

MIGRATION

Trump effect to boost remittances to Mexico, up 7.1% in October

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During October 2016, prior to the US elections, 2,216.4 md in remittances entered Mexico, slightly lower than BBVA Research’s estimate (2,244 md).

For November and December 2016, and January 2017, it is expected that Mexico will receive a significant increase in remittances given the uncertainty that mainly Mexicans in the United States have about possible restrictions to this flow.

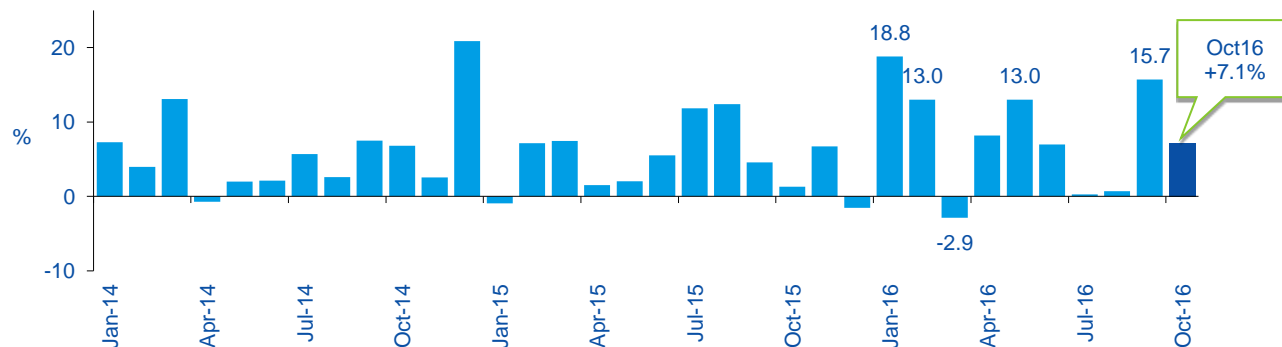
Several Latin American countries, such as Guatemala, El Salvador, Honduras, the Dominican Republic and Colombia, which receive significant remittance flows, are also anticipating restrictions that the new US government could impose.

In October, Mexico received 2,216.4 md in remittances

The Bank of Mexico reported that 2,216.4 million dollars (md) in family remittances entered Mexico in October. This amount is 7.1% higher than that received in the same month of 2015, and reflects the highest October remittance income since 2008. In total, 7.9 million remittance transactions were recorded, 7.5% more than in October 2015, while the average remittance was 280 dollars (-0.4%). The remittances received in October of this year is equivalent to about 42 million pesos, which will benefit more than 1.3 million households in Mexico.

Figure 1

Family remittances to Mexico (% annual variation in dollars)



Source: BBVA Research based on Banco de México data.

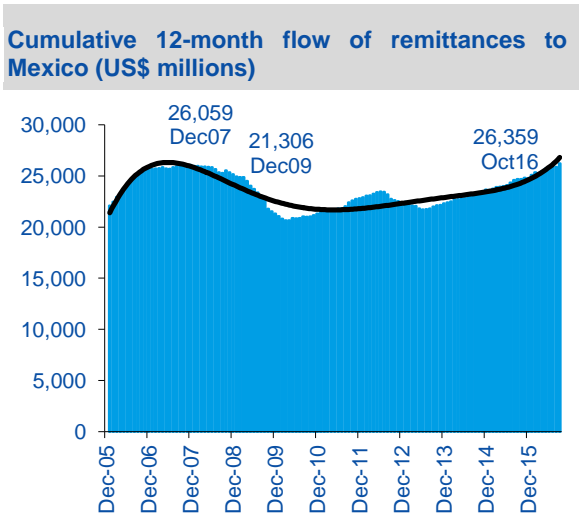
The Trump effect will greatly increase remittances to Mexico and Latin America in subsequent months

The triumph of Republican Donald J. Trump in November’s presidential election, and his inauguration as US president on January 20, has generated an atmosphere of uncertainty in the world economy given his discourse on protectionism and low tolerance during his campaign.

Strengthening border security and control, deporting nearly three million undocumented migrants, and imposing restrictions on remittances are highlights among his migration proposals. The uncertainty and fear of documented and undocumented Mexicans regarding the implementation of the measures mentioned above will lead to a significant increase in remittances during November and December 2016 and January 2017.

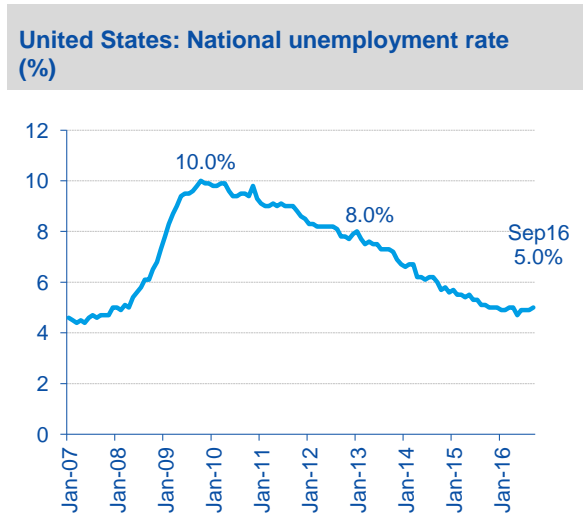
BBVA Research estimates that at the end of 2016, remittances to Mexico will reach a figure close to 26.8 billion dollars, which will exceed their historical maximum in 2007 by a significant margin.

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

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.