

28 June 2007

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2007

The annual rate of growth of M3 increased to 10.7% in May 2007, from 10.4% in April 2007.¹ The three-month average of the annual growth rates of M3 over the period March 2007 - May 2007 rose to 10.7%, from 10.4% in the period February 2007 - April 2007.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	MARCH 2007	APRIL 2007	MAY 2007	MARCH 2007 - MAY 2007 AVERAGE
M3	10.9	10.4	10.7	10.7
M1	7.0	6.3	6.1	6.4
Loans to private sector	10.5	10.3	10.3	10.4

Regarding the main components of M3, the annual rate of growth of M1 decreased to 6.1% in May 2007, from 6.3% in April. The annual rate of growth of short-term deposits other than overnight deposits increased to 13.7% in May, from 12.4% in the previous month. The annual rate of growth of marketable instruments decreased to 18.8% in May, from 19.2% in April.

Turning to the main counterparts of M3 on the asset side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents rose to 8.2% in May 2007, from 7.5% in April. The annual rate of change of credit extended to general government was -3.1% in May, after -5.6% in April, while the annual growth of credit extended to the private sector increased to 10.9% in May, from 10.7% in April. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 10.3% in May, unchanged from the previous month. The annual growth rate of loans to non-financial corporations increased to 12.6% in May, from 12.2% in April.² The annual growth rate of loans to households decreased to 7.4% in May, from 7.6% in the previous month. The annual rate of growth of lending for house purchase was 8.6% in May, unchanged from the previous month. The annual rate of growth of consumer credit decreased to 5.9% in May, from 6.9% in April, while the annual growth rate of other lending to households declined to 3.6% in May, from 3.8% in the previous month. Finally, the annual

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.

² The rates of growth referring to the breakdown of loans to the private sector by counterpart and type are unadjusted for seasonal and end-of-month calendar effects.

rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to 14.5% in May, from 16.3% in the previous month.

Over the 12 months up to May 2007, the net external asset position of the euro area MFI sector rose by EUR 294 billion, compared with a rise of EUR 311 billion over the 12 months up to April. The annual rate of growth of longer-term financial liabilities of the MFI sector decreased to 8.2% in May, from 8.6% in April.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *The publication of the statistics on monetary developments in June, July, August and September 2007 is scheduled to take place at 10 am on 26 July, 28 August, 27 September and 26 October 2007 respectively.*
- *Data refer to the changing composition of the euro area, i.e. they cover the EU Member States that had adopted the euro at the time to which the statistics relate. Data on outstanding amounts referring to periods up to and including December 2000 therefore cover the initial 11 euro area Member States, Greece is included as of January 2001 and Slovenia as of January 2007.*
- *The latest monetary data as contained in Tables 2.1 to 2.8 of the ECB's Monthly Bulletin can be found on the ECB's website (<http://www.ecb.int/>) in the "Statistics" section under "Money, banking and financial markets" and then "Monetary statistics". The same section contains also longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

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TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2007

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes ^{a)})

	APRIL 2007			MAY 2007			AVERAGE MAR-07 MAY-07
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ^{c)}							
(1) M3 (= items 1.3, 1.6 and 1.11)	8034	39	10.4	8117	77	10.7	10.7
(1.1) Currency in circulation	597	5	10.5	598	0	9.6	10.2
(1.2) Overnight deposits	3141	-12	5.5	3171	29	5.4	5.8
(1.3) M1 (items 1.1 and 1.2)	3739	-7	6.3	3768	29	6.1	6.4
(1.4) Deposits with agreed maturity up to 2 years	1573	48	31.2	1597	23	34.8	32.7
(1.5) Deposits redeemable at notice up to 3 months	1533	-4	-2.0	1533	-1	-2.3	-2.0
(1.6) Other short term deposits (items 1.4 and 1.5)	3106	44	12.4	3129	22	13.7	12.9
(1.7) M2 (items 1.3 and 1.6)	6845	38	9.0	6898	51	9.4	9.3
(1.8) Repurchase agreements	272	-9	13.5	270	-1	10.3	14.4
(1.9) Money market fund shares/units	676	8	13.2	692	11	13.8	13.1
(1.10) Debt securities issued with maturity up to 2 years	241	2	51.1	257	16	49.3	50.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1189	1	19.2	1219	26	18.8	19.3
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	180	-2	-5.5	215	35	19.3	2.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5610	36	8.6	5627	12	8.2	8.5
(3.1) Deposits with agreed maturity over 2 years	1694	11	7.9	1716	22	8.3	8.1
(3.2) Deposits redeemable at notice over 3 months	109	1	20.4	109	0	18.4	19.8
(3.3) Debt securities issued with maturity over 2 years	2468	17	10.9	2489	15	10.7	10.8
(3.4) Capital and reserves	1340	7	4.7	1314	-25	2.9	3.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13364	102	7.5	13516	146	8.2	7.8
(4.1) Credit to general government	2277	-21	-5.6	2314	37	-3.1	-4.5
of which Loans	819	0	-1.5	820	1	-0.9	-1.2
of which Securities other than shares	1458	-22	-7.8	1494	36	-4.3	-6.3
(4.2) Credit to other euro area residents	11087	123	10.7	11202	109	10.9	10.8
of which Loans	9515	79	10.3	9590	75	10.3	10.4
of which Securities other than shares	703	16	23.1	730	25	25.7	23.6
of which Shares and other equities	869	29	5.4	882	8	6.8	5.8
(5) <i>Net external assets</i>	733	-32	ND	730	-4	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-273	4	ND	-287	-18	ND	ND

a) Figures may not add up 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.

