

Remittances – Slight moderation in June, with several adverse factors in play

- **Remittances (June):** US\$5,201.0 million; Banorte: US\$5,126.4mn; consensus: US\$5,353.3mn (range: US\$5,126.4mn to US\$5,710.0mn); previous: US\$5,360.1mn
- **Flows continued to be affected by the adverse environment for migrants in the US, with a 16.2% y/y decline –the largest since September 2012. Thus, the cumulative amount over the last twelve months came in at US\$62,995.9 million (-2.2%)**
- **In local currency, the total stood at \$98,975.1 million, which translates into a 12.5% y/y contraction. This is partly explained by the additional appreciation of the peso against the dollar, which reduced the amount when translated into local currency**
- **The number of transactions decreased to 12.7 million (-14.3% y/y), with the average amount per transaction at US\$409.36 (-2.2%)**
- **Inflows fell 2.3% m/m in a context of increased raids in different US cities and demonstrations against them. On the labor front, figures showed a slight deterioration**
- **Pressures on undocumented Mexicans in the US will continue for the rest of the year, which will likely result in a moderation in flows in the short-term. However, this trend could reverse somewhat towards the end of the year on the likely intention to bring forward some flows prior to the entry into force of the 1% tax on cash remittances**

Remittances fell sharply in June in annual terms, with a challenging base in play. The amount received came in at US\$5,201.0 million. It should be noted that the base effect was quite difficult, with June 2024 maintaining the historical high, which in our view was influenced by the depreciation of the peso at the time. Thus, the annual comparison resulted in -16.2% y/y, its biggest drop since September 2012. In local currency terms, the total reached \$98,975.1 million (-12.5%), also impacted by the year-to-date appreciation of the MXN. The period was marked by a significant increase in raids, which were highly publicized. High absenteeism in sectors traditionally occupied by migrant workers and massive demonstrations in several US cities were some of the immediate consequences. In the middle of the month, President Donald Trump ordered a pause in the raids, but only in workplaces related to agriculture, restaurants, and hotels. However, we believe that uncertainty had already permeated among the population. In this context, the cumulative amount of remittances in the last twelve months was US\$63.0 billion (-2.2% y/y), which in pesos is equivalent to \$1,241.8 billion (+11.8%).

Regarding the US economy, consumption remains resilient. Retail sales rose 0.6% m/m, with personal spending up 0.3%. Industry was also positive at +0.3%, with a marginal expansion in manufacturing (0.1%). Construction was favorable, with housing starts expanding 4.6% m/m and permits up 0.2%. The negative note came from consumer prices, with the annual print accelerating to 2.7% y/y from 2.4% in the previous month.

Transactions and the average amount contracted in annual terms. 12.7 million transactions were carried out (previous: 13.9 million), representing a 14.3% y/y decline (previous: -5.7%). The average amount increased vs. the previous month at US\$409.36 (previous: US\$385.21), although implying a 2.2% y/y reduction (previous: +1.1%). As we mentioned earlier, the base effect was very challenging, as June 2024 saw peak flows of US\$6,206.9 million, also tied to highs in operations and the average amount.

August 1, 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



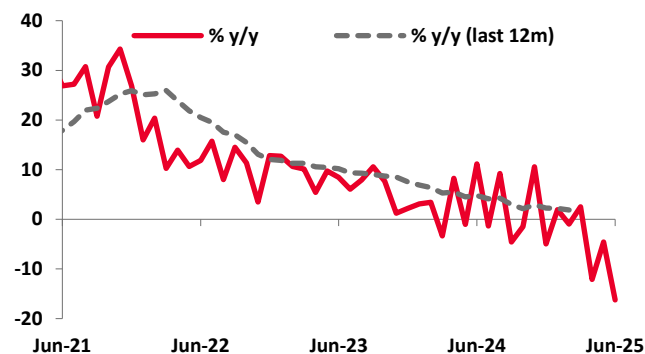
[@analisis_fundam](http://www.banorte.com/analisiseconomico)

Document for distribution among the general public

Sequential decline in flows. Seasonally adjusted figures showed that remittances fell by 2.3% m/m, almost reversing the strong growth in May. This happened in a context of a slight deterioration in the labor market for Mexican migrants. Overall, total non-farm payrolls in the US rose by 147.0 thousand, with the unemployment rate improving marginally to 4.1%. Unemployment for Hispanics and Latinos fell to 4.8% from 5.1%, contrasting with the metric for Mexican migrants, which rose from 4.8% to 5.0%. The working-age population in the latter group –including ‘natives’, ‘non-native citizens’, and ‘non-citizens’ (both legal and illegal)– increased by 399.1 thousand, its highest increase in seven months, with employment unchanged (263 fewer people) and unemployment up by 46.9 thousand.

Family remittances

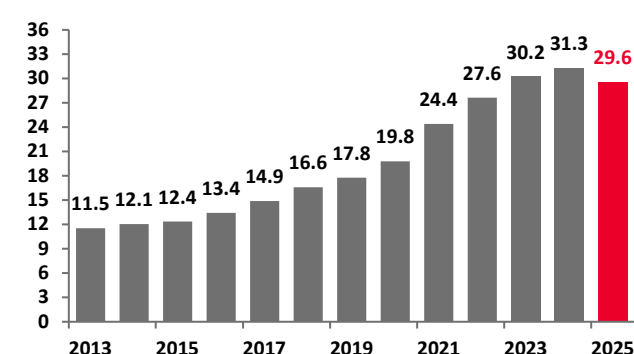
% y/y (nsa)



Source: Banorte with data from Banxico

Family remittances

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



Source: Banorte with data from Banxico

Pressures on undocumented Mexicans in the US will persist for the remainder of 2025. We believe that remitters will slow their pace of resources sent in the coming months, prioritizing other expenses and even increasing their savings, resulting in fewer flows sent. This is justified by the fear of raids. This apprehension has led to greater caution in job searches (for example, in sectors such as construction, where it is relatively easy to identify undocumented individuals offering their services) or increased absenteeism (especially in agricultural activities, where exposure is higher). In this backdrop, household disposable income will probably be lower and remittance flows will likely follow this trend.

Donald Trump’s new budget and tax law (OBBBA) finally established a 1% tax on all international remittances in cash, money orders, or cashier’s checks, effective January 2026. While this measure represents an improvement over the original presidential initiative (a 5% tax), a key difference is that it no longer discriminates based on the sender’s citizenship status –which means it is a generalized tax. In this context, we cannot rule out the possibility that by the end of 2025, the population group that sends cash remittances will seek to maximize the amount of resources allocated to remittances before the tax comes into effect. On the other hand, as we have mentioned on other occasions, it is to be expected that the amount reported through traditional channels will decrease, reflecting a shift in preference toward unregulated remittance instruments.

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 Thalia 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, 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



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

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



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



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



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



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