



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: APRIL 1999

In April 1999 the growth rate¹ of M3 was 4.9%. This was lower than the growth rate for March 1999 which was revised upwards from 5.1% to 5.2% since the previous release of monetary data. The three-month moving average of the growth rates for M3, covering the period from February to April 1999, fell to 5.0% from 5.3% in the period covering the first quarter of 1999 (the latter figure was revised upwards from previously 5.2%).

Twelve-month percentage changes	FEBRUARY 1999	MARCH 1999	APRIL 1999	AVERAGE FEBRUARY - APRIL 1999
M3	5.1	5.2	4.9	5.0

The declining rate of growth of M3 in April was mainly due to a slowdown in the growth of deposits with an agreed maturity up to 2 years. The rate of change in these deposits was -2.9% in April against -0.4% in March. In contrast, the growth rate of deposits redeemable at notice up to three months increased slightly, to 5.7% in April, from 5.5% in March.

Among the marketable securities included in M3, the growth rate of money market fund shares and money market paper increased to 10.5%, from 9.8% in the previous month, while growth rates of repurchase agreements and of debt securities issued with a maturity of up to two years continued to be negative.

The most liquid components of M3 showed on the whole a steady pace of growth in April, with the rate of increase of currency in circulation declining to 1.9% and that of overnight deposits slightly rising to 13.5% (from 2.2% and 13.3%, respectively, in March).

¹ All percentage changes reported in the text of this press release refer to 12-month growth rates.

Among the counterparts of M3, the rate of change of deposits of the central government with the MFI sector (item 2 in the table) fell to -4.1% in April, after being 9.6% in March. The growth rate of the longer-term financial liabilities of the MFI sector against other euro area residents (item 3 in the table) rose to 3.5%, from 2.4% in the previous month.

On the asset side of the balance sheet of the MFI sector, the most recent information led to a downward revision in the data on total credit to euro area residents (item 5 in the table) to 6.8% in March, against 7.5% reported in the previous release of monetary data. In April, the growth rate of total credit to euro area residents declined to 6.4%. The growth rate of loans to private euro area residents slightly decreased to 8.4% in April, against 8.6% (revised downwards from 9.6%) in March. The growth rate of credit to the general government declined to 0.4% from 1.5% in March. The rate of change of credit extended by the MFI sector through the purchase of securities other than shares issued by the private sector remained negative (at -2.7% compared with -4.2% in March 1999). Conversely, the value of MFI holdings of shares and other equity continued to expand at a strong rate in April (23.4%).

The external liabilities of the MFI sector increased, in absolute and non-seasonally adjusted terms, by EUR 10 billion between March and April (item 4 in the table). Taking into account a decrease in the external assets by EUR 18 billion, net external assets of the MFI sector in the euro area fell by EUR 28 billion in April.

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(1)

(non seasonally-adjusted data in EUR billions)

COMPONENTS OF M3 ⁽²⁾	MARCH 1999			APRIL 1999			AVERAGE FEB-99 APR-99
	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
(1) M3 (= items 1.1 to 1.7)	4494	14	5.2	4525	26	4.9	5.0
(1.1) Currency in circulation	318	5	2.2	320	2	1.9	1.6
(1.2) Overnight deposits	1454	11	13.3	1473	18	13.5	14.0
(1.3) Deposits with agreed maturity up to 2 years	876	8	-0.4	870	-7	-2.9	-2.5
(1.4) Deposits redeemable at notice up to 3 months	1249	-2	5.5	1254	5	5.7	5.7
(1.5) Repurchase agreements	180	-5	-13.5	173	-7	-14.3	-13.5
(1.6) Money market fund shares/units and money market paper	368	0	9.8	381	13	10.5	10.2
(1.7) Debt securities issued with maturity up to 2 years	49	-2	-21.5	54	1	-21.4	-18.7
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	141	-5	9.6	124	-17	-4.1	1.5
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3365	24	2.4	3390	28	3.5	2.7
(3.1) Deposits with agreed maturity over 2 years	1107	4	1.7	1111	3	1.8	1.6
(3.2) Deposits redeemable at notice over 3 months	121	-1	-2.3	119	-2	-2.4	-2.3
(3.3) Debt securities issued with maturity over 2 years	1368	13	7.5	1381	15	8.1	7.6
(3.4) Capital and reserves	769	8	-4.3	780	12	-0.5	-3.1
(4) <i>External liabilities</i>	1716	39	11.5	1740	10	12.7	12.1
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	7774	68	6.8	7802	26	6.4	6.7
(5.1) Credit to general government	2054	4	1.5	2043	-11	0.4	1.3
Of which Loans	839	-4	1.5	832	-7	0.1	1.1
Of which Securities other than shares	1215	8	1.6	1211	-5	0.6	1.4
(5.2) Credit to other euro area residents	5720	64	8.8	5759	38	8.8	8.7
Of which Loans	5164	43	8.6	5187	22	8.4	8.4
Of which Securities other than shares	197	2	-4.2	201	3	-2.7	-3.3
Of which Shares and other equities	359	19	22.8	371	13	23.4	23.1
(6) <i>External assets</i>	2066	66	2.9	2064	-18	2.3	2.2
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	-124	-63	56.4	-86	38	6.1	57.5

(1) Discrepancies in the table can be due to rounding. The information in this table is based on consolidated balance sheet data reported by Monetary Financial Institutions (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) 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.

(3) Assets and liabilities of Monetary Financial Institutions (MFIs) vis-à-vis non-MFI euro area residents, including central government.

Note: More details of the latest data, as well as estimates for earlier periods going back to September 1997 may be found on the ECB's web site (<http://www.ecb.int>).