

Mexico Banking Flash

Bank deposits: their components reduce their dynamism

In August 2012 the annual nominal growing rate of traditional bank deposits (demand + fixed-term) was 9.3%. This rate was lower than for the preceding month (9.4%) and for the same month of 2011 (10.8%).

- **Demand deposits: the most dynamic component of bank deposits**

In August 2012, the annual nominal growth in demand deposits was 13.5%, higher than in the preceding month (12.3%) and lower than in the same month of 2011 (15%). After September 2011, demand deposits saw their rate of growth fall significantly. In that month, their annual rate was 18.9%, dropping gradually in July 2012 to 12.3%, while in August it increased slightly to 13.5%, a figure lower than that recorded in September 2011.

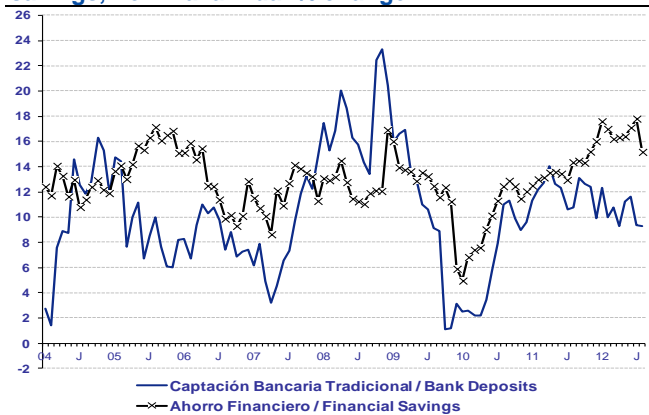
- **Fixed-term deposits: growing rate has dropped**

In August the annual nominal growing rate of fixed-term deposits was 3.8%. This rate was lower than for the preceding month (5.6%) and also for the same month in 2011 (5.7%). We should mention that fixed-term bank deposits and deposits through bond holding companies (HC) replace each other. For this reason, when one of them rises the other contracts or stops growing. For example, from December 2011 to August 2012 the nominal balance of fixed-term deposits increased by 0.6%, while HC funds increased by 9.3% in the same period. Thus, as long as expansion in HCs continues at a relatively high rate, fixed-term deposits will not grow or will only grow moderately.

- **Financial Savings (FS): public-sector securities their main source of strength**

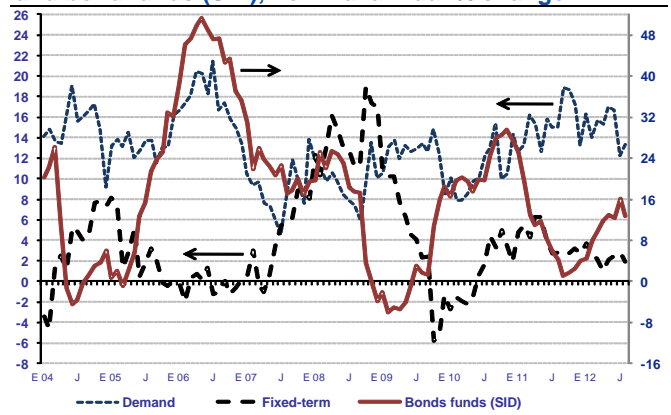
The annual nominal growing rate of financial savings (FS) in August 2012 was 15.2%. This rate was lower than in the preceding month (17.8%) and higher than the same month of 2011 (14.3%). Financial savings include all types of banking and non-banking savings instruments. In August the contribution to its growth by its 4 components was as follows: 1) public-sector securities contributed 11 percentage points (pp) of the 15.2 pp growth; 2) deposit institutions, 2.9 pp (commercial banks, 2.6 pp; development banks, 0.1 pp; overseas agencies of commercial banks, nearly 0.1 pp, and savings and loans companies, 0.05%); 3) the retirement savings system outside Siefores, 0.7 pp; and 4) private-sector debt, 0.6 pp.

