

## Press release

27 September 2023

# Monetary developments in the euro area: August 2023

- Annual growth rate of broad [monetary aggregate M3](#) was -1.3% in August 2023, compared with -0.4% in July
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, was -10.4% in August, compared with -9.2% in July
- Annual growth rate of [adjusted loans to households](#) decreased to 1.0% in August from 1.3% in July
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 0.6% in August from 2.2% in July

## Components of the broad monetary aggregate M3

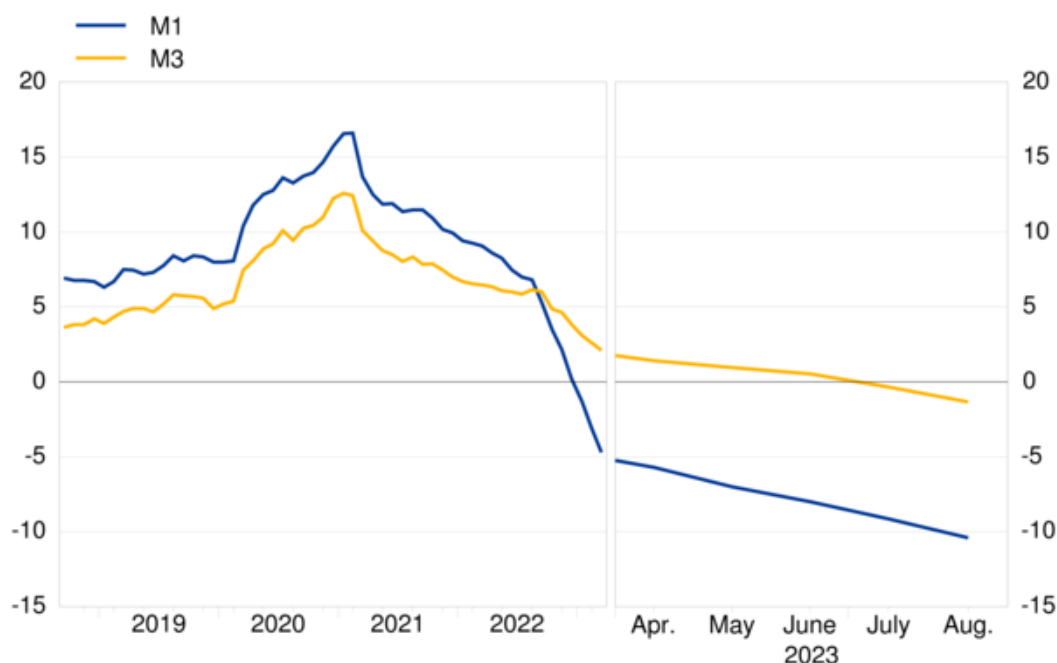
The annual growth rate of the broad monetary aggregate M3 was -1.3% in August 2023, compared with -0.4% in July, averaging -0.4% in the three months up to August. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, was -10.4% in August, compared with -9.2% in July. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) decreased to 23.7% in August from 23.9% in July. The annual growth rate of marketable instruments (M3-M2) decreased to 20.4% in August from 21.1% in July.

### European Central Bank

Directorate General Communications  
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany  
Tel.: +49 69 1344 7455, e-mail: [media@ecb.europa.eu](mailto:media@ecb.europa.eu), website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

## 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 -7.6 percentage points (down from -6.7 percentage points in July), short-term deposits other than overnight deposits (M2-M1) contributed 5.3 percentage points (as in the previous month) and marketable instruments (M3-M2) contributed 1.0 percentage points (as in the previous month).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households decreased to 0.2% in August from 0.7% in July, while the annual growth rate of deposits placed by non-financial corporations was -2.4% in August, compared with -0.6% in July. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) was -18.9% in August, compared with -15.4% in July.

