



EUROPEAN CENTRAL BANK

28 July 2003

MONETARY DEVELOPMENTS IN THE EURO AREA: JUNE 2003

The annual rate of growth of M3 decreased to 8.3% in June, from 8.5% in May 2003.¹ The three-month average of the annual growth rates of M3 over the period April - June 2003 was 8.5%, compared with 8.4% during the period March - May 2003 (revised upwards from 8.3%).

12-month percentage changes	APRIL 2003	MAY 2003	JUNE 2003	APRIL-JUNE 2003 AVERAGE
M3	8.7	8.5	8.3	8.5

In June 2003, the annual rate of growth of M1 stood at 11.5%, unchanged from May. Among its components, the annual rate of growth of currency in circulation was 31.9% in June, as compared to 34.3% in May. At the same time, the annual rate of growth of overnight deposits increased to 8.6%, from 8.3% in the previous month.

The annual rate of growth of short-term deposits other than overnight deposits declined to 5.6% in June, from 5.9% in May. This reflected the decrease in the (non-seasonally adjusted) annual rate of change of deposits with an agreed maturity of up to two years to -1.0%, down from 0.8% in May. By contrast, the (non-seasonally adjusted) annual growth rate of deposits redeemable at a period of notice of up to three months increased to 10.5%, from 9.9% in the previous month.

The annual growth rate of marketable instruments included in M3 went down to 8.2% in June, from 8.6% in May. This development was due to a decrease in the (non-seasonally adjusted) annual rate of change of repurchase agreements to -2.1%, from 2.8% in May, and a decline in the (non-seasonally adjusted) annual rate of change of debt securities issued with a maturity of up to two years to -15.3% in June, from -12.3% in May. At the same time the (non-seasonally adjusted) annual growth rate of money market fund shares/units increased to 19.2%, from 17.5% 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 increased to 5.1% in June, from 4.3% in May. This was mainly due to an increase in the annual growth rate of MFI capital and reserves (to 4.4%, from 1.6% in the previous month). Annual growth of debt securities issued with a maturity of over two years was 7.2% in June,

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.

compared with 7.1% in May and the annual growth rate of deposits with an agreed maturity of over two years stood unchanged at 3.9%. At the same time, the rate of change of deposits redeemable at a period of notice of over three months went further down to -10.4%, from -9.2% in May.

The (non-seasonally adjusted) annual rate of growth of holdings of central government with the MFI sector increased sharply to 20.5% in June, from 6.6% 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 went down to 4.8% in June, from 5.0% in May. This reflects a decline in the annual growth rates of both credit extended to general government (to 3.7%, from 4.4% in May) and credit extended to the private sector (to 5.1%, from 5.2% the previous month). Among the components of the latter item, the annual growth rate of loans to the private sector stood at 4.5% in June, compared with 4.6% in May. Over the same period, the annual growth rate of MFI holdings of shares and other equities went down to 5.1%, from 5.5% in May, while the annual growth rate of MFI holdings of securities other than shares increased to 15.3%, from 15.0% in May.

In June 2003, the net external asset position of the euro area MFI sector increased by EUR 56 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to June, the net external assets of the MFI sector went up by EUR 245 billion, compared with a rise by EUR 230 billion over the 12 months up to May.

Notes

- *The publication of the statistics on monetary developments in July, August, September and October 2003 is scheduled to take place at 10am on 28 August, 25 September, 28 October and 27 November 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 ^{a)})

	MAY 2003			JUNE 2003			AVERAGE APR-03 JUN-03
	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)}	5948	32	8.5	5967	15	8.3	8.5
(1.1) Currency in circulation	342	4	34.3	348	5	31.9	34.6
(1.2) Overnight deposits	2107	21	8.3	2118	10	8.6	8.2
(1.3) M1 (= items 1.1 and 1.2)	2449	25	11.5	2466	15	11.5	11.4
(1.4) Other short-term deposits ^{c)}	2615	25	5.9	2619	2	5.6	5.6
(1.5) M2 (= items 1.3 and 1.4)	5064	49	8.5	5085	17	8.3	8.3
(1.6) Marketable instruments ^{d)}	885	-17	8.6	882	-3	8.2	9.8
Data unadjusted for seasonal and calendar effects							
COMPONENTS OF M3 ^{b)}							
(2) M3 (= items 2.1 to 2.7)	5994	54	8.7	6001	3	8.2	8.5
(2.1) Currency in circulation	344	7	34.2	351	7	31.4	34.3
(2.2) Overnight deposits	2115	28	8.8	2164	48	8.5	8.3
(2.3) Deposits with agreed maturity up to 2 years	1097	19	0.8	1059	-40	-1.0	-0.1
(2.4) Deposits redeemable at notice up to 3 months	1530	8	9.9	1545	15	10.5	10.0
(2.5) Repurchase agreements	231	1	2.8	215	-17	-2.1	2.0
(2.6) Money market fund shares/units	571	9	17.5	570	-2	19.2	17.8
(2.7) Debt securities issued with maturity up to 2 years ^{d)}	105	-18	-12.3	96	-9	-15.3	-6.0
COUNTERPARTS OF M3 ^{d)}							
MFI liabilities:							
(3) <i>Holdings of central government</i>	170	10	6.6	200	30	20.5	7.3
of which Deposits	170	10	6.6	200	30	20.5	7.3
(4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4)	4011	18	4.3	4043	23	5.1	4.6
(4.1) Deposits with agreed maturity over 2 years	1208	7	3.9	1213	4	3.9	3.8
(4.2) Deposits redeemable at notice over 3 months	97	-1	-9.2	95	-1	-10.4	-9.5
(4.4) Debt securities issued with maturity over 2 years	1714	19	7.1	1734	11	7.2	7.2
(4.4) Capital and reserves	991	-7	1.6	1001	10	4.4	2.9
(5) <i>External liabilities</i>	2653	1	2.8	2674	-16	4.8	3.9
MFI assets:							
(6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2)	10086	69	5.0	10103	11	4.8	4.8
(6.1) Credit to general government	2176	27	4.4	2161	-15	3.7	3.8
of which Loans	819	-4	-0.2	820	1	-0.3	-0.2
of which Securities other than shares	1357	31	7.4	1342	-15	6.3	6.5
(6.2) Credit to other euro area residents	7910	42	5.2	7942	25	5.1	5.1
of which Loans	6907	28	4.6	6945	34	4.5	4.6
of which Securities other than shares	407	3	15.0	407	-1	15.3	15.1
of which Shares and other equities	596	11	5.5	590	-8	5.1	4.8
(7) <i>External assets</i>	2878	42	11.2	2960	40	13.8	12.5
Other counterparts of M3 (residual)							
(8) (= M3 + items 3, 4, and 5 - items 6 and 7)	-136	-28	ND	-144	-11	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.