

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2010

The annual growth rate of M3 stood at 1.0% in September 2010, compared with 1.1% in August 2010.<sup>1</sup> The three-month average of the annual rates of change of M3 over the period July 2010 - September 2010 rose to 0.8%, from 0.5% in the period June 2010 - August 2010.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JULY 2010	AUGUST 2010	SEPTEMBER 2010	JULY 2010 - SEPTEMBER 2010 AVERAGE
<b>M3</b>	0.2	1.1	1.0	0.8
<b>M1</b>	8.2	7.7	5.9	7.3
<b>Loans to private sector</b>	0.7	1.2	1.2	1.0

Regarding the main components of M3, the annual rate of growth of M1 decreased to 5.9% in September 2010, from 7.7% in August. The annual rate of change of short-term deposits other than overnight deposits increased to -2.7% in September, from -4.6% in the previous month. The annual rate of change of marketable instruments stood at -5.0% in September, compared with -5.1% in August.

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 2.0% in September 2010, from 2.2% in the previous month. The annual rate of growth of credit extended to general government decreased to 7.1% in September, from 7.4% in August, while the annual growth of credit extended to the private sector stood at 0.9% in September, compared with 1.0% in the previous month. Among the components of the latter, the annual rate of change of loans to the private sector stood at 1.2% in September, unchanged from the previous month (adjusted for loan sales and securitisation<sup>2</sup> the annual growth rate of loans to the private sector stood at 1.3%, compared with 1.2% in the previous month). The annual rate of change of loans to non-financial corporations increased to -0.6% in September, from -1.1% in August. The annual growth rate of loans to households stood at 2.8% in September, compared with 2.9% in the previous month. The annual rate of growth of lending for house purchase stood at 3.4% in September, unchanged from the previous month. The annual rate of change of consumer credit

<sup>1</sup> These rates of change refer to aggregates adjusted for seasonal and end-of-month calendar effects.

<sup>2</sup> Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation. The annual growth rate of loans adjusted for sales and securitisation is available at: <http://sdw.ecb.int/browse.do?node=SEARCHRESULTS&q=BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A&sk=117.BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A>

decreased to -0.9% in September, from -0.4% in August, while the annual growth rate of other lending to households stood at 3.0% in September, compared with 2.9% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 1.6% in September, from 3.2% in the previous month.

Over the 12 months up to September 2010, the net external asset position of the euro area MFI sector decreased by EUR 2 billion, compared with a decrease of EUR 25 billion over the 12 months up to August. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 3.1% in September, from 3.4% in August.

#### Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *Euro area-wide reporting under Regulation ECB/2008/32 of 19 December 2008 concerning the balance sheet of the monetary and financial institutions sector, together with other changes to the statistical reporting framework and practices in several euro area countries, started with effect from the June 2010 reference period, reported in July. These changes may imply revisions to preliminary data in subsequent press releases.*
- *The latest data on monetary aggregates and counterparts contained in the statistical annex to this press release can be downloaded from the ECB's Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=bbn1863>). These data, as well as monthly and other shorter-term growth rates for selected items, longer time series for principal monetary aggregates (with a start date of January 1970) and methodological notes on the concepts underlying the monetary statistics and the related seasonal adjustment procedures, are also available on the ECB's website (<http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>).*
- *Data refer to the changing composition of the euro area, i.e. they cover the EU Member States that had adopted the euro at the time to which the statistics relate. Data on outstanding amounts include Greece as of January 2001, Slovenia as of January 2007, Cyprus and Malta as of January 2008 and Slovakia as of January 2009.*
- *The publication of the statistics on monetary developments in October 2010, November 2010 and December 2010 is scheduled to take place at 10 am on 26 November 2010, 29 December 2010 and 28 January 2011 respectively.*

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TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2010

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2010			SEPTEMBER 2010			AVERAGE JUL-10 SEP-10
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	9522	83	1.1	9501	-9	1.0	0.8
(1.1) Currency in circulation	792	9	6.7	791	0	6.0	6.4
(1.2) Overnight deposits	3943	35	8.0	3881	-55	5.9	7.4
(1.3) <b>M1</b> (items 1.1 and 1.2)	4735	45	7.7	4672	-56	5.9	7.3
(1.4) Deposits with agreed maturity up to 2 years	1798	8	-15.1	1816	25	-11.8	-14.8
(1.5) Deposits redeemable at notice up to 3 months	1874	19	8.1	1890	16	7.9	8.1
(1.6) Other short term deposits (items 1.4 and 1.5)	3672	27	-4.6	3706	41	-2.7	-4.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	8407	71	2.0	8378	-15	1.9	1.8
(1.8) Repurchase agreements	388	-3	24.0	401	13	22.2	21.4
(1.9) Money market fund shares/units	600	15	-14.6	595	-6	-15.3	-15.5
(1.10) Debt securities issued with maturity up to 2 years	126	0	-19.8	127	-1	-16.2	-20.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1115	12	-5.1	1123	6	-5.0	-6.2
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	275	-9	-4.4	261	-14	-9.6	-5.0
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7178	28	3.4	7145	20	3.1	3.4
(3.1) Deposits with agreed maturity over 2 years	2363	16	3.8	2376	17	3.1	3.6
(3.2) Deposits redeemable at notice over 3 months	125	0	-1.9	123	-1	-3.8	-2.3
(3.3) Debt securities issued with maturity over 2 years	2707	2	0.5	2696	27	1.5	1.1
(3.4) Capital and reserves	1983	10	7.5	1951	-22	5.9	7.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16456	96	2.2	16425	3	2.0	2.0
(4.1) Credit to general government	3089	19	7.4	3099	12	7.1	7.4
of which Loans	1085	11	6.2	1088	4	7.7	6.6
of which Securities other than shares	2004	8	8.0	2011	9	6.8	7.8
(4.2) Credit to other euro area residents	13367	76	1.0	13326	-9	0.9	0.8
of which Loans <sup>e)</sup>	11004	44	1.2	10970	-1	1.2	1.0
<i>memo item: loans adjusted for sales &amp; securitisation</i> <sup>f)</sup>	ND	48	1.2	ND	3	1.3	1.1
of which Securities other than shares	1552	16	-0.1	1546	-5	-0.5	-0.3
of which Shares and other equities	811	17	1.2	809	-3	0.4	0.5
(5) <i>Net external assets</i>	611	7	ND	604	9	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-92	-1	ND	-121	-14	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 the 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.

