

Mexico Banking Flash

Bank deposits: slight slowdown in growth

In April 2012 the annual nominal growth rate of traditional bank deposits (demand + time) was 9.3%. This rate was lower than for the preceding month (10.8%) and for the same month in 2011 (14%).

- **Demand deposits: continue growing strongly, in April at an annual nominal rate of 15.3%**

In April 2011, the nominal annual growth in demand deposits was 15.3%, slightly down on the preceding month (15.7%) but the same as the rate for the same month in 2011. It is worth noting that given the high rate of growth recorded, the performance of these bank deposits continue to be favorable. Moreover, the average nominal growth rate for the first four months of 2012 was 15.3%, higher than the rate for the same period in 2011 (14.4%).

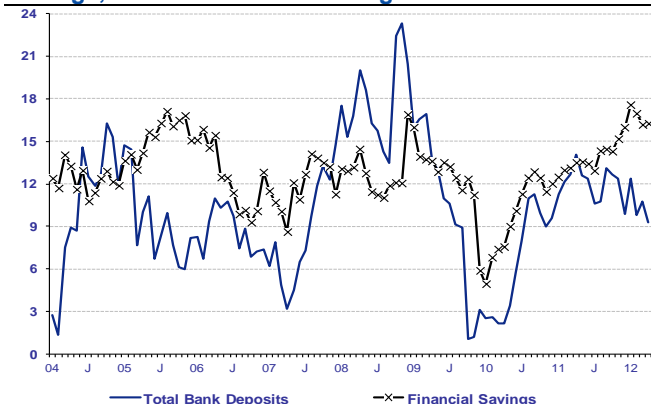
- **Time deposits: continued slowdown in growth**

In April the annual nominal growth rate of time deposits was 2%. The growth of this form of deposits has been slowing: in the same month of 2011 the nominal annual growth rate was 12.5%. Since then it has been slowing gradually, and in March 2012 stood at 4.5%. It is worth noting that as the rate of growth of bank time deposits has fallen, that of debt mutual funds (SIDs) has risen. The SIDs are non-banking saving instruments that compete with time deposits; and when time deposits have grown at high rates, rates of growth for SIDs have fallen. The reverse has happened when the SIDs have grown strongly. In September 2011 growth of SIDs was 1.2% and this increased to 11.8% in April 2012.

- **Financial Savings (FS): public-sector securities their main source of strength**

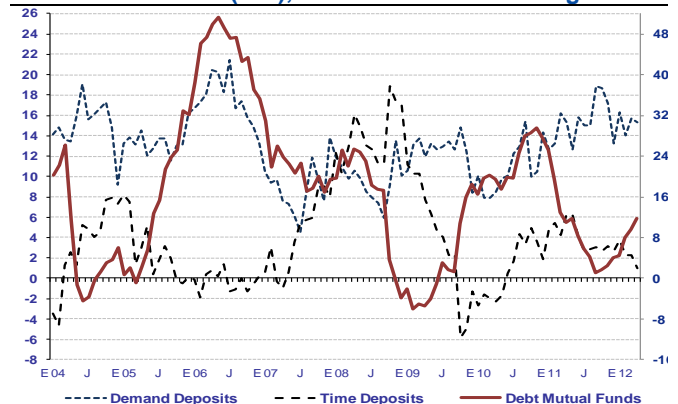
The nominal annual rate of growth of financial savings (FS) in April 2012 was 16.3%. This rate was slightly higher than in the preceding month (16.2%) but higher than the same month in 2011 (13.5%). Financial savings include all types of banking and non-banking savings instruments. In April the contribution to its growth by its 4 components was as follows: 1) public-sector securities contributed 11.3 percentage points (pp) of the 16.3 pp growth; 2) deposit institutions, 3.6 pp (commercial banks, 2.7 pp; development banks, 0.8 pp; overseas agencies of commercial banks, nearly 0.1 pp); 3) the retirement savings system outside Siefors, 0.9 pp; and 4) private-sector debt, 0.5 pp.

