EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

3 January 2019

Monetary developments in the euro area: November 2018

- Annual growth rate of broad monetary aggregate M3 decreased to 3.7% in November 2018 from 3.9% in October
- Annual growth rate of narrower monetary aggregate M1, comprising currency in circulation and overnight deposits, stood at 6.7% in November, compared with 6.8% in October
- Annual growth rate of adjusted loans to households stood at 3.3% in November, compared with 3.2% in October
- Annual growth rate of adjusted loans to non-financial corporations stood at 4.0% in November, compared with 3.9% in October

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 3.7% in November 2018 from 3.9% in October, averaging 3.7% in the three months up to November. 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, stood at 6.7% in November, compared with 6.8% in October. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at -1.0% in November, unchanged from the previous month. The annual growth rate of marketable instruments (M3-M2) was -6.0% in November, compared with -4.6% in October.

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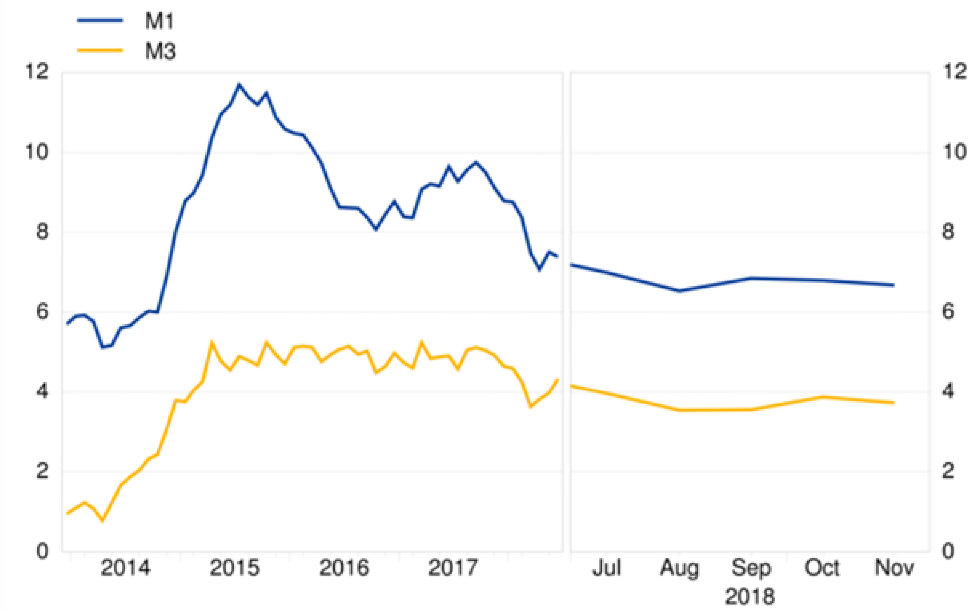
Chart 1

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 4.4 percentage points (as in the previous month), short-term deposits other than overnight deposits (M2-M1) contributed -0.3 percentage point (as in the previous month) and marketable instruments (M3-M2) contributed -0.3 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 increased to 4.9% in November from 4.7% in October, while the annual growth rate of deposits placed by non-financial corporations decreased to 3.7% in November from 4.1% in October. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 0.5% in November from 3.0% in October.

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 November 2018 can be broken down as follows: credit to the private sector contributed 3.1 percentage points (down from 3.3 percentage points in October), credit to general government contributed 0.9 percentage point (down

