

## Press release

25 October 2023

# Monetary developments in the euro area: September 2023

- Annual growth rate of broad [monetary aggregate M3](#) stood at -1.2% in September 2023, after -1.3% in August 2023
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, was -9.9% in September, compared with -10.4% in August
- Annual growth rate of [adjusted loans to households](#) decreased to 0.8% in September from 1.0% in August
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 0.2% in September from 0.7% in August

## Components of the broad monetary aggregate M3

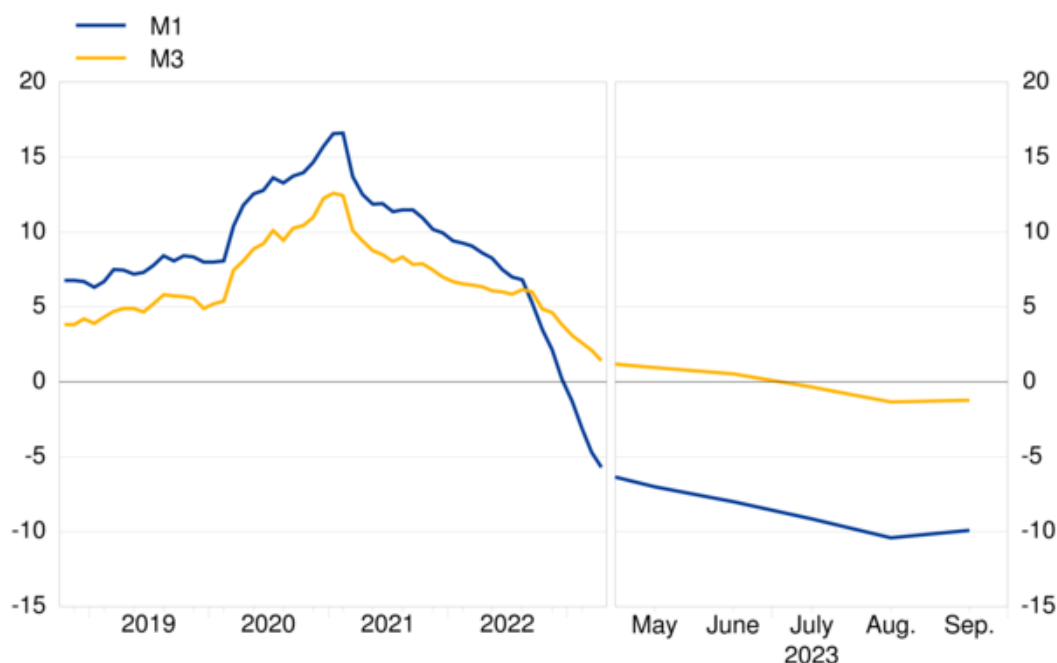
The annual growth rate of the broad monetary aggregate M3 stood at -1.2% in September 2023, after -1.3% in August, averaging -1.0% in the three months up to September. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, was -9.9% in September, compared with -10.4% in August. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) decreased to 22.0% in September from 23.7% in August. The annual growth rate of marketable instruments (M3-M2) decreased to 19.1% in September from 20.5% in August.

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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 -7.2 percentage points (up from -7.6 percentage points in August), short-term deposits other than overnight deposits (M2-M1) contributed 5.1 percentage points (down from 5.3 percentage points) and marketable instruments (M3-M2) contributed 0.9 percentage points (down from 1.0 percentage points).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households decreased to -0.2% in September from 0.2% in August, while the annual growth rate of deposits placed by non-financial corporations was -1.3% in September, compared with -2.3% in August. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) was -16.2% in September, compared with -18.8% in August.

