

25 September 2009

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2009

The annual rate of growth of M3 decreased to 2.5% in August 2009, from 3.0% in July 2009.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period June 2009 - August 2009 decreased to 3.0%, from 3.4% in the period May 2009 - July 2009.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	<b>JUNE 2009</b>	<b>JULY 2009</b>	<b>AUGUST 2009</b>	<b>JUNE 2009 - AUGUST 2009 AVERAGE</b>
<b>M3</b>	3.6	3.0	2.5	3.0
<b>M1</b>	9.4	12.1	13.6	11.7
<b>Loans to private sector</b>	1.5	0.7	0.1	0.7

Regarding the main components of M3, the annual rate of growth of M1 increased to 13.6% in August 2009, from 12.1% in July. The annual rate of change of short-term deposits other than overnight deposits decreased to -4.1% in August, from -2.7% in the previous month. The annual rate of change of marketable instruments decreased to -9.9% in August, from -6.8% in July.

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 declined to 2.8% in August 2009, from 3.3% in July. The annual rate of growth of credit extended to general government increased to 11.5% in August, from 10.9% in July, while the annual growth of credit extended to the private sector declined to 1.1% in August, from 1.8% in July. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 0.1% in August, from 0.7% in the previous month (adjusted for loan sales and securitisation<sup>2</sup> the annual growth rate of loans to the private sector decreased to 1.3%, from 1.9% in the previous month). The annual growth rate of loans to non-financial corporations decreased to 0.7% in August, from 1.6% in July. The annual rate of change of loans to households decreased to -0.2% in August, from 0.0% in the previous month. The annual rate of change of lending for house

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

<sup>2</sup> Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation. The annual growth rate of loans adjusted for sales and securitisation is available at:

<http://sdw.ecb.int/browse.do?node=SEARCHRESULTS&q=BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A&sk=117.BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A>

purchase declined to -0.4% in August, from -0.1% in July. The annual rate of change of consumer credit stood at -0.9% in August, compared with -1.0% in July, while the annual growth rate of other lending to households stood at 1.4% in August, unchanged from the previous month. Finally, the annual rate of change of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to -1.0% in August, from -0.1% in the previous month.

Over the 12 months up to August 2009, the net external asset position of the euro area MFI sector increased by EUR 165 billion, compared with an increase of EUR 127 billion over the 12 months up to July. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 5.2% in August, from 4.9% in July.

#### 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 latest data on monetary aggregates and counterparts contained in the statistical annex to this press release can be downloaded from the ECB's Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=bbn1863>). These data, as well as monthly and other shorter-term growth rates for selected items, longer time series for principal monetary aggregates (with a start date of January 1970) and methodological notes on the concepts underlying the monetary statistics and the related seasonal adjustment procedures, are also available on the ECB's website (<http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>).*
- *Data refer to the changing composition of the euro area, i.e. they cover the EU Member States that had adopted the euro at the time to which the statistics relate. Data on outstanding amounts include Greece as of January 2001, Slovenia as of January 2007, Cyprus and Malta as of January 2008 and Slovakia as of January 2009.*
- *The publication of the statistics on monetary developments in September, October and November 2009 is scheduled to take place at 10 am on 27 October, 26 November and 30 December 2009 respectively.*

#### **European Central Bank**

Directorate Communications / Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

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TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2009

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2009			AUGUST 2009			AVERAGE JUN-09 AUG-09
	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)	9447	21	3.0	9448	2	2.5	3.0
(1.1) Currency in circulation	734	-1	12.5	743	9	13.2	12.8
(1.2) Overnight deposits	3606	97	12.1	3662	57	13.6	11.4
(1.3) <b>M1</b> (items 1.1 and 1.2)	4339	97	12.1	4404	66	13.6	11.7
(1.4) Deposits with agreed maturity up to 2 years	2135	-74	-12.1	2091	-43	-15.1	-11.1
(1.5) Deposits redeemable at notice up to 3 months	1723	27	12.3	1744	21	13.7	12.1
(1.6) Other short term deposits (items 1.4 and 1.5)	3858	-47	-2.7	3835	-22	-4.1	-2.1
(1.7) <b>M2</b> (items 1.3 and 1.6)	8197	49	4.7	8239	44	4.6	4.7
(1.8) Repurchase agreements	331	-24	-3.3	306	-25	-8.5	-2.1
(1.9) Money market fund shares/units	745	6	3.7	747	2	1.9	2.8
(1.10) Debt securities issued with maturity up to 2 years	174	-10	-38.6	155	-19	-43.9	-38.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1250	-28	-6.8	1208	-42	-9.9	-6.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	301	-8	63.5	283	-6	50.4	59.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6562	24	4.9	6617	56	5.2	5.0
(3.1) Deposits with agreed maturity over 2 years	2130	15	6.9	2146	16	7.4	6.8
(3.2) Deposits redeemable at notice over 3 months	131	2	10.9	132	1	12.8	11.0
(3.3) Debt securities issued with maturity over 2 years	2619	10	0.1	2638	25	0.8	0.4
(3.4) Capital and reserves	1681	-3	10.1	1701	13	9.5	10.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15854	-9	3.3	15898	42	2.8	3.5
(4.1) Credit to general government	2816	19	10.9	2846	28	11.5	11.0
of which Loans	1016	1	2.4	1028	12	3.6	2.8
of which Securities other than shares	1800	18	16.3	1818	17	16.5	16.3
(4.2) Credit to other euro area residents	13038	-28	1.8	13052	13	1.1	2.0
of which Loans <sup>e)</sup>	10767	-35	0.7	10758	-6	0.1	0.7
<i>memo item: loans adjusted for sales &amp; securitisation</i> <sup>f)</sup>	ND	-33	1.9	ND	-1	1.3	2.0
of which Securities other than shares	1484	5	20.8	1504	20	18.0	20.6
of which Shares and other equities	787	2	-8.4	790	0	-9.3	-7.7
(5) <i>Net external assets</i>	486	12	ND	517	43	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-30	34	ND	-68	-33	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.

