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ECONOMIC UPDATE

11/2018

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ECONOMIC UPDATE 11/2018

Summary¹

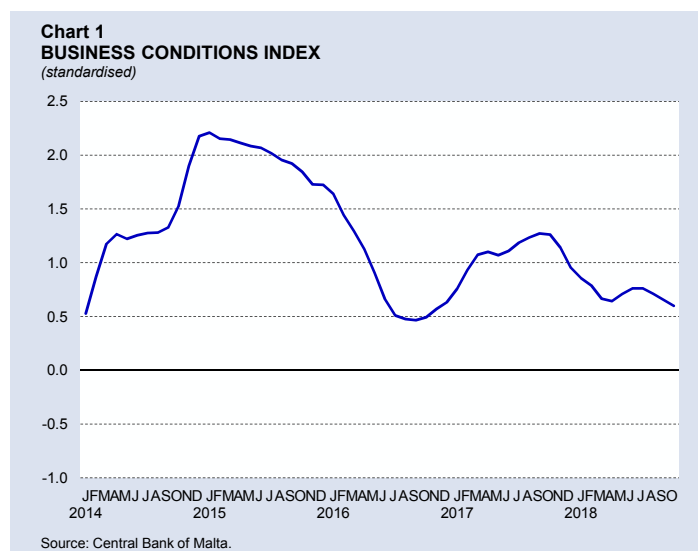
In October, the Bank's Business Conditions' Index (BCI) eased slightly over the previous month, while continuing to suggest above-average conditions. Economic sentiment eased reflecting weaker confidence in the retail, services, industrial and construction sectors. In contrast, consumer confidence stood unchanged. In September, tourism activity rose at a faster pace compared with August. Meanwhile, both retail trade and industrial production fell on a year earlier. Conditions in the labour market remained favourable, with the number of registered unemployed declining further on year ago levels. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) rose to 2.5% in September. Inflation based on the Retail Price Index (RPI) remained weaker than HICP inflation, at 1.6%. The annual rate of change of Maltese residents' deposits rose to 4.5%, while growth in credit to residents remained unchanged at 2.6%. As regards fiscal developments, in September 2018, the cash-based Consolidated Fund surplus narrowed compared with a year earlier.

Central Bank's Business Conditions Index (BCI)²

In October, the Central Bank's BCI eased slightly over the previous month (see Chart 1). The index fell to 0.6, down from the revised value of 0.7 for September. The latest drop in the BCI index reflected lower economic sentiment, which outweighed improvements in tourist arrivals and the labour market, amongst other factors. The BCI, however, continued to indicate above-average conditions.

Business and consumer confidence indicators

In October, the Economic Sentiment Indicator (ESI) declined to 109 from 120 in the preceding month. Nonetheless, it remained above its long-term average of 101 (see Table 1).^{3,4} Lower sentiment was registered in all sub-components except among consumers, whose confidence was unchanged.



¹ The cut-off date for information in this note is 9 November 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	Aug.	Sep.	Oct.
Economic Sentiment Indicator	108	114	123	121	119	111	119	118	121	121	120	109
Retail trade confidence indicator	7	9	16	23	6	1	10	0	12	11	17	-1
Business activity, past 3 months	17	15	38	26	3	8	13	8	15	16	28	6
Stocks of finished goods	9	5	22	3	3	7	12	4	6	7	6	6
Business activity, next 3 months	14	16	32	47	17	3	28	-4	28	24	30	-2
Industrial confidence indicator	0	8	16	14	11	-4	5	11	15	13	5	-9
Assessment of order-book levels	-18	-5	-2	6	-2	1	-2	19	-1	3	-9	-15
Assessment of stocks of finished products	2	-2	1	-1	5	13	3	7	-3	5	4	14
Production expectations for the months ahead	19	27	51	35	40	-1	20	20	44	40	28	3
Services confidence indicator	26	31	38	30	33	29	40	30	32	36	42	31
Business situation development over the past 3 months	22	27	32	27	34	25	31	26	25	28	40	29
Evolution of the demand over the past 3 months	29	33	36	38	38	34	41	30	32	40	36	29
Expectation of the demand over the next 3 months	27	32	46	25	26	29	49	35	38	40	51	34
Construction confidence indicator	-8	13	27	29	26	25	38	25	29	22	12	3
Evolution of your current overall order books	-22	2	21	29	26	16	33	18	23	20	7	-3
Employment expectations over the next 3 months	6	24	34	29	27	34	43	32	35	23	17	9
Consumer confidence indicator	2	8	25	27	26	23	22	23	23	23	24	24
Financial situation over the next 12 months	5	9	18	23	20	17	14	17	19	16	15	17
General economic situation over the next 12 months	13	19	32	33	34	28	27	26	28	27	30	30
Unemployment expectations over the next 12 months	-13	-18	-30	-29	-32	-31	-33	-30	-28	-29	-32	-33
Savings over next 12 months	-24	-14	17	25	17	15	14	20	18	19	18	15

Source: European Commission.

