



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

ECONOMIC UPDATE 3/2019

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ECONOMIC UPDATE 3/2019

Summary¹

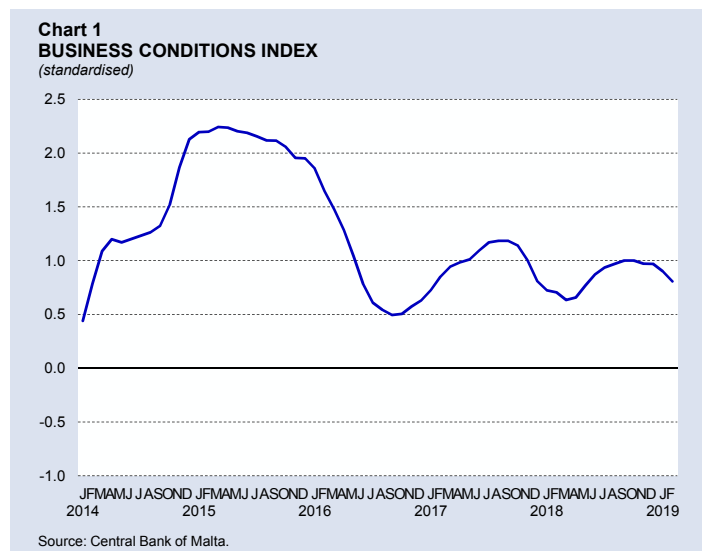
In February, the Bank's Business Conditions' Index (BCI) eased slightly when compared with the previous month, while continuing to suggest above-average conditions. Economic sentiment increased, as higher confidence was registered across all components, notably within the services and retail sectors. In January, tourism activity grew moderately compared with December. Both industrial production and retail trade rose on a year earlier. Conditions in the labour market remained favourable, with the number of registered unemployed and the unemployment rate low from a historical perspective. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) declined further to 1.0% in January, while inflation based on the Retail Price Index (RPI) stood unchanged at 1.5%. Maltese residents' deposits grew by 5.5% on the same month of the preceding, while growth in credit to residents rose by 5.4%. As regards fiscal developments, in January the cash-based Consolidated Fund deficit widened on that registered a year earlier.

Central Bank's Business Conditions Index (BCI)²

In February, the Central Bank's BCI eased slightly from the previous month dropping to 0.8 from a revised value of 0.9 in January (see Chart 1). It continued to indicate above-average economic conditions. The BCI was affected by lower economic sentiment and supported by improvements in the labour market and tourist arrivals.

Business and consumer confidence indicators

In February, the Economic Sentiment Indicator (ESI) rose to 110 from 102 in the preceding month, thus remaining above its long-term average of 100 (see Table 1).^{3,4} The ESI stood 4 points higher than that in the euro area. Higher sentiment



¹ The cut-off date for information in this note is 13 March 2019.

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

	2017	2018	2018 Dec.	2019 Jan.	2019 Feb.
Economic Sentiment Indicator	112	112	108	102	110
Services confidence indicator	31	35	38	25	40
Business situation development over the past 3 months	27	31	36	20	43
Evolution of the demand over the past 3 months	33	36	42	22	43
Expectation of the demand over the next 3 months	32	37	36	32	35
Retail trade confidence indicator	9	8	-12	-1	5
Business activity, past 3 months	15	15	-6	0	40
Stocks of finished goods	5	8	9	11	36
Business activity, next 3 months	16	17	-22	7	10
Industrial confidence indicator	8	7	-1	-5	1
Assessment of order-book levels	-5	-1	-13	-15	-3
Assessment of stocks of finished products	-2	6	13	17	4
Production expectations for the months ahead	27	28	25	18	10
Construction confidence indicator	13	21	17	33	38
Evolution of your current overall order books	2	17	9	39	30
Employment expectations over the next 3 months	24	26	24	26	46
Consumer confidence indicator	8	10	8	4	6
Financial situation past 12 months	14	17	15	15	18
Financial situation next 12 months	9	17	16	13	16
Economic situation next 12 months	19	29	25	23	24
Major purchases next 12 months	-8	-23	-25	-34	-32

Source: European Commission.

was registered across all components, with the largest increases recorded in the services and retail sectors.

Sentiment in the services sector reached 40 in February, from 25 in January, thus rising further above its long-term average of 23.⁵ Higher sentiment reflected developments in all subcomponents, although a significant increase in the share of firms reporting positive developments in the business situation over the past three months and in demand over subsequent months, were the main drivers. Supplementary survey data indicate that in February, employment expectations were more optimistic than in the preceding month. However, the share of participating firms anticipating a rise in prices in the months ahead edged down from January.

