



EUROPEAN CENTRAL BANK

EUROSYSTEM

Press release

26 January 2024

Monetary developments in the euro area: December 2023

- Annual growth rate of broad [monetary aggregate M3](#) increased to 0.1% in December 2023 from -0.9% in November
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, was -8.5% in December, compared with -9.5% in November
- Annual growth rate of [adjusted loans to households](#) decreased to 0.3% in December from 0.5% in November
- Annual growth rate of [adjusted loans to non-financial corporations](#) increased to 0.4% in December from 0.0% in November

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 0.1% in December 2023 from -0.9% in November, averaging -0.6% in the three months up to December. 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 -8.5% in December, compared with -9.5% in November. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at 20.9% in December, compared with 20.8% in November. The annual growth rate of marketable instruments (M3-M2) increased to 19.3% in December from 17.8% in November.

European Central Bank

Directorate General Communications

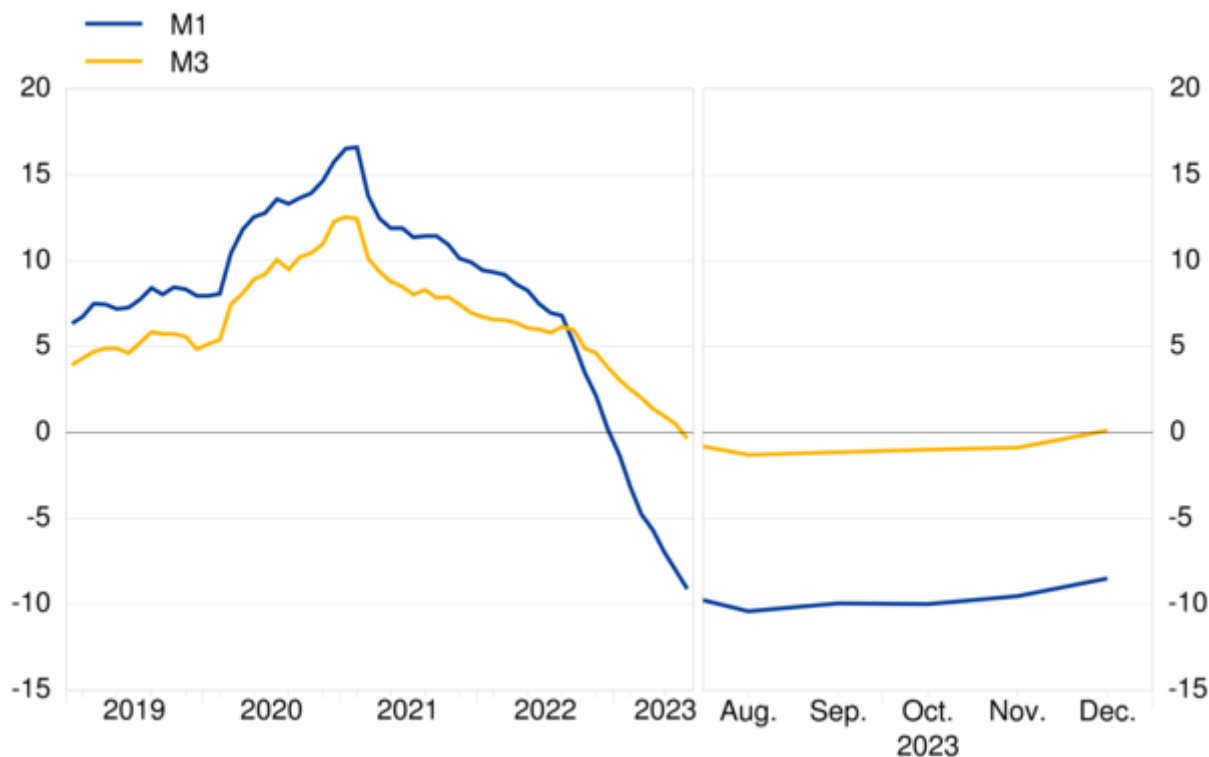
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Chart 1 Monetary aggregates

(annual growth rates)



[Data for monetary aggregates](#)

Looking at the [components' contributions to the annual growth rate of M3](#), the narrower aggregate M1 contributed -6.0 percentage points (up from -6.8 percentage points in November), short-term deposits other than overnight deposits (M2-M1) contributed 5.1 percentage points (up from 5.0 percentage points) and marketable instruments (M3-M2) contributed 1.0 percentage points (up from 0.9 percentage points).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households increased to 0.2% in December from -0.3% in November, while the annual growth rate of deposits placed by non-financial corporations was -0.9% in December, compared with -1.9% in November. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) was -4.2% in December, compared with -8.3% in November.

