

Family remittances – 6.3% yoy growth supported by the recovery of the U.S. labor market

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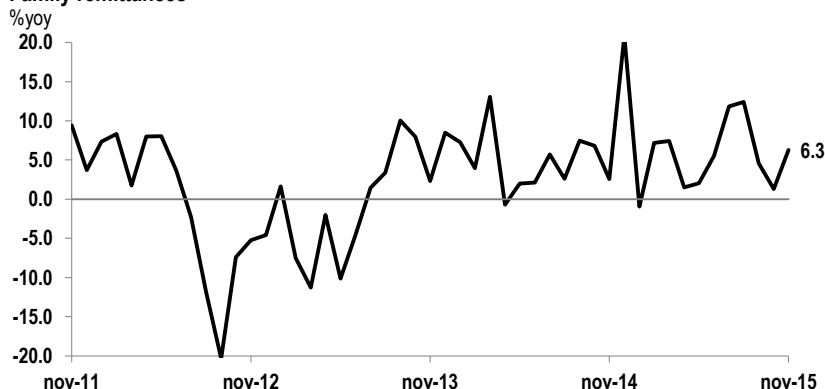
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- Remittances (November): US\$ 1,887.9 million; Banorte-Ixe: US\$ 1,894.4mn; consensus: US\$ 1,859.5mn (range of estimates: US\$ 1,830mn to US\$ 1,950mn); previous: US\$ 2,075.9mn
- The 6.3% yoy growth in November’s remittances flows was explained by the better growth dynamics in the U.S. labor market
- Year-to-date, remittances inflows have grown 5.4% yoy
- In our view, the better growth prospects for the U.S. labor market will continue to support remittances inflows

Family remittances increased 6.3% yoy in November. According to Banxico, the flow of remittances sent during the eleventh month of the year amounted to US\$ 1,887.9 million, which implies a 6.3% yoy expansion, in line with our forecast. Moreover, the number of operations stood at 6.7 mn (+7.9% yoy) with an average amount of US\$ 281.9 (-1.4% yoy). Year-to-date, family remittances accumulated a balance of US\$ 22,576.3 mn, which implies a 5.4% yoy expansion.

We believe that today’s figure was explained mainly by the better growth dynamics of the U.S. labor market, and did not benefit from the significant depreciation of the Mexican currency. Analyzing the recent figures from the Current Population Survey, the unemployment rate for Mexican illegal and legal immigrants has fallen significantly in the last five months (refer to the charts below). Moreover, the payroll gains for Mexican migrant workers in the US (including immigrant workers with and without citizenship) have grown significantly. These two factors suggest that the flow of remittances will continue to show a better performance in the future.

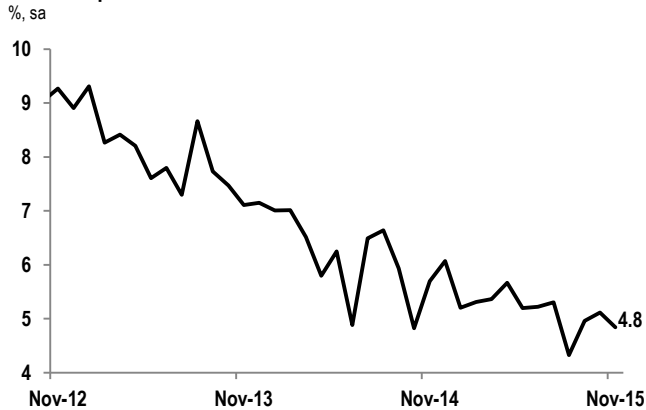
Family remittances



Source: Banco de México

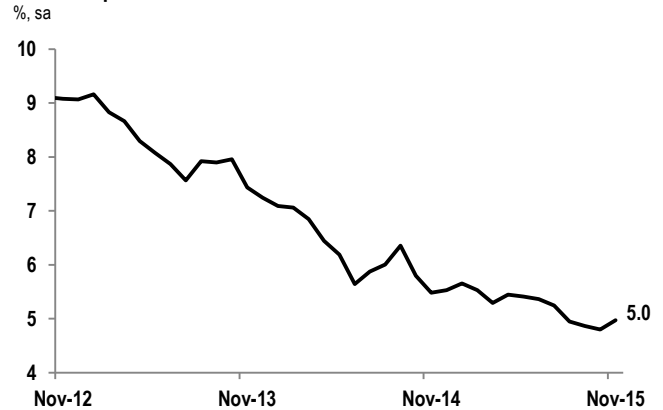
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Unemployment rate for Mexican illegal migrant workers without citizenship



Source: Banorte-IXE, US Census Bureau

Unemployment rate for Mexican legal migrant workers without citizenship



Source: Banorte-IXE, US Census Bureau

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 given 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.

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