Press release
27 July 2020

Monetary developments in the euro area: June 2020

• Annual growth rate of broad monetary aggregate M3 increased to 9.2% in June 2020 from 8.9% in May
• Annual growth rate of narrower monetary aggregate M1, comprising currency in circulation and overnight deposits, stood at 12.6% in June, compared with 12.5% in May
• Annual growth rate of adjusted loans to households stood at 3.0% in June, unchanged from previous month
• Annual growth rate of adjusted loans to non-financial corporations decreased to 7.1% in June from 7.3% in May

Components of the broad monetary aggregate M3
The annual growth rate of the broad monetary aggregate M3 increased to 9.2% in June 2020 from 8.9% in May, averaging 8.8% in the three months up to June. 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 12.6% in June, compared with 12.5% in May. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at 0.7% in June, unchanged from the previous month. The annual growth rate of marketable instruments (M3-M2) increased to 10.1% in June from 5.7% in May.
Data for monetary aggregates

Looking at the components’ contributions to the annual growth rate of M3, the narrower aggregate M1 contributed 8.5 percentage points (as in the previous month), short-term deposits other than overnight deposits (M2-M1) contributed 0.2 percentage point (as in the previous month) and marketable instruments (M3-M2) contributed 0.5 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 7.3% in June from 7.0% in May, while the annual growth rate of deposits placed by non-financial corporations increased to 19.0% in June from 17.6% in May. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 5.0% in June from 9.6% in May.

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 June 2020 can be broken down as follows: credit to the private sector contributed 5.1 percentage points (down from 5.3 percentage points in May), credit to general government contributed 5.0 percentage points (up from
3.6 percentage points), net external assets contributed 1.0 percentage point (as in the previous month), longer-term financial liabilities contributed 0.3 percentage point (up from 0.0 percentage point), and the remaining counterparts of M3 contributed -2.0 percentage points (down from -0.9 percentage point).

Chart 2
Contribution of the M3 counterparts to the annual growth rate of M3

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 7.0% in June 2020 from 6.2% in the previous month. The annual growth rate of credit to general government increased to 13.6% in June from 9.8% in May, while the annual growth rate of credit to the private sector stood at 4.8% in June, compared with 4.9% in May.

The annual growth rate of adjusted loans to the private sector (i.e. adjusted for loan sales, securitisation and notional cash pooling) decreased to 4.8% in June from 5.3% in May. Among the borrowing sectors, the annual growth rate of adjusted loans to households stood at 3.0% in June, unchanged from the previous month, while the annual growth rate of adjusted loans to non-financial...
Corporations decreased to 7.1% in June from 7.3% in May.

Chart 3
Adjusted loans to the private sector

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.