



EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

26 August 2021

Monetary developments in the euro area: July 2021

- Annual growth rate of broad [monetary aggregate M3](#) decreased to 7.6% in July 2021 from 8.3% in June
- Annual growth rate of narrower [monetary aggregate M1](#), comprising currency in circulation and overnight deposits, decreased to 11.0% in July from 11.8% in June
- Annual growth rate of [adjusted loans to households](#) increased to 4.2% in July from 4.0% in June
- Annual growth rate of [adjusted loans to non-financial corporations](#) stood at 1.7% in July, compared with 1.8% in June

Components of the broad monetary aggregate M3

The annual growth rate of the broad monetary aggregate M3 decreased to 7.6% in July 2021 from 8.3% in June, averaging 8.1% in the three months up to July. 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, decreased to 11.0% in July from 11.8% in June. The annual growth rate of short-term deposits other than overnight deposits (M2-M1) was -1.8% in July, compared with -1.4% in June. The annual growth rate of marketable instruments (M3-M2) decreased to 7.7% in July from 8.6% in June.

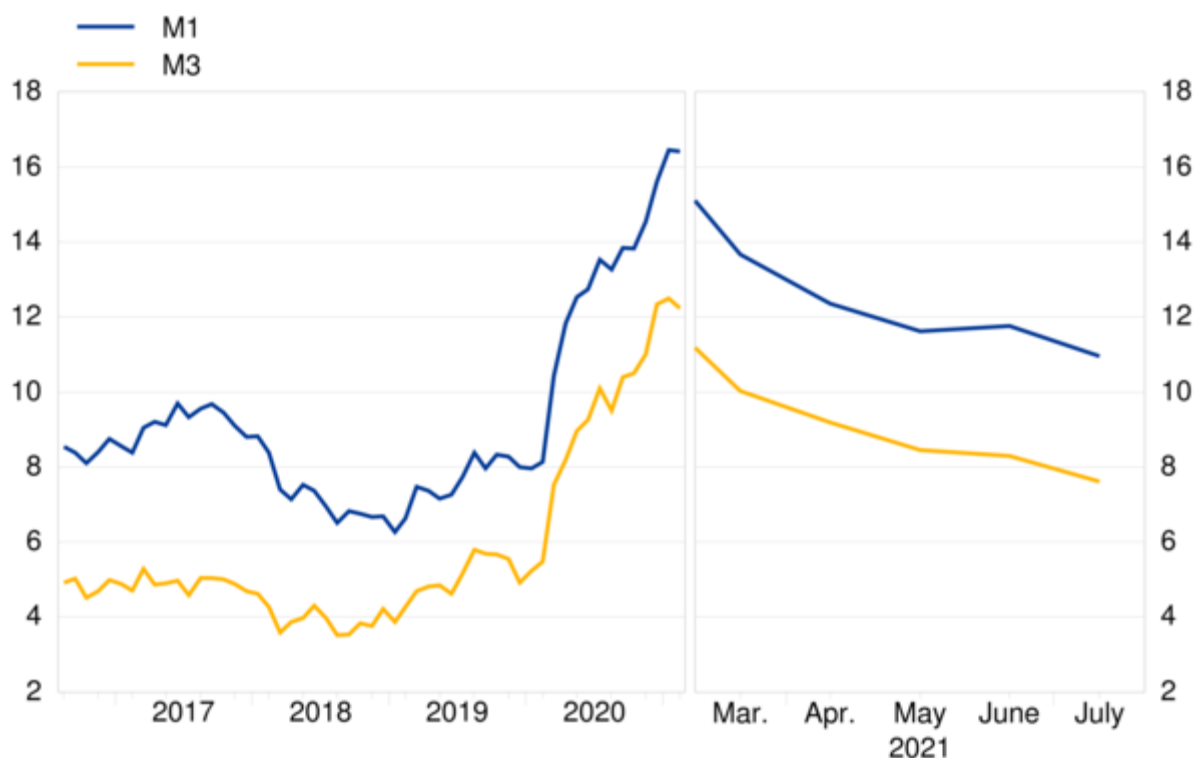
European Central Bank

Directorate General Communications, Global Media Relations Division
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