Chart 1
Traditional savings in commercial banking and financial savings, nominal annual % change



Source: BBVA Research with Bank of Mexico data

Chart 2
Demand and time deposits in commercial banking and debt mutual funds (SID), nominal annual % change

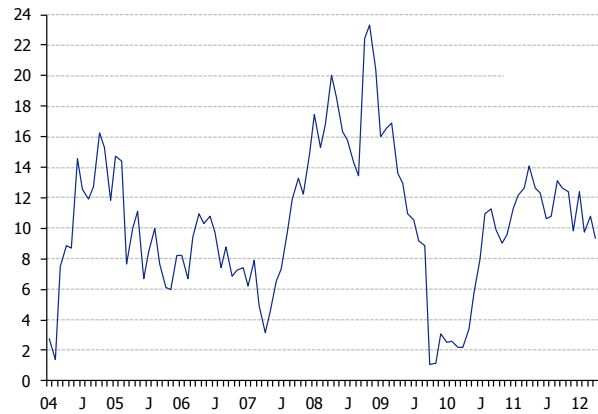


Source: BBVA Research with Bank of Mexico data

Deposits: graphs and statistics

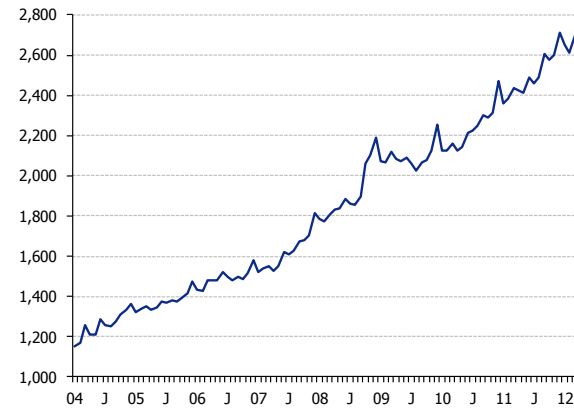
- In April 2012 the annual nominal growth rate of total bank deposits was 9.3%.
- Demand deposits grew at 15.3% and the nominal growth rate of time deposits was smaller and of 2%.
- Financial savings, which include banking and non banking savings instruments, in April 2012 also grew at a high rate, which was of 16.3%.

Graph 1
Total Bank Deposits (Time + Demand Deposits)
Annual nominal rate of growth, %



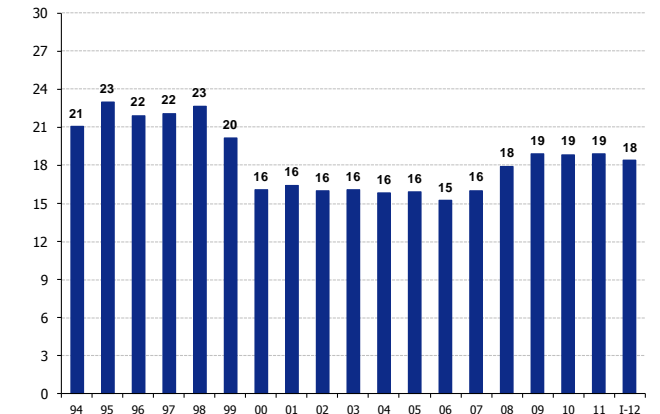
Source: BBVA Research with data of Bank of Mexico

Graph 2
Total Bank Deposits
Balance in current billions of Mexican pesos



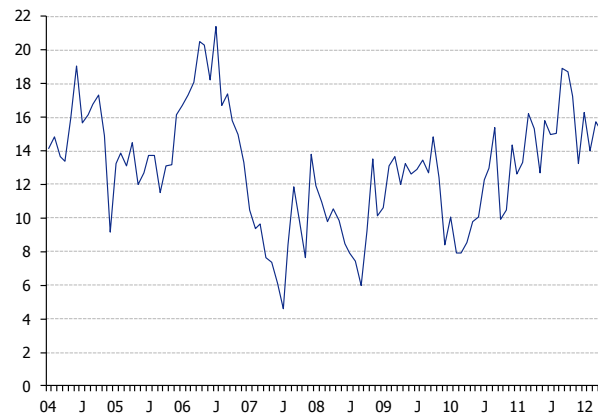
Source: BBVA Research with data of Bank of Mexico

