

Family remittances increased a scant 0.7% yoy in August

October 3, 2016

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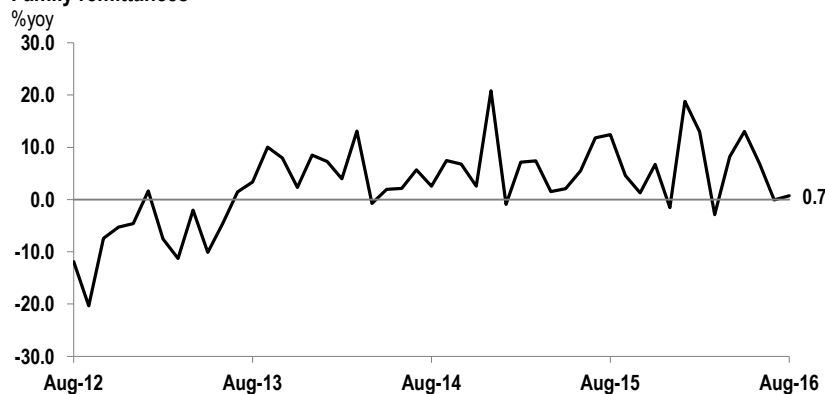
- **Remittances (August): US\$ 2,269.7 million; Banorte-Ixe: US\$ 2,300.1 mn; consensus: US\$ 2,323.1 mn (range of estimates: US\$ 2,225.2 mn to US\$ 2,419 mn); previous: US\$ 2,233.7 mn**
- **We believe that the 0.7% expansion in August's remittances was explained by the artificial growth of these inflows within the second quarter of the year**
- **We continue to expect a 7% growth of family remittances throughout the year**

Family remittances increased a scant 0.7% yoy in August. According to Banxico, the flow of remittances sent during the eighth month of the year amounted to US\$2,269.7 million, which implies a 0.7% yoy expansion, below our forecast (Banorte-Ixe: US\$ 2,300.1 million; consensus: US\$2,323.1 million). Moreover, the number of operations stood at 7.8 millionn (+3.1% yoy) with an average amount of US\$291.4 (-2.3% yoy). Year-to-date, family remittances have increased 6.6% yoy.

It is likely that the strong and *artificial* expansion in the flow of remittances during the second quarter of the year –which was favored by the significant depreciation of the Mexican currency– affected the amount sent in July and August, since there wasn't any significant changes in the real income of the Mexican migrant workers.

As we have mentioned in our previous flashes, the flow of remittances in the short-run are 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 US.

Family remittances



Source: Banco de México

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We continue to expect a 7% growth of family remittances throughout the year. Taking into account the recent dynamics of the US labor market for Mexican migrants, we continue to believe that the remittances flows will continue to grow above 7% throughout the year. In particular, remittances inflows could increase dramatically as the US elections approaches, if the differential between the Republican and the Democratic Party narrows.

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