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. 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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>M3</td>
<td>8.5</td>
<td>8.4</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>M1</td>
<td>11.4</td>
<td>11.4</td>
<td>11.5</td>
<td>11.4</td>
</tr>
<tr>
<td>Loans to private sector</td>
<td>4.6</td>
<td>4.5</td>
<td>4.9</td>
<td>4.7</td>
</tr>
</tbody>
</table>

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

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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.
### COMPONENTS OF M3 (1)

<table>
<thead>
<tr>
<th>Description</th>
<th>June 2003</th>
<th>July 2003</th>
<th>Average May-Jul</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) M3 (= items 1.3, 1.6 and 1.11)</td>
<td>5957</td>
<td>6000</td>
<td>6000</td>
</tr>
<tr>
<td>(1.1) Currency in circulation</td>
<td>347</td>
<td>355</td>
<td>355</td>
</tr>
<tr>
<td>(1.2) Overnight deposits</td>
<td>2103</td>
<td>2118</td>
<td>2118</td>
</tr>
<tr>
<td>(1.3) M1 (items 1.1 and 1.2)</td>
<td>2450</td>
<td>2473</td>
<td>2473</td>
</tr>
<tr>
<td>(1.4) Deposits with agreed maturity up to 2 years</td>
<td>1074</td>
<td>1067</td>
<td>1067</td>
</tr>
<tr>
<td>(1.5) Deposits redeemable at notice up to 3 months</td>
<td>1545</td>
<td>1561</td>
<td>1561</td>
</tr>
<tr>
<td>(1.6) Other short term deposits (items 1.4 and 1.5)</td>
<td>2620</td>
<td>2628</td>
<td>2628</td>
</tr>
<tr>
<td>(1.7) M2 (items 1.3 and 1.6)</td>
<td>5070</td>
<td>5101</td>
<td>5101</td>
</tr>
<tr>
<td>(1.8) Repurchase agreements</td>
<td>219</td>
<td>226</td>
<td>226</td>
</tr>
<tr>
<td>(1.9) Money market fund shares/units</td>
<td>572</td>
<td>582</td>
<td>582</td>
</tr>
<tr>
<td>(1.10) Debt securities issued with maturity up to 2 years</td>
<td>96</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)</td>
<td>887</td>
<td>898</td>
<td>898</td>
</tr>
</tbody>
</table>

### COUNTERPARTS OF M3

#### MFI liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 2003</th>
<th>July 2003</th>
<th>Average May-Jul</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Holdings against central government</td>
<td>196</td>
<td>174</td>
<td>174</td>
</tr>
<tr>
<td>(3) Longer-term financial liabilities against other euro area residents</td>
<td>4033</td>
<td>4068</td>
<td>4068</td>
</tr>
<tr>
<td>(3.1) Deposits with agreed maturity over 2 years</td>
<td>1210</td>
<td>1219</td>
<td>1219</td>
</tr>
<tr>
<td>(3.2) Deposits redeemable at notice over 3 months</td>
<td>96</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>(3.3) Debt securities issued with maturity over 2 years</td>
<td>1731</td>
<td>1755</td>
<td>1755</td>
</tr>
<tr>
<td>(3.4) Capital and reserves</td>
<td>996</td>
<td>999</td>
<td>999</td>
</tr>
</tbody>
</table>

#### MFI assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>June 2003</th>
<th>July 2003</th>
<th>Average May-Jul</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4) Credit to euro area residents (= items 4.1 and 4.2)</td>
<td>10054</td>
<td>10163</td>
<td>10163</td>
</tr>
<tr>
<td>of which Loans</td>
<td>2144</td>
<td>2183</td>
<td>2183</td>
</tr>
<tr>
<td>of which Securities other than shares</td>
<td>820</td>
<td>830</td>
<td>830</td>
</tr>
<tr>
<td>(4.2) Credit to other euro area residents</td>
<td>7909</td>
<td>7980</td>
<td>7980</td>
</tr>
<tr>
<td>of which Loans</td>
<td>6913</td>
<td>6954</td>
<td>6954</td>
</tr>
<tr>
<td>of which Securities other than shares</td>
<td>1324</td>
<td>1353</td>
<td>1353</td>
</tr>
<tr>
<td>(5) Net external assets</td>
<td>291</td>
<td>262</td>
<td>262</td>
</tr>
<tr>
<td>(6) Other counterparts of M3 (residual) (= M3 + items 2, 3 - items 4, 5)</td>
<td>-159</td>
<td>-185</td>
<td>-185</td>
</tr>
</tbody>
</table>

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**Footnotes:**

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 \(a\))

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

\(a\) 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 \(a\))

<table>
<thead>
<tr>
<th></th>
<th>MARCH 2003</th>
<th>JUNE 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>End of period level</td>
<td>Quarterly flow</td>
</tr>
<tr>
<td><strong>BREAKDOWN OF LOANS (c)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Loans to non-financial corporations</td>
<td>2991</td>
<td>32</td>
</tr>
<tr>
<td>(1.1) up to 1 year</td>
<td>991</td>
<td>13</td>
</tr>
<tr>
<td>(1.2) over 1 year and up to 5 years</td>
<td>513</td>
<td>2</td>
</tr>
<tr>
<td>(1.3) over 5 years</td>
<td>1487</td>
<td>17</td>
</tr>
<tr>
<td>(2) Loans to households (d)</td>
<td>3351</td>
<td>35</td>
</tr>
<tr>
<td>(2.1) Consumer credit</td>
<td>495</td>
<td>-3</td>
</tr>
<tr>
<td>(2.2) Lending for house purchase</td>
<td>2209</td>
<td>31</td>
</tr>
<tr>
<td>(2.3) Other lending (d)</td>
<td>647</td>
<td>8</td>
</tr>
<tr>
<td>(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds</td>
<td>470</td>
<td>9</td>
</tr>
<tr>
<td>(4) Loans to insurance corporations and pension funds</td>
<td>42</td>
<td>11</td>
</tr>
</tbody>
</table>

