

Mexico Migration Flash

April 1st, 2014
Economic Analysis

Remittances stay on growth path: increased 5.7% in February

Mexico

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- In February, remittances grew 5.7% year-over-year, to 1,677 million dollars, which is close BBVA Bancomer estimates (1,662 md), but below market consensus (1,699 md)
- The relatively low unemployment rate in the U.S. (6.7% in Feb '14) and improvement in some indicators of economic activity, may have had a positive impact on employment of Mexican immigrants and the remittances they send to Mexico
- It is estimated that remittances continue growing in March and subsequent months

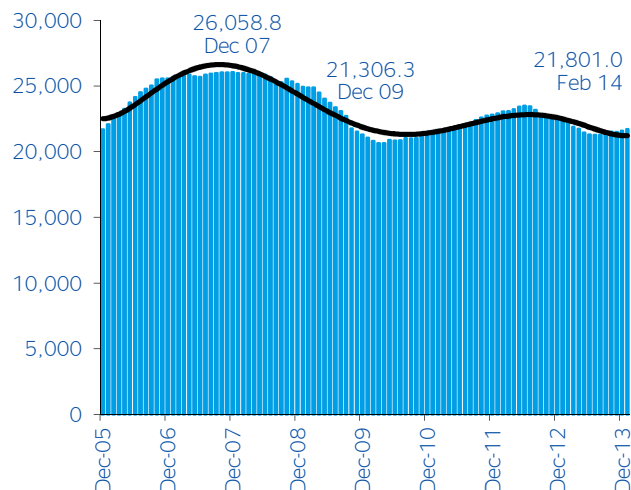
Today, Banco de México reported that for the month of February entered to Mexico 1,677.3 million dollars by remittances, equivalent to a growth of 5.7 % in annual rate, and 5.5% compared to last January. The number of operations for remittances reached 5.68 million transactions, an increase of 4.9% year-over-year, while the average remittance reached \$295.1 dollars, 0.8% higher than the same month last year.

From August 2013, when remittances broke a long streak of consecutive months with decreases, to February 2014, remittances have grown on average 4.7 % annually.

This growth is associated with the strong performance of economic activity in the United States in recent months, when in February the unemployment rate has remained relatively low (6.7 %) and the ISM Manufacturing Index, which measures anticipated sales contracts in this sector in the U.S., grew 1.9% over the previous month.

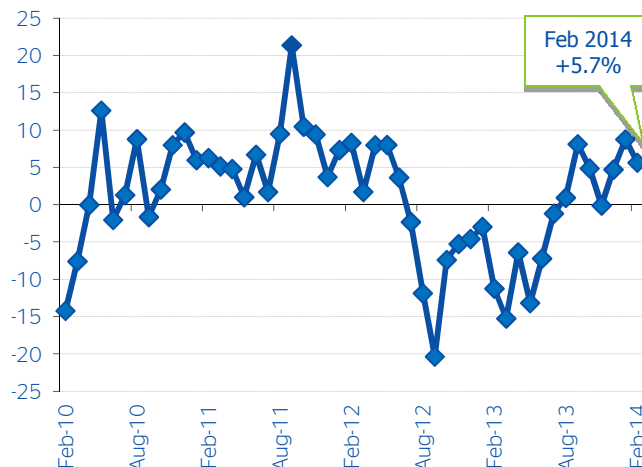
It's estimated that remittances will continue its growth path for the month of March and subsequent months. BBVA Bancomer maintained its forecast for remittances from 5% to 6% in annual rate for the current year.

Chart 1
Accumulated 12-month Remittance Inflows to Mexico
(Million dollars)



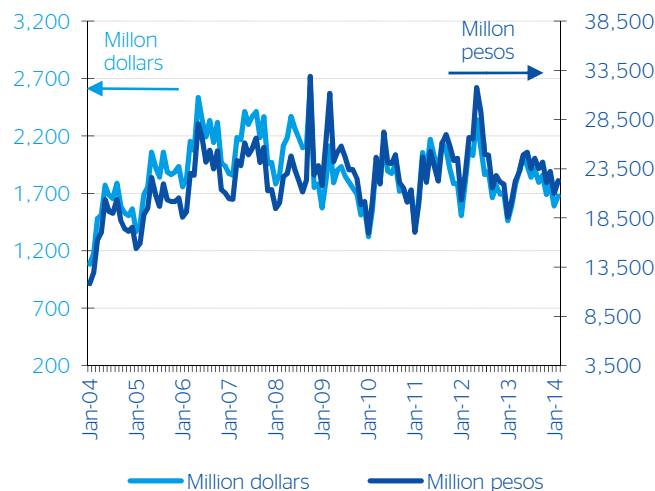
Source: BBVA Research with Banxico figures.

Chart 2
Family Remittances to Mexico
(Annual % change in dollars)



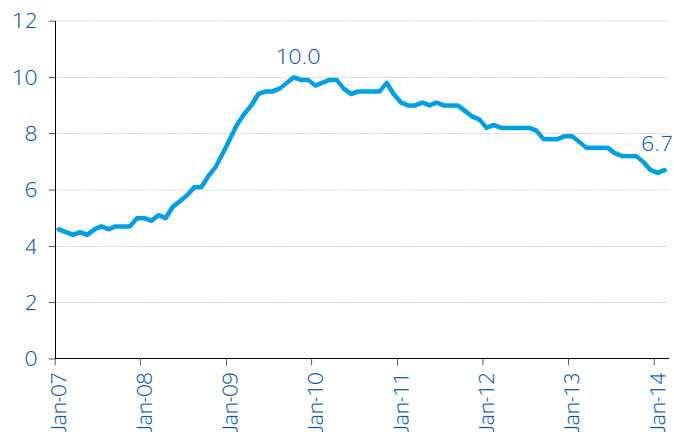
Source: BBVA Research with Banxico figures.

Chart 3
Monthly remittances inflow to Mexico
(Dollars and pesos)



Source: BBVA Research with Banxico and INEGI figures.

Chart 4
U.S.: Average unemployment rate
(%)



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

Disclaimer

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