Sentiment in the retail sector declined sharply in October.⁵ Confidence turned negative at -1, from 17 a month earlier, and thus fell below its long-term average of 3. The recent fall in sentiment was driven by both the assessment of past and expected business activity. Firms' assessment of stock levels stood unchanged from the preceding month. Additional survey data indicate that on balance, more firms predicted higher prices, while fewer firms expected an increase in their employment.

Industrial confidence also turned negative, falling to -9 from 5 in the preceding month, and consequently standing below its long-term average of -3.⁶ In October, lower sentiment was driven by all subcomponents.⁷ A smaller share of respondents expected employment to increase in subsequent months. Going forward, on balance, firms anticipated a decline in selling prices in the three months ahead.

Similarly, sentiment in the services sector declined to 31, from 42 in September, but remained above its long-term average of 23.⁸ Lower sentiment was reflected in all subcomponents, with the largest decline registered in the share of firms expecting increased demand in the months ahead. Supplementary survey data indicate that in October, employment expectations were less optimistic than those in the preceding month. On the other hand, more participating firms foresaw a rise in prices.

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 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 balance of firms reporting above normal stock levels has a negative effect on the overall indicator.

⁸ 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.

In the construction sector, sentiment declined for the third consecutive month, as confidence fell to 3 in October from 12 in the preceding month, mainly on account of negative assessment of order books.⁹ Despite this decline, sentiment remained well above its long-term average of -16. In comparison with a month earlier, fewer respondents reported an increase in building activity over the preceding three months. Meanwhile, fewer firms anticipated prices to increase in the months ahead.

Consumer confidence stood at 24, unchanged from the preceding month, and still well above its long-term average of -16.¹⁰ On balance, fewer consumers expected an increase in their savings. However, this was offset by improved expectations of consumers' financial situation and a further increase in the share of respondents expecting a fall in unemployment.¹¹ The proportion of consumers expecting an improvement in the general economic situation was broadly unchanged in the month under review. A larger share of respondents expected to make fewer major purchases in the twelve months ahead, while consumers anticipated higher prices going forward.

Activity

The index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, fell by 4.8% in September in annual terms, following a contraction of 1.4% in the preceding month (see Table 2).¹² This decline was largely driven by lower production of pharmaceutical products as well as rubber and plastics. Output also fell in the "other manufacturing" sub-sector, which includes medical and dental instruments, toys and related products. These declines more than offset growth in other subsectors, particularly among firms involved in the printing and reproduction of recorded media, and in the production of computer, electronics and optical products as well as within the energy sector.

Table 2
ACTIVITY INDICATORS

Annual percentage changes

	2016		2017												2018				
	2016	2017	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.
Industrial production	-4.3	4.0	5.0	0.0	0.7	6.3	8.9	2.2	3.4	-0.1	0.7	-5.3	-3.1	-3.6	-2.5	2.3	-4.4	-1.4	-4.8
Retail trade	2.9	5.1	8.1	6.6	4.1	4.1	10.0	5.5	2.1	8.6	5.6	2.7	1.6	-2.5	0.0	-1.8	-3.2	-1.5	-0.4
Number of tourist arrivals	10.2	15.7	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	15.2	10.2	15.1
Number of nights stayed	5.7	10.3	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	12.9	5.7	10.2
Private accommodation ⁽¹⁾	13.5	16.7	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	18.4	5.1	18.1
Collective accommodation	1.0	6.0	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	8.0	6.3	2.8
Tourist expenditure	4.3	13.9	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	9.5	7.2	4.8
Package expenditure	-6.5	3.2	-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	41.6	25.4	3.7
Non-package expenditure	11.3	19.8	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	5.1	10.9	11.1
Other	8.2	17.3	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	-6.8	-6.5	0.3

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

Sources: National Statistics Office; Eurostat.

⁹ 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.

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, an increase in the share of respondents expecting unemployment to fall has a positive 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.

