

27 January 2023

## Money and the financing of the economy • December 2022

### Over one year, financing to the private sector increased by 5.7%

- In 2022, the resident resources of MFIs included in M3 increased by +5.8% on an annual basis (see Table 2), i.e. a surplus of EUR 159.8 billion. However, this increase masks contrasting developments depending on the type of deposit:
  - **Overnight deposits decreased** by -1.6% on an annual basis in December (down from -0.9% in November) mainly due to transfers by non-financial corporations to interest-bearing deposits.
  - **The growth of the M2 - M1 aggregate, which contains interest-bearing deposits, increased sharply** in return (+16.1% in December, up from +12.5% in November), driven by the sharp rise in deposits with an agreed maturity of up to two years (+83.8%, up from +57.9% in November) and the continued net inflow of funds into saving accounts (+6.9%, up from +6.2% in November).
- Thus, **for the first time since the end of 2013, the relative share of M2-M1 in the money supply has increased.** It stands at 37%, compared with 45% in 2014 when the very low interest rate policy was introduced. After taking into account gross monetary liabilities and assets vis-à-vis the rest of the euro area, the growth rate of the French component of the euro area monetary aggregate M3 reaches +5.9% in December 2022 (up from +5.1% in November).
- **In 2022, the outstanding amount of loans to the private sector increased by +5.7%** compared to the previous year (a year-on-year increase of 7.3 % for non-financial corporations and 4.9% for households). This is more than in 2021, when this financing to the private sector increased by +4.0%.

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

December 2022 (12-month cumulative flows)			
<b>Total assets</b>	<b>207.9</b>	<b>Total liabilities</b>	<b>207.9</b>
<b>Domestic General Government financing</b>	<b>43.5</b>	<b>Resources included in M3</b>	<b>159.8</b>
Of which loans	-0.2	M1	-24.5
Of which securities	43.7	M2 - M1	149.9
<b>Domestic private sector financing</b>	<b>198.8</b>	M3 - M2	34.3
Of which loans to households	80.5	<b>Long-term resources (a)</b>	<b>48.1</b>
Of which loans to NFCs	90.3		
<b>Net external assets</b>	<b>-97.6</b>		
<b>Remaining counterparts (b)</b>	<b>63.2</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)	
	Dec-22	Nov-22	Dec-22	Nov-22	Dec-22	Nov-22
	Overnight deposits	1 495	-0.9	-1.6	-15.4	-8.6
<b>= Domestic resources included in M1</b>	<b>1 495</b>	<b>-0.9</b>	<b>-1.6</b>	<b>-15.4</b>	<b>-8.6</b>	
Deposits with agreed maturity of up to 2 years	209	57.9	83.8	16.4	21.8	
+ Saving accounts	876	6.2	6.9	0.9	8.0	
<b>= Domestic resources included in M2-M1</b>	<b>1 085</b>	<b>12.5</b>	<b>16.1</b>	<b>17.3</b>	<b>29.8</b>	
MMF shares	247	-14.7	-5.6	6.8	9.0	
+ Repurchase agreements	36	27.3	31.2	2.5	-11.8	
+ Debt securities issued with a maturity of up to 2 years	48	141.8	137.6	8.0	0.7	
<b>= Domestic resources included in M3-M2</b>	<b>331</b>	<b>3.9</b>	<b>11.4</b>	<b>17.3</b>	<b>-2.1</b>	
<b>Sum of domestic resources included in M3</b>	<b>2 911</b>	<b>4.1</b>	<b>5.8</b>	<b>19.2</b>	<b>19.1</b>	
+ Monetary external liabilities vis-à-vis other monetary union members	346	11.5	5.3	23.8	-11.2	
- Monetary external assets vis-à-vis other monetary union members	66	-15.0	-6.5	1.8	2.4	
<b>= French component of euro area monetary aggregate M3</b>	<b>3 191</b>	<b>5.1</b>	<b>5.9</b>	<b>41.2</b>	<b>5.6</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

ASSETS	Outstandings (in € Bn)		Annual growth rate (in %)		Flows (en € Bn) (a)	
	Dec-22	Nov-22	Dec-22	Nov-22	Dec-22	Nov-22
	<b>Domestic General government financing (1)</b>	<b>1 165</b>	<b>4.6</b>	<b>3.9</b>	<b>9.5</b>	<b>0.0</b>
Of which loans	211	0.6	-0.1	-0.2	-0.9	
Of which securities	955	5.6	4.9	9.7	0.9	
<b>Domestic private sector financing (2)</b>	<b>3 641</b>	<b>6.5</b>	<b>5.7</b>	<b>25.6</b>	<b>9.5</b>	
Of which loans to households	1 714	5.4	4.9	5.7	3.1	
Of which loans to NFCs	1 331	7.7	7.3	6.0	5.6	
<b>Net external assets (3)</b>	<b>223</b>	<b>-55.6</b>	<b>-34.7</b>	<b>-25.5</b>	<b>54.1</b>	
<b>Remaining counterparts (b) (4)</b>	<b>342</b>	<b>15.8</b>	<b>17.4</b>	<b>9.7</b>	<b>-36.6</b>	
LIABILITIES						
<b>Long-term resources (c) (5)</b>	<b>2 460</b>	<b>1.5</b>	<b>2.0</b>	<b>-0.1</b>	<b>7.9</b>	
<b>Domestic resources included in M3 (1)+(2)+(3)+(4)-(5)</b>	<b>2 911</b>	<b>4.1</b>	<b>5.8</b>	<b>19.2</b>	<b>19.1</b>	

