

# Family remittances – Rebound after January’s bump

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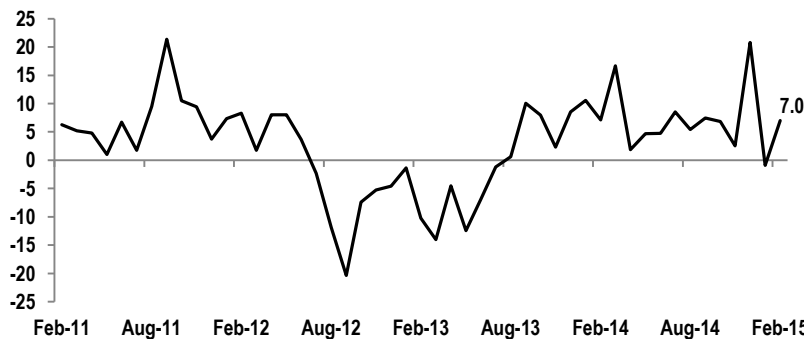
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- **Remittances (February): US\$ 1,839.2 million; Banorte-Ixe: US\$ 1,886.4 mn; consensus: US\$ 1,817 mn (range of estimates: US\$ 1,725 mn to US\$ 1,892 mn); previous: US\$ 1,630.7 mn**
- **Remittances grew at a 7% annual rate, after a 0.7% yoy contraction in January**
- **We believe that the increase of February’s remittances flows reflects the favorable performance in the employment of Mexican workers in the U.S. labor market**

**Family remittances grew 7% yoy in February.** According to Banxico, the flow of remittances sent during the second month of the year amounted to US\$ 1,839.2 million, which implies a 7% yoy increase.

We highlight that after the sharp decline observed last month, remittances flows grew at a solid pace in February, as shown in the chart below. As we mentioned in our previous remittances note, the flow of remittances in the short-run is very sensitive to high fluctuations in Mexican peso, since a strong appreciation may encourage Mexican migrant workers to postpone their remittances. However, a sharp depreciation of the Mexican currency causes a greater increase in remittances as the purchasing power of the amount remitted is greater in Mexico than in the U.S. In this regard, we think that December’s strong report and then January’s weak data was primarily related to FX fluctuations. However, we consider February’s report confirms that the recovery in US labor market will continue supporting remittances flow growth in the next months.

**Family remittances**  
% yoy



Source: Banco de México

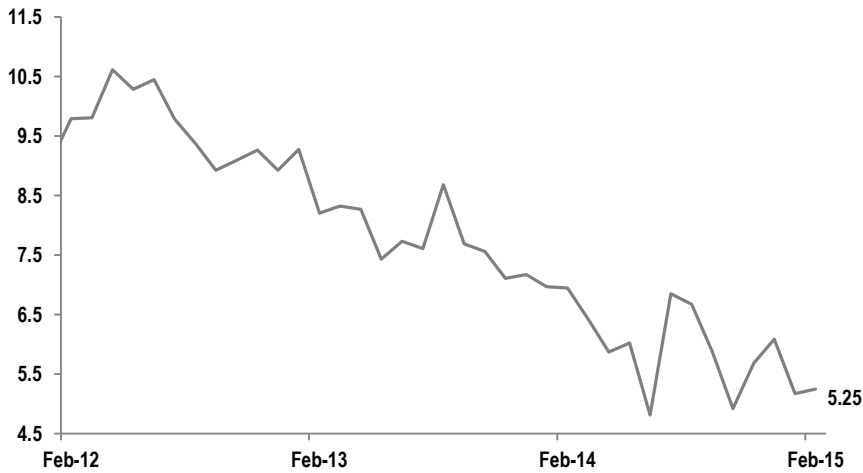
**We believe that the flow of remittances will continue to show better growth dynamics on the back of the recent performance in the U.S. labor market.**

The last employment figures for Mexican workers in the U.S. published by the U.S. Census Bureau show that the unemployment rate of Mexican workers without citizenship continued decreasing from 6.8% in July 2014 to 5.25% in February 2015 (refer to the chart below).

In this regard, the number of Mexican employed workers have increased during this same period, which implies that the reduction in the unemployment rate 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 without U.S. citizenship tend to send a larger amount of remittances than migrants with citizenship. We believe that the growth in the number of Mexican migrant workers will be reflected in an increased flow of family remittances during 1H15.

**Unemployment rate for Mexican workers in the U.S. without citizenship**

%, sa



Source: Banorte-Ixe; U.S. Census Bureau

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