



EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

27 September 2021

Monetary developments in the euro area: August 2021

- Annual growth rate of broad [monetary aggregate M3](#) increased to 7.9% in August 2021 from 7.6% in July
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, stood at 11.1% in August, compared with 11.0% in July
- Annual growth rate of [adjusted loans to households](#) stood at 4.2% in August, unchanged from previous month
- Annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 1.5% in August from 1.7% in July

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 increased to 7.9% in August 2021 from 7.6% in July, averaging 7.9% 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, stood at 11.1% in August, compared with 11.0% in July. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -1.5% in August, compared with -1.8% in July. The annual growth rate of marketable instruments (M3-M2) increased to 9.9% in August from 7.9% in July.

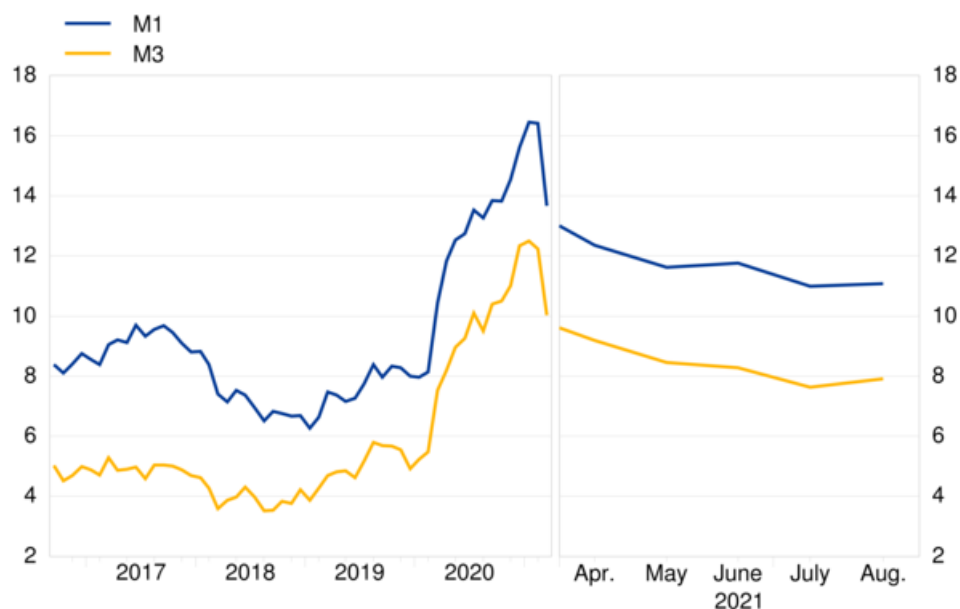
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Chart 1 Monetary aggregates

(annual growth rates)



[Data for monetary aggregates](#)

Looking at the [components' contributions to the annual growth rate of M3](#), the narrower aggregate M1 contributed 7.8 percentage points (up from 7.7 percentage points in July), short-term deposits other than overnight deposits (M2-M1) contributed -0.4 percentage point (up from -0.5 percentage point) and marketable instruments (M3-M2) contributed 0.5 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 stood at 7.3% in August, unchanged from the previous month, while the annual growth rate of deposits placed by non-financial corporations increased to 7.0% in August from 6.8% in July. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) increased to 16.5% in August from 14.9% in July.

