



EUROPEAN CENTRAL BANK

28 July 2004

MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2004

The annual rate of growth of M3 increased to 5.4% in June 2004, from 4.8% in May 2004.¹ The three-month average of the annual growth rates of M3 over the period April 2004 – June 2004 fell to 5.2%, from 5.5% in the period March 2004 – May 2004.

<i>12-month percentage changes; seasonally adjusted</i>	APRIL 2004	MAY 2004	JUNE 2004	APRIL – JUNE 2004 AVERAGE
M3	5.5	4.8	5.4	5.2
M1	10.9	9.3	9.6	9.9
Loans to private sector	5.5	5.7	6.0	5.7

Regarding the main components of M3, the annual rate of growth of M1 increased in June to 9.6%, from 9.3% in May. The annual rate of growth of short-term deposits other than overnight deposits stood at 1.7% in June, compared with 1.6% in the previous month. The annual rate of growth of marketable instruments increased to 3.6% in June, from 1.3% in May.

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 was 6.4% in June, compared with 5.9% in May. The annual rate of growth of credit extended to general government increased to 7.3% in June, from 6.1% in May, and the annual growth of credit extended to the private sector was 6.2% in June, after 5.8% in May. Among the components of the latter, the annual rate of growth of loans to the private sector increased to 6.0% in June, from 5.7% in the previous month. The annual growth rate of loans to non-financial corporations increased to 4.0% in June, after 3.8% in May.² The annual growth rate of loans to households increased to 7.2%, compared with 6.9% in the previous month. The annual rate of growth of lending for house purchase was 9.0%, after 8.8% in May. The annual rate of growth of consumer credit increased to 5.5% in June, from 4.8% in May. The annual growth rate of other lending to households increased to 2.4%, from 1.9% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased in June to 9.0%, from 7.6% in the previous month.

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

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.

Over the 12 months up to June, the net external asset position of the euro area MFI sector rose EUR 5 billion, compared with a rise of EUR 42 billion over the 12 months up to May. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 7.6% in June, compared with 7.5% in May.