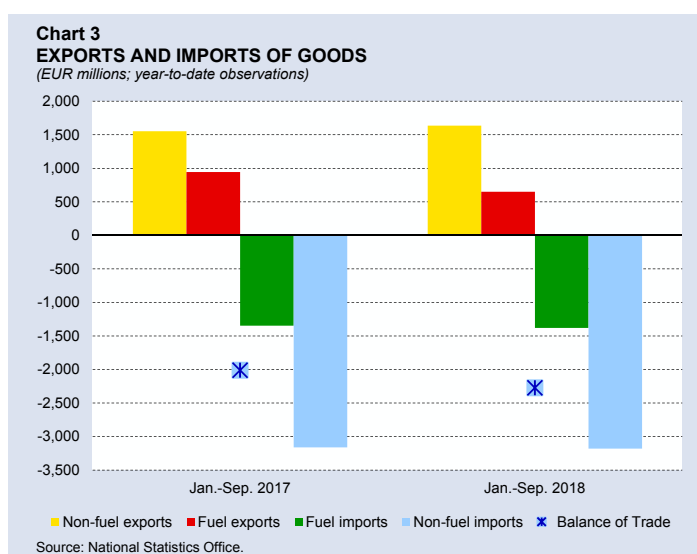
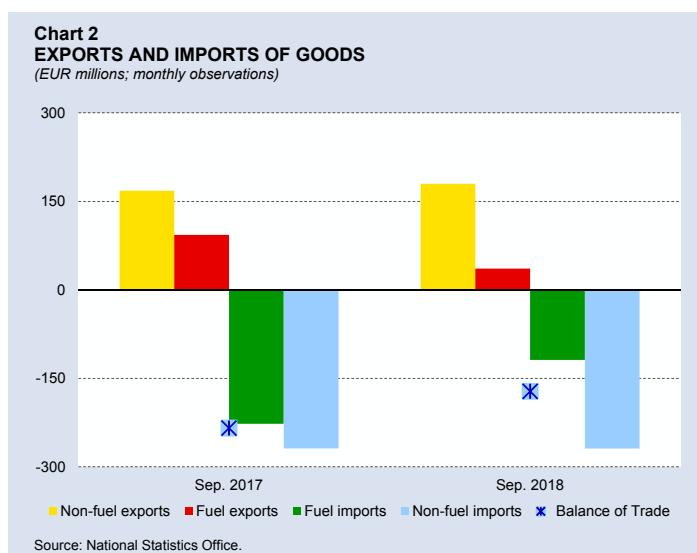
In September, retail trade, which is a short-term indicator of final domestic demand, fell at an annual rate of 0.4%, following a decline of 1.5% in August.

Meanwhile, the number of inbound tourists rose by 15.1% in annual terms, higher than the growth of 10.2% observed in August. Similarly, nights stayed increased at a faster rate of 10.2%. Both nights spent in private and collective accommodation rose on a year earlier, though growth was slower in the latter segment. Tourist spending in Malta increased at a more modest rate of 4.8%, after going up by 7.2% in August. Spending on both package and non-package holidays rose. In addition, the 'other' expenditure category registered a marginal increase following two consecutive declines.

In the third quarter, there were 95 cruise liner calls, four less than a year earlier. Foreign passengers fell to 183,480, from 206,541 in the same period of 2017.

Customs data show that the merchandise trade deficit stood at €171.9 million in September, down from the €234.4 million recorded a year earlier (see Chart 2). The smaller deficit arose as imports fell faster than exports. The former decreased by €107.9 million, whilst exports declined by €45.5 million on the same month of 2017. The decline in imports and exports was predominantly on account of lower trade in fuels. Indeed, when excluding fuels, the narrowing in the trade deficit was more modest, at €11.7 million.

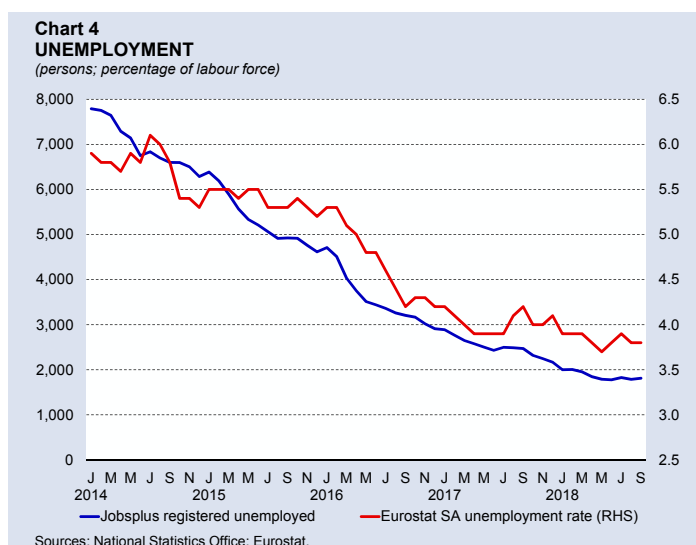
When measured over the first three quarters of 2018, the visible trade gap widened by €261.7 million on the same period of 2017, as imports rose while exports fell, the latter largely reflecting a drop in fuel re-exports (see Chart 3). Excluding trade in fuels the trade deficit decreased by €65.5 million, as non-fuel exports rose by €83.3 million, offsetting a €17.8 million increase in imports other than fuel.



