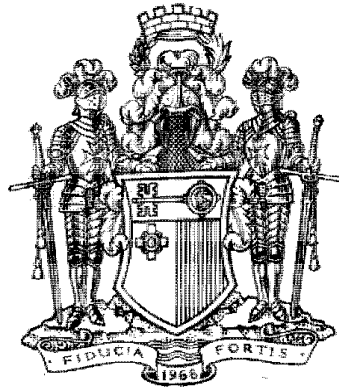


Central Bank of Malta



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CONTENTS

ECONOMIC SURVEY

| | |
|---|-----------|
| 1. Foreword | 5 |
| 2. The International Environment | 7 |
| 3. The Domestic Economy | 11 |
| Box 1: The Labour Force Surveys conducted by the National Statistics Office (NSO) | 17 |
| Box 2: Business Perceptions Survey | 20 |
| 4. The Balance of Payments and the Maltese Lira | 23 |
| 5. Government Finance | 29 |
| 6. Monetary and Financial Developments | 33 |
| 7. The Banking System | 41 |
| Box 3: The International Banks | 44 |
| DEVELOPMENTS IN THE SUPERVISION AND REGULATION OF CREDIT AND FINANCIAL INSTITUTIONS IN MALTA <i>by Paul Vella</i> | 47 |
| NEWS NOTES | 53 |
| FINANCIAL POLICY CALENDAR | 56 |
| STATISTICAL TABLES | 67 |

Notes: The cut-off date for information published in the Economic Survey is September 20, 2001.
For figures published in the Statistical Tables, the cut-off date is September 27, 2001.
Figures in tables may not add up due to rounding.

ECONOMIC SURVEY

1. FOREWORD

During the second quarter of 2001, the Central Bank's central intervention rate and discount rate were unchanged at 4.75%. In August, however, the Bank lowered both these official interest rates by 25 basis points to 4.5%. The Bank eased its monetary stance further in September, when it reduced the reserve requirement ratio imposed on banks by one percentage to 4% of their deposit liabilities. 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 aims to support the Maltese lira's peg to a basket of major currencies.

These changes took place against the background of mounting evidence of a global economic slowdown. In fact, since the beginning of the year, major central banks have cut interest rates repeatedly to stimulate economic activity. The terrorist attacks on the United States on September 11th added to the downside risks to the global economy and triggered a further round of official interest rate cuts. These reductions in interest rates abroad led to a growing premium on Maltese lira interest rates, which favoured an easing of the Maltese monetary policy stance.

Developments in the domestic economy were also compatible with an easing of monetary policy. There was no evidence of excessive demand pressures, although the fiscal stance remained expansionary and underlying inflation accelerated slightly.

Indeed, as global economic conditions deteriorated, growth slowed down during the first half of the year. During the first quarter output expanded by 2.1% in real terms, compared with

7.1% during the corresponding period of 2000. The slowdown gathered pace during the second quarter, when real GDP contracted by 0.6% as a result of a drop in export activity, particularly in the electronics sector. This offset some acceleration in public and private consumption. Meanwhile, a drop in investment spending, as well as a cut in firms' inventory levels, contributed to a narrowing of the trade gap.

The GDP data, which were released in October, confirmed earlier indications that key sectors of the domestic economy were being adversely affected by the international economic slowdown even before the terrorist attacks. Thus, respondents to the Bank's business perceptions survey, which was carried out in July and August, reported below-normal levels of activity during the second quarter. However, although the electronics sector appeared to be especially hard-hit, other segments of manufacturing industry registered satisfactory levels of activity. Furthermore, the survey also indicated some recovery in the tourism industry, as well as in the distribution and services sectors, with the latter indicating a moderate rise in domestic demand.

Even before complete data for the second quarter became available, there were already indications that weaker economic activity had also led to an improvement in the balance of payments. The publication of official data in October confirmed this impression. Indeed, during the June quarter the current account of the balance of payments swung into surplus as falling imports of industrial supplies and capital goods led to a significant narrowing of the merchandise trade gap. In addition, the surplus on trade in services widened. These developments were also broadly reflected in the data for the first six months of the year, which saw the deficit on the current account shrinking considerably. The improved current account performance, together with the

favourable interest rate differentials referred to earlier, was reflected in a recovery in the Central Bank's external reserves, which increased during the second quarter and continued to rise in July and August.

On the other hand, Government spending continued to support domestic economic activity. In fact, the underlying fiscal stance remained expansionary, with the deficit widening during the first six months of the year as expenditure grew more rapidly than revenue.

Inflationary pressures picked up during the second quarter. The twelve-month moving average inflation rate, which is the headline rate, rose marginally to 1.95% in June. However, the year-on-year rate of inflation, which is a more timely indicator of price pressures, accelerated to 3.1%. In the absence of strong demand

pressures on prices, the acceleration in inflation largely reflected a combination of higher food prices, which mainly resulted from supply-side factors, and an increase in the cost of imports. Monetary policy measures, which normally impact on demand, hardly influence either set of factors.

In July, largely because of the deteriorating international economic environment, and in common with many other monetary authorities, the Central Bank of Malta revised its growth forecasts for 2001. As a result, the forecast rate of real GDP growth for the year was lowered to 3.5% from 4.2%. In the light of additional information on domestic and international economic developments, including downward adjustments to global growth forecasts, it is likely that this forecast will need to be revised further in the coming months.

2. THE INTERNATIONAL ENVIRONMENT

During the second quarter, the international economic environment deteriorated further as the slowdown in the US became more pronounced, Japan plunged deeper into recession, and the European economies continued to perform below their potential. Against this background the OECD was expecting global output to grow by a modest 2% this year, or half the expansion rate recorded in 2000. In line with these projections, most of the major economies were expected to achieve moderate growth rates when compared with their performance in 2000, while the Japanese economy was expected to contract, as Table 2.1 shows.¹

Economic and Monetary Developments in the Major Economies

During the June quarter the US economy recorded a marginal expansion of 0.2%, as a relatively healthy 2.5% increase in consumer spending was almost neutralised by a 14.6% drop in business investment and the most aggressive inventory cutting since 1983. Although the continued growth in consumption permitted the economy to avoid a much-feared contraction, the quarter's growth represented the weakest performance since the 0.1% expansion recorded in the first quarter of 1993. Reflecting these developments, US corporate balance sheets continued to contract, with after-tax profits dropping by 2%, after having fallen by 7.8% and 3.5% in the March quarter and in the December quarter of 2000, respectively.

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 | 1.3 | 2.2 | 3.4 | 3.2 | -324.4 | -444.7 | -407.1 |
| European Union | 2.7 | 3.4 | 1.8 | 1.4 | 2.3 | 2.6 | 23.9 | -22.5 | 0.3 |
| Euro Area | 2.7 | 3.5 | 1.8 | 1.2 | 2.4 | 2.7 | 28.7 | -6.5 | 15.5 |
| United Kingdom | 2.3 | 3.1 | 2.0 | 2.3 ³ | 2.1 ³ | 2.2 ³ | -16.0 | -24.5 | -23.3 |
| Japan | 0.8 | 1.5 | -0.5 | -0.3 | -0.6 | -0.7 | 106.8 | 116.9 | 88.8 |
| Advanced countries | 3.4 | 3.8 | 1.3 | 1.4 | 2.3 | 2.4 | -121.1 | -248.4 | -223.1 |
| Developing countries | 3.9 | 5.8 | 4.3 | 6.8 | 6.0 | 5.9 | -10.5 | 60.2 | 22.4 |
| Countries in transition ² | 3.6 | 6.3 | 4.0 | 43.9 | 20.0 | 16.4 | -1.9 | 27.5 | 13.9 |

¹ Forecasts

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

³ Retail price index excluding mortgage interest.

Source: IMF, *World Economic Outlook*, September 2001.

¹ These projections were made before the events of September 11th, 2001.

Concerned with the gloomy prospects for the economy, the Federal Reserve cut interest rates three times during the quarter: on April 18, on May 15 and on June 27. This brought the Federal Funds rate down to 3.75%, from 5%, while money market rates remained below the Fed's benchmark rate throughout the quarter.

As regards the euro-area, this grew by 2.6% during the June quarter as the US-led slowdown began to weigh more heavily on the European economies. In fact, the German economy, which accounts for a third of the area's total output, only grew by 0.6% during the quarter, down from 1.6% in the March quarter, undermined by a decline in industrial output and construction activity. In France growth slowed to 2.3%, from 2.7% in the previous quarter, whilst in Italy it slowed to 2% from 2.4%. On the positive side, however, consumer price inflation in the area, which reached 3.6% in May, dipped to 3% in June, whilst its underlying component remained stable at 2.4%.

Recognising that the prevailing inflation rate in the euro area was being pushed by temporary factors that were expected to gradually lose their force during the third quarter, the European Central Bank (ECB), on May 10, cut its refinancing rate by 25 basis points to 4.5%. As a result, euro-zone money market rates eased, ending the quarter below the ECB's refinancing rate.

Meanwhile, British GDP continued to point towards a two-speed economy, in which, a 0.8% growth in the services sector was barely sufficient to compensate for a 2% decline in the industrial sector. As a result, the UK economy grew by a modest 0.3% on the previous quarter and by 2.1% on the comparable period of 2000, representing the slowest annual growth rate in a decade. On the other hand, however, business investment, spurred by the services industry, recovered from the 5% drop of the first quarter, to grow by 0.8% during the quarter reviewed. Furthermore, the headline inflation rate slid to

1.9% in June, from 2.3% in March, on the back of lower mortgage rates, although its core component gained 0.5% on the 1.9% level recorded during the first quarter.

Against this background, the Bank of England carried out just one interest rate cut during the quarter when it trimmed its repo rate by 25 basis points to 5.25% on May 10. British money market rates, however, stayed below the repo rate.

In the meantime, Japan's GDP contracted by 3.2% on a year earlier, as continued weakness in corporate capital spending and a further decline in external demand totally offset a higher-than-expected expansion in private consumption. Reflecting this lacklustre scenario, business confidence and industrial activity also fell during the quarter. In addition, the Japanese economy continued to slide deeper into deflation, with consumer-price inflation dipping to -0.5% in June, from -0.4% in March, whilst the jobless rate climbed to a record-high level (for Japan) of 5.1%.

In view of this situation, the Bank of Japan kept to its zero-interest-rate policy and intensified its quantitative monetary easing so as to support the price level. In turn, as Chart 2.1 shows, Japanese money market rates remained stable at just above 0% throughout the quarter.

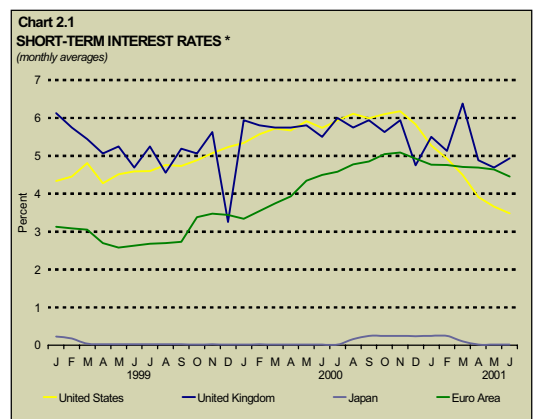


Table 2.2**AVERAGE EXCHANGE RATES OF THE EURO, STERLING AND THE YEN AGAINST THE US DOLLAR DURING JUNE QUARTER 2001**

| | US\$ per Euro | US\$ per Stg | Yen per US\$ |
|--|---------------|--------------|--------------|
| Average for April | 0.8933 | 1.4353 | 123.84 |
| Average for May | 0.8755 | 1.4270 | 121.76 |
| Average for June | 0.8546 | 1.4034 | 122.24 |
| Average for the quarter | 0.8745 | 1.4219 | 122.61 |
| Closing rate on 28.06.01 | 0.8601 | 1.4191 | 124.76 |
| Closing rate on 30.03.01 | 0.8801 | 1.4285 | 124.59 |
| Lowest exchange rate during the quarter ¹ | 0.8433 | 1.3725 | 118.94 |
| | (Jun. 12) | (Jun. 12) | (Jun. 01) |
| Highest exchange rate during the quarter ¹ | 0.9059 | 1.4455 | 126.34 |
| | (Apr. 23) | (Apr. 10) | (Apr. 02) |
| Percentage appreciation (+)/depreciation (-) of the currency vs the dollar from closing rate on 30.03.01 to closing rate on 28.06.01 | -2.3 | -0.7 | -0.1 |

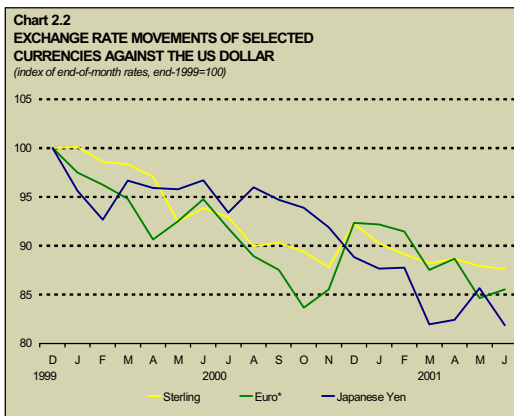
¹ The low/high exchange rates are daily opening or closing rates of the relevant currencies.

Foreign Exchange Markets

During the quarter reviewed, the foreign exchange markets were characterised by the contrasting responses of the euro and the dollar to unfavourable data from the euro-zone and the US economies. While the euro was undermined by a series of negative data from the euro-zone economy, the dollar remained resilient despite clear indications of a more pronounced economic slowdown in the US.

In fact, notwithstanding rising unemployment, soaring labour costs, and declining industrial output, the dollar managed to recover from its initial weakness at the beginning of the quarter, ending the period stronger across the board. This was attributed to confidence in the Federal Reserve, which was expected to cut US interest rates further to stimulate the flagging economy. As Table 2.2 shows, the dollar strengthened most against the euro, which was undermined by poor

economic data from the major euro-zone economies. The dollar's appreciation against the euro reached its peak towards mid-June, when the European unit was dragged to its lowest levels for the year. Meanwhile, the pound sterling, undermined by the euro and by higher than expected UK inflation in May, also ended the



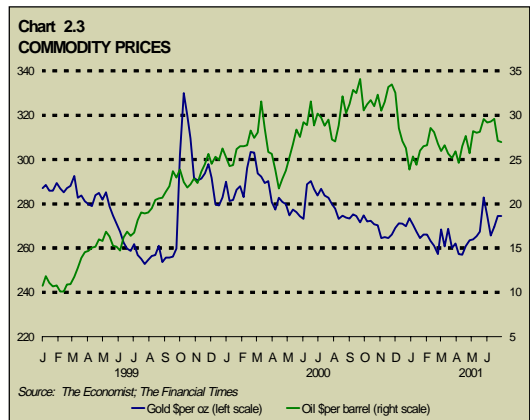
quarter on a weaker footing against the dollar, as Chart 2.2 shows. The pound's weakness was in turn exacerbated during the first half of June, when following the British Labour party's election victory the market expected a renewed drive for its integration into EMU. At the same time, despite Japan's bleak economic fundamentals, the yen remained relatively strong until the beginning of May, but it weakened thereafter, undermined by diminished confidence in the new government and further unfavourable economic data.

Gold

The price of gold fluctuated considerably during the quarter. Towards the end of May it rose sharply, going above \$280 an ounce, as Chart 2.3 shows. This rise was mainly spurred by the Federal Reserve's aggressive interest rate cuts, as inflationary concerns induced higher demand for the metal, while technical factors discouraged producers from selling. In the first half of June, however, the gold price fell steeply, undermined by widespread liquidations from the major commodity funds, before recovering somewhat towards the end of the month to end the quarter above \$274 an ounce, up by 4.7% from the March quarter's closing levels.

Oil

Oil prices climbed steadily through most of the quarter, before peaking in mid-June as mounting pressure over an Iraq-UN dispute over the 'oil-for-food' programme led Iraq to suspend production. Later, however, speculation that the dispute was about to be settled, as well as the fact that US supplies were considered adequate, caused the oil price to decline from the quarter's highs to end the period at \$26.98 per barrel, 4.2% up from end-March levels.



Recent Developments

During the third quarter of 2001, in view of further unfavourable economic developments, the central banks of the major economies, led by the Federal Reserve, were already relaxing monetary policy further, when, on September 11, the terrorist attacks on the US exacerbated fears of a global recession. Major central banks, again led by the Fed, responded to these fears by easing monetary policy even more aggressively. Thus, between September 17 and September 18, following a 50 basis point interest rate cut by the Fed, the central banks of the euro-zone, Britain, Japan, Canada, Sweden, Switzerland, Hong Kong and Denmark joined in a co-ordinated effort to cut short-term borrowing costs further. As a result, the Federal funds rate stood at 3% at the end of the quarter, whilst the ECB's refinancing rate and the Bank of England's repo rate stood at 3.75% and 4.75%, respectively. At the time of writing, however, it was not yet possible to assess the likely consequences of the attacks and their aftermath, both for the global economy and for the Maltese economy. Nevertheless, it should be clear that the downside risks for both have increased considerably.

3. THE DOMESTIC ECONOMY

Provisional figures indicate that, on a year-on-year basis, real GDP contracted marginally during the second quarter. This reflected the deterioration in global economic conditions, especially its impact on the electronics industry. Despite the drop in foreign demand, however, some manufacturing sub-sectors reported improved levels of activity. Similarly, although overall tourism activity slackened during the quarter, with arrivals and earnings both contracting, certain accommodation categories, notably 4-star hotels, reported brisk business. On the other hand, signals on the state of domestic demand continued to be mixed. Thus, construction activity grew at a more moderate

pace than in previous quarters. At the same time, although producers for the local market and certain segments of the distributive trades, such as car importers, continued to report slower activity than in 2000, some improvement was noted vis-à-vis the first quarter of 2001.

Meanwhile, full-time employment expanded by nearly 700 during the second quarter, compared with close to 1600 in the same quarter last year. Despite this deceleration in the rate of job creation, however, the unemployment rate fell to 4.7% at the end of June, from 5% at end-March. Meanwhile, the downward trend in headline inflation observed during the previous three quarters was reversed during the quarter reviewed, mainly on account of higher food prices and a rise in imported inflation.

Table 3.1

SOURCES OF GDP GROWTH AT FACTOR COST BY INDUSTRY¹

(January - June)

| | 2000 | 2001 | % |
|------------------------------------|------------|------------|---|
| GDP at Factor Cost | 4.5 | 5.4 | |
| of which : | | | |
| Public administration | 0.5 | 2.2 | |
| Manufacturing | 2.2 | 1.1 | |
| Wholesale and retail | 0.5 | 0.7 | |
| Private services | 0.2 | 0.7 | |
| Property income | 0.6 | 0.5 | |
| Transport and communication | 0.5 | 0.4 | |
| Construction and quarrying | -0.1 | 0.2 | |
| Agriculture and fisheries | 0.1 | 0.1 | |
| Government enterprises | -1.8 | -0.2 | |
| Insurance, banking and real estate | 1.8 | -0.4 | |

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.

Gross Domestic Product

Real GDP grew by 2.1% in the first quarter and contracted by 0.6% in the second quarter, compared with 7.1% and 2.0% in the same periods last year. In nominal terms, Malta's GDP increased by 4.8% during the first half of 2001. The relatively large discrepancy between real and nominal growth mainly reflected the rise in civil service wages – which boosted nominal incomes but had no effect on real GDP. At the same time, the slowdown in real growth reflected a contraction in export activity as a result of lower foreign demand, particularly during the second quarter of the year.

Though GDP at factor cost grew at a slightly faster pace during the first half of 2001, this was entirely due to the civil service wage rise. In fact, as can be seen from Table 3.1, the increase in gross earnings in public administration boosted factor income growth during the period by more than 2 percentage points.

Even if allowance is made for the effects of the civil service wage rise, however, employment income expanded at a faster pace during the first half of 2001. By contrast, growth in profits halved when compared with the same period last year. This mainly reflected last year's extraordinary rise in the profits of a number of sectors, such as manufacturing, banking, insurance & real estate and transport & communications. As oil prices this year have remained roughly stable, however, the profits of Government enterprises were barely changed from last year's level.

During the second quarter factor income growth in the manufacturing sector decelerated significantly under the impact of the international economic slowdown. A number of establishments, however, notably in the electrical machinery sub-sector, still managed to increase their turnover. Labour data, in fact, indicate that during the quarter full time employment in manufacturing increased by 201.

Table 3.2
GDP GROWTH BY CATEGORY OF EXPENDITURE¹

| | 2000 | | 2001 | | % |
|--|------------|------------|------------|-------------|---|
| | Qtr 1 | Qtr 2 | Qtr 1 | Qtr 2 | |
| Growth in real GDP | 7.1 | 2.0 | 2.1 | -0.6 | |
| of which: | | | | | |
| Private consumption expenditure | 5.2 | 3.5 | 0.3 | 0.8 | |
| Government consumption expenditure | 1.4 | 0.1 | 0.0 | 0.6 | |
| Gross fixed capital formation | 5.6 | 4.6 | 0.5 | -7.0 | |
| Inventory changes | 1.7 | 1.5 | 0.9 | -5.8 | |
| Exports of goods and services | 4.7 | 5.3 | -0.5 | -8.2 | |
| Imports of goods and services ² | -11.3 | -13.0 | 0.9 | 19.1 | |
| Growth in nominal GDP | 8.6 | 3.5 | 5.0 | 4.6 | |

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

On the other hand, during the second quarter, construction activity grew at a somewhat slower pace, especially when compared with the double-digit growth reported in the March quarter. In contrast, activity in the rest of the private sector, particularly in the wholesale and retail trades and the private services sub-sectors, picked up marginally.

The performance of the latter sub-sectors sheds light on the state of domestic demand. The data suggest that while consumer expenditure grew slightly in real terms during the six months to June, this increase was significantly smaller than that registered in the same period last year. This reflects slower growth in household disposable income due to wage moderation in the private sector and a smaller increase in property income. Imports of consumer goods dropped during the first half of 2001, though this largely reflected a substantial decline in car sales from the exceptionally high levels of the previous two years.

The data also indicate that, in stark contrast with last year's double-digit growth, imports declined sharply in real terms during the first half of 2001. Besides a drop in imports for consumption purposes, there was a sharp decline in imports of capital goods from the exceptional levels recorded last year – when the leading electronics firm undertook substantial investment. Furthermore, in view of the increasingly uncertain international environment, many firms preferred to reduce inventory levels instead of importing new industrial inputs. As from the second quarter, in fact, exports also began to decline in real terms, with the bulk of the drop occurring in the electronics sector.

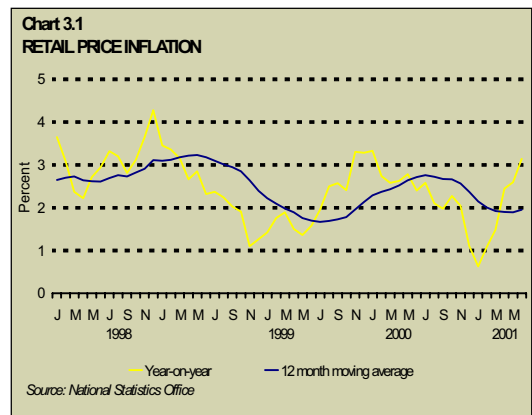
Government current expenditure increased only marginally in real terms during the first half of the year, as the rise in recurrent expenditure during the period was mainly due to the revision in civil service salary scales. As explained earlier, the latter boosted nominal incomes but had no impact

on real GDP. In fact, if the effects of this factor were to be excluded, Government's recurrent expenditure in real terms would be growing at a slower pace than last year. This is on account of substantial cuts in operational and maintenance costs and in outlays on medicines and other materials.

Gross fixed capital formation fell sharply during first half of 2001, but its contribution to real GDP growth may actually have increased. This was because last year's surge in investment, which had consisted mainly in investment in machinery, had resulted in a commensurate rise in imports, which has a dampening effect on GDP growth. In contrast, this year's investment occurred mainly in construction, which was one of the major underlying sources of real GDP growth.

Retail Prices

During the second quarter the headline rate of inflation, which is a twelve-month moving average of the change in the Retail Price Index (RPI), started to reflect the rise in the RPI in evidence since the beginning of the year. The index rose by 2 percentage points during the first half of the year, whereas in the same period of 2000 it had remained stable. As a result, headline inflation rose by 0.03 percentage points to 1.95%, bringing to a halt the downward trend observed during the previous nine months. The year-on-year measure



of inflation also rose – from 0.6% in January to 3.1% in June – as Chart 3.1 shows.

