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EUROSISTEMA
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ECONOMIC UPDATE

7/2017

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ECONOMIC UPDATE 7/2017

Summary¹

The Bank's Business Conditions Index (BCI) signalled slightly below average activity levels in June. Economic sentiment rose marginally during the month, as improved sentiment in construction, industry and among consumers offset weaker sentiment in services and retail. In May, retail sales rose in annual terms. Tourism activity also expanded further. In contrast, industrial production decreased slightly on the corresponding month of 2016. Labour market conditions remained favourable, as employment grew and the number of registered unemployed continued to decline. Price pressures remained moderate, with the annual rate of inflation based on the Harmonised Index of Consumer Prices (HICP) at 1.1% in May and 1.0% in June. In May, Maltese residents' deposits rose by 10.6% when compared with the same month of 2016, while credit to residents increased by 1.3%. As regards fiscal developments, the cash-based Consolidated Fund balance showed a small deficit in the first five months of 2017, as interest payments exceeded the primary surplus.

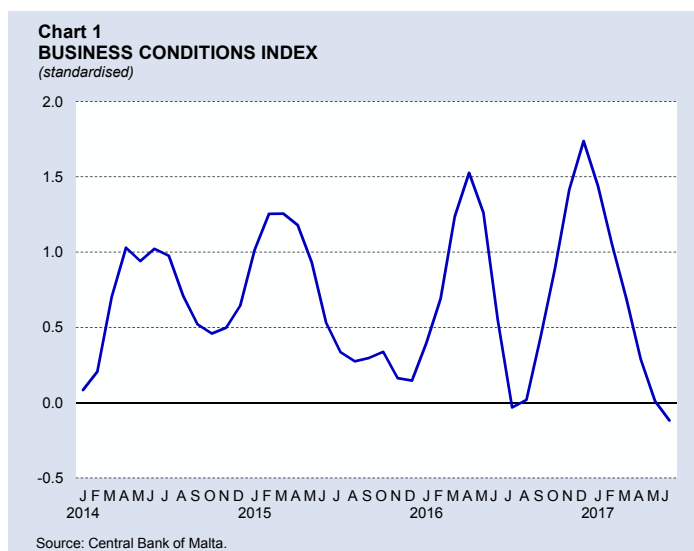
Central Bank's Business Conditions Index (BCI)

The Central Bank's BCI shows slightly below average levels of economic activity, with a decrease over the previous month (see Chart 1). In June, the index fell to -0.1, from a revised value of 0.0 a month earlier, and also stood lower on an annual basis. The BCI was affected by a drop in industrial production and slower growth in credit.

Business and consumer confidence indicators

In June 2017, the Economic Sentiment Indicator (ESI) stood at 115, up from 113 in the preceding month (see Table 1), thus remaining above its long-term average of 100.^{2,3} Higher sentiment was registered among consumers as well as within industry and construction. On the other hand, confidence fell within the services and retail sectors.

Consumer confidence reached 9, from 3 in the preceding three months.⁴ This is well above the



¹ The cut-off date for information in this note is 18 July 2017.

² The ESI summarises developments in confidence in five surveyed sectors (industry, services, construction, retail and consumers). Weights are assigned as follows: industry 40%, services 30%, consumers 20%, construction 5% and retail trade 5%.

³ Long-term averages are calculated over the entire period for which data are available. For the consumer and industrial confidence indicators, data became available in November 2002, while the services and construction confidence indicator data became available in May 2007 and May 2008, respectively. The long-term average of the retail confidence indicator is calculated as from May 2011, when it was first published. However, the long-term average of the ESI is computed from November 2002.

⁴ The consumer confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to a subset of survey questions relating to households' financial situation, their ability to save, the general economic situation and unemployment expectations over the subsequent 12 months.

Table 1
BUSINESS AND CONSUMER SURVEYS

Balances; percentage points; seasonally adjusted

	2015 2016		2017					
			Jan.	Feb.	Mar.	Apr.	May	June
Economic Sentiment Indicator	111	109	111	115	114	115	113	115
Consumer confidence indicator	0	2	0	4	3	3	3	9
Financial situation over the next 12 months	4	5	3	7	3	4	5	12
General economic situation over the next 12 months	11	13	13	15	17	15	12	25
Unemployment expectations over the next 12 months	-10	-13	-12	-17	-12	-17	-13	-17
Savings over next 12 months	-25	-24	-28	-23	-19	-24	-18	-17
Industrial confidence indicator	0	0	7	7	9	5	8	12
Assessment of order-book levels	-23	-18	-9	-7	-5	-9	-3	13
Assessment of stocks of finished products	-1	2	4	-1	1	1	1	6
Production expectations for the months ahead	24	19	33	26	32	26	27	28
Construction confidence indicator	11	-8	-8	-13	9	6	13	15
Evolution of your current overall order books	1	-22	-24	-34	-1	0	2	6
Employment expectations over the next 3 months	22	6	8	10	18	12	24	25
Services confidence indicator	26	26	24	33	25	34	25	21
Business situation development over the past 3 months	25	22	28	22	25	30	23	14
Evolution of the demand over the past 3 months	28	29	28	40	32	40	30	29
Expectation of the demand over the next 3 months	25	27	16	37	20	32	22	21
Retail trade confidence indicator	16	7	1	16	8	-2	-2	-5
Business activity, past 3 months	33	17	-3	17	18	-8	16	-19
Stocks of finished goods	9	9	12	-1	12	9	2	5
Business activity, next 3 months	25	14	17	29	17	11	-20	10

Source: European Commission.

long-term average of -19. All sub-components have contributed to the recent rise in sentiment, with an improved assessment of the general economic situation being the main driver.⁵ Additional survey information indicates that in June consumers' inflation expectations weakened compared with the preceding month. At the same time, a smaller share of respondents expected to make fewer major purchases over the subsequent 12 months.

