

Economic Watch

Mexico

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Economic Analysis

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Mortgage loans and housing finance Monthly Situation Report

- In February 2011, mortgage lending granted by commercial banks recorded a 21.7% annual increase in real terms
- Credit granted by public institutions is picking up, following a slow year start due to operating adjustments in support programs
- We continue to expect that the mortgage market will remain dynamic in 2011

Bank lending is on the rise

In February 2011, mortgage lending granted by commercial banks recorded a 14.6% annual increase in the number of loans, and a 21.7% increase in the amount lent, in real terms. In terms of the number of loans granted, non-cofinanced credit grew by 29.7% annually during the period.

As for public institutions, credit had a slow start due primarily to operating changes in some programs ("This is your house" and "Green mortgage"). However, lending activity has remained strong: in the case of Infonavit, for example, if the loans in the process of being arranged are included, credit was up as expected, posting a 17% annual increase at the end of March. In any event, credit flow is expected to return to normal in the second quarter, for both Infonavit and Fovissste.

On the supply side, indicators such as the housing start register and construction loans suggest stabilization in the rate of activity, following a strong upturn in previous quarters compared to the levels observed in 2009. However, there are still clear signs of dynamism in the mortgage market, which in 2011 should grow around 10% in the number of loans granted and around 15% in terms of the amount lent.

Table 1
Mortgage lending
 Number and amount of loans, annual aggregate

	Number of loans (thousands)			Amount of lending (billion pesos)		
	feb-10	feb-11	% annual change	feb-10	feb-11	% annual change
Public	68.7	52.2	-24	17.81	13.83	-25
Infonavit	61	50	-18	14.34	13.41	-9.7
Fovissste	7.7	2.2	-71.6	3.47	0.42	-88.4
Private	10.2	10.7	4.9	6.97	8.62	19.4
Banks	8.9	10.1	14.6	6.65	8.39	21.7
Sofoles	1.3	0.5	-61.2	0.32	0.24	-28.3
Subtotal	78.8	62.8	-20.3	24.78	22.45	-12.5
Co-finance (-)	3.2	2.1	-35.9	---	---	---
Total	75.6	60.8	-19.6	24.78	22.45	-12.5

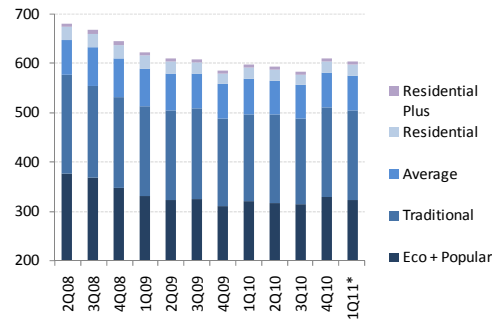
Source: BBVA Research with data from ABM, AHM and AMFE

Table 2
Mortgage lending by segment
 Number of loans, annual aggregate

	Loans (thousands)			Change %		
	feb-09	feb-10	feb-11	2010/2011/	2011/2011/	2011/2011/
Total	67,3	75,6	60,8	12,4	-19,6	-9,7
Economy + Popular (up to 350,000)	37,5	42,9	34,8	14,2	-18,7	-7,2
Traditional (up to 610,000)	18,5	18,9	17,2	2,1	-9,1	-7,2
Average (up to 1.3 million)	8,0	9,5	6,6	18,4	-30,3	-17,5
Residential (up to 2.6 million)	2,6	3,4	1,8	32,7	-47,6	-30,5
Residential Plus (over 2.6 million)	0,7	1,0	0,4	42,3	-60,1	-43,2

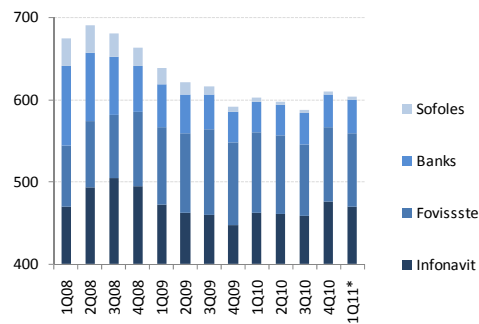
 Note: Figures for 2011 are estimates
 Source: BBVA Research

