



Migration Observatory

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States in the south-southeast most affected by the fall in remittances in the first half of the year

- Remittances continued on their downward trend in June (-15.1% in annual terms), but were higher than the previous month (+1.2%).
- The first six months of the year saw an annual drop in remittances of 11.9%.
- Mexican émigrés in the US lost over 370,000 jobs year-on-year in the second quarter of the year.

The Banco de México announced that in June total remittances ran to 1,922.83 million dollars, representing a 15.1% drop over the previous year, but 1.2% up on the previous month.

In this way, the second quarter of the year saw remittance income in Mexico run to 5,602.79 million dollars, meaning an annual drop of 17.9%.

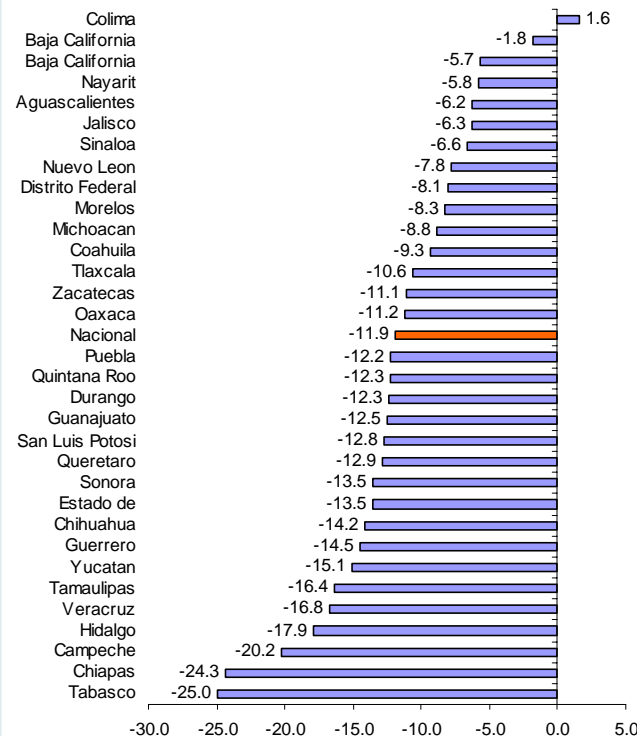
In general, remittance income in the second quarter of the year was above the first quarter, at least since 1996 (when a monthly record of this income began) and, this time, we saw an increase of 2.3% although it is the first time it is so low. In previous years, increases ran above 13%.

With the above, in the first six months of the year, remittances totaled 11,078.73 million dollars, meaning an annual reduction of 11.9%.

With the exception of Colima, all federal institutions recorded annual falls in remittance income in the first six months of the year. States in the south-southeast region were the most affected, including: Guerrero, Yucatán, Veracruz, Campeche, Chiapas, and Tabasco, which, in addition to Tamaulipas and Hidalgo, recorded decreases of at least 14.5%. The south-southeast region has a recent migration movement and is where, in the last few years, migratory flows to the US have seen higher increases¹. Social networks are not so rooted as in other regions and it is likely that

Juan Luis Ordaz Díaz
juan.ordaz@bbva.bancomer.com

Remittances in Mexico, first half of 2009 (Annual% change by state)



¹ In the June 2009 edition of “*Mexico Migration Watch*” recent migration flows for different regions in the country are analyzed.

many migrants in the region are those worst affected by the economic crisis in the US. In turn, this could be mirrored in the amounts they send to their families in Mexico.

The main factor explaining the situation seen in remittances over the last few months is the economic situation in the US which hit Mexican migrants hard in that country. In the second quarter of this year, they lost 370,000 jobs in comparison to the same quarter last year.

However, certain Mexican employment indicators show some signs of improvement. For example, the number of new homes under construction in the US increased 3.6% in June over the previous month – the second consecutive month to show a positive value on the indicator since February 2008. If this trend continues over the coming months, a moderate recovery could be seen towards the last quarter of the year for Mexican migrant labor in the US and, with this, the remittances sent back home.

For now, the devaluation of the peso is partly offsetting the fall in remittance income in recipient households.

Labor indicators of Mexican migrants in the U.S.

	2Q 2008	2Q2009
Population (16 years and over)	11,063	11,031
Labor force	7,771	7,753
Employed	7,282	6,911
Unemployed	489	841
Labor force participation rate	70.2	70.3
Unemployment rate	6.3	10.9

Note: Figures seasonally unadjusted

Source: BBVA Bancomer with data from U.S. Bureau of Labor Statistics, Current Population Survey