

Banking Credit: Monthly Situation Report

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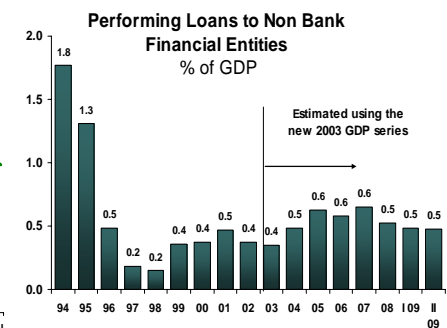
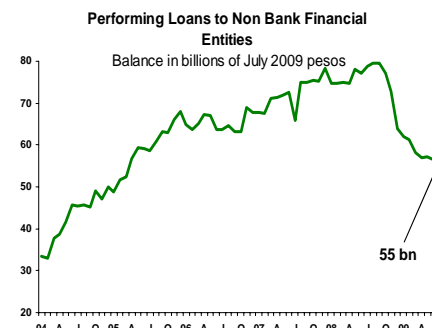
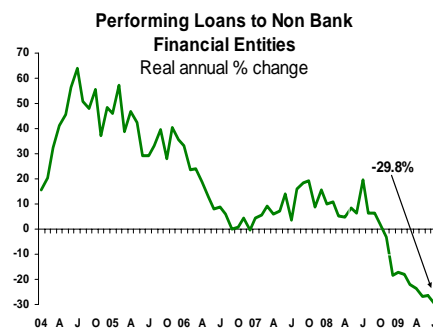
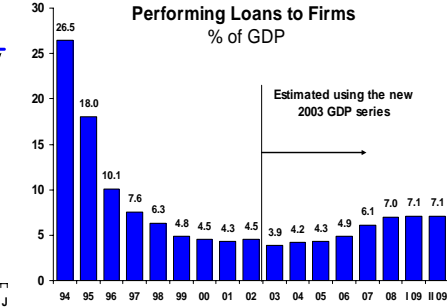
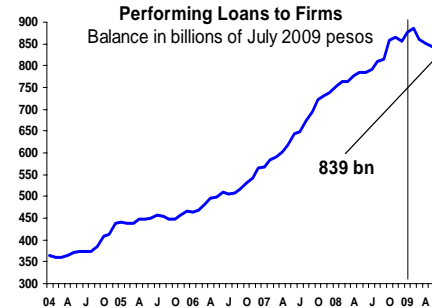
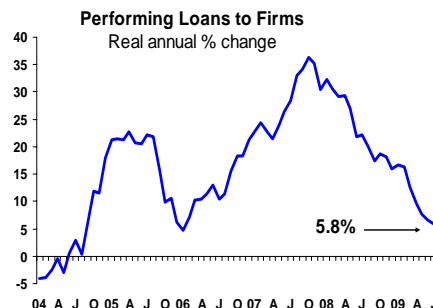
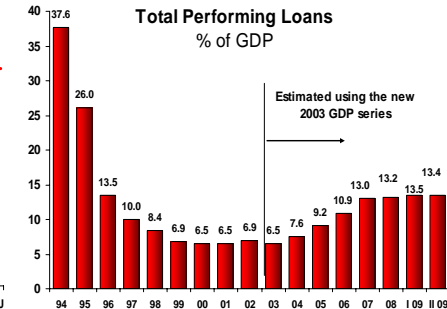
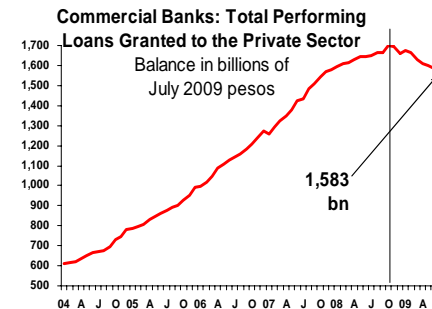
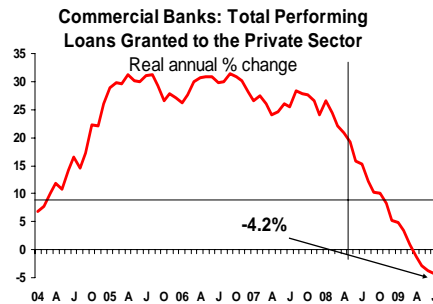
- In July 2009, the total current credit balance that commercial banks granted to the private sector saw a 4.2% real annual fall
- Corporate and mortgage lending continued to record positive growth, although at a slower rate over the previous month
- Credit to non-banking financial intermediaries (NBFi) and consumers continued to contract

