

Migration

Remittances showed a slight drop in September of -1.0%

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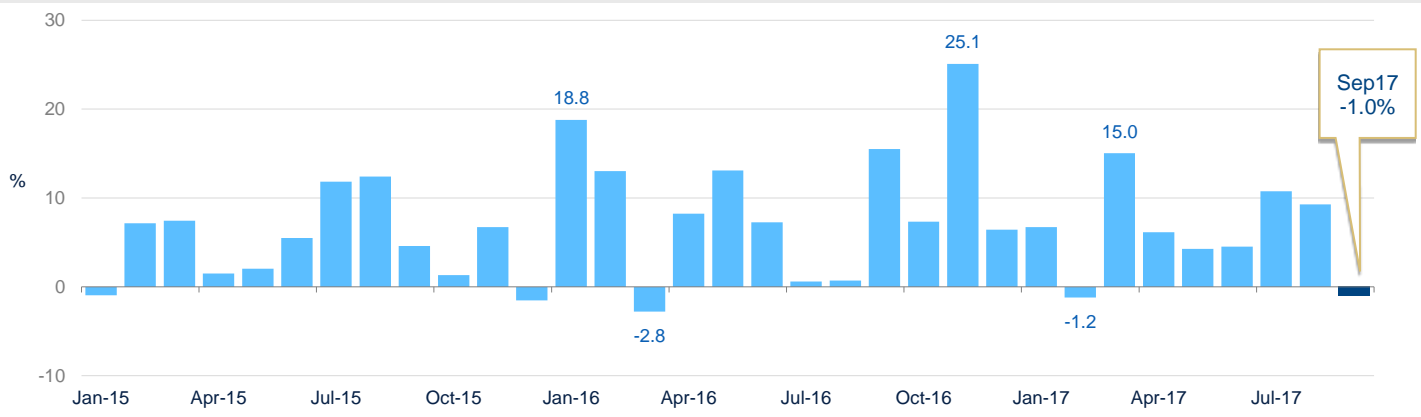
3 November 2017

- The flow of remittances in September showed a slight drop compared to September last year, nevertheless, US\$2,349 million was received for this purpose.
- In real terms, remittances in pesos fell by 13.5%, the latter being caused by an inflationary component, and, principally due to the peso’s appreciation against the dollar observed in September.
- Nuevo León (+26.2%), Colima (+16.2%), Coahuila (+13.1%), Sinaloa (+12.9%) and Durango (+10.7%) were the states with the highest increase in remittances during the first nine months of the year.
- BBVA Research estimates that remittances to Mexico will continue to grow during the last quarter of 2017, specifically in the months of October and December.

Second reduction in remittances in 2017

In September, US\$2,349.3 million in revenue was received in the form of remittances, a fall of 1.0% compared to September last year. This reduction is explained almost entirely by the 1.0% decrease in the number of transactions involving the sending of these resources, which stood at 7.7 million transactions; while the average remittance was \$304, the same figure observed in September 2016. In this way, remittances registered their second fall so far in 2017, the first of which occurred in February (-1.2%).

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



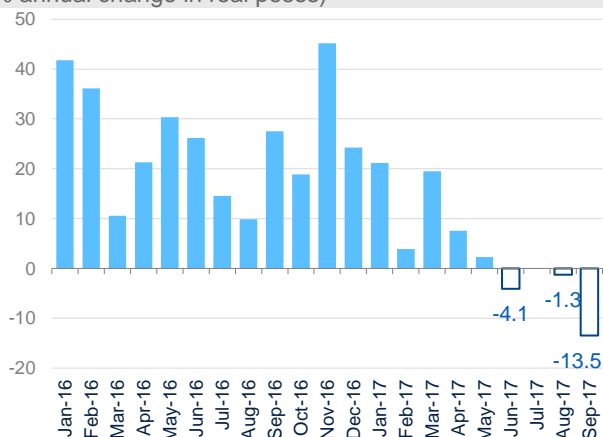
Source: BBVA Research based on Banco de México data.

Remittances are falling in real terms, but will continue to grow in dollars

In real terms, remittances in pesos fell by 13.5%, continuing the decline which started in June. This is explained by the increase in prices, which compared to September of last year underwent an increase of 6.4% and an appreciation of the peso against the dollar in September, reaching its lowest price of the year (monthly average of 17.80 pesos per dollar).

