



EUROPEAN CENTRAL BANK

28 October 2003

## MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2003

The annual rate of growth of M3 decreased to 7.4% in September, from 8.2% in August 2003.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period July - September 2003 was 8.1%, compared with 8.4% in the period June - August 2003.

<i>12-month percentage changes; seasonally adjusted</i>	<b>JULY 2003</b>	<b>AUGUST 2003</b>	<b>SEPTEMBER 2003</b>	<b>JULY - SEPTEMBER 2003 AVERAGE</b>
<b>M3</b>	8.6	8.2	7.4	8.1
<b>M1</b>	11.5	11.8	11.3	11.5
<b>Loans to private sector</b>	4.9	5.0	4.9	5.0

Regarding the main components of M3, in September 2003, the annual rate of growth of M1 decreased to 11.3%, from 11.8% in August. At the same time, the annual rate of growth of short-term deposits other than overnight deposits declined to 5.1%, from 5.5% in the previous month. Also the annual rate of growth of marketable instruments decreased in September to 4.3%, from 6.3% in August.

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 5.5% in September, unchanged from August 2003. While the annual growth rate of credit extended to general government rose to 5.5%, from 5.1% in the previous month, that of credit extended to the private sector declined slightly to 5.5%, from 5.6% in August. Among the components of the latter item, the annual growth rate of loans to the private sector was 4.9% in September, compared with 5.0% in the previous month. Over the 12 months up to September 2003, the net external asset position of the euro area MFI sector rose by EUR 153 billion, compared with a rise by EUR 161 billion over the 12 months up to August. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 5.2% in September, unchanged from the previous month.

The breakdown of loans to the private sector by counterpart and type is now available for the third quarter of 2003. The annual growth of loans to non-financial corporations was 3.7%, compared to 3.6% in the second quarter of 2003. At the same time, the annual growth of loans to households increased to 5.8% in the third quarter of 2003, from 5.5% in the previous quarter. The annual rate of growth of

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

lending for house purchase rose to 7.4% from 7.1% in the second quarter. The annual rate of change of consumer credit declined to 2.4%, from 3.7% in the second quarter. Finally, annual growth of other lending increased to 3.0% in the third quarter of 2003, up from 2.0% in the previous quarter.

Notes

- *The publication of the statistics on monetary developments in October, November and December 2003 and January 2004 is scheduled to take place at 10am on 27 November 2003, 30 December 2003, 29 January 2004 and 27 February 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](http://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 : SEPTEMBER 2003

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2003			SEPTEMBER 2003			AVERAGE JUL-03 SEP-03
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	6028	16	8.2	6033	12	7.4	8.1
(1.1) Currency in circulation	360	4	28.8	367	7	27.8	29.0
(1.2) Overnight deposits	2145	24	9.4	2149	8	8.8	9.0
(1.3) <b>M1</b> (items 1.1 and 1.2)	2504	28	11.8	2516	15	11.3	11.5
(1.4) Deposits with agreed maturity up to 2 years	1058	-12	-2.0	1050	-5	-2.6	-1.9
(1.5) Deposits redeemable at notice up to 3 months	1574	12	11.2	1579	6	10.9	11.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2631	0	5.5	2629	0	5.1	5.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	5135	28	8.5	5145	16	8.0	8.3
(1.8) Repurchase agreements	222	-5	-3.1	216	-5	-6.7	-2.9
(1.9) Money market fund shares/units	582	-5	15.5	583	2	14.6	16.1
(1.10) Debt securities issued with maturity up to 2 years	89	-2	-15.4	89	-1	-18.6	-15.5
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	893	-13	6.3	887	-3	4.3	6.7
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	163	-10	9.8	182	19	22.4	13.5
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4108	26	5.2	4101	19	5.2	5.2
(3.1) Deposits with agreed maturity over 2 years	1227	7	4.6	1229	4	4.6	4.4
(3.2) Deposits redeemable at notice over 3 months	92	-2	-14.2	91	-1	-15.1	-13.9
(3.3) Debt securities issued with maturity over 2 years	1774	8	7.6	1773	18	8.0	7.7
(3.4) Capital and reserves	1014	12	4.2	1008	-1	3.5	4.0
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10219	48	5.5	10254	48	5.5	5.5
(4.1) Credit to general government	2185	2	5.1	2202	20	5.5	5.1
of which Loans	831	2	1.5	830	-1	1.3	1.2
of which Securities other than shares	1354	0	7.4	1372	21	8.2	7.7
(4.2) Credit to other euro area residents	8034	47	5.6	8052	28	5.5	5.6
of which Loans	7005	44	5.0	7009	15	4.9	5.0
of which Securities other than shares	403	-1	16.6	412	10	15.7	15.8
of which Shares and other equities	626	4	5.6	631	3	5.8	6.2
(5) <i>Net external assets</i>	244	-41	ND	221	-5	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-163	24	ND	-159	7	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 : SEPTEMBER 2003