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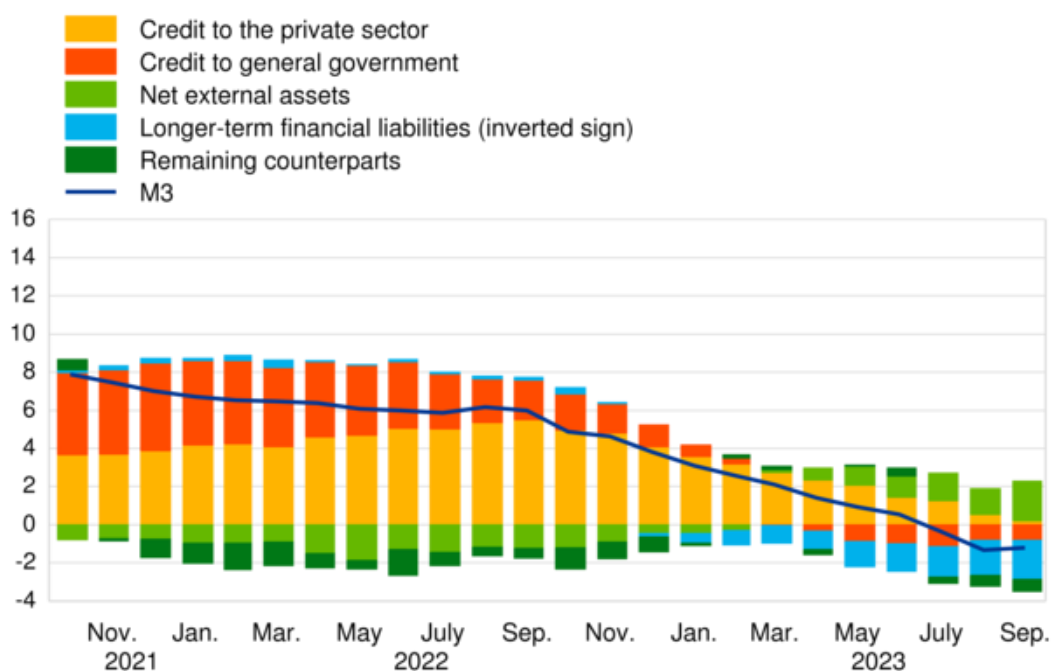
## Counterparts of the broad monetary aggregate M3

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 September 2023 can be broken down as follows: net external assets contributed 2.1 percentage points (up from 1.3 percentage points in August), credit to the private sector contributed 0.2 percentage points (down from 0.5 percentage points), credit to general government contributed -0.8 percentage points (as in the previous month), longer-term financial liabilities contributed -2.0 percentage points (down from -1.8 percentage points), and the remaining counterparts of M3 contributed -0.6 percentage points (as in the previous month).

### 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

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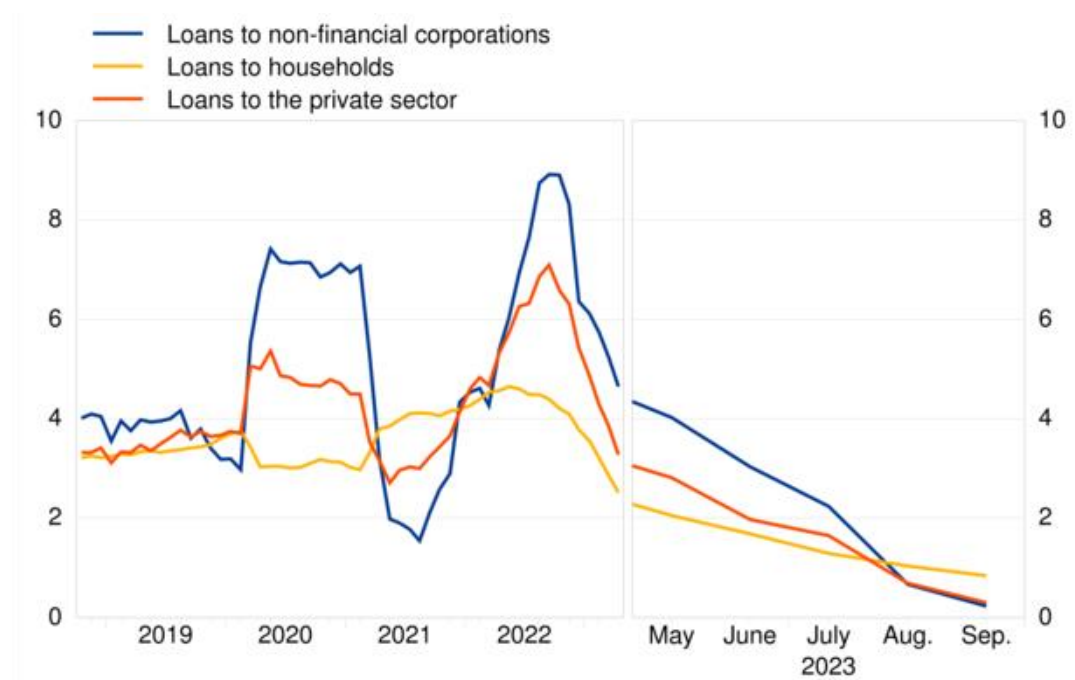
As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) was -0.5% in September 2023, compared with -0.2% in the previous month. The annual growth rate of [credit to general government](#) stood at -2.1% in September, unchanged from the previous month, while the annual growth rate of [credit to the private sector](#) decreased to 0.2% in September from 0.6% in August.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) decreased to 0.3% in September from 0.7% in August. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) decreased to 0.8% in September from 1.0% in August, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 0.2% in September from 0.7% in August.

