

28 June 2023

Money and the financing of the economy • May 2023

M3 growth slows again

- In May 2023, **domestic resources of monetary financial institutions (MFIs) included in M3** grow by +2.8% year-on-year (down from +3.2% in April - see table 2). **Arbitrages in favor of interest-bearing deposits (M2-M1) and money market fund shares continue**, but for much smaller amounts than the previous month (+€10.4 bn, after +€6.2 bn in April for interest bearing deposits and +€6.9 bn up from +€5.9 bn in April for money market fund shares – seasonally adjusted data -), and still to the detriment of overnight deposits, which lose -€18.4 bn in May.
- **Annual growth in interest-bearing deposits (M2 - M1) reaches +21.4% in May** (after +21.0% in April, see table 2), again driven by a sharp rise in deposits with an agreed maturity of less than 2 years, with particularly high inflows in May (+€7.9 bn after +€4.9 bn in April) and, to a lesser extent, by the increase in outstanding saving accounts (+€2.5 bn in May).
- **MFI lending to the private sector** (see Table 3) **continues to grow** (+3.8% year-on-year, after +3.1% in April). Outstanding loans to households and non-financial companies rose by +3.6% and +5.4% respectively in May.
- 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 +3.0% in May 2023**, after +3.5% in April.

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

May 2023 (12-month cumulative flows)			
Total assets	108,3	Total liabilities	108,3
Domestic General Government financing	-2,5	Resources included in M3	80,3
Of which loans	-2,4	M1	-174,7
Of which securities	-0,1	M2 - M1	205,5
Domestic private sector financing	134,4	M3 - M2	49,5
Of which loans to households	60,0	Long-term resources (a)	28,0
Of which loans to NFCs	68,7		
Net external assets	-14,2		
Remaining counterparts (b)	-9,5		

(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)	
	May-23	Apr-23	May-23	Apr-23	May-23	
	Overnight deposits	1 371	-9.9	-11.3	-22.9	-18.4
= Domestic resources included in M1	1 371	-9.9	-11.3	-22.9	-18.4	
Deposits with agreed maturity of up to 2 years	270	134.8	140.1	4.9	7.9	
+ Saving accounts	898	6.0	5.9	1.3	2.5	
= Domestic resources included in M2-M1	1 168	21.0	21.4	6.2	10.4	
MMF shares	284	12.0	16.1	5.9	6.9	
+ Repurchase agreements	21	-54.9	-55.2	3.4	2.0	
+ Debt securities issued with a maturity of up to 2 years	49	131.4	116.3	0.8	0.8	
= Domestic resources included in M3-M2	355	14.0	16.3	10.1	9.8	
Sum of domestic resources included in M3	2 894	3.2	2.8	-6.6	1.8	
+ Monetary external liabilities vis-à-vis other monetary union members	351	9.6	10.0	-9.3	3.2	
- Monetary external assets vis-à-vis other monetary union members	85	12.2	23.1	5.2	2.0	
= French component of euro area monetary aggregate M3	3 160	3.5	3.0	-21.1	3.0	

(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)	
	May-23	Apr-23	May-23	Apr-23	May-23	
ASSETS						
Domestic General government financing (1)	1 160	2.9	-0.2	15.8	-18.4	
Of which loans	210	-1.5	-1.1	-0.3	0.1	
Of which securities	950	3.9	0.0	16.2	-18.6	
Domestic private sector financing (2)	3 677	3.1	3.8	-1.5	18.8	
Of which loans to households	1 723	4.0	3.6	2.9	3.1	
Of which loans to NFCs	1 337	5.7	5.4	2.2	3.9	
Net external assets (3)	244	-14.6	-8.0	2.2	-8.7	
Remaining counterparts (b) (4)	307	-0.1	-5.1	3.6	8.9	
LIABILITIES						
Long-term resources (c) (5)	2 494	1.4	1.1	26.8	-1.3	
Domestic resources included in M3 (1)+(2)+(3)+(4)-(5)	2 894	3.2	2.8	-6.6	1.8	

