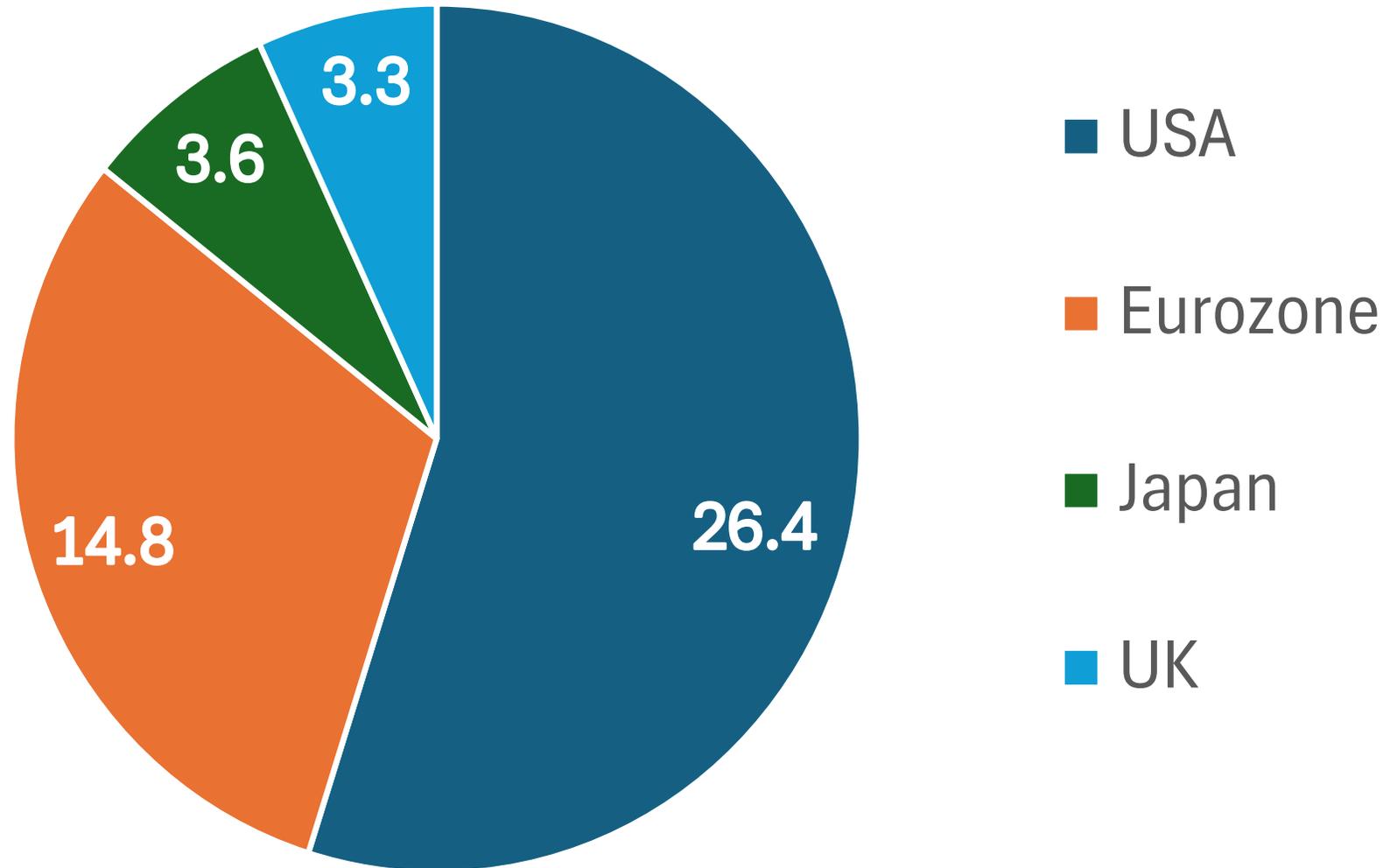


# Money growth trends in the leading advanced nations in summer 2025

*A presentation by Professor Tim Congdon CBE,  
Chair of the Institute of International Monetary Research,  
in July 2025*

*% of world output, measured by current prices  
and exchange rates, in 2024*



These countries account for almost half of world output, where such output is measured in current prices and exchange rates.

