



RELEASE OF MONETARY STATISTICS

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The Central Bank of Malta has just issued its commentary on monetary developments in April 2014.

Deposits of Maltese residents

In April, deposits belonging to residents of Malta and held with resident Monetary Financial Institutions (MFIs) expanded by €93.1 million, or 0.9% (see Table 1). Consequently, the annual growth rate of these deposits rose to 13.4%, from 11.0% in March.

Deposit growth was almost entirely driven by the overnight category, which put on €92.1 million, or 1.5%. This mainly reflected higher balances belonging to private non-financial corporations (NFCs) and, to a lesser extent, households. As a result, the annual growth rate of overnight deposits accelerated further to 19.1%, from 16.2% in the previous month (see Chart 1).

At the same time, deposits with an agreed maturity of up to two years were almost unchanged from the previous month. Still, the annual growth rate of these deposits rose to 5.9%, from 4.1% in March, as they had contracted significantly twelve months earlier. On the other hand, deposits redeemable at a notice of up to three months edged down by €0.1 million, or 0.1%.

Credit extended to Maltese residents

In April, credit granted to Maltese residents expanded by €44.4 million, or 0.4%, on the back of higher credit granted to both general government and other resident sectors. As a result, the annual rate of credit growth rose to 2.1% from 0.9% in March (see Chart 2).

Credit to general government rose by €15.5 million, or 0.6%, as MFIs increased their holdings of Malta Government Stocks and Treasury bills. Consequently, the annual growth rate edged up to 7.2% from 7.1% in the previous month.

Meanwhile, credit to "other residents" expanded by €29.0 million, or 0.3%, mainly on the back of higher credit granted to public NFCs in the energy and transportation & storage sectors and households. Loans to households extended their upward trend following an increase in lending for house purchases. On the other hand, loans to private NFCs contracted during the month principally due to a decline in credit to accommodation & food services, real estate activities and construction. Overall, the

Central Bank of Malta

Communications Department
Pjazza Kastilja, Valletta VLT 1060, MALTA
Tel: +356 2550 3100, Fax: +356 2550 2500/4950
E-mail: publicrelations@centralbankmalta.org
Website: www.centralbankmalta.org

annual rate of change of credit to “other residents” went up to 0.6% from -0.8% in the previous month.

Net foreign assets of Maltese MFIs

Net foreign assets belonging to resident MFIs expanded by €43.7 million, or 0.5%, in April as an increase in foreign claims outweighed a rise in foreign liabilities (see Table 1).¹ The former stemmed mainly from a rise in holdings of foreign securities, while the latter mainly reflected an increase in non-residents’ deposits held with resident banks. Despite the month-on-month increase, net foreign assets contracted by 29.5% in the year to April, following a 30.0% drop in the twelve months to March.

Bank lending and deposit rates²

In April, the weighted average interest rate paid by MFIs on all deposits belonging to resident households and NFCs fell by 2 basis points to 1.32%. Meanwhile, the weighted average interest charged by resident MFIs on outstanding loans to resident households and NFCs fell by 1 basis point to 4.19%.

Compared with a year earlier, the deposit rate was 11 basis points lower, while that charged on loans went down by 13 basis points.

Contribution to euro area monetary aggregates

The contribution of resident MFIs to the euro area broad money stock (M3) contracted by €15.4 million, or 0.1%, in April to €12.0 billion (see Table 2). Nonetheless, the annual growth rate rose to 14.5%, from 13.7% in the previous month, as a larger decline was recorded twelve months earlier.

Movements in M3 were primarily driven by developments in intermediate money (M2), which contracted by €19.0 million or 0.2% in April. Still, M2 grew by 15.0% during the twelve months to April, up from 14.3% in March.

The contraction reflected a decline in deposits with an agreed maturity of up to two years, which went down by €192.3 million, or 4.0%, driven by lower deposits belonging to residents of euro area countries other than Malta. In turn, deposits belonging to private NFCs accounted for most of this decrease.

