



EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

28 August 2019

Monetary developments in the euro area: July 2019

- Annual growth rate of broad [monetary aggregate M3](#) increased to 5.2% in July 2019 from 4.5% in June
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, increased to 7.8% in July from 7.2% in June
- Annual growth rate of [adjusted loans to households](#) stood at 3.4% in July, compared with 3.3% in June
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 3.9% in July, unchanged from previous month

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 5.2% in July 2019 from 4.5% in June, averaging 4.8% in the three months up to July. 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 7.8% in July from 7.2% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 0.1% in July from -0.1% in June. The annual growth rate of marketable instruments (M3-M2) was -1.2% in July, compared with -4.7% in June.

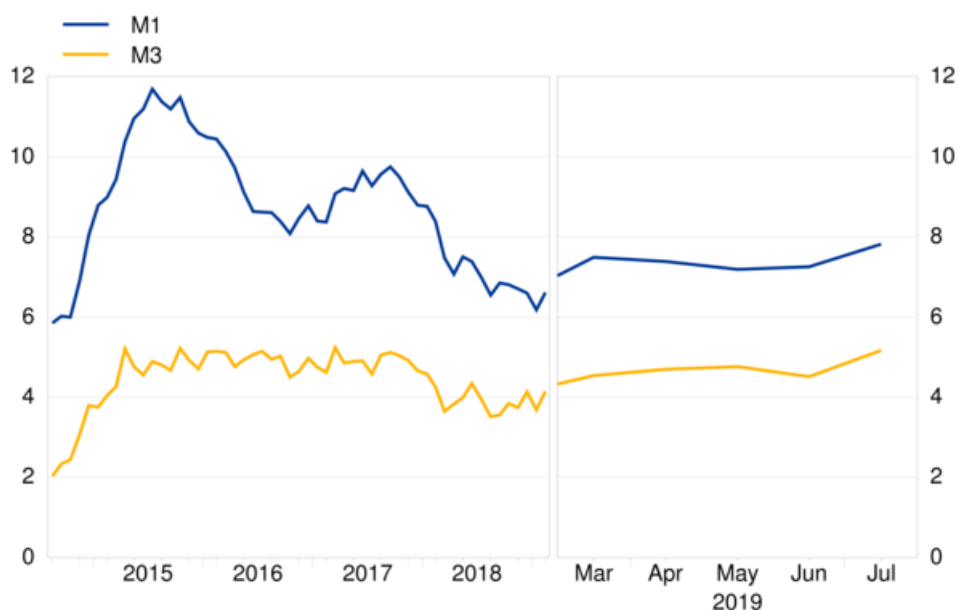
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Chart 1 Monetary aggregates

(annual growth rates)



[Data for monetary aggregates](#)

Looking at the [components' contributions to the annual growth rate of M3](#), the narrower aggregate M1 contributed 5.2 percentage points (up from 4.8 percentage points in June), short-term deposits other than overnight deposits (M2-M1) contributed 0.0 percentage point (as in the previous month) and marketable instruments (M3-M2) contributed -0.1 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 6.1% in July from 5.8% in June, while the annual growth rate of deposits placed by non-financial corporations increased to 7.0% in July from 5.7% in June. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) was -0.2% in July, compared with -0.9% in June.

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 July 2019 can be broken down as follows: credit to the private sector contributed 3.2 percentage points (down from 3.3 percentage points in June), net external assets contributed 2.9 percentage points (up from 2.4 percentage points),

