



EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

26 November 2020

Monetary developments in the euro area: October 2020

- Annual growth rate of broad [monetary aggregate M3](#) stood at 10.5% in October 2020, after 10.4% in September 2020
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, stood at 13.8% in October, unchanged from previous month
- Annual growth rate of [adjusted loans to households](#) stood at 3.1% in October, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 6.8% in October from 7.1% in September

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 stood at 10.5% in October 2020, after 10.4% in September, averaging 10.1% in the three months up to October. 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, stood at 13.8% in October, unchanged from the previous month. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) stood at 1.4% in October, unchanged from the previous month. The annual growth rate of marketable instruments (M3-M2) increased to 14.0% in October from 11.9% in September.

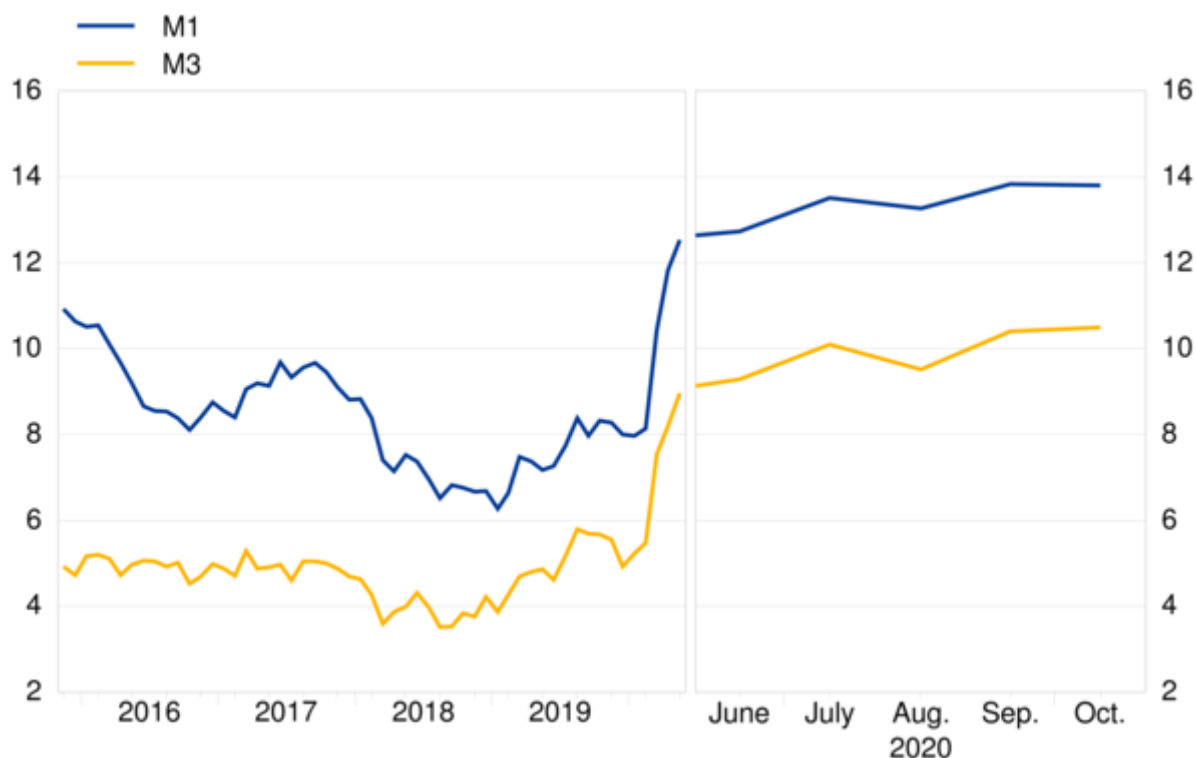
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Chart 1 Monetary aggregates

(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 (as in the previous month), short-term deposits other than overnight deposits (M2-M1) contributed 0.4 percentage point (as in the previous month) and marketable instruments (M3-M2) contributed 0.7 percentage point (up 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 increased to 7.9% in October from 7.7% in September, while the annual growth rate of deposits placed by non-financial corporations decreased to 20.5% in October from 21.1% in September. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 7.3% in October from 8.2% in September.

