

MIGRATION

# Remittances fall 4.7% in November, but will end the year at a record high

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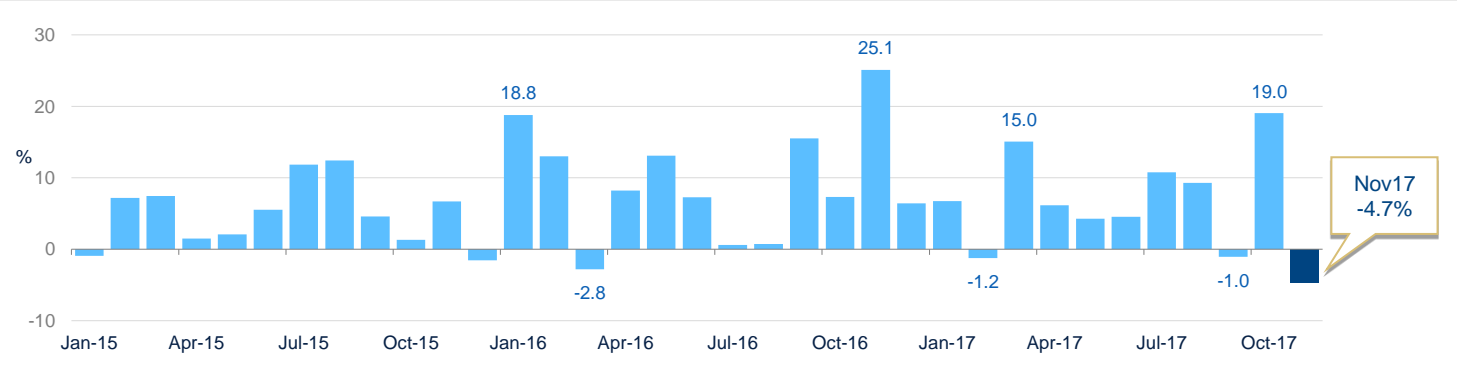
5 January 2018

- During November 2017, US\$2,258.6 million were received through remittances, down by 4.7% on the same month last year.
- 2017 has been a year of ups and downs for remittances: from January to November there were 3 months with falls and 8 with increases. This is partly due to Mexican immigrants' fear of possible deportation or restrictions on remittances and changes in US trade (NAFTA) and tax policies since Trump's election victory.
- Remittances to Mexico could end 2017 at around US\$28.6 billion, a new all-time high.

## 2017: Ups and downs for remittances

Banco de México reported that Mexico received US\$2,258.6 million in family remittances, representing a decrease of 4.7% compared to the same month in 2016. Thus, from January to November 2017, there were three falls in the flow of remittances and eight increases YoY of as much as 19.0% and 15.0% in October and March respectively. 2017 was characterised by sudden ups and downs in the flow of remittances to Mexico, explained in part by Mexican immigrants' fear of being deported or the imposition of restrictions on remittances and changes in US tax and trade policies since Trump took office.

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



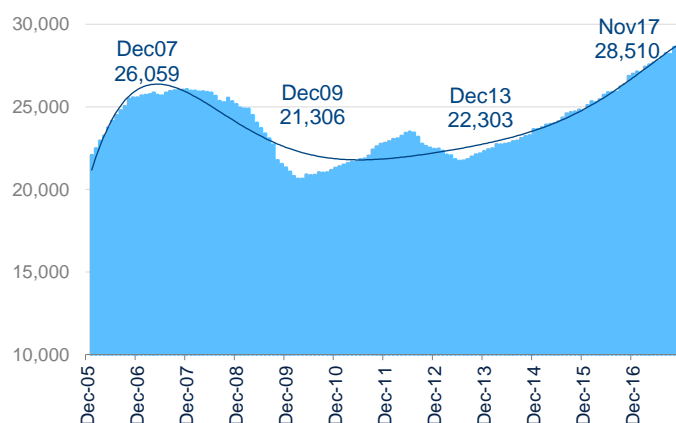
Source: BBVA Research based on Banco de México data.

Last November, 7.3 million remittance transactions were recorded, 1.9% fewer than in the same month of 2016, and the average remittance was US\$309, down by 3.1% compared with the same month of the previous year. In real terms, remittances, converted into pesos and discounting the inflationary effect, contracted by 15.0%.

The favourable economic indicators in the United States and the low unemployment rate, which has been at all-time lows since the beginning of the millennium (4.1% in Nov 2017) encouraged the sending of remittances to Mexico during the month of November 2017; however, this was not enough to register growth, due to a base effect. Twelve months previously, in November 2016, Trump won the presidential election, which directly and indirectly led to an exceptional increase in remittances of more than 25%.

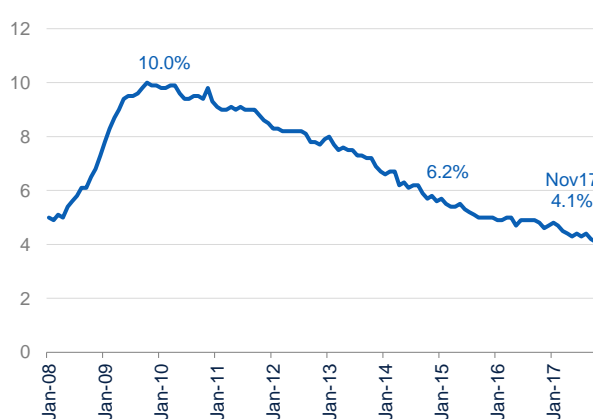
Remittances to Mexico could close 2017 with an amount close to US\$28.6 billion, a new all-time high.

**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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