The industrial confidence indicator also improved, rising from 8 in May to 12 in June.⁶ In this case too, the latest reading stands well above its long-term average of -4. Improved order books and stronger production expectations were the contributors behind the improvement in sentiment. In contrast, stocks of finished goods weighed on sentiment, as a larger share of respondents assessed stocks to be above normal compared with May.⁷ Supplementary survey data suggest that, on balance, a larger share of respondents expected to increase their employment in the subsequent months. At the same time, more respondents expected to lower their selling prices in the following three months.

Confidence in the construction sector rose marginally, reaching 15 in June, from 13 a month earlier, thus rising further above its long-term average of -22.⁸ Both firms' assessment of order books as well as employment expectations contributed to this increase. Other survey data for the month indicate that, compared with May, a smaller share of respondents saw an increase in business

⁵ A decline in unemployment expectations has a positive effect on the overall indicator.

⁶ The industrial confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to a subset of survey questions relating to expectations about production over the subsequent three months, to current levels of order books and to stocks of finished goods.

⁷ Above normal stocks of finished goods have a negative effect on the overall industrial confidence indicator.

⁸ The construction confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to two survey questions, namely those relating to order books and employment expectations over the subsequent three months.

activity over the preceding three months. Moreover, a smaller share of firms expected their selling prices over the following three months to rise.

In contrast, the confidence indicator of the services sector fell to its long-term average of 21, from 25 in the preceding month.⁹ The recent decline in sentiment was driven by all sub-components, with firms' assessment of business activity over the preceding three months being the main driver. Additional survey data indicate that, firms' assessment of recent employment developments was less optimistic. However a higher share of firms expected employment to increase in the three months ahead. Also, whereas in May firms on balance expected selling prices to increase, in June they expected prices to fall in the three months ahead.

Similarly, sentiment in the retail sector fell to -5 after turning negative in the preceding two months.¹⁰ Therefore, sentiment within this sector remains below its long-term average of 1. Respondents' assessment of past business activity deteriorated. At the same time, a larger share of respondents assessed their stock level to be above normal. On the other hand, firms expected business activity to improve in the following three months. Additional survey data for this sector indicate that, respondents expected both their orders and labour complement to rise in the subsequent three months, which contrasts with previous expectations of falling orders and employment. On balance, however, a smaller share of firms expected prices to rise in the following three months.

Activity

The index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, went down by an annual 0.4% in May. This followed a 0.9% year-on-year increase in April (see Table 2).¹¹ In May, output increased among producers of rubber and plastic products, beverages, computer, electronic and optical products as well as among those involved in the printing and reproduction of recorded media. These increases were offset by lower production in the pharmaceuticals, food and energy sectors.

The annual rate of change of retail trade, which is a short-term indicator of final domestic demand, moderated during May. Calendar day-adjusted data show that the volume of retail trade increased by 2.2%, following a 4.1% increase in April.

During the month of May, the number of inbound tourists grew by 13.0% over the same month a year earlier. Meanwhile, nights stayed grew by 11.9%, driven almost entirely by increases in the number of nights stayed in private accommodation. Tourist expenditure rose by 9.5% in annual terms, as growth in non-package expenditure and in the "other" component of expenditure offset a decline in package expenditure.

In April, the overall occupancy rate in collective accommodation establishments stood at 70.1%, 4.4 percentage points higher than in the same month of 2016. All hotel categories reported gains, whereas lower occupancy rates were registered in the "other" establishments category.¹²

⁹ The services confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to survey questions relating to the business climate, the evolution of demand in the previous three months and demand expectations in the subsequent three months.

¹⁰ The retail confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to survey questions relating to the present and future business situation and stock levels.

¹¹ The annual growth rates of the overall industrial production index are based on working-day adjusted data while unadjusted data is used for the components.

¹² The "other" establishments category comprises guesthouses, hostels and tourist villages.

