

# Banking Watch

31 March 2011

## Bank savings: Monthly situation report

- In January 2011 the annual nominal rate of traditional bank savings was 11.3%.
- Demand deposits increased at a nominal rate of 12.6%, whilst term deposits increased at a nominal rate of 9.6%
- Financial Savings grew at a nominal rate of 12.6%, with the main driver of this increase being savings channeled to public sector financial instruments

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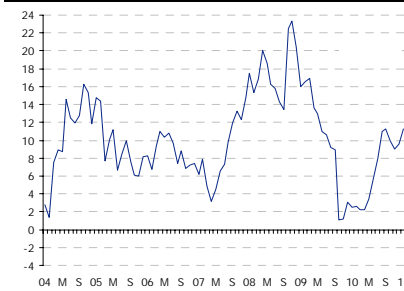
### Traditional Commercial Bank Savings

In January 2011, nominal annual growth in traditional savings (fixed-term + demand-deposits) in commercial banks was 11.3%. This rate of growth was higher than in the preceding month (9.6%) and the same month in 2009 (2.5%). As can be seen from chart 1, in the first half of 2010 the nominal growth rate in traditional savings was significantly lower than in the second half of the year: 3.1% on average during the first half of the year and 9.8% on average in the second half. This more rapid increase in traditional savings was the result of faster macroeconomic growth, and traditional savings will continue to grow as long as economic growth also continues to grow.

### Fixed-term Bank Savings

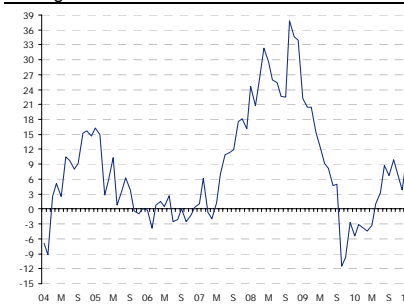
In January 2011, the nominal annual growth rate in fixed-term savings was 9.6%. This rate was higher than for the preceding month (3.8%) and also the same month of 2009 (-5.4%). In general, the bond holding companies (SIs) act as a savings tool which substitutes fixed-term savings. This can be seen by growth in SIs tending to be accompanied by a decrease in fixed-term savings. However, this did not happen in January 2011, when both savings tools increased at significantly high rates. This may be due largely to the effects of GDP growth, which has enabled both savings instruments to grow at the same time.

Chart 1  
**Traditional Savings. % Nominal annual change**



Source: BBVA Research with Banco de México data

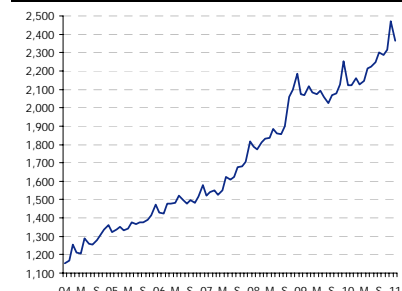
Chart 4  
**Fixed-term savings. % nominal annual change**



Source: BBVA Research with Banco de México data

Chart 2

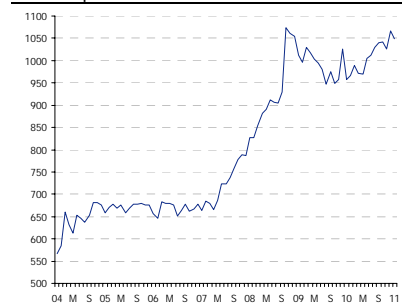
**Traditional Savings. Balance in billions of current pesos**



Source: BBVA Research with Banco de México data

Chart 5

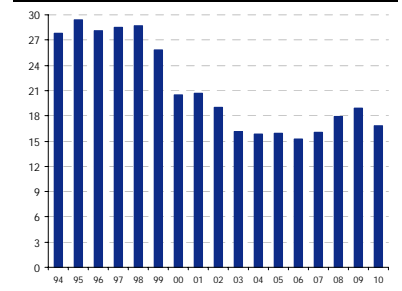
**Fixed-term savings Balance in billions of current pesos**



