



EUROPEAN CENTRAL BANK

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2005

The annual rate of growth of M3 decreased to 7.3% in December 2005, from 7.6% in November 2005.¹ The three-month average of the annual growth rates of M3 over the period October 2005 - December 2005 declined to 7.6%, from 8.0% in the period September 2005 - November 2005.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	OCTOBER 2005	NOVEMBER 2005	DECEMBER 2005	OCTOBER 2005 - DECEMBER 2005 AVERAGE
M3	7.9	7.6	7.3	7.6
MI	11.2	10.4	11.3	11.0
Loans to private sector	8.9	9.0	9.1	9.0

Regarding the main components of M3, the annual rate of growth of MI increased to 11.3% in December 2005, from 10.4% in November. The annual rate of growth of short-term deposits other than overnight deposits decreased to 5.3% in December, from 5.9% in the previous month. The annual rate of growth of marketable instruments decreased to 0.9% in December, from 3.8% in November.

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 increased to 8.4% in December 2005, from 8.2% in November. The annual rate of growth of credit extended to general government rose to 4.5% in December, from 3.4% in November, while the annual growth of credit extended to the private sector was 9.5% in December, after 9.4% in November. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 9.1% in December, compared with 9.0% in the previous month. The annual growth rate of loans to non-financial corporations rose to 8.0% in December, from 7.5% in November.² The annual growth rate of loans to households increased to 9.4% in December, from 9.2% in the previous month. The annual rate of growth of lending for house purchase rose to 11.5% in December, from 11.1% in November. The annual rate of growth of consumer credit decreased to 7.5% in December, from 8.1% in November and the annual growth rate of other

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.

lending to households decreased to 2.8% in December, from 3.0% in the previous month. Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 12.3% in December, from 12.9% in the previous month.

Over the 12 months up to December 2005, the net external asset position of the euro area MFI sector declined by EUR 14 billion, compared with a decline by EUR 2 billion over the 12 months up to November. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 8.5% in December, from 8.7% in November.

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 January, February, March and April 2006 is scheduled to take place at 10 am on 27 February, 28 March, 28 April and 30 May 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: DECEMBER 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2005			DECEMBER 2005			AVERAGE OCT-05 DEC-05
	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)	7020	9	7.6	7057	38	7.3	7.6
(1.1) Currency in circulation	520	5	14.6	515	-5	13.7	14.6
(1.2) Overnight deposits	2860	5	9.7	2902	42	10.9	10.3
(1.3) M1 (items 1.1 and 1.2)	3380	10	10.4	3417	38	11.3	11.0
(1.4) Deposits with agreed maturity up to 2 years	1090	2	6.7	1109	20	6.6	6.5
(1.5) Deposits redeemable at notice up to 3 months	1549	0	5.2	1539	-10	4.2	5.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2638	2	5.9	2648	10	5.3	5.7
(1.7) M2 (items 1.3 and 1.6)	6018	12	8.2	6066	48	8.4	8.4
(1.8) Repurchase agreements	238	1	6.6	232	-5	-3.1	2.8
(1.9) Money market fund shares/units	634	-8	0.5	628	-6	-0.8	0.4
(1.10) Debt securities issued with maturity up to 2 years	130	4	17.0	131	1	20.1	18.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1002	-3	3.8	991	-10	0.9	2.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	180	0	1.0	200	19	7.2	-0.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4944	27	8.7	4985	24	8.5	8.7
(3.1) Deposits with agreed maturity over 2 years	1484	10	8.3	1503	7	7.8	8.3
(3.2) Deposits redeemable at notice over 3 months	87	0	-4.5	86	0	-4.8	-4.4
(3.3) Debt securities issued with maturity over 2 years	2197	7	10.9	2202	5	10.0	10.6
(3.4) Capital and reserves	1176	11	6.5	1193	12	7.5	6.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11954	107	8.2	12031	72	8.4	8.1
(4.1) Credit to general government	2477	29	3.4	2486	7	4.5	3.3
of which Loans	828	-12	-0.2	844	14	2.0	0.6
of which Securities other than shares	1650	42	5.3	1642	-7	6.0	4.7
(4.2) Credit to other euro area residents	9477	78	9.4	9545	65	9.5	9.4
of which Loans	8213	64	9.0	8278	64	9.1	9.0
of which Securities other than shares	549	20	17.9	556	8	17.7	17.0
of which Shares and other equities	715	-6	8.7	711	-7	7.4	9.0
(5) <i>Net external assets</i>	398	-44	ND	425	18	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-208	-27	ND	-215	-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 2

