

PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2010

The annual rate of change of M3 stood at 0.2% in July 2010, unchanged from the previous month.¹ The three-month average of the annual rates of change of M3 over the period May 2010 - July 2010 stood at 0.1%, compared with 0.0% in the period April 2010 - June 2010.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	MAY 2010	JUNE 2010	JULY 2010	MAY 2010 - JULY 2010 AVERAGE
M3	0.0	0.2	0.2	0.1
M1	10.3	9.2	8.1	9.2
Loans to private sector	0.2	0.5	0.9	0.6

Regarding the main components of M3, the annual rate of growth of M1 decreased to 8.1% in July 2010, from 9.2% in June. The annual rate of change of short-term deposits other than overnight deposits increased to -6.0% in July, from -7.1% in the previous month. The annual rate of change of marketable instruments decreased to -8.3% in July, from -7.6% in June.

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 increased to 1.9% in July 2010, from 1.5% in the previous month. The annual rate of growth of credit extended to general government decreased to 7.6% in July, from 8.1% in June, while the annual growth of credit extended to the private sector increased to 0.6% in July, from 0.1% in the previous month. Among the components of the latter, the annual rate of change of loans to the private sector increased to 0.9% in July, from 0.5% in the previous month (adjusted for loan sales and securitisation² the annual growth rate of loans to the private sector increased to 1.0%, from 0.5% in the previous month). The annual rate of change of loans to non-financial corporations increased to -1.3% in July, from -1.6% in June. The annual growth rate of loans to households stood at 2.8% in July, unchanged from the previous month. The annual rate of growth of lending for house purchase increased to 3.5% in July, from 3.3% in the previous month. The annual rate of change of consumer credit decreased to -0.6% in July, from -0.4% in June, while the annual growth rate of other lending to households decreased to 2.6% in July, from 3.0% in the previous month. Finally, the annual rate of

¹ These rates of change 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.U2.200.Z01.A>

growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 2.2% in July, from 1.0% in the previous month.

Over the 12 months up to July 2010, the net external asset position of the euro area MFI sector decreased by EUR 2 billion, compared with an increase of EUR 47 billion over the 12 months up to June. The annual rate of growth of longer-term financial liabilities of the MFI sector stood at 3.7% in July, compared with 3.8% in June.

Notes

- *In addition to the monthly monetary developments for the reference month, this press release incorporates minor revisions to the data for previous months.*
- *Euro area-wide reporting under Regulation ECB/2008/32 of 19 December 2008 concerning the balance sheet of the monetary and financial institutions sector, together with other changes to the statistical reporting framework and practices in several euro area countries, started with effect from the June 2010 reference period, reported in July. These changes may imply revisions to preliminary data in subsequent press releases.*
- *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 August 2010, September 2010 and October 2010 is scheduled to take place at 10 am on 27 September 2010, 27 October 2010 and 26 November 2010 respectively.*

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: JULY 2010

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2010			JULY 2010			AVERAGE MAY-10 JUL-10
	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)	9419	32	0,2	9420	10	0,2	0,1
(1,1) Currency in circulation	785	5	6,9	782	-3	6,6	6,8
(1,2) Overnight deposits	3876	1	9,6	3904	33	8,4	9,7
(1,3) M1 (items 1.1 and 1.2)	4661	5	9,2	4686	30	8,1	9,2
(1,4) Deposits with agreed maturity up to 2 years	1789	-4	-19,6	1779	-6	-17,5	-19,4
(1,5) Deposits redeemable at notice up to 3 months	1840	6	9,0	1853	13	8,2	9,0
(1,6) Other short term deposits (items 1.4 and 1.5)	3629	2	-7,1	3632	7	-6,0	-7,0
(1,7) M2 (items 1.3 and 1.6)	8291	7	1,4	8318	37	1,4	1,4
(1,8) Repurchase agreements	402	44	16,7	390	-11	17,9	14,8
(1,9) Money market fund shares/units	604	-12	-13,6	586	-18	-16,6	-14,2
(1,10) Debt securities issued with maturity up to 2 years	123	-7	-31,1	126	2	-25,2	-29,8
(1,11) Marketable instruments (items 1.8, 1.9 and 1.10)	1129	25	-7,6	1102	-28	-8,3	-8,5
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	269	-23	-9,7	288	19	-0,9	-7,2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7127	-35	3,8	7095	26	3,7	4,2
(3.1) Deposits with agreed maturity over 2 years	2330	-13	4,2	2336	8	3,9	4,6
(3.2) Deposits redeemable at notice over 3 months	127	-1	0,6	126	-1	-1,0	0,6
(3.3) Debt securities issued with maturity over 2 years	2721	-29	1,5	2698	6	1,2	1,8
(3.4) Capital and reserves	1949	7	6,8	1935	13	7,6	7,5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16287	65	1,5	16329	56	1,9	1,7
(4.1) Credit to general government	3049	26	8,1	3058	5	7,6	8,4
of which Loans	1084	8	7,0	1074	-10	5,9	6,9
of which Securities other than shares	1965	18	8,8	1983	14	8,5	9,2
(4.2) Credit to other euro area residents	13238	39	0,1	13272	51	0,6	0,3
of which Loans ^{e)}	10954	40	0,5	10944	14	0,9	0,6
<i>memo item: loans adjusted for sales & securitisation</i> ^{f)}	ND	45	0,5	ND	28	1,0	0,5
of which Securities other than shares	1501	-15	-2,6	1531	31	-1,1	-1,5
of which Shares and other equities	784	14	-0,8	796	6	-0,2	-0,2
(5) <i>Net external assets</i>	652	-40	ND	563	-43	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-125	-51	ND	-89	42	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: JULY 2010