## Counterparts of the broad monetary aggregate M3

### European Central Bank

Directorate General Communications  
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany  
Tel.: +49 69 1344 7455, e-mail: [media@ecb.europa.eu](mailto:media@ecb.europa.eu), website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

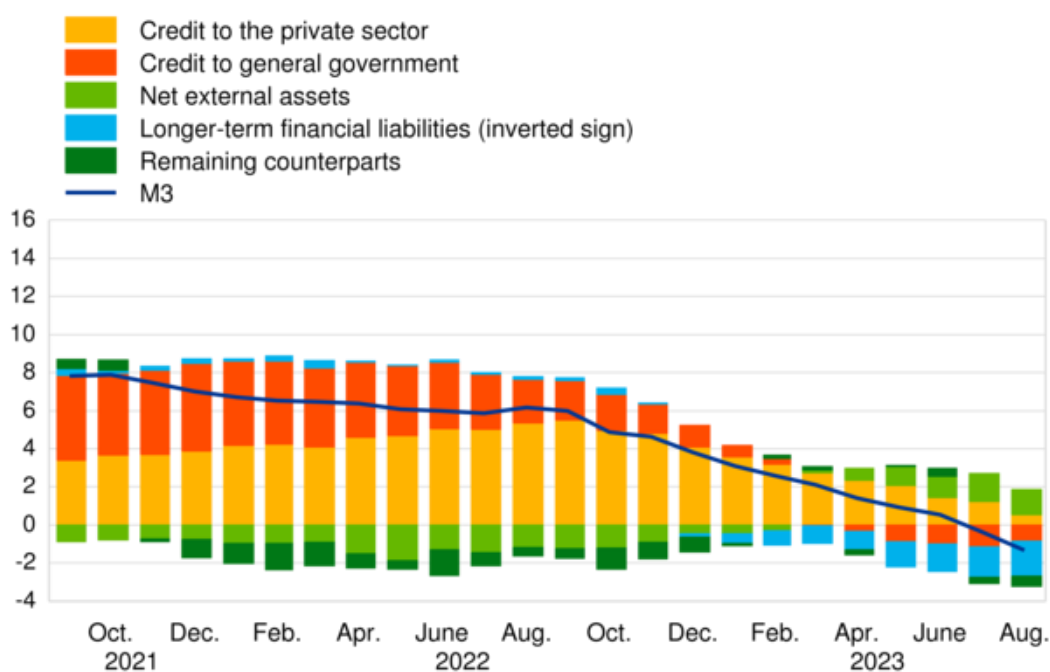
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As a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 ([counterparts of M3](#)), the annual growth rate of M3 in August 2023 can be broken down as follows: net external assets contributed 1.4 percentage points (down from 1.5 percentage points in July), credit to the private sector contributed 0.5 percentage points (down from 1.2 percentage points), credit to general government contributed -0.8 percentage points (up from -1.1 percentage points), longer-term financial liabilities contributed -1.8 percentage points (down from -1.6 percentage points), and the remaining counterparts contributed -0.5 percentage points (down from -0.3 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

As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) decreased to -0.2% in August 2023 from 0.1% in the previous month. The annual growth rate of [credit to general government](#) was -2.1% in August, compared with -2.9% in July, while the annual growth

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Directorate General Communications  
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany  
Tel.: +49 69 1344 7455, e-mail: [media@ecb.europa.eu](mailto:media@ecb.europa.eu), website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

