EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2011

The annual growth rate of the broad monetary aggregate M3 stood at 2.0% in July 2011, compared with 1.9% in June 2011.[1] The three-month average of the annual growth rates of M3 in the period from May 2011 to July 2011 stood at 2.1%, compared with 2.0% in the period from April 2011 to June 2011.

Twelve-month percentage changes; (adjusted for seasonal and end-of-month calendar effects)	MAY 2011	JUNE 2011	JULY 2011	MAY 2011 - JULY 2011 (AVERAGE)
M3	2.3	1.9	2.0	2.1
M1	1.2	1.2	0.9	1.1
Loans to the private sector	2.7	2.5	2.4	2.6
Loans to the private sector, adjusted for sales and securitisation	3.0	2.8	2.6	2.8

M3 components

Regarding the main components of M3, the annual growth rate of M1 decreased to 0.9% in July 2011, from 1.2% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at 3.7% in July, unchanged from the previous month. The annual growth rate of marketable instruments (M3-M2) increased to 0.9% in July, from -0.9% in June. Among the deposits included in M3, the annual growth rate of deposits placed by households stood at 2.1% in July, unchanged from the previous month, while the annual growth rate of deposits placed by non-financial corporations increased to 4.6% in July, from 4.3% in the previous month. Finally, the annual growth rate of deposits placed by non-monetary financial intermediaries (excluding insurance corporations and pension funds) decreased to 5.3% in July, from 6.2% in the previous month.

Counterparts to M3: credit and loans

Turning to the main counterparts of M3 on the asset side of the consolidated balance sheet of Monetary Financial Institutions (MFIs), the annual growth rate of total credit granted to euro area residents decreased to 2.5% in July 2011, from 2.7% in the previous month. The annual growth rate of credit extended to general government increased to 4.9% in July, from 4.7% in June, while the annual growth rate of credit extended to the private sector decreased to 1.9% in July, from 2.2% in the previous month. Among the

[1] The annual growth rates presented in this press release refer to aggregates adjusted for seasonal and end-of-month calendar effects.

components of credit to the private sector, the annual growth rate of loans stood at 2.4% in July, compared with 2.5% in the previous month (adjusted for loan sales and securitisation[2], the rate decreased to 2.6%, from 2.8% in the previous month). The annual growth rate of loans to households decreased to 3.0% in July, from 3.2% in June (adjusted for loan sales and securitisation, the rate stood at 2.8%, compared with 2.9% in June). The annual growth rate of loans to non-financial corporations stood at 1.6% in July, compared with 1.5% in June (adjusted for loan sales and securitisation, the rate stood at 2.3% in July, compared with 2.4% in the previous month). The annual growth rate of lending for house purchase, the most important component of household loans, decreased to 3.9% in July, from 4.3% in the previous month. Finally, the annual growth rate of loans to non-monetary financial intermediaries (excluding insurance corporations and pension funds) stood at 3.5% in July, unchanged from the previous month.

Other counterparts

Over the 12 months up to July 2011, the net external asset position of the euro area MFI sector increased by €167 billion, compared with an increase of €137 billion over the 12 months up to June. The annual growth rate of longer-term financial liabilities of the MFI sector decreased to 4.6% in July, from 4.9% in June.

Notes

- *Further predefined tables, statistical data and methodological notes, as well as the advance release calendar, are available on the ECB's website at http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html.*

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[2] Adjusted for the derecognition of loans from the MFIs' statistical balance sheets due to their sale or securitisation.

