

Migration

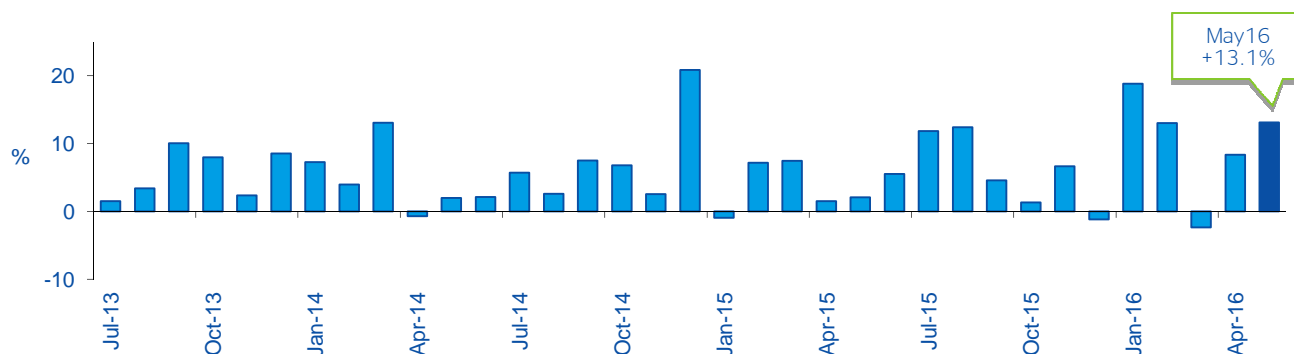
Remittances reach US\$2,477.8 million (+13.1%), the highest May figure since 2006

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- Incoming remittances in May amounted to US\$2,477.8 million, 13.1% more than in May 2015. This amount is very close to that estimated by BBVA Research (US\$2,476 million) and higher than expected by the consensus (US\$2,371million).
- This is the highest May figure seen since 2006, when US\$2,535 million of remittances were received.
- Three factors explain this growth: 1) the low rate of unemployment (4.7%) in the US, where many of Mexico’s emigrants live, 2) the fact that Mother’s Day falls in May, making it the strongest month for remittances and 3) a significant appreciation of the dollar against the peso during May.
- Remittances for the whole year 2016 could surpass the 2007 record of US\$26,059 million.

Banco de México announced that US\$2,477.8 million of remittances were received in May 2016, representing an increase of 13.1% compared with May 2015. Most of the increase was due to the 10.8% increase in the number of remittance transactions, which reached an all-time May record of US\$8.65 million. The average remittance amount also increased, albeit modestly, by 1.8% year-on-year to US\$286.

Figure 1
Family remittances to Mexico (% annual variation in dollars)



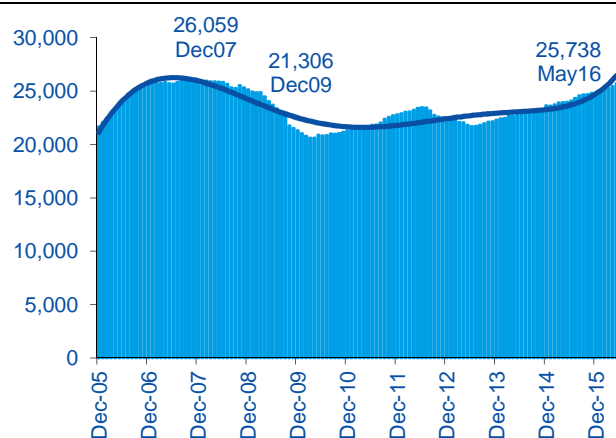
Source: BBVA Research with Banco de México data

There are three factors positively influencing these remittances: 1) The unemployment rate in the United States, where many Mexican emigrants live, is at a very low level, similar to that seen before the economic crisis - 4.7% in May 2016; 2) For Mexico, May is the strongest month of the year for remittances as Mother's Day falls in this month; and 3) during May the dollar appreciated significantly against the peso, which may well have led to an increase in remittances.

In real terms, discounting inflation and taking account of the dollar's appreciation against the peso, between January and May this year Mexican households received on average 28% more in remittances than in the same period last year. These resources represent an important source of income for families in Mexico, mainly those living in Michoacán, Guerrero, Oaxaca, Zacatecas and Nayarit, which have a high degree of dependence on them.

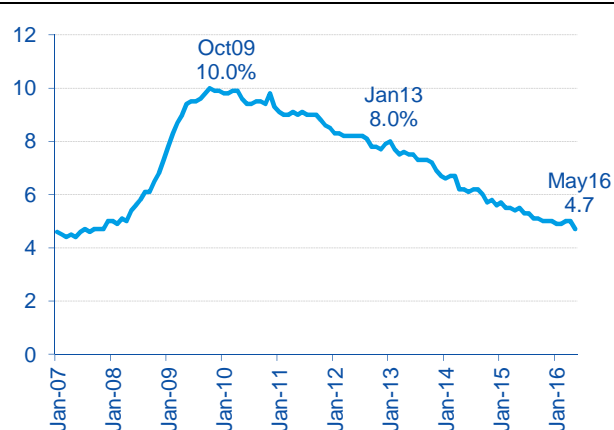
We estimate that, if current growth trends in the US continue, remittances to Mexico could surpass the all-time record of US\$26,059 million set in 2007.

Figure 2
12-month accumulated flows of remittances to Mexico (Millions of dollars)



Source: BBVA Research with Banco de México data

Figure 3
United States: National unemployment rate (%)



Source: BBVA Research with Banco de México data

Disclaimer

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