

EMBARGO
NOT FOR RELEASE BEFORE
14.30 HOURS 10 APR 1985

*Relayed to
 Barty 1345
 10/4/85.*

*Press office note these figures are unadjusted
 it is doubtful whether these figs will
 affect markets much. Will be able to report
 at the end of the day.*

PROVISIONAL ESTIMATES OF MONETARY AGGREGATES: BANKING MARCH 1985

Preliminary information suggests that, in the four weeks to 20 March 1985, M0 may have risen by 1/4% to 1/2% and £M3 may have risen by about 1%, after seasonal adjustment.

M2 (not seasonally adjusted) may have risen by about 3/4%, and PSL2 (after seasonal adjustment) may have risen by 1% to 1 1/4%.

Note for Editors

1 The provisional estimates for March suggest that recent rates of growth are approximately as follows:

Cumulative rate of growth, annualised %

	Latest 3 months	Latest 6 months	Latest 12 months	Since start of 1984/85 target period
M0	- 1 1/4	5 1/4	5 1/4	5 1/2
£M3	9 1/4	9 3/4	9 1/4	10
<hr/>				
M2 (not seasonally adjusted)	9 3/4*	..
PSL2	15 1/2	14 3/4	14 3/4	15 1/4

The growth of M2 over the 12 months to mid-March 1985 includes £490 million resulting from changes made by certain building societies in the terms of some accounts. Excluding such reclassified amounts, the growth in M2 over the latest 12 months is about 9 1/2%.

*The rise in the 12-month growth rate of M2 since the mid-February figure of 9.5% published on 21 March is the result of further revisions made to earlier figures for the building societies' contribution to M2 over the period from banking September 1984 to banking February 1985.

2 Provisional counterparts to the change in £M3 in banking March are:

£ billion, seasonally adjusted

PSBR (CGBR plus other public sector contribution)*	+1.2
Net purchases (-) of CG debt by non-bank private sector	-0.9
Sterling lending to private sector ^ø	+1.8
Other counterparts	<u>-1.0</u>
	+1.1

*Strictly, the PSBR less net purchases of local authorities' and public corporations' debt by the non-bank private sector.

^øIncluding Issue Department holdings of commercial bills.

3 The influence of public sector transactions was expansionary by about £0.3 billion. The growth in sterling lending to the private sector was about £1.8 billion: this compares with an average of about £1.5 billion a month over the preceding twelve months (if allowance is made for the special factors in July and August 1984 arising from capital reorganisations to meet deferred tax liabilities). Other counterparts, ie, external and foreign currency counterparts and net non-deposit liabilities, taken together were contractionary.

4 Full money and banking figures for March, including revised estimates of the growth rates given above, will be published on 18 April.

PRESS INFORMATION from Banking Information Service

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10th April 1985

MONTHLY STATEMENT OF THE CLEARING BANKS

MARCH 1985

The underlying growth in sterling advances in March was very substantial, but reflects some movement into overdraft finance from market borrowing.

Sterling advances to the U.K. private sector by the London Clearing Banks' Groups rose very sharply, by £1,484 million, in the four weeks to 20th March. There was little net seasonal movement expected (with debiting of interest by some banks being offset by other seasonal factors), but some increase in transit items outstanding; and the apparent underlying increase was therefore about £1,700 million. This does include, however, a sizeable switch back into overdrafts from market borrowing and bill finance (the Clearing Banks' own acceptances fell by £108 million), reflecting the relative level of market interest rates around the make-up date.

There was a substantial rise this month in lending to manufacturing industry; and also increases in borrowing by retail trade, hotels and transport industries. House purchase finance rose by £54 million; but there was a further reduction of £27 million in other personal borrowing, reflecting a seasonal fall (of about £75 million) in credit card credit outstanding.

Private sector sterling deposits rose by £452 million, which, allowing both for a substantial seasonal reduction expected and also for an increase in transit items outstanding, suggests an underlying rise of £800/900 million. Overseas residents' sterling balances again rose sharply, by £611 million.

The Bank of England renewed until 25th April the sale and repurchase arrangements due to expire on 14th March, and offered additional facilities on 1st March to be reversed on 29th March and in late April. In total the London Clearing Banks' Groups increased their utilisation of these arrangements by £381 million over the month - £351 million in E.C.G.D. promissory notes (classified as lending to non-residents) and £30 million in gilts. The overall total outstanding at 20th March for the London Clearing Banks was therefore £2,918 million.

Lending to the Discount Market fell sharply, by £969 million, and holdings of Treasury bills were down by £79 million; but net borrowing by the London Clearing Banks' Groups from other monetary sector institutions (including CD's) was reduced by £228 million.

The Scottish Clearing Banks' Groups' sterling deposits from the private sector rose, in line with the London banks, by £210 million, but there was little change in their private sector sterling advances.

Eligible liabilities of the London Clearing Banks rose sharply, by £1,715 million, but for the Scottish Banks fell by £41 million.

