

Economic Watch

Mexico

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Economic Analysis

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Home loans and finance Monthly Situation Report

- In April, mortgage lending granted by commercial banks recorded an 8% annual increase in the number of loans, and a 20.2% increase in the amount lent (nominal).
- Although the move in bank lending is in line with the economic recovery scenario, supply indicators show a certain lag
- We maintain our recover forecast for the housing industry in 2011, although public institutions and supply evolution will have an influence

Bank lending is on the rise

From January to April, the number of mortgage loans rose by 8% on a yearly rate with a 20.2% in current lending amounts, measured in nominal terms (17.1% in real terms). From the segment viewpoint, this increase has its counterpart in medium-high and high incomes. The first, largely supported by co-finance (which depend on the conditions of public institutions), saw a 13% fall in January-April but, in contrast, the residential and residential plus segments rose respectively by 11.4 and 30.6%.

In annual terms, the number of loans placed moved forward at a rate of around 600,000 per year, a level the market has maintained since 2009. Nonetheless, as loans awarded by public institutions normalizes, the mortgage market will gradually recover to pre-cris 2008 levels.

The move in the mortgage market in April is in line with our forecast for 2011 being a recovery year for the housing industry. We maintain forecasts that, at year-end, the number of loans could increase by 10% in annual terms to 2010 levels. However, this will be subject to public institutions fully normalizing loans being granted. In turn, for this scenario to come about, supply reactivation will be important since, looking at indicators such as construction loans and work initializing, supply has lagged in recent months.

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

	Number of loans (thousands)			Amount of lending (billion pesos)		
	Annual %			Real annual		
	Apr-10	Apr-11	change	Apr-10	Apr-11	% change
Public	160.5	139.6	-13.0	45.44	37.36	-19.8
Infonavit	138.1	131.6	-4.7	32.73	33.86	0.9
Fovissste	22.4	7.9	-64.6	12.71	3.50	-73.2
Private	23.1	23.3	0.7	16.30	19.36	15.8
Banks	20.6	22.2	8.0	15.67	18.83	17.1
Sofoles	2.5	1.1	-58.5	0.63	0.53	-18.2
Subtotal	183.6	162.8	-11.3	61.75	56.71	-10.4
Co-finance (-)	9.9	4.7	-52.2	---	---	---
Total	173.7	158.1	-9.0	61.75	56.71	-10.4

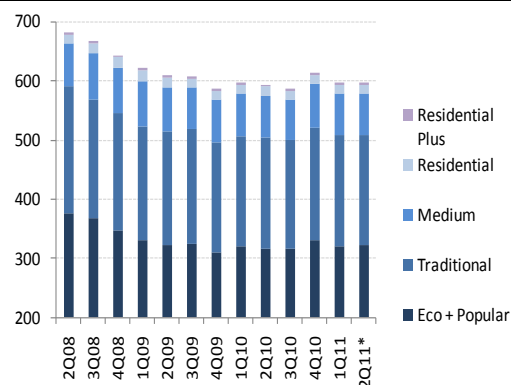
Source: BBVA Research with data from ABM, AHM and AMFE

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

	Loans (thousands)		% change
	Apr-10	Apr-11	2011 / 2010
Total	173.8	158.1	-9.0
Economy + Popular (up to 350,000)	97.3	90.7	-6.9
Traditional (up to 610,000)	51.5	44.4	-13.9
Medium (up to 1.3 million)	19.6	17.1	-13.1
Residential (up to 2.6 million)	4.3	4.8	11.4
Residential Plus (> 2.6 million)	0.9	1.2	30.6

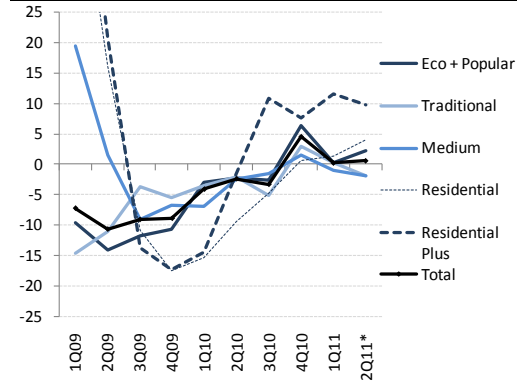
Note: Figures for 2011 are estimates
Source: BBVA Research