Chart 1
Traditional savings in commercial banking and financial savings, nominal annual % change



Source: BBVA Research with Bank of Mexico data

Chart 2
Demand and fixed-term deposits in commercial banking and bond funds (SID), nominal annual % change

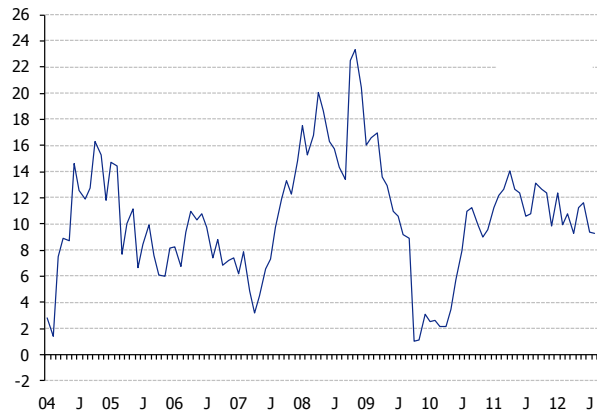


Source: BBVA Research with Bank of Mexico data

Deposits: graphs and statistics

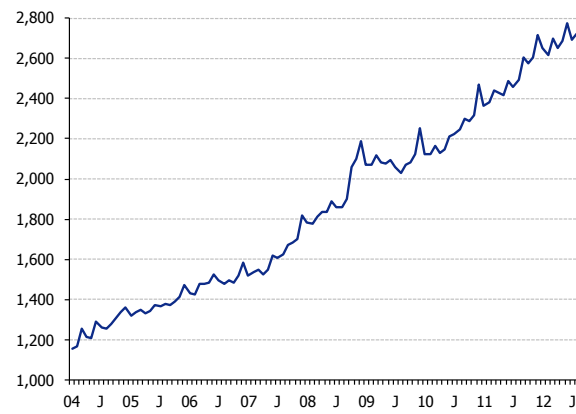
- In August 2012 the annual nominal growth rate of total bank deposits was 9.3%.
- Demand deposits grew at 13.5% and the nominal growth rate of time deposits was smaller and of 3.8%
- Financial savings, which include banking and non banking savings instruments, in April also grew at a high rate, which was of 15.2%

Graph 1
Total Bank Deposits (Time + Demand Deposits)
Annual nominal rate of growth, %



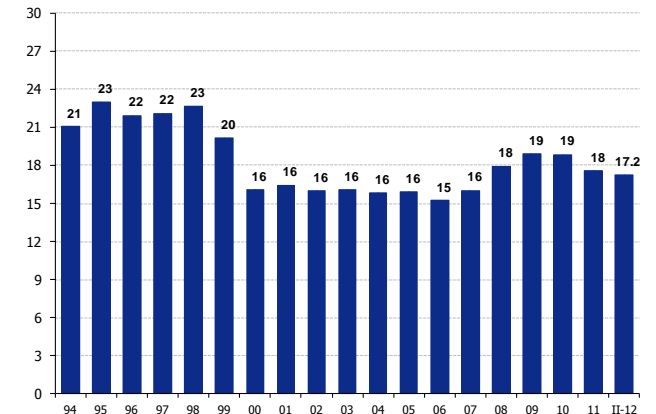
Source: BBVA Research with data of Bank of Mexico

Graph 2
Total Bank Deposits
Balance in current billions of Mexican pesos



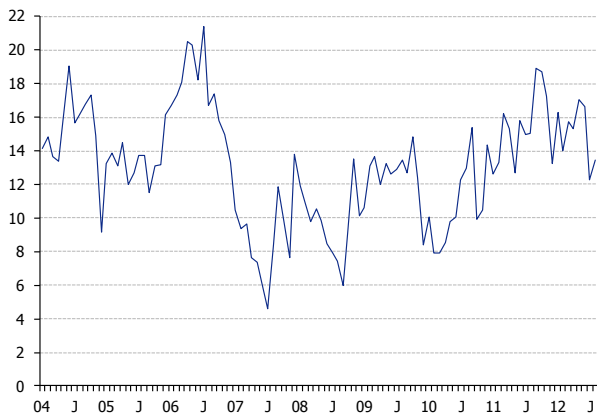
Source: BBVA Research with data of Bank of Mexico

Graph 3
Total Bank Deposits
As ratio of GDP, %



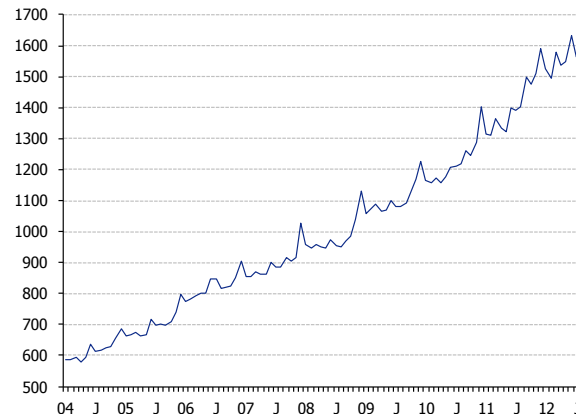
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 4
Demand Deposits
Annual nominal rate of growth, %



