



EUROPEAN CENTRAL BANK

30 December 2002

MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2002

The annual rate of growth of M3 was 7.1% in November 2002, compared with 7.0% in October.¹ The three-month average of the annual growth rates of M3 stood at 7.1% over the period September-November 2002, unchanged from the period August-October 2002.

12-month percentage changes	SEPTEMBER 2002	OCTOBER 2002	NOVEMBER 2002	SEPTEMBER-NOVEMBER 2002 AVERAGE
M3	7.3	7.0	7.1	7.1

In November 2002, the annual rate of growth of M1 increased to 9.1%, from 8.2% in October. This reflected a strong rise in the annual rate of change in currency in circulation (to 14.8% in November, compared with 6.2% in October) whereas the annual growth rate of overnight deposits declined to 8.3% in November, from 8.6% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits declined to 4.9% in November, from 5.5% in October. This was the result of a decrease in the (non-seasonally adjusted) annual rate of growth of both deposits with an agreed maturity of up to two years (to 1.6% in November, from 2.4% in October) and deposits redeemable at a period of notice of up to three months (to 7.7%, from 8.0% in the previous month).

The annual growth rate of marketable instruments included in M3 rose to 8.5% in November, from 8.3% in October. This development was mainly driven by an increase in the (non-seasonally adjusted) annual growth rates of both repurchase agreements (to 1.7% in November, from 0.5% in October) and money market fund shares/units (to 19.3% in November, from 18.4% in October). By contrast, the (non-seasonally adjusted) annual rate of change in money market paper and debt securities issued with a maturity of up to two years declined in November (to -10.3%, compared with -5.6% in October).

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector stood at 5.0% in November, compared with 4.9% in October. This was the result of divergent developments in the components of the longer-term financial liabilities. The

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.

annual rate of change in deposits redeemable at a period of notice of over three months became less negative (-8.7% in November, compared with -9.1% in the previous month) and that of deposits with an agreed maturity of over two years increased to 2.8%, from 2.3% in October. By contrast, the annual rate of growth of debt securities issued with a maturity of over two years declined (to 7.9% in November, from 8.1% in October). Finally, the annual rate of change in MFI capital and reserves remained unchanged at 4.4% in November.

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector declined to -2.6% in November, from -2.2% 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 decreased to 3.9% in November, from 4.3% in October. The annual growth rate of credit extended to general government declined to 1.7% in November, from 2.2% in October, while the annual growth rate of credit extended to the private sector went down to 4.6%, from 4.9% in the previous month. The decrease in the latter item was due to a decline in the annual rate of change in loans to the private sector (to 4.5% in November, from 5.0% in October). By contrast, the annual growth rate of MFI holdings of shares and other equities and that of MFI holdings of securities other than shares rose to 4.8% and 6.0% respectively in November, from 3.6% and 5.8% respectively in October.

In November 2002, the net external asset position of the euro area MFI sector increased by EUR 36 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to November, the net external assets of the MFI sector went up by EUR 139 billion, compared with a rise by EUR 130 billion over the 12 months up to October.

Notes

- *The publication of the statistics on monetary developments in December 2002, January, February and March 2003 is scheduled to take place at 10am on 28 January, 27 February, 28 March and 29 April 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.*
- *More details on the latest monetary data as contained in the Tables 2.1 to 2.4 of the "Euro area statistics" section of the ECB Monthly Bulletin are available on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics – download", "Latest monetary and financial statistics" page. 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.*

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(data in EUR billions and percentage changes ^{a)})

	OCTOBER 2002			NOVEMBER 2002			AVERAGE SEP-02 NOV-02
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
Seasonally and calendar effect adjusted data							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) ^{b)}	5684	31	7.0	5724	41	7.1	7.1
(1.1) Currency in circulation	314	8	6.2	320	5	14.8	6.8
(1.2) Overnight deposits	1998	5	8.6	2027	30	8.3	8.8
(1.3) M1 (= items 1.1 and 1.2)	2312	12	8.2	2346	35	9.1	8.5
(1.4) Other short-term deposits ^{c)}	2532	22	5.5	2533	1	4.9	5.2
(1.5) M2 (= items 1.3 and 1.4)	4843	35	6.8	4879	36	6.9	6.8
(1.6) Marketable instruments ^{d)}	841	-4	8.3	846	5	8.5	9.4
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5629	20	7.0	5698	71	7.3	7.2
(2.1) Currency in circulation	314	7	6.3	321	7	14.9	6.7
(2.2) Overnight deposits	1968	-16	8.6	2021	53	8.6	8.9
(2.3) Deposits with agreed maturity up to 2 years	1094	20	2.4	1087	-7	1.6	1.6
(2.4) Deposits redeemable at notice up to 3 months	1418	7	8.0	1429	11	7.7	8.1
(2.5) Repurchase agreements	237	-3	0.5	231	-7	1.7	2.7
(2.6) Money market fund shares/units	464	2	18.4	479	15	19.3	19.7
(2.7) Money market paper and debt securities issued with maturity up to 2 years	134	3	-5.6	132	-2	-10.3	-7.6
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	155	5	-2.2	151	-3	-2.6	-2.3
of which Deposits	154	6	-1.7	150	-4	-2.6	-2.0
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3980	10	4.9	3997	23	5.0	5.0
(4.1) Deposits with agreed maturity over 2 years	1170	1	2.3	1174	4	2.8	2.4
(4.2) Deposits redeemable at notice over 3 months	106	-1	-9.1	106	0	-8.7	-9.1
(4.4) Debt securities issued with maturity over 2 years	1690	9	8.1	1700	16	7.9	8.1
(4.4) Capital and reserves	1014	0	4.4	1017	3	4.4	4.7
(5) <i>External liabilities</i>	2695	25	3.9	2735	49	4.2	3.9
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9728	27	4.3	9765	40	3.9	4.2
(6.1) Credit to general government	2069	-3	2.2	2084	15	1.7	1.9
of which Loans	821	0	-0.8	830	9	-1.6	-1.2
of which Securities other than shares	1248	-3	4.3	1254	6	4.1	4.0
(6.2) Credit to other euro area residents	7659	30	4.9	7682	25	4.6	4.8
of which Loans	6744	18	5.0	6756	18	4.5	4.9
of which Securities other than shares	352	2	5.8	355	3	6.0	5.9
of which Shares and other equities	563	10	3.6	570	4	4.8	3.7
(7) <i>External assets</i>	2866	54	8.6	2940	85	9.2	8.7
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-135	-20	ND	-124	14	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 at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) from January 2001 onwards. 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. Data on M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities with a maturity up to two years.

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, money market paper and debt securities issued with maturity up to 2 years.

e) 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.