

26 June 2008

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2008

The annual rate of growth of M3 stood at 10.5% in May 2008, unchanged from the previous month.¹ The three-month average of the annual growth rates of M3 over the period March 2008 - May 2008 declined to 10.4%, from 10.6% in the period February 2008 - April 2008.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	MARCH 2008	APRIL 2008	MAY 2008	MARCH 2008 - MAY 2008 AVERAGE
M3	10.1	10.5	10.5	10.4
M1	2.9	2.5	2.3	2.6
Loans to private sector	10.8	10.6	10.4	10.6

Regarding the main components of M3, the annual rate of growth of M1 decreased to 2.3% in May 2008, from 2.5% in April. The annual rate of growth of short-term deposits other than overnight deposits decreased to 19.4% in May, from 19.8% in the previous month. The annual rate of growth of marketable instruments increased to 12.6% in May, from 11.6% 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 declined to 9.5% in May 2008, from 9.8% in April. The annual rate of decline of credit extended to general government increased to 1.8% in May, from 0.3% in April, while the annual growth of credit extended to the private sector stood at 11.9% in May, after 12.0% in April. Among the components of the latter, the annual rate of growth of loans to the private sector decreased to 10.4% in May, from 10.6% in the previous month. The annual growth rate of loans to non-financial corporations decreased to 14.2% in May, from 14.9% in April.² The annual growth rate of loans to households decreased to 4.9% in May, from 5.2% in the previous month. The annual rate of growth of lending for house purchase declined to 5.5% in May, from 5.9% in April. The annual rate of growth of consumer credit decreased to 4.8% in May, from 5.2% in April while the annual growth rate of other lending to households stood at 2.0% in May, after 2.1% in the previous month. Finally, the annual rate

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.

of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 25.7% in May, from 22.2% in the previous month.

Over the 12 months up to May 2008, the net external asset position of the euro area MFI sector decreased by EUR 229 billion, compared with a decrease of EUR 174 billion over the 12 months up to April. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 6.4% in May, unchanged from the previous month.

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 2008 is scheduled to take place at 10 am on 25 July, 28 August, 25 September and 27 October 2008 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, Slovenia as of January 2007 and Cyprus and Malta as of January 2008.*
- *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.europa.eu>) 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), estimates for sectoral M3 holdings and methodological notes on the monetary statistics concepts and seasonal adjustment procedures.*

European Central Bank

Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

Reproduction is permitted provided that the source is acknowledged.

