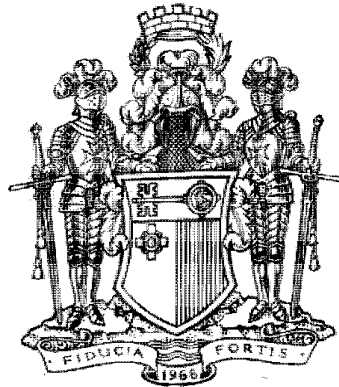


Central Bank of Malta



Quarterly Review

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CONTENTS

ECONOMIC SURVEY

1. General Overview	5
2. The International Environment	7
Box 1: Developments in International Economic Co-operation	11
3. The Domestic Economy	14
Box 2: Business Perceptions Survey : First Quarter 2001	19
4. The Balance of Payments and the Maltese Lira	22
5. Government Finance	27
6. Monetary and Financial Developments	30
7. The Banking System	37
INTERNATIONAL BANKING INSTITUTIONS IN MALTA	42
NEWS NOTES	50
FINANCIAL POLICY CALENDAR	52
STATISTICAL TABLES	61

Note: The cut-off date for information published in the Economic Survey is June 08, 2001.
For figures published in the Statistical Tables, the cut-off date is June 15, 2001.

ECONOMIC SURVEY

1. GENERAL OVERVIEW

During the first quarter of 2001 the Central Bank left official interest rates unchanged, with the central intervention rate remaining at the 4.75% level. The decision to maintain an unchanged monetary policy stance was based on the Bank's assessment of economic and financial developments in Malta and abroad. In particular, the Bank noted that falling international interest rates had helped to ease pressures on the external reserves, and that inflation remained moderate and domestic demand unchanged. At the same time, although the deficit on the current account of the balance of payments was expected to narrow to more sustainable levels later in the year, concerns relating to the overall external balance persisted.

Although the Central Bank's external reserves continued to fall and the deficit on the current account to widen during the quarter, pressures eased towards the end of the period. Furthermore, while the merchandise trade gap widened further, driven by fuel imports, exports and earnings from tourism increased. Meanwhile, despite the further easing of capital controls in January, portfolio investment outflows increased only marginally.

Signals from the domestic economy were mixed. The underlying fiscal stance remained expansionary and labour demand was sustained during the quarter reviewed. The unemployment rate dropped marginally to 4.4% in March according to the Employment and Training Corporation. Employment in construction and manufacturing continued to increase, as did part-time employment.

However, according to the Bank's latest business perceptions survey¹, lower international demand resulted in reduced activity levels in the larger export-oriented manufacturing firms. The survey also indicated that activity in the tourism sector was lower than that recorded during the first quarter of 2000, although balance of payments data showed an increase in foreign exchange earnings. Moreover, the state of domestic demand was evidenced by lower reported levels of activity in the distributive trades and in the domestically-oriented manufacturing and services sectors. However, official data pointed to a moderate increase in manufacturing turnover during the quarter, possibly generated by smaller firms that fall outside the survey framework, while buoyant demand boosted activity in the construction industry.

The Central Bank's continued use of the exchange rate peg as the linchpin of its monetary policy strategy contributed to a benign inflation performance. In fact, headline inflation fell to 1.9% in March, reflecting weak upward pressures on prices during 2000. There were indications, however, that underlying inflation rose during the quarter reviewed, probably reflecting higher imported inflation. This suggests that inflation may rise somewhat during the second half of the year, although price pressures will continue to be dampened by fiscal tightening.

Projections for the year as a whole continue to indicate that real GDP growth will be driven mainly by domestic demand, as the short-term outlook for manufacturing exports remains somewhat clouded by the slowdown in the major industrial economies. Moreover, although signs of incipient upward pressures on prices have been detected,

¹ The survey, undertaken between April and May 2001, covers a sample of 138 firms, employing 22% of the private sector workforce and having a combined annual turnover exceeding Lm440 million.

inflation is still expected to be lower, on average, than in 2000. Furthermore, as investment, and the concomitant imports of capital equipment, are not

likely to reach the exceptionally high levels recorded last year, the current account deficit is expected to fall to a more sustainable level.

2. THE INTERNATIONAL ENVIRONMENT

The World Economy

During the first quarter of 2001, the international economic environment deteriorated considerably, undermined by a sharp slowdown in the United States at a time when growth in the European economies remained moderate and Japan's recovery from its eleven-year-long recession had stalled. Against this lacklustre scenario, the IMF revised its forecast for global growth in 2001 downwards to 3.2%, from an earlier projection of 4.2%.

Economic and Monetary Developments in the Major Economies

The United States economy grew by a lower-than-expected 1.3% during the quarter, undermined by a

sharp drop in business inventories and a decline in corporate profits. Although in stark contrast with the 5% increase recorded during the comparable period of 2000, this modest growth rate permitted the US economy to continue its decade-long expansion. The main driving force behind the continued expansion was consumer spending, which grew by 2.9%, though business investment also recovered following the contraction recorded during the final quarter of 2000. On the negative side, however, non-farm productivity declined whilst employment costs rose during the quarter. As a result, unit labour costs increased by 5.2% on a year earlier.

In view of these developments, the Federal Reserve cut interest rates three times during the quarter: on January 3, January 31 and March 20. This brought the Federal funds rate down by 1.5 percentage points to 5%. Consequently, US money market rates also declined, standing below the Federal funds rate throughout the quarter.

Table 2.1

INTERNATIONAL ECONOMIC INDICATORS

	Real GDP % change			Inflation (Consumer prices) % change			Current account balance US\$ billions		
	1999	2000	2001 ¹	1999	2000	2001 ¹	1999	2000	2001 ¹
United States	4.2	5.0	1.5	2.2	3.4	2.6	-331.5	-435.4	-446.0
European Union	2.6	3.4	2.4	1.4	2.3	2.3	22.4	-24.3	-23.3
Euro Area	2.6	3.4	2.4	1.2	2.4	2.3	27.0	-9.8	-6.6
United Kingdom	2.3	3.0	2.6	2.3 ³	2.1 ³	2.2 ³	-16.0	-24.5	-26.2
Japan	0.8	1.7	0.6	-0.3	-0.6	-0.7	106.8	117.3	115.4
Advanced countries	3.4	4.1	1.9	1.4	2.3	2.1	-133.1	-246.1	-268.7
Developing countries	3.8	5.8	5.0	6.7	6.1	5.7	-18.5	46.0	NA
Countries in transition ²	2.6	5.8	4.0	43.9	20.1	15.3	-1.7	26.7	13.5

¹ Forecasts

² Includes countries of Central and Eastern Europe and the former USSR.

³ Retail price index excluding mortgage interest.

SOURCE: IMF, *World Economic Outlook*, May 2001.

Although the IMF revised its projection for euro-zone growth downwards to 2.4%, from an earlier projection of 2.7%, the Fund still expected the European economy to outperform the US during 2001. In fact, domestic demand within the area remained relatively healthy during the quarter under review, dampening the effects from the US slowdown. Thus, while industrial output within the area felt the effect of the decline in American external demand, construction activity and consumer spending remained resilient. At the same time, consumer-price inflation, undermined by last year's rise in oil prices, the weakness of the euro and volatile food prices, reached 2.6% in March, 0.6 percentage points higher than the ECB's mandatory 2% target.

Taking into account these persistent inflationary pressures, the ECB kept its monetary stance unchanged throughout quarter reviewed. Thus, euro-zone money market rates remained stable, even if slightly higher than the ECB's refinancing rate, through January and February. In March, however, short-term rates dipped below the Bank's benchmark rate.

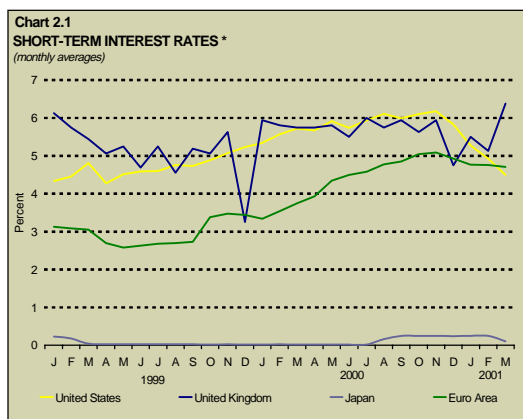
Meanwhile, in the United Kingdom, growth remained stable at the 2.6% level recorded during the fourth quarter of 2000, as resilient services sector activity compensated for a technical recession in industrial output. At the same time retail sales volumes increased by 1.5% on the

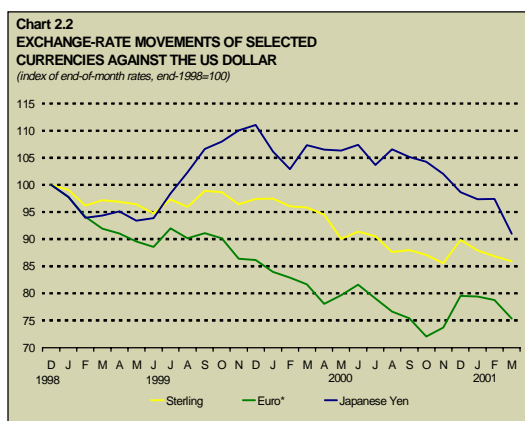
previous three months and by 4.7% on the comparable quarter of 2000, while inflation slipped to 2.3% in March from 2.7% in February, reflecting falling house prices and reduced duties on fuel.

Against this background of a relatively low inflation rate and downside-risks from a slowing US economy, the Bank of England, on February 8, cut its repo rate by 25 basis points to 5.75%. Consequently, UK money market rates fluctuated over the quarter, ending March above the Bank's benchmark rate.

Meanwhile, economic conditions in Japan continued to worsen. This deterioration was mainly brought about by weak consumer confidence, slowing business investment and a sharp decline in external demand for Japanese electronic goods. In view of this scenario, the IMF revised its projection for Japan's GDP growth in 2001 downwards to 0.6%. Reflecting this negative outlook, Japanese business sentiment worsened considerably, hitting the lowest levels since the last quarter of 1998. At the same time, the jobless rate for the March quarter remained unchanged from the same period a year earlier, at a record-high level of 4.9%. In addition, year-on-year consumer-price inflation fell to -0.1% in February, from 0.1% in January.

Concerned with this persisting deflation, the Bank of Japan, on February 9, cut its discount rate by 15 basis points to 0.35%, whilst on February 23 it announced another 10-basis-point cut to both its discount rate and its overnight call rate. As a result, the Bank's discount rate stood at 0.25%, whilst short-term interest rates went down to 0.15%. On March 19, the Bank of Japan took a more aggressive stance by reinstating its 'zero interest rate' policy. At the same time it also adopted several measures aimed to achieve more quantitative easing in its monetary policy. In turn, Japanese money market rates stood at par with the Bank's call rate through January and February, though they ended March slightly above the 'zero-rate' benchmark.





and sterling, supported by renewed market confidence in the American financial system, positive consumer-price data and a lower-than-expected rise in British GDP during the fourth quarter of the previous year. On its part, the pound strengthened against a broadly weak euro. Towards the end of January, following news of a notable decline in US GDP growth for the fourth quarter of 2000, the dollar fell against both the euro and sterling. Meanwhile, the yen strengthened modestly against both the dollar and the euro, supported by a rise in Japanese industrial production and buoyant consumer sentiment in December.

Foreign-Exchange Markets

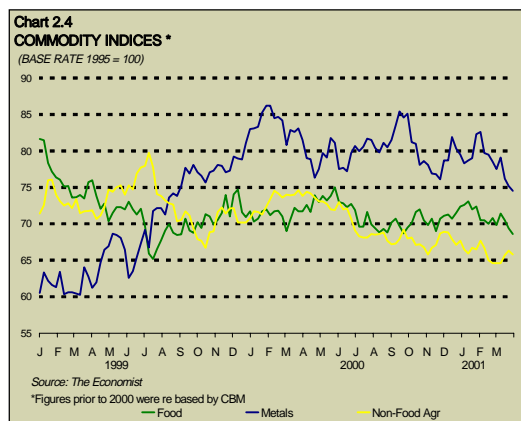
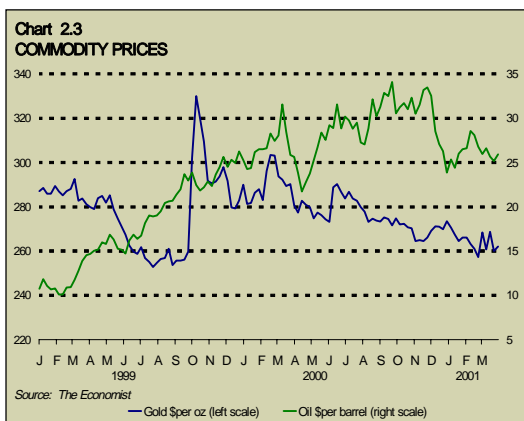
The US dollar started the quarter on a weaker footing against the euro, undermined by weak manufacturing data and steep falls in US equity prices, though it continued to record gains against both the yen and sterling. Around mid-January, however, the dollar rebounded against the euro

During February, the dollar rebounded against the euro as the latter was depressed by an unexpected rise in German unemployment. As a result, sterling also lost ground against the dollar. Around mid-February, however, the US unit fell sharply against the yen and the euro, as the former benefited from the repatriation of funds by

Table 2.2
AVERAGE EXCHANGE RATES OF THE EURO, STERLING AND THE YEN AGAINST THE US DOLLAR DURING MARCH QUARTER 2001

	US\$ per Euro	US\$ per Stg	Yen per US\$
Average for January	0.9393	1.4787	116.89
Average for February	0.9223	1.4546	116.16
Average for March	0.9113	1.4467	121.13
Average for the quarter	0.9243	1.4600	118.06
Closing rate on 30.03.01	0.8801	1.4285	124.59
Closing rate on 29.12.00	0.9289	1.4939	114.93
Lowest exchange rate during the quarter ¹	0.8801 (Mar. 30)	1.4252 (Mar. 23)	113.90 (Jan. 04)
Highest exchange rate during the quarter ¹	0.9584 (Jan. 08)	1.5052 (Jan. 05)	124.59 (Mar. 30)
Percentage appreciation (+)/depreciation (-) of the currency vs the dollar from closing rate on 29.12.00 to closing rate on 30.03.01	5.3	4.4	8.4

¹ The low/high exchange rates are daily opening or closing rates of the relevant currencies.



