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## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2008

The annual rate of growth of M3 decreased to 9.5% in June 2008, from 10.0% in May 2008.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period April 2008 - June 2008 declined to 9.9%, from 10.1% in the period March 2008 - May 2008.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	<b>APRIL 2008</b>	<b>MAY 2008</b>	<b>JUNE 2008</b>	<b>APRIL 2008 - JUNE 2008 AVERAGE</b>
<b>M3</b>	10.3	10.0	9.5	9.9
<b>M1</b>	2.4	2.3	1.4	2.0
<b>Loans to private sector</b>	10.7	10.5	9.8	10.3

Regarding the main components of M3, the annual rate of growth of M1 decreased to 1.4% in June, from 2.3% in May. The annual rate of growth of short-term deposits other than overnight deposits decreased to 19.0% in June, from 19.4% in the previous month. The annual rate of growth of marketable instruments stood at 9.7% in June, unchanged from the previous month.

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 9.1% in June, from 9.5% in May. The annual rate of growth of credit extended to general government increased to -0.9% in June, from -1.9% in May, while the annual growth of credit extended to the private sector declined to 11.1% in June, from 11.9% in May. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 9.8% in June, from 10.5% in the previous month. The annual growth rate of loans to non-financial corporations decreased to 13.6% in June, from 14.2% in May.<sup>2</sup> The annual growth rate of loans to households decreased to 4.2% in June, from 4.9% in the previous month. The annual rate of growth of lending for house purchase declined to 4.4% in June, from 5.6% in May. This decline mainly reflects large sales of loan portfolios by MFIs to institutions outside the MFI sector. The annual rate of growth of consumer credit decreased to 4.8% in June, from 5.0% in May while the annual growth rate of other lending to households increased to 3.0% in June, from 2.0% in the previous month. Finally, the annual

<sup>1</sup> 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.

<sup>2</sup> 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.

rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 25.5% in June, from 26.6% in the previous month.

Over the 12 months up to June, the net external asset position of the euro area MFI sector decreased by EUR 292 billion, compared with a decline of EUR 249 billion over the 12 months up to May. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 5.7% in June, from 6.3% in May.

#### Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates revisions to the data for previous months. In May 2008, the annual growth rate of M3 was revised downwards by 0.5 percentage point due to corrections in marketable instruments.*
- *The publication of the statistics on monetary developments in July, August, September and October 2008 is scheduled to take place at 10 am on 28 August, 25 September, 27 October, and 27 November 2008 respectively.*
- *Data refer to the changing composition of the euro area, i.e. they cover the EU Member States that had adopted the euro at the time to which the statistics relate. Data on outstanding amounts referring to periods up to and including December 2000 therefore cover the initial 11 euro area Member States, Greece is included as of January 2001, Slovenia as of January 2007 and Cyprus and Malta as of January 2008.*
- *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.europa.eu>) in the "Statistics" section under "Money, banking and financial markets" and then "Monetary statistics". The same section contains also longer time series for principal monetary aggregates (start date: January 1970), estimates for sectoral M3 holdings and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	MAY 2008			JUNE 2008			AVERAGE APR-08 JUN-08
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	8995	50	10.0	9022	33	9.5	9.9
(1.1) Currency in circulation	644	-1	7.5	650	6	8.0	7.8
(1.2) Overnight deposits	3213	16	1.3	3188	-23	0.1	0.9
(1.3) <b>M1</b> (items 1.1 and 1.2)	3856	15	2.3	3838	-17	1.4	2.0
(1.4) Deposits with agreed maturity up to 2 years	2256	31	40.5	2292	37	38.7	40.3
(1.5) Deposits redeemable at notice up to 3 months	1537	-6	-2.4	1537	0	-2.0	-2.2
(1.6) Other short term deposits (items 1.4 and 1.5)	3793	25	19.4	3829	37	19.0	19.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	7649	40	10.1	7666	20	9.4	9.9
(1.8) Repurchase agreements	317	-7	17.1	342	25	18.8	17.9
(1.9) Money market fund shares/units	740	-4	4.8	728	-12	2.0	4.5
(1.10) Debt securities issued with maturity up to 2 years	289	20	14.7	286	0	20.7	15.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1346	9	9.7	1356	12	9.7	10.0
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	181	-26	-16.7	183	2	-8.9	-5.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6011	13	6.3	6026	23	5.7	6.1
(3.1) Deposits with agreed maturity over 2 years	1830	12	6.2	1833	4	5.5	6.1
(3.2) Deposits redeemable at notice over 3 months	118	-1	0.5	117	-1	-0.8	0.5
(3.3) Debt securities issued with maturity over 2 years	2567	5	3.3	2574	10	2.8	3.3
(3.4) Capital and reserves	1497	-3	12.5	1502	10	11.7	11.8
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	14955	101	9.5	14989	57	9.1	9.5
(4.1) Credit to general government	2435	4	-1.9	2431	2	-0.9	-1.1
of which Loans	986	0	0.7	997	12	2.1	1.2
of which Securities other than shares	1449	4	-3.4	1434	-10	-2.8	-2.4
(4.2) Credit to other euro area residents	12521	97	11.9	12558	55	11.1	11.7
of which Loans	10596	76	10.5	10630	39	9.8	10.3
of which Securities other than shares	1050	19	39.3	1066	19	36.5	38.9
of which Shares and other equities	874	2	3.9	861	-4	2.7	3.4
(5) <i>Net external assets</i>	412	-64	ND	377	-33	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-180	-1	ND	-135	34	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: JUNE 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	MAY 2008			JUNE 2008			AVERAGE APR-08 JUN-08
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3<sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	9049	87	10.2	9063	20	9.4	9.9
(1.1) Currency in circulation	646	4	7.9	652	6	7.6	7.7
(1.2) Overnight deposits	3221	25	1.2	3257	38	0.5	0.9
(1.3) <b>M1</b> (items 1.1 and 1.2)	3867	29	2.3	3909	44	1.6	2.0
(1.4) Deposits with agreed maturity up to 2 years	2261	33	41.0	2264	5	38.4	40.4
(1.5) Deposits redeemable at notice up to 3 months	1543	-4	-2.3	1539	-4	-2.1	-2.2
(1.6) Other short term deposits (items 1.4 and 1.5)	3803	29	19.7	3803	2	18.7	19.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	7670	59	10.2	7712	46	9.4	9.9
(1.8) Repurchase agreements	333	4	17.5	332	-2	18.7	17.9
(1.9) Money market fund shares/units	756	4	4.9	733	-24	2.1	4.6
(1.10) Debt securities issued with maturity up to 2 years	289	20	14.7	286	0	20.7	15.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1379	29	9.9	1350	-26	9.6	10.0
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	174	-24	-16.8	211	37	-8.8	-5.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6007	14	6.3	6052	53	5.7	6.1
(3.1) Deposits with agreed maturity over 2 years	1833	14	6.2	1841	9	5.6	6.1
(3.2) Deposits redeemable at notice over 3 months	117	-2	0.5	116	-1	-0.8	0.5
(3.3) Debt securities issued with maturity over 2 years	2572	11	3.3	2589	20	2.8	3.3
(3.4) Capital and reserves	1485	-9	12.5	1505	25	11.7	11.8
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15021	83	9.5	15045	47	9.0	9.5
(4.1) Credit to general government	2446	1	-2.0	2447	7	-1.0	-1.1
of which Loans	982	-8	0.7	995	13	2.2	1.2
of which Securities other than shares	1464	8	-3.5	1452	-6	-2.8	-2.4
(4.2) Credit to other euro area residents	12575	83	11.9	12598	40	11.1	11.7
of which Loans	10598	68	10.5	10660	66	9.8	10.3
of which Securities other than shares	1058	21	39.3	1077	22	36.5	38.9
of which Shares and other equities	919	-7	4.0	861	-49	2.6	3.5
(5) <i>Net external assets</i>	373	-70	ND	386	15	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-164	65	ND	-105	48	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: JUNE 2008**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	APRIL 2008	MAY 2008	JUNE 2008
(1) <b>M1</b>	1.1	1.0	0.6
(1.1) <i>of which</i> : Currency	0.6	0.6	0.6
(1.2) <i>of which</i> : Overnight deposits	0.5	0.5	0.1
(2) <b>M2 - M1</b> (= other short-term deposits)	7.7	7.5	7.4
(3) <b>M3 - M2</b> (= short-term marketable instruments)	1.5	1.4	1.4
(4) <b>M3</b> (= items 1, 2 and 3)	10.3	10.0	9.5

a) Discrepancies can be due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JUNE 2008**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	MAY 2008				JUNE 2008			
	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	4619	29	-1	14.2	4669	53	-1	13.6
(1.1) up to 1 year	1338	1	0	12.5	1365	28	0	11.9
(1.2) over 1 year and up to 5 years	911	7	0	19.9	925	15	0	19.9
(1.3) over 5 years	2369	21	0	13.1	2378	10	-1	12.3
(2) <b>Loans to households <sup>d)</sup></b>	4886	16	-1	4.9	4892	7	-1	4.2
(2.1) Consumer credit	628	0	0	5.0	635	7	0	4.8
(2.2) Lending for house purchase	3499	15	0	5.6	3487	-12	0	4.4
(2.3) Other lending <sup>d)</sup>	759	1	0	2.0	770	12	-1	3.0
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	988	20	0	26.6	996	9	0	25.5
(4) <b>Loans to insurance corporations and pension funds</b>	106	3	0	-2.5	104	-2	0	-5.8

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.