e) For further breakdowns see Table 4.

f) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 2

## MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2009

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2009			AUGUST 2009			AVERAGE JUN-09 AUG-09
	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)	9439	-29	2.9	9394	-44	2.3	2.9
(1.1) Currency in circulation	745	10	12.9	741	-4	12.8	12.7
(1.2) Overnight deposits	3578	-3	11.4	3588	10	13.5	11.2
(1.3) <b>M1</b> (items 1.1 and 1.2)	4324	7	11.7	4329	6	13.4	11.5
(1.4) Deposits with agreed maturity up to 2 years	2140	-34	-11.6	2100	-39	-15.1	-11.0
(1.5) Deposits redeemable at notice up to 3 months	1723	19	12.3	1740	17	13.7	12.1
(1.6) Other short term deposits (items 1.4 and 1.5)	3863	-15	-2.3	3840	-22	-4.1	-2.0
(1.7) <b>M2</b> (items 1.3 and 1.6)	8187	-7	4.6	8169	-16	4.4	4.6
(1.8) Repurchase agreements	320	-27	-3.6	310	-10	-9.1	-2.4
(1.9) Money market fund shares/units	758	16	3.7	759	1	1.9	2.8
(1.10) Debt securities issued with maturity up to 2 years	174	-10	-38.6	155	-19	-43.9	-38.7
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1252	-21	-6.8	1225	-28	-10.0	-6.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	299	-54	63.1	273	-14	50.6	59.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6590	29	4.9	6616	27	5.2	5.0
(3.1) Deposits with agreed maturity over 2 years	2142	13	6.9	2146	5	7.4	6.8
(3.2) Deposits redeemable at notice over 3 months	130	1	10.9	130	1	12.7	11.0
(3.3) Debt securities issued with maturity over 2 years	2633	9	0.1	2644	17	0.8	0.4
(3.4) Capital and reserves	1686	6	10.1	1696	5	9.5	10.1
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15887	-31	3.3	15827	-63	2.8	3.5
(4.1) Credit to general government	2821	7	10.9	2830	8	11.5	11.0
of which Loans	1017	1	2.5	1021	4	3.6	2.8
of which Securities other than shares	1804	6	16.3	1809	3	16.5	16.3
(4.2) Credit to other euro area residents	13067	-38	1.8	12998	-70	1.1	2.0
of which Loans	10800	-28	0.7	10732	-65	0.1	0.7
<i>memo item: loans adjusted for sales &amp; securitisation</i> <sup>e)</sup>	ND	-27	1.9	ND	-59	1.3	2.0
of which Securities other than shares	1489	-3	20.8	1492	1	18.0	20.6
of which Shares and other equities	777	-6	-8.5	774	-7	-9.2	-7.7
(5) <i>Net external assets</i>	486	13	ND	503	29	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-45	-36	ND	-47	3	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.

e) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 3

**CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: AUGUST 2009**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
(contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	JUNE 2009	JULY 2009	AUGUST 2009
(1) <b>M1</b>	4.0	5.1	5.7
(1.1) <i>of which</i> : Currency	0.9	0.9	0.9
(1.2) <i>of which</i> : Overnight deposits	3.1	4.3	4.8
(2) <b>M2 - M1</b> (= other short-term deposits)	0.2	-1.2	-1.8
(3) <b>M3 - M2</b> (= short-term marketable instruments)	-0.6	-1.0	-1.5
(4) <b>M3</b> (= items 1, 2 and 3)	3.6	3.0	2.5

a) Figures may not add up due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: AUGUST 2009**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
(EUR billions and annual percentage changes <sup>a)</sup>)

	JULY 2009			AUGUST 2009		
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>						
(1) <b>Loans to non-financial corporations</b>	4765	-22	1.6	4766	3	0.7
(1.1) up to 1 year	1255	-31	-8.3	1257	3	-8.9
(1.2) over 1 year and up to 5 years	969	-6	6.1	964	-6	3.9
(1.3) over 5 years	2541	15	5.5	2546	6	5.0
(2) <b>Loans to households <sup>d)</sup></b>	4893	6	0.0	4900	8	-0.2
(2.1) Consumer credit	632	0	-1.0	631	1	-0.9
(2.2) Lending for house purchase	3494	6	-0.1	3501	6	-0.4
(2.3) Other lending	767	0	1.4	769	2	1.4
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	1013	-10	-0.1	996	-15	-1.0
(4) <b>Loans to insurance corporations and pension funds</b>	97	-8	-3.2	95	-3	-8.2

a) Figures may not add up due to rounding.

b) Calculated from the 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.