EUROPEAN CENTRAL BANK

EUROSYSTEM

Press release

27 June 2024

Monetary developments in the euro area: May 2024

- Annual growth rate of broad monetary aggregate M3 increased to 1.6% in May 2024 from 1.3% in April
- Annual growth rate of narrower monetary aggregate M1, comprising currency in circulation and overnight deposits, was -4.9% in May, compared with -5.9% in April
- Annual growth rate of adjusted loans to households stood at 0.3% in May, compared with 0.2% in April
- Annual growth rate of adjusted loans to non-financial corporations stood at 0.3% in May, compared with 0.2% in April

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 1.6% in May 2024 from 1.3% in April, averaging 1.3% in the three months up to May. 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 -4.9% in May, compared with -5.9% in April. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) decreased to 14.7% in May from 15.6% in April. The annual growth rate of marketable instruments (M3-M2) decreased to 17.5% in May from 22.6% in April.

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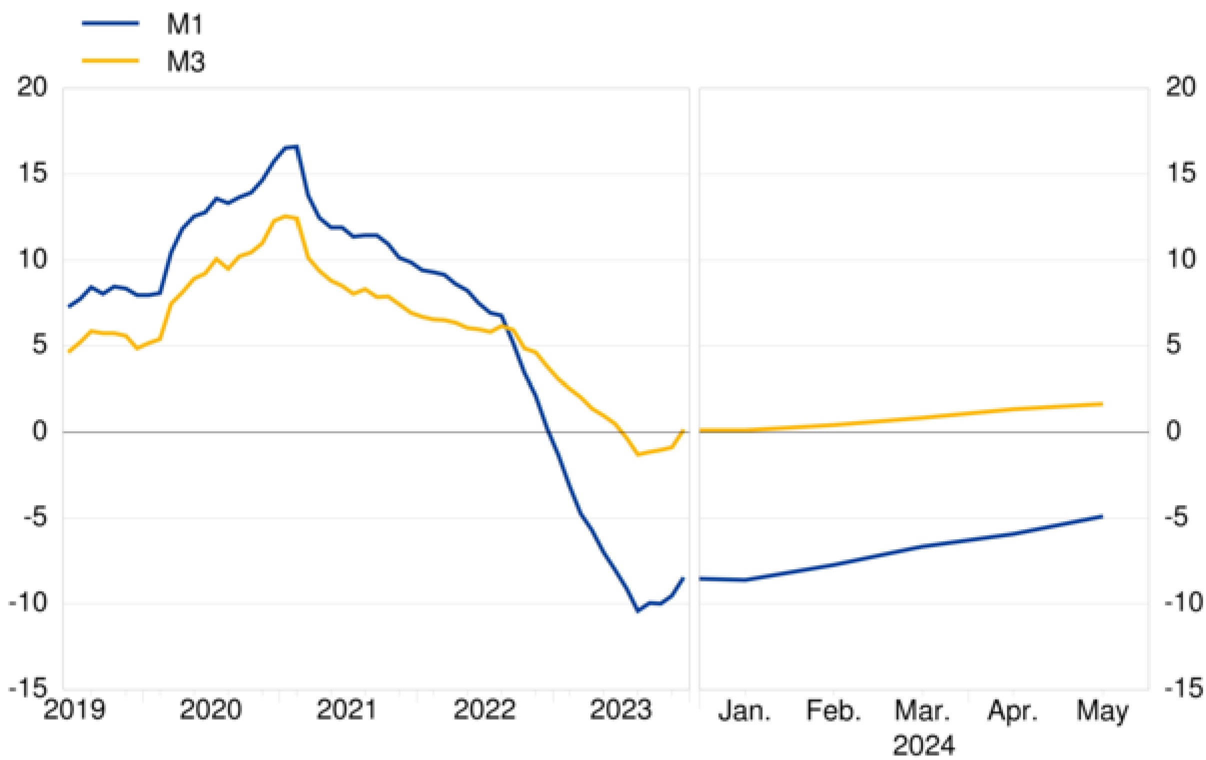
Chart 1

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 -3.3 percentage points (up from -4.0 percentage points in April), short-term deposits other than overnight deposits (M2-M1) contributed 4.0 percentage points (down from 4.1 percentage points) and marketable instruments (M3-M2) contributed 1.0 percentage points (down from 1.2 percentage points).

