

Bank Credit: Monthly Report of Current Situation

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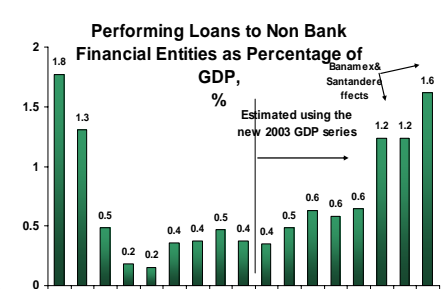
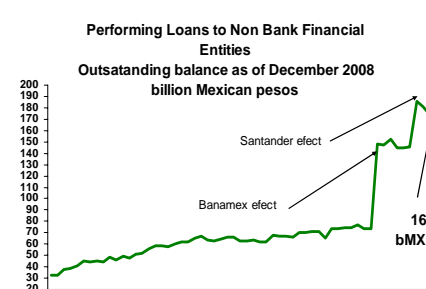
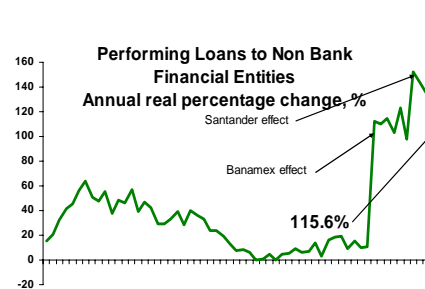
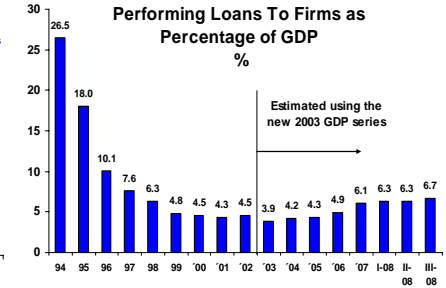
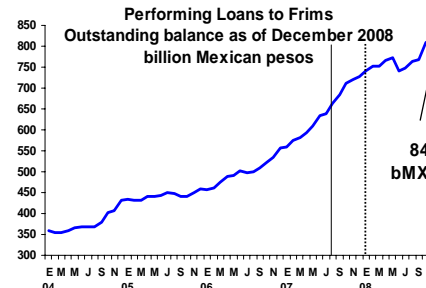
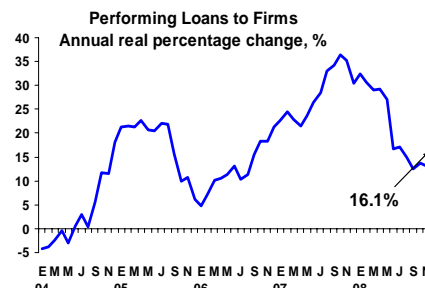
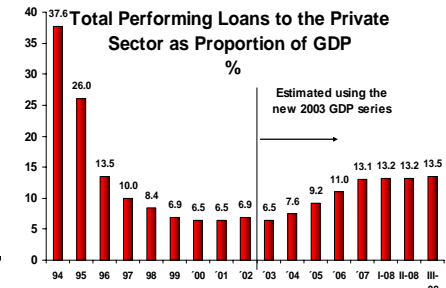
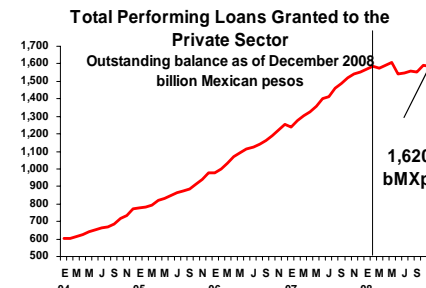
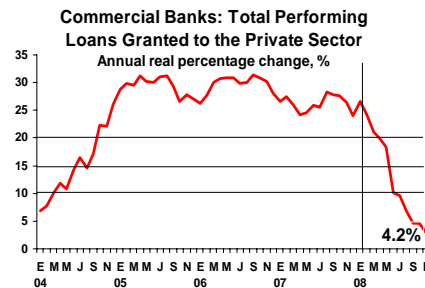
- In December of 2008, total current loans granted by the commercial banks to the private sector grew 4.2% in real annual terms.
- Corporate and housing loans boosted this growth.
- The marked economic slowdown, the virtually nil creation of jobs in the formal sector and the rise in inflation and interest rates were the main factors that influenced the lower growth rate of credit to the private sector in 2008.