Narrow money, which also forms part of M2, expanded by €173.4 million, or 2.5%, following an increase in both overnight deposits and currency issued. Overnight deposits put on €168.3 million, or 2.7%, reflecting, in particular, higher balances belonging to private NFCs and households. As a result, the annual growth rate of M1 accelerated to 18.7%, from 14.9% a month earlier.

Meanwhile, deposits redeemable at a notice of up to three months, the remaining component of M2, fell marginally by €0.1 million, or 0.1%.

¹ Net foreign assets are composed mainly of claims held by MFIs residing in Malta on residents of the rest of the world, less liabilities to them. Residents of rest of the world include non-euro area residents and residents of euro area countries other than Malta.

² Data on interest rates on outstanding amounts cover MFI euro-denominated deposits belonging to, and loans extended to, households and non-financial corporations resident in Malta. Non-financial corporations include all enterprises except banks, insurance companies and other financial institutions.

Turning to the counterparts of M3, credit to euro area residents expanded by €62.7 million, or 0.4%, on the back of higher credit granted to both general government and other sectors. Consequently, the annual rate of change of credit increased to -4.3% from -6.0% in March.

Credit to general government edged up by €5.2 million, or 0.1%, as the increase in credit granted to the domestic general government sector was partly offset by lower credit granted to other euro-area governments. At the same time, credit to other sectors rose by €57.5 million, or 0.5%, mainly reflecting increased lending to NFCs and households.

The external counterpart of M3, which captures transactions between MFIs residing in Malta and residents of countries outside the euro area, increased by €867.4 billion, or 9.7%. This resulted from a significant rise in external claims coupled with a fall in external liabilities. The rise in external claims mainly reflected increased loans to non-euro area residents as well as increased holdings of securities issued by non-euro area residents. On the other hand, the contraction in liabilities reflected a decline in repurchase agreements with residents of non-euro area countries. These movements mainly reflected transactions carried out by international banks operating from Malta.

The “other counterparts” category, which is negatively related to M3, rose by €945.6 million, or 8.1%, during the month. This was principally due to an increase in other liabilities (net), which rose by €961.1 million, or 33.9%. Within this category, other liabilities, mainly in the form of inter-bank deposits, expanded by €377.9 million. Meanwhile, other assets, mainly loans to other euro area MFIs, contracted by €583.2 million.

Among the remaining components of “other counterparts”, liabilities to the central government, expanded by €30.0 million, or 5.8%, as government deposits rose. On the other hand, longer-term financial liabilities fell by €45.5 million, or 0.5%, as one internationally-oriented bank ceased operations, leading to a reduction in resident MFIs’ shares and other equity.

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

CENTRAL BANK OF MALTA

TABLE 1: RESIDENTS OF MALTA - DEVELOPMENTS IN DEPOSITS AND SELECTED COUNTERPARTS⁽¹⁾

EUR millions

	Apr-14	Mar-14	Monthly Change	Monthly Percentage Change	Apr-13	Annual Percentage Change	
						Apr-14	Mar-14
DEPOSITS							
TOTAL RESIDENTS' DEPOSITS⁽²⁾	10,104.0	10,010.9	93.1	0.9	8,907.4	13.4	11.0
Overnight deposits	6,129.1	6,037.0	92.1	1.5	5,146.7	19.1	16.2
Deposits redeemable at notice up to 3 months	111.2	111.3	-0.1	-0.1	113.3	-1.8	-1.7
Deposits with agreed maturity up to 2 years	3,863.7	3,862.6	1.1	0.0	3,647.4	5.9	4.1
SELECTED COUNTERPARTS							
TOTAL CREDIT TO RESIDENTS	11,402.4	11,357.9	44.4	0.4	11,168.9	2.1	0.9
Credit to general government	2,656.2	2,640.7	15.5	0.6	2,476.7	7.2	7.1
Credit to other sectors	8,746.2	8,717.2	29.0	0.3	8,692.2	0.6	-0.8
NET FOREIGN ASSETS	8,506.6	8,462.9	43.7	0.5	12,066.1	-29.5	-30.0
Claims on non-residents of Malta	40,328.0	40,025.1	302.9	0.8	42,941.5	-6.1	-10.4
Liabilities to non-residents of Malta (-)	31,821.4	31,562.2	259.2	0.8	30,875.4	3.1	-3.2

⁽¹⁾ Figures may not add up due to rounding.

