



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2000

In October 2000 the annual rate of growth of M3 was 5.3%, compared with 5.4% in the previous month (the latter figure was revised downwards from 5.5%). The three-month average of the annual rates of growth of M3 covering the period from August to October 2000 stood at 5.5%, after 5.4% in the period from July to September 2000.

12-month percentage changes	AUGUST 2000	SEPTEMBER 2000	OCTOBER 2000	AUGUST – OCTOBER 2000 AVERAGE
M3	5.6	5.4	5.3	5.5

On a month-to-month basis, M3 increased by EUR 12 billion in October 2000. Corrected for the estimated seasonal influences, M3 rose by EUR 26 billion relative to September 2000 (see the table below). This reflected in particular a strong increase in marketable instruments by EUR 22 billion. Short-term deposits other than overnight deposits rose by EUR 3 billion and the components of M1 increased by EUR 1 billion.

Seasonally-adjusted monthly changes	AUGUST 2000		SEPTEMBER 2000		OCTOBER 2000		AUGUST – OCTOBER 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) ¹⁾	31	0.6	7	0.1	26	0.5	21	0.4
Currency in circulation and overnight deposits (items 1.1. and 1.2) ¹⁾ (= M1)	16	0.8	-7	-0.3	1	0.1	4	0.2
Other short-term deposits (items 1.3 and 1.4) ¹⁾ (= M2-M1)	11	0.5	12	0.6	3	0.1	9	0.4
Marketable instruments (items 1.5 to 1.7) ¹⁾ (= M3-M2)	4	0.5	2	0.2	22	2.8	9	1.2

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

In October 2000, the annual rate of growth of M1 decreased to 5.8%, from 6.3% in September. This reflected a decline in the annual growth rate of both currency in circulation (to 2.1%, from 3.5% in September) and overnight deposits (to 6.6%, from 6.9% in September).

The annual rate of change of short-term deposits other than overnight deposits was 1.9% in October, following a rate of 2.4% in September. This reflected a decrease in the annual rate of growth of deposits

with an agreed maturity of up to two years (to 11.8% in October, from 12.3% in September) and a further decline in the annual rate of change in deposits redeemable with a period of notice of up to three months (to -4.8%, from -4.2% in September).

The annual rate of growth of marketable instruments included in M3 increased to 14.3% in October, from 12.6% in September. This reflected divergent movements in the main components. The rate of increase of repurchase agreements rose to 10.2% in October, from 6.9% in September, and the annual rate of growth of debt securities issued with a maturity of up to two years rose to 20.0% in October, from 7.2% in the previous month. By contrast, the annual rate of growth of money market fund shares/units and money market paper decreased to 14.6% in October, from 15.4% in the previous month.

Regarding the counterparts of M3, the annual rate of growth in longer-term financial liabilities of the MFI sector declined to 6.7%, from 7.1% in September. This reflected a decrease in the annual growth rates of deposits with agreed maturity over two years (1.5%, after 2.1% in September) and debt securities issued with a maturity of over two years (5.3%, from 5.5% in September). By contrast, the annual growth rate of deposits redeemable at notice over three months rose to 10.3%, from 8.9% in September. Finally, the annual growth rate of the item capital and reserves was 16.0%, down from 16.4% in September.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector increased significantly, to 25.5% in October, from 14.8% in September.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents declined to 6.4%, from 7.0% in September. This decrease was exclusively due to a fall in the annual rate of change of credit to general government (to -6.5%, from -4.4% in September). The annual rate of change of credit extended to the private sector stood at 10.8%, unchanged from September.

During October 2000, the net external asset position of the euro area MFI sector decreased by EUR 12 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to October 2000, the net external assets of the MFI sector decreased by EUR 116 billion, compared to a decrease of EUR 138 billion recorded over the 12 months up to September 2000.

More details on the latest monetary data as contained in the Tables 2.1 to 2.4 of the "Euro area statistics" section of the ECB Monthly Bulletin are available on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics – download", "Latest monetary and financial statistics" page.

MONETARY DEVELOPMENTS IN THE EURO AREA : OCTOBER 2000 ⁽¹⁾

(non seasonally-adjusted data in EUR billions)

	SEPTEMBER 2000			OCTOBER 2000			AVERAGE AUG-00 OCT-00
	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ⁽²⁾							
(1) M3 (= items 1.1 to 1.7)	4952	6	5.4	4970	12	5.3	5.5
(1.1) Currency in circulation	339	1	3.5	337	-2	2.1	3.0
(1.2) Overnight deposits	1651	12	6.9	1652	-1	6.6	7.1
(1.3) Deposits with agreed maturity up to 2 years	957	8	12.3	969	10	11.8	11.3
(1.4) Deposits redeemable at notice up to 3 months	1215	-10	-4.2	1206	-9	-4.8	-4.2
(1.5) Repurchase agreements	172	3	6.9	174	2	10.2	7.0
(1.6) Money market fund shares/units and money market paper	536	-8	15.4	542	5	14.6	16.3
(1.7) Debt securities issued with maturity up to 2 years	82	1	7.2	90	7	20.0	11.5
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	153	13	14.8	169	16	25.5	14.0
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3787	23	7.1	3814	16	6.7	7.0
(3.1) Deposits with agreed maturity over 2 years	1166	-3	2.1	1167	-1	1.5	2.0
(3.2) Deposits redeemable at notice over 3 months	121	2	8.9	122	1	10.3	8.8
(3.3) Debt securities issued with maturity over 2 years	1532	3	5.5	1550	10	5.3	5.9
(3.4) Capital and reserves	968	21	16.4	975	6	16.0	15.7
(4) <i>External liabilities</i>	2179	39	12.8	2241	22	10.5	11.4
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8598	63	7.0	8644	37	6.4	6.8
(5.1) Credit to general government	1939	-10	-4.4	1928	-13	-6.5	-4.4
Of which Loans	814	-7	-1.6	815	2	-2.5	-1.4
Of which Securities other than shares	1125	-3	-6.3	1112	-15	-9.2	-6.6
(5.2) Credit to other euro area residents	6659	73	10.8	6716	50	10.8	10.6
Of which Loans	5951	66	9.9	5999	41	9.7	9.7
Of which Securities other than shares	259	5	17.1	268	8	22.3	16.9
Of which Shares and other equities	449	2	20.8	449	1	20.6	19.9
(6) <i>External assets</i>	2431	14	4.4	2484	10	3.8	4.3
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	43	4	ND	67	19	ND	ND

(1) Discrepancies in the table can be 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. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) Liabilities of Monetary Financial Institutions (MFIs) and specific units of the central government (post offices, treasury) vis-à-vis non-MFI euro area residents, excluding central government.

(3) Assets and liabilities of Monetary Financial Institutions (MFIs) vis-à-vis non-MFI euro area residents, including central government.

Note: More details of the latest data, as well as estimates for earlier periods going back to September 1997 may be found on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.