

Mexico

Economic Watch

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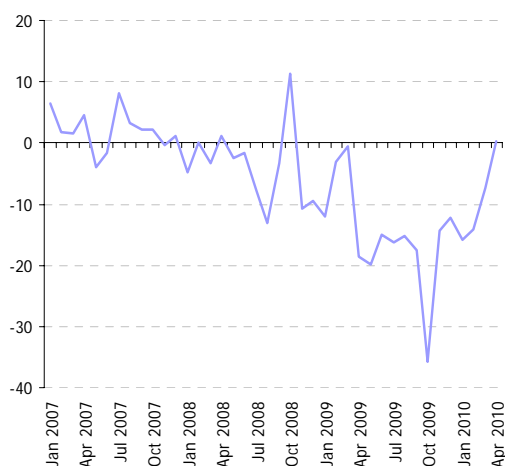
Migration: Mexican remittances

For the first time since November 2008, remittances in April this year recorded annual growth in dollars

- It is the first month to record annual growth following 17 consecutive months of falls. Although in monthly terms remittances recorded an 8.5% fall in dollars in April, in annual terms they recorded 0.23% growth in dollars.
- The total remittances received in April was \$1,784 million, meaning that in the first four months of the year \$6,603 million were received, which represented a 9% fall in dollars.
- The average remittance sent in April grew 0.3%, reaching \$324.6 dollars.

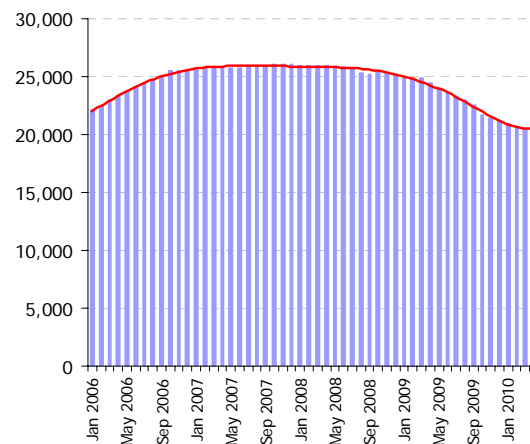
According to the Bank of Mexico, in April Mexico received \$1,783.95 million in remittances. Although this represents a fall of 8.5% on March this year, in annual terms it represents a 0.23% increase. The last time remittances recorded annual growth was in October 2008, when they rose by 11%. Since then they have fallen for 17 consecutive months.

Chart 1
Remittances to Mexico.
Annual % change in dollars



Source: Banxico

Chart 2
12 month remittance flow in Mexico
 (12 month accumulated flows in millions of dollars)



Source: Banxico

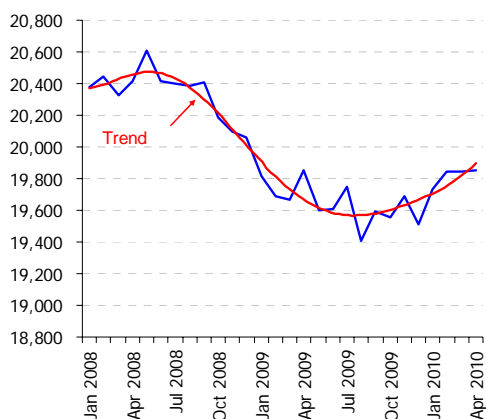
In April, although the number of transactions fell by 0.1% in annual terms, by adding 5 million 496 thousand 700, the average remittance rose by 0.3% to reach \$324.6.

During the first four months of the year, revenue from remittances in Mexico amounted to \$6,603 million, representing a 9% drop compared to the same period the previous year. In spite of these results, as mentioned in this *Migration Observatory*, there are elements to suggest that the fall in remittances is bottoming out. For the first time since November 2008, the 12-month accumulated flow recorded growth in April compared to the previous month of 0.02%.

In the United States, there are signs that job losses for Mexicans have bottomed out. Since 4Q09, we have seen an increase in employment for Mexican migrant workers, mainly in the sectors in which some Mexican workers are concentrated, such as tourism and leisure, trade and education and health services. In the case of Latin workers, a group in which Mexican migrant workers account for 30%, an uptrend in the number of jobs since 4Q09 has also been witnessed. For instance, between December 2009 and April 2010, the number of jobs for Latin workers rose by around 350 thousand.

As mentioned in previous months, in the second half of this year we expect remittances to show stronger signs of recovery. We even predict growth in dollars of around 3%, although unlike what happened in 2009, this year the exchange rate has been and will continue to be unfavorable for households that receive remittances.

Chart 3
US: Number of Latin workers
(In thousands, seasonally-adjusted)



Source: BBVA Research with Current
Population Survey data

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