

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2007

The annual rate of growth of M3 decreased to 11.3% in September 2007, from 11.6% in August 2007.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period July 2007 - September 2007 stood at 11.5%, after 11.4% in the period June 2007 - August 2007.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	<b>JULY 2007</b>	<b>AUGUST 2007</b>	<b>SEPTEMBER 2007</b>	<b>JULY 2007 - SEPTEMBER 2007 AVERAGE</b>
<b>M3</b>	11.7	11.6	11.3	11.5
<b>M1</b>	6.8	6.7	6.1	6.5
<b>Loans to private sector</b>	11.0	11.2	11.0	11.1

Regarding the main components of M3, the annual rate of growth of M1 decreased to 6.1% in September 2007, from 6.7% in August. The annual rate of growth of short-term deposits other than overnight deposits increased to 15.5% in September, from 15.3% in the previous month. The annual rate of growth of marketable instruments was 18.0% in September, compared with 17.9% in August.

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 September 2007, compared with 8.8% in August. The annual rate of decline of credit extended to general government stood at 4.3% in September, after 4.2% in August, while the annual growth rate of credit extended to the private sector decreased to 11.6% in September, from 11.8% in August. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 11.0% in September, from 11.2% in the previous month. The annual growth rate of loans to non-financial corporations stood at 14.1% in September, after 14.2% in August.<sup>2</sup> The annual growth rate of loans to households decreased to 6.7% in September, from 7.0% in the previous month. The annual rate of growth of lending for house purchase declined to 7.8% in September, from 8.1% in August. The annual rate of growth of consumer credit decreased to 5.0% in September, from 5.8% in August, while the annual growth rate of other lending to households stood at 3.4% in September, after 3.3% in the previous month. Finally, the annual rate of growth

<sup>1</sup> 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.

<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.

of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 20.1% in September, from 19.7% in the previous month.

Over the 12 months up to September 2007, the net external asset position of the euro area MFI sector rose by EUR 207 billion, compared with a rise of EUR 245 billion over the 12 months up to August. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 8.8% in September, from 9.3% in August.

#### 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 October, November and December 2007 and January 2008 is scheduled to take place at 10 am on 28 November 2007 and 3 January, 28 January, and 27 February 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.europa.eu>) 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: SEPTEMBER 2007

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2007			SEPTEMBER 2007			AVERAGE JUL-07 SEP-07
	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)	8342	75	11.6	8399	67	11.3	11.5
(1.1) Currency in circulation	608	4	8.7	611	2	8.2	8.7
(1.2) Overnight deposits	3217	16	6.3	3209	-5	5.7	6.1
(1.3) <b>M1</b> (items 1.1 and 1.2)	3825	19	6.7	3820	-3	6.1	6.5
(1.4) Deposits with agreed maturity up to 2 years	1763	53	38.6	1809	50	38.3	38.1
(1.5) Deposits redeemable at notice up to 3 months	1511	-8	-3.5	1508	-2	-3.6	-3.4
(1.6) Other short term deposits (items 1.4 and 1.5)	3274	45	15.3	3317	48	15.5	15.3
(1.7) <b>M2</b> (items 1.3 and 1.6)	7099	65	10.5	7137	45	10.2	10.4
(1.8) Repurchase agreements	287	-3	11.2	298	14	11.6	12.4
(1.9) Money market fund shares/units	695	-10	12.8	681	-15	9.6	12.3
(1.10) Debt securities issued with maturity up to 2 years	261	24	44.9	283	23	56.2	49.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1243	10	17.9	1262	22	18.0	18.5
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	181	6	-7.4	188	7	-5.0	-7.1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5795	27	9.3	5784	4	8.8	9.1
(3.1) Deposits with agreed maturity over 2 years	1768	3	9.5	1770	4	9.0	9.5
(3.2) Deposits redeemable at notice over 3 months	111	0	15.4	113	2	15.1	15.9
(3.3) Debt securities issued with maturity over 2 years	2550	17	10.8	2522	-10	9.8	10.4
(3.4) Capital and reserves	1367	6	5.9	1379	8	6.2	5.8
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13819	96	8.8	13895	91	8.7	8.7
(4.1) Credit to general government	2266	-22	-4.2	2253	-11	-4.3	-4.1
of which Loans	816	-2	-0.7	813	-3	-1.5	-0.9
of which Securities other than shares	1449	-20	-6.0	1440	-8	-5.9	-5.7
(4.2) Credit to other euro area residents	11553	119	11.8	11642	102	11.6	11.7
of which Loans	9889	106	11.2	9957	80	11.0	11.1
of which Securities other than shares	791	12	29.6	814	25	31.6	30.0
of which Shares and other equities	874	0	5.3	871	-3	3.7	4.9
(5) <i>Net external assets</i>	696	-33	ND	670	-30	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-196	45	ND	-195	16	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: SEPTEMBER 2007

