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EUROSISTEMA
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ECONOMIC UPDATE

8/2018

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ECONOMIC UPDATE 8/2018

Summary¹

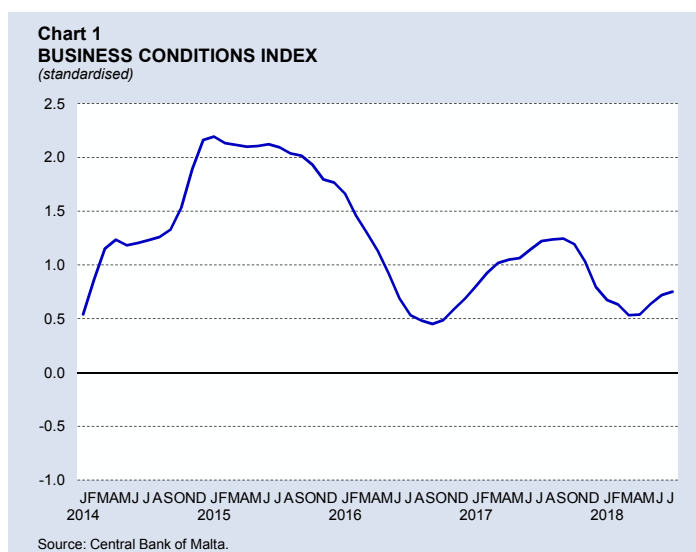
In July, the Bank's Business Conditions' Index (BCI) rose over the previous month and continued to suggest above-average conditions. With the exception of consumers, amongst which economic confidence remained stable at a high level, economic sentiment increased, as higher confidence was recorded across all other sectors. In June, tourism activity continued to grow at a strong pace in annual terms. Industrial production increased on a year earlier, while retail trade contracted. Labour market conditions remained favourable, with the number of registered unemployed declining on an annual basis and Eurostat's measure of the unemployment rate falling to a new record low. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) picked up further in June, and stood at 2.0%. In June, the annual rate of change of Maltese residents' deposits eased to 4.5%, while the annual growth in credit to residents accelerated to 3.0%. As regards fiscal developments, the cash-based Consolidated Fund registered a smaller deficit compared with that recorded in June 2017.

Central Bank's Business Conditions Index (BCI)²

In July, the Central Bank's BCI rose over the previous month (see Chart 1). The index stood at 0.8, up from its revised value of 0.7 in June. The BCI thus continued to indicate above-average conditions. It was affected by improvements in government revenue, the labour market, tourist arrivals and consumer confidence, amongst other factors.

Business and consumer confidence indicators

In July, the Economic Sentiment Indicator (ESI) rose to 121, from 118 in the preceding month, and thus remained above its long-term average of 101 (see Table 1).^{3,4} Higher sentiment



¹ The cut-off date for information in this note is 8 August 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		2018						
	Jan.	Feb.	Mar.	Apr.	May	June	July				
Economic Sentiment Indicator	108	114	123	121	119	111	119	118	121		
Retail trade confidence indicator	7	9	16	23	6	1	10	0	12		
Business activity, past 3 months	17	15	38	26	3	8	13	8	15		
Stocks of finished goods	9	5	22	3	3	7	12	4	6		
Business activity, next 3 months	14	16	32	47	17	3	28	-4	28		
Industrial confidence indicator	0	8	16	14	11	-4	5	11	15		
Assessment of order-book levels	-18	-5	-2	6	-2	1	-2	19	-1		
Assessment of stocks of finished products	2	-2	1	-1	5	13	3	7	-3		
Production expectations for the months ahead	19	27	51	35	40	-1	20	20	44		
Construction confidence indicator	-8	13	27	29	26	25	38	25	29		
Evolution of your current overall order books	-22	2	21	29	26	16	33	18	23		
Employment expectations over the next 3 months	6	24	34	29	27	34	43	32	35		
Services confidence indicator	26	31	38	30	33	29	40	30	32		
Business situation development over the past 3 months	22	27	32	27	34	25	31	26	25		
Evolution of the demand over the past 3 months	29	33	36	38	38	34	41	30	32		
Expectation of the demand over the next 3 months	27	32	46	25	26	29	49	35	38		
Consumer confidence indicator	2	8	25	27	26	23	22	23	23		
Financial situation over the next 12 months	5	9	18	23	20	17	14	17	19		
General economic situation over the next 12 months	13	19	32	33	34	28	27	26	28		
Unemployment expectations over the next 12 months	-13	-18	-30	-29	-32	-31	-33	-30	-28		
Savings over next 12 months	-24	-14	17	25	17	15	14	20	18		

Source: European Commission.

was registered across all sectors, except amongst consumers, which remained stable at a high level.