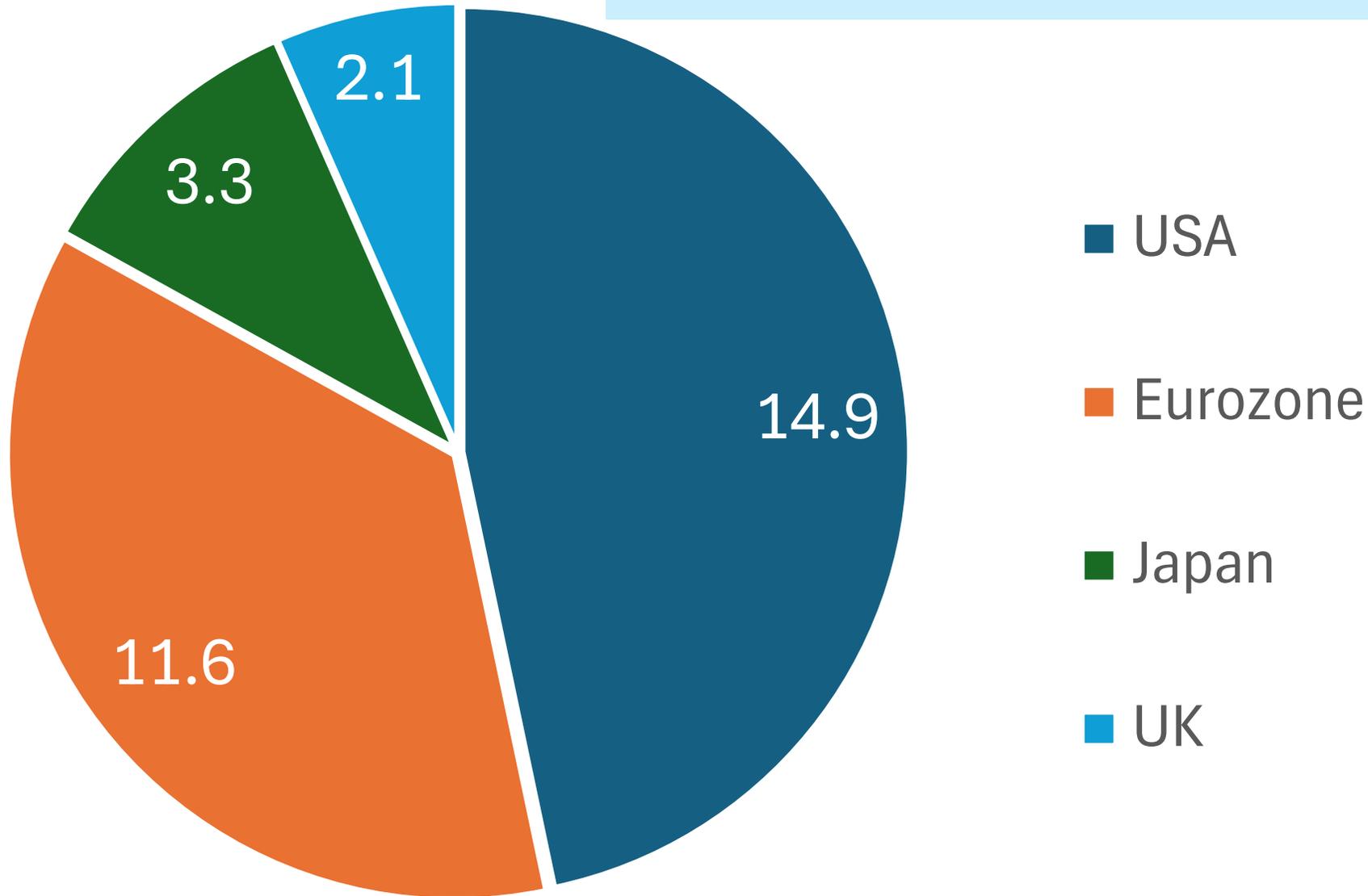
# % of world output, at current prices and exchange rates, in 2024



<b>Four major economies</b>	<b>48.2</b>
China	17.0
India	3.5
European Union	17.6
South Korea	1.7
Australia	1.6
Canada	2.0

**If China and India are added to the four major advanced economies, the combined share of world output is almost 70%. These are the economies where the Institute of International Monetary Research tracks money growth data every month. There are other important economies.**

# % share of world output, at purchasing power parity



These countries account for a much smaller share of world output, almost a third, when output is measured on a purchasing power parity basis.

# % of world output, on purchasing power parity basis, in 2024



<b>Four major economies</b>	<b>31.9</b>
China	19.4
India	8.3
European Union	14.3
Russia	3.5
Brazil	2.4
Indonesia	2.4

**If China and India are added to the four major advanced economies, their share of world output is almost 60%. These are the economies where the Institute of International Monetary Research tracks money growth data every month. Again, there are other important economies.**

# Deposits at US commercial banks

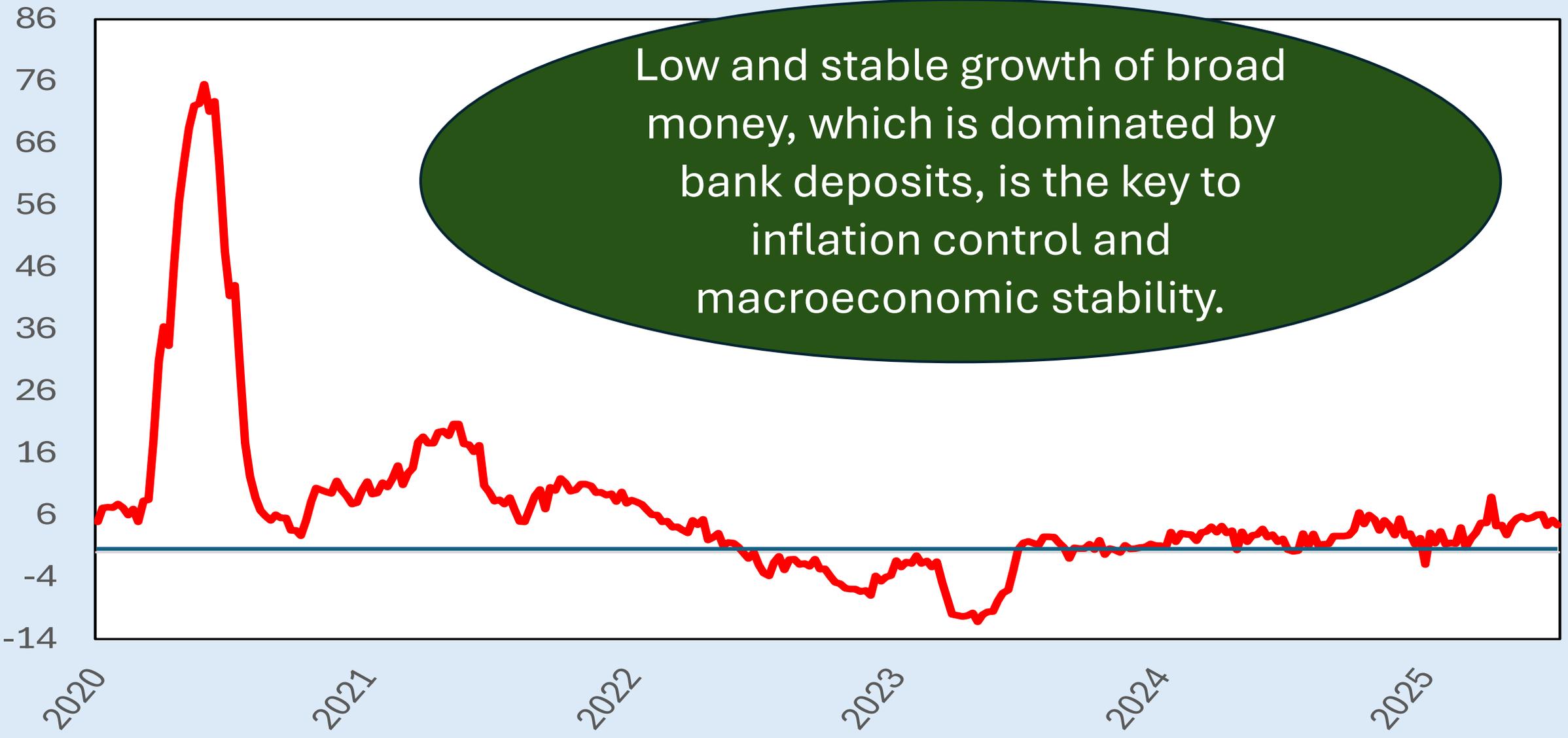
-Three-month annualised rate of change, %



