



EUROPEAN CENTRAL BANK

EUROSYSTEM

Press release

27 October 2020

Monetary developments in the euro area: September 2020

- Annual growth rate of broad [monetary aggregate M3](#) increased to 10.4% in September 2020 from 9.5% in August
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, increased to 13.8% in September from 13.2% in August
- Annual growth rate of [adjusted loans to households](#) stood at 3.1% in September, compared with 3.0% in August
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.1% in September, unchanged from previous month

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 10.4% in September 2020 from 9.5% in August, averaging 10.0% 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, increased to 13.8% in September from 13.2% in August. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 1.4% in September from 0.4% in August. The annual growth rate of marketable instruments (M3-M2) increased to 12.5% in September from 8.2% in August.

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Directorate General Communications, Global Media Relations Division

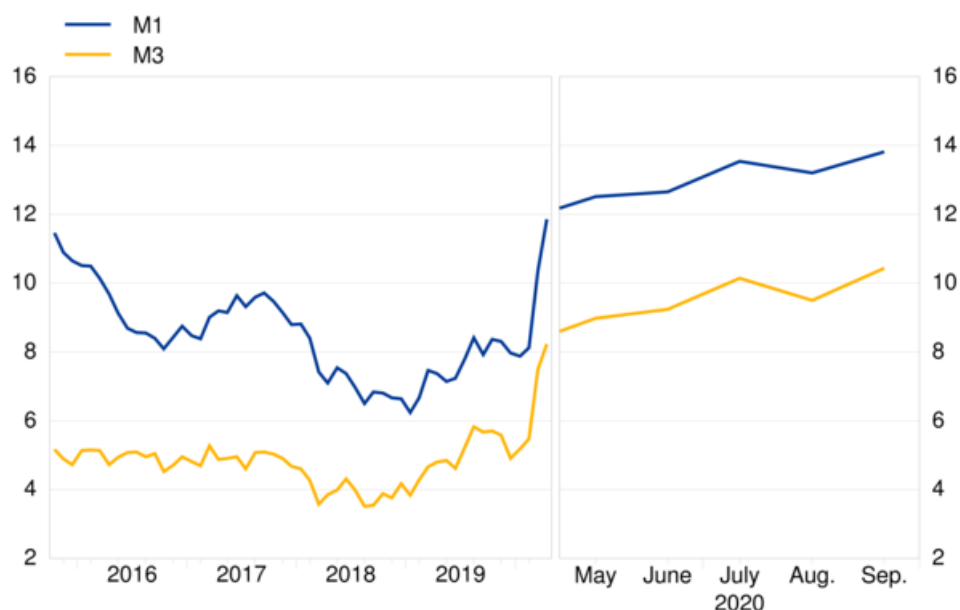
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Chart 1 Monetary aggregates

(annual growth rates)



[Data for monetary aggregates](#)

Looking at the [components' contributions to the annual growth rate of M3](#), the narrower aggregate M1 contributed 9.4 percentage points (up from 9.0 percentage points in August), short-term deposits other than overnight deposits (M2-M1) contributed 0.4 percentage point (up from 0.1 percentage point) and marketable instruments (M3-M2) contributed 0.6 percentage point (up from 0.4 percentage point).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households increased to 7.8% in September from 7.5% in August, while the annual growth rate of deposits placed by non-financial corporations increased to 21.0% in September from 19.9% in August. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 8.4% in September from 4.5% in August.

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 2020 can be broken down as follows: credit to general government contributed 6.8 percentage points (up from 6.0

