

Press release

24 July 2019

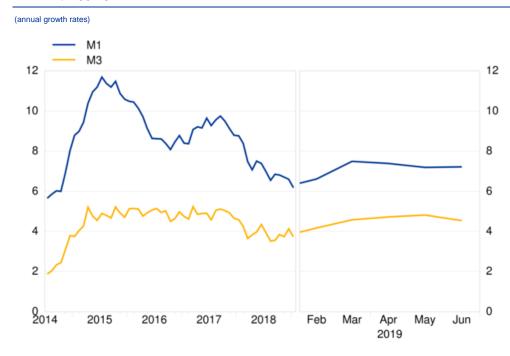
Monetary developments in the euro area: June 2019

- Annual growth rate of broad monetary aggregate M3 decreased to 4.5% in June 2019 from 4.8% in May
- Annual growth rate of narrower <u>monetary aggregate M1</u>, comprising currency in circulation and overnight deposits, stood at 7.2% in June, unchanged from previous month
- Annual growth rate of <u>adjusted loans to households</u> stood at 3.3% in June, unchanged from previous month
- Annual growth rate of <u>adjusted loans to non-financial corporations</u> stood at 3.8% in June, unchanged from previous month

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 4.5% in June 2019 from 4.8% in May, averaging 4.7% in the three months up to June. The <u>components of M3</u> showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, stood at 7.2% in June, unchanged from the previous month. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) decreased to -0.1% in June from 0.7% in May. The annual growth rate of marketable instruments (M3-M2) was -3.7% in June, compared with -2.7% in May.

Chart 1
Monetary aggregates



Data for monetary aggregates

Looking at the <u>components' contributions to the annual growth rate of M3</u>, the narrower aggregate M1 contributed 4.8 percentage points (as in the previous month), short-term deposits other than overnight deposits (M2-M1) contributed 0.0 percentage point (down from 0.2 percentage point) and marketable instruments (M3-M2) contributed -0.2 percentage point (down from -0.1 percentage point).

From the perspective of the holding sectors of <u>deposits in M3</u>, the annual growth rate of deposits placed by households stood at 5.8% in June, compared with 5.9% in May, while the annual growth rate of deposits placed by non-financial corporations increased to 5.7% in June from 5.4% in May. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) stood at -0.8% in June, compared with -0.7% in May.

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 June 2019 can be broken down as follows: credit to the private sector contributed 3.3 percentage points (up from 2.8 percentage points in May), net external assets contributed 2.4 percentage points (as in the previous month), credit to

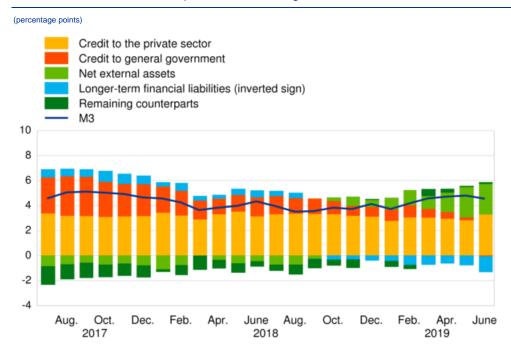
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general government contributed -0.1 percentage point (down from 0.2 percentage point), longer-term financial liabilities contributed -1.2 percentage points (down from -0.8 percentage point), and the remaining counterparts of M3 contributed 0.1 percentage point (as in the previous month).

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



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

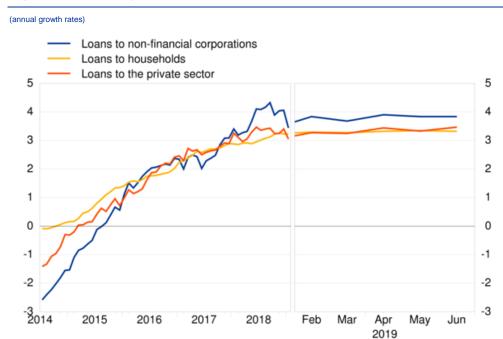
Credit to euro area residents

As regards the dynamics of credit, the annual growth rate of total <u>credit to euro area residents</u> stood at 2.2% in June 2019, compared with 2.1% in the previous month. The annual growth rate of <u>credit to general government</u> decreased to -0.2% in June from 0.7% in May, while the annual growth rate of <u>credit to the private sector</u> increased to 3.0% in June from 2.6% in May.

The annual growth rate of <u>adjusted loans to the private sector</u> (i.e. adjusted for loan sales, securitisation and notional cash pooling) increased to 3.5% in June from 3.3% in May. Among the borrowing sectors, in June the annual growth rate of <u>adjusted loans to households</u> stood at 3.3% and the annual growth rate of <u>adjusted loans to non-financial corporations</u> stood at 3.8%, both unchanged from the previous month.

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Chart 3Adjusted loans to the private sector



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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