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EUROSISTEMA
CENTRAL BANK OF MALTA

ECONOMIC UPDATE 2/2018

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ECONOMIC UPDATE 2/2018

Summary¹

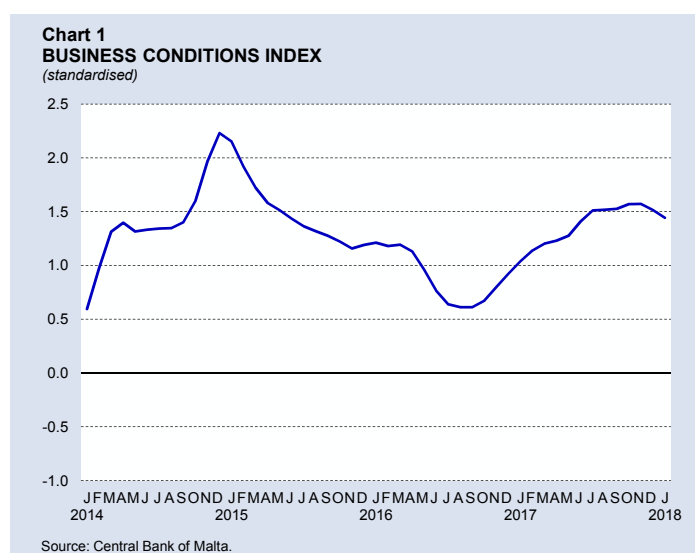
In January, the Bank's Business Conditions Index (BCI) was slightly lower than its level a month earlier, though it continued to suggest above-average conditions. Similarly economic sentiment, though remaining quite above its long-term average, fell during the month, reflecting weaker confidence across all sectors except amongst consumers, where it rose to the highest level on record. In December, retail sales and tourism activity grew at a strong pace in annual terms. Industrial production rose only marginally. Labour market conditions remained favourable, with the number of registered unemployed declining on an annual basis and Eurostat's measure of the unemployment rate remaining at the lowest level on record. The annual rate of inflation based on the Harmonised Index of Consumer Prices (HICP) eased to 1.3% in December. The annual rate of change of Maltese residents' deposits eased to 6.5% in December, while credit to residents increased by 2.7%. As regards fiscal developments, the cash-based Consolidated Fund registered a surplus in the first eleven months of 2017.

Central Bank's Business Conditions Index (BCI)²

In January, the Central Bank's BCI was slightly lower over the previous month (see Chart 1). It began the year at 1.4, marginally below its revised value of 1.5 in December and significantly above its value a year earlier. The BCI, which showed above average conditions, was affected by continued strength in economic sentiment and tourism, and lower unemployment.

Business and consumer confidence indicators

In January 2018, the Economic Sentiment Indicator (ESI) declined to 119, from 125 in the preceding month, but still stood above its long-term average of 100 (see Table 1).^{3,4} Lower sentiment was registered in services, industry and construction. Sentiment also eased in the retail sector. These declines



¹ The cut-off date for information in this note is 13 February 2018.

² The methodology underlying the BCI has been updated for the sake of clarity. For further details on the changes carried out in the index, see Ellul, R., (2018) "Updates to the BCI," Central Bank of Malta.

³ 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%.

⁴ 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.

Table 1
BUSINESS AND CONSUMER SURVEYS

Balances; percentage points; seasonally adjusted

	2016	2017	2017 Dec.	2018 Jan.
Economic Sentiment Indicator	108	114	125	119
Services confidence indicator	26	31	45	38
Business situation development over the past 3 months	22	27	43	32
Evolution of the demand over the past 3 months	29	33	46	36
Expectation of the demand over the next 3 months	27	32	45	46
Industrial confidence indicator	0	8	13	6
Assessment of order-book levels	-18	-5	-6	-23
Assessment of stocks of finished products	2	-2	-9	5
Production expectations for the months ahead	19	27	36	45
Construction confidence indicator	-8	13	33	27
Evolution of your current overall order books	-22	2	28	21
Employment expectations over the next 3 months	6	24	39	34
Retail trade confidence indicator	7	9	19	16
Business activity, past 3 months	17	15	22	38
Stocks of finished goods	9	5	7	22
Business activity, next 3 months	14	16	41	32
Consumer confidence indicator	2	8	23	25
Financial situation over the next 12 months	5	9	18	18
General economic situation over the next 12 months	13	19	28	32
Unemployment expectations over the next 12 months	-13	-18	-32	-30
Savings over next 12 months	-24	-14	11	17

Source: European Commission.

were partly offset by a slight improvement in confidence among consumers, which rose to the highest level on record.

