

28 November 2006

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2006

The annual rate of growth of M3 stood at 8.5% in October 2006, unchanged from the previous month.¹ The three-month average of the annual growth rates of M3 over the period August 2006 - October 2006 rose to 8.4%, from 8.2% in the period July 2006 - September 2006.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	AUGUST 2006	SEPTEMBER 2006	OCTOBER 2006	AUGUST 2006 - OCTOBER 2006 AVERAGE
M3	8.2	8.5	8.5	8.4
MI	7.2	7.2	6.3	6.9
Loans to private sector	11.3	11.4	11.2	11.3

Regarding the main components of M3, the annual rate of growth of MI decreased to 6.3% in October 2006, from 7.2% in September. The annual rate of growth of short-term deposits other than overnight deposits increased to 10.8% in October, from 9.9% in the previous month. The annual rate of growth of marketable instruments rose to 10.5% in October, from 9.3% in September.

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 9.0% in October 2006, from 9.4% in September. The annual rate of growth of credit extended to general government decreased to -2.4% in October, from -1.5% in September, while the annual growth of credit extended to the private sector declined to 12.0% in October, from 12.2% in September. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 11.2% in October, from 11.4% in the previous month. The annual growth rate of loans to non-financial corporations increased to 12.9% in October, from 12.7% in September.² The annual growth rate of loans to households decreased to 8.7% in October, from 9.1% in the previous month. The annual rate of growth of lending for house purchase decreased to 10.4% in October, from 11.0% in September. The annual rate of growth of consumer credit declined to 7.7% in October, from 8.3% in September, while the annual growth rate of other lending to households stood at 2.5% in October, unchanged from the previous month. Finally, the annual rate of

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.

growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 17.6% in October, from 17.3% in the previous month.

Over the 12 months up to October 2006, the net external asset position of the euro area MFI sector rose by EUR 47 billion, compared with a rise of EUR 25 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.1% in October, compared with 8.2% in September.