Source: BBVA Research with Banco de México data

Chart 3

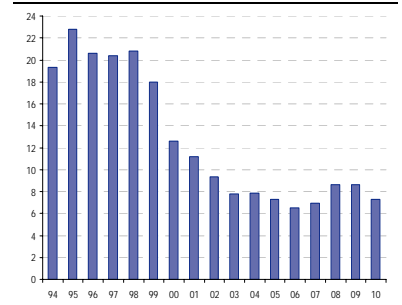
**Traditional Savings. % GDP**



Source: BBVA Research with Banco de México and INEGI data

Chart 6

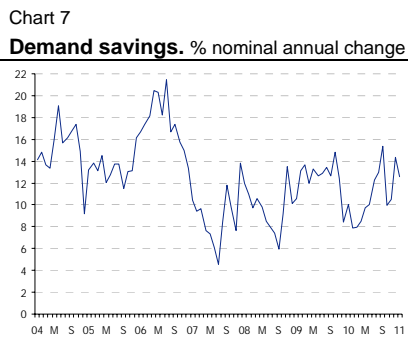
**Fixed-term Savings % GDP**



Source: BBVA Research with Banco de México and INEGI data

**Demand-Deposit Bank Savings**

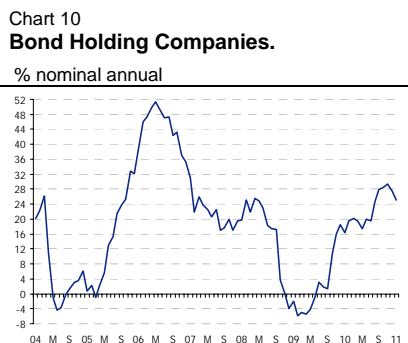
In January 2011, the annual growth rate in demand deposits at commercial banks was 12.6%, which was lower than the previous month (14.3%) but higher than the same month in 2009 (10.1%). Broken down by component, the overall 12.6 percentage point (pp) increase was due to: domestic currency checks, 10.9 pp; current accounts, 2.8 pp; savings and loans companies, 0.1 pp; and foreign currency checks, -1.1 pp. This growth is explained by improved economic activity.



Source: BBVA Research with Banco de México data

**Bond Holding Companies (SIs)**

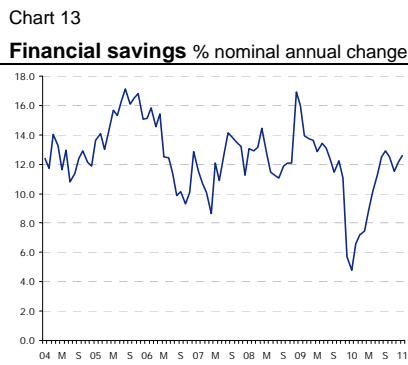
In January 2011, the nominal annual growth rate of resources deposited in bond holding companies (SIs) was 25.2%. This rate was lower than in the preceding month (27.5%) but higher than the same month of 2009 (16.5%). Chart 10 shows that the rate of increase of this type of non-bank savings grew from Jun-09 to Nov-10, but that the rate of increase declined in the following two months, although it remained significantly high.



Source: BBVA Research with Banco de México data

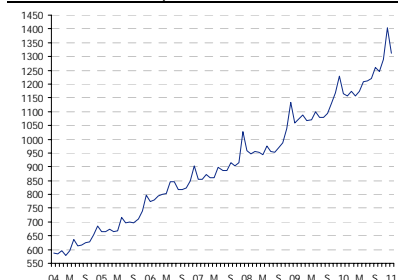
**Financial Savings (FS = savings in bank and non-bank instruments)**

In January 2011, the nominal annual growth rate in FS was 12.6%, which was higher than in the previous month (12.1%) and the same month in 2009 (4.8%). The contributions to growth of the components making up this aggregate were as follows: public sector securities contributed 8.2 percentage points (pp) of the 12.1 pp growth; savings institutions, 3.3 pp (commercial banks, 3.2 pp; savings and loan companies, 0.1 pp; development banking, 0.0 pp; and overseas agencies, 0.0 pp); retirement savings system outside Siefors, 0.8 pp; and debt issues by private companies, 0.3 pp.



