Economic Research Department

Banking Observatory

Mexico

BBVA

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Bank Lending: Monthly Situation Report

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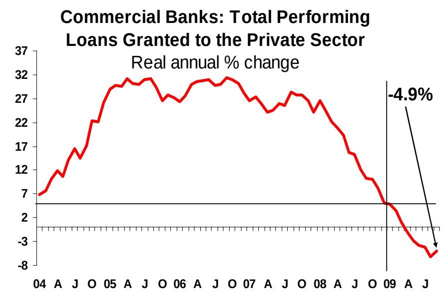
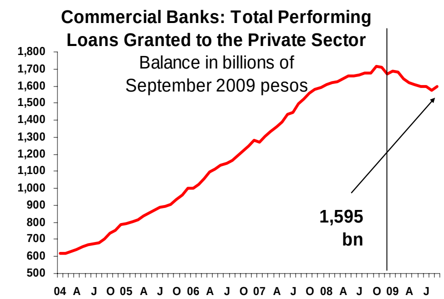
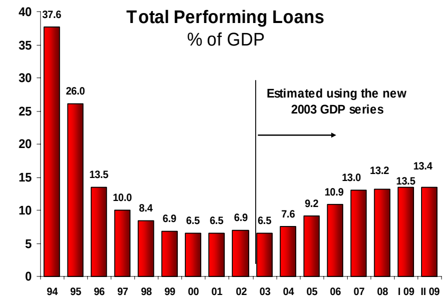
- **In September 2009, the total current credit balance that commercial banks granted to the private sector saw a 4.9% real annual fall.**
- **Corporate and mortgage lending recorded positive, but low, growth rates in both cases.**
- **Lending to non-banking financial intermediaries (NBFIs) and consumers continued to post negative growth rates.**

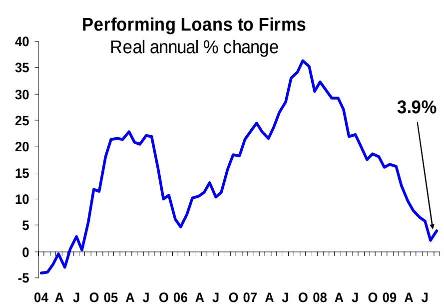
Total outstanding lending by commercial banks to the private non-banking sector
In September 2009, real annual overall growth in current credit from commercial banks to the private sector came in negative at -4.9%. In the previous month, this decrease was even greater (-6.1%). Meanwhile, in the same month in 2008 growth was positive (+10.2%). The rate of -4.9% was the result of the positive contributions to growth from corporate lending, which added 1.9 percentage points, and housing, which added 0.6 pp. Lending to NBFIs had a negative impact (-1.2 pp), as did consumer lending (-6.3 pp).

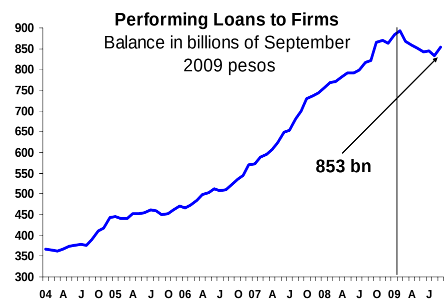
Outstanding corporate lending
In September 2009, real annual corporate lending growth was 3.9%. This rate was the higher than the preceding month (2.2%) but much lower than the same month in 2008 (17.5%). The corporate lending growth rate has decelerated sharply in 2008 and 2009. This is due to lower GDP growth in 2008 and the contraction of GDP in the first two quarters of 2009. It is to be expected that this type of lending will return to higher growth rates once the economy is growing on a sustained basis. This will enable new opportunities to expand productive activity to appear and will create new incentives to increase demand for new business lending.