Graph 3
Total Bank Deposits
As ratio of GDP, %



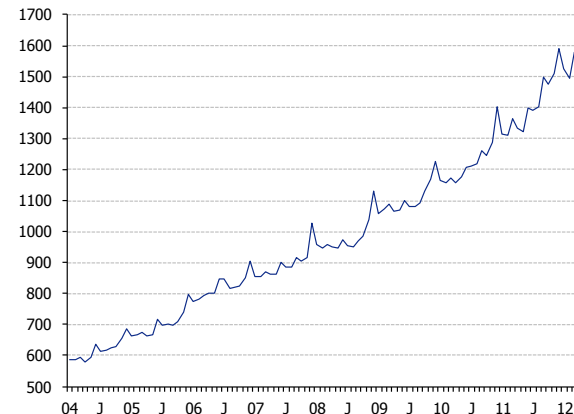
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 4
Demand Deposits
Annual nominal rate of growth, %



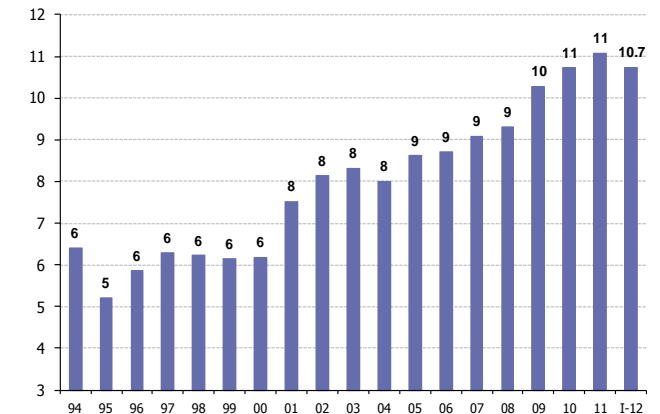
Source: BBVA Research with data of Bank of Mexico

Graph 5
Demand Deposits
Balance in current billions of Mexican pesos



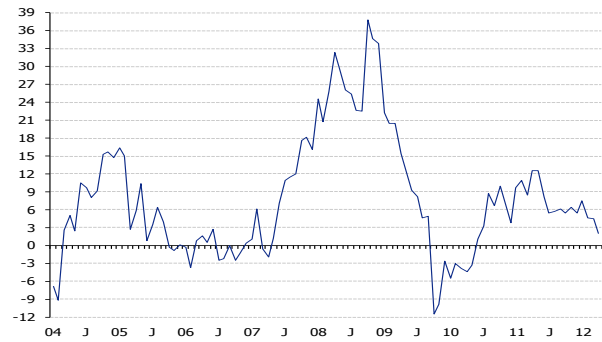
Source: BBVA Research with data of Bank of Mexico

Graph 6
Demand Deposits
As ratio of GDP, %



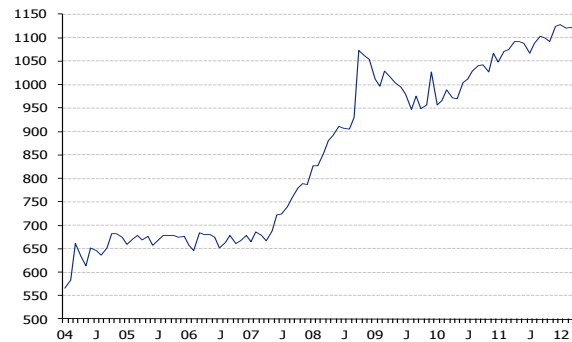
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 7
Time Deposits
Annual nominal rate of growth, %



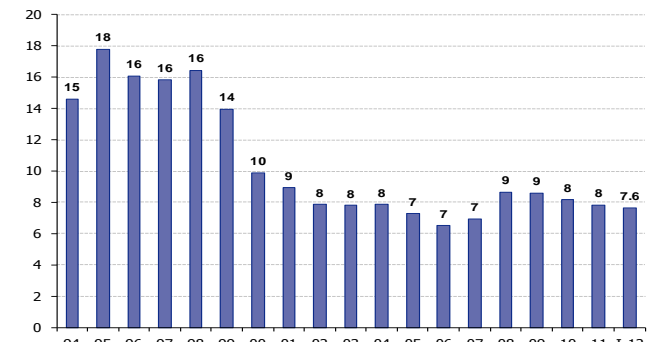
Source: BBVA Research with data of Bank of Mexico

