

MIGRATION

Remittances grew 6.6% in 2017, reaching a new historical peak at US\$28.771 billion

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- In 2017, the accumulated flow of remittances stood at US\$28.77 billion, surpassing by 6.6% the amount from the previous year and representing a new historical peak in the flow of remittances to the country.
- The annualised growth of March (15%), July (10.8%), October (19%) and December (11.2%) of 2017 contributed greatly to reaching this record figure, mitigating the falls that occurred in some months of the year
- In real terms, the growth in the flow of remittances was negative in some months of the latter half of 2017 due to the increase in consumer prices
- Remittances from Europe doubled. In 2017, they grew by 82.9% in reaching US\$180 million, coming mainly from the United Kingdom, Spain, France, Germany, Italy, Switzerland and the Netherlands.
- The main states receiving remittances were in the traditional region of migration in the Central-South: Michoacán (US\$2.915 billion), Jalisco (US\$2.797 billion), Guanajuato (US\$2.559 billion), State of Mexico (US\$1.68 billion) and Puebla (US\$1.558 billion).
- The municipalities with the biggest inflows of remittances were Puebla (US\$412 million), Tijuana (US\$402 million), Guadalajara (US\$375 million), Morelia (US\$350 million) and Oaxaca de Juárez (US\$291 million).

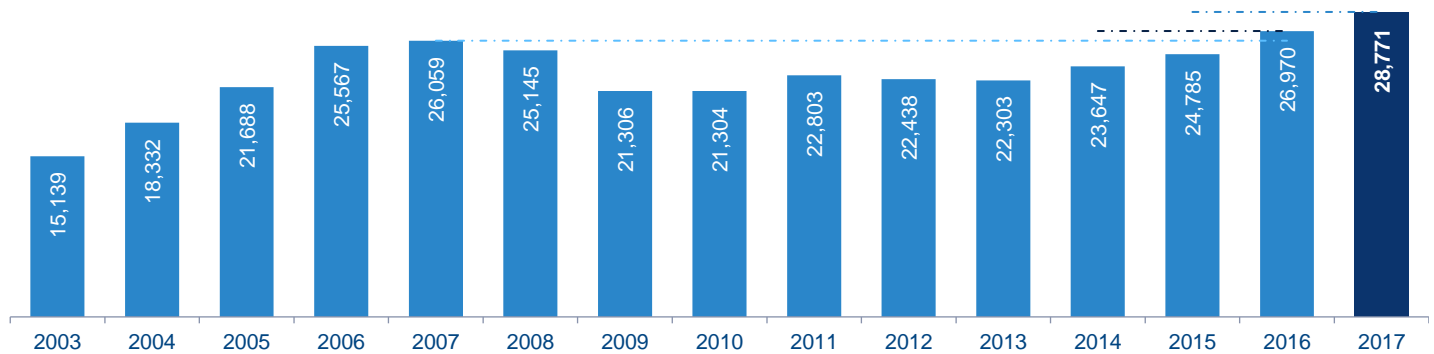
Closing of remittances 2017: New historical peak

According to the report by the Bank of Mexico, the flow of remittances accumulated in 2017 came to US\$28.771 billion, a new historical record that exceeds by 10.4% and 6.6% the results of 2007 and 2016, years which saw accumulated flows of over US\$26 billion. This unprecedented volume of remittances is due to the double-digit growth of remittance flows in the months of March (15%), July (10.8%), October (19%) and December (11.2%). October stands out as the month with the highest flow of remittances of the year reaching US\$2.642 billion.

The growth in remittances in December is explained firstly by the increase in the average amount of family remittances, which stood at an annualised rate of 6.9% and secondly, the volume of transactions, which saw an annualised growth rate of 4%.

