



EUROPEAN CENTRAL BANK

EUROSYSTEM

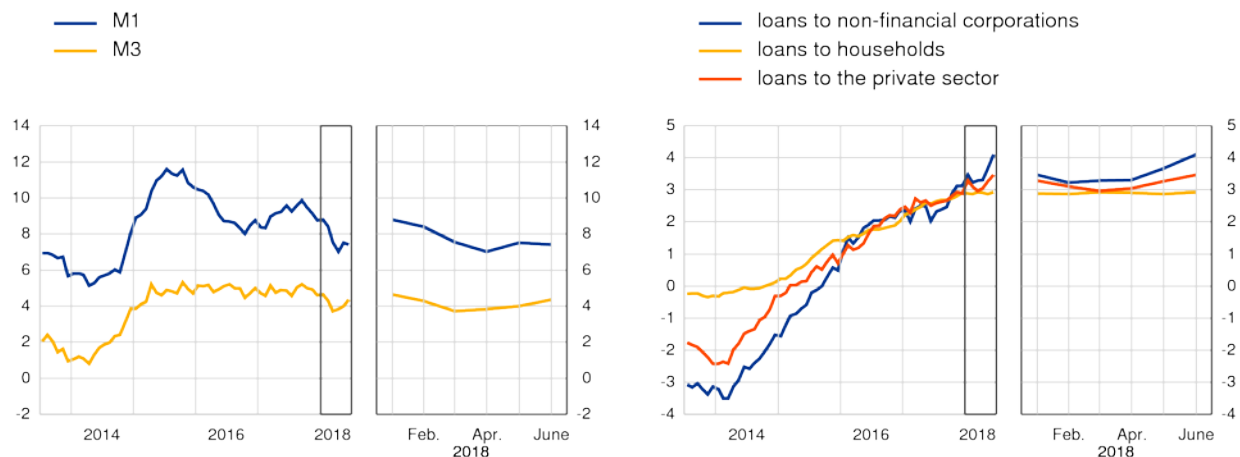
PRESS RELEASE

25 July 2018

Monetary developments in the euro area: June 2018

- Annual growth rate of broad monetary aggregate M3 increased to 4.4% in June 2018 from 4.0% in May
- Annual growth rate of narrower aggregate M1, comprising currency in circulation and overnight deposits, stood at 7.4% in June, compared with 7.5% in May
- Annual growth rate of adjusted loans to households stood at 2.9% in June, unchanged from previous month
- Annual growth rate of adjusted loans to non-financial corporations increased to 4.1% in June from 3.7% in May

Monetary aggregates and adjusted loans to the private sector (annual growth rates)



Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 4.4% in June 2018 from 4.0% in May, averaging 4.1% in the three months up to June. The components of M3 showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, stood at 7.4% in June, compared with 7.5% in May. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -0.9% in June, compared with -1.7% in May. The annual growth rate of marketable instruments (M3-M2) was -2.4% in June, compared with -5.1% in May.

Looking at the components' contributions to the annual growth rate of M3, the narrower aggregate M1 contributed 4.8 percentage points (as in the previous month), short-term deposits other than overnight

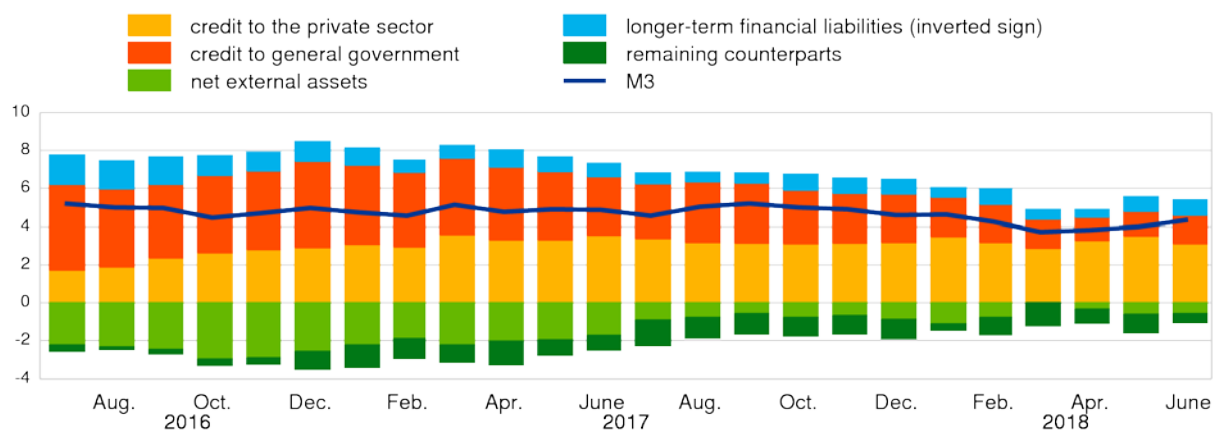
deposits (M2-M1) contributed -0.3 percentage point (up from -0.5 percentage point) and marketable instruments (M3-M2) contributed -0.1 percentage point (up from -0.3 percentage point).