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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 7.7 percentage points (down from 8.2 percentage points in June), short-term deposits other than overnight deposits (M2-M1) contributed -0.5 percentage point (down from -0.3 percentage point) and marketable instruments (M3-M2) contributed 0.4 percentage point (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 7.3% in July from 7.7% in June, while the annual growth rate of deposits placed by non-financial corporations decreased to 6.9% in July from 8.5% in June. Finally, the annual growth rate of deposits placed by non-monetary financial corporations (excluding insurance corporations and pension funds) decreased to 15.0% in July from 15.5% in June.

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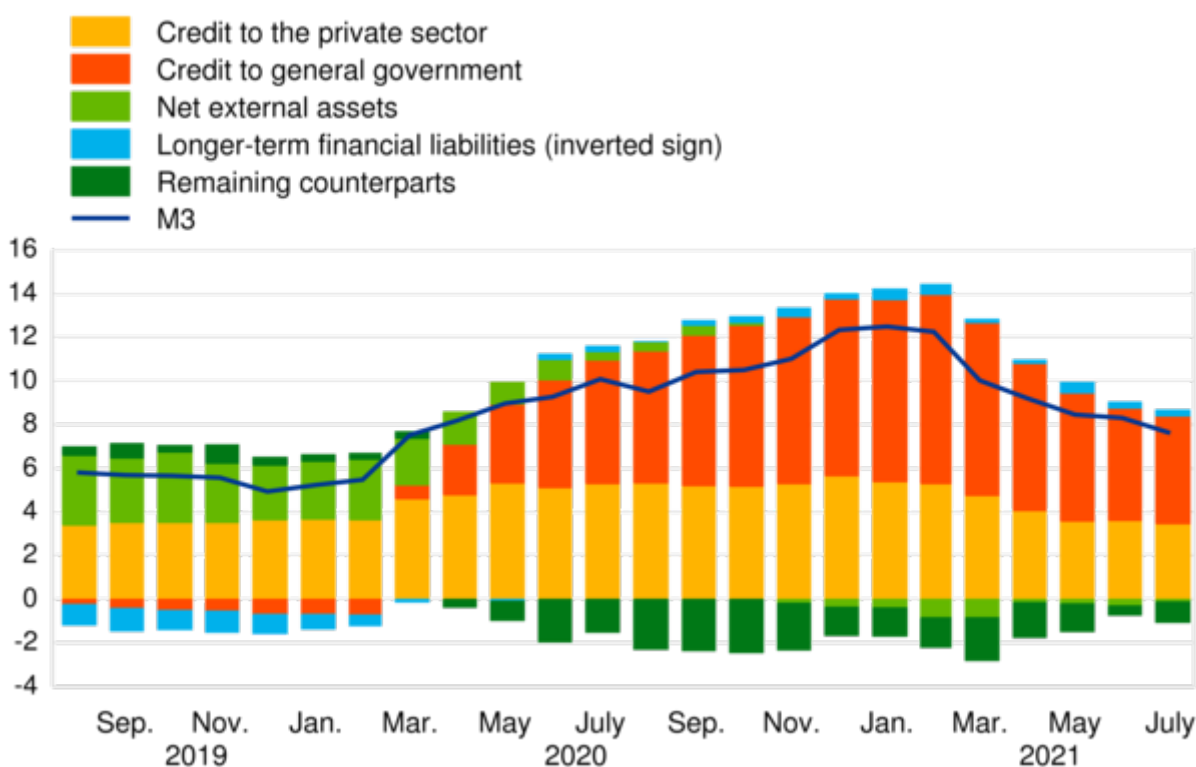
Counterparts of the broad monetary aggregate M3

