



Press release

28 October 2019

Monetary developments in the euro area: September 2019

- Annual growth rate of broad [monetary aggregate M3](#) decreased to 5.5% in September 2019 from 5.8% in August (revised from 5.7%)
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, decreased to 7.9% in September from 8.5% in August
- Annual growth rate of [adjusted loans to households](#) stood at 3.4% in September, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 3.7% in September from 4.3% in August

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 5.5% in September 2019 from 5.8% in August, averaging 5.5% in the three months up to September. 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 7.9% in September from 8.5% in August. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 1.2% in September from 1.0% in August. The annual growth rate of marketable instruments (M3-M2) was -1.6% in September, compared with -2.7% in August.

European Central Bank

Directorate General Communications, Global Media Relations Division
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

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 5.3 percentage points (down from 5.6 percentage points in August), 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 -0.1 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 6.3% in September from 6.1% in August, while the annual growth rate of deposits placed by non-financial corporations decreased to 6.2% in September from 7.9% in August. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 3.7% in September from 4.0% in August.

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 September 2019 can be broken down as follows: credit to the private sector contributed 3.5 percentage points (up from 3.4 percentage points in August), net external assets contributed 2.8 percentage points (down from 3.0

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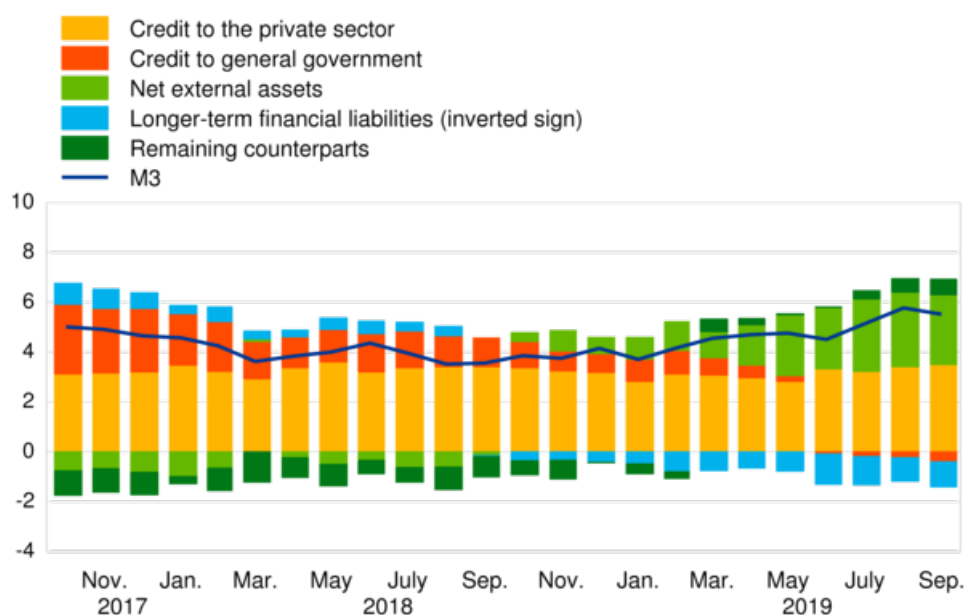
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percentage points), credit to general government contributed -0.4 percentage point (down from -0.2 percentage point), longer-term financial liabilities contributed -1.0 percentage points (as in the previous month), and the remaining counterparts of M3 contributed 0.6 percentage point (as in the previous month).

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 2.1% in September 2019, compared with 2.2% in the previous month. The annual growth rate of [credit to general government](#) was -1.1% in September, compared with -0.6% in August, while the annual growth rate of [credit to the private sector](#) stood at 3.2% in September, compared with 3.1% in August.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.7% in September, compared with 3.8% in August. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.4% in September, unchanged from the previous month, while the annual growth rate of [adjusted loans to non-financial](#)

