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Mexico Migration Flash

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Economic Analysis

Latin America and Caribbean could be the most dynamic region on remittances in 2014-2016

Mexico

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- **Recently, the World Bank revised down forecasts of remittances to developing countries (8.6% to 7.8%) and Latin America and Caribbean (10.5% to 9.4%) for 2014**
- **Despite the setting, Latin America and the Caribbean could be the most dynamic region in the world on remittances inflows, with an annual average growth rate close up to 10%, from 2014 to 2016**
- **Forecast for remittances by BBVA Bancomer to Mexico remains between 5% to 6% year-over-year for 2014**

In recent days, the World Bank presented a report which updates its estimates and forecasts for remittances worldwide. The study reported that in 2013 entered to the developing countries (including Mexico) close up to 404 billion dollars in remittances. This represents a downward modification of its estimates of October 2013, which reported an estimated 414 billion dollars remittance income for the region. Thus, the adjustment changes the growth figure in 2013 remittances to developing countries from 6.3% to 3.3% annual rate.

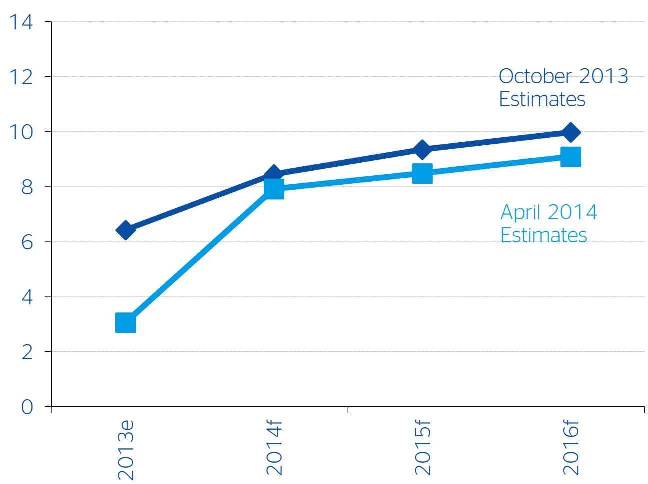
The remittances to developing countries were updated for 2014 (436 billion dollars), 2015 (473 billion dollars) and 2016 (516 billion dollars), with growths at an annual rate of 7.8%, 8.6% and 8.9%, respectively.

Between 2014 and 2016, East Asia and Pacific and South Asia will remain as the biggest remittances-receptor regions in the world. These two regions account for more than half of the remittances received in developing countries.

Meanwhile, Latin America and Caribbean could be the most dynamic region on remittances, with estimates annual growth of 9.4% (2014), 10.4% (2015) and 10.6% (2016); so this revenue would reach 66 billion dollars in 2014, 73 billion dollars in 2015 and 81 billion dollars in 2016.

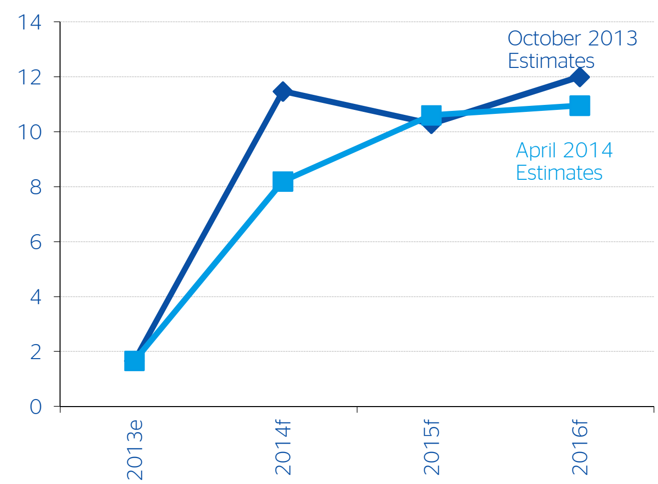
BBVA Bancomer holds unchanged its estimates on remittances to Mexico in 2014, close to 22.8 billion dollars, thus would register an annual growth from 5% to 6%.

Chart 1
Estimates of the growth rate of remittances to developing countries (%)



Note: e: estimates, f: forecast.
Source: BBVA Research with World Bank figures.

Chart 2
Estimates of the growth rate of remittances to Latin America and Caribbean (%)



Note: e: estimates, f: forecast.
Source: BBVA Research with World Bank figures.

Table 1
World Bank: Annual inflow of remittances
Estimates and forecasts made in October 2013
(Billion dollars)

Region of destination	2013e	2014f	2015f	2016f
World	549	594	646	707
All developing countries	414	449	491	540
East Asia and Pacific	115	126	139	154
South Asia	114	123	133	145
Latin America and Caribbean	61	68	75	84
Europe and Central Asia	43	47	52	58
Middle-East and North Africa	49	51	54	57
Sub-Saharan Africa	32	35	38	41

Note: e: estimates, f: forecast.
Source: BBVA Research with World Bank figures.

Table 2
World Bank: Annual inflow of remittances
Estimates and forecasts made in April 2014
(Billion dollars)

Region of destination	2013e	2014f	2015f	2016f
World	542	581	628	681
All developing countries	404	436	473	516
East Asia and Pacific	112	123	135	148
South Asia	111	118	127	136
Latin America and Caribbean	61	66	73	81
Europe and Central Asia	43	45	49	54
Middle-East and North Africa	46	49	52	55
Sub-Saharan Africa	32	35	38	41

Note: e: estimates, f: forecast.
Source: BBVA Research with World Bank figures.

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