The second quarter's rise in the RPI mainly reflected higher food prices, particularly of locally-produced fruit, vegetables, meat and fish and imported items. Thus, the food sub-index rose by 1.2 percentage points during the quarter, as against the 4 percentage point drop recorded during the same period last year. Though part of this increase might be reversed later in the year, food prices are still expected to remain relatively high, as the price increases of recent months appear to have been driven mainly by supply-side problems such as BSE and foot-and-mouth disease in Europe (which pushed up meat prices) and limited rainfall locally.

Besides the hike in food prices, inflationary pressures have been noticeable in five other sub-indices of the RPI, which together constitute 44% of the total RPI basket. These pressures cannot be attributed to seasonal factors or to changes in indirect taxation. In fact, Central Bank estimates indicate that underlying inflation began to move

on an upward trend from the beginning of 2001, probably on account of higher import prices.

Headline inflation is expected to rise further in the coming months, as it still has to fully absorb the price increases registered during the first half of the year. Underlying inflationary pressures should ease, however, as inflation in Malta's main trading partners is already declining and food prices have probably peaked. At the same time, domestically-generated price pressures are not expected to accelerate further as Government remains committed to cutting the fiscal deficit, thus restraining domestic demand growth. Wage inflation also remains under control. These factors combined should dampen upward pressures on the domestic price level during the second half of the year. As a result, the year-on-year change in the RPI should stabilise.

Tourism

During the second quarter, tourist arrivals were down by 2.1% on a year-to-year basis. As a result, arrivals for the first half of the year were

Table 3.3

INFLATION RATES OF COMMODITY SECTIONS IN THE RPI

12-month moving average (percentage changes)

| | Jun. 2000 | Mar. 2001 | Jun. 2001 |
|---|------------|------------|------------|
| Food | 1.8 | 1.1 | 2.2 |
| Beverages and tobacco | 6.6 | 3.8 | 3.6 |
| Clothing and footwear | 0.7 | -0.8 | -2.1 |
| Housing | 0.9 | 3.4 | 4.2 |
| Fuel, light and power | 3.1 | 4.6 | 2.8 |
| Durable household goods | 0.8 | -1.6 | -1.4 |
| Transport and communications | 6.0 | 4.6 | 3.1 |
| Personal health and care | 3.0 | 3.5 | 3.4 |
| Education, entertainment and recreation | 0.9 | 2.4 | 3.0 |
| Other goods and services | 1.9 | -0.2 | 0.2 |
| All items | 2.7 | 1.9 | 2.0 |

Source: National Statistics Office

Table 3.4**TOURIST ARRIVALS BY NATIONALITY**

| | April - June 2001 | | | January - June 2001 | | |
|--------------------------|-------------------|-------------------|------------|---------------------|-------------------|------------|
| | Arrivals | Annual Growth (%) | Share (%) | Arrivals | Annual Growth (%) | Share (%) |
| UK | 125,432 | 5.3 | 36.5 | 200,374 | 8.9 | 37.9 |
| Germany | 47,109 | -25.7 | 13.7 | 79,041 | -25.3 | 14.9 |
| France | 30,670 | 11.7 | 8.9 | 41,652 | 16.5 | 7.9 |
| Italy | 22,968 | -0.6 | 6.7 | 33,695 | 1.9 | 6.4 |
| Scandinavia ¹ | 15,931 | 5.7 | 4.6 | 22,876 | 6.9 | 4.3 |
| Netherlands | 15,909 | -20.2 | 4.6 | 21,400 | -18.7 | 4.0 |
| Austria | 11,858 | -3.5 | 3.4 | 16,565 | -0.2 | 3.1 |
| Libya | 7,501 | -29.1 | 2.2 | 14,622 | -31.0 | 2.8 |
| Switzerland | 7,398 | 22.7 | 2.2 | 10,980 | 24.8 | 2.1 |
| Belgium | 7,018 | -7.8 | 2.0 | 9,394 | -7.4 | 1.8 |
| Others | 52,127 | 12.0 | 15.2 | 78,375 | 11.3 | 14.8 |
| Total | 343,921 | -2.1 | 100 | 528,974 | -0.8 | 100 |

¹ Scandinavian countries include Denmark, Norway and Sweden.

Source: National Statistics Office

marginally down from last year's level. At the same time, although the number of tourist bed nights sold continued to rise steadily, a large part of the increase was reported by the cheaper accommodation categories. Hence, gross earnings from tourism were lower than in the same period last year, with a drop in the second quarter more than offsetting the rise of the previous three months. Meanwhile, cruise passenger arrivals during the six months to June picked up strongly, and were two-thirds above last year's level.

The most striking development in the tourism sector during the quarter under review was the continuing recovery in UK arrivals and the sharp decline in arrivals from Germany. As can be seen from Table 3.4, arrivals from the UK were up by 5.3%, partially offsetting a 25.7% decline in arrivals from Germany. At the same time, the French and Swiss markets continued to yield positive results, though the second quarter rate of increase in arrivals from these markets was below

that recorded during the March quarter. Meanwhile, arrivals from Russia and the US rose sharply, whereas arrivals from the Benelux countries and from Libya continued to decline.

Four-star hotels reported buoyant activity during the quarter, selling 15% more bed nights than in the same quarter last year, even though the number of tourists staying in them rose by no more than 2.3%. This is because British tourists, who generally prefer 4-star accommodation, tend to take longer holidays. The rebound in UK tourism thus enabled 4-star hotels to withstand the substantial reduction in arrivals from Germany and resulted in a longer average length of stay. The situation appeared to be similar in 3-star hotels - though these encountered increasing competition from the 4-star establishments during the quarter. Meanwhile, although the number of tourists staying in 5-star hotels rose by 5%, these same hotels reported a reduction in occupancy levels.

Table 3.5
TOURISM ACTIVITY INDICATORS

| | Jan. - Jun. 2001 | Annual percentage change |
|--|------------------|--------------------------|
| Bed nights stayed (millions) | 4.8 | 14.0 |
| Average length of stay | 9.3 | 14.4 |
| Cruise passengers arrivals (thousands) | 102.6 | 68.6 |
| Earnings (Lm millions) | 114.6 | -0.5 |
| Earnings per tourist (Lm) | 216.6 | 0.4 |

Source: National Statistics Office.

For the six months to June, the growth in UK arrivals was not sufficient to offset the decline in arrivals from Germany so that the total arrivals figure was slightly lower than in the same period last year. As far as the number of bed nights stayed is concerned, however, this rose by 14% from last year's level as can be seen in Table 3.5. This helped to improve hotel occupancy rates, particularly in the 3- and 4-star categories – but not in 5-star hotels, which mainly attract conference business.

The lower accommodation categories, including holiday complexes and private residences, accounted for nearly three-quarters of the rise in bed nights during the first half of the year. This explains why gross earnings from tourism were down from the year-ago level, despite higher occupancy rates. Furthermore, although earnings per tourist remained virtually unchanged, as the drop in earnings was smaller than that of arrivals, earnings per bed night declined.

Box 1: THE LABOUR FORCE SURVEYS CONDUCTED BY THE NATIONAL STATISTICS OFFICE (NSO)

The NSO has recently published the results of its first three Labour Force Surveys (LFSs). These were conducted in May and December 2000 and in March 2001. The main purpose of these surveys, which henceforth are to be conducted on a quarterly basis, is to determine the proportion of the employed, the unemployed and the inactive categories in the Maltese population aged 15 years and over. At the same time, the surveys will also provide detailed statistics, previously not published on a regular basis, on such indicators as educational levels, salary conditions, hours worked, etc.

Previously the Employment and Training Corporation (ETC) was the sole official source of regular labour market data. The latter however, were limited to the main labour market indicators, a breakdown of full-time employment by economic activity, and a profile (i.e. distribution by age, sex and duration of unemployment) of the registered unemployed. Other information, such as education and salary levels, could only be obtained at relatively long intervals from the Household Budgetary Survey or the Census of

the Maltese Population, in those years when these were conducted. With the LFS now being carried out on a quarterly basis, the NSO will be providing a regular, timely and detailed picture of developments in the Maltese labour market.

The LFS is, moreover, designed according to the concepts and definitions of the European Union's statistical agency, Eurostat, and of the International Labour Organisation (ILO), and thus allows comparisons to be made with EU Member States and other countries. ETC data compilation methods, on the other hand, were designed to meet the information requirements pertaining to the administration of local legislation on employment and social security benefits. Thus, the results of the two data compilation methodologies are not, and were never meant to be, comparable. In particular, whereas the ETC's definition of an unemployed person only used to include persons entitled to register under Part 1 of the unemployment register, i.e. those entitled to claim unemployment benefit, the LFS considers all persons actively seeking employment as unemployed¹. It should be borne in mind however,

Table 1
MAIN LABOUR MARKET INDICATORS

| | May 2000 | Dec. 2000 | Mar. 2001 |
|-----------------------|----------------|----------------|----------------|
| Population 15+ | 307,569 | 314,349 | 314,354 |
| of which | | | |
| Inactive | 153,654 | 158,995 | 159,740 |
| Labour Supply | 153,915 | 155,354 | 154,614 |
| of which | | | |
| Full-time employees | 133,906 | 134,388 | 134,342 |
| Part-time employees | 9,551 | 10,815 | 10,840 |
| Unemployed | 10,458 | 10,151 | 9,432 |

Source: National Statistics Office.

¹ The ETC has recently revised employment data for the period 1983 to 2001. As a result its unemployment figure will henceforth include persons registering under Part 2 of the unemployment register. The employment figures have also been revised, particularly as regards the number of the temporarily employed. It should, however, be noted that despite these revisions there still exist fundamental differences in concepts and methodologies between ETC and LFS compilation methods.

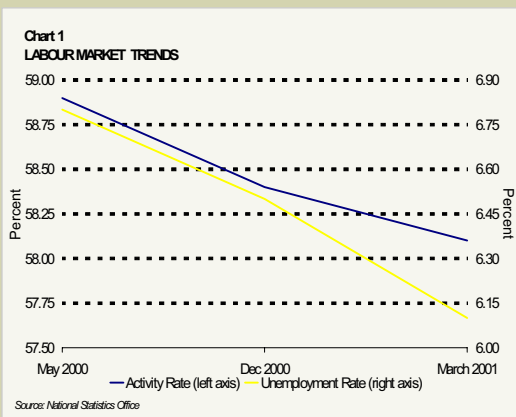
that the results of the LFS, which is a sample survey rather than a comprehensive headcount, are subject to a margin of error. This margin, moreover, increases when conclusions are drawn from the subcategories of the data, as the size of the sample then declines².

Table 1 shows the main labour market indicators derived from the three LFSs carried out to date. From these data it is possible to derive the activity rate and the employment rate in Malta. The activity rate is defined as the labour force (i.e. those willing to work outside the home, even if only on a part-time basis) as a percentage of the working age population (i.e. the 15-64 age-group), whilst the employment rate is the percentage of the working age population that is actually in employment. As the table shows, employment in Malta, especially part-time employment, expanded at a significant pace during the eleven months between May 2000 and March 2001, when the first and the latest LFSs were conducted. At the same time unemployment dropped by over 1000. These trends must, however, be interpreted with caution, as the same surveys indicate that, during the same period, the employment and the activity rate also declined. In fact, these developments, which are illustrated in Chart 1, were essentially due to a

decline in female participation, and the bulk of the drop in unemployment registered during the period was in the female component. In this regard an interesting fact revealed by the LFSs is that most women who choose not to participate in labour market activity in Malta do so either because of personal or family responsibilities, or because they would like to further their education and training. In fact, the number of women who chose not to participate in labour market activity as a result of their opting to further their education rose by nearly a thousand between May and December 2000.

This in itself is not a matter for concern, particularly in the light of other LFS findings, which show that only 47% of the Maltese population aged 15 and over have successfully completed their secondary education, while as many as 35% have only attended primary school. The educational and skills gap highlighted by these data is, in fact, probably the main factor underlying the pronounced structural element in the unemployment figure. This is further corroborated by the finding that nearly half of the unemployed have been seeking a job for more than 18 months. On the other hand, the LFSs indicate a clear upward trend in the number of the self-employed. In fact, the proportion of the employed population who were self-employed rose by a full percentage point over the period, standing at slightly over 13% in March 2001.

Another statistical innovation introduced by the LFS is the breakdown of employment by type of occupation, in accordance with the International Standard Classification of Occupations (ISCO), and by sector of economic activity, in accordance with the *Nomenclature générale des Activités économiques dans les Communautés Européennes* (NACE). The previous classification, that used by the ETC, had only



² In future the NSO intends to publish the relative standard error of each key figure. In the meantime it has indicated that most of the key sample proportions have a relative standard error ranging between 1-2%.

comprised the full-time gainfully occupied and was based more on the ownership of the enterprise (e.g. whether publicly owned or not) than on the type of work or sector of economic activity that workers were engaged in. The LFSs thus reveal that the number of persons employed as plant and machine operators or in elementary occupations throughout the economy make up more than a quarter of the Maltese labour force. Trade and sales workers constitute nearly 30% of the total, whereas professional and managerial employees make up another 20%. Clerical and technical occupations account for the remaining quarter of the workforce, in roughly equal proportions. Furthermore, the NACE classification reveals that the manufacturing sector remains the largest employer in the Maltese economy, with over a fifth of the gainfully occupied population being on its payroll. It is closely followed by the wholesale and retail sector, which employs nearly 15% of the Maltese

workforce.

The surveys also indicate that the average employee's gross annual salary³ ranged between Lm4,565 and Lm4,696 during the eleven months between May 2000 and March 2001, a figure which is quite in line with that implied by the National Accounts, and that income distribution was fairly even throughout the economy. Thus, the highest paid occupational category, i.e. legislators, senior officials and managers, reported a gross annual salary which was only slightly more than double that reported by persons engaged in elementary occupations. If one were to exclude persons employed with extra-territorial organisations and bodies, such as international organisations or embassies, employees in the financial intermediation sector reported the highest gross salaries, while persons employed by private households (i.e. domestic helpers) reported the lowest pay.

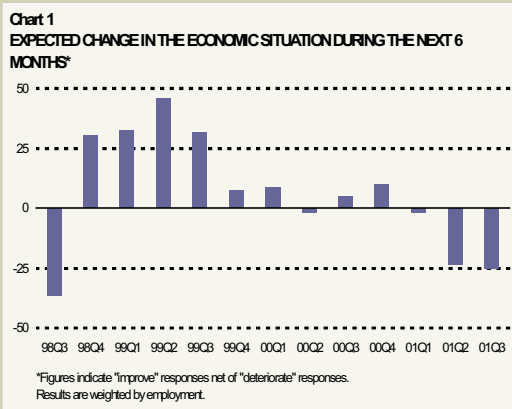
³ Including that of the self-employed.

Box 2 : BUSINESS PERCEPTIONS SURVEY¹

Introduction

The Central Bank's latest business perceptions survey indicates that during the second quarter the Maltese economy was increasingly affected by the global economic slowdown. Respondents from all sectors reported, for the second consecutive survey period, that they were operating at below normal activity levels. Furthermore respondents from all sectors, except construction, continued to express the belief that the local economic situation was more likely to worsen over the coming six months.

The deterioration in export activity reported during the quarter appears to have been primarily due to lower sales by the electronics industry. In fact, other export-oriented manufacturing sub-sectors reported a slightly improved performance compared with the March quarter, although activity remained below last year's levels. At the same time, the tourism sector turned out a better performance than that reported in the second quarter of 2000.



Meanwhile, signals on the state of domestic demand remained mixed. The responses of firms in the construction industry seem to imply a deterioration in activity. However this result may be due to a decline in the size of the sample, as a major firm chose not to participate in the survey. On the other hand, domestically-oriented firms in the manufacturing sector, the distributive trades and the services sectors reported a recovery after the downturn registered in the first quarter of the year. However, even in these sectors activity remained below last year's levels.

Business Optimism and Medium-Term Expectations²

The number of respondents expecting a further worsening in the economic situation once again surpassed the number who were confident of an improvement over the next six months. This was the first time since 1998 that respondents were pessimistic about the local economic situation for two consecutive survey periods. The deterioration in business sentiment mainly reflected the situation in the electronics industry. Most other manufacturing firms were slightly less pessimistic than at the time of the previous survey. Although the global economic outlook has worsened in recent months, a growing number of firms appear to be confident that they will not be affected significantly. This might indicate that these firms have successfully penetrated niche markets where demand is less susceptible to the effects of the global slowdown. On their part, locally-oriented manufacturers remained cautious in their outlook, as the progressive dismantling of protective barriers to trade is forcing them to reassess the way they operate and search for ways to improve their competitiveness.

¹ The survey, undertaken between July and August 2001, covers a sample of 137 firms, employing 16,190 workers and having a combined annual turnover of Lm438 million.

² The level of business optimism is gauged from the number of respondents expecting an improvement rather than a worsening of the economic situation over the coming six months, with the response of each firm being weighted by its share in total employment within the sample.

Operators in the tourism sector have toned down their pessimism about the medium-term outlook, as the sharp decline in arrivals from Germany was made up for by an improved performance in the British market. Nevertheless, the majority remained convinced that the economic situation would continue to worsen in the coming months. The tourism industry is, in fact, fearing that business will be negatively affected by the slowdown in global economic growth, especially in terms of reduced conference business³.

Business sentiment also improved amongst firms in the distributive trades, so much so that the number of respondents expecting a recovery nearly offset those predicting a worsening of the local economic situation. It should, however, be noted that the Bank's survey sample is mainly composed of large importers, car dealers and computer stores, and may therefore not be sufficiently representative of the entire retail sector. The majority of firms in the services sector, while remaining rather cautious in their outlook, also appeared to be slightly less pessimistic than previously. Financial services firms, in particular, were confident that the drop in share prices had bottomed out. In contrast, optimism in the construction industry dipped, though the majority of firms in the sector were still confident that the local economic situation would improve over the coming six months.

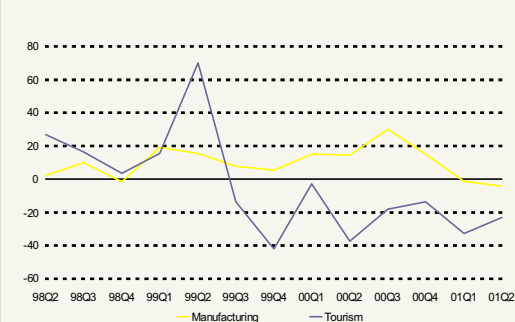
Activity Levels – Second Quarter 2001

The responses to the survey indicate that during the second quarter economic activity rebounded from the decline reported in the first quarter, though remaining lower, except in the case of tourism, than in the same quarter of 2000.

Though the export-oriented manufacturing sector continued to report a decline in orders, this mainly reflected the increasingly negative results reported by firms in the electronics industry. Order book levels have, as a matter of fact, improved in a number of sectors, such as chemicals and clothing and footwear. Most firms, however, continued to report below normal levels of activity. The export sales of most manufacturing establishments during the second quarter were also significantly lower than during the same period last year.

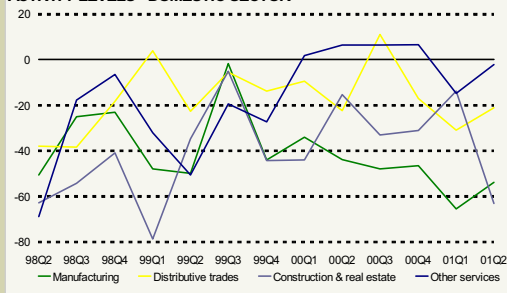
On the other hand, operators in the tourism sector reported increased activity, both when compared with the March quarter and with the same quarter last year. These results should, however, be interpreted with caution as 4-star hotels may be somewhat over-represented within the survey sample. During the second quarter 4-star hotels registered a rebound in activity at the expense of 3- and 5-star hotels, whose activity decelerated following the rapid growth registered during the

Chart 2
ACTIVITY LEVELS - EXPORT SECTOR*



* Figures represent the net balance between positive and negative responses. Results are weighted by export sales.

Chart 3
ACTIVITY LEVELS - DOMESTIC SECTOR*



* Figures represent the net balance between positive and negative responses. Results are weighted by local sales.

Note: The reported drop in construction activity in Q2 2001 may reflect a decline in the size of the sample on account of the non-participation of a leading firm.

³ This was before the events of September 11th 2001.

first quarter.

Meanwhile, most survey participants indicated that domestic demand had recovered somewhat following the first quarter downturn. An exception was the construction sector, though as was mentioned earlier this may reflect a decline in the size of the sample. At the same time, though locally-oriented manufacturers reported a slight improvement, the large majority of firms in this sector, especially those producing food and beverages and furniture, continued to report that they were operating below capacity. Firms in the services sector also said that activity had picked up during the quarter, with financial services returning to normal levels of activity. The drop in the turnover of the local equity market, in fact, was less pronounced than that recorded during the first quarter, while capital outflows remained unchanged from last year's levels. Insurance firms also reported a pick-up in business, though activity remained below last year's levels. Similarly, respondents from the distributive trades reported that while activity continued below normal, there was some recovery compared with the previous quarter. Operators in the sector ran

down stocks further, following substantial increases during the later months of 2000, in order to cut costs and improve liquidity.

Conclusion

The results of the Bank's latest business perceptions survey suggest that the global economic slowdown is starting to affect the local economy, with exports contracting. This decline in activity, however, appears primarily to be affecting the electronics sector. In fact, a number of manufacturing establishments, particularly in the clothing and footwear and chemicals sectors, continued to report a satisfactory level of activity. At the same time, certain segments of the tourism industry, notably 4-star hotels, registered a distinct improvement in turnover during the second quarter.

On the other hand, though there was some recovery in domestic demand, activity in the locally-oriented sectors remained below last year's levels. Respondents nevertheless continued to indicate that they planned to increase employment levels and to undertake new investment over the coming twelve months.

4. THE BALANCE OF PAYMENTS AND THE MALTESE LIRA

After having been in deficit throughout 2000 and the first quarter of 2001, the current account of the

balance of payments swung into surplus during the quarter reviewed. This turnaround was mainly the result of a narrower merchandise trade gap and higher net inflows from services, though interest income from abroad also contributed. Meanwhile, although the official reserves rose,

Table 4.1
BALANCE OF INTERNATIONAL PAYMENTS

| | <i>Lm millions</i> | | | |
|--|--------------------|-------------|--------|-------------|
| | Apr - June | | | |
| | 2000 | | 2001 | |
| | Credit | Debit | Credit | Debit |
| Current account balance | | 52.8 | | 1.8 |
| Goods and services | 395.2 | 446.7 | 363.5 | 368.5 |
| Goods balance | | 80.5 | | 51.9 |
| Goods | 269.7 | 350.2 | 231.1 | 283.0 |
| Services Balance | 29.0 | | 46.8 | |
| Services | 125.4 | 96.4 | 132.4 | 85.5 |
| Transport | 33.6 | 50.6 | 35.5 | 42.9 |
| Travel | 72.2 | 21.6 | 68.4 | 18.1 |
| Other services | 19.7 | 24.3 | 28.5 | 24.6 |
| Income (net) | | 5.7 | 1.7 | |
| Compensation of employees | 1.1 | 0.9 | 0.5 | 0.7 |
| Investment income | 110.6 | 116.5 | 173.9 | 172.0 |
| Current transfers (net) | 4.4 | | 5.1 | |
| Capital and financial account balance | | 11.8 | | 47.1 |
| Capital account balance | 6.1 | | | 0.2 |
| Financial account balance | 5.7 | | | 46.8 |
| Direct investment | 33.0 | | 95.0 | |
| Abroad | | 2.3 | 0.2 | |
| In Malta | 35.3 | | 94.8 | |
| Portfolio investment | | 89.6 | 251.3 | |
| Assets | | 88.6 | 245.6 | |
| Liabilities | | 0.9 | 5.7 | |
| Other investment | 56.0 | | | 377.8 |
| Assets | 11.4 | | 27.3 | |
| Liabilities | 44.7 | | | 405.1 |
| Reserve assets | 6.2 | | | 15.4 |
| Net errors and omissions | 41.0 | | 45.3 | |

¹ Provisional

Source: National Statistics Office

other capital flows resulted in a net outflow on the capital and financial account. These developments were also broadly reflected in the data for the first six months of the year.

Meanwhile, the Maltese lira, reflecting the foreign exchange market developments outlined earlier, continued to appreciate against the euro and to lose ground against the US dollar and sterling.

The Current Account¹

Merchandise Trade

A sharp narrowing in the merchandise trade gap was the main factor behind the turnaround in Malta's current account performance during the quarter reviewed. This, in turn, mainly reflected the situation in the electronics industry, which, as explained elsewhere, was facing excess supply conditions in its main markets. In fact, as

expectations of a quick recovery in the US began to fade, firms in the sector reduced imports of industrial inputs and met export demand mainly by running down inventories. This happened to coincide with the downswing in the industry's investment cycle, leading to a sharp drop in imports of capital goods, which also contributed to the narrowing of the merchandise trade gap.