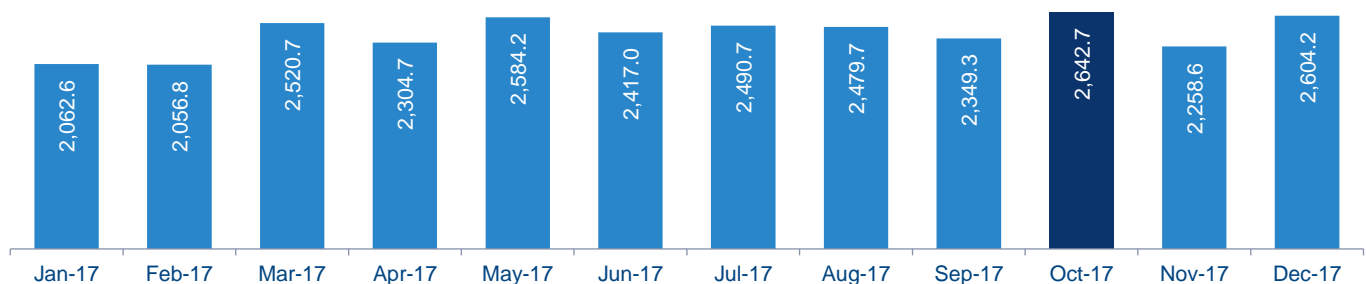
Despite these record figures for accumulated remittances, the growth in consumer prices (6.77%) during 2017 resulted in a moderate positive growth of accumulated remittance flow of 1.6% in real terms in 2017 compared to 2016, mitigating the negative growth in real terms that occurred in some months of the latter half of 2017.

Figure 1. Family remittances to Mexico, 2003-2017 (US\$ million)



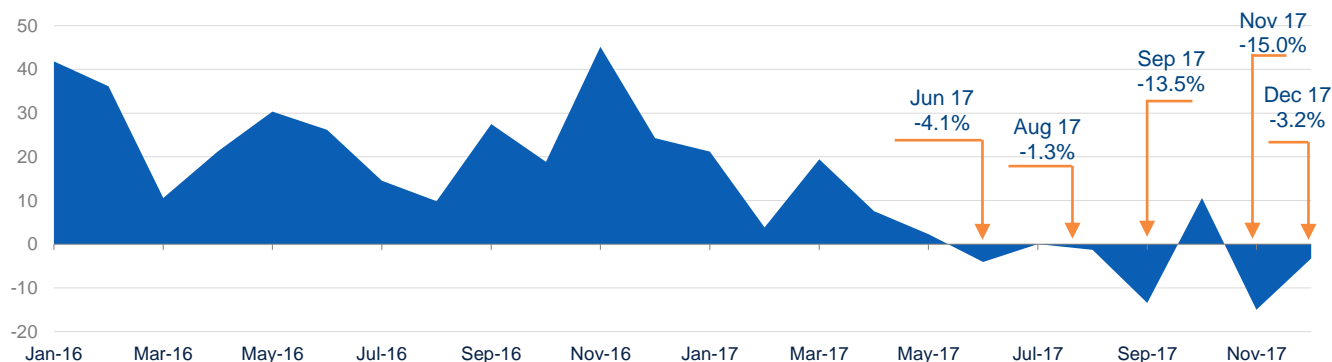
Source: BBVA Research, based on Banco de México data.

Figure 2. Family remittances to Mexico, 2017 (US\$ million)



Source: BBVA Research, based on Banco de México data.

Figure 3. Actual remittances in pesos
(% annual change in real pesos)



Source: BBVA Research, based on Banco de México data.

