

# Banking credit grows 5.5% yoy in real terms during September

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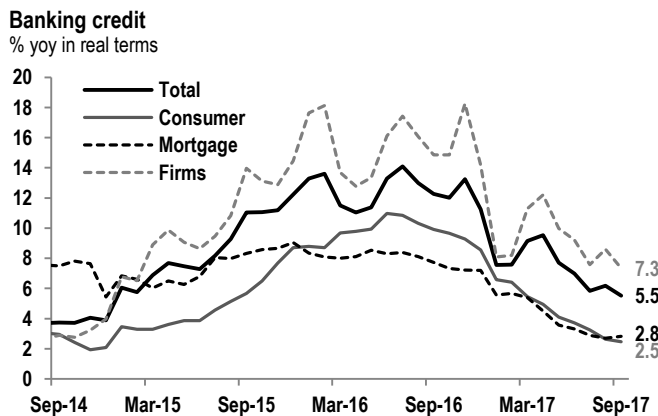
**Francisco Flores**  
Economist, Mexico  
francisco.flores.serrano@banorte.com

- Banxico just published its banking credit report for the ninth month of 2017
- Banking credit expanded 5.5% yoy in real terms, marginally below our 5.7% forecast (previous: 6.2%)
- Consumer credit expanded 2.5% yoy in real terms
- Mortgage loans increased 2.8% yoy, while banking credit to private firms expanded 7.3%
- Non-performing loans stand at 2.3%, below the 2.7% observed in September 2016
- Looking ahead, we believe that private credit will continue to grow at a moderate pace

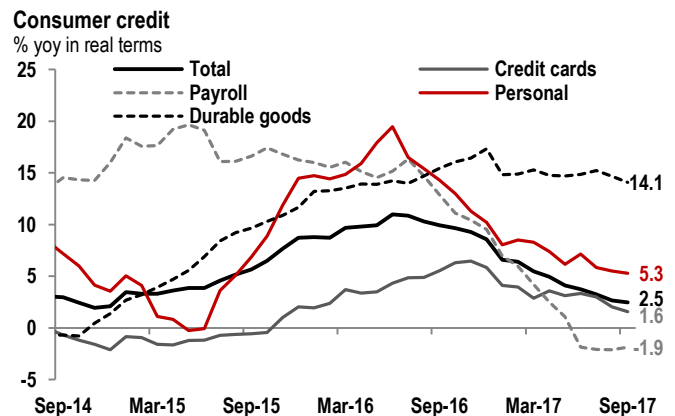
**Banxico published its monthly banking credit report.** September's report shows that banking credit expanded 5.5% yoy, marginally below our 5.7% forecast (previous: 6.2%). Looking at the breakdown, consumer credit grew 2.5% yoy. Within this component, we highlight the growth of durable goods credit, which increased 14.1% yoy. Moreover, personal and credit card lending expanded 5.3% and 1.6% yoy respectively. However, payroll credit decreased 1.9%.

Mortgages posted a 2.8% yoy expansion, as a result of the 4.6% growth in residential mortgages. Moreover, banking credit to private firms grew 7.3% in September. Taking a look at the breakdown, credit to the services sector grew 10%, while manufacturing industry credit expanded 10.9%. On the other hand, construction credit decreased 3.9% yoy, while credit to the mining sector fell 7.6% yoy.

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Source: Banorte-ixe with data from Banxico



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### Banking credit: September 2017

