



EUROPEAN CENTRAL BANK

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2006

The annual rate of growth of M3 increased to 8.0% in February 2006, from 7.6% in January 2006.¹ The three-month average of the annual growth rates of M3 over the period December 2005 - February 2006 stood at 7.6%, compared with 7.5% in the period November 2005 - January 2006.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	DECEMBER 2005	JANUARY 2006	FEBRUARY 2006	DECEMBER 2005 - FEBRUARY 2006 AVERAGE
M3	7.3	7.6	8.0	7.6
M1	11.3	10.2	9.9	10.5
Loans to private sector	9.1	9.6	10.3	9.7

Regarding the main components of M3, the annual rate of growth of M1 decreased to 9.9% in February 2006, from 10.2% in January. The annual rate of growth of short-term deposits other than overnight deposits increased to 7.3% in February, from 6.4% in the previous month. The annual rate of growth of marketable instruments rose to 4.0% in February, from 3.3% in January.

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 increased to 8.8% in February 2006, from 8.5% in January. The annual rate of growth of credit extended to general government decreased to 2.3% in February, from 3.4% in January, while the annual growth of credit extended to the private sector rose to 10.6% in February, from 9.9% in January. Among the components of the latter, the annual rate of growth of loans to the private sector increased to 10.3% in February, from 9.6% in the previous month. The annual growth rate of loans to non-financial corporations rose to 9.5% in February, from 8.4% in January.² The annual growth rate of loans to households stood at 9.4% in February, compared with 9.5% in the previous month. The annual rate of growth of lending for house purchase was 11.8% in February, unchanged from the previous month. The annual rate of growth of consumer credit increased to 8.2% in February, from 8.0% in January, while the annual growth rate of other lending to households decreased to

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.

1.4% in February, from 1.8% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 18.8% in February, from 15.7% in the previous month.

Over the 12 months up to February 2006, the net external asset position of the euro area MFI sector declined by EUR 51 billion, compared with a decline of EUR 1 billion over the 12 months up to January. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.6% in February, unchanged from the previous month.

