

# Banking Watch

## Mexico

June 6, 2011  
Economic Analysis

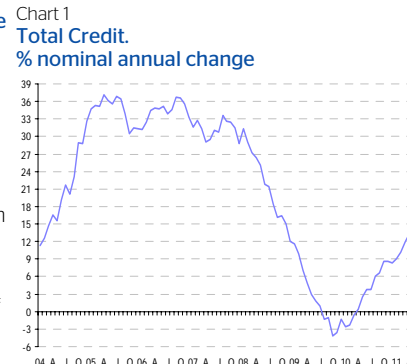
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## Bank Credit: Monthly Situation Report

- In April 2011, nominal annual growth in bank lending to the private sector was 13.3%
- The nominal growth rates for consumer finance and corporate lending were high, at 14.8% and 13.4% respectively
- By category of credit, consumer finance had the highest growth rate

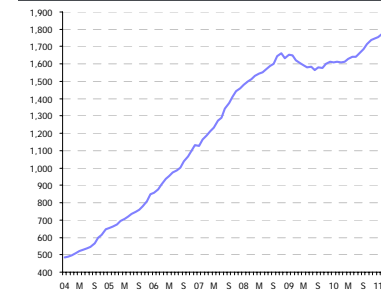
### Total outstanding credit to the private sector

In April 11, nominal annual growth in lending by commercial banks to the private sector was 13.3%. This was up on the previous month (11.8%) and on the same month in 2010 (0.3%). As can be seen in Chart 1, the balance of the banks' total credit portfolio been posting positive nominal annual growth for 13 months. This gives additional evidence for the major reactivation and favorable performance of credit within the context of GDP growth and employment in a climate of low inflation. Credit activity will remain strong and expansive as long as the favorable macroeconomic climate persists.



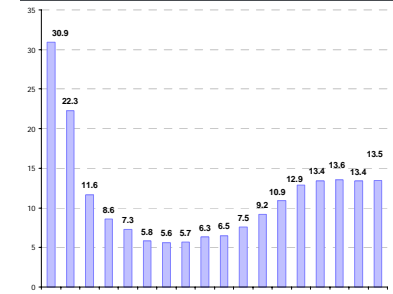
Source: BBVA Research with Bank of Mexico data

### Total Credit. Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

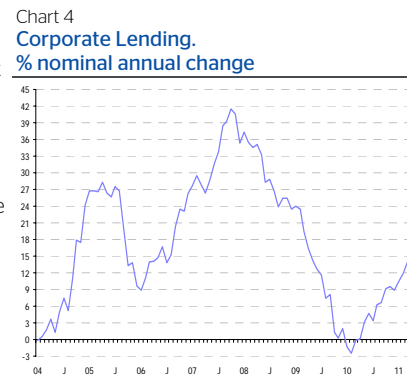
### Total Credit % of GDP



Source: BBVA Research with Bank of Mexico and INEGI data

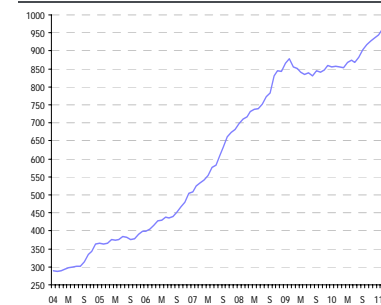
### Corporate Lending

In April 11, the nominal annual growth in bank lending to the corporate sector was 13.4%. This rate was lower than the preceding month (13.9%) and higher than the same month of 2010 (0.2%). This kind of lending has a direct relationship with the level of economic activity (GDP growth), and with the growth in fixed corporate investment. Companies will seek credit as they see the macroeconomic climate favorable to future sales growth that can thus in turn generate the funds they need to pay for their loans.



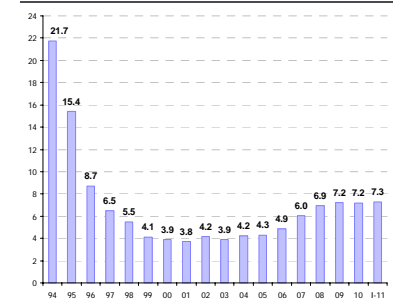
Source: BBVA Research with Bank of Mexico data