Overall current credit from commercial banks to the non-banking private sector

In July 09, real annual overall growth in current credit from commercial banks to the private sector came in negative at -4.2%. In the previous month, this rate was also negative (-3.7%). Meanwhile, in the same month in 2008 growth was positive (15.2%). The -4.2% rate was a result of positive growth contributions seen by corporate lending (+2.8% contribution) and mortgage lending (+0.7%). To the contrary, credit to non-banking financial intermediaries or NBFi posted negative growth rates (-1.4pp), as did consumer credit (-6.3pp).

Current Company Credit

In July 09, the real annual growth rate of corporate lending continued to slow coming in at 5.8%. This rate was lower than for the preceding month (6.6%) and for the same month of 2008 (22.2%). The slowdown in growth started at the end of 2007 and became more noticeable from Dec-08. It should be stated that, as seen in the second chart, the real balance of this credit in Jul-09 was lower than in Oct-08. This means that, if corporate lending does not grow or if it does so marginally in the next quarter, this would show a real negative growth rate from Oct-09. This could happen if the adverse effects of the fall in GDP in the first quarter of 2009 are evident in the lack of boost so that demand for this type of credit grows in the rest of the year.



Source: Banco de México

Current Credit to Non-banking Financial Intermediaries

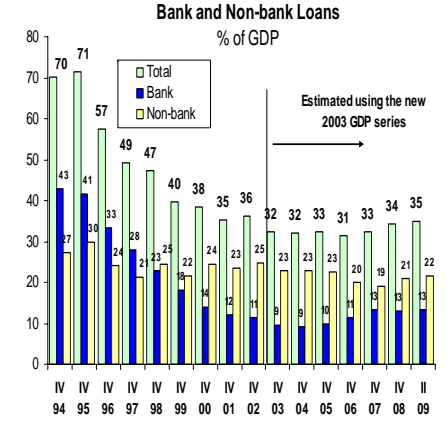
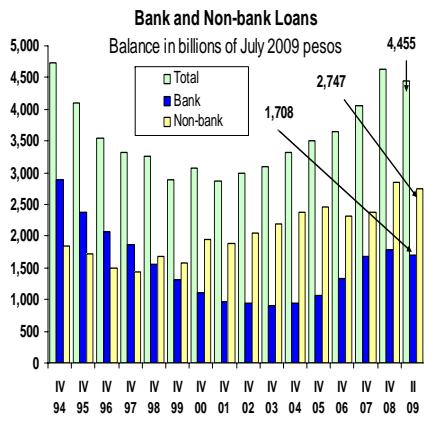
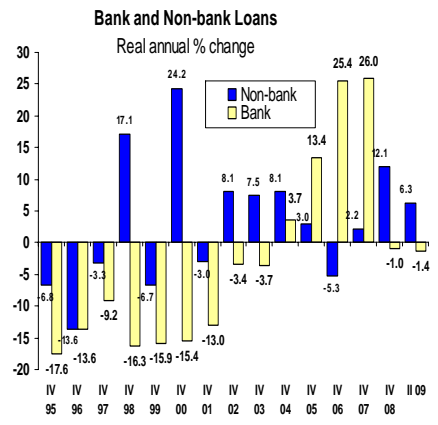
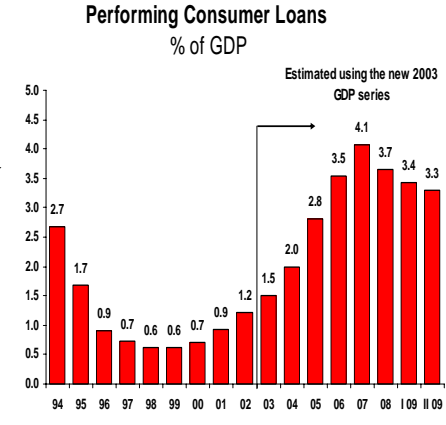
