

# Financial Systems Flash

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Economic Analysis

Financial Systems Flash Unit

## Deposits and promissory notes held by households and businesses were up €11bn in March

Deposits held by households and businesses resident in Spain were up €9bn in March, while promissory notes were up €2bn. Total deposits (held by all agents in all geographical areas) were up €22bn in the month, maintaining the upward trend seen in the previous month, including residents in the Eurozone (€8bn), residents in the rest of the world (€3bn) and residents in Spain (€11bn).

- **The breakdown by agent of deposits received by Spanish credit institutions in March was released today**

The Bank of Spain published Chapter 8 of its Statistical Bulletin, which includes the financial statements harmonized at Eurozone level that are used by the ECB for its series, but in more detail.

- **Total deposits were up €22bn in March**, with an increase of €11bn in Spanish residents and €11bn in deposits held by non-residents, thus confirming the change in trend seen in the previous month. The increase in Spanish residents is due to the increase in all the main agents, except for credit institutions, which nevertheless declined less than in previous months (down €10bn). Deposits held by non-residents were up for the third month in a row.

- **In March deposits held by domestic agents were up €11bn, but as usual the breakdown revealed notable differences:** credit institutions fell by €10bn, non-monetary financial institutions (NMFI) increased €7bn (due to the €12.5bn increase in deposits of issuers of preference shares and other NMFI, and despite a €6bn decline in deposits of securitization companies), public administrations were up €4bn (of which €3bn are repos) and households and businesses increased by €9bn. It is important to remember that the deposits of credit institutions, NMFI and public administrations are more volatile than the rest, and their changes may respond to factors such as short-term cash requirements. Repos held by residents in Spain increased €11bn in March, maintaining the trend seen in the previous month, when they were up €17bn.

- **The aggregate of deposits and promissory notes held by domestic businesses and households rose by €11bn over the month: €9bn in household and business deposits and an estimated increase of €2bn in promissory notes**

- Household and business deposits increased in March by €9bn (above expectations), with an increase of €4bn for businesses and a rise of €5bn for households. Seasonally adjusted, this gives us a slightly lower rise (€6bn) in households and businesses.
- According to our estimates, the outstanding balance of promissory notes held by businesses and households increased slightly in March (€2bn). However, promissory notes are likely to continue to lose ground due to the elimination in September of the extraordinary mandatory contributions to the Deposit Guarantee Fund (FGD) from high-yield deposits. Since then, promissory notes have declined €26bn.

Table 1  
Deposits

March 2013		Outstanding balance		Month-on-month change March 2013		Year-on-year change March 013	
		Feb-13	Mar-13	(€bn)	%	(€bn)	%
Bank of Spain	<b>Total Deposits (a)+(b)+(c)</b>	2,411	2,433	22	1	-184	-7
	<b>Total deposits, Spain (a)</b>	2,046	2,057	11	1	-112	-5
	Credit institutions	507	498	-10	-2	-33	-6
	Public administrations	55	59	4	7	10	20
	Other resident sectors, Spain (1)	1,484	1,501	17	1	-90	-6
	NMFIs	475	482	7	1	-117	-20
	Insurance companies	53	54	1	2	-1	-1
	Other public administrations	29	29	0,4	2	4	16
	<b>Non-financial companies (4)</b>	192	196	4	2	5	2
	<b>Households (5)</b>	735	740	5	1	20	3
	<b>Total deposits, euro zone (b)</b>	178	186	8	4	-41	-18
	Credit institutions	139	143	4	3	-15	-9
	Public administrations	0	4	4	n.a.	1	20
	Other resident sectors, euro zone (2)	39	39	-0,2	-1	-27	-41
	<b>Total deposits, rest of the world (c)</b>	186	189	3	2	-30	-14
	Credit institutions	134	137	3	2	-2	-2
	Public administrations	0	0	-0,02	-8	-1	-83
	Other resident sectors, RoW (3)	39	39	-0,2	-1	-27	-41
BBVA	<b>Promissory notes - households and businesses (6)</b>	36	38	2	5	10	37
BCE	<b>Euro zone ORS Deposits (1)+(2)</b>	1.523	1.540	17	1	-117	-7
<b>Memorandum item:</b>							
	<b>Deposits and promissory notes - households and businesses (4)+(5)+(6)</b>	963	974	11	1	35	4

Source: BBVA Research based on Bank of Spain data

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