### Corporate Lending. Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

### Corporate Lending % of GDP

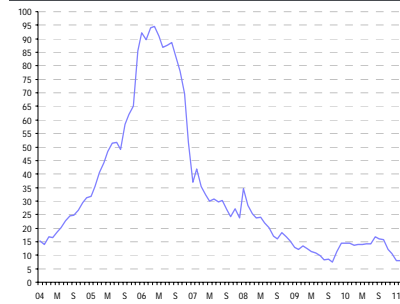


Source: BBVA Research with Bank of Mexico and INEGI data

### Residential mortgage lending

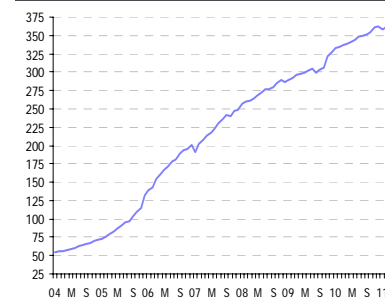
In April 11, nominal annual growth in mortgage lending was 8.4%. This rate was similar to that of the preceding month (8.5%) and lower than the same month in 2010 (14.0%). This type of lending was not affected by the 2009 recession, and its growth was never negative. Currently, its rate of expansion has slowed. In part this is due to the fact that in November 2009 current home loans registered in UDIs (investment units) were transferred. This temporarily increased the rate of growth of this form of lending. After 12 months the arithmetical effect disappeared and the rate of growth fell back.

Chart 7  
Mortgage Lending.  
% nominal annual change



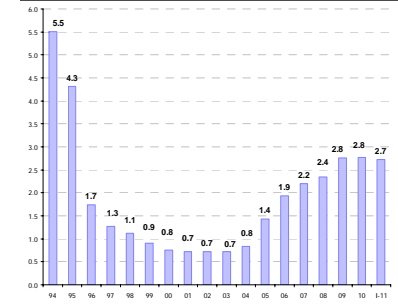
Source: BBVA Research with Bank of Mexico data

Chart 8  
Mortgage Lending.  
Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

Chart 9  
Mortgage Lending.  
% of GDP

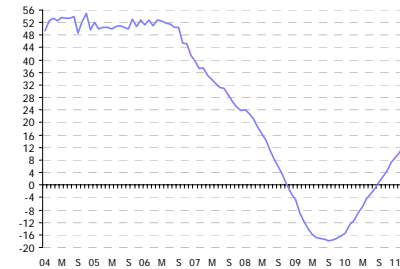


Source: BBVA Research with Bank of Mexico and INEGI data

### Consumer Finance

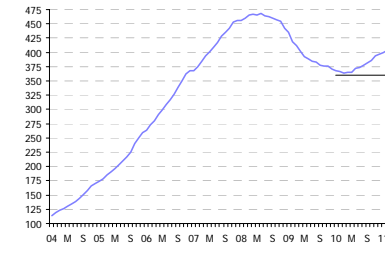
In April 2011, the nominal annual growth rate of consumer finance was 14.8%. This rate of growth was higher than in the preceding month (12.6%) and the same month in 2010 (-9.0%). Consumer finance has reactivated quickly; in the eight months in which its growth has been positive its rate of expansion has increased. Its main source of growth was "Other Consumer Finance", which contributed 11 percentage points (pp) to its 14.8 pp growth. Loans to purchase consumer durables contributed 2 pp, and credit cards 1.7 pp.

Chart 10  
Consumer Finance  
% nominal annual change



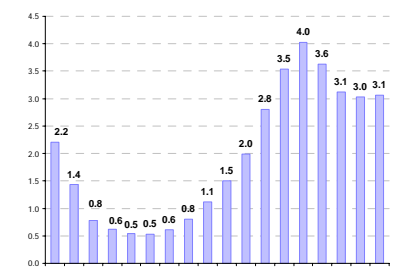
Source: BBVA Research with Bank of Mexico data

Chart 11  
Consumer Finance.  
Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

Chart 12  
Consumer Finance  
% of GDP

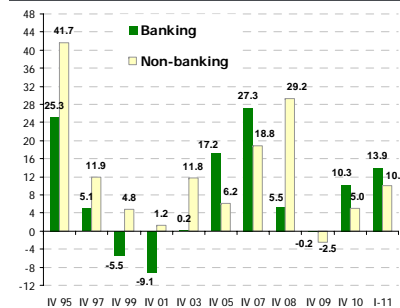


Source: BBVA Research with Bank of Mexico and INEGI data

### Bank Lending: Contribution to growth by components

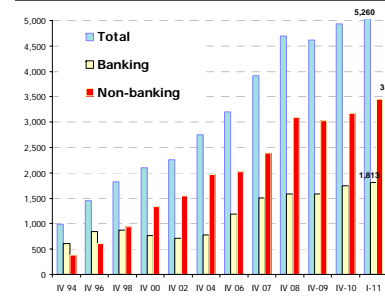
The breakdown by components of bank lending to the private sector was as follows: corporate lending accounted for 7.1 pp of the 13.3 pp growth; consumer finance, 3.4 pp; residential mortgage lending, 1.8 pp; and finally, lending by banks to non-bank financial intermediaries (NBFIs), whose share of total lending is 4%, contributed 1.1 pp. Finally, it is worth mentioning that the rate of growth in consumer finance was the highest of the four categories making up total bank credit.