Labour market

Jobsplus data show that in September the number of persons on the unemployment register dropped to 1,813, from 2,472 a year earlier, but edged up slightly from 1,787 in August (see Chart 4).

Eurostat's estimate of the seasonally-adjusted unemployment rate also declined, falling to 3.8%, from 4.2% in the corresponding month of 2017.



BOX 1: GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in June 2018 the gainfully occupied population, defined to include all persons in full-time employment, rose by 5.5% on a year earlier, reaching 203,993 (see Chart 5). The rate of growth in June 2018 was lower than the rate of 5.9% registered in the preceding month, and that of 6.6% observed a year earlier.

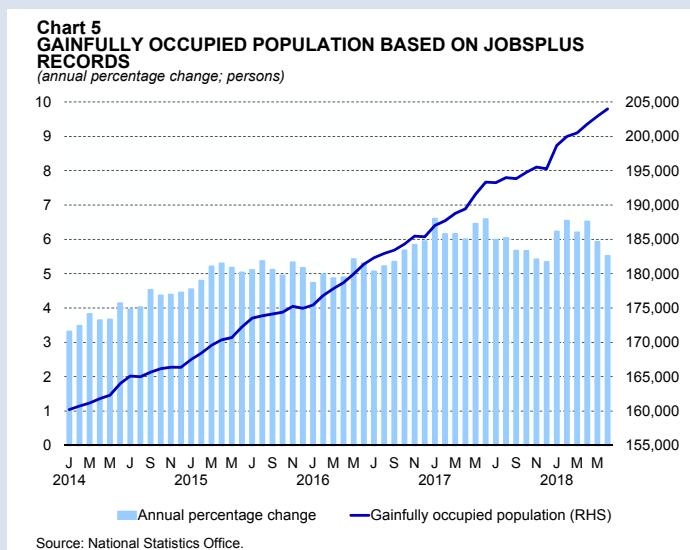


Table 3
LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons: annual percentage changes

	2017	2018	Annual change	
	June	June	Number of persons	%
Labour supply	195,758	205,771	10,013	5.1
Gainfully occupied ⁽¹⁾	193,326	203,993	10,667	5.5
Registered unemployed	2,432	1,778	-654	-26.9
Unemployment rate (%)	1.2	0.9		
Private sector	147,396	156,926	9,530	6.5
Direct production⁽²⁾	34,078	35,412	1,334	3.9
Of which:				
Manufacturing	20,939	21,634	695	3.3
Construction	10,442	11,007	565	5.4
Market services	113,318	121,514	8,196	7.2
Wholesale and retail trade	26,097	26,482	385	1.5
Transportation and storage	8,366	8,839	473	5.7
Accommodation and food service activities	12,581	13,536	955	7.6
Information and communication	6,883	6,897	14	0.2
Financial and insurance activities	8,968	9,806	838	9.3
Real estate, professional and administrative activities ⁽³⁾	27,920	30,767	2,847	10.2
Arts, entertainment and recreation	7,744	8,926	1,182	15.3
Education	5,333	5,589	256	4.8
Other	9,426	10,672	1,246	13.2
Public sector	45,930	47,067	1,137	2.5

⁽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.

year to June 2018, and accounted for more than a third 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 1,182 persons. Employment also increased significantly within the accommodation and food service activities sector, as well as within private health care.

Meanwhile, employment in direct production within the private sector grew by 1,334, or 3.9%, on a year earlier. Growth was recorded within both the manufacturing and construction sectors.

Public sector jobs rose by 1,137, or 2.5%, on a year earlier. Employment increased strongly in public administration and defence, in education as well as within the health care sector. These offset falls in other sectors, such as employment activities, construction as well as within the water supply sector. Nevertheless, the share of public sector employment in the total gainfully occupied population edged down marginally to 23.1% in June 2018 from 23.8% a year earlier.

Prices, costs and competitiveness

Consumer price pressures picked up during September, with annual HICP inflation rising to 2.5% from 2.4% in August (see Chart 6). Inflation has accelerated consistently since the start of the year, with the latest uptick reflecting higher contributions from the food and the non-energy industrial goods (NEIG) subcomponents.

