

US-Mexico remittances and their relevance at the regional level (*preliminary results*)

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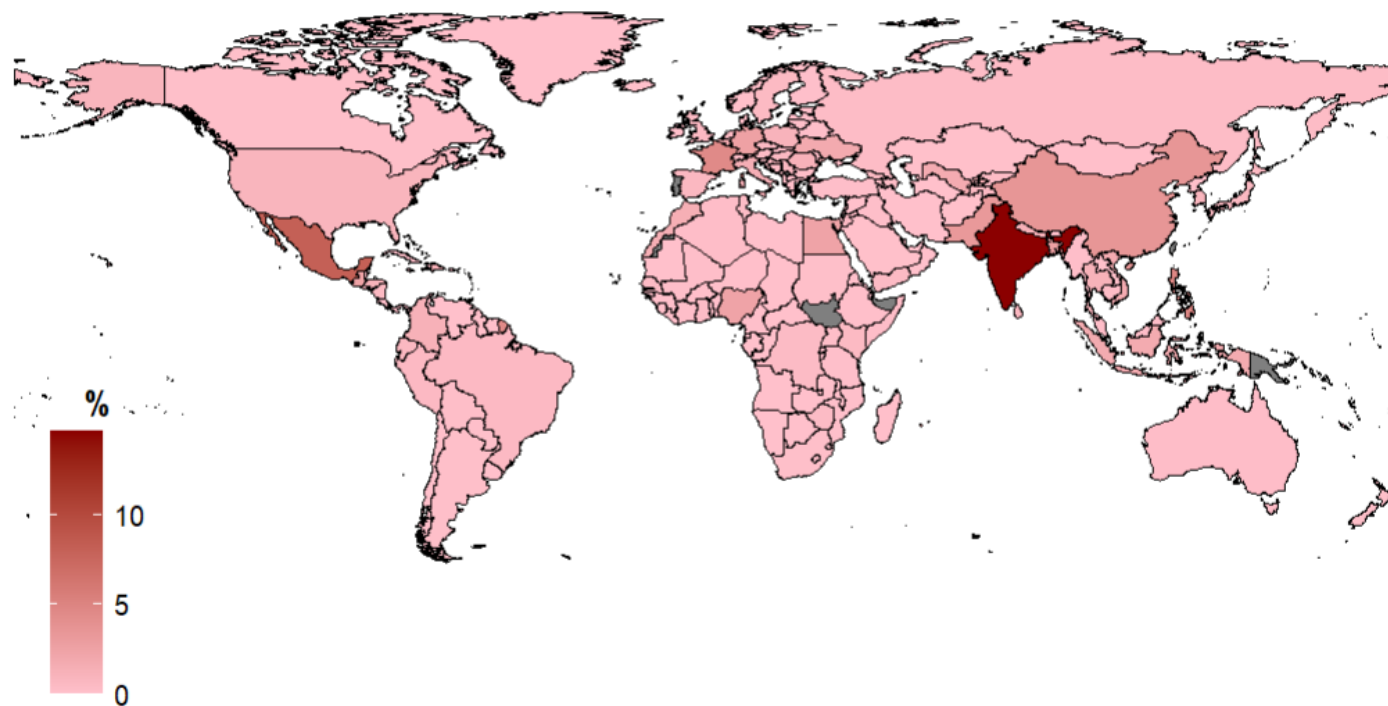
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Overview

- trends, and relevance
- Matrix to link origin (US state) to destination (Mex state) via immigration flows
- Using the wage bill of Mexican workers by sector and region for economic conditions
- And a proxy for current immigration policy
- Wage bill robustly behind remittance flows
- But current immigration policy likely behind the slowdown in flows to Mexico

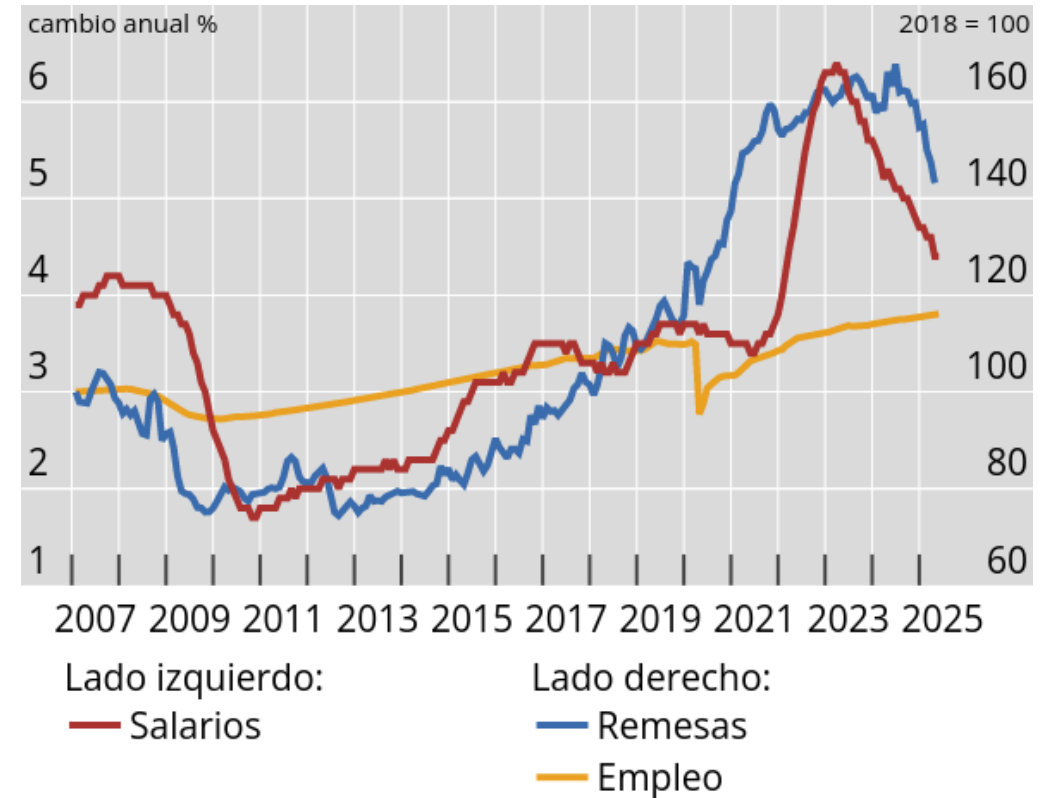
Pais	billions USD
India	119.5
Mexico	66.2
Philippines	39
France	36.9
China	29.1