Chart 13  
Total finance (banking + non-banking)  
% nominal annual change



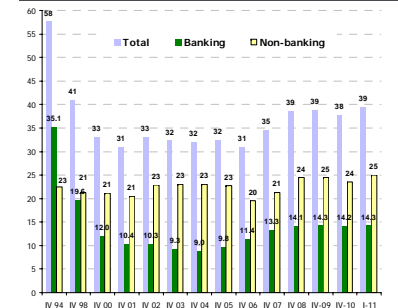
Source: BBVA Research with Banxico data

Chart 14  
Total Finance  
Balance in billions of current pesos



Source: BBVA Research with Banxico data

Chart 15  
Total Finance  
% of GDP



Source: BBVA Research with Banxico data



**Bank and Non Bank Loans to the Private Sector**  
**Broad version of non bank financing (loans to consumers and firms)**

	Balance in billions of April 2011 pesos											
	All Categories			Consumption			Housing			Firms		
	Total	Banking	Non Banking	Total	Banking	Non Banking	Total	Banking	Non Banking	Total	Banking	Non Banking
IV 94	5,099	3,105	1,994	261	239	23	723	527	196	4,115	2,340	1,775
IV 95	4,418	2,560	1,858	158	138	20	765	564	201	3,495	1,858	1,637
IV 96	3,817	2,210	1,607	110	90	20	802	568	234	2,905	1,553	1,352
IV 97	3,561	2,006	1,555	105	74	32	782	548	234	2,674	1,385	1,289
IV 98	3,498	1,680	1,819	100	60	40	777	491	286	2,622	1,130	1,492
IV 99	3,109	1,412	1,697	106	60	47	747	420	327	2,256	932	1,324
IV 00	3,300	1,192	2,108	123	69	54	710	317	393	2,466	806	1,660
IV 01	3,080	1,034	2,046	156	88	67	723	258	466	2,201	689	1,513
IV 02	3,210	999	2,212	207	115	92	765	227	538	2,238	657	1,581
IV 03	3,340	964	2,375	244	161	84	805	190	615	2,290	613	1,677
IV 04	3,568	998	2,570	335	227	108	865	183	683	2,368	588	1,780
IV 05	3,773	1,134	2,639	465	337	128	915	228	687	2,393	568	1,825
IV 06	3,873	1,424	2,449	588	464	124	1,006	294	711	2,279	665	1,613
IV 07	4,550	1,747	2,803	671	563	108	1,200	337	863	2,679	847	1,832
IV 08	5,128	1,872	3,256	635	525	110	1,214	357	858	3,279	991	2,288
IV-09	4,866	1,789	3,077	556	420	136	1,234	375	859	3,076	994	2,082
IV-10	4,980	1,871	3,109	558	419	140	1,286	400	887	3,135	1,052	2,083
I-11	5,260	1,909	3,350	562	426	136	1,332	401	931	3,366	1,083	2,283

	Balance in billions of current pesos											
	Todas las Categorías			Consumption			Housing			Firms		
	Total	Banking	Non Banking	Total	Banking	Non Banking	Total	Banking	Non Banking	Total	Banking	Non Banking
IV 94	998	608	390	51	47	4	141	103	38	805	458	347
IV 95	1,314	761	553	47	41	6	228	168	60	1,039	553	487
IV 96	1,450	840	610	42	34	8	305	216	89	1,103	590	513
IV 97	1,565	882	683	46	32	14	344	241	103	1,175	609	567
IV 98	1,824	876	948	52	31	21	405	256	149	1,367	589	778
IV 99	1,820	827	994	62	35	27	437	246	191	1,321	546	775
IV 00	2,105	760	1,345	79	44	35	453	202	251	1,573	514	1,059
IV 01	2,052	689	1,363	104	59	45	482	172	310	1,466	459	1,008
IV 02	2,260	703	1,557	146	81	65	539	160	379	1,576	462	1,113
IV 03	2,445	706	1,739	179	118	61	590	139	450	1,677	449	1,227
IV 04	2,747	768	1,979	258	175	83	666	141	526	1,823	453	1,370
IV 05	3,002	902	2,100	370	268	102	728	182	546	1,904	452	1,452
IV 06	3,207	1,179	2,027	487	384	103	833	244	589	1,887	551	1,336
IV 07	3,909	1,501	2,408	576	483	93	1,031	290	741	2,302	728	1,574
IV 08	4,693	1,713	2,980	581	480	101	1,111	326	785	3,001	907	2,094
IV-09	4,612	1,696	2,917	527	398	129	1,170	356	814	2,916	942	1,974
IV-10	4,928	1,851	3,077	553	414	138	1,273	395	877	3,102	1,041	2,061
I-11	5,260	1,909	3,351	562	426	136	1,332	401	931	3,366	1,083	2,284

