

29 January 2009

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2008

The annual rate of growth of M3 decreased to 7.3% in December 2008, from 7.7% in November 2008.¹ The three-month average of the annual growth rates of M3 over the period October 2008 - December 2008 decreased to 7.9%, from 8.3% in the period September 2008 - November 2008.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	OCTOBER 2008	NOVEMBER 2008	DECEMBER 2008	OCTOBER 2008 - DECEMBER 2008 AVERAGE
M3	8.6	7.7	7.3	7.9
MI	3.7	2.2	3.2	3.0
Loans to private sector	7.8	7.1	5.8	6.9

Regarding the main components of M3, the annual rate of growth of MI increased to 3.2% in December 2008, from 2.2% in November. The annual rate of growth of short-term deposits other than overnight deposits decreased to 13.3% in December, from 16.0% in the previous month. The annual rate of growth of marketable instruments increased to 3.0% in December, from 1.7% 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 decreased to 6.5% in December 2008, from 7.2% in November. The annual rate of growth of credit extended to general government increased to 5.4% in December, from 2.5% in November, while the annual growth of credit extended to the private sector declined to 6.8% in December, from 8.2% in November. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 5.8% in December, from 7.1% in the previous month (adjusted for loan sales and securitisation² the annual growth rate of loans to the private sector decreased to 7.4%, from 8.4% in the previous month). The annual growth rate of loans to non-financial corporations decreased to 9.4% in December, from 11.1% in November. The annual growth rate of loans to households decreased to 1.8% in December, from 2.5% in the previous month. The annual rate of growth of lending for house purchase decreased to 1.7% in December, from 2.5% in November. The annual rate of growth of consumer credit decreased to 1.5% in December, from 2.9% in November, while the annual growth rate of other lending to households increased to 2.5% in

¹ These rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

² Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

December, from 2.0% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 10.8% in December, from 13.8% in the previous month.

Over the 12 months up to December 2008, the net external asset position of the euro area MFI sector declined by EUR 79 billion, compared with a decline of EUR 168 billion over the 12 months up to November. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 2.2% in December, from 3.6% 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. For the first time, this press release contains seasonally adjusted data for the breakdown of loans (see Table 4).*
- *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. Monthly and other shorter-term growth rates for selected items are available at <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>*
- *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 include Greece as of January 2001, Slovenia as of January 2007 and Cyprus and Malta as of January 2008. The euro area aggregate data will cover Slovakia from February 2009 onwards for data referring to January 2009.*
- *The publication of the statistics on monetary developments in January, February and March 2009 is scheduled to take place at 10 am on 26 February 2009, 26 March 2009 and 29 April 2009 respectively.*

European Central Bank

Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

Reproduction is permitted provided that the source is acknowledged.

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2008			DECEMBER 2008			AVERAGE OCT-08 DEC-08
	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)	9364	-3	7.7	9362	16	7.3	7.9
(1.1) Currency in circulation	704	6	13.5	711	7	13.4	13.3
(1.2) Overnight deposits	3256	-46	0.1	3261	13	1.2	1.0
(1.3) M1 (items 1.1 and 1.2)	3961	-41	2.2	3972	20	3.2	3.0
(1.4) Deposits with agreed maturity up to 2 years	2522	39	29.3	2469	-43	23.2	27.3
(1.5) Deposits redeemable at notice up to 3 months	1532	7	-0.7	1551	19	0.6	-0.5
(1.6) Other short term deposits (items 1.4 and 1.5)	4054	47	16.0	4020	-24	13.3	15.0
(1.7) M2 (items 1.3 and 1.6)	8015	6	8.7	7992	-4	8.0	8.7
(1.8) Repurchase agreements	330	-15	11.6	356	26	16.1	15.7
(1.9) Money market fund shares/units	742	8	1.7	753	9	4.8	2.9
(1.10) Debt securities issued with maturity up to 2 years	277	-2	-8.1	262	-15	-14.1	-8.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1349	-9	1.7	1370	20	3.0	3.2
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	320	61	61.0	324	4	80.0	59.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6172	29	3.6	6237	-6	2.2	3.0
(3.1) Deposits with agreed maturity over 2 years	1831	0	2.6	1955	14	1.4	2.3
(3.2) Deposits redeemable at notice over 3 months	119	3	-2.2	122	3	0.6	-2.0
(3.3) Debt securities issued with maturity over 2 years	2608	-5	-0.2	2550	-12	-1.2	-0.5
(3.4) Capital and reserves	1615	31	12.0	1610	-11	9.5	10.8
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15357	59	7.2	15525	91	6.5	7.0
(4.1) Credit to general government	2471	30	2.5	2567	96	5.4	2.9
of which Loans	1000	-3	3.1	980	-19	1.2	2.6
of which Securities other than shares	1471	33	2.1	1587	115	8.1	3.1
(4.2) Credit to other euro area residents	12886	29	8.2	12958	-5	6.8	7.9
of which Loans ^{e)}	10880	3	7.1	10801	-47	5.8	6.9
<i>memo item: loans adjusted for sales & securitisation</i> ^{f)}	ND	31	8.4	ND	-1	7.4	8.2
of which Securities other than shares	1168	32	30.7	1358	78	31.1	30.2
of which Shares and other equities	838	-6	-2.1	799	-37	-8.0	-3.8
(5) <i>Net external assets</i>	481	9	ND	472	47	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	18	19	ND	-74	-124	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.