The sharpest increase in sentiment was registered in the retail sector, where confidence rose to 12 after falling to 0 in June.⁵ Following this increase, sentiment in this sector rose above its long-term average of 2. The recent rise in sentiment was driven by retail firms' assessment of past and expected business activity. In contrast, a higher net share of firms reported above normal stock levels.⁶ Additional survey data indicate that on balance, more firms predicted a rise in employment while fewer firms expected prices to rise in the three months ahead.

Industrial confidence improved further, rising to 15, from 11 in the preceding month.⁷ Therefore, this indicator remained above its long-term average of -3. Higher sentiment in July was driven by firms' production expectations and their assessment of stock levels, though on balance, firms' assessed order books to be below normal. Supplementary survey data show that a smaller share of respondents expected their employment to increase in subsequent months. Going forward, on balance, firms anticipated a rise in selling prices in the three months ahead.

⁵ 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.

⁶ Above normal stocks of finished goods have a negative effect on the overall indicator. Thus a rise in the balance of firms reporting above normal stock levels has a negative effect on the overall indicator.

⁷ 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.

Sentiment in the construction sector rose to 29 in July, from 25 in the preceding month, and stood well above its long-term average of -17.⁸ Both sub-components contributed to the improved sentiment, with increased order books being the main driver. Additional survey data indicate that compared with June, a smaller share of respondents reported an increase in building activity over the preceding three months. Also, fewer firms expected prices to increase in the months ahead.

Likewise, confidence in the services sector edged up to 32, from 30 in June, remaining above its long-term average of 23.⁹ Higher sentiment reflected firms' assessment of both past and expected demand. In contrast, marginally fewer firms reported an improvement in their business situation. Supplementary survey data indicate that in July, employment expectations were more optimistic than in the preceding month. Also, respondents anticipated a rise in prices, following two months of negative price expectations.

Consumer confidence was unchanged at 23 in July, and continued to stand well above the long-term average of -17.¹⁰ On balance, more firms predicted improved financial and general economic situation in the following months. This was offset by a fall in consumers' expectations of their savings over the following twelve months. Also, fewer respondents foresaw a fall in unemployment.¹¹ Additional survey data show that a smaller share of respondents expected to make fewer major purchases in the following 12 months, while more consumers anticipated higher inflation in the 12 months ahead.

Activity

The index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, increased at an annual rate of 1.1% in June, following contractions in the preceding four months (see Table 2).¹² The increase in June was largely driven by higher production among firms involved in the printing and reproduction of recorded media and within the beverages sector. Output also rose among firms involved in the repair and installation of machinery as well as within the energy sector. These increases more than offset lower production among manufacturers of pharmaceuticals, computer, electronics and optical products as well as among firms producing rubber and plastics. Smaller declines were also recorded in other sub-sectors, in particular among food producers and in the "other manufacturing" sub-sector, which includes medical and dental instruments, toys and related products.

In June, growth in retail trade, which is a short-term indicator of final domestic demand, fell for the third consecutive month. Calendar day-adjusted data show that the volume of retail trade fell at an annual rate of 1.5%, following a fall of 0.5% in May.

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 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 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.

¹¹ A fall in unemployment expectations has a positive effect on the overall indicator. Thus, fewer respondents expecting unemployment to fall has a negative effect on the overall indicator.

¹² 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

	2016 2017		2017												2018		
			Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Industrial production	-4.3	4.1	3.0	5.0	2.7	0.4	6.2	9.5	0.2	2.5	0.6	1.3	-5.3	-2.9	-3.8	-2.2	1.1
Retail trade	2.9	4.1	7.3	6.5	5.2	2.6	3.1	9.0	4.8	1.3	8.3	5.5	4.7	3.5	-3.0	-0.5	-1.5
Number of tourist arrivals	10.2	15.7	21.0	13.0	17.2	11.4	12.4	14.0	11.6	15.8	15.0	19.9	17.8	18.6	17.0	19.3	13.8
Number of nights stayed	5.7	10.3	15.0	11.9	9.6	8.9	8.5	13.1	6.2	7.1	17.3	15.1	11.2	26.9	16.9	20.2	15.5
Private accommodation ⁽¹⁾	13.5	16.7	21.4	31.2	12.5	12.5	17.8	23.8	11.3	-2.0	13.8	10.5	19.1	56.1	26.7	21.9	28.1
Collective accommodation	1.0	6.0	11.4	1.5	7.7	5.9	-0.6	4.7	3.0	12.3	20.0	18.5	7.4	14.6	11.0	19.0	6.9
Tourist expenditure	4.3	13.9	24.9	9.5	14.3	11.4	10.4	16.7	10.2	18.3	24.3	16.1	4.7	20.2	3.9	16.6	9.7
Package expenditure	-6.5	3.2	11.8	-6.4	3.4	-5.6	-5.8	10.4	15.0	23.9	21.0	30.9	15.4	27.2	15.1	29.7	10.2
Non-package expenditure	11.3	19.8	42.2	25.5	18.8	22.5	18.3	21.2	0.4	10.9	23.8	32.4	8.5	19.8	3.4	10.6	16.7
Other	8.2	17.3	21.7	9.9	19.1	15.4	15.7	17.8	14.8	20.5	26.4	-2.7	-5.0	15.0	-3.6	12.6	3.6

⁽¹⁾ Private accommodation includes stays in both rented and non-rented accommodation.

