

Mexico Migration Flash

Remittances post a year and a half of consecutive monthly increases

- In March 2012 remittances were up by an annual 1.4% in dollar terms and 3.8% in real pesos.
- Currently the 12-month rolling total of remittances is at its highest point since the recovery began and has already reached the levels of the second quarter of 2006.
- Of the 4 million jobs recovered in the U.S. since the recession, more than 2 million have taken by Hispanics, who have achieved a new employment high in March.
- We estimate that in April remittances could stand at USD 2,000 million, or just under, maintaining the positive trend.

According to figures released by Banco de México, USD 2,081.95 million dollars flowed into the country via remittances in March, in line with our forecast in the last "Mexico Migration Flash." This is an annual growth in dollar terms of 1.4% on the same month last year and 16% on February this year. It means that remittances have grown for 18 consecutive months.

This growth was boosted by the increased number of remittances sent, with an annual growth of 3.6% to 6.19 million; the average remittance in March was up 5.0% on the previous month to USD 336, but down 2.1% on March the previous year.

The 12-month rolling total of remittances in dollars was slightly above USD 23 billion. This suggests that the figure is at its highest since the recovery began in the second quarter of 2010 and is already at the levels of the second quarter of 2006. At 3.8%, annual growth in real peso terms (discounting inflation) was higher than in dollars.

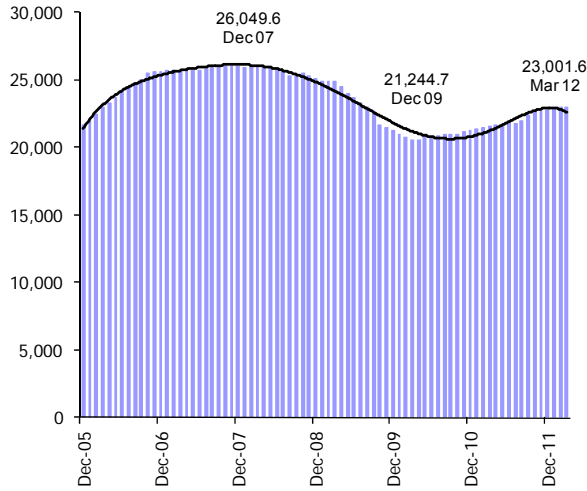
In the first quarter of 2012 the states which received most remittances were Michoacán (USD 538.4 million), Guanajuato (USD 498.7 million) and Jalisco (USD 462.2 million). These three states were the origin of most migrants in recent years, according to the Census of 2010. At national level the remittances received in the first quarter of 2012 stood at USD 5,372.2 million, 5.3% up on the same period last year.

The recovery in jobs for Hispanics, and in particular for Mexicans, has been the main reason for the positive remittance figures. In March jobs for Hispanics living in the United States were at an all-time high, at 21.64 million. This represents an increase of just over 2 million, out of the total 4 million jobs recovered by the US economy since the last recession.

In 2011 the exchange rate was a factor favoring higher-value remittances sent by Mexican migrants abroad. Although this factor will lose importance over 2012, we consider that as jobs for Mexican migrants continue to increase, remittances will as well.

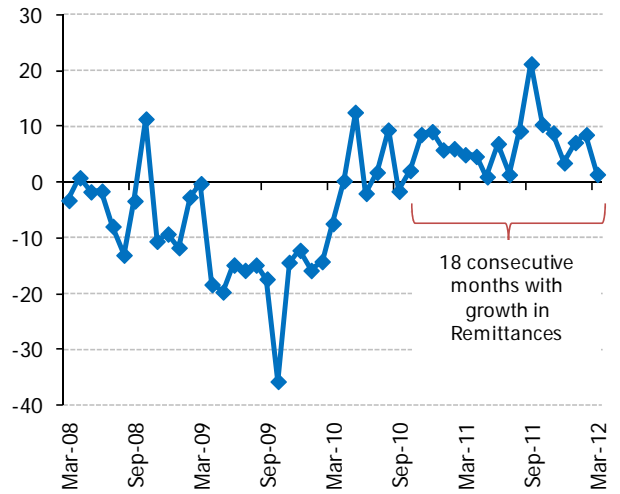
The total value of remittances to Mexico in April is estimated at around, or just under, USD 2 billion, as this month is usually one with a slight reduction in remittances. Despite this, the annualized growth of remittances for April and for the coming months will continue positive.

Chart 1
Accumulated 12-month remittance flows to Mexico (Million dollars)



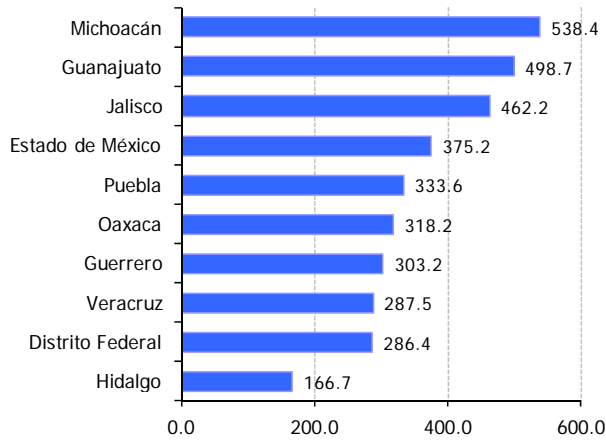
Source: BBVA Research with Banxico figures

Chart 2
Family remittances to Mexico (Annual % change in dollars)



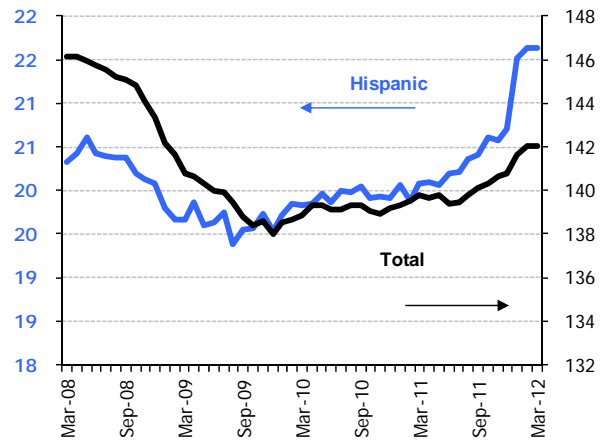
Source: BBVA Research with Banxico figures

Chart 3
States receiving most remittances, first quarter 2012 (Million dollars)



Source: BBVA Research with Banxico figures

Chart 4
United States: Total and Hispanic employment (Millions)



Source: BBVA Research with Bureau of Labor Statistics data

Juan Luis Ordaz Díaz
juan.ordaz@bbva.com

Juan José Li Ng
juan.li@bbva.com

Av. Universidad 1200, Col. Xoco, Mexico 03339 D.F. | researchmexico@bbva.bancomer.com | www.bbva.com | Follow us on Twitter

Notice

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