

Mexico Migration Flash

Remittances to Mexico in 2012 fell in dollar terms, but increase in real pesos

- In December, remittances to Mexico fell by 4.4% y/y in dollar terms
- In this way, accumulated remittances inflows to Mexico during 2012 closed below 2011 levels in dollar terms, by 1.6%, but marginally above in real pesos
- The annual decline in remittances to Mexico is mainly because in the second half remittances inflows decrease due to a relative strengthening of the exchange rate (peso / dollar) and the weakness in employment of Mexican immigrants in the U.S.
- For 2013 we estimate that remittances revenues to Mexico will be located at levels close to those of 2012, in dollars terms

In the last month of December, Mexico received 1.7069 billion dollars in remittances, representing an annual fall of 1.6%. The average remittance was US\$290.07 and the number of transactions accounted 5,884.4 thousands, so that annual variations were -0.8% and -2.6%, %, respectively.

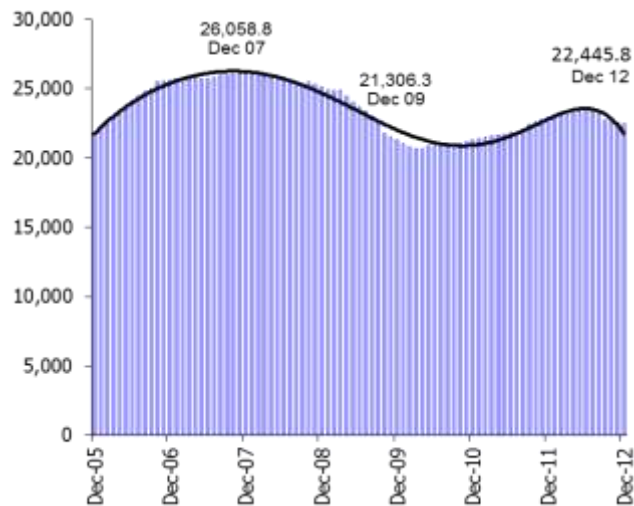
Thus remittance income that Mexico received in 2012 was US\$22.446 billion dollars, representing an annual decline in dollar terms of 1.6%, but an increase of 0.6% in real peso terms (after inflation).

The decline in remittances in the second half of 2012, which led to a fall in the whole year in dollar terms, is explained by the combination of two factors: 1) The loss of jobs for Mexican immigrants in certain sectors in U.S., and 2) The relative strength in the exchange rate from July 2012 to the end of that year. The situation observed in August-October, when remittances declined at an annual rate between 7.1% and 20.2% was largely affected by the exchange rate in those months during 2011, when it had a growing trend, but in 2012 the trend reversed.

Probably in the next months, downward trend in remittances to Mexico will stabilize and we will start to observe some increases in remittances inflows, but at a moderate pace. Thus, for 2013 we estimate that remittances will be located at levels close to those of 2012.

Chart 1

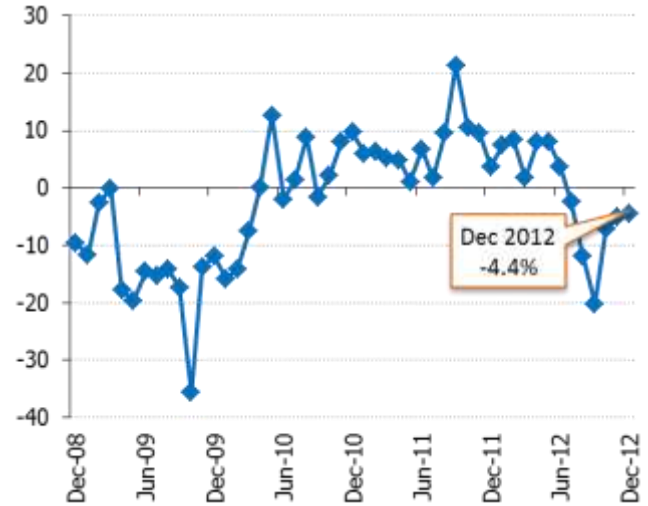
Accumulated 12-month remittance inflows to Mexico (Millions of dollars)



Source: BBVA Research with Banxico figures

Chart 2

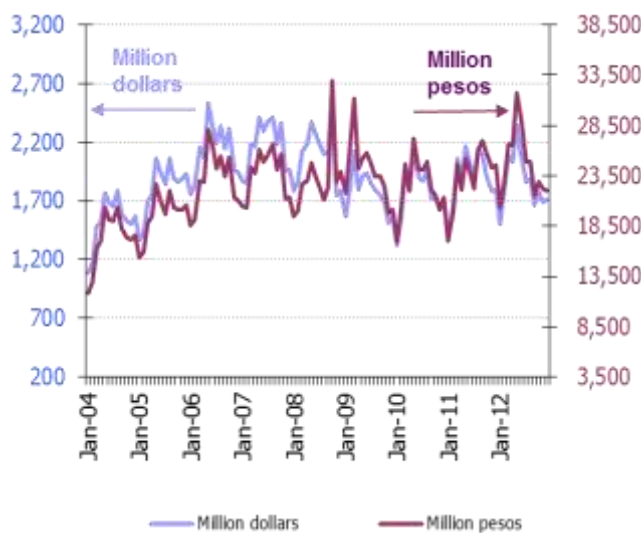
Family remittances to Mexico (Annual % change in dollars)



Source: BBVA Research with Banxico figures

Chart 3

Monthly remittances to Mexico in dollars and pesos



Source: BBVA Research with Banxico figures

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