e) For further breakdowns see Table 4.

f) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 2

MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2008			DECEMBER 2008			AVERAGE OCT-08 DEC-08
	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)	9356	45	7.9	9385	48	7.1	7.9
(1.1) Currency in circulation	704	5	13.6	723	20	13.1	13.5
(1.2) Overnight deposits	3265	21	0.9	3305	48	0.8	1.0
(1.3) M1 (items 1.1 and 1.2)	3969	26	2.9	4028	68	2.8	3.0
(1.4) Deposits with agreed maturity up to 2 years	2517	20	28.7	2487	-19	23.3	27.2
(1.5) Deposits redeemable at notice up to 3 months	1516	4	-0.6	1554	38	0.5	-0.5
(1.6) Other short term deposits (items 1.4 and 1.5)	4033	24	15.8	4041	19	13.4	15.0
(1.7) M2 (items 1.3 and 1.6)	8002	50	9.0	8070	87	7.8	8.7
(1.8) Repurchase agreements	337	-13	11.8	331	-6	17.2	16.1
(1.9) Money market fund shares/units	740	10	1.7	723	-19	4.6	2.8
(1.10) Debt securities issued with maturity up to 2 years	277	-2	-8.1	262	-15	-14.1	-8.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1354	-5	1.8	1315	-39	2.9	3.2
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	329	70	61.7	275	-54	78.7	59.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6158	15	3.6	6240	10	2.2	3.0
(3.1) Deposits with agreed maturity over 2 years	1823	-1	2.6	1965	30	1.4	2.3
(3.2) Deposits redeemable at notice over 3 months	119	3	-2.2	123	4	0.6	-2.0
(3.3) Debt securities issued with maturity over 2 years	2609	-11	-0.2	2539	-25	-1.2	-0.6
(3.4) Capital and reserves	1607	23	12.0	1614	1	9.5	10.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15356	87	7.2	15467	34	6.5	7.1
(4.1) Credit to general government	2473	41	2.5	2540	68	5.4	2.9
of which Loans	997	-2	3.1	988	-7	1.2	2.6
of which Securities other than shares	1476	43	2.0	1552	75	8.2	3.1
(4.2) Credit to other euro area residents	12883	46	8.2	12927	-34	6.8	7.9
of which Loans	10887	18	7.1	10783	-71	5.8	6.9
<i>memo item: loans adjusted for sales & securitisation</i> ^{e)}	ND	47	8.4	ND	-26	7.4	8.2
of which Securities other than shares	1169	35	30.7	1358	76	31.1	30.3
of which Shares and other equities	827	-7	-2.1	787	-38	-8.0	-3.8
(5) <i>Net external assets</i>	507	16	ND	492	41	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-20	27	ND	-59	-71	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.

e) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: DECEMBER 2008
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	OCTOBER 2008	NOVEMBER 2008	DECEMBER 2008
(1) M1	1.6	1.0	1.4
(1.1) <i>of which</i> : Currency	0.9	1.0	1.0
(1.2) <i>of which</i> : Overnight deposits	0.7	0.0	0.4
(2) M2 - M1 (= other short-term deposits)	6.2	6.4	5.4
(3) M3 - M2 (= short-term marketable instruments)	0.7	0.3	0.5
(4) M3 (= items 1, 2 and 3)	8.6	7.7	7.3

a) Figures may not add up due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: DECEMBER 2008
DATA ADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	NOVEMBER 2008			DECEMBER 2008		
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate
BREAKDOWN OF LOANS ^{c)}						
(1) Loans to non-financial corporations	4846	22	11.1	4819	-15	9.4
(1.1) up to 1 year	1383	-5	8.6	1378	0	7.4
(1.2) over 1 year and up to 5 years	976	13	15.9	968	-4	13.1
(1.3) over 5 years	2487	15	10.8	2472	-11	9.1
(2) Loans to households ^{d)}	4922	-14	2.5	4893	-20	1.8
(2.1) Consumer credit	633	-2	2.9	629	-5	1.5
(2.2) Lending for house purchase	3520	-12	2.5	3494	-19	1.7
(2.3) Other lending	769	1	2.0	771	4	2.5
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	1014	-3	13.8	986	-16	10.8
(4) Loans to insurance corporations and pension funds	99	-3	-6.6	104	5	-4.2

a) Figures may not add up due to rounding.

b) Calculated from the 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.