



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

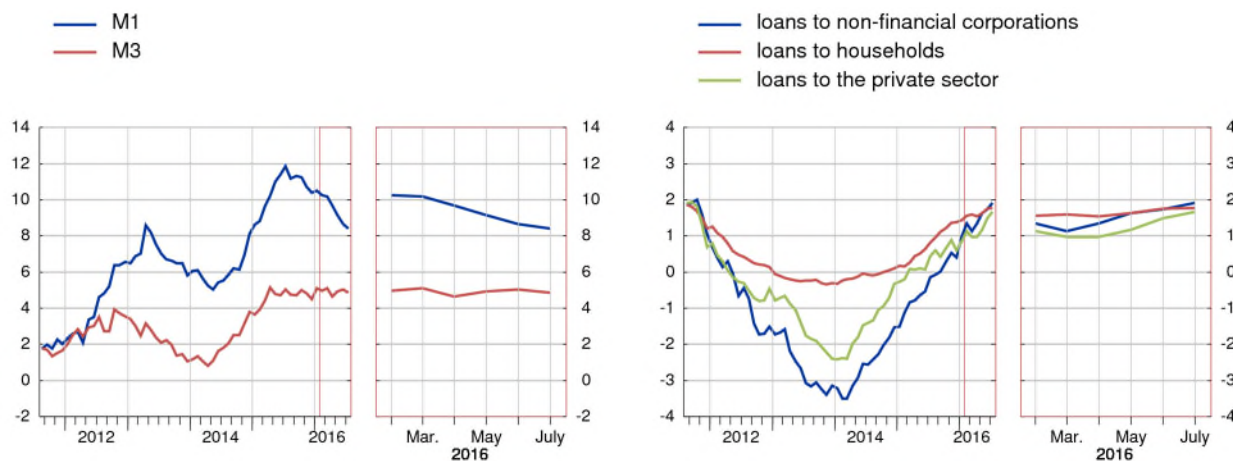
26 August 2016

Monetary developments in the euro area: July 2016

- The annual growth rate of the broad monetary aggregate M3 decreased to 4.8% in July 2016, from 5.0% in June.
- The annual growth rate of the narrower aggregate M1, which includes currency in circulation and overnight deposits, decreased to 8.4% in July, from 8.7% in June.
- The annual growth rate of loans to households stood at 1.8% in July, unchanged from the previous month.
- The annual growth rate of loans to non-financial corporations increased to 1.9% in July, from 1.7% in June.

Monetary aggregates and adjusted loans to the private sector

(annual growth rates)



Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 4.8% in July 2016, from 5.0% in June, averaging 4.9% in the three months up to July. The components of M3 showed the following developments. The annual growth rate of the narrower aggregate, including currency in circulation and overnight deposits (M1), decreased to 8.4% in July, from 8.7% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at -1.4% in July, compared with -1.5% in June. The annual growth rate of marketable instruments (M3-M2) decreased to 4.9% in July, from 6.5% in June.

Within M3, the annual growth rate of deposits placed by households stood at 4.8% in July, compared with 4.7% in June, while the annual growth rate of deposits placed by non-financial corporations decreased to 7.3% in July, from 7.8% in June. Finally, the annual growth rate of deposits placed by non-monetary

financial corporations (excluding insurance corporations and pension funds) decreased to 0.4% in July, from 2.8% in June.

Credit to euro area residents

The annual growth rate of total credit to euro area residents stood at 3.9% in July 2016, compared with 3.8% in the previous month. The annual growth rate of credit to general government increased to 12.3% in July, from 11.7% in June, while the annual growth rate of credit to the private sector stood at 1.4% in July, compared with 1.5% in June.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) increased to 1.7% in July, from 1.5% in June. In particular, the annual growth rate of adjusted loans to households stood at 1.8% in July, unchanged from the previous month, and the annual growth rate of adjusted loans to non-financial corporations increased to 1.9% in July, from 1.7% in June.