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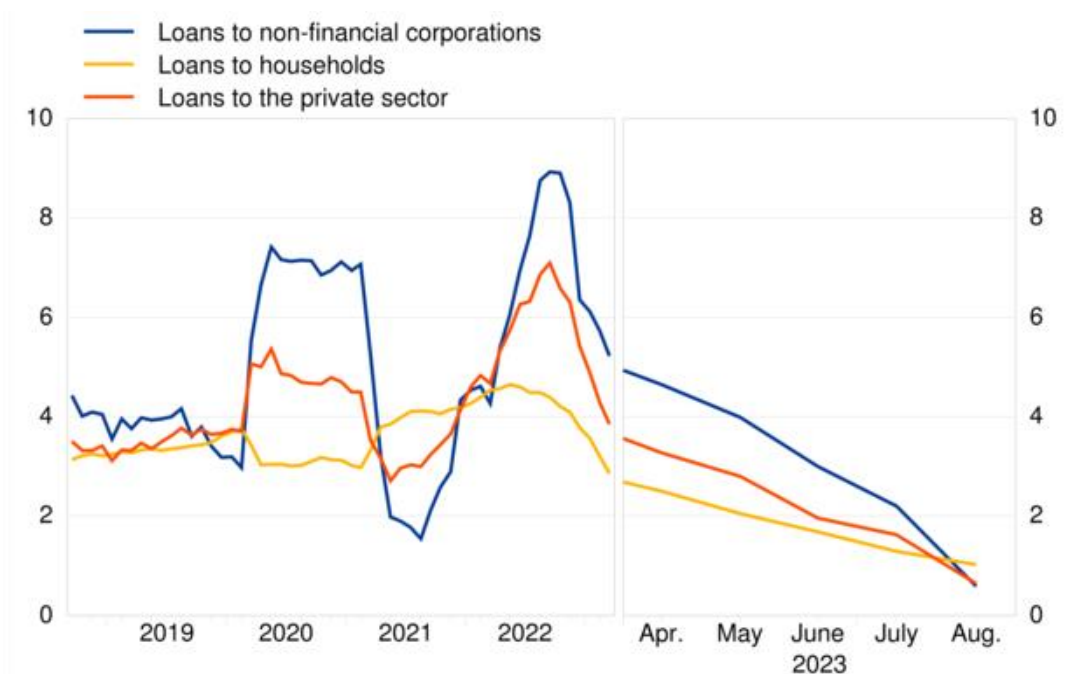
rate of [credit to the private sector](#) decreased to 0.6% in August from 1.3% in July.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) decreased to 0.6% in August from 1.6% in July. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) decreased to 1.0% in August from 1.3% in July, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 0.6% in August from 2.2% in July.

### Chart 3

#### Adjusted loans to the private sector

(annual growth rates)



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

#### 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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Tel.: +49 69 1344 7455, e-mail: [media@ecb.europa.eu](mailto:media@ecb.europa.eu), website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

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- 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: August 2023

(EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Aug 2023	Jun 2023	Jul 2023	Aug 2023	Jun 2023	Jul 2023	Aug 2023
<b>COMPONENTS OF M3</b>							
<b>1. M3</b>	<b>15936</b>	<b>18</b>	<b>-50</b>	<b>-27</b>	<b>0.5</b>	<b>-0.4</b>	<b>-1.3</b>
1.1. M2	15034	13	-48	-36	-0.5	-1.4	-2.4
1.1.1. M1	10551	-82	-86	-73	-8.0	-9.2	-10.4
Currency in circulation	1534	-2	-1	0	0.4	0.1	-0.3
Overnight deposits	9018	-79	-85	-73	-9.3	-10.5	-11.9
1.1.2. Other short-term deposits (M2 - M1)	4482	95	39	37	24.0	23.9	23.7
Deposits with an agreed maturity of up to two years	1981	105	46	63	85.6	85.2	86.1
Deposits redeemable at notice of up to three months	2501	-10	-7	-26	-0.2	-0.8	-2.2
1.2. Marketable instruments (M3 - M2)	903	5	-3	8	22.6	21.1	20.4
Repurchase agreements	121	2	9	-2	-2.6	-1.5	-1.4
Money market fund shares	696	11	-5	4	14.5	16.5	16.8
