

Press release

27 February 2023

Monetary developments in the euro area: January 2023

- Annual growth rate of broad [monetary aggregate M3](#) decreased to 3.5% in January 2023 from 4.1% in December
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, decreased to -0.7% in January from 0.6% in December
- Annual growth rate of [adjusted loans to households](#) decreased to 3.6% in January from 3.8% in December
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 6.1% in January from 6.3% in December

Components of the broad monetary aggregate M3

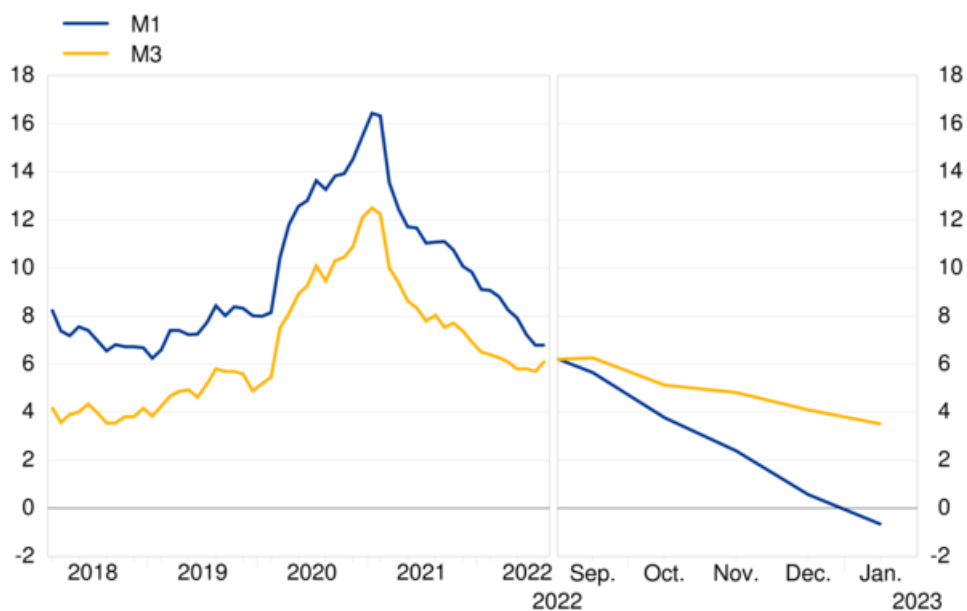
The annual growth rate of the broad monetary aggregate M3 decreased to 3.5% in January 2023 from 4.1% in December, averaging 4.1% in the three months up to January. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, decreased to -0.7% in January from 0.6% in December. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 15.1% in January from 14.0% in December. The annual growth rate of marketable instruments (M3-M2) increased to 13.3% in January from 11.3% in December.

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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 -0.5 percentage points (down from 0.4 percentage points in December), short-term deposits other than overnight deposits (M2-M1) contributed 3.4 percentage points (up from 3.1 percentage points) and marketable instruments (M3-M2) contributed 0.6 percentage points (up from 0.5 percentage points).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rates of both deposits placed by households and deposits placed by non-financial corporations decreased to 3.3% in January from 3.7% in December. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 0.1% in January from 3.7% in December.

