

Mexico Migration Flash

Remittances increase by 8.1% in September, above expectations

- In September, remittances to Mexico rose by 8.1% year-on-year, above the estimates made by BBVA (5.3%) and by consensus (5.0%), and were also the highest figure so far this year
- This means that remittances have now accumulated two months with growth in 2013, following a run of 13 successive months of year-on-year falls
- Growth in remittances is associated with recent falls in unemployment in the US, leading to lowest unemployment rates for the last five years, and proving beneficial to the Mexican migrant workers there

According to Bank of Mexico figures, 1.7957 billion dollars in remittances entered Mexico in September 2013, an increase of 8.1% yoy. This growth is due to the 11.2% yoy increase in remittance volumes, to 6.25 million transactions, with an average remittance of 287.31 dollars over that period, a fall of 2.8% year on year.

This makes September the month with the highest growth over the year so far, and the second successive months with yoy increases, after the run of 13 consecutive months with falls between July 2012 and July 2013.

In real pesos (discounting inflation), remittances rose by 5.4% yoy in September, and this was the first real increase in pesos observed in 2013.

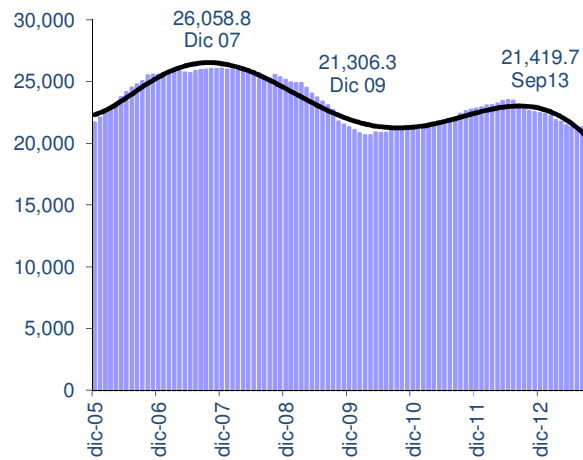
Recent remittance figures point to a recovery trend in job levels in the US. According to the US Bureau of Labor Statistics, the unemployment rate in the country came in at 7.2% in September, the lowest since the end of 2008, which also would have prompted higher employment among Mexican migrants in the US, the source of most remittances to Mexico. In addition, the average exchange rate (pesos per dollar) in September compared with the previous two months might also have led to positive incentives to send more remittances to Mexico.

Future uncertainty regarding remittances continues, however, mainly due to two factors: a) the lack of real evidence of recovery in the US economy, despite the fall in the unemployment rate in recent months, and b) whether or not the migration reform will be approved in the US, and its specific terms, and the possible increase in migration control on the Mexican border.

In October, therefore, significant growths in remittances such as on the scale observed in September are not expected. We maintain our forecast of accumulated change in dollar remittances of between -4.7% and -6.7% for 2013.

Chart 1

Accumulated 12-month remittance flows to Mexico (Million dollars)



Source: BBVA Research with Banxico figures

Chart 2

Unemployment rate in the US (%)

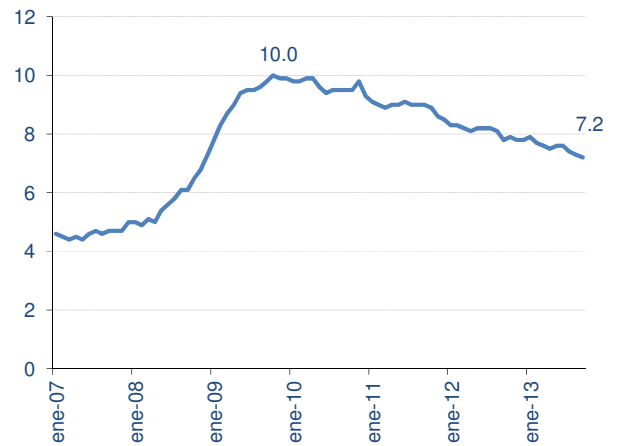
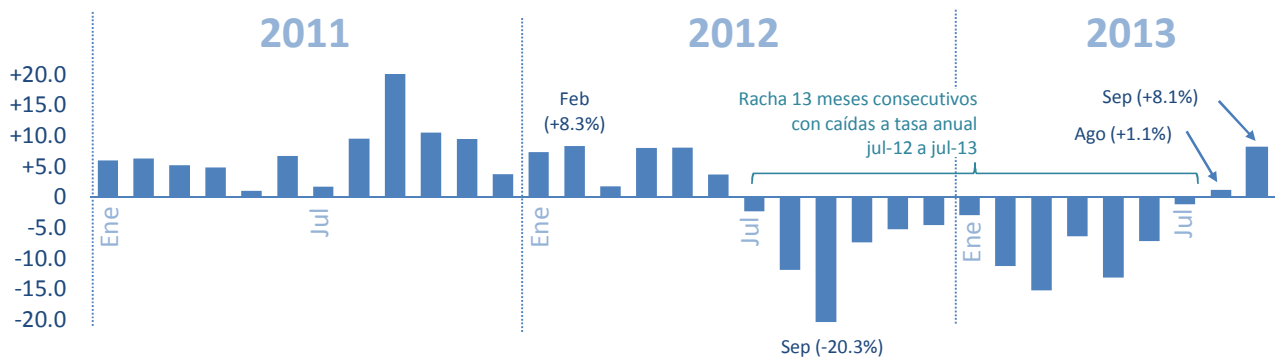
Source: BBVA Research with US Bureau of Labor Statistics data.
Note: Seasonally adjusted

Chart 3

Family remittances to Mexico, January 2011-September 2013 (annual % change in dollars)



Source: BBVA Research with Banxico figures

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Notice

This publication is a joint initiative between the BBVA Bancomer Foundation and BBVA Research's Economic Research Department, Mexico. It aims to make new contributions in the field of Migration studies that add to knowledge of this important social movement.