

## Press release

27 August 2020

# Monetary developments in the euro area: July 2020

- Annual growth rate of broad [monetary aggregate M3](#) increased to 10.2% in July 2020 from 9.2% in June
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, increased to 13.5% in July from 12.6% in June
- Annual growth rate of [adjusted loans to households](#) stood at 3.0% in July, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.0% in July, compared with 7.1% in June

## Components of the broad monetary aggregate M3

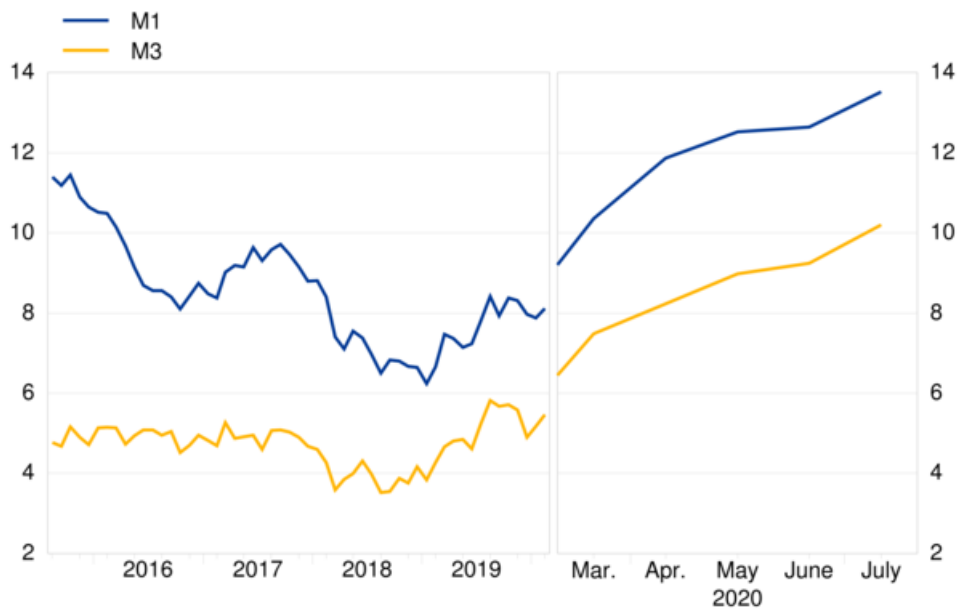
The annual growth rate of the broad monetary aggregate M3 increased to 10.2% in July 2020 from 9.2% in June, averaging 9.5% in the three months up to July. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, increased to 13.5% in July from 12.6% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 1.4% in July from 0.8% in June. The annual growth rate of marketable instruments (M3-M2) increased to 12.8% in July from 9.2% in June.

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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 9.2 percentage points (up from 8.6 percentage points in June), short-term deposits other than overnight deposits (M2-M1) contributed 0.4 percentage point (up from 0.2 percentage point) and marketable instruments (M3-M2) contributed 0.6 percentage point (up from 0.5 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households stood at 7.4% in July, unchanged from the previous month, while the annual growth rate of deposits placed by non-financial corporations increased to 20.4% in July from 19.1% in June. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 9.2% in July from 4.5% in June.

## 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 July 2020 can be broken down as follows: credit to general government contributed 5.7 percentage points (up from 5.0 percentage points in June), credit to the private sector contributed 5.3 percentage points (up from 5.1 percentage

