

Remittances accumulate US\$13,946 million in the first semester, growing 4.5% in June

Juan José Li Ng

2 August 2017

During June, Mexico received US\$2,417 million in remittances, +4.5% over the same month last year. This is the largest amount from remittances registered for a month of June.

In real terms in pesos, remittances fell by 4.1% due to the recent appreciation of the peso against the dollar. This had not been observed since three years ago, in June 2014. Even so, the amount of remittances in June 2017 amounted to 34,781 million pesos that reach households in Mexico.

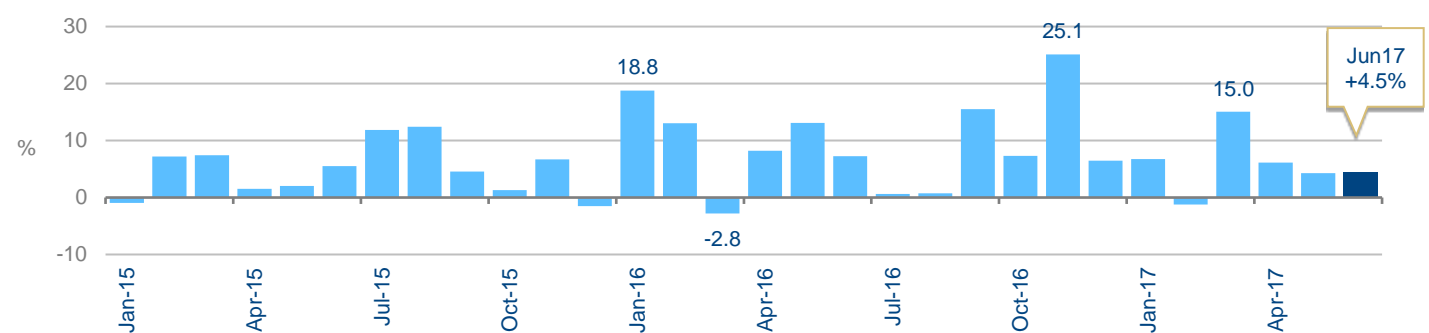
The level of unemployment in the United States continues at relatively low levels, 4.4% in June, which also favours the employment of Mexicans in that country and the sending of remittances to Mexico

In the first semester Michoacán (US\$1,415.8 million), Jalisco (1,3417 million) and Guanajuato (1,2295 million) were the states that received the most remittances; Nuevo Leon (+23.6%), Sinaloa (+19.0%) and Colima (+16.0%) were the fastest-growing.

June 2017: best figure in remittance income for a month of June

The Bank of Mexico reported today that in June Mexico received US\$2,417 million dollars in family remittances, a change of +4.5% from June 2016. This figure is the largest amount from remittances registered for a month of June. The average remittance was US\$311 and 7.8 million transactions were performed to send this flow of money. In the first six months of the year, remittances have accumulated US\$13,946 million, representing a growth of 5.9% over the same period of the previous year.

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

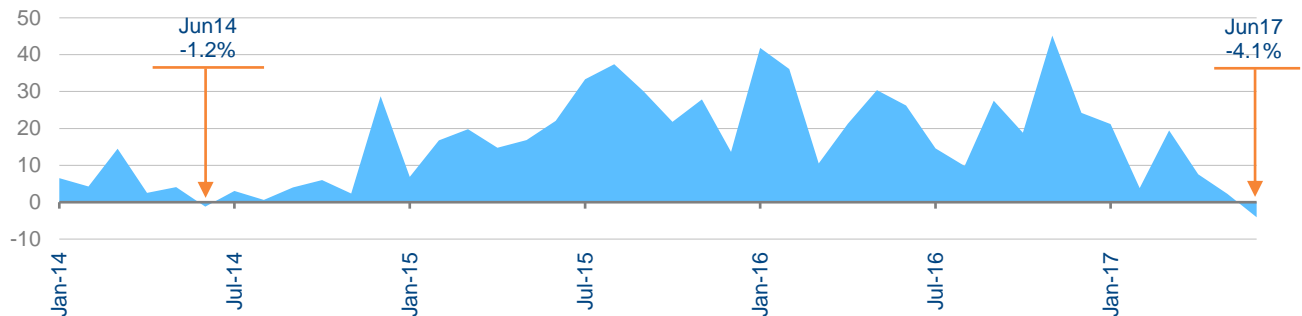


Source: BBVA Research based on Banco de México data.

