



EUROPEAN CENTRAL BANK

29 January 2004

MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2003

The annual rate of growth of M3 declined to 7.1% in December, from 7.4% in November 2003.¹ The three-month average of the annual growth rates of M3 over the period October – December 2003 stood at 7.6%, compared with 7.7% in the period September – November 2003.

| <i>12-month percentage changes; seasonally adjusted</i> | OCTOBER 2003 | NOVEMBER 2003 | DECEMBER 2003 | OCTOBER – DECEMBER 2003 AVERAGE |
|---|-------------------------|--------------------------|--------------------------|--|
| M3 | 8.1 | 7.4 | 7.1 | 7.6 |
| M1 | 12.3 | 10.7 | 10.6 | 11.2 |
| Loans to private sector | 5.1 | 5.6 | 5.4 | 5.4 |

Regarding the main components of M3, in December 2003, the annual rate of growth of M1 stood at 10.6%, compared with 10.7% in November. At the same time, the annual rate of growth of short-term deposits other than overnight deposits was 4.6%, following 4.7% in the previous month. The annual rate of growth of marketable instruments decreased in December to 4.8%, from 6.1% in November.

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 decreased to 5.9% in December, from 6.3% in November. The annual growth rate of credit extended to general government declined to 6.6%, from 7.1% in the previous month, and the annual growth rate of credit extended to the private sector decreased to 5.7%, from 6.0% in November. Among the components of the latter item, the annual growth rate of loans to the private sector decreased to 5.4% in December, from 5.6% in the previous month. Over the 12 months up to December 2003, the net external asset position of the euro area MFI sector rose by EUR 92 billion, compared with a rise by EUR 125 billion over the 12 months up to November. The annual rate of growth of longer-term financial liabilities of the MFI sector declined to 5.8% in December, from 6.1% in November.

The breakdown of loans to the private sector by counterpart and type is now available for the fourth quarter of 2003.² The annual growth of loans to non-financial corporations stood at 3.5%, compared

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.

with 3.6% in the third quarter of 2003. At the same time, the annual growth of loans to households increased to 6.3% in the fourth quarter of 2003, from 5.8% in the previous quarter. The annual rate of growth of lending for house purchase rose to 7.8%, from 7.5% in the third quarter. Also the annual rate of growth of both consumer credit and other lending rose in the fourth quarter of 2003, to 3.1% from 2.3% and to 3.6% from 2.7%, respectively. Finally, the annual growth rate of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased in the fourth quarter to 10.9%, from 6.0% in the previous quarter.

Notes

- *The publication of the statistics on monetary developments in January, February, March and April 2004 is scheduled to take place at 10.00 am on 26 February, 26 March, 29 April and 28 May 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 : DECEMBER 2003