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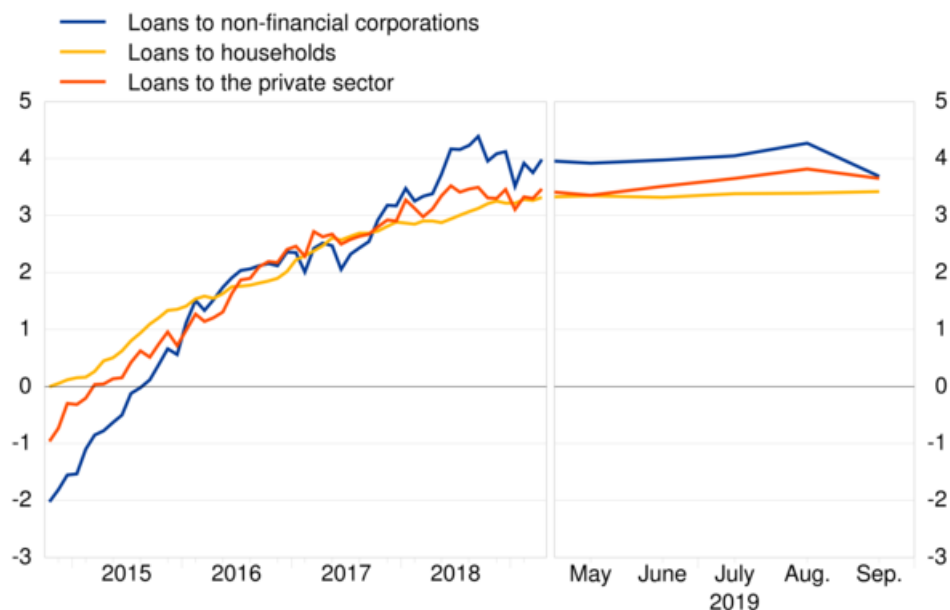
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[corporations](#) decreased to 3.7% in September from 4.3% in August.

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 lead to data that may change with subsequent 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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Directorate General Communications, Global Media Relations Division
Sonnenmannstrasse 20, 60314 Frankfurt am Main, Germany
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1 Monetary developments in the euro area: September 2019

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

	End-of-month level	Monthly flow			Annual growth rate		
	Sep 2019	Jul 2019	Aug 2019	Sep 2019	Jul 2019	Aug 2019	Sep 2019
COMPONENTS OF M3							
1. M3	12894	82	105	15	5.1	5.8	5.5
1.1. M2	12269	69	113	19	5.5	6.2	5.9
1.1.1. M1	8809	75	96	21	7.8	8.5	7.9
Currency in circulation	1204	5	5	6	4.9	4.7	4.7
Overnight deposits	7604	70	91	15	8.3	9.1	8.4
1.1.2. Other short-term deposits (M2 - M1)	3461	-6	17	-2	0.1	1.0	1.2
Deposits with an agreed maturity of up to two years	1106	-12	16	-11	-5.5	-2.7	-2.5
Deposits redeemable at notice of up to three months	2354	6	1	9	3.0	2.9	3.1
1.2. Marketable instruments (M3 - M2)	624	13	-8	-4	-1.6	-2.7	-1.6
Repurchase agreements	75	1	-5	3	10.6	-1.2	3.0
Money market fund shares	534	14	10	1	1.6	4.9	6.3
Debt securities issued with a maturity of up to two years	16	-2	-13	-7	-40.5	-62.4	-71.9
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	390	4	40	-20	5.5	5.9	-3.1
3. Longer-term financial liabilities vis-a-vis other euro area residents	7097	-2	-29	35	2.0	1.7	1.8
3.1. Deposits with an agreed maturity of over two years	1946	-28	-16	27	-1.8	-2.2	-0.4
3.2. Deposits redeemable at notice of over three months	57	0	0	-1	0.5	0.4	0.1
3.3. Debt securities issued with a maturity of over two years	2159	10	-17	3	4.2	3.7	2.4
3.4. Capital and reserves	2935	15	4	5	3.3	3.1	2.9
MFI assets:							
4. Credit to euro area residents	18475	52	63	21	2.1	2.2	2.1
4.1. Credit to general government	4699	14	9	-14	-0.5	-0.6	-1.1
Loans	999	0	5	-6	-1.4	-0.3	-0.5
Debt securities	3688	14	4	-8	-0.2	-0.7	-1.2
Equity ^{c)}	12	0	0	0	-0.7	0.2	1.5
4.2. Credit to the private sector ^{d)}	13777	39	54	35	2.9	3.1	3.2
Loans ^{e)}	11399	45	58	0	3.2	3.5	3.3
Adjusted loans ^{f)}	11766	44	51	12	3.7	3.8	3.7
Debt securities	1571	-10	0	33	1.4	1.2	3.4
Equity and non-money market fund investment fund shares	807	4	-4	3	1.8	2.0	2.0
5. Net external assets	1477	54	4	23	-	-	-
6. Other counterparts of M3 (residual)	428	-23	49	-14	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	201	15	6	-12	7.1	11.9	8.0
6.2. Reverse repos to central counterparties (assets) ^{c)}	216	16	7	-15	9.9	15.6	11.5