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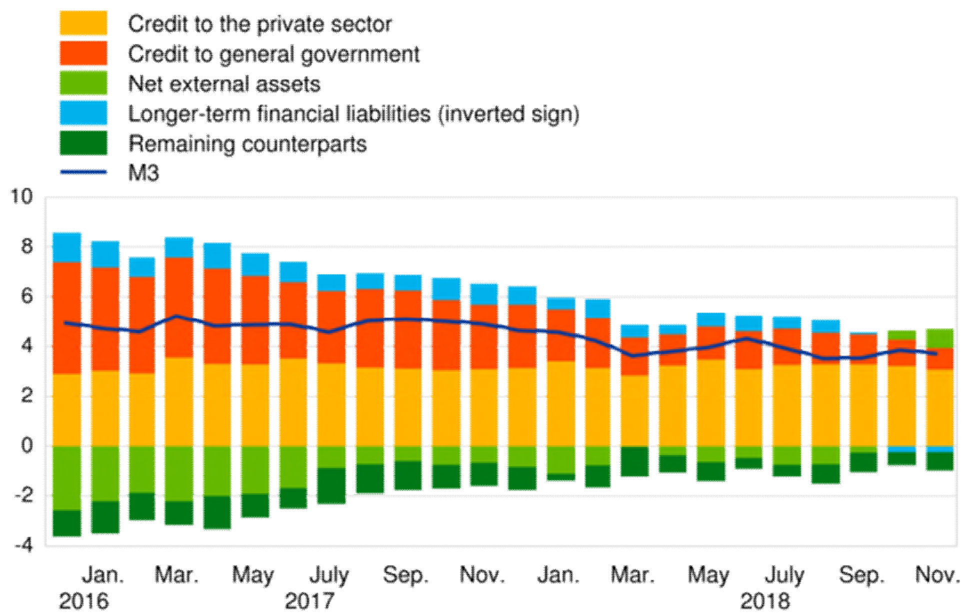
from 1.0 percentage points), net external assets contributed 0.7 percentage point (up from 0.3 percentage point), longer-term financial liabilities contributed -0.2 percentage point (as in the previous month), and the remaining counterparts of M3 contributed -0.7 percentage point (down from -0.5 percentage 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

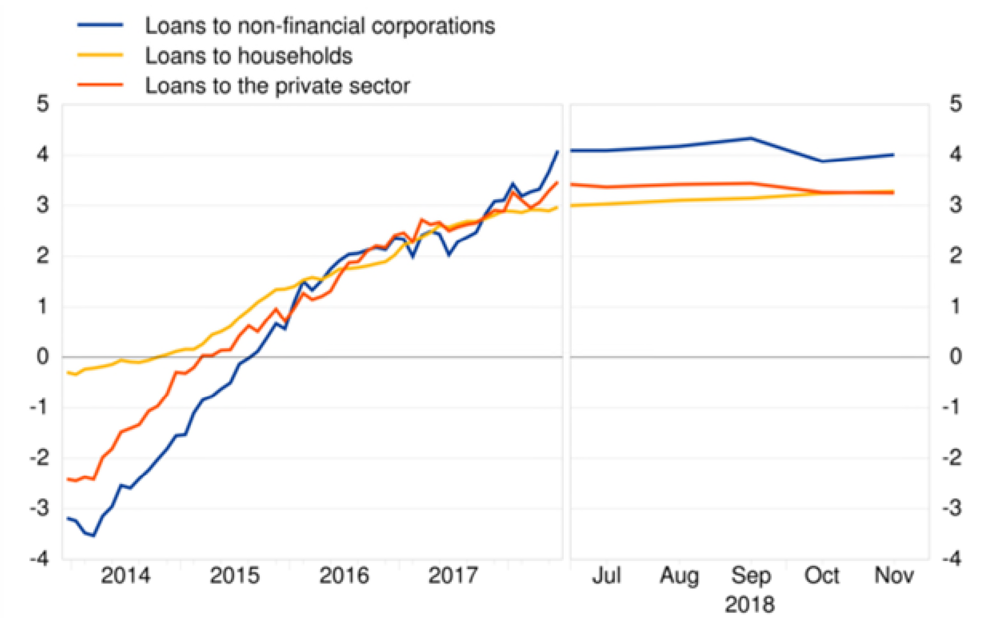
As regards the dynamics of credit, the annual growth rate of total credit to euro area residents decreased to 2.7% in November 2018 from 2.9% in the previous month. The annual growth rate of credit to general government decreased to 2.2% in November from 2.7% in October, while the annual growth rate of credit to the private sector decreased to 2.8% in November from 3.0% in October.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.3% in November, unchanged from the previous month. Among the borrowing sectors, the annual growth rate of adjusted loans to households stood at 3.3% in November, compared with 3.2% in October, while the annual growth rate of adjusted loans to non-financial corporations stood at 4.0% in November, compared with 3.9% in October.