DATA ADJUSTED FOR SEASONAL EFFECTS

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

| | NOVEMBER 2003 | | | DECEMBER 2003 | | | AVERAGE OCT-03 DEC-03 |
|---|-----------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|
| | 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) | 6133 | 0 | 7.4 | 6142 | 15 | 7.1 | 7.6 |
| (1.1) Currency in circulation | 380 | 8 | 26.3 | 389 | 9 | 25.0 | 25.8 |
| (1.2) Overnight deposits | 2252 | -15 | 8.4 | 2259 | 9 | 8.4 | 9.0 |
| (1.3) M1 (items 1.1 and 1.2) | 2632 | -7 | 10.7 | 2648 | 18 | 10.6 | 11.2 |
| (1.4) Deposits with agreed maturity up to 2 years | 1047 | 3 | -3.0 | 1043 | -1 | -2.5 | -3.2 |
| (1.5) Deposits redeemable at notice up to 3 months | 1536 | 8 | 10.7 | 1535 | -1 | 10.1 | 10.6 |
| (1.6) Other short term deposits (items 1.4 and 1.5) | 2583 | 11 | 4.7 | 2578 | -2 | 4.6 | 4.5 |
| (1.7) M2 (items 1.3 and 1.6) | 5215 | 4 | 7.6 | 5225 | 16 | 7.5 | 7.8 |
| (1.8) Repurchase agreements | 228 | 1 | 1.5 | 220 | -8 | -4.7 | -1.2 |
| (1.9) Money market fund shares/units | 589 | -6 | 10.8 | 602 | 13 | 11.6 | 12.4 |
| (1.10) Debt securities issued with maturity up to 2 years | 101 | 0 | -6.4 | 95 | -6 | -9.6 | -8.1 |
| (1.11) Marketable instruments (items 1.8, 1.9 and 1.10) | 917 | -4 | 6.1 | 917 | -1 | 4.8 | 6.2 |
| COUNTERPARTS OF M3 | | | | | | | |
| MFI liabilities: | | | | | | | |
| (2) <i>Holdings against central government</i> ^{d)} | 176 | 18 | 19.1 | 154 | -22 | 9.9 | 11.8 |
| (3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4) | 4162 | 39 | 6.1 | 4141 | 5 | 5.8 | 5.9 |
| (3.1) Deposits with agreed maturity over 2 years | 1248 | 12 | 5.4 | 1253 | 7 | 5.4 | 5.3 |
| (3.2) Deposits redeemable at notice over 3 months | 91 | 0 | -13.7 | 90 | 0 | -12.7 | -13.6 |
| (3.3) Debt securities issued with maturity over 2 years | 1801 | 15 | 8.8 | 1794 | 9 | 8.9 | 8.8 |
| (3.4) Capital and reserves | 1023 | 13 | 4.3 | 1003 | -11 | 3.1 | 3.9 |
| MFI assets: | | | | | | | |
| (4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2) | 10386 | 87 | 6.3 | 10383 | 9 | 5.9 | 6.0 |
| (4.1) Credit to general government | 2235 | 12 | 7.1 | 2235 | 0 | 6.6 | 6.8 |
| of which Loans | 828 | 1 | 1.5 | 833 | 6 | 1.9 | 1.6 |
| of which Securities other than shares | 1407 | 11 | 10.7 | 1402 | -5 | 9.5 | 10.1 |
| (4.2) Credit to other euro area residents | 8151 | 75 | 6.0 | 8148 | 9 | 5.7 | 5.7 |
| of which Loans | 7088 | 54 | 5.6 | 7097 | 19 | 5.4 | 5.4 |
| of which Securities other than shares | 426 | 8 | 16.9 | 427 | 2 | 14.0 | 15.9 |
| of which Shares and other equities | 637 | 13 | 4.1 | 624 | -12 | 3.8 | 3.7 |
| (5) <i>Net external assets</i> | 234 | 6 | ND | 210 | -13 | ND | ND |
| (6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5) | -149 | -36 | ND | -156 | 1 | 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 : DECEMBER 2003

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

| | NOVEMBER 2003 | | | DECEMBER 2003 | | | AVERAGE OCT-03 DEC-03 |
|---|-----------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------------|
| | 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) | 6117 | 49 | 7.5 | 6178 | 67 | 7.0 | 7.5 |
| (1.1) Currency in circulation | 379 | 8 | 26.4 | 398 | 19 | 25.0 | 26.0 |
| (1.2) Overnight deposits | 2266 | 43 | 9.0 | 2307 | 44 | 8.1 | 8.9 |
| (1.3) M1 (items 1.1 and 1.2) | 2645 | 51 | 11.2 | 2706 | 63 | 10.3 | 11.1 |
| (1.4) Deposits with agreed maturity up to 2 years | 1044 | -4 | -3.1 | 1042 | 1 | -2.3 | -3.0 |
| (1.5) Deposits redeemable at notice up to 3 months | 1518 | 7 | 10.5 | 1546 | 28 | 10.0 | 10.5 |
| (1.6) Other short term deposits (items 1.4 and 1.5) | 2562 | 3 | 4.5 | 2587 | 29 | 4.7 | 4.6 |
| (1.7) M2 (items 1.3 and 1.6) | 5207 | 55 | 7.8 | 5293 | 92 | 7.5 | 7.8 |
| (1.8) Repurchase agreements | 225 | -1 | 1.7 | 209 | -16 | -4.4 | -0.8 |
| (1.9) Money market fund shares/units | 585 | -4 | 10.7 | 582 | -3 | 11.6 | 12.4 |
| (1.10) Debt securities issued with maturity up to 2 years | 101 | 0 | -6.4 | 95 | -6 | -9.6 | -8.1 |
| (1.11) Marketable instruments (items 1.8, 1.9 and 1.10) | 910 | -5 | 6.1 | 886 | -25 | 4.8 | 6.2 |
| COUNTERPARTS OF M3 | | | | | | | |
| MFI liabilities: | | | | | | | |
| (2) <i>Holdings against central government</i> ^{d)} | 180 | 15 | 19.1 | 154 | -27 | 9.7 | 11.7 |
| (3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4) | 4150 | 30 | 6.1 | 4138 | 14 | 5.8 | 5.9 |
| (3.1) Deposits with agreed maturity over 2 years | 1240 | 8 | 5.4 | 1255 | 17 | 5.4 | 5.3 |
| (3.2) Deposits redeemable at notice over 3 months | 91 | 0 | -13.7 | 92 | 1 | -12.7 | -13.6 |
| (3.3) Debt securities issued with maturity over 2 years | 1804 | 17 | 8.9 | 1786 | -2 | 8.9 | 8.8 |
| (3.4) Capital and reserves | 1014 | 4 | 4.4 | 1004 | -2 | 3.2 | 3.9 |
| MFI assets: | | | | | | | |
| (4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2) | 10355 | 91 | 6.3 | 10360 | 17 | 5.9 | 6.0 |
| (4.1) Credit to general government | 2235 | 23 | 7.0 | 2216 | -18 | 6.5 | 6.7 |
| of which Loans | 831 | 10 | 1.5 | 842 | 12 | 1.9 | 1.6 |
| of which Securities other than shares | 1405 | 14 | 10.6 | 1374 | -30 | 9.5 | 10.1 |
| (4.2) Credit to other euro area residents | 8120 | 67 | 6.1 | 8144 | 35 | 5.7 | 5.8 |
| of which Loans | 7073 | 53 | 5.6 | 7095 | 33 | 5.4 | 5.4 |
| of which Securities other than shares | 424 | 5 | 16.9 | 424 | 1 | 14.0 | 15.8 |
| of which Shares and other equities | 624 | 9 | 4.7 | 625 | 1 | 4.0 | 4.1 |
| (5) <i>Net external assets</i> | 271 | 18 | ND | 247 | -13 | ND | ND |
| (6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5) | -179 | -15 | ND | -137 | 51 | 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: DECEMBER 2003
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

