EUROPEAN CENTRAL BANK

EUROSYSTEM

Press release

28 January 2022

Monetary developments in the euro area: December 2021

- Annual growth rate of broad monetary aggregate M3 decreased to 6.9% in December 2021 from 7.4% in November (revised from 7.3%)
- Annual growth rate of narrower monetary aggregate M1, comprising currency in circulation and overnight deposits, decreased to 9.8% in December from 10.0% in November
- Annual growth rate of adjusted loans to households stood at 4.1% in December, compared with 4.2% in November
- Annual growth rate of adjusted loans to non-financial corporations increased to 4.2% in December from 2.9% in November

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 6.9% in December 2021 from 7.4% in November, averaging 7.3% 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, decreased to 9.8% in December from 10.0% in November. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at -1.5% in December, compared with -1.4% in November. The annual growth rate of marketable instruments (M3-M2) decreased to 6.4% in December from 12.2% in November.

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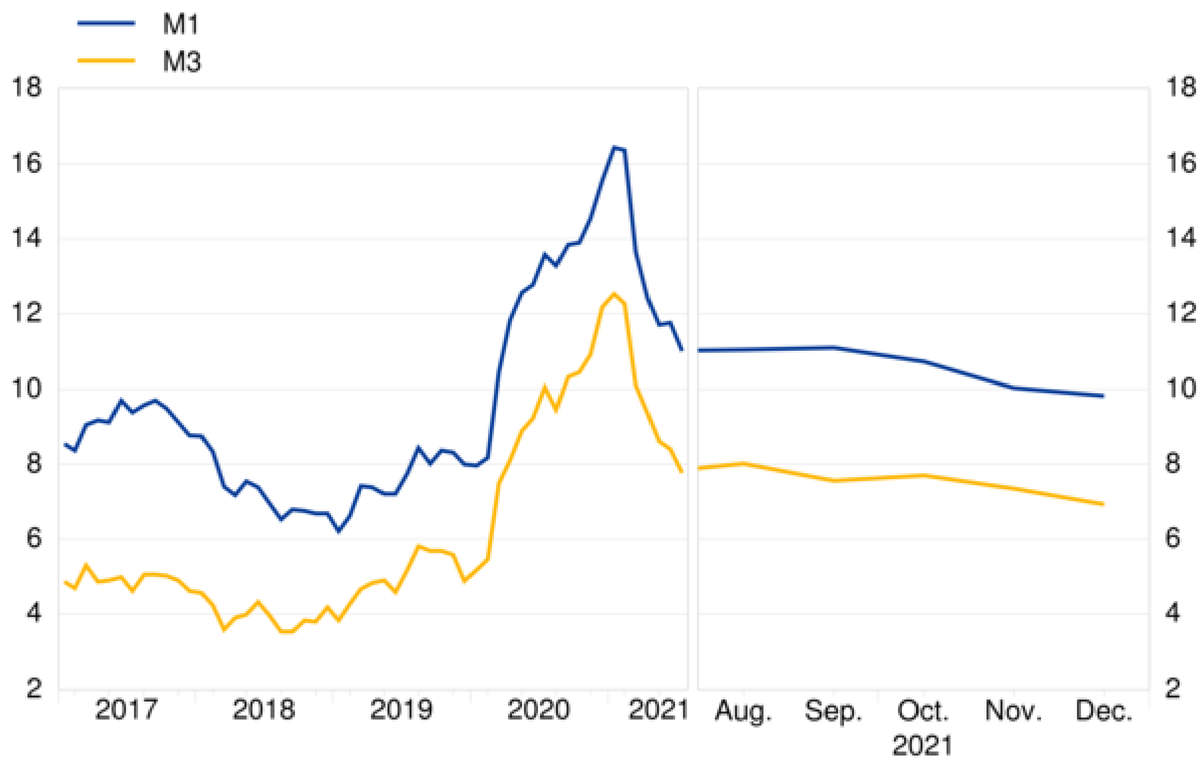
Chart 1

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 7.0 percentage points (down from 7.1 percentage points in November), short-term deposits other than overnight deposits (M2-M1) contributed -0.4 percentage point (down from -0.3 percentage point) and marketable instruments (M3-M2) contributed 0.3 percentage point (down from 0.6 percentage point).

