

Migration

# Remittances end growth spurt with a fall of 2.4% to US\$2.2 billion in March 2016

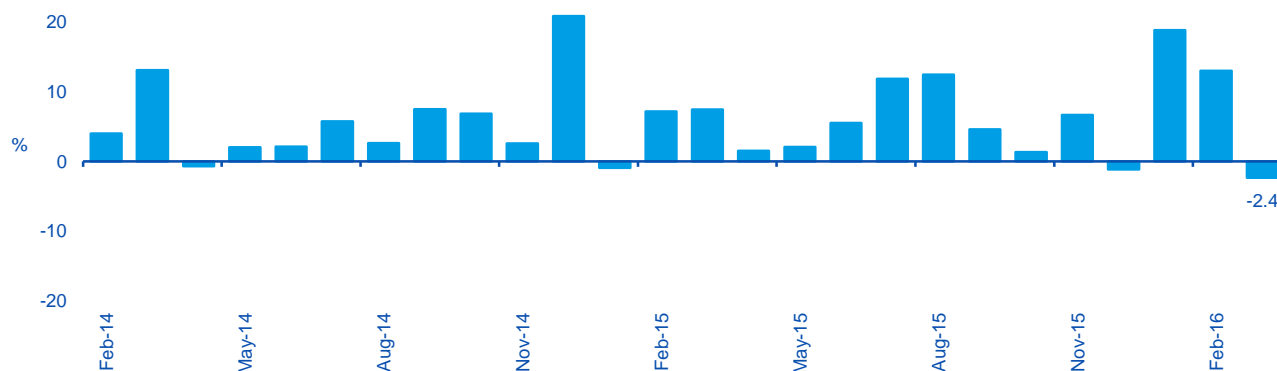
Juan José Li Ng / Alfredo Salgado

- Remittances to Mexico fell by 2.4% in March compared with the same month of 2015, with an inflow of US\$2.2 billion
- The depreciation of the dollar seen since February, together with the slowdown in the US economy in the first quarter of 2016, could explain the fall in remittances in March
- In the first quarter of 2016 remittances amounted to US\$6.2 billion, 8.6% more than in the same quarter of 2015
- Mexico City (+24.7%), Guerrero (+17.0%), Sonora (+16.9%) and Chihuahua (+15.7%) were the states with the biggest percentage increases in receipts of remittances during the first quarter of 2016

According to Banco de México, family remittances fell by 2.4% during March 2016 compared with the same month of 2015, reaching a total of US\$2.2 billion. This breaks the rising trend of the first two months of 2016; however remittances in the first quarter of 2016 totalled US\$6.2 billion, 8.6% more than in the same quarter of 2015.

The fall in the average amount of remittance, which was not offset with an increase in the number of remittance transactions, seems to be the main reason for the decrease in remittances. During March the average remittance amount was US\$291, which was 6.4% less than the level reached in March 2015. Also, the number of remittance transactions was nearly 7.6 million, up by 4.3% on March 2015, with similar YoY growth to that of the previous year (4.4%).

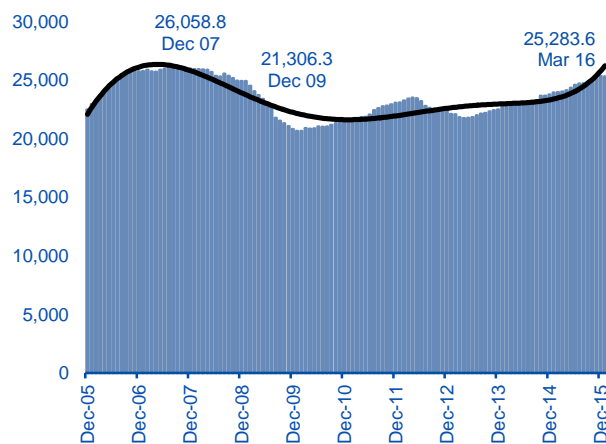
Chart 1  
**Family remittances to Mexico (YoY % change, USD)**