Chart 1
Number of loans by segment
Thousands, annualized figures



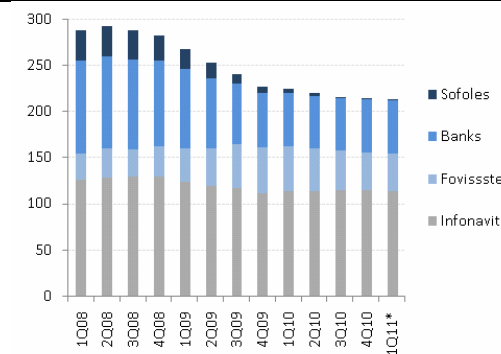
* With figures as of February
Source: BBVA Research

Chart 3
Number of loans by institution
Thousands, annualized figures



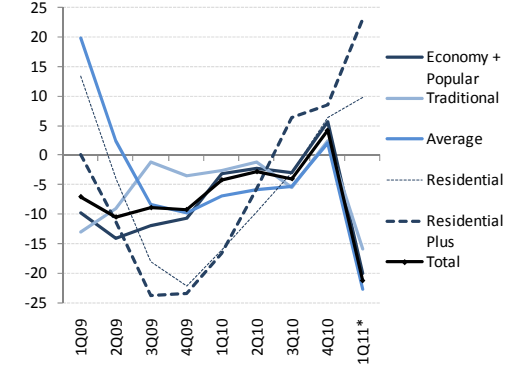
Note: for private int. only includes the open market
* With figures as of February
Source: BBVA Research with ABM and AHM data

Chart 5
Amount of lending by institution
Thousands, annualized figures



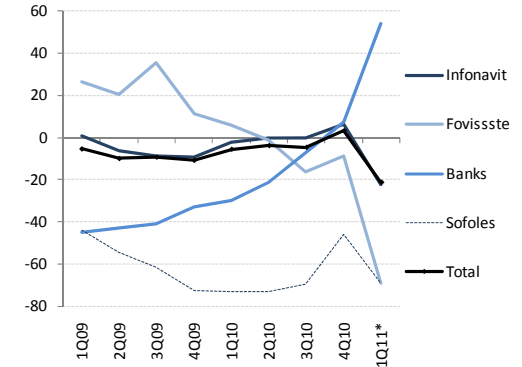
* With figures as of February
Source: BBVA Research with ABM and AHM data

Chart 2
Number of loans by segment
% annual change



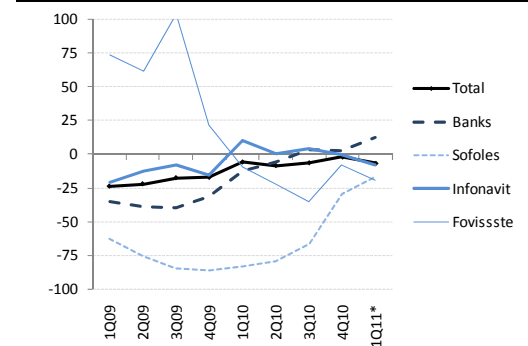
* With figures as of February
Source: BBVA Research

Chart 4
Number of loans by institution
% annual change



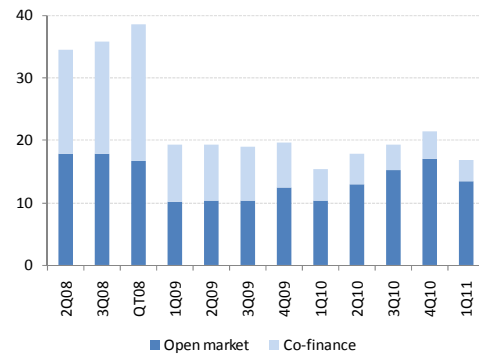
* With figures as of February
Source: BBVA Research with ABM and AHM data