From the perspective of the holding sectors of deposits in M3, the annual growth rate of deposits placed by households decreased to 5.5% in December from 6.0% in November, while the annual growth rate of deposits placed by non-financial corporations increased to 8.5% in December from 7.9% in November. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 13.3% in December from 15.5% in November.

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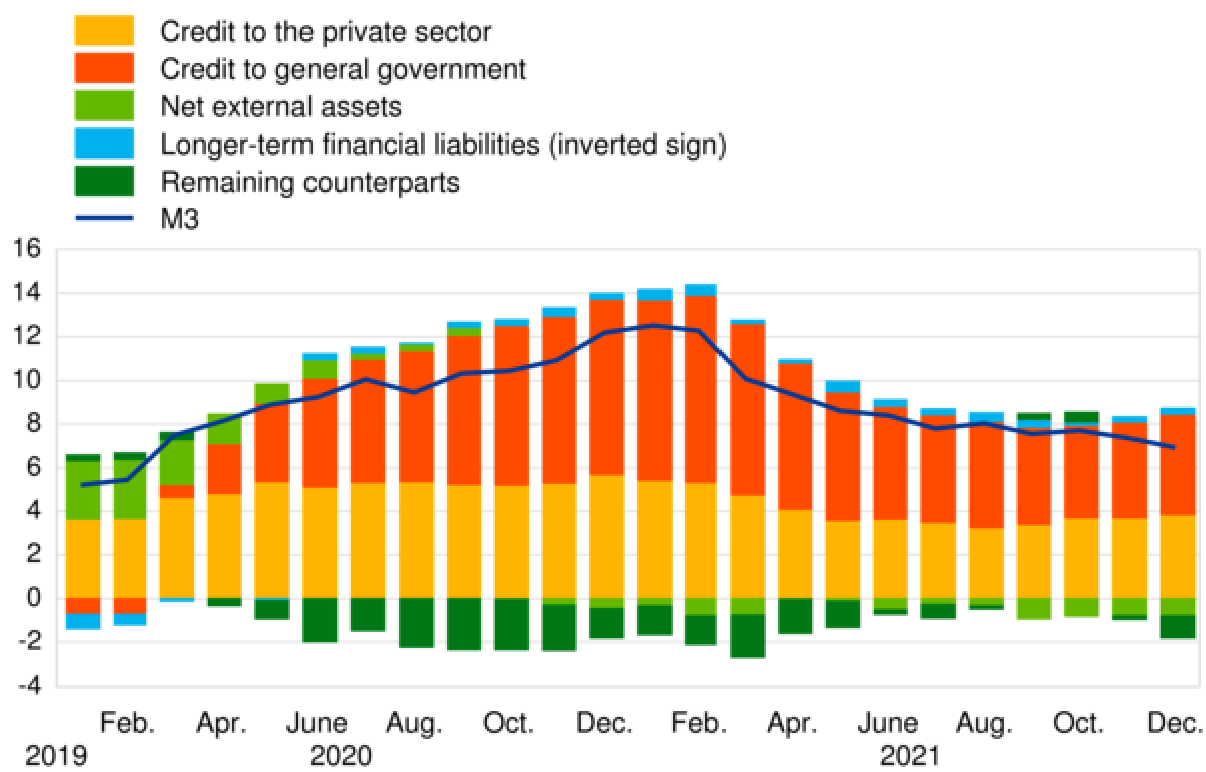
Counterparts of the broad monetary aggregate M3

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 2021 can be broken down as follows: credit to general government contributed 4.6 percentage points (up from 4.4 percentage points in November), credit to the private sector contributed 3.9 percentage points (up from 3.7 percentage points), longer-term financial liabilities contributed 0.3 percentage point (up from 0.2 percentage point), net external assets contributed -0.8 percentage point (as in the previous month), and the remaining counterparts of M3 contributed -1.0 percentage points (down from -0.2 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

