

Banking credit grew 5.9% yoy in real terms during April

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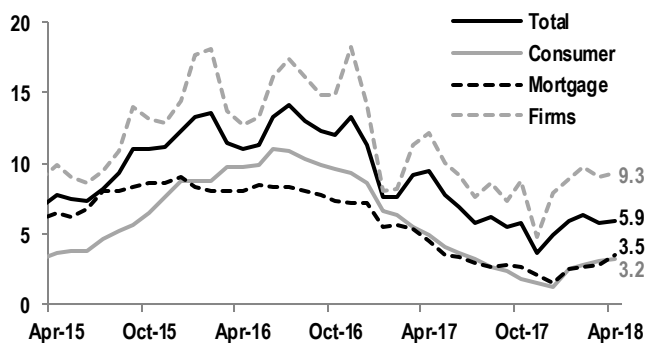
- Banxico just published its banking credit report for the fourth month of 2018
- Banking credit expanded 5.9% yoy in real terms, below our 6.7% forecast (previous: 5.7%)
- Consumer credit expanded 3.2% yoy during the month
- Mortgage loans increased 3.5% yoy, while banking credit to private firms expanded 9.3%
- Non-performing loans stood at 2.5%, in line with the figures observed in April 2017
- Looking ahead, we believe that private credit will continue to grow at a moderate pace

Banxico published its monthly banking credit report. April's report shows that banking credit expanded 5.9% yoy, below our 6.7% forecast (previous: 5.7%). Looking at the breakdown, consumer credit grew 3.2% yoy. Within this component, we highlight the expansion of durable goods credit, which increased 10.6% yoy. Moreover, personal and credit card lending expanded 5.3% and 2.8% yoy respectively. In addition, payroll credit rose 0.1%.

Mortgages posted a 3.5% yoy expansion, as a result of the 5.2% growth in residential mortgages. Moreover, banking credit to private firms rose 9.3% in April. Taking a look inside, credit to the mass media services sector grew 46.3%, while manufacturing industry credit expanded 11.8%. On the other hand, construction credit decreased 11.3% yoy, while credit to professional services fell by 4.5% yoy.

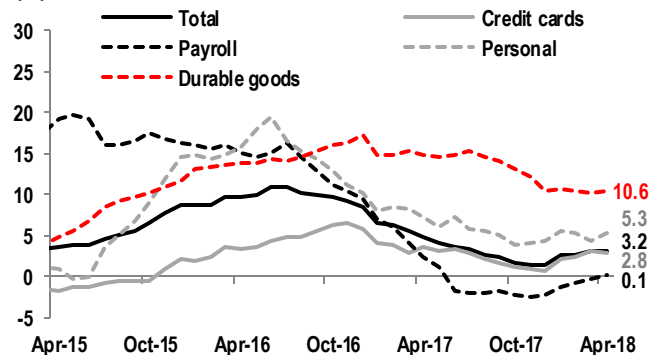
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Banking credit
% yoy in real terms



Source: Banorte with data from Banxico

Consumer credit
% yoy in real terms



Source: Banorte with data from Banxico

Banking credit: April 2018

% yoy in real terms

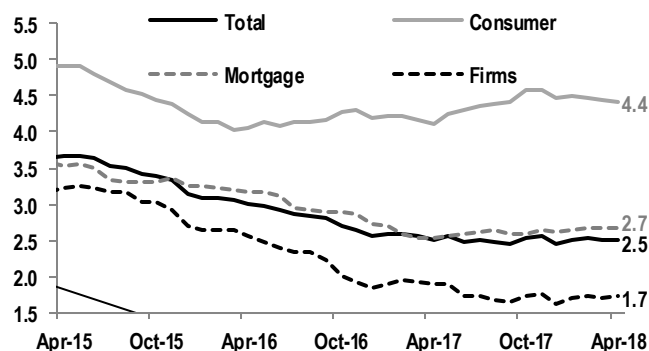
	Apr-18	Mar-18	Apr-17	Jan-Apr, '18	Jan-Apr, '17
Private banking credit	5.9	5.7	9.5	6.0	8.5
Consumer	3.2	3.1	4.9	2.9	5.8
Credit cards	2.8	3.1	3.6	2.6	3.6
Payroll	0.1	-0.2	2.5	-0.5	4.9
Personal	5.3	4.3	7.4	5.2	8.0
Durable goods	10.6	10.3	14.8	10.5	14.9
Auto loans	10.9	10.4	14.2	10.6	14.5
Other durable goods	6.7	8.7	21.2	9.5	19.9
Others	-9.7	-7.5	-7.0	-9.9	-3.9
Mortgage	3.5	2.8	4.5	2.8	5.3
Social interest	-10.8	-11.8	-10.2	-11.4	-9.6
Medium and residential	5.2	4.5	6.6	4.6	7.4
Firms	9.3	9.0	12.2	9.2	9.9
Primary activities	8.5	7.3	0.5	6.7	2.7
Mining	11.2	4.6	-13.8	0.7	-10.0
Construction	-11.3	-11.2	-3.3	-11.7	-1.4
Utilities	8.7	7.4	-0.5	6.6	0.8
Manufacturing industry	11.8	10.4	17.0	10.5	13.3
Commerce	6.5	6.7	6.9	7.1	4.5
Transportation and storage	15.1	16.6	15.3	15.9	16.5
Mass media services	46.3	49.4	26.1	60.4	-10.0
Real estate services	11.3	16.3	33.5	13.9	28.0
Professional services	-4.5	-12.5	18.1	-10.4	25.8
Recreational services	14.0	13.7	12.0	13.0	13.7
Other services	-1.9	0.8	25.3	5.1	19.1
Not sectorized	10.2	10.5	15.7	9.4	15.6
Non-banking financial intermediaries	-23.9	-18.6	49.7	-12.4	35.6

Source: Banxico

Non-performing loans stand at 2.5%, in line with the figures observed in April 2017. By components, non-performing loans in the consumer segment stood at 4.4%. Credit card NPLs reached 5.3% of total portfolio, while NPLs in payroll, personal, and durable goods credits stood at 2.8%, 6.3%, and 2.3%, respectively. Moreover, non-performing loans in mortgages stood at 2.7%, while corporate credit NPL's reached 1.7% of total portfolio.

Non-performing loans

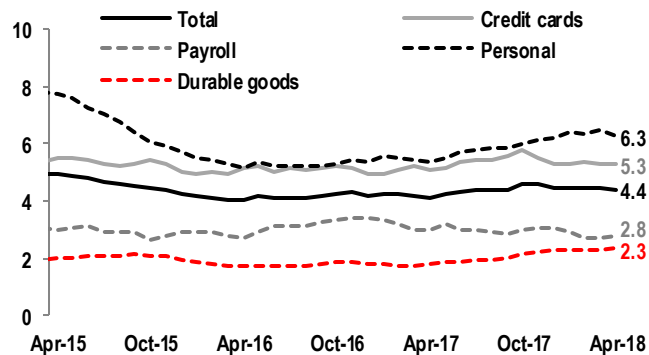
% of total portfolio



Source: Banorte with data from Banxico

Non-performing loans: Consumer credit

% of total portfolio



Source: Banorte with data from Banxico

Looking ahead, we believe that private credit will continue to grow. It is likely that banking credit will continue to be driven by formal job creation. In addition, the downward trend in inflation will result in a significant recovery of banking credit measured in real terms, which will result in credit outperforming Mexico's economic growth.

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