



EUROPEAN CENTRAL BANK

29 November 2005

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2005

The annual rate of growth of M3 decreased to 8.0% in October 2005, from 8.4% in September 2005.¹ The three-month average of the annual growth rates of M3 over the period August 2005 - October 2005 stood at 8.2%, unchanged from the period July 2005 - September 2005.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	AUGUST 2005	SEPTEMBER 2005	OCTOBER 2005	AUGUST 2005 - OCTOBER 2005 AVERAGE
M3	8.2	8.4	8.0	8.2
M1	11.6	11.1	11.2	11.3
Loans to private sector	8.4	8.6	8.8	8.6

Regarding the main components of M3, the annual rate of growth of M1 was 11.2% in October 2005, compared with 11.1% in September. The annual rate of growth of short-term deposits other than overnight deposits decreased to 5.8% in October, from 6.4% in the previous month. The annual rate of growth of marketable instruments decreased to 4.4% in October, from 6.2% in September.

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 7.7% in October 2005, from 7.3% in September. The annual rate of growth of credit extended to general government increased to 1.9% in October, from 1.4% in September, while the annual growth of credit extended to the private sector increased to 9.3% in October, from 8.9% in September. Among the components of the latter, the annual rate of growth of loans to the private sector rose to 8.8% in October, from 8.6% in the previous month. The annual growth rate of loans to non-financial corporations stood at 7.1% in October, after 7.0% in September.² The annual growth rate of loans to households increased to 9.0% in October, from 8.6% in the previous month. The annual rate of growth of lending for house purchase rose to 10.8% in October, from 10.5% in September. The annual rate of growth of consumer credit increased to 7.8% in October, from 7.3% in September, while the annual growth rate of other lending to households increased to 3.2% in

¹ These rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects; this applies throughout this press release unless specified otherwise.

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.

October, from 2.4% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 15.6% in October, from 17.5% in the previous month.