### Chart 3

#### Adjusted loans to the private sector

(annual growth rates)



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

#### Notes:

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- 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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## 1 Monetary developments in the euro area: September 2023

(EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Sep 2023	Jul 2023	Aug 2023	Sep 2023	Jul 2023	Aug 2023	Sep 2023
<b>COMPONENTS OF M3</b>							
<b>1. M3</b>	<b>16017</b>	<b>-50</b>	<b>-27</b>	<b>73</b>	<b>-0.4</b>	<b>-1.3</b>	<b>-1.2</b>
1.1. M2	15109	-47	-36	69	-1.4	-2.4	-2.2
1.1.1. M1	10554	-86	-75	-5	-9.1	-10.4	-9.9
Currency in circulation	1535	-1	0	1	0.1	-0.3	-0.3
Overnight deposits	9019	-85	-75	-6	-10.5	-12.0	-11.4
1.1.2. Other short-term deposits (M2 - M1)	4554	39	39	74	23.9	23.7	22.0
Deposits with an agreed maturity of up to two years	2070	46	65	91	85.2	86.3	76.6
Deposits redeemable at notice of up to three months	2484	-7	-26	-17	-0.8	-2.2	-3.0
1.2. Marketable instruments (M3 - M2)	909	-3	9	4	21.1	20.5	19.1
Repurchase agreements	132	9	-2	11	-1.5	-1.4	10.6
Money market fund shares	709	-5	4	12	16.5	16.9	18.5
Debt securities issued with a maturity of up to two years	68	-7	6	-19	226.4	157.2	49.4
<b>COUNTERPARTS OF M3</b>							
<b>MFI liabilities:</b>							
<b>2. Holdings against central government <sup>b)</sup></b>	<b>453</b>	<b>-20</b>	<b>-31</b>	<b>26</b>	<b>-39.0</b>	<b>-35.1</b>	<b>-30.4</b>
<b>3. Longer-term financial liabilities vis-a-vis other euro area residents</b>	<b>7124</b>	<b>30</b>	<b>25</b>	<b>38</b>	<b>3.8</b>	<b>4.4</b>	<b>4.9</b>
3.1. Deposits with an agreed maturity of over two years	1826	0	0	18	-1.5	-0.4	1.4
3.2. Deposits redeemable at notice of over three months	53	2	3	3	35.7	42.1	52.3
3.3. Debt securities issued with a maturity of over two years	2368	15	14	14	9.7	10.2	10.9
3.4. Capital and reserves	2876	12	7	3	2.5	2.8	2.2
<b>MFI assets:</b>							
<b>4. Credit to euro area residents</b>	<b>21656</b>	<b>-20</b>	<b>-3</b>	<b>36</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.5</b>
4.1. Credit to general government	6211	-40	23	5	-2.9	-2.1	-2.1
Loans	991	-3	4	4	-2.3	-2.0	-2.0
Debt securities	5195	-38	19	1	-3.0	-2.1	-2.1
Equity <sup>c)</sup>	25	0	0	0	4.3	2.6	1.8
4.2. Credit to the private sector <sup>d)</sup>	15445	21	-25	31	1.3	0.6	0.2
Loans <sup>e)</sup>	12995	19	-25	28	1.1	0.1	-0.3
Adjusted loans <sup>f)</sup>	13218	17	-30	33	1.6	0.7	0.3
Debt securities	1577	-4	0	5	1.1	1.6	1.7
Equity and non-money market fund investment fund shares	873	7	-1	-2	5.4	5.2	4.9
<b>5. Net external assets</b>	<b>1632</b>	<b>40</b>	<b>13</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Other counterparts of M3 (residual)</b>	<b>305</b>	<b>-60</b>	<b>-44</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which:							
6.1. Repos with central counterparties (liabilities) <sup>c)</sup>	153	-15	12	-11	-10.9	5.9	5.5
6.2. Reverse repos to central counterparties (assets) <sup>c)</sup>	163	-16	5	5	-1.6	11.5	14.1

a) Figures may not add up due to rounding. The information in this table is based on consolidated balance sheet statistics reported by monetary financial institutions (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