Source: World Bank

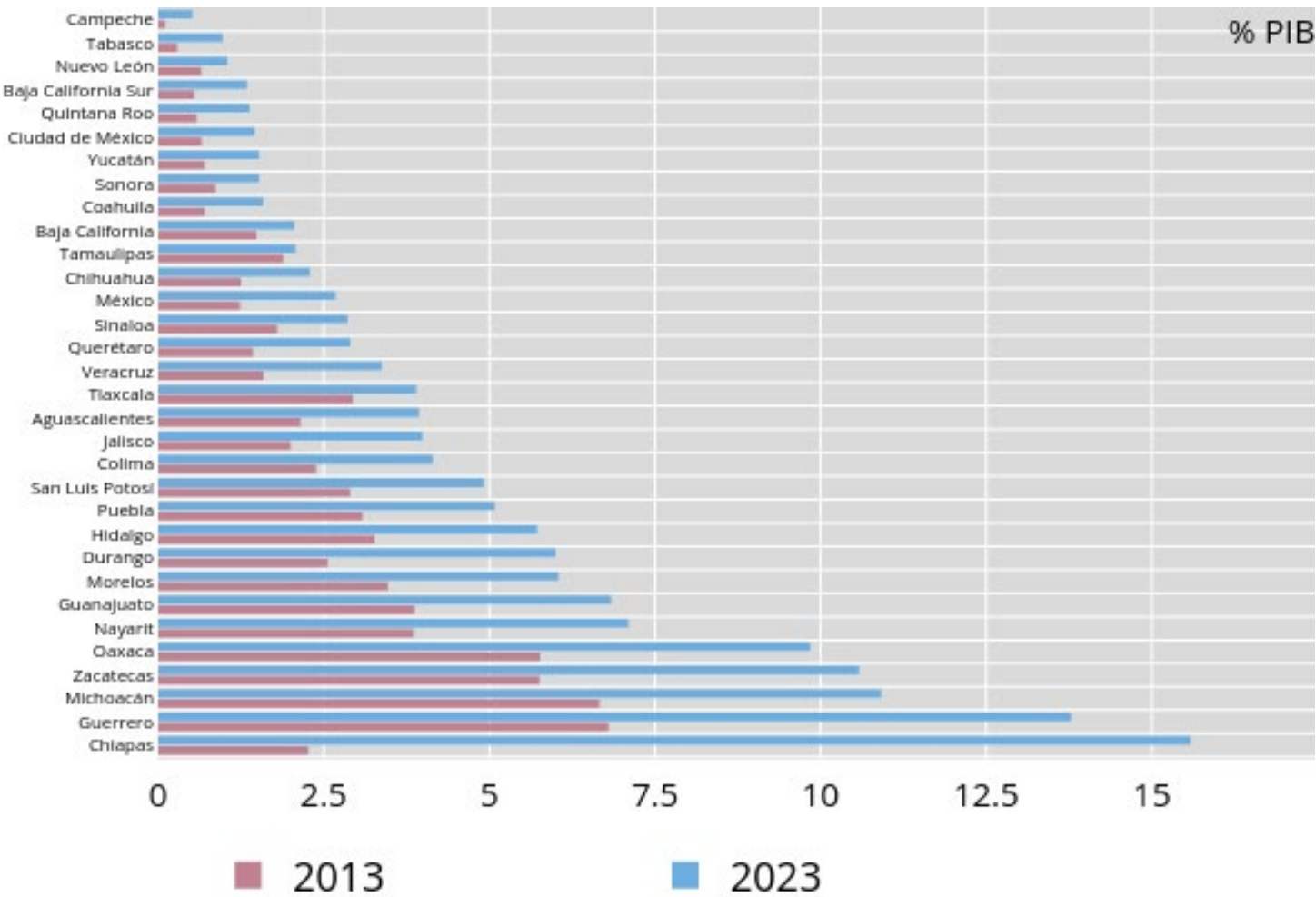
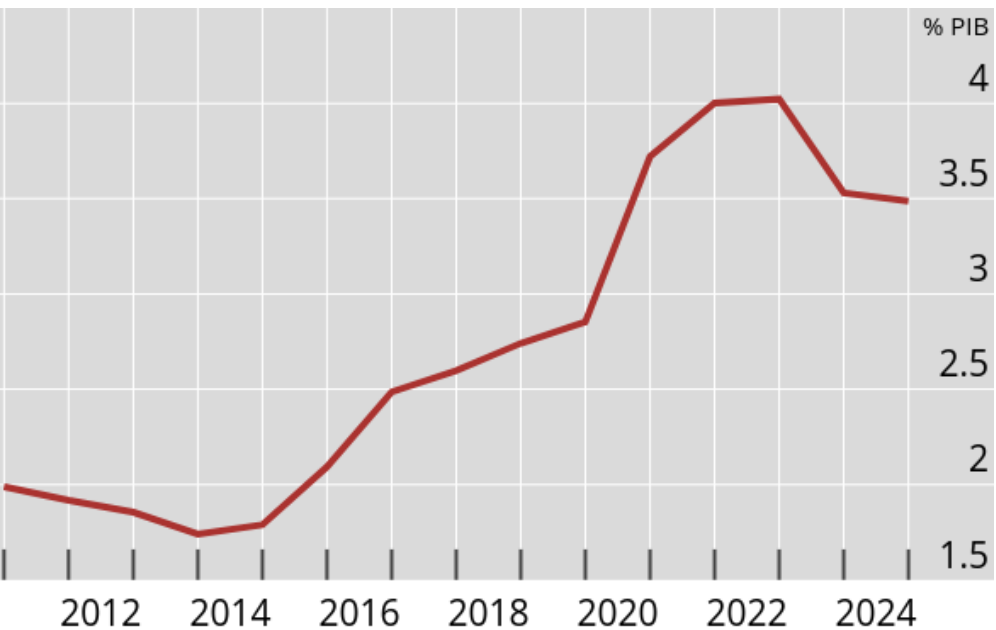
Introduction

- Remittances from the United States fell about 8% during the first half of 2025.
- Because remittances come from the income of the migrant population, the economic conditions in the local country tend to determine the amount sent.