⁽²⁾ Deposits with MFIs exclude interbank deposits and deposits held by central government.

Source: Central Bank of Malta.

CENTRAL BANK OF MALTA

**TABLE 2: THE CONTRIBUTION OF RESIDENT MFIs TO
THE EURO AREA MONETARY AGGREGATES AND SELECTED COUNTERPARTS⁽¹⁾⁽²⁾**

EUR millions

	Apr-14	Mar-14	Monthly Change	Monthly Percentage Change	Apr-13	Annual Percentage Change	
						Apr-14	Mar-14
MONETARY AGGREGATES⁽³⁾							
NARROW MONEY (M1)	7,188.2	7,014.8	173.4	2.5	6,055.8	18.7	14.9
Currency issued ⁽⁴⁾	783.0	777.9	5.1	0.7	727.2	7.7	7.8
Overnight deposits ⁽⁵⁾	6,405.2	6,236.9	168.3	2.7	5,328.6	20.2	15.8
INTERMEDIATE MONEY (M2)	11,856.2	11,875.2	-19.0	-0.2	10,308.0	15.0	14.3
Narrow money (M1)	7,188.2	7,014.8	173.4	2.5	6,055.8	18.7	14.9
Deposits redeemable at notice up to 3 months ⁽⁵⁾	111.3	111.4	-0.1	-0.1	113.3	-1.8	-3.0
Deposits with agreed maturity up to 2 years ⁽⁵⁾	4,556.7	4,749.1	-192.3	-4.0	4,138.9	10.1	14.0
BROAD MONEY (M3)	12,021.5	12,037.0	-15.4	-0.1	10,501.7	14.5	13.7
Intermediate money (M2)	11,856.2	11,875.2	-19.0	-0.2	10,308.0	15.0	14.3
Marketable instruments ⁽⁶⁾	165.4	161.7	3.6	2.2	193.7	-14.6	-17.3
SELECTED COUNTERPARTS OF M3							
CREDIT COUNTERPART	14,884.7	14,822.0	62.7	0.4	15,553.2	-4.3	-6.0
Credit to general government	4,030.4	4,025.1	5.2	0.1	3,790.5	6.3	7.3
Credit to other sectors	10,854.4	10,796.9	57.5	0.5	11,762.7	-7.7	-10.2
EXTERNAL COUNTERPART	9,808.9	8,941.5	867.4	9.7	11,287.2	-13.1	-15.3
Claims on non-residents of the euro area	31,705.2	30,910.5	794.7	2.6	32,821.4	-3.4	-9.4
Liabilities to non-residents of the euro area (-)	21,896.4	21,969.1	-72.7	-0.3	21,534.2	1.7	-6.7
OTHER COUNTERPARTS (-)	12,672.1	11,726.5	945.6	8.1	16,338.7	-22.4	-25.5
Liabilities to the central government	544.7	514.7	30.0	5.8	636.5	-14.4	-17.6
Longer term financial liabilities	8,335.2	8,380.7	-45.5	-0.5	12,607.2	-33.9	-33.1
Other liabilities (net)	3,792.2	2,831.1	961.1	33.9	3,094.9	22.5	9.2

⁽¹⁾ Figures may not add up due to rounding.

⁽²⁾ Figures show the contribution of Maltese monetary financial institutions (MFIs) to the euro area totals.

⁽³⁾ Data on monetary aggregates include deposit liabilities to both residents of Malta and other euro area residents.

⁽⁴⁾ 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.

