



EUROPEAN CENTRAL BANK

26 November 2004

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2004

The annual rate of growth of M3 decreased to 5.8% in October 2004, from 6.0% in September 2004.¹ The three-month average of the annual growth rates of M3 over the period August 2004 - October 2004 was 5.8%, compared with 5.7% in the period July 2004 - September 2004.

<i>12-month percentage changes; seasonally adjusted</i>	AUGUST 2004	SEPTEMBER 2004	OCTOBER 2004	AUGUST – OCTOBER 2004 AVERAGE
M3	5.6	6.0	5.8	5.8
M1	9.2	9.7	9.0	9.3
Loans to private sector	6.1	6.5	6.8	6.5

Regarding the main components of M3, the annual rate of growth of M1 decreased to 9.0% in October, from 9.7% in September. The annual rate of growth of short-term deposits other than overnight deposits increased to 3.7% in October, from 2.8% in the previous month. The annual rate of growth of marketable instruments decreased to 2.8% in October, from 4.5% in September.

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 was 6.1% in October, unchanged from the previous month. The annual rate of growth of credit extended to the general government decreased to 4.4% in October, from 5.5% in September, while that of credit extended to the private sector increased to 6.6% in October, from 6.3% in September. Among the components of credit to the private sector, the annual rate of growth of loans increased to 6.8% in October, from 6.5% in the previous month. The annual growth rate of loans to non-financial corporations increased to 5.2% in October, from 4.6% in September.² The annual growth rate of loans to households stood at 7.8% in October, unchanged from the previous month. The annual rate of growth of lending for house purchase was 9.8% in October, after 9.9% in September. The annual rate of growth of consumer credit decreased to 5.9% in October, from 6.3% in September, while the annual growth rate of other lending to households increased to 2.0% in October, from 1.8% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 9.2% in October, from 8.4% in the previous month.

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.

² 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.

Over the 12 months up to October, the net external asset position of the euro area MFI sector rose by EUR 131 billion, compared with a rise of EUR 124 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 7.8% in October, compared with 7.9% in September.

Notes

- *In addition to the monthly monetary developments for October 2004, this press release incorporates minor revisions to the data for previous periods.*
- *The publication of the statistics on monetary developments in November and December 2004 and January and February 2005 is scheduled to take place at 10 am on 30 December 2004 and 28 January, 25 February, and 30 March 2005 respectively.*
- *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.int/>) in the "Statistics section" under "Data services" and then "Latest monetary, financial markets and balance of payments statistics". In addition, data on a number of breakdowns of deposits, loans and holdings of securities, together with longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures can be found in the same section under: "Money, banking and financial markets" and then "Monetary statistics".*

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes ^{a)})

	SEPTEMBER 2004			OCTOBER 2004			AVERAGE AUG-04 OCT-04
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ^{c)}							
(1) M3 (= items 1.3, 1.6 and 1.11)	6425	47	6.0	6464	42	5.8	5.8
(1.1) Currency in circulation	440	7	19.9	446	6	19.6	19.9
(1.2) Overnight deposits	2428	26	8.0	2434	7	7.2	7.6
(1.3) M1 (items 1.1 and 1.2)	2868	32	9.7	2880	14	9.0	9.3
(1.4) Deposits with agreed maturity up to 2 years	1004	9	-4.1	1023	22	-1.6	-3.8
(1.5) Deposits redeemable at notice up to 3 months	1618	11	7.6	1621	3	7.3	7.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2622	20	2.8	2644	24	3.7	2.8
(1.7) M2 (items 1.3 and 1.6)	5490	53	6.3	5525	38	6.4	6.1
(1.8) Repurchase agreements	226	-1	3.7	225	-2	1.9	3.4
(1.9) Money market fund shares/units	616	-2	4.2	623	7	4.5	4.6
(1.10) Debt securities issued with maturity up to 2 years	93	-3	8.7	92	-1	-5.6	2.9
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	935	-6	4.5	940	4	2.8	4.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	203	4	10.5	194	-9	16.9	15.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4395	38	7.9	4416	27	7.8	7.8
(3.1) Deposits with agreed maturity over 2 years	1318	7	7.2	1328	10	7.5	7.2
(3.2) Deposits redeemable at notice over 3 months	88	-1	-3.0	89	1	-2.1	-2.8
(3.3) Debt securities issued with maturity over 2 years	1953	30	11.2	1958	12	10.8	10.9
(3.4) Capital and reserves	1036	2	3.9	1041	4	3.9	4.0
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10855	48	6.1	10910	58	6.1	6.1
(4.1) Credit to general government	2334	-5	5.5	2335	0	4.4	5.5
of which Loans	842	-8	1.5	843	1	1.6	1.9
of which Securities other than shares	1492	3	7.8	1492	-1	6.1	7.7
(4.2) Credit to other euro area residents	8520	53	6.3	8575	58	6.6	6.3
of which Loans	7417	53	6.5	7465	52	6.8	6.5
of which Securities other than shares	446	-5	7.3	450	3	6.2	7.8
of which Shares and other equities	656	5	2.9	660	3	4.3	3.2
(5) <i>Net external assets</i>	338	27	ND	350	13	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-170	14	ND	-185	-11	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 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: OCTOBER 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes a))

