

Remittances – Slight recovery in January despite its negative seasonality

- **Remittances (January):** US\$4,660.2 million; Banorte: US\$4,612.3mn; consensus: US\$4,675.0mn (range: US\$ 4,500.0mn to US\$ 4,780.0mn); previous: US\$5,223.0mn
- **Flows grew 1.9% y/y, returning to positive territory after falling in December (-5.0%).** As a result, the accumulated flow in the last 12 months reached US\$64,833.3 million
- **As usual, the number of operations moderated in absolute terms at 12.1 million (+2.9% y/y), but with the average amount per transaction higher at US\$385.48 (-0.9% y/y)**
- **Sequentially, inflows expanded 6.6% m/m, with a positive base effect, albeit with mixed signals about the US labor market for Mexican migrants**
- **Remittances will remain impacted by the US government's immigration agenda. If possible, some migrants could send more resources in the face of increased uncertainty. Nevertheless, other groups may have already sent as much as possible or may be building up their savings, limiting future flows**

Remittances up in the first month of the year. The amount received reached US\$4,660.2 million. This implies a 1.9% y/y expansion, improving relative to December's -5.0%. The period has a negative seasonal skew, explaining a large part of the result. However, we believe other factors also had an impact. The fear of more aggressive immigration policies in the US, specifically deportations, seems to have compensated for a higher unemployment rate for Mexicans. The latter increase occurred amid a slowdown in the US economy. Industrial production increased marginally, by 0.1% m/m, but manufacturing was down by 0.1%. Construction was less encouraging, with housing starts down -9.8%—the steepest drop in 10 months—and with permits up just 0.1%. On consumption, personal spending fell 0.2%, with the retail sales control group contracting 0.8%. Finally, headline inflation rose 0.5% m/m, in line with expectations, with the annual comparison accelerating to 3.0% from 2.9% in the previous month. Thus, the accumulated flow of remittances in the last 12 months was US\$64.8 billion, which implies +2.2% y/y.

Moderation in the number of operations, with the average amount increasing. 12.1 million operations were carried out in January vs. 13.9 million in December, meaning +2.9% y/y (previous: -1.1%). On the other hand, the average amount was US\$385.48 (previous: US\$374.54), which implies -0.9% (previous: -3.9%). In this sense, some timely factors seem to have partially compensated for the negative seasonality. We believe it is likely that migrants made an additional effort or sent some savings due to uncertainty about new immigration policies. In this sense, we reaffirm our view that volatility in remittance flows will continue at least during the first half of the year, subject also to migrants' disposable savings.

Sequential rebound. With seasonally adjusted figures, remittances expanded 6.6% m/m (previous: -11.6%) in a mixed backdrop for Mexican migrants' labor market. In the US, non-farm payrolls showed +143 thousand jobs, with the unemployment rate falling 10bps to 4.0%. The same metric for Hispanics and Latinos fell for a second consecutive month to 4.8% from 5.1%, but for Mexican migrants the adjustment was to the upside, from 5.0% to 5.2%. It is relevant to say that working-age persons in the latter group—including 'natives', 'non-native citizens', and 'non-citizens' (both legal and illegal)—increased by 182.4 thousand, with those employed rising by 284.1 thousand, but with the those unemployed growing by 72.3 thousand.

March 3, 2025



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com

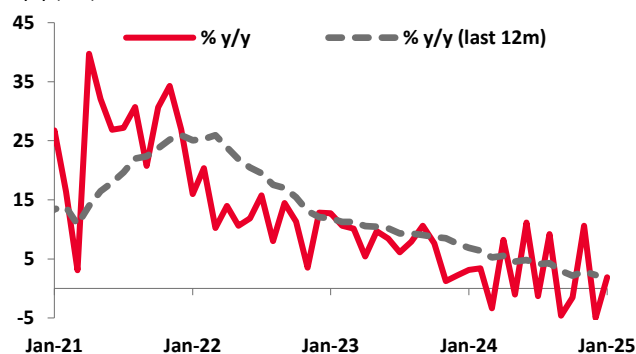


[@analisis_fundam](http://www.banorte.com/analisiseconomico)

Document for distribution among the general public

Family remittances

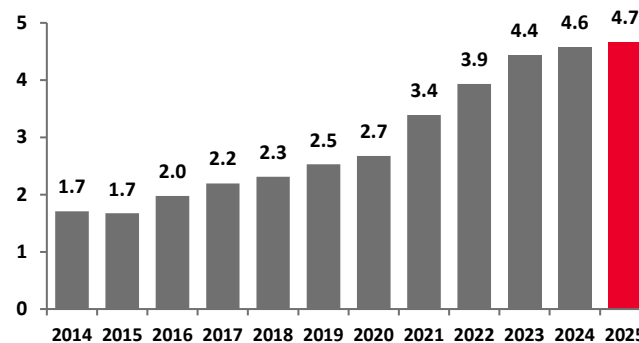
% y/y (nsa)



Source: Banorte with data from Banxico

Family remittances

US\$ billion, accumulated in the year (nsa)



Source: Banorte with data from Banxico

We reaffirm our view of volatility in remittances, at least during the first half of the year. As a result of the US government's stance on immigration, the population of Mexicans who send remittances to their families across the border have likely changed their behavior, something reflected both in the amount and frequency of these flows. Uncertainty will remain key and covers several aspects, such as the fear of losing their jobs and of being deported; in addition, that the channels for sending remittances will be more limited or that they will be subject to some kind of taxation –with this latter measure already proposed in states such as Florida and Texas.

In this context, there has been greater volatility since last November. More importantly, timely figures complemented by statements in both the US and Mexico show two contrary trends, at least for the month of February. The first is to send a smaller amount, anticipating a weaker labor market, so the aim is to strengthen savings. The second is to send the largest amount possible, anticipating deportations. For example, according to information from *Financiera Bienestar*, the reception of remittances in San Cristobal de la Casas (in the state of Chiapas) during the first twenty days of February has been cut by 40%. In contrast, the president of the Tijuana *College of Public Accountants*, Sergio Vázquez, commented that flows have increased, although he did not provide percentages. In his view, this increase continues to reflect fears of deportation. Finally, based on Univision reports, small and medium-sized businesses that offer remittance services in Northern California (1st place by US state) acknowledge that the predominant trend is lower demand for this service. Thus, they conclude that remittances so far in February are for a smaller amount and that customers have decreased. They attribute this to: (1) Inflation; (2) rumors and fear of deportations; and (3) bad weather.

Finally, we will keep an eye on state migration policies that could also alter the amount sent. Such is the case with Florida's Governor Ron De Santis proposal, which would require a proof of identity to ensure that only legal residents can carry out such transactions.

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Strategist, Equity
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Ana Laura Zaragoza Félix
Strategist, Corporate Debt
ana.zaragoza.felix@banorte.com
(55) 1103 - 4000



Paula Lozoya Valadez
Analyst, Equity
paula.losoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430