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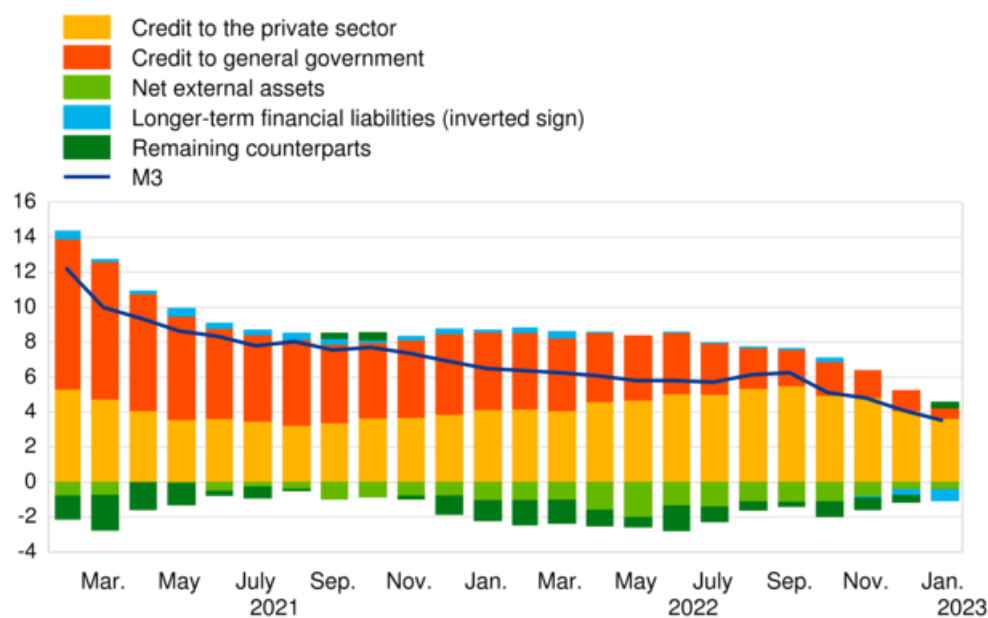
Counterparts of the broad monetary aggregate M3

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 January 2023 can be broken down as follows: credit to the private sector contributed 3.6 percentage points (down from 4.1 percentage points in December), credit to general government contributed 0.6 percentage points (down from 1.1 percentage points), net external assets contributed -0.4 percentage points (as in the previous month), longer-term financial liabilities contributed -0.6 percentage points (down from -0.3 percentage points), and the remaining counterparts of M3 contributed 0.3 percentage points (up from -0.4 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](#)

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Credit to euro area residents

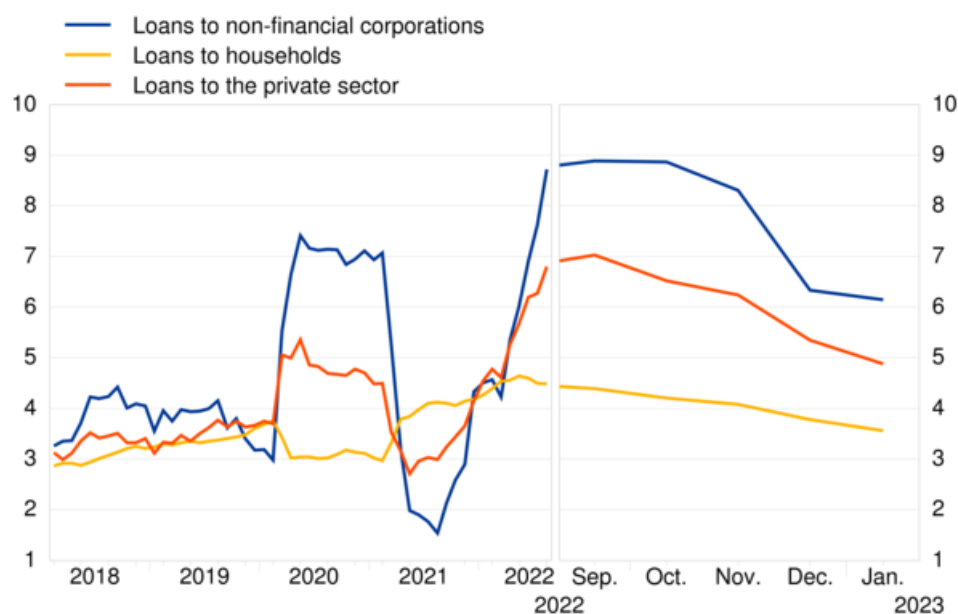
As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) decreased to 3.1% in January 2023 from 3.8% in the previous month. The annual growth rate of [credit to general government](#) decreased to 1.4% in January from 2.8% in December, while the annual growth rate of [credit to the private sector](#) decreased to 3.8% in January from 4.3% in December.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) decreased to 4.9% in January from 5.4% in December. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) decreased to 3.6% in January from 3.8% in December, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 6.1% in January from 6.3% in December.

