



EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

26 July 2023

Monetary developments in the euro area: June 2023

- Annual growth rate of broad [monetary aggregate M3](#) decreased to 0.6% in June 2023 from 1.0% in May (revised from 1.4%)
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, was -8.0% in June, compared with -7.0% in May
- Annual growth rate of [adjusted loans to households](#) decreased to 1.7% in June from 2.1% in May
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 3.0% in June from 4.0% in May

Components of the broad monetary aggregate M3

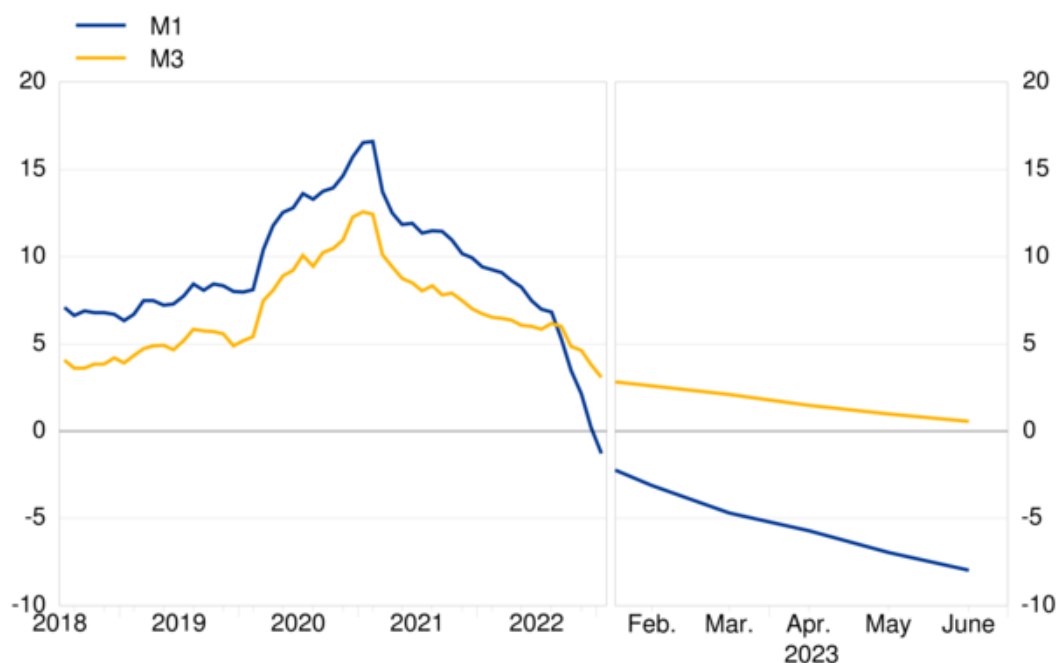
The annual growth rate of the broad monetary aggregate M3 decreased to 0.6% in June 2023 from 1.0% in May, averaging 1.0% in the three months up to June. The [components of M3](#) showed the following developments. The annual growth rate of the narrower aggregate M1, which comprises currency in circulation and overnight deposits, was -8.0% in June, compared with -7.0% in May. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) increased to 24.0% in June from 22.5% in May. The annual growth rate of marketable instruments (M3-M2) decreased to 23.1% in June from 23.9% in May.

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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 -5.8 percentage points (down from -5.1 percentage points in May), short-term deposits other than overnight deposits (M2-M1) contributed 5.3 percentage points (up from 5.0 percentage points) and marketable instruments (M3-M2) contributed 1.1 percentage points (as in the previous month).

From the perspective of the holding sectors of [deposits in M3](#), the annual growth rate of deposits placed by households decreased to 1.1% in June from 1.3% in May, while the annual growth rate of deposits placed by non-financial corporations increased to 0.7% in June from 0.3% in May. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) was -14.1% in June, compared with -10.1% in May.