Table 2
ACTIVITY INDICATORS

Annual percentage changes

	2015 2016		2016								2017				
			May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Industrial production	6.1	-3.2	-3.4	-6.1	-4.9	-2.2	-1.5	-6.2	-0.4	3.0	6.2	5.0	1.2	0.9	-0.4
Retail trade	7.1	1.9	-0.6	0.6	-2.9	3.6	2.4	0.8	4.8	-1.9	2.5	-3.3	4.1	4.1	2.2
Number of tourist arrivals	5.5	10.2	9.8	7.2	9.1	2.8	7.5	9.4	24.2	30.9	22.7	28.3	22.0	21.0	13.0
Number of nights stayed	4.7	5.7	6.6	8.6	3.5	0.7	1.6	3.9	14.2	10.3	12.3	15.7	6.8	15.0	11.9
Private accommodation	14.9	13.5	20.8	26.2	13.3	7.9	6.2	6.1	25.8	9.8	26.9	24.8	9.2	21.4	31.2
Collective accommodation	-0.7	1.0	0.3	-0.4	-3.5	-5.4	-1.7	2.6	8.5	10.8	3.5	11.8	5.8	11.4	1.5
Tourist expenditure	7.2	4.3	5.0	4.0	4.3	-1.9	1.3	4.1	12.9	16.0	8.6	20.8	11.8	24.9	9.5
Package expenditure	4.8	-6.5	-6.5	-9.9	-1.9	-13.2	-6.0	-9.6	-3.1	3.1	-12.8	3.1	-4.1	11.8	-6.4
Non-package expenditure	13.1	11.3	15.0	17.7	5.7	4.0	8.6	13.7	21.8	18.1	14.8	29.5	26.0	42.2	25.5
Other	5.2	8.2	8.7	6.6	8.3	2.9	1.5	9.6	18.7	22.9	18.0	28.0	16.2	21.7	9.9

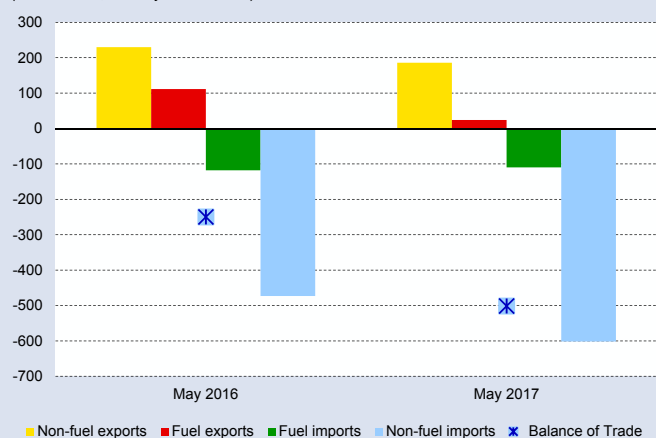
Sources: National Statistics Office; Eurostat.

In the first quarter of 2017, there were 34 cruise liner calls, 17 more compared with a year earlier. Foreign passengers increased to 85,133, from 39,303 in the same period of 2016.

Preliminary Customs data show that the merchandise trade deficit climbed to €501.5 million in May, a widening of €251.6 million on the same month of 2016. This arose as exports contracted whereas imports increased. The former dropped by €131.3 million, whilst imports rose by €120.3 million (see Chart 2). The decline in exports largely reflected a drop in fuel re-exports and pharmaceuticals, which were exceptionally large in May 2016. Higher imports were predominantly driven by increased registrations of boats and vessels.

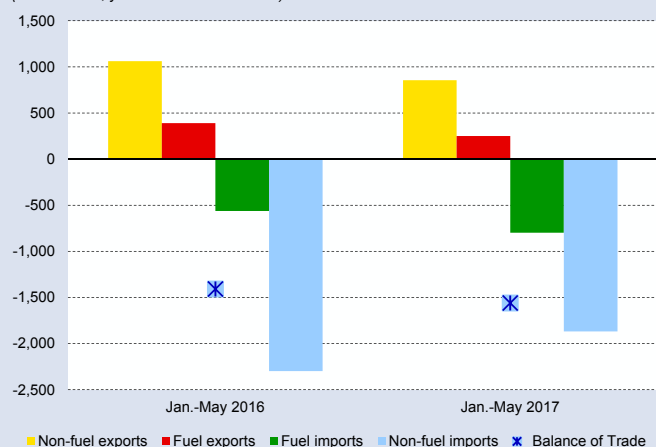
During the first five months of 2017 exports declined at a faster pace than imports. As a result, the visible trade gap widened by €152.4 million when compared with the same months of 2016, standing at €1,560.7 million (see Chart 3). This gap was to a large extent

Chart 2
EXPORTS AND IMPORTS OF GOODS
(EUR millions; monthly observations)



Source: National Statistics Office.

Chart 3
EXPORTS AND IMPORTS OF GOODS
(EUR millions; year-to-date observations)



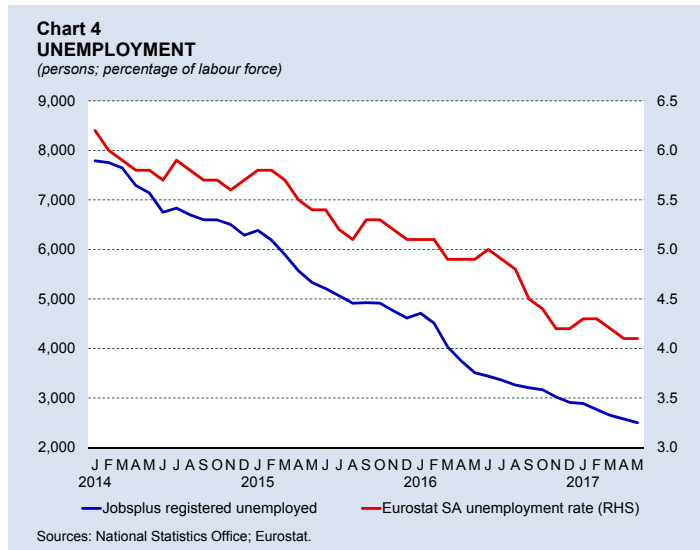
Source: National Statistics Office.

driven by transactions involving fuel, aircraft and ships.

