



EUROPEAN CENTRAL BANK

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MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2000

In August 2000 the annual rate of growth of M3 was 5.6%, compared with 5.1% (revised downwards from 5.3%) in the previous month. The three-month average of the annual rates of growth of M3 covering the period from June to August 2000 decreased to 5.3%, from 5.5% in the period from May to July 2000.

12-month percentage changes	JUNE 2000	JULY 2000	AUGUST 2000	JUNE - AUGUST 2000 AVERAGE
M3	5.3	5.1	5.6	5.3

On a month-to-month basis, M3 decreased by EUR 2 billion in August 2000. Corrected for the estimated seasonal influences, M3 rose by EUR 30 billion relative to July 2000 (see the table below). This increase was mainly due to a rise in components of M1 (by EUR 20 billion). Other short-term deposits increased by EUR 7 billion and marketable instruments rose by EUR 3 billion.

Seasonally-adjusted monthly changes	JUNE 2000		JULY 2000		AUGUST 2000		JUNE - AUGUST 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) ⁽¹⁾	-12	-0.2	29	0.6	30	0.6	15	0.3
Currency in circulation and overnight deposits (items 1.1. and 1.2) ⁽¹⁾ (= M1)	-17	-0.8	13	0.7	20	1.0	5	0.3
Other short-term deposits (items 1.3 and 1.4) ⁽¹⁾ (= M2-M1)	5	0.2	4	0.2	7	0.3	5	0.3
Marketable instruments (items 1.5 to 1.7) ⁽¹⁾ (= M3-M2)	-1	-0.1	11	1.5	3	0.4	5	0.6

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

In August 2000, the annual rate of growth of M1 increased to 7.1%, from 6.7% in July. The annual growth rate of overnight deposits rose to 7.8%, from 7.4% in July, and the annual growth rate of currency in circulation rose to 3.5%, from 3.3% in July.

The annual rate of change of short-term deposits other than overnight deposits rose to 1.5% in August, from 0.8% in July. This reflected an increase in the annual rate of growth of deposits with an agreed maturity of up to two years, to 9.1% in August, from 6.6% in July. In contrast, the annual rate of change in deposits redeemable at notice up to three months fell to -3.7%, from -3.2% in July.

The annual rate of growth of marketable instruments included in M3 declined to 14.5% in August, from 15.1% in July. Among the components of this item, the annual rate of growth of money market fund shares/units and money market paper declined to 19.4% in August (from 20.4% in the previous month). The rate of increase of repurchase agreements was 4.9% in August, down from 5.8% in July. Finally, the annual rate of growth of debt securities issued with a maturity of up to two years declined to 5.2% in August, from 5.4% in the previous month.

Regarding the counterparts of M3, the annual rate of growth of longer-term financial liabilities of the MFI sector rose to 7.5% in August, from 7.2% in the previous month. Among these liabilities, the annual rate of change of deposits redeemable at notice over three months rose to 7.2%, from 4.8% in July. The annual rate of growth in debt securities issued with a maturity of over two years also increased, to 6.6%, from 6.3% in July. By contrast, the annual growth rate of deposits with an agreed maturity of over two years declined to 2.6%, from 3.0% in July. Finally, the annual growth rate of the item capital and reserves was 16.0%, up from 15.2% in July.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector increased to 1.9% in August, after having recorded an annual rate of decline of 0.2% in July.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents remained broadly stable, at 7.0% in August. This reflected divergent movements in its two components as the annual rate of change of credit extended to the private sector increased (to 10.1% in August, from 9.8% in the previous month) while the rate of decline of credit extended to general government was more pronounced (at 2.4%, compared with 1.5% in July).

During August 2000, the net external asset position of the euro area MFI sector decreased by EUR 1 billion, in absolute and non-seasonally adjusted terms. Over the 12 months ending in August 2000, the net external assets of the MFI sector decreased by EUR 96 billion. This was smaller than the decline in this position of EUR 134 billion over the 12 months ending in July 2000.

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.

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(1)

(non seasonally-adjusted data in EUR billions)

	JULY 2000			AUGUST 2000			AVERAGE JUN-00 AUG-00
COMPONENTS OF M3 ⁽²⁾	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
(1) M3 (= items 1.1 to 1.7)	4935	5	5.1	4939	-2	5.6	5.3
(1.1) Currency in circulation	343	2	3.3	338	-5	3.5	4.0
(1.2) Overnight deposits	1662	-3	7.4	1637	-27	7.8	7.5
(1.3) Deposits with agreed maturity up to 2 years	919	8	6.6	944	23	9.1	7.7
(1.4) Deposits redeemable at notice up to 3 months	1231	-8	-3.2	1225	-6	-3.7	-3.0
(1.5) Repurchase agreements	173	5	5.8	171	-3	4.9	4.0
(1.6) Money market fund shares/units and money market paper	531	12	20.4	546	14	19.4	18.3
(1.7) Debt securities issued with maturity up to 2 years	76	-11	5.4	79	1	5.2	12.3
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	135	-12	-0.2	141	6	1.9	6.3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3731	19	7.2	3758	19	7.5	7.3
(3.1) Deposits with agreed maturity over 2 years	1164	-1	3.0	1166	2	2.6	3.1
(3.2) Deposits redeemable at notice over 3 months	117	1	4.8	119	2	7.2	4.5
(3.3) Debt securities issued with maturity over 2 years	1506	3	6.3	1522	8	6.6	6.4
(3.4) Capital and reserves	943	16	15.2	950	7	16.0	15.0
(4) <i>External liabilities</i>	2081	7	10.3	2124	6	10.9	9.5
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8512	6	6.9	8515	12	7.0	7.0
(5.1) Credit to general government	1965	-29	-1.5	1942	-12	-2.4	-1.7
Of which Loans	828	-2	0.0	817	-8	-0.5	-0.4
Of which Securities other than shares	1137	-28	-2.6	1125	-4	-3.8	-2.7
(5.2) Credit to other euro area residents	6547	36	9.8	6573	24	10.1	9.9
Of which Loans	5846	24	9.0	5869	18	9.4	9.2
Of which Securities other than shares	253	7	14.0	257	4	11.6	12.6
Of which Shares and other equities	447	4	18.4	448	2	19.1	17.9
(6) <i>External assets</i>	2345	-5	2.4	2392	5	4.8	2.7
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	26	18	ND	54	12	ND	ND

(1) Discrepancies in the table 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. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) 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.

(3) 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's web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.