Flash Financial Systems

Aggregate deposits and promissory notes of households and businesses increased again in November

Aggregate deposits of households and businesses have recorded the highest increase for the last two years, up by €17bn, while promissory notes of households and businesses continue the downward trend, falling €13bn.

- **The breakdown of deposits received by Spanish credit institutions by agent was released today.** The Bank of Spain has published chapter 8 of its Statistical Bulletin, which includes the breakdown of financial statements harmonised at euro area level used by the ECB in its series, but which include more details.
- **Total deposits fell €10bn in November,** with declines of €16bn for Euro area residents and €6bn for the rest of the world. Domestic deposits have risen (+€12bn). It is also important to distinguish between instruments, as the repo market – largely interbank – is fairly volatile from one month to the next.
- **In November domestic deposits increased by €12bn, but figures were significantly uneven between agents:** deposits from monetary financial institutions (MFIs) were down €5bn, and public administrations up €6bn (possibly due to issuance of debt), non-monetary financial institutions (NMFIs) fell -€8bn (due to a drop in securitisation company deposits), insurance companies rose +€2bn and households and businesses +€17bn. Deposits of monetary financial institutions (MFI), of non-monetary financial institutions (NMFIs) and of public administrations are more volatile than the rest as result, for example, of short term cash requirements.
- **Aggregate deposits and promissory notes of Spanish households and businesses increased by €4bn this month**, with an estimated fall of €13bn in promissory notes, an increase of €11bn in household deposits and of €6bn in business deposits.

  – According to our estimates, the outstanding balance of promissory notes fell €13bn in November. Ever since the extra contribution by high-yield deposits to the Deposit Guarantee Fund (DGF) was eliminated, promissory notes have decreased by -€22bn. With these deposits no longer penalised, promissory notes are likely to continue losing steam.

  – Deposits in households and businesses increased by €17bn in November (€11bn in households and €6bn in businesses), the most significant rise since June 2010. Seasonally adjusted, the increase would be €12bn, €10bn of which corresponds to households; again confirming an absence of deposits outflows in Spain.

  – Aggregate deposits and promissory notes of households and business have increased €6bn (+0.7%) against the same month of the previous year. Despite the adverse economic conditions, household and business funds have risen slightly over the last year.

Table 1
Deposits

		Outstanding balance		Month-on-month change November 2012		Year-on-year change November 2012	
		Oct-12	**Nov-12**	**(€bn)**	**%**	**(€bn)**	**%**
Bank of Spain	**Total deposits (a)+(b)+(c)**	2,477	2,467	-10	-0	-11	-0
	Total deposits Spain (a)	2,111	2,123	12	1	156	8
	Credit institutions	596	591	-5	-1	270	84
	Public administrations	41	47	6	15	3	6
	Other Resident sectors - Spain (1)	1,474	1,485	10	1	-116	-7
	NMFIs	512	504	-8	-2	-97	-16
	Insurance companies	49	51	2	4	-1	-2
	Other public administrations	28	28	-0	-0	-3	-9
	Businesses (4)	175	181	6	3	-16	-8
	Households (5)	711	721	11	2	1	0
	Total deposits – eurozone (b)	174	158	-16	-9	-98	-38
	Credit institutions	142	124	-17	-12	-48	-28
	Public administrations	2	2	0	0	2	n.m.
	Other resident sectors - eurozone (2)	30	31	1	4	-51	-62
	Total deposits - RoW (c)	192	186	-6	-3	-70	-27
	Credit institutions	137	131	-5	-4	-15	-10
	Public administrations	0	0	-0	-2	-1	-78
	Other resident sectors – RoW (3)	55	54	-0	-1	-54	-50
BBVA	**Promissory notes - households and businesses (6)**	55	42	-13	-23	21	100
BCE	**Deposits – Other resident sectors – eurozone (1)+(2)**	1,504	1,516	12	1	-167	-10
	Deposits and promissory notes – households and businesses (4)+(5)+(6)	940	944	4	0	6	1

Source: BBVA Research based on Bank of Spain data

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