Chart 1
Number of loans by segment
Thousands, annualized figures



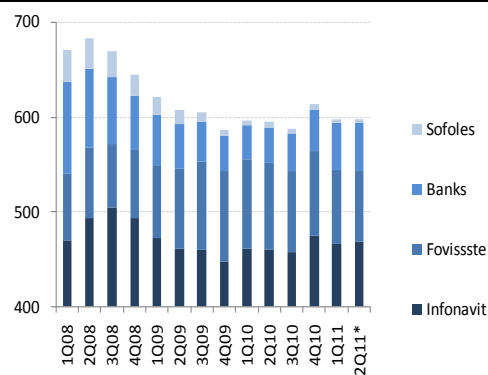
*With figures in April
Source: BBVA Research

Chart 2
Number of loans by segment
% annual change



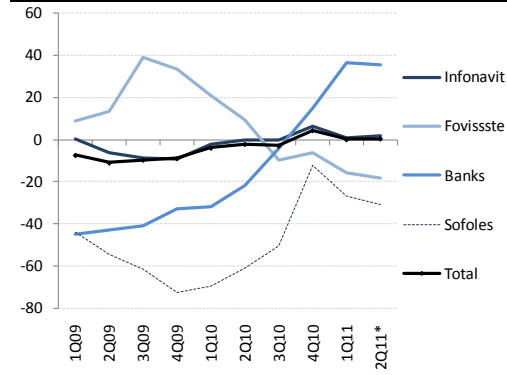
*With figures in April
Source: BBVA Research

Chart 3
Number of loans by institution
Thousands, annualized figures



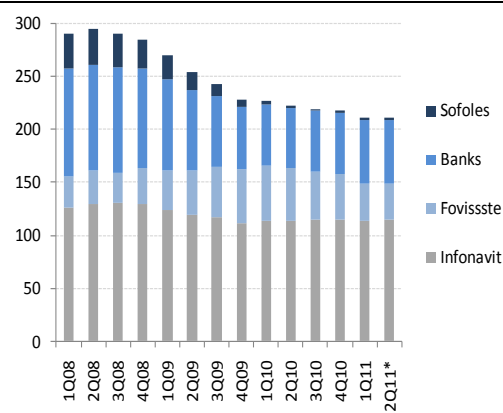
Note: the private sector only includes the open market
*With figures in April
Source: BBVA Research with ABM and AHM data

Chart 4
Number of loans by institution
% annual change



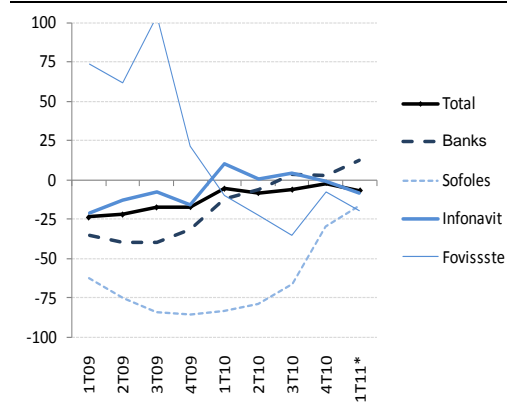
*With figures in April
Source: BBVA Research with ABM and AHM data

Chart 5
Amount of loans by institution
Thousands, annualized figures



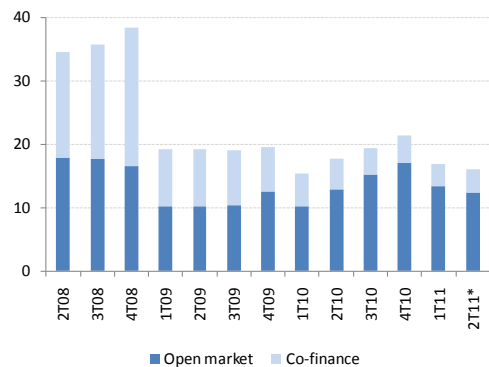
*With figures in April
Source: BBVA Research with ABM and AHM data