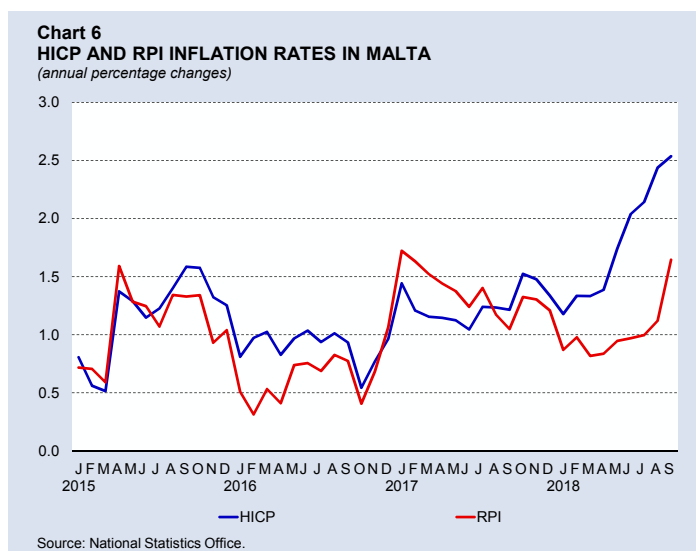
Higher annual food inflation was driven by an increase in the price of bread, as well as a recovery from low levels in prices for seasonal produce. On the other hand, the pick-up in NEIG inflation reflected slower annual contractions in prices for non-durable and semi-durable goods, such as clothing. Nonetheless, NEIG inflation remains low, reflecting weakness in import prices.

With regard to the other main subcomponents of the HICP, energy inflation was unchanged compared with August, while services inflation eased slightly following the strong acceleration observed in recent months. Nonetheless, services inflation still remains the main contributor to overall HICP, supported mainly by accommodation services, largely reflecting the increased weight of tourist expenditure in overall consumption in Malta.

Meanwhile, inflation as measured by the RPI index accelerated to 1.6% in September from 1.1% in August. This reflected a pick-up in food prices, as well as a slower contraction in prices for clothing and footwear. The positive differential observed between the overall HICP and RPI inflation rates mainly reflects the exclusion of tourist expenditure, such as accommodation services, from the RPI basket.¹³

Cost inflation for producers remained robust in September, with the Industrial Producer Price Index (PPI) standing at 3.8%.¹⁴ As in previous months, PPI inflation was supported by the intermediate goods subcomponent, which encompasses a wide range of items, such as computers and electronics. Inflation in consumer goods also picked up during September, albeit from low levels. On the other hand, the contribution from capital goods and energy remained nil.

Malta's harmonised competitiveness indicators (HCI) continued to signal a further deterioration in international competitiveness. Annual growth in the nominal HCI, based on trade-weighted exchange rates, stood at 3.3% in September, while the real HCI, which also takes into account



¹³ The RPI differs from the HICP in that HICP weights are based on total expenditure in Malta, including that by tourists. In contrast, RPI weights only take into account expenditure by Maltese households, thereby excluding tourism-related expenditure such as accommodation services.

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.

relative price pressures, grew by 4.7%.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.

Public finance

During September 2018, the Consolidated Fund balance recorded a surplus of €6.2 million, a reduction of €19.1 million when compared with the surplus registered in September 2017 (see Table 4). This occurred as the decrease in revenue was larger than that in expenditure. Consequently, the primary balance registered a surplus of €25.6 million, a decline of €18.3 million over that registered a year earlier.

Total government revenue fell by €28.5 million or 7.9%, when compared with the corresponding period of 2017. While indirect tax revenue increased by €37.3 million, direct tax revenue and non-tax revenue declined by €38.4 million and €27.4 million respectively. The decline in non-tax revenue largely reflects lower receipts from reimbursements and grants.

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2017	2018	2017	2018	Change	
	Jan.-Sep.	Jan.-Sep.	Sep.	Sep.	Amount	%
Revenue	2,785.7	2,922.4	359.8	331.4	-28.5	-7.9
Direct tax	1,407.8	1,510.3	201.7	163.3	-38.4	-19.1
Income tax	986.2	1,054.3	153.0	133.4	-19.6	-12.8
Social security contributions ⁽¹⁾	421.6	456.0	48.7	29.9	-18.8	-38.7
Indirect tax	1,051.2	1,169.7	115.6	152.9	37.3	32.3
Value Added Tax	577.5	639.4	59.7	81.7	22.0	36.9
Customs and excise duties	226.8	242.5	30.8	37.8	7.0	22.6
Licences, taxes and fines	247.0	287.7	25.1	33.4	8.4	33.4
Non-tax⁽²⁾	326.7	242.4	42.6	15.2	-27.4	-64.3
Expenditure	2,729.3	2,919.3	334.5	325.2	-9.3	-2.8
Recurrent	2,519.3	2,653.1	311.2	271.7	-39.5	-12.7
Personal emoluments	570.3	612.4	68.6	71.2	2.6	3.8
Operational and maintenance	137.2	139.5	26.6	18.8	-7.8	-29.3
Programmes and initiatives ⁽¹⁾	1,371.5	1,427.8	161.5	119.2	-42.3	-26.2
Contributions to entities	277.4	314.8	36.0	43.1	7.1	19.8
Interest payments	163.0	158.5	18.5	19.4	0.9	4.7
Capital	210.0	266.2	23.3	53.4	30.2	129.6
Primary balance⁽³⁾	219.4	161.6	43.8	25.6	-18.3	-
Consolidated Fund balance	56.4	3.1	25.3	6.2	-19.1	-

⁽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.

