

Press release

28 August 2023

Monetary developments in the euro area: July 2023

- Annual growth rate of broad [monetary aggregate M3](#) decreased to -0.4% in July 2023 from 0.6% in June
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, was -9.2% in July, compared with -8.0% in June
- Annual growth rate of [adjusted loans to households](#) decreased to 1.3% in July from 1.7% in June
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 2.2% in July from 3.0% in June

Components of the broad monetary aggregate M3

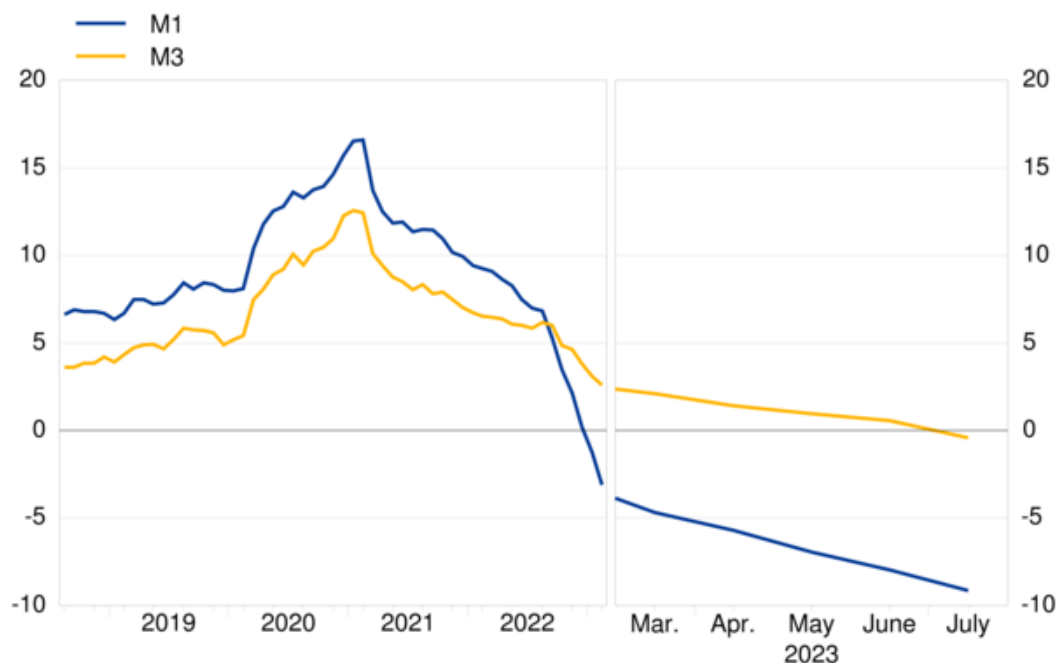
The annual growth rate of the broad monetary aggregate M3 decreased to -0.4% in July 2023 from 0.6% in June, averaging 0.4% in the three months up to July. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, was -9.2% in July, compared with -8.0% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at 23.9% in July, compared with 24.0% in June. The annual growth rate of marketable instruments (M3-M2) decreased to 20.6% in July from 22.8% in June.

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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 -6.7 percentage points (down from -5.8 percentage points in June), short-term deposits other than overnight deposits (M2-M1) contributed 5.3 percentage points (as in the previous month) and marketable instruments (M3-M2) contributed 0.9 percentage points (down from 1.1 percentage points).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households decreased to 0.7% in July from 1.1% in June, while the annual growth rate of deposits placed by non-financial corporations decreased to -0.6% in July from 0.8% in June. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) was -15.4% in July, compared with -14.2% in June.