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: January 2023

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

	End-of-month level	Monthly flow			Annual growth rate		
	Jan 2023	Nov 2022	Dec 2022	Jan 2023	Nov 2022	Dec 2022	Jan 2023
COMPONENTS OF M3							
1. M3	16122	22	-38	-20	4.8	4.1	3.5
1.1. M2	15300	-25	-45	-21	4.6	3.7	3.0
1.1.1. M1	11282	-100	-113	-89	2.4	0.6	-0.7
Currency in circulation	1541	0	-3	1	5.4	4.7	3.8
Overnight deposits	9742	-100	-110	-90	1.9	0.0	-1.3
1.1.2. Other short-term deposits (M2 - M1)	4018	74	68	68	12.0	14.0	15.1
Deposits with an agreed maturity of up to two years	1457	79	53	74	38.6	45.7	49.5
Deposits redeemable at notice of up to three months	2560	-5	15	-6	1.9	2.3	1.9
1.2. Marketable instruments (M3 - M2)	822	48	7	1	8.4	11.3	13.3
Repurchase agreements	134	15	-15	10	8.2	3.0	2.6
Money market fund shares	637	16	11	-13	-0.9	0.4	5.6
Debt securities issued with a maturity of up to two years	51	17	10	4	241.1	521.9	243.2
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	565	15	-8	-125	-2.8	-10.0	-23.0
3. Longer-term financial liabilities vis-a-vis other euro area residents	6848	37	36	44	0.2	0.7	1.5
3.1. Deposits with an agreed maturity of over two years	1785	2	-5	0	-4.4	-4.8	-4.3
3.2. Deposits redeemable at notice of over three months	33	0	0	2	-15.8	-14.3	-8.9
3.3. Debt securities issued with a maturity of over two years	2147	33	12	44	-0.7	0.5	2.7
3.4. Capital and reserves	2884	2	29	-3	3.8	4.5	4.3
MFI assets:							
4. Credit to euro area residents	21802	46	-5	-61	4.7	3.8	3.1
4.1. Credit to general government	6379	8	26	-58	3.7	2.8	1.4
Loans	994	-2	12	-20	0.4	1.0	-0.8
Debt securities	5360	9	13	-38	4.3	3.1	1.8
Equity ^{c)}	25	1	0	0	40.0	28.1	29.2
4.2. Credit to the private sector ^{d)}	15423	39	-31	-3	5.1	4.3	3.8
Loans ^{e)}	13031	17	-46	16	5.8	5.0	4.5
Adjusted loans ^{f)}	13203	33	-21	11	6.2	5.4	4.9
Debt securities	1555	20	13	-18	2.8	1.2	0.8
Equity and non-money market fund investment fund shares	837	2	3	-1	-0.9	-0.6	-0.6
5. Net external assets	1344	19	24	-7	-	-	-
6. Other counterparts of M3 (residual)	389	10	-30	-34	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	156	17	-23	18	11.3	7.9	-7.2
6.2. Reverse repos to central counterparties (assets) ^{c)}	157	15	-23	9	18.5	12.7	-1.8

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: January 2023

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects ^{a)})

