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

# Family remittances – February’s growth explained by the upward trend in the US labor market

- **Remittances (February): US\$2,198.3mn; Banorte: US\$2,314.9mn; consensus: US\$2,253mn; previous: US\$2,216.6mn**
- **Family remittances increased 6.9% yoy in February**
- **As a result, family remittances reached a new historic high for the second month of the year**
- **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**

**New historic high for February.** According to Banxico, the flow of remittances sent during the second month of 2018 amounted to US\$2,198.3 million, above our US\$2,314.9 million forecast (consensus: US\$2,253mn), which implies a 6.9% yoy expansion.

In addition, the number of operations stood at 7.3 million (6.9% yoy), with an average amount of US\$301.9 (0% yoy). We highlight that family remittances reached a new historic high for February (refer to the charts below). Year-to-date, family remittances amounted to US\$4,415 million which implies a 7.2% yoy expansion

**February’s expansion was explained by the US labor market growth dynamics.** We consider that the flow of remittances was mainly explained by the recovery of the US labor market. Analyzing the microdata obtained from the *Current Population Survey*, the creation of jobs in January and February favored both Mexican migrants with and without citizenship, given that 77,424 jobs were created for the former and 94,072 jobs were generated for the latter (refer to the chart on the next page).

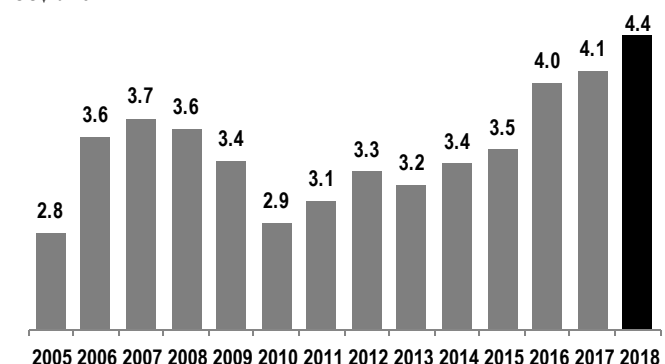
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Family remittances



Source: Banorte

Family remittances (year-to-date)  
US\$ billion

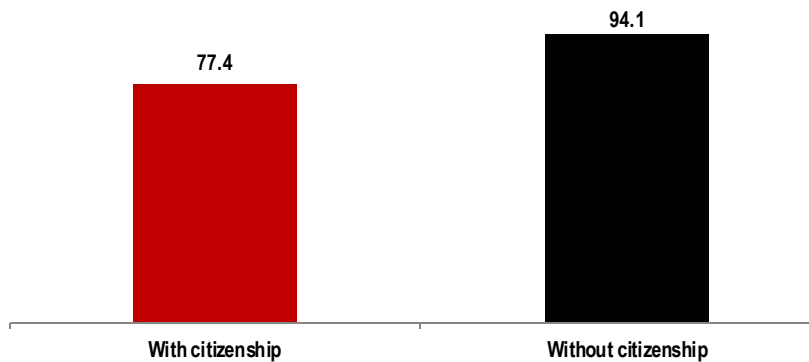


Source: Banorte

**We believe that the growth of remittances in 2018 will continue to be explained by the recovery 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, 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.

**Job creation for Mexican workers: January and February 2018**  
Thousands



Source: Banorte; Data Ferret

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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
Katía 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
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	rv elazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454