



EUROPEAN CENTRAL BANK

25 February 2005

MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2005

The annual rate of growth of M3 increased to 6.6% in January 2005, from 6.4% in December 2004.¹ The three-month average of the annual growth rates of M3 over the period November 2004 - January 2005 rose to 6.3%, from 6.1% in the period October - December 2004.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	NOVEMBER 2004	DECEMBER 2004	JANUARY 2005	NOVEMBER 2004 – JANUARY 2005 AVERAGE
M3	6.0	6.4	6.6	6.3
MI	9.8	8.4	9.2	9.1
Loans to private sector	6.9	7.0	7.3	7.1

Regarding the main components of M3, the annual rate of growth of MI increased to 9.2% in January 2005, from 8.4% in December 2004. The annual rate of growth of short-term deposits other than overnight deposits was 4.4% in January, compared with 4.5% in the previous month. The annual rate of growth of marketable instruments decreased to 4.8% in January, from 5.8% in December.

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 6.5% in January 2005, from 6.0% in December 2004. The annual rate of growth of credit extended to general government increased to 3.7% in January, from 2.3% in December, while the annual growth of credit extended to the private sector increased to 7.3% in January, from 7.0% in December. Among the components of the latter, the annual rate of growth of loans to the private sector rose to 7.3% in January, from 7.0% in the previous month. The annual growth rate of loans to non-financial corporations increased to 5.7% in January, from 5.4% in December.² The annual growth rate of loans to households increased to 8.1% in January, from 7.8% in the previous month. The annual rate of growth of lending for house purchase was 10.1% in January, after 10.0% in December. The annual rate of growth of consumer credit increased to 6.8% in January, from 5.8% in December, while the annual growth rate of other lending to households increased to 2.3% in January, from 1.7% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) rose to 9.5% in January, from 9.2% in the previous month.

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.

Over the 12 months up to January 2005, the net external asset position of the euro area MFI sector increased by EUR 112 billion, compared with a rise of EUR 160 billion over the 12 months up to December 2004. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.1% in January, unchanged from December.

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 February, March, April and May 2005 is scheduled to take place at 10 am on 30 March, 27 April, 31 May and 28 June 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 (<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".*

