

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2010

The annual growth rate of M3 stood at 1.0% in October 2010, compared with 1.1% in September 2010.¹ The three-month average of the annual growth rates of M3 over the period August 2010 - October 2010 rose to 1.1%, from 0.8% in the period July 2010 - September 2010.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	AUGUST 2010	SEPTEMBER 2010	OCTOBER 2010	AUGUST 2010 - OCTOBER 2010 AVERAGE
M3	1.2	1.1	1.0	1.1
MI	7.8	6.2	4.9	6.3
Loans to private sector	1.2	1.2	1.4	1.3

Regarding the main components of M3, the annual rate of growth of MI decreased to 4.9% in October 2010, from 6.2% in September. The annual rate of change of short-term deposits other than overnight deposits increased to -1.2% in October, from -2.8% in the previous month. The annual rate of change of marketable instruments decreased to -7.4% in October, from -5.3% in September.

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 3.0% in October 2010, from 2.1% in the previous month. The annual rate of growth of credit extended to general government increased to 12.0% in October, from 7.3% in September, while the annual growth of credit extended to the private sector stood at 1.0% in October, compared with 0.9% in the previous month. Among the components of the latter, the annual growth rate of loans to the private sector increased to 1.4% in October, from 1.2% in the previous month (adjusted for loan sales and securitisation² the annual growth rate of loans to the private sector increased to 1.6%, from 1.3% in the previous month). The annual rate of change of loans to non-financial corporations stood at -0.6% in October, unchanged from the previous month. The annual growth rate of loans to households stood at 2.9% in October, compared with 2.8% in the previous month. The annual rate of growth of lending for house purchase increased to 3.6% in October, from 3.4% in the previous month. The annual rate of change of consumer credit stood at -0.8% in

¹ These rates of change refer to aggregates adjusted for seasonal and end-of-month calendar effects.

² Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation. The annual growth rate of loans adjusted for sales and securitisation is available at: <http://sdw.ecb.int/browse.do?node=SEARCHRESULTS&q=BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A&sk=117.BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A>

October, compared with -0.9% in September, while the annual growth rate of other lending to households stood at 2.8% in October, compared with 2.9% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 2.8% in October, from 2.1% in the previous month.

Over the 12 months up to October 2010, the net external asset position of the euro area MFI sector decreased by EUR 101 billion, compared with a decrease of EUR 4 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 3.4% in October, from 3.2% in September.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *Data for October 2010 are partly affected by the establishment of a "bad bank" scheme and the related transfer of assets and liabilities between the MFI and non-MFI sectors, in particular the general government sector and non-euro area residents.*
- *The latest data on monetary aggregates and counterparts contained in the statistical annex to this press release can be downloaded from the ECB's Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=bbn1863>). These data, as well as monthly and other shorter-term growth rates for selected items, longer time series for principal monetary aggregates (with a start date of January 1970) and methodological notes on the concepts underlying the monetary statistics and the related seasonal adjustment procedures, are also available on the ECB's website (<http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>).*
- *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 include Greece as of January 2001, Slovenia as of January 2007, Cyprus and Malta as of January 2008 and Slovakia as of January 2009.*
- *The publication of the statistics on monetary developments in November 2010, December 2010 and January 2011 is scheduled to take place at 10 am on 29 December 2010, 28 January 2011 and 25 February 2011 respectively.*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2010

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2010			OCTOBER 2010			AVERAGE AUG-10 OCT-10
	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)	9501	-11	1.1	9475	-28	1.0	1.1
(1.1) Currency in circulation	791	0	6.0	790	-1	5.8	6.2
(1.2) Overnight deposits	3894	-44	6.2	3900	9	4.8	6.3
(1.3) M1 (items 1.1 and 1.2)	4685	-45	6.2	4691	8	4.9	6.3
(1.4) Deposits with agreed maturity up to 2 years	1805	16	-12.1	1811	7	-8.9	-12.0
(1.5) Deposits redeemable at notice up to 3 months	1891	15	7.9	1904	12	7.3	7.8
(1.6) Other short term deposits (items 1.4 and 1.5)	3696	31	-2.8	3715	19	-1.2	-2.8
(1.7) M2 (items 1.3 and 1.6)	8381	-14	2.0	8406	27	2.1	2.1
(1.8) Repurchase agreements	398	10	21.3	382	-19	22.7	22.7
(1.9) Money market fund shares/units	594	-6	-15.3	580	-14	-16.9	-15.6
(1.10) Debt securities issued with maturity up to 2 years	128	-2	-16.2	107	-21	-25.3	-20.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1120	2	-5.3	1069	-55	-7.4	-5.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	261	-14	-9.6	332	70	7.6	-2.1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7146	28	3.2	7160	15	3.4	3.4
(3.1) Deposits with agreed maturity over 2 years	2371	16	3.2	2363	-9	2.8	3.3
(3.2) Deposits redeemable at notice over 3 months	122	-2	-3.9	120	-2	-5.9	-3.9
(3.3) Debt securities issued with maturity over 2 years	2700	24	1.4	2708	12	2.0	1.3
(3.4) Capital and reserves	1952	-11	6.7	1968	13	7.1	7.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16428	10	2.1	16552	133	3.0	2.4
(4.1) Credit to general government	3101	11	7.3	3263	165	12.0	8.9
of which Loans	1088	4	7.7	1164	75	13.2	9.1
of which Securities other than shares	2012	7	7.0	2099	90	11.3	8.9
(4.2) Credit to other euro area residents	13327	-1	0.9	13290	-32	1.0	1.0
of which Loans ^{e)}	10967	-2	1.2	10960	1	1.4	1.3
<i>memo item: loans adjusted for sales & securitisation</i> ^{f)}	ND	2	1.3	ND	8	1.6	1.4
of which Securities other than shares	1551	4	-0.6	1518	-33	-2.0	-1.1
of which Shares and other equities	809	-3	0.4	812	0	0.7	0.8
(5) <i>Net external assets</i>	601	8	ND	501	-108	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-120	-15	ND	-87	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.