M3 comprises liabilities of MFIs and specific units of central government (post offices, treasury) vis-à-vis non-MFI euro area residents excluding central government.

b) Includes holdings of the central government of deposits with the MFI sector and of securities issued by the MFI sector.

c) The series is not adjusted for seasonal effects.

d) Private sector refers to euro area non-MFIs excluding general government.

e) For further breakdowns see Table 4.

f) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

## 2 Contributions to the M3 annual growth rate: September 2023

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects <sup>a)</sup>)

	Jul 2023	Aug 2023	Sep 2023
<b>COMPONENTS OF M3</b>			
1. M1	-6.7	-7.6	-7.2
1.1. Currency in circulation	0.0	0.0	0.0
1.2. Overnight deposits	-6.7	-7.6	-7.2
2. M2 - M1 (other short-term deposits)	5.3	5.3	5.1
3. M3 - M2 (marketable instruments)	1.0	1.0	0.9
<b>COUNTERPARTS OF M3</b>			
4. Credit to the private sector	1.2	0.5	0.2
5. Credit to general government	-1.1	-0.8	-0.8
6. Net external assets	1.5	1.3	2.1
7. Longer-term financial liabilities (inverted sign) <sup>b)</sup>	-1.6	-1.8	-2.0
8. Remaining counterparts	-0.3	-0.6	-0.6
<b>M3 (sum of items 1 to 3, or items 4 to 8)</b>	<b>-0.4</b>	<b>-1.3</b>	<b>-1.2</b>

a) Figures may not add up due to rounding.

b) Longer-term financial liabilities vis-a-vis euro area residents excluding central government.

### 3 Breakdown of deposits in M3 by holding sector and type: September 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Sep 2023	Jul 2023	Aug 2023	Sep 2023	Jul 2023	Aug 2023	Sep 2023
<b>BREAKDOWN OF DEPOSITS IN M3</b>							
<b>Total deposits</b>	<b>13705</b>	<b>-37</b>	<b>-37</b>	<b>78</b>	<b>-1.6</b>	<b>-2.6</b>	<b>-2.3</b>
<b>1. Deposits placed by households <sup>b)</sup></b>	<b>8379</b>	<b>-1</b>	<b>-2</b>	<b>3</b>	<b>0.7</b>	<b>0.2</b>	<b>-0.2</b>
1.1. Overnight deposits	5220	-45	-27	-20	-5.8	-6.7	-7.4
1.2. Deposits with an agreed maturity of up to two years	844	52	50	40	111.7	124.0	127.1
1.3. Deposits redeemable at notice of up to three months	2315	-9	-26	-17	-0.9	-2.3	-3.2
1.4. Repurchase agreements	1	0	0	0	6.3	-1.0	-14.6
<b>2. Deposits placed by non-financial corporations</b>	<b>3318</b>	<b>-31</b>	<b>-15</b>	<b>22</b>	<b>-0.6</b>	<b>-2.3</b>	<b>-1.3</b>
2.1. Overnight deposits	2436	-43	-32	2	-14.1	-15.7	-14.1
2.2. Deposits with an agreed maturity of up to two years	734	14	16	16	118.2	107.4	90.4
2.3. Deposits redeemable at notice of up to three months	133	0	1	0	2.1	1.0	0.4
2.4. Repurchase agreements	15	-1	0	4	13.5	37.6	82.2
<b>3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds <sup>c)</sup></b>	<b>1230</b>	<b>12</b>	<b>-16</b>	<b>52</b>	<b>-15.4</b>	<b>-18.8</b>	<b>-16.2</b>
3.1. Overnight deposits	830	17	-10	6	-23.9	-27.5	-25.5
3.2. Deposits with an agreed maturity of up to two years	281	-16	-4	35	26.6	26.9	15.9
3.3. Deposits redeemable at notice of up to three months	19	2	-1	1	16.2	11.2	13.0
3.4. Repurchase agreements <sup>c)</sup>	100	9	-1	10	-4.2	-7.3	6.6
<b>4. Deposits placed by insurance corporations and pension funds</b>	<b>212</b>	<b>-16</b>	<b>2</b>	<b>-6</b>	<b>-9.5</b>	<b>-7.5</b>	<b>-12.3</b>
<b>5. Deposits placed by other general government</b>	<b>567</b>	<b>-1</b>	<b>-6</b>	<b>8</b>	<b>-1.7</b>	<b>-2.5</b>	<b>1.5</b>

