



EUROPEAN CENTRAL BANK

29 April 2004

MONETARY DEVELOPMENTS IN THE EURO AREA: MARCH 2004

The annual rate of growth of M3 stood at 6.3% in March 2004, unchanged from the previous month.¹ The three-month average of the annual growth rates of M3 over the period January 2004 – March 2004 decreased to 6.4%, from 6.6% in the period December 2003 – February 2004.

| <i>12-month percentage changes; seasonally adjusted</i> | JANUARY 2004 | FEBRUARY 2004 | MARCH 2004 | JANUARY 04 – MARCH 04 AVERAGE |
|---|-------------------------|--------------------------|-----------------------|--|
| M3 | 6.5 | 6.3 | 6.3 | 6.4 |
| M1 | 11.3 | 11.1 | 11.4 | 11.2 |
| Loans to private sector | 5.5 | 5.5 | 5.5 | 5.5 |

Regarding the main components of M3, the annual rate of growth of M1 increased in March to 11.4%, from 11.1% in February. The annual rate of growth of marketable instruments also increased in March to 3.2%, from 2.4% in the previous month. By contrast, the annual rate of growth of short-term deposits other than overnight deposits decreased to 2.2%, from 3.0% in February.

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 rose to 6.1% in March, from 5.9% in the previous month. The annual growth rate of credit extended to general government increased to 6.6%, from 5.8% in February. Meanwhile, the annual growth rate of credit extended to the private sector stood at 6.0%, compared with 5.9% in the previous month. Among the components of the latter item, the annual growth rate of loans to the private sector remained unchanged in March, at 5.5%. The annual growth rate of loans to non-financial corporations was 3.3%, compared with 3.2% in February.² At the same time, the annual growth rate of loans to households rose to 6.7%, from 6.4% in the previous month. The annual rate of growth of lending for house purchase stood at 8.2% in March, compared with 8.1% in the previous month. The annual rate of growth of consumer credit was 4.8%, compared with 4.9% in the previous month. The annual growth rate of other lending to households increased to 2.6%, from 1.5% in the previous month. Finally, the annual growth rate of loans to non-

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

² 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.

monetary financial intermediaries (except insurance corporations and pension funds) declined in March to 10.9%, from 14.8% in the previous month.

Over the 12 months up to March, the net external asset position of the euro area MFI sector rose by EUR 96 billion, compared with a rise by EUR 106 billion over the 12 months up to February. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 6.8% in March, from 6.1% in the previous month.

Notes

- *The publication of the statistics on monetary developments in April, May, June and July 2004 is scheduled to take place at 10.00 am on 28 May, 28 June, 28 July and 26 August 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) 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 : MARCH 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes ^{a)})