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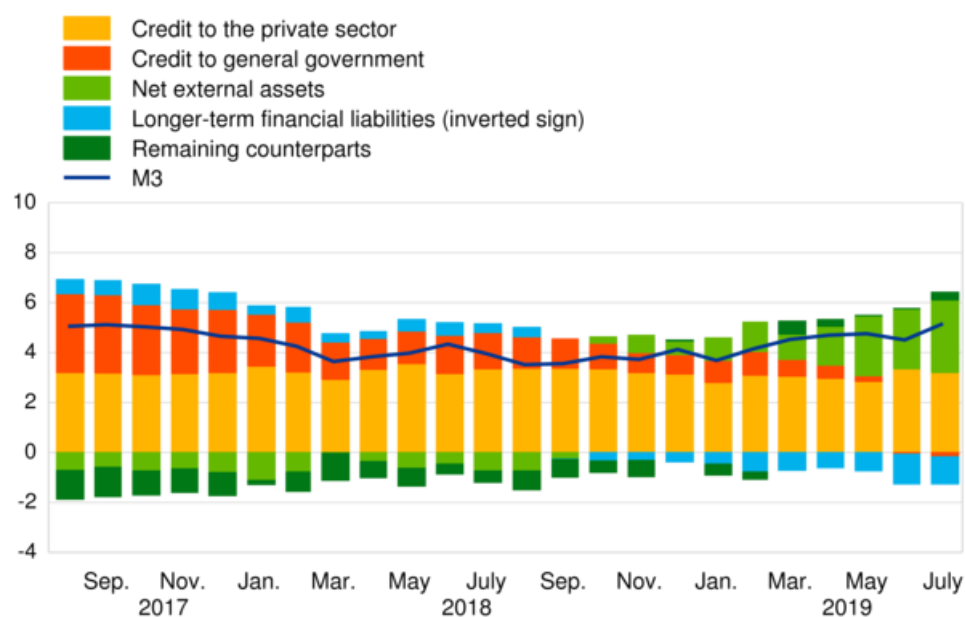
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credit to general government contributed -0.2 percentage point (down from -0.1 percentage point), longer-term financial liabilities contributed -1.1 percentage points (up from -1.2 percentage points), and the remaining counterparts of M3 contributed 0.3 percentage point (up from 0.0 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](#) decreased to 2.0% in July 2019 from 2.2% in the previous month. The annual growth rate of [credit to general government](#) was -0.5% in July, compared with -0.2% in June, while the annual growth rate of [credit to the private sector](#) decreased to 2.9% in July from 3.1% in June.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.6% in July, compared with 3.5% in June. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.4% in July, compared with 3.3% in June, while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 3.9% in July, unchanged from the previous month.

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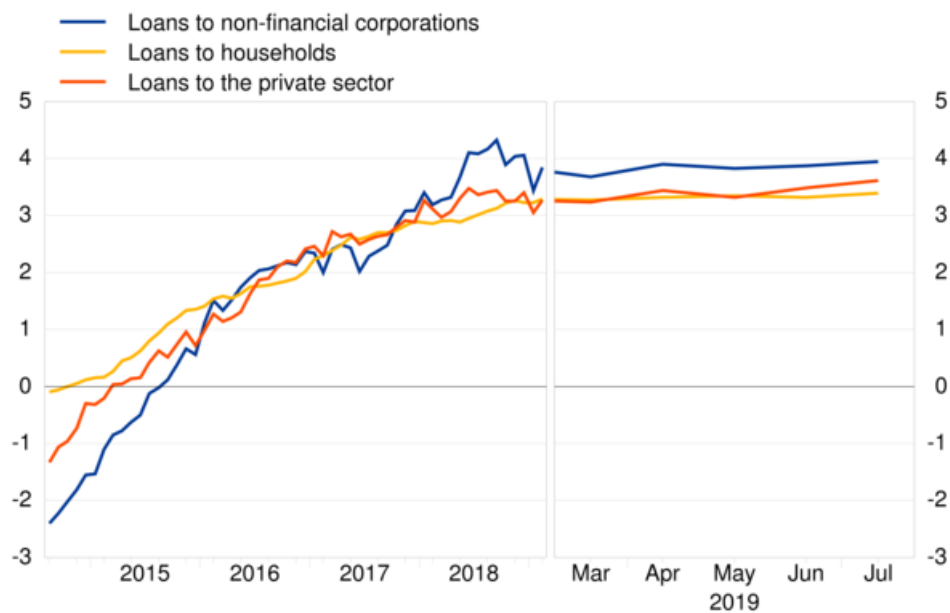
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Chart 3

Adjusted loans to the private sector

(annual growth rates)



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

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.
- 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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