



EUROPEAN CENTRAL BANK

EUROSISTEM

# PRESS RELEASE

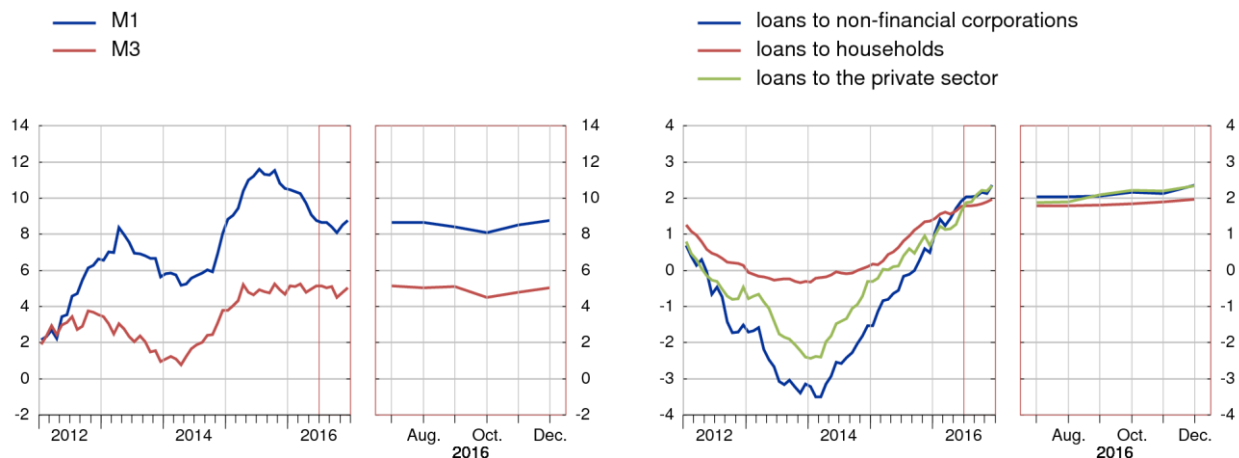
27 January 2017

## Monetary developments in the euro area: December 2016

- The annual growth rate of the broad monetary aggregate M3 increased to 5.0% in December 2016, from 4.8% in November.
- The annual growth rate of the narrower aggregate M1, which includes currency in circulation and overnight deposits, increased to 8.8% in December, from 8.5% in November.
- The annual growth rate of adjusted loans to households stood at 2.0% in December, compared with 1.9% in November.
- The annual growth rate of adjusted loans to non-financial corporations increased to 2.3% in December, from 2.1% in November.

### 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 5.0% in December 2016, from 4.8% in November, averaging 4.8% in the three months up to December. The components of M3 showed the following developments. The annual growth rate of the narrower aggregate, including currency in circulation and overnight deposits (M1), increased to 8.8% in December, from 8.5% in November. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was more negative at -2.4% in December, from -1.7% in November. The annual growth rate of marketable instruments (M3-M2) increased to 8.3% in December, from 2.8% in November.

Within M3, the annual growth rate of deposits placed by households stood at 5.3% in December, compared with 5.4% in November, while the annual growth rate of deposits placed by non-financial corporations decreased to 6.7% in December, from 7.1% in November. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 3.1% in December, from 0.5% in November.

### Credit to euro area residents

The annual growth rate of total credit to euro area residents increased to 4.7% in December 2016, from 4.4% in the previous month. The annual growth rate of credit to general government increased to 11.7% in December, from 10.7% in November, while the annual growth rate of credit to the private sector stood at 2.5% in December, compared with 2.4% in November.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 2.3% in December, compared with 2.2% in November. In particular, the annual growth rate of adjusted loans to households stood at 2.0% in December, compared with 1.9% in November, and the annual growth rate of adjusted loans to non-financial corporations increased to 2.3% in December, from 2.1% in November.