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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1 Monetary developments in the euro area: November 2018

(EUR billions and annual percentage changes; data adjusted for seasonal effects [a])

	End-of-month level	Monthly flow			Annual growth rate		
	Nov 2018	Sep 2018	Oct 2018	Nov 2018	Sep 2018	Oct 2018	Nov 2018
COMPONENTS OF M3							
1. M3	**12305**	**43**	**61**	**38**	**3.6**	**3.9**	**3.7**
1.1. M2	11671	54	50	45	4.3	4.4	4.3
1.1.1. M1	8249	64	35	51	6.8	6.8	6.7
Currency in circulation	1158	7	4	4	4.1	4.1	4.3
Overnight deposits	7091	57	31	47	7.3	7.3	7.1
1.1.2. Other short-term deposits (M2 - M1)	3422	-10	15	-6	-1.4	-1.0	-1.0
Deposits with an agreed maturity of up to two years	1127	-14	9	-11	-7.5	-6.2	-6.6
Deposits redeemable at notice of up to three months	2295	4	5	5	1.8	1.8	2.0
1.2. Marketable instruments (M3 - M2)	634	-11	11	-7	-8.0	-4.6	-6.0
Repurchase agreements	74	0	0	2	2.0	-0.6	-8.1
Money market fund shares	500	-6	11	-6	-6.7	-3.7	-3.7
Debt securities issued with a maturity of up to two years	60	-4	0	-3	-25.0	-14.9	-19.8
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government [b]	**390**	**15**	**-5**	**-8**	**14.5**	**18.3**	**24.9**
3. Longer-term financial liabilities vis-a-vis other euro area residents	**6782**	**28**	**8**	**-2**	**-0.1**	**0.4**	**0.4**
3.1. Deposits with an agreed maturity of over two years	1929	-8	0	-7	-2.7	-1.7	-2.1
3.2. Deposits redeemable at notice of over three months	56	0	0	-1	-9.3	-8.8	-9.2
3.3. Debt securities issued with a maturity of over two years	2098	28	5	-3	0.0	0.6	0.8
3.4. Capital and reserves	2698	8	4	9	2.1	2.0	2.2
MFI assets:							
4. Credit to euro area residents	**18025**	**31**	**17**	**26**	**3.0**	**2.9**	**2.7**
4.1. Credit to general government	4619	7	-10	-1	3.1	2.7	2.2
Loans	1003	-4	-3	3	-4.4	-4.2	-3.8
Debt securities	3594	11	-7	-12	5.3	4.8	3.8
Equity [c]	22	0	0	8	0.9	0.6	55.4
4.2. Credit to the private sector [d]	13405	24	27	27	3.0	3.0	2.8
Loans [e]	11112	23	22	30	2.9	2.8	2.7
Adjusted loans [f]	11445	29	21	32	3.4	3.3	3.3
Debt securities	1517	-1	13	-6	5.9	7.2	6.7
Equity and non-money market fund investment fund shares	776	2	-8	3	-1.1	-2.3	-2.6
5. Net external assets	**1034**	**45**	**21**	**41**	**-**	**-**	**-**
6. Other counterparts of M3 (residual)	**418**	**11**	**26**	**-38**	**-**	**-**	**-**
of which:							
6.1. Repos with central counterparties (liabilities) [c]	196	-4	-10	29	7.7	-9.9	-0.1
6.2. Reverse repos to central counterparties (assets) [c]	204	-6	-9	30	4.9	-22.0	-24.7

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) Private sector refers to euro area non-MFIs excluding general government.
e) For further breakdowns see Table 4.
f) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

2 Contributions to the M3 annual growth rate: November 2018

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects [a])

	Sep 2018	Oct 2018	Nov 2018
COMPONENTS OF M3			
1. M1	4.4	4.4	4.4
1.1. Currency in circulation	0.4	0.4	0.4
1.2. Overnight deposits	4.0	4.0	3.9
2. M2 - M1 (other short-term deposits)	-0.4	-0.3	-0.3
3. M3 - M2 (marketable instruments)	-0.5	-0.3	-0.3
COUNTERPARTS OF M3			
4. Credit to the private sector	3.3	3.3	3.1
5. Credit to general government	1.2	1.0	0.9
6. Net external assets	-0.3	0.3	0.7
7. Longer-term financial liabilities (inverted sign) [b]	0.0	-0.2	-0.2
8. Remaining counterparts	-0.7	-0.5	-0.7
M3 (sum of items 1 to 3, or items 4 to 8)	**3.6**	**3.9**	**3.7**

a) Figures may not add up due to rounding.
b) Longer-term financial liabilities vis-a-vis euro area residents excluding central government.

