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## PRESS RELEASE

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

The annual rate of growth of M3 increased to 9.7% in December 2006, from 9.3% in November 2006.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period October 2006 - December 2006 rose to 9.2%, from 8.8% in the period September 2006 - November 2006.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	OCTOBER 2006	NOVEMBER 2006	DECEMBER 2006	OCTOBER 2006 - DECEMBER 2006 AVERAGE
<b>M3</b>	8.5	9.3	9.7	9.2
<b>M1</b>	6.3	6.6	7.5	6.8
<b>Loans to private sector</b>	11.3	11.2	10.7	11.1

Regarding the main components of M3, the annual rate of growth of M1 increased to 7.5% in December 2006, from 6.6% in November. The annual rate of growth of short-term deposits other than overnight deposits stood at 11.8% in December, unchanged from the previous month. The annual rate of growth of marketable instruments decreased to 11.5% in December, from 12.4% in November.

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 8.2% in December 2006, from 8.7% in November. The annual rate of growth of credit extended to general government decreased to -4.8% in December, from -3.8% in November, while the annual growth of credit extended to the private sector declined to 11.5% in December, from 11.9% in November. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 10.7% in December, from 11.2% in the previous month. The annual growth rate of loans to non-financial corporations stood at 13.0% in December, compared with 13.1% in November.<sup>2</sup> The annual growth rate of loans to households decreased to 8.2% in December, from 8.7% in the previous month. The annual rate of growth of lending for house purchase declined to 9.5% in December, from 10.2% in November. The annual rate of growth of consumer credit stood at 7.8% in December, compared with 7.9% in November, while the annual growth rate of other lending to households decreased to 2.9% in December, from 3.1% in the

<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.

previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) declined to 13.2% in December, from 16.0% in the previous month.

Over the 12 months up to December 2006, the net external asset position of the euro area MFI sector rose by EUR 203 billion, compared with a rise of EUR 140 billion over the 12 months up to November. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.5% in December, compared with 8.6% in November.

