



EUROPEAN CENTRAL BANK

25 September 2003

MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2003

The annual rate of growth of M3 decreased to 8.2% in August, from 8.6% in July 2003 (revised upwards from 8.5%).¹ The three-month average of the annual growth rates of M3 over the period June - August 2003 was 8.4%, compared with 8.5% in the period May - July 2003.

<i>12-month percentage changes; seasonally adjusted</i>	JUNE 2003	JULY 2003	AUGUST 2003	JUNE - AUGUST 2003 AVERAGE
M3	8.4	8.6	8.2	8.4
M1	11.4	11.6	11.8	11.6
Loans to private sector	4.5	4.9	5.0	4.8

Regarding the main components of M3, in August 2003, the annual rate of growth of M1 increased to 11.8%, from 11.6% in July. At the same time, the annual rate of growth of short-term deposits other than overnight deposits declined to 5.5%, from 5.8% in the previous month. Also the annual rate of growth of marketable instruments decreased in August, to 6.3%, from 9.1% in July.

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 stood at 5.4% in August, compared with 5.3% in July. This reflected an increase in the annual growth rate of credit extended to general government to 4.8%, from 4.6% in the previous month. At the same time, the annual growth rate of credit extended to the private sector remained unchanged at 5.5%. Among the components of the latter item, the annual growth rate of loans to the private sector was 5.0% in August, compared with 4.9% in July. Over the 12 months up to August 2003, the net external asset position of the euro area MFI sector rose by EUR 163 billion, compared with a rise by EUR 210 billion over the 12 months up to July. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 5.3% in August, compared with 5.2% in July.

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

Notes

- *The publication of the statistics on monetary developments in September, October, November and December 2003 is scheduled to take place at 10am on 28 October, 27 November, 30 December 2003 and 29 January 2004 respectively.*
- *The latest monetary data as contained in Tables 2.1 – 2.8 of the ECB Monthly Bulletin can be found on the ECB website (www.ecb.int) at the “Latest monetary, financial markets and balance of payments statistics” item of the Statistics section. In addition, data on a number of breakdowns of deposits, loans and holdings of securities, together with longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures can be found at the “Monetary statistics” item of the same section.*

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA : AUGUST 2003

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2003			AUGUST 2003			AVERAGE JUN-03 AUG-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)	6010	51	8.6	6030	16	8.2	8.4
(1.1) Currency in circulation	355	9	30.3	360	4	28.8	30.3
(1.2) Overnight deposits	2121	19	8.9	2144	21	9.3	8.9
(1.3) M1 (items 1.1 and 1.2)	2476	28	11.6	2504	25	11.8	11.6
(1.4) Deposits with agreed maturity up to 2 years	1067	-7	-1.1	1058	-12	-1.9	-1.2
(1.5) Deposits redeemable at notice up to 3 months	1563	17	11.0	1574	11	11.2	10.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2630	10	5.8	2632	0	5.5	5.6
(1.7) M2 (items 1.3 and 1.6)	5106	38	8.5	5136	25	8.5	8.5
(1.8) Repurchase agreements	227	7	0.7	223	-4	-2.9	-1.2
(1.9) Money market fund shares/units	587	10	18.2	582	-5	15.4	17.7
(1.10) Debt securities issued with maturity up to 2 years	90	-5	-13.7	89	-1	-15.1	-14.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	903	13	9.1	894	-9	6.3	8.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	174	-22	6.8	164	-10	8.5	11.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4067	39	5.2	4113	26	5.3	5.2
(3.1) Deposits with agreed maturity over 2 years	1219	9	4.2	1228	7	4.7	4.3
(3.2) Deposits redeemable at notice over 3 months	94	-2	-12.5	92	-2	-14.2	-12.4
(3.3) Debt securities issued with maturity over 2 years	1755	21	7.5	1774	8	7.6	7.4
(3.4) Capital and reserves	999	11	4.5	1019	12	4.3	4.5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10161	80	5.3	10218	49	5.4	5.2
(4.1) Credit to general government	2182	36	4.6	2183	1	4.8	4.4
of which Loans	829	10	0.8	831	2	1.4	0.6
of which Securities other than shares	1353	26	7.2	1352	0	7.0	6.8
(4.2) Credit to other euro area residents	7979	44	5.5	8035	47	5.5	5.4
of which Loans	6954	41	4.9	7005	45	5.0	4.8
of which Securities other than shares	403	-6	15.3	403	-1	16.8	15.9
of which Shares and other equities	622	9	7.1	626	3	5.6	5.9
(5) <i>Net external assets</i>	266	-38	ND	245	-41	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-176	25	ND	-156	24	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.