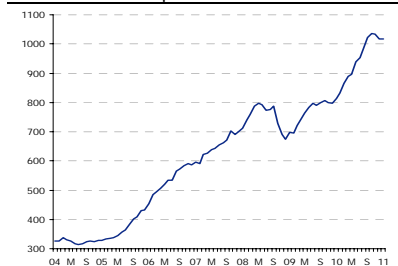
Source: BBVA Research with Banxico data

Chart 8  
**Demand-deposit savings Balance in billions of current pesos**



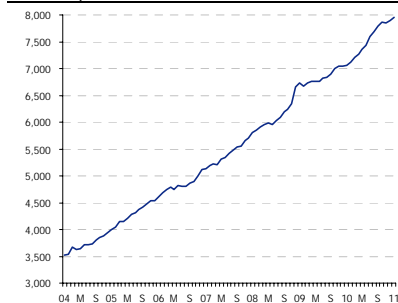
Source: BBVA Research with Banco de México data

Chart 11  
**Bond Holding Companies. Balance in billions of current pesos**



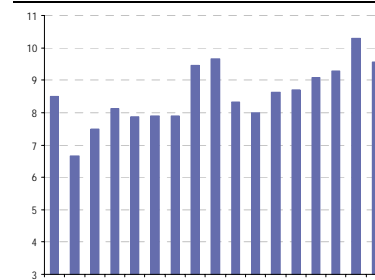
Source: BBVA Research with Banco de México data  
Chart 14

**Financial Savings. Balance in billions of current pesos**



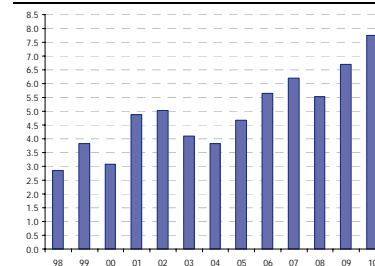
Source: BBVA Research with Banxico data

Chart 9  
**Demand savings % GDP**



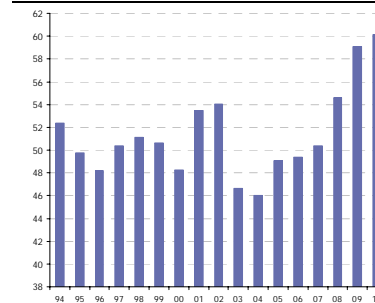
Source: BBVA Research with Banco de México and INEGI data

Chart 12  
**Bond Holding Companies % GDP**



Source: BBVA Research with Banco de Mexico and INEGI data  
Chart 15

**Financial Savings. % GDP**



Source: BBVA Research with Banxico data

FINANCIAL SAVINGS BY COMPONENTS  
Balance end of period in billions of January 2011 pesos

