

Press release

28 January 2019

Monetary developments in the euro area: December 2018

- Annual growth rate of broad [monetary aggregate M3](#) increased to 4.1% in December 2018 from 3.7% in November
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, stood at 6.6% in December, compared with 6.7% in November
- Annual growth rate of [adjusted loans to households](#) stood at 3.3% in December, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 4.0% in December, unchanged from previous month

Components of the broad monetary aggregate M3

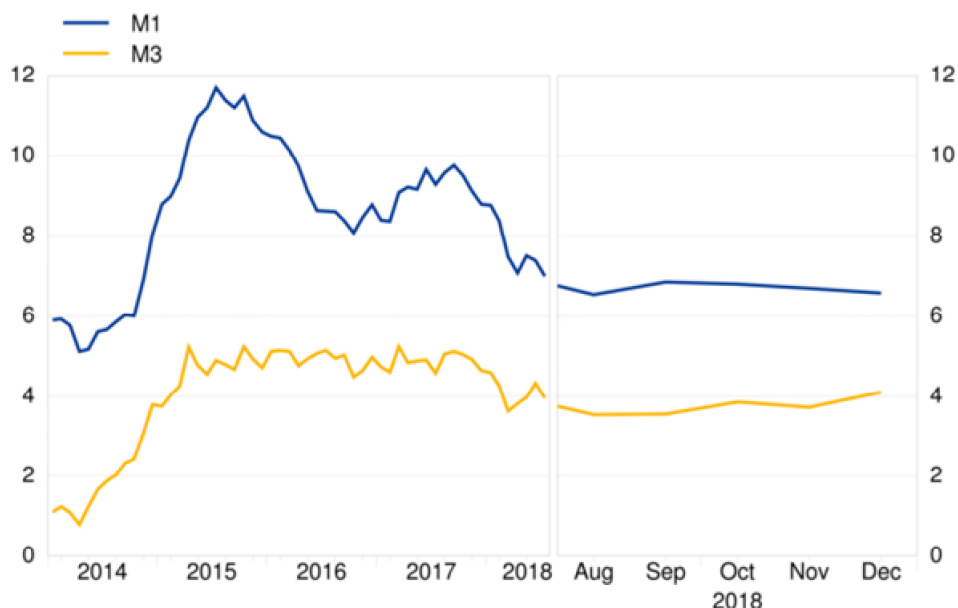
The annual growth rate of the broad monetary aggregate M3 increased to 4.1% in December 2018 from 3.7% in November, averaging 3.9% in the three months up to December. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, stood at 6.6% in December, compared with 6.7% in November. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -0.8% in December, compared with -1.0% in November. The annual growth rate of marketable instruments (M3-M2) increased to 0.6% in December from -5.8% in November.

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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 4.3 percentage points (down from 4.4 percentage points in November), short-term deposits other than overnight deposits (M2-M1) contributed -0.2 percentage point (up from -0.3 percentage point) and marketable instruments (M3-M2) contributed 0.0 percentage point (up from -0.3 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households increased to 5.2% in December from 4.9% in November, while the annual growth rate of deposits placed by non-financial corporations stood at 3.9% in December, compared with 3.8% in November. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to -0.4% in December from 0.3% in November.

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 December 2018 can be broken down as follows: credit to the private sector contributed 3.1 percentage points (down from 3.2

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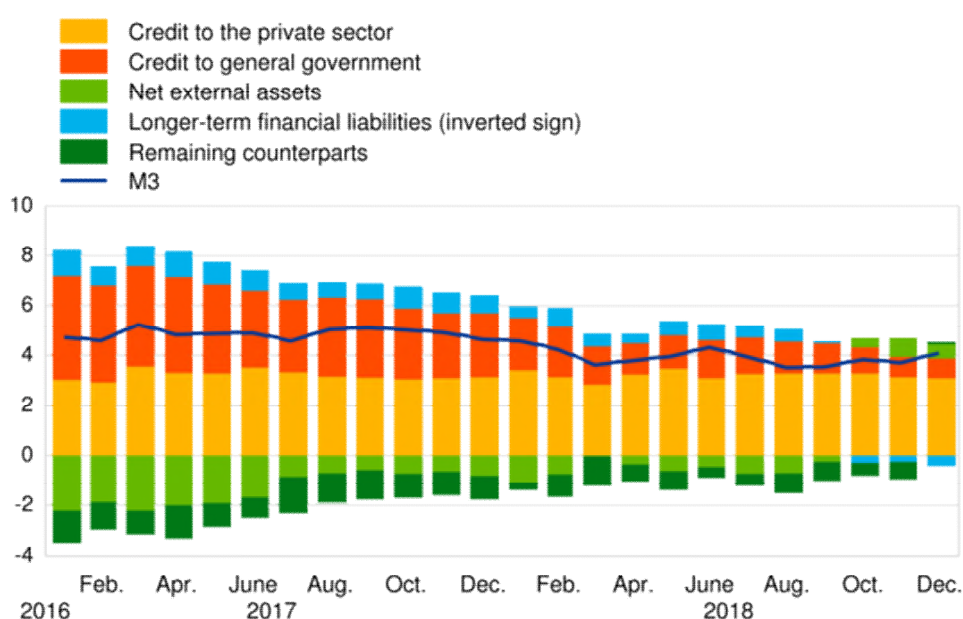
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percentage points in November), credit to general government contributed 0.8 percentage point (as in the previous month), net external assets contributed 0.6 percentage point (down from 0.7 percentage point), longer-term financial liabilities contributed -0.4 percentage point (down from -0.3 percentage point), and the remaining counterparts of M3 contributed 0.0 percentage point (up from -0.7 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 2.6% in December 2018, compared with 2.7% in the previous month. The annual growth rate of [credit to general government](#) stood at 2.0% in December, compared with 2.1% in November, while the annual growth rate of [credit to the private sector](#) stood at 2.9% in December, 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 December, compared with 3.3% in November. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.3% in December,

