



EUROPEAN CENTRAL BANK

28 June 2005

## MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2005

The annual rate of growth of M3 increased to 7.3% in May 2005, from 6.8% in April 2005.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period March 2005 - May 2005 rose to 6.9%, from 6.6% in the period February 2005 - April 2005.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	<b>MARCH 2005</b>	<b>APRIL 2005</b>	<b>MAY 2005</b>	<b>MARCH 2005 - MAY 2005 AVERAGE</b>
<b>M3</b>	6.5	6.8	7.3	6.9
<b>MI</b>	9.3	9.3	10.1	9.5
<b>Loans to private sector</b>	7.6	7.4	7.6	7.5

Regarding the main components of M3, the annual rate of growth of MI increased to 10.1% in May 2005, from 9.3% in April. The annual rate of growth of short-term deposits other than overnight deposits decreased to 4.9% in May, from 5.3% in the previous month. The annual rate of growth of marketable instruments increased to 6.0% in May, from 3.2% 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 6.5% in May 2005, from 6.7% in April. The annual rate of growth of credit extended to general government decreased to 1.5% in May, from 2.9% in April, while the annual growth of credit extended to the private sector was 7.8% in May, after 7.7% in April. Among the components of the latter, the annual rate of growth of loans to the private sector increased to 7.6% in May, from 7.4% in the previous month. The annual growth rate of loans to non-financial corporations increased to 6.3% in May, from 6.0% in April.<sup>2</sup> The annual growth rate of loans to households increased to 8.2% in May, from 8.0% in the previous month. The annual rate of growth of lending for house purchase was 10.1% in May, unchanged from the previous month. The annual rate of growth of consumer credit increased to 7.3% in May, from 6.5% in April while the annual growth rate of other lending to households increased to 2.2% in May, from 1.9% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 10.4% in May, from 9.9% in April.

<sup>1</sup> 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>2</sup> 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.

Over the 12 months up to May 2005, the net external asset position of the euro area MFI sector rose by EUR 61 billion, compared with a rise of EUR 89 billion over the 12 months up to April. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 8.4% in May, compared with 8.3% in April.

#### 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 2005 is scheduled to take place at 10 am on 28 July, 26 August, 27 September and 28 October 2005 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".*

