

Press release

2 May 2023

Monetary developments in the euro area: March 2023

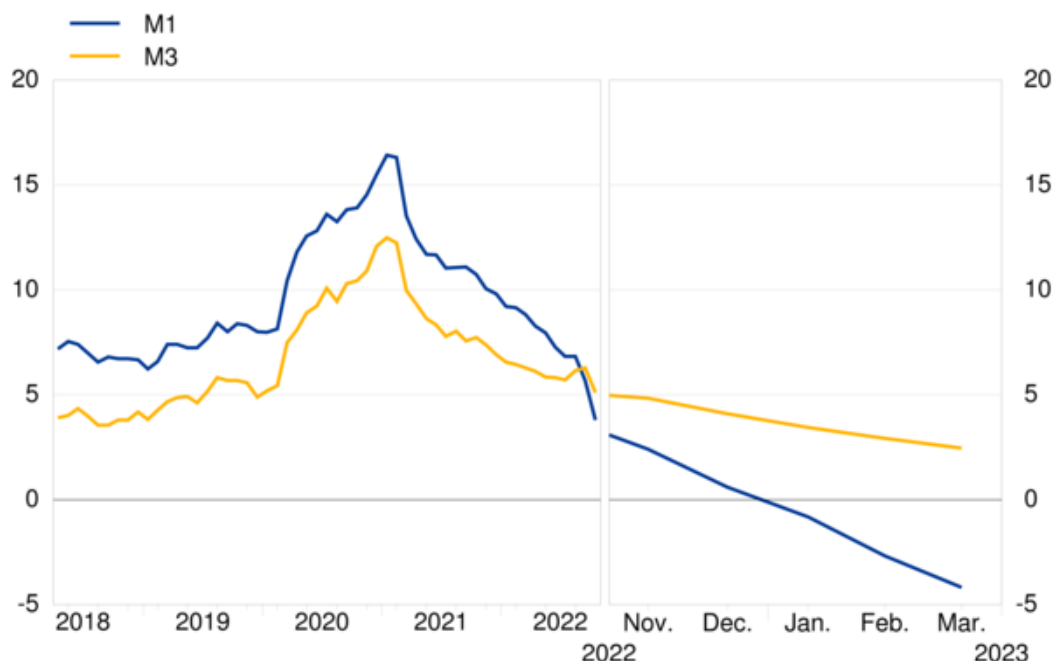
- Annual growth rate of broad [monetary aggregate M3](#) decreased to 2.5% in March 2023 from 2.9% in February
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, was -4.2% in March, compared with -2.7% in February
- Annual growth rate of [adjusted loans to households](#) decreased to 2.9% in March from 3.2% in February
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 5.2% in March from 5.7% in February

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 2.5% in March 2023 from 2.9% in February, averaging 2.9% in the three months up to March. 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, was -4.2% in March, compared with -2.7% in February. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 20.0% in March from 17.5% in February. The annual growth rate of marketable instruments (M3-M2) increased to 23.4% in March from 21.2% in February.

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 -3.1 percentage points (down from -2.0 percentage points in February), short-term deposits other than overnight deposits (M2-M1) contributed 4.4 percentage points (up from 3.9 percentage points) and marketable instruments (M3-M2) contributed 1.1 percentage points (up from 1.0 percentage points).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households decreased to 2.1% in March from 2.6% in February, while the annual growth rate of deposits placed by non-financial corporations decreased to 1.2% in March from 2.6% in February. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) was -4.7% in March, compared with -5.1% in February.