| | FEBRUARY 2004 | | | MARCH 2004 | | | AVERAGE JAN-04 MAR-04 |
|---|-----------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|
| | End of month level | Monthly flow ^{b)} | Annual growth rate | End of month level | Monthly flow ^{b)} | Annual growth rate | Annual growth rate |
| COMPONENTS OF M3 ^{c)} | | | | | | | |
| (1) M3 (= items 1.3, 1.6 and 1.11) | 6197 | 39 | 6.3 | 6207 | 9 | 6.3 | 6.4 |
| (1.1) Currency in circulation | 400 | 3 | 23.5 | 407 | 7 | 22.7 | 23.7 |
| (1.2) Overnight deposits | 2337 | 20 | 9.2 | 2363 | 25 | 9.6 | 9.4 |
| (1.3) M1 (items 1.1 and 1.2) | 2737 | 23 | 11.1 | 2770 | 32 | 11.4 | 11.2 |
| (1.4) Deposits with agreed maturity up to 2 years | 1013 | -17 | -5.1 | 1000 | -14 | -6.4 | -5.1 |
| (1.5) Deposits redeemable at notice up to 3 months | 1536 | 18 | 9.2 | 1546 | 10 | 8.6 | 9.0 |
| (1.6) Other short term deposits (items 1.4 and 1.5) | 2548 | 2 | 3.0 | 2546 | -4 | 2.2 | 2.9 |
| (1.7) M2 (items 1.3 and 1.6) | 5285 | 25 | 7.0 | 5316 | 28 | 6.8 | 7.1 |
| (1.8) Repurchase agreements | 225 | 13 | -1.7 | 202 | -23 | -2.7 | -4.1 |
| (1.9) Money market fund shares/units | 595 | 0 | 7.8 | 599 | 6 | 7.7 | 8.1 |
| (1.10) Debt securities issued with maturity up to 2 years | 92 | 1 | -15.1 | 89 | -2 | -8.5 | -13.4 |
| (1.11) Marketable instruments (items 1.8, 1.9 and 1.10) | 912 | 14 | 2.4 | 891 | -19 | 3.2 | 2.3 |
| COUNTERPARTS OF M3 | | | | | | | |
| MFI liabilities: | | | | | | | |
| (2) <i>Holdings against central government</i> ^{d)} | 187 | 8 | 10.7 | 185 | -2 | 5.9 | 9.5 |
| (3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4) | 4181 | 24 | 6.1 | 4237 | 39 | 6.8 | 6.3 |
| (3.1) Deposits with agreed maturity over 2 years | 1265 | 9 | 5.8 | 1269 | 4 | 5.6 | 5.7 |
| (3.2) Deposits redeemable at notice over 3 months | 90 | 0 | -11.1 | 90 | 0 | -9.9 | -11.0 |
| (3.3) Debt securities issued with maturity over 2 years | 1817 | 5 | 9.4 | 1856 | 30 | 10.4 | 9.8 |
| (3.4) Capital and reserves | 1009 | 10 | 2.6 | 1022 | 4 | 3.9 | 2.8 |
| MFI assets: | | | | | | | |
| (4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2) | 10466 | 52 | 5.9 | 10502 | 35 | 6.1 | 6.0 |
| (4.1) Credit to general government | 2249 | 5 | 5.8 | 2265 | 16 | 6.6 | 6.1 |
| of which Loans | 826 | -6 | 0.5 | 839 | 14 | 2.3 | 1.3 |
| of which Securities other than shares | 1424 | 12 | 9.2 | 1426 | 1 | 9.4 | 9.2 |
| (4.2) Credit to other euro area residents | 8216 | 47 | 5.9 | 8238 | 19 | 6.0 | 5.9 |
| of which Loans | 7152 | 42 | 5.5 | 7165 | 10 | 5.5 | 5.5 |
| of which Securities other than shares | 429 | 1 | 12.0 | 433 | 3 | 10.6 | 11.8 |
| of which Shares and other equities | 635 | 3 | 6.1 | 640 | 6 | 9.1 | 6.8 |
| (5) <i>Net external assets</i> | 273 | 14 | ND | 313 | 20 | ND | ND |
| (6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5) | -174 | 3 | ND | -187 | -10 | 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 : MARCH 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes ^{a)})

| | FEBRUARY 2004 | | | MARCH 2004 | | | AVERAGE JAN-04 MAR-04 |
|---|-----------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|
| | End of month level | Monthly flow ^{b)} | Annual growth rate | End of month level | Monthly flow ^{b)} | Annual growth rate | Annual growth rate |
| COMPONENTS OF M3 ^{c)} | | | | | | | |
| (1) M3 (= items 1.3, 1.6 and 1.11) | 6194 | 31 | 6.5 | 6214 | 19 | 6.1 | 6.4 |
| (1.1) Currency in circulation | 393 | 4 | 23.4 | 400 | 6 | 22.3 | 23.5 |
| (1.2) Overnight deposits | 2313 | 1 | 9.7 | 2348 | 33 | 9.2 | 9.5 |
| (1.3) M1 (items 1.1 and 1.2) | 2707 | 5 | 11.5 | 2747 | 39 | 10.9 | 11.4 |
| (1.4) Deposits with agreed maturity up to 2 years | 1018 | -9 | -5.2 | 1004 | -15 | -6.1 | -5.1 |
| (1.5) Deposits redeemable at notice up to 3 months | 1551 | 13 | 9.2 | 1555 | 5 | 8.5 | 9.1 |
| (1.6) Other short term deposits (items 1.4 and 1.5) | 2568 | 3 | 3.0 | 2559 | -11 | 2.3 | 3.0 |
| (1.7) M2 (items 1.3 and 1.6) | 5275 | 8 | 7.2 | 5307 | 28 | 6.6 | 7.1 |
| (1.8) Repurchase agreements | 229 | 14 | -1.6 | 218 | -11 | -2.3 | -3.7 |
| (1.9) Money market fund shares/units | 599 | 7 | 7.8 | 601 | 4 | 7.6 | 8.1 |
| (1.10) Debt securities issued with maturity up to 2 years | 92 | 1 | -15.1 | 89 | -2 | -8.5 | -13.4 |
| (1.11) Marketable instruments (items 1.8, 1.9 and 1.10) | 919 | 23 | 2.5 | 908 | -10 | 3.2 | 2.3 |
| COUNTERPARTS OF M3 | | | | | | | |
| MFI liabilities: | | | | | | | |
| (2) <i>Holdings against central government</i> ^{d)} | 193 | 19 | 10.6 | 184 | -9 | 6.0 | 9.5 |
| (3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4) | 4184 | 20 | 6.1 | 4246 | 44 | 6.9 | 6.3 |
| (3.1) Deposits with agreed maturity over 2 years | 1268 | 9 | 5.8 | 1274 | 6 | 5.6 | 5.7 |
| (3.2) Deposits redeemable at notice over 3 months | 91 | 0 | -11.1 | 91 | 0 | -9.9 | -11.0 |
| (3.3) Debt securities issued with maturity over 2 years | 1817 | 8 | 9.4 | 1857 | 31 | 10.4 | 9.8 |
| (3.4) Capital and reserves | 1008 | 2 | 2.7 | 1024 | 7 | 3.9 | 2.9 |
| MFI assets: | | | | | | | |
| (4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2) | 10458 | 58 | 5.9 | 10534 | 73 | 6.1 | 5.9 |
| (4.1) Credit to general government | 2252 | 15 | 5.8 | 2279 | 28 | 6.7 | 6.1 |
| of which Loans | 831 | -8 | 0.5 | 846 | 16 | 2.4 | 1.4 |
| of which Securities other than shares | 1421 | 23 | 9.2 | 1433 | 12 | 9.4 | 9.2 |
| (4.2) Credit to other euro area residents | 8207 | 43 | 5.9 | 8255 | 45 | 5.9 | 5.9 |
| of which Loans | 7142 | 37 | 5.5 | 7172 | 28 | 5.5 | 5.5 |
| of which Securities other than shares | 432 | 5 | 12.0 | 433 | 1 | 10.6 | 11.8 |
| of which Shares and other equities | 633 | 2 | 6.0 | 649 | 16 | 8.4 | 6.6 |
| (5) <i>Net external assets</i> | 266 | 6 | ND | 289 | 4 | ND | ND |
| (6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5) | -153 | 6 | ND | -179 | -24 | 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: MARCH 2004
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

