MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2001

In January 2001 the annual rate of growth of M3 declined to 4.7%, from 5.2% in the previous month (the latter figure was revised upwards from 4.9%). The three-month average of the annual rates of growth of M3 covering the period from November 2000 to January 2001 decreased to 5.0%, from 5.1% in the period from October to December 2000 (the latter figure was revised upwards from 5.0%).

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</thead>
<tbody>
<tr>
<td>M3</td>
<td>5.0</td>
<td>5.2</td>
<td>4.7</td>
<td>5.0</td>
</tr>
</tbody>
</table>

On a month-to-month basis, M3 decreased by EUR 20 billion in January 2001. Corrected for the estimated seasonal influences, M3 rose by EUR 9 billion relative to December 2000 (see the table below). Marketable instruments rose strongly (by EUR 34 billion), while the components of M1 decreased markedly (by EUR 33 billion). Short-term deposits other than overnight deposits increased by EUR 9 billion.

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<tr>
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<tbody>
<tr>
<td>M3</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(items 1.1 to 1.7) 1)</td>
<td>19 0.4</td>
<td>20 0.4</td>
<td>9 0.2</td>
<td>16 0.3</td>
</tr>
<tr>
<td>Currency in circulation and overnight deposits (items 1.1 and 1.2) 1) (= M1)</td>
<td>4 0.2</td>
<td>5 0.2</td>
<td>-33 -1.6</td>
<td>-8 -0.4</td>
</tr>
<tr>
<td>Other short-term deposits (items 1.3 and 1.4) 1) (= M2-M1)</td>
<td>7 0.3</td>
<td>-6 -0.3</td>
<td>9 0.4</td>
<td>3 0.1</td>
</tr>
<tr>
<td>Marketable instruments (items 1.5 to 1.7) 1) (= M3-M2)</td>
<td>8 1.0</td>
<td>22 2.7</td>
<td>34 3.9</td>
<td>21 2.5</td>
</tr>
</tbody>
</table>

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 January 2001, the annual rate of growth of M1 declined to 1.4%, from 5.7% in the previous month. This reflected a decrease in the annual rates of change of both currency in circulation (to –1.5%, from -0.6% in December 2000) and overnight deposits (to 2.0%, from 7.1% in the previous month).
The annual rate of increase in short-term deposits other than overnight deposits rose to 3.4% in January 2001, from 1.9% in December 2000. This increase mirrored divergent developments in the main components of this item. Whereas the annual rate of growth of deposits with an agreed maturity of up to two years increased to 16.4% (from 12.4% in the previous month), the annual rate of change in deposits redeemable at a period of notice up to three months declined further, to -5.4%, from –5.2% in December 2000.

The annual rate of growth of marketable instruments included in M3 rose to 18.3% in January 2001, from 14.0% in December 2000. Among the components of this item, the annual rate of growth of money market fund shares/units and money market paper rose to 14.2% (from 9.4% in the previous month). The annual rate of increase in repurchase agreements rose to 22.9% in January 2001, from 21.7% in the previous month. Moreover, the annual rate of growth of debt securities issued with a maturity of up to two years rose to 30.1%, from 24.5% 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 in January, at 4.3% (it was 4.4% in December 2000). Among these liabilities, the annual growth rate of debt securities issued with a maturity of over two years increased to 5.9% (from 4.6% in December 2000) and the annual rate of increase in deposits redeemable with a period of notice of over three months rose to 13.6% (from 12.5% in the previous month). By contrast, the annual rate of change of deposits with an agreed maturity of over two years declined to –0.2% (0.1% in December). Finally, the annual rate of increase of capital and reserves declined to 6.4%, from 8.9% in December.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector dropped significantly in January, to 8.8%, from 15.8% in December.

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 declined slightly, to 6.1% in January 2001, from 6.3% in December 2000. Whereas the annual rate of change in credit to general government was virtually unchanged (at –5.7%), the annual rate of growth of credit extended to the private sector declined slightly, to 10.0%, from 10.2% in the previous month. The weaker expansion of credit to the private sector was the result of a decline in the annual growth rate of loans to the private sector, to 9.1%, from 9.5% in December.

