

# Banking Watch

## Mexico

14 June 2011  
Economic Analysis

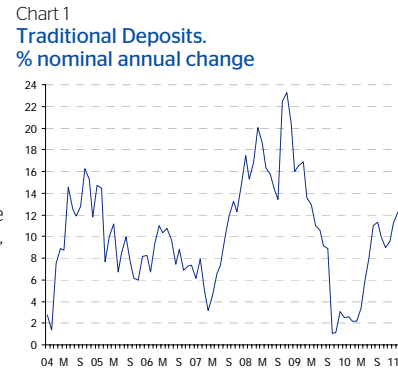
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## Bank Deposits: Monthly Status Report

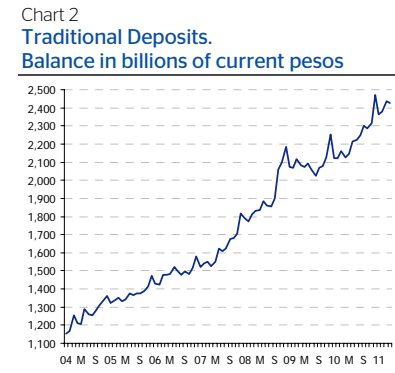
- In April 2011 the annual nominal growth rate of traditional bank deposits was 14%
- Nominal growth rates in demand and time deposits were 15.3% and 12.6% respectively
- Financial Savings grew at a nominal rate of 13.7%, mainly driven by the public-sector financial instruments component

### Traditional Commercial Bank Deposits

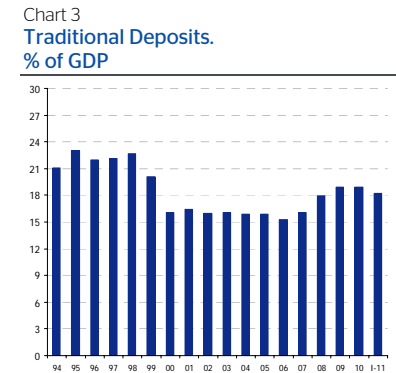
In April 2011 the nominal annual growth in traditional savings (fixed-term + demand) in commercial banking was 14%. This rate was higher than for the preceding month (12.7%) and the same month of 2010 (2.2%). The favorable performance from traditional bank savings was based on the dynamism of both demand and fixed-term savings. This was the result of a favorable macroeconomic climate, with GDP and employment growth coming amid price stability. This means bank savings should continue to grow as long as the positive macroeconomic climate persists.



Source: BBVA Research with Bank of Mexico data



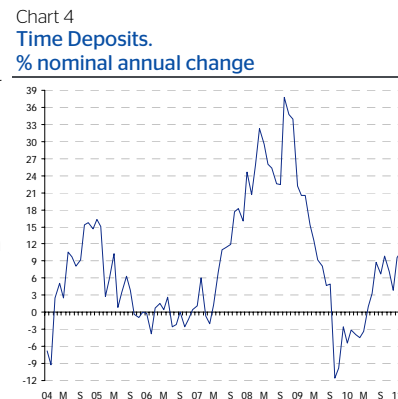
Source: BBVA Research with Bank of Mexico data



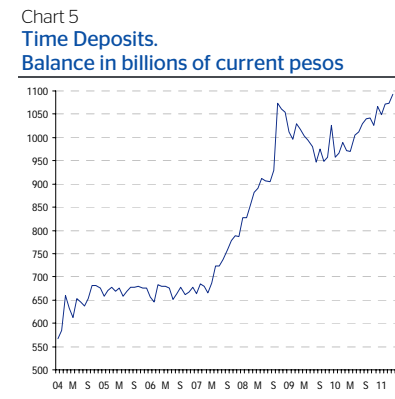
Source: BBVA Research with Bank of Mexico and INEGI data

### Time Deposits

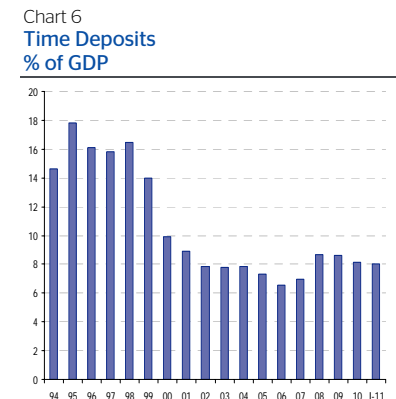
In April 11 the annual nominal growth rate of time deposits was 12.6%. This rate was higher than for the preceding month (8.5%) and for the same month in 2010 (-4.5%). It is worth mentioning that the 2009 economic recession hit and cut time deposits. This lasted until May 2010, followed by a return to growth as of June 2010. This means that the time deposits growth rate should still be high in May 2011. However, the pace of growth is set to decline as of June 2011, when the annual comparison month will, instead of showing a heavy deterioration, begin to reflect strong growth.



Source: BBVA Research with Bank of Mexico data



Source: BBVA Research with Bank of Mexico data

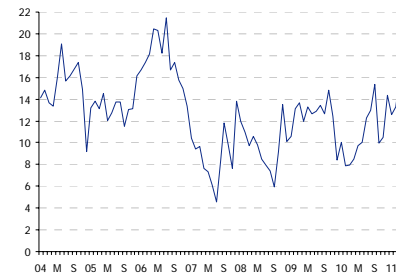


Source: BBVA Research with Bank of Mexico and INEGI data

### Demand Deposits

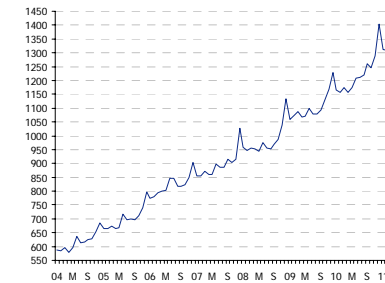
In April 2011, nominal annual growth in demand savings was 15.3%, lower than in the preceding month (16.2%) but greater than in the same month of 2010 (8.5%). It is worth pointing out that the pace of growth in demand savings increased as of June 2010. This means that, just as with time deposits, as of June 2011 there could be a significant slowdown in the pace of deposits growth. This is because the annual comparison basis of June 2010 will be larger than in previous months, meaning lower growth rates.