Among the holding sectors of deposits in M3, the annual growth rate of deposits placed by households stood at 1.5% in May, compared with 1.4% in April, while the annual growth rate of deposits placed by non-financial corporations increased to 1.9% in May from 0.6% in April. Finally, the annual growth rate of deposits placed by investment funds other than money market funds was -2.6% in May, compared with -4.0% in April.

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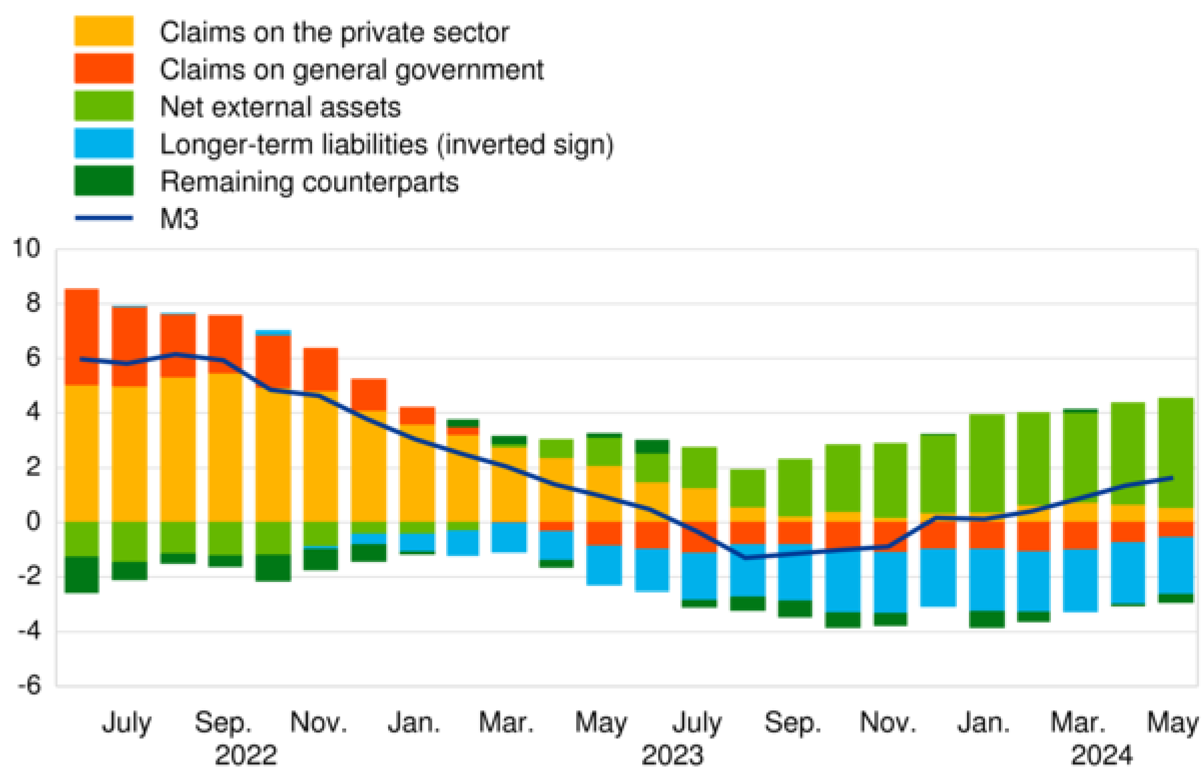
Counterparts of the broad monetary aggregate M3