Notes

- *The publication of the statistics on monetary developments in July, August, September and October 2004 is scheduled to take place at 10.00 am on 26 August, 27 September, 28 October 2004 and 26 November, 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) 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 : JUNE 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	MAY 2004			JUNE 2004			AVERAGE APR-04 JUN-04
	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)	6249	2	4.8	6299	45	5.4	5.2
(1.1) Currency in circulation	416	7	21.8	421	4	21.1	21.4
(1.2) Overnight deposits	2351	-21	7.4	2372	21	7.8	8.2
(1.3) M1 (items 1.1 and 1.2)	2767	-14	9.3	2792	25	9.6	9.9
(1.4) Deposits with agreed maturity up to 2 years	1006	12	-7.1	996	-10	-6.8	-7.1
(1.5) Deposits redeemable at notice up to 3 months	1572	12	8.1	1587	14	8.0	8.1
(1.6) Other short term deposits (items 1.4 and 1.5)	2578	24	1.6	2582	4	1.7	1.6
(1.7) M2 (items 1.3 and 1.6)	5345	10	5.5	5374	29	5.7	5.8
(1.8) Repurchase agreements	214	-1	-3.5	220	6	2.0	-1.2
(1.9) Money market fund shares/units	601	-1	5.4	611	6	4.6	5.8
(1.10) Debt securities issued with maturity up to 2 years	89	-6	-10.9	93	4	0.6	-9.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	904	-8	1.3	924	17	3.6	2.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	193	10	14.5	203	10	13.0	13.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4291	19	7.5	4310	15	7.6	7.5
(3.1) Deposits with agreed maturity over 2 years	1288	4	6.4	1299	11	7.0	6.7
(3.2) Deposits redeemable at notice over 3 months	89	-1	-8.3	89	0	-7.1	-8.0
(3.3) Debt securities issued with maturity over 2 years	1891	16	10.7	1898	6	10.4	10.6
(3.4) Capital and reserves	1023	0	4.8	1024	-1	4.9	4.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10627	57	5.9	10708	79	6.4	6.1
(4.1) Credit to general government	2290	14	6.1	2310	15	7.3	6.6
of which Loans	837	-2	2.0	841	4	2.6	2.2
of which Securities other than shares	1454	16	8.7	1468	10	10.3	9.2
(4.2) Credit to other euro area residents	8336	44	5.8	8398	64	6.2	6.0
of which Loans	7255	48	5.7	7296	44	6.0	5.7
of which Securities other than shares	437	3	8.3	448	12	10.1	8.9
of which Shares and other equities	645	-8	6.2	653	8	5.2	6.7
(5) <i>Net external assets</i>	289	-37	ND	273	-19	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-182	11	ND	-169	10	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 : JUNE 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	MAY 2004			JUNE 2004			AVERAGE APR-04 JUN-04
	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)	6297	24	4.8	6330	29	5.2	5.2
(1.1) Currency in circulation	417	7	21.4	423	6	20.7	21.3
(1.2) Overnight deposits	2371	11	7.9	2412	41	7.4	8.0
(1.3) M1 (items 1.1 and 1.2)	2788	18	9.7	2835	47	9.2	9.8
(1.4) Deposits with agreed maturity up to 2 years	1015	11	-7.5	989	-26	-6.6	-7.0
(1.5) Deposits redeemable at notice up to 3 months	1573	6	8.0	1586	12	7.9	8.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2588	17	1.3	2575	-14	1.8	1.6
(1.7) M2 (items 1.3 and 1.6)	5376	35	5.5	5410	33	5.6	5.7
(1.8) Repurchase agreements	222	-4	-3.8	218	-4	1.8	-1.2
(1.9) Money market fund shares/units	609	-2	5.2	609	-5	4.6	5.6
(1.10) Debt securities issued with maturity up to 2 years	89	-6	-10.9	93	4	0.6	-9.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	921	-11	1.1	920	-4	3.5	2.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	195	16	16.2	224	29	13.4	14.5
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4287	22	7.5	4314	23	7.6	7.5
(3.1) Deposits with agreed maturity over 2 years	1289	5	6.4	1299	10	7.0	6.7
(3.2) Deposits redeemable at notice over 3 months	89	-1	-8.3	88	0	-7.1	-8.0
(3.3) Debt securities issued with maturity over 2 years	1893	20	10.7	1899	5	10.4	10.6
(3.4) Capital and reserves	1016	-2	4.8	1027	9	4.9	4.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10685	69	5.9	10753	66	6.4	6.1
(4.1) Credit to general government	2308	25	6.1	2326	13	7.4	6.6
of which Loans	834	-6	2.0	841	6	2.6	2.3
of which Securities other than shares	1473	31	8.6	1485	7	10.3	9.2
(4.2) Credit to other euro area residents	8377	44	5.9	8427	52	6.2	6.0
of which Loans	7269	43	5.7	7324	57	6.0	5.7
of which Securities other than shares	442	4	8.4	446	5	10.1	8.9
of which Shares and other equities	667	-3	5.9	657	-10	5.3	6.5
(5) <i>Net external assets</i>	264	-21	ND	286	19	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-170	14	ND	-171	-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 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: JUNE 2004
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	APRIL 2004	MAY 2004	JUNE 2004
(1) M1	4.6	4.0	4.1
(1.1) <i>of which</i> : Currency	1.2	1.3	1.2
(1.2) <i>of which</i> : Overnight deposits	3.4	2.7	2.9
(2) M2 - M1 (= other short-term deposits)	0.6	0.7	0.7
(3) M3 - M2 (= short-term marketable instruments)	0.2	0.2	0.5
(4) M3 (= items 1, 2 and 3)	5.5	4.8	5.4

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.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JUNE 2004
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	MAY 2004				JUNE 2004			
	End of month level	Flow ^{b)}	Write-offs / write-downs	Annual growth rate	End of month level	Flow ^{b)}	Write-offs / write-downs	Annual growth rate
BREAKDOWN OF LOANS ^{c)}								
(1) Loans to non-financial corporations	3086	11	-1	3.8	3094	27	-1	4.0
(1.1) up to 1 year	953	-4	-1	-2.2	966	18	-1	-1.9
(1.2) over 1 year and up to 5 years	537	5	0	5.8	535	0	0	6.4
(1.3) over 5 years	1596	10	0	7.0	1592	8	-1	7.1
(2) Loans to households ^{d)}	3611	22	-1	6.9	3663	35	-1	7.2
(2.1) Consumer credit	490	1	0	4.8	505	8	0	5.5
(2.2) Lending for house purchase	2440	20	0	8.8	2465	21	0	9.0
(2.3) Other lending ^{d)}	682	0	0	1.9	693	7	0	2.4
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	516	4	0	7.6	513	-2	0	9.0
(4) Loans to insurance corporations and pension funds	56	5	0	21.1	54	-3	0	18.7

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.