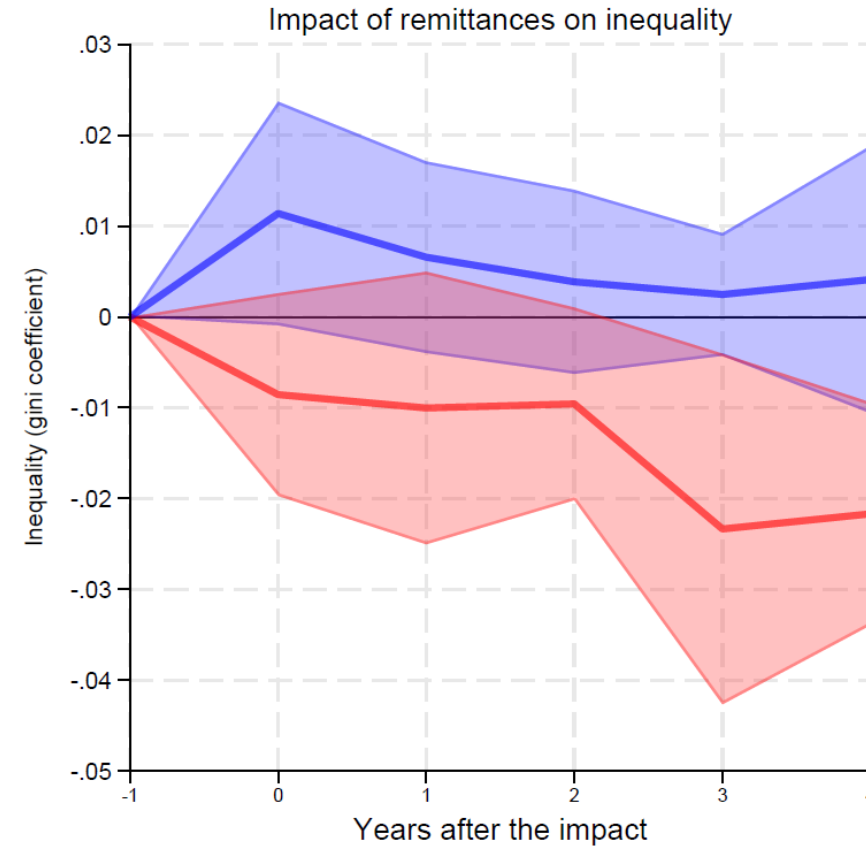
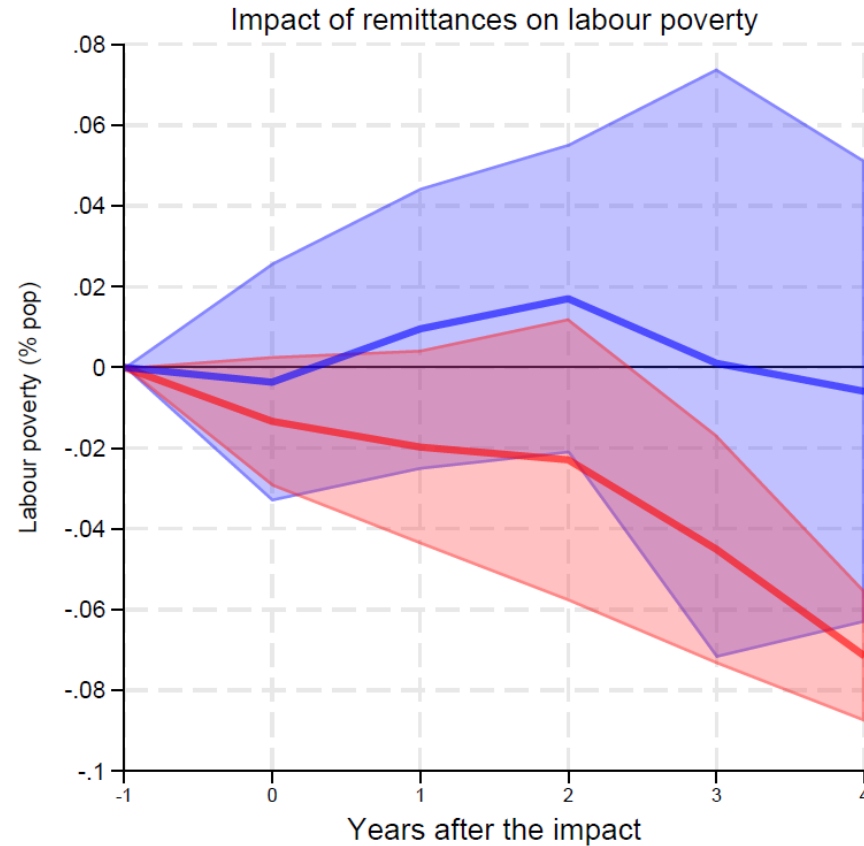
Fuente: Dallas Fed

