

Migration

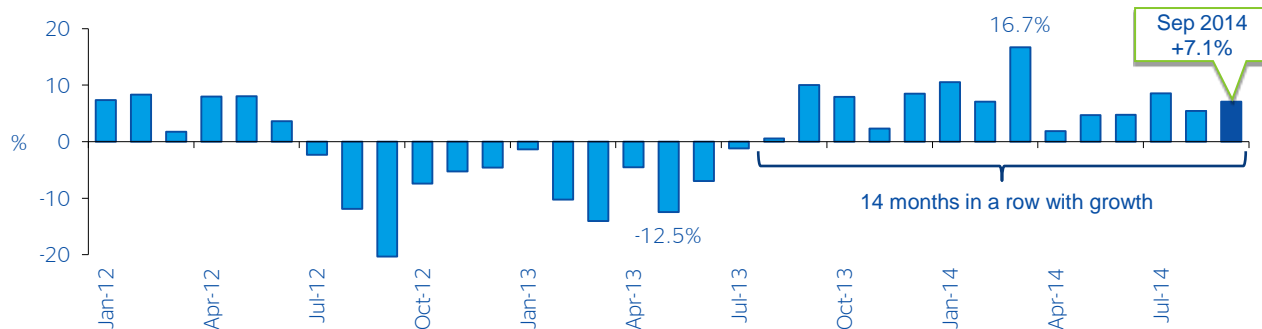
Remittances post 14 consecutive months of growth, increasing by 7.1% in September

Juan José Li Ng

- In September, Mexico received remittances worth 1,957.7 million dollars (md), in line with BBVA Bancomer forecasts (1,957 md) and slightly higher than the consensus (1,950 md)
- Over the first nine months of the year, the greatest growth in remittances occurred in three of the northern border states: Nuevo León (+45.0%), Tamaulipas (+38.8%) and Coahuila (+23.7%)
- The reduction in the overall rate of unemployment in the U.S. in September (to 5.9%) and the increase in full-time jobs among the Mexican immigrants were the drivers of remittances
- Although remittances are forecast to continue growing in the next few months, the economic activity data from the U.S. needs to be monitored, in view of the mixed signals it has been giving

Mexico's central bank reported that remittances were received to the tune of 1,957.7 million dollars this September, an increase of 7.1% over the month last year. The rise in the number of this type of transaction accounts for most of this growth, with an annual increase of 5.2%, to 6.75 million operations; while the average remittance grew by 1.8% from the same month of the previous year, coming in at 289.80 dollars. Remittances have thus posted 14 consecutive months of growth since August 2013.

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



Source: BBVA Research with data from Banxico.

In the first nine months of the year, nearly all the states in the Mexican republic reported increased YoY remittance revenues. The biggest increases in percentage terms were enjoyed by three northern border states: Nuevo León (+45.0%), Tamaulipas (+38.8%) and Coahuila (+23.7%), whereas only Tlaxcala (-1.2%) and Puebla (-1.7%) have reported lower revenues over the year to date.

