

Migration

Remittances to Mexico grew by 8.4% in July, making twelve consecutive months of rises

Juan José Li

- Remittances to Mexico reached USD1.996bn in July, +8.4% at an annualised rate, as expected by BBVA Bancomer (USD1.982bn) and slightly beating the consensus (USD1.954bn)
- The entire growth YoY is accounted for by the increase in the number of remittance transactions, which numbered 6.78 million operations in July. The average remittance amount did not change significantly
- The job increases, in both absolute and relative terms, for migrants in the US and the fall in the percentage of jobs that are only part-time due to employer constraints that we have seen in recent months have had a positive impact on this growth in remittances

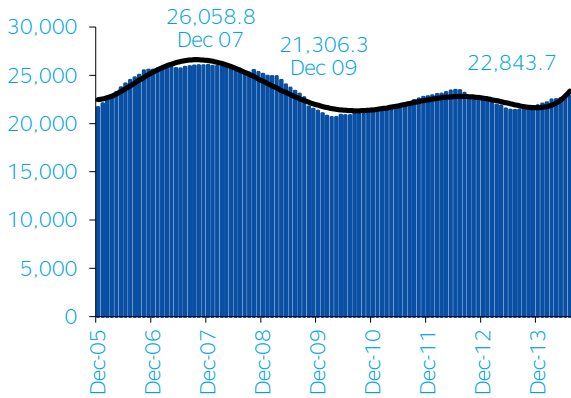
Banxico has published its July figures, reporting that Mexico received USD1.996bn in household remittances, the equivalent of 8.4% increase year-over-year. The entire increase can be explained by the number of remittance transactions (6.78 million operations), 8.4% more than those recorded in the same month last year. The average amount of the remittances showed no significant change, coming in at USD294.40 per transaction.

Thus, remittances have risen for twelve months in a row with increases since August last year. In local currency terms, adjusted for the exchange rate and discounting inflation, household remittances in July in Mexico increased by an average of 5.4%.

Although estimates indicate that there has not been a significant increase in the volume of Mexican immigrants in the United States, the relatively low rate of unemployment seen in the US has also helped Mexican immigrant employment; this group has enjoyed lower rates of unemployment in recent months than the national average, considering that Mexican immigrants' participation has remained relatively stable.

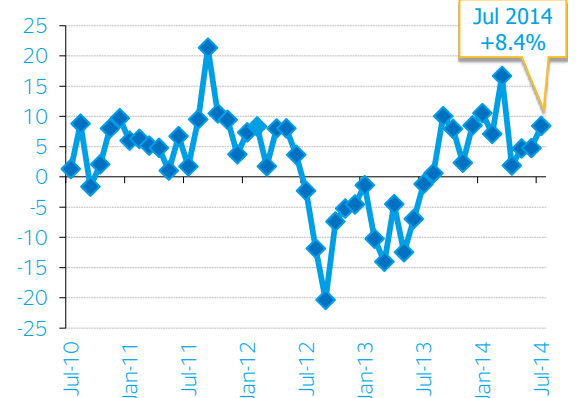
Between April and July this year, the unemployment rate for Mexican immigrants in the US stood at 5.4% (seasonally adjusted), while in the same period in 2013 it was 7.1%. Furthermore, the proportion of part-time jobs due to economic reasons has gradually fallen too.

Chart 1
Accumulated 12-month Remittance Inflows to Mexico (Million dollars)



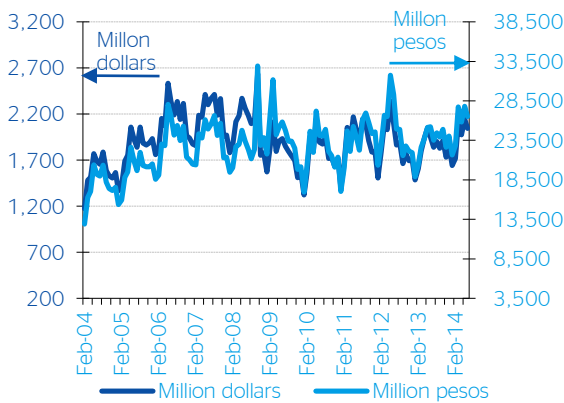
Source: BBVA Research with data from Banxico.

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



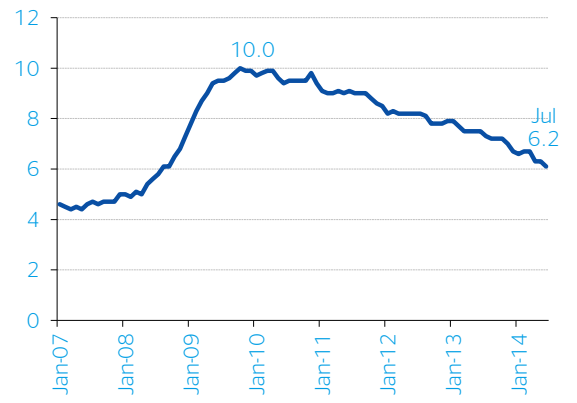
Source: BBVA Research with data from Banxico.

Chart 3
Monthly remittances inflow to Mexico (Dollars and pesos)



Source: BBVA Research with data from Banxico and INEGI.

Chart 4
U.S.: Average unemployment rate (%)



Source: BBVA Research with data from US Bureau of Labor Statistics.
Note: Seasonally Adjusted

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.