The annual growth rate of M3 in May 2024, as a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 (counterparts of M3), can be broken down as follows: net external assets contributed 4.0 percentage points (up from 3.7 percentage points in April), claims on the private sector contributed 0.5 percentage points (down from 0.7 percentage points), claims on general government contributed -0.6 percentage points (up from -0.7 percentage points), longer-term liabilities contributed -2.1 percentage points (up from -2.2 percentage points), and the remaining counterparts of M3 contributed -0.3 percentage points (down from -0.1 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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Claims on euro area residents

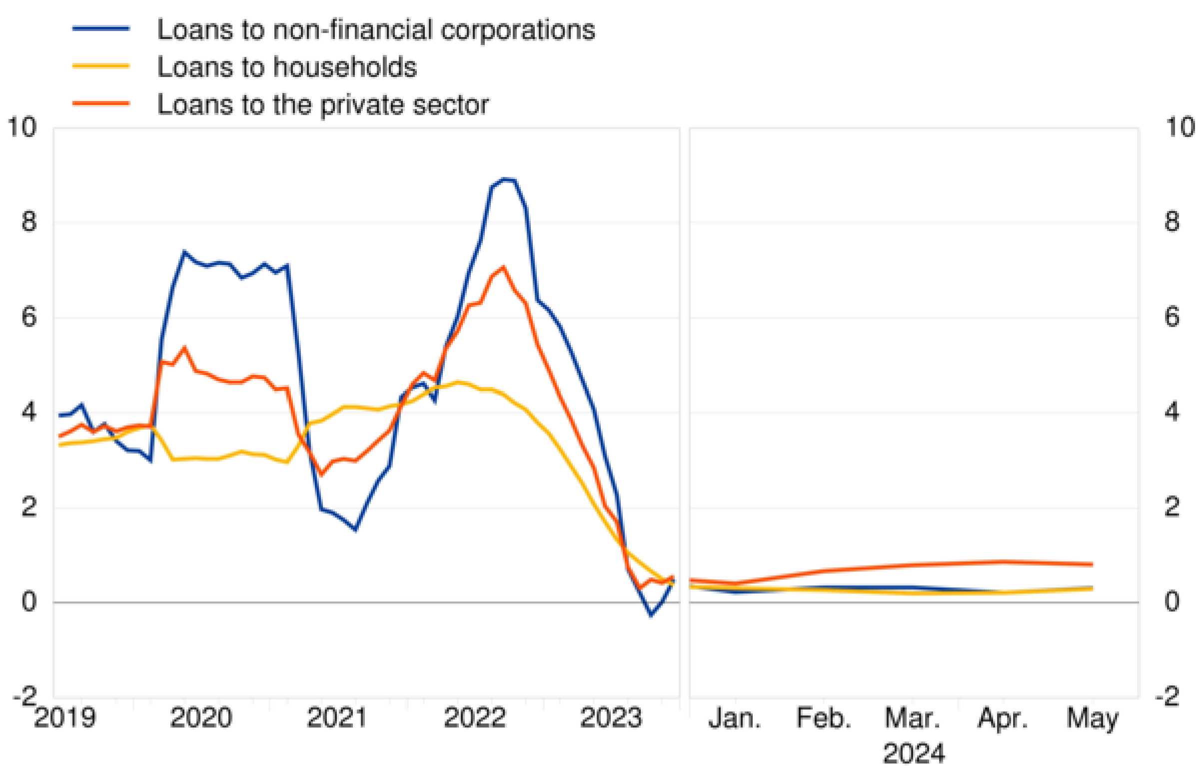
The annual growth rate of total claims on euro area residents stood at 0.0% in May 2024, compared with -0.1% in the previous month. The annual growth rate of claims on general government was -1.4% in May, compared with -1.9% in April, while the annual growth rate of claims on the private sector stood at 0.6% in May, compared with 0.7% in April.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan transfers and notional cash pooling) stood at 0.8% in May, compared with 0.9% in April. Among the borrowing sectors, the annual growth rate of adjusted loans to households stood at 0.3% in May, compared with 0.2% in April. The annual growth rate of adjusted loans to non-financial corporations also stood at 0.3% in May, compared with 0.2% in April.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