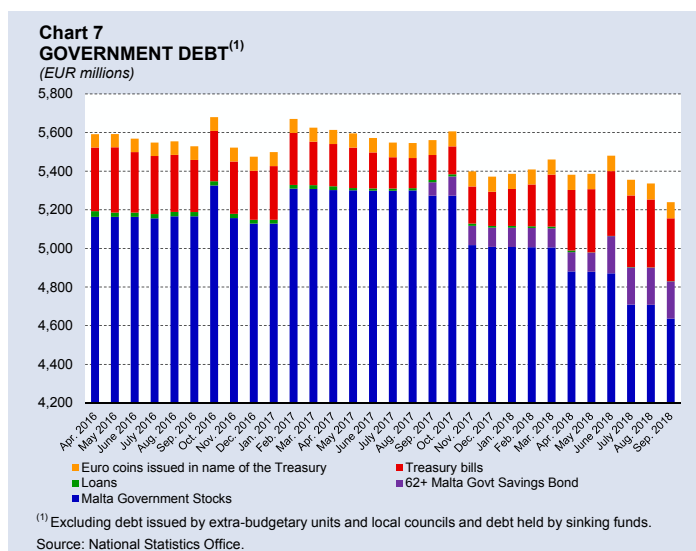
⁽³⁾ Revenue less expenditure excluding interest payments.

Source: National Statistics Office.

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.

Government expenditure decreased by €9.3 million, or 2.8% when compared with September 2017, due to a fall in recurrent expenditure. This mainly reflects lower spending on programmes and initiatives, which in turn was affected by timing issues with regards to payments to Church Schools and pensions. In contrast, capital expenditure increased by €30.2 million when compared with that recorded a year earlier.

In September 2018, the total stock of government debt amounted to €5,239.3 million, a decrease of €96.8 million when compared with a month earlier (see Chart 7). This decline was mainly due to a lower volume of Malta Governments Stocks outstanding.

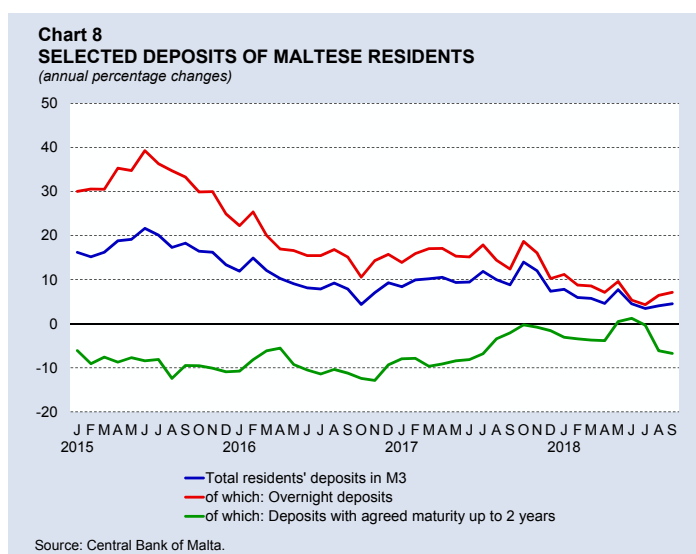


Deposits, credit and financial markets

Residents' M3 deposits held with monetary and financial institutions (MFI) based in Malta remained at historically high levels during September, standing 4.5% higher than the amount registered twelve months earlier (see Chart 8). Although deposit growth has moderated when compared with 2017, the amount of deposits continues to point towards a high level of liquidity, driven by robust economic growth, increased employment, and low interest rates.

The largest component of residents' M3 deposits remained overnight deposits, comprising over 80% of the total amount. This component, which is the most liquid form of deposits, grew by 7.1% in the year to September, up from 6.4% in August. On the other hand, time deposits with a maturity of up to two years continued to contract, falling by 6.7% in the year to September. This suggests that residents continued to shift their demand away from longer-term time deposits and toward overnight deposits, a process that has been ongoing for a number of years.