Counterparts of the broad monetary aggregate M3

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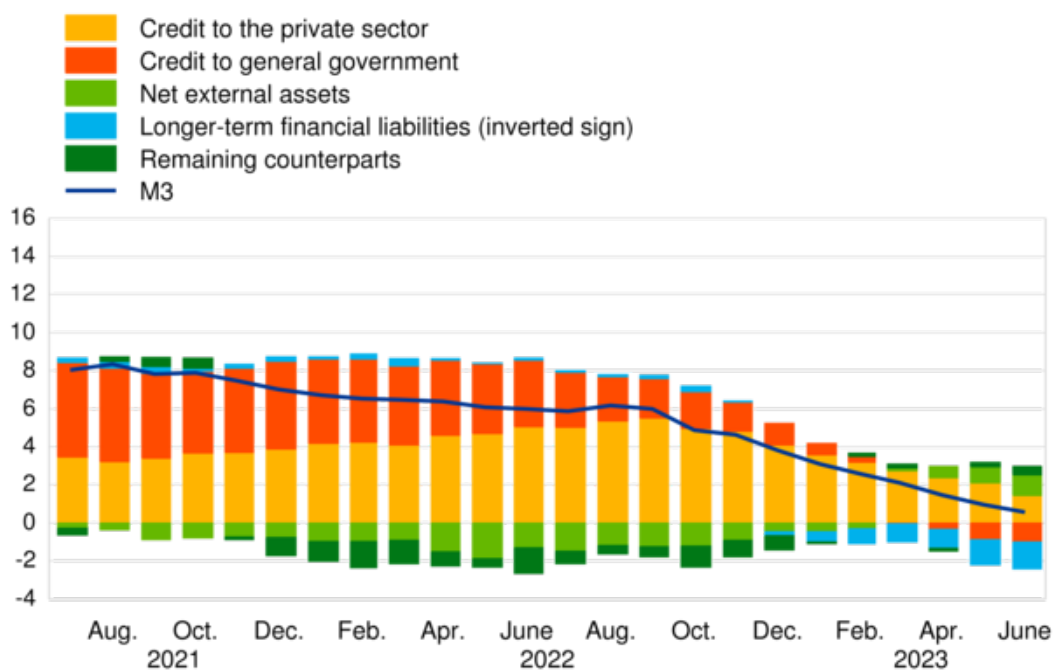
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As a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 ([counterparts of M3](#)), the annual growth rate of M3 in June 2023 can be broken down as follows: credit to the private sector contributed 1.4 percentage points (down from 2.1 percentage points in May), net external assets contributed 1.1 percentage points (up from 0.8 percentage points), credit to general government contributed -1.0 percentage points (down from -0.9 percentage points), longer-term financial liabilities contributed -1.4 percentage points (down from -1.3 percentage points), and the remaining counterparts contributed 0.5 percentage points (up from 0.2 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 0.3% in June 2023 from 0.9% in the previous month. The annual growth rate of [credit to general government](#) was -2.5% in June, compared with -2.2% in May, while the annual growth rate of

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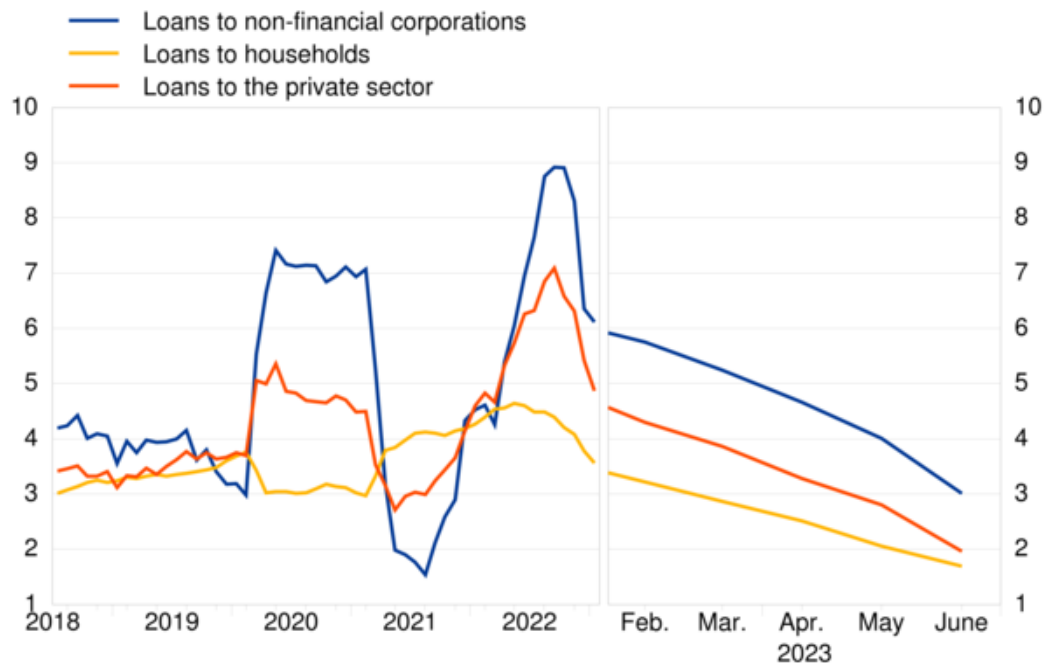
[credit to the private sector](#) decreased to 1.5% in June from 2.2% in May.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) decreased to 2.0% in June from 2.8% in May. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) decreased to 1.7% in June from 2.1% in May, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 3.0% in June from 4.0% in May.

