

Mexico Migration Flash

Remittances to Mexico recorded 11 consecutive-months with declines

- In May remittances to Mexico fell 13.2% y-o-y, close to estimates by BBVA (-10.7%) but far from consensus (-4.7%)
- Despite this drop in annual rate, May has been the month with more remittances received during this year, almost 10% greater than in April
- In the second half of the year, it is expected to record lower remittances decreases and some months with growth, driven by employment gains for some Mexican immigrants in the U.S. and the appreciation of the exchange rate (pesos/dollars)

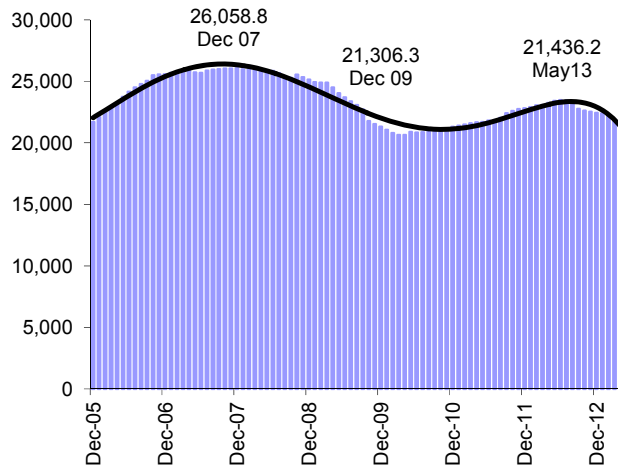
Banco de México announced that Mexico received in May 2,033.85 million dollars in remittances, which represented a fall of 13.2% compared to the same month last year. Both the number of transaction and the average remittance decreased at rates of -0.2% and -13.0%, respectively. In this way the number of transactions stood at 7.091 million and the average remittance was 286.8 dollars.

As we anticipated in our last **Mexico Migration Flash** of June 31, May has been so far this year, the month with the highest remittances inflows, and in relation to April of this year they increased by 9.7% (close to the 10% that we forecasted). Factors such as Mother's Day in Mexico, the increase in pesos per dollar exchange rate in the second half of May, and certain employment gains for Mexican immigrants in the United States favored that Mexico received more remittances. However, these inflows were far below the \$US 2,342.5 million received in May last year, which has been one of the months with the highest remittances sent to Mexico of all time.

In this way, in the first five months of the year remittances accumulated a fall of 10.3% in annual rate. In the second half of the year, it is likely to see smaller declines and perhaps increases in remittances to Mexico, stimulated by the appreciation of the exchange rate (pesos/dollar) and employment gains for some Mexican immigrants that could be seen, in addition to a comparison effect since remittances began to fall in July 2012.

Chart 1

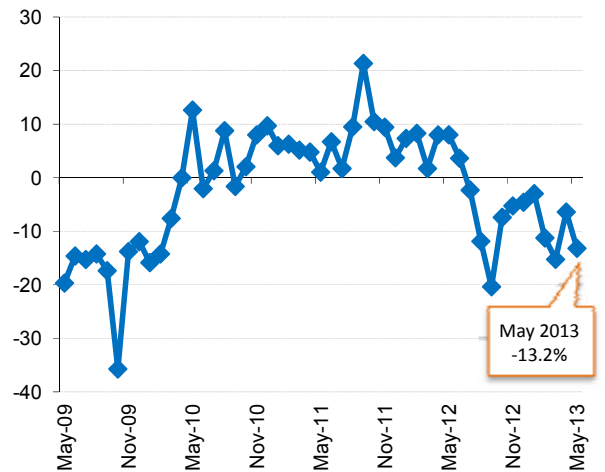
Accumulated 12-month remittance inflows to Mexico (Millions of dollars)



Source: BBVA Research with Banxico figures

Chart 2

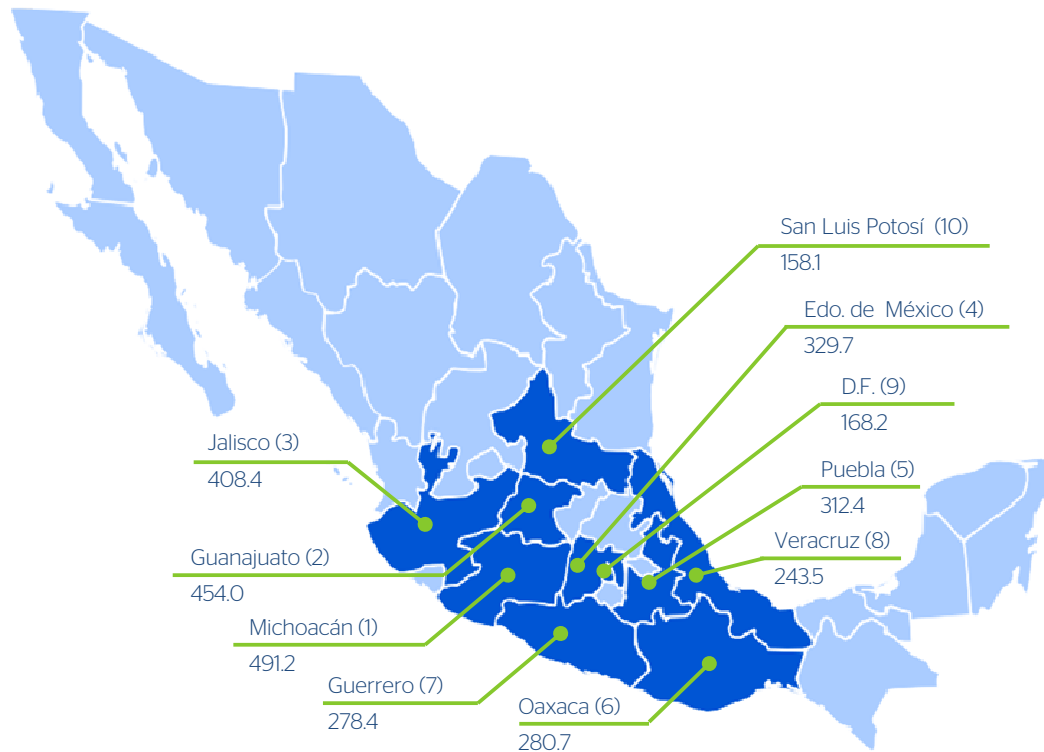
Family remittances to Mexico (Annual % change in dollars)



Source: BBVA Research with Banxico figures

Chart 3

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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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.