

Financial Systems Flash

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Economic Analysis

Financial Systems Flash Unit

Deposits held by households and businesses declined €7 billion in April for seasonal reasons

Seasonality is very strong in April, which explains the decline in both households and businesses. After adjusting this factor there would have been a €2bn increase. The reason is partly VAT payment by businesses, which is made in April.

Total deposits (held by all agents in all geographical areas) were down €36bn in the month. This can be explained by the decline in residents in Spain (-€38bn), due basically to the most volatile agents. Deposits in the Eurozone remain unchanged, while in the rest of the world they rose slightly (+€2bn).

- **The breakdown by agent of deposits received by Spanish credit institutions in April 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 down €36bn in April**, with a €38bn decline in Spanish residents and a €2bn increase in deposits held by non-residents: stable in the Eurozone and up €2bn in the rest of the world. Deposits held by non-residents were up for the fourth month in a row.

- **In April deposits held by domestic agents were down €38bn, but as usual the breakdown revealed notable differences:** credit institutions fell by €5bn, non-monetary financial institutions (NMFI) declined by €16bn (due to the €14bn fall in deposits of issuers of preference shares and other NMFI and a €3bn decline in deposits of securitization companies), public administrations dropped €10bn (of which €9bn are repos) and households and businesses declined by €7bn. 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 were down €7bn in April.

- **Deposits held by businesses and households declined €7bn this month: €3.5bn in households and €3.9bn in businesses**

- The decline is due to seasonal factors, since deposits are traditionally down in April. Seasonally adjusted, there would have been a total increase of €2bn, €0.4bn in businesses and €1.4bn in households. Compared to April 2012, there has been an increase of €9bn in businesses and €24bn in households.
- This month we do not include our estimate for promissory notes held by households and businesses because AIAF did not publish the outstanding balances and volumes issued for promissory notes in April, on which our estimates are based.

Table 1
Deposits

	April de 2013	Outstanding balance		Month-on-month change April 2013		Year-on-year change April 2013	
		Mar-13	Apr-13	(€bn)	%	(€bn)	%
Bank of Spain	Total Deposits (a)+(b)+(c)	2,427	2,390	-36	-2	-173	-7
	Total deposits, Spain (a)	2,051	2,013	-38	-2	-107	-5
	Credit institutions	491	487	-5	-1	-36	-7
	Public administrations	59	49	-10	-17	6	14
	Other resident sectors, Spain (1)	1,501	1,478	-23	-2	-76	-5
	NMFIs	482	466	-16	-3	-114	-20
	Insurance companies	54	54	-0	-0	1	2
	Other public administrations	29	29	0	0	4	18
	Non-financial companies (4)	196	192	-4	-2	9	5
	Households (5)	740	737	-3	-0	24	3
	Total deposits, euro zone (b)	186	186	0	0	-42	-18
	Credit institutions	143	146	4	3	-9	-6
	Public administrations	4	0	-4	-93	-2	-86
	Other resident sectors, euro zone (2)	39	40	0	1	-31	-44
	Total deposits, rest of the world (c)	189	191	2	1	-24	-11
Credit institutions	136	144	7	5	4	3	
Public administrations	0	0	-0	-1	-1	-81	
Other resident sectors, RoW (3)	53	47	-5	-10	-27	-36	
BBVA	Promissory notes - households and businesses (6)	38	n.a.	n.a.	n.a.	n.a.	n.a.
ECB	Euro zone ORS Deposits (1)+(2)	1,619	1,619	-	-	-5	-0
	Memorandum item:						
	Deposits and promissory notes - households and businesses (4)+(5)+(6)	974	n.a.	n.a.	n.a.	n.a.	n.a.

Source: BBVA Research based on Bank of Spain data

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