Counterparts of the broad monetary aggregate M3

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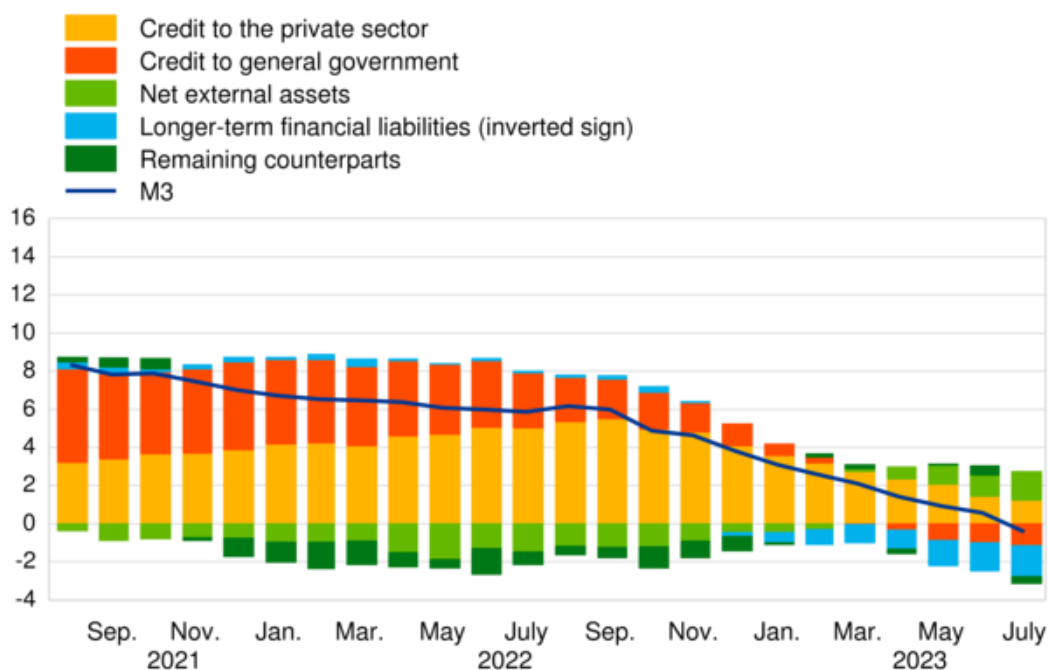
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As a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 ([counterparts of M3](#)), the annual growth rate of M3 in July 2023 can be broken down as follows: net external assets contributed 1.5 percentage points (up from 1.1 percentage points in June), credit to the private sector contributed 1.2 percentage points (down from 1.4 percentage points), credit to general government contributed -1.1 percentage points (down from -1.0 percentage points), longer-term financial liabilities contributed -1.6 percentage points (down from -1.5 percentage points), and the remaining counterparts contributed -0.4 percentage points (down from 0.5 percentage points).

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](#) decreased to 0.1% in July 2023 from 0.3% in the previous month. The annual growth rate of [credit to general government](#) was -2.9% in July, compared with -2.5% in June, while the annual growth rate of

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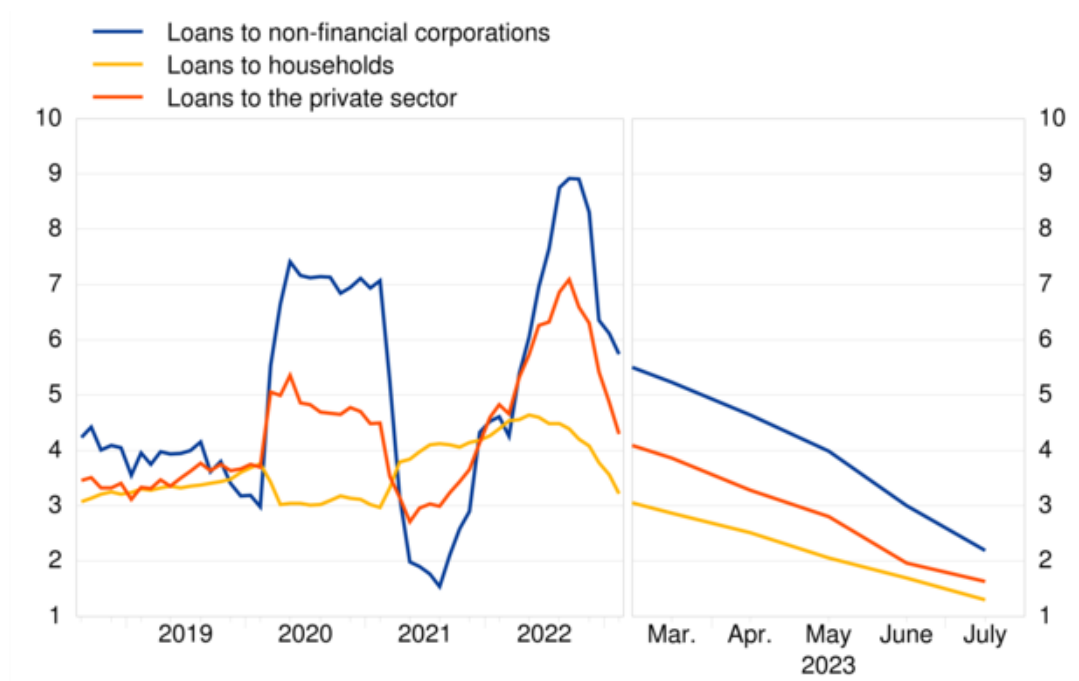
[credit to the private sector](#) decreased to 1.3% in July from 1.5% in June.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) decreased to 1.6% in July from 2.0% in June. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) decreased to 1.3% in July from 1.7% in June, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 2.2% in July from 3.0% in June.