Graph 8
Time Deposits
Balance in current billions of Mexican pesos



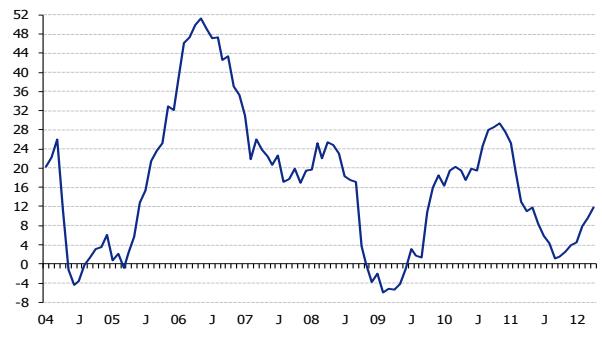
Source: BBVA Research with data of Bank of Mexico

Graph 9
Time Deposits
As ratio of GDP, %



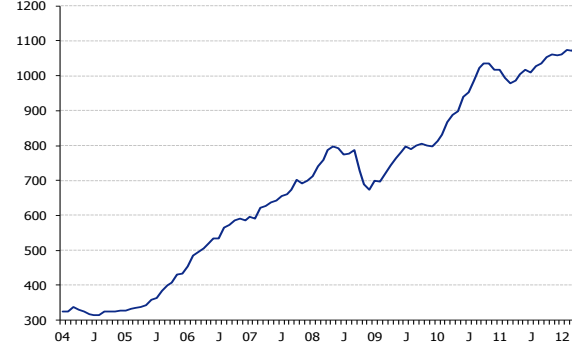
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 10
Debt Mutual Funds
Annual nominal rate of growth, %



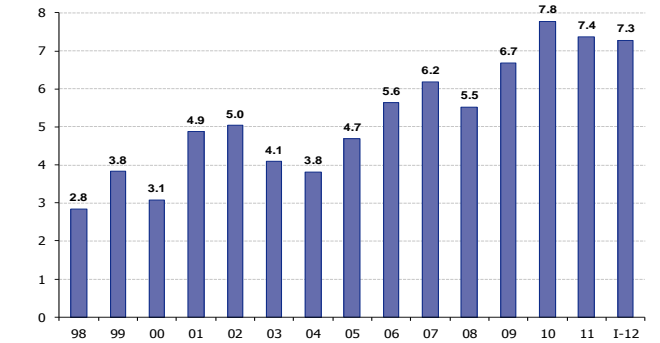
Source: BBVA Research with data of Bank of Mexico

Graph 11
Debt Mutual Funds
Balance in current billions of Mexican pesos



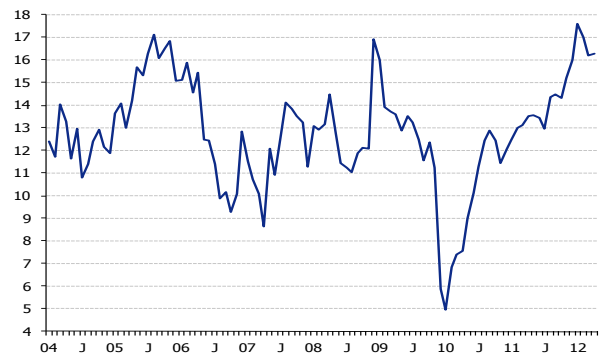
Source: BBVA Research with data of Bank of Mexico

Graph 12
Debt Mutual Funds
As ratio of GDP, %



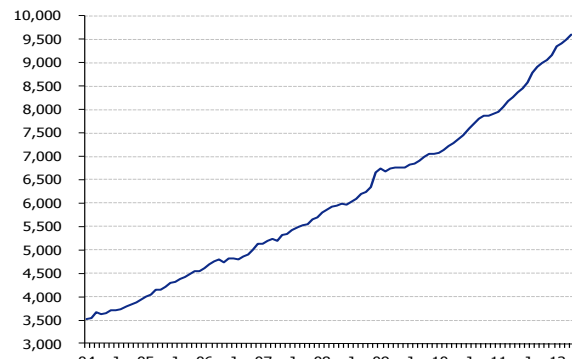
Source: BBVA Research with data of Bank of Mexico and INEGI