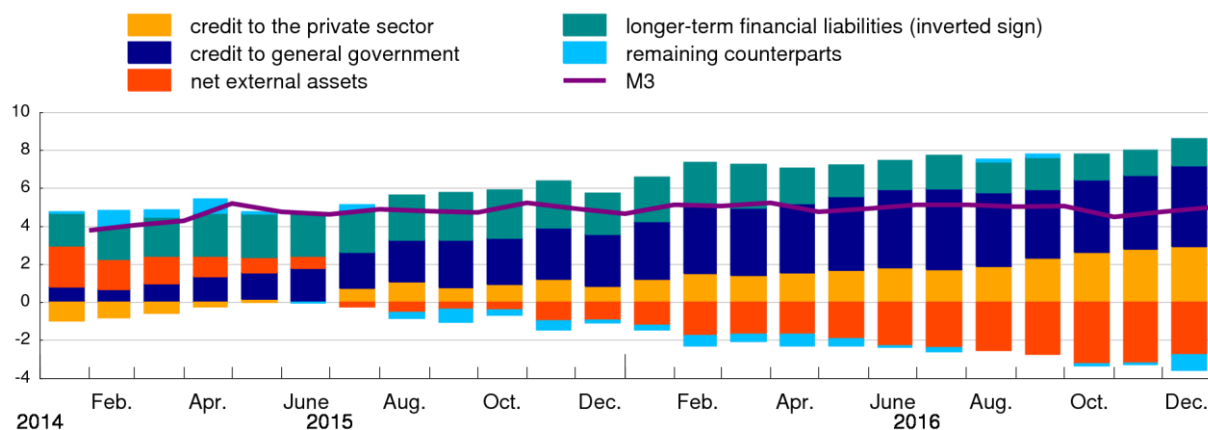
### Longer-term financial liabilities

The annual growth rate of longer-term financial liabilities of the MFI sector stood at -2.2% in December 2016, compared with -2.1% in November.

### M3 and its counterparts

The annual growth rate of the broad monetary aggregate M3 increased to 5.0% in December 2016. The contributions of M3 counterparts on the MFI balance sheet were as follows: longer-term financial liabilities contributed 1.4 percentage points, net external assets contributed -2.8 percentage points, credit to general government contributed 4.3 percentage points, and credit to the private sector contributed 2.9 percentage points; the remaining counterparts of M3 contributed -0.8 percentage point.

