



EUROPEAN CENTRAL BANK

30 March 2005

MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2005

The annual rate of growth of M3 decreased to 6.4% in February 2005, from 6.6% in January.¹ The three-month average of the annual growth rates of M3 over the period December 2004 - February 2005 rose to 6.5%, from 6.3% in the period November 2004 - January 2005.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	DECEMBER 2004	JANUARY 2005	FEBRUARY 2005	DECEMBER 2004 – FEBRUARY 2005 AVERAGE
M3	6.4	6.6	6.4	6.5
MI	8.4	9.3	9.9	9.2
Loans to private sector	7.0	7.3	7.2	7.2

Regarding the main components of M3, the annual rate of growth of MI increased to 9.9% in February 2005, from 9.3% in January. The annual rate of growth of short-term deposits other than overnight deposits decreased to 4.1% in February, from 4.4% in the previous month. The annual rate of growth of marketable instruments decreased to 2.2% in February, from 4.7% in January.

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 6.6% in February 2005, compared with 6.5% in January. The annual rate of growth of credit extended to general government increased to 3.9% in February, from 3.5% in January, while the annual growth of credit extended to the private sector was 7.3% in February, unchanged from January. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 7.2% in February, compared with 7.3% in the previous month. The annual growth rate of loans to non-financial corporations was 5.7% in February, unchanged from the previous month.² The annual growth rate of loans to households was 8.1%, unchanged from the month before. The annual rate of growth of lending for house purchase stood at 10.1% in February, unchanged from January. The annual rate of growth of consumer credit was 6.4% in February, after 6.5% in January, while the annual growth rate of other lending to households stood at 2.3% in February, compared with 2.4% in the previous month. Finally, the annual rate of growth of loans to non-

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.

monetary financial intermediaries (except insurance corporations and pension funds) decreased to 8.9% in February, from 9.7% in the previous month.

Over the 12 months up to February 2005, the net external asset position of the euro area MFI sector rose by EUR 116 billion, compared with a rise of EUR 114 billion over the 12 months up to January. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 8.6% in February, from 7.9% in January.