Debt securities issued with a maturity of up to two years	86	-7	-7	6	328.2	226.4	156.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
<b>2. Holdings against central government <sup>b)</sup></b>	<b>427</b>	<b>-6</b>	<b>-20</b>	<b>-31</b>	<b>-37.7</b>	<b>-39.0</b>	<b>-35.1</b>
<b>3. Longer-term financial liabilities vis-a-vis other euro area residents</b>	<b>7122</b>	<b>30</b>	<b>30</b>	<b>25</b>	<b>3.4</b>	<b>3.8</b>	<b>4.4</b>
3.1. Deposits with an agreed maturity of over two years	1807	3	0	0	-2.2	-1.5	-0.4
3.2. Deposits redeemable at notice of over three months	50	3	2	3	31.3	41.3	48.9
3.3. Debt securities issued with a maturity of over two years	2340	26	15	14	8.7	9.7	10.2
3.4. Capital and reserves	2925	-2	12	8	2.8	2.5	2.8
<b>MFI assets:</b>							
<b>4. Credit to euro area residents</b>	<b>21669</b>	<b>-3</b>	<b>-20</b>	<b>-7</b>	<b>0.3</b>	<b>0.1</b>	<b>-0.2</b>
4.1. Credit to general government	6252	12	-40	21	-2.5	-2.9	-2.1
Loans	988	-5	-3	4	-2.3	-2.3	-2.0
Debt securities	5239	17	-38	18	-2.5	-3.0	-2.2
Equity <sup>c)</sup>	25	0	0	0	4.2	4.3	2.6
4.2. Credit to the private sector <sup>d)</sup>	15417	-15	21	-28	1.5	1.3	0.6
Loans <sup>e)</sup>	12967	-15	19	-28	1.4	1.1	0.1
Adjusted loans <sup>f)</sup>	13188	-17	17	-34	2.0	1.6	0.6
Debt securities	1572	-5	-4	0	1.0	1.1	1.7
Equity and non-money market fund investment fund shares	878	5	7	-1	4.4	5.4	5.2
<b>5. Net external assets</b>	<b>1571</b>	<b>57</b>	<b>39</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Other counterparts of M3 (residual)</b>	<b>244</b>	<b>-11</b>	<b>-60</b>	<b>-41</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which:							
6.1. Repos with central counterparties (liabilities) <sup>c)</sup>	166	-5	-15	12	1.7	-10.9	5.9
6.2. Reverse repos to central counterparties (assets) <sup>c)</sup>	162	-12	-16	5	10.2	-1.6	11.5

