



**INSTITUTE OF  
INTERNATIONAL  
MONETARY RESEARCH**

Analysis and insight into trends in money and banking,  
and their impact on the world's leading economies

## Money growth update, April 2025

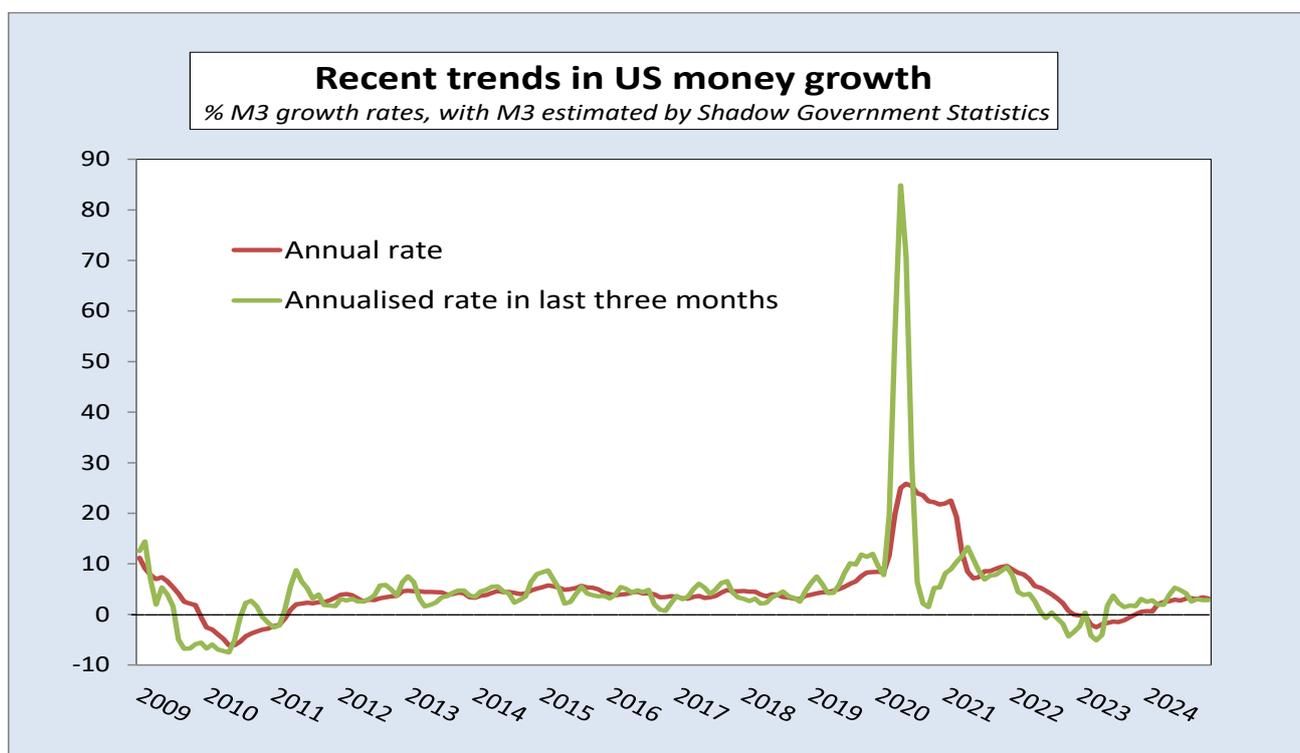
In both the UK and Eurozone broad money growth is returning to levels typical of the years preceding the coronavirus pandemic, but growth in new bank credit remains weak. In these jurisdictions, borrowing costs are gently being reduced, but central banks' asset run-offs continue. Japan, by contrast, is seeking to tighten monetary policy, in spite of very weak growth in M3. Above-target inflation has proved more stubborn than predicted in Japan, the UK, the USA and the Eurozone. It is unlikely to persist at this level, especially in Japan, given the weakness of M3 growth since 2024. In China monetary easing is doing little to stimulate demand for new bank credit, with the government now turning to so-called "fiscal measures" (with much aid for bankrupt local authority organizations) in an attempt to boost the economy. Indian M3 growth has been stable at an approximate double-digit annual rate since the start of the year. Money numbers in the world's largest economies suggest that macroeconomic conditions will be challenging in 2025. At a global level demand growth is likely to be at trend or below in 2025, helping inflation to weaken. *(Tim Congdon)*

