

Financial Systems Flash

Madrid, July 25, 2013
Economic Analysis

Financial Systems Unit

New increase in June of deposits held by households and businesses resident in Spain

For the second month in a row, deposits held by households and businesses resident in Spain are up, this time €13bn, although this increase is due to seasonal reasons. In June, the year-on-year growth was 4.4%, consolidating the positive trend that started at the beginning of the year.

- **Total deposits (including all agents and geographical areas) are up €6bn, after two months of large declines.** By geographical areas, the performance varies: residents in Spain increase in €1bn, rest of deposits from the EMU up €11bn and rest of the world decrease in €6bn.
- **Total international deposits (residents in the euro zone and the rest of the world) increased by €5bn.** This increase is due to the most volatile items: PAs in the rest of the EMU up €4bn, repos via EMU clearing houses up €5bn, while bank repos from the rest of the world are down €5bn.
- **The data for June shows a €1bn rise in deposits held by domestic agents. As in previous months, the breakdown by agents varies:** deposits held by credit institutions are up €2bn; deposits held by non-monetary financial institutions (NMFI) and insurance companies are down €9bn (due to the decline in deposits held by securitization companies); deposits held by public administrations (PAs+Other PAs) decline by €5bn (possibly affected by the quarterly frequency of some revenues and the tax refund pattern); and deposits held by households and businesses are up €13bn. It is important to remember that the deposits held by 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.
- **Deposits held by domestic households and businesses increased by nearly €13bn this month: €12.5bn households and €0.3bn businesses, consolidating the positive trend that started at the beginning of the year**
 - Seasonal factors play a relevant role. Seasonally adjusted, there is an overall fall of €0.9bn, distributed unevenly between households and businesses: €-3bn and €+2bn, respectively.
 - The drop in promissory notes held by retail customers is €12bn according to our forecasts, suggesting that the transfer of funds through this channel towards deposits would be coming to an end

Over the last 12 months, the deposits held by households and businesses have increased by €40bn (4.4% year-on-year), recovering the level registered in the summer of 2011, before the start of the marketing of promissory notes. Last year, the aggregate of deposits plus promissory notes increased by €23bn (2.4%).

Table 1
Deposits

	June 2013	Outstanding balance		Month-on-month change Jun 2013		Year-on-year change Jun 2013	
		May-13	Jun-13	(€bn)	%	(€bn)	%
Bank of Spain	Total Deposits (a)+(b)+(c)	2,347	2,354	6	0	-254	-10
	Total deposits, Spain (a)	1,987	1,988	1	0	-211	-10
	Credit institutions	454	456	2	0	-160	-26
	Public administrations	58	50	-8	-13	11	27
	Other resident sectors, Spain (1)	1,475	1,482	7	0	-61	-4
	NMFIs	455	448	-7	-2	-106	-19
	Insurance companies	53	52	-1	-2	1	2
	Other public administrations	30	33	2	8	4	13
	Non-financial companies (4)	197	197	0	0	6	3
	Households (5)	741	753	13	2	34	5
	Total deposits, euro zone (b)	176	187	11	6	-11	-5
	Credit institutions	139	137	-1	-1	-18	-12
	Public administrations	0	5	4	1,818	2	111
	Other resident sectors, euro zone (2)	37	45	8	21	5	13
Total deposits, rest of the world (c)	184	179	-6	-3	-32	-15	
Credit institutions	138	134	-4	-3	-8	-6	
Public administrations	0	0	0	-3	0	-56	
Other resident sectors, RoW (3)	46	45	-1	-3	-24	-35	
BBVA	Promissory notes - households and businesses (6)	n.a.	21	n.a.	n.a.	-17	-45
ECB	Euro zone ORS Deposits (1)+(2)	1,512	1,527	15	1	-56	-4
	Memorandum item:						
	Deposits and promissory notes - households and businesses (4)+(5)+(6)	n.a.	971	n.a.	n.a.	23	2

Source: BBVA Research based on Bank of Spain data

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