Chart 6
Amount of lending by institution
% annual change



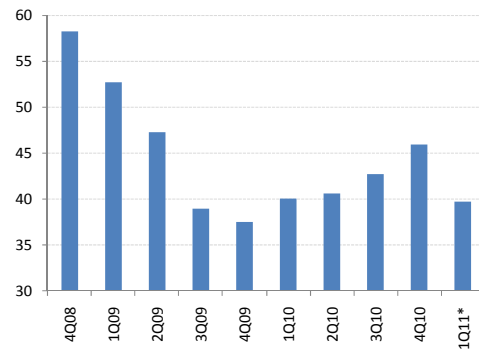
* With figures as of February
Source: BBVA Research with ABM and AHM data

Chart 7
Number of loans granted by commercial banks
Thousands



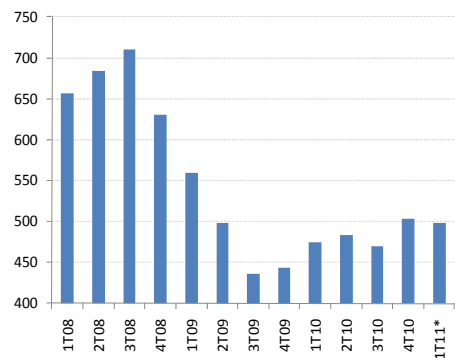
Source: BBVA Research with ABM data

Chart 9
Construction loans
Billion pesos at 2011 prices, annualized figures



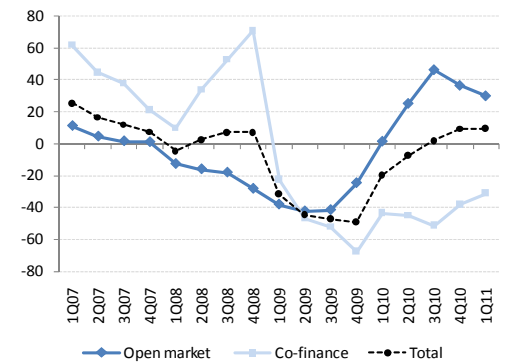
* With figures as of February
Source: BBVA Research with AHM data

Chart 11
Housing starts: RUV
Thousands of homes, annualized figures



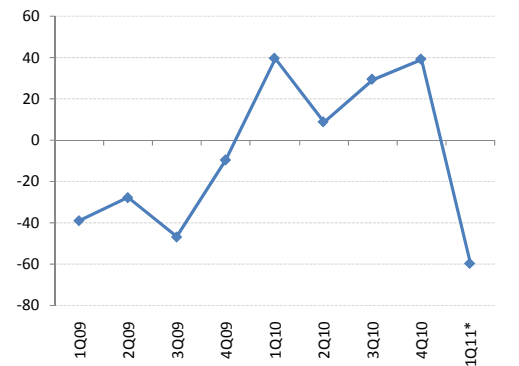
* With figures as of February
Source: BBVA Research with RUV data

Chart 8
Number of loans granted by commercial banks
% annual change



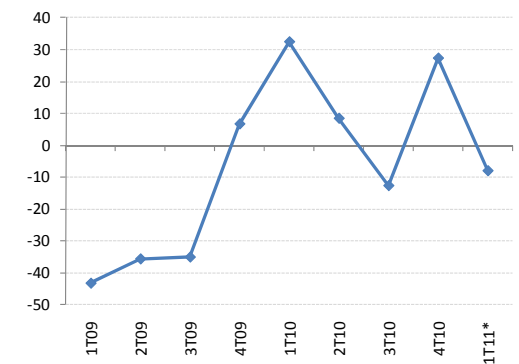
Source: BBVA Research with ABM data

Chart 10
Construction loans
% real annual change**



* With figures as of February
** Based on quarterly flows
Source: BBVA Research with AHM data

Chart 12
Housing starts: RUV
% annual change**



* With figures as of February
** Based on quarterly flows
Source: BBVA Research with RUV data