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2007			SEPTEMBER 2007			AVERAGE JUL-07 SEP-07
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	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)	8288	13	11.5	8378	100	11.5	11.5
(1.1) Currency in circulation	611	-2	9.1	610	0	8.3	8.8
(1.2) Overnight deposits	3139	-75	5.8	3211	75	6.1	6.1
(1.3) <b>M1</b> (items 1.1 and 1.2)	3750	-77	6.3	3822	74	6.4	6.5
(1.4) Deposits with agreed maturity up to 2 years	1766	71	39.2	1796	35	38.0	38.2
(1.5) Deposits redeemable at notice up to 3 months	1508	-8	-3.5	1502	-6	-3.6	-3.3
(1.6) Other short term deposits (items 1.4 and 1.5)	3274	63	15.6	3298	28	15.3	15.3
(1.7) <b>M2</b> (items 1.3 and 1.6)	7024	-15	10.5	7119	103	10.4	10.4
(1.8) Repurchase agreements	298	11	11.9	294	-1	12.1	12.7
(1.9) Money market fund shares/units	706	-7	12.9	682	-25	9.7	12.4
(1.10) Debt securities issued with maturity up to 2 years	261	24	44.9	283	23	56.2	49.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1264	27	18.0	1258	-3	18.2	18.5
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	174	-6	-7.3	196	22	-4.8	-6.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5786	8	9.3	5777	5	8.8	9.1
(3.1) Deposits with agreed maturity over 2 years	1761	-4	9.4	1757	-2	9.0	9.4
(3.2) Deposits redeemable at notice over 3 months	110	0	15.4	112	1	15.1	15.9
(3.3) Debt securities issued with maturity over 2 years	2546	8	10.8	2522	-7	9.8	10.4
(3.4) Capital and reserves	1368	4	5.9	1386	13	6.2	5.8
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13743	-3	8.8	13853	125	8.7	8.7
(4.1) Credit to general government	2257	-36	-4.2	2245	-11	-4.3	-4.1
of which Loans	811	-7	-0.7	811	0	-1.4	-0.9
of which Securities other than shares	1446	-30	-6.0	1434	-11	-5.9	-5.8
(4.2) Credit to other euro area residents	11486	33	11.8	11609	135	11.6	11.7
of which Loans	9850	39	11.2	9948	110	11.0	11.1
of which Securities other than shares	783	4	29.6	804	23	31.6	30.0
of which Shares and other equities	854	-10	5.2	856	2	3.7	4.9
(5) <i>Net external assets</i>	692	-52	ND	675	-21	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-187	69	ND	-178	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 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: SEPTEMBER 2007**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	JULY 2007	AUGUST 2007	SEPTEMBER 2007
(1) <b>M1</b>	3.3	3.2	2.9
(1.1) <i>of which</i> : Currency	0.7	0.7	0.6
(1.2) <i>of which</i> : Overnight deposits	2.6	2.6	2.3
(2) <b>M2 - M1</b> (= other short-term deposits)	5.7	5.8	5.9
(3) <b>M3 - M2</b> (= short-term marketable instruments)	2.7	2.5	2.6
(4) <b>M3</b> (= items 1, 2 and 3)	11.7	11.6	11.3

a) Discrepancies can be due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: SEPTEMBER 2007**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2007				SEPTEMBER 2007			
	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate	End of month level	Monthly 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>	4187	17	0	14.2	4235	54	-1	14.1
(1.1) up to 1 year	1231	-11	0	12.9	1257	28	0	13.4
(1.2) over 1 year and up to 5 years	803	11	0	20.4	811	9	0	19.9
(1.3) over 5 years	2153	17	0	12.8	2167	16	0	12.4
(2) <b>Loans to households <sup>d)</sup></b>	4731	14	-1	7.0	4750	22	-1	6.7
(2.1) Consumer credit	606	0	0	5.8	606	0	0	5.0
(2.2) Lending for house purchase	3374	15	0	8.1	3391	18	0	7.8
(2.3) Other lending <sup>d)</sup>	751	0	0	3.3	752	4	-1	3.4
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	821	9	0	19.7	851	34	0	20.1
(4) <b>Loans to insurance corporations and pension funds</b>	111	-1	0	27.9	112	1	0	25.5

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.