Confidence in the services sector fell to 38 from 45 in the preceding month.⁵ Despite this decline, sentiment remained above its long-term average. Lower sentiment was driven by firms' assessment of both the business situation and demand over the preceding three months. Meanwhile, demand expectations for the three months ahead rose marginally. Additional survey data indicate that employment expectations were less optimistic than in December. A larger share of respondents expected prices to rise in the three months ahead, compared with the preceding month.

The industrial confidence indicator declined in January, but at 6, it was still above its long-term average of -4.⁶ January's fall in sentiment was driven by firms' assessment of order books and stock levels.⁷ On the other hand, production expectations improved. Supplementary survey data show that, on balance, a marginally smaller share of respondents expected their employment to increase in the subsequent months. However, firms expected selling prices to remain unchanged in the three months ahead.

⁵ 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.

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 indicator. Thus, a rise in the share of firms registering above normal stocks of finished goods has a negative effect on the overall industrial confidence indicator.

Confidence in the construction sector also declined in January, falling to 27 from 33 in December.⁸ This is well above its long-term average of -19. The recent fall in sentiment reflects a less upbeat assessment of order books and weaker employment expectations. Other survey data indicate that in comparison with December, a smaller share of respondents reported an increase in building activity over the preceding three months and expected prices to increase.

Sentiment in the retail sector eased to 16 in January, from 19 in December, still well above its long-term average of 2.⁹ The recent easing in sentiment was driven by higher stock levels and weaker expectations of business activity for the three months ahead.¹⁰ These offset an improved assessment of business activity in the preceding three months. Additional survey data for this sector indicate that a larger share of firms expected employment to rise, while on balance firms expected prices to rise in the three months ahead.

In contrast to the afore-mentioned sectors, consumer confidence rose, reaching 25 in January, from 23 a month earlier, thus rising further above the long-term average of -18.¹¹ On balance, more respondents expected an improvement in the general economic situation and in savings over the following 12 months. On the other hand, fewer respondents expected unemployment to fall.¹² Additional information however, show that a larger share of respondents expected to make fewer major purchases in the following 12 months.

Activity

The index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, rose slightly, at an annual rate of 0.1% in December, following a rise of 0.6% in November (see Table 2).¹³ In December, growth was mostly driven by increased production within the energy sector. On the other hand, output fell significantly among manufacturers of computer, electronic and optical products, and pharmaceutical products. Output also declined within the printing and “other manufacturing” sub-sectors as well as among firms producing rubber and plastics and food and beverages.

During December, growth in retail trade, which is a short-term indicator of final domestic demand, accelerated. Calendar day-adjusted data show that the volume of retail trade increased at an annual rate of 12.4%, following a 5.5% rise in November.

Meanwhile, the number of inbound tourists grew by 15.0% on a year earlier, following a 15.8% increase in November. Nights stayed grew by 17.3%, with nearly two-thirds of this increase emanating from nights spent in collective accommodation. Tourist spending in Malta rose by 24.3% in annual terms. The increase was broad-based across expenditure components.

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.

⁹ 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.

¹⁰ A rise in the share of respondents registering above normal stocks of finished goods has a negative effect on the overall industrial confidence indicator.

¹¹ 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.

¹² A fall in unemployment expectations has a positive effect on the overall indicator.

¹³ The annual growth rates of the overall industrial production index are based on working-day adjusted data. Unadjusted data however, are used for the components.

Table 2
ACTIVITY INDICATORS

Annual percentage changes

	2015	2016	2017	2017											
				Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.			
Industrial production	6.1	-3.4	3.9	4.0	5.7	2.4	0.0	7.4	6.7	-0.5	0.6	0.1			
Retail trade	7.1	2.2	5.3	6.4	5.6	4.1	2.9	5.4	9.5	6.2	5.5	12.4			
Number of tourist arrivals	5.5	10.2	15.7	21.0	13.0	17.2	11.4	12.4	14.0	11.6	15.8	15.0			
Number of nights stayed	4.7	5.7	10.3	15.0	11.9	9.6	8.9	8.5	13.1	6.2	7.1	17.3			
Private accommodation	14.9	13.5	16.7	21.4	31.2	12.5	12.5	17.8	23.8	11.3	-2.0	13.8			
Collective accommodation	-0.7	1.0	6.0	11.4	1.5	7.7	5.9	-0.6	4.7	3.0	12.3	20.0			
Tourist expenditure	7.2	4.3	13.9	24.9	9.5	14.3	11.4	10.4	16.7	10.2	18.3	24.3			
Package expenditure	4.8	-6.5	3.2	11.8	-6.4	3.4	-5.6	-5.8	10.4	15.0	23.9	21.0			
Non-package expenditure	13.1	11.3	19.8	42.2	25.5	18.8	22.5	18.3	21.2	0.4	10.9	23.8			
Other	5.2	8.2	17.3	21.7	9.9	19.1	15.4	15.7	17.8	14.8	20.5	26.4			