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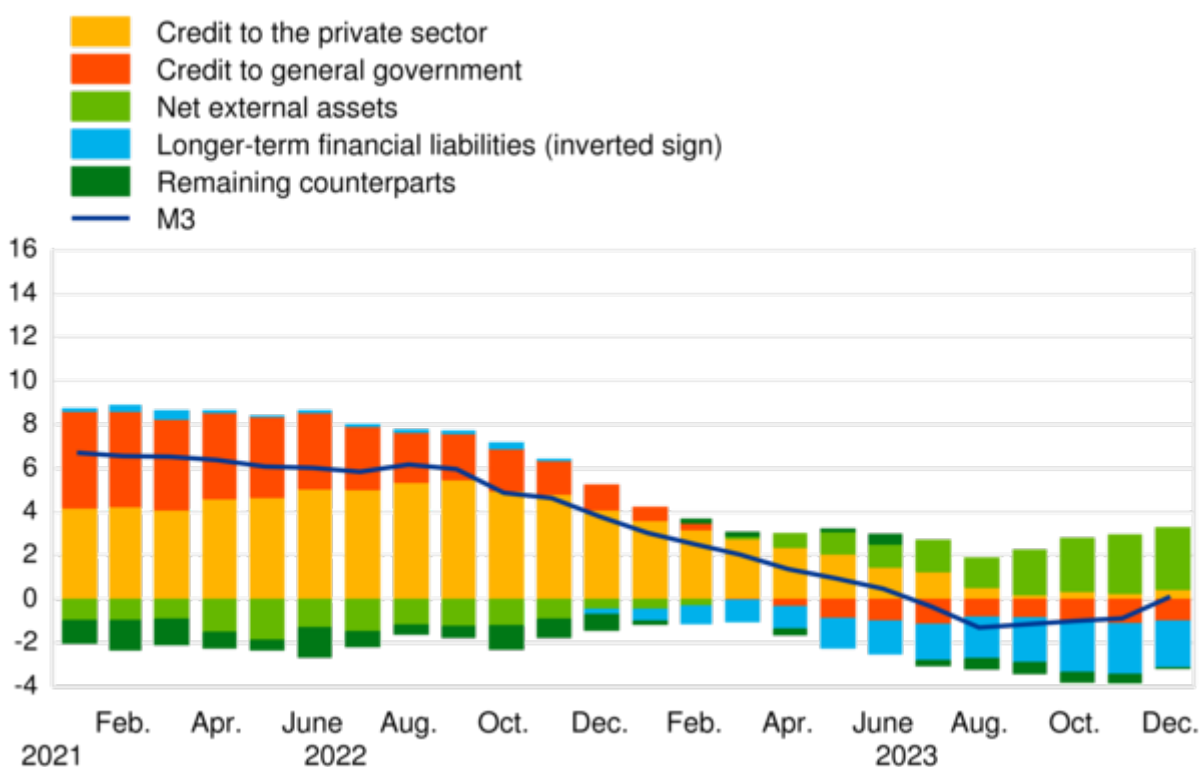
Counterparts of the broad monetary aggregate M3

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 December 2023 can be broken down as follows: net external assets contributed 2.8 percentage points (up from 2.7 percentage points in November), credit to the private sector contributed 0.4 percentage points (up from 0.3 percentage points), credit to general government contributed -1.0 percentage points (up from -1.1 percentage points), longer-term financial liabilities contributed -2.1 percentage points (up from -2.3 percentage points), and the remaining counterparts of M3 contributed 0.0 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

