

Migration

In 2014, Remittances to Mexico reached USD23.6bn (+7.8% YoY)

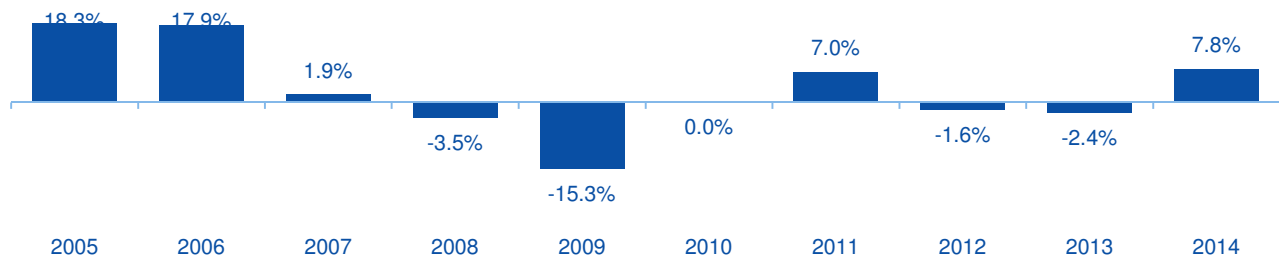
Juan José Li Ng, Alfredo Salgado Torres

- In December 2014, remittances reached USD2.2bn, an increase of 18.8% with respect to the same month in 2013 and a run of 17 consecutive months of positive growth.
- Mexico received in 2014 an amount of USD23.6bn in remittances, 7.8% greater than the level reached in 2013.
- Despite the recovery in employment in the US over last year, there is no significant increase in Mexican immigration to that country, which is the main source of remittances to Mexico.
- The increase in remittances to Mexico during 2014 is mainly explained by an increase in employment of Mexican immigrants already living in the US, and the substitution of part time jobs with full-time jobs

The Central Bank of Mexico (Banco de México) announced that in December 2014 Mexico received an inflow of USD2.2bn in remittances, an increase of 18.8% YoY in December 2014. Remittances to Mexico recorded a run of 17 consecutive months of positive growth since August 2013. This growth is explained by an increase in the number of recorded transactions as well as the rise of the average amount of remittance. The number of operation for sending remittances was 7.3 million (+11.6% YoY), while the average remittance was \$300.6 (+6.4%).

The remittances of Mexico during 2014 reached an amount of USD23.6bn, equivalent to a growth of 7.8% YoY in December 2014. This is the greatest growth recorded since 2006, before the beginning of the Great Recession in the United States. In real terms, and favoured by the depreciation of the exchange rate (peso per dollar), remittances to households in Mexico risen by 8.0%.

Figure 1
Family remittances to Mexico
(YoY % change in dollars)

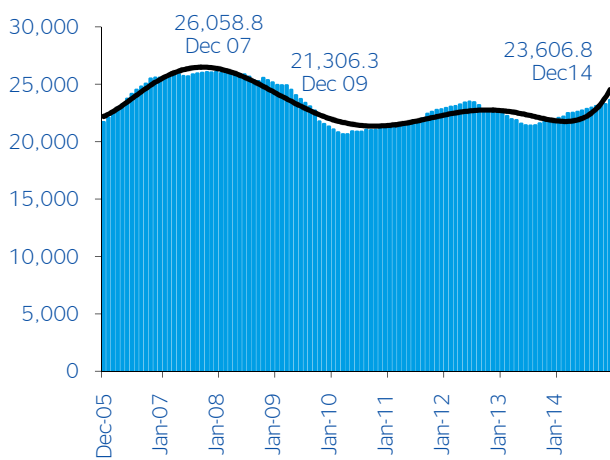


Source: BBVA Research with Banxico figures.

In 2014, it is observed a recovery of US employment due to a drop in the unemployment rate from 6.7% in December 2013 to 5.6% in the same month of 2014. BBVA Research claims, according to monthly estimations based on the *Current Population Survey (CPS)*, that there is no evidence to support a rise in Mexican migration to the US. Despite this, the growth in remittances during 2014 may be explained by two main sources:

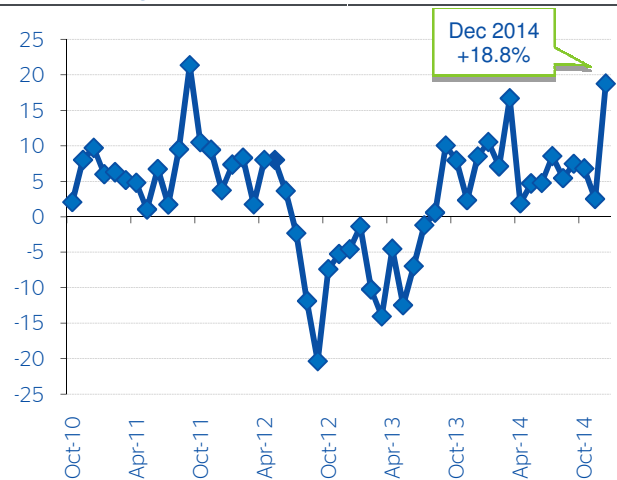
- i) The increase in employment of Mexican immigrants, a growth of about 400,000 jobs in 2014, mainly concentrated in the construction industry, and,
- ii) The substitution of part time with full-time jobs among Mexican immigrants.

