

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2010

The annual growth rate of M3 increased to 1.1% in August 2010, from 0.2% in July 2010.¹ The three-month average of the annual rates of change of M3 over the period June 2010 - August 2010 rose to 0.5%, from 0.1% in the period May 2010 - July 2010.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JUNE 2010	JULY 2010	AUGUST 2010	JUNE 2010 - AUGUST 2010 AVERAGE
M3	0.2	0.2	1.1	0.5
M1	9.1	8.1	7.7	8.3
Loans to private sector	0.3	0.8	1.2	0.8

Regarding the main components of M3, the annual rate of growth of M1 decreased to 7.7% in August 2010, from 8.1% in July. The annual rate of change of short-term deposits other than overnight deposits increased to -4.5% in August, from -5.9% in the previous month. The annual rate of change of marketable instruments increased to -5.1% in August, from -8.3% in July.

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 increased to 2.2% in August 2010, from 1.8% in the previous month. The annual rate of growth of credit extended to general government decreased to 7.4% in August, from 7.7% in July, while the annual growth of credit extended to the private sector increased to 1.0% in August, from 0.6% in the previous month. Among the components of the latter, the annual growth rate of loans to the private sector increased to 1.2% in August, from 0.8% in the previous month (adjusted for loan sales and securitisation² the annual growth rate of loans to the private sector increased to 1.3%, from 0.8% in the previous month). The annual rate of change of loans to

¹ These rates of change refer to aggregates adjusted for seasonal and end-of-month calendar effects.

² Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation. The annual growth rate of loans adjusted for sales and securitisation is available at: <http://sdw.ecb.int/browse.do?node=SEARCHRESULTS&q=BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A&sk=117.BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A>

non-financial corporations increased to -1.1% in August, from -1.4% in July. The annual growth rate of loans to households increased to 2.9% in August, from 2.7% in the previous month. The annual rate of growth of lending for house purchase stood at 3.5% in August, compared with 3.4% in the previous month. The annual rate of change of consumer credit increased to -0.4% in August, from -0.6% in July, while the annual growth rate of other lending to households increased to 2.9% in August, from 2.6% 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 3.5% in August, from 1.4% in the previous month.

Over the 12 months up to August 2010, the net external asset position of the euro area MFI sector decreased by EUR 23 billion, compared with a decrease of EUR 1 billion over the 12 months up to July. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 3.4% in August, from 3.8% in July.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *Euro area-wide reporting under Regulation ECB/2008/32 of 19 December 2008 concerning the balance sheet of the monetary and financial institutions sector, together with other changes to the statistical reporting framework and practices in several euro area countries, started with effect from the June 2010 reference period, reported in July. These changes may imply revisions to preliminary data in subsequent press releases.*
- *The latest data on monetary aggregates and counterparts contained in the statistical annex to this press release can be downloaded from the ECB's Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=bbn1863>). These data, as well as monthly and other shorter-term growth rates for selected items, longer time series for principal monetary aggregates (with a start date of January 1970) and methodological notes on the concepts underlying the monetary statistics and the related seasonal adjustment procedures, are also available on the ECB's website (<http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>).*
- *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 include Greece as of January 2001, Slovenia as of January 2007, Cyprus and Malta as of January 2008 and Slovakia as of January 2009.*
- *The publication of the statistics on monetary developments in September 2010, October 2010 and November 2010 is scheduled to take place at 10 am on 27 October 2010, 26 November 2010 and 29 December 2010 respectively.*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2010

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2010			AUGUST 2010			AVERAGE JUN-10 AUG-10
	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)	9434	14	0,2	9522	81	1,1	0,5
(1,1) Currency in circulation	782	-3	6,6	792	9	6,7	6,7
(1,2) Overnight deposits	3907	37	8,4	3945	35	7,9	8,6
(1,3) M1 (items 1.1 and 1.2)	4689	34	8,1	4737	45	7,7	8,3
(1,4) Deposits with agreed maturity up to 2 years	1788	-7	-17,4	1798	8	-15,1	-17,3
(1,5) Deposits redeemable at notice up to 3 months	1854	13	8,3	1873	19	8,2	8,5
(1,6) Other short term deposits (items 1.4 and 1.5)	3641	6	-5,9	3671	27	-4,5	-5,8
(1,7) M2 (items 1.3 and 1.6)	8331	41	1,5	8408	72	2,0	1,6
(1,8) Repurchase agreements	390	-12	17,9	388	-2	24,1	19,6
(1,9) Money market fund shares/units	586	-18	-16,6	600	14	-14,7	-14,9
(1,10) Debt securities issued with maturity up to 2 years	127	3	-25,1	126	-3	-19,9	-25,5
(1,11) Marketable instruments (items 1.8, 1.9 and 1.10)	1103	-27	-8,3	1114	9	-5,1	-7,0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	284	13	-1,1	276	-9	-4,4	-4,9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7100	30	3,8	7174	30	3,4	3,7
(3.1) Deposits with agreed maturity over 2 years	2341	11	3,8	2355	11	3,6	3,9
(3.2) Deposits redeemable at notice over 3 months	126	-1	-1,2	125	0	-1,9	-0,8
(3.3) Debt securities issued with maturity over 2 years	2690	7	1,2	2709	4	0,5	1,1
(3.4) Capital and reserves	1944	13	8,1	1986	15	7,9	7,8
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16339	66	1,8	16453	98	2,2	1,8
(4.1) Credit to general government	3062	10	7,7	3089	21	7,4	7,8
of which Loans	1073	-10	5,9	1085	11	6,1	6,3
of which Securities other than shares	1989	20	8,8	2003	10	8,2	8,6
(4.2) Credit to other euro area residents	13277	56	0,6	13364	76	1,0	0,5
of which Loans ^{e)}	10948	19	0,8	11004	44	1,2	0,8
<i>memo item: loans adjusted for sales & securitisation</i> ^{f)}	ND	34	0,8	ND	48	1,3	0,8
of which Securities other than shares	1533	31	-0,4	1549	15	-0,2	-0,9
of which Shares and other equities	796	6	-0,2	811	17	1,2	0,1
(5) <i>Net external assets</i>	567	-34	ND	613	8	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-88	24	ND	-93	-3	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.

