

Family remittances reach a new record high

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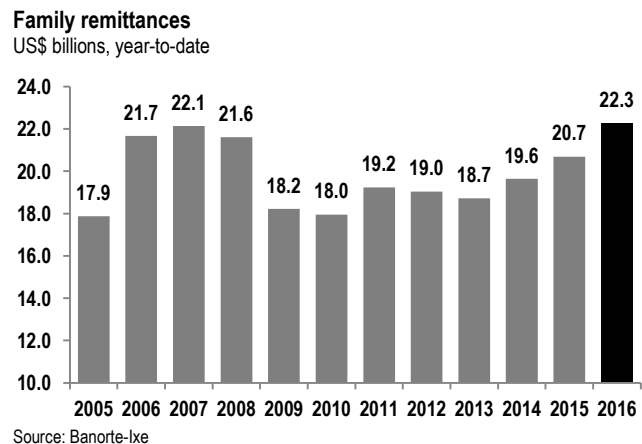
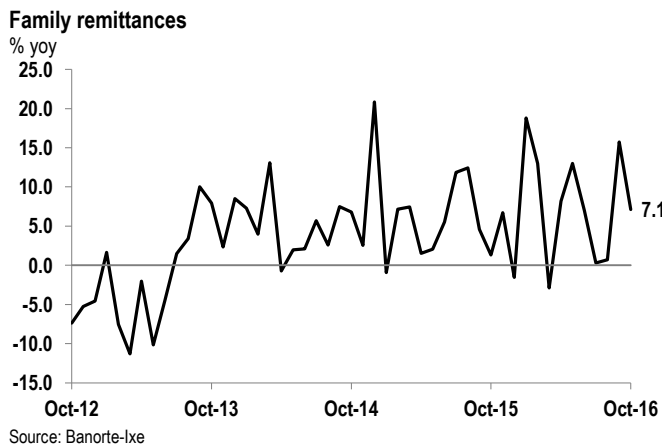
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- **Remittances (October): US\$ 2,216.4 million; Banorte-Ixe: US\$ 2,211.5mn; consensus: US\$ 2,250 million (range of estimates: US\$ 2,211.4mn to US\$ 2,410.1mn); previous: US\$ 2,378.2mn**
- **We believe that the moderate 7.1% expansion in October’s remittances was explained by the electoral process in the US**
- **However, year-to-date, family remittances reached a new record high (US\$ 22,262.7 million in 2016 vs. US\$ 22,130.5 million in 2007)**
- **Looking ahead, we believe that the flow of remittances will be influenced by the US election results and the higher probability of a massive deportation of Mexican migrant workers**

Family remittances increased 7.1% yoy in October. According to Banxico, the flow of remittances sent during the tenth month of the year amounted to US\$2,216.4 million, which implies a 7.1% yoy expansion (Banorte-Ixe: US\$ 2,211.5 million; consensus: US\$2,250 million). Moreover, the number of operations stood at 7.8 million (+6% yoy) with an average amount of US\$ 284 (1% yoy). Year-to-date, family remittances reached a new record high (US\$ 22,262.7 million in 2016 vs. US\$ 22,130.5 million in 2007), and now add a 7.6% yoy expansion (refer to the charts below).

As we expected, the partially lower growth in remittances inflows was explained by the electoral process in the US. During the first three weeks of October, Hillary Clinton had a significant advantage over Donald Trump, which resulted in a marginal appreciation of the Mexican currency. As a result, Mexican migrant workers reduced the amount remitted to Mexico given the higher probability of a Clinton victory.

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Looking ahead, we believe that the flow of remittances will be influenced by the US election results. We believe that the growth of remittance inflows during November and December will be determined by the electoral outcome in the US, since Mexican migrants are probably discounting a higher probability of being deported. In this context, we consider that the flow of remittances will grow around 13% yoy during the last two months of the year.

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