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	J 09	F	M	A	M	J	J	A	S	O	N	D	J 10	F	M	A	M	J	J	A	S	O	N	D	J 11	
<b>M4 a</b>	3,669	3,915	4,054	4,525	4,726	5,166	5,503	6,116	6,644	7,122	7,806	7,854	7,762	7,775	7,784	7,806	7,781	7,833	7,820	7,848	7,933	7,956	7,984	7,898	7,900	7,953	8,026	8,182	8,262	8,411	8,480	8,539	8,573	8,504	8,573	8,559	
- Bills & currency holdings	2,229	2,300	2,85	2,98	3,29	3,59	3,90	4,22	4,70	5,00	5,39	5,22	5,16	5,05	5,06	5,11	5,04	5,10	4,98	4,91	4,98	5,06	5,66	5,41	5,32	5,31	5,25	5,37	5,35	5,45	5,36	5,28	5,35	5,39	6,05	5,78	
= Financial Savings	3,447	3,635	3,769	4,227	4,396	4,806	5,113	5,694	6,175	6,622	7,267	7,332	7,246	7,266	7,278	7,294	7,276	7,323	7,322	7,357	7,435	7,456	7,419	7,356	7,368	7,421	7,501	7,644	7,727	7,866	7,944	8,010	8,039	7,965	7,968	7,981	
<b>I. Deposit Institutions</b>	<b>2,359</b>	<b>2,252</b>	<b>1,959</b>	<b>2,031</b>	<b>1,945</b>	<b>2,059</b>	<b>2,170</b>	<b>2,326</b>	<b>2,331</b>	<b>2,539</b>	<b>2,844</b>	<b>2,726</b>	<b>2,685</b>	<b>2,733</b>	<b>2,679</b>	<b>2,672</b>	<b>2,708</b>	<b>2,668</b>	<b>2,634</b>	<b>2,677</b>	<b>2,684</b>	<b>2,711</b>	<b>2,859</b>	<b>2,689</b>	<b>2,668</b>	<b>2,680</b>	<b>2,660</b>	<b>2,701</b>	<b>2,797</b>	<b>2,816</b>	<b>2,842</b>	<b>2,849</b>	<b>2,833</b>	<b>2,839</b>	<b>2,993</b>	<b>2,854</b>	
Development banks	251	258	264	315	329	342	340	408	341	323	344	360	326	335	329	330	352	352	357	346	345	337	358	350	344	333	328	334	360	374	378	349	351	355	362	352	
Commercial banks (domestic)	1,935	1,858	1,599	1,634	1,544	1,660	1,765	1,848	1,907	2,110	2,385	2,254	2,246	2,285	2,240	2,238	2,254	2,212	2,171	2,205	2,212	2,247	2,374	2,211	2,198	2,225	2,196	2,227	2,299	2,304	2,325	2,366	2,337	2,347	2,491	2,371	
Demand deposits	531	567	615	748	786	857	889	1,000	1,089	1,195	1,235	1,153	1,164	1,174	1,147	1,155	1,183	1,159	1,157	1,165	1,203	1,234	1,293	1,215	1,198	1,207	1,194	1,220	1,255	1,255	1,261	1,297	1,272	1,307	1,416	1,318	
Time deposits	1,404	1,291	983	886	758	803	875	848	818	915	1,150	1,101	1,083	1,112	1,093	1,083	1,071	1,053	1,015	1,039	1,008	1,012	1,081	997	1,001	1,018	1,002	1,007	1,044	1,049	1,064	1,070	1,065	1,040	1,075	1,053	
Agencies abroad of commercial banks	165	126	88	73	62	45	51	53	62	84	92	89	90	89	87	81	79	82	83	78	78	78	78	76	72	85	88	86	84	86	80	92	83	86	77		
Savings and loans institutions	8	10	8	9	10	12	15	18	21	23	23	23	23	23	23	23	23	23	23	23	23	23	48	49	49	50	50	49	51	51	52	52	53	54	54	54	54
<b>II. Securities issued by the public sector</b>	<b>716</b>	<b>993</b>	<b>1,331</b>	<b>1,663</b>	<b>1,856</b>	<b>2,052</b>	<b>2,182</b>	<b>2,552</b>	<b>2,942</b>	<b>3,126</b>	<b>3,212</b>	<b>3,392</b>	<b>3,358</b>	<b>3,330</b>	<b>3,403</b>	<b>3,446</b>	<b>3,387</b>	<b>3,449</b>	<b>3,485</b>	<b>3,480</b>	<b>3,545</b>	<b>3,528</b>	<b>3,362</b>	<b>3,463</b>	<b>3,509</b>	<b>3,540</b>	<b>3,628</b>	<b>3,709</b>	<b>3,700</b>	<b>3,796</b>	<b>3,861</b>	<b>3,926</b>	<b>3,961</b>	<b>3,859</b>	<b>3,729</b>	<b>3,871</b>	
