

Financial Systems Flash

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Economic Analysis

Financial Systems Unit

Household and corporate deposits fell by EUR10bn in April, in line with expectations

In April, household deposits fell by EUR3bn, very close to expectations. Companies, meanwhile, reduced their deposits by EUR7bn, which was fairly in line with forecasts, after an atypical March (+EUR11bn). This month, 80% of the household and corporate fall in the aggregate (-EUR10bn) is accounted for by seasonal factors; once these are corrected, the reduction is only EUR2bn.

- **Total deposits (including all agents and geographies) fell EUR22bn**

The reason for the fall in April was the drop in deposits by national agents (-EUR26bn). Meanwhile, EMU deposits grew by EUR3bn and those from the rest of the world remained stable.

- **Residents in Spain reduced their deposits by EUR26bn**

This fall was generalised across the segments, apart from deposits by credit institutions, which grew EUR5bn. Thus, in aggregate, public sector (central government and other public sector bodies) deposits fell by EUR10bn in the first month of income-tax reimbursements, a very similar drop to the year before. Meanwhile, Other Resident Sectors (ORS) also made downwards adjustments to their deposits, to EUR21bn. By components: investment funds, securitisation funds, insurance firms and the remaining non-monetary financial institutions (NMFIs) reduced their deposits by EUR 14bn, the aggregate of households and companies fell EUR10bn and deposits through Spanish clearing houses rose by EUR3bn. This performance is consistent with the deleveraging process in which all economic agents are engaged and with the search for higher profitability in alternative instruments, such as investment funds.

Table 1
Deposits

April 2014		Outstanding balance		MoM change Apr-2014		YoY change Apr-2014	
		Mar-14	Apr-14	(EUR bn)	%	(EUR bn)	%
Bank of Spain	Total deposits (a)+(b)+(c)	2,172	2,149	-22	-1	-240	-10
	Total deposits, Spain (a)	1,860	1,834	-26	-1	-181	-9
	Credit institutions	369	374	5	1	-113	-23
	Public administrations	43	33	-10	-24	-16	-33
	Other resident sectors, Spain (1)	1,448	1,427	-21	-1	-52	-4
	NMFIs	401	391	-10	-3	-76	-16
	Insurance companies	53	52	-1	-1	-1	-3
	Other public administrations	32	32	0	1	3	10
	Non-financial corporations (4)	209	202	-7	-3	10	5
	Households (5)	753	750	-3	0	13	2
	Total eurozone deposits (b)	184	187	3	2	3	1
	Credit institutions	141	145	4	3	1	1
	Public administrations	5	0	-5	-93	0	17
	Other resident sectors, eurozone (2)	38	41	4	10	2	4
	Total deposits, RoW (c)	128	128	0	0	-62	-33
	Credit institutions	85	87	1	2	-56	-39
	Public administrations	0	0	0	-18	0	5
	Other resident sectors, RoW (3)	43	41	-1	-3	-6	-12
ECB	Other eurozone resident sector deposits (1)+(2)	1,484	1,468	-16	-1	-50	-3

Source: BBVA Research based on Bank of Spain

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