

2 May 2023

Money and the financing of the economy • March 2023

Financing of the economy remains dynamic and outstanding amounts of deposits continue to increase due to shifts to interest-bearing deposits are intensifying

- In March 2023, monetary financial institutions' (MFI) resident resources included in M3 increase by +3.9 percent on an annual basis (after +4.1 percent in February - see table 2). Outstanding amounts of deposits is up by €11 billion: interest-bearing deposits (M2-M1) increase by €29.9 billion, while overnight deposits (M1) decrease by €18.9 billion. The money supply is thus evolving under the effect of trade-offs between remunerated and non-remunerated deposits, and due to the continued general growth of money and credit. In detail:
 - **Annual growth in interest-bearing deposits (M2 - M1) reaches +20.5% in March** (up from +17.9% in February), driven by the combined effect of the sharp rise in deposits with an agreed maturity of less than 2 years (+116.1% in March, up from +94.8% in February) and, to a lesser extent, passbook accounts (+6.5% in March, after +6.9% in February).
 - **Outstanding sight deposits continue to shrink** (-8.1% year-on-year in March, down from -6.7% in February).
 - **The appetite for money market fund shares/units increases +13.0%**, up from +3.0% in February
- 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's M3 monetary aggregate reaches +5.1% in March 2023 (after +5.7% in February):
 - In March 2023, **MFI financing to the private sector increases less rapidly than in February (+3.9%**, after +4.5%) but remains dynamic (see table 3), both for financing to households (+4.3% in March, after +4.6% in February) and to non-financial corporations (+6.4% in March after 6.9% in February).
 - Growth in MFI loans to the public sector slows slightly in March (+1.5% down from +2.4% in February)

Table 1 - France : M3 and the financing of the economy

March 2023 (12-month cumulative flows)			
Total assets	110.6	Total liabilities	110.6
Domestic General Government financing	17.5	Resources included in M3	110.4
Of which loans	-1.3	M1	-124.8
Of which securities	18.7	M2 - M1	197.5
Domestic private sector financing	135.6	M3 - M2	37.7
Of which loans to households	71.2	Long-term resources (a)	0.2
Of which loans to NFCs	80.4		
Net external assets	-94.0		
Remaining counterparts (b)	51.6		

(a) Deposits over 2 years, debt securities issued, capital and reserves, central government deposits.

(b) Net of inter-MFI assets and liabilities, net of other balance sheet items (financial derivatives, accounting lags, fixed assets), currency in circulation, gold, SDR.

Source and production: Banque de France – Direction générale de la statistique, des études et de l'international

Table 2 - France : monetary resources of monetary financial institutions

Decomposition of French component of euro-area M3	Outstandings (in € Bn)		Annual growth rate (in %)		Flows (en € Bn) (a)	
	Mar-23	Feb-23	Mar-23	Feb-23	Mar-23	
	Overnight deposits	1 411	-6.7	-8.1	-20.9	-18.9
= Domestic resources included in M1	1 411	-6.7	-8.1	-20.9	-18.9	
Deposits with agreed maturity of up to 2 years	269	94.8	116.1	14.9	28.2	
+ Saving accounts	896	6.9	6.5	4.9	1.7	
= Domestic resources included in M2-M1	1 165	17.9	20.5	19.9	29.9	
MMF shares	268	3.0	13.0	2.3	17.5	
+ Repurchase agreements	19	-4.1	-58.6	-7.2	-27.5	
+ Debt securities issued with a maturity of up to 2 years	45	142.4	107.6	5.4	-2.9	
= Domestic resources included in M3-M2	333	15.3	12.5	0.5	-12.9	
Sum of domestic resources included in M3	2 909	4.1	3.9	-0.5	-1.9	
+ Monetary external liabilities vis-à-vis other monetary union members	358	19.1	14.5	1.9	-3.7	
- Monetary external assets vis-à-vis other monetary union members	78	-11.1	-9.9	-0.1	2.6	
= French component of euro area monetary aggregate M3	3 189	5.7	5.1	1.5	-8.3	

(a) Seasonally-adjusted data.

