

BBVA Research Migration Flash

Mexico

In 2011, remittances to Mexico recorded its highest annual growth from the last 5 years

- In 2011 remittances registered an annual growth of 6.9%, achieving an annual flow of 22,730.9 million dollars, 7% above its minimum level after the crisis in 2009, but 12.7% below the peak in 2007
- Improvements in the recovery of employment for Mexican migrants in the US and the depreciation of the peso against the dollar in the last months of 2011 are among the factors that encouraged higher remittances to Mexico
- All the states in Mexico reported positive changes in 2011: Distrito Federal, Baja California and Sonora recorded the largest increases.
- By 2012 we expect the jobs recovery of Mexican migrants in the U.S will continue, which will promote more remittances so they could be higher than 2011 figures, but below maximum historical levels reached in 2007. We expect that it will be in 2013 when such a situation can be achieved

Banco de México announced that in the month of December 2011, Mexico received a remittance inflow of US\$1,766.31 millions, representing an annual growth of 3.5% in dollars. Thus, cumulative remittances in 2011 totaled US\$22,730.9 millions, recording a 6.9% annual increase, the largest since 2007.

In real pesos (after inflation), remittances recorded an annual decrease of 1% in 2011.

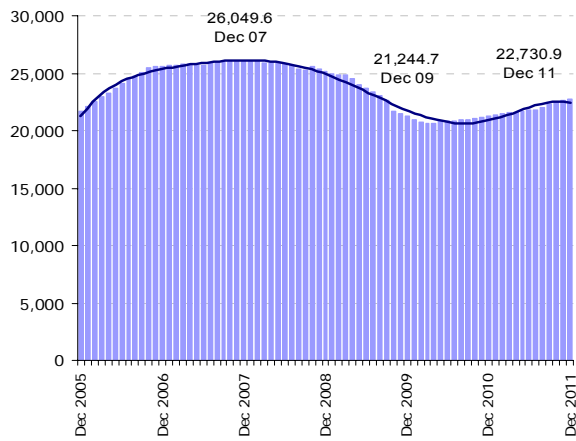
The depreciation of the peso against dollar that took place mainly in the second half of 2011 was one of the factors that boost remittances. Another factor was the greater recovery of jobs for Hispanic and specifically for Mexican migrants. In 2011, U.S. employment grew by 1.57 million jobs, which 50% were held by Hispanics and just over 15% for Mexican migrants.

In 2011, all the states in Mexico recorded an increase in the remittance received in dollars. Distrito Federal, Baja California and Sonora recorded the largest increases, while Veracruz, Estado de México and Tabasco had the smallest increases in dollar terms.

During 2012 we expect that recovery in employment of Mexican migrants in the U.S. will continue, so remittances will maintain their upward trend achieving an annual flow above 24 billion dollars by the end of the year, a figure close to the one reported in 2008, but below maximum historical levels reached in 2007. We expect that it will be in 2013 when such a situation can be achieved

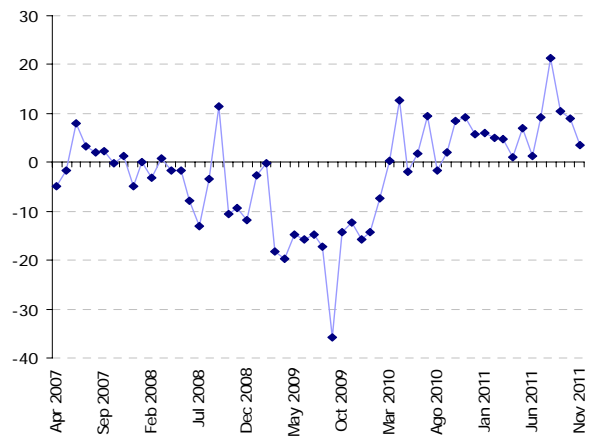
Among the risks that could affect these scenarios are: hardening of U.S. immigration policies, spread of the effects of the economic crisis in the European Union to the United States, volatility of the exchange rate pesos per dollar, and possible anti-money laundering regulations that increase the costs of sending remittances.

