

BBVA Research Flash

Mexico

Remittances to Mexico began 2012 with growth

- In January 2012 remittances to Mexico grew by an annual 7.2% in dollar terms; in pesos, growth was double this figure.
- Remittances have posted 16 months of consecutive rises in dollar terms to January and now stand at the levels of early 2006.
- The recovery in jobs for Mexican migrants in the United States and the depreciation of the peso against the dollar are two positive factors that have favored the rise in remittances. In January 2012 the number of jobs held by Hispanics in the United States stood at its highest ever level (21.5 million).
- In 2012, we expect that Mexican migrants will continue to find more jobs in the United States. As a result, remittances will maintain their upward trend, with rates higher than 2011 levels, though they will not recover the all-time highs of 2007.

The Bank of Mexico has announced that in January 2012 remittances to Mexico amounted to 1,501.8 million dollars, an annual rise of 7.2%, compared with a rise of 5.8% in the same month of 2011.

The main reason for the growth is the larger number of remittance transactions, which were up by an annual 8.2% to 5,097 million, while the amount of the average remittance was marginally down to 294.65 dollars.

The cumulative flow over 12 months to January amounted to 22,831.2 million dollars, 2,247 million dollars above its low in the aftermath of the crisis that began in December 2007, but 3,218 million dollars below its highest ever level in December 2007. This suggests that remittances are recovering to the levels of the start of 2006, but they are still far from their all-time highs.

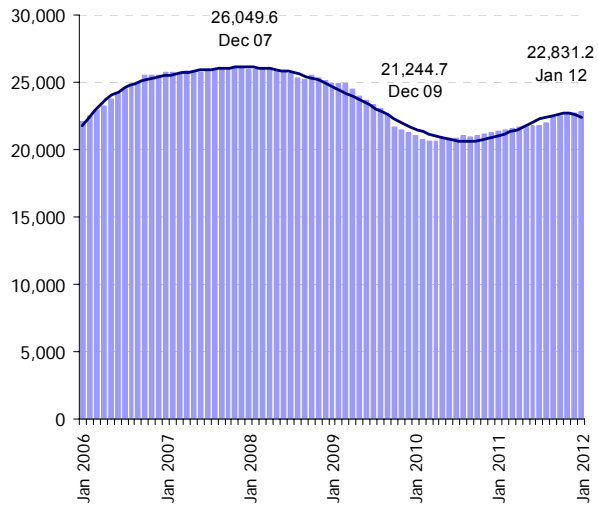
Remittances were up by twice as much in real pesos (discounting inflation) as in dollar terms.

The good performance of remittances to Mexico in recent months has been associated with the recovery of jobs for Hispanics, and in particular for Mexican immigrants, in the United States. More than half the jobs created following the crisis in the United States are held by Hispanics, and nearly 20% by Mexican migrants. Figures from the US Department of Labor's Current Population Survey show that in January the number of jobs held by Hispanics in the United States was at its highest level ever.

We expect that Mexican migrants will continue to find more jobs in the United States in 2012, and this will favor remittances to Mexico. Growth in remittances could be above the 2011 figure, but it will still not reach the highs of 2007 by the end of the year, though it may do so in 2013.

Chart 1

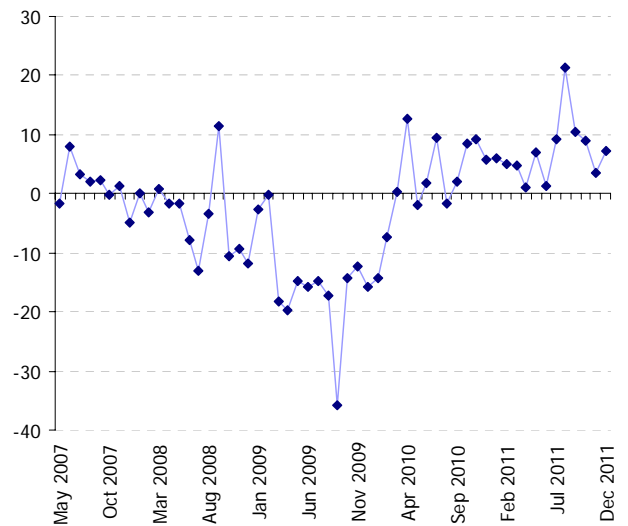
Accumulated 12-month remittance flows to Mexico (Million dollars)



Source: BBVA Research with Banxico figures

Chart 2

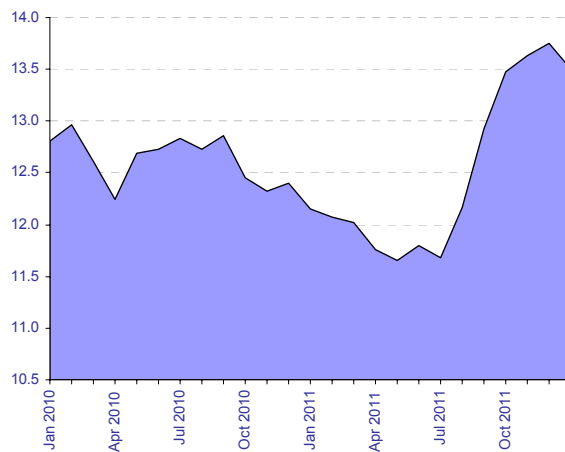
Family remittances to Mexico (% annual change in dollars)



Source: BBVA Research with Banxico figures

Chart 3

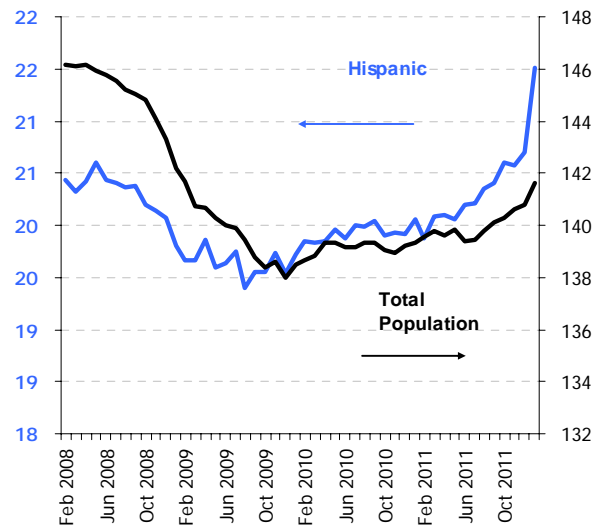
Peso-US dollar exchange rate to meet foreign currency obligations



Source: BBVA Research with Banxico figures

Chart 4

United States: Total and Hispanic employment (Millions)



Source: BBVA Research with Bureau of Labor Statistics data

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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.