

Banking Watch

August 26, 2010

Economic Analysis

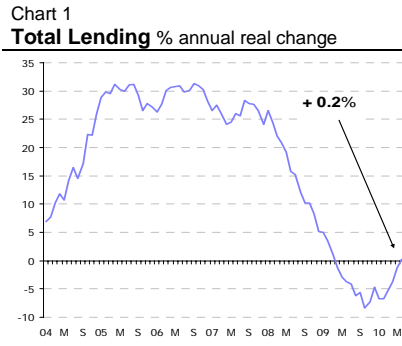
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Bank Lending: Monthly Situation Report

- In June 2010, total outstanding commercial bank lending to the private sector grew by 0.2% in real annual terms, and last April it has started to grow in monthly terms
- In June, corporate lending recorded real annual growth (+1.1%), and since April it had also risen in monthly terms. Housing continued on its growth trend and its real annual rate was high (10%)
- The main credit components seem to be recovering, which could see a boost in the coming months as the domestic market recovery is consolidated (activity and employment)

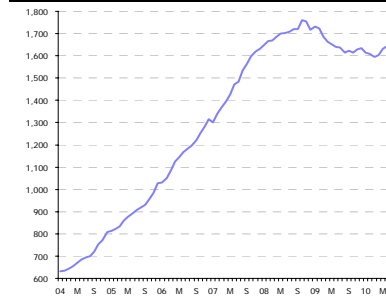
Total outstanding lending to the private sector

In June 10, total lending to the private sector recorded a real annual growth rate of +0.2%. Total commercial bank lending had recorded negative growth rates since Apr-09, which started to diminish from Feb-10 onwards. The positive growth rate in Jun-10, and the slower rate of decline recorded since Feb-10, are signs that bank lending to the private sector is starting to recover and this process will continue to be buoyant mainly due growth in economic activity.



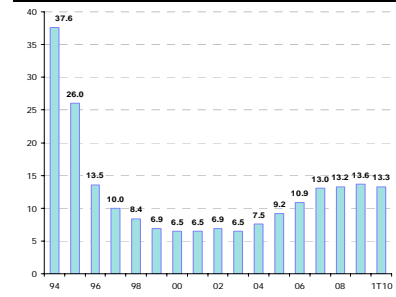
Source: BBVA Research with Banco de Mexico data

Chart 2
Total Lending Balances in thousand million constant pesos in June 2010



Source: BBVA Research with Banco de Mexico data

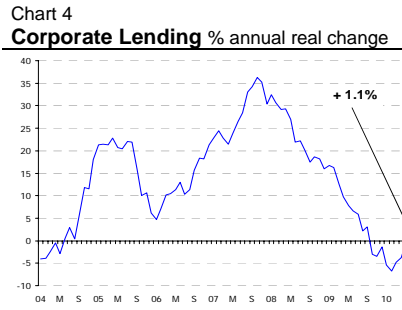
Chart 3
Total Lending % GDP



Source: BBVA Research with Banco de Mexico and INEGI data

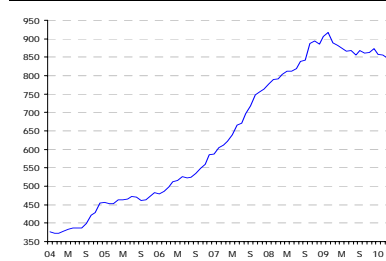
Corporate Lending

In Jun-10, corporate bank lending, like total lending, recorded a positive annual real growth rate. This rate was 1.1% in said month. As GDP and investment growth continue and the macroeconomic scenario carries on improving, corporate demand for bank credit will increase. This will be seen in a greater growth rate in this credit category.



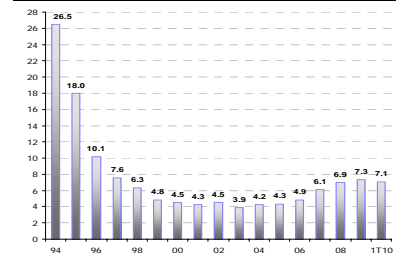
Source: BBVA Research with Banco de Mexico data

Chart 5
Corporate Lending Balances in thousand million constant pesos in June 2010



