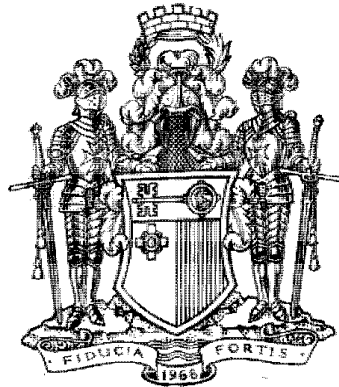


Central Bank of Malta



Quarterly Review

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CONTENTS

ECONOMIC SURVEY

1. Foreword	5
2. The International Environment	7
3. The Domestic Economy	11
Box 1: Business Perceptions Survey	19
4. The Balance of Payments and the Maltese Lira	22
5. Government Finance	27
6. Monetary and Financial Developments	31
7. The Banking System	38
Box 2: International Banking Institutions	42
NEWS NOTES	45
FINANCIAL POLICY CALENDAR	47
STATISTICAL TABLES	59

Notes: The cut-off date for information published in the Economic Survey is April 23, 2002.
For figures published in the Statistical Tables, the cut-off date is April 23, 2002.

Figures in Tables may not add up due to rounding.

ECONOMIC SURVEY

1. FOREWORD

During the final quarter of 2001 the Central Bank continued to ease its monetary policy stance. In October the reduction in the required reserve ratio by one percentage point to 4% of the banks' deposit liabilities, which had been announced in September, entered into effect. This was followed in November by a cut in both the central intervention rate and the discount rate by 25 basis points to 4.25%. The Bank lowered official interest rates again in January, cutting them by another 25 points to 4%. These decisions were based on the Bank's analysis of economic and financial developments in Malta and abroad and were consonant with the Bank's monetary policy strategy, which is based on pegging the Maltese lira to a basket of major currencies.

Global economic conditions continued to deteriorate during the final quarter of 2001, with growth forecasts for the industrialised economies being revised downwards, and they remained generally weak going into 2002. In response, official interest rates in the major industrialised economies were reduced on a number of occasions during the December quarter. As a result, the premium on the Maltese lira widened, reaching a peak in November and, despite a gradual narrowing thereafter, remained relatively high. This probably contributed to the increase in the official external reserves observed during the final quarter of 2001 and into the new year, which in turn supported the Bank's decision to ease monetary policy.

An easier monetary policy stance was also appropriate in the light of the information available on the domestic economy, which suggested that the rate of economic growth had slowed down and that domestic demand remained

subdued. This was confirmed by data published in March, which showed that Gross Domestic Product contracted by 2.9% in real terms during the final quarter of 2001, as the export performance of the electronics sector deteriorated and activity in the tourism industry declined. Private consumption fell during the quarter, as household disposable income expanded at a slower pace. Meanwhile, lower investment spending and a smaller build-up in inventories, which curtailed aggregate demand, were mainly reflected in a drop in imports.

A similar pattern characterised economic developments in the year as a whole. The weak performance of the domestic economy, which had already led the Bank to revise its growth forecasts for 2001 downwards, was reflected in the official data, which pointed to a 1% drop in GDP during the year. The data, which were released in March, showed that exports fell sharply and private consumption expanded only slightly in real terms. Although imports fell faster than exports, this mainly reflected a drop in investment in machinery and a reduction in inventories.

Respondents to the Bank's latest business perceptions survey, which was conducted between January and February 2002, reported below-normal activity levels during the final quarter, although the outcome was better than had originally been expected. The international economic slowdown continued to hit export-oriented manufacturers and the tourism industry. In general, locally-oriented firms also reported subdued sales, leading to a number of job losses. In fact, the claimant unemployment rate edged up to 5.1% in December, while the gainfully occupied population declined. Monetary developments also pointed to a slowdown in economic activity, as the annual rate of growth of bank claims on the private and parastatal sectors remained low.

Although the current account of the balance of payments swung back into deficit during the final quarter of 2001, in line with the normal seasonal pattern, the shortfall was less than half that registered during the corresponding quarter a year earlier. The narrowing of the current account deficit mainly reflected developments in the investment income account, but a smaller merchandise trade gap and increased net receipts from services also contributed. Net inflows on the capital and financial account also rose. These balance of payments developments were reflected in a steady increase in the Central Bank's net foreign assets, which expanded by more than Lm70 million during the quarter. Moreover, the trend expansion in the Bank's external reserves in evidence since July 2001 continued into the first quarter of 2002.

At the same time, there were indications that the fiscal stance was less expansionary than it had been in the previous three quarters. In fact, the Government deficit narrowed during the December quarter, although Government spending contributed to real GDP during the period. The Government's continued commitment to fiscal consolidation complements the Bank's monetary

policy strategy.

Despite the slowdown in economic activity, inflation accelerated further during the final quarter of 2001. The twelve-month moving average measure rose to 2.9% in December, while the year-on-year inflation rate went up to 4.6%. Inflation gained pace, in spite of a drop in food prices, as a result of higher prices of fuel, beverages and clothing and footwear. Nevertheless, underlying inflationary pressures abated.

The Central Bank's projections, which were published in its latest Annual Report, point to a recovery in 2002, with real GDP growth forecast between 2.5% and 3%. The recovery is expected to occur in the second half of the year, however, as economic growth in the major industrialised countries picks up, stimulating demand for exports. Investment is expected to bounce back following a sharp fall in 2001, while public and private consumption should continue to grow. Unemployment is expected to edge up further, while inflation is projected to drop to between 2.3% and 2.8% by the end of the year.

2. THE INTERNATIONAL ENVIRONMENT

The World Economy

The events of September 11 inflicted a severe shock on the global economy, increasing risks and uncertainties at a time when the world was already heading towards recession. The prompt macroeconomic policy response from several countries, however, created the premise for a strong and rapid recovery, particularly in the United States itself and, to a lesser extent, in Europe. There were no signs of an end to Japan's economic woes, however. Against this background, the IMF revised its estimate of world growth in 2002 downwards to 2.8%, from a previous estimate of 3.5%.

Economic and Monetary Developments in the Major Economies

During the December quarter of 2001, the United States economy registered the strongest quarterly growth rate of the year, with GDP expanding by 1.7%, as against the 1.1% contraction of the previous quarter. This reflected higher consumer purchases and the biggest increase in government spending since 1978. Meanwhile, productivity held up well, with output per hour in the non-farm sector rising at an annual rate of 5.2%, up by two percentage points from a year earlier. Unemployment, however, rose to 5.6%, with both service and manufacturing industries continuing to shed jobs.

In order to help the economy ward off recession, the Federal Reserve lowered interest rates three times during the quarter: on October 2, on November 6 and again on December 11. These

Table 2.1

INTERNATIONAL ECONOMIC INDICATORS

	Real GDP % change			Inflation (Consumer prices) % change			Current account balance US\$ billions		
	1999	2000	2001 ¹	1999	2000	2001 ¹	1999	2000	2001 ¹
United States	4.1	4.1	1.0	2.2	3.4	2.9	-324.4	-444.7	-392.0
European Union	2.6	3.4	1.7	1.4	2.3	2.7	6.6	-28.0	0.9
Euro area	2.6	3.4	1.5	1.1	2.4	2.7	26.1	-8.7	14.2
United Kingdom	2.1	2.9	2.3	2.3 ³	2.1 ³	2.3 ³	-30.9	-27.9	-24.3
Japan	0.7	2.2	-0.4	-0.3	-0.8	-0.7	106.8	116.9	90.8
Advanced countries	3.3	3.9	1.1	1.4	2.3	2.3	-139.5	-253.7	-199.6
Developing countries	3.9	5.8	4.0	6.8	5.9	6.0	-11.6	61.5	4.6
Countries in transition ²	3.6	6.3	4.9	43.9	20.1	16.0	-2.1	27.0	13.2

¹ Forecasts

² Includes countries of Central and Eastern Europe and the former USSR.

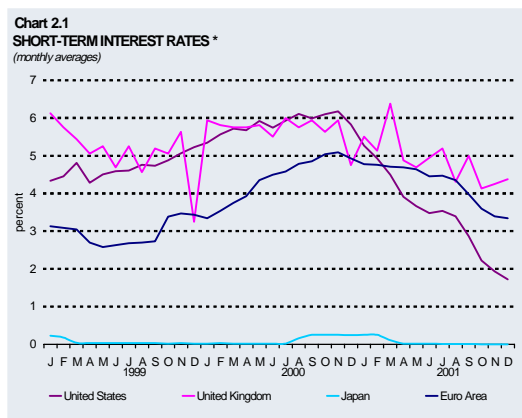
³ Retail price index excluding mortgage interest.

Source: *World Economic Outlook*, Washington: International Monetary Fund, December 2001.

cuts brought the Federal funds rate down from 3% to 1.75%, while money market rates remained slightly below the Federal funds rate throughout the quarter.

In the euro area, meanwhile, economic output contracted by 0.2% compared with the previous quarter but grew 0.6% over the corresponding quarter a year earlier. Household consumption spending rose by 0.1%, but investment fell by 0.8%, while a 0.9% fall in exports from the bloc was outstripped by a 1.1% drop in imports. In fact, the German economy contracted by 0.1% during the quarter, undermined by a drop in investment and private consumption, after registering 0.3% annual growth in the previous quarter, while growth in Italy slowed to 0.7% from 1.9%. Meanwhile, on the positive side, consumer price inflation in the euro area continued to decline, reaching 2.1% in December, which was only marginally above the European Central Bank's (ECB's) 2% target.

In spite of these developments, the ECB lowered its refinancing rate only once, on November 8, when it cut the rate by 0.50 percentage point to 3.25%, as the Bank was of the opinion that interest rates were at the right level to pave the way for economic recovery. In fact, euro area money market rates remained above the ECB's benchmark rate.



With the global economic situation still very uncertain, the first signs of weakening showed up in the British economy, where year-on-year growth fell to 1.6%, from 2.2% in the September quarter. This deceleration was mainly brought about by lower output in the UK manufacturing sector, which was down by 5.6% from the previous year's level, though falling trade and investment and weak corporate profits also contributed. Nevertheless, overall demand was supported by the continued buoyancy of consumer spending, though this was being sustained by high levels of borrowing.

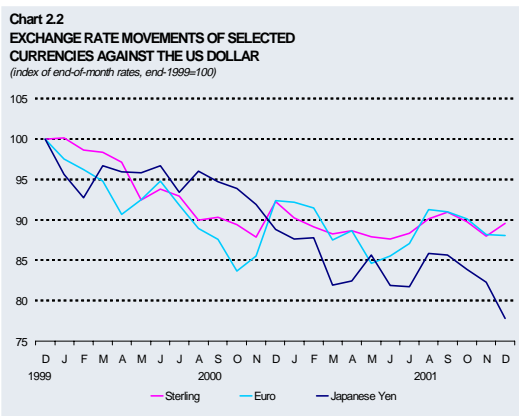
Against the background of weakening business confidence, the Bank of England cut its repo rate twice during the quarter: on October 4, when it cut the rate by 25 basis points to 4.5%, and on November 8, when it lowered it by another 50 basis points to 4%. UK money market rates, however, remained below the Bank's repo rate throughout October, before edging above it in the last two months of the year.

In the meantime, the economic situation in Japan continued to deteriorate. Gross domestic product contracted by 4.5% from a year earlier, as a 12% drop in corporate investment helped wipe out a 1.9% increase in private consumption. Complicating matters, the Japanese banking sector continued to face serious structural problems, weighed down by the high level of bad debt, made worse by three years of falling prices.

In these circumstances, the Bank of Japan kept to its zero-interest rate policy and provided ample liquidity to the money market so as to encourage banks to lend again. Hence, as Chart 2.1 shows, Japanese money market rates remained stable, at 0%, throughout the quarter.

Foreign Exchange Markets

The main development on the foreign exchange markets during the December quarter was the dollar's rebound against the other major



currencies. This reflected the renewed optimism about the state of the United States economy as against the slowdown in the euro area. In contrast, the yen fell sharply, as the Japanese economy fell into its third recession in a decade.

The dollar started the quarter on a strong footing against both the euro and sterling, benefiting from the Fed's aggressive measures to counter the

effects of the shock on payment systems and financial markets delivered by the September 11 attacks. The dollar also strengthened further against the yen, which was depressed by the worsening economic outlook in Japan. After a brief interlude late in October, the dollar strengthened further, particularly against the euro, as it became clear the ECB would not relax policy further in defence of economic growth. As Table 2.2 shows, the dollar's appreciation against the euro reached its peak towards mid-November, when the European currency was dragged further down by a decline in business confidence in the euro area. Meanwhile, the dollar continued to strengthen also against sterling, as a Bank of England report highlighted the risks of inflation in the medium term along with signs of a slowdown in the UK service sector and a contraction in manufacturing output and exports.

In the first half of December, the dollar lost ground against the euro and sterling in response to a series of negative data about the United States

Table 2.2
AVERAGE EXCHANGE RATES OF THE EURO, STERLING AND THE YEN AGAINST THE US DOLLAR DURING DECEMBER QUARTER 2001

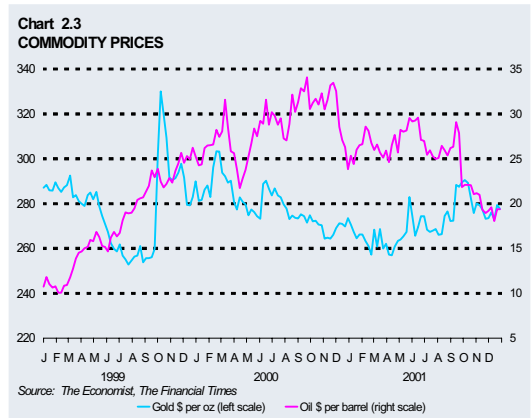
	US\$ per Euro	US\$ per Stg	Yen per US\$
Average for October	0.9068	1.4526	121.21
Average for November	0.8886	1.4379	122.36
Average for December	0.8934	1.4396	127.36
Average for the quarter	0.8963	1.4434	123.64
Closing rate on 31.12.01	0.8857	1.4498	131.25
Closing rate on 28.09.01	0.9149	1.4723	119.17
Lowest exchange rate during the quarter ¹	0.8776	1.4128	119.82
	(Nov. 22)	(Nov. 23)	(Oct. 01)
Highest exchange rate during the quarter ¹	0.9218	1.4810	131.77
	(Oct. 03)	(Oct. 08)	(Dec. 27)
Percentage appreciation (+)/depreciation (-) of the currency vs the dollar from closing rate on 28.09.01 to closing rate on 31.12.01	-3.2	-1.5	-10.1

¹ The low/high exchange rates are daily opening or closing rates of the relevant currencies.

economy. Towards the end of the month, however, the US currency made good these losses as new economic data raised hopes that the worst for the economy might be over. In contrast, the Japanese yen lost further ground against both the dollar and the euro, as the Japanese Government put pressure on the Bank of Japan to inject more liquidity into the ailing Japanese banking system.

Key Commodities

Early in the December quarter, demand for gold was overshadowed by the aftermath of the September 11 terrorist attacks along with the global economic downturn, the loss of consumer confidence and price volatility. As the quarter progressed and a faster recovery began to seem likely, however, investment demand for gold improved, with several countries purchasing gold in response to falling interest rates. The recovery was nevertheless limited, and over the quarter the price of gold declined by 4.0%, ending the year at US\$277.70 per ounce.



Oil prices fell by 11.2% during the December quarter, ending the year 2001 at \$19.38 per barrel. Oil tended to fall during October and most of November, as Chart 2.3 shows, as a consequence of decelerating economic growth, lower jet fuel consumption and rising crude stocks. Later in the quarter, however, prices firmed somewhat, reflecting OPEC's firm commitment to stabilise the market and restore oil prices to fair and equitable levels.

3. THE DOMESTIC ECONOMY

During the December quarter of 2001, Malta's Gross Domestic Product (GDP) contracted by 2.9% in real terms under the impact of the downturn in the global economy that was exacerbated by the September 11 attacks on the United States. The negative growth rate was in fact primarily due to a further decline in exports by the electronics sector, whose sales fell by over 45% year-on-year, and a sharp drop in tourist arrivals. These developments underscored the economy's susceptibility to changes in the external trading environment.

On the domestic front, private consumption declined by 1% in real terms during the quarter, as

unemployment rose and households cut expenditure on non-essential goods and services such as travel and durable goods. At the same time, the headline rate of inflation continued to edge upwards, reaching 2.93% by the end of December.

Gross Domestic Product

Provisional figures indicate that the Maltese economy contracted by 1% in real terms during 2001. This contraction mainly reflected the setback suffered by the electronics sector, whose sales fell by 30% over the year, though a decline in tourist arrivals, especially after the September 11 attacks, also contributed. Furthermore private consumption grew only slightly during the year. These factors, together with a fall in investment and a rundown of inventories, brought about a

Table 3.1

SOURCES OF GDP GROWTH AT FACTOR COST BY INDUSTRY¹

(January - December)

	%	
	2000	2001
GDP at Factor Cost	6.2	2.9
of which:		
Agriculture and fisheries	0.0	0.1
Construction and quarrying	0.3	0.3
Manufacturing	4.1	-2.0
Transport and communication	-0.1	0.5
Wholesale and retail	0.6	0.4
Insurance, banking and real estate	1.6	0.5
Government enterprises	-1.2	0.0
Public administration	0.6	2.2
Property income	0.2	0.3
Private services	0.2	0.7

¹ The figures in the Table show the change in each component of GDP at factor cost as a percentage of the previous year's GDP at factor cost. This shows the number of percentage points contributed by each sector of activity to the overall rate of growth in GDP at factor cost.

Source: National Statistics Office

significant decline in imports, which in turn led to a sharp contraction in the deficit on goods and services.

As can be seen from Table 3.1, GDP at factor cost, which is the sum of profits and employment income, grew by 2.9% during 2001, down from 6.2% a year earlier. As the Table also shows, this slowdown was almost entirely attributable to a decline in value added in the manufacturing sector, mainly electronics, which, in contrast with the sharp rise registered in the previous year, decreased significantly during 2001. The contribution to GDP growth of the insurance, banking and real estate sector also declined, reflecting a smaller increase in profits compared with the exceptional results recorded in 2000. In addition, the aggregate income of the wholesale and retail sector grew at a slower pace following the closure of two leading discount stores.

On the other hand, there was a strong increase in

employment income in public administration as a result of the upward revision in civil service pay scales, while the profits of public sector enterprises, which had contracted substantially in 2000 as a result of the surge in oil prices, remained stable. Value added by the private services and transport and communications sectors also improved, reflecting increased profitability, while the agriculture and fisheries sector's earnings rose by over 7% following the sharp rise in food prices. At the same time, turnover in the construction industry remained buoyant, with both employment income and profits increasing significantly.

Whereas the downturn in demand for electronic components was the main factor behind the drop in real GDP during 2001, the latest figures indicate that domestic demand also remained subdued during the year. Private consumption, in fact, grew by only 0.2% in real terms, and actually dropped during the first and fourth quarters of the

Table 3.2

GDP GROWTH BY CATEGORY OF EXPENDITURE¹

	October - December		January - December	
	2000	2001	2000	2001
Growth in real GDP	7.0	-2.9	5.2	-1.0
of which:				
Private consumption expenditure	4.6	-0.6	4.3	0.1
Government consumption expenditure	1.7	0.4	0.9	0.5
Gross fixed capital formation	1.9	-3.0	4.3	-3.3
Inventory changes	0.0	-5.6	1.4	-4.7
Exports of goods and services	4.9	-12.2	5.1	-4.7
Imports of goods and services ²	-6.2	18.2	-10.7	11.1
Growth in nominal GDP	8.5	2.5	7.0	3.9

¹ The figures in the Table show the change in each component of real GDP as a percentage of the previous year's real GDP (expenditure side). This shows the number of percentage points contributed by each expenditure component to the overall rate of growth in real GDP. The figures for 2000 have been revised; those for 2001 are provisional.

² Note that any growth in imports of goods and services reduces GDP, and vice versa.

Source: National Statistics Office

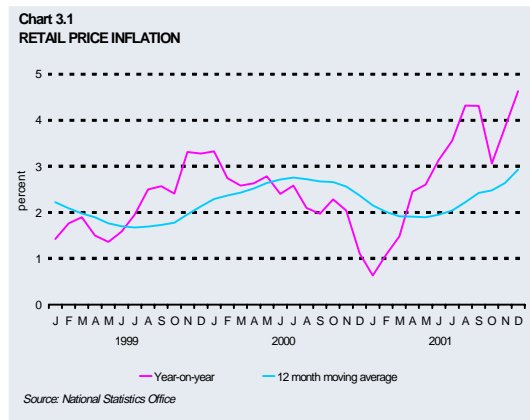
year. This was in line with the deceleration in the rate of growth of household disposable income as a result of a decline in non-wage income (i.e. dividends, interests and income from self-employment) and higher taxation, which probably led households to delay non-essential consumption. Imports of durable consumer goods, in fact, fell during the year, while expenditure on foreign travel dropped by nearly 8%.

These factors contributed to a marked decline in total imports during the year. More important, however, were the lower levels of investment in machinery by the electronics sector, following the large investment undertaken in 2000, and the running down of inventories of industrial inputs by several manufacturing firms. As a result of these developments, imports contracted more than exports. The decline in the latter was, in fact, restricted to the electronics sector, as other sectors of manufacturing industry reported an improved out-turn during 2001, especially during the first half of the year. Another positive contribution to GDP growth came from increased construction activity, mainly on public sector projects such as the new hospital. Government current consumption also continued to grow, though at a slower pace than in the previous year.

Retail Prices

The headline rate of inflation, i.e. the twelve-month moving average change in the RPI, continued to rise during the December quarter of 2001, reaching 2.9%. At the same time, the year-on-year change in the RPI, which is a more timely indicator of inflationary pressures, put on 0.3 percentage points to stand at 4.6% at the end of the year. In fact, the latter measure of inflation had been consistently above the headline rate since April, though the gap between the two narrowed slightly during the quarter under review.

The rise in the RPI during the December quarter was steeper than that recorded during the



corresponding quarter of 2000 (0.9%, as against 0.6%). This mainly reflected a 0.8% rise in the transport and communications sub-index, which had declined by 1.3% in the same quarter of 2000. Higher fuel prices following the liberalisation of such prices announced in the latest Budget were mainly responsible. As a result, the prices of diesel and leaded petrol rose by 7.0% and 4.0%, respectively, though that of unleaded petrol dropped by 4.0%. At the same time, lower kerosene prices were reflected in a drop in the fuel, light and power sub-index. Government policy is that over the next three years fuel prices should cover all the State-owned utility's current costs.

In contrast with the previous three quarters of 2001, food prices declined slightly during the quarter under review. This was entirely due to a 2.7% drop in October, as the food sub-index rose again in the following two months. The latter development was, in turn, attributable to a shortage of fresh vegetables as a result of the unusually dry weather. The food sub-index was responsible for more than two-thirds of the rise in the RPI during 2001.

The prices of beverages and tobacco also rose at a faster rate during 2001. Furthermore, whereas in previous years prices in this sub-index had mainly risen as a result of changes in indirect taxes, during 2001 mark-ups by private sector operators

Table 3.3**INFLATION RATES OF COMMODITY SECTIONS IN THE RPI***12-month moving average (percentage changes)*

	Dec. 2000	Sept. 2001	Dec.2001
Food	1.5	4.3	5.6
Beverages and tobacco	4.3	4.0	4.5
Clothing and footwear	0.3	-2.2	-1.4
Housing	2.5	4.5	4.2
Fuel, light and power	6.3	1.1	-0.4
Durable household goods	-1.4	-0.9	-0.5
Transport and communications	6.0	1.8	1.9
Personal health and care	3.6	3.1	2.9
Education, entertainment and recreation	1.7	3.3	3.5
Other goods and services	-0.1	0.6	0.8
All items	2.4	2.4	2.9

Source: National Statistics Office

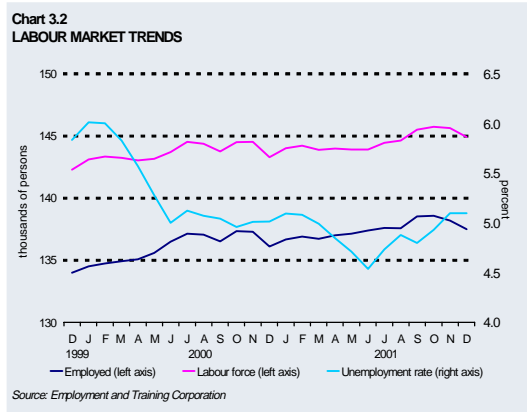
also contributed significantly. As a result, the beverages and tobacco sub-index rose by 6.4% during the year, compared with the 4.4% increase registered in 2000. Similarly, the prices of clothing and footwear rose by 1.1% during 2001, after having fallen in the previous two years.

In spite of these developments, however, inflationary pressures eased during the December quarter. Domestic demand remained subdued and wage inflation in the private sector was contained. Imported inflation also declined, reflecting the slower pace of price increases in Malta's main trading partners. Nevertheless the twelve-month moving average measure of inflation is expected to rise further in the first half of 2002, as it has yet to absorb the high year-on-year inflation rates recorded during the second half of 2001.

The Labour Market

Labour market data compiled by the Employment and Training Corporation (ETC) indicate that unemployment edged up to 5.1% during the last quarter of 2001. The gainfully occupied population, in fact, fell by 1,026 during the period,

but this was accompanied by a drop in the labour supply as many of those who lost their jobs chose not to register for alternative employment immediately. This may in part be explained by the seasonal correction in the demand for labour by the tourism industry which is observed after the peak summer months. However, this year's fourth quarter drop was significantly larger than that of previous years, as operators in the tourism sector trimmed their complement in the wake of the September 11 terrorist attacks on the United



States. Thus, as can be seen from Table 3.4, employment in hotels and catering establishments and in the transport and communications sub-sector (which includes tourism-related activities, such as guides and travel agencies) contracted by 456 and 109 respectively.

The number of full-time employees in most other service industries, particularly those in the

community and business and the financial services sub-sectors, also declined during the quarter. On the other hand, there was an increase in the demand for labour in the wholesale and retail trades, which in part reversed the significant reductions of the previous months. By contrast employment in direct production fell, mainly as a result of job losses in the manufacturing sector, while public sector employment declined by 224,

Table 3.4
LABOUR MARKET DEVELOPMENTS

Number of persons

	December 2001	Quarterly change	Annual change
Labour supply	144,929	-577	913
Unemployed	7,433	449	245
Unemployment rate (%)	5.1	0.3	0.1
Gainfully occupied	137,496	-1,026	668
of which:			
Private direct production	37,937	-79	366
including:			
Agriculture & fisheries	2,192	-14	-11
Quarrying, construction & oil drilling	6,602	60	204
Manufacturing	29,143	-125	173
Private market services	50,004	-858	-55
including:			
Wholesale & retail	15,384	199	-299
Insurance & real estate	1,280	-9	9
Transport, storage & communications	6,123	-109	-48
Hotels & catering establishments	9,082	-456	-178
Community & business	11,116	-115	616
Others	7,019	-368	-155
Public sector	48,417	-224	425
including:			
Government departments	30,778	-47	290
Armed Forces, R.S.C. & Airport Co.	1,601	-11	-53
Government-controlled companies	7,757	-217	53
Independent statutory bodies	8,281	51	135
Temporarily employed	1,138	135	-68

Source: Employment and Training Corporation

as the number of those reaching retirement age exceeded that of new recruits.

During the twelve months to December 2001, the gainfully occupied population increased by 668. Job creation in the private sector was almost entirely concentrated in the community and business sub-sector and in direct production. Employment in the wholesale and retail trades, banks and tourism-related activities declined. Meanwhile, public sector employment rose by 425, primarily due to recruitment by the Departments of Education, Health and the Environment.

The results of the latest Labour Force Survey (LFS), carried out between the last week of November and the first week of December 2001, confirm the labour market trends highlighted by the ETC data for the same period. The LFS results, in fact, indicate that unemployment rose during the final quarter of 2001, following a drop in full-time employment. As a result, both the activity rate and the employment rate continued to decline. The LFS also suggests that the average gross annual salary rose by 4.3% during the twelve months to December 2001, fractionally less than the rise in inflation.

Table 3.5

MANUFACTURING PERFORMANCE - SELECTED INDICATORS

Ln millions

	October - December		January - December	
	2000	2001	2000	2001
Growth in exports	77.9	-90.0	261.8	-192.1
<i>of which:</i>				
Radio, T.V., Telecom, etc.	78.0	-89.8	261.6	-212.0
Electrical machinery	0.2	2.3	-0.7	12.7
Chemicals	-0.3	0.8	0.0	4.5
Clothes	-0.7	0.7	-6.6	0.0
Other	0.8	-3.9	7.6	2.6
Growth in local sales	0.6	5.0	3.2	15.1
<i>of which:</i>				
Tobacco	1.0	0.4	4.8	2.3
Furniture	-0.5	1.1	-0.8	3.9
Food and beverages	-0.5	3.6	-0.2	9.5
Other non-metallic minerals	-0.3	0.8	-1.4	1.5
Other	0.9	-1.1	0.8	-2.0
Growth in net investment	6.3	-8.9	40.8	-37.3
<i>of which:</i>				
Radio, T.V., Telecom, etc.	7.2	-10.7	43.0	-41.3
Food and beverages	0.1	-0.2	0.1	2.1
Furniture	-0.1	0.1	1.9	-1.3
Electrical machinery	0.1	0.4	-0.1	1.0
Other	-0.9	1.4	-4.1	2.1

Source: National Statistics Office

Manufacturing

The uncertainty prevailing in international markets in the wake of the September 11 attacks led to a further worsening of the performance of the manufacturing sector during the December quarter of 2001. A survey carried out by the National Statistics Office among 464 manufacturing establishments, in fact, revealed that turnover dropped by more than 27%. By contrast, the decline for the year as a whole was smaller at 15%.

As can be seen from Table 3.5, this contraction was entirely attributable to weaker foreign demand for electronic components. In fact, the export turnover of the electronics industry dropped by Lm212 million, or 31%, during 2001, with the greater part of this loss occurring in the second half of the year. On the other hand, exports by the rest of the manufacturing sector were up by 7.4% on an annual basis. The greater part of this increase took place in the second quarter and was attributable to the electrical machinery sector, though higher exports of chemicals also contributed. It should be noted, moreover, that exports of goods other than electronic components remained roughly stable during the fourth quarter, despite the sharp contraction in foreign demand.

Local sales of manufactured goods grew by Lm15 million, or 7.7%, during 2001. The food and beverages sector accounted for nearly two-thirds of this increase, which partly reflects the rise in food prices noted earlier. The furniture and the clothing sectors, however, experienced higher domestic sales during the year. The chemicals sector, on the other hand, reported a significant decline in sales.

Investment in plant and machinery nearly fell back to the 1999 level, after having increased substantially in 2000 as a result of the vast expansion of a major electronics firm. If data for the electronics sector were to be excluded,

however, investment in 2001 was up by Lm3.9 million from the previous year's level. This reflected increased outlays on machinery in the food and beverages, plastic and rubber, electrical machinery and tobacco sectors. On the other hand, the rate of capital formation in the printing and publishing and the furniture sectors declined.

Tourism

Tourism activity slowed down further during the December quarter when arrivals fell by 10.4%. Since arrivals had also declined in the previous two quarters, the number of tourist arrivals was down by 2.9% on an annual basis. A similar contraction was reported in respect of gross travel earnings. On the other hand, cruise passenger activity remained buoyant, while tourists' average stay continued to lengthen.

Arrivals from all source markets – with the exception of France - were down during the quarter, as Table 3.6 shows. In fact, arrivals from the United Kingdom fell for the first time since the second quarter of 2000. At the same time, arrivals from Germany and the Benelux countries continued to drop sharply, as did those from Libya. A breakdown of tourist arrivals by accommodation category reveals that the number of tourists staying in five-star hotels fell by some 12% during the December quarter, mainly reflecting a decline in conference and incentive travel business. The number of visitors staying in the lower accommodation categories, such as holiday complexes, also fell substantially, partly on account of aggressive competition from three-star hotels. The latter, in fact, reported a significant improvement in occupancy rates during the quarter.

In spite of the decline in arrivals, the tourism industry managed to sell 8% more bed-nights in 2001 than in the previous year. Though this was a significant improvement, the number of bed-nights sold during 2001 remained well below that

recorded in 1999. Three- and four-star hotels, which benefited most from the rise in the number of British visitors, accounted for most of the

increase in the number of bed-nights stayed. The average tourist's length of stay increased to 9.4 days, from 8.4 days a year earlier.

Table 3.6

TOURIST ARRIVALS BY NATIONALITY

	October - December 2001			January - December 2001		
	Arrivals	Annual Growth (%)	Share (%)	Arrivals	Annual Growth (%)	Share (%)
UK	91,519	-3.2	42.3	451,530	5.3	38.3
Germany	30,270	-24.9	14.0	160,262	-21.7	13.6
Italy	12,874	-12.6	5.9	93,564	1.1	7.9
France	11,685	3.9	5.4	82,669	9.0	7.0
Netherlands	8,959	-17.8	4.1	50,756	-20.9	4.3
Scandinavia ¹	8,216	-1.8	3.8	46,395	0.3	3.9
Libya	6,283	-26.4	2.9	31,017	-28.3	2.6
Switzerland	5,242	-7.3	2.4	24,365	10.8	2.1
Austria	4,229	-15.6	2.0	27,670	-1.6	2.3
Belgium	3,915	-2.8	1.8	23,695	-11.3	2.0
Others	33,309	-13.2	15.4	188,222	2.7	15.9
Total	216,501	-10.4	100	1,180,145	-2.9	100

¹ Scandinavian countries include Denmark, Norway and Sweden.

Source: National Statistics Office

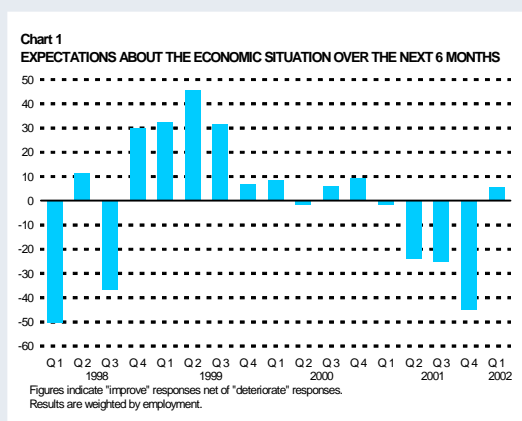
Box 1 : BUSINESS PERCEPTIONS SURVEY¹

Introduction

The Central Bank of Malta's latest business perceptions survey detects a cautious improvement in sentiment among respondents. Thus, a number of sectors, including electronics, shifted their outlook from negative to positive, while others moderated their pessimism. The change in sentiment reflected the fact that the widespread fears of a dramatic global slowdown expressed in the immediate aftermath of the terrorist attacks on the United States - when the previous survey was conducted - did not materialise. Furthermore, during the fourth quarter of 2001 export-oriented firms performed better than originally anticipated. Partly as a result of the adverse effects on external demand of the international environment, however, domestically-oriented firms still faced weak demand.

Business Sentiment and Short-term Expectations

As Chart 1 shows, the Bank's business sentiment index swung back into positive territory in the first quarter of 2002. As noted above, this may



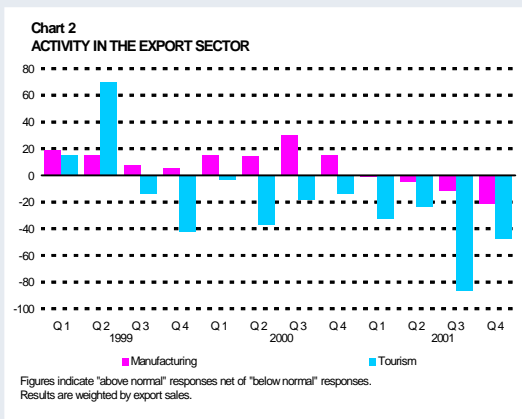
partly be a correction to the excessive pessimism that followed the September 11 events. Nevertheless, the positive balance of replies, coming after three large negative balances, suggests that respondents expect the economy to resume growth after last year's slowdown. There still remains, however, a certain degree of uncertainty regarding the magnitude and timing of the recovery. In fact, many firms intended to wait for more concrete signs of improvement in foreign and local economic conditions before undertaking new investment projects. This may itself retard growth and limit the creation of new jobs in the short term, a view shared by many respondents.

Activity Levels – Fourth Quarter 2001

Export-oriented sectors

Global economic conditions remained weak during the December quarter of 2001, but were somewhat better than original post-September 11 forecasts had indicated. As a result, the downturn in export performance was less pronounced than originally feared. Furthermore, performance was broadly similar across the major sectors, and drops in sales and profitability were more contained. On the other hand, firms not only adhered to their original plans to reduce inventory levels, but did so to a larger extent than originally envisaged. Still, export-oriented firms absorbed the temporary external demand shock without reducing employment levels significantly. According to their projections, the first quarter of 2002 is not likely to differ significantly from the previous one. Pressures on sales and profits are expected to persist, while the process of inventory reduction is also set to continue. As a result, firms are again not excluding possible layoffs, particularly if the

¹ The survey was undertaken between January and February 2002. It covers a sample of 137 firms (including the leading firm in the electronics sector), employing 16,637 workers, with an aggregate annual turnover of Lm482 million. This includes Lm234 million in local sales and Lm248 million in export sales.



international economic recovery were to be delayed much further.