#### 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 January, February, March and April 2007 is scheduled to take place at 10 am on 27 February, 28 March, 30 April and 30 May 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: DECEMBER 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2006			DECEMBER 2006			AVERAGE OCT-06 DEC-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)	7652	76	9.3	7711	61	9.7	9.2
(1.1) Currency in circulation	575	2	10.8	578	4	11.1	11.1
(1.2) Overnight deposits	3041	20	5.8	3099	58	6.9	6.0
(1.3) <b>M1</b> (items 1.1 and 1.2)	3615	23	6.6	3677	62	7.5	6.8
(1.4) Deposits with agreed maturity up to 2 years	1377	38	27.3	1401	24	27.4	26.3
(1.5) Deposits redeemable at notice up to 3 months	1561	-5	0.9	1553	-8	0.7	1.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2939	34	11.8	2954	16	11.8	11.5
(1.7) <b>M2</b> (items 1.3 and 1.6)	6554	56	8.9	6632	78	9.4	8.8
(1.8) Repurchase agreements	257	2	9.0	257	0	9.0	8.7
(1.9) Money market fund shares/units	641	19	5.8	628	-12	4.3	4.0
(1.10) Debt securities issued with maturity up to 2 years	199	-1	49.3	194	-4	50.3	51.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1098	20	12.4	1079	-17	11.5	11.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	195	2	4.9	176	-19	-10.0	0.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5401	44	8.6	5434	41	8.5	8.5
(3.1) Deposits with agreed maturity over 2 years	1652	6	9.7	1660	8	9.1	9.6
(3.2) Deposits redeemable at notice over 3 months	102	2	16.5	103	1	17.8	16.1
(3.3) Debt securities issued with maturity over 2 years	2364	37	8.8	2400	34	10.0	8.8
(3.4) Capital and reserves	1283	-2	6.4	1272	-2	4.5	6.1
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12954	67	8.7	12960	17	8.2	8.7
(4.1) Credit to general government	2347	-12	-3.8	2316	-25	-4.8	-3.6
of which Loans	828	-3	0.5	820	-8	-1.7	-0.5
of which Securities other than shares	1519	-8	-6.0	1496	-18	-6.3	-5.3
(4.2) Credit to other euro area residents	10607	79	11.9	10644	42	11.5	11.8
of which Loans	9117	69	11.2	9149	38	10.7	11.1
of which Securities other than shares	644	6	19.6	650	7	19.8	20.5
of which Shares and other equities	846	4	14.3	845	-3	14.1	14.0
(5) <i>Net external assets</i>	563	87	ND	636	73	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-270	-32	ND	-275	-6	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: DECEMBER 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2006			DECEMBER 2006			AVERAGE OCT-06 DEC-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)	7616	79	9.3	7770	157	9.8	9.2
(1.1) Currency in circulation	571	4	11.1	592	21	11.1	11.1
(1.2) Overnight deposits	3035	41	5.8	3155	119	7.2	6.1
(1.3) <b>M1</b> (items 1.1 and 1.2)	3607	45	6.6	3747	140	7.8	6.9
(1.4) Deposits with agreed maturity up to 2 years	1369	29	27.0	1417	48	27.0	26.0
(1.5) Deposits redeemable at notice up to 3 months	1544	-8	0.9	1560	16	0.7	1.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2912	21	11.7	2976	64	11.7	11.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	6519	66	8.8	6723	204	9.5	8.8
(1.8) Repurchase agreements	261	0	9.0	240	-21	8.5	8.6
(1.9) Money market fund shares/units	637	15	5.7	613	-23	4.3	4.0
(1.10) Debt securities issued with maturity up to 2 years	199	-1	49.3	194	-4	50.3	51.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1097	13	12.4	1047	-48	11.5	11.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	193	1	4.5	156	-36	-9.5	0.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5397	38	8.6	5434	45	8.5	8.5
(3.1) Deposits with agreed maturity over 2 years	1645	10	9.7	1667	22	9.1	9.6
(3.2) Deposits redeemable at notice over 3 months	101	3	16.4	103	2	17.7	15.9
(3.3) Debt securities issued with maturity over 2 years	2372	32	8.8	2391	18	10.0	8.8
(3.4) Capital and reserves	1279	-7	6.3	1273	3	4.5	6.1
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12952	108	8.7	12929	-13	8.2	8.7
(4.1) Credit to general government	2352	2	-3.8	2293	-53	-4.7	-3.6
of which Loans	824	-2	0.4	830	5	-1.7	-0.5
of which Securities other than shares	1528	3	-5.9	1463	-58	-6.3	-5.3
(4.2) Credit to other euro area residents	10600	106	11.9	10636	41	11.4	11.8
of which Loans	9123	91	11.2	9156	39	10.7	11.1
of which Securities other than shares	640	9	19.7	650	11	19.8	20.5
of which Shares and other equities	836	7	14.3	830	-9	13.9	14.0
(5) <i>Net external assets</i>	575	76	ND	659	84	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-321	-65	ND	-226	94	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: DECEMBER 2006**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	OCTOBER 2006	NOVEMBER 2006	DECEMBER 2006
(1) <b>M1</b>	3.0	3.2	3.7
(1.1) <i>of which</i> : Currency	0.8	0.8	0.8
(1.2) <i>of which</i> : Overnight deposits	2.2	2.4	2.8
(2) <b>M2 - M1</b> (= other short-term deposits)	4.0	4.4	4.4
(3) <b>M3 - M2</b> (= short-term marketable instruments)	1.4	1.7	1.6
(4) <b>M3</b> (= items 1, 2 and 3)	8.5	9.3	9.7

a) Discrepancies can be due to rounding.

TABLE 4

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

	NOVEMBER 2006				DECEMBER 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>	3806	43	-1	13.1	3847	43	-3	13.0
(1.1) up to 1 year	1129	13	0	10.7	1126	-2	-1	9.3
(1.2) over 1 year and up to 5 years	700	9	0	20.8	712	12	-1	21.2
(1.3) over 5 years	1977	20	0	12.0	2009	33	-1	12.4
(2) <b>Loans to households <sup>d)</sup></b>	4518	37	-1	8.7	4537	22	-2	8.2
(2.1) Consumer credit	585	2	0	7.9	589	4	-1	7.8
(2.2) Lending for house purchase	3196	27	0	10.2	3214	19	-1	9.5
(2.3) Other lending <sup>d)</sup>	736	7	0	3.1	734	0	-1	2.9
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	704	5	0	16.0	689	-14	0	13.2
(4) <b>Loans to insurance corporations and pension funds</b>	95	6	0	26.1	83	-12	0	28.3

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 general government.

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