

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2006

The annual rate of growth of M3 increased to 8.5% in September 2006, from 8.2% in August 2006.¹ The three-month average of the annual growth rates of M3 over the period July 2006 - September 2006 stood at 8.2%, compared with 8.1% in the period June 2006 - August 2006.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JULY 2006	AUGUST 2006	SEPTEMBER 2006	JULY 2006 - SEPTEMBER 2006 AVERAGE
M3	7.8	8.2	8.5	8.2
M1	7.4	7.2	7.1	7.3
Loans to private sector	11.1	11.3	11.4	11.3

Regarding the main components of M3, the annual rate of growth of M1 stood at 7.1% in September 2006, compared with 7.2% in August 2006. The annual rate of growth of short-term deposits other than overnight deposits increased to 10.0% in September, from 9.8% in the previous month. The annual rate of growth of marketable instruments increased to 9.6% in September, from 7.0% in August.

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 increased to 9.4% in September 2006, from 9.2% in August. The annual rate of growth of credit extended to general government stood at -1.6% in September, compared with -1.5% in August, while the annual growth of credit extended to the private sector rose to 12.2% in September, from 11.9% in August. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 11.4% in September, compared with 11.3% in the previous month. The annual growth rate of loans to non-financial corporations increased to 12.7% in September, from 12.0% in August.² The annual growth rate of loans to households stood at 9.1% in September, compared with 9.2% in the previous month. The annual rate of growth of lending for house purchase was 11.0% in September, after 11.1% in August. The annual rate of growth of consumer credit stood at 8.3% in September, compared with 8.4% in August while the annual growth rate of other lending to households increased to 2.5% in September, from 2.3% in 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 17.2% in September, from 19.3% in the previous month.