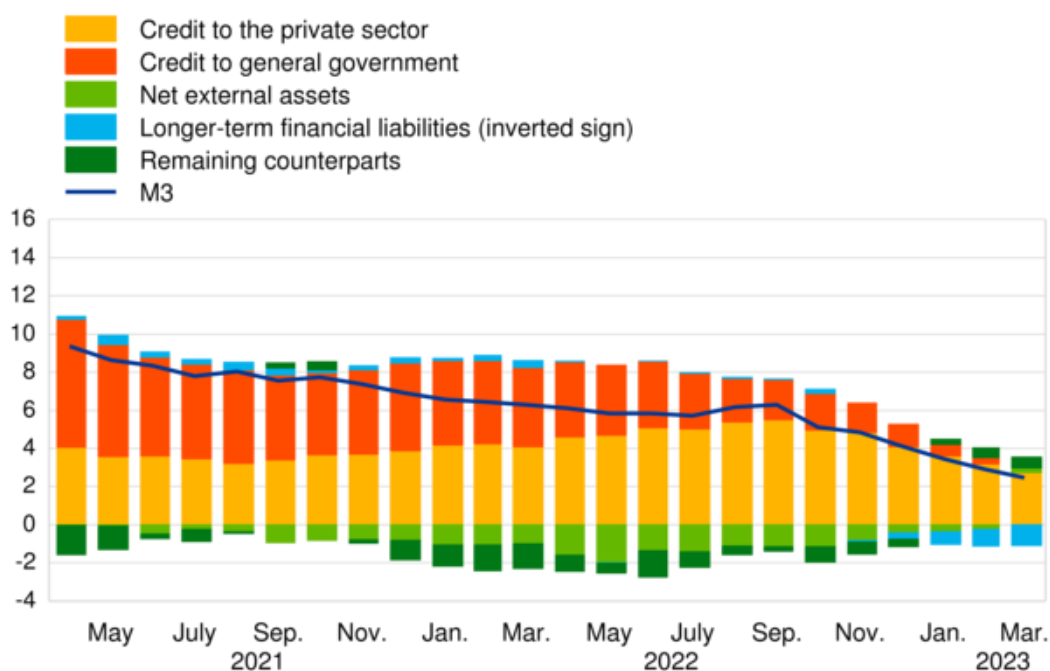
Counterparts of the broad monetary aggregate M3

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 March 2023 can be broken down as follows: credit to the private sector contributed 2.7 percentage points (down from 3.2 percentage points in February), net external assets contributed 0.3 percentage points (up from -0.2 percentage points), credit to general government contributed 0.0 percentage points (down from 0.3 percentage points), longer-term financial liabilities contributed -1.1 percentage points (down from -0.9 percentage points), and the remaining counterparts of M3 contributed 0.6 percentage points (up from 0.5 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

European Central Bank

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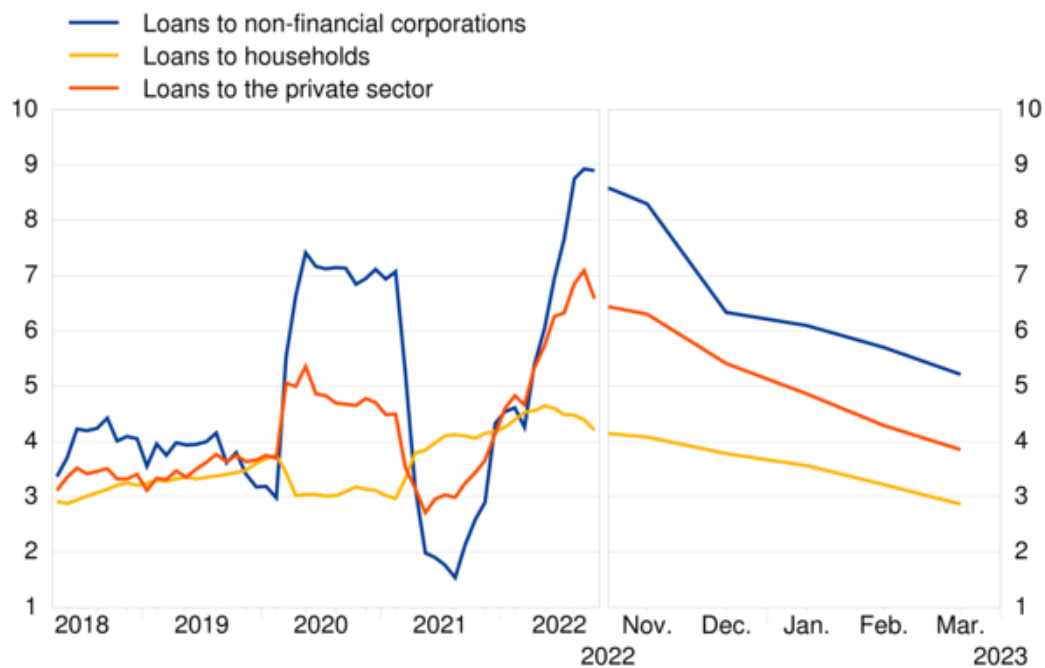
As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) decreased to 2.0% in March 2023 from 2.6% in the previous month. The annual growth rate of [credit to general government](#) decreased to 0.0% in March from 0.7% in February, while the annual growth rate of [credit to the private sector](#) decreased to 2.8% in March from 3.3% in February.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) decreased to 3.8% in March from 4.3% in February. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) decreased to 2.9% in March from 3.2% in February, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 5.2% in March from 5.7% in February.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



