



EUROPEAN CENTRAL BANK

30 December 2003

MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2003

The annual rate of growth of M3 declined to 7.4% in November, from 8.1% in October (revised upwards from 8.0%).¹ The three-month average of the annual growth rates of M3 over the period September – November 2003 decreased to 7.7%, from 8.0% in the period August – October 2003 (revised upwards from 7.9%).

<i>12-month percentage changes; seasonally adjusted</i>	SEPTEMBER 2003	OCTOBER 2003	NOVEMBER 2003	SEPTEMBER – NOVEMBER 2003 AVERAGE
M3	7.5	8.1	7.4	7.7
M1	11.1	12.2	10.7	11.4
Loans to private sector	5.0	5.1	5.6	5.2

Regarding the main components of M3, in November 2003, the annual rate of growth of M1 decreased to 10.7%, from 12.2% in October. At the same time, the annual rate of growth of short-term deposits other than overnight deposits increased to 4.6%, from 4.4% in the previous month. The annual rate of growth of marketable instruments decreased in November to 6.4%, from 7.6% in October.

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 6.3% in November, from 5.7% in October. The annual growth rate of credit extended to general government rose to 7.1%, from 6.7% in the previous month. Meanwhile, the annual growth rate of credit extended to the private sector increased to 6.0%, from 5.5% in October. Among the components of the latter item, the annual growth rate of loans to the private sector rose to 5.6% in November, from 5.1% in the previous month. Over the 12 months up to November 2003, the net external asset position of the euro area MFI sector rose by EUR 118 billion, compared with a rise by EUR 140 billion over the 12 months up to October. The annual rate of growth of longer-term financial liabilities of the MFI sector was 5.8% in November, compared with 5.7% in October.

Notes

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

- *The publication of the statistics on monetary developments in December 2003 and January, February and March 2004 is scheduled to take place at 10.00 am on 29 January, 26 February, 26 March and 29 April 2004, respectively.*
- *The latest monetary data as contained in Tables 2.1 – 2.8 of the ECB Monthly Bulletin can be found on the ECB website (www.ecb.int) at the “Latest monetary, financial markets and balance of payments statistics” item of the Statistics section. 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 at the “Monetary statistics” item of the same section.*

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA : NOVEMBER 2003

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2003			NOVEMBER 2003			AVERAGE SEP-03 NOV-03
	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)	6130	72	8.1	6135	2	7.4	7.7
(1.1) Currency in circulation	372	5	26.1	380	8	26.3	26.7
(1.2) Overnight deposits	2269	38	10.2	2253	-14	8.4	9.1
(1.3) M1 (items 1.1 and 1.2)	2641	43	12.2	2633	-6	10.7	11.4
(1.4) Deposits with agreed maturity up to 2 years	1046	-4	-4.0	1046	2	-3.1	-3.2
(1.5) Deposits redeemable at notice up to 3 months	1528	8	11.0	1536	8	10.7	11.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2574	4	4.4	2582	10	4.6	4.7
(1.7) M2 (items 1.3 and 1.6)	5215	47	8.2	5215	4	7.6	8.0
(1.8) Repurchase agreements	225	10	-0.3	228	3	2.0	-1.6
(1.9) Money market fund shares/units	588	6	15.1	590	-5	11.1	13.5
(1.10) Debt securities issued with maturity up to 2 years	101	10	-8.9	101	0	-7.0	-10.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	915	25	7.6	920	-2	6.4	6.2
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	158	-25	6.2	176	18	19.0	15.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4131	31	5.7	4154	35	5.8	5.6
(3.1) Deposits with agreed maturity over 2 years	1235	5	5.0	1246	11	5.2	4.9
(3.2) Deposits redeemable at notice over 3 months	91	0	-14.4	91	0	-13.7	-14.4
(3.3) Debt securities issued with maturity over 2 years	1797	20	8.8	1802	14	8.9	8.6
(3.4) Capital and reserves	1008	5	3.5	1016	11	3.5	3.5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10302	51	5.7	10385	84	6.3	5.8
(4.1) Credit to general government	2219	21	6.7	2235	12	7.1	6.4
of which Loans	827	-3	1.4	828	1	1.5	1.4
of which Securities other than shares	1391	23	10.1	1407	11	10.7	9.7
(4.2) Credit to other euro area residents	8083	30	5.5	8150	72	6.0	5.7
of which Loans	7042	33	5.1	7088	51	5.6	5.2
of which Securities other than shares	418	7	16.4	425	8	16.6	16.2
of which Shares and other equities	623	-10	3.3	637	13	4.1	4.5
(5) <i>Net external assets</i>	237	9	ND	230	2	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-120	18	ND	-151	-30	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 : NOVEMBER 2003

