

Migration

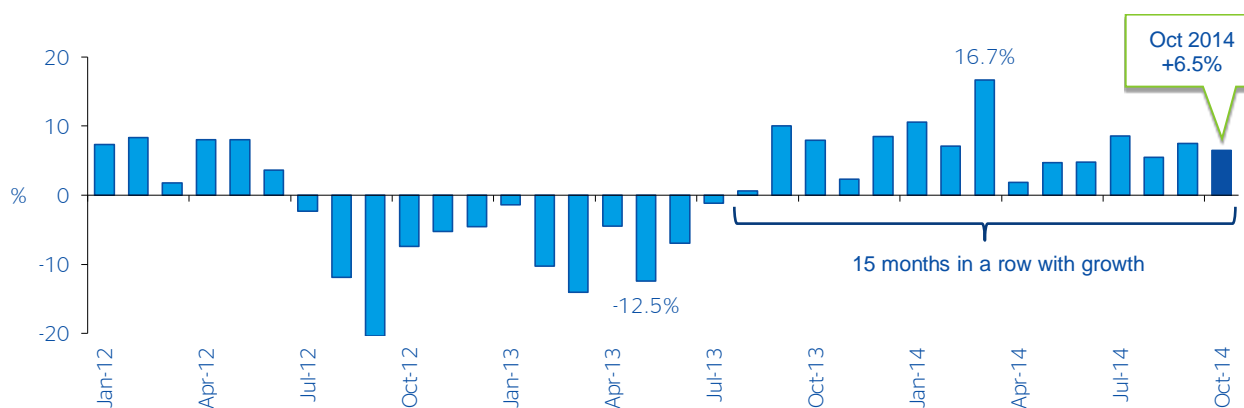
Remittances increase by 6.5% in October, clocking up 15 consecutive months of growth

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- October remittances came in at USD2.036 billion, slightly higher than expected by both BBVA Bancomer (USD2.016bn) and the market consensus (USD2.001bn)
- Favourable employment indicators in the U.S. this year have been the drivers of better labour conditions for Mexican migrants and remittances
- The executive actions taken by President Obama in the last few days on the issue of migration will help remittances to continue growing in the next few months
- If the trend to the upside in remittances continues, 2014 will close as the year with the highest remittance receipts in the last six years

The Bank of Mexico announced today the capital inflows from remittances in October, which came to USD 2.036bn, an increase 6.5% in annual terms. This figure was slightly better than forecast by BBVA Bancomer (USD2.016bn) and than expected by the market consensus (USD2.001bn). The number of remittance transactions was just over 7 million that month, +4.7% at an annualised rate, while the average remittance was for USD289.70, +1.7% over the same month the year before. Thus, remittances have clocked up 15 consecutive months of growth since August 2013, with the average growth over this period working out at an annual rate of 6.9%.

Figure 1
Household remittances to Mexico
(U.S. dollars % var., YoY)



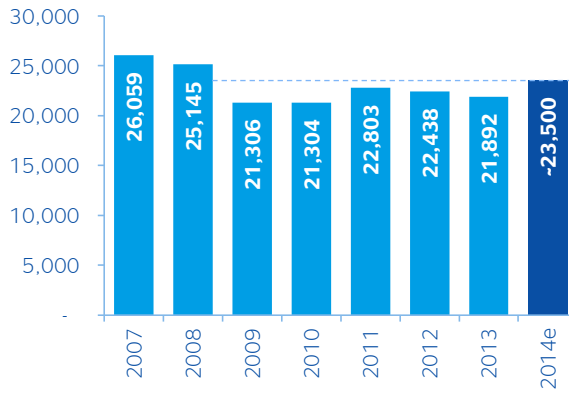
Source: BBVA Research with figures from the Bank of Mexico

Favourable employment indicators in the United States this year have been the drivers of better labour conditions for Mexican migrants in the country, expanding their economic capacity to send money back to households in Mexico. During October the open unemployment rate in the US was 5.8%, the lowest since 2008.

President Obama recently announced the executive actions which he has decided to undertake in the area of migration. These actions are in four main areas: i) strengthening the border and a swifter return of migrants; ii) extending the benefit of non-deportation to the highly skilled and successful school graduates who arrived in the US as minors (DREAMers); iii) focussing the search for migrants and deporting those with criminal records and who are not in families, and iv) those with underage children who were born in the US or are legally resident there may register, to avoid deportation. As well as the benefits which this will have for those living without papers in the US and for their families, it is estimated that these actions will give a positive boost to remittances to Mexico in the next few years.

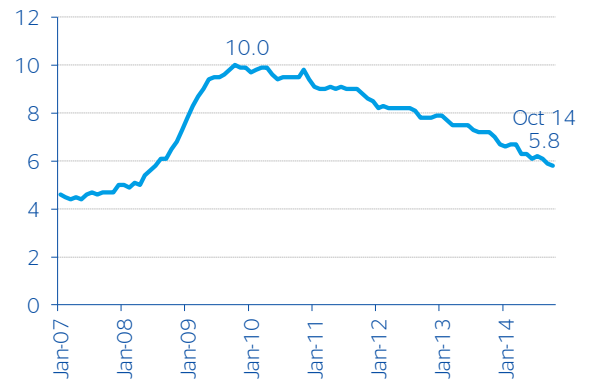
If the trend to the upside in remittances continues, 2014 will be the best year for remittance reception in the last six, with total inflows of around USD23.5bn.

Figure 2
Annual remittances to Mexico
(Million U.S. dollars)



Source: BBVA Research with figures from the Bank of Mexico.
e: BBVA Research estimate

Figure 3
US: nationwide unemployment rate
(%)



Source: BBVA Research with figures from US Bureau of Labor Statistics.
Note: Seasonally adjusted

Disclaimer

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