Name of country/ jurisdiction	Share of world output in 2023	Growth rate of broad money			Comment
		In current prices and exchange rates, %	In last three months at annualised rate, %	In last 12 months, %	
	In purchasing power parity terms, %				
USA	15.6	26.1	3.5	3.5	Recent money growth at about 4% annualised, which is ideal. Fears of tariff-caused recession.
China	18.7	16.9	7.5	7	Money growth remains low despite central bank and government stimulus measures. Inflation negative again.
Eurozone	11.2	14.8	4.3	4	Money growth now similar to pre-pandemic levels. Credit growth weak, but picking up slowly.
Japan	3.7	4.0	-0.4	0.2	Money growth slowing yet again and vulnerable to increases in interest rates. Inflation above target.
India	7.6	3.4	8.7	9.6	Demand for new bank credit still reasonably robust. Inflation has fallen and borrowing costs reduced.
UK	2.2	3.2	4.2	3.9	M4x growth stronger than in 2024. Housing market picking up slowly and inflation falling toward target.

# USA

	% annual/annualised growth rate:	
	M3	Nominal GDP
1961 – 2024	<b>7.4</b>	<b>6.5</b>
Ten years to 2024	<b>5.8</b>	<b>5.3</b>
Year to December 2024	<b>3.1</b>	<b>n.a</b>
Three months to December 2024 at annualised rate	<b>2.8</b>	<b>n.a.</b>

Sources: Shadow Government Statistics research service for M3 after 2006 (IIMR estimate from May 2024) and US Bureau of Economic Analysis for GDP



Guidance to money growth trends in the USA comes from the Federal Reserve’s own press releases and the weekly announcements on money market mutual funds from the Investment Company Institute. In the 13 weeks to 9<sup>th</sup> April, i.e., roughly the first quarter, bank deposits at US commercial banks rose by just above 1.0%, or at an annualised rate of 4.2%. Bank credit – as measured by the “loans and leases” category in the Fed data – was a touch stronger, with an increase over the period of 1.4%, or at an annualised rate of 5.9%. MMMFs continue to increase more rapidly than bank deposits, but the gap between them has been less so far in 2025 than was typical in 2024. (For much of the 2024 MMMFs climbed at annual rates in the high teens per cent, as they bought newly-issued very short-term paper issued by the Treasury to cover the enormous Federal deficit.) So broad money seems to be advancing at an annualised figure of about 4%, which is about right for 1% - 2% inflation in the long run. The Trump administration has threatened the Fed’s independence, risking an adverse bond market reaction and a rise in Treasury bond yields. With interest payments now such a high proportion of government expenditure, that would exacerbate the problem of keeping the Federal budget deficit under control. (Note by Tim Congdon.)

# China

	% annual/annualised growth rate:	
	M2	Nominal GDP
1991- 2024	<b>17.4</b>	<b>13.6</b>
Ten years to 2024	<b>9.8</b>	<b>7.5</b>
Year to March 2025	<b>7.0</b>	<b>n/a</b>
Three months to March 2025 at annualised rate	<b>7.5</b>	<b>n/a</b>