Table 3:
Number of mortgage loans by state

	Infonavit			Fovissste			Banks			Sofoles			Total		
			%			%			%			%			%
	feb-10	feb-11	annual change	feb-10	feb-11	annual change	feb-10	feb-11	annual change	feb-10	feb-11	annual change	feb-10	feb-11	annual change
Ags	1,416	801	-43,4	104	27	-74	168	245	45,8	99	16	-83,8	1,787	1,089	-39,1
BC	3,289	2,668	-18,9	199	34	-82,9	455	452	-0,7	194	22	-88,7	4,137	3,176	-23,2
BCS	324	532	64,2	162	98	-42,6	76	148	94,7	68	0	-100	630	773	22,7
Cam	334	284	-15	24	5	-79,2	52	59	13,5	15	2	-86,7	425	350	-17,6
Coah	3,888	481	-87,6	99	38	-61,6	485	323	-33,4	88	1	-98,9	4,560	843	-81,5
Col	644	2,150	233,9	15	4	-73,3	79	239	202,5	31	3	-90,3	769	2,396	211,6
Chis	516	2,082	303,5	112	122	8,9	94	234	148,9	14	0	-100	736	2,438	231,3
Chih	2,941	494	-83,2	143	34	-76,2	399	287	-28,1	147	1	-99,3	3,630	816	-77,5
DF	1,751	1,738	-0,7	647	56	-91,3	1,208	1,124	-7	167	19	-88,6	3,773	2,937	-22,2
Dgo	899	647	-28	78	31	-60,3	71	111	56,3	23	0	-100	1,071	789	-26,3
Gto	2,745	2,206	-19,6	335	83	-75,2	400	528	32	161	17	-89,4	3,641	2,834	-22,2
Gro	421	423	0,5	284	21	-92,6	144	171	18,8	65	0	-100	914	615	-32,7
Hgo	819	870	6,2	304	47	-84,5	116	181	56	33	5	-84,8	1,272	1,103	-13,3
Jal	4,938	5,064	2,6	391	64	-83,6	913	1,036	20	455	50	-89	6,697	6,274	-6,3
Mex	4,226	4,773	12,9	1,315	434	-67	1,239	1,040	-16,1	252	112	-55,6	7,032	6,359	-9,6
Mch	1,432	1,196	-16,5	169	36	-78,7	188	297	58	99	1	-99	1,888	1,530	-19
Mor	669	789	17,9	588	167	-71,6	217	297	36,9	37	1	-97,3	1,511	1,254	-17
Nay	649	479	-26,2	113	21	-81,4	107	89	-16,8	40	6	-85	909	595	-34,5
NL	7,890	5,878	-25,5	88	69	-21,6	1,230	1,453	18,1	568	80	-85,9	9,776	7,480	-23,5
Oax	456	197	-56,8	50	16	-68	69	61	-11,6	13	1	-92,3	588	275	-53,2
Pue	1,667	1,910	14,6	186	34	-81,7	403	447	10,9	82	7	-91,5	2,338	2,398	2,6
Qro	1,196	1,276	6,7	99	48	-51,5	388	411	5,9	111	19	-82,9	1,794	1,754	-2,2
QR	1,714	1,701	-0,8	276	69	-75	289	356	23,2	153	60	-60,8	2,432	2,186	-10,1
SLP	1,118	1,018	-8,9	81	14	-82,7	223	310	39	96	4	-95,8	1,518	1,346	-11,3
Sin	2,124	1,103	-48,1	229	100	-56,3	220	330	50	93	1	-98,9	2,666	1,534	-42,5
Son	2,679	1,824	-31,9	132	92	-30,3	272	252	-7,4	101	15	-85,1	3,184	2,183	-31,4
Tab	478	630	31,8	29	14	-51,7	112	98	-12,5	24	1	-95,8	643	743	15,6
Tam	4,046	2,252	-44,3	102	47	-53,9	352	324	-8	113	7	-93,8	4,613	2,630	-43
Tlax	251	254	1,2	19	5	-73,7	22	39	77,3	9	0	-100	301	298	-1
Ver	2,936	2,583	-13,8	413	331	-19,9	495	512	3,4	155	32	-79,4	4,059	3,458	-14,8
Yuc	1,972	1,369	-30,6	196	22	-88,8	185	231	24,9	43	0	-100	2,396	1,622	-32,3
Zac	247	309	25,1	21	12	-42,9	42	65	54,8	33	0	-100	343	386	12,5
N/A	0	0	—	0	0	—	0	755	—	30	22	—	30	777	—
Total	60,735	49,981	-17,7	7,003	2,190	-68,7	10,713	12,565	17,3	3,612	505	-86	82,063	65,241	-20,5

Source: BBVA Research with AHM data

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