Dependency of remittances in Mexico

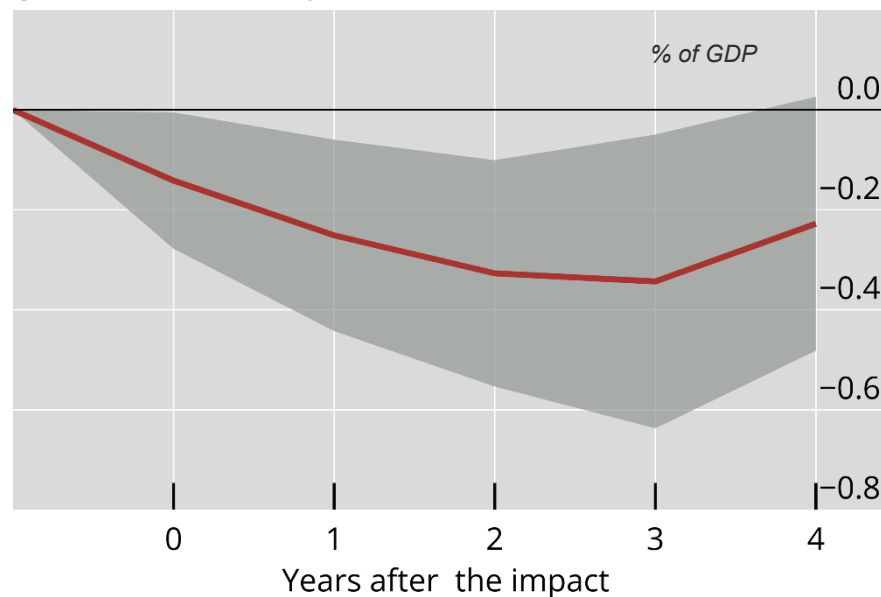


migración y remesas México, BBVA Research

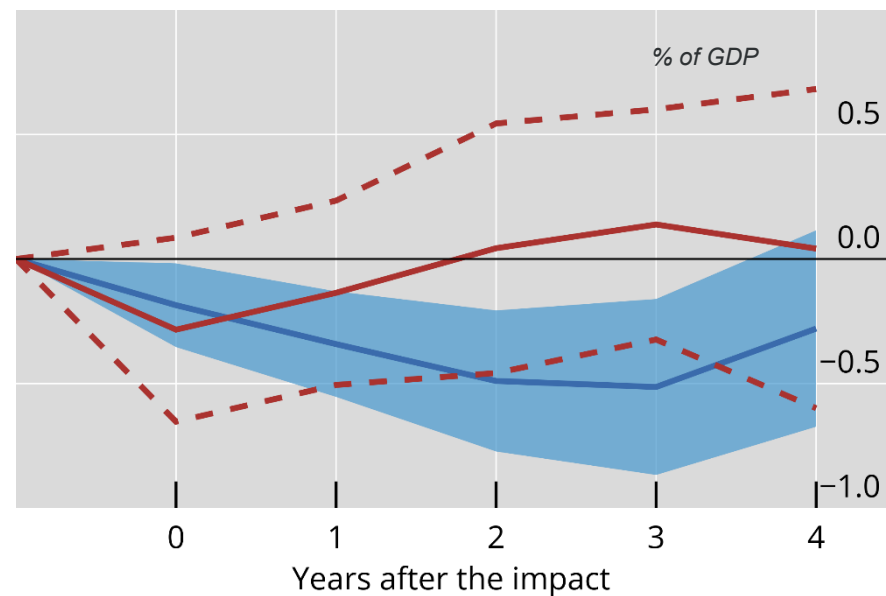
Remittances are associated with lower poverty rates and inequality in underdeveloped regions in Mexico



A. Remittances significantly reduce output growth volatility....



B. ...in countries with above-the-mean exposure to remittances.



¹ Impulse response functions based on panel local projections à la Jordà (2005) for 33 countries in the Americas over the period 2000–24. The regressions include one lag of the dependent variable, a vector of domestic factors (the terms of trade, the level of the current account, the bilateral exchange rate, the quality of institutions, a dummy for the exchange rate regime) as controls, and country and time fixed effects. Confidence intervals are set to 95%, with robust standard errors that account for interdependence across countries. For Panel B, countries with high (low) exposure to remittances are defined as those above (below) the sample mean.

Sources: IMF; World Bank; national data; BIS.

- ❖ To propose a method for estimating the origin-destination flows of remittances from each state of the United States to each federal entity in Mexico.
 - ❑ Dependence of Mexican states on remittances in relation to their counterparts in the United States.
 - ❑ Exposure of Mexican states/regions to remittance flows from U.S. states with pro- and no pro- immigrant stances
 - ✓ *The current immigration policy by the US government has generated uncertainty among the migrant community and could have impacted remittance flows.*
- ❖ Using a spatial gravity model (origin-destination), to determine the factors associated with sending and receiving remittances
 - ❑ Special interest in the interaction of the wage bill in pro-migrant vs. non-pro-migrant states

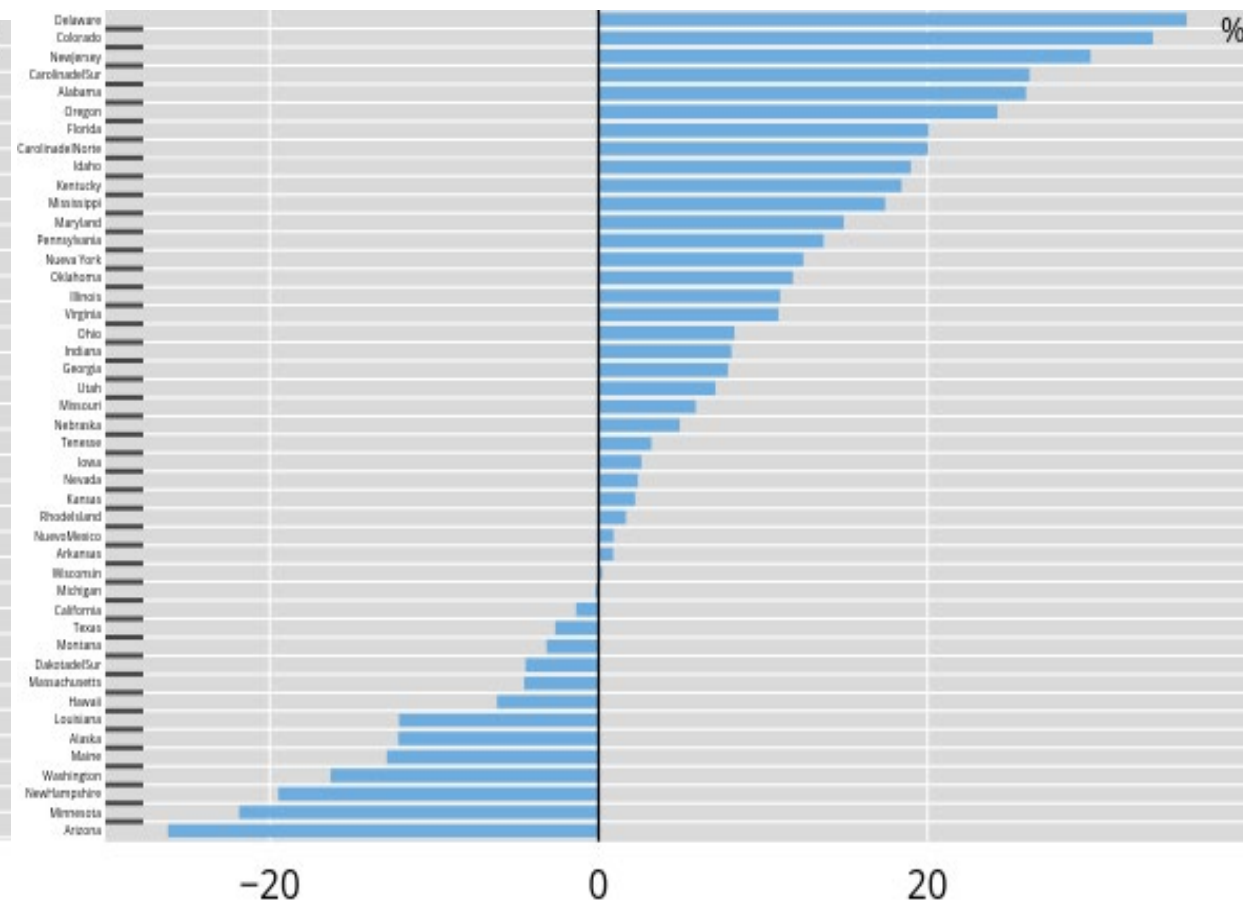
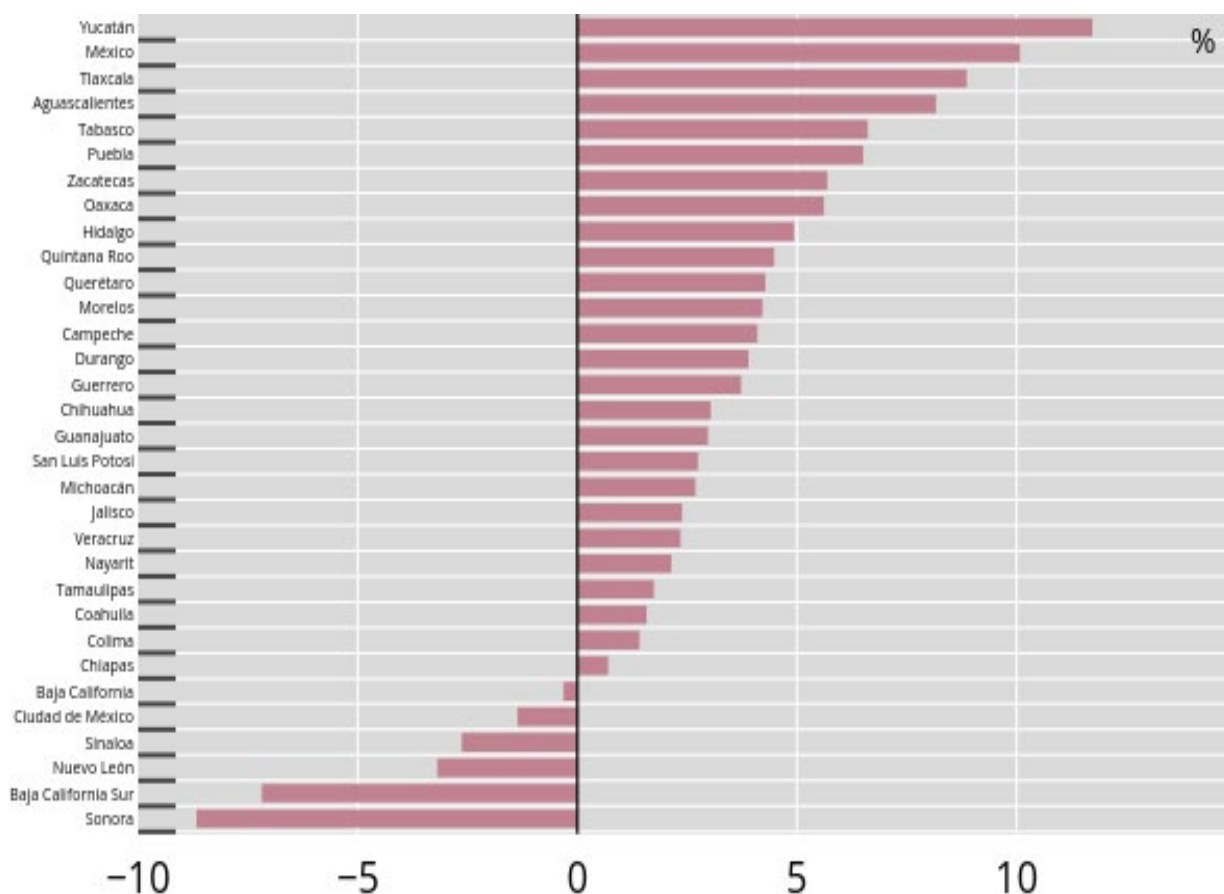
Estimation of the migratory diaspora through Origin-Destination migration flows between each state in Mexico and each state in the United States