Sources: People's Bank of China for M2 and IMF for GDP

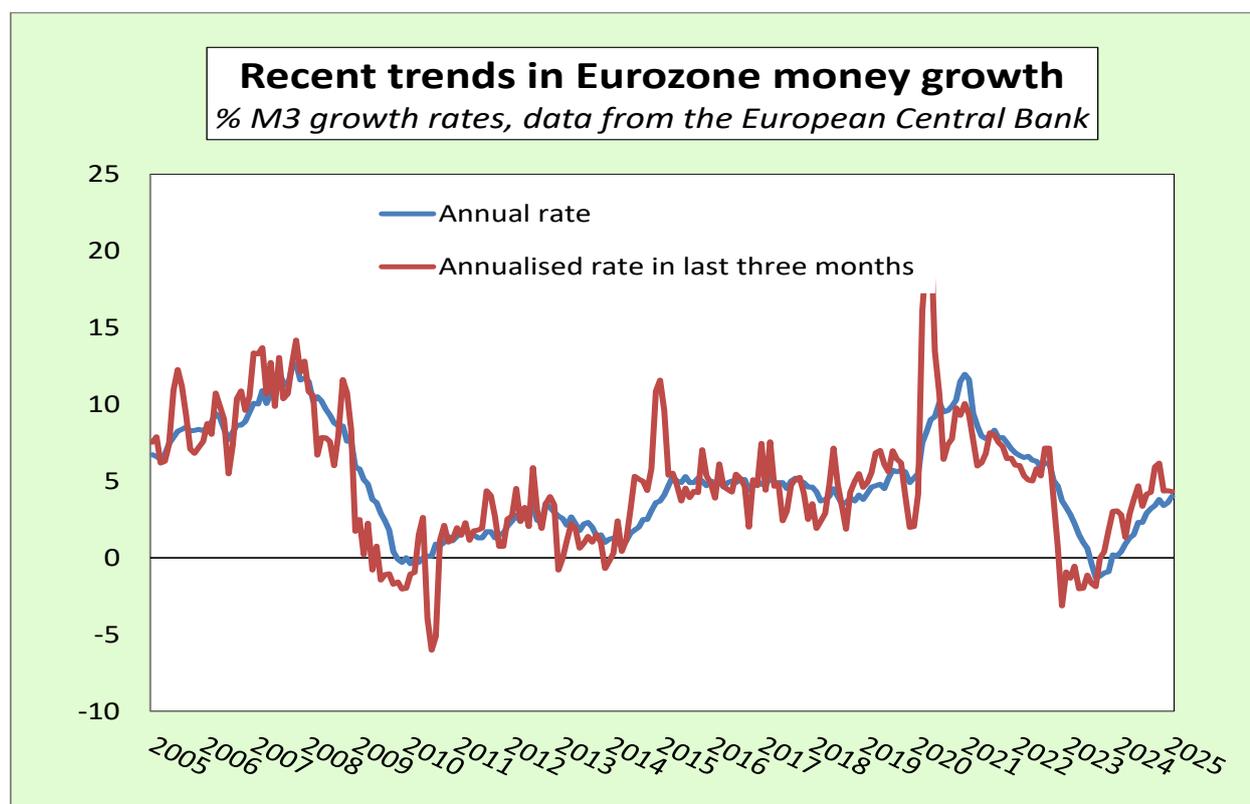


Chinese broad money growth has been stable in recent months, at a typical annual rate of high single digits, but remains weak by the standards of the past 40 years. In March the annualised quarterly M3 growth rate rose to a four-month high of 7.5%, while the annual growth rate nudged up from 6.9% in February to 7.0%. In spite of concerns about trade disruption with the USA because of the recently-imposed tariffs, there has been no easing of monetary policy since September. The authorities have been applying fiscal measures to boost domestic demand. After 21 months in which the rate of growth of new bank loans declined steadily from 11.8% to 7.3%, March saw a modest increase in demand for new credit. The housing market continues to struggle, with prices falling by 4.8% in the year to February. (Note that this is the slowest rate of decline in eight months.) The annual inflation rate turned negative in February and remained below zero in March. The authorities have reduced the official inflation target from 3% to 2% which looks likely to be undershot. Banking sector weakness suggest China will struggle to match the 5% growth in GDP seen in 2024. (Note by John Petley.)

