

Migration

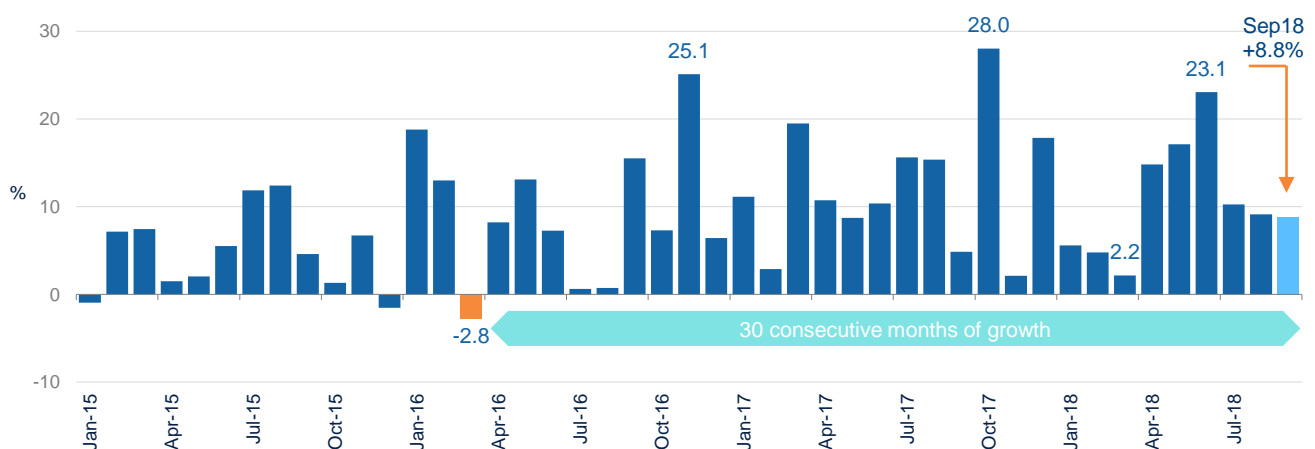
Remittances powering ahead, up by 8.8% YoY in September, making 30 consecutive months of growth

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- In September US\$2,709 million in remittances flowed into Mexico, a very substantial amount, albeit slightly less than the market estimate.
- The US unemployment rate in September was 3.7%, its lowest level for nearly fifty years, favouring employment of Mexican immigrants and remittances to Mexico. Employment of the population of Hispanic origin in the US continues its rising trend, surpassing 27 million people in employment in September.
- BBVA Research estimates that remittances will continue to grow in the last quarter of 2018, although October may see some contraction in the flow.

Banco de México reported that Mexico received US\$2,709 million in family remittances in September, representing an increase of 8.8% compared with the same month of last year. September was the thirtieth consecutive month of growth in remittances, the last fall was seen in March 2016 when they declined by 2.8%. The biggest increases during this 30-month period were seen in November 2016 (+25.1%), October 2017 (+28.0%) and June 2018 (+23.1%). In September 2018, the average remittance amount was US\$317, up by 3.6%, and the number of remittances, at 8.55 million, was up by 5.0%.

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



Source: BBVA Research based on Banco de México data

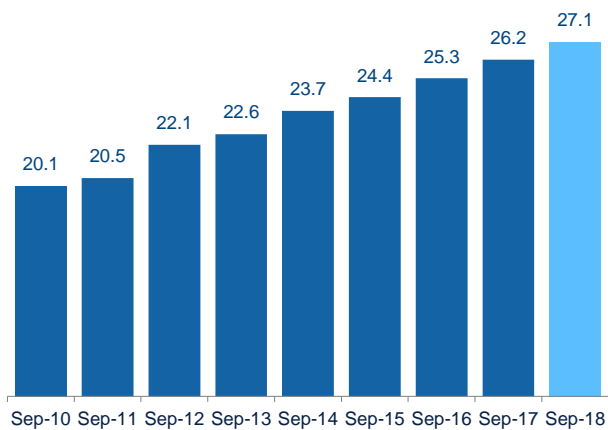
US unemployment at its lowest level since 1969

Data from the US Bureau of Labor Statistics (BLS) indicate that the US unemployment rate stood at 3.7% in September, a level not seen since the end of 1969, nearly fifty years ago. The fall in the US unemployment rate, together with the favourable economic conditions, contribute to the increase and improvement in employment of the Mexican population living in the US. This in turn increases the resources available to them for sending remittances to their families in Mexico.

Employment of the population of Hispanic origin in the United States, of which Mexicans are part, has shown a rising trend for at least the past eight years; in September 2018 the number of people in employment in this population surpassed 27 million. This data lend weight to the theory that the main driver of migration to the United States is the economic and employment situation in the recipient country, despite the Trump administration’s hostile attitude to the flow of migrants.

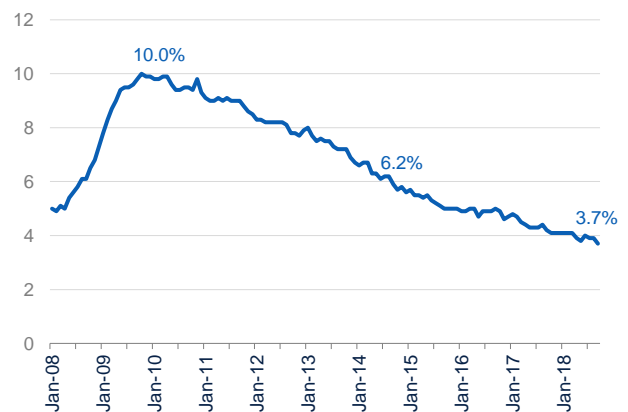
We estimate that remittances will continue to grow in the last quarter of 2018, albeit at a more moderate pace, and there is likely to be some contraction in the flow in October.

Figure 2. United States: Employment of population of Hispanic origin (millions)



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

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



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

Disclaimer

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