



EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

26 March 2020

Monetary developments in the euro area: February 2020

- Annual growth rate of broad [monetary aggregate M3](#) increased to 5.5% in February 2020 from 5.2% in January
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, increased to 8.1% in February from 7.9% in January
- Annual growth rate of [adjusted loans to households](#) stood at 3.8% in February, compared with 3.7% in January
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 3.0% in February from 3.2% in January

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 5.5% in February 2020 from 5.2% in January, averaging 5.2% in the three months up to February. 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, increased to 8.1% in February from 7.9% in January. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -0.4% in February, compared with -0.2% in January. The annual growth rate of marketable instruments (M3-M2) increased to 2.5% in February from -0.7% in January.

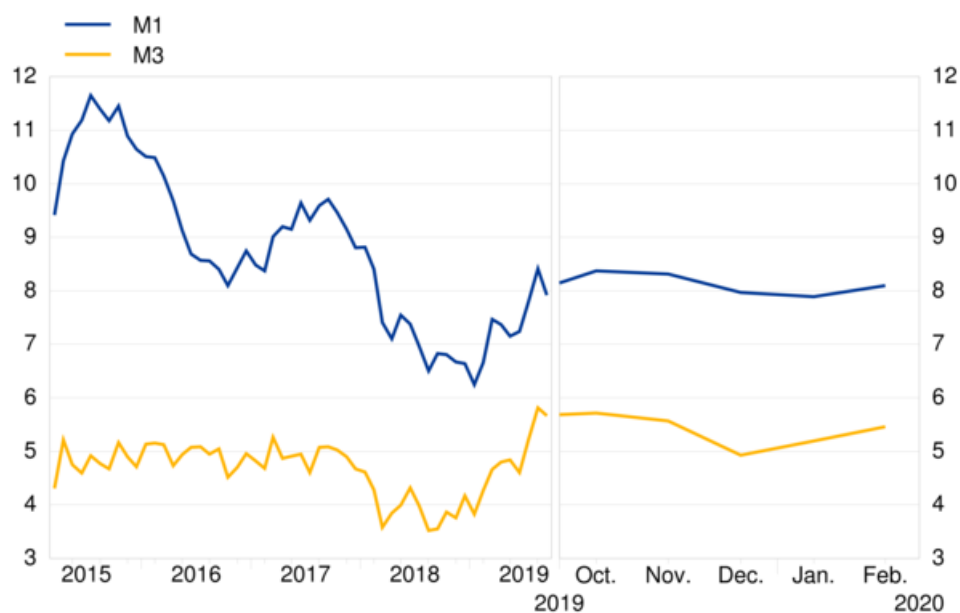
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Chart 1 Monetary aggregates

(annual growth rates)



[Data for monetary aggregates](#)

Looking at the [components' contributions to the annual growth rate of M3](#), the narrower aggregate M1 contributed 5.4 percentage points (up from 5.3 percentage points in January), short-term deposits other than overnight deposits (M2-M1) contributed -0.1 percentage point (as in the previous month) and marketable instruments (M3-M2) contributed 0.1 percentage point (up from 0.0 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households decreased to 5.4% in February from 5.7% in January, while the annual growth rate of deposits placed by non-financial corporations increased to 6.5% in February from 6.1% in January. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 7.0% in February from 3.3% in January.

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 February 2020 can be broken down as follows: credit to the private sector contributed 3.6 percentage points (down from 3.7