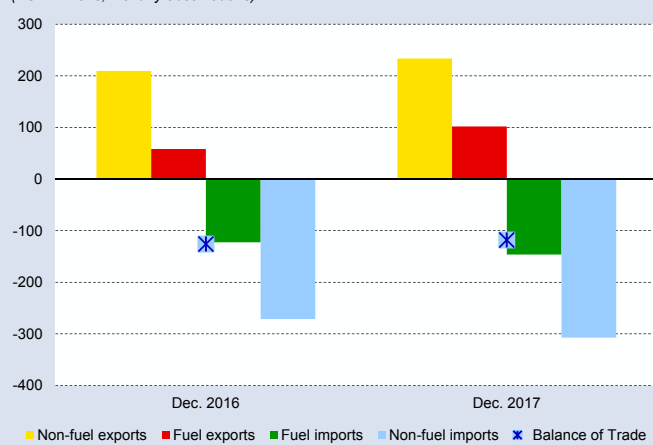
Sources: National Statistics Office; Eurostat.

In the fourth quarter of 2017, there were 94 cruise liner calls, nine more than a year earlier. Foreign passengers increased to 185,479, from 175,819 in the same period of 2016.

Preliminary Customs data show that the merchandise trade deficit stood at €118.0 million in December, a narrowing of €7.9 million on the same month of 2016 (see Chart 2). This arose as exports expanded at a slightly faster pace than imports. The former increased by €67.9 million, whereas imports rose by €59.9 million. Movements in imports and exports were mainly driven by trade in fuels. Excluding fuels, the merchandise trade deficit widened by €12.1 million on December 2016, partly reflecting a rise in imports of machinery and mechanical appliances.

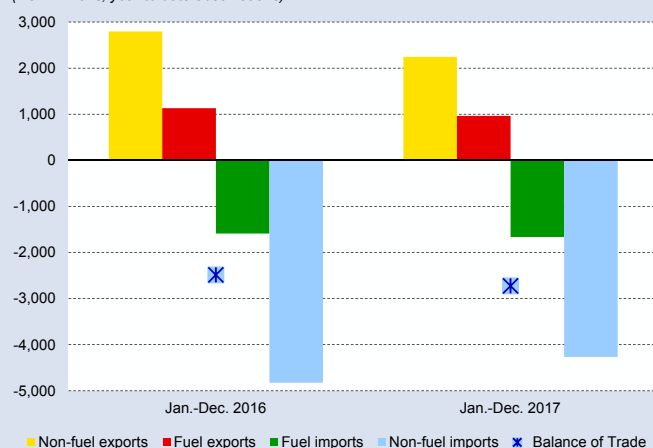
During 2017 as a whole, exports declined at a faster pace than imports. As a result, the visible trade gap widened by €236.4 million when compared with 2016, standing at €2,723.7 million (see Chart 3).

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)

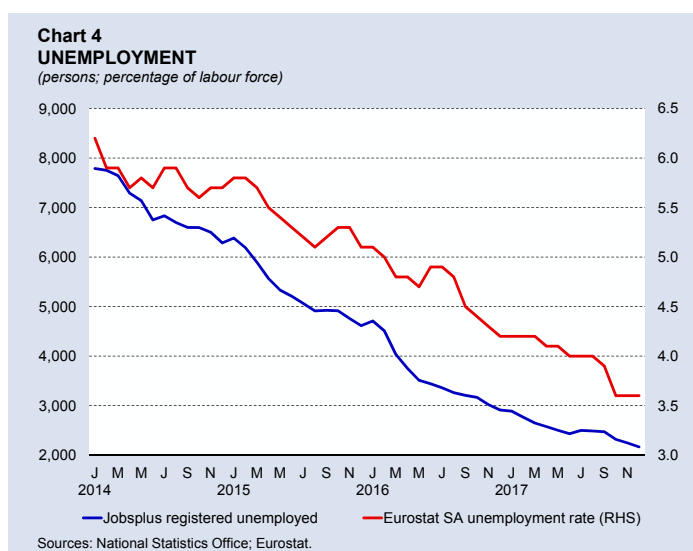


Source: National Statistics Office.

Labour market

Jobsplus data show that in December, the number of persons on the unemployment register fell further on the same month a year earlier. These decreased to 2,167, from 2,912 a year earlier, and from 2,246 in November (see Chart 4).

Meanwhile, Eurostat's estimate of the seasonally-adjusted unemployment rate was unchanged from the preceding two months at 3.6%. This compares favourably with 4.2% in the corresponding month of 2016, and is the lowest rate ever recorded for Malta.