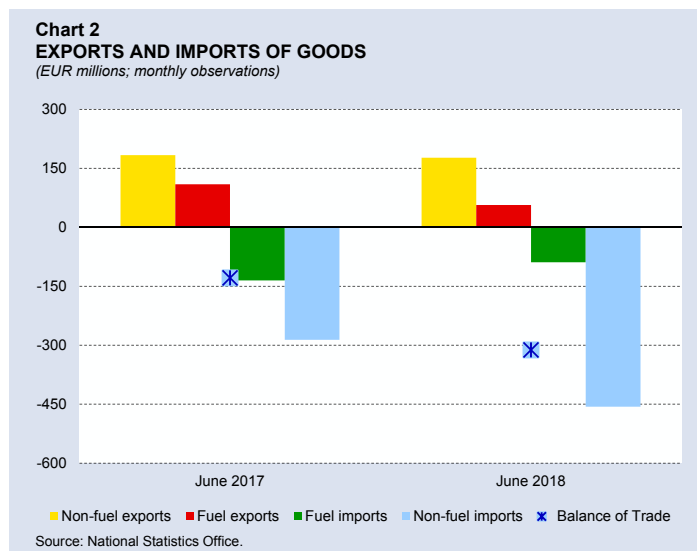
Sources: National Statistics Office; Eurostat.

Meanwhile, the number of inbound tourists increased, by 13.8% on a year earlier, following a rise of 19.3% in May. Nights stayed grew by 15.5%, as both nights spent in private and collective accommodation increased on a year earlier, though growth was much more pronounced in the former. Tourist spending in Malta rose by 9.7%, after increasing by 16.6% in May. This reflected higher spending on all categories of expenditure.

During the first three months of 2018, the total occupancy rate in collective accommodation establishments rose to 52.6% from 49.6% a year earlier. Higher occupancy rates were recorded in all types of accommodation.

In the second quarter of 2018, there were 103 cruise liner calls, 12 less than a year earlier. Foreign passengers fell slightly to 180,849, from 181,050 in the same period of 2017.

Customs data show that the merchandise trade deficit stood at €312.1 million, up from €128.8 million in June 2017 (see Chart 2). This was driven by a rise in imports and a contraction in exports. The former increased by €123.9 million on a year earlier, whereas exports declined by €59.4 million. The surge in imports was predominantly driven by higher registration of ships and aircraft.



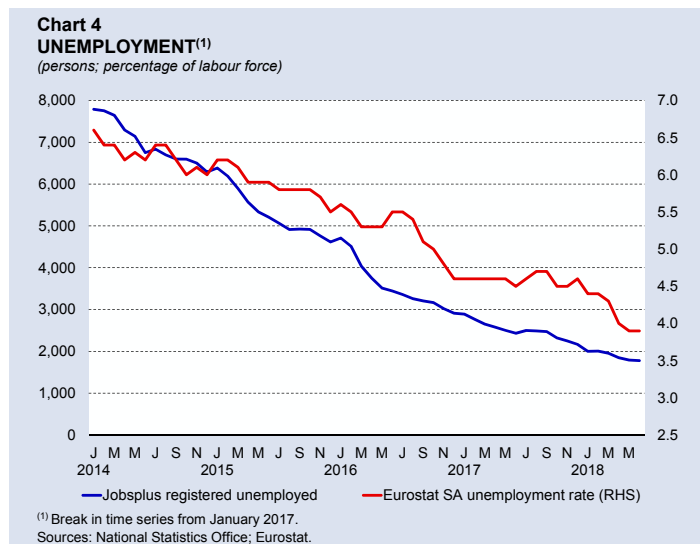
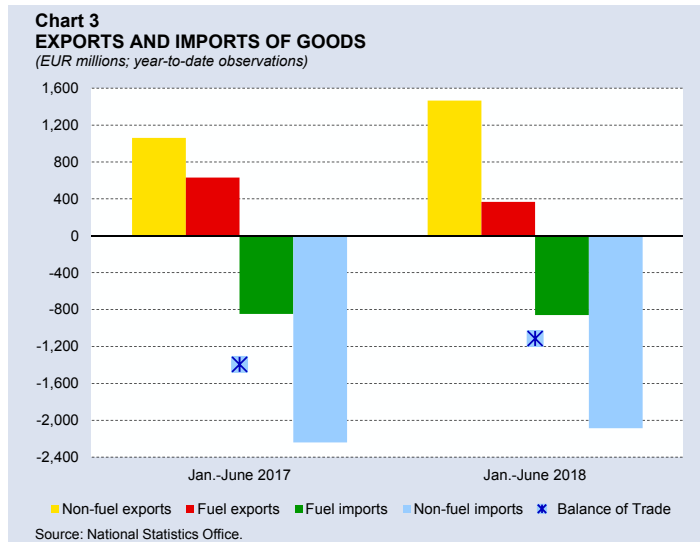
The drop in exports was largely on account of lower fuel re-exports.