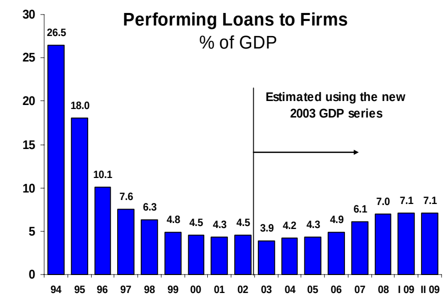


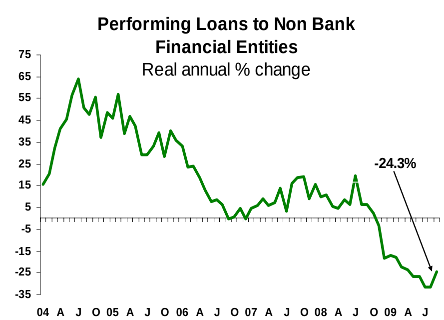


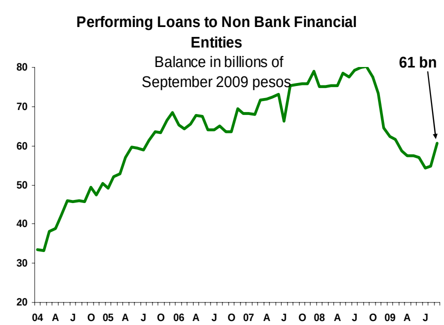


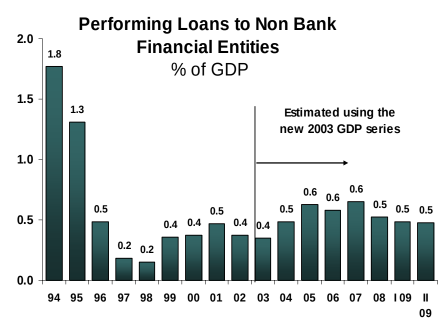










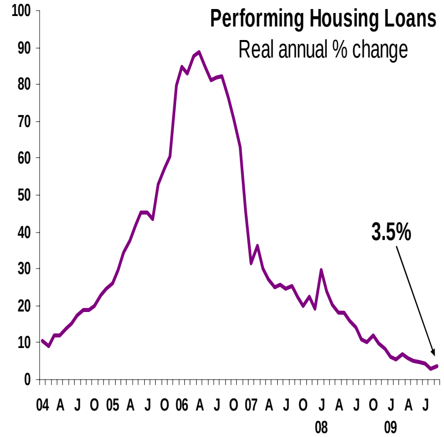


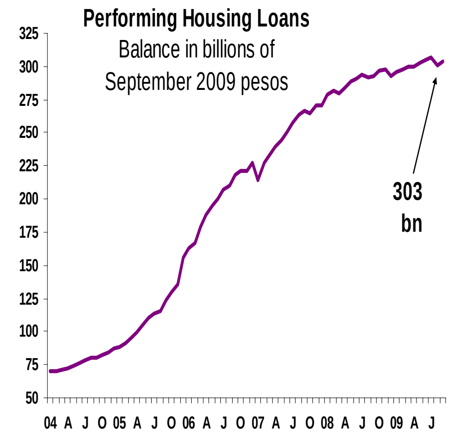
Source: Banco de México

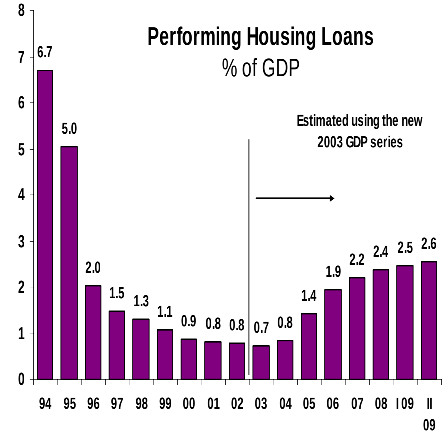
Outstanding lending to non-banking financial intermediaries (NBFIs)
In September 2009, lending to NBFIs posted a negative growth of -24.3%. In the preceding month, this rate was also negative (-31.6%), whilst it was positive (+6.3%) in the same month in 2008. In September 2009, this category of lending represented nearly 3.8% of total lending by commercial banks to the private sector.

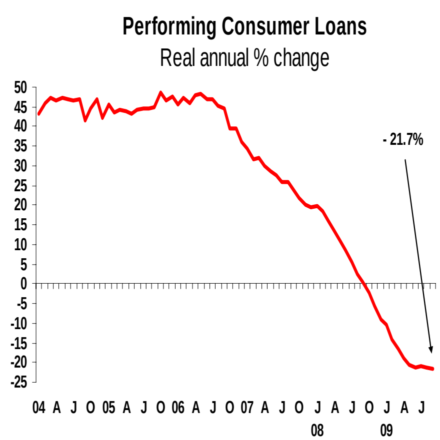
Outstanding home mortgage lending
In September 2009, real annual mortgage lending growth was 3.5%. This rate was higher than in the preceding month (3%) but lower than the same month of 2008 (10%). There are a number of reasons for the reduced activity under this heading, including substantial securitization of the mortgage lending portfolio in August 2009, and demand for new mortgages for property purchases having declined. If this securitization had not taken place, the growth rate for outstanding home mortgage lending would have been 5.8%, which is not much higher than the actual rate observed. In addition, ABM indicators show that the lower number of new home loans, and the lower average amount applied for, reflect reduced demand for this type of lending. As the economy and the formal employment rate return to their growth path, the growth rate for this type of lending should increase.