In February, confidence in the retail sector rose significantly to 5, from -1 a month earlier. It stood marginally above its long-term average of 3.⁶ The recent rise in sentiment was driven by both past and expected business activity. Conversely, firms' assessment of stock levels deteriorated further, as a significantly larger percentage of firms reported increasing stocks. Additional survey data indicate that on balance, more firms predicted lower prices. At the same time, a greater share of respondents was optimistic about their employment expectations.

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 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.

Industrial confidence also improved, reaching 1 in February from -5 in the preceding month.⁷ Following this increase, it stood above its long-term average of -3, whereby on balance, firms' assessment appreciated across all subcomponents, with the exception of future production expectations.⁸ Supplementary data show that a smaller share of respondents expected employment levels to rise in subsequent months. On the contrary, a larger number of firms anticipated an increase in selling prices in the three months ahead.

Similarly, sentiment within the construction sector edged up. It increased to 38 in February from 33 in January, and hence rose up further above its long-term average of -15.⁹ Higher confidence was driven by more optimistic employment expectations. In contrast, firms' assessment of order book levels deteriorated. Additional data show that the number of respondents reporting an increase in building activity over the preceding three months edged up marginally. At the same time, more respondents expected prices to upsurge over the next three months.

Meanwhile, consumer confidence reached 6 from 4 in the preceding month, standing well above its long-term average of -12.¹⁰ Looking forward, respondents were more optimistic of both the financial situation and the general economic situation, whilst a slightly smaller share of respondents expected to make fewer major purchases in the subsequent months. Additionally, the number of participants expecting an increase in their savings more than doubled and more consumers anticipated a fall in unemployment over the coming months. Looking forward, on balance, less respondents foresaw higher prices going forward.

In January, the index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, rose by 2.8% in annual terms, following a fall of 0.9% in the preceding month (see Table 2).¹¹ This increase was largely driven by a strong pick up in production in the energy sector. Higher production was also registered among firms in the printing and reproduction of recorded media, in the quarrying sector as well as within the "other manufacturing" sub-sector, which includes medical and dental instruments, toys and related products. These increases offset declined production among firms involved in the production of rubber and plastics, food, textiles and wearing apparel, as well as computer, electronics and optical products. Smaller declines were recorded among firms that produce chemicals, pharmaceuticals and beverages as well as among firms that contribute to the repair and installation of machinery and equipment.

In January, retail trade, which is a short-term indicator of final domestic demand, rose at an annual rate of 4.9%, following a decline of 1.3% in December.

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.

⁸ 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.

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' assessment and expectations of their financial situation, their expectations about the general economic situation and their intention to make major purchases over the subsequent 12 months. The computation of this indicator was changed as reflected in the January 2019 release of the European Commission; https://ec.europa.eu/info/sites/info/files/esi_2019_01_en.pdf.

¹¹ 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

	2017		2018												2019
	2017	2018	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Industrial production	8.5	1.1	3.0	1.9	1.7	-2.8	2.4	2.7	2.8	-1.2	-7.0	1.9	10.0	-0.9	2.8
Retail trade	5.2	0.2	5.5	2.6	1.9	-2.0	0.9	-0.6	-1.0	-0.5	-0.9	-0.9	0.5	-1.3	4.9
Number of tourist arrivals	15.7	14.3	19.9	17.8	18.6	17.0	19.3	13.8	15.2	10.2	15.1	10.5	7.8	11.0	2.4
Number of nights stayed	10.3	12.5	15.1	11.2	26.9	16.9	20.2	15.5	12.9	5.7	10.2	8.0	8.0	10.1	7.6
Private accommodation ⁽¹⁾	16.7	19.7	10.5	19.1	56.1	26.7	21.9	28.1	18.4	5.1	18.1	18.0	32.2	29.7	33.6
Collective accommodation	6.0	7.1	18.5	7.4	14.6	11.0	19.0	6.9	8.0	6.3	2.8	1.2	-3.9	-4.8	-10.4
Tourist expenditure	13.9	8.0	16.1	4.7	20.2	3.9	16.6	9.7	9.5	7.2	4.8	3.3	2.6	1.1	3.0
Package expenditure	3.2	16.6	30.9	15.4	27.2	15.1	29.7	10.2	41.6	25.4	3.7	-0.3	-7.1	5.4	0.8
Non-package expenditure	19.8	13.3	32.4	8.5	19.8	3.4	10.6	16.7	5.1	10.9	11.1	23.6	25.2	12.9	-6.8
Other	17.3	-2.2	-2.7	-5.0	15.0	-3.6	12.6	3.6	-6.8	-6.5	0.3	-9.0	-7.4	-9.8	13.8

Sources: National Statistics Office; Eurostat.

