

## Press release

27 October 2020

# Monetary developments in the euro area: September 2020

- Annual growth rate of broad [monetary aggregate M3](#) increased to 10.4% in September 2020 from 9.5% in August
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, increased to 13.8% in September from 13.2% in August
- Annual growth rate of [adjusted loans to households](#) stood at 3.1% in September, compared with 3.0% in August
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.1% in September, unchanged from previous month

## Components of the broad monetary aggregate M3

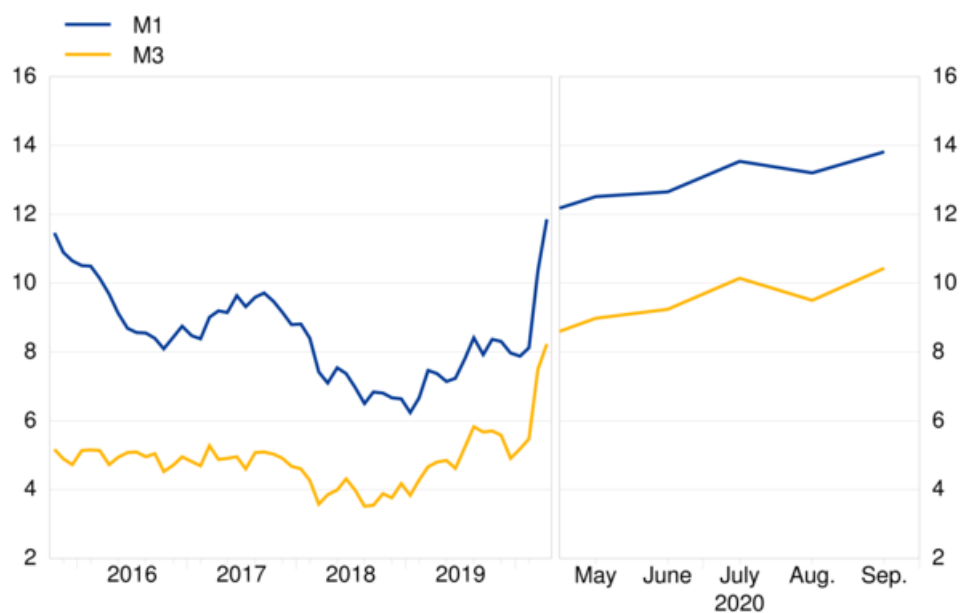
The annual growth rate of the broad monetary aggregate M3 increased to 10.4% in September 2020 from 9.5% in August, averaging 10.0% in the three months up to September. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, increased to 13.8% in September from 13.2% in August. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 1.4% in September from 0.4% in August. The annual growth rate of marketable instruments (M3-M2) increased to 12.5% in September from 8.2% in August.

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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 9.4 percentage points (up from 9.0 percentage points in August), short-term deposits other than overnight deposits (M2-M1) contributed 0.4 percentage point (up from 0.1 percentage point) and marketable instruments (M3-M2) contributed 0.6 percentage point (up from 0.4 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households increased to 7.8% in September from 7.5% in August, while the annual growth rate of deposits placed by non-financial corporations increased to 21.0% in September from 19.9% in August. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 8.4% in September from 4.5% 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 2020 can be broken down as follows: credit to general government contributed 6.8 percentage points (up from 6.0 percentage points in August), credit to the private sector contributed 5.2 percentage points (down from

