



EUROPEAN CENTRAL BANK

27 April 2005

MONETARY DEVELOPMENTS IN THE EURO AREA: MARCH 2005

The annual rate of growth of M3 decreased to 6.5% in March 2005, from 6.7% in the previous month (revised upwards from 6.4%).¹ The three-month average of the annual growth rates of M3 over the period January 2005 - March 2005 stood at 6.7%, unchanged from the December 2004 - February 2005 period (revised upwards from 6.5%).

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JANUARY 2005	FEBRUARY 2005	MARCH 2005	JANUARY 2005 – MARCH 2005 AVERAGE
M3	6.8	6.7	6.5	6.7
M1	9.6	10.2	9.3	9.7
Loans to private sector	7.3	7.3	7.6	7.4

Regarding the main components of M3, the annual rate of growth of M1 decreased to 9.3% in March 2005, from 10.2% in February. The annual rate of growth of short-term deposits other than overnight deposits increased to 4.8% in March, from 4.3% in the previous month. The annual rate of growth of marketable instruments rose to 3.2% in March, from 2.7% in February.

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 decreased to 6.4% in March 2005, from 6.6% in February. The annual rate of growth of credit extended to general government declined to 2.3% in March, from 4.1% in February, while the annual growth of credit extended to the private sector increased to 7.5% in March, from 7.3% in February. Among the components of the latter, the annual rate of growth of loans to the private sector rose to 7.6% in March, from 7.3% in the previous month. The annual growth rate of loans to non-financial corporations increased to 6.0% in March, from 5.8% in February.² The annual growth rate of loans to households stood at 8.0% in March, compared with 8.1% in the previous month. The annual rate of growth of lending for house purchase was 10.0% in March, after 10.1% in February. The annual rate of growth of consumer credit increased to 6.7% in March, from 6.4% in February, while the annual growth rate of other lending to households decreased to 2.0% in March, from 2.2% in the

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.

previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 12.2% in March, from 9.2% in the previous month.