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



**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: December 2016

(EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2016	Oct 2016	Nov 2016	Dec 2016	Oct 2016	Nov 2016	Dec 2016
<b>COMPONENTS OF M3</b>							
<b>1. M3</b>	<b>11372</b>	<b>9</b>	<b>79</b>	<b>29</b>	<b>4.5</b>	<b>4.8</b>	<b>5.0</b>
1.1. M2	10687	12	71	19	4.7	4.9	4.8
1.1.1. M1	7189	37	80	43	8.1	8.5	8.8
Currency in circulation	1073	6	3	-2	4.0	3.8	3.5
Overnight deposits	6116	31	78	45	8.8	9.4	9.7
1.1.2. Other short-term deposits (M2 - M1)	3498	-25	-10	-23	-1.5	-1.7	-2.4
Deposits with an agreed maturity of up to two years	1321	-25	-9	-28	-4.7	-5.2	-7.3
Deposits redeemable at notice of up to three months	2177	1	-1	5	0.6	0.6	0.8
1.2. Marketable instruments (M3 - M2)	685	-3	9	9	1.8	2.8	8.3
Repurchase agreements	70	-6	-2	-2	-27.2	-15.7	-5.9
Money market fund shares	519	6	4	14	6.3	4.7	8.3
Debt securities issued with a maturity of up to two years	95	-4	7	-2	13.7	11.2	22.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
<b>2. Holdings against central government <sup>b)</sup></b>	<b>318</b>	<b>13</b>	<b>-28</b>	<b>22</b>	<b>-7.1</b>	<b>0.2</b>	<b>11.1</b>
<b>3. Longer-term financial liabilities vis-a-vis other euro area residents</b>	<b>6919</b>	<b>1</b>	<b>-11</b>	<b>-18</b>	<b>-2.1</b>	<b>-2.1</b>	<b>-2.2</b>
3.1. Deposits with an agreed maturity of over two years	2054	-1	-12	-8	-3.4	-3.2	-3.5
3.2. Deposits redeemable at notice of over three months	71	-1	-1	-1	-12.0	-10.9	-11.7
3.3. Debt securities issued with a maturity of over two years	2139	-9	-5	-5	-6.0	-5.9	-5.4
3.4. Capital and reserves	2655	11	7	-4	2.8	2.4	2.0
<b>MFI assets:</b>							
<b>4. Credit to euro area residents</b>	<b>17246</b>	<b>83</b>	<b>81</b>	<b>73</b>	<b>4.2</b>	<b>4.4</b>	<b>4.7</b>
4.1. Credit to general government	4398	39	46	70	10.6	10.7	11.7
Loans	1082	-5	-7	-8	-2.6	-3.0	-3.1
Debt securities	3303	44	53	78	16.0	16.3	17.6
Equity <sup>c)</sup>	13	0	0	0	4.6	5.3	0.7
4.2. Credit to other euro area residents <sup>d)</sup>	12848	44	36	3	2.3	2.4	2.5
Loans <sup>e)</sup>	10675	34	38	-10	2.0	2.1	2.2
Adjusted loans <sup>f)</sup>	10984	30	21	12	2.2	2.2	2.3
Debt securities	1385	8	5	5	5.4	7.3	6.2
Equity and non-money market fund investment fund shares	788	3	-7	8	0.5	-0.8	0.8
<b>5. Net external assets</b>	<b>1101</b>	<b>-54</b>	<b>-9</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Other counterparts of M3 (residual)</b>	<b>262</b>	<b>-6</b>	<b>-31</b>	<b>-60</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which:							
6.1. Repos with central counterparties (liabilities)(+) <sup>c)</sup>	206	-13	2	11	4.4	-5.0	6.3
6.2. Reverse repos to central counterparties (assets)(-) <sup>c)</sup>	122	5	-12	0	-6.3	-15.6	-9.0

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) Euro area non-MFIs excluding general government are also referred to in the press release as the private sector.

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 Breakdown of deposits in M3 by holding sector and type: December 2016 (EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2016	Oct 2016	Nov 2016	Dec 2016	Oct 2016	Nov 2016	Dec 2016
<b>BREAKDOWN OF DEPOSITS IN M3</b>							
<b>Total deposits</b>	<b>9684</b>	<b>0</b>	<b>66</b>	<b>19</b>	<b>4.4</b>	<b>4.8</b>	<b>4.9</b>
<b>1. Deposits placed by households <sup>b)</sup></b>	<b>6051</b>	<b>26</b>	<b>29</b>	<b>21</b>	<b>5.2</b>	<b>5.4</b>	<b>5.3</b>
1.1. Overnight deposits	3399	31	33	27	10.8	11.1	10.9
1.2. Deposits with an agreed maturity of up to two years	644	-8	-5	-8	-5.5	-5.5	-6.2
1.3. Deposits redeemable at notice of up to three months	2006	1	0	3	0.6	0.7	0.7
1.4. Repurchase agreements	2	0	0	-1	-20.0	-32.9	-32.0
<b>2. Deposits placed by non-financial corporations <sup>c)</sup></b>	<b>2056</b>	<b>-9</b>	<b>24</b>	<b>-9</b>	<b>5.5</b>	<b>7.1</b>	<b>6.7</b>
2.1. Overnight deposits	1636	1	26	2	7.9	10.1	10.3
2.2. Deposits with an agreed maturity of up to two years	294	-8	-3	-11	-2.8	-3.7	-7.5
2.3. Deposits redeemable at notice of up to three months	117	0	-1	0	0.9	-0.1	0.0
2.4. Repurchase agreements	9	-2	1	0	-29.6	-5.4	2.1
<b>3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds <sup>c), d)</sup></b>	<b>1002</b>	<b>-24</b>	<b>24</b>	<b>22</b>	<b>-1.0</b>	<b>0.5</b>	<b>3.1</b>
3.1. Overnight deposits	708	-9	26	26	2.8	3.1	7.4
3.2. Deposits with an agreed maturity of up to two years	223	-10	-2	-2	-3.9	-4.0	-7.2
3.3. Deposits redeemable at notice of up to three months	23	-1	0	0	-5.0	-2.0	3.3
3.4. Repurchase agreements <sup>d)</sup>	48	-4	-1	-2	-24.4	-10.7	-3.7
<b>4. Deposits placed by insurance corporations and pension funds</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>-10</b>	<b>-9.4</b>	<b>-8.0</b>	<b>-13.2</b>
<b>5. Deposits placed by other general government</b>	<b>380</b>	<b>8</b>	<b>-10</b>	<b>-4</b>	<b>7.8</b>	<b>3.1</b>	<b>4.3</b>