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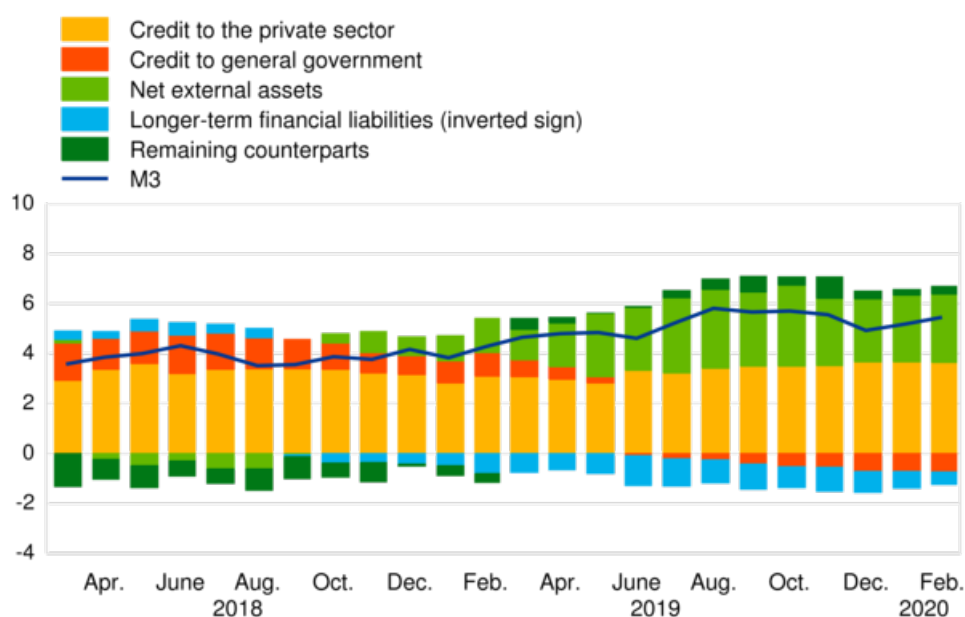
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percentage points in January), net external assets contributed 2.7 percentage points (as in the previous month), longer-term financial liabilities contributed -0.5 percentage point (up from -0.7 percentage point), credit to general government contributed -0.7 percentage point (as in the previous month), and the remaining counterparts of M3 contributed 0.3 percentage point (up from 0.2 percentage point).

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

As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) stood at 2.0% in February 2020, unchanged from the previous month. The annual growth rate of [credit to general government](#) stood at -2.0% in February, compared with -1.9% in January, while the annual growth rate of [credit to the private sector](#) stood at 3.4% in February, unchanged from the previous month.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.7% in February, compared with 3.8% in January. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.8% in

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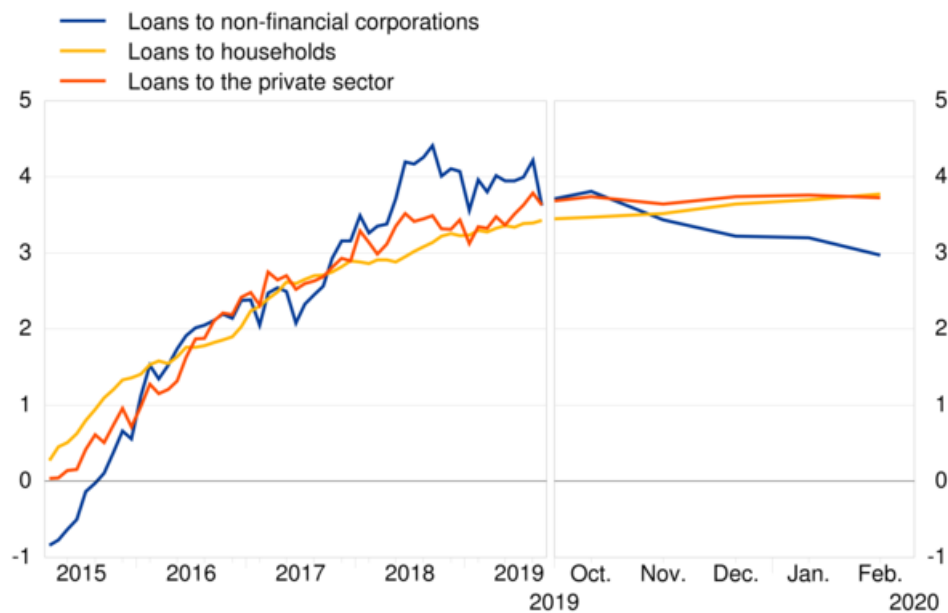
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February, compared with 3.7% in January, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 3.0% in February from 3.2% in January.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



[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.

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