

Migration

# Remittances rise 8.8% in August, in line with expectations

Juan José Li Ng

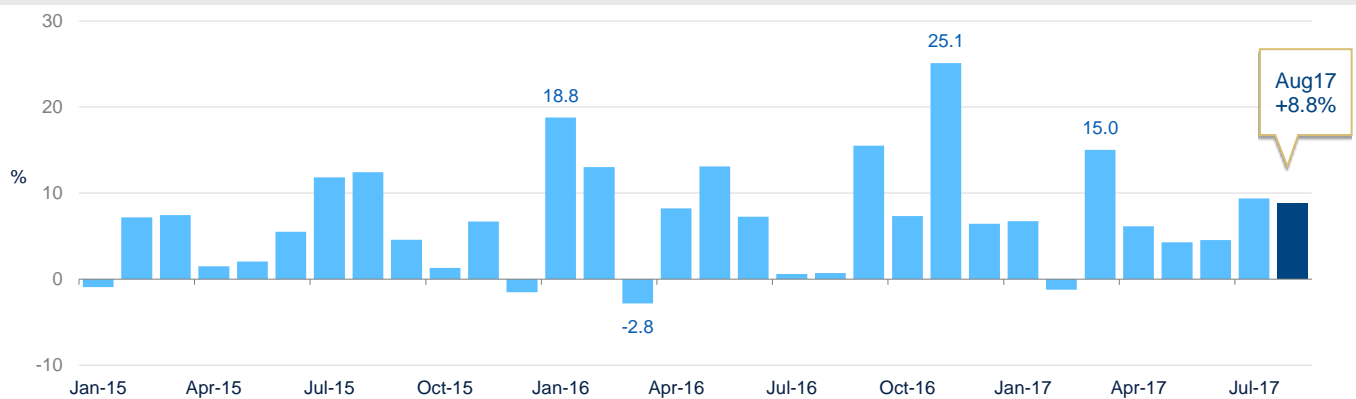
3 October 2017

- In August 2017, Mexico received US\$2,469.3 million in family remittances. This is the highest figure ever in the receipt of remittances for a month of August. This is in line with BBVA Research expectations and the market consensus.
- Due to the appreciation of the peso observed this year compared to 2016, in real terms remittances contracted by 1.7%. Thus, remittances have declined in real terms for three consecutive months.
- The US economy will conserve its momentum, and we believe that remittances will continue to be a very significant source of foreign currency income for Mexico during the rest of the year.

## Remittances in August, in line with expectations

The Banco de México reported that US\$2,469.3 million of remittances entered Mexico during August 2017, an increase of 8.8% over the same month last year. This amount is in line with the estimates by BBVA Research and the market consensus, in addition to setting a new historical record in receipt of remittances for a month of August. In total, approximately 8 million transactions were registered for the sending of this resource, and the average remittance was placed at US\$310.

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



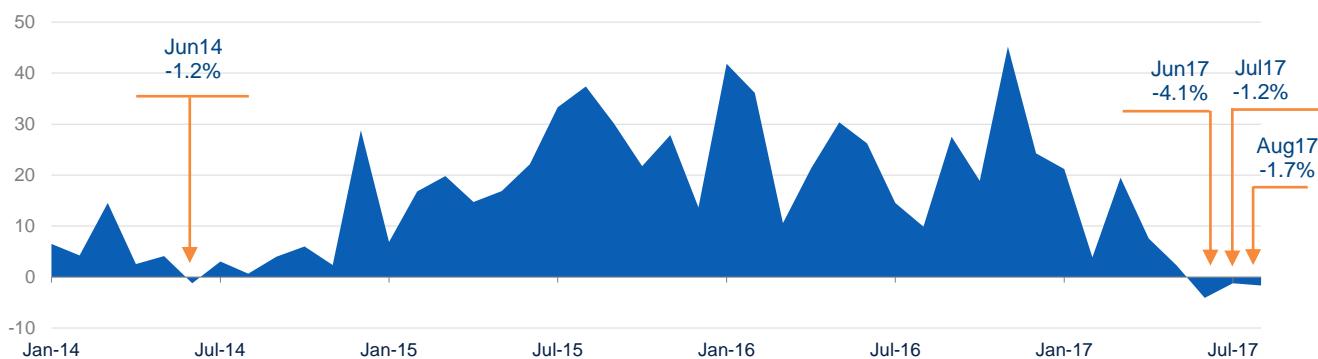
Source: BBVA Research based on Banco de México data.

## Three consecutive months of falls in real terms

Remittances received by Mexican households converted to pesos and adjusted for inflation contracted by 1.7%, accumulating three consecutive months of real declines. This is explained by the appreciation of the peso against the dollar observed throughout the year, and furthermore by inflation in Mexico, which reached its peak for the year so far in August.

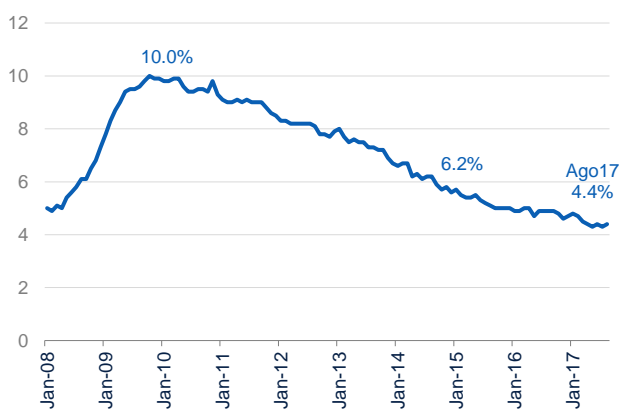
We estimate that remittances to Mexico in dollars will continue to grow due to the dynamism of the US economy, which in August registered an unemployment rate of 4.4%. It is possible that for the remaining four months of 2017, there will continue to be a significant influx of foreign currency to Mexico via remittances for more moderate rates than previously observed.

**Figure 2.** Actual remittances in pesos (% annual change in real pesos)



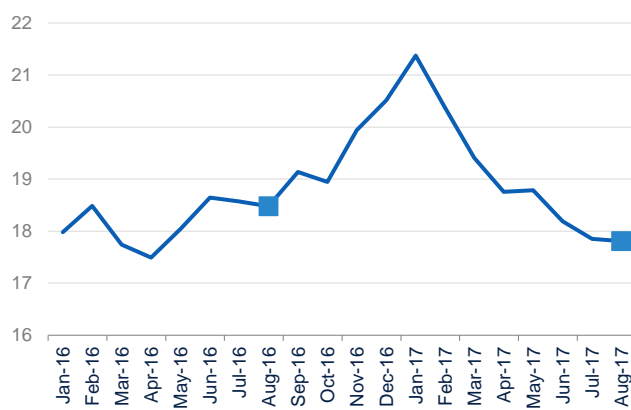
Source: BBVA Research based on Banco de México and INEGI data.

**Figure 3.** United States: National unemployment rate (%)



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

**Figure 4.** Monthly average exchange rate (Pesos per dollar)



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

**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.