On the contrary, the visible trade gap narrowed during the first half of 2018. When compared with the same period of 2017 it decreased by €281.4 million, to €1,113.7 million (see Chart 3).

Labour market

Jobsplus data show that in June the number of persons on the unemployment register dropped further to 1,778, from 2,432 a year earlier, and from 1,791 in May 2018 (see Chart 4).

Eurostat's estimate of the seasonally-adjusted unemployment rate also declined, falling to 3.9%, from 4.5% in the corresponding month of 2017. This latest reading is the lowest ever recorded for Malta.



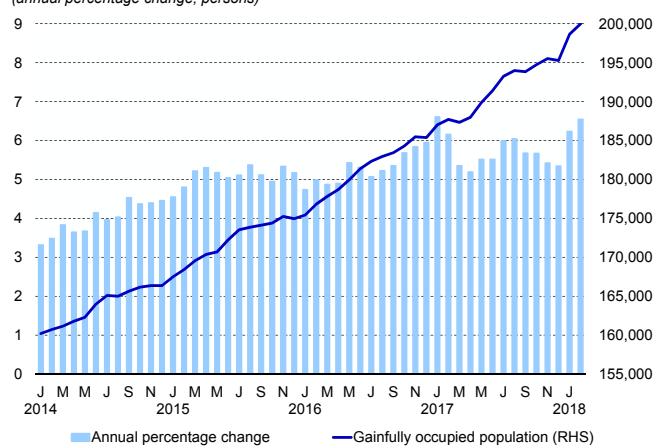
BOX 1: GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in February 2018 the gainfully occupied population, defined to include all persons in full-time employment, rose by 6.5% on a year earlier, reaching 199,987 (see Chart 5). The rate of growth in February 2018 was higher than the rate of 6.2% registered in the preceding month, and a year earlier.

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

The number of full-timers in the private sector went up by 10,990, or 7.7%, on the same month in 2017. Employment growth in this sector continued to be driven by market services, with the number of full-time job holders increasing by 9,813, or 9% in annual terms. This rise was distributed among all major sectors within this category.

Chart 5
GAINFULLY OCCUPIED POPULATION BASED ON JOBSPLUS RECORDS
(annual percentage change; persons)



Source: National Statistics Office.

Table 3

LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons; annual percentage changes

	2017	2018	Annual change	
	Feb.	Feb.	Number of persons	%
Labour supply	190,474	201,992	11,518	6.0
Gainfully occupied ⁽¹⁾	187,708	199,987	12,279	6.5
Registered unemployed	2,766	2,005	-761	-27.5
Unemployment rate (%)	1.5	1.0		
Private sector	142,371	153,361	10,990	7.7
Direct production⁽²⁾	33,703	34,880	1,177	3.5
Of which:				
Manufacturing	20,885	21,488	603	2.9
Construction	10,112	10,637	525	5.2
Market services	108,668	118,481	9,813	9.0
Wholesale and retail trade	25,967	26,312	345	1.3
Transportation and storage	8,219	8,513	294	3.6
Accommodation and food service activities	11,798	12,923	1,125	9.5
Information and communication	6,570	6,877	307	4.7
Financial and insurance activities	8,601	9,280	679	7.9
Real estate, professional and administrative activities ⁽³⁾	26,090	30,260	4,170	16.0
Arts, entertainment and recreation	7,272	8,614	1,342	18.5
Education	5,152	5,475	323	6.3
Other	8,999	10,227	1,228	13.6
Public sector	45,337	46,626	1,289	2.8

⁽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 4,170 in the year to February 2018, and accounted for 42.5% of the overall rise in private market services employment. The number of persons employed in the arts, entertainment and recreation sector also grew significantly in annual terms, going up by 1,342 persons. Employment also increased significantly within the accommodation and food service activities sector as well as within the private health care sector.

Meanwhile, employment in direct production within the private sector grew by 1,177, or 3.5%, on a year earlier. Growth was recorded within both the manufacturing and construction sectors.

Public sector jobs rose by 1,289, or 2.8%, 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 in the total gainfully occupied population declined to 23.3% in February 2018 from 24.2% a year earlier.

