

September 1, 2025

Remittances – Some weakness remained in July

- **Remittances (July):** US\$5,329.9 million; Banorte: US\$5,117.1mn; consensus: US\$5,250.0mn (range: US\$5,117.1mn to US\$5,375.0mn); previous: US\$5,199.2mn
- **Flows remained above the US\$5 billion mark for a third consecutive month. Nevertheless, they fell 4.7% y/y. Thus, the cumulative amount for the last twelve months was US\$62,715.8 million (-2.5%)**
- **In local currency, the total was \$99,620.4 million, which was 1.7% y/y lower. We note that the Mexican peso continued gaining ground against the USD during the period, which reduced flows**
- **The uptick in original figures vs the previous month was explained by both an increase in the number of operations to 12.8 million (-8.0% y/y) and in the average amount per transaction at US\$415.51 (+3.6%)**
- **With seasonally adjusted data, inflows fell by 0.1% m/m. Employment conditions for Mexican migrants in the US deteriorated again, with their unemployment rate higher than the national metric**
- **Tougher anti-immigration policies in the US will continue weighing on remittances, especially due to work absenteeism. However, the shift in sectors employing Mexican migrants could help increase income in remitting households. Thus, we expect some stability in flows to materialize in the short term**

Another year-on-year decline in July, albeit more moderate at the margin. The amount received came in at US\$5,329.9 million. The period is usually slightly better than the sixth month of the year, although the seasonality is somewhat mixed. Thus, the annual comparison came in at -4.7% y/y (previous: -16.2%). The total was \$99,620.4 million in local currency, a 1.7% contraction (previous: -12.5%) in part because the Mexican peso appreciated against the dollar. Raids in US cities with large Hispanic migrant populations, such as Los Angeles, continued in July. Some studies indicate that the main reaction to them was higher absenteeism from work, especially in California. In this regard, private sector jobs for non-citizens fell 1.2% m/m. The latter state stood out at -5.4%. In this context, the cumulative amount of remittances in the last twelve months was US\$62.7 billion (-2.5% y/y), which in pesos is equivalent to \$1,239.8 billion (+11.1%).

The US economy was mixed. Retail sales grew 0.5% m/m, while personal spending rose by the same magnitude. Industry declined marginally (-0.1%), with zero growth for manufacturing (0.0%). Construction slowed down, with housing starts down -0.6% m/m and permits 2.2% lower in a context in which inventories of completed homes hit their highest level since 2009. Consumer prices skewed to the upside, with the annual print again at 2.7% y/y.

Fewer transactions in annual terms, skewing the headline. 12.8 million operations were carried out (previous: 12.7 million), a 8.0% y/y (previous: -14.3%). The average amount per transaction increased relative to the previous month at US\$415.51 (previous: US\$409.18), expanding 3.6% y/y (previous: -2.3%). As mentioned above, the total effect could have been dictated by absenteeism and/or lower income of remitting households during the month.

An additional sequential decline. With seasonally adjusted figures, remittances fell 0.1% m/m. This is not entirely surprising considering the state of the labor market for Mexican migrants. Overall, total non-farm payrolls in the US increased by 73k jobs, with the unemployment rate rising marginally to 4.2%. Unemployment for Hispanics and Latinos rose to 5.0% from 4.8%, with Mexican migrants deteriorating further from 5.0% to 5.7%.



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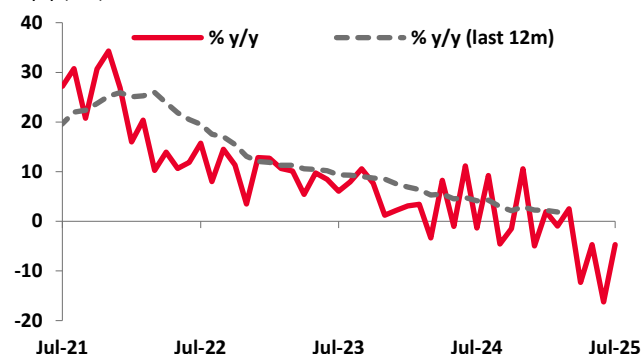
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The working-age population in the latter group—including ‘natives’, ‘non-native citizens’, and ‘non-citizens’ (both documented and undocumented)—decreased 207.4k, with employment falling by 120.9k and unemployment rising by 138.8k.

Family remittances

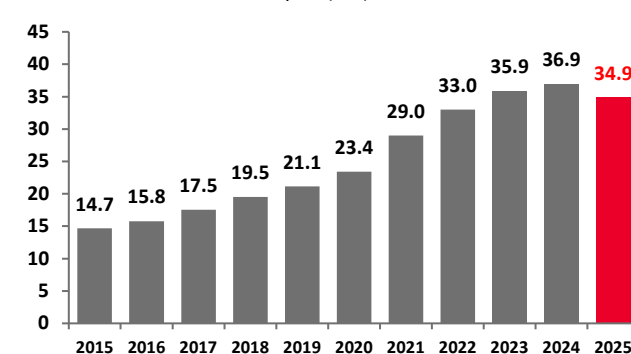
% y/y (nsa)



Source: Banorte with data from Banxico

Family remittances

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



Source: Banorte with data from Banxico

Labor market restructuring and higher incomes could offset the effects of anti-immigrant policies in the short-term. Anti-immigration policies—such as raids, deportations, and patrols on the US southern border—are already impacting Mexican migrants in that country. As already mentioned, unemployment for this group is on the rise, with absenteeism present since at least May of this year. According to some reports, this is not limited to non-citizens. At the same time, the flow of new migrants seeking to cross the border has fallen dramatically. According to the Ministry of Foreign Affairs, encounters with people in irregular migratory situations have fallen by 91% between October 1st, 2024, and August 20th, 2025—from 3,640 to 285, the lowest number in fifty years. On the other hand, the same Ministry reported that 82,049 people have been repatriated this year to our country from January 20th to August 20th.

On the first point, according to a study from the Center for Latin American Monetary Studies, the *Current Population Survey* shows a new trend in the labor market for Mexican migrants. Based on data from May, agriculture and manufacturing are growing at the sectoral level despite lower overall labor demand. Meanwhile, services are declining. It should be noted that there has been talk of certain concessions for migrant agricultural workers in terms of raids, which could also be favorable at the margin. Finally, the same document emphasizes that average incomes would be higher than in 2024. In this context, we see room for remittances to Mexican households to be more stable in the short term, remaining at around US\$5,000 per month. In addition, we must remember that seasonality will become more favorable in the coming months, which is also an additional driver for growth, at least in monetary terms.

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