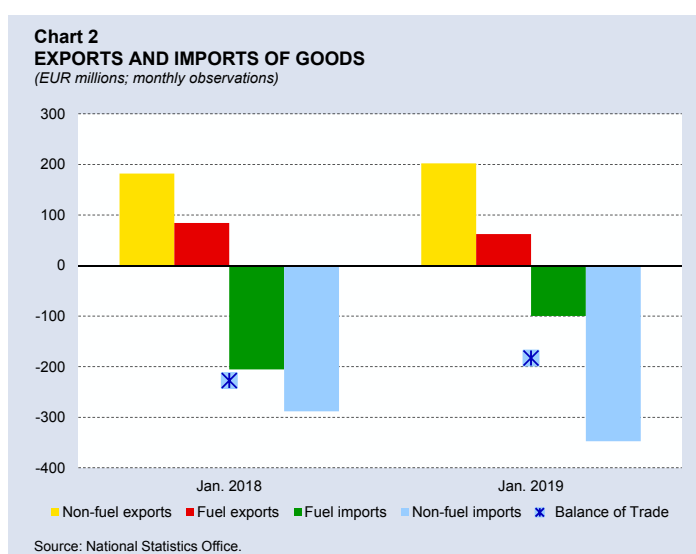
⁽¹⁾ Private accommodation includes stays in both rented and non-rented accommodation.

Similarly, the number of inbound tourists rose moderately at 2.4% in annual terms, compared with 11.0% growth in December. Nights stayed grew by 7.6% on the back of a robust increase in nights spent in private accommodation, as those spent in collective accommodation fell further on a year earlier. Tourist spending in Malta increased by 3.0%, following a 1.1% rise in December. Spending on non-package holidays fell, while expenditure on package holidays and the 'other' expenditure category rose.

During the fourth quarter of 2018, the total occupancy rate in collective accommodation establishments declined to 57.1%, from 58.2% a year earlier. Lower occupancy rates were recorded across all hotel categories. In contrast, occupancy rates increased in the "other" collective accommodation category.

In the fourth quarter of 2018, there were 95 cruise liner calls, one more than a year earlier. Foreign passengers rose to 189,322, from 185,479 in the same period of 2017.

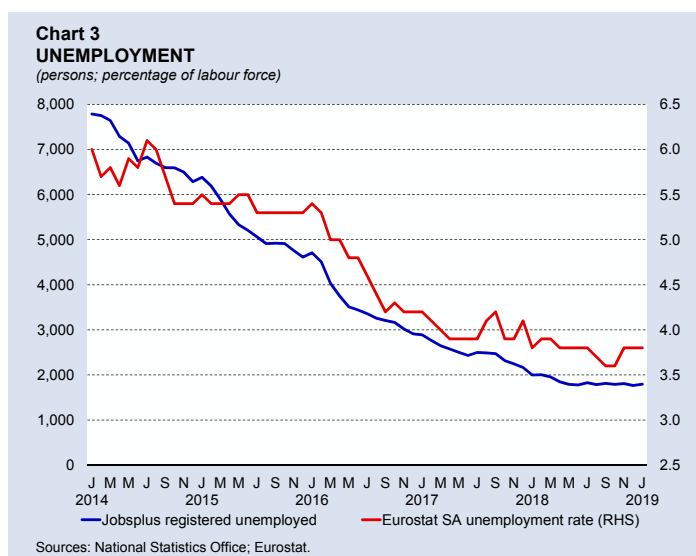
Customs data show that the merchandise trade deficit narrowed to €182.9 million in January, down from €227.4 million a year earlier (see Chart 2). This improvement was entirely driven by a €46.4 million decrease in imports, as exports edged down by €1.9 million on the same month of 2018. The decline in both imports and exports was predominantly on account of lower trade in fuels. Excluding fuels, the trade balance would have widened by €39.0 million, as non-fuel imports rose at a faster pace than non-fuel exports.



Labour market

Jobsplus data show that the number of persons on the unemployment register stood at 1,796 in January 2019, somewhat above the 1,765 registered in December, but still down from 2,000 a year earlier (see Chart 3).

In January 2019, Eurostat's estimate of the seasonally-adjusted unemployment rate remained unchanged from the 3.8% rate observed in the previous two months.