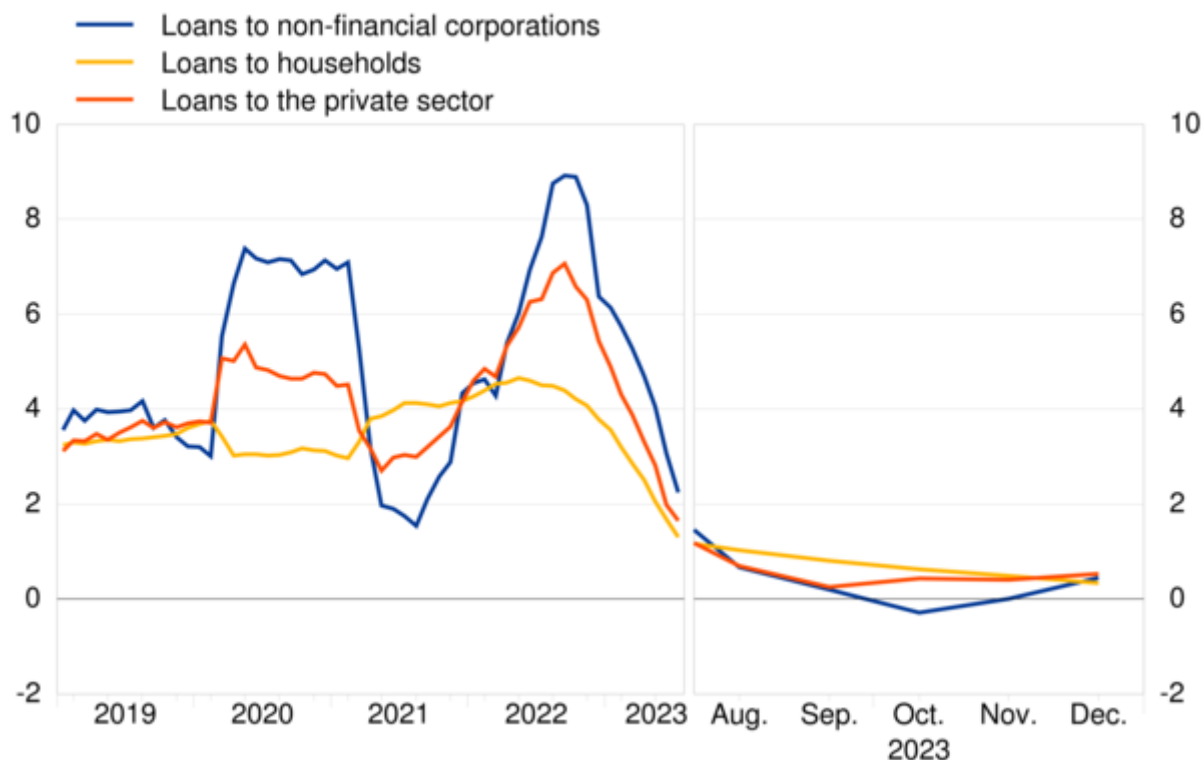
As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) was -0.4% in December 2023, compared with -0.6% in the previous month. The annual growth rate of [credit to general government](#) was -2.5% in December, compared with -2.8% in November, while the annual growth rate of [credit to the private sector](#) increased to 0.5% in December from 0.3% in November.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 0.5% in December, compared with 0.4% in November. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) decreased to 0.3% in December from 0.5% in November, while the annual growth rate of [adjusted loans to non-financial corporations](#) increased to 0.4% in December from 0.0% in November.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



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[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.
- 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: December 2023

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

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2023	Oct 2023	Nov 2023	Dec 2023	Oct 2023	Nov 2023	Dec 2023
COMPONENTS OF M3							
1. M3	16112	-19	40	121	-1.0	-0.9	0.1
1.1. M2	15135	-43	30	99	-2.2	-1.9	-0.9
1.1.1. M1	10368	-114	-29	10	-10.0	-9.5	-8.5
Currency in circulation	1536	0	-2	2	-0.4	-0.5	-0.3
Overnight deposits	8832	-115	-27	7	-11.5	-10.9	-9.8
1.1.2. Other short-term deposits (M2 - M1)	4767	71	60	90	21.4	20.8	20.9
Deposits with an agreed maturity of up to two years	2308	84	66	78	72.9	68.6	66.6
Deposits redeemable at notice of up to three months	2458	-12	-6	12	-3.9	-4.1	-3.9
1.2. Marketable instruments (M3 - M2)	978	24	9	22	22.9	17.8	19.3
Repurchase agreements	165	13	18	4	15.9	18.2	32.9
Money market fund shares	739	-3	8	20	14.5	13.1	14.5
Debt securities issued with a maturity of up to two years	73	13	-17	-2	264.2	94.0	50.0
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	462	-16	-32	54	-34.5	-40.3	-29.7
3. Longer-term financial liabilities vis-a-vis other euro area residents	7328	34	30	6	5.6	5.5	5.1
3.1. Deposits with an agreed maturity of over two years	1825	-4	-7	15	1.7	1.2	2.3
3.2. Deposits redeemable at notice of over three months	90	5	6	7	57.6	68.2	79.8
3.3. Debt securities issued with a maturity of over two years	2417	26	32	2	11.1	11.1	10.5
3.4. Capital and reserves	2995	8	-1	-17	3.0	2.8	1.4
MFI assets:							
4. Credit to euro area residents	21797	15	6	46	-0.5	-0.6	-0.4
4.1. Credit to general government	6317	-17	-13	37	-2.6	-2.8	-2.5
Loans	996	1	-2	9	-1.8	-1.7	-1.6
Debt securities	5295	-18	-11	28	-2.7	-3.1	-2.7
Equity ^{c)}	25	0	0	0	2.3	0.1	1.0
4.2. Credit to the private sector ^{d)}	15481	32	20	9	0.4	0.3	0.5
Loans ^{e)}	13025	37	34	-2	0.0	0.1	0.3
Adjusted loans ^{f)}	13250	34	28	13	0.4	0.4	0.5
Debt securities	1559	-13	-6	-5	1.3	-0.2	-0.9
Equity and non-money market fund investment fund shares	897	8	-8	15	5.0	3.9	5.4
5. Net external assets	1858	61	59	49	-	-	-
6. Other counterparts of M3 (residual)	246	-78	-29	87	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	155	9	7	-15	14.9	7.5	14.4
6.2. Reverse repos to central counterparties (assets) ^{c)}	153	-12	11	-9	-0.6	-2.7	5.9

