



EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

25 September 2020

Monetary developments in the euro area: August 2020

- Annual growth rate of broad [monetary aggregate M3](#) decreased to 9.5% in August 2020 from 10.1% in July (revised from 10.2%)
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, decreased to 13.2% in August from 13.5% in July
- Annual growth rate of [adjusted loans to households](#) stood at 3.0% in August, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.1% in August, unchanged from previous month

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 9.5% in August 2020 from 10.1% in July, averaging 9.6% in the three months up to August. 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, decreased to 13.2% in August from 13.5% in July. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) decreased to 0.4% in August from 1.4% in July. The annual growth rate of marketable instruments (M3-M2) decreased to 8.3% in August from 11.4% in July.

European Central Bank

Directorate General Communications, Global Media Relations Division
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

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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 9.0 percentage points (down from 9.2 percentage points in July), short-term deposits other than overnight deposits (M2-M1) contributed 0.1 percentage point (down from 0.4 percentage point) and marketable instruments (M3-M2) contributed 0.4 percentage point (down from 0.6 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households stood at 7.5% in August, compared with 7.4% in July, while the annual growth rate of deposits placed by non-financial corporations decreased to 19.9% in August from 20.4% in July. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 4.6% in August from 9.0% in July.

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 August 2020 can be broken down as follows: credit to general government contributed 6.0 percentage points (up from 5.6

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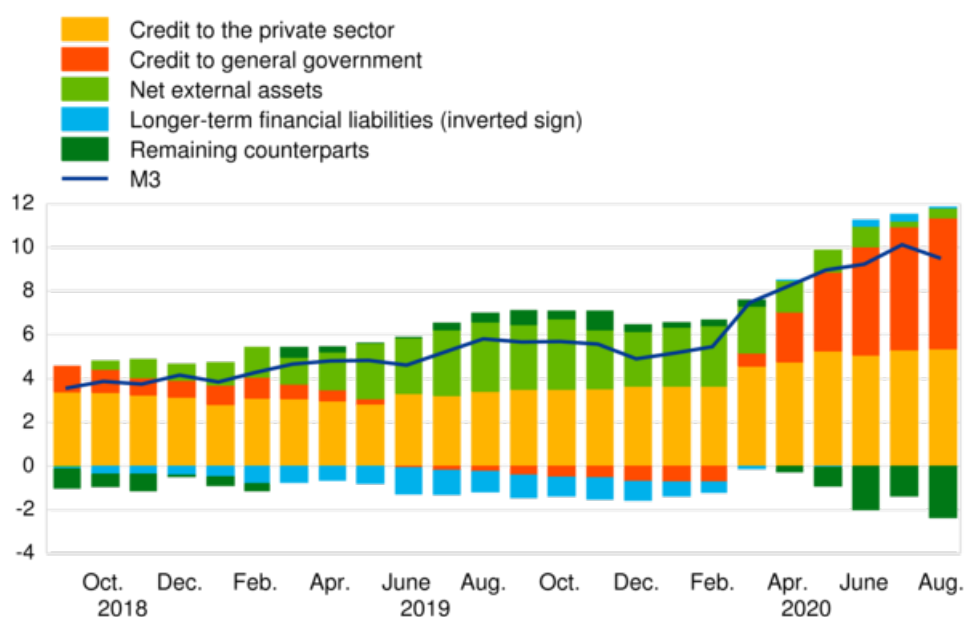
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percentage points in July), credit to the private sector contributed 5.4 percentage points (up from 5.3 percentage points), credit to general government contributed 0.4 percentage point (up from 0.3 percentage point), net external assets contributed 0.4 percentage point (up from 0.3 percentage point), longer-term financial liabilities contributed 0.1 percentage point (down from 0.3 percentage point), and the remaining counterparts of M3 contributed -2.4 percentage points (down from -1.4 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](#) increased to 8.0% in August 2020 from 7.6% in the previous month. The annual growth rate of [credit to general government](#) increased to 16.5% in August from 15.5% in July, while the annual growth rate of [credit to the private sector](#) stood at 5.0% in August, 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 4.6% in August, compared with 4.7% in July. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.0% in August, and the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.1% in

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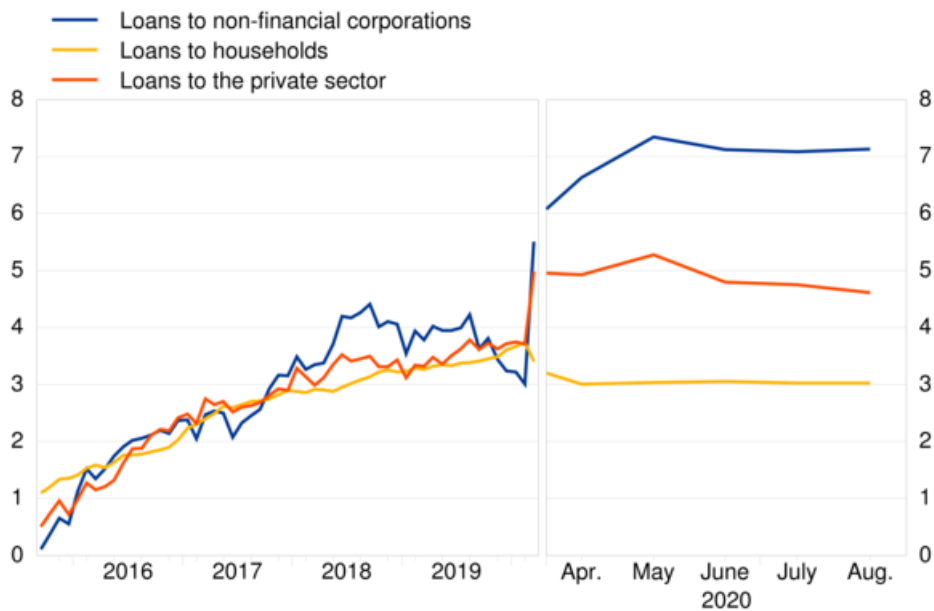
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August, both unchanged from the previous month.

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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