## Eurozone

	% annual/annualised growth rate:	
	M3	Nominal GDP
1996 – 2024	<b>5.1</b>	<b>2.9</b>
Ten years to 2024	<b>4.8</b>	<b>2.5</b>
Year to February 2025	<b>4.0</b>	<b>n/a</b>
Three months to February 2025 at annualised rate	<b>4.3</b>	<b>n/a</b>

Sources: European Central Bank for M3 and Eurostat for GDP

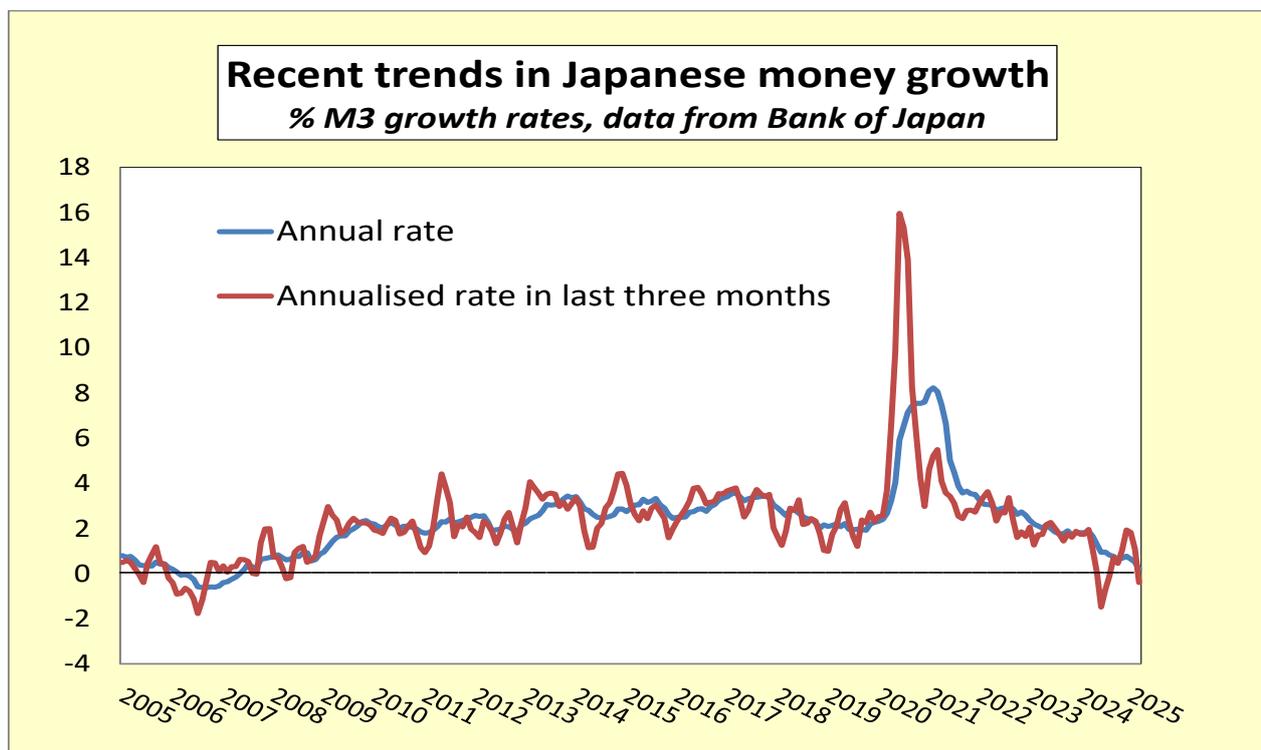


Broad money growth continues at a moderate but adequate level in the Eurozone. In February, the annualised quarterly M3 growth rate declined slightly from January's reading of 4.4%, while the annual growth rate rose to a 27-month high of 4.0%. These figures suggest that the Eurozone should enjoy modest growth in demand and output in 2025. The ECB has reduced the cost of borrowing six times in the last year, although it has recently sounded a note of caution about further cuts, warning that any tariff war with the USA could push inflation up again. The weak broad money growth of 2023-24 suggests, however, that inflation is unlikely to spike in the short to medium term and should instead decline to – or below – the ECB's 2% target. The most recent figures, covering the year to March, saw consumer prices increase by 2.2%, lower than February's reading of 2.3% and in France, the annual inflation rate is already below target, having dropped to 0.8%. The slow strengthening in demand for new bank credit continues, with both companies and households showing an increased appetite for new loans. Growth in mortgage lending stood at a mere 1.4% in the year to February while loans to business increased by just 2.2%. (Note by John Petley.)

# Japan

	% annual/annualised growth rate:	
	M3	Nominal GDP
1981- 2024	<b>3.8</b>	<b>1.9</b>
Ten years to 2024	<b>2.9</b>	<b>1.7</b>
Year to March 2025	<b>0.2</b>	<b>n/a</b>
Three months to March 2025 at annualised rate	<b>-0.4</b>	<b>n/a</b>