A Lm5 million decline in the value of fuel imports also contributed to the improved merchandise trade performance, though this probably reflected the timing of consignments, as oil prices were practically unchanged from last year's levels.

Services and Investment Income

The balance on services continued to improve during the quarter, with net receipts rising to Lm46.8 million, from Lm29.0 million a year earlier. This too was linked to the developments in the

Table 4.2
MERCHANDISE TRADE
(based on Customs data)

| | Apr- June | | <i>Lm millions</i> |
|--------------------------|---------------|--------------|--------------------|
| | 2000 | 2001 | Change |
| Imports | 385.3 | 309.5 | -75.5 |
| Consumer goods | 70.6 | 71.2 | 0.6 |
| Industrial supplies | 222.8 | 164.9 | -58.2 |
| Capital goods and others | 65.2 | 52.0 | -13.2 |
| Fuel and lubricants | 26.4 | 21.4 | -5.0 |
| Exports | 265.0 | 226.6 | -38.4 |
| Domestic | 238.8 | 203.4 | -35.4 |
| Re-exports | 26.3 | 23.2 | -3.1 |
| Trade balance | -120.3 | -82.9 | 37.4 |

Source: National Statistics Office

¹ Compiled on an accrual basis.

electronics sector, as the drop in imports of industrial supplies and capital goods led to lower freight costs, cutting net outflows on the transportation account by Lm9.6 million. But the balance on other services also improved significantly, swinging from a shortfall of Lm4.6 million to a surplus of Lm3.9 million, mainly as a result of increased receipts from insurance and other business services. In contrast, net receipts on the travel account declined by Lm0.3 million.

The balance on the income account swung to a positive Lm1.7 million, from a negative Lm5.7 million in the corresponding quarter last year. This reflected a sharp increase in receipts of interest income by financial institutions, which more than offset an increase in equity income due to non-residents and a shortfall on the labour income account. Meanwhile, although inward private transfers declined, the balance on this account rose by Lm0.7 million, reflecting a larger drop in outward private transfers.

The Capital and Financial Account

After excluding movements in the official reserves, capital and financial account transactions resulted in a net outflow of Lm31.7 million during the quarter, as against a net inflow of Lm5.6 million in the corresponding quarter last year. This turnaround was entirely attributable to transactions carried out by the non-monetary sector.

In fact, the non-monetary sector, which comprises Government, private firms and households, recorded net outflows of almost Lm35 million during the quarter, as against net inflows of about Lm45 million during the same quarter last year. This sharp swing resulted mainly from direct investment outflows, largely an increase in claims by a domestic subsidiary on its overseas parent. Other factors also contributed substantially to the turnaround, however. These included: a decline in net portfolio investment inflows, reflecting an exceptional receipt during the second quarter of

2000 in connection with the de-mutualisation of a foreign insurance company; a decline in other investment inflows, which during the second quarter of 2000 were boosted by the final payment for the purchase of Mid-Med Bank by HSBC; and a decline in trade credit. These were partly offset by increased foreign borrowing by a parastatal corporation.

In contrast, the monetary sector recorded a Lm3.2 million capital inflow, as against the Lm39 million outflow reported in the corresponding quarter last year. This was mainly the result of transactions undertaken by international banking institutions. Meanwhile, in contrast to the Lm6.2 million drop recorded in the second quarter last year, the official reserves rose by Lm15.4 million during the quarter reviewed.

Year-to-Date BOP Developments

The second quarter results had a significant impact on Malta's current account performance during the first half of the year. Thus, the deficit on the current account for the six months to June, at Lm34.5 million, was down by 60% from the 2000 level, with both the goods and the services balances contributing to the improvement. Indeed, the deficit on goods and services for the period contracted by Lm49.3 million. The merchandise trade gap narrowed by about Lm29 million, reflecting the drop in imports of industrial supplies and capital goods by the electronics sector, although a decline in imports of consumer goods, notably motor vehicles, as well as increased exports by other sub-sectors of manufacturing industry, also contributed.

At the same time, the surplus on services grew by over Lm20 million, with around half the increase being attributable to lower net payments on the transportation account. However, net payments for other services were also down - by Lm8.7 million - mainly reflecting the second quarter developments described earlier. At the same time, net receipts on the travel account were up by

Table 4.3**BALANCE OF INTERNATIONAL PAYMENTS***Lm millions*

| | Jan - June | | | |
|--|------------|-------------|--------|-------------|
| | 2000 | | 2001 | |
| | Credit | Debit | Credit | Debit |
| Current account balance | | 86.4 | | 34.5 |
| Goods and services | 729.6 | 827.5 | 697.0 | 745.6 |
| Goods balance | | 133.9 | | 105.0 |
| Goods | 511.7 | 645.6 | 476.2 | 581.3 |
| Services Balance | 36.0 | | 56.4 | |
| Services | 217.9 | 181.9 | 220.8 | 164.4 |
| Transport | 61.5 | 90.9 | 63.9 | 83.8 |
| Travel | 115.1 | 37.4 | 114.6 | 34.7 |
| Other services | 41.3 | 53.6 | 42.3 | 45.9 |
| Income (net) | 6.7 | | 12.6 | |
| Compensation of employees | 1.9 | 1.6 | 1.1 | 1.4 |
| Investment income | 234.3 | 228.0 | 220.0 | 207.0 |
| Current transfers (net) | 4.8 | | 1.5 | |
| Capital and financial account balance | | 78.6 | | 21.4 |
| Capital account balance | 5.1 | | | 0.3 |
| Financial account balance | 73.6 | | | 21.0 |
| Direct investment | 43.9 | | | 74.8 |
| Abroad | | 4.0 | 0.2 | 0.1 |
| In Malta | 47.9 | | 94.8 | 169.7 |
| Portfolio investment | | 63.9 | 266.5 | |
| Assets | 25.3 | 88.6 | 261.8 | |
| Liabilities | 0.4 | 0.9 | 5.7 | 1.0 |
| Other investment | 55.0 | | | 210.2 |
| Assets | 207.9 | | 840.4 | |
| Liabilities | 44.7 | 197.6 | | 1050.6 |
| Reserve assets | 38.5 | | | 2.5 |
| Net errors and omissions | 7.8 | | 55.9 | |

¹ Provisional

Source: National Statistics Office

Lm2.2 million, as over the six months to June the drop in expenditure on foreign travel by Maltese residents outweighed the decline in earnings from incoming tourism. Meanwhile, the income

balance almost doubled, to Lm12.6 million, reflecting lower branch profits and earnings re-invested abroad by foreign-owned financial institutions.

Table 4.4
MERCHANDISE TRADE

(based on Customs data)

| | Jan- June | | Lm millions |
|--------------------------|---------------|---------------|--------------|
| | 2000 | 2001 | Change |
| Imports | 710.0 | 637.8 | -72.2 |
| Consumer goods | 135.6 | 133.9 | -1.7 |
| Industrial supplies | 405.1 | 348.6 | -56.5 |
| Capital goods and others | 119.6 | 104.4 | -15.2 |
| Fuel and lubricants | 49.7 | 50.9 | 1.2 |
| Exports | 503.3 | 468.4 | -34.9 |
| Domestic | 455.6 | 427.3 | -28.3 |
| Re-exports | 47.7 | 41.1 | -6.6 |
| Trade balance | -206.7 | -169.4 | 37.3 |

Source: National Statistics Office

As regards the capital and financial account, the data for the first half of the year show broadly similar trends to those observed in the second quarter. In the case of the financial flows of the monetary sector, however, during the six months to June these resulted in a net outflow of around Lm30 million, as against the Lm8 million inflow recorded over the same period last year. Nevertheless, the official reserves rose by Lm2.5 million over the period, compared to the Lm38.5 decline recorded last year.

The Maltese Lira

During the June quarter, the Maltese lira, reflecting the foreign exchange market developments outlined earlier, continued to strengthen against the euro and to lose ground against the US dollar, and, to a lesser extent, sterling. This trend was evident throughout the period. Thus, as can be seen from Table 4.5, the lira, by the end of June, had appreciated by 1.6% from its end-March level against the euro, while in terms of the US dollar and sterling it had lost 2.1% and 1% of its value,

respectively.

Over the twelve months to June, the Maltese lira appreciated by 1.5% against the euro, 2.4% against sterling and 9.2% against the Japanese yen. At the same time it lost 5.1% of its value against the US dollar.

The latest developments in Malta's external competitiveness as measured by movements in

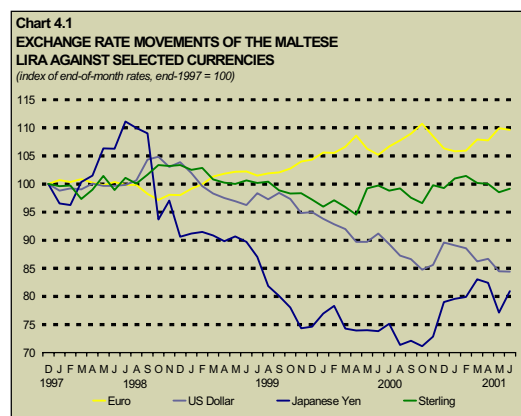


Table 4.5**EXCHANGE RATES OF THE MALTESE LIRA AGAINST MAJOR CURRENCIES**

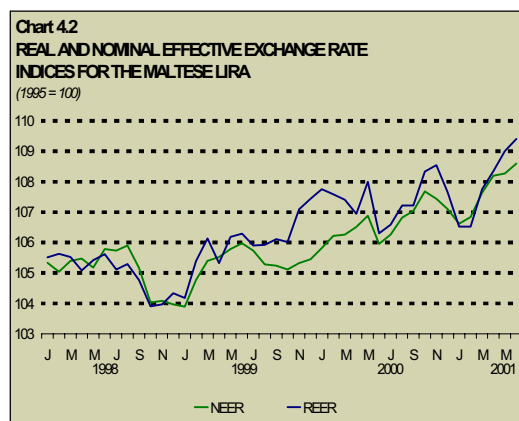
| Period | Euro | US\$ | Stg | Yen |
|----------------------------|-----------|-----------|-----------|-----------|
| Average for 2nd Qtr. 2001 | 2.5041 | 2.1876 | 1.5391 | 268.2 |
| Average for 2nd Qtr. 2000 | 2.4659 | 2.3041 | 1.5035 | 245.6 |
| % Change | 1.5 | -5.1 | 2.4 | 9.2 |
| Closing rate on 28.06.2001 | 2.5328 | 2.1525 | 1.5283 | 268.6 |
| Closing rate on 30.03.2001 | 2.4931 | 2.1996 | 1.5440 | 275.5 |
| % change | 1.6 | -2.1 | -1.0 | -2.5 |
| High for 2nd Qtr. | 2.5419 | 2.2365 | 1.5616 | 280.1 |
| | (Jun. 01) | (Apr. 23) | (Jun. 13) | (Apr. 04) |
| % change from average | 1.5 | 2.2 | 1.5 | 4.4 |
| Low for 2nd Qtr. | 2.4662 | 2.1316 | 1.5168 | 255.3 |
| | (Apr. 05) | (Jun. 12) | (Jun. 01) | (Jun. 01) |
| % change from average | -1.5 | -2.6 | -1.4 | -4.8 |

the Nominal Effective Exchange Rate (NEER)² and the Real Effective Exchange Rate Index (REER)³ indices for the Maltese lira, as computed by the Central Bank of Malta, are illustrated in Chart 4.2. This shows that both the NEER and REER indices for the lira continued to rise during the second quarter of 2001, indicating further losses in price competitiveness.

The rise in the NEER index reflected the persistent weakness of the euro on international currency markets. This was evident throughout the quarter, and as a result the index continued to move on the upward trend in evidence since February, rising by 0.9% between March and June. On a year-on-year basis, the NEER index was up by 2.5% at the end of the quarter.

Meanwhile, the REER index followed the same upward path as the NEER, but rose even more

sharply. Indeed, between March and June, the REER rose by 1.5%, compared to the 0.9% rise of the NEER, indicating that during the quarter higher inflation relative to Malta's main competitors also contributed to the loss in external price competitiveness.



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.

5. GOVERNMENT FINANCE

The improvement in the fiscal position, compared to a year ago, noted in the first quarter of 2001 was not carried into the second quarter of the year. In fact, fiscal operations during the June quarter resulted in a deficit of Lm22.3 million, as against the Lm12.6 million surplus recorded in the same quarter of 2000, as growth in revenue failed to keep up with that of expenditure. As a result, the deficit for the first six months of the year widened to Lm54 million. Nevertheless, in spite of this apparent deterioration in the fiscal position, the trend over a span of three-and-a-half years indicates a gradual consolidation – as Chart 5.2 shows.

Revenue

Government revenue rose by 4.5% to Lm281.2 million during the six months to June. This was mainly the result of a moderate increase in direct tax and non-tax revenue, as Table 5.1 shows. By comparison, the growth in the yield from indirect taxes was modest, as a substantial increase in revenue from Value Added Tax (VAT) was largely offset by drops in revenue from customs and excise duties and from licenses, other taxes and fines.

Revenue from direct taxes, at Lm118.1 million, was

up by 7.1% from last year's level, with social security contributions and income tax producing Lm4.0 million and Lm3.8 million more, respectively. These increases mainly reflected the effects of the new civil service collective agreement on the Government wage bill together with higher employment levels. While the higher yield from income tax may be regarded as modest when set against the projected increase for the year as a whole, this mainly reflected differences in the timing of provisional tax receipts. In fact, revenue from income tax was expected to pick up in September and December.

The yield from indirect taxes edged up by 1.2% to Lm113.4 million. Revenue from VAT rose by 11.4% to Lm55.8 million, accounting for almost half the increase in Government revenue, but this was almost completely offset by lower receipts in the form of customs and excise duties and licences, taxes and fines. As explained in the June Quarterly Review, the drop in revenue from these sources reflected fewer registrations of new motor vehicles and the exemption from excise duties granted to Enemalta in order to leave energy and fuel prices unchanged.

Meanwhile, non-tax revenue recorded a 6.2% increase on year-ago levels, as the Lm1.2 million drop in the Central Bank's profits was compensated for by higher revenues from other non-tax sources, mainly rents and fees of office.

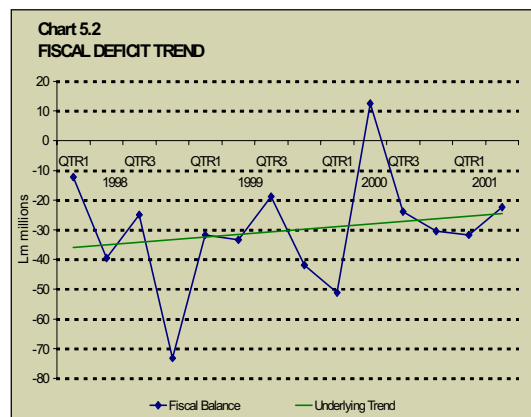
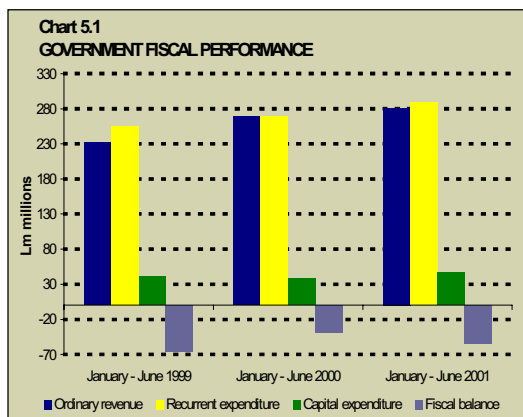


Table 5.1
GOVERNMENT BUDGETARY OPERATIONS

Lm millions

| | 2000 | 2001 | 2000 | 2001 | Change 2000-2001 | |
|--|--------------|--------------|--------------|--------------|------------------|-------|
| | | | | | Qtr1-Qtr2 | |
| | Qtr2 | Qtr2 | Qtr1-Qtr2 | Qtr1-Qtr2 | Amount | % |
| REVENUE | 152.9 | 148.1 | 269.2 | 281.2 | 12.0 | 4.5 |
| Direct tax | 66.0 | 72.7 | 110.3 | 118.1 | 7.8 | 7.1 |
| Income tax | 40.2 | 43.4 | 64.4 | 68.2 | 3.8 | 5.9 |
| Social security contributions ¹ | 25.8 | 29.3 | 45.9 | 49.9 | 4.0 | 8.7 |
| Indirect tax | 58.4 | 56.4 | 112.1 | 113.4 | 1.3 | 1.2 |
| Value Added Tax | 25.1 | 27.2 | 50.1 | 55.8 | 5.7 | 11.4 |
| Customs and excise duties | 14.9 | 12.9 | 27.3 | 25.2 | -2.1 | -7.7 |
| Licences,taxes and fines | 18.4 | 16.3 | 34.7 | 32.4 | -2.3 | -6.6 |
| Non-tax revenue | 28.5 | 19.1 | 46.8 | 49.7 | 2.9 | 6.2 |
| Central Bank profits | 17.1 | 5.9 | 27.1 | 25.9 | -1.2 | -4.4 |
| Other ² | 11.4 | 13.2 | 19.7 | 23.8 | 4.1 | 20.8 |
| RECURRENT EXPENDITURE¹ | 118.4 | 145.6 | 269.3 | 288.7 | 19.4 | 7.2 |
| Personal emoluments | 42.7 | 48.6 | 84.7 | 96.8 | 12.1 | 14.3 |
| Operational and maintenance | 10.9 | 8.7 | 24.8 | 21.6 | -3.2 | -12.9 |
| Programmes and initiatives | 45.3 | 68.7 | 118.6 | 124.5 | 5.9 | 5.0 |
| Contributions to entities | 6.9 | 6.2 | 13.8 | 16.3 | 2.5 | 18.1 |
| Interest payments | 12.3 | 13.3 | 27.3 | 29.3 | 2.0 | 7.3 |
| Other | 0.3 | 0.1 | 0.1 | 0.2 | 0.1 | - |
| CURRENT BALANCE⁴ | 34.5 | 2.5 | -0.1 | -7.5 | -7.4 | - |
| CAPITAL EXPENDITURE | 21.9 | 24.8 | 38.3 | 46.5 | 8.2 | 21.4 |
| TOTAL EXPENDITURE | 140.3 | 170.4 | 307.6 | 335.2 | 27.6 | 9.0 |
| FISCAL BALANCE⁵ | 12.6 | -22.3 | -38.4 | -54.0 | -15.6 | - |

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

² Excludes revenue from sale of assets, sinking funds and converted loans.

³ Includes social security benefits, family and social welfare, care of the elderly and Treasury pensions.

⁴ Revenue less recurrent expenditure.

⁵ Revenue less total expenditure.

Source: *Ministry of Finance*

Expenditure

Total Government expenditure during the six months to June was up by Lm27.6 million from year-ago levels, with capital expenditure

accounting for almost a third of the increase. Recurrent expenditure amounted to Lm288.7 million, or 7.2% more than a year ago, with social security benefits accounting for nearly half the growth.

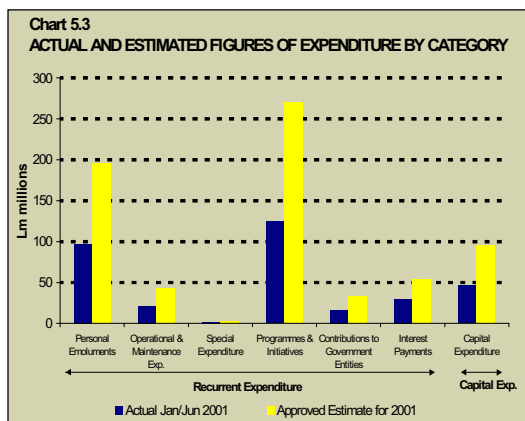


Chart 5.3 compares the actual expenditure figures for the first half of 2001 with the approved

estimates for the year as a whole. This shows that at mid-year almost all the main categories of expenditure were around or below the 50% benchmark, and hence in line with projections. Interest payments, however, had already reached 54% of the total projected for the year, indicating that there may be some difficulties in meeting the target.

Expenditure on personal emoluments during the six months to June was up by Lm12.1 million, and was the main factor behind the sharp increase in outlays reported by ministries with larger payrolls - such as Education and Health. In contrast, expenditure on operations and maintenance declined by Lm3.2 million, reflecting lower costs of

Table 5.2
GOVERNMENT DEBT AND FINANCING OPERATIONS

| | <i>Lm millions</i> | | | | |
|---|--------------------|--------------|--------------|--------------|--------------|
| | 2000 | | | 2001 | |
| | Qtr2 | Qtr3 | Qtr4 | Qtr1 | Qtr2 |
| FISCAL BALANCE | 12.6 | -23.8 | -30.7 | -31.7 | -22.3 |
| <i>Financed by¹:</i> | | | | | |
| Increase in stock of MGS outstanding | 0.5 | 0.0 | 0.0 | 30.0 | 27.3 |
| Increase in foreign loans | -1.5 | 0.0 | -3.2 | -0.4 | -1.8 |
| Grants | 6.0 | 0.0 | 3.4 | 0.0 | 0.1 |
| Proceeds from sale of assets | 12.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sinking funds of converted loans | 0.0 | 0.0 | 10.7 | 0.0 | 0.0 |
| Increase in stock of Treasury bills outstanding | 11.2 | 19.5 | 28.0 | 4.8 | -10.8 |
| Decrease in Government deposits | 0.0 | 17.7 | 14.5 | -14.2 | 18.9 |
| Net cash movement and other funds ² | -40.4 | -13.4 | -22.7 | 11.5 | -11.4 |
| GROSS PUBLIC DEBT | 880.8 | 900.2 | 925.0 | 959.4 | 974.2 |
| Malta Government Stocks | 712.7 | 712.7 | 712.7 | 742.7 | 770.0 |
| Treasury bills | 125.5 | 145.0 | 173.0 | 177.8 | 167.1 |
| Foreign loans | 42.5 | 42.5 | 39.3 | 38.9 | 37.1 |

¹ Negative figures indicate an application of funds, meaning that Government would also have to finance these transactions in addition to the deficit during the quarter.

² 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 CBM estimates*

pharmaceutical products. Expenditure on programmes and initiatives went up by Lm5.9 million, as developments in welfare programmes, together with a Lm1.3 million increase in the Government's contribution to the financing of Church Schools, outweighed the one-off payment incurred last year as compensation for the removal of bread subsidies. At the same time, contributions to Government entities, mainly the Water Services Corporation, increased by Lm2.4 million.

Capital expenditure increased by Lm8.2 million from year-ago levels. Capital outlays by the Economic Services Ministry and the Ministry for Health rose by Lm3.6 million and Lm0.6 million, respectively, with the former being mainly due to the payment of debt servicing costs on behalf of Malta Freeport for the first time. Capital spending on tourism, meaning subsidies paid to the Malta Tourism Authority to implement the assistance scheme targeting the British market, was up by Lm0.8 million. At the same time, expenditure on roads amounted to Lm2.9 million, Lm1.5 million

higher than in the same period last year.

Government Debt and Financing Operations

During the second quarter of 2001, the Government financed its deficit mainly through stock issues and by running down its deposits with the banking system. Thus, as can be seen in Table 5.2, the outstanding amount of Malta Government Stocks rose by Lm27.3 million on the previous quarter, while Government deposits with the banking system fell by Lm18.9 million. At the same time, the amount of Treasury bills in issue at the end of the second quarter was down by Lm10.8 million from the end-March level, while the Government reduced its foreign debt by Lm1.8 million.

At the end of June, the Gross Public Debt stood at Lm974.2 million, up by Lm49.2 million from the end-2000 level. Malta Government Stocks and Treasury bills accounted for 96% of the total debt, amounting to Lm770 million and Lm167.1 million, respectively, while foreign debt, amounting to Lm37.1 million, accounted for the remainder.

6. MONETARY AND FINANCIAL DEVELOPMENTS

Official interest rates were left unchanged during the June quarter. Thus, as banks' short-term liquidity shortage eased, the Central Bank scaled back the use of repo auctions to inject funds into the banking system. Meanwhile, although Treasury bill yields rose in line with the Government's demand for funds, long-term Government bond yields were stable in active secondary market trading. In the equity market, however, prices fell further.

Despite the issue of Government stocks on the primary market in May, broad money, M3, continued to expand robustly during the quarter. This monetary expansion was matched by a combination of increased net claims on Government and a recovery in the net foreign assets of the banking system. In contrast, bank claims on the private and parastatal sectors declined, possibly reflecting a combination of stricter credit allocation policies by banks and

weaker demand for loans.

The Monetary Base

After having contracted during the previous quarter, the monetary base, M0, increased slightly during the quarter reviewed, adding Lm1 million as the seasonal increase in currency in issue more than offset the decline in banks' deposits with the Central Bank resulting from the non-renewal of outstanding repos on maturity. Despite the quarterly rise, the annual rate of growth of the monetary base dropped to 1.9% in June from 5.4% three months earlier.

