



EUROPEAN CENTRAL BANK

27 September 2004

MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2004

The annual rate of growth of M3 was 5.5% in August 2004, after 5.4% in July 2004.¹ The three-month average of the annual growth rates of M3 over the period June 2004 – August 2004 increased to 5.4%, from 5.2% in the period May 2004 – July 2004.

<i>12-month percentage changes; seasonally adjusted</i>	JUNE 2004	JULY 2004	AUGUST 2004	JUNE – AUGUST 2004 AVERAGE
M3	5.3	5.4	5.5	5.4
M1	9.6	10.1	9.3	9.6
Loans to private sector	6.0	6.2	6.0	6.1

Regarding the main components of M3, the annual rate of growth of M1 declined in August to 9.3%, from 10.1% in July. The annual rate of growth of short-term deposits other than overnight deposits increased to 2.0% in August, from 1.7% in the previous month. The annual rate of growth of marketable instruments rose to 4.5%, from 2.5% in July.

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 declined in August to 6.1%, from 6.3% in July. While the annual rate of growth of credit extended to general government increased to 6.6% in August, from 6.4% in the previous month, that of credit extended to the private sector decreased to 6.0%, from 6.3% in July. Among the components of the latter item, the annual rate of growth of loans to the private sector declined to 6.0% in August, from 6.2% in the previous month. The annual growth rate of loans to non-financial corporations decreased to 4.0% in August, from 4.3% in July.² The annual growth rate of loans to households increased to 7.5%, compared with 7.3% in July. The annual rate of growth of lending for house purchase was 9.3% in August, after 9.2% in the previous month. The annual rate of growth of consumer credit increased to 6.5% in August, up from 5.4% in July. The annual growth rate of other lending to households declined to 2.0%, compared with 2.4% in July. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) declined to 7.1% in August, from 8.9% in the previous month.

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.

Over the 12 months up to August, the net external asset position of the euro area MFI sector rose by EUR 108 billion, after recording a rise of EUR 46 billion over the 12 months up to July. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 7.7% in August, compared with 7.6% in July.

Notes

- *The publication of the statistics on monetary developments in September, October, November and December 2004 is scheduled to take place at 10.00 am on 28 October, 26 November and 30 December 2004 and 28 January 2005 respectively.*
- *The latest monetary data as contained in Tables 2.1 to 2.8 of the ECB's Monthly Bulletin can be found on the ECB's website (www.ecb.int) in the "Statistics section" under "Data services" and then "Latest monetary, financial markets and balance of payments statistics". 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 in the same section under "Money, banking and financial markets" and then "Monetary statistics".*

