

Family remittances – Holy Week and Trump’s immigration policy behind March’s 15.1% growth

May 2, 2017

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- **Remittances (March): US\$2,520.3 mn; Banorte-Ixe: US\$ 2,297.9 mn; consensus: US\$ 2,285 mn (range of estimates: US\$ 2,200 mn to US\$ 2,406.1 mn); previous: US\$ 2,056.9 mn**
- **Family remittances increased 15.1% yoy in March, despite the 7.4% appreciation of the Mexican currency**
- **We believe that the higher-than-expected growth in family remittances was explained by Trump’s anti-immigration policy coupled with an artificial base of comparison, as a result of the Holy Week**
- **Looking ahead, we continue to believe that the flow of remittances will be influenced by Trump’s anti-immigration policy**

Higher-than-expected growth in March. According to Banxico, the flow of remittances sent during the third month of the year amounted to US\$ 2,520.3 million (Banorte-Ixe: US\$ 2,297.9 million), which implies a 15.1% yoy expansion. In addition, the number of operations stood at 8 million (6.1% yoy) with an average amount of US\$ 315.98 (+8.5% yoy). Year-to-date, the amount remitted stands as the highest flow since Banxico started to measure this inflows (refer to the charts on the next page).

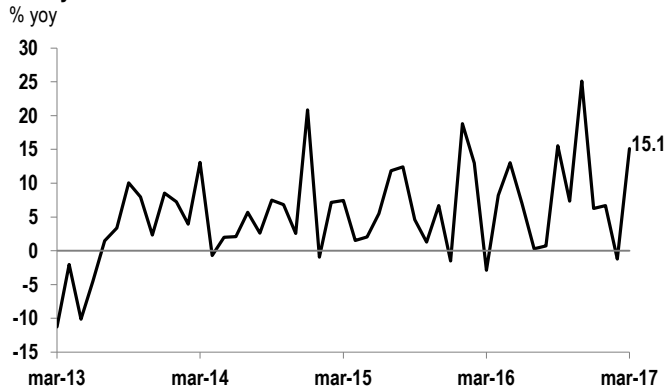
We believe that the higher-than-expected growth in remittances during March was influenced by Trump’s anti-immigration policy, given that Mexican migrants without citizenship were probably discounting a higher probability of being deported after the *Department of Homeland Security* published the procedures to enforce Trump’s aggressive immigration policy.

However, we also believe that the 15.1% yoy growth of remittances was explained by a seasonal effect. Recall that in 2016, family remittances fell 2.9% yoy in March, which may have reflected a seasonal effect associated with the *Holy Week* that was not present in March 2017. During this holiday, there is a significant flow of Mexican migrants with citizenship who visit their relatives in Mexico and make expenditures in our country, which significantly reduces the amount remitted. As a result, we believe that April’s remittances income will be significantly lower.

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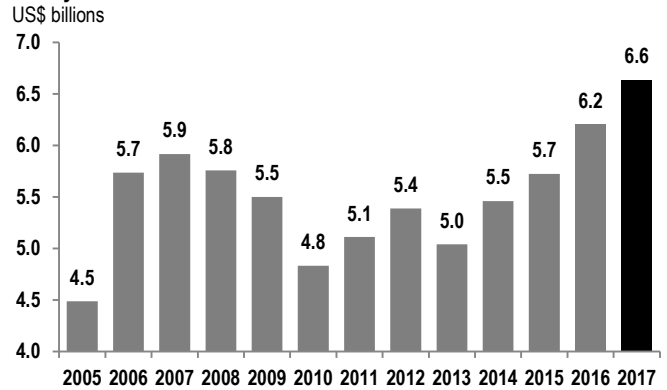
Looking ahead, we believe that the flow of remittances will continue to be influenced by Trump’s anti-immigration policy. We consider that the growth of remittance inflows will be determined by Trump’s anti-immigration policy, which has accentuated, particularly after the Department of Homeland Security released the memos regarding the procedures to expedite deportations. In this context, we believe that Mexican migrant workers without citizenship are probably discounting a higher probability of being deported, which will translate in a higher growth of remittances inflows during the second quarter of the year.

Family remittances



Source: Banorte-ixe

Family remittances sent in 1Q17



Source: Banorte-ixe

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