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2011

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes[a)])

	END-OF-MONTH LEVEL	MONTHLY FLOW [b)]			ANNUAL GROWTH RATE		
	JULY 2011	MAY 2011	JUNE 2011	JULY 2011	MAY 2011	JUNE 2011	JULY 2011
COMPONENTS OF M3 [c)]							
(1) **M3** (= items 1.3, 1.6 and 1.11)	9677	43	3	21	2.3	1.9	2.0
(1.1) Currency in circulation	816	10	3	1	4.3	4.1	4.3
(1.2) Overnight deposits	3901	-17	12	8	0.5	0.6	0.2
(1.3) **M1** (items 1.1 and 1.2)	4717	-7	15	9	1.2	1.2	0.9
(1.4) Deposits with an agreed maturity of up to two years	1849	15	-7	3	3.1	3.1	3.5
(1.5) Deposits redeemable at notice of up to three months	1944	11	4	6	4.6	4.2	3.9
(1.6) Other short term deposits (items 1.4 and 1.5)	3793	26	-4	9	3.9	3.7	3.7
(1.7) **M2** (items 1.3 and 1.6)	8511	19	12	18	2.4	2.3	2.1
(1.8) Repurchase agreements	461	39	-16	19	29.7	14.0	20.1
(1.9) Money market fund shares/units	535	-7	-5	-16	-13.0	-12.4	-12.7
(1.10) Debt securities issued with a maturity of up to two years	171	-7	13	-1	-5.1	8.3	6.8
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	1167	24	-8	2	1.5	-0.9	0.9
COUNTERPARTS OF M3							
MFI liabilities:							
(2) ***Holdings against central government*** [d)]	325	-25	21	18	2.1	13.0	13.5
(3) ***Longer-term financial liabilities vis-à-vis other euro area residents*** (= items 3.1 to 3.4)	7615	25	19	32	4.4	4.9	4.6
(3.1) Deposits with an agreed maturity of over two years	2493	1	2	-3	4.1	4.5	3.1
(3.2) Deposits redeemable at notice of over three months	120	0	0	0	-7.9	-6.3	-4.6
(3.3) Debt securities issued with a maturity of over two years	2856	6	6	-5	3.7	4.7	4.4
(3.4) Capital and reserves	2147	18	11	39	6.4	6.2	7.5
MFI assets:							
(4) ***Credit to euro area residents*** (= items 4.1 and 4.2)	16558	20	-15	35	3.2	2.7	2.5
(4.1) Credit to general government	3065	-10	-2	13	5.7	4.7	4.9
Loans	1176	-16	-17	11	9.0	6.8	8.4
Securities other than shares	1889	5	15	2	3.9	3.8	3.1
(4.2) Credit to other euro area residents	13493	31	-13	22	2.6	2.2	1.9
Loans [e)]	11216	32	2	10	2.7	2.5	2.4
loans adjusted for sales and securitisation [f)]	ND	35	3	24	3.0	2.8	2.6
Securities other than shares	1482	2	-30	6	0.2	-1.7	-3.4
Shares and other equities	795	-3	15	6	4.8	5.7	5.9
(5) ***Net external assets***	886	15	40	2	ND	ND	ND
(6) ***Other counterparts of M3 (residual)*** (= M3 + items 2, 3 - items 4, 5)	173	7	18	33	ND	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) 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 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

BREAKDOWN OF DEPOSITS IN M3 BY HOLDING SECTOR AND TYPE: JULY 2011

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes[a)])

