



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: APRIL 2002

The annual rate of growth of M3 increased to 7.5% in April 2002, from 7.3% the previous month.¹ The three-month average of the annual growth rates of M3 over the period February-April 2002 declined to 7.4%, from 7.6% during the period January-March 2002 (revised upwards from 7.5%). The high level of the annual growth rate of M3 still reflects in part the build-up of liquidity in the Autumn of 2001, when the economic and financial environment was characterised by great uncertainty.

12-month percentage changes	FEBRUARY 2002	MARCH 2002	APRIL 2002	FEBRUARY-APRIL 2002 AVERAGE
M3	7.4	7.3	7.5	7.4

In April 2002, the annual rate of growth of M1 increased to 6.9%, from 5.9% in March. This rise reflected both an increase in the annual growth rate of overnight deposits, to 12.4% in April from 12.1% in the previous month, and a less negative annual rate of change in currency in circulation (-21.7% in April, compared with -25.1% in March).

The annual rate of growth of short-term deposits other than overnight deposits decreased to 6.0% in April, from 6.5% in March. This was largely the result of a decrease in the (non-seasonally adjusted) annual rate of growth of deposits redeemable at a period of notice of up to three months, to 9.1% in April from 9.9% in March. The annual rate of growth of deposits with agreed maturity up to two years was 2.5% in April, compared with 2.1% the previous month.

The annual growth rate of marketable instruments included in M3 rose to 14.3% in April, from 14.1% in March. This development reflected an increase in the (non-seasonally adjusted) annual rate of growth of money market fund shares/units (to 31.0% in April, from 30.3% in March). By contrast, the (non-seasonally adjusted) annual rate of change of money market paper and debt securities issued with a maturity of up to two years declined in April (-7.0%, compared with -4.9% in March). The (non-seasonally adjusted) annual growth rate of repurchase agreements also decreased, to 2.6% in April, from 3.1% in March.

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.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector stood at 4.7% in April, unchanged from the previous month. This reflected divergent developments among the components of the item. On the one hand, the annual rate of change of deposits redeemable at notice over three months declined further, to -13.3% in April, from -13.1% in March, and the annual growth rate of MFI capital and reserves went down to 7.6% in April, from 8.2% in the previous month. On the other hand, the annual growth rates of deposits with an agreed maturity of over two years and of debt securities issued with a maturity of over two years increased slightly in April, to 0.8% and 7.2% respectively (from 0.7% and 7.0% respectively in March).

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector declined to 2.4% in April, from 2.9% in March.

On the asset side of the consolidated balance sheet of the MFI sector, the (non-seasonally adjusted) annual growth rate of total credit granted to euro area residents decreased to 4.4% in April, from 4.9% in March. This development was driven by a decline in the annual growth rates of both credit extended to the private sector (to 5.1% in April, from 5.4% in March) and credit to general government (to 2.2% in April, from 3.0% in March).

Among the components of credit to the private sector, the annual growth rate of loans stood at 5.5% in April, unchanged from the previous month. Over the same period, the annual rate of change of MFI holdings of securities other than shares decreased to 15.2%, from 18.5% in March, and the annual rate of change of MFI holdings of shares and other equities fell to -4.7%, from -2.8% in March.

In April 2002, the net external asset position of the euro area MFI sector increased by EUR 7 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to April, the net external assets of the MFI sector increased by EUR 113 billion, compared with an increase by EUR 70 billion over the 12 months up to March.

Notes

- *The publication of the statistics on monetary developments in May, June, July and August 2002 is scheduled to take place at 10am on 27 June, 25 July, 28 August and 26 September 2002 respectively.*
- *The annual rates of growth for currency in circulation, overnight deposits, M1, short-term deposits other than overnight deposits (M2 - M1), M2, marketable instruments (M3 - M2), and M3 are calculated on the basis of data adjusted for seasonal and end-of-month calendar effects (see ECB, Seasonal adjustment of monetary aggregates and consumer price indices (HICP) for the euro area, August 2000). Through this procedure the annual growth rates reflect underlying patterns in a more accurate way than the annual growth rates based on unadjusted data.*
- *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. Annual growth rates are derived using monthly flows as described in the “Technical Notes” of the section “Euro Area Statistics” in the ECB Monthly Bulletin.