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: September 2019

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects ^{a)})

	Jul 2019	Aug 2019	Sep 2019
COMPONENTS OF M3			
1. M1	5.2	5.6	5.3
1.1. Currency in circulation	0.5	0.4	0.4
1.2. Overnight deposits	4.7	5.2	4.8
2. M2 - M1 (other short-term deposits)	0.0	0.3	0.3
3. M3 - M2 (marketable instruments)	-0.1	-0.1	-0.1
COUNTERPARTS OF M3			
4. Credit to the private sector	3.2	3.4	3.5
5. Credit to general government	-0.2	-0.2	-0.4
6. Net external assets	2.9	3.0	2.8
7. Longer-term financial liabilities (inverted sign) ^{b)}	-1.1	-1.0	-1.0
8. Remaining counterparts	0.3	0.6	0.6
M3 (sum of items 1 to 3, or items 4 to 8)	5.1	5.8	5.5

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: September 2019 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Sep 2019	Jul 2019	Aug 2019	Sep 2019	Jul 2019	Aug 2019	Sep 2019
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	11140	65	103	15	5.6	6.4	6.0
1. Deposits placed by households ^{b)}	6964	53	26	39	6.1	6.1	6.3
1.1. Overnight deposits	4319	50	28	37	9.2	9.2	9.4
1.2. Deposits with an agreed maturity of up to two years	503	-2	-1	-4	-4.6	-4.1	-4.3
1.3. Deposits redeemable at notice of up to three months	2140	5	0	7	3.1	3.0	3.2
1.4. Repurchase agreements	1	0	0	-1	15.9	7.8	-11.4
2. Deposits placed by non-financial corporations	2451	28	31	-20	6.9	7.9	6.2
2.1. Overnight deposits	2031	29	29	-17	8.7	9.6	7.7
2.2. Deposits with an agreed maturity of up to two years	262	0	1	-3	-3.0	-1.3	-1.9
2.3. Deposits redeemable at notice of up to three months	152	0	1	0	2.4	2.6	2.8
2.4. Repurchase agreements	6	-1	0	-1	-8.1	2.7	-12.5
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1036	-13	25	5	-0.1	4.0	3.7
3.1. Overnight deposits	780	-5	18	-4	4.0	7.7	5.3
3.2. Deposits with an agreed maturity of up to two years	178	-7	10	-1	-17.8	-8.9	-5.8
3.3. Deposits redeemable at notice of up to three months	29	1	-1	1	3.8	0.2	3.2
3.4. Repurchase agreements ^{c)}	49	-2	-3	9	10.8	1.5	18.0
4. Deposits placed by insurance corporations and pension funds	222	3	14	-14	1.6	9.0	3.9
5. Deposits placed by other general government	467	-7	7	5	6.5	5.8	6.4

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: September 2019 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Sep 2019	Jul 2019	Aug 2019	Sep 2019	Jul 2019	Aug 2019	Sep 2019
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	5876	17	22	12	3.2	3.3	3.2
<i>Adjusted loans ^{c)}</i>	6163	21	18	17	3.4	3.4	3.4
1.1. Credit for consumption	713	3	3	1	6.2	6.1	5.9
1.2. Lending for house purchase	4469	16	19	14	3.5	3.5	3.5
1.3. Other lending	693	-2	1	-3	-1.3	-1.2	-1.6
<i>of which: sole proprietors</i>	371	0	0	-1	-1.0	-1.1	-1.3
2. Loans to non-financial corporations	4493	26	23	-15	3.3	3.5	2.9
<i>Adjusted loans ^{c)}</i>	4585	22	23	-8	4.0	4.3	3.7
2.1. up to 1 year	986	7	14	-13	-0.4	0.6	-0.7
2.2. over 1 year and up to 5 years	873	7	3	-5	5.8	5.9	5.0
2.3. over 5 years	2635	12	6	3	3.9	3.9	3.7
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	882	0	6	-4	2.6	3.3	3.5
<i>Adjusted loans ^{c)}</i>	882	1	8	-7	2.4	3.5	3.1
4. Loans to insurance corporations and pension funds	148	2	7	7	7.1	13.0	14.5
<i>Adjusted loans ^{c)}</i>	136	0	2	11	11.3	11.2	18.4

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 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.