



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2002

The annual rate of growth of M3 increased to 7.8% in May 2002, from 7.4% in April (revised downwards from 7.5%).¹ The three-month average of the annual growth rates of M3 over the period March-May 2002 increased to 7.5%, from 7.4% during the period February-April 2002.

12-month percentage changes	MARCH 2002	APRIL 2002	MAY 2002	MARCH-MAY 2002 AVERAGE
M3	7.3	7.4	7.8	7.5

In May 2002, the annual rate of growth of M1 increased to 7.0%, from 6.8% in April. This rise reflected a less negative annual rate of change in currency in circulation (–18.0% in May, compared with –21.8% in April), whereas the annual growth rate of overnight deposits decreased to 11.8% in May, from 12.4% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits rose to 6.7% in May, from 6.0% in April. This was the result of an increase in the (non-seasonally adjusted) annual rates of growth of both deposits with agreed maturity up to two years (to 3.8% in May, from 2.4% in April) and deposits redeemable at a period of notice of up to three months (to 9.4% in May, from 9.2% in April).

The annual growth rate of marketable instruments included in M3 rose to 13.8% in May, from 13.5% in April. This reflected divergent developments among the components of the item. On the one hand, the (non-seasonally adjusted) annual rate of change in money market paper and debt securities issued with a maturity of up to two years increased strongly, to 5.2% in May, from –6.5% in April. On the other hand, the (non-seasonally adjusted) annual rates of change of money market fund shares/units and of repurchase agreements declined to 26.6% and 0.2% respectively in May, from 29.1% and 2.6% respectively in April.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector increased to 5.3% in May, from 4.7% in April. This was mainly the result of an increase in the annual growth rate of debt securities issued with a maturity of over two years (to 8.8% in May, from 7.2% in April). The annual growth rate of deposits with an agreed maturity

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.

of over two years also went up in May (to 1.1%, from 0.8% in the previous month). The annual rate of change of deposits redeemable at notice over three months stood at -13.3% in May, unchanged from the previous month. Finally, the annual rate of change of MFI capital and reserves declined to 7.0% in May, from 7.6% in April.

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector declined to 0.5% in May, from 2.4% in April.

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 increased slightly to 4.5% in May, from 4.4% in April. This development was driven by a rise in the annual growth rate of credit extended to the private sector (to 5.3% in May, from 5.1% in April), which was, in turn, largely the result of an increase in the annual growth rate of loans (to 5.8% in May, from 5.5% in April). As regards the other components of credit to the private sector, the annual growth rate of MFI holdings of securities other than shares decreased to 14.3% in May, from 15.3% in April, and the annual rate of change of MFI holdings of shares and other equities increased to -4.6%, from -4.7% in the previous month. Over the same period, the annual rate of change in credit to general government declined to 1.8%, from 2.2% in April.

In May 2002, the net external asset position of the euro area MFI sector increased by EUR 35 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to May, the net external assets of the MFI sector increased by EUR 153 billion, compared with an increase by EUR 105 billion over the 12 months up to April.

Notes

- *The publication of the statistics on monetary developments in June, July, August and September 2002 is scheduled to take place at 10am on 25 July, 28 August, 26 September and 28 October 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.*
- *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. 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)})

	APRIL 2002			MAY 2002			AVERAGE MAR-02 MAY-02
	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)}	5462	33	7.4	5513	57	7.8	7.5
(1.1) Currency in circulation	263	10	-21.8	273	10	-18.0	-21.7
(1.2) Overnight deposits	1936	20	12.4	1949	15	11.8	12.1
(1.3) <i>M1</i> (= items 1.1 and 1.2)	2199	31	6.8	2222	25	7.0	6.6
(1.4) Other short-term deposits ^{c)}	2480	0	6.0	2491	15	6.7	6.4
(1.5) <i>M2</i> (= items 1.3 and 1.4)	4679	31	6.4	4713	40	6.8	6.5
(1.6) Marketable instruments ^{d)}	783	1	13.5	800	16	13.8	13.8
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) <i>M3</i> (= items 2.1 to 2.7)	5501	45	7.4	5545	50	7.8	7.6
(2.1) Currency in circulation	262	8	-22.1	274	12	-17.6	-21.3
(2.2) Overnight deposits	1950	35	12.5	1951	3	11.3	12.1
(2.3) Deposits with agreed maturity up to 2 years	1095	5	2.4	1103	11	3.8	2.8
(2.4) Deposits redeemable at notice up to 3 months	1392	-6	9.2	1394	2	9.4	9.5
(2.5) Repurchase agreements	231	-2	2.6	238	7	0.2	2.0
(2.6) Money market fund shares/units	434	8	29.1	439	5	26.6	28.6
(2.7) Money market paper and debt securities issued with maturity up to 2 years	137	-4	-6.5	146	10	5.2	-2.1
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	158	1	2.4	149	-9	0.5	1.9
of which Deposits	158	0	3.7	149	-9	1.9	3.6
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3942	-5	4.7	3957	25	5.3	4.9
(4.1) Deposits with agreed maturity over 2 years	1178	-1	0.8	1180	3	1.1	0.8
(4.2) Deposits redeemable at notice over 3 months	108	-2	-13.3	107	-1	-13.3	-13.2
(4.4) Debt securities issued with maturity over 2 years	1653	3	7.2	1664	20	8.8	7.7
(4.4) Capital and reserves	1003	-5	7.6	1006	4	7.0	7.6
(5) <i>External liabilities</i>	2767	21	4.2	2750	37	5.2	4.5
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9612	28	4.4	9645	41	4.5	4.6
(6.1) Credit to general government	2065	-18	2.2	2075	8	1.8	2.4
of which Loans	835	-20	-1.1	831	-3	-0.8	-0.6
of which Securities other than shares	1230	2	4.7	1243	10	3.7	4.5
(6.2) Credit to other euro area residents	7547	46	5.1	7570	33	5.3	5.2
of which Loans	6637	41	5.5	6656	29	5.8	5.6
of which Securities other than shares	344	-2	15.3	346	3	14.3	16.0
of which Shares and other equities	565	7	-4.7	568	2	-4.6	-4.1
(7) <i>External assets</i>	2828	20	8.3	2845	72	11.1	8.8
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-72	14	ND	-89	-10	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.