

Migration

# Remittances up 4% in March, making four months in a row of growth

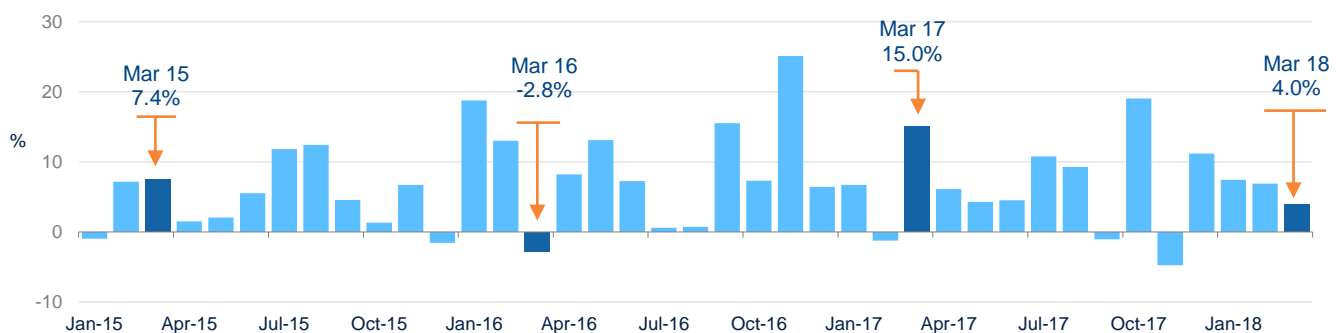
David Cervantes / Juan José Li Ng

- In March remittances grew by 4.0%, with a total of US\$2,621 million entering to Mexico
- The low level of unemployment and the growth outlook in the US allowed remittances to continue to increase
- In real terms, remittances continue to decline due to the combined effect of the CPI and the relative stability of the exchange rate
- Colima (21.8%) and Baja California Sur (17.3%) were the states with the biggest increases in remittances during the first quarter of the year

## Remittances are growing in accordance with forecasts

In line with BBVA Research forecasts and market consensus, remittances in March continued their upward trend, reaching US\$2,621 million, representing a growth of 4.0% at annual rate. It is worth pointing out that the average remittance amount fell in March by 1.3%, but this was more than offset by the 5.3% increase in the number of transactions, allowing the positive trend to continue.

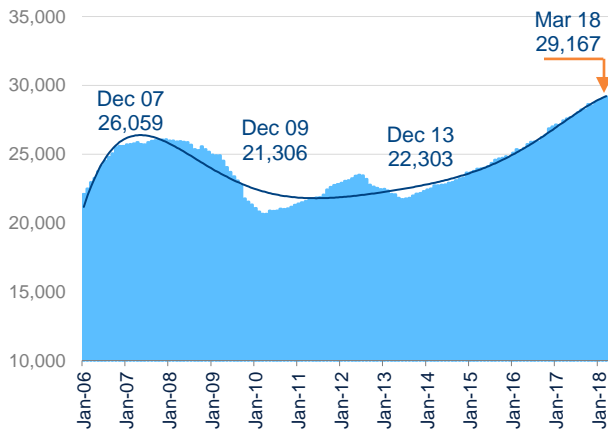
Figure 1. Family remittances to Mexico, 2015-2018 (% change YoY in dollars)



Source: BBVA Research based on Banco de México data.

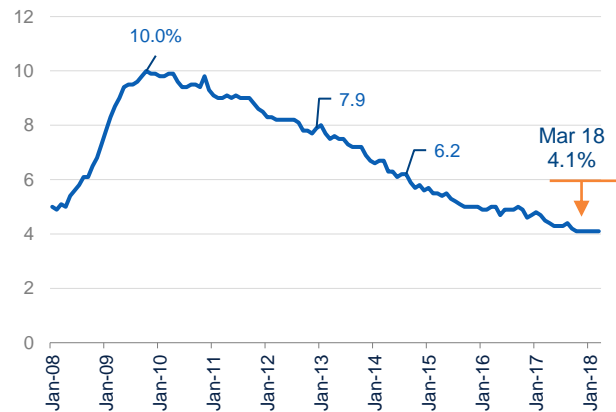
The growth in remittances during the first quarter of the year brought the twelve-month cumulative total to more than US\$29,167 billion. Growth prospects in the US and the low level of unemployment, which has held at 4.1% since October 2017, allow us to forecast that remittances will maintain their growth trend for the remainder of the year.

Figure 2. 12-month cumulative flows of remittances to Mexico (US\$ millions)



Source: BBVA Research based on Banco de México and INEGI (National Statistics Institute) figures.

