



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2002

The annual rate of growth of M3 decreased to 7.4% in February 2002, from 7.9% the previous month.¹ The three-month average of the annual growth rates of M3 over the period December 2001-February 2002 declined to 7.8%, from 8.0% during the period November 2001-January 2002. The high level of the annual growth rate of M3 continues to reflect the build-up of liquidity in the Autumn of 2001, when the economic and financial environment was characterised by great uncertainty.

12-month percentage changes	DECEMBER 2001	JANUARY 2002	FEBRUARY 2002	DECEMBER 2001 – FEBRUARY 2002 AVERAGE
M3	8.1	7.9	7.4	7.8

In February 2002, the annual rate of growth of M1 decreased to 6.0%, from 6.4% in January. This development reflected a decline in the annual rate of change in currency in circulation (to -28.5%, from -27.2% in January), while the annual rate of change in overnight deposits stood at 12.9% in February (compared with 13.1% in the previous month).

The annual rate of growth of short-term deposits other than overnight deposits decreased to 6.4% in February, from 6.9% in January. This reflected a decrease in the (non-seasonally adjusted) annual rate of growth of deposits with agreed maturity up to two years, to 2.4% in February from 4.0% in January. In contrast, the annual rate of growth of deposits redeemable at a period of notice of up to three months rose to 9.7% in February, from 8.9% in the previous month.

The annual rate of growth of marketable instruments included in M3 declined to 14.8% in February, from 15.6% in the previous month. This development was due to a strong decrease in the (non-seasonally adjusted) annual rate of change of money market paper and debt securities issued with a maturity of up to two years (-10.5% in February, from -4.3% in January) and a moderation in the annual growth rate of money market fund shares/units (to 33.9% in February, from 34.2% in the previous month). In contrast, the (non-seasonally adjusted) annual growth rate of repurchase agreements increased to 4.2% in February, from 3.0% in January.

¹ These rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects; this applies throughout this press release unless specified otherwise.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector decreased slightly, to 4.6%, in February, from 4.7% in January. This evolution reflected divergent developments among the components of this item. On the one hand, the annual rate of change of deposits redeemable at notice over three months recorded a further decline to -12.4% in February (from -11.5% in the previous month), and the annual growth rates of debt securities issued with a maturity of over two years and of MFI capital and reserves decreased in February to 6.1% and 9.8% respectively (from 6.2% and 10.4% respectively in January). On the other hand, the annual rate of change of deposits with an agreed maturity of over two years increased to 0.3% in February, from 0.0% in January.

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector decreased to -0.3% in February, compared with 1.1% in January.

On the asset side of the consolidated balance sheet of the MFI sector, the (non-seasonally adjusted) annual growth rate of total credit granted to euro area residents stood at 5.2% in February (compared with 5.3% in January). The annual rate of growth of credit extended to the private sector declined to 6.0% in February, from 6.3% in January. The annual growth of loans to the private sector recorded a slight decrease, to 5.6% in February from 5.7% in January. By contrast, the annual growth rate of credit to general government increased to 2.2%, from 1.7% in the previous month.

In February 2002, the net external asset position of the euro area MFI sector decreased by EUR 15 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to February, the net external assets of the MFI sector increased by EUR 41 billion, compared with an increase by EUR 46 billion over the 12 months up to January.

Notes

- *The publication of the statistics on monetary developments in March, April, May and June 2002 is scheduled to take place at 10am on 26 April, 31 May, 27 June and 25 July 2002 respectively.*
- *The annual rates of growth for currency in circulation, overnight deposits, M1, short-term deposits other than overnight deposits (M2 - M1), M2, marketable instruments (M3 - M2), and M3 are calculated on the basis of data adjusted for seasonal and end-of-month calendar effects (see ECB, Seasonal adjustment of monetary aggregates and consumer price indices (HICP) for the euro area, August 2000). Through this procedure the annual growth rates reflect underlying patterns in a more accurate way than the annual growth rates based on unadjusted data.*
- *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 cover 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 from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the "Technical Notes" of the section "Euro Area Statistics" in the ECB Monthly Bulletin.

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(data in EUR billions and percentage changes ^{a)})

	JANUARY 2002			FEBRUARY 2002			AVERAGE DEC-01 FEB-02
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
Seasonally and calendar effect adjusted data							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) ^{b)}	5410	16	7.9	5410	-1	7.4	7.8
(1.1) Currency in circulation	248	15	-27.2	243	-5	-28.5	-29.3
(1.2) Overnight deposits	1927	4	13.1	1928	1	12.9	13.0
(1.3) M1 (= items 1.1 and 1.2)	2175	19	6.4	2171	-4	6.0	5.9
(1.4) Other short-term deposits ^{c)}	2458	5	6.9	2463	5	6.4	6.8
(1.5) M2 (= items 1.3 and 1.4)	4633	24	6.7	4634	1	6.2	6.4
(1.6) Marketable instruments ^{d)}	777	-9	15.6	776	-2	14.8	16.7
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5411	-9	7.8	5413	2	7.4	7.6
(2.1) Currency in circulation	244	5	-27.1	239	-5	-28.4	-29.4
(2.2) Overnight deposits	1918	-47	13.1	1914	-4	12.9	12.9
(2.3) Deposits with agreed maturity up to 2 years	1088	-7	4.0	1083	-5	2.4	4.2
(2.4) Deposits redeemable at notice up to 3 months	1389	21	8.9	1393	4	9.7	8.7
(2.5) Repurchase agreements	220	0	3.0	225	5	4.2	6.7
(2.6) Money market fund shares/units	411	20	34.2	422	11	33.9	34.0
(2.7) Money market paper and debt securities issued with maturity up to 2 years	140	-1	-4.3	138	-3	-10.5	-5.5
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	150	10	1.1	156	6	-0.3	-5.1
of which Deposits	149	10	2.0	156	7	0.6	-4.5
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3923	24	4.7	3932	6	4.6	4.6
(4.1) Deposits with agreed maturity over 2 years	1172	4	0.0	1174	2	0.3	0.0
(4.2) Deposits redeemable at notice over 3 months	112	-4	-11.5	111	-1	-12.4	-10.8
(4.4) Debt securities issued with maturity over 2 years	1632	11	6.2	1638	8	6.1	6.5
(4.4) Capital and reserves	1006	13	10.4	1009	-2	9.8	9.6
(5) <i>External liabilities</i>	2754	13	9.3	2764	13	8.7	10.8
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9497	36	5.3	9518	30	5.2	5.2
(6.1) Credit to general government	2049	19	1.7	2049	5	2.2	1.3
of which Loans	844	-3	-1.8	844	0	-0.8	-1.2
of which Securities other than shares	1205	22	4.3	1206	5	4.3	3.2
(6.2) Credit to other euro area residents	7448	17	6.3	7468	24	6.0	6.4
of which Loans	6535	13	5.7	6549	16	5.6	5.8
of which Securities other than shares	342	5	24.0	350	8	23.0	23.6
of which Shares and other equities	570	0	3.4	569	1	2.1	3.8
(7) <i>External assets</i>	2829	3	11.0	2832	-2	10.2	11.7
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-89	0	ND	-84	0	ND	ND

a) Discrepancies 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) from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the Technical Notes of the section "Euro area statistics" in the ECB Monthly Bulletin. Data on M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities with a maturity up to two years.

b) 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.

c) Deposits with agreed maturity up to 2 years and deposits redeemable at notice up to 3 months.

d) Repurchase agreements, money market fund shares/units, money market paper and debt securities issued with maturity up to 2 years.

e) 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 web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.