



EUROPEAN CENTRAL BANK

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PRESS RELEASE

MONETARY DEVELOPMENTS IN THE EURO AREA: JULY 2000

In July 2000 the annual rate of growth of M3 was 5.3%, compared with 5.4% in the previous month. The three-month average of the annual rates of growth of M3 covering the period from May to July 2000 fell to 5.5%, from 6.0% in the period from April to June 2000.

12-month percentage changes	MAY 2000	JUNE 2000	JULY 2000	MAY - JULY 2000 AVERAGE
M3	5.9	5.4	5.3	5.5

On a month-to-month basis, M3 increased by EUR 12 billion in July 2000. Corrected for the estimated seasonal influences, M3 rose by EUR 24 billion relative to June 2000 (see the table below). This increase was mainly due to an increase in marketable instruments (by EUR 13 billion), while the components included in M1 increased by EUR 5 billion, and other short-term deposits by EUR 6 billion.

Seasonally-adjusted monthly changes	MAY 2000		JUNE 2000		JULY 2000		MAY - JULY 2000 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items I.1 to I.7) ¹⁾	19	0.4	-18	-0.4	24	0.5	8	0.2
Currency in circulation and overnight deposits (items I.1. and I.2) ¹⁾ (= M1)	0	0.0	-25	-1.3	5	0.3	-7	-0.3
Other short-term deposits (items I.3 and I.4) ¹⁾ (= M2-M1)	13	0.6	6	0.3	6	0.3	8	0.4
Marketable instruments (items I.5 to I.7) ¹⁾ (= M3-M2)	6	0.7	2	0.2	13	1.7	7	0.9

(1) The item numbers refer to those reported in the attached overview table.

Note: Due to rounding, the sum of the changes in the components of M3 in euro (billions) may not add up to the total reported for M3.

In July 2000, the annual rate of growth of M1 was unchanged from June, at 6.8%. The annual growth rate of overnight deposits rose to 7.6%, from 7.1% in June, whereas that of currency in circulation fell to 3.3%, from 5.3% in June.

The annual rate of change of short-term deposits other than overnight deposits was 0.9% in July, compared with 1.7% in June. This decline reflected a decrease in the annual rate of growth of deposits with an agreed maturity of up to two years (to 7.0% in July, from 7.5% in June) and a further decline in

the annual rate of change in deposits redeemable at a period of notice of up to three months (to -3.2%, from -2.2% in June).

The annual rate of growth of marketable instruments included in M3 increased to 15.6% in July (after 13.1% in June). This reflected divergent developments of the components of this item. The annual rate of growth of money market fund shares and money market paper increased to 21.0% in July (compared with 15.8% in the previous month). The annual rate of increase in repurchase agreements rose to 5.9%, from 1.2% in June. By contrast, the annual rate of growth in debt securities issued with a maturity of up to two years declined significantly (to 6.3%, from 26.3% in the previous month).

Regarding the counterparts of M3, the annual rate of growth in longer-term financial liabilities of the MFI sector rose slightly in July, to 7.3%, compared with 7.1% in the previous month. Among these liabilities, the annual rate of change of deposits redeemable at a period of notice of over three months rose to 4.8%, from 1.5% in the previous month. The annual rate of increase in debt securities issued with a maturity of over two years was almost unchanged (at 6.3%), while the annual growth rate of deposits with an agreed maturity of over two years declined to 2.9%, from 3.6% in June. Finally, the annual growth rate of the item capital and reserves was 15.3%, compared with 14.2% in June.

The annual rate of change of the outstanding amount of central government deposits held with the MFI sector fell significantly in July (2.0%, compared with 17.2% in the previous month).

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents stood at 6.9% in July, compared with 7.0% in June. The annual rates of change of both credit extended to the private sector (9.7% in July, after 9.8% in the previous month) and of credit extended to general government (-1.3%, compared with -1.2% in June) remained virtually unchanged.

During July 2000, the net external asset position of the euro area MFI sector decreased by EUR 9 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to July 2000, the net external assets of the MFI sector declined by EUR 128 billion.

More details on the latest monetary data as contained in the Tables 2.1 to 2.4 of the "Euro area statistics" section of the ECB Monthly Bulletin are available on the ECB's Web site (<http://www.ecb.int>) in the "Euro area statistics – download", "Latest monetary and financial statistics" page.

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MONETARY DEVELOPMENTS IN THE EURO AREA : JULY 2000

(1)

(non seasonally-adjusted data in EUR billions)

	JUNE 2000			JULY 2000			AVERAGE MAY-00 JUL-00
	End of month levels	Flows on previous month	Annual growth rate	End of month levels	Flows on previous month	Annual growth rate	Annual growth rate
COMPONENTS OF M3 ⁽²⁾							
(1) M3 (= items 1.1 to 1.7)	4927	-5	5.4	4943	12	5.3	5.5
(1.1) Currency in circulation	341	4	5.3	343	2	3.3	4.5
(1.2) Overnight deposits	1664	10	7.1	1665	0	7.6	8.0
(1.3) Deposits with agreed maturity up to 2 years	907	-1	7.5	921	12	7.0	6.4
(1.4) Deposits redeemable at notice up to 3 months	1239	-7	-2.2	1231	-8	-3.2	-2.2
(1.5) Repurchase agreements	169	-12	1.2	174	5	5.9	3.9
(1.6) Money market fund shares/units and money market paper	520	-1	15.8	534	13	21.0	17.8
(1.7) Debt securities issued with maturity up to 2 years	87	2	26.3	77	-10	6.3	19.5
COUNTERPARTS OF M3 ⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	147	33	17.2	138	-9	2.0	4.5
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3705	18	7.1	3732	17	7.3	7.3
(3.1) Deposits with agreed maturity over 2 years	1165	0	3.6	1164	-2	2.9	3.6
(3.2) Deposits redeemable at notice over 3 months	116	1	1.5	117	1	4.8	1.9
(3.3) Debt securities issued with maturity over 2 years	1498	10	6.4	1507	4	6.3	6.3
(3.4) Capital and reserves	926	6	14.2	944	15	15.3	15.0
(4) <i>External liabilities</i>	2048	-80	7.2	2081	7	10.3	11.9
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8502	4	7.0	8519	8	6.9	7.3
(5.1) Credit to general government	1997	-19	-1.2	1971	-27	-1.3	-1.1
Of which Loans	831	-4	-0.7	829	-2	0.0	-0.1
Of which Securities other than shares	1166	-16	-1.5	1142	-25	-2.3	-1.8
(5.2) Credit to other euro area residents	6505	24	9.8	6548	35	9.7	10.2
Of which Loans	5818	56	9.3	5848	25	8.9	9.5
Of which Securities other than shares	245	2	12.2	253	7	13.8	13.3
Of which Shares and other equities	442	-34	16.4	448	3	18.3	19.0
(6) <i>External assets</i>	2320	6	1.0	2348	-2	2.6	3.6
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	4	-44	ND	28	21	ND	ND

(1) Discrepancies in the table 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. Figures refer to all currencies. The flows on the previous months have been adjusted to take into account reclassifications, exchange rate variations, other revaluations, and other changes which do not arise from transactions. The annual growth rates were calculated on flow data.

(2) 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.

(3) Assets and liabilities of Monetary Financial Institutions (MFIs) vis-à-vis non-MFI euro area residents, including central government.

Note: More details of the latest data, as well as estimates for earlier periods going back to September 1997 may be found on the ECB's web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.