



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2000

In June 2000 the annual rate of growth of M3 declined to 5.4%, from 5.9% in May 2000. The three-month average of the annual rates of growth of M3 covering the period from April to June 2000 fell to 6.0%, from 6.4% in the period from March to May 2000 (the latter figure was revised upwards from 6.3%).

12-month percentage changes	APRIL 2000	MAY 2000	JUNE 2000	APRIL - JUNE 2000 AVERAGE
M3	6.6	5.9	5.4	6.0

On a month-to-month basis M3 declined by EUR 3 billion in June 2000. Corrected for the estimated seasonal influences, M3 decreased by EUR 16 billion relative to May 2000 (see the table below). This decline was exclusively due to a drop in M1 (currency in circulation and overnight deposits), by EUR 26 billion in seasonally adjusted terms, while there was a rise in other short-term deposits and marketable instruments (each by EUR 5 billion).

Seasonally-adjusted monthly changes	APRIL 2000		MAY 2000		JUNE 2000		APRIL - JUNE 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) ¹⁾	15	0.3	19	0.4	-16	-0.3	6	0.1
Currency in circulation and overnight deposits (items 1.1. and 1.2) ¹⁾ (= M1)	14	0.7	0	0.0	-26	-1.3	-4	-0.2
Other short-term deposits (items 1.3 and 1.4) ¹⁾ (= M2-M1)	2	0.1	13	0.6	5	0.2	7	0.3
Marketable instruments (items 1.5 to 1.7) ¹⁾ (= M3-M2)	-1	-0.2	6	0.7	5	0.6	3	0.4

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

In June 2000 the annual rate of growth of M1 fell to 6.8%, from 8.6% in May 2000. This mirrored a sizeable decrease in the annual growth rate of overnight deposits (to 7.1%, from 9.3% in May), whereas the annual growth rate of currency in circulation increased slightly (to 5.3%, from 4.9% in May).

The annual rate of change in short-term deposits other than overnight deposits increased to 1.7% in June, from 1.2% in May. This rise reflected an increase in the annual rate of growth of deposits with

agreed maturity up to two years, to 7.5%, from 4.6% in the previous month. By contrast, the annual rate of change in deposits redeemable at notice up to three months declined further (to -2.2%, from -1.2% in May).

The annual rate of growth of marketable instruments included in M3 decreased to 13.5% in June (it was 14.1% in May). This reflected divergent developments of the components of this item. The annual rate of growth of money market fund shares and money market paper declined slightly, to 16.2%, in June (compared with 16.4% in the previous month). The annual rate of change in repurchase agreements also fell (to 1.5% after 4.7% in May). By contrast, the annual rate of increase in debt securities issued with a maturity of up to two years rose (to 26.8%, from 25.8% in the previous month).

Regarding the counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector decreased in June, to 7.1%, from 7.5% in the previous month. Among these liabilities, the annual growth rate of deposits with agreed maturity over two years declined to 3.6% from 4.4% in May, while that of debt securities issued with a maturity of over two years was almost unchanged (at 6.2%). The annual rate of change in deposits redeemable at notice over three months rose to 1.5% after -0.6% in the previous month. The annual growth rate of the item capital and reserves was 14.4%, compared with 15.5% in May.

The annual rate of change in the outstanding amount of central government deposits held with the MFI sector was strong in June (15.5%, compared with -5.7% in the previous month).

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents declined to 6.9% in June, from 8.0% in May. This reflected a decline in the annual rate of change in credit extended to general government (to -1.4%, from -0.8% in the previous month). Moreover, the annual rate of increase in credit extended to the private sector also dropped, to 9.8%, after 11.1%, in May.

During June 2000, the net external asset position of the euro area MFI sector increased strongly by EUR 94 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to June 2000, the net external assets of the MFI sector declined by EUR 101 billion.

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.

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(1)

(non seasonally-adjusted data in EUR billions)

	MAY 2000			JUNE 2000			AVERAGE APR-00 JUN-00
	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ⁽²⁾							
(1) M3 (= items 1.1 to 1.7)	4933	4	5.9	4929	-3	5.4	6.0
(1.1) Currency in circulation	337	0	4.9	341	4	5.3	5.3
(1.2) Overnight deposits	1655	-15	9.3	1663	9	7.1	9.6
(1.3) Deposits with agreed maturity up to 2 years	910	19	4.6	907	-1	7.5	4.4
(1.4) Deposits redeemable at notice up to 3 months	1246	-10	-1.2	1239	-7	-2.2	-1.2
(1.5) Repurchase agreements	181	1	4.7	169	-12	1.5	3.5
(1.6) Money market fund shares/units and money market paper	517	10	16.4	522	1	16.2	15.8
(1.7) Debt securities issued with maturity up to 2 years	87	-2	25.8	87	3	26.8	30.6
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	114	-18	-5.7	145	31	15.5	7.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3688	13	7.5	3704	17	7.1	7.3
(3.1) Deposits with agreed maturity over 2 years	1165	1	4.4	1165	0	3.6	4.0
(3.2) Deposits redeemable at notice over 3 months	114	1	-0.6	116	1	1.5	-1.2
(3.3) Debt securities issued with maturity over 2 years	1492	7	6.1	1496	7	6.2	6.1
(3.4) Capital and reserves	916	3	15.5	927	8	14.4	15.3
(4) <i>External liabilities</i>	2149	26	18.3	2048	-80	7.2	13.7
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8495	34	8.0	8497	-2	6.9	7.8
(5.1) Credit to general government	2019	-14	-0.8	1994	-23	-1.4	-0.5
Of which Loans	834	-6	0.5	831	-3	-0.7	0.3
Of which Securities other than shares	1184	-8	-1.6	1164	-20	-1.9	-1.1
(5.2) Credit to other euro area residents	6476	48	11.1	6503	21	9.8	10.7
Of which Loans	5756	27	10.2	5817	54	9.2	9.9
Of which Securities other than shares	244	7	13.9	242	0	11.5	13.1
Of which Shares and other equities	477	13	22.4	443	-32	16.9	20.8
(6) <i>External assets</i>	2331	11	7.1	2328	14	1.3	3.9
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	57	-20	ND	0	-48	ND	ND

(1) 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 (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) 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.

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