BOX 1: GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in August 2017 the gainfully occupied population, defined to include all persons in full-time employment, rose by 6.0% on a year earlier, reaching 193,991 (see Chart 5). The rate of growth was unchanged from the preceding month, but above the 5.2% recorded a year earlier.

As in recent months, growth in employment continued to be mainly driven by the private sector, although public sector employment growth also rose on an annual basis (see Table 3).

The number of full-timers in the private sector went up by 9,646, or 7.0%, 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 9,045, or 8.6% in annual terms. This increase was distributed among all major sectors within this category.

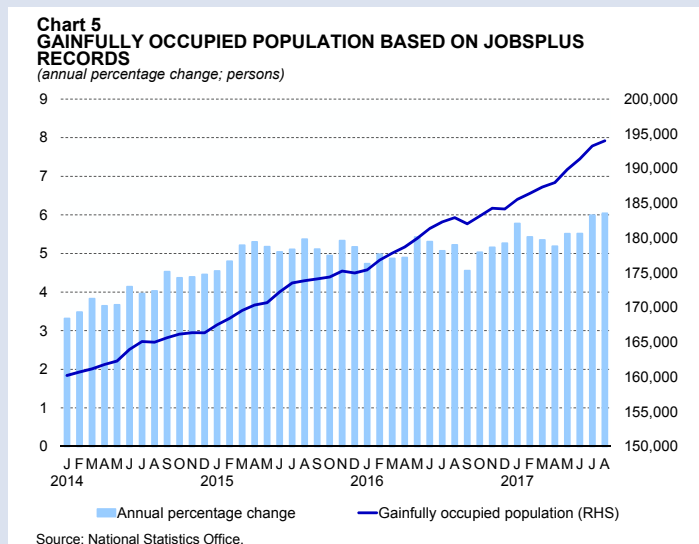


Table 3
LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons; annual percentage changes

	2016	2017	Annual change	
	Aug.	Aug.	Number of persons	%
Labour supply	186,202	196,480	10,278	5.5
Gainfully occupied ⁽¹⁾	182,941	193,991	11,050	6.0
Registered unemployed	3,261	2,489	-772	-23.7
Unemployment rate (%)	1.8	1.3		
Private sector	138,452	148,098	9,646	7.0
Direct production⁽²⁾	33,434	34,035	601	1.8
Of which:				
Manufacturing	20,911	21,005	94	0.4
Construction	9,852	10,334	482	4.9
Market services	105,018	114,063	9,045	8.6
Wholesale and retail trade	25,582	26,174	592	2.3
Transportation and storage	8,081	8,361	280	3.5
Accommodation and food service activities	11,685	12,689	1,004	8.6
Information and communication	6,296	6,892	596	9.5
Financial and insurance activities	8,285	8,903	618	7.5
Real estate, professional and administrative activities ⁽³⁾	25,102	28,377	3,275	13.0
Arts, entertainment and recreation	6,570	7,857	1,287	19.6
Education	4,977	5,223	246	4.9
Other	8,440	9,587	1,147	13.6
Public sector	44,489	45,893	1,404	3.2

⁽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 3,275 in the year to August 2017, and accounted for 36% of the overall rise in private market services employment. The number of persons employed in the arts, entertainment and recreation sector and in accommodation and food services activities also increased significantly in annual terms, going up by 1,287 and 1,004 respectively.

Meanwhile, employment in direct production within the private sector grew by 601, or 1.8%, on a year earlier. Growth was recorded across all sectors except mining and quarrying. However, the largest increase was registered in the construction sector.

Public sector jobs rose by 1,404, or 3.2%, on a year earlier, mainly driven by increased employment in public administration and defence as well as in education. These offset falls in other sectors, such as health and construction. Nevertheless, the share of public sector employment declined further, to 23.7% in August 2017 from 24.3% a year earlier.

Prices, costs and competitiveness

Consumer price pressures eased in December when compared with the previous month, with annual HICP inflation falling to 1.3% from 1.5% a month earlier (see Chart 6).

This drop was largely driven by developments in unprocessed food inflation. This turned negative, reflecting lower prices of vegetables and, to a lesser extent, fish and seafood, following strong growth 12 months

earlier. At the same time annual inflation in processed food eased during the month under review, albeit marginally.

