

Banking Watch

24 January 2011

Bank Savings: Monthly Situation Report

- In November 2010 the annual growth rate in traditional bank savings was 4.5%
- Demand deposits grew by 5.9% whilst term deposits grew less rapidly, at 2.8%.
- Financial Savings continued to grow, at a rate of 6.9%; this increase came from savings in public sector instruments

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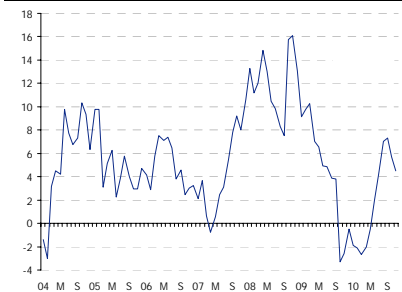
Traditional Commercial Bank Savings

In November 2010, real annual growth in traditional savings (fixed-term + demand-deposits) in commercial banks was 4.5%. This increase was lower than the preceding month (5.7%) but higher than the same month of 2009 (-2.6%). The rate of savings growth was negative in real terms from October 2009 to May 2010 due to the 2009 recession and the outflow from term deposits to Bond Holding Companies (SIs). It should be remembered that the SIs had made capital losses in October 2008, and savers chose to move their assets out of SIs and into term deposits. Now that the SIs have recovered, savings have been flowing to them from term deposits.

Fixed-term Bank Savings

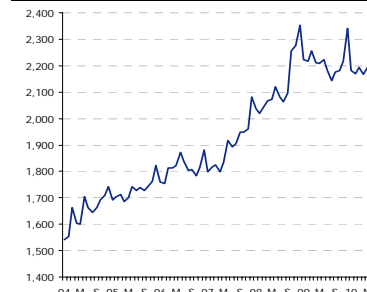
In November 2010, the real annual growth rate in fixed-term savings was 2.8%. This growth rate was lower than the preceding month (5.7%) but higher than the same month in 2009 (-13.2%). As can be seen from chart 5, term savings increased significantly in October 2008 due to migration of funds from Bond Holding Companies (SIs). However, once the SIs had returned to profitability, some fixed-term savings flowed back to them. This began in the second half of 2010; however, in November 2010 the balance for such savings was still lower than it had been in October 2008.

Chart 1
Traditional Savings. % real annual change



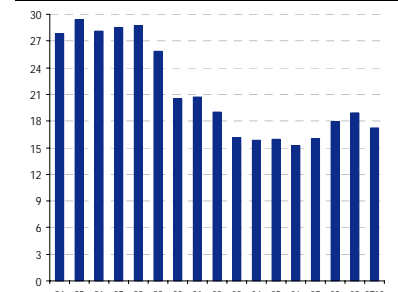
Source: BBVA Research with Banco de Mexico data

Chart 2
Traditional Savings. Figures in billion constant pesos of November 2010



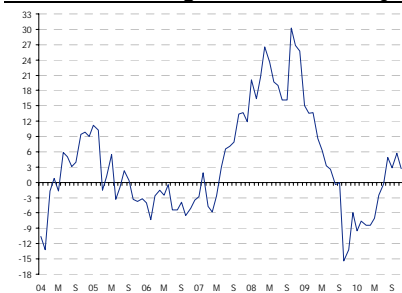
Source: BBVA Research with Banco de Mexico data

Chart 3
Traditional Savings. % GDP



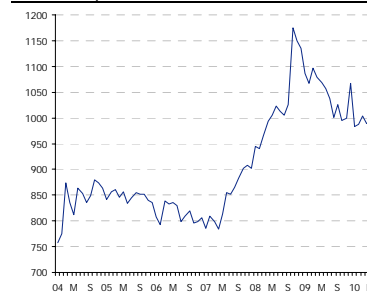
Source: BBVA Research with Banco de Mexico and INEGI data

Chart 4
Fixed-term savings. % real annual change



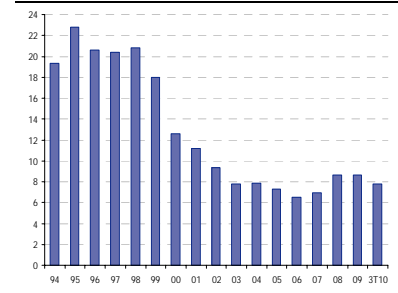
Source: BBVA Research with Banco de Mexico data

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



Source: BBVA Research with Banco de Mexico data

Chart 6
Fixed-term savings. % GDP

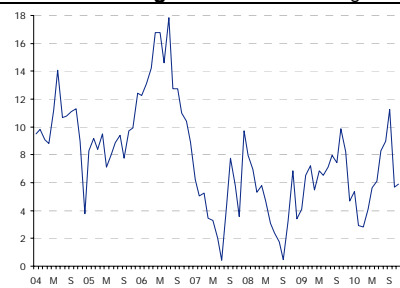


Source: BBVA Research with Banco de Mexico and INEGI data

Demand-Deposit Bank Savings

In November 2010, real annual growth in demand savings was 5.9%, higher than in the preceding month (5.7%) but lower than in the same month of 2009 (8.2%). Broken down by component, the overall 5.9 percentage point (pp) increase was due to: domestic currency checks, 5.5 pp of the 5.9 pp growth; current accounts, 3.0 pp, and foreign currency checks with a negative contribution of -2.6 pp. Average growth from July 2010 to November 2010 was 8%, similar to the same period in 2009, which leads us to think that the rate will be around 5% by the end of the year, similar to 2009.

