



EUROPEAN CENTRAL BANK

28 October 2004

MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2004

The annual rate of growth of M3 was 6.0% in September 2004, after 5.6% in August 2004.¹ The three-month average of the annual growth rates of M3 over the period July 2004 – September 2004 increased to 5.7%, from 5.4% in the period June 2004 – August 2004.

<i>12-month percentage changes; seasonally adjusted</i>	JULY 2004	AUGUST 2004	SEPTEMBER 2004	JULY – SEPTEMBER 2004 AVERAGE
M3	5.5	5.6	6.0	5.7
M1	10.1	9.2	9.7	9.7
Loans to private sector	6.2	6.1	6.5	6.3

Regarding the main components of M3, the annual rate of growth of M1 increased in September to 9.7%, from 9.2% in August. The annual rate of growth of short-term deposits other than overnight deposits increased to 2.8% in September, from 2.0% in the previous month. The annual rate of growth of marketable instruments slowed to 4.1%, from 5.0% in August.

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 6.1% in September, unchanged from the previous month. While the annual rate of growth of credit extended to general government decreased to 5.5% in September from 6.6% in August, that of credit extended to the private sector increased to 6.3% from 6.0% in August. Among the components of the latter item, the annual rate of growth of loans to the private sector rose to 6.5% in September, from 6.1% in the previous month. The annual growth rate of loans to non-financial corporations increased to 4.6% in September, from 4.1% in August.² The annual growth rate of loans to households increased to 7.8%, after 7.5% in August. The annual rate of growth of lending for house purchase strengthened to 9.8% in September, after 9.3% in the previous month. The annual rate of growth of consumer credit declined to 6.2% in September from 6.4% in August. The annual growth rate of other lending to households declined to 1.8%, compared with 2.1% in August. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 8.4% in September, from 6.9% 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 September, the net external asset position of the euro area MFI sector rose by EUR 121 billion, after recording a rise of EUR 102 billion over the 12 months up to August. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 7.9% in September, compared with 7.6% in August.

