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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2008

The annual rate of growth of M3 stood at 8.7% in October 2008, unchanged from the previous month.¹ The three-month average of the annual growth rates of M3 over the period August 2008 - October 2008 declined to 8.7%, from 8.9% in the period July 2008 - September 2008.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	AUGUST 2008	SEPTEMBER 2008	OCTOBER 2008	AUGUST 2008 - OCTOBER 2008 AVERAGE
M3	8.8	8.7	8.7	8.7
MI	0.2	1.2	3.7	1.7
Loans to private sector	8.8	8.5	7.8	8.4

Regarding the main components of M3, the annual rate of growth of MI increased to 3.7% in October 2008, from 1.2% in September. The annual rate of growth of short-term deposits other than overnight deposits decreased to 15.5% in October, from 17.7% in the previous month. The annual rate of growth of marketable instruments decreased to 5.3% in October, from 7.3% 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 declined to 7.3% in October 2008, from 8.5% in September. The annual rate of growth of credit extended to general government stood at 0.7% in October, after 0.8% in September, while the annual growth of credit extended to the private sector declined to 8.6% in October, from 10.1% in September. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 7.8% in October, from 8.5% in the previous month. The annual growth rate of loans to non-financial corporations decreased to 11.9% in October, from 12.2% in September.² The annual growth rate of loans to households decreased to 3.3% in October, from 3.8% in the previous month. The annual rate of growth of lending for house purchase declined to 3.5% in October, from 4.1% in September. The annual rate of growth of consumer credit decreased to 3.3% in October, from 4.3% in September while the annual growth rate of other lending to households stood at 2.3% in October, after 2.4% in the previous month. Finally, the annual rate of growth

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.

of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 15.1% in October, from 18.9% in the previous month.

