



EUROPEAN CENTRAL BANK

30 April 2001

MONETARY DEVELOPMENTS IN THE EURO AREA: MARCH 2001

In March 2001 the annual rate of growth of M3 increased to 5.0%, from 4.7% in the previous month. The three-month average of the annual rates of growth of M3 covering the period from January to March 2001 stood at 4.8%, unchanged from the three-month average covering the period from December 2000 to February 2001.

12-month percentage changes	JANUARY 2001	FEBRUARY 2001	MARCH 2001	JANUARY 2001 – MARCH 2001 AVERAGE
M3	4.7	4.7	5.0	4.8

On a month-to-month basis, M3 increased by EUR 52 billion in March. Corrected for the estimated seasonal influences, M3 rose by EUR 32 billion relative to February (see the table below). This increase was entirely due to a rise in short-term deposits other than overnight deposits and marketable instruments (by EUR 15 billion and EUR 17 billion, respectively). The components of M1 remained constant.

Seasonally-adjusted monthly changes	JANUARY 2001		FEBRUARY 2001		MARCH 2001		JANUARY 2001 – MARCH 2001 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3 (items 1.1 to 1.7) ⁽¹⁾	13	0.3	39	0.8	32	0.6	28	0.5
Currency in circulation and overnight deposits (items 1.1 and 1.2) ⁽¹⁾ (= M1)	-31	-1.5	32	1.6	0	0.0	0	0.0
Other short-term deposits (items 1.3 and 1.4) ⁽¹⁾ (= M2-M1)	10	0.4	13	0.6	15	0.6	13	0.6
Marketable instruments (items 1.5 to 1.7) ⁽¹⁾ (= M3-M2)	33	3.9	-6	-0.7	17	2.0	15	1.7

(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 March, the annual rate of growth of M1 stood at 2.1%, as compared to 2.0% in the previous month. This reflected diverging developments of the two components of M1. Whereas the rate of decline in currency in circulation became more pronounced (1.9%, compared with 1.2% in February), the annual growth rate of overnight deposits recorded an increase (2.9% in March, from 2.6% in the previous month).

The annual rate of growth in short-term deposits other than overnight deposits increased to 4.2% in March, from 3.5% in February. This increase reflected both a rise in the annual rate of growth of deposits with an agreed maturity of up to two years (to 15.7%, from 15.2% in the previous month) and a reduction in the rate of decline of deposits redeemable at a period of notice of up to three months (to 3.9%, from 4.6% in February).

The annual rate of growth of marketable instruments included in M3 declined to 14.7% in March, from 15.8% in the previous month. This reflected somewhat diverging developments among the components of this item in March. While the annual rate of increase in repurchase agreements fell to 13.5% (from 21.4% in the previous month), the annual rate of growth of debt securities issued with a maturity of up to two years rose to 32.2% (from 27.1% in February). Meanwhile, the annual rate of change in money market fund shares/units and money market paper remained practically constant, at 11.8%.

Regarding the counterparts of M3, in March the annual rate of growth of longer-term financial liabilities of the MFI sector stood at 4.4% (compared with 4.3% in the previous month). This reflected a higher annual rate of change of debt securities issued with a maturity of over two years (6.2% in March, compared with 5.9% in the previous month) and of deposits with an agreed maturity of over two years (0.0%, from -0.3% in February). By contrast, the annual rate of increase of deposits redeemable with a period of notice of over three months decreased to 11.9% (from 13.1% in the previous month), while that of capital and reserves declined to 6.4% (after 6.7% in February).

The annual growth rate of the outstanding amount of central government deposits held with the MFI sector increased in March to 14.5%, from 5.9% in February.

On the assets side of the consolidated balance sheet of the MFI sector, in March the annual growth rate of total credit granted to euro area residents was 5.7%, after recording 5.8% in February. The annual rate of change of credit extended to the private sector declined to 9.2%, from 9.6% in the previous month. This reduction mirrored, in particular, a lower annual growth rate of loans to the private sector (8.6%, as compared to 8.9% in February). Meanwhile, the annual rate of decline in credit to general government became less pronounced (5.4%, compared to 6.1% in February).

