

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2008

The annual rate of growth of M3 decreased to 9.3% in July 2008, from 9.5% in June 2008.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period May 2008 - July 2008 declined to 9.6%, from 10.0% in the period April 2008 - June 2008.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	<b>MAY 2008</b>	<b>JUNE 2008</b>	<b>JULY 2008</b>	<b>MAY 2008 - JULY 2008 AVERAGE</b>
<b>M3</b>	10.0	9.5	9.3	9.6
<b>MI</b>	2.3	1.4	0.5	1.4
<b>Loans to private sector</b>	10.5	9.9	9.4	9.9

Regarding the main components of M3, the annual rate of growth of MI decreased to 0.5% in July, from 1.4% in June. The annual rate of growth of short-term deposits other than overnight deposits increased to 19.6% in July, from 19.0% in the previous month. The annual rate of growth of marketable instruments decreased to 9.2% in July, from 9.8% in June.

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 was 9.1% in July 2008, unchanged from the previous month. The annual rate of growth of credit extended to general government increased to -0.1% in July, from -0.9% in June, while the annual growth of credit extended to the private sector was 11.1% in July, after 11.2% in June. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 9.4% in July, from 9.9% in the previous month. The annual growth rate of loans to non-financial corporations decreased to 13.2% in July, from 13.6% in June.<sup>2</sup> The annual growth rate of loans to households stood at 4.1% in July, compared with 4.2% in the previous month. The annual rate of growth of lending for house purchase was 4.3% in July, after 4.4% in June. The annual rate of growth of consumer credit decreased to 4.4% in July, from 4.9% in June, while the annual growth rate of other lending to households decreased to 2.7% in July, from 2.9% in the previous month.

<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.

<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.

Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 23.6% in July, from 25.5% in the previous month.

Over the 12 months up to July 2008, the net external asset position of the euro area MFI sector decreased by EUR 304 billion, compared with a decline of EUR 288 billion over the 12 months up to June. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 5.2% in July, from 5.7% in June.

