



EUROPEAN CENTRAL BANK

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2006

The annual rate of growth of M3 increased to 7.6% in January 2006, from 7.3% in December 2005.¹ The three-month average of the annual growth rates of M3 over the period November 2005 - January 2006 stood at 7.5%, compared with 7.6% in the period October 2005 - December 2005.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	NOVEMBER 2005	DECEMBER 2005	JANUARY 2006	NOVEMBER 2005 - JANUARY 2006 AVERAGE
M3	7.6	7.3	7.6	7.5
M1	10.4	11.3	10.2	10.7
Loans to private sector	9.0	9.2	9.7	9.3

Regarding the main components of M3, the annual rate of growth of M1 decreased to 10.2% in January 2006, from 11.3% in December 2005. The annual rate of growth of short-term deposits other than overnight deposits increased to 6.4% in January, from 5.4% in the previous month. The annual rate of growth of marketable instruments rose to 3.3% in January, from 0.8% in December.

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 was 8.5% in January 2006, after 8.4% in December 2005. The annual rate of growth of credit extended to general government decreased to 3.6% in January, from 4.5% in December, while the annual growth of credit extended to the private sector increased to 9.9% in January, from 9.4% in December. Among the components of the latter, the annual rate of growth of loans to the private sector rose to 9.7% in January, from 9.2% in the previous month. The annual growth rate of loans to non-financial corporations increased to 8.5% in January, from 8.1% in December.² The annual growth rate of loans to households stood at 9.4% in January, compared with 9.3% in the previous month. The annual rate of growth of lending for house purchase increased to 11.7% in January, from 11.5% in December. The annual rate of growth of consumer credit rose to 8.0% in January, from 7.8% in December, while the annual growth rate of other lending to households decreased to 1.8% in

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.

January, from 2.1% 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 15.9% in January, from 12.5% in the previous month.

Over the 12 months up to January 2006, the net external asset position of the euro area MFI sector rose by EUR 1 billion, compared with a decline of EUR 17 billion over the 12 months up to December 2005. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.5% in January, compared with 8.4% in December.

