

# Banking Watch

9 November 2010

## Bank Savings: Monthly Situation Report

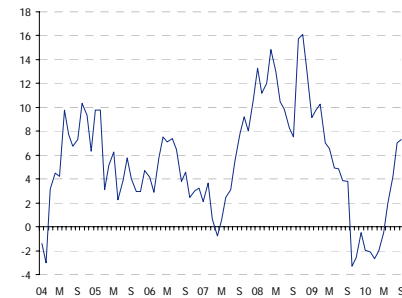
- In September 2010 the annual growing rate in traditional bank savings was 7.3%
- This growth was due to positive contributions by both fixed-term (2.8%) and, especially, demand (11.3%) deposits.
- Financial Savings increased by 8.9%, significantly driven by public sector instruments.

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### Traditional Commercial Bank Savings

In September 2010, traditional savings (fixed-term + demand) in commercial banks recorded an annual growing rate of 7.3%. This rate was higher than for the preceding month (7.1%) and for the same month of 2009 (3.8%). As shown in chart 1, in the last months of 2009 and early 2010 traditional savings recorded negative real growth. This was due to the impairment of the fixed-term savings component and the reduced real growth that demand savings recorded during these months. The momentum in traditional savings was driven by the growth recorded in GDP and employment.

Chart 1  
**Traditional savings. % real annual change**

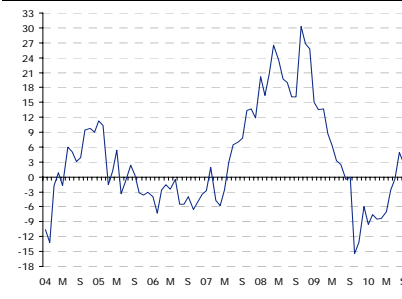


Source: BBVA Research with Bank of Mexico data

### Fixed-term Bank Savings

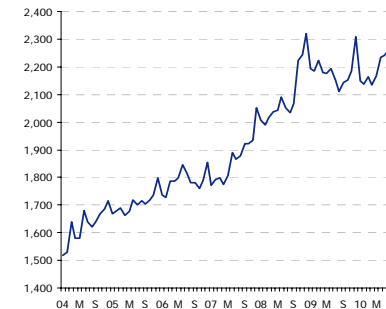
In September 2010, the real annual growing rate in fixed-term savings was 2.8%. This was lower than in the preceding month (4.9%) but higher than the same month in 2009 (0.0%). At the end of 2008, fixed-term savings grew at high rates as many savers who had their resources in bond investment companies abandoned them because they recorded losses and went to bank savings instruments. The economic recession in 2009 affected fixed-term savings and these have increased again in recent months due to GDP growth.

Chart 4  
**Fixed-term savings. % real annual change**



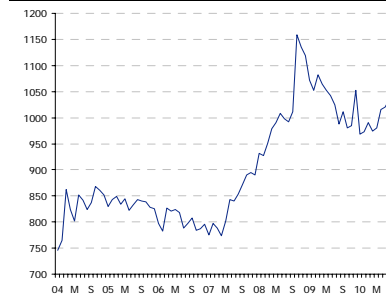
Source: BBVA Research with Bank of Mexico data

Chart 2  
**Traditional savings. Figures in billion constant pesos of September 2010**



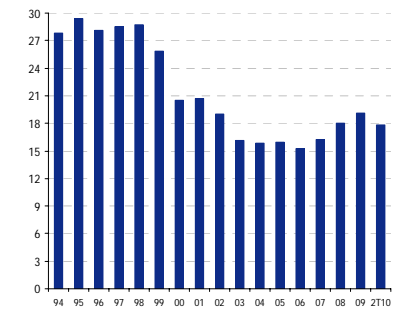
Source: BBVA Research with Bank of Mexico data

Chart 5  
**Fixed-term savings. Figures in billion constant pesos of September 2010**



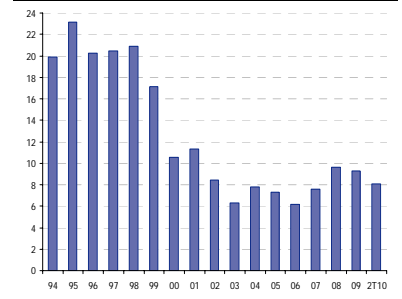
Source: BBVA Research with Bank of Mexico data

Chart 3  
**Traditional savings. % GDP**



Source: BBVA Research with Bank of Mexico and INEGI data

Chart 6  
**Fixed-term savings. % GDP**

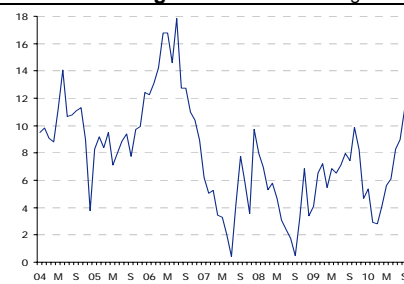


Source: BBVA Research with Bank of Mexico and INEGI data

**Demand-Deposit Bank Savings**

In September 2010, demand savings in commercial banks recorded an annual growing rate of 11.3%. This rate was higher than for the preceding month (9.0%) and for the same month of 2009 (7.4%). Broken down by component, the overall 11.3 percentage point (pp) increase was due to: domestic currency checks, 8.7 pp of the 11.3 pp growth; current accounts, 3.6 pp, and foreign currency checks had a negative contribution, -1.1 pp. This high growth in demand savings is due to GDP growth and employment.