Figure 2
Accumulated 12-month Remittance inflows to Mexico (Million dollars)



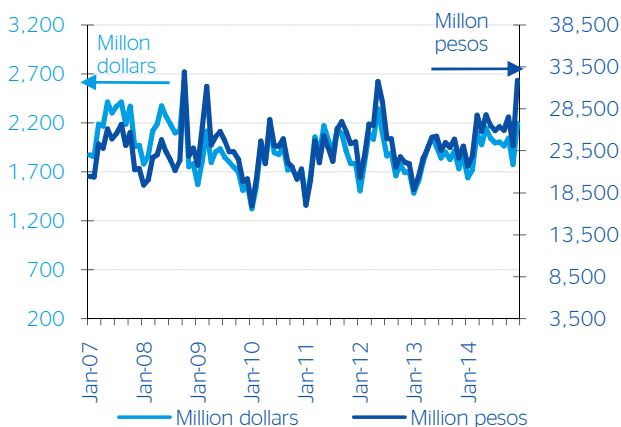
Source: BBVA Research with Banxico figures.

Figure 3
Family remittances to Mexico (YoY % change in dollars)



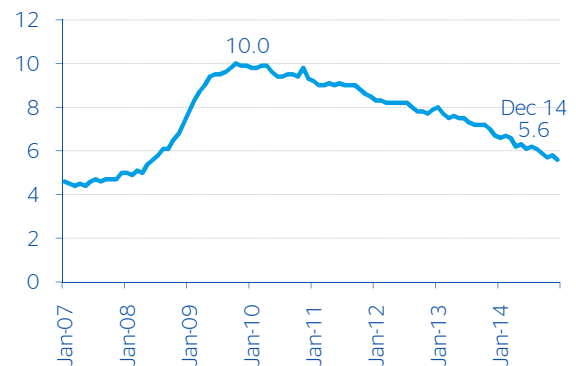
Source: BBVA Research with Banxico figures.

Figure 4
Monthly inflow of remittances to Mexico (Million dollars and million pesos)



Source: BBVA Research with Banxico and INEGI data.

Figure 5
United States: Total unemployment rate (%)



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

Remittances by state. During 2014, remittances increase in almost all states in Mexico. In the three Border States of Nuevo León (+34.7%), Tamaulipas (+28.5%) and Coahuila (+24.3%) were observed the greatest annual growth rate in 2014 with respect to 2013, only Querétaro (-3.6%), Puebla (-0.2%) and Guerrero (-0.1%) have a decrease in the amount of remittances in 2014.

Table 1

Inflow of remittances by state (Million dollars and % change)

| State | Remittances in 2013 | Remittances in 2014 | Change (%) |
|---------------------|---------------------|---------------------|-------------|
| Nuevo León | 460.0 | 619.4 | 34.7% ▲ |
| Tamaulipas | 647.4 | 832.0 | 28.5% ▲ |
| Coahuila | 315.3 | 391.8 | 24.3% ▲ |
| Colima | 179.7 | 216.6 | 20.5% ▲ |
| Tabasco | 114.0 | 130.3 | 14.3% ▲ |
| Hidalgo | 632.2 | 720.6 | 14.0% ▲ |
| Nayarit | 316.1 | 359.4 | 13.7% ▲ |
| Jalisco | 1,734.8 | 1,949.0 | 12.3% ▲ |
| Baja California Sur | 44.9 | 49.4 | 10.1% ▲ |
| Chihuahua | 501.7 | 551.8 | 10.0% ▲ |
| Zacatecas | 632.9 | 692.3 | 9.4% ▲ |
| Michoacán | 2,041.9 | 2,229.7 | 9.2% ▲ |
| Distrito Federal | 1,393.2 | 1,518.7 | 9.0% ▲ |
| Chiapas | 497.1 | 540.0 | 8.6% ▲ |
| Quintana Roo | 97.6 | 105.8 | 8.4% ▲ |
| San Luis Potosí | 703.4 | 762.6 | 8.4% ▲ |
| Sinaloa | 482.6 | 522.7 | 8.3% ▲ |
| Durango | 454.9 | 489.7 | 7.7% ▲ |
| Baja California | 579.7 | 618.9 | 6.8% ▲ |
| Aguascalientes | 303.6 | 323.3 | 6.5% ▲ |
| México | 1,409.7 | 1,480.5 | 5.0% ▲ |
| Yucatán | 123.6 | 129.1 | 4.4% ▲ |
| Morelos | 508.2 | 527.8 | 3.9% ▲ |
| Guanajuato | 1,990.9 | 2,066.7 | 3.8% ▲ |
| Sonora | 324.8 | 336.6 | 3.6% ▲ |
| Veracruz | 1,017.1 | 1,044.7 | 2.7% ▲ |
| Oaxaca | 1,161.9 | 1,191.7 | 2.6% ▲ |
| Campeche | 55.1 | 55.7 | 1.1% ▲ |
| Tlaxcala | 217.9 | 218.5 | 0.3% ▲ |
| Guerrero | 1,203.9 | 1,202.5 | -0.1% ▼ |
| Puebla | 1,337.3 | 1,334.6 | -0.2% ▼ |
| Querétaro | 409.3 | 394.5 | -3.6% ▼ |
| TOTAL | 21,892.4 | 23,606.8 | 7.8% |

Source: BBVA Research with Banxico data.

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.