

28 January 2008

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2007

The annual rate of growth of M3 decreased to 11.5% in December 2007, from 12.3% in November 2007.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period October 2007 - December 2007 stood at 12.1%, compared with 12.0% in the period September 2007 - November 2007.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	<b>OCTOBER 2007</b>	<b>NOVEMBER 2007</b>	<b>DECEMBER 2007</b>	<b>OCTOBER 2007 - DECEMBER 2007 AVERAGE</b>
<b>M3</b>	12.3	12.3	11.5	12.1
<b>M1</b>	6.4	6.3	4.0	5.6
<b>Loans to private sector</b>	11.3	11.1	11.1	11.1

Regarding the main components of M3, the annual rate of growth of M1 decreased to 4.0% in December 2007, from 6.3% in November. The annual rate of growth of short-term deposits other than overnight deposits increased to 17.7% in December, from 16.7% in the previous month. The annual rate of growth of marketable instruments decreased to 20.0% in December, from 20.7% in November.

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 increased to 10.0% in December 2007, from 9.2% in November. The annual rate of decline of credit extended to general government decreased to 2.3% in December, from 4.2% in November, while the annual growth of credit extended to the private sector increased to 12.7% in December, from 12.2% in November. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 11.1% in December, unchanged from the previous month. The annual growth rate of loans to non-financial corporations increased to 14.4% in December, from 14.0% in November.<sup>2</sup> The annual growth rate of loans to households decreased to 6.2% in December, from 6.5% in the previous month. The annual rate of growth of lending for house purchase declined to 7.1% in December, from 7.6% in November. The annual rate of growth of consumer credit increased to 5.3% in December, from 5.1% in November while the annual growth rate of other lending to households decreased to 2.8% in December, from 3.1% in the

<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.

previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 23.8% in December, from 23.5% in the previous month.

Over the 12 months up to December 2007, the net external asset position of the euro area MFI sector rose by EUR 9 billion, compared with a rise of EUR 153 billion over the 12 months up to November. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 9.0% in December, from 8.6% in November.

#### 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 January, February, March and April 2008 is scheduled to take place at 10 am on 27 February, 31 March, 25 April, and 29 May 2008 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 and Slovenia as of January 2007. The euro area aggregate data will cover Cyprus and Malta from February 2008 onwards for data referring to January 2008.*
- *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), estimates for sectoral M3 holdings and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2007

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2007			DECEMBER 2007			AVERAGE OCT-07 DEC-07
	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)	8620	93	12.3	8642	22	11.5	12.1
(1.1) Currency in circulation	619	1	7.7	627	8	8.2	8.0
(1.2) Overnight deposits	3241	24	6.1	3199	-42	3.2	5.1
(1.3) <b>M1</b> (items 1.1 and 1.2)	3860	25	6.3	3826	-34	4.0	5.6
(1.4) Deposits with agreed maturity up to 2 years	1914	33	40.4	1971	57	41.4	41.2
(1.5) Deposits redeemable at notice up to 3 months	1533	-4	-4.1	1534	1	-3.6	-4.0
(1.6) Other short term deposits (items 1.4 and 1.5)	3448	29	16.7	3505	58	17.7	17.2
(1.7) <b>M2</b> (items 1.3 and 1.6)	7307	53	11.0	7332	24	10.1	10.8
(1.8) Repurchase agreements	300	12	16.0	313	12	15.7	14.8
(1.9) Money market fund shares/units	700	14	11.0	680	-20	9.2	10.5
(1.10) Debt securities issued with maturity up to 2 years	312	13	57.9	317	5	60.2	56.5
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1313	39	20.7	1310	-2	20.0	19.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	196	14	-1.0	173	-23	-6.9	-5.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5911	11	8.6	5976	70	9.0	8.9
(3.1) Deposits with agreed maturity over 2 years	1781	2	8.4	1812	32	9.9	9.1
(3.2) Deposits redeemable at notice over 3 months	121	0	11.5	120	-1	9.7	11.7
(3.3) Debt securities issued with maturity over 2 years	2548	-3	7.3	2550	5	6.1	7.3
(3.4) Capital and reserves	1462	13	10.7	1494	34	13.2	11.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	14307	57	9.2	14446	150	10.0	9.5
(4.1) Credit to general government	2389	-14	-4.2	2418	31	-2.3	-3.5
of which Loans	964	1	-1.8	965	0	-1.4	-1.8
of which Securities other than shares	1425	-15	-5.6	1453	31	-2.7	-4.5
(4.2) Credit to other euro area residents	11918	71	12.2	12028	119	12.7	12.4
of which Loans	10107	66	11.1	10156	58	11.1	11.1
of which Securities other than shares	898	13	36.3	949	52	42.6	38.1
of which Shares and other equities	914	-8	6.2	923	9	7.5	7.0
(5) <i>Net external assets</i>	696	43	ND	626	-74	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-275	18	ND	-281	-7	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: DECEMBER 2007