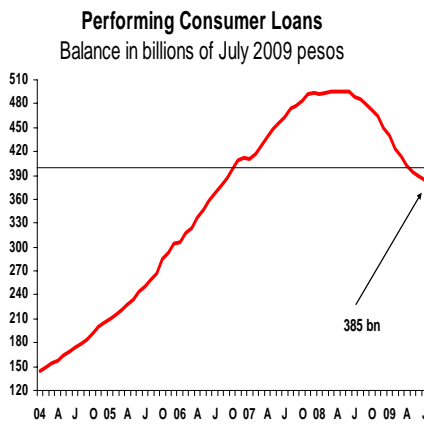
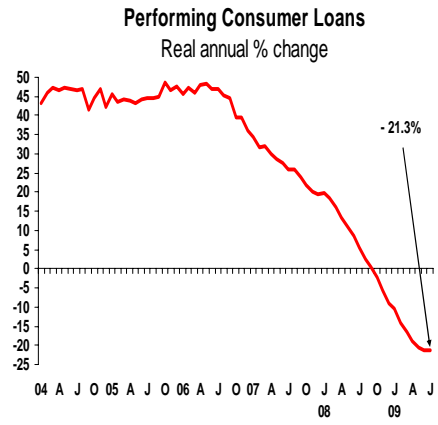
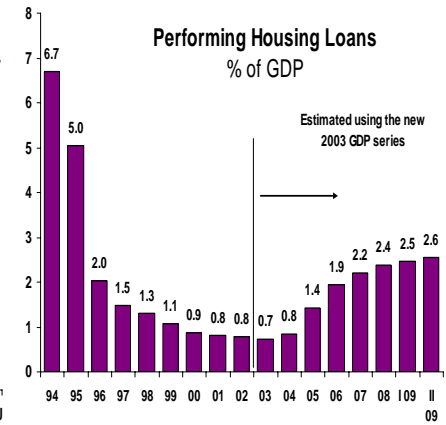
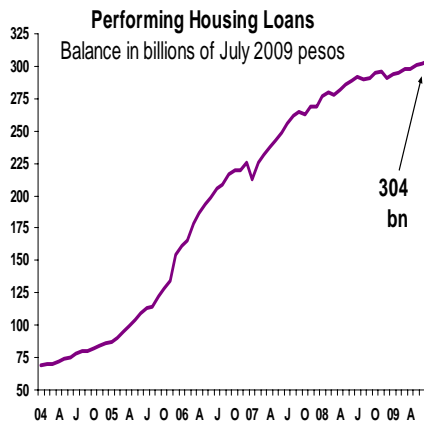
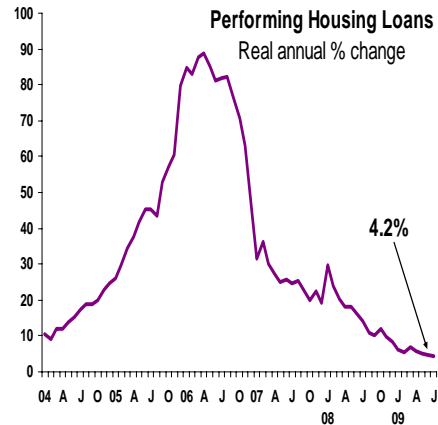
In July 2009, the growth rate in credit to NBFIs was -29.8%. In the preceding month, this rate was negative (-26.5%), and in the same month in 2008 was positive (19.6%). In July 09, this credit represented 3.5% of total credit awarded by commercial banking to the private sector. It should be stated that the NBFIs credit series only shows what has been awarded to these intermediaries and does not contain any consumer credit.

Current Mortgage Lending

In July 2009, real annual mortgage lending growth was 4.2%. Growth recorded in the previous month was higher (4.7%), as occurred in the same month of 2008 (14%). Mortgage lending growth has slowed significantly. Due to the adverse macroeconomic scenario, the number of permanent workers affiliated to the IMSS from Jul-08 to Jul-09 declined by almost 572,000. In this way, formal employment contraction, alongside the decrease in real wages seen in 2008 and the fact that as of Jul-09 it was still present, albeit at a lower rate, are factors going to explain the lower growth seen in mortgage lending. If the adverse scenario persists, it is to be expected that in the near future this lending could cease to grow and even start to show negative growth rates. It should be highlighted that as formal employment once again grows, banking credit for mortgages could do so at higher rates. This will require that once the economic contraction phase finishes, GDP and formal employment rapidly grow at relatively high rates.