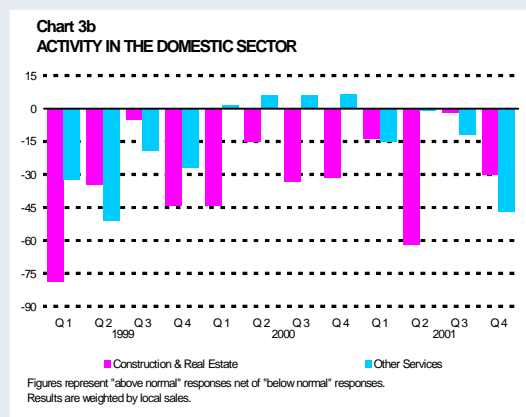
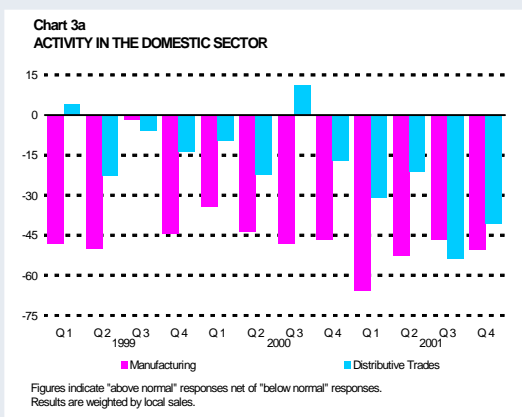
During the final quarter of 2001 the export sector continued to operate significantly below normal activity levels. However, as Chart 2 shows, divergent patterns emerged. Manufacturing firms, particularly in the clothing and footwear and the "other manufacturing" sub-sectors, faced a further small drop in activity, but respondents from the tourism sector reported a less negative out-turn compared with the previous quarter.

Locally-oriented sectors

The adverse repercussions of the global economic slowdown also affected the local

business climate towards the end of 2001. Thus, domestic sales remained subdued, and this impacted negatively on profits. Survey replies showed disappointing performances, particularly among firms in the food and beverages, finance and insurance and travel sectors, though these were partly compensated for by the better results reported by some other manufacturing sectors. Nevertheless, the generally subdued activity resulted in a number of job losses, and firms were not expecting any major turn around in the short run. They remained concerned that pressures on sales and profits could persist. However, the desire by some firms, mainly in the food and beverages sector and in the wholesale trade, to rebuild stock levels in anticipation of a recovery may explain why some respondents intended to increase their labour complement.

Charts 3a and 3b show that during the December quarter of 2001 all locally-oriented sectors continued to operate at below-normal levels of activity. Adverse conditions continued to impact negatively upon firms in both manufacturing and the distributive trades. Indeed, survey results also showed a decline in construction activity, though this probably reflected the non-participation in the survey of a leading firm within the sector. Meanwhile, activity in the locally-oriented services sector, namely finance, insurance and industrial services, also declined.



Conclusion

The unfavourable international scenario had an adverse impact on the Maltese economy during 2001 and growth was significantly below potential. This was in line with the widespread pessimism repeatedly expressed in responses to the Bank's business perceptions surveys throughout the year. Thus, the return to cautious optimism among respondents at the start of 2002 must be

considered a positive development. It suggests that, provided external conditions do indeed improve and uncertainty on the domestic front recedes, the leading sectors of the economy should recover and experience growth. However, since economic conditions abroad are not expected to improve significantly before the middle of the year, the recovery of the Maltese economy is likely to be slow and gradual.

4. THE BALANCE OF PAYMENTS AND THE MALTESE LIRA

The improvement in the balance of payments noted earlier in the year continued into the fourth

quarter of 2001. Thus, while the current account moved into deficit again, the shortfall was much smaller than that recorded in the previous year. At the same time, larger net inflows on the capital and financial account (excluding movements in reserves) led to an overall surplus. As a result,

Table 4.1
EXTERNAL BALANCES¹

	<i>Lm millions</i>			
			Oct.- Dec.	
	2000		2001	
	Credit	Debit	Credit	Debit
Current account balance		142.3		54.7
Goods and services	410.8	473.4	333.2	372.2
Goods balance		75.8		59.2
Goods	301.8	377.6	221.9	281.1
Services balance	13.2		20.2	
Services	109.0	95.8	111.4	91.1
Transport	30.5	50.8	31.7	43.3
Travel	62.0	22.4	55.3	22.0
Other services	16.5	22.6	24.4	25.8
Income (net)		79.9		16.4
Compensation of employees	1.5	1.0	0.7	0.8
Investment income	40.8	121.2	76.0	92.4
Current transfers (net)	0.2			0.6
Capital and financial account balance²	40.4		74.5	
Capital account balance	3.5		1.1	
Financial account balance	36.9		73.4	
Direct investment	206.2		211.2	
Abroad		4.7		1.8
In Malta	211.0		213.0	
Portfolio investment		325.0		324.0
Assets		325.1		316.6
Liabilities	0.2			7.4
Other investment	155.6		186.2	
Assets		105.2		350.0
Liabilities	260.8		535.7	
Overall balance		101.9	19.8	
Movements in reserves³	52.6			61.4
Net errors and omissions		49.3	41.7	

¹ Provisional.

² Excluding movements in official reserves.

³ Excludes revaluation adjustments.

Source: National Statistics Office

the official reserves (net of revaluation adjustments) rose by a further Lm61.4 million during the quarter.

Meanwhile, the Maltese lira strengthened against the euro and lost ground against sterling and the dollar. In addition, both the NEER and the REER index for the lira rose, indicating a deterioration in the economy's external competitiveness.

The Current Account¹

The current account ended the quarter with a deficit of Lm54.7 million, as against one of Lm142.3 million in the December quarter of 2000. This improved performance occurred mainly in the investment income account, but a narrower merchandise trade gap and higher net receipts from services also contributed.

Merchandise trade

The merchandise trade gap narrowed by Lm16.6 million from the last quarter of 2000, accounting for nearly a fifth of the overall improvement in the current account balance. Both imports and exports were sharply down from the previous year's levels, but, as can be seen from Table 4.2, the drop in imports was greater than that of exports. As the Table also shows, all import categories contributed to the overall decline, with the largest drops being in imports of industrial supplies, capital goods and fuel, in that order. Furthermore, the decline in exports was roughly equal to that of imports of industrial supplies, suggesting that the inventory correction in the electronics sector observed during the second and third quarters of 2001 had been completed by the December quarter. Meanwhile, the decline in imports of capital goods from the exceptionally

Table 4.2
MERCHANDISE TRADE
(based on Customs data)

	Oct.- Dec.		Change
	2000	2001 ¹	
Imports	414.3	307.2	-107.1
Consumer goods	77.0	76.0	-1.0
Industrial supplies	246.9	160.5	-86.4
Capital goods and others	60.6	48.0	-12.6
Fuel and lubricants	29.7	22.7	-7.0
Exports	297.7	212.8	-84.8
Domestic	274.9	187.3	-87.6
Re-exports	22.8	25.5	2.7
Trade balance	-116.6	-94.4	22.2

¹ Provisional

Source: National Statistics Office

¹ Compiled on an accrual basis

high levels recorded in 2000 reflected the downswing in the investment cycle of the electronics industry, while lower international oil prices explain the Lm7 million drop in Malta's fuel import bill.

Services and investment income

In spite of a substantial decline in net receipts on the travel account following the September 11 terrorist attacks on the US, the surplus on the services account rose by Lm7 million when compared with the same quarter of 2000. The improved services balance mainly reflected lower freight costs on account of the decline in imports and higher net receipts from other services. Net travel receipts were down by Lm6.3 million, as gross receipts fell by Lm6.7 million while expenditure on foreign travel by residents of Malta dropped by a marginal Lm0.4 million.

Meanwhile, the deficit on the income account contracted to Lm16.4 million, from Lm80 million in the same quarter a year before. In fact, the improvement in this component of the balance of payments – which was due to a decline in the profits of foreign-owned companies - accounted for nearly three-quarters of the overall contraction in the current account deficit during the quarter. At the same time, net current transfers from abroad increased to Lm0.6 million from Lm0.2 million a year earlier, mainly reflecting a drop in private outward transfers.

The Capital and Financial Account

After excluding movements in the official reserves, net inflows on the capital and financial account rose to Lm74.5 million, from Lm40.4 million in the corresponding quarter of 2000. This was mainly attributable to higher net inflows on the other investment component of the financial account, to which both the monetary and the non-monetary sectors contributed in roughly equal proportions. Indeed, these inflows reflected better trade credit terms obtained by the non-

monetary sector and higher net inflows into deposits and other investments offered by the monetary sector – with the latter being only partly offset by lower long-term borrowing by the international banks.

Overall net inflows on the direct investment account rose to Lm211.2 million during the quarter, marginally up from the Lm 206.2 million recorded in the corresponding quarter of 2000. The relative stability in this balance can be explained by the fact that a decline in reinvested earnings by the non-monetary sector compared with the previous year was totally offset by higher direct investment inflows recorded by the monetary sector. The latter mainly reflected higher reinvested earnings, though increased borrowings from their overseas parents by international banks operating from Malta also contributed.

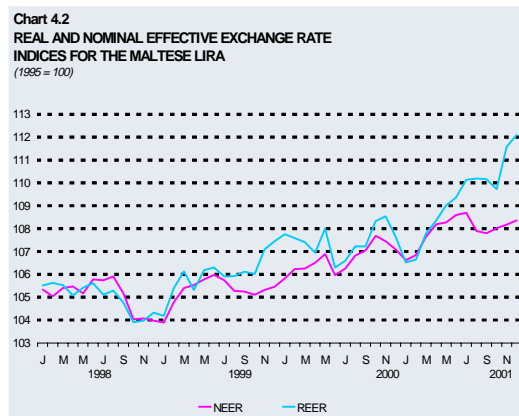
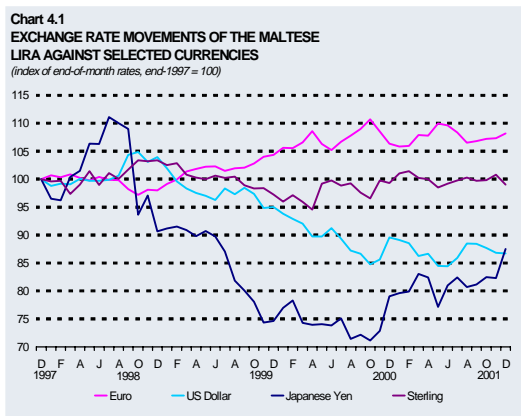
At the same time, net portfolio investment outflows declined by Lm1 million, as residents invested Lm8.5 million less abroad while non-residents increased their holdings of local assets.

As a result of these developments, the balance of payments (excluding movements in reserves) ended the quarter with an overall surplus of around Lm20 million.

The Maltese Lira

Reflecting the developments on the international currency markets outlined earlier, the Maltese lira continued to strengthen against the euro and to lose ground against sterling and the US dollar during the December quarter of 2001. The lira also strengthened sharply against a broadly weak yen, in terms of which it appreciated by 7.9% by the end of the quarter.

When compared with its level in the corresponding quarter last year, however, the Maltese lira was down by 1.5%, on average, in terms of the euro, while against sterling and the



dollar it recorded gains of 1.8% and 1.4%, respectively, as Table 4.3 shows. Against the Japanese yen, meanwhile, the lira was on average up by 14.2% from its level during the fourth quarter of 2000.

The Nominal Effective Exchange Rate (NEER)² and the Real Effective Exchange Rate (REER)³ indices for the Maltese lira, as computed by the Central Bank of Malta, are presented in Chart 4.2. This shows that both the NEER and, to a larger

Table 4.3

MALTESE LIRA EXCHANGE RATES AGAINST SELECTED MAJOR CURRENCIES

Period	Euro	US\$	Stg	Yen
Average for Qtr. 4 2001	2.4820	2.2233	1.5410	274.9
Average for Qtr. 4 2000	2.5202	2.1916	1.5144	240.8
% Change	-1.5	1.4	1.8	14.2
Closing rate on 31.12.2001	2.4989	2.2121	1.5258	290.4
Closing rate on 28.09.2001	2.4673	2.2545	1.5368	269.2
% change	1.3	-1.9	-0.7	7.9
High for Qtr. 4	2.5071	2.2661	1.5571	290.8
	(Dec. 27)	(Oct. 03)	(Dec. 04)	(Dec. 28)
% change from average	1.0	1.9	1.0	5.8
Low for Qtr. 4	2.4584	2.1895	1.5219	267.0
	(Oct. 03)	(Nov. 22)	(Dec. 27)	(Nov. 09)
% change from average	-1.0	-1.5	-1.2	-2.9

² The NEER index is based on a trade-weighted average of changes in the exchange rate of the lira against the currencies of Malta's major competitor countries, including its trading partners. A fall in the index represents a depreciation of the lira's average exchange rate, and vice-versa.

³ The REER index is derived by adjusting the NEER index for relative movements in consumer prices. A fall in the index implies a gain in Malta's external competitiveness and vice-versa.

extent, the REER index, continued to rise during the December quarter of 2001, indicating a further loss in external competitiveness.

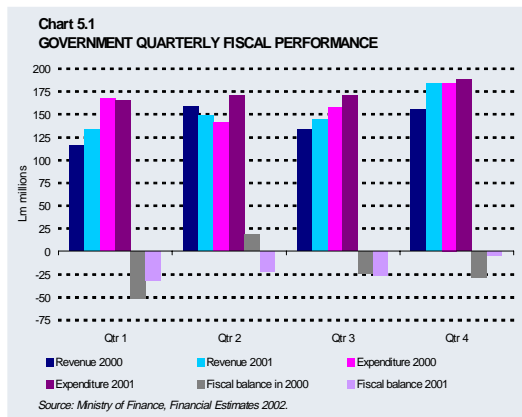
Indeed, during the quarter, the NEER index edged up by 0.52%, as the effect of the Maltese lira's

appreciation against the euro more than offset that of its decline against sterling and the dollar. The REER index, however, rose much more sharply, reflecting the widening differential between Malta's inflation rate and that of its competitors.

5. GOVERNMENT FINANCE¹

The fiscal deficit for 2001 has been estimated at Lm85.3 million, Lm2.8 million more than originally anticipated and virtually unchanged since 2000. The overrun was the result of a shortfall in ordinary revenue – on account of a smaller increase in tax receipts - that was only partly offset by lower recurrent and capital expenditure. The fiscal deficit/GDP ratio nevertheless dropped to 5.3% from 5.5% in the preceding year.

Fiscal operations during the fourth quarter of 2001 resulted in a deficit of Lm4.3 million. As Chart 5.1 shows, this narrowing of the deficit compared with the corresponding quarter of 2000 was brought about by a substantial rise in revenue. Fiscal consolidation in the final quarter of the year helped offset the adverse developments reported in the previous three quarters - which, as explained below, largely reflected differences in the timing of income and expenditure items.



Revenue

Revenue amounted to Lm183.6 million during the December quarter, up by Lm28.6 million when compared with the corresponding quarter of 2000. As can be seen from Table 5.1, receipts from income tax and social security contributions rose by Lm7.9 million and Lm5.8 million, respectively, boosted by the rise in public sector wages. In addition, receipts from these two sources recorded strong growth when compared to the previous nine months of 2001, as efforts by the Department of Inland Revenue to collect amounts due intensified during December.

The yield from indirect taxation was up by Lm15 million compared with the December quarter of 2000. The yield from Value Added Tax was Lm4.8 million higher, and accounted for over 40% of indirect tax revenue, while licences, taxes and fines contributed an additional Lm1.6 million, in part due to a rise in revenue from duty on documents. Meanwhile, receipts from customs and excise duties, at Lm22 million, increased by Lm8.6 million when compared to the same quarter the year before, primarily on account of a timing difference in the payment of duty by Enemalta Corporation, although a rise in excise duty on machine-made cigarettes also contributed.

Non-tax revenue was slightly less than that reported in the same quarter of the preceding year, as lower receipts by way of grants were largely offset by a rise in fees of office and investment dividends.

Expenditure

The rise in civil service wages during 2001 was the prime contributor to the Lm6.5 million increase in expenditure on personal emoluments during the final quarter of the year. In contrast, operational and maintenance expenses were Lm2 million less than in the corresponding quarter of 2000, mainly

¹ Following the change in the accounting treatment of grants introduced in the last budget, grants shall, as from this issue of the *Quarterly Review*, be treated as a revenue component rather than a source of deficit financing.

Table 5.1
GOVERNMENT BUDGETARY OPERATIONS

Lm millions

	2000			2001		
	Qtr. 1-Qtr. 3	Qtr. 4	Qtr.1-Qtr.4	Qtr.1-Qtr. 3	Qtr. 4	Qtr.1-Qtr.4
REVENUE	408.7	155.0	563.7	425.3	183.6	608.9
Direct tax	177.8	79.8	257.6	192.3	93.4	285.7
Income tax	104.5	45.0	149.5	113.4	52.9	166.3
Social security contributions ¹	73.3	34.7	108.1	78.9	40.5	119.4
Indirect tax	170.5	59.1	229.6	174.3	74.1	248.4
Value Added Tax	77.5	26.6	104.1	83.3	31.4	114.7
Customs and excise duties	41.7	13.4	55.1	38.9	22.0	60.9
Licences, taxes and fines	51.3	19.1	70.4	52.1	20.7	72.8
Non-tax revenue	60.4	16.2	76.6	58.7	16.1	74.8
Central Bank profits	27.1	0.0	27.1	25.9	0.0	25.9
Other ²	33.3	16.2	49.4	32.8	16.1	48.9
RECURRENT EXPENDITURE ¹	406.6	143.7	550.3	437.1	176.5	613.6
Personal emoluments	127.8	43.0	170.8	145.5	49.5	195.0
Operational and maintenance	35.1	14.9	50.0	32.4	12.9	45.3
Programmes and initiatives	177.5	67.0	244.5	187.8	74.1	261.9
Contributions to entities	23.5	6.4	29.9	25.9	26.1	52.0
Interest payments	42.4	12.0	54.4	45.1	13.6	58.7
Other	0.3	0.4	0.7	0.4	0.3	0.7
CURRENT BALANCE ³	2.1	11.3	13.4	-11.8	7.1	-4.7
CAPITAL EXPENDITURE	58.3	40.3	98.6	69.2	11.4	80.6
TOTAL EXPENDITURE	464.9	184.0	648.9	506.3	187.9	694.2
FISCAL BALANCE ⁴	-56.2	-29.0	-85.2	-81.0	-4.3	-85.3

¹ Government contributions to the social security account in terms of the Social Security Act 1987 are excluded from both revenue and expenditure.

² Includes grants but excludes revenue from sale of assets and sinking funds of converted loans.

³ Revenue less recurrent expenditure.

⁴ Revenue less total expenditure.

Source: *Ministry of Finance*

on account of lower costs of medical supplies and transport costs. The decline in the latter was attributable to the fact that former imprest drivers were taken into regular employment by the Government, thereby contributing to the rise in the public sector wage bill. At the same time, expenditure on programmes and initiatives rose by Lm7.1 million, primarily due to higher pension outlays which were, in part, consequential to the

public sector wage increases referred to earlier.

Contributions to Government entities during the fourth quarter of 2001 totalled Lm26.1 million, up from Lm6.4 million in the December quarter of 2000. This exceptionally large increase resulted primarily from the Government's decision, announced in the last Budget speech, to include under this expenditure item Malta Freeport's debt servicing

costs (amounting to Lm4.1 million) that had previously been financed out of the Treasury Clearance Fund, and contributions to a number of other public entities (amounting to some Lm12.2 million), previously treated as capital expenditure. If the increase arising from the change in accounting practice were to be excluded, the cost of contributions to Government entities would rise by Lm3.4 million, with a substantial part of the increase being channelled to the University of Malta and the Junior College.

Meanwhile, interest payments reached Lm13.6

million, up by Lm1.6 million on a year-to-year basis, reflecting the growing stock of public debt. In contrast, capital expenditure dropped by Lm28.9 million. This, in part, resulted from the expenditure shifting exercise detailed in the paragraph above, although a change in the timing of capital outlays also contributed. In fact, capital expenditure followed a relatively constant pattern throughout 2001, whereas in the previous four years it had peaked in the final quarter. Thus, in the absence of the above-mentioned change in the accounting treatment of subsidies to various entities, capital expenditure

Table 5.2

GOVERNMENT DEBT AND FINANCING OPERATIONS ¹

Lm millions

	2000		2001		
	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
FISCAL BALANCE	-29.0	-31.6	-22.3	-27.1	-4.3
<i>Financed by²:</i>					
Increase in MGS outstanding	0.0	30.0	27.3	21.7	21.2
Increase in foreign loans	-3.2	-0.4	-1.8	-0.9	4.2
Proceeds from sale of assets	0.0	0.0	0.0	0.0	0.0
Contributions to sinking funds	-5.9	0.0	-6.2	0.0	-5.5
Sinking funds of converted loans	10.7	0.0	0.0	0.0	22.0
Increase in Treasury bills outstanding	28.0	4.8	-10.8	8.2	-15.8
Decrease in Government deposits	14.5	-14.2	18.9	-12.0	-4.6
Net cash movement and other funds ³	-15.1	11.4	-5.1	10.1	-17.2
GROSS GOVERNMENT DEBT	925.0	959.4	974.2	1003.2	1012.8
Malta Government stocks	712.7	742.7	770.0	791.7	812.9
Treasury bills	173.0	177.8	167.1	175.3	159.5
Foreign loans	39.3	38.9	37.1	36.2	40.4

¹ Following the changes in accounting policy introduced in the 2002 budget speech, as from this issue of the *Quarterly Review*, grants are considered a component of the Government's ordinary revenue and are not treated as a deficit financing item.

² Negative figures indicate an application of funds, meaning that the Government would also have to finance these transactions in addition to the deficit during the quarter.

³ This figure represents the difference between the fiscal balance and the sources of financing utilised during the quarter. A positive figure indicates a shortfall in financing, while a negative figure indicates overfinancing during the quarter.

Source: *The Treasury and Central Bank of Malta estimates*

during the quarter under review would have dropped by around Lm16.7 million from the year-ago level.

Government Debt and Financing Operations

As Table 5.2 shows, financing flows during the fourth quarter of 2001 largely took the form of drawings on sinking funds of converted stock, estimated at Lm22 million, and a Lm21.2 million increase in Malta Government stocks in issue. Furthermore, an additional Lm4.2 million were borrowed from foreign sources. These flows were, however, partly offset by Government

contributions totalling Lm5.5 million to sinking funds earmarked to repay loans issued prior to 1999². At the same time, the amount of Treasury bills outstanding was reduced by Lm15.8 million while Government deposits with the banking system rose by some Lm4.6 million.

At the end of December 2001, the Gross Government Debt totalled Lm1,012.8 million, up by Lm9.6 million from the end-September level. Malta Government stocks made up 80.3% of the total, while Treasury bills in issue and foreign loans accounted for 15.3% and 4% of the total, respectively.

² When the obligation on Government to create sinking funds in connection with new local borrowing was abolished.

6. MONETARY AND FINANCIAL DEVELOPMENTS

The Central Bank continued to ease its monetary policy stance during the quarter reviewed. In October, the Bank lowered the required reserve ratio by one percentage point to 4%, whereas in November it cut official interest rates by 25 basis points to 4.25%. These changes were quickly transmitted to the money market, where short-term interest rates fell. In the capital market, Government bond yields also eased, while the decline in equity prices appeared to have been stemmed.

Broad money, M3, expanded robustly during the final quarter of 2001, despite the issue of Government stocks in the primary market, as the private sector continued to build up holdings of savings and time deposits. Monetary expansion was almost completely matched by an increase in

the Central Bank's external reserves. In contrast, domestic credit contracted slightly, as a drop in net claims on Government outweighed an increase in claims on the private and parastatal sectors.

The Monetary Base

The monetary base, M0, which consists of currency in issue and banks' deposits with the Central Bank, excluding term deposits, hardly changed during the quarter reviewed, contracting by just Lm0.2 million. A drop in banks' deposits with the Central Bank, which was triggered by the reduction in the required reserve ratio in October, outweighed an increase in currency in issue. As a result, the annual rate of growth of M0, which had risen to 3.3% in September, fell back to 0.6% three months later.

An increase in the Central Bank's foreign assets, which expanded by Lm67.9 million as the Bank bought foreign exchange from the banks, had a positive impact on M0. However, this injection of

Table 6.1
THE MONETARY BASE AND ITS SOURCES

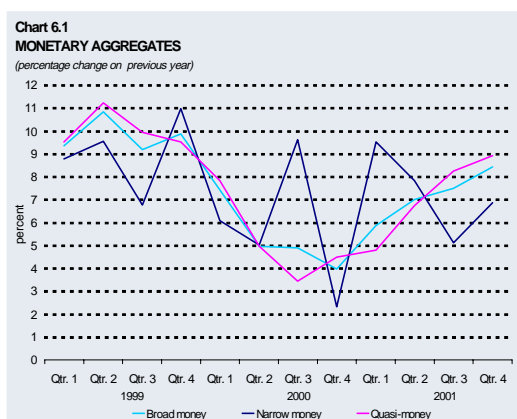
	2001			<i>Lm millions</i>
	Sept.	Dec.	Change	
Currency in issue	429.4	441.8	12.4	
Banks' deposits with the Central Bank ¹	138.4	125.8	-12.6	
MONETARY BASE	567.8	567.6	-0.2	
CENTRAL BANK ASSETS				
Foreign assets	692.6	760.4	67.9	
Claims on Government	11.8	5.8	-6.0	
Fixed and other assets	94.3	61.1	-33.1	
<i>Less:</i>				
REMAINING LIABILITIES				
Government deposits	61.9	69.1	7.2	
Other deposits	13.7	7.6	-6.1	
Foreign liabilities	3.7	0	-3.7	
Other liabilities	62.4	87.9	25.5	
Capital and reserves	89.1	95.1	6.0	

¹Excluding term deposits, which are shown with "other liabilities".

liquidity was countered by a shift in the conduct of the Bank's open market operations. In fact, a drop in outstanding repos led to a Lm33.1 million decline in the Bank's "fixed and other assets". At the same time, the Bank's "other liabilities" went up by Lm25.5 million, as Table 6.1 shows, mainly because banks placed more funds in term deposits with the Central Bank.

Monetary Aggregates

Despite the issue of Government stocks on the primary market in November, broad money recorded its largest quarterly increase in absolute terms in more than two years. In fact, M3 expanded by Lm65.4 million, or 2.4%, to Lm2,752.9 million. Both households and private firms added to their deposits with the banking system, while deposits belonging to public sector enterprises fell considerably¹. As a result, the annual rate of broad money growth rose by nearly a full percentage point to 8.4% in December, as Chart 6.1 indicates.



In contrast with the previous three quarters, narrow money, M1, contracted during the December quarter. M1 decreased by Lm5.1 million to Lm635.5 million, with both currency in circulation and demand deposits being particularly hard hit by the Government bond issue in November. Nevertheless, although the annual rate of growth of narrow money dropped to 4.4% in that month, it recovered to end the quarter at 6.9%, which was above its end-September level.

Table 6.2
MONETARY AGGREGATES
(Changes on the previous quarter)

	<i>Lm millions</i>									
	2000		Qtr. 1		2001		Qtr. 3		Qtr. 4	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. NARROW MONEY	-14.6	-2.4	16.4	2.8	15.5	2.5	14.1	2.2	-5.1	-0.8
Currency in circulation	2.5	0.6	-0.7	-0.2	15.8	4.0	2.2	0.5	5.3	1.3
Demand deposits	-17.1	-7.9	17.1	8.6	-0.4	-0.2	11.9	5.5	-10.4	-4.6
2. QUASI-MONEY	53.3	2.8	36.5	1.9	45.2	2.3	21.0	1.0	70.5	3.4
Savings deposits	22.7	3.7	-5.5	-0.9	19.3	3.1	0.6	0.1	27.7	4.3
of which FCDs ¹	4.5	3.8	5.5	4.5	11.5	8.9	2.3	1.6	10.9	7.6
Time deposits	30.6	2.4	42.1	3.2	25.9	1.9	20.4	1.5	42.8	3.1
of which FCDs ¹	3.0	3.4	3.7	4.1	7.5	7.8	8.8	8.5	5.9	5.2
3. BROAD MONEY	38.6	1.5	52.9	2.1	60.6	2.3	35.1	1.3	65.4	2.4

¹ i.e. Foreign currency deposits, including external Maltese lira deposits.

¹ Information on the breakdown of deposits by maturity and by type of owner relates to deposits with deposit money banks only.

Despite the Government stock issue, currency in circulation expanded for the third consecutive quarter, adding Lm5.3 million, or 1.3%, in line with the normal seasonal consumption pattern. In contrast, as Table 6.2 shows, demand deposits dropped by Lm10.4 million, or 4.6%, nearly reversing the gain registered during the previous quarter. Demand deposits belonging to households, private firms and public sector enterprises all contracted during the quarter, outweighing a drop in the value of items in the course of collection, which are netted from demand deposits to avoid double counting.

Quasi-money accounted for the entire rise in M3 during the quarter reviewed, putting on Lm70.5 million as a result of vigorous expansion in both savings and time deposits. Households, in particular, appear to have favoured bank deposits over alternative financial instruments, such as units in collective investment schemes and foreign portfolio investments. Thus, quasi-money registered its largest quarterly increase in ten years. As a result, the annual rate of quasi-money growth accelerated further, as can be seen in Chart 6.1, adding over half a percentage point to 8.9% in December.

After remaining virtually unchanged during the previous quarter, savings deposits expanded by Lm27.7 million during the fourth quarter. In part, the rise was due to the payment of interest on these deposits in December, but a strong underlying increase in corporate deposits was also reported. As Table 6.2 indicates, foreign currency savings deposits expanded for the fifth consecutive quarter and accounted for more than a third of the overall increase in this deposit category. Time deposits also surged ahead during the quarter, rising by Lm42.8 million, or 3.1%, with one-year deposits accounting for almost the entire increase. Households' time deposits added Lm48.9 million, while corporate deposits expanded more moderately. In contrast, time deposits belonging to public sector

enterprises contracted further, dropping by Lm12.4 million.

Counterparts to Monetary Expansion

Domestic credit contracted marginally during the last quarter of 2001, as a drop in net claims on Government outweighed an increase in claims on the private and parastatal sectors. Overall, credit decreased by Lm3.8 million, as can be seen in Table 6.3. Consequently, the annual rate of credit growth decelerated further, as Chart 6.2 shows, shedding more than two percentage points to stand at 6.6% at end-December.

Following five consecutive quarterly increases, net claims on Government fell by Lm7.8 million, or 1.6%, during the quarter reviewed. This drop reflected a narrower fiscal deficit and a decline in short-term borrowing from the banking system. This was because the proceeds from the issue of stocks to the non-bank private sector in November led to a reduction in the banking system's holdings of Treasury bills and an increase in Government deposits with the Central Bank, which together outweighed greater bank holdings of Government stocks. The annual rate of growth of net claims of Government halved as a result, ending the quarter at 15.4%.

Meanwhile, claims on the private and parastatal sectors continued to rise, albeit moderately,

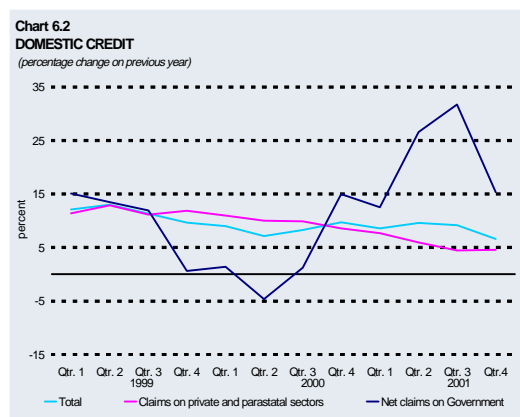


Table 6.3**COUNTERPARTS TO MONETARY GROWTH***(Changes on the previous quarter)**Lm millions*

	2000		Qtr. 1		2001		Qtr. 2		Qtr. 3		Qtr. 4	
	Qtr. 4											
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
BROAD MONEY	38.6	1.5	52.9	2.1	60.6	2.3	35.1	1.3	65.4	2.4		
1. DOMESTIC CREDIT	48.0	2.2	77.3	3.5	16.8	0.7	53.8	2.4	-3.8	-0.2		
a) Net claims on Govt.	45.3	12.4	23.5	5.7	27.5	6.3	20.1	4.3	-7.8	-1.6		
Gross claims on Govt.	30.8	6.8	37.7	7.8	8.6	1.7	32.1	6.1	-3.2	-0.6		
Central Bank	2.2	30.9	8.4	91.8	19.9	113.1	-25.7	-68.6	-6.0	-51.0		
Banks	28.6	6.4	29.3	6.2	-11.3	-2.2	57.8	11.8	2.8	0.5		
<i>Less:</i>												
Government deposits ¹	-14.5	-17.3	14.2	20.4	-18.9	-22.5	12.0	18.5	4.6	6.0		
Central Bank	-12.2	-17.9	13.8	24.6	-18.1	-25.8	9.9	19.2	7.2	11.7		
Banks	-2.3	-14.7	0.4	3.1	-0.8	-5.8	2.1	15.8	-2.6	-17.2		
b) Claims on private and parastatal sectors	2.7	0.2	53.7	3.0	-10.7	-0.6	33.7	1.9	4.0	0.2		
2. NET FOREIGN ASSETS	-6.7	-0.7	-105.9	-10.9	120.3	13.9	11.8	1.2	91.8	9.2		
Central Bank	-57.0	-8.2	-11.9	-1.9	16.4	2.6	43.9	6.8	71.6	10.4		
Banks	50.3	18.0	-94.0	-28.5	103.9	44.0	-32.0	-9.4	20.3	6.6		
<i>Less:</i>												
3. OTHER ITEMS (NET)	2.7	0.4	-81.5	-13.2	76.5	14.3	30.5	5.0	22.6	3.5		

¹ Includes Sinking Fund and other Treasury Clearance Fund investments which are generally not readily available for liquidity purposes.

putting on Lm4 million, or 0.2%, with their annual rate of growth recovering from a ten-year low of 4.5% in September to 4.6%. Despite lower nominal lending rates, credit growth remained subdued, possibly reflecting weaker economic activity and greater prudence in bank lending. In fact, the banks' lending portfolio expanded by just Lm9 million, or 0.5%, while their holdings of corporate securities dropped by Lm5 million, largely because their equity investments declined.

Personal lending continued to fuel credit expansion, increasing by Lm14.1 million during the

quarter, driven by housing finance. Meanwhile, following three consecutive quarterly falls, credit to the energy and water sector expanded by Lm6.6 million as loan demand rose at the end of the quarter. As can be seen in Table 6.4, lending to the tourism industry increased by Lm8.9 million. In contrast, the seasonal increase in consumer spending may have contributed to the Lm7.4 million drop in credit to the wholesale and retail trades. At the same time, after having risen during the previous quarter - when banks added interest on outstanding credit facilities - lending to the construction industry and to the manufacturing

Table 6.4**CREDIT TO SELECTED CATEGORIES OF BORROWER¹***Lm millions*

	2001		2001	
	Qtr. 3	Qtr. 4	Change	%
	Amount	Amount		
Energy and water	88.6	95.2	6.6	7.5
Transport, storage and communication	107.6	107.5	-0.1	-0.1
Agriculture and fisheries	11.8	10.4	-1.4	-11.9
Manufacturing	208.5	204.3	-4.1	-2.0
Building and construction	90.7	85.2	-5.5	-6.1
Tourism	236.8	245.7	8.9	3.8
Wholesale and retail	307.4	300.0	-7.4	-2.4
Personal	448.4	462.5	14.1	3.1
Other services	73.1	75.9	2.8	3.9
All other	185.6	180.7	-4.9	-2.6
TOTAL	1758.4	1767.5	9.0	0.5

¹ Including bills discounted. Comprises credit to private and public sector borrowers.

sector both resumed their downward trend, dropping by Lm5.5 million and Lm4.1 million, respectively.

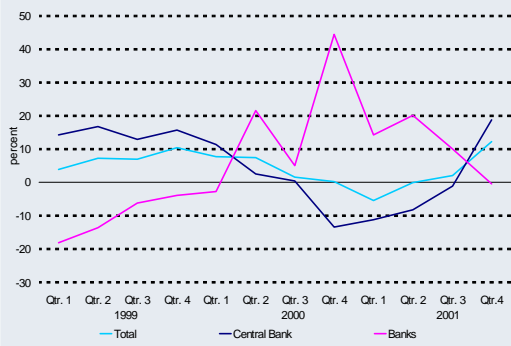
The net foreign assets of the banking system expanded further during the quarter, reaching Lm1,088.9 million, as the recovery in the Central Bank's holdings gathered pace. As a result, the annual growth rate of the net foreign assets,

which is shown in Chart 6.3, climbed to 12.2% from 2% three months earlier.

The improvement in the balance of payments position, and the fact that short-term Maltese lira interest rates remained above international rates, resulted in substantial sales of foreign exchange to the Central Bank by the deposit money banks. As a result, the Bank's net foreign assets rose by Lm71.6 million, or 10.4%, to Lm760.4 million during the quarter reviewed. The steady recovery in the Bank's net foreign assets was reflected in their annual growth rate, which swung from -1.2% in September to 18.7% three months later.