Labour market

Jobsplus data show a further fall in the number of people on the unemployment register in May. The registered unemployed decreased to 2,502, from 3,511 in the corresponding month of 2016 and from 2,577 in April (see Chart 4).

Meanwhile, Eurostat’s estimate of the seasonally adjusted unemployment rate stood at 4.1% in May, unchanged from the preceding month. The unemployment rate thus remained at a historical low.



BOX 1: GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in January 2017 the gainfully occupied population, defined to include all persons in full-time employment, rose by 5.8% on a year earlier, reaching 185,563 (see Chart 5). This followed a 5.3% increase in December 2016.

Growth in employment in January mirrored developments observed in recent months, as it continued to be mainly driven by the private sector, while the public sector registered a small annual increase (see Table 3).

The number of full-timers in the private sector went up by 9,275, or 7.1%, on the same month of 2016. Employment growth in this sector continued to be driven by market services, where the number of full-time job holders increased by 8,722, or 8.9% in annual terms. This increase was distributed among all major sectors within this category.

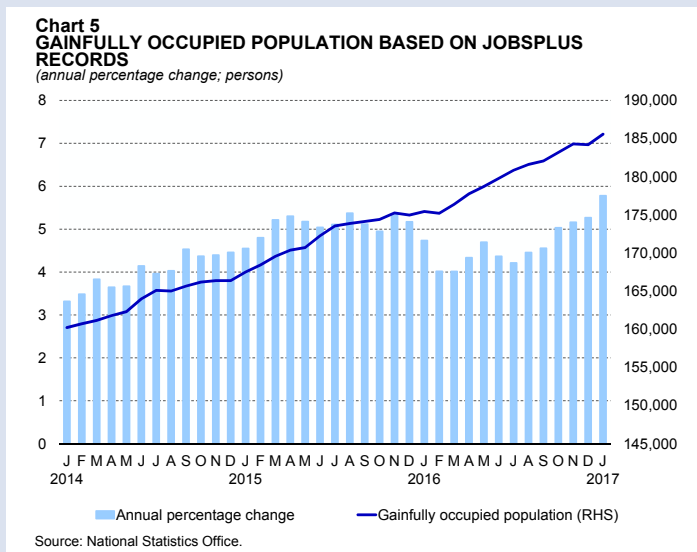


Table 3
LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons; annual percentage changes

	2016	2017	Annual change	
	January	January	Number of persons	%
Labour supply	180,140	188,452	8,312	4.6
Gainfully occupied ⁽¹⁾	175,430	185,563	10,133	5.8
Registered unemployed	4,710	2,889	-1,821	-38.7
Unemployment rate (%)	2.6	1.5		
Private sector	131,095	140,370	9,275	7.1
Direct production ⁽²⁾	32,759	33,312	553	1.7
Market services	98,336	107,058	8,722	8.9
Wholesale and retail trade	25,069	25,769	700	2.8
Transportation and storage	7,706	8,105	399	5.2
Accommodation and food service activities	10,819	11,640	821	7.6
Information and communication	5,872	6,407	535	9.1
Financial and insurance activities	7,978	8,427	449	5.6
Real estate, professional and administrative activities ⁽³⁾	22,533	25,651	3,118	13.8
Arts, entertainment and recreation	5,593	7,112	1,519	27.2
Education	4,999	5,135	136	2.7
Other	7,767	8,812	1,045	13.5
Public sector	44,335	45,193	858	1.9

⁽¹⁾ This category measures full-time employment.

⁽²⁾ This includes employment in agriculture, fishing, mining and quarrying, manufacturing, electricity, gas and water supply, and construction.

⁽³⁾ This includes employment in real estate activities, professional, scientific and technical activities, and administrative and support service activities.

Source: National Statistics Office.

The sector incorporating real estate, professional and administrative activities registered the largest absolute increase. Employed persons in this sector went up by 3,118 in the year to January 2017, and accounted for 36 percent of the overall rise in private market services employment. The number of persons employed in the arts, entertainment and recreation sector also increased significantly in annual terms, going up by 1,519.

Meanwhile, employment in direct production within the private sector grew by 553, or 1.7%, on a year earlier. Growth was recorded across most sectors, with the largest increases registered in the construction and manufacturing sectors. In particular, employment rose within the other manufacturing sub-sector, which includes medical and dental instruments as well as toys and related products. Increases were also registered among firms involved in the construction of buildings and production of rubber and plastics. On the other hand, employment fell marginally in the mining and quarrying sector as well as within the water supply sector.

Public sector jobs rose by 858, or 1.9%, on a year earlier, mainly driven by increased employment in public administration and defence as well as in education, with employment increasing by 994 and 352 jobs respectively. These offset falls in other sectors, including the health sector, the transportation and storage sector and construction.

Prices, costs and competitiveness

Price pressures remained moderate during May, with the annual rate of HICP inflation remaining unchanged compared with the previous month, at 1.1% (see Chart 6).

The stable inflation rate during the month under review reflected the contrasting impacts of slightly lower food inflation and higher inflation in the services component. The deceleration in food inflation was driven by the continued retreat of price pressures in the vegetables component, following strong growth at the start of the year.