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2003			SEPTEMBER 2003			AVERAGE JUL-03 SEP-03
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	5994	-6	8.2	5990	3	7.4	8.1
(1.1) Currency in circulation	363	1	29.0	365	2	27.4	29.0
(1.2) Overnight deposits	2106	-16	9.8	2146	43	8.8	9.1
(1.3) <b>M1</b> (items 1.1 and 1.2)	2469	-15	12.3	2510	45	11.2	11.7
(1.4) Deposits with agreed maturity up to 2 years	1069	4	-2.0	1037	-30	-2.6	-1.9
(1.5) Deposits redeemable at notice up to 3 months	1563	8	11.0	1564	1	10.9	10.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2632	12	5.3	2601	-28	5.1	5.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	5101	-3	8.6	5112	17	8.0	8.4
(1.8) Repurchase agreements	217	-3	-3.8	212	-4	-6.7	-3.2
(1.9) Money market fund shares/units	588	2	15.5	577	-8	14.6	16.1
(1.10) Debt securities issued with maturity up to 2 years	89	-2	-15.4	89	-1	-18.6	-15.5
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	894	-3	6.3	878	-13	4.3	6.7
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	163	-10	9.4	184	21	22.3	13.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4102	17	5.2	4099	23	5.2	5.2
(3.1) Deposits with agreed maturity over 2 years	1226	8	4.6	1226	1	4.6	4.4
(3.2) Deposits redeemable at notice over 3 months	92	-2	-14.1	91	-1	-15.0	-13.9
(3.3) Debt securities issued with maturity over 2 years	1771	3	7.5	1771	19	8.0	7.7
(3.4) Capital and reserves	1013	8	4.1	1010	3	3.5	4.0
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10171	0	5.5	10219	61	5.5	5.5
(4.1) Credit to general government	2170	-11	5.0	2192	24	5.5	5.1
of which Loans	820	-6	1.5	821	1	1.3	1.2
of which Securities other than shares	1350	-5	7.3	1371	23	8.2	7.7
(4.2) Credit to other euro area residents	8001	11	5.6	8028	36	5.5	5.6
of which Loans	6977	6	5.0	6999	33	4.9	5.0
of which Securities other than shares	405	2	16.5	412	8	15.7	15.7
of which Shares and other equities	619	3	6.0	616	-4	6.1	6.4
(5) <i>Net external assets</i>	250	-31	ND	242	11	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-163	32	ND	-190	-23	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: SEPTEMBER 2003**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	JULY 2003	AUGUST 2003	SEPTEMBER 2003
(1) <b>M1</b>	4.6	4.8	4.6
(1.1) <i>of which</i> : Currency	1.5	1.5	1.5
(1.2) <i>of which</i> : Overnight deposits	3.1	3.3	3.1
(2) <b>M2 - M1</b> (= other short-term deposits)	2.6	2.4	2.3
(3) <b>M3 - M2</b> (= short-term marketable instruments)	1.4	0.9	0.6
(4) <b>M3</b> (= items 1, 2 and 3)	8.6	8.2	7.4

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: SEPTEMBER 2003**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	JUNE 2003				SEPTEMBER 2003			
	End of period level	Quarterly flow <sup>b)</sup>	Quarterly write-offs / write-downs	Annual growth rate	End of period level	Quarterly flow <sup>b)</sup>	Quarterly write-offs / write-downs	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	3015	34	-2	3.6	3021	7	-2	3.7
(1.1) up to 1 year	999	11	-1	0.3	973	-25	0	-0.9
(1.2) over 1 year and up to 5 years	508	-3	0	2.4	524	15	0	5.4
(1.3) over 5 years	1508	26	-1	6.3	1524	17	-1	6.3
(2) <b>Loans to households <sup>d)</sup></b>	3406	60	-2	5.5	3458	52	-2	5.8
(2.1) Consumer credit	504	9	0	3.7	476	-1	0	2.4
(2.2) Lending for house purchase	2252	46	0	7.1	2302	51	0	7.4
(2.3) Other lending <sup>d)</sup>	651	5	-1	2.0	679	2	-1	3.0
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	478	10	0	3.7	476	0	0	5.6
(4) <b>Loans to insurance corporations and pension funds</b>	45	3	0	4.7	45	0	0	10.6

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.