Source: BBVA Research with Banco de Mexico data

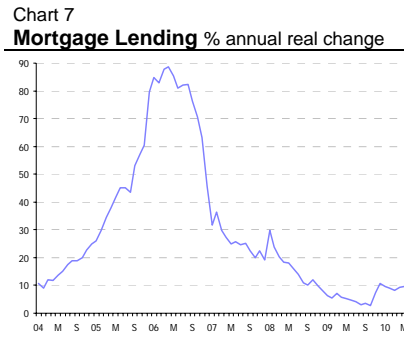
Chart 6
Corporate Lending % GDP



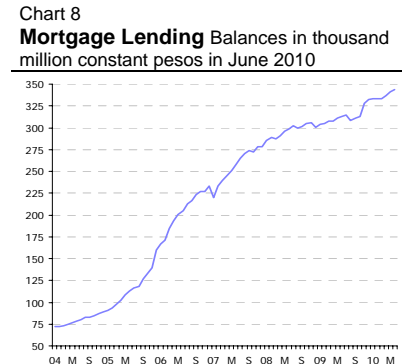
Source: BBVA Research with Banco de Mexico and INEGI data

Mortgage Lending

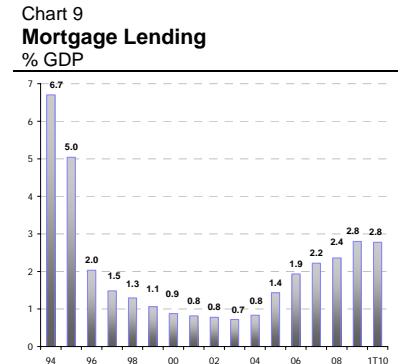
In Jun-10, mortgage lending continued to record positive annual real growth rates. This rate was 10% in said month, which was greater than the previous month (9.6%) and than the same month in 2009 (4.7%). It should be stated that the monthly real growth rate in mortgage lending between Jan-09 and Jun-10 was on average 0.8%, whereas the rate in Jun-10 was slightly higher, at 0.9%. The dynamic growth in mortgage lending, in monthly and annual terms, will be greater insofar as economic activity and employment continue to rise.



Source: BBVA Research with Banco de Mexico data



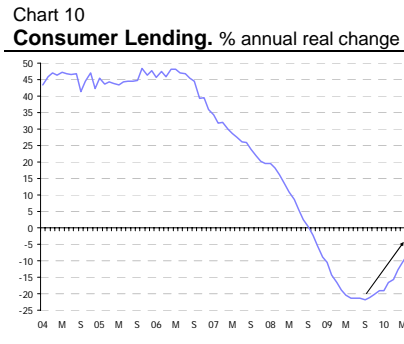
Source: BBVA Research with Banco de Mexico data



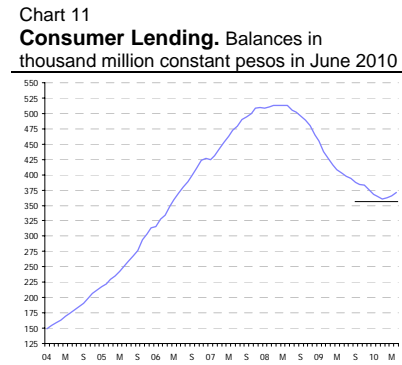
Source: BBVA Research with Banco de Mexico and INEGI data

Consumer Lending

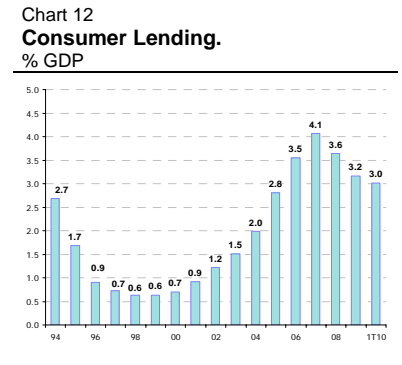
Although in Jun-10, bank consumer lending recorded a negative annual real growth rate, it reflects a considerably slower rate of decline in this credit category. This is represented by the arrow in Chart 10, which shows that the fall in consumer lending has been flatter since Oct-09. Also, since Apr-10, consumer lending has started to post positive monthly growth rates, which has pushed up its balance, as shown in Chart 11 by the black underscore.