Data for adjusted loans to the private sector

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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 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: May 2024

(EUR billions and annual percentage changes; data adjusted for seasonal effects [a])

	End-of-month level	Monthly flow			Annual growth rate		
	May 2024	Mar 2024	Apr 2024	May 2024	Mar 2024	Apr 2024	May 2024
COMPONENTS OF M3							
1. M3	**16268**	**68**	**28**	**41**	**0.9**	**1.3**	**1.6**
1.1. M2	15205	34	5	53	-0.2	0.1	0.7
1.1.1. M1	10269	14	-6	18	-6.6	-5.9	-4.9
Currency in circulation	1529	-10	9	-3	-1.3	-0.3	-0.5
Overnight deposits	8740	24	-15	21	-7.5	-6.8	-5.6
1.1.2. Other short-term deposits (M2 - M1)	4936	21	11	35	16.7	15.6	14.7
Deposits with an agreed maturity of up to two years	2505	23	11	36	49.8	45.4	41.3
Deposits redeemable at notice of up to three months	2431	-3	0	-1	-4.6	-4.2	-3.9
1.2. Marketable instruments (M3 - M2)	1063	34	23	-12	19.3	22.6	17.5
Repurchase agreements	205	14	12	0	68.6	78.5	64.6
Money market fund shares	791	18	10	-6	16.3	17.8	14.7
Debt securities issued with a maturity of up to two years	66	2	1	-7	-16.7	-10.3	-23.2
COUNTERPARTS OF M3							
MFI liabilities:							
2. Liabilities to central government [b)]	**445**	**-39**	**40**	**7**	**-30.3**	**-23.2**	**-10.4**
3. Longer-term liabilities to other euro area residents	**7508**	**33**	**23**	**11**	**5.2**	**5.1**	**4.7**
3.1. Deposits with an agreed maturity of over two years	1825	0	-2	-1	1.3	0.4	0.6
3.2. Deposits redeemable at notice of over three months	109	4	3	1	89.9	89.7	85.1
3.3. Debt securities issued with a maturity of over two years	2528	41	23	3	11.7	12.4	11.0
3.4. Capital and reserves	3046	-12	-1	8	0.9	0.8	0.7
MFI assets:							
4. Claims on euro area residents	**21707**	**8**	**7**	**-38**	**-0.2**	**-0.1**	**0.0**
4.1. Claims on general government	6177	-9	14	-29	-2.6	-1.9	-1.4
Loans	973	-6	-3	0	-1.6	-0.7	-1.4
Debt securities	5178	-3	18	-29	-2.8	-2.1	-1.5
Equity	26	0	0	0	2.4	1.7	0.0
4.2. Claims on the private sector [c)]	15531	17	-7	-9	0.8	0.7	0.6
Loans	13067	20	13	3	0.4	0.5	0.6
Adjusted loans [d)]	13300	16	16	3	0.8	0.9	0.8
Debt securities	1542	-13	-15	-14	0.5	-0.6	-2.5
Equity	618	10	-9	2	8.5	6.5	5.6
Shares issued by investment funds other than money market funds	304	1	3	0	4.3	4.4	4.5
5. Net external assets	**2233**	**40**	**101**	**62**	**-**	**-**	**-**
6. Other counterparts of M3 (residual)	**280**	**14**	**-17**	**35**	**-**	**-**	**-**
of which:							
6.1. Repos with central counterparties (liabilities) [e)]	159	13	-14	-4	20.3	9.6	-6.1
6.2. Reverse repos to central counterparties (assets) [e)]	165	1	3	-12	7.1	11.8	-8.6