Composition of the sending of remittances

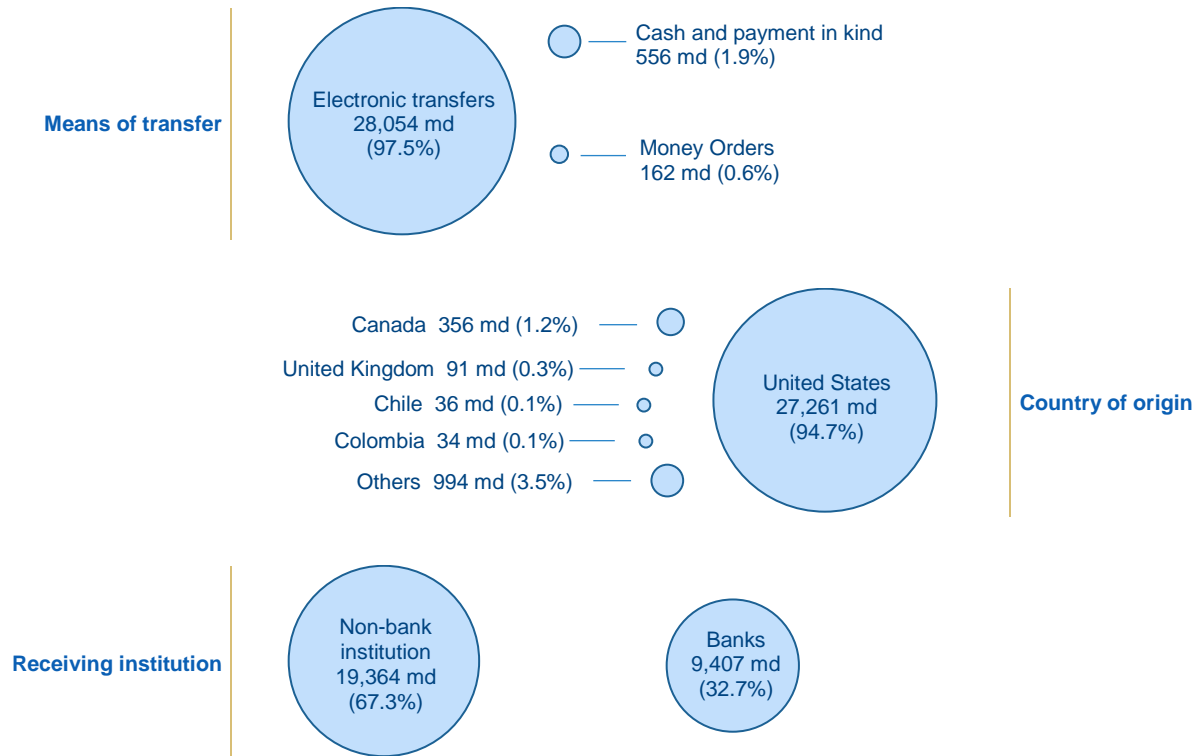
Most of the remittances received by Mexico arrive through electronic transfers. In 2017, 97.5% of total remittances were sent via this medium, while shipments in cash and in-kind represented 1.9% (US\$556 million), and money orders accounted for 0.6% (US\$162 million).

Regarding the place used for the payment of remittances, 32.7% were paid through a banking institution (e.g. deposits on account, bank teller windows, ATMs), while the remaining 67.3% were sent from other payment points (department stores, self-service stores, pharmacies, convenience stores and telegraph offices, among others).

In Mexico, most of the remittances come from the United States: in 2017, US\$27.261 billion were received from this country, which accounted for 94.7% of the total. In second place was Canada, with remittances totalling (1.2%), third was the United Kingdom with US\$91 million (0.3%), followed by other countries such as Chile and Colombia.

Remittances from Europe doubled. According to the Bank of Mexico, in 2017 remittances from the European continent grew by 82.9%, coming to US\$180 million, compared to the figure of US\$98 million that entered in 2016. These resources came mainly from the United Kingdom, Spain, France, Germany, Italy, Switzerland and the Netherlands. It is possible that, given the unfavourable migratory environment in the United States, some Mexicans who had the opportunity opted to choose Europe as a migration destination.

Figure 4. Family remittances to Mexico, 2017 (US\$ million and %)



Source: BBVA Research, based on Banco de México data.

Remittances by state

The distribution of remittances by state is closely linked to the regions of origin of the migratory flow of Mexicans to the United States. The main remittance receiving states in the country are located in the traditional region of migration in the Central-South: In 2017, the states that received the most resources this way were: Michoacán (US\$2.915 billion), Jalisco (US\$2.797 billion), Guanajuato (US\$2.559 billion), State of Mexico (US\$1.68 billion) and Puebla (US\$1.558 billion).