Japanese firms ahead of their financial year end while the latter strengthened on news of an unexpected rise in German manufacturing orders. After some fluctuations, the dollar fell further against the euro and sterling, undermined by weaker sales of US durable goods and negative consumer-confidence data. In fact, the euro ended February stronger across the board, as a drop in French unemployment and a rise in Italian industrial orders supported the view that the euro-zone's economic conditions remained resilient.

The month of March was characterised by an across-the-board weakening of the euro, induced mainly by concerns that the ECB had kept interest rates unchanged and a fall in the influential German IFO business-sentiment index. In contrast, the dollar gained ground against all the other major currencies, as investors switched to dollar-denominated bonds amid global equity turmoil. This safe-haven effect was later reinforced by a stronger-than-expected US consumer confidence report. In contrast, the yen ended the quarter on a weaker footing against the other currencies, undermined by Japan's internal political problems and deepening pessimism about its economic prospects.

Commodities

During the first quarter of 2001, the price of gold declined by 4.2% to \$262.10 per ounce, as excess supplies outpaced a 5% increase in demand. At the same time, despite the global economic uncertainty, gold failed to play its traditional role of a safe haven for investors. In fact, investment demand for the metal during the quarter was down by 3% from a year earlier.

Meanwhile, after the decline registered in the final quarter of 2000, the price of oil rose again during the quarter under review, supported by political uncertainty in the Middle East and a marked slowdown in Iraqi oil exports. The upward pressure on oil prices intensified in February, when OPEC reduced its production by 1.5 million barrels-a-day in response to the global economic slowdown. Oil thus ended the quarter at \$25.9 per barrel, up by 8.6% from its end-December level.

The prices of base metals fell by 6.3% during the quarter, undermined by slack demand on account of the global slowdown. Although less sensitive to cyclical fluctuations, the prices of food and non-food agricultural commodities also fell, by 5.2% and 2.8% respectively, undermined by oversupplies.

Box 1: DEVELOPMENTS IN INTERNATIONAL ECONOMIC CO-OPERATION

Meeting of Finance Ministers and Central Bank Governors of the EU and the applicant countries

On April 21, in Malmo, Sweden, EU Finance Ministers and their nations' Central Bank Governors met, for the first time, their counterparts from the accession candidate countries to intensify the dialogue over the economic policies that would help the latter countries plan their membership strategy. The meeting was also geared to prepare candidate countries for the multilateral monitoring procedures, and was accordingly held in the presence of various key personalities, such as President Romano Prodi, European Central Bank President Wim Duisenberg and the ECOFIN President Bosse Ringholm. On this occasion the Finance Ministers showed their willingness to take part in the enlargement process and insisted that no further criteria, apart from those set in the Copenhagen economic requirements, should be imposed upon candidate countries. In this regard, the French Finance Minister stated that the enlargement process should be rationalised by economic feasibility, whilst the German representative warned that candidate countries which were not ready to accept membership might face considerable social costs. On its part, Spain took the opportunity to present a document on the consequences of enlargement for regional aid. Furthermore, the adequate financing of their current account deficits was identified as one of the greatest macro-economic challenges for the candidate countries. In this regard, the importance of achieving real and nominal convergence was also highlighted as one of the greatest challenges for these states. In view of the need to restructure and converge, the EU Commission perceived a period of State deficit as inevitable for the majority of the candidate countries. However, it also highlighted the need for a budgetary policy that, in conjunction with a prudent monetary stance, would ensure a

balanced economic scenario for the candidate countries. As for their entry into EMU, a meeting on the pre-accession economic programmes was to take place in Stockholm on June 27, followed by a second round of talks in October. On several occasions, emphasis was also placed on the crucial role of financial markets and the need that applicant countries implement a robust legal and administrative infrastructure in their regard.

EBRD Annual Meeting

On April 22-24, the European Bank for Reconstruction and Development (EBRD) held its Tenth Annual Meeting in London. On this occasion, the Bank's Board of Governors welcomed the Federal Republic of Yugoslavia as its newest member. Governors supported the Bank's strategy of intensifying its investment in those countries that were still in an early or intermediate stage of transition, whilst noting that this investment should be accompanied by technical aid in improving the investment climate, developing human resources and strengthening regulatory frameworks within these countries. In this light, following the guidelines of the five-yearly Capital Resource Review, Governors concluded that the Bank had enough resources to expand its operations and welcomed its intensified efforts in Russia as a step in the right direction. The Board of Governors also expressed their concern about the lack of a healthy banking system that was hindering financial intermediation in various transition countries. Furthermore, the Board of Governors stressed the important role of the Bank in various sectors of the advanced economies, such as the environment, energy efficiency and the release of capital for the development of small and medium enterprises (SMEs). In his address to the meeting, Malta's Finance Minister, the Hon. J. Dalli, whilst showing his appreciation of the Bank's renewed drive to

address environmental challenges, stressed the crucial role the Bank had to play in the EU accession process in the transition countries. In this light, whilst welcoming the regional initiatives of the Bank in the environmental field, such as the “Northern Dimension Environmental Partnership”, Mr. Dalli stated that, on its part, Malta was also focusing its efforts on environmental problems, embellishment programmes and the preservation of its natural and historical heritage

IMF and World Bank Spring Meetings

On April 29-30, Finance Ministers and Central Bank Governors met in Washington DC for the Spring Meetings of the International Monetary and Financial Committee (IMFC) and the Development Committee of the IMF and the World Bank.

The **International Monetary and Financial Committee (IMFC)** pledged to continue working towards greater co-operation in order to meet the international common objectives of open trade, reform in the international financial system and poverty reduction. The Committee agreed that global growth prospects had weakened since September 2000 and thus agreed that the easing of monetary policy by the Federal Reserve was timely and welcome, both for the US and for the global economy at large. In this light, the Committee also encouraged the euro area and Japan to maintain their drive towards fiscal consolidation and structural reform. Members noted also that the global slowdown affected the IMF’s poorest members and thus the advanced economies had a special responsibility to aid these countries in their efforts to reduce poverty. In this light, the Committee also took the opportunity to encourage greater co-operation between the IMF, the World Bank and the World Trade Organisation (WTO). The IMFC welcomed the IMF’s intention to maximise its effectiveness in reducing currency and balance of payments crises by promoting macroeconomic and financial

stability and the integrity of the international monetary system. In this regard, the Committee supported the IMF’s effort to put crisis prevention at the heart of its activities and welcomed the newly established Capital Markets Department as a testimony of this effort. Members recognised the Financial Action Task Force’s (FATF) 40 recommendations as the appropriate standard for combating money laundering and encouraged the IMF to seek ways to translate these recommendations into concrete operational procedures. The members of the Committee agreed also that the Fund should address governance issues that could have a significant economic impact on its member countries. In this regard, the Board advised the Fund to implement the OECD-led initiatives to combat bribery of foreign public officials and other representatives involved in the surveillance process of poor governance issues.

The **Development Committee**, a joint committee of the IMF and the IBRD, welcomed the Bank’s proposals for combating poverty that emerged from the background work of the World Bank Task Force on Middle-Income Countries. In this regard, Ministers noted that since the share of the Bank in the overall external financing of a country is often limited, its role must be selective and strategically focused to foster institutional change, capacity building and encouraging private-investment flows. Members also stressed that lending had to be based on the country’s commitment to poverty reduction, and hence they emphasised the importance of a sound Country Assistance Strategy framework. The Committee encouraged the World Bank and its partners to work together and harmonise the framework of poverty reduction procedures and looked forward to receive a progress-report from the Bank on its current efforts to enhance harmonisation. Members also welcomed the Bank’s progress in supporting the global public goods identified by the Committee in its last meeting, namely, combating contagious diseases, trade integration, financial stability, knowledge and environmental

issues. On trade liberalisation, the Committee stressed the importance of focusing on ‘behind-the-borders’ issues such as investment regulations, obstacles to efficient transport and adequate telecommunications, as all these would help developing countries to penetrate foreign markets. On the other hand, the Committee urged the leaders of these countries to translate their pledged commitment to fight contagious diseases into action quickly, so that international efforts in this regard would be more co-ordinated and intensified. Ministers welcomed the contributions of the Bank and the IMF in strengthening the international financial infrastructure and for helping countries build the capacity required to participate in the global financial system. In this light, the Committee welcomed the Bank-IMF Guidelines for Public Debt Management, which would help governments to build the required capacity to manage their countries’ debt commitments.

On April 29, the members of the **Development Committee** and the **IMFC** met jointly to review ongoing efforts by the World Bank and the IMF to strengthen growth and fight poverty. The joint-Committee was pleased with the progress made by various countries that were due to complete their first full Poverty Reduction Strategy Paper (PRSP) in 2001, and urged both the Bank and the IMF to help them develop, implement, and monitor their poverty reduction strategies. Members also welcomed the progress made in implementing the Heavily Indebted Poor Countries (HIPC) Initiative for 22 qualifying countries. This was expected to result in a cumulative debt-service relief of \$53 billion. Furthermore, members welcomed the Fund’s efforts to give post-conflict assistance on concessional terms, provided there was complete transparency in the military spending operations of the recipient countries. This should ultimately ensure that debt relief would be directed towards poverty reduction and not diverted to military spending.

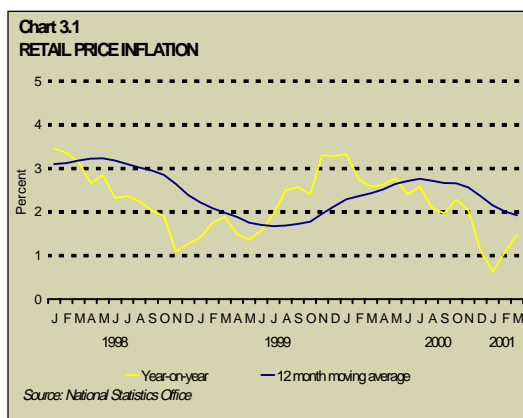
3. THE DOMESTIC ECONOMY

The first quarter of 2001 was characterised by a deceleration in the growth of manufactured exports, reflecting lower international demand for electronic components, and by a broad-based improvement in the tourism sector. Meanwhile, there appear to be mixed signals about the state of domestic demand with a marginal decline in imports of consumer goods suggesting an unchanged level of consumption. The rate of unemployment fell slightly during the quarter. At the same time, although the headline rate of inflation continued to decline, there appears to have been some pick-up in underlying inflation.

Retail Prices

The headline rate of inflation fell from 2.37% in December to 1.92% in March. It should be borne in mind, however, that the headline inflation rate, being a twelve-month moving average of changes in the Retail Price Index (RPI), is an indicator of medium-term movements in prices rather than of current pressures on the price level. The decline in headline inflation during the quarter under review is, therefore, mainly a reflection of the lack of underlying inflationary pressures through most of 2000.

Meanwhile, the year-on-year change in the RPI,



which is a more timely indicator of current inflationary pressures, rose from 1.11% in December to 1.48% in March. Though this in part reflected a seasonal increase in food prices, there also appears to have been a pick-up in the prices of other, non-seasonal items. In fact, the Central Bank's measure of underlying inflation, which adjusts movements in the RPI for the effects of changes in indirect taxes and seasonal fluctuations, also rose during the quarter. This rise in core inflation appears to have been driven by the housing, durable household goods, transport and communications, education and entertainment and the other goods and services sub-indices, which together account for around 44% of the total overall weight of the RPI basket of goods and services.

The pick-up in underlying inflation probably reflects an increase in imported inflation. In fact, inflation in Europe, where most of Malta's imports of consumer goods originate, has been moving on an upward trend in recent months. Although this was mainly attributable to the rise in oil prices, most European economies, whose agricultural sectors have been hit by BSE and foot-and-mouth disease, also registered a sharp rise in food prices. In addition, the Maltese lira lost some ground against the euro during the first quarter of 2001.