Table 6.1 shows movements in the Central Bank's assets and in its remaining liabilities, which can be used to explain the change in the monetary base. All else being equal, an increase in the Bank's assets gives rise to an expansion in M0, whereas an increase in the Bank's remaining liabilities causes the monetary base to contract. During the quarter reviewed, the Central Bank's foreign assets recovered, its claims on Government increased and Government deposits with the Bank contracted, all of which boosted the monetary

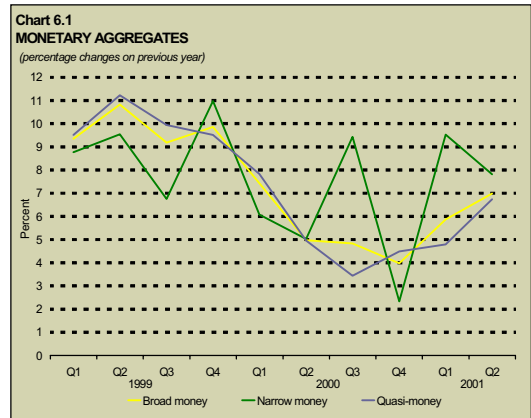
Table 6.1
THE MONETARY BASE AND ITS SOURCES

| | <i>Lm millions</i> | | |
|---------------------------------------|--------------------|--------------|------------|
| | Mar. 2001 | Jun. 2001 | Change |
| Currency in issue | 415.3 | 429.7 | 14.5 |
| Banks' deposits with the Central Bank | 142.9 | 129.4 | -13.5 |
| MONETARY BASE | 558.1 | 559.1 | 1.0 |
| CENTRAL BANK ASSETS | | | |
| Foreign assets | 631.6 | 647.9 | 16.2 |
| Claims on Government | 17.6 | 37.5 | 19.9 |
| Fixed and other assets | 130.8 | 80.6 | -50.2 |
| <i>Less:</i> | | | |
| REMAINING LIABILITIES | | | |
| Government deposits | 70.0 | 51.9 | -18.1 |
| Capital and reserves | 89.1 | 89.1 | 0.0 |
| Other liabilities | 62.9 | 63.0 | 0.1 |

base. In contrast, a drop in the Bank's fixed and other assets, which reflected lower activity in the repo market, brought about a drop in the monetary base. These changes largely cancelled out, leaving the monetary base broadly unchanged.

Monetary Aggregates

Broad money, M3, which consists of currency in circulation and residents' deposits with the banking system, continued to expand robustly as the public's preference for monetary assets persisted. Indeed, the issue of Government stocks in May hardly dented monetary growth. Thus, as can be seen in Table 6.2, the 2.1% rise reported in the March quarter was followed by a Lm60.6 million, or 2.3%, expansion during the quarter reviewed. Although corporate deposits fell, households and public sector corporations added to their bank deposits, while cash holdings also rose. Thus, the annual rate of growth of M3 accelerated further, reaching 7% in June from 5.9% three months earlier.



Although components of broad money denominated in Maltese liri accounted for most of the quarterly rise in M3, residents' foreign currency deposits also expanded significantly, explaining around one-third of the overall rise. The liberalisation of exchange control regulations governing their use in January may have contributed to the rapid growth in these deposits witnessed since the beginning of the year.

Table 6.2
MONETARY AGGREGATES
(Changes on the previous quarter)

| | <i>Lm millions</i> | | | | | | | | | |
|----------------------------|--------------------|------------|------------------|-------------|--------------|-------------|------------------|------------|-------------|------------|
| | 2nd Qtr. | | 2000 3rd Qtr. | | 4th Qtr. | | 2001 1st Qtr. | | 2nd Qtr. | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| 1. NARROW MONEY | 23.2 | 4.2 | 27.1 | 4.7 | -13.5 | -2.2 | 16.4 | 2.8 | 15.5 | 2.5 |
| Currency in circulation | 12.2 | 3.2 | 5.9 | 1.5 | 2.5 | 0.6 | -0.7 | -0.2 | 15.8 | 4.0 |
| Demand deposits | 11.0 | 6.1 | 21.2 | 11.0 | -16.0 | -7.5 | 17.1 | 8.6 | -0.4 | -0.2 |
| 2. QUASI-MONEY | 7.9 | 0.4 | -7.0 | -0.4 | 53.3 | 2.8 | 36.5 | 1.9 | 45.2 | 2.3 |
| Savings deposits | -16.9 | -2.6 | -17.5 | -2.8 | 22.7 | 3.7 | -5.5 | -0.9 | 19.3 | 3.1 |
| of which FCDs ¹ | 5.1 | 4.2 | -8.0 | -6.3 | 4.5 | 3.8 | 5.5 | 4.5 | 11.5 | 8.9 |
| Time deposits | 24.8 | 2.0 | 10.5 | 0.8 | 30.6 | 2.4 | 42.1 | 3.2 | 25.9 | 1.9 |
| of which FCDs ¹ | 5.8 | 7.6 | 7.1 | 8.7 | 3.0 | 3.4 | 3.7 | 4.1 | 7.5 | 7.8 |
| 3. BROAD MONEY | 31.1 | 1.3 | 20.1 | 0.8 | 39.7 | 1.6 | 52.9 | 2.1 | 60.6 | 2.3 |

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

Narrow money, M1, expanded at a slower pace during the quarter reviewed, rising by Lm15.5 million, or 2.5%, compared with 2.8% during the first quarter. Thus, as Chart 6.1 shows, the pace of narrow money growth slackened, with the annual growth rate, which had accelerated to 9.5% in March, dropping to 7.8% three months later.

Currency in circulation, which is the larger component of narrow money, rose by Lm15.8 million, or 4%, with the annual growth rate rising to 6.1% as a result. The increase, which was the largest registered during the last ten years, was largely driven by the seasonally stronger demand for cash. In contrast, demand deposits, the other component of M1, contracted marginally, dropping by 0.2%. Lower corporate current account balances and an increase in the value of cheques in the course of collection in June outweighed growth in households' demand deposits.

In contrast, quasi-money, which consists of savings and time deposits, grew at a faster pace during the quarter, expanding by Lm45.2 million, or 2.3%, as Table 6.2 shows. Consequently, the annual rate of growth of quasi-money accelerated further, rising by nearly two percentage points to 6.7%.

Although they expanded at a slower pace than in the previous two quarters, time deposits, which rose by Lm25.9 million, accounted for most of the increase in quasi-money. Personal time deposits, in turn, accounted for all the gain in time deposits, as corporate time deposits contracted, with drops in May and June outweighing earlier gains. Deposits with terms of maturity of one year or less accounted for the entire rise. Meanwhile, savings deposits rose by Lm19.3 million, or 3.1%, after a small fall in the previous quarter. Despite the issue of Malta Government stocks in May, all categories of depositor added to their savings account balances over the quarter. Foreign currency savings deposits belonging to households and private firms expanded by Lm4.9

million and Lm6.1 million, respectively, and together accounted for most of the quarterly rise.

Counterparts to Monetary Growth

Following a largely seasonal increase in the previous quarter, domestic credit expanded moderately during the quarter reviewed as rapid growth in net claims on Government outweighed lower claims on the private and parastatal sectors. Thus, as Table 6.3 shows, domestic credit rose by Lm16.8 million, or 0.7%, with the annual growth rate adding one percentage point to 9.6% in June.

Net claims on Government expanded vigorously for the third successive quarter, rising by Lm27.5 million largely because the Central Bank added to its holdings of Treasury bills while Government deposits with the Bank contracted. Deposit money banks, meanwhile, cut their Treasury bill portfolios but added to their holdings of Government stocks. As Chart 6.2 shows, the annual growth rate of net claims on Government accelerated to 26.6% in June from 12.6% in March. In part, however, this sharp increase was the result of a base effect, since during the second quarter last year privatisation receipts had lowered net claims on Government.

In contrast, for the first time in ten years, claims on the private and parastatal sectors contracted, falling by Lm10.7 million, or 0.6%. As a result, the

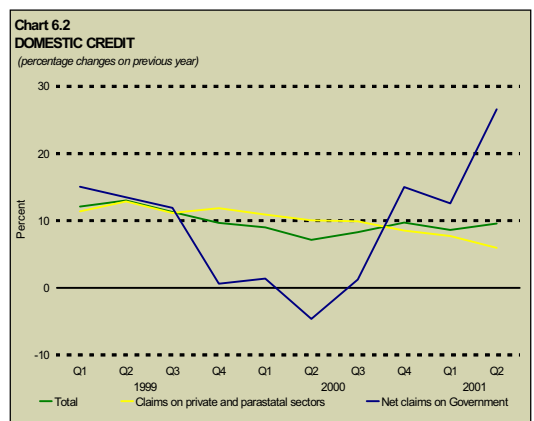


Table 6.3**COUNTERPARTS TO MONETARY GROWTH***(Changes on the previous quarter)**Lm millions*

| | 2000 | | | | | | 2001 | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|---------------|--------------|--------------|-------------|
| | 2nd Qtr. | | 3rd Qtr. | | 4th Qtr. | | 1st Qtr. | | 2nd Qtr. | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| BROAD MONEY | 31.1 | 1.3 | 20.1 | 0.8 | 39.7 | 1.6 | 52.9 | 2.1 | 60.6 | 2.3 |
| 1. DOMESTIC CREDIT | -3.5 | -0.2 | 57.5 | 2.8 | 47.7 | 2.2 | 77.3 | 3.5 | 16.8 | 0.7 |
| a) Net claims on Govt. | -21.2 | -5.5 | 0.9 | 0.2 | 45.3 | 12.4 | 23.5 | 5.7 | 27.5 | 6.3 |
| Gross claims on Govt. | -21.2 | -4.3 | -16.8 | -3.6 | 30.8 | 6.8 | 37.7 | 7.8 | 8.6 | 1.7 |
| Central Bank | -1.2 | -15.4 | 0.4 | 5.5 | 2.2 | 30.9 | 8.4 | 91.8 | 19.9 | 113.1 |
| Banks | -20.0 | -4.2 | -17.2 | -3.7 | 28.6 | 6.4 | 29.3 | 6.2 | -11.3 | -2.2 |
| <i>Less:</i> | | | | | | | | | | |
| Government deposits ¹ | 0.0 | 0.0 | -17.7 | -17.4 | -14.5 | -17.3 | 14.2 | 20.4 | -18.9 | -22.5 |
| Central Bank | -3.6 | -4.1 | -16.4 | -19.4 | -12.2 | -17.9 | 13.8 | 24.6 | -18.1 | -25.8 |
| Banks | 3.6 | 26.9 | -1.3 | -7.4 | -2.3 | -14.7 | 0.4 | 3.1 | -0.8 | -5.8 |
| b) Claims on private and parastatal sectors | 17.7 | 1.0 | 56.7 | 3.3 | 2.4 | 0.1 | 53.7 | 3.0 | -10.7 | -0.6 |
| 2. NET FOREIGN ASSETS | 71.0 | 7.8 | -9.7 | -1.0 | -2.8 | -0.3 | -106.5 | -10.9 | 117.3 | 13.5 |
| Central Bank | -5.5 | -0.8 | -5.9 | -0.8 | -53.4 | -7.7 | -15.6 | -2.4 | 16.4 | 2.6 |
| Banks | 76.6 | 37.0 | -3.9 | -1.4 | 50.6 | 18.1 | -94.0 | -28.5 | 103.9 | 44.0 |
| <i>Less:</i> | | | | | | | | | | |
| 3. OTHER ITEMS (NET) | 36.5 | 6.6 | 27.7 | 4.7 | 5.2 | 0.9 | -82.2 | -13.3 | 73.5 | 13.7 |

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

annual rate of growth of such claims fell further, as Chart 6.2 indicates, dropping to 6% in June. The contraction may have been influenced by more prudent bank lending policies. For example, banks appear to be enforcing credit terms more strictly, with a greater emphasis on punctual repayments of loans. In addition, with business sentiment having deteriorated in recent quarters, demand for credit may also have fallen. Average nominal bank lending rates were stable during the quarter and probably had little influence on credit. Finally,

one major state-owned corporation increased its foreign borrowings, which probably enabled it to repay loans from domestic banks.

Thus, loans and advances, which make up the bulk of claims on the private and parastatal sectors, decreased by Lm12.1 million, or 0.7%. Whereas bank lending to public sector enterprises increased by Lm3 million during the quarter¹, despite the repayments referred to earlier, loans and advances to the private sector dropped by

¹ This rise was brought about by the reclassification of part of one bank's credit portfolio. This led to a drop in private credit of around Lm5.7 million and a corresponding increase in loans and advances to the public sector.

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

| | 2001 | | 2001 | |
|--------------------------------------|---------------|---------------|--------------|-------------|
| | 1st Qtr. | 2nd Qtr. | Change | % |
| | Amount | Amount | | |
| Energy and water | 104.1 | 96.2 | -7.9 | -7.6 |
| Transport, storage and communication | 109.1 | 108.4 | -0.8 | -0.7 |
| Agriculture and fisheries | 11.0 | 10.6 | -0.5 | -4.4 |
| Manufacturing | 199.3 | 189.4 | -9.9 | -4.9 |
| Building and construction | 102.1 | 89.0 | -13.0 | -12.8 |
| Tourism | 245.2 | 240.4 | -4.8 | -2.0 |
| Wholesale and retail | 297.1 | 301.2 | 4.2 | 1.4 |
| Personal | 413.9 | 425.7 | 11.8 | 2.9 |
| Other services | 105.5 | 97.7 | -7.8 | -7.4 |
| All other | 153.3 | 167.3 | 14.0 | 9.2 |
| TOTAL | 1740.5 | 1725.9 | -14.6 | -0.8 |

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

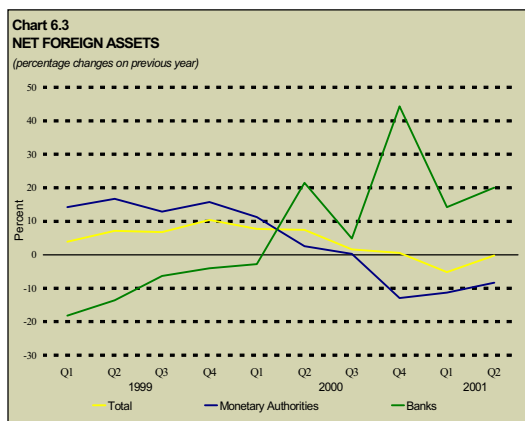
Lm15.2 million. Other claims on the private sector, which include banks' holdings of corporate debt and equity, remained stable, while claims on public sector corporations rose as one bank's bond holdings were revalued.

As Table 6.4 shows, the drop in credit was spread across most categories of borrower. The largest decreases were recorded in credit to construction - partly as a result of repayments - and to manufacturing industry, which dropped by Lm13 million and Lm9.9 million, respectively. Additional foreign borrowing by one major corporation in May probably accounts for the Lm7.9 million fall in credit to the energy and water sector. In contrast, personal credit expanded further, rising by Lm11.8 million, spurred mainly by the demand for housing finance. Reclassifications by one credit institution largely explain the reduction in credit to the "other services" sector and the rise in "all other" lending.

The sharp drop in the net foreign assets of the

banking system that was registered during the previous quarter was reversed during the quarter reviewed, largely because of an increase in the international banks' net foreign assets. As Table 6.3 shows, the net foreign assets of the banking system expanded by Lm117.3 million, or 13.5%, compared with a 10.9% drop in the second quarter. As a result, their annual growth rate, which had declined to -5.2% in March, rose to just below zero in June.

Following five consecutive quarterly falls, the net foreign assets of the Central Bank increased by Lm16.4 million, or 2.6%, during the quarter reviewed. The Bank's external reserves rose in April and May, boosted by net purchases of foreign exchange from banks and the receipt of additional foreign loans by a public sector corporation. In June, however, spot sales of foreign exchange under swap arrangements led to a drop in the Bank's net foreign assets that is to be reversed later in the year. As a result, the decline in the Bank's net foreign assets continued to be



gradually reversed, as Chart 6.3 shows, with the annual rate of growth edging up from -11.3% in March to -8.3% in June.

Meanwhile, the net foreign assets of the remainder of the banking system increased by Lm103.9 million, or 44%. Just as the net foreign assets of the international banks² had driven down the total during the March quarter, they fuelled the recovery during the quarter reviewed, rising by Lm85.4 million as losses reported by a number of Turkish institutions in the previous quarter were reversed. At the same time, the net foreign assets of the domestic banks also expanded, rising by Lm18.5 million, or 15.2%, largely mirroring the increase in residents' foreign currency deposits.

The increase in net foreign assets reported by the international banks had no impact on monetary aggregates. Instead, it was largely matched by an increase in their capital and reserves, which, together with higher profits, boosted shareholders' funds and, hence, the net non-monetary liabilities of the banking system³. These factors outweighed a seasonal increase in banks' accrued interest receivable. Thus, the net

non-monetary liabilities of the banking system, which are shown as "other items (net)" in Table 6.3, rose by Lm73.5 million, or 13.7%, almost completely reversing the drop reported during the March quarter.

The Money Market

The Central Bank again left its central intervention rate and discount rate unchanged at 4.75% during the quarter reviewed. The Bank's repo rate and the rate paid on fourteen-day term deposits, which are determined during weekly auctions within a narrow margin around the central intervention rate, remained unchanged at 4.8% and 4.73%, respectively.

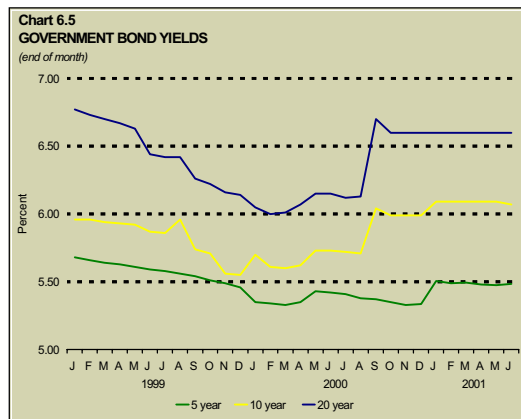
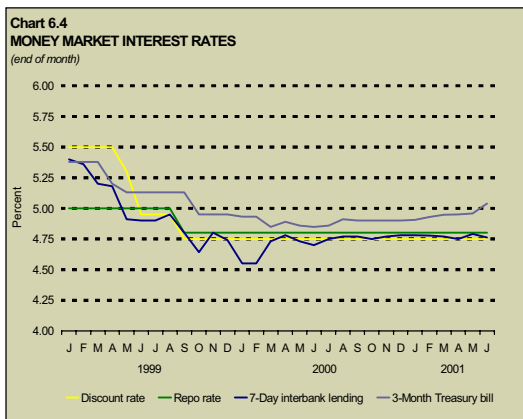
As the quarter progressed, the liquidity shortage that had characterised the banking system during the previous quarter eased. Thus, the aggregate amount of funds injected into the banking system through weekly auctions of fourteen-day repos fell from Lm349 million to Lm241.4 million. In fact, the amount injected decreased progressively during the quarter, dropping from Lm111.8 million in April to Lm62.6 million in June.

Against the background of unchanged official interest rates, interbank rates fluctuated minimally, as Chart 6.4 shows, with the seven-day interbank lending rate easing by just one basis point to 4.76% in June. Turnover in the market picked up, however, with the value of interbank loans rising from Lm40.8 million during the first quarter to Lm47.9 million during the quarter reviewed. The market remained oriented towards short-term loans, with almost two-thirds of the deals struck being contracted for seven days or less.

The Treasury continued to resort to the money market to finance Government operations during

² For the purposes of this analysis international banks exclude the international banking subsidiaries of the deposit money banks.

³ The net non-monetary liabilities of the banking system consist of liabilities such as debt securities issued, shareholders' funds and accrued interest payable, less the banks' other assets, including accrued interest receivable.



the quarter, issuing bills with terms to maturity ranging from one month to one year. In fact, the amount of bills issued during the quarter rose to Lm117.3 million, from Lm105 million during the March quarter, despite the issue of Government stocks in May. Banks took up two-fifths of the bills issued, with other investors (including Malta Government Sinking Funds) subscribing to the remainder. As the Treasury's demand for funds increased primary market yields rose, with that on the benchmark three-month issue adding 9 basis points to end the quarter at 5.04%.

Turnover in the secondary Treasury bill market almost doubled during the quarter, rising to Lm59.5 million. The Central Bank was a heavy buyer in the secondary market, making net purchases worth Lm40.8 million. In contrast, trading that did not involve the Bank contracted, falling to Lm15.3 million from Lm19 million during the previous quarter. Secondary market yields followed primary market rates upwards.

The Capital Market

The Government also pursued its programme of primary market debt issues, in line with the Treasury's indicative calendar, offering Lm30 million worth of 6.45% Malta Government Stocks 2014 in May. Retail investors bought Lm13.4 million worth of these stocks at par, with the remainder being auctioned. Excess demand raised

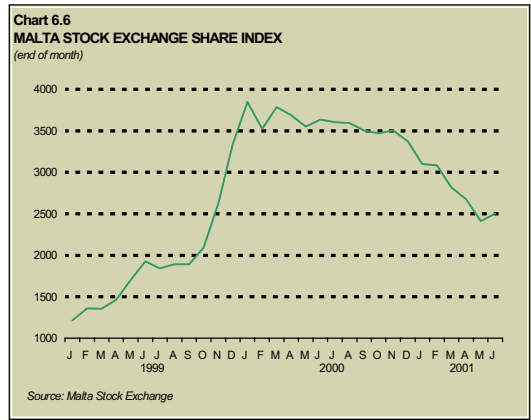
auction prices and lowered primary market yields. Banks and insurance companies successfully bid for Lm7.8 million and Lm4.9 million worth of stocks, respectively, with non-profit-making entities getting the remainder.

In May, too, First International Merchant Bank plc launched a combined offering of 10 million shares on the market at a price of US\$1.25 each. The issue was partly underwritten by another credit institution and the shares were listed on the Malta Stock Exchange at the end of June.

Primary market activity during the first half of the year may have spurred turnover in the secondary bond market during the quarter reviewed. In addition, with equity prices falling further, investors may have turned to Government and corporate bonds, which may have been viewed as safer assets. Thus, secondary market trading in Malta Government stocks rose nearly 50% to Lm36.6 million, with trading that did not involve the Central Bank amounting to Lm32 million. Meanwhile, the Bank made purchases and sales of stocks amounting to Lm3.7 million and Lm1 million, respectively. In addition, trading in corporate bonds, including preference shares, climbed from Lm1.1 million during the previous quarter to Lm10.5 million during the quarter reviewed. Bonds issued by the two major banks accounted for almost three-quarters of the total traded. Government bond yields were stable

during the quarter, as Chart 6.5 shows, with the yield on the ten-year bond ending the quarter just 2 basis points lower, at 6.07%. Corporate bond prices generally recovered, with yields dropping accordingly.

Activity in the equity market decreased further during the quarter reviewed, with the value of listed shares traded dropping to Lm5.3 million from Lm8.4 million during the March quarter. Equity prices generally fell in April and May but rallied somewhat in June, as Chart 6.6 indicates. As a result, the Malta Stock Exchange Share Index ended the quarter on 2,499.63, or 11.3% down from its end-March value.



7. THE BANKING SYSTEM

During the second quarter the aggregate balance sheet of the deposit money banks continued to expand, but at a markedly slower pace than in previous quarters. Moreover, part of the year-on-year growth in the banks' aggregate balance sheet was attributable to the incorporation of HSBC Home Loans (Malta) Bank Ltd within the sector in January. The banks' still managed to achieve a substantial increase in profits, as non-interest income recovered and provisions for bad debts were reduced. Furthermore, the banks capital structure and liquidity levels remained healthy.

Assets and liabilities

At the end of June the deposit money banks held assets valued at Lm3.5 billion, up only marginally on the previous quarter but 9.3% above a year

earlier. As can be seen in Table 7.1, fixed and other assets together with loans and advances accounted for all the growth in the banks' assets during the quarter. The former expanded by Lm37.2 million, or 30%, following the 37% growth recorded in the same quarter last year. The main factors contributing to this expansion were higher investments with other banks within the sector and an increase in interest accrued on outstanding loans and advances. At the same time, loans and advances rose by 1.3% to Lm1.8 billion, compared with an increase of 0.3% recorded during the same quarter last year. Loans and advances remained the major asset category, accounting for over half the total, as can be seen from the table.