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JUNE 2010			JULY 2010			AVERAGE MAY-10 JUL-10
	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)	9454	27	0,1	9429	-17	0,3	0,1
(1,1) Currency in circulation	786	7	6,9	794	8	6,5	6,6
(1,2) Overnight deposits	3930	35	9,2	3900	-24	8,9	9,7
(1,3) M1 (items 1.1 and 1.2)	4715	41	8,8	4694	-16	8,5	9,2
(1,4) Deposits with agreed maturity up to 2 years	1761	-20	-19,7	1774	17	-17,6	-19,6
(1,5) Deposits redeemable at notice up to 3 months	1846	0	8,9	1856	10	8,3	9,0
(1,6) Other short term deposits (items 1.4 and 1.5)	3607	-20	-7,1	3630	27	-6,0	-7,1
(1,7) M2 (items 1.3 and 1.6)	8322	21	1,3	8324	12	1,6	1,5
(1,8) Repurchase agreements	406	39	16,8	384	-22	19,3	15,0
(1,9) Money market fund shares/units	603	-27	-13,6	594	-9	-16,6	-14,2
(1,10) Debt securities issued with maturity up to 2 years	123	-7	-31,1	126	2	-25,2	-29,8
(1,11) Marketable instruments (items 1.8, 1.9 and 1.10)	1132	6	-7,5	1104	-29	-8,3	-8,5
COUNTERPARTS OF M3							
MFI liabilities:							
(2) <i>Holdings against central government</i> ^{d)}	305	20	-9,9	283	-22	-1,4	-7,3
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	7152	-4	3,8	7118	24	3,7	4,2
(3.1) Deposits with agreed maturity over 2 years	2342	-7	4,2	2345	5	3,9	4,6
(3.2) Deposits redeemable at notice over 3 months	126	-1	0,5	124	-1	-1,0	0,6
(3.3) Debt securities issued with maturity over 2 years	2735	-20	1,5	2714	7	1,2	1,8
(3.4) Capital and reserves	1948	24	6,9	1935	13	7,5	7,5
MFI assets:							
(4) <i>Credit to euro area residents</i> (= items 4.1 and 4.2)	16349	81	1,5	16352	17	1,8	1,7
(4.1) Credit to general government	3073	43	8,1	3066	-11	7,5	8,4
of which Loans	1087	18	7,1	1076	-10	6,0	6,9
of which Securities other than shares	1986	24	8,7	1990	0	8,4	9,2
(4.2) Credit to other euro area residents	13276	38	0,1	13286	28	0,6	0,3
of which Loans	10981	64	0,5	10967	10	0,9	0,5
<i>memo item: loans adjusted for sales & securitisation</i> ^{e)}	ND	70	0,5	ND	23	1,0	0,5
of which Securities other than shares	1513	-9	-2,6	1534	21	-1,1	-1,6
of which Shares and other equities	782	-17	-0,8	785	-3	-0,3	-0,3
(5) <i>Net external assets</i>	646	-4	ND	560	-41	ND	ND
(6) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 - items 4, 5)	-84	-33	ND	-83	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: JULY 2010
DATA ADJUSTED FOR SEASONAL EFFECTS
 (contributions in terms of the M3 annual percentage change ^{a)})

	MAY 2010	JUNE 2010	JULY 2010
(1) M1	9,5	3,6	3,2
(1.1) <i>of which</i> : Currency	1,1	0,5	0,4
(1.2) <i>of which</i> : Overnight deposits	8,4	3,1	2,8
(2) M2 - M1 (= other short-term deposits)	-6,8	-2,6	-2,1
(3) M3 - M2 (= short-term marketable instruments)	-2,7	-0,9	-0,9
(4) M3 (= items 1, 2 and 3)	0,0	0,2	0,2

a) Figures may not add up due to rounding.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: JULY 2010
DATA ADJUSTED FOR SEASONAL EFFECTS
 (EUR billions and annual percentage changes ^{a)})

	JUNE 2010			JULY 2010		
	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	4680	-7	-1,6	4656	-10	-1,3
(1.1) up to 1 year	1134	-23	-9,9	1123	-7	-8,2
(1.2) over 1 year and up to 5 years	920	0	-4,4	913	-5	-4,4
(1.3) over 5 years	2626	15	3,6	2621	1	3,2
(2) Loans to households ^{d)}	5082	13	2,8	5083	6	2,8
(2.1) Consumer credit	643	1	-0,4	641	-2	-0,6
(2.2) Lending for house purchase	3630	9	3,3	3639	11	3,5
(2.3) Other lending	809	2	3,0	804	-4	2,6
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	1106	38	1,0	1113	12	2,2
(4) Loans to insurance corporations and pension funds	85	-4	-13,5	92	7	-1,1

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.