



EUROPEAN CENTRAL BANK

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## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2005

The annual rate of growth of M3 increased to 8.5% in September 2005, from 8.2% in August 2005.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period July 2005 - September 2005 rose to 8.2%, from 7.9% in the period June 2005 - August 2005.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JULY 2005	AUGUST 2005	SEPTEMBER 2005	JULY 2005 - SEPTEMBER 2005 AVERAGE
<b>M3</b>	7.9	8.2	8.5	8.2
<b>M1</b>	11.1	11.6	11.2	11.3
<b>Loans to private sector</b>	8.3	8.4	8.6	8.4

Regarding the main components of M3, the annual rate of growth of M1 decreased to 11.2% in September 2005, from 11.6% in August. The annual rate of growth of short-term deposits other than overnight deposits increased to 6.5% in September, from 5.3% in the previous month. The annual rate of growth of marketable instruments increased to 6.2% in September, from 5.8% 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 rose to 7.3% in September, from 7.0% in August. The annual rate of growth of credit extended to general government increased to 1.3% in September, from 1.1% in August, while the annual growth of credit extended to the private sector rose to 8.9% in September, from 8.6% in August. Among the components of the latter, the annual rate of growth of loans to the private sector increased to 8.6% in September, from 8.4% in the previous month. The annual growth rate of loans to non-financial corporations increased to 7.0% in September, from 6.6% in August.<sup>2</sup> The annual growth rate of loans to households stood at 8.6% in September, unchanged from the previous month. The annual rate of growth of lending for house purchase declined to 10.5% in September, from 10.7% in August. The annual rate of growth of consumer credit increased to 7.3% in September, from 7.0% in August while the annual growth rate of other lending to households was 2.4% in September,

<sup>1</sup> 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.

<sup>2</sup> 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.

compared with 2.3% 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 17.5% in September, from 16.4% in the previous month.

Over the 12 months up to September 2005, the net external asset position of the euro area MFI sector rose by EUR 80 billion, compared with a rise of EUR 132 billion over the 12 months up to August. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 8.3% in September, from 9.0% in August.

#### 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 and December 2005 and January 2006 is scheduled to take place at 10 am on 29 November 2005, 29 December 2005, 27 January 2006 and 25 February 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".*

TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2005			SEPTEMBER 2005			AVERAGE JUL-05 SEP-05
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	6920	52	8.2	6982	62	8.5	8.2
(1.1) Currency in circulation	501	7	15.6	507	6	15.3	15.6
(1.2) Overnight deposits	2828	22	10.9	2842	13	10.4	10.5
(1.3) <b>M1</b> (items 1.1 and 1.2)	3330	29	11.6	3350	19	11.2	11.3
(1.4) Deposits with agreed maturity up to 2 years	1048	3	4.2	1084	35	7.1	5.1
(1.5) Deposits redeemable at notice up to 3 months	1537	10	6.0	1546	9	5.9	6.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2585	13	5.3	2630	44	6.5	5.7
(1.7) <b>M2</b> (items 1.3 and 1.6)	5915	42	8.6	5980	63	8.9	8.6
(1.8) Repurchase agreements	253	9	11.0	245	-8	8.8	8.9
(1.9) Money market fund shares/units	632	-1	2.5	637	6	3.7	3.3
(1.10) Debt securities issued with maturity up to 2 years	121	2	13.6	120	0	15.1	14.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1005	10	5.8	1002	-1	6.2	5.8
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	173	-35	-13.3	181	8	-11.2	-6.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4828	26	9.0	4859	12	8.3	8.8
(3.1) Deposits with agreed maturity over 2 years	1455	2	8.3	1465	9	8.3	8.5
(3.2) Deposits redeemable at notice over 3 months	90	-1	-0.9	88	-2	-2.3	-1.0
(3.3) Debt securities issued with maturity over 2 years	2146	21	11.4	2155	4	10.2	10.9
(3.4) Capital and reserves	1137	5	6.4	1150	0	5.8	6.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11613	60	7.0	11703	82	7.3	7.0
(4.1) Credit to general government	2376	10	1.1	2370	-5	1.3	1.2
of which Loans	839	7	-0.9	845	6	0.7	-0.6
of which Securities other than shares	1537	3	2.3	1524	-11	1.7	2.2
(4.2) Credit to other euro area residents	9237	50	8.6	9334	87	8.9	8.6
of which Loans	8007	44	8.4	8085	75	8.6	8.4
of which Securities other than shares	510	2	12.0	510	-2	11.9	11.9
of which Shares and other equities	719	4	8.3	739	13	10.2	8.4
(5) <i>Net external assets</i>	463	-9	ND	455	-26	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-155	-8	ND	-136	26	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 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2005			SEPTEMBER 2005			AVERAGE JUL-05 SEP-05
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3<sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	6863	-19	8.0	6920	58	8.4	8.1
(1.1) Currency in circulation	501	-6	15.6	507	6	15.8	15.8
(1.2) Overnight deposits	2768	-45	10.6	2817	48	9.8	10.4
(1.3) <b>M1</b> (items 1.1 and 1.2)	3269	-51	11.3	3324	54	10.7	11.2
(1.4) Deposits with agreed maturity up to 2 years	1054	12	4.5	1078	23	7.7	5.3
(1.5) Deposits redeemable at notice up to 3 months	1530	4	5.9	1532	2	5.9	5.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2584	16	5.4	2610	25	6.7	5.8
(1.7) <b>M2</b> (items 1.3 and 1.6)	5853	-35	8.4	5934	79	8.7	8.5
(1.8) Repurchase agreements	249	10	11.1	234	-15	8.6	9.0
(1.9) Money market fund shares/units	640	4	2.6	631	-7	3.7	3.3
(1.10) Debt securities issued with maturity up to 2 years	121	2	13.6	120	0	15.1	14.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1010	16	5.8	986	-21	6.1	5.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	167	-44	-13.8	182	15	-11.1	-6.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4823	19	9.0	4862	19	8.3	8.8
(3.1) Deposits with agreed maturity over 2 years	1455	2	8.3	1459	4	8.3	8.5
(3.2) Deposits redeemable at notice over 3 months	89	-1	-0.9	87	-2	-2.4	-1.0
(3.3) Debt securities issued with maturity over 2 years	2141	13	11.4	2159	12	10.2	10.9
(3.4) Capital and reserves	1138	5	6.4	1156	5	5.8	6.1
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11559	0	7.0	11663	95	7.3	7.0
(4.1) Credit to general government	2365	-5	1.2	2363	-1	1.3	1.2
of which Loans	831	1	-0.9	837	6	0.7	-0.6
of which Securities other than shares	1534	-6	2.4	1525	-7	1.7	2.3
(4.2) Credit to other euro area residents	9194	5	8.5	9300	96	8.9	8.6
of which Loans	7980	5	8.4	8068	85	8.6	8.4
of which Securities other than shares	507	0	11.9	507	-2	11.9	11.9
of which Shares and other equities	706	0	8.1	725	13	10.3	8.3
(5) <i>Net external assets</i>	467	-2	ND	466	-18	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-173	-43	ND	-164	16	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 2005**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	JULY 2005	AUGUST 2005	SEPTEMBER 2005
(1) <b>M1</b>	4.9	5.2	5.0
(1.1) <i>of which</i> : Currency	1.1	1.1	1.0
(1.2) <i>of which</i> : Overnight deposits	3.9	4.1	4.0
(2) <b>M2 - M1</b> (= other short-term deposits)	2.1	2.1	2.5
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.8	0.9	0.9
(4) <b>M3</b> (= items 1, 2 and 3)	7.9	8.2	8.5

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.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: SEPTEMBER 2005**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2005				SEPTEMBER 2005			
	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	3294	-12	0	6.6	3321	25	-1	7.0
(1.1) up to 1 year	1001	-23	0	4.8	1015	13	0	5.3
(1.2) over 1 year and up to 5 years	571	-2	0	5.8	572	1	0	5.8
(1.3) over 5 years	1722	12	0	8.0	1734	11	0	8.5
(2) <b>Loans to households <sup>d)</sup></b>	4049	24	-1	8.6	4080	31	-1	8.6
(2.1) Consumer credit	541	2	0	7.0	545	4	0	7.3
(2.2) Lending for house purchase	2796	22	0	10.7	2821	25	0	10.5
(2.3) Other lending <sup>d)</sup>	713	0	0	2.3	715	2	0	2.4
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	573	-7	0	16.4	602	28	0	17.5
(4) <b>Loans to insurance corporations and pension funds</b>	64	1	0	18.3	65	1	0	22.7

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.