

Press release

29 January 2021

Monetary developments in the euro area: December 2020

- Annual growth rate of broad [monetary aggregate M3](#) increased to 12.3% in December 2020 from 11.0% in November
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, increased to 15.6% in December from 14.5% in November
- Annual growth rate of [adjusted loans to households](#) stood at 3.1% in December, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.0% in December, compared with 6.9% in November

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 12.3% in December 2020 from 11.0% in November, averaging 11.3% 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, increased to 15.6% in December from 14.5% in November. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 1.8% in December from 1.2% in November. The annual growth rate of marketable instruments (M3-M2) increased to 24.1% in December from 14.4% 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 10.7 percentage points (up from 10.0 percentage points in November), short-term deposits other than overnight deposits (M2-M1) contributed 0.5 percentage point (up from 0.3 percentage point) and marketable instruments (M3-M2) contributed 1.2 percentage points (up from 0.7 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households increased to 8.7% in December from 8.3% in November, while the annual growth rate of deposits placed by non-financial corporations increased to 20.7% in December from 20.3% in November. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 14.5% in December from 11.0% in November.

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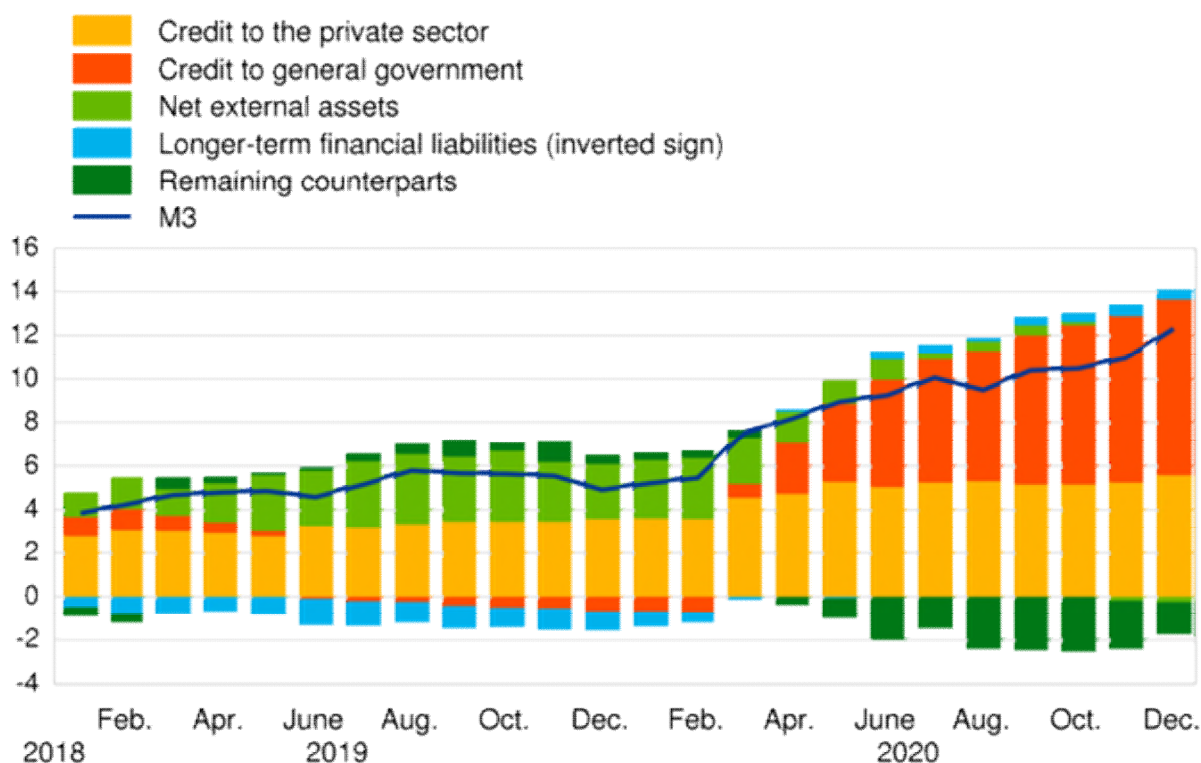
Counterparts of the broad monetary aggregate M3