Federal government securities	660	918	1,085	1,066	1,182	1,275	1,167	1,326	1,813	2,074	2,262	2,436	2,401	2,417	2,456	2,510	2,455	2,511	2,531	2,517	2,584	2,580	2,407	2,464	2,498	2,504	2,563	2,641	2,610	2,711	2,749	2,835	2,869	2,774	2,674	2,774	
Central bank bonds	0	0	33	217	228	207	257	294	104	14	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
IPAB bonds (Bank savers protection institute)	0	0	111	224	298	360	496	582	609	659	572	568	568	526	549	535	529	533	545	555	563	542	550	597	598	613	623	613	634	627	645	625	620	581	612	612	
Other public sector bonds	56	74	103	156	148	211	262	350	416	380	378	386	388	385	397	400	402	404	408	406	398	405	404	401	411	422	441	454	454	457	466	466	465	465	472	484	484
<b>III. Debt securities issued by private firms</b>	<b>112</b>	<b>94</b>	<b>133</b>	<b>138</b>	<b>187</b>	<b>239</b>	<b>265</b>	<b>268</b>	<b>299</b>	<b>346</b>	<b>336</b>	<b>337</b>	<b>329</b>	<b>323</b>	<b>311</b>	<b>299</b>	<b>307</b>	<b>322</b>	<b>322</b>	<b>311</b>	<b>320</b>	<b>321</b>	<b>312</b>	<b>323</b>	<b>317</b>	<b>321</b>	<b>323</b>	<b>326</b>	<b>320</b>	<b>338</b>	<b>328</b>	<b>317</b>	<b>331</b>	<b>348</b>	<b>331</b>	<b>336</b>	
<b>IV. Pension funds outside Mutual Pension Funds</b>	<b>260</b>	<b>297</b>	<b>345</b>	<b>395</b>	<b>408</b>	<b>456</b>	<b>496</b>	<b>548</b>	<b>603</b>	<b>611</b>	<b>876</b>	<b>877</b>	<b>874</b>	<b>880</b>	<b>885</b>	<b>877</b>	<b>874</b>	<b>883</b>	<b>880</b>	<b>889</b>	<b>885</b>	<b>890</b>	<b>885</b>	<b>881</b>	<b>874</b>	<b>881</b>	<b>890</b>	<b>910</b>	<b>917</b>	<b>912</b>	<b>918</b>	<b>914</b>	<b>919</b>	<b>916</b>	<b>920</b>	<b>920</b>	
<b>Financial Savings = I + II + III + IV</b>	<b>3,447</b>	<b>3,635</b>	<b>3,769</b>	<b>4,227</b>	<b>4,396</b>	<b>4,806</b>	<b>5,113</b>	<b>5,694</b>	<b>6,175</b>	<b>6,622</b>	<b>7,267</b>	<b>7,332</b>	<b>7,246</b>	<b>7,266</b>	<b>7,278</b>	<b>7,294</b>	<b>7,276</b>	<b>7,323</b>	<b>7,322</b>	<b>7,357</b>	<b>7,435</b>	<b>7,456</b>	<b>7,419</b>	<b>7,356</b>	<b>7,368</b>	<b>7,421</b>	<b>7,501</b>	<b>7,644</b>	<b>7,727</b>	<b>7,866</b>	<b>7,944</b>	<b>8,010</b>	<b>8,039</b>	<b>7,965</b>	<b>7,968</b>	<b>7,981</b>	
<b>Instruments included in Financial Savings</b>																																					
Mutual Pension Funds (MPF)	108	185	256	372	460	547	621	736	867	962	1,020	1,036	982	1,047	1,073	1,080	1,083	1,100	1,113	1,143	1,153	1,174	1,186	1,190	1,216	1,241	1,249	1,265	1,321	1,354	1,367	1,407	1,420	1,381	1,376	1,367	
Holdings of public sector securities by foreigners	43	17	14	26	25	34	102	142	175	265	304	322	299	300	300	305	291	299	308	327	343	348	344	370	382	419	467	462	459	482	510	540	622	630	642	687	
