



EUROPEAN CENTRAL BANK

30 December 2004

## MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2004

The annual rate of growth of M3 increased to 6.0% in November 2004, from 5.8% in October 2004.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period September 2004 - November 2004 was 5.9%, compared with 5.8% in the period August 2004 - October 2004.

12-month percentage changes; seasonally adjusted; end-of-month (trading day) adjusted	SEPTEMBER 2004	OCTOBER 2004	NOVEMBER 2004	SEPTEMBER - NOVEMBER 2004 AVERAGE
<b>M3</b>	6.0	5.8	6.0	5.9
<b>M1</b>	9.7	9.0	9.7	9.5
<b>Loans to private sector</b>	6.5	6.8	6.9	6.7

Regarding the main components of M3, the annual rate of growth of M1 increased to 9.7% in November, from 9.0% in October. The annual rate of growth of short-term deposits other than overnight deposits decreased to 3.2% in November, compared with 3.6% in the previous month. The annual rate of growth of marketable instruments stood at 2.9% in November, compared with 2.8% in October.

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 6.0% in November, compared with 6.1% in October. The annual rate of growth of credit extended to general government decreased to 3.5% in November, from 4.5% in October, while the annual growth of credit extended to the private sector was 6.7% in November, after 6.5% in October. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 6.9% in November, compared with 6.8% in the previous month. The annual growth rate of loans to non-financial corporations stood at 5.2% in November, after 5.1% in October.<sup>2</sup> The annual growth rate of loans to households stood at 7.9% in November, compared with 7.8% in the previous month. The annual rate of growth of lending for house purchase was 9.9% in November, after 9.8% in October. The annual rate of growth of consumer credit increased to 6.5% in November, from 5.9% in October while the annual growth rate of other lending to households decreased to 1.8% in November, from 2.0% in the previous month. Finally, the annual rate of growth of

<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.

loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 10.0% in November, from 9.2% in the previous month.

Over the 12 months up to November, the net external asset position of the euro area MFI sector rose by EUR 123 billion, compared with a rise of EUR 132 billion over the 12 months up to October. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 7.6% in November, compared with 7.7% in October.

#### Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for the previous months.*
- *The publication of the statistics on monetary developments in December 2004 and January, February and March 2005 is scheduled to take place at 10 am on 28 January, 25 February, 30 March and 27 April 2005, 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".*

TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 2004

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2004			NOVEMBER 2004			AVERAGE SEP-04 NOV-04
	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)	6464	40	5.8	6483	26	6.0	5.9
(1.1) Currency in circulation	446	6	19.6	453	7	19.2	19.6
(1.2) Overnight deposits	2435	7	7.2	2454	22	8.2	7.8
(1.3) <b>M1</b> (items 1.1 and 1.2)	2881	14	9.0	2907	29	9.7	9.5
(1.4) Deposits with agreed maturity up to 2 years	1020	18	-2.0	1007	-11	-3.1	-3.1
(1.5) Deposits redeemable at notice up to 3 months	1622	4	7.4	1631	9	7.5	7.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2643	22	3.6	2638	-3	3.2	3.2
(1.7) <b>M2</b> (items 1.3 and 1.6)	5524	36	6.3	5545	26	6.5	6.4
(1.8) Repurchase agreements	225	-2	1.9	225	1	0.2	1.9
(1.9) Money market fund shares/units	623	7	4.4	617	-5	4.7	4.4
(1.10) Debt securities issued with maturity up to 2 years	93	-1	-5.4	96	4	-1.5	0.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	940	4	2.8	938	0	2.9	3.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	197	-6	18.8	179	-18	1.5	10.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4415	25	7.7	4443	34	7.6	7.7
(3.1) Deposits with agreed maturity over 2 years	1328	10	7.4	1343	15	7.9	7.5
(3.2) Deposits redeemable at notice over 3 months	89	1	-2.1	90	0	-1.4	-2.1
(3.3) Debt securities issued with maturity over 2 years	1957	10	10.6	1955	6	9.9	10.5
(3.4) Capital and reserves	1041	3	3.9	1055	12	4.0	3.9
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10911	58	6.1	10964	59	6.0	6.0
(4.1) Credit to general government	2336	1	4.5	2325	-11	3.5	4.5
of which Loans	843	1	1.6	828	-15	-0.1	1.0
of which Securities other than shares	1493	0	6.2	1497	4	5.6	6.5
(4.2) Credit to other euro area residents	8575	57	6.5	8639	69	6.7	6.5
of which Loans	7465	52	6.8	7514	55	6.9	6.7
of which Securities other than shares	450	4	6.3	457	7	6.3	6.6
of which Shares and other equities	659	2	4.2	668	8	4.4	3.8
(5) <i>Net external assets</i>	350	13	ND	345	0	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-184	-12	ND	-203	-16	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: NOVEMBER 2004

