



EUROPEAN CENTRAL BANK

29 April 2003

## MONETARY DEVELOPMENTS IN THE EURO AREA: MARCH 2003

The annual rate of growth of M3 stood at 7.9% in March 2003, unchanged from February 2003 (revised downwards from 8.1%).<sup>1</sup> The three-month average of the annual growth rates of M3 over the period January - March 2003 was 7.7%, compared with 7.3% during the period December 2002 - February 2003 (revised downwards from 7.4%).

12-month percentage changes	JANUARY 2003	FEBRUARY 2003	MARCH 2003	JANUARY - MARCH 2003 AVERAGE
M3	7.2	7.9	7.9	7.7

In March 2003, the annual rate of growth of M1 increased to 11.6%, from 10.3% in February. Among its components, the annual rate of growth of currency in circulation stood at 39.9% in March, as compared to 41.4% in February. At the same time, the annual rate of growth of overnight deposits increased to 7.9%, from 6.4% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits declined to 4.5% in March, from 4.7% in February. This was the result of divergent developments in the components of this item. The (non-seasonally adjusted) annual rate of change of deposits with an agreed maturity of up to two years went down to -0.5% in March, from 1.2% in February, and the (non-seasonally adjusted) annual growth rate of deposits redeemable at a period of notice of up to three months increased to 8.3%, from 7.7% in the previous month.

The annual growth rate of marketable instruments included in M3 fell to 7.9% in March, from 11.3% in February. This development was due to sharp declines in the (non-seasonally adjusted) annual rates of change of both debt securities issued with a maturity of up to two years (-10.3%, from -3.2% in February) and repurchase agreements (to 1.4%, from 10.2% in the previous month). At the same time, the (non-seasonally adjusted) annual growth rate of money market fund shares/units remained unchanged in March at 16.4%.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector declined to 4.0% in March, from 4.3% in February. This was mainly

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<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.

due to a decrease in the annual growth rate of debt securities issued with a maturity of over two years to 6.1%, from 6.7% in February. Moreover, the annual rates of change of both MFI capital and reserves and deposits redeemable at a period of notice of over three months went down to 2.0%, from 2.4% in February, and to -5.8%, from -5.5%, respectively. By contrast, the annual growth rate of deposits with an agreed maturity of over two years increased to 3.6% in March, from 3.4% in February.

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector decreased to 1.6% in March, from 6.3% 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 declined in March to 4.0%, from 4.3% in February. This was due to falls in the annual growth rates of both credit extended to general government (to 1.9%, from 2.4% in February) and credit extended to the private sector (to 4.6%, from 4.9% in the previous month). Also the annual growth rate of loans to the private sector declined in March to 4.5%, from 5.0% in February. Over the same period, the annual growth rate of MFI holdings of securities other than shares increased to 9.6% in March, from 8.1% in February, and the annual growth rate of MFI holdings of shares and other equities went up to 2.5% in March, from 0.8% in the previous month.

In March 2003, the net external asset position of the euro area MFI sector increased by EUR 7 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to March, the net external assets of the MFI sector went up by EUR 220 billion, compared with a rise by EUR 207 billion over the 12 months up to February.

#### Notes

- *The publication of the statistics on monetary developments in April, May, June and July 2003 is scheduled to take place at 10am on 28 May, 30 June, 28 July and 28 August 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.*

## MONETARY DEVELOPMENTS IN THE EURO AREA : MARCH 2003

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

	FEBRUARY 2003			MARCH 2003			AVERAGE JAN-03 MAR-03
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
<b>Seasonally and calendar effect adjusted data</b>							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) <sup>b)</sup>	5813	37	7.9	5838	26	7.9	7.7
(1.1) Currency in circulation	324	6	41.4	332	9	39.9	38.7
(1.2) Overnight deposits	2056	14	6.4	2074	19	7.9	6.8
(1.3) M1 (= items 1.1 and 1.2)	2379	20	10.3	2406	28	11.6	10.5
(1.4) Other short-term deposits <sup>c)</sup>	2552	14	4.7	2572	21	4.5	4.4
(1.5) M2 (= items 1.3 and 1.4)	4931	34	7.3	4978	49	7.9	7.2
(1.6) Marketable instruments <sup>d)</sup>	882	4	11.3	859	-23	7.9	10.1
<b>Data unadjusted for seasonal and calendar effects</b>							
<b>COMPONENTS OF M3 <sup>b)</sup></b>							
(2) M3 (= items 2.1 to 2.7)	5818	37	7.8	5854	38	7.7	7.6
(2.1) Currency in circulation	319	7	42.1	327	8	37.6	38.4
(2.2) Overnight deposits	2029	-2	5.9	2067	39	8.0	6.5
(2.3) Deposits with agreed maturity up to 2 years	1079	2	1.2	1072	-6	-0.5	0.4
(2.4) Deposits redeemable at notice up to 3 months	1501	15	7.7	1513	12	8.3	7.7
(2.5) Repurchase agreements	234	1	10.2	223	-11	1.4	8.0
(2.6) Money market fund shares/units	547	12	16.4	550	4	16.4	16.5
(2.7) Debt securities issued with maturity up to 2 years <sup>e)</sup>	108	1	-3.2	101	-8	-10.3	-6.7
<b>COUNTERPARTS OF M3 <sup>d)</sup></b>							
<b>MFI liabilities:</b>							
(3) <i>Holdings of central government</i>	176	18	6.3	170	-6	1.6	2.5
of which Deposits	176	18	6.3	170	-6	1.6	2.5
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3995	24	4.3	4000	12	4.0	4.0
(4.1) Deposits with agreed maturity over 2 years	1197	10	3.4	1203	7	3.6	3.2
(4.2) Deposits redeemable at notice over 3 months	105	-1	-5.5	103	-2	-5.8	-5.6
(4.4) Debt securities issued with maturity over 2 years	1689	10	6.7	1696	9	6.1	6.5
(4.4) Capital and reserves	1004	5	2.4	997	-2	2.0	2.1
(5) <i>External liabilities</i>	2718	57	4.5	2695	-14	3.1	3.5
<b>MFI assets:</b>							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9900	47	4.3	9937	45	4.0	4.2
(6.1) Credit to general government	2126	16	2.4	2137	14	1.9	2.0
of which Loans	828	-1	-1.3	829	1	-1.7	-1.3
of which Securities other than shares	1298	18	4.9	1308	12	4.5	4.3
(6.2) Credit to other euro area residents	7774	31	4.9	7800	31	4.6	4.8
of which Loans	6827	26	5.0	6851	27	4.5	4.8
of which Securities other than shares	382	7	8.1	383	2	9.6	8.8
of which Shares and other equities	565	-1	0.8	566	2	2.5	1.5
(7) <i>External assets</i>	2908	69	12.2	2885	-6	11.2	11.0
<b>Other counterparts of M3 (residual)</b>							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-101	21	ND	-102	-8	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. 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.

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 and debt securities issued with maturity up to 2 years.

e) Includes money market paper.

f) 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.