Between 2016 and 2017, the states with the highest growth in remittances were: Nuevo León (26.3%), Baja California Sur (13.5%) and Colima (13%).

Table 1. Remittances to Mexico by state, 2016-2017 (US\$ million)



State	2016	2017	Change %
Michoacán	2,745	2,915	6.2% ▲
Jalisco	2,521	2,797	10.9% ▲
Guanajuato	2,412	2,559	6.1% ▲
State of Mexico	1,607	1,680	4.5% ▲
Puebla	1,460	1,558	6.8% ▲
Oaxaca	1,420	1,464	3.1% ▲
Guerrero	1,370	1,421	3.7% ▲
Mexico City	1,409	1,311	-7.0% ▼
Veracruz	1,124	1,194	6.2% ▲
San Luis Potosí	961	1,044	8.7% ▲
Zacatecas	878	949	8.0% ▲
Nuevo León	656	829	26.3% ▲
Hidalgo	764	785	2.7% ▲
Chihuahua	705	768	8.9% ▲
Baja California	698	754	8.0% ▲
Tamaulipas	654	691	5.7% ▲
Sinaloa	623	689	10.6% ▲
Durango	604	671	11.1% ▲
Chiapas	577	621	7.8% ▲
Morelos	582	616	6.0% ▲
Querétaro	525	567	8.0% ▲
Nayarit	437	471	7.8% ▲
Coahuila	420	471	12.0% ▲
Sonora	413	433	4.7% ▲
Aguascalientes	396	410	3.5% ▲
Colima	252	285	13.0% ▲
Tlaxcala	233	237	1.8% ▲
Yucatán	143	155	8.3% ▲
Tabasco	154	154	0.1% ▲
Quintana Roo	130	140	8.3% ▲
Campeche	65	71	8.7% ▲
Baja California Sur	55	63	13.5% ▲
National total	26,993	28,771	6.6%


Source: BBVA Research, based on Banco de México data.

Main municipalities receiving remittances

Puebla was the municipality that received the most remittances in 2017 in the whole country with US\$412 million. It was followed by Tijuana (US\$402 million), Guadalajara (US\$375 million), Morelia (US\$350 million) and Oaxaca de Juárez (US\$291 million), and other urban centres such as Culiacán, Monterrey, León, the Miguel Hidalgo delegation and San Luis Potosí. In some cases, these municipalities are used as collection sites for nearby municipalities.

Mexico City has three delegations among the 20 municipalities that receive the most remittances in the country: Miguel Hidalgo, Álvaro Obregón and Iztapalapa.

Table 2. The 20 main municipalities receiving remittances in Mexico, 2016-2017 (US\$ million)



Place	Municipality	2016	2017	Change %
1	Puebla, Pue	368	412	12.0% ▲
2	Tijuana, BC	381	402	5.4% ▲
3	Guadalajara, Jal	353	375	6.3% ▲
4	Morelia, Mich	332	350	5.5% ▲
5	Oaxaca de Juárez, Oax	290	291	0.3% ▲
6	Culiacán, Sin	241	269	11.5% ▲
7	Monterrey, NL	208	255	22.5% ▲
8	León, Gto	234	253	8.3% ▲
9	Miguel Hidalgo, CDMX	253	251	-0.9% ▼
10	San Luis Potosí, SLP	225	244	8.4% ▲
11	Zapopan, Jal	185	235	26.9% ▲
12	Aguascalientes, Ags	224	234	4.5% ▲
13	Durango, Dur	195	226	15.8% ▲
14	Álvaro Obregón, CDMX	245	217	-11.3% ▼
15	Juárez, Chih	196	210	7.6% ▲
16	Chihuahua, Chih	176	194	10.3% ▲
17	Querétaro, Qro	176	192	8.9% ▲
18	Acapulco de Juárez, Gro	179	180	0.3% ▲
19	Uruapan, Mich	167	177	6.0% ▲
20	Iztapalapa, CDMX	181	171	-5.8% ▼

Source: BBVA Research, based on Banco de México data.