The deposit money banks' foreign assets contracted by Lm11.8 million during the quarter. The banks increased their claims on overseas banks and money at call abroad, but reduced

Table 7.1
DEPOSIT MONEY BANKS' BALANCE SHEET

Lm millions

| | 2000 | | | | 2001 | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Mar | Jun | Sep | Dec | Mar | Jun |
| ASSETS | | | | | | |
| Cash and deposits with CBM | 162.3 | 162.5 | 172.0 | 152.7 | 157.7 | 145.4 |
| Foreign assets | 653.7 | 713.5 | 712.6 | 729.6 | 749.2 | 737.4 |
| Loans and advances | 1,537.7 | 1,542.4 | 1,593.0 | 1,608.0 | 1,793.0 | 1,815.8 |
| Local investments | 592.6 | 583.8 | 566.3 | 601.4 | 634.6 | 607.6 |
| Fixed and other assets | 124.0 | 169.7 | 131.2 | 150.7 | 124.5 | 161.7 |
| LIABILITIES | | | | | | |
| Capital and reserves | 137.8 | 137.8 | 137.8 | 158.5 | 176.7 | 177.0 |
| Foreign liabilities | 379.6 | 405.4 | 396.4 | 404.7 | 417.1 | 382.6 |
| Other domestic liabilities | 498.8 | 550.1 | 559.0 | 566.7 | 690.3 | 691.2 |
| Deposits | 2,054.2 | 2,078.6 | 2,082.2 | 2,112.7 | 2,174.9 | 2,217.1 |
| Time | 1,242.9 | 1,264.4 | 1,273.1 | 1,296.7 | 1,343.0 | 1,368.6 |
| Savings | 632.0 | 620.7 | 601.5 | 623.7 | 619.3 | 639.0 |
| Demand | 179.2 | 193.5 | 207.6 | 192.2 | 212.6 | 209.4 |
| AGGREGATE BALANCE SHEET | 3,070.3 | 3,171.9 | 3,175.4 | 3,242.5 | 3,459.0 | 3,467.8 |

their foreign securities portfolio substantially. At the same time, local investments declined by Lm27 million and deposits with the Central Bank by Lm12.3 million.

Meanwhile, the increase in the banks' assets continued to be funded mainly by growth in residents' deposits, which at the end of June accounted for 64% of total liabilities. Residents' deposits with the deposit money banks rose by Lm42.2 million, or 1.9%, during the quarter, compared with the 1.2% increase recorded in the same quarter last year, as a drop in demand deposits was offset by inflows of savings and time deposits, up by 3.2% and 1.9%, respectively. This may indicate that savers prefer assets that are relatively liquid and risk-free.

As Table 7.1 shows, the deposit money banks' foreign liabilities dropped by Lm34.5 million, reflecting lower foreign repo activity. Meanwhile, the banks' other domestic liabilities kept roughly the same levels as in the previous quarter, as

increases in balances due to other domestic banks and interbank deposits were matched by a drop in debentures in issue and subordinated loan capital together with a decline in securities sold under repurchase agreements. The banks' capital and reserves similarly remained at roughly the previous quarter's levels, with an increase in reserve funds accounting for the entire increase shown in the table.

Profitability

The deposit money banks made a profit before tax of Lm7.1 million during the second quarter, up from Lm3.3 million on the March quarter and roughly equal to the profit registered in the corresponding quarter last year. This rise, which took place despite a marginal decline in net interest income, was the result of a recovery in non-interest income and a reduction in provisions for bad debts.

As can be seen in Table 7.2, the deposit money

Table 7.2

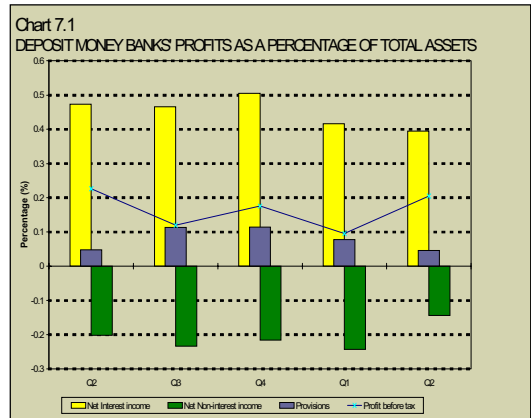
DEPOSIT MONEY BANKS' INCOME AND EXPENDITURE STATEMENT

Lm millions

| | 2000 | 2001 | |
|----------------------------------|-------------|-------------|-------------|
| | Qtr. 2 | Qtr. 1 | Qtr. 2 |
| Interest income | 47.2 | 49.6 | 50.2 |
| Interest expenses | 32.2 | 35.2 | 36.6 |
| Net interest income | 15.0 | 14.4 | 13.7 |
| Fees and commissions | 3.3 | 2.0 | 4.3 |
| Foreign exchange gains | 1.7 | 3.1 | 3.0 |
| Other non-interest income | 2.6 | 0.2 | 1.6 |
| Total non-interest income | 7.6 | 5.3 | 8.9 |
| GROSS INCOME | 22.7 | 19.6 | 22.6 |
| Wages | 7.9 | 8.2 | 8.6 |
| Rent and similar expenses | 2.4 | 2.6 | 3.0 |
| Other | 3.6 | 2.9 | 2.2 |
| Operating expenses | 14.0 | 13.7 | 13.9 |
| Provisions | 1.5 | 2.7 | 1.6 |
| PROFITS BEFORE TAX | 7.2 | 3.3 | 7.1 |

banks' net interest income was marginally lower than in the previous quarter. Both interest income and interest expenses increased slightly: the rise in the former reflects higher income on loans and advances while that in the latter is attributable to higher interest payable on deposits. At the same time, the banks' non-interest income rose from Lm5.3 million in the March quarter to Lm8.9 million, with a Lm2.3 million increase in revenues from fees and commissions being largely responsible. Meanwhile, the deposit money banks' operating expenditure reached Lm13.9 million, up marginally on the previous quarter and roughly equal to that recorded during the same quarter a year earlier. The wage bill rose to Lm8.6 million, but provisions for bad debts were reduced to Lm1.6 million, from Lm2.7 million in the previous quarter.

As can be seen in Chart 7.1, the banks' rate of return on assets for the quarter, i.e. quarterly profit before tax as a proportion of total assets, was 0.2% at the end of the quarter reviewed. As the chart also shows, the ratio has fluctuated between 0.1% and 0.2% over the last five quarters. Furthermore, profits were derived entirely from the banks' traditional role as financial intermediaries. In fact, as the chart shows, net interest income accounted for their entire profit before tax. Net non-interest income, which consists of the difference between non-interest income and operating expenses, was negative throughout the period, while the impact of provisions on the banks' profits before tax was marginal.



Capital Adequacy and Liquidity

The deposit money banks continued to maintain healthy levels of capital and liquidity during the quarter under review. The aggregate capital adequacy ratio was 12.7% as at end June, practically unchanged from the previous quarter and comfortably above the 8% statutory minimum. A marginal drop in the ratio resulted almost entirely from increases in risk-weighted assets. Meanwhile, the banks' liquidity ratio, which is the ratio of liquid assets to short-term liabilities, rose from 44.8% at end-March to 49.1% at end-June 2001. While net short-term liabilities at the end of June showed an increase of Lm85 million, total liquid assets were up by Lm106 million, mainly in the shape of inter-bank deposits and marketable debt securities. Hence, the deposit money banks' liquidity ratio remained well above the statutory minimum of 30%.

Box 3: THE INTERNATIONAL BANKS

During the second quarter of 2001 the aggregate balance sheet of the international banking sector¹ continued to contract despite the incorporation for the first time of data from two recently licensed banks. Three Turkish banks accounted for most of the decline, to which the depreciation of the Turkish lira during the period could have contributed. In spite of the contraction in their balance sheet, however, the international banks' profits increased substantially, as one institution which had reported substantial losses during the March quarter, recovered strongly during the quarter under review.

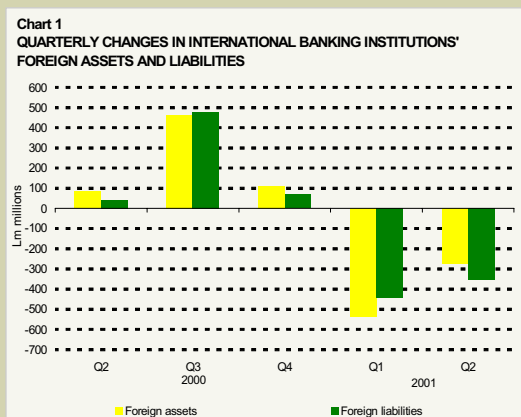
Assets and Liabilities

In June 2001 the international banks' assets amounted to Lm2.3 billion, down by 10.3% from the end of the previous quarter. In line with the nature of the business, a reduction in the banks' holdings of foreign assets, which was reflected in lower funding from abroad, accounted for the balance sheet contraction. This can be seen from Table 1. As the table also shows, however, the decline in the banks' assets, which was more pronounced during the March quarter, slowed down during the review period.

Table 1
INTERNATIONAL BANKING INSTITUTIONS' BALANCE SHEET

| | 2000 | | | | 2001 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | Mar | Jun | Sep | Dec | Mar | Jun |
| <i>Lm millions</i> | | | | | | |
| ASSETS | | | | | | |
| Cash and money at call | 2.1 | 2.2 | 2.2 | 2.1 | 2.4 | 2.1 |
| Foreign assets | 2,160.7 | 2,244.8 | 2,709.2 | 2,819.0 | 2,281.1 | 2,006.9 |
| <i>Foreign securities</i> | 1,072.0 | 1,029.6 | 1,087.1 | 932.2 | 1,182.4 | 752.3 |
| <i>Loans and advances to non-residents</i> | 780.2 | 728.0 | 883.4 | 950.5 | 787.2 | 799.9 |
| <i>Other foreign assets</i> | 308.5 | 487.2 | 738.8 | 936.3 | 311.5 | 454.6 |
| Loans to residents | 7.0 | 6.9 | 7.0 | 6.1 | 7.7 | 7.3 |
| Local investments | 275.2 | 283.7 | 298.5 | 267.7 | 273.7 | 278.3 |
| Other assets | 47.8 | 23.6 | 35.1 | 11.3 | 11.9 | 17.4 |
| LIABILITIES | | | | | | |
| Capital and reserves | 182.4 | 184.1 | 181.0 | 194.2 | 199.1 | 250.4 |
| Foreign liabilities | 2,234.0 | 2,275.7 | 2,752.1 | 2,820.5 | 2,376.8 | 2,021.5 |
| <i>Balances due to other banks abroad</i> | 881.5 | 859.6 | 1,002.0 | 877.2 | 1,000.0 | 807.8 |
| <i>Non-resident deposits</i> | 1,027.4 | 983.4 | 1,056.5 | 1,031.8 | 756.4 | 750.5 |
| <i>Other foreign liabilities</i> | 325.1 | 432.7 | 693.6 | 911.5 | 620.5 | 463.2 |
| Resident deposits | 25.1 | 26.3 | 26.2 | 32.3 | 32.9 | 33.4 |
| Other domestic liabilities | 51.3 | 75.2 | 92.7 | 59.1 | (32.1) | 6.7 |
| AGGREGATE BALANCE SHEET | 2,492.8 | 2,561.2 | 3,052.0 | 3,106.1 | 2,576.7 | 2,312.0 |

¹ The international banking sector consists of locally-based banks that conduct banking business almost exclusively with non-residents.



Foreign assets, which represent more than four-fifths of the international banks' total assets, dropped by Lm274.2 million, or 12%, during the quarter as the banks reduced their holdings of foreign securities. This contraction in the foreign securities portfolio more than offset increases in loans and advances to non-residents and other foreign assets. Nevertheless, as can be seen in Chart 1, the drop in foreign assets was smaller than the Lm537.9 million fall recorded during the March quarter.

The international banks' domestic investments, which mainly consist of claims held by Bank of Valletta International and HSBC Overseas Bank (Malta) on their parent banks, expanded by Lm4.6 million to Lm278.3 million during the quarter, while their other domestic assets rose by Lm5.5 million, reflecting increased claims on resident banks. At the same time, loans to residents decreased marginally to Lm7.3 million.

The international banks' liabilities also contracted, with their foreign liabilities declining by an additional Lm355.3 million, or 15%, to just over to Lm2 billion. As the table shows, the decrease was spread across all categories of foreign liabilities. However, a decline in borrowings from banks abroad explains more than half of the overall contraction. Other foreign liabilities fell by Lm157.3 million, mainly as a result of a reduction in inter-branch transactions. At the same time, non-resident deposits were down slightly.

Resident deposits, however, rose marginally, since growth in demand deposit and resident savings outweighed a drop in time deposits. The international banks' other domestic liabilities,

Table 2

INTERNATIONAL BANKS' INCOME AND EXPENDITURE STATEMENT¹

Lm millions

| | 2000 | | 2001 | |
|--------------------------|-------------|--------------|-------------|-------------|
| | Qtr.2 | Qtr.1 | Qtr.1 | Qtr.2 |
| Interest income | 62.5 | 82.6 | 63.1 | 63.1 |
| Interest expenses | 49.6 | 87.8 | 53.4 | 53.4 |
| Net interest income | 12.9 | -5.1 | 9.7 | 9.7 |
| Non-interest income | 15.4 | -68.7 | 80.8 | 80.8 |
| Non-interest expense | 3.6 | 6.5 | 4.0 | 4.0 |
| Provisions | 0.0 | 0.0 | 0.1 | 0.1 |
| PROFIT BEFORE TAX | 24.6 | -80.3 | 86.4 | 86.4 |

¹ Excludes banks registered under M.F.S.C. Act

which had fallen to -Lm32.1 million in March as a result of losses incurred by some institutions during the first quarter, recovered to Lm6.7 million in June as these same institutions registered profits. At the same time, additions to their paid-up share capital and growth in reserve funds pushed the international banks' capital and reserves up by Lm51.3 million to Lm250.4 million.

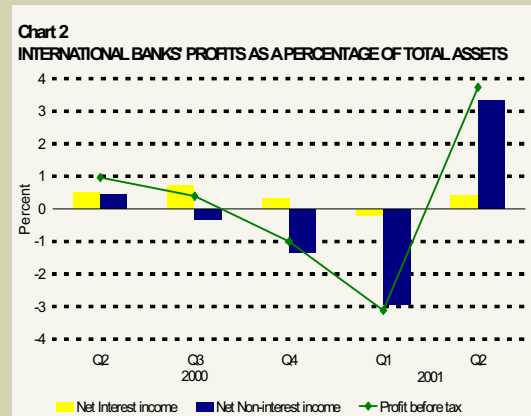
Profitability²

As Table 2 shows, the international banks reported an aggregate profit before tax of Lm86.4 million at the end of the quarter under review, in contrast to the Lm80.3 million loss recorded during the March quarter. However, this turnaround was almost entirely attributable to one institution, which totally recovered earlier losses.

Both the international banks' net interest and non-interest income were higher than in the previous quarter. Although gross interest income dropped to Lm63.1 million as a result of lower interest receipts on balances due from banks and other financial institutions, interest expenditure contracted by an even larger amount to Lm53.4 million, due to lower interest payable on deposits. These developments explain the Lm14.8 million June quarter increase in net interest income. Non-interest income, which consists of such items as trading income, fees and commissions, swung from -Lm68.7 million in the March quarter to

Lm80.8 million during the quarter reviewed, principally on account of gains on trading investments and other foreign instruments reported by one institution. Lower reported losses on foreign exchange trading also contributed to this result. Meanwhile, provision charges remained unchanged.

As can be seen from Chart 2, the rate of return on the international banks' assets, i.e. profit before tax as a proportion of total assets, stood at 3.7% at end-June³. As the chart also shows, the growth in the banks' profit to assets ratio during the quarter was mainly attributable to net non-interest income, which contributed 3.3 percentage points to the total.



² The income and expenditure statement for the international banks excludes banks registered under the M.F.S.C Act.

³ A frequently quoted benchmark ratio between profits after tax and total assets is 1%. See DeSourdy, Loretta, "Developments in the New Zealand banking industry." *Reserve Bank of New Zealand: Bulletin* Vol. 64 No 2, June 2001.

DEVELOPMENTS IN THE SUPERVISION AND REGULATION OF CREDIT AND FINANCIAL INSTITUTIONS IN MALTA¹

by Paul Vella²

INTRODUCTION

Sustained economic growth cannot be achieved in the absence of a stable and efficient financial system. A weak financial system can destabilise an economy, making it vulnerable to external shocks. Effective regulation and supervision of credit and financial institutions promotes healthy institutions, which in turn contribute to a strong financial sector. At the same time, innovation, deregulation and globalisation have made the business of banking and finance increasingly complex and risky. These developments present new challenges to regulators and make the regulation and supervision of credit and financial institutions a dynamic process. With these considerations in mind, the Maltese authorities have been careful to model the local regulatory and supervisory framework on internationally accepted guidelines and practices emanating from the Basle Committee on Banking Supervision of the Bank for International Settlements (BIS) and the Banking Directives issued by the EU Commission.

The 1994 enactment of a number of laws that set up the current financial legislative framework initiated a process whereby the Central Bank of Malta, as the Competent Authority in terms of the Banking Act 1994 and the Financial Institutions Act 1994, built an internal infrastructure for the monitoring of regulatory developments, both locally and abroad. This has

ensured that the statutory and regulatory regime governing banks and financial institutions in Malta is continuously updated so as to meet the demands of the industry, while at the same time ensuring conformity with internationally recognised standards.

UPGRADING OF THE ORIGINAL DIRECTIVES

The most significant developments that have occurred since 1997 were brought about through the periodic upgrading of the original seven Banking Directives issued in 1994. Although all these Directives were affected, those on the *Application Procedures and Requirements for Authorisation of Licences for Banking Activities Under the Banking Act 1994* (BD/01) and on *Large Exposures of Credit Institutions* (BD/02) have undergone the most significant changes. Amendments to the former were mostly aimed at entrenching the Minimum Standards of the Basle Committee on Banking Supervision and at spelling out the Competent Authority's criteria with respect to the type of banking establishment that could qualify for a license to operate in or from Malta. The amendments also clarified the regulatory and supervisory standards that would have to be met in the home jurisdiction of foreign institutions applying for a banking licence to operate from Malta.

In the case of the latter Directive, the amendments covered two aspects. The first was the gradual

¹ This article is a follow up to the one entitled "Supervision and Regulation of Credit and Financial Institutions in a Liberalised Financial Market" by Herbert Zammit Laferla, Deputy General Manager, Banking Regulation and Supervision, published in the Central Bank of Malta *Quarterly Review* of March 1997.

² Paul Vella is currently Manager, Banking Regulation Office, and a Member of the Joint Banking Committee. The author thanks Mr. Oliver Bonello, Senior Manager, Banking Regulation and Supervision and Mr. Herbert Zammit Laferla for their comments and suggestions on an earlier draft of this article. Any errors, as well as opinions expressed in the article, are the author's sole responsibility.

elimination of transitory provisions that had been put in place to facilitate the application of the Directive by banks in Malta. This stance was rendered possible by developments in the market in relation to the banks' corporate structure, the large exposure policies adopted by banks in agreement with the Competent Authority and the coming into force of new Banking Directives that had a direct bearing on the regulation and monitoring of large exposures. The second consisted in the concurrent upgrading of the Directive to cater for intra-group lending involving a bank and its subsidiaries that are subject to the provisions of the Consolidated Supervision Directive (BD/10). This step-by-step approach ensured that the required regulatory and supervisory standards were attained without undue shocks to the lending and investment strategies of the institutions concerned.

NEW DIRECTIVES

Besides the upgrading of the original Banking Directives, three new ones have recently been introduced. The first, on the *Capital Adequacy of Credit Institutions* (BD/08), was fully introduced by the end of 1999. The ones on *Credit and Country Risk Provisioning* (BD/09) and on the *Supervision of Credit Institutions on a Consolidated Basis* (BD/10) came into force during 2001. Prior to the implementation phase, draft proposals had been submitted to the banks and to other professional associations for consultation. Once the consultation process was over and the final amendments had been agreed to, the Directives were approved by the Joint Banking Committee³.

Capital Adequacy of Credit Institutions

The Banking Directive (BD/08), together with the Solvency Ratio Directive (BD/04) and the Large Exposures Directive (BD/02), now constitute the

capital adequacy regime governing banks in Malta. Capital adequacy ratios, whether in the banking book or the trading book, are established against each institution's own funds, the definition of which is established according to the Own Funds Directive (BD/03). The latter reflects current international thinking with regards to the basic standards for the capital adequacy of banks. It also provides a complementary framework for the supervision of risks incurred by banks, whether these relate to market risks in their trading book activities, position risks, counterparty/settlement risks, underwriting, foreign exchange and/or commodities risks. The use of models to calculate a bank's overall foreign exchange risk capital requirement is allowed, but subject to a review process by the Competent Authority. A policy statement on the application of the Directive is also required from each bank, and this too should be agreed with the Authority.

Credit and Country Risk Provisioning

Credit risk has been, and continues to be, the main risk factor faced by banks. Developments in the regulatory requirements for banks internationally and the fact that, locally, different banks adopted different provisioning policies led the Central Bank to issue a new Banking Directive on Credit and Country Risk Provisioning (BD/09) and to amend its Banking Notice on the Management of Credit Risk (BN/01). These replaced the best practice guidelines for provisioning previously included in the original version of Banking Notice BN/01 issued in 1994. While the previous Notice allowed banks to adopt their own provisioning system, the new Directive provides for minimum provisioning criteria. In the process, it introduces an element of objectivity in establishing provisions for non-performing loans. The aim of the Directive is to ensure a timely and appropriate level of provisioning on facilities which, owing to financial problems affecting the specific borrower,

³ The Joint Committee, established under section 27 of the Banking Act 1994, is responsible for formulating banking regulatory and supervisory policy and monitoring the soundness of the banking system.

or because of a possible slowdown in a particular economic sector which could in turn have adverse effects on specific borrowers, remain overdue for a period of time. Its effect is therefore to strengthen a bank's lending portfolio by reducing the number of overdue facilities. The Directive addresses not only risks inherent in loans and advances and other credit facilities, but also those linked to securities and similar debt instruments, unless such instruments are listed and marked to market.

While allowing banks discretion in their day-to-day *qualitative* assessment of relevant assets, as mentioned, the Directive provides minimum *quantitative* standards to determine the five grading categories of assets in a given portfolio, namely 1- *Regular*, 2-*Watch*, 3-*Substandard*, 4-*Doubtful*, 5-*Loss*.

The Directive also specifies *quantitative* criteria with which banks must comply when providing against unsecured doubtful balances. This is done according to a matrix established by the Directive itself in relation to the 4-*Doubtful* category. *Quantitative* criteria are also applied once a credit facility or a financial asset remains in the 4 – *Doubtful* category for twenty-four months (in case of mortgage loans, forty-eight months). The latter criteria have to be applied irrespective of any related collateral, taking into consideration any provisions already made on the unsecured portion. The objective is to ensure that an appropriate level of provisioning is effected in relation to credit facilities that are automatically downgraded to the *doubtful* category and remain in this category for a relatively long period of time. At the same time, banks are encouraged to reduce the number of overdue facilities by inducing their customers to honour their lending contracts.

The Directive defines country risk as that type of risk to which debts in a particular country may be subject as a result of circumstances that are different from those of normal trade. In this

respect the Directive describes in detail the concepts of sovereign, transfer and other risks related to international financing. Countries are classified into six groups in ascending order of risk, ranging from solvent to insolvent countries, and each group is defined in detail. Again, while allowing for a level of discretion in provisioning in respect of the less risky categories, the Directive provides *quantitative* criteria that must be complied with when providing for countries characterised by high risk.

The Directive came into force immediately upon publication earlier this year. Banks were, however, given the option to fully implement it by the end of 2003 if they agreed to a programme of implementation with the Competent Authority within two months of its publication. The reason for this was that the Directive, being a regulatory tool, was onerous in that it provided that a facility was to be automatically considered *doubtful* once it became past due by 90 days. Banks, therefore, needed time to develop internal systems to be able to meet this requirement. In this respect it is worth remarking that the level of provisioning has a direct impact on a bank's profitability. Furthermore, as explained above, additional provisions would have to be made once a facility remained in the doubtful category for two years or more. These standards were also introduced to enable banks to be better geared to meet the demands of the revised Basle Capital Accord that is expected to come into force at the beginning of 2005. According to the new Accord, banks would be required to introduce additional capital against *doubtful* assets unless these are already adequately provided for, and the current Capital Adequacy Directives (BD/04 and BD/08) would need to be revised accordingly.

Supervision of Credit Institutions on a Consolidated Basis

There were two reasons for the drawing up of the Directive on the *Consolidated Supervision of Credit Institutions* (BD/10). The first was to bring

together the several provisions on consolidated supervision dispersed in a number of Directives. The second was to introduce new provisions that would render the consolidated supervision procedures and standards applied in Malta in respect of own funds, solvency, capital adequacy and control of large exposures more compliant with the criteria applied internationally.

