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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2007

The annual rate of growth of M3 increased to 12.3% in October 2007, from 11.3% in September 2007.¹ The three-month average of the annual growth rates of M3 over the period August 2007 - October 2007 rose to 11.7%, from 11.5% in the period July 2007 - September 2007.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	AUGUST 2007	SEPTEMBER 2007	OCTOBER 2007	AUGUST 2007 - OCTOBER 2007 AVERAGE
M3	11.6	11.3	12.3	11.7
MI	6.7	6.0	6.5	6.4
Loans to private sector	11.2	11.0	11.2	11.1

Regarding the main components of M3, the annual rate of growth of MI increased to 6.5% in October 2007, from 6.0% in September. The annual rate of growth of short-term deposits other than overnight deposits increased to 17.0% in October, from 15.4% in the previous month. The annual rate of growth of marketable instruments increased to 18.9% in October, from 17.9% 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 rose to 9.2% in October 2007, from 8.7% in September. The annual rate of decline of credit extended to general government decreased to 4.1% in October, from 4.3% in September, while the annual rate of growth of credit extended to the private sector rose to 12.2% in October, from 11.6% in September. Among the components of the latter, the annual rate of growth of loans to the private sector increased to 11.2% in October, from 11.0% in the previous month. The annual growth rate of loans to non-financial corporations stood at 13.9% in October, unchanged from the previous month.² The annual growth rate of loans to households stood at 6.8% in October, unchanged from the previous month. The annual rate of growth of lending for house purchase was 7.9% in October, unchanged from September. The annual rate of growth of consumer credit increased to 5.5% in October, from 5.1% in September while the annual growth rate of other lending to households stood at 3.3% in October, compared with 3.4% in the previous month. Finally, the annual rate of growth of

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.

loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 22.8% in October, from 20.2% in the previous month.

Over the 12 months up to October 2007, the net external asset position of the euro area MFI sector rose by EUR 200 billion, compared with a rise of EUR 204 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 8.4% in October, from 8.9% 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.*
- *The publication of the statistics on monetary developments in November and December 2007, January and February 2008 is scheduled to take place at 10 am on 3 January, 28 January, 27 February, and 31 March 2008 respectively.*
- *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 referring to periods up to and including December 2000 therefore cover the initial 11 euro area Member States, Greece is included as of January 2001 and Slovenia as of January 2007.*
- *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.europa.eu>) in the "Statistics" section under "Money, banking and financial markets" and then "Monetary statistics". The same section contains also longer time series for principal monetary aggregates (start date: January 1970), new estimates for sectoral M3 holdings and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

European Central Bank

Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2007

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2007			OCTOBER 2007			AVERAGE AUG-07 OCT-07
	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)	8394	62	11.3	8530	116	12.3	11.7
(1.1) Currency in circulation	611	2	8.2	618	7	8.1	8.3
(1.2) Overnight deposits	3207	-7	5.6	3221	15	6.2	6.0
(1.3) M1 (items 1.1 and 1.2)	3817	-5	6.0	3838	22	6.5	6.4
(1.4) Deposits with agreed maturity up to 2 years	1808	49	38.2	1883	84	41.8	39.5
(1.5) Deposits redeemable at notice up to 3 months	1508	-2	-3.6	1537	-10	-4.2	-3.8
(1.6) Other short term deposits (items 1.4 and 1.5)	3316	47	15.4	3421	73	17.0	15.9
(1.7) M2 (items 1.3 and 1.6)	7134	42	10.2	7259	96	11.2	10.6
(1.8) Repurchase agreements	298	14	11.7	289	-9	12.8	11.9
(1.9) Money market fund shares/units	680	-16	9.5	684	15	11.4	11.2
(1.10) Debt securities issued with maturity up to 2 years	282	22	55.5	298	15	50.6	50.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1260	20	17.9	1271	20	18.9	18.2
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	188	7	-4.9	183	-10	-8.2	-6.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5791	10	8.9	5896	23	8.4	8.9
(3.1) Deposits with agreed maturity over 2 years	1770	4	9.0	1780	13	8.9	9.1
(3.2) Deposits redeemable at notice over 3 months	113	2	15.1	121	1	13.8	14.8
(3.3) Debt securities issued with maturity over 2 years	2526	-6	9.9	2565	-4	8.8	9.8
(3.4) Capital and reserves	1382	10	6.4	1431	13	6.8	6.3
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13896	91	8.7	14239	153	9.2	8.9
(4.1) Credit to general government	2253	-11	-4.3	2401	-3	-4.1	-4.2
of which Loans	813	-3	-1.5	963	-4	-2.2	-1.5
of which Securities other than shares	1440	-8	-5.8	1437	2	-5.1	-5.6
(4.2) Credit to other euro area residents	11643	102	11.6	11838	156	12.2	11.9
of which Loans	9955	78	11.0	10063	90	11.2	11.1
of which Securities other than shares	816	27	31.9	870	43	36.5	32.7
of which Shares and other equities	872	-3	3.7	905	22	4.7	4.6
(5) <i>Net external assets</i>	669	-30	ND	678	12	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-193	18	ND	-308	-36	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: OCTOBER 2007

