

Migration

Monthly remittances exceed US\$3 billion for the first time ever

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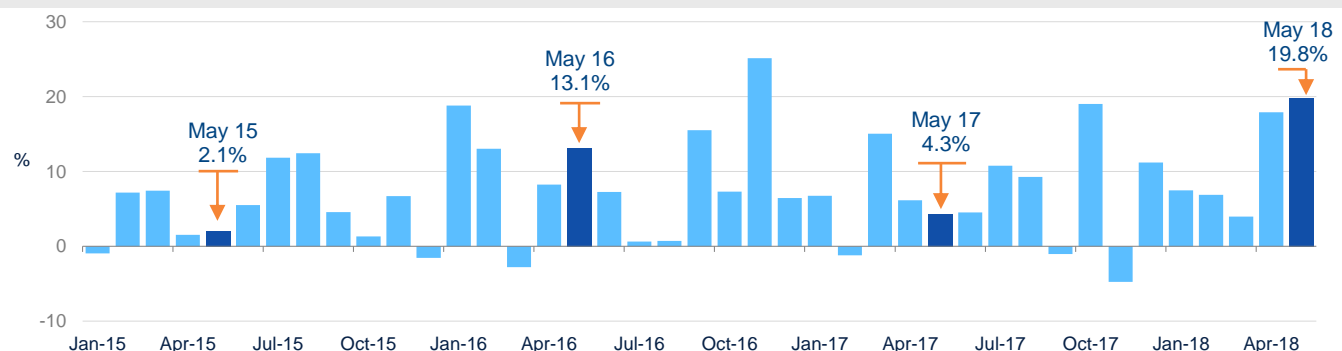
- **May saw US\$3,097.7 million in remittances, representing a YoY increase of 19.8%, the biggest increase seen in the past 18 months**
- **The Mother’s Day effect, the favourable economic conditions in the US (unemployment at 3.8%) and the appreciation of the dollar against the peso seen in May are the three factors explaining this all-time record figure for remittances**

May 2018: new all-time record for remittances

In May remittances reached US\$3,097.7 million, a new all-time inflow, that exceeded the previous record, barely observed in the past month of April with US\$2,716.8 million. Remittances in May were up by 19.8% on the same month of last year, the biggest YoY increase in the past 18 months, and bringing to six the number of consecutive months of increases.

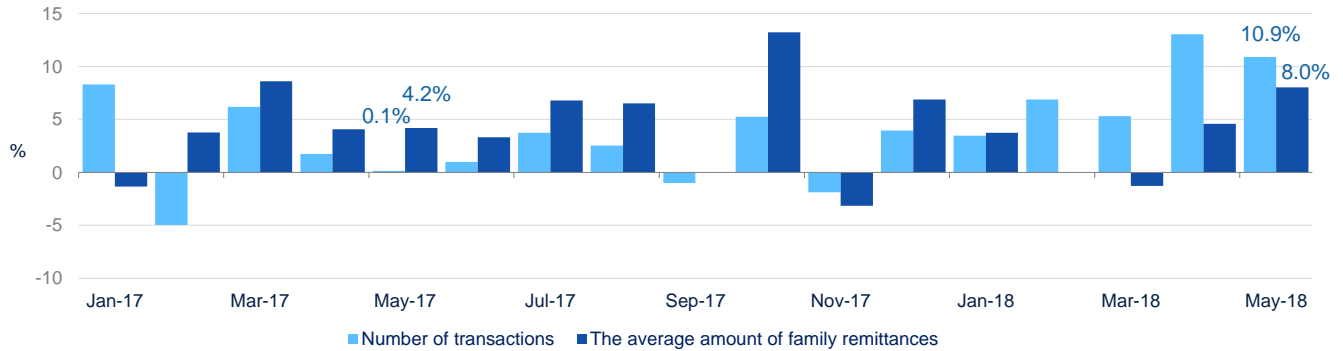
This performance was due both to the increase in the number of remittances and to the increase in their average amount. Approximately 9.6 million transactions were accounted, representing an increase of 10.9% in May 2017, while the average amount of family remittances reached US\$323, which was 8% more than a year before.

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



Source: BBVA Research based on Banco de México data

Figure 2. Number of transactions and the average amount of family remittances to Mexico, 2017-2018 (% change YoY)



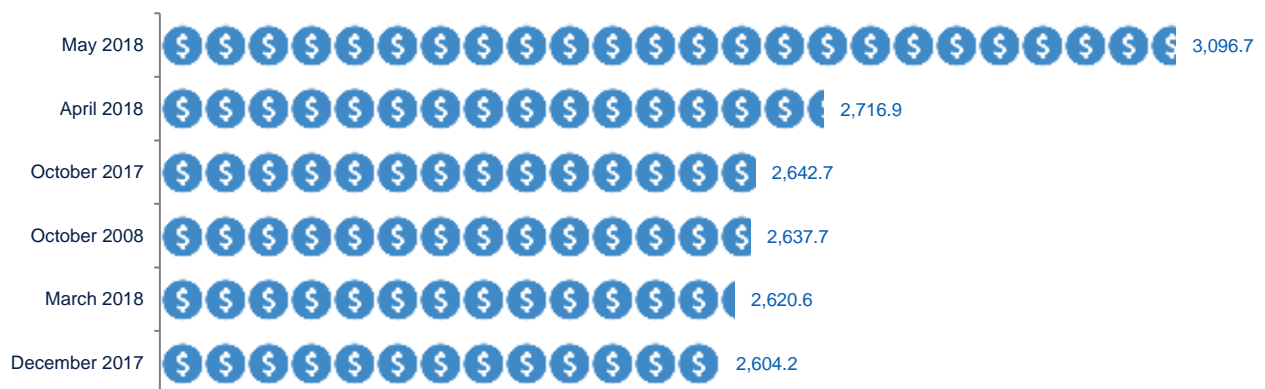
Source: BBVA Research based on Banco de México data

