



EUROPEAN CENTRAL BANK

EUROSYSTEM

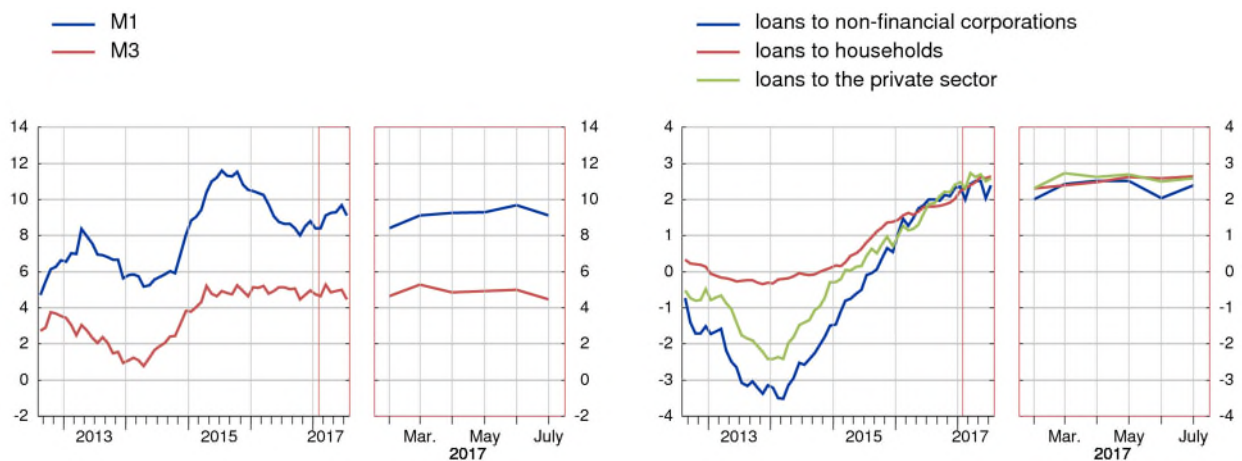
PRESS RELEASE

28 August 2017

Monetary developments in the euro area: July 2017

- The annual growth rate of the broad monetary aggregate M3 decreased to 4.5% in July 2017, from 5.0% in June.
- The annual growth rate of the narrower aggregate M1, which includes currency in circulation and overnight deposits, decreased to 9.1% in July, from 9.7% in June.
- The annual growth rate of adjusted loans to households stood at 2.6% in July, unchanged from the previous month.
- The annual growth rate of adjusted loans to non-financial corporations increased to 2.4% in July, from 2.0% in June.

Monetary aggregates and adjusted loans to the private sector (annual growth rates)



Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 4.5% in July 2017, from 5.0% in June, averaging 4.8% in the three months up to July. The components of M3 showed the following developments. The annual growth rate of the narrower aggregate, including currency in circulation and overnight deposits (M1), decreased to 9.1% in July, from 9.7% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was more negative at -3.2% in July, from -3.0% in June. The annual growth rate of marketable instruments (M3-M2) was more negative at -2.8% in July, from -0.6% in June.

Within M3, the annual growth rate of deposits placed by households decreased to 4.5% in July, from 4.9% in June, while the annual growth rate of deposits placed by non-financial corporations decreased to 6.8% in July, from 8.4% in June. Finally, the annual growth rate of deposits placed by non-monetary financial

corporations (excluding insurance corporations and pension funds) increased to 5.9% in July, from 3.6% in June.

Credit to euro area residents

The annual growth rate of total credit to euro area residents decreased to 4.1% in July 2017, from 4.4% in the previous month. The annual growth rate of credit to general government decreased to 7.7% in July, from 8.1% in June, while the annual growth rate of credit to the private sector stood at 3.0% in July, compared with 3.1% in June.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 2.6% in July, compared with 2.5% in June. In particular, the annual growth rate of adjusted loans to households stood at 2.6% in July, unchanged from the previous month, and the annual growth rate of adjusted loans to non-financial corporations increased to 2.4% in July, from 2.0% in June.

