

# Banking Watch

## Mexico

April 29, 2011  
Economic Analysis

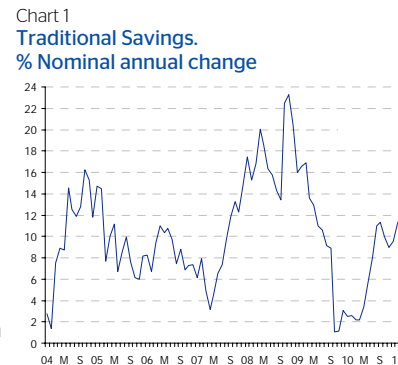
Francisco Javier Morales E.  
fj.morales@bbva.bcomer.com

## Bank Savings: Monthly Situation Report

- In February 2011 the annual nominal growth rate of traditional bank savings was 12.2%.
- Demand deposits increased at a nominal rate of 13.3%, whilst term deposits increased at a nominal rate of 10.9%
- Financial Savings grew at a nominal rate of 13.1%, with the main driver of this increase being savings channeled to public sector financial instruments

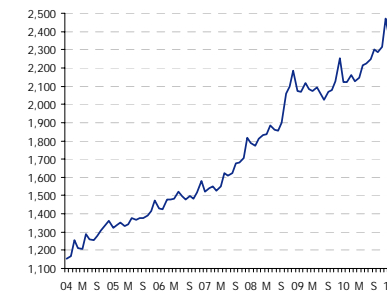
### Traditional Commercial Bank Deposits

In February 2011, the annual growth in traditional banking savings (fixed-term + demand) was 12.2%. This rate was higher than for the preceding month (11.3%) and for the same month in 2010 (2.6%). As chart 1 shows, this savings growth was up significantly in the second half of 2010. This greater dynamism was largely driven by a better performance from fixed-term savings. These recorded a negative nominal average growth rate in the first half of the year of -3.2%, while in the second half of the year the growth was positive, with further increases in 2011.



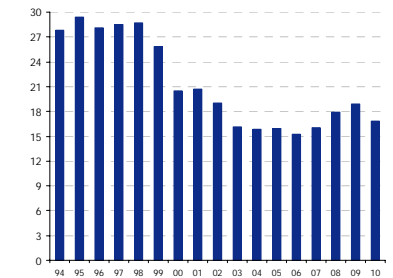
Source: BBVA Research with Bank of Mexico data

### Chart 2: Traditional Savings. Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

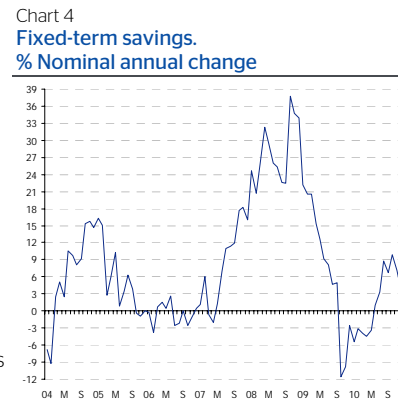
### Chart 3: Traditional Savings. % proportion of GDP



Source: BBVA Research with Bank of Mexico and INEGI data

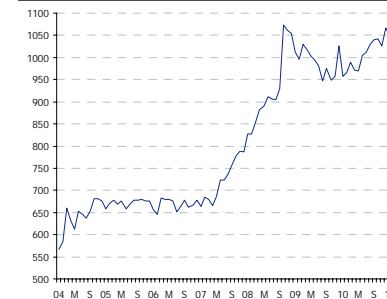
### Fixed-term Bank Savings

In February 2011, the real annual growth in fixed-term savings was 10.9%. This was higher than the previous month (9.6%) and the same month in 2010 (-3.1%). The better performance from these savings was due, among other factors, to GDP growth. Should GDP continue to grow steadily and at relatively high rates, as is expected in 2011, fixed-term savings will remain buoyant. Another factor that also had an impact on these savings was a drop in activity from debt purchasing companies. These act as substitutes for fixed-term savings: when they record lower growth rates, fixed-term savings benefit.



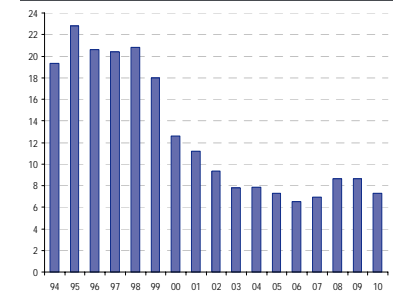
Source: BBVA Research with Bank of Mexico data

### Chart 5: Fixed-term savings. Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

### Chart 6: Fixed-term savings % proportion of GDP

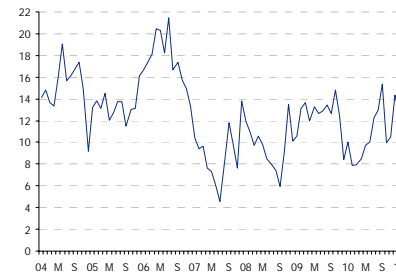


Source: BBVA Research with Bank of Mexico and INEGI data

### Demand-Deposit Bank Savings

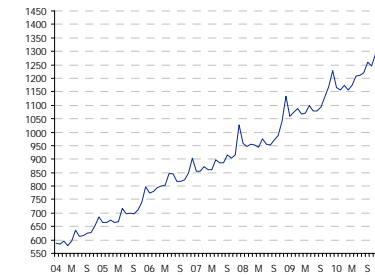
In February 2011 the nominal annual growth rate of demand savings in commercial banking was 13.3%. This rate was higher than for the preceding month (12.6%) and for the same month of 2010 (7.9%). Broken down by components, the overall 13.3 percentage point (pp) increase was due to: domestic currency checks, 12.4 pp; current accounts, 2.7 pp; savings and loans companies, 0.1 pp; and foreign currency checks, -1.9 pp. This savings growth is explained by improved economic activity.