a) Figures may not add up due to rounding. The information in this table is based on consolidated balance sheet statistics reported by monetary financial institutions (MFIs). These include the Eurosystem, credit institutions and money market funds located in the euro area.

Monthly flows refer to differences in levels adjusted for reclassifications, exchange rate variations, other revaluations and any other changes which do not arise from transactions.

b) Includes deposits by non-profit institutions serving households.

c) Excludes repurchase agreements with central counterparties.



#### 4 Breakdown of private sector loans by borrowing sector, type and original maturity: September 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects <sup>a)</sup>)

	End-of-month level	Monthly flow			Annual growth rate		
	Sep 2023	Jul 2023	Aug 2023	Sep 2023	Jul 2023	Aug 2023	Sep 2023
<b>BREAKDOWN OF LOANS AS COUNTERPART TO M3</b>							
<b>1. Loans to households <sup>b)</sup></b>	<b>6636</b>	<b>-6</b>	<b>6</b>	<b>5</b>	<b>0.7</b>	<b>0.5</b>	<b>0.3</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>6866</b>	<b>-7</b>	<b>5</b>	<b>4</b>	<b>1.3</b>	<b>1.0</b>	<b>0.8</b>
1.1. Credit for consumption	733	2	3	4	2.5	3.0	3.1
1.2. Lending for house purchase	5211	-4	6	2	0.8	0.5	0.2
1.3. Other lending	692	-5	-2	-1	-2.1	-2.5	-2.6
<i>of which: sole proprietors</i>	365	-1	-1	-1	-2.4	-2.5	-2.7
<b>2. Loans to non-financial corporations</b>	<b>5119</b>	<b>7</b>	<b>-16</b>	<b>4</b>	<b>1.7</b>	<b>0.1</b>	<b>-0.4</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>5135</b>	<b>5</b>	<b>-20</b>	<b>14</b>	<b>2.2</b>	<b>0.7</b>	<b>0.2</b>
2.1. up to 1 year	909	-1	-20	6	-3.1	-7.8	-8.8
2.2. over 1 year and up to 5 years	1087	2	-3	2	5.1	2.6	2.4
2.3. over 5 years	3122	6	8	-5	2.0	1.8	1.4
<b>3. Loans to non-monetary financial corporations except insurance corporations and pension funds <sup>d)</sup></b>	<b>1102</b>	<b>26</b>	<b>-11</b>	<b>12</b>	<b>3.2</b>	<b>0.6</b>	<b>-0.6</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>1092</b>	<b>22</b>	<b>-9</b>	<b>7</b>	<b>3.6</b>	<b>1.0</b>	<b>-0.7</b>
<b>4. Loans to insurance corporations and pension funds</b>	<b>138</b>	<b>-8</b>	<b>-5</b>	<b>8</b>	<b>-15.1</b>	<b>-14.1</b>	<b>-13.8</b>
<i>Adjusted loans <sup>c)</sup></i>	<b>126</b>	<b>-3</b>	<b>-7</b>	<b>7</b>	<b>-15.6</b>	<b>-16.7</b>	<b>-14.6</b>

a) Figures may not add up due to rounding.

Monthly flows refer to differences in levels adjusted for write-offs/write-downs, reclassifications, exchange rate variations and any other changes which do not arise from transactions. Data refer to loans granted by monetary financial institutions (MFIs) to non-MFI euro area residents excluding general government.

b) Includes loans to non-profit institutions serving households.

c) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

d) Excludes reverse repos to central counterparties.