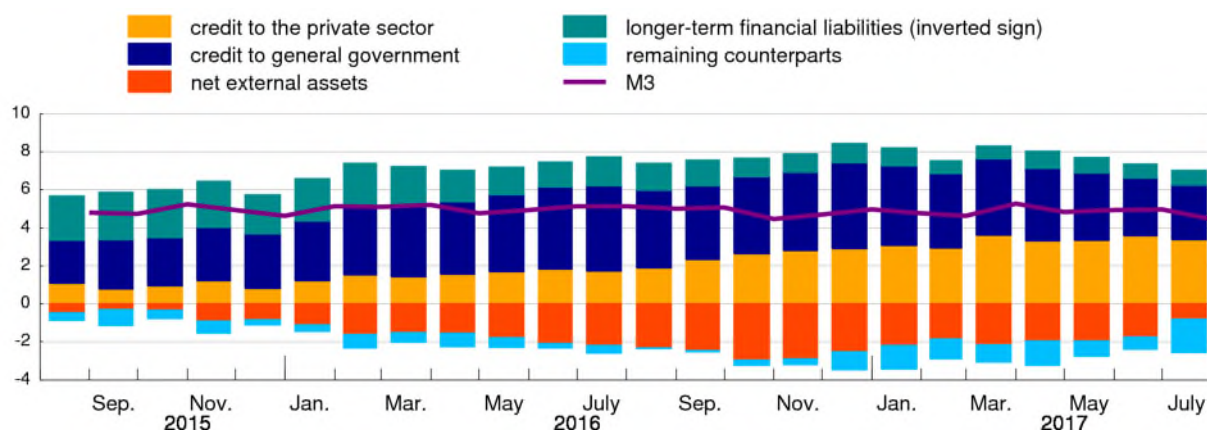
Longer-term financial liabilities

The annual growth rate of longer-term financial liabilities of the MFI sector stood at -1.2% in July 2017, unchanged from the previous month.

M3 and its counterparts

The annual growth rate of the broad monetary aggregate M3 decreased to 4.5% in July 2017. The contributions of M3 counterparts on the MFI balance sheet were as follows: longer-term financial liabilities contributed 0.8 percentage point, net external assets contributed -0.8 percentage point, credit to general government contributed 2.9 percentage points, and credit to the private sector contributed 3.4 percentage points; the remaining counterparts of M3 contributed -1.8 percentage points.

Contribution of the M3 counterparts to the annual growth rate of M3 (percentage points)



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.

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- Further tables, statistical data and methodological notes, as well as the release calendar, are available on the ECB's website at <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>
- A set of tables showing euro area monetary developments and MFI balance sheets for the euro area and euro area countries, together with a user-friendly facility for downloading data, is available from the ECB's Statistical Data Warehouse at <http://sdw.ecb.europa.eu/reports.do?node=1000003503>

1 Monetary developments in the euro area: July 2017

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

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2017	May 2017	Jun 2017	Jul 2017	May 2017	Jun 2017	Jul 2017
COMPONENTS OF M3							
1. M3	11654	44	58	12	4.9	5.0	4.5
1.1. M2	10999	43	63	19	5.1	5.3	4.9
1.1.1. M1	7554	45	62	29	9.3	9.7	9.1
Currency in circulation	1094	0	3	-1	3.9	3.8	3.4
Overnight deposits	6460	45	60	30	10.3	10.7	10.1
1.1.2. Other short-term deposits (M2 - M1)	3446	-2	1	-10	-2.8	-3.0	-3.2
Deposits with an agreed maturity of up to two years	1245	-8	-4	-12	-8.7	-9.4	-10.0
Deposits redeemable at notice of up to three months	2201	7	5	3	1.0	1.1	1.2
1.2. Marketable instruments (M3 - M2)	655	0	-6	-7	1.6	-0.6	-2.8
Repurchase agreements	67	0	-4	-1	-17.0	-18.6	-18.5
Money market fund shares	513	0	-3	-2	7.1	5.0	3.6
Debt securities issued with a maturity of up to two years	76	0	1	-3	-9.4	-13.9	-21.5
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	322	-25	-14	26	3.2	-8.2	-2.4
3. Longer-term financial liabilities vis-a-vis other euro area residents	6725	15	-8	-25	-1.3	-1.2	-1.2
3.1. Deposits with an agreed maturity of over two years	1990	-6	-8	-11	-4.4	-4.0	-4.2
3.2. Deposits redeemable at notice of over three months	63	-2	0	-1	-11.6	-10.8	-11.4
3.3. Debt securities issued with a maturity of over two years	2058	14	-5	5	-3.9	-3.7	-2.7
3.4. Capital and reserves	2613	8	6	-18	3.8	3.5	2.5
MFI assets:							
4. Credit to euro area residents	17481	45	16	69	4.6	4.4	4.1
4.1. Credit to general government	4492	14	-16	35	9.5	8.1	7.7
Loans	1058	-3	-2	-6	-4.8	-3.7	-4.0
Debt securities	3420	17	-15	41	14.9	12.5	11.9
Equity ^{c)}	14	0	0	0	7.1	5.7	4.9
4.2. Credit to the private sector ^{d)}	12989	31	32	35	2.9	3.1	3.0
Loans ^{e)}	10735	14	9	23	2.2	2.4	2.2
Adjusted loans ^{f)}	11071	23	12	45	2.7	2.5	2.6
Debt securities	1457	17	4	17	8.1	7.2	7.4
Equity and non-money market fund investment fund shares	797	0	19	-5	3.9	6.5	5.5
5. Net external assets	1059	-28	11	47	-	-	-
6. Other counterparts of M3 (residual)	162	16	9	-102	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	128	-13	-8	-26	-23.5	-30.7	-35.6
6.2. Reverse repos to central counterparties (assets) ^{c)}	76	1	5	-33	-23.6	-22.6	-39.5

