



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2002

The annual rate of growth of M3 decreased to 7.1% in June 2002, from 7.7% in May (revised downwards from 7.8%).¹ The three-month average of the annual growth rates of M3 over the period April-June 2002 stood at 7.4%, unchanged from the period March-May 2002 (revised downwards from 7.5%).

12-month percentage changes	APRIL 2002	MAY 2002	JUNE 2002	APRIL-JUNE 2002 AVERAGE
M3	7.3	7.7	7.1	7.4

In June 2002, the annual rate of growth of M1 was 6.9%, compared with 6.8% in May. This reflected a less negative annual rate of change in currency in circulation (-14.4% in June, compared with -18.2% in May), whereas the annual growth rate of overnight deposits decreased to 10.9% in June, from 11.5% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits declined to 6.1% in June, from 6.7% in May. This was the result of a decrease in the (non-seasonally adjusted) annual rates of growth of both deposits with agreed maturity up to two years (to 2.2% in June, from 3.9% in May) and deposits redeemable at a period of notice of up to three months (to 9.1% in June, from 9.4% in May).

The annual growth rate of marketable instruments included in M3 decreased to 11.3% in June, from 13.6% in May. This was mainly the result of a strong decrease in the annual rate of change of money market paper and debt securities issued with a maturity of up to two years (to -6.6% in June, from 4.8% in May). The (non-seasonally adjusted) annual growth rate of money market fund shares/units also declined in June (to 24.3%, from 26.2% in the previous month). By contrast, the (non-seasonally adjusted) annual growth rate of repurchase agreements increased to 2.6% in June, from 0.3% in May.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector declined to 4.5% in June, from 5.3% in May. This reflected in particular a decrease in the annual growth rate of capital and reserves (to 4.3% in June, from 7.5% in

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.

May). The annual growth rate of debt securities issued with a maturity of over two years also went down to 8.5% in June, from 8.7% in May. By contrast, the annual rates of change of both deposits with an agreed maturity of over two years and deposits redeemable at notice over three months increased, to 1.2% and -12.6% respectively in June, from 1.0% and -13.3% respectively in May.

The (non-seasonally adjusted) annual rate of growth in holdings of central government with the MFI sector was 0.3% in June, compared with 0.4% in May.

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 4.5% in June, unchanged from the previous month. The annual growth rate of credit extended to the private sector was 5.4% in June, unchanged from May. The annual growth rate of loans to the private sector decreased to 5.5% in June, from 5.8% in May and the annual growth rate of MFI holdings of securities other than shares declined to 13.5%, from 13.7% in the previous month. At the same time, the annual rate of change of MFI holdings of shares and other equities increased to 0.7% in June, from -4.1% in May. The annual growth rate of credit to general government was 1.1% in June, from 1.6% in May.

In June 2002, the net external asset position of the euro area MFI sector increased by EUR 38 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to June, the net external assets of the MFI sector went up by EUR 167 billion, compared with a rise by EUR 161 billion over the 12 months up to May.

Notes

- *The publication of the statistics on monetary developments in July, August, September and October 2002 is scheduled to take place at 10am on 28 August, 26 September, 28 October and 28 November 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. 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)})

	MAY 2002			JUNE 2002			AVERAGE APR-02 JUN-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)}	5506	56	7.7	5515	15	7.1	7.4
(1.1) Currency in circulation	273	10	-18.2	283	10	-14.4	-18.2
(1.2) Overnight deposits	1944	15	11.5	1946	4	10.9	11.5
(1.3) M1 (= items 1.1 and 1.2)	2216	24	6.8	2229	15	6.9	6.7
(1.4) Other short-term deposits ^{c)}	2493	16	6.7	2492	4	6.1	6.3
(1.5) M2 (= items 1.3 and 1.4)	4709	40	6.7	4721	19	6.5	6.5
(1.6) Marketable instruments ^{d)}	797	16	13.6	794	-4	11.3	12.7
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5538	49	7.7	5558	26	7.3	7.4
(2.1) Currency in circulation	274	12	-17.7	285	12	-14.3	-18.1
(2.2) Overnight deposits	1946	3	11.1	1994	50	11.4	11.6
(2.3) Deposits with agreed maturity up to 2 years	1104	11	3.9	1080	-20	2.2	2.9
(2.4) Deposits redeemable at notice up to 3 months	1394	2	9.4	1400	7	9.1	9.2
(2.5) Repurchase agreements	238	7	0.3	231	-8	2.6	1.9
(2.6) Money market fund shares/units	438	4	26.2	435	-8	24.3	26.5
(2.7) Money market paper and debt securities issued with maturity up to 2 years	144	10	4.8	133	-7	-6.6	-2.9
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	149	-9	0.4	168	18	0.3	1.0
of which Deposits	149	-9	1.8	167	18	1.5	2.3
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3959	27	5.3	3939	1	4.5	4.8
(4.1) Deposits with agreed maturity over 2 years	1179	3	1.0	1181	4	1.2	1.0
(4.2) Deposits redeemable at notice over 3 months	107	-1	-13.3	107	0	-12.6	-13.1
(4.4) Debt securities issued with maturity over 2 years	1662	21	8.7	1657	9	8.5	8.1
(4.4) Capital and reserves	1011	4	7.5	994	-11	4.3	6.6
(5) <i>External liabilities</i>	2750	35	4.9	2614	-65	2.6	3.9
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9646	40	4.5	9673	36	4.5	4.5
(6.1) Credit to general government	2071	7	1.6	2069	0	1.1	1.6
of which Loans	830	-3	-1.0	829	0	-0.7	-1.0
of which Securities other than shares	1242	10	3.5	1240	0	2.3	3.4
(6.2) Credit to other euro area residents	7575	33	5.4	7604	36	5.4	5.3
of which Loans	6659	29	5.8	6691	41	5.5	5.6
of which Securities other than shares	345	3	13.7	344	0	13.5	14.0
of which Shares and other equities	571	1	-4.1	569	-5	0.7	-2.5
(7) <i>External assets</i>	2845	74	11.1	2725	-27	9.0	9.5
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-95	-12	ND	-119	-29	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.