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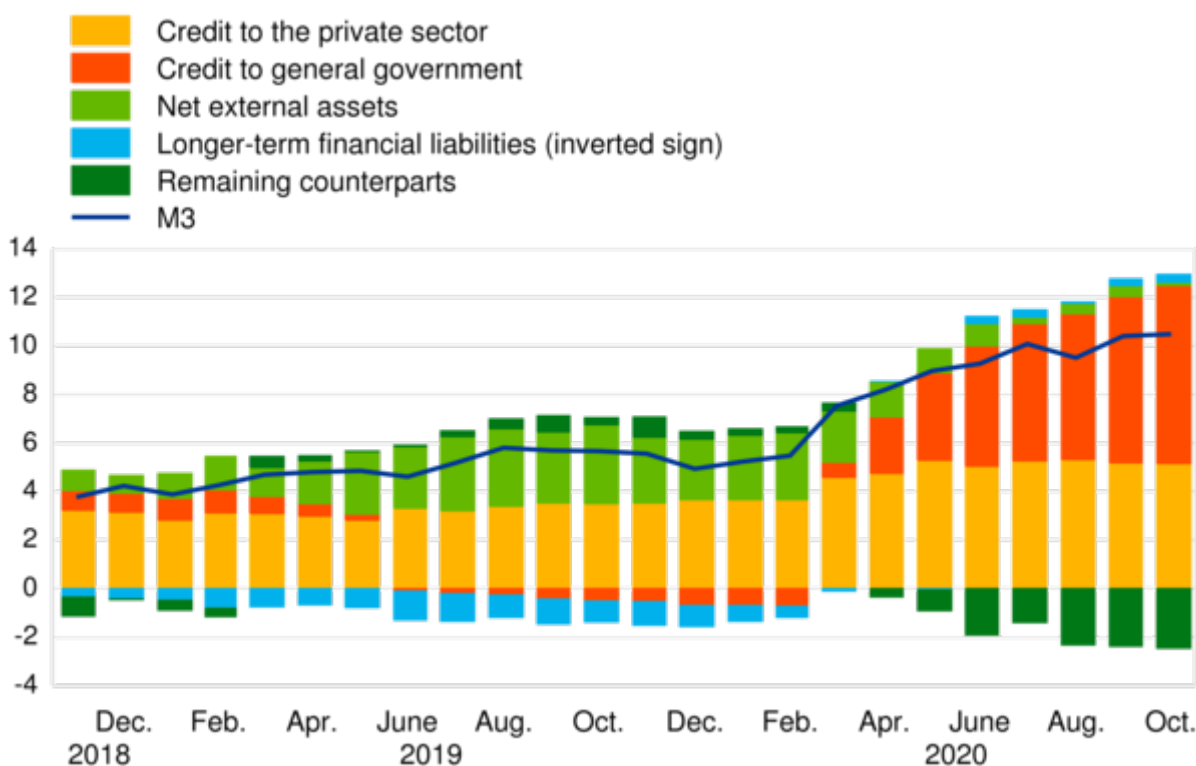
Counterparts of the broad monetary aggregate M3

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 October 2020 can be broken down as follows: credit to general government contributed 7.3 percentage points (up from 6.8 percentage points in September), credit to the private sector contributed 5.2 percentage points (as in the previous month), longer-term financial liabilities contributed 0.3 percentage point (as in the previous month), net external assets contributed 0.1 percentage point (down from 0.5 percentage point), and the remaining counterparts of M3 contributed -2.5 percentage points (down 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

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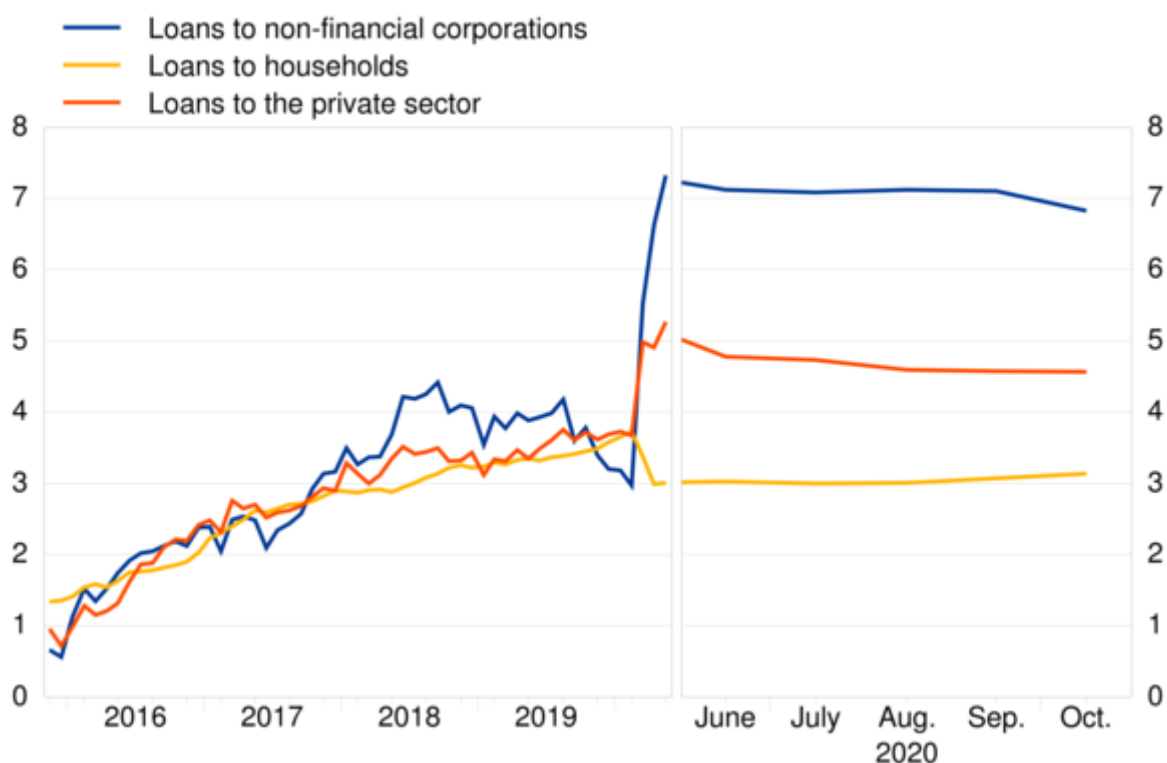
As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) increased to 8.8% in October 2020 from 8.4% in the previous month. The annual growth rate of [credit to general government](#) increased to 20.3% in October from 18.9% in September, while the annual growth rate of [credit to the private sector](#) stood at 4.9% in October, 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 October, unchanged from the previous month. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 3.1% in October, unchanged from the previous month, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 6.8% in October from 7.1% in September.

Chart 3

Adjusted loans to the private sector

(annual growth rates)



[Data for adjusted loans to the private sector](#)

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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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