

Migration

Remittances enjoy 13 months in a row of increases, growing by 5.8% YoY in August

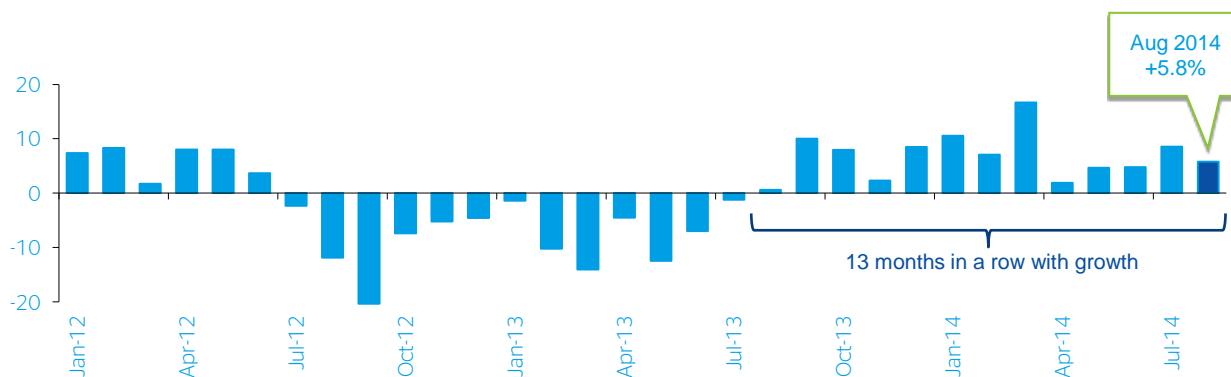
Juan José Li Ng

- This August, Mexico received remittances to the value of USD 2,010.4 millions, equivalent to growth of 5.8% at an annual rate; this brings the number of consecutive months of growth to 13, since August 2013
- The relatively low rate of unemployment in the United States and the reduction over the course of the year in part-time jobs in favour of full-time ones, among Mexican immigrants, are factors affecting the growth of remittances
- Remittances in September are expected to be lower than in the last few months, although still higher than the same month last year

The central bank, Banco de México, announced today that USD 2,010.4 millions came into Mexico in the form of household remittances, an increase of 5.8% compared to the same month the year before. This increase is accounted for by the increase in the number of remittance transactions, which rose this month by an annualised 7.3%, to 6.86 million operations; nevertheless, the average remittance amount actually contracted 1.5% over the same month last year, to USD 293.10.

Remittances have thus risen for 13 months in a row, since August 2013. During these months, the average rate of growth was 6.9%, peaking in May 2014 with USD 2,147 millions. In real terms, discounting inflation, remittances to households in Mexico rose by 3.8% at an annual rate.

Chart 1
Family Remittances to Mexico
(Annual % change in dollars)

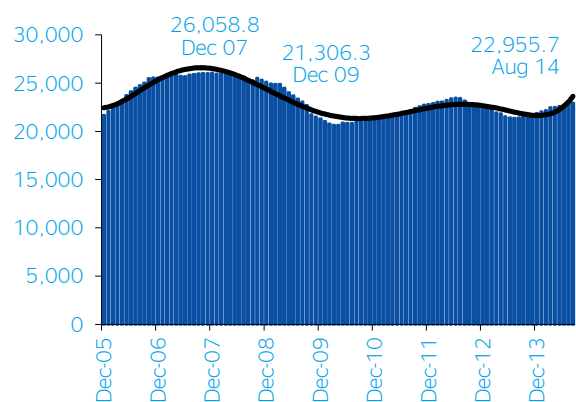


Source: BBVA Research with data from Banxico.

This past August, the relatively low unemployment in the United States (6.1%) reported by the Bureau of Labor Statistics, and the reduction over the entire year of part-time jobs in favour of full-time jobs among Mexican immigrants, are the two factors impacting positively on remittances sent to Mexico. In the case of this group, the unemployment rate remained at levels below the national average, which may lead to a greater capacity for sending remittances to Mexico. Throughout this year, the construction sector has continued to be the most dynamic in terms of job creation for the Mexican immigrants living in the US.

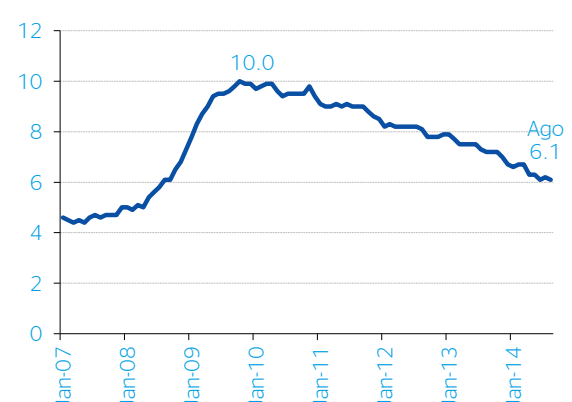
In September, the dollar inflows in remittances received in Mexico are expected to be lower than in previous months, although still up on the same month last year.

Chart 2
Accumulated 12-month Remittance Inflows to Mexico (Million dollars)



Source: BBVA Research with data from Banxico.

Chart 3
U.S.: Average unemployment rate (%)



Source: BBVA Research with data from US Bureau of Labor Statistics.
Note: Seasonally Adjusted

Disclaimer

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