TABLE 1

## MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2005			MAY 2005			AVERAGE MAR-05 MAY-05
	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	6675	50	6.8	6729	49	7.3	6.9
(1.1) Currency in circulation	481	4	17.5	487	5	17.0	17.4
(1.2) Overnight deposits	2544	14	7.9	2562	15	8.8	8.2
(1.3) <b>M1</b> (items 1.1 and 1.2)	3026	18	9.3	3049	21	10.1	9.5
(1.4) Deposits with agreed maturity up to 2 years	1031	11	3.2	1025	-8	1.9	2.2
(1.5) Deposits redeemable at notice up to 3 months	1664	8	6.6	1679	15	6.8	6.7
(1.6) Other short term deposits (items 1.4 and 1.5)	2695	19	5.3	2704	7	4.9	5.0
(1.7) <b>M2</b> (items 1.3 and 1.6)	5720	37	7.4	5754	27	7.6	7.3
(1.8) Repurchase agreements	217	-8	0.1	234	17	8.5	4.2
(1.9) Money market fund shares/units	618	8	2.6	627	10	4.2	2.9
(1.10) Debt securities issued with maturity up to 2 years	120	13	13.8	114	-6	10.9	10.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	955	14	3.2	975	21	6.0	4.0
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	186	2	0.3	170	-16	-12.2	-3.7
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4609	27	8.3	4655	26	8.4	8.5
(3.1) Deposits with agreed maturity over 2 years	1395	8	8.8	1396	0	8.4	8.8
(3.2) Deposits redeemable at notice over 3 months	91	0	1.2	91	0	1.7	1.2
(3.3) Debt securities issued with maturity over 2 years	2056	17	10.3	2086	18	10.6	10.5
(3.4) Capital and reserves	1066	2	4.7	1081	8	5.0	4.9
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11262	99	6.7	11318	45	6.5	6.5
(4.1) Credit to general government	2352	23	2.9	2339	-17	1.5	2.3
of which Loans	832	12	-0.7	835	2	-0.3	-1.1
of which Securities other than shares	1520	11	5.0	1504	-20	2.6	4.2
(4.2) Credit to other euro area residents	8910	77	7.7	8980	62	7.8	7.7
of which Loans	7705	30	7.4	7771	63	7.6	7.5
of which Securities other than shares	487	6	10.9	493	5	11.2	10.8
of which Shares and other equities	718	41	9.3	716	-5	8.6	7.4
(5) <i>Net external assets</i>	410	16	ND	362	-61	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-202	-36	ND	-127	74	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 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2005			MAY 2005			AVERAGE MAR-05 MAY-05
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	Annual growth rate	Annual growth rate
<b>COMPONENTS OF M3<sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	6714	83	6.9	6769	50	7.2	6.9
(1.1) Currency in circulation	481	9	17.5	486	5	16.6	17.4
(1.2) Overnight deposits	2551	24	8.3	2577	24	8.8	8.4
(1.3) <b>M1</b> (items 1.1 and 1.2)	3032	33	9.7	3063	29	10.0	9.7
(1.4) Deposits with agreed maturity up to 2 years	1035	16	3.0	1037	-1	1.8	2.1
(1.5) Deposits redeemable at notice up to 3 months	1672	7	6.7	1679	7	6.7	6.7
(1.6) Other short term deposits (items 1.4 and 1.5)	2707	24	5.3	2717	6	4.8	4.9
(1.7) <b>M2</b> (items 1.3 and 1.6)	5739	57	7.6	5780	35	7.5	7.4
(1.8) Repurchase agreements	227	-1	0.7	240	13	8.3	4.2
(1.9) Money market fund shares/units	628	13	2.5	635	8	4.1	2.8
(1.10) Debt securities issued with maturity up to 2 years	120	13	13.8	114	-6	10.9	10.6
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	975	26	3.3	989	15	5.8	3.9
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	180	-7	0.0	172	-7	-11.8	-3.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4604	18	8.3	4652	28	8.4	8.4
(3.1) Deposits with agreed maturity over 2 years	1396	5	8.8	1397	1	8.4	8.8
(3.2) Deposits redeemable at notice over 3 months	91	0	1.3	91	0	1.8	1.2
(3.3) Debt securities issued with maturity over 2 years	2055	16	10.4	2090	22	10.6	10.5
(3.4) Capital and reserves	1062	-2	4.6	1075	6	5.0	4.9
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11311	129	6.7	11383	60	6.5	6.5
(4.1) Credit to general government	2358	18	2.9	2356	-5	1.5	2.2
of which Loans	833	5	-0.7	831	-2	-0.3	-1.1
of which Securities other than shares	1525	13	5.0	1525	-3	2.6	4.2
(4.2) Credit to other euro area residents	8954	111	7.7	9027	66	7.9	7.7
of which Loans	7721	47	7.3	7787	63	7.6	7.5
of which Securities other than shares	491	8	10.9	498	6	11.2	10.9
of which Shares and other equities	741	56	9.2	741	-3	8.8	7.4
(5) <i>Net external assets</i>	377	-2	ND	341	-48	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-190	-32	ND	-131	59	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 2005**  
**DATA ADJUSTED FOR SEASONAL EFFECTS**  
 (contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	MARCH 2005	APRIL 2005	MAY 2005
(1) <b>M1</b>	4.1	4.1	4.5
(1.1) <i>of which</i> : Currency	1.2	1.1	1.1
(1.2) <i>of which</i> : Overnight deposits	3.0	3.0	3.3
(2) <b>M2 - M1</b> (= other short-term deposits)	2.0	2.2	2.0
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.4	0.5	0.9
(4) <b>M3</b> (= items 1, 2 and 3)	6.5	6.8	7.3

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.

TABLE 4

**BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: MAY 2005**  
**DATA UNADJUSTED FOR SEASONAL EFFECTS**  
 (EUR billions and annual percentage changes <sup>a)</sup>)

	APRIL 2005				MAY 2005			
	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate	End of month level	Monthly flow <sup>b)</sup>	write-offs / write-downs	Annual growth rate
<b>BREAKDOWN OF LOANS <sup>c)</sup></b>								
(1) <b>Loans to non-financial corporations</b>	3216	24	-1	6.0	3236	19	-2	6.3
(1.1) up to 1 year	994	7	0	4.5	996	1	0	5.2
(1.2) over 1 year and up to 5 years	560	6	0	6.8	565	4	0	6.5
(1.3) over 5 years	1662	11	0	6.7	1675	14	-2	6.9
(2) <b>Loans to households <sup>d)</sup></b>	3888	25	-1	8.0	3920	32	-1	8.2
(2.1) Consumer credit	523	3	0	6.5	527	5	0	7.3
(2.2) Lending for house purchase	2662	21	0	10.1	2688	24	0	10.1
(2.3) Other lending <sup>d)</sup>	703	1	0	1.9	706	3	0	2.2
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds</b>	558	-3	0	9.9	569	9	0	10.4
(4) <b>Loans to insurance corporations and pension funds</b>	59	1	0	14.3	62	3	0	8.9

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.