



NOT FOR PUBLICATION UNTIL 09:30 ON 21 JANUARY 2009

## Provisional estimates of broad money (M4) and credit (M4 lending): December 2008

**Provisional figures for December** indicate that **M4** rose by £33.0 billion, seasonally adjusted; above the average flow for the previous six months of £30.1 billion. The twelve-month growth rate rose to 16.6% from 16.3% in November.

**M4 lending** increased by £6.1 billion or 0.3%, seasonally adjusted, in December. The twelve-month growth rate fell to 12.6% from 13.5% in November.

**M4 lending (excluding the effects of securitisations etc.)** increased by £33.1 billion, seasonally adjusted, in December. The twelve-month growth rate rose to 15.5% from 15.4% in November.

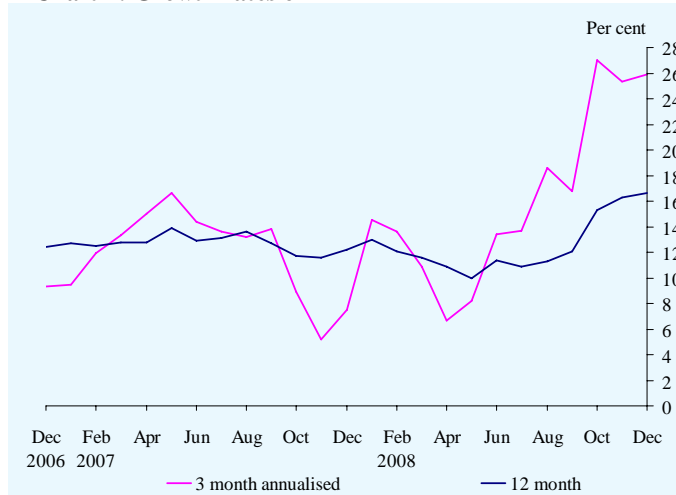
The majority of the increase in M4, and nearly all of the increase in M4 lending and in M4 lending (excl the effects of securitisations), reflected banks' and building societies' business with financial companies that are part of the same group - for example securitisation special purpose vehicles. For a longer back-run of the impact of such business on broad money and credit data, see Chart 1.3 in the Bank's November *Inflation Report*, available at <http://www.bankofengland.co.uk/publications/inflationreport/ir08nov.pdf>

**Table A: M4 and M4 lending** <sup>(a)</sup>  
Seasonally adjusted

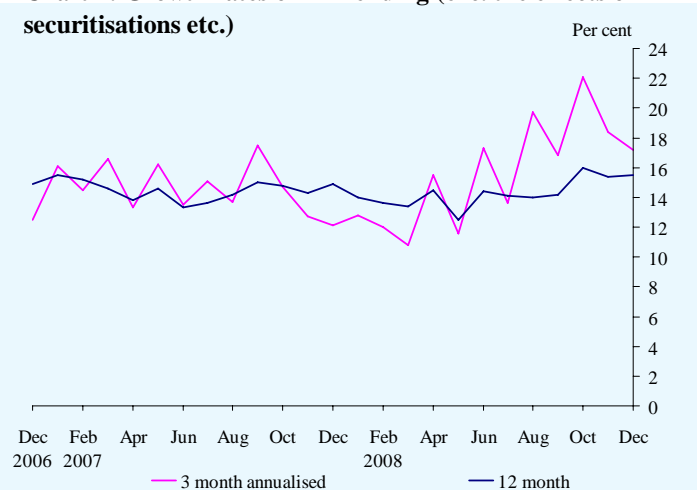
	M4			M4 lending			M4 lending (exc. the effects of securitisations etc.)		
	Change £ billions	Growth rates Per cent		Change £ billions	Growth rates Per cent		Change £ billions	Growth rates Per cent	
		1m	12m		1m	12m		1m	12m
2008 Sep	28.9	1.6	12.1	31.3	1.4	<b>12.4</b>	38.1	1.5	14.2
Oct	52.7	2.9	15.3	44.4	1.9	<b>13.7</b>	58.7	2.2	16.0
Nov	23.5	1.2	16.3	12.1	0.5	<b>13.5</b>	14.1	0.5	15.4
Dec	33.0	1.7	16.6	6.1	0.3	12.6	33.1	1.2	15.5

(a) Data in **bold italics** are where the current estimate of the change differs by more than 0.2 per cent of the underlying level or the growth rate differs by 0.2 percentage points or more from the most recent published estimate. Further details on revisions are shown separately.

