

30 May 2023

## Money and the financing of the economy • April 2023

### M3 growth slows down

- In April 2023, **domestic resources of monetary financial institutions (MFIs) included in M3** grow by +3.2% year-on-year (down from +3.9% in March - see table 2). Arbitrages in favor of interest-bearing deposits (M2-M1) continue, but for much smaller amounts than the previous month (+€4.9 bn, after +€28.6 bn in March), and still to the detriment of overnight deposits, which lose -€22.8 bn in April. In detail:
  - **Overall outstanding households' deposits continue to grow.**
  - **Annual growth in interest-bearing deposits (M2 - M1) reaches +21.0%** in April (after +20.5% in March, see table 2), driven by a sharp rise in deposits with an agreed maturity of less than 2 years (+134.8% in April) and, to a lesser extent, in passbook accounts (+6.0% in April).
  - **Outstanding overnight deposits continue to fall** (-9.9% year-on-year in April, after -8.4% in March). However, for households, the share of overnight deposits in total deposits is still above the pre-Covid level, before overnight deposits rise sharply as a result of the surplus saved.
  - **Money market funds continue to attract new money**, with annual growth of +11.4%, after +12.7% in March.
- **MFI lending to the private sector** (see Table 3) continues to grow, albeit at a slightly slower pace (+3.2% year-on-year, after +3.9% in March). In detail, growth in loans to households and to non-financial companies is gradually decelerating, but remains high: +4.0% in April after +4.4% in March, and +5.7% in April after +6.5% in March, respectively.
- After taking into account gross monetary liabilities and assets vis-à-vis the rest of the eurozone, the growth rate of the French component of the eurozone M3 monetary aggregate stands at +3.4% in April 2023, after +5.1% in March.

Table 1 - France : M3 and the financing of the economy

April 2023 (12-month cumulative flows)			
<b>Total assets</b>	<b>122.4</b>	<b>Total liabilities</b>	<b>122.4</b>
<b>Domestic General</b>		<b>Resources included in M3</b>	<b>89.4</b>
<b>Government financing</b>	<b>28.7</b>	M1	-152.6
Of which loans	-3.1	M2 - M1	201.4
Of which securities	31.8	M3 - M2	40.6
<b>Domestic private sector financing</b>	<b>114.0</b>	<b>Long-term resources (a)</b>	<b>33.0</b>
Of which loans to households	66.1		
Of which loans to NFCs	72.2		
<b>Net external assets</b>	<b>-30.7</b>		
<b>Remaining counterparts (b)</b>	<b>10.5</b>		

(a) Deposits over 2 years, debt securities issued, capital and reserves, central government deposits.

(b) Net of inter-MFI assets and liabilities, net of other balance sheet items (financial derivatives, accounting lags, fixed assets), currency in circulation, gold, SDR.

Source and production: Banque de France – Direction générale de la statistique, des études et de l'international

Table 2 - France : monetary resources of monetary financial institutions

Decomposition of French component of euro-area M3	Outstandings (in € Bn)		Annual growth rate (in %)		Flows (en € Bn) (a)	
	Apr-23	Mar-23	Apr-23	Mar-23	Apr-23	Mar-23
	Overnight deposits	1 393	-8.4	-9.9	-22.6	-22.8
<b>= Domestic resources included in M1</b>	<b>1 393</b>	<b>-8.4</b>	<b>-9.9</b>	<b>-22.6</b>	<b>-22.8</b>	
Deposits with agreed maturity of up to 2 years	265	116.5	134.8	28.6	4.9	
+ Saving accounts	897	6.4	6.0	1.4	1.3	
<b>= Domestic resources included in M2-M1</b>	<b>1 162</b>	<b>20.5</b>	<b>21.0</b>	<b>30.0</b>	<b>6.2</b>	
MMF shares	281	12.7	11.4	16.7	4.4	
+ Repurchase agreements	22	-58.6	-54.9	-27.5	3.4	
+ Debt securities issued with a maturity of up to 2 years	47	130.0	129.4	2.0	0.3	
<b>= Domestic resources included in M3-M2</b>	<b>350</b>	<b>13.9</b>	<b>13.4</b>	<b>-8.8</b>	<b>8.2</b>	
<b>Sum of domestic resources included in M3</b>	<b>2 905</b>	<b>3.9</b>	<b>3.2</b>	<b>-1.4</b>	<b>-8.4</b>	
+ Monetary external liabilities vis-à-vis other monetary union members	351	14.7	10.0	-3.0	-8.2	
- Monetary external assets vis-à-vis other monetary union members	86	-10.1	14.6	2.5	7.0	
<b>= French component of euro area monetary aggregate M3</b>	<b>3 171</b>	<b>5.1</b>	<b>3.4</b>	<b>-6.9</b>	<b>-23.6</b>	

(a) Seasonally-adjusted data.