Graph 13
Financial Savings
Annual nominal rate of growth, %



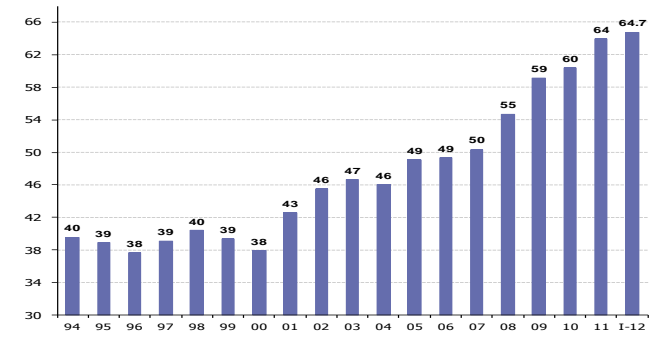
Source: BBVA Research with data of Bank of Mexico

Graph 14
Financial Savings
Balance in current billions of Mexican pesos



Source: BBVA Research with data of Bank of Mexico

Graph 15
Financial Savings
As ratio of GDP, %



Source: BBVA Research with data of Bank of Mexico and INEGI

FINANCIAL SAVINGS BY COMPONENTS

Balance end of period in billions of April 2012 Mexican pesos

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	J 10	F	M	A	M	J	J	A	S	O	N	D	J 11	F	M	A	M	J	J	A	S	O	N	D	J 12	F	M	A	
M4 a	3,801	4,056	4,200	4,688	4,896	5,352	5,701	6,336	6,884	7,378	8,088	8,284	8,886	9,900	8,193	8,200	8,252	8,323	8,484	8,567	8,721	8,791	8,851	8,887	8,816	8,886	8,872	8,934	9,036	9,126	9,308	9,386	9,466	9,686	9,803	9,821	9,789	9,900	9,990	10,031	10,114	10,253	
- Bills & currency holdings	230	290	295	309	341	372	404	437	487	518	559	586	626	670	561	551	551	544	557	554	565	565	548	554	559	626	599	590	579	583	588	585	589	581	588	591	598	670	639	633	641	647	
= Financial Savings	3,571	3,766	3,905	4,380	4,555	4,979	5,297	5,899	6,397	6,860	7,529	7,698	8,260	9,229	7,632	7,650	7,702	7,779	7,928	8,013	8,156	8,235	8,303	8,333	8,257	8,260	8,273	8,345	8,457	8,543	8,720	8,801	8,896	9,105	9,215	9,230	9,191	9,229	9,351	9,398	9,473	9,606	
I. Deposit Institutions	2,444	2,333	2,030	2,104	2,015	2,133	2,248	2,410	2,415	2,631	2,946	2,962	3,101	3,286	2,787	2,766	2,777	2,756	2,799	2,898	2,917	2,944	2,952	2,936	2,941	3,101	2,957	2,970	3,070	3,049	3,052	3,142	3,091	3,165	3,271	3,211	3,181	3,266	3,227	3,187	3,279	3,246	
Development banks	260	268	274	326	341	355	352	422	353	335	356	371	375	392	363	357	345	340	346	373	388	391	361	364	368	375	365	359	375	376	370	386	377	419	404	401	380	392	406	415	421	427	
Commercial banks (domestic)	2,004	1,925	1,656	1,693	1,599	1,720	1,828	1,914	1,976	2,186	2,471	2,459	2,581	2,731	2,291	2,278	2,305	2,275	2,307	2,382	2,387	2,408	2,451	2,421	2,432	2,581	2,456	2,467	2,520	2,510	2,517	2,591	2,550	2,579	2,689	2,643	2,641	2,731	2,654	2,607	2,692	2,653	
Demand deposits	550	588	638	775	814	888	922	1,036	1,128	1,238	1,280	1,339	1,467	1,600	1,258	1,241	1,250	1,237	1,264	1,300	1,301	1,306	1,343	1,318	1,354	1,467	1,366	1,357	1,410	1,380	1,379	1,458	1,444	1,453	1,549	1,516	1,534	1,600	1,527	1,490	1,573	1,538	
Time deposits	1,454	1,337	1,019	918	786	832	907	878	847	948	1,192	1,120	1,114	1,131	1,033	1,037	1,055	1,038	1,044	1,081	1,087	1,102	1,108	1,104	1,078	1,114	1,091	1,110	1,111	1,130	1,137	1,133	1,106	1,127	1,140	1,127	1,107	1,131	1,127	1,117	1,119	1,115	
