



EUROPEAN CENTRAL BANK

28 July 2005

MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2005

The annual rate of growth of M3 increased to 7.5% in June 2005, from 7.3% in May 2005.¹ The three-month average of the annual growth rates of M3 over the period April 2005 - June 2005 rose to 7.2%, from 6.8% in the period March 2005 - May 2005.

| 12-month percentage changes; adjusted for seasonal and end-of-month calendar effects | APRIL 2005 | MAY 2005 | JUNE 2005 | APRIL 2005 - JUNE 2005 AVERAGE |
|--|-----------------------|---------------------|----------------------|---|
| M3 | 6.8 | 7.3 | 7.5 | 7.2 |
| MI | 9.2 | 10.1 | 10.5 | 9.9 |
| Loans to private sector | 7.4 | 7.5 | 7.9 | 7.6 |

Regarding the main components of M3, the annual rate of growth of MI increased to 10.5% in June 2005, from 10.1% in May. The annual rate of growth of short-term deposits other than overnight deposits increased to 5.2% in June, from 4.9% in the previous month. The annual rate of growth of marketable instruments decreased to 5.1% in June, from 5.7% in May.

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 6.5% in June 2005, compared with 6.4% in May. The annual rate of growth of credit extended to general government decreased to 1.0% in June, from 1.5% in the previous month, while the annual growth of credit extended to the private sector increased to 8.0% in June, from 7.8% in May. Among the components of the latter, the annual rate of growth of loans to the private sector increased to 7.9% in June, from 7.5% in the previous month. The annual growth rate of loans to non-financial corporations stood at 6.2% in June, unchanged from May.² The annual growth rate of loans to households increased to 8.4% in June, from 8.2% in the previous month. The annual rate of growth of lending for house purchase rose to 10.4% in June, from 10.1% in May. The annual rate of growth of consumer credit stood at 7.2% in June, unchanged from the previous month, while the annual growth rate of other lending to households increased to 2.6% in June, from 2.3% in May. Finally, the annual rate of growth of loans to non-monetary financial intermediaries

¹ These rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects; this applies throughout this press release unless specified otherwise.

² 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.

(except insurance corporations and pension funds) increased to 13.3% in June, from 10.2% in the previous month.

Over the 12 months up to June 2005, the net external asset position of the euro area MFI sector rose by EUR 151 billion, compared with a rise of EUR 71 billion over the 12 months up to May. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 9.5% in June, from 8.4% in May.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in July, August, September and October 2005 is scheduled to take place at 10 am on 26 August, 27 September, 28 October and 29 November 2005, 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 (<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: JUNE 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