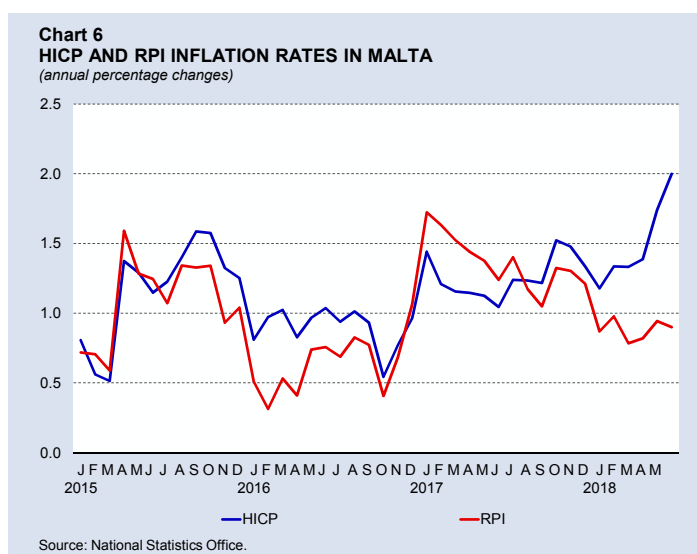
Prices, costs and competitiveness

Annual inflation as measured by the Harmonised Index of Consumer Prices (HICP) picked up further in June, reaching 2.0% from 1.7% a month earlier (see Chart 6). This increase continued to be driven by services related to tourism, with consumer price pressures within the remaining subcomponents of the index contained.

Among the main HICP subcomponents, services inflation accelerated strongly in June when compared with May, on account of increases in prices of recreational and personal services, particularly those that are tourism-related.

Food inflation accelerated marginally during June, due to developments in processed foods such as bread and cereals. On the other hand, inflation within the non-energy industrial goods subcomponent eased further, partly owing to an annual contraction in semi-durable goods prices, such as clothing. Energy inflation was unchanged in June when compared with May.

Inflation as measured by the Retail Price Index (RPI) continued to signal contained price



pressures during June, though annual growth picked up marginally to 1.0%, from 0.9% a month earlier (see Chart 6). In part, RPI inflation is currently being held back by annual falls in clothing and footwear prices. The contrasting developments in the overall HICP and RPI inflation rates during June mainly reflect the exclusion of tourism services from the RPI basket.¹³

Cost inflation, as measured by the Industrial Producer Price Index (PPI), remained strong in June, with annual growth going to 6.3% from 5.9% a month earlier.¹⁴ Recent strong readings in PPI inflation wholly reflect price pressures within the intermediate goods subcomponent, which is the largest in the index. This subcomponent comprises a wide range of items, including computers and electronics. In contrast, contributions from the remaining subcomponents of the PPI index, namely consumer goods, capital goods, and energy, remained zero or negative during June.

Malta's harmonised competitiveness indicators (HCI) continued to point towards further deterioration in international competitiveness during June. Annual growth in the nominal HCI, based on trade-weighted exchange rates, stood at 3.1%, while the real HCI, which also takes into account relative price pressures, grew by 4.0%.¹⁵ This suggests that movements in the euro exchange rate and developments in relative prices vis-à-vis international trading partners over the past year have negatively impacted Malta's competitiveness. Nonetheless, the extent of this deterioration was more moderate when compared with previous months.

Public finance

During June 2018, the Consolidated Fund balance recorded a deficit of €63.9 million, €25.5 million lower than the deficit registered in June 2017 (see Table 4). This occurred as the rise in expenditure was less pronounced than the increase in revenue. In turn, the primary balance registered a deficit of €48.1 million, a decline of €24.7 million over that registered a year earlier.

Total government revenue rose by €55.7 million or 23.5%, when compared with the corresponding period of 2017. This was driven by higher inflows from direct taxes, mainly a €20.7 million rise in income tax. Indirect taxes also increased substantially when compared with the corresponding period of the previous year, chiefly from higher intakes of VAT, which rose by €12.2 million. Non-tax revenue increased modestly, mainly due to a rise in inflows from the Individual Investor Programme.

Government expenditure increased by €30.2 million, or 9.2% when compared with June 2017, due to higher recurrent spending. This increase was driven by higher outlays on contributions to government entities, and programmes and initiatives, mainly attributable to timing issues with regards to payments to the University of Malta and Church Schools, respectively.

In contrast, capital expenditure was €1.2 million lower than that recorded a year earlier.

¹³ 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.

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.