Current Consumer Loans

In Jul-09, the growth rate for consumer credit came in negative, and at -21.34% was similar to that in the previous month (-21.35%). The rate was positive at 5.6% in the same month in 2007. The deterioration in consumer credit can be explained by the contraction in formal employment and the loss of purchasing power of real wages as a consequence to the increase in inflation seen in 2008.



Source: Banco de México

Commercial Banks: Performing Loans to the Mexican Private Non Banking Sector

	Balance in billions of July 2009 pesos					Real annual % change				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
IV 94	2,516.1	179.6	448.0	1,770.3	118.2	na	na	na	na	na
IV 95	1,480.7	95.5	286.9	1,024.0	74.3	-41.1	-46.8	-36.0	-42.2	-37.2
IV 96	829.3	55.4	124.3	619.8	29.7	-44.0	-42.0	-56.7	-39.5	-60.0
IV 97	663.3	48.6	98.7	504.0	12.0	-20.0	-12.4	-20.6	-18.7	-59.5
IV 98	571.4	42.7	87.8	430.5	10.3	-13.9	-12.0	-11.1	-14.6	-14.5
IV 99	496.7	45.2	76.5	349.2	25.9	-13.1	5.7	-12.9	-18.9	151.5
IV 00	513.9	55.7	69.4	359.2	29.5	3.4	23.3	-9.2	2.9	14.0
IV 01	520.6	73.8	65.6	343.4	37.8	1.3	32.5	-5.5	-4.4	28.2
IV 02	564.6	99.5	63.8	370.7	30.6	8.5	34.8	-2.8	7.9	-18.9
IV 03	612.9	142.9	68.3	368.4	33.3	8.6	43.6	7.1	-0.6	6.6
IV 04	772.7	203.2	85.2	434.8	49.5	26.1	42.2	24.8	18.0	48.4
IV 05	982.0	300.3	153.0	461.4	67.2	27.1	47.8	79.6	6.1	35.8
IV 06	1,258.3	408.4	222.9	559.9	67.0	28.1	36.0	45.7	21.3	-0.2
IV 07	1,561.5	487.8	265.9	730.2	77.6	24.1	19.4	19.3	30.4	15.7
IV 08	1,659.9	449.3	290.7	855.9	64.0	5.2	-8.9	8.2	15.9	-18.4
I 09	1,629.5	413.2	297.5	860.5	58.3	1.0	-16.7	7.0	12.6	-22.2
II 09	1,585.8	390.0	302.3	837.0	56.6	-3.7	-21.3	4.7	6.6	-26.5
	Monthly balance in billions of July 2009 pesos					Real annual % change				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
2008	1,594.3	491.5	276.4	751.8	74.6	26.6	19.6	29.8	32.4	10.1
F	1,610.8	493.4	279.6	763.1	74.6	24.4	18.3	23.9	30.7	10.7
M	1,613.2	495.9	278.1	764.4	74.9	22.1	16.1	20.2	29.1	5.3
A	1,629.3	495.8	281.4	777.5	74.7	20.8	13.3	18.3	29.3	4.7
M	1,644.8	496.0	286.1	784.6	78.0	19.2	10.9	18.1	27.0	8.6
