

28 August 2007

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2007

The annual rate of growth of M3 increased to 11.7% in July 2007, from 10.9% in June 2007.¹ The three-month average of the annual growth rates of M3 over the period May 2007 - July 2007 rose to 11.1%, from 10.6% in the period April 2007 - June 2007.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	MAY 2007	JUNE 2007	JULY 2007	MAY 2007 - JULY 2007 AVERAGE
M3	10.6	10.9	11.7	11.1
M1	5.9	6.1	6.9	6.3
Loans to private sector	10.4	10.8	10.9	10.7

Regarding the main components of M3, the annual rate of growth of M1 increased to 6.9% in July 2007, from 6.1% in June. The annual rate of growth of short-term deposits other than overnight deposits increased to 15.0% in July, from 13.9% in the previous month. The annual rate of growth of marketable instruments stood at 19.8% in July, unchanged from 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 8.7% in July 2007, compared with 8.6% in June. The annual rate of decline of credit extended to general government stood at 3.7% in July, after 3.6% in June, while the annual rate of growth of credit extended to the private sector was 11.6% in July, compared with 11.5% in June. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 10.9% in July, after 10.8% in the previous month. The annual growth rate of loans to non-financial corporations increased to 13.6% in July, from 13.3% in June.² The annual growth rate of loans to households decreased to 7.0% in July, from 7.2% in the previous month. The annual rate of growth of lending for house purchase declined to 8.1% in July, from 8.4% in June. The annual rate of growth of consumer credit stood at 5.8% in July, unchanged from the previous month, and the annual growth rate of other lending to households was 3.2% in July, also unchanged from the previous month.

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.

Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 20.7% in July, from 17.9% in the previous month.

Over the 12 months up to July 2007, the net external asset position of the euro area MFI sector rose by EUR 282 billion, compared with a rise of EUR 262 billion over the 12 months up to June. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 9.0% in July, after 9.1% in June.

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 August, September, October and November 2007 is scheduled to take place at 10 am on 27 September, 26 October, 28 November 2007 and 03 January 2008 respectively.*
- *Data refer to the changing composition of the euro area, i.e. they cover the EU Member States that had adopted the euro at the time to which the statistics relate. Data on outstanding amounts referring to periods up to and including December 2000 therefore cover the initial 11 euro area Member States, Greece is included as of January 2001 and Slovenia as of January 2007.*
- *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 "Money, banking and financial markets" and then "Monetary statistics". The same section contains also longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2007

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2007			JULY 2007			AVERAGE MAY-07 JUL-07
	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)	8183	67	10.9	8274	93	11.7	11.1
(1.1) Currency in circulation	599	1	9.2	605	5	9.2	9.3
(1.2) Overnight deposits	3185	13	5.5	3201	16	6.4	5.7
(1.3) M1 (items 1.1 and 1.2)	3784	15	6.1	3806	22	6.9	6.3
(1.4) Deposits with agreed maturity up to 2 years	1645	50	35.1	1709	65	37.5	35.7
(1.5) Deposits redeemable at notice up to 3 months	1526	-6	-2.5	1519	-7	-2.9	-2.6
(1.6) Other short term deposits (items 1.4 and 1.5)	3171	44	13.9	3228	58	15.0	14.2
(1.7) M2 (items 1.3 and 1.6)	6955	58	9.5	7034	80	10.4	9.8
(1.8) Repurchase agreements	285	13	14.5	292	7	14.7	13.2
(1.9) Money market fund shares/units	701	9	14.5	708	7	14.9	14.4
(1.10) Debt securities issued with maturity up to 2 years	242	-14	48.5	241	-2	47.0	47.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1228	9	19.8	1240	13	19.8	19.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	195	-20	5.8	173	-23	-9.5	5.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5710	75	9.1	5751	46	9.0	8.9
(3.1) Deposits with agreed maturity over 2 years	1736	20	8.8	1752	16	9.1	8.7
(3.2) Deposits redeemable at notice over 3 months	109	1	17.6	111	1	17.0	17.7
(3.3) Debt securities issued with maturity over 2 years	2516	28	11.0	2526	13	10.7	10.8
(3.4) Capital and reserves	1348	26	5.5	1363	16	5.3	4.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13621	106	8.6	13720	106	8.7	8.6
(4.1) Credit to general government	2300	-12	-3.6	2286	-15	-3.7	-3.5
of which Loans	817	-3	-1.3	818	1	-0.6	-0.9
of which Securities other than shares	1483	-9	-4.9	1468	-16	-5.4	-4.9
(4.2) Credit to other euro area residents	11321	118	11.5	11434	121	11.6	11.4
of which Loans	9683	99	10.8	9782	102	10.9	10.7
of which Securities other than shares	757	28	28.2	777	20	28.3	27.3
of which Shares and other equities	880	-8	7.5	875	-1	5.9	7.0
(5) <i>Net external assets</i>	720	-2	ND	742	25	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-253	18	ND	-264	-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 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: JULY 2007