\(a\) 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.
### COMPONENTS OF M3

<table>
<thead>
<tr>
<th>Description</th>
<th>JUNE 2003</th>
<th>JULY 2003</th>
<th>AVERAGE MAY-03 JUL-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) M3 (= items 1.3, 1.6 and 1.11)</td>
<td>5990</td>
<td>6</td>
<td>8.3</td>
</tr>
<tr>
<td>(1.1) Currency in circulation</td>
<td>351</td>
<td>7</td>
<td>31.4</td>
</tr>
<tr>
<td>(1.2) Overnight deposits</td>
<td>2150</td>
<td>47</td>
<td>8.5</td>
</tr>
<tr>
<td>(1.3) M1 (items 1.1 and 1.2)</td>
<td>2501</td>
<td>55</td>
<td>11.3</td>
</tr>
<tr>
<td>(1.4) Deposits with agreed maturity up to 2 years</td>
<td>1061</td>
<td>-38</td>
<td>-0.9</td>
</tr>
<tr>
<td>(1.5) Deposits redeemable at notice up to 3 months</td>
<td>1546</td>
<td>15</td>
<td>10.5</td>
</tr>
<tr>
<td>(1.6) Other short term deposits (items 1.4 and 1.5)</td>
<td>2606</td>
<td>-24</td>
<td>5.5</td>
</tr>
<tr>
<td>(1.7) M2 (items 1.3 and 1.6)</td>
<td>5108</td>
<td>31</td>
<td>8.3</td>
</tr>
<tr>
<td>(1.8) Repurchase agreements</td>
<td>215</td>
<td>-16</td>
<td>-2.0</td>
</tr>
<tr>
<td>(1.9) Money market fund shares/units</td>
<td>571</td>
<td>-1</td>
<td>19.4</td>
</tr>
<tr>
<td>(1.10) Debt securities issued with maturity up to 2 years</td>
<td>96</td>
<td>-8</td>
<td>-14.8</td>
</tr>
<tr>
<td>(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)</td>
<td>882</td>
<td>-25</td>
<td>8.3</td>
</tr>
</tbody>
</table>

### COUNTERPARTS OF M3

#### MFI liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>JUNE 2003</th>
<th>JULY 2003</th>
<th>AVERAGE MAY-03 JUL-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) <strong>Holdings against central government</strong></td>
<td>200</td>
<td>30</td>
<td>20.5</td>
</tr>
<tr>
<td>(3) <strong>Longer-term financial liabilities against other euro area residents</strong></td>
<td>4042</td>
<td>21</td>
<td>5.0</td>
</tr>
<tr>
<td>(3.1) Deposits with agreed maturity over 2 years</td>
<td>1212</td>
<td>3</td>
<td>3.9</td>
</tr>
<tr>
<td>(3.2) Deposits redeemable at notice over 3 months</td>
<td>95</td>
<td>-2</td>
<td>-10.5</td>
</tr>
<tr>
<td>(3.3) Debt securities issued with maturity over 2 years</td>
<td>1734</td>
<td>11</td>
<td>7.2</td>
</tr>
<tr>
<td>(3.4) Capital and reserves</td>
<td>1000</td>
<td>9</td>
<td>4.4</td>
</tr>
</tbody>
</table>

#### MFI assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>JUNE 2003</th>
<th>JULY 2003</th>
<th>AVERAGE MAY-03 JUL-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4) <strong>Credit to euro area residents</strong> (= items 4.1 and 4.2)</td>
<td>10102</td>
<td>10</td>
<td>4.8</td>
</tr>
<tr>
<td>(4.1) Credit to general government</td>
<td>2161</td>
<td>-14</td>
<td>3.7</td>
</tr>
<tr>
<td>of which Loans</td>
<td>820</td>
<td>0</td>
<td>-0.3</td>
</tr>
<tr>
<td>of which Securities other than shares</td>
<td>1342</td>
<td>-15</td>
<td>6.3</td>
</tr>
<tr>
<td>(4.2) Credit to other euro area residents of which Loans</td>
<td>7941</td>
<td>24</td>
<td>5.1</td>
</tr>
<tr>
<td>of which Securities other than shares of which Shares and other equities</td>
<td>6944</td>
<td>33</td>
<td>4.5</td>
</tr>
<tr>
<td>(5) <strong>Net external assets</strong></td>
<td>290</td>
<td>61</td>
<td>ND</td>
</tr>
</tbody>
</table>

#### Other counterparts of M3 (residual) (= M3 + items 2, 3 - items 4, 5)

<table>
<thead>
<tr>
<th>Description</th>
<th>JUNE 2003</th>
<th>JULY 2003</th>
<th>AVERAGE MAY-03 JUL-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6) <strong>Other counterparts of M3 (residual)</strong></td>
<td>-160</td>
<td>-14</td>
<td>ND</td>
</tr>
</tbody>
</table>

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**Notes:**
- 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.
- Calculated from monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.
- Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.