



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 June 2010.

The contribution of Maltese Financial Institutions (MFIs) to the euro area broad money stock (M3) increased by 1.4% month-on-month, or EUR125.1 million, in June, reversing the 0.6% drop recorded in the previous month. This contribution reached EUR8.9 billion at the end of June. As a result, the annual rate of growth accelerated to 3.1% from 1.7% in May.

The narrow money (M1) component expanded by EUR205.4 million, or 4.4%, during the month reviewed, driven mainly by a 5.1% increase in overnight deposits. Overnight deposits belonging to Maltese residents increased by 4.9%, primarily on account of a significant rise in balances belonging to private non-financial companies. Higher deposits held by households and insurance companies also contributed, though to a lesser extent. Meanwhile, deposits belonging to other euro area residents rose by around 22%, while currency issued rose marginally. Overall, the annual rate growth of M1 continued to accelerate, rising from 16.9% in May to 19.5% in June.

After having contracted in May, the intermediate money component (M2) expanded by 1.3%, or EUR115 million, in June. This was entirely attributable to the increase in M1, which outweighed a drop in deposits with an agreed maturity of up to two years. The latter extended the downward trend seen earlier in the year, falling by 2.3%, or EUR91.3 million. This decline was primarily brought about by a 2.1% fall in deposits belonging to Maltese residents, which predominantly reflected a drop in the balances held by private non-financial firms. Conversely, deposits redeemable at up to 3 months notice increased marginally.

In sum, deposits belonging to residents of Malta rose by EUR110.6 million in June. The increase in overnight deposits offset the decline in deposits with an agreed maturity of up to two years. Consequently, the annual rate of growth of residents' deposits increased to 3.4% from 2.1% in May.

Credit to residents of Malta decreased by EUR8.8 million, or 0.1%, during June. A drop in MFI holdings of Malta Government Stocks outweighed a rise in their Treasury bill portfolio, and led to a contraction of EUR22.8 million in credit to government. On the other hand, credit to other residents went up by EUR14.0 million, as loans to non-bank financial intermediaries and households rose significantly. Overall, the annual rate of growth of credit to Maltese residents slowed down to 8.2% in June, from 9.7% one month earlier.

Meanwhile, credit to residents of other euro area Member States decreased by EUR78.1 million, fuelled primarily by a drop in bank lending to non-bank financial intermediaries. As a result, during the month reviewed credit to all euro area residents declined by EUR86.9 million, or 0.6%.

The external counterpart of M3, which reflects transactions between MFIs resident in Malta and non-euro area residents, increased by EUR1.1 billion, or 14.3%, in June. This was because MFIs' liabilities to non-euro area residents, declined considerably. In particular, time deposits belonging to private non-financial companies and foreign loans taken up by resident credit institutions decreased. To a much lesser extent, MFIs' claims on non-euro area residents also fell reflecting a drop in their holdings of securities issued by non-euro area governments and a reduction in loans granted to non-euro area residents.

The 'other' counterparts of M3 went up by EUR891.6 million, or 6.7%, during the month under review. This was mostly attributable to an increase in long-term financial liabilities in the form of equity, resulting from the entry into the market of a newly-licensed credit institution. Interbank transactions taking place across the euro area, which are included in 'other liabilities (net)', also increased significantly.

The weighted average interest rate applied by resident credit institutions to customer deposits declined slightly to 1.37% from 1.39% in May, while that charged on loans increased by 23 basis points to 4.69%.

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

		Jun-10	May-10	Monthly Change	Monthly Percentage Change	Jun-09	Annual Change	Annual Percentage Change
MONETARY AGGREGATES⁽²⁾								
NARROW MONEY (M1)	1	4,889.2	4,683.9	205.4	4.4	4,092.7	796.5	19.5
Currency issued ⁽³⁾	1.1	654.5	653.4	1.1	0.2	614.5	40.0	6.5
Overnight deposits ⁽⁴⁾	1.2	4,234.7	4,030.5	204.3	5.1	3,478.2	756.5	21.8
of which: deposits belonging to local residents	1.2.1	4,127.9	3,934.1	193.9	4.9	3,391.1	736.9	21.7
INTERMEDIATE MONEY (M2)	2	8,946.9	8,831.9	115.0	1.3	8,708.8	238.2	2.7
Narrow money (M1)	2.1	4,889.2	4,683.9	205.4	4.4	4,092.7	796.5	19.5
Deposits redeemable at notice up to 3 months ⁽⁴⁾	2.2	111.9	110.9	1.0	0.9	110.5	1.4	1.3
of which: deposits belonging to local residents	2.2.1	111.9	110.8	1.0	0.9	110.5	1.4	1.2
Deposits with agreed maturity up to 2 years ⁽⁴⁾	2.3	3,945.8	4,037.2	-91.3	-2.3	4,505.5	-559.7	-12.4
of which: deposits belonging to local residents	2.3.1	3,845.9	3,930.2	-84.3	-2.1	4,321.9	-476.0	-11.0
BROAD MONEY (M3)	3	8,867.3	8,742.2	125.1	1.4	8,604.4	262.9	3.1
Intermediate money (M2)	3.1	8,946.9	8,831.9	115.0	1.3	8,708.8	238.2	2.7
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	-79.7	-89.7	10.1	-11.2	-104.4	24.7	-23.7
SELECTED COUNTERPARTS OF M3								
CREDIT COUNTERPART	4	14,148.7	14,235.6	-86.9	-0.6	12,218.7	1,930.1	15.8
Credit to general government	4.1	3,674.9	3,708.6	-33.7	-0.9	2,503.3	1,171.6	46.8
of which: credit to the Maltese general government	4.1.1	2,106.1	2,128.9	-22.8	-1.1	1,855.9	250.2	13.5
Credit to other sectors	4.2	10,473.8	10,527.0	-53.2	-0.5	9,715.4	758.4	7.8
of which: credit to local residents	4.2.1	7,951.6	7,937.6	14.0	0.2	7,448.6	503.0	6.8
EXTERNAL COUNTERPART	5	8,838.8	7,735.2	1,103.6	14.3	6,751.3	2,087.5	30.9
Claims on non-residents of the euro area	5.1	30,482.2	30,575.9	-93.6	-0.3	25,252.0	5,230.3	20.7
Liabilities to non-residents of the euro area (-)	5.2	21,643.4	22,840.7	-1,197.3	-5.2	18,500.6	3,142.8	17.0
OTHER COUNTERPARTS	6	14,120.3	13,228.6	891.6	6.7	10,365.7	3,754.6	36.2
Liabilities to the central government	6.1	597.3	699.0	-101.7	-14.5	608.3	-11.0	-1.8
Longer term financial liabilities	6.2	11,031.9	10,323.6	708.3	6.9	4,851.1	6,180.9	127.4
Other liabilities (net)	6.3	2,491.0	2,206.0	285.0	12.9	4,906.2	-2,415.3	-49.2

(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.