Meanwhile, credit to Maltese residents continued to grow in September, registering an unchanged annual rate of 2.6%

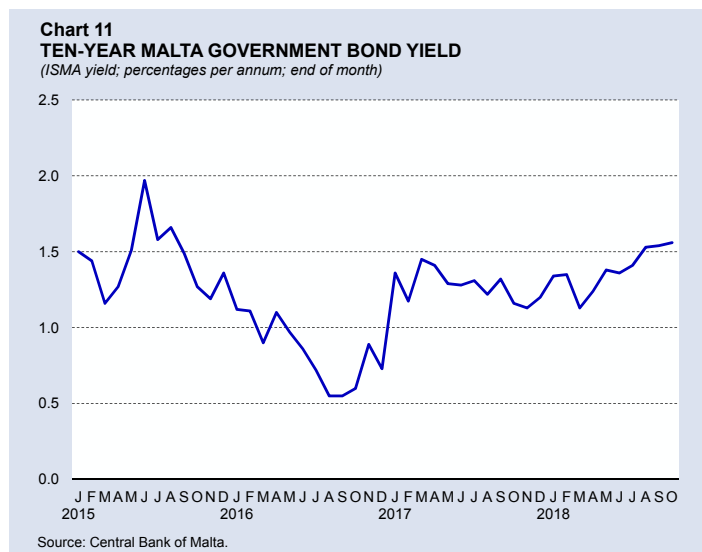
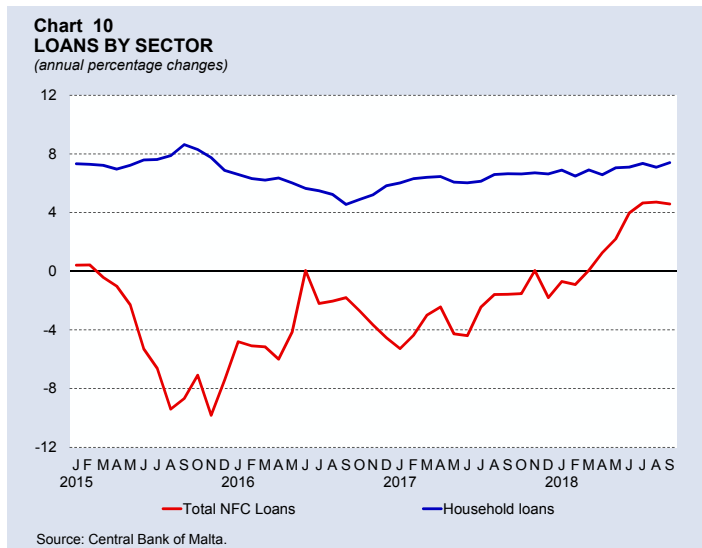
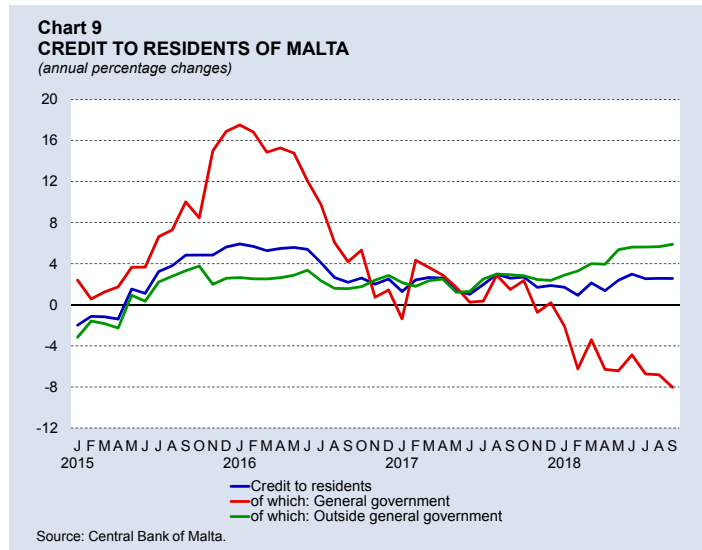


(see Chart 9). Once again, growth in credit was influenced by contrasting developments in credit to general government, and credit to residents outside general government. The former continued to contract, while the latter grew at the robust annual rate of 5.7%.

The continued strength in credit growth to residents outside general government is largely underpinned by growth in loans to both households and in loans to NFCs. Growth in loans to households grew by 7.4% in the year to September, mainly on the back of further strong growth in mortgages (see Chart 10). At the same time, loans to NFCs grew by 4.6% on an annual basis, extending the recovery observed in recent months, which follows a prolonged period of contraction. Growth was observed across a number of sectors, including construction and real estate, accommodation and food services, and manufacturing.

With regard to interest rates, the composite interest rate paid by MFIs on residents' outstanding deposits fell by 2 basis points to 0.35% between August and September. Similarly, the composite rate charged on outstanding loans dropped by 2 basis points to 3.58%. As a result, the spread between the two rates remained unchanged at 323 basis points.

