



EUROPEAN CENTRAL BANK

28 March 2003

MONETARY DEVELOPMENTS IN THE EURO AREA: FEBRUARY 2003

The annual rate of growth of M3 increased to 8.1% in February 2003, from 7.2% in January 2003 (revised downwards from 7.4%).¹ The three-month average of the annual growth rates of M3 over the period December 2002-February 2003 was 7.4%, compared with 7.0% during the period November 2002-January 2003.

| 12-month percentage changes | DECEMBER 2002 | JANUARY 2003 | FEBRUARY 2003 | DECEMBER 2002- FEBRUARY 2003 AVERAGE |
|-----------------------------|------------------|-----------------|------------------|--|
| M3 | 6.8 | 7.2 | 8.1 | 7.4 |

In February 2003, the annual rate of growth of M1 increased to 10.3%, from 9.5% in January. This reflected an increase in the annual growth rate of both currency in circulation (to 41.5% in February, from 34.8% in January) and overnight deposits (to 6.4%, from 6.2% in the previous month).

The annual rate of growth of short-term deposits other than overnight deposits rose to 4.7% in February, from 4.0% in January. This reflected an increase in the (non-seasonally adjusted) annual growth rate of both deposits with an agreed maturity of up to two years (to 1.2% in February, from 0.6% in January) and deposits redeemable at a period of notice of up to three months (to 7.7%, from 6.9% in the previous month).

The annual growth rate of marketable instruments included in M3 rose to 12.4% in February, from 11.1% in January. This development was mainly due to a strong increase in the (non-seasonally adjusted) annual rate of change in debt securities issued with a maturity of up to two years (+1.4%, from -7.0% in January). By contrast, the (non-seasonally adjusted) annual growth rate of money market fund shares/units decreased slightly to 16.4% in February, from 16.6% in the previous month. The (non-seasonally adjusted) annual growth rate of repurchase agreements also declined in February (to 11.3%, from 12.3% in January).

Regarding the counterparts of M3, the (non-seasonally adjusted) annual rate of growth of longer-term financial liabilities of the MFI sector increased to 4.1% in February, from 3.9% in January. This was the result of divergent developments in the components of this item. The annual growth rate of deposits

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.

with an agreed maturity of over two years increased to 3.0% in February, from 2.6% in January, and the annual growth rate of MFI capital and reserves went up to 2.3% in February, from 1.8% in the previous month. Over the same period, the annual rate of change in deposits redeemable at a period of notice of over three months became slightly more negative (-5.5%, from -5.3% in January). The annual growth rate of debt securities issued with a maturity of over two years was 6.7% in February, almost unchanged from 6.8% in January.

The (non-seasonally adjusted) annual rate of change in holdings of central government with the MFI sector strongly increased to 6.4% in February, from -0.5% in the previous month.

On the asset side of the consolidated balance sheet of the MFI sector, the (non-seasonally adjusted) annual growth rate of total credit granted to euro area residents rose in February to 4.3%, from 4.1% in January. The annual growth rate of credit extended to general government increased to 2.4% in February, from 1.8% in January. The annual growth rate of credit extended to the private sector stood at 4.8%, unchanged from the previous month. Over the same period, the annual growth rate of loans to the private sector was 5.0%, compared with 4.9% in January. The annual growth rate of MFI holdings of securities other than shares decreased to 7.9% in February, from 8.7% in January, and the annual growth rate of MFI holdings of shares and other equities went down to 0.8% in February, from 1.2% in the previous month.

In February 2003, the net external asset position of the euro area MFI sector increased by EUR 14 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to February, the net external assets of the MFI sector went up by EUR 210 billion, compared with a rise of EUR 185 billion over the 12 months up to January.

Notes

- *The publication of the statistics on monetary developments in March, April, May and June 2003 is scheduled to take place at 10am on 29 April, 28 May, 30 June and 28 July 2003 respectively.*
- *The annual rates of growth for currency in circulation, overnight deposits, M1, short-term deposits other than overnight deposits (M2 - M1), M2, marketable instruments (M3 - M2), and M3 are calculated on the basis of data adjusted for seasonal and end-of-month calendar effects (see ECB, Seasonal adjustment of monetary aggregates and consumer price indices (HICP) for the euro area, October 2000). Through this procedure the annual growth rates reflect underlying patterns in a more accurate way than the annual growth rates based on unadjusted data.*

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(data in EUR billions and percentage changes ^{a)})

