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# Family remittances – March’s growth explained by the upward trend in the US labor market

- **Remittances (March): US\$2,620.6 mn; Banorte: US\$2,610mn; consensus: US\$2,625mn; previous: US\$2,198.3mn**
- **Family remittances increased 4% yoy in March**
- **As a result, family remittances reached a new historic high for the third month of the year**
- **Looking ahead, we continue to believe that the flow of remittances will be influenced by the upward trend in the US labor market, coupled with Trump’s anti-immigration policy**

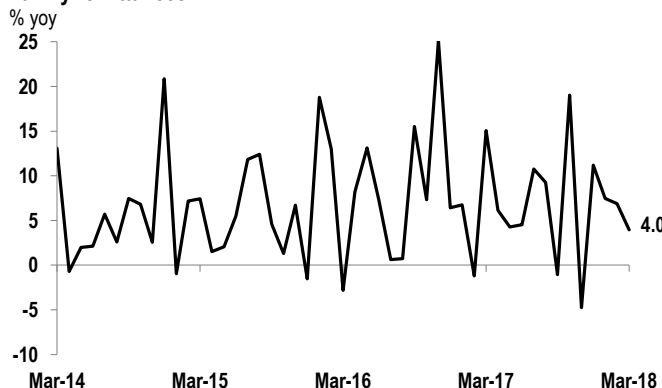
**New historic high for March.** According to Banxico, the flow of remittances sent during the third month of 2018 amounted to US\$2,620.6 million, marginally above our US\$2,610 million forecast (consensus: US\$2,625mn), which implies a 4% yoy expansion.

In addition, the number of operations stood at 8.4 million (5.3% yoy), with an average amount of US\$311.5 (-1.3% yoy). We highlight that family remittances reached a new historic high for March (refer to the charts below). Year-to-date, family remittances amounted to US\$7,035.5million which implies a 6% yoy expansion

**March’s expansion was explained by the US labor market growth dynamics.** We consider that the flow of remittances was mainly explained by the recovery of the US labor market. Analyzing the microdata obtained from the *Current Population Survey*, the creation of jobs in the first quarter favored Mexican migrants without citizenship, given that 89,158 jobs were created in this group, while the number of employed Mexican immigrant workers with citizenship decreased by 161,715 (refer to the chart on the next page). We highlight that Mexican migrant workers without citizenship tend to send more remittances to their families than Mexican migrant workers with citizenship.

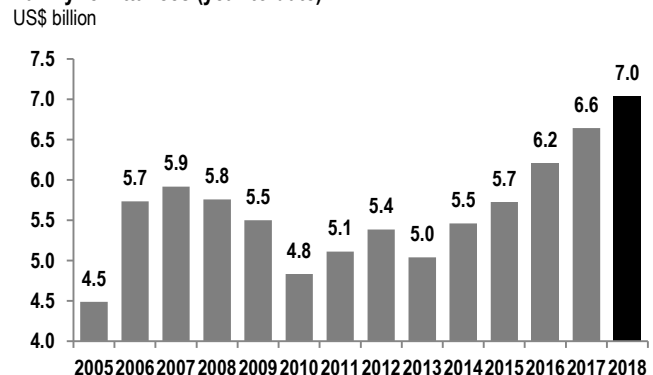
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**Family remittances**



Source: Banorte

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



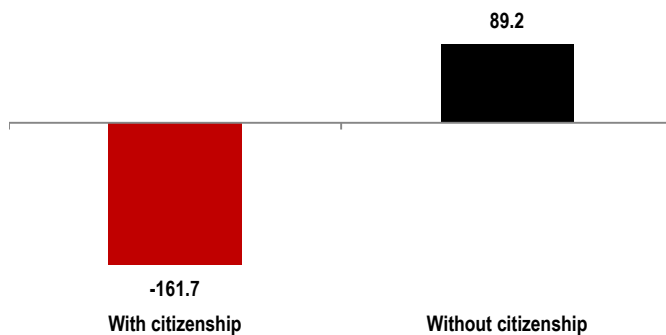
Source: Banorte

**We believe that the growth of remittances in 2018 will continue to be explained by the recovery of the labor market and the US immigration policy.** In the first case, the upward trend in the US labor market has not only translated into greater labor opportunities for Mexican migrants without citizenship, but also an increase in the real wages of these workers. We believe that the spike in real wages will continue to favor remittances inflows to our country.

In the second case, it could be argued that family remittances are an alternative form of savings for migrants, which implies that the increase observed in the flow of remittances since 2016 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 these factors will be preponderant in explaining the flow of remittances in the first half of 2018.

**Job Creation for Mexican Workers: 1Q18**

Thousands



Source: Banorte; Data Ferret

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