

April 30, 2024

Banking credit accelerates marginally in March

- Today, Banxico published its banking credit report for March 2024
- Banking credit grew 5.7% y/y in real terms, improving at the margin vs. the previous month and coming in above our estimate (5.5%)
- Inside, consumer loans remained elevated at 11.2% (previous: 11.1%), although with mortgages (3.8%; previous: 4.1%) and corporates (2.6%; previous: 2.9%) moderating
- Non-performing loans (NPLs) declined, representing 2.2% of total loans. Indices for consumer and corporates declined by 10bps, coming in at 3.1% and 1.7%, respectively. Mortgages were unchanged at 2.6%
- We believe that credit will continue growing in the remainder of the year, although high comparison bases and a slower easing cycle by Banxico could moderate some of the push

Credit kept climbing, consolidating a good performance. Banking credit to the non-financial private sector grew 5.7% y/y in real terms (see [Chart 1](#)), improving at the margin vs. February (5.6%) and also slightly higher than our estimate (5.5%). This is positive considering that February's figure may have been partially driven by the additional day due to the leap year. Thus, the results in our opinion are favorable. We believe that dynamism was marked by: (1) Strength in fundamentals for consumption, especially [employment](#); and (2) continuity in local companies' investment projects, with nearshoring remaining an important catalyst. Corroborating dynamism, it is relevant to mention that the arithmetic effect of inflation was marginally negative, [with the annual metric accelerating to 4.42%](#).

By component, consumer credit grew 11.2% (previous: 11.1%), breaking with five months of moderations. Inside, performance was mixed, with only two of the five items registering higher rates of expansion, as shown in [Chart 2](#). Improvements were seen in credit cards (12.4% from 12.0%) and 'others' (23.9% from 21.2%). In contrast, the largest downward adjustment was seen in durable goods (15.7% from 16.1%), although still maintaining a high rate of expansion. Corporate loans were marginally lower at 2.6% (previous: 2.9%). Of the thirteen sectors that make it up, only five had lower growth than in the previous month. Among these, mining (16.3% from 32.0%) and 'others' (6.1% from 13.4%) stood out. Meanwhile, among the most positive were 'utilities' (11.1% from 0.0%) and mass media (1.7% from -6.9%). Finally, mortgages came in at 3.8% (previous: 4.1%). The residential component moderated at the margin to 4.0% (previous 4.5%), with low-income housing at -1.2% from -5.1%. For further details, please refer to [Table 1](#).

Non-performing loans improved, representing 2.2% of the total portfolio. With this, the index now adds 19 months below 2.5% ([Chart 3](#)). The decline is explained by a reduction of 10bps in consumer and business loans, which stood at 3.1% and 1.7%, respectively. Housing was unchanged at 2.6% –a level at which it has remained for seven consecutive months. We believe that today's results reaffirm a very proactive portfolio management by financial institutions. Therefore, we continue to believe that the credit expansion is occurring in a responsible and sustainable manner.

We maintain a constructive view on credit for the remainder of the year. We believe that the factors that have contributed to loan growth in recent years will continue, including additional headroom in terms of activity, as well as a favorable outlook for the economy in the medium- and long-term.



Francisco José Flores Serrano
Director of Economic Research,
Mexico
francisco.flores.serrano@banorte.com



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com



[@analisis_fundam](http://www.banorte.com/analisis-economico)


Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023



**LSEG STARMINE
AWARD FOR
REUTERS POLLS**
Best Forecaster
Economic Indicators
for Mexico 2023



Document for distribution among the general public



Nonetheless, we anticipate a moderation in expansion rates, with two points weighing on these: (1) An increasingly challenging base effect given accumulated post-pandemic growth; and (2) a slower easing cycle by Banxico. In addition, we remain attentive to the behavior of inflation, with the persistent upward trend in services potentially distorting some consumption and investment patterns.

By components, we believe that consumer loans will maintain high growth rates. Our expectation on its fundamentals is positive, particularly for employment. We must remember that this is critical for people to be able to access financing. However, given a moderation in activity in 2H24, growth rates could be more limited in terms of job growth and, therefore, in lending. At the margin, we will also remain very attentive to the efforts of institutions –both traditional and fintechs– to continue trying to boost lending in the economy. On mortgages, we reiterate a view of stability, with possible limited downward adjustments that would be more oriented to supply and demand leveling issues. Finally, we anticipate further movements in the corporate sector, recognizing several factors at play with differentiated impacts. As mentioned above, some drivers are linked to the level of the exchange rate (driving the purchase of foreign assets), public and private investment in industries such as construction, logistics and some professional services, as well as to more medium-term determinants such as nearshoring. On the negative side, high interest rates will probably remain the main constraint, which added to factors such as external geopolitical risks and even adverse weather conditions, could add further uncertainty to certain items.

