

Economic Watch

Mexico

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Economic Analysis

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Home loans and finance Monthly Situation Report

- In July, mortgage lending granted by commercial banks recorded a 6% annual increase in the number of loans, and a 22% increase in the amount lent (nominal).
- Mortgage lending as a whole performed better than lending for home building.
- We maintain our forecast for year end of a recovery in the industry compared to 2010; this will also be influenced by supply in the sector.

Bank lending on the rise

The second half of the year started with an increase in the number of loans and the amount lent by the commercial banking sector. There was a slight decline in the number of loans from public bodies, although Infonavit increased the amount placed. In general, there was a 2.2% decrease in the number of loans in this market, but a 2.8% increase in the nominal value of housing loans. The residential sector had a higher rate of growth, whilst the traditional sector performed less well.

Although co-financing has decreased as a share of the market granted by commercial banks over recent months, the gap between the growth rates in the two types of finance has narrowed. The number of loans, in year-on-year terms, remain above 600 thousand

To July, the granting of housing loans represents around 50% of our forecast growth for the year, which makes it possible that there will be in excess of 600 thousand loans by year end. This is because housing sales increase more than proportionally in the second half of the year as a result of the seasonal effect of the end of the period. It should be noted that these conditions will also be subject to an improvement in supply conditions, which have suffered a major contraction as a result of both less construction credit and new construction starts.

Table 1
Mortgage lending
Number and amount of loans, annual aggregate

	Number of loans (thousands)			Amount of lending (billion Pesos)		
	Jul-10	Jul-11	% annual change	Jul-10	Jul-11	% annual change
Public	292.8	278.0	-5.0	81.5	78.1	-4.2
Infonavit	253.6	247.0	-2.6	60.5	64.1	5.9
Fovissste	39.2	31.0	-20.8	21.0	14.0	-33.3
Private	43.1	43.7	1.4	30.9	37.5	21.3
Banks	39.3	41.8	6.3	29.9	36.5	22.1
Sofoles	3.8	1.9	-49.7	1.0	1.0	-5.0
Subtotal	335.9	321.8	-4.2	112.4	115.6	2.8
Co-finance	18.4	11.3	-38.6	---	---	---
Total	317.5	310.5	-2.2	112.4	115.6	2.8

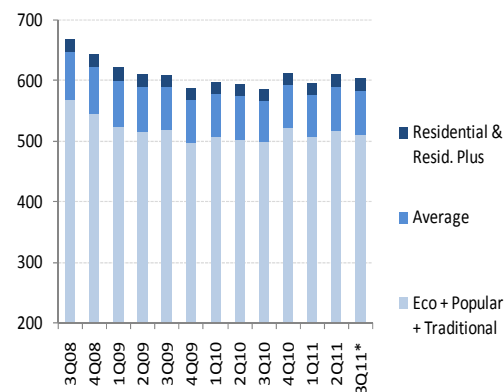
Source: BBVA Research with data from ABM, AHM and AMFE

Table 2
Mortgage lending by segment
Number of loans, annual aggregate

	loans (thousands)		% Change
	Jul-10	Jul-11	
Total	317.6	309.6	-2.5
Economy + Popular (up to 350,000)	174.3	178.3	2.3
Traditional (up to 610,000)	97.9	84.0	-14.1
Average (up to 1.3 million)	35.8	36.3	1.4
Residential (up to 2.6 million)	8.0	8.9	11.3
Residential Plus (over 2.6 million)	1.7	2.1	24.6

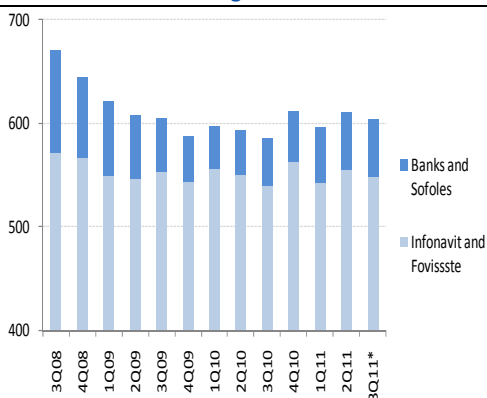
Note: Figures for 2011 are estimates
 Source: BBVA Research

