

Family remittances – February’s growth explained by the depreciation of the Mexican peso

April 1, 2016

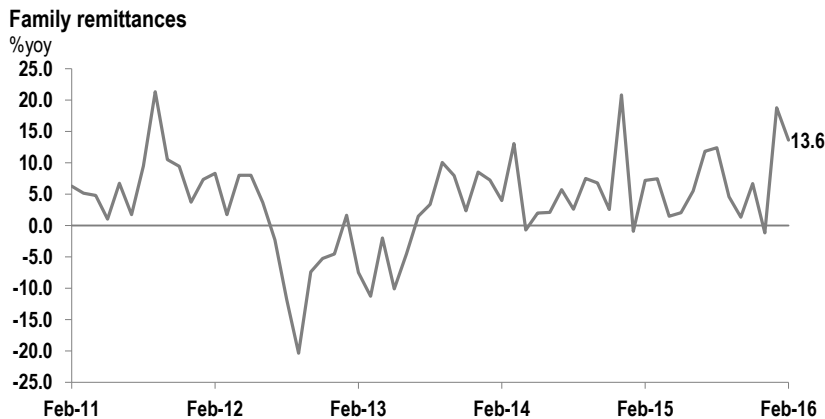
www.banorte.com
www.ixe.com.mx
@ analisis_fundam

Alejandro Cervantes
Senior Economist, Mexico
alejandro.cervantes@banorte.com

- **Remittances (February): US\$ 2,093.2 million; Banorte-Ixe: US\$ 2,091.5 mn; consensus: US\$ 1,998.9 mn (range of estimates: US\$ 1,846 mn to US\$ 2,091.5 mn); previous: US\$ 1,932.2 mn**
- **We believe that the 13.6% growth in February’s remittances flows was explained by the 4.7% depreciation of the Mexican currency during the first half of the month**
- **However, the significant payroll gains and the downward trend in the unemployment rate for Mexican workers in the U.S. will continue to support remittances inflows**

Family remittances increased 13.6% yoy in February. According to Banxico, the flow of remittances sent during the second month of the year amounted to US\$ 2,093.2 million, which implies a 13.6% yoy expansion, in line with our forecast. Moreover, the number of operations stood at 7.2 mn (+16.6% yoy) with an average amount of US\$ 291 (-2.6% yoy). Year-to-date, family remittances have increased 16%.

We highlight that today’s figure was the highest remittances inflow registered for any February since Banxico first started to report this flows. In this regard, we believe that today’s expansion was explained in part by the significant depreciation of the Mexican currency during the first half of the month (+4.7%), 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.



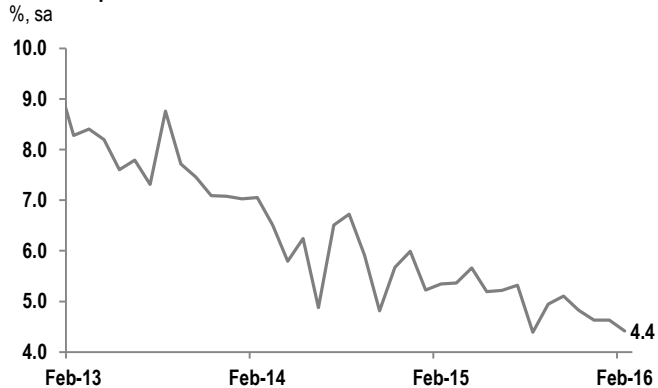
Source: Banco de México

Document for distribution among public

Sharp fall in employment of Mexican migrants without citizenship. In the first two months of 2016, the number of Mexican migrants in US without citizenship fell by 125,633 workers. However, the number of Mexican immigrants with citizenship increased by 167,421 workers (seasonally adjusted figures estimated by Banorte-Ixe using US Census Bureau’s Data Ferret nsa figures). This could be explained by two factors: (1) The Mexican migrant population in the U.S. without citizenship has accelerated the process to acquire its citizenship given the primary presidential elections outcomes for the Republican Party; and (2) U.S. employers have shown a preference for hiring legal migrant workers.

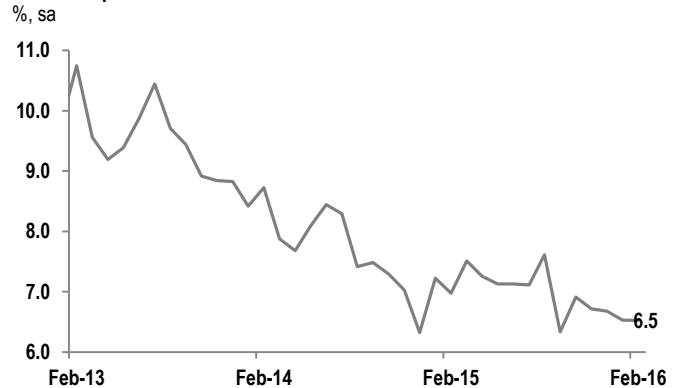
Moreover, the last employment figures for Mexican workers in the U.S. published by the U.S. Census Bureau also shows that the unemployment rate for Mexican workers with and without citizenship continues to show a downward trend (refer to the chart below), which implies that the reduction in the unemployment rate during the last 12 months has occurred in a context where the total number of Mexican workers has increased, suggesting that the flow of remittances will continue to show a better performance in the future, since Mexican migrants with and without U.S. citizenship tend to send a larger amount of remittances than native Mexicans.

Unemployment rate for Mexican legal migrant workers without citizenship
%, sa



Source: Banorte-Ixe

Unemployment rate for Mexican legal migrant workers with citizenship
%, sa



Source: Banorte-Ixe

Disclaimer

The information contained in this document is illustrative and informative so it should not be considered as an advice and/or recommendation of any kind. BANORTE is not part of any party or political trend.

GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Rey Saúl Torres Olivares	Analyst	saul.torres@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 1670 - 1719
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1746
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto parts	valentin.mendoza@banorte.com	(55) 1670 - 2250
María de la Paz Orozco García	Analyst	maripaz.rozco@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454