



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2001

In February 2001 the annual rate of growth of M3 was 4.7%, unchanged from the previous month. The three-month average of the annual rates of growth of M3 covering the period from December 2000 to February 2001 decreased to 4.8%, from 4.9% in the period from November 2000 to January 2001 (the latter figure was revised downwards from 5.0%).

12-month percentage changes	DECEMBER 2000	JANUARY 2001	FEBRUARY 2001	DECEMBER 2000 – FEBRUARY 2001 AVERAGE
M3	5.1	4.7	4.7	4.8

On a month-to-month basis, M3 increased by EUR 23 billion in February. Corrected for the estimated seasonal influences, M3 rose by EUR 36 billion relative to January (see the table below). The components of M1 increased markedly, by EUR 31 billion. Short-term deposits other than overnight deposits increased by EUR 13 billion, whereas marketable instruments decreased by EUR 8 billion.

Seasonally-adjusted monthly changes	DECEMBER 2000		JANUARY 2001		FEBRUARY 2001		DECEMBER 2000 – FEBRUARY 2001 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items I.1 to I.7) ¹⁾	19	0.4	12	0.2	36	0.7	23	0.4
Currency in circulation and overnight deposits (items I.1 and I.2) ¹⁾ (= M1)	4	0.2	-34	-1.7	31	1.6	1	0.0
Other short-term deposits (items I.3 and I.4) ¹⁾ (= M2-M1)	-7	-0.3	13	0.6	13	0.6	6	0.3
Marketable instruments (items I.5 to I.7) ¹⁾ (= M3-M2)	22	2.7	33	3.9	-8	-0.9	16	1.9

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

In February, the annual rate of growth of M1 rose to 1.8%, from 1.3% in the previous month. This reflected a less pronounced annual rate of decline of currency in circulation (-1.2%, compared with -1.5% in January) and an increase in the annual rate of growth of overnight deposits (2.4%, after 1.9% in the previous month).

The annual rate of increase in short-term deposits other than overnight deposits remained unchanged, at 3.5%, in February. There were divergent movements in the main components of this item. Whereas the annual rate of growth of deposits with an agreed maturity of up to two years decreased to 15.4% (from 16.3% in the previous month), the annual rate of change in deposits redeemable at a period of notice of up to three months increased, to -4.7%, from -5.1% in January.

The annual rate of growth of marketable instruments included in M3 fell to 15.7% in February, from 17.9% in January. Among the components of this item, the annual rate of growth of money market fund shares/units and money market paper decreased to 11.4% (from 13.8% in the previous month). The annual rate of increase in repurchase agreements declined to 21.8% in February, from 24.3% in the previous month. Moreover, the annual rate of growth of debt securities issued with a maturity of up to two years decreased slightly to 27.1%, from 27.2% in the previous month.

Regarding the counterparts of M3, the annual rate of growth in longer-term financial liabilities of the MFI sector decreased in February, to 4.2% (it was 4.5% in January). This decline was observable in all main components. The annual growth rate of debt securities issued with a maturity of over two years decreased to 5.7% (from 6.0% in January) and the annual rate of increase in deposits redeemable with a period of notice of over three months was 12.7% (compared with 13.6% in the previous month). In addition, the annual rate of change of deposits with an agreed maturity of over two years was -0.3% (after -0.2% in January). Finally, the annual rate of increase of capital and reserves declined to 6.4%, from 6.9% in January.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector dropped in February to 4.1%, from 9.2% in January.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents declined to 5.6% in February, from 6.0% in January. The annual rate of change in credit to general government went down to -6.3% (from -6.0%). The annual rate of growth of credit extended to the private sector decreased to 9.6%, from 10.0% in the previous month. The reduction in the pace of the annual growth of credit to the private sector was mainly the result of a decline in the annual growth rate of loans to the private sector, to 8.8%, from 9.2% in January.