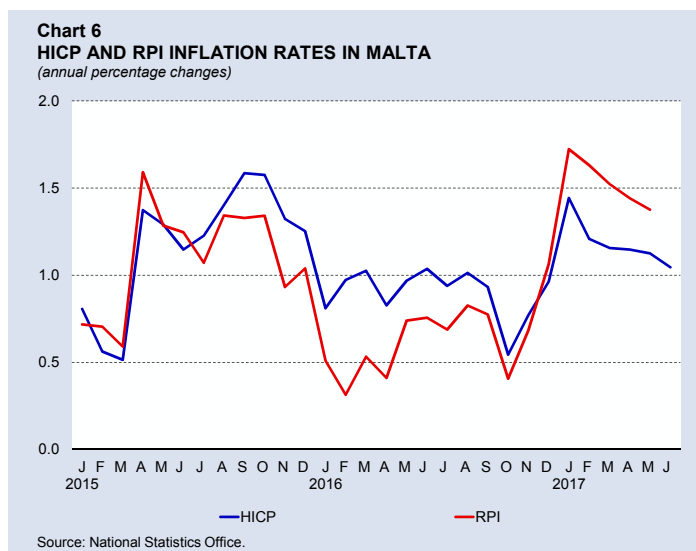
The uptick in services inflation mainly reflected a slower contraction in prices for package holidays. Meanwhile, the contribution of the other main subcomponents of headline HICP inflation, namely non-energy industrial goods and energy, remained small during May and broadly unchanged from April.

In June, HICP inflation in Malta eased to 1.0%, reflecting slower growth in the prices of services and non-energy industrial goods.

Inflation based on the Retail Price Index (RPI) remained unchanged at 1.4% in May. As with HICP inflation, an easing of food inflation was offset by higher price pressures in certain services categories.¹³

Annual inflation based on the Industrial Producer Price Index (PPI) turned positive for the first time since August 2016, going to 0.6% in May from -1.8% in April.¹⁴ This increase reflected developments in the prices for intermediate goods, which is the largest component of the index and includes items such as computers and electronics. Annual contributions from the other components of the index, namely energy, consumer goods, and capital goods, were relatively unchanged when compared with April.

With regard to international price competitiveness, Malta's nominal harmonised competitiveness indicator (HCI) was 0.5% higher in May when compared with a year earlier.¹⁵ The real HCI, on the other hand, was down by 0.3% on the same period of 2016. These contrasting movements



¹³ The Retail Price Index (RPI) differs from the HICP in that RPI weights are based on expenditure by Maltese households, while HICP weights also reflect expenditure patterns by tourists in Malta.

¹⁴ The Industrial PPI measures the prices of goods at the factory gate and is commonly used to monitor inflationary pressures at the production stage.

¹⁵ The nominal HCI tracks movements in the country's exchange rate against the currencies of its main trading partners, weighted according to the direction of trade in manufactured goods. The real HCI incorporates both exchange rate changes and the relative inflation of a country vis-à-vis its main trading partners. A higher (or lower) score in the HCI indicates a deterioration (or improvement) in a country's international price competitiveness.

suggest that while Malta's international competitiveness deteriorated on the basis of exchange rates, this was more than offset by favourable developments in relative prices.

Public finance

During May 2017, the Consolidated Fund balance registered a deficit of €23.8 million, deterioration when compared with the €6.2 million surplus registered in May 2016 (see Table 4). This development was due to a rise in government expenditure outweighing the increase in government revenue, which caused the primary balance to swing to a deficit of €8.3 million, from a €24.4 million surplus in the same month a year earlier.

Revenue grew by €6.5 million when compared with a year earlier, equivalent to 2.0%. This was mainly driven by higher inflows from direct taxes. In particular, income tax rose by €11.7 million. This improvement was mostly offset by a fall in non-tax revenue, which in turn resulted from a lower intake of EU grants.

Meanwhile, government expenditure rose by €36.5 million, or 11.8% when compared with May 2016. This was driven by higher spending on programmes and initiatives, which was buoyed by outlays on the EU presidency, health and ex gratia refunds on motor vehicle registration tax. Personal emoluments and capital expenditure also contributed to the increase in expenditure.

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2016		2017		Change	
	Jan.-May	Jan.-May	May	May	Amount	%
Revenue	1,316.4	1,475.8	316.1	322.6	6.5	2.0
Direct tax	622.3	671.4	115.5	132.4	16.9	14.7
Income tax	408.0	441.7	74.5	86.2	11.7	15.7
Social security contributions ⁽¹⁾	214.3	229.7	40.9	46.2	5.2	12.8
Indirect tax	541.7	581.2	157.5	158.3	0.8	0.5
Value Added Tax	299.3	323.4	107.1	110.8	3.7	3.4
Customs and excise duties	107.4	114.9	22.6	20.9	-1.7	-7.6
Licences, taxes and fines	135.0	142.9	27.8	26.6	-1.2	-4.2
Non-tax⁽²⁾	152.4	223.2	43.1	31.9	-11.2	-26.1
Expenditure	1,387.8	1,478.4	310.0	346.4	36.5	11.8
Recurrent	1,278.2	1,351.0	267.7	296.7	29.0	10.8
Personal emoluments	294.4	308.6	57.2	64.4	7.2	12.7
Operational and maintenance	78.5	77.7	14.2	17.6	3.4	24.1
Programmes and initiatives ⁽¹⁾	663.7	719.9	135.7	163.7	27.9	20.6
Contributions to entities	146.4	155.2	42.4	35.4	-6.9	-16.3
Interest payments	95.2	89.6	18.2	15.5	-2.7	-14.9
Capital	109.6	127.4	42.3	49.7	7.5	17.7
Primary balance⁽³⁾	23.9	87.0	24.4	-8.3	-32.7	-
Consolidated Fund balance	-71.3	-2.6	6.2	-23.8	-30.0	-