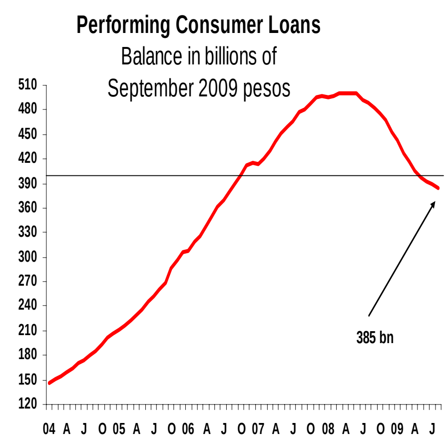
Outstanding consumer loans
In September 2009, outstanding consumer loans declined by 21.7%. This rate was similar to the rate in the preceding month (-21.3%) and substantially lower than the same month in 2008 (+0.3%). It should be noted that from May 2009 to September 2009 consumer loans contracted by around or just over 20%. This may indicate that the deterioration in this type of lending has stabilized, although the outstanding amount is continuing to contract, as can be seen in the second chart for this type of credit; however, this contraction is also slowing down.

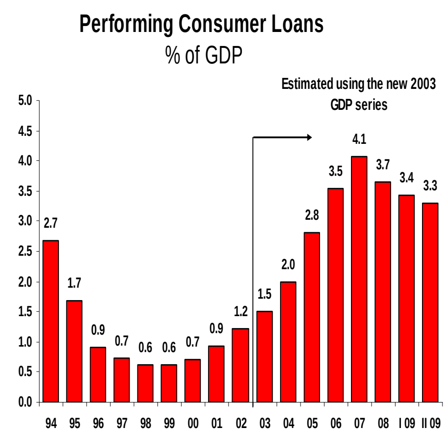


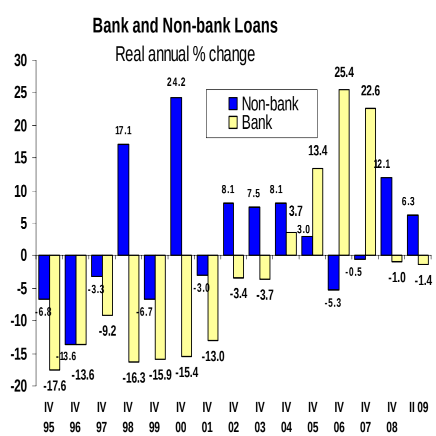


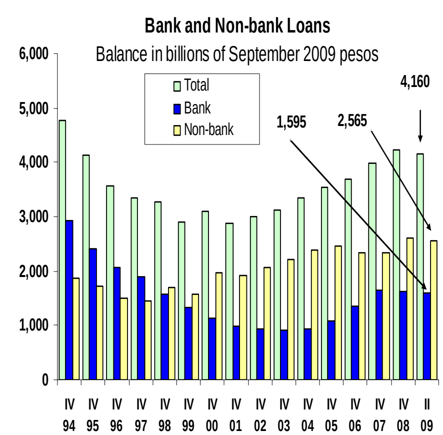


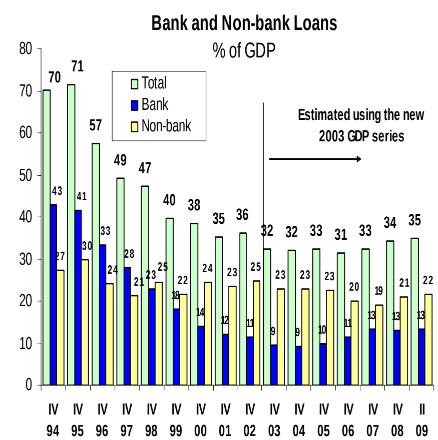












Source: Banco de México

Commercial Banks: Performing Loans to the Mexican Private Non Banking Sector

	Balance in billions of September 2009 pesos					Real annual % change				
	Total	Consumer	Housing	Firms	NBFE*	Total	Consumer	Housing	Firms	NBFE*
IV 94	2,516.1	179.6	448.0	1,770.3	118.2	na	na	na	na	na
IV 95	1,480.7	95.5	286.9	1,024.0	74.3	-41.1	-46.8	-36.0	-42.2	-37.2
IV 96	829.3	55.4	124.3	619.8	29.7	-44.0	-42.0	-56.7	-39.5	-60.0
IV 97	663.3	48.6	98.7	504.0	12.0	-20.0	-12.4	-20.6	-18.7	-59.5
IV 98	571.4	42.7	87.8	430.5	10.3	-13.9	-12.0	-11.1	-14.6	-14.5
IV 99	496.7	45.2	76.5	349.2	25.9	-13.1	5.7	-12.9	-18.9	151.5
IV 00	513.9	55.7	69.4	359.2	29.5	3.4	23.3	-9.2	2.9	14.0
IV 01	520.6	73.8	65.6	343.4	37.8	1.3	32.5	-5.5	-4.4	28.2
IV 02	564.6	99.5	63.8	370.7	30.6	8.5	34.8	-2.8	7.9	-18.9
IV 03	612.9	142.9	68.3	368.4	33.3	8.6	43.6	7.1	-0.6	8.8
IV 04	772.7	203.2	85.2	434.8	49.5	26.1	42.2	24.8	18.0	48.4
IV 05	982.0	300.3	153.0	461.4	67.2	27.1	47.8	79.6	6.1	35.8
IV 06	1,258.3	408.4	222.9	559.9	67.0	28.1	36.0	45.7	21.3	-0.2
IV 07	1,561.5	487.8	265.9	730.2	77.6	24.1	19.4	19.3	30.4	15.7
IV 08	1,672.3	452.6	292.9	862.3	64.5	5.2	-8.9	8.2	15.9	-18.4
I 09	1,641.6	416.3	299.7	866.8	58.7	1.0	-16.7	7.0	12.6	-22.2
II 09	1,597.6	392.8	304.6	843.2	57.0	-3.7	-21.3	4.7	6.6	-26.5
	Monthly balance in billions of September 2009 pesos					Real annual % change				
2008	1,606.1	495.2	278.4	757.4	75.2	26.6	19.6	29.8	32.4	10.1
F	1,622.7	497.1	281.7	768.8	75.2	24.4	18.3	23.9	30.7	10.7
