



BANK ĊENTRALI TA' MALTA

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CENTRAL BANK OF MALTA

RELEASE OF MONETARY STATISTICS

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The Central Bank of Malta has just issued its commentary on the release of monetary statistics for May 2010.

The contribution of Maltese Monetary Financial Institutions (MFIs) to the euro area broad money stock (M3) during the month decreased following two consecutive monthly rises. It contracted by EUR54.4 million, or 0.6%, to EUR8.7 billion. Consequently, its annual rate of growth eased to 1.7% from 3.0% in April 2010.

During May, the narrow money (M1) component went up by EUR70.7 million, or 1.5%, mainly due to a rise in overnight deposits. Deposits belonging to Maltese residents expanded by 1.7%, as balances held by resident insurance companies, other non-bank financial intermediaries and private non-financial firms increased significantly. However, overnight deposits belonging to residents of other euro area countries fell slightly. Currency issued, meanwhile, grew by EUR9.3 million, or 1.5%. Thus, the annual rate of growth of M1 rose further to 16.9% from 15.6% in April.

Notwithstanding this increase in M1, the month under review saw a drop in the broader intermediate money (M2) component of EUR76.4 million, or 0.9%. This was due to a sharp drop in deposits with an agreed maturity of up to two years, which contracted by EUR147.3 million, or 3.5%. Deposits belonging to Maltese residents went down by 3.7% after having been stable in April. Balances held by private non-financial firms accounted for most of the decline. Meanwhile, deposits redeemable at up to three months' notice increased marginally.

Overall, deposits belonging to residents of Malta declined by EUR85.8 million during May. The decline in deposits with an agreed maturity of up to two years completely offset a pick-up in overnight deposits. As a result, the annual rate of growth of residents' deposits fell to 2.1% from 3.2% last month.

Credit to residents of Malta expanded by EUR153.5 million, or 1.5%, during May. Bank purchases of government securities on the primary market pushed up credit to the general

government by EUR123.7 million. Concurrently, credit to residents outside the general government sector went up by EUR29.8 million, as loans granted to households for house purchases and to the wholesale and retail trade sector in particular increased. The annual rate of growth of credit to Maltese residents climbed to 9.7% from 8.5% in April.

Meanwhile, credit to residents of other euro area Member States rose by EUR189.5 million, as resident MFIs bought debt securities issued by other euro area governments and gave out loans to non-financial companies residing elsewhere in the euro area. As a result, during the month reviewed credit to all euro area residents expanded by EUR343.0 million, or 2.5%.

The external counterpart of M3, which reflects transactions between MFIs resident in Malta and non-euro area residents, increased by EUR32.9 million, or 0.4%, in May. Claims on non-euro area residents rose as resident MFIs added to their holdings of securities issued by governments outside the euro area. At the same time, liabilities to non-euro area residents in the form of time deposits held with resident banks also rose.

The 'other' counterparts of M3 went up by EUR430.3 million, or 3.4%, during the month under review. This was mainly due to interbank transactions taking place across the euro area, which are included in 'other liabilities (net)'. A rise in loans taken up by resident MFIs, coupled with increased time deposits belonging to other euro area banks, offset a pick-up in resident MFIs' time deposits with banks resident in the rest of the euro area.

The weighted average interest rate applied by resident credit institutions to customer deposits declined slightly to 1.39% from 1.40% in April, as did that charged on loans, which also edged down by one basis point to 4.46%.

Further economic and monetary information can be obtained from the website of the Central Bank of Malta www.centralbankmalta.org