In spite of the recent rise in underlying inflation, the headline rate of inflation is expected to fall further during the second quarter of 2001, reflecting the low inflation rates registered in the second half of 2000. If year-on-year inflation continues to rise, however, the recent downward trend of the headline rate may well be reversed, particularly as domestic demand recovers. In fact, the gap between the headline inflation rate and the year-on-year change in the RPI is already at its narrowest in eight months. Furthermore, even though the Maltese lira might appreciate against the euro, imported inflation is not expected to decline significantly in the coming months. On the other hand, fiscal tightening and further trade liberalisation should continue to dampen domestic price pressures.

Table 3.1**INFLATION RATES OF COMMODITY SECTIONS IN THE RPI***12-month moving average (percentage changes)*

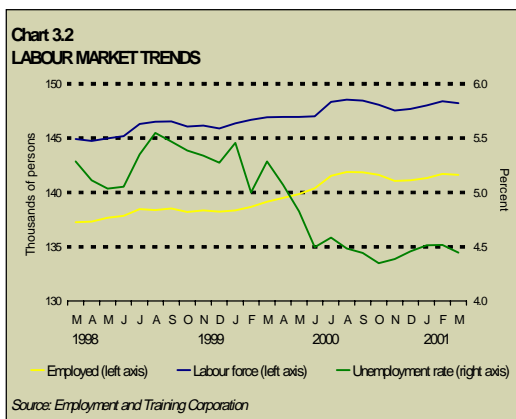
	Mar. 2000	Dec. 2000	Mar. 2001
Food	1.4	1.5	1.1
Beverages and tobacco	7.7	4.3	3.8
Clothing and footwear	-0.3	0.3	-0.8
Housing	0.4	2.5	3.4
Fuel, light and power	1.6	6.3	4.6
Durable household goods	1.9	-1.4	-1.6
Transport and communications	4.6	6.0	4.6
Personal health and care	2.9	3.6	3.5
Education, entertainment and recreation	0.9	1.7	2.4
Other goods and services	2.7	-0.1	-0.2
All items	2.4	2.4	1.9

*Source: National Statistics Office***The Labour Market**

As Table 3.2 shows, the unemployment rate declined marginally, to 4.4%, during the first quarter of 2001, as the number of the gainfully occupied grew faster than the labour supply. It should be noted, however, that on account of a major reclassification exercise and a lower intake of workers by the private market services sector, the expansion in both the employment total and the labour supply during the quarter under review was approximately half that recorded in the corresponding quarter of 2000.

Data compiled by the Employment and Training Corporation (ETC)¹ indicate that employment in private market services declined by 97 during the quarter, as against an increase of 381 in the corresponding quarter of 2000. The contraction, however, resulted from the above-mentioned reclassification exercise, which involved the transfer of impressed drivers from the private

market services sector to Government departments after a change in their employment status. In fact, as can be seen from the Table, employment in the transport, storage and communications sub-sector declined by nearly 500 during the quarter. Employment in Government departments, however, rose by 285,



¹ The National Statistics Office has begun to carry out Labour Force Surveys based on international statistical standards, but data from this source relating to the first quarter of 2001 were not yet available at the time of writing. The ETC data are compiled according to the requirements of local employment regulations, and their concepts of employment/unemployment may differ from international statistical standards.

Table 3.2
LABOUR MARKET DEVELOPMENTS

Number of persons

	March 2001	Quarterly change	Annual change
Labour supply	148,221	521	1,309
Unemployed	6,591	8	-1,175
Unemployment rate (%)	4.4	0.1	-0.8
Gainfully occupied	141,630	513	2,484
of which:			
Private direct production	38,408	286	1,027
including:-			
Agriculture & fisheries	2,590	-21	33
Quarrying, construction & oil drilling	6,031	130	493
Manufacturing	29,787	177	501
Private market services	50,505	-97	1,057
including:-			
Wholesale & retail	15,826	-9	123
Insurance & real estate	1,293	-20	-92
Transport, storage & communications	6,041	-492	-276
Hotels & catering establishments	9,432	111	444
Community & business	10,716	285	820
Others	7,197	28	38
Public sector	48,345	366	678
including:-			
Government departments	30,773	285	84
Armed Forces, R.S.C. & Airport Co.	1,647	-7	-23
Government-controlled companies	7,775	71	570
Independent statutory bodies	8,150	17	47
Temporarily employed	4,372	-42	-278

Source: Employment and Training Corporation

suggesting that the reclassification exercise has not yet been completed.

At the same time, employment in the community and business sub-sector and in hotels and catering establishments rose significantly. The demand for labour by the private direct production sector also continued to increase, with the number of full-time employees in the sector rising by 286

during the quarter. On their part, manufacturing establishments increased their workforce by 177, though the expansion was entirely in the electrical machinery sub-sector. Meanwhile, employment in construction continued to rise - for the fifth quarter in a row. As a result, the number of full-time employees in the construction industry at the end of the quarter was up by nearly 9% from the year-ago level.

Table 3.3
PART-TIME EMPLOYMENT

Number of persons

	March 2001	Quarterly change	Annual change
Part-time employees holding full-time jobs	18,256	423	1,583
Part-time employment as primary job	18,629	-60	1,925
Total part-time employment	36,885	363	3,508

Source: Employment and Training Corporation.

Part-time employment increased by 363 during the quarter, as a decline in the number of persons employed primarily on a part-time basis was more than offset by a substantial increase in the number of full-timers who also held a part-time job. Moreover, as Table 3.3 shows, the number of persons having a part-time job as their main occupation was still up by 1,925, or 11.5%, on an annual basis. This was mainly on account of higher female participation in the labour force.

Tourism

The performance of the tourism sector improved during the first quarter of 2001, with arrivals up by 1.5% and the number of bed nights up by 11.6% on year-ago levels. The latter reflected an increase in the average length of stay from 8.4 days in the same quarter last year to 9.3 days. Gross tourism earnings also increased significantly, by Lm2.3 million or 9%, while cruise passenger arrivals were up by 4,702, or 87%. It should be borne in mind, however, that during the first quarter of 2000, tourist arrivals had fallen sharply.

Activity in the sector during the March quarter continued to be characterised by the recovery of business from the UK and the decline in arrivals from Germany. UK arrivals were up by 10,141

(15.6%) from the year-ago level, almost completely offsetting a 10,453 decline in arrivals from Germany. The recovery in UK arrivals can be attributed to three main factors: intense marketing efforts by the industry, favourable economic conditions in Britain, and the strength of sterling during 1999 and the first half of 2000. On the other hand, the decline in arrivals from Germany was entirely attributable to a substantial contraction in the capacity allocated to Malta by a major tour operator.

Arrivals from France were up by 2,673, or 32.2%, when compared with the first quarter of 2000, whilst arrivals from Italy, Switzerland and most other European source markets also rose significantly. By contrast, arrivals from Libya were down by a third from last year's level.

Although, as mentioned previously, data on tourist accommodation indicate an 11.6% rise in the number of days stayed, three-quarters of the increase was attributable to tourists staying in private residences and holiday complexes. Nevertheless, 5-star hotels also reported a substantial improvement in the number of bed nights sold². Thus it appears that the 3- and 4-star hotels bore the brunt of the decline in German arrivals, with the number of days stayed by

² This may partly reflect an increase in bed capacity in this category. In fact, one of the largest 5-star hotels had not yet started operating in the first quarter of 2000.

Table 3.4**TOURIST ARRIVALS BY NATIONALITY**

	January - March 2001		
	Arrivals	Annual Growth (%)	Share (%)
UK	74,942	15.6	40.5
Germany	31,932	-24.7	17.3
Italy	10,727	7.8	5.8
France	10,982	32.2	5.9
Netherlands	5,491	-14.0	3.0
Libya	7,121	-32.8	3.8
Scandinavia ¹	6,945	9.7	3.8
Switzerland	3,582	29.4	1.9
Austria	4,707	9.3	2.5
Belgium	2,376	-6.0	1.3
Others	26,248	9.8	14.2
Total	185,053	1.5	100

¹ Scandinavian countries include Denmark, Norway and Sweden.
Note: Figures may not add up due to rounding.
Source: National Statistics Office

German tourists in each of these categories contracting by 40% and 35%, respectively. These same hotels, however, reported a substantial rise in the number of bed nights sold to British tourists. In fact, earnings per bed night were

down by 2.1% when compared with the same quarter last year, as the increase in the overall number of bed nights sold was mainly concentrated in the cheaper accommodation categories.

Box 2 : BUSINESS PERCEPTIONS SURVEY: FIRST QUARTER 2001¹

Introduction

The Central Bank's latest business perceptions survey indicates that turnover in a number of sectors of the economy contracted over the first quarter. The majority of export-oriented firms in the manufacturing sector registered a drop in sales during the quarter, whilst operators in the tourism sector reported dissatisfaction with the results obtained. At the same time, although construction and real estate firms saw a significant increase in their turnover, the responses to the survey suggest that consumer demand remained generally subdued, with the distributive trades and the domestically oriented manufacturing and services sectors reporting lower activity levels. These factors had a negative impact on respondents' views about the immediate prospects for the economy. Nevertheless, many firms said that they planned to undertake new investment in the coming months.

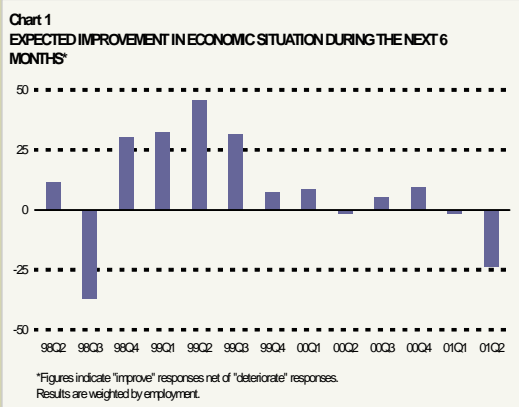
Business Optimism and Medium-term Expectations

In the survey the level of business optimism is gauged from the number of respondents

expecting an improvement rather than a worsening of the economic situation over the next six months. The response of each firm is then weighted by its relative share in total employment within the sample. In the latest survey, the number of respondents expecting a worsening in the economic situation surpassed those who were confident of an improvement over the coming six months. This was the lowest level of business optimism registered since the third quarter of 1998, as Chart 1 shows.

The deterioration in business sentiment mainly reflected the responses of the manufacturing sector, although operators in the electronics industry expected no change in the economic situation. Most manufacturing firms, however, were of the opinion that the Maltese economy was more likely to slow down during the next six months. Whereas domestically oriented manufacturing establishments had been expressing similar sentiments during previous surveys, export-oriented firms have now also become less upbeat. This change of sentiment probably reflects increasing uncertainty about foreign demand as it becomes apparent that the slowdown in the United States will probably be more drawn out than originally expected, while the European economy is also beginning to show signs of weakness. On their part, manufacturers producing primarily for the local market are going through a period of consolidation and restructuring in order to improve their competitiveness, a process that is made more difficult by the weakness of domestic demand.

Operators in the tourism sector have also become more pessimistic about the general economic outlook. This may reflect concern about the decline in arrivals from Germany at a time when



¹ The survey, undertaken between April and May 2001, covers a sample of 138 firms, employing 22% of the private sector workforce and having a combined annual turnover exceeding Lm440 million.

prospects for a continued recovery in UK arrivals – which at present is compensating for the setback in the German market – appear to be uncertain.

Moreover, operators in the distributive trades have toned down their previous positive sentiment about the prospects for the Maltese economy. This is connected with the drop in car sales and in imports of consumer goods reported during the first months of 2001. Most firms in the services sector, however, appeared to be somewhat less pessimistic than previously, although they continued to be cautious in their outlook. Meanwhile, optimism in the construction industry rebounded, as work on a number of projects gathered steam and Government capital expenditure increased after having declined in previous years.

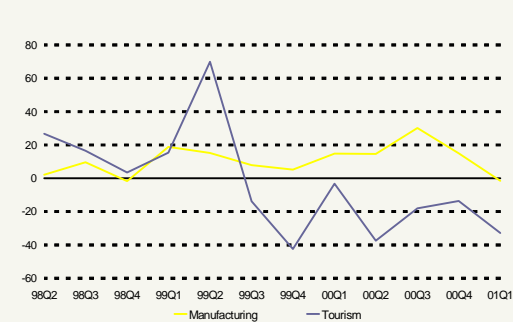
Activity Levels – First Quarter 2001

Survey participants reported that business turnover continued to decelerate during the first quarter of 2001, with the majority reporting a below-normal level of activity. In fact, even the export-oriented manufacturing sector and the locally-oriented services sector, which previously had been reporting above-normal activity, registered a significant downturn in turnover.

Though the deceleration in export-oriented manufacturing activity was once again primarily attributable to the electronics industry, a number of other sub-sectors also reported a lower turnover during the first quarter. As Chart 2 shows, export-oriented manufacturing activity dropped to its lowest level since the fourth quarter of 1998. Operators in the tourism industry also reported a contraction in turnover. This may appear to be out of line with the rise in tourist arrivals and bed nights sold reported by the National Statistics Office (NSO). However, the increased bed nights appear to have been channelled mainly to accommodation categories catering for lower-spending tourists, which are not included in the survey sample.