e) For further breakdowns see Table 4.

f) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 2

## MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2010

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2010			SEPTEMBER 2010			AVERAGE JUL-10 SEP-10
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	9463	16	1.0	9467	16	1.1	0.8
(1.1) Currency in circulation	788	-6	6.3	787	-1	6.3	6.4
(1.2) Overnight deposits	3878	-27	7.9	3869	-2	6.0	7.6
(1.3) <b>M1</b> (items 1.1 and 1.2)	4666	-33	7.6	4656	-3	6.0	7.4
(1.4) Deposits with agreed maturity up to 2 years	1804	18	-15.1	1811	14	-11.9	-14.8
(1.5) Deposits redeemable at notice up to 3 months	1871	13	8.0	1876	5	7.9	8.1
(1.6) Other short term deposits (items 1.4 and 1.5)	3675	31	-4.6	3687	19	-2.7	-4.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	8340	-2	1.9	8343	16	2.0	1.9
(1.8) Repurchase agreements	386	3	24.2	408	21	21.5	21.7
(1.9) Money market fund shares/units	610	15	-14.6	590	-20	-15.3	-15.5
(1.10) Debt securities issued with maturity up to 2 years	126	0	-19.8	127	-1	-16.2	-20.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1123	18	-5.2	1125	0	-4.9	-6.2
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	262	-20	-4.5	265	3	-10.1	-5.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7183	12	3.4	7133	4	3.1	3.4
(3.1) Deposits with agreed maturity over 2 years	2362	8	3.8	2359	2	3.1	3.6
(3.2) Deposits redeemable at notice over 3 months	123	0	-2.0	121	-1	-3.8	-2.4
(3.3) Debt securities issued with maturity over 2 years	2717	-3	0.5	2697	18	1.5	1.1
(3.4) Capital and reserves	1980	7	7.5	1956	-14	5.9	7.1
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16387	4	2.2	16408	55	2.1	2.0
(4.1) Credit to general government	3078	0	7.4	3092	16	7.1	7.4
of which Loans	1083	7	6.2	1088	5	7.7	6.7
of which Securities other than shares	1995	-7	8.0	2004	11	6.8	7.8
(4.2) Credit to other euro area residents	13309	4	1.0	13316	39	0.9	0.8
of which Loans	10969	-13	1.2	10982	45	1.2	1.0
<i>memo item: loans adjusted for sales &amp; securitisation</i> <sup>e)</sup>	ND	-10	1.2	ND	50	1.3	1.1
of which Securities other than shares	1544	5	0.0	1536	-7	-0.4	-0.3
of which Shares and other equities	796	12	1.3	798	1	0.5	0.5
(5) <i>Net external assets</i>	607	6	ND	599	8	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-86	-2	ND	-141	-39	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 the 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.

e) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 3

**CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: SEPTEMBER 2010**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	JULY 2010	AUGUST 2010	SEPTEMBER 2010
(1) <b>M1</b>	3.3	3.5	2.7
(1.1) <i>of which</i> : Currency	0.5	0.5	0.5
(1.2) <i>of which</i> : Overnight deposits	2.9	3.0	2.2
(2) <b>M2 - M1</b> (= other short-term deposits)	-2.2	-1.8	-1.0
(3) <b>M3 - M2</b> (= short-term marketable instruments)	-1.0	-0.6	-0.6
(4) <b>M3</b> (= items 1, 2 and 3)	0.2	1.1	1.0

a) Figures may not add up due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: SEPTEMBER 2010**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	AUGUST 2010			SEPTEMBER 2010		
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>						
(1) <b>Loans to non-financial corporations</b>	4686	17	-1.1	4699	15	-0.6
(1.1) up to 1 year	1128	6	-7.9	1136	12	-6.1
(1.2) over 1 year and up to 5 years	919	2	-3.2	924	3	-2.3
(1.3) over 5 years	2639	10	2.9	2639	0	2.7
(2) <b>Loans to households <sup>d)</sup></b>	5107	14	2.9	5110	7	2.8
(2.1) Consumer credit	643	2	-0.4	639	-2	-0.9
(2.2) Lending for house purchase	3650	8	3.4	3652	5	3.4
(2.3) Other lending	815	4	2.9	819	4	3.0
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	1115	10	3.2	1070	-19	1.6
(4) <b>Loans to insurance corporations and pension funds</b>	95	3	5.8	91	-4	-1.2

a) Figures may not add up due to rounding.

b) Calculated from the 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 general government.

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