

27 October 2008

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2008

The annual rate of growth of M3 decreased to 8.6% in September 2008, from 8.8% in August 2008.¹ The three-month average of the annual growth rates of M3 over the period July 2008 - September 2008 declined to 8.9%, from 9.2% in the period June 2008 - August 2008.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JULY 2008	AUGUST 2008	SEPTEMBER 2008	JULY 2008 - SEPTEMBER 2008 AVERAGE
M3	9.2	8.8	8.6	8.9
M1	0.3	0.2	1.2	0.6
Loans to private sector	9.3	8.8	8.5	8.9

Regarding the main components of M3, the annual rate of growth of M1 increased to 1.2% in September 2008, from 0.2% in August. The annual rate of growth of short-term deposits other than overnight deposits decreased to 17.7% in September, from 18.9% in the previous month. The annual rate of growth of marketable instruments decreased to 7.1% in September, from 8.4% 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 declined to 8.5% in September 2008, from 9.3% in August. The annual rate of growth of credit extended to general government decreased to 0.8% in September, from 1.6% in August, while the annual rate of growth of credit extended to the private sector declined to 10.1% in September, from 10.8% in August. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 8.5% in September, from 8.8% in the previous month. The annual growth rate of loans to non-financial corporations decreased to 12.1% in September, after 12.6% in August.² The annual growth rate of loans to households stood at 3.8% in September, after 3.9% in the previous month. The annual rate of growth of lending for house purchase was 4.0% in September, after 4.1% in August. The annual rate of growth of consumer credit increased to 4.3% in September, from 4.0% in August, while the annual growth rate of other lending to households stood at

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.

2.5% in September, unchanged from the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 18.9% in September, from 20.7% in the previous month.

Over the 12 months up to September 2008, the net external asset position of the euro area MFI sector declined by EUR 190 billion, compared with a decline of EUR 253 billion over the 12 months up to August. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 5.2% in September, unchanged from the previous month.

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 October, November, December 2008 and January 2009 is scheduled to take place at 10 am on 27 November 2008, 30 December 2008, 29 January 2009, and 26 February 2009, 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. Monthly flows and annual growth rates for January 2008 are corrected for the effect of the euro area enlargement.*
- *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) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

European Central Bank

Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

Reproduction is permitted provided that the source is acknowledged.