Meanwhile, the net foreign assets of the remainder of the banking system increased by Lm20.3 million, or 6.6%, as can be seen in Table 6.3. Partly because of the foreign exchange sales referred to earlier, the deposit money banks' holdings dropped for the second consecutive quarter, shedding Lm0.6 million, or 0.3%. Concurrently, the net foreign assets of the international banks added Lm20.8 million. This

Chart 6.3
NET FOREIGN ASSETS
(percentage change on previous year)



rise had little impact on monetary aggregates but was reflected in an increase in “other items (net)” instead.

Other items (net)² continued to rise during the quarter reviewed, going up by Lm22.6 million, or 3.5%. The increase partly reflected an expansion in banks’ capital and reserves as well as additional provisions for bad and doubtful debts. These factors outweighed the combined effect of a drop in accrued interest payable and a rise in accrued interest receivable.

The Money Market

As mentioned above, the Central Bank eased its monetary policy stance further during the quarter reviewed. The reduction in the required reserve ratio in October contributed to an increase in liquidity in the banking system which, coupled with the cut in official interest rates, led to a general decline in money market interest rates, as Chart 6.4 shows.

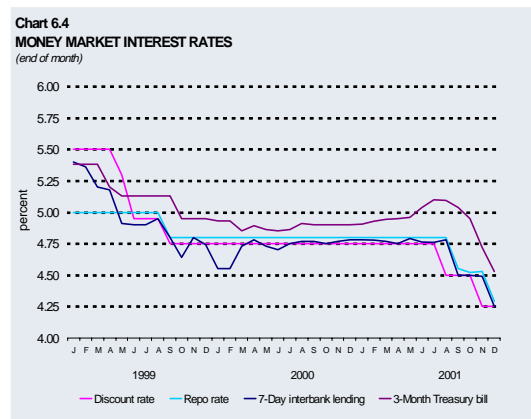
As the liquidity position of the banking system eased, the focus of the Central Bank’s open market operations shifted away from repos, which are used to inject liquidity temporarily into the banking system, towards term deposits. Thus, compared with the previous quarter, the aggregate value of funds injected through repos halved to Lm88.4 million, whereas aggregate term deposits rose from Lm0.5 million to Lm72.5 million. The repo rate and the term deposit rate both responded to the official interest rate cut, shedding 26 basis points and 52 basis points, to 4.29% and 4.22%, respectively.

The reduction in official interest rates was rapidly transmitted to the interbank market, with the one-week rate dropping by a quarter of a percentage point to 4.25%. Turnover in the interbank market recovered, nearly doubling to Lm76.8 million, with

more than half the quarter’s activity taking place in October. Activity in the market remained limited, however, with most interbank deals being struck with terms to maturity of one week or less.

The Government continued to raise funds in the money market, issuing Lm141 million worth of Treasury bills during the quarter reviewed. Although bills were issued with terms to maturity ranging between one month and six months, three-month bills predominated. Banks continued to participate heavily in the primary market, subscribing to 85% of the amount issued. The Treasury took advantage of the cut in official interest rates and heavy demand from the banking system to issue bills at fixed rates of interest in November and December. Hence, the primary market yield on three-month Treasury bills fell, as can be seen in Chart 6.4, dropping from 5.04% in September to 4.53% three months later.

Turnover in the secondary Treasury bill market reached Lm32.2 million, virtually unchanged over the previous quarter. With Central Bank sales and purchases totalling Lm4.4 million, transactions between banks and Malta Government Sinking Funds accounted for most market activity during the quarter reviewed. Secondary Treasury bill



² Other items (net) consist of the non-monetary liabilities of the banking system, such as debt securities issued and accrued interest payable, together with capital and reserves, less the banking system’s other assets, including fixed assets and accrued interest receivable.

market yields fell, in line with the decline in primary market yields.

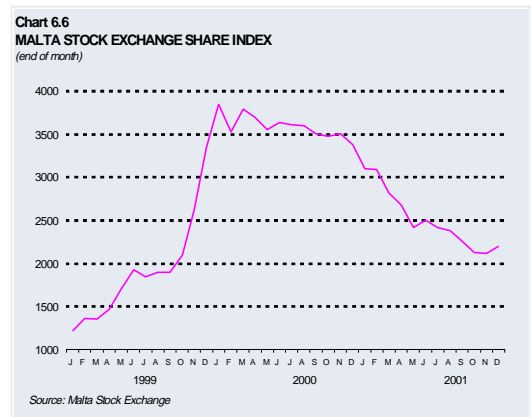
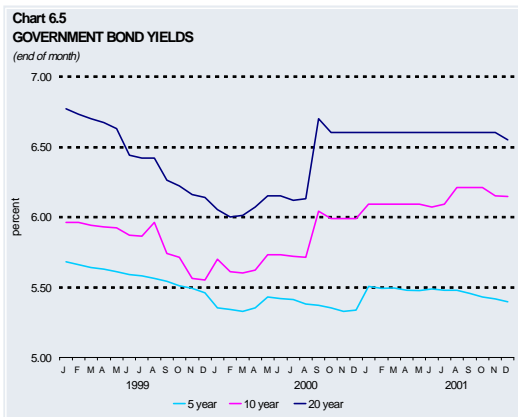
The Capital Market

During the quarter reviewed the Government issued Lm53.8 million worth of debt securities in the capital market. In November, the Government issued Lm27.8 million worth of stocks maturing in 2009 and Lm26 million worth of stocks maturing in 2013, offering coupon rates of 5.9% and 6.35%, respectively. Whereas banks took up the entire eight-year bond issue at auction, retail investors, particularly households, subscribed to most of the twelve-year bonds.

Despite a surge in activity in November, which coincided with the primary stock issue, secondary market trading in Malta Government stocks fell by a quarter to Lm31 million. The Central Bank, which was a net seller in the market, accounted for a fifth of the total turnover, which was spread across a wide range of stocks. In contrast,

trading in corporate bonds, including preference shares, rose by nearly a third to Lm2 million during the quarter reviewed. Government bond yields³, which are shown in Chart 6.5, decreased slightly towards the end of the quarter. For example, both the five-year and the ten-year bond yield dropped by six basis points to 5.4% and 6.15%, respectively, in December. In general, corporate bond yields also fell during the quarter, shedding over half a percentage point in some cases.

Equity market trading recovered following the low recorded during the September quarter, rising by Lm1.7 million to Lm4.5 million. However, it failed to reach the levels recorded during the first two quarters of the year. As Chart 6.6 indicates, the decline in share prices appears to have been stemmed. Although the Malta Stock Exchange Share Index continued to fall, shedding 2.5% during the quarter, this was the smallest quarterly fall of the year and the Index actually rose in December.



³ Yields are calculated on the basis of prices quoted by the Central Bank's broker.

7. THE BANKING SYSTEM

During the final quarter of 2001 bank deposits continued to grow at an accelerating pace, causing the banks' aggregate balance sheet to expand by Lm54.6 million. Moreover, the coming into effect of the lower reserve requirement ratio, announced on September 27, provided the banking system with additional liquidity. This, together with the declining trend in credit expansion, led the banks to augment their holdings of term deposits with the Central Bank and also enabled them to settle liabilities arising from past repo operations. Profits before tax were less than in the previous quarter, primarily on account of higher provision charges and a drop in non-interest income. At the same time, the banks strengthened their capital base and their liquidity position remained well above mandatory limits.

Deposit Money Banks' Balance Sheet

Liabilities

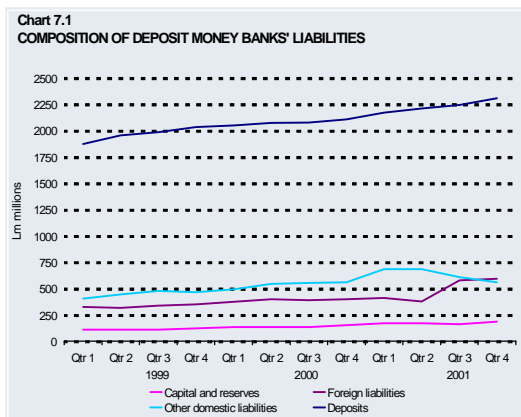
As Table 7.1 shows, total deposits with the deposit money banks stood at Lm2,312.5 million at the end of the December quarter, up by Lm63.4 million, or 2.8%, from the end-September level. As can be seen from Chart 7.1, this growth rate was higher than that registered in the corresponding quarter of 2000, reflecting a shift in investor preference towards bank deposits in lieu of other financial products that was noticeable throughout 2001. Moreover, it was double the rate of growth recorded during the September quarter.

Time deposits, largely with a maturity of one or two years, picked up during the quarter, registering an increase of Lm40.3 million, or 2.9%. Savings deposits advanced by 4.3%, the largest quarterly gain since the fourth quarter of 1996, boosted by the addition of annual interest

Table 7.1
DEPOSIT MONEY BANKS' BALANCE SHEET

Lm millions

	2000		2001		
	Dec.	Mar.	June	Sept.	Dec.
ASSETS					
Cash and deposits with CBM	152.7	157.7	145.4	159.8	180.3
Foreign assets	729.6	749.2	737.4	776.6	791.6
Loans and advances	1,608.0	1,793.0	1,815.8	1,855.9	1,866.4
Local investments	601.4	634.6	607.6	664.9	663.0
Fixed and other assets	150.7	124.5	161.7	158.4	168.9
LIABILITIES					
Deposits	2,112.7	2,174.9	2,217.1	2,249.1	2,312.5
Time	1,296.7	1,343.0	1,368.6	1,392.1	1,432.3
Savings	623.7	619.3	639.0	639.5	667.3
Demand	192.2	212.6	209.4	217.6	212.9
Foreign liabilities	404.7	417.1	382.6	584.1	599.6
Other domestic liabilities	566.7	690.3	691.2	613.2	566.8
Capital and reserves	158.5	176.7	177.0	169.2	191.2
AGGREGATE BALANCE SHEET	3,242.5	3,459.0	3,467.8	3,615.6	3,670.2

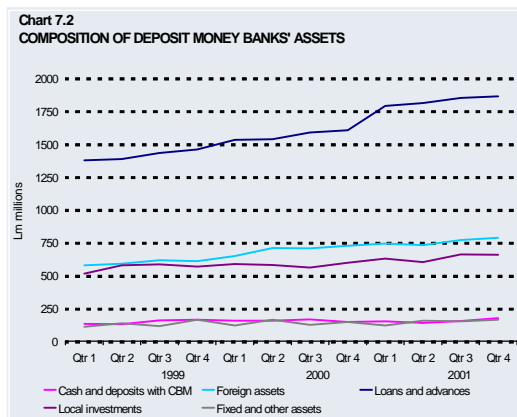


earnings. Demand deposits, however, contracted by Lm4.7 million, with a pronounced decline occurring in November following the issue of Malta Government stocks.

The banks' foreign liabilities increased by Lm15.5 million during the quarter, as an expansion in borrowing through foreign repos outweighed a drop in balances due to banks abroad. At the same time, other domestic liabilities fell by Lm46.4 million, partially as a result of the transfer of profits by two banks to their reserve funds following the conclusion of the financial year at the end of September. However, domestic repos also fell sharply, reflecting the drop in the banks' demand for additional liquidity following the downward adjustment of the reserve requirement ratio. The Lm22.1 million increase in the banks' aggregate capital and reserves was entirely due to the above-mentioned transfer of profits, which led to a rise in retained earnings.

Assets

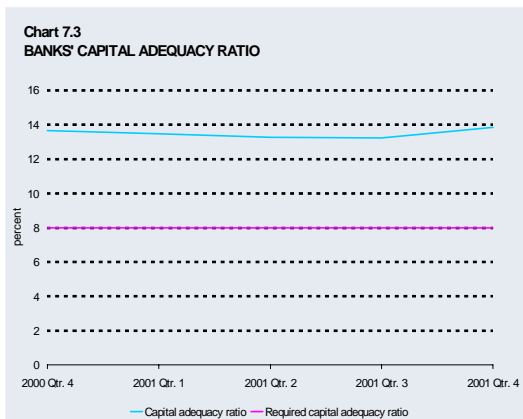
The banks utilised a substantial part of the newly available funds to increase their term deposits with the Central Bank and their holdings of cash during the quarter. In fact, the drop in their reserve deposits was completely offset by additional term deposits, such that the banks' reserve assets rose by Lm20.6 million, or 12.9%. At the same time,



loans and advances extended by the banks grew by Lm10.5 million, or 0.6%, to Lm1,866.4 million. As can be seen from Chart 7.2, the rate of expansion of the banks' loan book slowed down when compared to both the preceding quarter and the corresponding quarter of 2000. This slowdown probably reflected more prudent lending policies and a weak demand for credit, and occurred despite the fact that a particular bank added interest charges to loan accounts in October – as opposed to the widespread practice of adding such charges in September.

The foreign assets of the deposit money banks rose by Lm15 million, or 1.9%, during the December quarter. In fact, money at call abroad was up sharply and significant increases were also reported in loans advanced to non-residents and claims on foreign banks. However, the latter were partly offset by a drop in the banks' holdings of foreign Government securities. At the same time, the accumulation of interest due but not yet received, and an increase in the value of the banks' tangible assets contributed to a Lm10.5 million rise in their fixed and other assets.

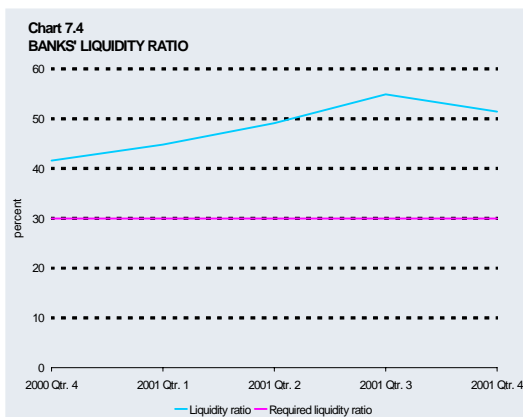
In contrast, the banks' investments in domestic securities dropped by Lm1.9 million as increased holdings of Malta Government stocks were offset by reduced holdings of Treasury bills and non-Government securities.



Capital adequacy and liquidity

The banks' capital base strengthened considerably during the quarter under review. In fact, as Chart 7.3 shows, the aggregate capital adequacy ratio, which is a measure of the banks' own funds relative to their risk-weighted assets, rose by 60 basis points to 13.8%, its highest level for 2001 and substantially above the mandatory 8% minimum.

Meanwhile, the banks' liquidity ratio, which is the ratio of liquid assets to net short-term liabilities, fell by 3.5 percentage points from the previous quarter. However, this only reflected a partial



reversal of the exceptional increase in the banks' liquid assets registered in September. In fact, at 51.4%, the banks' liquidity ratio remained comfortably above the 30% statutory minimum, as Chart 7.4 shows.

Deposit Money Banks' Performance

Profitability

During the December quarter, the deposit money banks recorded profits before tax of Lm4.6 million, down by Lm8 million when compared to the previous quarter and Lm1.1 million less than in the corresponding quarter of the previous year. This reduced profitability resulted from a combination of higher provision charges and a drop in non-interest income, which together outweighed a rise in net interest income.

As Table 7.2 shows, higher interest income and a decline in interest payable translated into an increase in the banks' net interest income, which rose from Lm16.8 million in the September quarter to Lm19.7 million in the quarter under review. Interest income was Lm1.2 million higher at Lm51.2 million, reflecting improved returns on investment securities, although a fall in interest receivable on trading investments was also reported. At the same time, in spite of an increase in interest payable on time deposits, the banks' total interest expense dropped by Lm1.7 million, as interest payable on interbank borrowings and on residents' demand and savings deposits declined.

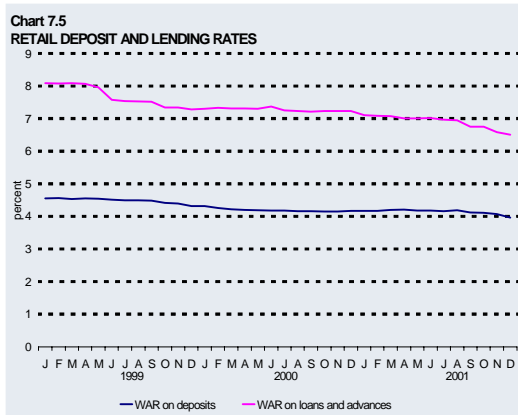
A fall in dividend income caused a Lm4.1 million drop in the banks' non-interest income, although operating expenses contracted by Lm0.3 million, to Lm15.9 million, as a result of lower expenditure on fees and commissions. At the same time, additional provisions for bad and doubtful debts, largely in the form of charges on specific debts, severely curtailed profits for the quarter under review.

Table 7.2**DEPOSIT MONEY BANKS' INCOME AND EXPENDITURE STATEMENT***Lm millions*

	2000		2001	
	Qtr. 4	Qtr. 3	Qtr. 3	Qtr. 4
Interest income	50.1	50.0		51.2
Interest expenses	33.8	33.2		31.5
Net interest income	16.4	16.8		19.7
Fees and commissions	3.6	2.6		3.0
Foreign exchange gains	2.6	3.3		3.4
Other non-interest income	1.5	6.8		2.3
Total non-interest income	7.7	12.8		8.7
GROSS INCOME	24.1	29.6		28.4
Wages	9.3	8.8		9.1
Rent and similar expenses	2.9	2.8		3.5
Other	2.5	4.7		3.3
Operating expenses	14.7	16.2		15.9
Provisions	3.7	0.8		7.9
PROFITS BEFORE TAX	5.7	12.6		4.6

Retail lending and deposit rates

Movements in retail lending and deposit interest rates during the December quarter reflected the Central Bank's 25 basis point cut in official interest rates on November 26. The weighted-average interest rate (WAR) on loans and advances stood at 6.5% at the end of December, down by 25 basis points from the end-September level. At the same time, the drop in the weighted average rate on deposits, of 16 basis points, was more contained, as rates on time deposits respond less rapidly to changes in official rates. Consequently, as may be seen from Chart 7.5, the interest rate spread narrowed by 9 basis points during the quarter.



Box 2 : INTERNATIONAL BANKING INSTITUTIONS

Following three successive quarterly contractions, the aggregate balance sheet of the international banking sector¹ expanded during the final quarter of the year. This was attributable to the strong growth in the balance sheet value of four particular institutions. Meanwhile, the voluntary closure by EGS Bank AS and Demirbank TAS of their Maltese branches and the Central Bank's decision to revoke the licence of Iktisat Bankasi TAS following the withdrawal of the parent bank's licence by the Turkish regulatory authorities, had a negligible impact on the international banks' aggregate balance sheet as they collectively represented a relatively small share of the sector and had already downscaled

their operations in the previous three quarters.

International Banking Institutions' Balance Sheet

As Table 1 and Chart 1 show, the December quarter saw an expansion of the international banks' aggregate balance sheet, up by Lm680.2 million, or 34.7%, to Lm2,641.5 million, although this still remained significantly below its level at the beginning of 2001. In line with the conditions governing these banks' operations in Malta, developments in their aggregate balance sheet largely reflected changes in their foreign assets and foreign liabilities.

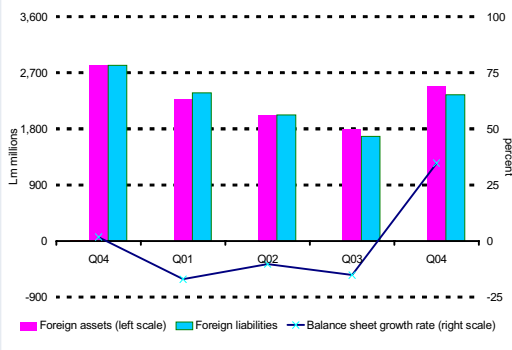
Table 1
INTERNATIONAL BANKING INSTITUTIONS' BALANCE SHEET

Lm millions

	2000		2001		
	Dec.	Mar.	June	Sept.	Dec.
ASSETS					
Cash and money at call	2.1	2.4	2.1	1.5	1.4
Foreign assets	2,819.0	2,281.1	2,006.9	1,797.8	2,484.1
<i>Foreign securities</i>	932.2	1,222.1	787.1	656.7	1,006.6
<i>Loans and advances to non-residents</i>	950.5	787.2	799.9	850.6	1,195.8
<i>Other foreign assets</i>	936.3	271.8	419.8	290.5	281.7
Loans to residents	6.1	7.7	7.3	7.0	5.9
Local investments	267.7	273.7	278.3	141.6	137.1
Other assets	11.3	11.9	17.4	13.3	13.0
LIABILITIES					
Foreign liabilities	2,820.5	2,376.8	2,021.5	1,682.2	2,347.6
<i>Balances due to other banks abroad</i>	877.2	1,000.0	807.8	621.1	858.0
<i>Non-resident deposits</i>	1,031.8	756.4	750.5	596.6	692.2
<i>Other foreign liabilities</i>	911.5	620.5	463.2	464.5	797.4
Resident deposits	32.3	32.9	33.4	32.7	32.8
Other domestic liabilities	59.1	(32.1)	6.7	1.4	4.5
Capital and reserves	194.2	199.1	250.4	245.1	256.5
AGGREGATE BALANCE SHEET	3,106.1	2,576.7	2,312.0	1,961.3	2,641.5

¹ The international banking sector consists of locally-based banks that conduct business almost exclusively with non-residents and in currencies other than the Maltese lira.

Chart 1
DEVELOPMENTS IN THE INTERNATIONAL
BANKING INSTITUTIONS' BALANCE SHEET



Assets and Liabilities

The international banks' foreign liabilities expanded by Lm665.4 million to Lm2,347.6 million during the quarter. Balances due to other banks abroad were up by Lm236.9 million, with the greater part of the increase being attributable to the operations of a single bank, while deposits by non-residents increased by Lm95.6 million. Meanwhile, a rise in balances due to head offices and to other related branches translated into an increase of Lm332.9 million in the sector's 'other foreign liabilities'.

The international banks' capital and reserves increased by Lm11.4 million to Lm256.5 million, reflecting an increase in the paid-up capital of two institutions. Residents' deposits remained virtually unchanged, whereas other domestic liabilities increased by Lm3.1 million, primarily reflecting profits earned during the quarter.

Meanwhile, the banks' foreign assets expanded by Lm686.3 million to Lm2,484.1 million. Their portfolio of foreign securities grew by Lm349.9 million, with the greater part of the increase reflecting a sharp rise in holdings of Treasury bills and non-Government securities. At the same time, loans and advances to non-residents were up by Lm345.2 million over the previous quarter.

Other foreign assets fell marginally, by Lm8.8 million, with a drop in money at call abroad outweighing a rise in claims on other foreign banks.

The banks' portfolio of domestic investments stabilised after the steep decline recorded in the previous quarter on account of Bank of Valletta's absorption of its international banking subsidiary. The small drop, of Lm4.5 million, was largely attributable to a decline in one bank's claims on a local deposit money bank. At the same time, a drop in credit to residents by one bank was responsible for almost the entire Lm1.1 million fall in loans to residents. Meanwhile, the international banks' other assets decreased by Lm0.3 million, primarily reflecting the withdrawal of three institutions from the Maltese banking scene.

Profitability²

As Table 2 shows, the international banks reported a profit before tax of Lm5.3 million for the December quarter. This contrasts with the loss recorded in the corresponding quarter of 2000, when exceptionally large losses on foreign exchange dealings and non-trading investments had been reported, but was Lm1.3 million less than the profit registered in the preceding quarter. The lower profits figure for the quarter was the result of a sharp rise in non-interest expenditure that was not completely offset by increases in non-interest income and net interest income.

Gross interest income for the December quarter, at Lm41.6 million, was Lm2.1 million more than in the previous quarter. In fact, higher interest earnings on loans to non-residents and foreign Government debt securities more than compensated for lower receipts on balances due from credit institutions abroad. At the same time, the rise in interest expense, largely on time

² The following profitability assessment does not cover the international banks that are licensed under the Malta Financial Services Centre Act, 1988.

Table 2
INTERNATIONAL BANKING INSTITUTIONS' INCOME AND EXPENDITURE
STATEMENT¹

	<i>Lm millions</i>		
	2000	2001	
	Qtr. 4	Qtr. 3	Qtr. 4
Interest income	30.7	39.5	41.6
Interest expenses	33.7	26.7	27.3
Net interest income	-3.0	12.8	14.3
Non-interest income	-24.8	3.1	8.7
Non-interest expense	6.7	8.7	17.6
Provisions	0.1	0.5	0.2
PROFIT BEFORE TAX	-34.4	6.6	5.3

¹ Excludes banks registered under Malta Financial Services Centre Act, 1988

deposits, was more contained. Consequently, net interest income for the quarter amounted to Lm14.3 million, up by Lm1.5 million from the previous quarter's level.

The international banks' non-interest income was also higher than in the September quarter, as losses on foreign exchange transactions were not repeated during the quarter under review, while

losses on securities held as non-trading investments were largely reversed. Higher dividend earnings were also reported. However, a surge in fees and commissions payable caused non-interest expenses to rise to Lm17.6 million, and this more than offset both the higher net interest income and the increase in non-interest earnings. Provision charges, however, were less than in the previous quarter.

NEWS NOTES

Reappointment of Central Bank Director

On January 25, 2002 the Prime Minister confirmed Mr Alfred Lupi FCCA, MIA, CPAA, BSc (Econ) as Director of the Central Bank of Malta for a period of one year with effect from January 21, 2002.

Central Bank Lowers Official Interest Rates

At its meeting of January 31, 2002 the Monetary Policy Council of the Central Bank of Malta lowered the Bank's central intervention rate and the discount rate by 25 basis points to 4.00%. All other official interest rates quoted by the Central Bank were similarly reduced by 25 basis points.

The Council arrived at this decision after considering recent international and domestic economic and financial developments within the context of the objectives of the Bank's monetary policy.

Reviewing international developments, the Council noted that world economic activity remained weak. As a result, official interest rates in major industrial countries had been reduced further, reinforcing expectations of a global economic recovery in the second half of the year. Despite lower domestic market interest rates, the premium on Maltese lira assets remained high.

The Council also examined domestic economic conditions and noted that the available indicators suggested that demand remained subdued. Imports had decreased, leading to a narrowing of the deficit on the current account of the balance of payments. Consequently, the upward trend in the official external reserves was maintained. At the same time, credit growth decelerated. Although the headline inflation rate continued to rise, there was evidence that underlying inflation had abated.

The cut still left Maltese lira interest rates at a level which the Council believed would adequately support the exchange rate peg.

Regarding future prospects for the Maltese economy, the Council said that a global recovery later this year could stimulate domestic economic activity, leading to some acceleration in output growth. To fully capture the benefits of an international recovery, however, the Council reiterated the importance of pursuing fiscal consolidation, wage moderation and structural reform in defence of the economy's long-term competitiveness.

Establishment of Financial Intelligence Analysis Unit

On March 1, 2002 the Financial Intelligence Analysis Unit (FIAU) was formally established. The formation of this unit was a follow-up to the amendments to the Prevention of Money Laundering Act, 1994 enacted by Act No. XXXI of December 2001. The FIAU will assist the Government in furthering its commitments to enhance Malta's reputation as a financial services centre by fighting criminal abuse of Malta's financial services.

Surrender of Banking Licences

On December 31, 2001 Demirbank T.A.S. voluntarily surrendered its licence, issued in terms of the Banking Act, 1994 to undertake the business of banking from Malta through the establishment of a branch. On February 6, 2002 the Malta Financial Services Centre announced that Finansbank (Malta) Ltd. had voluntarily surrendered its banking licence. The surrender of the licences reflected a strategic decision by the two banks in the light of the reforms and the restructuring that is taking place within the banking system in Turkey.

Malta's Credit Rating Reaffirmed

On January 8, 2002, Moody's Investors Service reaffirmed Malta's A3 credit ratings. It also retained a negative outlook, which mainly reflected uncertainty about Malta's EU membership application and the difficulty of maintaining economic stability with an exchange rate peg. According to Moody's, fiscal and monetary policy would need to remain tight in order to avoid further accumulation of external debt and/or reserve loss and associated exchange rate pressure. The agency also observed that necessary fundamental reforms - such as those of the pension system and deregulation - were highly contentious, and therefore potentially vulnerable to political pressures over the medium to longer term.

Malta Stock Exchange Becomes Founder Member of the European Corporate Governance Institute

On January 15, 2002 the European Corporate Governance Institute was formally launched in Brussels and the Federation of the European Securities Exchanges, recognising the initiative taken by the Malta Stock Exchange in introducing a Code of Principles of Good Corporate Governance for listed companies, invited the Exchange to become a founder member of the Institute.

Issue of Bonds by Corinthia Group

On March 11, 2002 Corinthia Finance plc, the finance branch of the Corinthia Group, issued two bonds, one denominated in Maltese liri and the other in euros. The Maltese currency issue, which matures in 2012, was for a total of Lm4 million and carried a coupon rate of 6.75%, while the second issue, which matures in 2010, was for euro10 million and carried a coupon rate of 6.5%. The Maltese lira bonds were issued at par, while the eurobonds were sold at a discounted price of euro97 per euro 100. The bonds, which were fully guaranteed by Corinthia Palace Hotel Company Ltd, the group's parent, and underwritten by Bank of Valletta, were both fully subscribed.

Issue of Bonds by the Government

On March 18, 2002, through Legal Notice 68 of 2002, the Government announced the issue of Lm20.2 million 5.9% MGS 2015 (II). The stock was issued at par for amounts up to Lm50,000 and by auction for bids exceeding this amount.

Double Taxation Agreement with Portugal Comes into Force

A double taxation agreement between the Government of Malta and the Government of the Portugal, signed on January 20, 2001, entered into force as from March 6, 2002.

FINANCIAL POLICY CALENDAR

This calendar lists policy measures in the monetary, fiscal and exchange rate fields.

1999

January 4 : Currency Portions of Maltese Lira Basket Announced

The Monetary Authorities announce the currency portions that are to make up the Maltese lira basket based on the weights that were allocated to the euro, the pound sterling and the US dollar as announced on December 28, 1998. The weights and portions of the three currencies are established as follows:

	Weight	Portion
Euro	56.8%	1.2793
Pound Sterling	21.6%	0.3462
US Dollar	21.6%	0.5777

January 21: Central Bank Lowers Intervention Rate

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate by ten basis points to 5.35%.

March 29: Central Bank Lowers Intervention Rate Again

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate by a further forty basis points to 4.95%.

In announcing the reductions in its intervention rate, the Bank says that its Monetary Policy Council had noted that the difference between official interest rates in Malta and those abroad had widened, as interest rates overseas had fallen. The Council had also noted that domestic demand remained subdued, inflation had declined, and pressures on the external reserves had eased. Nevertheless, the Bank says, the Council was still concerned about the level of the Government's borrowing requirement and emphasised the need for continued fiscal discipline. The Central Bank also says that it will continue to pursue a monetary policy based on maintaining a fixed exchange rate for the Maltese lira and that it stood ready to adjust official interest rates as necessary.

March 29 : Interest Rate Ceiling on Foreign Currency Lending Lifted

The Central Bank of Malta amends Central Bank of Malta Notice Number 1 on interest rates. By means of this amendment, all restrictions on interest rates on loans and advances denominated in foreign currency by credit and financial institutions are lifted.

May 6 : Central Bank Lowers Discount Rate

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's discount rate by 25 basis points from 5.5% to 5.25%. The Bank's central intervention rate is left unchanged at 4.95%. In announcing the reduction in the discount rate, the Bank notes that official interest rates overseas, particularly in Malta's trading partner countries, had continued to fall, that domestic economic activity remained generally subdued, inflation had continued to fall, and the external reserves had remained stable. Nevertheless, the Bank also says that the Council remained concerned about the level of the Government's

borrowing requirement, that it would continue to pursue a monetary policy based on maintaining a fixed exchange rate for the Maltese lira, and that it stood ready to adjust official interest rates as necessary.

May 7 : *Parliament Authorizes Government to Borrow Lm100 Million*

Parliament enacts Local Loan Act, 1999 which authorises the Government to raise, by way of loans from local sources, a sum not exceeding Lm100 million to meet both the deficit incurred in the Consolidated Fund in 1998 and the deficit which is expected to be incurred during 1999.

May 7 : *Obligation to Create Sinking Funds in Connection with Local Borrowing Abolished*

Parliament amends Local Loan (Registered Stock and Securities) Ordinance, 1957 through Act IV of 1999. This removes the obligation on Government to create sinking funds in connection with new local borrowing. The obligation to create sinking funds in connection with overseas borrowing is, however, retained.

May 29 : *Minister of Finance amends Malta Stock Exchange Regulations*

The Minister of Finance, through Legal Notice 91, amends Article 3 of the Statute of the Malta Stock Exchange. This amendment makes it possible for a stockbroker nominated by the Central Bank of Malta to execute transactions on behalf of the Government in quoted securities of companies or other entities owned wholly, or in part, by the Government, subject to certain conditions specified in the Malta Stock Exchange Act, 1990 itself.

June 24 : *Central Bank Lowers Discount Rate Again*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's discount rate by 30 basis points from 5.25% to 4.95%. This is the second time that the Central Bank lowers its discount rate this year. The adjustment sets the discount rate equal to the Bank's central intervention rate. The Central Bank also announces that, in future, any change in its intervention rate would automatically be matched by a similar change in the discount rate.

August 2 : *Central Bank Lowers Minimum Deposit Rate on Savings Accounts*

The Central Bank of Malta, in terms of Section 38 of the Central Bank of Malta Act, 1967, lowers the minimum rate of interest that credit institutions may pay on deposits denominated in Maltese lira, other than current accounts, from 3 % per annum to 2.5 % per annum.

September 7 : *Penalties for Offences Against Banking Act, 1994 Regulations Published*

The Minister of Finance, through Legal Notice 155 of 1999, publishes the Penalties for Offences Regulations 1999. These regulations specify the penalties, including fines and imprisonment terms, to be imposed on persons found guilty of having contravened specific provisions of the Banking Act, 1994. They also empower the Competent Authority to impose administrative penalties on persons who fail to comply with other provisions of the Banking Act, 1994. Such persons may appeal to the Tribunal for Financial Services against any decision imposing upon them an administrative penalty.

September 23 : *Central Bank Lowers Intervention Rate and Discount Rate*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and its discount rate by 20 basis points from 4.95% to 4.75%. All the other official interest rates quoted by the Central Bank go down by 20 basis points. In announcing the reduction in rates the Bank comments on the weakness of domestic demand, the decline in inflation and the absence of pressure on the external reserves. The Bank also notes some improvement in Government finances but registers its continuing concern about the level of the Government's borrowing requirement.

November 1 : *Central Bank Removes Limits on Bank Deposit/Foreign Currency Interest Rates*

The Central Bank of Malta abolishes the minimum rate of interest that banks were obliged to pay on savings deposits, previously established in terms of section 38 of the Central Bank of Malta Act, 1967. As a result, credit institutions are allowed freely to determine the rate of interest payable on deposits made with them, not only in Maltese liri but in any currency. The Bank also removes the remaining limit on interest rates that banks are permitted to charge on loans in foreign currency.

October 19 : *General Financial Regulations Amended*

The Minister of Finance, through Legal Notice 173 amends regulation 59 of the General Financial Regulations 1966. Through this amendment, which comes into effect immediately, the validity period of all cheques drawn by the Government is extended from two months to six in line with normal banking practice.

November 15 : *Malta Ratifies European Convention on Money Laundering*

Malta ratifies the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. The convention was signed on November 5, 1998 and is to enter into force on March 1, 2000.

November 9 : *Malta Stock Exchange Introduces Alternative Companies List*

The Malta Stock Exchange announces the introduction of the Alternative Companies Listing. The rules applicable to the new listing are designed to give companies which do not have all the necessary qualifications to seek a listing on the current market, including non-Maltese companies, access to equity or loan capital, regardless of their size or past performance.

November 22 : *Measures Introduced in the Budget for the Year 2000*

The Minister of Finance, in presenting the Budget Estimates for the year 2000 to Parliament, announces a number of policy measures. These include:

- 1) **Wages:** A weekly increase of Lm1 to compensate for the rise in the cost of living during the year to September 1999. An additional one-off increase of Lm10 per person to be given in January to compensate for the removal of the subsidy on local bread.

- 2) **Social Security Contributions:** As from January 1, 2000, employees' social security contributions are to go up from 9% to 10% of their basic pay, while the different income bands previously used to calculate the contribution rate of the self-employed are to be abolished. The rate of contribution on all income earned by the self-employed is to be 15%.
- 3) **Direct Taxation:** Income tax bands are to be revised, while guidelines are to be issued by the Commissioner of Inland on the taxation of fringe benefits. A tax compliance unit is to be set up within the Department of Inland Revenue.
- 4) **Indirect Taxation:** Excise duty on cigarettes goes up, while locally processed alcoholic beverages are no longer to be exempt from the payment of such duties. At the same time, the duty on transfers of immovable property is to be reduced, while the duties payable on the allocation of shares and on medical insurance cover are to be abolished altogether.
- 5) **Value Added Tax:** Value Added Tax, at the rate of 15%, is introduced on petrol and diesel with immediate effect, and on telephony with effect from January 1. Telephone consumer tariffs, however, are set to rise by five per cent.
- 6) **Exchange Control:** A number of measures are to be introduced to further liberalise exchange control and speed up the relative bureaucratic and administrative procedures. Current restrictions on the amount that companies registered or domiciled in Malta are allowed to invest in businesses abroad are to be abolished, while the overseas investment allowances for individuals and non-financial companies is to be raised from Lm8,000 to Lm15,000. Export-oriented companies in the services sector will be allowed to leave their receipts in foreign currency accounts for up to six months, while retailers will be allowed to maintain foreign currency and time deposit accounts up to a limit of Lm2,500. Insurance companies will be allowed to invest funds abroad freely, subject to control by the Malta Financial Services Centre.

