



# BANK ĊENTRALI TA' MALTA

EUROSISTEMA

# 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 July 2010.<sup>1</sup>

The contribution of resident monetary financial institutions (MFIs) to the euro area broad money stock (M3) increased by 1.0%, or EUR94.2 million, in July, reaching EUR9.2 billion. As a result, its annual rate of growth accelerated to 3.2% from 2.6% in June.

The narrow money (M1) component expanded by EUR50.6 million, or 1.0%, on its June level, driven by higher overnight deposits belonging to Maltese residents.<sup>2</sup> These deposits expanded by 1.1%, as balances held by households, public non-financial companies and non-bank financial intermediaries rose. In contrast, overnight deposits belonging to other euro area residents declined marginally. Meanwhile, currency issued added EUR7.1 million, or 1.1%. Overall, however, the annual rate of growth of M1 slowed down from 19.5% in June to 18.7% in July.

The intermediate money component (M2) continued to rise during the month reviewed, increasing by 0.9%, or EUR79.4 million. This was driven by the rise in M1, coupled with growth in deposits with an agreed maturity of up to two years, which increased by 0.7%, or EUR29.4 million, after having contracted for three months in a row. This increase stemmed primarily from higher deposits belonging to Maltese residents, due to higher balances held by insurance companies and other non-bank financial intermediaries. Conversely, deposits redeemable at up to three months' notice decreased marginally.

In sum, deposits belonging to residents of Malta rose by EUR65.7 million in July, as a result of increases in overnight deposits and deposits with an agreed maturity of up to two years. Consequently, the annual rate of growth of residents' deposits accelerated to 3.8% from 3.4% in June.

Turning to the counterparts of M3, during July credit to residents of Malta decreased by EUR4.6 million, or 0.1%. This occurred despite an increase in MFI holdings of Treasury bills, which boosted credit to the Maltese general government by EUR40.3 million. On the other hand, credit to residents of Malta other than general government went down by EUR44.9 million, or 0.6%, as loans to non-financial firms declined.

As a result, the annual rate of growth of credit to Maltese residents slowed down to 7.2% in July from 7.9% in June. At 5.8%, the annual growth rate of credit to Maltese residents other than general government slowed down from 6.8% a month earlier.

Meanwhile, credit to residents of other euro area Member States decreased by EUR137.6 million, fuelled primarily by a drop in lending to non-bank financial intermediaries and non-

<sup>1</sup> Monetary and banking statistics have been revised to include money market funds statistics.

<sup>2</sup> The terms "Maltese residents" or "residents of Malta" include households, non-financial corporations, insurance companies, other non-bank financial institutions and the general government sector in Malta.

financial firms. As a result, during the month reviewed credit to all euro area residents contracted by EUR142.2 million, or 1.0%.

The external counterpart of M3, which reflects transactions between MFIs resident in Malta and non-euro area residents, increased by EUR564.1 million, or 6.4%, in July. This reflected a considerable decline in MFIs' liabilities to non-euro area residents. In particular, time deposits belonging to private non-financial companies and non-bank financial intermediaries decreased, as did loans taken up by resident credit institutions. Meanwhile, MFIs' claims on non-euro area residents also fell, though to a lesser extent, reflecting a reduction in loans granted to non-financial companies residing outside the euro area.

In contrast, the 'other' counterparts of M3 went up by EUR327.7 million, or 2.4%, during the month under review. This was mostly attributable to an increase in 'other net liabilities', which captures interbank transactions across the euro area. In turn, the latter reflected a drop in Maltese banks' holdings of securities other than shares issued by banks resident elsewhere in the euro area.

The weighted average interest rate applied by resident credit institutions to customer deposits remained stable at 1.37%, while that charged on loans increased by six basis points since June to 4.75%.

