

# Family remittances – *Mother’s Day* and the MXN depreciation behind May’s 13.1% yoy growth

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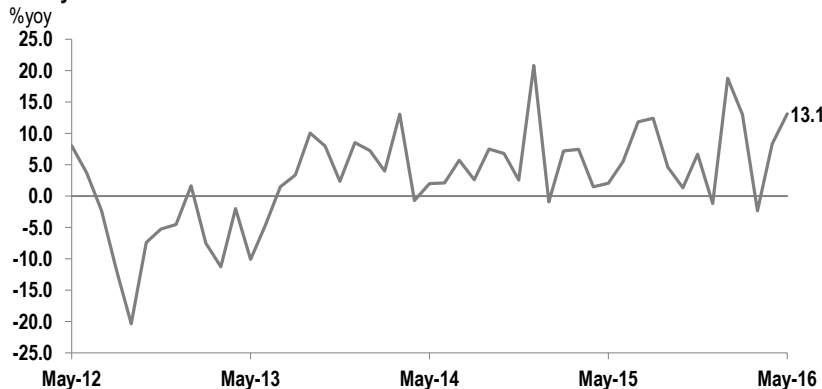
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- **Remittances (May): US\$ 2,477.8 million; Banorte-Ixe: US\$ 2,560.5 mn; consensus: US\$ 2,365.1 mn (range of estimates: US\$ 2,280 mn to US\$ 2,560.5 mn); previous: US\$ 2,173.4 mn**
- **We believe that the surge in remittances inflows in May was partially explained by the seasonal effect of *Mother’s Day***
- **However, we also believe that the 7.8% depreciation of the Mexican currency during May explained the significant growth in remittances inflows**
- **We now expect a 7% growth of family remittances throughout the year**

**Family remittances increased 13.1% yoy in May.** According to Banxico, the flow of remittances sent during the fifth month of the year amounted to US\$ 2,477.8 million, which implies a 13.1% yoy expansion. Moreover, the number of operations stood at 8.6 mn (+10.8% yoy) with an average amount of US\$ 286.5 (2.1% yoy).

We highlight that the remittances inflows during May were partly explained by a seasonal effect –since Mexican migrant workers tend to remit a larger amount of money in May given *Mother’s Day*–. However, we also believe that the 7.8% depreciation of the Mexican currency during May explained part of the 13.1% growth. In this regard, we highlight 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.

**Family remittances**



Source: Banco de México

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**We now expect a 7% growth of family remittances throughout the year.**

Given the recent dynamics of the U.S. labor market for Mexican migrants, we believe that the remittances flows will continue to grow above 5% throughout the year. In particular, remittances inflows could increase dramatically as the U.S. elections approaches, if the differential between the Republican and the Democratic Party narrows.

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