

26 august 2022

Monetary developments – France • July 2022

Growth in overnight deposits continues to moderate

On an annual basis, growth in overnight deposits slows again in July to +5.2% (down from +6.0% in June and +7.5% in May). This slowdown is explained by a decrease in outstanding deposits from the non-banking financial sector, resulting from trade-off between money and securities by institutional investors; deposits from households and NFCs continue to grow at a pace consistent with that of loans granted.

The growth rate of the M2 - M1 aggregate increases slightly (+6.6%, up from +6.3% in June) due to an increase in deposits with an agreed maturity of less than 2 years (+14.1%, up from +11.3% in June). The growth of saving accounts is almost stable compared to the last months (+5.6%, after +5.5% in June and +5.6% in May).

The M3-M2 aggregate contracts significantly in July (-6.0%, down from -2.9% in June), due to a very sharp decline in holdings of money market fund shares/units (-20.2%, down from -9.2% in June 2022). This increase in the annual decline in outstandings is due to strong net sales of money market fund shares/units in July 2022, compared with net purchases in July 2021.

Overall, after taking into account gross monetary liabilities and assets vis-à-vis the rest of the euro zone, the growth rate of the French component of the euro zone monetary aggregate M3 decreases in July 2022 (+4.6%, down from +5.8% in June and +5.5% in May).

France : Monetary Resources of Monetary Financial Institutions

	Outstandings (in € Bn) (a)	Annual growth rate (in %) (a)		
	Jul-22	May-22	Jun-22	Jul-22
Overnight deposits	1 553	7.5	6.0	5.2
= Domestic resources included in M1	1 553	7.5	6.0	5.2
<i>Domestic resources included in M1, 3-month moving average</i>	-	7.9	7.1	6.2
Deposits with agreed maturity of up to 2 years	133	-6.4	11.3	14.1
+ Saving accounts	848	5.6	5.5	5.6
= Domestic resources included in M2-M1	980	4.0	6.3	6.6
<i>Domestic resources included in M2-M1, 3-month moving average</i>	-	3.9	4.7	5.6
MMF shares	210	-12.5	-9.2	-20.2
+ Repurchase agreements	43	70.4	28.9	53.5
+ Debt securities issued with a maturity of up to 2 years	61	-12.2	10.8	40.7
= Domestic resources included in M3-M2	315	-5.7	-2.9	-6.0
<i>Domestic resources included in M3-M2, 3-month moving average</i>	-	-8.1	-5.5	-4.9
Sum of domestic resources included in M3	2 848	4.7	5.0	4.3
<i>Sum of domestic resources included in M3, 3-month moving average</i>	-	4.5	4.7	4.7
+ Monetary external liabilities vis-à-vis other monetary union members	291	14.3	12.0	11.0
- Monetary external assets vis-à-vis other monetary union members	59	10.5	-4.7	25.8
= French component of euro area monetary aggregate M3	3 080	5.5	5.8	4.6
<i>French component of euro area monetary aggregate M3, 3-month moving average</i>	-	5.1	5.4	5.3

