

Financial Systems Flash

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Economic Analysis

Financial Systems Unit

Deposits held by households and businesses decline €8 billion for seasonal reasons

The fall in deposits in July (€8bn) was expected, because between July 1 and 25 companies have to settle their annual corporate tax for the fiscal year ending in December. Seasonally adjusted, the deposits held by the domestic household and business sector grew by €2bn over the month.

- **Total deposits (including all agents) fell by €83bn, with a decline in all geographical areas.** The most notable fall has been in the agents from the rest of the world outside the EMU (down €46bn, due entirely to a fall in the deposits of credit institutions, whose repos rose slightly), followed by the Spanish domestic sector (down €31bn) and euro zone residents (down €6bn).
- **The trend in the deposit levels of international agents remains erratic.** Deposits held by credit institutions are the main component of the deposits of international agents, and those that explain the fall over the last year. Despite the positive balances in the first four months of 2013, deposits held by credit institutions fell again in the following months, though the trend is no longer a continuous drop as in 2012.
- **The data for July shows a €31bn fall in deposits held by domestic agents.** Except for insurance companies (up €3bn), all the agents fell back: deposits held by credit institutions fell by €3bn; those of non-monetary financial institutions (NMFIs) by €19bn (due to the fall in deposits from securitization companies and repos with NMFIs); those of the public sector (public administrations and other bodies) fell by €3bn and those held by households and businesses by €8bn. It is important to remember that the deposits held by credit institutions, NMFIs and public administrations are more volatile than the rest, and their changes may respond to factors such as short-term cash requirements.
- **As expected, deposits held by businesses and households declined €8bn this month: €6.4bn for households and €1.4bn for businesses**
 - Seasonal factors play a key role. Seasonally adjusted, there has been an overall increase of €1.9bn, €0.6bn in businesses and €1.3bn in households. The annual corporate tax payment and the quarterly VAT payment were made in July, with a major impact on company cash flows.
 - Over the last 12 months, the deposits held by households and businesses have increased by €59bn (6.7% year-on-year), with the July figure close to the all-time high recorded in the summer of 2011.

Table 1
Deposits

	July 2013	Outstanding balance		Month-on-month change Jul 2013		Year-on-year change Jul 2013	
		Jun-13	Jul-13	(€bn)	%	(€bn)	%
Bank of Spain	Total Deposits (a)+(b)+(c)	2,354	2,271	-83	-4	-264	-10
	Total deposits, Spain (a)	1,989	1,958	-31	-2	-189	-9
	Credit institutions	457	454	-3	-1	-183	-29
	Public administrations	50	50	-0	-0	14	39
	Other resident sectors, Spain (1)	1,482	1,455	-28	-2	-19	-1
	NMFIs	446	427	-19	-4	-87	-17
	Insurance companies	52	55	3	6	5	10
	Other public administrations	33	29	-3	-10	4	14
	Non-financial companies (4)	198	192	-6	-3	16	9
	Households (5)	754	752	-1	-0	43	6
	Total deposits, euro zone (b)	187	180	-6	-3	-9	-5
	Credit institutions	137	143	5	4	-9	6
	Public administrations	5	1	-4	-89	-2	-78
	Other resident sectors, euro zone (2)	45	37	-8	-17	2	5
Total deposits, rest of the world (c)	178	132	-46	-26	-66	-33	
Credit institutions	133	87	-47	-35	-53	-38	
Public administrations	0	0	-0	-7	-0	-50	
Other resident sectors, RoW (3)	45	45	0	1	-12	-21	
BBVA	Promissory notes - households and businesses (6)	21	n.a.*	n.a.	n.a.	n.a.	n.a.
ECB	Euro zone ORS Deposits (1)+(2)	1,527	1,492	-35	-2	-17	-1
Memorandum item:							
	Deposits and promissory notes - households and businesses (4)+(5)+(6)	973	n.a.	n.a.	n.a.	n.a.	n.a.

* Updated information on promissory notes through July is still not available, as these AIAF statistics do not have a fixed publication date.
 Source: BBVA Research based on Bank of Spain data

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