a) Figures may not add up due to rounding. The information in this table is based on the consolidated balance sheet of monetary financial institutions (MFIs) located in the euro area. The MFI sector comprises the Eurosystem, deposit-taking corporations except central banks and money market funds.
Monthly flows are derived from differences in levels excluding changes that do not arise from transactions, such as revaluations, exchange rate variations and statistical reclassifications.
M3 comprises liabilities of MFIs, as well as short-term deposit liabilities of post offices and specific central government entities, vis-à-vis non-MFI euro area residents other than central government.
b) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.
c) Private sector refers to euro area non-MFIs excluding general government.
d) Loans adjusted for the effects of transfers to and from MFI balance sheets, as well as for notional cash pooling services provided by MFIs. For further breakdowns see Table 4.
e) The series is not adjusted for seasonal effects.

2 Contributions to the M3 annual growth rate: May 2024

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects [a])

	Mar 2024	Apr 2024	May 2024
COMPONENTS OF M3			
1. M1	-4.6	-4.0	-3.3
1.1. Currency in circulation	-0.1	0.0	0.0
1.2. Overnight deposits	-4.4	-4.0	-3.3
2. M2 - M1 (other short-term deposits)	4.4	4.1	4.0
3. M3 - M2 (marketable instruments)	1.1	1.2	1.0
COUNTERPARTS OF M3			
4. Claims on the private sector	0.7	0.7	0.5
5. Claims on general government	-1.0	-0.7	-0.6
6. Net external assets	3.3	3.7	4.0
7. Longer-term liabilities (inverted sign) [b]	-2.3	-2.2	-2.1
8. Remaining counterparts	0.1	-0.1	-0.3
M3 (sum of items 1 to 3, or items 4 to 8)	**0.9**	**1.3**	**1.6**

a) Figures may not add up due to rounding.
b) Longer-term liabilities to euro area residents excluding central government.

3 Deposits in M3: May 2024

(EUR billions and annual percentage changes; data adjusted for seasonal effects [a)])

	End-of-month level	Monthly flow			Annual growth rate		
	May 2024	Mar 2024	Apr 2024	May 2024	Mar 2024	Apr 2024	May 2024
Total deposits	**13882**	**59**	**8**	**56**	**0.4**	**0.8**	**1.4**
1. Deposits placed by households [b)]	**8496**	**8**	**27**	**9**	**0.9**	**1.4**	**1.5**
1.1. Overnight deposits	5047	-9	2	-12	-7.1	-6.2	-5.7
1.2. Deposits with an agreed maturity of up to two years	1180	22	24	20	101.2	91.8	81.0
1.3. Deposits redeemable at notice of up to three months	2268	-5	0	0	-4.6	-4.3	-3.9
1.4. Repurchase agreements	1	0	0	0	12.1	9.0	11.2
2. Deposits placed by non-financial corporations	**3372**	**16**	**13**	**28**	**0.1**	**0.6**	**1.9**
2.1. Overnight deposits	2390	13	4	7	-8.2	-7.0	-5.4
2.2. Deposits with an agreed maturity of up to two years	847	4	10	23	36.4	32.6	31.8
2.3. Deposits redeemable at notice of up to three months	127	0	-1	0	-3.2	-3.2	-3.2
2.4. Repurchase agreements	9	-1	0	-2	39.0	16.1	-11.9
3. Deposits placed by investment funds other than money market funds	**414**	**-16**	**12**	**0**	**-9.6**	**-4.0**	**-2.6**
3.1. Overnight deposits	334	-11	11	0	-13.6	-7.6	-5.2
3.2. Deposits with an agreed maturity of up to two years	40	-3	-4	-2	7.5	-5.2	-16.1
3.3. Deposits redeemable at notice of up to three months	2	0	0	0	-16.8	-10.5	-23.2
3.4. Repurchase agreements	38	-2	5	3	20.1	55.5	66.0
4. Deposits placed by insurance corporations and pension funds	**215**	**4**	**-18**	**5**	**-1.6**	**-8.6**	**-5.7**
4.1. Overnight deposits	145	4	-11	4	-9.5	-14.6	-10.8
4.2. Deposits with an agreed maturity of up to two years	41	-1	-4	1	7.8	-6.7	-1.6
4.3. Deposits redeemable at notice of up to three months	4	1	-1	0	9.7	-1.0	-4.9
4.4. Repurchase agreements	25	0	-2	0	44.8	34.4	35.9
5. Deposits placed by other non-monetary financial corporations [c)]	**849**	**46**	**-9**	**3**	**7.7**	**5.2**	**5.5**
5.1. Overnight deposits	461	27	-8	11	-1.3	-7.9	-4.7
5.2. Deposits with an agreed maturity of up to two years	245	1	-6	-4	4.5	8.7	6.4
5.3. Deposits redeemable at notice of up to three months	19	2	1	-1	4.3	15.8	12.8
5.4. Repurchase agreements [c)]	123	17	4	-3	106.8	109.0	86.2
6. Deposits placed by other general government	**537**	**1**	**-18**	**11**	**-5.7**	**-6.8**	**-4.4**

