

28 November 2012

## PRESS RELEASE

### MONETARY DEVELOPMENTS IN THE EURO AREA: OCTOBER 2012

The annual growth rate of the broad monetary aggregate M3 increased to 3.9% in October 2012, from 2.6% in September 2012.<sup>1</sup> The three-month average of the annual growth rates of M3 in the period from August 2012 to October 2012 stood at 3.1%, compared with 3.0% in the period from July 2012 to September 2012.

Twelve-month percentage changes; (adjusted for seasonal and end-of-month calendar effects)	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	AUGUST 2012 - OCTOBER 2012 (AVERAGE)
<b>M3*</b>	2.9	2.6	3.9	3.1
<b>M1</b>	5.2	5.0	6.4	5.5
<b>Loans to the private sector*</b>	-0.6	-0.9	-0.7	-0.7
<b>Loans to the private sector, adjusted for sales and securitisation*</b>	-0.2	-0.4	-0.4	-0.3

\* See the notes for more information.

#### M3 components

Regarding the main components of M3, the annual growth rate of M1 increased to 6.4% in October 2012, from 5.0% in September. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 1.7% in October, from 0.6% in the previous month. The annual growth rate of marketable instruments (M3-M2) increased to 0.0% in October, from -1.5% in September. Among the deposits included in M3, the annual growth rate of deposits placed by households increased to 3.3% in October, from 2.7% in the previous month, while the annual growth rate of deposits placed by non-financial corporations increased to 2.8% in October, from 1.5% in the previous month. Finally, the annual growth rate of deposits placed by non-monetary financial intermediaries (excluding insurance corporations and pension funds) increased to 4.0% in October, from -1.9% 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 stood at 0.5% in October 2012, unchanged from the previous month. The annual growth rate of credit extended to

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

general government increased to 8.8% in October, from 8.2% in September, while the annual growth rate of credit extended to the private sector was more negative at -1.4% in October, from -1.2% in the previous month. Among the components of credit to the private sector, the annual growth rate of loans was less negative at -0.7% in October, from -0.9% in the previous month (adjusted for loan sales and securitisation<sup>2</sup>, the rate stood at -0.4%, unchanged from the previous month). The annual growth rate of loans to households increased to 0.5% in October, from 0.1% in September (adjusted for loan sales and securitisation, the rate stood at 0.8%, unchanged from the previous month). The annual growth rate of lending for house purchase, the most important component of household loans, increased to 1.3% in October, from 0.7% in the previous month. The annual growth rate of loans to non-financial corporations was more negative at -1.8% in October, from -1.5% in the previous month (adjusted for loan sales and securitisation, the rate was more negative at -1.5% in October, from -1.2% in the previous month). Finally, the annual growth rate of loans to non-monetary financial intermediaries (excluding insurance corporations and pension funds) stood at -1.9% in October, compared with -2.0% in the previous month.

### **Other counterparts**

Over the 12 months up to October 2012, the net external asset position of the euro area MFI sector decreased by €16 billion, compared with a decrease of €74 billion over the 12 months up to September. The annual growth rate of longer-term financial liabilities of the MFI sector was more negative at -2.0% in October, from -1.6% in September.

### 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>.
- For data as from the reference period June 2010, and henceforth, repo operations conducted through central counterparties (CCPs) are excluded from the M3 component "repurchase agreements", and reverse repo operations conducted through CCPs are excluded from the M3 counterpart position "loans to the private sector". These items are instead now included in the residual category "other counterparts of M3" and are presented on a gross basis as sub-components of this category. A statistical reclassification adjustment has been calculated at June 2010 to correct the relevant data on transactions and growth rates. For further details, see Box 3 in the September 2012 issue of the ECB's Monthly Bulletin (<http://www.ecb.europa.eu/pub/pdf/mobu/mb201209en.pdf>).