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Credit to euro area residents

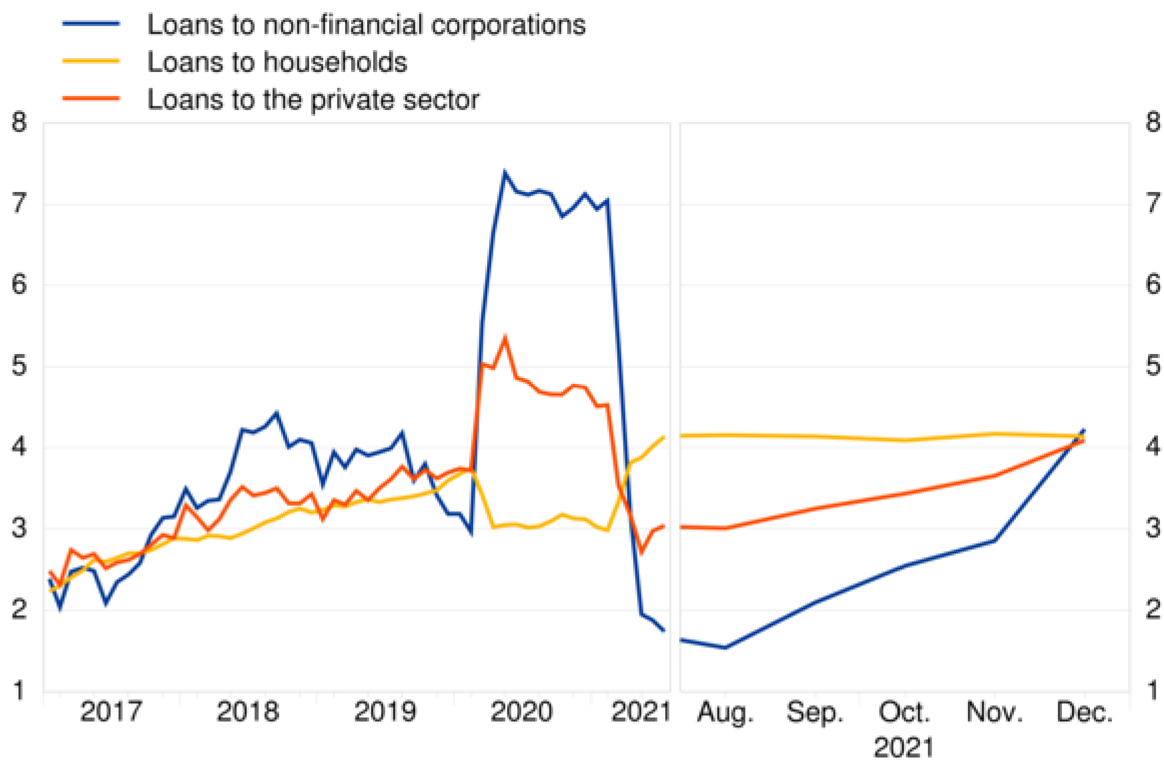
As regards the dynamics of credit, the annual growth rate of total credit to euro area residents increased to 6.1% in December 2021 from 5.8% in the previous month. The annual growth rate of credit to general government increased to 11.3% in December from 10.8% in November, while the annual growth rate of credit to the private sector increased to 3.9% in December from 3.7% in November.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) increased to 4.1% in December from 3.7% in November. Among the borrowing sectors, the annual growth rate of adjusted loans to households stood at 4.1% in December, compared with 4.2% in November, while the annual growth rate of adjusted loans to non-financial corporations increased to 4.2% in December from 2.9% in November.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



Data for adjusted loans to the private sector

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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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1 Monetary developments in the euro area: December 2021

(EUR billions and annual percentage changes; data adjusted for seasonal effects [a)])