Sources: Bank of Japan for M3 and IMF for GDP

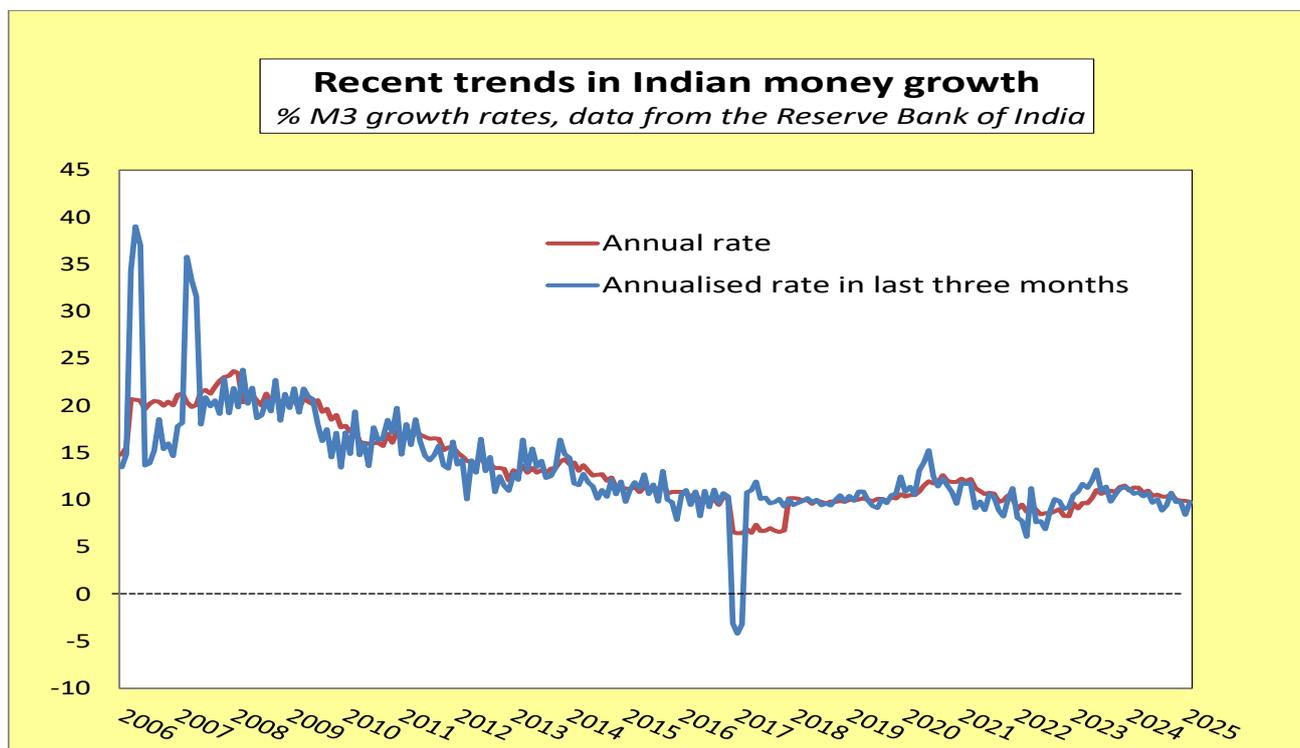


After a modest rebound at the end of 2024, the first quarter of 2025 has seen Japanese M3 growth decline once more. The quantity of money, broadly defined, fell in both February and March, causing the annualised quarterly growth rate to turn negative again, while the annual growth rate fell to 0.2%, the lowest reading since May 2007. Japan's national output grew by only 0.1% in 2024, and the money data do not suggest that 2025 will see much, if any, improvement. The Bank of Japan raised the cost of borrowing to 0.5% on 24<sup>th</sup> January. This is the highest level in 17 years, although loans are still, relatively to other countries, very cheap. Growth in bank lending nonetheless slowed from 3.1% in the year to February to 2.8% a month later, the lowest reading in five months. Further rate increases are unlikely in the near future as the BoJ digests the implications of the introduction of tariffs by the Trump government in Washington. Inflation has fallen back from its 40-year high of 4% in January to 3.7%, a figure still well above the BoJ's 2% target. The weak yen was responsible for some of the high inflation in 2024, but since the start of 2025 the Japanese currency has strengthened, rising on 11<sup>th</sup> April to its highest level against the US dollar in six months. The very weak broad money growth of 2024 and 2025 should result in below-target inflation in coming years. (Note by John Petley.)

# India

	% annual/annualised growth rate:	
	M3	Nominal GDP
1981- 2024	<b>15.2</b>	<b>13.1</b>
Ten years to 2024	<b>9.7</b>	<b>10.4</b>
Year to March 2025	<b>9.6</b>	<b>n/a</b>
Three months to March 2025 at annualised rate	<b>8.7</b>	<b>n/a</b>

