

# Mexico Migration Flash

## Would had Remittances fallen again in April?

- On June 3rd, Banco de México will release remittances inflows received in Mexico in April
- For several months, Remittances to Mexico have being diminished by structural and cyclical factors that could be exacerbated in April
- We expect that remittances would record one of its sharpest falls, which could exceed 20%. In this way, remittances would accumulate 10 consecutive-months with declines y-o-y.

Between July 2012 and March 2013, remittances have fallen at annual rate month by month. This was due to both cyclical and structural factors. Among the first is the downward trend in exchange rate (pesos per dollar) recorded in these months, an appreciation of 10%. When the exchange rate is reduced, incentives to send remittances are diminished because each dollar turns into fewer pesos.

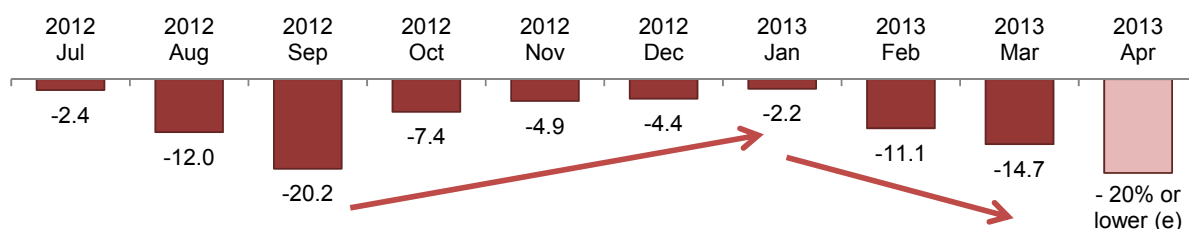
Moreover, the jobs of Mexican immigrants in the United States has hardly grown in recent months, which is caused by conjunctural factors as a large number of industries in which Mexican immigrants were employed are not growing, and by structural factors of compatibility with labor demand in the United States. Furthermore, we must take into account a comparison effect because in the first half of 2012 remittances grew significantly, and when they are compared with months when remittances fell, the declines y-o-y seem to be exacerbated.

In March 2013 remittances fell 14.7%, and in April we expect a sharper drop since the exchange rate was appreciated 2.6% compared to March and also because there would be a larger comparison effect; during 2012, in April remittances grew 8% when in March they did 1.7%. Therefore we estimate that Mexico would have received in April about 1,600 million dollars in remittances, a decline over 20% y-o-y, one of the highest ever recorded in recent years.

In May, the increase in the exchange rate in the second half on the month and Mother's Day in Mexico would stimulate remittances inflows.

Chart 1

### Family remittances to Mexico, July 2012 to April 2013e (Annual % change in dollars)



Source: BBVA Research with Banxico figures. e: BBVA Research estimates

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