



EUROPEAN CENTRAL BANK

26 February 2004

MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2004

The annual rate of growth of M3 declined to 6.4% in January 2004, from 7.0% in December 2003 (revised downwards from 7.1%).¹ The three-month average of the annual growth rates of M3 over the period November 2003 – January 2004 decreased to 7.0%, from 7.5% in the period October – December 2003 (revised downwards from 7.6%).

<i>12-month percentage changes; seasonally adjusted</i>	NOVEMBER 2003	DECEMBER 2003	JANUARY 2004	NOVEMBER 03 – JANUARY 04 AVERAGE
M3	7.4	7.0	6.4	7.0
M1	10.6	10.5	11.2	10.8
Loans to private sector	5.6	5.5	5.5	5.5

Regarding the main components of M3, the annual rate of growth of M1 increased in January to 11.2%, from 10.5% in December. At the same time, the annual rate of growth of short-term deposits other than overnight deposits declined to 3.7%, from 4.6% in the previous month. The annual rate of growth of marketable instruments decreased in January to 1.1%, from 4.2% in December.

Turning to the main counterparts of M3, on the asset side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents stood at 5.9% in January, unchanged from the previous month. The annual growth rate of credit extended to general government declined to 6.2%, from 6.6% in the previous month. Meanwhile, the annual growth rate of credit extended to the private sector remained unchanged, at 5.8%. Among the components of the latter item, the annual growth rate of loans to the private sector stood at 5.5% in January, unchanged from the previous month. Over the 12 months up to January, the net external asset position of the euro area MFI sector rose by EUR 106 billion, compared with a rise by EUR 90 billion over the 12 months up to December. The annual rate of growth of longer-term financial liabilities of the MFI sector was 5.8%, compared with 5.7% in December.

The annual growth rate of loans to non-financial corporations declined in January to 3.1%, from 3.5% in the previous month.² At the same time, the annual growth of loans to households was 6.5%, following

¹ Unless otherwise indicated, all rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

² The rates of growth referring to the breakdown of loans to the private sector by counterpart and type are unadjusted for seasonal and end-of-month calendar effects.

6.4% in December. The annual rate of growth of lending for house purchase rose in January to 8.3%, from 7.9% in the previous month. The annual rate of growth of consumer credit rose in January to 4.1%, from 3.0% in December, while that of other lending to households declined to 2.3%, from 3.7% in the previous month. Finally, the annual growth rate of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased in January to 13.4%, from 11.0% in December.

Notes

- *The publication of the statistics on monetary developments in February, March, April and May 2004 is scheduled to take place at 10.00 am on 26 March, 29 April, 28 May and 28 June 2004, respectively.*
- *The latest monetary data as contained in Tables 2.1 – 2.8 of the ECB Monthly Bulletin can be found on the ECB website (www.ecb.int) at the "Latest monetary, financial markets and balance of payments statistics" item of the Statistics section. In addition, data on a number of breakdowns of deposits, loans and holdings of securities, together with longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures can be found at the "Monetary statistics" item of the same section.*

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA : JANUARY 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes ^{a)})

	DECEMBER 2003			JANUARY 2004			AVERAGE NOV-03 JAN-04
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ^{c)}							
(1) M3 (= items 1.3, 1.6 and 1.11)	6137	10	7.0	6156	19	6.4	7.0
(1.1) Currency in circulation	389	9	25.0	397	8	25.0	25.4
(1.2) Overnight deposits	2285	9	8.4	2316	30	9.1	8.6
(1.3) M1 (items 1.1 and 1.2)	2674	18	10.5	2713	38	11.2	10.8
(1.4) Deposits with agreed maturity up to 2 years	1043	-2	-2.6	1030	-14	-3.7	-3.1
(1.5) Deposits redeemable at notice up to 3 months	1509	0	10.2	1516	7	9.4	10.1
(1.6) Other short term deposits (items 1.4 and 1.5)	2552	-2	4.6	2546	-7	3.7	4.3
(1.7) M2 (items 1.3 and 1.6)	5225	16	7.5	5259	32	7.4	7.5
(1.8) Repurchase agreements	220	-8	-4.8	212	-7	-7.8	-3.7
(1.9) Money market fund shares/units	602	13	11.6	593	-9	8.5	10.3
(1.10) Debt securities issued with maturity up to 2 years	90	-12	-14.5	91	3	-16.4	-12.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	912	-6	4.2	896	-13	1.1	3.8
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	154	-22	9.9	180	26	11.8	13.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4138	2	5.7	4154	12	5.8	5.8
(3.1) Deposits with agreed maturity over 2 years	1253	7	5.4	1256	3	5.6	5.5
(3.2) Deposits redeemable at notice over 3 months	90	0	-12.7	90	0	-11.9	-12.8
(3.3) Debt securities issued with maturity over 2 years	1792	9	8.7	1810	13	9.3	8.9
(3.4) Capital and reserves	1004	-14	2.9	998	-4	2.0	3.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10381	14	5.9	10421	37	5.9	6.0
(4.1) Credit to general government	2235	1	6.6	2248	3	6.2	6.6
of which Loans	833	6	1.9	832	-2	1.4	1.6
of which Securities other than shares	1402	-5	9.5	1416	5	9.2	9.8
(4.2) Credit to other euro area residents	8146	14	5.8	8173	34	5.8	5.9
of which Loans	7095	23	5.5	7115	30	5.5	5.5
of which Securities other than shares	427	2	14.0	423	-5	11.9	14.3
of which Shares and other equities	624	-12	3.9	635	10	5.5	4.5
(5) <i>Net external assets</i>	216	-17	ND	274	53	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-168	-8	ND	-205	-34	ND	ND

a) Figures may not add up 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.

