

Mexico Migration Flash

In august remittances to Mexico break negative streak

- In August the inflow of remittances to Mexico increased 1.1% in annual rate in dollars, corresponding to that expected by the consensus (1.0%) and BBVA (1.0%).
- Thus, remittances break a streak of 13 consecutive months of declines year-over-year in dollars.
- The unemployment rate for Mexican immigrants in the United States seems to be located below the national average.
- For the next September is likely to register a positive change. We maintain our forecast for growing rate of accumulated remittances in 2013 from -4.7% to -6.7%, in dollar terms.

Mexico received in August 1,911.37 million dollars in remittances, according to figures reported by the Banco de México, representing an annual growth rate of 1.1%. Meanwhile, the average remittance decreased 2.3% year-over-year, to settle at 296.8 dollars, and the number of operations for remittances increased by 3.6% to reach 6.4396 million transactions.

In this way, between January and August this year entered to Mexico 14,456 million dollars in remittances, an amount 7.4% below the same period last year.

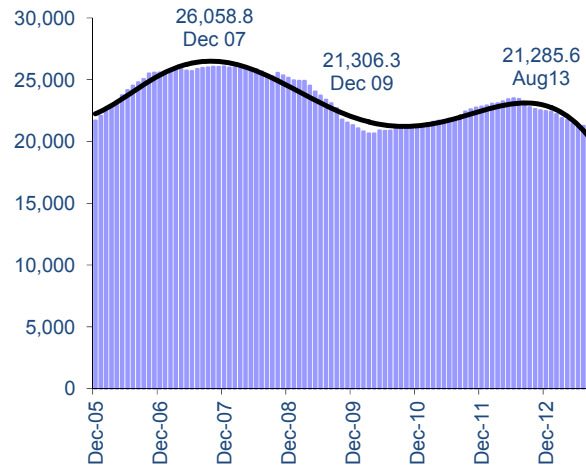
In real terms (after inflation), remittances in August recorded an increase of 4.2% compared to July of this year, but a decrease of 4.5% compared to August last year.

Among the elements that are positively influencing remittances are the appreciation in the exchange rate (pesos per dollar) observed during that month, and the slight tendency of jobs recovery that is seen in the United States, country from which proceeds 98% of remittances that Mexico receives, where the national unemployment rate stood in August by 7.3% and our estimates from U.S. labor surveys show that the unemployment rate for Mexican immigrants is now slightly below the national average. However, there are factors that generate uncertainty about the future of remittances as the approval of immigration reform in the United States and the possible increase in migration control on the border with Mexico.

If the employment of Mexican immigrants in the United States continues increasing and if it keeps a certain appreciation trend in the exchange rate, in September we also expect that remittances show a positive change. We maintain our forecast of variation in dollar remittances cumulatively for 2013 from -4.7% to -6.7%.

Chart 1

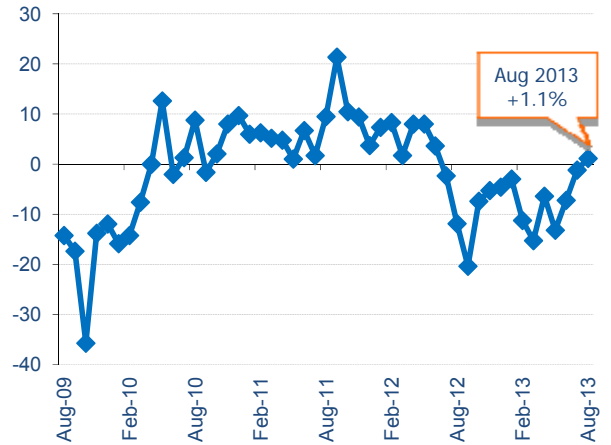
Accumulated 12-month remittance inflows to Mexico (Millions of dollars)



Source: BBVA Research with Banxico figures

Chart 2

Family remittances to Mexico (Annual % change in dollars)



Source: BBVA Research with Banxico figures

Chart 3

U.S. unemployment rate (%)

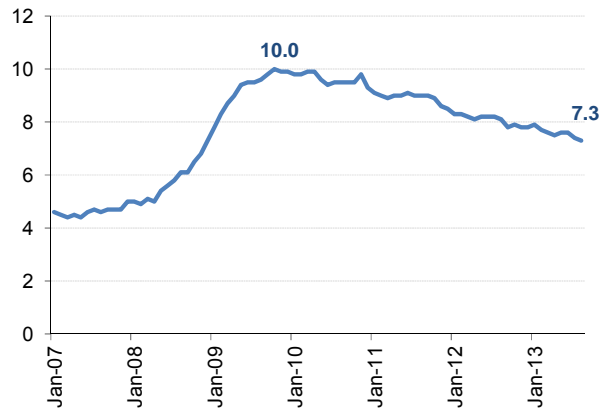
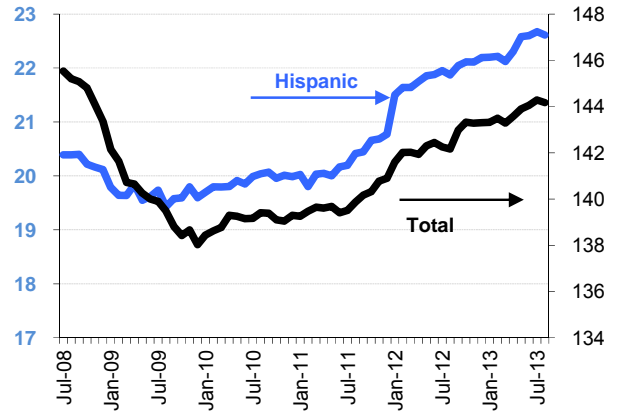
Source: BBVA Research with US Bureau of Labor Statistics figures
Note: Seasonally adjusted

Chart 4

U.S. Total and Hispanic employment (Millions)



Source: BBVA Research with US Bureau of Labor Statistics figures

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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.