3 Breakdown of deposits in M3 by holding sector and type: November 2018

(EUR billions and annual percentage changes; data adjusted for seasonal effects [a)])

	End-of-month level	Monthly flow			Annual growth rate		
	Nov 2018	Sep 2018	Oct 2018	Nov 2018	Sep 2018	Oct 2018	Nov 2018
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	**10587**	**47**	**46**	**43**	**4.3**	**4.4**	**4.2**
1. Deposits placed by households [b)]	**6610**	**23**	**38**	**23**	**4.6**	**4.7**	**4.9**
1.1. Overnight deposits	4005	24	37	21	8.4	8.4	8.5
1.2. Deposits with an agreed maturity of up to two years	518	-4	-4	-3	-10.0	-9.6	-9.1
1.3. Deposits redeemable at notice of up to three months	2087	4	5	6	1.9	2.0	2.2
1.4. Repurchase agreements	1	-1	0	0	-45.8	-45.3	-42.6
2. Deposits placed by non-financial corporations	**2323**	**17**	**3**	**7**	**4.5**	**4.1**	**3.7**
2.1. Overnight deposits	1892	18	2	0	6.8	6.0	5.3
2.2. Deposits with an agreed maturity of up to two years	276	-1	3	5	-6.8	-4.6	-3.2
2.3. Deposits redeemable at notice of up to three months	146	0	0	-1	-0.7	-1.1	-1.8
2.4. Repurchase agreements	8	0	-1	2	27.4	5.7	0.4
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds [c)]	**1003**	**7**	**6**	**10**	**1.0**	**3.0**	**0.5**
3.1. Overnight deposits	745	12	-7	20	3.7	5.6	4.0
3.2. Deposits with an agreed maturity of up to two years	185	-7	9	-9	-6.2	-3.4	-7.6
3.3. Deposits redeemable at notice of up to three months	28	0	-1	0	11.1	8.7	8.4
3.4. Repurchase agreements [c)]	45	2	5	-1	-14.1	-9.5	-20.2
4. Deposits placed by insurance corporations and pension funds	**208**	**-3**	**-4**	**-1**	**5.2**	**2.8**	**1.3**
5. Deposits placed by other general government	**443**	**2**	**2**	**3**	**4.9**	**5.1**	**6.8**

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) Excludes repurchase agreements with central counterparties.

4 Breakdown of private sector loans by borrowing sector, type and original maturity: November 2018

(EUR billions and annual percentage changes; data adjusted for seasonal effects [a)])

	End-of-month level	Monthly flow			Annual growth rate		
	Nov 2018	Sep 2018	Oct 2018	Nov 2018	Sep 2018	Oct 2018	Nov 2018
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households [b)]	**5731**	**15**	**15**	**18**	**3.1**	**3.2**	**3.2**
Adjusted loans [c)]	**6010**	**15**	**19**	**18**	**3.2**	**3.2**	**3.3**
1.1. Credit for consumption	685	2	4	4	6.9	7.1	6.7
1.2. Lending for house purchase	4335	13	12	13	3.2	3.3	3.3
1.3. Other lending	711	0	0	1	-0.8	-0.7	-0.7
of which: sole proprietors	376	0	0	0	-1.1	-1.1	-1.1
2. Loans to non-financial corporations	**4420**	**9**	**5**	**22**	**3.2**	**2.8**	**2.9**
Adjusted loans [c)]	**4484**	**17**	**3**	**22**	**4.3**	**3.9**	**4.0**
2.1. up to 1 year	989	0	-17	5	3.3	0.6	1.2
2.2. over 1 year and up to 5 years	850	2	7	7	4.6	4.9	5.1
2.3. over 5 years	2581	7	15	9	2.7	2.9	2.9
3. Loans to non-monetary financial corporations except insurance corporations and pension funds [d)]	**840**	**-6**	**5**	**-10**	**-0.4**	**-0.5**	**-1.7**
Adjusted loans [c)]	**839**	**-5**	**1**	**-11**	**0.2**	**-0.1**	**-1.3**
4. Loans to insurance corporations and pension funds	**121**	**4**	**-4**	**0**	**11.6**	**7.3**	**5.0**
Adjusted loans [c)]	**111**	**2**	**-3**	**3**	**9.4**	**6.5**	**7.9**

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 securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.
d) Excludes reverse repos to central counterparties.