Chart 1
Number of loans by segment
 Thousands, annualized figures



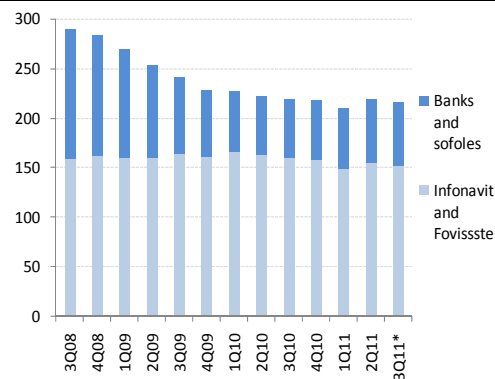
*With figures to July
 Source: BBVA Research

Chart 3
Number of loans by institution
 Thousands, annualized figures



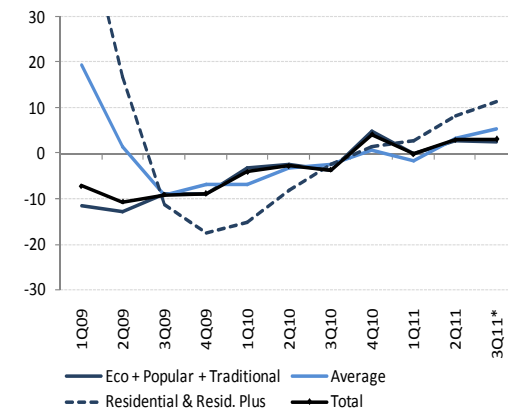
Note: the private sector only includes the open market
 *With figures to July
 Source: BBVA Research with ABM and AHM data

Chart 5
Amount of loans by institution
 billion pesos, annualized figures



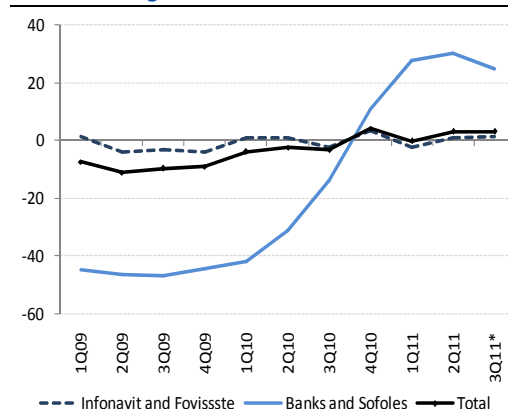
*With figures to July
 Source: BBVA Research with ABM and AHM data

Chart 2
Number of loans by segment
 % annual change



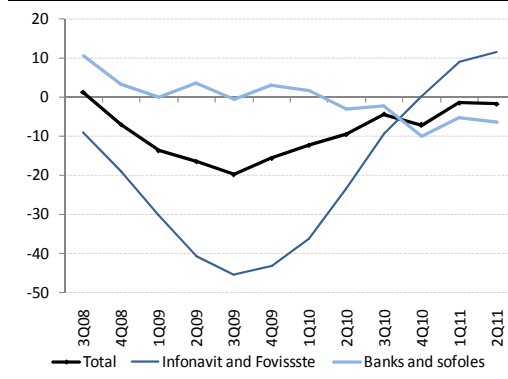
*With figures to July
 Source: BBVA Research

Chart 4
Number of loans by institution
 % annual change



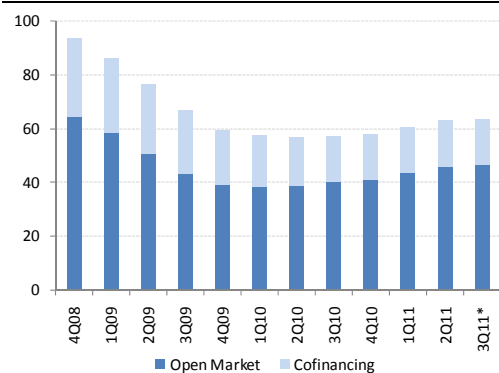
*With figures to July
 Source: BBVA Research with ABM and AHM data

Chart 6
Amount of lending by institution
 Real annual % change



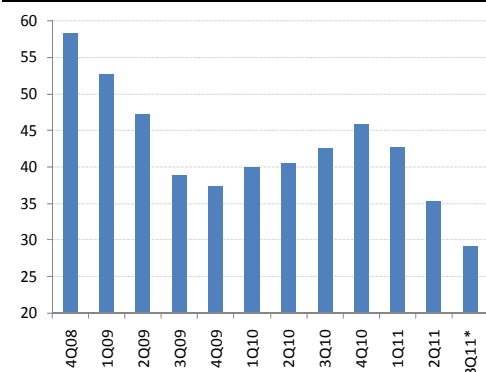
*With figures to July
 Source: BBVA Research with ABM and AHM data

