

26 November 2009

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2009

The annual rate of growth of M3 decreased to 0.3% in October 2009, from 1.8% in September 2009.¹ The three-month average of the annual growth rates of M3 over the period August 2009 - October 2009 decreased to 1.6%, from 2.5% in the period July 2009 - September 2009.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	AUGUST 2009	SEPTEMBER 2009	OCTOBER 2009	AUGUST 2009 - OCTOBER 2009 AVERAGE
M3	2.6	1.8	0.3	1.6
M1	13.6	12.8	11.8	12.7
Loans to private sector	0.1	-0.3	-0.8	-0.4

Regarding the main components of M3, the annual rate of growth of M1 decreased to 11.8% in October 2009, from 12.8% in September. The annual rate of change of short-term deposits other than overnight deposits decreased to -7.2% in October, from -5.3% in the previous month. The annual rate of change of marketable instruments decreased to -11.6% in October, from -8.9% in September.

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 was 2.9% in October 2009, after 3.0% in September. The annual rate of growth of credit extended to general government increased to 15.2% in October, from 13.5% in September, while the annual growth of credit extended to the private sector decreased to 0.5% in October, from 1.0% in September. Among the components of the latter, the annual rate of change of loans to the private sector decreased to -0.8% in October, from -0.3% in the previous month (adjusted for loan sales and securitisation² the annual growth rate of loans to the private sector decreased to 0.3%, from 0.9% in the previous month). The annual rate of change of loans to non-financial corporations decreased to -1.2% in October, from -0.2% in September. The annual rate of change of loans to households stood at -0.1% in October, after -0.3% in the previous month. The annual rate of change of

¹ These rates of growth refer to aggregates adjusted for seasonal and end-of-month calendar effects.

² Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation. The annual growth rate of loans adjusted for sales and securitisation is available at:

<http://sdw.ecb.int/browse.do?node=SEARCHRESULTS&q=BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A&sk=117.BSI.M.U2.Y.U.A26.A.I.U2.2200.Z01.A>

lending for house purchase increased to -0.2% in October, from -0.6% in September. The annual rate of change of consumer credit was -1.3% in October, after -1.2% in September, while the annual growth rate of other lending to households stood at 1.6% in October, after 1.5% in the previous month. Finally, the annual rate of change of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) decreased to -1.4% in October, from -0.3% in the previous month.

Over the 12 months up to October 2009, the net external asset position of the euro area MFI sector increased by EUR 98 billion, compared with an increase of EUR 155 billion over the 12 months up to September. The annual rate of growth of longer-term financial liabilities of the MFI sector increased to 6.5% in October, from 5.6% in September.

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 latest data on monetary aggregates and counterparts contained in the statistical annex to this press release can be downloaded from the ECB's Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=bbn1863>). These data, as well as monthly and other shorter-term growth rates for selected items, longer time series for principal monetary aggregates (with a start date of January 1970) and methodological notes on the concepts underlying the monetary statistics and the related seasonal adjustment procedures, are also available on the ECB's website (<http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>).*
- *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 include Greece as of January 2001, Slovenia as of January 2007, Cyprus and Malta as of January 2008 and Slovakia as of January 2009.*
- *The publication of the statistics on monetary developments in November 2009, December 2009 and January 2010 is scheduled to take place at 10 am on 30 December 2009, 29 January 2010 and 25 February 2010 respectively.*

European Central Bank

Directorate Communications, 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: OCTOBER 2009

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2009			OCTOBER 2009			AVERAGE AUG-09 OCT-09
	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)	9414	-14	1.8	9401	-12	0.3	1.6
(1.1) Currency in circulation	747	5	12.5	745	-2	6.5	10.7
(1.2) Overnight deposits	3655	0	12.8	3737	82	12.9	13.1
(1.3) M1 (items 1.1 and 1.2)	4403	4	12.8	4483	80	11.8	12.7
(1.4) Deposits with agreed maturity up to 2 years	2025	-48	-17.8	1947	-77	-21.6	-18.2
(1.5) Deposits redeemable at notice up to 3 months	1759	18	14.9	1784	25	16.2	14.9
(1.6) Other short term deposits (items 1.4 and 1.5)	3784	-30	-5.3	3731	-52	-7.2	-5.5
(1.7) M2 (items 1.3 and 1.6)	8187	-26	3.6	8214	28	2.3	3.5
(1.8) Repurchase agreements	327	19	-2.9	301	-26	-11.8	-7.5
(1.9) Money market fund shares/units	749	1	2.9	745	-4	2.7	2.5
(1.10) Debt securities issued with maturity up to 2 years	151	-8	-47.0	142	-10	-49.2	-46.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1227	12	-8.9	1188	-40	-11.6	-9.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	284	1	59.3	322	38	27.8	45.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	6651	21	5.6	6648	-3	6.5	5.9
(3.1) Deposits with agreed maturity over 2 years	2177	27	9.5	2174	-2	9.6	8.9
(3.2) Deposits redeemable at notice over 3 months	133	1	15.0	135	1	14.3	14.0
(3.3) Debt securities issued with maturity over 2 years	2621	-5	0.6	2611	-7	3.2	1.5
(3.4) Capital and reserves	1721	-2	8.4	1729	5	7.2	8.8
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	15948	44	3.0	15930	-9	2.9	2.9
(4.1) Credit to general government	2868	19	13.5	2896	29	15.2	13.4
of which Loans	1013	-15	1.6	1034	21	3.6	2.9
of which Securities other than shares	1855	34	21.4	1862	8	22.9	20.3
(4.2) Credit to other euro area residents	13080	25	1.0	13035	-39	0.5	0.9
of which Loans ^{e)}	10763	12	-0.3	10739	-17	-0.8	-0.4
<i>memo item: loans adjusted for sales & securitisation</i> ^{f)}	ND	9	0.9	ND	-12	0.3	0.8
of which Securities other than shares	1512	7	20.7	1496	-18	16.4	18.5
of which Shares and other equities	806	6	-8.7	800	-4	-4.9	-7.6
(5) <i>Net external assets</i>	553	-6	ND	537	-21	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-151	-30	ND	-96	54	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.