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 November and December 2006 and January and February 2007 is scheduled to take place at 10 am on 29 December 2006 and 26 January, 27 February and 28 March 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 "Money, banking and financial markets" and then "Monetary statistics". The same section contains also longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2006			OCTOBER 2006			AVERAGE AUG-06 OCT-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)	7562	86	8.5	7581	22	8.5	8.4
(1.1) Currency in circulation	563	5	11.0	572	9	11.4	11.3
(1.2) Overnight deposits	3029	16	6.5	3014	-15	5.3	6.1
(1.3) M1 (items 1.1 and 1.2)	3592	20	7.2	3586	-6	6.3	6.9
(1.4) Deposits with agreed maturity up to 2 years	1314	43	21.5	1342	28	24.1	22.2
(1.5) Deposits redeemable at notice up to 3 months	1568	1	1.8	1567	-1	1.4	1.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2882	44	9.9	2909	27	10.8	10.2
(1.7) M2 (items 1.3 and 1.6)	6474	65	8.4	6495	21	8.2	8.3
(1.8) Repurchase agreements	270	14	12.3	256	-13	8.6	8.7
(1.9) Money market fund shares/units	641	6	1.2	637	-1	2.2	1.4
(1.10) Debt securities issued with maturity up to 2 years	177	1	43.6	194	16	55.2	47.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1088	21	9.3	1086	1	10.5	9.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	200	2	11.5	192	-8	7.7	10.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5316	19	8.2	5363	37	8.1	8.2
(3.1) Deposits with agreed maturity over 2 years	1626	11	9.4	1648	21	10.0	9.6
(3.2) Deposits redeemable at notice over 3 months	98	2	10.7	100	2	13.8	10.5
(3.3) Debt securities issued with maturity over 2 years	2328	9	8.1	2340	11	7.5	7.9
(3.4) Capital and reserves	1264	-3	6.5	1276	3	6.3	6.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12809	115	9.4	12888	72	9.0	9.2
(4.1) Credit to general government	2369	-1	-1.5	2358	-8	-2.4	-1.8
of which Loans	829	6	-0.8	831	3	-0.1	-0.6
of which Securities other than shares	1540	-7	-1.9	1527	-12	-3.5	-2.4
(4.2) Credit to other euro area residents	10441	117	12.2	10530	80	12.0	12.0
of which Loans	8998	93	11.4	9055	59	11.2	11.3
of which Securities other than shares	629	11	23.2	642	13	22.3	22.3
of which Shares and other equities	814	14	12.7	833	9	12.8	12.6
(5) <i>Net external assets</i>	503	10	ND	520	12	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-234	-17	ND	-271	-32	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: OCTOBER 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2006			OCTOBER 2006			AVERAGE AUG-06 OCT-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)	7524	90	8.7	7550	30	8.5	8.5
(1.1) Currency in circulation	563	4	11.0	567	4	11.1	11.2
(1.2) Overnight deposits	3016	58	6.9	2996	-20	5.3	6.3
(1.3) M1 (items 1.1 and 1.2)	3580	62	7.5	3563	-16	6.2	7.0
(1.4) Deposits with agreed maturity up to 2 years	1305	36	21.4	1343	38	23.9	22.0
(1.5) Deposits redeemable at notice up to 3 months	1559	-4	1.9	1552	-7	1.4	1.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2864	32	9.9	2895	31	10.7	10.1
(1.7) M2 (items 1.3 and 1.6)	6444	95	8.6	6458	15	8.2	8.4
(1.8) Repurchase agreements	263	-2	12.3	262	-1	8.5	9.0
(1.9) Money market fund shares/units	639	-4	1.3	636	0	2.3	1.4
(1.10) Debt securities issued with maturity up to 2 years	177	1	43.6	194	16	55.2	47.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1080	-4	9.3	1092	15	10.6	9.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	203	18	11.8	192	-11	7.4	10.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5313	21	8.1	5365	42	8.1	8.2
(3.1) Deposits with agreed maturity over 2 years	1617	4	9.4	1636	19	10.0	9.5
(3.2) Deposits redeemable at notice over 3 months	96	1	10.6	98	2	13.6	10.4
(3.3) Debt securities issued with maturity over 2 years	2331	14	8.1	2352	22	7.6	7.9
(3.4) Capital and reserves	1269	1	6.5	1278	-1	6.3	6.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12763	132	9.4	12845	76	9.0	9.2
(4.1) Credit to general government	2359	-4	-1.6	2350	-7	-2.4	-1.8
of which Loans	825	6	-0.7	827	3	-0.1	-0.5
of which Securities other than shares	1534	-10	-2.0	1524	-9	-3.6	-2.4
(4.2) Credit to other euro area residents	10404	136	12.2	10495	82	12.0	12.0
of which Loans	8981	109	11.4	9039	59	11.2	11.3
of which Securities other than shares	621	9	23.1	636	15	22.2	22.3
of which Shares and other equities	802	18	12.9	820	9	12.9	12.6
(5) <i>Net external assets</i>	514	16	ND	535	16	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-238	-18	ND	-273	-31	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: OCTOBER 2006
 DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	AUGUST 2006	SEPTEMBER 2006	OCTOBER 2006
(1) M1	3.5	3.4	3.0
(1.1) <i>of which</i> : Currency	0.8	0.8	0.8
(1.2) <i>of which</i> : Overnight deposits	2.7	2.6	2.2
(2) M2 - M1 (= other short-term deposits)	3.7	3.7	4.0
(3) M3 - M2 (= short-term marketable instruments)	1.0	1.3	1.5
(4) M3 (= items 1, 2 and 3)	8.2	8.5	8.5

a) Discrepancies can be due to rounding.

TABLE 4

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

	SEPTEMBER 2006				OCTOBER 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	3730	51	-1	12.7	3767	38	0	12.9
(1.1) up to 1 year	1108	22	0	10.5	1120	11	0	10.7
(1.2) over 1 year and up to 5 years	683	12	0	20.6	693	11	0	20.1
(1.3) over 5 years	1939	17	0	11.4	1955	16	0	11.7
(2) Loans to households ^{d)}	4461	32	-1	9.1	4482	22	-1	8.7
(2.1) Consumer credit	583	4	0	8.3	584	2	0	7.7
(2.2) Lending for house purchase	3150	25	0	11.0	3169	19	0	10.4
(2.3) Other lending ^{d)}	729	3	-1	2.5	730	1	0	2.5
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	700	23	0	17.3	700	-1	0	17.6
(4) Loans to insurance corporations and pension funds	90	3	0	37.1	89	0	0	29.7

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.