



EUROPEAN CENTRAL BANK

EUROSYSTEM

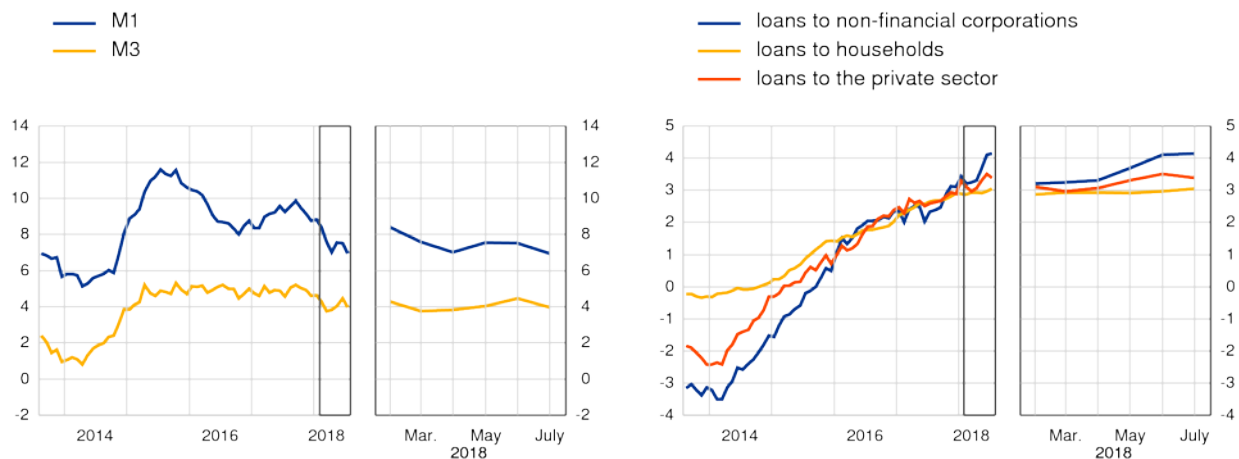
PRESS RELEASE

28 August 2018

Monetary developments in the euro area: July 2018

- Annual growth rate of broad monetary aggregate M3 decreased to 4.0% in July 2018 from 4.5% in June (revised from 4.4%)
- Annual growth rate of narrower aggregate M1, comprising currency in circulation and overnight deposits, decreased to 6.9% in July from 7.5% in June
- Annual growth rate of adjusted loans to households stood at 3.0% in July, unchanged from previous month
- Annual growth rate of adjusted loans to non-financial corporations stood at 4.1% in July, unchanged from previous month

Monetary aggregates and adjusted loans to the private sector (annual growth rates)



Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 4.0% in July 2018 from 4.5% in June, averaging 4.1% in the three months up to July. The components of M3 showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, decreased to 6.9% in July from 7.5% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -1.1% in July, compared with -0.9% in June. The annual growth rate of marketable instruments (M3-M2) was -3.1% in July, compared with -2.0% in June.

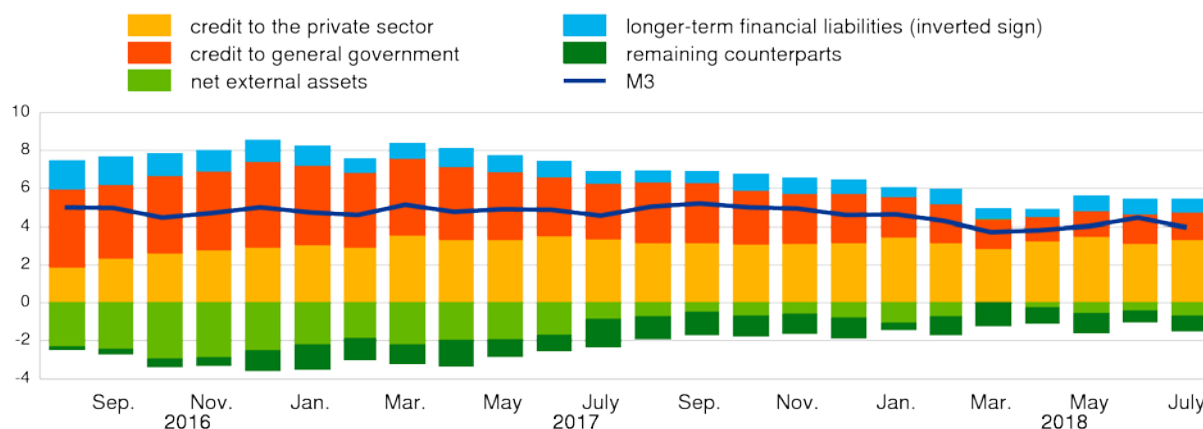
Looking at the components' contributions to the annual growth rate of M3, the narrower aggregate M1 contributed 4.5 percentage points (down from 4.8 percentage points in June), short-term deposits other

than overnight deposits (M2-M1) contributed -0.3 percentage point (as in the previous month) and marketable instruments (M3-M2) contributed -0.2 percentage point (down from -0.1 percentage point). From the holding sector perspective, the annual growth rate of M3 deposits placed by households increased to 4.7% in July from 4.5% in June, while the annual growth rate of M3 deposits placed by non-financial corporations decreased to 4.4% in July from 4.9% in June. Finally, the annual growth rate of M3 deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 1.9% in July from 6.7% in June.