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2017		2018		Change	
	Jan.-June	Jan.-June	June	June	Amount	%
Revenue	1,713.2	1,768.2	237.4	293.1	55.7	23.5
Direct tax	800.4	887.8	129.0	161.0	32.0	24.9
Income tax	535.9	594.3	94.2	114.9	20.7	22.0
Social security contributions ⁽¹⁾	264.5	293.5	34.7	46.1	11.4	32.7
Indirect tax	666.6	723.9	85.5	104.4	18.9	22.2
Value Added Tax	362.6	391.2	39.2	51.4	12.2	31.3
Customs and excise duties	139.3	146.2	24.4	27.2	2.8	11.4
Licences, taxes and fines	164.8	186.5	21.9	25.8	3.9	17.9
Non-tax⁽²⁾	246.2	156.4	22.9	27.7	4.7	20.6
Expenditure	1,805.2	1,910.1	326.8	357.0	30.2	9.2
Recurrent	1,665.1	1,767.4	314.1	345.5	31.4	10.0
Personal emoluments	376.9	407.0	68.4	71.7	3.3	4.9
Operational and maintenance	88.5	91.4	10.8	11.5	0.7	6.6
Programmes and initiatives ⁽¹⁾	916.1	966.2	196.2	209.5	13.3	6.8
Contributions to entities	177.4	201.8	22.2	37.0	14.9	67.2
Interest payments	106.2	101.0	16.6	15.8	-0.8	-4.9
Capital	140.1	142.7	12.7	11.5	-1.2	-9.7
Primary balance⁽³⁾	14.2	-40.9	-72.8	-48.1	24.7	-
Consolidated Fund balance	-92.0	-141.9	-89.4	-63.9	25.5	-

⁽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.

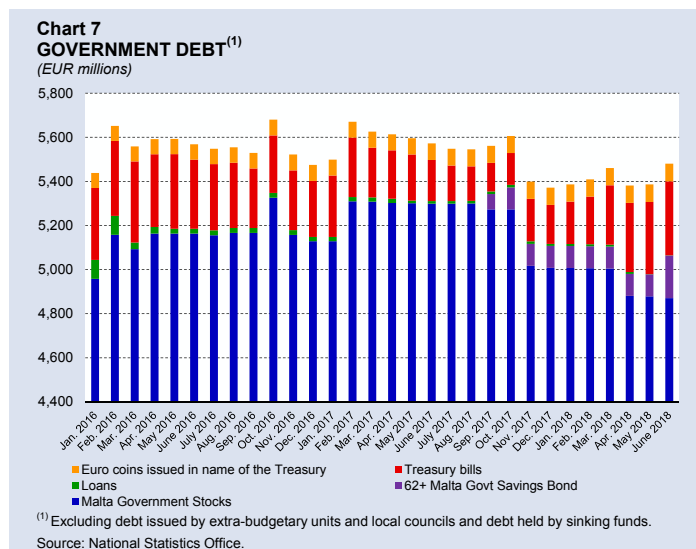
⁽³⁾ Revenue less expenditure excluding interest payments.

Source: National Statistics Office.

In June 2018, the total stock of government debt amounted to €5,480.3 million, an increase of €94.2 million over May (see Chart 7). This was largely due to a new 62+ Malta Government Savings Bond issue.

Deposits, credit and financial markets

Annual growth in residents' deposits held with monetary and financial institutions (MFI) forming part of broad money (M3) eased to 4.5% in June, from 7.7% a month earlier (see Chart 8). Growth in M3 deposits has slowed in recent months, following the historically strong



rates observed between 2014 and 2017.

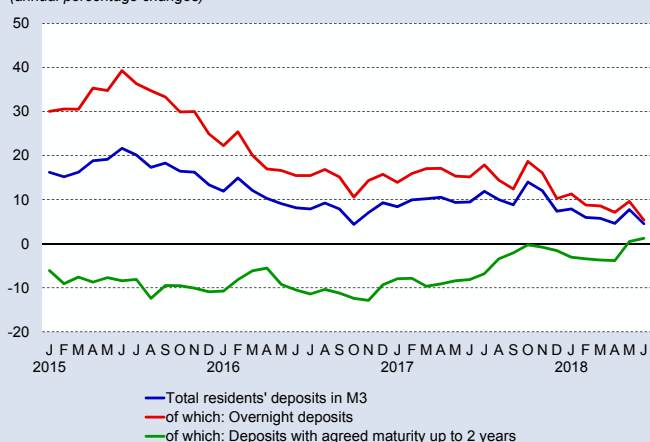
Growth in overnight deposits, which make up the main component of residents' M3 deposits, eased to 5.4% in June, from 9.6% a month earlier. At the same time, growth in longer-term time deposits with a maturity of up to two years accelerated slightly to 1.2%, mainly due to demand from non-financial corporations (NFC).

On the assets side of banks' balance sheets, annual growth in credit to Maltese residents accelerated to 3.0% in June, from 2.4% a month earlier (see Chart 9). This reflected continued growth in credit outside general government, supported mainly by loans. On the other hand, credit to general government continued to contract, owing to movements in MFI holdings of Malta Government Stocks.

Growth in loans to residents outside the general government sector was supported by growth in loans to both households and NFCs (see Chart 10). Loans to households were up by 7.0% in the year to June, owing mainly to continued robust growth in mortgage loans. At the same time, loans to NFCs continued to recover, with annual growth rising to 4.0%. MFI loans to NFCs are mainly being supported by lending to the real estate and construction sectors.