	SEPTEMBER 2004			OCTOBER 2004			AVERAGE AUG-04 OCT-04
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ^{c)}							
(1) M3 (= items 1.3, 1.6 and 1.11)	6373	35	6.0	6432	62	6.1	5.8
(1.1) Currency in circulation	438	5	20.1	444	6	19.7	19.8
(1.2) Overnight deposits	2419	59	7.9	2422	4	8.1	7.8
(1.3) M1 (items 1.1 and 1.2)	2857	63	9.6	2866	10	9.8	9.5
(1.4) Deposits with agreed maturity up to 2 years	994	-7	-3.9	1022	30	-2.0	-3.9
(1.5) Deposits redeemable at notice up to 3 months	1601	2	7.5	1604	3	7.4	7.4
(1.6) Other short term deposits (items 1.4 and 1.5)	2595	-5	2.8	2626	33	3.5	2.7
(1.7) M2 (items 1.3 and 1.6)	5452	58	6.3	5492	43	6.7	6.1
(1.8) Repurchase agreements	219	-7	3.3	231	12	2.6	3.4
(1.9) Money market fund shares/units	610	-13	4.2	617	8	4.5	4.6
(1.10) Debt securities issued with maturity up to 2 years	93	-3	8.7	92	-1	-5.6	2.9
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	921	-23	4.5	940	18	3.0	4.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government ^{d)}</i>	204	11	10.7	194	-10	16.8	15.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4396	43	7.9	4416	26	7.8	7.8
(3.1) Deposits with agreed maturity over 2 years	1314	3	7.2	1322	8	7.4	7.2
(3.2) Deposits redeemable at notice over 3 months	88	0	-3.0	89	1	-2.1	-2.8
(3.3) Debt securities issued with maturity over 2 years	1954	35	11.2	1963	16	10.8	10.9
(3.4) Capital and reserves	1040	5	3.9	1042	1	3.9	4.0
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10816	58	6.1	10869	55	6.1	6.1
(4.1) Credit to general government	2325	1	5.5	2324	-2	4.5	5.5
of which Loans	834	-7	1.5	834	0	1.5	1.9
of which Securities other than shares	1491	8	7.8	1490	-2	6.2	7.7
(4.2) Credit to other euro area residents	8491	58	6.3	8545	57	6.6	6.3
of which Loans	7404	63	6.5	7448	49	6.8	6.5
of which Securities other than shares	445	-3	7.2	449	4	6.3	7.7
of which Shares and other equities	642	-2	3.1	647	4	4.4	3.3
(5) <i>Net external assets</i>	349	35	ND	368	20	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-192	-5	ND	-193	3	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

b) Calculated from 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: OCTOBER 2004
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	AUGUST 2004	SEPTEMBER 2004	OCTOBER 2004
(1) M1	4.0	4.2	3.9
(1.1) <i>of which</i> : Currency	1.2	1.2	1.2
(1.2) <i>of which</i> : Overnight deposits	2.8	3.0	2.7
(2) M2 - M1 (= other short-term deposits)	0.9	1.2	1.5
(3) M3 - M2 (= short-term marketable instruments)	0.7	0.7	0.4
(4) M3 (= items 1, 2 and 3)	5.6	6.0	5.8

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.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: OCTOBER 2004
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes a))

	SEPTEMBER 2004				OCTOBER 2004			
	End of period level	Quarterly flow b)	write-offs / write-downs	Annual growth rate	End of period level	Quarterly flow b)	write-offs / write-downs	Annual growth rate
BREAKDOWN OF LOANS ^{c)}								
(1) Loans to non-financial corporations	3106	15	-1	4.6	3124	20	-1	5.2
(1.1) up to 1 year	952	7	0	-0.6	960	9	0	1.5
(1.2) over 1 year and up to 5 years	545	1	0	6.0	546	2	0	5.6
(1.3) over 5 years	1609	7	0	7.4	1618	10	0	7.4
(2) Loans to households ^{d)}	3737	30	-1	7.8	3758	21	-1	7.8
(2.1) Consumer credit	508	3	0	6.3	509	1	0	5.9
(2.2) Lending for house purchase	2535	26	0	9.9	2554	20	0	9.8
(2.3) Other lending ^{d)}	695	1	0	1.8	695	0	0	2.0
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	507	19	0	8.4	511	5	0	9.2
(4) Loans to insurance corporations and pension funds	53	-1	0	18.4	55	2	0	9.7

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 quarterly 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 central government.

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