Source: BBVA Research with Banco de Mexico data



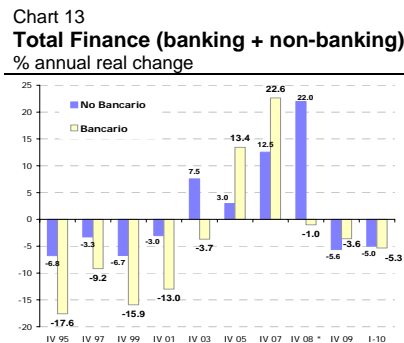
Source: BBVA Research with Banco de Mexico data



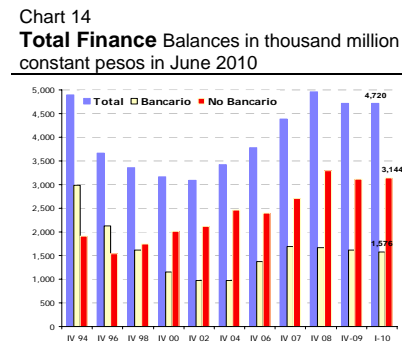
Source: BBVA Research with Banco de Mexico data

Bank Lending: contribution to growth by components

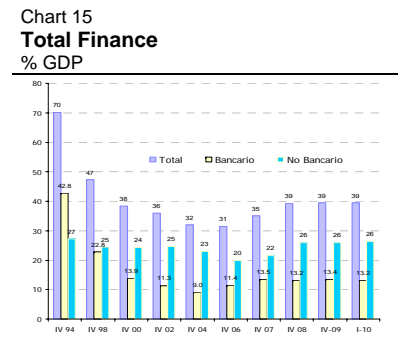
The +0.2% growth contribution seen in June-10 in total bank lending by components was as follows: mortgage lending contributed +1.9 percentage points (pp) out of the -0.2 pp total credit decrease; corporate lending accounted for +0.6 pp, in other words, a positive contribution from mortgage and companies; lending to non-bank financial intermediaries (NBFIs) contributed -0.3 pp; and consumer lending contributed -1.9 pp.



Source: Bank of Mexico



Source: Bank of Mexico



Source: Bank of Mexico and INEGI

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

	Balance in billions of June 2010 pesos					Real annual % change				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
IV 94	2516	180	448	1770	118	na	na	na	na	na
IV 95	1481	96	287	1024	74	-41.1	-46.8	-36.0	-42.2	-37.2
IV 96	829	55	124	620	30	-44.0	-42.0	-56.7	-39.5	-60.0
IV 97	663	49	99	504	12	-20.0	-12.4	-20.6	-18.7	-59.5
IV 98	571	43	88	431	10	-13.9	-12.0	-11.1	-14.6	-14.5
IV 99	497	45	77	349	26	-13.1	5.7	-12.9	-18.9	151.5
IV 00	514	56	69	359	29	3.4	23.3	-9.2	2.9	14.0
IV 01	521	74	66	343	38	1.3	32.5	-5.5	-4.4	28.2
IV 02	565	99	64	371	31	8.5	34.8	-2.8	7.9	-18.9
IV 03	613	143	68	368	33	8.6	43.6	7.1	-0.6	8.8
IV 04	773	203	85	435	49	26.1	42.2	24.8	18.0	48.4
IV 05	982	300	153	461	67	27.1	47.8	79.6	6.1	35.8
IV 06	1258	408	223	560	67	28.1	36.0	45.7	21.3	-0.2
IV 07	1561	488	266	730	78	24.1	19.4	19.3	30.4	15.7
IV 08	1717	465	301	885	66	5.2	-8.9	8.2	15.9	-18.4
IV 09	1636	376	332	873	55	-4.7	-19.1	10.6	-1.4	-16.8
I-10	1596	361	333	848	54	-5.3	-15.6	8.3	-4.7	-10.1

	Monthly balance in billions of June 2010 pesos					Real annual % change				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
2009	1730	455	304	907	64	4.9	-10.4	6.3	16.7	-17.1
F	1724	438	305	918	63	3.5	-14.2	5.6	16.3	-18.0
M	1685	427	308	890	60	1.0	-16.7	7.0	12.6	-22.2
A	1664	416	308	882	59	-1.2	-18.9	5.8	9.7	-23.6
M	1653	408	311	874	59	-2.8	-20.4	5.1	7.8	-26.8
J	1640	403	313	866	59	-3.7	-21.3	4.7	6.6	-26.5
J	1637	398	315	867	57	-4.2	-21.3	4.2	5.8	-29.8
A	1616	395	309	856	56	-6.1	-21.3	3.0	2.2	-31.6
S	1624	388	311	868	56	-5.7	-21.8	3.5	3.1	-31.9
O	1614	385	313	861	55	-8.3	-21.2	2.9	-3.0	-30.5
N	1629	383	328	863	55	-7.2	-20.2	7.3	-3.5	-27.2
D	1636	376	332	873	55	-4.7	-19.1	10.6	-1.4	-16.8
2010	1614	368	333	858	55	-6.7	-19.1	9.7	-5.4	-14.5
F	1608	365	333	855	54	-6.7	-16.6	9.2	-6.8	-14.0
M	1596	361	333	848	54	-5.3	-15.6	8.3	-4.7	-10.1
A	1602	363	337	848	55	-3.7	-12.7	9.4	-3.8	-7.1
M	1631	365	341	870	55	-1.3	-10.5	9.6	-0.5	-6.5
J	1643	371	344	875	53	0.2	-7.9	10.0	1.0	-9.1

