



EUROPEAN CENTRAL BANK

26 July 2001

## MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2001

The annual rate of growth of M3 in June was 6.1%, up from 5.1% in May. 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>1</sup> The three-month average of the annual growth rates of M3 over the period April-June 2001 increased to 5.3%, from 4.8% during the period March-May 2001. The rise in the annual rate of growth of M3 was partly related to a base effect, as the monthly decline in M3 in June 2000 is no longer included in the calculation of the annual rate of growth.

12-month percentage changes	APRIL 2001	MAY 2001	JUNE 2001	APRIL 2001 – JUNE 2001 AVERAGE
M3	4.6	5.1	6.1	5.3

As pointed out previously, there are indications that the data for M3 are distorted upwards by non-resident holdings of money market paper and debt securities issued with a maturity up to two years issued by MFIs. Preliminary indications suggest that these holdings may have contributed by around three-quarters of a percentage point to annual M3 growth.

In June, the annual rate of growth of M1 increased to 3.8%, from 2.9% in the previous month. This increase reflected divergent developments in the two components of M1. While the annual rate of growth of overnight deposits increased strongly (5.6% in June, compared with 4.3% in the previous month), the rate of decline in currency in circulation became more pronounced (4.7%, compared with 3.9% in May).

The annual rate of growth of the short-term deposits other than overnight deposits increased to 4.6% in June, from 4.1% in the previous month. This increase reflected the moderation in the (non-seasonally adjusted) annual rate of decline in deposits redeemable at a period of notice of up to three months (-1.0%, compared with -2.3% in the previous month). Over the same period, the (non-seasonally adjusted) annual rate of growth of deposits with an agreed maturity of up to two years decreased slightly to 12.4% (from 12.7% in May).

---

<sup>1</sup> From this press release onwards, the ECB will calculate annual growth rates for currency in circulation, overnight deposits, M1, short-term deposits other than overnight deposits, M2, marketable instruments, and M3 on the basis of seasonally adjusted monthly stocks and flows. The adjustment includes an estimate for end-of-month calendar effects. (See also the note at the end of this press release.)

The annual rate of growth of marketable instruments included in M3 (and excluding holdings of money market fund shares/units by non-euro area residents) rose to 17.3%, from 14.8% in May. This increase mirrored higher (non-seasonally adjusted) annual rates of growth across all its components: repurchase agreements (21.7%, up from 17.3% in May), money market fund shares/units and money market paper (7.4%, compared with 6.7% in the previous month) and debt securities issued with a maturity of up to two years (57.9%, up from 49.3% in May).

Regarding the counterparts of M3, in June the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 3.3% (from 3.6% in the previous month). This reflected lower annual rates of change of deposits redeemable at a period of notice of over three months (5.9%, compared with 7.5% in the previous month) and of debt securities issued with a maturity of over two years (4.1%, from 4.6% in May). The annual rates of change of deposits with an agreed maturity of over two years and capital and reserves remained at -0.3% and 6.4%, respectively, in June.

The (non-seasonally adjusted) annual growth rate of deposits of central government held with the MFI sector declined to 11.7% in June, from 27.8% in the previous month.

On the asset side of the consolidated balance sheet of the MFI sector, in June the (non-seasonally adjusted) annual growth rate of total credit granted to euro area residents increased to 6.1%, from 5.9% in the previous month. This development mirrored a less pronounced annual decline in credit to general government (-1.5% in June, compared to -2.7% in the previous month). By contrast, the annual rate of growth of credit extended to the private sector fell further to 8.4%, from 8.6% in May, reflecting a decline in the annual rate of change in loans to the private sector (7.8%, compared with 8.0% in May).

In June 2001, the net external asset position of the euro area MFI sector increased by EUR 41 billion, in absolute and non-seasonally adjusted terms. However, over the 12 months up to June, the net external assets of the MFI sector decreased by EUR 137 billion, compared to a decline of EUR 92 billion over the 12 months up to May 2001.

#### Notes

- *From this press release onwards, the release dates for the ECB's monthly monetary statistics will be announced for the three months ahead, on a rolling basis. Thus, the publication of the monetary developments for July 2001, August 2001 and September 2001 is scheduled on 28 August 2001, 27 September 2001 and 26 October 2001, respectively.*
- *From this press release onwards, the annual rates of growth for currency in circulation, overnight deposits, M1, short-term deposits other than overnight deposits (M2 - M1), M2, marketable instruments (M3 - M2), and M3 will be calculated on the basis of data adjusted for seasonal and end-of-month calendar effects. Through this procedure the annual growth rates reflect underlying patterns in a more accurate way than the*

annual growth rates based on unadjusted data. When the ECB first published monetary statistics, no sufficiently reliable and stable seasonally adjusted data were available. In the meantime, the ECB has developed the methodology for calculating these data (see ECB, *Seasonal adjustment of monetary aggregates and Consumer Price Indices (HICP) for the euro area, August 2000*) and now regards their quality to have been sufficiently tested. For further items of the consolidated balance sheet of the MFI sector, annual rates of growth calculated on the basis of seasonally and calendar adjusted data are under development.