a) Figures may not add up due to rounding. The information in this table is based on the consolidated balance sheet of monetary financial institutions (MFIs) located in the euro area.
The MFI sector comprises the Eurosystem, deposit-taking corporations except central banks and money market funds.
Monthly flows are derived from differences in levels excluding changes that do not arise from transactions, such as exchange rate variations and statistical reclassifications.
b) Includes deposits by non-profit institutions serving households.
c) Excludes repurchase agreements with central counterparties.

4 Adjusted loans to the private sector: May 2024 [a)]

(EUR billions and annual percentage changes; data adjusted for seasonal effects [b)])

	End-of-month level	Monthly flow			Annual growth rate		
	May 2024	Mar 2024	Apr 2024	May 2024	Mar 2024	Apr 2024	May 2024
1. Loans to households [c)]	**6877**	**2**	**3**	**3**	**0.2**	**0.2**	**0.3**
1.1. Credit for consumption	774	3	1	3	2.3	2.4	2.8
1.2. Lending for house purchase	5415	0	4	0	0.4	0.4	0.3
1.3. Other lending	689	-1	-2	-1	-3.1	-3.1	-2.8
of which: sole proprietors	360	-1	0	-1	-3.4	-3.2	-3.1
2. Loans to non-financial corporations	**5130**	**3**	**-5**	**5**	**0.3**	**0.2**	**0.3**
2.1. up to 1 year	801	-4	-7	8	-3.9	-4.3	-2.8
2.2. over 1 year and up to 5 years	1104	-2	-3	-1	-0.6	-1.0	-1.2
2.3. over 5 years	3225	9	5	-2	1.7	1.8	1.7
3. Loans to investment funds other than money market funds	**166**	**0**	**5**	**1**	**-3.1**	**0.6**	**1.4**
4. Loans to insurance corporations and pension funds	**122**	**7**	**-5**	**-6**	**1.9**	**-2.3**	**-4.7**
5. Loans to other non-monetary financial corporations [d)]	**1005**	**4**	**19**	**1**	**8.3**	**9.9**	**8.1**

a) Loans adjusted for the effects of transfers to and from MFI balance sheets, as well as for notional cash pooling services provided by MFIs. Data on transferred loans that have been derecognised from MFI balance sheets are included in these figures, where available.
Monthly flows are derived from differences in levels excluding changes that do not arise from transactions, such as revaluations, exchange rate variations and statistical reclassifications.
b) Figures may not add up due to rounding.
c) Includes loans to non-profit institutions serving households.
d) Excludes reverse repos to central counterparties.