December 31: *Ways and Means Facility Abolished*

The Minister of Finance, through Legal Notice 224 of 1999, establishes January 1, 2000 as the date on which the provisions of Section 15 of the Central Bank of Malta (Amendment) Act, 1994 are to come into force. This effectively brings to an end the Government's borrowing facility with the Central Bank of Malta, known as the Ways and Means Facility.

December 31 : *Delegation of Exchange Control Authority to Malta Financial Services Centre*

The Minister of Finance, through Legal Notice 225 of 1999, appoints the Malta Financial Services Centre (MFSC) as an authorised dealer for the purposes of Sections 17, 18 and 32 of the Exchange Control Act, 1972 with effect from January 1, 2000. Through this legal notice, the responsibility for approving and vetting applications for the registration of companies with non-resident participation is transferred from the Central Bank of Malta to the Malta Financial Services Centre under delegated authority.

2000

March 10 : *Malta Stock Exchange Bye-Laws Amended*

The Council of the Malta Stock Exchange amends its bye-laws with regard to dealings made by directors and employees in possession of price sensitive information in the listed securities of their companies. The changes are made within the context of the review, undertaken by the Malta Stock Exchange, of market practices and compliance with internationally accepted regulatory standards.

March 29 : *Italian Financial Aid to Malta*

Italy and Malta sign an agreement providing for the granting of over Lm5 million in Italian financial aid to Malta. This is to be made available under the Fourth Italo-Maltese Protocol on Financial, Economic and Technical Assistance, which covers the years 1996 - 2000.

April 12 : *Central Bank Abolishes Last Remaining Control on Interest Rates*

The Central Bank of Malta amends Notice No 1 on Interest Rates to remove the provision relating to the maximum rate of interest that banks could charge on loans and advances for the purchase of one residential unit for the occupier's own use. With this amendment, the last remaining control on interest rates is abolished, so that rates will now be determined solely by market conditions.

April 28 : *Bearer Accounts Phased Out*

Following instructions by the Central Bank of Malta to the local banks, the Malta Commercial Banks' Association announces that all bearer accounts are to be closed by June 30. This measure brings local banking practices in line with international practices and is intended to combat money laundering.

June 15 : *Malta Withdraws from Offshore Group of Banking Supervisors*

Malta announces its withdrawal from the Offshore Group of Banking Supervisors (OGBS). Membership of the OGBS was deemed to be no longer appropriate for Malta in view of the decision, taken in 1996, to register no new offshore activities on the island and to phase out the existing ones.

July 14 : *Malta Stock Exchange Regulations Amended*

The Minister of Finance, through Legal Notice No 124, amends the first schedule of the Malta Stock Exchange Regulations, 2000 allowing a "person" rather than an "individual" to obtain a stockbroking licence. The Legal Notice also replaces the existing Stock Exchange Committee with a College of Stockbroking Firms.

August 25 : *Prevention of Money Laundering Regulations Amended*

The Minister of Finance, through Legal Notice 156, issues the Prevention of Money Laundering (Amendment) Regulations, 2000. These regulations amend the Prevention of Money Laundering Regulations, 1994. Amongst other things, the amended regulations introduce the concept of "reputable jurisdiction". This allows for the recognition of other jurisdictions which adhere to international standards

in combating money laundering.

November 21: Measures Introduced in the Budget for 2001

The Minister of Finance, in presenting the Budget Estimates for the year 2001 to Parliament, announces a number of policy measures. These include:

- 1) **Cost of Living Increase:** A weekly increase in wages of Lm1.50 to compensate for the rise in the cost of living during the year to September 2000.
- 2) **Direct Taxation:** The Income Tax Act, 1948 is to be enforced with regard to certain fringe benefits attached to employment. The benefits to be taxed are listed in a separate document presented with the Budget.
- 3) **Indirect Taxation:** Value Added Tax on health and education are reclassified as exempt without credit while profits made by travel agents on tickets for travel abroad are to become taxable at the full rate. Catering establishments in factories, schools and industrial zones are to start charging Value Added Tax. Excise duty on cigarettes is increased while the duty on alcoholic beverages is henceforth to be calculated on the basis of the alcohol content of the beverage concerned. Levies on a number of imported industrial products are to be scaled down further, while income from collective investment schemes is to be subject to tax.
- 4) **Liberalisation of Exchange Controls:** Exchange controls are further liberalised and the relative administrative procedures are to be speeded up. The measures include:
 - An increase in the allowance for travel purposes from Lm5,000 to Lm10,000 per trip.
 - An increase in the limit for cash gifts from Lm5,000 to Lm10,000 per year.
 - An increase in the amount of foreign currency which can be exported to effect merchandise payments overseas.
 - An increase in the limits on imports and exports of local currency from Lm25 to Lm1,000.
 - The amount that residents are permitted to invest in real estate overseas is raised from Lm50,000 per year to Lm150,000.
 - The allowance for foreign portfolio investment by residents is raised from Lm15,000 per year to Lm30,000.
 - Fund investment schemes (SICAVs) which collect funds in Maltese liri from residents are permitted to invest in foreign assets up to a maximum of five per cent of the funds invested in a scheme.
 - The amount of foreign currency which a resident may retain in the form of cash or in a foreign currency (demand) account with local credit institutions is raised to Lm10,000 from Lm2,500.
 - The period during which export-oriented local companies are permitted to maintain export proceeds with local banks in foreign currency is extended to one year while other bodies corporate and local retail outlets are henceforth permitted to maintain demand, savings and time deposits in foreign currency accounts provided such deposits originate from business activities and the balance does not exceed Lm10,000.

- Lending and borrowing activities are liberalised completely, subject to the condition that such lending or borrowing is for maturity periods of over one year.
- The granting of guarantees by residents and vice versa is liberalised completely.
- All restrictions with regard to the amount of assets that emigrants may transfer abroad are removed.
- All restrictions on payments by residents in respect of endowments to *bona fide* foreign institutions, dowry payments and payments in connection with the settlement of debts by immigrants in their previous country of residence are removed.

The Minister also announces that, as from January 1, 2002, the prices of oil products in Malta are to be linked to price movements in international markets.

December 5: Malta Stock Exchange Council Reviews Notice

The Council of the Malta Stock Exchange revises Council Notice No 1, which deals with fees and other charges. One major change involves the brokerage fees/commissions charged by stockbrokers. These will no longer be fixed by the Exchange but will become subject to negotiation between investors and stockbrokers. The revised notice becomes effective as from January 1, 2001.

2001

January 10: Malta Appointed to OECD Task Force on Harmful Tax Practices

Malta, through its Minister of Finance, is appointed a member of a task force set up by the Organisation for Economic Co-operation and Development (OECD) to curb harmful tax practices in certain offshore financial centres. The task force, made up of 13 countries, was set up during an OECD meeting held in Barbados. Malta will also be representing Commonwealth countries on this task force.

February 14: Malta Stock Exchange Introduces a Trade-Weighted Average Moving Price (TWAMP)

The Malta Stock Exchange announces that, as from the trading session of February 19, it would commence the phasing in of a trade-weighted average moving price (TWAMP) based on the aggregate volume/value of the five trading sessions in which each security was last traded. As a result, the TWAMP would be based on at least five transactions. The Exchange's trade ranges, share index and market capitalisation statistics would also be established in relation to the TWAMP.

July 5: Malta Stock Exchange Issues Draft Corporate Governance Code

The Malta Stock Exchange publishes a draft code of principles for good corporate governance which, it is recommended, should be observed on a voluntary basis by both listed and public companies. The code and recommendations were drafted by a working group set up by the Malta Stock Exchange towards the end of last year.

August 31: Central Bank Lowers Official Interest Rates

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and the discount rate by 25 basis points to 4.5%. All other official interest rates quoted by the Central Bank are similarly lowered by 25 basis points.

September 27: *Central Bank Lowers Reserve Requirement Ratio*

The Monetary Policy Council of the Central Bank of Malta lowers the reserve requirement ratio imposed on banks by one percentage point to 4% of their deposit liabilities. The measure, which increases the banks' liquidity and thus enables them to extend more credit, is to take effect from October 15.

November 26 : *Central Bank Lowers Official Interest Rates*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and the discount rate by 25 basis points to 4.25%. All other official interest rates quoted by the Central Bank are similarly reduced by 25 basis points.

October 31: *Malta Stock Exchange Issues Corporate Governance Code*

The Malta Stock Exchange publishes new bye-laws which include the code of principles of good corporate governance which the Exchange had issued on July 5 in draft form. Companies listed on the official list of the Exchange, as well as those on the alternative companies list, are encouraged to adopt the code. Listed companies are henceforth required to include a "Statement of Compliance" in their annual reports explaining to what extent they are complying with these principles and the measures they have taken to ensure compliance. Auditors are also required to report on these statements.

November 21: *Measures Introduced in the Budget for 2002*

The Minister of Finance, in presenting the Budget Estimates for the year 2002 to Parliament, announces a number of policy measures. These include:

- **Cost of Living Increase:** A weekly increase of Lm1.50 in wages and salaries as from January 1, 2002 to compensate for the rise in the cost of living during the year to September 2001.
- **Direct Taxation:** A revision of the tax bands for married couples who file a joint declaration of their income, resulting in savings of up to Lm145 per annum in income tax. The fringe benefit value of commercial vans and vehicles used by salesmen are no longer to be subject to tax.
- **Indirect Taxation:** Excise duties on cigarettes increased. Levies on a number of imported industrial products to be scaled down further.
- **Linkage of the Price of Oil to Price Movements in International Markets:** As announced in last year's budget, the prices of oil products are to be linked to prices on international markets. Reflecting current prices, the price of leaded petrol and diesel is raised with immediate effect, while that of unleaded petrol and kerosene is lowered. As from April, these prices are to be reviewed every three months to reflect average prices on international markets in the previous three months.

- **Support Scheme for the Agriculture Sector:** A support scheme for the agricultural sector is to be introduced as levies on agricultural imports are lifted.
- **Social Security System Reform:** Social security contributions are to be applied only to healthcare and pensions. Contributions earmarked for healthcare are to be used exclusively to finance the cost of healthcare and care of the elderly, while those earmarked for pensions are to be used to finance contributory pensions and related benefits only. All other benefits are to be provided for directly from the Consolidated Fund.
- **Liberalisation of Exchange Controls:** Exchange controls are further liberalised and the relative procedures are to be speeded up. The measures include:
 - An increase in the allowance for travel purposes from Lm10,000 per person per trip to Lm15,000.
 - An increase in the amount of foreign currency that can be exported by residents travelling overseas to effect payment for merchandise.
 - Quantitative restrictions on the amount that residents are permitted to invest in real estate overseas abolished.
 - The allowance for foreign portfolio investment by residents raised from Lm30,000 per year to Lm50,000.
 - Fund investment schemes (SICAVs) which collect funds in Maltese liri from residents are to be permitted to invest up to 10 per cent of such funds in foreign assets.
 - The amount of foreign currency which a resident may retain in the form of cash or in a demand deposit account denominated in foreign currency with local credit institutions is raised from Lm10,000 to Lm15,000.
 - The amount of foreign currency that may be placed with local credit institutions by corporate entities and retailers is raised from Lm10,000 to Lm15,000.
 - Locally registered fund management companies are to be permitted to seek a listing for their collective investment schemes on recognised international capital markets.

- Locally registered financial and non-financial companies are to be permitted to seek a listing for their bonds and related securities on recognised international money/capital markets as long as the securities have a maturity period of at least one year.
- The granting of guarantees by residents in favour of non-residents is completely liberalised.
- All restrictions on the physical transfer overseas of certificates and other instruments denoting title to shares or securities are removed.
- **Foreign Investment Registration Scheme:** Maltese residents having undeclared investments abroad as at September 1, 2001 are to be given the opportunity to regularise their position until December 31, 2002. Holders of such investments who register them within this period are required to pay a one-time registration fee calculated as a percentage of the current market value of the registered investment.

December 14: *European Investment Bank – Malta Sign Framework Agreement*

The European Investment Bank (EIB) and Malta sign a framework agreement in view of Malta's prospective membership of the EU. The agreement, which is similar to bilateral agreements between sovereign states, is intended to broaden the scope of loans into social areas such as education and health. It is also aimed at increasing co-operation between Malta and the EIB with a view to promoting investment in Malta.

December 27: *Prevention of Money Laundering Act, 1994 Amended*

Parliament enacts the Prevention of Money Laundering (Amendment) Act 2001. The Act provides for the setting up of a Financial Intelligence Analysis Unit to receive and analyse reports of transactions suspected to involve money laundering.

December 27: *Appointment of Competent Authority*

The Minister of Finance, through Legal Notices Nos 324 and 325, appoints the Malta Financial Service Centre (MFSC) as the Competent Authority for the purposes of the Financial Institutions Act, 1994 and the Banking Act, 1994, with effect from January 1, 2002.

2002

January 31 : *Central Bank Lowers Official Interest Rates*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and the discount rate by 25 basis points to 4.00%. All other official interest rates quoted by the Central Bank are similarly reduced by 25 basis points.

March 1 : *Establishment of Financial Intelligence Analysis Unit*

As a follow-up to the amendments to the Prevention of Money Laundering Act, 1994 enacted in December 2001, a Financial Intelligence Analysis Unit is established. The Unit is to assist the Government in furthering its commitment to enhance Malta's reputation as a financial services centre by fighting criminal abuse of Malta's financial services.

STATISTICAL TABLES

THE MALTESE ISLANDS - KEY INFORMATION, SOCIAL AND ECONOMIC STATISTICS

(as at end-Dec. 2001, unless otherwise indicated)

CAPITAL CITY	Valletta	
AREA	316 km ²	
CURRENCY UNIT	Lira - Exchange rates: Lm1 = US\$2.2126 Lm1 = Euro2.4989	
CLIMATE	Average temperature (1991-2001): December - February June - August	13.3° C 25.8° C
	Average annual rainfall (1990 - 2001)	602.4mm
SELECTED GENERAL ECONOMIC STATISTICS	GDP growth at current market prices	3.9%
	GDP per capita at current market prices	US\$9,190
	GDP per head in PPS relative to the EU-15 average (2000)	53
	Ratio of gross government debt to GDP	62.6%
	Ratio of government deficit to GDP	5.3%
	Retail price inflation	2.93%
	Ratio of exports of goods and services to GDP	86.2%
	Ratio of current account deficit to GDP	5.0%
	Gainfully occupied	137,496
	Unemployment rate	5.1%
POPULATION	Total Maltese and Foreigners (Dec. 2000)	391,415
	Males (Dec. 2000)	193,689
	Females (Dec. 2000)	197,726
	Age composition in percent of population (2000)	
	0 - 19	27%
	20 - 59	56%
	60 +	17%
	Average annual growth rate (1990 - 2000)	0.8%
	Density per km ²	1,238
HEALTH	Life expectancy at birth - Males (Dec. 2000)	74.3
	- Females (Dec. 2000)	80.2
	Crude birth rate, per 1000 inhabitants (Dec. 2000)	11.16
	Crude mortality rate, per 1000 inhabitants (Dec. 2000)	7.75
	Doctors per 1000 inhabitants (Dec. 2000)	3.2
EDUCATION	Combined gross enrolment ratio % (1999)	80%
	Number of schools (1999/2000)	331
	Teachers per 1000 students	93
	Adult literacy rate : % age 15 and above (1999)	91.8%
LIVING STANDARDS	Human Development Index : Rank out of 162 countries (1999)	30
	Mobile phone subscriptions, per 1000 inhabitants (Sept. 2001)	501
	Private motor vehicle licences per 1000 inhabitants	482

Source: Central Bank of Malta; National Statistics Office; Ministry of Finance; Eurostat; UNDP.

List of banking institutions submitting financial information to the Central Bank of Malta for statistical reporting purposes, as at December 2001:

Deposit Money Banks

APS Bank Ltd.
Bank of Valletta plc
HSBC Bank Malta plc
Lombard Bank (Malta) plc
HSBC Home Loans (Malta) Bank Ltd.

International Banking Institutions

Akbank TAS
Disbank Malta Ltd.
Erste Bank (Malta) Ltd.
Finansbank (Malta) Ltd.
First International Merchant Bank plc
HSBC Overseas Bank (Malta) Ltd.
Investkredit International Bank Malta Ltd.
Izola Bank Ltd.
Raiffeisen Malta Bank plc
Sparkasse Bank Malta plc
Tekstil Bankasi AS
Turkiye Garanti Bankasi AS
Volksbank Malta Ltd.

PART 1: MONEY AND BANKING

	Statement of Assets and Liabilities of:	
Table 1.1	Central Bank of Malta	64
Table 1.2	Deposit Money Banks	66
Table 1.3	Other Banking Institutions	68
Table 1.4	International Banking Institutions	70
Table 1.5	Monetary Survey	72
Table 1.6	Banking Survey	73
Table 1.7	Monetary Base and Monetary Aggregates	74
Table 1.8	Deposits with All Banking Institutions (Analysis by Ownership and Type)	75
Table 1.9	Currency in Circulation	76
Table 1.10	Denominations of Maltese Currency Issued and Outstanding	77
Table 1.11	Deposit Money Bank Liquidity	78
Table 1.12	Deposit Money Bank Liquid Assets	79
	Loans and Advances Outstanding by Main Sector:	
Table 1.13	Deposit Money Bank	80
Table 1.14	Other Banking Institution	82
Table 1.15	Loans and Advances Outstanding to the Private and Public Sectors by Category	84
	Loans and Advances classified by Size and Interest Rates:	
Table 1.16	Deposit Money Bank	85
Table 1.17	Other Banking Institution	86
Table 1.18	Financial Market Rates	87
Table 1.19	Net Foreign Assets of the Banking System	88
PART 2: GOVERNMENT FINANCE		
Table 2.1	Government Revenue and Expenditure	90
Table 2.2	Government Revenue by Major Sources	91
Table 2.3	Government Capital Expenditure by Type of Investment	92
PART 3: PUBLIC DEBT		
Table 3.1	Gross Government Debt and Government Guaranteed Debt Outstanding	93
Table 3.2	Treasury Bills Issued and Outstanding	94
Table 3.3	Malta Government Stocks	95
Table 3.4	Malta Government Stocks by Remaining Term to Maturity	96
Table 3.5	Government External Loans by Type of Creditor	96
Table 3.6	Government External Loans by Currency	97
Table 3.7	Government External Loans by Remaining Term to Maturity	97
PART 4: EXTERNAL TRANSACTIONS		
Table 4.1	Maltese Lira Exchange Rates Against Major Currencies (End of Period Rates)	98
Table 4.2	Maltese Lira Exchange Rates Against Major Currencies (Averages for the Period)	99
Table 4.3	Malta's Foreign Trade	100
Table 4.4	Direction of Trade - Total Exports	101
Table 4.5	Direction of Trade - Imports	102
Table 4.6	Domestic Exports by Commodity Sections	103
Table 4.7	Imports by Commodity Sections	104
PART 5: REAL ECONOMY INDICATORS		
Table 5.1	Gross National Product (By Category of Expenditure at Current Market Prices)	105
Table 5.2	Tourist Arrivals by Nationality	106
Table 5.3	Labour Market	107
Table 5.4	Number of Approved Commercial Property Applications, By Purpose	108
Table 5.5	Dwelling Units Granted Development Permission, By Type	108
Table 5.6	Inflation Rates (Base 1946=100)	109
Table 5.7	Retail Price Index (Base 1995=100)	110
GENERAL METHODOLOGICAL NOTES		111

TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES
CENTRAL BANK OF MALTA¹
Liabilities

Lm thousands

End of Period	Currency Notes and Coin Issued	IMF-Related Liabilities	Deposits				Capital and Reserves	Foreign ³ Liabilities	Other ² Liabilities
			Banks ²	Government	Other	Total			
1990	339,519	12,103	45,762	9,631	21,833	77,226	4,500	-	131,825
1991	354,513	11,789	52,867	148	29,737	82,752	4,500	-	105,822
1992	350,611	22,987	78,498	5,664	29,727	113,889	4,500	-	145,648
1993	364,013	24,620	67,173	2,437	37,349	106,959	4,500	-	163,740
1994	379,082	24,213	73,025	1,725	52,384	233,734	41,000	-	178,292
1995	367,444	22,553	80,026	20,194	21,502	121,722	41,000	-	187,134
1996	380,246	20,159	71,627	22,785	10,516	105,328	41,000	-	177,233
1997	384,655	20,079	100,511	24,503	10,941	135,955	41,000	-	135,780
1998	390,911	19,014	115,195	48,188	13,367	176,751	93,050	-	35,265
1999	418,485	19,014	124,786	96,188	12,424	233,398	89,050	-	58,597
2000								-	
Jan.	396,341	19,014	145,330	83,271	10,013	238,614	89,050	-	68,853
Feb.	397,423	19,014	143,987	74,198	9,260	227,445	89,050	-	63,281
Mar.	396,223	19,014	133,109	88,442	6,608	228,158	89,050	-	57,401
Apr.	402,860	19,014	145,746	84,252	8,311	238,310	89,050	-	44,678
May	404,674	19,014	145,744	85,720	8,877	240,341	89,050	-	40,439
June	409,680	19,014	138,941	84,799	3,426	227,166	89,050	-	37,728
July	413,532	19,014	165,272	41,518	7,361	214,150	89,050	-	37,010
Aug.	413,856	19,014	134,252	54,570	10,448	199,270	89,050	-	44,067
Sept.	413,846	19,014	135,632	68,376	11,585	215,592	89,050	-	46,055
Oct.	415,901	19,014	140,232	64,120	10,020	214,373	89,050	-	43,206
Nov.	415,224	19,014	137,282	44,780	10,003	192,066	89,050	-	47,359
Dec.	423,188	18,574	141,270	56,161	10,393	207,825	89,050	-	45,182
2001									
Jan.	412,749	18,574	151,954	34,603	9,556	196,113	89,050	2,548	47,585
Feb.	413,863	18,574	154,375	62,982	9,617	226,974	89,050	4,274	29,743
Mar.	415,262	18,574	142,870	69,976	8,657	221,503	89,050	3,041	32,593
Apr.	421,757	18,574	150,629	51,821	9,651	212,101	89,050	2,803	29,204
May	426,201	18,574	157,537	53,558	11,009	222,103	89,050	1,486	32,187
June	429,727	18,574	129,375	51,908	10,145	191,429	89,050	2,863	34,295
July	434,373	18,574	147,841	50,620	10,537	208,998	89,050	1,100	36,185
Aug.	432,878	18,574	131,452	60,453	10,389	202,294	89,050	1,932	38,496
Sept.	429,428	18,574	138,417	61,852	13,726	213,995	89,050	3,698	43,864
Oct.	435,076	18,574	112,067	67,091	10,561	189,718	89,050	2,106	60,694
Nov.	430,082	18,574	107,284	93,988	10,164	211,436	89,050	1,030	64,788
Dec.	441,829	18,281	146,789	69,080	7,644	223,513	95,069	-	48,649

¹ Reclassification of data from December 1998 reflects changes in the presentation of the Central Bank of Malta's financial statements.

² Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). As from December 2001 term deposits by banks which were previously classified as "Other Liabilities" are classified as "Banks' Deposits".

³ Data prior to 2001 were included with "Other Liabilities".

**TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES
CENTRAL BANK OF MALTA¹**

Assets

Ln thousands

End of Period	External Reserves				IMF Currency Subscription	Malta Government Securities and Advances	Fixed and Other Assets	Total Assets/ Total Liabilities
	Gold ²	IMF-Related Assets ³	Convertible Currencies ⁴	Total				
1990	12,979	33,618	380,527	427,124	10,913	22,209	104,927	565,173
1991	6,436	37,176	366,822	410,434	10,637	58,171	80,134	559,376
1992	9,101	30,061	435,856	475,018	21,720	62,305	88,687	647,730
1993	10,215	32,827	490,358	533,400	22,917	18,077	89,438	663,832
1994	7,314	32,829	577,501	617,644	22,635	39,221	176,821	856,321
1995	3,596	34,007	471,090	508,693	21,106	67,728	142,326	739,853
1996	3,646	36,408	468,523	508,577	19,070	74,284	122,035	723,966
1997	1,311	38,912	501,379	541,602	18,988	59,163	97,716	717,469
1998	688	40,429	598,855	639,972	19,086	24,322	31,609	714,991
1999	737	35,517	704,065	740,320	34,955	6,153	37,115	818,544
2000								
Jan.	747	35,457	696,386	732,590	34,955	5,880	38,446	811,872
Feb.	703	35,698	679,413	715,815	34,955	8,755	36,687	796,212
Mar.	743	36,168	672,023	708,934	34,955	7,858	38,099	789,846
Apr.	758	36,494	662,527	699,779	34,955	9,508	49,670	793,912
May	714	36,745	674,299	711,758	35,664	11,757	34,338	793,517
June	746	36,569	666,080	703,396	35,664	6,644	36,933	782,637
July	632	36,699	648,329	685,660	35,664	8,003	43,429	772,756
Aug.	742	37,647	648,026	686,414	35,664	5,863	37,316	765,256
Sept.	739	37,664	659,122	697,525	35,664	7,009	43,360	783,557
Oct.	713	38,040	651,102	689,856	35,664	6,834	49,190	781,543
Nov.	735	38,060	626,391	665,187	35,662	6,852	55,011	762,712
Dec.	452	36,940	606,752	644,144	35,222	9,178	98,930	787,474
2001								
Jan.	406	36,978	593,415	630,799	35,222	14,909	85,689	766,618
Feb.	525	37,352	588,841	626,717	35,222	16,154	104,385	782,478
Mar.	524	37,445	593,656	631,625	35,222	17,603	95,573	780,023
Apr.	435	37,426	602,438	640,300	35,222	9,830	88,137	773,488
May	533	38,340	614,350	653,223	35,372	41,062	59,945	789,601
June	489	38,100	609,264	647,853	35,372	37,512	45,200	765,937
July	531	37,808	637,088	675,427	35,372	30,507	46,974	788,279
Aug.	534	37,837	649,545	687,916	35,372	19,239	40,696	783,223
Sept.	566	37,812	654,187	692,564	35,372	11,789	58,883	798,608
Oct.	527	37,822	682,931	721,281	35,372	8,024	30,542	795,218
Nov.	462	38,167	710,357	748,986	35,372	6,407	24,196	814,960
Dec.	629	37,863	721,936	760,428	35,078	5,773	26,062	827,340

¹ Reclassification of data from December 1998 reflects changes in Central Bank of Malta accounting policy.

² Includes small amounts of other precious metals.

³ Includes IMF Reserve Position and holdings of SDRs.

⁴ Valued according to the prevailing accounting policies as explained each year in the Notes to the Accounts in the Central Bank of Malta *Annual Report*.

TABLE 1.2 STATEMENT OF ASSETS AND LIABILITIES
DEPOSIT MONEY BANKS ¹
Liabilities

Lm thousands

End of period	Deposits ²				Foreign Liabilities ³	Capital and Reserves	Other Liabilities ³
	Demand	Savings	Time	Total			
1990	50,056	252,039	392,290	694,385	66,112	28,112	58,391
1991	53,274	308,715	415,959	777,948	92,111	34,047	59,575
1992	57,858	365,000	463,673	886,531	62,030	37,209	157,098
1993	59,612	415,807	527,211	1,002,630	105,025	39,085	190,979
1994	72,368	462,793	644,546	1,179,707	95,275	79,290	222,080
1995	79,225	510,538	740,615	1,330,378	193,422	86,768	270,170
1996	87,248	538,177	871,318	1,496,743	229,597	96,090	319,900
1997	110,486	574,352	987,497	1,672,335	226,806	112,694	339,765
1998	145,973	581,875	1,102,040	1,829,888	305,527	115,258	395,919
1999	188,460	632,675	1,217,858	2,038,993	356,384	126,829	469,904
2000							
Jan.	185,249	634,977	1,230,290	2,050,516	357,721	134,572	454,280
Feb.	185,122	636,432	1,235,465	2,057,019	363,167	137,539	469,567
Mar.	179,232	632,027	1,242,900	2,054,159	379,585	137,763	498,837
Apr.	181,370	631,505	1,253,497	2,066,372	373,234	137,762	531,091
May	198,017	619,243	1,263,245	2,080,505	390,789	137,762	533,851
June	193,457	620,728	1,264,408	2,078,593	405,417	137,762	550,139
July	198,660	615,581	1,268,922	2,083,163	400,159	137,762	529,192
Aug.	215,243	611,214	1,268,959	2,095,416	388,768	137,762	523,923
Sept.	207,565	601,461	1,273,144	2,082,170	396,424	137,762	559,008
Oct.	205,509	605,140	1,288,791	2,099,440	415,601	157,923	543,090
Nov.	206,625	611,430	1,297,263	2,115,318	420,615	158,303	537,760
Dec.	192,206	623,727	1,296,731	2,112,664	404,679	158,523	566,664
2001							
Jan.	205,665	624,893	1,321,837	2,152,395	407,805	177,039	672,988
Feb.	211,192	629,250	1,340,870	2,181,312	404,322	176,714	702,120
Mar.	212,583	619,316	1,343,006	2,174,905	417,137	176,714	690,255
Apr.	209,623	634,366	1,382,622	2,226,611	402,928	176,714	702,344
May	216,251	630,063	1,394,006	2,240,321	386,026	177,039	701,452
June	209,436	639,026	1,368,606	2,217,068	382,569	177,040	691,167
July	228,197	636,095	1,379,746	2,244,038	382,559	177,040	698,996
Aug.	214,351	650,004	1,389,291	2,253,646	394,763	177,040	747,367
Sept.	217,559	639,505	1,392,068	2,249,132	584,091	169,186	613,161
Oct.	226,097	654,631	1,407,035	2,287,763	551,510	191,044	564,518
Nov.	212,023	646,610	1,439,132	2,297,765	598,444	191,045	537,228
Dec.	212,870	667,301	1,432,345	2,312,516	599,626	191,246	566,794

¹ Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Includes Malta Government and private sector deposits but excludes deposits belonging to non-residents (these are classified as foreign liabilities). Demand deposits are netted of uncleared effects drawn on local banks (i.e. items in the process of collection).

³ As from September 1992, the bulk of foreign liabilities belonging to a Deposit Money Bank was transferred to its offshore bank subsidiary.

**TABLE 1.2 STATEMENT OF ASSETS AND LIABILITIES
DEPOSIT MONEY BANKS ¹**

Assets

Lm thousands

End of Period	Cash and Deposits with Central Bank ²	Foreign Assets	Local Lending and Bills Discounted	Local Investments	Fixed and Other Assets ²	Total Assets/ Total Liabilities
1990	58,349	197,787	458,246	100,284	32,334	847,000
1991	62,790	246,499	480,495	147,050	26,847	963,681
1992	93,816	330,111	539,405	147,048	32,488	1,142,868
1993	83,250	378,598	627,635	212,779	35,457	1,337,719
1994	194,501	417,411	707,355	210,540	46,545	1,576,352
1995	100,638	557,355	938,406	234,379	49,960	1,880,738
1996	96,777	588,571	1,079,552	263,194	114,236	2,142,330
1997	125,183	534,756	1,205,349	365,333	120,979	2,351,600
1998	140,172	575,077	1,324,629	477,853	128,861	2,646,592
1999	169,909	615,109	1,464,365	574,198	168,529	2,992,110
2000						
Jan.	181,324	622,306	1,471,461	574,457	147,541	2,997,089
Feb.	178,691	624,779	1,478,851	583,519	161,452	3,027,292
Mar.	162,346	653,737	1,537,667	592,581	124,013	3,070,344
Apr.	157,818	680,893	1,532,392	601,602	135,754	3,108,459
May	174,635	701,269	1,540,180	579,465	147,358	3,142,907
June	162,544	713,463	1,542,353	583,807	169,744	3,171,911
July	179,381	721,804	1,538,138	559,368	151,585	3,150,276
Aug.	157,982	720,846	1,533,560	573,450	160,031	3,145,869
Sept.	172,161	712,620	1,592,966	566,345	131,272	3,175,364
Oct.	160,963	751,665	1,585,294	588,183	129,949	3,216,054
Nov.	162,908	745,462	1,599,751	589,856	134,019	3,231,996
Dec.	152,739	729,614	1,608,023	601,427	150,727	3,242,530
2001						
Jan.	167,665	741,428	1,733,354	602,689	165,091	3,410,227
Feb.	176,144	751,847	1,739,911	634,330	162,236	3,464,468
Mar.	157,672	749,183	1,793,027	634,613	124,516	3,459,011
Apr.	171,652	765,611	1,823,589	614,562	133,183	3,508,597
May	177,617	758,695	1,815,942	599,360	153,223	3,504,837
June	145,437	737,380	1,815,792	607,585	161,650	3,467,844
July	162,532	719,853	1,811,155	641,159	167,934	3,502,633
Aug.	157,031	779,222	1,806,213	648,651	181,699	3,572,817
Sept.	159,761	776,593	1,855,912	664,875	158,429	3,615,570
Oct.	146,852	745,955	1,857,538	695,562	148,928	3,594,835
Nov.	134,445	772,817	1,852,984	709,168	155,067	3,624,482
Dec.	180,312	791,551	1,866,422	662,996	168,901	3,670,182

¹ Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² As from December 2001 term deposits by banks which were previously classified as "Fixed and other Assets" are classified as "Cash and Deposits with Central Bank."

TABLE 1.3 STATEMENT OF ASSETS AND LIABILITIES
OTHER BANKING INSTITUTIONS ¹
Liabilities

Lm thousands

End of Period	Deposits ²			Foreign Liabilities	Credits from Deposit Money Banks ³	Capital and Reserves	Other Items (Net) ³
	Savings	Time	Total				
1990	3,658	5,442	9,100	81,587	86,998	13,814	9,210
1991	-	-	-	83,435	62,167	17,252	73,468
1992	-	-	-	177,208	88,928	18,457	75,128
1993	-	-	-	198,215	106,321	19,840	72,762
1994	-	-	-	134,841	121,845	20,751	65,956
1995	-	-	-	-	72,429	15,184	63,585
1996	-	-	-	-	75,616	16,205	64,121
1997	-	-	-	-	67,904	21,414	63,322
1998	-	-	-	-	74,600	22,846	68,329
1999	-	-	-	198	60,392	20,568	72,540
2000							
Jan.	-	-	-	198	60,211	25,120	68,307
Feb.	-	-	-	198	60,380	25,120	68,591
Mar.	-	-	-	198	62,523	25,120	70,454
Apr.	-	-	-	198	61,414	25,120	68,304
May	-	-	-	198	62,052	25,120	68,471
June	-	-	-	198	65,216	25,120	68,700
July	-	-	-	198	65,121	25,120	68,452
Aug.	-	-	-	198	65,577	25,120	69,584
Sept.	-	-	-	198	67,581	25,120	72,052
Oct.	-	-	-	-	48,779	18,918	71,997
Nov.	-	-	-	-	50,214	18,918	71,552
Dec.	-	-	-	-	52,431	20,212	69,218

¹ This Table was discontinued as from January 2001.

² Excludes deposits belonging to non-residents. The latter are classified as foreign liabilities. As from January 1991, deposits belonging to residents have been classified under "Other Items (Net)".

³ In April 1991, a local financial institution issued Lm60 million worth of bonds, with the proceeds being utilised to repay credits which it had previously received from Deposit Money Banks. These securities have been classified under "Other Items (Net)".

**TABLE 1.3 STATEMENT OF ASSETS AND LIABILITIES
OTHER BANKING INSTITUTIONS ¹**

Assets

Lm thousands

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Claims on				Total Assets/ Total Liabilities
			Government	Deposit Money Banks ²	Private and Parastatal Sectors	Total	
1990	642	89,771	5,055	702	104,539	110,296	200,709
1991	7	98,099	-	6	138,210	138,216	236,322
1992	7	116,452	-	79,259	164,003	243,262	359,721
1993	7	118,603	-	96,772	181,756	278,528	397,138
1994	1	5,072	-	134,834	203,486	338,320	343,393
1995	140	3,876	142	-	147,040	147,182	151,198
1996	65	3,297	142	3,009	149,429	152,580	155,942
1997	94	7,047	842	2,487	142,170	145,499	152,640
1998	321	7,030	5,794	2,317	150,313	158,424	165,775
1999	368	6,545	4,555	3,013	139,217	146,785	153,698
2000							
Jan.	349	6,432	4,555	3,025	139,475	147,055	153,836
Feb.	307	6,449	4,555	3,029	139,949	147,533	154,289
Mar.	317	6,324	4,555	3,102	143,997	151,654	158,295
Apr.	325	6,307	1,863	2,952	143,589	148,404	155,036
May	323	6,475	1,871	2,958	144,214	149,043	155,841
June	326	6,561	1,871	3,074	147,402	152,347	159,234
July	332	6,534	1,879	3,054	147,092	152,025	158,891
Aug.	292	6,507	2,086	3,137	148,457	153,680	160,479
Sept.	303	6,608	2,091	3,159	152,790	158,040	164,951
Oct.	314	6,459	2,471	2,958	127,492	132,921	139,694
Nov.	302	6,692	2,480	3,044	128,166	133,690	140,684
Dec.	312	6,835	2,287	3,010	129,417	134,714	141,861

¹ This Table was discontinued as from January 2001.