- Using euro area-11 plus Greece figures throughout 2000, the (non-seasonally adjusted) annual rate of growth of M3 in June 2001 was 6.3%, compared to 5.4% in the previous month. The three-month average of the annual rates of growth of M3 covering the period from April to June 2001 was 5.5%, up from 5.0% for the period March-May 2001.
- 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. Data cover the Member States comprising the euro area at the time referred to, i.e. the 11 Member States up to December 2000 and the 12 Member States from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the "Technical Notes" of the section "Euro Area Statistics" in the ECB Monthly Bulletin.

## MONETARY DEVELOPMENTS IN THE EURO AREA : JUNE 2001

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

	MAY 2001			JUNE 2001			AVERAGE APR-01 JUN-01
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
<b>Seasonally and calendar effect adjusted data</b>							
(1) <b>M3</b> (= items 1.3, 1.4 and 1.6) <sup>b)</sup>	5258	33	5.1	5291	34	6.1	5.3
(1.1) Currency in circulation	333	-3	-3.9	331	-2	-4.7	-3.7
(1.2) Overnight deposits	1752	24	4.3	1759	7	5.6	4.0
(1.3) M1 (= items 1.1 and 1.2)	2085	21	2.9	2090	5	3.8	2.7
(1.4) Other short-term deposits <sup>c)</sup>	2344	-1	4.1	2357	14	4.6	4.5
(1.5) M2 (= items 1.3 and 1.4)	4429	20	3.5	4447	19	4.3	3.7
(1.6) Marketable instruments <sup>d)</sup>	830	14	14.8	844	15	17.3	15.2
<b>Data unadjusted for seasonal and calendar effects</b>							
<b>COMPONENTS OF M3 <sup>b)</sup></b>							
(2) M3 (= items 2.1 to 2.7)	5288	33	5.3	5330	43	6.3	5.4
(2.1) Currency in circulation	332	-3	-3.8	332	0	-4.7	-3.8
(2.2) Overnight deposits	1759	20	4.6	1796	37	6.0	4.4
(2.3) Deposits with agreed maturity up to 2 years	1072	-3	12.7	1069	-3	12.4	13.5
(2.4) Deposits redeemable at notice up to 3 months	1273	0	-2.3	1283	10	-1.0	-2.1
(2.5) Repurchase agreements	237	12	17.3	227	-10	21.7	17.0
(2.6) Money market fund shares/units <sup>e)</sup> and money market paper	480	2	6.7	478	-2	7.4	7.4
(2.7) Debt securities issued with maturity up to 2 years	134	6	49.3	144	11	57.9	49.0
<b>COUNTERPARTS OF M3 <sup>f)</sup></b>							
<b>MFI liabilities:</b>							
(3) <i>Deposits of central government</i>	147	-6	27.8	164	18	11.7	18.1
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3818	4	3.6	3849	27	3.3	3.6
(4.1) Deposits with agreed maturity over 2 years	1170	1	-0.3	1169	-1	-0.3	-0.3
(4.2) Deposits redeemable at notice over 3 months	123	-2	7.5	123	0	5.9	8.0
(4.4) Debt securities issued with maturity over 2 years	1585	-4	4.6	1590	8	4.1	4.7
(4.4) Capital and reserves	940	9	6.4	967	20	6.4	6.2
(5) <i>External liabilities</i>	2622	15	13.7	2596	-23	16.9	15.1
<b>MFI assets:</b>							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9251	44	5.9	9272	27	6.1	5.9
(6.1) Credit to general government	2031	27	-2.7	2035	6	-1.5	-3.0
of which Loans	839	-6	-1.4	838	-2	-1.6	-1.5
of which Securities other than shares	1191	32	-3.7	1198	8	-1.6	-4.1
(6.2) Credit to other euro area residents	7220	17	8.6	7237	21	8.4	8.7
of which Loans	6333	9	8.0	6380	52	7.8	8.1
of which Securities other than shares	300	6	25.1	302	2	25.6	25.6
of which Shares and other equities	587	1	7.2	555	-33	7.5	8.1
(7) <i>External assets</i>	2669	5	9.1	2690	18	9.5	9.3
<b>Other counterparts of M3 (residual)</b>							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-44	-2	ND	-24	19	ND	ND

a) 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. These include the Eurosystem, credit institutions and money market funds located in the euro area at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the Technical Notes of the section "Euro area statistics" in the ECB Monthly Bulletin.

b) 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.

c) Deposits with agreed maturity up to 2 years and deposits redeemable at notice up to 3 months.

d) Repurchase agreements, money market fund shares/units (excluding holdings by non-residents of the euro area), money market paper and debt securities issued with maturity up to 2 years.

e) Excluding holdings by non-residents of the euro area.

f) 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 web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.

Updated : 25 Jul.1

13:50