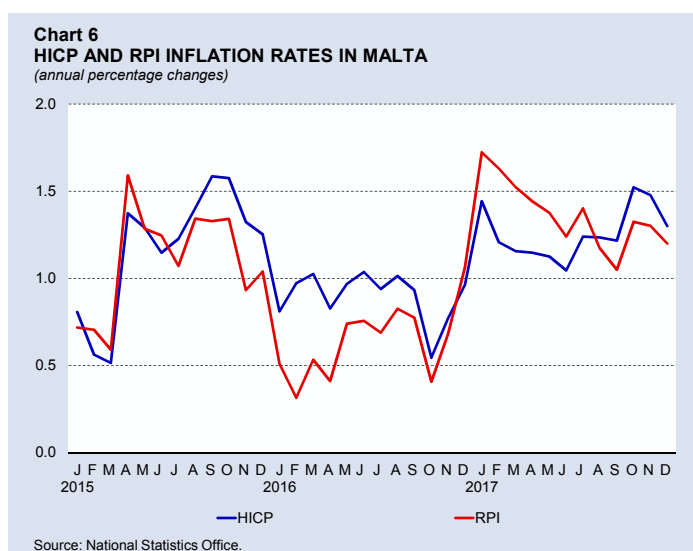
These downward movements were partly counterbalanced by higher inflation within the non-energy industrial goods (NEIG) component, mainly due to a weaker contraction in clothing prices. Nonetheless, inflation within the NEIG component remains modest, in an environment of weak external price pressures and the recent strengthening of the euro.

Inflation rates within the remaining main subcomponents of the HICP index, namely services and energy, were unchanged from November.

With regard to inflation as measured by the Retail Price Index (RPI), price pressures eased slightly to 1.2% in December, compared with 1.3% a month earlier.¹⁴ In line with developments in HICP inflation, this easing was mainly driven by food inflation.

Cost inflation remained robust in December, as the Industrial Producer Price Index (PPI) rose at an annual 4.0%.¹⁵ Following an extended period of weakness, PPI inflation picked up in recent months, mainly reflecting developments in intermediate goods prices. This component, which is the largest in the index, includes computer, electronic and optical products. On the other hand, price pressures within the other components of the index, namely capital goods, consumer goods, and energy, remained modest.

With regard to international price competitiveness, Malta's harmonised competitiveness indicator (HCI) accelerated further during December. The nominal HCI rose by 4.0% on an annual basis, while growth in the real HCI, which also takes into account relative price pressures, accelerated to 5.8%.¹⁶ These figures, as well as those recorded in recent months, suggest a deterioration in



¹⁴ The RPI differs from the HICP in that RPI weights are based on expenditure by Maltese households, while HICP weights reflect expenditure patterns in Malta, including tourists.

¹⁵ The Industrial PPI measures the prices of goods at the factory gate and is commonly used to monitor inflationary pressures at the production stage.

¹⁶ 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.

Malta's international competitiveness, with unfavourable movements in the euro exchange rate compounded by developments in relative prices with international trading partners. Growth in the HCIs rose further in January 2018, with the nominal and the real HCI up by 4.1% and 5.9%, respectively in annual terms.

Public finance

During November 2017, the Consolidated Fund balance registered a surplus of €80.3 million, an increase of €35.7 million when compared with the surplus registered in the corresponding period of 2016 (see Table 4). This was due to an increase in revenue, which offset higher primary expenditure. As a result, the primary surplus widened by €32.5 million to €95.8 million.

In the month under review, total revenue rose by €44.9 million, or 12.5%, mainly on the back of higher receipts from income taxes. Non-tax revenue grew by €3.5 million, as higher revenue from the Individual Investor Programme offset a decrease in grants. Meanwhile, indirect tax revenue declined by €15.4 million, due to lower inflows from VAT and the timing of payment of gaming taxes.

Total government expenditure increased by €9.2 million, or 2.9% when compared with a year earlier, largely on account of higher recurrent expenditure. The increase in the latter was mainly due to higher personal emoluments, which offset lower spending on operations and maintenance as well as interest payments. At the same time, capital expenditure rose by €3.5 million.

