



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2001

The annual rate of growth of M3 was 8.0% in November 2001, compared with 7.4% in October.¹ The three-month average of the annual growth rates of M3 over the period September-November 2001 increased to 7.4%, from 6.7% during the period August-October 2001 (the latter figure was revised downwards from 6.8%). The high level of the growth rate of M3 over the last three months has to be assessed in the context of shifts to liquid positions in an economic and financial environment characterised by large uncertainty.

12-month percentage changes	SEPTEMBER 2001	OCTOBER 2001	NOVEMBER 2001	SEPTEMBER – NOVEMBER 2001 AVERAGE
M3	6.8	7.4	8.0	7.4

In November, the annual rate of growth of M1 increased to 6.1%, from 5.3% in the previous month. This development reflected a strong rise in the annual rate of growth of overnight deposits (11.3%, compared with 9.3% in October). At the same time, the annual rate of change in currency in circulation continued to decline significantly (to –19.4%, from –14.6% in the previous month).

The annual rate of growth of short-term deposits other than overnight deposits increased to 5.7% in November, from 5.5% in October. This reflected divergent developments in the components of this item. While the (non-seasonally adjusted) annual rate of growth of deposits redeemable at a period of notice of up to three months rose to 6.0% (from 4.0% in October), that of deposits with an agreed maturity of up to two years decreased to 6.0% (from 7.5% in the previous month).

The annual rate of growth of marketable instruments included in M3 rose to 21.7% in November, from 21.2% in the previous month. This rise was driven by an increase in the (non-seasonally adjusted) annual growth rates of money market paper and debt securities issued with a maturity of up to two years (5.3%, from –1.2% in October) as well as money market fund shares/units (30.7%, from 29.8% in October). By contrast, the (non-seasonally adjusted) annual rate of change in repurchase agreements fell to 19.0% in November, from 24.7% in the previous month.

¹ 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. Data on M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities with a maturity up to two years.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector increased to 3.1%, from 2.1% in October. The annual growth rate of debt securities issued with a maturity of over two years rose in November to 6.1% (from 4.5% in the previous month), while the annual rate of change in deposits with an agreed maturity of over two years stood at -0.2% (compared with -0.4% in October). Meanwhile, the annual growth rate of MFI capital and reserves increased to 3.5% (from 2.0% in the previous month).

The (non-seasonally adjusted) annual rate of change in deposits of central government held with the MFI sector stood at -11.9% (compared with -12.0% in October).

On the asset side of the consolidated balance sheet of the MFI sector, the (non-seasonally adjusted) annual growth rate of total credit granted to euro area residents rose in November to 5.3%, from 5.0% in the previous month. The annual rate of growth of credit extended to the private sector remained unchanged, at 6.8%. The annual growth of loans to the private sector recorded a slight rise to 6.6%, from 6.5% in October. Meanwhile, the annual rate of change in credit to general government increased to -0.1%, from -1.1% in the previous month.

In November 2001, the net external asset position of the euro area MFI sector increased by EUR 23 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to November, the net external assets of the MFI sector increased by EUR 37 billion, compared with an increase by EUR 5 billion over the 12 months up to October 2001.

Notes

- *The publication of the statistics on monetary developments in December 2001, January, February and March 2002 is scheduled to take place at 10am on 28 January, 27 February, 28 March and 26 April 2002 respectively.*
- *The annual rates of growth for currency in circulation, overnight deposits, M1, short-term deposits other than overnight deposits (M2 - M1), M2, marketable instruments (M3 - M2), and M3 are calculated on the basis of data adjusted for seasonal and end-of-month calendar effects (see ECB, Seasonal adjustment of monetary aggregates and consumer price indices (HICP) for the euro area, August 2000). Through this procedure the annual growth rates reflect underlying patterns in a more accurate way than the annual growth rates based on unadjusted data.*
- *Using euro area-11 plus Greece figures throughout 2000, the annual rate of growth of M3 in November 2001 was 7.9%, compared with 7.4% in October. The three-month average of the annual rates of growth of M3 covering the period from September to November 2001 was 7.3%, up from 6.7% for the period from August to October 2001.*
- *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. Data cover the Member States comprising the euro area at the time referred to, i.e. the 11 Member States up to December 2000 and the 12 Member States from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the “Technical Notes” of the section “Euro Area Statistics” in the ECB Monthly Bulletin.