Banking credit

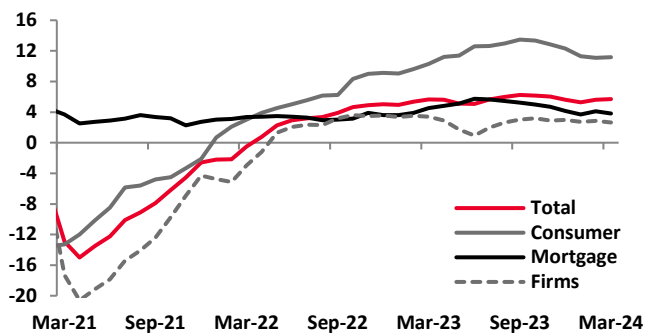
% y/y in real terms

	Mar-24	Feb-24	Mar-23	Jan-Mar'24	Jan-Mar'23
Private banking credit	5.7	5.6	5.7	5.5	5.3
Consumer	11.2	11.1	10.3	11.2	9.6
Credit cards	12.4	12.0	14.6	12.3	13.8
Payroll	6.0	6.3	10.1	6.3	8.9
Personal	8.9	9.1	6.5	8.8	6.7
Durable goods	15.7	16.1	6.5	15.6	5.0
Auto loans	18.9	19.5	6.1	18.9	4.3
Other durable goods	0.3	0.0	8.1	-0.4	8.6
Others	23.9	21.2	4.7	24.1	8.2
Mortgage	3.8	4.1	4.5	3.9	4.0
Low-income housing	-1.2	-5.1	-4.2	-3.0	-6.5
Medium and residential	4.0	4.5	4.9	4.2	4.5
Firms	2.6	2.9	3.4	2.7	3.4
Primary activities	-1.5	-4.0	-0.7	-2.9	0.8
Mining	16.3	32.0	-6.6	22.0	-4.0
Construction	1.1	0.1	-1.8	0.4	-0.4
Utilities	11.1	0.0	163.2	1.7	160.4
Manufacturing industry	-6.1	-5.6	3.8	-5.7	3.6
Commerce	7.0	7.0	4.2	7.1	3.6
Transportation and storage	5.3	4.3	4.8	4.7	0.4
Mass media services	1.7	-6.9	-29.2	-2.7	-17.3
Real estate services	7.8	10.4	12.8	9.3	8.9
Professional services	20.5	13.2	9.1	15.2	12.1
Lodging services	-1.1	-3.9	-0.2	-4.0	-0.1
Other services	6.1	13.4	17.3	10.7	14.0
Not sectorized	5.1	7.1	5.8	6.4	4.7
Non-banking financial intermediaries	44.2	33.0	34.3	33.8	27.6

Source: Banxico

Chart 1: Banking credit

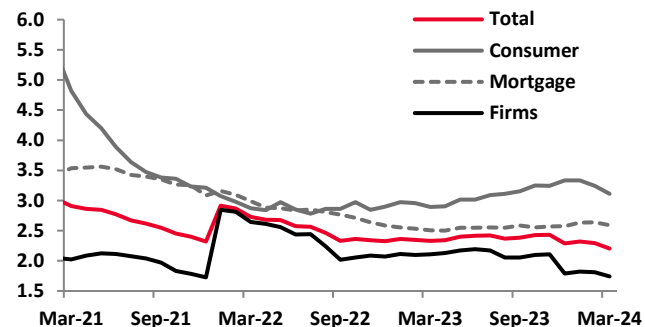
% y/y in real terms



Source: Banorte with data from Banxico

Chart 3: Non-performing loans

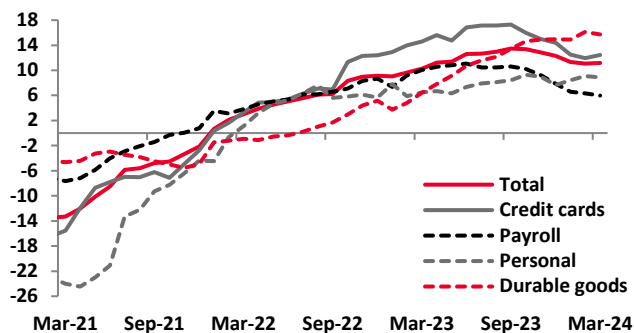
% of total portfolio



Source: Banorte with data from Banxico

Chart 2: Consumer credit

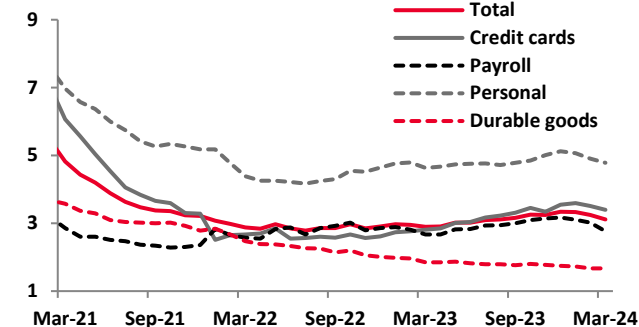
% y/y in real terms



Source: Banorte with data from Banxico

Chart 4: Non-performing loans: Consumer credit

% of total portfolio



Source: Banorte with data from Banxico

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernández, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2144



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 1103 - 4000



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000