BOX 1: GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in September 2018 the gainfully occupied population, defined to include all persons in full-time employment, rose by 5.9% on a year earlier, reaching 207,662 (see Chart 4). The rate of growth in September 2018 approached the rate of 6.0% registered in the preceding month, but lower than that of 6.9% observed 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 10,388, or 6.9% on September 2017. Employment growth in this sector continued to be driven by market services, with the number of full-time job holders increasing by 9,064, or 7.8% in annual terms. This rise was distributed among all major sectors within this category.

The sector incorporating real estate, professional and administrative activities registered the largest absolute increase. Employed persons in this

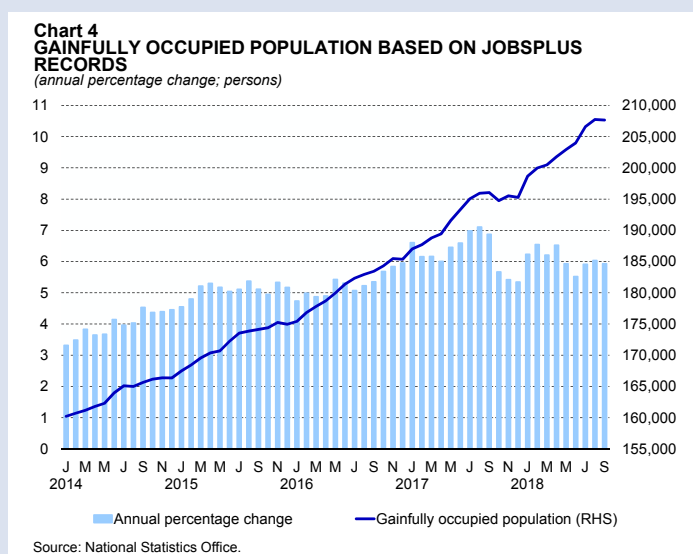


Table 3
LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons; annual percentage changes

	2017 September	2018 September	Annual change Number of persons	%
Labour supply	198,511	209,475	10,964	5.5
Gainfully occupied ⁽¹⁾	196,039	207,662	11,623	5.9
Registered unemployed	2,472	1,813	-659	-26.7
Unemployment rate (%)	1.2	0.9		
Private sector	149,790	160,178	10,388	6.9
Direct production ⁽²⁾	34,208	35,532	1,324	3.9
Of which:				
Manufacturing	21,062	21,612	550	2.6
Construction	10,458	11,115	657	6.3
Market services	115,582	124,646	9,064	7.8
Wholesale and retail trade	26,276	26,665	389	1.5
Transportation and storage	8,457	9,095	638	7.5
Accommodation and food service activities	12,845	13,849	1,004	7.8
Information and communication	6,911	7,010	99	1.4
Financial and insurance activities	9,085	10,014	929	10.2
Real estate, professional and administrative activities ⁽³⁾	28,771	32,094	3,323	11.5
Arts, entertainment and recreation	8,137	9,171	1,034	12.7
Education	5,429	5,573	144	2.7
Other	9,671	11,175	1,504	15.6
Public sector	46,249	47,484	1,235	2.7

Source: National Statistics Office.

⁽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.

sector went up by 3,323 in the year to September 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 1,034 persons. Employment also increased significantly within the accommodation and food service activities sector, as well as within the financial and insurance service activities.

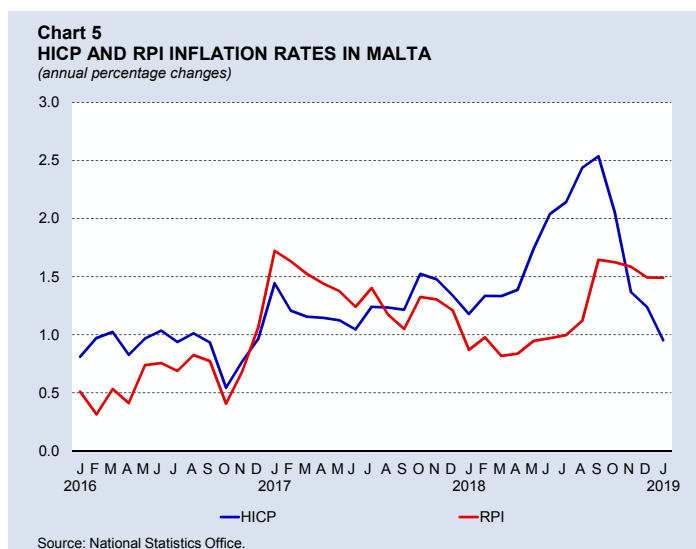
Meanwhile, employment in direct production within the private sector grew by 1,324, or 3.9%, on a year earlier. Growth was recorded in both the construction and manufacturing sectors.

