Migration

# Mexico | Remittances grew by 7.2% in July, 22% in real terms in pesos

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- Despite the economic effects of the ongoing COVID-19 crisis, USD 3,532 million entered Mexico in remittances in July, +7.2% compared to the same month the previous year.

- It is estimated that 45.9% of women who send remittances do so to cover health-related expenses (medical care, medicine, laboratory tests, hospital fees, etc.) in households in Mexico, whereas 31.3% of men who send remittances do so for this reason. It is possible that, due to the current health situation, remittance-receiving households have increased their expenditure on health.

- Remittances this year look set to close at a new historical high of around USD 39.4 billion, with annual growth of 8.1%.

According to a report by the Bank of Mexico, USD 3,532 million entered Mexico in the form of family remittances, 7.2% more than during the same month the previous year. This increase can primarily be explained by a 5.8% rise in the number of transactions of this type, which totaled 10.3 million, and a 1.2% increase in the value of the average remittance, which was USD 343 in July.

In real terms, discounting inflation and making an adjustment for the exchange rate, households in Mexico received 22% more remittances in July compared to the same month the previous year, with remittances becoming an extremely important source of income for millions of Mexicans in recent months due to the coronavirus crisis.

Figure 1. **Family remittances to Mexico, 2019–2020**
(YoY % change in USD)
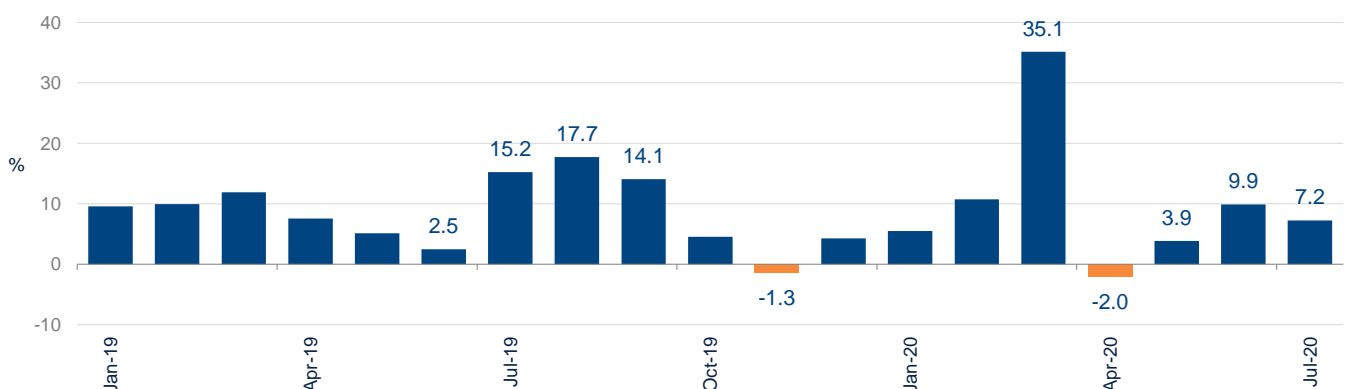
Source: BBVA Research based on Bank of Mexico data

According to data in the Yearbook of Migration and Remittances Mexico, the three main uses for remittances[1] sent by both men and women were:

1. Food and clothing (72.4% women and 74.7% men),
2. Health (45.9% women and 31.3% men), and
3. Paying debts (9.9% women and 16.4% men).

It is possible that, due to the current health situation, remittance-receiving households have increased their expenditure on health (medical care, medicine, laboratory tests, hospital fees, etc.).

In the United States—the main country of origin of remittances to Mexico—the unemployment rate has fallen in recent months, although not at the desired rate. In July, the national unemployment rate in the United States was 10.2%, higher than during the last financial recession in 2008 and 2009, when it peaked at 10.0% in October 2009. Despite this complex economic scenario, the flow of remittances to Mexico continues to grow.
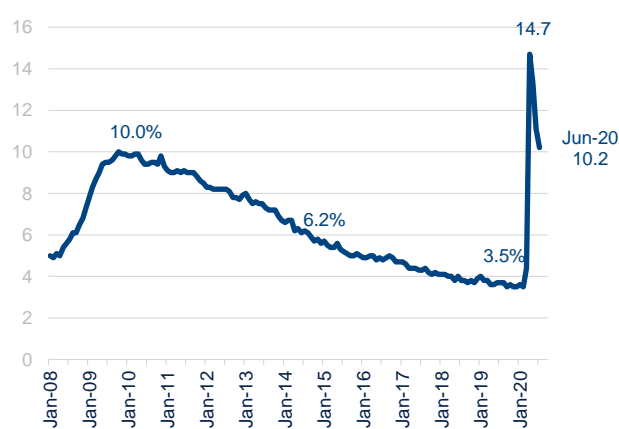
As of July 2020, the flow of remittances annualized at 12 months totaled USD 38,516 million. Remittances are expected to continue growing over the coming months and reach USD 39,400 million by the end of the year, with year-on-year growth of 8.1% compared to 2019.

Figure 2. **Cumulative 12-month flow of remittances to Mexico (USD millions)**
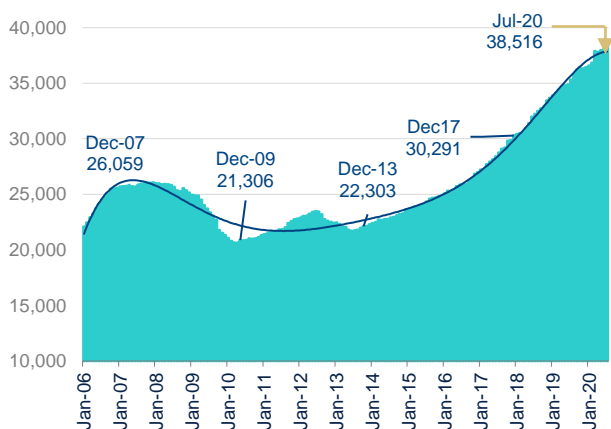
Source: BBVA Research based on Bank of Mexico data.

Figure 3. **United States: National unemployment rate (%)**

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

DISCLAIMER

1: These figures do not add up to 100% because the data are from multiple sources. The most recent data available is from year-end 2017.