Source and production: Banque de France – Direction générale de la statistique, des études et de l'international

Table 3 – Counterparts of domestic resources included in M3

	Outstandings (in € Bn)		Annual growth rate (in %)		Flows (en € Bn) (a)	
	Apr-23	Mar-23	Apr-23	Mar-23	Apr-23	Mar-23
	<b>ASSETS</b>					
<b>Domestic General government financing (1)</b>	<b>1 171</b>	<b>1.4</b>	<b>2.5</b>	<b>-7.0</b>	<b>11.7</b>	
Of which loans	210	-1.4	-1.5	-1.4	-0.3	
Of which securities	961	2.1	3.4	-5.6	12.1	
<b>Domestic private sector financing (2)</b>	<b>3 669</b>	<b>3.9</b>	<b>3.2</b>	<b>1.5</b>	<b>2.8</b>	
Of which loans to households	1 720	4.4	4.0	4.4	3.2	
Of which loans to NFCs	1 336	6.5	5.7	0.6	2.2	
<b>Net external assets (3)</b>	<b>267</b>	<b>-30.0</b>	<b>-15.2</b>	<b>20.6</b>	<b>0.4</b>	
<b>Remaining counterparts (b) (4)</b>	<b>300</b>	<b>10.3</b>	<b>-0.3</b>	<b>-19.8</b>	<b>3.0</b>	
<b>LIABILITIES</b>						
<b>Long-term resources (c) (5)</b>	<b>2 502</b>	<b>0.0</b>	<b>1.3</b>	<b>3.3</b>	<b>26.3</b>	
<b>Domestic resources included in M3 (1)+(2)+(3)+(4)-(5)</b>	<b>2 905</b>	<b>3.9</b>	<b>3.2</b>	<b>-1.4</b>	<b>-8.4</b>	

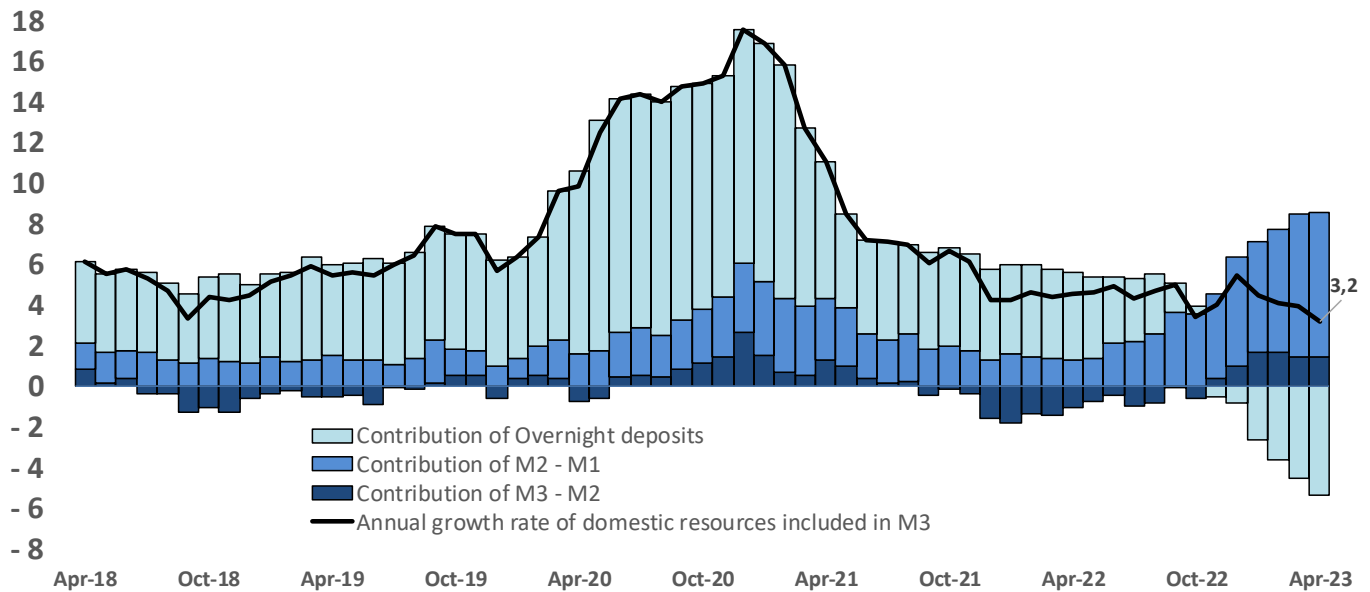
(a) Seasonally-adjusted data.

(b) Net of inter-MFI assets and liabilities, net of other balance sheet items (financial derivatives, accounting lags, fixed assets), currency in circulation, gold, SDR.

