



EUROPEAN CENTRAL BANK

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: MARCH 2006

The annual rate of growth of M3 increased to 8.6% in March 2006, from 7.9% in February 2006.¹ The three-month average of the annual growth rates of M3 over the period January 2006 - March 2006 rose to 8.1%, from 7.7% in the period December 2005 - February 2006.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JANUARY 2006	FEBRUARY 2006	MARCH 2006	JANUARY 2006 - MARCH 2006 AVERAGE
M3	7.7	7.9	8.6	8.1
M1	10.3	9.9	10.1	10.1
Loans to private sector	9.7	10.4	10.8	10.3

Regarding the main components of M3, the annual rate of growth of M1 increased to 10.1% in March 2006, from 9.9% in February. The annual rate of growth of short-term deposits other than overnight deposits rose to 7.8% in March, from 7.3% in the previous month. The annual rate of growth of marketable instruments increased to 6.1% in March, from 3.6% in February.

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 rose to 9.4% in March 2006, from 8.8% in February. The annual rate of growth of credit extended to general government decreased to 1.6% in March, from 1.8% in February, while the annual growth of credit extended to the private sector rose to 11.5% in March, from 10.7% in February. Among the components of the latter, the annual rate of growth of loans to the private sector increased to 10.8% in March, from 10.4% in the previous month. The annual growth rate of loans to non-financial corporations rose to 10.4% in March, from 9.7% in February.² The annual growth rate of loans to households increased to 9.7% in March, from 9.5% in the previous month. The annual rate of growth of lending for house purchase rose to 12.1% in March, from 11.7% in February. The annual rate of growth of consumer credit decreased to 7.8% in March, from 8.4% in February, while the annual growth rate of other lending to households rose to 2.2% in March, from 1.9% 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.

the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 16.9% in March, from 18.9% in the previous month.