# Deposits at US commercial banks

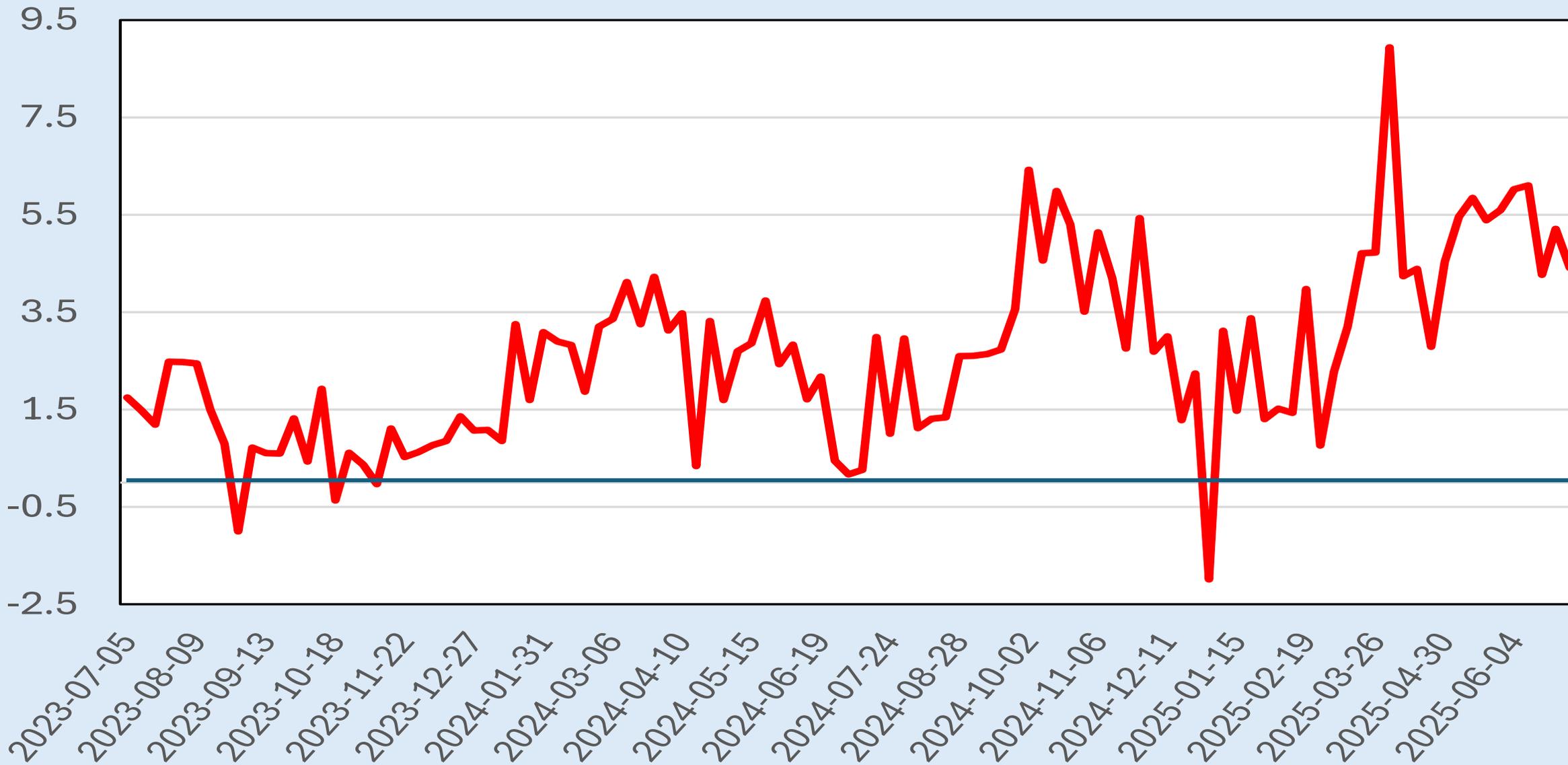
-Three-month annualised rate of change, %

Low and stable growth of broad money, which is dominated by bank deposits, is the key to inflation control and macroeconomic stability.



