

## Bank Savings: Monthly Situation Report

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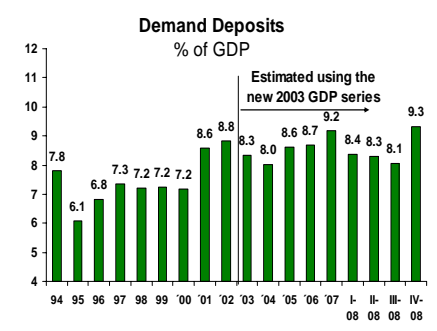
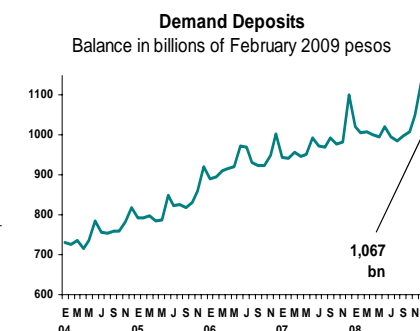
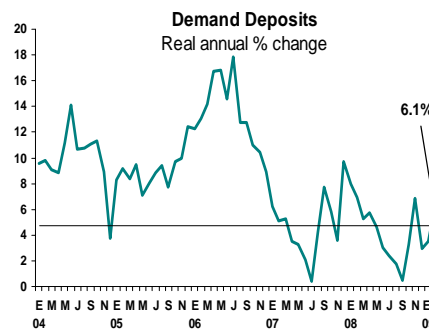
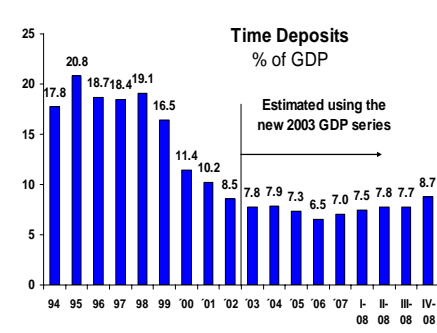
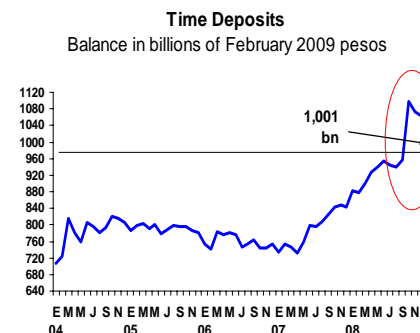
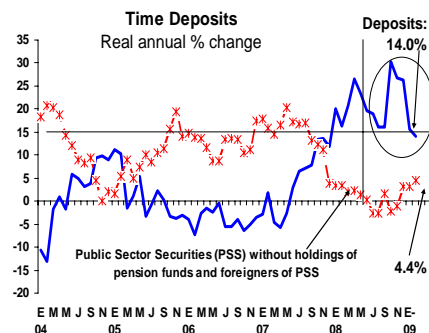
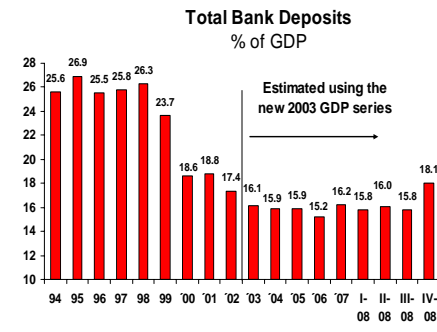
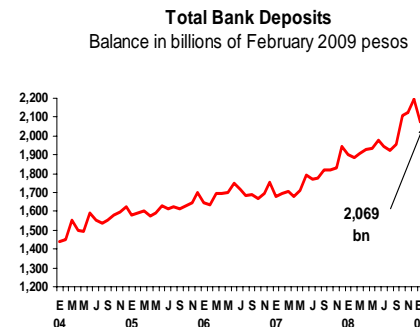
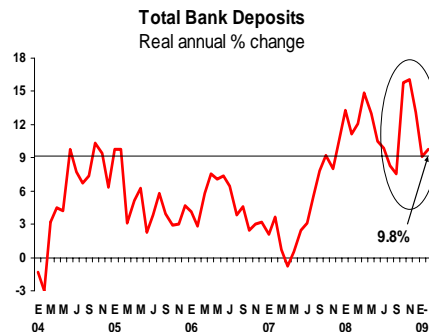
- In February 2009 real annual growth in traditional savings in resident commercial banks was 9.8%
- Growth in fixed-term savings was high (14%) while growth in demand savings was lower (6.1%).
- Financial savings grew by 7.5%, mainly driven by the retirement savings system (RSS), other than Siefores

### Commercial Banking: traditional savings

In February 09 real annual growth in traditional savings in banks was 9.8%. This rate of growth was higher than the preceding month (9.1%) and lower than the same month in 2008 (11.1%). The growth in traditional savings was driven by its fixed-term savings component. This rose at high rates in 2008, averaging 21.8% in real terms for that year. The demand savings component was not such an important driving force since this grew more moderately, and in 2008 its average annual real rate was 4.3%. In 2009 growth in fixed-term savings was higher than growth in demand savings.