Chart 7  
**Demand Deposits.**  
% nominal annual change



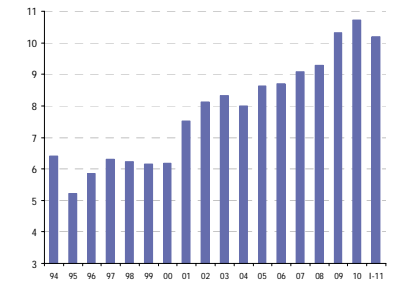
Source: BBVA Research with Bank of Mexico data

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



Source: BBVA Research with Bank of Mexico data

Chart 9  
**Demand Deposits**  
% of GDP

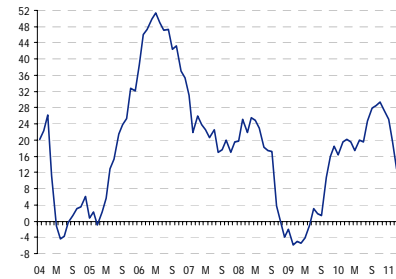


Source: BBVA Research with Banco de México and INEGI data

### Bond investment companies

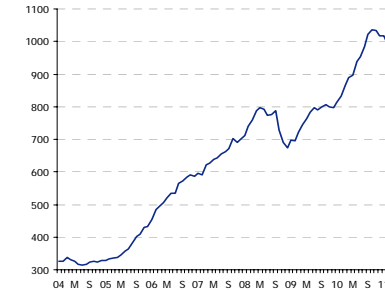
In April 2011 the nominal annual growth of funds deposited in bond investment companies was 11%. This rate was lower than in the preceding month (12.9%) and the same month of 2010 (19.5%). Bond holding companies, which were hit by significant capital losses in late 2008, saw a return to growth in the second half of 2009 and recorded high growth rates in 2010. It is possible that higher long-term interest rates have affected the valuations of these investment companies. Examples of rates that have increased from Dec'10 to Abr'11 include 3, 10 and 30-year Udibonos, as well as 3, 5 and 30-year Fixed Rate Bonds.

Chart 10  
**Bond investment companies**  
% nominal annual change



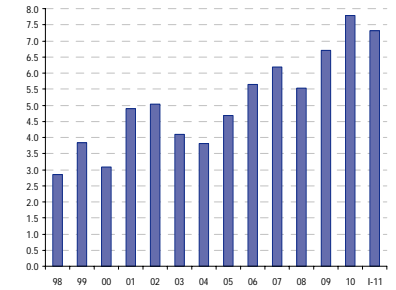
Source: BBVA Research with Bank of Mexico data

Chart 11  
**Bond investment companies.**  
Balance in billions of current pesos



Source: BBVA Research with Bank of Mexico data

Chart 12  
**Bond investment companies.**  
% of GDP

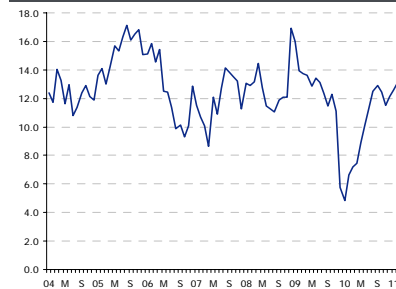


Source: BBVA Research with Bank of Mexico and INEGI data

### Financial Savings (savings in banking and non-banking instruments)

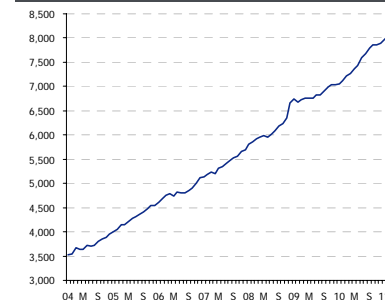
In April 2011 the nominal annual growth rate of financial savings was 13.7%, up on the previous month (13.2%) and the same month in 2010 (7.5%). The contributions from the components of this aggregate were as follows: public sector securities accounted for 72 pp of the 13.7 pp growth; savings institutions, 5.1 pp (commercial banks, 4.1 pp; development banks, 0.6 pp; overseas agencies, 0.3 pp; savings and loans companies, 0.1 pp); the non-Siefres retirement savings scheme (SAR), 1.0 pp; and private-sector debt securities, 0.5 pp.

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



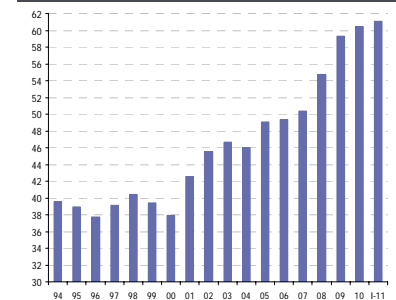
Source: BBVA Research with Banxico data

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



Source: BBVA Research with Banxico data

Chart 15  
**Financial Savings**  
% of GDP



Source: BBVA Research with Banxico data



