



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2000

In December 2000 the annual rate of growth of M3 declined to 4.9%, from 5.0% in the previous month (the latter figure was revised upwards from 4.9%). The three-month average of the annual rates of growth of M3 covering the period from October to December 2000 decreased to 5.0%, from 5.1% in the period from September to November 2000.

12-month percentage changes	OCTOBER 2000	NOVEMBER 2000	DECEMBER 2000	OCTOBER – DECEMBER 2000 AVERAGE
M3	5.2	5.0	4.9	5.0

On a month-to-month basis, M3 increased by EUR 80 billion in December 2000. Corrected for the estimated seasonal influences, M3 rose by EUR 4 billion relative to November 2000 (see the table below). This reflected divergent developments in the main components. On the one hand, marketable instruments increased significantly, by EUR 14 billion. On the other hand, short-term deposits other than overnight deposits fell by EUR 12 billion. The components of M1 increased by EUR 2 billion.

Seasonally-adjusted monthly changes	OCTOBER 2000		NOVEMBER 2000		DECEMBER 2000		OCTOBER – DECEMBER 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items I.1 to I.7) ⁽¹⁾	25	0.5	22	0.4	4	0.1	17	0.3
Currency in circulation and overnight deposits (items I.1 and I.2) ⁽¹⁾ (= M1)	4	0.2	4	0.2	2	0.1	3	0.2
Other short-term deposits (items I.3 and I.4) ⁽¹⁾ (= M2-M1)	6	0.3	10	0.5	-12	-0.6	1	0.1
Marketable instruments (items I.5 to I.7) ⁽¹⁾ (= M3-M2)	16	2.0	7	0.9	14	1.7	12	1.5

(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 December 2000, the annual rate of growth of M1 increased to 5.5%, from 5.0% in the previous month. This was due to a rise in the annual growth rate of overnight deposits (to 6.9%, from 5.6% in November). By contrast, the annual rate of change in currency in circulation turned negative, to -0.7%, from 2.0% in November.

The annual rate of increase of short-term deposits other than overnight deposits declined to 1.9% in December, from 2.5% in November. This reflected a decline in the annual rate of growth of deposits with an agreed maturity of up to two years to 12.4%, from 13.7% in the previous month, and a slight decrease in the annual rate of change in deposits redeemable at a period of notice up to three months, to -5.3%, from -5.1% in November.

The annual rate of growth of marketable instruments included in M3 rose to 12.7% in December, from 12.3% in November. This reflected divergent movements in the main components of this item. The annual rate of growth of repurchase agreements increased to 21.5% in December, from 9.3% in the previous month. By contrast, the annual growth rate of money market fund shares/units and money market paper fell to 7.7% (from 9.9% in the previous month). Moreover, the annual rate of growth of debt securities issued with a maturity of up to two years declined to 23.9%, from 31.8% in the previous month.

Regarding the counterparts of M3, the annual rate of growth in longer-term financial liabilities of the MFI sector declined in December to 4.5%, from 6.2% in November. This mainly reflected a decrease in the annual growth rate of the item capital and reserves, to 9.2%, from 16.3% in the previous month. By contrast, the annual growth rate of the other main components of this item displayed little change compared with the previous month, standing for deposits redeemable at a period of notice of over three months at 12.5%, for debt securities issued with a maturity of over two years at 4.6%, and for deposits with an agreed maturity of over two years at 0.0%.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector remained practically unchanged in December, at 15.7%.

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 rose to 6.3% in December, from 5.9% in November. This reflected a rise in the annual rate of change in credit to general government to -5.8%, from -6.8% in the previous month. The annual rate of growth of credit extended to the private sector remained unchanged at 10.3%.

In December 2000, the net external asset position of the euro area MFI sector increased by EUR 8 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to December 2000, the net external assets of the MFI sector decreased by EUR 108 billion, compared to a decrease of EUR 107 billion recorded over the 12 months up to November 2000.

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. The data reported in this press release refers to the euro area as at December 2000, i.e. Greek data are not included. Greek data will be officially included in the monetary developments for periods from January 2001 onwards.

MONETARY DEVELOPMENTS IN THE EURO AREA : DECEMBER 2000 ⁽¹⁾

(non seasonally-adjusted data in EUR billions)

	NOVEMBER 2000			DECEMBER 2000			AVERAGE OCT-00 DEC-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)	5013	40	5.0	5080	80	4.9	5.0
(1.1) Currency in circulation	337	0	2.0	347	11	-0.7	1.2
(1.2) Overnight deposits	1675	20	5.6	1727	56	6.9	6.3
(1.3) Deposits with agreed maturity up to 2 years	984	15	13.7	992	12	12.4	12.6
(1.4) Deposits redeemable at notice up to 3 months	1202	-9	-5.1	1221	19	-5.3	-5.0
(1.5) Repurchase agreements	174	3	9.3	175	2	21.5	13.0
(1.6) Money market fund shares/units and money market paper	542	1	9.9	511	-29	7.7	10.7
(1.7) Debt securities issued with maturity up to 2 years	99	10	31.8	107	10	23.9	25.1
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	169	-4	15.4	164	-4	15.7	19.5
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3822	3	6.2	3785	-18	4.5	5.8
(3.1) Deposits with agreed maturity over 2 years	1164	-6	0.3	1169	8	0.0	0.6
(3.2) Deposits redeemable at notice over 3 months	124	3	12.6	126	2	12.5	11.8
(3.3) Debt securities issued with maturity over 2 years	1545	-6	4.6	1533	-2	4.6	4.9
(3.4) Capital and reserves	989	12	16.3	957	-27	9.2	13.6
(4) <i>External liabilities</i>	2228	8	9.0	2148	-10	13.8	11.1
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8719	55	5.9	8743	45	6.3	6.2
(5.1) Credit to general government	1939	6	-6.8	1921	-16	-5.8	-6.3
Of which Loans	827	7	-2.7	835	8	-1.0	-1.9
Of which Securities other than shares	1112	-1	-9.6	1087	-24	-9.2	-9.4
(5.2) Credit to other euro area residents	6780	49	10.3	6822	61	10.3	10.5
Of which Loans	6057	42	9.3	6091	51	9.5	9.6
Of which Securities other than shares	265	0	17.8	266	1	16.7	18.9
Of which Shares and other equities	458	7	19.4	464	8	16.6	18.8
(6) <i>External assets</i>	2469	8	3.0	2388	-2	6.8	4.5
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	43	-16	ND	46	5	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.