**Real annual % change**

IV 95	-13.4	-17.6	-6.8	-39.5	-42.3	-10.0	5.8	7.1	2.3	-15.1	-20.6	-7.8
IV 96	-13.6	-13.6	-13.5	-30.3	-34.8	0.3	4.9	0.6	16.8	-16.9	-16.4	-17.4
IV 97	-6.7	-9.2	-3.2	-4.3	-17.7	54.4	-2.5	-3.5	-0.1	-7.9	-10.8	-4.6
IV 98	-1.8	-16.3	17.0	-5.3	-19.3	27.3	-0.6	-10.4	22.3	-2.0	-18.4	15.7
IV 99	-11.1	-15.9	-6.7	6.7	0.6	15.9	-3.9	-14.4	14.1	-14.0	-17.5	-11.3
IV 00	6.1	-15.6	24.2	15.8	15.3	16.4	-4.9	-24.6	20.4	9.3	-13.5	25.4
IV 01	-6.6	-13.2	-2.9	26.2	27.7	24.1	1.9	-18.7	18.4	-10.7	-14.6	-8.9
IV 02	4.2	-3.4	8.1	33.1	30.4	36.8	5.8	-11.9	15.6	1.7	-4.6	4.5
IV 03	4.0	-3.4	7.4	17.9	39.7	-9.3	5.2	-16.2	14.2	2.3	-6.6	6.0
IV 04	6.8	3.4	8.2	37.2	41.4	29.2	7.4	-4.0	11.0	3.4	-4.2	6.1
IV 05	5.8	13.6	2.7	38.7	48.3	18.4	5.8	25.1	0.6	1.1	-3.3	2.5
IV 06	2.6	25.6	-7.2	26.6	37.9	-3.1	9.9	28.9	3.6	-4.8	17.0	-11.6
IV 07	17.5	22.7	14.5	14.1	21.2	-12.5	19.3	14.6	21.3	17.6	27.3	13.5
IV 08	12.7	7.2	16.2	-5.4	-6.8	1.6	1.2	5.7	-0.6	22.4	17.0	24.9
IV-09	-5.1	-4.5	-5.5	-12.4	-19.9	23.5	1.6	5.2	0.1	-6.2	0.2	-9.0
IV-10	2.3	4.6	1.0	0.4	-0.3	2.7	4.2	6.5	3.2	1.9	5.9	0.0
I-11	8.1	9.5	7.2	5.6	7.0	1.6	5.5	6.5	5.1	9.5	11.7	8.5

**% breakdown**

IV 94	100.0	60.9	39.1	100.0	91.3	8.7	100.0	72.9	27.1	100.0	56.9	43.1
IV 95	100.0	57.9	42.1	100.0	87.1	12.9	100.0	73.8	26.2	100.0	53.2	46.8
IV 96	100.0	57.9	42.1	100.0	81.4	18.6	100.0	70.8	29.2	100.0	53.5	46.5
IV 97	100.0	56.3	43.7	100.0	70.0	30.0	100.0	70.1	29.9	100.0	51.8	48.2
IV 98	100.0	48.0	52.0	100.0	59.7	40.3	100.0	63.1	36.9	100.0	43.1	56.9
IV 99	100.0	45.4	54.6	100.0	56.2	43.8	100.0	56.3	43.7	100.0	41.3	58.7
IV 00	100.0	36.1	63.9	100.0	56.0	44.0	100.0	44.6	55.4	100.0	32.7	67.3
IV 01	100.0	33.6	66.4	100.0	56.7	43.3	100.0	35.6	64.4	100.0	31.3	68.7
IV 02	100.0	31.1	68.9	100.0	55.5	44.5	100.0	29.7	70.3	100.0	29.3	70.7
IV 03	100.0	28.9	71.1	100.0	65.8	34.2	100.0	23.6	76.4	100.0	26.8	73.2
IV 04	100.0	28.0	72.0	100.0	67.8	32.2	100.0	21.1	78.9	100.0	24.8	75.2
IV 05	100.0	30.0	70.0	100.0	72.5	27.5	100.0	25.0	75.0	100.0	23.8	76.2
IV 06	100.0	36.8	63.2	100.0	78.9	21.1	100.0	29.3	70.7	100.0	29.2	70.8
IV 07	100.0	38.4	61.6	100.0	83.8	16.2	100.0	28.1	71.9	100.0	31.6	68.4
IV 08	100.0	36.5	63.5	100.0	82.6	17.4	100.0	29.4	70.6	100.0	30.2	69.8
IV-9	100.0	36.8	63.2	100.0	75.5	24.5	100.0	30.4	69.6	100.0	32.3	67.7
IV-10	100.0	37.6	62.4	100.0	75.0	25.0	100.0	31.1	68.9	100.0	33.6	66.4
I-11	100.0	36.3	63.7	100.0	75.8	24.2	100.0	30.1	69.9	100.0	32.2	67.8

Source: Bank of Mexico and INEGI

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