² From September 1992 up to December 1994, includes deposits of offshore subsidiaries of the Deposit Money Banks held with their parent institutions.

**TABLE 1.4 STATEMENT OF ASSETS AND LIABILITIES
INTERNATIONAL BANKING INSTITUTIONS**

Liabilities

Lm thousands

End of Period	Resident Deposits				Foreign Liabilities	Capital and Reserves	Other Liabilities	Total Liabilities
	Demand	Savings	Time	Total				
1995	1,607	3,513	4,614	9,734	366,823	26,659	4,530	407,746
1996	1,301	4,209	7,246	12,756	616,842	33,056	5,725	668,379
1997	2,068	5,757	7,080	14,905	950,186	63,912	12,881	1,041,884
1998	2,866	7,712	11,292	21,870	1,690,832	161,866	17,382	1,891,950
1999	4,027	10,203	7,093	21,323	2,460,629	188,740	40,418	2,711,110
2000								
Jan.	4,002	9,595	4,871	18,467	2,246,372	196,215	42,533	2,503,587
Feb.	4,595	11,611	5,313	21,519	2,224,277	196,408	48,364	2,490,568
Mar.	4,553	12,977	7,588	25,118	2,233,955	182,422	51,290	2,492,784
Apr.	4,344	13,369	7,646	25,359	2,258,627	182,665	59,069	2,525,721
May	4,831	12,818	8,733	26,382	2,409,834	179,076	79,602	2,694,894
June	5,281	11,273	9,716	26,270	2,275,687	184,060	75,195	2,561,212
July	5,266	11,980	9,822	27,068	2,436,195	182,806	75,595	2,721,665
Aug.	5,087	12,023	9,790	26,900	2,697,332	182,026	80,847	2,987,105
Sept.	4,684	11,699	9,802	26,185	2,752,139	180,975	92,666	3,051,965
Oct.	4,353	12,865	12,198	29,416	2,810,654	180,003	85,260	3,105,333
Nov.	4,236	12,339	15,702	32,277	2,901,786	181,558	75,393	3,191,015
Dec.	4,715	12,403	15,230	32,348	2,820,520	194,213	59,066	3,106,146
2001								
Jan.	4,178	12,848	15,678	32,704	2,118,901	227,026	23,149	2,401,781
Feb.	4,182	11,221	16,176	31,579	2,149,272	227,421	-53,189	2,355,084
Mar.	4,527	11,289	17,126	32,942	2,376,838	199,065	-32,104	2,576,742
Apr.	5,468	13,231	15,380	34,079	2,080,792	244,929	-64,355	2,295,445
May	4,900	12,454	15,784	33,138	2,154,427	243,043	8,398	2,439,006
June	5,484	11,714	16,206	33,405	2,021,493	250,363	6,696	2,311,957
July	5,169	11,144	16,096	32,409	1,865,588	251,354	9,484	2,158,835
Aug.	5,372	10,717	17,245	33,335	1,805,889	253,410	15,758	2,108,391
Sept.	5,466	11,135	16,057	32,658	1,682,173	245,114	1,351	1,961,296
Oct.	5,026	10,954	16,367	32,347	1,821,977	245,156	5,209	2,104,688
Nov.	5,486	10,339	16,036	31,861	1,834,314	250,200	19,366	2,135,740
Dec.	5,421	11,259	16,152	32,832	2,347,616	256,549	4,497	2,641,495

**TABLE 1.4 STATEMENT OF ASSETS AND LIABILITIES
INTERNATIONAL BANKING INSTITUTIONS**

Assets

Lm thousands

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Local Lending and Bills Discounted	Local Investments	Fixed and Other Assets	Total Assets
1995	712	241,121	157	161,931	3,825	407,746
1996	937	462,902	37	200,098	4,405	668,379
1997	867	817,949	598	217,221	5,249	1,041,884
1998	1,236	1,652,699	996	231,290	5,729	1,891,950
1999	1,892	2,434,594	6,135	260,458	8,030	2,711,110
2000						
Jan.	2,248	2,187,697	7,123	277,348	29,172	2,503,587
Feb.	2,048	2,168,107	7,637	276,952	35,824	2,490,568
Mar.	2,078	2,160,660	7,019	275,193	47,835	2,492,784
Apr.	1,988	2,178,957	7,230	290,513	47,033	2,525,721
May	2,017	2,333,017	7,444	297,520	54,897	2,694,894
June	2,244	2,244,813	6,907	283,676	23,573	2,561,212
July	2,292	2,396,183	6,541	295,140	21,509	2,721,665
Aug.	2,241	2,662,484	7,034	293,428	21,918	2,987,105
Sept.	2,175	2,709,192	6,998	298,494	35,106	3,051,965
Oct.	2,126	2,762,508	7,498	301,417	31,784	3,105,333
Nov.	2,261	2,891,748	6,415	280,692	9,899	3,191,015
Dec.	2,078	2,819,021	6,128	267,663	11,256	3,106,146
2001						
Jan.	2,169	2,114,115	5,776	268,522	11,198	2,401,781
Feb.	1,887	2,059,090	6,819	276,347	10,940	2,355,084
Mar.	2,380	2,281,085	7,703	273,712	11,862	2,576,742
Apr.	2,194	1,993,143	8,231	279,991	11,886	2,295,445
May	2,302	2,129,162	7,983	286,874	12,685	2,439,006
June	2,103	2,006,877	7,261	278,348	17,368	2,311,957
July	2,360	1,847,609	6,655	284,848	17,362	2,158,835
Aug.	6,224	1,758,520	6,334	325,536	11,776	2,108,391
Sept.	1,469	1,797,836	7,002	141,641	13,348	1,961,296
Oct.	5,433	1,944,342	5,980	138,531	10,402	2,104,688
Nov.	1,463	1,975,832	6,122	138,420	13,904	2,135,740
Dec.	1,355	2,484,115	5,855	137,145	13,025	2,641,495

TABLE 1.5 MONETARY SURVEY¹

Lm thousands

End of Period	Domestic Credit			Net Foreign Assets			Narrow Money ⁵ (Ml)	Quasi-Money ⁶	Other Items (Net)	Total Assets/ Liabilities
	Net Claims on Government ²	Claims on Private & Parastatal Sectors ³	Total	Central Bank of Malta	DMBs & IBIs ⁴	Total				
1990	86,123	470,848	556,971	456,727	131,675	588,402	384,453	648,123	112,797	1,145,373
1991	119,535	548,041	667,576	439,857	154,388	594,245	406,690	726,031	129,100	1,249,763
1992	121,591	608,202	729,793	492,220	260,418	752,638	408,552	830,008	243,871	1,482,431
1993	137,329	697,769	835,098	549,490	267,609	817,099	425,064	941,503	285,630	1,652,197
1994	150,632	782,019	932,651	690,434	316,907	1,007,341	463,547	1,106,721	369,724	1,939,992
1995	179,754	1,024,801	1,204,555	580,700	228,369	809,069	436,760	1,253,054	323,810	2,013,624
1996	238,942	1,146,429	1,385,371	554,119	196,713	750,832	454,089	1,413,169	268,945	2,136,203
1997	320,627	1,276,804	1,597,431	561,668	166,502	728,170	479,899	1,565,848	279,854	2,325,601
1998	350,202	1,417,559	1,767,761	639,991	217,114	857,105	523,628	1,693,146	408,092	2,624,866
1999	353,539	1,586,815	1,940,354	740,339	187,110	927,449	581,175	1,854,927	431,702	2,867,803
2000										
Jan.	367,701	1,593,928	1,961,629	732,609	174,934	907,543	567,948	1,867,558	433,667	2,869,172
Feb.	388,626	1,602,100	1,990,726	715,834	173,909	889,743	567,107	1,877,018	436,343	2,880,468
Mar.	382,220	1,662,133	2,044,353	708,953	172,034	880,987	557,886	1,883,951	483,504	2,925,340
Apr.	394,252	1,656,692	2,050,945	699,798	191,274	891,071	569,486	1,891,843	480,687	2,942,016
May	374,381	1,668,209	2,042,590	711,777	197,376	909,153	587,552	1,891,614	472,577	2,951,744
June	363,748	1,678,711	2,042,459	703,415	241,023	944,438	581,079	1,891,683	514,134	2,986,896
July	383,919	1,674,366	2,058,286	685,679	239,819	925,498	593,031	1,892,439	498,314	2,983,784
Aug.	384,154	1,670,482	2,054,636	686,433	254,448	940,881	612,809	1,888,741	493,967	2,995,517
Sept.	364,425	1,732,325	2,096,750	697,544	238,906	936,450	609,343	1,883,190	540,667	3,033,200
Oct.	391,980	1,724,508	2,116,487	689,875	242,006	931,882	604,248	1,908,941	535,180	3,048,369
Nov.	407,362	1,740,287	2,147,649	665,206	268,198	933,404	603,770	1,930,403	546,881	3,081,054
Dec.	409,523	1,746,586	2,156,109	640,508	305,084	945,592	594,702	1,937,166	569,832	3,101,700

¹ Includes Central Bank of Malta, Deposit Money Banks and International Banking Institutions. This Table was discontinued following a reclassification exercise. As from January 2001, figures can be accessed from the Banking Survey (Table 1.6).

² Consists of Malta Government Securities held by banks and bank advances to Government - netted of Government deposits.

³ These claims include Deposit Money Bank domestic loans and overdrafts to private and parastatal bodies, investments in local non-Government securities, inland bills of exchange and promissory notes, and exclude interbank transactions.

⁴ International Banking Institutions are included as from January 1995. As from September 1992, foreign assets of Deposit Money Banks and International Banking Institutions are netted of foreign interest due and not received. Foreign liabilities are netted of foreign interest and expenses accrued.

⁵ Excludes Malta Government deposits, balances belonging to non-residents as well as uncleared effects drawn on Deposit Money Banks.

⁶ Excludes Malta Government deposits and balances belonging to non-residents.

TABLE 1.6 BANKING SURVEY¹

Lm thousands

End of Period	Domestic Credit			Net Foreign Assets			Narrow Money ⁴ (Ml)	Quasi-Money ⁵	Other Items (Net)	Total Assets/ Liabilities
	Net Claims on Government ²	Claims on Private & Parastatal Sectors ³	Total	Central Bank of Malta	All Banking Institutions	Total				
1990	91,177	486,841	578,018	444,763	139,860	584,623	384,438	657,223	120,980	1,162,641
1991	119,535	576,846	696,381	426,885	169,052	595,937	406,689	726,245	145,634	1,292,318
1992	121,591	638,078	759,669	492,230	198,759	690,989	408,551	830,231	206,345	1,450,658
1993	137,329	720,680	858,009	549,495	187,664	737,159	425,063	941,658	219,292	1,595,168
1994	150,632	816,586	967,218	690,434	187,106	877,540	463,547	1,106,721	208,331	1,844,758
1995	179,896	1,044,865	1,224,761	580,700	242,107	822,807	436,760	1,254,635	356,173	2,047,568
1996	239,084	1,190,485	1,429,569	554,119	208,331	762,450	454,089	1,414,215	323,715	2,192,019
1997	321,469	1,323,259	1,644,728	561,668	182,760	744,428	479,899	1,567,091	342,166	2,389,156
1998	355,996	1,459,815	1,815,811	639,991	238,447	878,438	523,628	1,698,959	471,662	2,694,249
1999	358,094	1,632,866	1,990,960	740,339	228,835	969,174	581,148	1,860,653	518,334	2,960,134
2000										
Jan.	372,256	1,634,295	2,006,551	732,609	212,144	944,753	567,902	1,873,635	509,768	2,951,304
Feb.	393,181	1,642,786	2,035,967	715,834	211,694	927,528	567,063	1,883,279	513,152	2,963,494
Mar.	386,775	1,695,651	2,082,426	708,953	206,983	915,936	557,843	1,890,114	550,406	2,998,362
Apr.	396,115	1,690,856	2,086,972	699,798	234,098	933,896	569,443	1,897,938	553,487	3,020,867
May	376,252	1,702,691	2,078,943	711,777	239,941	951,718	587,512	1,897,793	545,356	3,030,661
June	365,619	1,713,349	2,078,968	703,415	283,535	986,949	581,038	1,898,000	586,879	3,065,917
July	385,798	1,708,247	2,094,046	685,679	287,969	973,648	592,984	1,898,465	576,245	3,067,694
Aug.	386,240	1,705,220	2,091,460	686,433	303,538	989,972	612,778	1,896,201	572,453	3,081,432
Sept.	366,516	1,770,001	2,136,517	697,544	279,659	977,203	608,184	1,890,966	614,569	3,113,720
Oct.	394,451	1,751,625	2,146,075	689,875	294,377	984,252	604,198	1,916,965	609,165	3,130,327
Nov.	409,842	1,767,310	2,177,152	665,206	321,500	986,706	603,737	1,935,190	624,932	3,163,859
Dec.	411,810	1,772,432	2,184,242	640,508	330,271	970,779	594,660	1,944,221	616,140	3,155,021
2001										
Jan.	439,406	1,765,522	2,204,928	628,251	328,837	957,088	606,511	1,964,824	590,680	3,162,015
Feb.	441,098	1,774,453	2,215,551	622,443	257,343	879,786	607,904	1,988,101	499,332	3,095,337
Mar.	435,325	1,826,170	2,261,496	628,584	236,293	864,877	611,018	1,980,762	534,593	3,126,373
Apr.	442,556	1,828,686	2,271,242	637,496	275,034	912,531	616,331	2,035,578	531,864	3,183,773
May	456,814	1,816,842	2,273,656	651,737	347,405	999,142	627,624	2,042,228	602,945	3,272,798
June	462,820	1,815,505	2,278,325	644,990	340,195	985,186	626,485	2,025,935	611,090	3,263,510
July	489,148	1,809,221	2,298,369	674,327	319,316	993,643	646,991	2,032,707	612,315	3,292,013
Aug.	476,029	1,799,599	2,275,627	685,984	337,091	1,023,075	631,146	2,056,323	611,234	3,298,703
Sept.	482,907	1,849,181	2,332,088	688,866	308,165	997,031	640,547	2,046,957	641,616	3,329,120
Oct.	504,802	1,849,192	2,353,994	719,175	316,810	1,035,985	647,212	2,077,673	665,094	3,389,979
Nov.	493,221	1,842,644	2,335,866	747,956	315,891	1,063,847	630,284	2,101,328	668,100	3,399,712
Dec.	475,099	1,853,176	2,328,275	760,428	328,424	1,088,851	635,475	2,117,470	664,181	3,417,127

¹ Includes Central Bank of Malta, Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). All interbank transactions are excluded. From 1995, data are on an accrual basis.

² Consists of Malta Government securities held by banks and bank advances to Government netted of Government deposits.

³ These claims include domestic loans and overdrafts to private and parastatal bodies, investments in local non-Government securities, inland bills of exchange and promissory notes.

⁴ Excludes Malta Government deposits, balances belonging to non-residents as well as uncleared effects drawn on Deposit Money Banks.

⁵ Excludes Malta Government deposits and balances belonging to non-residents.

TABLE 1.7 MONETARY BASE AND MONETARY AGGREGATES*Ln thousands*

End of Period	Monetary Base (M0) ¹			Broad Money (M3) ³						
	Currency Issued ²	Banks' Deposits with the Central Bank	Total	Narrow Money(M1)			Quasi-Money			Total
				Currency in Circulation	Demand Deposits ⁴	Total	Savings Deposits	Time Deposits	Total	
1990	339,519	45,762	385,281	330,305	54,133	384,438	260,691	396,532	657,223	1,041,661
1991	354,513	52,867	407,380	344,342	62,347	406,689	310,302	415,943	726,245	1,132,934
1992	350,611	78,498	429,109	337,635	70,916	408,551	367,108	463,123	830,231	1,238,782
1993	364,013	67,173	431,186	353,258	71,805	425,063	415,292	526,366	941,658	1,366,721
1994	379,082	73,025	452,107	365,910	97,637	463,547	462,441	644,280	1,106,721	1,570,268
1995	367,444	80,026	447,470	351,779	84,981	436,760	510,842	743,793	1,254,635	1,691,395
1996	380,246	71,627	451,873	362,068	92,021	454,089	537,269	876,946	1,414,215	1,868,304
1997	384,655	100,511	485,166	363,765	116,134	479,899	574,125	992,966	1,567,091	2,046,990
1998	390,911	115,195	506,107	369,493	154,135	523,628	585,131	1,113,828	1,698,959	2,222,587
1999	418,485	124,786	543,271	384,593	196,555	581,148	637,402	1,223,251	1,860,653	2,441,800
2000										
Jan.	396,341	145,330	541,671	376,844	191,057	567,902	640,057	1,233,578	1,873,635	2,441,536
Feb.	397,423	143,987	541,410	376,481	190,582	567,063	643,792	1,239,487	1,883,279	2,450,342
Mar.	396,223	133,109	529,332	375,782	182,060	557,843	641,146	1,248,968	1,890,114	2,447,957
Apr.	402,860	145,746	548,607	383,836	185,607	569,443	637,934	1,260,004	1,897,938	2,467,381
May	404,674	145,744	550,419	384,508	203,004	587,512	626,549	1,271,244	1,897,793	2,485,306
June	409,680	138,941	548,621	387,937	193,102	581,038	624,232	1,273,768	1,898,000	2,479,038
July	413,532	165,272	578,804	390,998	201,986	592,984	620,543	1,277,922	1,898,465	2,491,449
Aug.	413,856	134,252	548,108	391,655	221,122	612,778	617,484	1,278,717	1,896,201	2,508,979
Sept.	413,846	135,632	549,478	393,851	215,452	609,303	606,694	1,284,239	1,890,933	2,500,236
Oct.	415,901	140,232	556,133	394,076	210,122	604,198	610,716	1,306,249	1,916,965	2,521,163
Nov.	415,224	137,282	552,506	392,637	211,099	603,737	618,430	1,320,000	1,938,430	2,542,167
Dec.	423,188	141,270	564,459	396,303	198,357	594,660	629,389	1,314,832	1,944,221	2,538,881
2001										
Jan.	412,749	151,954	564,702	396,210	210,301	606,511	630,511	1,334,313	1,964,824	2,571,335
Feb.	413,863	154,375	568,239	393,154	214,750	607,904	634,277	1,353,824	1,988,101	2,596,005
Mar.	415,262	142,870	558,132	395,574	215,444	611,018	623,862	1,356,900	1,980,762	2,591,780
Apr.	421,757	150,629	572,385	402,297	214,034	616,331	640,897	1,394,681	2,035,578	2,651,909
May	426,201	157,537	583,738	405,512	222,112	627,624	635,547	1,406,681	2,042,228	2,669,853
June	429,727	129,375	559,102	411,395	215,090	626,485	643,177	1,382,758	2,025,935	2,652,420
July	434,373	147,841	582,214	413,360	233,631	646,991	639,827	1,392,880	2,032,707	2,679,698
Aug.	432,878	131,452	564,329	411,542	219,604	631,146	654,199	1,402,124	2,056,323	2,687,469
Sept.	429,428	138,417	567,844	413,554	226,993	640,547	643,754	1,403,203	2,046,957	2,687,503
Oct.	435,076	112,067	547,143	415,199	232,014	647,212	657,169	1,420,504	2,077,673	2,724,886
Nov.	430,082	107,284	537,366	412,110	218,174	630,284	649,660	1,451,668	2,101,328	2,731,612
Dec.	441,829	125,789	567,618	418,887	216,588	635,475	671,449	1,446,021	2,117,470	2,752,946

¹ Monetary Base (M0) comprises currency issued and the banks' deposits with the Central Bank of Malta (excluding term deposits).

² Currency issued comprises currency in circulation and holdings of national currency by the banks in their tills.

³ All categories of deposits included in the Broad Money (M3) figure as shown in this Table are netted of Malta Government deposits and balances belonging to non-residents.

⁴ Cheques and other items in the process of collection are deducted from demand deposits. Deposits of private and parastatal entities held with the Central Bank of Malta are included.

TABLE 1.8 DEPOSITS WITH ALL BANKING INSTITUTIONS¹
Analysis by Ownership and Type

Ln thousands

End of Period	Resident Deposits by Owner				Resident Deposits by Type		Total Resident Deposits	Non-Resident Deposits	Total Deposits
	Personal ²	Corporate/ Business	Government	Public Sector ³	Maltese Lira Deposits	Foreign Currency Deposits ⁴			
1990	609,524	81,398	2,158	14,847	642,867	65,060	707,927	60,241	768,163
1991	681,830	84,192	1,815	14,722	702,698	79,861	782,559	78,584	861,143
1992	766,751	107,243	2,029	15,519	793,705	97,837	891,542	118,074	1,009,616
1993	877,873	109,876	2,704	20,254	904,531	106,176	1,010,707	139,558	1,150,265
1994	1,029,646	136,222	2,211	23,963	1,069,068	122,974	1,192,042	170,199	1,362,241
1995	1,170,640	151,510	6,744	24,214	1,196,977	156,131	1,353,108	236,180	1,589,288
1996	1,322,162	160,545	8,952	26,691	1,345,124	173,226	1,518,350	363,449	1,881,799
1997	1,466,011	190,603	10,000	30,148	1,513,978	182,784	1,696,762	578,884	2,275,646
1998	1,615,056	206,658	11,839	32,788	1,674,107	192,234	1,866,341	1,076,060	2,942,401
1999	1,704,669	324,081	14,868	33,284	1,870,317	206,585	2,076,902	1,148,486	3,225,388
2000									
Jan.	1,703,847	328,097	14,003	38,070	1,879,444	204,573	2,084,017	1,026,177	3,110,195
Feb.	1,706,244	341,645	13,820	34,710	1,886,111	210,308	2,096,419	988,081	3,084,500
Mar.	1,709,700	344,161	13,413	32,590	1,890,022	209,842	2,099,864	1,108,481	3,208,345
Apr.	1,726,427	341,458	16,072	31,227	1,906,425	208,759	2,115,184	1,127,282	3,242,466
May	1,721,351	360,254	14,631	29,084	1,911,062	214,258	2,125,320	1,135,221	3,260,541
June	1,733,261	334,112	17,020	43,301	1,907,050	220,644	2,127,694	1,089,386	3,217,079
July	1,737,807	330,034	16,660	41,391	1,906,281	219,611	2,125,892	1,082,536	3,208,429
Aug.	1,739,345	335,241	16,281	48,885	1,915,407	224,345	2,139,752	1,138,971	3,278,723
Sept.	1,746,274	328,828	15,760	45,282	1,915,390	220,754	2,136,144	1,141,280	3,277,424
Oct.	1,734,557	342,709	13,124	56,760	1,922,491	224,660	2,147,151	1,132,724	3,279,876
Nov.	1,752,394	341,662	12,701	58,666	1,934,709	230,714	2,165,423	1,134,761	3,300,184
Dec.	1,786,776	322,578	13,443	40,557	1,938,548	224,808	2,163,356	1,118,099	3,281,454
2001									
Jan.	1,799,723	335,256	13,085	51,100	1,972,683	226,481	2,199,164	1,113,275	3,312,439
Feb.	1,815,129	340,860	13,203	51,242	1,991,280	229,153	2,220,433	1,061,458	3,281,892
Mar.	1,819,987	340,129	13,859	47,762	1,982,213	239,522	2,221,735	840,501	3,062,236
Apr.	1,834,216	372,532	14,263	53,608	2,013,417	261,202	2,274,619	806,022	3,080,641
May	1,840,710	359,214	13,551	69,144	2,016,908	265,712	2,282,620	814,543	3,097,163
June	1,856,663	334,341	13,059	64,451	2,004,576	263,940	2,268,516	824,462	3,092,978
July	1,862,559	346,872	14,162	62,711	2,026,348	259,959	2,286,307	828,700	3,115,007
Aug.	1,872,982	342,209	14,998	67,980	2,015,181	282,992	2,298,173	820,812	3,118,985
Sept.	1,903,474	328,965	15,125	50,102	2,024,933	272,733	2,297,666	867,076	3,164,742
Oct.	1,927,122	335,454	14,541	51,218	2,054,391	273,641	2,328,032	864,094	3,192,126
Nov.	1,908,070	353,583	13,822	41,360	2,061,326	281,494	2,342,820	872,462	3,215,282
Dec.	1,955,731	348,594	12,521	31,759	2,065,737	286,015	2,351,752	946,261	3,298,014

¹ Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). For the purposes of this Table, deposits include uncleared effects.

² Includes bearer deposits.

³ Public sector companies are entities that are subject to control by Government, control being defined as the ability to determine general corporate policy.

⁴ Includes External Maltese Lira deposits.

TABLE 1.9 CURRENCY IN CIRCULATION*Ln thousands*

End of Period	Currency Issued and Outstanding			Less Currency held by Banking System ²	Currency in Circulation
	Notes ¹	Coins	Total		
1990	330,715	8,804	339,519	9,214	330,305
1991	344,933	9,580	354,513	10,171	344,342
1992	340,144	10,467	350,611	12,976	337,635
1993	352,590	11,423	364,013	10,755	353,258
1994	366,630	12,452	379,082	13,171	365,910
1995	354,109	13,335	367,444	15,665	351,779
1996	366,297	13,949	380,246	18,178	362,068
1997	369,830	14,825	384,655	20,890	363,765
1998	375,209	15,702	390,911	21,418	369,493
1999	401,999	16,486	418,485	33,893	384,593
2000					
Jan.	380,156	16,185	396,341	19,497	376,844
Feb.	381,217	16,206	397,423	20,942	376,481
Mar.	379,998	16,225	396,223	20,440	375,782
Apr.	386,497	16,364	402,860	19,025	383,836
May	388,135	16,539	404,674	20,166	384,508
June	392,960	16,720	409,680	21,743	387,937
July	396,579	16,953	413,532	22,534	390,998
Aug.	396,639	17,217	413,856	22,200	391,655
Sept.	396,599	17,247	413,846	19,995	393,851
Oct.	398,671	17,230	415,901	21,825	394,076
Nov.	398,061	17,163	415,224	22,586	392,637
Dec.	405,713	17,476	423,188	26,885	396,303
2001					
Jan.	395,514	17,235	412,749	16,539	396,210
Feb.	396,788	17,076	413,863	20,709	393,154
Mar.	398,183	17,079	415,262	19,688	395,574
Apr.	404,502	17,254	421,757	19,460	402,297
May	408,935	17,266	426,201	20,689	405,512
June	412,284	17,442	429,727	18,331	411,395
July	416,685	17,688	434,373	21,013	413,360
Aug.	415,014	17,864	432,878	21,336	411,542
Sept.	411,542	17,886	429,428	15,874	413,554
Oct.	417,163	17,913	435,076	19,877	415,199
Nov.	412,309	17,773	430,082	17,972	412,110
Dec.	423,835	17,994	441,829	22,942	418,887

¹ As from December 1998, the Notes figure in the Central Bank of Malta balance sheet, which is also shown in this Table includes demonetised notes. As a result it differs from the Notes figure in Table 1.10.

² For the purpose of this classification, the banking system includes the Deposit Money Banks, Other Banking Institutions (up to December 2000) and the International Banking Institutions (as from January 1995).

**TABLE 1.10 DENOMINATIONS OF MALTESE CURRENCY
ISSUED AND OUTSTANDING**

Lm thousands

End of Period	Total Notes & Coins ¹	Currency Notes					
		Lm20	Lm10	Lm5	Lm2	Lm1	Total
1990	339,519	143,772	154,214	27,325	4,681	723	330,715
1991	354,513	147,013	165,736	26,666	4,833	685	344,933
1992	350,611	112,591	195,027	26,772	5,092	662	340,144
1993	364,013	118,509	202,241	26,036	5,170	634	352,590
1994	379,082	122,770	211,079	26,965	5,816	-	366,630
1995	367,444	121,395	201,474	25,510	5,730	-	354,109
1996	380,246	123,243	210,985	26,211	5,859	-	366,298
1997	384,655	118,144	219,736	25,853	6,099	-	369,832
1998	390,911	109,720	234,117	24,174	5,793	-	373,804
1999	418,485	108,626	259,366	27,738	6,270	-	402,000
2000							
Jan.	396,341	107,036	243,575	23,472	6,073	-	380,156
Feb.	397,423	107,004	244,423	23,681	6,109	-	381,217
Mar.	396,223	106,808	243,225	23,808	6,157	-	379,998
Apr.	402,860	107,257	247,761	25,176	6,303	-	386,497
May	404,674	107,454	249,123	25,113	6,446	-	388,136
June	409,680	108,020	252,728	25,716	6,496	-	392,960
July	413,532	108,501	254,810	26,783	6,485	-	396,579
Aug.	413,856	107,914	255,839	26,315	6,571	-	396,639
Sept.	413,846	107,650	255,864	26,460	6,625	-	396,599
Oct.	415,901	107,614	258,245	26,183	6,633	-	398,675
Nov.	415,224	107,585	258,238	25,741	6,497	-	398,061
Dec.	423,188	107,902	264,170	27,168	6,473	-	405,713
2001							
Jan.	412,749	107,317	256,896	24,959	6,342	-	395,514
Feb.	413,863	107,375	257,886	25,110	6,417	-	396,788
Mar.	415,262	107,553	258,584	25,533	6,513	-	398,183
Apr.	421,757	108,073	263,559	26,233	6,637	-	404,502
May	426,201	108,607	266,892	26,707	6,729	-	408,935
June	429,727	108,864	269,583	27,038	6,799	-	412,284
July	434,373	109,198	273,008	27,573	6,907	-	416,686
Aug.	432,878	108,898	271,722	27,488	6,906	-	415,014
Sept.	429,428	108,627	269,109	26,979	6,828	-	411,543
Oct.	435,076	108,798	274,517	27,071	6,777	-	417,163
Nov.	430,082	108,282	271,504	25,967	6,556	-	412,309
Dec.	441,829	108,832	280,699	27,647	6,656	-	423,834

¹ The denominations of coins consist of Lm1, 50c (cents), 25c, 10c, 5c, 2c, 1c, 5m (mils), 3m and 2m.

TABLE 1.11 DEPOSIT MONEY BANK LIQUIDITY¹

Ln thousands

End of Period	Liquid Assets						Ratios (%)		
	Actual		Required		Excess		Liquidity		Advances ² to Deposits
	Total	Local	Total	Local	Total	Local	Total	Local	
1990	274,941	107,264	150,767	55,554	124,174	51,710	36.5	15.5	66.6
1991	287,661	132,913	171,073	62,197	116,588	70,716	33.6	17.1	62.8
1992	367,586	148,126	199,401	76,726	168,185	71,400	36.9	15.4	60.8
1993	364,351	183,054	240,800	88,897	123,551	94,157	30.3	16.5	62.6
1994	503,859	259,348	279,955	105,060	223,904	154,288	36.0	19.7	60.0
Period	Liquid Assets			Net Short-term Liabilities ³	Ratios (%)				
	Actual	Required	Excess		Liquidity	Advances to Deposits ²			
1995	396,803	307,172	89,631	1,023,907	38.8	70.3			
1996	498,944	346,358	152,586	1,154,527	43.2	72.0			
1997	526,117	362,841	163,276	1,209,469	43.5	71.0			
1998	596,848	381,630	215,218	1,272,101	46.9	72.4			
1999	694,529	459,454	235,075	1,531,512	45.3	71.8			
2000									
Jan.	699,743	453,697	246,046	1,512,322	46.3	71.8			
Feb.	696,179	453,569	242,610	1,511,896	46.0	71.9			
Mar.	756,710	457,653	299,057	1,525,511	49.6	74.9			
Apr.	718,435	457,262	261,173	1,524,208	47.1	74.2			
May	731,493	455,400	276,093	1,518,001	48.2	74.0			
June	751,182	464,301	286,881	1,547,671	48.5	74.2			
July	669,797	461,318	208,479	1,537,726	43.6	73.8			
Aug.	657,932	460,913	197,019	1,536,377	42.8	73.2			
Sept.	701,167	464,329	236,838	1,547,763	45.3	76.5			
Oct.	697,276	473,753	223,523	1,579,178	44.2	75.5			
Nov.	696,475	480,465	216,010	1,601,551	43.5	75.6			
Dec.	680,572	491,273	189,299	1,637,576	41.6	76.1			
2001									
Jan.	666,449	482,163	184,286	1,607,211	41.5	80.5			
Feb.	665,232	478,375	186,857	1,594,584	41.7	79.8			
Mar.	680,293	455,222	225,071	1,517,408	44.8	82.4			
Apr.	734,736	468,383	266,353	1,561,277	47.1	81.9			
May	784,669	472,516	312,153	1,575,054	49.8	81.1			
June	786,257	480,868	305,389	1,602,892	49.1	81.9			
July	820,433	490,664	329,769	1,635,547	50.2	80.7			
Aug.	813,630	506,823	306,807	1,689,409	48.2	80.1			
Sept.	930,243	508,223	422,021	1,694,075	54.9	82.5			
Oct.	885,887	518,814	367,073	1,729,380	51.2	81.2			
Nov.	894,471	524,381	370,090	1,747,938	51.2	80.6			
Dec.	899,098	524,456	374,642	1,748,188	51.4	80.7			

¹ Up to September 1990, Deposit Money Banks were required to hold an amount equivalent to 25% of their total deposit liabilities in the form of specified liquid assets. In October 1990, the required minimum total liquidity ratio was reduced to 20%. Consequently, the required minimum local liquidity ratio was reduced from 12.5% to 8% of local deposit liabilities. As from 15 November 1994, Banking Directive No. 5 established a minimum of 30% liquid asset ratio, net of deductions. Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Includes also inland and foreign bills of exchange and promissory notes. Local uncleared effects are deducted from deposits.

³ These consist of all short-term liabilities to banks and customers net of loans received under repurchase agreements against liquid assets, deposits pledged as security and 50% of items in course of collection.

TABLE 1.12 DEPOSIT MONEY BANK LIQUID ASSETS ¹

Lm thousands

End of Period	Cash and Deposits ²		Other Specified Assets Maturing within 5 Years ³		Total	
	Local	Foreign	Local	Foreign	Local	Foreign
1990	23,083	151,992	84,181	15,685	107,264	167,677
1991	24,153	122,743	108,760	32,005	132,913	154,748
1992	43,019	155,983	105,107	63,477	148,126	219,460
1993	26,353	71,611	156,701	109,686	183,054	181,297
1994	131,837	97,075	127,511	147,436	259,348	244,511
Period	Cash and Deposits with CBM ⁴	Treasury Bills	Interbank Deposits	Marketable Debt Securities ⁵	Total Liquid Assets	
1995	21,565	30,142	61,887	283,209	396,803	
1996	20,264	67,173	70,741	340,766	498,944	
1997	26,359	26,791	55,462	417,505	526,117	
1998	31,064	33,110	47,280	485,394	596,848	
1999	50,995	75,929	67,768	499,837	694,529	
2000						
Jan.	43,378	76,951	71,182	508,232	699,743	
Feb.	39,335	87,366	62,985	506,493	696,179	
Mar.	43,823	99,851	90,260	522,776	756,710	
Apr.	27,797	113,753	50,524	526,361	718,435	
May	55,437	89,894	69,613	516,549	731,493	
June	35,538	102,799	87,481	525,364	751,182	
July	22,378	73,046	63,685	510,688	669,797	
Aug.	8,244	77,732	58,077	513,879	657,932	
Sept.	38,408	102,460	64,933	495,366	701,167	
Oct.	38,534	101,870	55,478	501,394	697,276	
Nov.	35,818	96,012	66,731	497,914	696,475	
Dec.	33,512	116,818	68,865	461,377	680,572	
2001						
Jan.	45,789	81,676	56,772	482,212	666,449	
Feb.	39,116	75,471	50,241	500,404	665,232	
Mar.	30,541	83,762	72,165	493,825	680,293	
Apr.	44,708	115,943	115,741	458,344	734,736	
May	55,103	92,214	120,707	516,645	784,669	
June	28,517	95,548	113,517	548,675	786,257	
July	32,113	124,357	113,524	550,439	820,433	
Aug.	32,962	129,387	90,447	560,834	813,630	
Sept.	26,675	144,350	182,254	576,964	930,243	
Oct.	42,716	170,653	70,875	601,643	885,887	
Nov.	36,129	178,923	70,935	608,484	894,471	
Dec.	59,754	135,845	115,894	587,605	899,098	

¹ Includes HSBC Home Loans (Malta) as from January 2001.

² Includes cash in hand, working balances with Central Bank of Malta, money at call, net balances, savings and time deposits with other banks and other foreign investments.

³ Includes Treasury bills and other Government securities maturing within five years, and eligible bills of exchange and promissory notes, netted of refinancing by the Central Bank of Malta.

⁴ Excludes balances held as reserve deposits.

⁵ Includes securities issued or guaranteed by governments, supranational institutions or other institutions, discounted on the basis of credit risk and remaining term to maturity.

