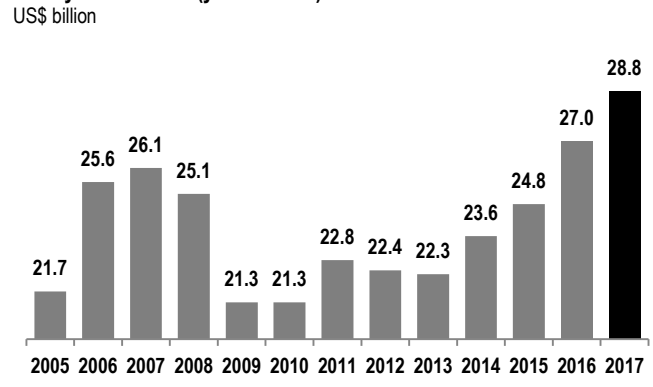
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**Family remittances**



Source: Banorte

**Family remittances (year-to-date)**



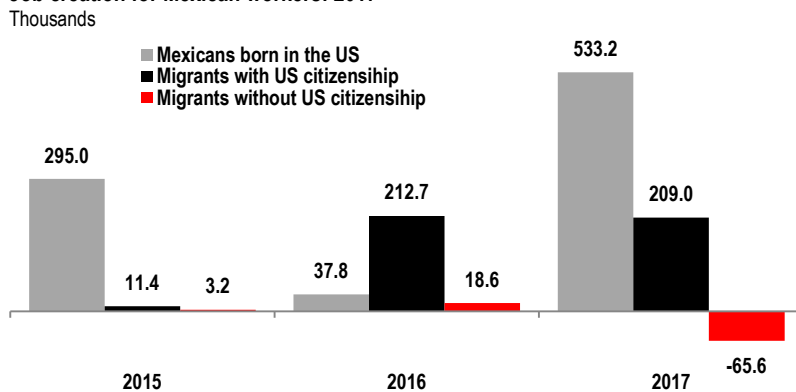
Source: Banorte

**Increase in remittances in 2017 as a response of Trump’s anti-immigration policy.** It is likely that the flow of remittances during 2017 was explained by the anti-migration policy of the Trump administration. Analyzing the US employment figures from the *Current Population Survey*, the US labor market during 2017 favored more Mexican workers born in the US. Within this period, more than 533 thousand jobs were created for this group, while the increase in employment for immigrant Mexicans with citizenship resulted in 209 thousand new jobs. However, 65.6 thousand jobs for immigrant Mexicans without citizenship were lost.

These numbers contrast significantly with the job creation observed during 2016, in which the creation of jobs for Mexican migrants with citizenship resulted in 212.7 thousand new jobs and 18.6 thousand new jobs for Mexican migrants without citizenship. In fact, the creation of jobs for Mexicans born in the US amounted only to 37.8 thousand occupations (refer to the following chart).

If we consider that family remittances are an alternative form of savings for migrants, the increase observed in the flow of remittances within this period 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 that this factor will be preponderant to explain the flow of remittances in the first half of 2018.

**Job creation for Mexican workers: 2017**



Source: Data Ferret; US Census Bureau

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