



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2003

As from this issue, each quarter the press releases on monetary developments will include a table with quarterly statistics on loans broken down by counterpart, type and maturity. The next update of the table will be introduced on the occasion of the press release on April 2003 monetary developments.

The annual rate of growth of M3 increased to 7.4% in January 2003, from 6.8% in December 2002.¹ The three-month average of the annual growth rates of M3 over the period November 2002-January 2003 was 7.1%, compared with 6.9% during the period October-December 2002.

12-month percentage changes	NOVEMBER 2002	DECEMBER 2002	JANUARY 2003	NOVEMBER 2002- JANUARY 2003 AVERAGE
M3	7.0	6.8	7.4	7.1

In January 2003, the annual rate of growth of M1 stood at 9.8%, unchanged from December. The annual growth rate of currency in circulation was 34.6% in January 2003, down from 42.7% in December. At the same time, the annual growth rate of overnight deposits increased to 6.6% in January, from 5.8% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits rose to 4.0% in January, from 3.5% in December. This was the result of an increase in the (non-seasonally adjusted) annual rate of change of both deposits with an agreed maturity of up to two years (to 0.6% in January, from -0.3% in December) and deposits redeemable at a period of notice of up to three months (to 6.9%, from 6.6% in the previous month).

The annual growth rate of marketable instruments included in M3 rose to 11.0% in January, from 8.5% in December. This development reflected mainly the strong increase in the (non-seasonally adjusted) annual growth rate of repurchase agreements (to 11.9% in January, from 4.2% in December). The annual rate of change in debt securities issued with a maturity of up to two years became less negative (-8.3%,

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.

from -9.6%). The (non-seasonally adjusted) annual growth rate of money market fund shares/units decreased to 17.2% in January, from 17.5% in December.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector increased to 4.6% in January, from 4.3% in December. This was the result of divergent developments in the components of this item. The annual growth rate of debt securities issued with a maturity of over two years increased to 8.7% in January, from 7.0% in the previous month, and the annual rate of change in deposits redeemable at a period of notice of over three months became less negative (-5.3%, from -8.7% in December). By contrast, the annual growth rates of both deposits with an agreed maturity of over two years and of MFI capital and reserves decreased to 2.6% and 1.3% respectively in January, from 3.3% and 2.5% respectively in December.

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector went up to -0.8% in January, from -4.0% the previous month.

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 to 4.2% in January, from 4.0% in December. The annual growth rate of credit extended to general government was almost unchanged in January (1.8%, compared with 1.7% in December). The annual growth rate of credit extended to the private sector stood at 4.8%, compared with 4.7% in the previous month. The annual growth rate of loans to the private sector increased to 5.0% in January, from 4.7% in December. The annual growth rate of MFI holdings of securities other than shares stood at 9.1% in January, almost unchanged from 9.2% in December, whereas the annual growth rate of MFI holdings of shares and other equities decreased to 0.4%, from 2.1% in the previous month.

In January 2003, the net external asset position of the euro area MFI sector increased by EUR 16 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to January, the net external assets of the MFI sector went up by EUR 194 billion, compared with a rise by EUR 164 billion over the 12 months up to December.

The breakdown of loans to the private sector by counterpart and type is now available for the fourth quarter of 2002. The annual growth of loans to non-financial corporations stood at 3.5%, unchanged from the previous quarter. The annual rate of change in loans up to one year became less negative (-1.6%, from -2.6%), and the annual rate of growth of loans over five years increased to 6.5%, from 6.3% in the previous quarter. By contrast, the annual growth rate of loans over one year and up to five years decreased to 6.0%, from 8.5% in the third quarter.

The annual growth of loans to households remained broadly stable in the fourth quarter of 2002 (at 5.8%, compared with 5.9% in the previous quarter). The annual growth of consumer credit rose to 3.7%, from 3.2% in the third quarter. By contrast, the annual growth of lending to households for house

purchase decreased to 7.6%, from 7.8% in the previous quarter. Finally, the annual rate of growth of other lending to households declined to 1.5%, from 1.7% in the third quarter.

The annual growth rate of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 5.5% in the fourth quarter of 2002, from 11.3% in the previous quarter.

