

Migration

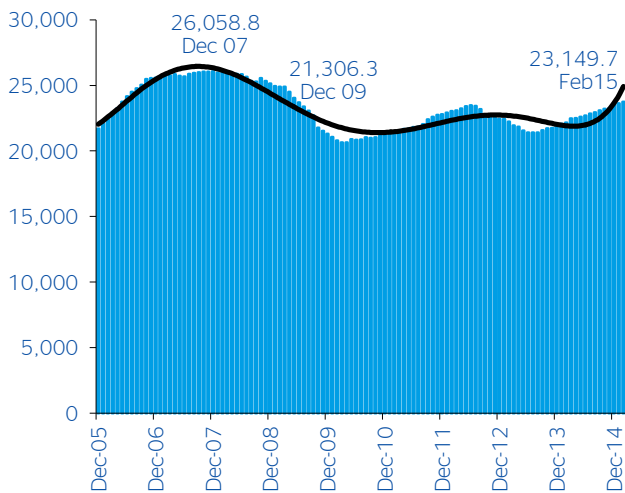
# Remittances rise in February (7.0% YoY) after their fall at the beginning of 2015

Alfredo Salgado Torres, Juan José Li Ng

- Mexico received USD1.839bn in remittances in February 2015, equivalent to a 7.0% increase over the same month the year before
- The February figure shows an uptick in the flow of remittances, after the break in the string of 17 consecutive months of growth in January 2015 (-0.9% YoY)
- The US dollar's appreciation in December 2014 caused people to send more remittances earlier, thus accounting for the fall at the beginning of 2015
- The recovery in employment among Mexican immigrants in the US appears to be the main source of recovery in the remittance flow to Mexico

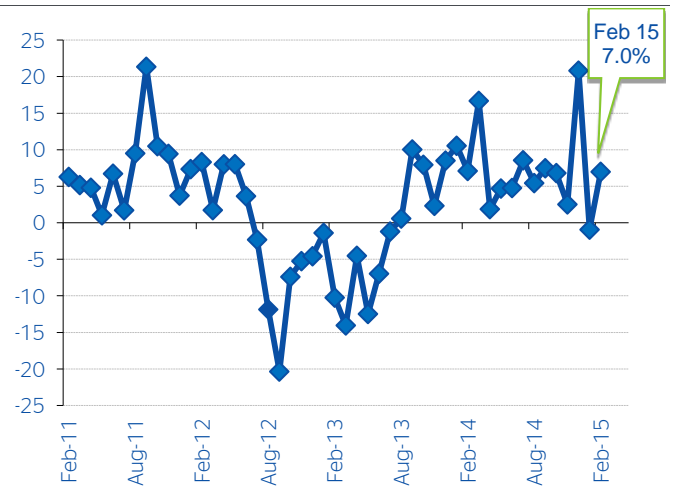
According to information from the central bank, in February 2015 USD1.839bn came into Mexico in the form of remittances, which translates into a 7.0% increase over the same month in 2014. After interrupting a string of 17 consecutive months of YoY growth last January (-0.9% YoY), remittances appear to be beginning a new growth cycle. The number of transactions reached 6.16 million (5.5% YoY), while the amount of the average remittance came to USD298.40 (1.4% YoY); both of these indicators helped to bring about the growth in February's remittance flow, accounted for principally by the recovery in employment among Mexican immigrants in the US.

Figure 1  
**Accumulated 12-month flows of remittances to Mexico (USD mn)**



Source: BBVA Research with figures from Banxico.

Figure 2  
**Household remittances to Mexico (% var. in USD)**



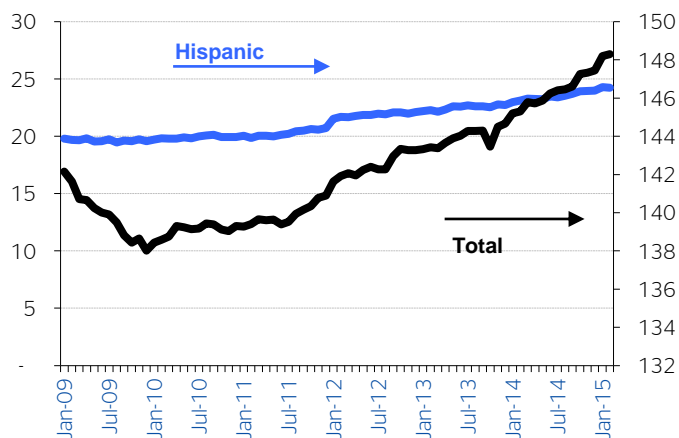
Source: BBVA Research with figures from Banxico.

In December 2014 there was an atypical growth in the remittance flow, which rose to USD2.235bn (20.8% YoY). Despite the uptick in employment in the US in January 2015, with an unemployment rate after seasonal adjustments of 5.7% according to the Bureau of Labor Statistics (BLS), there was a fall in remittances to Mexico in January 2015, accounted for mainly by the effect of anticipated remittances made by Mexican migrants in the US. This explanation is based on the strong dollar appreciation in December 2014, which encouraged people to send money to Mexico sooner, and which caused significant rises in both the number of transactions (13.0% YoY) and in the average remittance (6.9% YoY) at the end of last year.

According to the BLS, employment in the US continues its route of recovery, with an estimated unemployment rate in February 2015 of 5.5% seasonally adjusted, more than one percentage point below the unemployment rate for the same month in 2014. Together with this result, BBVA Research's own estimates, based on the *Current Population Survey*, show that Mexican migrants faced an unemployment rate in February 2015 of 6.0%, slightly higher than the overall rate in the US, but nearly two percentage points lower than the rate in the same month last year, which came in at 7.9%. Thus, the recovery of employment among Mexican immigrants in the US appears to be the key factor explaining the uptick in remittances in February 2015.

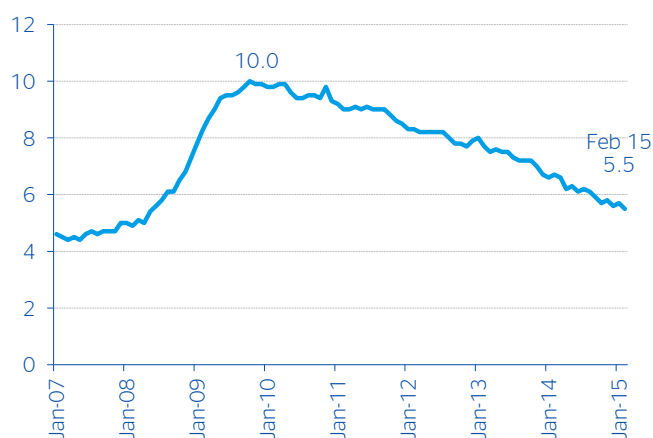
Together with the above, the flow of remittances to Mexico in real terms, converted into pesos at 2010 prices, rose by 16.6% YoY in February 2015, principally influenced by the appreciation in the dollar.

Figure 3  
US: total employment and among Hispanics (million)



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

Figure 4  
US: national unemployment rate (%)



Source: BBVA Research with figures 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.