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2003			NOVEMBER 2003			AVERAGE SEP-03 NOV-03
	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)	6065	50	8.0	6119	51	7.6	7.7
(1.1) Currency in circulation	371	6	26.7	379	8	26.4	26.8
(1.2) Overnight deposits	2225	-2	9.6	2267	44	9.0	9.1
(1.3) M1 (items 1.1 and 1.2)	2596	5	11.8	2646	52	11.2	11.3
(1.4) Deposits with agreed maturity up to 2 years	1049	12	-3.4	1043	-4	-3.2	-3.1
(1.5) Deposits redeemable at notice up to 3 months	1511	5	11.0	1518	7	10.5	10.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2560	17	4.6	2560	2	4.5	4.7
(1.7) M2 (items 1.3 and 1.6)	5156	21	8.1	5207	54	7.8	8.0
(1.8) Repurchase agreements	225	13	0.3	225	0	2.2	-1.4
(1.9) Money market fund shares/units	583	6	15.1	586	-3	10.9	13.5
(1.10) Debt securities issued with maturity up to 2 years	101	10	-8.9	101	0	-7.0	-10.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	909	28	7.7	912	-3	6.3	6.2
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	166	-18	6.3	180	15	19.1	15.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4129	30	5.7	4141	26	5.9	5.6
(3.1) Deposits with agreed maturity over 2 years	1231	5	4.9	1238	7	5.2	4.9
(3.2) Deposits redeemable at notice over 3 months	91	0	-14.3	91	0	-13.7	-14.4
(3.3) Debt securities issued with maturity over 2 years	1798	23	8.8	1805	16	8.9	8.6
(3.4) Capital and reserves	1008	2	3.6	1007	3	3.6	3.5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10268	52	5.8	10354	88	6.3	5.8
(4.1) Credit to general government	2207	19	6.7	2234	24	7.0	6.4
of which Loans	821	0	1.4	831	10	1.5	1.4
of which Securities other than shares	1386	19	10.0	1404	14	10.6	9.6
(4.2) Credit to other euro area residents	8061	32	5.5	8120	64	6.0	5.7
of which Loans	7028	29	5.1	7073	51	5.6	5.2
of which Securities other than shares	419	7	16.3	423	5	16.6	16.1
of which Shares and other equities	614	-4	3.6	624	9	4.7	4.9
(5) <i>Net external assets</i>	262	13	ND	267	14	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-170	-2	ND	-181	-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 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: NOVEMBER 2003
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in percentage points to the M3 annual percentage change ^{a)})

	SEPTEMBER 2003	OCTOBER 2003	NOVEMBER 2003
(1) M1	4.6	5.1	4.5
(1.1) <i>of which</i> : Currency	1.5	1.4	1.4
(1.2) <i>of which</i> : Overnight deposits	3.2	3.7	3.1
(2) M2 - M1 (= other short-term deposits)	2.2	1.9	2.0
(3) M3 - M2 (= short-term marketable instruments)	0.7	1.1	0.9
(4) M3 (= items 1, 2 and 3)	7.5	8.1	7.4

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.