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2016	2017	2016	2017	Change	
	Jan.-Nov.	Jan.-Nov.	Nov.	Nov.	Amount	%
Revenue	3,072.6	3,474.7	358.6	403.5	44.9	12.5
Direct tax	1,550.0	1,746.4	120.5	177.4	56.9	47.2
Income tax	1,076.2	1,226.1	75.6	125.0	49.4	65.3
Social security contributions ⁽¹⁾	473.8	520.3	44.9	52.4	7.5	16.7
Indirect tax	1,206.4	1,339.2	197.9	182.4	-15.4	-7.8
Value Added Tax	669.2	760.6	145.6	136.4	-9.2	-6.3
Customs and excise duties	249.5	279.1	24.9	24.7	-0.2	-0.7
Licences, taxes and fines	287.7	299.4	27.4	21.3	-6.1	-22.2
Non-tax⁽²⁾	316.3	389.1	40.3	43.8	3.5	8.7
Expenditure	3,132.8	3,390.1	314.0	323.2	9.2	2.9
Recurrent	2,873.7	3,120.9	285.2	291.0	5.8	2.0
Personal emoluments	656.5	695.7	58.5	67.2	8.7	14.9
Operational and maintenance	155.5	161.9	9.5	7.4	-2.1	-21.7
Programmes and initiatives ⁽¹⁾	1,528.6	1,714.0	154.1	156.5	2.4	1.6
Contributions to entities	327.3	352.0	44.5	44.4	-0.1	-0.2
Interest payments	205.7	197.1	18.7	15.5	-3.2	-17.2
Capital	259.2	269.2	28.7	32.2	3.5	12.0
Primary balance⁽³⁾	145.5	281.8	63.4	95.8	32.5	-
Consolidated Fund balance	-60.2	84.6	44.6	80.3	35.7	-

⁽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 November, the stock of central government debt, excluding debt issued by extra-budgetary units and debt held by sinking funds, declined by €207.0 million when compared with a month earlier to reach €5,398.9 million (see Chart 7). This was due to the redemption of Malta Government Stocks in this period, which offset higher holdings of Treasury Bills.

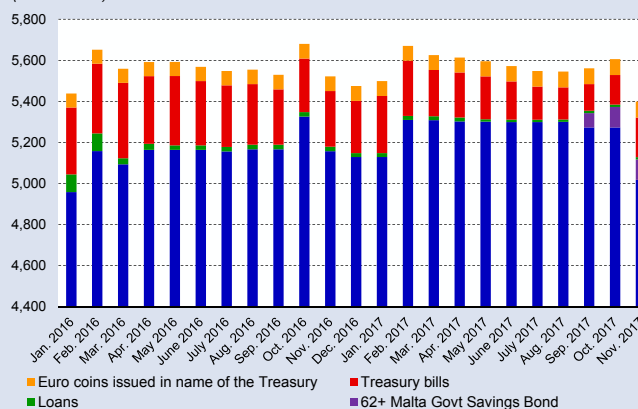
Deposits, credit and financial markets

Annual growth in residents' deposits held with monetary and financial institutions (MFI) forming part of broad money (M3) remained robust in December, at 6.5% (see Chart 8). This pace of expansion continues to indicate an abundance of liquidity and a continued preference for holding liquid assets. At the same time, growth was slower than that observed in months. Since 2014, growth in this category has averaged 11.0%.

The deceleration in growth occurred mainly due to developments in overnight deposits, though annual growth in this category remained robust, at 12.5% in December. At the same time, time deposits continued to contract, a trend largely observed since the end of 2014.

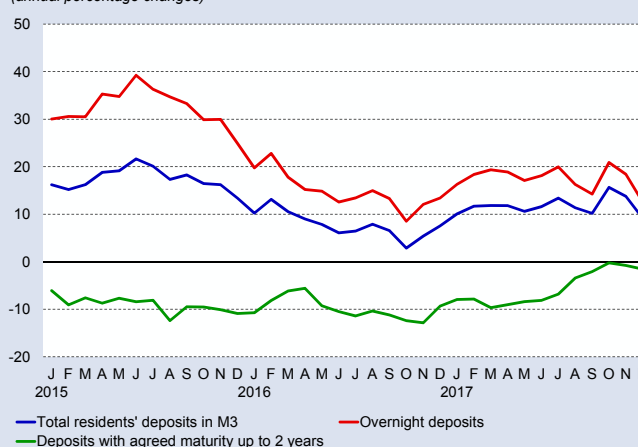
On the assets side of banks' balance sheets, annual growth in credit to Maltese residents stood at 1.9% in December, up slightly from 1.7% a month earlier (see Chart 9). The annual rate of change of credit to general

Chart 7
GOVERNMENT DEBT⁽¹⁾
(EUR millions)



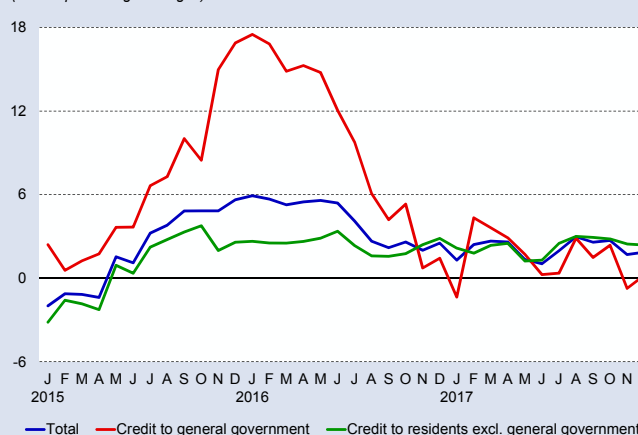
⁽¹⁾ Excluding debt issued by extra-budgetary units and local councils and debt held by sinking funds.
Source: NSO.

