



EUROPEAN CENTRAL BANK

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## MONETARY DEVELOPMENTS IN THE EURO AREA: NOVEMBER 1999

In November 1999 the annual rate of increase in M3 was 6.2%. This compares with an annual growth rate of 5.8% in October 1999 (which was revised downwards from 6.0%). The three-month average of the annual growth rates of M3 covering the period from September to November 1999 was 6.0%, after 5.9% in the three-month period from August to October 1999 (revised downwards from 6.0%).

12-month percentage changes	SEPTEMBER 1999	OCTOBER 1999	NOVEMBER 1999	SEPTEMBER – NOVEMBER 1999 AVERAGE
<b>M3</b>	6.1	5.8	6.2	6.0

On the basis of non-seasonally adjusted monthly changes, the outstanding amount of M3 rose by EUR 47 billion in November 1999 (see item I in the attached overview table). Around half of this increase was due to seasonal influences. Corrected for seasonal factors, the rise in M3 in November as compared with October 1999 was EUR 24 billion (see the table below). The seasonally adjusted rise of M3 mirrored increases in the components of M1 (currency in circulation and overnight deposits) and in the marketable instruments. The seasonally adjusted monthly change in M1 was EUR 5 billion and that in the marketable instruments EUR 19 billion. Other short-term deposits remained unchanged.

Seasonally-adjusted monthly changes	SEPTEMBER 1999		OCTOBER 1999		NOVEMBER 1999		SEPTEMBER – NOVEMBER 1999 AVERAGE	
	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
<b>M3</b> (items I.1 to I.7) <sup>1)</sup>	27	0.6	18	0.4	24	0.5	23	0.5
Currency in circulation and overnight deposits (items I.1. and I.2) <sup>1)</sup> (= M1)	12	0.7	8	0.4	5	0.2	8	0.4
Other short-term deposits (items I.3 and I.4) <sup>1)</sup> (= M2-M1)	4	0.2	5	0.2	0	0.0	3	0.1
Marketable instruments (items I.5 to I.7) <sup>1)</sup> (= M3-M2)	11	1.7	5	0.8	19	3.0	12	1.8

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.

The annual rate of increase in M1 declined to 12.3% in November, from 13.0% in the previous month. This reflected a reduction in the annual growth rates of both currency in circulation (from 5.5% in October to 5.3% in November) and overnight deposits (from 14.8% in October to 13.9% in November).

The annual growth rate of short-term deposits other than overnight deposits decreased to 1.8%, from 2.4% in October. This reflected both a more pronounced rate of decline of deposits with an agreed maturity of up to two years (of 2.5% in November, from 2.0% in October) and a lower annual growth rate of deposits redeemable at a period of notice of up to three months (5.0% in November, compared with 5.6% in October).

The rate of change in marketable instruments, on an annual basis, turned positive in November (4.0%, from -2.2% in the previous month). All components contributed to this development. The annual growth rates of money market fund shares and money market paper (17.7% in November, from 13.8% in October) and of debt securities issued with an agreed maturity of up to two years (9.4%, after 6.8% in October) became more pronounced. Furthermore, the annual rate of decline in repurchase agreements slowed down significantly (20.2%, compared with 28.3% in October).

Among the counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector increased to 7.2%, from 6.8% in October. This reflected, on the one hand, a stronger expansion of both deposits with an agreed maturity of over two years (5.5%, compared with 4.1% in October) and of capital and reserves (9.1%, from 8.6% in the previous month). On the other hand, the annual rate of increase in debt securities issued with a maturity of over two years declined (to 8.8%, from 9.3% in October), and the annual rate of contraction in deposits redeemable at notice over three months increased slightly, to 8.1%.

The annual rate of change in the outstanding amount of central government deposits held with the MFI sector turned positive again; it was 7.9% in November, after -4.2% in October.

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 rose to 8.5% in November (from 8.0% in October). This reflected an increase in the annual rate of change in both credit extended to the private sector (to 11.0% in November, which compares with 10.5% in October) and credit to general government (to 1.8%, against 1.3% in October). The higher pace of growth of credit to the private sector in November was due to a stronger expansion of MFI holdings of debt securities issued by private euro area residents, and to a slight increase in the growth rate of loans to households and non-MFI enterprises.

During November 1999, the net external asset position of the euro area MFI sector declined by EUR 14 billion, in absolute and non-seasonally adjusted terms. This was due to an increase in MFI external

liabilities of EUR 16 billion exceeding a rise in external assets of EUR 2 billion. Over the twelve months up to November 1999, the net external assets of the MFI sector decreased by EUR 198 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.*

## MONETARY DEVELOPMENTS IN THE EURO AREA : NOVEMBER 1999 <sup>(1)</sup>

(non seasonally-adjusted data in EUR billions)

	OCTOBER 1999			NOVEMBER 1999			AVERAGE SEP-99 NOV-99
	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
<b>COMPONENTS OF M3 <sup>(2)</sup></b>							
(1) <b>M3</b> (= items 1.1 to 1.7)	4636	16	5.8	4689	47	6.2	6.0
(1.1) Currency in circulation	329	2	5.5	330	0	5.3	5.3
(1.2) Overnight deposits	1542	3	14.8	1578	34	13.9	14.5
(1.3) Deposits with agreed maturity up to 2 years	859	12	-2.0	859	-2	-2.5	-2.6
(1.4) Deposits redeemable at notice up to 3 months	1266	-2	5.6	1261	-5	5.0	5.6
(1.5) Repurchase agreements	156	-3	-28.3	158	2	-20.2	-24.0
(1.6) Money market fund shares/units and money market paper	404	6	13.8	423	18	17.7	15.1
(1.7) Debt securities issued with maturity up to 2 years	80	-2	6.8	81	0	9.4	9.1
<b>COUNTERPARTS OF M3 <sup>(3)</sup></b>							
<b>MFI liabilities:</b>							
(2) <i>Deposits of central government</i>	136	3	-4.2	147	11	7.9	-1.2
(3) <i>Longer-term financial liabilities against other euro area residents</i> (= items 3.1 to 3.4)	3508	25	6.8	3532	16	7.2	6.5
(3.1) Deposits with agreed maturity over 2 years	1139	6	4.1	1150	10	5.5	4.3
(3.2) Deposits redeemable at notice over 3 months	111	-1	-8.0	111	0	-8.1	-7.9
(3.3) Debt securities issued with maturity over 2 years	1445	13	9.3	1452	4	8.8	8.5
(3.4) Capital and reserves	814	6	8.6	820	2	9.1	8.4
(4) <i>External liabilities</i>	1842	43	10.2	1904	16	8.3	9.5
<b>MFI assets:</b>							
(5) <i>Credit to euro area residents</i> (= items 5.1 and 5.2)	8064	59	8.0	8172	103	8.5	8.1
(5.1) Credit to general government	2070	22	1.3	2085	15	1.8	1.2
Of which Loans	840	9	0.4	852	13	1.4	0.6
Of which Securities other than shares	1230	13	1.9	1233	2	2.0	1.7
(5.2) Credit to other euro area residents	5994	38	10.5	6087	88	11.0	10.7
Of which Loans	5416	39	9.9	5485	64	10.1	10.0
Of which Securities other than shares	218	-2	1.6	227	9	8.4	4.8
Of which Shares and other equities	360	1	27.8	375	15	26.9	27.6
(6) <i>External assets</i>	2123	10	-1.8	2173	2	-3.0	-2.7
(7) <i>Other counterparts of M3 (residual)</i> (= M3 + items 2, 3 and 4 - items 5 and 6)	-64	18	-22.6	-73	-15	-14.3	-16.0

(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.