MONETARY DEVELOPMENTS IN THE EURO AREA: DECEMBER 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	NOVEMBER 2005			DECEMBER 2005			AVERAGE OCT-05 DEC-05
	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)	6994	17	7.5	7106	112	7.5	7.6
(1.1) Currency in circulation	514	4	14.6	533	18	13.8	14.4
(1.2) Overnight deposits	2864	24	9.3	2935	71	11.2	10.3
(1.3) M1 (items 1.1 and 1.2)	3379	28	10.1	3468	90	11.6	11.0
(1.4) Deposits with agreed maturity up to 2 years	1086	-3	6.9	1123	38	6.5	6.4
(1.5) Deposits redeemable at notice up to 3 months	1531	-1	5.1	1548	17	4.3	5.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2617	-4	6.0	2671	55	5.3	5.7
(1.7) M2 (items 1.3 and 1.6)	5995	24	8.1	6139	144	8.6	8.4
(1.8) Repurchase agreements	239	-2	6.8	221	-18	-3.4	2.8
(1.9) Money market fund shares/units	630	-9	0.5	614	-16	-0.7	0.4
(1.10) Debt securities issued with maturity up to 2 years	130	4	17.0	131	1	20.1	18.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	999	-7	3.9	966	-32	1.0	3.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	185	6	1.1	175	-10	7.3	-0.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	4942	24	8.8	4992	33	8.5	8.7
(3.1) Deposits with agreed maturity over 2 years	1478	13	8.4	1512	22	7.8	8.3
(3.2) Deposits redeemable at notice over 3 months	87	0	-4.5	88	1	-4.8	-4.4
(3.3) Debt securities issued with maturity over 2 years	2203	6	10.9	2197	-7	10.0	10.6
(3.4) Capital and reserves	1174	5	6.5	1196	17	7.6	6.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	11950	141	8.2	12013	58	8.4	8.1
(4.1) Credit to general government	2478	38	3.4	2457	-22	4.4	3.3
of which Loans	827	-7	-0.2	852	23	1.9	0.6
of which Securities other than shares	1652	45	5.4	1605	-46	5.9	4.8
(4.2) Credit to other euro area residents	9472	103	9.5	9556	80	9.5	9.4
of which Loans	8218	83	9.0	8292	74	9.2	9.0
of which Securities other than shares	546	19	18.0	556	10	17.7	17.0
of which Shares and other equities	708	1	8.9	708	-4	7.4	9.0
(5) <i>Net external assets</i>	419	-44	ND	444	15	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-247	-50	ND	-184	61	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: DECEMBER 2005
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	OCTOBER 2005	NOVEMBER 2005	DECEMBER 2005
(1) M1	5.0	4.7	5.1
(1.1) <i>of which</i> : Currency	1.1	1.0	0.9
(1.2) <i>of which</i> : Overnight deposits	4.0	3.7	4.2
(2) M2 - M1 (= other short-term deposits)	2.3	2.3	2.1
(3) M3 - M2 (= short-term marketable instruments)	0.6	0.6	0.1
(4) M3 (= items 1, 2 and 3)	7.9	7.6	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: DECEMBER 2005
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	NOVEMBER 2005				DECEMBER 2005			
	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	3374	32	-1	7.5	3408	37	-5	8.0
(1.1) up to 1 year	1028	10	0	4.8	1038	11	-3	5.9
(1.2) over 1 year and up to 5 years	590	4	0	8.3	592	3	0	8.6
(1.3) over 5 years	1757	18	0	8.9	1778	23	-2	9.1
(2) Loans to households ^{d)}	4152	32	-1	9.2	4192	37	-4	9.4
(2.1) Consumer credit	550	3	0	8.1	552	3	0	7.5
(2.2) Lending for house purchase	2877	26	0	11.1	2918	35	-1	11.5
(2.3) Other lending ^{d)}	724	3	-1	3.0	722	0	-2	2.8
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	617	13	0	12.9	628	10	0	12.3
(4) Loans to insurance corporations and pension funds	75	6	0	37.3	65	-11	0	30.7

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.