Remittances fall 4.1% in real terms, not seen for 3 years

In real terms, discounting for the effect of inflation and transforming remittances into pesos, during the month of June remittances declined 4.1% at an annual rate. This therefore broke a 35-month streak in which every month remittances showed real growth in pesos, which began in July 2014. Even so, the amount of remittances that came to households in Mexico in June continues to be a very significant resource, amounting to 34,781 million pesos (constant pesos 2011-Jan).

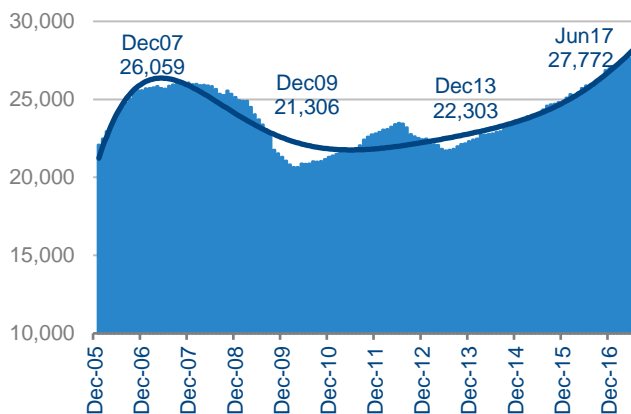
Figure 2. Remittances in constant pesos (Var.% annual change in pesos discounting inflation)



Source: BBVA Research based on Banco de México data.

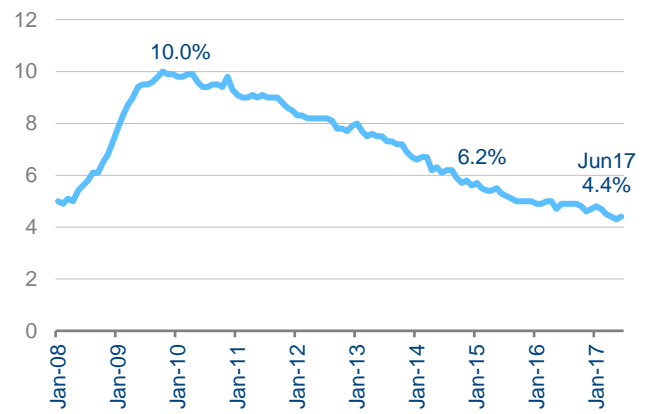
We estimate that remittances will continue to grow throughout the second half of the year, and will close with a cumulative annual growth of close to 5%. The good performance of the US economy and the low national unemployment rate in that country, which stood at 4.4% in June, favour the working conditions of Mexicans in that country, from which more than 95% of the total remittances to Mexico come.

Figure 3. Cumulative 12-month flow of remittances to Mexico (US\$ millions)



Source: BBVA Research based on Banco de México figures.

Figure 4. United States: National unemployment rate (%)



Note: Seasonally adjusted.

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

Michoacán, Jalisco and Guanajuato: the states that received the most remittances

During the first six months of the year, the states that received the most remittances were: Michoacán (US\$1,415.8 million), Jalisco (1,341.7 million) and Guanajuato (1,229.5 million), Estado de México (826.8 million), Puebla (764.9 million), Oaxaca (734.2 million) and Guerrero (716.7 million). These seven states concentrate more than half of the remittances that arrive in Mexican territory.

In terms of performance, during the first semester, the states with the highest growth rates were: Nuevo León (+23.6%), Sinaloa (+19.0%), Colima (+16.0%), Coahuila (+12.9%), Campeche (+12.4%) and Durango (+10.5%).



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.