

# Mexico Migration Flash

## In March, another sharp drop in remittances to Mexico

- On May 2nd, Banco de México will release remittances inflows received in Mexico in March 2013
- Holy week, exchange rate, weakness in employment for Mexican immigrants and a “comparison effect” would lead to the largest annual decline in remittances since September 2012
- In this way, remittances would accumulate nine consecutive-months with declines year-over-year

On Thursday, May 2<sup>nd</sup>, Banco de México will publish figures on remittances that México received in the month of March of the current year. We foresee a sharp contraction year-over-year in dollars terms, which could be the largest in recent months since September 2012. What are the reasons behind?

- **Holy Week.** On the occasion of Holy Week, from Thursday March 28<sup>th</sup> to the last day of March, most institutions that pay remittances in Mexico were closed, so that remittances received by the end of that month were minimal.
- **Exchange rate.** In recent months the exchange rate (pesos per dollar) has shown a downward trend, with an appreciation of almost 4% between November 2012 and March 2013. This has impacted negatively on remittances, since when dollars that immigrants send worth less, incentives to remit are reduced.
- **Weakness in employment of Mexican immigrants.** While in the United States, Hispanics as a whole are at their highest historical levels of employment, Mexican immigrants, in general, still show difficulties to get jobs. In addition to actions against undocumented immigrants (where Mexicans are the majority) imposed in some states of the U.S., supply and demand factors are affecting the hiring of Mexican immigrants, as discussed in the November 2012 issue of *Mexico Migration Outlook*.
- **Comparison effect.** The annual rate of decline in remittances to be recorded for the month of March of this year will be seen worse due to a comparison effect, because March 2012 was the third month with more remittance income of that year.