



EUROPEAN CENTRAL BANK

27 November 2003

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2003

The annual rate of growth of M3 increased to 8.0% in October, from 7.6% in September (revised upwards from 7.4%).¹ The three-month average of the annual growth rates of M3 over the period August - October 2003 was 7.9%, compared with 8.1% in the period July - September 2003.

<i>12-month percentage changes; seasonally adjusted</i>	AUGUST 2003	SEPTEMBER 2003	OCTOBER 2003	AUGUST - OCTOBER 2003 AVERAGE
M3	8.2	7.6	8.0	7.9
M1	12.0	11.4	12.5	12.0
Loans to private sector	5.0	5.0	5.1	5.0

Regarding the main components of M3, in October 2003, the annual rate of growth of M1 increased to 12.5%, from 11.4% in September (revised upwards from 11.3%). At the same time, the annual rate of growth of short-term deposits other than overnight deposits declined to 4.2%, from 5.1% in the previous month. The annual rate of growth of marketable instruments increased in October to 7.4%, from 4.6% in September (revised upwards from 4.3%).

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 5.7% in October, from 5.5% in September 2003. While the annual growth rate of credit extended to general government rose to 6.8%, from 5.5% in the previous month, that of credit extended to the private sector declined slightly to 5.4%, from 5.5% in September. Among the components of the latter item, the annual growth rate of loans to the private sector was 5.1% in October, compared with 5.0% in the previous month (revised upwards from 4.9%). Over the 12 months up to October 2003, the net external asset position of the euro area MFI sector rose by EUR 139 billion, compared with a rise by EUR 158 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 5.8% in October, from 5.2% in the previous month.

¹ All rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

Notes

- *The publication of the statistics on monetary developments in November and December 2003 and January and February 2004 is scheduled to take place at 10am on 30 December 2003, 29 January 2004, 26 February 2004 and 26 March 2004, respectively.*
- *The latest monetary data as contained in Tables 2.1 – 2.8 of the ECB Monthly Bulletin can be found on the ECB website (www.ecb.int) at the "Latest monetary, financial markets and balance of payments statistics" item of the Statistics section. 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 at the "Monetary statistics" item of the same section.*

European Central Bank

Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: 0049 69 1344 7455, Fax: 0049 69 1344 7404

Internet: <http://www.ecb.int>

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA : OCTOBER 2003

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2003			OCTOBER 2003			AVERAGE AUG-03 OCT-03
	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)	6057	14	7.6	6125	66	8.0	7.9
(1.1) Currency in circulation	367	7	27.8	372	5	26.1	27.6
(1.2) Overnight deposits	2172	8	9.0	2210	38	10.4	9.7
(1.3) M1 (items 1.1 and 1.2)	2539	15	11.4	2582	43	12.5	12.0
(1.4) Deposits with agreed maturity up to 2 years	1050	-5	-2.7	1046	-4	-4.0	-2.9
(1.5) Deposits redeemable at notice up to 3 months	1579	5	10.9	1584	5	10.4	10.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2629	0	5.1	2630	1	4.2	4.9
(1.7) M2 (items 1.3 and 1.6)	5168	15	8.1	5212	44	8.2	8.3
(1.8) Repurchase agreements	216	-5	-6.7	223	7	-0.5	-3.5
(1.9) Money market fund shares/units	583	2	14.6	592	9	15.3	15.1
(1.10) Debt securities issued with maturity up to 2 years	91	2	-16.0	98	6	-11.8	-14.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	890	-1	4.6	912	23	7.4	6.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	182	19	22.4	158	-25	6.1	12.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4102	16	5.2	4134	33	5.8	5.4
(3.1) Deposits with agreed maturity over 2 years	1230	2	4.6	1235	5	5.0	4.8
(3.2) Deposits redeemable at notice over 3 months	91	-1	-15.2	91	0	-14.4	-14.6
(3.3) Debt securities issued with maturity over 2 years	1773	18	8.0	1799	22	8.9	8.2
(3.4) Capital and reserves	1008	-3	3.4	1009	5	3.5	3.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10255	49	5.5	10301	49	5.7	5.6
(4.1) Credit to general government	2203	20	5.5	2222	24	6.8	5.8
of which Loans	830	-1	1.3	827	-2	1.4	1.4
of which Securities other than shares	1373	21	8.2	1394	26	10.3	8.6
(4.2) Credit to other euro area residents	8053	29	5.5	8080	25	5.4	5.5
of which Loans	7010	16	5.0	7041	32	5.1	5.0
of which Securities other than shares	411	10	15.6	415	4	15.7	16.0
of which Shares and other equities	631	3	6.0	623	-11	3.2	5.0
(5) <i>Net external assets</i>	225	0	ND	235	8	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-139	1	ND	-120	18	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 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 2003