| | JANUARY 2004 | FEBRUARY 2004 | MARCH 2004 |
|--|--------------|---------------|------------|
| (1) M1 | 4.8 | 4.7 | 4.8 |
| (1.1) <i>of which</i> : Currency | 1.4 | 1.3 | 1.3 |
| (1.2) <i>of which</i> : Overnight deposits | 3.4 | 3.4 | 3.6 |
| (2) M2 - M1 (= other short-term deposits) | 1.5 | 1.3 | 0.9 |
| (3) M3 - M2 (= short-term marketable instruments) | 0.2 | 0.4 | 0.5 |
| (4) M3 (= items 1, 2 and 3) | 6.5 | 6.3 | 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: MARCH 2004
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

| | FEBRUARY 2004 | | | | MARCH 2004 | | | |
|---|--------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|--------------------------|--------------------|
| | End of month level | Flow ^{b)} | Write-offs / write-downs | Annual growth rate | End of month level | Flow ^{b)} | Write-offs / write-downs | Annual growth rate |
| BREAKDOWN OF LOANS ^{c)} | | | | | | | | |
| (1) Loans to non-financial corporations | 3040 | 5 | -2 | 3.2 | 3050 | 9 | -1 | 3.3 |
| (1.1) up to 1 year | 955 | -4 | -1 | -3.2 | 956 | 1 | -1 | -2.1 |
| (1.2) over 1 year and up to 5 years | 529 | 1 | 0 | 4.5 | 524 | -1 | 0 | 3.4 |
| (1.3) over 5 years | 1556 | 8 | -1 | 7.1 | 1571 | 9 | 0 | 6.8 |
| (2) Loans to households ^{d)} | 3540 | 16 | -2 | 6.4 | 3566 | 26 | -1 | 6.7 |
| (2.1) Consumer credit | 481 | 1 | 0 | 4.9 | 485 | 4 | 0 | 4.8 |
| (2.2) Lending for house purchase | 2385 | 13 | 0 | 8.1 | 2401 | 19 | 0 | 8.2 |
| (2.3) Other lending ^{d)} | 674 | 2 | -1 | 1.5 | 681 | 2 | -1 | 2.6 |
| (3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds | 514 | 16 | 0 | 14.8 | 509 | -6 | 0 | 10.9 |
| (4) Loans to insurance corporations and pension funds | 47 | -1 | 0 | 6.8 | 46 | -1 | 0 | 9.5 |

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.