

# Economic Watch

## Mexico

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Economic Analysis

Juan Luis Ordaz Díaz  
 juan.ordaz@bbva.bancomer.com

## Migration and Remittances

### Remittances grew for the seventh consecutive month in April

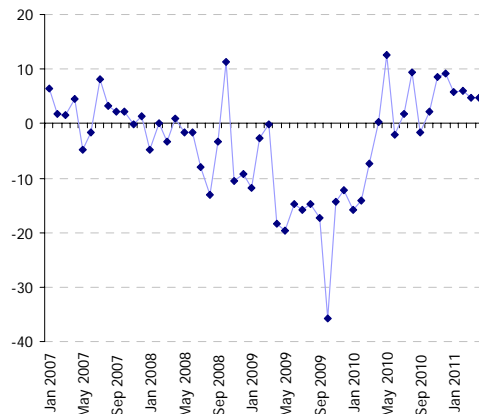
- Remittances to Mexico recorded year-on-year growth of 4.7% in April
- The number of remittances sent and their average value increased in annual terms by 2.6% and 2%, respectively
- In the coming months we expect the recovery in remittances to continue, although at a moderate rate

According to figures published by the Bank of Mexico, during April Mexico received 1,872.8 million dollars in remittances. This marks an annual increase of 4.7% in dollars. The April figure means 7 consecutive months of increasing remittance income sent to Mexico in dollars.

Both the number of remittances sent and their average value increased in annual terms by 2.6% and 20%, respectively.

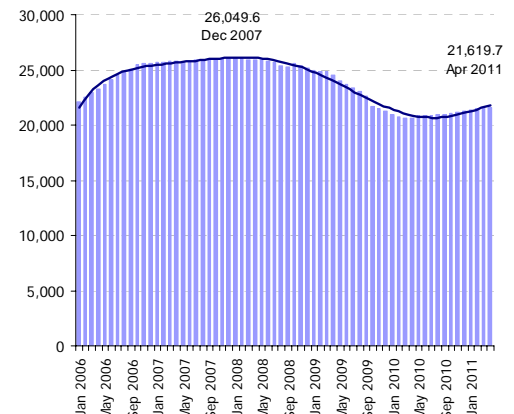
In comparison with March, remittances were down 8.6% in dollars. This is quite normal. Income from remittances to Mexico tends to be lower in April due to Easter week, which typically falls in April or late March. Even when Easter falls in March, migrants tend to feel the drop in income as a result of working fewer hours during April, leading to a decline in remittances.

Chart 1  
**Family remittances to Mexico**  
 (y/y % change)



Source: Banxico

Chart 2  
**12-month remittance flow to Mexico**  
 Accumulated flows, 12 months  
 (Millions of dollars)



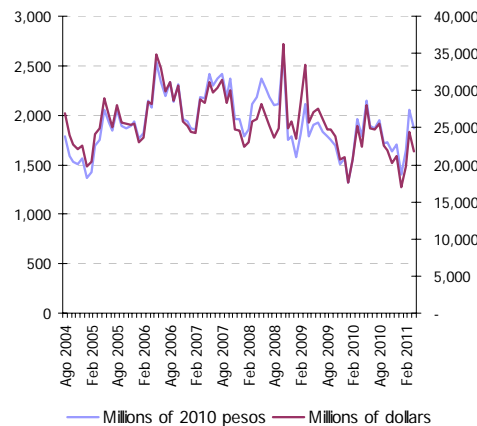
Source: Banxico

The accumulated 12-month remittance flow was up in April to 21,619 million dollars, representing 5% growth against the lowest levels recorded in the wake of the economic crisis, in March of 2010, but still 17% lower than the highest level recorded in December 2007.

The exchange rate and inflation in April both adversely affected families receiving remittances: once converted to pesos and after discounting inflation, remittance income to Mexico fell 2.7% in April.

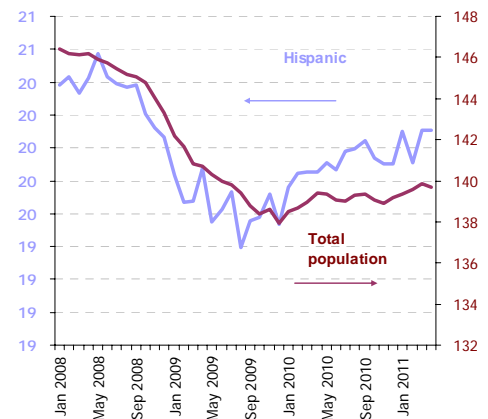
Remittances to Mexico have been buoyed in recent months by the moderate recovery in U.S. employment, with the Latino population (of which 60% are represented by people of Mexican origin) benefitting particularly. We expect this trend to continue, with remittances continuing to grow. However, as we have stated in the past, the recovery is slow and our central scenario indicates that it will remain so for the next few months. We will therefore have to wait until 2013 or 2014 to see a return of pre-crisis levels.

Chart 3  
**Family remittances to Mexico**  
(Millions of pesos and millions of dollars)



Source: BBVA Research based on Banxico figures

Chart 4  
**No. of employees in the United States**  
(Millions)



Source: BBVA Research with US Census Bureau data

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