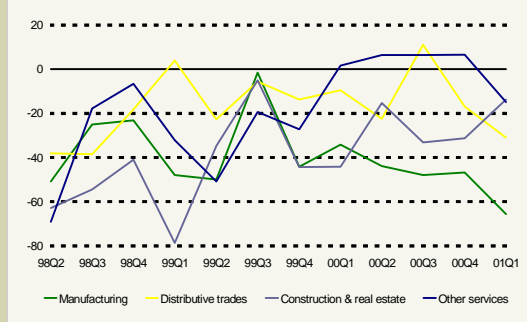
Respondents also indicated that consumer demand remained sluggish during the first three months of 2001. Locally-oriented manufacturers reported a significant drop in turnover, with firms in the clothing and footwear, furniture, paper and printing and chemicals sub-sectors - many of which had to face tougher competition as more protective levies were reduced - being the worst hit. On a more positive note, however, the responses to the survey indicate that firms were planning to increase their investment in order to improve their competitive position in the longer term. The parallel processes of trade liberalisation

Chart 2
ACTIVITY LEVELS - EXPORT SECTOR*



* Figures represent the net balance between positive and negative responses. Results are weighted by export sales.

Chart 3
ACTIVITY LEVELS - DOMESTIC SECTOR*



* Figures represent the net balance between positive and negative responses. Results are weighted by local sales.

and restructuring should in fact result in a more streamlined and competitive manufacturing sector, though this will inevitably involve a period of consolidation and adjustment during which some market share might be lost to foreign competition.

Respondents from the locally-oriented services sector, which during 2000 had seen their turnover improve substantially, noted a deceleration in the latest survey. In particular, firms in the financial and professional services sub-sectors reported lower business volumes as investors shied away from the local stock market due to the protracted decline in share prices. At the same time, activity in the distributive trades was reported to have continued to decelerate. However, the Bank's survey might be overstating this slowdown to some extent, as the weight of car importers within the sample is somewhat higher than their effective importance to the Maltese economy. Car sales dropped substantially during the first three months of the year, as a number of factors that had boosted sales in the previous two years seem to have been diffused.

The construction and real estate sector was the only one to report an increase in activity during the first quarter of 2001. Firms in this sector appear to be recovering from the slowdown of recent years that had resulted from reduced demand by both the private and the public sector. Though private sector demand appears to be

recovering, the recent rebound of construction activity appears to be driven mainly by an increase in Government capital expenditure, reflecting in particular the speeding up of work on the new hospital.

Conclusion

The results of the latest business perceptions survey indicate that, in view of global economic conditions, the short- to medium-term prospects for export activity remain uncertain. The turnover of the local electronics industry might, however, begin to recover later in the year when international demand is expected to improve. As regards tourism, certain segments of the industry are being affected negatively by the fall in arrivals from the German market. But the recovery in arrivals from the UK is softening the impact of this development, even though respondents appear to be uncertain as to whether the UK market can maintain its present momentum.

The survey also suggests that consumer demand remains relatively weak, as evidenced in particular by the drop in car sales to the levels prevailing prior to 1999. However, in spite of the survey's overall pessimistic outlook, the responses showed that a number of firms intend to proceed with their investment programmes during the coming months.

4. THE BALANCE OF PAYMENTS AND THE MALTESE LIRA

Balance of payments developments during the first quarter of 2001 broadly reflected the trends observed throughout 2000. However, although the current account deficit widened further the deterioration was mainly due to two factors, a large increase in fuel imports by the energy corporation and a rise in the profits repatriated by local

subsidiaries of foreign companies to their parent companies overseas. Most of these profits were reinvested in the same local subsidiaries and were recorded as direct investment in the capital and financial account. Notwithstanding the positive impact of these inflows on the capital and financial account¹ the surplus on this account was marginally lower than that recorded in the corresponding quarter last year but this was mostly due to the activities of the international banks.

Table 4.1
BALANCE OF INTERNATIONAL PAYMENTS

Lm millions

	January - March			
	2000		2001	
	Credit	Debit	Credit	Debit
Current account balance		33.5		48.5
Goods and services balance		46.4		49.7
Goods balance		53.4		57.5
Goods	242.0	295.4	245.2	302.7
Services balance	7.0		7.8	
Transport	27.9	40.3	28.4	41.3
Travel	42.9	15.8	46.2	16.6
Other services	21.6	29.3	14.1	23.0
Income (net)	12.4		4.7	
Compensation of employees	0.9	0.7	0.6	0.7
Investment income	123.7	111.5	97.0	92.2
Current transfers (net)	11.0	10.5	8.2	11.8
Capital and financial account balance (net)	66.7		46.9	
Capital account balance		1.1		0.1
Financial account balance	67.8		47.0	
Direct investment	10.9			138.8
Portfolio investment	25.7		8.1	
Other investment		1.1	164.8	
Reserve assets	32.3		12.9	
Net errors and omissions		33.2	1.7	

¹ Provisional

Source: National Statistics Office

¹ Excluding movements in reserves.

Meanwhile, the Maltese lira, reflecting the developments on the international currency markets outlined earlier, continued to lose ground against the euro during the first part of the quarter. Later, however, as the European currency failed to consolidate its gains, the lira began once again to strengthen against the euro and to lose ground against the resurgent US dollar.

The Current Account²

Merchandise trade

An increase in the merchandise trade gap during the quarter reviewed, contributed significantly to the deterioration in the current account. Both exports and imports were up from last year's level, but imports grew at a faster pace, driven by a surge in fuel purchases. Indeed, the latter were up by nearly 50% from last year's level, mainly due to increased volumes rather than higher prices.

Imports of capital goods were marginally down from last year's level, as the significant investment outlays undertaken by the electronics sector in 2000 were not repeated this year. Imports of consumer goods were also lower, reflecting reduced imports of food, beverages and consumer durables, particularly motor vehicles. At the same time, domestic exports rose by Lm6.8 million, or 3.1%, during the quarter, with most sectors of manufacturing industry contributing to the increase. Since this was accompanied by a small rise in imports of industrial supplies, however, it would seem that it largely originated from existing stocks.

Services and Investment Income

In contrast to previous quarters, the services balance improved slightly during the quarter under review, with net receipts standing at Lm7.8

Table 4.2
MERCHANDISE TRADE

(based on Customs data)

	January - March		Change
	2000	2001	
		<i>Lm millions</i>	
Imports	324.9	332.7	7.8
Industrial supplies	182.2	183.2	1.0
Capital goods and others	54.4	52.4	-2.0
Consumer goods	65.0	62.8	-2.2
Food and beverages	21.4	20.1	-1.3
Durable goods	27.9	27.0	-0.9
Others	15.7	15.7	0.0
Fuel and lubricants	23.3	34.3	11.0
Exports	238.3	242.0	3.7
Domestic	216.8	223.6	6.8
Re-exports	21.5	18.4	-3.1
Trade balance	-86.6	-90.7	-4.1

Source: National Statistics Office

² Compiled on an accruals basis.

million. This reflected increased gross earnings from tourism (see previous chapter), which more than offset higher payments on outward travel and Government services and lower net receipts on the transportation account.

The first quarter of 2001 witnessed another drop in net investment income from abroad, which was down by Lm7.7 million from the level of the corresponding quarter of 2000. This was mainly attributable to lower interest income, partly the result of declining interest rates abroad. A further increase in the profits of non-resident owned enterprises, however, also had a negative impact on the investment income account, even though such profits were reinvested locally (appearing as credit entries on the capital account). Meanwhile, the balance on current transfers turned negative, due to a decline in inward private transfers.

The Capital and Financial Account

The capital and financial account balance – after excluding movements in the external reserves of the Monetary Authorities – recorded net inflows of Lm33.9 million during the quarter, Lm0.5 million less than in the first quarter of 2000. This reflected lower net outflows on the capital account and by the non-monetary sector on the financial account that were completely offset by lower net financial inflows by the monetary sector.

Net outflows on the capital account were down by Lm1 million from last year's level, as capital outflows linked to emigration declined during the quarter surveyed. At the same time, net outflows on the financial account attributable to the non-monetary sector also declined, mainly as a result of an increase in direct investment by the subsidiaries of foreign companies operating in Malta. This corresponds to the outflow of investment income on the current account mentioned above. Meanwhile, portfolio investment outflows increased only marginally, despite the further relaxation of capital controls, but trade credits moved in favour of foreign

suppliers, giving rise to greater outflows on the financial account. As regards the drop in net financial inflows attributable to the monetary sector, this reflected a decline in the sector's profits and reinvested earnings.

The Lm48.5 million deficit on the current account combined with the net inflow of Lm33.9 million in the capital and financial account gave rise to an overall shortfall of Lm14.6 million on the balance of payments. This was almost entirely financed from the external reserves of the Central Bank, which dropped by nearly Lm13 million during the quarter.

The Maltese Lira

The Maltese lira, initially weakened against the euro and strengthened against the US dollar during the quarter, but these trends were reversed in March when the euro's recovery came to an abrupt end. The lira thus ended the quarter 1.5% up from its end-December 2000 level against the European currency and 3.7% weaker against the US dollar. Against sterling and the yen, however, the lira continued to strengthen throughout the quarter, gaining almost 1% and 5% in value against the British and the Japanese currency, respectively.

A comparison of exchange rates over the twelve months to March shows that the Maltese lira lost 5.6% in value against the US dollar during the

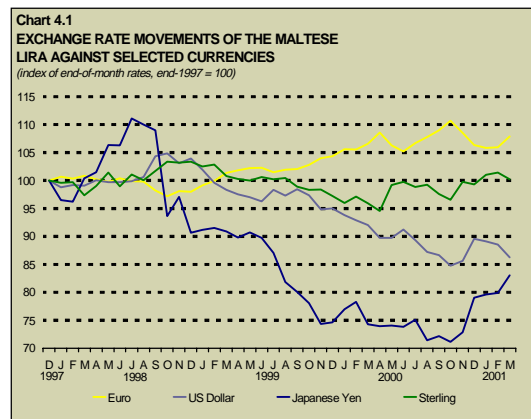


Table 4.3**EXCHANGE RATES OF THE MALTESE LIRA AGAINST SELECTED MAJOR CURRENCIES**

Period	Euro	US\$	Stg	Yen
Average for 1st Qtr. 2001	2.4521	2.2645	1.5517	267.4
Average for 1st Qtr. 2000	2.4276	2.3978	1.4922	256.8
% Change	1.0	-5.6	4.0	4.1
Closing rate on 30.03.2001	2.4931	2.1996	1.5440	275.5
Closing rate on 29.12.2000	2.4559	2.2843	1.5305	262.3
% change	1.5	-3.7	0.9	5.0
High for 1st Qtr.	2.4976	2.3248	1.5642	275.5
	(Mar. 30)	(Jan.08)	(Mar. 01)	(Mar. 30)
% change from average	1.9	2.7	0.8	3.0
Low for 1st Qtr.	2.4257	2.1982	1.5346	258.1
	(Jan. 8)	(Mar. 30)	(Jan. 04)	(Feb. 20)
% change from average	-1.1	-2.9	-1.1	-3.5

period. Against sterling and the yen, however, the lira appreciated by around 4%, while against the euro it appreciated by 1%.

The latest developments in Malta's external competitiveness as measured by movements in the Nominal Effective Exchange Rate (NEER)³ and the Real Effective Exchange Rate (REER)⁴ indices for the Maltese lira computed by the Central Bank of Malta, are presented in Chart 4.2. The Chart shows that, following a significant drop at the start of the year, both the NEER and REER indices for the lira rebounded sharply in March.

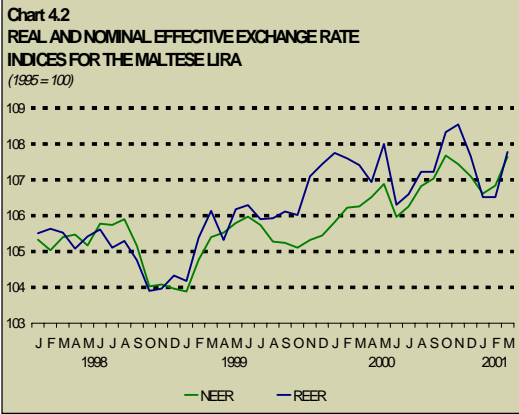
The movements of the NEER index largely reflected the fortunes of the euro on the international currency markets. Indeed, the recovery of the European unit towards the end of the year 2000 and the start of 2001 helped to

increase Malta's external price competitiveness considerably in terms of relative exchange rates. Thus, between December 2000 and January 2001, the NEER index for the lira fell by 0.5%. By the end of the quarter, however, these gains were completely wiped out as the renewed weakness of the euro pushed the NEER index up by 1%. Thus, between the end of December 2000 and the end of March 2001, the NEER index rose by 0.5%. On a year-on-year basis, however, the loss in external competitiveness in terms of relative exchange rates was of 1.3%.

The REER index followed the same path as the NEER index during the quarter, though changes in the former were sharper in both directions. Thus, between December 2000 and January 2001, the REER index fell by 1.1%, with around 40% of the drop being attributable to the euro's appreciation

³ The NEER index is based on a trade-weighted average of changes in the exchange rate of the lira against the currencies of Malta's major competitor countries, including its trading partners. A fall in the index represents a depreciation of the lira's average exchange rate, and vice-versa.