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

⁽²⁾ Includes grants but excludes proceeds from sale of assets, sinking funds of converted loans and borrowings.

⁽³⁾ Revenue less expenditure excluding interest payments.

Source: National Statistics Office.

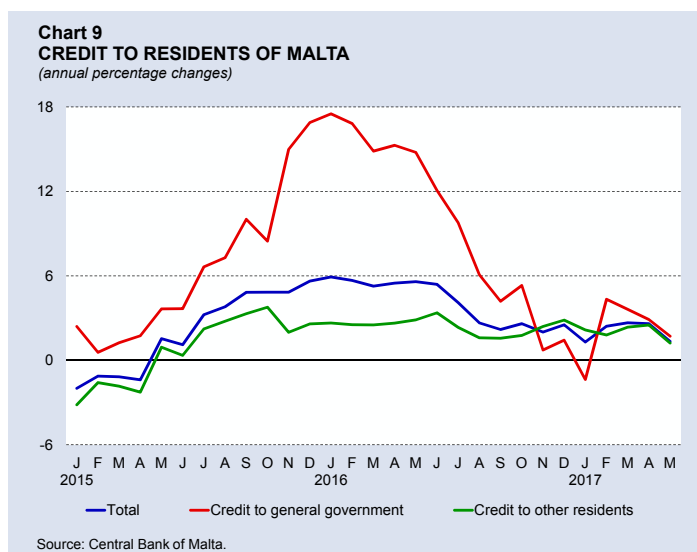
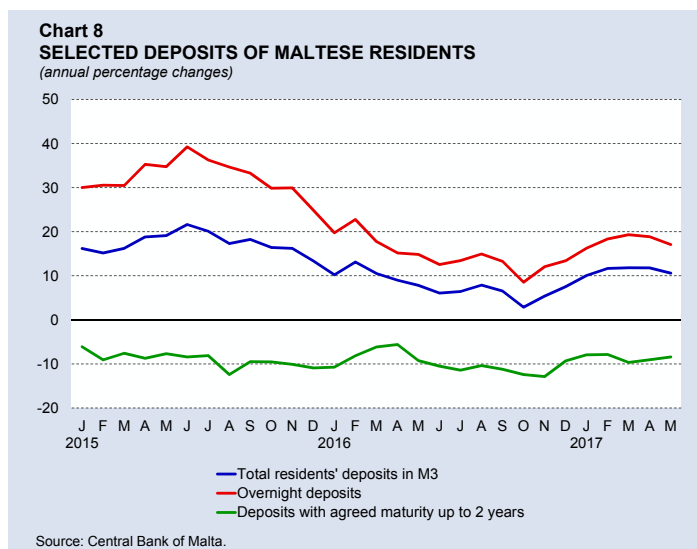
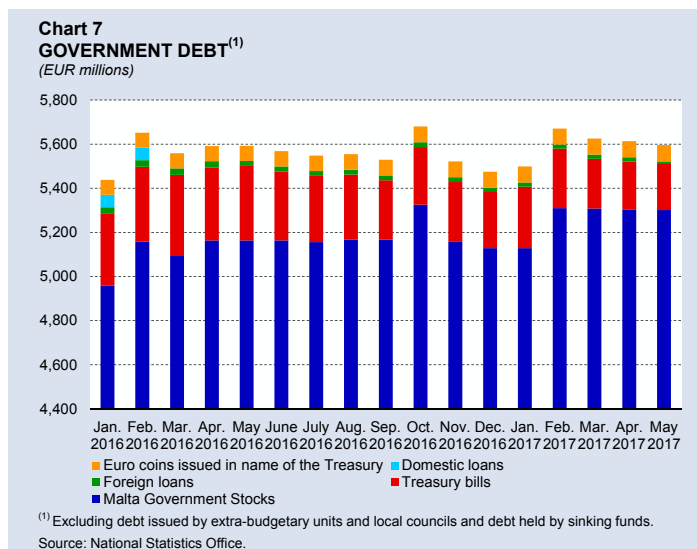
In May, the total stock of central government debt amounted to €5,595.6 million, €18.0 million lower when compared with a month earlier (see Chart 7). This slight decrease was mainly due to a decrease in the amount of Treasury Bills outstanding.

Deposits, credit and financial markets

The annual rate of growth of residents' deposits forming part of broad money (M3) moderated in May, going down to 10.6% from 11.8% in April. Nonetheless, growth in residents' deposits remains strong from a historical perspective (see Chart 8).

