

Migration

# Mexico | Remittances to Mexico and Latin America continue to grow despite COVID-19

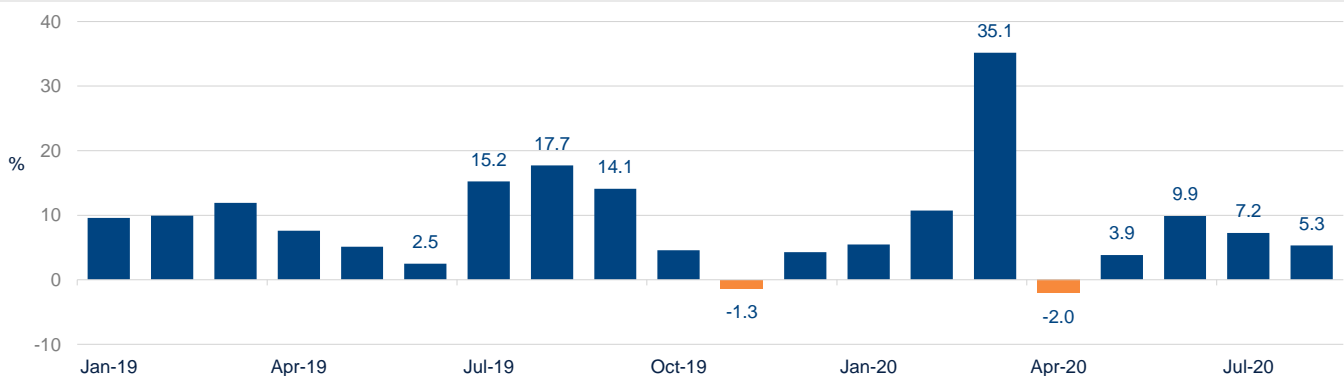
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- Remittances to Mexico grew for four consecutive months in the middle of the COVID-19 pandemic. They reached USD 3,574 million, with growth of +5.3%.
- Remittances sent to various countries in Latin America and the Caribbean grew in August: There were year-on-year increases of +22.5% in the Dominican Republic, +18.7% in El Salvador, +7.1% in Guatemala and +0.3% in Colombia.
- The unemployment rate in the United States fell to 8.4%, but 11.5 million jobs lost due to the pandemic are still to be recovered, of which 2.6 million belonged to members of the Hispanic or Latino populations.

The *Banco de México* (Bank of Mexico) reported that Mexico received USD 3.574 billion in family remittances in August — an increase of +5.3% compared to the same month the previous year. Moreover, remittances to Mexico have grown for four consecutive months during the COVID-19 pandemic. This increase can be explained by a 5.3% rise in the number of transactions of this type, which totaled 10.4 million. The average remittance was USD 343, the same as for the previous year.

In real terms, discounting inflation and taking into account the exchange rate, households in Mexico received 14.9% more in remittances in August than in the same month of the previous year.

Figure 1. **Family remittances to Mexico, 2019–2020**  
(YoY % change in USD)



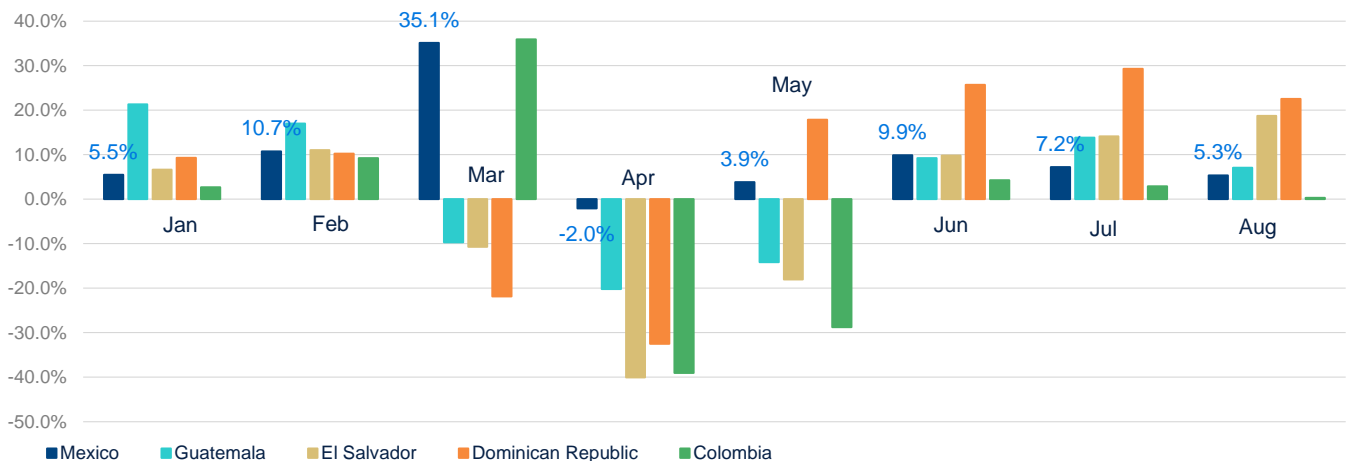
Source: BBVA Research based on Bank of Mexico data