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	DECEMBER 2004			JANUARY 2005			AVERAGE NOV-04 JAN-05
	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)	6528	42	6.4	6570	37	6.6	6.3
(1.1) Currency in circulation	453	0	17.0	468	15	18.5	18.2
(1.2) Overnight deposits	2439	-11	6.9	2488	46	7.7	7.6
(1.3) M1 (items 1.1 and 1.2)	2892	-11	8.4	2956	61	9.2	9.1
(1.4) Deposits with agreed maturity up to 2 years	1037	31	0.2	1030	-10	0.6	-0.8
(1.5) Deposits redeemable at notice up to 3 months	1635	4	7.4	1635	-1	7.0	7.3
(1.6) Other short term deposits (items 1.4 and 1.5)	2672	35	4.5	2665	-10	4.4	4.0
(1.7) M2 (items 1.3 and 1.6)	5565	24	6.5	5621	51	6.9	6.6
(1.8) Repurchase agreements	243	18	9.8	230	-14	6.3	5.5
(1.9) Money market fund shares/units	619	2	3.5	615	-4	3.6	3.9
(1.10) Debt securities issued with maturity up to 2 years	101	-2	10.7	104	3	8.2	6.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	964	18	5.8	949	-14	4.8	4.5
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	189	11	7.3	186	-3	3.3	3.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4459	30	8.1	4493	17	8.1	8.0
(3.1) Deposits with agreed maturity over 2 years	1358	14	8.4	1363	5	8.6	8.3
(3.2) Deposits redeemable at notice over 3 months	90	0	-1.2	90	1	-0.3	-1.0
(3.3) Debt securities issued with maturity over 2 years	1965	23	10.5	1992	8	9.9	10.1
(3.4) Capital and reserves	1047	-7	4.4	1048	4	5.0	4.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10977	25	6.0	11071	90	6.5	6.1
(4.1) Credit to general government	2290	-27	2.3	2325	31	3.7	3.1
of which Loans	827	-2	-0.6	834	7	0.3	-0.1
of which Securities other than shares	1463	-25	4.0	1490	24	5.7	5.0
(4.2) Credit to other euro area residents	8687	52	7.0	8747	59	7.3	7.0
of which Loans	7549	42	7.0	7597	48	7.3	7.1
of which Securities other than shares	469	10	8.1	473	4	9.1	7.9
of which Shares and other equities	670	-1	5.4	677	7	6.1	5.3
(5) <i>Net external assets</i>	372	26	ND	378	-4	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-173	33	ND	-199	-35	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: JANUARY 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	DECEMBER 2004			JANUARY 2005			AVERAGE NOV-04 JAN-05
	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)	6560	94	6.3	6574	9	6.6	6.3
(1.1) Currency in circulation	468	20	17.7	460	-8	18.2	18.1
(1.2) Overnight deposits	2473	11	6.4	2496	21	8.2	7.6
(1.3) M1 (items 1.1 and 1.2)	2941	31	8.1	2956	13	9.6	9.1
(1.4) Deposits with agreed maturity up to 2 years	1043	40	0.6	1017	-29	-0.2	-0.9
(1.5) Deposits redeemable at notice up to 3 months	1643	31	7.4	1655	12	7.0	7.3
(1.6) Other short term deposits (items 1.4 and 1.5)	2686	72	4.7	2672	-17	4.1	3.9
(1.7) M2 (items 1.3 and 1.6)	5627	103	6.4	5628	-4	6.9	6.6
(1.8) Repurchase agreements	228	3	9.5	228	0	6.2	5.4
(1.9) Money market fund shares/units	604	-9	3.7	613	10	3.6	4.0
(1.10) Debt securities issued with maturity up to 2 years	101	-2	10.7	104	3	8.2	6.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	933	-9	5.8	945	13	4.7	4.5
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	164	-19	6.2	180	17	3.4	3.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4462	37	8.2	4496	17	8.1	8.0
(3.1) Deposits with agreed maturity over 2 years	1362	25	8.5	1366	3	8.6	8.3
(3.2) Deposits redeemable at notice over 3 months	91	1	-1.2	91	0	-0.3	-1.0
(3.3) Debt securities issued with maturity over 2 years	1959	11	10.5	1987	8	9.9	10.1
(3.4) Capital and reserves	1050	0	4.5	1053	7	5.0	4.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10957	20	6.0	11061	101	6.5	6.1
(4.1) Credit to general government	2272	-47	2.2	2322	46	3.7	3.1
of which Loans	836	6	-0.6	842	5	0.3	-0.1
of which Securities other than shares	1436	-52	4.0	1480	41	5.7	5.0
(4.2) Credit to other euro area residents	8685	66	7.0	8740	55	7.3	7.0
of which Loans	7550	50	7.0	7591	40	7.2	7.1
of which Securities other than shares	467	11	8.1	470	3	9.2	7.9
of which Shares and other equities	667	6	5.4	679	12	6.1	5.4
(5) <i>Net external assets</i>	393	23	ND	381	-22	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-164	69	ND	-192	-36	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: JANUARY 2005

DATA ADJUSTED FOR SEASONAL EFFECTS
(contributions in terms of the M3 annual percentage change ^{a)})

	NOVEMBER 2004	DECEMBER 2004	JANUARY 2005
(1) M1	4.2	3.7	4.1
(1.1) <i>of which</i> : Currency	1.2	1.1	1.2
(1.2) <i>of which</i> : Overnight deposits	3.0	2.6	2.9
(2) M2 - M1 (= other short-term deposits)	1.3	1.9	1.8
(3) M3 - M2 (= short-term marketable instruments)	0.5	0.9	0.7
(4) M3 (= items 1, 2 and 3)	6.0	6.4	6.6

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: JANUARY 2005
 DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	DECEMBER 2004				JANUARY 2005			
	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	3155	21	-4	5.4	3171	16	-3	5.7
(1.1) up to 1 year	974	-2	-2	2.5	979	5	-1	2.8
(1.2) over 1 year and up to 5 years	549	3	0	6.2	558	9	0	7.6
(1.3) over 5 years	1632	19	-2	6.9	1634	2	-1	6.8
(2) Loans to households ^{d)}	3805	26	-3	7.8	3822	19	-2	8.1
(2.1) Consumer credit	514	5	-1	5.8	515	2	-1	6.8
(2.2) Lending for house purchase	2593	22	-1	10.0	2608	15	-1	10.1
(2.3) Other lending ^{d)}	699	0	-2	1.7	699	2	-1	2.3
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	542	9	0	9.2	542	-1	0	9.5
(4) Loans to insurance corporations and pension funds	49	-5	0	37.1	56	7	0	16.4

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.