Over the 12 months up to October 2008, the net external asset position of the euro area MFI sector declined by EUR 149 billion, compared with a decline of EUR 188 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 3.0% in October, from 5.2% 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, December 2008, January and February 2009 is scheduled to take place at 10 am on 30 December 2008, 29 January 2009, 26 February 2009, and 26 March 2009 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, Slovenia as of January 2007 and Cyprus and Malta as of January 2008.*
- *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) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2008			OCTOBER 2008			AVERAGE AUG-08 OCT-08
	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)	9227	62	8.7	9374	122	8.7	8.7
(1.1) Currency in circulation	663	9	8.2	698	35	13.0	9.5
(1.2) Overnight deposits	3217	23	-0.1	3304	76	1.9	0.2
(1.3) M1 (items 1.1 and 1.2)	3880	32	1.2	4002	111	3.7	1.7
(1.4) Deposits with agreed maturity up to 2 years	2455	29	34.4	2484	13	29.2	33.6
(1.5) Deposits redeemable at notice up to 3 months	1522	-6	-2.0	1525	2	-1.4	-1.7
(1.6) Other short term deposits (items 1.4 and 1.5)	3977	23	17.7	4009	15	15.5	17.4
(1.7) M2 (items 1.3 and 1.6)	7857	55	8.9	8011	127	9.3	9.0
(1.8) Repurchase agreements	344	8	16.5	346	1	19.4	17.5
(1.9) Money market fund shares/units	733	-14	3.6	730	-2	1.7	3.2
(1.10) Debt securities issued with maturity up to 2 years	293	13	6.6	286	-4	0.0	5.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1370	7	7.3	1363	-4	5.3	7.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	181	-14	-6.7	259	78	38.0	11.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6131	11	5.2	6119	-68	3.0	4.5
(3.1) Deposits with agreed maturity over 2 years	1837	-6	4.0	1824	-18	2.2	3.6
(3.2) Deposits redeemable at notice over 3 months	114	-1	-5.7	116	2	-4.4	-4.5
(3.3) Debt securities issued with maturity over 2 years	2630	-9	2.3	2614	-75	-0.4	1.5
(3.4) Capital and reserves	1550	28	12.9	1564	23	10.8	11.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15264	2	8.5	15295	-8	7.3	8.4
(4.1) Credit to general government	2440	-29	0.8	2433	-11	0.7	1.0
of which Loans	1001	5	2.9	1002	1	3.4	2.7
of which Securities other than shares	1439	-34	-0.5	1431	-12	-1.1	-0.1
(4.2) Credit to other euro area residents	12824	31	10.1	12862	3	8.6	9.9
of which Loans	10818	56	8.5	10887	30	7.8	8.4
of which Securities other than shares	1112	-25	31.6	1128	13	27.9	32.8
of which Shares and other equities	893	0	7.6	846	-40	-1.4	4.4
(5) <i>Net external assets</i>	428	26	ND	482	37	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-153	31	ND	-25	104	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 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2008			OCTOBER 2008			AVERAGE AUG-08 OCT-08
	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)	9191	60	8.5	9318	102	8.7	8.8
(1.1) Currency in circulation	657	1	7.5	699	42	13.7	9.5
(1.2) Overnight deposits	3220	84	-0.1	3245	14	1.4	0.3
(1.3) M1 (items 1.1 and 1.2)	3877	85	1.1	3944	56	3.4	1.8
(1.4) Deposits with agreed maturity up to 2 years	2432	1	34.1	2498	51	29.5	33.5
(1.5) Deposits redeemable at notice up to 3 months	1516	-10	-2.0	1512	-5	-1.3	-1.7
(1.6) Other short term deposits (items 1.4 and 1.5)	3948	-9	17.5	4010	46	15.8	17.4
(1.7) M2 (items 1.3 and 1.6)	7825	76	8.7	7954	102	9.3	9.1
(1.8) Repurchase agreements	346	2	16.8	351	5	19.3	17.5
(1.9) Money market fund shares/units	727	-31	3.6	726	-1	1.6	3.2
(1.10) Debt securities issued with maturity up to 2 years	293	13	6.6	286	-4	0.0	5.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1366	-15	7.4	1363	0	5.3	7.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	192	5	-6.5	259	67	37.8	11.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6128	7	5.2	6119	-64	3.0	4.5
(3.1) Deposits with agreed maturity over 2 years	1826	-15	4.0	1818	-13	2.2	3.6
(3.2) Deposits redeemable at notice over 3 months	113	-1	-5.6	116	3	-4.4	-4.5
(3.3) Debt securities issued with maturity over 2 years	2633	-11	2.3	2622	-71	-0.4	1.5
(3.4) Capital and reserves	1556	34	12.9	1564	17	10.8	11.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15223	36	8.5	15266	3	7.3	8.4
(4.1) Credit to general government	2426	-30	0.8	2424	-6	0.7	1.0
of which Loans	998	9	2.9	999	0	3.4	2.7
of which Securities other than shares	1428	-39	-0.6	1426	-6	-1.2	-0.1
(4.2) Credit to other euro area residents	12797	66	10.1	12841	9	8.7	9.9
of which Loans	10820	88	8.5	10878	19	7.8	8.4
of which Securities other than shares	1101	-25	31.6	1126	22	28.0	32.8
of which Shares and other equities	876	3	7.5	837	-32	-1.4	4.4
(5) <i>Net external assets</i>	432	36	ND	501	52	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-145	-1	ND	-71	50	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 2008
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	AUGUST 2008	SEPTEMBER 2008	OCTOBER 2008
(1) M1	0.1	0.5	1.6
(1.1) <i>of which</i> : Currency	0.5	0.6	0.9
(1.2) <i>of which</i> : Overnight deposits	-0.4	-0.1	0.7
(2) M2 - M1 (= other short-term deposits)	7.5	7.0	6.2
(3) M3 - M2 (= short-term marketable instruments)	1.3	1.1	0.8
(4) M3 (= items 1, 2 and 3)	8.8	8.7	8.7

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: OCTOBER 2008
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	SEPTEMBER 2008				OCTOBER 2008			
	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	4763	36	-2	12.2	4818	33	-1	11.9
(1.1) up to 1 year	1376	13	-1	10.1	1387	3	0	10.4
(1.2) over 1 year and up to 5 years	953	9	-1	17.5	965	7	0	16.1
(1.3) over 5 years	2435	15	-1	11.3	2466	22	0	11.1
(2) Loans to households ^{d)}	4939	24	-1	3.8	4940	-3	-1	3.3
(2.1) Consumer credit	637	3	0	4.3	637	0	-1	3.3
(2.2) Lending for house purchase	3535	17	0	4.1	3535	-3	-1	3.5
(2.3) Other lending ^{d)}	768	3	-1	2.4	768	-1	0	2.3
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	1018	28	0	18.9	1016	-14	0	15.1
(4) Loans to insurance corporations and pension funds	101	1	0	-9.2	104	3	0	-9.4

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.

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.