

# Financial Systems Flash

Madrid, 29 January 2014  
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

December 2013		Outstanding balance		MoM change December-2013		YoY change December-2013	
		Nov-13	Dec-13	(EUR bn)	%	(EUR bn)	%
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

**DISCLAIMER**

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.