Counterparts of the broad monetary aggregate M3

As a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 (counterparts of M3), the annual growth rate of M3 in July 2018 can be broken down as follows: credit to the private sector contributed 3.3 percentage points (up from 3.2 percentage points in June), credit to general government contributed 1.4 percentage points (down from 1.5 percentage points), longer-term financial liabilities contributed 0.7 percentage point (down from 0.8 percentage point), net external assets contributed -0.7 percentage point (down from -0.4 percentage point), and the remaining counterparts of M3 contributed -0.8 percentage point (down from -0.6 percentage point).

Contribution of the M3 counterparts to the annual growth rate of M3 (percentage points)



Credit to euro area residents

As regards the dynamics of credit, the annual growth rate of total credit to euro area residents stood at 3.2% in July 2018, compared with 3.1% in the previous month. The annual growth rate of credit to general government decreased to 3.7% in July from 3.9% in June, while the annual growth rate of credit to the private sector increased to 3.0% in July from 2.8% in June.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.4% in July, compared with 3.5% in June. Among the borrowing sectors, the annual growth rate of adjusted loans to households stood at 3.0% in July, unchanged from the previous month, and the annual growth rate of adjusted loans to non-financial corporations stood at 4.1% in

July, also unchanged from the previous month.

Notes:

- Data in this press release are adjusted for seasonal and end-of-month calendar effects, unless stated otherwise.
- "Private sector" refers to euro area non-MFIs excluding general government.
- Further tables, statistical data and methodological notes, as well as the release calendar, are available on the ECB's website at <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>
- A set of tables showing euro area monetary developments and MFI balance sheets for the euro area and euro area countries, together with a user-friendly facility for downloading data, is available from the ECB's Statistical Data Warehouse at <http://sdw.ecb.europa.eu/reports.do?node=1000003503>

1 Monetary developments in the euro area: July 2018

(EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2018	May 2018	Jun 2018	Jul 2018	May 2018	Jun 2018	Jul 2018
COMPONENTS OF M3							
1. M3	12130	70	94	-12	4.0	4.5	4.0
1.1. M2	11486	94	85	-6	4.6	4.8	4.4
1.1.1. M1	8050	91	60	10	7.5	7.5	6.9
Currency in circulation	1136	6	5	2	3.2	3.5	3.6
Overnight deposits	6913	85	55	8	8.3	8.2	7.5
1.1.2. Other short-term deposits (M2 - M1)	3436	3	25	-16	-1.7	-0.9	-1.1
Deposits with an agreed maturity of up to two years	1158	1	21	-24	-7.6	-5.3	-6.5
Deposits redeemable at notice of up to three months	2277	2	4	8	1.7	1.7	1.9
1.2. Marketable instruments (M3 - M2)	644	-24	9	-6	-5.1	-2.0	-3.1
Repurchase agreements	67	-7	3	-7	-3.6	5.2	-2.1
Money market fund shares	511	-6	3	4	-2.9	-1.3	-1.3
Debt securities issued with a maturity of up to two years	66	-11	4	-3	-20.9	-13.0	-16.1
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	353	-20	-11	34	5.9	5.7	10.2
3. Longer-term financial liabilities vis-a-vis other euro area residents	6691	-39	-14	11	-1.3	-1.4	-1.1
3.1. Deposits with an agreed maturity of over two years	1955	-8	-1	5	-3.6	-3.2	-2.5
3.2. Deposits redeemable at notice of over three months	58	0	0	-1	-10.3	-10.8	-10.4
3.3. Debt securities issued with a maturity of over two years	2012	-7	-10	-5	-2.4	-2.7	-2.9
3.4. Capital and reserves	2667	-24	-3	12	1.6	1.3	1.5
MFI assets:							
4. Credit to euro area residents	17952	82	0	84	3.2	3.1	3.2
4.1. Credit to general government	4618	26	14	27	3.4	3.9	3.7
Loans	1010	1	-5	-6	-3.6	-3.9	-3.9
Debt securities	3594	24	19	33	5.6	6.4	6.1
Equity ^{c)}	14	0	0	0	1.1	2.4	1.6
4.2. Credit to the private sector ^{d)}	13334	56	-13	57	3.2	2.8	3.0
Loans ^{e)}	11025	48	-7	35	3.1	2.9	3.0
Adjusted loans ^{f)}	11351	52	39	25	3.3	3.5	3.4
Debt securities	1520	6	7	23	4.6	4.8	5.0
Equity and non-money market fund investment fund shares	789	2	-14	-1	2.0	-1.3	-1.0
5. Net external assets	849	-52	22	0	-	-	-
6. Other counterparts of M3 (residual)	373	-20	46	-50	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	184	30	-3	10	-6.8	-3.6	22.5
6.2. Reverse repos to central counterparties (assets) ^{c)}	194	34	-3	9	-11.5	-17.3	24.6