Chart 8
SELECTED DEPOSITS OF MALTESE RESIDENTS
(annual percentage changes)



Source: Central Bank of Malta.

Chart 9
CREDIT TO RESIDENTS OF MALTA
(annual percentage changes)



Source: Central Bank of Malta.

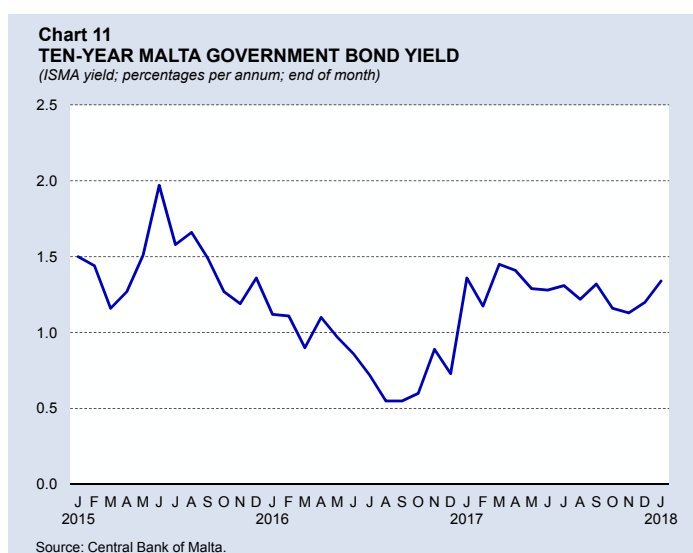
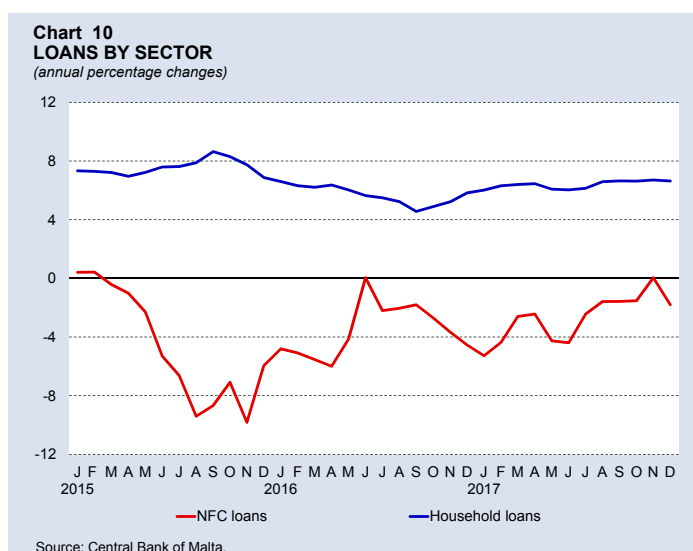
government turned slightly positive, at 0.2%, reflecting developments in banks' holdings of Malta Government Stocks. At the same time, credit to other residents grew at an annual rate of 2.4%, roughly unchanged from the previous month.

Loans to other residents, the main component of credit, rose by an annual rate of 2.7% in December, supported by growth in lending to households (see Chart 10). This component grew by an annual rate of 6.6%, as continued growth in mortgage

loans offset declines in consumer credit and other loans. On the other hand, loans to NFCs contracted further, by 1.8%. This suggests that banks continued to shift their loan portfolios towards households and away from NFCs. In part, the decline in credit to NFCs also highlights firms' use of alternative funding sources, and a structural shift towards more labour-intensive industries.

In December, the composite interest rate paid by MFIs on residents' euro-denominated deposits remained unchanged at 0.38% when compared with the previous month. This is 10 basis points lower than the rate registered in the same period a year earlier. At the same time, the comparable rate charged on outstanding loans rose marginally to 3.64% when compared with the previous month, though it was still 4 basis points lower than in December 2016. The spread between the composite loan and deposit rates applied to residents thus widened to 326 basis points, from 320 basis points a year earlier.

In the capital market, the secondary yield on ten-year Maltese government bonds rose slightly to 1.3% in January 2018, from 1.2% in the previous month (see Chart 11). The Malta Stock Exchange (MSE) Equity Price Index shed 0.7% in January, while the MSE Total Return Index, which accounts for changes in both equity prices and dividends, fell by 0.4%.