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: June 2023

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

	End-of-month level	Monthly flow			Annual growth rate		
	Jun 2023	Apr 2023	May 2023	Jun 2023	Apr 2023	May 2023	Jun 2023
COMPONENTS OF M3							
1. M3	16018	-34	-27	16	1.5	1.0	0.6
1.1. M2	15117	-33	-50	13	0.5	-0.1	-0.5
1.1.1. M1	10714	-77	-99	-82	-5.7	-7.0	-8.0
Currency in circulation	1535	-7	0	-2	1.0	0.7	0.4
Overnight deposits	9180	-70	-100	-79	-6.7	-8.1	-9.2
1.1.2. Other short-term deposits (M2 - M1)	4402	45	49	94	21.0	22.5	24.0
Deposits with an agreed maturity of up to two years	1868	57	59	105	73.3	80.9	85.5
Deposits redeemable at notice of up to three months	2534	-12	-10	-11	0.8	0.2	-0.4
1.2. Marketable instruments (M3 - M2)	901	-1	23	3	21.5	23.9	23.1
Repurchase agreements	113	-1	11	1	-13.7	-10.1	-2.5
Money market fund shares	699	6	4	8	14.9	15.3	14.7
Debt securities issued with a maturity of up to two years	89	-6	9	-5	352.0	419.5	343.1
COUNTERPARTS OF M3							
MFI liabilities:							
2. Holdings against central government ^{b)}	478	6	-103	-6	-23.9	-35.0	-37.7
3. Longer-term financial liabilities vis-a-vis other euro area residents	6955	23	40	20	2.3	3.2	3.3
3.1. Deposits with an agreed maturity of over two years	1807	15	-4	3	-2.3	-2.5	-2.2
3.2. Deposits redeemable at notice of over three months	40	1	2	2	3.9	21.2	30.5
3.3. Debt securities issued with a maturity of over two years	2228	4	31	21	5.0	7.5	8.5
3.4. Capital and reserves	2879	3	12	-7	3.2	3.3	2.7
MFI assets:							
4. Credit to euro area residents	21691	-25	-45	-9	1.5	0.9	0.3
4.1. Credit to general government	6269	-34	-63	11	-0.8	-2.2	-2.5
Loans	986	-14	9	-5	-2.9	-1.7	-2.3
Debt securities	5258	-20	-73	15	-0.5	-2.3	-2.5
Equity ^{c)}	25	0	1	0	0.5	2.4	4.2
4.2. Credit to the private sector ^{d)}	15422	9	18	-19	2.5	2.2	1.5
Loans ^{e)}	12979	-9	-5	-15	2.9	2.1	1.4
Adjusted loans ^{f)}	13206	2	18	-17	3.3	2.8	2.0
Debt securities	1576	12	17	-5	-1.3	2.3	1.0
Equity and non-money market fund investment fund shares	866	6	7	1	3.2	2.6	4.1
5. Net external assets	1469	24	-12	77	-	-	-
6. Other counterparts of M3 (residual)	291	-3	-32	-38	-	-	-
of which:							
6.1. Repos with central counterparties (liabilities) ^{c)}	169	1	20	-4	-16.0	-4.8	1.7
6.2. Reverse repos to central counterparties (assets) ^{c)}	173	-4	22	-12	-5.3	8.2	10.2

