

Family remittances – February’s contraction explained by the appreciation of the Mexican currency

April 3, 2017

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

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

- **Remittances (February): US\$2,051.9 mn; Banorte-Ixe: US\$2,193.5 mn; consensus: US\$2,180.3 mn (range of estimates: US\$2,120 mn to US\$2,225 mn); previous: US\$2,055.2 mn**
- **Family remittances posted a 1.4% yoy contraction in February, as a result of the 3.3% appreciation of the Mexican currency**
- **Looking ahead, we continue to believe that the flow of remittances will be influenced by Trump’s anti-immigration policy**

February’s contraction explained by the MXN appreciation. According to Banxico, the flow of remittances sent during the second month of 2017 amounted to US\$ 2,051.9 million (Banorte-Ixe: US\$ 2,193.5 million), which implies a 1.4% yoy contraction. However, the amount remitted in January and February stands as the highest flow since Banxico started to measure this inflows (refer to the charts on the next page). In addition, the number of operations stood at 6.8 million (-5.2% yoy) with an average amount of US\$301.9 (+3.9% yoy).

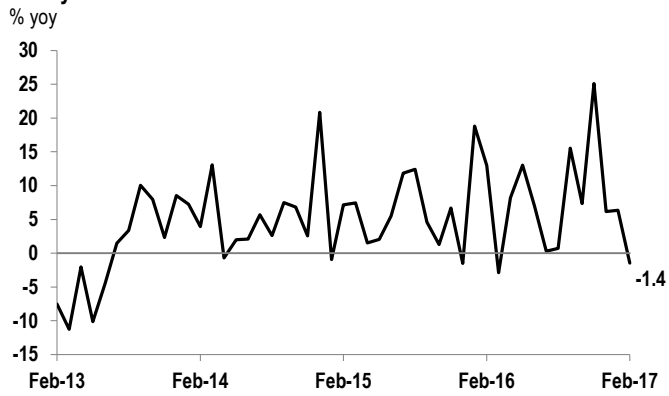
In this regard, we believe that February’s contraction was explained by the 3.3% appreciation of the Mexican currency. As we mentioned in our last report, family remittances increased 6.3% yoy in January, as a result of the depreciation of the Mexican peso. Given that there were no significant changes to the income perceived by the Mexican immigrant workforce in the US within the first two months of the year, February’s MXN appreciation motivated a substantially lower number of transactions.

While we believe that Trump’s anti-immigration policy did have a positive impact on February’s remittances, we consider this effect to be relatively minor, since the procedures to implement them were published on February 20 (link: <https://assets.documentcloud.org/documents/3469363/Trump-Immigration-Enforcement-Policies.pdf>).

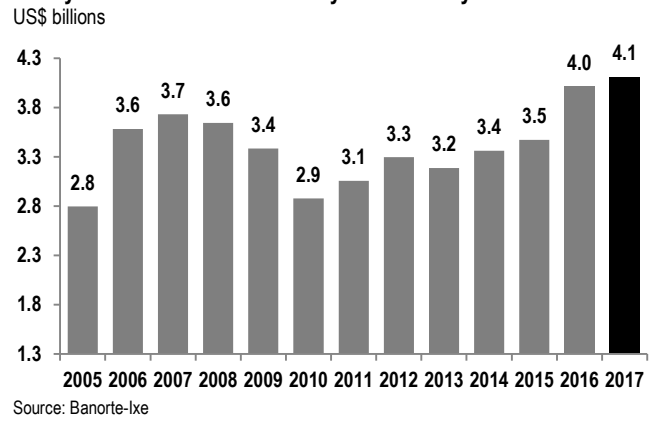
Looking ahead, we believe that the flow of remittances will continue to be influenced by Trump’s anti-immigration policy. We consider that the growth of remittance inflows will be determined by Trump’s anti-immigration policy, which has accentuated, particularly after the Department of Homeland Security 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 first half of the year.

Document for distribution among public

Family remittances



Family remittances sent in January and February



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
Francisco José Flores Serrano	Economist, National	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 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
José Itzamna Espitia Hernández	Equity Research Analyst – Airlines / Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – 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	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247

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