e) For further breakdowns see Table 4.

f) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 2

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2010

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2010			OCTOBER 2010			AVERAGE AUG-10 OCT-10
	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)	9467	14	1.1	9448	-21	1.0	1.1
(1.1) Currency in circulation	787	-1	6.2	789	2	5.9	6.2
(1.2) Overnight deposits	3881	10	6.3	3891	11	5.2	6.5
(1.3) M1 (items 1.1 and 1.2)	4668	8	6.3	4680	13	5.3	6.4
(1.4) Deposits with agreed maturity up to 2 years	1800	5	-12.2	1824	25	-9.0	-12.0
(1.5) Deposits redeemable at notice up to 3 months	1877	4	7.9	1881	4	7.2	7.8
(1.6) Other short term deposits (items 1.4 and 1.5)	3677	9	-2.9	3704	28	-1.4	-2.9
(1.7) M2 (items 1.3 and 1.6)	8345	17	2.1	8384	41	2.2	2.1
(1.8) Repurchase agreements	405	18	20.7	383	-26	22.2	22.4
(1.9) Money market fund shares/units	589	-21	-15.4	575	-15	-16.9	-15.6
(1.10) Debt securities issued with maturity up to 2 years	128	-2	-16.2	107	-21	-25.3	-20.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1122	-4	-5.2	1064	-62	-7.4	-5.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	265	3	-10.1	344	78	8.1	-2.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7135	12	3.2	7150	17	3.4	3.4
(3.1) Deposits with agreed maturity over 2 years	2355	0	3.2	2349	-7	2.8	3.3
(3.2) Deposits redeemable at notice over 3 months	121	-2	-3.9	119	0	-5.9	-3.9
(3.3) Debt securities issued with maturity over 2 years	2702	15	1.4	2711	14	1.9	1.3
(3.4) Capital and reserves	1957	-3	6.6	1971	11	7.1	7.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16411	62	2.1	16535	132	3.0	2.4
(4.1) Credit to general government	3093	15	7.3	3264	173	12.0	9.0
of which Loans	1087	5	7.7	1166	78	13.3	9.1
of which Securities other than shares	2006	10	7.0	2098	95	11.3	8.9
(4.2) Credit to other euro area residents	13318	47	1.0	13271	-41	1.0	1.0
of which Loans	10979	44	1.2	10952	-19	1.4	1.3
<i>memo item: loans adjusted for sales & securitisation</i> ^{e)}	ND	49	1.4	ND	-11	1.6	1.4
of which Securities other than shares	1542	3	-0.6	1515	-26	-2.0	-1.1
of which Shares and other equities	798	0	0.5	804	4	0.7	0.8
(5) <i>Net external assets</i>	596	6	ND	518	-86	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-140	-40	ND	-111	28	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.

e) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: OCTOBER 2010
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	AUGUST 2010	SEPTEMBER 2010	OCTOBER 2010
(1) M1	3.5	2.8	2.3
(1.1) <i>of which</i> : Currency	0.5	0.5	0.5
(1.2) <i>of which</i> : Overnight deposits	3.0	2.4	1.8
(2) M2 - M1 (= other short-term deposits)	-1.8	-1.1	-0.5
(3) M3 - M2 (= short-term marketable instruments)	-0.6	-0.7	-0.9
(4) M3 (= items 1, 2 and 3)	1.2	1.1	1.0

a) Figures may not add up due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: OCTOBER 2010
DATA ADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	SEPTEMBER 2010			OCTOBER 2010		
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate
BREAKDOWN OF LOANS ^{c)}						
(1) Loans to non-financial corporations	4700	18	-0.6	4682	-13	-0.6
(1.1) up to 1 year	1136	11	-6.4	1130	-4	-5.6
(1.2) over 1 year and up to 5 years	925	6	-2.0	918	-5	-2.0
(1.3) over 5 years	2640	1	2.7	2634	-3	2.3
(2) Loans to households ^{d)}	5109	6	2.8	5125	15	2.9
(2.1) Consumer credit	639	-2	-0.9	638	-1	-0.8
(2.2) Lending for house purchase	3653	6	3.4	3671	15	3.6
(2.3) Other lending	816	2	2.9	816	1	2.8
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	1066	-22	2.1	1059	-2	2.8
(4) Loans to insurance corporations and pension funds	93	-3	0.0	94	1	6.0

a) Figures may not add up due to rounding.

b) Calculated from the 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.