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.

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- 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.

1 Monetary developments in the euro area: July 2023

(EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2023	May 2023	Jun 2023	Jul 2023	May 2023	Jun 2023	Jul 2023
COMPONENTS OF M3							
1. M3	15957	-22	20	-60	0.9	0.6	-0.4
1.1. M2	15063	-50	13	-52	-0.1	-0.5	-1.4
1.1.1. M1	10621	-100	-82	-91	-7.0	-8.0	-9.2
Currency in circulation	1534	0	-2	-1	0.7	0.4	0.1
Overnight deposits	9087	-100	-79	-90	-8.1	-9.2	-10.5
1.1.2. Other short-term deposits (M2 - M1)	4442	50	95	38	22.6	24.0	23.9
Deposits with an agreed maturity of up to two years	1915	60	105	46	81.0	85.6	85.2
Deposits redeemable at notice of up to three months	2527	-10	-10	-7	0.2	-0.3	-0.9
1.2. Marketable instruments (M3 - M2)	893	28	7	-8	23.1	22.8	20.6
Repurchase agreements	122	10	2	9	-10.9	-2.6	-1.5
Money market fund shares	691	9	11	-6	14.6	14.5	16.3
Debt securities issued with a maturity of up to two years	80	9	-6	-11	418.8	338.5	218.0
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	457	-103	-6	-20	-35.0	-37.7	-39.0
3. Longer-term financial liabilities vis-a-vis other euro area residents	7078	40	31	31	3.1	3.5	3.9
3.1. Deposits with an agreed maturity of over two years	1807	-4	3	0	-2.5	-2.2	-1.5
3.2. Deposits redeemable at notice of over three months	43	2	2	2	21.1	30.9	40.7
3.3. Debt securities issued with a maturity of over two years	2321	31	26	17	7.5	8.7	9.9
3.4. Capital and reserves	2907	12	-1	12	3.3	2.9	2.6
MFI assets:							
4. Credit to euro area residents	21664	-45	-4	-19	0.9	0.3	0.1
4.1. Credit to general government	6228	-63	12	-40	-2.2	-2.5	-2.9
Loans	983	9	-5	-3	-1.7	-2.3	-2.3
Debt securities	5220	-73	17	-37	-2.3	-2.5	-3.0
Equity ^{c)}	25	1	0	0	2.4	4.2	4.3
4.2. Credit to the private sector ^{d)}	15436	18	-16	20	2.2	1.5	1.3
Loans ^{e)}	12993	-5	-15	18	2.1	1.4	1.1
Adjusted loans ^{f)}	13219	18	-17	17	2.8	2.0	1.6
Debt securities	1565	17	-6	-5	2.3	1.0	1.0
Equity and non-money market fund investment fund shares	878	7	5	7	2.5	4.4	5.4
5. Net external assets	1569	6	59	47	-	-	-
6. Other counterparts of M3 (residual)	258	-45	-10	-76	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	154	21	-5	-15	-4.2	1.7	-10.9
6.2. Reverse repos to central counterparties (assets) ^{c)}	156	22	-12	-16	8.2	10.2	-1.6

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: July 2023

(contributions in terms of the M3 annual percentage change; data adjusted for seasonal effects ^{a)})

