



EUROPEAN CENTRAL BANK

28 October 2002

MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2002

The annual rate of growth of M3 increased to 7.4% in September 2002, from 7.0% in August.¹ The three-month average of the annual growth rates of M3 stood at 7.1% over the period July-September 2002, unchanged from the period June-August 2002.

12-month percentage changes	JULY 2002	AUGUST 2002	SEPTEMBER 2002	JULY-SEPTEMBER 2002 AVERAGE
M3	7.1	7.0	7.4	7.1

In September 2002, the annual rate of growth of M1 increased to 8.2%, from 7.6% in August. This reflected a less negative annual rate of change in currency in circulation (-0.5% in September, compared with -5.7% in August), and a decrease in the annual growth rate of overnight deposits to 9.6% in September, from 10.0% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits was 5.2% in September, compared with 5.4% in August. The (non-seasonally adjusted) annual rates of growth of both deposits with agreed maturity up to two years and deposits redeemable at a period of notice of up to three months declined to 0.8% and 8.5% respectively in September, from 1.2% and 8.9% respectively in August.

The annual growth rate of marketable instruments included in M3 increased to 11.7% in September, from 10.2% in August. This development was mainly driven by both an increase in the (non-seasonally adjusted) annual rate of change of repurchase agreements (to 7.0% in September from 2.1% in August) and a less negative annual rate of growth of money market paper and debt securities issued with a maturity of up to two years (-7.0% in September, compared to -10.8% in August). By contrast, the (non-seasonally adjusted) annual growth rate of money market fund shares/units decreased to 21.4% in September, from 23.1% in August.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 4.7% in September, from 5.2% in August. This decline reflected the decrease in the annual rate of growth of deposits with an agreed maturity of over two

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.

years (to 2.1%, from 2.2% in August) and of debt securities issued with a maturity of over two years (to 7.4% in September, from 8.7% in August). Over the same period, the annual rate of change of deposits redeemable at a period of notice of over three months was -9.6% (as compared to -10.6% in the previous month) and that of MFI capital and reserves was 5.3%, up from 5.2% in August.

The (non-seasonally adjusted) annual rate of change of holdings of central government with the MFI sector switched to a positive value in September (0.3%), from a negative rate in August (-8.1%).

On the asset side of the consolidated balance sheet of the MFI sector, the (non-seasonally adjusted) annual growth rate of total credit granted to euro area residents rose slightly to 4.3% in September, from 4.2% in the previous month. This mirrors an increase in the annual growth rate of credit extended to general government (to 1.7% in September, from 0.8% in August), while the annual growth rate of credit extended to the private sector stood at 5.1%, unchanged from the previous month. The annual growth rate of loans to the private sector and that of MFI holdings of securities other than shares were 5.3% and 3.8% respectively in September, almost unchanged from 5.4% and 4.0% respectively in August. The annual growth rate of MFI holdings of shares and other equities stood unchanged at 2.7%.

In September 2002, 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 September, the net external assets of the MFI sector went up by EUR 115 billion, compared with a rise by EUR 138 billion over the 12 months up to August.

Notes

- *The publication of the statistics on monetary developments in October, November, December 2002 and January 2003 is scheduled to take place at 10am on 28 November, 30 December 2002, 28 January and 27 February 2003 respectively.*
- *The annual rates of growth for currency in circulation, overnight deposits, M1, short-term deposits other than overnight deposits (M2 - M1), M2, marketable instruments (M3 - M2), and M3 are calculated on the basis of data adjusted for seasonal and end-of-month calendar effects (see ECB, Seasonal adjustment of monetary aggregates and consumer price indices (HICP) for the euro area, September 2000). Through this procedure the annual growth rates reflect underlying patterns in a more accurate way than the annual growth rates based on unadjusted data.*
- *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. 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.*

MONETARY DEVELOPMENTS IN THE EURO AREA : SEPTEMBER 2002

(data in EUR billions and percentage changes ^{a)})

	AUGUST 2002			SEPTEMBER 2002			AVERAGE JUL-02 SEP-02
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
Seasonally and calendar effect adjusted data							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) ^{b)}	5596	37	7.0	5663	67	7.4	7.1
(1.1) Currency in circulation	300	7	-5.7	308	8	-0.5	-5.2
(1.2) Overnight deposits	1963	9	10.0	1992	29	9.6	10.1
(1.3) <i>M1</i> (= items 1.1 and 1.2)	2263	17	7.6	2300	36	8.2	7.8
(1.4) Other short-term deposits ^{c)}	2502	6	5.4	2511	9	5.2	5.4
(1.5) <i>M2</i> (= items 1.3 and 1.4)	4766	23	6.4	4811	46	6.6	6.5
(1.6) Marketable instruments ^{d)}	830	15	10.2	852	22	11.7	10.8
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) <i>M3</i> (= items 2.1 to 2.7)	5566	13	7.1	5618	52	7.2	7.1
(2.1) Currency in circulation	301	4	-5.7	307	6	-0.9	-5.4
(2.2) Overnight deposits	1927	-32	10.5	1985	57	9.6	10.2
(2.3) Deposits with agreed maturity up to 2 years	1097	13	1.2	1074	-23	0.8	1.2
(2.4) Deposits redeemable at notice up to 3 months	1409	6	8.9	1412	3	8.5	8.8
(2.5) Repurchase agreements	237	8	2.1	242	6	7.0	3.8
(2.6) Money market fund shares/units	469	12	23.1	467	-2	21.4	22.5
(2.7) Money market paper and debt securities issued with maturity up to 2 years	127	1	-10.8	132	5	-7.0	-9.2
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	142	-11	-8.1	149	8	0.3	-3.7
of which Deposits	141	-11	-7.1	148	8	0.8	-2.7
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3967	13	5.2	3974	9	4.7	5.0
(4.1) Deposits with agreed maturity over 2 years	1169	2	2.2	1169	1	2.1	2.0
(4.2) Deposits redeemable at notice over 3 months	107	0	-10.6	107	0	-9.6	-10.6
(4.4) Debt securities issued with maturity over 2 years	1687	2	8.7	1682	-2	7.4	8.2
(4.4) Capital and reserves	1004	9	5.2	1016	10	5.3	5.2
(5) <i>External liabilities</i>	2611	-24	2.6	2668	60	4.2	3.8
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9646	-7	4.2	9704	57	4.3	4.2
(6.1) Credit to general government	2053	-12	0.8	2073	15	1.7	1.2
of which Loans	818	-11	-1.4	821	3	-1.2	-1.0
of which Securities other than shares	1235	-1	2.4	1253	13	3.8	2.7
(6.2) Credit to other euro area residents	7593	5	5.1	7630	41	5.1	5.0
of which Loans	6692	0	5.4	6735	44	5.3	5.3
of which Securities other than shares	340	-5	4.0	342	2	3.8	5.4
of which Shares and other equities	561	10	2.7	553	-5	2.7	1.7
(7) <i>External assets</i>	2745	-7	7.9	2815	68	8.5	9.0
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-105	6	ND	-110	4	ND	ND

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 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 section "Euro area statistics" in the ECB Monthly Bulletin. Data on M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities with a maturity up to two years.

b) 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.

c) Deposits with agreed maturity up to 2 years and deposits redeemable at notice up to 3 months.

d) Repurchase agreements, money market fund shares/units, money market paper and debt securities issued with maturity up to 2 years.

e) 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 web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.