Agencies abroad of commercial banks	171	130	91	76	64	46	52	55	65	87	95	81	89	104	81	79	74	89	92	90	87	89	83	95	86	89	79	87	117	106	108	107	105	109	119	109	101	104	109	106	107	107	
Savings and loans institutions	9	10	8	9	11	13	15	18	21	23	24	52	57	59	52	53	53	53	54	55	56	56	56	56	56	56	57	57	57	58	58	58	59	58	59	58	59	58	59	59	59	59	59
II. Securities issued by the public sector	741	1,028	1,379	1,723	1,923	2,126	2,261	2,644	3,048	3,239	3,328	3,483	3,863	4,566	3,588	3,636	3,667	3,759	3,843	3,833	3,933	4,001	4,068	4,103	4,000	3,863	4,010	4,077	4,083	4,167	4,311	4,303	4,438	4,570	4,563	4,635	4,614	4,566	4,738	4,802	4,786	4,962	
Federal government securities	684	951	1,124	1,104	1,225	1,321	1,209	1,374	1,878	2,149	2,343	2,493	2,770	3,374	2,553	2,588	2,594	2,655	2,736	2,704	2,808	2,848	2,937	2,973	2,874	2,770	2,874	2,913	2,966	2,992	3,126	3,122	3,249	3,368	3,392	3,395	3,421	3,374	3,505	3,552	3,522	3,690	
Central bank bonds	0	0	34	225	236	214	266	305	108	14	1	1	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	
IPAB bonds (Bank savers protection institute)	0	0	115	232	309	372	514	602	631	682	593	570	602	641	618	620	635	646	635	657	649	668	647	648	642	602	634	651	613	649	656	653	658	660	638	684	642	641	669	675	697	696	
Other public sector bonds	58	77	107	162	153	219	272	363	431	394	391	419	489	551	416	427	437	456	471	470	474	484	482	482	482	489	502	512	513	526	528	532	542	534	556	551	551	564	575	567	575		
III. Debt securities issued by private firms	116	97	138	143	194	248	274	278	310	358	348	335	347	386	345	342	345	342	345	339	356	344	333	347	364	347	352	353	350	362	372	369	373	378	379	389	397	386	389	415	405	391	
IV. Pension funds outside Mutual Pension Funds	270	308	358	410	423	472	514	568	624	633	907	917	949	992	913	905	913	922	941	943	950	945	951	947	952	949	953	944	953	964	985	987	994	992	1,001	994	1,000	992	996	994	1,002	1,007	
Financial Savings = I + II + III + IV	3,571	3,766	3,905	4,380	4,555	4,979	5,297	5,899	6,397	6,860	7,529	7,698	8,260	9,229	7,632	7,650	7,702	7,779	7,928	8,013	8,156	8,235	8,303	8,333	8,257	8,260	8,273	8,345	8,457	8,543	8,720	8,801	8,896	9,105	9,215	9,230	9,191	9,229	9,351	9,398	9,473	9,606	
Instruments included in Financial Savings																																											
Mutual Pension Funds (MPF)	112	192	265	385	476	567	643	763	899	997	1,057	1,229	1,426	1,555	1,232	1,260	1,286	1,294	1,311	1,368	1,402	1,416	1,458	1,471	1,431	1,426	1,416	1,405	1,421	1,460	1,505	1,488	1,532	1,559	1,536	1,558	1,561	1,555	1,597	1,591	1,615	1,650	