e) For further breakdowns see Table 4.

f) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 2

MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2010

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2010			AUGUST 2010			AVERAGE JUN-10 AUG-10
	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)	9442	-13	0,4	9463	14	1,0	0,5
(1,1) Currency in circulation	794	8	6,5	788	-6	6,3	6,6
(1,2) Overnight deposits	3903	-20	9,0	3879	-27	7,9	8,7
(1,3) M1 (items 1.1 and 1.2)	4697	-12	8,5	4667	-33	7,6	8,3
(1,4) Deposits with agreed maturity up to 2 years	1782	16	-17,5	1804	19	-15,0	-17,3
(1,5) Deposits redeemable at notice up to 3 months	1857	10	8,4	1870	13	8,1	8,5
(1,6) Other short term deposits (items 1.4 and 1.5)	3640	27	-5,9	3674	32	-4,5	-5,8
(1,7) M2 (items 1.3 and 1.6)	8337	15	1,7	8341	-1	1,9	1,7
(1,8) Repurchase agreements	384	-22	19,3	387	3	24,3	20,1
(1,9) Money market fund shares/units	595	-9	-16,6	610	15	-14,6	-14,9
(1,10) Debt securities issued with maturity up to 2 years	127	3	-25,1	126	-3	-19,9	-25,5
(1,11) Marketable instruments (items 1.8, 1.9 and 1.10)	1106	-28	-8,2	1122	15	-5,2	-7,0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government ^{d)}</i>	282	-23	-1,4	262	-20	-4,4	-5,1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7121	27	3,8	7179	14	3,4	3,7
(3.1) Deposits with agreed maturity over 2 years	2348	7	3,8	2354	3	3,6	3,9
(3.2) Deposits redeemable at notice over 3 months	125	-1	-1,2	123	0	-1,9	-0,9
(3.3) Debt securities issued with maturity over 2 years	2705	8	1,3	2719	-1	0,6	1,1
(3.4) Capital and reserves	1943	13	8,0	1983	13	7,9	7,7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16362	27	1,8	16384	6	2,2	1,8
(4.1) Credit to general government	3070	-6	7,7	3077	2	7,4	7,8
of which Loans	1076	-11	5,9	1083	7	6,2	6,4
of which Securities other than shares	1995	5	8,7	1994	-5	8,2	8,6
(4.2) Credit to other euro area residents	13292	33	0,6	13306	4	1,1	0,5
of which Loans	10971	14	0,7	10969	-13	1,2	0,8
<i>memo item: loans adjusted for sales & securitisation ^{e)}</i>	ND	29	0,8	ND	-10	1,3	0,8
of which Securities other than shares	1536	21	-0,4	1542	4	-0,1	-0,8
of which Shares and other equities	784	-3	-0,3	796	13	1,3	0,1
(5) <i>Net external assets</i>	564	-31	ND	609	7	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-81	-5	ND	-87	-4	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.

e) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: AUGUST 2010
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	JUNE 2010	JULY 2010	AUGUST 2010
(1) M1	3,6	3,4	3,5
(1.1) <i>of which</i> : Currency	0,5	0,5	0,5
(1.2) <i>of which</i> : Overnight deposits	3,2	2,9	3,0
(2) M2 - M1 (= other short-term deposits)	-2,6	-2,2	-1,8
(3) M3 - M2 (= short-term marketable instruments)	-0,9	-1,0	-0,6
(4) M3 (= items 1, 2 and 3)	0,2	0,2	1,1

a) Figures may not add up due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: AUGUST 2010
DATA ADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	JULY 2010			AUGUST 2010		
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate
BREAKDOWN OF LOANS ^{c)}						
(1) Loans to non-financial corporations	4665	-11	-1,4	4686	17	-1,1
(1.1) up to 1 year	1121	-8	-8,2	1128	6	-7,9
(1.2) over 1 year and up to 5 years	917	-5	-3,9	920	3	-3,1
(1.3) over 5 years	2626	2	2,8	2638	9	2,9
(2) Loans to households ^{d)}	5087	5	2,7	5107	14	2,9
(2.1) Consumer credit	641	-2	-0,6	643	2	-0,4
(2.2) Lending for house purchase	3636	7	3,4	3650	8	3,5
(2.3) Other lending	810	-1	2,6	815	4	2,9
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	1104	19	1,4	1116	11	3,5
(4) Loans to insurance corporations and pension funds	92	7	-1,0	94	2	4,6

a) Figures may not add up due to rounding.

b) Calculated from the 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.