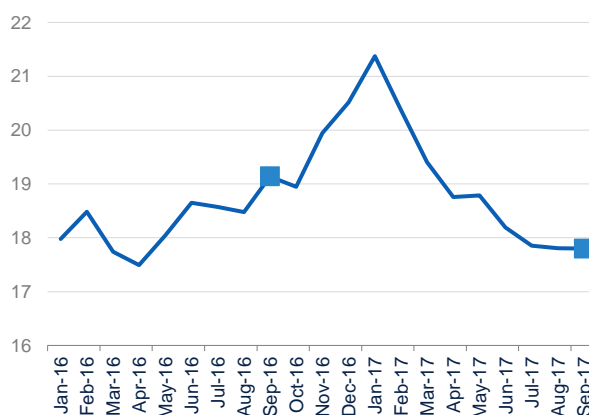
Given that the economy of the United States, where most Mexican migrants reside, has favourable macroeconomic indicators and relatively low unemployment rates, we estimate that remittances to Mexico will continue to grow during the last quarter of 2017, specifically in October and December.

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



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

Figure 3. Monthly average exchange rate (Pesos per dollar)



Source: BBVA Research estimate based on Banco de México figures.
Note: Exchange rate to settle liabilities denominated in foreign currency by settlement date.

Remittances by state

The states that receive the most remittances in Mexico are correlated with the states sending the most migrants to the United States. In the first nine months of the year, Michoacán (2,134 md), Jalisco (2,049), Guanajuato (1,879), Estado de México (1,252) and Puebla (1,159) were the states that received the most remittances.

When comparing the performance of family remittances during the first nine months of the year compared to what was received during the same period of 2016, the states that had the most growth in this monetary flow were: Nuevo León (+26.2%), Colima (+16.2%), Coahuila (+13.1%), Sinaloa (+12.9%) and Durango (+10.7%). Also worth noting is the significant increase in remittances from states with a lower migratory tradition such as Campeche, Baja California Sur and Quintana Roo, which had an average growth of 10%, which may indicate that little by little more people from these states are joining the migratory dynamic towards the neighbouring country in the north.

During this period of analysis, only in Mexico City was there a fall in the volume of remittances of 0.7%. This can be explained by the fact that with the administrative advances that are continuously being implemented regarding the receiving and

registering of remittances, part of this flow which previously arrived first in Mexico City now goes more directly to its destination in Mexico.

Table 1. Family remittances by state
 (Millions of dollars, % change YoY)

State	Jan-Sep 2016	Jan-Sep 2017	% change	State	Jan-Sep 2016	Jan-Sep 2017	% change
Nuevo León	484	611	+26.2%	Morelos	435	461	+6.2%
Colima	182	211	+16.2%	Baja California	529	560	+6.0%
Coahuila	308	348	+13.1%	Chihuahua	532	563	+5.8%
Sinaloa	450	508	+12.9%	Chiapas	434	458	+5.5%
Durango	447	495	+10.7%	Michoacán	2,028	2,134	+5.3%
Campeche	48	53	+10.3%	Mexico State	1,196	1,252	+4.7%
Baja California Sur	42	46	+10.1%	Oaxaca	1,048	1,096	+4.6%
Quintana Roo	95	104	+9.4%	Guanajuato	1,804	1,879	+4.1%
Jalisco	1,875	2,049	+9.2%	Aguascalientes	294	305	+3.7%
Zacatecas	651	707	+8.7%	Guerrero	1,022	1,060	+3.7%
San Luis Potosí	709	769	+8.5%	Tamaulipas	489	503	3%
Yucatán	106	115	+8.0%	Hidalgo	569	584	+2.6%
Querétaro	389	420	+7.9%	Tabasco	112	114	+1.3%
Puebla	1,086	1,159	+6.8%	Tlaxcala	175	177	+1.3%
Veracruz	838	894	+6.8%	Sonora	314	316	+0.7%
Nayarit	324	345	+6.5%	Mexico City	1,044	967	-7.4%

Source: BBVA Research based on Banco de México data.

Disclaimer

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