

MIGRATION

Remittances contracted by 1.4% in February

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Family remittances to Mexico in February 2017 amounted to US\$2,051.9 million, down by 1.4% on February 2016. This broke a run of ten consecutive months of year-on-year growth; the last YoY fall in monthly remittances had been in March 2016, when they declined by 2.9%.

This reduction in remittances is mainly explained by a base effect, since February 2016 had seen growth of 13.0%. The appreciation of the peso against the dollar in February 2017 was an added factor contributing to the decline in inflows.

We estimate that remittances to Mexico will continue to grow in the next few months at a moderate rate, mainly due to the low level of unemployment seen in the United States.

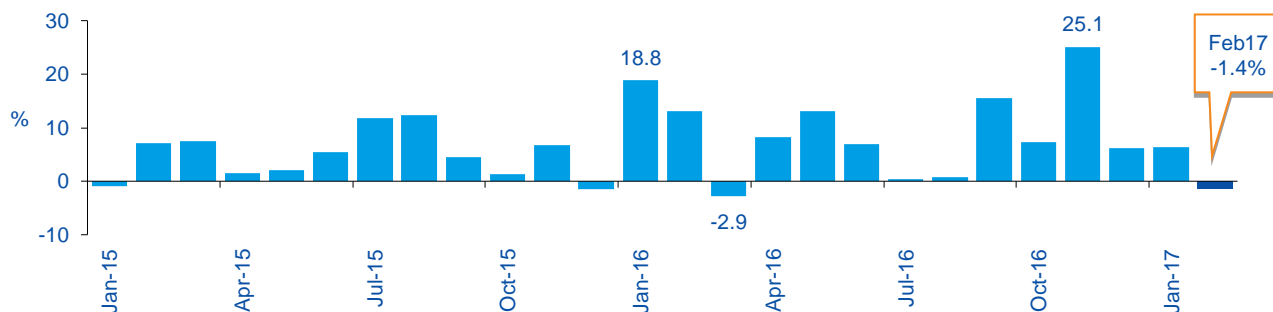
In February remittances contracted in dollar terms, although they grew in real terms

Banco de México yesterday reported US\$2,051.9 million of inward family remittances in February 2017, representing a contraction of 1.4% relative to February 2016. The average remittance amount was US\$302, and 6.8 million transactions were recorded for the month.

In terms of purchasing power, remittances received in February, converted to pesos and discounting the effect of inflation, grew by 3.6%, with approximately 33.37 billion pesos reaching Mexican households.

Figure 1

Family remittances to Mexico (% annual variation in dollars)



Source: BBVA Research based on Banco de México data

Remittances will continue to grow in 2017

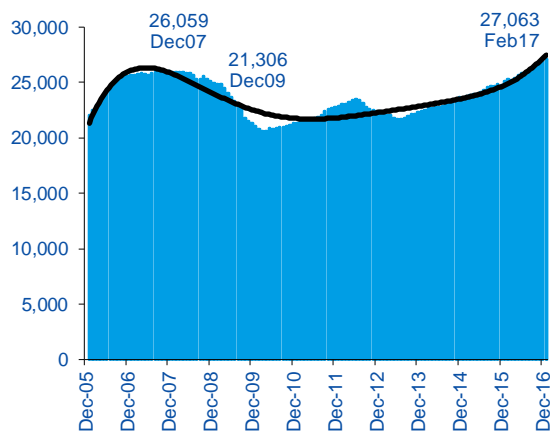
The contraction in remittances seen in February 2017 was mainly due to a base effect, the figure for February 2016 having grown by 13.0%. Added to this was a recovery in the exchange rate in February 2017 (fewer pesos per dollar), which contributed to the fall in remittances to Mexico.

The macroeconomic environment in the United States continues to be favourable, with national unemployment at 4.7% in February, which also favoured employment for Mexican immigrants in the US, where the greater part of remittances to Mexico originate.

BBVA Research estimates that remittances will continue to grow in the next few months at a moderate rate.

Figure 2

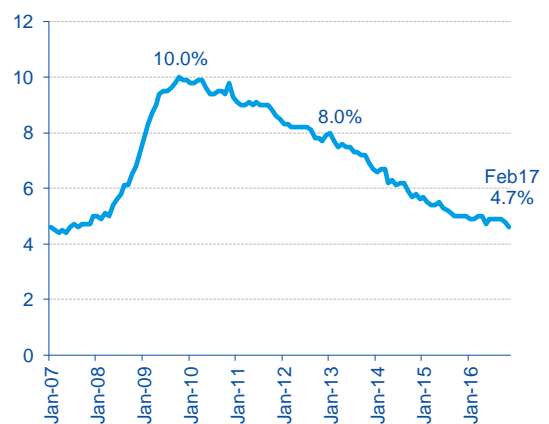
Cumulative 12-month flow of remittances to Mexico (US\$ millions)



Source: BBVA Research 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.

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.