



EUROPEAN CENTRAL BANK

28 May 2004

## MONETARY DEVELOPMENTS IN THE EURO AREA: APRIL 2004

The annual rate of growth of M3 decreased to 5.6% in April 2004, from 6.3% in March 2004.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period February 2004 – April 2004 fell to 6.1%, from 6.4% in the period January 2004 – March 2004.

<i>12-month percentage changes; seasonally adjusted</i>	<b>FEBRUARY 2004</b>	<b>MARCH 2004</b>	<b>APRIL 2004</b>	<b>FEBRUARY – APRIL 2004 AVERAGE</b>
<b>M3</b>	6.3	6.3	5.6	6.1
<b>M1</b>	10.6	11.4	10.9	11.0
<b>Loans to private sector</b>	5.5	5.5	5.6	5.5

Regarding the main components of M3, the annual rate of growth of M1 declined in April to 10.9%, from 11.4% in March. At the same time, the annual rate of growth of short-term deposits other than overnight deposits declined to 1.8% in April, from 2.4% in the previous month. The annual rate of growth of marketable instruments decreased to 1.4%, from 3.2% in March.

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 remained unchanged at 6.1% in April. This reflects the fact that, on the one hand, the annual growth rate of credit extended to general government fell to 6.3%, from 6.7% in March, and, on the other hand, the annual growth rate of credit extended to the private sector was 6.0%, compared with 5.9% in the previous month. Among the components of the latter, the annual growth rate of loans to the private sector stood at 5.6% in April, compared with 5.5% in March. The annual growth rate of loans to non-financial corporations increased to 3.5% in April, from 3.3% in March.<sup>2</sup> The annual growth rate of loans to households was 6.8%, compared with 6.7% in the previous month. In particular, the annual rate of growth of lending for house purchase increased in April to 8.5%, from 8.2% in the previous month. The annual rate of growth of consumer credit increased to 4.9% in April, from 4.6% in March. The annual growth rate of other lending to households declined to 2.5%, from 2.8% in the previous month. Finally, the annual growth rate of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) declined in April to 9.4%, from 10.6% in the previous month.

<sup>1</sup> Unless otherwise indicated, all rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

<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.

Over the 12 months up to April, the net external asset position of the euro area MFI sector rose by EUR 109 billion, compared with a rise by EUR 97 billion over the 12 months up to March. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 7.4% in April, from 6.9% in the previous month.

Notes

- *The publication of the statistics on monetary developments in May, June, July and August 2004 is scheduled to take place at 10.00 am on 28 June, 28 July, 26 August and 27 September 2004, respectively.*
- *The latest monetary data as contained in Tables 2.1 – 2.8 of the ECB Monthly Bulletin can be found on the ECB website ([www.ecb.int](http://www.ecb.int)) at the “Latest monetary, financial markets and balance of payments statistics” item of the Statistics section. 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 at the “Monetary statistics” item of the same section.*

TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA : APRIL 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	MARCH 2004			APRIL 2004			AVERAGE FEB-04 APR 04
	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)	6214	19	6.3	6253	38	5.6	6.1
(1.1) Currency in circulation	406	7	22.7	409	3	21.1	22.4
(1.2) Overnight deposits	2365	39	9.6	2374	9	9.3	9.2
(1.3) <b>M1</b> (items 1.1 and 1.2)	2771	46	11.4	2784	12	10.9	11.0
(1.4) Deposits with agreed maturity up to 2 years	1003	-19	-6.2	996	-8	-7.3	-6.1
(1.5) Deposits redeemable at notice up to 3 months	1548	11	8.9	1559	11	8.6	8.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2552	-8	2.4	2555	3	1.8	2.5
(1.7) <b>M2</b> (items 1.3 and 1.6)	5322	38	6.9	5339	15	6.4	6.7
(1.8) Repurchase agreements	205	-22	-2.5	220	15	-1.3	-1.7
(1.9) Money market fund shares/units	598	5	7.6	598	1	6.9	7.4
(1.10) Debt securities issued with maturity up to 2 years	89	-2	-8.4	96	7	-17.8	-13.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	892	-19	3.2	914	23	1.4	2.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	178	-5	5.6	177	-2	14.0	9.9
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4239	36	6.9	4277	41	7.4	6.8
(3.1) Deposits with agreed maturity over 2 years	1268	3	5.6	1283	15	6.7	6.0
(3.2) Deposits redeemable at notice over 3 months	90	0	-9.9	90	0	-8.6	-9.9
(3.3) Debt securities issued with maturity over 2 years	1857	27	10.4	1879	19	10.7	10.2
(3.4) Capital and reserves	1024	6	4.0	1024	6	4.1	3.6
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10504	40	6.1	10574	70	6.1	6.0
(4.1) Credit to general government	2264	18	6.7	2278	16	6.3	6.2
of which Loans	838	14	2.3	838	-1	2.1	1.6
of which Securities other than shares	1426	4	9.5	1439	17	8.9	9.2
(4.2) Credit to other euro area residents	8240	22	5.9	8297	54	6.0	5.9
of which Loans	7167	11	5.5	7209	40	5.6	5.5
of which Securities other than shares	431	1	10.5	433	3	8.2	10.2
of which Shares and other equities	643	11	8.3	655	11	9.3	7.8
(5) <i>Net external assets</i>	316	18	ND	331	25	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-188	-7	ND	-198	-17	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 : APRIL 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	MARCH 2004			APRIL 2004			AVERAGE FEB-04 APR 04
	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)	6219	23	6.2	6276	56	5.5	6.1
(1.1) Currency in circulation	400	6	22.3	409	10	21.9	22.5
(1.2) Overnight deposits	2348	34	9.2	2363	15	8.8	9.2
(1.3) <b>M1</b> (items 1.1 and 1.2)	2747	40	10.9	2773	25	10.6	11.0
(1.4) Deposits with agreed maturity up to 2 years	1005	-13	-6.1	1006	1	-6.9	-6.1
(1.5) Deposits redeemable at notice up to 3 months	1559	6	8.8	1567	7	8.7	9.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2564	-7	2.5	2572	8	2.0	2.5
(1.7) <b>M2</b> (items 1.3 and 1.6)	5311	32	6.7	5345	33	6.3	6.7
(1.8) Repurchase agreements	218	-11	-2.2	225	8	-1.5	-1.7
(1.9) Money market fund shares/units	601	3	7.6	609	9	6.8	7.4
(1.10) Debt securities issued with maturity up to 2 years	89	-2	-8.4	96	7	-17.8	-13.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	907	-10	3.2	931	24	1.4	2.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	184	-9	6.0	180	-4	14.2	10.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4246	43	6.9	4270	28	7.4	6.8
(3.1) Deposits with agreed maturity over 2 years	1273	5	5.6	1284	10	6.7	6.0
(3.2) Deposits redeemable at notice over 3 months	91	0	-9.9	90	-1	-8.6	-9.9
(3.3) Debt securities issued with maturity over 2 years	1858	31	10.5	1877	16	10.7	10.2
(3.4) Capital and reserves	1023	6	3.9	1020	2	4.0	3.5
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10533	74	6.1	10621	87	6.1	6.0
(4.1) Credit to general government	2279	29	6.7	2284	7	6.3	6.2
of which Loans	846	16	2.3	840	-7	2.1	1.6
of which Securities other than shares	1433	13	9.5	1444	14	8.8	9.1
(4.2) Credit to other euro area residents	8254	45	5.9	8337	80	6.0	5.9
of which Loans	7172	29	5.5	7229	54	5.6	5.5
of which Securities other than shares	433	1	10.5	437	4	8.2	10.3
of which Shares and other equities	649	16	8.1	672	22	8.9	7.5
(5) <i>Net external assets</i>	290	2	ND	290	9	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-176	-19	ND	-186	-17	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 3

**CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: APRIL 2004**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	<b>FEBRUARY 2004</b>	<b>MARCH 2004</b>	<b>APRIL 2004</b>
(1) <b>M1</b>	4.5	4.8	4.6
(1.1) <i>of which</i> : Currency	1.3	1.3	1.2
(1.2) <i>of which</i> : Overnight deposits	3.2	3.6	3.4
(2) <b>M2 - M1</b> (= other short-term deposits)	1.4	1.0	0.8
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.4	0.5	0.2
(4) <b>M3</b> (= items 1, 2 and 3)	6.3	6.3	5.6

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: APRIL 2004**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	<b>MARCH 2004</b>				<b>APRIL 2004</b>			
	End of month level	Flow <sup>b)</sup>	Write-offs / write-downs	Annual growth rate	End of month level	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>	3052	10	-1	3.3	3075	21	0	3.5
(1.1) up to 1 year	957	2	-1	-2.1	963	5	0	-1.8
(1.2) over 1 year and up to 5 years	525	0	0	3.7	529	5	0	4.2
(1.3) over 5 years	1570	8	0	6.7	1583	12	0	6.9
(2) <b>Loans to households <sup>d)</sup></b>	3566	26	-1	6.7	3590	22	0	6.8
(2.1) Consumer credit	485	4	0	4.6	489	3	0	4.9
(2.2) Lending for house purchase	2400	19	0	8.2	2419	19	0	8.5
(2.3) Other lending <sup>d)</sup>	681	3	-1	2.8	682	1	0	2.5
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	508	-7	0	10.6	512	6	0	9.4
(4) <b>Loans to insurance corporations and pension funds</b>	46	-1	0	9.5	51	5	0	10.9

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 central government.

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