In March 2001, the net external asset position of the euro area MFI sector decreased by EUR 31 billion, in absolute and non-seasonally adjusted terms. Over the 12 months up to March, the net external assets of the MFI sector decreased by EUR 49 billion, compared to a decline of EUR 93 billion over the 12 months up to February.

Notes

- *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. Data covers the Member States comprising the euro area at the time referred to, i.e. the 11 Member States up to December 2000 and the 12 Member States from January 2001 onwards. 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. Monthly flows are referred to the euro area-11 for months up to December 2000 and the euro area-12 from January 2001 onwards. The monthly flows for January 2001 are corrected also for the effect of the enlargement.

- *Using euro area-11 plus Greece figures throughout 2000, the annual rate of growth of M3 in March 2001 was 5.1%, after 4.8% in the previous month, while the three-month moving average of the annual rates of growth of M3 covering the period from January to March 2001 was 5.0%.*
- *As explained in the April 2001 issue of the ECB Monthly Bulletin (pp. 8-9), the take-up outside the euro area of monetary instruments issued by euro area MFIs has caused holdings of monetary instruments by the money-holding sector in the euro area to be somewhat overestimated in recent months. It is intended to include in the ECB Monthly Bulletin of May 2001 further information on this matter.*

MONETARY DEVELOPMENTS IN THE EURO AREA : MARCH 2001

(1)

(non seasonally-adjusted data in EUR billions)

	FEBRUARY 2001			MARCH 2001			AVERAGE JAN-01 MAR-01
	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)	5218	25	4.7	5276	52	5.0	4.8
(1.1) Currency in circulation	334	-1	-1.2	335	1	-1.9	-1.6
(1.2) Overnight deposits	1691	0	2.6	1705	12	2.9	2.5
(1.3) Deposits with agreed maturity up to 2 years	1052	11	15.2	1067	13	15.7	15.7
(1.4) Deposits redeemable at notice up to 3 months	1270	-5	-4.6	1269	-1	-3.9	-4.5
(1.5) Repurchase agreements	216	2	21.4	225	9	13.5	19.6
(1.6) Money market fund shares/units and money market paper	540	12	11.7	557	15	11.8	12.5
(1.7) Debt securities issued with maturity up to 2 years	114	5	27.1	118	3	32.2	28.5
COUNTERPARTS OF M3⁽³⁾							
MFI liabilities:							
(2) <i>Deposits of central government</i>	155	8	5.9	150	-4	14.5	9.8
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3772	12	4.3	3794	18	4.4	4.4
(3.1) Deposits with agreed maturity over 2 years	1169	0	-0.3	1171	1	0.0	-0.2
(3.2) Deposits redeemable at notice over 3 months	128	0	13.1	128	0	11.9	13.0
(3.3) Debt securities issued with maturity over 2 years	1563	10	5.9	1573	6	6.2	6.1
(3.4) Capital and reserves	912	2	6.7	922	12	6.4	6.7
(4) <i>External liabilities</i>	2265	5	13.9	2448	138	14.5	14.5
MFI assets:							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	9033	34	5.8	9136	96	5.7	5.9
(5.1) Credit to general government	2005	-2	-6.1	2019	13	-5.4	-5.8
Of which Loans	850	-8	0.3	851	1	-0.1	0.3
Of which Securities other than shares	1155	6	-10.5	1168	12	-9.1	-10.0
(5.2) Credit to other euro area residents	7028	36	9.6	7118	83	9.2	9.6
Of which Loans	6202	20	8.9	6266	58	8.6	8.9
Of which Securities other than shares	279	8	18.5	288	9	26.1	20.9
Of which Shares and other equities	547	7	13.8	563	15	8.0	12.5
(6) <i>External assets</i>	2477	14	8.0	2634	106	11.0	9.3
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	-100	1	7.5	-102	2	19.2	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 at the time referred to, i.e. the 11 Member States up to December 2000, and the 12 Member States (now including Greece) from January 2001 onwards. Annual growth rates are derived using monthly flows as described in the Technical Notes of the ECB Monthly Bulletin. Monthly flows are referred to the euro area-11 for months up to December 2000, and the euro area-12 from January 2001 onwards. 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 monthly flows for January 2001 are corrected also for the effect of the enlargement. Figures refer to all currencies

(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.