

# Mexico Banking Flash

## Bank deposits: getting stronger, driven by demand deposits

In March 2014 the nominal annual growth rate of traditional bank deposits (demand + term) was 10.4%. This growth was higher than in January and February this year (7.5% and 7.6% respectively), and March 2013 (6.5%). Average nominal annual growth rate in the first quarter of the year was 8.5%, above the average for 1Q13 (7.7%). Thus, traditional bank deposits show signs of recovery, driven mainly by demand deposits.

- **Demand deposits: their growth rate accelerates**

In March 2014 the nominal annual growth rate of demand deposits was 15.1%. This was higher than the previous month (13.1%) and higher than the same month in 2013 (5.8%). Average nominal annual growth rate for 1Q14 was 14.3%, above the average for 1Q13 (8.1%). Demand deposits had not posted a growth rate above 15% since June 2012.

- **Term deposits: the recovery continues**

In March 2014 the nominal annual growth rate of term deposits was 3.8%. This growth was higher than the figures for January and February (-2.3% and 0.1% respectively)<sup>1</sup>, although lower than that reported in March 2013 (7.4%). Average nominal annual growth rate for 1Q14 was 0.5%, below the average recorded for 1Q13 (7.1%). Term deposits have now registered two months of increases in their annual rate after five consecutive months of falls, consolidating their recovery.

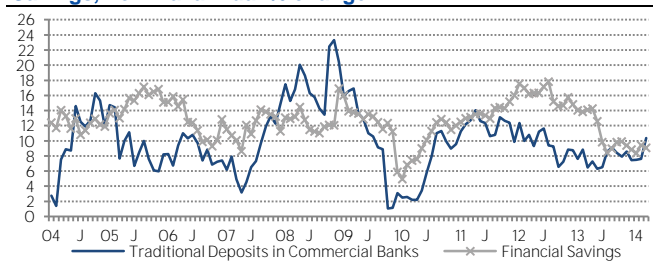
- **Debt mutual funds: sluggish since November 2013**

In March 2014 nominal annual growth of the balance of securities held by debt mutual funds was 4.9%. This growth was very similar to that of the month before (5.0%) and is below the figure posted in the same month of 2013 (17.2%). Average nominal annual growth rate over the first quarter was 4.7%, considerably lower than the average for 1Q13 (16.8%). Thus, growth rate of debt mutual funds' balances has been sluggish since November 2013.

- **Financial Savings (FS): slow growth persists**

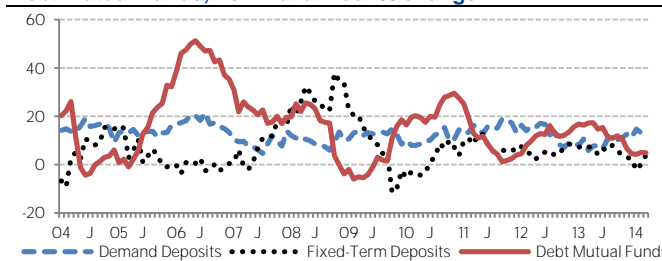
FS recorded a nominal annual growth rate of 9.1% in March 2014. This rate was lower than that of the month before (9.4%) and less than the same month in 2013 (14.1%). Average nominal annual growth rate in 1Q14 was 9.0%, below the average reported for 1Q13 (14.0%). FS have been reporting growth rates below 10% since June 2013. FS include the balance of all savings instruments, whether banking or non-banking.

Figure 1  
**Traditional Deposits in Commercial Banks and Financial Savings, nominal annual % change**



Source: BBVA Research with data from Bank of Mexico

Figure 2  
**Demand and Fixed-Term Deposits in Commercial Banks and Debt Mutual Funds, nominal annual % change**



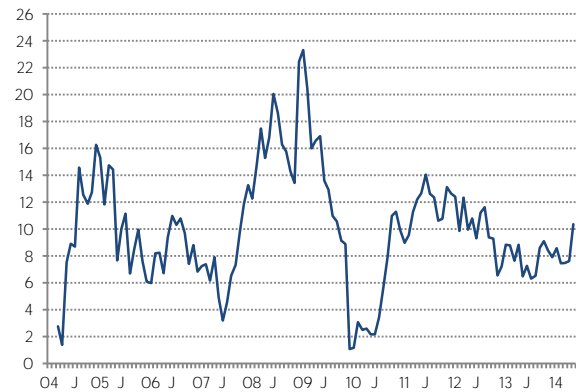
Source: BBVA Research with data from Bank of Mexico

<sup>1</sup> The figures for January and February are slightly different from those published in earlier flashes, due to updating of Bank of Mexico's data.