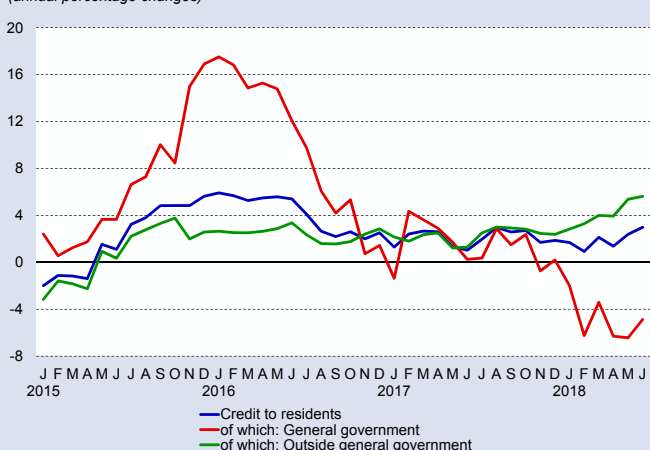
The composite interest rate paid by MFIs on residents' euro-denominated deposits remained

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



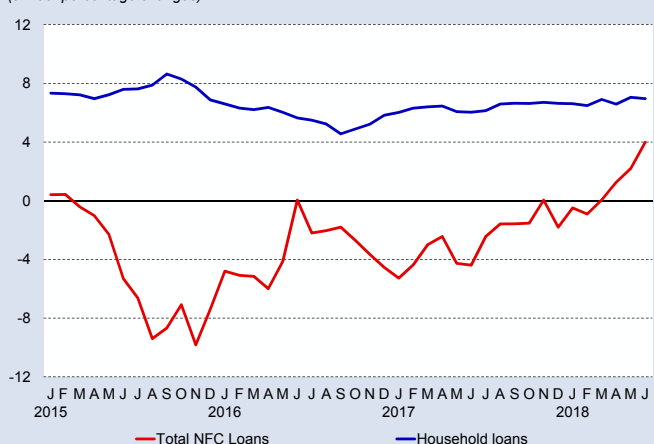
Source: Central Bank of Malta.

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



Source: Central Bank of Malta.

Chart 10
LOANS BY SECTOR
(annual percentage changes)

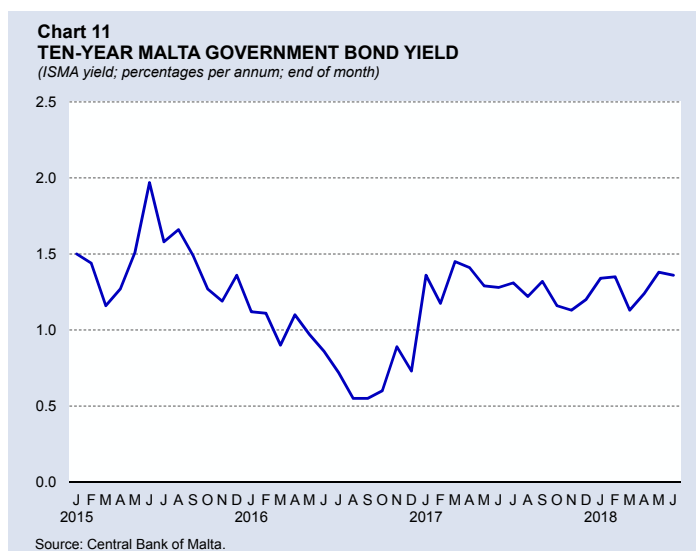


Source: Central Bank of Malta.

unchanged at 0.36% in June when compared with a month earlier. Similarly, the composite rate charged on outstanding loans was unchanged at 3.61%. As a result, the spread between the two rates remained at 325 basis points. Compared with their respective levels a year earlier, the deposit rate stood 6 basis points lower, while the loan rate fell by 5 basis points.

In the capital market, the secondary yield on ten-year Maltese government bonds remained unchanged at 1.4%

in July when compared with June (see Chart 11). At the same time, the Malta Stock Exchange (MSE) Equity Price Index fell by 0.8%, while the MSE Total Return Index, which accounts for changes in both equity prices and dividends, dropped by 0.7%.