Public sector jobs rose by 1,235, or 2.7%, on a year earlier. Employment increased mostly in public administration and defence, in education and within the health care sector. These offset falls in construction as well as in sub-sectors such as employment agencies' activities. Nevertheless, the share of public sector employment in the total gainfully occupied population edged down to 22.9% in September 2018 from 23.6% a year earlier.

Prices, costs and competitiveness

Annual HICP inflation continued to moderate at the start of 2019, falling to 1.0% in January from 1.2% in the previous month (see Chart 5).

The deceleration in overall inflation mainly reflected a contraction in the prices of non-energy industrial goods, reflecting weakness in prices for imported goods, as well as the lagged pass-through of the recent appreciation of the euro against the pound sterling. This was partly offset by faster growth in services inflation, driven by accommodation and catering services. Meanwhile, the contribution of food and energy inflation remained unchanged from December.



Inflation as measured by the RPI index stood at 1.5% during January (see Chart 5), with food inflation remaining the main contributor.¹² Prices for clothing and footwear contracted when compared with a year earlier. In contrast, inflation in services such as transport and communication, as well as recreation and culture, accelerated, although their contribution to overall RPI inflation remained modest.

Annual cost inflation for producers, based on the Industrial Producer Price Index (PPI), remained robust during January, standing at 3.6%, from 3.8% a month earlier.¹³ 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. The contribution of consumer goods was also positive, though relatively smaller, while the contribution from capital goods and energy remained nil.

Malta's harmonised competitiveness indicators (HCI) continued to signal a deterioration in international price competitiveness, though the pace of deterioration slowed down when compared with previous months.¹⁴ Annual growth in the nominal HCI, based on trade-weighted exchange rates, stood at 1.1% in January, from 1.9% in December, while the real HCI, which also takes into account relative price changes, grew by 0.4%, after 2.1% a month earlier. Malta's competitiveness was negatively affected by movements in the euro exchange rate and developments in relative prices vis-à-vis international trading partners over the past year.

¹² The Retail Price Index (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.

¹³ The Industrial PPI measures the prices of goods at the factory gate and is commonly used to monitor inflationary pressures at the production stage.

¹⁴ HCIs act as an effective exchange rate measure for countries operating within the euro area monetary union. The nominal HCI tracks movements in the euro exchange rate against the currencies of Malta's main trading partners, weighted according to the direction of trade in manufactured goods. The real HCI also takes into account the relative inflation rate of Malta vis-à-vis its main trading partners. A higher (or lower) score in the HCI indicates a deterioration (or improvement) in Malta's international price competitiveness.

Public finance

During the first month of 2019, the Consolidated Fund balance recorded a deficit of €55.0 million, a €41.8 million increase when compared with the deficit registered in January 2018 (see Table 4). This occurred as the rise in primary expenditure was more pronounced than that in revenue. Consequently, the primary balance registered a deficit of €42.0 million, compared with a €5.2 million surplus in the same period a year earlier.

Total government revenue increased by €14.9 million, or 5.4% when compared with the corresponding period of 2018. This mainly reflected higher income from direct taxes, which increased by €17.9 million. Indirect taxes increased by €0.7 million, as a rise in receipts from VAT and licences, taxes and fines are partly offset by a reduction in customs and excise duties. Non-tax revenue fell by €3.7 million when compared with January 2018, mainly due to a decline in grants received from the European Union.

Government expenditure increased by €56.7 million, or 19.6% when compared with January 2018, mainly due to higher recurrent expenditure. This increased by €40.8 million, on the back of higher outlays on programmes and initiatives, mainly due to timing of contributions to the EU budget and hospital concession payments. Meanwhile, capital outlays increased by €15.9 million.

In January, the total stock of government debt amounted to €5,414.7 million, an increase of €215.1 million when compared with November 2018 (see Chart 6). This increase was due to an increase

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2018	2019	Change	
	Jan.	Jan.	Amount	%
Revenue	276.2	291.1	14.9	5.4
Direct tax	147.6	165.6	17.9	12.1
Income tax	96.4	105.1	8.7	9.0
Social security contributions ⁽¹⁾	51.2	60.4	9.2	18.0
Indirect tax	95.4	96.1	0.7	0.7
Value Added Tax	37.0	45.5	8.5	22.8
Customs and excise duties	26.3	16.3	-10.0	-38.0
Licences, taxes and fines	32.1	34.3	2.2	6.8
Non-tax⁽²⁾	33.2	29.5	-3.7	-11.2
Expenditure	289.3	346.1	56.7	19.6
Recurrent	280.0	320.8	40.8	14.6
Personal emoluments	66.2	69.6	3.4	5.2
Operational and maintenance	17.4	19.6	2.2	12.7
Programmes and initiatives ⁽¹⁾	146.4	179.0	32.6	22.3
Contributions to entities	31.7	39.7	7.9	25.0
Interest payments	18.3	12.9	-5.4	-29.5
Capital	9.3	25.3	15.9	171.0
Primary balance⁽³⁾	5.2	-42.0	-47.2	-
Consolidated Fund balance	-13.1	-55.0	-41.8	-

Source: National Statistics Office.