Holdings of public sector securities by foreigners	44	18	14	27	26	35	105	147	181	274	315	356	665	1,042	384	396	434	484	479	475	500	529	559	645	652	665	712	758	781	833	907	868	964	1,027	979	1,012	1,014	1,042	1,136	1,180	1,209	1,273	
Debt Mutual Funds	199	285	249	400	424	436	440	563	732	843	761	871	1,064	1,065	877	893	923	950	965	1,010	1,024	1,054	1,089	1,097	1,087	1,064	1,058	1,030	1,012	1,020	1,045	1,061	1,046	1,062	1,068	1,080	1,076	1,065	1,061	1,070	1,069	1,103	
Total Mutual Funds: Debt + Variable Income	238	334	297	457	476	513	534	663	882	1,035	897	1,042	1,291	1,303	1,048	1,071	1,117	1,149	1,173	1,217	1,238	1,256	1,295	1,310	1,303	1,291	1,286	1,266	1,254	1,263	1,288	1,308	1,292	1,308	1,305	1,327	1,321	1,303	1,299	1,311	1,314	1,348	
Financial Savings without Total Pension Funds	3,189	3,267	3,282	3,585	3,655	3,940	4,140	4,568	4,874	5,231	5,565	5,551	5,885	6,682	5,487	5,484	5,503	5,564	5,676	5,702	5,804	5,874	5,894	5,915	5,875	5,885	5,904	5,995	6,082	6,119	6,230	6,326	6,371	6,554	6,678	6,678	6,630	6,682	6,757	6,813	6,856	6,948	
Total Pension Funds (MPF + non-MPF)	382	499	623	795	900	1,039	1,156	1,331	1,523	1,630	1,964	2,146	2,375	2,547	2,145	2,166	2,199	2,215	2,252	2,311	2,352	2,362	2,409	2,418	2,383	2,375	2,369	2,350	2,374	2,424	2,490	2,475	2,526	2,551	2,537	2,552	2,561	2,547	2,593	2,585	2,617	2,657	
Real annual % change																																											
M4 a	5.4	6.7	3.5	11.6	4.4	9.3	6.5	11.1	8.6	7.2	9.6	2.4	7.3	11.4	0.7	2.0	2.5	3.2	4.9	6.2	7.4	8.4	8.8	8.0	6.8	7.3	8.3	8.9	9.5	9.7	9.7	9.6	8.8	10.2	10.7	10.5	11.0	11.4	12.6	12.3	11.9	12.3	
- 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	4.9	6.9	7.0	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	7.0	5.2	7.3	5.5	5.6	4.3	4.6	7.3	6.7	7.0	7.0	6.8	7.4	10.7	10.9	
= Financial Savings	5.5	5.5	3.7	12.2	4.0	9.3	6.4	11.4	8.4	7.2	9.7	2.2	7.3	11.7	0.5	1.9	2.3	3.2	4.9	6.2	7.4	8.4	8.8	8.1	6.8	7.3	8.4	9.1	9.8	9.8	10.0	9.8	9.1	10.6	11.0	10.8	11.3	11.7	13.0	12.6	12.0	12.4	
I. Deposit Institutions	3.3	-4.5	-13.0	3.7	-4.2	5.9	5.4	7.2	0.2	9.0	12.0	0.5	4.7	6.0	-1.3	-0.6	-1.9	-0.7	1.1	3.3	5.5	7.9	6.4	5.6	4.7	4.7	6.1	7.4	10.5	10.6	9.1	8.4	6.0	7.5	10.8	9.4	8.1	6.0	9.1	7.3	6.8	6.5	
Development banks	8.7	2.9	2.2	19.2	4.5	4.1	-0.7	19.8	-16.4	-5.1	6.4	4.1	1.1	4.6	-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	0.5	8.9	10.5	7.0	3.7	-2.7	6.9	11.9	10.3	3.4	4.6	11.4	15.7	12.1	13.6	
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	-0.5	4.9	5.8	-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	8.3	9.3	10.3	9.1	8.8	6.8	7.1	9.7	9.2	8.6	5.8	8.0	5.7	6.8	5.7	
Demand deposits	0.1	6.9	8.5	21.6	5.0	9.1	8.3	12.4	8.9	9.7	3.4	4.7	9.5	9.1	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	7.4	12.8	11.6	9.1	12.1											

