

26 August 2011

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2011

The annual growth rate of the broad monetary aggregate M3 stood at 2.0% in July 2011, compared with 1.9% in June 2011.<sup>1</sup> The three-month average of the annual growth rates of M3 in the period from May 2011 to July 2011 stood at 2.1%, compared with 2.0% in the period from April 2011 to June 2011.

| Twelve-month percentage changes;<br>(adjusted for seasonal and end-of-month calendar effects) | MAY 2011 | JUNE 2011 | JULY 2011 | MAY 2011 - JULY 2011 (AVERAGE) |
|---|----------|-----------|-----------|--------------------------------|
| <b>M3</b>   | 2.3      | 1.9       | 2.0       | 2.1                            |
| <b>M1</b>   | 1.2      | 1.2       | 0.9       | 1.1                            |
| <b>Loans to the private sector</b>  | 2.7      | 2.5       | 2.4       | 2.6                            |
| <b>Loans to the private sector, adjusted for sales and securitisation</b>                     | 3.0      | 2.8       | 2.6       | 2.8                            |

#### **M3 components**

Regarding the main components of M3, the annual growth rate of M1 decreased to 0.9% in July 2011, from 1.2% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at 3.7% in July, unchanged from the previous month. The annual growth rate of marketable instruments (M3-M2) increased to 0.9% in July, from -0.9% in June. Among the deposits included in M3, the annual growth rate of deposits placed by households stood at 2.1% in July, unchanged from the previous month, while the annual growth rate of deposits placed by non-financial corporations increased to 4.6% in July, from 4.3% in the previous month. Finally, the annual growth rate of deposits placed by non-monetary financial intermediaries (excluding insurance corporations and pension funds) decreased to 5.3% in July, from 6.2% in the previous month.

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<sup>1</sup> The annual growth rates presented in this press release refer to aggregates adjusted for seasonal and end-of-month calendar effects.

### Counterparts to M3: credit and loans

Turning to the main counterparts of M3 on the asset side of the consolidated balance sheet of Monetary Financial Institutions (MFIs), the annual growth rate of total credit granted to euro area residents decreased to 2.5% in July 2011, from 2.7% in the previous month. The annual growth rate of credit extended to general government increased to 4.9% in July, from 4.7% in June, while the annual growth rate of credit extended to the private sector decreased to 1.9% in July, from 2.2% in the previous month. Among the components of credit to the private sector, the annual growth rate of loans stood at 2.4% in July, compared with 2.5% in the previous month (adjusted for loan sales and securitisation<sup>2</sup>, the rate decreased to 2.6%, from 2.8% in the previous month). The annual growth rate of loans to households decreased to 3.0% in July, from 3.2% in June (adjusted for loan sales and securitisation, the rate stood at 2.8%, compared with 2.9% in June). The annual growth rate of loans to non-financial corporations stood at 1.6% in July, compared with 1.5% in June (adjusted for loan sales and securitisation, the rate stood at 2.3% in July, compared with 2.4% in the previous month). The annual growth rate of lending for house purchase, the most important component of household loans, decreased to 3.9% in July, from 4.3% in the previous month. Finally, the annual growth rate of loans to non-monetary financial intermediaries (excluding insurance corporations and pension funds) stood at 3.5% in July, unchanged from the previous month.

### Other counterparts

Over the 12 months up to July 2011, the net external asset position of the euro area MFI sector increased by €167 billion, compared with an increase of €137 billion over the 12 months up to June. The annual growth rate of longer-term financial liabilities of the MFI sector decreased to 4.6% in July, from 4.9% in June.

### Notes

- *Further predefined tables, statistical data and methodological notes, as well as the advance release calendar, are available on the ECB's website at <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>.*

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<sup>2</sup> Adjusted for the derecognition of loans from the MFIs' statistical balance sheets due to their sale or securitisation.

TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2011

DATA ADJUSTED FOR SEASONAL EFFECTS

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

|   | END-OF-MONTH LEVEL | MONTHLY FLOW <sup>b)</sup> |           |           | ANNUAL GROWTH RATE |           |           |
|---|--------------------|----------------------------|-----------|-----------|--------------------|-----------|-----------|
|   | JULY 2011          | MAY 2011                   | JUNE 2011 | JULY 2011 | MAY 2011           | JUNE 2011 | JULY 2011 |
| <b>COMPONENTS OF M3<sup>c)</sup></b>  |                    |                            |           |           |                    |           |           |
| (1) <b>M3</b> (= items 1.3, 1.6 and 1.11)   | 9677               | 43                         | 3         | 21        | 2.3                | 1.9       | 2.0       |
| (1.1) Currency in circulation   | 816                | 10                         | 3         | 1         | 4.3                | 4.1       | 4.3       |
| (1.2) Overnight deposits  | 3901               | -17                        | 12        | 8         | 0.5                | 0.6       | 0.2       |
| (1.3) <b>M1</b> (items 1.1 and 1.2)   | 4717               | -7                         | 15        | 9         | 1.2                | 1.2       | 0.9       |
| (1.4) Deposits with an agreed maturity of up to two years   | 1849               | 15                         | -7        | 3         | 3.1                | 3.1       | 3.5       |
| (1.5) Deposits redeemable at notice of up to three months   | 1944               | 11                         | 4         | 6         | 4.6                | 4.2       | 3.9       |
| (1.6) Other short term deposits (items 1.4 and 1.5)   | 3793               | 26                         | -4        | 9         | 3.9                | 3.7       | 3.7       |
| (1.7) <b>M2</b> (items 1.3 and 1.6)   | 8511               | 19                         | 12        | 18        | 2.4                | 2.3       | 2.1       |
| (1.8) Repurchase agreements   | 461                | 39                         | -16       | 19        | 29.7               | 14.0      | 20.1      |
| (1.9) Money market fund shares/units  | 535                | -7                         | -5        | -16       | -13.0              | -12.4     | -12.7     |
| (1.10) Debt securities issued with a maturity of up to two years                                      | 171                | -7                         | 13        | -1        | -5.1               | 8.3       | 6.8       |
| (1.11) Marketable instruments (items 1.8, 1.9 and 1.10)   | 1167               | 24                         | -8        | 2         | 1.5                | -0.9      | 0.9       |
| <b>COUNTERPARTS OF M3</b>   |                    |                            |           |           |                    |           |           |
| <b>MFI liabilities:</b>   |                    |                            |           |           |                    |           |           |
| (2) <i>Holdings against central government</i> <sup>d)</sup>  | 325                | -25                        | 21        | 18        | 2.1                | 13.0      | 13.5      |
| (3) <i>Longer-term financial liabilities vis-à-vis other euro area residents</i> (= items 3.1 to 3.4) | 7615               | 25                         | 19        | 32        | 4.4                | 4.9       | 4.6       |
| (3.1) Deposits with an agreed maturity of over two years  | 2493               | 1                          | 2         | -3        | 4.1                | 4.5       | 3.1       |
| (3.2) Deposits redeemable at notice of over three months  | 120                | 0                          | 0         | 0         | -7.9               | -6.3      | -4.6      |
| (3.3) Debt securities issued with a maturity of over two years  | 2856               | 6                          | 6         | -5        | 3.7                | 4.7       | 4.4       |
| (3.4) Capital and reserves  | 2147               | 18                         | 11        | 39        | 6.4                | 6.2       | 7.5       |
| <b>MFI assets:</b>  |                    |                            |           |           |                    |           |           |
| (4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)  | 16558              | 20                         | -15       | 35        | 3.2                | 2.7       | 2.5       |
| (4.1) Credit to general government  | 3065               | -10                        | -2        | 13        | 5.7                | 4.7       | 4.9       |
| Loans   | 1176               | -16                        | -17       | 11        | 9.0                | 6.8       | 8.4       |
| Securities other than shares  | 1889               | 5                          | 15        | 2         | 3.9                | 3.8       | 3.1       |
| (4.2) Credit to other euro area residents   | 13493              | 31                         | -13       | 22        | 2.6                | 2.2       | 1.9       |
| Loans <sup>e)</sup>   | 11216              | 32                         | 2         | 10        | 2.7                | 2.5       | 2.4       |
| <i>loans adjusted for sales and securitisation</i> <sup>f)</sup>                                      | ND                 | 35                         | 3         | 24        | 3.0                | 2.8       | 2.6       |
| Securities other than shares  | 1482               | 2                          | -30       | 6         | 0.2                | -1.7      | -3.4      |
| Shares and other equities   | 795                | -3                         | 15        | 6         | 4.8                | 5.7       | 5.9       |
| (5) <i>Net external assets</i>  | 886                | 15                         | 40        | 2         | ND                 | ND        | ND        |
| (6) <i>Other counterparts of M3 (residual)</i><br>(= M3 + items 2, 3 - items 4, 5)                    | 173                | 7                          | 18        | 33        | ND                 | 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) 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 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