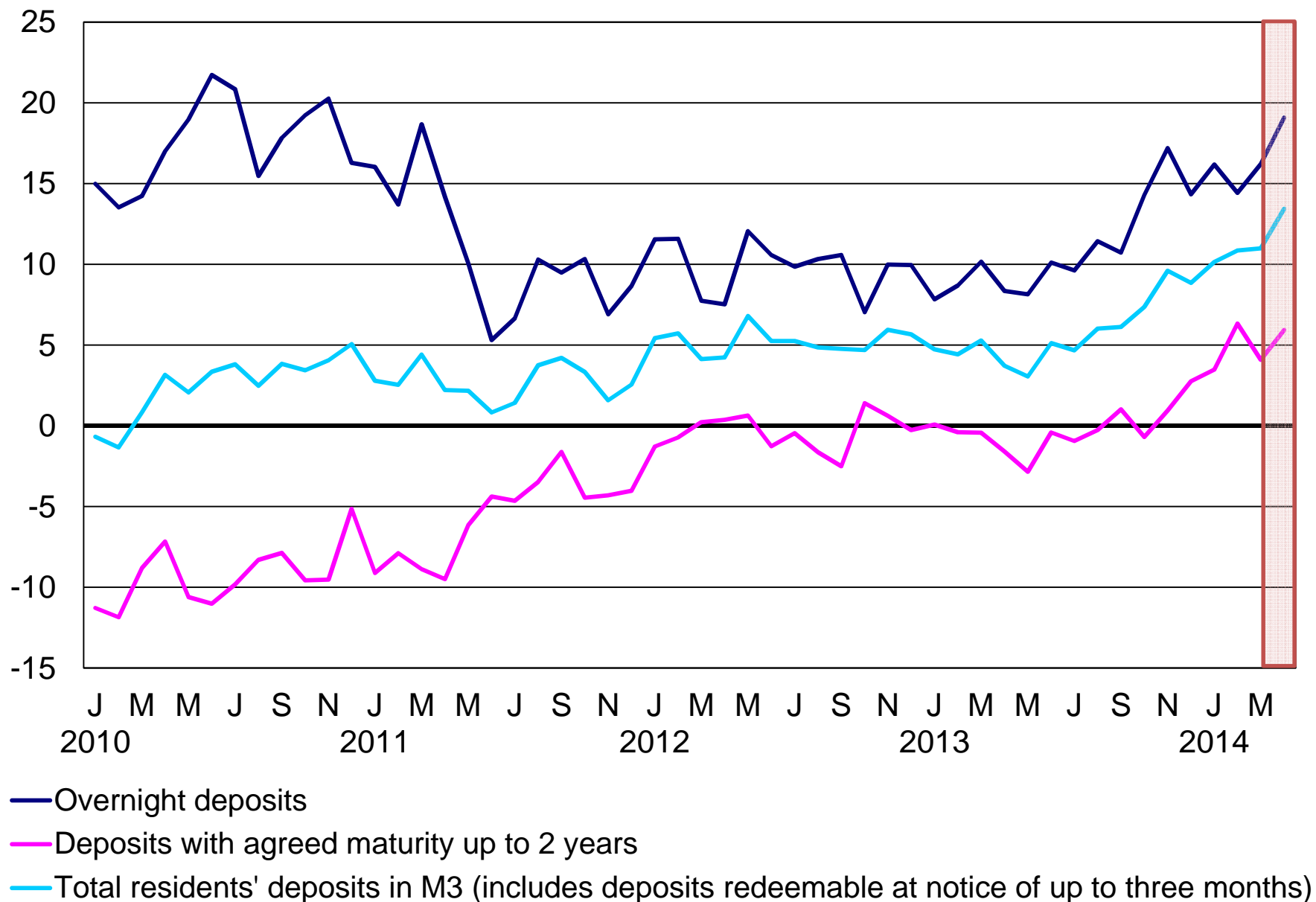
⁽⁵⁾ Deposits with MFIs exclude interbank deposits and deposits held by central government.

⁽⁶⁾ Marketable instruments include debt securities up to 2 years' maturity 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 and repurchase agreements that are not conducted through central counterparties.