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

Notes:

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- 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.

1 Monetary developments in the euro area: March 2023

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

	End-of-month level	Monthly flow			Annual growth rate		
	Mar 2023	Jan 2023	Feb 2023	Mar 2023	Jan 2023	Feb 2023	Mar 2023
COMPONENTS OF M3							
1. M3	16066	-24	-23	-18	3.4	2.9	2.5
1.1. M2	15188	-24	-59	-37	2.9	2.0	1.4
1.1.1. M1	10997	-98	-139	-130	-0.8	-2.7	-4.2
Currency in circulation	1544	1	-1	4	3.8	2.9	1.5
Overnight deposits	9453	-99	-138	-134	-1.5	-3.5	-5.1
1.1.2. Other short-term deposits (M2 - M1)	4191	74	81	92	15.2	17.5	20.0
Deposits with an agreed maturity of up to two years	1643	75	84	101	49.6	59.0	68.7
Deposits redeemable at notice of up to three months	2548	-1	-3	-9	2.1	1.7	1.3
1.2. Marketable instruments (M3 - M2)	878	1	36	20	13.7	21.2	23.4
Repurchase agreements	103	10	-10	-20	2.6	-6.1	-17.5
Money market fund shares	682	-14	17	29	6.0	11.8	15.4
Debt securities issued with a maturity of up to two years	93	5	29	11	246.4	459.9	494.6
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	580	-125	-11	26	-23.0	-25.2	-22.6
3. Longer-term financial liabilities vis-a-vis other euro area residents	6915	47	18	24	1.5	2.0	2.5
3.1. Deposits with an agreed maturity of over two years	1793	0	0	8	-4.4	-3.8	-3.3
3.2. Deposits redeemable at notice of over three months	35	2	1	1	-8.9	-4.3	0.6
3.3. Debt securities issued with a maturity of over two years	2175	48	6	13	2.9	3.5	5.1
3.4. Capital and reserves	2913	-3	10	2	4.3	4.6	4.3
MFI assets:							
4. Credit to euro area residents	21768	-61	-7	-22	3.1	2.6	2.0
4.1. Credit to general government	6359	-57	2	-23	1.4	0.7	0.0
Loans	996	-18	1	-2	-0.6	-0.8	-1.3
Debt securities	5339	-39	1	-21	1.8	1.0	0.2
Equity ^{c)}	25	0	0	0	29.2	25.8	24.8
4.2. Credit to the private sector ^{d)}	15409	-4	-9	1	3.8	3.3	2.8
Loans ^{e)}	13013	13	-8	2	4.4	3.9	3.5
Adjusted loans ^{f)}	13179	8	-8	4	4.9	4.3	3.8
Debt securities	1546	-15	-8	-4	0.9	0.3	-1.7
Equity and non-money market fund investment fund shares	850	-1	7	3	-0.7	0.6	2.0
5. Net external assets	1440	3	7	65	-	-	-
6. Other counterparts of M3 (residual)	354	-43	-17	-10	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	152	18	0	-2	-7.2	-7.6	-4.2
6.2. Reverse repos to central counterparties (assets) ^{c)}	166	9	3	7	-1.8	0.2	1.3

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.