### Fixed-term bank savings

In February 09 real annual growth in commercial bank savings in fixed-term instruments was 14%. Growth registered in the preceding month was higher (15.6%), as occurred in the same month of 2008 (16.4%). As mentioned above, fixed-term savings recorded high growth rates in 2008 and these slowed down substantially in January and February 2009. The slower growth in fixed-term savings is expected to continue in the near future due to the following factors: lower interest rates that are expected to prevail for the rest of 2009, which fosters savings in non-bank instruments; and the forecast public sector deficit, which if financed by issuing internal debt will allow more non-bank instruments (debt investment companies and repos) which compete directly with fixed-term savings.



Source: Banco de México

**Demand bank savings**

In February 09 real annual growth in demand savings was 6.1%. In the preceding month, growth was lower, at 3.5%, whereas growth registered for the same month of 2008 was higher, at 7%. Component contribution to growth was the following: checks in national currency contributed 3.3 percentage points (pp) of total growth of 6.1 pp; foreign currency checks, 1.7 pp; checking accounts, 1.1 pp.

**Bond Holding Companies (HCs)**

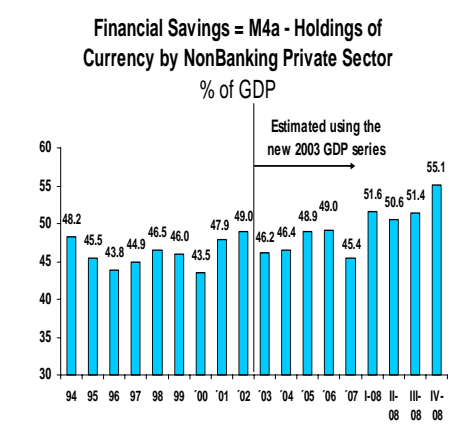
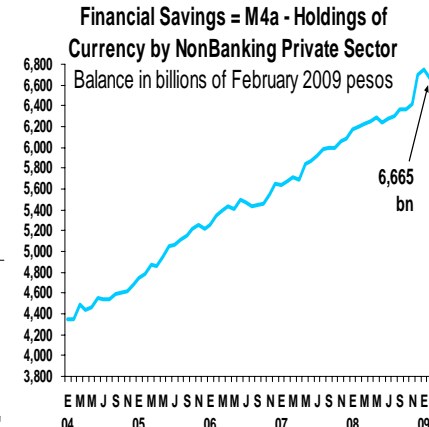
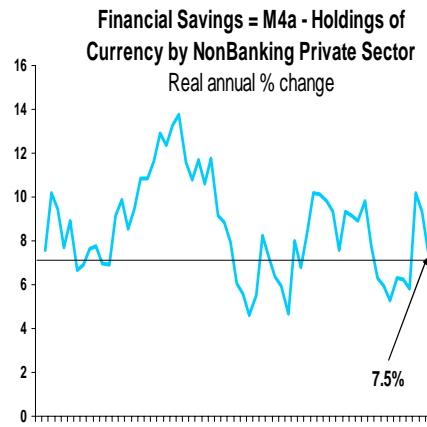
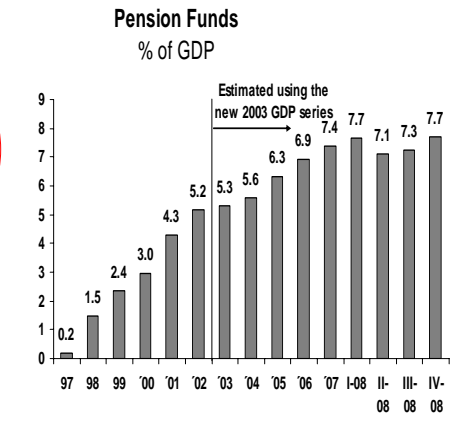
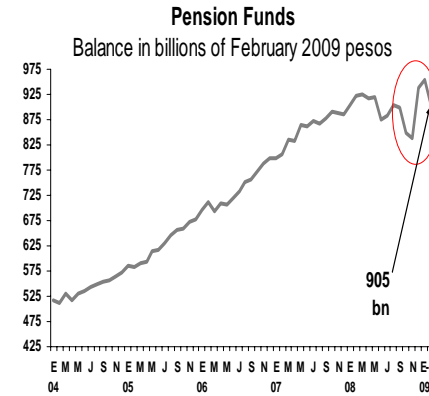
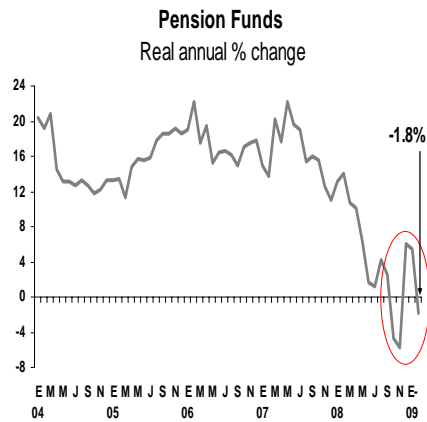
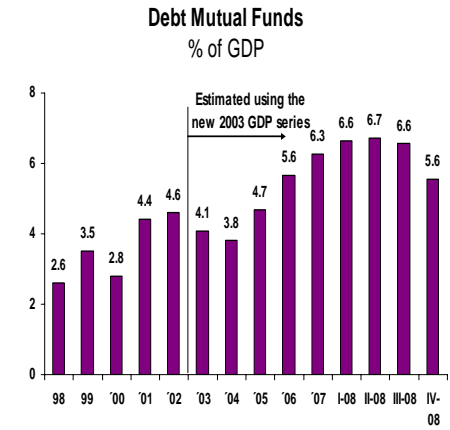