Notes

- *The publication of the statistics on monetary developments in February, March, April and May 2003 is scheduled to take place at 10am on 28 March, 29 April, 28 May and 30 June 2003 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, October 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.*

MONETARY DEVELOPMENTS IN THE EURO AREA : JANUARY 2003

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

	DECEMBER 2002			JANUARY 2003			AVERAGE NOV-02 JAN-03
	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)}	5742	16	6.8	5810	58	7.4	7.1
(1.1) Currency in circulation	333	14	42.7	317	5	34.6	30.7
(1.2) Overnight deposits	2037	2	5.8	2054	19	6.6	6.9
(1.3) M1 (= items 1.1 and 1.2)	2370	15	9.8	2370	24	9.8	9.6
(1.4) Other short-term deposits ^{d)}	2518	-11	3.5	2536	20	4.0	4.1
(1.5) M2 (= items 1.3 and 1.4)	4887	4	6.5	4907	44	6.7	6.7
(1.6) Marketable instruments ^{e)}	855	12	8.5	903	14	11.0	9.2
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5783	83	6.8	5809	16	7.3	7.1
(2.1) Currency in circulation ^{c)}	341	20	42.3	312	-8	35.2	30.8
(2.2) Overnight deposits	2083	54	5.7	2038	-43	6.1	6.8
(2.3) Deposits with agreed maturity up to 2 years	1075	-8	-0.3	1077	3	0.6	0.6
(2.4) Deposits redeemable at notice up to 3 months	1459	30	6.6	1485	27	6.9	7.1
(2.5) Repurchase agreements	226	-3	4.2	241	14	11.9	6.1
(2.6) Money market fund shares/units	470	-7	17.5	552	22	17.2	17.8
(2.7) Debt securities issued with maturity up to 2 years ^{f)}	128	-4	-9.6	104	2	-8.3	-9.9
COUNTERPARTS OF M3 ^{g)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	136	-11	-4.0	155	15	-0.8	-2.9
of which Deposits	136	-11	-4.0	155	15	-0.8	-2.9
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3973	1	4.3	4002	37	4.6	4.6
(4.1) Deposits with agreed maturity over 2 years	1186	13	3.3	1187	-4	2.6	2.9
(4.2) Deposits redeemable at notice over 3 months	106	0	-8.7	106	1	-5.3	-7.5
(4.4) Debt securities issued with maturity over 2 years	1685	-10	7.0	1712	39	8.7	8.0
(4.4) Capital and reserves	996	-3	2.5	997	2	1.3	2.7
(5) <i>External liabilities</i>	2629	-53	2.9	2629	-12	1.9	3.0
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9781	51	4.0	9866	49	4.2	4.1
(6.1) Credit to general government	2056	-8	1.7	2103	20	1.8	1.7
of which Loans	836	7	-1.2	828	1	-0.8	-1.2
of which Securities other than shares	1220	-15	3.8	1275	20	3.5	3.8
(6.2) Credit to other euro area residents	7724	58	4.7	7763	29	4.8	4.7
of which Loans	6778	38	4.7	6816	34	5.0	4.7
of which Securities other than shares	368	11	9.2	380	5	9.1	8.3
of which Shares and other equities	579	10	2.1	568	-10	0.4	2.3
(7) <i>External assets</i>	2838	-35	8.9	2834	4	9.0	9.0
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-97	4	ND	-105	3	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. 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.

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) As of January 2003, the former national denominations of the euro are no longer included in the balance sheet item Currency in circulation. This reclassification has no impact on the growth rates.

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

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

f) Includes money market paper.

g) 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.

BREAKDOWN OF EURO AREA LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY
4TH QUARTER 2002

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

	3RD QUARTER 2002			4TH QUARTER 2002		
	End of period level	Quarterly flow	Annual growth rate	End of period level	Quarterly flow	Annual growth rate
Data unadjusted for seasonal and calendar effects						
BREAKDOWN OF LOANS ^{b)}						
(1) Loans to non-financial corporations	2949	2	3.5	2971	39	3.5
(1.1) up to 1 year	993	-13	-2.6	988	1	-1.6
(1.2) over 1 year and up to 5 years	505	-1	8.5	514	12	6.0
(1.3) over 5 years	1450	16	6.3	1469	26	6.5
(2) Loans to households	3244	46	5.9	3280	40	5.8
(2.1) Consumer credit	513	6	3.2	518	6	3.7
(2.2) Lending for house purchase	2145	41	7.8	2178	31	7.6
(2.3) Other lending	585	0	1.7	584	3	1.5
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	452	-9	11.3	455	6	5.5
(4) Loans to insurance corporations and pension funds	42	3	5.9	33	-9	-11.1
(5) Loans to non-profit institutions serving households	40	-4	2.1	39	0	2.5

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. Annual growth rates are derived using quarterly flows as described in the Technical Notes of the section "Euro area statistics" in the ECB Monthly Bulletin.

b) Loans granted by Monetary Financial Institutions (MFIs) to non-MFI euro area residents excluding central government.

Note: More details on the latest monetary data as well as estimates for earlier periods going back to September 1997 are available on the ECB's web site in the "Euro area statistics - download", "Latest monetary financial statistics" page (<http://www.ecb.int/stats/mb/updates.htm>).

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