Chart 7
 Number of loans granted by commercial banks, year-on-year figures
 Thousands



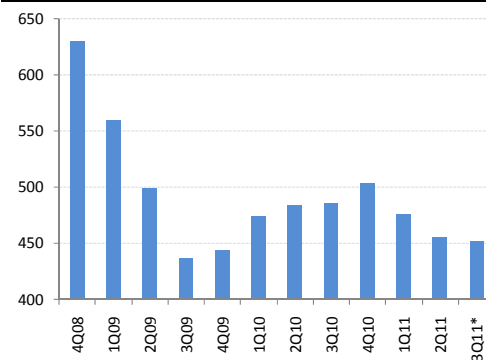
*With figures to August
 Source: BBVA Research with ABM data

Chart 9
 Construction loans
 Billion pesos at 2011 prices, annualized figures



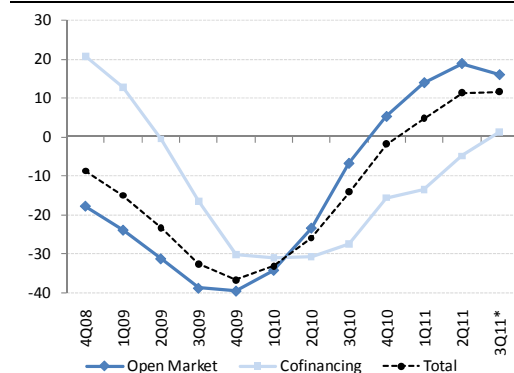
*With figures to July
 Source: BBVA Research with AHM data

Chart 11
 Housing starts: RUV
 Thousands of homes, annualized figures



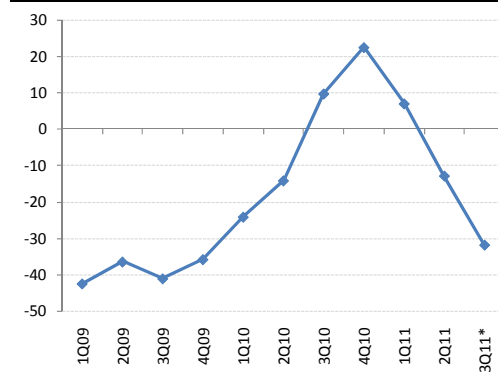
*With figures to July
 Source: BBVA Research with RUV data

Chart 8
 Number of loans granted by commercial banks, year-on-year figures
 % annual change



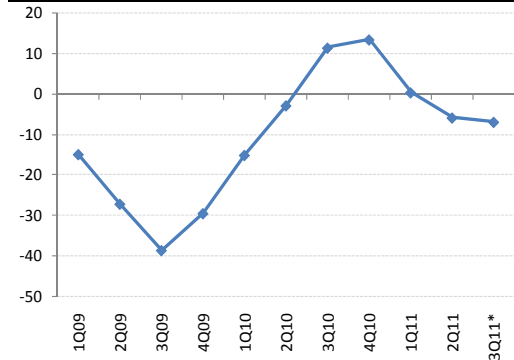
*With figures to August
 Source: BBVA Research with ABM data

Chart 10
 Construction loans
 % real annual change**



*With figures to July
 ** Based on quarterly flows
 Source: BBVA Research with AHM data

Chart 12
 Housing starts (RUV figures)
 % annual change**



* With figures to July
 ** Based on quarterly flows
 Source: BBVA Research with RUV data