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 July 2021 can be broken down as follows: credit to general government contributed 4.9 percentage points (down from 5.1 percentage points in June), credit to the private sector contributed 3.5 percentage points (down from 3.6 percentage points), longer-term financial liabilities contributed 0.3 percentage point (as in the previous month), net external assets contributed -0.1 percentage point (up from -0.3 percentage point), and the remaining counterparts of M3 contributed -0.9 percentage point (down from -0.4 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](#)

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Credit to euro area residents

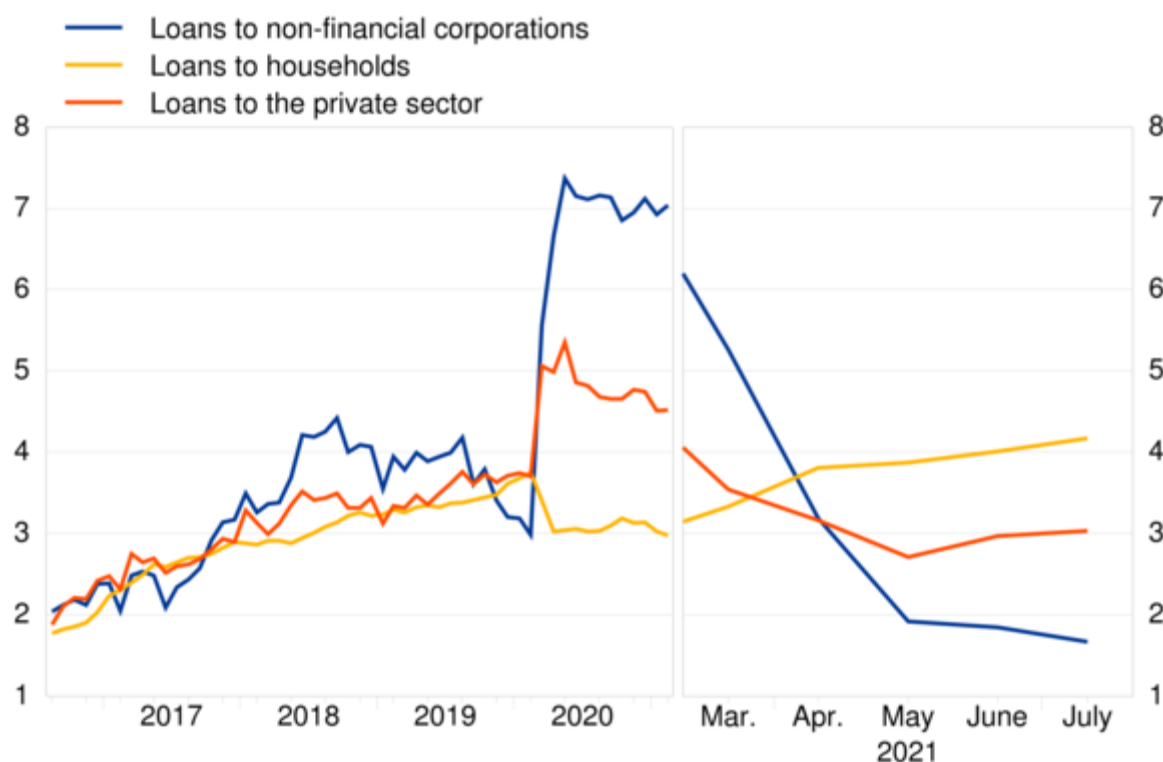
As regards the dynamics of credit, the annual growth rate of total [credit to euro area residents](#) decreased to 6.0% in July 2021 from 6.2% in the previous month. The annual growth rate of [credit to general government](#) decreased to 12.4% in July from 13.1% in June, while the annual growth rate of [credit to the private sector](#) decreased to 3.4% in July from 3.6% in June.

The annual growth rate of [adjusted loans to the private sector](#) (i.e. adjusted for loan sales, securitisation and notional cash pooling) stood at 3.0% in July, unchanged from the previous month. Among the borrowing sectors, the annual growth rate of [adjusted loans to households](#) increased to 4.2% in July from 4.0% in June, while the annual growth rate of [adjusted loans to non-financial corporations](#) stood at 1.7% in July, compared with 1.8% in June.

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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