b) Calculated from monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) 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.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 2

MONETARY DEVELOPMENTS IN THE EURO AREA : JANUARY 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes ^{a)})

	DECEMBER 2003			JANUARY 2004			AVERAGE NOV-03 JAN-04
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ^{c)}							
(1) M3 (= items 1.3, 1.6 and 1.11)	6173	62	7.0	6161	-12	6.6	7.0
(1.1) Currency in circulation	398	19	25.0	389	-9	24.9	25.4
(1.2) Overnight deposits	2334	45	8.0	2311	-23	9.6	8.8
(1.3) M1 (items 1.1 and 1.2)	2732	64	10.2	2701	-32	11.6	11.0
(1.4) Deposits with agreed maturity up to 2 years	1041	0	-2.4	1028	-15	-4.0	-3.2
(1.5) Deposits redeemable at notice up to 3 months	1520	28	10.1	1537	17	9.5	10.1
(1.6) Other short term deposits (items 1.4 and 1.5)	2561	28	4.7	2565	3	3.7	4.3
(1.7) M2 (items 1.3 and 1.6)	5293	92	7.5	5266	-29	7.6	7.6
(1.8) Repurchase agreements	209	-16	-4.4	215	7	-7.3	-3.3
(1.9) Money market fund shares/units	582	-3	11.6	589	7	8.5	10.3
(1.10) Debt securities issued with maturity up to 2 years	90	-12	-14.5	91	3	-16.4	-12.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	880	-30	4.2	895	17	1.1	3.8
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	154	-27	9.7	174	20	11.8	13.5
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4135	11	5.7	4161	22	5.8	5.9
(3.1) Deposits with agreed maturity over 2 years	1255	17	5.4	1258	3	5.6	5.5
(3.2) Deposits redeemable at notice over 3 months	92	1	-12.7	91	-1	-11.9	-12.8
(3.3) Debt securities issued with maturity over 2 years	1784	-2	8.7	1807	17	9.4	8.9
(3.4) Capital and reserves	1004	-5	2.9	1005	3	2.0	3.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10358	22	5.9	10408	48	5.9	6.0
(4.1) Credit to general government	2216	-18	6.5	2241	15	6.1	6.5
of which Loans	842	12	1.9	839	-3	1.4	1.6
of which Securities other than shares	1374	-30	9.5	1402	18	9.2	9.8
(4.2) Credit to other euro area residents	8142	40	5.8	8167	33	5.8	5.9
of which Loans	7094	37	5.5	7109	26	5.5	5.5
of which Securities other than shares	424	1	14.0	423	-2	12.1	14.3
of which Shares and other equities	625	2	4.1	635	9	5.5	4.8
(5) <i>Net external assets</i>	243	-19	ND	274	27	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-138	43	ND	-187	-45	ND	ND

a) Figures may not add up 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.

b) Calculated from monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) 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.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: JANUARY 2004
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	NOVEMBER 2003	DECEMBER 2003	JANUARY 2004
(1) M1	4.5	4.4	4.7
(1.1) <i>of which</i> : Currency	1.4	1.4	1.4
(1.2) <i>of which</i> : Overnight deposits	3.1	3.1	3.3
(2) M2 - M1 (= other short-term deposits)	2.0	2.0	1.6
(3) M3 - M2 (= short-term marketable instruments)	0.9	0.6	0.2
(4) M3 (= items 1, 2 and 3)	7.4	7.0	6.4

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.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JANUARY 2004
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	DECEMBER 2003				JANUARY 2004			
	End of month level	Flow ^{b)}	Write-offs / write-downs	Annual growth rate	End of month level	Flow ^{b)}	Write-offs / write-downs	Annual growth rate
BREAKDOWN OF LOANS ^{c)}								
(1) Loans to non-financial corporations	3043	13	-4	3.5	3045	4	-4	3.1
(1.1) up to 1 year	960	-3	-2	-0.9	959	1	-2	-3.3
(1.2) over 1 year and up to 5 years	529	4	0	3.7	530	2	0	5.5
(1.3) over 5 years	1554	12	-1	6.3	1556	2	-1	6.7
(2) Loans to households ^{d)}	3512	26	-3	6.4	3520	10	-2	6.5
(2.1) Consumer credit	484	7	-1	3.0	481	-2	-1	4.1
(2.2) Lending for house purchase	2351	18	-1	7.9	2366	15	-1	8.3
(2.3) Other lending ^{d)}	676	2	-2	3.7	673	-3	-1	2.3
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	503	10	0	11.0	501	4	0	13.4
(4) Loans to insurance corporations and pension funds	36	-13	0	14.2	43	7	0	2.3

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.

b) Calculated from monthly difference in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions.

c) Loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding central government.

d) Includes loans to non-profit institutions serving households.