Over the 12 months up to October 2005, the net external asset position of the euro area MFI sector rose by EUR 48 billion, compared with a rise of EUR 81 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 8.6% in October, from 8.3% in September.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in November and December 2005 and January and February 2006 is scheduled to take place at 10 am on 29 December 2005 and 27 January, 27 February and 28 March 2006, 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 (<http://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: OCTOBER 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2005			OCTOBER 2005			AVERAGE AUG-05 OCT-05
	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)	6981	61	8.4	6994	13	8.0	8.2
(1.1) Currency in circulation	507	6	15.3	515	8	15.3	15.4
(1.2) Overnight deposits	2842	13	10.4	2856	14	10.5	10.6
(1.3) M1 (items 1.1 and 1.2)	3349	19	11.1	3371	22	11.2	11.3
(1.4) Deposits with agreed maturity up to 2 years	1084	35	7.0	1086	1	5.9	5.7
(1.5) Deposits redeemable at notice up to 3 months	1546	9	5.9	1548	2	5.6	5.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2630	43	6.4	2633	3	5.8	5.9
(1.7) M2 (items 1.3 and 1.6)	5979	62	8.8	6004	25	8.6	8.7
(1.8) Repurchase agreements	245	-8	8.8	237	-8	5.0	8.3
(1.9) Money market fund shares/units	637	6	3.7	629	-8	1.6	2.6
(1.10) Debt securities issued with maturity up to 2 years	120	0	15.0	123	3	19.9	16.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1002	-1	6.2	989	-12	4.4	5.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	181	8	-11.2	180	-1	-9.2	-11.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4859	11	8.3	4899	43	8.6	8.7
(3.1) Deposits with agreed maturity over 2 years	1465	10	8.4	1475	10	8.3	8.3
(3.2) Deposits redeemable at notice over 3 months	88	-2	-2.3	87	-1	-3.8	-2.3
(3.3) Debt securities issued with maturity over 2 years	2155	3	10.1	2187	30	10.9	10.8
(3.4) Capital and reserves	1151	1	5.9	1150	4	6.0	6.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11704	82	7.3	11805	106	7.7	7.3
(4.1) Credit to general government	2370	-4	1.4	2381	13	1.9	1.5
of which Loans	845	6	0.7	840	-6	0.1	-0.1
of which Securities other than shares	1525	-11	1.8	1541	19	2.9	2.4
(4.2) Credit to other euro area residents	9334	86	8.9	9425	92	9.3	8.9
of which Loans	8084	75	8.6	8152	68	8.8	8.6
of which Securities other than shares	510	-1	12.2	525	16	15.2	13.2
of which Shares and other equities	740	12	9.8	748	9	10.7	9.5
(5) <i>Net external assets</i>	458	-27	ND	433	-22	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-140	25	ND	-165	-29	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 the 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: OCTOBER 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2005			OCTOBER 2005			AVERAGE AUG-05 OCT-05
	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)	6919	57	8.3	6960	41	7.9	8.1
(1.1) Currency in circulation	507	6	15.8	510	3	14.9	15.4
(1.2) Overnight deposits	2816	47	9.8	2841	25	10.5	10.3
(1.3) M1 (items 1.1 and 1.2)	3323	53	10.7	3351	28	11.2	11.1
(1.4) Deposits with agreed maturity up to 2 years	1077	23	7.7	1086	8	5.6	5.9
(1.5) Deposits redeemable at notice up to 3 months	1532	2	5.9	1531	-1	5.6	5.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2609	25	6.7	2618	8	5.7	5.9
(1.7) M2 (items 1.3 and 1.6)	5933	78	8.7	5969	36	8.5	8.6
(1.8) Repurchase agreements	234	-15	8.6	241	7	5.0	8.2
(1.9) Money market fund shares/units	631	-7	3.7	626	-5	1.7	2.7
(1.10) Debt securities issued with maturity up to 2 years	120	0	15.0	123	3	19.9	16.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	986	-21	6.1	991	5	4.4	5.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	182	15	-11.0	179	-3	-9.5	-11.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4862	19	8.3	4901	42	8.6	8.7
(3.1) Deposits with agreed maturity over 2 years	1459	4	8.3	1467	7	8.3	8.3
(3.2) Deposits redeemable at notice over 3 months	87	-2	-2.4	87	0	-3.9	-2.4
(3.3) Debt securities issued with maturity over 2 years	2159	12	10.1	2194	33	10.9	10.8
(3.4) Capital and reserves	1157	5	6.0	1153	2	6.0	6.2
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11663	95	7.3	11763	104	7.7	7.3
(4.1) Credit to general government	2363	0	1.4	2373	13	2.0	1.5
of which Loans	837	6	0.7	833	-4	0.1	0.0
of which Securities other than shares	1526	-6	1.8	1540	17	3.0	2.4
(4.2) Credit to other euro area residents	9300	96	8.9	9389	91	9.2	8.9
of which Loans	8068	85	8.6	8134	66	8.8	8.6
of which Securities other than shares	506	-1	12.2	523	16	15.1	13.1
of which Shares and other equities	726	12	9.9	733	8	10.7	9.5
(5) <i>Net external assets</i>	469	-20	ND	454	-12	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-168	15	ND	-176	-12	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 the 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: OCTOBER 2005
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	AUGUST 2005	SEPTEMBER 2005	OCTOBER 2005
(1) M1	5.2	5.0	5.0
(1.1) <i>of which</i> : Currency	1.1	1.0	1.1
(1.2) <i>of which</i> : Overnight deposits	4.1	4.0	4.0
(2) M2 - M1 (= other short-term deposits)	2.1	2.5	2.3
(3) M3 - M2 (= short-term marketable instruments)	0.9	0.9	0.6
(4) M3 (= items 1, 2 and 3)	8.2	8.4	8.0

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: OCTOBER 2005
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	SEPTEMBER 2005				OCTOBER 2005			
	End of month level	Monthly flow ^{b)}	write-offs / write-downs	Annual growth rate	End of month level	Monthly flow ^{b)}	write-offs / write-downs	Annual growth rate
BREAKDOWN OF LOANS ^{c)}								
(1) Loans to non-financial corporations	3321	25	-1	7.0	3342	23	-1	7.1
(1.1) up to 1 year	1014	12	0	5.3	1022	9	-1	5.2
(1.2) over 1 year and up to 5 years	573	1	0	5.9	583	10	0	7.5
(1.3) over 5 years	1734	11	0	8.5	1737	4	0	8.1
(2) Loans to households ^{d)}	4080	31	-1	8.6	4121	41	-1	9.0
(2.1) Consumer credit	544	4	0	7.3	548	4	0	7.8
(2.2) Lending for house purchase	2820	25	0	10.5	2851	31	0	10.8
(2.3) Other lending ^{d)}	715	2	0	2.4	721	6	0	3.2
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	602	28	0	17.5	602	-2	0	15.6
(4) Loans to insurance corporations and pension funds	65	1	0	22.7	69	3	0	23.5

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 general government.

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