



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: JANUARY 2002

The annual rate of growth of M3 was 7.9% in January 2002, compared with 8.0% the previous month.¹ The three-month average of the annual growth rates of M3 over the period November 2001-January 2002 increased to 8.0%, from 7.8% during the period October-December 2001. The high level of the annual growth rate of M3 has to be assessed in the context of shifts, in the Autumn of 2001, to liquid positions in an economic and financial environment characterised by great uncertainty.

12-month percentage changes	NOVEMBER 2001	DECEMBER 2001	JANUARY 2002	NOVEMBER 2001 – JANUARY 2002 AVERAGE
M3	8.0	8.0	7.9	8.0

In January 2002, the annual rate of growth of M1 rose to 6.6%, from 5.0% in December 2001. This development reflected an increase in the annual rate of change in overnight deposits, to 13.2% in January from 12.5% in the previous month, as well as a lower annual rate of decline in currency in circulation (-26.2%, from -32.2% in December).

The annual rate of growth of short-term deposits other than overnight deposits decreased to 6.8% in January, from 7.2% in December. This reflected a fall in the (non-seasonally adjusted) annual rate of growth of deposits with agreed maturity up to two years, to 4.1% in January from 6.1% in December. In contrast, the annual rate of growth of deposits redeemable at a period of notice of up to three months rose to 8.7% in January, compared with 7.6% in the previous month.

The annual rate of growth of marketable instruments included in M3 declined to 16.0% in January, from 20.0% in the previous month. This development was driven by decreases in the (non-seasonally adjusted) annual rates of change both of money market paper and debt securities issued with a maturity of up to two years (-4.6% in January, from -1.9% in December) and of repurchase agreements (3.0% in January, from 12.8% in the previous month). In contrast, the (non-seasonally adjusted) annual growth rate of money market fund shares/units increased slightly, to 35.2%, from 34.8% in December.

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.

Regarding the counterparts of M3, in January 2002 the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector stood at 4.7%, compared with 4.6% in December. This evolution reflected divergent developments among the components of this item. On the one hand, the annual rate of change of deposits with an agreed maturity of over two years was 0.0% in January compared with -0.3% in December, and the annual growth rate of MFI capital and reserves increased to 10.5% (from 8.5% in the previous month). On the other hand, the annual growth rate of debt securities issued with a maturity of over two years decreased to 6.2% in January from 7.2% in December, and the annual rate of change of deposits redeemable at notice over three months recorded a further decline to -11.5% in January (from -8.5% in the previous month).

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector recorded a strong increase in January (1.1%, compared with -16.1% in December).

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 remained unchanged at 5.3% in January. The annual rate of growth of credit extended to the private sector decreased to 6.3% in January, from 6.8% in December. This development was largely the result of a decline in the annual growth of loans to the private sector (to 5.8% in January, from 6.1% in December). Over the same period, the annual growth rate of credit to general government increased to 1.7%, from 0.1% in the previous month.

In January 2002, the net external asset position of the euro area MFI sector decreased by EUR 8 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to January, the net external assets of the MFI sector increased by EUR 51 billion, compared with an increase by EUR 3 billion over the 12 months up to December 2001.

Notes

- *The publication of the statistics on monetary developments in February, March, April and May 2002 is scheduled to take place at 10am on 28 March, 26 April, 31 May and 27 June 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. Data cover the Member States comprising the euro area at the time referred to, i.e. the 11 Member States up to December 2000*

and the 12 Member States 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.

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

	DECEMBER 2001			JANUARY 2002			AVERAGE NOV-01 JAN-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)}	5384	12	8.0	5399	21	7.9	8.0
(1.1) Currency in circulation	234	-45	-32.2	249	18	-26.2	-25.9
(1.2) Overnight deposits	1905	24	12.5	1915	8	13.2	12.3
(1.3) M1 (= items 1.1 and 1.2)	2139	-21	5.0	2164	26	6.6	5.9
(1.4) Other short-term deposits ^{c)}	2452	26	7.2	2455	2	6.8	6.6
(1.5) M2 (= items 1.3 and 1.4)	4591	6	6.2	4619	29	6.7	6.3
(1.6) Marketable instruments ^{d)}	793	7	20.0	780	-8	16.0	19.3
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5425	97	7.7	5412	-7	7.9	7.8
(2.1) Currency in circulation	240	-39	-32.5	245	8	-26.1	-25.9
(2.2) Overnight deposits	1964	99	12.5	1918	-47	13.1	12.1
(2.3) Deposits with agreed maturity up to 2 years	1094	13	6.1	1088	-7	4.1	5.4
(2.4) Deposits redeemable at notice up to 3 months	1368	41	7.6	1386	18	8.7	7.4
(2.5) Repurchase agreements	220	-9	12.8	220	0	3.0	11.5
(2.6) Money market fund shares/units	394	1	34.8	414	21	35.2	33.5
(2.7) Money market paper and debt securities issued with maturity up to 2 years	145	-9	-1.9	140	-1	-4.6	0.2
COUNTERPARTS OF M3 ^{e)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	141	-11	-16.1	150	10	1.1	-9.4
of which Deposits	139	-11	-16.0	149	10	2.0	-8.6
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	3892	27	4.6	3924	25	4.7	4.3
(4.1) Deposits with agreed maturity over 2 years	1168	6	-0.3	1171	3	0.0	-0.1
(4.2) Deposits redeemable at notice over 3 months	116	0	-8.5	112	-4	-11.5	-8.9
(4.4) Debt securities issued with maturity over 2 years	1613	8	7.2	1633	12	6.2	6.6
(4.4) Capital and reserves	996	13	8.5	1007	14	10.5	7.9
(5) <i>External liabilities</i>	2715	-21	14.2	2749	13	9.2	12.7
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	9453	46	5.3	9498	38	5.3	5.3
(6.1) Credit to general government	2024	-7	0.1	2049	18	1.7	0.6
of which Loans	846	3	-1.1	843	-3	-1.8	-1.0
of which Securities other than shares	1178	-10	1.0	1205	22	4.3	1.8
(6.2) Credit to other euro area residents	7429	53	6.8	7449	20	6.3	6.7
of which Loans	6521	25	6.1	6537	15	5.8	6.2
of which Securities other than shares	338	3	23.8	342	5	24.2	24.1
of which Shares and other equities	570	25	5.9	570	0	3.5	3.9
(7) <i>External assets</i>	2803	-28	13.8	2829	5	11.1	13.4
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-83	74	ND	-91	-2	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.