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 March, April, May and June 2005 is scheduled to take place at 10 am on 27 April, 31 May, 28 June and 28 July 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: FEBRUARY 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JANUARY 2005			FEBRUARY 2005			AVERAGE DEC-04 FEB-05
	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)	6570	36	6.6	6589	11	6.4	6.5
(1.1) Currency in circulation	468	15	18.5	472	4	18.3	17.9
(1.2) Overnight deposits	2489	48	7.7	2511	23	8.5	7.7
(1.3) M1 (items 1.1 and 1.2)	2957	62	9.3	2983	27	9.9	9.2
(1.4) Deposits with agreed maturity up to 2 years	1030	-10	0.6	1022	-11	0.3	0.4
(1.5) Deposits redeemable at notice up to 3 months	1634	-1	7.0	1640	7	6.7	7.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2664	-11	4.4	2663	-4	4.1	4.3
(1.7) M2 (items 1.3 and 1.6)	5621	51	6.9	5646	23	7.1	6.8
(1.8) Repurchase agreements	230	-14	6.3	219	-11	-1.3	4.9
(1.9) Money market fund shares/units	619	0	4.3	611	-8	2.6	3.5
(1.10) Debt securities issued with maturity up to 2 years	100	-2	3.3	113	7	8.0	7.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	948	-15	4.7	943	-12	2.2	4.2
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	186	-3	3.4	200	13	8.4	6.4
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4491	12	7.9	4526	47	8.6	8.2
(3.1) Deposits with agreed maturity over 2 years	1364	5	8.6	1369	6	8.5	8.5
(3.2) Deposits redeemable at notice over 3 months	90	0	-0.4	90	0	0.4	-0.4
(3.3) Debt securities issued with maturity over 2 years	1990	8	9.8	2010	31	11.1	10.5
(3.4) Capital and reserves	1047	-2	4.4	1056	10	4.9	4.6
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11072	87	6.5	11128	57	6.6	6.3
(4.1) Credit to general government	2323	28	3.5	2340	18	3.9	3.2
of which Loans	833	7	0.3	828	-5	0.2	-0.1
of which Securities other than shares	1491	21	5.4	1512	23	6.1	5.2
(4.2) Credit to other euro area residents	8749	59	7.3	8788	39	7.3	7.2
of which Loans	7599	48	7.3	7629	31	7.2	7.2
of which Securities other than shares	473	4	9.1	477	4	10.3	9.2
of which Shares and other equities	677	8	6.1	681	3	6.1	5.8
(5) <i>Net external assets</i>	380	-3	ND	397	18	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-205	-40	ND	-210	-4	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: FEBRUARY 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JANUARY 2005			FEBRUARY 2005			AVERAGE DEC-04 FEB-05
	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)	6573	8	6.6	6589	7	6.3	6.4
(1.1) Currency in circulation	460	-8	18.2	464	4	17.8	17.9
(1.2) Overnight deposits	2497	22	8.2	2499	2	8.5	7.7
(1.3) M1 (items 1.1 and 1.2)	2957	14	9.7	2962	6	9.8	9.2
(1.4) Deposits with agreed maturity up to 2 years	1017	-29	-0.2	1015	-5	-0.1	0.1
(1.5) Deposits redeemable at notice up to 3 months	1654	11	6.9	1657	3	6.7	7.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2671	-18	4.1	2672	-2	4.0	4.3
(1.7) M2 (items 1.3 and 1.6)	5629	-4	7.0	5635	4	7.0	6.8
(1.8) Repurchase agreements	228	0	6.2	226	-2	-1.1	4.9
(1.9) Money market fund shares/units	617	14	4.3	616	-2	2.7	3.5
(1.10) Debt securities issued with maturity up to 2 years	100	-2	3.3	113	7	8.0	7.3
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	945	12	4.6	955	3	2.3	4.2
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	181	17	3.4	210	30	8.5	6.1
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4493	11	7.9	4527	46	8.6	8.2
(3.1) Deposits with agreed maturity over 2 years	1366	4	8.6	1373	8	8.5	8.5
(3.2) Deposits redeemable at notice over 3 months	91	0	-0.4	91	0	0.4	-0.4
(3.3) Debt securities issued with maturity over 2 years	1984	7	9.9	2006	33	11.1	10.5
(3.4) Capital and reserves	1052	1	4.4	1055	5	5.0	4.6
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11062	98	6.5	11121	60	6.6	6.3
(4.1) Credit to general government	2320	43	3.5	2341	23	3.9	3.2
of which Loans	840	5	0.3	831	-9	0.2	-0.1
of which Securities other than shares	1480	38	5.4	1510	32	6.1	5.2
(4.2) Credit to other euro area residents	8742	55	7.3	8780	37	7.3	7.2
of which Loans	7593	40	7.2	7618	26	7.2	7.2
of which Securities other than shares	470	3	9.2	480	10	10.3	9.2
of which Shares and other equities	679	12	6.1	682	1	6.0	5.9
(5) <i>Net external assets</i>	382	-21	ND	392	11	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-197	-41	ND	-187	12	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: FEBRUARY 2005

DATA ADJUSTED FOR SEASONAL EFFECTS
(contributions in terms of the M3 annual percentage change ^{a)})

	DECEMBER 2004	JANUARY 2005	FEBRUARY 2005
(1) M1	3.7	4.1	4.3
(1.1) <i>of which</i> : Currency	1.1	1.2	1.2
(1.2) <i>of which</i> : Overnight deposits	2.6	2.9	3.2
(2) M2 - M1 (= other short-term deposits)	1.9	1.8	1.7
(3) M3 - M2 (= short-term marketable instruments)	0.9	0.7	0.3
(4) M3 (= items 1, 2 and 3)	6.4	6.6	6.4

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: FEBRUARY 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS
(EUR billions and annual percentage changes ^{a)})

	JANUARY 2005				FEBRUARY 2005			
	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	3172	16	-3	5.7	3174	2	-1	5.7
(1.1) up to 1 year	982	6	-1	2.9	982	-2	-1	3.4
(1.2) over 1 year and up to 5 years	559	10	0	7.9	555	-4	0	6.9
(1.3) over 5 years	1632	0	-1	6.7	1637	8	0	6.7
(2) Loans to households ^{d)}	3821	18	-2	8.1	3838	16	-2	8.1

(2.1) Consumer credit	514	0	-1	6.5	514	0	0	6.4
(2.2) Lending for house purchase	2607	15	-1	10.1	2621	15	0	10.1
(2.3) Other lending ^{d)}	700	2	-1	2.4	703	2	-1	2.3
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	543	-1	0	9.7	547	4	0	8.9
(4) Loans to insurance corporations and pension funds	56	7	0	16.5	59	4	0	25.5

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.