Debt Mutual Funds	191	274	240	384	408	420	423	541	704	811	732	757	753	775	797	821	840	853	844	849	853	842	837	843	858	888	913	928	972	985	1,014	1,047	1,055	1,045	1,023	1,017	
Total Mutual Funds: Debt + Variable Income	229	321	286	440	458	494	514	638	848	995	863	879	870	894	923	954	973	993	992	1,003	1,007	1,004	1,002	1,008	1,030	1,074	1,105	1,128	1,170	1,191	1,207	1,245	1,260	1,253	1,242	1,237	
Financial Savings without Total Pension Funds	3,078	3,153	3,168	3,460	3,528	3,803	3,996	4,410	4,705	5,049	5,372	5,418	5,390	5,338	5,320	5,337	5,319	5,340	5,329	5,325	5,397	5,386	5,347	5,286	5,278	5,299	5,363	5,470	5,497	5,596	5,664	5,685	5,705	5,665	5,676	5,695	
Total Pension Funds (MPF + non-MPF)	368	482	601	767	868	1,003	1,116	1,284	1,470	1,573	1,896	1,914	1,856	1,927	1,958	1,958	1,984	1,993	2,032	2,038	2,064	2,072	2,071	2,090	2,122	2,138	2,174	2,231	2,270	2,280	2,325	2,334	2,300	2,292	2,286	2,286	
<b>Real annual % change</b>																																					
<b>M4 a</b>	5.4	6.7	3.5	11.6	4.4	9.3	6.5	11.1	8.6	7.2	9.6	9.3	7.5	7.5	7.4	6.8	7.5	7.5	7.1	6.4	7.3	6.9	2.3	0.6	1.8	2.3	3.1	4.8	6.2	7.4	8.4	8.8	8.1	6.9	7.4	8.4	
- Bills & currency holdings	3.8	26.1	1.7	4.7	10.4	9.2	8.6	8.0	11.4	6.4	7.9	11.2	10.9	11.7	12.7	11.9	12.0	11.6	9.4	8.7	5.7	5.7	4.9	3.7	3.0	4.4	3.7	5.1	6.0	7.0	7.7	7.7	7.4	6.6	6.9	6.7	
= Financial Savings	5.5	5.5	3.7	12.2	4.0	9.3	6.4	11.4	8.4	7.2	9.7	9.2	7.3	7.3	7.0	6.5	7.3	7.3	6.9	6.3	7.4	7.0	2.1	0.3	1.7	2.1	3.1	4.8	6.2	7.4	8.5	8.9	8.1	6.9	7.4	8.5	
<b>I. Deposit Institutions</b>	<b>3.3</b>	<b>-4.5</b>	<b>-13.0</b>	<b>3.7</b>	<b>-4.2</b>	<b>5.9</b>	<b>5.4</b>	<b>7.2</b>	<b>0.2</b>	<b>9.0</b>	<b>12.0</b>	<b>10.8</b>	<b>10.1</b>	<b>11.4</b>	<b>7.6</b>	<b>8.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.3</b>	<b>7.1</b>	<b>-0.2</b>	<b>-1.2</b>	<b>0.5</b>	<b>-1.3</b>	<b>-0.7</b>	<b>-1.9</b>	<b>-0.7</b>	<b>1.1</b>	<b>3.3</b>	<b>5.5</b>	<b>7.9</b>	<b>6.4</b>	<b>5.6</b>	<b>4.7</b>	<b>4.7</b>	<b>6.1</b>	
Development banks	8.7	2.9	2.2	19.2	4.5	4.1	-0.7	19.8	-16.4	-5.1	6.4	25.0	14.9	21.3	12.4	20.4	24.3	23.3	37.7	31.0	19.5	4.6	4.1	-2.8	5.6	-0.6	-0.3	1.2	2.2	6.2	5.9	0.9	1.6	5.4	1.1	0.6	
Commercial banks (domestic)	3.9	-4.0	-13.9	2.2	-5.5	7.5	6.3	4.7	3.2	10.6	13.1	9.1	9.8	10.3	7.0	6.6	5.0	4.9	3.9	3.8	-3.3	-2.6	-0.5	-1.9	-2.1	-2.7	-2.0	-0.5	2.0	4.2	7.1	7.3	5.7	4.5	4.9	7.2	
Demand deposits	0.1	6.9	8.5	21.6	5.0	9.1	3.8	12.4	8.9	9.7	3.4	4.1	6.5	7.2	5.5	6.9	6.5	7.1	8.0	7.4	9.9	8.2	4.7	5.4	2.9	2.8	4.1	5.6	6.1	8.3	9.0	11.3	5.7	5.9	9.5	8.5	
Time deposits	5.4	-8.1	-23.8	-9.9	-14.4	5.9	9.0	-3.1	-3.5	11.9	25.7	15.0	13.5	13.7	8.7	6.3	3.3	2.5	-0.4	0.0	-15.4	-13.2	-6.0	-9.5	-7.6	-8.4	-8.4	-7.0	-2.6	0.4	4.9	2.9	5.7	2.7	-0.5	5.6	
Agencies abroad of commercial banks	-9.9	-23.7	-29.7	-16.9	-15.2	-28.4	13.4	4.4	18.3	34.7	9.0	7.1	5.2	11.5	8.2	5.6	3.2	6.4	1.4	-10.7	-14.0	-16.0	-15.1	-12.2	-15.8	-19.7	-1.3	8.7	9.3	2.7	3.9	2.2	16.8	6.4	10.5	-1.6	