

Mexico Migration Flash

Remittances accumulate 10 months in row with falls

- In April remittances inflows to Mexico dropped 6.4% y-o-y
- Despite accumulating 10 consecutive months with decline, remittances during April had performed much better than expected
- We must keep watching next releases of remittances figures in order to recognize if this better performance was due to the temporary effect of the Holy Week, or is a structural change that could lead to see in the next coming months the beginning of remittances recovery

This Monday, Banco de México reported that during April of the current year 1,901.85 million dollars were received in México in family remittances, that is a decrease of 6.4% compared to the same month last year. With this figure, remittances accumulated 10 consecutive-months with falls year-over-year since July 2012. The number of remittances transactions during April was 6.35 million operations, an increase of 4.0% in annual rate, while the average remittance decreased 10.0% compared with the same month last year, to \$299.72 dollars.

Among the main factors behind this drop in remittances are: a) The appreciation of Peso exchange rate in April compared to previous month resulting in fewer pesos per dollar sent to remittances-receiving households, b) the weakness of employment for Mexican immigrants in the U.S. and c) A comparison effect since April 2012 was the month with the highest levels of remittances in that year.

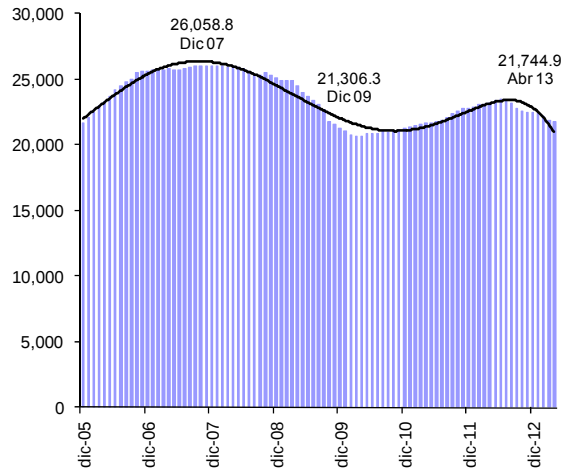
Despite the declining in annual rate recorded in April, remittances performed better than anticipated by markets, that after several months of declines and the uncertainty of immigration flow of Mexicans to the United States and their jobs, a more sharply decline was expected for that month.

However, we should be aware of the remittance figures in the coming months to determine if this behavior is structural or it is only affected by a conjunctural effect of the Holy Week. As indicated in previous reports of **Flash Migration Mexico**, this year's Holy Week took place during the last days of March when the major financial institutions that paid remittances were closed, so that remittances sent in that week were delivered until the first days of April, and recorded during that month. But, if this behavior is structural, we could see in the next coming months a trend towards remittances recovery.

In May we expect higher remittance inflows than April due to the Mother's Day in Mexico and the recent increase in the exchange rate (pesos per dollar), although it is unlikely to break the current months in row with annual declines, as during the same month of 2012 more than 2.3 billion dollars were received in Mexico in remittances, a figure not seen since 2008.

Chart 1

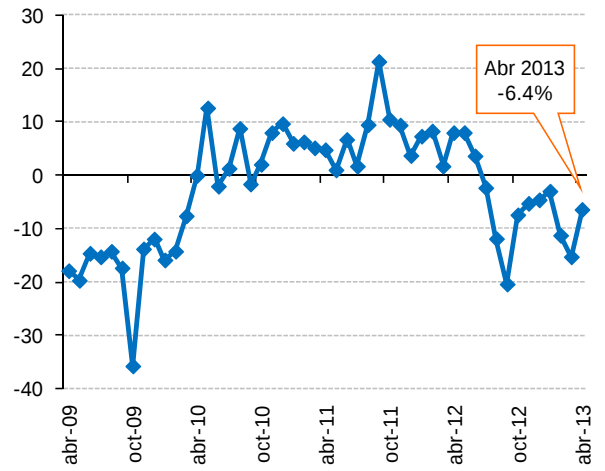
Accumulated 12-month remittance inflows to Mexico (Millions of dollars)



Source: BBVA Research with Banxico figures

Chart 2

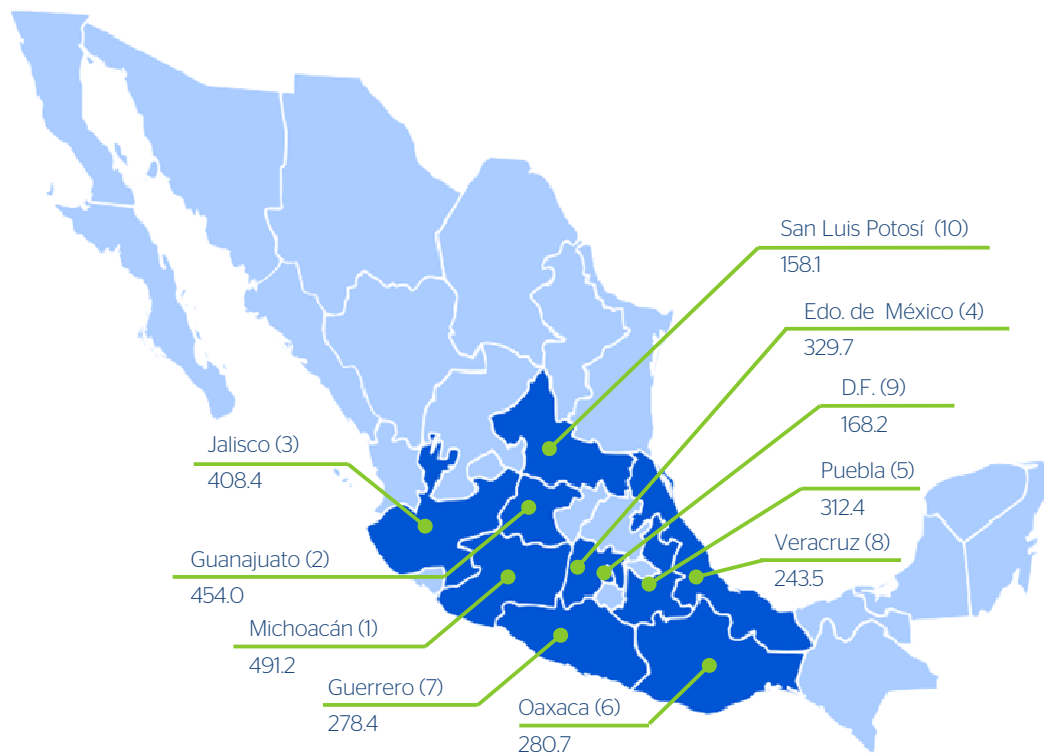
Family remittances to Mexico (Annual % change in dollars)



Source: BBVA Research with Banxico figures

Chart 3

Top 10 receiving-remittances States in Mexico (Million dollars received during the first quarter of 2013)



Source: BBVA Research with Banxico figures

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