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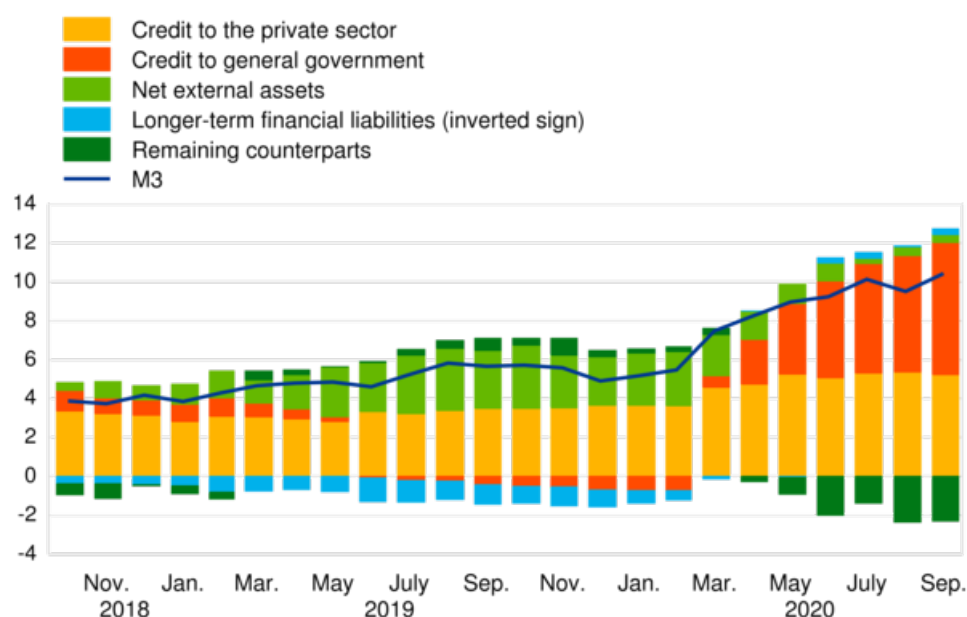
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percentage points in August), credit to the private sector contributed 5.2 percentage points (down from 5.4 percentage points), net external assets contributed 0.4 percentage point (as in the previous month), longer-term financial liabilities contributed 0.3 percentage point (up from 0.1 percentage point), and the remaining counterparts of M3 contributed -2.3 percentage points (up from -2.4 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 8.4% in September 2020 from 8.0% in the previous month. The annual growth rate of [credit to general government](#) increased to 18.8% in September from 16.5% in August, while the annual growth rate of [credit to the private sector](#) stood at 4.9% in September, compared with 5.0% in August.

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 September, unchanged from the previous month. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at

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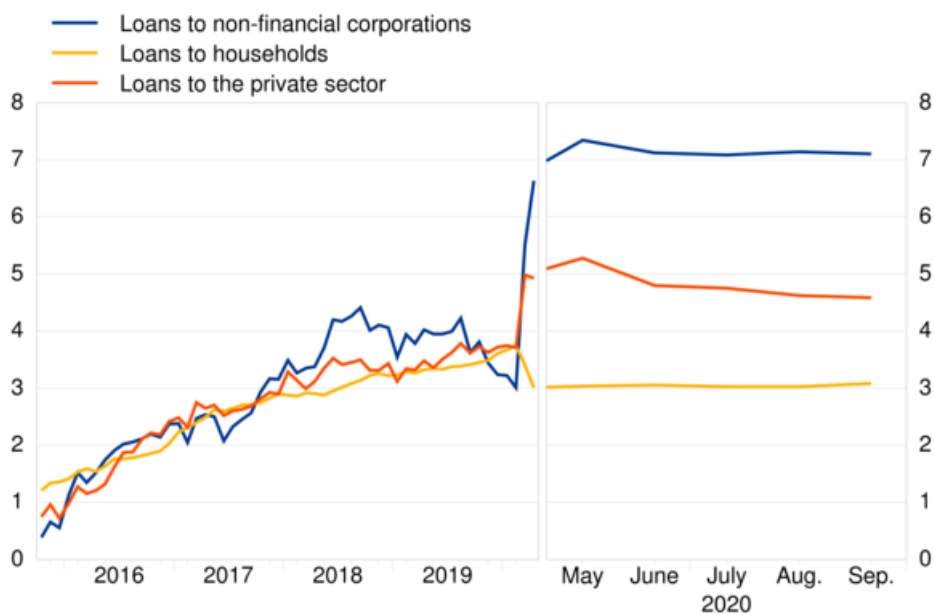
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3.1% in September, compared with 3.0% in August, while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 7.1% in September, unchanged from the previous month.

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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