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.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

M3 comprises liabilities of MFIs and specific units of central government (post offices, treasury) vis-à-vis non-MFI euro area residents excluding central government.

b) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

c) The series is not adjusted for seasonal effects.

d) Private sector refers to euro area non-MFIs excluding general government.

e) For further breakdowns see Table 4.

f) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

2 Contributions to the M3 annual growth rate: July 2018

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects ^{a)})

	May 2018	Jun 2018	Jul 2018
COMPONENTS OF M3			
1. M1	4.8	4.8	4.5
1.1. Currency in circulation	0.3	0.3	0.3
1.2. Overnight deposits	4.5	4.5	4.1
2. M2 - M1 (other short-term deposits)	-0.5	-0.3	-0.3
3. M3 - M2 (marketable instruments)	-0.3	-0.1	-0.2
COUNTERPARTS OF M3			
4. Credit to the private sector	3.5	3.2	3.3
5. Credit to general government	1.3	1.5	1.4
6. Net external assets	-0.6	-0.4	-0.7
7. Longer-term financial liabilities (inverted sign) ^{b)}	0.8	0.8	0.7
8. Remaining counterparts	-1.0	-0.6	-0.8
M3 (sum of items 1 to 3, or items 4 to 8)	4.0	4.5	4.0

a) Figures may not add up due to rounding.

b) Longer-term financial liabilities vis-a-vis euro area residents excluding central government.

3 Breakdown of deposits in M3 by holding sector and type: July 2018 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2018	May 2018	Jun 2018	Jul 2018	May 2018	Jun 2018	Jul 2018
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	10416	81	82	-15	4.7	5.0	4.4
1. Deposits placed by households ^{b)}	6491	25	30	28	4.2	4.5	4.7
1.1. Overnight deposits	3893	27	27	24	8.5	8.6	8.7
1.2. Deposits with an agreed maturity of up to two years	533	-4	0	-3	-11.7	-10.8	-10.4
1.3. Deposits redeemable at notice of up to three months	2063	2	4	7	1.7	1.8	2.0
1.4. Repurchase agreements	2	0	0	1	-48.3	-54.2	-13.9
2. Deposits placed by non-financial corporations	2296	21	2	-2	5.7	4.9	4.4
2.1. Overnight deposits	1862	23	-7	6	8.7	7.2	6.8
2.2. Deposits with an agreed maturity of up to two years	270	-2	9	-8	-8.2	-5.2	-7.1
2.3. Deposits redeemable at notice of up to three months	156	1	0	0	-0.9	-1.2	-1.0
2.4. Repurchase agreements	7	-1	0	1	7.1	6.8	20.6
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	990	29	40	-34	3.7	6.7	1.9
3.1. Overnight deposits	725	28	35	-21	5.3	8.2	3.1
3.2. Deposits with an agreed maturity of up to two years	202	7	4	-9	3.1	5.6	1.4
3.3. Deposits redeemable at notice of up to three months	27	-1	0	2	13.5	10.4	17.3
3.4. Repurchase agreements ^{c)}	36	-5	1	-6	-19.8	-11.5	-22.2
4. Deposits placed by insurance corporations and pension funds	217	6	3	-4	11.6	13.0	11.8
5. Deposits placed by other general government	423	0	8	-3	4.5	5.6	3.2

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.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

b) Includes deposits by non-profit institutions serving households.

c) Excludes repurchase agreements with central counterparties.

4 Breakdown of private sector loans by borrowing sector, type and original maturity: July 2018 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2018	May 2018	Jun 2018	Jul 2018	May 2018	Jun 2018	Jul 2018
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	5677	11	13	19	3.1	3.0	3.3
<i>Adjusted loans ^{c)}</i>	5956	14	16	17	2.9	3.0	3.0
1.1. Credit for consumption	675	5	1	6	7.2	7.2	7.3
1.2. Lending for house purchase	4287	6	17	12	3.0	3.1	3.4
1.3. Other lending	715	0	-5	1	-0.5	-1.2	-0.7
<i>of which: sole proprietors</i>	370	0	-2	1	-1.3	-1.8	-1.4
2. Loans to non-financial corporations	4383	27	-26	30	2.8	2.5	3.0
<i>Adjusted loans ^{c)}</i>	4443	25	10	22	3.7	4.1	4.1
2.1. up to 1 year	998	6	-25	13	3.5	1.2	2.6
2.2. over 1 year and up to 5 years	833	5	5	6	4.7	5.5	5.5
2.3. over 5 years	2552	15	-6	12	1.9	2.1	2.3
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	845	8	7	-14	3.8	3.3	1.2
<i>Adjusted loans ^{c)}</i>	847	10	15	-13	3.9	4.0	1.9
4. Loans to insurance corporations and pension funds	121	3	0	0	8.1	6.8	5.6
<i>Adjusted loans ^{c)}</i>	106	3	-2	-1	5.7	3.6	3.1

a) Figures may not add up due to rounding.

Monthly flows refer to differences in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions. Data refer to loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding general government.

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

c) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

d) Excludes reverse repos to central counterparties.