⁴ The REER index is derived by adjusting the NEER index for relative movements in consumer prices. A fall in the index implies a gain in Malta's external competitiveness and vice-versa.



and the remainder reflecting the decline in domestic inflation. After remaining stable in

February, however, the REER index rose by 1.2% in March, thus completely wiping out the gains in competitiveness registered in the first month of the quarter. Apart from the renewed weakness of the euro, this loss was exacerbated by higher domestic inflation, which rose from 0.6% in January to 1.5% in March. On a year-on-year basis, however, the REER index was up by only 0.3%, whereas the NEER index rose by 1.3%. The difference between the rise in the two indices reflected two factors. First, inflation in Malta eased continuously during the second half of 2000. Second, the hike in oil prices during 2000, which in Malta was not passed on to consumers, pushed up inflation rates in competitor countries.

5. GOVERNMENT FINANCE

Fiscal performance in 2000

Final figures put the fiscal deficit for the year 2000 at Lm92.8 million, Lm2.2 million less than had been projected in the revised estimates published by the Ministry of Finance in November. At this level, the deficit was equivalent to just under 6%

of GDP. This further improvement in the fiscal position was almost entirely attributable to lower outlays on social security benefits, which more than made up for a slight underestimation of revenue and a Lm1.1 million overrun in capital expenditure.

Developments during the first quarter of 2001

Meanwhile, during the first quarter of 2001, fiscal

Table 5.1
GOVERNMENT BUDGETARY OPERATIONS

Lm millions

	1999	2000	2001	Change 2000-2001	
	Qtr1	Qtr1	Qtr1	Amount	%
REVENUE	104.6	116.1	133.1	17.0	14.6
Direct tax	34.6	44.3	45.4	1.1	2.5
Income tax	18.9	24.2	24.8	0.6	2.5
Social security contributions ¹	15.7	20.1	20.6	0.5	2.5
Indirect tax	44.2	53.7	57.0	3.3	6.1
Value Added Tax	19.4	25.0	28.6	3.6	14.4
Customs and excise duties	9.3	12.4	12.3	-0.1	-0.8
Licences,taxes and fines	15.5	16.3	16.1	-0.2	-1.2
Non-tax revenue	25.8	18.1	30.6	12.5	69.1
Central Bank profits	20.0	10.0	20.0	10.0	100.0
Other ²	5.8	8.1	10.6	2.5	30.9
RECURRENT EXPENDITURE	120.4	150.9	143.1	-7.8	-5.2
Social security benefits ^{1,3}	45.4	61.5	49.2	-12.3	-20.0
Interest payments	12.8	15.0	16.0	1.0	6.7
Other	62.2	74.4	77.9	3.5	4.7
CURRENT BALANCE⁴	-15.8	-34.8	-10.0	24.8	-71.3
CAPITAL EXPENDITURE	16.0	16.4	21.7	5.3	32.3
TOTAL EXPENDITURE	136.4	167.3	164.8	-2.5	-1.5
FISCAL BALANCE⁵	-31.8	-51.2	-31.7	19.5	-

¹ Government contributions to the social security account are excluded from both revenue and expenditure.

² Excludes revenue from sale of assets.

³ Includes social security benefits, family and social welfare, care of the elderly and treasury pensions.

⁴ Revenue less recurrent expenditure.

⁵ Revenue less total expenditure.

Note: Figures may not add up due to rounding.

Source: *Ministry of Finance*

operations resulted in a deficit of Lm31.7 million - Lm19.5 million less than a year ago. This improvement, however, resulted entirely from a number of one-off factors that boosted revenue in the first quarter of the current year and expenditure in the same quarter last year. These included the transfer to the Government before the end of March this year of a greater part of the Central Bank's profits, together with the early recording of children's allowance payments and the payment of compensation for the removal of bread subsidies and of pension arrears during the first quarter of 2000. In fact, as can be seen from Table 5.1, the fiscal deficit in the first quarter of 2001 was roughly equal to that registered in the same quarter of 1999.

Revenue

At Lm133.1 million, Government revenue during the quarter was up by 14.6% from last year's level. As can be seen from Table 5.1, this was mainly due to a sharp increase in non-tax revenue and higher indirect tax receipts.

Revenue from direct taxes rose by 2.5% to Lm45.4 million, with the yield from income tax and social security contributions going up by Lm0.6 and Lm0.5 million, respectively, from last year's levels. These increases mainly reflected the higher salaries paid to Government employees in accordance with the terms of the 1998 Civil Service collective agreement. In fact, the Budget estimates for 2001 project an Lm8 million increase in revenues on account of this factor. Of these, Lm6 million are in respect of income tax and Lm2 million from social security contributions.

The yield from indirect taxation, however, rose much more sharply – by 6.1% - to Lm57 million, with the entire amount coming from Value Added Tax (VAT). In fact, receipts from customs and excise duties and from licences, taxes and fines were marginally down from last year's levels, reflecting the slowdown in new motor vehicle

registrations and an exemption from excise duties granted to Enemalta in order to leave energy and fuel prices unchanged. The latter factor more than offset the effect of a 5% increase in the duty on cigarettes announced in the Budget for 2001, which yielded an additional Lm0.7 million.

Meanwhile, revenue from non-tax sources rose by Lm12.5 million (69.1%) to Lm30.6 million. This was mainly because of the transfer to the Government, during the quarter, of a larger proportion of the Central Bank's profits, as explained above, though a Lm2.5 million increase in receipts from other non-tax sources also contributed.

Expenditure

Recurrent expenditure, at Lm143.1 million, was down by 5.2%, from last year's level - though, as explained above, this was mainly due to one-off factors which boosted last year's first quarter expenditure levels. This drop was largely offset by a Lm5.3 million increase in capital expenditure, reflecting the speeding up of work on the new hospital.

Personal emoluments added Lm6.0 million to recurrent outlays during the quarter, reflecting the effects of the Civil Service collective agreement and a rise in Government employment. By contrast, operational and maintenance expenses were down by Lm1 million, due to lower costs of pharmaceuticals. Furthermore, expenditure on programmes and initiatives dropped by Lm17 million, reflecting in particular a Lm12.3 million decline in social security benefit payments. The latter was probably attributable to differences in the time of recording of certain outlays. Demographic changes, and the fact that benefits have to be revised in line with the Civil Service collective agreement, make it likely that the reported drop in such expenditure will be reversed later in the year. Meanwhile, contributions (i.e. subsidies) to public entities expanded by Lm3.2 million, absorbing the entire increase budgeted for

the year, while interest payments on the public debt, at Lm16 million, were up by Lm1 million from the year-ago level.

Government debt and financing operations

Government financed the first quarter shortfall mainly through the issue of Lm30 million worth of stocks. Thus, as Table 5.2 shows, the amount of Malta Government Stocks outstanding at the end of the quarter went up to Lm742.7 million. At the same time, Lm5.2 million worth of Treasury bills were redeemed, leaving Lm167.8 million

outstanding, while Government deposits with the banking system rose by Lm14.2 million. Government also reduced its foreign debt by Lm0.4 million, leaving Lm38.9 million (equivalent to 4.1% of the total public debt) outstanding at the end of the quarter. Thus, the movement in cash and other funds during the quarter amounted to Lm21.5 million, indicating a shortfall in Government financing. Meanwhile, the outstanding gross public debt at the end of March stood at Lm949.4 million, an increase of Lm24.4 million from the end-2000 level.

Table 5.2
GOVERNMENT DEBT AND FINANCING OPERATIONS

	2000				<i>Lm millions</i>
	Qtr1	Qtr2	Qtr3	Qtr4	2001 Qtr1
FISCAL BALANCE	-51.2	12.6	-23.8	-30.4	-31.7
<i>Financed by¹:</i>					
Increase in stock of MGS outstanding	0.0	0.5	0.0	0.0	30.0
Increase in foreign loans	0.0	-1.9	0.0	-3.2	-0.4
Grants	0.0	6.0	0.0	3.4	0.0
Proceeds from sale of assets	0.0	12.0	0.0	0.0	0.0
Sinking funds of converted loans	0.0	0.0	0.0	10.7	0.0
Increase in stock of Treasury bills outstanding	30.9	11.2	19.5	28.0	-5.2
Decrease in Government deposits	9.2	0.0	17.7	15.5	-14.2
Movement in cash and other funds ²	11.1	-40.4	-13.4	-24.0	21.5
GROSS PUBLIC DEBT	870.9	880.8	900.2	925.0	949.4
Malta Government Stocks	712.2	712.7	712.7	712.7	742.7
Treasury bills	114.3	125.5	145.0	173.0	167.8
Foreign loans	44.4	42.5	42.5	39.3	38.9

¹ Negative figures indicate an application of funds, meaning that Government would also have to finance these transactions in addition to the deficit during the quarter.

² This figure represents the difference between the fiscal balance and the sources of financing utilised during the quarter.

A positive figure indicates a shortfall in financing, while a negative figure indicates overfinancing during the quarter.

Note: Figures may not add up due to rounding.

Source: *The Treasury and Central Bank of Malta estimates.*

6. MONETARY AND FINANCIAL DEVELOPMENTS

The Central Bank kept its monetary policy stance unchanged during the first quarter, and through the use of repo auctions it continued to meet the banking system's demand for liquidity so as to ensure that money market interest rates remained stable. Government bond yields rose slightly, but equity prices dropped sharply.

Broad money, M3, increased at a faster pace during the quarter as narrow money recovered and quasi-money expanded further. In fact, although the issue of Government stocks on the primary market led to a small fall in broad money in March, there appears to have been a shift in the private sector's preferences in favour of holding bank deposits as against other financial assets. This trend, which seems set to persist in the medium term, may be a reaction to the disappointing performance of the capital markets in recent months. Monetary expansion was driven mainly by domestic credit growth, as the net foreign

assets of the banking system continued to contract.

The Monetary Base

The monetary base, M0, includes currency in issue and banks' deposits with the Central Bank, excluding term deposits. Following strong growth during the previous quarter, M0 contracted by Lm6.3 million, or 1.1%, during the quarter reviewed, as currency in issue, which had accounted for most of the increase in the previous quarter, decreased in line with the normal seasonal pattern. Nevertheless, the annual growth rate of M0 accelerated further, rising to 5.4% in March, from 3.9% three months earlier.

Changes in the monetary base can be explained in terms of movements in the Central Bank's assets and its remaining liabilities. An increase in the Bank's assets normally leads to a corresponding increase in the monetary base, whereas growth in the Bank's remaining liabilities causes it to contract. As Table 6.1 indicates, the decrease in the monetary base during the quarter reviewed

Table 6.1
THE MONETARY BASE AND ITS SOURCES

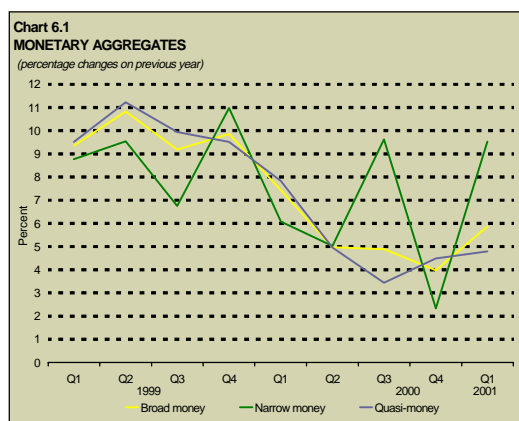
Lm millions

	Dec. 2000	Mar. 2001	Change
Currency in issue	423.2	415.3	-7.9
Banks' deposits with the Central Bank	141.3	142.9	1.6
Monetary base	564.5	558.1	-6.3
Central Bank assets			
Foreign assets	644.1	631.6	-12.5
Claims on Government	9.2	17.6	8.4
Fixed and other assets	134.2	130.8	-3.4
<i>Less:</i>			
Remaining liabilities			
Government deposits	56.2	70.0	13.8
Capital and reserves	89.1	89.1	0.0
Other liabilities	77.8	62.9	-14.9

largely reflected a decline in the Central Bank's external reserves, which contracted by Lm12.5 million. At the same time, the transfer of part of the Bank's annual profit to the Government led to a drop in the Bank's other liabilities and to a corresponding rise in the Government's deposits with it, and thus had no immediate impact on M0.

Monetary Aggregates

Broad money expanded by Lm52.9 million, or 2.1%, during the quarter reviewed. Strong growth during the first two months of the year more than offset a small fall in March, when the private sector subscribed heavily to the new Government stock issue. In part, the resurgence in monetary growth may have reflected a shift in investor preferences away from units in collective investment schemes, which had been relatively popular in 2000, towards the more traditional bank deposits. As a result, the annual rate of M3 growth, which had dropped to 4% in December, rose to 5.9% in March.



After having contracted during the previous quarter, narrow money, M1, bounced back during the quarter reviewed, increasing by Lm16.4 million, or 2.8%, as Table 6.2 shows. The annual rate of growth of narrow money, which is shown in Chart 6.1, accelerated sharply as a result, rising to 9.5% in March.