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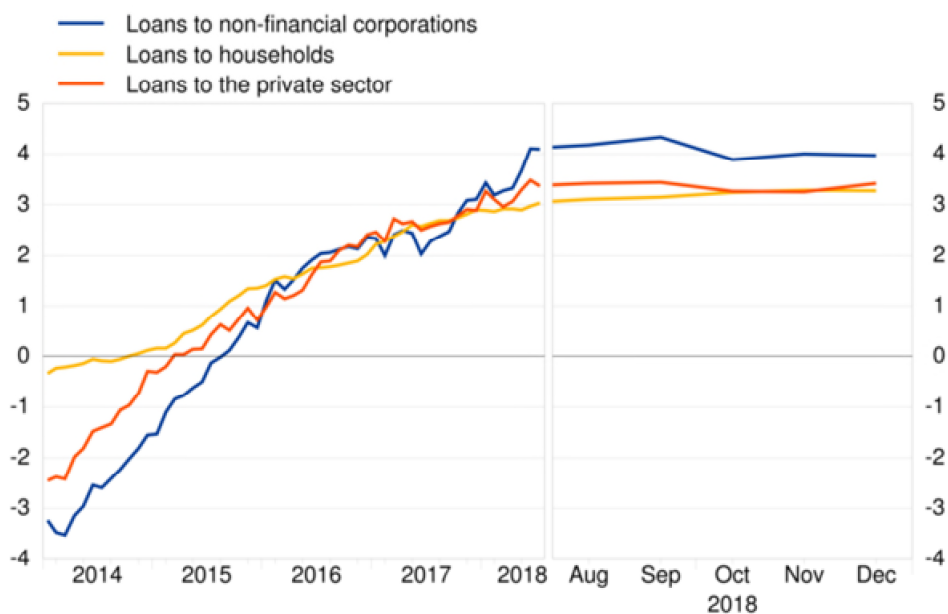
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while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 4.0% in December, both unchanged from the previous month.

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.

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- 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: December 2018

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

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2018	Oct 2018	Nov 2018	Dec 2018	Oct 2018	Nov 2018	Dec 2018
COMPONENTS OF M3							
1. M3	12368	61	40	65	3.9	3.7	4.1
1.1. M2	11701	50	45	33	4.4	4.3	4.3
1.1.1. M1	8280	35	51	29	6.8	6.7	6.6
Currency in circulation	1163	4	4	4	4.1	4.3	4.5
Overnight deposits	7117	31	47	25	7.3	7.1	6.9
1.1.2. Other short-term deposits (M2 - M1)	3421	15	-6	4	-1.0	-1.0	-0.8
Deposits with an agreed maturity of up to two years	1127	9	-11	1	-6.2	-6.7	-6.1
Deposits redeemable at notice of up to three months	2294	5	5	3	1.8	2.0	2.0
1.2. Marketable instruments (M3 - M2)	667	10	-5	32	-4.7	-5.8	0.6
Repurchase agreements	72	0	2	-2	-0.6	-8.1	-7.9
Money market fund shares	523	11	-4	21	-3.7	-3.3	2.2
Debt securities issued with a maturity of up to two years	72	-1	-3	13	-15.6	-20.4	-0.9
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	379	-5	-8	-11	18.3	24.9	11.3
3. Longer-term financial liabilities vis-a-vis other euro area residents	6818	15	-7	15	0.5	0.5	0.7
3.1. Deposits with an agreed maturity of over two years	1940	0	-6	5	-1.7	-2.1	-1.9
3.2. Deposits redeemable at notice of over three months	56	0	-1	0	-8.8	-9.2	-8.2
3.3. Debt securities issued with a maturity of over two years	2096	5	-2	1	0.6	0.8	0.8
3.4. Capital and reserves	2727	10	3	8	2.3	2.3	2.8
MFI assets:							
4. Credit to euro area residents	18104	23	18	68	2.9	2.7	2.6
4.1. Credit to general government	4686	-10	-8	57	2.7	2.1	2.0
Loans	1007	-3	3	4	-4.2	-3.8	-2.7
Debt securities	3667	-6	-12	54	4.8	3.8	3.4
Equity ^{c)}	11	0	1	-1	0.6	7.3	0.3
4.2. Credit to the private sector ^{d)}	13418	33	26	10	3.0	2.9	2.9
Loans ^{e)}	11126	22	30	13	2.8	2.7	2.8
Adjusted loans ^{f)}	11480	21	32	41	3.3	3.3	3.4
Debt securities	1520	13	-6	7	7.2	6.6	6.2
Equity and non-money market fund investment fund shares	771	-1	3	-10	-1.5	-1.8	-2.7
5. Net external assets	1028	21	42	-25	-	-	-
6. Other counterparts of M3 (residual)	434	26	-35	27	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	187	-10	29	-9	-9.9	-0.1	11.0
6.2. Reverse repos to central counterparties (assets) ^{c)}	195	-9	30	-10	-22.0	-24.6	2.1