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: MAY 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2008			MAY 2008			AVERAGE MAR-08 MAY-08
	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)	8949	89	10.5	9022	70	10.5	10.4
(1.1) Currency in circulation	645	7	8.0	644	-1	7.5	7.7
(1.2) Overnight deposits	3197	-21	1.4	3215	16	1.3	1.6
(1.3) M1 (items 1.1 and 1.2)	3842	-14	2.5	3859	14	2.3	2.6
(1.4) Deposits with agreed maturity up to 2 years	2225	98	41.6	2256	31	40.4	40.4
(1.5) Deposits redeemable at notice up to 3 months	1543	2	-2.2	1537	-7	-2.4	-2.4
(1.6) Other short term deposits (items 1.4 and 1.5)	3768	100	19.8	3792	24	19.4	19.1
(1.7) M2 (items 1.3 and 1.6)	7610	86	10.4	7651	39	10.1	10.1
(1.8) Repurchase agreements	323	16	17.8	316	-8	16.8	15.2
(1.9) Money market fund shares/units	744	-2	6.8	760	17	7.7	7.6
(1.10) Debt securities issued with maturity up to 2 years	272	-10	17.4	295	22	20.9	20.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1340	3	11.6	1371	31	12.6	12.0
COUNTERPARTS OF M3							
MFI liabilities:							
(2) Holdings against central government ^{d)}	207	8	8.7	180	-26	-16.7	-1.3
(3) Longer-term financial liabilities against other euro area residents (= items 3.1 to 3.4)	6003	36	6.4	6007	8	6.4	6.4
(3.1) Deposits with agreed maturity over 2 years	1818	3	6.5	1831	13	6.3	6.6
(3.2) Deposits redeemable at notice over 3 months	119	-1	1.9	118	-1	0.6	2.0
(3.3) Debt securities issued with maturity over 2 years	2555	13	3.5	2554	0	2.9	3.4
(3.4) Capital and reserves	1511	21	12.0	1504	-4	13.3	12.1
MFI assets:							
(4) Credit to euro area residents (= items 4.1 and 4.2)	14854	110	9.8	14949	99	9.5	9.7
(4.1) Credit to general government	2435	17	-0.3	2437	6	-1.8	-1.4
of which Loans	986	11	0.8	986	0	0.7	0.4
of which Securities other than shares	1449	6	-1.0	1451	6	-3.3	-2.4
(4.2) Credit to other euro area residents	12420	93	12.0	12513	94	11.9	12.0
of which Loans	10515	67	10.6	10586	74	10.4	10.6
of which Securities other than shares	1028	22	40.8	1049	19	39.1	40.4
of which Shares and other equities	877	4	3.3	877	1	4.2	4.0
(5) Net external assets	479	-55	ND	422	-60	ND	ND
(6) Other counterparts of M3 (residual) (= M3 + items 2, 3 - items 4, 5)	-175	78	ND	-162	12	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 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2008			MAY 2008			AVERAGE MAR-08 MAY-08
	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)	8965	93	10.4	9075	108	10.6	10.4
(1.1) Currency in circulation	641	8	7.7	646	4	7.9	7.6
(1.2) Overnight deposits	3197	-24	1.1	3223	24	1.3	1.6
(1.3) M1 (items 1.1 and 1.2)	3838	-16	2.1	3869	29	2.3	2.5
(1.4) Deposits with agreed maturity up to 2 years	2227	95	41.7	2260	33	41.0	40.5
(1.5) Deposits redeemable at notice up to 3 months	1547	-2	-2.3	1542	-4	-2.3	-2.4
(1.6) Other short term deposits (items 1.4 and 1.5)	3774	93	19.8	3802	29	19.7	19.1
(1.7) M2 (items 1.3 and 1.6)	7612	78	10.2	7671	57	10.2	10.1
(1.8) Repurchase agreements	329	16	17.4	332	4	17.2	15.5
(1.9) Money market fund shares/units	752	10	6.8	777	25	7.8	7.6
(1.10) Debt securities issued with maturity up to 2 years	272	-10	17.4	295	22	20.9	20.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1353	16	11.5	1404	51	12.8	12.1
COUNTERPARTS OF M3							
MFI liabilities:							
(2) Holdings against central government ^{d)}	198	-2	8.8	174	-24	-16.8	-1.3
(3) Longer-term financial liabilities against other euro area residents (= items 3.1 to 3.4)	5997	20	6.4	6003	10	6.3	6.4
(3.1) Deposits with agreed maturity over 2 years	1819	4	6.5	1835	15	6.3	6.6
(3.2) Deposits redeemable at notice over 3 months	119	-2	1.9	117	-2	0.6	2.0
(3.3) Debt securities issued with maturity over 2 years	2554	13	3.5	2559	6	2.9	3.4
(3.4) Capital and reserves	1505	5	12.0	1492	-10	13.2	12.2
MFI assets:							
(4) Credit to euro area residents (= items 4.1 and 4.2)	14930	178	9.8	15015	90	9.4	9.7
(4.1) Credit to general government	2449	23	-0.3	2448	2	-1.9	-1.4
of which Loans	990	12	0.8	982	-8	0.7	0.4
of which Securities other than shares	1460	11	-1.0	1466	10	-3.3	-2.4
(4.2) Credit to other euro area residents	12480	155	12.0	12568	88	11.9	12.0
of which Loans	10524	80	10.6	10588	66	10.4	10.6
of which Securities other than shares	1035	28	40.8	1057	21	39.1	40.4
of which Shares and other equities	921	48	3.4	922	1	4.4	4.1
(5) Net external assets	446	-70	ND	383	-66	ND	ND
(6) Other counterparts of M3 (residual) (= M3 + items 2, 3 - items 4, 5)	-216	3	ND	-146	70	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 2008

DATA ADJUSTED FOR SEASONAL EFFECTS

(contributions in terms of the M3 annual percentage change ^{a)})

	MARCH 2008	APRIL 2008	MAY 2008
(1) M1	1.4	1.1	1.1
(1.1) <i>of which</i> : Currency	0.6	0.6	0.6
(1.2) <i>of which</i> : Overnight deposits	0.8	0.6	0.5
(2) M2 - M1 (= other short-term deposits)	7.0	7.7	7.5
(3) M3 - M2 (= short-term marketable instruments)	1.7	1.7	1.9
(4) M3 (= items 1, 2 and 3)	10.1	10.5	10.5

a) Discrepancies can be due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: MAY 2008

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	APRIL 2008				MAY 2008			
	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	4591	49	-3	14.9	4620	29	-1	14.2
(1.1) up to 1 year	1338	12	0	13.0	1339	1	0	12.4
(1.2) over 1 year and up to 5 years	902	9	-3	21.4	908	7	0	19.6
(1.3) over 5 years	2351	28	0	13.6	2372	21	0	13.3
(2) Loans to households ^{d)}	4871	12	-1	5.2	4883	14	-1	4.9
(2.1) Consumer credit	627	4	0	5.2	627	0	0	4.8
(2.2) Lending for house purchase	3485	9	0	5.9	3497	13	0	5.5
(2.3) Other lending ^{d)}	759	-1	-1	2.1	759	1	0	2.0
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	960	20	0	22.2	980	20	0	25.7
(4) Loans to insurance corporations and pension funds	102	-2	0	-2.7	106	3	0	-2.6

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.