J	1,646.6	495.8	288.7	785.2	77.0	15.8	8.5	15.9	21.9	6.2
J	1,651.9	488.9	291.9	792.3	78.7	15.2	5.6	14.0	22.2	19.6
A	1,664.5	485.2	289.8	810.0	79.5	12.1	2.5	10.8	20.1	6.2
S	1,664.8	479.3	291.0	814.8	79.6	10.2	0.3	10.0	17.5	6.3
O	1,701.9	472.4	294.5	858.1	77.0	10.1	-2.3	11.9	18.6	2.2
N	1,697.4	464.6	295.5	864.4	72.8	8.3	-5.6	9.9	18.1	-3.2
D	1,659.9	449.3	290.7	855.9	64.0	5.2	-8.9	8.2	15.9	-18.4
2009	1,673.1	440.3	293.8	877.1	61.9	4.9	-10.4	6.3	16.7	-17.1
F	1,666.8	423.2	295.2	887.2	61.2	3.5	-14.2	5.6	16.3	-18.0
M	1,629.5	413.2	297.5	860.5	58.3	1.0	-16.7	7.0	12.6	-22.2
A	1,609.5	402.2	297.6	852.6	57.1	-1.2	-18.9	5.8	9.7	-23.6
M	1,598.1	394.7	300.8	845.5	57.1	-2.8	-20.4	5.1	7.8	-26.8
J	1,585.8	390.0	302.3	837.0	56.6	-3.7	-21.3	4.7	6.6	-26.5
J	1,582.6	384.6	304.1	838.6	55.3	-4.2	-21.3	4.2	5.8	-29.8
	Annual average balance					Average real annual growth rates				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
2005	862.9	248.1	111.6	444.9	58.3	29.4	45.1	46.2	17.9	38.9
2006	1,119.8	357.5	196.2	501.6	64.6	29.7	44.5	77.6	12.7	11.7
2007	1,413.4	451.7	245.8	644.4	71.4	26.2	26.8	25.8	28.3	10.7
2008	1,619.4	393.3	283.9	793.3	149.0	15.1	-12.0	15.9	23.6	107.2
	% of GDP					% breakdown				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
IV 94	37.6	2.7	6.7	26.5	1.8	100.0	7.1	17.8	70.4	4.7
IV 95	26.0	1.7	5.0	18.0	1.3	100.0	6.5	19.4	69.2	5.0
IV 96	13.5	0.9	2.0	10.1	0.5	100.0	6.7	15.0	74.7	3.6
IV 97	10.0	0.7	1.5	7.6	0.2	100.0	7.3	14.9	76.0	1.8
IV 98	8.4	0.6	1.3	6.3	0.2	100.0	7.5	15.4	75.4	1.8
IV 99	6.9	0.6	1.1	4.8	0.4	100.0	9.1	15.4	70.3	5.2
IV 00	6.5	0.7	0.9	4.5	0.4	100.0	10.8	13.5	69.9	5.7
IV 01	6.5	0.9	0.8	4.3	0.5	100.0	14.2	12.6	66.0	7.3
IV 02	6.9	1.2	0.8	4.5	0.4	100.0	17.6	11.3	65.7	5.4
IV 03	6.5	1.5	0.7	3.9	0.4	100.0	23.3	11.1	60.1	5.4
IV 04	7.6	2.0	0.8	4.2	0.5	100.0	26.3	11.0	56.3	6.4
IV 05	9.2	2.8	1.4	4.3	0.6	100.0	30.6	15.6	47.0	6.8
IV 06	10.9	3.5	1.9	4.9	0.6	100.0	32.5	17.7	44.5	5.3
IV 07	13.0	4.1	2.2	6.1	0.6	100.0	31.2	17.0	46.8	5.0
IV 08	13.5	3.7	2.4	7.0	0.5	100.0	27.1	17.5	51.6	3.9
I 09	13.5	3.4	2.5	7.1	0.5	100.0	25.4	18.3	52.8	3.6
II 09	13.4	3.3	2.6	7.1	0.5	100.0	24.6	19.1	52.8	3.6