| | JANUARY 2003 | | | FEBRUARY 2003 | | | AVERAGE DEC-02 FEB-03 |
|---|-----------------------|-----------------|-----------------------|-----------------------|-----------------|-----------------------|-----------------------------|
| | End of month level | Monthly flow | Annual growth rate | End of month level | Monthly flow | Annual growth rate | Annual growth rate |
| Seasonally and calendar effect adjusted data | | | | | | | |
| (1) <i>M3</i> (= items 1.3, 1.4 and 1.6) ^{b)} | 5780 | 51 | 7.2 | 5833 | 53 | 8.1 | 7.4 |
| (1.1) Currency in circulation ^{c)} | 317 | 6 | 34.8 | 325 | 8 | 41.5 | 39.7 |
| (1.2) Overnight deposits | 2046 | 11 | 6.2 | 2056 | 10 | 6.4 | 6.1 |
| (1.3) M1 (= items 1.1 and 1.2) | 2363 | 16 | 9.5 | 2381 | 18 | 10.3 | 9.9 |
| (1.4) Other short-term deposits ^{d)} | 2536 | 20 | 4.0 | 2561 | 25 | 4.7 | 4.1 |
| (1.5) M2 (= items 1.3 and 1.4) | 4899 | 36 | 6.6 | 4942 | 43 | 7.3 | 6.8 |
| (1.6) Marketable instruments ^{e)} | 881 | 15 | 11.1 | 891 | 10 | 12.4 | 10.7 |
| Data unadjusted for seasonal and calendar effects | | | | | | | |
| COMPONENTS OF M3 ^{b)} | | | | | | | |
| (2) M3 (= items 2.1 to 2.7) | 5779 | 9 | 7.1 | 5825 | 46 | 8.0 | 7.3 |
| (2.1) Currency in circulation ^{c)} | 312 | -8 | 35.4 | 319 | 7 | 42.1 | 39.9 |
| (2.2) Overnight deposits | 2031 | -51 | 5.7 | 2029 | -1 | 5.9 | 5.8 |
| (2.3) Deposits with agreed maturity up to 2 years | 1077 | 3 | 0.6 | 1079 | 2 | 1.2 | 0.5 |
| (2.4) Deposits redeemable at notice up to 3 months | 1486 | 27 | 6.9 | 1501 | 15 | 7.7 | 7.1 |
| (2.5) Repurchase agreements | 233 | 15 | 12.3 | 236 | 3 | 11.3 | 9.3 |
| (2.6) Money market fund shares/units | 535 | 20 | 16.6 | 547 | 12 | 16.4 | 16.8 |
| (2.7) Debt securities issued with maturity up to 2 years ^{f)} | 106 | 4 | -7.0 | 113 | 6 | 1.4 | -5.1 |
| COUNTERPARTS OF M3 ^{g)} | | | | | | | |
| MFI liabilities: | | | | | | | |
| (3) <i>Holdings of central government</i> | 155 | 16 | -0.5 | 174 | 19 | 6.4 | 0.6 |
| of which Deposits | 155 | 16 | -0.5 | 174 | 19 | 6.4 | 0.6 |
| (4) <i>Longer-term financial liabilities against other euro area residents</i> (= items 4.1 to 4.4) | 3976 | 12 | 3.9 | 3991 | 16 | 4.1 | 4.1 |
| (4.1) Deposits with agreed maturity over 2 years | 1187 | -4 | 2.6 | 1192 | 5 | 3.0 | 3.0 |
| (4.2) Deposits redeemable at notice over 3 months | 106 | 1 | -5.3 | 105 | -1 | -5.5 | -6.5 |
| (4.4) Debt securities issued with maturity over 2 years | 1681 | 8 | 6.8 | 1688 | 9 | 6.7 | 6.8 |
| (4.4) Capital and reserves | 1002 | 7 | 1.8 | 1005 | 4 | 2.3 | 2.2 |
| (5) <i>External liabilities</i> | 2665 | 11 | 2.7 | 2717 | 57 | 4.5 | 3.4 |
| MFI assets: | | | | | | | |
| (6) <i>Credit to euro area residents</i> (= items 6.1 and 6.2) | 9849 | 46 | 4.1 | 9900 | 45 | 4.3 | 4.2 |
| (6.1) Credit to general government | 2102 | 21 | 1.8 | 2125 | 17 | 2.4 | 2.0 |
| of which Loans | 828 | 1 | -0.8 | 828 | 0 | -1.1 | -1.0 |
| of which Securities other than shares | 1275 | 20 | 3.6 | 1297 | 16 | 4.8 | 4.1 |
| (6.2) Credit to other euro area residents | 7747 | 25 | 4.8 | 7774 | 29 | 4.8 | 4.8 |
| of which Loans | 6804 | 28 | 4.9 | 6828 | 24 | 5.0 | 4.9 |
| of which Securities other than shares | 375 | 4 | 8.7 | 381 | 6 | 7.9 | 8.6 |
| of which Shares and other equities | 568 | -6 | 1.2 | 565 | -2 | 0.8 | 1.4 |
| (7) <i>External assets</i> | 2849 | 17 | 9.5 | 2911 | 71 | 12.2 | 10.2 |
| Other counterparts of M3 (residual) | | | | | | | |
| (8) (= M3 + items 3, 4, and 5 - items 6 and 7) | -123 | -16 | ND | -104 | 21 | ND | ND |

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. Annual growth rates are derived using monthly flows as described in the Technical Notes of the section "Euro area statistics" in the ECB Monthly Bulletin.

b) 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.

c) As of January 2003, the former national denominations of the euro are no longer included in the balance sheet item Currency in circulation. This reclassification has no impact on the growth rates.

d) Deposits with agreed maturity up to 2 years and deposits redeemable at notice up to 3 months.

e) Repurchase agreements, money market fund shares/units and debt securities issued with maturity up to 2 years.

f) Includes money market paper.

g) 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 web site (<http://www.ecb.int>) in the "Euro area statistics - download" page.