

Migration

In March 2015 Mexico received USD2,257.9mn in remittances (+7.6% YoY)

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- In March 2015 remittances worth USD2,257.9mn were received, which represented an increase of 7.6% with respect to the same month in 2014.
- Mexico therefore appears to have returned to a trend of rising family remittances, with these growing at rates topping 7% (YoY) for two months in succession.
- Manufactures (+150,000 jobs), construction (+105,000 jobs), trade (+100,000 jobs), agriculture (+95,000 jobs) and professional services (+65,000 jobs) were the sectors in which the most jobs were created for Mexican immigrants in the United States (first quarter of 2015 vs. 2014).
- Remittances rose in most of Mexico's states in 1Q15, where the largest growth rates were experienced in Hidalgo (+34.5% YoY), Colima (+26.4% YoY) and Querétaro (+20.5% YoY).

The central bank of Mexico (Banco de México) announced that the sum of USD2,257.9mn was paid into Mexico by way of remittances in March 2015, with growth for these at 7.6% (YoY). This indicates that recovery is underway for family remittances back to Mexico, and that we could be seeing the beginnings of a new pattern of growth for these after two successive months of YoY rises of over 7%. The March figure was produced by both a rise in transaction numbers and a higher average remittance sum, and while the number of remittance transactions reached 7.25mn (+4.4% YoY), the average sum was USD311.3 (+3.0%).

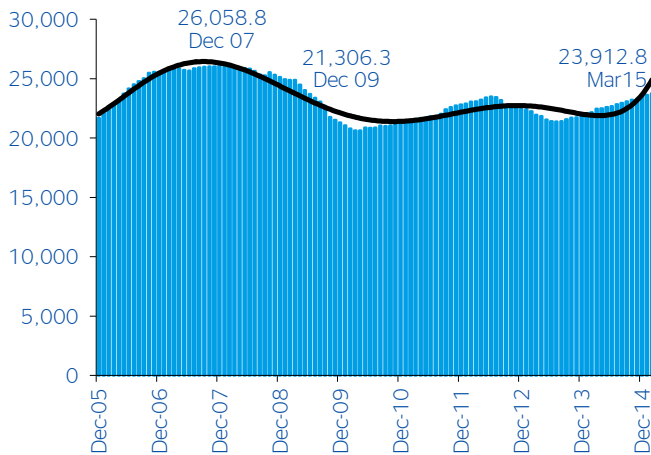
This meant that the sum total of remittance money received in Mexico in the first quarter of 2015 came to USD5,727.3mn, giving growth of 4.9% over the same quarter in 2014. This shows a recovery of cumulative remittance flows this year following the drop registered in January 2015, although this is far removed from the cumulative growth in 1Q14 of 11.7%, which confirms the consequences of the poor figure observed coming into this year. In addition to this, if we look at the flow of family remittances into Mexico when this is expressed in real terms and in constant pesos, it was up 20% (YoY) in March 2015, mainly on the appreciation of the dollar.

The rising trend of employment in the United States and for Mexican immigrants arriving there continues to be the driver for the recovery of family remittances into Mexico. In March 2015 the seasonally adjusted unemployment rate in the United States was 5.5%, which was more than 1pp below the level in March 2014. In 1Q15 there was a rise in the numbers of Mexican immigrants employed in the United States over the figure for the same period in 2014, which, though in part due to the fall in the unemployment rate in the United States, was more than anything because more Mexican immigrants joined the labour force.

The sectors in which the most jobs were created for Mexican immigrants were: manufactures (+150,000), construction (+105,000), trade (+100,000), agriculture (+95,000) and professional services (+65,000), meaning that it was the labour-intensive activities which predominated, although there was also growth in jobs requiring more skills. This was a trend seen in several states north of the Mexican border, the most notable being those

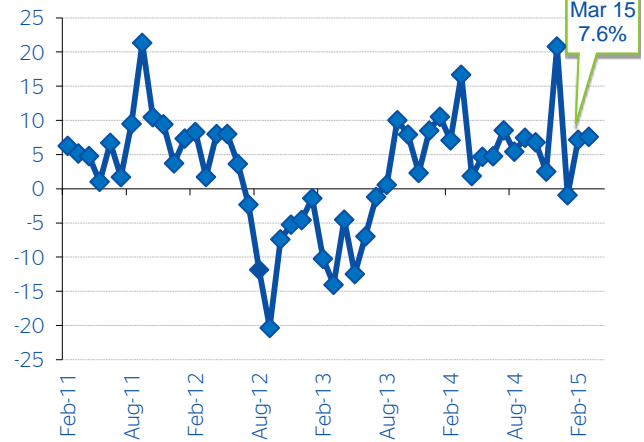
with the highest concentrations of Mexican immigrants, such as California (+240,000 jobs), Arizona (+70,000), Texas (+65,000) and Illinois (+55,000). Despite these positive figures, the strong controls on immigration in the United States discourage new Mexican immigrants and/or push up their arrival costs there, which could affect the growth of remittances into Mexico.

