

# Family remittances grow 23.1% yoy in June

August 1, 2018

www.banorte.com  
@ analisis\_fundam

**Francisco Flores**  
Economist, Mexico  
Francisco.flores.serrano@banorte.com

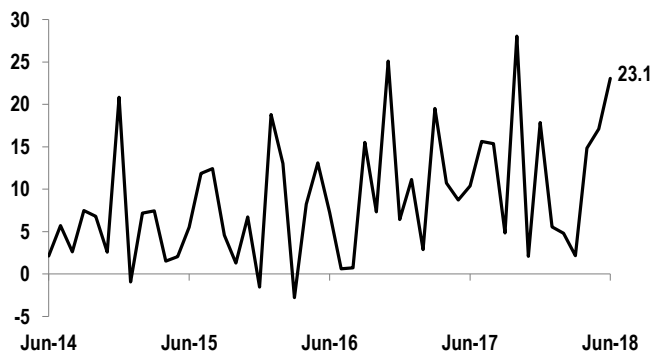
- **Remittances (June): US\$3,140.7mn; Banorte: US\$2,711.8mn; consensus: US\$2,750mn; previous: US\$3,155.9mn**
- **Family remittances increased 23.1% yoy in May**
- **With this growth, family remittances reached the second highest amount for a month in the historical series**
- **June's flow of remittances was partly explained by the increase in anti-migration policies by the US Federal Government**
- **Looking ahead, we continue to believe that the flow of remittances will be influenced by the upward trend in the US labor market, coupled with Trump's anti-immigration policy**

**Remittances grow 23.1% in June.** According to Banxico, the flow of remittances sent during the sixth month of 2018 amounted to US\$3,140.7 million, above both our US\$2,711.8 million forecast and the US\$2,750mn consensus, which implies a 23.1% yoy expansion. We highlight that family remittances reached the second highest monthly print, which has been measured since January 1995. In addition, the number of operations stood at 9.1 million (+12% yoy), with an average amount of US\$343.4 (+9.9% yoy). Year-to-date, family remittances amounted to US\$16,244.5 million, which implies an 11.6% yoy expansion.

**Stronger actions against illegal migration.** During the first half of June, news about the child separation policy conducted by the Trump administration came into the spotlight. We believe that the increase in anti-migration policies might have triggered a higher-than-expected flow of remittances during the month, given that illegal Mexican immigrants could have discounted a higher possibility of being deported. In addition, during the first half of the month, the Mexican peso depreciated 3.7%, which might have also fostered the remittances in June. It should be noted that FX depreciation encourages Mexican migrants to send a greater amount of remittances, considering that they have a greater purchasing power in Mexico than in the US.

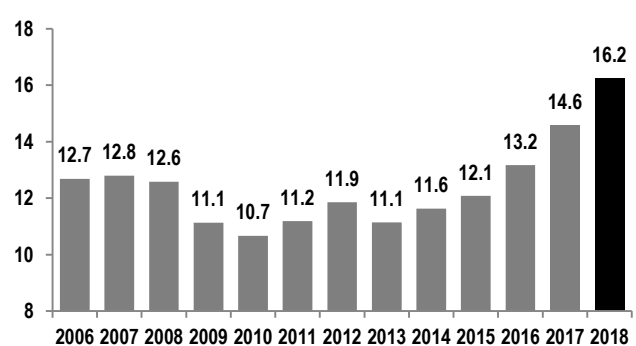
Document for distribution among public

**Family remittances**  
% yoy



Source: Banxico

**Family remittances (year-to-date)**  
US\$ billion (Jan-Jun for every year)



Source: Banxico

**We believe that the growth of remittances in 2018 will continue to be explained by the strength of the labor market and the US immigration policy.** In the first case, the upward trend in the US labor market has not only translated into greater labor opportunities for Mexican migrants without citizenship, but also an increase in the real wages of these workers. We believe that the spike in real wages will continue to favor remittances inflows to our country.

In the second case, it could be argued that family remittances are an alternative form of savings for migrants, which implies that the increase observed in the flow of remittances since 2016 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 these factors will be preponderant in explaining the flow of remittances in the first half of 2018.

**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
Katia Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional	miguel.calvo@banorte.com	(55) 1670 - 2220
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	hugoa.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