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(data in EUR billions and percentage changes ^{a)})

	OCTOBER 2001			NOVEMBER 2001			AVERAGE SEP-01 NOV-01
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
Seasonally and calendar effect adjusted data							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) ^{b)}	5335	47	7.4	5376	43	8.0	7.4
(1.1) Currency in circulation	297	-12	-14.6	278	-19	-19.4	-15.0
(1.2) Overnight deposits	1845	20	9.3	1883	38	11.3	9.7
(1.3) <i>M1</i> (= items 1.1 and 1.2)	2141	8	5.3	2161	19	6.1	5.5
(1.4) Other short-term deposits ^{c)}	2405	13	5.5	2425	19	5.7	5.4
(1.5) <i>M2</i> (= items 1.3 and 1.4)	4547	21	5.4	4586	38	5.9	5.5
(1.6) Marketable instruments ^{d)}	788	27	21.2	789	5	21.7	20.4
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) <i>M3</i> (= items 2.1 to 2.7)	5277	24	7.4	5332	57	7.8	7.4
(2.1) Currency in circulation	295	-14	-14.4	279	-16	-19.0	-14.8
(2.2) Overnight deposits	1818	1	9.1	1866	47	10.6	9.6
(2.3) Deposits with agreed maturity up to 2 years	1078	3	7.5	1081	2	6.0	7.2
(2.4) Deposits redeemable at notice up to 3 months	1311	12	4.0	1326	15	6.0	4.1
(2.5) Repurchase agreements	237	8	24.7	230	-7	19.0	21.2
(2.6) Money market fund shares/units	387	12	29.8	397	10	30.7	29.0
(2.7) Money market paper and debt securities issued with maturity up to 2 years	151	2	-1.2	153	5	5.3	1.0
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Deposits of central government</i>	153	-1	-12.0	150	-3	-11.9	-9.4
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3863	18	2.1	3852	18	3.1	2.4
(4.1) Deposits with agreed maturity over 2 years	1163	0	-0.4	1160	-3	-0.2	-0.3
(4.2) Deposits redeemable at notice over 3 months	117	-2	-4.6	116	-1	-6.8	-4.6
(4.4) Debt securities issued with maturity over 2 years	1611	12	4.5	1602	20	6.1	5.0
(4.4) Capital and reserves	973	8	2.0	974	2	3.5	2.4
(5) <i>External liabilities</i>	2662	9	13.4	2728	49	14.7	14.1
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9327	22	5.0	9402	71	5.3	5.1
(6.1) Credit to general government	2014	-13	-1.1	2033	21	-0.1	-0.8
of which Loans	828	-2	-1.2	843	14	-0.3	-0.7
of which Securities other than shares	1186	-10	-1.1	1191	7	0.0	-0.9
(6.2) Credit to other euro area residents	7313	35	6.8	7369	50	6.8	6.9
of which Loans	6446	26	6.5	6499	52	6.6	6.6
of which Securities other than shares	328	3	22.6	331	1	23.5	23.5
of which Shares and other equities	538	5	2.1	539	-3	1.3	1.6
(7) <i>External assets</i>	2742	40	13.2	2829	72	15.8	13.6
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-115	-12	ND	-170	-22	ND	ND

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 at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the Technical Notes of the section "Euro area statistics" in the ECB Monthly Bulletin. Data on M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities with a maturity up to two years.

b) 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.

c) Deposits with agreed maturity up to 2 years and deposits redeemable at notice up to 3 months.

d) Repurchase agreements, money market fund shares/units, money market paper and debt securities issued with maturity up to 2 years.

e) 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 web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.

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