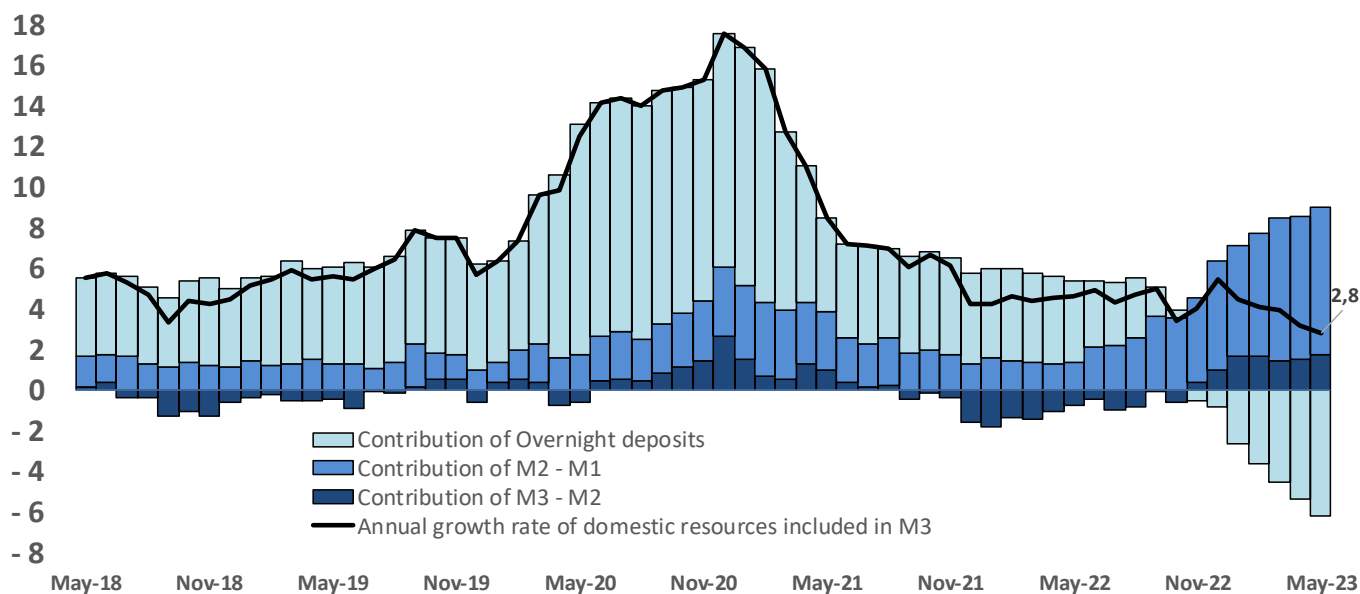
(a) Seasonally-adjusted data.

(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.

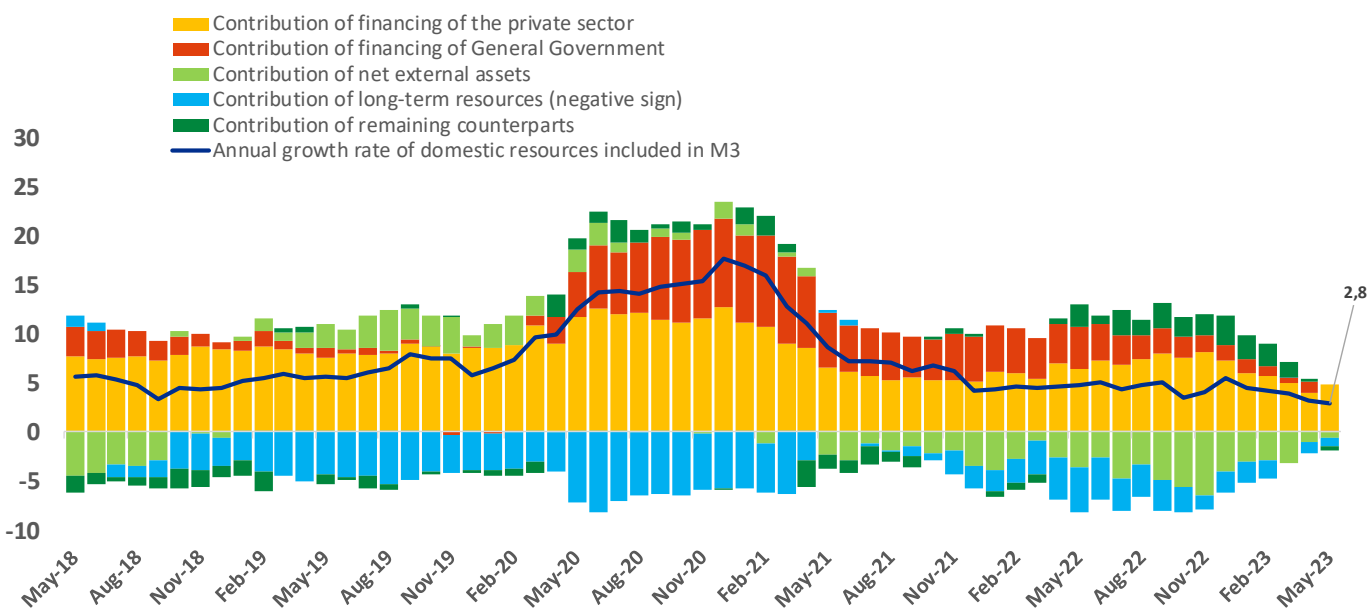
(c) Deposits over 2 years, debt securities issued, capital and reserves, central government deposits.



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.

