

Migration

Mexico | Despite the pandemic, remittances remain unstoppable — growing by 14.1% in October

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- In the first ten months of the year, USD 33,564 million entered the country, up 10.4% from the USD 30,395 million received in the same period of 2019.
- Using the monthly average of the ten months of the year so far, the flow of remittances to Mexican homes has increased by 20.3% in real terms.
- The improved economic conditions in the United States, the main source of remittances to Mexico, have contributed to this growth. The overall unemployment rate in the US was 6.9% in October, although it is still higher than pre-pandemic levels.

The Bank of Mexico reported that USD 3,598 million entered Mexico in October — representing year-on-year growth of 14.1%. Remittances have maintained strong growth throughout the year despite the adverse global economic conditions resulting from the COVID-19 pandemic. In the first ten months of the year, USD 33,564 million entered the country, up 10.4% on the amount received in the same period of 2019 (USD 30,395 million).

With regard to remittances, 10.5 million transactions (+7.6%) were recorded in October, while the average remittance was USD 341.

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

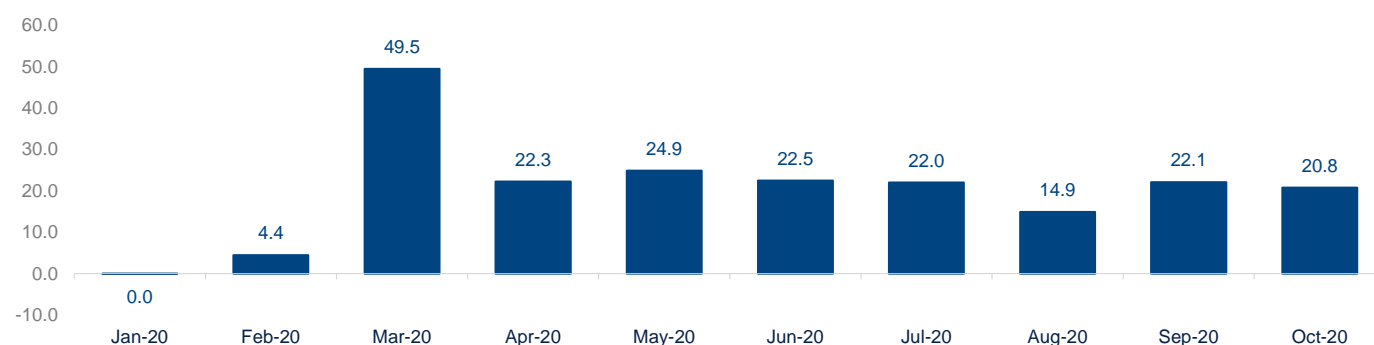


Source: BBVA Research based on Bank of Mexico data

Although the exchange rate between the Mexican peso and the US dollar has recovered gradually, it remains higher than in 2019. In real terms, discounting the effect of inflation and taking into account the exchange rate, households in Mexico received 20.8% more in remittances in October compared to the previous year. Using the monthly average of the ten months of the year so far, the flow of remittances to Mexican homes increased by 20.3% in real terms.

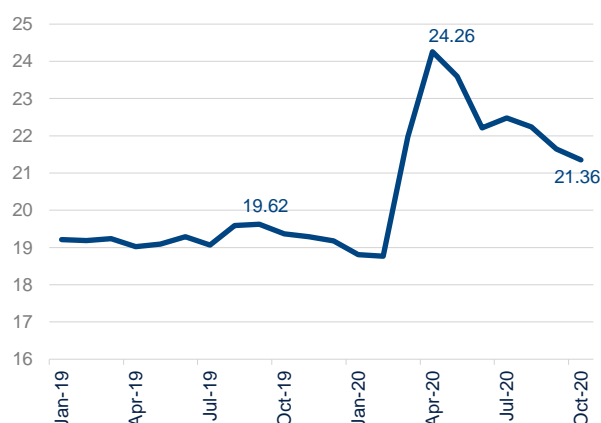
The improved economic conditions in the United States, the main source country for remittances to Mexico, have contributed to this growth. The overall unemployment rate in the US was 6.9% in October, with a monthly improvement and has improved on a monthly basis since the start of the pandemic (in March the unemployment rate reached 14.7%); although it is still higher than pre-pandemic levels.

Figure 2. **Change in the flow of remittances to Mexico in real terms**
 (YoY % change in MXN in real terms)



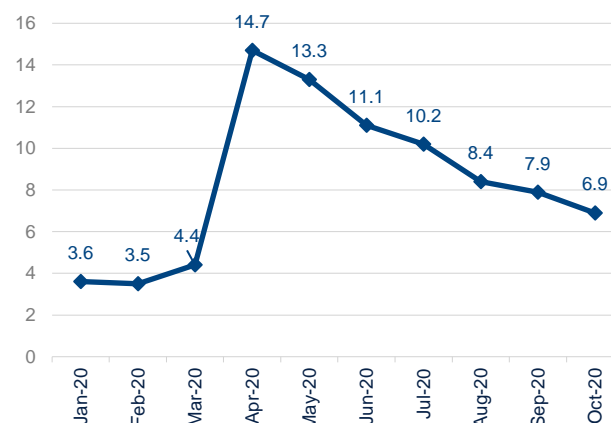
Source: BBVA Research based on Bank of Mexico and INEGI data.

Figure 3. **Exchange rate MXN Pesos to USD**
 (MXN/USD)



Source: BBVA Research based on Bank of Mexico data.

Figure 4. **United States: National unemployment rate, 2020 (%)**



Source: BBVA Research based on US Bureau of Labor Statistics data.

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