From the holding sector perspective, the annual growth rate of M3 deposits placed by households increased to 4.4% in June from 4.2% in May, while the annual growth rate of M3 deposits placed by non-financial corporations decreased to 4.9% in June from 5.8% in May. Finally, the annual growth rate of M3 deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 6.4% in June from 3.5% in May.

Counterparts of the broad monetary aggregate M3

As a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 (counterparts of M3), the annual growth rate of M3 in June 2018 can be broken down as follows: credit to the private sector contributed 3.1 percentage points (down from 3.5 percentage points in May), credit to general government contributed 1.5 percentage points (up from 1.3 percentage points), longer-term financial liabilities contributed 0.8 percentage point (as in the previous month), the remaining counterparts of M3 contributed -0.5 percentage point (up from -1.0 percentage point), and net external assets contributed -0.6 percentage point (as in the previous month).

Contribution of the M3 counterparts to the annual growth rate of M3 (percentage points)



Credit to euro area residents

As regards the dynamics of credit, the annual growth rate of total credit to euro area residents stood at 3.1% in June 2018, compared with 3.2% in the previous month. The annual growth rate of credit to general government increased to 3.9% in June from 3.4% in May, while the annual growth rate of credit to the private sector decreased to 2.8% in June from 3.1% in May.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) increased to 3.5% in June from 3.3% in May. Among the borrowing sectors, the annual growth rate of adjusted loans to households stood at 2.9% in June, unchanged from the previous month, and the annual growth rate of adjusted loans to non-financial corporations increased to 4.1% in June from 3.7% in May.

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Notes:

- Data in this press release are adjusted for seasonal and end-of-month calendar effects, unless stated otherwise.
- "Private sector" refers to euro area non-MFIs excluding general government.
- Further tables, statistical data and methodological notes, as well as the release calendar, are available on the ECB's website at <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>
- A set of tables showing euro area monetary developments and MFI balance sheets for the euro area and euro area countries, together with a user-friendly facility for downloading data, is available from the ECB's Statistical Data Warehouse at <http://sdw.ecb.europa.eu/reports.do?node=1000003503>

1 Monetary developments in the euro area: June 2018

(EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jun 2018	Apr 2018	May 2018	Jun 2018	Apr 2018	May 2018	Jun 2018
COMPONENTS OF M3							
1. M3	12134	21	69	86	3.8	4.0	4.4
1.1. M2	11486	12	93	79	4.1	4.6	4.8
1.1.1. M1	8033	21	90	54	7.0	7.5	7.4
Currency in circulation	1133	9	6	5	2.8	3.2	3.5
Overnight deposits	6900	12	84	49	7.7	8.3	8.1
1.1.2. Other short-term deposits (M2 - M1)	3453	-8	3	25	-1.9	-1.7	-0.9
Deposits with an agreed maturity of up to two years	1184	-13	2	20	-8.4	-7.6	-5.4
Deposits redeemable at notice of up to three months	2270	5	1	4	1.8	1.7	1.7
1.2. Marketable instruments (M3 - M2)	648	9	-25	7	-1.2	-5.1	-2.4
Repurchase agreements	74	3	-7	3	5.3	-3.5	5.3
Money market fund shares	505	5	-6	1	-1.7	-2.9	-1.6
Debt securities issued with a maturity of up to two years	69	1	-12	3	-4.3	-20.9	-13.7
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	318	10	-20	-11	7.3	5.9	5.7
3. Longer-term financial liabilities vis-a-vis other euro area residents	6698	6	-38	-14	-0.7	-1.3	-1.4
3.1. Deposits with an agreed maturity of over two years	1948	3	-7	-3	-3.6	-3.6	-3.3
3.2. Deposits redeemable at notice of over three months	58	0	0	0	-12.8	-10.3	-10.8
3.3. Debt securities issued with a maturity of over two years	2020	-10	-6	-10	-1.7	-2.4	-2.7
3.4. Capital and reserves	2671	13	-24	0	2.7	1.5	1.3
MFI assets:							
4. Credit to euro area residents	17875	40	81	-1	3.0	3.2	3.1
4.1. Credit to general government	4599	-5	26	14	3.2	3.4	3.9
Loans	1018	0	2	-6	-4.1	-3.6	-3.9
Debt securities	3567	-5	24	19	5.5	5.6	6.3
Equity ^{c)}	14	0	0	0	-0.5	1.1	2.4
4.2. Credit to the private sector ^{d)}	13276	45	55	-15	2.9	3.1	2.8
Loans ^{e)}	10993	13	47	-7	2.7	3.0	2.9
Adjusted loans ^{f)}	11330	16	51	37	3.0	3.3	3.5
Debt securities	1496	18	6	6	5.2	4.6	4.7
Equity and non-money market fund investment fund shares	787	15	2	-13	1.9	2.0	-1.2
5. Net external assets	854	-37	-52	13	-	-	-
6. Other counterparts of M3 (residual)	421	35	-19	49	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	174	-11	30	-3	-28.5	-6.8	-3.6
6.2. Reverse repos to central counterparties (assets) ^{c)}	185	-12	34	-3	-27.3	-11.5	-17.3

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.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