TABLE 2

MONETARY DEVELOPMENTS IN THE EURO AREA : AUGUST 2003

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2003			AUGUST 2003			AVERAGE JUN-03 AUG-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)	5998	6	8.6	5996	-6	8.3	8.4
(1.1) Currency in circulation	361	11	30.6	363	1	29.0	30.3
(1.2) Overnight deposits	2122	-27	9.0	2106	-19	9.8	9.1
(1.3) M1 (items 1.1 and 1.2)	2484	-16	11.7	2468	-18	12.3	11.8
(1.4) Deposits with agreed maturity up to 2 years	1064	3	-1.1	1070	4	-1.9	-1.3
(1.5) Deposits redeemable at notice up to 3 months	1556	10	11.0	1563	7	11.0	10.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2619	13	5.7	2633	11	5.4	5.5
(1.7) M2 (items 1.3 and 1.6)	5103	-3	8.6	5101	-6	8.6	8.5
(1.8) Repurchase agreements	220	4	0.3	219	-1	-3.5	-1.7
(1.9) Money market fund shares/units	585	10	18.1	587	2	15.4	17.6
(1.10) Debt securities issued with maturity up to 2 years	90	-5	-13.7	89	-1	-15.1	-14.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	895	9	9.1	895	0	6.3	7.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	173	-26	6.7	163	-10	8.0	11.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4070	33	5.2	4107	17	5.3	5.2
(3.1) Deposits with agreed maturity over 2 years	1218	5	4.2	1227	8	4.7	4.3
(3.2) Deposits redeemable at notice over 3 months	93	-2	-12.5	92	-2	-14.1	-12.4
(3.3) Debt securities issued with maturity over 2 years	1757	20	7.5	1771	3	7.5	7.4
(3.4) Capital and reserves	1002	10	4.5	1018	8	4.3	4.4
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10163	34	5.3	10171	0	5.4	5.2
(4.1) Credit to general government	2180	17	4.7	2168	-12	4.8	4.4
of which Loans	826	7	0.8	820	-6	1.4	0.6
of which Securities other than shares	1355	10	7.2	1349	-5	7.0	6.8
(4.2) Credit to other euro area residents	7982	17	5.5	8002	12	5.6	5.4
of which Loans	6963	20	4.9	6977	7	5.0	4.8
of which Securities other than shares	403	-2	15.2	406	2	16.7	15.8
of which Shares and other equities	615	0	7.3	619	3	5.9	6.1
(5) <i>Net external assets</i>	263	-41	ND	252	-31	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-184	19	ND	-156	31	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.

TABLE 3

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

	JUNE 2003	JULY 2003	AUGUST 2003
(1) M1	4.6	4.7	4.8
(1.1) <i>of which</i> : Currency	1.6	1.5	1.5
(1.2) <i>of which</i> : Overnight deposits	3.0	3.1	3.3
(2) M2 - M1 (= other short-term deposits)	2.5	2.6	2.5
(3) M3 - M2 (= short-term marketable instruments)	1.2	1.3	0.9
(4) M3 (= items 1, 2 and 3)	8.4	8.6	8.2

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.