MACROECONOMIC INDICATORS FOR MALTA

(annual percentage changes; non-seasonally adjusted data)

	2016	2017	2017	2017	2017	2018	2018	2017	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018
			Q2	Q3	Q4	Q1	Q2	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Prices and costs																				
HICP inflation	0.9	1.3	1.1	1.2	1.4	1.3	1.7	1.2	1.2	1.2	1.5	1.5	1.3	1.2	1.3	1.3	1.4	1.7	2.0	-
RPI inflation	0.6	1.4	1.4	1.2	1.3	0.9	0.9	1.4	1.2	1.0	1.3	1.3	1.2	0.9	1.0	0.8	0.8	0.9	1.0	-
Industrial producer price inflation	-0.3	1.6	0.4	3.0	3.3	4.3	6.3	2.9	3.1	3.1	3.2	3.4	3.4	3.1	3.3	6.4	6.7	5.8	6.3	-
HCI (nominal)	2.3	1.7	0.7	2.9	3.4	5.2	4.1	2.5	3.2	2.9	2.8	3.2	4.0	4.1	5.9	5.8	5.8	3.5	3.1	-
HCI (real)	3.1	1.8	-0.1	3.9	4.8	7.9	6.1	3.5	4.3	3.8	4.0	4.5	5.8	5.8	9.0	8.8	9.2	5.1	4.0	-
Unit labour costs, whole economy ⁽¹⁾	1.7	0.4	0.8	0.0	0.4	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	2.8	1.8	1.8	1.3	1.8	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	1.0	1.4	0.9	1.4	1.4	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (NSO)	5.5	5.3	5.8	5.3	4.9	5.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																				
Nominal GDP	2.2	3.9	2.3	7.6	2.0	6.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	5.2	6.4	7.3	7.3	4.6	4.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	2.8	3.9	4.6	3.4	2.4	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	-2.7	-0.9	-7.6	15.4	-4.7	10.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	1.7	-7.6	-27.5	-6.6	0.2	-15.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	4.5	4.3	6.9	3.2	5.9	-0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	1.5	-0.9	-4.5	-0.5	3.5	-4.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour market developments																				
LFS unemployment rate (% of labour force) ⁽²⁾	4.7	4.6	4.6	4.6	4.4	4.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFS employment ⁽³⁾	-	-	-	-	-	5.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus gainfully occupied	5.3	5.7	5.4	5.9	5.5	-	-	6.0	6.0	5.7	5.7	5.4	5.3	6.2	6.5	-	-	-	-	-
Balance of payments																				
Current account (as a % of GDP) ⁽⁴⁾	7.0	13.6	11.7	12.9	13.6	14.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																				
Maltese residents' deposits and loans																				
Overnight deposits	15.7	10.2	15.2	12.4	10.2	8.6	5.4	17.9	14.4	12.4	18.6	16.1	10.2	11.3	8.8	8.6	7.1	9.6	5.4	-
Deposits with agreed maturity up to 2 years	-9.3	-1.6	-8.1	-2.1	-1.6	-3.7	1.2	-6.8	-3.4	-2.1	-0.3	-0.8	-1.6	-3.1	-3.4	-3.7	-3.8	0.5	1.2	-
Total residents' deposits in M3	9.3	7.4	9.5	8.8	7.4	5.8	4.5	11.9	10.0	8.8	14.0	12.0	7.4	7.9	5.9	5.8	4.6	7.7	4.5	-
Credit to general government	1.4	0.2	0.3	1.5	0.2	-3.4	-4.9	0.4	2.9	1.5	2.4	-0.7	0.2	-2.0	-6.2	-3.4	-6.3	-6.4	-4.9	-
Credit to residents (excl. general government)	2.9	2.4	1.3	2.9	2.4	4.0	5.6	2.5	3.0	2.9	2.8	2.5	2.4	2.8	3.3	4.0	3.9	5.4	5.6	-
Total credit	2.5	1.9	1.0	2.6	1.9	2.1	3.0	2.0	3.0	2.6	2.7	1.7	1.9	1.7	0.9	2.1	1.4	2.4	3.0	-
10-year interest rate (%) ⁽⁵⁾	0.7	1.2	1.3	1.3	1.2	1.1	1.4	1.3	1.2	1.3	1.2	1.1	1.2	1.3	1.4	1.1	1.2	1.4	1.4	1.4
Stock prices: Malta Stock Exchange Index ⁽⁶⁾	4.5	-3.3	-0.4	1.1	-3.9	-0.8	-2.5	0.3	-1.5	1.1	-0.9	-5.6	2.7	-0.7	0.4	-0.5	-4.3	0.5	1.3	-0.8
General government finances (% of GDP)																				
Surplus (+) / deficit (-) ⁽⁴⁾	1.0	3.9	2.1	3.3	3.9	3.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁷⁾	56.2	50.7	55.0	53.4	50.7	50.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-

⁽¹⁾ Four-quarter moving averages.⁽²⁾ The LFS unemployment rate for 2017 and the first quarter of 2018 is updated with the latest demographic revisions published by the NSO on 12 February 2018.⁽³⁾ LFS employment figures have been updated on the basis of the latest demographic revisions from the first quarter of 2017. Accordingly, annual growth rates consistent with these revisions are shown from Q1 2018.⁽⁴⁾ Four-quarter moving sums.⁽⁵⁾ 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.⁽⁶⁾ Period-on-period percentage changes, based on end-of-month data.⁽⁷⁾ GDP data are four-quarter moving sums.

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