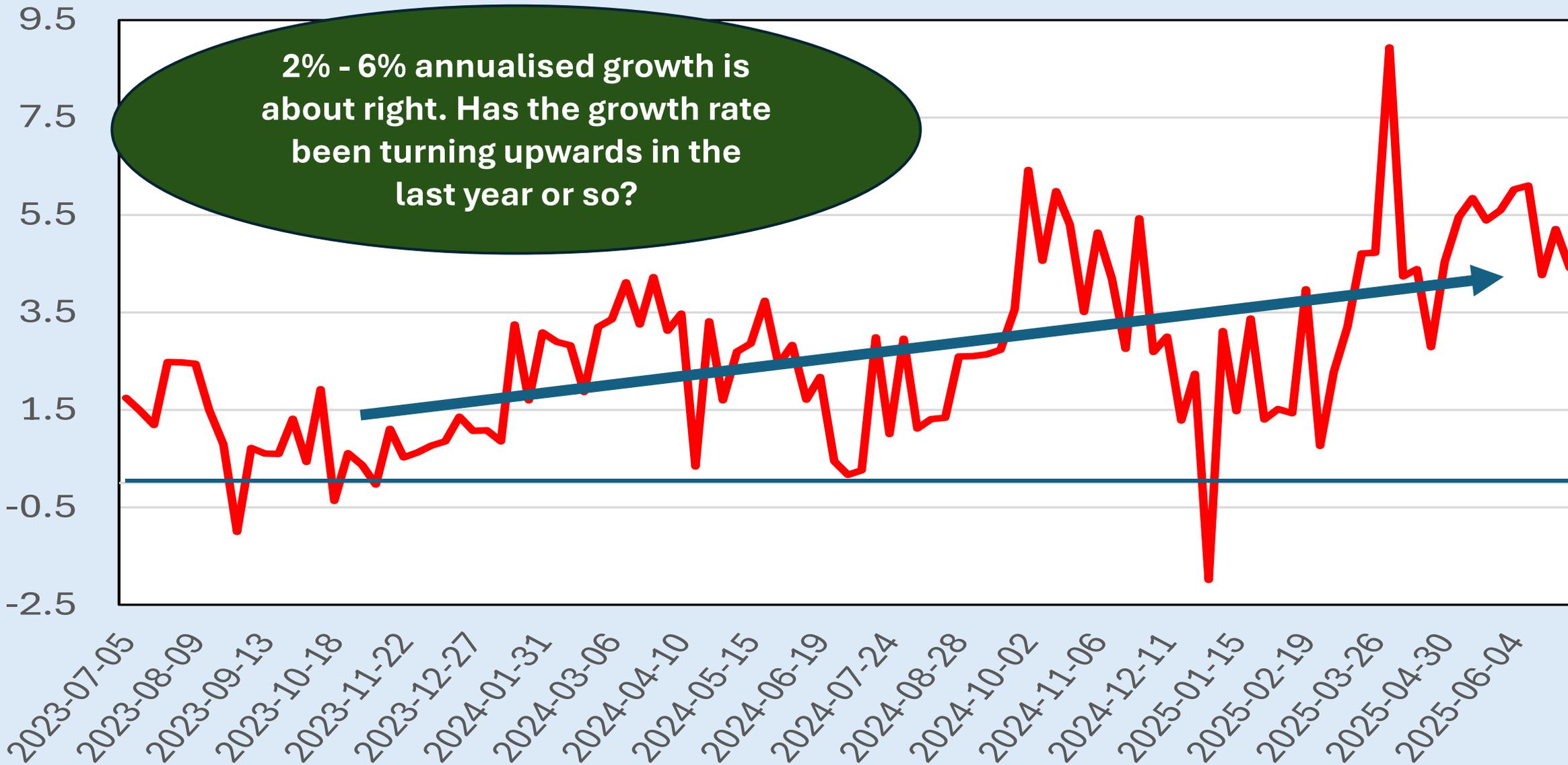
# Deposits at US commercial banks

- Three-month annualised rate of change, %



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- Three-month annualised rate of change, %