M	1,625.2	499.6	280.1	770.0	75.4	22.1	16.1	20.2	29.1	5.3
A	1,641.4	499.4	283.4	783.2	75.3	20.8	13.3	18.3	29.3	4.7
M	1,657.1	499.7	288.3	790.5	78.6	19.2	10.9	18.1	27.0	8.6
J	1,658.9	499.5	290.8	791.0	77.6	15.8	8.5	15.9	21.9	6.2
J	1,664.2	492.6	294.1	798.2	79.3	15.2	5.6	14.0	22.2	19.6
A	1,676.9	488.8	291.9	816.0	80.1	12.1	2.5	10.8	20.1	6.2
S	1,677.1	482.9	293.2	820.8	80.2	10.2	0.3	10.0	17.5	6.3
O	1,714.6	475.9	296.7	864.4	77.6	10.1	-2.3	11.9	18.6	2.2
N	1,710.0	468.1	297.7	870.9	73.3	8.3	-5.6	9.9	18.1	-3.2
D	1,672.3	452.6	292.9	862.3	64.5	5.2	-8.9	8.2	15.9	-18.4
2009	1,685.5	443.6	295.9	883.6	62.3	4.9	-10.4	6.3	16.7	-17.1
F	1,679.2	426.3	297.4	893.8	61.6	3.5	-14.2	5.6	16.3	-18.0
M	1,641.6	416.3	299.7	866.8	58.7	1.0	-16.7	7.0	12.6	-22.2
A	1,621.4	405.2	299.9	858.9	57.5	-1.2	-18.9	5.8	9.7	-23.6
M	1,609.9	397.7	303.0	851.7	57.5	-2.8	-20.4	5.1	7.8	-26.8
J	1,597.6	392.8	304.6	843.2	57.0	-3.7	-21.3	4.7	6.6	-26.5
J	1,594.6	389.0	306.4	844.9	54.4	-4.2	-21.0	4.2	5.8	-31.4
A	1,574.1	384.5	300.7	834.1	54.8	-6.1	-21.3	3.0	2.2	-31.6
S	1,594.8	377.9	303.4	852.9	60.7	-4.9	-21.7	3.5	3.9	-24.3
	Annual average balance					Average real annual growth rates				
2005	862.9	248.1	111.6	444.9	58.3	29.4	45.1	46.2	17.9	38.9
2006	1,119.8	357.5	196.2	501.6	64.6	29.7	44.5	77.6	12.7	11.7
2007	1,413.4	451.7	245.8	644.4	71.4	26.2	26.8	25.8	28.3	10.7
2008	1,619.4	393.3	283.9	793.3	149.0	15.1	-12.0	15.9	23.6	107.2
	% of GDP					% breakdown				
IV 94	37.6	2.7	6.7	26.5	1.8	100.0	7.1	17.8	70.4	4.7
IV 95	26.0	1.7	5.0	18.0	1.3	100.0	6.5	19.4	69.2	5.0
IV 96	13.5	0.9	2.0	10.1	0.5	100.0	6.7	15.0	74.7	3.6
IV 97	10.0	0.7	1.5	7.6	0.2	100.0	7.3	14.9	76.0	1.8
IV 98	8.4	0.6	1.3	6.3	0.2	100.0	7.5	15.4	75.4	1.8
IV 99	6.9	0.6	1.1	4.8	0.4	100.0	9.1	15.4	70.3	5.2
IV 00	6.5	0.7	0.9	4.5	0.4	100.0	10.8	13.5	69.9	5.7
IV 01	6.5	0.9	0.8	4.3	0.5	100.0	14.2	12.6	66.0	7.3
IV 02	6.9	1.2	0.8	4.5	0.4	100.0	17.6	11.3	65.7	5.4
IV 03	6.5	1.5	0.7	3.9	0.4	100.0	23.3	11.1	60.1	5.4
IV 04	7.6	2.0	0.8	4.2	0.5	100.0	26.3	11.0	56.3	6.4
IV 05	9.2	2.8	1.4	4.3	0.6	100.0	30.6	15.6	47.0	6.8
IV 06	10.9	3.5	1.9	4.9	0.6	100.0	32.5	17.7	44.5	5.3
IV 07	13.0	4.1	2.2	6.1	0.6	100.0	31.2	17.0	46.8	5.0
IV 08	13.5	3.7	2.4	7.0	0.5	100.0	27.1	17.5	51.6	3.9
I 09	13.5	3.4	2.5	7.1	0.5	100.0	25.4	18.3	52.8	3.6
II 09	13.4	3.3	2.6	7.1	0.5	100.0	24.6	19.1	52.8	3.6

