EUROPEAN CENTRAL BANK

EUROSYSTEM

Press release

27 September 2018

Monetary developments in the euro area: August 2018

- Annual growth rate of broad monetary aggregate M3 decreased to 3.5% in August 2018 from 4.0% in July
- Annual growth rate of narrower monetary aggregate M1, comprising currency in circulation and overnight deposits, decreased to 6.4% in August from 6.9% in July
- Annual growth rate of adjusted loans to households stood at 3.1% in August, compared with 3.0% in July
- Annual growth rate of adjusted loans to non-financial corporations increased to 4.2% in August from 4.0% in July

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 3.5% in August 2018 from 4.0% in July, averaging 4.0% in the three months up to August. The components of M3 showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, decreased to 6.4% in August from 6.9% in July. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -1.4% in August, compared with -1.1% in July. The annual growth rate of marketable instruments (M3-M2) was -4.3% in August, compared with -3.3% in July.

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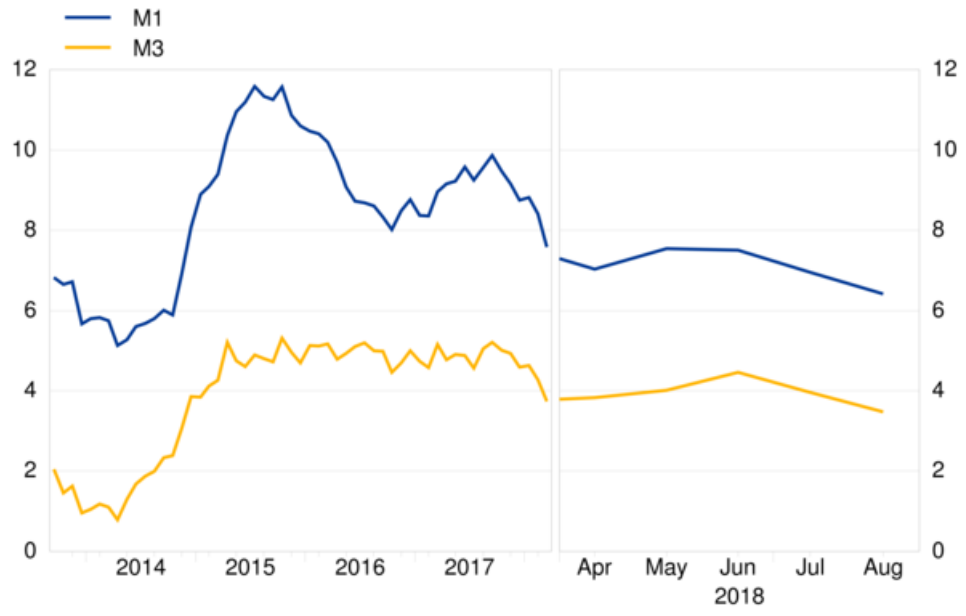
Chart 1
Monetary aggregates

(annual growth rates)



Data for monetary aggregates

Looking at the components' contributions to the annual growth rate of M3, the narrower aggregate M1 contributed 4.1 percentage points (down from 4.5 percentage points in July), short-term deposits other than overnight deposits (M2-M1) contributed -0.4 percentage point (down from -0.3 percentage point) and marketable instruments (M3-M2) contributed -0.2 percentage point (as in the previous month).

From the perspective of the holding sectors of deposits in M3, the annual growth rate of deposits placed by households stood at 4.6% in August, compared with 4.7% in July, while the annual growth rate of deposits placed by non-financial corporations decreased to 4.1% in August from 4.5% in July. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to -1.8% in August from 1.9% in July.

Counterparts of the broad monetary aggregate M3

As a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 (counterparts of M3), the annual growth rate of M3 in August 2018 can be broken down as follows: credit to the private sector contributed 3.4 percentage points (up from 3.3 percentage points in July), credit to general government contributed 1.2 percentage points (down from 1.4