## Remittances to Latin America and the Caribbean are also growing

Mexico is one of the countries in Latin America and the Caribbean where remittance flows have been least impacted by the COVID-19 crisis. Of the first eight months of 2020, April was the only one in which remittance flows were reduced and the reduction was small (-2.0%). The sharp increase in remittances to Mexico in March (+35.1%) and the sustained growth from May to August have not only alleviated the potential negative impacts predicted due to COVID-19, but have also led to remittances exceeding the estimates made at the beginning of the year, prior to the pandemic.

Between March and May, there were significant declines in remittance flows in several countries in Latin America and the Caribbean as a result of the COVID-19 pandemic. Since June, however, remittance flows to Guatemala, El Salvador, the Dominican Republic and Colombia have grown and exceeded flows observed the previous year. This was particularly evident in the Dominican Republic, where remittances grew year-on-year by an average of 23.8% between May and August. It should be noted that these four countries being analyzed, plus Mexico, account for nearly 70% of remittances to Latin America and the Caribbean.

Figure 2. **Monthly remittance flows to selected countries in Latin America and the Caribbean, 2020**  
(YoY % change in USD)



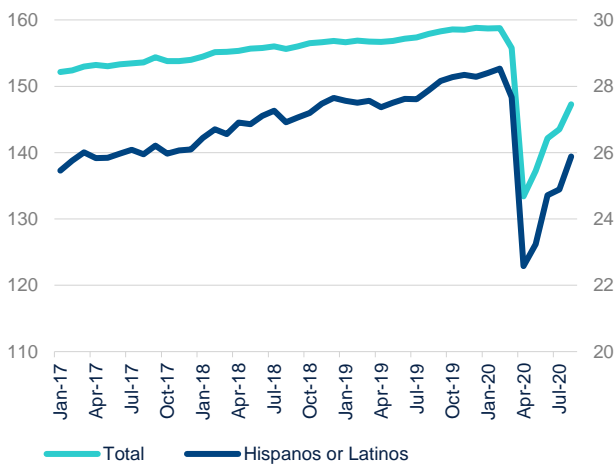
Source: BBVA Research based on data from *Banco de México*, *Banco de Guatemala*, *Banco Central de Reserva de El Salvador*, *Banco de la República de Colombia*, *Banco Central de la República Dominicana*, 2020.

## The unemployment rate in the United States is falling rapidly, but more than 11.5 million lost jobs are still to be recovered

The unemployment rate in the United States has declined rapidly in recent months. By April 2020 alone, the unemployment rate reached 14.7%, while in August it was 8.4%, below the peak reached during the global financial recession of 2009. The unemployment rate observed in August was comparable to that from early 2012, meaning that a rapid economic recovery against the current backdrop of the pandemic is foreseeable. This time it took only 4 months for the unemployment rate to fall to 8.4%, while during the previous financial crisis it took around 30 months.

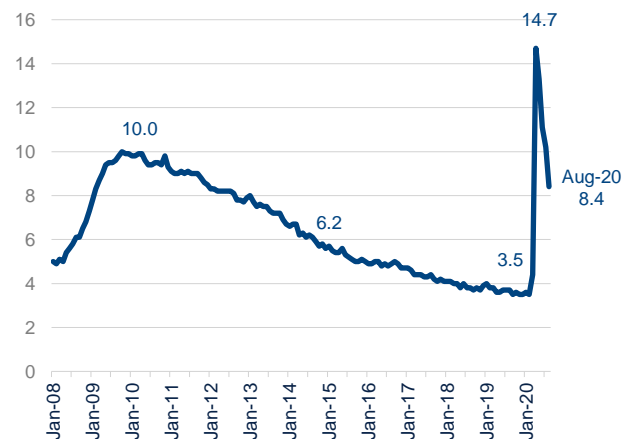
However, there is still much to be done in the United States for employment to recover to pre-pandemic levels nationally, including employment among the Hispanic population in the country. It is estimated that the overall labor force in the United States comprised 11.5 million fewer workers in August than it did in February this year. For the Hispanic and Latino populations in the country, 2.6 million jobs lost during the worst months of the pandemic are still to be recovered.

Figure 3. **United States: total employed population and employed Hispanic population** (Millions)



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

Figure 4. **United States: national unemployment rate** (%)



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

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