



EUROPEAN CENTRAL BANK

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2006

The annual rate of growth of M3 decreased to 8.5% in June 2006, from 8.8% in May 2006.¹ The three-month average of the annual growth rates of M3 over the period April 2006 - June 2006 stood at 8.7%, unchanged from the previous period.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	APRIL 2006	MAY 2006	JUNE 2006	APRIL 2006 - JUNE 2006 AVERAGE
M3	8.7	8.8	8.5	8.7
M1	9.8	10.2	9.3	9.7
Loans to private sector	11.4	11.4	11.0	11.3

Regarding the main components of M3, the annual rate of growth of M1 decreased to 9.3% in June 2006, from 10.2% in May. The annual rate of growth of short-term deposits other than overnight deposits increased to 8.8% in June, from 8.1% in the previous month. The annual rate of growth of marketable instruments decreased to 4.9% in June, from 6.9% in May.

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 9.1% in June 2006, from 9.4% in May. The annual rate of growth of credit extended to general government decreased to 0.1% in June, from 0.3% in May, while the annual growth of credit extended to the private sector declined to 11.5% in June, from 11.8% in May. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 11.0% in June, from 11.4% in the previous month. The annual growth rate of loans to non-financial corporations increased to 11.5% in June, from 11.3% in May.² The annual growth rate of loans to households decreased to 9.6% in June, from 9.8% in the previous month. The annual rate of growth of lending for house purchase decreased to 11.8% in June, from 12.1% in May. The annual rate of growth of consumer credit stood at 8.3% in June, compared with 8.4% in May, while the annual growth rate of other lending to households stood at 2.0% in June, unchanged from the previous

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.

² 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.

month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 16.2% in June, from 19.8% in the previous month.

Over the 12 months up to June 2006, the net external asset position of the euro area MFI sector rose by EUR 11 billion, compared with a rise of EUR 48 billion over the 12 months up to May. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 8.0% in June, from 8.9% in May.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in July, August, September and October 2006 is scheduled to take place at 10 am on 28 August, 27 September, 27 October and 28 November 2006 respectively.*
- *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.int/>) in the "Statistics" section under "Data services" and then "Latest monetary, financial markets and balance of payments statistics". 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 in the same section under "Money, banking and financial markets" and then "Monetary statistics".*

