

Migration

Remittances grow 9.1% in August completing 29 consecutive months of growth

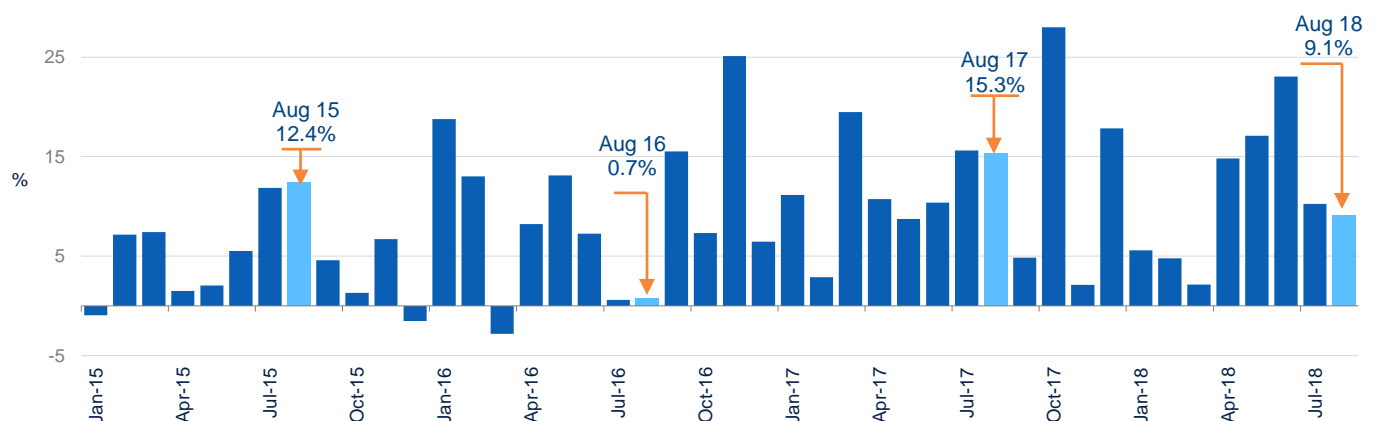
David Cervantes / Juan José Li Ng

- Remittances grew during August and reached a flow of US\$2,856 million, slightly less than forecast by BBVA Research (US\$2,871 million) and below market consensus expectations (US\$2,902 million)
- The dynamics of remittances are explained firstly by the number of transactions recorded, which increased by 5.0%, and secondly by the 3.8% increase in the average amount of remittances
- In real terms, remittances grew by 9.9%, mainly due to the exchange rate effect

August was the 29th month in a row of positive growth in remittances, with an increase of 9.1% relative to the same month of the previous year. Remittances totalled US\$2,856 million in August, according to figures published by Banco de México, reaching US\$32,480 million on a cumulative twelve-month basis.

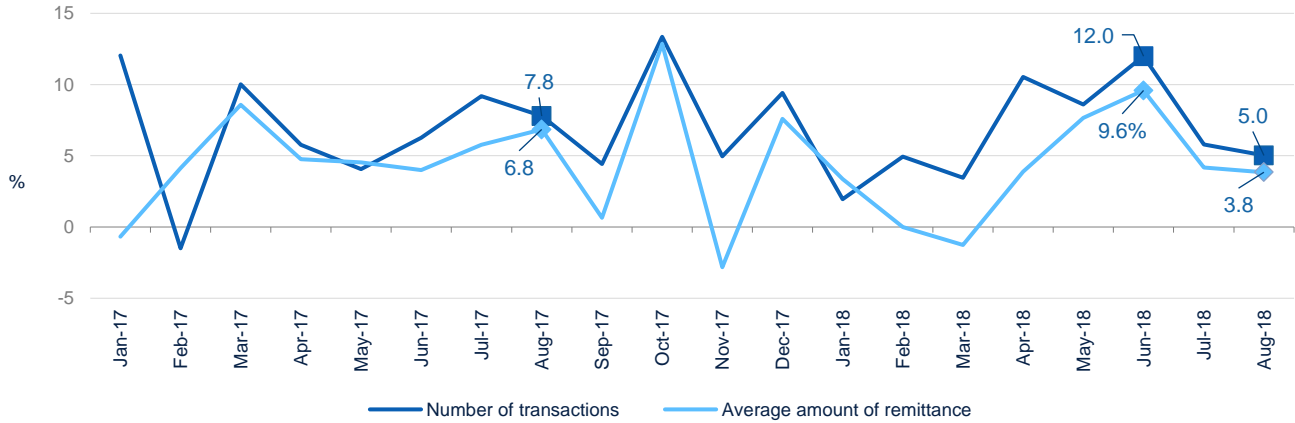
The flow of remittances is explained firstly by the number of transactions, which grew by 5.0% to reach 8.8 million, and secondly by the average remittance amount, which increased by 3.8% to US\$324.

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



Source: BBVA Research based on Banco de México data.