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BALANCES OF THE LONDON CLEARING BANKS' GROUPS AS AT 20TH MARCH, 1985

These tables cover the business of offices of the London Clearing Banks and their subsidiaries (excluding Scottish and Northern Ireland banks) in Great Britain, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector. The items are defined as in Table 3 of the Bank of England's Quarterly Bulletin.

TABLE 1. AGGREGATE BALANCES

		£ millions			
		Total Outstanding	Change on Month		Change on Year
LIABILITIES					
STERLING DEPOSITS:					
	U.K. monetary sector	18,675	+ 533		+ 947
	U.K. private sector	59,550	+ 452		+ 5,627
	U.K. public sector	1,558	+ 93		+ 216
	Overseas residents	10,775	+ 611		+ 1,838
	Certificates of deposit	5,466	- 388	+1,301	- 286 + 8,341
	of which: Sight	34,609		+1,938	+ 5,143
	Time (inc. CD's)	61,415		- 637	+ 3,198
FOREIGN CURRENCY DEPOSITS:					
	U.K. monetary sector	15,627	- 781		+ 74
	Other U.K. residents	4,987	- 159		+ 519
	Overseas residents	48,039	-2,293		+ 8,222
	Certificates of deposit	7,129	- 289	-3,522	+ 907 + 9,722
TOTAL DEPOSITS		171,807	-2,221		+18,063
OTHER LIABILITIES^(a)		21,891	+ 402		+ 1,343
TOTAL LIABILITIES		193,698	-1,819		+19,407
ASSETS					
STERLING					
	Cash and balances with Bank of England	1,293	- 54		- 141
	Market loans: Discount houses	2,246	- 969		- 1,152
	Other U.K. monetary sector	16,151	+ 687		+ 2,355
	U.K. monetary sector CD's	2,315	- 314		+ 109
	Local authorities	804	-		- 228
	Other	1,838	- 63	- 659	+ 783 + 1,868
	Bills: Treasury bills	27	- 79		- 80
	Other bills	1,625	+ 78	- 1	+ 562 + 482
	Special deposits with Bank of England	-	-		-
	Investments: British Government stocks	2,285	- 29		- 467
	Other	2,628	+ 60	+ 31	- 1,381 - 1,848
	Advances: U.K. private sector	66,337	+1,484		+ 7,039
	U.K. public sector	522	+ 132		+ 193
	Overseas residents	2,591	- 386	+1,230	- 1,453 + 5,779
	Other sterling assets ^(a)	11,275		+ 840	+ 1,067
FOREIGN CURRENCIES					
	Market loans: U.K. monetary sector	15,981	-1,182		- 194
	Certificates of deposit	1,001	- 41		+ 321
	Other	32,244	- 166	-1,389	+ 4,582 + 4,710
	Bills	245	- 494		+ 134
	Advances: U.K. private sector	6,334	- 151		+ 1,499
	U.K. public sector	1,240	- 72		+ 542
	Overseas residents	18,616	- 875	-1,097	+ 3,418 + 5,458
	Other foreign currency assets ^(a)	6,102		- 224	+ 1,898
TOTAL ASSETS		193,698	-1,819		+19,407
ACCEPTANCES		3,694	- 108		+ 561
ELIGIBLE LIABILITIES		72,409	+1,715		+ 6,587

(a) includes items in suspense and in transit

Owing to rounding of figures, the sum of the separate items will sometimes differ from the total shown.

FOR TABLES 2 & 3 SEE OVER

TABLE 2. INDIVIDUAL
GROUPS OF BANKS'
BALANCES

£ millions

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
	Out- standing	Change on Month	Out- standing	Change on Month	Out- standing	Change on Month	Out- standing	Change on Month	Out- standing	Change on Month	Out- standing	Change on Month
LIABILITIES												
Total deposits	171,807	-2,221	42,903	- 779	32,026	- 102	34,024	+ 103	57,638	-1,472	5,215	+ 30
ASSETS												
Cash and balances with Bank of England	1,293	- 54	419	- 35	209	- 2	235	- 14	384	- 2	45	- 1
Market loans:												
UK monetary sector	34,377	-1,465	6,852	- 669	4,840	+ 216	4,187	+ 24	17,390	-1,069	1,109	+ 33
Other	38,201	- 584	9,658	- 319	7,887	- 682	8,480	+ 591	11,018	- 191	1,159	+ 16
Bills	1,897	- 496	674	+ 52	802	+ 131	252	- 408	167	- 242	1	- 29
British Government stocks	2,285	- 29	398	- 86	695	+ 1	495	+ 54	656	+ 3	42	-
Advances	95,640	+ 133	26,051	+ 138	18,363	+ 197	19,130	- 75	29,098	- 93	2,998	- 34
TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES	72,409	+1,715	21,316	+ 578	14,665	+ 498	12,791	+ 248	21,294	+ 386	2,341	+ 5

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