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2008			SEPTEMBER 2008			AVERAGE JUL-08 SEP-08
	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)	9155	47	8.8	9224	61	8.6	8.9
(1.1) Currency in circulation	654	4	7.2	663	9	8.2	7.5
(1.2) Overnight deposits	3191	4	-1.1	3216	22	-0.2	-0.7
(1.3) M1 (items 1.1 and 1.2)	3845	9	0.2	3879	32	1.2	0.6
(1.4) Deposits with agreed maturity up to 2 years	2420	40	37.2	2455	30	34.4	36.9
(1.5) Deposits redeemable at notice up to 3 months	1528	-2	-1.8	1522	-6	-2.0	-2.0
(1.6) Other short term deposits (items 1.4 and 1.5)	3948	38	18.9	3977	24	17.7	18.7
(1.7) M2 (items 1.3 and 1.6)	7793	46	8.9	7856	55	8.9	9.0
(1.8) Repurchase agreements	337	-10	16.7	344	8	16.5	16.8
(1.9) Money market fund shares/units	745	18	4.1	732	-13	3.6	2.9
(1.10) Debt securities issued with maturity up to 2 years	281	-8	10.1	291	11	5.5	13.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1362	0	8.4	1368	6	7.1	8.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	196	17	2.9	181	-14	-6.6	-2.5
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6100	27	5.2	6137	14	5.2	5.2
(3.1) Deposits with agreed maturity over 2 years	1841	6	4.6	1837	-6	4.0	4.4
(3.2) Deposits redeemable at notice over 3 months	115	-1	-3.4	114	-1	-5.7	-3.8
(3.3) Debt securities issued with maturity over 2 years	2620	5	2.7	2631	-9	2.3	2.7
(3.4) Capital and reserves	1524	18	11.3	1555	30	13.0	11.6
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15262	129	9.3	15264	0	8.5	9.0
(4.1) Credit to general government	2467	11	1.6	2440	-29	0.8	0.9
of which Loans	996	-1	1.9	1001	5	2.9	2.3
of which Securities other than shares	1471	13	1.3	1439	-34	-0.5	0.0
(4.2) Credit to other euro area residents	12795	117	10.8	12824	28	10.1	10.6
of which Loans	10754	63	8.8	10818	55	8.5	8.9
of which Securities other than shares	1141	43	38.9	1112	-28	31.2	35.6
of which Shares and other equities	900	11	7.1	894	2	7.8	6.9
(5) <i>Net external assets</i>	383	13	ND	427	28	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-195	-51	ND	-149	33	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: SEPTEMBER 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2008			SEPTEMBER 2008			AVERAGE JUL-08 SEP-08
	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)	9121	16	9.1	9188	59	8.5	8.9
(1.1) Currency in circulation	656	-3	7.3	657	1	7.5	7.3
(1.2) Overnight deposits	3133	-49	-0.3	3220	83	-0.1	-0.6
(1.3) M1 (items 1.1 and 1.2)	3789	-52	0.9	3877	84	1.1	0.7
(1.4) Deposits with agreed maturity up to 2 years	2425	54	36.7	2432	2	34.1	36.7
(1.5) Deposits redeemable at notice up to 3 months	1526	-3	-1.8	1516	-10	-2.0	-2.0
(1.6) Other short term deposits (items 1.4 and 1.5)	3951	51	18.8	3948	-8	17.5	18.6
(1.7) M2 (items 1.3 and 1.6)	7740	0	9.3	7825	76	8.7	9.0
(1.8) Repurchase agreements	343	10	16.5	346	2	16.8	16.9
(1.9) Money market fund shares/units	757	14	4.1	727	-30	3.5	2.9
(1.10) Debt securities issued with maturity up to 2 years	281	-8	10.1	291	11	5.5	13.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1381	16	8.3	1363	-17	7.1	8.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	187	6	3.0	192	5	-6.4	-2.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6101	4	5.2	6133	10	5.2	5.2
(3.1) Deposits with agreed maturity over 2 years	1838	-4	4.6	1826	-14	4.0	4.4
(3.2) Deposits redeemable at notice over 3 months	114	-1	-3.4	113	-1	-5.6	-3.8
(3.3) Debt securities issued with maturity over 2 years	2625	-2	2.7	2634	-11	2.3	2.7
(3.4) Capital and reserves	1523	11	11.3	1561	36	13.0	11.6
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15187	14	9.3	15224	34	8.5	9.0
(4.1) Credit to general government	2454	-8	1.6	2426	-30	0.9	0.9
of which Loans	989	-7	1.9	998	9	2.9	2.3
of which Securities other than shares	1465	-1	1.3	1428	-39	-0.6	0.0
(4.2) Credit to other euro area residents	12733	23	10.8	12798	64	10.1	10.6
of which Loans	10723	-3	8.9	10820	88	8.5	8.9
of which Securities other than shares	1130	24	38.9	1101	-28	31.3	35.6
of which Shares and other equities	880	1	7.0	877	4	7.7	6.9
(5) <i>Net external assets</i>	377	-8	ND	431	38	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-155	19	ND	-141	1	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: SEPTEMBER 2008
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	JULY 2008	AUGUST 2008	SEPTEMBER 2008
(1) M1	0.1	0.1	0.5
(1.1) <i>of which</i> : Currency	0.5	0.5	0.6
(1.2) <i>of which</i> : Overnight deposits	-0.4	-0.4	-0.1
(2) M2 - M1 (= other short-term deposits)	7.6	7.5	7.0
(3) M3 - M2 (= short-term marketable instruments)	1.4	1.2	1.1
(4) M3 (= items 1, 2 and 3)	9.2	8.8	8.6

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: SEPTEMBER 2008
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	AUGUST 2008				SEPTEMBER 2008			
	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	4722	7	-2	12.6	4762	36	-2	12.1
(1.1) up to 1 year	1362	-16	0	10.8	1375	13	0	10.1
(1.2) over 1 year and up to 5 years	943	11	-2	18.4	952	8	-1	17.5
(1.3) over 5 years	2417	12	0	11.6	2434	14	-1	11.3
(2) Loans to households ^{d)}	4914	8	-1	3.9	4939	24	-1	3.8
(2.1) Consumer credit	634	-3	0	4.0	637	3	0	4.3
(2.2) Lending for house purchase	3516	11	0	4.1	3534	17	0	4.0
(2.3) Other lending ^{d)}	764	0	-1	2.5	768	4	-1	2.5
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	987	-16	0	20.7	1018	28	0	18.9
(4) Loans to insurance corporations and pension funds	100	-2	0	-8.5	101	1	0	-9.2

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.