In the capital market, the secondary yield on ten-year Maltese government bonds rose from 1.5% in September to 1.6% in October (see Chart 11). The



ten-year yield has risen consistently since March 2018. Meanwhile, the Malta Stock Exchange (MSE) Equity Price Index rose further during October, going up by 1.6% when compared with September. The MSE Total Return Index, which accounts for dividends as well as changes in equity prices, rose by 1.5%.

MACROECONOMIC INDICATORS FOR MALTA

(annual percentage changes; non-seasonally adjusted data)

	2016	2017	2017	2018	2018	2018	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
			Q4	Q1	Q2	Q3	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.
Prices and costs																			
HICP inflation	0.9	1.3	1.4	1.3	1.7	2.4	1.5	1.5	1.3	1.2	1.3	1.3	1.4	1.7	2.0	2.1	2.4	2.5	-
RPI inflation	0.6	1.4	1.3	0.9	0.9	1.3	1.3	1.3	1.2	0.9	1.0	0.8	0.8	0.9	1.0	1.0	1.1	1.6	-
Industrial producer price inflation	-0.3	1.6	3.5	4.5	6.6	3.8	3.4	3.6	3.5	3.3	3.5	6.6	7.0	6.2	6.6	4.1	3.6	3.8	-
HCI (nominal)	2.3	1.7	3.4	5.2	4.1	2.9	2.8	3.2	4.0	4.1	5.9	5.8	5.8	3.5	3.1	3.0	2.4	3.3	-
HCI (real)	3.1	1.9	4.8	7.9	6.1	4.0	4.1	4.5	5.8	5.9	9.0	8.8	9.2	5.1	4.2	4.1	3.2	4.7	-
Unit labour costs, whole economy ⁽¹⁾	1.8	0.2	0.2	1.3	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	2.9	1.7	1.7	2.3	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	1.0	1.5	1.5	1.1	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (Eurostat)	5.5	5.3	4.9	5.6	5.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																			
Nominal GDP	6.9	9.4	8.5	7.1	8.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	5.2	6.7	5.5	4.9	5.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	2.6	3.7	2.7	4.8	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	-2.8	2.8	1.9	2.5	11.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	1.7	-7.3	0.9	-15.2	12.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	4.2	3.8	4.9	1.6	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	0.7	-1.9	3.6	-0.9	4.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour market developments																			
LFS unemployment rate (% of labour force)	4.7	4.0	4.0	3.9	3.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFS employment	4.9	5.9	7.5	6.6	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus gainfully occupied	5.3	6.0	5.5	6.3	6.0	-	5.7	5.4	5.3	6.2	6.5	6.2	6.5	5.9	5.5	-	-	-	-
Balance of payments																			
Current account (as a % of GDP) ⁽²⁾	7.0	13.6	13.6	14.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																			
Maltese residents' deposits and loans																			
Overnight deposits	15.7	10.2	10.2	8.6	5.4	7.1	18.6	16.1	10.2	11.2	8.8	8.6	7.1	9.6	5.4	4.3	6.4	7.1	-
Deposits with agreed maturity up to 2 years	-9.3	-1.6	-1.6	-3.7	1.2	-6.7	-0.3	-0.8	-1.6	-3.1	-3.4	-3.7	-3.8	0.5	1.2	-0.3	-6.1	-6.7	-
Total residents' deposits in M3	9.3	7.4	7.4	5.8	4.5	4.5	14.0	12.0	7.4	7.8	5.9	5.8	4.6	7.7	4.5	3.5	4.1	4.5	-
Credit to general government	1.4	0.2	0.2	-3.4	-4.9	-8.0	2.4	-0.7	0.2	-2.1	-6.2	-3.4	-6.3	-6.4	-4.9	-6.7	-6.8	-8.0	-
Credit to residents (excl. general government)	2.9	2.4	2.4	4.0	5.6	5.9	2.8	2.5	2.4	2.9	3.3	4.0	3.9	5.4	5.6	5.6	5.7	5.9	-
Total credit	2.5	1.9	1.9	2.1	3.0	2.6	2.7	1.7	1.9	1.7	0.9	2.1	1.4	2.4	3.0	2.5	2.6	2.6	-
10-year interest rate (%) ⁽³⁾	0.7	1.2	1.2	1.1	1.4	1.5	1.2	1.1	1.2	1.3	1.4	1.1	1.2	1.4	1.4	1.4	1.5	1.5	1.6
Stock prices: Malta Stock Exchange Index ⁽⁴⁾	4.5	-3.3	-3.9	-0.8	-2.5	0.5	-0.9	-5.6	2.7	-0.7	0.4	-0.5	-4.3	0.5	1.3	-0.8	-1.1	2.4	1.6
General government finances (% of GDP)																			
Surplus (+) / deficit (-) ⁽²⁾	0.9	3.5	3.5	3.1	3.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁵⁾	56.3	50.9	50.9	50.5	49.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-

⁽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.