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 2020 can be broken down as follows: credit to general government contributed 8.1 percentage points (up from 7.6 percentage points in November), credit to the private sector contributed 5.6 percentage points (up from 5.3 percentage points), longer-term financial liabilities contributed 0.3 percentage point (down from 0.4 percentage point), net external assets contributed -0.2 percentage point (as in the previous month), and the remaining counterparts of M3 contributed -1.5 percentage points (up from -2.2 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](#)

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Credit to euro area residents

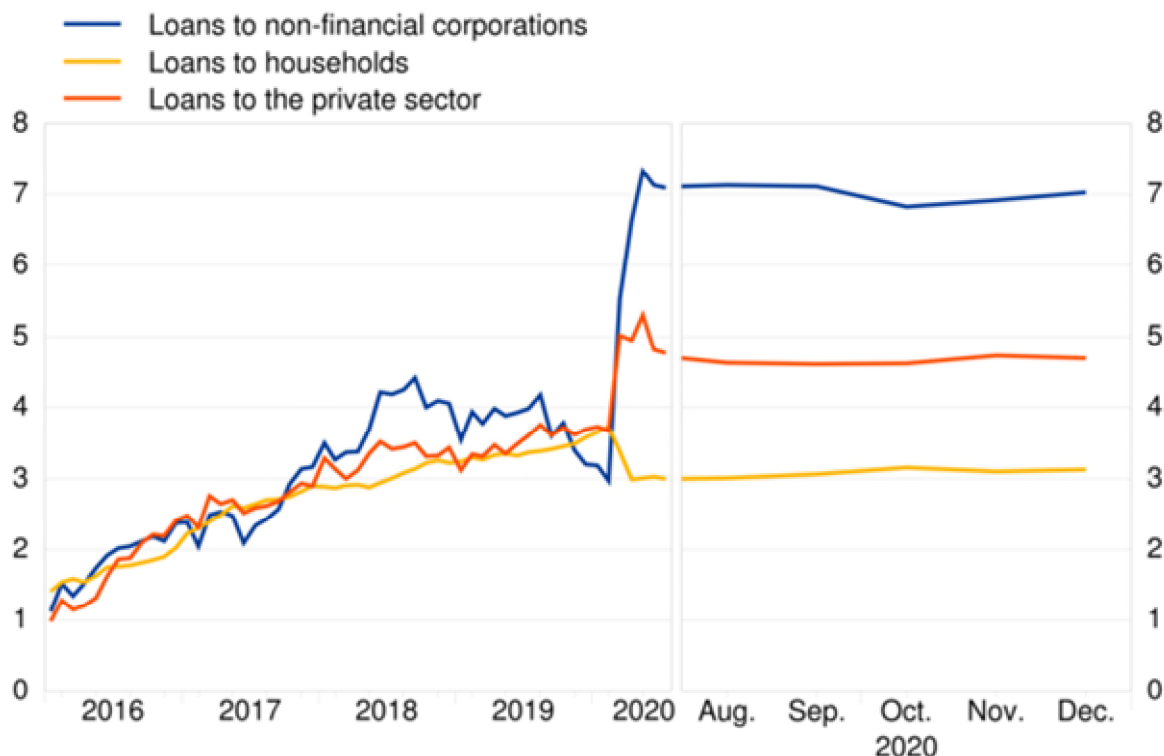
As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) increased to 9.6% in December 2020 from 9.1% in the previous month. The annual growth rate of [credit to general government](#) increased to 22.2% in December from 21.2% in November, while the annual growth rate of [credit to the private sector](#) increased to 5.3% in December from 5.0% in November.

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 December, unchanged from the previous month. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.1% in December, unchanged from the previous month, while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.0% in December, compared with 6.9% in November.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



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[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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