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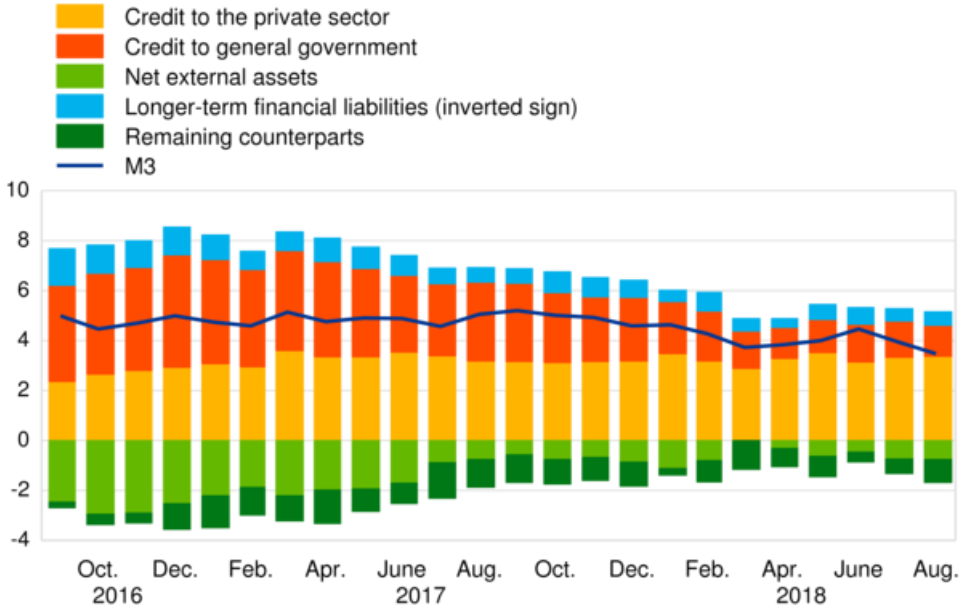
percentage points), longer-term financial liabilities contributed 0.6 percentage point (up from 0.5 percentage point), net external assets contributed -0.8 percentage point (down from -0.7 percentage point), and the remaining counterparts of M3 contributed -0.9 percentage point (down from -0.6 percentage point).

Chart 2
Contribution of the M3 counterparts to the annual growth rate of M3

(percentage points)



Data for contribution of the M3 counterparts to the annual growth rate of M3

Credit to euro area residents

As regards the dynamics of credit, the annual growth rate of total credit to euro area residents stood at 3.1% in August 2018, compared with 3.2% in the previous month. The annual growth rate of credit to general government decreased to 3.2% in August from 3.7% in July, while the annual growth rate of credit to the private sector stood at 3.0% in August, unchanged from the previous month.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.4% in August, compared with 3.3% in July. Among the borrowing sectors, the annual growth rate of adjusted loans to households stood at 3.1% in August, compared with 3.0% in July, and the annual growth rate of adjusted loans to non-financial corporations increased to

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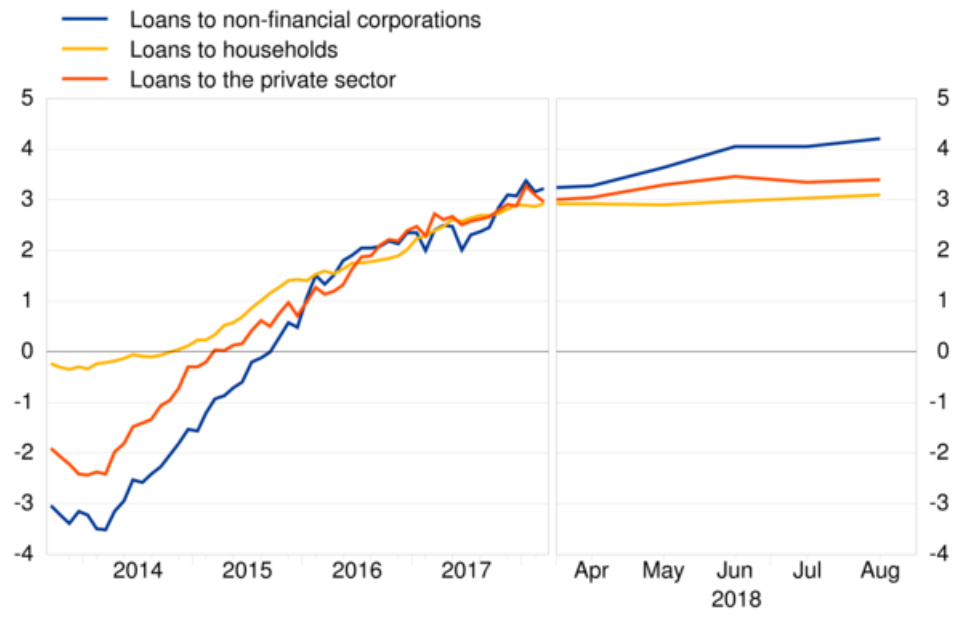
4.2% in August from 4.0% in July.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



Data for adjusted loans to the private sector

Annex

Table: Annex to the press release on monetary developments in the euro area

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.
- Hyperlinks in the main body of the press release and in annex tables are dynamic. The data they lead to may therefore change with subsequent data releases as a result of revisions. Figures shown in annex tables are a snapshot of the data as at the time of the current release.

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