*NBFE: Non bank financial entities

Source: Banco de México

Bank and Non Bank Loans to the Private Sector

Broad version of non bank financing (loans to consumers and firms)

Balance in billions of September 2009 pesos

	All Categories			Consumer			Housing			Firms		
	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank	Total	Bank	Non bank
IV 94	4,774	2,915	1,859	245	231	13	677	493	184	3,853	2,191	1,662
IV 95	4,136	2,403	1,734	148	135	13	716	528	188	3,272	1,739	1,533
IV 96	3,574	2,075	1,498	103	90	13	751	532	219	2,720	1,454	1,266
IV 97	3,334	1,885	1,449	99	76	23	732	513	219	2,504	1,296	1,207
IV 98	3,276	1,578	1,697	93	61	32	727	459	268	2,455	1,058	1,397
IV 99	2,911	1,328	1,583	100	62	38	699	393	306	2,112	873	1,239
IV 00	3,089	1,123	1,966	115	72	44	665	297	368	2,309	755	1,554
IV 01	2,884	977	1,907	146	91	54	677	241	436	2,061	645	1,417
IV 02	3,006	944	2,062	194	117	77	717	213	504	2,095	615	1,481
IV 03	3,127	910	2,217	229	157	71	754	178	576	2,144	574	1,570
IV 04	3,340	943	2,397	314	222	92	810	171	639	2,217	550	1,666
IV 05	3,538	1,070	2,469	435	324	111	857	214	643	2,247	532	1,714
IV 06	3,679	1,341	2,338	551	443	108	942	276	666	2,187	623	1,564
IV 07	3,972	1,645	2,326	628	536	92	989	316	673	2,354	793	1,561
IV 08	4,236	1,629	2,607	594	367	227	997	334	663	2,645	928	1,717
I 09	4,184	1,622	2,562	553	342	211	1,038	341	697	2,592	938	1,654
II 09	4,160	1,595	2,565	533	328	205	1,047	346	701	2,581	922	1,659
	% breakdown											
IV 94	100.0	61.1	38.9	100.0	94.5	5.5	100.0	72.9	27.1	100.0	56.9	43.1
IV 95	100.0	58.1	41.9	100.0	91.2	8.8	100.0	73.8	26.2	100.0	53.2	46.8
IV 96	100.0	58.1	41.9	100.0	87.0	13.0	100.0	70.8	29.2	100.0	53.5	46.5
IV 97	100.0	56.5	43.5	100.0	76.6	23.4	100.0	70.1	29.9	100.0	51.8	48.2
IV 98	100.0	48.2	51.8	100.0	65.7	34.3	100.0	63.1	36.9	100.0	43.1	56.9
IV 99	100.0	45.6	54.4	100.0	61.8	38.2	100.0	56.3	43.7	100.0	41.3	58.7