CENTRAL BANK OF MALTA

THE CONTRIBUTION OF RESIDENT MFIs TO THE EURO AREA MONETARY AGGREGATES AND SELECTED COUNTERPARTS⁽¹⁾

€ millions

		May-10	Apr-10	Monthly Change	Monthly Percentage Change	May-09	Annual Change	Annual Percentage Change
MONETARY AGGREGATES⁽²⁾								
NARROW MONEY (M1)	1	4,683.9	4,613.2	70.7	1.5	4,008.4	675.5	16.9
Currency issued ⁽³⁾	1.1	653.4	644.0	9.3	1.5	617.7	35.7	5.8
Overnight deposits ⁽⁴⁾	1.2	4,030.5	3,969.2	61.3	1.5	3,390.7	639.8	18.9
of which: deposits belonging to local residents	1.2.1	3,934.1	3,869.9	64.2	1.7	3,306.8	627.3	19.0
INTERMEDIATE MONEY (M2)	2	8,831.9	8,908.3	-76.4	-0.9	8,718.2	113.7	1.3
Narrow money (M1)	2.1	4,683.9	4,613.2	70.7	1.5	4,008.4	675.5	16.9
Deposits redeemable at notice up to 3 months ⁽⁴⁾	2.2	110.9	110.7	0.2	0.2	110.3	0.6	0.5
of which: deposits belonging to local residents	2.2.1	110.8	110.6	0.2	0.2	110.3	0.5	0.5
Deposits with agreed maturity up to 2 years ⁽⁴⁾	2.3	4,037.2	4,184.5	-147.3	-3.5	4,599.5	-562.3	-12.2
of which: deposits belonging to local residents	2.3.1	3,930.2	4,080.4	-150.2	-3.7	4,396.1	-465.9	-10.6
BROAD MONEY (M3)	3	8,742.2	8,796.6	-54.4	-0.6	8,600.2	141.9	1.7
Intermediate money (M2)	3.1	8,831.9	8,908.3	-76.4	-0.9	8,718.2	113.7	1.3
Repurchase agreements	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities issued up to 2 years' initial maturity ⁽⁵⁾	3.3	-89.7	-111.7	22.0	-19.7	-117.9	28.2	-23.9
SELECTED COUNTERPARTS OF M3								
CREDIT COUNTERPART	4	14,235.6	13,892.6	343.0	2.5	12,119.6	2,116.0	17.5
Credit to general government	4.1	3,708.6	3,470.1	238.5	6.9	2,416.4	1,292.2	53.5
of which: credit to the Maltese general government	4.1.1	2,128.9	2,005.2	123.7	6.2	1,798.4	330.5	18.4
Credit to other sectors	4.2	10,527.0	10,422.5	104.5	1.0	9,703.1	823.9	8.5
of which: credit to local residents	4.2.1	7,937.6	7,907.8	29.8	0.4	7,378.2	559.4	7.6
EXTERNAL COUNTERPART	5	7,735.2	7,702.3	32.9	0.4	6,969.9	765.3	11.0
Claims on non-residents of the euro area	5.1	30,575.9	29,456.7	1,119.2	3.8	25,710.4	4,865.4	18.9
Liabilities to non-residents of the euro area (-)	5.2	22,840.7	21,754.3	1,086.3	5.0	18,740.5	4,100.2	21.9
OTHER COUNTERPARTS	6	13,228.6	12,798.4	430.3	3.4	10,489.3	2,739.4	26.1
Liabilities to the central government	6.1	699.0	584.1	114.9	19.7	620.2	78.8	12.7
Longer term financial liabilities	6.2	10,323.6	10,288.0	35.7	0.3	4,680.8	5,642.9	120.6
Other liabilities (net)	6.3	2,206.0	1,926.3	279.7	14.5	5,188.3	-2,982.2	-57.5

(1) Figures show the contribution of Maltese monetary financial institutions (MFIs) to the euro area totals.

(2) Data on monetary aggregates include deposit liabilities to both residents of Malta and other euro area residents.

(3) This is not a measure of currency in circulation in Malta. It comprises the Central Bank of Malta's share of euro banknotes issued by the Eurosystem, based on the banknote allocation key (in turn reflecting its share in the paid-up capital of the ECB), plus coins issued by the Bank on behalf of the Treasury, less holdings of issued euro banknotes and coins held by the MFI sector. For 2008, remaining outstanding Maltese lira banknotes and coins are included. This represents the residual amount after deducting holdings of euro banknotes and coins (and, temporarily, of Maltese lira currency) reported by MFIs in Malta from the currency issued figure.

(4) Deposits with MFIs exclude interbank deposits and deposits held by central government.

(5) Debt securities up to 2 years' issued by MFIs in Malta less holdings by MFIs in Malta of such securities issued by MFIs anywhere in the euro area. This row shows net amounts (issues less holdings by MFIs in Malta) and may be negative. Figures also include Money Market Funds (MMF) shares/units.

Notes:

Latest data should be considered as provisional. A '+' sign indicates a percentage change that exceeds +/- 100.

Source: Central Bank of Malta.