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2007			DECEMBER 2007			AVERAGE OCT-07 DEC-07
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	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)	8575	95	12.2	8692	118	11.4	11.9
(1.1) Currency in circulation	619	5	8.1	639	20	7.7	8.0
(1.2) Overnight deposits	3212	36	5.4	3270	58	3.3	4.8
(1.3) <b>M1</b> (items 1.1 and 1.2)	3831	41	5.9	3909	78	4.0	5.3
(1.4) Deposits with agreed maturity up to 2 years	1916	27	40.9	1985	69	41.0	41.2
(1.5) Deposits redeemable at notice up to 3 months	1519	-6	-4.1	1540	21	-3.6	-4.0
(1.6) Other short term deposits (items 1.4 and 1.5)	3435	21	17.0	3524	90	17.6	17.3
(1.7) <b>M2</b> (items 1.3 and 1.6)	7265	62	10.8	7433	168	10.0	10.6
(1.8) Repurchase agreements	300	8	15.9	281	-19	14.2	14.2
(1.9) Money market fund shares/units	697	12	11.0	661	-36	9.0	10.5
(1.10) Debt securities issued with maturity up to 2 years	312	13	57.9	317	5	60.2	56.5
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1309	33	20.7	1260	-50	19.9	19.8
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	200	16	-0.9	152	-48	-7.1	-5.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5905	2	8.6	5980	80	9.0	8.9
(3.1) Deposits with agreed maturity over 2 years	1772	3	8.4	1822	51	9.9	9.1
(3.2) Deposits redeemable at notice over 3 months	120	1	11.5	121	0	9.5	11.6
(3.3) Debt securities issued with maturity over 2 years	2555	-6	7.3	2543	-9	6.1	7.3
(3.4) Capital and reserves	1458	5	10.7	1494	38	13.1	11.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	14309	97	9.2	14397	100	10.0	9.5
(4.1) Credit to general government	2398	0	-4.2	2393	-2	-2.1	-3.5
of which Loans	963	1	-1.9	974	11	-1.4	-1.8
of which Securities other than shares	1435	-1	-5.6	1419	-14	-2.7	-4.4
(4.2) Credit to other euro area residents	11911	97	12.2	12004	102	12.7	12.4
of which Loans	10111	87	11.1	10146	44	11.1	11.1
of which Securities other than shares	895	15	36.3	953	58	42.6	38.1
of which Shares and other equities	905	-5	6.2	905	0	7.4	7.0
(5) <i>Net external assets</i>	701	32	ND	645	-60	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-331	-16	ND	-218	111	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: DECEMBER 2007**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	OCTOBER 2007	NOVEMBER 2007	DECEMBER 2007
(1) <b>M1</b>	3.1	3.0	1.9
(1.1) <i>of which</i> : Currency	0.6	0.6	0.6
(1.2) <i>of which</i> : Overnight deposits	2.4	2.4	1.3
(2) <b>M2 - M1</b> (= other short-term deposits)	6.5	6.4	6.8
(3) <b>M3 - M2</b> (= short-term marketable instruments)	2.7	3.0	2.8
(4) <b>M3</b> (= items 1, 2 and 3)	12.3	12.3	11.5

a) Discrepancies can be due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: DECEMBER 2007**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	NOVEMBER 2007				DECEMBER 2007			
	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>	4327	57	-1	14.0	4383	60	-3	14.4
(1.1) up to 1 year	1267	21	0	11.6	1276	10	-1	12.7
(1.2) over 1 year and up to 5 years	842	12	0	21.2	856	16	-2	21.8
(1.3) over 5 years	2217	24	0	12.8	2251	33	-1	12.7
(2) <b>Loans to households <sup>d)</sup></b>	4800	27	-1	6.5	4808	13	-5	6.2
(2.1) Consumer credit	614	0	0	5.1	618	5	-1	5.3
(2.2) Lending for house purchase	3428	21	0	7.6	3437	10	-1	7.1
(2.3) Other lending <sup>d)</sup>	758	6	0	3.1	753	-2	-3	2.8
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	875	10	0	23.5	859	-15	0	23.8
(4) <b>Loans to insurance corporations and pension funds</b>	109	-7	0	14.9	96	-13	0	16.4

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.