	May 2023	Jun 2023	Jul 2023
COMPONENTS OF M3			
1. M1	-5.1	-5.8	-6.7
1.1. Currency in circulation	0.1	0.0	0.0
1.2. Overnight deposits	-5.2	-5.9	-6.7
2. M2 - M1 (other short-term deposits)	5.0	5.3	5.3
3. M3 - M2 (marketable instruments)	1.1	1.1	0.9
COUNTERPARTS OF M3			
4. Credit to the private sector	2.1	1.4	1.2
5. Credit to general government	-0.9	-1.0	-1.1
6. Net external assets	1.0	1.1	1.5
7. Longer-term financial liabilities (inverted sign) ^{b)}	-1.3	-1.5	-1.6
8. Remaining counterparts	0.1	0.5	-0.4
M3 (sum of items 1 to 3, or items 4 to 8)	0.9	0.6	-0.4

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: July 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2023	May 2023	Jun 2023	Jul 2023	May 2023	Jun 2023	Jul 2023
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	13651	-40	17	-42	-0.3	-0.6	-1.6
1. Deposits placed by households ^{b)}	8379	1	3	-2	1.3	1.1	0.7
1.1. Overnight deposits	5264	-38	-35	-45	-3.6	-4.4	-5.7
1.2. Deposits with an agreed maturity of up to two years	756	48	48	52	83.3	97.1	111.7
1.3. Deposits redeemable at notice of up to three months	2358	-10	-10	-9	0.3	-0.3	-1.0
1.4. Repurchase agreements	1	0	0	0	18.9	20.8	6.3
2. Deposits placed by non-financial corporations	3305	-35	36	-31	0.2	0.8	-0.6
2.1. Overnight deposits	2463	-45	-19	-44	-11.9	-12.6	-14.1
2.2. Deposits with an agreed maturity of up to two years	700	8	54	14	119.0	125.1	118.2
2.3. Deposits redeemable at notice of up to three months	132	0	0	0	2.3	2.2	2.0
2.4. Repurchase agreements	11	1	0	-1	12.1	10.3	13.5
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1192	0	-36	12	-10.0	-14.2	-15.4
3.1. Overnight deposits	831	-9	-31	17	-19.2	-23.3	-23.9
3.2. Deposits with an agreed maturity of up to two years	251	3	-6	-16	47.3	31.8	26.5
3.3. Deposits redeemable at notice of up to three months	20	0	-1	2	14.5	2.8	16.2
3.4. Repurchase agreements ^{c)}	90	6	2	9	-17.4	-8.0	-4.2
4. Deposits placed by insurance corporations and pension funds	215	-1	5	-16	-1.2	1.0	-9.5
5. Deposits placed by other general government	561	-5	9	-4	-3.2	-2.0	-2.4

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: July 2023 (EUR billions and annual percentage changes; data adjusted for seasonal effects ^{a)})

	End-of-month level	Monthly flow			Annual growth rate		
	Jul 2023	May 2023	Jun 2023	Jul 2023	May 2023	Jun 2023	Jul 2023
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	6626	-35	4	-6	1.5	1.1	0.7
<i>Adjusted loans ^{c)}</i>	6858	-4	-2	-7	2.1	1.7	1.3
1.1. Credit for consumption	727	1	0	2	2.8	2.5	2.5
1.2. Lending for house purchase	5203	-34	4	-4	1.8	1.3	0.8
1.3. Other lending	696	-3	-1	-5	-1.5	-1.7	-2.1
<i>of which: sole proprietors</i>	366	-1	-1	-1	-1.9	-2.0	-2.4
2. Loans to non-financial corporations	5135	8	-1	7	3.2	2.4	1.7
<i>Adjusted loans ^{c)}</i>	5147	-1	1	4	4.0	3.0	2.2
2.1. up to 1 year	923	-7	2	-1	-0.7	-1.9	-3.1
2.2. over 1 year and up to 5 years	1088	1	-9	2	8.2	6.3	5.1
2.3. over 5 years	3125	13	6	6	2.7	2.5	2.0
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	1096	25	-20	26	3.3	0.5	3.2
<i>Adjusted loans ^{c)}</i>	1089	25	-16	23	4.6	1.5	3.6
4. Loans to insurance corporations and pension funds	135	-3	2	-8	-13.0	-12.1	-15.1
<i>Adjusted loans ^{c)}</i>	126	-3	1	-3	-15.0	-15.9	-15.6

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.