⁽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.

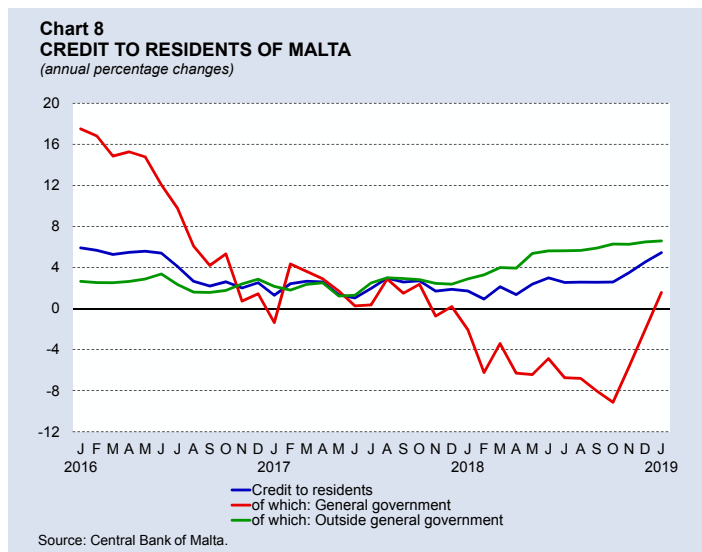
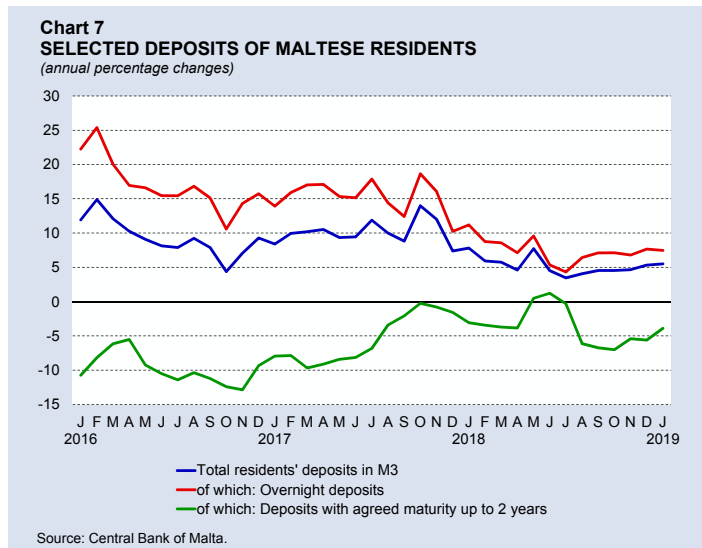
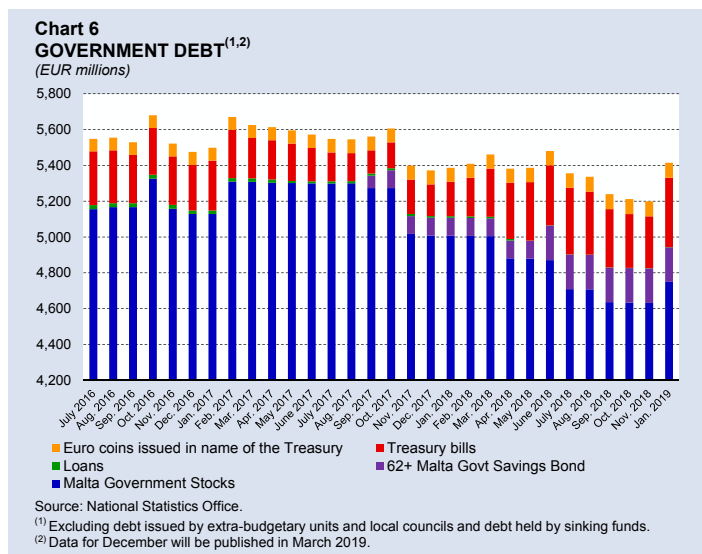
in Malta Government Stocks outstanding (reflecting a new issue in December), as well as higher issues of Treasury Bills.