# Deposits: figures and statistics

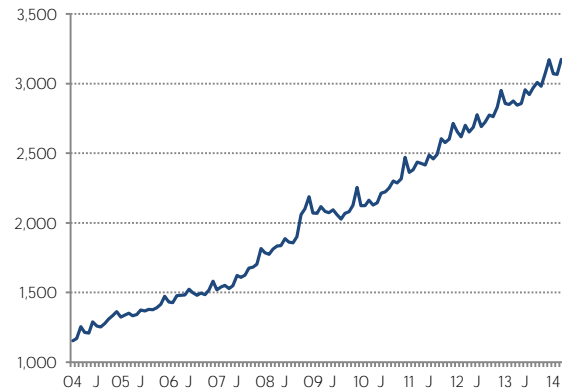
- In March 2014 the nominal annual growth rate of traditional deposits (demand + term) in commercial banks was 10.4%.
- In that month demand deposits grew at a nominal annual rate of 15.1%, while term deposits increased by 3.8%.
- Financial Savings, which include all banking and non-banking savings instruments, grew a nominal annual rate of 9.1%.

Figure 1  
Traditional Deposits (demand + fixed term)  
Nominal annual % change



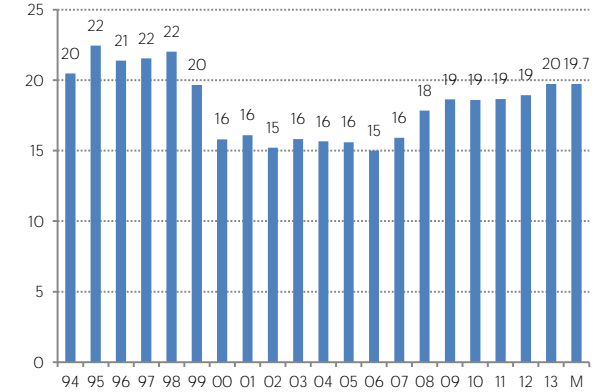
Source: BBVA Research with data from Bank of Mexico

Figure 2  
Traditional Deposits in Commercial Banking  
Balance in billions of current pesos



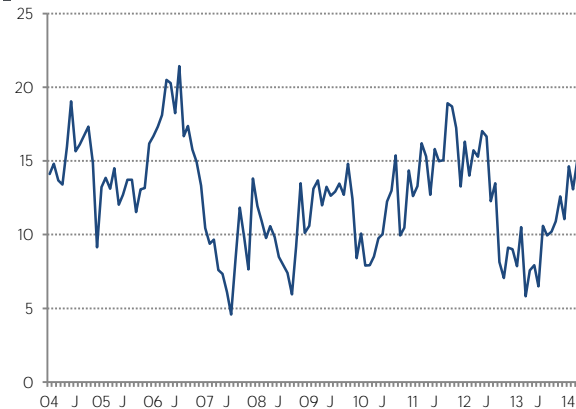
Source: BBVA Research with data from Bank of Mexico

Figure 3  
Traditional Deposits in Commercial Banking  
% of GDP



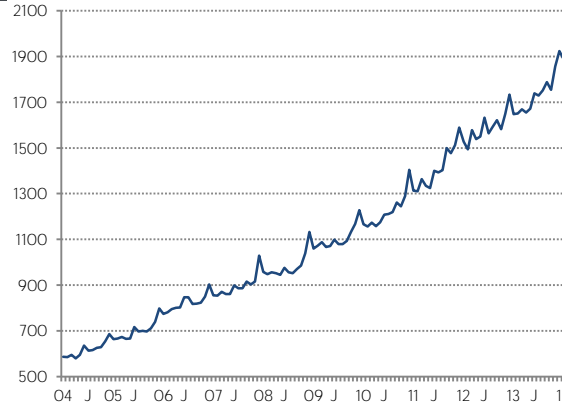
Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 4  
Demand deposits  
Nominal annual % change



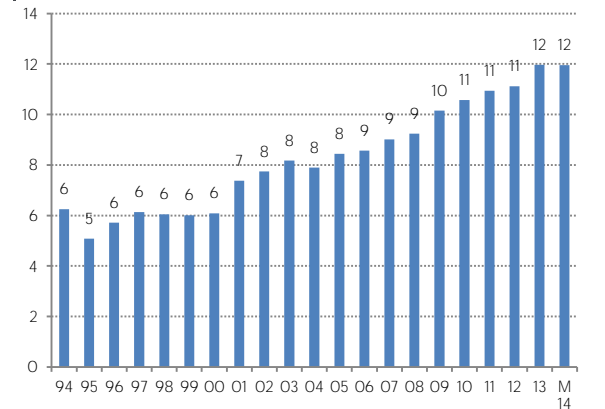
Source: BBVA Research with data from Bank of Mexico

Figure 5  
Demand deposits  
Balance in billions of current pesos



Source: BBVA Research with data from Bank of Mexico

Figure 6  
Demand deposits  
% of GDP



Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 7  
Term deposits  
Nominal annual % change