Through this Directive, the Competent Authority is enabled to supervise banking groups as a single risk. In this way the Authority should be able to identify the risks that banks might be exposed to as a result of their relationship with other institutions belonging to the same group of companies. Consequently, banks forming part of banking groups would benefit from the fact that eligible companies within the group are considered as one risk, with reference being made to consolidated regulatory returns benchmarked against the group's consolidated own funds. The Directive is also forward looking since it caters for the possibility of consolidated supervision of banking groups or financial conglomerates that are more complex than the ones that currently operate in Malta.

In determining the framework of consolidated supervision, the Directive indicates the methods and techniques through which such supervision would be applied both on a *qualitative* and on a *quantitative* basis. At the same time, it also identifies the internal systems that banks need to have in place to facilitate their supervision on a consolidated basis.

BANKING NOTICES

In order to keep the lines of communication with licensed institutions open, and to create awareness of the type of the administrative, operational and control-related infrastructure that needs to be in place within banks and financial institutions, the Central Bank, in its role as regulator, has over the years issued several best practice guidelines to licence holders by way of Banking Notices.

These Banking Notices do not have the force of law. Although not mandatory, however, they do constitute an important element of the regulatory and supervisory process since they enable institutions to be aware of the type of infrastructures required to support the compliance function. The Banking Notices issued from 1997 to date, again in consultation with the industry, are based on guidelines that are issued from time to time by the Basle Committee on Banking Supervision and on other internationally recognised practices. The Banking Notices that have been issued to date are:

- *Management of Credit Risk* (BN/01), issued during 2001, which replaced the original version of BN/01 following the publication of the Directive on *Credit and Country Risk Provisioning* (BD/09)
- *Legal and Regulatory Provisions of Representative Offices of Foreign Banks* (BN/02), issued during 1998
- *Internal Control Systems in Credit Institutions* (BN/03) issued in 1999
- *Interest Rate Risk Management* (BN/04), and *Advertising for Deposits* (BN/05), issued in 1999

THE FINANCIAL INSTITUTIONS DIRECTIVES

As with the Banking Directives, the two Financial Institutions Directives issued so far have undergone several amendments. Those related to the Licensing Directive (FID/01) reflected the periodic fine-tuning required from time to time in respect of ongoing licensing obligations. The ones relevant to the Regulatory Directive (FID/02) were issued subsequent to the periodic updating of the existing Banking Directives and the introduction of new ones. In this respect it is worth noting that the Financial Institutions Act 1994 empowers the Competent Authority to apply Banking Directives to financial institutions insofar as the latter's business activities are similar to those of banks.

POLICY PAPERS

In response to demands from the industry, the Central Bank has published three policy papers since 1997, explaining its views on a number of business activities included in the Schedule to Section 2 of the Financial Institutions Act 1994. Besides delineating best practice guidelines, these papers explain the Bank's views as to what constitutes the activity to which a particular policy paper refers. The three policy papers issued to date deal with such topics as forfeiting and factoring, venture or risk capital and financial leasing. Work is currently in progress on two other policy papers, one dealing with money broking and the other with guarantees and commitments.

OTHER CURRENT WORK

Other work currently being undertaken in relation to the regulation and supervision of banks and financial institutions includes:

- a revision of the Banking Act 1994 and the Financial Institutions Act 1994 to cater for market developments and the introduction of new products, particularly e-money;
- a concurrent overview of existing Banking Directives, particularly the Licensing Directives BD/01 and FID/01, as a result of the revision of the above two Acts;
- an evaluation of the third consultative package on the new Capital Accord due to be issued later in 2001 and scheduled to come into force in 2005;
- the drawing up of a draft E-money Directive on the licensing and regulation of e-money institutions; and
- the monitoring of policy papers issued by the Basle Committee on Banking Supervision and other international regulatory agencies that would determine the eventual issue of further banking notices and policy papers.

THE FRAMEWORK FOR BANKING SUPERVISION

In order to complement the foregoing, the Central Bank, has just published a document entitled *The Framework for Banking Supervision*. This document defines and explains the supervisory methods and procedures adopted by the Central Bank in fulfilling its obligations under the law.

It explains how initial guidelines for banking supervision put in place during 1993 were upgraded to meet the requirements of the Banking Act 1994. Ensuing developments in the Maltese banking sector, together with the adoption over the years of internationally recognised best practices in the conduct of banking supervision, also prompted the upgrading exercise. This process, based on the experience gained, included:

- putting in place analytical techniques related to off-site reporting by banks that is based on the CAMEL (**C**apital, **A**ssets, **M**anagement, **E**arnings and **L**iquidity) concept;
- restructuring on-site examinations on the basis of a risk-based approach focussing on asset quality, capital allocation, liquidity, internal controls, risk management, treasury and similar issues;
- devising a supervisory cycle based on **R**isk identification, **A**nalysis and examination, **C**ommunication together with reporting and a follow-up on the **E**ffectiveness of recommendations made in on-site reports (RACE);
- creating a new function based upon the CAMEL concept, the methodical evaluation of the results of off-site and on-site examinations, thus enabling the drawing up of a risk-rating profile and the allocation of a supervisory rating to a bank;
- developing evaluations related to open

foreign exchange positions, interest rate risk, gap and peer group analysis; and

- drawing up a contingency plan to ensure co-ordinated action in the event of a banking crisis involving one or more banks.

CONCLUSION

The Basle Committee on Banking Supervision has issued a series of papers to prepare the banking industry for the new Capital Accord. Being fully

aware of the importance of a sound financial sector, and hence of a regulatory and supervisory regime that is up to international standards, for the sustainable development of the Maltese economy, the Central Bank has taken steps to ensure that the local banks would eventually be in a position to meet the requirements of the Accord. In fact, the developments described in this paper, particularly those related to introduction of the Provisioning Directive (BD/10), reflect the proactive stance that has been consistently taken by the Bank in this regard.

NEWS NOTES

Central Bank Lowers Official Interest Rates

At its meeting of August 31, the Monetary Policy Council lowered the Central 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 were also 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, since the beginning of the year, central banks have been cutting interest rates in the wake of a pronounced slowdown in global economic activity. As a result, the synthetic interest rate, or the average interest rate on the component currencies of the Maltese lira basket, dropped significantly below interest rates in Malta. This contributed to an easing of pressures on the external reserves and the balance of payments. The cut in official interest rates still left Maltese lira interest rates at a level which the Council believed to be compatible with the sustainability of the exchange rate peg.

The Council also considered that the latest developments in the domestic economy were compatible with a limited interest rate cut. There was no evidence of excessive demand pressures, as economic growth was observed to have slowed down in line with international trends, although rising inflation remains a concern. The Government's commitment to ensure that fiscal targets will be met was also taken into account.

Regarding the future prospects for the Maltese economy, the Council reiterated the importance of further consolidation of the fiscal sector and of

structural reform to safeguard the economy's long-term competitiveness. Meanwhile, the Monetary Policy Council said it would closely monitor developments, with particular attention being paid to interest rate trends abroad, to the external reserves and the balance of payments and to domestic price levels.

Monetary Policy Council Lowers Reserve Requirement Ratio

At its meeting of September 27, the Monetary Policy Council lowered the reserve requirement ratio imposed on banks by one percentage point from 5% to 4% of the banks' deposit liabilities. The new ratio was set to come into effect from the beginning of the maintenance period commencing on October 15. This decision implied an increase in the volume of liquidity available to the banks and thus represented a further easing of the Bank's monetary policy stance, following the cut in the central intervention rate and the discount rate by 25 basis points announced on August 31.

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

Reviewing international developments, the Council was concerned about the mounting evidence of a global recession and its likely impact on the Maltese economy. Moreover, monetary conditions overseas had eased further, as major central banks reduced official interest rates and provided liquidity to the financial markets in the wake of the recent terrorist attacks.

The Council considered that local economic conditions were also compatible with a further relaxation of the monetary policy stance. In particular, the official external reserves had

continued to stabilise and pressures on the balance of payments eased further, while demand remained sluggish and output growth relatively weak.

Central Bank Issues a Commemorative Coin

On September 20 the Central Bank of Malta issued the first in a series of commemorative coins depicting distinguished Maltese personalities. The reverse side shows the name and portrait of Enrico Mizzi, with the dates of his birth and death (1885-1950) above and the legend "Prim Ministru 1950" (Prime Minister 1950) at the bottom right of the coin. The obverse side shows the coat of arms of the Republic of Malta and the year of issue.

The proof coin, which is in silver and has a fineness of 0.925, weighs 28.28gms and has a diameter of 38.61mm. It is legal tender for a value of Lm5.

Malta's Credit Rating Affirmed

On August 6 Standard and Poor's affirmed Malta's single-'A' foreign currency and double-'A'-minus local currency long-term ratings. At the same time, it also affirmed Malta's 'A-1' foreign currency and 'A-1'-plus local currency short-term ratings. Standard and Poor's confirmed that the outlook on Malta was stable. The credit rating agency said that the stable outlook for Malta was underpinned by the preparations for EU accession, which included the gradual implementation of structural reforms, a stabilising general Government debt burden and continued fiscal restraint. The agency warned, however, that the Government's gradualist approach to fiscal consolidation provided little budgetary flexibility in the event of weaker than expected growth.

Government Stock Issues

On July 10 the Government launched the issue of Lm30 million worth of 6.25% Malta Government Stock 2011(II), with an option, which was

subsequently exercised, to increase the offer to Lm40 million. The stock was issued at par for amounts not exceeding Lm50,000 and by auction for bids exceeding this amount. It was the third of four projected issues for this year and is intended to cover part of the Consolidated Fund deficit.

Bank Holidays Announced

On September 25 the dates of a number of bank holidays were declared by the Minister of Finance and announced through a legal notice (Legal Notice 230) which appeared in the Government Gazette. The bank holidays are March 30, 2002, December 26, 2002 and January 2, 2003.

Subsidiary of Local Credit Institution Merges with Parent Bank

On September 22 Bank of Valletta International (BOVI) merged with its parent company, Bank of Valletta plc. The merger was undertaken in anticipation of the expiry of the subsidiary's offshore banking licence, which was granted for a ten-year period commencing on November 8, 1991. Bank of Valletta International will continue to operate as a division of the Bank of Valletta plc.

Credit Institution Raises International Syndicated Loan in Euro

On July 4 the Bank of Valletta plc signed a 100 million euro syndicated loan facility agreement with three major international banks, Bayerische Hypo und Vereinsbank AG, Raiffeisen Zentralbank Oesterreich AG and Sumitomo Mitsui Banking Corporation. The purpose of the loan is to fund the Bank's activities in international financial markets.

UK Bank Opens Investment Firm in Malta

On July 5 the UK international bank, Barclays Bank plc, which has a representative office in Malta, announced the setting up of a subsidiary company in Malta, Barclays International Investments (Malta) Ltd. The new institution was

granted a Category 1 Investment Services Licence by the Malta Financial Services Centre (MFSC) and will provide a full range of Barclays banking and investment products to Maltese residents.

Malta Stock Exchange Issues Draft Corporate Governance Code

On July 5 the Malta Stock Exchange published a draft model code on good corporate governance. The code was drafted by a working group set up last year by the Malta Stock Exchange and consisting of representatives of the stockbrokers, issuers, practitioners and investors. The working

group recommended that the principles of the code be observed on a voluntary basis by both listed and public companies.

Issue of Bonds by Private Company

On September 7 a private company, CC Car Parks plc, announced that it would be offering for sale to the public Lm1.5 million worth of bonds with a coupon of 6.5% maturing on September 20, 2006. The proceeds of the bond will be used to refinance the company's long-term bank borrowings. The bonds are expected to be listed on the Malta Stock Exchange.

FINANCIAL POLICY CALENDAR

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

1998

February 2: Central Bank Raises Intervention Rates

The Monetary Policy Council of the Central Bank raises its reverse repo rate band from 5.20% - 5.30% to 5.30% - 5.40%. This decision reflects the Bank's tightening monetary policy stance. In addition, as a result of this decision, the repo market rate band is narrowed from 5.20% - 5.50% to 5.30% - 5.50%. This is in line with the Bank's aim of gradually aligning all domestic money market interest rates around one intervention rate.

April 28: Minister Issues Representative Offices Regulations

The Minister of Finance and Commerce, after consultation with the Competent Authority, issues the Representative Offices (Requirements and Activities) Regulations, 1998. The regulations define the range of activities that representative offices of non-Maltese banks may carry out in Malta. The regulations come into force as from May 12.

April 30: Central Bank Institutes Central Intervention Rate

The Monetary Policy Council of the Central Bank of Malta institutes a central intervention rate of 5.45% with a band of five basis points on either side. This decision completes a technical adjustment, begun in November 1997, aimed at narrowing the spread between the Central Bank's injection rate and its absorption rate.

May 18: Malta Stock Exchange Starts Trading Daily

The Malta Stock Exchange starts trading on a daily basis. The Minister of Finance and Commerce says that the catalyst for daily trading was the partial privatisation of Maltacom plc and Malta International Airport plc.

June 26: Parliament Enacts Commercial Banks (Special Tax) Act

Parliament enacts the Commercial Banks (Special Tax) Act, 1998. This imposes a fifteen per cent tax on bank profits accrued during 1997. The Act applies to credit institutions licensed under the Banking Act, 1994, except those licensed to deal only in currencies other than the Maltese lira. Lohombus Bank Limited, a mortgage bank, is also excluded. As regards branches of foreign banks, the tax is to be paid on profits attributable to the operations of the branch or branches conducted in Malta only.

November 25 : Measures Introduced in the 1999 Budget

The Minister of Finance, in presenting the Estimates for 1999 to Parliament, announces a number of policy measures. These include:-

1) **Wages:** A weekly wage increase of Lm1.75 is to be given to compensate for the rise in the cost of living

during the year to September 1998. An additional one-off increase of Lm13 is to be given in March.

- 2) **Social Benefits:** The wage increase is to be reflected in proportionate increases in pensions and other benefits in accordance with the Social Security Act. In addition, the children's allowance for families having more than five children is to be improved. Single parents and widows are to be considered as married persons for income tax purposes.
- 3) **Social Security Contributions:** Employees' social security contributions are to increase from 8.33% to 9% of the basic pay as from January 1, 1999, and to 10% as from January 1, 2000.
- 4) **Indirect taxation:** The excise duty on cigarettes and petrol is to increase, while that on kerosene is to decrease.
- 5) **Value Added Tax:** Value Added Tax, at the rate of 15%, is to replace Customs and Excise Duty Tax as from January 1, 1999. Hotel accommodation, excluding inclusive package tours, is to be taxed at 5%.
- 6) **Privatisation:** An agency or division under the Ministry of Finance is to be set up to draft a long-term privatisation programme.
- 7) **Exchange control:** A company registered or a person domiciled in Malta will be allowed to invest up to Lm300,000 in existing business or new business abroad. Investment allowances for individuals and non-financial companies will be raised from Lm5,000 per year to Lm8,000. Local exporters will be allowed to leave their receipts in foreign currency accounts for a period of six months.

December 28 : Central Bank Announces Changes to Maltese Lira Basket

The Central Bank announces that the composition of the Maltese lira basket will be revised from January 4, 1999 to take into account the introduction of the euro. At the same time, the Bank emphasises that the review of the basket will not involve any change in the value of the currency.

The revision of the basket will entail the following changes:

1. The euro will be allocated the previous weight of the ECU component except for the sterling weight within the ECU.
2. The sterling weight within the ECU will be added to the sterling weight in the Maltese lira basket.
3. The weight of the US dollar will remain unchanged.

As a result, the three component currencies will have the following weights: euro 56.8%; sterling 21.6%; US dollar 21.6%. These weights will serve as the basis for the establishment of the portions of the currency components to be announced on January 4, 1999.

December 29 : Value Added Tax Re-introduced

Parliament enacts the Value Added Tax Act, 1998, re-introducing value added tax with effect from January 1, 1999. The rate of tax on the supply of products and on the provision of services is set at 15%, while that on the supply of tourist accommodation is set at 5%. The Act also establishes thresholds below which small businesses are given the option to stay out of the VAT system and the related system of refunds.

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 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 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 Act III of 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 enacts 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 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 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, 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 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. They also empower the Competent Authority to impose administrative penalties on persons who fail to comply with other provisions of the Banking Act. 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. 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 MFSC*

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 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 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 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.

STATISTICAL TABLES

THE MALTESE ISLANDS - KEY INFORMATION, SOCIAL AND ECONOMIC STATISTICS

(as at end-June 2001, unless otherwise indicated)

| | | |
|--------------------------------------|---|--------------------|
| CAPITAL CITY | Valetta | |
| AREA | 316 km ² | |
| CURRENCY UNIT | Lira - Exchange rates: Lm1 = US\$2.1692 Lm1 = Euro2.5222 | |
| CLIMATE | Average temperature (1991-1999): December - February June - August | 13.3° C 25.9° C |
| | Average annual rainfall (1990 - 1999) | 622.4mm |
| SELECTED GENERAL ECONOMIC STATISTICS | GDP growth at current market prices (Dec 2000) | 7.1% |
| | GDP per capita at current market prices (Dec 2000) | US\$9,108 |
| | GDP per head in PPS relative to the EU-15 average (2000) | 53 |
| | Ratio of Gross Government Debt to GDP (Dec 2000) | 59.4% |
| | Ratio of adjusted Government Deficit ¹ to GDP (Dec 2000) | 5.3% |
| | Retail Price Inflation | 1.95% |
| | Ratio of Exports of Goods and Services to GDP (Dec 2000) | 100.8% |
| | Ratio of Current Account Deficit to GDP (Dec 2000) | 14.8% |
| | Gainfully Occupied | 137,380 |
| | Unemployment Rate | 4.5% |
| POPULATION | Total (Dec. 2000) | 391,415 |
| | Males (Dec. 2000) | 193,689 |
| | Females (Dec. 2000) | 197,726 |
| | Age composition in percent of population (1999) | |
| | 0 - 19 | 28% |
| | 20 - 59 | 55% |
| | 60 + | 17% |
| | Average annual growth rate (1990 - 2000) | 0.8% |
| | Density per km ² | 1,238 |
| HEALTH | Life expectancy at birth - Males (Dec 1999) | 75.1 |
| | - Females (Dec 1999) | 79.3 |
| | 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 | Number of schools (1999/2000) | 331 |
| | Number of teachers (1999/2000) | 8,177 |
| | Number of pupils/students (1999/2000) | 100,052 |
| | Teachers (per 1000 students) | 82 |
| LIVING STANDARDS | Telephone Lines (per 1000 inhabitants) (Mar. 2001) | 533 |
| | TV licences (per 1000 inhabitants) | 537 |
| | Motor vehicle licences (per 1000 inhabitants) (Mar. 2001) | 649 |

¹ Deficit figures are adjusted for sale of shares, sinking funds of converted loans and capital repayments.

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

List of banking institutions submitting financial information to the Central Bank of Malta for statistical reporting purposes, as at June 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
Bank of Valletta International Ltd
Demirbank TAS
Disbank Malta Ltd
Ege Giyim Sanayicileri Bankasi AS
Erste Bank (Malta) Ltd
Finansbank (Malta) Ltd
First International Merchant Bank plc
HSBC Overseas Bank (Malta) Ltd
Iktisat Bankasi AS
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 | 72 |
| Table 1.2 | Deposit Money Banks | 74 |
| Table 1.3 | Other Banking Institutions | 76 |
| Table 1.4 | International Banking Institutions | 78 |
| Table 1.5 | Monetary Survey | 80 |
| Table 1.6 | Banking Survey | 81 |
| Table 1.7 | Monetary Base and Monetary Aggregates | 82 |
| Table 1.8 | Deposits with All Banking Institutions (Analysis by Ownership and Type) | 83 |
| Table 1.9 | Currency in Circulation | 84 |
| Table 1.10 | Denominations of Maltese Currency Issued and Outstanding | 85 |
| Table 1.11 | Deposit Money Bank Liquidity | 86 |
| Table 1.12 | Deposit Money Bank Liquid Assets | 87 |
| | Loans and Advances Outstanding by Main Sector: | |
| Table 1.13 | Deposit Money Banks | 88 |
| Table 1.14 | Other Banking Institutions | 90 |
| Table 1.15 | Loans and Advances Outstanding to the Private and Public Sectors by Category | 92 |
| | Loans and Advances classified by Size and Interest Rates: | |
| Table 1.16 | Deposit Money Banks | 93 |
| Table 1.17 | Other Banking Institutions | 94 |
| Table 1.18 | Financial Market Indicators | 95 |
| Table 1.19 | Net Foreign Assets of the Banking System | 96 |
| PART 2: GOVERNMENT FINANCE | | |
| Table 2.1 | Government Revenue and Expenditure | 98 |
| Table 2.2 | Government Revenue by Major Sources | 99 |
| Table 2.3 | Government Capital Expenditure by Type of Investment | 100 |
| PART 3: PUBLIC DEBT | | |
| Table 3.1 | Gross Government Debt and Government Guaranteed Debt Outstanding | 101 |
| Table 3.2 | Treasury Bills Issued and Outstanding | 102 |
| Table 3.3 | Malta Government Stocks | 103 |
| Table 3.4 | Malta Government Stocks by Remaining Term to Maturity | 104 |
| Table 3.5 | Government External Loans by Type of Creditor | 104 |
| Table 3.6 | Government External Loans by Currency | 105 |
| Table 3.7 | Government External Loans by Remaining Term to Maturity | 105 |
| PART 4: EXTERNAL TRANSACTIONS | | |
| Table 4.1 | Maltese Lira Exchange Rates Against Major Currencies (End of Period Rates) | 106 |
| Table 4.2 | Maltese Lira Exchange Rates Against Major Currencies (Averages for the Period) | 107 |
| Table 4.3 | Malta's Foreign Trade | 108 |
| Table 4.4 | Direction of Trade - Total Exports | 109 |
| Table 4.5 | Direction of Trade - Imports | 110 |
| Table 4.6 | Domestic Exports by Commodity Sections | 111 |
| Table 4.7 | Imports by Commodity Sections | 112 |
| PART 5: REAL ECONOMY INDICATORS | | |
| Table 5.1 | Gross National Product (By Category of Expenditure at Current Market Prices) | 113 |
| Table 5.2 | Tourist Arrivals by Nationality | 114 |
| Table 5.3 | Labour Market | 115 |
| Table 5.4 | Building Applications Approved by Purpose and Floor Space Area | 116 |
| Table 5.5 | Dwelling Units Granted Development Permission, By Type | 116 |
| Table 5.6 | Inflation Rates (Base 1946=100) | 117 |
| Table 5.7 | Retail Price Index (Base 1995=100) | 118 |
| GENERAL METHODOLOGICAL NOTES | | |
| | | 119 |

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 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 | - | 155,743 |
| 1993 | 364,013 | 24,620 | 67,173 | 2,437 | 37,349 | 106,959 | 4,500 | - | 163,740 |
| 1994 | 379,082 | 24,213 | 179,625 | 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 | 72,027 | 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 |
| Sep. | 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 | - | 48,837 |
| 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 |

¹ Reclassification of data from December 1998 reflect changes in the presentation of the Central Bank of Malta's financial statements.² Including Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).³ Data prior to 2001 were included with "Other Liabilities".

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

Assets

€m 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 |

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

² Includes small amounts of other precious metals.

³ Include 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's *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 |

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 process of collection).