Over the 12 months up to March 2005, the net external asset position of the euro area MFI sector rose by EUR 100 billion, compared with a rise of EUR 121 billion over the 12 months up to February. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.6% in March, compared with 8.7% in the previous month.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in April, May, June and July 2005 is scheduled to take place at 10 am on 31 May, 28 June, 28 July and 26 August 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: MARCH 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	FEBRUARY 2005			MARCH 2005			AVERAGE JAN-05 MAR-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)	6609	25	6.7	6630	19	6.5	6.7
(1.1) Currency in circulation	472	5	18.3	478	6	17.8	18.2
(1.2) Overnight deposits	2521	28	8.8	2530	7	7.8	8.2
(1.3) M1 (items 1.1 and 1.2)	2993	33	10.2	3007	13	9.3	9.7
(1.4) Deposits with agreed maturity up to 2 years	1021	-7	0.3	1020	-2	1.7	0.9
(1.5) Deposits redeemable at notice up to 3 months	1646	7	6.9	1656	10	6.8	7.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2667	0	4.3	2676	8	4.8	4.5
(1.7) M2 (items 1.3 and 1.6)	5660	32	7.3	5683	22	7.1	7.2
(1.8) Repurchase agreements	221	-10	-0.9	224	4	4.0	3.3
(1.9) Money market fund shares/units	612	-9	2.6	610	-2	1.7	2.9
(1.10) Debt securities issued with maturity up to 2 years	116	11	11.6	112	-4	10.4	8.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	949	-7	2.7	946	-3	3.2	3.5
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	199	10	8.5	184	-15	0.7	4.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4535	50	8.7	4578	36	8.6	8.4
(3.1) Deposits with agreed maturity over 2 years	1370	6	8.5	1387	16	9.3	8.8
(3.2) Deposits redeemable at notice over 3 months	90	0	0.4	91	0	0.5	0.2
(3.3) Debt securities issued with maturity over 2 years	2012	31	11.1	2035	18	10.5	10.5
(3.4) Capital and reserves	1062	12	5.4	1065	2	5.0	5.0
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11135	56	6.6	11160	25	6.4	6.5
(4.1) Credit to general government	2344	16	4.1	2329	-17	2.3	3.3
of which Loans	825	-6	0.1	822	-3	-2.1	-0.6
of which Securities other than shares	1519	22	6.4	1507	-13	4.9	5.6
(4.2) Credit to other euro area residents	8791	41	7.3	8832	41	7.5	7.4
of which Loans	7632	33	7.3	7672	40	7.6	7.4
of which Securities other than shares	477	6	10.3	481	3	10.6	10.0
of which Shares and other equities	682	1	5.9	680	-2	4.3	5.4
(5) <i>Net external assets</i>	398	20	ND	398	-3	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-190	9	ND	-166	18	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 the 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: MARCH 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	FEBRUARY 2005			MARCH 2005			AVERAGE JAN-05 MAR-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)	6606	12	6.6	6636	29	6.6	6.6
(1.1) Currency in circulation	464	4	17.8	472	8	18.1	18.0
(1.2) Overnight deposits	2508	1	8.8	2526	18	8.0	8.5
(1.3) M1 (items 1.1 and 1.2)	2971	4	10.1	2998	26	9.4	9.9
(1.4) Deposits with agreed maturity up to 2 years	1015	-5	0.0	1018	3	1.5	0.4
(1.5) Deposits redeemable at notice up to 3 months	1660	5	6.9	1665	4	6.8	6.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2676	0	4.2	2683	7	4.7	4.4
(1.7) M2 (items 1.3 and 1.6)	5647	4	7.2	5682	33	7.2	7.2
(1.8) Repurchase agreements	227	-2	-0.8	228	1	3.7	3.1
(1.9) Money market fund shares/units	615	-2	2.7	615	0	1.7	2.9
(1.10) Debt securities issued with maturity up to 2 years	116	11	11.6	112	-4	10.4	8.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	959	7	2.8	954	-4	3.0	3.5
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	210	30	8.5	186	-24	1.0	4.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4531	47	8.7	4583	44	8.6	8.4
(3.1) Deposits with agreed maturity over 2 years	1373	8	8.5	1390	17	9.3	8.8
(3.2) Deposits redeemable at notice over 3 months	91	0	0.4	92	0	0.6	0.2
(3.3) Debt securities issued with maturity over 2 years	2007	33	11.1	2035	23	10.5	10.5
(3.4) Capital and reserves	1059	6	5.4	1065	4	5.0	5.0
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11129	62	6.6	11180	50	6.3	6.5
(4.1) Credit to general government	2346	23	4.0	2339	-8	2.3	3.3
of which Loans	831	-9	0.2	829	-2	-2.1	-0.6
of which Securities other than shares	1514	32	6.3	1510	-6	4.9	5.6
(4.2) Credit to other euro area residents	8783	38	7.3	8841	58	7.4	7.4
of which Loans	7621	27	7.3	7672	50	7.5	7.4
of which Securities other than shares	480	11	10.3	482	2	10.6	10.0
of which Shares and other equities	681	1	5.9	687	6	4.2	5.4
(5) <i>Net external assets</i>	392	14	ND	383	-12	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-174	12	ND	-158	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 the 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: MARCH 2005
DATA ADJUSTED FOR SEASONAL EFFECTS
(contributions in terms of the M3 annual percentage change ^{a)})

	JANUARY 2005	FEBRUARY 2005	MARCH 2005
(1) M1	4.2	4.5	4.1
(1.1) <i>of which</i> : Currency	1.2	1.2	1.2
(1.2) <i>of which</i> : Overnight deposits	3.0	3.3	2.9
(2) M2 - M1 (= other short-term deposits)	1.9	1.8	2.0
(3) M3 - M2 (= short-term marketable instruments)	0.7	0.4	0.5
(4) M3 (= items 1, 2 and 3)	6.8	6.7	6.5

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

	FEBRUARY 2005				MARCH 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	3174	3	-1	5.8	3193	20	-1	6.0
(1.1) up to 1 year	982	-1	-1	3.7	987	6	-1	4.2
(1.2) over 1 year and up to 5 years	551	-4	0	6.4	555	4	0	6.8
(1.3) over 5 years	1641	8	0	6.9	1651	11	0	6.8
(2) Loans to households ^{d)}	3839	16	-2	8.1	3862	24	-1	8.0
(2.1) Consumer credit	514	0	0	6.4	520	6	0	6.7
(2.2) Lending for house purchase	2622	15	0	10.1	2641	18	0	10.0
(2.3) Other lending ^{d)}	702	1	-1	2.2	702	0	-1	2.0
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	550	4	0	9.2	558	7	0	12.2
(4) Loans to insurance corporations and pension funds	59	3	0	24.2	58	-1	0	23.5

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.