



EUROPEAN CENTRAL BANK

26 March 2004

## MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2004

The annual rate of growth of M3 decreased to 6.3% in February 2004, from 6.5% in January 2004 (revised upwards from 6.4%).<sup>1</sup> The three-month average of the annual growth rates of M3 over the period December 2003 – February 2004 decreased to 6.6%, from 7.0% in the period November 2003 – January 2004.

<i>12-month percentage changes; seasonally adjusted</i>	DECEMBER 2003	JANUARY 2004	FEBRUARY 2004	DECEMBER 03 – FEBRUARY 04 AVERAGE
M3	7.0	6.5	6.3	6.6
M1	10.5	11.1	10.7	10.8
Loans to private sector	5.5	5.4	5.5	5.5

Regarding the main components of M3, the annual rate of growth of M1 declined in February to 10.7%, from 11.1% in January. At the same time, the annual rate of growth of short-term deposits other than overnight deposits decreased to 3.1%, from 3.7% in January. By contrast, the annual rate of growth of marketable instruments increased in February to 2.9%, from 1.5% in the previous month.

Turning to the main counterparts of M3, on the asset side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents was 5.9% in February, compared with 5.8% in the previous month. Credit extended to general government recorded an annual growth rate of 6.0%, compared with 6.1% in January. Meanwhile, the annual growth rate of credit extended to the private sector remained unchanged, at 5.8%. Among the components of the latter item, the annual growth rate of loans to the private sector stood at 5.5% in February, compared with 5.4% in the previous month. The annual growth rate of loans to non-financial corporations in February was 2.7%, compared with 2.8% in the previous month.<sup>2</sup> At the same time, loans to households recorded an annual growth rate of 6.6%, compared with 6.7% in January. The annual rate of growth of lending for house purchase stood at 8.5%, compared with 8.6% in the previous month. The annual rate of growth of consumer credit rose in February to 5.0%, from 3.9% in January, while that of other lending to households declined to 1.5%, from 2.2% in the previous month. Finally, the annual growth rate of loans

<sup>1</sup> Unless otherwise indicated, all rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

<sup>2</sup> The rates of growth referring to the breakdown of loans to the private sector by counterpart and type are unadjusted for seasonal and end-of-month calendar effects.

to non-monetary financial intermediaries (except insurance corporations and pension funds) increased in February to 14.7%, from 12.5% in January.

Over the 12 months up to February, the net external asset position of the euro area MFI sector rose by EUR 106 billion, compared with a rise by EUR 110 billion over the 12 months up to January. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 6.0%, from 5.8% in January.

#### Notes

- *The publication of the statistics on monetary developments in March, April, May and June 2004 is scheduled to take place at 10.00 am on 29 April, 28 May, 28 June and 28 July 2004, respectively.*
- *The latest monetary data as contained in Tables 2.1 – 2.8 of the ECB Monthly Bulletin can be found on the ECB website ([www.ecb.int](http://www.ecb.int)) at the “Latest monetary, financial markets and balance of payments statistics” item of the Statistics section. In addition, data on a number of breakdowns of deposits, loans and holdings of securities, together with longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures can be found at the “Monetary statistics” item of the same section.*

TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA : FEBRUARY 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	JANUARY 2004			FEBRUARY 2004			AVERAGE DEC-03 FEB-04
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	6158	22	6.5	6192	35	6.3	6.6
(1.1) Currency in circulation	397	8	25.0	400	3	23.5	24.5
(1.2) Overnight deposits	2316	30	9.1	2329	14	8.8	8.7
(1.3) <b>M1</b> (items 1.1 and 1.2)	2712	38	11.1	2729	18	10.7	10.8
(1.4) Deposits with agreed maturity up to 2 years	1029	-15	-3.7	1018	-11	-4.6	-3.7
(1.5) Deposits redeemable at notice up to 3 months	1517	8	9.4	1530	13	8.9	9.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2546	-7	3.7	2548	1	3.1	3.8
(1.7) <b>M2</b> (items 1.3 and 1.6)	5258	31	7.4	5277	19	6.9	7.3
(1.8) Repurchase agreements	212	-7	-7.8	225	13	-1.5	-4.7
(1.9) Money market fund shares/units	595	-7	8.9	595	-1	7.8	9.4
(1.10) Debt securities issued with maturity up to 2 years	93	4	-15.0	95	3	-11.8	-13.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	900	-9	1.5	915	16	2.9	2.8
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	180	26	11.8	187	8	10.8	10.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4156	10	5.8	4180	24	6.0	5.9
(3.1) Deposits with agreed maturity over 2 years	1256	3	5.7	1265	9	5.8	5.6
(3.2) Deposits redeemable at notice over 3 months	90	0	-11.9	90	0	-11.1	-11.9
(3.3) Debt securities issued with maturity over 2 years	1813	13	9.5	1818	6	9.5	9.3
(3.4) Capital and reserves	996	-6	1.7	1006	9	2.3	2.3
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10420	33	5.8	10469	52	5.9	5.9
(4.1) Credit to general government	2247	2	6.1	2255	6	6.0	6.2
of which Loans	832	-2	1.4	826	-6	0.6	1.3
of which Securities other than shares	1415	3	9.1	1429	13	9.4	9.3
(4.2) Credit to other euro area residents	8173	31	5.8	8215	46	5.8	5.8
of which Loans	7111	27	5.4	7148	42	5.5	5.5
of which Securities other than shares	427	-4	12.9	430	2	12.4	13.3
of which Shares and other equities	634	8	5.3	636	3	6.1	5.1
(5) <i>Net external assets</i>	266	51	ND	275	15	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-193	-26	ND	-185	-1	ND	ND

a) Figures may not add up due to rounding. The information in this table is based on consolidated balance sheet statistics reported by monetary financial institutions (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area.