Demand deposits accounted for the entire increase in M1 during the quarter, adding Lm17.1

Table 6.2
MONETARY AGGREGATES
(Changes on the previous quarter)

	<i>Lm millions</i>									
	2000								2001	
	1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.		1st Qtr.	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. NARROW MONEY	-23.3	-4.0	23.2	4.2	27.1	4.7	-13.5	-2.2	16.4	2.8
Currency in circulation	-8.8	-2.3	12.2	3.2	5.9	1.5	2.5	0.6	-0.7	-0.2
Demand deposits	-14.5	-7.4	11.0	6.1	21.2	11.0	-16.0	-7.5	17.1	8.6
2. QUASI-MONEY	29.5	1.6	7.9	0.4	-7.0	-0.4	53.3	2.8	36.5	1.9
Savings deposits	3.7	0.6	-16.9	-2.6	-17.5	-2.8	22.7	3.7	-5.5	-0.9
of which FCDs ¹	-1.3	-1.0	5.1	4.2	-8.0	-6.3	4.5	3.8	5.5	4.5
Time deposits	25.7	2.1	24.8	2.0	10.5	0.8	30.6	2.4	42.1	3.2
of which FCDs ¹	2.8	3.8	5.8	7.6	7.1	8.7	3.0	3.4	3.7	4.1
3. BROAD MONEY	6.2	0.3	31.1	1.3	20.1	0.8	39.7	1.6	52.9	2.1

¹ i.e. Foreign currency deposits, including external Maltese lira deposits.

million, or 8.6%, and reversing the drop recorded during the December quarter. Personal and corporate demand deposits expanded vigorously, with both rising by just over 10%. In contrast, currency in circulation, the other component of narrow money, decreased by Lm0.7 million. Although currency in circulation normally contracts during the first quarter, in line with the seasonal decline in private consumer spending, this year the drop was relatively small, so that its annual growth rate picked up to 5.3% in March.

Quasi-money, which accounts for more than three-quarters of broad money, expanded further during the quarter, rising by Lm36.5 million, or 1.9%. As Chart 6.1 shows, the annual growth rate of quasi-money, which had been moving on a downward trend through most of the previous two years, continued to accelerate during the quarter reviewed, reaching 4.8% in March.

Time deposits, which increased by Lm42.1 million, or 3.2%, accounted for the entire addition in quasi-money. This was the largest quarterly rise in time deposits since the beginning of 1998, indicating a renewed preference for these financial instruments. Moreover, in contrast with previous quarters, when short-term deposits grew more rapidly, one-year deposits accounted for more than two-thirds of the increase. All categories of depositor added to their term accounts. In contrast, savings deposits shed Lm5.5 million, or 0.9%, with the entire decrease being recorded in March. As Table 6.2 indicates, deposits denominated in Maltese liri accounted for the entire fall, as foreign currency savings deposits rose by Lm5.5 million, boosted by increased balances in corporate accounts.

Determinants of Monetary Growth

Domestic credit expanded by Lm77.3 million, or 3.5%, during the quarter reviewed. A large part of the rise reflected the major banks' practice of charging six months' interest to borrowers' loan accounts in March, which has no impact on

monetary aggregates. But net claims on Government expanded further, fuelling monetary growth. Overall, however, domestic credit continued to increase at a relatively slow pace, with the annual growth rate shedding just over one percentage point to 8.6%.

Following vigorous growth during the previous quarter, net claims on Government grew more moderately, rising by Lm23.5 million, or 5.8%, as Table 6.3 shows. As a result, the annual rate of growth of such claims dipped to 11% in March from 13.3% three months earlier. Net claims on Government increased as the banking system added to its holdings of Treasury bills and Government stocks. This outweighed the rise in Government deposits with the Central Bank, which mainly resulted from the transfer to the Government's account of Central Bank profits in February and the proceeds from the stock issue in March.

Growth in loans and advances largely explains the increase in the banks' claims on the private and parastatal sectors, which expanded by Lm53.7 million, or 3%, during the quarter. In fact, the banks' holdings of corporate debt and equity hardly changed. Bank lending was broadly stable during January and February, but rose sharply in March, when interest was charged to loan accounts. As can be seen in Chart 6.2, the annual rate of growth of claims on the private and

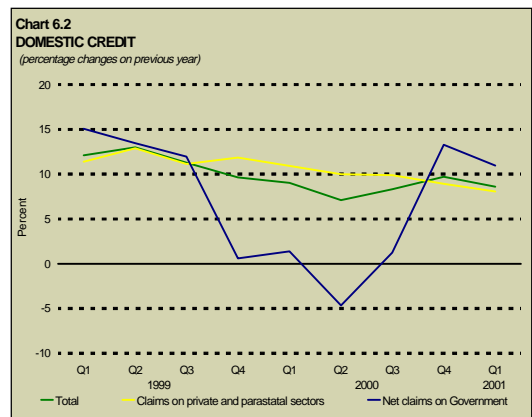


Table 6.3**DETERMINANTS OF MONETARY GROWTH***(Changes on the previous quarter)*

	<i>Lm millions</i>									
	1st Qtr.		2nd Qtr.		2000		2000		2001	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
BROAD MONEY	6.2	0.3	31.1	1.3	20.1	0.8	39.7	1.6	52.9	2.1
1. DOMESTIC CREDIT	91.5	4.6	-3.5	-0.2	57.5	2.8	47.7	2.2	77.3	3.5
a) Net claims on Govt.	28.7	8.0	-21.2	-5.5	0.9	0.2	39.2	10.7	23.5	5.8
Gross claims on Govt.	19.5	4.2	-21.2	-4.3	-16.8	-3.6	24.7	5.5	37.7	7.9
Central Bank	1.7	27.7	-1.2	-15.4	0.4	5.5	2.2	30.9	8.4	91.8
Banks	17.8	3.8	-20.0	-4.2	-17.1	-3.7	22.5	5.1	29.3	6.3
<i>Less:</i>										
Government deposits ¹	-9.2	-8.3	0.0	0.0	-17.7	-17.4	-14.5	-17.3	14.2	20.4
Central Bank	-7.7	-8.1	-3.6	-4.1	-16.4	-19.4	-12.2	-17.9	13.8	24.6
Banks	-1.5	-9.8	3.6	26.9	-1.3	-7.4	-2.3	-14.7	0.4	3.1
b) Claims on private and parastatal sectors	62.8	3.8	17.7	1.0	56.7	3.3	8.5	0.5	53.7	3.0
2. NET FOREIGN ASSETS	-53.2	-5.5	71.0	7.8	-9.7	-1.0	-2.4	-0.2	-107.2	-11.0
Monetary Authorities	-31.4	-4.2	-5.5	-0.8	-5.9	-0.8	-53.4	-7.7	-12.5	-1.9
Banks	-21.9	-9.5	76.6	37.0	-3.9	-1.4	51.0	18.2	-94.6	-28.6
<i>Less:</i>										
3. OTHER ITEMS (NET)	32.1	6.2	36.5	6.6	27.7	4.7	5.6	0.9	-82.8	-13.4

¹ Includes Sinking Fund and other Treasury Clearance Fund investments which are generally not readily available for liquidity purposes.

parastatal sectors continued to decelerate gradually, falling to 8.1% in March.

As in the previous quarter, data on changes in credit broken down by the economic activity of the borrower are to be interpreted with caution in the light of an ongoing reclassification exercise. As Table 6.4 shows, banks reported large increases in personal lending and credit to the “other services” sector, which rose by Lm27.6 million and Lm22.7 million, respectively. This expansion reflected a combination of reclassifications, interest charges and – in the case of personal credit – growth in housing finance. Credit to the transport, storage and

communications sector also rose significantly, reflecting robust demand for credit by communications firms. At the same time, reclassifications appear to have influenced the reported decreases in lending to agriculture, manufacturing and “all other” borrowers. Credit to the tourism and construction industries, as well as that to the wholesale and retail sector, rose only moderately, possibly reflecting an underlying slowdown in loan demand.

Although the net foreign assets of the banking system contracted during the quarter reviewed, international banks accounted for most of the drop. This mitigated the impact of the contraction

Table 6.4**CREDIT TO SELECTED CATEGORIES OF BORROWER¹***Lm millions*

	2000		2001	
	4th Qtr.	Amount	1st Qtr.	Change
	Amount	Amount	Change	%
Energy and water	104.7	104.1	-0.6	-0.6
Transport, storage and communication	96.8	109.1	12.3	12.7
Agriculture and fisheries	19.0	11.0	-8.0	-42.0
Manufacturing	203.4	199.3	-4.1	-2.0
Building and construction	99.3	102.1	2.8	2.8
Tourism	237.5	245.2	7.7	3.3
Wholesale and retail	292.2	297.1	4.9	1.7
Personal	386.2	413.9	27.6	7.2
Other services	82.8	105.5	22.7	27.4
All other	165.6	153.3	-12.3	-7.4
Total	1687.5	1740.5	53.0	3.1

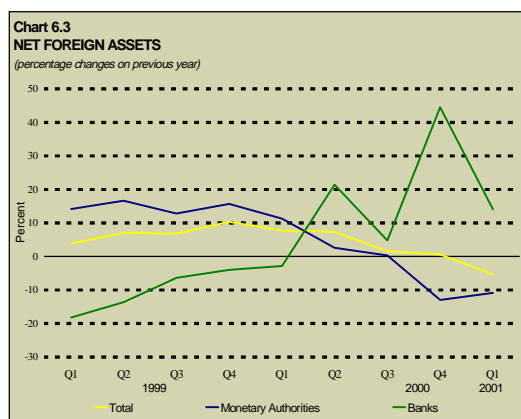
¹ Including bills discounted. Comprises credit to private and public sector borrowers.

on monetary aggregates. As Table 6.3 shows, net foreign assets decreased by Lm107.2 million, or 11%, during the quarter, with the annual growth rate swinging from 0.6% in December to -5.3% in March.

The net foreign assets of the Monetary Authorities continued to fall during the quarter, as payments for fuel imports and sales of foreign exchange to the rest of the banking system resulted in a Lm12.5 million fall in the Central Bank's external reserves. Nevertheless, as Chart 6.3 suggests, the outflow slowed down, especially towards the end of the quarter, as the banks' demand for foreign exchange moderated. Consequently, the annual rate of growth of the net foreign assets of the monetary authorities gained two percentage points, rising to -10.9% in March.

After having increased sharply during the previous quarter, the net foreign assets of the

remainder of the banking system dropped by almost one-third, or Lm94.6 million. Whereas the holdings of domestic banks declined marginally, shedding Lm4.7 million, the international banks' net foreign assets dropped by Lm89.9 million¹. Most of the decline took place in February, when two institutions reported substantial losses on



¹ For the purposes of this analysis, domestic banks include the international banking subsidiaries of the deposit money banks.

their foreign asset portfolios, probably as a result of the financial crisis in Turkey.

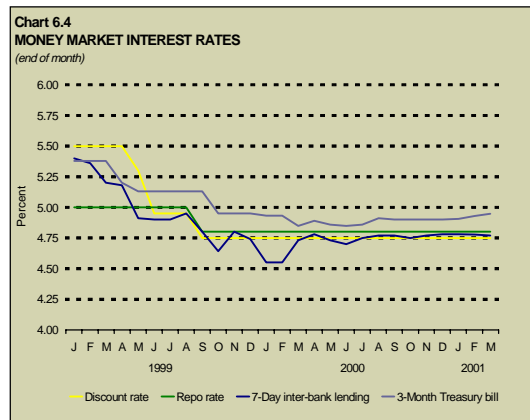
These losses had a negative impact on the net non-monetary liabilities of the banking system. This factor, coupled with the transfer of Central Bank profits to the Government, outweighed a drop in the banking system's other assets in March. As a result, the net non-monetary liabilities of the banking system, which are shown as "other items (net)" in Table 6.3, shrank by Lm82.8 million, or 13.4%. However, the drop in "other items (net)" had little impact on monetary aggregates, being almost entirely balanced by changes in the determinants of monetary growth instead.

The Money Market

The Central Bank left its central intervention rate and its discount rate unchanged at 4.75% during the quarter reviewed. As a result, the repo rate remained constant at 4.8% throughout the quarter, while the interest rate paid by the Bank on fourteen-day term deposits rose only marginally, to 4.73%.

The banking system continued to be characterised by a shortage of liquidity almost throughout the period. This shortage was particularly pronounced in March when the Government issued long-term debt securities. In response, so as to ensure that money market interest rates remained stable, the Bank injected funds almost continuously into the banking system during the quarter. Thus, in aggregate, it injected Lm349 million through its weekly fourteen-day repo auctions, compared with Lm169.9 million during the previous quarter. In contrast, only one term deposit auction was held. This was in January, when the Bank absorbed Lm4.2 million.