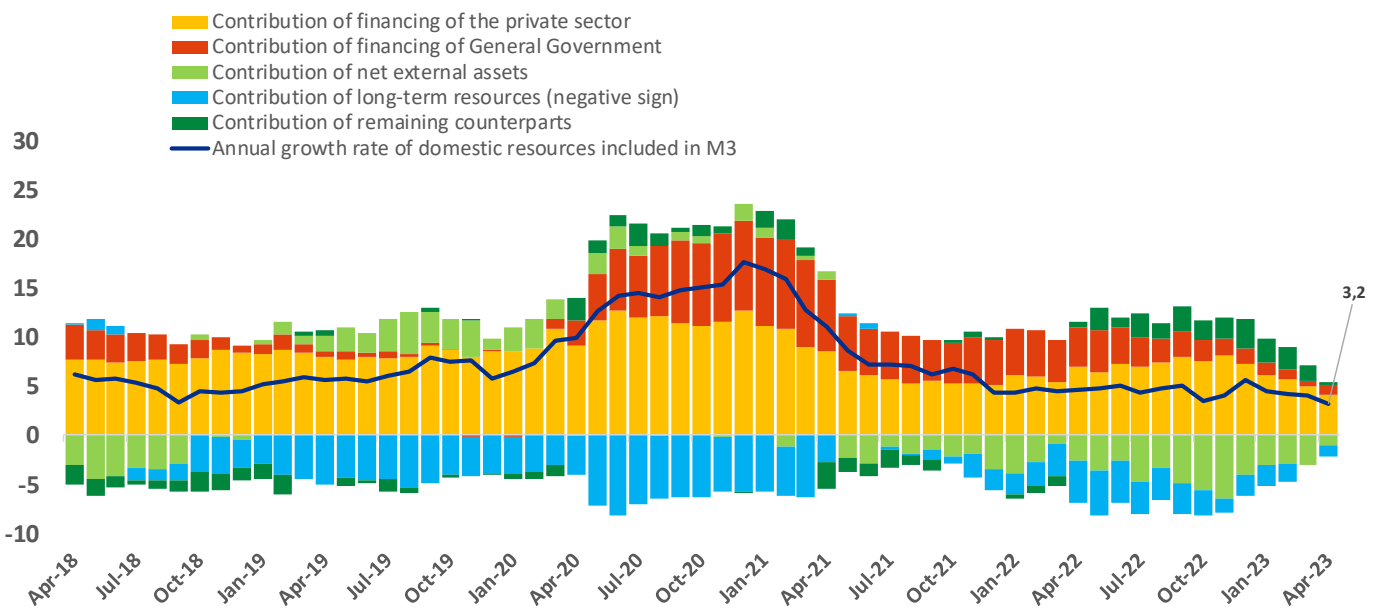
(c) Deposits over 2 years, debt securities issued, capital and reserves, central government deposits.



## Contributions to the growth of the domestic resources included in M3



## Contribution of monetary counterparts to growth of the domestic resources included in M3



Source and production: Banque de France – Direction générale de la statistique, des études et de l'international

## Additional information

**Resources included in M3** (excluding banknotes and coins) consist of investments with a maturity of up to two years held by money-holding agents (households, non-financial corporations, General government excluding central government, insurance companies, pension funds, non-monetary mutual funds, investment firms and special purpose vehicles, for the most part) with monetary financial institutions (MFI)

**Monetary financial institutions** (MFIs) include credit institutions, finance companies, the Caisse des dépôts et consignations, money market funds and the Banque de France.

**Saving accounts** include Livret A and Livret Bleu passbooks, sustainable development and solidarity passbooks, home savings accounts, popular savings passbooks, youth passbooks and ordinary passbooks. Regulated savings are partly centralized in the Savings Fund managed by the Caisse des Dépôts et Consignations and thus only pass through the banks' balance sheets. Repurchase agreements are temporary purchases of securities by customers (particularly companies, insurance companies and non-money market funds). Debt securities with a maximum maturity of two years mainly comprise NEUCP issued by French banks and subscribed by customers that are not credit institutions or money market funds

**Funding of the economy** includes all financing provided by MFIs to the domestic public and private sectors, in the form of loans and securities (debt and equity). For **loans to households and non-financial companies (NFCs)**, loans transferred (securitizations) with impact on banks' balance sheets are reintegrated.

**Net external assets** correspond to the balance (assets minus liabilities) of MFI operations with the rest of the world.

**Long-term inflows** of MFIs include capital and reserves, debt securities issued by MFIs with a maturity of more than 2 years, deposits with a maturity of more than 2 years and central government deposits.

The item "**Remaining counterparts**" includes the balance of inter-MFI receivables and liabilities, the net of other balance sheet items (financial derivatives, accounting differences, fixed assets) and currency in circulation.

Growth rates for the outstanding amounts are calculated by adjusting changes in stocks for effects not resulting from economic transactions, in particular corrections for classification errors, but not for exchange rate effects.

The data on outstanding amounts, annual growth rates, and 12-month cumulative flows published in this Statinfo are not seasonally adjusted, but the monthly flow data are.