- Using the 2018 National Survey of Demographic Dynamics (ENADID). This survey provides information on the federal entity of residence in Mexico of all people who migrated to the United States during the period 2013-2018, as well as the destination state in the United States.
- The procedure for estimating remittance flows is based on evidence of a direct relationship between the flows of migrants from a state in Mexico to a specific state in the United States.
- Then match with remittance data from Banco de Mexico

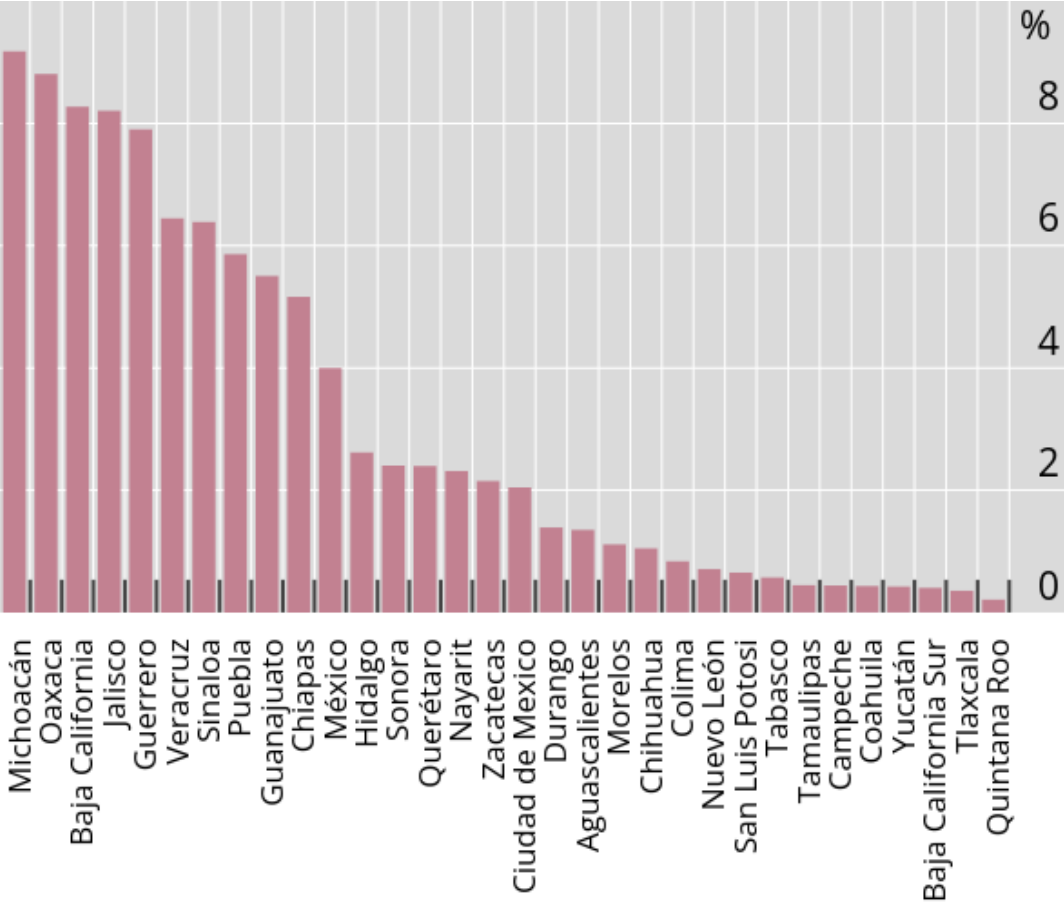
Change in remittance flows shows significant regional differences