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<sup>2</sup> 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: OCTOBER 2012

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	END-OF-MONTH LEVEL	MONTHLY FLOW <sup>b)</sup>			ANNUAL GROWTH RATE		
	OCTOBER 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012
<b>COMPONENTS OF M3 <sup>c)</sup></b>							
(1) <b>M3</b> (= items 1.3, 1.6 and 1.11)	9796	25	-33	112	2.9	2.6	3.9
(1.1) Currency in circulation	870	2	-1	3	5.2	4.3	3.5
(1.2) Overnight deposits	4223	83	-18	65	5.2	5.1	7.0
(1.3) <b>M1</b> (items 1.1 and 1.2)	5093	85	-19	68	5.2	5.0	6.4
(1.4) Deposits with an agreed maturity of up to two years	1813	-53	-2	11	-2.5	-3.0	-1.8
(1.5) Deposits redeemable at notice of up to three months	2063	9	12	21	3.7	4.1	4.9
(1.6) Other short term deposits (items 1.4 and 1.5)	3876	-45	11	32	0.7	0.6	1.7
(1.7) <b>M2</b> (items 1.3 and 1.6)	8969	40	-9	100	3.2	3.1	4.3
(1.8) Repurchase agreements	129	0	-12	8	-21.9	-23.3	-20.2
(1.9) Money market fund shares/units	491	-4	-8	9	1.2	-1.0	1.8
(1.10) Debt securities issued with a maturity of up to two years	208	-11	-4	-5	16.2	17.3	14.1
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	828	-15	-25	12	-0.3	-1.5	0.0
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
(2) <i>Holdings against central government</i> <sup>d)</sup>	278	-12	26	-32	5.3	15.8	5.6
(3) <i>Longer-term financial liabilities vis-à-vis other euro area residents</i> (= items 3.1 to 3.4)	7634	10	6	-12	-1.5	-1.6	-2.0
(3.1) Deposits with an agreed maturity of over two years	2421	8	-4	-4	-3.7	-4.5	-5.9
(3.2) Deposits redeemable at notice of over three months	108	-1	-1	-1	-7.8	-8.4	-9.1
(3.3) Debt securities issued with a maturity of over two years	2707	2	1	-9	-5.0	-5.0	-4.8
(3.4) Capital and reserves	2398	2	11	1	6.1	6.5	6.3
<b>MFI assets:</b>							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16504	-11	21	7	0.5	0.5	0.5
(4.1) Credit to general government	3407	-1	31	12	8.1	8.2	8.8
Loans	1191	-7	-1	11	1.7	1.6	2.9
Securities other than shares	2215	7	32	1	12.0	12.2	12.3
(4.2) Credit to other euro area residents	13097	-10	-10	-5	-1.2	-1.2	-1.4
Loans <sup>e)</sup>	10948	-1	-13	3	-0.6	-0.9	-0.7
<i>loans adjusted for sales and securitisation</i> <sup>f)</sup>	ND	1	-12	7	-0.2	-0.4	-0.4
Securities other than shares	1395	-8	-11	-2	-5.4	-5.8	-8.5
Shares and other equities	754	-1	14	-6	-1.2	2.0	2.1
(5) <i>Net external assets</i>	963	11	-13	19	ND	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5) <i>of which:</i>	241	22	-9	41	ND	ND	ND
(6.1) Repos with central counterparties (liabilities) (+) <sup>g)</sup>	281	-12	15	-17	-5.0	-7.5	-9.2
(6.2) Reverse repos to central counterparties (assets) (-) <sup>g)</sup>	223	-10	22	1	12.8	23.0	3.9

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.

g) The series is not adjusted for seasonal effects.

TABLE 2

**BREAKDOWN OF DEPOSITS IN M3 BY HOLDING SECTOR AND TYPE: OCTOBER 2012**

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	END-OF-MONTH LEVEL	MONTHLY FLOW <sup>b)</sup>			ANNUAL GROWTH RATE		
	OCTOBER 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012
<b>BREAKDOWN OF DEPOSITS IN M3</b>							
<b>Total deposits</b> (=items 1, 2, 3, 4 and 5)	8228	38	-20	105	2.4	2.4	3.9
(1) <b>Deposits placed by households</b> <sup>c)</sup>	5273	30	14	33	2.7	2.7	3.3
(1.1) Overnight deposits	2337	30	1	10	1.9	1.7	2.5
(1.2) Deposits with an agreed maturity of up to two years	979	-5	3	6	5.6	5.4	5.5
(1.3) Deposits redeemable at notice of up to three months	1946	7	9	17	3.5	3.7	4.3
(1.4) Repurchase agreements	12	-1	0	0	-62.6	-62.1	-63.0
(2) <b>Deposits placed by non-financial corporations</b>	1608	23	-3	17	1.3	1.5	2.8
(2.1) Overnight deposits	1107	30	-2	14	7.9	8.9	9.8
(2.2) Deposits with an agreed maturity of up to two years	402	-7	-4	1	-11.6	-13.7	-12.0
(2.3) Deposits redeemable at notice of up to three months	86	1	3	2	-0.2	4.0	7.4
(2.4) Repurchase agreements	12	-1	0	0	-36.2	-30.4	-35.9
(3) <b>Deposits placed by non-monetary financial intermediaries excluding insurance corporations and pension funds</b> <sup>d)</sup>	814	-3	-23	40	-2.4	-1.9	4.0
(3.1) Overnight deposits	479	28	-14	31	15.7	14.0	22.7
(3.2) Deposits with an agreed maturity of up to two years	231	-33	3	-1	-25.3	-22.3	-20.4
(3.3) Deposits redeemable at notice of up to three months	13	0	0	0	3.5	6.1	12.3
(3.4) Repurchase agreements <sup>d)</sup>	92	2	-11	10	-5.5	-6.1	0.1
(4) <b>Deposits placed by insurance corporations and pension funds</b>	202	-2	-2	1	3.5	0.5	2.8
(5) <b>Deposits placed by other general government</b>	330	-11	-5	14	16.9	15.3	21.8

