



EUROPEAN CENTRAL BANK

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## MONETARY DEVELOPMENTS IN THE EURO AREA: APRIL 2003

The annual rate of growth of M3 increased to 8.7% in April 2003, from 7.9% in March 2003.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period February - April 2003 was 8.2%, compared with 7.7% during the period January - March 2003.

12-month percentage changes	FEBRUARY 2003	MARCH 2003	APRIL 2003	FEBRUARY-APRIL 2003 AVERAGE
M3	7.9	7.9	8.7	8.2

In April 2003, the annual rate of growth of M1 decreased to 11.1%, from 11.7% in March. This was due to a decrease in the annual growth rates of both currency in circulation (to 37.5% in April, from 39.8% in the previous month) and overnight deposits (to 7.6%, from 8.0% in March).

The annual rate of growth of short-term deposits other than overnight deposits rose to 5.1% in April, from 4.6% in March. This was mainly the result of an increase in the (non-seasonally adjusted) annual growth rate of deposits redeemable at a period of notice of up to three months (to 9.4% in April, from 8.3% in the previous month). Over the same period, the (non-seasonally adjusted) annual rate of change of deposits with an agreed maturity of up to two years was 0.0%, up from -0.5% in March.

The annual growth rate of marketable instruments included in M3 increased to 13.1% in April, from 8.1% in March. This development was due to a particularly strong increase in the (non-seasonally adjusted) annual rate of change of debt securities issued with a maturity of up to two years, rising to 11.5% in April from -9.7% in March, and to an increase in the (non-seasonally adjusted) annual growth rate of repurchase agreements (to 6.3%, from 1.4% in March). The (non-seasonally adjusted) annual growth rate of money market fund shares/units also went up in April (to 16.9%, from 16.5% in the previous month).

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector went up to 4.5% in April, from 4.2% in March. This was due to an increase in the annual growth rates of both debt securities issued with a maturity of over two years (to 7.1% in April, from 6.5% in March) and MFI capital and reserves (to 2.8%, from 2.4% in March). By

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<sup>1</sup> 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.

contrast, the annual rate of change of deposits redeemable at a period of notice of over three months decreased to -8.9%, from -8.1% in March. Moreover, the annual growth rate of deposits with an agreed maturity of over two years declined to 3.5% in April, from 3.7% in March.

The (non-seasonally adjusted) annual rate of change of holdings of central government with the MFI sector decreased sharply to -6.8% in April, from 2.1% in the previous month.

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 increased to 4.7% in April, from 4.1% in March. This was due to an increase in the annual growth rates of both credit extended to general government (to 3.5%, from 2.0% in March) and credit extended to the private sector (to 5.0%, from 4.7% in the previous month). Among the components of the latter item, the annual growth rate of loans to the private sector stood at 4.6% in April, compared with 4.7% in the previous month. Over the same period, the annual growth rate of MFI holdings of securities other than shares increased to 13.8%, from 9.5% in March, and the annual growth rate of MFI holdings of shares and other equities went up to 3.4% in April, from 1.8% in the previous month.

In April 2003, the net external asset position of the euro area MFI sector decreased by EUR 4 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to April, the net external assets of the MFI sector went up by EUR 231 billion, compared with a rise by EUR 233 billion over the 12 months up to March.

The breakdown of loans to the private sector by counterpart and type is now available for the first quarter of 2003. The annual growth of loans to non-financial corporations rose to 4.1%, from 3.5% in the fourth quarter of 2002. This evolution was mainly due to a strong increase in the annual rate of change of loans up to one year (to 3.3%, from -1.6% in the previous quarter). By contrast, the annual growth rate of loans over one year and up to five years decreased to 2.8%, from 6.0%, and the annual rate of growth of loans over five years decreased, to 5.2%, from 6.5% in the fourth quarter of 2002.

The annual growth of loans to households went down to 5.4% in the first quarter of 2003, from 5.8% in the previous quarter. This was the result of divergent developments among the components of this item. On the one hand, the annual rate of change of consumer credit dropped to -1.5%, from 3.7% in the last quarter of 2002, and the annual growth of lending to households for house purchase decreased to 7.0%, from 7.6% in the previous quarter. On the other hand, the annual rate of growth of other lending to households increased to 5.5%, from 1.6% in the previous quarter.

The annual growth rate of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) declined to 3.1% in the first quarter of 2003, from 5.5% in the previous quarter.

