

MIGRATION

Remittances up 15.7% in September

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The increase is partly explained by the uncertainty about the election results in the United States and the dollar’s appreciation against the peso as seen in September. It is estimated that remittances for the whole year 2016 could reach nearly US\$26.4 billion, surpassing the all-time high posted in 2007 before the onset of the last economic crisis.

Remittances received in September amounted to US\$2,378.2 million.

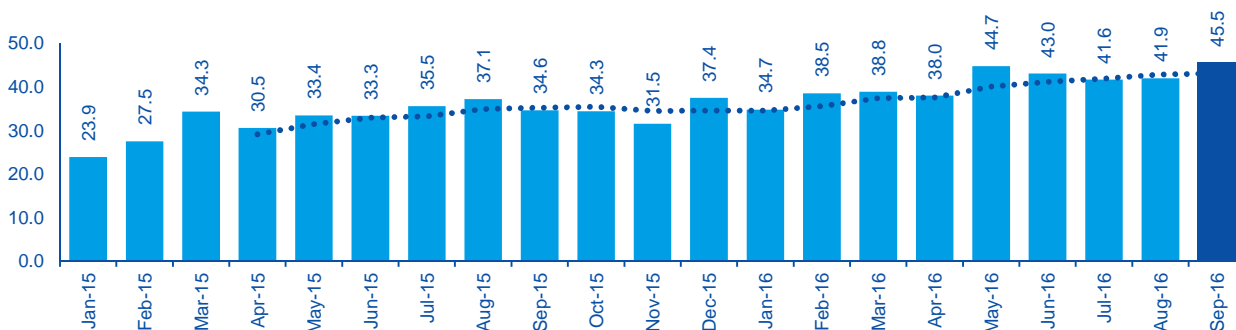
Mexico’s central bank reported that family remittances received during September amounted to US\$2,378.2 million, representing an increase of 15.7% compared with September 2015. This growth exceeded market consensus expectations of 6% to 7%. This brings year-to-date total inward remittances for the first nine months to US\$20,046.3 million, which is 7.7% more than the figure for the same period of last year. The number of remittance transactions was approximately 7.8 million (up by 9.5% YoY), while the average transaction amount was US\$305 (up by 5.9% YoY).

Converted into pesos, remittances amounted to MXN 45,515 million.

The appreciation of the dollar seen over the course of the year, and particularly in September, has led to a significant increase in funds received by Mexican households once converted into pesos. The peso equivalent of the dollar remittances received in September was close to MXN 45,515 million, 27.7% more in real terms than in September 2015. This is an all-time record for remittances received in Mexico in a single month in peso terms.

Figure 1

Family remittances to Mexico (billions of pesos)



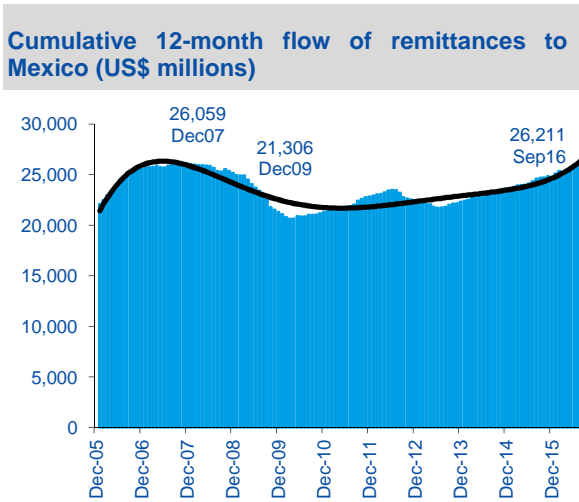
Source: BBVA Research based on Banco de México data.

Uncertainty about the US elections and the exchange rate are the main factors behind the upturn in remittances

The intense campaigns being waged in the US for the presidential election are giving rise to uncertainty among the Mexican immigrant population, the main source of remittances to Mexico. This has led to volatility in the exchange rate, with the dollar appreciating against the peso in the past few months. These two factors, the uncertainty surrounding the elections and the exchange rate, are the main immediate reasons for the increase in the flow of remittances to Mexico in September. We should point out that there are also structural factors favouring the growth in remittances, notably the low level of general unemployment seen in the US (5.0% in September), reflecting economic conditions conducive to Mexican immigrants' having greater economic resources to remit.

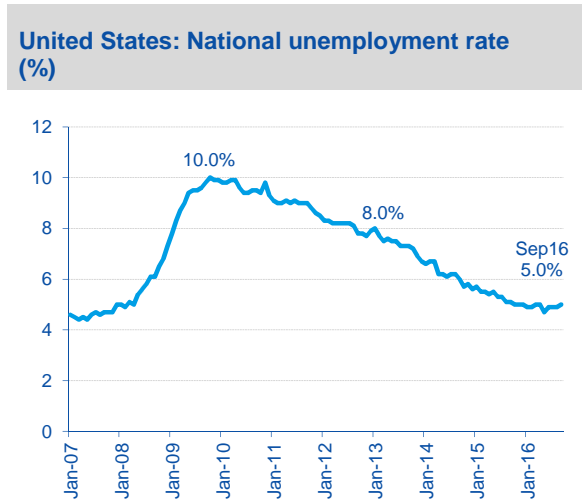
It is estimated that remittances for the whole year 2016 could reach nearly US\$26.4 billion, surpassing the all-time high posted in 2007 before the onset of the last economic crisis.

Figure 2



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

Figure 3



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

Disclaimer

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