



EUROPEAN CENTRAL BANK

28 March 2000

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2000

In February 2000 the annual rate of growth of M3 was 6.2%, rising from 5.2% in January 2000 (the latter figure was revised upwards from 5.0%). This increase reflected both a relatively pronounced monetary growth in February 2000 and a base effect related to the monthly decline of M3 in February 1999. The three-month average of the annual growth rates of M3 covering the period from December 1999 to February 2000 slightly increased to 5.9%, from 5.8% in the period from November 1999 to January 2000 (the latter figure was revised upwards from 5.7%).

12-month percentage changes	DECEMBER 1999	JANUARY 2000	FEBRUARY 2000	DECEMBER 1999 – FEBRUARY 2000 AVERAGE
M3	6.2	5.2	6.2	5.9

The month-on-month rise in M3 in February 2000 was EUR 25 billion. Corrected for seasonal factors, M3 rose in February 2000 by EUR 44 billion (see the table below). This monthly increase reflected a rise in all the main components of M3. In seasonally adjusted terms the narrow monetary aggregate M1 (which comprises currency in circulation and overnight deposits) rose by EUR 26 billion, short-term deposits other than overnight deposits increased by EUR 12 billion, and marketable instruments grew by EUR 6 billion.

Seasonally-adjusted monthly changes	DECEMBER 1999		JANUARY 2000		FEBRUARY 2000		DECEMBER 1999 – FEBRUARY 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items I.1 to I.7) ¹⁾	13	0.3	22	0.5	44	0.9	26	0.6
Currency in circulation and overnight deposits (items I.1. and I.2) ¹⁾ (= M1)	1	0.1	41	2.2	26	1.3	23	1.2
Other short-term deposits (items I.3 and I.4) ¹⁾ (= M2-M1)	-3	-0.2	-20	-0.9	12	0.6	-4	-0.2
Marketable instruments (items I.5 to I.7) ¹⁾ (= M3-M2)	15	2.2	1	0.2	6	0.9	7	1.1

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

The annual growth rate of currency in circulation declined somewhat in February 2000 (to 5.7%, from 6.2% in January). Conversely, the annual growth rate of overnight deposits rose (to 11.4%, from 9.7% in

the previous month). As a result of these developments, the annual rate of increase in MI rose to 10.4% in February, from 9.0% in January.

The annual percentage change in short-term deposits other than overnight deposits turned positive again in February (0.8%, compared with -0.3% in January). This was the outcome of contrasting developments in the components of this item. The annual rate of decline of deposits with an agreed maturity of up to two years became significantly less pronounced (it was 0.5% in February, against 4.3% in January). By contrast, the annual growth rate of deposits redeemable at a period of notice of up to three months decreased further in February (to 1.7%, from 2.5% in the previous month).

The annual growth rate of marketable instruments included in M3 declined from 14.0% in January to 12.8% in February. This reflected divergent developments in the individual instruments. On the one hand, the annual rate of decline of repurchase agreements became more pronounced (it was 12.9% in February, after 9.0% in the previous month). On the other, the annual growth rate of debt securities issued with a maturity of up to two years rose somewhat (to 37.3%, from 33.7% in January). The annual rate of increase in money market fund shares and money market paper was practically stable at slightly above 22%.

Regarding the counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector was nearly stable in February, at 7.3%. Among the components of this item, the annual rate of growth of deposits with an agreed maturity of over two years declined slightly, to 5.1%, and that of debt securities issued with a maturity of over two years remained practically constant, at 6.0%. The annual rate of decline of deposits redeemable at a period of notice of over three months fell somewhat (to 7.3% in February, from 9.1% in January), and the annual rate of increase in capital and reserves rose (to 15.1%, from 14.5% in January).

The annual rate of growth in the outstanding amount of central government deposits held with the MFI sector increased to 3.6% in February, from 1.9% in the previous month.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents rose to 8.0% in February, from 7.4% in January. Among the components of this item, the annual growth rate of credit extended to the private sector rose (10.5% in February, compared with 9.5% in January), owing to a stronger pace of growth of both loans and MFI holdings of securities issued by the private sector. Conversely, the annual rate of growth of credit extended to general government decreased slightly, to 1.1%, from 1.4% in the previous month.

During February 2000, the net external asset position of the euro area MFI sector increased by EUR 8 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to February 2000, the net external assets of the MFI sector declined by EUR 123 billion.

More details on the latest monetary data as contained in the Tables 2.1 to 2.4 of the “Euro area statistics” section of the ECB Monthly Bulletin are available on the ECB’s Web site (<http://www.ecb.int>) in the “Euro area statistics – download”, “Latest monetary and financial statistics” page.

European Central Bank

Press Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: 0049 69 1344 7455, Fax: 0049 69 1344 7404

Internet: <http://www.ecb.int>

Reproduction is permitted provided that the source is acknowledged.

MONETARY DEVELOPMENTS IN THE EURO AREA : FEBRUARY 2000 ⁽¹⁾

(non seasonally-adjusted data in EUR billions)

	JANUARY 2000			FEBRUARY 2000			AVERAGE DEC-99 FEB-00
	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ⁽²⁾							
(1) M3 (= items 1.1 to 1.7)	4784	0	5.2	4809	25	6.2	5.9
(1.1) Currency in circulation	333	-17	6.2	331	-2	5.7	6.8
(1.2) Overnight deposits	1633	26	9.7	1623	-9	11.4	10.4
(1.3) Deposits with agreed maturity up to 2 years	859	-18	-4.3	875	17	-0.5	-2.5
(1.4) Deposits redeemable at notice up to 3 months	1281	-1	2.5	1274	-7	1.7	2.7
(1.5) Repurchase agreements	156	11	-9.0	160	4	-12.9	-12.6
(1.6) Money market fund shares/units and money market paper	440	1	22.4	459	19	22.2	24.1
(1.7) Debt securities issued with maturity up to 2 years	82	-2	33.7	87	4	37.3	32.5
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	135	-9	1.9	147	11	3.6	3.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3608	19	7.2	3627	18	7.3	7.4
(3.1) Deposits with agreed maturity over 2 years	1164	2	5.4	1167	1	5.1	5.3
(3.2) Deposits redeemable at notice over 3 months	112	-1	-9.1	113	1	-7.3	-8.4
(3.3) Debt securities issued with maturity over 2 years	1449	-2	6.0	1462	12	6.0	6.7
(3.4) Capital and reserves	883	20	14.5	886	3	15.1	14.4
(4) <i>External liabilities</i>	1911	71	6.6	1941	22	11.9	10.6
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8242	51	7.4	8305	63	8.0	7.8
(5.1) Credit to general government	2057	4	1.4	2064	10	1.1	1.4
Of which Loans	834	-8	-0.9	830	-5	-1.5	-0.9
Of which Securities other than shares	1223	11	3.1	1234	15	2.9	3.1
(5.2) Credit to other euro area residents	6185	48	9.5	6241	54	10.5	10.1
Of which Loans	5565	42	8.8	5602	36	9.5	9.3
Of which Securities other than shares	223	2	10.0	229	5	15.9	12.6
Of which Shares and other equities	396	4	21.5	411	12	22.7	22.8
(6) <i>External assets</i>	2147	24	-3.3	2186	30	3.8	0.7
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	50	5	ND	33	-17	ND	ND

(1) Discrepancies in the table 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. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) 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.

(3) Assets and liabilities of Monetary Financial Institutions (MFIs) vis-à-vis non-MFI euro area residents, including central government.

Note: More details of the latest data, as well as estimates for earlier periods going back to September 1997 may be found on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.