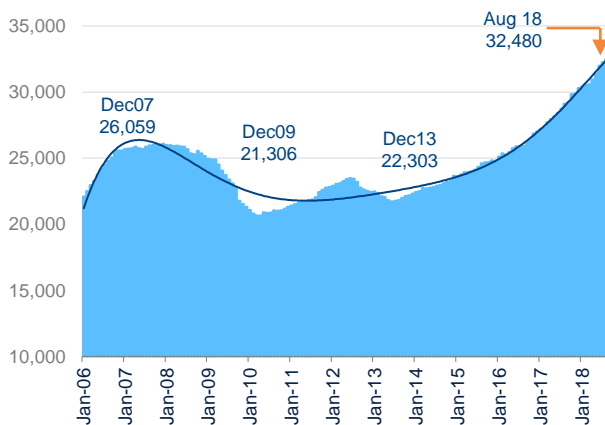
Figure 2. Number of transactions and average amount of family remittances to Mexico, 2017-2018 (Chge. % YoY)



Source: BBVA Research based on Banco de México data.

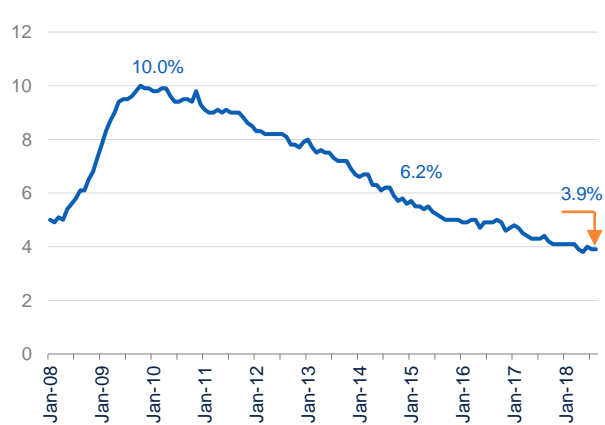
The favourable economic conditions in the United States and the unemployment rate, which remains low, continue to provide a positive environment for the employment of Mexican immigrants in the US and consequently for their remittances to Mexico. These factors allow us to forecast continuing growth in remittances in the remaining months of 2018 and during 2019. In real terms, remittances continue to show positive growth rates, reaching 9.9% in August, mainly due to the appreciation of the dollar against the peso relative to August 2017.

Figure 3. 12-month cumulative flows of remittances to Mexico (USD millions)



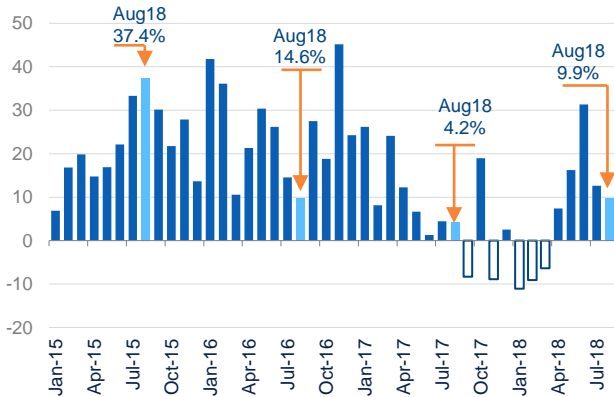
Source: BBVA Research based on Banco de México data.

Figure 4. United States: National unemployment rate (%)



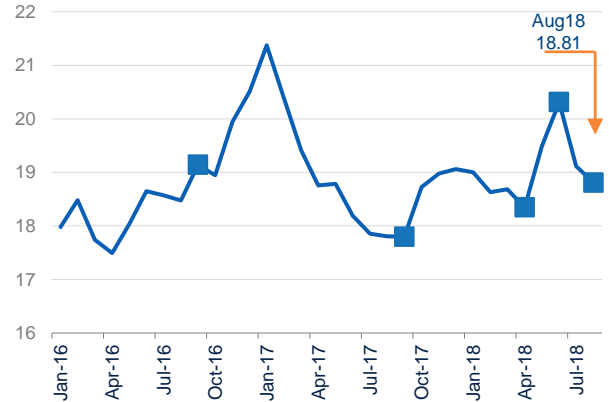
Source: BBVA Research, based on figures from the US Bureau of Labor Statistics.

Figure 5. Real remittances in pesos
(Chge. % YoY in real pesos)



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

Figure 6. Monthly average exchange rate
(Pesos per US dollar)



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

Disclaimer

This publication is a joint initiative between the BBVA Bancomer Foundation and BBVA Research's Economic Research Department, Mexico. It aims to make new contributions in the field of Migration studies that add to knowledge of this important social movement. It has been prepared on their own behalf and is for information purposes only. The opinions, estimates, forecasts and recommendations contained in this document refer to the date appearing in the document, and, therefore, they may undergo changes due to market fluctuations. The opinions, estimates, forecasts and recommendations contained in this document are based on information obtained from sources deemed to be reliable, but BBVA does not provide any guarantee, either explicit or implicit, of its exactitude, integrity or correctness. This document does not constitute an offer, invitation or incitement to subscribe to or purchase securities.