Outward remittances from Mexico

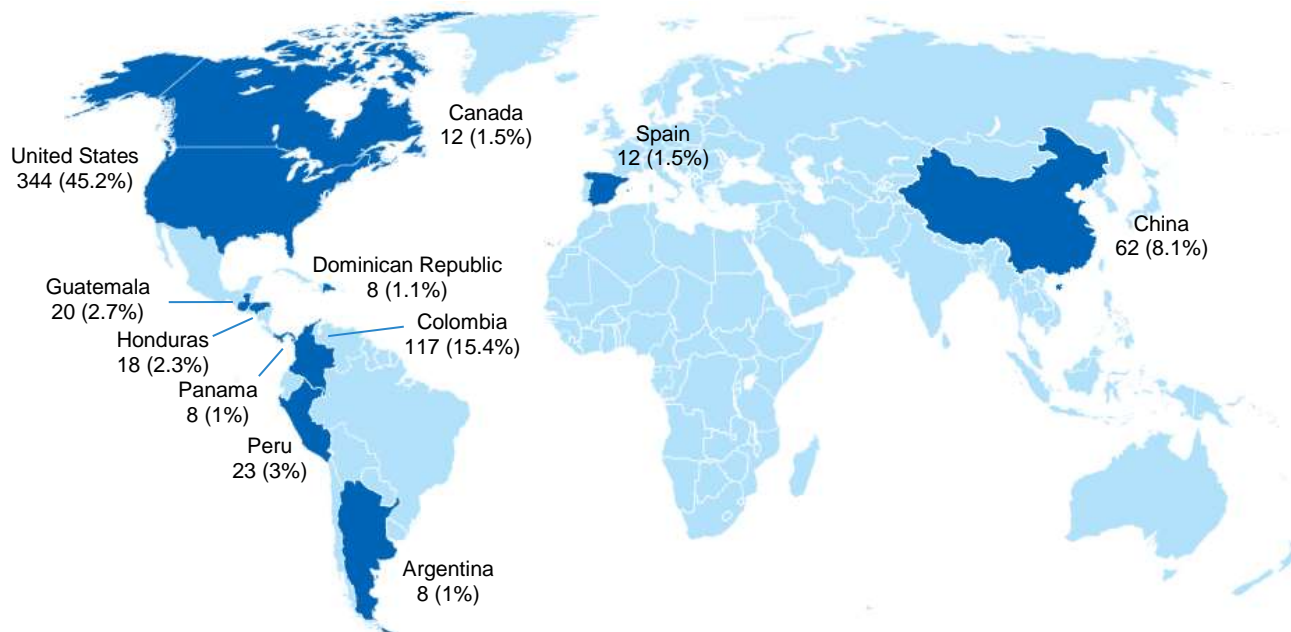
In 2017, Mexico sent US\$761 million in remittances abroad, 16.4% more than in 2016. This growth is explained both by the increase in the number of transactions (+5.7%) and in the average remittance (+10.4%), which stood at US\$467. The main countries of destination of these remittances are: United States (US\$344 million), Colombia (US\$117 million), China (US\$62 million), Peru (US\$23 million), Guatemala (US\$20 million) and Honduras (US\$18 million).

Table 3. Outward remittances from Mexico to the rest of the world, 2016-2017

Year	Outward remittances (US\$ million)	Number of transactions	Average remittance (US\$)
2016	653.5	1,542,621	424
2017	761.0	1,630,019	467
Change %	+16.4%	+5.7%	+10.4%

Source: BBVA Research, based on Banco de México data.

Map 1. Outward remittances from Mexico, 2017 (US\$ million and % of total)



Source: BBVA Research, based on Banco de México data.

Disclaimer

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