Figure 1
12-month cumulative flows of remittances to Mexico (USD mn)



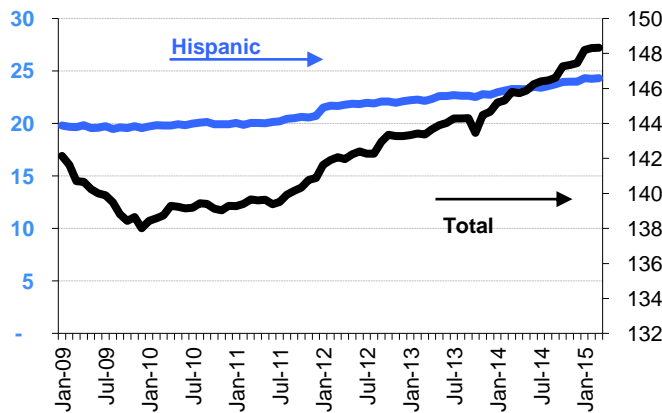
Source: BBVA Research with Banxico data

Figure 2
Family remittances to Mexico (% var. YoY, USD)



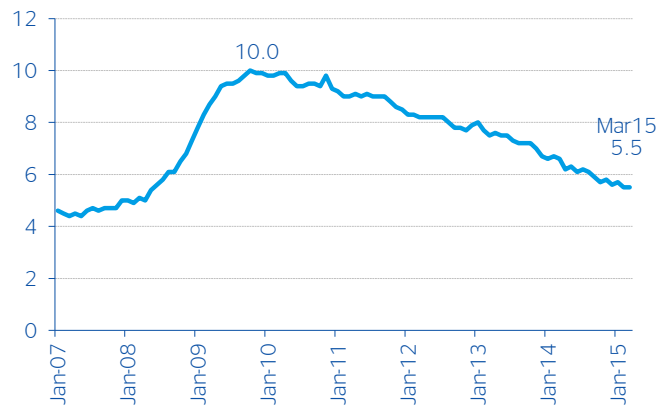
Source: BBVA Research with central Banxico data

Figure 3
United States employment: total and Latin Americans (Million)



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

Figure 4
United States: National unemployment rate (%)



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

Remittances per state. In the first quarter of 2015 there was an increase in remittances of 4.9% (YoY), which reached USD5,727.3mn. According to central bank data, remittances grew in most of the country's states. The biggest percentage rises in remittances against the same quarter in 2014 were in the states of Hidalgo (+34.5% YoY), Colima (+26.4% YoY) and Querétaro (+20.5% YoY), while in contrast Tabasco (-5.9% YoY), Tamaulipas (-28.9%) and the Federal District (-37.9%) showed substantial falls in the overall sum received.

Table 1
Flow of remittances per state (USD mn, var. %)

State	Q1 2014	Q1 2015	% change
Aguascalientes	76	83	9.3% ▲
Baja California	145	153	5.3% ▲
Baja California Sur	10	12	14.8% ▲
Campeche	12	13	4.8% ▲
Coahuila	79	92	15.8% ▲
Colima	45	57	26.4% ▲
Chiapas	125	127	2.0% ▲
Chihuahua	133	142	6.3% ▲
Distrito Federal	407	252	-37.9% ▼
Durango	106	117	10.2% ▲
Estado de México	336	370	10.1% ▲
Guanajuato	489	509	4.1% ▲
Guerrero	284	285	0.2% ▲
Hidalgo	135	181	34.5% ▲
Jalisco	459	539	17.5% ▲
Michoacán	516	603	16.8% ▲
Morelos	119	128	7.5% ▲
Nayarit	79	89	12.6% ▲
Nuevo León	140	148	6.1% ▲
Oaxaca	280	308	9.9% ▲
Puebla	309	320	3.6% ▲
Querétaro	83	100	20.5% ▲
Quintana Roo	24	27	14.6% ▲
San Luis Potosí	163	180	10.2% ▲
Sinaloa	127	130	2.7% ▲
Sonora	80	85	7.0% ▲
Tabasco	30	28	-5.9% ▼
Tamaulipas	201	143	-28.9% ▼
Tlaxcala	46	48	5.5% ▲
Veracruz	235	249	6.1% ▲
Yucatán	30	32	7.0% ▲
Zacatecas	156	175	12.6% ▲
Total National	5,459	5,727	4.9%

Source: BBVA Research with Banxico data

Disclaimer

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