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 February, March, April and May 2006 is scheduled to take place at 10 am on 28 March, 28 April, 30 May and 29 June 2006 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".*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	DECEMBER 2005			JANUARY 2006			AVERAGE NOV-05 JAN-06
	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)	7057	38	7.3	7100	54	7.6	7.5
(1.1) Currency in circulation	515	-5	13.7	530	15	13.6	14.0
(1.2) Overnight deposits	2903	43	10.9	2903	2	9.6	10.1
(1.3) M1 (items 1.1 and 1.2)	3417	38	11.3	3433	18	10.2	10.7
(1.4) Deposits with agreed maturity up to 2 years	1109	20	6.6	1121	14	8.5	7.3
(1.5) Deposits redeemable at notice up to 3 months	1541	-8	4.3	1552	11	4.7	4.7
(1.6) Other short term deposits (items 1.4 and 1.5)	2650	12	5.4	2673	25	6.4	5.9
(1.7) M2 (items 1.3 and 1.6)	6067	49	8.5	6107	43	8.4	8.3
(1.8) Repurchase agreements	232	-5	-3.1	239	6	3.4	2.3
(1.9) Money market fund shares/units	627	-8	-1.0	608	-3	-1.4	-0.6
(1.10) Debt securities issued with maturity up to 2 years	131	2	20.3	147	7	31.6	23.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	990	-11	0.8	993	11	3.3	2.6
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	200	19	7.2	200	1	6.1	4.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4985	24	8.4	5026	26	8.5	8.6
(3.1) Deposits with agreed maturity over 2 years	1503	7	7.8	1517	14	8.2	8.1
(3.2) Deposits redeemable at notice over 3 months	86	0	-4.9	88	1	-3.9	-4.4
(3.3) Debt securities issued with maturity over 2 years	2201	4	10.0	2202	4	9.5	10.1
(3.4) Capital and reserves	1194	13	7.4	1220	6	8.1	7.3
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12029	70	8.4	12138	106	8.5	8.4
(4.1) Credit to general government	2486	8	4.5	2482	4	3.6	3.8
of which Loans	844	15	2.0	838	-6	0.9	0.9
of which Securities other than shares	1642	-7	5.9	1644	10	5.0	5.4
(4.2) Credit to other euro area residents	9543	62	9.4	9656	103	9.9	9.6
of which Loans	8278	64	9.2	8380	92	9.7	9.3
of which Securities other than shares	555	6	17.1	560	6	17.0	17.3
of which Shares and other equities	710	-8	7.3	717	4	7.1	7.7
(5) <i>Net external assets</i>	424	16	ND	459	21	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-211	-5	ND	-271	-47	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: JANUARY 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	DECEMBER 2005			JANUARY 2006			AVERAGE NOV-05 JAN-06
	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)	7106	112	7.5	7109	13	7.6	7.5
(1.1) Currency in circulation	533	18	13.8	521	-12	13.3	13.9
(1.2) Overnight deposits	2935	72	11.2	2920	-14	9.6	10.1
(1.3) M1 (items 1.1 and 1.2)	3468	90	11.6	3441	-26	10.2	10.6
(1.4) Deposits with agreed maturity up to 2 years	1123	38	6.5	1112	-9	8.5	7.3
(1.5) Deposits redeemable at notice up to 3 months	1550	18	4.4	1566	17	4.7	4.7
(1.6) Other short term deposits (items 1.4 and 1.5)	2673	56	5.4	2679	8	6.3	5.9
(1.7) M2 (items 1.3 and 1.6)	6141	146	8.6	6119	-18	8.3	8.4
(1.8) Repurchase agreements	221	-18	-3.4	236	15	3.2	2.2
(1.9) Money market fund shares/units	613	-17	-0.9	607	9	-1.4	-0.6
(1.10) Debt securities issued with maturity up to 2 years	131	2	20.3	147	7	31.6	23.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	965	-34	0.9	989	32	3.2	2.7
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	175	-11	7.3	192	17	5.9	4.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4993	33	8.4	5025	17	8.5	8.6
(3.1) Deposits with agreed maturity over 2 years	1512	22	7.9	1519	7	8.2	8.1
(3.2) Deposits redeemable at notice over 3 months	88	1	-4.9	88	1	-3.8	-4.4
(3.3) Debt securities issued with maturity over 2 years	2196	-8	10.0	2194	2	9.5	10.1
(3.4) Capital and reserves	1197	18	7.4	1224	8	8.1	7.3
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12011	55	8.4	12135	122	8.5	8.4
(4.1) Credit to general government	2458	-22	4.4	2474	24	3.5	3.8
of which Loans	852	24	1.9	847	-5	1.0	0.9
of which Securities other than shares	1606	-46	5.9	1627	29	5.0	5.4
(4.2) Credit to other euro area residents	9553	77	9.5	9661	98	9.9	9.6
of which Loans	8292	74	9.2	8384	82	9.7	9.3
of which Securities other than shares	554	8	17.1	557	5	17.1	17.3
of which Shares and other equities	707	-4	7.2	720	11	7.1	7.7
(5) <i>Net external assets</i>	442	13	ND	460	3	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-179	66	ND	-269	-77	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: JANUARY 2006
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	NOVEMBER 2005	DECEMBER 2005	JANUARY 2006
(1) M1	4.7	5.1	4.7
(1.1) <i>of which</i> : Currency	1.0	0.9	1.0
(1.2) <i>of which</i> : Overnight deposits	3.7	4.2	3.7
(2) M2 - M1 (= other short-term deposits)	2.3	2.1	2.5
(3) M3 - M2 (= short-term marketable instruments)	0.6	0.1	0.5
(4) M3 (= items 1, 2 and 3)	7.6	7.3	7.6

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JANUARY 2006
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	DECEMBER 2005				JANUARY 2006			
	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	3406	36	-5	8.1	3445	30	-2	8.5
(1.1) up to 1 year	1036	6	-1	5.5	1047	11	-1	6.0
(1.2) over 1 year and up to 5 years	593	7	-3	9.4	600	8	0	8.9
(1.3) over 5 years	1777	23	-1	9.3	1798	11	-1	9.8
(2) Loans to households ^{d)}	4193	38	-4	9.3	4221	22	-2	9.4
(2.1) Consumer credit	554	4	0	7.8	554	1	-1	8.0
(2.2) Lending for house purchase	2918	35	-1	11.5	2947	22	-1	11.7
(2.3) Other lending ^{d)}	721	-1	-2	2.1	719	-1	-1	1.8
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	629	11	0	12.5	642	18	0	15.9
(4) Loans to insurance corporations and pension funds	64	-11	0	30.0	76	12	0	35.9

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.