Table 1

**Remittance inflow from January to September by state
(Million US dollars and % change)**

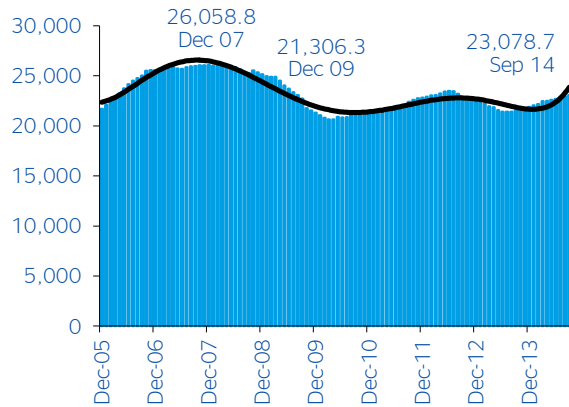
State	Revenue from remittances		% Change
	Jan - Sep 2013	Jan - Sep 2014	
Nuevo León	316.5	458.9	45.0% ▲
Tamaulipas	470.1	652.7	38.8% ▲
Coahuila	236.4	292.3	23.7% ▲
Colima	134.0	160.1	19.5% ▲
Baja California Sur	30.6	35.4	15.8% ▲
Tabasco	86.5	99.2	14.6% ▲
Distrito Federal	1,045.4	1,188.3	13.7% ▲
Nayarit	236.2	263.8	11.7% ▲
Baja California	423.7	460.6	8.7% ▲
Chihuahua	376.9	408.2	8.3% ▲
Jalisco	1,301.3	1,407.6	8.2% ▲
Querétaro	267.3	288.8	8.1% ▲
Sinaloa	361.7	387.6	7.2% ▲
Durango	338.6	361.4	6.7% ▲
Chiapas	378.2	403.4	6.7% ▲
Zacatecas	479.4	511.1	6.6% ▲
Aguascalientes	225.7	240.6	6.6% ▲
Quintana Roo	73.4	78.3	6.6% ▲
Michoacán	1,531.7	1,630.4	6.4% ▲
San Luis Potosí	531.6	561.7	5.7% ▲
Campeche	40.1	42.1	4.9% ▲
Guanajuato	1,512.5	1,580.5	4.5% ▲
Sonora	242.2	252.0	4.1% ▲
Morelos	379.2	394.3	4.0% ▲
Hidalgo	472.8	489.8	3.6% ▲
Yucatán	93.7	96.7	3.2% ▲
Mexico	1,068.6	1,093.2	2.3% ▲
Guerrero	899.8	916.6	1.9% ▲
Veracruz	779.5	783.6	0.5% ▲
Oaxaca	886.2	886.7	0.1% ▲
Tlaxcala	165.4	163.3	-1.2% ▼
Puebla	1,014.1	996.6	-1.7% ▼

Source: BBVA Research with data from Banxico.

Recent estimates using the Current Population Survey (CPS) indicate that the volume of Mexican immigrants in the United States, the main source of currency from remittances to Mexico, is still not reporting sustained growth rates. Nevertheless, the reduction in the overall unemployment rate in the U.S., down to 5.9% in September, is also likely to have generated an increase in the level of occupation and an improvement in the working conditions of Mexican immigrants in the country. Furthermore, throughout the year part-time jobs have been replaced by full-time jobs among Mexican immigrants in the U.S.

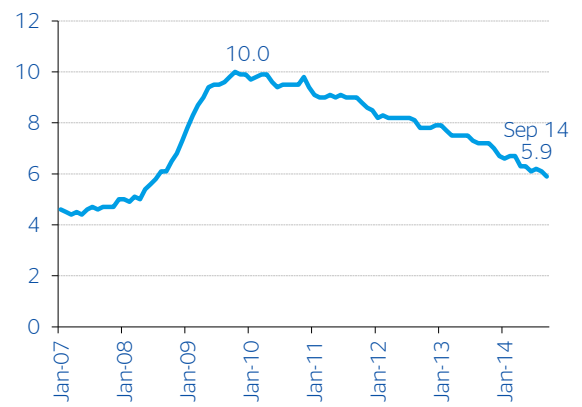
While remittances are forecast to continue growing over the coming months, attention should be paid to economic activity data in the US, which have been emitting mixed signals.

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

This publication is a joint initiative between the BBVA Bancomer Foundation and BBVA Research's Economic Research Department, Mexico. It aims to make new contributions in the field of Migration studies that add to knowledge of this important social movement. It has been prepared on their own behalf and is for information purposes only. The opinions, estimates, forecasts and recommendations contained in this document refer to the date appearing in the document, and, therefore, they may undergo changes due to market fluctuations. The opinions, estimates, forecasts and recommendations contained in this document are based on information obtained from sources deemed to be reliable, but BBVA does not provide any guarantee, either explicit or implicit, of its exactitude, integrity or correctness. This document does not constitute an offer, invitation or incitement to subscribe to or purchase securities.