

Mexico Migration Flash

Remittances started 2014 with a growth of 8.0%

- In January, remittances grew 8.0% year-over-year, higher than estimates by BBVA Bancomer (6.2%) and the consensus (5.5%)
- Remittances maintain the growth trend observed in the second half of last year, linked to the growth prospects of the U.S. economy in recent months
- This trend can be associated with the growth in new residential sales (9.6%) and the decrease in the unemployment rate (to 6.6%) in the U.S. in January 2014
- The forecast for remittances by BBVA Bancomer in 2014 remains between 5.0% to 6.0% year-over-year

In January 2014 entered to Mexico 1,578.3 million dollars in remittances, which represents an increase of 8.0% compared to the same month last year. The year-over-year growth rate is greater than in January 2012 (7.4%) and January 2013 (-2.9 %), so that a positive trend for 2014 is expected.

Transactions for remittances increased 7.6% year-over-year in January 2014, stood at 5.5 million operations; while the average send remittance also showed an increase at an annual rate of 0.4%, settled at 287.1 dollars. Considering its value in pesos, in January 2014 remittances represent 20,830 millions, and in real terms (discounting inflation) they grew 7.2% year-over-year.

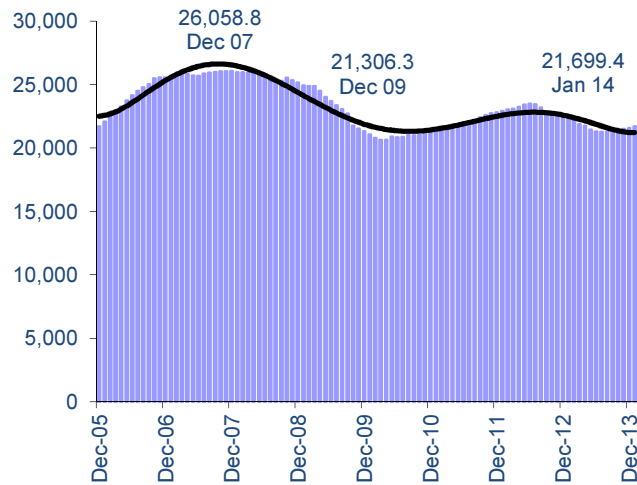
This increase can be explained by the favorable outlook for the U.S. economy: data from the U.S. Bureau of Labor Statistics indicate that the unemployment rate, seasonally adjusted, in January 2014 stood at 6.6%, reflecting a downward trend in this economic indicator since the last financial crisis. In addition, there is a positive trend in new residential home sales, with a 9.6% year-over-year increase in January 2014.

If these trends continue, 2014 will be a good year for remittances to Mexico since construction is a sector with high concentration of Mexican immigrants and employment of Mexican migrants will be better if the aggregate level of U.S. employment increase.

Thus, BBVA Bancomer estimates that remittances in 2014 could grow at an annual rate of 5% to 6%.

Chart 1

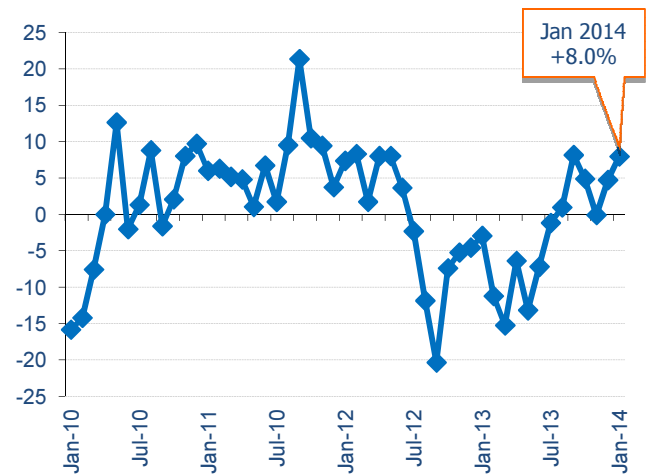
Accumulated 12-month Remittance Inflows to Mexico (Million dollars)



Source: BBVA Research with Banxico figures.

Chart 2

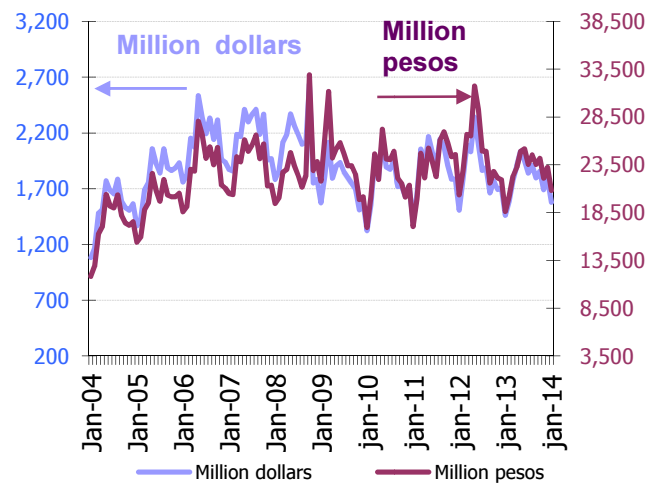
Family Remittances to Mexico (Annual % change in dollars)



Source: BBVA Research with Banxico figures.

Chart 3

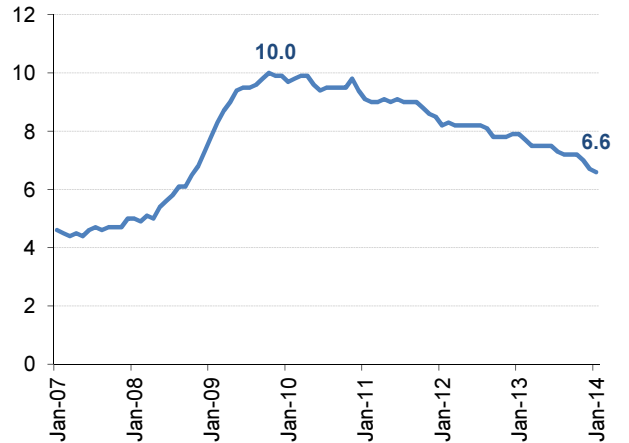
Monthly remittances inflow to Mexico (Dollars and pesos)



Source: BBVA Research with Banxico and INEGI figures.

Chart 4

U.S.: Average unemployment rate (%)



Source: BBVA Research with US Bureau of Labor Statistics data.
Note: Seasonally Adjusted

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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.