% yoy in real terms

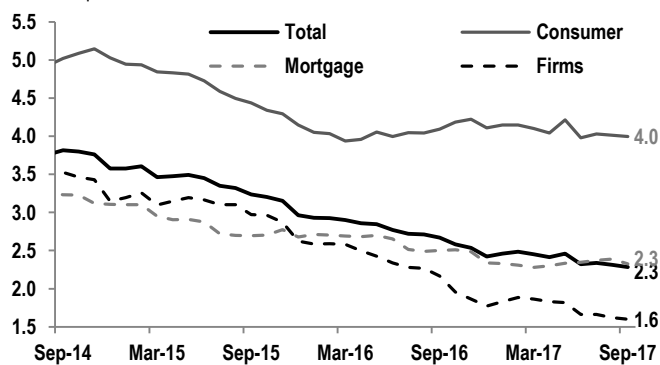
	Sep-17	Aug-17	Sep-16	Jan-Sep, '17	Jan-Sep, '16
<b>Private banking credit</b>	<b>5.5</b>	<b>6.2</b>	<b>12.3</b>	<b>7.3</b>	<b>12.6</b>
<b>Consumer</b>	<b>2.5</b>	<b>2.6</b>	<b>9.9</b>	<b>4.4</b>	<b>9.9</b>
Credit cards	1.6	2.0	5.5	3.0	3.8
Payroll	-1.9	-2.1	12.9	1.3	15.1
Personal	5.3	5.5	14.3	6.9	15.9
Durable goods	14.1	14.6	15.4	14.8	14.0
Auto loans	13.4	13.9	14.9	14.2	13.3
Other durable goods	21.9	22.9	22.2	21.2	22.9
Others	-10.6	-11.4	-0.4	-7.0	1.1
<b>Mortgage</b>	<b>2.8</b>	<b>2.7</b>	<b>7.7</b>	<b>4.0</b>	<b>8.2</b>
Social interest	-10.6	-11.1	-6.2	-10.2	-4.3
Medium and residential	4.6	4.5	9.9	6.0	10.2
<b>Firms</b>	<b>7.3</b>	<b>8.6</b>	<b>14.9</b>	<b>9.1</b>	<b>15.5</b>
Primary activities	6.7	3.8	10.7	2.6	18.9
Mining	-7.6	-2.5	80.5	-2.1	83.1
Manufacturing industry	10.9	9.5	5.0	11.1	9.6
Construction	-3.9	-4.5	11.8	-2.7	15.4
Services	10.0	13.4	17.2	13.0	14.5
<b>Non-banking financial intermediaries</b>	<b>19.6</b>	<b>18.3</b>	<b>18.8</b>	<b>27.8</b>	<b>15.3</b>

Source: Banxico

**Non-performing loans stand at 2.3%, below the 2.7% observed in September 2016.** By components, non-performing loans in the consumer segment stood at 4%. Credit card NPLs reached 5.3% of total portfolio, while NPLs in payroll, personal, and durable goods credits stood at 2.8%, 4.6%, and 1.8%, respectively. Moreover, non-performing loans in mortgages stood at 2.3%, while corporate credit NPL's reached 1.6% of total portfolio.

#### Non-performing loans

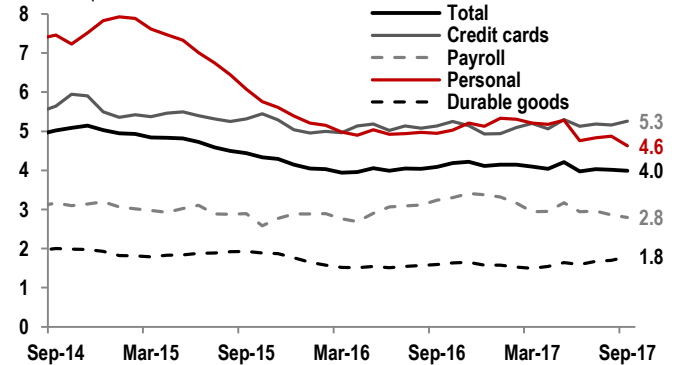
% of total portfolio



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.** It is likely that bank lending will continue to be driven by formal job creation, albeit at a lower rate than in the previous year, mainly due to a higher base of comparison in 2016. However, credit growth will continue to outperform economic growth.

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**GRUPO FINANCIERO BANORTE S.A.B. de C.V.**
**Research and Strategy**

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

**Economic Analysis**

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katía Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

**Fixed income and FX Strategy**

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Senior Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Strategist Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

**Equity Strategy**

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

**Corporate Debt**

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

**Wholesale Banking**

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.roldan.ferrer@banorte.com	(55) 5004 - 1454