



EUROPEAN CENTRAL BANK

28 August 2003

MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2003

The ECB publishes today for the first time seasonally adjusted estimates of additional time series of monetary aggregates and counterparts. Methodological notes and longer runs of data can be found on the ECB website at the Monetary statistics item of the Statistics section of the ECB's website (www.ecb.int). The ECB also releases today for the first time a number of additional breakdowns on statistics on deposits and loans (see the notes at the end of this press release).

The annual rate of growth of M3 was 8.5% in July 2003, compared with 8.4% in June 2003.¹ The three-month average of the annual growth rates of M3 over the period May - July 2003 stood at 8.5%, unchanged from the period April - June 2003.

<i>12-month percentage changes; seasonally adjusted</i>	MAY 2003	JUNE 2003	JULY 2003	MAY - JULY 2003 AVERAGE
M3	8.5	8.4	8.5	8.5
M1	11.4	11.4	11.5	11.4
Loans to private sector	4.6	4.5	4.9	4.7

Regarding the main components of M3, in July 2003, the annual rate of growth of M1 was 11.5%, compared with 11.4% in June. The annual rate of growth of short-term deposits other than overnight deposits stood at 5.7% in July compared with 5.6% in the previous month. At the same time, the annual rate of growth of marketable instruments increased to 8.9%, from 8.5% in June.

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 rose to 5.3% in July, from 4.8% in June. This reflected an increase in the annual growth rates of both credit extended to general government (to 4.6%, from 3.6% in the previous month) and credit extended to the private sector (to 5.5%, from 5.1% in June). Among the components of the latter item, the annual growth rate of loans to the private sector increased to 4.9% in July, from 4.5% in June. Over the 12 months up to July 2003, the net external asset position of the euro area MFI sector increased by EUR 211 billion, compared with a

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

rise by EUR 251 billion over the 12 months up to June. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 5.2% in July, from 5.0% in June.

The breakdown of loans to the private sector by counterpart and type is now available for the second quarter of 2003. The annual growth of loans to non-financial corporations was 3.6%, compared to 3.8% in the first quarter of 2003. At the same time, the annual growth of loans to households declined to 5.5% in the second quarter of 2003, from 5.9% in the previous quarter. This was due to a decrease in the annual rate of change of both lending for house purchase and other lending (to 7.1% from 7.2% and to 2.0% from 3.5%, respectively). By contrast, the annual rate of growth of consumer credit increased to 3.5%, from 3.3% in the first quarter.

Notes

- *The publication of the statistics on monetary developments in August, September, October and November 2003 is scheduled to take place at 10am on 25 September, 28 October, 27 November and 30 December 2003 respectively.*
- *The ECB also publishes today on its website for the first time additional monetary statistics, made available following the entering into force of the ECB Regulation ECB/2001/13 on 1 January 2003. As a result, a number of breakdowns of deposits and loans, which used to be reported quarterly, are now reported monthly. Moreover, a complete set of revaluation adjustments on deposits, loans and securities (e.g. write-offs/write-downs of loans) is now available. The new statistics will also be published in the Statistics section of the ECB's Monthly Bulletin as from the September 2003 issue, in the tables 2.4-2.8.*

MONETARY DEVELOPMENTS IN THE EURO AREA : JULY 2003

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2003			JULY 2003			AVERAGE MAY-03 JUL-03
	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)	5957	25	8.4	6000	44	8.5	8.5
(1.1) Currency in circulation	347	5	31.9	355	9	30.3	32.1
(1.2) Overnight deposits	2103	11	8.5	2118	16	8.8	8.5
(1.3) M1 (items 1.1 and 1.2)	2450	16	11.4	2473	25	11.5	11.4
(1.4) Deposits with agreed maturity up to 2 years	1074	-9	-0.5	1067	-7	-1.1	-0.3
(1.5) Deposits redeemable at notice up to 3 months	1545	17	10.4	1561	16	10.9	10.4
(1.6) Other short term deposits (items 1.4 and 1.5)	2620	8	5.6	2628	8	5.7	5.7
(1.7) M2 (items 1.3 and 1.6)	5070	24	8.4	5101	33	8.4	8.4
(1.8) Repurchase agreements	219	0	-1.4	226	6	0.2	0.4
(1.9) Money market fund shares/units	572	10	19.5	582	10	18.2	18.5
(1.10) Debt securities issued with maturity up to 2 years	96	-8	-14.8	90	-5	-13.9	-13.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	887	1	8.5	898	11	8.9	8.7
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	196	12	19.9	174	-22	6.8	11.0
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4033	10	5.0	4068	38	5.2	4.8
(3.1) Deposits with agreed maturity over 2 years	1210	3	3.8	1219	8	4.2	4.0
(3.2) Deposits redeemable at notice over 3 months	96	-2	-10.5	94	-2	-12.5	-10.7
(3.3) Debt securities issued with maturity over 2 years	1731	10	7.2	1755	22	7.5	7.3
(3.4) Capital and reserves	996	-2	4.4	999	10	4.3	3.5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10054	16	4.8	10163	78	5.3	5.0
(4.1) Credit to general government	2144	-14	3.6	2183	35	4.6	4.2
of which Loans	820	-1	-0.4	830	10	0.8	0.1
of which Securities other than shares	1324	-13	6.3	1353	25	7.2	6.9
(4.2) Credit to other euro area residents	7909	29	5.1	7980	42	5.5	5.2
of which Loans	6913	15	4.5	6954	40	4.9	4.7
of which Securities other than shares	410	5	15.4	404	-5	15.2	15.2
of which Shares and other equities	586	9	5.1	622	7	6.7	6.0
(5) <i>Net external assets</i>	291	20	ND	262	-37	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-159	11	ND	-185	20	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 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.