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.int>

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	MAY 2006			JUNE 2006			AVERAGE APR-06 JUN-06
	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)	7333	58	8.8	7376	40	8.5	8.7
(1.1) Currency in circulation	544	4	11.9	548	3	11.0	11.7
(1.2) Overnight deposits	3004	38	9.9	3018	13	9.0	9.4
(1.3) M1 (items 1.1 and 1.2)	3549	42	10.2	3565	16	9.3	9.7
(1.4) Deposits with agreed maturity up to 2 years	1175	-23	14.6	1216	40	17.3	16.0
(1.5) Deposits redeemable at notice up to 3 months	1570	6	3.6	1564	-6	3.0	3.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2745	-17	8.1	2780	34	8.8	8.6
(1.7) M2 (items 1.3 and 1.6)	6294	25	9.2	6345	50	9.1	9.2
(1.8) Repurchase agreements	252	12	7.4	248	-4	2.9	6.7
(1.9) Money market fund shares/units	613	9	-0.8	614	2	0.0	-0.6
(1.10) Debt securities issued with maturity up to 2 years	175	13	46.5	169	-8	33.2	35.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1040	33	6.9	1031	-10	4.9	5.6
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	171	-18	-3.7	181	10	-2.4	-1.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5186	32	8.9	5223	34	8.0	8.6
(3.1) Deposits with agreed maturity over 2 years	1591	15	10.5	1600	9	9.0	9.8
(3.2) Deposits redeemable at notice over 3 months	91	2	-0.5	92	2	1.7	-0.4
(3.3) Debt securities issued with maturity over 2 years	2259	17	8.6	2287	20	8.0	8.4
(3.4) Capital and reserves	1246	-1	8.2	1243	4	7.3	8.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12475	34	9.4	12530	60	9.1	9.4
(4.1) Credit to general government	2388	-35	0.3	2395	10	0.1	0.5
of which Loans	829	-5	-0.5	831	2	-0.2	0.0
of which Securities other than shares	1558	-30	0.7	1564	9	0.3	0.9
(4.2) Credit to other euro area residents	10088	69	11.8	10135	50	11.5	11.7
of which Loans	8705	64	11.4	8759	55	11.0	11.3
of which Securities other than shares	588	9	18.4	595	9	18.1	18.2
of which Shares and other equities	796	-4	12.0	781	-14	11.5	11.8
(5) <i>Net external assets</i>	465	26	ND	489	35	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-250	13	ND	-240	-12	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: JUNE 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	MAY 2006			JUNE 2006			AVERAGE APR-06 JUN-06
	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)	7357	42	8.7	7403	43	8.4	8.6
(1.1) Currency in circulation	543	3	11.9	554	10	11.5	11.9
(1.2) Overnight deposits	3001	20	9.5	3046	45	8.3	9.2
(1.3) M1 (items 1.1 and 1.2)	3544	23	9.8	3600	55	8.8	9.6
(1.4) Deposits with agreed maturity up to 2 years	1190	-11	14.9	1209	19	18.1	16.2
(1.5) Deposits redeemable at notice up to 3 months	1569	-1	3.5	1566	-3	3.1	3.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2759	-11	8.2	2775	16	9.1	8.7
(1.7) M2 (items 1.3 and 1.6)	6303	12	9.0	6375	71	8.9	9.1
(1.8) Repurchase agreements	258	8	7.3	247	-11	2.9	6.7
(1.9) Money market fund shares/units	621	9	-0.8	612	-9	0.0	-0.6
(1.10) Debt securities issued with maturity up to 2 years	175	13	46.5	169	-8	33.2	35.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1054	30	6.7	1028	-27	4.9	5.6
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	167	-15	-3.8	208	41	-1.9	-1.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5185	31	8.9	5232	44	8.0	8.6
(3.1) Deposits with agreed maturity over 2 years	1592	10	10.5	1602	10	9.0	9.8
(3.2) Deposits redeemable at notice over 3 months	91	1	-0.3	92	1	1.8	-0.3
(3.3) Debt securities issued with maturity over 2 years	2263	22	8.6	2290	19	8.0	8.4
(3.4) Capital and reserves	1239	-2	8.2	1247	14	7.4	8.1
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12529	44	9.4	12575	52	9.1	9.4
(4.1) Credit to general government	2405	-28	0.3	2406	4	0.1	0.5
of which Loans	826	-10	-0.4	828	2	-0.2	0.0
of which Securities other than shares	1579	-18	0.7	1578	2	0.3	0.9
(4.2) Credit to other euro area residents	10124	73	11.8	10169	47	11.5	11.7
of which Loans	8709	67	11.4	8788	80	11.0	11.3
of which Securities other than shares	594	9	18.4	600	7	18.1	18.2
of which Shares and other equities	821	-4	12.0	782	-39	11.3	11.8
(5) <i>Net external assets</i>	440	17	ND	493	64	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-260	-4	ND	-226	12	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: JUNE 2006
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	APRIL 2006	MAY 2006	JUNE 2006
(1) M1	4.6	4.8	4.4
(1.1) <i>of which</i> : Currency	0.9	0.9	0.8
(1.2) <i>of which</i> : Overnight deposits	3.7	3.9	3.6
(2) M2 - M1 (= other short-term deposits)	3.4	3.0	3.3
(3) M3 - M2 (= short-term marketable instruments)	0.7	1.0	0.7
(4) M3 (= items 1, 2 and 3)	8.7	8.8	8.5

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JUNE 2006
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	MAY 2006				JUNE 2006			
	End of month level	Monthly flow ^{b)}	write-offs / write-downs	Annual growth rate	End of month level	Monthly flow ^{b)}	write-offs / write-downs	Annual growth rate
BREAKDOWN OF LOANS ^{c)}								
(1) Loans to non-financial corporations	3596	30	-1	11.3	3644	48	-1	11.5
(1.1) up to 1 year	1078	-2	0	8.6	1099	21	0	8.1
(1.2) over 1 year and up to 5 years	644	11	-1	16.2	653	9	0	17.9
(1.3) over 5 years	1874	21	0	11.3	1891	18	0	11.4
(2) Loans to households ^{d)}	4344	33	-1	9.8	4386	43	-1	9.6
(2.1) Consumer credit	569	7	0	8.4	575	7	0	8.3
(2.2) Lending for house purchase	3054	24	0	12.1	3082	28	0	11.8
(2.3) Other lending ^{d)}	721	1	-1	2.0	728	8	0	2.0
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	682	6	0	19.8	674	-9	0	16.2
(4) Loans to insurance corporations and pension funds	87	-1	0	39.8	85	-2	0	32.7

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.