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 Contributions to the M3 annual growth rate: August 2023

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects <sup>a)</sup>)

	Jun 2023	Jul 2023	Aug 2023
<b>COMPONENTS OF M3</b>			
1. M1	-5.8	-6.7	-7.6
1.1. Currency in circulation	0.0	0.0	0.0
1.2. Overnight deposits	-5.9	-6.7	-7.6
2. M2 - M1 (other short-term deposits)	5.3	5.3	5.3
3. M3 - M2 (marketable instruments)	1.0	1.0	1.0
<b>COUNTERPARTS OF M3</b>			
4. Credit to the private sector	1.5	1.2	0.5
5. Credit to general government	-1.0	-1.1	-0.8
6. Net external assets	1.1	1.5	1.4
7. Longer-term financial liabilities (inverted sign) <sup>b)</sup>	-1.5	-1.6	-1.8
8. Remaining counterparts	0.4	-0.3	-0.5
<b>M3 (sum of items 1 to 3, or items 4 to 8)</b>	<b>0.5</b>	<b>-0.4</b>	<b>-1.3</b>

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: August 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Aug 2023	Jun 2023	Jul 2023	Aug 2023	Jun 2023	Jul 2023	Aug 2023
<b>BREAKDOWN OF DEPOSITS IN M3</b>							
<b>Total deposits</b>	<b>13621</b>	<b>17</b>	<b>-37</b>	<b>-37</b>	<b>-0.6</b>	<b>-1.6</b>	<b>-2.6</b>
<b>1. Deposits placed by households <sup>b)</sup></b>	<b>8374</b>	<b>3</b>	<b>-1</b>	<b>-2</b>	<b>1.1</b>	<b>0.7</b>	<b>0.2</b>
1.1. Overnight deposits	5235	-35	-45	-27	-4.5	-5.8	-6.7
1.2. Deposits with an agreed maturity of up to two years	807	48	52	50	97.1	111.7	123.9
1.3. Deposits redeemable at notice of up to three months	2332	-9	-9	-25	-0.2	-0.9	-2.3
1.4. Repurchase agreements	1	0	0	0	20.8	6.3	-1.0
<b>2. Deposits placed by non-financial corporations</b>	<b>3292</b>	<b>36</b>	<b>-31</b>	<b>-17</b>	<b>0.8</b>	<b>-0.6</b>	<b>-2.4</b>
2.1. Overnight deposits	2431	-19	-43	-33	-12.6	-14.1	-15.8
2.2. Deposits with an agreed maturity of up to two years	717	54	14	15	125.1	118.2	107.1
2.3. Deposits redeemable at notice of up to three months	133	0	0	1	2.2	2.1	1.0
2.4. Repurchase agreements	11	0	-1	0	10.3	13.5	37.6
<b>3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds <sup>c)</sup></b>	<b>1176</b>	<b>-36</b>	<b>12</b>	<b>-17</b>	<b>-14.2</b>	<b>-15.4</b>	<b>-18.9</b>
3.1. Overnight deposits	822	-31	17	-10	-23.3	-23.9	-27.5
3.2. Deposits with an agreed maturity of up to two years	246	-6	-16	-6	31.8	26.5	26.3
3.3. Deposits redeemable at notice of up to three months	19	-1	2	-1	2.8	16.2	11.2
3.4. Repurchase agreements <sup>c)</sup>	89	2	9	-1	-8.0	-4.2	-7.3
<b>4. Deposits placed by insurance corporations and pension funds</b>	<b>217</b>	<b>5</b>	<b>-16</b>	<b>2</b>	<b>1.0</b>	<b>-9.5</b>	<b>-7.4</b>
<b>5. Deposits placed by other general government</b>	<b>561</b>	<b>9</b>	<b>-1</b>	<b>-3</b>	<b>-2.0</b>	<b>-1.7</b>	<b>-2.0</b>

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: August 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Aug 2023	Jun 2023	Jul 2023	Aug 2023	Jun 2023	Jul 2023	Aug 2023
<b>BREAKDOWN OF LOANS AS COUNTERPART TO M3</b>							
<b>1. Loans to households <sup>b)</sup></b>	<b>6632</b>	<b>4</b>	<b>-6</b>	<b>6</b>	<b>1.1</b>	<b>0.7</b>	<b>0.5</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>6863</b>	<b>-2</b>	<b>-7</b>	<b>5</b>	<b>1.7</b>	<b>1.3</b>	<b>1.0</b>
1.1. Credit for consumption	730	0	2	3	2.5	2.5	3.0
1.2. Lending for house purchase	5209	4	-4	6	1.3	0.8	0.5
1.3. Other lending	693	-1	-5	-2	-1.7	-2.1	-2.5
<i>of which: sole proprietors</i>	365	-1	-1	-1	-2.0	-2.4	-2.5
<b>2. Loans to non-financial corporations</b>	<b>5118</b>	<b>-1</b>	<b>7</b>	<b>-18</b>	<b>2.4</b>	<b>1.7</b>	<b>0.1</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>5125</b>	<b>1</b>	<b>5</b>	<b>-22</b>	<b>3.0</b>	<b>2.2</b>	<b>0.6</b>
2.1. up to 1 year	903	2	-1	-21	-1.9	-3.1	-7.8
2.2. over 1 year and up to 5 years	1084	-9	2	-5	6.3	5.1	2.5
2.3. over 5 years	3131	6	6	8	2.5	2.0	1.7
<b>3. Loans to non-monetary financial corporations except insurance corporations and pension funds <sup>d)</sup></b>	<b>1086</b>	<b>-20</b>	<b>26</b>	<b>-12</b>	<b>0.5</b>	<b>3.2</b>	<b>0.5</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>1082</b>	<b>-16</b>	<b>23</b>	<b>-9</b>	<b>1.5</b>	<b>3.6</b>	<b>0.9</b>
<b>4. Loans to insurance corporations and pension funds</b>	<b>131</b>	<b>2</b>	<b>-8</b>	<b>-5</b>	<b>-12.1</b>	<b>-15.1</b>	<b>-14.1</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>118</b>	<b>1</b>	<b>-3</b>	<b>-8</b>	<b>-15.9</b>	<b>-15.6</b>	<b>-16.7</b>

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.