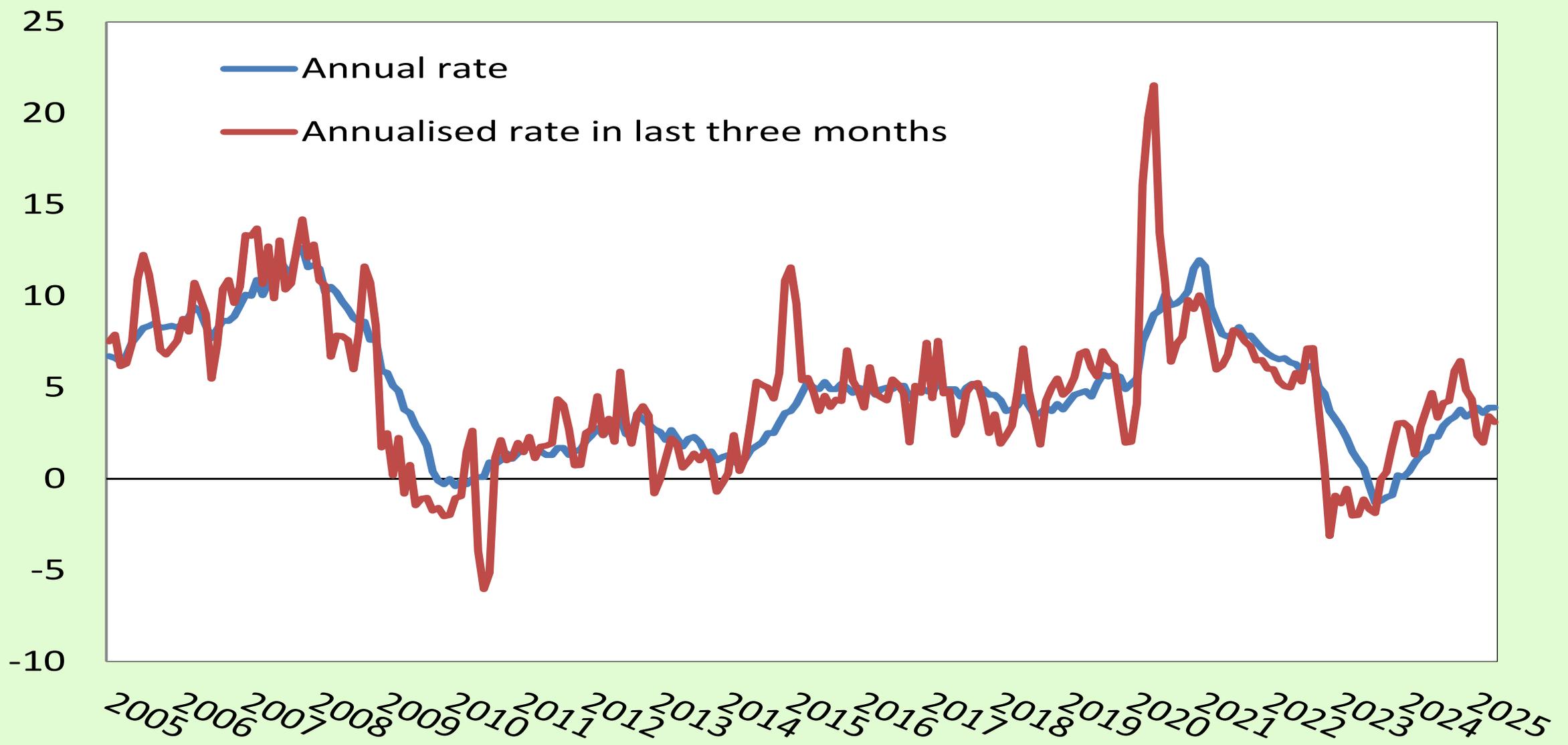


# Money's message for the US economy in mid-2025

- Leap to fantastic money growth rates in spring and summer 2020 warned – correctly – about the coming inflation surge; plunge from growth to money contraction from spring 2022 warned – again correctly – that inflation would fall in the next two years.
- First message at present is that money growth *positive* for US economic activity in the next few quarters, although only mildly so. Given that the USA has low unemployment, a further message is that inflation at somewhat above the 2% figure will be persistent. Given also that the Federal deficit remains enormous and has to be financed somehow, the FOMC should be in no hurry to reduce Fed funds rate.

# Eurozone money growth in the last 20 years

*% M3 growth rates, data from the European Central Bank*

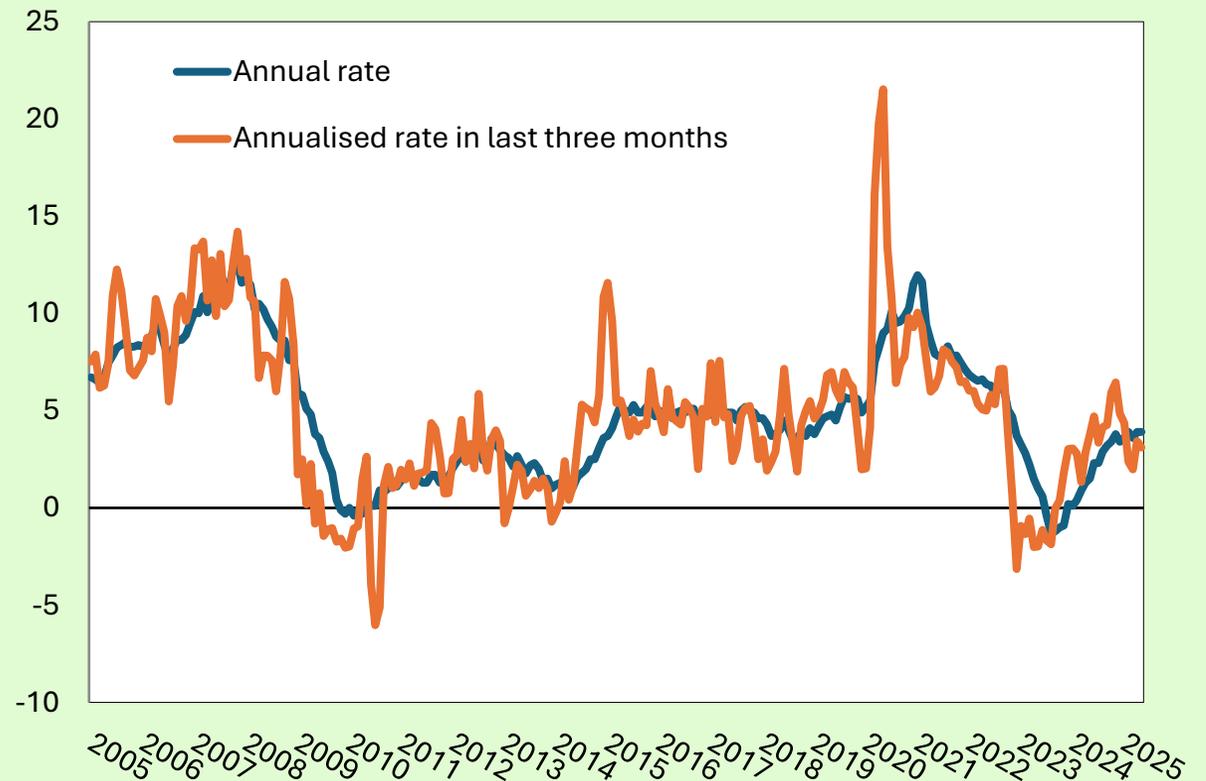


The average annual growth rate of M3 broad money in the Eurozone has been 4.9% in the last 20 years.

*The current annual figure – of 3.9% - is little different from that. Despite all the excitements and alarums in individual Eurozone member states, **the message is neutral for inflation and economic activity over the next year or two.***