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2021	Oct 2021	Nov 2021	Dec 2021	Oct 2021	Nov 2021	Dec 2021
COMPONENTS OF M3							
1. M3	**15484**	**114**	**65**	**91**	**7.7**	**7.4**	**6.9**
1.1. M2	14693	82	51	110	7.5	7.1	6.9
1.1.1. M1	11258	56	52	104	10.7	10.0	9.8
Currency in circulation	1465	8	8	5	8.5	8.1	7.7
Overnight deposits	9793	47	44	99	11.1	10.3	10.1
1.1.2. Other short-term deposits (M2 - M1)	3435	26	-1	7	-1.7	-1.4	-1.5
Deposits with an agreed maturity of up to two years	927	24	-5	-2	-12.3	-11.0	-11.5
Deposits redeemable at notice of up to three months	2508	2	4	9	2.9	2.6	2.7
1.2. Marketable instruments (M3 - M2)	791	33	14	-20	11.2	12.2	6.4
Repurchase agreements	117	13	-8	-9	28.8	20.5	11.5
Money market fund shares	660	18	26	15	3.9	8.2	3.8
Debt securities issued with a maturity of up to two years	14	2	-4	-26	199.2	94.8	-
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government [b)]	**797**	**49**	**-32**	**90**	**-11.3**	**-5.6**	**7.1**
3. Longer-term financial liabilities vis-a-vis other euro area residents	**6889**	**17**	**-12**	**2**	**-0.3**	**-0.5**	**-0.6**
3.1. Deposits with an agreed maturity of over two years	1839	-8	-13	8	-3.9	-5.1	-3.9
3.2. Deposits redeemable at notice of over three months	37	-1	0	-1	-10.5	-11.2	-11.9
3.3. Debt securities issued with a maturity of over two years	1998	24	1	-17	-2.1	-1.4	-1.9
3.4. Capital and reserves	3015	1	1	12	3.4	3.4	2.6
MFI assets:							
4. Credit to euro area residents	**21363**	**111**	**117**	**196**	**5.7**	**5.8**	**6.1**
4.1. Credit to general government	6552	32	65	104	10.5	10.8	11.3
Loans	997	-12	1	10	-1.2	-1.2	-0.1
Debt securities	5553	44	64	94	13.1	13.5	13.8
Equity [c)]	2	0	0	0	-82.4	-82.6	-80.7
4.2. Credit to the private sector [d)]	14811	79	52	91	3.7	3.7	3.9
Loans [e)]	12338	47	73	49	3.3	3.6	3.9
Adjusted loans [f)]	12722	60	65	93	3.4	3.7	4.1
Debt securities	1585	35	-14	42	4.6	3.2	5.3
Equity and non-money market fund investment fund shares	889	-4	-7	1	7.7	6.2	1.0
5. Net external assets	**1372**	**5**	**-33**	**-40**	**-**	**-**	**-**
6. Other counterparts of M3 (residual)	**435**	**64**	**-64**	**28**	**-**	**-**	**-**
of which:							
6.1. Repos with central counterparties (liabilities) [c)]	119	1	5	-26	-5.9	-2.4	-8.7
6.2. Reverse repos to central counterparties (assets) [c)]	136	2	2	-14	-4.3	1.9	-2.0

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 2021

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects [a])

	Oct 2021	Nov 2021	Dec 2021
COMPONENTS OF M3			
1. M1	7.6	7.1	7.0
1.1. Currency in circulation	0.8	0.8	0.7
1.2. Overnight deposits	6.8	6.3	6.2
2. M2 - M1 (other short-term deposits)	-0.4	-0.3	-0.4
3. M3 - M2 (marketable instruments)	0.6	0.6	0.3
COUNTERPARTS OF M3			
4. Credit to the private sector	3.7	3.7	3.9
5. Credit to general government	4.3	4.4	4.6
6. Net external assets	-0.8	-0.8	-0.8
7. Longer-term financial liabilities (inverted sign) [b]	0.1	0.2	0.3
8. Remaining counterparts	0.4	-0.2	-1.0
M3 (sum of items 1 to 3, or items 4 to 8)	**7.7**	**7.4**	**6.9**