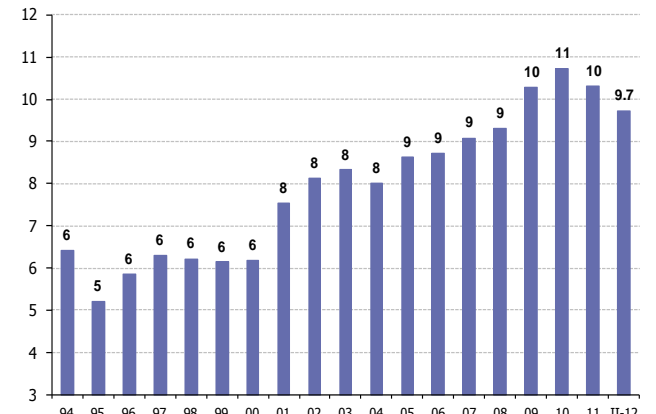
Source: BBVA Research with data of Bank of Mexico

Graph 5
Demand Deposits
Balance in current billions of Mexican pesos



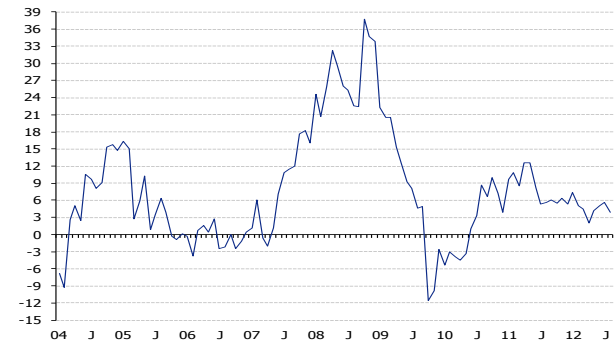
Source: BBVA Research with data of Bank of Mexico

Graph 6
Demand Deposits
As ratio of GDP, %



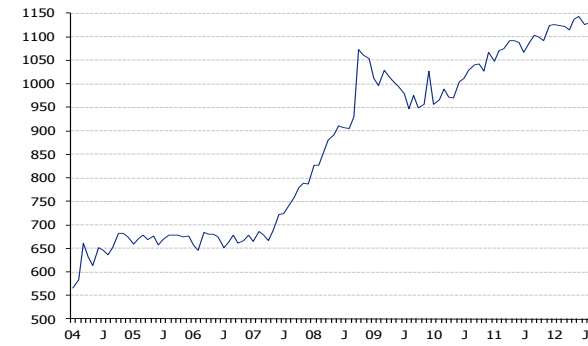
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 7
Time Deposits
Annual nominal rate of growth, %



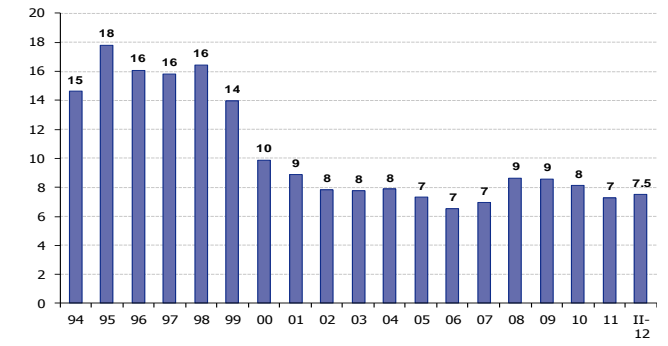
Source: BBVA Research with data of Bank of Mexico

Graph 8
Time Deposits
Balance in current billions of Mexican pesos



Source: BBVA Research with data of Bank of Mexico

Graph 9
Time Deposits
As ratio of GDP, %



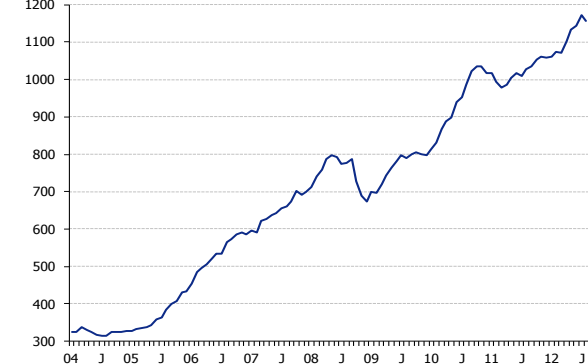
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 10
Debt Mutual Funds
Annual nominal rate of growth, %