Deposits, credit and financial markets

Residents' M3 deposits held with monetary and financial institutions (MFI) based in Malta continued to expand in January, standing 5.5% above their year-ago level (see Chart 7). The expansion in deposits reflects the high level of liquidity across sectors, as well as robust income growth in the household sector in the context of a low interest rate environment.

Overnight deposits remained the largest component of residents' M3 deposits, comprising over 80% of the total amount. This component, which is the most liquid form of deposits, grew by 7.5% in the year to January. On the other hand, time deposits with a maturity of up to two years continued to contract, falling by 3.9% in annual terms. This suggests that residents continued to shift their demand away from longer-term time deposits and towards overnight deposits, a process that has been ongoing for a number of years.

Meanwhile, credit to Maltese residents grew at an annual rate of 5.4% in January, up from 4.5% in December (see Chart 8). Credit to general government expanded by 1.6% after contracting in December, reflecting a significant annual

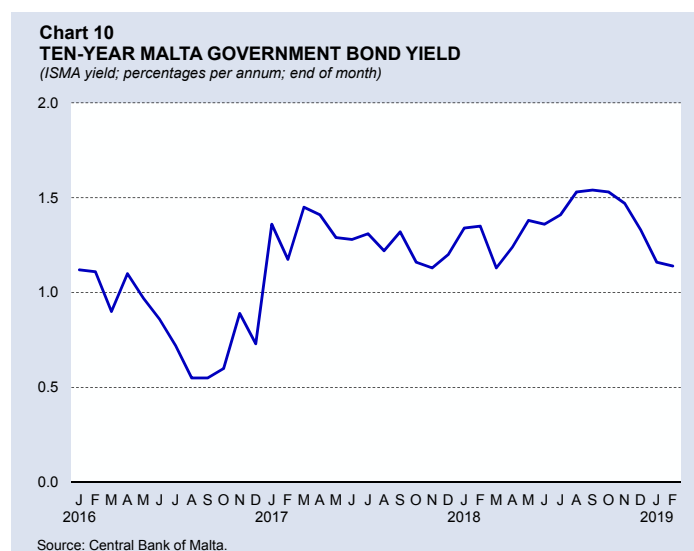
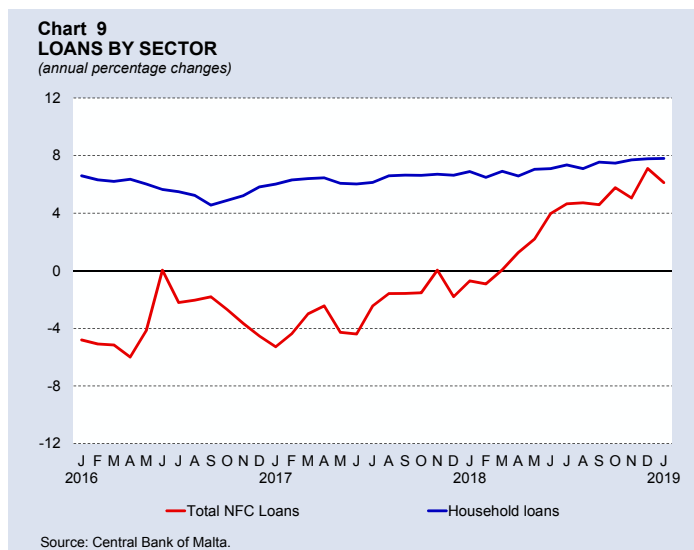


increase in banks' Treasury Bill holdings. On the other hand, credit to residents outside general government picked up slightly further, with the annual rate of change reaching 6.6% in January, from 6.5% a month earlier.

The continued strength in credit to residents outside general government is largely underpinned by growth in loans to households and to non-financial corporations (NFC). Loans to households grew by 7.8%, mainly supported by strong growth in mortgage lending (see Chart 9). At the same time, loans to NFCs grew by 6.1% on an annual basis. Growth was observed across a number of sectors, including construction and real estate, accommodation and food services, and professional, scientific, and technical activities.

With regard to interest rates, the composite interest rate paid by MFIs on residents' outstanding deposits remained unchanged at 0.33% between January and December. On the other hand, the composite rate charged on outstanding loans fell by 3 basis points to 3.52%. The spread between the two rates thus narrowed to 319 basis points, compared with 326 points 12 months earlier.

In the capital market, the secondary market yield on ten-year Maltese government bonds dropped further to 1.1% in February 2019 (see Chart 10). The Malta Stock Exchange (MSE) Equity Price Index gained 2.0% during the month. The MSE Total Return Index, which accounts for dividends as well as changes in equity prices, also rose by 2.0%.