Chart 6
Amount of lending by institution
% annual change



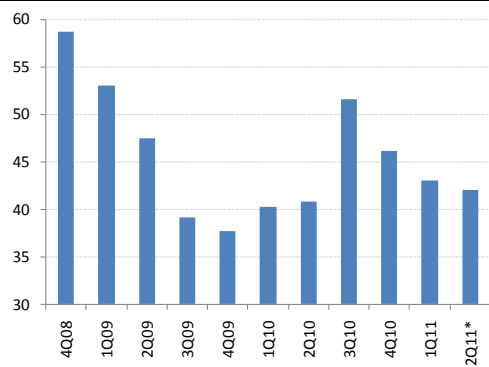
*With figures in April
Source: BBVA Research with ABM and AHM data

Chart 7
Number of loans granted by commercial banks
Thousands



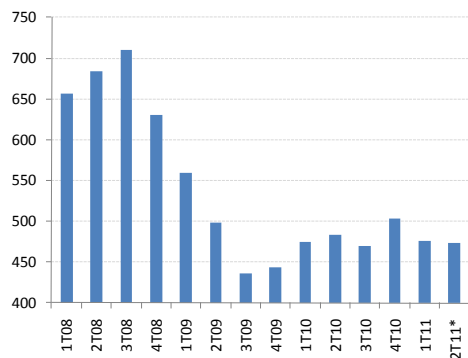
*With figures in April
Source: BBVA Research with ABM data

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



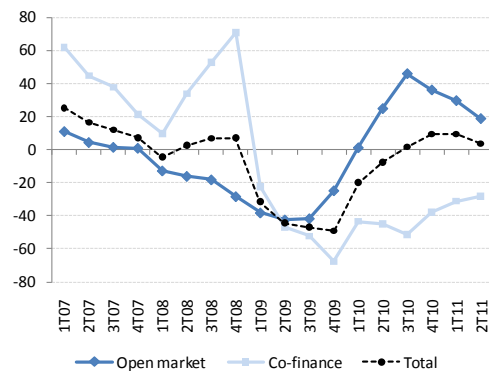
*With figures in April
Source: BBVA Research with AHM data

Chart 11
Housing starts (RUV figures)
Thousands of homes, annualized figures



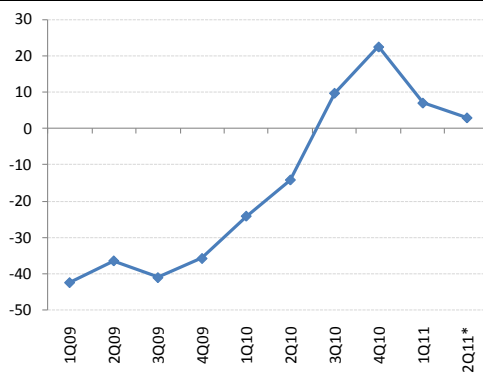
* With February figures
Source: BBVA Research with RUV data

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



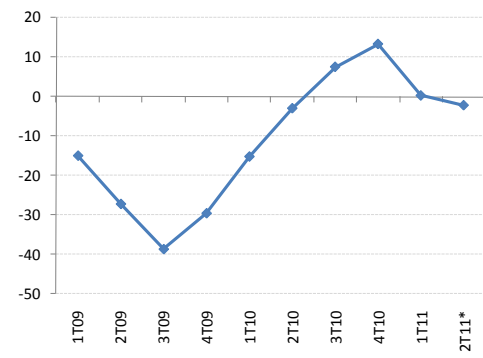
*With figures in April
Source: BBVA Research with ABM data

Chart 10
Construction loans
% real annual change**



*With figures in April
** Based on quarterly flows
Source: BBVA Research with AHM data

