

Family remittances grew 4.8% in 2015

February 2, 2016

- **Remittances (December): US\$ 2,188 million; Banorte-Ixe: US\$ 1,984.8mn; consensus: US\$ 2,113.6mn (range of estimates: US\$ 1,920.5mn to US\$ 2,350mn); previous: US\$ 1,887.9mn**
- **Remittances inflows grew 4.8 in 2015...**
- **...however, in December family remittances fell 2.1% yoy given the artificial peak observed in the previous months**
- **In our view, the better growth prospects for the U.S. labor market will continue to support remittances inflows**

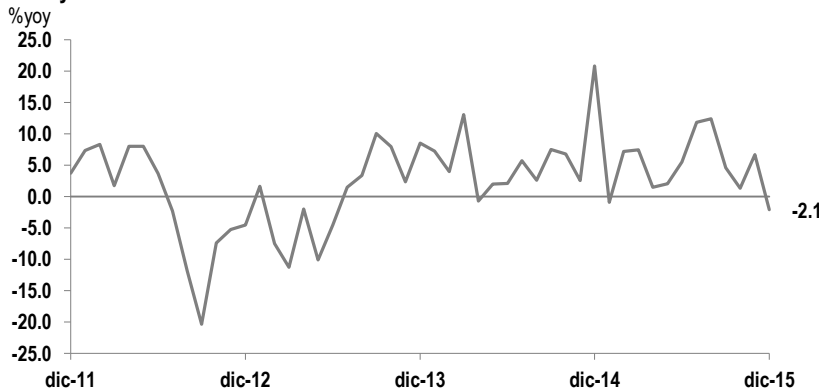
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Family remittances fell 2.1% in December. According to Banxico, the flow of remittances sent during the last month of 2015 amounted to US\$ 2,113.6 million, which implies a 2.1% yoy contraction. Moreover, the number of operations stood at 7.6 mn (+2.1% yoy) with an average amount of US\$ 289.6 (-4.1% yoy). Year-to-date, family remittances accumulated a balance of US\$ 24,770.9 mn, which implies a 4.8% yoy expansion.

We highlight that this is the first decline in remittance flows observed in the past 11 months. In particular, it is likely that the strong expansion in the flow of remittances during the third and fourth quarter –which was favored by the significant depreciation of the Mexican currency– affected the amount sent in December, since there wasn't any significant changes in the real income of the Mexican migrant workers. 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.

Family remittances

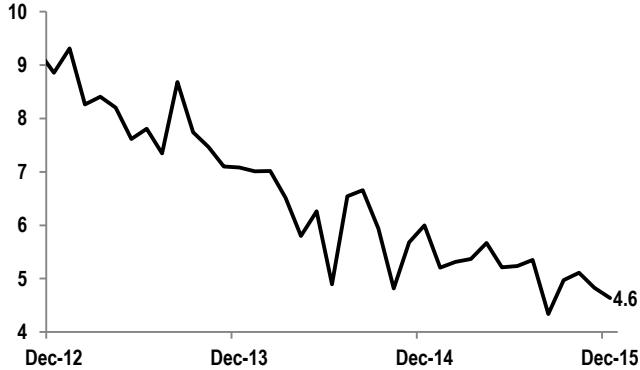


Source: Banco de México

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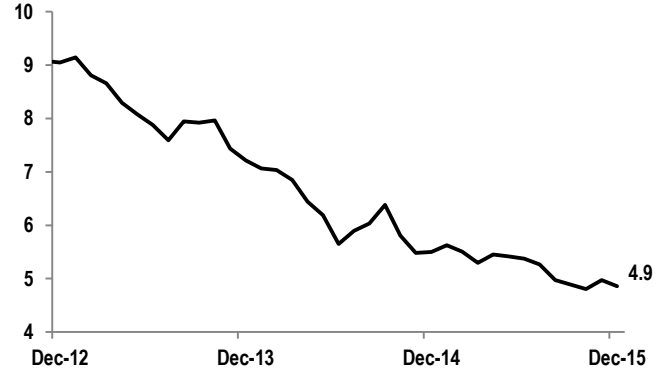
We believe that the flow of remittances will show better growth prospects on the back of the recovery of the U.S. labor market. The U.S. labor market has maintained a significant recovery due to the better growth dynamics of domestic demand. Given that a large percentage of Mexican migrants are working in sectors related to domestic spending (such as construction and services), it is likely that the employment of Mexican migrants and the flow of remittances inflows will continue to increase over the next months.

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



Source: Banorte-IXE, US Census Bureau

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



Source: Banorte-IXE, US Census Bureau

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