Annex 1

MACROECONOMIC INDICATORS FOR MALTA

(annual percentage changes; non-seasonally adjusted data)

	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019
			Q1	Q2	Q3	Q4	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Prices and costs																			
HICP inflation	1.3	1.7	1.3	1.7	2.4	1.6	1.3	1.3	1.4	1.7	2.0	2.1	2.4	2.5	2.1	1.4	1.2	1.0	-
RPI inflation	1.4	1.2	0.9	0.9	1.3	1.6	1.0	0.8	0.8	0.9	1.0	1.0	1.1	1.6	1.6	1.6	1.5	1.5	-
Industrial producer price inflation	1.6	4.7	4.5	6.6	3.9	3.7	3.5	6.6	7.0	6.2	6.6	4.1	3.7	3.9	3.4	3.9	3.8	3.6	-
HCI (nominal)	1.7	3.6	5.2	4.1	2.9	2.1	5.9	5.8	5.8	3.5	3.1	3.0	2.4	3.3	2.6	1.9	1.9	1.1	-
HCI (real)	1.8	5.2	8.1	6.3	4.2	2.4	9.3	9.0	9.5	5.3	4.4	4.3	3.4	4.9	3.3	2.0	2.1	0.4	-
Unit labour costs, whole economy ⁽¹⁾	0.6	0.9	1.5	2.1	2.2	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	1.8	1.7	0.5	1.4	2.2	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	1.3	0.9	-0.9	-0.6	0.1	0.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (Eurostat)	5.3	-	5.3	5.8	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																			
Nominal GDP	9.4	8.9	7.5	9.1	9.6	9.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	6.7	6.6	5.1	6.6	7.1	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	3.6	7.3	5.0	8.8	7.8	7.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	2.1	11.7	2.5	11.0	5.7	27.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	-7.4	-3.7	-19.4	9.3	0.8	-3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	5.6	2.1	4.0	1.6	4.8	-2.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	0.6	1.3	0.8	4.1	2.6	-2.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour market developments																			
LFS unemployment rate (% of labour force)	4.0	-	3.9	3.8	3.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFS employment	6.0	-	6.6	6.0	6.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus gainfully occupied	6.3	-	6.3	6.0	6.0	-	6.5	6.2	6.5	5.9	5.5	5.9	6.0	5.9	-	-	-	-	-
Balance of payments																			
Current account (as a % of GDP) ⁽²⁾	10.4	-	11.3	10.3	10.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																			
Maltese residents' deposits and loans																			
Overnight deposits	10.2	7.7	8.6	5.4	7.1	7.7	8.8	8.6	7.1	9.6	5.4	4.3	6.4	7.1	7.1	6.8	7.7	7.5	-
Deposits with agreed maturity up to 2 years	-1.6	-5.6	-3.7	1.2	-6.7	-5.6	-3.4	-3.7	-3.8	0.5	1.2	-0.3	-6.1	-6.7	-7.0	-5.4	-5.6	-3.9	-
Total residents' deposits in M3	7.4	5.3	5.8	4.5	4.5	5.3	5.9	5.8	4.6	7.7	4.5	3.5	4.1	4.5	4.5	4.7	5.3	5.5	-
Credit to general government	0.2	-2.0	-3.4	-4.9	-8.0	-2.0	-6.2	-3.4	-6.3	-6.4	-4.9	-6.7	-6.8	-8.0	-9.1	-5.6	-2.0	1.6	-
Credit to residents (excl. general government)	2.4	6.5	4.0	5.6	5.9	6.5	3.3	4.0	3.9	5.4	5.6	5.6	5.7	5.9	6.3	6.3	6.5	6.6	-
Total credit	1.9	4.5	2.1	3.0	2.6	4.5	0.9	2.1	1.4	2.4	3.0	2.5	2.6	2.6	2.6	3.5	4.5	5.4	-
10-year interest rate (%) ⁽³⁾	1.2	1.3	1.1	1.4	1.5	1.3	1.4	1.1	1.2	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.3	1.2	1.1
Stock prices: Malta Stock Exchange Index ⁽⁴⁾	-3.3	0.1	-0.8	-2.5	0.5	3.0	0.4	-0.5	-4.3	0.5	1.3	-0.8	-1.1	2.4	1.6	0.6	0.8	-1.8	2.0
General government finances (% of GDP)																			
Surplus (+) / deficit (-) ⁽²⁾	3.5	-	3.1	3.9	3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁵⁾	50.1	-	49.7	48.8	45.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

⁽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.