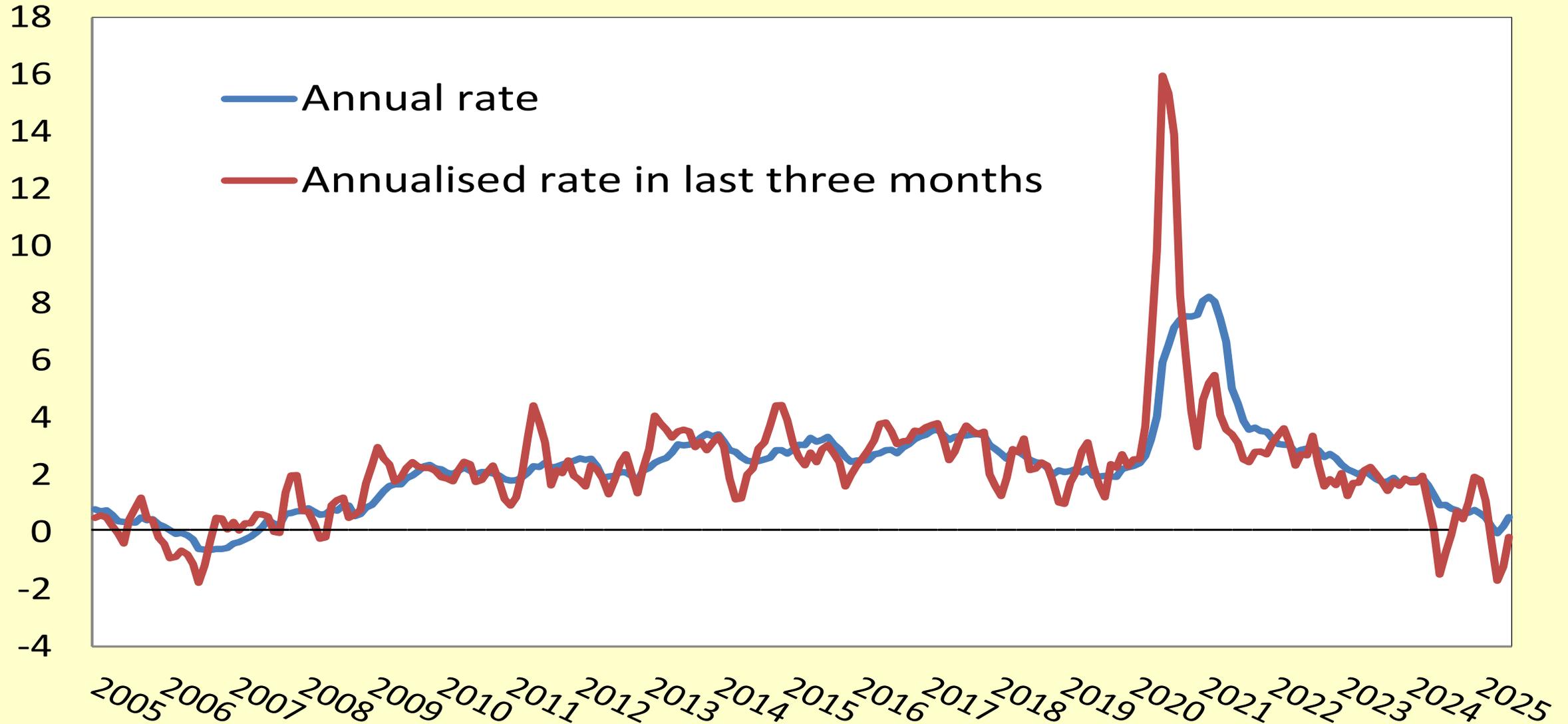
### Eurozone money growth in the last 20 years

% M3 growth rates, data from the European Central Bank



# Japanese money growth in the last 20 years

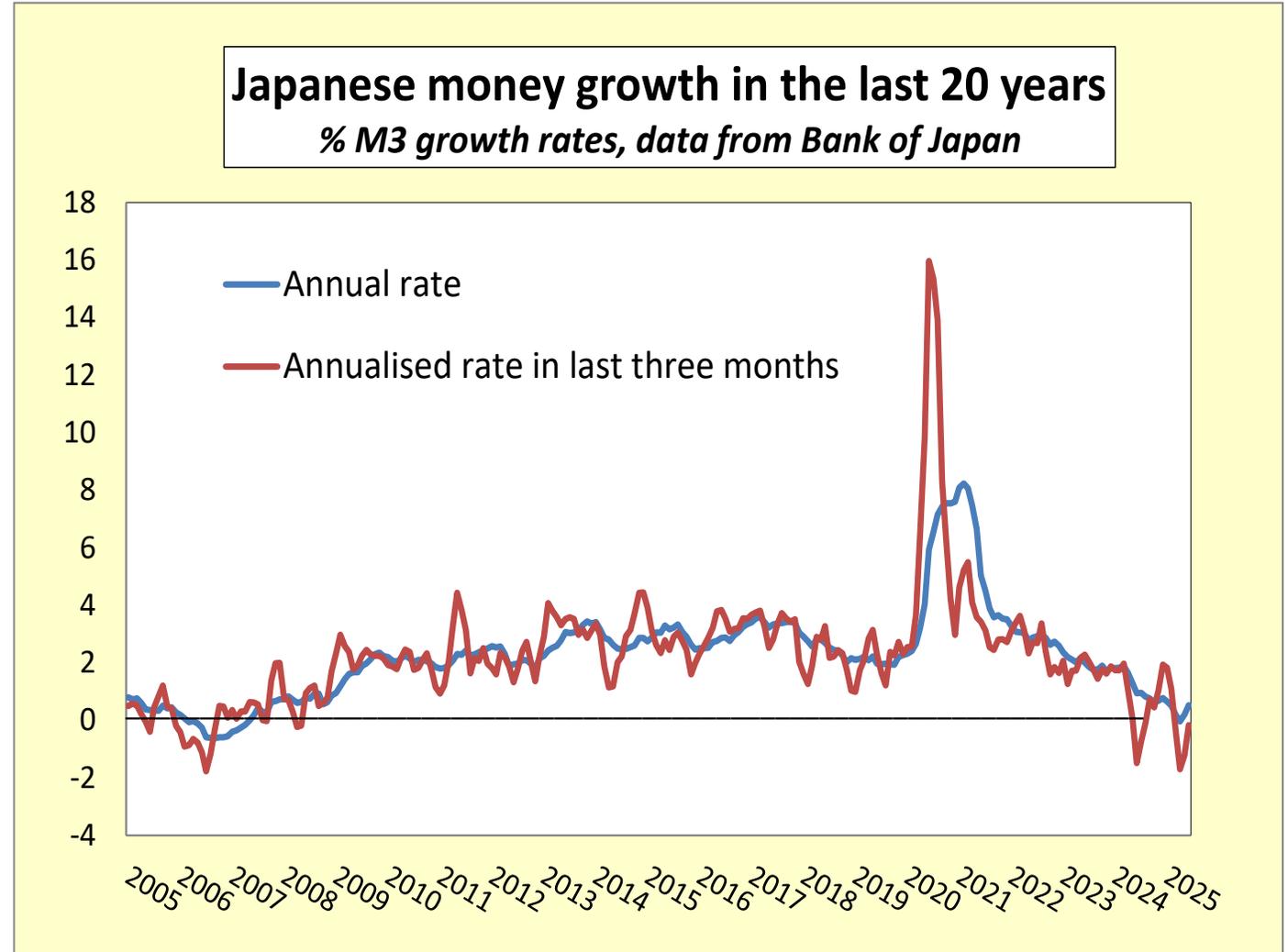
*% M3 growth rates, data from Bank of Japan*