Notes

- *The publication of the statistics on monetary developments in May, June, July and August 2003 is scheduled to take place at 10am on 30 June, 28 July, 28 August and 25 September 2003 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, October 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.*

## MONETARY DEVELOPMENTS IN THE EURO AREA : APRIL 2003

(data in EUR billions and percentage changes <sup>a)</sup>)

	MARCH 2003			APRIL 2003			AVERAGE FEB-03 APR-03
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
<b>Seasonally and calendar effect adjusted data</b>							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) <sup>b)</sup>	5839	26	7.9	5925	85	8.7	8.2
(1.1) Currency in circulation	332	9	39.8	339	6	37.5	39.6
(1.2) Overnight deposits	2074	19	8.0	2086	13	7.6	7.3
(1.3) M1 (= items 1.1 and 1.2)	2407	28	11.7	2424	19	11.1	11.0
(1.4) Other short-term deposits <sup>c)</sup>	2573	22	4.6	2593	22	5.1	4.8
(1.5) M2 (= items 1.3 and 1.4)	4979	49	7.9	5017	41	7.9	7.7
(1.6) Marketable instruments <sup>d)</sup>	860	-24	8.1	908	44	13.1	10.9
<b>Data unadjusted for seasonal and calendar effects</b>							
<b>COMPONENTS OF M3 <sup>b)</sup></b>							
(2) M3 (= items 2.1 to 2.7)	5855	38	7.8	5949	92	8.6	8.1
(2.1) Currency in circulation	327	8	37.6	336	9	37.4	39.0
(2.2) Overnight deposits	2067	39	8.0	2087	21	7.3	7.1
(2.3) Deposits with agreed maturity up to 2 years	1073	-6	-0.5	1081	10	0.0	0.2
(2.4) Deposits redeemable at notice up to 3 months	1513	12	8.3	1522	9	9.4	8.5
(2.5) Repurchase agreements	223	-11	1.4	233	9	6.3	6.0
(2.6) Money market fund shares/units	551	4	16.5	563	12	16.9	16.6
(2.7) Debt securities issued with maturity up to 2 years <sup>d)</sup>	101	-9	-9.7	126	21	11.5	0.0
<b>COUNTERPARTS OF M3 <sup>d)</sup></b>							
<b>MFI liabilities:</b>							
(3) <i>Holdings of central government</i>	171	-5	2.1	156	-15	-6.8	0.5
of which Deposits	171	-5	2.1	156	-15	-6.8	0.5
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	4009	11	4.2	4005	5	4.5	4.4
(4.1) Deposits with agreed maturity over 2 years	1204	9	3.7	1201	-3	3.5	3.5
(4.2) Deposits redeemable at notice over 3 months	101	-4	-8.1	98	-3	-8.9	-7.5
(4.4) Debt securities issued with maturity over 2 years	1701	10	6.5	1708	11	7.1	6.9
(4.4) Capital and reserves	1002	-3	2.4	997	-1	2.8	2.7
(5) <i>External liabilities</i>	2694	-8	3.0	2715	44	4.0	3.8
<b>MFI assets:</b>							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9941	49	4.1	10024	81	4.7	4.4
(6.1) Credit to general government	2138	13	2.0	2150	13	3.5	2.6
of which Loans	830	2	-1.7	824	-5	0.1	-0.9
of which Securities other than shares	1308	12	4.5	1325	18	5.8	5.1
(6.2) Credit to other euro area residents	7803	36	4.7	7874	68	5.0	4.8
of which Loans	6856	33	4.7	6891	42	4.6	4.8
of which Securities other than shares	383	2	9.5	399	11	13.8	10.4
of which Shares and other equities	564	1	1.8	584	15	3.4	1.9
(7) <i>External assets</i>	2895	6	11.6	2906	40	12.4	12.1
<b>Other counterparts of M3 (residual)</b>							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-107	-20	ND	-106	5	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. 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.

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 and debt securities issued with maturity up to 2 years.

e) Includes money market paper.

f) 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.

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**BREAKDOWN OF EURO AREA LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY  
MARCH 2003**

(data in EUR billions and percentage changes <sup>a)</sup>)

	DECEMBER 2002			MARCH 2003		
	End of period level	Quarterly flow	Annual growth rate	End of period level	Quarterly flow	Annual growth rate
<b>Data unadjusted for seasonal and calendar effects</b>						
<b>BREAKDOWN OF LOANS <sup>b)</sup></b>						
(1) <b>Loans to non-financial corporations</b>	2971	39	3.5	2993	41	4.1
(1.1) up to 1 year	988	1	-1.6	1028	47	3.3
(1.2) over 1 year and up to 5 years	514	12	6.0	501	-10	2.8
(1.3) over 5 years	1469	26	6.5	1464	4	5.2
(2) <b>Loans to households <sup>c)</sup></b>	3320	40	5.8	3349	24	5.4
(2.1) Consumer credit	518	6	3.7	494	-27	-1.5
(2.2) Lending for house purchase	2177	31	7.6	2210	29	7.0
(2.3) Other lending <sup>c)</sup>	623	3	1.6	646	22	5.5
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	455	6	5.5	471	16	3.1
(4) <b>Loans to insurance corporations and pension funds</b>	33	-9	-11.1	42	9	2.0

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.

b) Loans granted by Monetary Financial Institutions (MFIs) to non-MFI euro area residents excluding central government.

c) Includes loans to non-profit institutions serving households.

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