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(data in EUR billions and percentage changes ^{a)})

	MARCH 2002			APRIL 2002			AVERAGE FEB-02 APR-02
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
Seasonally and calendar effect adjusted data							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) ^{b)}	5435	21	7.3	5467	38	7.5	7.4
(1.1) Currency in circulation	253	9	-25.1	264	11	-21.7	-25.1
(1.2) Overnight deposits	1917	-14	12.1	1936	21	12.4	12.5
(1.3) M1 (= items 1.1 and 1.2)	2170	-5	5.9	2200	31	6.9	6.3
(1.4) Other short-term deposits ^{c)}	2481	20	6.5	2480	1	6.0	6.3
(1.5) M2 (= items 1.3 and 1.4)	4651	15	6.2	4679	32	6.4	6.3
(1.6) Marketable instruments ^{d)}	784	6	14.1	787	6	14.3	14.4
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5461	44	7.5	5506	51	7.6	7.5
(2.1) Currency in circulation	255	14	-24.2	263	8	-21.9	-24.8
(2.2) Overnight deposits	1917	0	12.5	1951	35	12.5	12.7
(2.3) Deposits with agreed maturity up to 2 years	1093	12	2.1	1097	6	2.5	2.3
(2.4) Deposits redeemable at notice up to 3 months	1396	3	9.9	1390	-6	9.1	9.6
(2.5) Repurchase agreements	233	8	3.1	231	-2	2.6	3.3
(2.6) Money market fund shares/units	428	5	30.3	438	14	31.0	31.7
(2.7) Money market paper and debt securities issued with maturity up to 2 years	140	2	-4.9	137	-4	-7.0	-7.3
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	158	1	2.9	158	1	2.4	1.7
of which Deposits	158	2	5.2	158	0	3.7	3.1
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3955	24	4.7	3942	-5	4.7	4.7
(4.1) Deposits with agreed maturity over 2 years	1180	6	0.7	1178	-1	0.8	0.6
(4.2) Deposits redeemable at notice over 3 months	110	-1	-13.1	108	-2	-13.3	-12.9
(4.4) Debt securities issued with maturity over 2 years	1657	20	7.0	1653	3	7.2	6.8
(4.4) Capital and reserves	1008	0	8.2	1003	-4	7.6	8.7
(5) <i>External liabilities</i>	2784	30	4.2	2760	14	4.0	5.6
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9592	70	4.9	9609	27	4.4	4.8
(6.1) Credit to general government	2084	25	3.0	2065	-19	2.2	2.4
of which Loans	855	7	0.1	834	-20	-1.3	-0.5
of which Securities other than shares	1230	18	5.1	1231	1	4.7	4.6
(6.2) Credit to other euro area residents	7508	44	5.4	7545	45	5.1	5.5
of which Loans	6602	56	5.5	6637	41	5.5	5.6
of which Securities other than shares	347	-2	18.5	344	-3	15.2	18.7
of which Shares and other equities	559	-9	-2.8	564	7	-4.7	-1.9
(7) <i>External assets</i>	2846	20	6.8	2830	21	8.4	8.5
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-80	9	ND	-73	13	ND	ND

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 at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the Technical Notes of the section "Euro area statistics" in the ECB Monthly Bulletin. Data on M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities with a maturity up to two years.

b) 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.

c) Deposits with agreed maturity up to 2 years and deposits redeemable at notice up to 3 months.

d) Repurchase agreements, money market fund shares/units, money market paper and debt securities issued with maturity up to 2 years.

e) 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 web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.