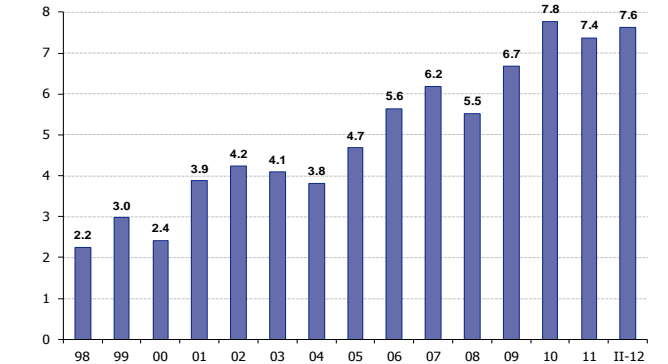
Source: BBVA Research with data of Bank of Mexico

Graph 11
Debt Mutual Funds
Balance in current billions of Mexican pesos



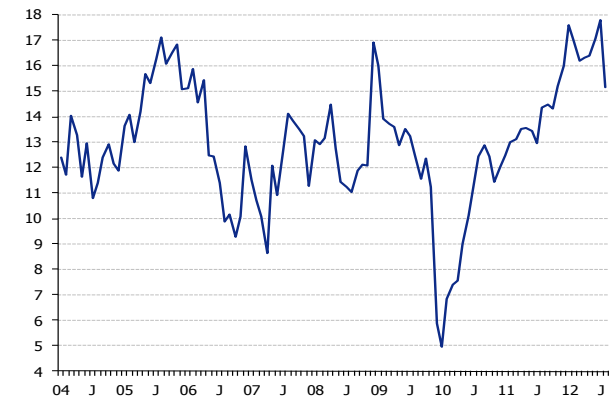
Source: BBVA Research with data of Bank of Mexico

Graph 12
Debt Mutual Funds
As ratio of GDP, %



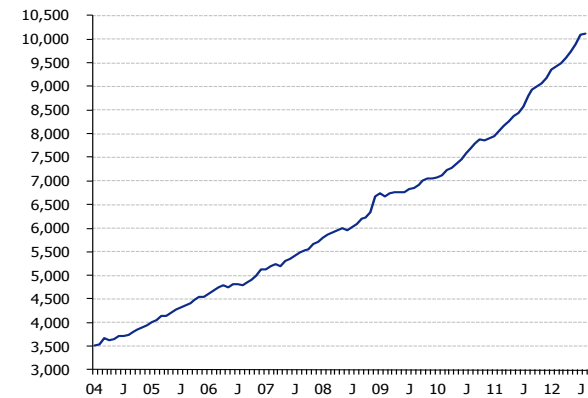
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 13
Financial Savings
Annual nominal rate of growth, %



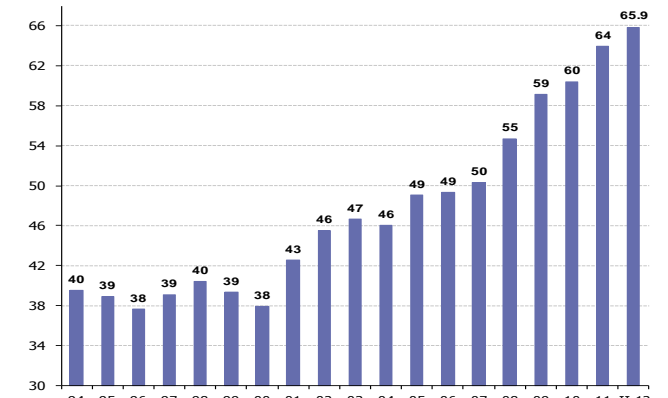
Source: BBVA Research with data of Bank of Mexico

Graph 14
Financial Savings
Balance in current billions of Mexican pesos



Source: BBVA Research with data of Bank of Mexico

Graph 15
Financial Savings
As ratio of GDP, %



Source: BBVA Research with data of Bank of Mexico and INEGI