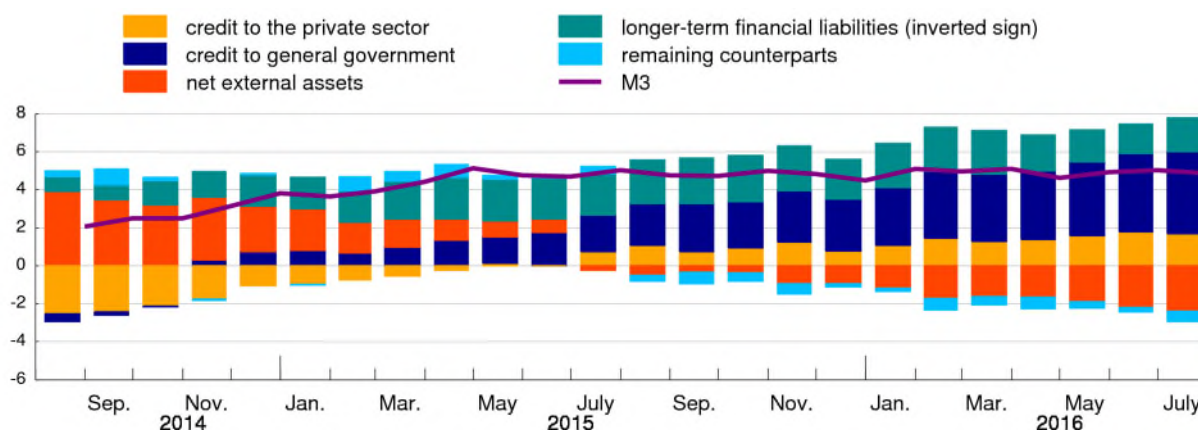
Longer-term financial liabilities

The annual growth rate of longer-term financial liabilities of the MFI sector became more negative at -2.6% in July 2016, from -2.3% in June.

M3 and its counterparts

The annual growth rate of the broad monetary aggregate M3 decreased to 4.8% in July 2016. The contributions of M3 counterparts on the MFI balance sheet were as follows: longer-term financial liabilities contributed 1.8 percentage points, net external assets contributed -2.4 percentage points, credit to general government contributed 4.3 percentage points, and credit to the private sector contributed 1.7 percentage points; the remaining counterparts of M3 contributed -0.6 percentage point.

Contribution of the M3 counterparts to the annual growth rate of M3 (percentage points)



Notes:

- Data in this press release are adjusted for seasonal and end-of-month calendar effects, unless stated otherwise.
- Private sector refers to euro area non-MFIs excluding general government.
- Further tables, statistical data and methodological notes, as well as the release calendar, are available on the ECB's website at <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>
- A set of tables showing euro area monetary developments and MFI balance sheets for the euro area and euro area countries, together with a user-friendly facility for downloading data, is available from the ECB's Statistical Data Warehouse at <http://sdw.ecb.europa.eu/reports.do?node=1000003503>

1 Monetary developments in the euro area: July 2016

(EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2016	May 2016	Jun 2016	Jul 2016	May 2016	Jun 2016	Jul 2016
COMPONENTS OF M3							
1. M3	11174	42	41	59	4.9	5.0	4.8
1.1. M2	10507	48	37	50	5.1	4.9	4.8
1.1.1. M1	6926	41	26	59	9.1	8.7	8.4
Currency in circulation	1056	4	2	3	4.5	3.9	3.5
Overnight deposits	5870	37	24	56	10.0	9.6	9.3
1.1.2. Other short-term deposits (M2 - M1)	3581	7	11	-9	-2.0	-1.5	-1.4
Deposits with an agreed maturity of up to two years	1407	-3	9	-10	-5.8	-4.6	-4.4
Deposits redeemable at notice of up to three months	2175	10	2	1	0.7	0.6	0.6
1.2. Marketable instruments (M3 - M2)	667	-5	4	9	3.0	6.5	4.9
Repurchase agreements	82	0	-5	-1	-15.1	-2.1	-16.9
Money market fund shares	487	4	7	5	8.5	10.7	8.1
Debt securities issued with a maturity of up to two years	98	-9	2	5	-1.8	-4.0	14.8
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	331	-25	31	8	6.1	20.6	29.2
3. Longer-term financial liabilities vis-a-vis other euro area residents	7054	6	-24	-27	-2.5	-2.3	-2.6
3.1. Deposits with an agreed maturity of over two years	2154	-3	-22	-8	-2.5	-2.9	-3.6
3.2. Deposits redeemable at notice of over three months	74	0	-1	-1	-13.6	-13.3	-13.1
3.3. Debt securities issued with a maturity of over two years	2149	2	-10	-22	-6.9	-6.9	-7.0
3.4. Capital and reserves	2677	6	8	3	2.1	2.8	2.6
MFI assets:							
4. Credit to euro area residents	17055	72	52	116	3.5	3.8	3.9
4.1. Credit to general government	4258	40	37	54	11.1	11.7	12.3
Loans	1109	1	-15	-3	-1.9	-2.8	-2.7
Debt securities	3135	38	52	58	16.9	18.2	18.8
Equity ^{c)}	13	0	0	0	2.9	3.0	1.8
4.2. Credit to other euro area residents ^{d)}	12798	32	15	62	1.3	1.5	1.4
Loans ^{e)}	10669	13	-2	35	1.1	1.2	1.3
Adjusted loans ^{f)}	10975	18	29	37	1.2	1.5	1.7
Debt securities	1365	11	20	16	5.1	7.3	4.7
Equity and non-money market fund investment fund shares	763	8	-3	11	-2.4	-3.0	-2.7
5. Net external assets	1216	-26	-11	-73	-	-	-
6. Other counterparts of M3 (residual)	288	-22	7	-3	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities)(+) ^{c)}	213	-10	11	-25	0.5	3.5	1.8
6.2. Reverse repos to central counterparties (assets)(-) ^{c)}	128	-1	5	-16	-2.9	-2.9	-10.6

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.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

M3 comprises liabilities of MFIs and specific units of central government (post offices, treasury) vis-à-vis non-MFI euro area residents excluding central government.