e) For further breakdowns see Table 4.

f) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 2

MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2009

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	SEPTEMBER 2009			OCTOBER 2009			AVERAGE AUG-09 OCT-09
	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)	9371	-4	1.7	9348	-21	0.4	1.5
(1.1) Currency in circulation	741	-1	12.5	745	5	6.5	10.6
(1.2) Overnight deposits	3637	56	12.4	3685	48	13.4	13.1
(1.3) M1 (items 1.1 and 1.2)	4378	55	12.4	4430	53	12.2	12.7
(1.4) Deposits with agreed maturity up to 2 years	2022	-59	-17.6	1969	-52	-21.4	-18.1
(1.5) Deposits redeemable at notice up to 3 months	1746	7	14.8	1762	16	16.2	14.8
(1.6) Other short term deposits (items 1.4 and 1.5)	3768	-52	-5.2	3731	-36	-7.2	-5.5
(1.7) M2 (items 1.3 and 1.6)	8146	3	3.5	8162	18	2.4	3.4
(1.8) Repurchase agreements	335	23	-2.5	309	-26	-11.3	-7.4
(1.9) Money market fund shares/units	739	-21	2.8	735	-3	2.6	2.4
(1.10) Debt securities issued with maturity up to 2 years	151	-8	-47.0	142	-10	-49.2	-46.0
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1225	-7	-8.9	1187	-39	-11.6	-9.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) Holdings against central government ^{d)}	295	22	58.9	318	23	27.7	45.7
(3) Longer-term financial liabilities against other euro area residents (= items 3.1 to 3.4)	6644	14	5.6	6648	4	6.4	5.8
(3.1) Deposits with agreed maturity over 2 years	2166	16	9.5	2165	0	9.6	8.9
(3.2) Deposits redeemable at notice over 3 months	131	1	14.9	134	2	14.2	13.9
(3.3) Debt securities issued with maturity over 2 years	2621	-10	0.6	2618	-1	3.2	1.5
(3.4) Capital and reserves	1726	8	8.4	1732	3	7.2	8.7
MFI assets:							
(4) Credit to euro area residents (= items 4.1 and 4.2)	15907	69	3.0	15894	-5	2.9	2.9
(4.1) Credit to general government	2850	18	13.5	2883	34	15.2	13.4
of which Loans	1012	-9	1.6	1032	20	3.6	2.9
of which Securities other than shares	1838	27	21.4	1851	14	22.9	20.3
(4.2) Credit to other euro area residents	13057	52	1.0	13010	-39	0.5	0.9
of which Loans	10771	47	-0.3	10725	-39	-0.8	-0.4
<i>memo item: loans adjusted for sales & securitisation ^{e)}</i>	ND	43	0.9	ND	-34	0.3	0.8
of which Securities other than shares	1495	-3	20.8	1493	-4	16.4	18.5
of which Shares and other equities	791	8	-8.7	792	3	-4.9	-7.6
(5) Net external assets	547	2	ND	555	2	ND	ND
(6) Other counterparts of M3 (residual) (= M3 + items 2, 3 - items 4, 5)	-143	-38	ND	-134	8	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.

e) Adjusted for the derecognition of loans from the MFI statistical balance sheet due to their sale or securitisation.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: OCTOBER 2009
DATA ADJUSTED FOR SEASONAL EFFECTS
(contributions in terms of the M3 annual percentage change ^{a)})

	AUGUST 2009	SEPTEMBER 2009	OCTOBER 2009
(1) M1	5.8	5.4	5.1
(1.1) <i>of which</i> : Currency	0.9	0.9	0.5
(1.2) <i>of which</i> : Overnight deposits	4.8	4.5	4.6
(2) M2 - M1 (= other short-term deposits)	-1.8	-2.3	-3.1
(3) M3 - M2 (= short-term marketable instruments)	-1.4	-1.3	-1.7
(4) M3 (= items 1, 2 and 3)	2.6	1.8	0.3

a) Figures may not add up due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: OCTOBER 2009
DATA ADJUSTED FOR SEASONAL EFFECTS
(EUR billions and annual percentage changes ^{a)})

	SEPTEMBER 2009			OCTOBER 2009		
	End of month level	Monthly flow ^{b)}	Annual growth rate	End of month level	Monthly flow ^{b)}	Annual growth rate
BREAKDOWN OF LOANS ^{c)}						
(1) Loans to non-financial corporations	4752	-9	-0.2	4731	-17	-1.2
(1.1) up to 1 year	1242	-9	-10.2	1224	-17	-11.6
(1.2) over 1 year and up to 5 years	956	-4	2.3	948	-6	0.9
(1.3) over 5 years	2554	4	4.5	2558	7	3.8
(2) Loans to households ^{d)}	4910	14	-0.3	4919	10	-0.1
(2.1) Consumer credit	631	1	-1.2	628	-1	-1.3
(2.2) Lending for house purchase	3510	9	-0.6	3520	10	-0.2
(2.3) Other lending	770	3	1.5	770	1	1.6
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	1003	4	-0.3	997	-4	-1.4
(4) Loans to insurance corporations and pension funds	98	3	-6.5	92	-6	-11.9

a) Figures may not add up due to rounding.

b) Calculated from the 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.