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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 September 2010.

Contribution to euro area monetary aggregates and counterparts

The contribution of resident Monetary Financial Institutions (MFIs) to the euro area broad money stock (M3) increased by 0.2%, or EUR15.8 million, in September, reaching EUR9.2 billion (see Table 1). As a result, its year-on-year growth rate picked up from 2.1% in August to 3.3%.

The increase in the M3 contribution during the month was partly attributable to a rise of EUR55.9 million in the narrow money (M1) component. Consequently, the annual rate of growth of M1 accelerated to 16.6% in September from 14.3% in August.

Conversely, the intermediate money component (M2) decreased by 0.2%, or EUR16.4 million, as the rise in M1 was offset by a drop of EUR72.3 million in deposits with agreed maturity of up to two years. Movements in the remaining components of M3, however, boosted resident MFIs' contribution. In particular, MFI holdings of short-term debt securities issued by other MFIs decreased, while, to a lesser extent, money market fund units rose.

Turning to the counterparts of M3, in September the credit counterpart expanded by EUR134.7 million, or 1.0%. This was mainly driven by a rise in credit to residents other than general government. Nevertheless, the annual growth rate decelerated from 15.0% in August to 13.5% in September.

Meanwhile, the external counterpart of M3, which reflects transactions between MFIs residing in Malta and non-euro area residents, rose by EUR33.1 million, or 0.4%. This was because a fall in borrowing from MFIs outside the euro area led to a contraction in liabilities to non-euro area residents. This outweighed a smaller fall in claims on non-euro area residents. The latter reflected a significant drop in loans to private non-financial companies outside the euro area.

In September, the other counterparts of M3 expanded by EUR152.1 million, or 1.1%. This was primarily attributable to a rise in 'other net liabilities', which captures interbank transactions within the euro area.

Developments in Maltese residents' deposits and selected counterparts

Total deposits held by residents of Malta with resident MFIs remained unchanged in September due to offsetting developments in overnight deposits and deposits with an agreed maturity of up to two years. However, the year-on-year growth rate increased from 2.5% in August to 3.8% in September.

Overnight deposits belonging to residents of Malta expanded by EUR51.7 million, or 1.3%, during the month reviewed (see Table 2). This expansion was mainly brought about by increases in deposits held by insurance companies and households. This was offset by a drop of EUR51.7 million in deposits with an agreed maturity of up to two years. The latter primarily reflects a reduction in deposits belonging to non-bank financial intermediaries and a drop in balances held by public non-financial companies.

Meanwhile, credit to residents of Malta expanded by EUR49.5 million, or 0.5%. The annual rate of credit growth decelerated marginally to 7.3% in September from 7.4% in August.

Credit to the Maltese general government contracted by EUR21.7 million, or 1.0%, during the month reviewed. This was attributable to a significant drop in banks' holdings of Treasury bills which offset a rise in holdings of Malta Government Stocks. Nevertheless, the year-on-year growth accelerated to 10.6% in September from 9.7% in August.

Conversely, credit to residents other than general government increased by EUR71.3 million, or 0.8%. This was mainly driven by a rise in loans extended to households for house purchases, and to the wholesale and retail sector. The annual growth rate decelerated from 6.8% in August to 6.4% in September.

Meanwhile, net foreign assets,¹ which reflects transactions between resident MFIs and non-residents of Malta, increased by EUR9.3 million, or 0.1%. The increase reflected a reduction in the banks' external liabilities, mainly in the form of borrowings from non-residents of Malta. This outweighed a decline in their foreign assets, which was driven mainly by a drop in loans extended to non-residents.

The weighted average interest rate paid by resident credit institutions on customer deposits declined marginally to 1.37% in September from 1.38% in the previous month, while that charged on all loans rose from 4.72% in August to 4.75%.