In February 2001, the net external asset position of the euro area MFI sector increased by EUR 8 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to February, the net external assets of the MFI sector decreased by EUR 105 billion, compared to a decrease of EUR 106 billion recorded over the 12 months up to January.

More details on the latest monetary data as contained in the Tables 2.1 to 2.4 of the "Euro area statistics" section of the ECB Monthly Bulletin are available on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics – download", "Latest monetary and financial statistics" page. Data covers the Member States

comprising the euro area at the time referred to, i.e. the 11 Member States up to December 2000 and the 12 Member States from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the Technical Notes of the section "Euro Area Statistics" in the ECB Monthly Bulletin. Monthly flows are referred to the euro area-11 for months up to December 2000 and the euro area-12 from January 2001 onwards. The monthly flows for January 2001 are corrected also for the effect of the enlargement.

Note: Using throughout 2000 euro area-11 plus Greece figures, the annual rate of growth of M3 in February 2001 is 4.8%, unchanged from the previous month, and the three-month moving average of the annual rates of growth of M3 covering the period from December 2000 to February 2001 is 4.9%.

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(non seasonally-adjusted data in EUR billions)

	JANUARY 2001			FEBRUARY 2001			AVERAGE DEC-00 FEB-01
	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
COMPONENTS OF M3 ⁽²⁾							
(1) M3 (= items 1.1 to 1.7)	5189	-17	4.7	5213	23	4.7	4.8
(1.1) Currency in circulation	335	-20	-1.5	334	-1	-1.2	-1.1
(1.2) Overnight deposits	1687	-57	1.9	1687	0	2.4	3.8
(1.3) Deposits with agreed maturity up to 2 years	1041	15	16.3	1053	12	15.4	14.7
(1.4) Deposits redeemable at notice up to 3 months	1275	4	-5.1	1269	-6	-4.7	-5.0
(1.5) Repurchase agreements	215	19	24.3	217	2	21.8	22.6
(1.6) Money market fund shares/units and money market paper	527	21	13.8	539	12	11.4	11.6
(1.7) Debt securities issued with maturity up to 2 years	110	2	27.2	114	5	27.1	25.7
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	148	-19	9.2	152	5	4.1	9.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3832	20	4.5	3841	9	4.2	4.4
(3.1) Deposits with agreed maturity over 2 years	1170	-2	-0.2	1170	0	-0.3	-0.1
(3.2) Deposits redeemable at notice over 3 months	128	0	13.6	128	0	12.7	13.0
(3.3) Debt securities issued with maturity over 2 years	1559	19	6.0	1568	8	5.7	5.5
(3.4) Capital and reserves	975	2	6.9	975	1	6.4	7.4
(4) <i>External liabilities</i>	2257	112	15.3	2266	5	14.0	14.3
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8932	34	6.0	8964	33	5.6	6.0
(5.1) Credit to general government	2001	-2	-6.0	2000	-2	-6.3	-6.0
Of which Loans	857	3	0.6	849	-8	0.2	0.1
Of which Securities other than shares	1144	-5	-10.6	1151	6	-10.8	-10.2
(5.2) Credit to other euro area residents	6932	36	10.0	6965	35	9.6	9.9
Of which Loans	6180	27	9.2	6199	19	8.8	9.2
Of which Securities other than shares	270	4	17.3	278	8	17.7	17.0
Of which Shares and other equities	481	5	16.7	488	7	14.7	16.0
(6) <i>External assets</i>	2440	59	8.6	2457	13	7.6	7.7
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	54	4	ND	50	-4	ND	ND

(1) Discrepancies in the table 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 at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the Technical Notes of the ECB Monthly Bulletin. Monthly flows are referred to the euro area-11 for months up to December 2000, and the euro area-12 from January 2001 onwards. 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 monthly flows for January 2001 are corrected also for the effect of the enlargement. Figures refer to all currencies.

(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>) in the "Euro area statistics - download" page.