Total current credit granted by the commercial banks to the non-bank private sector.

In Dec-08 the real annual growth rate of total current credit granted by the commercial banks to the private sector was 4.2%. As shown in the graph, the growth rate of loans to the private sector was reduced constantly.

Based on Banco de México (Banxico) data, the share of its components to growth of total loans was as follows: credit to corporations, 7.5 percentage points (pp) of the 4.2% of total credit growth; non-bank financial intermediaries (IFNB, for its Spanish initials) contributed 5.7 pp; housing, 1.4 pp; consumption, a negative -11.1 pp. In turn, if consumer credit is adjusted based on CNBV data and this adjustment is applied to credit to IFNB, then the share of growth remains the same as that of corporate (7.5 pp) and housing (1.4 pp) loans, and consumer credit changes to -3.5 pp and is a negative -1.2 pp for IFNB.

The lower growth of total loans to the private sector is due to various adverse factors such as: lower GDP growth (4Q07, 4.2% growth; 3Q08, 1.6% and in 4Q08 growth will be negative; the rise in inflation in 2008, which reduced real wages and raised interest rates; and the reduction in the number of affiliated workers in the IMSS (the Mexican Social Security Institute): in Dec-07 there were slightly more than 14.2 million IMSS affiliated workers and in Dec.-08 the number was slightly lower.



Source: Bank of Mexico

Current Credit to Corporations

In Dec.-08 the growth rate of current credit to companies was 16.1% in real annual terms. In the previous month, growth was 18.1% and in the same month of 2007, it was significantly greater, 30.4%. Although credit to companies is the category that most contributed to growth of total loans, the later moderations that its growth rate could have is also reflected in the rate of expansion of total loans.

Current Loans to Non-bank Financial Intermediaries (IFNB for its Spanish initials).