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: JULY 2003
DATA ADJUSTED FOR SEASONAL EFFECTS
(contributions in terms of the M3 annual percentage change ^{a)})

	MAY 2003	JUNE 2003	JULY 2003
(1) M1	4.6	4.6	4.6
(1.1) <i>of which</i> : Currency	1.7	1.6	1.5
(1.2) <i>of which</i> : Overnight deposits	2.9	3.0	3.1
(2) M2 - M1 (= other short-term deposits)	2.6	2.5	2.6
(3) M3 - M2 (= short-term marketable instruments)	1.3	1.2	1.3
(4) M3 (= items 1, 2 and 3)	8.5	8.4	8.5

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.

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JUNE 2003
DATA UNADJUSTED FOR SEASONAL EFFECTS
(EUR billions and annual percentage changes ^{a)})

	MARCH 2003				JUNE 2003			
	End of period level	Quarterly flow ^{b)}	Quarterly write-offs / write-downs	Annual growth rate	End of period level	Quarterly flow ^{b)}	Quarterly write-offs / write-downs	Annual growth rate
BREAKDOWN OF LOANS ^{c)}								
(1) Loans to non-financial corporations	2991	32	-7	3.8	3015	33	-2	3.6
(1.1) up to 1 year	991	13	-4	-1.1	995	7	-1	-0.1
(1.2) over 1 year and up to 5 years	513	2	-1	5.8	511	-1	0	2.7
(1.3) over 5 years	1487	17	-2	6.6	1509	27	-1	6.5
(2) Loans to households ^{d)}	3351	35	-5	5.9	3406	59	-2	5.5
(2.1) Consumer credit	495	-3	-1	3.3	503	8	0	3.5
(2.2) Lending for house purchase	2209	31	-1	7.2	2251	46	0	7.1
(2.3) Other lending ^{d)}	647	8	-3	3.5	651	5	-1	2.0
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	470	9	0	1.5	478	11	0	3.4
(4) Loans to insurance corporations and pension funds	42	11	0	7.2	45	2	0	4.2

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 quarterly 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 central government.

d) Includes loans to non-profit institutions serving households.

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	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)	5990	6	8.3	5988	-1	8.5	8.5
(1.1) Currency in circulation	351	7	31.4	361	11	30.6	32.1
(1.2) Overnight deposits	2150	47	8.5	2119	-30	8.8	8.7
(1.3) M1 (items 1.1 and 1.2)	2501	55	11.3	2481	-19	11.6	11.6
(1.4) Deposits with agreed maturity up to 2 years	1061	-38	-0.9	1064	3	-1.1	-0.4
(1.5) Deposits redeemable at notice up to 3 months	1546	15	10.5	1554	8	10.9	10.4
(1.6) Other short term deposits (items 1.4 and 1.5)	2606	-24	5.5	2618	11	5.7	5.7
(1.7) M2 (items 1.3 and 1.6)	5108	31	8.3	5098	-8	8.5	8.5
(1.8) Repurchase agreements	215	-16	-2.0	219	3	-0.2	0.2
(1.9) Money market fund shares/units	571	-1	19.4	581	10	18.1	18.3
(1.10) Debt securities issued with maturity up to 2 years	96	-8	-14.8	90	-5	-13.9	-13.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	882	-25	8.3	889	7	8.9	8.6
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	200	30	20.5	173	-26	6.7	11.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4042	21	5.0	4071	32	5.2	4.8
(3.1) Deposits with agreed maturity over 2 years	1212	3	3.9	1218	5	4.2	4.0
(3.2) Deposits redeemable at notice over 3 months	95	-2	-10.5	93	-2	-12.5	-10.7
(3.3) Debt securities issued with maturity over 2 years	1734	11	7.2	1757	20	7.5	7.3
(3.4) Capital and reserves	1000	9	4.4	1002	9	4.3	3.4
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10102	10	4.8	10165	31	5.3	5.0
(4.1) Credit to general government	2161	-14	3.7	2181	16	4.7	4.2
of which Loans	820	0	-0.3	827	7	0.8	0.1
of which Securities other than shares	1342	-15	6.3	1354	9	7.2	6.9
(4.2) Credit to other euro area residents	7941	24	5.1	7984	15	5.5	5.2
of which Loans	6944	33	4.5	6964	19	4.9	4.7
of which Securities other than shares	407	-1	15.3	404	-2	15.0	15.1
of which Shares and other equities	590	-8	5.1	615	-3	6.9	5.8
(5) <i>Net external assets</i>	290	61	ND	259	-40	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-160	-14	ND	-192	14	ND	ND

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