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2007			OCTOBER 2007			AVERAGE AUG-07 OCT-07
	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)	8373	95	11.4	8482	89	12.2	11.7
(1.1) Currency in circulation	610	0	8.3	613	3	8.1	8.5
(1.2) Overnight deposits	3209	72	6.0	3179	-29	5.8	5.9
(1.3) M1 (items 1.1 and 1.2)	3819	72	6.4	3792	-26	6.2	6.3
(1.4) Deposits with agreed maturity up to 2 years	1795	34	37.9	1891	103	41.8	39.6
(1.5) Deposits redeemable at notice up to 3 months	1502	-6	-3.6	1525	-16	-4.2	-3.8
(1.6) Other short term deposits (items 1.4 and 1.5)	3297	28	15.3	3416	88	17.2	16.0
(1.7) M2 (items 1.3 and 1.6)	7116	100	10.3	7208	62	11.1	10.6
(1.8) Repurchase agreements	294	-1	12.1	292	-2	12.5	12.2
(1.9) Money market fund shares/units	681	-26	9.6	684	13	11.3	11.3
(1.10) Debt securities issued with maturity up to 2 years	282	22	55.5	298	15	50.6	50.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1257	-5	18.0	1274	26	18.8	18.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	196	22	-4.7	184	-16	-8.3	-6.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5783	11	8.9	5899	33	8.4	8.8
(3.1) Deposits with agreed maturity over 2 years	1757	-3	9.0	1770	16	8.9	9.1
(3.2) Deposits redeemable at notice over 3 months	112	1	15.1	119	1	13.7	14.7
(3.3) Debt securities issued with maturity over 2 years	2526	-3	9.9	2574	6	8.8	9.8
(3.4) Capital and reserves	1389	16	6.4	1435	10	6.8	6.4
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13854	124	8.7	14201	158	9.3	8.9
(4.1) Credit to general government	2245	-11	-4.3	2396	1	-4.1	-4.2
of which Loans	811	0	-1.4	961	-4	-2.2	-1.4
of which Securities other than shares	1434	-11	-5.9	1435	5	-5.2	-5.7
(4.2) Credit to other euro area residents	11609	135	11.7	11805	157	12.2	11.9
of which Loans	9946	109	11.0	10046	82	11.3	11.1
of which Securities other than shares	806	25	31.9	865	48	36.6	32.7
of which Shares and other equities	857	2	3.7	894	27	4.8	4.6
(5) <i>Net external assets</i>	674	-21	ND	693	23	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-176	26	ND	-329	-76	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: OCTOBER 2007
 DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	AUGUST 2007	SEPTEMBER 2007	OCTOBER 2007
(1) M1	3.2	2.8	3.1
(1.1) <i>of which</i> : Currency	0.7	0.6	0.6
(1.2) <i>of which</i> : Overnight deposits	2.6	2.2	2.5
(2) M2 - M1 (= other short-term deposits)	5.8	5.9	6.5
(3) M3 - M2 (= short-term marketable instruments)	2.5	2.5	2.7
(4) M3 (= items 1, 2 and 3)	11.6	11.3	12.3

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: OCTOBER 2007
 DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	SEPTEMBER 2007				OCTOBER 2007			
	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	4231	49	-1	13.9	4273	41	-1	13.9
(1.1) up to 1 year	1253	24	0	13.0	1251	-1	0	11.8
(1.2) over 1 year and up to 5 years	811	10	0	19.9	829	18	-1	20.7
(1.3) over 5 years	2167	16	0	12.4	2194	25	0	12.7
(2) Loans to households ^{d)}	4752	24	-1	6.8	4772	22	-1	6.8
(2.1) Consumer credit	607	1	0	5.1	613	6	0	5.5
(2.2) Lending for house purchase	3393	19	0	7.9	3407	16	0	7.9
(2.3) Other lending ^{d)}	753	4	-1	3.4	752	1	0	3.3
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	851	34	0	20.2	884	15	0	22.8
(4) Loans to insurance corporations and pension funds	112	1	0	25.5	115	4	0	30.1

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.