Source and production: Banque de France – Direction générale de la statistique, des études et de l'international

Table 3 – Counterparts of domestic resources included in M3

	Outstandings (in € Bn)		Annual growth rate (in %)		Flows (en € Bn) (a)	
	Mar-23	Feb-23	Mar-23	Feb-23	Mar-23	
	ASSETS					
Domestic General government financing (1)	1 167	2.4	1.5	-0.4	-6.2	
Of which loans	211	0.3	-0.6	0.7	0.2	
Of which securities	956	2.9	2.0	-1.1	-6.4	
Domestic private sector financing (2)	3 643	4.5	3.9	6.2	-1.1	
Of which loans to households	1 719	4.6	4.3	4.3	4.6	
Of which loans to NFCs	1 331	6.9	6.4	3.4	0.1	
Net external assets (3)	290	-29.9	-31.2	4.7	18.8	
Remaining counterparts (b) (4)	319	17.7	12.9	-10.8	-16.1	
LIABILITIES						
Long-term resources (c) (5)	2 510	2.2	0.0	0.2	-2.6	
Domestic resources included in M3 (1)+(2)+(3)+(4)-(5)	2 909	4.1	3.9	-0.5	-1.9	

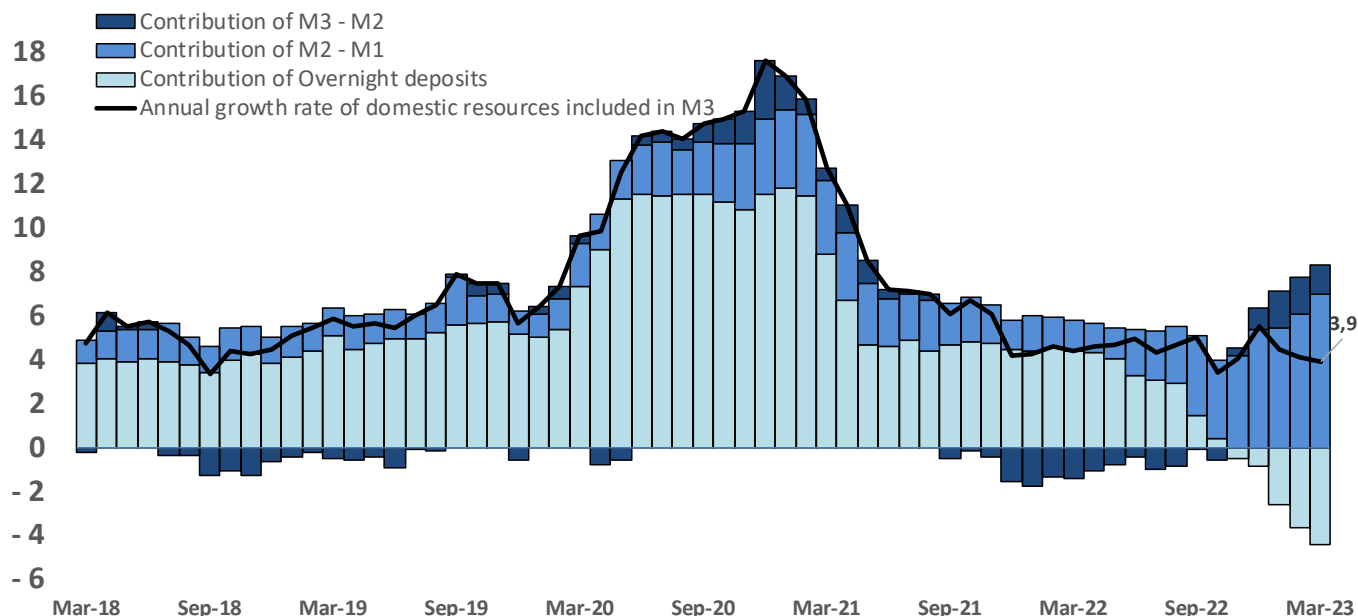
(a) Seasonally-adjusted data.

(b) Net of inter-MFI assets and liabilities, net of other balance sheet items (financial derivatives, accounting lags, fixed assets), currency in circulation, gold, SDR.