M3 comprises liabilities of MFIs and specific units of central government (post offices, treasury) vis-à-vis non-MFI euro area residents excluding central government.

b) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

c) The series is not adjusted for seasonal effects.

d) Private sector refers to euro area non-MFIs excluding general government.

e) For further breakdowns see Table 4.

f) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

2 Contributions to the M3 annual growth rate: June 2018

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects ^{a)})

	Apr 2018	May 2018	Jun 2018
COMPONENTS OF M3			
1. M1	4.5	4.8	4.8
1.1. Currency in circulation	0.3	0.3	0.3
1.2. Overnight deposits	4.2	4.5	4.4
2. M2 - M1 (other short-term deposits)	-0.6	-0.5	-0.3
3. M3 - M2 (marketable instruments)	-0.1	-0.3	-0.1
COUNTERPARTS OF M3			
4. Credit to the private sector	3.3	3.5	3.1
5. Credit to general government	1.2	1.3	1.5
6. Net external assets	-0.3	-0.6	-0.6
7. Longer-term financial liabilities (inverted sign) ^{b)}	0.4	0.8	0.8
8. Remaining counterparts	-0.7	-1.0	-0.5
M3 (sum of items 1 to 3, or items 4 to 8)	3.8	4.0	4.4

a) Figures may not add up due to rounding.

b) Longer-term financial liabilities vis-a-vis euro area residents excluding central government.

3 Breakdown of deposits in M3 by holding sector and type: June 2018 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jun 2018	Apr 2018	May 2018	Jun 2018	Apr 2018	May 2018	Jun 2018
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	10427	6	81	77	4.3	4.7	4.9
1. Deposits placed by households ^{b)}	6461	30	25	29	4.1	4.2	4.4
1.1. Overnight deposits	3869	26	27	26	8.3	8.4	8.5
1.2. Deposits with an agreed maturity of up to two years	536	-4	-3	-1	-12.0	-11.7	-10.9
1.3. Deposits redeemable at notice of up to three months	2055	7	2	4	1.8	1.7	1.8
1.4. Repurchase agreements	1	0	0	0	-40.6	-48.3	-54.1
2. Deposits placed by non-financial corporations	2297	12	21	1	5.6	5.8	4.9
2.1. Overnight deposits	1855	18	23	-9	8.4	8.7	7.2
2.2. Deposits with an agreed maturity of up to two years	279	-5	-2	9	-7.6	-8.2	-5.2
2.3. Deposits redeemable at notice of up to three months	157	-2	1	0	-0.5	-0.9	-1.0
2.4. Repurchase agreements	7	0	-1	0	13.4	7.1	6.8
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1024	-42	29	39	1.4	3.5	6.4
3.1. Overnight deposits	745	-41	28	34	2.5	5.1	7.8
3.2. Deposits with an agreed maturity of up to two years	212	2	6	4	-0.6	3.0	5.6
3.3. Deposits redeemable at notice of up to three months	25	0	-1	0	14.4	13.5	10.2
3.4. Repurchase agreements ^{c)}	42	-2	-5	1	-9.6	-19.8	-11.4
4. Deposits placed by insurance corporations and pension funds	221	2	6	3	7.2	11.6	12.9
5. Deposits placed by other general government	424	4	0	5	5.0	4.5	5.1

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.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

b) Includes deposits by non-profit institutions serving households.

c) Excludes repurchase agreements with central counterparties.

4 Breakdown of private sector loans by borrowing sector, type and original maturity: June 2018 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jun 2018	Apr 2018	May 2018	Jun 2018	Apr 2018	May 2018	Jun 2018
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	5658	12	10	11	3.0	3.0	2.9
<i>Adjusted loans ^{c)}</i>	5939	13	13	15	2.9	2.9	2.9
1.1. Credit for consumption	669	4	5	0	7.4	7.2	7.0
1.2. Lending for house purchase	4274	8	5	17	2.9	3.1	3.1
1.3. Other lending	715	-1	-1	-6	-0.5	-0.7	-1.5
<i>of which: sole proprietors</i>	369	1	0	-3	-1.1	-1.3	-1.8
2. Loans to non-financial corporations	4354	12	26	-25	2.4	2.8	2.6
<i>Adjusted loans ^{c)}</i>	4422	11	25	10	3.3	3.7	4.1
2.1. up to 1 year	985	3	5	-25	3.3	3.4	1.1
2.2. over 1 year and up to 5 years	827	-2	8	4	3.7	4.6	5.4
2.3. over 5 years	2542	11	13	-4	1.6	2.0	2.2
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	861	-17	8	7	2.7	3.8	3.3
<i>Adjusted loans ^{c)}</i>	862	-12	10	14	2.6	3.8	3.8
4. Loans to insurance corporations and pension funds	120	6	3	0	3.7	8.1	6.8
<i>Adjusted loans ^{c)}</i>	107	4	3	-2	2.7	5.7	3.6

a) Figures may not add up due to rounding.

Monthly flows refer to differences in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions. Data refer to loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding general government.

b) Includes loans to non-profit institutions serving households.

c) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

d) Excludes reverse repos to central counterparties.