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: December 2023

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

	Oct 2023	Nov 2023	Dec 2023
COMPONENTS OF M3			
1. M1	-7.2	-6.8	-6.0
1.1. Currency in circulation	0.0	-0.1	0.0
1.2. Overnight deposits	-7.1	-6.7	-6.0
2. M2 - M1 (other short-term deposits)	5.1	5.0	5.1
3. M3 - M2 (marketable instruments)	1.1	0.9	1.0
COUNTERPARTS OF M3			
4. Credit to the private sector	0.4	0.3	0.4
5. Credit to general government	-1.0	-1.1	-1.0
6. Net external assets	2.4	2.7	2.8
7. Longer-term financial liabilities (inverted sign) ^{b)}	-2.3	-2.3	-2.1
8. Remaining counterparts	-0.5	-0.4	0.0
M3 (sum of items 1 to 3, or items 4 to 8)	-1.0	-0.9	0.1

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

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2023	Oct 2023	Nov 2023	Dec 2023	Oct 2023	Nov 2023	Dec 2023
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	13763	-30	50	100	-2.2	-1.8	-0.7
1. Deposits placed by households ^{b)}	8423	-5	19	60	-0.5	-0.3	0.2
1.1. Overnight deposits	5111	-56	-34	-4	-8.3	-8.5	-8.2
1.2. Deposits with an agreed maturity of up to two years	1020	62	60	51	134.0	131.9	127.8
1.3. Deposits redeemable at notice of up to three months	2291	-11	-7	12	-4.0	-4.3	-4.0
1.4. Repurchase agreements	1	0	0	1	-28.7	-18.6	67.4
2. Deposits placed by non-financial corporations	3334	5	4	10	-2.0	-1.9	-0.9
2.1. Overnight deposits	2423	-24	-6	19	-14.2	-13.0	-11.1
2.2. Deposits with an agreed maturity of up to two years	768	31	5	-4	73.0	59.2	54.0
2.3. Deposits redeemable at notice of up to three months	132	0	1	0	0.7	1.1	-1.0
2.4. Repurchase agreements	12	-2	4	-4	45.8	102.5	91.8
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1233	-10	25	17	-10.7	-8.3	-4.2
3.1. Overnight deposits	792	-15	21	-8	-20.5	-16.7	-12.7
3.2. Deposits with an agreed maturity of up to two years	299	-4	-1	15	19.4	18.5	15.9
3.3. Deposits redeemable at notice of up to three months	20	-1	1	0	-0.4	6.4	-0.2
3.4. Repurchase agreements ^{c)}	122	10	4	9	14.8	5.0	20.1
4. Deposits placed by insurance corporations and pension funds	235	-2	14	12	-16.0	-9.1	0.1
5. Deposits placed by other general government	538	-19	-11	1	-2.9	-5.0	-5.3

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.

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

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2023	Oct 2023	Nov 2023	Dec 2023	Oct 2023	Nov 2023	Dec 2023
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	6648	10	13	-2	0.2	0.2	0.1
<i>Adjusted loans ^{c)}</i>	6862	0	6	-3	0.6	0.5	0.3
1.1. Credit for consumption	734	0	1	2	2.8	2.7	2.7
1.2. Lending for house purchase	5229	12	9	-3	0.3	0.3	0.2
1.3. Other lending	686	-3	2	-2	-3.1	-2.9	-3.0
<i>of which: sole proprietors</i>	361	-1	-2	0	-3.0	-3.2	-3.3
2. Loans to non-financial corporations	5127	3	10	12	-0.9	-0.4	0.2
<i>Adjusted loans ^{c)}</i>	5150	0	13	16	-0.3	0.0	0.4
2.1. up to 1 year	913	-4	7	12	-9.6	-7.9	-4.7
2.2. over 1 year and up to 5 years	1092	3	0	6	1.5	1.6	1.3
2.3. over 5 years	3121	4	2	-6	1.1	1.2	1.3
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	1111	26	12	-16	4.7	3.4	3.0
<i>Adjusted loans ^{c)}</i>	1110	33	9	-3	4.5	2.9	2.8
4. Loans to insurance corporations and pension funds	139	-2	-1	5	-14.2	-10.5	-5.4
<i>Adjusted loans ^{c)}</i>	128	0	0	3	-13.7	-8.8	-5.0

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.