Source: BBVA Research with central bank data

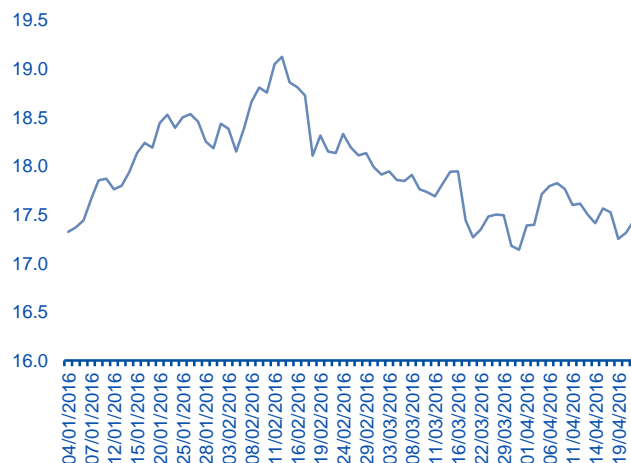
Two main factors could be behind the fall in remittances in March. Firstly, the apparent slowdown in the US economy which, according to advance estimates of GDP growth by the Bureau of Economic Analysis, grew 0.5% at annual rate in the first quarter of 2016, which could dampen employment expectations for the rest of the year. Secondly, the dollar has depreciated significantly since mid-February 2016 from a high of 19.12 pesos to the dollar to 17.11 pesos per dollar at the end of March, which translates into a depreciation of 10.5% and means that money sent to Mexico from the US is worth less. Thus, receiving households saw their income from remittances increase by just 11.0% in real terms compared with the same month of last year, the smallest increase since February 2015.

**Chart 2**  
**12-month accumulated flows of remittances to Mexico**  
**(Millions of dollars)**



Source: BBVA Research with central bank data

**Chart 3**  
**48-hour inter-banking exchange rate pesos to the dollar**  
**(Opening sale)**



Source: BBVA Research with central bank data

### Remittances by state

Mexico City (+24.7%), Guerrero (+17.0%), Sonora (+16.9%) and Chihuahua (+15.7%) were the states with the biggest percentage increases in the receipt of remittances in the first quarter of 2016 compared with the amounts received in the first quarter of 2015; while in the same period two states saw declines in receipts: Hidalgo (-7.9%) and Colima (-2.1%).

Table 1.  
Family remittances by state

State	1st quarter 2015	1st quarter 2016	% change
Ciudad de México	252.4	314.7	+24.7%
Guerrero	285.1	333.5	+17.0%
Sonora	85.2	99.6	+16.9%
Chihuahua	141.7	164.0	+15.7%
San Luis Potosí	179.8	206.6	+14.9%
Chiapas	127.4	145.9	+14.5%
Tabasco	28.4	32.4	+13.7%
Baja California Sur	11.6	12.9	+11.8%
Aguascalientes	80.6	89.9	+11.6%
Querétaro	99.9	111.2	+11.3%
Campeche	12.9	14.3	+10.9%
Baja California	153.0	169.5	+10.8%
Zacatecas	175.1	193.9	+10.8%
Nuevo León	148.3	163.1	+10.0%
Durango	117.1	128.6	+9.8%
Jalisco	539.4	588.4	+9.1%
Morelos	127.8	138.7	+8.6%
Guanajuato	509.2	551.0	+8.2%
Quintana Roo	27.2	29.3	+8.0%
Nayarit	88.7	95.4	+7.5%
Michoacán	603.0	643.4	+6.7%
Puebla	319.9	340.3	+6.4%
Sinaloa	129.9	137.2	+5.6%
Oaxaca	307.6	324.8	+5.6%
Veracruz	249.2	260.1	+4.4%
Tamaulipas	142.7	148.1	+3.8%
México, Estado de	369.5	380.4	+3.0%
Tlaxcala	48.5	49.3	+1.7%
Coahuila	92.0	93.6	+1.7%
Yucatán	32.5	32.8	+1.0%
Colima	57.3	56.1	-2.1%
Hidalgo	180.9	166.6	-7.9%

Source: BBVA Research with central bank data

In the first quarter of 2016 the states receiving the largest influx of remittances were Michoacán (US\$643.4 million), Jalisco (US\$588.4 million), Guanajuato (US\$551.0 million) and Mexico State (US\$380.4 million). The first three states form part of the “traditional” region, with a long history of emigration to the US.

Map 1.  
**Main remittance receiving states**  
**First quarter 2016 (Millions of dollars)**



Source: BBVA Research with central bank data

**Disclaimer**

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