Annual change 2023-24

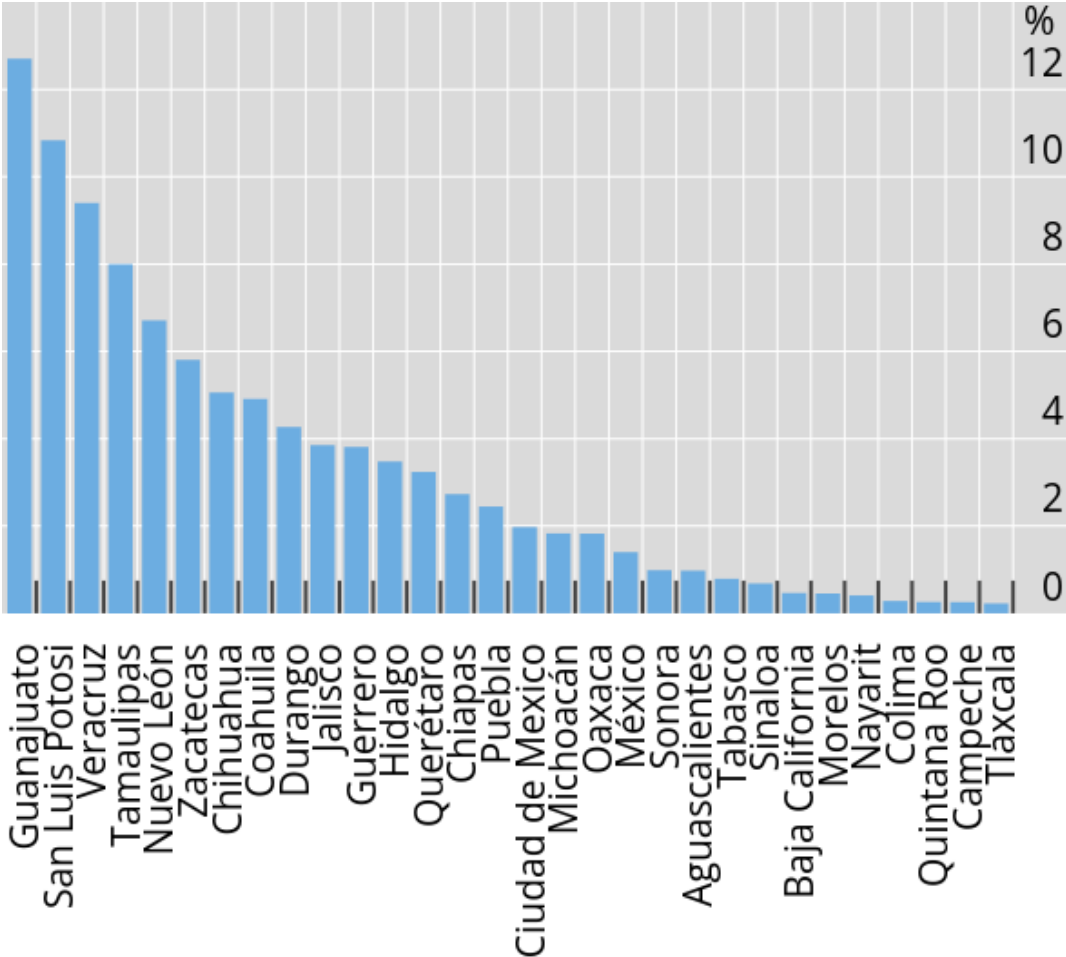
US



California



Texas



Source: Encuesta Nacional de la Dinámica Demográfica (ENADID), INEGI ; BIS.

Pro-migrant state vs. No pro-migrant state

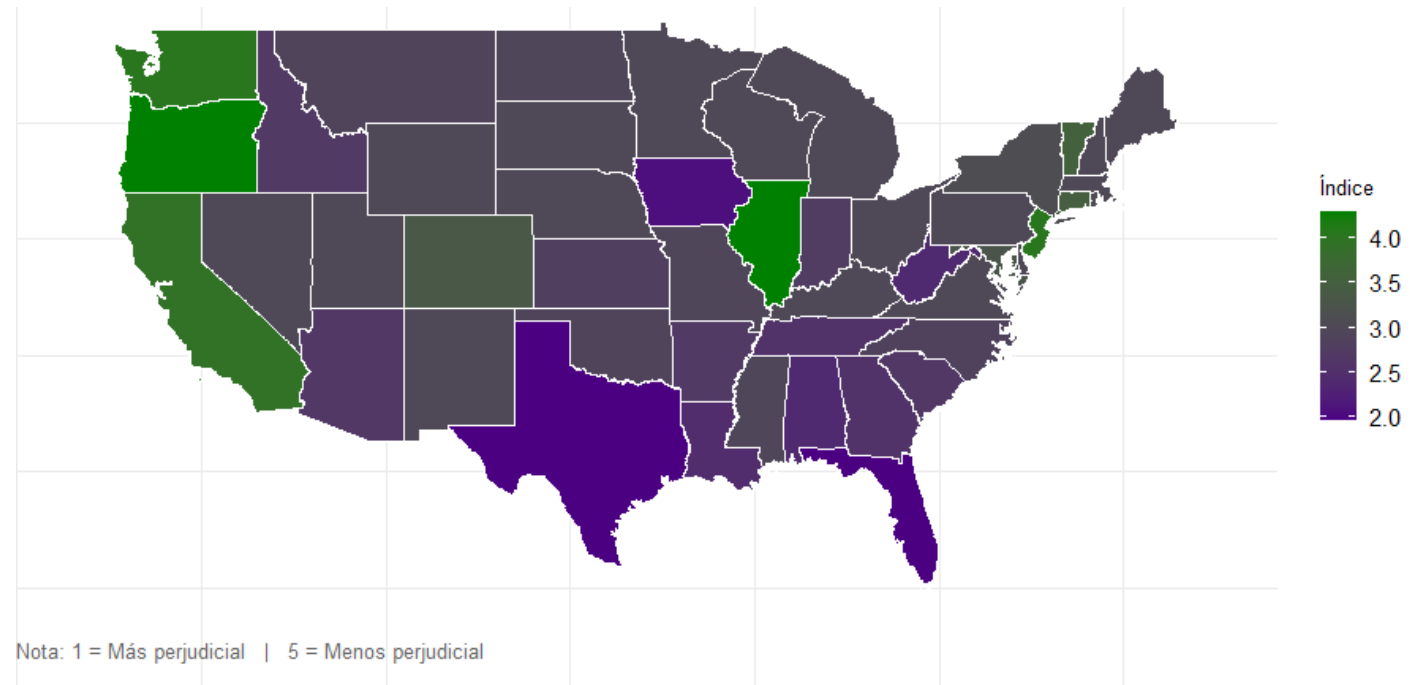
In recent months, a heterogeneity has emerged in state policies that expand or limit their collaboration with current immigration policy.