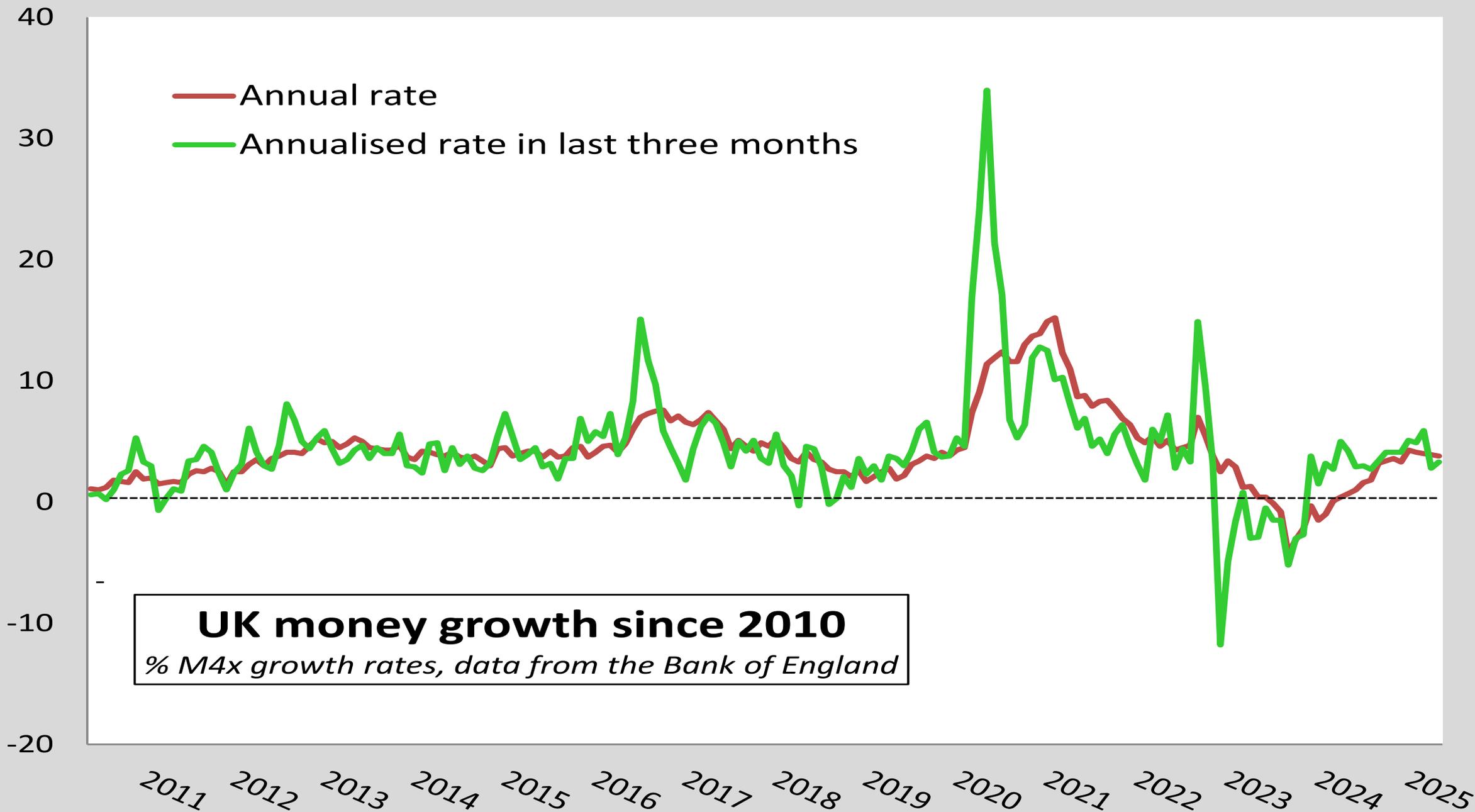


Average annual rate of increase in Japanese M3 broad money in last 20 years has been a mere 2.2%.

*But broad money has fallen in some recent months, and annual growth rate is little more than zero. Many worries about the public finances, with rising bond yields and early signs of debt interest problem.*