Chart 1

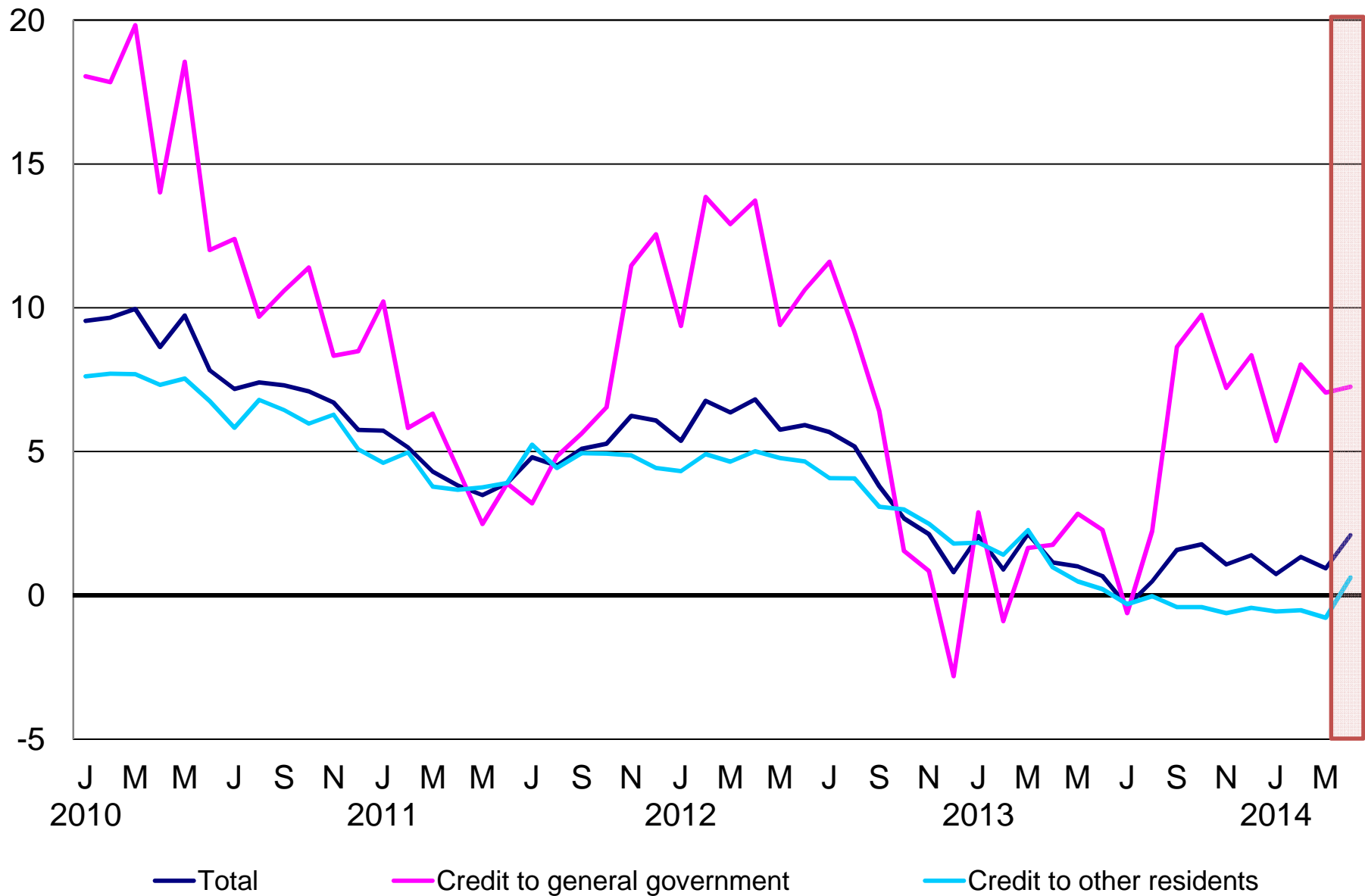
Growth in selected deposits of Maltese residents included in M3

(annual percentage changes)



Source: Central Bank of Malta.

Chart 2
Credit to residents of Malta
(annual percentage changes)



Source: Central Bank of Malta.