b) Calculated from monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) Liabilities of monetary financial institutions (MFIs) and specific units of the central government (post offices, treasury) vis-à-vis non-MFI euro area residents excluding central government.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 2

## MONETARY DEVELOPMENTS IN THE EURO AREA : FEBRUARY 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	JANUARY 2004			FEBRUARY 2004			AVERAGE DEC-03 FEB-04
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	6163	-10	6.6	6190	28	6.4	6.7
(1.1) Currency in circulation	389	-9	24.9	394	4	23.5	24.5
(1.2) Overnight deposits	2311	-23	9.6	2306	-4	9.2	8.9
(1.3) <b>M1</b> (items 1.1 and 1.2)	2700	-32	11.6	2699	0	11.1	10.9
(1.4) Deposits with agreed maturity up to 2 years	1027	-16	-4.1	1023	-4	-4.7	-3.7
(1.5) Deposits redeemable at notice up to 3 months	1538	18	9.6	1545	7	9.0	9.6
(1.6) Other short term deposits (items 1.4 and 1.5)	2564	2	3.6	2568	3	3.1	3.8
(1.7) <b>M2</b> (items 1.3 and 1.6)	5265	-30	7.6	5267	3	7.0	7.4
(1.8) Repurchase agreements	215	7	-7.3	229	15	-1.3	-4.3
(1.9) Money market fund shares/units	591	9	8.9	599	7	7.8	9.4
(1.10) Debt securities issued with maturity up to 2 years	93	4	-15.0	95	3	-11.8	-13.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	899	21	1.5	923	25	2.9	2.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	174	20	11.8	193	19	10.7	10.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4163	21	5.8	4183	20	6.1	5.9
(3.1) Deposits with agreed maturity over 2 years	1259	3	5.6	1268	10	5.8	5.6
(3.2) Deposits redeemable at notice over 3 months	91	-1	-11.9	91	0	-11.1	-11.9
(3.3) Debt securities issued with maturity over 2 years	1810	18	9.5	1819	9	9.5	9.3
(3.4) Capital and reserves	1003	1	1.8	1005	1	2.3	2.3
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10408	43	5.8	10462	58	5.9	5.9
(4.1) Credit to general government	2240	14	6.0	2257	16	6.0	6.2
of which Loans	839	-3	1.4	831	-8	0.7	1.3
of which Securities other than shares	1401	17	9.0	1426	24	9.4	9.3
(4.2) Credit to other euro area residents	8167	29	5.8	8205	42	5.8	5.8
of which Loans	7106	23	5.4	7138	36	5.5	5.4
of which Securities other than shares	427	-1	13.1	433	5	12.4	13.4
of which Shares and other equities	634	8	5.3	635	1	5.9	5.1
(5) <i>Net external assets</i>	267	25	ND	267	6	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-174	-37	ND	-163	2	ND	ND

a) Figures may not add up due to rounding. The information in this table is based on consolidated balance sheet statistics reported by monetary financial institutions (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area.

b) Calculated from monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) Liabilities of monetary financial institutions (MFIs) and specific units of the central government (post offices, treasury) vis-à-vis non-MFI euro area residents excluding central government.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 3

**CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: FEBRUARY 2004**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	DECEMBER 2003	JANUARY 2004	FEBRUARY 2004
(1) <b>M1</b>	4.4	4.7	4.5
(1.1) <i>of which</i> : Currency	1.4	1.4	1.3
(1.2) <i>of which</i> : Overnight deposits	3.1	3.3	3.2
(2) <b>M2 - M1</b> (= other short-term deposits)	2.0	1.6	1.3
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.6	0.2	0.4
(4) <b>M3</b> (= items 1, 2 and 3)	7.0	6.5	6.3

a) Discrepancies can be due to rounding. The information in this table is based on consolidated balance sheet statistics reported by Monetary Financial Institutions (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: FEBRUARY 2004**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	JANUARY 2004				FEBRUARY 2004			
	End of month level	Flow <sup>b)</sup>	Write-offs / write-downs	Annual growth rate	End of month level	Flow <sup>b)</sup>	Write-offs / write-downs	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	3036	-5	-4	2.8	3039	5	-1	2.7
(1.1) up to 1 year	959	0	-2	-3.3	954	-4	-1	-3.5
(1.2) over 1 year and up to 5 years	530	1	0	5.4	531	1	0	4.7
(1.3) over 5 years	1547	-7	-1	6.1	1554	8	-1	6.2
(2) <b>Loans to households <sup>d)</sup></b>	3526	16	-2	6.7	3540	17	-2	6.6
(2.1) Consumer credit	481	-3	-1	3.9	481	1	0	5.0
(2.2) Lending for house purchase	2373	22	-1	8.6	2385	13	0	8.5
(2.3) Other lending <sup>d)</sup>	672	-3	-1	2.2	674	3	-1	1.5
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	497	0	0	12.5	511	15	0	14.7
(4) <b>Loans to insurance corporations and pension funds</b>	48	12	0	12.8	47	0	0	7.1

a) Discrepancies can be due to rounding. The information in this table is based on consolidated balance sheet statistics reported by monetary financial institutions (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area.

b) Calculated from monthly difference in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions.

c) Loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding central government.

d) Includes loans to non-profit institutions serving households.