***Further economic and monetary information can be obtained from the website of the Central Bank of Malta [www.centralbankmalta.org](http://www.centralbankmalta.org)***

# CENTRAL BANK OF MALTA

## THE CONTRIBUTION OF RESIDENT MFIs TO THE EURO AREA MONETARY AGGREGATES AND SELECTED COUNTERPARTS <sup>(1)</sup>

€ millions

		Jul-10	Jun-10	Monthly Change	Monthly Percentage Change	Jul-09	Annual Change	Annual Percentage Change
<b>MONETARY AGGREGATES<sup>(2)</sup></b>								
<b>NARROW MONEY (M1)</b>	<b>1</b>	<b>4,939.8</b>	<b>4,889.2</b>	<b>50.6</b>	<b>1.0</b>	<b>4,161.2</b>	<b>778.6</b>	<b>18.7</b>
Currency issued <sup>(3)</sup>	1.1	661.6	654.5	7.1	1.1	618.9	42.7	6.9
Overnight deposits <sup>(4)</sup>	1.2	4,278.2	4,234.7	43.4	1.0	3,542.3	735.9	20.8
of which: deposits belonging to local residents	1.2.1	4,171.5	4,127.9	43.6	1.1	3,452.1	719.4	20.8
<b>INTERMEDIATE MONEY (M2)</b>	<b>2</b>	<b>9,026.3</b>	<b>8,946.9</b>	<b>79.4</b>	<b>0.9</b>	<b>8,701.7</b>	<b>324.6</b>	<b>3.7</b>
Narrow money (M1)	2.1	4,939.8	4,889.2	50.6	1.0	4,161.2	778.6	18.7
Deposits redeemable at notice up to 3 months <sup>(4)</sup>	2.2	111.3	111.9	-0.6	-0.5	110.8	0.5	0.5
of which: deposits belonging to local residents	2.2.1	111.2	111.9	-0.6	-0.5	110.7	0.5	0.5
Deposits with agreed maturity up to 2 years <sup>(4)</sup>	2.3	3,975.2	3,945.8	29.4	0.7	4,429.8	-454.6	-10.3
of which: deposits belonging to local residents	2.3.1	3,868.6	3,845.9	22.7	0.6	4,290.3	-421.6	-9.8
<b>BROAD MONEY (M3)</b>	<b>3</b>	<b>9,221.1</b>	<b>9,126.9</b>	<b>94.2</b>	<b>1.0</b>	<b>8,933.9</b>	<b>287.2</b>	<b>3.2</b>
Intermediate money (M2)	3.1	9,026.3	8,946.9	79.4	0.9	8,701.7	324.6	3.7
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 <sup>(5)</sup>	3.3	194.8	180.0	14.8	8.2	232.2	-37.4	-16.1
<b>SELECTED COUNTERPARTS OF M3</b>								
<b>CREDIT COUNTERPART</b>	<b>4</b>	<b>14,049.9</b>	<b>14,192.1</b>	<b>-142.2</b>	<b>-1.0</b>	<b>12,168.6</b>	<b>1,881.2</b>	<b>15.5</b>
Credit to general government	4.1	3,737.3	3,701.1	36.2	1.0	2,602.9	1,134.5	43.6
of which: credit to the Maltese general government	4.1.1	2,172.6	2,132.3	40.3	1.9	1,933.0	239.6	12.4
Credit to other sectors	4.2	10,312.5	10,490.9	-178.4	-1.7	9,565.8	746.7	7.8
of which: credit to local residents	4.2.1	7,906.7	7,951.6	-44.9	-0.6	7,471.6	435.1	5.8
<b>EXTERNAL COUNTERPART</b>	<b>5</b>	<b>9,386.1</b>	<b>8,822.0</b>	<b>564.1</b>	<b>6.4</b>	<b>6,513.9</b>	<b>2,872.2</b>	<b>44.1</b>
Claims on non-residents of the euro area	5.1	30,270.2	30,482.2	-212.0	-0.7	25,354.5	4,915.8	19.4
Liabilities to non-residents of the euro area (-)	5.2	20,884.1	21,660.2	-776.1	-3.6	18,840.5	2,043.6	10.8
<b>OTHER COUNTERPARTS</b>	<b>6</b>	<b>14,214.8</b>	<b>13,887.1</b>	<b>327.7</b>	<b>2.4</b>	<b>9,748.6</b>	<b>4,466.2</b>	<b>45.8</b>
Liabilities to the central government	6.1	600.6	597.3	3.2	0.5	548.4	52.2	9.5
Longer term financial liabilities	6.2	11,030.8	11,031.9	-1.1	0.0	5,014.9	6,015.9	120.0
Other liabilities (net)	6.3	2,583.5	2,257.9	325.6	14.4	4,185.3	-1,601.8	-38.3

(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.