**Chart 1: Growth rates of M4**



**Chart 2: Growth rates of M4 lending (exc. the effects of securitisations etc.)**



**Table B: MFIs' balance sheet counterparts to changes in, and components of, M4** <sup>(a)</sup>£ billions <sup>(b)</sup>

Seasonally adjusted

	December	Latest 12 months
<b>M4 lending</b>	<b>6.1</b>	<b>266.5</b>
<i>of which: reverse repos</i>	0.8	32.8
Net foreign currency lending to M4 private sector	-26.7	-15.3
Net sterling lending to the public sector (inc. coin)	-8.5	-13.6
Net foreign currency lending to public sector	-0.3	0.5
Net sterling lending to non-residents <sup>(c)</sup>	-10.8	5.3
Net foreign currency lending to non-residents	-106.9	-163.3
Net other assets	135.1	180.7
<b>Total: M4 change</b> <sup>(d)</sup>	<b>33.0</b>	<b>277.7</b>
<i>of which: Retail deposits and cash</i>	11.3	54.6
<i>Wholesale deposits</i>	17.4	225.5
<i>of which: repos</i>	-24.4	38.3

(a) Details on the revisions to previous versions of this table are available separately.

(b) Data shown in £ millions are available on the Bank's Statistical Interactive Database - See Notes to Editors 3.

(c) This series has not been seasonally adjusted as, after examination, it was found not to be significantly seasonal. This series will, however, be reviewed for seasonality along with all other series on a regular basis.

(d) Owing to the method of the seasonal adjustment, M4 may not equal the sum of its components or counterparts. Residuals can be found on the Bank's Statistical Interactive Database.

**Notes to Editors**

- 1 Separate data are shown for M4 lending and M4 lending excluding the effects of securitisations and loan transfers. Securitisations reduce both the stock of lending by MFIs and the associated flow. Growth rates excluding the effects of securitisations etc., which more accurately reflect the indebtedness of borrowers, are used in the Bank of England *Inflation Report* and in the minutes of the meetings of the Monetary Policy Committee.
- 2 M4 comprises the M4 private sector's (i.e. the UK private sector other than monetary financial institutions (MFIs)) holdings of: sterling notes and coin; sterling deposits, including certificates of deposit; commercial paper, bonds, FRNs and other instruments of up to and including five years' original maturity issued by UK MFIs; claims on UK MFIs arising from repos; and estimated holdings of sterling bank bills. M4 lending comprises sterling lending by MFIs to the M4 private sector. Further information on the definitions of M4, M4 lending, the counterparts to M4 and calculations of growth rates can be found in the Bank of England *Monetary and Financial Statistics* publication or via the following links:  
[www.bankofengland.co.uk/mfsd/iadb/notesiadb/m4.htm](http://www.bankofengland.co.uk/mfsd/iadb/notesiadb/m4.htm)  
[www.bankofengland.co.uk/mfsd/iadb/notesiadb/m4\\_counterparts.htm](http://www.bankofengland.co.uk/mfsd/iadb/notesiadb/m4_counterparts.htm)  
[www.bankofengland.co.uk/mfsd/iadb/notesiadb/growth\\_rates.htm](http://www.bankofengland.co.uk/mfsd/iadb/notesiadb/growth_rates.htm)
- 3 The Statistical Interactive Database provides long runs of statistical data with comprehensive search options and the ability to download in a variety of formats. This database can be accessed at [www.bankofengland.co.uk/mfsd/iadb](http://www.bankofengland.co.uk/mfsd/iadb). The tables shown separately illustrate the codes for each series which can be used for downloading long runs from the database.