Chart 7
Demand savings. % real annual change

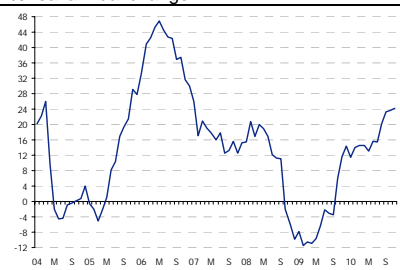


Source: BBVA Research with Banco de Mexico data

Bond Holding Companies (SIs)

In November 2010, real annual growth in Bond Holding Companies was 24.1%, higher than the previous month (23.6%) and the same month in 2009 (11.6%). This growth in SIs is the result of the recovery in economic activity and the less positive performance of term deposits, as this item fell by -3.8% from December 2009 to November 2010, whilst savings with SIs grew by 24.8% over the same period. Together SIs and term deposits grew at a real annual rate of 12.5% in November 2010.

Chart 10
Bond Holding Companies. % real annual change

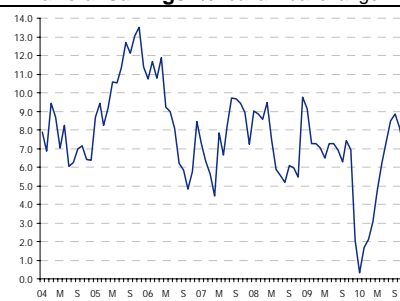


Source: BBVA Research with Banco de Mexico data

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

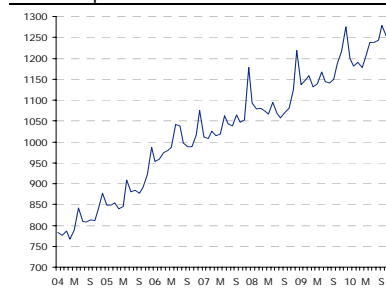
In November 2010, real annual growth in FS was 6.9%, which was higher than in the previous month (8.1%) and the same as the same month in 2009 (6.9%). The contribution to growth of the components making up this aggregate was as follows: public sector securities contributed 4.4 percentage points (pp) of the 6.9 pp growth; savings institutions, 1.7 pp (commercial banks, 1.4 pp; development banking, 0.2 pp; overseas agencies, 0.1 pp; savings and loans companies, 0.1 pp); retirement savings system outside Seifores, 0.4 pp; and debt issues by private companies, 0.4 pp.

Chart 13
Financial savings. % real annual change



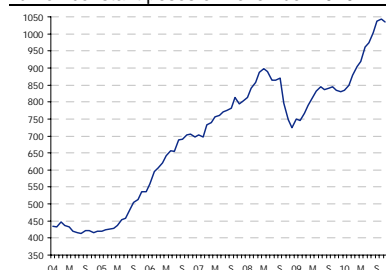
Source: BBVA Research with Banxico data

Chart 8
Demand Savings. Figures in billion constant pesos of November 2010



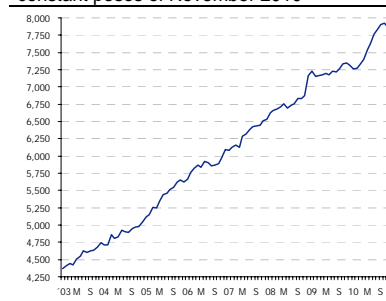
Source: BBVA Research with Banco de Mexico data

Chart 11
Bond Holding Companies. Figures in billion constant pesos of November 2010



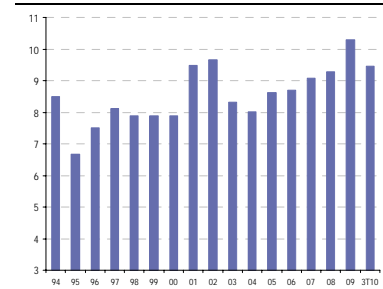
Source: BBVA Research with Banco de Mexico data

Chart 14
Financial Savings. Figures in billion constant pesos of November 2010



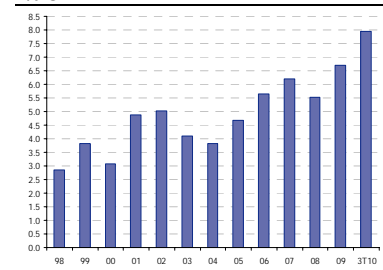
Source: BBVA Research with Banxico data

Chart 9
Demand savings. % GDP



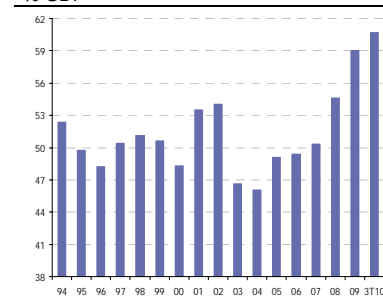
Source: BBVA Research with Banco de Mexico and INEGI data

Chart 12
Investment companies. % GDP



Source: BBVA Research with Banco de Mexico and INEGI data

Chart 15
Financial Savings. % GDP



Source: BBVA Research with Banxico data