Over the 12 months up to September 2006, the net external asset position of the euro area MFI sector rose by EUR 30 billion, after decreasing by EUR 11 billion over the 12 months up to August. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 8.1% in September, from 8.4% in August.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in October, November, December 2006 and January 2007 is scheduled to take place at 10 am on 28 November, 29 December 2006, 26 January and 27 February 2007 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".*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: SEPTEMBER 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2006			SEPTEMBER 2006			AVERAGE JUL-06 SEP-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)	7465	77	8.2	7565	89	8.5	8.2
(1.1) Currency in circulation	559	6	11.4	563	5	11.0	11.3
(1.2) Overnight deposits	3012	19	6.5	3028	15	6.4	6.5
(1.3) M1 (items 1.1 and 1.2)	3571	25	7.2	3592	20	7.1	7.3
(1.4) Deposits with agreed maturity up to 2 years	1270	28	20.9	1315	44	21.6	20.5
(1.5) Deposits redeemable at notice up to 3 months	1567	4	2.2	1568	1	1.8	2.2
(1.6) Other short term deposits (items 1.4 and 1.5)	2837	32	9.8	2882	44	10.0	9.7
(1.7) M2 (items 1.3 and 1.6)	6408	57	8.4	6474	64	8.4	8.3
(1.8) Repurchase agreements	255	3	5.2	269	14	12.2	7.4
(1.9) Money market fund shares/units	623	-2	0.6	641	8	1.3	0.9
(1.10) Debt securities issued with maturity up to 2 years	179	19	42.6	180	3	45.6	39.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1057	20	7.0	1091	25	9.6	7.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	198	10	11.9	200	2	11.4	5.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5298	18	8.4	5317	17	8.1	8.4
(3.1) Deposits with agreed maturity over 2 years	1618	6	9.3	1627	11	9.4	9.3
(3.2) Deposits redeemable at notice over 3 months	96	2	7.1	98	2	10.7	7.3
(3.3) Debt securities issued with maturity over 2 years	2314	14	8.2	2328	8	8.1	8.3
(3.4) Capital and reserves	1270	-4	7.8	1264	-5	6.5	7.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12699	70	9.2	12808	114	9.4	9.2
(4.1) Credit to general government	2369	-14	-1.5	2369	-1	-1.6	-1.2
of which Loans	825	-1	-0.8	829	6	-0.8	-0.7
of which Securities other than shares	1544	-12	-1.8	1540	-7	-1.9	-1.5
(4.2) Credit to other euro area residents	10329	84	11.9	10439	116	12.2	12.0
of which Loans	8908	75	11.3	8997	92	11.4	11.3
of which Securities other than shares	618	5	21.5	629	10	23.1	21.9
of which Shares and other equities	803	4	12.6	814	14	13.1	12.9
(5) <i>Net external assets</i>	480	-19	ND	508	14	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-219	53	ND	-234	-21	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: SEPTEMBER 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	AUGUST 2006			SEPTEMBER 2006			AVERAGE JUL-06 SEP-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)	7422	14	8.2	7526	94	8.7	8.2
(1.1) Currency in circulation	559	-4	11.6	563	4	11.0	11.2
(1.2) Overnight deposits	2958	-54	6.6	3016	58	6.9	6.8
(1.3) M1 (items 1.1 and 1.2)	3517	-57	7.4	3579	62	7.5	7.4
(1.4) Deposits with agreed maturity up to 2 years	1268	35	20.7	1305	36	21.4	20.3
(1.5) Deposits redeemable at notice up to 3 months	1563	0	2.2	1559	-4	1.9	2.2
(1.6) Other short term deposits (items 1.4 and 1.5)	2831	35	9.8	2864	32	9.9	9.6
(1.7) M2 (items 1.3 and 1.6)	6347	-22	8.4	6443	94	8.6	8.4
(1.8) Repurchase agreements	265	14	6.3	263	-2	12.2	7.8
(1.9) Money market fund shares/units	631	3	0.6	640	-2	1.4	0.9
(1.10) Debt securities issued with maturity up to 2 years	179	19	42.6	180	3	45.6	39.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1075	36	7.2	1083	-1	9.6	7.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	185	-9	11.3	203	18	11.6	5.1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5293	6	8.4	5314	18	8.1	8.4
(3.1) Deposits with agreed maturity over 2 years	1615	3	9.3	1618	4	9.4	9.3
(3.2) Deposits redeemable at notice over 3 months	95	1	7.1	96	1	10.6	7.3
(3.3) Debt securities issued with maturity over 2 years	2312	6	8.2	2331	13	8.1	8.3
(3.4) Capital and reserves	1272	-4	7.9	1269	-1	6.5	7.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12635	-15	9.1	12762	131	9.4	9.2
(4.1) Credit to general government	2362	-28	-1.5	2359	-4	-1.6	-1.3
of which Loans	821	-5	-0.8	824	6	-0.7	-0.7
of which Securities other than shares	1541	-22	-1.8	1534	-10	-2.0	-1.5
(4.2) Credit to other euro area residents	10274	13	11.9	10403	135	12.2	12.0
of which Loans	8875	18	11.3	8980	108	11.4	11.3
of which Securities other than shares	612	-1	21.4	620	8	22.9	21.9
of which Shares and other equities	787	-4	12.4	802	19	13.2	12.8
(5) <i>Net external assets</i>	485	-11	ND	519	20	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-221	37	ND	-238	-22	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: SEPTEMBER 2006
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	JULY 2006	AUGUST 2006	SEPTEMBER 2006
(1) M1	3.6	3.5	3.4
(1.1) <i>of which</i> : Currency	0.8	0.8	0.8
(1.2) <i>of which</i> : Overnight deposits	2.7	2.7	2.6
(2) M2 - M1 (= other short-term deposits)	3.5	3.7	3.7
(3) M3 - M2 (= short-term marketable instruments)	0.8	1.0	1.4
(4) M3 (= items 1, 2 and 3)	7.8	8.2	8.5

a) Discrepancies can be due to rounding.

TABLE 4

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

	AUGUST 2006				SEPTEMBER 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	3679	-5	-1	12.0	3730	51	-1	12.7
(1.1) up to 1 year	1086	-24	0	9.2	1108	22	0	10.5
(1.2) over 1 year and up to 5 years	671	4	-1	19.5	683	12	0	20.6
(1.3) over 5 years	1922	15	0	11.2	1939	17	0	11.4
(2) Loans to households ^{d)}	4430	14	-1	9.2	4461	32	-1	9.1
(2.1) Consumer credit	580	0	0	8.4	583	4	0	8.3
(2.2) Lending for house purchase	3125	14	0	11.1	3150	25	0	11.0
(2.3) Other lending ^{d)}	725	-1	0	2.3	729	3	-1	2.5
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	679	12	0	19.3	699	22	0	17.2
(4) Loans to insurance corporations and pension funds	87	-3	0	34.3	89	3	0	37.1

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.