“1” “más perjudicial” Yes ICE

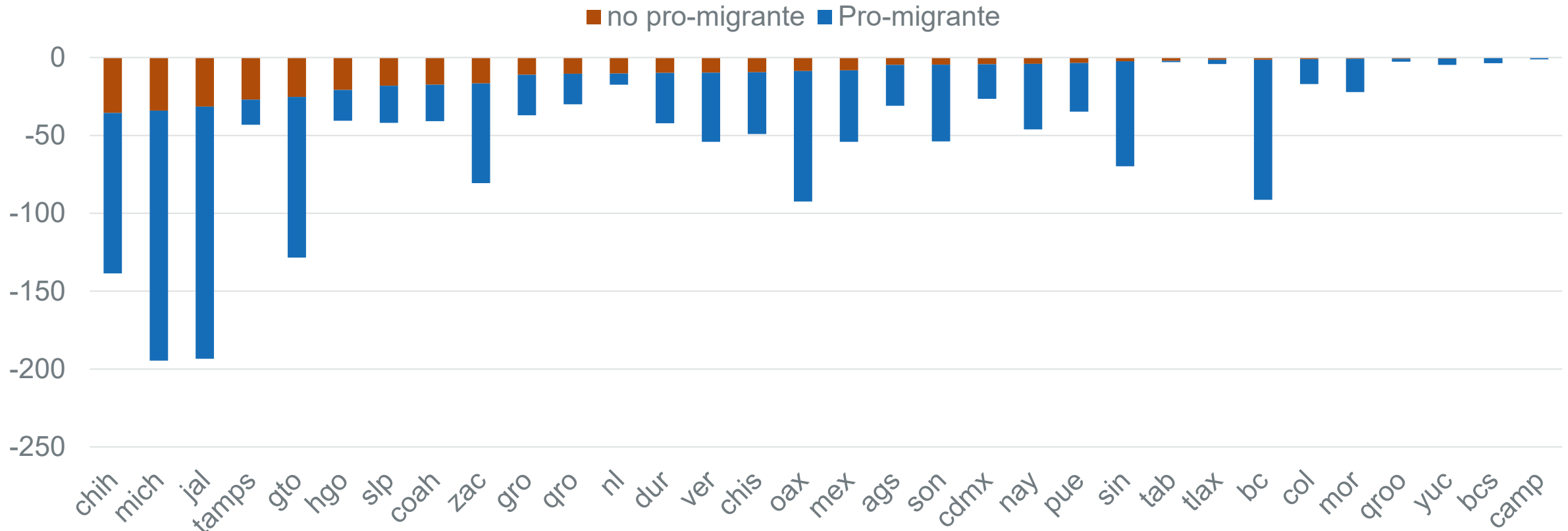
“5” “menos perjudicial” No ICE

Parameters:

- Sharing of information and resources with ICE
- Transfers from jail to ICE
- Collusion between patrol officers and ICE
- Contracts with ICE or CBP
- State criminalization laws



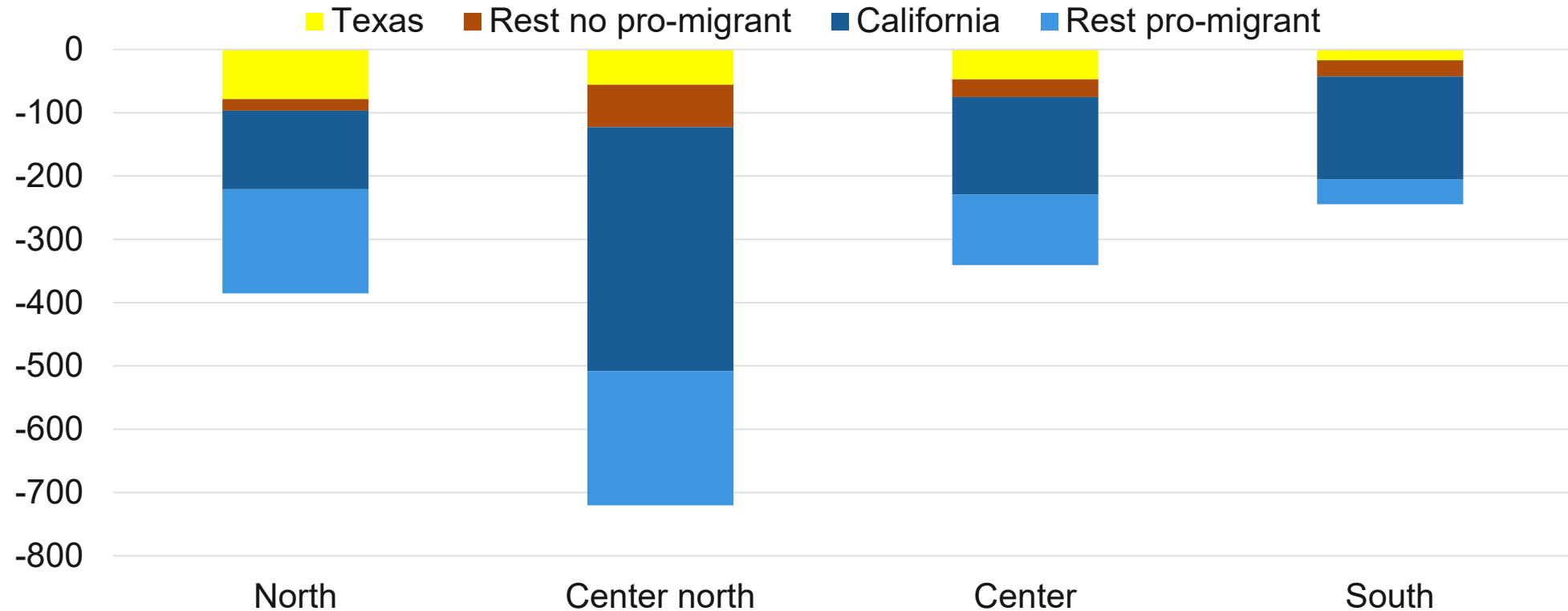
The current drop in remittances coming from pro-migrant states



Source: Banco de México; Immigrant Legal Resource Center; *Encuesta Nacional de la Dinámica Demográfica, 2018*, INEGI; BIS.