*NBFE: Non bank financial entities

Source: Banco de México

Bank and Non Bank Loans to the Private Sector

Broad version of non bank financing (loans to consumers and firms)

	Balance in billions of July 2009 pesos											
	All Categories			Consumer			Housing			Firms		
	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank
IV 94	4,739	2,894	1,845	243	230	13	672	490	182	3,824	2,175	1,650
IV 95	4,106	2,385	1,721	147	134	13	711	524	187	3,248	1,727	1,521
IV 96	3,547	2,060	1,487	102	89	13	746	528	218	2,700	1,443	1,256
IV 97	3,310	1,871	1,439	98	75	23	727	509	218	2,485	1,287	1,198
IV 98	3,251	1,567	1,685	93	61	32	722	456	266	2,437	1,050	1,387
IV 99	2,889	1,318	1,571	99	61	38	694	390	304	2,096	866	1,230
IV 00	3,067	1,115	1,952	115	71	44	660	294	366	2,292	749	1,543
IV 01	2,863	970	1,893	145	91	54	672	239	433	2,046	640	1,406
IV 02	2,984	937	2,046	192	116	76	711	211	500	2,080	610	1,470
IV 03	3,104	903	2,201	227	156	71	748	177	572	2,128	570	1,558
IV 04	3,316	936	2,380	311	220	91	804	170	634	2,200	546	1,654
IV 05	3,512	1,062	2,450	432	321	111	850	212	638	2,230	528	1,702
IV 06	3,652	1,332	2,321	547	440	107	935	274	661	2,171	618	1,552
IV 07	4,050	1,678	2,372	641	547	94	1,009	322	686	2,400	809	1,592
IV 08	4,621	1,777	2,844	648	401	248	1,087	364	723	2,886	1,012	1,873
I 09	4,538	1,759	2,779	600	371	229	1,126	370	756	2,811	1,018	1,794
II 09	4,455	1,708	2,747	571	351	220	1,121	370	751	2,764	987	1,776
	% breakdown											
	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank
IV 94	100.0	61.1	38.9	100.0	94.5	5.5	100.0	72.9	27.1	100.0	56.9	43.1
IV 95	100.0	58.1	41.9	100.0	91.2	8.8	100.0	73.8	26.2	100.0	53.2	46.8
IV 96	100.0	58.1	41.9	100.0	87.0	13.0	100.0	70.8	29.2	100.0	53.5	46.5
IV 97	100.0	56.5	43.5	100.0	76.6	23.4	100.0	70.1	29.9	100.0	51.8	48.2
IV 98	100.0	48.2	51.8	100.0	65.7	34.3	100.0	63.1	36.9	100.0	43.1	56.9
IV 99	100.0	45.6	54.4	100.0	61.8	38.2	100.0	56.3	43.7	100.0	41.3	58.7
IV 00	100.0	36.3	63.7	100.0	62.0	38.0	100.0	44.6	55.4	100.0	32.7	67.3
IV 01	100.0	33.9	66.1	100.0	62.7	37.3	100.0	35.6	64.4	100.0	31.3	68.7
IV 02	100.0	31.4	68.6	100.0	60.3	39.7	100.0	29.7	70.3	100.0	29.3	70.7
IV 03	100.0	29.1	70.9	100.0	68.8	31.2	100.0	23.6	76.4	100.0	26.8	73.2
IV 04	100.0	28.2	71.8	100.0	70.6	29.4	100.0	21.1	78.9	100.0	24.8	75.2
IV 05	100.0	30.2	69.8	100.0	74.4	25.6	100.0	25.0	75.0	100.0	23.7	76.3
IV 06	100.0	36.5	63.5	100.0	80.4	19.6	100.0	29.3	70.7	100.0	28.5	71.5
IV 07	100.0	41.4	58.6	100.0	85.4	14.6	100.0	31.9	68.1	100.0	33.7	66.3
IV 08	100.0	38.5	61.5	100.0	61.8	38.2	100.0	33.5	66.5	100.0	35.1	64.9
I 09	100.0	38.8	61.2	100.0	61.8	38.2	100.0	32.8	67.2	100.0	36.2	63.8
II 09	100.0	38.3	61.7	100.0	61.5	38.5	100.0	33.0	67.0	100.0	35.7	64.3
	% of GDP											
	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank
IV 94	70.1	42.8	27.3	3.6	3.4	0.2	9.9	7.2	2.7	56.6	32.2	24.4
IV 95	71.4	41.5	29.9	2.6	2.3	0.2	12.4	9.1	3.2	56.5	30.0	26.5
IV 96	57.3	33.3	24.0	1.7	1.4	0.2	12.0	8.5	3.5	43.6	23.3	20.3
IV 97	49.2	27.8	21.4	1.5	1.1	0.3	10.8	7.6	3.2	37.0	19.1	17.8
IV 98	47.4	22.8	24.6	1.4	0.9	0.5	10.5	6.6	3.9	35.5	15.3	20.2
IV 99	39.6	18.0	21.5	1.4	0.8	0.5	9.5	5.3	4.2	28.7	11.9	16.8
IV 00	38.3	13.9	24.4	1.4	0.9	0.5	8.2	3.7	4.6	28.6	9.4	19.3
IV 01	35.3	12.0	23.3	1.8	1.1	0.7	8.3	3.0	5.3	25.2	7.9	17.3
IV 02	36.1	11.3	24.7	2.3	1.4	0.9	8.6	2.				