



EUROPEAN CENTRAL BANK

EUROSYSTEM

Press release

26 June 2020

Monetary developments in the euro area: May 2020

- Annual growth rate of broad [monetary aggregate M3](#) increased to 8.9% in May 2020 from 8.2% in April (revised from 8.3%)
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, increased to 12.5% in May from 11.9% in April
- Annual growth rate of [adjusted loans to households](#) stood at 3.0% in May, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) increased to 7.3% in May from 6.6% in April

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 8.9% in May 2020 from 8.2% in April, averaging 8.2% in the three months up to May. 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, increased to 12.5% in May from 11.9% in April. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 0.7% in May from -0.3% in April. The annual growth rate of marketable instruments (M3-M2) stood at 5.8% in May, compared with 5.9% in April.

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Chart 1 Monetary aggregates

(annual growth rates)



[Data for monetary aggregates](#)

Looking at the [components' contributions to the annual growth rate of M3](#), the narrower aggregate M1 contributed 8.4 percentage points (up from 8.0 percentage points in April), short-term deposits other than overnight deposits (M2-M1) contributed 0.2 percentage point (up from -0.1 percentage point) and marketable instruments (M3-M2) contributed 0.3 percentage point (as in the previous month).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households increased to 7.0% in May from 6.7% in April, while the annual growth rate of deposits placed by non-financial corporations increased to 17.6% in May from 13.7% in April. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 9.6% in May from 12.2% in April.

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 May 2020 can be broken down as follows: credit to the private sector contributed 5.3 percentage points (up from 4.8 percentage points in April), credit to general government contributed 3.6 percentage points (up from 2.3

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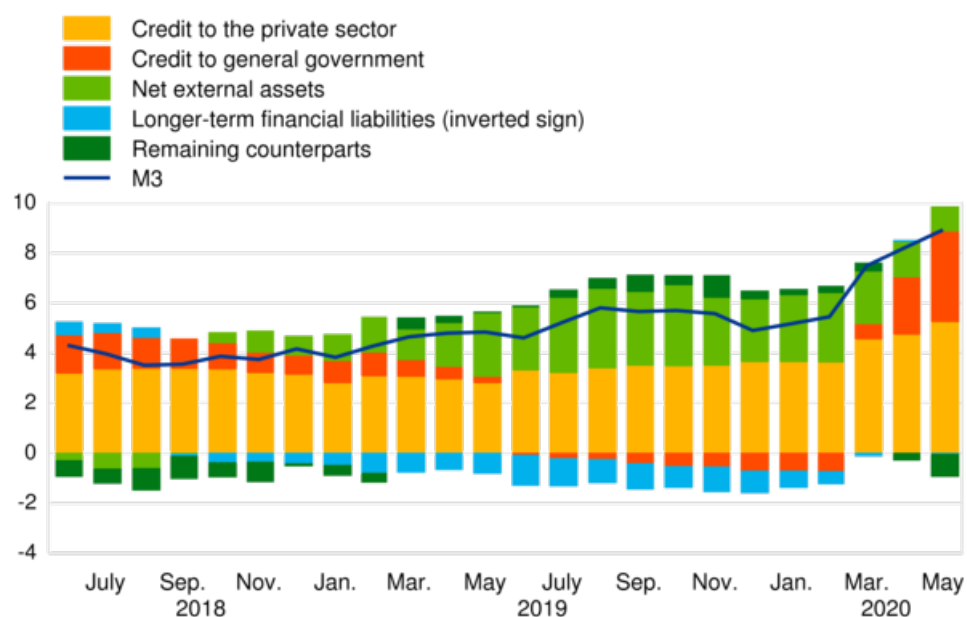
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percentage points), net external assets contributed 1.0 percentage point (down from 1.4 percentage points), longer-term financial liabilities contributed 0.0 percentage point (as in the previous month), and the remaining counterparts of M3 contributed -0.9 percentage point (down from -0.3 percentage point).

Chart 2

Contribution of the M3 counterparts to the annual growth rate of M3

(percentage points)



[Data for contribution of the M3 counterparts to the annual growth rate of M3](#)

Credit to euro area residents

As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) increased to 6.2% in May 2020 from 4.9% in the previous month. The annual growth rate of [credit to general government](#) increased to 9.8% in May from 6.2% in April, while the annual growth rate of [credit to the private sector](#) increased to 4.9% in May from 4.4% in April.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) increased to 5.3% in May from 4.9% in April. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.0% in May, unchanged from the previous month, while the annual growth rate of [adjusted loans to non-financial corporations](#) increased to 7.3% in May from 6.6% in April.

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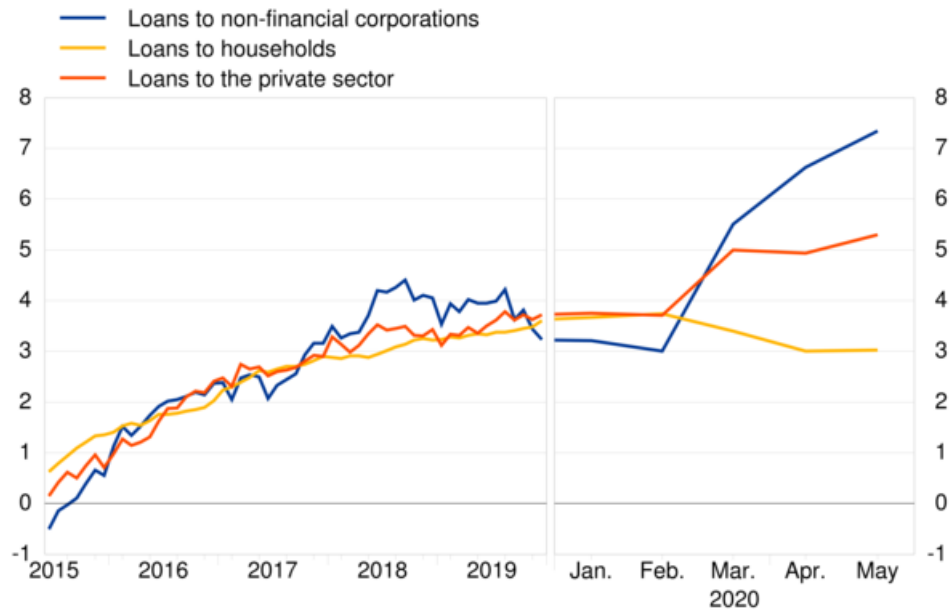
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Chart 3

Adjusted loans to the private sector

(annual growth rates)



[Data for adjusted loans to the private sector](#)

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.
- Hyperlinks in the main body of the press release and in annex tables lead to data that may change with subsequent releases as a result of revisions. Figures shown in annex tables are a snapshot of the data as at the time of the current release.

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