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 2021

(EUR billions and annual percentage changes; data adjusted for seasonal effects [a)])

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2021	Oct 2021	Nov 2021	Dec 2021	Oct 2021	Nov 2021	Dec 2021
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	**13345**	**87**	**35**	**96**	**7.6**	**7.1**	**6.9**
1. Deposits placed by households [b)]	**8082**	**19**	**17**	**23**	**6.5**	**6.0**	**5.5**
1.1. Overnight deposits	5374	18	21	19	9.6	8.9	8.2
1.2. Deposits with an agreed maturity of up to two years	373	-5	-6	-5	-13.7	-14.4	-14.8
1.3. Deposits redeemable at notice of up to three months	2334	6	2	9	3.9	3.4	3.4
1.4. Repurchase agreements	1	0	0	0	6.7	0.0	-18.6
2. Deposits placed by non-financial corporations	**3249**	**28**	**20**	**37**	**7.4**	**7.9**	**8.5**
2.1. Overnight deposits	2823	23	23	39	10.5	10.6	11.0
2.2. Deposits with an agreed maturity of up to two years	290	9	-3	0	-10.1	-7.6	-7.0
2.3. Deposits redeemable at notice of up to three months	129	-2	0	-1	-6.8	-6.1	-4.9
2.4. Repurchase agreements	7	-1	-1	-1	44.7	35.6	98.2
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds [c)]	**1236**	**35**	**-2**	**7**	**18.2**	**15.5**	**13.3**
3.1. Overnight deposits	963	13	-10	15	22.2	18.0	18.6
3.2. Deposits with an agreed maturity of up to two years	159	13	9	-4	-8.8	-5.2	-12.8
3.3. Deposits redeemable at notice of up to three months	20	-1	1	-1	-15.2	-9.8	-9.0
3.4. Repurchase agreements [c)]	94	9	-2	-3	49.2	46.4	23.8
4. Deposits placed by insurance corporations and pension funds	**229**	**12**	**-6**	**-3**	**-0.4**	**-3.9**	**-3.3**
5. Deposits placed by other general government	**550**	**-7**	**5**	**33**	**6.0**	**6.9**	**9.3**

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 2021

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

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2021	Oct 2021	Nov 2021	Dec 2021	Oct 2021	Nov 2021	Dec 2021
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households b)	**6366**	**23**	**23**	**11**	**4.3**	**4.4**	**4.2**
Adjusted loans c)	**6629**	**23**	**24**	**21**	**4.1**	**4.2**	**4.1**
1.1. Credit for consumption	698	3	5	-3	0.6	1.6	1.2
1.2. Lending for house purchase	4970	20	19	16	5.5	5.5	5.4
1.3. Other lending	698	0	0	-1	-0.2	-0.3	-0.5
of which: sole proprietors	370	0	0	0	-0.7	-0.8	-0.8
2. Loans to non-financial corporations	**4866**	**19**	**25**	**51**	**1.9**	**2.4**	**3.7**
Adjusted loans c)	**4996**	**25**	**22**	**76**	**2.5**	**2.9**	**4.2**
2.1. up to 1 year	887	24	11	19	-5.1	-3.6	-0.4
2.2. over 1 year and up to 5 years	1007	-1	9	28	-3.5	-2.2	0.2
2.3. over 5 years	2972	-4	5	3	6.1	5.9	6.2
3. Loans to non-monetary financial corporations except insurance corporations and pension funds d)	**945**	**-5**	**19**	**-13**	**5.8**	**5.6**	**5.2**
Adjusted loans c)	**945**	**5**	**12**	**-6**	**5.9**	**5.5**	**4.8**
4. Loans to insurance corporations and pension funds	**161**	**10**	**6**	**1**	**-5.6**	**0.5**	**-4.7**
Adjusted loans c)	**151**	**6**	**7**	**3**	**-10.4**	**-4.6**	**-6.7**

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.