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	OCTOBER 2004			NOVEMBER 2004			AVERAGE SEP-04 NOV-04
	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)	6431	60	6.1	6462	38	5.9	6.0
(1.1) Currency in circulation	444	6	19.7	449	4	18.4	19.4
(1.2) Overnight deposits	2422	4	8.1	2465	45	8.2	8.1
(1.3) <b>M1</b> (items 1.1 and 1.2)	2867	10	9.8	2913	49	9.6	9.7
(1.4) Deposits with agreed maturity up to 2 years	1019	27	-2.3	1004	-13	-3.2	-3.2
(1.5) Deposits redeemable at notice up to 3 months	1605	4	7.4	1611	7	7.4	7.5
(1.6) Other short term deposits (items 1.4 and 1.5)	2624	31	3.4	2615	-7	3.0	3.1
(1.7) <b>M2</b> (items 1.3 and 1.6)	5491	41	6.6	5528	43	6.4	6.4
(1.8) Repurchase agreements	231	12	2.6	225	-6	0.6	2.1
(1.9) Money market fund shares/units	617	7	4.5	613	-3	4.6	4.4
(1.10) Debt securities issued with maturity up to 2 years	93	-1	-5.4	96	4	-1.5	0.4
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	940	19	2.9	934	-4	3.0	3.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	197	-7	18.7	184	-14	1.5	10.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4415	24	7.7	4439	29	7.7	7.7
(3.1) Deposits with agreed maturity over 2 years	1322	8	7.4	1337	15	7.9	7.5
(3.2) Deposits redeemable at notice over 3 months	89	1	-2.1	90	1	-1.4	-2.1
(3.3) Debt securities issued with maturity over 2 years	1962	14	10.5	1962	7	10.0	10.5
(3.4) Capital and reserves	1042	1	3.9	1051	6	4.0	4.0
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	10869	55	6.1	10949	85	6.0	6.1
(4.1) Credit to general government	2324	-1	4.5	2327	2	3.5	4.5
of which Loans	834	0	1.5	830	-4	-0.1	1.0
of which Securities other than shares	1490	-1	6.3	1497	6	5.6	6.6
(4.2) Credit to other euro area residents	8545	56	6.5	8622	82	6.7	6.5
of which Loans	7449	48	6.8	7508	65	6.9	6.7
of which Securities other than shares	450	5	6.4	455	6	6.4	6.6
of which Shares and other equities	646	3	4.3	659	12	4.6	4.0
(5) <i>Net external assets</i>	368	20	ND	373	11	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-193	2	ND	-237	-42	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: NOVEMBER 2004**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	SEPTEMBER 2004	OCTOBER 2004	NOVEMBER 2004
(1) <b>M1</b>	4.2	3.9	4.2
(1.1) <i>of which</i> : Currency	1.2	1.2	1.2
(1.2) <i>of which</i> : Overnight deposits	3.0	2.7	3.0
(2) <b>M2 - M1</b> (= other short-term deposits)	1.2	1.5	1.3
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.7	0.4	0.4
(4) <b>M3</b> (= items 1, 2 and 3)	6.0	5.8	6.0

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

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: NOVEMBER 2004**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	OCTOBER 2004				NOVEMBER 2004			
	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
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	3124	19	-1	5.1	3142	21	-1	5.2
(1.1) up to 1 year	960	9	0	1.5	976	16	0	2.6
(1.2) over 1 year and up to 5 years	546	1	0	5.4	546	1	0	5.0
(1.3) over 5 years	1618	9	0	7.3	1620	4	0	6.9
(2) <b>Loans to households <sup>d)</sup></b>	3758	21	-1	7.8	3777	21	-1	7.9
(2.1) Consumer credit	509	2	0	5.9	510	1	0	6.5
(2.2) Lending for house purchase	2554	20	0	9.8	2571	17	0	9.9
(2.3) Other lending <sup>d)</sup>	695	0	0	2.0	697	3	0	1.8
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	511	6	0	9.2	534	24	0	10.0
(4) <b>Loans to insurance corporations and pension funds</b>	55	2	0	9.5	54	-1	0	10.3

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 central government.

d) Includes loans to non-profit institutions serving households.