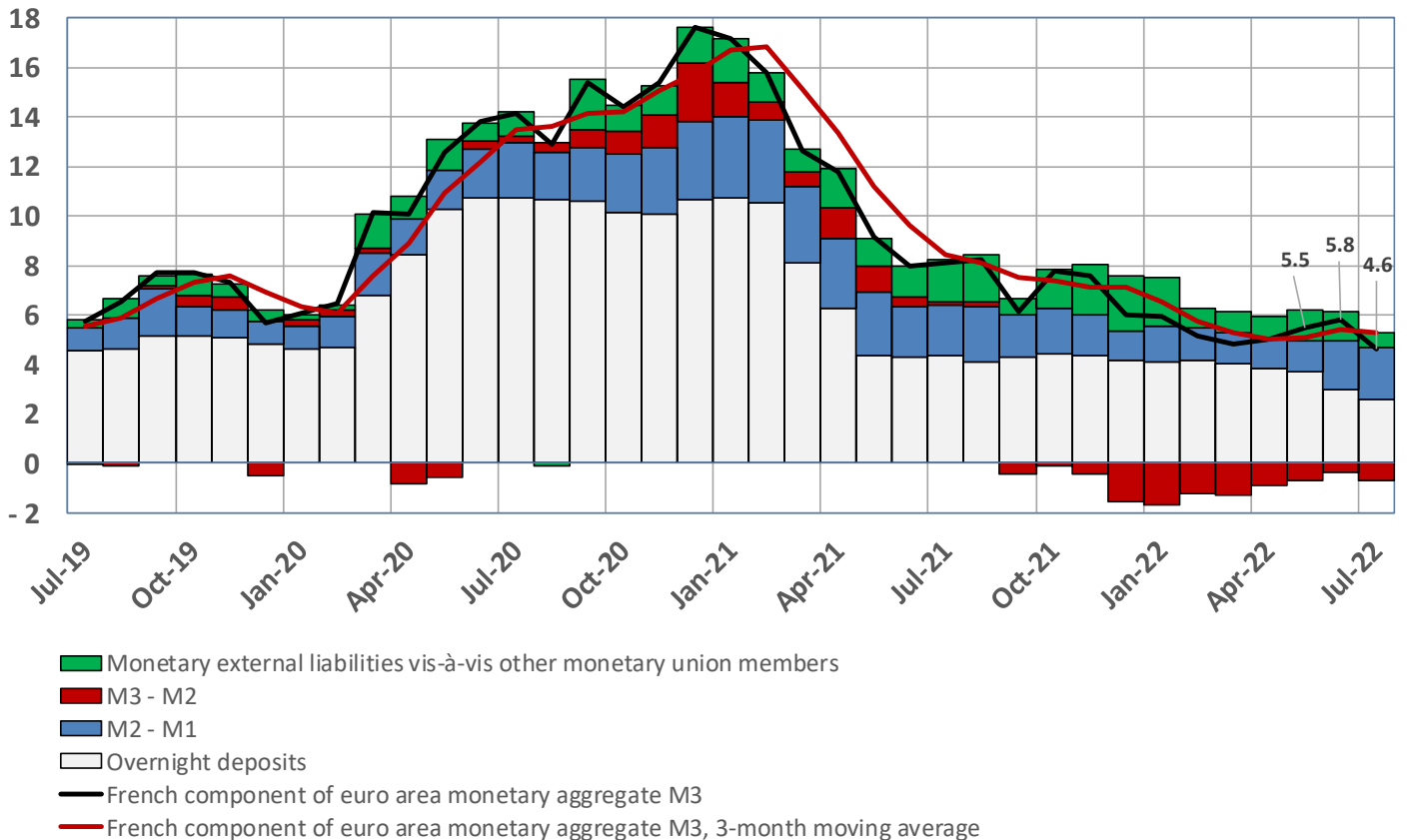
(a) Seasonally-adjusted data.

Source : Banque de France



Contributions to the growth of the French component of M3

(Annual growth rate in %)



Additional information

The outstanding amount of monetary claims (excluding coins and banknotes) consists of claims with an initial maturity of up to and including 2 years that monetary counterparts (basically households, non-financial corporations, general government excluding central government, insurance corporations, non-money market funds, investment funds and financial vehicle corporations) hold against monetary financial institutions (deposit-taking institutions, *sociétés de financement* under French law, Caisse des dépôts et consignations, MMF and the central bank).

Saving accounts include regulated saving accounts, i.e. *livrets A*, *livrets de développement durable*, *comptes d'épargne logement*, *livrets d'épargne populaire*, and non-regulated saving accounts, i.e. *livrets jeunes* and *livrets ordinaires*. One part of the amounts held on regulated saving accounts is transferred by deposit-taking institutions to a fund managed by the Caisse des dépôts et consignations; the other part remains in banks' balance sheets. Debt securities with maturity of up to 2 years mainly include certificates of deposit (short term paper) issued by French deposit-taking institutions and subscribed by neither MMF nor deposit-taking institutions counterparts.

Annual growth rates are adjusted for reclassifications and revaluations but not for foreign exchange rate effects.