³ As from September 1992, the bulk of foreign liabilities belonging to a Deposit Money Bank were 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 | Foreign Assets | Local Lending and Bills Discounted | Local Investments | Fixed and Other Assets | 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 | 739,428 | 1,735,354 | 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 |

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

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 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 |

**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 |

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 | 201,594 | 941,933 | 581,175 | 1,854,927 | 446,186 | 2,882,287 |
| 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 | 1,732,618 | 2,097,043 | 697,544 | 238,613 | 936,157 | 608,224 | 1,883,223 | 541,753 | 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 | 266,156 | 931,362 | 603,770 | 1,927,163 | 548,079 | 3,079,012 |
| Dec. | 403,418 | 1,752,691 | 2,156,109 | 644,163 | 295,510 | 939,673 | 594,702 | 1,937,166 | 563,913 | 3,095,781 |

¹ Includes Central Bank of Malta, Deposit Money Banks, and International Banking Institutions. This table was discontinued following the 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 | 211,866 | 1,450,658 |
| 1993 | 137,329 | 720,680 | 858,009 | 549,495 | 187,664 | 737,159 | 425,063 | 941,658 | 228,442 | 1,595,168 |
| 1994 | 150,632 | 816,586 | 967,218 | 690,434 | 187,106 | 877,540 | 463,547 | 1,106,721 | 274,490 | 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 | 644,163 | 330,271 | 974,434 | 594,660 | 1,944,221 | 619,795 | 3,158,676 |
| 2001 | | | | | | | | | | |
| Jan. | 439,406 | 1,767,522 | 2,206,928 | 628,251 | 326,837 | 957,636 | 606,511 | 1,964,824 | 593,228 | 3,164,563 |
| Feb. | 441,098 | 1,774,453 | 2,215,551 | 622,443 | 257,343 | 884,060 | 607,904 | 1,988,101 | 503,606 | 3,099,611 |
| Mar. | 435,325 | 1,826,170 | 2,261,496 | 628,584 | 236,293 | 867,918 | 611,018 | 1,980,762 | 537,634 | 3,129,413 |
| 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 |

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 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 | 214,333 | 608,184 | 606,727 | 1,284,239 | 1,890,966 | 2,499,150 |
| 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 | 1,316,760 | 1,935,190 | 2,538,927 |
| 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 |

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 broad money 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

Lm 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 | 1,118,096 | 3,281,451 |
| 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 |

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 Including 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 |

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 | | | | | Total |
|---------------|----------------------------------|----------------|---------|--------|-------|-----|---------|
| | | Lm20 | Lm10 | Lm5 | Lm2 | Lm1 | |
| 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 |

¹ The denominations of coins consist of Lml, 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 | 80.6 |
| 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 |

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 | Inter-Bank 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 |

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 off 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 | 93,077 | 65,427 | 11,449 | 212,983 | 87,500 | 222,525 | 285,320 |
| Oct. | 98,746 | 92,928 | 50,395 | 19,048 | 203,803 | 88,513 | 233,388 | 283,980 |
| Nov. | 101,625 | 93,918 | 51,163 | 18,513 | 204,791 | 88,301 | 236,128 | 284,234 |
| Dec. | 104,677 | 96,476 | 53,591 | 19,004 | 201,442 | 99,103 | 233,861 | 285,419 |
| 2001 | | | | | | | | |
| Jan. | 102,065 | 100,864 | 54,508 | 11,175 | 193,472 | 98,199 | 237,629 | 276,329 |
| Feb. | 100,473 | 110,364 | 55,872 | 11,191 | 191,111 | 99,610 | 238,119 | 278,111 |
| Mar. | 104,053 | 108,827 | 58,226 | 11,030 | 197,439 | 102,034 | 244,480 | 291,289 |
| Apr. | 106,945 | 108,787 | 89,220 | 11,116 | 192,089 | 96,102 | 243,093 | 292,366 |
| May | 100,741 | 109,067 | 93,910 | 10,359 | 188,492 | 89,947 | 239,858 | 296,435 |
| June | 96,136 | 107,868 | 95,179 | 10,546 | 187,612 | 88,963 | 240,246 | 295,911 |

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 ² | Consumer Durable Goods | 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. | 124,781 | 51,145 | 44,083 | 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 | 236,763 | 82,427 | 161,179 | 1,573,942 | 8,956 | 1,582,898 |
| 2001 | | | | | | | | | |
| Jan. | 263,042 | 51,159 | 65,703 | 379,904 | 91,646 | 156,199 | 1,701,990 | 9,273 | 1,711,263 |
| Feb. | 281,761 | 51,256 | 61,243 | 375,884 | 93,021 | 154,077 | 1,707,833 | 10,727 | 1,718,560 |
| Mar. | 272,563 | 52,981 | 64,056 | 389,600 | 105,215 | 148,810 | 1,761,003 | 10,666 | 1,771,669 |
| Apr. | 274,074 | 52,832 | 65,040 | 391,946 | 108,218 | 152,519 | 1,792,401 | 11,883 | 1,804,284 |
| May | 277,255 | 52,241 | 67,858 | 397,354 | 101,151 | 158,300 | 1,785,615 | 8,728 | 1,794,343 |
| June | 281,761 | 51,256 | 70,253 | 403,270 | 97,280 | 163,178 | 1,786,189 | 11,894 | 1,798,083 |

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 | 2486 | 108,877 | 1,382 | 5,538 | 149,325 | 780,357 | 929,682 |
| Apr. | 108,934 | 91 | 816 | 109,841 | 1,352 | 5,617 | 149,138 | 800,690 | 949,828 |
| May | 109,547 | 88 | 1074 | 110,709 | 1,283 | 5,506 | 149,964 | 807,963 | 957,927 |
| June | 111,388 | 84 | 1386 | 112,858 | 1,262 | 4,856 | 152,625 | 728,149 | 880,774 |
| July | 112,442 | 80 | 1683 | 114,204 | 1,242 | 4,898 | 152,015 | 893,479 | 1,045,494 |
| Aug. | 113,845 | 75 | 2039 | 115,959 | 1,212 | 5,298 | 153,888 | 901,224 | 1,055,112 |
| Sept. | 117,464 | 74 | 2486 | 120,024 | 1,219 | 5,515 | 157,897 | 883,621 | 1,041,518 |
| Oct. | 118,853 | 68 | 2884 | 121,805 | 85 | 5,883 | 134,301 | 893,902 | 1,028,203 |
| Nov. | 119,376 | 66 | 3103 | 122,545 | 84 | 4,742 | 133,891 | 930,404 | 1,064,294 |
| Dec. | 120,650 | 62 | 3376 | 124,088 | 84 | 4,400 | 134,995 | 1,221,041 | 1,356,037 |

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 | 103,547 | 51,764 | 57,063 | 10,984 | 46 | 144,460 | 7,482 |
| June | 510 | 95,626 | 48,655 | 59,213 | 10,546 | - | 138,183 | 4,897 |
| 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 | | 99,448 | 2,586 | 243,197 | 1,283 | 291,289 | - |
| June | 45,633 | | 86,963 | 2,000 | 233,409 | 6,837 | 295,864 | 47 |
| 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. | 389,600 | 99,743 | 5,472 | 152,982 | 291 | 1,486,559 | 221,762 | 1,708,321 |
| June | 403,270 | 89,909 | 7,371 | 161,900 | 5,346 | 1,471,383 | 224,796 | 1,696,179 |

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 |

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 | | | | Total |
|---------------|---------------|---|------------------------|-------------------------|--------------|---------|
| | | Up to 10,000 | Over 10,000 to 100,000 | Over 100,000 to 500,000 | Over 500,000 | |
| 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 | 67,983 | 41,112 | 8,824 | 19,818 | 137,738 |
| | Interest Rate | 6.40 | 6.86 | 7.59 | 6.51 | 6.63 |
| 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 | 151,302 |
| | 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 |

¹This 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 INDICATORS

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | |
|---|------|------|------|------|------|------|------|------|
| | | | | | | | Mar. | Jun. |
| INTEREST RATES ¹ | | | | | | | | |
| Central Bank | | | | | | | | |
| Discount Rate | 5.50 | 5.50 | 5.50 | 5.50 | 4.75 | 4.75 | 4.75 | 4.75 |
| Central Intervention Rate ² | - | - | - | 5.45 | 4.75 | 4.75 | 4.75 | 4.75 |
| Repurchase Agreements | | | | | | | | |
| Term Deposit Rate ³ | 4.94 | 5.01 | 5.22 | 5.43 | 4.70 | 4.72 | 4.73 | 4.73 |
| Repo Rate ³ | 5.50 | 5.40 | 5.50 | 5.50 | 4.80 | 4.80 | 4.80 | 4.80 |
| Standby (Collateralised) Loan Facility ⁴ | 6.00 | 6.00 | 6.00 | 6.00 | 5.30 | 5.30 | 5.30 | 5.30 |
| Overnight Deposit Facility ⁵ | 2.50 | - | - | - | 1.80 | 1.80 | 1.80 | 1.80 |
| Reserve Requirements Remuneration | 2.50 | 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 |
| 1 month | - | - | 5.38 | 5.70 | 4.75 | 4.90 | 4.90 | 4.90 |
| 3 month | - | - | 5.51 | 5.95 | 5.27 | 5.27 | 5.27 | 5.27 |
| Deposit Money Banks ⁶ | | | | | | | | |
| Average Weighted Deposit Rate | 4.00 | 4.24 | 4.39 | 4.42 | 4.32 | 4.17 | 4.20 | 4.18 |
| Current | 0.16 | 0.42 | 1.37 | 1.49 | 1.11 | 1.32 | 1.33 | 1.11 |
| Savings | 3.00 | 3.01 | 3.02 | 3.04 | 2.81 | 2.52 | 2.58 | 2.59 |
| Time | 5.01 | 5.29 | 5.35 | 5.35 | 5.43 | 5.25 | 5.25 | 5.26 |
| Average Weighted Lending Rate | 7.49 | 7.93 | 8.04 | 8.08 | 7.28 | 7.23 | 7.08 | 7.01 |
| Government Securities | | | | | | | | |
| Treasury Bills ⁷ | | | | | | | | |
| 1 month | - | 5.00 | 5.19 | 5.43 | 5.05 | 4.85 | 4.86 | 4.86 |
| 3 month | 4.94 | 5.01 | 5.25 | 5.49 | 4.95 | 4.90 | 4.95 | 5.04 |
| 6 month | 5.16 | 5.30 | 5.30 | 5.50 | 4.97 | 4.94 | 5.02 | 5.07 |
| 1 year | 5.34 | 5.40 | 5.40 | 5.50 | 5.12 | 5.03 | 5.06 | 5.08 |
| Government Stocks ⁸ | | | | | | | | |
| 1 year | - | 5.12 | 5.30 | 5.58 | 4.86 | 6.60 | 5.06 | 5.01 |
| 5 year | 6.60 | 6.65 | 6.82 | 5.80 | 5.46 | 5.33 | 5.50 | 5.48 |
| 10 year | 7.08 | 7.23 | 7.26 | 6.00 | 5.55 | 5.99 | 6.09 | 6.07 |
| 15 year | - | 7.49 | 7.62 | 6.47 | 6.03 | 6.39 | 6.44 | 6.49 |
| 20 year | - | - | - | 6.86 | 6.14 | 6.60 | 6.60 | 6.60 |
| MALTA STOCK EXCHANGE SHARE INDEX | 1000 | 1004 | 1050 | 1211 | 3278 | 3376 | 2818 | 2500 |

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 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.

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
Ln thousands

| Period | Central Bank of Malta | | | | | | | Total (A+B) |
|-------------|-----------------------|------------------------|---------------------------------|----------------------|---------------------|---------|--|-------------|
| | Foreign Assets | | | | Foreign Liabilities | Net (A) | Governmental & 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 | - | 644,163 | - | 644,163 |
| 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 |

¹ On accrual basis.

² Includes small amounts of other precious metals.

³ Include IMF reserve position and holdings of SDRs.

⁴ Includes foreign currency deposits, foreign currency sinking funds held with the Central Bank of Malta and small amounts of foreign funds belonging to Government.

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

Lm thousands

| Period | Deposit Money Banks ² | | | Total (A+B+C) | International Banking Institutions ² | | | Grand Total (A+B+C+ D) |
|-------------|----------------------------------|------------------------|---------|------------------|---|------------------------|---------|---------------------------------|
| | Foreign Assets | Foreign Liabilities | Net (C) | | Foreign Assets | Foreign 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. | 818,334 | 692,050 | 126,284 | 754,535 | 2,035,209 | 1,834,656 | 200,553 | 955,088 |
| 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 |

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 | Foreign Loans | Total | |
| 1990 | 329,890 | 7,678 | 337,568 | 273,415 | 108,276 | 381,690 | -44,122 | 34,200 | 13,841 | 48,041 | 3,919 |
| 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 | 54,530 | - | 54,530 | 1,417 |
| 2000 | 632,754 | 9,545 | 642,303 | 617,677 | 98,552 | 716,232 | -73,929 | - | - | - | -73,929 |
| 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 |
| Sep. | 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 |

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; including privatisation receipts and sinking funds of converted loans.

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.

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 |
| 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 |
| Sep. | 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 |

¹ Includes 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, sinking funds of converted loans 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 |
| 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 |

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 | 493,506 |
| 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 |
| Jun. | 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 |
| Jun. | 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 |
| Jun. | 167,054 | 770,029 | 937,083 | 37,080 | 974,163 | 434,717 |

¹ Including 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 |

¹ Amounts are at nominal prices.² Including 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 - June 2001)

Lm thousands

| Stock | Year of Maturity | Year of Issue | Issue Price Lm | Dates of Interest | Held By | | Amount |
|--------------|------------------|---------------|----------------|--------------------|----------------|-----------------|----------------|
| | | | | | Banking System | Non-Bank Public | |
| 6.15 % MGS | 2001 (V) | 1998 | 100 | 19-May - 19 Nov. | 21,490 | 1,110 | 22,600 |
| 6.50 % MGS | 2001 | 1994 | 100 | 15 July - 15 Jan. | 1,417 | 583 | 2,000 |
| 6.50 % MGS | 2001 (II) | 1994 | 100 | 19 May - 19 Nov. | 6,725 | 3,275 | 10,000 |
| 6.75 % MGS | 2001 (III) | 1995 | 100 | 28 Apr. - 01 Aug. | 4,942 | 4,058 | 9,000 |
| 6.75 % MGS | 2001 (IV) 1 | 1996 | 100 | 20 Jan. - 20 Jul. | 5,160 | 2,340 | 7,500 |
| 7.75 % MGS | 2002 | 1992 | 100 | 3 Apr. - 3 Oct. | 4,335 | 15,865 | 20,200 |
| 6.90 % MGS | 2002 (II) | 1995 | 100 | 10 Jun. - 10 Dec. | 4,984 | 5,016 | 10,000 |
| 6.90 % MGS | 2002 (III) | 1995 | 100 | 30 Mar. - 30 Sept. | 7,978 | 4,522 | 12,500 |
| 6.90 % MGS | 2002 (IV) | 1997 | 100 | 30 Mar. - 30 Sept. | 19,952 | 3,798 | 23,750 |
| 7.00 % MGS | 2003 2 | 1993 | 100 | 18 Feb. - 18 Aug. | 9,852 | 18,215 | 28,067 |
| 7.00 % MGS | 2003 (II) | 1993 | 100 | 3 Jul. - 3 Jan. | 6,502 | 14,331 | 20,833 |
| 6.70 % MGS | 2004 | 1994 | 100 | 23 Apr. - 23 Oct. | 9,398 | 9,302 | 18,700 |
| 6.80 % MGS | 2004 (II) | 1998 | 100 | 15 Jan. - 15 Jul. | 22,034 | 3,818 | 25,852 |
| 7.25 % MGS | 2005 | 1997 | 100 | 10 Jun. - 10 Dec. | 17,203 | 6,297 | 23,500 |
| 5.60 % MGS | 2005 (II) | 1999 | 100 | 1 Feb. - 1 Aug. | 21,139 | 10,361 | 31,500 |
| 7.00 % MGS | 2006 2 | 1994 | 100 | 19 May - 19 Nov. | 1,279 | 8,721 | 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. | 5,188 | 14,062 | 19,250 |
| 7.25 % MGS | 2006 (III) 1 | 1996 | 100 | 20 Jan. - 20 Jul. | 6,943 | 8,057 | 15,000 |
| 7.35 % MGS | 2007 | 1997 | 100 | 18 Apr. - 18 Oct. | 14,602 | 10,148 | 24,750 |
| 5.90 % MGS | 2007 (II) | 1999 | 100 | 23 Apr. - 23 Oct. | 8,879 | 1,121 | 10,000 |
| 5.60 % MGS | 2007 (III) | 2000 | 100 | 10 Jun. - 10 Dec. | 6,990 | 3,010 | 10,000 |
| 7.20 % MGS | 2008 | 1998 | 100 | 28 Feb. - 15 Jul. | 8,416 | 1,584 | 10,000 |
| 7.20 % MGS | 2008 (II) | 1998 | 100 | 30 Mar. - 30 Sept. | 18,601 | 11,399 | 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. | 11,980 | 13,020 | 25,000 |
| 5.90 % MGS | 2009 (III) | 2000 | 100 | 30 Mar. - 30 Sept. | 13,508 | 3,992 | 17,500 |
| 5.90 % MGS | 2010 | 1999 | 100 | 19 May - 19 Nov. | 14,200 | 800 | 15,000 |
| 5.75 % MGS | 2010 (II) | 2000 | 100 | 10 Jun. - 10 Dec. | 16,418 | 2,082 | 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. | 11,327 | 3,673 | 15,000 |
| 7.80 % MGS | 2012 | 1997 | 100 | 24 May - 24 Nov. | 14,622 | 19,878 | 34,500 |
| 7.80 % MGS | 2013 | 1997 | 100 | 18 Apr. - 18 Oct. | 14,308 | 19,942 | 34,250 |
| 6.60 % MGS | 2014 | 2000 | 100 | 30 May - 30 Sept. | 730 | 9,770 | 10,500 |
| 6.45 % MGS | 2014 (II) | 2001 | 100 | 24 May - 24 Nov. | 7,748 | 22,252 | 30,000 |
| 6.10 % MGS | 2015 | 2000 | 100 | 10 Jun. - 10 Dec. | 7,162 | 22,839 | 30,000 |
| 6.65 % MGS | 2016 | 2001 | 100 | 28 Mar. - 28 Sept. | 2,948 | 27,052 | 30,000 |
| 7.80 % MGS | 2018 | 1998 | 100 | 15 Jan. - 15 Jul. | 26,967 | 43,033 | 70,000 |
| 6.60 % MGS | 2019 | 1999 | 100 | 1 Mar. - 1 Sept. | 11,290 | 32,710 | 44,000 |
| Total | | | | | 387,219 | 382,810 | 770,029 |

¹ Interest is payable on 20th January and 20th 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 MATURITY¹**

Lm thousands

| 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 |

¹ Refers to the maximum redemption period.

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

Lm thousands

| 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 |

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

| 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 |
| 2001¹ | | | | | | | | | |
| 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 |

¹ Provisional.

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

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

Lm thousands

| 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 |
| 2001¹ | | | | | | | |
| 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 |

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 | 1.734 | 5.001 | 3.325 | 2.435 | 3769.61 | 17.007 | 5.636 | 103.271 | 451.190 | 4.261 |
| 1991 | 1.746 | 4.961 | 3.272 | 2.445 | 3759.17 | 16.952 | 5.590 | 102.181 | 408.460 | 4.437 |
| 1992 | 1.765 | 4.319 | 2.673 | 2.214 | 3940.60 | 14.731 | 4.851 | 88.663 | 332.990 | 3.907 |
| 1993 | 1.711 | 4.391 | 2.531 | 2.268 | 4326.57 | 14.917 | 4.912 | 91.327 | 283.320 | 3.748 |
| 1994 | 1.738 | 4.209 | 2.717 | 2.208 | 4410.43 | 14.511 | 4.714 | 86.484 | 270.860 | 3.562 |
| 1995 | 1.832 | 4.065 | 2.838 | 2.159 | 4496.45 | 13.898 | 4.552 | 83.513 | 292.690 | 3.266 |
| 1996 | 1.638 | 4.315 | 2.781 | 2.217 | 4244.37 | 14.542 | 4.843 | 88.873 | 323.120 | 3.747 |
| 1997 | 1.541 | 4.568 | 2.550 | 2.310 | 4485.89 | 15.284 | 5.146 | 94.213 | 331.790 | 3.712 |
| 1998 | 1.594 | 4.429 | 2.650 | 2.264 | 4382.63 | 14.870 | 4.990 | 91.360 | 300.710 | 3.645 |
| 1999 | 1.498 | 4.716 | 2.423 | 2.411 | 4669.13 | 15.818 | 5.314 | 97.276 | 247.640 | 3.870 |
| 2000 | 1.531 | 4.803 | 2.284 | 2.456 | 4755.26 | 16.110 | 5.412 | 99.070 | 262.250 | 3.738 |
| 2001 | | | | | | | | | | |
| Jan. 5 | 1.543 | 4.756 | 2.316 | 2.432 | 4708.02 | 15.950 | 5.358 | 98.086 | 269.596 | 3.714 |
| 12 | 1.554 | 4.753 | 2.304 | 2.430 | 4705.10 | 15.940 | 5.355 | 98.025 | 271.545 | 3.734 |
| 19 | 1.555 | 4.766 | 2.289 | 2.437 | 4717.89 | 15.983 | 5.370 | 98.292 | 269.058 | 3.720 |
| 26 | 1.551 | 4.796 | 2.264 | 2.452 | 4747.95 | 16.085 | 5.404 | 98.918 | 263.950 | 3.745 |
| Feb. 2 | 1.552 | 4.774 | 2.285 | 2.441 | 4726.13 | 16.011 | 5.379 | 98.463 | 264.263 | 3.753 |
| 9 | 1.564 | 4.787 | 2.257 | 2.448 | 4739.25 | 16.055 | 5.394 | 98.737 | 265.299 | 3.753 |
| 16 | 1.549 | 4.814 | 2.251 | 2.461 | 4765.94 | 16.146 | 5.424 | 99.293 | 259.512 | 3.781 |
| 23 | 1.546 | 4.830 | 2.239 | 2.470 | 4782.22 | 16.201 | 5.443 | 99.632 | 260.609 | 3.786 |
| Mar. 2 | 1.553 | 4.773 | 2.285 | 2.440 | 4725.20 | 16.008 | 5.378 | 98.444 | 272.231 | 3.753 |
| 9 | 1.554 | 4.782 | 2.276 | 2.445 | 4733.76 | 16.037 | 5.388 | 98.622 | 272.048 | 3.768 |
| 16 | 1.549 | 4.843 | 2.223 | 2.476 | 4794.32 | 16.242 | 5.457 | 99.884 | 272.426 | 3.810 |
| 23 | 1.551 | 4.850 | 2.214 | 2.480 | 4801.40 | 16.266 | 5.465 | 100.031 | 272.225 | 3.799 |
| 30 | 1.544 | 4.876 | 2.200 | 2.493 | 4827.27 | 16.354 | 5.494 | 100.570 | 275.494 | 3.806 |
| Apr. 6 | 1.552 | 4.835 | 2.227 | 2.472 | 4786.93 | 16.217 | 5.448 | 99.730 | 276.559 | 3.781 |
| 13 | 1.539 | 4.873 | 2.209 | 2.491 | 4824.26 | 16.343 | 5.491 | 100.508 | 272.878 | 3.785 |
| 20 | 1.545 | 4.847 | 2.224 | 2.478 | 4798.90 | 16.257 | 5.462 | 99.980 | 272.356 | 3.790 |
| 27 | 1.548 | 4.839 | 2.228 | 2.474 | 4790.42 | 16.229 | 5.452 | 99.803 | 276.610 | 3.803 |
| May 4 | 1.544 | 4.845 | 2.227 | 2.477 | 4796.51 | 16.249 | 5.459 | 99.930 | 268.951 | 3.825 |
| 11 | 1.544 | 4.888 | 2.189 | 2.499 | 4839.31 | 16.394 | 5.508 | 100.821 | 267.652 | 3.836 |
| 18 | 1.535 | 4.895 | 2.195 | 2.503 | 4845.89 | 16.417 | 5.515 | 100.958 | 270.997 | 3.839 |
| 25 | 1.525 | 4.943 | 2.166 | 2.527 | 4893.40 | 16.578 | 5.569 | 101.948 | 260.561 | 3.859 |
| Jun. 1 | 1.521 | 4.969 | 2.148 | 2.541 | 4919.49 | 16.666 | 5.599 | 102.492 | 255.280 | 3.862 |
| 8 | 1.548 | 4.941 | 2.140 | 2.526 | 4891.43 | 16.571 | 5.567 | 101.907 | 258.147 | 3.849 |
| 15 | 1.544 | 4.908 | 2.173 | 2.509 | 4858.76 | 16.460 | 5.530 | 101.226 | 263.213 | 3.829 |
| 22 | 1.529 | 4.946 | 2.158 | 2.529 | 4896.60 | 16.588 | 5.573 | 102.015 | 268.286 | 3.842 |
| 29 | 1.528 | 4.954 | 2.152 | 2.533 | 4904.19 | 16.614 | 5.582 | 102.173 | 268.589 | 3.851 |

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 |
| 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 | 4.9110 | 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 | 235.90 | 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 |

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 | 1,037,650 | -362,710 |
| 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 ¹ | 976,300 | 98,320 | 1,074,620 | 1,492,835 | -418,215 |
| 2000¹ | | | | | |
| Jan. | 65,101 | 8,189 | 73,290 | 97,234 | -23,944 |
| Feb. | 73,737 | 6,441 | 80,178 | 109,873 | -29,695 |
| Mar. | 77,789 | 7,560 | 85,349 | 117,792 | -32,443 |
| Apr. | 75,781 | 8,302 | 84,083 | 121,585 | -37,502 |
| May | 82,989 | 9,681 | 92,670 | 129,519 | -36,849 |
| June | 80,300 | 8,790 | 89,090 | 134,735 | -45,645 |
| July | 79,330 | 8,549 | 87,879 | 127,747 | -39,868 |
| Aug. | 73,144 | 8,468 | 81,612 | 119,349 | -37,737 |
| Sept. | 94,902 | 7,746 | 102,648 | 121,346 | -18,698 |
| Oct. | 91,680 | 7,290 | 98,970 | 156,590 | -57,620 |
| Nov. | 96,050 | 10,020 | 106,070 | 138,922 | -32,852 |
| Dec. | 85,500 | 7,280 | 92,780 | 118,143 | -25,363 |
| 2001¹ | | | | | |
| Jan. | 74,794 | 5,700 | 80,494 | 109,970 | -29,476 |
| Feb. | 68,007 | 5,815 | 73,822 | 102,558 | -28,736 |
| Mar. | 80,807 | 6,858 | 87,665 | 120,186 | -32,521 |
| Apr. | 62,513 | 7,249 | 69,762 | 98,656 | -28,894 |
| May | 69,500 | 7,122 | 76,622 | 107,046 | -30,424 |
| June | 71,446 | 8,890 | 80,336 | 103,862 | -23,526 |

