

29 December 2006

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2006

The annual rate of growth of M3 increased to 9.3% in November 2006, from 8.5% in October 2006.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period September 2006 - November 2006 rose to 8.8%, from 8.4% in the period August 2006 - October 2006.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	SEPTEMBER 2006	OCTOBER 2006	NOVEMBER 2006	SEPTEMBER 2006 - NOVEMBER 2006 AVERAGE
<b>M3</b>	8.5	8.5	9.3	8.8
<b>MI</b>	7.2	6.2	6.5	6.6
<b>Loans to private sector</b>	11.5	11.2	11.2	11.3

Regarding the main components of M3, the annual rate of growth of MI increased to 6.5% in November 2006, from 6.2% in October. The annual rate of growth of short-term deposits other than overnight deposits increased to 11.8% in November, from 10.8% in the previous month. The annual rate of growth of marketable instruments rose to 12.6% in November, from 10.2% in October.

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 decreased to 8.7% in November 2006, from 9.1% in October. The annual rate of growth of credit extended to general government decreased to -3.9% in November, from -2.3% in October, while the annual growth of credit extended to the private sector declined to 11.9% in November, from 12.1% in October. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 11.2% in November, unchanged from the previous month. The annual growth rate of loans to non-financial corporations increased to 13.1% in November, from 12.9% in October.<sup>2</sup> The annual growth rate of loans to households stood at 8.7% in November, unchanged from the previous month. The annual rate of growth of lending for house purchase declined to 10.2% in November, from 10.4% in October. The annual rate of growth of consumer credit stood at 7.9% in November, compared with 8.0% in October, while the annual growth rate of other lending to households increased to 3.1% in November, from 2.5% in the previous

<sup>1</sup> 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.

<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.

month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 15.9% in November, from 17.7% in the previous month.

Over the 12 months up to November 2006, the net external asset position of the euro area MFI sector rose by EUR 180 billion, compared with a rise of EUR 46 billion over the 12 months up to October. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 8.4% in November, compared with 8.2% in October.

