

# Banking credit recovers posting a 9.3% yoy increase in March

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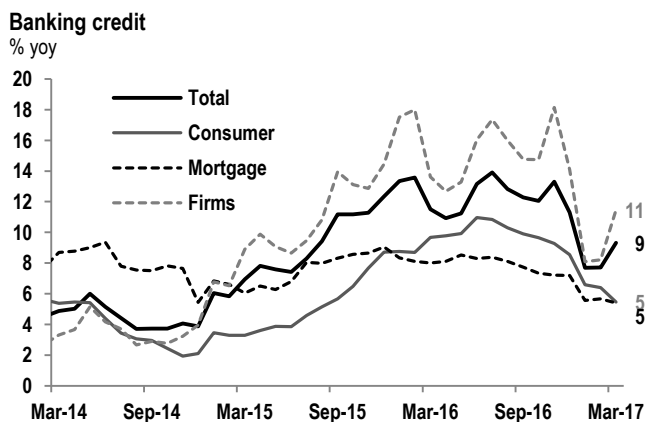
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- Banxico just published its banking credit report for the third month of 2017
- Banking credit expanded 9.3% yoy in real terms, above our 7.4% forecast (previous: 7.7%)
- Consumer credit expanded 5.4% yoy in real terms
- Mortgage loans increased 5.4% yoy, while banking credit to private firms expanded 11.5%
- Non-performing loans stand at 2.4%, below the 2.9% observed in March 2016
- Looking ahead, we believe that private credit will continue to grow at a more moderate pace

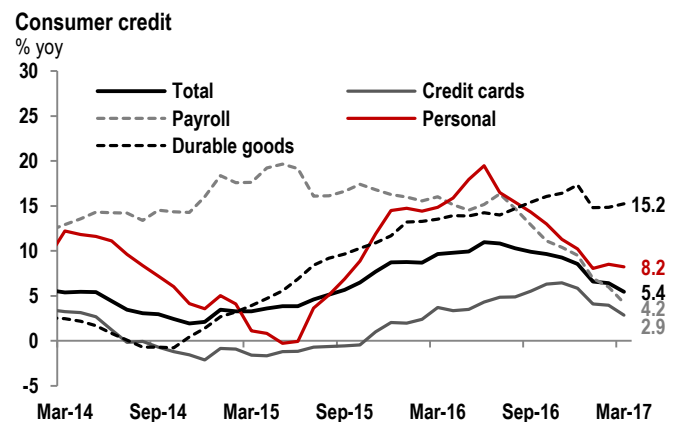
**Banxico published its monthly banking credit report.** March's report shows that banking credit expanded 9.3% yoy, above our 7.4% forecast (previous: 7.7%). Taking a look at the breakdown, consumer credit grew 5.4% yoy. Within this component, we highlight the growth of durable goods credit, which increased 15.2% yoy. Moreover personal and payroll credit expanded 8.2% and 4.2% yoy respectively. In addition, credit card lending increased 2.9%.

Moreover, housing credit posted a 5.4% yoy expansion, as a result of the 7.6% growth in residential housing credit. Moreover, banking credit to private firms grew 11.5% in March. Taking a look at the breakdown, credit to the manufacturing industry grew 15.1%, while services credit expanded 15%. On the other hand, construction and mining credits decreased by 0.8% and 2.1% respectively.

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Source: Banorte-Ixe with data from Banxico