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) Excludes repurchase agreements with central counterparties.

TABLE 3

**CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: OCTOBER 2012**

DATA ADJUSTED FOR SEASONAL EFFECTS

(contributions in terms of the M3 annual percentage change <sup>a)</sup>)

	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012
(1) <b>M1</b>	2.6	2.5	3.2
(1.1) <i>of which</i> : Currency	0.4	0.4	0.3
(1.2) <i>of which</i> : Overnight deposits	2.2	2.1	2.9
(2) <b>M2 - M1</b> (= other short-term deposits)	0.3	0.3	0.7
(3) <b>M3 - M2</b> (= short-term marketable instruments)	0.0	-0.1	0.0
(4) <b>M3</b> (= items 1, 2 and 3)	2.9	2.6	3.9

a) Figures may not add up due to rounding.

TABLE 4

**BREAKDOWN OF LOANS AS COUNTERPART TO M3 BY BORROWING SECTOR, TYPE AND ORIGINAL MATURITY: OCTOBER 2012**

DATA ADJUSTED FOR SEASONAL EFFECTS

(EUR billions and annual percentage changes <sup>a)</sup>)

	END-OF-MONTH LEVEL	MONTHLY FLOW <sup>b)</sup>			ANNUAL GROWTH RATE		
	OCTOBER 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012
<b>BREAKDOWN OF LOANS AS COUNTERPART TO M3 <sup>c)</sup></b>							
(1) <b>Loans to households <sup>d)</sup></b>	5243	4	0	4	0.2	0.1	0.5
<i>loans adjusted for sales and securitisation <sup>e)</sup></i>	<i>ND</i>	<i>5</i>	<i>0</i>	<i>8</i>	<i>0.9</i>	<i>0.8</i>	<i>0.8</i>
(1.1) Credit for consumption	601	-2	-2	-1	-2.5	-2.7	-2.8
(1.2) Lending for house purchase	3815	5	3	3	0.8	0.7	1.3
(1.3) Other lending	827	1	-1	2	-0.6	-0.7	-0.5
<i>of which: sole proprietors <sup>f)</sup></i>	<i>416</i>	<i>-1</i>	<i>-1</i>	<i>0</i>	<i>0.8</i>	<i>0.6</i>	<i>0.8</i>
(2) <b>Loans to non-financial corporations</b>	4643	-7	-24	-8	-0.7	-1.5	-1.8
<i>loans adjusted for sales and securitisation <sup>e)</sup></i>	<i>ND</i>	<i>-7</i>	<i>-21</i>	<i>-7</i>	<i>-0.4</i>	<i>-1.2</i>	<i>-1.5</i>
(2.1) up to 1 year	1143	-4	-18	3	-0.1	-2.0	-2.0
(2.2) over 1 year and up to 5 years	823	-5	-6	-3	-3.3	-4.1	-4.4
(3.3) over 5 years	2677	2	0	-8	-0.1	-0.4	-0.8
(3) <b>Loans to non-monetary financial intermediaries except insurance corporations and pension funds <sup>g)</sup></b>	971	-1	10	3	-3.5	-2.0	-1.9
(4) <b>Loans to insurance corporations and pension funds</b>	91	3	1	4	-11.3	-8.9	-2.4

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.

g) Excludes reverse repos to central counterparties.