



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2000

In May 2000 the annual rate of growth of M3 declined to 5.9%, from 6.5% in April 2000. The three-month average of the annual rates of growth of M3 covering the period from March to May 2000 stood at 6.3%, unchanged from the three-month average covering the period from February to April 2000.

12-month percentage changes	MARCH 2000	APRIL 2000	MAY 2000	MARCH - MAY 2000 AVERAGE
M3	6.4	6.5	5.9	6.3

The month-on-month rise in M3 in May 2000 was EUR 8 billion. Corrected for the estimated seasonal influences, M3 grew by EUR 23 billion relative to April 2000 (see the table below). While M1 (currency in circulation and overnight deposits) remained virtually constant in seasonally adjusted terms, there was a rise in other short-term deposits by EUR 13 billion and in marketable instruments by EUR 10 billion.

Seasonally-adjusted monthly changes	MARCH 2000		APRIL 2000		MAY 2000		MARCH - MAY 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) ⁽¹⁾	37	0.8	15	0.3	23	0.5	25	0.5
Currency in circulation and overnight deposits (items 1.1. and 1.2) ⁽¹⁾ (= M1)	17	0.8	14	0.7	0	0.0	10	0.5
Other short-term deposits (items 1.3 and 1.4) ⁽¹⁾ (= M2-M1)	4	0.2	2	0.1	13	0.6	6	0.3
Marketable instruments (items 1.5 to 1.7) ⁽¹⁾ (= M3-M2)	16	2.3	-1	-0.1	10	1.3	8	1.2

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

In May 2000 the annual rate of growth of M1 declined to 8.6%, from 11.3% in April 2000. This mirrored decreases in the annual growth rates of both currency in circulation (to 4.9%, from 5.5% in April) and overnight deposits (to 9.4%, from 12.6% in April).

The annual rate of change in short-term deposits other than overnight deposits rose to 1.2% in May, from 0.5% in April. This increase reflected a pickup in the annual rate of growth of deposits with agreed maturity up to two years, to 4.7%, from 1.3% in the previous month. By contrast, the annual rate of

change in deposits redeemable at notice up to three months declined further (to -1.2%, from -0.1% in April).

The annual growth rate of marketable instruments included in M3 increased in May to 13.5% (it was 12.7% in April). This reflected divergent developments of the components of this item. On the one hand, the annual rate of change in repurchase agreements increased to 4.7% (from 2.8% in April), and the annual rate of increase in money market fund shares and money market paper rose (to 15.6%, from 13.6% in the previous month). On the other hand, the annual growth rate of debt securities issued with a maturity of up to two years fell (to 25.5%, from 37.3% in April).

Regarding the counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector increased slightly in May, to 7.1%, from 6.9% in the previous month. Among these liabilities, the annual growth rate of deposits with agreed maturity over two years and of debt securities issued with a maturity of over two years increased slightly (respectively to 4.4% and 5.8%, from 4.0% and 5.6% in April). The annual rate of decline in deposits redeemable at notice over three months fell to 0.6%, from 4.6% in the previous month. The annual growth rate of capital and reserves declined slightly, to 14.4%, compared with 14.8% in April.

The annual rate of change in the outstanding amount of central government deposits held with the MFI sector turned negative in May, to -7.0%, from 12.3% in the previous month.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents declined to 7.6% in May, from 8.1% in April 2000. This reflected a lower growth in credit extended to general government (the annual rate of decline in which rose to 2.6%, from 1.2% in the previous month). The annual rate of increase in credit extended to the private sector remained practically stable, at 11.3%, in May.

During May 2000, the net external asset position of the euro area MFI sector decreased by EUR 13 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to May 2000, the net external assets of the MFI sector declined by EUR 167 billion.

More details on the latest monetary data as contained in the Tables 2.1 to 2.4 of the "Euro area statistics" section of the ECB Monthly Bulletin are available on the ECB's Web site (<http://www.ecb.int>) in the "Euro area statistics – download", "Latest monetary and financial statistics" page.

MONETARY DEVELOPMENTS IN THE EURO AREA : MAY 2000

(1)

(non seasonally-adjusted data in EUR billions)

	APRIL 2000			MAY 2000			AVERAGE MAR-00 MAY-00
	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ⁽²⁾							
(1) M3 (= items 1.1 to 1.7)	4931	39	6.5	4931	8	5.9	6.3
(1.1) Currency in circulation	337	3	5.5	337	0	4.9	5.2
(1.2) Overnight deposits	1675	33	12.6	1657	-15	9.4	11.1
(1.3) Deposits with agreed maturity up to 2 years	893	6	1.3	910	19	4.7	2.2
(1.4) Deposits redeemable at notice up to 3 months	1255	-8	-0.1	1246	-9	-1.2	-0.1
(1.5) Repurchase agreements	177	2	2.8	181	4	4.7	1.7
(1.6) Money market fund shares/units and money market paper	506	2	13.6	514	11	15.6	16.2
(1.7) Debt securities issued with maturity up to 2 years	88	0	37.3	86	-1	25.5	34.3
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	130	1	12.3	112	-18	-7.0	0.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3672	23	6.9	3680	13	7.1	7.0
(3.1) Deposits with agreed maturity over 2 years	1163	-1	4.0	1165	1	4.4	4.2
(3.2) Deposits redeemable at notice over 3 months	113	0	-4.6	114	1	-0.6	-3.7
(3.3) Debt securities issued with maturity over 2 years	1486	15	5.6	1490	7	5.8	5.7
(3.4) Capital and reserves	910	10	14.8	912	4	14.4	14.9
(4) <i>External liabilities</i>	2141	37	15.5	2144	24	18.1	15.8
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8450	52	8.1	8483	36	7.6	7.8
(5.1) Credit to general government	2025	-19	-1.2	2009	-12	-2.6	-1.6
Of which Loans	839	2	1.0	833	-6	0.3	0.3
Of which Securities other than shares	1186	-21	-2.8	1176	-6	-4.6	-2.8
(5.2) Credit to other euro area residents	6425	71	11.4	6475	49	11.3	11.2
Of which Loans	5723	54	10.2	5751	26	10.1	10.0
Of which Securities other than shares	242	5	16.8	249	8	17.0	17.1
Of which Shares and other equities	460	13	24.7	474	14	24.0	24.9
(6) <i>External assets</i>	2345	14	3.8	2334	11	7.3	4.6
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	79	34	ND	52	-21	ND	ND

(1) Discrepancies in the table 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. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) 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.

(3) Assets and liabilities of Monetary Financial Institutions (MFIs) vis-à-vis non-MFI euro area residents, including central government.

Note: More details of the latest data, as well as estimates for earlier periods going back to September 1997 may be found on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.