



EUROPEAN CENTRAL BANK

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2005

The annual rate of growth of M3 increased to 8.1% in August 2005, from 7.9% in July 2005.¹ The three-month average of the annual growth rates of M3 over the period June 2005 - August 2005 rose to 7.9%, from 7.6% in the period May 2005 - July 2005.

12-month percentage changes; adjusted for seasonal and end-of-month calendar effects	JUNE 2005	JULY 2005	AUGUST 2005	JUNE 2005 - AUGUST 2005 AVERAGE
M3	7.6	7.9	8.1	7.9
M1	10.9	11.1	11.5	11.2
Loans to private sector	8.0	8.3	8.4	8.2

Regarding the main components of M3, the annual rate of growth of M1 increased to 11.5% in August 2005, from 11.1% in July. The annual rate of growth of short-term deposits other than overnight deposits stood at 5.3% in August, unchanged from the previous month. The annual rate of growth of marketable instruments was 5.5% in August, compared with 5.6% in July.

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 rose to 6.9% in August 2005, from 6.7% in July. The annual rate of growth of credit extended to general government was 1.0% in August, compared with 1.1% in July, while the annual growth of credit extended to the private sector increased to 8.5% in August, from 8.3% in July. Among the components of the latter, the annual rate of growth of loans to the private sector stood at 8.4% in August, compared with 8.3% in the previous month. The annual growth rate of loans to non-financial corporations stood at 6.7% in August, after 6.8% in July.² The annual growth rate of loans to households was 8.6% in August, compared with 8.5% in the previous month. The annual rate of growth of lending for house purchase was 10.7% in August, after 10.6% in July. The annual rate of growth of consumer credit increased to 7.0% in August, from 6.8% in July while the annual growth rate of other lending to households stood at 2.3% in August, compared with 2.2% in the previous month.

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.

Finally, the annual rate of growth of loans to non-monetary financial intermediaries (except insurance corporations and pension funds) increased to 16.5% in August, from 14.9% in the previous month.

Over the 12 months up to August 2005, the net external asset position of the euro area MFI sector rose by EUR 127 billion, compared with a rise of EUR 162 billion over the 12 months up to July. The annual rate of growth of longer-term financial liabilities of the MFI sector was 9.2% in August, compared with 9.3% in July.

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 September, October, November and December 2005 is scheduled to take place at 10 am on 28 October, 29 November, 29 December 2005 and 27 January 2006 respectively.*
- *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.int/>) in the "Statistics" section under "Data services" and then "Latest monetary, financial markets and balance of payments statistics". In addition, data on a number of breakdowns of deposits, loans and holdings of securities, together with longer time series for principal monetary aggregates (start date: January 1970) and methodological notes on the monetary statistics concepts and seasonal adjustment procedures can be found in the same section under: "Money, banking and financial markets" and then "Monetary statistics".*

TABLE 1

MONETARY DEVELOPMENTS IN THE EURO AREA: AUGUST 2005

DATA ADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2005			AUGUST 2005			AVERAGE JUN-05 AUG-05
	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)	6869	71	7.9	6916	47	8.1	7.9
(1.1) Currency in circulation	495	1	16.0	501	7	15.6	16.3
(1.2) Overnight deposits	2806	42	10.2	2826	20	10.8	10.3
(1.3) M1 (items 1.1 and 1.2)	3301	43	11.1	3328	27	11.5	11.2
(1.4) Deposits with agreed maturity up to 2 years	1046	6	4.0	1049	3	4.2	3.9
(1.5) Deposits redeemable at notice up to 3 months	1527	8	6.0	1537	10	5.9	6.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2573	14	5.3	2586	13	5.3	5.2
(1.7) M2 (items 1.3 and 1.6)	5874	58	8.3	5913	40	8.5	8.3
(1.8) Repurchase agreements	243	4	6.7	252	9	10.9	9.3
(1.9) Money market fund shares/units	632	9	3.7	631	-2	2.4	2.8
(1.10) Debt securities issued with maturity up to 2 years	119	1	13.7	119	0	12.1	12.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	995	13	5.6	1003	7	5.5	5.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) Holdings against central government ^{d)}	208	20	5.3	174	-35	-12.7	-4.6
(3) Longer-term financial liabilities against other euro area residents (= items 3.1 to 3.4)	4809	9	9.3	4835	27	9.2	9.4
(3.1) Deposits with agreed maturity over 2 years	1454	8	8.8	1455	1	8.3	8.6
(3.2) Deposits redeemable at notice over 3 months	91	-1	0.3	90	-1	-0.9	0.3
(3.3) Debt securities issued with maturity over 2 years	2126	2	11.2	2146	21	11.4	11.5
(3.4) Capital and reserves	1138	-1	7.2	1144	5	7.3	7.4
MFI assets:							
(4) Credit to euro area residents (= items 4.1 and 4.2)	11547	90	6.7	11606	59	6.9	6.7
(4.1) Credit to general government	2364	15	1.1	2375	10	1.0	1.1
of which Loans	832	1	-1.8	839	7	-1.1	-1.4
of which Securities other than shares	1532	14	2.7	1536	2	2.3	2.5
(4.2) Credit to other euro area residents	9183	75	8.3	9231	49	8.5	8.3
of which Loans	7963	74	8.3	8008	45	8.4	8.2
of which Securities other than shares	508	-1	11.8	508	0	11.5	11.8
of which Shares and other equities	712	2	6.6	715	4	8.1	7.1
(5) Net external assets	469	11	ND	456	-12	ND	ND
(6) Other counterparts of M3 (residual) (= M3 + items 2, 3 - items 4, 5)	-130	-3	ND	-137	-7	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: AUGUST 2005

