

Migration

Remittances continue to grow, reaching US\$13,156.4 million in the first half (+8.9%)

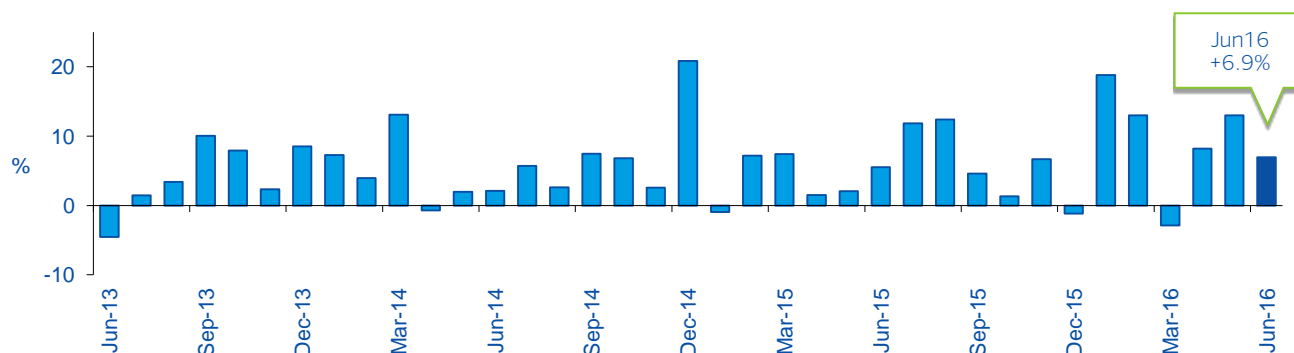
Juan José Li Ng

- Family remittances to Mexico amounted to US\$2,305.5 million in June, 6.9% more than in the same month of last year. This is in line with BBVA Research expectations (US\$2,318 million) and the market consensus (US\$2,320 million).
- Mexico saw inflows of US\$13,156.4 million by way of remittances in the first half of the year, representing an increase of 8.9% compared with the same period of 2015.
- June saw an uptick in the US unemployment rate (4.9%), which also affected Mexican immigrants in the US, the main source of remittances to Mexico.
- On the other hand, June also saw an appreciation of the dollar against the peso, which favoured remittances to Mexico.

Banco de México reported US\$2,305.5 million of inward remittances in June, representing an increase of 6.9% relative to June 2015. This change was due mainly to the increase in the number of transactions, which reached 7.6 million in that month (+6.0%), while the average amount remitted came to US\$300 per transaction (+0.7%).

In real terms, from June 2015 to June 2016 remittances, converted into pesos and discounting the effect of inflation, grew by 25.8%, representing more income for receiving households.

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



Source: BBVA Research estimate based on Banco de México figures.

For the year to day, January to June, a total of US\$13,156.4 million has been received in remittances, equivalent to an increase of 8.9% relative to the first half of 2015. This amount is the highest ever recorded for a first half-year, and strengthens the possibility of total remittances for the whole year 2016 setting a new annual record.

The appreciation of the dollar against the peso seen in June is one factor encouraging increased remittances to Mexico, since it means more pesos per dollar for recipient households.

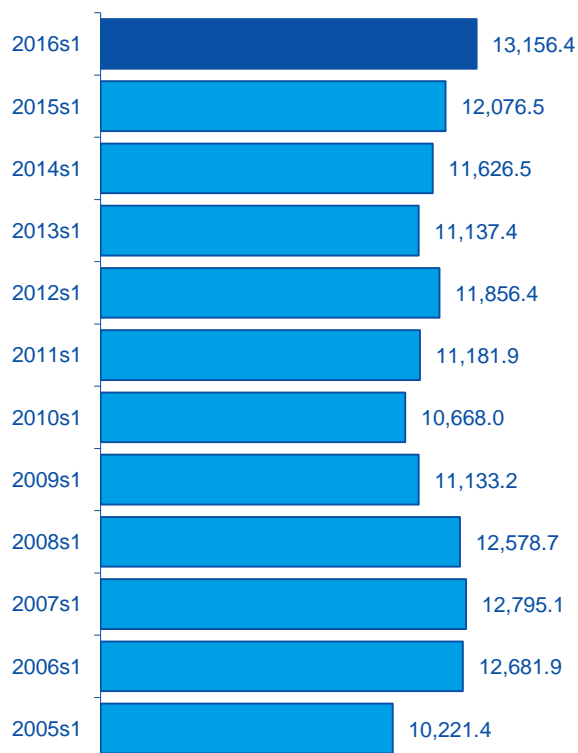
However, in June the general unemployment rate increased (4.9%), as did that of Mexican immigrants living in the US compared with May. We should point out that the US is by far the leading source of remittances to Mexico, accounting for nearly 95.8% of the total.