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2007			JULY 2007			AVERAGE MAY-07 JUL-07
	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)	8228	74	11.1	8282	56	11.6	11.1
(1.1) Currency in circulation	605	7	9.2	613	8	8.8	9.3
(1.2) Overnight deposits	3239	59	6.0	3214	-24	6.4	5.9
(1.3) M1 (items 1.1 and 1.2)	3844	67	6.5	3827	-16	6.8	6.4
(1.4) Deposits with agreed maturity up to 2 years	1634	35	35.1	1695	61	37.4	35.6
(1.5) Deposits redeemable at notice up to 3 months	1527	-6	-2.5	1516	-10	-2.9	-2.6
(1.6) Other short term deposits (items 1.4 and 1.5)	3161	29	13.9	3211	51	14.9	14.1
(1.7) M2 (items 1.3 and 1.6)	7005	95	9.7	7038	35	10.3	9.8
(1.8) Repurchase agreements	282	-5	14.6	288	6	14.5	13.4
(1.9) Money market fund shares/units	700	-3	14.4	716	17	14.9	14.4
(1.10) Debt securities issued with maturity up to 2 years	242	-14	48.5	241	-2	47.0	47.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1223	-21	19.8	1244	21	19.8	19.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	221	22	5.7	179	-43	-9.3	5.1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5720	87	9.1	5761	47	9.0	8.9
(3.1) Deposits with agreed maturity over 2 years	1739	20	8.8	1753	14	9.1	8.7
(3.2) Deposits redeemable at notice over 3 months	109	1	17.7	110	1	17.1	17.8
(3.3) Debt securities issued with maturity over 2 years	2524	31	11.0	2532	11	10.7	10.8
(3.4) Capital and reserves	1347	35	5.5	1366	20	5.3	4.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13667	92	8.6	13745	85	8.7	8.6
(4.1) Credit to general government	2314	-6	-3.6	2292	-22	-3.7	-3.5
of which Loans	816	0	-1.2	817	1	-0.6	-0.9
of which Securities other than shares	1498	-6	-4.9	1474	-24	-5.4	-4.9
(4.2) Credit to other euro area residents	11353	98	11.5	11453	107	11.6	11.4
of which Loans	9712	119	10.8	9810	101	11.0	10.7
of which Securities other than shares	760	25	28.1	777	17	28.4	27.3
of which Shares and other equities	880	-47	7.3	866	-10	5.9	7.0
(5) <i>Net external assets</i>	725	36	ND	746	24	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-222	55	ND	-268	-50	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: JULY 2007
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	MAY 2007	JUNE 2007	JULY 2007
(1) M1	2.9	2.9	3.3
(1.1) <i>of which</i> : Currency	0.7	0.7	0.7
(1.2) <i>of which</i> : Overnight deposits	2.2	2.2	2.6
(2) M2 - M1 (= other short-term deposits)	5.1	5.3	5.7
(3) M3 - M2 (= short-term marketable instruments)	2.6	2.8	2.8
(4) M3 (= items 1, 2 and 3)	10.6	10.9	11.7

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JULY 2007
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	JUNE 2007				JULY 2007			
	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	4107	67	-1	13.3	4167	61	-1	13.6
(1.1) up to 1 year	1225	34	0	11.3	1241	16	0	11.5
(1.2) over 1 year and up to 5 years	776	11	0	19.8	791	16	0	19.3
(1.3) over 5 years	2106	22	-1	12.1	2135	29	0	12.8
(2) Loans to households ^{d)}	4692	38	-1	7.2	4717	25	-1	7.0
(2.1) Consumer credit	602	7	0	5.8	606	4	0	5.8
(2.2) Lending for house purchase	3337	26	0	8.4	3360	23	0	8.1
(2.3) Other lending ^{d)}	753	6	0	3.2	751	-2	0	3.2
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	802	13	0	17.9	814	13	0	20.7
(4) Loans to insurance corporations and pension funds	110	1	0	30.6	112	2	0	24.6

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 general government.

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