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**Alejandro Cervantes**  
Senior Economist, Mexico  
alejandrocervantes@banorte.com

# Family remittances reached a new historic high

- **Remittances (October): US\$2,642.7mn; Banorte-Ixe: US\$2,406.7mn; consensus: US\$2,368mn (range of estimates: US\$2,383mn to US\$2,600mn); previous: US\$2,349.3mn**
- **Family remittances increased 19% yoy in October. We highlight that today's figure represents a new historic high since Banxico started to report this inflows**
- **Year-to-date family remittances also reached a new historic high of US\$23.9 billionn, which implies a 7.3% yoy expansion**
- **Looking ahead, we continue to believe that the flow of remittances will be influenced by Trump's anti-immigration policy**

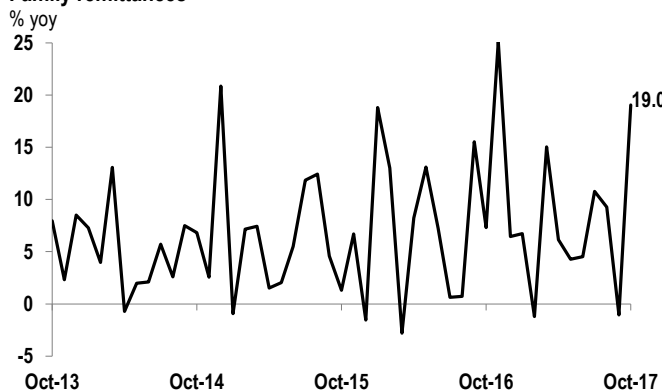
**New historic high.** According to Banxico, the flow of remittances sent during the tenth month of the year amounted to US\$2,642.7 million, above our US\$2,406.7 million forecast (consensus: US\$2,368mn), which implies a 19% yoy expansion. We highlight that today's figure represents a new historic high for any month since Banxico started to report this inflows.

In addition, the number of operations stood at 8.3 million (5.2% yoy) with an average amount of US\$316.6 (13.1% yoy). Year-to-date, the US\$23.9 billion remitted also stands as a new historic high (7.3% yoy; refer to the charts below).

**October's growth was partially explained by the MXN depreciation.** We believe that today's expansion was explained in part by the significant depreciation of the Mexican currency, 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.

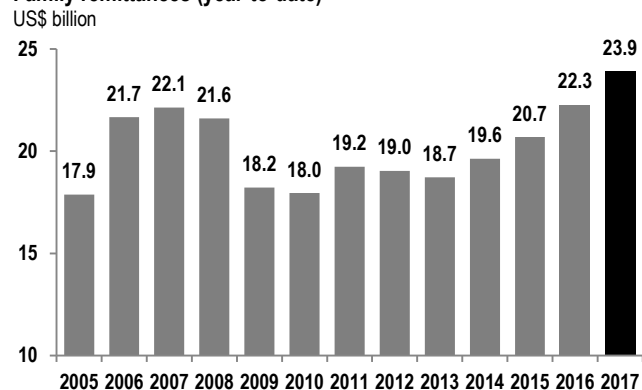
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Family remittances



Fuente: Banorte-Ixe

Family remittances (year-to-date)



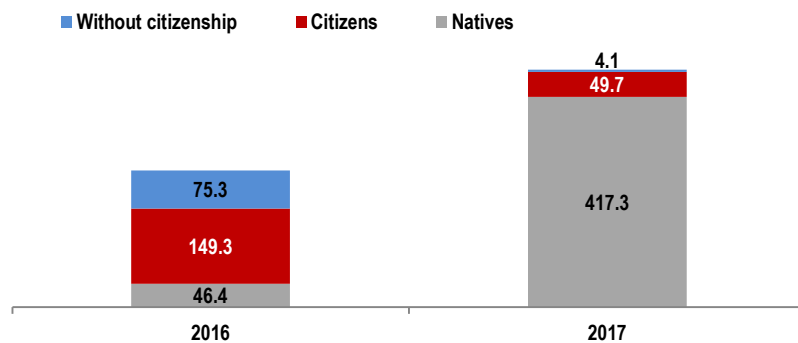
Fuente: Banorte-Ixe

**Increase in remittances also as a response of Trump’s anti-immigration policy.** However, we consider that the flow of remittances was also explained by the anti-migration policy of the Trump administration. Analyzing the US employment figures from the *Current Population Survey*, the US labor market during the first 10 months of the year favored more Mexican native workers in the US. Within this period, more than 417,000 jobs were created for this group, while the increase in employment for immigrant Mexicans with citizenship resulted in 49.7 thousand new jobs. However, only 4.1 thousand jobs for immigrant Mexicans without citizenship were added.

These numbers contrast significantly with the job creation observed during the January-October period in 2016, in which the creation of jobs for Mexican migrants with citizenship resulted in 149.3 thousand new jobs and 75.3 thousand new jobs for Mexican migrants without citizenship. In fact, the creation of jobs for native Mexicans was amounted 46.4 thousand occupations (refer to the following chart).

If we consider that family remittances are an alternative form of savings for migrants, the increase observed in the flow of remittances within this period 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 this factor will be preponderant to explain the flow of remittances in the coming months.

**Job creation for Mexican workers: January-October**  
Thousands



Source: Data Ferret; US Census Bureau

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**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
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@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 Senior Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Strategist 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	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@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	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@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.roldan.ferrer@banorte.com	(55) 5004 - 1454