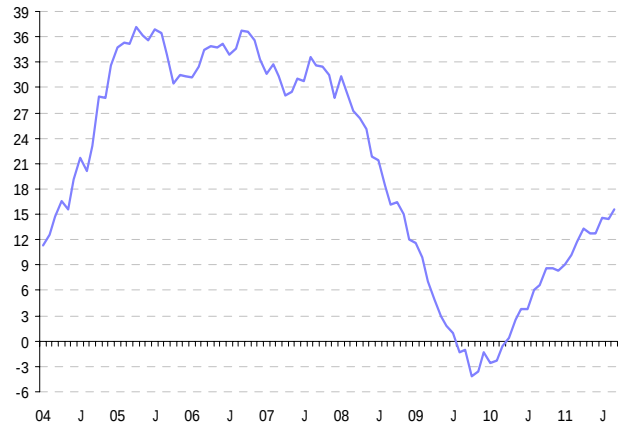
BBVA Research Flash

México

Bank Loans to the Private Sector

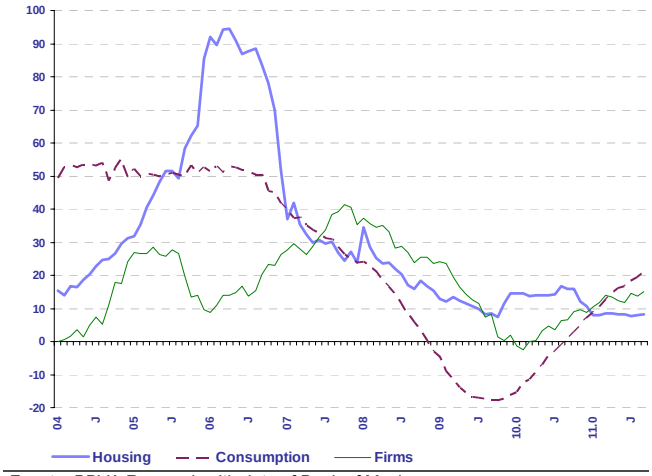
- **In September 2011 the nominal annual rate of growth of total bank loans granted to the private sector was 15.6%. This rate of growth was greater than the one of the previuos month (14.3%) and it was also greater than the one of the same month of 2010 (6.7%).**
- **Consumption bank loans was the loan category that showed the highest rate of growth: 21%. Consumption bank loans continued to grow to a great extent due to the dynamic behavior of its category called Other Consumption Loans (44.8%), which includes payroll loans. Credit Card Loans and Consumer Durable Loans also grew in September, but at a lower pace: 9.2% and 8.2%, respectively.**
- **Loans granted to firms grew at a high rate of 15.2%. Note that in August 2011 almost 22% of the outstanding balance of this type of loan was granted in foreign exchange, and at the end of September the exchange rate of Mexican pesos per US dollar increased by 8%. This means that part of the rate of growth of bank loans to firms in September has to do with the new exchange rate when the foreign currency denominated loans are expressed in pesos.**
- **In September 2011 the annual nominal rate of growth of bank housing loans was 8.2%. This rate was similar to the average of housing loans during the first nine months of 2011.**
- **As long as GDP and formal employment continue to grow bank loans to the private sector will also show a positive performance. Note that a positive macroeconomic environment favors lending activity because it allows for the increase in family income, reduces credit risk and the economic agents that demand credit have the expectation that they will be able to honor their debts and financial institutions consider that the loans that they grant will be paid back.**

Gráfica 1
Total Bank Loans to the Private Sector, Annual nominal rate of growth, %



Fuente: BBVA Research with data of Bank of Mexico

Gráfica 2
Consumption, Housing and Bank Loans to Firms, Annual nominal rate of growth, %



Fuente: BBVA Research with data of Bank of Mexico

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