**TABLE 1.13 DEPOSIT MONEY BANK LOANS AND ADVANCES
OUTSTANDING BY MAIN SECTOR ¹**

Ln thousands

End of Period	Public Utilities	All Banking Institutions ²	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades	
1990	33,726	84,481	4,484	112,838	22,341	34,841	76,991	
1991	42,597	59,455	5,872	115,657	24,802	28,557	84,520	
1992	29,388	84,178	5,097	125,512	27,682	28,524	95,364	
End of Period	Energy & Water	Transport, Storage & Communication	All Banking Institutions ²	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1993	30,367	22,872	108,896	5,571	149,018	28,071	30,288	113,810
1994	32,599	24,584	118,957	7,052	161,352	43,327	38,072	137,453
1995	80,818	54,998	65,563	8,560	188,815	65,489	79,242	181,810
1996	86,861	63,644	55,393	11,472	204,026	73,590	110,271	208,301
1997	98,105	69,171	45,735	10,755	205,140	71,593	154,104	224,161
1998	106,900	76,025	58,077	10,627	195,971	82,028	170,185	243,464
1999	108,906	75,977	43,186	10,305	196,285	96,482	204,228	267,183
2000								
Jan.	104,711	75,572	49,128	10,742	194,719	95,706	209,042	265,286
Feb.	102,265	75,739	49,283	10,317	194,323	96,130	206,591	270,511
Mar.	101,866	73,341	60,499	10,726	202,848	98,220	219,814	278,165
Apr.	99,570	72,741	59,445	10,992	198,715	96,576	219,899	275,697
May	97,888	76,158	59,752	10,760	199,912	97,419	220,318	278,800
June	99,848	72,965	62,784	10,732	197,466	97,011	218,932	279,471
July	99,091	72,520	63,231	11,280	197,482	93,774	222,173	276,605
Aug.	97,153	71,364	63,739	11,175	199,329	94,785	219,560	274,643
Sept.	94,027	92,877	65,427	11,449	212,983	87,899	222,525	285,320
Oct.	95,082	94,900	50,395	19,048	213,329	87,807	235,230	283,980
Nov.	97,993	95,857	51,163	18,513	214,317	87,588	237,970	284,234
Dec.	101,083	98,396	53,591	19,004	210,971	98,362	235,703	285,419
2001								
Jan.	98,504	102,751	54,508	11,175	203,726	97,450	239,472	276,329
Feb.	96,948	115,408	55,872	11,191	201,365	98,499	239,961	278,111
Mar.	100,530	118,290	57,905	10,874	203,538	94,538	243,393	295,681
Apr.	103,494	118,725	89,220	11,116	205,815	94,965	242,297	292,366
May	97,290	118,774	93,910	10,359	203,076	88,808	239,062	296,435
June	92,710	116,955	95,179	10,546	201,723	87,824	239,451	295,911
July	89,032	115,343	96,650	10,563	201,496	84,921	239,066	295,232
Aug.	88,460	112,326	99,467	11,224	203,855	86,864	234,516	292,473
Sept.	88,592	107,127	101,027	11,781	205,689	90,685	236,658	302,352
Oct.	87,851	102,056	101,750	11,672	207,217	89,522	240,455	301,084
Nov.	87,678	107,019	101,449	10,194	203,641	85,781	238,693	297,402
Dec.	95,225	107,097	101,419	10,374	202,597	85,169	245,567	295,397

¹ Includes HSBC Home Loans (Malta)Bank Ltd as from January 2001.

² Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).

**TABLE 1.13 DEPOSIT MONEY BANK LOANS AND ADVANCES
OUTSTANDING BY MAIN SECTOR (Continued)¹**

Lm thousands

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Total	
	House Purchases	Consumer Durable Goods	Other	Total					
1990	13,448	1,827	14,470	29,745	53,836	453,283	2,547	455,830	
1991	12,626	2,296	28,086	43,008	67,727	472,195	8,116	480,311	
1992	15,374	3,577	34,917	53,868	79,704	529,317	9,850	539,167	
End of Period	Personal				Other ³ Services	All Other	Total Local Lending	Foreign Lending	Total
	House Purchases	Consumer Durable Goods ²	Other	Total					
1993	16,055	3,539	38,791	58,385	16,612	62,787	626,677	5,925	632,602
1994	35,531	8,977	19,547	64,055	22,331	56,093	705,874	6,344	712,218
1995	46,424	22,882	21,951	91,256	36,670	82,438	935,659	13,546	949,205
1996	60,553	32,934	29,163	122,650	46,113	95,315	1,077,636	13,970	1,091,606
1997	78,443	35,966	25,988	140,397	54,456	113,555	1,187,172	14,340	1,201,512
1998	91,733	44,627	26,324	162,684	60,829	125,524	1,292,314	5,205	1,297,519
1999	121,019	49,883	39,371	210,273	79,946	133,518	1,426,289	7,418	1,433,707
2000									
Jan.	117,017	49,454	39,395	205,866	80,460	142,241	1,433,473	7,135	1,440,608
Feb.	117,989	49,281	42,985	210,255	79,875	145,479	1,440,768	7,239	1,448,007
Mar.	135,396	52,443	52,042	212,041	88,653	152,646	1,498,819	7,177	1,505,996
Apr.	133,312	51,423	52,028	220,009	83,606	155,462	1,492,712	7,497	1,500,209
May	126,941	51,226	44,454	222,621	82,898	154,963	1,501,489	7,256	1,508,745
June	129,268	51,486	45,773	226,527	84,325	154,217	1,504,278	8,067	1,512,345
July	130,443	51,545	48,200	230,188	80,968	153,660	1,500,972	7,386	1,508,358
Aug.	132,064	51,412	48,764	232,240	80,675	152,910	1,497,573	7,443	1,505,016
Sept.	135,514	52,595	52,602	240,711	86,458	157,300	1,556,777	5,321	1,562,098
Oct.	136,045	51,794	47,283	235,122	83,634	160,355	1,549,912	7,893	1,557,805
Nov.	137,924	51,794	48,897	238,615	85,538	162,260	1,565,086	8,877	1,573,963
Dec.	133,312	51,423	52,028	243,833	65,828	161,752	1,573,942	8,956	1,582,898
2001									
Jan.	263,042	51,159	65,703	384,626	74,670	156,779	1,699,990	11,273	1,711,263
Feb.	261,723	52,918	61,243	382,590	72,874	155,014	1,707,833	10,727	1,718,560
Mar.	272,563	52,981	64,056	397,730	87,587	150,937	1,761,003	10,666	1,771,669
Apr.	274,074	52,832	65,040	398,722	84,029	151,652	1,792,401	11,883	1,804,284
May	277,255	52,241	67,858	404,084	76,609	157,207	1,785,615	8,728	1,794,343
June	281,761	51,256	70,253	410,101	73,183	162,606	1,786,189	11,894	1,798,083
July	285,560	50,718	71,103	413,801	76,020	159,814	1,781,938	12,232	1,794,170
Aug.	287,997	50,230	70,960	415,430	69,088	164,117	1,777,819	12,451	1,790,270
Sept.	295,721	49,842	81,582	427,145	72,700	184,124	1,827,880	8,026	1,835,906
Oct.	299,619	49,926	86,248	435,793	72,351	180,040	1,829,791	14,985	1,867,390
Nov.	302,801	49,487	84,112	436,399	78,615	179,135	1,826,006	17,389	1,843,395
Dec.	306,722	48,704	87,016	442,442	75,556	179,320	1,840,163	20,444	1,860,607

¹ Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Includes also lending for the construction, modernisation or extension of dwellings.

³ Includes professional, repair and maintenance services.

**TABLE 1.14 OTHER BANKING INSTITUTION LOANS AND
ADVANCES OUTSTANDING BY MAIN SECTOR ¹**

Lm thousands

End of Period	Public Utilities	All Banking Institutions	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1990	-	-	471	14,102	-	14,797	1,595
1991	6,533	-	202	17,949	776	21,897	3,023
1992	13,539	-	182	20,418	1,428	27,114	3,520

End of Period	Energy & Water	Transport, Storage & Communication	All Banking Institutions	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1993	-	23,534	-	302	23,590	-	33,816	5,723
1994	6,599	29,739	-	436	21,171	-	38,364	7,754
1995	-	17,213	-	379	9,629	539	25,040	2,622
1996	-	16,698	-	360	8,759	687	24,102	2,718
1997	-	9,496	-	463	8,088	612	20,385	2,526
1998	-	8,220	-	476	8,144	515	20,195	2,396
1999	-	4,409	2,074	460	8,084	373	16,655	1,945
2000								
Jan.	-	4,409	2,046	437	8,130	356	16,552	1,906
Feb.	-	4,381	2,043	433	8,120	355	16,535	1,933
Mar.	-	3,922	2,030	445	8,368	395	16,364	2,004
Apr.	-	3,922	1,992	383	7,765	394	15,879	1,993
May	-	3,922	2,035	379	7,992	392	15,788	1,958
June	-	5,203	2,051	379	7,991	373	15,726	1,926
July	-	3,891	2,025	379	7,600	372	15,522	1,882
Aug.	-	3,861	2,009	375	7,660	297	15,388	1,829
Sept.	-	3,962	1,992	385	7,458	262	15,209	1,871
Oct.	-	-	1,949	22	1,098	175	3,064	220
Nov.	-	-	1,982	23	1,094	175	3,020	226
Dec.	-	-	2,034	22	1,257	174	2,723	213

¹ This Table was discontinued as from January 2001.

TABLE 1.14 OTHER BANKING INSTITUTION LOANS AND ADVANCES OUTSTANDING BY MAIN SECTOR (Continued)¹

Lm thousands

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Grand Total	
	House ² Purchases	Consumer Durable Goods	Other	Total					
1990	63,880	22	133	64,035	7,978	102,978	70,152	173,130	
1991	71,801	16	139	71,956	15,026	137,362	81,114	218,476	
1992	78,913	11	168	79,092	17,542	162,835	87,187	250,022	
End of Period	Personal				Other ³ Services	All Other	Total Local Lending	Foreign Lending ⁴	Grand Total
	House ² Purchases	Consumer Durable Goods	Other	Total					
1993	82,830	16	120	82,966	2,712	7,063	179,706	79,287	258,993
1994	84,500	16	68	84,584	4,822	7,957	201,426	5,040	206,466
1995	86,135	38	72	86,245	1,841	3,272	146,937	86,619	233,556
1996	90,613	62	142	90,817	1,924	2,810	148,912	245,450	394,362
1997	95,247	52	130	95,429	1,987	3,103	142,089	447,503	589,592
1998	103,321	77	88	103,486	1,741	2,946	148,119	606,667	754,786
1999	103,070	92	190	103,352	1,504	4,767	143,623	815,458	959,081
2000									
Jan.	103,514	96	273	103,882	1,467	5,700	144,885	812,518	957,403
Feb.	104,021	91	415	104,527	1,369	6,190	145,886	812,948	958,834
Mar.	117,464	74	2,486	108,877	1,382	5,538	149,325	780,357	929,682
Apr.	120,650	62	3,376	109,841	1,352	5,617	149,138	800,690	949,828
May	109,547	88	1,074	110,709	1,283	5,506	149,964	807,963	957,927
June	111,388	84	1,386	112,858	1,262	4,856	152,625	728,149	880,774
July	112,442	80	1,683	114,204	1,242	4,898	152,015	893,479	1,045,494
Aug.	113,845	75	2,039	115,959	1,212	5,298	153,888	901,224	1,055,112
Sept.	117,464	74	2,486	120,024	1,219	5,515	157,897	883,621	1,041,518
Oct.	118,853	68	2,884	121,805	85	5,883	134,301	893,902	1,028,203
Nov.	119,376	66	3,103	122,545	84	4,742	133,891	930,404	1,064,294
Dec.	120,650	62	3,376	124,088	84	4,400	134,995	950,923	1,085,919

¹ This Table was discontinued as from January 2001.

² Includes also lending for the construction, modernisation or extension of dwellings.

³ Includes professional, repair and maintenance services.

⁴ As from January 1995, includes lending by International Banking Institutions.

**TABLE 1.15 LOANS AND ADVANCES OUTSTANDING
TO THE PRIVATE AND PUBLIC SECTORS BY CATEGORY¹**

Lm thousands

End of Period	Energy and Water		Transport, Storage and Communication		Agriculture and Fisheries		Manufacturing	
	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector
1996	808	86,053	15,512	64,830	11,615	217	131,073	17,599
1997	928	97,177	17,045	61,622	11,030	188	131,061	21,707
1998	1,080	105,820	31,877	52,368	10,949	154	132,176	24,158
1999	910	107,996	33,107	47,279	10,765	-	134,583	22,999
2000								
Mar.	966	100,900	31,858	45,405	11,171	-	141,533	21,800
June	469	99,379	31,332	46,836	11,111	-	137,041	22,307
Sept.	495	93,532	47,646	49,393	11,834	-	156,527	12,191
Dec.	492	104,185	44,425	52,051	19,026	-	147,156	8,646
2001								
Mar.	506	100,024	60,143	58,147	10,874	0	141,825	16,216
June	509	92,201	60,894	56,061	10,546	-	134,976	22,215
Sept.	703	87,889	50,535	56,592	11,781	-	135,840	24,322
Dec.	931	94,294	48,637	58,460	10,357	17	136,204	23,421
End of Period	Shipbuilding and Shiprepair		Building and Construction		Hotel, Restaurant and Tourist Trades		Wholesale and Retail Trades	
	Private /Public Sector		Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector
1996	64,113		71,200	3,077	131,948	2,425	210,967	52
1997	60,460		69,231	2,974	171,964	2,525	226,681	6
1998	47,781		79,743	2,800	188,312	2,068	245,854	6
1999	46,787		94,189	2,666	218,053	2,830	269,119	9
2000								
Mar.	47,883		95,911	2,704	232,041	4,137	280,159	10
June	46,109		94,776	2,608	230,240	4,418	281,376	21
Sept.	51,723		85,116	2,646	233,278	4,456	287,173	18
Dec.	46,897		96,727	2,550	231,633	4,951	285,615	17
2001								
Mar.	46,578		91,952	2,586	239,095	4,298	295,681	-
June	45,633		85,824	2,000	235,285	4,166	295,911	-
Sept.	46,587		90,685	-	232,862	3,796	301,718	634
Dec.	43,221		85,169	-	241,877	3,690	295,002	395
End of Period	Personal	Other Services		All Other		Total Local Lending		
		Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Total
1996	213,467	37,851	10,186	93,483	4,642	921,650	249,505	1,171,155
1997	235,826	47,722	8,721	111,191	5,467	1,026,212	257,314	1,283,526
1998	266,170	54,748	7,822	124,735	3,735	1,139,090	243,266	1,382,356
1999	313,625	72,137	9,313	136,060	2,225	1,285,929	238,723	1,524,652
2000								
Mar.	320,918	79,972	10,063	154,739	3,496	1,350,976	234,690	1,585,666
June	339,385	75,401	10,186	155,746	3,327	1,359,824	232,244	1,592,068
Sept.	360,735	77,231	10,446	159,211	3,604	1,427,174	220,081	1,647,255
Dec.	360,851	76,597	5,914	161,904	3,675	1,428,049	225,263	1,653,312
2001								
Mar.	397,730	82,336	5,251	152,591	2,809	1,475,319	233,323	1,708,642
June	410,101	65,788	7,395	163,616	3,058	1,465,624	230,555	1,696,179
Sept.	427,145	65,111	7,589	179,011	6,485	1,497,898	231,387	1,729,285
Dec.	442,442	65,936	9,620	174,835	5,778	1,503,684	236,602	1,740,286

¹ Loans and advances extended by Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). Public sector companies comprise entities that are subject to control by Government, control being defined as the ability to determine general corporate policy.

**TABLE 1.16 DEPOSIT MONEY BANK LOANS AND ADVANCES
CLASSIFIED BY SIZE AND INTEREST RATES¹**

Lm thousands

End of Period		Size of Loans and Advances ²				
		Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	Total
1991	Amount	50,248	107,285	90,773	232,005	480,311
	Interest Rate	7.25	7.62	7.46	6.66	7.09
1992	Amount	56,552	125,587	99,836	257,192	539,167
	Interest Rate	7.24	7.71	7.55	6.62	7.11
1993	Amount	62,835	134,049	117,056	318,662	632,602
	Interest Rate	7.49	7.92	7.79	6.53	7.15
1994	Amount	75,537	156,107	133,338	347,239	712,218
	Interest Rate	7.60	7.99	7.90	6.61	7.26
1995	Amount	97,779	213,428	210,382	427,616	949,205
	Interest Rate	7.89	8.06	7.96	6.89	7.49
1996	Amount	109,058	249,572	237,482	495,517	1,091,606
	Interest Rate	8.03	8.35	8.34	7.13	7.76
1997	Amount	99,412	279,695	254,113	568,291	1,201,512
	Interest Rate	7.95	8.40	8.47	7.32	7.87
1998	Amount	111,377	325,711	282,194	578,241	1,297,519
	Interest Rate	8.01	8.37	8.51	7.38	7.93
1999	Amount	138,814	373,630	334,746	586,516	1,433,707
	Interest Rate	7.33	7.62	7.66	6.55	7.16
2000						
Mar.	Amount	145,197	398,187	341,181	621,431	1,505,996
	Interest Rate	7.36	7.65	7.67	6.52	7.16
June	Amount	154,805	404,425	324,065	629,049	1,512,345
	Interest Rate	7.41	7.58	7.58	6.53	7.12
Sept.	Amount	158,947	414,316	324,357	664,467	1,562,098
	Interest Rate	7.42	7.58	7.61	6.44	7.09
Dec.	Amount	177,667	426,915	335,629	642,687	1,582,898
	Interest Rate	7.38	7.31	7.29	6.46	6.97
2001						
Mar.	Amount	260,229	492,134	342,367	676,939	1,771,669
	Interest Rate	7.28	7.54	7.72	6.56	7.16
June	Amount	219,371	471,836	348,323	758,553	1,798,083
	Interest Rate	7.14	7.38	7.64	6.06	6.84
Sept.	Amount	222,928	487,794	351,257	773,956	1,835,935
	Interest Rate	6.93	7.16	7.49	5.81	6.62
Dec.	Amount	222,816	497,281	351,893	788,641	1,860,631
	Interest Rate	6.70	6.87	7.22	5.50	6.33

¹ For the purpose of this classification, these include loans and advances extended to residents and non-residents in domestic and foreign currencies. Interest rates are weighted averages of each size group. Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Figures quoted in heading are actual figures, while those in the rest of the Table are in Lm thousands as indicated.

TABLE 1.17 OTHER BANKING INSTITUTION LOANS AND ADVANCES CLASSIFIED BY SIZE AND INTEREST RATES¹

Lm thousands

End of Period	Size of Loans and Advances ²					
	Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	Total	
1991	Amount	61,280	21,205	25,115	110,876	218,476
	Interest Rate	6.94	7.50	7.80	8.33	7.80
1992	Amount	67,581	25,883	25,648	130,910	250,022
	Interest Rate	6.96	7.57	7.68	7.53	7.39
1993	Amount	71,826	26,920	27,975	132,272	258,993
	Interest Rate	7.01	7.79	7.32	6.06	6.64
1994	Amount	72,419	26,430	23,598	84,019	206,466
	Interest Rate	7.01	7.83	7.99	7.27	7.33
1995	Amount	71,733	23,374	11,961	40,410	147,478
	Interest Rate	7.02	7.77	8.01	7.01	7.22
1996	Amount	72,239	27,013	11,213	38,914	149,379
	Interest Rate	7.01	7.83	8.14	7.01	7.24
1997	Amount	72,449	30,590	10,607	28,214	141,860
	Interest Rate	7.02	7.79	8.10	7.09	7.28
1998	Amount	73,437	37,087	11,131	25,775	147,430
	Interest Rate	7.03	7.72	8.10	7.15	7.31
1999	Amount	68,447	56,062	8,418	18,349	137,738
	Interest Rate	6.40	6.65	7.61	6.58	6.58
2000						
Mar.	Amount	68,399	45,874	8,578	19,639	142,491
	Interest Rate	6.40	6.80	7.58	6.53	6.62
June	Amount	68,215	49,517	8,402	19,759	145,893
	Interest Rate	6.41	6.73	7.51	6.51	6.59
Sept.	Amount	68,447	56,062	8,418	18,349	151,276
	Interest Rate	6.40	6.65	7.61	6.58	6.58
Dec.	Amount	68,040	57,032	1,660	2,607	129,339
	Interest Rate	6.40	6.52	8.37	7.33	6.50

¹ This Table was discontinued as from January 2001. For the purpose of this classification, these include loans and advances extended to residents and non-residents in domestic and foreign currencies. Interest rates are weighted averages of each size group.

² Figures quoted in headings are actual figures, while those in the rest of the Table are in Lm thousands as indicated.

TABLE 1.18 FINANCIAL MARKET RATES

	1995	1996	1997	1998	1999	2000	2001			
							Mar.	Jun.	Sept.	Dec.
INTEREST RATES ¹										
Central Bank										
Discount Rate	5.50	5.50	5.50	5.50	4.75	4.75	4.75	4.75	4.50	4.25
Central Intervention Rate ²	-	-	-	5.45	4.75	4.75	4.75	4.75	4.50	4.25
Repurchase Agreements										
Term Deposit Rate ³	4.94	5.01	5.22	5.43	4.70	4.72	4.73	4.73	4.74	4.22
Repo Rate ³	5.50	5.40	5.50	5.50	4.80	4.80	4.80	4.80	4.55	4.29
Standby (Collateralised) Loan Facility ⁴	6.00	6.00	6.00	6.00	5.30	5.30	5.30	5.30	5.05	4.80
Overnight Deposit Facility ⁵	2.50	-	-	-	1.80	1.80	1.80	1.80	1.55	1.30
Reserve Requirements Remuneration	2.50	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Interbank Market Offered Rates										
1 week	-	-	5.26	5.56	4.74	4.78	4.77	4.76	4.50	4.25
1 month	-	-	5.38	5.70	4.75	4.90	4.90	4.90	4.90	4.90
3 month	-	-	5.51	5.95	5.27	5.27	5.27	5.27	5.27	5.27
Deposit Money Banks ⁶										
Weighted Average Deposit Rate	4.00	4.24	4.39	4.42	4.32	4.17	4.20	4.18	4.12	3.96
Current	0.16	0.42	1.37	1.49	1.11	1.32	1.33	1.11	0.90	1.48
Savings	3.00	3.01	3.02	3.04	2.81	2.52	2.58	2.59	2.47	2.22
Time	5.01	5.29	5.35	5.35	5.43	5.25	5.25	5.26	5.25	4.98
Weighted Average Lending Rate	7.49	7.93	8.04	8.08	7.28	7.23	7.08	7.01	6.75	6.50
Government Securities										
Treasury Bills ⁷										
1 month	-	5.00	5.19	5.43	5.05	4.85	4.86	4.86	4.85	4.80
3 month	4.94	5.01	5.25	5.49	4.95	4.90	4.95	5.04	5.04	4.53
6 month	5.16	5.30	5.30	5.50	4.97	4.94	5.02	5.08	5.09	5.04
1 year	5.34	5.40	5.40	5.50	5.12	5.03	5.06	5.08	5.08	5.08
Government Stocks ⁸										
1 year	5.00	-	-	-	-	4.99	5.06	5.01	5.04	4.47
5 year	6.60	6.65	6.82	5.80	5.46	5.33	5.50	5.49	5.46	5.40
10 year	7.08	7.23	7.26	6.00	5.55	5.99	6.09	6.07	6.21	6.15
15 year		7.49	7.62	6.47	6.03	6.39	6.44	6.49	6.49	6.44
20 year	-	-	-	6.86	6.14	6.60	6.60	6.60	6.60	6.55
MALTA STOCK EXCHANGE SHARE INDEX	1000	1004	1050	1211	3278	3376	2818	2500	2257	2200

¹ End of period rates in percentage per annum.

² Instituted on 30 April 1998 with a maximum injection ceiling and an absorption floor of +5 and -5 basis points respectively. As from June 1999, any change in the central intervention rate is automatically matched by a similar change in the discount rate.

³ From July 1999 the tenor of instruments auctioned by the Bank was increased from 7 days to 14 days.

⁴ Offered in terms of Section 15(i)k of the Central Bank of Malta Act 1967.

⁵ As from 15 July 1996, the Central Bank of Malta ceased paying interest on overnight call account balances. An overnight deposit facility was reintroduced on 9 September 1999.

⁶ Rates on resident Maltese lira deposits and loans extended to residents in local currency. The weighted average rate on time deposits is calculated on time deposits with a one year maturity.

⁷ Treasury bill primary market weighted average yields. Treasury bills are classified by original maturity.

⁸ Gross redemption yields on indicative stocks. Periods specified refer to remaining term to maturity.

TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM ¹

Lm thousands

End of Period	Central Bank of Malta							Total (A+B)
	Foreign Assets				Foreign Liabilities	Net (A)	Government & Parastatal Companies ⁴ (B)	
	Gold ²	Convertible Currencies	IMF-Related Assets ³	Total Foreign Assets				
1990	12,979	380,527	33,618	427,124	-	427,124	17,639	444,763
1991	6,437	366,822	37,175	410,434	-	410,434	16,451	426,885
1992	9,101	435,857	30,061	475,019	-	475,019	17,211	492,230
1993	10,216	490,358	32,827	533,401	-	533,401	16,094	549,495
1994	7,314	577,501	32,829	617,644	-	617,644	72,790	690,434
1995	3,596	471,090	34,007	508,693	-	508,693	72,007	580,700
1996	3,646	468,523	36,408	508,577	-	508,577	45,542	554,119
1997	1,311	501,379	38,912	541,602	-	541,602	20,066	561,668
1998	688	598,874	40,429	639,991	-	639,991	-	639,991
1999	737	704,084	35,517	740,339	-	740,339	-	740,339
2000								
Jan.	747	696,405	35,457	732,609	-	732,609	-	732,609
Feb.	703	679,432	35,698	715,834	-	715,834	-	715,834
Mar.	743	672,042	36,168	708,953	-	708,953	-	708,953
Apr.	758	662,546	36,494	699,798	-	699,798	-	699,798
May	714	674,318	36,745	711,777	-	711,777	-	711,777
June	746	666,099	36,569	703,415	-	703,415	-	703,415
July	632	648,348	36,699	685,679	-	685,679	-	685,679
Aug.	742	648,045	37,647	686,433	-	686,433	-	686,433
Sept.	739	659,141	37,664	697,544	-	697,544	-	697,544
Oct.	713	651,121	38,041	689,875	-	689,875	-	689,875
Nov.	735	626,410	38,060	665,206	-	665,206	-	665,206
Dec.	452	606,771	36,940	644,163	3,655	640,508	-	640,508
2001								
Jan.	406	593,415	36,978	630,799	2,548	628,251	-	628,251
Feb.	525	588,841	37,352	626,717	4,274	622,443	-	622,443
Mar.	524	593,656	37,445	631,625	3,041	628,584	-	628,584
Apr.	435	602,438	37,426	640,300	2,803	637,496	-	637,496
May	533	614,350	38,340	653,223	1,486	651,737	-	651,737
June	489	609,264	38,100	647,853	2,863	644,990	-	644,990
July	531	637,088	37,808	675,427	1,100	674,327	-	674,327
Aug.	534	649,545	37,837	687,916	1,932	685,984	-	685,984
Sept.	566	654,187	37,812	692,564	3,698	688,866	-	688,866
Oct.	527	682,931	37,822	721,281	2,106	719,175	-	719,175
Nov.	462	710,357	38,167	748,986	1,030	747,956	-	747,956
Dec.	629	721,936	37,863	760,428	-	760,428	-	760,428

¹ On accrual basis.

² Includes small amounts of other precious metals.

³ Include IMF reserve position and holdings of SDRs.

⁴ Customers' foreign currency deposits and sinking funds are held with the Central Bank of Malta, while other official funds are held with the Treasury.

TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM ¹
(Continued)

Lm thousands

End of Period	Deposit Money Banks ²			Total (A+B+C)	International Banking Institutions ²			Grand Total (A+B+C+D)
	Assets	Liabilities	Net (C)		Assets	Liabilities	Net (D)	
1990	287,558	147,699	139,859	584,622	-	-	-	584,622
1991	344,598	175,546	169,052	595,937	-	-	-	595,937
1992	435,226	236,467	198,759	690,989	-	-	-	690,989
1993	487,521	299,857	187,664	737,159	-	-	-	737,159
1994	415,887	228,781	187,106	877,540	-	-	-	877,540
1995	566,204	341,373	224,831	805,531	236,148	218,872	17,276	822,807
1996	596,128	410,163	185,965	740,084	458,642	436,276	22,366	762,450
1997	544,672	413,917	130,755	692,423	815,080	763,075	52,005	744,428
1998	607,354	518,557	88,797	728,788	1,627,452	1,477,802	149,650	878,438
1999	661,557	605,673	55,884	796,223	2,377,807	2,204,857	172,951	969,174
2000								
Jan.	673,434	630,662	42,772	775,381	2,143,001	1,973,629	169,372	944,753
Feb.	674,284	628,862	45,422	761,256	2,125,051	1,958,780	166,272	927,528
Mar.	705,890	650,652	55,238	764,191	2,114,831	1,963,086	151,745	915,936
Apr.	734,980	658,983	75,997	775,795	2,131,177	1,973,076	158,101	933,896
May	755,206	679,881	75,325	787,102	2,285,555	2,120,940	164,616	951,718
June	770,752	685,560	85,192	788,607	2,194,085	1,995,742	198,343	986,949
July	780,245	689,320	90,925	776,604	2,344,276	2,147,232	197,044	973,648
Aug.	782,679	678,107	104,572	791,005	2,607,158	2,408,191	198,966	989,972
Sept.	774,621	687,307	87,314	784,858	2,653,799	2,461,454	192,345	977,203
Oct.	821,380	713,366	108,014	797,889	2,699,252	2,512,889	186,363	984,252
Nov.	825,322	709,623	115,699	780,905	2,818,580	2,612,778	205,801	986,706
Dec.	816,746	690,013	126,733	770,896	3,055,387	2,851,857	203,530	974,426
2001								
Jan.	820,334	692,050	128,284	756,535	2,035,209	1,834,656	200,553	957,088
Feb.	830,697	695,791	134,906	757,349	1,980,240	1,857,803	122,437	879,786
Mar.	838,703	716,688	122,015	750,599	2,191,565	2,077,287	114,278	864,877
Apr.	855,136	707,105	148,031	785,527	1,903,618	1,776,615	127,003	912,531
May	852,812	700,611	152,202	803,938	2,035,045	1,839,842	195,203	999,142
June	833,667	693,126	140,541	785,531	1,910,590	1,710,936	199,654	985,186
July	810,241	692,997	117,244	791,571	1,757,221	1,555,150	202,072	993,643
Aug.	823,922	700,494	123,428	809,413	1,713,820	1,500,158	213,663	1,023,075
Sept.	816,784	715,148	101,636	790,502	1,757,645	1,551,116	206,529	997,031
Oct.	784,898	677,554	107,344	826,519	1,905,399	1,695,933	209,466	1,035,985
Nov.	811,613	723,783	87,830	835,786	1,937,036	1,708,975	228,061	1,063,847
Dec.	828,408	721,531	106,877	867,305	2,447,258	2,225,711	221,547	1,088,851

¹ As from 1995, data are on accrual basis.

² For the purposes of this Table only, the amounts of HSBC Overseas Bank (Malta) Ltd. and Bank of Valletta International Ltd., i.e. the offshore subsidiaries of HSBC Bank Malta plc and Bank of Valletta plc respectively, are being classified with the Deposit Money Banks and not with the International Banking Institutions, as shown in other tables. Includes data belonging to the Other Banking Institutions' sector up to December 2000.

TABLE 2.1 GOVERNMENT REVENUE AND EXPENDITURE
Lm thousands

Period	Revenue			Expenditure			Deficit (-) or Surplus	Borrowing			Residual
	Ordinary ¹	Grants	Total	Ordinary ¹	Capital ²	Total		Local Loans ⁴	Foreign Loans	Total	
1990	329,890	7,678	337,567	273,415	108,276	381,690	-44,123	34,200	13,841	48,041	3,918
1991	355,932	16,374	372,306	301,909	115,493	417,403	-45,097	30,375	9,110	39,485	-5,612
1992	341,766	16,392	358,158	330,014	58,017	388,032	-29,874	36,000	878	36,878	7,004
1993	388,179	8,428	396,607	368,624	59,673	428,297	-31,690	28,800	2,902	31,702	12
1994	416,068	12,853	428,921	410,365	62,340	472,705	-43,784	28,700	11,305	40,005	-3,779
1995	482,834	4,517	487,351	452,478	70,344	522,823	-35,472	32,500	655	33,155	-2,317
1996	447,470	20,805	468,275	505,195	73,527	578,722	-110,447	70,178	3,044	73,222	-37,225
1997 ³	504,415	9,809	514,224	538,276	103,392	641,668	-127,444	167,463	3,095	170,558	43,114
1998	539,070	10,043	549,113	569,150	96,846	665,997	-116,884	110,000	-	110,000	-6,884
1999	628,168	9,684	637,852	584,834	106,129	690,965	-53,113	84,000	-	84,000	30,887
2000	632,754	9,549	642,303	617,677	98,552	716,232	-73,929	-	-	-	-73,929
2001	667,229	1,392	668,621	686,031	80,627	766,658	-98,037	121,977	6,823	128,800	30,763
2000											
Jan.	29,283	-	29,283	42,101	6,247	48,348	-19,065	-	-	-	-19,065
Feb.	44,871	12	44,883	55,727	4,486	60,213	-15,330	-	-	-	-15,330
Mar.	54,337	-	54,337	65,515	5,683	71,199	-16,862	-	-	-	-16,862
Apr.	50,467	902	51,369	42,237	8,703	50,940	429	-	-	-	429
May	65,978	5,087	71,065	47,142	5,327	52,469	18,596	-	-	-	18,596
June	61,420	-	61,420	42,660	7,892	50,553	10,867	-	-	-	10,867
July	46,437	-	46,437	67,839	7,181	75,020	-28,583	-	-	-	-28,583
Aug.	49,063	-	49,063	43,745	5,208	48,953	110	-	-	-	110
Sept.	51,589	-	51,589	45,345	7,528	52,873	-1,284	-	-	-	-1,284
Oct.	51,665	-	51,665	49,566	9,468	59,034	-7,369	-	-	-	-7,369
Nov.	44,834	660	45,494	51,744	8,991	60,735	-15,241	-	-	-	-15,241
Dec.	82,810	2,888	85,698	64,056	21,838	85,895	-197	-	-	-	-197
2001											
Jan.	40,114	-	40,114	56,414	7,010	63,423	-23,309	-	-	-	-23,309
Feb.	60,572	28	60,600	45,948	4,175	50,123	10,477	-	-	-	10,477
Mar.	44,769	-	44,769	53,047	10,475	63,522	-18,753	30,000	-	30,000	11,247
Apr.	63,608	16	63,624	59,471	9,788	69,259	-5,635	-	-	-	-5,635
May	49,160	4	49,164	55,172	11,402	66,574	-17,410	-	-	-	-17,410
June	49,855	31	49,886	52,128	3,668	55,796	-5,910	27,488	-	27,488	21,578
July	51,745	354	52,099	59,443	6,775	66,218	-14,119	21,571	-	21,571	7,452
Aug.	56,395	9	56,404	50,205	8,947	59,152	-2,748	-	-	-	-2,748
Sept.	50,217	14	50,231	53,496	6,979	60,475	-10,244	-	-	-	-10,244
Oct.	59,251	374	59,625	56,890	4,943	61,833	-2,208	-	-	-	-2,208
Nov.	54,685	103	54,788	61,294	12,585	73,879	-19,091	20,941	6,823	27,764	8,673
Dec.	86,857	459	87,316	82,523	-6,120	76,404	10,912	21,977	-	21,977	32,889

¹ Includes the Government's contribution to the National Insurance Fund (both its contribution as employer, and its contribution in terms of the Social Security Act, 1987). As from 1992, Ordinary Revenue excludes the contribution by the public authorities/corporations to their own capital programme; includes privatisation receipts and sinking funds of converted loans up to 2000.

² As from 1992, excludes capital expenditure incurred by the public authorities/corporations.

³ A loan to the Malta Drydocks Corporation amounting to Lm24.6 million is included under capital expenditure.

⁴ As from 2001 includes privatisation receipts and sinking funds of converted loans.

Source: *The Treasury*.

