



EUROPEAN CENTRAL BANK  
EUROSYSTEM

## Press release

28 January 2019

# Monetary developments in the euro area: December 2018

- Annual growth rate of broad [monetary aggregate M3](#) increased to 4.1% in December 2018 from 3.7% in November
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, stood at 6.6% in December, compared with 6.7% in November
- Annual growth rate of [adjusted loans to households](#) stood at 3.3% in December, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 4.0% in December, unchanged from previous month

## Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 4.1% in December 2018 from 3.7% in November, averaging 3.9% in the three months up to December. 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 6.6% in December, compared with 6.7% in November. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -0.8% in December, compared with -1.0% in November. The annual growth rate of marketable instruments (M3-M2) increased to 0.6% in December from -5.8% in November.

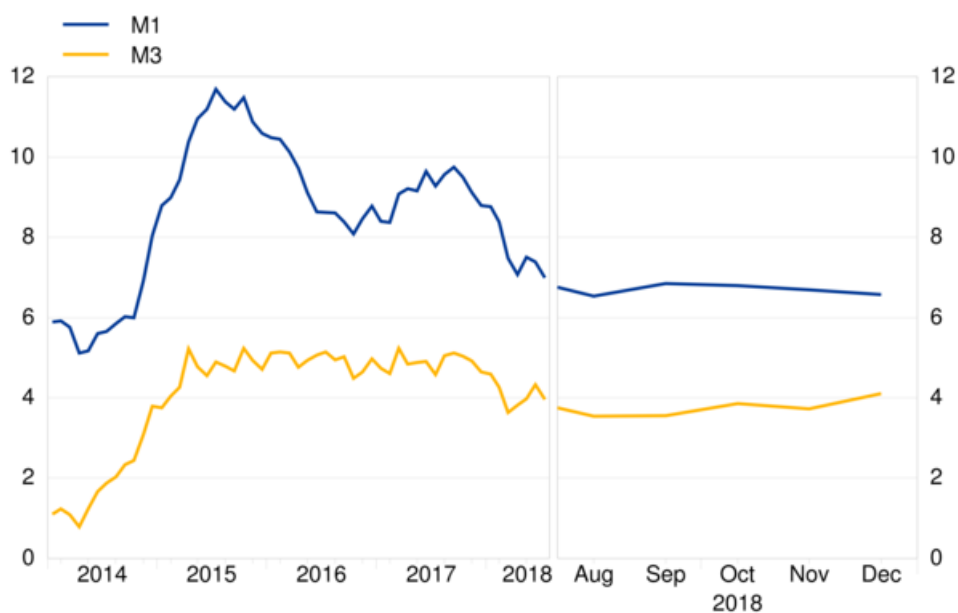
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## Chart 1 Monetary aggregates

(annual growth rates)



### [Data for monetary aggregates](#)

Looking at the [components' contributions to the annual growth rate of M3](#), the narrower aggregate M1 contributed 4.3 percentage points (down from 4.4 percentage points in November), short-term deposits other than overnight deposits (M2-M1) contributed -0.2 percentage point (up from -0.3 percentage point) and marketable instruments (M3-M2) contributed 0.0 percentage point (up from -0.3 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households increased to 5.2% in December from 4.9% in November, while the annual growth rate of deposits placed by non-financial corporations stood at 3.9% in December, compared with 3.8% in November. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to -0.4% in December from 0.3% in November.

## 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 December 2018 can be broken down as follows: credit to the private sector contributed 3.1 percentage points (down from 3.2