Counterparts of the broad monetary aggregate M3

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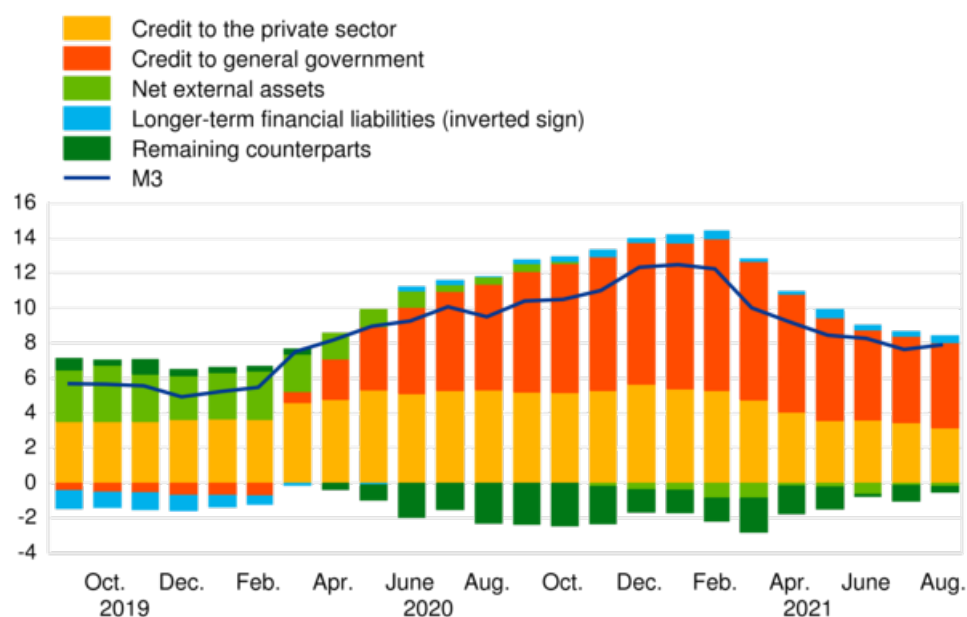
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As a reflection of changes in the items on the monetary financial institution (MFI) consolidated balance sheet other than M3 ([counterparts of M3](#)), the annual growth rate of M3 in August 2021 can be broken down as follows: credit to general government contributed 4.9 percentage points (as in the previous month), credit to the private sector contributed 3.2 percentage points (down from 3.5 percentage points), longer-term financial liabilities contributed 0.4 percentage point (up from 0.3 percentage point), net external assets contributed -0.2 percentage point (down from -0.1 percentage point), and the remaining counterparts of M3 contributed -0.4 percentage point (up from -0.9 percentage point).

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 5.7% in August 2021 from 6.0% in the previous month. The annual growth rate of [credit to general government](#) decreased to 12.1% in August from 12.4% in July, while the annual growth rate of [credit to the private sector](#) decreased to 3.1% in August from 3.4% in July.

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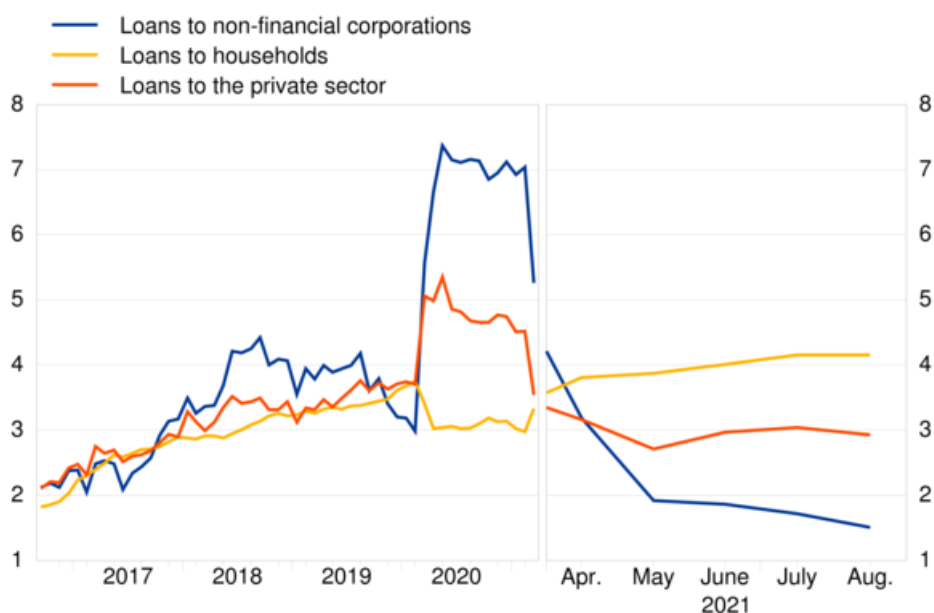
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The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 2.9% in August, compared with 3.0% in July. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) stood at 4.2% in August, unchanged from the previous month, while the annual growth rate of [adjusted loans to non-financial corporations](#) decreased to 1.5% in August from 1.7% in July.

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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