TABLE 2.2 GOVERNMENT REVENUE BY MAJOR SOURCES
Lm thousands

Period	Tax Revenue						Non-Tax Revenue ³	Ordinary Revenue ⁴	Foreign Grants	Total Revenue
	Income Tax	National Insurance ¹ Contributions	VAT & CET	Licences, Taxes & Fines ²	Customs & Excise	Total				
1990	57,291	71,234	-	23,993	67,279	219,798	110,092	329,890	7,678	337,567
1991	61,637	72,041	-	27,017	75,951	236,647	119,285	355,932	16,374	372,306
1992	71,353	80,469	-	29,448	82,310	263,580	78,186	341,766	16,392	358,158
1993	85,113	97,004	-	30,447	83,541	296,105	92,074	388,179	8,428	396,607
1994	87,852	101,663	-	46,127	72,059	307,701	108,367	416,068	12,853	428,921
1995	99,758	115,480	78,108	54,556	32,595	380,497	102,337	482,834	4,517	487,351
1996	93,309	126,170	78,633	51,621	31,981	381,714	65,756	447,470	20,805	468,275
1997	110,539	142,184	84,607	54,280	43,197	434,807	69,608	504,415	9,809	514,224
1998	110,561	135,656	72,628	60,678	52,698	432,221	106,849	539,070	10,043	549,113
1999	128,354	144,274	85,023	67,960	55,426	481,037	147,131	628,168	9,684	637,852
2000	149,511	162,017	104,065	70,449	55,141	541,182	91,572	632,754	9,549	642,303
2001	166,302	179,064	114,669	72,814	60,886	593,735	73,494	667,229	1,392	668,621
2000										
Jan.	8,197	4,722	8,348	4,858	1,686	27,810	1,473	29,283	-	29,283
Feb.	7,303	13,587	8,301	5,406	5,827	40,424	4,447	44,871	12	44,883
Mar.	8,745	13,909	8,358	6,021	4,881	41,914	12,423	54,337	-	54,337
Apr.	15,037	12,180	8,355	7,200	5,302	48,074	2,393	50,467	902	51,369
May	14,003	13,573	8,361	5,191	4,694	45,822	20,156	65,978	5,087	71,065
June	11,164	13,053	8,358	6,050	4,912	43,537	17,883	61,420	-	61,420
July	11,485	12,588	9,142	5,845	4,817	43,877	2,560	46,437	-	46,437
Aug.	13,618	14,591	9,229	4,800	4,858	47,096	1,967	49,063	-	49,063
Sept.	14,911	13,813	9,087	5,888	4,738	48,437	3,152	51,589	-	51,589
Oct.	15,042	12,993	9,395	6,118	4,671	48,219	3,446	51,665	-	51,665
Nov.	8,031	12,455	9,007	6,907	5,184	41,584	3,250	44,834	660	45,494
Dec.	21,975	24,553	8,124	6,165	3,571	64,388	18,422	82,810	2,888	85,698
2001										
Jan.	9,263	8,423	9,676	4,433	5,169	36,964	3,150	40,114	-	40,114
Feb.	7,083	12,057	9,651	4,163	3,247	36,201	24,371	60,572	28	60,600
Mar.	8,486	12,547	9,273	7,547	3,926	41,779	2,990	44,769	-	44,769
Apr.	19,984	15,645	9,018	5,415	4,614	54,676	8,932	63,608	16	63,624
May	10,753	15,966	9,384	5,762	3,958	45,823	3,337	49,160	4	49,164
June	12,650	12,117	8,759	5,075	4,314	42,915	6,940	49,855	31	49,886
July	13,083	13,583	9,450	8,149	4,113	48,378	3,367	51,745	354	52,099
Aug.	17,442	15,930	9,536	6,368	4,793	54,069	2,326	56,395	9	56,404
Sept.	14,703	14,285	8,569	5,213	4,803	47,573	2,644	50,217	14	50,231
Oct.	15,674	13,879	11,719	7,268	7,500	56,040	3,211	59,251	374	59,625
Nov.	10,628	14,761	11,042	6,951	7,797	51,179	3,506	54,685	103	54,788
Dec.	26,553	29,871	8,592	6,470	6,652	78,138	8,719	86,857	459	87,316

¹ Includes the Government's contribution to the National Insurance Fund (both its contribution as employer, and its contribution in terms of the Social Security Act, 1987).

² Includes revenues from death and donation duties up to December 1994.

³ Includes mainly Central Bank of Malta profits, privatisation receipts (up to 2000), sinking funds of converted loans (up to 2000) and other miscellaneous receipts.

⁴ As from 1992, excludes the contribution by the public corporations/authorities towards their own capital programme.

Source: *The Treasury*.

**TABLE 2.3 GOVERNMENT CAPITAL EXPENDITURE
BY TYPE OF INVESTMENT¹**

Lm thousands

Period	Productive	Infrastructure	Social	Total
1990	49,509	44,121	14,646	108,276
1991	54,976	41,756	18,761	115,493
1992	32,310	9,032	16,675	58,017
1993	34,069	14,734	10,870	59,673
1994	36,323	13,993	12,024	62,340
1995	43,901	14,541	11,904	70,344
1996	36,818	19,282	17,418	73,527
1997 ²	50,256	32,344	20,792	103,392
1998	45,401	30,130	21,316	96,846
1999	52,480	27,515	26,137	106,129
2000	35,806	33,800	28,946	98,552
2001	26,400	26,872	27,355	80,627
2000				
Jan.	4,671	768	808	6,247
Feb.	1,927	963	1,596	4,486
Mar.	1,640	2,196	1,847	5,683
Apr.	4,144	1,582	2,977	8,703
May	2,098	1,957	1,272	5,327
June	2,639	3,310	1,944	7,892
July	3,971	1,581	1,629	7,181
Aug.	1,549	1,770	1,888	5,208
Sept.	2,697	2,674	2,157	7,528
Oct.	2,854	3,573	3,040	9,468
Nov.	2,822	2,862	3,307	8,991
Dec.	4,794	10,564	6,481	21,838
2001				
Jan.	3,946	818	2,246	7,010
Feb.	2,303	1,528	344	4,175
Mar.	3,984	2,521	3,970	10,475
Apr.	3,383	3,078	3,327	9,788
May	2,998	6,637	1,767	11,402
June	2,856	2,597	-1,785	3,668
July	4,571	1,630	573	6,775
Aug.	2,198	1,600	5,149	8,947
Sept.	1,905	3,065	2,010	6,979
Oct.	1,729	1,851	1,362	4,943
Nov.	5,843	2,626	4,116	12,585
Dec.	-9,316	-1,079	4,276	-6,120

¹ As from 1992, excludes capital expenditure incurred by public corporations/authorities.

² Including a loan to Malta Drydocks amounting to Lm24.6m.

Source: *The Treasury*.

TABLE 3.1 GROSS GOVERNMENT DEBT AND GOVERNMENT GUARANTEED DEBT OUTSTANDING

Lm thousands

End of Period	Domestic Debt			Foreign Loans	Total Government Debt	Government Guaranteed Debt ²
	Treasury Bills	Malta Government Stocks ¹	Total			
1995	71,406	285,951	357,357	53,433	410,790	414,488
1996	108,935	356,119	465,054	51,789	516,843	489,663
1997	89,980	523,369	613,349	50,449	663,798	490,973
1998	83,713	633,369	717,082	46,513	763,595	491,768
1999						
Mar.	111,078	633,369	744,447	46,513	790,960	499,401
June	126,425	633,369	759,794	45,498	805,292	488,673
Sept.	102,254	712,184	814,438	43,965	858,403	486,408
Dec.	83,320	712,184	795,504	44,349	839,853	483,112
2000						
Mar.	114,263	712,184	826,447	44,006	870,453	490,091
June	125,540	712,729	838,269	42,514	880,783	481,197
Sept.	144,976	712,729	857,705	42,533	900,238	479,921
Dec.	172,987	712,729	885,716	39,250	924,966	469,678
2001						
Mar.	177,836	742,729	920,565	38,868	959,433	471,592
June	167,054	770,029	937,083	37,080	974,163	434,717
Sept.	175,295	791,654	966,949	36,226	1,003,175	421,433
Dec.	159,459	812,854	972,313	40,378	1,012,691	416,822

¹ Includes Local Development Registered Stocks.

² Represents outstanding balances on Government guaranteed debt. Excludes guarantees on the MIGA and IBRD positions. Excludes also Government guarantees on foreign loans taken by the Central Bank of Malta on behalf of Malta Government since they already feature in the calculation of Government foreign debt.

Source: Malta Stock Exchange; The Treasury; Ministry of Finance.

TABLE 3.2 TREASURY BILLS ISSUED AND OUTSTANDING¹*Lm thousands*

End of Period	Amount Maturing During Period	Amount Issued and Taken up by			Amount Outstanding ⁴ and held by		
		Banking System ²	Non-Bank ³ Public	Total	Banking System ²	Non-Bank ³ Public	Total
1990	50,000	59,960	40	60,000	29,987	13	30,000
1991	105,000	104,516	484	105,000	29,845	155	30,000
1992	120,000	117,415	2,585	120,000	27,949	2,051	30,000
1993	120,000	115,624	4,376	120,000	29,386	614	30,000
1994	120,000	117,845	2,155	120,000	29,387	613	30,000
1995	133,156	164,449	10,113	174,562	56,222	15,184	71,406
1996	296,171	164,584	169,116	333,700	84,429	24,506	108,935
1997	351,191	83,790	248,446	332,236	52,217	37,763	89,980
1998	255,783	44,300	205,216	249,516	52,432	31,281	83,713
1999	364,314	202,100	161,821	363,921	77,832	5,488	83,320
2000	341,869	276,611	154,925	431,536	123,599	49,388	172,987
2000							
Jan.	27,829	22,000	9,335	31,335	80,780	6,046	86,826
Feb.	9,072	16,939	9,602	26,541	91,941	12,354	104,295
Mar.	5,039	11,707	3,300	15,007	102,020	12,243	114,263
Apr.	13,214	23,900	14,419	38,319	117,084	22,284	139,368
May	52,691	22,800	1,838	24,638	97,270	14,045	111,315
June	15,007	21,497	7,735	29,232	106,844	18,696	125,540
July	42,423	11,000	47,841	58,841	85,104	56,854	141,958
Aug.	29,668	34,000	3,418	37,418	98,731	50,977	149,708
Sept.	32,732	22,168	5,832	28,000	107,802	37,174	144,976
Oct.	42,426	29,500	10,433	39,933	119,822	22,661	142,483
Nov.	30,918	26,000	12,351	38,351	116,952	32,964	149,916
Dec.	40,850	35,100	28,821	63,921	123,599	49,388	172,987
2001							
Jan.	39,096	28,601	12,513	41,114	125,245	49,759	175,004
Feb.	16,770	18,500	2,580	21,080	144,047	35,267	179,314
Mar.	44,277	17,000	25,799	42,799	137,821	40,015	177,836
Apr.	49,469	14,000	16,378	30,378	119,826	38,919	158,745
May	31,811	9,000	18,589	27,589	127,242	27,281	154,523
June	46,822	26,150	33,203	59,353	126,667	40,387	167,054
July	22,825	35,669	8,837	44,506	147,420	41,315	188,735
Aug.	35,085	21,500	4,179	25,679	141,811	37,518	179,329
Sept.	48,386	27,115	17,110	44,225	146,998	28,297	175,295
Oct.	45,608	55,012	10,185	65,197	172,184	22,700	194,884
Nov.	41,786	35,610	3,323	38,933	180,222	11,809	192,031
Dec.	48,400	29,220	7,608	36,828	137,423	22,036	159,459

¹ Amounts are at nominal prices.² Includes Central Bank of Malta, Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).³ Including the Malta Government Sinking Fund.⁴ On 1 December 1987, the House of Representatives raised the maximum amount of permissible outstanding bills from Lm2.5 million to Lm30 million. On 10 January 1995, the House of Representatives approved a motion empowering the Government to increase the issue of Treasury Bills from Lm30 million to Lm100 million. On 16 December 1996, the maximum amount of outstanding bills was raised from Lm100 million to Lm200 million.

TABLE 3.3 MALTA GOVERNMENT STOCKS
(Outstanding as at end-December 2001)

Lm thousands

Stock	Year of Maturity	Year of Issue	Issue Price Lm	Interest Dates	Held By		Amount
					Banking System	Non-Bank Public	
7.75 % MGS	2002	1992	100	3 Apr. - 3 Oct.	4,678	15,522	20,200
6.90 % MGS	2002 (II)	1995	100	10 Jun. - 10 Dec.	5,027	4,973	10,000
6.90 % MGS	2002 (III)	1995	100	30 Mar. - 30 Sept.	8,043	4,457	12,500
6.90 % MGS	2002 (IV)	1997	100	30 Mar. - 30 Sept.	20,180	3,570	23,750
7.00 % MGS	2003 ²	1993	100	18 Feb. - 18 Aug.	14,161	13,906	28,067
7.00 % MGS	2003 (II)	1993	100	3 Jul. - 3 Jan.	7,723	13,110	20,833
6.70 % MGS	2004	1994	100	23 Apr. - 23 Oct.	9,708	8,992	18,700
6.80 % MGS	2004 (II)	1998	100	15 Jan. - 15 Jul.	22,636	3,216	25,852
7.25 % MGS	2005	1997	100	10 Jun. - 10 Dec.	18,032	5,468	23,500
5.60 % MGS	2005 (II)	1999	100	1 Feb. - 1 Aug.	24,812	6,688	31,500
7.00 % MGS	2006 ²	1994	100	19 May - 19 Nov.	1,401	8,599	10,000
7.00 % MGS	2006 (IV)	1996	100	20 Jan. - 20 Jul.	-	167	167
7.25 % MGS	2006 (II)	1995	100	28 Apr. - 01 Aug.	5,972	13,278	19,250
7.25 % MGS	2006 (III) ¹	1996	100	20 Jan. - 20 Jul.	7,261	7,739	15,000
7.35 % MGS	2007	1997	100	18 Apr. - 18 Oct.	16,398	8,352	24,750
5.90 % MGS	2007 (II)	1999	100	23 Apr. - 23 Oct.	8,992	1,113	10,000
5.60 % MGS	2007 (III)	2000	100	10 Jun. - 10 Dec.	7,181	2,819	10,000
7.20 % MGS	2008	1998	100	28 Feb. - 15 Jul.	8,902	1,098	10,000
7.20 % MGS	2008 (II)	1998	100	30 Mar. - 30 Sept.	20,317	9,683	30,000
7.00 % MGS	2009 ²	1999	100	1 Mar. - 1 Sept.	-	65	65
5.90 % MGS	2009 (II)	1999	100	1 Mar. - 1 Sept.	14,549	10,451	25,000
5.90 % MGS	2010	1999	100	19 May - 19 Nov.	13,565	3,935	17,500
5.90 % MGS	2010(III)FI	2001	100	30 May -30 Sep	27,650	150	27,800
5.90 % MGS	2010	1999	100	19 May - 19 Nov.	14,258	742	15,000
5.75 % MGS	2010 (II)	2000	100	10 Jun. - 10 Dec.	16,528	1,972	18,500
7.00 % MGS	2010 (III) ²	2000	100	30 Jun. - 30 Dec.	-	545	545
7.50 % MGS	2011	1996	100	28 Mar. - 28 Sept.	7,509	7,491	15,000
6.25 % MGS	2011 (II)	2001	100	1 Aug. - 1 Feb.	18,681	21,319	40,000
7.80 % MGS	2012	1997	100	24 May - 24 Nov.	14,265	20,235	34,500
7.80 % MGS	2013	1997	100	18 Apr. - 18 Oct.	12,420	21,830	34,250
6.35 % MGS	2013	2001	100	19 May- 19 Nov.	373	25,628	26,000
6.60 % MGS	2014	2000	100	30 Mar. - 30 Sept.	952	9,548	10,500
6.45 % MGS	2014 (II)	2001	100	24 May - 24 Nov.	7,557	22,477	30,000
6.10 % MGS	2015	2000	100	10 Jun. - 10 Dec.	8,074	21,927	30,000
6.65 % MGS	2016	2001	100	28 Mar. - 28 Sept.	2,948	27,001	30,000
7.80 % MGS	2018	1998	100	15 Jan. - 15 Jul.	27,982	42,018	70,000
6.60 % MGS	2019	1999	100	1 Mar. - 1 Sept.	11,790	32,210	44,000
Total					409,395	403,334	812,729

¹ Interest is payable on 20 January and 20 July except for the last coupon payment which is payable on the redemption date.

² Coupons are reviewable every 2 years and will be set one percentage point less than the normal maximum lending rate allowed at law subject to a minimum of 7 %. Redemption proceeds are payable at Lm110 per Lm100 nominal.

Source: Malta Stock Exchange.

**TABLE 3.4 MALTA GOVERNMENT STOCKS
BY REMAINING TERM TO MATURITY ¹**

Lm thousands

End of Period	1 yr	2-5 yrs	6-10 yrs	11-15 yrs	Over 16 yrs	Total
1990	3,500	93,285	10,000	-	-	106,785
1991	5,500	106,285	25,400	-	-	137,185
1992	1,000	125,285	41,400	-	-	167,685
1993	49,885	84,367	90,300	-	-	224,552
1994	37,900	95,352	110,000	10,000	-	253,252
1995	7,000	158,651	120,300	-	-	285,951
1996	15,800	213,302	112,017	15,000	-	356,119
1997	48,452	279,800	111,367	83,750	-	523,369
1998	46,750	255,650	177,219	83,750	70,000	633,369
1999	79,000	221,202	199,232	98,750	114,000	712,184
2000	53,800	214,902	205,777	124,250	114,000	712,729
2001						
Mar.	120,250	192,869	176,359	139,250	114,000	742,729
June	117,550	192,869	176,359	169,250	114,000	770,029
Sept.	99,050	192,869	216,359	169,250	114,000	791,528
Dec.	66,450	192,869	244,160	195,250	114,000	812,729

¹ Refers to the maximum redemption period.

**TABLE 3.5 GOVERNMENT EXTERNAL LOANS
BY TYPE OF CREDITOR**

Lm thousands

End of Period	Official Bilateral Entities ¹	Official Multilateral Organisations ²	Private Commercial Banks ³	Total
1990	30,446	7,029	-	37,475
1991	31,806	12,901	-	44,707
1992	32,727	15,671	-	48,398
1993	34,383	16,097	-	50,480
1994	37,496	18,768	-	56,264
1995	30,268	15,150	8,015	53,433
1996	32,371	13,850	5,568	51,789
1997	30,200	15,666	4,583	50,449
1998	27,115	15,252	4,146	46,513
1999	28,101	12,344	3,904	44,349
2000	22,964	13,655	2,631	39,250
2001 ⁴				
Mar.	22,690	13,657	2,521	38,868
June	21,729	13,310	2,041	37,080
Sept.	20,965	13,208	2,053	36,226
Dec.	20,037	18,915	1,426	40,378

¹ Bilateral loans are loans from governments and their agencies (including central banks), and loans from autonomous bodies.

² Multilateral organisations include the World Bank, regional development banks, and other multilateral and inter-governmental agencies.

³ Commercial bank loans from private banks or financial institutions.

⁴ Provisional.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end-1999)*.

**TABLE 3.6 GOVERNMENT EXTERNAL LOANS
BY CURRENCY**

Lm thousands

End of Period	FFr	Stg	DM	Yen	Euro	US\$	Lit	Others	Total
1990	252	3,777	4,811	-	7,024	4,953	7,731	8,947	37,495
1991	200	3,686	4,515	-	12,901	4,431	9,833	9,140	44,706
1992	170	1,250	4,816	-	15,671	4,774	12,033	9,683	48,397
1993	109	1,283	4,373	-	16,097	4,355	15,596	8,667	50,480
1994	58	235	4,181	-	16,267	3,546	22,694	9,281	56,262
1995	34	-	3,930	7,574	9,041	2,896	22,309	7,649	53,433
1996	16	-	3,339	5,568	11,408	2,444	22,479	6,535	51,789
1997	-	-	2,801	4,583	10,500	7,268	22,001	3,296	50,449
1998	-	-	2,524	4,146	10,267	6,474	20,922	2,179	46,513
1999	-	-	2,036	3,904	9,549	6,945	19,835	2,080	44,349
2000	-	-	1,664	2,631	8,477	6,660	18,350	1,468	39,250
2001 ¹									
Mar.	-	-	1,638	2,521	8,278	6,918	18,379	1,134	38,868
June	-	-	1,460	2,041	7,860	15,727	8,837	1,155	37,080
Sept.	-	-	1,492	2,053	7,971	14,999	8,978	733	36,226
Dec.	-	-	1,310	1,426	14,184	14,181	8,530	747	40,378

¹ Provisional.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end-1999).*

**TABLE 3.7 GOVERNMENT EXTERNAL LOANS
BY REMAINING TERM TO MATURITY**

Lm thousands

End of Period	1 yr	2-5 yrs	6-10 yrs	11-15 yrs	16-20 yrs	Over 20 yrs	Total
1990	105	7,154	6,732	12,096	7,731	3,676	37,495
1991	34	11,877	4,960	14,229	9,833	3,774	44,707
1992	276	12,575	8,673	10,045	12,033	4,795	48,398
1993	-	15,200	5,766	9,232	15,596	4,687	50,480
1994	8,319	3,579	16,591	12,180	12,268	3,327	56,264
1995	206	2,142	23,486	11,662	12,529	3,408	53,433
1996	467	831	21,024	12,087	14,129	3,252	51,789
1997	452	3,114	16,255	23,167	4,398	3,062	50,449
1998	-	6,402	21,426	14,440	2,801	1,443	46,513
1999	-	6,013	20,944	13,353	2,693	1,346	44,349
2000	-	10,561	12,654	13,456	1,293	1,286	39,250
2001 ¹							
Mar.	968	9,165	12,969	13,249	1,272	1,245	38,868
June	981	8,291	12,619	12,717	1,228	1,244	37,080
Sept.	575	8,255	12,063	12,847	1,255	1,231	36,226
Dec.	586	13,356	11,759	12,249	1,207	1,221	40,378

¹ Provisional.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end-1999).*

**TABLE 4.1 MALTESE LIRA EXCHANGE RATES
AGAINST MAJOR CURRENCIES¹**
End of Period Rates

End of Period	Stg	DM	US\$	Euro ²	Lit	FFr	NLG	Bfr	Yen	Sfr
1990	1.7335	5.0006	3.3249	2.4349	3769.61	17.007	5.636	103.271	451.19	4.261
1991	1.7457	4.9610	3.2724	2.4448	3759.17	16.952	5.590	102.181	408.46	4.437
1992	1.7652	4.3188	2.6725	2.2136	3940.60	14.731	4.851	88.663	332.99	3.907
1993	1.7106	4.3911	2.5309	2.2678	4326.57	14.917	4.912	91.327	283.32	3.748
1994	1.7381	4.2086	2.7166	2.2083	4410.43	14.511	4.714	86.484	270.86	3.562
1995	1.8315	4.0648	2.8377	2.1586	4496.45	13.898	4.552	83.513	292.69	3.266
1996	1.6377	4.3146	2.7807	2.2173	4244.37	14.542	4.843	88.873	323.12	3.747
1997	1.5411	4.5682	2.5497	2.3101	4485.89	15.284	5.146	94.213	331.79	3.712
1998	1.5935	4.4287	2.6496	2.2640	4382.63	14.870	4.990	91.360	300.71	3.645
1999	1.4983	4.7163	2.4230	2.4114	4669.13	15.818	5.314	97.276	247.64	3.870
2000	1.5305	4.8033	2.2843	2.4559	4755.26	16.110	5.412	99.070	262.25	3.738
2001	1.5258	4.8874	2.2121	2.4989	4838.52	16.392	5.507	100.805	290.44	3.969
2001										
July 6	1.5250	4.9630	2.1370	2.5450	4928.42	16.696	5.609	102.678	268.57	3.865
13	1.5377	4.9354	2.1565	2.5234	4886.03	16.553	5.561	101.795	268.56	3.818
20	1.5320	4.8977	2.1953	2.5042	4848.72	16.426	5.518	101.017	270.85	3.774
27	1.5384	4.8865	2.1972	2.4984	4837.63	16.389	5.506	100.786	271.95	3.767
Aug. 3	1.5384	4.8844	2.1992	2.4973	4835.53	16.382	5.503	100.743	272.42	3.765
10	1.5539	4.8455	2.2149	2.4775	4797.03	16.251	5.460	99.941	270.82	3.743
17	1.5567	4.8057	2.2483	2.4571	4757.64	16.118	5.415	99.120	270.79	3.733
24	1.5555	4.8135	2.2424	2.4611	4765.32	16.144	5.424	99.280	269.67	3.740
31	1.5450	4.8125	2.2565	2.4606	4764.42	16.141	5.423	99.261	267.61	3.732
Sept. 7	1.5320	4.8626	2.2266	2.4862	4813.92	16.308	5.479	100.292	269.93	3.758
14	1.5359	4.8131	2.2678	2.4609	4764.92	16.142	5.423	99.272	266.40	3.619
21	1.5499	4.7904	2.2716	2.4493	4742.49	16.066	5.398	98.804	264.22	3.606
28	1.5368	4.8257	2.2545	2.4673	4777.44	16.185	5.437	99.532	269.24	3.642
Oct. 5	1.5305	4.8248	2.2636	2.4669	4776.60	16.182	5.436	99.515	271.81	3.667
12	1.5424	4.8354	2.2384	2.4723	4787.00	16.217	5.448	99.732	271.26	3.665
19	1.5463	4.8404	2.2288	2.4749	4792.03	16.234	5.454	99.836	269.88	3.658
26	1.5480	4.8566	2.2120	2.4831	4808.04	16.288	5.472	100.170	271.37	3.660
Nov. 2	1.5311	4.8465	2.2424	2.4780	4798.04	16.255	5.461	99.961	273.03	3.655
9	1.5269	4.8727	2.2238	2.4914	4823.99	16.342	5.490	100.502	267.88	3.650
16	1.5399	4.8732	2.2071	2.4916	4824.49	16.344	5.491	100.513	270.76	3.656
23	1.5500	4.8757	2.1927	2.4929	4826.90	16.352	5.494	100.563	272.04	3.646
30	1.5527	4.8481	2.2140	2.4788	4799.65	16.260	5.463	99.995	273.17	3.654
Dec. 7	1.5476	4.8528	2.2159	2.4812	4804.25	16.276	5.468	100.091	277.68	3.670
14	1.5398	4.8407	2.2367	2.4750	4792.31	16.235	5.454	99.842	285.05	3.650
21	1.5340	4.8632	2.2234	2.4865	4814.54	16.310	5.480	100.305	288.17	3.642
28	1.5240	4.8978	2.2052	2.5042	4848.78	16.426	5.519	101.019	288.73	3.710

¹ Closing Central Bank of Malta midpoint rate. The Maltese lira's exchange rate is determined on the basis of a basket of currencies which currently includes the euro, the US dollar and the pound sterling.

² The euro replaced the ECU as from January 1, 1999.

**TABLE 4.2 MALTESE LIRA EXCHANGE RATES
AGAINST MAJOR CURRENCIES¹**
Averages for the Period

Period	Stg	DM	US\$	Euro ²	Lit	FFr	NLG	Bfr	Yen	Sfr
1990	1.7701	5.0852	3.1527	2.4733	3769.83	17.135	5.730	105.132	453.01	4.368
1991	1.7526	5.1258	3.1002	2.4979	3831.59	17.429	5.777	105.531	416.50	4.429
1992	1.7853	4.9033	3.1459	2.4287	3860.86	16.621	5.521	100.964	398.43	4.414
1993	1.7435	4.3273	2.6171	2.2347	4109.74	14.819	4.861	90.425	291.39	3.869
1994	1.7295	4.2916	2.6486	2.2296	4265.86	14.676	4.813	88.427	270.60	3.617
1995	1.7961	4.0601	2.8355	2.1669	4616.27	14.138	4.548	83.530	266.46	3.350
1996	1.7780	4.1731	2.7745	2.1852	4279.88	14.188	4.676	85.881	301.75	3.428
1997	1.5825	4.4900	2.5921	2.2921	4410.82	15.113	5.053	92.645	313.53	3.758
1998	1.5547	4.5282	2.5758	2.2957	4469.45	15.180	5.104	93.404	336.67	3.730
1999	1.5468	4.5895	2.5032	2.3470	4544.39	15.395	5.172	94.677	284.84	3.756
2000	1.5080	4.8388	2.2855	2.4741	4790.43	16.229	5.452	99.803	246.27	3.853
2001	1.5430	4.8533	2.2226	2.4815	4804.77	16.277	5.468	100.102	269.97	3.749
2000										
Jan.	1.4895	4.7109	2.4438	2.4087	4663.81	15.800	5.308	97.165	257.19	3.879
Feb.	1.4929	4.7533	2.3903	2.4303	4705.81	15.942	5.356	98.040	261.57	3.906
Mar.	1.4943	4.7799	2.3594	2.4439	4732.09	16.031	5.386	98.588	251.49	3.922
Apr.	1.4767	4.8261	2.3384	2.4675	4777.80	16.186	5.438	99.540	246.59	3.883
May	1.4990	4.8749	2.2595	2.4925	4826.16	16.350	5.493	100.547	244.47	3.880
June	1.5348	4.7677	2.3145	2.4377	4719.99	15.990	5.372	98.335	245.79	3.805
July	1.5265	4.7904	2.3029	2.4493	4742.45	16.066	5.397	98.803	248.52	3.798
Aug.	1.5120	4.8645	2.2510	2.4872	4815.81	16.315	5.481	100.332	243.14	3.857
Sept.	1.5265	4.9910	2.1911	2.5110	4861.92	16.471	5.533	101.292	234.13	3.844
Oct.	1.4979	4.9725	2.1750	2.5424	4922.75	16.677	5.603	102.560	235.85	3.847
Nov.	1.5191	4.9505	2.1665	2.5311	4900.96	16.603	5.578	102.106	135.90	3.851
Dec.	1.5262	4.8642	2.2332	2.4870	4815.55	16.314	5.481	100.326	250.57	3.764
2001										
Jan.	1.5494	4.7729	2.2897	2.4403	4725.15	16.008	5.378	98.443	267.58	3.732
Feb.	1.5547	4.7961	2.2602	2.4522	4748.13	16.085	5.404	98.922	262.59	3.766
Mar.	1.5510	4.8190	2.2435	2.4639	4770.82	16.162	5.430	99.394	271.99	3.784
Apr.	1.5446	4.8563	2.2166	2.4830	4807.76	16.287	5.472	100.164	274.45	3.769
May	1.5355	4.8990	2.1904	2.5048	4849.97	16.430	5.520	101.043	266.69	3.841
June	1.5373	4.9372	2.1557	2.5244	4887.86	16.559	5.563	101.833	263.57	3.844
July	1.5332	4.9283	2.1680	2.5198	4879.02	16.529	5.553	101.649	270.06	3.814
Aug.	1.5500	4.8372	2.2276	2.4732	4788.80	16.223	5.450	99.769	270.54	3.746
Sept.	1.5376	4.8306	2.2493	2.4699	4782.31	16.201	5.443	99.634	267.39	3.690
Oct.	1.5432	4.8337	2.2400	2.4714	4785.35	16.211	5.446	99.697	271.63	3.657
Nov.	1.5391	4.8692	2.2119	2.4896	4820.54	16.331	5.486	100.430	270.66	3.650
Dec.	1.5406	4.8602	2.2181	2.4850	4811.57	16.300	5.476	100.243	282.50	3.666

¹ Calculated on the arithmetic mean of the daily opening and closing Central Bank of Malta midpoint rates.

² The euro replaced the ECU as from January 1, 1999.

TABLE 4.3 MALTA'S FOREIGN TRADE

Lm thousands

Period	Exports (f.o.b.)			Imports (c.i.f.)	Balance of Trade
	Domestic	Re-Exports	Total		
1990	328,736	29,153	357,889	620,510	-262,621
1991	371,993	33,461	405,454	684,000	-278,546
1992	451,526	39,377	490,903	747,770	-256,867
1993	476,747	41,579	518,326	830,920	-312,594
1994	547,209	45,213	592,422	918,766	-326,344
1995	629,720	45,220	674,940	1,037,657	-362,717
1996	569,900	54,250	624,150	1,007,800	-383,650
1997	563,950	64,980	628,930	984,230	-355,300
1998	664,816	47,169	711,985	1,034,920	-322,935
1999	712,436	78,700	791,136	1,136,233	-345,097
2000	977,535	94,910	1,072,445	1,492,376	-419,931
2001 ¹	790,038	90,646	880,684	1,226,422	-345,738
2000					
Jan.	65,101	8,189	73,290	96,937	-23,647
Feb.	73,953	6,157	80,110	109,873	-29,763
Mar.	77,717	7,185	84,902	117,791	-32,889
Apr.	75,687	8,286	83,973	121,205	-37,232
May	82,774	9,216	91,990	129,466	-37,476
June	80,353	8,719	89,072	134,652	-45,580
July	79,446	8,453	87,899	127,637	-39,738
Aug.	73,248	8,351	81,599	119,334	-37,735
Sept.	94,343	7,589	101,932	121,191	-19,259
Oct.	91,790	7,055	98,845	156,283	-57,438
Nov.	96,493	9,571	106,064	138,945	-32,881
Dec.	86,630	6,139	92,769	119,062	-26,293
2001¹					
Jan.	74,272	6,131	80,403	109,984	-29,581
Feb.	68,179	5,603	73,782	97,880	-24,098
Mar.	81,367	6,195	87,562	120,438	-32,876
Apr.	62,803	6,743	69,546	98,656	-29,110
May	68,190	6,687	74,877	107,041	-32,164
June	70,687	9,511	80,198	103,835	-23,637
July	57,470	9,491	66,961	106,380	-39,419
Aug.	56,228	8,171	64,399	90,901	-26,502
Sept.	63,751	6,812	70,563	83,993	-13,430
Oct.	58,272	9,063	67,335	108,355	-41,020
Nov.	69,749	10,827	80,576	106,197	-25,621
Dec.	59,070	5,412	64,482	92,762	-28,280

¹ Provisional.

Source: National Statistics Office.

TABLE 4.4 DIRECTION OF TRADE - TOTAL EXPORTS*Lm thousands*

Period	United Kingdom	Italy	Germany	France	Other EU	Libya	United States	Others	Total
1990	31,778	123,792	73,359	25,259	18,717	18,324	13,682	52,979	357,890
1991	29,699	156,341	72,138	36,739	20,092	22,343	17,026	51,076	405,454
1992	32,132	200,151	69,845	44,564	23,014	20,682	28,430	72,084	490,902
1993	41,826	167,140	81,008	53,947	27,835	25,136	38,897	82,537	518,326
1994	43,533	221,396	83,412	57,824	27,986	20,895	44,941	92,436	592,423
1995	50,654	205,015	101,243	82,417	42,762	15,221	62,918	114,716	674,940
1996	51,991	77,849	90,249	93,402	41,618	15,907	84,350	168,785	624,151
1997	51,219	35,726	82,171	121,705	54,486	25,122	91,201	167,283	628,930
1998	54,626	34,388	89,726	147,450	49,502	19,382	129,208	187,703	711,985
1999	73,202	38,858	99,390	120,388	50,344	20,194	168,621	220,144	791,136
2000	78,038	36,092	102,898	85,873	54,808	15,585	293,413	405,737	1,072,444
2001 ¹	76,310	30,304	115,132	82,197	59,865	21,835	174,370	320,670	880,684
2000									
Jan.	7,119	2,400	7,210	9,275	4,266	459	18,626	23,935	73,290
Feb.	6,356	3,519	9,783	7,754	4,808	2,698	19,611	25,580	80,109
Mar.	6,823	3,554	9,306	4,740	4,003	1,015	20,083	35,378	84,902
Apr.	6,595	3,246	9,179	5,567	5,066	814	22,233	31,273	83,973
May	5,772	3,191	9,463	7,463	4,375	765	26,284	34,677	91,990
June	4,765	3,583	8,622	9,004	3,868	643	28,140	30,447	89,072
July	6,603	2,690	8,772	5,282	4,301	972	25,185	34,094	87,899
Aug.	5,181	2,198	7,507	5,059	2,278	1,690	23,383	34,303	81,599
Sept.	6,502	3,347	7,984	8,144	4,466	2,827	28,463	40,199	101,932
Oct.	6,421	3,423	7,114	7,446	5,077	832	28,273	40,259	98,845
Nov.	9,904	2,741	10,647	7,483	6,597	2,078	26,555	40,059	106,064
Dec.	5,997	2,200	7,311	8,656	5,703	792	26,577	35,533	92,769
2001¹									
Jan.	4,772	2,231	8,648	7,573	4,511	414	21,734	30,520	80,403
Feb.	5,755	2,721	9,456	7,217	5,828	1,506	12,631	28,668	73,782
Mar.	7,758	2,443	9,744	9,328	5,737	1,418	19,250	31,884	87,562
Apr.	6,917	2,779	10,601	6,725	5,403	2,669	12,850	21,602	69,546
May	5,665	2,829	10,074	9,437	5,923	1,899	15,320	23,731	74,877
June	5,811	3,109	9,639	8,787	5,287	1,979	18,463	27,123	80,198
July	5,224	1,909	12,871	6,708	4,480	1,480	11,635	22,654	66,961
Aug.	6,004	1,732	8,700	4,588	4,595	2,639	10,893	25,248	64,399
Sept.	5,798	2,227	7,890	8,250	3,396	824	15,257	26,920	70,562
Oct.	7,256	2,372	9,574	5,066	4,919	2,174	10,065	25,908	67,334
Nov.	8,426	3,110	10,895	4,680	5,315	3,360	11,875	32,915	80,576
Dec.	6,924	2,842	7,040	3,838	4,471	1,473	14,397	23,497	64,482

¹ Provisional.

Source: National Statistics Office.

