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Sectoral breakdown of aggregate M4 and M4 lending: October 2008

The **household sector's** holdings of M4 fell by £5.2 billion in October. The annual growth rate slowed further, to 6.0%. M4 lending (excluding the effects of securitisations etc) to the household sector rose by £3.5 billion. The annual growth rate slowed further, to 5.9%. **Private non-financial corporations'** (PNFCs') holdings of M4 fell by £2.1 billion; the annual growth rate fell further, to -5.2%. M4 lending (excluding the effects of securitisations etc) to PNFCs rose by £1.6 billion in October. Annual growth fell further, to 6.5%. Holdings of M4 by **other financial corporations** (OFCs) rose by £59.6 billion and M4 lending (excluding the effects of securitisations etc) to OFCs rose by £48.7 billion in October. The majority of these increases reflected banks' business with intermediate OFCs. That covers banks' dealings with non-bank financial companies that are part of the same banking group - for example securitisation special purpose vehicles - and transactions with central clearing counterparties. 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: Sectoral breakdown^(a)
Seasonally adjusted
M4

		Household Sector			Private non-financial corporations			Other financial corporations		
		Change	Growth rates		Change	Growth rates		Change	Growth rates	
		£ billions	Per cent	Per cent	£ billions	Per cent	Per cent	£ billions	Per cent	Per cent
			1m	12m		1m	12m		1m	12m
2008	Jul	2.8	0.3	7.7	0.8	0.3	-1.6	15.9	2.9	23.9
	Aug	2.0	0.2	7.5	-2.0	-0.8	-2.9	28.7	5.0	25.8
	Sep	5.6	0.6	7.3	-0.4	-0.2	-3.9	19.5	3.2	29.8
	Oct	-5.2	-0.5	6.0	-2.1	-0.9	-5.2	59.6	9.6	44.1
M4 lending (excluding the effects of securitisations etc.)										
		Household Sector			Private non-financial corporations			Other financial corporations		
		Change	Growth rates		Change	Growth rates		Change	Growth rates	
		£ billions	Per cent	Per cent	£ billions	Per cent	Per cent	£ billions	Per cent	Per cent
			1m	12m		1m	12m		1m	12m
2008	Jul	6.4	0.5	7.4	-0.9	-0.2	10.7	23.4	3.2	30.3
	Aug	1.6	0.1	6.8	2.9	0.6	9.8	29.7	3.9	31.0
	Sep	3.1	0.2	6.3	-1.5	-0.3	8.2	39.4	5.0	34.5
	Oct	3.5	0.3	5.9	1.6	0.3	6.5	48.7	5.9	42.8

(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: 12-month growth rates of sectoral M4

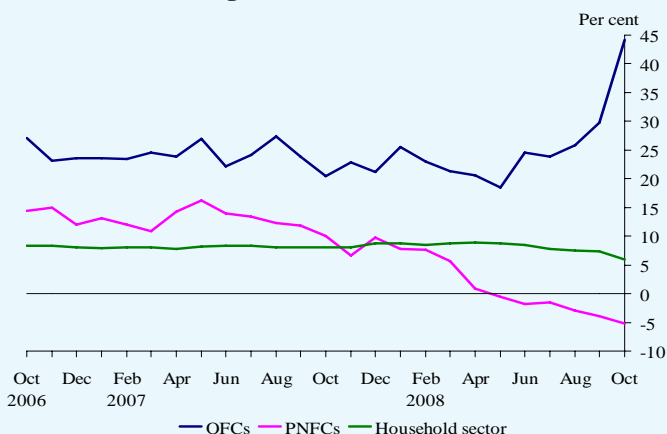


Chart 2: 12-month growth rates of sectoral M4 lending (excluding the effects of securitisations etc)

