



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2002

The annual rate of growth of M3 stood at 7.1% in July 2002, unchanged from June.¹ The three-month average of the annual growth rates of M3 over the period May-July 2002 decreased to 7.3%, from 7.4% the period April-June 2002.

12-month percentage changes	MAY 2002	JUNE 2002	JULY 2002	MAY-JULY 2002 AVERAGE
M3	7.7	7.1	7.1	7.3

In July 2002, the annual rate of growth of M1 rose to 7.6%, from 6.9% in June. This reflected a less negative annual rate of change in currency in circulation (-9.7% in July, compared with -14.5% in June), whereas the annual growth rate of overnight deposits stood at 10.8% in July, unchanged from the previous month.

The annual rate of growth of short-term deposits other than overnight deposits declined to 5.5% in July, from 6.1% in June. This was the result of a decrease in the (non-seasonally adjusted) annual rates of growth of both deposits with agreed maturity up to two years (to 1.6% in July, from 2.1% in June) and deposits redeemable at a period of notice of up to three months (to 8.9% in July, from 9.1% in June).

The annual growth rate of marketable instruments included in M3 decreased to 10.7% in July, from 11.2% in June. This was mainly the result of a decrease in the (non-seasonally adjusted) annual rate of change of money market paper and debt securities issued with a maturity of up to two years (to -9.4% in July, from -7.8% in June). Over the same period, the (non-seasonally adjusted) annual growth rate of repurchase agreements also declined, to 1.8% in July, from 2.8% in the previous month. The (non-seasonally adjusted) annual growth rate of money market fund shares/units was 24.2% in July, compared with 24.3% in June.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector rose to 5.1% in July, from 4.5% in June. This development reflected in particular an increase in the annual growth rate of capital and reserves (to 5.9% in July, from 4.3% in June). The annual growth rate of deposits with an agreed maturity of over two years also increased to

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.

1.8% from 1.2% and the annual rate of change of deposits redeemable at a period of notice of over three months was -11.7% in July, against -12.6% in June. The annual rate of growth of debt securities issued with a maturity of over two years remained almost unchanged (8.4% in July, against 8.5% in the previous month).

The (non-seasonally adjusted) annual rate of change of holdings of central government with the MFI sector was -3.1% in July, compared with -8.1% in June.

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 4.1% in July, from 4.5% in the previous month. This was mainly the result of a decrease in the annual growth rate of credit extended to the private sector, to 4.9% in July, from 5.4% in June. The annual growth rate of loans to the private sector decreased to 5.2% in July, from 5.5% in June and the annual growth rate of MFI holdings of securities other than shares declined to 8.7%, from 12.9% in the previous month. At the same time, the annual rate of change of MFI holdings of shares and other equities declined to 0.3% in July, from 0.9% in June. The annual growth rate of credit to general government was 1.1% in July, unchanged from the previous month.

In July 2002, the net external asset position of the euro area MFI sector decreased by EUR 3 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to July, the net external assets of the MFI sector went up by EUR 144 billion, compared with a rise by EUR 165 billion over the 12 months up to June.

Notes

- *The publication of the statistics on monetary developments in August, September and October 2002 is scheduled to take place at 10am on 26 September, 28 October and 28 November 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.*

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

	JUNE 2002			JULY 2002			AVERAGE MAY-02 JUL-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)}	5516	16	7.1	5549	28	7.1	7.3
(1.1) Currency in circulation	282	10	-14.5	292	11	-9.7	-14.1
(1.2) Overnight deposits	1947	5	10.8	1954	5	10.8	11.0
(1.3) M1 (= items 1.1 and 1.2)	2229	15	6.9	2246	16	7.6	7.1
(1.4) Other short-term deposits ^{c)}	2491	3	6.1	2497	2	5.5	6.1
(1.5) M2 (= items 1.3 and 1.4)	4720	18	6.5	4742	18	6.5	6.6
(1.6) Marketable instruments ^{d)}	796	-1	11.2	807	10	10.7	11.8
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5556	24	7.2	5548	-13	7.0	7.3
(2.1) Currency in circulation	285	12	-14.3	296	11	-9.7	-13.9
(2.2) Overnight deposits	1994	50	11.4	1960	-35	10.5	11.0
(2.3) Deposits with agreed maturity up to 2 years	1079	-21	2.1	1087	4	1.6	2.6
(2.4) Deposits redeemable at notice up to 3 months	1400	7	9.1	1403	3	8.9	9.2
(2.5) Repurchase agreements	232	-7	2.8	231	0	1.8	1.6
(2.6) Money market fund shares/units	435	-8	24.3	445	11	24.2	24.9
(2.7) Money market paper and debt securities issued with maturity up to 2 years	131	-9	-7.8	127	-6	-9.4	-4.1
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	154	4	-8.1	153	-1	-3.1	-3.6
of which Deposits	153	4	-7.0	152	-1	-1.8	-2.3
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3939	1	4.5	3956	16	5.1	5.0
(4.1) Deposits with agreed maturity over 2 years	1181	3	1.2	1180	2	1.8	1.3
(4.2) Deposits redeemable at notice over 3 months	107	0	-12.6	107	0	-11.7	-12.5
(4.4) Debt securities issued with maturity over 2 years	1657	9	8.5	1669	6	8.4	8.5
(4.4) Capital and reserves	994	-11	4.3	1000	9	5.9	5.9
(5) <i>External liabilities</i>	2616	-66	2.6	2645	0	4.8	4.1
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9669	34	4.5	9649	-19	4.1	4.4
(6.1) Credit to general government	2069	0	1.1	2060	-5	1.1	1.3
of which Loans	829	0	-0.7	828	-2	-0.6	-0.8
of which Securities other than shares	1239	-1	2.3	1232	-4	2.2	2.7
(6.2) Credit to other euro area residents	7600	34	5.4	7590	-14	4.9	5.2
of which Loans	6690	39	5.5	6691	-3	5.2	5.5
of which Securities other than shares	342	-2	12.9	346	1	8.7	11.8
of which Shares and other equities	568	-4	0.9	553	-12	0.3	-0.9
(7) <i>External assets</i>	2728	-30	8.9	2753	-2	10.4	10.1
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-133	-42	ND	-101	24	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.