

Migration

Modest growth in remittances in August (+0.7%)

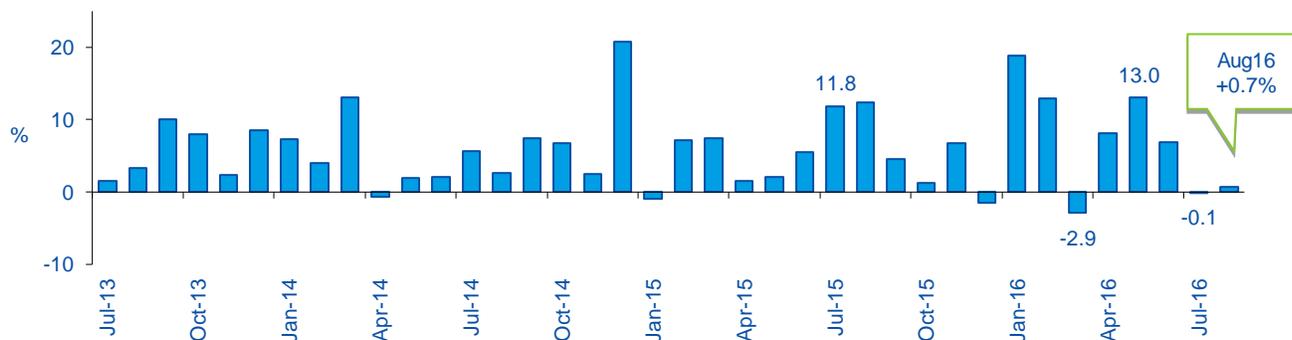
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- In August, Mexico received 2,269.7 million dollars in remittances, an increase of 0.7%. This figure is in line with BBVA Research forecasts (2,269) but lower than expected by the market generally (2,323).
- The recent indicators on economic activity in the United States point towards the volume of the labour force of Mexican migrants remaining above 8 million people, with an unemployment rate below the national average in the United States. However, employment statistics for the Mexican migrant population in that country do not show significant improvements in the last 12 months.
- We estimate that there will be moderate growth in remittances in the coming months, given the uncertainty over the outcome of the upcoming presidential elections in the United States.

On Monday, the Bank of Mexico reported that the flow of remittances entering Mexico during August was 2,269.7 million dollars, an increase of 0.7% over the same figure for the previous year. Thus, remittances resume their upward trend, after a reduction in flow during last July (-0.1%).

The number of remittance transactions grew by 3.1% on the annual rate, settling at 7.8 million operations during August, while the average remittance decreased in amount by 2.3%, to 291 dollars.

Figure 1
Family remittances to Mexico (% annual variation in dollars)

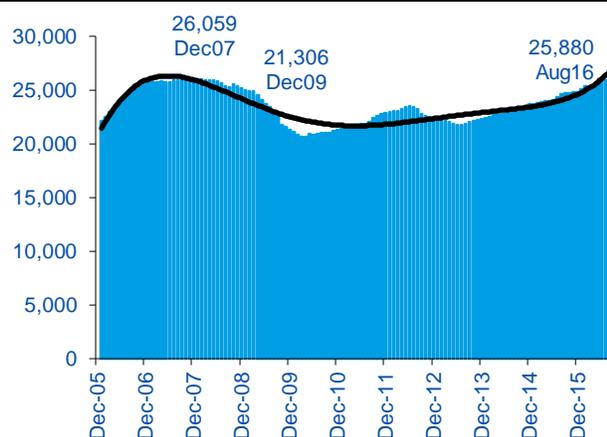


Source: BBVA Research estimate based on Banco de México figures.

Our estimates, based on the *Current Population Survey*, indicate that the volume of the Mexican migrant labour force in the United States is over 8 million people. This figure has remained relatively stable over the past two years, mainly due to the level of economic activity in the United States. Moreover, in recent months, the unemployment rate among migrant Mexicans is lower than the national average of the United States. These elements maintain the flow of remittances from the northern neighbour to Mexico, although growth rates are relatively small.

We estimate moderate growth rates of remittances during the next few months, largely because of the uncertainty of the outcome of the Presidential elections in the United States.

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



Source: BBVA Research estimate based on Banco de México figures.

Figure 3
United States: National unemployment rate (%)



Source: BBVA Research based on figures from the US Bureau of Labor Statistics.
Note: Seasonally adjusted.

Disclaimer

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