PRESS RELEASE
1 July 2019

Monetary developments in the euro area: May 2019

- Annual growth rate of broad monetary aggregate M3 stood at 4.8% in May 2019, after 4.7% in April 2019
- Annual growth rate of narrower monetary aggregate M1, comprising currency in circulation and overnight deposits, decreased to 7.2% in May from 7.4% in April
- Annual growth rate of adjusted loans to households stood at 3.3% in May, unchanged from previous month
- Annual growth rate of adjusted loans to non-financial corporations stood at 3.9% in May, unchanged from previous month

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 stood at 4.8% in May 2019, after 4.7% in April, averaging 4.7% 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, decreased to 7.2% in May from 7.4% in April. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at 0.7% in May, compared with 0.6% in April. The annual growth rate of marketable instruments (M3-M2) was -2.5% in May, compared with -5.4% in April.
Looking at the components’ contributions to the annual growth rate of M3, the narrower aggregate M1 contributed 4.8 percentage points (down from 4.9 percentage points in April), 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 -0.1 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 stood at 5.9% in May, compared with 5.8% in April, while the annual growth rate of deposits placed by non-financial corporations decreased to 5.4% in May from 5.8% in April. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to -0.6% in May from 0.1% 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 2019 can be broken down as follows: credit to the private sector contributed 2.8 percentage points (down from 3.0...
percentage points in April), net external assets contributed 2.4 percentage points (up from 1.6 percentage points), credit to general government contributed 0.2 percentage point (down from 0.5 percentage point), longer-term financial liabilities contributed -0.7 percentage point (down from -0.6 percentage point), and the remaining counterparts of M3 contributed 0.1 percentage point (down from 0.3 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 decreased to 2.0% in May 2019 from 2.4% in the previous month. The annual growth rate of credit to general government decreased to 0.6% in May from 1.4% in April, while the annual growth rate of credit to the private sector decreased to 2.5% in May from 2.7% in April.

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

- 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.