

Financial Systems Flash

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Economic Analysis

Financial Systems Unit

Household and business deposits and promissory notes were up €28bn in December and €21bn in 2012

Although total deposits fell by €18bn in December, deposits from households and businesses increased by €19bn, and remained virtually steady throughout 2012 (-€3bn, -0.3%). Total promissory notes and deposits in the hands of households and businesses increased €28bn in December and €21bn in 2012, which confirms the inexistence of deposits outflows in 2012 as a whole, once we purge the statistics, despite some deposit withdrawals during certain periods of the year.

- **Deposits received by Spanish credit institutions in December, with a breakdown for each agent, were revealed today**

The Bank of Spain published Chapter 8 of its Statistical Bulletin today, comprising the financial statements harmonised at Euro area level, used by the ECB for its series, but with more detail.

- **In December total deposits fell €18bn**, including Spanish residents (-€17bn) and residents of the eurozone (-€3bn). Deposits of residents in the rest of the world have increased (+2bn).

- **In December, the deposits of Spanish credit institutions were down €17bn, but figures were significantly uneven between agents:** credit institutions: -€18bn, total public administration deposits: -€6bn (following an increase of €6bn in the prior month), non-monetary financial institutions (non-MFI): -€14bn (a result of a fall in securitisation deposits), insurance companies +€1bn and households and businesses +€19bn. Deposits of credit institutions, non-MFIs and public administration deposits are more volatile than the others; changes therein may be a result of short-term cash requirements, for example.

- **Aggregate deposits and promissory notes of Spanish businesses and households have increased by €28bn this month**, consisting of an increase of €19bn in households and business deposits and an estimated increase of €9bn in promissory notes placed with businesses and households.

- In December, deposits from businesses and households increased €19bn (€10bn for households and €9bn for businesses), marking a new high in the monthly increase since June, 2010 (following an increase of €17bn in November). This increase would be €7bn if the adjustment for seasonality is taken into account.
- Based on our estimates, the outstanding balance of promissory notes increased €9bn in December, which could be a result of a very sharp drop in November (-€13bn). Ever since the extraordinary payment to the Spanish Deposit Guarantee Fund (FGD) was eliminated in September, promissory notes have lost their appeal and have fallen by 13bn€.
- In 2012 aggregate deposits and promissory notes corresponding to households and businesses increased €21bn (+2%). Despite the difficult economic conditions, household and business funds have risen slightly in the last year.

Table 1
Deposits

	Outstanding balance		Month-on-month change. December 2012		Year-on-year change December 2012		
	December 2012	Nov-12	Dec-12	(€bn)	%	(€bn)	%
Bank of Spain	Total deposits (a)+(b)+(c)	2,466	2,448	-18	-1	-70	-3
	Total deposits Spain (a)	2,122	2,105	-17	-1	80	4
	Credit institutions	590	571	-18	-3	197	53
	Public administrations	47	43	-5	-10	-3	-7
	Other Resident sectors - Spain (1)	1,485	1,491	6	0	-114	-7
	NMFIs	504	490	-14	-3	-113	-19
	Insurance companies	51	53	1	2	-0	-0
	Other public administrations	28	26	-1	-4	2	10
	Non-financial companies (4)	181	190	9	5	-8	-4
	Households (5)	721	731	10	1	5	1
	Total deposits - eurozone (b)	160	157	-3	-2	-88	-36
	Credit institutions	126	123	-3	-2	-47	-27
	Public administrations	2	4	2	88	4	n.a.
	Other resident sectors - eurozone (2)	31	29	-2	-6	-45	-61
	Total deposits - RoW (c)	185	186	2	1	-63	-25
	Credit institutions	130	136	6	5	-7	-5
	Public administrations	0	0	-0	-21	-1	-83
	Other resident sectors - RoW (3)	54	50	-5	-9	-55	-53
BBVA	Promissory notes - households and businesses (6)	42	51	9	21	24	90
ECB	Deposits - Other resident sectors - eurozone (1)+(2)	1,516	1,520	4	0	-159	-9
	Deposits and promissory notes - households and businesses	944	973	28	3	21	2
	Total deposits (4)+(5)+(6)						

Source: BBVA Research on base Bank of Spain data

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