



EUROPEAN CENTRAL BANK

26 April 2002

MONETARY DEVELOPMENTS IN THE EURO AREA: MARCH 2002

The annual rate of growth of M3 decreased to 7.3% in March 2002, from 7.4% the previous month.¹ The three-month average of the annual growth rates of M3 over the period January-March 2002 declined to 7.5%, from 7.8% during the period December 2001-February 2002. The high level of the annual growth rate of M3 continues to reflect the build-up of liquidity in the Autumn of 2001, when the economic and financial environment was characterised by great uncertainty.

12-month percentage changes	JANUARY 2002	FEBRUARY 2002	MARCH 2002	JANUARY-MARCH 2002 AVERAGE
M3	7.9	7.4	7.3	7.5

In March 2002, the annual rate of growth of M1 decreased to 5.8%, from 6.1% in February. This development reflected a decline in the annual growth rate of overnight deposits, to 11.9% in March from 13.1% in the previous month, whereas the annual rate of change in currency in circulation was less negative (-24.8% in March, compared with -28.9% in February).

The annual rate of growth of short-term deposits other than overnight deposits increased to 6.6% in March, from 6.4% in February. This mirrored an increase in the (non-seasonally adjusted) annual rate of growth of deposits redeemable at a period of notice of up to three months, to 9.9% in March from 9.7% in February. Over the same period, the annual rate of growth of deposits with agreed maturity up to two years stood at 2.3% in March, unchanged from the previous month.

The annual growth rate of marketable instruments included in M3 declined to 14.0% in March, from 14.9% in the previous month. This development was due to a decrease in the (non-seasonally adjusted) annual rates of growth of money market fund shares/units (to 30.0% in March from 34.0% in February) and of repurchase agreements (to 2.0% in March from 4.1% in February). The (non-seasonally adjusted) annual rate of decline of money market paper and debt securities issued with a maturity of up to two years fell in March (-3.4%, compared with -10.2% in February).

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector remained unchanged from the previous month, at 4.7% in March.

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.

This reflected divergent developments among the components of the item. On the one hand, the annual growth rate of deposits redeemable at notice over three months recorded a further decline to -13.1% in March, from -12.4% in February, and the annual growth rate of MFI capital and reserves decreased to 8.2% in March, from 10.2% in the previous month. On the other hand, the annual growth rates of deposits with an agreed maturity of over two years and of debt securities issued with a maturity of over two years increased in March, to 0.7% and 6.9% respectively (from 0.3% and 6.2% respectively in February).

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector increased to 2.9% in March, from -0.3% in February.

On the asset side of the consolidated balance sheet of the MFI sector, the (non-seasonally adjusted) annual growth rate of total credit granted to euro area residents decreased to 4.9% in March, from 5.1% in February. This development can be attributed exclusively to a decline in the annual growth rate of credit extended to the private sector (to 5.4% in March, from 6.0% in February). By contrast, the annual growth rate of credit to general government rose to 3.0% in March, from 2.1% in the previous month.

Among the components of credit to the private sector, the annual rate of change of loans decreased to 5.5% in March, from 5.6% in February. Over the same period, the annual rate of change of the MFI holdings of securities other than shares decreased to 18.5%, from 22.6% in February, and the annual rate of change of holdings of shares and other equities decreased to -2.7%, from 1.8% in February.

In March 2002, the net external asset position of the euro area MFI sector decreased by EUR 6 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to March, the net external assets of the MFI sector increased by EUR 73 billion, compared with an increase by EUR 43 billion over the 12 months up to February.

Notes

- *The publication of the statistics on monetary developments in April, May, June and July 2002 is scheduled to take place at 10am on 31 May, 27 June, 25 July and 28 August 2002 respectively.*
- *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 are calculated on the basis of data adjusted for seasonal and end-of-month calendar effects (see ECB, Seasonal adjustment of monetary aggregates and consumer price indices (HICP) for the euro area, August 2000). Through this procedure the annual growth rates reflect underlying patterns in a more accurate way than the annual growth rates based on unadjusted data.*
- *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. 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 : MARCH 2002

(data in EUR billions and percentage changes ^{a)})

	FEBRUARY 2002			MARCH 2002			AVERAGE JAN-02 MAR-02
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
Seasonally and calendar effect adjusted data							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) ^{b)}	5412	-1	7.4	5433	21	7.3	7.5
(1.1) Currency in circulation	242	-6	-28.9	254	12	-24.8	-27.1
(1.2) Overnight deposits	1931	2	13.1	1914	-17	11.9	12.8
(1.3) M1 (= items 1.1 and 1.2)	2173	-4	6.1	2168	-5	5.8	6.2
(1.4) Other short-term deposits ^{c)}	2462	6	6.4	2483	21	6.6	6.6
(1.5) M2 (= items 1.3 and 1.4)	4635	2	6.2	4650	16	6.2	6.4
(1.6) Marketable instruments ^{d)}	777	-2	14.9	782	5	14.0	14.9
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5415	2	7.4	5459	44	7.5	7.6
(2.1) Currency in circulation	238	-6	-28.8	252	14	-24.8	-27.0
(2.2) Overnight deposits	1917	-4	13.1	1917	0	12.6	13.0
(2.3) Deposits with agreed maturity up to 2 years	1082	-4	2.3	1095	14	2.3	2.8
(2.4) Deposits redeemable at notice up to 3 months	1393	4	9.7	1396	3	9.9	9.5
(2.5) Repurchase agreements	225	5	4.1	231	6	2.0	3.0
(2.6) Money market fund shares/units	423	11	34.0	427	3	30.0	32.8
(2.7) Money market paper and debt securities issued with maturity up to 2 years	138	-4	-10.2	142	4	-3.4	-5.7
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	156	6	-0.3	157	1	2.9	1.1
of which Deposits	156	7	0.5	157	2	5.1	2.5
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3935	8	4.7	3954	25	4.7	4.7
(4.1) Deposits with agreed maturity over 2 years	1175	2	0.3	1180	6	0.7	0.4
(4.2) Deposits redeemable at notice over 3 months	111	-1	-12.4	110	-1	-13.1	-12.3
(4.4) Debt securities issued with maturity over 2 years	1638	9	6.2	1656	20	6.9	6.5
(4.4) Capital and reserves	1011	-2	10.2	1008	0	8.2	9.7
(5) <i>External liabilities</i>	2762	12	8.6	2782	29	4.1	7.3
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9519	29	5.1	9591	69	4.9	5.1
(6.1) Credit to general government	2055	4	2.1	2084	24	3.0	2.3
of which Loans	848	3	-0.4	855	7	0.2	-0.6
of which Securities other than shares	1207	1	3.9	1229	17	5.0	4.4
(6.2) Credit to other euro area residents	7464	25	6.0	7507	45	5.4	5.9
of which Loans	6548	17	5.6	6602	55	5.5	5.6
of which Securities other than shares	350	8	22.6	347	-2	18.5	21.6
of which Shares and other equities	566	1	1.8	559	-8	-2.7	0.7
(7) <i>External assets</i>	2831	0	10.2	2844	23	6.9	9.3
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-80	-2	ND	-83	6	ND	ND

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 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. Data on M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities with a maturity up to two years.

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, money market paper and debt securities issued with maturity up to 2 years.

e) 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.