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

c) The series is not adjusted for seasonal effects.

d) Euro area non-MFIs excluding general government are also referred to in the press release as the private sector.

e) For further breakdowns see Table 4.

f) Adjusted for loan sales and securitisations (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

2 Breakdown of deposits in M3 by holding sector and type: July 2016 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2016	May 2016	Jun 2016	Jul 2016	May 2016	Jun 2016	Jul 2016
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	9533	44	30	46	4.9	5.0	4.7
1. Deposits placed by households ^{b)}	5931	29	31	22	4.6	4.7	4.8
1.1. Overnight deposits	3241	25	29	27	10.7	10.4	10.1
1.2. Deposits with an agreed maturity of up to two years	685	-2	0	-5	-7.0	-5.7	-4.7
1.3. Deposits redeemable at notice of up to three months	2002	5	3	0	0.1	0.2	0.3
1.4. Repurchase agreements	3	0	-1	0	-5.6	-0.8	-10.9
2. Deposits placed by non-financial corporations ^{c)}	2033	0	1	22	7.9	7.8	7.3
2.1. Overnight deposits	1594	4	5	22	11.0	10.9	10.3
2.2. Deposits with an agreed maturity of up to two years	313	-5	-5	-1	-2.5	-2.9	-3.3
2.3. Deposits redeemable at notice of up to three months	118	1	1	1	3.4	3.8	3.7
2.4. Repurchase agreements	8	-1	1	0	-32.8	-27.8	-29.7
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c), d)}	969	14	4	-12	2.2	2.8	0.4
3.1. Overnight deposits	649	9	-2	-7	6.0	4.6	3.9
3.2. Deposits with an agreed maturity of up to two years	241	3	13	-6	-5.1	-2.6	-4.6
3.3. Deposits redeemable at notice of up to three months	23	4	-2	-1	28.0	15.4	7.8
3.4. Repurchase agreements ^{d)}	57	-1	-4	2	-12.6	2.1	-15.0
4. Deposits placed by insurance corporations and pension funds	215	1	-4	5	-7.2	-8.8	-8.0
5. Deposits placed by other general government	385	0	-2	9	8.9	9.8	10.8

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.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

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

c) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).

d) Excludes repurchase agreements with central counterparties.

3 Contributions of M3 components to the M3 annual growth rate: July 2016 (contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects ^{a)})

	May 2016	Jun 2016	Jul 2016
1. M1	5.4	5.2	5.0
1.1. Currency in circulation	0.4	0.4	0.3
1.2. Overnight deposits	5.0	4.8	4.7
2. M2 - M1 (other short-term deposits)	-0.7	-0.5	-0.5
3. M3 - M2 (marketable instruments)	0.2	0.4	0.3
M3 (items 1, 2 and 3)	4.9	5.0	4.8

a) Figures may not add up due to rounding.

4 Breakdown of loans as counterpart to M3 by borrowing sector, type and original maturity: July 2016 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2016	May 2016	Jun 2016	Jul 2016	May 2016	Jun 2016	Jul 2016
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	5356	3	7	7	2.1	1.9	2.0
<i>Adjusted loans ^{c)}</i>	5692	8	16	9	1.6	1.8	1.8
1.1. Credit for consumption	604	-3	3	0	4.5	3.5	3.3
1.2. Lending for house purchase	3995	6	3	8	2.3	2.1	2.3
1.3. Other lending	757	0	2	-2	-0.7	-0.4	-0.5
<i>of which: sole proprietors ^{d)}</i>	388	1	0	-1	-1.3	-1.3	-1.4
2. Loans to non-financial corporations ^{e)}	4305	14	1	10	1.2	1.3	1.3
<i>Adjusted loans ^{c)}</i>	4287	10	8	12	1.6	1.7	1.9
2.1. up to 1 year	1034	6	-6	-4	-2.0	-2.2	-2.8
2.2. over 1 year and up to 5 years	781	-1	4	8	4.9	5.3	6.3
2.3. over 5 years	2490	9	2	7	1.4	1.6	1.7
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{e), f)}	897	-2	-2	11	-1.1	0.0	0.2
<i>Adjusted loans ^{c)}</i>	896	2	5	12	-1.3	0.6	1.2
4. Loans to insurance corporations and pension funds	110	-2	-8	7	-21.1	-23.6	-16.1
<i>Adjusted loans ^{c)}</i>	101	-1	0	4	-17.7	-14.3	-8.4

a) Figures may not add up due to rounding.

Monthly flows refer to differences in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions. Data refer to loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding general government.

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

c) Adjusted for loan sales and securitisations (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

d) The series is not adjusted for seasonal effects.

e) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).

f) Excludes reverse repos to central counterparties.