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: December 2018

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

	Oct 2018	Nov 2018	Dec 2018
COMPONENTS OF M3			
1. M1	4.4	4.4	4.3
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)	-0.3	-0.3	-0.2
3. M3 - M2 (marketable instruments)	-0.3	-0.3	0.0
COUNTERPARTS OF M3			
4. Credit to the private sector	3.3	3.2	3.1
5. Credit to general government	1.0	0.8	0.8
6. Net external assets	0.3	0.7	0.6
7. Longer-term financial liabilities (inverted sign) ^{b)}	-0.3	-0.3	-0.4
8. Remaining counterparts	-0.5	-0.7	0.0
M3 (sum of items 1 to 3, or items 4 to 8)	3.9	3.7	4.1

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: December 2018 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2018	Oct 2018	Nov 2018	Dec 2018	Oct 2018	Nov 2018	Dec 2018
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	10610	46	43	27	4.4	4.2	4.2
1. Deposits placed by households ^{b)}	6644	38	23	35	4.7	4.9	5.2
1.1. Overnight deposits	4038	37	21	30	8.4	8.5	8.8
1.2. Deposits with an agreed maturity of up to two years	517	-4	-3	-1	-9.6	-9.1	-8.1
1.3. Deposits redeemable at notice of up to three months	2088	5	5	5	2.0	2.1	2.3
1.4. Repurchase agreements	1	0	0	0	-45.3	-42.6	63.5
2. Deposits placed by non-financial corporations	2336	3	8	14	4.1	3.8	3.9
2.1. Overnight deposits	1903	2	0	12	6.0	5.3	5.6
2.2. Deposits with an agreed maturity of up to two years	279	3	5	3	-4.6	-3.2	-3.2
2.3. Deposits redeemable at notice of up to three months	146	0	0	-1	-1.1	-1.3	-1.8
2.4. Repurchase agreements	8	-1	2	0	5.7	0.4	-14.0
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1000	6	9	1	3.0	0.3	-0.4
3.1. Overnight deposits	746	-7	20	2	5.6	4.0	3.0
3.2. Deposits with an agreed maturity of up to two years	183	9	-9	-1	-3.4	-7.9	-8.0
3.3. Deposits redeemable at notice of up to three months	28	-1	0	0	8.7	8.4	3.0
3.4. Repurchase agreements ^{c)}	43	5	-2	-1	-9.5	-22.0	-19.6
4. Deposits placed by insurance corporations and pension funds	200	-4	0	-8	2.8	1.6	-2.1
5. Deposits placed by other general government	429	2	4	-14	5.1	7.0	4.1

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: December 2018
(EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2018	Oct 2018	Nov 2018	Dec 2018	Oct 2018	Nov 2018	Dec 2018
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	5742	15	18	10	3.2	3.2	3.0
<i>Adjusted loans ^{c)}</i>	6024	19	18	16	3.2	3.3	3.3
1.1. Credit for consumption	684	4	4	1	7.1	6.7	6.2
1.2. Lending for house purchase	4354	12	14	14	3.3	3.3	3.3
1.3. Other lending	704	0	0	-4	-0.7	-0.8	-1.3
<i>of which: sole proprietors</i>	375	0	0	-1	-1.1	-1.1	-1.3
2. Loans to non-financial corporations	4407	5	22	-12	2.8	2.9	2.8
<i>Adjusted loans ^{c)}</i>	4489	3	22	12	3.9	4.0	4.0
2.1. up to 1 year	995	-17	6	7	0.6	1.3	1.8
2.2. over 1 year and up to 5 years	843	7	7	-8	4.9	5.0	4.0
2.3. over 5 years	2568	14	9	-11	2.9	2.9	2.7
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	849	5	-10	6	-0.5	-1.7	-0.1
<i>Adjusted loans ^{c)}</i>	849	1	-11	6	-0.1	-1.3	-0.2
4. Loans to insurance corporations and pension funds	128	-4	0	7	7.3	5.1	16.6
<i>Adjusted loans ^{c)}</i>	119	-3	3	8	6.5	8.0	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.