**BREAKDOWN OF DEPOSITS IN M3 BY HOLDING SECTOR AND TYPE: JULY 2011**

DATA ADJUSTED FOR SEASONAL EFFECTS

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

|  | END-OF-MONTH LEVEL | MONTHLY FLOW <sup>b)</sup> |           |           | ANNUAL GROWTH RATE |           |           |
|--|--------------------|----------------------------|-----------|-----------|--------------------|-----------|-----------|
|  | JULY 2011          | MAY 2011                   | JUNE 2011 | JULY 2011 | MAY 2011           | JUNE 2011 | JULY 2011 |
| <b>BREAKDOWN OF DEPOSITS IN M3</b>   |                    |                            |           |           |                    |           |           |
| <b>Total deposits</b> (=items 1, 2, 3, 4 and 5)  | 8155               | 48                         | -7        | 37        | 3.4                | 2.7       | 2.8       |
| (1) <b>Deposits placed by households<sup>c)</sup></b>  | 5053               | 11                         | 6         | 11        | 2.3                | 2.1       | 2.1       |
| (1.1) Overnight deposits   | 2258               | -1                         | 2         | 1         | 1.7                | 1.2       | 0.8       |
| (1.2) Deposits with an agreed maturity of up to two years  | 915                | 1                          | 1         | 4         | -1.0               | -0.2      | 1.4       |
| (1.3) Deposits redeemable at notice of up to three months  | 1845               | 9                          | 3         | 6         | 4.7                | 4.3       | 3.9       |
| (1.4) Repurchase agreements  | 34                 | 2                          | 0         | 0         | 5.7                | 10.0      | 11.7      |
| (2) <b>Deposits placed by non-financial corporations</b>   | 1570               | -7                         | 6         | 8         | 3.6                | 4.3       | 4.6       |
| (2.1) Overnight deposits   | 1010               | -12                        | 4         | 8         | -0.1               | 1.5       | 2.0       |
| (2.2) Deposits with an agreed maturity of up to two years  | 463                | 3                          | 6         | -5        | 11.7               | 11.8      | 10.1      |
| (2.3) Deposits redeemable at notice of up to three months  | 77                 | 0                          | 0         | 1         | 3.7                | -0.1      | 1.2       |
| (2.4) Repurchase agreements  | 20                 | 2                          | -4        | 4         | 29.8               | 8.2       | 38.4      |
| (3) <b>Deposits placed by non-monetary financial intermediaries excluding insurance corporations and pension funds</b> | 1069               | 42                         | -29       | 17        | 11.3               | 6.2       | 5.3       |
| (3.1) Overnight deposits   | 371                | -10                        | 1         | 8         | 1.3                | 0.9       | -3.0      |
| (3.2) Deposits with an agreed maturity of up to two years  | 305                | 13                         | -19       | -1        | 4.4                | 1.7       | 0.0       |
| (3.3) Deposits redeemable at notice of up to three months  | 11                 | 1                          | 1         | -1        | -25.2              | 5.3       | 0.2       |
| (3.4) Repurchase agreements  | 382                | 39                         | -12       | 12        | 31.8               | 16.0      | 20.0      |
| of which: with central counterparties <sup>d)</sup>  | 282                | 41                         | 2         | -8        | .                  | 32.9      | 34.6      |
| (4) <b>Deposits placed by insurance corporations and pension funds</b>   | 195                | -3                         | 2         | 5         | -2.6               | -7.1      | -3.8      |
| (5) <b>Deposits placed by other general government</b>   | 268                | 4                          | 8         | -5        | -1.5               | -0.8      | 1.6       |

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

c) Includes deposits by non-profit institutions serving households.

d) The series is not adjusted for seasonal effects.

