

Financial Systems Flash

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Economic Analysis

Financial Systems Unit

Deposits made by households and corporates in Spain rose by EUR3bn in December

Both household and corporate deposits increased by less than we expected in December (EUR2bn and EUR1bn, respectively). This was possibly due to funds being switched into higher-yielding products (i.e. investment funds). Seasonally-adjusted, household and corporate deposits actually fell by EUR3bn.

- **Total deposits (including all agents and geographies fell by EUR27bn**

This fall was mainly due to the drop in domestic deposits (-EUR28bn). Meanwhile, international depositors offset each other: deposits by EMU residents fell nearly EUR2bn, while deposits from the rest of the world increased by more than EUR2bn.

- **Domestic deposits fell by EUR28bn in December**

This fall was mainly due to the decline at Spanish financial institutions (-EUR25bn), which repaid around EUR17bn of ECB liquidity (gross). In addition, total deposits by public administrations (public administrations plus other public administrations) fell by more than EUR6bn, of which 60% was due to the very volatile repo component. Meanwhile, deposits by other resident sectors (OSR) in Spain increased by nearly EUR4bn, an increase headed by households and corporates. For the second consecutive month, deposits by non-financial monetary institutions (IFNM) remained practically stable, and the breakdown by component revealed that the growth in deposits by central counterparties was offset by the decline in deposits by asset securitisation funds.

- **Aggregate household and domestic corporate deposits (the two most important elements in determining deposit growth) increased by EUR3bn in the month, and by EUR41bn in FY13**

- Household deposits increased by more than EUR2bn and corporate deposits by EUR1bn, less than expected. This could be a reflection of the lower returns on deposits vs. other investment products, causing households and families to switch into higher-yielding products (i.e. investment funds). Seasonally-adjusted, corporate and household deposits fell by EUR3bn.
- In 2013 as a whole, household and corporate deposits increased by EUR41bn (+4.47% YoY). In addition, the latest edition of the AIAF's monthly promissory notes bulletin suggests that in aggregate, deposits and promissory notes increased by EUR5bn in 2013 (+0.5% YoY).

Table 1
Deposits

	Outstanding balance		MoM change December-2013		YoY change December-2013	
	Nov-13	Dec-13	(EUR bn)	%	(EUR bn)	%
December 2013						
Bank of Spain						
Total deposits (a)+(b)+(c)	2,217	2,190	-27	-1	-260	-11
Total deposits, Spain (a)	1,908	1,881	-28	-1	-229	-11
Credit institutions	412	387	-25	-6	-188	-33
Public administrations	36	34	-2	-6	-9	-20
Other resident sectors, Spain (1)	1,460	1,460	0	0	-33	-2
NMFIs	414	414	0	0	-76	-16
Insurance companies	53	53	0	0	0	0
Other public administrations	33	29	-4	-13	3	10
Non-financial corporations (4)	204	205	1	1	14	7
Households (5)	757	759	2	0	27	4
Total Eurozone deposits (b)	171	169	-2	-1	9	6
Credit institutions	135	132	-3	-2	6	4
Public administrations	0	0	0	-2	-4	-95
Other resident sectors, euro zone (2)	36	37	1	4	8	25
Total deposits, rest of the world (c)	138	140	2	2	-41	-23
Credit institutions	95	97	2	2	-33	-26
Public administrations	0	0	0	22	0	-23
Other resident sectors, RoW (3)	42	43	1	2	-7	-14
BBVA						
Promissory notes held by households and corporates (6)	16	15	-1	-7	-37	-71
ECB						
Other Eurozone Resident Sector deposits (1)+(2)	1,496	1,497	1	0	-25	-2
Pro-memoria:						
Deposits and promissory notes held by households and deposits (4)+(5)+(6)	976	978	2	0	5	0

Source: BBVA Research based on Bank of Spain

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