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA : AUGUST 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2004			AUGUST 2004			AVERAGE JUN-04 AUG-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)	6357	57	5.4	6382	26	5.5	5.4
(1.1) Currency in circulation	425	5	20.0	433	8	20.3	20.5
(1.2) Overnight deposits	2406	35	8.5	2405	-1	7.5	7.9
(1.3) M1 (items 1.1 and 1.2)	2832	40	10.1	2838	7	9.3	9.6
(1.4) Deposits with agreed maturity up to 2 years	999	2	-6.3	996	-2	-5.7	-6.2
(1.5) Deposits redeemable at notice up to 3 months	1595	8	7.4	1608	13	7.5	7.6
(1.6) Other short term deposits (items 1.4 and 1.5)	2593	9	1.7	2604	12	2.0	1.8
(1.7) M2 (items 1.3 and 1.6)	5425	50	5.9	5442	18	5.7	5.8
(1.8) Repurchase agreements	231	11	1.4	229	-1	3.9	2.2
(1.9) Money market fund shares/units	611	0	3.3	619	8	4.9	4.3
(1.10) Debt securities issued with maturity up to 2 years	90	-3	-0.5	91	1	2.9	0.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	932	7	2.5	940	8	4.5	3.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	199	-4	16.3	199	1	19.0	16.1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4346	28	7.6	4375	28	7.7	7.7
(3.1) Deposits with agreed maturity over 2 years	1307	9	7.2	1312	5	7.0	7.1
(3.2) Deposits redeemable at notice over 3 months	89	0	-4.9	89	0	-3.3	-5.1
(3.3) Debt securities issued with maturity over 2 years	1918	12	10.3	1933	17	10.8	10.6
(3.4) Capital and reserves	1031	7	4.5	1041	6	4.2	4.6
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10780	68	6.3	10812	35	6.1	6.3
(4.1) Credit to general government	2330	14	6.4	2342	9	6.6	6.9
of which Loans	849	6	2.5	851	2	2.6	2.6
of which Securities other than shares	1481	8	8.8	1490	6	9.1	9.5
(4.2) Credit to other euro area residents	8450	55	6.3	8470	26	6.0	6.1
of which Loans	7347	55	6.2	7369	27	6.0	6.1
of which Securities other than shares	449	-2	10.5	451	3	9.8	10.1
of which Shares and other equities	654	2	4.5	650	-4	3.2	4.3
(5) <i>Net external assets</i>	283	12	ND	316	28	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-162	0	ND	-172	-8	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 : AUGUST 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2004			AUGUST 2004			AVERAGE JUN-04 AUG-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)	6354	23	5.4	6340	-13	5.3	5.3
(1.1) Currency in circulation	436	13	20.7	433	-3	19.5	20.3
(1.2) Overnight deposits	2398	-14	8.2	2363	-35	7.4	7.6
(1.3) M1 (items 1.1 and 1.2)	2834	0	9.9	2796	-37	9.1	9.4
(1.4) Deposits with agreed maturity up to 2 years	1000	10	-5.9	1003	3	-5.8	-6.1
(1.5) Deposits redeemable at notice up to 3 months	1593	8	7.6	1599	6	7.4	7.6
(1.6) Other short term deposits (items 1.4 and 1.5)	2594	18	2.0	2602	9	1.9	1.9
(1.7) M2 (items 1.3 and 1.6)	5428	17	6.0	5399	-28	5.5	5.7
(1.8) Repurchase agreements	223	5	1.1	226	3	3.8	2.0
(1.9) Money market fund shares/units	613	4	3.4	625	11	4.9	4.3
(1.10) Debt securities issued with maturity up to 2 years	90	-3	-0.5	91	1	2.9	0.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	926	6	2.4	942	16	4.5	3.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	202	-23	16.2	193	-9	18.1	15.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4349	27	7.6	4372	22	7.7	7.7
(3.1) Deposits with agreed maturity over 2 years	1307	7	7.2	1312	6	7.0	7.1
(3.2) Deposits redeemable at notice over 3 months	88	0	-4.9	88	0	-3.3	-5.1
(3.3) Debt securities issued with maturity over 2 years	1922	15	10.3	1929	10	10.8	10.6
(3.4) Capital and reserves	1032	4	4.4	1042	6	4.2	4.5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10781	26	6.3	10763	-15	6.2	6.3
(4.1) Credit to general government	2329	-1	6.4	2327	-5	6.7	6.9
of which Loans	848	7	2.5	843	-5	2.6	2.6
of which Securities other than shares	1481	-9	8.8	1484	0	9.1	9.5
(4.2) Credit to other euro area residents	8452	27	6.3	8437	-10	6.0	6.1
of which Loans	7355	35	6.2	7346	-3	6.0	6.1
of which Securities other than shares	448	0	10.5	448	0	9.6	10.0
of which Shares and other equities	649	-8	4.5	643	-6	3.3	4.3
(5) <i>Net external assets</i>	284	-1	ND	318	29	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-160	2	ND	-177	-14	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: AUGUST 2004
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	JUNE 2004	JULY 2004	AUGUST 2004
(1) M1	4.1	4.3	4.0
(1.1) <i>of which</i> : Currency	1.2	1.2	1.2
(1.2) <i>of which</i> : Overnight deposits	2.9	3.1	2.8
(2) M2 - M1 (= other short-term deposits)	0.7	0.7	0.9
(3) M3 - M2 (= short-term marketable instruments)	0.5	0.4	0.7
(4) M3 (= items 1, 2 and 3)	5.3	5.4	5.5

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.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: AUGUST 2004
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	JULY 2004				AUGUST 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	3099	7	0	4.3	3093	-5	0	4.0
(1.1) up to 1 year	961	-5	0	-1.2	944	-16	0	-1.8
(1.2) over 1 year and up to 5 years	539	4	0	6.0	543	4	0	5.7
(1.3) over 5 years	1599	8	0	7.3	1605	7	0	7.2
(2) Loans to households ^{d)}	3692	30	0	7.3	3708	17	-1	7.5
(2.1) Consumer credit	504	2	0	5.4	505	2	0	6.5
(2.2) Lending for house purchase	2492	28	0	9.2	2509	17	0	9.3
(2.3) Other lending ^{d)}	696	-1	0	2.4	694	-2	0	2.0
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	507	-5	0	8.9	491	-12	0	7.1
(4) Loans to insurance corporations and pension funds	57	3	0	15.2	54	-3	0	21.6

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.