



EUROPEAN CENTRAL BANK

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## MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2000

In September 2000 the annual rate of growth of M3 was 5.5%, compared with 5.6% in the previous month. The three-month average of the annual rates of growth of M3 covering the period from July to September 2000 stood at 5.4%, unchanged from the three-month average covering the period from June to August 2000. (The latter figure was revised upwards from 5.3%.)

12-month percentage changes	JULY 2000	AUGUST 2000	SEPTEMBER 2000	JULY – SEPTEMBER 2000 AVERAGE
M3	5.2	5.6	5.5	5.4

On a month-to-month basis, M3 increased by EUR 11 billion in September 2000. Corrected for the estimated seasonal influences, M3 rose by EUR 12 billion relative to August 2000 (see the table below). This reflected an increase in short-term deposits other than overnight deposits of EUR 11 billion and in marketable instruments of EUR 3 billion, and a total decrease in the components of M1 of EUR 2 billion.

Seasonally-adjusted monthly changes	JULY 2000		AUGUST 2000		SEPTEMBER 2000		JULY – SEPTEMBER 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) <sup>1)</sup>	29	0.6	29	0.6	12	0.2	23	0.5
Currency in circulation and overnight deposits (items 1.1. and 1.2) <sup>1)</sup> (= M1)	13	0.6	16	0.8	-2	-0.1	9	0.5
Other short-term deposits (items 1.3 and 1.4) <sup>1)</sup> (= M2-M1)	5	0.2	11	0.5	11	0.5	9	0.4
Marketable instruments (items 1.5 to 1.7) <sup>1)</sup> (= M3-M2)	11	1.5	2	0.3	3	0.4	5	0.7

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

In September 2000, the annual rate of growth of M1 decreased to 6.6%, from 7.1% in August. The annual growth rate of overnight deposits fell to 7.2%, from 7.9% in the previous month, and that of currency in circulation was unchanged from August, at 3.5%.

The annual rate of change of short-term deposits other than overnight deposits rose to 2.4% in September, following a rate of 1.7% in August. This reflected an increase in the annual rate of growth of deposits with an agreed maturity of up to two years (to 12.2% in September, from 9.7% in August),

while there was a further decline in the annual rate of change in deposits redeemable with a period of notice of up to three months (to -4.2%, from -3.7% in August).

The annual rate of growth of marketable instruments included in M3 fell to 12.5% in September, from 14.0% in August. This decrease was exclusively due to a fall in the annual rate of growth of money market fund shares/units and money market paper (to 15.6% in September from 19.0% in the previous month). By contrast, the rate of increase of repurchase agreements rose to 6.8% in September, from 4.0% in August, and the annual rate of growth of debt securities issued with a maturity of up to two years was 5.4% in September, up from 5.2% in the previous month.

Regarding the counterparts of M3, the annual rate of growth in longer-term financial liabilities of the MFI sector remained virtually unchanged, at 7.3% in September. Among these liabilities, the annual rate of change of deposits redeemable with a period of notice of over three months rose to 8.9%, from 7.2% in the previous month. By contrast, the annual growth rate of deposits with an agreed maturity of over two years decreased to 2.2%, from 2.5% in August. The annual rate of increase in debt securities issued with a maturity of over two years also declined, to 5.6%, from 7.0% in August. Finally, the annual growth rate of the item capital and reserves was 17.3%, up from 15.0% in August.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector increased significantly, to 10.7% in September, from 1.8% in August.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents was broadly unchanged, at 6.9%. This reflected divergent movements in its two main components as the annual rate of change of credit extended to the private sector increased (to 10.8% in September, up from 10.1% in the previous month) while the annual rate of change of credit extended to general government declined further (to -4.5%, compared with -2.5% in August).

During September 2000, the net external asset position of the euro area MFI sector decreased by EUR 22 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to September 2000, the net external assets of the MFI sector decreased by EUR 132 billion.

*More details on the latest monetary data as contained in the Tables 2.1 to 2.4 of the "Euro area statistics" section of the ECB Monthly Bulletin are available on the ECB's Web site (<http://www.ecb.int>) in the "Euro area statistics – download", "Latest monetary and financial statistics" page.*

## MONETARY DEVELOPMENTS IN THE EURO AREA : SEPTEMBER 2000 <sup>(1)</sup>

(non seasonally-adjusted data in EUR billions)

	AUGUST 2000			SEPTEMBER 2000			AVERAGE JUL-00 SEP-00
	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>(2)</sup></b>							
(1) <b>M3</b> (= items 1.1 to 1.7)	4941	-3	5.6	4955	11	5.5	5.4
(1.1) Currency in circulation	338	-5	3.5	339	1	3.5	3.4
(1.2) Overnight deposits	1638	-31	7.9	1655	17	7.2	7.6
(1.3) Deposits with agreed maturity up to 2 years	948	28	9.7	956	7	12.2	9.5
(1.4) Deposits redeemable at notice up to 3 months	1225	-6	-3.7	1215	-10	-4.2	-3.7
(1.5) Repurchase agreements	169	-3	4.0	172	3	6.8	5.3
(1.6) Money market fund shares/units and money market paper	544	13	19.0	537	-7	15.6	18.3
(1.7) Debt securities issued with maturity up to 2 years	79	2	5.2	80	1	5.4	5.1
<b>COUNTERPARTS OF M3 <sup>(3)</sup></b>							
<b>MFI liabilities:</b>							
(2) <i>Deposits of central government</i>	140	6	1.8	148	7	10.7	4.0
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3753	21	7.4	3783	27	7.3	7.3
(3.1) Deposits with agreed maturity over 2 years	1166	2	2.5	1164	-2	2.2	2.5
(3.2) Deposits redeemable at notice over 3 months	119	2	7.2	121	2	8.9	7.0
(3.3) Debt securities issued with maturity over 2 years	1527	11	7.0	1531	2	5.6	6.4
(3.4) Capital and reserves	941	7	15.0	968	26	17.3	15.5
(4) <i>External liabilities</i>	2126	6	11.0	2180	40	12.8	11.4
<b>MFI assets:</b>							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8520	3	7.0	8579	58	6.9	7.0
(5.1) Credit to general government	1946	-18	-2.5	1932	-12	-4.5	-2.8
Of which Loans	821	-8	-0.1	813	-8	-1.7	-0.5
Of which Securities other than shares	1125	-9	-4.2	1119	-4	-6.4	-4.4
(5.2) Credit to other euro area residents	6574	21	10.1	6647	70	10.8	10.2
Of which Loans	5871	17	9.5	5936	62	9.8	9.5
Of which Securities other than shares	256	4	11.3	262	6	17.7	14.3
Of which Shares and other equities	447	0	18.4	449	2	20.7	19.1
(6) <i>External assets</i>	2394	4	4.9	2432	18	4.6	4.0
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	46	22	ND	55	9	ND	ND

(1) Discrepancies in the table 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. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) 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.

(3) Assets and liabilities of Monetary Financial Institutions (MFIs) vis-à-vis non-MFI euro area residents, including central government.

Note: More details of the latest data, as well as estimates for earlier periods going back to September 1997 may be found on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.