

Banking credit grows 5.8% yoy in real terms during January

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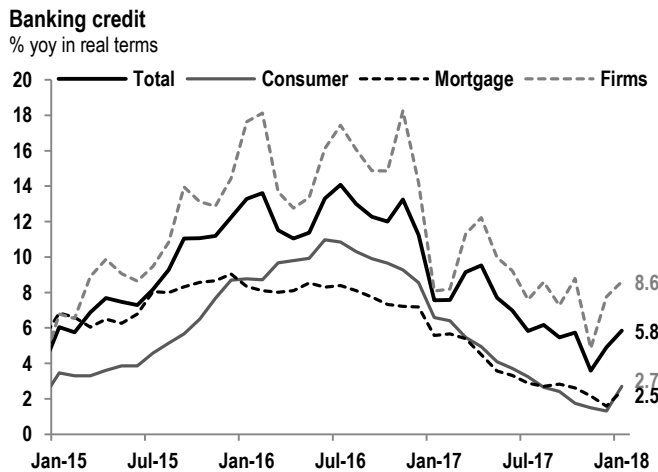
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- **Banxico just published its banking credit report for the first month of 2018**
- **Banking credit expanded 5.8% yoy in real terms, marginally above our 5.7% forecast (previous: 4.9%)**
- **Consumer credit expanded 2.7% yoy in real terms during January on the back of a significant growth in durable goods credit**
- **Mortgage loans increased 2.5% yoy, while banking credit to private firms expanded 8.6%**
- **Looking ahead, we believe that private credit will continue to grow at a moderate pace**

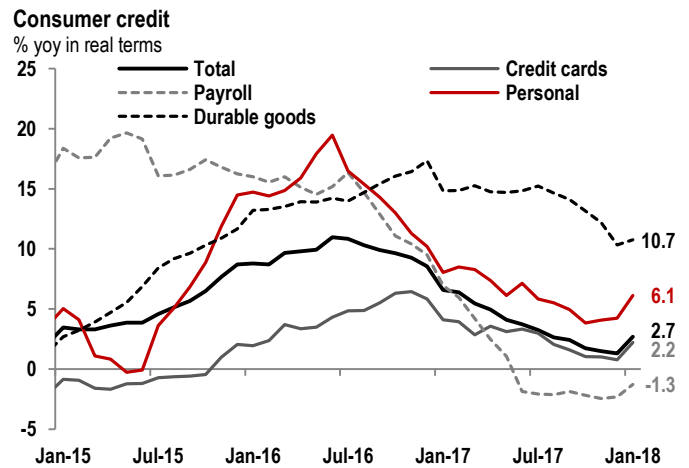
Banxico published its monthly banking credit report. January's report shows that banking credit expanded 5.8% yoy, marginally above our 5.7% forecast (previous: 4.9%). Looking at the breakdown, consumer credit grew 2.7% yoy. Within this component, we highlight the expansion of durable goods credit, which increased 10.7% yoy. Moreover, personal and credit card lending expanded 6.1% and 2.2% yoy respectively. However, payroll credit decreased 1.3%.

Mortgages posted a 2.5% yoy expansion, as a result of the 4.2% growth in residential mortgages. Moreover, banking credit to private firms rose 8.6% in January. Taking a look inside, credit to the manufacturing industry expanded 8%. On the other hand, mining credit decreased 8.7% yoy.

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Source: Banorte with data from Banxico



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Banking credit: January 2018

% yoy in real terms

	Jan-18	Dec-17	Jan-17	2017	2016
Private banking credit	5.8	4.9	7.6	6.6	12.5
Consumer	2.7	1.3	6.6	3.6	9.7
Credit cards	2.2	0.8	4.1	2.5	4.4
Payroll	-1.3	-2.3	7.0	0.4	13.9
Personal	6.1	4.2	8.0	6.1	14.7
Durable goods	10.7	10.3	14.8	14.0	14.7
Auto loans	10.6	10.2	14.5	13.5	14.1
Other durable goods	11.9	12.3	18.2	19.6	22.5
Others	-11.9	-14.3	-2.2	-8.7	0.8
Mortgage	2.5	1.6	5.6	3.5	7.9
Social interest	-11.8	-12.0	-8.9	-10.5	-5.0
Medium and residential	4.2	3.2	7.7	5.4	10.0
Firms	8.6	7.8	8.1	8.6	15.6
Non-banking financial intermediaries	1.7	2.5	27.7	21.3	12.4

Source: 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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