



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: MARCH 2000

In March 2000 the annual rate of growth of M3 rose to 6.5%, from 6.1% in February 2000 (the latter figure was revised downwards from 6.2%). The three-month average of the annual growth rates of M3 covering the period from January 2000 to March 2000 increased slightly, to 6.0%, from 5.9% in the period from December 1999 to February 2000.

12-month percentage changes	JANUARY 2000	FEBRUARY 2000	MARCH 2000	JANUARY 2000 – MARCH 2000 AVERAGE
M3	5.3	6.1	6.5	6.0

The month-on-month rise in M3 in March 2000 was EUR 32 billion. Corrected for seasonal factors, M3 grew in March 2000 by EUR 46 billion (see the table below). This monthly increase reflected a rise in all the main components of M3. In seasonally adjusted terms the narrow monetary aggregate M1 (which comprises currency in circulation and overnight deposits) rose by EUR 20 billion, short-term deposits other than overnight deposits increased by EUR 11 billion, and marketable instruments grew by EUR 15 billion.

Seasonally-adjusted monthly changes	JANUARY 2000		FEBRUARY 2000		MARCH 2000		JANUARY – MARCH 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) ¹⁾	24	0.5	39	0.8	46	1.0	36	0.8
Currency in circulation and overnight deposits (items 1.1. and 1.2) ¹⁾ (= M1)	41	2.2	26	1.3	20	1.0	29	1.5
Other short-term deposits (items 1.3 and 1.4) ¹⁾ (= M2-M1)	-18	-0.8	8	0.4	11	0.5	0	0.0
Marketable instruments (items 1.5 to 1.7) ¹⁾ (= M3-M2)	1	0.2	5	0.8	15	2.1	7	1.0

(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.

The annual growth rate of M1 declined to 9.9% in March, from 10.4% in February. This mirrored a decrease in both the annual rate of growth of currency in circulation (to 5.2%, from 5.7% in February) and the annual rate of increase in overnight deposits (to 11.0%, from 11.4% in February).

The annual percentage change of short-term deposits other than overnight deposits increased in March to 1.0%, compared with 0.7% in February. This was the outcome of contrasting developments in the components of this item. The annual rate of change of deposits with an agreed maturity of up to two years turned positive in March (to 1.1%, against -0.5% in February). At the same time, the annual growth rate of deposits redeemable at a period of notice of up to three months continued to decrease (to 1.0%, from 1.6% in February).

The annual growth rate of marketable instruments included in M3 increased from 12.7% in February to 15.1% in March. This reflected divergent developments in the individual instruments. On the one hand, the annual rate of decline of repurchase agreements became less pronounced (it was 5.4% in March, after 12.9% in the previous month). On the other, the annual growth rate of debt securities issued with a maturity of up to two years decreased somewhat (to 34.8%, from 36.8% in February). The annual rate of increase in money market fund shares and money market paper was practically stable at slightly above 22%.

Regarding the counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector declined from 7.3% in February to 6.8% in March. Among the components of this item, the annual rate of growth of deposits with an agreed maturity of over two years decreased to 4.4% (compared with 5.1% in February 2000), and that of debt securities issued with a maturity of over two years declined to 5.4% (against 6.0% in the previous month). The annual rate of decline of deposits redeemable at a period of notice of over three months fell somewhat (to 6.0% in March, from 7.3% in February), and the annual rate of growth of capital and reserves decreased (to 14.6%, from 15.1% in February).

The annual rate of growth of central government deposits held with the MFI sector decreased to 0.4% in March, from 3.3% in the previous month.

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 slightly, to 7.7% in March, from 7.9% in February. This decrease was due to a decline in the annual rate of change of credit extended to general government (to -1.3%, compared with 0.9% in February). By contrast, the annual growth rate of credit extended to the private sector rose to 10.9% in March, from 10.4% in February, owing to a stronger pace of growth of both loans and MFI holdings of securities issued by the private sector.

During March 2000, the net external asset position of the euro area MFI sector decreased by EUR 68 billion in absolute and non-seasonally adjusted terms. Over the 12 months up to March 2000, the net external assets of the MFI sector declined by EUR 188 billion.

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.

MONETARY DEVELOPMENTS IN THE EURO AREA : MARCH 2000

(1)

(non seasonally-adjusted data in EUR billions)

	FEBRUARY 2000			MARCH 2000			AVERAGE JAN-00 MAR-00
	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)	4808	21	6.1	4842	32	6.5	6.0
(1.1) Currency in circulation	331	-2	5.7	334	3	5.2	5.7
(1.2) Overnight deposits	1624	-10	11.4	1636	10	11.0	10.7
(1.3) Deposits with agreed maturity up to 2 years	875	17	-0.5	889	13	1.1	-1.2
(1.4) Deposits redeemable at notice up to 3 months	1272	-11	1.6	1262	-10	1.0	1.7
(1.5) Repurchase agreements	160	4	-12.9	169	8	-5.4	-9.1
(1.6) Money market fund shares/units and money market paper	458	18	22.1	466	9	22.3	22.3
(1.7) Debt securities issued with maturity up to 2 years	86	4	36.8	85	-2	34.8	35.1
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	146	11	3.3	134	-12	0.4	1.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3627	18	7.3	3636	5	6.8	7.1
(3.1) Deposits with agreed maturity over 2 years	1167	1	5.1	1165	-2	4.4	5.0
(3.2) Deposits redeemable at notice over 3 months	113	1	-7.3	114	1	-6.0	-7.5
(3.3) Debt securities issued with maturity over 2 years	1462	11	6.0	1462	-3	5.4	5.8
(3.4) Capital and reserves	885	5	15.1	895	10	14.6	14.7
(4) <i>External liabilities</i>	1941	25	11.9	2063	101	13.9	10.8
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8303	58	7.9	8383	73	7.7	7.7
(5.1) Credit to general government	2063	4	0.9	2040	-24	-1.3	0.4
Of which Loans	830	-5	-1.6	832	3	-0.8	-1.2
Of which Securities other than shares	1234	9	2.7	1209	-27	-1.6	1.5
(5.2) Credit to other euro area residents	6239	53	10.4	6342	97	10.9	10.3
Of which Loans	5602	35	9.4	5664	59	9.7	9.3
Of which Securities other than shares	229	6	16.1	234	5	17.8	14.5
Of which Shares and other equities	409	12	22.6	444	34	25.2	23.1
(6) <i>External assets</i>	2186	33	3.8	2244	33	2.7	1.0
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	33	-16	ND	47	20	ND	0.0

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