#### 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 December 2006 and January, February and March 2007 is scheduled to take place at 10 am on 26 January, 27 February, 28 March and 30 April 2007 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 "Money, banking and financial markets" and then "Monetary statistics". The same section contains also longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2006			NOVEMBER 2006			AVERAGE SEP-06 NOV-06
	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)	7577	18	8.5	7639	82	9.3	8.8
(1.1) Currency in circulation	572	9	11.4	575	2	10.8	11.1
(1.2) Overnight deposits	3013	-16	5.3	3035	23	5.7	5.8
(1.3) <b>M1</b> (items 1.1 and 1.2)	3585	-7	6.2	3609	25	6.5	6.6
(1.4) Deposits with agreed maturity up to 2 years	1342	28	24.2	1378	39	27.4	24.4
(1.5) Deposits redeemable at notice up to 3 months	1566	-1	1.4	1561	-5	0.9	1.4
(1.6) Other short term deposits (items 1.4 and 1.5)	2909	27	10.8	2939	34	11.8	10.8
(1.7) <b>M2</b> (items 1.3 and 1.6)	6494	20	8.2	6548	59	8.8	8.5
(1.8) Repurchase agreements	255	-14	8.3	257	2	8.9	9.8
(1.9) Money market fund shares/units	635	-3	2.0	634	19	6.1	3.1
(1.10) Debt securities issued with maturity up to 2 years	192	15	54.0	200	2	49.7	49.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1083	-2	10.2	1091	23	12.6	10.7
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	192	-8	7.7	195	2	4.9	8.1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5364	45	8.2	5391	40	8.4	8.3
(3.1) Deposits with agreed maturity over 2 years	1648	21	10.0	1652	5	9.7	9.7
(3.2) Deposits redeemable at notice over 3 months	100	2	13.8	102	2	16.5	13.7
(3.3) Debt securities issued with maturity over 2 years	2341	12	7.6	2361	34	8.6	8.1
(3.4) Capital and reserves	1276	9	6.9	1277	-2	5.9	6.4
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12888	77	9.1	12942	64	8.7	9.1
(4.1) Credit to general government	2358	-8	-2.3	2344	-14	-3.9	-2.6
of which Loans	831	3	-0.1	828	-3	0.5	-0.1
of which Securities other than shares	1527	-11	-3.5	1516	-11	-6.2	-3.9
(4.2) Credit to other euro area residents	10529	85	12.1	10598	78	11.9	12.1
of which Loans	9055	57	11.2	9116	70	11.2	11.3
of which Securities other than shares	641	12	22.1	643	5	19.4	21.6
of which Shares and other equities	833	17	13.8	839	3	14.4	13.6
(5) <i>Net external assets</i>	519	12	ND	605	94	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-273	-34	ND	-322	-34	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: NOVEMBER 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2006			NOVEMBER 2006			AVERAGE SEP-06 NOV-06
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	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)	7546	26	8.4	7609	83	9.4	8.8
(1.1) Currency in circulation	567	4	11.1	571	4	11.1	11.1
(1.2) Overnight deposits	2996	-21	5.3	3035	41	5.8	6.0
(1.3) <b>M1</b> (items 1.1 and 1.2)	3563	-17	6.2	3607	45	6.6	6.8
(1.4) Deposits with agreed maturity up to 2 years	1343	38	23.9	1369	29	27.0	24.1
(1.5) Deposits redeemable at notice up to 3 months	1552	-7	1.4	1543	-8	0.9	1.4
(1.6) Other short term deposits (items 1.4 and 1.5)	2895	31	10.7	2912	21	11.7	10.8
(1.7) <b>M2</b> (items 1.3 and 1.6)	6458	14	8.2	6519	66	8.8	8.5
(1.8) Repurchase agreements	261	-2	8.2	261	0	8.9	9.8
(1.9) Money market fund shares/units	635	-1	2.1	629	15	6.1	3.1
(1.10) Debt securities issued with maturity up to 2 years	192	15	54.0	200	2	49.7	49.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1088	12	10.2	1090	16	12.6	10.7
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	192	-11	7.4	193	1	4.6	7.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5365	49	8.2	5387	34	8.4	8.3
(3.1) Deposits with agreed maturity over 2 years	1636	19	9.9	1644	10	9.7	9.7
(3.2) Deposits redeemable at notice over 3 months	98	2	13.6	101	3	16.4	13.5
(3.3) Debt securities issued with maturity over 2 years	2353	22	7.6	2368	29	8.6	8.1
(3.4) Capital and reserves	1277	6	6.9	1274	-7	5.9	6.4
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12845	81	9.1	12940	104	8.7	9.0
(4.1) Credit to general government	2350	-6	-2.4	2349	-1	-3.9	-2.6
of which Loans	826	3	-0.1	824	-2	0.4	-0.1
of which Securities other than shares	1524	-9	-3.5	1525	1	-6.1	-3.9
(4.2) Credit to other euro area residents	10495	87	12.1	10591	106	11.9	12.1
of which Loans	9039	57	11.2	9122	92	11.2	11.3
of which Securities other than shares	635	14	22.1	640	8	19.5	21.5
of which Shares and other equities	820	16	13.9	829	6	14.4	13.7
(5) <i>Net external assets</i>	534	15	ND	612	86	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-275	-33	ND	-363	-73	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: NOVEMBER 2006**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	SEPTEMBER 2006	OCTOBER 2006	NOVEMBER 2006
(1) <b>M1</b>	3.4	3.0	3.1
(1.1) <i>of which</i> : Currency	0.8	0.8	0.8
(1.2) <i>of which</i> : Overnight deposits	2.6	2.2	2.3
(2) <b>M2 - M1</b> (= other short-term deposits)	3.7	4.1	4.4
(3) <b>M3 - M2</b> (= short-term marketable instruments)	1.3	1.4	1.8
(4) <b>M3</b> (= items 1, 2 and 3)	8.5	8.5	9.3

a) Discrepancies can be due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: NOVEMBER 2006**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	OCTOBER 2006				NOVEMBER 2006			
	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate	End of month level	Monthly 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>	3767	38	0	12.9	3807	45	-1	13.1
(1.1) up to 1 year	1119	11	0	10.6	1131	13	0	10.8
(1.2) over 1 year and up to 5 years	693	11	0	20.1	702	10	0	21.1
(1.3) over 5 years	1955	16	0	11.8	1975	22	0	11.8
(2) <b>Loans to households <sup>d)</sup></b>	4483	22	-1	8.7	4517	37	-1	8.7
(2.1) Consumer credit	584	3	0	8.0	586	2	0	7.9
(2.2) Lending for house purchase	3169	18	0	10.4	3195	27	0	10.2
(2.3) Other lending <sup>d)</sup>	730	1	0	2.5	737	7	0	3.1
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	701	-2	0	17.7	702	4	0	15.9
(4) <b>Loans to insurance corporations and pension funds</b>	89	0	0	29.0	95	6	0	26.1

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.