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

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

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

€ millions

		Sep-10	Aug-10	Monthly Change	Monthly Percentage Change	Sep-09	Annual Change	Annual Percentage Change
MONETARY AGGREGATES⁽²⁾								
NARROW MONEY (M1)	1	4,861.4	4,805.5	55.9	1.2	4,170.4	691.0	16.6
Currency issued ⁽³⁾	1.1	660.4	659.5	0.9	0.1	618.9	41.5	6.7
Overnight deposits ⁽⁴⁾	1.2	4,201.0	4,146.0	55.1	1.3	3,551.5	649.5	18.3
INTERMEDIATE MONEY (M2)	2	8,925.8	8,942.2	-16.4	-0.2	8,660.2	265.6	3.1
Narrow money (M1)	2.1	4,861.4	4,805.5	55.9	1.2	4,170.4	691.0	16.6
Deposits redeemable at notice up to 3 months ⁽⁴⁾	2.2	113.8	113.8	0.0	0.0	109.8	4.0	3.6
Deposits with agreed maturity up to 2 years ⁽⁴⁾	2.3	3,950.6	4,022.9	-72.3	-1.8	4,380.0	-429.4	-9.8
BROAD MONEY (M3)	3	9,154.2	9,138.5	15.8	0.2	8,864.8	289.4	3.3
Intermediate money (M2)	3.1	8,925.8	8,942.2	-16.4	-0.2	8,660.2	265.6	3.1
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	228.5	196.3	32.2	16.4	204.7	23.8	11.6
SELECTED COUNTERPARTS OF M3								
CREDIT COUNTERPART	4	14,274.5	14,139.8	134.7	1.0	12,579.9	1,694.6	13.5
Credit to general government	4.1	3,802.7	3,783.9	18.8	0.5	2,791.0	1,011.8	36.3
Credit to other sectors	4.2	10,471.7	10,355.9	115.8	1.1	9,788.9	682.8	7.0
EXTERNAL COUNTERPART	5	9,153.7	9,120.6	33.1	0.4	6,907.6	2,246.1	32.5
Claims on non-residents of the euro area	5.1	29,858.2	30,207.4	-349.2	-1.2	25,269.0	4,589.2	18.2
Liabilities to non-residents of the euro area (-)	5.2	20,704.5	21,086.9	-382.3	-1.8	18,361.4	2,343.1	12.8
OTHER COUNTERPARTS	6	14,274.0	14,121.9	152.1	1.1	10,622.7	3,651.3	34.4
Liabilities to the central government	6.1	748.4	834.9	-86.5	-10.4	541.2	207.2	38.3
Longer term financial liabilities	6.2	11,226.7	11,154.6	72.0	0.6	5,346.1	5,880.5	110.0
Other liabilities (net)	6.3	2,298.9	2,132.4	166.5	7.8	4,735.3	-2,436.5	-51.5

(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.

Source: Central Bank of Malta.

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TABLE 2: RESIDENTS OF MALTA - DEVELOPMENTS IN DEPOSITS AND SELECTED COUNTERPARTS

€ millions

	Sep-10	Aug-10	Monthly Change	Monthly Percentage Change	Sep-09	Annual Change	Annual Percentage Change
DEPOSITS							
TOTAL RESIDENTS' DEPOSITS	8,020.3	8,020.3	0.0	0.0	7,723.6	296.7	3.8
Overnight deposits	4,089.9	4,038.3	51.7	1.3	3,470.9	619.0	17.8
Deposits redeemable at notice up to 3 months ⁽¹⁾	113.7	113.7	0.0	0.0	109.8	3.9	3.6
Deposits with agreed maturity up to 2 years ⁽¹⁾	3,816.6	3,868.3	-51.7	-1.3	4,142.9	-326.3	-7.9
SELECTED COUNTERPARTS							
TOTAL CREDIT TO RESIDENTS	10,222.4	10,172.9	49.5	0.5	9,526.7	695.8	7.3
Credit to general government	2,183.0	2,204.7	-21.7	-1.0	1,974.0	209.0	10.6
Credit to other sectors	8,039.4	7,968.2	71.3	0.8	7,552.7	482.0	6.4
NET FOREIGN ASSETS	10,875.6	10,866.3	9.3	0.1	5,108.0	5,767.6	112.9
Claims on non-residents of Malta	40,367.6	40,402.9	-35.4	-0.1	32,172.1	8,195.5	25.5
Liabilities on non-residents of Malta (-)	29,492.0	29,536.6	-44.6	-0.2	27,064.2	2,427.8	9.0

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

Source: Central Bank of Malta.