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 | 674,946 |
| 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 | 628,913 |
| 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 | 791,141 |
| 2000 ¹ | 78,681 | 36,349 | 103,087 | 86,170 | 54,977 | 15,443 | 293,857 | 406,096 | 1,074,620 |
| 2000¹ | | | | | | | | | |
| Jan. | 7,118 | 2,400 | 7,210 | 9,275 | 4,267 | 459 | 18,626 | 23,935 | 73,290 |
| Feb. | 6,416 | 3,528 | 9,783 | 7,754 | 4,806 | 2,698 | 19,611 | 25,582 | 80,178 |
| Mar. | 6,836 | 3,564 | 9,354 | 4,740 | 4,021 | 1,207 | 20,129 | 35,498 | 85,349 |
| Apr. | 6,659 | 3,252 | 9,179 | 5,570 | 5,163 | 814 | 22,233 | 31,213 | 84,083 |
| May | 5,800 | 3,209 | 9,508 | 7,463 | 4,299 | 765 | 26,284 | 35,342 | 92,670 |
| June | 4,836 | 3,653 | 8,625 | 9,004 | 3,884 | 643 | 28,240 | 30,205 | 89,090 |
| July | 6,603 | 2,700 | 8,790 | 5,282 | 4,296 | 927 | 25,184 | 34,097 | 87,879 |
| Aug. | 5,182 | 2,207 | 7,507 | 5,060 | 2,279 | 1,611 | 23,380 | 34,386 | 81,612 |
| Sept. | 6,511 | 3,388 | 7,979 | 8,439 | 4,544 | 2,632 | 28,832 | 40,323 | 102,648 |
| Oct. | 6,422 | 3,466 | 7,114 | 7,446 | 5,103 | 825 | 28,274 | 40,320 | 98,970 |
| Nov. | 10,161 | 2,770 | 10,726 | 7,481 | 6,611 | 2,070 | 26,488 | 39,763 | 106,070 |
| Dec. | 6,137 | 2,212 | 7,312 | 8,656 | 5,704 | 792 | 26,533 | 35,434 | 92,780 |
| 2001¹ | | | | | | | | | |
| Jan. | 4,761 | 2,246 | 8,804 | 7,574 | 4,526 | 427 | 21,783 | 30,373 | 80,494 |
| Feb. | 6,090 | 2,738 | 9,538 | 7,217 | 5,828 | 1,506 | 12,631 | 28,274 | 73,822 |
| Mar. | 8,048 | 2,459 | 10,232 | 9,326 | 5,751 | 950 | 19,250 | 31,649 | 87,665 |
| Apr. | 7,272 | 2,871 | 10,936 | 6,728 | 5,339 | 2,602 | 12,850 | 21,163 | 69,761 |
| May | 6,241 | 2,834 | 11,815 | 9,437 | 5,867 | 1,343 | 15,573 | 23,511 | 76,622 |
| June | 6,037 | 3,103 | 10,242 | 8,787 | 5,518 | 1,637 | 18,492 | 26,520 | 80,336 |

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 | 1,136,234 |
| 2000 ¹ | 120,362 | 242,705 | 29,636 | 287,218 | 121,988 | 91,683 | 159,192 | 440,047 | 1,492,835 |
| 2000¹ | | | | | | | | | |
| Jan. | 7,813 | 17,390 | 1,758 | 16,116 | 7,916 | 5,588 | 8,188 | 32,465 | 97,234 |
| Feb. | 9,714 | 21,702 | 2,036 | 20,274 | 10,083 | 6,727 | 10,514 | 28,823 | 109,873 |
| Mar. | 10,987 | 21,919 | 2,456 | 21,671 | 10,544 | 7,404 | 11,065 | 31,745 | 117,791 |
| Apr. | 10,984 | 19,952 | 2,067 | 17,340 | 9,876 | 6,576 | 11,951 | 42,839 | 121,585 |
| May | 10,266 | 20,364 | 2,315 | 26,984 | 9,541 | 8,766 | 11,875 | 39,407 | 129,518 |
| June | 8,992 | 20,170 | 3,628 | 21,216 | 10,833 | 6,971 | 17,622 | 45,304 | 134,736 |
| July | 11,235 | 23,759 | 2,525 | 21,246 | 11,311 | 9,753 | 13,915 | 34,003 | 127,747 |
| Aug. | 8,746 | 16,712 | 2,644 | 25,498 | 9,265 | 7,430 | 12,361 | 36,693 | 119,349 |
| Sept. | 9,415 | 21,243 | 2,033 | 21,775 | 10,526 | 6,136 | 12,344 | 37,874 | 121,346 |
| Oct. | 11,759 | 20,330 | 2,958 | 33,626 | 12,054 | 9,757 | 17,812 | 48,291 | 156,587 |
| Nov. | 10,163 | 21,199 | 3,229 | 36,382 | 10,436 | 8,405 | 16,264 | 32,844 | 138,922 |
| Dec. | 10,288 | 17,965 | 1,987 | 25,090 | 9,603 | 8,170 | 15,281 | 29,759 | 118,143 |
| 2001¹ | | | | | | | | | |
| Jan. | 9,111 | 19,816 | 2,509 | 23,639 | 8,596 | 6,810 | 12,285 | 27,204 | 109,970 |
| Feb. | 8,762 | 25,696 | 2,384 | 15,263 | 9,167 | 7,093 | 9,276 | 24,917 | 102,558 |
| Mar. | 11,038 | 22,648 | 2,022 | 16,487 | 9,950 | 9,043 | 13,411 | 35,587 | 120,186 |
| Apr. | 9,771 | 20,215 | 2,209 | 14,053 | 8,600 | 6,880 | 10,865 | 26,063 | 98,656 |
| May | 11,084 | 22,631 | 2,472 | 12,928 | 9,759 | 8,449 | 13,307 | 26,416 | 107,046 |
| June | 9,723 | 21,621 | 2,030 | 13,866 | 9,086 | 7,814 | 12,282 | 27,440 | 103,862 |

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 | 629,723 |
| 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 | 563,932 |
| 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 | 712,441 |
| 2000 ¹ | 17,210 | 3,538 | 2,123 | - | - | 12,975 | 54,107 | 736,639 | 149,600 | 147 | 976,342 |
| 2000¹ | | | | | | | | | | | |
| Jan. | 385 | 15 | 344 | - | - | 810 | 3,659 | 51,342 | 8,465 | 80 | 65,101 |
| Feb. | 965 | 97 | 357 | - | - | 941 | 5,317 | 53,454 | 12,600 | 6 | 73,737 |
| Mar. | 748 | 253 | 151 | - | - | 1,086 | 4,917 | 56,958 | 13,668 | 8 | 77,789 |
| Apr. | 1,604 | 302 | 71 | - | - | 863 | 4,362 | 56,549 | 12,029 | 1 | 75,781 |
| May | 1,970 | 459 | 186 | - | - | 706 | 4,628 | 62,897 | 12,126 | 16 | 82,989 |
| June | 1,368 | 402 | 189 | - | - | 1,094 | 4,873 | 61,272 | 11,095 | 7 | 80,300 |
| July | 1,565 | 283 | 162 | - | - | 1,161 | 4,652 | 56,966 | 14,541 | - | 79,330 |
| Aug. | 2,221 | 326 | 84 | - | - | 953 | 3,917 | 55,211 | 10,423 | 10 | 73,144 |
| Sept. | 2,426 | 228 | 123 | - | - | 1,470 | 4,289 | 72,514 | 13,851 | - | 94,901 |
| Oct. | 1,072 | 303 | 169 | - | - | 1,079 | 3,855 | 72,447 | 12,750 | - | 91,677 |
| Nov. | 1,867 | 586 | 208 | - | - | 1,540 | 6,226 | 69,151 | 16,470 | - | 96,047 |
| Dec. | 1,019 | 284 | 79 | - | - | 1,272 | 3,412 | 67,878 | 11,582 | 19 | 85,545 |
| 2001¹ | | | | | | | | | | | |
| Jan. | 1,742 | 291 | 111 | - | - | 1,668 | 4,112 | 55,175 | 11,686 | 9 | 74,794 |
| Feb. | 693 | 348 | 186 | - | - | 1,261 | 3,732 | 48,627 | 13,142 | 18 | 68,007 |
| Mar. | 610 | 505 | 116 | - | - | 1,439 | 4,948 | 59,804 | 13,346 | 39 | 80,807 |
| Apr. | 1,185 | 614 | 171 | - | - | 1,150 | 4,853 | 40,725 | 13,814 | 2 | 62,513 |
| May | 1,410 | 420 | 103 | 19 | - | 1,241 | 5,677 | 47,920 | 12,671 | 38 | 69,500 |
| June | 1,677 | 883 | 209 | - | - | 1,216 | 4,594 | 48,865 | 13,982 | 21 | 71,446 |

¹ Provisional.

Source: National Statistics Office.

TABLE 4.7 IMPORTS BY COMMODITY SECTIONS

€m 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 |
|-------------------------|-----------------------|-----------------------|---------------------------------------|--------------------|--------------------------------|-----------|-------------------------|-----------------------------------|-----------------------|---------------|-----------|
| 1985 | 45,515 | 9,029 | 6,715 | 42,468 | 2,722 | 25,675 | 99,045 | 85,291 | 32,452 | 5,227 | 354,139 |
| 1986 | 39,027 | 9,857 | 6,858 | 20,953 | 1,418 | 27,908 | 101,589 | 96,466 | 38,540 | 5,497 | 348,113 |
| 1987 | 41,781 | 8,667 | 7,515 | 25,065 | 1,533 | 30,817 | 100,904 | 128,181 | 38,306 | 10,107 | 392,876 |
| 1988 | 46,779 | 8,736 | 8,817 | 20,346 | 1,620 | 34,705 | 104,787 | 166,198 | 45,423 | 10,021 | 447,432 |
| 1989 | 53,383 | 7,766 | 7,748 | 32,607 | 1,623 | 36,041 | 114,386 | 208,388 | 47,100 | 6,764 | 515,806 |
| 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 | 1,136,239 |
| 2000 ¹ | 103,942 | 18,993 | 13,597 | 104,733 | 2,239 | 92,757 | 144,997 | 853,261 | 147,926 | 10,385 | 1,492,835 |
| 2000¹ | | | | | | | | | | | |
| Jan. | 7,997 | 1,087 | 773 | 8,612 | 124 | 6,736 | 10,290 | 54,792 | 6,385 | 440 | 97,234 |
| 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 | 12,453 | 806 | 117,792 |
| Apr. | 8,805 | 1,727 | 913 | 10,546 | 213 | 7,344 | 11,492 | 66,016 | 13,707 | 823 | 121,585 |
| May. | 9,015 | 1,247 | 1,199 | 5,861 | 196 | 8,077 | 14,945 | 75,592 | 12,053 | 1,334 | 129,519 |
| June | 7,177 | 1,559 | 1,343 | 10,028 | 198 | 7,966 | 12,363 | 81,719 | 11,762 | 620 | 134,736 |
| July | 7,247 | 2,362 | 995 | 9,972 | 145 | 7,719 | 12,734 | 71,578 | 14,173 | 821 | 127,747 |
| Aug. | 9,246 | 1,867 | 845 | 6,316 | 165 | 7,374 | 10,237 | 71,689 | 10,657 | 952 | 119,348 |
| Sept. | 8,820 | 2,032 | 1,140 | 10,692 | 111 | 7,548 | 10,254 | 69,100 | 10,727 | 920 | 121,346 |
| Oct. | 9,438 | 1,826 | 1,277 | 15,606 | 190 | 8,753 | 13,312 | 87,416 | 17,942 | 828 | 156,586 |
| Nov. | 10,243 | 1,682 | 1,178 | 7,300 | 296 | 8,388 | 14,237 | 79,488 | 14,610 | 1,501 | 138,922 |
| Dec. | 9,530 | 1,624 | 1,192 | 5,143 | 120 | 7,407 | 10,641 | 70,245 | 11,592 | 648 | 118,143 |
| 2001¹ | | | | | | | | | | | |
| Jan. | 6,473 | 957 | 916 | 8,751 | 161 | 8,995 | 11,833 | 61,450 | 9,496 | 938 | 109,970 |
| Feb. | 6,927 | 1,731 | 1,382 | 13,703 | 153 | 6,692 | 11,530 | 50,666 | 8,920 | 853 | 102,558 |
| Mar. | 9,184 | 2,332 | 1,077 | 11,821 | 171 | 7,841 | 13,330 | 61,921 | 11,504 | 1,005 | 120,186 |
| Apr. | 7,886 | 1,613 | 1,327 | 5,334 | 195 | 6,990 | 12,153 | 50,851 | 11,583 | 726 | 98,656 |
| May. | 10,023 | 2,482 | 1,326 | 6,095 | 105 | 7,365 | 14,525 | 52,441 | 11,559 | 1,123 | 107,046 |
| June | 8,207 | 2,768 | 1,137 | 9,967 | 100 | 6,444 | 13,284 | 51,495 | 9,417 | 1,043 | 103,862 |

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 |
|--------------------------|-------------------------------------|---|--|--------------------------------|-----------------------------|-------------------------|----------------------------------|------------------------|--|------------------------|
| 1985 | 333,239 | 84,309 | 125,871 | 7,883 | 345,155 | 896,457 | 420,475 | 475,982 | 38,785 | 514,767 |
| 1986 | 343,369 | 89,508 | 122,327 | 8,179 | 370,228 | 933,611 | 421,742 | 511,869 | 28,056 | 539,925 |
| 1987 | 351,187 | 98,249 | 153,453 | -2,377 | 429,593 | 1,030,105 | 480,934 | 549,171 | 30,661 | 579,832 |
| 1988 | 387,567 | 105,185 | 166,405 | 8,150 | 480,024 | 1,147,331 | 540,880 | 606,451 | 28,343 | 634,794 |
| 1989 | 425,515 | 119,613 | 188,437 | 9,903 | 543,463 | 1,286,931 | 616,792 | 670,139 | 35,763 | 705,902 |
| 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 | 996,638 | 291,084 | 412,149 | 23,267 | 1,607,955 | 3,331,093 | 1,772,569 | 1,558,524 | -67,853 | 1,490,671 |
| 2000 ⁶ | | | | | | | | | | |
| Mar. | 230,868 | 72,254 | 93,384 | 19,556 | 342,769 | 758,831 | 391,436 | 367,395 | 12,197 | 379,592 |
| June | 253,484 | 71,808 | 111,618 | -3,058 | 403,211 | 837,063 | 452,953 | 384,110 | -5,835 | 378,275 |
| Sept. | 255,048 | 68,732 | 103,550 | -15,633 | 439,626 | 851,323 | 451,325 | 399,998 | 3,406 | 403,404 |
| Dec. | 257,238 | 78,290 | 103,597 | 22,402 | 422,349 | 883,876 | 476,855 | 407,021 | -77,621 | 329,400 |
| 2001 ⁶ | | | | | | | | | | |
| Mar. | 234,361 | 78,440 | 95,409 | 23,012 | 341,537 | 772,759 | 387,078 | 385,681 | 11,004 | 396,685 |
| June | 262,851 | 80,554 | 89,661 | -26,429 | 369,554 | 776,191 | 374,313 | 401,878 | 1,900 | 403,778 |

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 | 369,156 | 1,214,230 |
| 2000 | 428,780 | 92,522 | 52,273 | 204,749 | 46,273 | 19,269 | 371,846 | 1,215,712 |
| 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 | 1,032 | 13,003 | 55,487 |
| 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 |

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 | 98,655 | 33,628 | 132,283 | 94,331 | 32,865 | 127,196 | 4,324 | 4.4 | 763 | 2.3 | 5,087 | 3.8 |
| 1991 | 100,039 | 35,218 | 135,257 | 96,029 | 34,309 | 130,338 | 4,010 | 4.0 | 909 | 2.6 | 4,919 | 3.6 |
| 1992 | 101,470 | 35,687 | 137,157 | 96,982 | 34,627 | 131,609 | 4,488 | 4.4 | 1,060 | 3.0 | 5,548 | 4.0 |
| 1993 | 102,086 | 36,348 | 138,434 | 96,813 | 35,446 | 132,259 | 5,273 | 5.2 | 902 | 2.5 | 6,175 | 4.5 |
| 1994 | 100,424 | 35,677 | 136,101 | 95,593 | 34,923 | 130,516 | 4,831 | 4.8 | 754 | 2.1 | 5,585 | 4.1 |
| 1995 | 103,211 | 36,868 | 140,079 | 98,778 | 36,054 | 134,832 | 4,433 | 4.3 | 814 | 2.2 | 5,247 | 3.7 |
| 1996 | 104,058 | 38,332 | 142,390 | 98,878 | 37,267 | 136,145 | 5,180 | 5.0 | 1,065 | 2.8 | 6,245 | 4.4 |
| 1997 | 104,747 | 39,190 | 143,937 | 98,700 | 38,088 | 136,788 | 6,047 | 5.8 | 1,102 | 2.8 | 7,149 | 5.0 |
| 1998 | 104,908 | 39,916 | 144,824 | 98,478 | 38,909 | 137,387 | 6,430 | 6.1 | 1,007 | 2.5 | 7,437 | 5.1 |
| 1999 | 104,848 | 41,053 | 145,901 | 98,237 | 39,969 | 138,206 | 6,611 | 6.3 | 1,084 | 2.6 | 7,695 | 5.3 |
| 2000 | 105,316 | 42,384 | 147,700 | 99,651 | 41,466 | 141,117 | 5,665 | 5.4 | 918 | 2.2 | 6,583 | 4.5 |
| 2000 | | | | | | | | | | | | |
| Jan. | 105,019 | 41,322 | 146,341 | 98,188 | 40,166 | 138,354 | 6,831 | 6.5 | 1,156 | 2.8 | 7,987 | 5.5 |
| Feb. | 105,205 | 41,464 | 146,669 | 98,378 | 40,295 | 138,673 | 6,827 | 6.5 | 1,169 | 2.8 | 7,996 | 5.5 |
| Mar. | 105,345 | 41,567 | 146,912 | 98,672 | 40,474 | 139,146 | 6,673 | 6.3 | 1,093 | 2.6 | 7,766 | 5.3 |
| Apr. | 105,263 | 41,692 | 146,955 | 98,827 | 40,676 | 139,503 | 6,436 | 6.1 | 1,016 | 2.4 | 7,452 | 5.1 |
| May | 105,228 | 41,717 | 146,945 | 99,104 | 40,750 | 139,854 | 6,124 | 5.8 | 967 | 2.3 | 7,091 | 4.8 |
| June | 105,133 | 41,860 | 146,993 | 99,433 | 40,951 | 140,384 | 5,700 | 5.4 | 909 | 2.2 | 6,609 | 4.5 |
| July | 105,789 | 42,550 | 148,339 | 100,087 | 41,449 | 141,536 | 5,702 | 5.4 | 1,101 | 2.6 | 6,803 | 4.6 |
| Aug. | 105,853 | 42,703 | 148,556 | 100,262 | 41,618 | 141,880 | 5,591 | 5.3 | 1,085 | 2.5 | 6,676 | 4.5 |
| Sept. | 105,816 | 42,635 | 148,451 | 100,176 | 41,681 | 141,857 | 5,640 | 5.3 | 954 | 2.2 | 6,594 | 4.4 |
| Oct. | 105,465 | 42,599 | 148,064 | 99,935 | 41,691 | 141,626 | 5,530 | 5.2 | 908 | 2.1 | 6,438 | 4.3 |
| Nov. | 105,156 | 42,382 | 147,538 | 99,580 | 41,486 | 141,066 | 5,576 | 5.3 | 896 | 2.1 | 6,472 | 4.4 |
| Dec. | 105,316 | 42,384 | 147,700 | 99,651 | 41,466 | 141,117 | 5,665 | 5.4 | 918 | 2.2 | 6,583 | 4.5 |
| 2001 | | | | | | | | | | | | |
| Jan. | 105,600 | 42,396 | 147,996 | 99,851 | 41,464 | 141,315 | 5,749 | 5.4 | 932 | 2.2 | 6,681 | 4.5 |
| Feb. | 105,856 | 42,541 | 148,397 | 100,084 | 41,609 | 141,693 | 5,772 | 5.5 | 932 | 2.2 | 6,704 | 4.5 |
| Mar. | 105,627 | 42,594 | 148,221 | 99,961 | 41,669 | 141,630 | 5,666 | 5.4 | 925 | 2.2 | 6,591 | 4.4 |

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: Department of Labour up to June 1991.

Employment and Training Corporation as from July 1991.

TABLE 5.4 BUILDING APPLICATIONS APPROVED BY PURPOSE AND FLOOR SPACE AREA

sq. m (thousands)

| | Agricultural | Manufacturing | Tourism | Offices/Retail/ Warehousing | Dwellings | Parking | Recreational/ Social | Total |
|-------------|--------------|---------------|---------|--------------------------------|-----------|---------|-------------------------|---------|
| 1993 | 10,057 | 26,158 | 5,065 | 65,912 | 143,286 | 80,219 | 25,848 | 356,545 |
| 1994 | 9,444 | 50,168 | 22,606 | 91,499 | 191,340 | 119,938 | 95,217 | 580,212 |
| 1995 | 13,690 | 66,548 | 38,549 | 86,630 | 283,814 | 208,562 | 62,396 | 760,189 |
| 1996 | 25,868 | 37,844 | 11,917 | 134,701 | 201,590 | 109,201 | 144,300 | 665,421 |
| 1997 | 9,020 | 74,589 | 12,244 | 124,755 | 273,158 | 178,582 | 19,397 | 691,745 |
| 1996 | | | | | | | | |
| Mar. | 5,512 | 19,163 | 10,935 | 57,340 | 98,760 | 60,831 | 93,739 | 346,280 |
| June | 7,123 | 15,583 | 982 | 62,399 | 67,215 | 36,629 | 40,891 | 230,822 |
| Sept. | 12,121 | 952 | - | 4,796 | 10,472 | 6,308 | 2,797 | 37,446 |
| Dec. | 1,112 | 2,146 | - | 10,166 | 25,143 | 5,433 | 6,873 | 50,873 |
| 1997 | | | | | | | | |
| Mar. | 1,037 | 7,080 | 176 | 32,499 | 55,573 | 35,086 | 11,223 | 142,674 |
| June | 3,002 | 11,329 | 7,350 | 31,004 | 68,512 | 38,043 | 3,116 | 162,356 |
| Sept. | 4,388 | 27,363 | 7,350 | 31,340 | 96,511 | 56,814 | 3,078 | 226,844 |
| Dec. | 593 | 28,817 | 4,718 | 29,912 | 52,562 | 48,639 | 1,980 | 167,221 |

Source: Planning Authority.

TABLE 5.5 DWELLING UNITS GRANTED DEVELOPMENT PERMISSION, BY TYPE

| | Apartments | Maisonettes | Terraced Houses | Other | Total |
|------|------------|-------------|-----------------|-------|-------|
| 1993 | 1,192 | 651 | 1,016 | 114 | 2,973 |
| 1994 | 1,744 | 1,219 | 1,014 | 149 | 4,126 |
| 1995 | 2,142 | 1,114 | 1,160 | 195 | 4,611 |
| 1996 | 1,862 | 1,399 | 748 | 218 | 4,227 |
| 1997 | 1,687 | 1,091 | 581 | 123 | 3,482 |
| 1998 | 2,587 | 1,125 | 434 | 152 | 4,298 |
| 1999 | 2,480 | 879 | 348 | 66 | 3,773 |
| 2000 | 1,473 | 583 | 246 | 67 | 2,369 |

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 |

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 |

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 consistent with internationally agreed statistical and economic concepts, definitions, and classifications as published in the International Monetary Fund's (IMF) "*A Guide to Money and Banking Statistics in International Financial Statistics*" (1984).

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 an 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 Indicators

The statutory interest rates used by the Central Bank of Malta and other indicative bench-mark 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 average weighted 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 average weighted 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