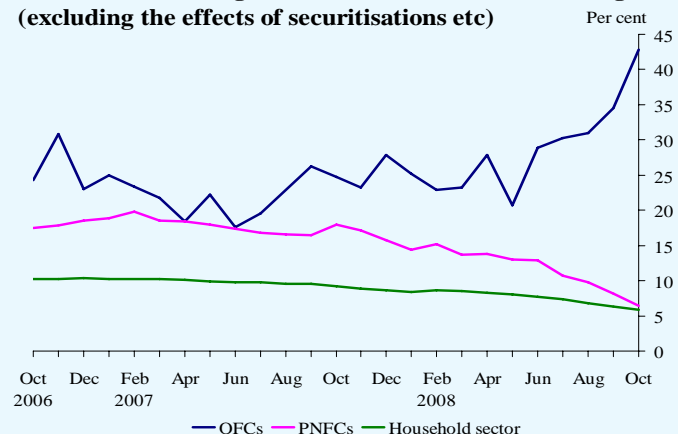


Table B: A wider measure of PNFC financing

£ billions

Seasonally adjusted

		Sterling loans by UK MFIs ^(a)	Sterling capital market issuance ^(b)	Foreign currency loans by UK MFIs ^(c)	Foreign currency capital market issuance ^(b)	Funds raised by PNFCs from UK MFIs and capital markets ^{(a) (d)}
2008	Jul	1.6	-2.5	-2.8	-1.4	-3.0
	Aug	2.4	-0.8	2.3	-2.0	3.3
	Sep	0.4	0.2	1.8	0.6	4.3
	Oct	6.0	0.8	1.4	0.7	6.9

(a) Sterling loans exclude the effects of securitisations and loan transfers.

(b) Not seasonally adjusted (Capital issues series have been found not to be significantly seasonal).

(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 of this series, it may not equal the sum of its component breakdown.

PNFCs raised a net total of £6.9 billion from UK MFIs and capital markets in October, more than the £4.3 billion raised in September. Further information on capital issues can be found in the *Capital Issuance* release of 20 November.

Table C: M4 and M4 lending ^(a)

Seasonally adjusted

		M4			M4 lending			M4 lending (exc. the effects of securitisations etc.)			
		Change		Growth rates		Change		Growth rates		Change	
		£ billions		Per cent		£ billions		Per cent		£ billions	
				1m	12m	1m	12m	1m	12m	1m	12m
2008	Jul	<i>12.1</i>	<i>0.7</i>	<i>10.9</i>	<i>8.9</i>	<i>0.4</i>	<i>12.4</i>	<i>28.9</i>	<i>1.2</i>	<i>14.1</i>	
	Aug	<i>28.1</i>	1.6	<i>11.3</i>	<i>24.8</i>	1.1	<i>12.1</i>	<i>34.1</i>	1.3	<i>13.9</i>	
	Sep	<i>30.5</i>	1.7	<i>12.2</i>	<i>34.7</i>	<i>1.5</i>	<i>12.6</i>	<i>41.0</i>	<i>1.6</i>	<i>14.3</i>	
	Oct	<i>50.9</i>	<i>2.8</i>	<i>15.3</i>	<i>39.8</i>	1.7	<i>13.7</i>	<i>53.7</i>	<i>2.1</i>	<i>15.8</i>	

(a) Data in **bold italics** are revised from the provisional release published on 20 November.**Notes to Editors**

- The data for sectoral M4 lending shown in Table A (and the accompanying text and chart) exclude 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. Growth rates of sectoral M4 lending not adjusted for the effects of securitisations etc. are available in Table A4.1 of Bank of England *Monetary and Financial Statistics* (www.bankofengland.co.uk/statistics/ms/current).
- The household sector comprises individuals, unincorporated businesses other than unlimited liability partnerships (i.e. sole traders) and non-profit institutions serving households (e.g. charities and universities). Data for total lending to individuals, i.e. including that by non-MFI mortgage and credit grantors (such as specialist securitisation vehicles), are available in the *Lending to individuals* statistical release, also published today. Further information on the definitions of M4, M4 lending, sectoral breakdown of M4 and calculations of growth rates are shown separately.
- Table B shows a wider measure of financing by PNFCs. This measure encompasses their sterling and foreign currency borrowing from UK MFIs (but excluding MFIs' net purchases of securities issued by PNFCs) and the funds raised through issues of sterling and foreign currency equities and bonds and commercial paper in the UK.
- 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. The tables shown separately illustrate the codes for each series which can be used for downloading long runs from the database.