| | OCTOBER 2003 | NOVEMBER 2003 | DECEMBER 2003 |
|--|--------------|---------------|---------------|
| (1) M1 | 5.1 | 4.5 | 4.4 |
| (1.1) <i>of which</i> : Currency | 1.4 | 1.4 | 1.4 |
| (1.2) <i>of which</i> : Overnight deposits | 3.7 | 3.1 | 3.1 |
| (2) M2 - M1 (= other short-term deposits) | 1.9 | 2.0 | 2.0 |
| (3) M3 - M2 (= short-term marketable instruments) | 1.1 | 0.9 | 0.7 |
| (4) M3 (= items 1, 2 and 3) | 8.1 | 7.4 | 7.1 |

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: DECEMBER 2003
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

| | SEPTEMBER 2003 | | | | DECEMBER 2003 | | | |
|---|---------------------|------------------------------|------------------------------------|--------------------|---------------------|------------------------------|------------------------------------|--------------------|
| | End of period level | Quarterly flow ^{b)} | Quarterly write-offs / write-downs | Annual growth rate | End of period level | Quarterly flow ^{b)} | Quarterly write-offs / write-downs | Annual growth rate |
| BREAKDOWN OF LOANS ^{c)} | | | | | | | | |
| (1) Loans to non-financial corporations | 3017 | 3 | -2 | 3.6 | 3042 | 32 | -3 | 3.5 |
| (1.1) up to 1 year | 973 | -26 | -1 | -0.9 | 960 | -10 | -1 | -1.0 |
| (1.2) over 1 year and up to 5 years | 519 | 10 | 0 | 4.4 | 529 | 10 | 0 | 3.8 |
| (1.3) over 5 years | 1525 | 19 | -1 | 6.4 | 1554 | 32 | -2 | 6.3 |
| (2) Loans to households ^{d)} | 3457 | 54 | -2 | 5.8 | 3514 | 62 | -3 | 6.3 |
| (2.1) Consumer credit | 476 | 3 | 0 | 2.3 | 484 | 8 | 0 | 3.1 |
| (2.2) Lending for house purchase | 2307 | 48 | -1 | 7.5 | 2354 | 48 | 0 | 7.8 |
| (2.3) Other lending ^{d)} | 674 | 2 | -1 | 2.7 | 677 | 5 | -2 | 3.6 |
| (3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds | 478 | 1 | 0 | 6.0 | 503 | 30 | 0 | 10.9 |
| (4) Loans to insurance corporations and pension funds | 44 | 0 | 0 | 10.4 | 36 | -8 | 0 | 13.9 |

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 quarterly 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.