



EUROPEAN CENTRAL BANK

28 June 2004

## MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2004

The annual rate of growth of M3 decreased to 4.7% in May 2004, from 5.5% in April 2004.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period March 2004 – May 2004 fell to 5.5%, from 6.0% in the period February 2004 – April 2004.

<i>12-month percentage changes; seasonally adjusted</i>	MARCH 2004	APRIL 2004	MAY 2004	MARCH – MAY 2004 AVERAGE
M3	6.2	5.5	4.7	5.5
M1	11.5	11.0	9.3	10.6
Loans to private sector	5.4	5.5	5.6	5.5

Regarding the main components of M3, the annual rate of growth of M1 declined in May to 9.3%, from 11.0% in April. The annual rate of growth of short-term deposits other than overnight deposits stood at 1.4% in May, compared with 1.5% in the previous month. The annual rate of growth of marketable instruments decreased to 1.0%, from 1.4% in April.

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 was 5.9% in May, compared with 6.0% in April. The annual rate of growth of credit extended to general government fell to 6.0% in May, from 6.2% in April, and the annual growth of credit extended to the private sector was 5.8%, after 5.9% in April. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 5.6% in May, compared with 5.5% in the previous month. The annual growth rate of loans to non-financial corporations increased to 3.7% in May, from 3.5% in April.<sup>2</sup> The annual growth rate of loans to households was 6.9%, compared with 6.8% in the previous month. The annual rate of growth of lending for house purchase was 8.8%, after 8.7% in the previous month. The annual rate of growth of consumer credit declined to 4.4% in May, from 4.8% in April. The annual growth rate of other lending to households stood at 2.1%, compared with 2.2% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) declined in May to 7.5%, from 8.2% in the previous month.

<sup>1</sup> Unless otherwise indicated, all rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

<sup>2</sup> The rates of growth referring to the breakdown of loans to the private sector by counterpart and type are unadjusted for seasonal and end-of-month calendar effects.

Over the 12 months up to May, the net external asset position of the euro area MFI sector rose by EUR 47 billion, compared with a rise of EUR 111 billion over the 12 months up to April. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 7.4% in May, compared with 7.3% in the previous month.

#### Notes

- *The publication of the statistics on monetary developments in June, July, August and September 2004 is scheduled to take place at 10.00 am on 28 July, 26 August, 27 September and 28 October 2004, respectively.*
- *The latest monetary data as contained in Tables 2.1 to 2.8 of the ECB's Monthly Bulletin can be found on the ECB's website ([www.ecb.int](http://www.ecb.int)) in the "Statistics section" under "Data services" and then "Latest monetary, financial markets and balance of payments statistics". 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 in the same section under "Money, banking and financial markets" and then "Monetary statistics".*

TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA : MAY 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2004			MAY 2004			AVERAGE MAR-04 MAY-04
	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)	6254	39	5.5	6240	-12	4.7	5.5
(1.1) Currency in circulation	409	3	21.1	416	7	21.8	21.9
(1.2) Overnight deposits	2374	9	9.4	2350	-24	7.3	8.8
(1.3) <b>M1</b> (items 1.1 and 1.2)	2783	12	11.0	2766	-17	9.3	10.6
(1.4) Deposits with agreed maturity up to 2 years	996	-8	-7.3	1004	9	-7.5	-7.0
(1.5) Deposits redeemable at notice up to 3 months	1560	12	8.1	1572	12	8.1	8.1
(1.6) Other short term deposits (items 1.4 and 1.5)	2556	4	1.5	2576	21	1.4	1.7
(1.7) <b>M2</b> (items 1.3 and 1.6)	5339	16	6.3	5342	4	5.4	6.1
(1.8) Repurchase agreements	220	15	-1.5	212	-7	-3.9	-2.6
(1.9) Money market fund shares/units	601	3	7.2	598	-3	5.3	6.7
(1.10) Debt securities issued with maturity up to 2 years	94	5	-19.3	88	-6	-11.9	-13.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	915	23	1.4	899	-16	1.0	1.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	177	-2	13.7	199	22	14.8	11.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4277	41	7.3	4288	19	7.4	7.2
(3.1) Deposits with agreed maturity over 2 years	1284	16	6.6	1287	4	6.4	6.1
(3.2) Deposits redeemable at notice over 3 months	90	0	-8.6	89	-1	-8.3	-8.9
(3.3) Debt securities issued with maturity over 2 years	1880	19	10.7	1890	15	10.6	10.6
(3.4) Capital and reserves	1024	6	4.0	1021	1	4.6	4.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10575	71	6.0	10621	54	5.9	6.0
(4.1) Credit to general government	2278	14	6.2	2289	14	6.0	6.3
of which Loans	838	-1	2.2	836	-2	1.9	2.1
of which Securities other than shares	1439	15	8.7	1453	16	8.5	8.9
(4.2) Credit to other euro area residents	8297	57	5.9	8332	41	5.8	5.9
of which Loans	7209	43	5.5	7252	46	5.6	5.5
of which Securities other than shares	433	3	8.2	436	3	8.3	9.0
of which Shares and other equities	655	11	9.3	644	-9	6.5	8.1
(5) <i>Net external assets</i>	332	26	ND	290	-36	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-199	-20	ND	-184	11	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 : MAY 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2004			MAY 2004			AVERAGE MAR-04 MAY-04
	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)	6277	57	5.4	6292	17	4.7	5.4
(1.1) Currency in circulation	409	10	21.9	416	7	21.4	21.9
(1.2) Overnight deposits	2363	15	8.9	2370	8	7.8	8.7
(1.3) <b>M1</b> (items 1.1 and 1.2)	2772	24	10.7	2787	15	9.6	10.5
(1.4) Deposits with agreed maturity up to 2 years	1006	1	-6.9	1013	8	-7.8	-7.0
(1.5) Deposits redeemable at notice up to 3 months	1567	8	8.2	1573	6	8.0	8.1
(1.6) Other short term deposits (items 1.4 and 1.5)	2573	9	1.7	2586	14	1.2	1.7
(1.7) <b>M2</b> (items 1.3 and 1.6)	5346	33	6.2	5373	29	5.4	6.1
(1.8) Repurchase agreements	225	8	-1.7	222	-4	-3.9	-2.6
(1.9) Money market fund shares/units	611	11	7.2	610	-2	5.2	6.6
(1.10) Debt securities issued with maturity up to 2 years	94	5	-19.3	88	-6	-11.9	-13.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	931	23	1.4	919	-12	0.9	1.8
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	180	-5	13.9	194	14	15.3	11.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4270	28	7.3	4284	22	7.4	7.2
(3.1) Deposits with agreed maturity over 2 years	1284	10	6.6	1289	5	6.4	6.1
(3.2) Deposits redeemable at notice over 3 months	90	-1	-8.6	89	-1	-8.3	-8.9
(3.3) Debt securities issued with maturity over 2 years	1878	16	10.7	1893	20	10.6	10.6
(3.4) Capital and reserves	1019	2	4.0	1014	-1	4.5	4.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10622	89	6.0	10680	66	5.9	6.0
(4.1) Credit to general government	2284	5	6.2	2307	25	6.0	6.3
of which Loans	840	-7	2.2	834	-6	1.9	2.1
of which Securities other than shares	1444	12	8.7	1473	31	8.5	8.9
(4.2) Credit to other euro area residents	8338	83	5.9	8373	41	5.9	5.9
of which Loans	7229	57	5.5	7266	41	5.7	5.5
of which Securities other than shares	437	4	8.2	441	4	8.3	9.0
of which Shares and other equities	672	22	8.9	665	-4	6.2	7.7
(5) <i>Net external assets</i>	291	11	ND	265	-20	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-186	-20	ND	-175	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 3

**CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: MAY 2004**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	MARCH 2004	APRIL 2004	MAY 2004
(1) <b>M1</b>	4.9	4.7	4.0
(1.1) <i>of which</i> : Currency	1.3	1.2	1.3
(1.2) <i>of which</i> : Overnight deposits	3.6	3.5	2.7
(2) <b>M2 - M1</b> (= other short-term deposits)	0.9	0.6	0.6
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.5	0.2	0.1
(4) <b>M3</b> (= items 1, 2 and 3)	6.2	5.5	4.7

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.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: MAY 2004**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	APRIL 2004				MAY 2004			
	End of month level	Flow <sup>b)</sup>	Write-offs / write-downs	Annual growth rate	End of month level	Flow <sup>b)</sup>	Write-offs / write-downs	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	3075	21	0	3.5	3085	12	-1	3.7
(1.1) up to 1 year	963	5	0	-1.9	957	-4	-1	-1.7
(1.2) over 1 year and up to 5 years	529	5	0	3.8	535	6	0	5.5
(1.3) over 5 years	1583	12	0	6.9	1593	10	0	6.8
(2) <b>Loans to households <sup>d)</sup></b>	3590	23	0	6.8	3610	20	-1	6.9
(2.1) Consumer credit	489	3	0	4.8	488	0	0	4.4
(2.2) Lending for house purchase	2419	19	0	8.7	2439	20	0	8.8
(2.3) Other lending <sup>d)</sup>	682	1	0	2.2	683	1	0	2.1
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	512	8	0	8.2	515	4	0	7.5
(4) <b>Loans to insurance corporations and pension funds</b>	51	5	0	10.3	57	5	0	21.3

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 monthly 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.