Over the 12 months up to March 2006, the net external asset position of the euro area MFI sector rose by EUR 24 billion, after a decline of EUR 18 billion over the 12 months up to February. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.6% in March, compared with 8.7% in February.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in April, May, June and July 2006 is scheduled to take place at 10 am on 30 May, 29 June, 28 July and 28 August 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: MARCH 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	FEBRUARY 2006			MARCH 2006			AVERAGE JAN-06 MAR-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)	7157	38	7.9	7227	81	8.6	8.1
(1.1) Currency in circulation	535	7	13.6	536	0	12.4	13.1
(1.2) Overnight deposits	2933	12	9.3	2961	30	9.8	9.6
(1.3) M1 (items 1.1 and 1.2)	3468	19	9.9	3497	30	10.1	10.1
(1.4) Deposits with agreed maturity up to 2 years	1137	17	11.2	1157	23	12.6	10.8
(1.5) Deposits redeemable at notice up to 3 months	1559	4	4.6	1563	4	4.3	4.6
(1.6) Other short term deposits (items 1.4 and 1.5)	2696	21	7.3	2721	27	7.8	7.2
(1.7) M2 (items 1.3 and 1.6)	6165	41	8.7	6218	57	9.0	8.7
(1.8) Repurchase agreements	228	-13	2.8	239	11	3.9	3.4
(1.9) Money market fund shares/units	611	1	-0.5	606	2	0.0	-0.6
(1.10) Debt securities issued with maturity up to 2 years	153	9	27.6	165	11	45.1	34.5
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	992	-3	3.6	1010	24	6.1	4.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	187	-11	-5.3	191	4	3.1	1.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5103	50	8.7	5131	35	8.6	8.6
(3.1) Deposits with agreed maturity over 2 years	1531	13	8.7	1550	16	8.9	8.7
(3.2) Deposits redeemable at notice over 3 months	88	0	-4.1	88	1	-3.2	-3.7
(3.3) Debt securities issued with maturity over 2 years	2234	17	8.9	2240	15	8.7	9.0
(3.4) Capital and reserves	1249	20	9.3	1253	4	9.0	8.8
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12242	117	8.8	12327	105	9.4	8.9
(4.1) Credit to general government	2462	-8	1.8	2433	-19	1.6	2.1
of which Loans	838	-1	0.9	838	1	1.5	1.1
of which Securities other than shares	1624	-7	2.3	1594	-19	1.7	2.7
(4.2) Credit to other euro area residents	9780	125	10.7	9894	124	11.5	10.7
of which Loans	8477	100	10.4	8554	84	10.8	10.3
of which Securities other than shares	564	7	16.9	574	12	18.5	17.4
of which Shares and other equities	739	18	10.0	767	27	14.3	10.5
(5) <i>Net external assets</i>	447	-33	ND	473	28	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-243	-6	ND	-250	-12	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: MARCH 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	FEBRUARY 2006			MARCH 2006			AVERAGE JAN-06 MAR-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)	7149	26	7.8	7208	69	8.4	8.0
(1.1) Currency in circulation	525	4	13.2	532	7	12.8	13.1
(1.2) Overnight deposits	2921	-11	9.3	2938	18	9.1	9.4
(1.3) M1 (items 1.1 and 1.2)	3446	-7	9.9	3470	26	9.7	9.9
(1.4) Deposits with agreed maturity up to 2 years	1134	19	11.1	1160	28	13.4	11.1
(1.5) Deposits redeemable at notice up to 3 months	1570	3	4.6	1571	1	4.4	4.6
(1.6) Other short term deposits (items 1.4 and 1.5)	2705	23	7.3	2731	29	8.1	7.2
(1.7) M2 (items 1.3 and 1.6)	6151	16	8.6	6201	55	8.8	8.6
(1.8) Repurchase agreements	235	-2	3.0	236	1	3.7	3.3
(1.9) Money market fund shares/units	610	3	-0.6	605	2	-0.1	-0.7
(1.10) Debt securities issued with maturity up to 2 years	153	9	27.6	165	11	45.1	34.5
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	999	10	3.6	1006	15	6.0	4.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	200	8	-5.2	193	-7	2.8	1.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5100	58	8.7	5141	48	8.6	8.6
(3.1) Deposits with agreed maturity over 2 years	1534	12	8.7	1558	21	8.9	8.7
(3.2) Deposits redeemable at notice over 3 months	89	0	-4.1	89	1	-3.1	-3.7
(3.3) Debt securities issued with maturity over 2 years	2228	25	8.9	2239	21	8.7	9.0
(3.4) Capital and reserves	1249	20	9.3	1254	5	9.0	8.8
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12239	108	8.8	12336	117	9.4	8.9
(4.1) Credit to general government	2461	-3	1.8	2439	-11	1.6	2.1
of which Loans	838	-10	0.9	842	4	1.5	1.1
of which Securities other than shares	1623	6	2.3	1597	-15	1.7	2.7
(4.2) Credit to other euro area residents	9779	111	10.7	9897	128	11.5	10.7
of which Loans	8469	81	10.4	8544	82	10.8	10.3
of which Securities other than shares	568	12	16.9	576	10	18.5	17.5
of which Shares and other equities	741	18	10.0	777	36	14.4	10.6
(5) <i>Net external assets</i>	448	-33	ND	466	21	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-238	18	ND	-261	-27	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: MARCH 2006
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	JANUARY 2006	FEBRUARY 2006	MARCH 2006
(1) M1	4.7	4.6	4.7
(1.1) <i>of which</i> : Currency	0.9	1.0	0.9
(1.2) <i>of which</i> : Overnight deposits	3.8	3.7	3.9
(2) M2 - M1 (= other short-term deposits)	2.5	2.8	3.0
(3) M3 - M2 (= short-term marketable instruments)	0.5	0.5	0.9
(4) M3 (= items 1, 2 and 3)	7.7	7.9	8.6

a) Discrepancies can be due to rounding.

TABLE 4

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

	FEBRUARY 2006				MARCH 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	3484	39	-1	9.7	3525	43	-1	10.4
(1.1) up to 1 year	1056	10	0	7.0	1066	11	0	7.8
(1.2) over 1 year and up to 5 years	614	12	0	12.6	629	15	0	14.7
(1.3) over 5 years	1814	17	0	10.3	1830	17	-1	10.5
(2) Loans to households ^{d)}	4244	20	-1	9.5	4276	35	-1	9.7
(2.1) Consumer credit	556	2	0	8.4	556	2	0	7.8
(2.2) Lending for house purchase	2970	20	0	11.7	3000	31	0	12.1
(2.3) Other lending ^{d)}	718	-1	-1	1.9	719	3	-1	2.2
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	666	23	0	18.9	661	-3	0	16.9
(4) Loans to insurance corporations and pension funds	76	-1	0	27.4	82	7	0	40.7

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.