	Nov 2022	Dec 2022	Jan 2023
COMPONENTS OF M3			
1. M1	1.7	0.4	-0.5
1.1. Currency in circulation	0.5	0.4	0.4
1.2. Overnight deposits	1.2	0.0	-0.9
2. M2 - M1 (other short-term deposits)	2.7	3.1	3.4
3. M3 - M2 (marketable instruments)	0.4	0.5	0.6
COUNTERPARTS OF M3			
4. Credit to the private sector	4.8	4.1	3.6
5. Credit to general government	1.5	1.1	0.6
6. Net external assets	-0.8	-0.4	-0.4
7. Longer-term financial liabilities (inverted sign) ^{b)}	-0.1	-0.3	-0.6
8. Remaining counterparts	-0.7	-0.4	0.3
M3 (sum of items 1 to 3, or items 4 to 8)	4.8	4.1	3.5

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: January 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jan 2023	Nov 2022	Dec 2022	Jan 2023	Nov 2022	Dec 2022	Jan 2023
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	13893	-11	-57	-12	4.6	3.6	2.9
1. Deposits placed by households ^{b)}	8439	-4	15	13	3.8	3.7	3.3
1.1. Overnight deposits	5564	-30	-26	-20	4.0	3.1	2.0
1.2. Deposits with an agreed maturity of up to two years	485	29	30	37	10.4	20.0	31.6
1.3. Deposits redeemable at notice of up to three months	2389	-3	11	-4	2.2	2.4	1.9
1.4. Repurchase agreements	1	0	0	0	7.9	20.0	-3.1
2. Deposits placed by non-financial corporations	3375	-5	-22	-5	5.4	3.7	3.3
2.1. Overnight deposits	2697	-48	-33	-46	-0.9	-3.1	-4.8
2.2. Deposits with an agreed maturity of up to two years	536	44	9	40	66.9	70.0	81.9
2.3. Deposits redeemable at notice of up to three months	134	0	3	-1	1.7	4.6	3.8
2.4. Repurchase agreements	7	-1	-2	2	-2.8	-17.2	-28.1
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1282	1	-36	-20	6.5	3.7	0.1
3.1. Overnight deposits	896	-20	-47	-21	2.0	-4.3	-7.5
3.2. Deposits with an agreed maturity of up to two years	258	7	15	-3	29.5	46.1	31.8
3.3. Deposits redeemable at notice of up to three months	20	-1	2	0	-0.6	13.3	17.4
3.4. Repurchase agreements ^{c)}	107	15	-5	4	10.5	9.2	12.7
4. Deposits placed by insurance corporations and pension funds	237	-4	-15	1	8.7	3.4	-0.1
5. Deposits placed by other general government	560	1	2	-1	6.9	2.7	3.7

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: January 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jan 2023	Nov 2022	Dec 2022	Jan 2023	Nov 2022	Dec 2022	Jan 2023
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	6656	13	4	2	4.0	3.8	3.4
<i>Adjusted loans ^{c)}</i>	6860	18	6	11	4.1	3.8	3.6
1.1. Credit for consumption	720	2	1	0	3.0	3.2	3.1
1.2. Lending for house purchase	5227	9	5	3	4.6	4.4	3.9
1.3. Other lending	709	2	-2	-1	0.3	0.1	0.0
<i>of which: sole proprietors</i>	374	-1	1	-1	-0.8	-0.6	-0.8
2. Loans to non-financial corporations	5144	-16	-25	2	7.3	5.5	5.4
<i>Adjusted loans ^{c)}</i>	5137	-4	-12	0	8.3	6.3	6.1
2.1. up to 1 year	959	-13	-25	-5	14.1	8.8	8.0
2.2. over 1 year and up to 5 years	1086	-1	10	2	10.0	7.9	8.6
2.3. over 5 years	3099	-3	-11	6	4.4	3.8	3.6
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	1085	30	-22	12	12.3	13.2	10.3
<i>Adjusted loans ^{c)}</i>	1073	28	-12	3	12.9	13.9	10.7
4. Loans to insurance corporations and pension funds	147	-10	-3	0	-6.4	-7.9	-12.7
<i>Adjusted loans ^{c)}</i>	133	-9	-3	-3	-6.7	-9.4	-13.8

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.