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2003			OCTOBER 2003			AVERAGE AUG-03 OCT-03
	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)	6014	5	7.5	6061	46	8.0	7.9
(1.1) Currency in circulation	365	2	27.4	371	6	26.7	27.7
(1.2) Overnight deposits	2168	43	9.0	2167	-1	9.8	9.6
(1.3) M1 (items 1.1 and 1.2)	2533	45	11.4	2539	5	12.0	11.9
(1.4) Deposits with agreed maturity up to 2 years	1037	-29	-2.7	1049	12	-3.4	-2.7
(1.5) Deposits redeemable at notice up to 3 months	1564	0	10.9	1566	2	10.5	10.8
(1.6) Other short term deposits (items 1.4 and 1.5)	2601	-29	5.0	2615	14	4.4	4.9
(1.7) M2 (items 1.3 and 1.6)	5134	16	8.1	5154	19	8.0	8.3
(1.8) Repurchase agreements	212	-4	-6.7	225	13	0.4	-3.4
(1.9) Money market fund shares/units	577	-8	14.5	584	7	15.4	15.1
(1.10) Debt securities issued with maturity up to 2 years	91	2	-16.0	98	6	-11.8	-14.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	880	-11	4.6	907	27	7.5	6.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	184	21	22.3	166	-18	6.2	12.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4100	20	5.2	4131	32	5.8	5.4
(3.1) Deposits with agreed maturity over 2 years	1226	-1	4.6	1231	5	4.9	4.8
(3.2) Deposits redeemable at notice over 3 months	91	-1	-15.1	91	0	-14.3	-14.5
(3.3) Debt securities issued with maturity over 2 years	1772	20	8.0	1800	25	8.9	8.2
(3.4) Capital and reserves	1011	1	3.4	1009	2	3.6	3.7
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10221	61	5.5	10267	50	5.7	5.6
(4.1) Credit to general government	2192	24	5.5	2210	23	6.8	5.8
of which Loans	821	1	1.3	821	0	1.4	1.4
of which Securities other than shares	1371	23	8.2	1389	22	10.3	8.6
(4.2) Credit to other euro area residents	8028	37	5.5	8057	27	5.5	5.5
of which Loans	6999	34	5.0	7027	28	5.1	5.0
of which Securities other than shares	412	8	15.6	416	4	15.6	15.9
of which Shares and other equities	617	-4	6.3	614	-5	3.5	5.3
(5) <i>Net external assets</i>	247	15	ND	260	11	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-169	-30	ND	-170	-1	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 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 2003
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in percentage points to the M3 annual percentage change ^{a)})

	AUGUST 2003	SEPTEMBER 2003	OCTOBER 2003
(1) M1	4.9	4.6	5.1
(1.1) <i>of which</i> : Currency	1.5	1.5	1.4
(1.2) <i>of which</i> : Overnight deposits	3.4	3.2	3.7
(2) M2 - M1 (= other short-term deposits)	2.4	2.2	1.9
(3) M3 - M2 (= short-term marketable instruments)	0.9	0.7	1.1
(4) M3 (= items 1, 2 and 3)	8.2	7.6	8.0

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.