

## Macro Roundup Article

**Headline:** [Narrowing In On Eurozone Broad Money](#)

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**Tweet:** Credit creation in the Eurozone is now negative, and M1 has experienced its sharpest decline ever. @GeneralTheorist

**Summary:** Monetary statistics are of growing importance post-pandemic, but are difficult to interpret since there are many shocks playing out at the same time. Eurozone M1 is indeed collapsing as demand deposits are moved to longer maturities. But this is part of the necessary adjustment as rates normalise and the ECB balance sheet shrinks. Aggregate deposit dynamics are less dramatic than the trends in sight deposits (= checking deposits) alone. On the credit side, banks are still providing net net loans to households and non-financial corporates, but in very small size. And the credit impulse (the 6-month change in the flow of credit, the second derivative of the stock over the past year) is very negative, since we came from a period of elevated credit growth.

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