



EUROPEAN CENTRAL BANK

26 August 2004

## MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2004

The annual rate of growth of M3 was 5.5% in July 2004, after 5.4% in June 2004.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period May 2004 – July 2004 stood at 5.2%, unchanged from the period April 2004 – June 2004.

<i>12-month percentage changes; seasonally adjusted</i>	MAY 2004	JUNE 2004	JULY 2004	MAY – JULY 2004 AVERAGE
M3	4.8	5.4	5.5	5.2
M1	9.3	9.6	10.1	9.7
Loans to private sector	5.7	6.0	6.2	6.0

Regarding the main components of M3, the annual rate of growth of M1 rose in July to 10.1%, from 9.6% in the previous month. The annual rate of growth of short-term deposits other than overnight remained unchanged in July, at 1.7%. By contrast, the annual rate of growth of marketable instruments declined to 2.9% in July, from 3.6% in June.

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 declined to 6.3% in July, from 6.5% in June. The annual rate of growth of credit extended to general government fell to 6.4% in July, from 7.6% in the previous month, while the annual growth of credit extended to the private sector was 6.3%, after 6.2% in June. Among the components of the latter, the annual rate of growth of loans to the private sector rose to 6.2% in July, from 6.0% in the previous month. The annual growth rate of loans to non-financial corporations increased to 4.3% in July, from 4.0% in June.<sup>2</sup> The annual growth rate of loans to households was 7.3%, compared with 7.2% in the previous month. The annual rate of growth of lending for house purchase was 9.2%, up from 9.0% in June. The annual rate of growth of consumer credit was 5.4% in July, compared with 5.5% in the previous month. The annual growth rate of other lending to households was 2.4%, after 2.3% in June. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) rose in July to 9.1%, from 8.8% in the previous month.

<sup>1</sup> Unless otherwise indicated, all rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

<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.

Over the 12 months up to July, the net external asset position of the euro area MFI sector rose by EUR 45 billion, after recording a rise of EUR 8 billion over the 12 months up to June. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 7.5% in July, from 7.7% in June.