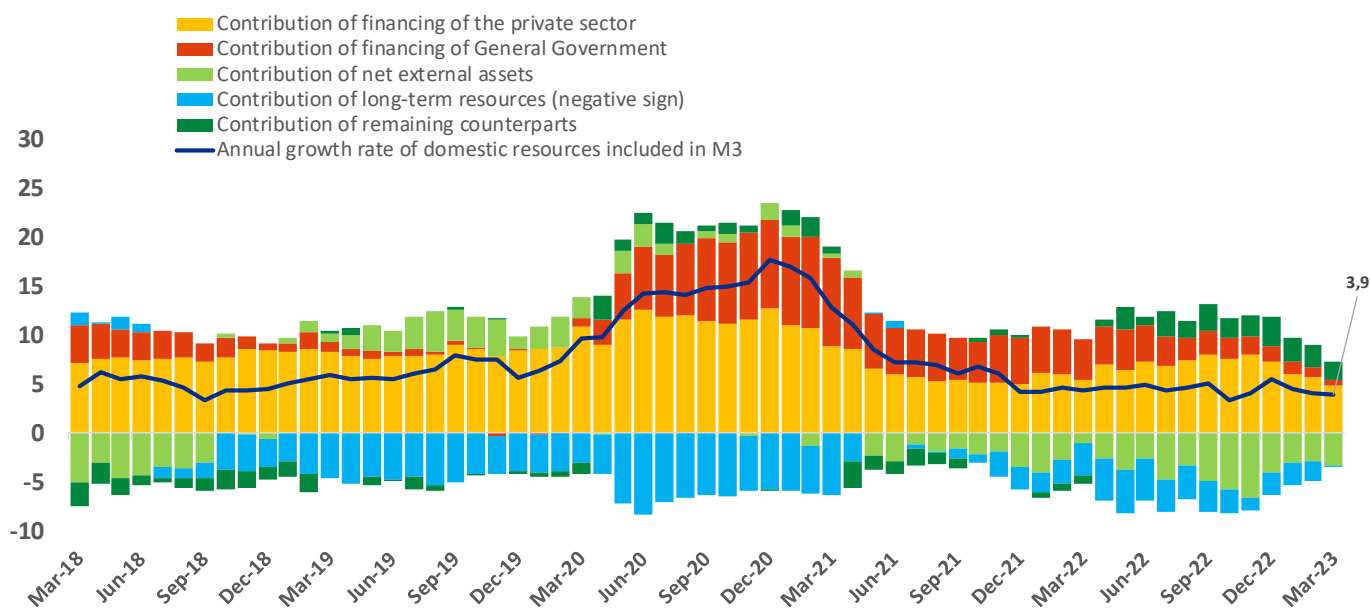
(c) Deposits over 2 years, debt securities issued, capital and reserves, central government deposits.



Contributions to the growth of the domestic resources included in M3



Contribution of monetary counterparts to growth of the domestic resources included in M3



Source and production: Banque de France – Direction générale de la statistique, des études et de l'international



Additional information

Resources included in M3 (excluding banknotes and coins) consist of investments with a maturity of up to two years held by money-holding agents (households, non-financial corporations, General government excluding central government, insurance companies, pension funds, non-monetary mutual funds, investment firms and special purpose vehicles, for the most part) with monetary financial institutions (MFI)

Monetary financial institutions (MFIs) include credit institutions, finance companies, the Caisse des dépôts et consignations, money market funds and the Banque de France.

Saving accounts include Livret A and Livret Bleu passbooks, sustainable development and solidarity passbooks, home savings accounts, popular savings passbooks, youth passbooks and ordinary passbooks. Regulated savings are partly centralized in the Savings Fund managed by the Caisse des Dépôts et Consignations and thus only pass through the banks' balance sheets. Repurchase agreements are temporary purchases of securities by customers (particularly companies, insurance companies and non-money market funds). Debt securities with a maximum maturity of two years mainly comprise NEUCP issued by French banks and subscribed by customers that are not credit institutions or money market funds

Funding of the economy includes all financing provided by MFIs to the domestic public and private sectors, in the form of loans and securities (debt and equity).

Net external assets correspond to the balance (assets minus liabilities) of MFI operations with the rest of the world.

Long-term inflows of MFIs include capital and reserves, debt securities issued by MFIs with a maturity of more than 2 years, deposits with a maturity of more than 2 years and central government deposits.

The item "**Remaining counterparts**" includes the balance of inter-MFI receivables and liabilities, the net of other balance sheet items (financial derivatives, accounting differences, fixed assets) and currency in circulation.

Growth rates for the outstanding amounts are calculated by adjusting changes in stocks for effects not resulting from economic transactions, in particular corrections for classification errors, but not for exchange rate effects.

The data on outstanding amounts, annual growth rates, and 12-month cumulative flows published in this Statinfo are not seasonally adjusted, but the monthly flow data are.

