

## Box 1

### Enhancements to euro area monetary statistics

This issue of the Monthly Bulletin contains, for the first time, a more comprehensive and improved set of euro area monetary statistics, derived from the balance sheet of the monetary financial institutions (MFIs) (see Tables 2.3 – 2.8 of the “Euro area statistics” section).

Following the entry into effect on 1 January 2003 of ECB Regulation ECB/2001/13 concerning the consolidated balance sheet of the MFI sector, a number of breakdowns of the data on deposits and loans which used to be reported quarterly are reported monthly, starting from January 2003. Monthly data are now available for the sectoral breakdown of deposits (by maturity, currency and type) taken by MFIs from insurance corporations and pension funds, other financial intermediaries (e.g. investment funds), non-financial corporations and households. On the asset side of the MFI balance sheet, monthly data are now available for the loans granted by MFIs to these four sub-sectors. A further breakdown of the loans to households by purpose (into “loans for consumer credit”, “loans for housing purchase” and “other loans”) is now also compiled monthly.

This additional statistical information allows for the derivation of monthly sectoral M1 and M2 aggregates (based on an estimate of sectoral currency holdings). Once the data have been available for a sufficient period of time and annual growth rates can be computed at a monthly frequency, a sectoral analysis may help to provide a better understanding of the driving forces behind monetary growth. In addition, sectoral monetary aggregates may have some information content for economic variables such as investment or consumption.

In the table in this box, the upper panel shows the percentage breakdown of each sector by instrument, while the lower panel reports the percentage breakdown of each instrument by sector as at end-July 2003. It appears that the money holdings of both financial and non-financial corporations are concentrated in overnight and short-term time deposits, while the money holdings of households are more widespread. For instance, short-term savings deposits (i.e. deposits redeemable at notice of up to three months) account for a considerable share of their holdings. At the same time, households hold more than half of all categories of deposit except repurchase agreements.

Another enhancement to the statistics is that MFIs now report monthly on the price revaluations of their deposits and holdings of securities and on write-offs and write-downs (i.e. changes in the value of loans caused by the removal of doubtful loans from the balance sheet). In the past this information was only available quarterly and was estimated by the national central banks of the euro area.

## Breakdown of MFI deposits by instrument and sector

(percentage values as at July 2003)

	Insurance corporations and pension funds	Other financial institutions	Non-financial corporations	Households	Total <sup>1)</sup>
<b>Breakdown by instrument</b>					
Overnight deposits	46	41	63	37	-
Deposits with agreed maturity of up to one year	33	30	30	15	-
Deposits with agreed maturity of over one year and up to two years	1	1	1	2	-
Deposits redeemable at notice of up to three months	2	2	4	44	-
Repurchase agreements	18	25	3	2	-
Total <sup>1)</sup>	100	100	100	100	-
<b>Breakdown by sector</b>					
Overnight deposits	3	8	29	60	100
Deposits with agreed maturity of up to one year	4	13	30	53	100
Deposits with agreed maturity of over one year and up to two years	2	7	7	85	100
Deposits redeemable at notice of up to three months	0	1	2	97	100
Repurchase agreements	10	48	13	29	100
Total <sup>1)</sup>	2	9	20	69	100

Source: ECB.

1) Figures may not add up due to rounding.

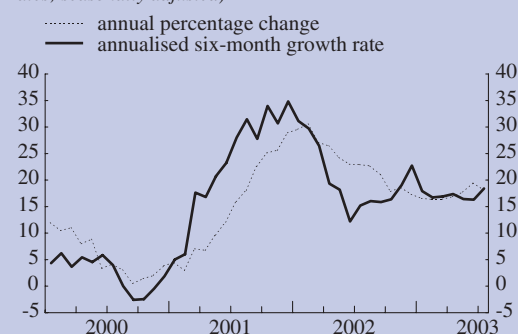
Furthermore, all the main M3 components and counterparts are now adjusted for seasonal and calendar effects. These new series start in September 1997.

An example of the relevance of the seasonal adjustment of the additional monetary series is provided in the chart below. This chart shows the annual growth rates and the annualised six-month growth rates, calculated from seasonally adjusted flows, of the series for money market fund shares/units. The monitoring of shorter-term dynamics may help on occasion to detect at an early stage possible changes in the longer-term developments. For instance, money market fund shares/units are particularly suitable for keeping cash at times of high uncertainty, so that monitoring the seasonally adjusted series may assist in determining changes in the sentiment of the relevant economic agents.

Methodological notes and longer runs of data, including historical time series from 1970 for the main euro area monetary aggregates, can be found on the ECB's website ([www.ecb.int](http://www.ecb.int)) in the "Monetary statistics" part of the "Statistics" section. For more background information on ECB Regulation ECB/2001/13, see the article entitled "Enhancements to MFI balance sheet and interest rate statistics" in the April 2002 issue of the Monthly Bulletin.

### Growth in money market fund shares/units

(annual percentage changes, annualised six-month growth rates; seasonally adjusted)



Source: ECB.