DATA UNADJUSTED FOR SEASONAL EFFECTS

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

	JULY 2005			AUGUST 2005			AVERAGE JUN-05 AUG-05
	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)	6882	49	8.0	6859	-23	7.9	7.9
(1.1) Currency in circulation	506	10	16.1	501	-6	15.6	16.4
(1.2) Overnight deposits	2814	5	10.7	2766	-47	10.5	10.3
(1.3) M1 (items 1.1 and 1.2)	3320	15	11.5	3267	-52	11.2	11.2
(1.4) Deposits with agreed maturity up to 2 years	1043	15	3.8	1055	12	4.6	3.9
(1.5) Deposits redeemable at notice up to 3 months	1526	6	6.0	1530	4	5.9	6.0
(1.6) Other short term deposits (items 1.4 and 1.5)	2569	20	5.2	2584	16	5.4	5.2
(1.7) M2 (items 1.3 and 1.6)	5889	35	8.4	5852	-36	8.4	8.3
(1.8) Repurchase agreements	239	0	7.1	249	10	11.1	9.4
(1.9) Money market fund shares/units	635	13	3.8	639	3	2.5	2.8
(1.10) Debt securities issued with maturity up to 2 years	119	1	13.7	119	0	12.1	12.2
(1.11) Marketable instruments (items 1.8, 1.9 and 1.10)	993	14	5.7	1007	13	5.5	5.4
COUNTERPARTS OF M3							
MFI liabilities:							
(2) Holdings against central government ^{d)}	212	1	5.2	168	-44	-13.1	-4.6
(3) Longer-term financial liabilities against other euro area residents (= items 3.1 to 3.4)	4812	11	9.3	4830	19	9.2	9.4
(3.1) Deposits with agreed maturity over 2 years	1454	7	8.8	1455	1	8.3	8.6
(3.2) Deposits redeemable at notice over 3 months	90	-1	0.2	89	-1	-0.9	0.3
(3.3) Debt securities issued with maturity over 2 years	2130	5	11.2	2141	13	11.4	11.5
(3.4) Capital and reserves	1139	1	7.1	1145	6	7.4	7.4
MFI assets:							
(4) Credit to euro area residents (= items 4.1 and 4.2)	11557	48	6.7	11556	-1	6.9	6.8
(4.1) Credit to general government	2368	0	1.1	2364	-5	1.1	1.1
of which Loans	830	1	-1.8	831	1	-1.1	-1.3
of which Securities other than shares	1538	-1	2.7	1533	-6	2.3	2.5
(4.2) Credit to other euro area residents	9189	48	8.3	9191	4	8.5	8.3
of which Loans	7976	60	8.3	7981	7	8.4	8.2
of which Securities other than shares	507	-2	11.8	505	-2	11.4	11.8
of which Shares and other equities	707	-10	6.6	705	-1	8.0	7.1
(5) Net external assets	466	7	ND	460	-5	ND	ND
(6) Other counterparts of M3 (residual) (= M3 + items 2, 3 - items 4, 5)	-117	7	ND	-159	-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.

TABLE 3

CONTRIBUTIONS OF M3 COMPONENTS TO THE M3 ANNUAL GROWTH RATE: AUGUST 2005
DATA ADJUSTED FOR SEASONAL EFFECTS
(contributions in terms of the M3 annual percentage change ^{a)})

	JUNE 2005	JULY 2005	AUGUST 2005
(1) M1	4.8	4.9	5.1
(1.1) <i>of which</i> : Currency	1.1	1.1	1.1
(1.2) <i>of which</i> : Overnight deposits	3.7	3.9	4.1
(2) M2 - M1 (= other short-term deposits)	2.1	2.1	2.1
(3) M3 - M2 (= short-term marketable instruments)	0.7	0.8	0.8
(4) M3 (= items 1, 2 and 3)	7.6	7.9	8.1

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.

TABLE 4

BREAKDOWN OF LOANS BY COUNTERPART, TYPE AND ORIGINAL MATURITY: AUGUST 2005
DATA UNADJUSTED FOR SEASONAL EFFECTS
(EUR billions and annual percentage changes ^{a)})

	JULY 2005				AUGUST 2005			
	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	3308	27	-1	6.8	3295	-12	0	6.7
(1.1) up to 1 year	1023	1	0	4.9	1000	-23	0	4.4
(1.2) over 1 year and up to 5 years	575	8	0	7.3	573	-2	0	6.3
(1.3) over 5 years	1710	18	0	7.8	1722	12	0	8.2
(2) Loans to households ^{d)}	4025	34	-1	8.5	4048	24	-1	8.6
(2.1) Consumer credit	538	1	0	6.8	540	2	0	7.0
(2.2) Lending for house purchase	2773	36	0	10.6	2795	22	0	10.7
(2.3) Other lending ^{d)}	713	-3	0	2.2	713	0	0	2.3
(3) Loans to non-monetary financial intermediaries except insurance corporations and pension funds	579	-1	0	14.9	573	-6	0	16.5
(4) Loans to insurance corporations and pension funds	64	0	0	11.5	65	1	0	18.6

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.