Source: Banorte-Ixe with data from Banxico

### Banking credit: March 2017

% yoy

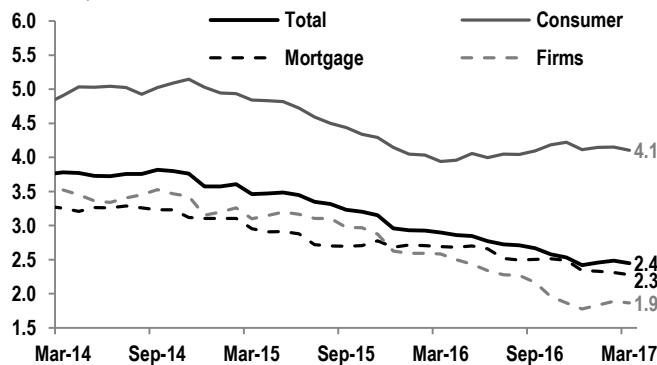
	Mar-17	Feb-17	Mar-16	Jan-Mar, '17	Jan-Mar, '16
<b>Private banking credit</b>	<b>9.3</b>	<b>7.7</b>	<b>11.5</b>	<b>8.2</b>	<b>12.8</b>
<b>Consumer</b>	<b>5.4</b>	<b>6.4</b>	<b>9.7</b>	<b>6.1</b>	<b>9.0</b>
Credit cards	2.9	3.9	3.7	3.6	2.7
Payroll	4.2	6.0	16.0	5.7	15.9
Personal	8.2	8.5	14.9	8.2	14.7
Durable goods	15.2	14.8	13.5	15.0	13.3
Auto loans	14.8	14.4	12.7	14.6	12.4
Other durable goods	20.3	19.8	23.7	19.4	25.3
Others	-4.1	-2.1	-0.2	-2.8	-1.1
<b>Mortgage</b>	<b>5.4</b>	<b>5.7</b>	<b>8.0</b>	<b>5.5</b>	<b>8.1</b>
Social interest	-9.8	-9.6	-3.2	-9.4	-2.3
Medium and residential	7.6	7.9	9.8	7.7	9.9
<b>Firms</b>	<b>11.5</b>	<b>8.2</b>	<b>13.6</b>	<b>9.2</b>	<b>16.4</b>
Primary activities	3.3	3.0	20.2	3.8	21.7
Mining	-2.1	-1.3	97.4	-0.2	97.7
Manufacturing industry	15.1	11.2	6.2	12.1	10.2
Construction	-0.8	-0.5	14.2	-0.2	13.9
Services	15.0	10.0	13.1	11.5	16.4
<b>Non-banking financial intermediaries</b>	<b>40.8</b>	<b>31.7</b>	<b>16.0</b>	<b>35.0</b>	<b>16.1</b>

Source: Banxico

**Non-performing loans stand at 2.4%, below the 2.9% observed in March 2016.** By components, non-performing loans in the consumer segment stood at 4.1%. Credit card NPLs reached 5.2% of total portfolio, while NPLs in payroll, personal, and durable goods credits stood at 2.9%, 5.2%, and 1.5%, respectively. Moreover, non-performing loans in housing credit stood at 2.3%, while corporate credit NPL's reached 1.9% of total portfolio.

#### Non-performing loans

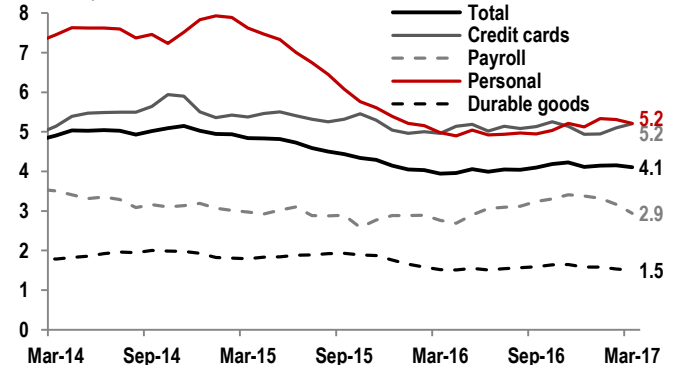
% of total portfolio



Source: Banorte-Ixe with data from Banxico

#### Non-performing loans: Consumer credit

% of total portfolio



Source: Banorte-Ixe with data from Banxico

**Looking ahead, we believe that private credit will continue to grow at a more moderate pace.** We believe that bank lending will continue to be driven by formal job creation, albeit at a lower rate than in the previous year –largely due to the uncertainty surrounding the policies that the new US administration may enact–. However, it will continue to show a positive performance. In addition, changes in the annual growth rate will be more moderate as a result of a high base of comparison in 2016.

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