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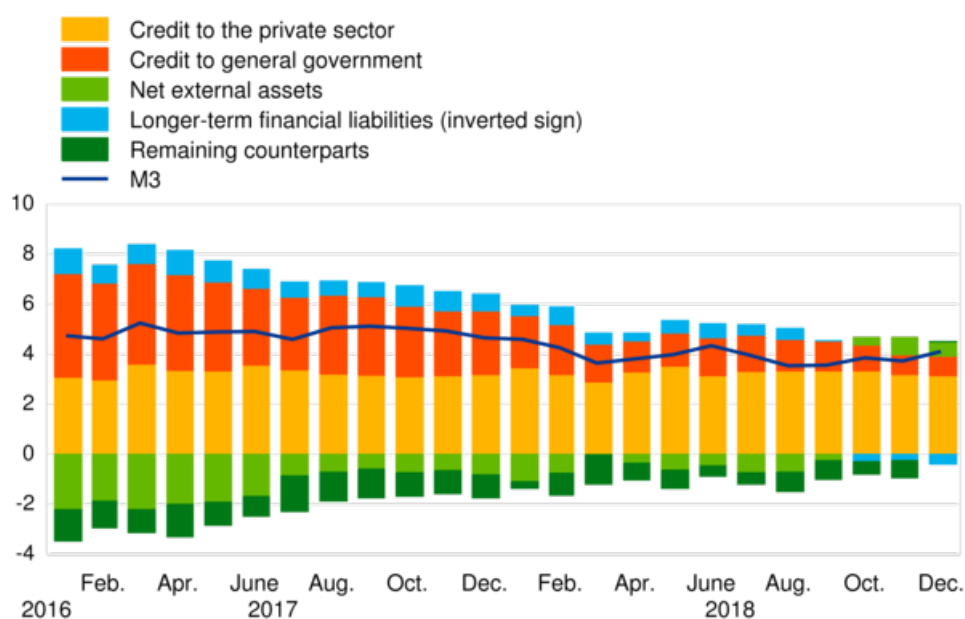
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percentage points in November), credit to general government contributed 0.8 percentage point (as in the previous month), net external assets contributed 0.6 percentage point (down from 0.7 percentage point), longer-term financial liabilities contributed -0.4 percentage point (down from -0.3 percentage point), and the remaining counterparts of M3 contributed 0.0 percentage point (up from -0.7 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](#) stood at 2.6% in December 2018, compared with 2.7% in the previous month. The annual growth rate of [credit to general government](#) stood at 2.0% in December, compared with 2.1% in November, while the annual growth rate of [credit to the private sector](#) stood at 2.9% in December, unchanged from the previous month.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.4% in December, compared with 3.3% in November. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.3% in December,

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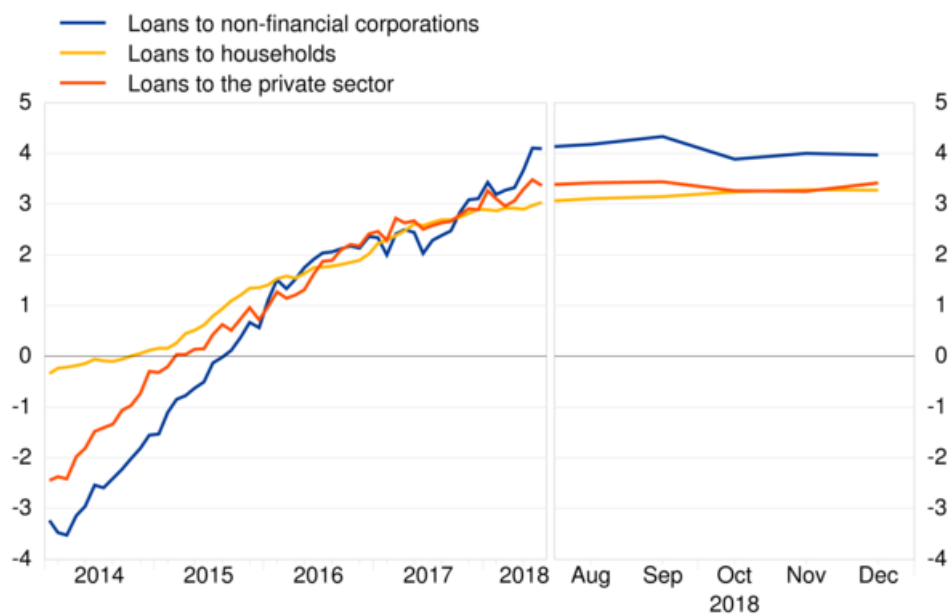
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while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 4.0% in December, both unchanged from the previous month.

### Chart 3

#### Adjusted loans to the private sector

(annual growth rates)



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

## Annex

[Table: Annex to the press release on monetary developments in the euro area](#)

### 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.

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- Hyperlinks in the main body of the press release and in annex tables are dynamic. The data they lead to may therefore change with subsequent data 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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