Figure 1
12-month Remittance inflow to Mexico
(Millions of dollars)



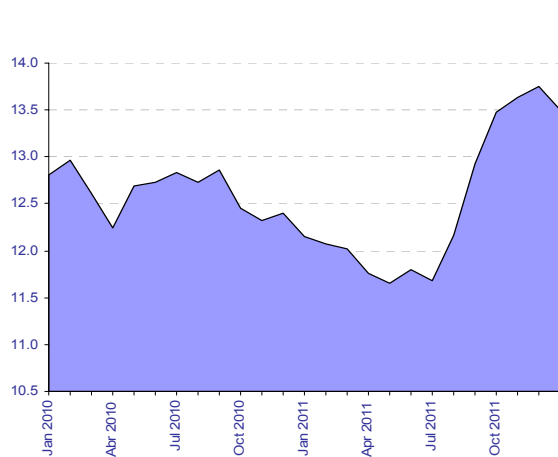
Source: BBVA Research with Banxico data

Figure 2
Mexico: Family remittances
(Annual % change in dollars)



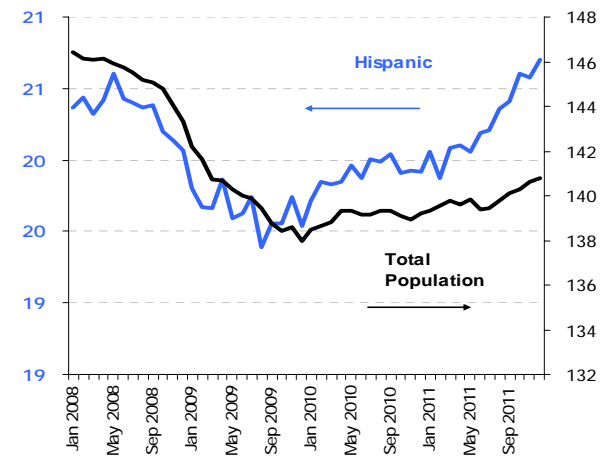
Source: BBVA Research with Banxico data

Figure 3
Peso/dollar exchange rate, for the settlement of liabilities
denominated in foreign currency



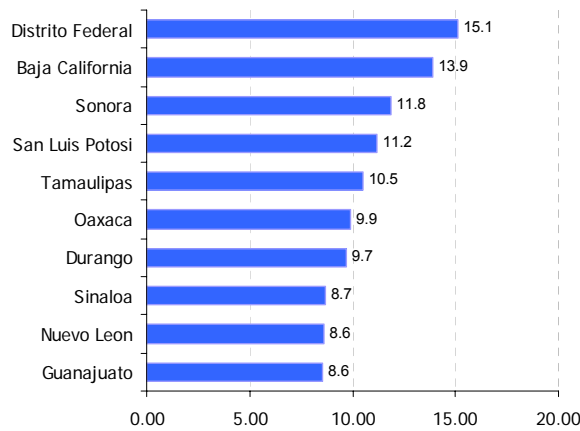
Source: BBVA Research with Banxico data

Figure 4
Employment in the United States
(Millions)



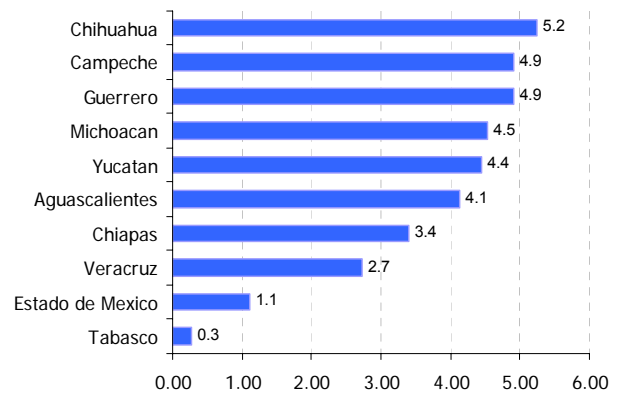
Source: BBVA Research with Bureau of Labor Statistics data

Figure 5
States with the largest Remittance-received growth 2011
(Annual % change in dollars)



Source: BBVA Research with Banxico data

Figure 6
States with the smallest Remittance-received growth 2011
(Annual % change in dollars)



Source: BBVA Research with Banxico data

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Notice

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