

Migration

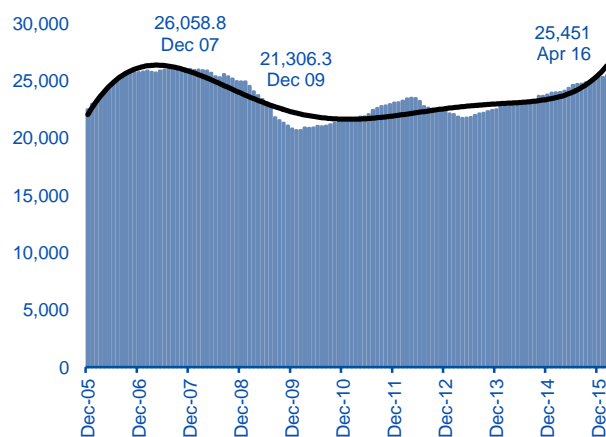
Remittances grew by 8.3% in April, with an inflow of US\$2,173.4 million

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- Remittances to Mexico grew by 8.3% in April compared with the same month of 2015, with an inflow of US\$2,173.4 million.
- The depreciation of the dollar against the peso seen in March and April does not seem to have affected the growing trend of remittances.
- In the first four months of 2016, remittances totalled US\$8,388.9 million, 8.5% more than in the same four months of 2015.
- The growing trend of remittances to Mexico still seems to be driven by the improving employment situation of Mexican immigrants in the US.

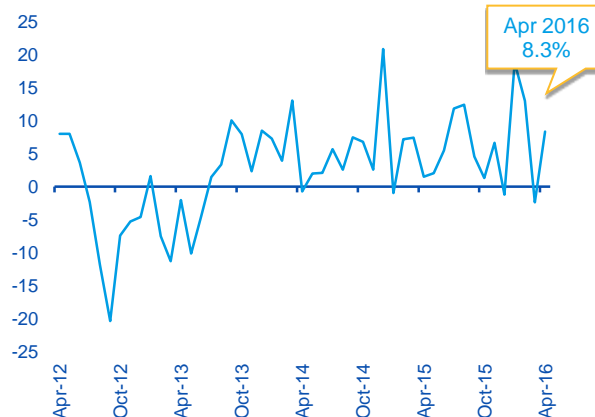
Family remittances to Mexico amounted to US\$2,173.4 million in April, 8.3% up on the same month of last year. In the first four months of 2016, remittances totalled US\$8,388.9 million, 8.5% more than in the same four months of 2015. The increase in the total amount of remittances seems to be due to the increased frequency of remittances from abroad. During April there were nearly 7.4 million remittance transactions, 9.7% more than in April 2015, although the average amount remitted fell by 1.3% to US\$294.

Figure 1
Cumulative flows of remittances to Mexico over 12 months (US\$ millions)



Source: BBVA Research with Banco de México data

Figure 2
Family remittances to Mexico (Chge. YoY in US\$)

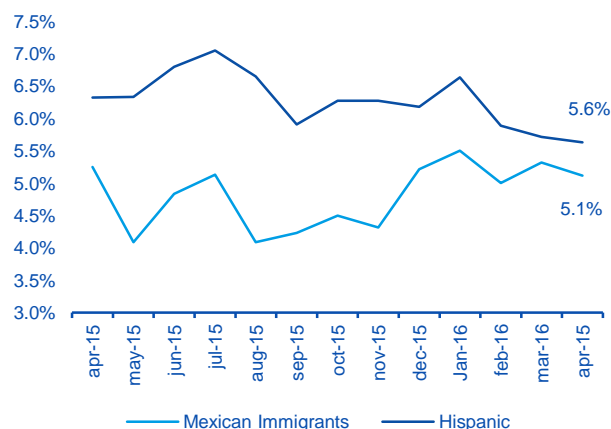


Source: BBVA Research with Banco de México data

One of the main factors affecting the dynamic of remittances to Mexico is the dollar's depreciation against the peso. In terms of the average exchange rate for the month, the dollar lost 4.5% MoM in March and 1.4% MoM in April against the Mexican peso. This would suggest that remittances to Mexico could decline, since they would be worth less in peso terms given the weaker dollar. However, receiving households saw their income from remittances in April increase by 21.4% in real terms compared with the same month last year, since on a year-on-year basis the dollar had appreciated again the peso by 14.9%. The other major factor apparently behind the recent trend in remittances is the employment situation of Mexican immigrants in the US. BBVA Research estimates based on the Current Population Survey (CPS) show that the overall US unemployment rate in April was 4.7% not seasonally adjusted (NSA), while for Mexican immigrants it was 5.1% (NSA), less than that of the Hispanic population as a whole, which was 5.6% (NSA).

Figure 3

Unemployment rate in the Hispanic population as whole and among Mexican immigrants in the US (%)

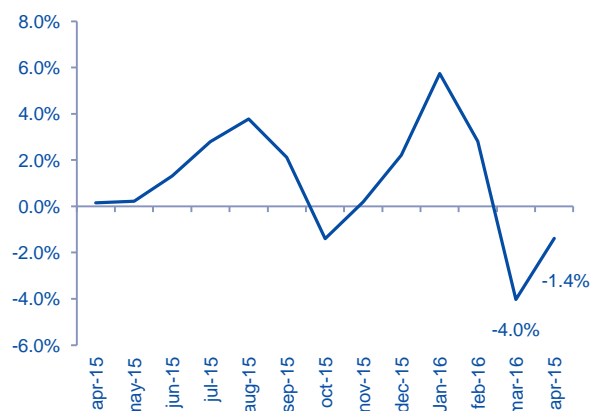


Source: BBVA Research with CPS data

Note: Figures not seasonally adjusted.

Figure 4

Average exchange rate for the month, pesos to the dollar (Monthly change, %)



Source: BBVA Research with Banco de México data

Disclaimer

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