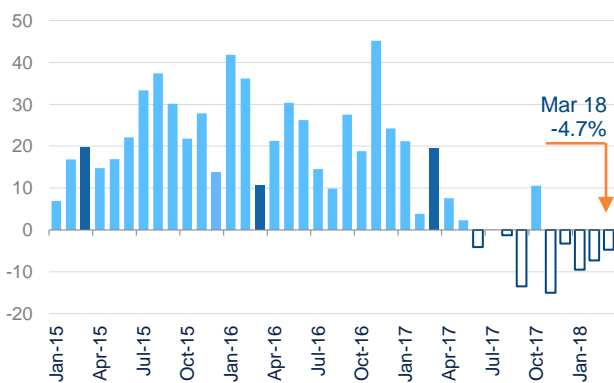
Figure 3. United States: National unemployment rate (%)



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

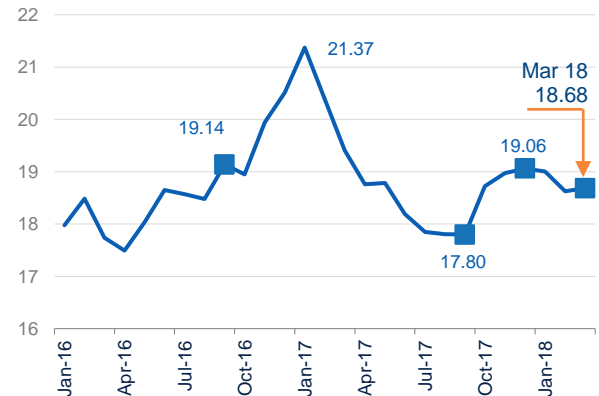
Apart from this, the stable exchange rate and the increase in the Consumer Price Index (CPI) seen in the first quarter of the year continue to have a combined negative effect on remittances in real terms, which fell by 4.7% at annual rate.

Figure 4. Actual remittances in pesos (% annual change in real pesos)



Source: BBVA Research based on Banco de México and INEGI (National Statistics Institute) figures.

Figure 5. Monthly average exchange rate (pesos per dollar)



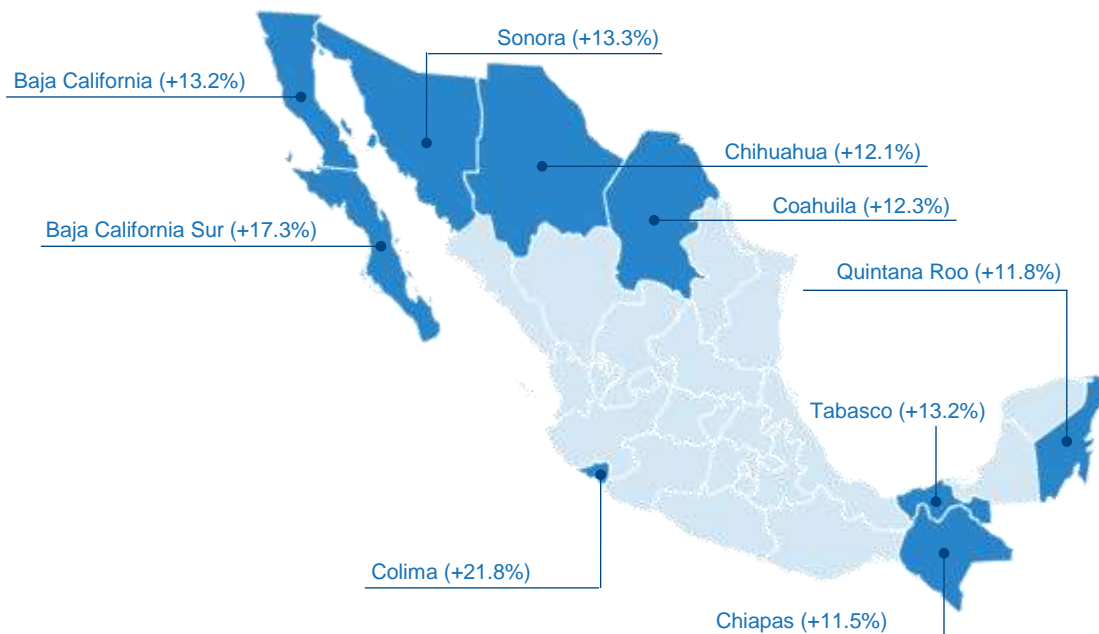
Note: Exchange rate to settle liabilities denominated in foreign currency by settlement date.  
Source: BBVA, Research based on Banco de México figures.

## State-by-state dynamic

Colima recorded the biggest increase in remittances during the first three months of 2018: 21.8% relative to the same period of last year, followed by Baja California Sur (17.3%).

In general, during this first quarter, we saw significant increases in flows of remittances in the border states, both north and south. Prominent along the northern border were Sonora (+13.3%), Baja California (+13.2%), Coahuila (+12.3%) and Chihuahua (+12.1%), while the main increases among southern states were Tabasco (+13.2%), Quintana Roo (+11.8%) and Chiapas (+11.5%).

Map 1. States with the biggest increases in remittances, first quarter of 2018 (% change YoY in dollars)



Source: BBVA Research based on Banco de México data.

## Disclaimer

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