IV 00	100.0	36.3	63.7	100.0	62.0	38.0	100.0	44.6	55.4	100.0	32.7	67.3
IV 01	100.0	33.9	66.1	100.0	62.7	37.3	100.0	35.6	64.4	100.0	31.3	68.7
IV 02	100.0	31.4	68.6	100.0	60.3	39.7	100.0	29.7	70.3	100.0	29.3	70.7
IV 03	100.0	29.1	70.9	100.0	68.8	31.2	100.0	23.6	76.4	100.0	26.8	73.2
IV 04	100.0	28.2	71.8	100.0	70.6	29.4	100.0	21.1	78.9	100.0	24.8	75.2
IV 05	100.0	30.2	69.8	100.0	74.4	25.6	100.0	25.0	75.0	100.0	23.7	76.3
IV 06	100.0	36.5	63.5	100.0	80.4	19.6	100.0	29.3	70.7	100.0	28.5	71.5
IV 07	100.0	41.4	58.6	100.0	85.4	14.6	100.0	31.9	68.1	100.0	33.7	66.3
IV 08	100.0	38.5	61.5	100.0	61.8	38.2	100.0	33.5	66.5	100.0	35.1	64.9
I 09	100.0	38.8	61.2	100.0	61.8	38.2	100.0	32.8	67.2	100.0	36.2	63.8
II-09	100.0	38.3	61.7	100.0	61.5	38.5	100.0	33.0	67.0	100.0	35.7	64.3
	% of GDP											
IV 94	70.1	42.8	27.3	3.6	3.4	0.2	9.9	7.2	2.7	56.6	32.2	24.4
IV 95	71.4	41.5	29.9	2.6	2.3	0.2	12.4	9.1	3.2	56.5	30.0	26.5
IV 96	57.3	33.3	24.0	1.7	1.4	0.2	12.0	8.5	3.5	43.6	23.3	20.3
IV 97	49.2	27.8	21.4	1.5	1.1	0.3	10.8	7.6	3.2	37.0	19.1	17.8
IV 98	47.4	22.8	24.6	1.4	0.9	0.5	10.5	6.6	3.9	35.5	15.3	20.2
IV 99	39.6	18.0	21.5	1.4	0.8	0.5	9.5	5.3	4.2	28.7	11.9	16.8
IV 00	38.3	13.9	24.4	1.4	0.9	0.5	8.2	3.7	4.6	28.6	9.4	19.3
IV 01	35.3	12.0	23.3	1.8	1.1	0.7	8.3	3.0	5.3	25.2	7.9	17.3
IV 02	36.1	11.3	24.7	2.3	1.4	0.9	8.6	2.5	6.0	25.1	7.4	17.8
IV 03	32.4	9.4	22.9	2.4	1.6	0.7	7.8	1.8	6.0	22.2	5.9	16.2
IV 04	32.1	9.0	23.0	3.0	2.1	0.9	7.8	1.6	6.1	21.3	5.3	16.0
IV 05	32.5	9.8	22.7	4.0	3.0	1.0	7.9	2.0	5.9	20.6	4.9	15.7
IV 06	31.3	11.4	19.9	4.7	3.8	0.9	8.0	2.3	5.7	18.6	5.3	13.3
IV 07	32.5	13.5	19.0	5.1	4.4	0.8	8.1	2.6	5.5	19.3	6.5	12.8
IV 08	34.2	13.1	21.0	4.8	3.0	1.8	8.0	2.7	5.3	21.4	7.5	13.9
I 09	34.4	13.3	21.1	4.6	2.8	1.7	8.5	2.8	5.7	21.3	7.7	13.6
II 09	35.0	13.4	21.6	4.5	2.8	1.7	8.8	2.9	5.9	21.7	7.8	13.9