



EUROPEAN CENTRAL BANK

29 June 2006

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2006

The annual rate of growth of M3 increased to 8.9% in May 2006, from 8.7% in April 2006.¹ The three-month average of the annual growth rates of M3 over the period March 2006 - May 2006 rose to 8.7%, from 8.4% in the period February 2006 - April 2006.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	MARCH 2006	APRIL 2006	MAY 2006	MARCH 2006 - MAY 2006 AVERAGE
M3	8.5	8.7	8.9	8.7
M1	10.1	9.8	10.2	10.1
Loans to private sector	10.8	11.4	11.4	11.2

Regarding the main components of M3, the annual rate of growth of M1 increased to 10.2% in May 2006, from 9.8% in April. The annual rate of growth of short-term deposits other than overnight deposits decreased to 8.0% in May, from 8.9% in the previous month. The annual rate of growth of marketable instruments rose to 7.0% in May, from 5.0% in April.

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 decreased to 9.3% in May 2006, from 9.5% in April. The annual rate of growth of credit extended to general government decreased to -0.1% in May, from 1.0% in April, while the annual growth of credit extended to the private sector was 11.8% in May, unchanged from the previous month. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 11.4% in May, unchanged from the previous month. The annual growth rate of loans to non-financial corporations increased to 11.3% in May, from 10.9% in April.² The annual growth rate of loans to households stood at 9.8% in May, unchanged from the previous month. The annual rate of growth of lending for house purchase was 12.1% in May, after 12.2% in April. The annual rate of growth of consumer credit increased to 8.4% in May, from 7.9% in April, while the annual growth rate of other lending to households decreased to 2.0% in May, from 2.3% in the previous month. Finally, the

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.

annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 19.4% in May, from 20.7% in the previous month.

Over the 12 months up to May 2006, the net external asset position of the euro area MFI sector rose by EUR 66 billion, compared with a rise of EUR 15 billion over the 12 months up to April. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.8% in May, unchanged from the previous month.

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 June, July, August and September 2006 is scheduled to take place at 10 am on 28 July, 28 August, 27 September and 27 October 2006 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".*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2006

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2006			MAY 2006			AVERAGE MAR-06 MAY-06
	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)	7282	62	8.7	7336	60	8.9	8.7
(1.1) Currency in circulation	541	5	12.2	544	4	11.9	12.1
(1.2) Overnight deposits	2969	9	9.4	3006	38	9.9	9.7
(1.3) M1 (items 1.1 and 1.2)	3509	14	9.8	3550	42	10.2	10.1
(1.4) Deposits with agreed maturity up to 2 years	1200	43	16.1	1175	-23	14.6	14.4
(1.5) Deposits redeemable at notice up to 3 months	1564	0	3.9	1569	6	3.5	3.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2763	43	8.9	2744	-17	8.0	8.3
(1.7) M2 (items 1.3 and 1.6)	6272	57	9.3	6294	25	9.2	9.2
(1.8) Repurchase agreements	240	1	9.9	253	13	7.9	7.2
(1.9) Money market fund shares/units	606	2	-1.1	613	8	-0.8	-0.8
(1.10) Debt securities issued with maturity up to 2 years	165	1	26.9	175	14	46.8	39.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1010	4	5.0	1041	35	7.0	5.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	189	-3	0.9	170	-18	-3.9	0.0
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5156	34	8.8	5173	29	8.8	8.8
(3.1) Deposits with agreed maturity over 2 years	1570	14	9.7	1585	15	10.5	9.8
(3.2) Deposits redeemable at notice over 3 months	89	1	-2.4	91	2	-0.5	-2.1
(3.3) Debt securities issued with maturity over 2 years	2247	18	8.7	2258	17	8.6	8.6
(3.4) Capital and reserves	1249	1	8.8	1240	-4	7.8	8.5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12442	127	9.5	12454	28	9.3	9.4
(4.1) Credit to general government	2424	-2	1.0	2378	-40	-0.1	0.8
of which Loans	840	2	1.1	830	-10	-0.4	0.8
of which Securities other than shares	1584	-4	0.9	1547	-30	0.0	0.9
(4.2) Credit to other euro area residents	10018	129	11.8	10076	68	11.8	11.7
of which Loans	8637	88	11.4	8697	64	11.4	11.2
of which Securities other than shares	578	5	17.9	586	8	18.2	18.1
of which Shares and other equities	802	36	12.1	793	-4	12.1	12.8
(5) <i>Net external assets</i>	479	5	ND	494	17	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-294	-39	ND	-268	26	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: MAY 2006

