

Migration

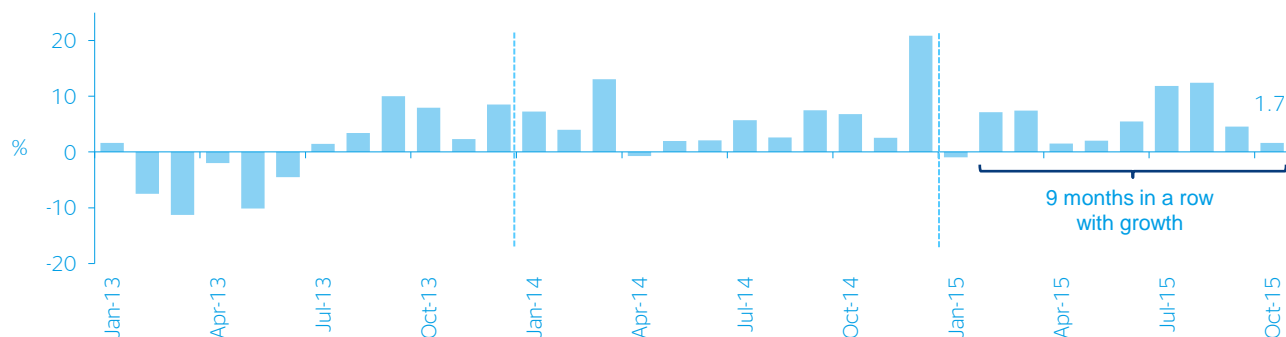
Remittances increased by 1.7% over October, with an inflow of USD2,075.9mn

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- In October, remittances to Mexico grew by 1.7% compared to the same month in 2014, reaching a flow of USD2,075.9mn
- The cumulative inflow over January to October 2015 reached USD20,695.5mn, representing 5.4% growth vs. the same interval in 2014
- The strength of the US economy, the positive employment trend among Mexican immigrants and the dollar's surging appreciation have all underpinned this rise in remittances
- The "second" estimate by the Bureau of Economic Analysis indicates that US GDP grew by 2.1% in 3Q15, which could have positive implications for developments as regards remittances over the rest of the year

According to the report by Mexico's central bank, family remittances rose by 1.7% in October 2015 relative to the same month in 2014, with a flow for the month of USD2,075.9mn. The run of remittance growth has now been sustained for nine straight months, being chiefly attributable to three factors, namely: i) a growing US economy; ii) the promising employment trend among Mexican immigrants there, and iii) the dollar's powerful upsurge in relation to the peso, which has boosted the purchasing power of money sent back to Mexico from the United States. The number of remittances' transactions reached 7.37 million in October, growing 4.6% compared to the same month in 2014, while the average remittance was USD282, implying an annual decrease of 2.8%. The positive run by remittances over the past eight months has produced a cumulative figure of USD20,695.5mn in 2015, which translates into growth of 5.4% with respect to the like figure for the same period in 2014.

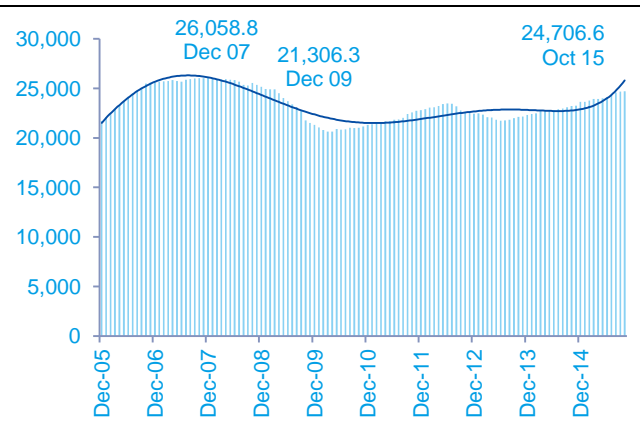
Figure 1
Family remittances to Mexico (YoY % change, USD)



Source: BBVA Research with central bank data

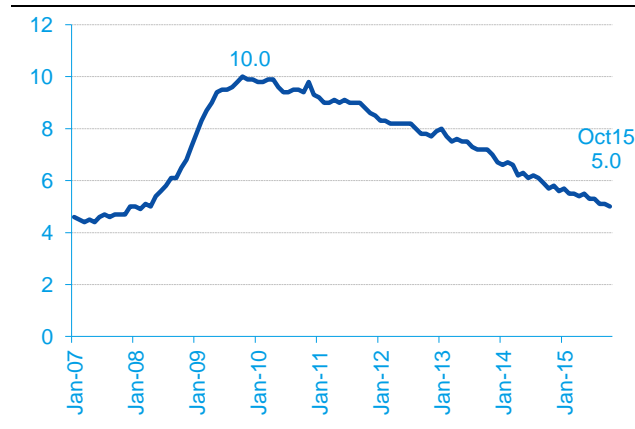
Over October, destination households for remittances in Mexico received 22.2% more of these in real terms than in the same month the previous year, mainly thanks to dollar strength and lower inflation now in Mexico. Meanwhile, macroeconomic indicators for the US economy tell of a good performance, which leads us to suppose that remittances into Mexico will put in a decent showing over the final quarter of this year. According to the “second” estimate from the Bureau of Economic Analysis, US GDP grew by an annual 2.1% in 3Q15, which is better than the growth figure of 1.5% reported in the Bureau’s “first” estimate.

Figure 2
12-month cumulative inflows of remittances to Mexico (USD mn)



Source: BBVA Research with central bank data

Figure 3
United States: national unemployment rate (%)



Source: BBVA Research with US Bureau of Labor Statistics data.
Note: Seasonally-adjusted

BBVA Research estimates based on the Current Population Survey (CPS) show that in October the unemployment rate among Mexican immigrants in the United States was 4.5% before seasonal adjustment (seasonally unadjusted, su), which is slightly higher than it was in the same month in 2014, when it stood at 4.3% su. In combination with the above, these estimates indicate that employment among this segment rose by around 92,000 jobs relative to the same month last year, and that these were mainly found in the construction, leisure & hospitality and manufacturing sectors.

On top of this, the central bank’s September quarterly report on remittances showed that the states with the highest growth rates for these in 3Q15 vs. 3Q14 were Chiapas (30.5%), Guanajuato (23.0%) and Chihuahua (19.5%), while Colima (-1.5%), Hidalgo (-16.7%) and Distrito Federal (-18.1%) marked the heaviest falls in receipts of this currency inflow over the same period for comparison.

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