***Not a positive influence on global demand in the next year or two.***



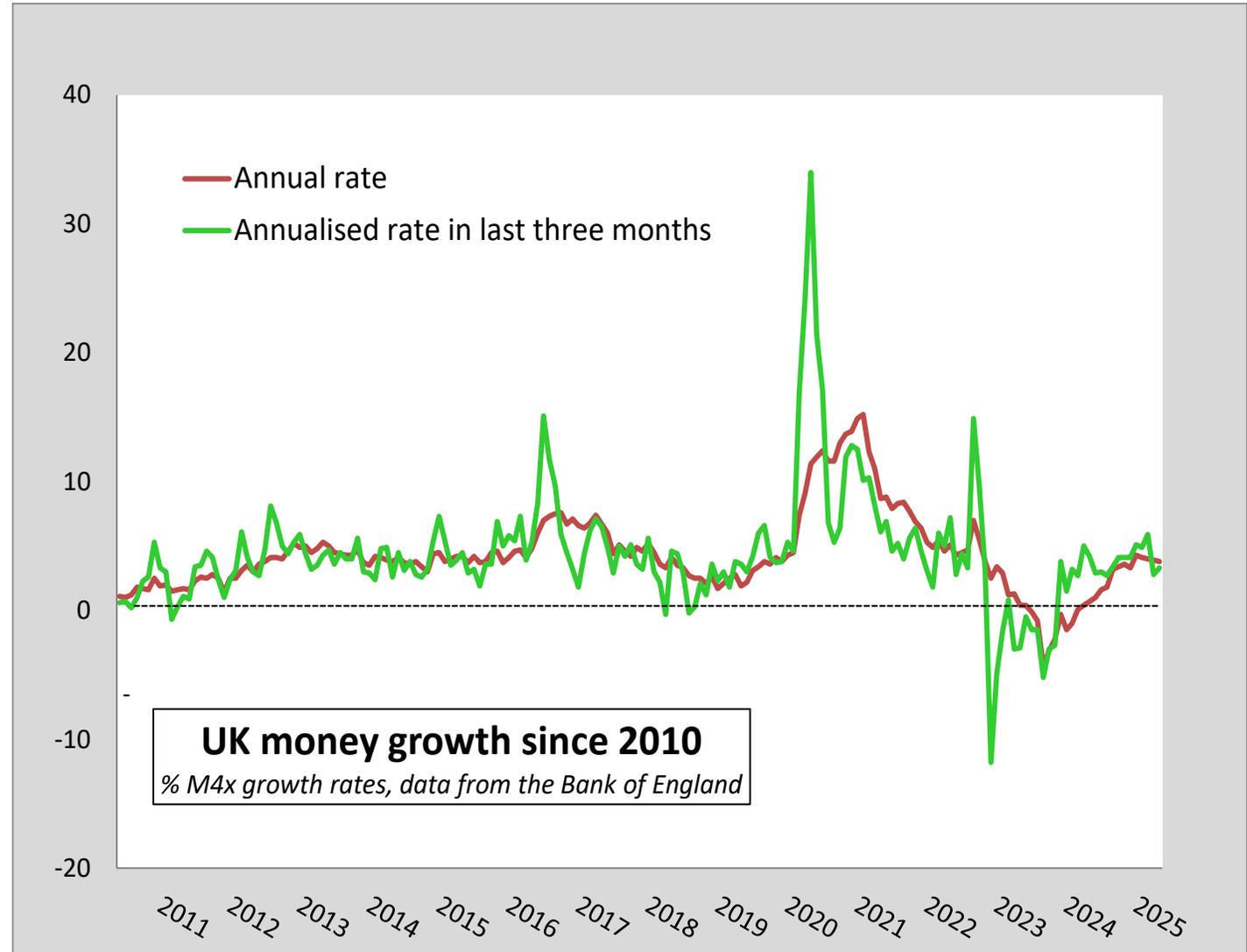


**UK money growth since 2010**  
*% M4x growth rates, data from the Bank of England*

The average annual growth rate of M4x in the last 20 years has been 5.1% in the UK.

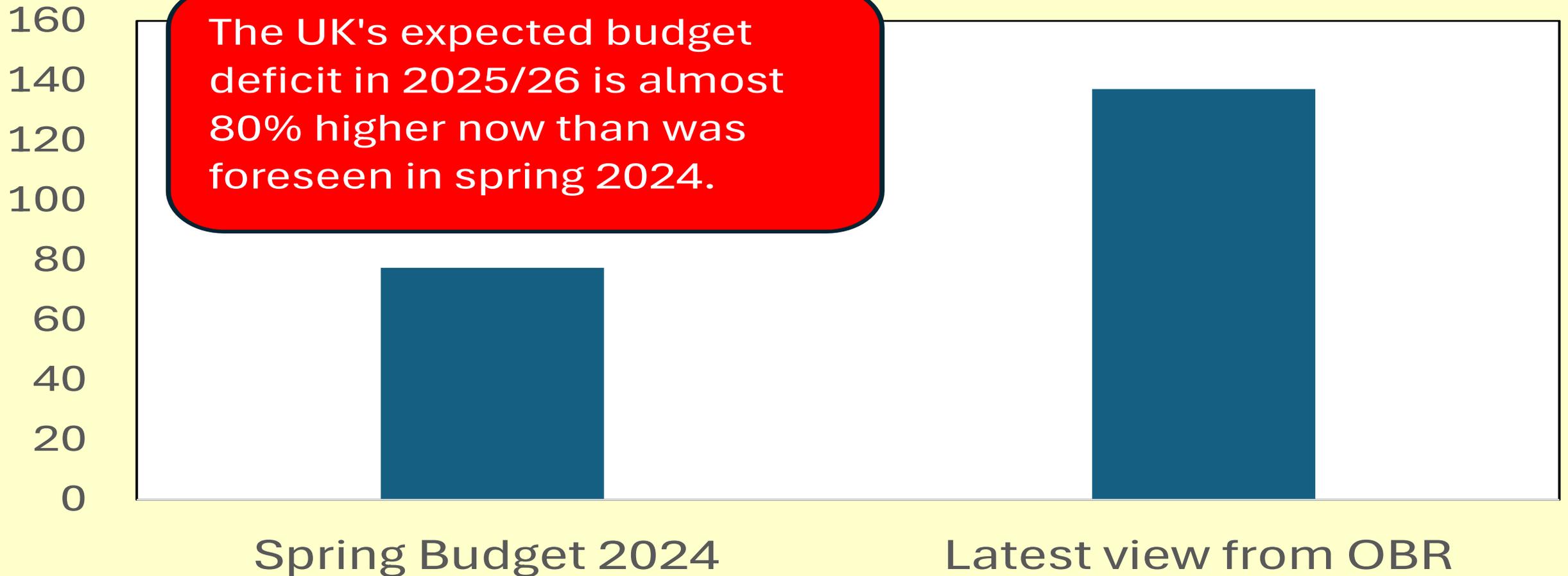
On the face of it, the current annual growth rate of M4x – of 4.0% - is fine. But the UK has an unsustainable budget deficit and an unconvincing government, and the risks of debt and deficit monetization are high.

***The most optimistic message is that money growth trends are neutral for inflation and economic activity over the next year or two. (Realistically, some sort of crisis is likely.)***



# UK public finances:

Expected PSNB ('public sector net borrowing',  
i.e., budget deficit) in 2025/26



# Composite leading indicator index for the G7 from the Paris-based OECD

