

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2008

The annual rate of growth of M3 decreased to 7.8% in November 2008, from 8.7% in October 2008.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period September 2008 - November 2008 decreased to 8.4%, from 8.7% in the period August 2008 - October 2008.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	SEPTEMBER 2008	OCTOBER 2008	NOVEMBER 2008	SEPTEMBER 2008 - NOVEMBER 2008 AVERAGE
<b>M3</b>	8.7	8.7	7.8	8.4
<b>M1</b>	1.2	3.7	2.3	2.4
<b>Loans to private sector</b>	8.5	7.8	7.1	7.8

Regarding the main components of M3, the annual rate of growth of M1 decreased to 2.3% in November 2008, from 3.7% in October. The annual rate of growth of short-term deposits other than overnight deposits increased to 16.0% in November, from 15.5% in the previous month. The annual rate of growth of marketable instruments decreased to 2.3% in November, from 5.3% in October.

Turning to the main counterparts of M3 on the asset side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents stood at 7.2% in November 2008, after 7.3% in October. The annual rate of growth of credit extended to general government increased to 2.5% in November, from 0.7% in October, while the annual growth of credit extended to the private sector declined to 8.2% in November, from 8.7% in October. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 7.1% in November, from 7.8% in the previous month. This decline partly reflects further large sales of loan portfolios by MFIs to institutions outside the MFI sector. The annual growth rate of loans to non-financial corporations decreased to 11.1% in November, from 11.9% in October.<sup>2</sup> The annual growth rate of loans to households declined to 2.5% in November, from 3.3% in the previous month. The annual rate of growth of lending for house purchase decreased to 2.5% in November, from 3.5% in October. The annual rate of growth of consumer credit decreased to 2.8% in November, from 3.4% in October while the annual growth rate of other lending to

<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.

<sup>2</sup> The rates of growth referring to the breakdown of loans to the private sector by counterpart and type are unadjusted for seasonal and end-of-month calendar effects.

households decreased to 1.9% in November, from 2.3% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) declined to 13.9% in November, from 15.0% in the previous month.

Over the 12 months up to November 2008, the net external asset position of the euro area MFI sector declined by EUR 158 billion, compared with a decline of EUR 146 billion over the 12 months up to October. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 3.5% in November, from 3.2% in October.

#### Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in December 2008, January, February and March 2009 is scheduled to take place at 10 am on 29 January 2009, 26 February 2009, 26 March 2009, and 29 April 2009 respectively.*
- *Data refer to the changing composition of the euro area, i.e. they cover the EU Member States that had adopted the euro at the time to which the statistics relate. Data on outstanding amounts referring to periods up to and including December 2000 therefore cover the initial 11 euro area Member States, Greece is included as of January 2001, Slovenia as of January 2007 and Cyprus and Malta as of January 2008. Monthly flows and annual growth rates for January 2008 are corrected for the effect of the euro area enlargement.*
- *The latest monetary data as contained in Tables 2.1 to 2.8 of the ECB's Monthly Bulletin can be found on the ECB's website (<http://www.ecb.europa.eu>) in the "Statistics" section under "Money, banking and financial markets" and then "Monetary statistics". The same section contains also longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2008			NOVEMBER 2008			AVERAGE SEP-08 NOV-08
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	9374	123	8.7	9373	2	7.8	8.4
(1.1) Currency in circulation	698	35	13.0	704	6	13.5	11.6
(1.2) Overnight deposits	3304	76	1.9	3258	-46	0.1	0.6
(1.3) <b>M1</b> (items 1.1 and 1.2)	4002	111	3.7	3962	-40	2.3	2.4
(1.4) Deposits with agreed maturity up to 2 years	2485	14	29.2	2522	40	29.3	31.0
(1.5) Deposits redeemable at notice up to 3 months	1525	2	-1.3	1532	7	-0.7	-1.3
(1.6) Other short term deposits (items 1.4 and 1.5)	4010	16	15.5	4054	47	16.0	16.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	8012	127	9.3	8016	7	8.8	9.0
(1.8) Repurchase agreements	346	1	19.4	330	-15	11.5	15.8
(1.9) Money market fund shares/units	734	2	2.2	744	9	2.0	2.6
(1.10) Debt securities issued with maturity up to 2 years	282	-7	-1.3	283	0	-6.0	-0.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1362	-5	5.3	1356	-5	2.3	5.0
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	259	78	38.0	320	61	60.9	30.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6131	-57	3.2	6168	30	3.5	4.0
(3.1) Deposits with agreed maturity over 2 years	1834	-8	2.8	1830	-1	2.5	3.1
(3.2) Deposits redeemable at notice over 3 months	116	2	-4.4	119	3	-2.2	-4.1
(3.3) Debt securities issued with maturity over 2 years	2618	-72	-0.3	2606	-4	-0.2	0.6
(3.4) Capital and reserves	1563	21	10.7	1613	32	12.0	11.9
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15305	2	7.3	15358	60	7.2	7.7
(4.1) Credit to general government	2435	-9	0.7	2471	29	2.5	1.3
of which Loans	1002	1	3.3	1000	-3	3.1	3.1
of which Securities other than shares	1433	-10	-1.0	1472	32	2.0	0.2
(4.2) Credit to other euro area residents	12870	11	8.7	12887	30	8.2	9.0
of which Loans	10886	29	7.8	10877	1	7.1	7.8
of which Securities other than shares	1138	22	28.9	1170	33	30.8	30.4
of which Shares and other equities	846	-40	-1.5	840	-4	-1.8	1.4
(5) <i>Net external assets</i>	482	40	ND	488	11	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-22	103	ND	15	23	ND	ND

a) Figures may not add up 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) Calculated from the monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) 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.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 2

## MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2008			NOVEMBER 2008			AVERAGE SEP-08 NOV-08
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	9318	103	8.7	9364	50	8.0	8.4
(1.1) Currency in circulation	699	42	13.7	704	5	13.6	11.6
(1.2) Overnight deposits	3245	14	1.4	3266	21	0.9	0.7
(1.3) <b>M1</b> (items 1.1 and 1.2)	3944	56	3.4	3970	26	3.0	2.5
(1.4) Deposits with agreed maturity up to 2 years	2499	52	29.5	2517	21	28.8	30.8
(1.5) Deposits redeemable at notice up to 3 months	1512	-5	-1.3	1516	4	-0.6	-1.3
(1.6) Other short term deposits (items 1.4 and 1.5)	4011	47	15.8	4033	25	15.8	16.4
(1.7) <b>M2</b> (items 1.3 and 1.6)	7955	103	9.3	8003	51	9.1	9.0
(1.8) Repurchase agreements	351	5	19.3	337	-13	11.8	16.0
(1.9) Money market fund shares/units	730	2	2.2	741	12	2.0	2.6
(1.10) Debt securities issued with maturity up to 2 years	282	-7	-1.3	283	0	-6.0	-0.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1363	0	5.3	1361	-1	2.4	5.1
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	259	67	37.7	329	70	61.6	31.0
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6132	-52	3.2	6154	15	3.5	4.0
(3.1) Deposits with agreed maturity over 2 years	1827	-3	2.8	1822	-2	2.5	3.1
(3.2) Deposits redeemable at notice over 3 months	116	3	-4.4	119	3	-2.2	-4.1
(3.3) Debt securities issued with maturity over 2 years	2626	-67	-0.3	2608	-10	-0.2	0.6
(3.4) Capital and reserves	1563	16	10.7	1606	24	11.9	11.8
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15276	13	7.4	15357	88	7.2	7.7
(4.1) Credit to general government	2426	-4	0.7	2473	40	2.4	1.3
of which Loans	999	0	3.4	997	-2	3.1	3.1
of which Securities other than shares	1428	-4	-1.0	1477	42	2.0	0.1
(4.2) Credit to other euro area residents	12850	17	8.7	12884	47	8.2	9.0
of which Loans	10877	18	7.8	10884	17	7.1	7.8
of which Securities other than shares	1136	31	29.0	1171	36	30.8	30.5
of which Shares and other equities	837	-32	-1.4	828	-5	-1.9	1.4
(5) <i>Net external assets</i>	500	55	ND	513	17	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-68	49	ND	-22	31	ND	ND

a) Figures may not add up 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) Calculated from the monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) 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.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 3

**CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: NOVEMBER 2008**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	SEPTEMBER 2008	OCTOBER 2008	NOVEMBER 2008
(1) <b>M1</b>	0.5	1.6	1.0
(1.1) <i>of which</i> : Currency	0.6	0.9	1.0
(1.2) <i>of which</i> : Overnight deposits	-0.1	0.7	0.0
(2) <b>M2 - M1</b> (= other short-term deposits)	7.0	6.2	6.4
(3) <b>M3 - M2</b> (= short-term marketable instruments)	1.1	0.8	0.4
(4) <b>M3</b> (= items 1, 2 and 3)	8.7	8.7	7.8

a) Discrepancies can be due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: NOVEMBER 2008**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	OCTOBER 2008				NOVEMBER 2008			
	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	4816	33	-1	11.9	4840	28	-2	11.1
(1.1) up to 1 year	1386	3	0	10.4	1386	2	0	8.8
(1.2) over 1 year and up to 5 years	965	8	-1	16.2	973	10	-1	15.6
(1.3) over 5 years	2465	22	0	11.1	2480	16	0	10.6
(2) <b>Loans to households <sup>d)</sup></b>	4941	-3	-2	3.3	4928	-10	-1	2.5
(2.1) Consumer credit	637	1	-1	3.4	633	-4	0	2.8
(2.2) Lending for house purchase	3535	-3	-1	3.5	3524	-11	0	2.5
(2.3) Other lending <sup>d)</sup>	768	-1	-1	2.3	771	4	0	1.9
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	1016	-14	0	15.0	1016	3	0	13.9
(4) <b>Loans to insurance corporations and pension funds</b>	104	3	0	-9.5	101	-3	0	-6.9

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) Calculated from monthly difference in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions.

c) Loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding general government.

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