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: June 2023

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

	Apr 2023	May 2023	Jun 2023
COMPONENTS OF M3			
1. M1	-4.2	-5.1	-5.8
1.1. Currency in circulation	0.1	0.1	0.0
1.2. Overnight deposits	-4.3	-5.2	-5.9
2. M2 - M1 (other short-term deposits)	4.7	5.0	5.3
3. M3 - M2 (marketable instruments)	1.0	1.1	1.1
COUNTERPARTS OF M3			
4. Credit to the private sector	2.4	2.1	1.4
5. Credit to general government	-0.3	-0.9	-1.0
6. Net external assets	0.6	0.8	1.1
7. Longer-term financial liabilities (inverted sign) ^{b)}	-1.0	-1.3	-1.4
8. Remaining counterparts	-0.2	0.2	0.5
M3 (sum of items 1 to 3, or items 4 to 8)	1.5	1.0	0.6

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

	End-of-month level	Monthly flow			Annual growth rate		
	Jun 2023	Apr 2023	May 2023	Jun 2023	Apr 2023	May 2023	Jun 2023
BREAKDOWN OF DEPOSITS IN M3							
Total deposits	13695	-27	-39	16	0.3	-0.3	-0.6
1. Deposits placed by households ^{b)}	8381	-14	1	3	1.6	1.3	1.1
1.1. Overnight deposits	5310	-44	-38	-34	-2.4	-3.6	-4.4
1.2. Deposits with an agreed maturity of up to two years	704	40	48	47	68.7	83.1	96.8
1.3. Deposits redeemable at notice of up to three months	2366	-10	-10	-10	0.9	0.3	-0.3
1.4. Repurchase agreements	1	0	0	0	-7.0	18.9	20.8
2. Deposits placed by non-financial corporations	3338	-4	-33	33	1.2	0.3	0.7
2.1. Overnight deposits	2508	-28	-43	-21	-10.1	-11.8	-12.6
2.2. Deposits with an agreed maturity of up to two years	686	23	8	54	108.1	119.1	125.3
2.3. Deposits redeemable at notice of up to three months	132	-1	0	0	2.6	2.3	2.1
2.4. Repurchase agreements	12	2	1	0	7.8	12.1	10.3
3. Deposits placed by non-monetary financial corporations excluding insurance corporations and pension funds ^{c)}	1181	14	-1	-34	-9.0	-10.1	-14.1
3.1. Overnight deposits	815	30	-11	-28	-17.3	-19.3	-23.2
3.2. Deposits with an agreed maturity of up to two years	267	-13	3	-6	45.2	47.2	32.0
3.3. Deposits redeemable at notice of up to three months	18	-1	0	-1	9.0	14.5	2.8
3.4. Repurchase agreements ^{c)}	81	-2	7	1	-20.4	-16.3	-8.0
4. Deposits placed by insurance corporations and pension funds	231	-4	-1	4	1.0	-1.4	0.5
5. Deposits placed by other general government	565	-19	-5	9	-1.4	-3.2	-2.1

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.

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

	End-of-month level	Monthly flow			Annual growth rate		
	Jun 2023	Apr 2023	May 2023	Jun 2023	Apr 2023	May 2023	Jun 2023
BREAKDOWN OF LOANS AS COUNTERPART TO M3							
1. Loans to households ^{b)}	6634	2	-35	4	2.6	1.5	1.1
<i>Adjusted loans ^{c)}</i>	6866	3	-3	-2	2.5	2.1	1.7
1.1. Credit for consumption	726	2	1	0	3.1	2.8	2.5
1.2. Lending for house purchase	5208	2	-34	4	3.0	1.8	1.3
1.3. Other lending	700	-2	-3	-1	-1.0	-1.5	-1.6
<i>of which: sole proprietors</i>	367	-1	-1	-1	-1.6	-1.9	-2.0
2. Loans to non-financial corporations	5131	-3	8	-2	3.8	3.2	2.4
<i>Adjusted loans ^{c)}</i>	5144	1	0	0	4.7	4.0	3.0
2.1. up to 1 year	924	-9	-7	1	1.6	-0.7	-1.9
2.2. over 1 year and up to 5 years	1087	3	1	-9	8.6	8.2	6.3
2.3. over 5 years	3120	3	13	6	2.9	2.8	2.5
3. Loans to non-monetary financial corporations except insurance corporations and pension funds ^{d)}	1071	-15	25	-19	2.7	3.2	0.5
<i>Adjusted loans ^{c)}</i>	1067	-4	24	-16	4.1	4.5	1.4
4. Loans to insurance corporations and pension funds	144	6	-3	2	-9.5	-13.0	-12.1
<i>Adjusted loans ^{c)}</i>	129	3	-3	1	-12.6	-15.0	-15.9

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.