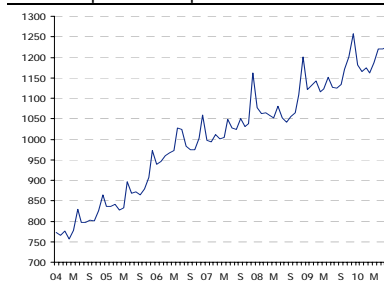
Chart 7  
**Demand savings. % real annual change**



Source: BBVA Research with Bank of Mexico data

Chart 8

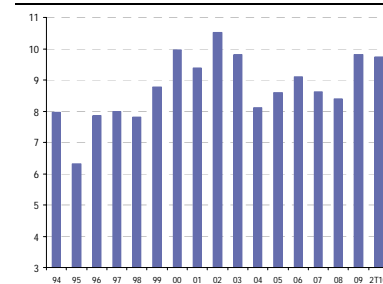
**Demand Savings** Figures in billion constant pesos of September 2010



Source: BBVA Research with Bank of Mexico data

Chart 9

**Demand savings % GDP**

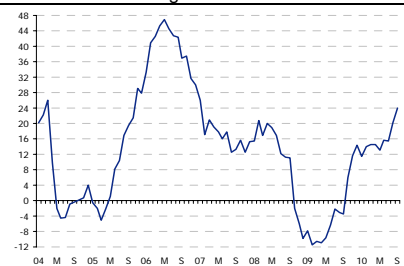


Source: BBVA Research with Bank of Mexico and INEGI data

**Bond Holding Companies**

In September 2010, the real annual growing rate for bond HCs was 24%. This rate was higher than the preceding month (20.2%) and in the same month of 2009 (-3.4%). It is noteworthy that the losses that these HCs reported significantly reduced its balance. On the one hand, the reduction of major interest rates that took place in 2009 and, on the other hand, the recovery of economic activity that has taken place over this year have allowed bond HCs to re-register high growing rates.

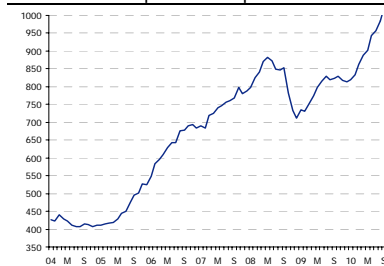
Chart 10  
**Bond Holding Companies % real annual change**



Source: BBVA Research with Bank of Mexico data

Chart 11

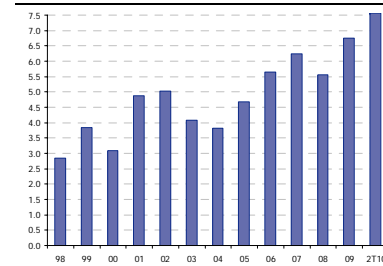
**Bond Holding Companies** Figures in billion constant pesos of September 2010



Source: BBVA Research with Bank of Mexico data

Chart 12

**Bond Holding Companies % GDP**

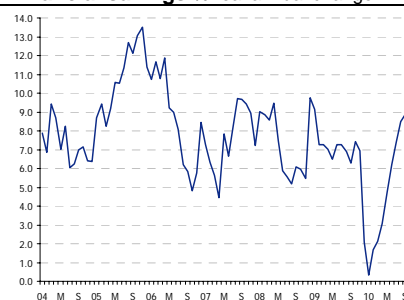


Source: BBVA Research with Bank of Mexico and INEGI data

**Financial Savings (FS = savings in bank and non-bank instruments)**

In September 2010, the real annual growing rate in FS was 8.5%, which was higher than in the previous month (8.5%) and the same month in 2009 (6.3%). The contribution to growth of the components making up this aggregate was as follows: public sector securities contributed 6.1 percentage points (pp) of the 8.9 pp growth; savings institutions, 2.3% (commercial banks, 2.2 pp; Savings and loans companies, 0.1 pp; development banking, 0.0 pp); Retirement Savings System outside Seifores, 0.4 pp; and debt issues by private companies, 0.1 pp.

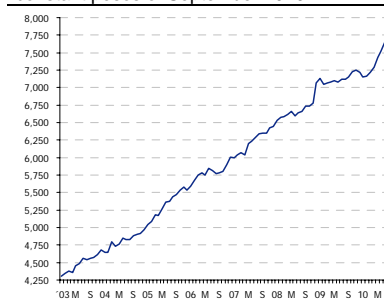
Chart 13  
**Financial savings % real annual change**



Source: BBVA Research with Banxico data

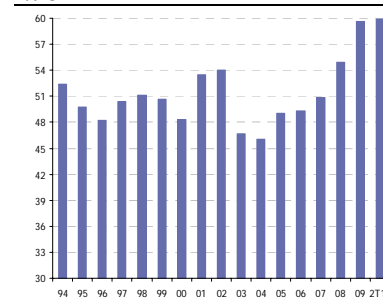
Chart 14

**Financial savings.** Figures in billion constant pesos of September 2010



Source: BBVA Research with Banxico data

Chart 15  
**Financial savings % GDP**



Source: BBVA Research with Banxico data