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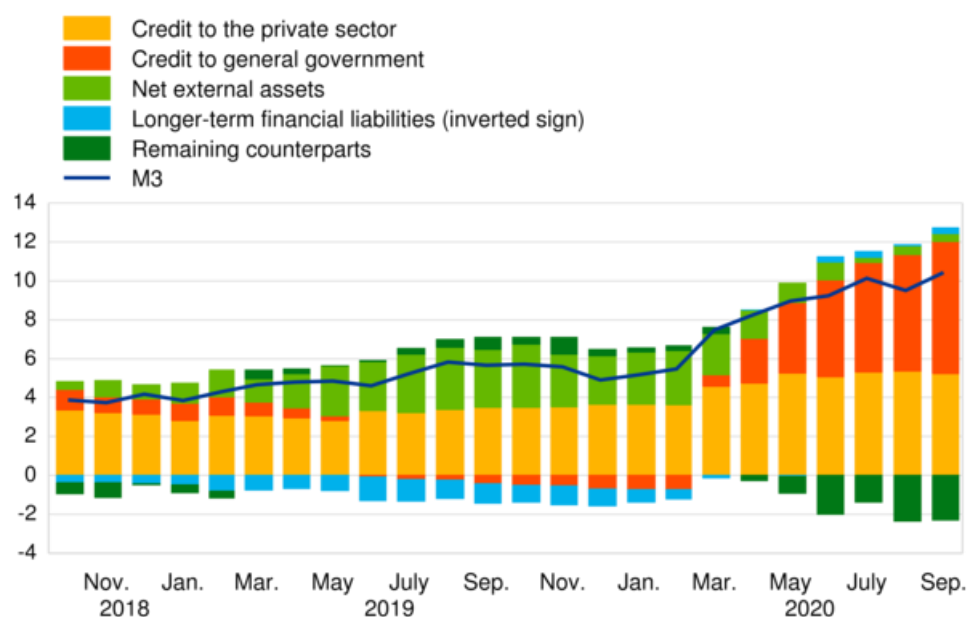
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5.4 percentage points), net external assets contributed 0.4 percentage point (as in the previous month), longer-term financial liabilities contributed 0.3 percentage point (up from 0.1 percentage point), and the remaining counterparts of M3 contributed -2.3 percentage points (up from -2.4 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 8.4% in September 2020 from 8.0% in the previous month. The annual growth rate of [credit to general government](#) increased to 18.8% in September from 16.5% in August, while the annual growth rate of [credit to the private sector](#) stood at 4.9% in September, compared with 5.0% 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 4.6% in September, unchanged from the previous month. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.1% in September, compared with 3.0% in August, while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.1% in September, unchanged from the previous month.

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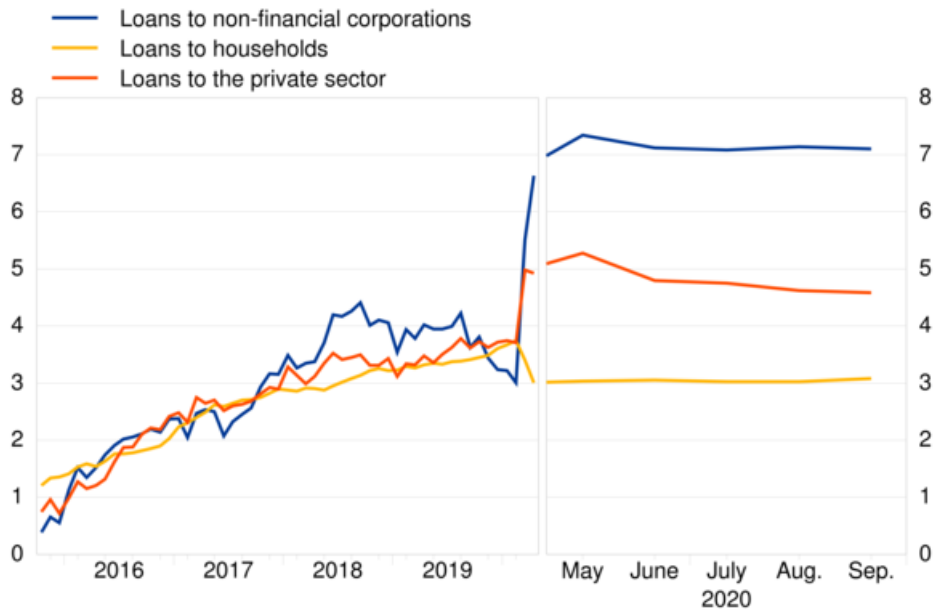
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### Chart 3

#### 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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