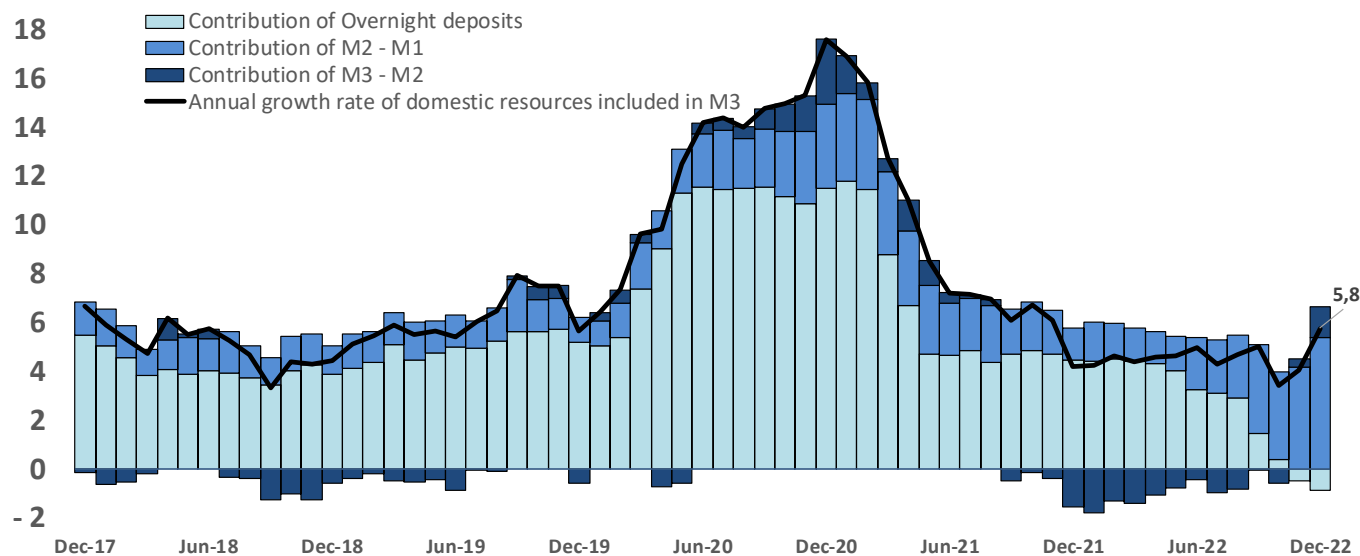
(a) Seasonally-adjusted data.

(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.

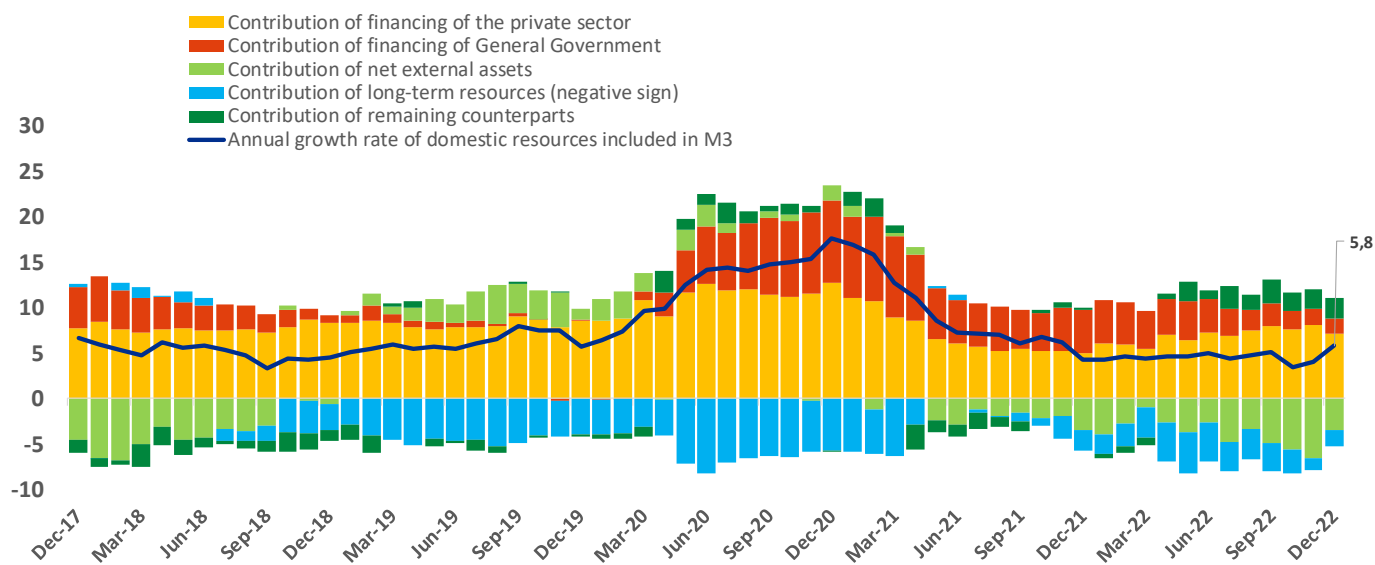
(c) Deposits over 2 years, debt securities issued, capital and reserves, central government deposits.



## 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).

**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.