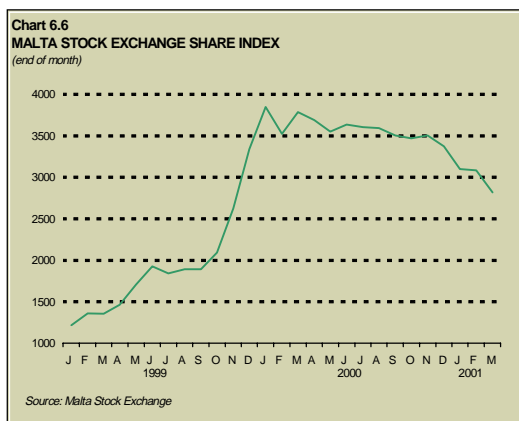
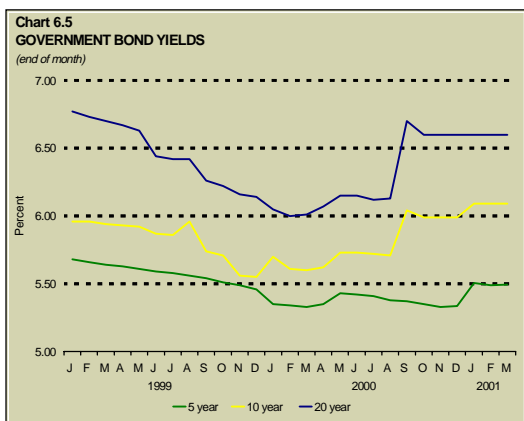
Low levels of liquidity in the banking system dampened activity on the inter-bank market, where turnover settled at Lm40.8 million, on a par with that registered during the previous quarter. In a



further indication that the banking system was short of liquidity, most inter-bank loans were struck with a term to maturity of seven days or less. As Chart 6.4 shows, however, inter-bank lending rates barely changed during the quarter, standing at 4.77% in March.

The Treasury continued to issue bills with terms to maturity ranging between one month and one year to raise short-term finance. Furthermore, during the quarter reviewed, the Treasury, for the first time, issued bills with a maturity of nine months, extending the average term to maturity of the bills in issue. This explains the fact that, despite a drop in primary market turnover, which fell to Lm105 million, the value of bills in issue rose slightly. Banks continued to participate actively in the primary market for Treasury bills, taking up almost two-thirds of the amount issued. Nevertheless, primary market yields edged up somewhat, with the rate on 91-day bills rising by five basis points to 4.95% in March.

Activity in the secondary Treasury bill market, which had been subdued during the previous quarter, recovered during the quarter reviewed. A number of large deals involving banks and other investors pushed up turnover that did not involve the Central Bank to Lm19 million from the negligible levels recorded during the December quarter. Meanwhile, the Central Bank was a significant net buyer of bills on the secondary



market, making purchases and sales worth Lm11 million and Lm1 million, respectively. Secondary market yields increased slightly, in line with those in the primary market.

The Capital Market

In March, the Government launched the issue of Lm30 million worth of 15-year bonds with a coupon rate of 6.65%. The issue was positively received, with just over two-thirds of the amount issued being allotted at par to retail investors. The remainder was auctioned. Strong demand raised auction prices and lowered primary market yields. Households bought Lm19.5 million worth of the stocks offered, while banks and insurance companies subscribed to Lm4.9 million between them. Private firms, non-profit making institutions and Government funds and entities took up the remainder.

In February, Globe Financial Management plc, a financial services firm, issued Lm3.7 million worth of shares in an initial public offering. The issue was oversubscribed and the shares began trading on the Malta Stock Exchange in March.

The issue of Government stocks on the primary market may have spurred secondary market trading, which rose from Lm10.9 million during the December quarter to Lm24.5 million during the

quarter reviewed. The Central Bank participated in the secondary market to a limited extent, making purchases and sales worth Lm1.7 million and Lm0.3 million, respectively. Although trading took place across a wide range of issues, turnover in the 7.8% MGS 2018 alone reached Lm4.6 million. At the same time, turnover in the corporate bond market² decreased slightly, dropping from Lm1.2 million to Lm1.1 million. Government bond yields rose slightly, as Chart 6.5 shows, with the yield on ten-year bonds edging up by ten basis points to 6.09% in March. The general downturn in domestic market sentiment had a negative impact on corporate bond prices, which spurred an increase in yields.

After having been boosted by the issue of additional shares in one listed company during the December quarter, turnover in the listed equity market dropped sharply during the quarter reviewed. The value of equity deals fell by over 40% to Lm8.4 million. Four equities, namely Maltacom, Bank of Valletta, Middle Sea Insurance and HSBC Bank Malta, accounted for almost the entire quarterly turnover. The decline in equity prices gathered pace during the quarter reviewed, despite a brief rally in January. Thus, as Chart 6.6 shows, the Malta Stock Exchange Share Index shed 16.5% over the quarter, to stand at 2,818.43 by the end of March.

² Including preference shares.

7. THE BANKING SYSTEM

The quarter under review saw some developments in the Maltese banking system, as HSBC Home Loans (Malta) Bank Ltd was incorporated with the deposit money banks for statistical purposes, thereby contributing to a substantial expansion in the latter's aggregated balance sheet. At the same time, HSBC Finance (Malta) Ltd and Valletta Investment Bank Ltd surrendered their licences as their business activities were taken over by their parent banks. Furthermore, Britannia Financial Services, a small financial institution, was incorporated in the "Other Financial Institutions" sector. As a result, the "Other Banking Institutions" sector ceased to exist. Meanwhile, the international banking institutions' aggregate balance sheet contracted, as two Turkish banks reported substantial losses, probably as a result of the financial crisis in that country.

Deposit Money Banks' Balance Sheet

During the quarter, the deposit money banks channelled funds placed on deposit with them mainly into domestic financial investments and loans. However, a significant part of the increase in the latter was attributable to the above-mentioned incorporation of HSBC Home Loans (Malta) Bank Ltd into the sector. Mainly as a

result of this development, the aggregate balance sheet of the deposit money banks expanded by 6.7%, compared to the 2.1% growth reported in the December quarter.

Liabilities

Residents' deposits with the deposit money banks rose by Lm62.2 million during the quarter, compared with the Lm15.2 million increase registered in the same quarter last year. This sharp increase may reflect a shift away from collective investment schemes and other domestic and foreign financial assets into bank deposits. In particular, the disappointing performance of domestic and international capital markets, as well as the extension of the 15% withholding tax on interest income to interest earnings from collective investment schemes, may have led investors to divert funds into bank deposits.

As Chart 7.1 shows, a drop in savings deposits was offset by substantial increases in time and demand deposits, which advanced by Lm46.3 million and Lm20.4 million, respectively. Furthermore, the greater part of the increase in time deposits was in deposits with a maturity of one year, as Chart 7.2 shows. This may indicate that savers preferred to maintain sufficient liquidity to enable them to grasp better investment opportunities as these arose. On the other hand, the issue of Malta Government Stocks during the

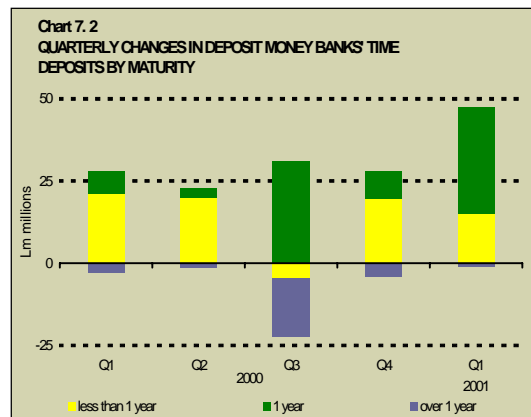
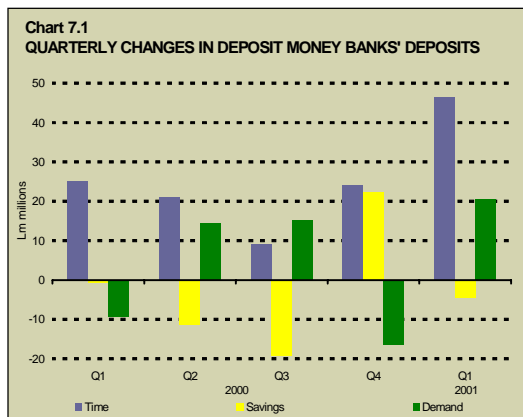


Table 7.1
DEPOSIT MONEY BANKS' BALANCE SHEET

Lm millions

	1999	2000				2001
	Dec	Mar	Jun	Sep	Dec	Mar
ASSETS						
Cash and deposits with CBM	169.9	162.3	162.5	172.0	152.7	157.7
Foreign assets	615.1	653.7	713.5	712.6	729.6	749.2
Loans and advances	1,464.4	1,537.7	1,542.4	1,593.0	1,608.0	1,793.0
Local investments	574.2	592.6	583.8	566.3	601.4	634.6
Fixed and other assets	168.5	124.0	169.7	131.2	150.7	124.5
LIABILITIES						
Capital and reserves	126.8	137.8	137.8	137.8	158.5	176.7
Foreign liabilities	356.4	379.6	405.4	396.4	404.7	417.1
Other domestic liabilities	469.9	498.8	550.1	559.0	566.7	690.3
Deposits	2,039.0	2,054.2	2,078.6	2,082.2	2,112.7	2,174.9
Time	1,217.9	1,242.9	1,264.4	1,273.1	1,296.7	1,343.0
Savings	632.7	632.0	620.7	601.5	623.7	619.3
Demand	188.5	179.2	193.5	207.6	192.2	212.6
AGGREGATE BALANCE SHEET	2,992.1	3,070.3	3,171.9	3,175.4	3,242.5	3,459.0

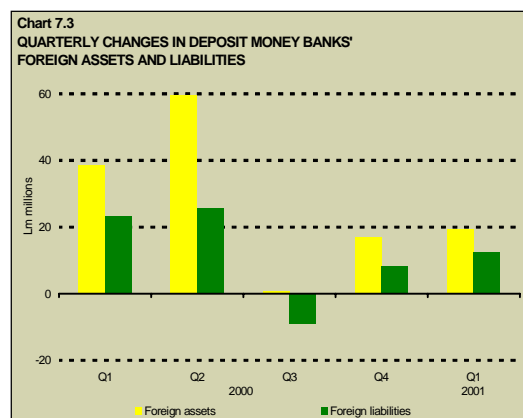
quarter was probably the main factor behind the reported Lm4.4 million drop in savings deposits.

Meanwhile, as Table 7.1 shows, the deposit money banks' foreign liabilities rose from Lm404.7 million to Lm417.1 million, as the banks entered into more foreign repos. At the same time, the banks' other domestic liabilities advanced by Lm123.6 million, though this was mainly as a result of the incorporation of HSBC Home Loans in the deposit money bank sector. At the same time, the banks' capital and reserves rose by Lm18.2 million, of which Lm11 million is explained by a reported increase in the banks' reserve funds.

Assets

Loans and advances continued to make up one-half of the assets side of the deposit money banks' balance sheet, with a Lm185 million increase reported for the March quarter. The

incorporation of HSBC Home Loans into the sector contributed substantially to this exceptionally large expansion. In fact, bank credit to the private sector rose by Lm188.5 million, with more than four-fifths of the increase being accounted for by additional credit to the personal sector. At the same time, advances to the public sector dropped by Lm3.5 million.



The foreign assets portfolio of the deposit money banks ended the quarter at Lm749.2 million, up by Lm19.6 million from the end-2000 level. As Chart 7.3 shows, growth in the banks' foreign assets continued to outpace that of their foreign liabilities. Banks mainly opted for securities issued by the private sector, adding only marginally to their holdings of foreign Government securities.

Meanwhile, the deposit money banks added Lm33.2 million to their local investment portfolio. Their holdings of Treasury bills expanded by Lm8.8 million, with an increase in bills maturing over 93 days more than compensating for a Lm17.9 million drop in bills with shorter maturities. The banks' holdings of Malta Government Stocks increased by Lm22.8 million during the quarter.

As at end-March 2001, the banks' fixed and other assets stood at Lm124.5 million, down by Lm26.2 million from their level at the end of the previous quarter. This drop was entirely due to the six-monthly debiting of interest accrued to loan accounts in March, which led to a reduction in their "other assets". This factor also contributed

to the growth in loans and advances reported during the quarter. At the same time, inter-bank claims dropped by Lm4.5 million.

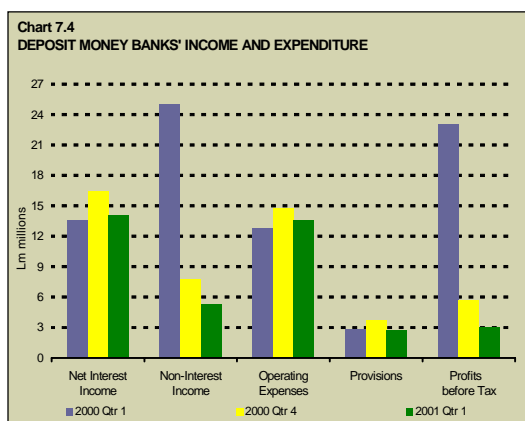
Deposit Money Banks' Profitability, Capital Adequacy and Liquidity

During the quarter under review, the banks' profits before tax dropped to Lm3 million, from Lm5.7 million in the December quarter, as a fall in their gross income more than made up for a decline in their operating expenses and provisions. As Table 7.2 and Chart 7.4 show, both the banks' net interest income and their non-interest income was lower than in the previous quarter. The former dropped to Lm14 million, as interest income declined to Lm49.2 million whereas interest expenses rose to Lm35.2 million. With non-interest income falling to Lm5.3 million, gross income declined to Lm19.3 million. At the same time, the banks' operating expenditure dropped to Lm13.6 million, almost Lm1 million less than in the December quarter, while provision charges were similarly reduced from Lm3.7 to Lm2.7 million.