Growth explained by Mother’s Day, employment in the US and the exchange rate

There are three factors explaining the inflow of more than US\$3 billion in remittances seen in May. First, Mexicans in the US tend to increase their remittances to Mexico in May because of Mother’s Day (which is a holiday and a major traditional day of celebration in Mexico). May is generally the month with the most remittances along the year. The extra money may be for the festivities themselves, or it may be for mothers to save or use to buy something they need.

Secondly, the context of the US economy continues to be favourable for sending remittances: unemployment has continued to fall, reaching 3.8% in May, 0.7 pp less than in May of last year. Lastly, the dollar’s appreciation against the peso seen in May (average 19.50 pesos to the dollar) compared with the previous month encouraged US-based Mexicans to send more, since each dollar sent would produce more pesos.

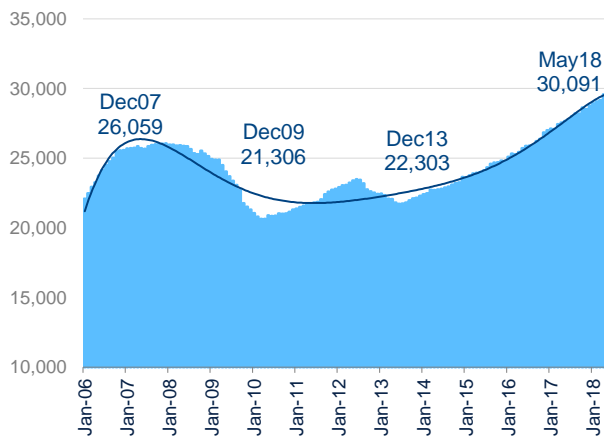
Figure 3. Top monthly revenues from remittances in Mexico (US\$ millions)



Source: BBVA Research based on Banco de México data

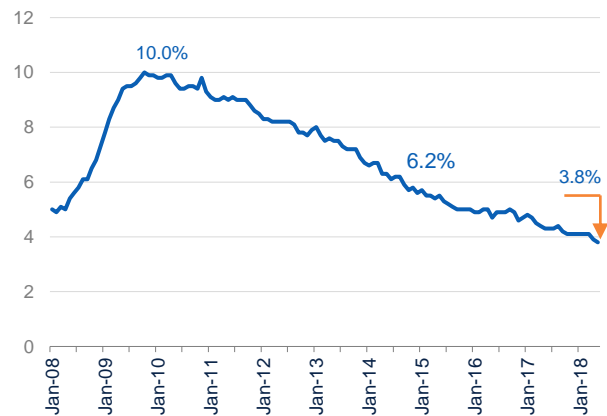
Cumulative remittances for the past twelve months totalled US\$30 billion to the end of May, the highest 12-month cumulative figure ever posted. In real terms, remittances grew by 19.0% YoY in May, as a result of price increases being contained and the peso's depreciation against the dollar.

Figure 4. 12-month cumulative flows of remittances to Mexico (US\$ millions)



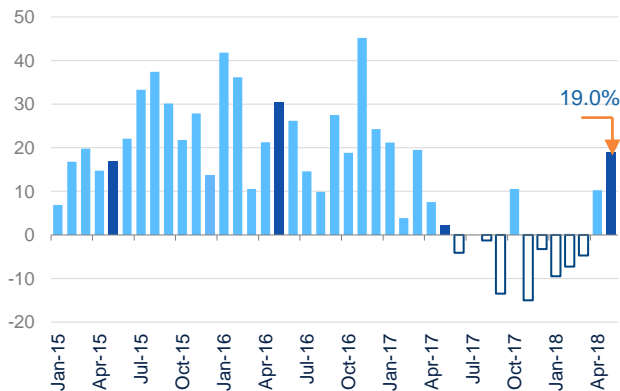
Source: BBVA Research based on Banco de México and INEGI (National Statistics Institute) figures

Figure 5. United States: National unemployment rate (%)



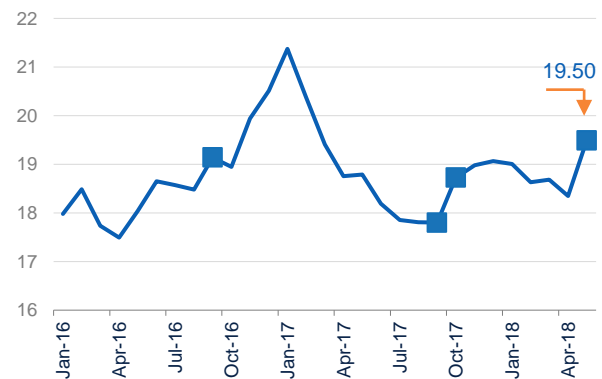
Source: BBVA Research, based on figures from the US Bureau of Labor Statistics

Figure 6. Actual remittances in pesos (% annual change in real pesos)



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

Figure 7. 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

Disclaimer

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