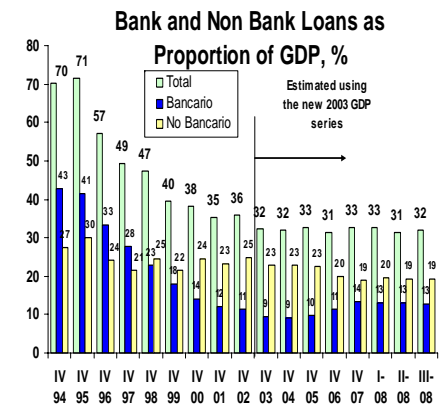
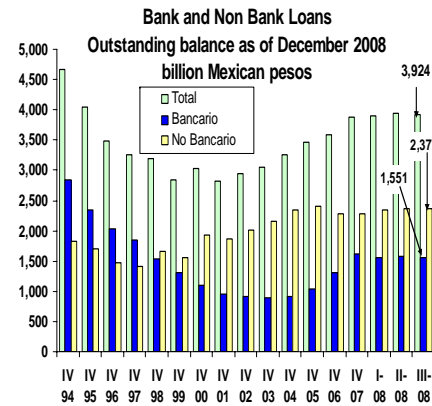
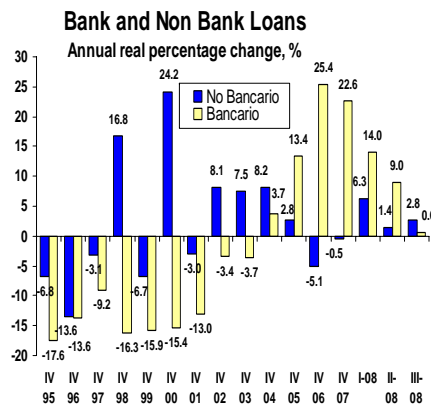
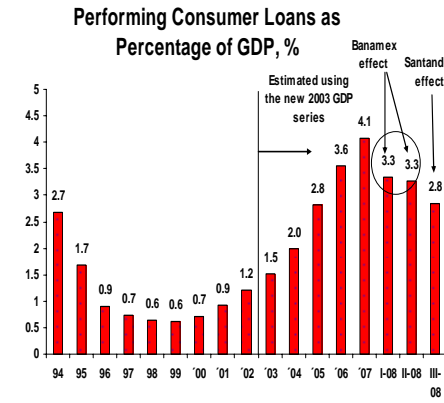
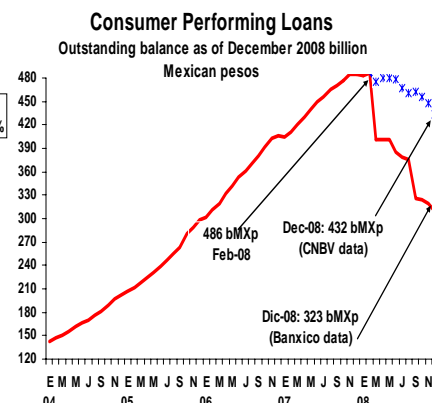
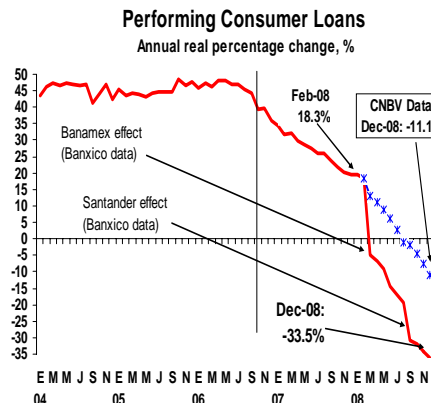
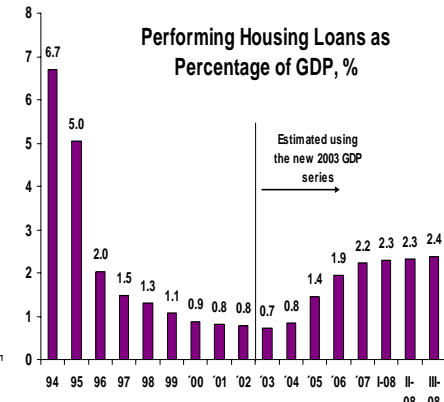
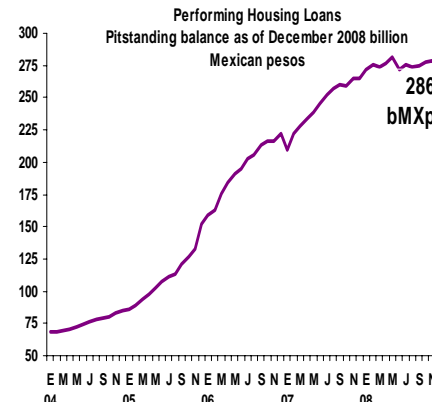
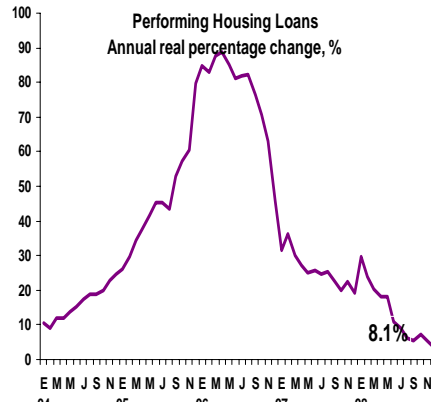
Credit to IFNB grew at three-digit rates as of March 2008 due to the fact that some banks transferred all or part of their consumer loan portfolio. According to some data adjusted with CNBV information, which exclude the transfer of the consumer loan portfolio, in Dec.-08, the growth of credit to IFNB was a real annual -25%. This rate contrasts with the Banco de México rate of 115.6%, which does not consider the above-mentioned adjustment.

Current Housing Credit.

In Dec-08 real annual growth of housing credit was 8.1%. In the previous month, the rate was higher (9.9%), as it was in the same month of 2007 (19.3%). Part of the lower growth of housing loans is due to the securitizations of the banks' housing loan portfolio. If the securitizations that the banks have carried out are considered, growth in Dec-08 would be slightly higher, at a real annual 11.2% growth rate.

Current Consumer Credit

Banco de México figures indicate that in Dec-08, consumer credit declined 33.5% in that month. However, CNBV data that do not consider the transfer of the consumer loan portfolio to IFNB, the contraction was only 11.1%. As shown in the graph, in both cases there is a substantial decline in consumer credit. The lack of new jobs creation and the payment capacity of families are factors that affect consumer credit.



Source: Bank of Mexico