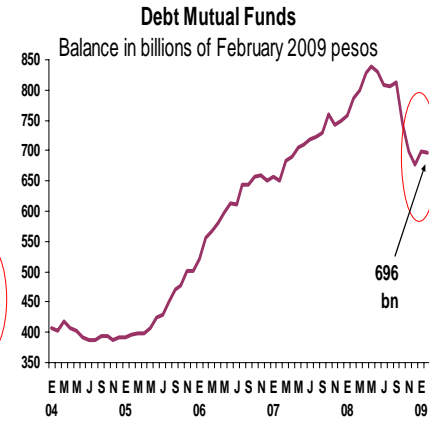
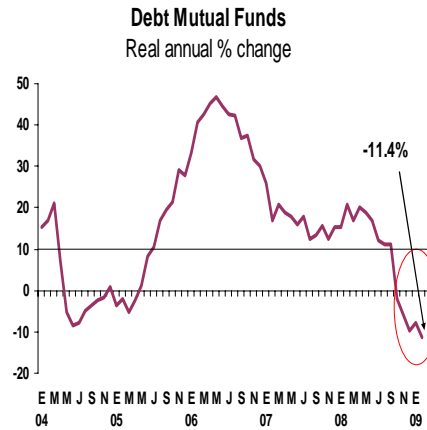
In February 2009 real annual growth in bond HCs was -11.4%. During the previous month the fall was less (-7.8%). Growth registered for the same month of 2008 was high, at 20.7%. Bond HCs were affected by the capital losses recorded particularly in the last three months of 2008. In January and February 2009 the Central Bank cut its target interest rate to a limited extent. In March and April it cut it more aggressively. These rate cuts will allow the bond HCs to recover the capital losses that they recorded at the end of 2008, which will result in a greater growth rate for them in 2009.

**Bond HCs specialized in retirement fund management (Siefos):**

In February 2009, growth in retirement funds was -1.8%. Growth registered in the preceding month was positive (5.5%), as occurred in the same month of 2008 (14%). The slump in Siefos in February 2009 was due to the increase that some long-term interest rates recorded that month.

**Financial Savings (FS, includes bank and non-bank saving instruments):**

In February 09, real annual growth in FS was 7.5%, which was lower than the previous month (9.3%) and the same month in 2008 (9.3%). Component contribution to growth was the following. Retirement funds other than Siefos contributed 3.8 pp of the 7.5 of total growth; savings institutions 3.7 pp (Commercial Banks, 3 pp; Development Banks, 0.6 pp; Agencies, 0.1); public sector securities, 0.2 pp, and corporate securities, -0.2%.



Source: Banco de México