Sources: Reserve Bank of India for M3 and IMF for GDP

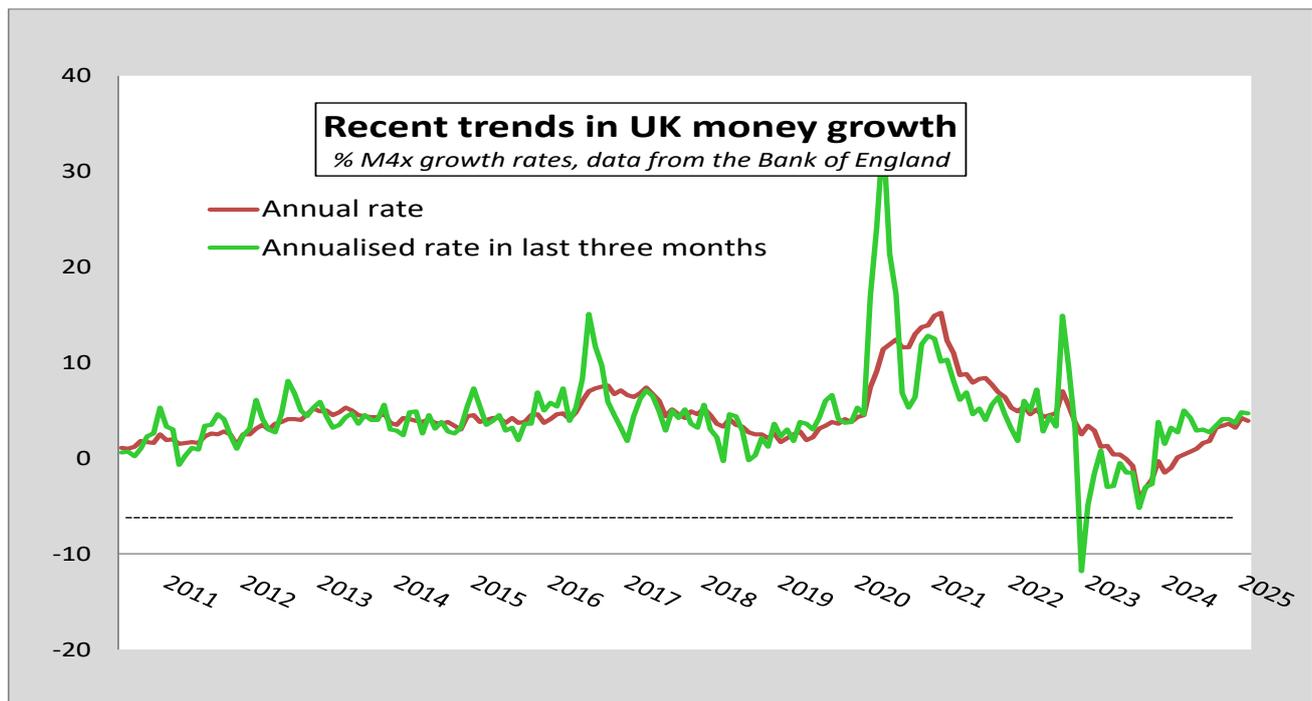


Indian M3 grew at an annualised rate of 8.7% in March, a modest advance on February's reading of 8.4%. The annual rate continued its gentle decline, falling from 9.7% to 9.6%. Strong demand for new bank credit, which was growing at the rate of 1½% per month in the first half of 2024, boosted broad money growth. More recently, the monthly increase has been a more modest 1% or so. No central bank interventions in the currency markets, to shore up the weak rupee, have been needed in recent months. The rupee was trading at record lows against the US dollar in late 2024 and early 2025. Indeed, since February, the Indian currency has strengthened while foreign currency reserves have increased. The Indian economy grew at an annual rate of 6.2% in the final quarter of 2024. This may seem a respectable figure but it fell short of the 6.8% projected by the Reserve Bank of India (the central bank), which has responded by making two cuts to interest rates amounting to 0.5% in total. The most recent of these followed on from the RBI's meeting on 9<sup>th</sup> April. Inflation declined to 3.6% in the year to February, dropping below the RBI's 4% target for the first time since August. A further fall to 3.3% was recorded in March, suggesting that the RBI has cope for further monetary loosening if it felt this to be necessary. (John Petley.)

# UK

	% annual/annualised growth rate:	
	M4x/M4 before 1997	Nominal GDP
1981 – 2024	<b>7.8</b>	<b>5.3</b>
Ten years to 2024	<b>4.9</b>	<b>2.2</b>
