



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2001

In January 2001 the annual rate of growth of M3 declined to 4.7%, from 5.2% in the previous month (the latter figure was revised upwards from 4.9%). The three-month average of the annual rates of growth of M3 covering the period from November 2000 to January 2001 decreased to 5.0%, from 5.1% in the period from October to December 2000 (the latter figure was revised upwards from 5.0%).

12-month percentage changes	NOVEMBER 2000	DECEMBER 2000	JANUARY 2001	NOVEMBER 2000 – JANUARY 2001 AVERAGE
M3	5.0	5.2	4.7	5.0

On a month-to-month basis, M3 decreased by EUR 20 billion in January 2001. Corrected for the estimated seasonal influences, M3 rose by EUR 9 billion relative to December 2000 (see the table below). Marketable instruments rose strongly (by EUR 34 billion), while the components of M1 decreased markedly (by EUR 33 billion). Short-term deposits other than overnight deposits increased by EUR 9 billion.

Seasonally-adjusted monthly changes	NOVEMBER 2000		DECEMBER 2000		JANUARY 2001		NOVEMBER 2000 – JANUARY 2001 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) ⁽¹⁾	19	0.4	20	0.4	9	0.2	16	0.3
Currency in circulation and overnight deposits (items 1.1 and 1.2) ⁽¹⁾ (= M1)	4	0.2	5	0.2	-33	-1.6	-8	-0.4
Other short-term deposits (items 1.3 and 1.4) ⁽¹⁾ (= M2-M1)	7	0.3	-6	-0.3	9	0.4	3	0.1
Marketable instruments (items 1.5 to 1.7) ⁽¹⁾ (= M3-M2)	8	1.0	22	2.7	34	3.9	21	2.5

(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 January 2001, the annual rate of growth of M1 declined to 1.4%, from 5.7% in the previous month. This reflected a decrease in the annual rates of change of both currency in circulation (to -1.5%, from -0.6% in December 2000) and overnight deposits (to 2.0%, from 7.1% in the previous month).

The annual rate of increase in short-term deposits other than overnight deposits rose to 3.4% in January 2001, from 1.9% in December 2000. This increase mirrored divergent developments in the main components of this item. Whereas the annual rate of growth of deposits with an agreed maturity of up to two years increased to 16.4% (from 12.4% in the previous month), the annual rate of change in deposits redeemable at a period of notice up to three months declined further, to -5.4%, from -5.2% in December 2000.

The annual rate of growth of marketable instruments included in M3 rose to 18.3% in January 2001, from 14.0% in December 2000. Among the components of this item, the annual rate of growth of money market fund shares/units and money market paper rose to 14.2% (from 9.4% in the previous month). The annual rate of increase in repurchase agreements rose to 22.9% in January 2001, from 21.7% in the previous month. Moreover, the annual rate of growth of debt securities issued with a maturity of up to two years rose to 30.1%, from 24.5% in the previous month.

Regarding the counterparts of M3, the annual rate of growth in longer-term financial liabilities of the MFI sector remained virtually unchanged in January, at 4.3% (it was 4.4% in December 2000). Among these liabilities, the annual growth rate of debt securities issued with a maturity of over two years increased to 5.9% (from 4.6% in December 2000) and the annual rate of increase in deposits redeemable with a period of notice of over three months rose to 13.6% (from 12.5% in the previous month). By contrast, the annual rate of change of deposits with an agreed maturity of over two years declined to -0.2% (0.1% in December). Finally, the annual rate of increase of capital and reserves declined to 6.4%, from 8.9% in December.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector dropped significantly in January, to 8.8%, from 15.8% in December.

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 slightly, to 6.1% in January 2001, from 6.3% in December 2000. Whereas the annual rate of change in credit to general government was virtually unchanged (at -5.7%), the annual rate of growth of credit extended to the private sector declined slightly, to 10.0%, from 10.2% in the previous month. The weaker expansion of credit to the private sector was the result of a decline in the annual growth rate of loans to the private sector, to 9.1%, from 9.5% in December.

In January 2001, the net external asset position of the euro area MFI sector decreased by EUR 55 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to January 2001, the net external assets of the MFI sector decreased by EUR 107 billion, compared to a decrease of EUR 98 billion recorded over the 12 months up to December 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. Data covers the Member States comprising the euro area at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) for January 2001. Annual growth rates are derived using monthly flows as described in the Technical Notes of the ECB Monthly Bulletin. Monthly flows are referred to the euro area-11 for months up to December 2000, and the euro area-12 for January 2001. The monthly flows for January 2001 are corrected for the effect of the enlargement.

MONETARY DEVELOPMENTS IN THE EURO AREA : JANUARY 2001 ⁽¹⁾
(non seasonally-adjusted data in EUR billions)

	DECEMBER 2000			JANUARY 2001			AVERAGE NOV-00 JAN-01
	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)	5082	91	5.2	5189	-20	4.7	5.0
(1.1) Currency in circulation	348	11	-0.6	335	-20	-1.5	0.0
(1.2) Overnight deposits	1729	58	7.1	1688	-56	2.0	4.9
(1.3) Deposits with agreed maturity up to 2 years	990	12	12.4	1042	15	16.4	14.2
(1.4) Deposits redeemable at notice up to 3 months	1221	19	-5.2	1270	-1	-5.4	-5.2
(1.5) Repurchase agreements	176	2	21.7	212	17	22.9	17.9
(1.6) Money market fund shares/units and money market paper	509	-22	9.4	529	23	14.2	11.2
(1.7) Debt securities issued with maturity up to 2 years	109	11	24.5	112	2	30.1	28.8
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	165	-4	15.8	147	-19	8.8	13.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3784	-21	4.4	3826	16	4.3	5.0
(3.1) Deposits with agreed maturity over 2 years	1169	9	0.1	1169	-2	-0.2	0.1
(3.2) Deposits redeemable at notice over 3 months	126	2	12.5	128	0	13.6	12.9
(3.3) Debt securities issued with maturity over 2 years	1533	-3	4.6	1559	20	5.9	5.0
(3.4) Capital and reserves	956	-29	8.9	971	-2	6.4	10.5
(4) <i>External liabilities</i>	2144	-13	13.5	2257	111	15.2	12.5
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8740	48	6.3	8930	41	6.1	6.1
(5.1) Credit to general government	1921	-11	-5.6	2002	5	-5.7	-6.0
Of which Loans	835	12	-0.6	858	4	0.8	-0.8
Of which Securities other than shares	1087	-23	-9.2	1144	1	-10.1	-9.6
(5.2) Credit to other euro area residents	6819	59	10.2	6928	36	10.0	10.2
Of which Loans	6088	50	9.5	6174	23	9.1	9.3
Of which Securities other than shares	266	1	16.8	272	4	18.0	17.5
Of which Shares and other equities	465	8	16.5	482	8	17.5	17.8
(6) <i>External assets</i>	2385	1	7.1	2439	57	8.6	6.2
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	50	3	ND	49	-10	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 at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) for January 2001. Annual growth rates are derived using monthly flows as described in the Technical Notes of the ECB Monthly Bulletin. Monthly flows are referred to the euro area-11 for months up to December 2000, and the euro area-12 for January 2001. 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 monthly flows for January 2001 are corrected also for the effect of the enlargement. Figures refer to all currencies

(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.