

Press release

24 October 2018

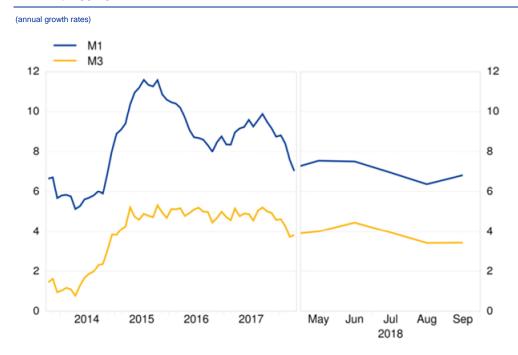
Monetary developments in the euro area: September 2018

- Annual growth rate of broad monetary aggregate M3 stood at 3.5% in September 2018, after 3.4% in August 2018 (revised from 3.5%)
- Annual growth rate of narrower <u>monetary aggregate M1</u>, comprising currency in circulation and overnight deposits, increased to 6.8% in September from 6.4% in August
- Annual growth rate of <u>adjusted loans to households</u> stood at 3.1% in September, unchanged from previous month
- Annual growth rate of <u>adjusted loans to non-financial corporations</u> increased to 4.3% in September from 4.1% in August

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 stood at 3.5% in September 2018, after 3.4% in August, averaging 3.6% in the three months up to September. The <u>components of M3</u> showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, increased to 6.8% in September from 6.4% in August. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at -1.5% in September, unchanged from the previous month. The annual growth rate of marketable instruments (M3-M2) was -8.9% in September, compared with -4.0% in August.

Chart 1
Monetary aggregates



Data for monetary aggregates

Looking at the <u>components' contributions to the annual growth rate of M3</u>, the narrower aggregate M1 contributed 4.4 percentage points (up from 4.1 percentage points in August), short-term deposits other than overnight deposits (M2-M1) contributed -0.5 percentage point (as in the previous month) and marketable instruments (M3-M2) also contributed -0.5 percentage point (down from -0.2 percentage point).

From the perspective of the holding sectors of <u>deposits in M3</u>, the annual growth rate of deposits placed by households stood at 4.6% in September, compared with 4.5% in August, while the annual growth rate of deposits placed by non-financial corporations increased to 4.5% in September from 4.0% in August. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 0.8% in September from -2.2% in August.

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 (<u>counterparts of M3</u>), the annual growth rate of M3 in September 2018 can be broken down as follows: credit to the private sector contributed 3.3 percentage points (as in the previous

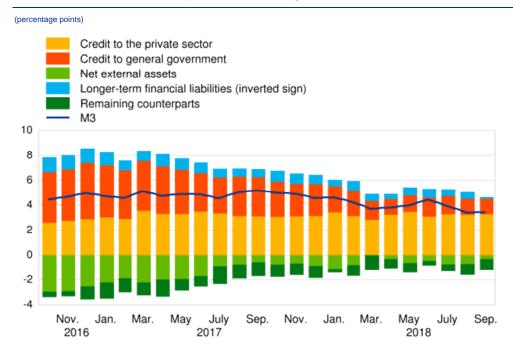
European Central Bank

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month), credit to general government contributed 1.2 percentage points (down from 1.3 percentage points), longer-term financial liabilities contributed 0.1 percentage point (down from 0.5 percentage point), net external assets contributed -0.3 percentage point (up from -0.7 percentage point), and the remaining counterparts of M3 contributed -0.8 percentage point (up from -0.9 percentage point).

Chart 2
Contribution of the M3 counterparts to the annual growth rate of M3



Data for contribution of the M3 counterparts to the annual growth rate of M3

Credit to euro area residents

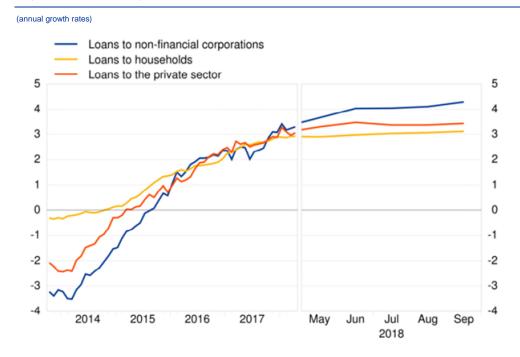
As regards the dynamics of credit, the annual growth rate of total <u>credit to euro area residents</u> stood at 3.1% in September 2018, compared with 3.0% in the previous month. The annual growth rate of <u>credit to general government</u> stood at 3.2% in September, compared with 3.3% in August, while the annual growth rate of <u>credit to the private sector</u> stood at 3.0% in September, unchanged from the previous month.

The annual growth rate of <u>adjusted loans to the private sector</u> (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.4% in September, unchanged from the previous month. Among the borrowing sectors, the annual growth rate of <u>adjusted loans to households</u> stood at 3.1% in September, unchanged from the previous month, while the annual growth rate of <u>adjusted loans to</u>

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Directorate General Communications, Global Media Relations Division Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu non-financial corporations increased to 4.3% in September from 4.1% in August.

Chart 3 Adjusted loans to the private sector



Data for adjusted loans to the private sector

Annex

Table: Annex to the press release on monetary developments in the euro area

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 are dynamic. The data they lead to may therefore change with subsequent data 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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