Year to February 2025	<b>3.9</b>	<b>n/a</b>
Three months to February 2025 at annualised rate	<b>4.7</b>	<b>n/a</b>

Sources: Bank of England for M4X and Office for National Statistics for GDP



UK M4x grew at an annualised rate of 4.7% in the three months to February 2025, slightly lower than January's reading. The annual growth rate fell from 4.2% to 3.9% in the same period. After the sharp £25b. rise in broad money growth in January, February's increase was a more modest £2.8b. The substantial borrowing of money by the financial sector in January has not yet been repaid, as is usually the case. Demand for new credit from businesses slowed in February, but the housing sector remains reasonably buoyant. Inflation in the UK has continued to decline after reaching 3.0% in the year to January. March's figure was 2.6%. The April CPI number will show a jump, largely due to the timing of price rises in the regulated energy sector. Above-target inflation has resulted in the MPC proceeding cautiously in reducing the cost of borrowing, while at the same time, the BoE is continuing to reduce its balance sheet by selling or running off assets purchased in 2020-22. Monetary policy remains restrictive. GDP growth was modest, at only 0.1% in the final quarter of 2024, but bounced back in early 2025 according to an unexpectedly robust monthly figure for February. Concerns about the possible imposition of tariffs by the USA suggests that the MPC may consider making further cuts in Bank rate if and when inflation falls back to the official 2% target. (John Petley.)