Annex 1

MACROECONOMIC INDICATORS FOR MALTA																				
<i>(annual percentage changes; non-seasonally adjusted data)</i>																				
	2016	2017	2016	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2018	
			Q4	Q1	Q2	Q3	Q4	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Prices and costs																				
HICP inflation	0.9	1.3	0.8	1.3	1.1	1.2	1.4	1.4	1.2	1.2	1.1	1.1	1.0	1.2	1.2	1.2	1.5	1.3	1.3	-
RPI inflation	0.6	1.4	0.7	1.6	1.4	1.2	1.3	1.7	1.6	1.5	1.4	1.4	1.2	1.4	1.2	1.0	1.3	1.3	1.2	-
Industrial producer price inflation	-0.6	1.6	-1.0	-1.2	0.0	3.6	3.9	-1.7	-1.0	-0.9	-1.8	0.5	1.2	3.3	3.6	3.7	3.8	4.1	4.0	-
HCI (nominal)	2.3	1.7	1.7	-0.1	0.7	2.9	3.4	0.4	-0.8	0.2	-0.4	0.8	1.6	2.5	3.2	2.9	2.8	3.2	4.0	4.1
HCI (real)	3.2	1.8	1.9	-1.2	-0.1	3.9	4.8	-0.3	-2.6	-0.7	-2.1	0.1	1.7	3.5	4.3	3.9	4.0	4.5	5.8	5.9
Unit labour costs, whole economy ⁽¹⁾	0.9	-	0.9	0.8	0.3	-0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	2.7	-	2.7	1.8	1.9	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	1.7	-	1.7	1.0	1.5	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (NSO)	5.4	-	4.9	5.2	4.5	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																				
Nominal GDP	7.1	-	7.2	8.4	10.0	9.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	5.5	-	5.7	6.5	7.9	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	3.1	-	2.9	4.5	4.7	3.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	-2.5	-	-11.4	-4.4	-6.9	15.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	-0.9	-	1.7	4.0	-27.0	-2.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	4.5	-	9.6	0.9	4.7	-1.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	1.6	-	4.8	-0.6	-6.9	-4.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour market developments																				
LFS unemployment rate (% of labour force)	4.7	-	4.2	4.2	4.1	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFS employment	3.1	-	3.2	2.7	2.5	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus gainfully occupied	5.0	-	5.2	5.5	5.4	-	-	5.8	5.4	5.3	5.2	5.5	5.5	6.0	6.0	-	-	-	-	-
Balance of payments																				
Current account (as a % of GDP) ⁽²⁾	6.6	-	6.6	7.5	11.2	11.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																				
Maltese residents' deposits and loans																				
Overnight deposits	13.4	12.5	13.4	19.3	18.1	14.2	12.5	16.3	18.4	19.3	18.9	17.1	18.1	20.0	16.3	14.2	20.9	18.4	12.5	-
Deposits with agreed maturity up to 2 years	-9.3	-1.6	-9.3	-9.7	-8.1	-2.1	-1.6	-7.9	-7.9	-9.7	-9.0	-8.4	-8.1	-6.8	-3.4	-2.1	-0.2	-0.8	-1.6	-
Total residents' deposits in M3	7.5	9.1	7.5	11.8	11.6	10.2	9.1	10.1	11.7	11.8	11.8	10.6	11.6	13.4	11.4	10.2	15.7	13.8	9.1	-
Credit to general government	1.4	0.2	1.4	3.6	0.3	1.5	0.2	-1.4	4.3	3.6	2.9	1.7	0.3	0.4	2.9	1.5	2.4	-0.7	0.2	-
Credit to residents (excl. general government)	2.9	2.4	2.9	2.4	1.3	2.9	2.4	2.2	1.8	2.4	2.5	1.2	1.3	2.5	3.0	2.9	2.8	2.5	2.4	-
Total credit	2.5	1.9	2.5	2.7	1.0	2.6	1.9	1.3	2.4	2.7	2.6	1.3	1.0	2.0	3.0	2.6	2.7	1.7	1.9	-
10-year interest rate (%) ⁽³⁾	0.7	1.2	0.7	1.5	1.3	1.3	1.2	1.4	1.2	1.5	1.4	1.3	1.3	1.3	1.2	1.3	1.2	1.1	1.2	1.3
Stock prices: Malta Stock Exchange Index ⁽⁴⁾	4.5	-3.3	3.7	1.9	-0.4	1.1	-3.9	1.8	0.4	-0.4	-0.9	-0.8	1.3	0.3	-1.5	1.1	-0.9	-5.6	2.7	-0.7
General government finances (% of GDP)																				
Surplus (+) / deficit (-) ⁽²⁾	1.1	-	1.1	2.2	2.1	3.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁵⁾	57.7	-	57.7	58.2	56.5	54.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-

⁽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.