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 Breakdown of deposits in M3 by holding sector and type: July 2017

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

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2017	May 2017	Jun 2017	Jul 2017	May 2017	Jun 2017	Jul 2017
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	9972	44	57	19	5.1	5.3	4.9
1. Deposits placed by households ^{b)}	6200	18	16	10	5.1	4.9	4.5
1.1. Overnight deposits	3573	20	19	13	11.2	10.7	10.1
1.2. Deposits with an agreed maturity of up to two years	593	-6	-6	-6	-11.7	-12.4	-12.6
1.3. Deposits redeemable at notice of up to three months	2032	5	3	2	1.3	1.4	1.4
1.4. Repurchase agreements	2	-1	0	0	-24.0	-25.5	-30.3
2. Deposits placed by non-financial corporations	2178	12	26	-15	7.5	8.4	6.8
2.1. Overnight deposits	1762	10	23	-11	10.8	11.6	9.7
2.2. Deposits with an agreed maturity of up to two years	291	1	1	-4	-5.7	-3.9	-5.2
2.3. Deposits redeemable at notice of up to three months	119	2	1	0	0.5	0.3	1.0
2.4. Repurchase agreements	6	-1	0	0	-22.4	-21.3	-25.1
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	992	17	11	21	2.8	3.6	5.9
3.1. Overnight deposits	721	19	12	23	8.5	11.2	15.1
3.2. Deposits with an agreed maturity of up to two years	207	-2	2	-2	-6.2	-9.7	-10.1
3.3. Deposits redeemable at notice of up to three months	20	-1	1	0	-19.5	-11.2	-13.2
3.4. Repurchase agreements ^{c)}	44	1	-5	-1	-15.6	-19.1	-22.1
4. Deposits placed by insurance corporations and pension funds	194	-4	2	-4	-8.0	-5.1	-8.8
5. Deposits placed by other general government	408	0	2	8	4.9	5.4	5.8

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.

b) Includes deposits by non-profit institutions serving households.

c) Excludes repurchase agreements with central counterparties.

3 Contributions of M3 components to the M3 annual growth rate: July 2017 (contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects ^{a)})

	May 2017	Jun 2017	Jul 2017
1. M1	5.7	6.0	5.6
1.1. Currency in circulation	0.4	0.4	0.3
1.2. Overnight deposits	5.4	5.6	5.3
2. M2 - M1 (other short-term deposits)	-0.9	-1.0	-1.0
3. M3 - M2 (marketable instruments)	0.1	0.0	-0.2
M3 (items 1, 2 and 3)	4.9	5.0	4.5

a) Figures may not add up due to rounding.

4 Breakdown of private sector loans by borrowing sector, type and original maturity: July 2017 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2017	May 2017	Jun 2017	Jul 2017	May 2017	Jun 2017	Jul 2017
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	5485	9	18	0	2.8	3.0	2.9
<i>Adjusted loans ^{c)}</i>	5808	18	11	13	2.6	2.6	2.6
1.1. Credit for consumption	639	7	1	5	6.3	5.9	6.6
1.2. Lending for house purchase	4112	1	17	-2	2.9	3.3	3.1
1.3. Other lending	734	1	0	-2	-1.0	-1.2	-1.3
<i>of which: sole proprietors</i>	379	1	-1	-1	-1.0	-1.3	-1.6
2. Loans to non-financial corporations	4305	9	-18	12	1.6	1.2	1.2
<i>Adjusted loans ^{c)}</i>	4328	9	-9	24	2.5	2.0	2.4
2.1. up to 1 year	985	7	-5	0	-2.5	-2.5	-2.0
2.2. over 1 year and up to 5 years	802	1	-4	6	5.0	3.8	3.7
2.3. over 5 years	2518	1	-10	6	2.4	2.0	1.8
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	832	0	8	9	2.1	3.6	3.3
<i>Adjusted loans ^{c)}</i>	832	-3	10	9	3.6	4.0	3.5
4. Loans to insurance corporations and pension funds	114	-3	1	2	0.2	8.3	3.8
<i>Adjusted loans ^{c)}</i>	102	-1	0	0	7.3	6.7	2.2

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.