#### 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 August, September, October and November 2008 is scheduled to take place at 10 am on 25 September, 27 October, 27 November, and 30 December 2008 respectively.*
- *Data refer to the changing composition of the euro area, i.e. they cover the EU Member States that had adopted the euro at the time to which the statistics relate. Data on outstanding amounts referring to periods up to and including December 2000 therefore cover the initial 11 euro area Member States, Greece is included as of January 2001, Slovenia as of January 2007 and Cyprus and Malta as of January 2008.*
- *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.europa.eu>) 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), estimates for sectoral M3 holdings and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2008			JULY 2008			AVERAGE MAY-08 JUL-08
	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)	9023	34	9.5	9102	74	9.3	9.6
(1.1) Currency in circulation	650	6	8.0	650	0	7.1	7.5
(1.2) Overnight deposits	3188	-24	0.1	3177	-13	-0.8	0.2
(1.3) <b>M1</b> (items 1.1 and 1.2)	3837	-18	1.4	3827	-13	0.5	1.4
(1.4) Deposits with agreed maturity up to 2 years	2292	38	38.7	2385	90	39.1	39.4
(1.5) Deposits redeemable at notice up to 3 months	1537	0	-2.0	1531	-6	-2.1	-2.2
(1.6) Other short term deposits (items 1.4 and 1.5)	3829	38	19.0	3915	83	19.6	19.3
(1.7) <b>M2</b> (items 1.3 and 1.6)	7666	20	9.4	7742	71	9.3	9.6
(1.8) Repurchase agreements	341	24	18.4	346	6	17.2	17.6
(1.9) Money market fund shares/units	728	-12	2.0	727	-3	1.0	2.6
(1.10) Debt securities issued with maturity up to 2 years	288	1	21.6	286	0	22.9	19.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1357	14	9.8	1360	3	9.2	9.6
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	183	2	-8.9	179	-4	-3.8	-9.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6024	20	5.7	6047	21	5.2	5.8
(3.1) Deposits with agreed maturity over 2 years	1833	4	5.5	1834	1	4.6	5.4
(3.2) Deposits redeemable at notice over 3 months	117	-1	-0.8	116	-1	-2.2	-0.8
(3.3) Debt securities issued with maturity over 2 years	2572	9	2.8	2578	4	2.5	2.9
(3.4) Capital and reserves	1502	9	12.1	1519	17	11.5	12.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	14989	55	9.1	15113	125	9.1	9.2
(4.1) Credit to general government	2430	1	-0.9	2440	7	-0.1	-1.0
of which Loans	996	10	2.0	992	-4	1.6	1.4
of which Securities other than shares	1434	-9	-2.7	1448	11	-1.2	-2.4
(4.2) Credit to other euro area residents	12559	54	11.2	12673	118	11.1	11.4
of which Loans	10631	40	9.9	10689	61	9.4	9.9
of which Securities other than shares	1067	20	36.7	1096	28	36.7	37.6
of which Shares and other equities	861	-6	2.6	888	28	6.1	4.2
(5) <i>Net external assets</i>	378	-33	ND	368	-12	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-137	35	ND	-154	-23	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: JULY 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2008			JULY 2008			AVERAGE MAY-08 JUL-08
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	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)	9064	21	9.4	9105	36	9.1	9.6
(1.1) Currency in circulation	652	6	7.6	659	7	7.3	7.6
(1.2) Overnight deposits	3257	37	0.5	3188	-71	-1.0	0.2
(1.3) <b>M1</b> (items 1.1 and 1.2)	3909	44	1.6	3846	-64	0.3	1.4
(1.4) Deposits with agreed maturity up to 2 years	2264	6	38.4	2367	100	39.3	39.6
(1.5) Deposits redeemable at notice up to 3 months	1539	-4	-2.1	1529	-10	-2.1	-2.2
(1.6) Other short term deposits (items 1.4 and 1.5)	3803	2	18.7	3896	90	19.6	19.3
(1.7) <b>M2</b> (items 1.3 and 1.6)	7712	46	9.4	7743	25	9.1	9.6
(1.8) Repurchase agreements	330	-3	18.3	333	3	17.3	17.7
(1.9) Money market fund shares/units	733	-23	2.1	743	8	1.2	2.7
(1.10) Debt securities issued with maturity up to 2 years	288	1	21.6	286	0	22.9	19.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1351	-25	9.8	1362	11	9.2	9.6
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	211	37	-8.8	181	-30	-3.8	-9.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6050	50	5.7	6071	20	5.2	5.8
(3.1) Deposits with agreed maturity over 2 years	1841	8	5.5	1841	-1	4.6	5.5
(3.2) Deposits redeemable at notice over 3 months	116	-1	-0.8	116	-1	-2.2	-0.8
(3.3) Debt securities issued with maturity over 2 years	2587	19	2.8	2589	1	2.5	2.9
(3.4) Capital and reserves	1505	24	12.1	1526	21	11.6	12.2
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15045	45	9.0	15153	109	9.1	9.2
(4.1) Credit to general government	2446	6	-1.0	2447	-2	-0.2	-1.0
of which Loans	994	12	2.0	991	-3	1.5	1.4
of which Securities other than shares	1452	-6	-2.7	1456	1	-1.2	-2.4
(4.2) Credit to other euro area residents	12598	39	11.2	12706	111	11.1	11.4
of which Loans	10660	67	9.8	10724	67	9.4	9.9
of which Securities other than shares	1078	22	36.7	1103	25	36.9	37.6
of which Shares and other equities	861	-50	2.6	879	20	6.1	4.3
(5) <i>Net external assets</i>	386	15	ND	382	-6	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-107	49	ND	-178	-77	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: JULY 2008**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	MAY 2008	JUNE 2008	JULY 2008
(1) <b>M1</b>	1.0	0.6	0.2
(1.1) <i>of which</i> : Currency	0.5	0.6	0.5
(1.2) <i>of which</i> : Overnight deposits	0.5	0.0	-0.3
(2) <b>M2 - M1</b> (= other short-term deposits)	7.5	7.4	7.7
(3) <b>M3 - M2</b> (= short-term marketable instruments)	1.4	1.5	1.4
(4) <b>M3</b> (= items 1, 2 and 3)	10.0	9.5	9.3

a) Discrepancies can be due to rounding.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JULY 2008**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	JUNE 2008				JULY 2008			
	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate	End of month level	Monthly 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>	4670	54	-1	13.6	4719	52	-1	13.2
(1.1) up to 1 year	1365	28	0	12.0	1381	16	0	11.5
(1.2) over 1 year and up to 5 years	925	15	0	19.9	935	11	0	19.0
(1.3) over 5 years	2379	11	-1	12.3	2403	26	0	12.0
(2) <b>Loans to households <sup>d)</sup></b>	4890	5	-1	4.2	4907	18	-1	4.1
(2.1) Consumer credit	635	7	0	4.9	636	1	0	4.4
(2.2) Lending for house purchase	3485	-13	0	4.4	3505	20	0	4.3
(2.3) Other lending <sup>d)</sup>	769	12	-1	2.9	766	-3	0	2.7
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	996	10	0	25.5	996	-2	0	23.6
(4) <b>Loans to insurance corporations and pension funds</b>	104	-2	0	-5.9	101	-2	0	-8.7

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.