Notes

- *The publication of the statistics on monetary developments in August, September, October and November 2004 is scheduled to take place at 10.00 am on 27 September, 28 October, 26 November and 30 December 2004, 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 ([www.ecb.int](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 : JULY 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2004			JULY 2004			AVERAGE MAY-04 JUL-04
	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)	6299	46	5.4	6357	57	5.5	5.2
(1.1) Currency in circulation	421	4	21.1	425	5	20.0	21.0
(1.2) Overnight deposits	2371	20	7.7	2407	36	8.6	7.9
(1.3) <b>M1</b> (items 1.1 and 1.2)	2791	24	9.6	2833	41	10.1	9.7
(1.4) Deposits with agreed maturity up to 2 years	996	-10	-6.8	999	2	-6.3	-6.8
(1.5) Deposits redeemable at notice up to 3 months	1587	15	8.0	1594	7	7.4	7.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2583	5	1.7	2592	9	1.7	1.7
(1.7) <b>M2</b> (items 1.3 and 1.6)	5374	29	5.7	5425	50	5.9	5.7
(1.8) Repurchase agreements	220	6	2.0	231	11	2.0	0.2
(1.9) Money market fund shares/units	611	6	4.5	611	0	3.3	4.4
(1.10) Debt securities issued with maturity up to 2 years	94	5	1.5	90	-3	3.0	-2.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	925	17	3.6	932	7	2.9	2.6
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	203	10	13.0	199	-4	16.3	14.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4312	17	7.7	4346	27	7.5	7.6
(3.1) Deposits with agreed maturity over 2 years	1299	11	7.0	1307	9	7.2	6.9
(3.2) Deposits redeemable at notice over 3 months	89	0	-7.1	89	0	-4.9	-6.8
(3.3) Debt securities issued with maturity over 2 years	1901	9	10.6	1918	12	10.3	10.5
(3.4) Capital and reserves	1024	-2	5.0	1031	6	4.4	4.8
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10710	81	6.5	10784	72	6.3	6.2
(4.1) Credit to general government	2313	20	7.6	2333	19	6.4	6.7
of which Loans	841	4	2.6	853	11	2.5	2.3
of which Securities other than shares	1472	15	10.7	1481	8	8.8	9.4
(4.2) Credit to other euro area residents	8396	61	6.2	8451	53	6.3	6.1
of which Loans	7295	43	6.0	7348	53	6.2	6.0
of which Securities other than shares	448	11	9.9	449	-2	10.6	9.6
of which Shares and other equities	654	7	5.1	654	1	4.4	5.3
(5) <i>Net external assets</i>	273	-19	ND	282	10	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-168	11	ND	-165	-3	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 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 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2004			JULY 2004			AVERAGE MAY-04 JUL-04
	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)	6330	29	5.3	6355	23	5.5	5.2
(1.1) Currency in circulation	423	6	20.7	436	13	20.7	20.9
(1.2) Overnight deposits	2412	40	7.4	2399	-13	8.2	7.8
(1.3) <b>M1</b> (items 1.1 and 1.2)	2835	46	9.2	2835	1	10.0	9.6
(1.4) Deposits with agreed maturity up to 2 years	989	-25	-6.5	1000	10	-5.8	-6.6
(1.5) Deposits redeemable at notice up to 3 months	1586	12	7.9	1593	7	7.5	7.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2575	-13	1.8	2593	17	1.9	1.7
(1.7) <b>M2</b> (items 1.3 and 1.6)	5410	33	5.6	5428	18	6.0	5.7
(1.8) Repurchase agreements	218	-4	1.8	223	5	1.7	-0.1
(1.9) Money market fund shares/units	609	-5	4.5	613	4	3.3	4.3
(1.10) Debt securities issued with maturity up to 2 years	94	5	1.5	90	-3	3.0	-2.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	920	-4	3.5	926	6	2.9	2.5
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	224	29	13.4	202	-23	16.2	15.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4316	25	7.7	4349	26	7.5	7.6
(3.1) Deposits with agreed maturity over 2 years	1299	10	7.0	1307	7	7.2	6.9
(3.2) Deposits redeemable at notice over 3 months	88	0	-7.1	88	0	-4.9	-6.8
(3.3) Debt securities issued with maturity over 2 years	1902	7	10.6	1922	15	10.3	10.5
(3.4) Capital and reserves	1027	8	5.0	1032	4	4.3	4.7
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10755	68	6.5	10782	25	6.3	6.2
(4.1) Credit to general government	2330	18	7.6	2329	-1	6.4	6.7
of which Loans	841	6	2.6	848	7	2.5	2.4
of which Securities other than shares	1489	12	10.7	1481	-9	8.8	9.4
(4.2) Credit to other euro area residents	8425	50	6.2	8453	26	6.3	6.1
of which Loans	7322	56	6.0	7356	34	6.2	6.0
of which Securities other than shares	446	4	9.9	448	0	10.5	9.6
of which Shares and other equities	657	-10	5.2	649	-8	4.5	5.2
(5) <i>Net external assets</i>	286	19	ND	283	-2	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-170	-3	ND	-159	4	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 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 2004**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	MAY 2004	JUNE 2004	JULY 2004
(1) <b>M1</b>	4.0	4.1	4.3
(1.1) <i>of which</i> : Currency	1.3	1.2	1.2
(1.2) <i>of which</i> : Overnight deposits	2.7	2.9	3.2
(2) <b>M2 - M1</b> (= other short-term deposits)	0.7	0.7	0.7
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.2	0.5	0.4
(4) <b>M3</b> (= items 1, 2 and 3)	4.8	5.4	5.5

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.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JULY 2004**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	JUNE 2004				JULY 2004			
	End of month level	Flow <sup>b)</sup>	Write-offs / write-downs	Annual growth rate	End of month level	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>	3093	26	-2	4.0	3098	6	0	4.3
(1.1) up to 1 year	966	18	-1	-2.0	961	-5	0	-1.1
(1.2) over 1 year and up to 5 years	535	0	0	6.4	538	3	0	5.9
(1.3) over 5 years	1592	8	-1	7.1	1599	7	0	7.2
(2) <b>Loans to households <sup>d)</sup></b>	3663	35	-1	7.2	3692	30	0	7.3
(2.1) Consumer credit	501	8	0	5.5	504	2	0	5.4
(2.2) Lending for house purchase	2464	21	0	9.0	2492	28	0	9.2
(2.3) Other lending <sup>d)</sup>	697	7	0	2.3	696	-1	0	2.4
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	512	-3	0	8.8	508	-5	0	9.1
(4) <b>Loans to insurance corporations and pension funds</b>	54	-3	0	18.8	57	3	0	16.2

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 central government.

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