| | MAY 2005 | | | JUNE 2005 | | | AVERAGE APR-05 JUN-05 |
|---|-----------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|
| | 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) | 6725 | 44 | 7.3 | 6809 | 63 | 7.5 | 7.2 |
| (1.1) Currency in circulation | 487 | 5 | 17.0 | 494 | 7 | 17.2 | 17.2 |
| (1.2) Overnight deposits | 2563 | 18 | 8.9 | 2742 | 27 | 9.3 | 8.7 |
| (1.3) M1 (items 1.1 and 1.2) | 3050 | 24 | 10.1 | 3236 | 33 | 10.5 | 9.9 |
| (1.4) Deposits with agreed maturity up to 2 years | 1024 | -9 | 1.9 | 1052 | 17 | 3.8 | 3.0 |
| (1.5) Deposits redeemable at notice up to 3 months | 1678 | 14 | 6.7 | 1540 | 2 | 6.1 | 6.5 |
| (1.6) Other short term deposits (items 1.4 and 1.5) | 2702 | 4 | 4.9 | 2591 | 19 | 5.2 | 5.1 |
| (1.7) M2 (items 1.3 and 1.6) | 5753 | 28 | 7.6 | 5827 | 53 | 7.9 | 7.6 |
| (1.8) Repurchase agreements | 231 | 15 | 8.0 | 239 | 8 | 9.7 | 5.9 |
| (1.9) Money market fund shares/units | 627 | 8 | 4.2 | 622 | -6 | 2.2 | 3.0 |
| (1.10) Debt securities issued with maturity up to 2 years | 113 | -8 | 9.8 | 120 | 8 | 12.3 | 12.2 |
| (1.11) Marketable instruments (items 1.8, 1.9 and 1.10) | 972 | 16 | 5.7 | 982 | 10 | 5.1 | 4.7 |
| COUNTERPARTS OF M3 | | | | | | | |
| MFI liabilities: | | | | | | | |
| (2) <i>Holdings against central government</i> ^{d)} | 172 | -16 | -11.5 | 190 | 19 | -5.6 | -5.4 |
| (3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4) | 4656 | 24 | 8.4 | 4785 | 71 | 9.5 | 8.7 |
| (3.1) Deposits with agreed maturity over 2 years | 1396 | 0 | 8.2 | 1425 | 6 | 7.8 | 8.2 |
| (3.2) Deposits redeemable at notice over 3 months | 91 | 0 | 1.7 | 92 | 0 | 2.4 | 1.8 |
| (3.3) Debt securities issued with maturity over 2 years | 2086 | 17 | 10.6 | 2127 | 37 | 11.9 | 10.9 |
| (3.4) Capital and reserves | 1083 | 7 | 5.0 | 1142 | 28 | 7.8 | 5.9 |
| MFI assets: | | | | | | | |
| (4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2) | 11315 | 38 | 6.4 | 11456 | 81 | 6.5 | 6.5 |
| (4.1) Credit to general government | 2339 | -18 | 1.5 | 2350 | 1 | 1.0 | 1.8 |
| of which Loans | 835 | 2 | -0.3 | 832 | -3 | -1.0 | -0.7 |
| of which Securities other than shares | 1504 | -20 | 2.6 | 1518 | 4 | 2.1 | 3.3 |
| (4.2) Credit to other euro area residents | 8976 | 57 | 7.8 | 9106 | 80 | 8.0 | 7.8 |
| of which Loans | 7768 | 59 | 7.5 | 7890 | 78 | 7.9 | 7.6 |
| of which Securities other than shares | 494 | 4 | 11.4 | 506 | 12 | 11.8 | 11.5 |
| of which Shares and other equities | 714 | -7 | 8.4 | 709 | -10 | 6.4 | 8.0 |
| (5) <i>Net external assets</i> | 367 | -51 | ND | 453 | 71 | ND | ND |
| (6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5) | -130 | 64 | ND | -124 | 1 | 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 the 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: JUNE 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

| | MAY 2005 | | | JUNE 2005 | | | AVERAGE APR-05 JUN-05 |
|---|-----------------------|--------------------|-----------------------|-----------------------|--------------------|-----------------------|-----------------------------|
| | 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) | 6766 | 48 | 7.2 | 6843 | 53 | 7.6 | 7.2 |
| (1.1) Currency in circulation | 486 | 5 | 16.6 | 497 | 11 | 17.4 | 17.2 |
| (1.2) Overnight deposits | 2579 | 27 | 8.9 | 2786 | 53 | 9.4 | 8.8 |
| (1.3) M1 (items 1.1 and 1.2) | 3065 | 31 | 10.0 | 3282 | 64 | 10.6 | 10.1 |
| (1.4) Deposits with agreed maturity up to 2 years | 1036 | -2 | 1.8 | 1040 | -7 | 3.8 | 2.9 |
| (1.5) Deposits redeemable at notice up to 3 months | 1679 | 6 | 6.7 | 1541 | 4 | 6.1 | 6.5 |
| (1.6) Other short term deposits (items 1.4 and 1.5) | 2714 | 4 | 4.8 | 2581 | -4 | 5.2 | 5.1 |
| (1.7) M2 (items 1.3 and 1.6) | 5779 | 35 | 7.5 | 5863 | 60 | 8.0 | 7.7 |
| (1.8) Repurchase agreements | 239 | 13 | 7.8 | 238 | -1 | 9.5 | 5.9 |
| (1.9) Money market fund shares/units | 635 | 7 | 4.1 | 621 | -15 | 2.3 | 3.0 |
| (1.10) Debt securities issued with maturity up to 2 years | 113 | -8 | 9.8 | 120 | 8 | 12.3 | 12.2 |
| (1.11) Marketable instruments (items 1.8, 1.9 and 1.10) | 987 | 13 | 5.6 | 980 | -8 | 5.1 | 4.7 |
| COUNTERPARTS OF M3 | | | | | | | |
| MFI liabilities: | | | | | | | |
| (2) <i>Holdings against central government</i> ^{d)} | 173 | -7 | -11.1 | 213 | 39 | -5.0 | -5.1 |
| (3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4) | 4654 | 26 | 8.4 | 4785 | 74 | 9.5 | 8.7 |
| (3.1) Deposits with agreed maturity over 2 years | 1397 | 0 | 8.2 | 1426 | 6 | 7.8 | 8.2 |
| (3.2) Deposits redeemable at notice over 3 months | 91 | 0 | 1.8 | 91 | 0 | 2.4 | 1.8 |
| (3.3) Debt securities issued with maturity over 2 years | 2089 | 22 | 10.6 | 2127 | 34 | 11.9 | 11.0 |
| (3.4) Capital and reserves | 1076 | 5 | 5.0 | 1141 | 34 | 7.8 | 5.9 |
| MFI assets: | | | | | | | |
| (4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2) | 11379 | 54 | 6.5 | 11508 | 68 | 6.5 | 6.5 |
| (4.1) Credit to general government | 2356 | -6 | 1.5 | 2368 | 2 | 1.0 | 1.8 |
| of which Loans | 831 | -2 | -0.3 | 830 | 0 | -1.0 | -0.7 |
| of which Securities other than shares | 1526 | -4 | 2.6 | 1538 | 2 | 2.1 | 3.3 |
| (4.2) Credit to other euro area residents | 9023 | 60 | 7.8 | 9139 | 67 | 8.0 | 7.8 |
| of which Loans | 7785 | 59 | 7.5 | 7916 | 88 | 7.9 | 7.6 |
| of which Securities other than shares | 499 | 5 | 11.4 | 507 | 7 | 11.8 | 11.5 |
| of which Shares and other equities | 739 | -4 | 8.5 | 716 | -28 | 6.4 | 8.0 |
| (5) <i>Net external assets</i> | 346 | -39 | ND | 455 | 93 | ND | ND |
| (6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5) | -132 | 52 | ND | -122 | 4 | 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 the 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: JUNE 2005
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change^{a)})