TABLE 3

## CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: JULY 2011

DATA ADJUSTED FOR SEASONAL EFFECTS

(contributions in terms of the M3 annual percentage change<sup>a)</sup>)

|  | MAY 2011 | JUNE 2011 | JULY 2011 |
|--|----------|-----------|-----------|
| (1) <b>M1</b>  | 0.6      | 0.6       | 0.4       |
| (1.1) <i>of which</i> : Currency                         | 0.4      | 0.3       | 0.4       |
| (1.2) <i>of which</i> : Overnight deposits               | 0.2      | 0.3       | 0.1       |
| (2) <b>M2 - M1</b> (= other short-term deposits)         | 1.5      | 1.4       | 1.4       |
| (3) <b>M3 - M2</b> (= short-term marketable instruments) | 0.2      | -0.1      | 0.1       |
| (4) <b>M3</b> (= items 1, 2 and 3)                       | 2.3      | 1.9       | 2.0       |

a) Figures may not add up due to rounding.

TABLE 4

## BREAKDOWN OF LOANS BY BORROWING SECTOR, TYPE AND ORIGINAL MATURITY: JULY 2011

DATA ADJUSTED FOR SEASONAL EFFECTS

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

|   | END-OF-MONTH LEVEL | MONTHLY FLOW <sup>b)</sup> |           |           | ANNUAL GROWTH RATE |           |           |
|---|--------------------|----------------------------|-----------|-----------|--------------------|-----------|-----------|
|   | JULY 2011          | MAY 2011                   | JUNE 2011 | JULY 2011 | MAY 2011           | JUNE 2011 | JULY 2011 |
| <b>BREAKDOWN OF LOANS<sup>c)</sup></b>  |                    |                            |           |           |                    |           |           |
| (1) <b>Loans to households<sup>d)</sup></b>   | 5251               | 12                         | 3         | -8        | 3.4                | 3.2       | 3.0       |
| <i>loans adjusted for sales and securitisation<sup>e)</sup></i>   | ND                 | 13                         | 3         | 5         | 3.1                | 2.9       | 2.8       |
| (1.1) Credit for consumption  | 626                | -2                         | -6        | -4        | -0.8               | -1.8      | -2.1      |
| (1.2) Lending for house purchase  | 3790               | 9                          | 6         | -5        | 4.4                | 4.3       | 3.9       |
| (1.3) Other lending   | 835                | 5                          | 3         | 1         | 2.1                | 2.5       | 2.7       |
| <i>of which: sole proprietors<sup>f)</sup></i>  | 404                | 2                          | 0         | -1        | .                  | 0.4       | 0.5       |
| (2) <b>Loans to non-financial corporations</b>  | 4734               | 10                         | 23        | -3        | 1.0                | 1.5       | 1.6       |
| <i>loans adjusted for sales and securitisation<sup>e)</sup></i>   | ND                 | 11                         | 23        | -2        | 1.8                | 2.4       | 2.3       |
| (2.1) up to 1 year  | 1168               | 4                          | 24        | -9        | 1.3                | 4.3       | 4.1       |
| (2.2) over 1 year and up to 5 years   | 866                | 3                          | -11       | -2        | -2.6               | -3.7      | -3.5      |
| (3.3) over 5 years  | 2699               | 4                          | 10        | 8         | 2.1                | 2.1       | 2.2       |
| (3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b> | 1140               | 9                          | -25       | 19        | 7.3                | 3.5       | 3.5       |
| <i>of which: reverse repos to central counterparties<sup>f)</sup></i>                                     | 159                | 16                         | -10       | 6         | .                  | 21.2      | 18.8      |
| (4) <b>Loans to insurance corporations and pension funds</b>  | 91                 | 2                          | 1         | 2         | 3.0                | 5.7       | 4.1       |

a) Figures may not add up due to rounding.

b) 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.

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

f) The series is not adjusted for seasonal effects.