Growth in M3 deposits continued to be supported by overnight deposits, which expanded at an annual rate of 17.1% in May, slightly lower than the 18.9% recorded in the previous month. On the other hand, both deposits with maturity of up to two years and deposits redeemable at a notice of up to three months continued to decline. The former, which are the main component of time deposits, dropped at an annual rate of 8.4%. Overall, these developments illustrate a continued preference for holding liquid assets in an environment of low interest rates.

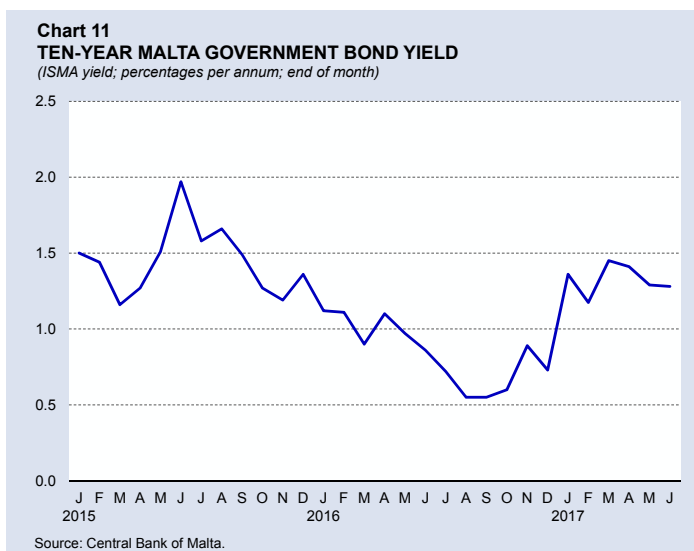
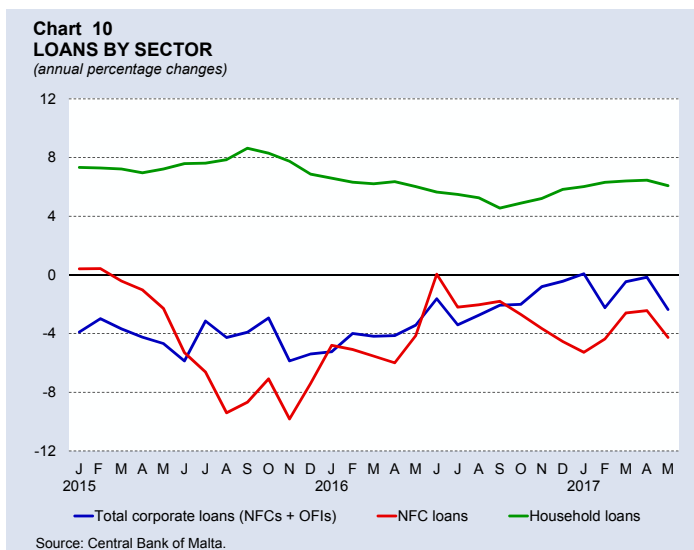
On the asset side of banks' balance sheets, annual growth in credit to Maltese residents eased marginally to 1.3% in May (see Chart 9). This reflected a deceleration in both credit to general government and credit to other residents.



Growth in credit to other residents – which consists of credit to non-financial corporations (NFCs), households and non-bank financial institutions (OFIs) – eased to 1.2% in May, from 2.5% in April. This reflected a deceleration in the annual growth rate of loans, the main component, to 1.9%. The slowdown in loan growth in turn reflected slower growth in loans to households. The annual rate of change eased to 6.1%, from 6.5% a month earlier. This deceleration reflected a stronger annual contraction in consumer credit (see Chart 10). In contrast, house loans rose at a faster rate. Furthermore, loans to NFCs contracted at a faster pace of -4.3% in the month under review, owing to developments in the construction, accommodation, and food service sectors.

Bank deposit rates remained unchanged in May, with the composite interest rate paid by monetary financial institutions (MFIs) on residents' euro-denominated deposits standing at 0.43%. This is 17 basis points lower than that registered in the same period last year. On the other hand, the comparable rate charged on outstanding loans rose by 2 basis points to 3.66%, although this was still 9 basis points lower than in May 2016. As a result, the spread between the composite deposit and loan rates applied to residents stood at 323 basis points in May, up from 315 basis points a year earlier.

In the secondary capital market, the yield on ten-year Maltese government bonds ended June at 1.28%, relatively unchanged when compared with end-May (see Chart 11). Meanwhile, the Malta Stock Exchange (MSE) Index gained 1.3%.



MACROECONOMIC INDICATORS FOR MALTA

(annual percentage changes; non-seasonally adjusted data)