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) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).

d) Excludes repurchase agreements with central counterparties.

### 3 Contributions of M3 components to the M3 annual growth rate: December 2016

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects <sup>a)</sup>)

	Oct 2016	Nov 2016	Dec 2016
<b>1. M1</b>	<b>4.9</b>	<b>5.2</b>	<b>5.3</b>
1.1. Currency in circulation	0.4	0.4	0.3
1.2. Overnight deposits	4.5	4.8	5.0
<b>2. M2 - M1 (other short-term deposits)</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-0.8</b>
<b>3. M3 - M2 (marketable instruments)</b>	<b>0.1</b>	<b>0.2</b>	<b>0.5</b>
<b>M3 (items 1, 2 and 3)</b>	<b>4.5</b>	<b>4.8</b>	<b>5.0</b>

a) Figures may not add up due to rounding.

### 4 Breakdown of loans as counterpart to M3 by borrowing sector, type and original maturity: December 2016

(EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Dec 2016	Oct 2016	Nov 2016	Dec 2016	Oct 2016	Nov 2016	Dec 2016
<b>BREAKDOWN OF LOANS AS COUNTERPART TO M3</b>							
<b>1. Loans to households <sup>b)</sup></b>	<b>5409</b>	<b>7</b>	<b>19</b>	<b>8</b>	<b>1.9</b>	<b>2.1</b>	<b>2.2</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>5726</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>
1.1. Credit for consumption	616	4	2	2	3.7	3.7	3.9
1.2. Lending for house purchase	4043	5	16	11	2.2	2.5	2.7
1.3. Other lending	750	-2	1	-5	-1.1	-1.2	-1.4
<i>of which: sole proprietors <sup>d)</sup></i>	384	-1	-1	-2	-1.3	-1.7	-1.8
<b>2. Loans to non-financial corporations <sup>e)</sup></b>	<b>4302</b>	<b>16</b>	<b>16</b>	<b>-10</b>	<b>1.7</b>	<b>1.8</b>	<b>2.0</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>4303</b>	<b>11</b>	<b>8</b>	<b>13</b>	<b>2.2</b>	<b>2.1</b>	<b>2.3</b>
2.1. up to 1 year	997	13	7	-30	-1.2	-1.9	-1.9
2.2. over 1 year and up to 5 years	796	1	7	3	5.6	6.6	6.3
2.3. over 5 years	2509	2	3	18	1.8	2.0	2.2
<b>3. Loans to non-monetary financial corporations except insurance corporations and pension funds <sup>e), f)</sup></b>	<b>851</b>	<b>5</b>	<b>1</b>	<b>-5</b>	<b>5.6</b>	<b>4.2</b>	<b>5.1</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>852</b>	<b>5</b>	<b>1</b>	<b>-8</b>	<b>6.2</b>	<b>5.4</b>	<b>6.2</b>
<b>4. Loans to insurance corporations and pension funds</b>	<b>112</b>	<b>5</b>	<b>1</b>	<b>-4</b>	<b>-7.8</b>	<b>-6.7</b>	<b>-9.1</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>102</b>	<b>4</b>	<b>1</b>	<b>-2</b>	<b>-6.2</b>	<b>-4.1</b>	<b>-7.3</b>

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) The series is not adjusted for seasonal effects.

e) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).

f) Excludes reverse repos to central counterparties.