		END-OF-MONTH LEVEL	MONTHLY FLOW [b)]			ANNUAL GROWTH RATE		
		JULY 2011	MAY 2011	JUNE 2011	JULY 2011	MAY 2011	JUNE 2011	JULY 2011
	BREAKDOWN OF DEPOSITS IN M3							
	Total deposits (=items 1, 2, 3, 4 and 5)	8155	48	-7	37	3.4	2.7	2.8
(1)	**Deposits placed by households**[c)]	5053	11	6	11	2.3	2.1	2.1
(1.1)	Overnight deposits	2258	-1	2	1	1.7	1.2	0.8
(1.2)	Deposits with an agreed maturity of up to two years	915	1	1	4	-1.0	-0.2	1.4
(1.3)	Deposits redeemable at notice of up to three months	1845	9	3	6	4.7	4.3	3.9
(1.4)	Repurchase agreements	34	2	0	0	5.7	10.0	11.7
(2)	**Deposits placed by non-financial corporations**	1570	-7	6	8	3.6	4.3	4.6
(2.1)	Overnight deposits	1010	-12	4	8	-0.1	1.5	2.0
(2.2)	Deposits with an agreed maturity of up to two years	463	3	6	-5	11.7	11.8	10.1
(2.3)	Deposits redeemable at notice of up to three months	77	0	0	1	3.7	-0.1	1.2
(2.4)	Repurchase agreements	20	2	-4	4	29.8	8.2	38.4
(3)	**Deposits placed by non-monetary financial intermediaries excluding insurance corporations and pension funds**	1069	42	-29	17	11.3	6.2	5.3
(3.1)	Overnight deposits	371	-10	1	8	1.3	0.9	-3.0
(3.2)	Deposits with an agreed maturity of up to two years	305	13	-19	-1	4.4	1.7	0.0
(3.3)	Deposits redeemable at notice of up to three months	11	1	1	-1	-25.2	5.3	0.2
(3.4)	Repurchase agreements	382	39	-12	12	31.8	16.0	20.0
	of which: with central counterparties[d)]	282	41	2	-8	.	32.9	34.6
(4)	**Deposits placed by insurance corporations and pension funds**	195	-3	2	5	-2.6	-7.1	-3.8
(5)	**Deposits placed by other general government**	268	4	8	-5	-1.5	-0.8	1.6

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

c) Includes deposits by non-profit institutions serving households.

d) The series is not adjusted for seasonal effects.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: JULY 2011

DATA ADJUSTED FOR SEASONAL EFFECTS

(contributions in terms of the M3 annual percentage change[a])

		MAY 2011	JUNE 2011	JULY 2011
(1)	**M1**	0.6	0.6	0.4
(1.1)	*of which* : Currency	0.4	0.3	0.4
(1.2)	*of which* : Overnight deposits	0.2	0.3	0.1
(2)	**M2 - M1** (= other short-term deposits)	1.5	1.4	1.4
(3)	**M3 - M2** (= short-term marketable instruments)	0.2	-0.1	0.1
(4)	**M3** (= items 1, 2 and 3)	2.3	1.9	2.0

a) Figures may not add up due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY BORROWING SECTOR, TYPE AND ORIGINAL MATURITY: JULY 2011

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes[a])

		END-OF-MONTH LEVEL	MONTHLY FLOW [b]			ANNUAL GROWTH RATE		
		JULY 2011	MAY 2011	JUNE 2011	JULY 2011	MAY 2011	JUNE 2011	JULY 2011
	BREAKDOWN OF LOANS [c]							
(1)	**Loans to households** [d]	5251	12	3	-8	3.4	3.2	3.0
	loans adjusted for sales and securitisation [e]	*ND*	*13*	*3*	*5*	*3.1*	*2.9*	*2.8*
(1.1)	Credit for consumption	626	-2	-6	-4	-0.8	-1.8	-2.1
(1.2)	Lending for house purchase	3790	9	6	-5	4.4	4.3	3.9
(1.3)	Other lending	835	5	3	1	2.1	2.5	2.7
	of which: sole proprietors [f]	404	2	0	-1	.	0.4	0.5
(2)	**Loans to non-financial corporations**	4734	10	23	-3	1.0	1.5	1.6
	loans adjusted for sales and securitisation [e]	*ND*	*11*	*23*	*-2*	*1.8*	*2.4*	*2.3*
(2.1)	up to 1 year	1168	4	24	-9	1.3	4.3	4.1
(2.2)	over 1 year and up to 5 years	866	3	-11	-2	-2.6	-3.7	-3.5
(3.3)	over 5 years	2699	4	10	8	2.1	2.1	2.2
(3)	**Loans to non-monetary financial intermediaries except insurance corporations and pension funds**	1140	9	-25	19	7.3	3.5	3.5
	of which: reverse repos to central counterparties [f]	159	16	-10	6	.	21.2	18.8
(4)	**Loans to insurance corporations and pension funds**	91	2	1	2	3.0	5.7	4.1

a) Figures may not add up due to rounding.

b) 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.

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

f) The series is not adjusted for seasonal effects.