Notes

- *In addition to the monthly monetary developments for September 2004, this press release incorporates minor revisions to the data for previous periods.*
- *The publication of the statistics on monetary developments in October, November and December 2004 and January 2005 is scheduled to take place at 10.00 am on 26 November 2004, 30 December 2004, 28 January 2005 and 25 February 2005 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 : SEPTEMBER 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2004			SEPTEMBER 2004			AVERAGE JUL-04 SEP- 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)	6383	26	5.6	6417	38	6.0	5.7
(1.1) Currency in circulation	433	8	20.3	440	7	19.9	20.1
(1.2) Overnight deposits	2404	-1	7.5	2428	26	8.0	8.0
(1.3) M1 (items 1.1 and 1.2)	2837	7	9.2	2868	32	9.7	9.7
(1.4) Deposits with agreed maturity up to 2 years	996	-1	-5.7	1003	9	-4.2	-5.4
(1.5) Deposits redeemable at notice up to 3 months	1608	13	7.5	1618	11	7.6	7.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2604	12	2.0	2622	20	2.8	2.2
(1.7) M2 (items 1.3 and 1.6)	5442	19	5.7	5490	52	6.3	6.0
(1.8) Repurchase agreements	229	-1	4.6	222	-7	3.2	3.3
(1.9) Money market fund shares/units	619	7	5.0	616	-1	4.3	4.2
(1.10) Debt securities issued with maturity up to 2 years	94	1	5.7	89	-6	4.7	4.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	942	7	5.0	927	-14	4.1	4.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	199	1	18.9	203	4	10.5	15.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4370	28	7.6	4396	39	7.9	7.7
(3.1) Deposits with agreed maturity over 2 years	1311	5	7.0	1318	7	7.2	7.1
(3.2) Deposits redeemable at notice over 3 months	89	0	-3.3	88	-1	-3.0	-3.7
(3.3) Debt securities issued with maturity over 2 years	1932	17	10.6	1954	31	11.3	10.7
(3.4) Capital and reserves	1037	5	4.0	1036	2	3.8	4.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10814	34	6.1	10854	48	6.1	6.2
(4.1) Credit to general government	2341	9	6.6	2334	-5	5.5	6.2
of which Loans	850	2	2.5	842	-8	1.5	2.1
of which Securities other than shares	1491	7	9.1	1492	3	7.8	8.6
(4.2) Credit to other euro area residents	8473	25	6.0	8520	52	6.3	6.2
of which Loans	7371	27	6.1	7417	53	6.5	6.3
of which Securities other than shares	452	3	9.8	446	-5	7.3	9.2
of which Shares and other equities	650	-5	2.4	656	5	2.9	3.1
(5) <i>Net external assets</i>	317	28	ND	336	24	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-178	-8	ND	-173	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 : SEPTEMBER 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2004			SEPTEMBER 2004			AVERAGE JUL-04 SEP- 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)	6342	-13	5.4	6369	31	5.9	5.6
(1.1) Currency in circulation	433	-3	19.5	438	5	20.1	20.1
(1.2) Overnight deposits	2363	-35	7.4	2419	59	7.9	7.8
(1.3) M1 (items 1.1 and 1.2)	2796	-37	9.1	2857	63	9.6	9.5
(1.4) Deposits with agreed maturity up to 2 years	1003	4	-5.8	994	-8	-3.9	-5.2
(1.5) Deposits redeemable at notice up to 3 months	1599	6	7.4	1601	2	7.5	7.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2602	9	1.9	2594	-6	2.8	2.2
(1.7) M2 (items 1.3 and 1.6)	5398	-28	5.5	5452	57	6.3	5.9
(1.8) Repurchase agreements	226	3	4.5	219	-7	3.3	3.2
(1.9) Money market fund shares/units	624	11	5.0	610	-13	4.3	4.3
(1.10) Debt securities issued with maturity up to 2 years	94	1	5.7	89	-6	4.7	4.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	944	15	5.0	918	-26	4.1	4.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	193	-9	18.0	204	11	10.6	14.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4367	21	7.6	4397	44	7.9	7.7
(3.1) Deposits with agreed maturity over 2 years	1311	6	7.0	1314	3	7.2	7.1
(3.2) Deposits redeemable at notice over 3 months	88	0	-3.3	88	0	-3.0	-3.7
(3.3) Debt securities issued with maturity over 2 years	1929	10	10.6	1955	36	11.3	10.7
(3.4) Capital and reserves	1038	5	4.1	1039	5	3.8	4.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10765	-16	6.1	10815	58	6.1	6.2
(4.1) Credit to general government	2326	-5	6.6	2325	1	5.5	6.2
of which Loans	841	-5	2.6	834	-7	1.5	2.2
of which Securities other than shares	1485	0	9.1	1491	8	7.8	8.6
(4.2) Credit to other euro area residents	8439	-10	6.0	8490	57	6.3	6.2
of which Loans	7348	-3	6.1	7404	62	6.5	6.3
of which Securities other than shares	448	0	9.7	445	-3	7.2	9.1
of which Shares and other equities	643	-7	2.6	642	-2	3.1	3.2
(5) <i>Net external assets</i>	319	30	ND	346	32	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-182	-14	ND	-192	-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: SEPTEMBER 2004
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	JULY 2004	AUGUST 2004	SEPTEMBER 2004
(1) M1	4.3	4.0	4.2
(1.1) <i>of which</i> : Currency	1.2	1.2	1.2
(1.2) <i>of which</i> : Overnight deposits	3.1	2.8	3.0
(2) M2 - M1 (= other short-term deposits)	0.7	0.9	1.2
(3) M3 - M2 (= short-term marketable instruments)	0.4	0.7	0.6
(4) M3 (= items 1, 2 and 3)	5.5	5.6	6.0

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: SEPTEMBER 2004
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	AUGUST 2004				SEPTEMBER 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	3095	-5	0	4.1	3107	15	-1	4.6
(1.1) up to 1 year	947	-16	0	-1.7	952	7	0	-0.6
(1.2) over 1 year and up to 5 years	545	4	0	5.6	545	1	0	5.9
(1.3) over 5 years	1604	7	0	7.3	1609	7	0	7.4
(2) Loans to households ^{d)}	3708	17	-1	7.5	3737	30	-1	7.8
(2.1) Consumer credit	505	1	0	6.4	508	3	0	6.2
(2.2) Lending for house purchase	2509	17	0	9.3	2535	26	0	9.8
(2.3) Other lending ^{d)}	695	-1	0	2.1	694	1	0	1.8
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	490	-12	0	6.9	507	18	0	8.4
(4) Loans to insurance corporations and pension funds	54	-3	0	21.7	53	-1	0	18.3

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.