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 March, April, May and June 2006 is scheduled to take place at 10 am on 28 April, 30 May, 29 June and 28 July 2006 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 (<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".*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JANUARY 2006			FEBRUARY 2006			AVERAGE DEC-05 FEB-06
	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)	7114	59	7.6	7157	41	8.0	7.6
(1.1) Currency in circulation	528	8	13.5	535	7	13.6	13.7
(1.2) Overnight deposits	2918	18	9.7	2931	12	9.2	9.9
(1.3) M1 (items 1.1 and 1.2)	3446	26	10.2	3467	19	9.9	10.5
(1.4) Deposits with agreed maturity up to 2 years	1117	12	8.5	1136	17	11.1	8.7
(1.5) Deposits redeemable at notice up to 3 months	1555	12	4.8	1559	4	4.6	4.6
(1.6) Other short term deposits (items 1.4 and 1.5)	2672	24	6.4	2695	21	7.3	6.3
(1.7) M2 (items 1.3 and 1.6)	6118	50	8.4	6161	40	8.6	8.5
(1.8) Repurchase agreements	239	5	3.6	227	-13	2.8	1.1
(1.9) Money market fund shares/units	612	-3	-1.4	612	2	-0.4	-0.9
(1.10) Debt securities issued with maturity up to 2 years	144	7	31.1	157	12	30.2	27.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	995	8	3.3	995	1	4.0	2.8
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	198	1	6.0	187	-11	-5.3	2.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5038	29	8.6	5095	46	8.6	8.6
(3.1) Deposits with agreed maturity over 2 years	1518	13	8.4	1532	12	8.7	8.3
(3.2) Deposits redeemable at notice over 3 months	88	1	-3.8	88	0	-4.1	-4.2
(3.3) Debt securities issued with maturity over 2 years	2209	7	9.6	2235	17	9.0	9.5
(3.4) Capital and reserves	1222	7	8.0	1241	17	8.8	8.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12129	99	8.5	12244	111	8.8	8.6
(4.1) Credit to general government	2481	3	3.4	2473	-8	2.3	3.4
of which Loans	839	-3	0.9	838	-1	1.0	1.3
of which Securities other than shares	1642	7	4.8	1635	-7	3.0	4.6
(4.2) Credit to other euro area residents	9649	96	9.9	9771	119	10.6	9.9
of which Loans	8373	86	9.6	8470	97	10.3	9.7
of which Securities other than shares	559	7	17.2	565	7	17.2	17.2
of which Shares and other equities	717	2	7.0	735	16	9.4	7.9
(5) <i>Net external assets</i>	456	6	ND	422	-35	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-236	-18	ND	-227	1	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: FEBRUARY 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JANUARY 2006			FEBRUARY 2006			AVERAGE DEC-05 FEB-06
	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)	7118	13	7.6	7149	29	7.9	7.7
(1.1) Currency in circulation	521	-12	13.3	525	4	13.2	13.4
(1.2) Overnight deposits	2929	-14	9.6	2919	-11	9.2	10.0
(1.3) M1 (items 1.1 and 1.2)	3450	-26	10.2	3444	-7	9.8	10.5
(1.4) Deposits with agreed maturity up to 2 years	1113	-9	8.6	1134	19	11.0	8.7
(1.5) Deposits redeemable at notice up to 3 months	1567	17	4.7	1570	3	4.6	4.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2679	9	6.3	2703	22	7.2	6.3
(1.7) M2 (items 1.3 and 1.6)	6129	-18	8.3	6148	15	8.5	8.5
(1.8) Repurchase agreements	236	15	3.2	234	-2	3.1	1.0
(1.9) Money market fund shares/units	608	8	-1.4	611	4	-0.5	-0.9
(1.10) Debt securities issued with maturity up to 2 years	144	7	31.1	157	12	30.2	27.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	989	30	3.2	1002	14	4.0	2.7
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	192	17	5.9	200	8	-5.1	2.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5027	18	8.5	5092	54	8.6	8.5
(3.1) Deposits with agreed maturity over 2 years	1522	10	8.4	1535	12	8.7	8.3
(3.2) Deposits redeemable at notice over 3 months	88	1	-3.8	89	0	-4.1	-4.3
(3.3) Debt securities issued with maturity over 2 years	2195	1	9.5	2229	25	8.9	9.5
(3.4) Capital and reserves	1222	6	8.0	1240	17	8.8	8.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12135	129	8.5	12241	102	8.8	8.6
(4.1) Credit to general government	2474	22	3.4	2472	-3	2.3	3.3
of which Loans	847	-5	1.0	838	-10	0.9	1.3
of which Securities other than shares	1627	27	4.8	1634	7	3.0	4.6
(4.2) Credit to other euro area residents	9662	107	9.9	9769	105	10.6	10.0
of which Loans	8384	91	9.7	8462	78	10.3	9.7
of which Securities other than shares	558	6	17.3	570	12	17.2	17.2
of which Shares and other equities	720	11	7.1	737	15	9.4	7.9
(5) <i>Net external assets</i>	456	-1	ND	422	-35	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-255	-81	ND	-223	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: FEBRUARY 2006
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	DECEMBER 2005	JANUARY 2006	FEBRUARY 2006
(1) M1	5.1	4.7	4.6
(1.1) <i>of which</i> : Currency	1.0	0.9	1.0
(1.2) <i>of which</i> : Overnight deposits	4.1	3.8	3.6
(2) M2 - M1 (= other short-term deposits)	2.1	2.5	2.8
(3) M3 - M2 (= short-term marketable instruments)	0.1	0.5	0.6
(4) M3 (= items 1, 2 and 3)	7.3	7.6	8.0

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: FEBRUARY 2006
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	JANUARY 2006				FEBRUARY 2006			
	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	3443	28	-2	8.4	3479	36	-1	9.5
(1.1) up to 1 year	1044	9	-1	5.7	1055	11	0	7.0
(1.2) over 1 year and up to 5 years	601	8	0	9.1	612	11	0	11.9
(1.3) over 5 years	1798	11	-1	9.8	1812	14	0	10.2
(2) Loans to households ^{d)}	4223	25	-2	9.5	4240	17	-1	9.4
(2.1) Consumer credit	554	1	-1	8.0	555	1	0	8.2
(2.2) Lending for house purchase	2950	25	-1	11.8	2967	17	0	11.8
(2.3) Other lending ^{d)}	719	-2	-1	1.8	718	-1	-1	1.4
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	641	25	0	15.7	665	23	0	18.8
(4) Loans to insurance corporations and pension funds	76	12	0	35.9	79	2	0	32.4

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.