Table 3:
Number of mortgage loans by state

	Infonavit			Fovissste			Bancos			Sofoles			Total		
	jul-10	jul-11	% Change	jul-10	jul-11	% Change	jul-10	jul-11	% Change	jul-10	jul-11	% Change	jul-10	jul-11	% Change
Ags	4,536	4,208	-7.2	592	641	8.3	655	814	24.3	98	38	-61.2	5,881	5,701	-3.1
BC	13,848	14,089	1.7	827	520	-37.1	1,255	1,288	2.7	356	91	-74.4	16,286	15,988	-1.8
BCS	1,715	2,138	24.7	610	546	-10.5	493	454	-7.9	2	0	-100.0	2,820	3,138	11.3
Cam	1,386	1,573	13.5	149	112	-24.8	239	230	-3.8	4	4	0.0	1,778	1,919	7.9
Coah	11,951	10,088	-15.6	735	598	-18.6	1,159	1,182	2.0	10	1	-90.0	13,855	11,869	-14.3
Col	2,345	2,048	-12.7	226	332	46.9	319	323	1.3	2	3	50.0	2,892	2,706	-6.4
Chis	2,057	3,049	48.2	1,150	640	-44.3	426	445	4.5	2	0	-100.0	3,635	4,134	13.7
Chih	12,956	9,998	-22.8	700	631	-9.9	1,723	1,625	-5.7	73	10	-86.3	15,452	12,264	-20.6
DF	8,000	9,513	18.9	3,317	1,535	-53.7	5,700	6,135	7.6	179	39	-78.2	17,196	17,222	0.2
Dgo	3,220	2,895	-10.1	441	561	27.2	359	364	1.4	1	0	-100.0	4,021	3,820	-5.0
Gto	12,116	12,430	2.6	991	893	-9.9	1,694	2,028	19.7	91	66	-27.5	14,892	15,417	3.5
Gro	2,059	2,189	6.3	1,875	916	-51.1	440	441	0.2	1	0	-100.0	4,375	3,546	-18.9
Hgo	4,770	5,508	15.5	1,647	1,750	6.3	394	492	24.9	30	22	-26.7	6,841	7,772	13.6
Jal	19,927	21,865	9.7	1,852	1,329	-28.2	4,292	4,463	4.0	333	93	-72.1	26,404	27,750	5.1
Méx	26,572	24,237	-8.8	8,707	5,851	-32.8	2,129	2,507	17.8	590	318	-46.1	37,998	32,913	-13.4
Mich	5,682	5,820	2.4	1,037	919	-11.4	1,185	1,397	17.9	17	14	-17.6	7,921	8,150	2.9
Mor	3,309	3,746	13.2	2,988	2,024	-32.3	504	573	13.7	21	1	-95.2	6,822	6,344	-7.0
Nay	2,590	2,440	-5.8	822	551	-33.0	293	307	4.8	42	25	-40.5	3,747	3,323	-11.3
NL	28,949	28,175	-2.7	830	995	19.9	4,045	4,353	7.6	712	287	-59.7	34,536	33,810	-2.1
Oax	1,591	887	-44.2	379	341	-10.0	338	296	-12.4	0	3	---	2,308	1,527	-33.8
Pue	7,908	8,117	2.6	1,040	998	-4.0	1,257	1,421	13.0	51	40	-21.6	10,256	10,576	3.1
Qro	7,530	6,941	-7.8	854	945	10.7	1,283	1,367	6.5	94	43	-54.3	9,761	9,296	-4.8
QR	7,491	8,104	8.2	1,468	1,155	-21.3	1,102	1,170	6.2	231	107	-53.7	10,292	10,536	2.4
SLP	4,893	5,001	2.2	529	520	-1.7	1,121	1,151	2.7	42	14	-66.7	6,585	6,686	1.5
Sin	7,412	6,438	-13.1	1,270	819	-35.5	1,152	1,316	14.2	9	3	-66.7	9,843	8,576	-12.9
Son	10,881	11,182	2.8	752	787	4.7	818	947	15.8	172	47	-72.7	12,623	12,963	2.7
Tab	3,043	2,883	-5.3	210	204	-2.9	476	518	8.8	9	3	-66.7	3,738	3,608	-3.5
Tam	13,688	11,659	-14.8	661	726	9.8	1,606	1,185	-26.2	48	26	-45.8	16,003	13,596	-15.0
Tlax	1,210	1,203	-0.6	95	141	48.4	95	75	-21.1	1	1	0.0	1,401	1,420	1.4
Ver	11,114	10,561	-5.0	3,129	1,911	-38.9	1,907	1,880	-1.4	106	59	-44.3	16,256	14,411	-11.3
Yuc	7,367	6,228	-15.5	938	922	-1.7	644	812	26.1	10	2	-80.0	8,959	7,964	-11.1
Zac	1,504	1,814	20.6	189	206	9.0	222	238	7.2	2	0	-100.0	1,917	2,258	17.8
ND	0	0	---	0	0	---	0	0	---	63	535	---	63	535	---
Total	253,620	247,027	-2.6	39,157	31,019	-20.8	39,324	41,796	6.3	3,779	1,895	-49.9	335,880	321,737	-4.2

Source: BBVA Research with AHM data

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