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**ARE REMITTANCES MANNA FROM HEAVEN? A LOOK AT THE BUSINESS
CYCLE PROPERTIES OF REMITTANCES**

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Abstract:

This article documents the business cycle properties of workers' remittance flows to Mexico. We also discuss key differences between the cyclical properties of remittance inflows and the cyclical properties of foreign direct investment (FDI). We find evidence that remittances are countercyclical with respect to Mexico's business cycle. However, this result is not robust to the use of different measures of remittances. The lack of a robust relationship between remittances and Mexico's business cycle, suggests that the use of remittances to smooth cyclical fluctuations in output may not be a straightforward strategy.