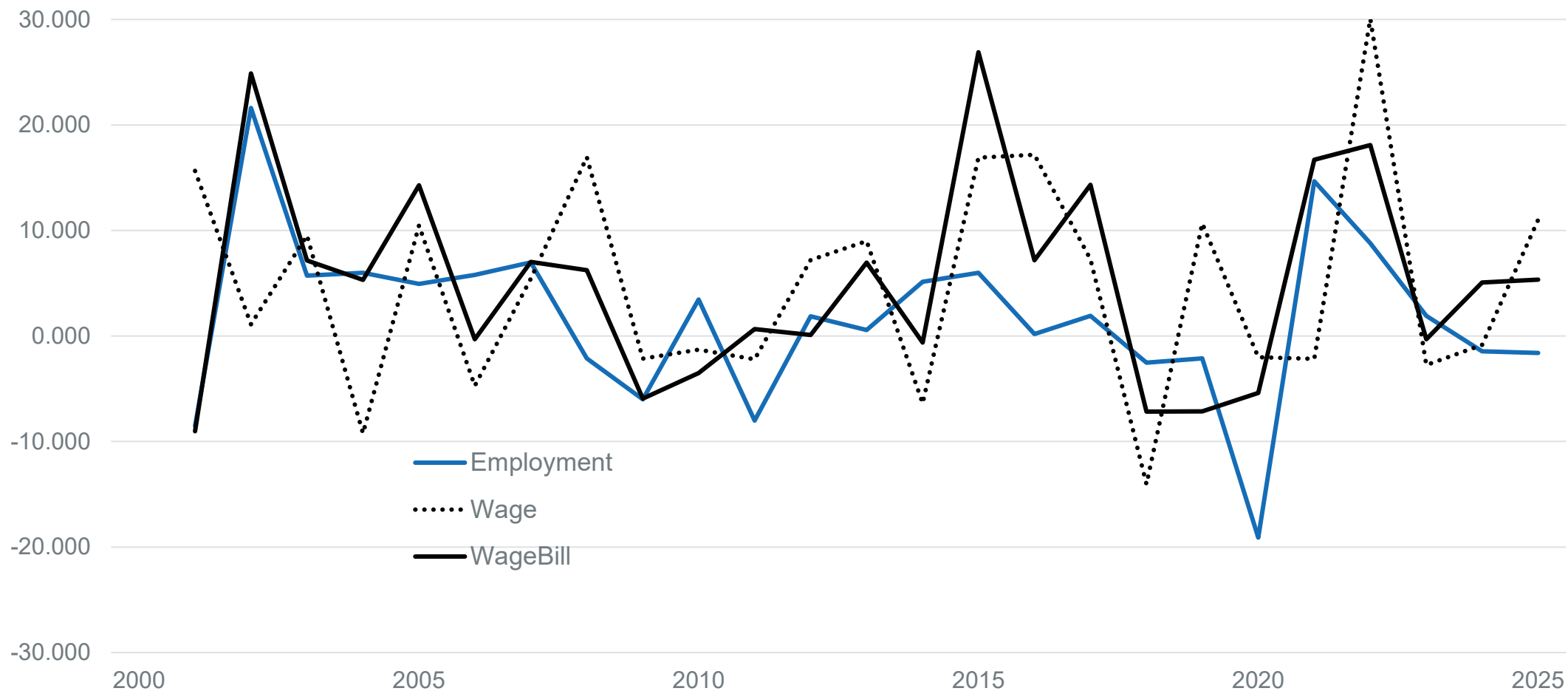
The current drop in remittances coming from pro-migrant states

Annual variation in remittance flow receipts by region and US immigration policy, 2025-2024



México; Immigrant Legal Resource Center; *Encuesta Nacional de la Dinámica Demográfica*, 2018, INEGI; BIS.

Wage bill of Mexicans working in the US improved from last year



Preliminary results

- Marked dependence on California and Texas
- Higher and robust effect of the wage bill in pro-migrant states
- It is likely that current US immigration policy is impacting the flows, as immigrant communities deal with trepidation and increases in precautionary savings
- Impacting more remittance dependent regions that tend to be the poorest; potentially aggravating immigration push factors

Preliminary results

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
$MS_{USAj,t}$	0.597* (0.357)	0.597* (0.357)	0.597* (0.357)	0.612* (0.359)	0.626* (0.360)	0.626* (0.360)	0.626* (0.360)
Dummy (pro migrante=1)_j	-8.570** (3.689)	-8.570** (3.689)	-8.570** (3.689)	-8.595** (3.834)	-8.734** (3.860)	-8.734** (3.861)	-8.734** (3.861)
$MS_{j,t} * Pro\ migrante_j$	0.309** (0.129)	0.309** (0.129)	0.309** (0.129)	0.310** (0.133)	0.314** (0.134)	0.314** (0.134)	0.314** (0.134)
$MS_{MX,i,t}$	0.143* (0.0824)	0.135* (0.0798)	0.129* (0.0780)	0.126 (0.0796)	0.111 (0.0802)	0.102 (0.0777)	0.0986 (0.0769)
$Temperatura_{MX,i,t}$		-0.00287 (0.00257)				-0.00278 (0.00225)	-0.00281 (0.00228)
$Precipitación_{MX,i,t}$			0.000143 (0.000127)	0.000172 (0.000134)	0.000171 (0.000138)	0.000144 (0.000123)	0.000144 (0.000123)
$Tasa\ Informalidad_{MX,i,t}$				-0.117 (0.186)			-0.122 (0.188)
$Pobreza\ Laboral_{MX,i,t}$					-0.0629 (0.109)	-0.0603 (0.110)	-0.0480 (0.111)
$ITAE_{MX,i,t}$					0.000769 (0.000915)	0.000844 (0.000925)	0.000882 (0.000919)
EF estados origen (j)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
EF estados destino (i)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
EF (t)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observaciones	48,960	48,960	48,960	44,550	44,505	44,505	44,505