

Mothers' Day effect increases remittances in May to US\$2,586.4 million

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5 July 2017

In May, Mexico received US\$2,586.4 million in remittances, 4.5% more than in May of last year and slightly more than the figure estimated by BBVA Research (US\$2,575 million) and than the market consensus (US\$2,550 million).

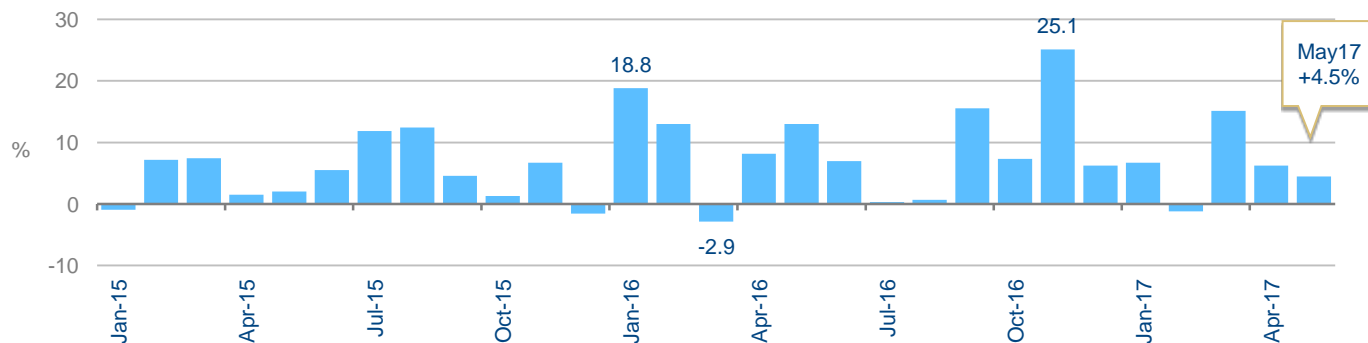
This amount is the highest ever May figure for receipts of remittances and the second highest ever for a single month, surpassed only by the US\$2,638 million received in October 2008.

The increase in remittances is partly explained by Mexicans sending money from the United States during May for the Mothers' Day festivities, and the low unemployment rate in the United States (4.3% in May).

May 2017: second highest ever flow of remittances in a single month

During May Mexico received US\$2,586.4 million in family remittances, representing a 4.5% increase relative to the same month of 2016. This is the highest ever May figure for receipts of family remittances and the second highest ever for a single month, surpassed only by the US\$2,638 million received in October 2008. In May 2017, the average remittance was US\$299, up by 4.2% YoY, while nearly 8.6 million remittance transactions were recorded.

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



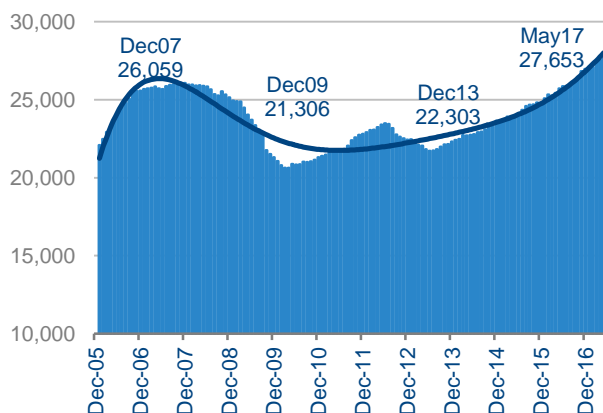
Source: BBVA Research based on Banco de México data.

“Día de las madres” (Mothers’ Day) and low level of unemployment in the US drove remittances to Mexico

In general, May is the month of highest remittances to Mexico. This is due to the additional amounts sent by Mexicans in the US for the Mothers’ Day festivities. Additionally, the unemployment rate in the US was at its lowest for 16 years, at 4.3% nationwide, which favours faster insertion in the labour market and better quality jobs for Mexicans living in the country.

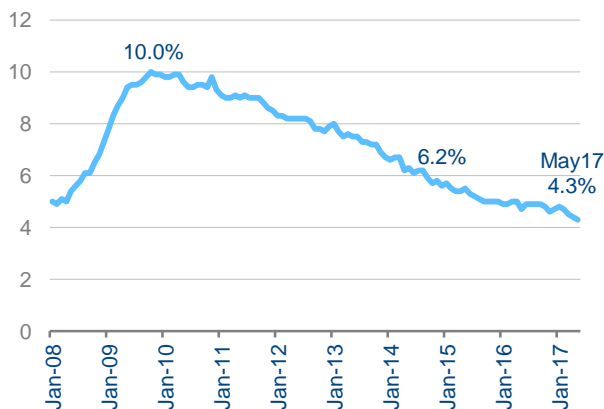
As has been pointed out by BBVA Research, the fear of possible restrictions or taxes that the current US federal administration might impose and the increased restrictions on immigration are generating uncertainty among immigrants, both documented and undocumented. Thus it is possible that the sending of remittances to Mexico will fluctuate over the course of the year, but they will maintain a growth path to the end of 2017.

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 (%)



Note: Seasonally adjusted.

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

Disclaimer

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