	2015	2016	2016	2016	2016	2016	2017	2017	2016	2016	2016	2016	2016	2016	2016	2016	2016	2017	2017	2017	2017	2017	2017
			Q1	Q2	Q3	Q4	Q1	Q2	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	
Prices and costs																							
HICP inflation	1.2	0.9	0.9	0.9	1.0	0.8	1.3	1.1	1.0	1.0	0.9	1.0	0.9	0.5	0.8	1.0	1.4	1.2	1.2	1.1	1.1	1.0	
RPI inflation	1.1	0.6	0.5	0.6	0.8	0.7	1.6	-	0.7	0.8	0.7	0.8	0.8	0.4	0.7	1.1	1.7	1.6	1.5	1.4	1.4	-	
Industrial producer price inflation	-2.2	-0.6	-1.5	0.1	0.0	-1.0	-1.2	-	-0.2	-0.8	-0.2	0.2	0.0	-0.2	-1.1	-1.9	-1.7	-1.1	-0.9	-1.8	0.6	-	
HCI (nominal)	-5.5	1.9	1.7	3.1	1.5	1.5	-0.1	-	3.0	2.1	2.6	1.4	0.6	1.0	2.5	1.0	0.5	-0.7	0.1	-0.6	0.5	-	
HCI (real)	-9.8	2.9	2.5	5.2	2.3	1.8	-1.1	-	5.2	3.4	4.3	2.1	0.5	0.7	3.8	0.9	0.2	-2.3	-0.8	-2.3	-0.3	-	
Unit labour costs, whole economy ⁽¹⁾	0.0	1.2	0.2	0.7	1.5	1.2	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Compensation per employee ⁽¹⁾	3.2	2.8	3.6	3.2	3.6	2.8	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Labour productivity (per person) ⁽¹⁾	3.2	1.4	3.4	2.5	2.0	1.4	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property Price Index (NSO)	5.8	5.4	5.2	7.2	4.7	5.4	4.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic activity																							
Nominal GDP	9.8	6.7	8.6	6.1	5.9	6.5	6.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real GDP	7.3	5.0	6.3	4.5	4.4	4.9	4.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real private consumption	5.8	2.5	6.7	3.0	-1.1	1.8	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real government consumption	3.8	-2.9	5.2	2.6	-5.7	-12.7	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real gross fixed capital formation	49.2	-0.6	19.8	0.6	-17.9	1.9	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real exports of goods and services	3.9	3.5	4.3	-0.7	2.3	8.1	-1.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real imports of goods and services	7.8	0.9	7.5	-0.8	-5.9	3.5	-2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Labour market developments																							
LFS unemployment rate (% of labour force)	5.4	4.7	4.9	4.9	4.8	4.2	4.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
LFS employment	2.3	2.9	2.6	3.5	2.3	3.2	2.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jobsplus gainfully occupied	5.1	4.6	4.3	4.5	4.4	5.2	-	-	4.7	4.4	4.2	4.5	4.6	5.0	5.2	5.3	5.8	-	-	-	-	-	
Balance of payments																							
Current account (as a % of GDP) ⁽²⁾	5.2	7.0	4.1	3.5	6.2	7.0	6.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Credit and financial indicators																							
Maltese residents' deposits and loans																							
Overnight deposits	24.9	13.4	17.8	12.6	13.3	13.4	19.3	-	14.8	12.6	13.4	15.0	13.3	8.5	12.1	13.4	16.3	18.4	19.3	18.9	17.1	-	
Deposits with agreed maturity up to 2 years	-10.9	-9.3	-6.2	-10.5	-11.2	-9.3	-9.7	-	-9.3	-10.5	-11.4	-10.4	-11.2	-12.4	-12.9	-9.3	-7.9	-7.9	-9.7	-9.0	-8.4	-	
Total residents' deposits in M3	13.4	7.5	10.5	6.1	6.5	7.5	11.8	-	7.8	6.1	6.4	7.9	6.5	2.9	5.4	7.5	10.1	11.7	11.8	11.8	10.6	-	
Credit to general government	16.9	1.4	14.9	12.1	4.2	1.4	3.6	-	14.8	12.1	9.8	6.1	4.2	5.3	0.7	1.4	-1.4	4.3	3.6	2.9	1.7	-	
Credit to other residents	2.6	2.9	2.5	3.4	1.6	2.9	2.4	-	2.9	3.4	2.3	1.6	1.6	1.8	2.4	2.9	2.2	1.8	2.4	2.5	1.2	-	
Total credit	5.6	2.5	5.3	5.4	2.2	2.5	2.7	-	5.6	5.4	4.1	2.7	2.2	2.6	2.0	2.5	1.3	2.4	2.7	2.6	1.3	-	
10-year interest rate (%) ⁽³⁾	1.4	0.7	0.9	0.9	0.6	0.7	1.5	1.3	1.0	0.9	0.7	0.6	0.6	0.6	0.9	0.7	1.4	1.2	1.5	1.4	1.3	1.3	
Stock prices: Malta Stock Exchange Index ⁽⁴⁾	33.0	4.5	3.0	0.0	-2.1	3.7	1.9	-0.4	-1.7	2.0	-2.0	-0.7	0.6	1.7	-1.6	3.6	1.8	0.4	-0.4	-0.9	-0.8	1.3	
General government finances (% of GDP)																							
Surplus (+) / deficit (-) ⁽²⁾	-1.3	1.0	-0.3	0.4	0.8	1.0	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross debt ⁽⁵⁾	60.6	58.3	61.8	61.0	59.8	58.3	59.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

⁽¹⁾ Four-quarter moving averages.⁽²⁾ Four-quarter moving sums.⁽³⁾ End of period. In January and February 2017, in the absence of bonds qualifying within the recommended residual maturity, the benchmark yield was calculated as an average of bonds close to the agreed maturity range.⁽⁴⁾ Period-on-period percentage changes, based on end-of-month data.⁽⁵⁾ GDP data are four-quarter moving sums.

Sources: Central Bank of Malta; European Commission; Malta Stock Exchange; National Statistics Office.