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



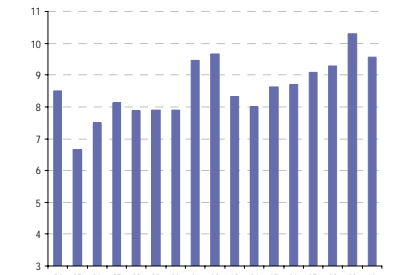
Source: BBVA Research with Bank of Mexico data

Chart 8  
**Demand savings**  
Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

Chart 9  
**Demand savings**  
% proportion of GDP

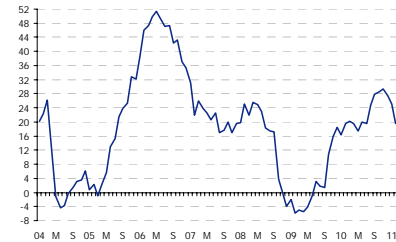


Source: BBVA Research with Bank of Mexico and INEGI data

### Bond Holding Companies (SIs)

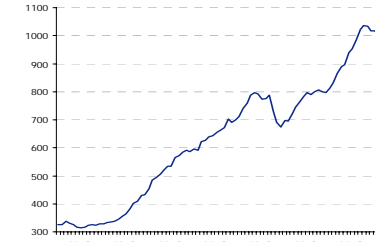
In February 2011, the nominal annual growth rate of resources deposited in bond holding companies (SIs) was 19.5%. This rate of growth was lower than in the preceding month (25.2%) and the same month of 2010 (19.6%). It is possible that the slower activity from bond holding companies in February 2011 was partly due to some of these companies recording small capital losses, after certain long-term government bonds rose slightly.

Chart 10  
**Bond Holding Companies.**  
% Nominal annual change



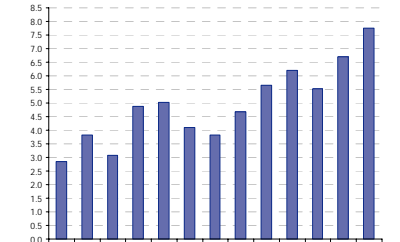
Source: BBVA Research with Bank of Mexico data

Chart 11  
**Bond Holding Companies.**  
Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

Chart 12  
**Bond Holding Companies.**  
% proportion of GDP

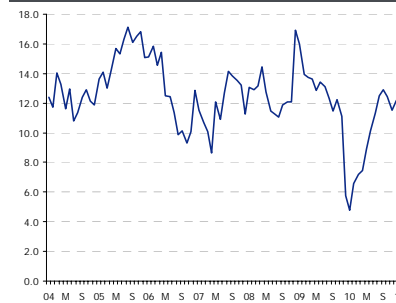


Source: BBVA Research with Bank of Mexico and INEGI data

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

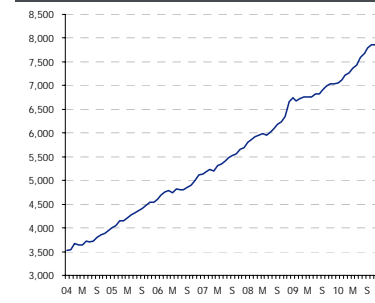
In February 2011, the nominal annual growth rate in FS was 13.1%, which was higher than in the previous month (12.6%) and the same month in 2010 (6.6%). The contribution to growth of the components making up this aggregate was as follows: public sector securities contributed 8.2 percentage points (pp) of the 13.1 pp growth; savings institutions, 3.8 pp (commercial banks, 3.5 pp; overseas agencies, 0.2%); savings and loans companies, 0.1 pp; and development banking, 0.0 pp); retirement savings system outside Seifores, 0.7 pp; and private company debt securities, 0.4 pp.

Chart 13  
**Financial Savings**  
% Nominal annual change



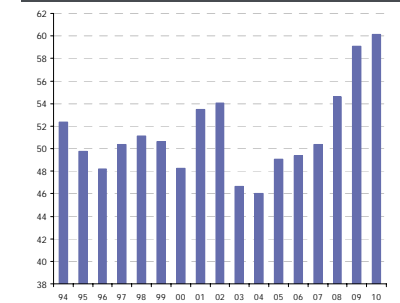
Source: BBVA Research with Banxico data

Chart 14  
**Financial Savings.**  
Balance in billions of current pesos



Source: BBVA Research with Banxico data

Chart 15  
**Financial Savings**  
% proportion of GDP



Source: BBVA Research with Banxico data