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: March 2023

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

	Jan 2023	Feb 2023	Mar 2023
COMPONENTS OF M3			
1. M1	-0.6	-2.0	-3.1
1.1. Currency in circulation	0.4	0.3	0.1
1.2. Overnight deposits	-1.0	-2.2	-3.2
2. M2 - M1 (other short-term deposits)	3.4	3.9	4.4
3. M3 - M2 (marketable instruments)	0.6	1.0	1.1
COUNTERPARTS OF M3			
4. Credit to the private sector	3.6	3.2	2.7
5. Credit to general government	0.6	0.3	0.0
6. Net external assets	-0.4	-0.2	0.3
7. Longer-term financial liabilities (inverted sign) ^{b)}	-0.7	-0.9	-1.1
8. Remaining counterparts	0.3	0.5	0.6
M3 (sum of items 1 to 3, or items 4 to 8)	3.4	2.9	2.5

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

	End-of-month level	Monthly flow			Annual growth rate		
	Mar 2023	Jan 2023	Feb 2023	Mar 2023	Jan 2023	Feb 2023	Mar 2023
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	13748	-16	-68	-62	2.9	1.9	1.3
1. Deposits placed by households ^{b)}	8393	13	-21	-25	3.3	2.6	2.1
1.1. Overnight deposits	5447	-25	-53	-63	1.9	0.4	-1.2
1.2. Deposits with an agreed maturity of up to two years	567	37	36	46	31.6	42.7	56.6
1.3. Deposits redeemable at notice of up to three months	2377	1	-3	-9	2.2	1.8	1.3
1.4. Repurchase agreements	1	0	0	0	-3.1	-25.6	-10.7
2. Deposits placed by non-financial corporations	3341	1	1	-36	3.2	2.6	1.2
2.1. Overnight deposits	2599	-41	-36	-61	-4.9	-7.0	-9.4
2.2. Deposits with an agreed maturity of up to two years	601	41	35	29	82.0	98.1	106.0
2.3. Deposits redeemable at notice of up to three months	133	-1	0	-3	3.9	4.1	0.6
2.4. Repurchase agreements	8	2	2	-1	-28.1	-20.6	-19.3
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1203	-28	-51	-17	-0.5	-5.1	-4.7
3.1. Overnight deposits	826	-29	-54	-6	-8.3	-14.2	-13.7
3.2. Deposits with an agreed maturity of up to two years	282	-3	13	11	31.8	37.7	47.8
3.3. Deposits redeemable at notice of up to three months	20	0	0	0	17.7	13.7	20.0
3.4. Repurchase agreements ^{c)}	75	4	-10	-22	12.7	-1.0	-20.2
4. Deposits placed by insurance corporations and pension funds	232	1	-10	7	-0.1	-2.8	0.7
5. Deposits placed by other general government	579	-2	13	9	3.4	4.7	4.6

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

	End-of-month level	Monthly flow			Annual growth rate		
	Mar 2023	Jan 2023	Feb 2023	Mar 2023	Jan 2023	Feb 2023	Mar 2023
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	6666	1	4	8	3.4	3.2	2.9
<i>Adjusted loans ^{c)}</i>	6867	10	6	5	3.6	3.2	2.9
1.1. Credit for consumption	724	0	2	3	3.1	2.8	3.1
1.2. Lending for house purchase	5233	3	5	8	3.9	3.7	3.3
1.3. Other lending	709	-1	-2	-3	0.0	-0.4	-0.9
<i>of which: sole proprietors</i>	371	-1	-1	-2	-0.8	-1.0	-1.6
2. Loans to non-financial corporations	5130	1	-3	-2	5.3	4.9	4.4
<i>Adjusted loans ^{c)}</i>	5126	-1	-3	6	6.1	5.7	5.2
2.1. up to 1 year	940	-8	-10	-3	7.5	5.1	4.0
2.2. over 1 year and up to 5 years	1093	3	5	3	8.6	9.2	9.1
2.3. over 5 years	3097	6	2	-1	3.6	3.5	3.0
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	1078	9	-11	5	9.7	6.3	4.9
<i>Adjusted loans ^{c)}</i>	1058	1	-13	-2	10.6	7.2	6.1
4. Loans to insurance corporations and pension funds	138	1	2	-10	-12.6	-11.0	-9.8
<i>Adjusted loans ^{c)}</i>	128	-3	1	-5	-13.7	-12.7	-11.6

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.