



EUROPEAN CENTRAL BANK

30 June 2003

## MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2003

The annual rate of growth of M3 decreased slightly to 8.5% in May 2003, from 8.6% in April 2003.<sup>1</sup> The three-month average of the annual growth rates of M3 over the period March - May 2003 was 8.3%, compared with 8.2% during the period February - April 2003.

12-month percentage changes	MARCH 2003	APRIL 2003	MAY 2003	MARCH-MAY 2003 AVERAGE
<b>M3</b>	7.9	8.6	8.5	8.3

In May 2003, the annual rate of growth of M1 increased to 11.4%, from 11.2% in April. Among its components, the annual rate of growth of currency in circulation stood at 34.3% in May, as compared with 37.5% in April. At the same time, the annual rate of growth of overnight deposits increased to 8.3%, from 7.6% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits rose to 5.8% in May, from 5.1% in April. This was due to an increase in the (non-seasonally adjusted) annual rates of change of both deposits redeemable at a period of notice of up to three months (to 9.7% in May, from 9.4% in the previous month) and deposits with an agreed maturity of up to two years (to 0.7%, up from -0.1% in April).

The annual growth rate of marketable instruments included in M3 decreased to 8.9% in May, from 12.7% in April. This development was due to a particularly strong decrease in the (non-seasonally adjusted) annual rate of change of debt securities issued with a maturity of up to two years to -10.9% in May, from 11.1% in April, and to a decline in the (non-seasonally adjusted) annual growth rate of repurchase agreements (to 2.8%, from 5.6% in April). At the same time the (non-seasonally adjusted) annual growth rate of money market fund shares/units increased to 17.6%, from 16.7% in the previous month.

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector went down to 4.2% in May, from 4.5% in April. This was due to a

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<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.

decline in the annual rates of change of debt securities issued with a maturity of over two years (to 6.8% in May, from 7.0% in April), of MFI capital and reserves (to 1.8%, from 2.9% in April) and of deposits redeemable at a period of notice of over three months (to -9.2%, from -8.9% in the previous month). By contrast, the annual rate of growth of deposits with an agreed maturity of over two years increased to 3.8% in May, from 3.5% in April.

The (non-seasonally adjusted) annual rate of change of holdings of central government with the MFI sector increased sharply to 6.3% in May, up from -6.1% in the previous month.

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 increased to 4.9% in May, from 4.7% in April. This reflects an increase in the annual growth rates of both credit extended to general government (to 4.5%, from 3.6% in April) and credit extended to the private sector (to 5.1%, from 5.0% the previous month). Among the components of the latter item, the annual growth rate of loans to the private sector stood at 4.6% in May, unchanged from April. Over the same period, the annual growth rate of MFI holdings of shares and other equities went up to 5.4%, from 3.6% in April, while the growth rate of MFI holdings of securities other than shares stood at 13.7%, compared with 13.8% in April.

In May 2003, the net external asset position of the euro area MFI sector increased by EUR 41 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to May, the net external assets of the MFI sector went up by EUR 231 billion, compared with a rise by EUR 229 billion over the 12 months up to April.

#### Notes

- *The publication of the statistics on monetary developments in June, July, August and September 2003 is scheduled to take place at 10am on 28 July, 28 August, 25 September and 28 October 2003 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, October 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.*

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

	APRIL 2003			MAY 2003			AVERAGE MAR-03 MAY-03
	End of month level	Monthly flow	Annual growth rate	End of month level	Monthly flow	Annual growth rate	Annual growth rate
<b>Seasonally and calendar effect adjusted data</b>							
(1) <i>M3</i> (= items 1.3, 1.4 and 1.6) <sup>b)</sup>	5923	82	8.6	5946	32	8.5	8.3
(1.1) Currency in circulation	339	6	37.5	342	4	34.3	37.2
(1.2) Overnight deposits	2087	14	7.6	2105	21	8.3	8.0
(1.3) M1 (= items 1.1 and 1.2)	2426	20	11.2	2448	25	11.4	11.4
(1.4) Other short-term deposits <sup>c)</sup>	2591	20	5.1	2612	25	5.8	5.2
(1.5) M2 (= items 1.3 and 1.4)	5017	40	7.9	5060	49	8.4	8.1
(1.6) Marketable instruments <sup>d)</sup>	905	41	12.7	886	-17	8.9	9.9
<b>Data unadjusted for seasonal and calendar effects</b>							
<b>COMPONENTS OF M3 <sup>b)</sup></b>							
(2) M3 (= items 2.1 to 2.7)	5946	89	8.6	5991	54	8.6	8.3
(2.1) Currency in circulation	336	9	37.4	344	7	34.2	36.4
(2.2) Overnight deposits	2089	22	7.4	2114	28	8.7	8.0
(2.3) Deposits with agreed maturity up to 2 years	1080	9	-0.1	1096	20	0.7	0.0
(2.4) Deposits redeemable at notice up to 3 months	1522	9	9.4	1528	6	9.7	9.2
(2.5) Repurchase agreements	231	8	5.6	231	0	2.8	3.3
(2.6) Money market fund shares/units	563	12	16.7	571	9	17.6	16.9
(2.7) Debt securities issued with maturity up to 2 years <sup>d)</sup>	125	20	11.1	107	-18	-10.9	-3.2
<b>COUNTERPARTS OF M3 <sup>d)</sup></b>							
<b>MFI liabilities:</b>							
(3) <i>Holdings of central government</i>	157	-14	-6.1	168	11	6.3	0.8
of which Deposits	157	-14	-6.1	168	11	6.3	0.8
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	4004	3	4.5	4007	16	4.2	4.3
(4.1) Deposits with agreed maturity over 2 years	1201	-3	3.5	1207	7	3.8	3.7
(4.2) Deposits redeemable at notice over 3 months	98	-3	-8.9	97	-1	-9.2	-8.8
(4.4) Debt securities issued with maturity over 2 years	1707	9	7.0	1709	17	6.8	6.8
(4.4) Capital and reserves	998	-1	2.9	994	-7	1.8	2.4
(5) <i>External liabilities</i>	2714	44	4.1	2652	1	2.8	3.3
<b>MFI assets:</b>							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	10023	84	4.7	10081	66	4.9	4.6
(6.1) Credit to general government	2149	14	3.6	2179	27	4.5	3.3
of which Loans	824	-5	0.0	820	-4	-0.1	-0.6
of which Securities other than shares	1325	19	5.9	1359	30	7.5	6.0
(6.2) Credit to other euro area residents	7874	70	5.0	7902	39	5.1	4.9
of which Loans	6890	43	4.6	6904	25	4.6	4.6
of which Securities other than shares	399	11	13.8	402	3	13.7	12.3
of which Shares and other equities	584	16	3.6	596	11	5.4	3.6
(7) <i>External assets</i>	2905	40	12.5	2875	42	11.2	11.8
<b>Other counterparts of M3 (residual)</b>							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-106	-2	ND	-138	-25	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. 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.

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 and debt securities issued with maturity up to 2 years.

e) Includes money market paper.

f) 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.

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