Remittances to developing countries, as compared with other forms of inflows, are very stable and display relatively little procyclicality. This makes them an attractive source of external finance.

Sources: IMF, Balance of Payments Statistics Yearbook; and IMF staff calculations.

1For a detailed definition of the components of remittances, see Appendix 2.1.

2Volatility is defined as the standard deviation of the ratio of the relevant inflow to GDP.

3Cyclicality is defined as the correlation between the detrended relevant inflow and detrended GDP.