	Annual average balance					Average real annual growth rates				
2005	863	248	112	445	58	29.4	45.1	46.2	17.9	38.9
2006	1,120	357	196	502	65	29.7	44.5	77.6	12.7	11.7
2007	1,413	452	246	644	71	26.2	26.8	25.8	28.3	10.7
2008	1,619	393	284	793	149	15.1	-12.0	15.9	23.6	107.2
2009	1,654	406	313	877	58	-2.9	-18.9	5.5	6.1	-25.2

	% of GDP					% breakdown				
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	7.5	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	3.6	2.4	6.9	0.5	100.0	27.1	17.5	51.6	3.9
IV 09	13.6	3.2	2.8	7.3	0.5	100.0	23.0	20.3	53.3	3.4
I-10	13.3	3.0	2.8	7.1	0.5	100.0	22.6	20.9	53.1	3.4

*NBFE: Non bank financial entities
Source: Banco de México

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Bank and Non Bank Loans to the Private Sector

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

	Balance in billions of June 2010 pesos											
	All Categories			Consumer			Housing			Firms		
	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank
IV 94	4,901	2,992	1,908	251	237	14	695	506	189	3,955	2,249	1,706
IV 95	4,246	2,466	1,780	152	138	13	735	542	193	3,359	1,786	1,573
IV 96	3,668	2,130	1,538	106	92	14	771	546	225	2,792	1,493	1,299
IV 97	3,423	1,935	1,488	101	78	24	751	526	225	2,570	1,331	1,239
IV 98	3,362	1,620	1,742	96	63	33	747	472	275	2,520	1,086	1,434
IV 99	2,988	1,363	1,625	102	63	39	718	404	314	2,168	896	1,272
IV 00	3,171	1,153	2,019	118	73	45	682	304	378	2,370	775	1,596
IV 01	2,960	1,003	1,957	149	94	56	695	248	447	2,116	662	1,454
IV 02	3,086	969	2,116	199	120	79	736	218	517	2,151	631	1,520
IV 03	3,210	934	2,276	235	161	73	774	183	591	2,201	590	1,611
IV 04	3,429	968	2,461	322	227	95	831	175	656	2,275	565	1,710
IV 05	3,632	1,098	2,534	447	332	114	879	220	660	2,306	546	1,760
IV 06	3,777	1,377	2,400	565	455	111	967	283	684	2,245	639	1,605
IV 07	4,390	1,689	2,701	645	550	94	1,153	324	829	2,591	814	1,777
IV 08	4,967	1,672	3,294	610	377	233	1,167	343	824	3,190	953	2,237
IV-09	4,722	1,612	3,110	534	296	239	1,186	361	825	3,002	956	2,046
I-10	4,723	1,576	3,147	511	283	228	1,213	362	851	2,999	932	2,068

	% breakdown											
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	38.5	61.5	100.0	85.4	14.6	100.0	28.1	71.9	100.0	31.4	68.6
IV 08	100.0	33.7	66.3	100.0	61.8	38.2	100.0	29.4	70.6	100.0	29.9	70.1
IV-09	100.0	34.1	65.9	100.0	55.3	44.7	100.0	30.4	69.6	100.0	31.8	68.2
I-10	100.0	33.4	66.6	100.0	55.4	44.6	100.0	29.8	70.2	100.0	31.1	68.9

	% of GDP											
IV 94	del PIB, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV 95	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 96	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 97	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 98	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 99	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 00	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 01	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 02	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 03**	36.1	11.3	24.7	2.3	1.4	0.9	8.6	2.5	6.0	25.1	7.4	17.8
IV 04	32.4	9.4	22.9	2.4	1.6	0.7	7.8	1.8	6.0	22.2	5.9	16.2
IV 05	32.0	9.										