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2006			MAY 2006			AVERAGE MAR-06 MAY-06
	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)	7322	121	8.8	7359	44	8.7	8.6
(1.1) Currency in circulation	540	8	12.3	543	3	11.9	12.3
(1.2) Overnight deposits	2983	47	9.8	3002	20	9.5	9.5
(1.3) M1 (items 1.1 and 1.2)	3523	55	10.2	3546	23	9.9	9.9
(1.4) Deposits with agreed maturity up to 2 years	1202	43	15.7	1190	-11	14.8	14.6
(1.5) Deposits redeemable at notice up to 3 months	1569	-2	3.9	1569	-1	3.5	3.9
(1.6) Other short term deposits (items 1.4 and 1.5)	2771	41	8.8	2758	-12	8.1	8.3
(1.7) M2 (items 1.3 and 1.6)	6295	96	9.5	6304	12	9.0	9.1
(1.8) Repurchase agreements	250	14	10.0	259	9	7.8	7.1
(1.9) Money market fund shares/units	613	10	-1.1	621	9	-0.8	-0.8
(1.10) Debt securities issued with maturity up to 2 years	165	1	26.9	175	14	46.8	39.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1028	25	5.0	1056	32	6.9	5.8
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	183	-11	0.7	167	-16	-4.0	-0.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5155	24	8.8	5172	28	8.8	8.8
(3.1) Deposits with agreed maturity over 2 years	1575	11	9.7	1585	10	10.4	9.9
(3.2) Deposits redeemable at notice over 3 months	90	0	-2.3	91	1	-0.3	-1.9
(3.3) Debt securities issued with maturity over 2 years	2247	18	8.7	2263	22	8.6	8.6
(3.4) Capital and reserves	1244	-5	8.8	1233	-6	7.8	8.5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	12485	161	9.5	12508	39	9.3	9.4
(4.1) Credit to general government	2435	2	1.0	2395	-33	-0.1	0.8
of which Loans	842	0	1.2	827	-15	-0.4	0.8
of which Securities other than shares	1593	2	0.9	1568	-18	0.0	0.9
(4.2) Credit to other euro area residents	10051	159	11.8	10113	72	11.8	11.7
of which Loans	8638	99	11.4	8702	67	11.4	11.2
of which Securities other than shares	584	9	17.9	593	9	18.2	18.2
of which Shares and other equities	828	51	12.2	818	-4	12.1	12.9
(5) <i>Net external assets</i>	462	-5	ND	468	8	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-287	-21	ND	-278	9	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: MAY 2006
 DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	MARCH 2006	APRIL 2006	MAY 2006
(1) M1	4.7	4.6	4.8
(1.1) <i>of which</i> : Currency	0.9	0.9	0.9
(1.2) <i>of which</i> : Overnight deposits	3.9	3.7	4.0
(2) M2 - M1 (= other short-term deposits)	3.0	3.4	3.0
(3) M3 - M2 (= short-term marketable instruments)	0.8	0.7	1.0
(4) M3 (= items 1, 2 and 3)	8.5	8.7	8.9

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: MAY 2006
 DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	APRIL 2006				MAY 2006			
	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	3567	45	0	10.9	3597	32	-1	11.3
(1.1) up to 1 year	1085	21	0	9.1	1085	0	0	9.1
(1.2) over 1 year and up to 5 years	637	9	0	15.1	648	12	-1	16.2
(1.3) over 5 years	1845	15	0	10.6	1864	20	0	11.0
(2) Loans to households ^{d)}	4306	30	0	9.8	4338	33	-1	9.8
(2.1) Consumer credit	561	5	0	7.9	568	8	0	8.4
(2.2) Lending for house purchase	3024	25	0	12.2	3048	24	0	12.1
(2.3) Other lending ^{d)}	721	1	0	2.3	721	1	-1	2.0
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	677	18	0	20.7	680	3	0	19.4
(4) Loans to insurance corporations and pension funds	88	6	0	47.4	87	-1	0	40.2

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.