In January 2001, the net external asset position of the euro area MFI sector decreased by EUR 55 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to January 2001, the net external assets of the MFI sector decreased by EUR 107 billion, compared to a decrease of EUR 98 billion recorded over the 12 months up to December 2000.
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. Data covers the Member States comprising the euro area at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) for January 2001. Annual growth rates are derived using monthly flows as described in the Technical Notes of the ECB Monthly Bulletin. Monthly flows are referred to the euro area-11 for months up to December 2000, and the euro area-12 for January 2001. The monthly flows for January 2001 are corrected for the effect of the enlargement.
### MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2001

(1) (non seasonally-adjusted data in EUR billions)

#### COMPONENTS OF M3 (2)

<table>
<thead>
<tr>
<th></th>
<th>End of month levels</th>
<th>Flows on previous month</th>
<th>Annual growth rate</th>
<th>End of month levels</th>
<th>Flows on previous month</th>
<th>Annual growth rate</th>
<th>Annual growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) M3 (= items 1.1 to 1.7)</td>
<td>5082</td>
<td>91</td>
<td>5.2</td>
<td>5189</td>
<td>-20</td>
<td>4.7</td>
<td>5.0</td>
</tr>
<tr>
<td>(1.1) Currency in circulation</td>
<td>348</td>
<td>11</td>
<td>-0.6</td>
<td>335</td>
<td>-20</td>
<td>-1.5</td>
<td>0.0</td>
</tr>
<tr>
<td>(1.2) Overnight deposits</td>
<td>1729</td>
<td>58</td>
<td>7.1</td>
<td>1688</td>
<td>-56</td>
<td>2.0</td>
<td>4.9</td>
</tr>
<tr>
<td>(1.3) Deposits with agreed maturity up to 2 years</td>
<td>990</td>
<td>12</td>
<td>12.4</td>
<td>988</td>
<td>-30</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>(1.4) Deposits redeemable at notice up to 3 months</td>
<td>1221</td>
<td>19</td>
<td>-5.2</td>
<td>1270</td>
<td>-11</td>
<td>-5.4</td>
<td>-5.2</td>
</tr>
<tr>
<td>(1.5) Repurchase agreements</td>
<td>176</td>
<td>2</td>
<td>21.7</td>
<td>182</td>
<td>-6</td>
<td>22.9</td>
<td>17.9</td>
</tr>
<tr>
<td>(1.6) Money market fund shares/units and money market paper</td>
<td>509</td>
<td>-22</td>
<td>9.4</td>
<td>529</td>
<td>23</td>
<td>14.2</td>
<td>11.2</td>
</tr>
<tr>
<td>(1.7) Debt securities issued with maturity up to 2 years</td>
<td>109</td>
<td>11</td>
<td>24.5</td>
<td>112</td>
<td>2</td>
<td>30.1</td>
<td>28.8</td>
</tr>
</tbody>
</table>

#### COUNTERPARTS OF M3 (3)

**MFI liabilities:**

- **(2) Deposits of central government**
  - End of month levels: 165
  - Flows on previous month: -4
  - Annual growth rate: 15.8
  - End of month levels: 147
  - Flows on previous month: -19
  - Annual growth rate: 8.8
  - Annual growth rate: 13.3

- **(3) Longer-term financial liabilities against other euro area residents** (= items 3.1 to 3.4)
  - End of month levels: 3784
  - Flows on previous month: -21
  - Annual growth rate: 4.4
  - End of month levels: 3826
  - Flows on previous month: 16
  - Annual growth rate: 4.3
  - Annual growth rate: 5.0

  - **(3.1) Deposits with agreed maturity over 2 years**
    - End of month levels: 1169
    - Flows on previous month: 9
    - Annual growth rate: 0.1
    - End of month levels: 1169
    - Flows on previous month: -2
    - Annual growth rate: -0.2
    - Annual growth rate: 0.1