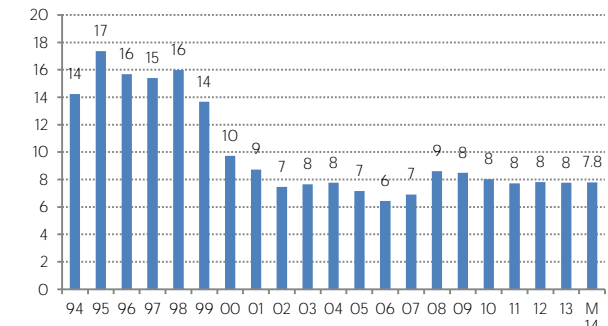
Source: BBVA Research with data from Bank of Mexico

Figure 8  
Term deposits  
Balance in billions of current pesos



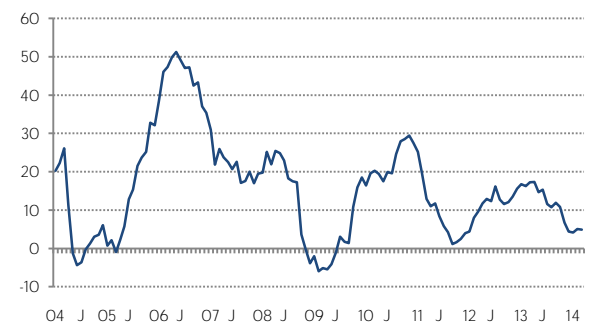
Source: BBVA Research with data from Bank of Mexico

Figure 9  
Term deposits  
% of GDP



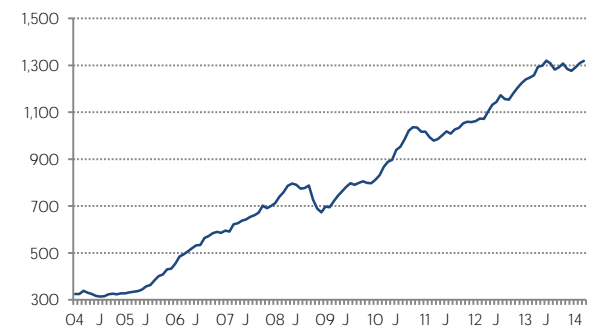
Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 10  
Debt Mutual Funds  
Nominal annual % change



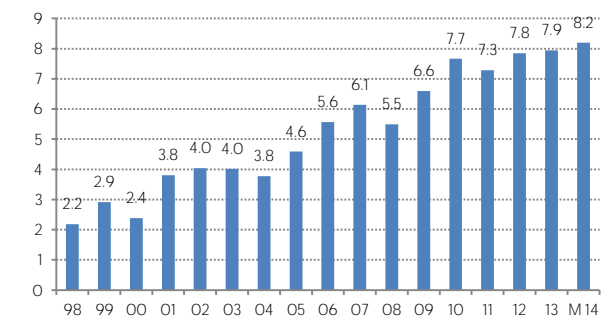
Source: BBVA Research with data from Bank of Mexico

Figure 11  
Debt Mutual Funds  
Balance in billions of current pesos



Source: BBVA Research with data from Bank of Mexico

Figure 12  
Debt Mutual Funds  
% of GDP



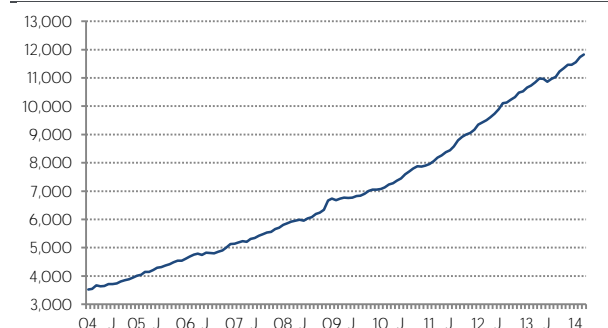
Source: BBVA Research with data from Bank of Mexico & INEGI

Figure 13  
Financial Savings: M4a - notes and coins  
Nominal annual % change



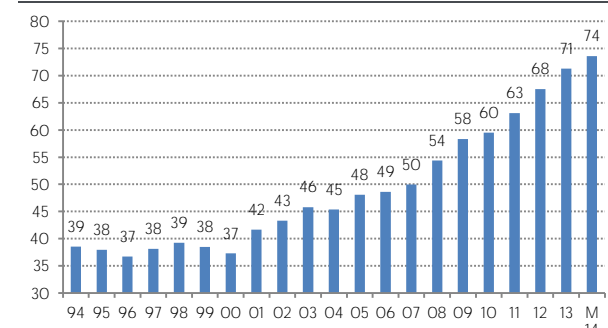
Source: BBVA Research with data from Bank of Mexico

Figure 14  
Financial Savings: M4a - notes and coins  
Balance in billions of current pesos



Source: BBVA Research with data from Bank of Mexico

Figure 15  
Financial Savings: M4a - notes and coins  
% of GDP



Source: BBVA Research with data from Bank of Mexico & INEGI