b) Calculated from the monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) 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.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 2

MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2007

DATA UNADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes ^{a)})

	APRIL 2007			MAY 2007			AVERAGE MAR-07 MAY-07
	End of month level	Monthly flow b)	Annual growth rate	End of month level	Monthly flow b)	Annual growth rate	Annual growth rate
COMPONENTS OF M3^{c)}							
(1) M3 (= items 1.3, 1.6 and 1.11)	8066	71	10.3	8155	83	10.8	10.7
(1.1) Currency in circulation	595	6	10.0	598	3	9.8	10.1
(1.2) Overnight deposits	3156	11	5.5	3178	21	5.5	5.9
(1.3) M1 (items 1.1 and 1.2)	3751	17	6.2	3776	24	6.2	6.6
(1.4) Deposits with agreed maturity up to 2 years	1573	41	31.0	1601	27	34.5	32.5
(1.5) Deposits redeemable at notice up to 3 months	1537	-8	-2.1	1534	-4	-2.2	-2.0
(1.6) Other short term deposits (items 1.4 and 1.5)	3110	34	12.3	3134	24	13.6	12.8
(1.7) M2 (items 1.3 and 1.6)	6861	51	8.9	6910	48	9.4	9.3
(1.8) Repurchase agreements	282	0	13.3	285	3	11.2	14.8
(1.9) Money market fund shares/units	682	18	13.2	702	15	13.9	13.0
(1.10) Debt securities issued with maturity up to 2 years	241	2	51.1	257	16	49.3	50.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1205	20	19.1	1244	35	19.0	19.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	174	-10	-5.4	200	26	18.6	2.6
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	5613	28	8.7	5625	7	8.2	8.5
(3.1) Deposits with agreed maturity over 2 years	1701	12	7.9	1719	17	8.3	8.1
(3.2) Deposits redeemable at notice over 3 months	109	0	20.5	109	0	18.5	19.9
(3.3) Debt securities issued with maturity over 2 years	2468	18	10.9	2494	19	10.7	10.9
(3.4) Capital and reserves	1334	-2	4.7	1304	-29	2.9	3.9
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	13433	155	7.5	13575	136	8.2	7.8
(4.1) Credit to general government	2291	-15	-5.6	2321	31	-3.2	-4.5
of which Loans	821	0	-1.4	816	-6	-0.9	-1.2
of which Securities other than shares	1469	-16	-7.7	1505	37	-4.4	-6.3
(4.2) Credit to other euro area residents	11142	170	10.7	11254	105	10.9	10.8
of which Loans	9525	92	10.3	9598	74	10.3	10.4
of which Securities other than shares	708	20	23.0	736	26	25.6	23.6
of which Shares and other equities	910	59	5.7	921	6	6.9	6.0
(5) <i>Net external assets</i>	708	-39	ND	696	-13	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-289	-27	ND	-292	-7	ND	ND

a) Figures may not add up 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.

b) Calculated from the monthly difference in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

c) 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.

d) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: MAY 2007
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	MARCH 2007	APRIL 2007	MAY 2007
(1) M1	3.4	3.0	2.9
(1.1) <i>of which</i> : Currency	0.8	0.8	0.7
(1.2) <i>of which</i> : Overnight deposits	2.6	2.3	2.2
(2) M2 - M1 (= other short-term deposits)	4.8	4.7	5.1
(3) M3 - M2 (= short-term marketable instruments)	2.8	2.7	2.6
(4) M3 (= items 1, 2 and 3)	10.9	10.4	10.7

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: MAY 2007
DATA UNADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	APRIL 2007				MAY 2007			
	End of month level	Monthly flow ^{b)}	write-offs / write-downs	Annual growth rate	End of month level	Monthly flow ^{b)}	write-offs / write-downs	Annual growth rate
BREAKDOWN OF LOANS ^{c)}								
(1) Loans to non-financial corporations	3996	44	0	12.2	4045	48	-1	12.6
(1.1) up to 1 year	1187	18	0	8.9	1195	8	0	9.8
(1.2) over 1 year and up to 5 years	749	11	0	18.9	765	16	-1	19.5
(1.3) over 5 years	2060	15	0	11.9	2084	24	0	11.9
(2) Loans to households ^{d)}	4628	19	-1	7.6	4655	28	-1	7.4
(2.1) Consumer credit	594	4	0	6.9	595	2	0	5.9
(2.2) Lending for house purchase	3286	16	0	8.6	3312	25	0	8.6
(2.3) Other lending ^{d)}	748	-1	0	3.8	748	0	-1	3.6
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	795	22	0	16.3	789	-6	0	14.5
(4) Loans to insurance corporations and pension funds	106	7	0	20.2	109	3	0	25.5

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.

b) Calculated from monthly difference in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions.

c) Loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding general government.

d) Includes loans to non-profit institutions serving households.