

Migration

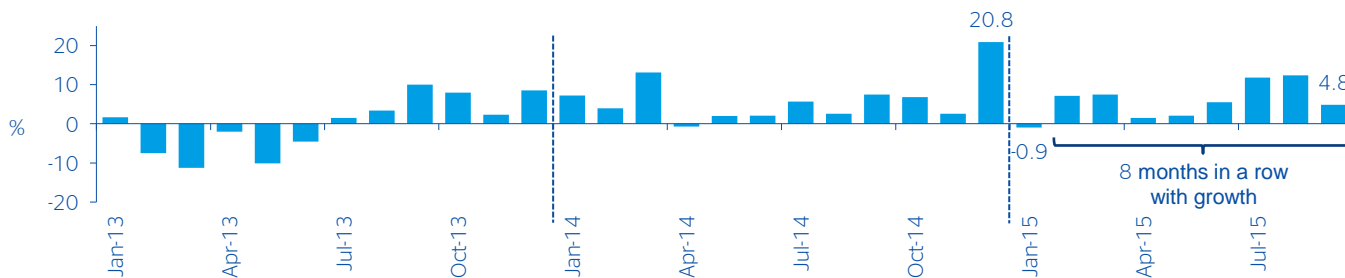
Family remittances rose by 4.8% in September, with an inflow of USD2,060mn

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- In September, remittances to Mexico increased by 4.8% compared to the same month in 2014, reaching an inflow of USD2.06bn.
- The cumulative flow from January to September 2015 reached USD18,624.5mn, growing by 5.9% compared to the same period in 2014.
- The strong appreciation of the dollar appears to be behind the positive run for remittances, which has extended to 8 months in row with growth.
- The preliminary estimate from the Bureau of Economic Analysis shows a slowdown in US 3Q15 GDP, which could affect how remittances perform over the rest of the year.

In September 2015, family remittances rose by 4.8% against the same month in 2014, reaching a flow of USD2,060mn, according to the central bank report. These figures reveal that family remittances have held their course of growth in 2015 to date, making this a run of eight months in a row of YoY growth since February 2015. Similarly, the number of remittance wire transactions was 7.1 million in September, which means growth of 5.2% against the same month in 2014, while the average remittance was USD290, down by 0.3% YoY. The positive streak displayed by remittances over the past eight months has produced a cumulative figure of USD18,624.5mn so far this year, which means growth of 5.9% YoY with respect to the comparable figure for the comparable period in 2014.

Figure 1
Family remittances to Mexico (YoY % change, USD)

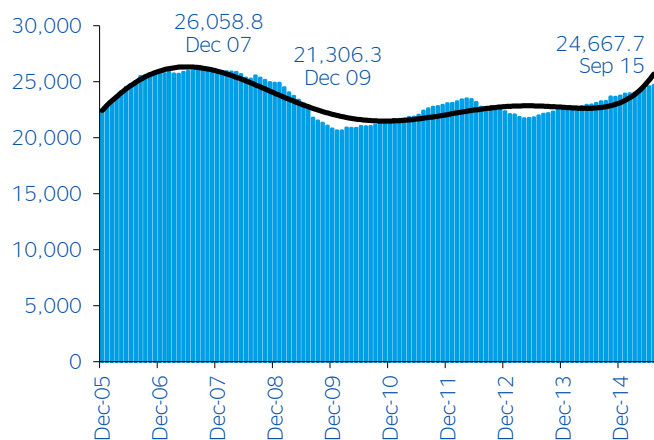


Source: BBVA Research with central bank data

The dollar's surge of recent months appears to be largely responsible for the positive run that has been experienced by remittances. The higher value of money sent to Mexico has incentivized Mexican immigrants in the United States to send back money more often, as is evidenced by the increase in the number of transactions, although the average remittance has fallen back, which could relate to the employment situation of Mexican immigrants in the United States. Over September, destination households in Mexico received 30.4% more remittances in real terms compared to the same month the previous year, which was mainly due to the dollar's appreciation and the stability of inflation in Mexico.

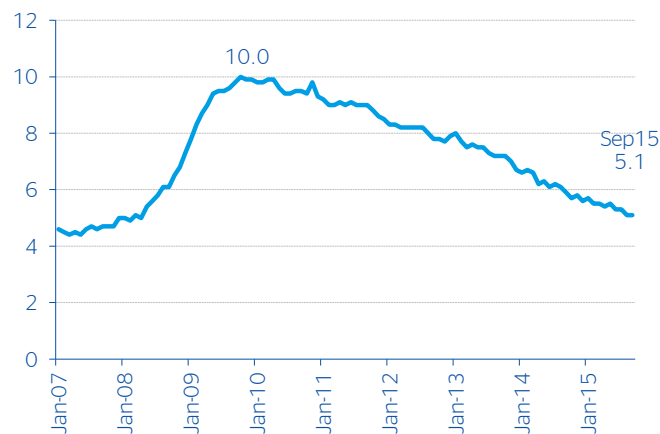
The small reduction in the average amount remitted could relate to the current employment situation of Mexican immigrants in the United States and the US economy's performance. According to the preliminary estimate from the Bureau of Economic Analysis, the US economy has seen a slowdown of its Gross Domestic Product (GDP), with growth estimated at 1.5% YoY in 3Q15. Meanwhile, BBVA Research's own estimates show that in September Mexican immigrants faced an unemployment rate of 4.2% in seasonally unadjusted (su) terms, which was slightly higher than in the previous month, when it read 4.1% su. This level is lower than the overall unemployment rate in the United States, which held at the same level as the previous month in September of 5.1%, according to figures released by the US Bureau of Labor Statistics.

Figure 2
12-month cumulative flows of remittances to Mexico (USD mn)



Source: BBVA Research with central bank data

Figure 3
United States: national unemployment rate (%)



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

Disclaimer

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