Chart 12
Housing starts (RUV figures)
% 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		
	Apr-10	Apr-11 anual	Var. %	Apr-10	Apr-11 anual	Var. %	Apr-10	Apr-11 anual	Var. %	Apr-10	Apr-11 anual	Var. %	Apr-10	Apr-11 anual	Var. %
Ags	2,598	2,444	-5.9	258	177	-31.4	353	454	28.6	62	22	-64.5	3,271	3,097	-5.3
BC	7,127	7,543	5.8	498	108	-78.3	641	682	6.5	247	47	-81.0	8,513	8,380	-1.6
BCS	831	1,167	40.4	364	182	-50.0	274	244	-10.9	1	0	-100.0	1,470	1,593	8.4
Cam	747	748	0.1	86	20	-76.7	130	133	2.3	3	4	33.3	966	905	-6.3
Coah	7,264	1,486	-79.5	357	128	-64.1	596	654	9.7	6	1	-83.3	8,223	2,269	-72.4
Col	1,409	5,051	258.5	110	37	-66.4	174	178	2.3	0	3	---	1,693	5,269	211.2
Chis	1,125	5,821	417.4	560	216	-61.4	235	263	11.9	1	0	-100.0	1,921	6,300	228.0
Chih	6,834	1,149	-83.2	348	121	-65.2	931	840	-9.8	48	5	-89.6	8,161	2,115	-74.1
DF	4,544	4,589	1.0	2,707	278	-89.7	3,206	3,095	-3.5	119	32	-73.1	10,576	7,994	-24.4
Dgo	2,055	1,710	-16.8	214	173	-19.2	207	209	1.0	0	0	---	2,476	2,092	-15.5
Gto	6,577	6,005	-8.7	565	245	-56.6	866	1,099	26.9	58	33	-43.1	8,066	7,382	-8.5
Gro	958	1,042	8.8	786	202	-74.3	252	226	-10.3	1	0	-100.0	1,997	1,470	-26.4
Hgo	2,615	3,163	21.0	912	358	-60.7	229	259	13.1	15	7	-53.3	3,771	3,787	0.4
Jal	10,587	12,487	17.9	1,022	301	-70.5	2,212	2,313	4.6	232	71	-69.4	14,053	15,172	8.0
Méx	12,549	11,990	-4.5	4,833	2,040	-57.8	1,169	1,273	8.9	387	193	-50.1	18,938	15,496	-18.2
Mich	3,313	3,024	-8.7	419	229	-45.3	583	734	25.9	9	6	-33.3	4,324	3,993	-7.7
Mor	1,662	1,955	17.6	1,417	601	-57.6	278	314	12.9	12	1	-91.7	3,369	2,871	-14.8
Nay	1,402	1,286	-8.3	422	85	-79.9	150	152	1.3	26	12	-53.8	2,000	1,535	-23.3
NL	16,108	14,823	-8.0	374	247	-34.0	2,092	2,455	17.3	482	134	-72.2	19,056	17,659	-7.3
Oax	874	420	-51.9	211	64	-69.7	170	159	-6.5	0	1	---	1,255	644	-48.7
Pue	4,240	4,022	-5.1	509	228	-55.2	654	765	17.0	25	15	-40.0	5,428	5,030	-7.3
Qro	3,582	3,539	-1.2	381	191	-49.9	646	736	13.9	47	27	-42.6	4,656	4,493	-3.5
QR	3,788	4,747	25.3	702	213	-69.7	524	598	14.1	140	80	-42.9	5,154	5,638	9.4
SLP	2,617	2,937	12.2	206	104	-49.5	572	609	6.6	23	6	-73.9	3,418	3,656	7.0
Sin	4,066	3,122	-23.2	761	197	-74.1	582	697	19.8	5	3	-40.0	5,414	4,019	-25.8
Son	6,289	5,915	-5.9	381	164	-57.0	414	480	15.9	119	27	-77.3	7,203	6,586	-8.6
Tab	1,533	1,504	-1.9	144	23	-84.0	237	320	35.0	3	3	0.0	1,917	1,850	-3.5
Tam	8,135	6,729	-17.3	305	157	-48.5	766	646	-15.7	32	15	-53.1	9,238	7,547	-18.3
Tlax	673	594	-11.7	55	25	-54.5	49	34	-30.6	0	1	---	777	654	-15.8
Ver	6,505	5,789	-11.0	1,333	637	-52.2	928	1,035	11.5	68	47	-30.9	8,834	7,508	-15.0
Yuc	4,399	3,770	-14.3	380	143	-62.4	323	424	31.3	3	2	-33.3	5,105	4,339	-15.0
Zac	788	1,060	34.5	78	34	-56.4	113	130	15.0	0	0	---	979	1,224	25.0
ND	300	0	---	675	0	---	0	0	---	320	257	---	1,295	257	---
Total	138,094	131,631	-4.7	22,373	7,928	-64.6	20,555	22,209	8.0	2,494	1,055	-57.7	183,516	162,823	-11.3

Source: BBVA Research with AHM data

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