| | APRIL 2005 | MAY 2005 | JUNE 2005 |
|--|------------|----------|-----------|
| (1) M1 | 4.1 | 4.5 | 4.6 |
| (1.1) <i>of which</i> : Currency | 1.1 | 1.1 | 1.1 |
| (1.2) <i>of which</i> : Overnight deposits | 2.9 | 3.3 | 3.5 |
| (2) M2 - M1 (= other short-term deposits) | 2.2 | 2.0 | 2.1 |
| (3) M3 - M2 (= short-term marketable instruments) | 0.5 | 0.8 | 0.8 |
| (4) M3 (= items 1, 2 and 3) | 6.8 | 7.3 | 7.5 |

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.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JUNE 2005
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes^{a)})

| | MAY 2005 | | | | JUNE 2005 | | | |
|---|--------------------|----------------------------|--------------------------|--------------------|--------------------|----------------------------|--------------------------|--------------------|
| | End of month level | Monthly flow ^{b)} | write-offs / write-downs | Annual growth rate | End of month level | Monthly flow ^{b)} | write-offs / write-downs | Annual growth rate |
| BREAKDOWN OF LOANS^{c)} | | | | | | | | |
| (1) Loans to non-financial corporations | 3235 | 17 | -1 | 6.2 | 3282 | 29 | -2 | 6.2 |
| (1.1) up to 1 year | 994 | 1 | 0 | 4.9 | 1026 | 18 | -1 | 4.9 |
| (1.2) over 1 year and up to 5 years | 564 | 5 | 0 | 6.4 | 565 | 0 | 0 | 6.4 |
| (1.3) over 5 years | 1676 | 12 | -1 | 7.0 | 1692 | 11 | -1 | 7.0 |
| (2) Loans to households^{d)} | 3920 | 31 | -1 | 8.2 | 3992 | 47 | -2 | 8.4 |
| (2.1) Consumer credit | 528 | 5 | 0 | 7.2 | 538 | 9 | 0 | 7.2 |
| (2.2) Lending for house purchase | 2686 | 23 | 0 | 10.1 | 2733 | 29 | -1 | 10.4 |
| (2.3) Other lending ^{d)} | 706 | 3 | 0 | 2.3 | 721 | 9 | -1 | 2.6 |
| (3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds | 568 | 9 | 0 | 10.2 | 578 | 9 | 0 | 13.3 |
| (4) Loans to insurance corporations and pension funds | 62 | 3 | 0 | 8.8 | 64 | 2 | 0 | 17.8 |

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 general government.

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