  - **(3.2) Deposits redeemable at notice over 3 months**
    - End of month levels: 126
    - Flows on previous month: 2
    - Annual growth rate: 12.5
    - End of month levels: 128
    - Flows on previous month: 0
    - Annual growth rate: 13.6
    - Annual growth rate: 12.9

  - **(3.3) Debt securities issued with maturity over 2 years**
    - End of month levels: 1533
    - Flows on previous month: -3
    - Annual growth rate: 4.6
    - End of month levels: 1559
    - Flows on previous month: 20
    - Annual growth rate: 5.9
    - Annual growth rate: 5.0

  - **(3.4) Capital and reserves**
    - End of month levels: 956
    - Flows on previous month: -29
    - Annual growth rate: 8.9
    - End of month levels: 971
    - Flows on previous month: -2
    - Annual growth rate: 6.4
    - Annual growth rate: 10.5

- **(4) External liabilities**
  - End of month levels: 2144
  - Flows on previous month: -13
  - Annual growth rate: 13.5
  - End of month levels: 2257
  - Flows on previous month: 11
  - Annual growth rate: 15.2
  - Annual growth rate: 12.5

**MFI assets:**

- **(5) Credit to euro area residents** (= items 5.1 and 5.2)
  - End of month levels: 8740
  - Flows on previous month: 48
  - Annual growth rate: 6.3
  - End of month levels: 8930
  - Flows on previous month: 41
  - Annual growth rate: 6.1
  - Annual growth rate: 6.1

  - **(5.1) Credit to general government**
    - End of month levels: 1921
    - Flows on previous month: -11
    - Annual growth rate: -5.6
    - End of month levels: 2002
    - Flows on previous month: 5
    - Annual growth rate: -5.7
    - Annual growth rate: -6.0

    - **Of which Loans**
      - End of month levels: 835
      - Flows on previous month: -12
      - Annual growth rate: -0.6
      - End of month levels: 858
      - Flows on previous month: 4
      - Annual growth rate: 0.8
      - Annual growth rate: -0.8

    - **Of which Securities other than shares**
      - End of month levels: 1087
      - Flows on previous month: -23
      - Annual growth rate: -9.2
      - End of month levels: 1144
      - Flows on previous month: 1
      - Annual growth rate: -10.1
      - Annual growth rate: -9.6

  - **(5.2) Credit to other euro area residents**
    - End of month levels: 6819
    - Flows on previous month: 59
    - Annual growth rate: 10.2
    - End of month levels: 6928
    - Flows on previous month: 36
    - Annual growth rate: 10.0
    - Annual growth rate: 10.2

    - **Of which Loans**
      - End of month levels: 6088
      - Flows on previous month: 50
      - Annual growth rate: 9.5
      - End of month levels: 6174
      - Flows on previous month: 23
      - Annual growth rate: 9.1
      - Annual growth rate: 9.3

    - **Of which Securities other than shares**
      - End of month levels: 266
      - Flows on previous month: 1
      - Annual growth rate: 16.8
      - End of month levels: 272
      - Flows on previous month: 4
      - Annual growth rate: 18.0
      - Annual growth rate: 17.5

    - **Of which Shares and other equities**
      - End of month levels: 465
      - Flows on previous month: 8
      - Annual growth rate: 16.5
      - End of month levels: 482
      - Flows on previous month: 8
      - Annual growth rate: 17.5
      - Annual growth rate: 17.8

- **(6) External assets**
  - End of month levels: 2385
  - Flows on previous month: 1
  - Annual growth rate: 7.1
  - End of month levels: 2439
  - Flows on previous month: 57
  - Annual growth rate: 8.6
  - Annual growth rate: 6.2

**Other counterparts of M3 (residual)**

(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 at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) for January 2001. Annual growth rates are derived using monthly flows as described in the Technical Notes of the ECB Monthly Bulletin. Monthly flows are referred to the euro area-11 for months up to December 2000, and the euro area-12 for January 2001. 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 monthly flows for January 2001 are corrected also for the effect of the enlargement. Figures refer to all currencies.

(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-a-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.

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