During the first half of 2016, the main recipient states for remittances were: Michoacán (US\$1,344.6 million), Jalisco (US\$1,238.1 million), Guanajuato (US\$1,177.8 million), México (US\$795.7 million), Puebla (US\$716.5 million), Guerrero (US\$692.5 million), Oaxaca (US\$685.8 million) and Mexico City (US\$672.4 million).

Tijuana, Puebla, Guadalajara, Morelia, Miguel Hidalgo and Oaxaca de Juárez were the municipalities receiving most remittances in the first half of 2016.

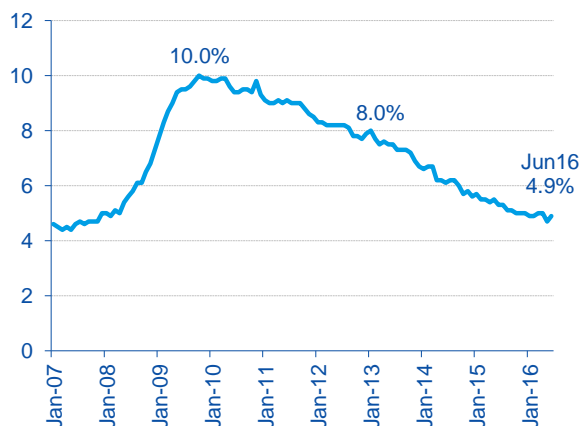
We estimate that remittances will continue to increase in July and August, albeit at moderate rates.

Figure 2
Remittances to Mexico in the first half of the year (Millions of dollars)



Source: BBVA Research estimate based on Banco de México figures.

Figure 3
United States: National unemployment rate (%)



Source: BBVA Research based on figures from the US Bureau of Labor Statistics.
Note: Seasonally adjusted.

Table 1
Family remittances to Mexico by state, first half-year
(Millions of dollars and %)

State	2015s1	2016s1	Var %
Ciudad de México	536.3	672.4	+25.4%
Tabasco	62.3	72.4	+16.2%
Querétaro	217.6	249.3	+14.6%
Sonora	185.8	212.4	+14.3%
San Luis Potosí	396.6	453.2	+14.3%
Jalisco	1,089.3	1,238.1	+13.7%
Zacatecas	372.3	421.9	+13.3%
Campeche	27.7	31.0	+11.9%
Chihuahua	310.3	347.0	+11.8%
Durango	253.8	283.2	+11.6%
Aguascalientes	170.4	189.9	+11.4%
Baja California Sur	24.5	27.2	+11.0%
Nayarit	185.4	205.8	+11.0%
Guerrero	624.7	692.5	+10.9%
Quintana Roo	56.3	61.5	+9.2%
Michoacán	1,233.1	1,344.6	+9.0%
Oaxaca	635.9	685.8	+7.8%
Guanajuato	1,095.2	1,177.8	+7.5%
Colima	109.4	117.6	+7.5%
Morelos	270.1	290.0	+7.4%
Baja California	330.5	351.3	+6.3%
Puebla	674.6	716.5	+6.2%
Sinaloa	269.7	284.0	+5.3%
Coahuila	190.9	200.0	+4.8%
Yucatán	66.7	69.4	+4.0%
Chiapas	279.6	290.4	+3.9%
México, Estado de	769.1	795.7	+3.5%
Nuevo León	314.9	324.9	+3.2%
Veracruz	538.8	553.9	+2.8%
Tlaxcala	106.5	109.1	+2.4%
Hidalgo	361.5	367.5	+1.7%
Tamaulipas	316.9	320.5	+1.1%
Total	12,076.9	13,156.4	+8.9%

Source: BBVA Research estimate based on Banco de México figures.

Disclaimer

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