TABLE 4.5 DIRECTION OF TRADE - IMPORTS*Lm thousands*

Period	United Kingdom	Italy	Netherlands	France	Germany	Other EU	United States	Others	Total
1990	92,222	202,374	17,238	44,924	72,796	37,851	20,778	132,327	620,510
1991	100,648	248,463	20,153	31,658	75,155	38,730	27,737	141,456	684,000
1992	96,218	282,198	24,122	47,146	80,318	43,329	23,648	150,791	747,770
1993	111,392	225,929	21,927	69,763	118,712	46,929	72,449	163,819	830,920
1994	140,714	243,155	21,663	77,226	161,547	51,091	46,770	176,600	918,766
1995	161,570	284,777	23,817	86,623	126,235	76,374	62,350	215,911	1,037,657
1996	144,072	196,735	26,944	159,824	94,840	68,680	69,610	247,091	1,007,796
1997	145,152	199,137	25,712	163,026	98,276	71,505	77,968	203,455	984,231
1998	128,216	199,383	25,486	184,340	108,291	71,360	91,920	225,925	1,034,921
1999	123,736	189,873	25,697	217,021	113,569	73,175	95,964	297,199	1,136,233
2000	119,673	249,744	29,661	281,877	122,113	91,778	158,474	439,057	1,492,377
2001 ¹	123,100	244,409	28,401	184,030	107,409	92,707	141,822	304,544	1,226,422
2000									
Jan.	7,814	17,390	1,758	16,116	7,918	5,587	8,188	32,166	96,937
Feb.	9,714	21,697	2,036	20,274	10,083	6,726	10,514	28,829	109,873
Mar.	10,987	21,919	2,456	21,671	10,544	7,404	11,065	31,746	117,792
Apr.	11,003	19,935	2,062	17,339	9,879	6,575	11,942	42,470	121,205
May	10,272	20,374	2,313	26,989	9,541	8,769	11,856	39,352	129,466
June	9,021	20,116	3,623	21,208	10,849	6,988	17,587	45,260	134,652
July	11,304	23,612	2,537	21,238	11,405	9,829	13,888	33,824	127,637
Aug.	8,748	16,696	2,656	25,498	9,285	7,442	12,360	36,649	119,334
Sept.	9,303	21,226	2,026	21,783	10,529	6,120	12,224	37,980	121,191
Oct.	11,753	20,076	2,965	33,620	12,020	9,798	17,802	48,249	156,283
Nov.	10,263	26,959	3,225	31,051	10,456	8,419	15,797	32,775	138,945
Dec.	9,491	19,744	2,004	25,090	9,604	8,121	15,251	29,757	119,062
2001¹									
Jan.	9,111	19,820	2,509	23,637	8,596	6,841	12,274	27,196	109,984
Feb.	8,760	20,996	2,484	15,255	9,168	7,154	9,261	24,802	97,880
Mar.	11,189	22,727	2,034	16,494	9,932	8,993	13,428	35,641	120,438
Apr.	9,774	20,204	2,209	14,053	8,623	6,873	10,865	26,055	98,656
May	11,071	22,615	2,472	12,928	9,749	8,485	13,307	26,414	107,041
June	9,690	21,705	2,024	13,863	9,280	7,830	12,282	27,161	103,835
July	10,950	20,968	2,417	14,933	10,003	9,742	12,229	25,138	106,380
Aug.	9,340	15,856	2,735	11,994	7,207	8,203	9,489	26,077	90,901
Sept.	9,520	17,320	2,105	15,337	7,280	6,608	8,605	17,218	83,993
Oct.	13,078	22,820	2,793	13,338	11,035	8,364	13,691	23,236	108,355
Nov.	11,488	21,690	2,603	16,768	9,097	6,707	12,731	25,113	106,197
Dec.	9,129	17,688	2,016	15,430	7,439	6,907	13,660	20,493	92,762

¹ Provisional.

Source: National Statistics Office.

TABLE 4.6 DOMESTIC EXPORTS BY COMMODITY SECTIONS

Lm thousands

Period	Food and Live Animals	Beverages and Tobacco	Crude Materials Inedible except Fuels	Mineral Fuels etc.	Animal/Vegetable Fats and Oils	Chemicals	Semi-Manufactured Goods	Machinery and Transport Equipment	Manufactured Articles	Miscellaneous	Total
1990	4,743	2,285	1,979	112	1	3,879	29,762	174,036	111,729	208	328,736
1991	5,561	2,559	1,201	29	-	6,245	28,986	216,011	110,629	772	371,993
1992	7,884	1,779	1,241	31	-	8,645	31,540	274,651	124,596	1,159	451,526
1993	9,588	1,551	1,940	-	-	10,121	33,082	280,385	139,794	285	476,746
1994	10,981	1,265	1,333	35	-	10,305	34,714	356,582	131,910	83	547,209
1995	8,379	1,868	1,616	3	-	11,275	37,524	425,897	142,620	541	629,720
1996	10,734	2,866	1,477	54	1	14,330	42,109	354,578	143,376	377	569,901
1997	13,657	2,136	2,325	26	-	14,697	42,658	342,551	145,694	188	563,950
1998	13,481	2,138	1,523	9	2	13,242	48,237	444,893	140,740	550	664,816
1999	15,487	2,076	1,446	-	-	14,218	50,062	475,472	152,619	1,055	712,436
2000	17,116	3,538	2,198	-	-	13,027	53,913	736,076	151,263	404	977,535
2001 ¹	20,809	5,197	2,013	19	-	16,003	50,701	537,944	156,945	407	790,038
2000											
Jan.	385	15	345	-	-	810	3,659	51,342	8,465	80	65,101
Feb.	965	97	350	-	-	1,008	5,317	53,454	12,752	11	73,953
Mar.	737	253	159	-	-	1,082	4,987	56,581	13,881	37	77,717
Apr.	1,500	302	66	-	-	861	4,403	56,456	12,092	6	75,687
May	1,586	459	186	-	-	705	4,598	62,885	12,255	100	82,774
June	1,354	402	186	-	-	1,097	4,886	61,249	11,139	40	80,353
July	1,551	283	198	-	-	1,160	4,617	57,037	14,567	33	79,446
Aug.	2,221	326	84	-	-	947	3,748	55,254	10,655	14	73,248
Sept.	2,422	228	208	-	-	1,469	4,179	71,887	13,949	-	94,343
Oct.	1,069	303	171	-	-	1,079	3,892	72,436	12,836	-	91,790
Nov.	1,914	586	161	-	-	1,567	6,234	69,019	16,967	44	96,493
Dec.	1,412	284	84	-	-	1,242	3,393	68,476	11,705	35	86,630
2001¹											
Jan.	1,758	291	111	-	-	1,668	4,066	55,162	11,199	18	74,272
Feb.	691	348	263	-	-	1,261	3,729	48,600	13,228	60	68,179
Mar.	604	505	136	-	-	1,443	4,946	60,244	13,423	67	81,367
Apr.	1,175	602	174	-	-	1,150	4,866	40,841	13,983	12	62,803
May	1,404	420	102	19	-	1,244	4,251	47,700	12,984	66	68,190
June	1,679	883	216	-	-	1,192	4,571	48,547	13,566	33	70,687
July	2,509	587	82	-	-	1,273	4,424	34,015	14,496	83	57,470
Aug.	3,287	468	237	-	-	1,621	3,459	35,460	11,685	10	56,228
Sept.	1,998	540	86	-	-	1,427	3,225	44,643	11,787	44	63,751
Oct.	1,191	326	227	-	-	1,191	4,958	36,521	13,842	14	58,272
Nov.	2,703	185	175	-	-	1,391	4,437	46,598	14,261	-	69,749
Dec.	1,810	42	204	-	-	1,142	3,769	39,613	12,491	-	59,070

¹ Provisional.

Source: National Statistics Office.

TABLE 4.7 IMPORTS BY COMMODITY SECTIONS

Ln thousands

Period	Food and Live Animals	Beverages and Tobacco	Crude Materials Inedible except Fuels	Mineral Fuels etc.	Animal/Vegetable Fats and Oils	Chemicals	Semi-Manufactured Goods	Machinery and Transport Equipment	Manufactured Articles	Miscellaneous	Total
1990	53,916	7,378	12,517	31,775	1,815	42,700	120,135	284,110	54,455	11,707	620,509
1991	61,587	8,105	12,622	34,637	1,999	46,720	124,487	321,740	61,572	10,531	684,000
1992	66,414	7,691	13,692	35,054	2,125	50,691	126,723	361,673	74,568	9,139	747,770
1993	70,509	8,773	13,934	38,972	2,298	56,392	130,377	416,097	86,818	6,750	830,920
1994	64,696	14,526	16,526	40,765	2,479	63,575	131,231	482,024	93,266	9,678	918,766
1995	87,514	14,090	14,901	40,897	2,820	70,804	143,680	533,304	120,907	8,740	1,037,657
1996	91,768	13,590	12,842	53,763	2,867	74,282	141,770	486,082	119,614	11,218	1,007,796
1997	97,815	16,640	13,197	51,820	2,537	78,930	140,829	459,604	113,202	9,657	984,231
1998	96,699	15,541	14,478	39,281	2,789	80,132	143,251	520,242	113,370	9,139	1,034,921
1999	99,416	18,002	13,187	58,725	2,345	82,431	140,688	594,148	118,875	8,417	1,136,233
2000	103,644	18,785	13,597	106,476	2,239	92,470	144,994	852,574	146,821	10,774	1,492,377
2001 ¹	108,773	21,936	14,101	101,992	1,931	89,218	147,722	608,194	121,512	11,040	1,226,421
2000											
Jan.	7,699	1,087	773	8,612	124	6,736	10,290	54,792	6,385	440	96,937
Feb.	7,659	709	1,453	6,708	345	7,309	11,906	61,226	11,865	692	109,873
Mar.	8,765	1,271	1,289	7,949	136	8,136	12,586	64,400	12,452	807	117,792
Apr.	8,805	1,727	913	10,546	213	7,344	11,492	65,640	13,699	826	121,205
May	9,016	1,247	1,199	5,861	196	8,077	14,928	75,574	12,035	1,334	129,466
June	7,177	1,559	1,343	10,028	198	7,955	12,364	81,650	11,715	664	134,652
July	7,242	2,362	995	9,972	145	7,719	12,728	71,520	14,120	833	127,637
Aug.	9,246	1,860	845	6,316	165	7,376	10,236	71,682	10,549	1,060	119,334
Sept.	8,820	1,862	1,140	10,692	111	7,548	10,263	68,966	10,682	1,106	121,191
Oct.	9,438	1,796	1,277	15,606	190	8,475	13,310	87,403	17,930	857	156,283
Nov.	10,248	1,682	1,178	7,300	296	8,388	14,254	79,488	14,610	1,501	138,945
Dec.	9,529	1,623	1,192	6,886	120	7,407	10,637	70,233	10,779	654	119,062
2001¹											
Jan.	6,473	957	916	8,751	161	8,995	11,864	61,441	9,487	938	109,984
Feb.	6,924	1,731	1,382	8,941	153	6,692	11,584	50,659	8,926	886	97,880
Mar.	9,184	2,211	1,077	11,825	171	7,897	13,560	61,960	11,547	1,006	120,438
Apr.	7,886	1,613	1,327	5,334	195	6,990	12,153	50,851	11,583	726	98,656
May	10,018	2,482	1,328	6,095	105	7,365	14,526	52,441	11,559	1,123	107,041
June	8,207	2,768	1,137	9,967	100	6,444	13,284	51,444	9,390	1,094	103,835
July	9,912	1,759	1,157	7,678	301	8,266	13,513	52,123	10,697	974	106,380
Aug.	9,548	1,878	1,166	13,628	185	7,299	9,706	38,511	8,247	732	90,901
Sept.	10,172	1,086	949	6,834	126	6,446	10,345	37,765	9,363	906	83,992
Oct.	11,548	1,977	1,337	4,063	158	8,755	13,958	52,661	12,825	1,073	108,355
Nov.	10,176	2,195	1,055	9,888	140	7,343	12,748	51,420	10,403	829	106,197
Dec.	8,725	1,279	1,270	8,988	136	6,726	10,481	46,918	7,485	753	92,762

¹ Provisional

Source: National Statistics Office.

TABLE 5.1 GROSS NATIONAL PRODUCT
By Category of Expenditure at Current Market Prices

Lm thousands

Period	Consumers' Expenditure ¹	Government Consumption Expenditure ²	Gross Fixed Capital Formation ³	Inventory Changes ⁴	Exports of Goods & Services	Total Final Expenditure	Less Imports of Goods & Services	Gross Domestic Product	Net Investment Income from Abroad ⁵	Gross National Product
1990	460,845	129,153	232,611	12,668	626,415	1,461,692	726,947	734,745	55,017	789,762
1991	494,504	147,055	239,144	15,556	701,865	1,598,124	791,249	806,875	49,663	856,538
1992	531,530	164,335	240,874	145	804,056	1,740,760	866,010	874,750	41,695	916,445
1993	561,498	188,862	276,804	3,708	896,325	1,927,197	987,163	940,034	35,481	975,515
1994	608,288	209,519	305,388	9,957	994,410	2,127,562	1,099,028	1,028,534	19,331	1,047,865
1995	700,425	235,205	365,175	1,183	1,074,708	2,376,696	1,231,172	1,145,524	11,952	1,157,476
1996	764,901	259,790	345,265	-1,424	1,045,593	2,414,125	1,212,839	1,201,286	3,185	1,204,471
1997	803,493	264,053	326,443	3,009	1,095,775	2,492,773	1,204,554	1,288,219	4,096	1,292,315
1998	846,002	269,039	333,561	-10,657	1,194,676	2,632,621	1,270,297	1,362,324	-27,377	1,334,947
1999	915,014	272,587	339,975	9,383	1,321,307	2,858,266	1,402,167	1,456,099	12,437	1,468,536
2000 ⁶	998,281	291,083	411,203	30,377	1,603,742	3,334,686	1,776,309	1,558,377	-70,242	1,488,135
2001 ⁶	1,035,218	328,568	375,302	-45,353	1,425,042	3,118,777	1,500,361	1,618,416	-2,180	1,616,236
2000 ⁶										
Mar.	230,740	72,254	93,100	20,339	342,791	759,224	391,034	368,190	11,086	379,276
June	253,794	71,808	111,405	-1,928	402,697	837,776	452,895	384,881	-3,835	381,046
Sept.	254,938	68,731	103,337	-14,877	439,083	851,212	451,084	400,128	2,906	403,034
Dec.	258,809	78,290	103,361	26,843	419,171	886,474	481,296	405,178	-80,399	324,779
2001 ⁶										
Mar.	233,979	78,727	95,154	22,940	341,625	772,425	387,406	385,019	11,013	396,032
June	262,804	80,790	93,305	-30,168	369,769	776,500	374,364	402,136	2,190	404,326
Sept.	273,180	81,390	91,724	-42,172	373,133	777,255	361,137	416,118	950	417,068
Dec.	265,255	87,661	95,119	4,047	340,515	792,597	377,454	415,143	-16,333	398,810

¹ Expenditure on consumption of goods and services by persons and non-profit making bodies.

² Excludes transfer payments (social security benefits, subsidies and grants) and capital expenditure.

³ Expenditure on fixed capital assets by the Government as well as the private and parastatal sectors.

⁴ Increase in the quantity of stocks and work in progress held by the Government and trading enterprises. This is obtained as a residual and therefore contains the error term.

⁵ Income from foreign investments held by private individuals and corporations, the Government and the banking sector, less interest payments by local banks to non-resident deposit holders, dividends payable to non-resident shareholders, as well as undistributed profits of non-resident owned companies.

⁶ Provisional.

Source: National Statistics Office.

TABLE 5.2 TOURIST ARRIVALS BY NATIONALITY

Period	United Kingdom	Italy	North Africa ¹	Germany	Scandinavian Countries ²	United States	All Others	Total
1990	450,002	64,039	38,881	130,203	29,444	9,934	149,273	871,776
1991	458,523	64,008	50,094	136,452	17,891	8,809	159,259	895,036
1992	525,629	76,045	43,882	153,531	21,851	9,302	172,142	1,002,382
1993	520,778	85,671	53,465	176,077	21,276	10,314	195,632	1,063,213
1994	530,385	98,746	45,337	200,281	29,920	11,973	259,581	1,176,223
1995	461,159	97,384	43,534	187,761	32,979	10,945	282,209	1,115,971
1996	398,899	89,439	56,958	184,110	33,338	11,969	279,075	1,053,788
1997	436,899	90,190	45,702	193,020	33,576	14,924	296,850	1,111,161
1998	448,763	90,558	44,508	203,199	35,414	17,641	342,157	1,182,240
1999	422,368	92,726	52,537	212,430	46,365	18,558	369,246	1,214,230
2000	428,780	92,522	52,275	204,749	46,273	19,269	371,845	1,215,713
2001	451,530	93,564	39,167	160,262	46,395	19,986	369,241	1,180,145
2000								
Jan.	14,674	2,623	3,986	10,976	1,619	994	9,845	44,717
Feb.	21,473	2,545	3,650	11,978	1,806	1,031	13,005	55,488
Mar.	28,654	4,786	4,485	19,431	2,907	1,651	20,152	82,066
Apr.	36,082	8,108	3,146	24,858	4,791	1,503	39,152	117,640
May	40,982	5,502	4,175	19,489	5,073	1,924	35,657	112,802
June	42,050	9,507	4,754	19,054	5,213	2,053	38,072	120,703
July	49,278	13,329	6,026	21,446	6,319	2,002	54,363	152,763
Aug.	52,760	22,528	6,449	18,174	4,054	1,651	49,705	155,321
Sept.	48,321	8,857	4,826	19,021	6,128	1,740	43,633	132,526
Oct.	41,848	5,322	3,747	20,234	5,106	2,075	33,415	111,747
Nov.	29,048	3,373	3,849	11,055	2,062	1,559	17,121	68,067
Dec.	23,610	6,042	3,182	9,033	1,195	1,085	17,726	61,873
2001								
Jan.	18,983	2,838	3,046	6,635	1,313	1,142	10,096	44,053
Feb.	22,328	2,845	2,371	10,823	1,942	1,270	14,313	55,892
Mar.	33,631	5,044	3,126	14,474	3,690	1,755	23,388	85,108
Apr.	34,451	8,820	2,876	17,982	5,288	2,225	36,157	107,799
May	47,562	5,198	3,007	15,438	4,770	2,576	37,096	115,647
June	43,419	8,950	3,166	13,689	5,873	2,606	42,772	120,475
July	53,234	14,424	4,316	17,598	6,695	2,111	52,132	150,510
Aug.	55,356	24,771	5,489	14,147	3,787	1,665	47,729	152,944
Sept.	51,047	7,800	3,845	19,206	4,821	1,326	43,171	131,216
Oct.	43,218	4,219	3,074	17,321	5,073	1,280	32,670	106,855
Nov.	28,405	3,647	2,206	7,809	1,968	1,145	15,318	60,498
Dec.	19,896	5,008	2,645	5,140	1,175	885	14,399	49,148

¹ North African countries include Algeria, Egypt, Libya, Morocco and Tunisia.

² Scandinavian countries include Denmark, Norway and Sweden.

Source: National Statistics Office.

TABLE 5.3 LABOUR MARKET

End of Period	Labour Supply			Gainfully Occupied			Unemployment ¹					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Amount	Percent ²	Amount	Percent ³	Amount	Percent
1990	96,306	31,153	127,459	91,692	30,331	122,023	4,614	4.8	822	2.6	5,436	4.3
1991	97,241	32,210	129,451	92,922	31,257	124,179	4,319	4.4	953	3.0	5,272	4.1
1992	98,921	33,024	131,945	94,084	31,898	125,982	4,837	4.9	1,126	3.4	5,963	4.5
1993	99,239	33,174	132,413	93,333	32,130	125,463	5,906	6.0	1,044	3.1	6,950	5.2
1994	100,092	34,020	134,112	94,587	33,081	127,668	5,505	5.5	939	2.8	6,444	4.8
1995	102,158	35,612	137,770	97,241	34,709	131,950	4,917	4.8	903	2.5	5,820	4.2
1996	103,323	36,944	140,267	97,493	35,702	133,195	5,830	5.6	1,242	3.4	7,072	5.0
1997	103,253	37,383	140,636	96,778	36,165	132,943	6,475	6.3	1,218	3.3	7,693	5.5
1998	102,895	38,039	140,934	96,120	36,904	133,024	6,775	6.6	1,135	3.0	7,910	5.6
1999	103,173	39,134	142,307	96,083	37,918	134,001	7,090	6.9	1,216	3.1	8,306	5.8
2000	103,831	40,185	144,016	97,689	39,139	136,828	6,142	5.9	1,046	2.6	7,188	5.0
2001	103,967	40,962	144,929	97,806	39,690	137,496	6,161	5.9	1,272	3.1	7,433	5.1
2000												
Jan.	103,588	39,538	143,126	96,280	38,239	134,519	7,308	7.1	1,299	3.3	8,607	6.0
Feb.	103,700	39,663	143,363	96,413	38,347	134,760	7,287	7.0	1,316	3.3	8,603	6.0
Mar.	103,564	39,697	143,261	96,454	38,454	134,908	7,110	6.9	1,243	3.1	8,353	5.8
Apr.	103,334	39,701	143,035	96,513	38,554	135,067	6,821	6.6	1,147	2.9	7,968	5.6
May	103,341	39,822	143,163	96,865	38,739	135,604	6,476	6.3	1,083	2.7	7,559	5.3
June	103,490	40,205	143,695	97,357	39,149	136,506	6,133	5.9	1,056	2.6	7,189	5.0
July	103,810	40,721	144,531	97,656	39,471	137,127	6,154	5.9	1,250	3.1	7,404	5.1
Aug.	103,638	40,743	144,381	97,578	39,482	137,060	6,060	5.8	1,261	3.1	7,321	5.1
Sept.	103,331	40,432	143,763	97,196	39,314	136,510	6,135	5.9	1,118	2.8	7,253	5.0
Oct.	103,959	40,558	144,517	97,878	39,478	137,356	6,081	5.8	1,080	2.7	7,161	5.0
Nov.	104,066	40,465	144,531	97,874	39,410	137,284	6,192	6.0	1,055	2.6	7,247	5.0
Dec.	103,831	40,185	144,016	97,689	39,139	136,828	6,142	5.9	1,046	2.6	7,188	5.0
2001												
Jan.	103,599	40,424	144,023	97,341	39,342	136,683	6,258	6.0	1,082	2.7	7,340	5.1
Feb.	103,739	40,487	144,226	97,485	39,409	136,894	6,254	6.0	1,078	2.7	7,332	5.1
Mar.	103,463	40,444	143,907	97,324	39,401	136,725	6,139	5.9	1,043	2.6	7,182	5.0
Apr.	103,409	40,582	143,991	97,457	39,553	137,010	5,952	5.8	1,029	2.5	6,981	4.8
May	103,337	40,582	143,919	97,499	39,639	137,138	5,838	5.6	943	2.3	6,781	4.7
June	103,179	40,730	143,909	97,581	39,799	137,380	5,598	5.4	931	2.3	6,529	4.5
July	103,267	41,189	144,456	97,670	39,945	137,615	5,597	5.4	1,244	3.0	6,841	4.7
Aug.	103,365	41,266	144,631	97,632	39,943	137,575	5,733	5.5	1,323	3.2	7,056	4.9
Sept.	104,188	41,318	145,506	98,418	40,104	138,522	5,770	5.5	1,214	2.9	6,984	4.8
Oct.	104,457	41,291	145,748	98,496	40,069	138,565	5,961	5.7	1,222	3.0	7,183	4.9
Nov.	104,415	41,217	145,632	98,289	39,915	138,204	6,126	5.9	1,302	3.2	7,428	5.1
Dec.	103,967	40,962	144,929	97,806	39,690	137,496	6,161	5.9	1,272	3.1	7,433	5.1

¹ Figures of unemployment exclude recruitment in the Emergency Labour Corps (set up in May 1972), the Pioneer Corps (set up in June 1973) and DIM (set up in February 1975).

² As a percentage of male labour supply.

³ As a percentage of female labour supply.

Source: *Employment and Training Corporation*.

TABLE 5.4 NUMBER OF APPROVED COMMERCIAL PROPERTY APPLICATIONS, BY PURPOSE ¹

Period	Agriculture	Manufacturing	Warehousing/Retail/ Offices ²	Hotel/ Tourism	Recreational/ Social ³	Parking	Minor new works/ change of use	Other	Total
1993	168	64	400	26	70	176	666	1,350	2,920
1994	245	71	775	45	363	287	1,404	264	3,454
1995	293	69	924	27	434	188	1,731	411	4,077
1996	234	37	827	21	352	154	1,632	611	3,868
1997	248	49	545	28	362	169	1,594	949	3,944
1998	273	97	564	47	770	193	1,729	971	4,644
1999	231	112	858	29	378	205	1,600	740	4,153
2000	270	104	790	36	588	236	1,486	1,010	4,520
2001	312	58	1,019	24	485	214	1,095	1,491	4,698

¹ This Table replaces the previous Table 5.4, which showed building applications approved by purpose and floor space area, as data on the latter are no longer available.

² Including applications for advertisements and for the mixed residential and retail purposes.

³ Including applications for restaurants and café bars.

Source: Planning Authority.

TABLE 5.5 DWELLING UNITS GRANTED DEVELOPMENT PERMISSION, BY TYPE

Period	Apartments	Maisonettes	Terraced Houses	Other	Total
1993	1,192	651	1,016	114	2,973
1994	1,095	476	488	44	2,103
1995	1,910	1,064	1,094	161	4,229
1996	1,601	1,183	495	72	3,351
1997	1,656	1,060	570	125	3,411
1998	1,742	790	339	133	3,004
1999	1,452	473	271	77	2,273
2000	1,473	583	246	67	2,369

Note: Changes to the data are mainly due to the policy adopted by Planning Authority to reassess permit applications on a continuous basis.

Source: Planning Authority.

TABLE 5.6 INFLATION RATES¹
(Base 1946 = 100)

Year	Index	Inflation Rate (%)	Year	Index	Inflation Rate (%)
1946	100.00	-	(Continued)		
1947	104.90	4.90	1974	234.16	7.28
1948	113.90	8.58	1975	254.77	8.80
1949	109.70	-3.69	1976	256.20	0.56
1950	116.90	6.56	1977	281.84	10.01
1951	130.10	11.29	1978	295.14	4.72
1952	140.30	7.84	1979	316.21	7.14
1953	139.10	-0.86	1980	366.06	15.76
1954	141.20	1.51	1981	408.16	11.50
1955	138.80	-1.70	1982	431.83	5.80
1956	142.00	2.31	1983	428.06	-0.87
1957	145.70	2.61	1984	426.18	-0.44
1958	148.30	1.78	1985	425.17	-0.24
1959	151.10	1.89	1986	433.67	2.00
1960	158.80	5.10	1987	435.47	0.42
1961	164.84	3.80	1988	439.62	0.95
1962	165.16	0.19	1989	443.39	0.86
1963	168.18	1.83	1990	456.61	2.98
1964	172.00	2.27	1991	468.21	2.54
1965	174.70	1.57	1992	475.89	1.64
1966	175.65	0.54	1993	495.59	4.14
1967	176.76	0.63	1994	516.06	4.13
1968	180.42	2.07	1995	536.61	3.98
1969	184.71	2.38	1996	549.95	2.49
1970	191.55	3.70	1997 ²	567.95	3.27
1971	196.00	2.32	1998	580.61	2.23
1972	202.52	3.33	1999	593.00	2.13
1973	218.26	7.77	2000	607.07	2.37
			2001	624.85	2.93

¹ The Index of Inflation (Base 1946=100) is compiled by the National Statistics Office on the basis of the Retail Price Index in terms of Section 10C of the Housing (Decontrol) (Amendment) Act 1979.

² Following the revision of the utility rates in November 1998, the index and the rate of inflation for the year 1997 were revised to 567.08 and 3.11% respectively. Consequently, the rate of inflation for 1998 would stand at 2.39%.

TABLE 5.7 RETAIL PRICE INDEX¹

(Base 1995 = 100)

Period	All Items
1990	84.73
1991	86.88
1992	88.30
1993	91.96
1994	95.76
1995	99.57
1996	102.05
1997	105.39
1998	107.74
1999	110.04
2000	112.65
2000	
Jan.	112.24
Feb.	112.05
Mar.	112.28
Apr.	111.78
May	112.69
June	112.23
July	112.32
Aug.	112.44
Sept.	112.80
Oct.	113.35
Nov.	114.09
Dec.	113.51
2001	
Jan.	112.95
Feb.	113.26
Mar.	113.94
Apr.	114.52
May	115.62
June	115.75
July	116.31
Aug.	117.30
Sept.	117.66
Oct.	116.82
Nov.	118.48
Dec.	118.76

¹ The New Retail Price Index, which has an "All Items" reading only, is based on the Household Budgetary Survey carried out in 1994-95. As it has a different weighting structure, reflecting the changed expenditure patterns that emerged from the survey, it is not continuous with the old (1991=100) index.

Source: National Statistics Office.

GENERAL METHODOLOGICAL NOTES

General Standards

The methodology underlying the compilation of monetary and banking statistics is generally consistent with internationally agreed statistical concepts, definitions, and classifications as published in the International Monetary Fund's (IMF) "*Monetary and Financial Statistics Manual 2000*".

Release of Monetary and Banking Statistics

Monthly monetary and banking statistics are posted on the Central Bank's website by the end of the month following the reference month. Subsequently, detailed monetary data, together with related analytical information, are released in the press through the *Statistical Release on Monetary Aggregates and their Counterparts* and in the Central Bank's *Quarterly Review* and *Annual Report*.

Determination of 'Residence'

Monetary data are based on the classification of transactions by the residence of the transactors. The transactors in the institutional sectors may either be **residents** or **non-residents** of Malta, a transactor being that economic entity that is capable in its own right of owning assets, incurring liabilities and engaging in economic activities with other entities. The internationally agreed **residence** criterion for the purposes of statistical compilation is based on the transactor's 'centre of economic interest'. Thus, a transactor is considered to be a resident of Malta when it is engaged in a significant amount of production of goods and/or services in Malta or when it owns or rents land or buildings located in the country. The enterprise must maintain at least one production establishment over a period of at least one year (in economic activities and transactions on a significant scale). The economic territory includes free enterprise zones and bonded warehouses or factories operated by offshore enterprises under customs control. Transactors not meeting the above-mentioned criteria are considered to be **non-resident** units, ie. units that have their 'centre of economic interest' in other countries. Most offshore companies which are registered in Malta are treated as non-resident units since they do not have a centre of economic interest in Malta. Furthermore, diplomatic bodies, embassies, consulates and other entities of a foreign government located in Malta are considered as residents of the country they are representing and not of Malta.

Sector Classification of the Maltese Economy

The sectors of the Maltese economy, for statistical reporting purposes, are currently broken down by their primary activity into:

- (a) Banking Institutions
- (b) General/Central Government
- (c) Private Corporate/Business (non-bank) enterprises
- (d) Public Corporations and Authorities
- (e) Personal (or Households)

In addition to the above, there are those transactors that are considered to be non-residents (also referred

to as the 'external sector' or the 'rest of the world').

(a) As from January 2001, the **Banking Institutions** are divided into three subsectors :

- (i) Central Bank of Malta
- (ii) Deposit Money Banks (DMB)
- (iii) International Banking Institutions (IBI)

The **Central Bank of Malta** is a distinct corporate body having specialised functions. It is assigned the responsibilities normally assigned to the monetary authority of a country, which include the issuing of notes and coin, holding the external reserves of the country, ensuring monetary stability, and the safeguarding of a sound financial system. **Deposit Money Banks (DMB)** are those banking institutions that offer deposits payable on demand, transferable by cheque, or otherwise usable for making payments to non-bank enterprises and households. **International Banking Institutions (IBI)** are those banks that offer international banking facilities mainly to non-residents and accept deposits primarily from non-residents. Since international banking institutions are permitted to offer demand deposits to their customers, their assets and liabilities are consolidated with those of the deposit money banks in order to derive the statistical data for the *Banking Survey* (shown in the *Quarterly Review's* Statistical Tables annex). The consolidated data of the IBI sector do not distinguish between those institutions that are registered under the Banking Act 1994 and those that are registered under the Malta Financial Services Centre Act, 1988.

- (b) The principal function of **General/Central Government** is to carry out public policy through the production of non-market services, primarily for collective consumption, and the transfer of income, financed mainly by taxes on units in other sectors of the economy. For statistical reporting purposes only one level of government exists in Malta, namely the central government, which implies that all central government operations also constitute the operations of general government. Thus, central government currently includes the local councils and the public non-profit institutions (such as government appointed commissions, boards, agencies, foundations etc). Public corporations and authorities, often referred to as non-financial public institutions (NFPIs), are not included in this sector (see section d).
- (c) The **Private Corporate/Business Sector** comprises resident non-bank corporations under private ownership or control which are principally engaged in the production of market goods and non-bank services. These entities are collectively owned by shareholders that have the authority to appoint directors responsible for general management and may be a source of profit or other financial gain to their owners.
- (d) **Public Corporations and Authorities** include non-bank corporations/authorities (also referred to as the parastatal sector or the non-financial public institutions) that are subject to control by government. 'Control' is defined as the ability to determine general corporate policy. Such public corporations and authorities are normally involved in the production of industrial and commercial goods or the provision of services for individual or collective consumption on a large scale.

(e) **The Personal Sector (or Household Sector)** include both resident individuals and unincorporated enterprises. A household may be defined as a group of persons who share accommodation, pool their income and wealth and who consume certain types of goods and services collectively. The latter are those involved in small-scale production that provides employment and income for individuals or their families.

Measures of Money

The Central Bank of Malta compiles data on three main monetary aggregates, namely **Narrow Money (M1)**, **Quasi-Money** and **Broad Money (M3)**. Narrow Money (M1) includes the most liquid components of Broad Money namely currency in circulation and demand deposits. Quasi-money comprises the residents' savings and time deposits. Broad money comprises the resident non-bank sector's holdings of bank notes and coin in circulation, and the resident non-bank deposits irrespective of denomination and maturity. Thus, Broad Money (M3) is broken down as follows:

Notes and Coin in circulation outside the banking system

Deposits (non-bank), including:

Demand (current)

Savings

Time (fixed) deposits

The **Monetary Base (M0)** is defined as currency in issue and banks' deposits with the Central Bank, excluding term deposits.

Compilation Process

Monetary and banking statistics are based on a consolidation of the monthly financial statements provided by the three subsectors of the local banking system. Figures for the Central Bank of Malta are obtained from the Bank's monthly balance sheet. The banking institutions have to submit data to the Central Bank of Malta no later than fifteen days following the end of the reporting month or quarter. Branches, agencies and offices of banking institutions operating in Malta and which are not incorporated in Malta are also obliged to submit financial information in the requested schedules. The institutions compile monthly financial information in line with the international accounting norms as issued from time to time by the International Accounting Standards Committee. The monthly financial data of the international banking institutions regulated by the Malta Financial Services Centre Act, 1988 are submitted directly to the Central Bank by the Malta Financial Services Centre.

Basis of Calculation

Generally, monetary data show stock positions, i.e. outstanding balances on a particular date (end-month, end-quarter or end-year). Monetary data aggregates are consolidated, thus all identifiable interbank transactions are eliminated. Assets and liabilities which are denominated in foreign currencies are converted into Maltese Liri (Lm) at the middle exchange rate in effect at the end of the reporting period.

Valuation

Assets and liabilities are reported at book value. Thus, investments such as securities and deposits are shown netted of any premium and accretion of discount. Loans and advances include overdrafts but exclude bills discounted, and are reported before adjustments for specific and general provisions for bad and doubtful debts. Interest in suspense is included in the reported loans and advances. Monetary figures are shown on accrual basis.

Official External Reserves

The *external reserves* concept is in line with the International Monetary Fund's *Balance of Payments Manual (Fifth Edition)*: It is based on a balance sheet framework and calculated on a gross basis. The types of external reserves covered in this measure comprise convertible currencies, IMF-related assets and holdings of gold. Convertible currencies comprise cash and bank balances denominated in foreign currency, placements with non-resident banks, the portfolio of non-resident investment securities and other foreign currency assets. IMF-related assets comprise holdings of Special Drawing Rights allocated to Malta or acquired in accordance with IMF requirements and the Reserve Tranche Position with the IMF.

Financial Market Rates

The statutory interest rates used by the Central Bank of Malta and other indicative benchmark money market rates are given as end-of-period rates in percentages per annum. The repurchase agreement/term deposit rates represent the prevailing rates as at the end of the month quoted from the last repurchase agreements session and the rates offered by the Central Bank. The interbank market offered rates are the prevailing rates in dealings between the banks in the official interbank market.

The weighted average deposits on current, savings and time deposits pertain to the Deposit Money Banks' interest rates on resident Maltese lira deposits. These are calculated by multiplying each amount by the different rates in each type of deposit and dividing by the total amount of each type of deposit. The weighted average lending rate is calculated by multiplying the amount of each loan or advance extended to residents in local currency by the interest rate applied thereto, and dividing by the total amount.

The interest rates applicable on government Treasury bills are obtained from the official rates quoted by the Treasury. These are weighted averages of the rates attached to the bills that are taken up by the bidders at the weekly auction. Interest rates on Malta Government Stocks represent weighted average gross redemption yields on applicable stocks with periods specified referring to remaining term to maturity. The Malta Stock Exchange Share Index measures movements in the price of all ordinary shares listed in the Official List of the Malta Stock Exchange. It is a market capitalisation index which weights the price and the number of shares of each listed firm. The index has a base of 1000 initiating on 27th December 1995.

Sources of other economic data:

Government Finance

The Treasury

Public Debt

Gross Government debt comprises the total amount of government debt outstanding denominated in domestic and in foreign currency. The source for data on Treasury bills and government external debt is the Central Bank of Malta, while the source for Malta Government Stocks is the Malta Stock Exchange. Also shown are data on debt guaranteed by government, which mainly relates to the non-financial public sector companies. Government guaranteed debt excludes guarantees on the MIGA and IBRD positions and government guarantees on foreign loans taken by the Central Bank on behalf of government: These loans already feature in the calculation of government external debt.

External Transactions

Exchange Rates – Central Bank of Malta

Foreign Trade – National Statistics Office

Real Economy

Gross Domestic Product – National Statistics Office

Tourist Arrivals – National Statistics Office

Labour Market – Employment and Training Corporation

Building and Construction – Planning Authority

Inflation – National Statistics Office