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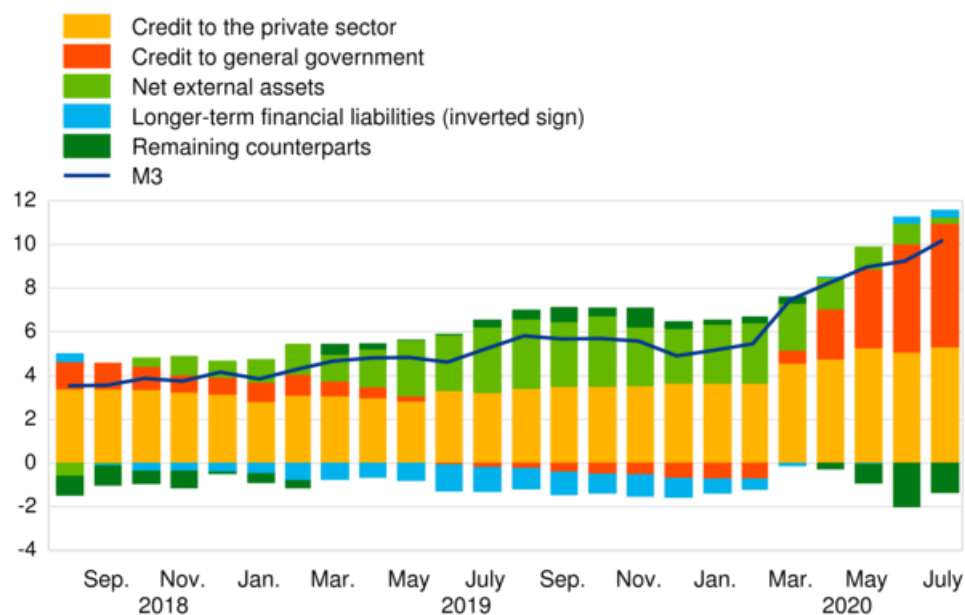
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points), longer-term financial liabilities contributed 0.3 percentage point (as in the previous month), net external assets contributed 0.3 percentage point (down from 0.9 percentage point), and the remaining counterparts of M3 contributed -1.4 percentage points (up from -2.0 percentage points).

## 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](#) increased to 7.7% in July 2020 from 7.0% in the previous month. The annual growth rate of [credit to general government](#) increased to 15.5% in July from 13.6% in June, while the annual growth rate of [credit to the private sector](#) increased to 5.0% in July from 4.7% in June.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 4.7% in July, compared with 4.8% in June. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.0% in July, unchanged from the previous month, while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.0% in July, compared with 7.1% in June.

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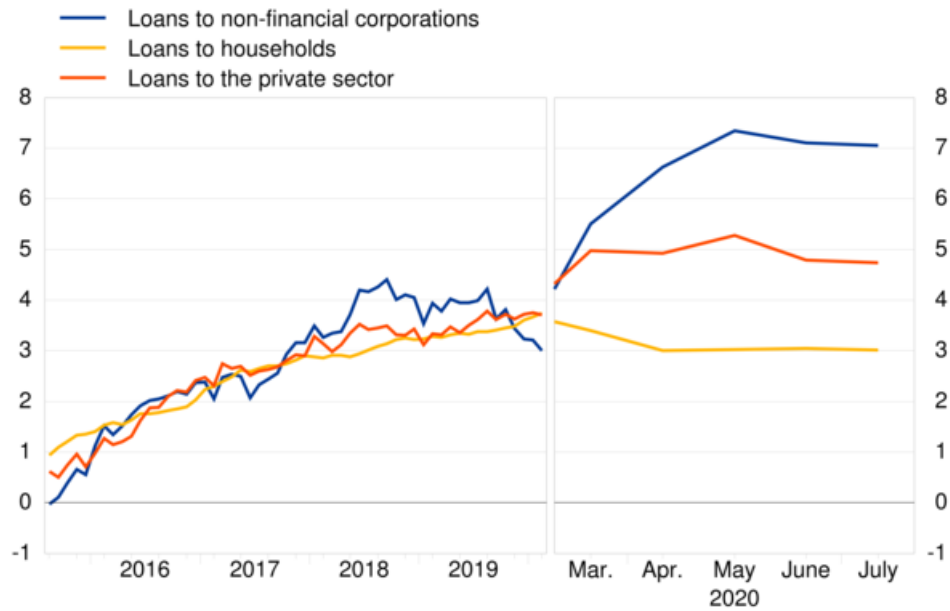
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### Chart 3

#### Adjusted loans to the private sector

(annual growth rates)



[Data for adjusted loans to the private sector](#)

#### 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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