Table 7.2

DEPOSIT MONEY BANKS' INCOME AND EXPENDITURE STATEMENT

	2000		2001
	Qtr. 1	Qtr. 4	Qtr. 1
Interest income	44.3	50.2	49.2
Interest expenses	30.7	33.8	35.2
Net interest income	13.6	16.4	14.0
Fees and commissions	2.8	3.6	2.0
Foreign exchange gains	2.3	2.6	3.1
Other non-interest income	19.9	1.5	0.2
Total non-interest income	25.0	7.7	5.3
GROSS INCOME	38.6	24.1	19.3
Wages	7.8	9.3	8.2
Other expenditure	5.0	5.4	5.4
Operating expenses	12.8	14.7	13.6
Increase in provisions	2.8	3.7	2.7
PROFITS BEFORE TAX	23.0	5.7	3.0



The banks' capital adequacy ratio, a measure of own funds compared to risk weighted assets

(including off-balance sheet items) remained practically unchanged at 12.9%, comfortably above the statutory requirement of 8%. Meanwhile, their liquidity ratio, which compares the value of the liquid assets in the banks' portfolio to net short-term liabilities, rose from 41.6% to 44.8%, well above the statutory minimum of 30%.

International Banks¹

The international banks' balance sheet contracted by 17.3% to Lm2.8 billion during the March quarter. This was mainly attributable to two banks that reported substantial losses, probably in connection with the financial crisis in Turkey.

Table 7.3
INTERNATIONAL BANKING INSTITUTIONS' BALANCE SHEET

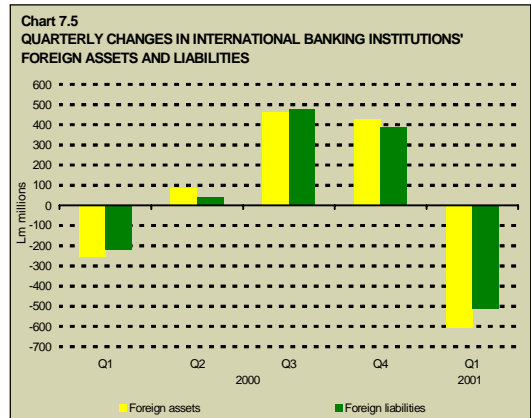
	<i>Lm millions</i>					
	1999		2000			2001
	Dec	Mar	Jun	Sep	Dec	Mar
ASSETS						
Cash and money at call	1.9	2.1	2.2	2.2	2.1	2.4
Foreign assets	2,417.7	2,160.7	2,244.8	2,709.2	3,135.7	2,529.3
<i>Foreign securities</i>	1,192.5	1,072.0	1,029.6	1,087.1	932.2	1,222.2
<i>Loans and advances to non-residents</i>	815.2	780.2	728.0	883.4	1,220.6	1,016.0
<i>Other foreign assets</i>	410.0	308.5	487.2	738.8	982.8	291.2
Loans to residents	6.1	7.0	6.9	6.9	6.1	7.7
Local investments	260.0	275.2	283.7	298.5	267.7	273.7
Other assets	16.9	47.8	23.6	35.1	11.3	11.9
LIABILITIES						
Capital and reserves	188.7	182.4	184.1	181.0	194.2	199.1
Foreign liabilities	2,453.9	2,234.0	2,275.7	2,752.1	3,137.2	2,625.1
<i>Balances due to other banks abroad</i>	1,121.0	881.5	859.6	1,002.0	877.2	1,000.0
<i>Non-resident deposits</i>	1,079.3	1,027.4	983.4	1,056.5	1,031.8	756.4
<i>Other foreign liabilities</i>	253.6	325.1	432.7	693.6	1,228.2	868.8
Resident deposits	21.3	25.1	26.3	26.2	32.3	32.9
Other liabilities	39.0	51.3	75.2	92.7	59.1	(32.1)
AGGREGATE BALANCE SHEET	2,703.1	2,492.8	2,561.2	3,052.0	3,422.8	2,825.0

¹ The international banking sector consists of locally-based banks that conduct banking business almost exclusively with non-residents.

Following the growth recorded in the previous quarter, the international banks' foreign liabilities, which represent 93% of their total liabilities, dropped by Lm512.1 million, as Table 7.3 shows. The decline in non-resident deposits shown in the Table was partly the result of a reclassification, which is also reflected in an increase in borrowings from banks abroad. Other foreign liabilities also fell substantially, however, accounting for the overall decline in the international banks' foreign liabilities.

Resident deposits rose marginally to Lm32.9 million. However, on account of losses reported by two banks, the international banks other domestic liabilities dropped from Lm59.1 million to -Lm32.1 million. At the same time, the banks' capital and reserves at the end of the quarter amounted to Lm199.1 million, up by Lm4.9 million from the end-December level.

Meanwhile, the international banks' foreign assets dropped by Lm606.4 million - mainly because one bank reported a sharp fall in the



value of inter-bank claims on its balance sheet. As can be seen from Chart 7.5, this drop was larger than the decline in the banks' foreign liabilities. The international banks added to their holdings of foreign securities, but scaled back credit to non-residents. Furthermore, their loans to residents and their holdings of local investments were both up from the levels reported in the previous quarter.

INTERNATIONAL BANKING INSTITUTIONS IN MALTA¹

The enactment, in November 1994, of a comprehensive package of legislation regulating the Maltese financial sector has attracted a growing number of financial institutions, including banks, to Malta. To date the Central Bank has in fact licensed thirteen international banks in terms of the Banking Act, 1994. In general, these banks can only carry out banking business with non-residents and in currencies other than the Maltese lira². Therefore, as financial intermediaries they accept funds from non-residents and reinvest them abroad. Since these banks are considered to be Maltese residents for statistical purposes, these cross-border transactions give rise to large balance of payments flows. A list of international banks

licensed in terms of the Banking Act, showing the year when each licence was granted, is given in Table 1³. Eight banks are subsidiaries or branches of Turkish banks, four are owned by European Union shareholders, while the remaining institution has Middle Eastern and Maltese shareholding.

Balance Sheet Structure

As Chart 1 shows, the international banks' aggregate balance sheet grew rapidly during the past five years as new institutions were licensed and existing ones expanded their operations. Thus, the international banks' total assets reached Lm2,562.8 million at the end of December

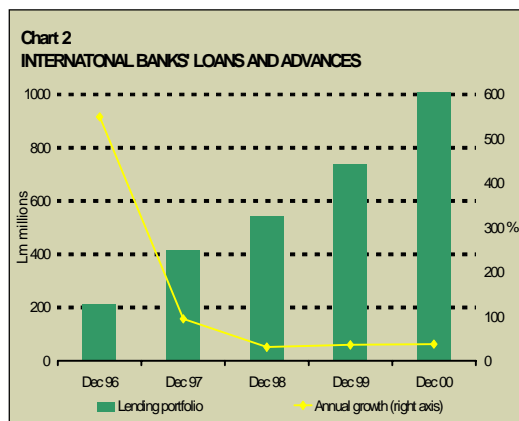
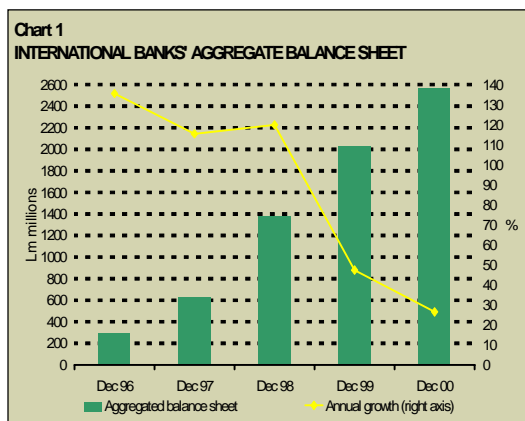
Table 1
INTERNATIONAL BANKS

Banks incorporated in Malta	Branches of banks incorporated abroad
Disbank Malta Ltd (1998)	Akbank TAS (2000)
Finansbank Malta Ltd (2000)	Demirbank TAS (1997)
First International Merchant Bank plc (1994)	EGE Giyim Sanayicileri Bank(1998)
Investkredit International Bank Ltd (1996)	Iktisat Bank (1999)
Izola Bank Ltd (1994)	Tekstil Bank (1999)
Raiffeisen Malta Bank plc (1996)	Turkiye Garanti Bank (1995)
Sparkasse Bank Malta plc (2000)	

¹ This article was prepared by staff from the Bank's Economic Analysis and Banking Supervision Offices.

² First International Merchant Bank is licensed to carry out some business with residents. International banks can also conduct banking business with international trading companies registered in Malta and with domestic banks.

³ Four other international banks, which are licensed in terms of the Malta Financial Services Centre Act, are not included in this analysis. Akbank TAS and Sparkasse Bank Malta plc, which were licensed in late 2000, had not yet started operating by the end of the year and are not covered either.



2000, up from Lm2,027.4 million at end-December 1999 and nearly nine times the total at end-December 1996. However, as the sector matured and the aggregate balance sheet expanded, the rate of expansion decelerated steadily. In fact, following rapid growth during the mid-1990s, total asset growth slowed down from 47.4% in 1999 to 26.4% in 2000, as the Chart indicates. Nevertheless, growth at this rate remains substantial. Almost half of the increase registered during 1999 was due to the fact that four new institutions started operations and began submitting statutory returns to the Central Bank during that year. The slowdown during 2000 was mainly noted in the balance sheets of branches and subsidiaries of Turkish banks, and may have reflected the turbulent economic and financial conditions in Turkey towards the end of that year.

Assets

The international banks' asset portfolio can be broadly divided into three categories: loans and advances, securities and inter-bank claims.

Following rapid growth from a low base in 1996 and 1997, the international banks' aggregate loans and advances grew more moderately during the past three years, as Chart 2 indicates. By the end of 2000 they accounted for nearly two-fifths of these banks' total assets. Overall, during 2000 total lending by the international banks

accelerated slightly, increasing by a net Lm278.2 million, or 37.7%, to reach Lm1,015.7 million at year-end. In line with the conditions of their licences, lending to residents is minimal and credit to non-residents accounts for almost the entire loans and advances portfolio.

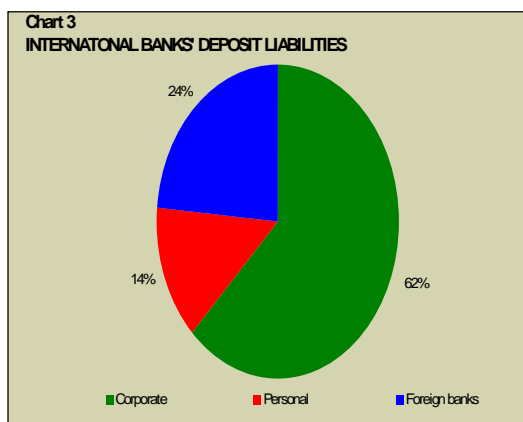
At end-December 2000, almost the entire loan portfolio of the international banks was reported as being regular. In fact, according to the foreign branches' licence conditions, any loan facilities that become doubtful or non-performing must be taken over by the branch's head office. Meanwhile, doubtful facilities on the books of international banks incorporated in Malta totalled a mere Lm0.2 million, which represented a negligible share of their aggregate lending.

Trading and investment securities as at end December 2000 totalled Lm447.9 million, up from Lm163.9 million in 1999. An increase in the international banks' portfolio of trading securities, which mainly reflected the activities of one institution, accounted for most of the rise. Consequently, the global share of securities in the international banks' aggregate balance sheet total increased from 8.1% at end 1999 to 17.5% in December 2000. Other assets, which mainly consist of claims held by branches on their head offices, then amounted to Lm953.8 million and accounted for more than a third of the aggregate asset portfolio.

Liabilities

The international banks rely on two major sources of funds. First, as with any credit institution, they raise funds by taking deposits. Second, and this is particularly true of the branches, they obtain funds from their head offices. During 2000 inter-branch balances were reclassified as “other liabilities” rather than deposit liabilities in order to differentiate between balances placed with branches by their head offices and by other related branches and balances pertaining to other credit institutions. Consequently, the international banks’ aggregate deposit liabilities decreased from Lm1,432.5 million in December 1999 to Lm966.4 million in December 2000, while the proportion of deposits in their total liabilities almost halved, from 70.7% in 1999 to 37.7% at end 2000. Conversely, the proportion of “other liabilities” in these banks’ aggregate balance sheet rose to 46.8%.

Chart 3 gives a breakdown of the international banks’ deposit liabilities by category of depositor. Most deposits are raised from corporate customers or from unrelated foreign banks. During 2000 total customer deposits placed with the international banks decreased by 7.2% to end the year at Lm735.1 million. Personal deposits, which dropped by Lm225 million, or 63%, to Lm132.4 million accounted for the entire decline.



The contraction took place mainly in deposits with Turkish banks. On the other hand, at end-December 2000 corporate deposits totalled Lm602.7 million, up from Lm435.1 million at the end of the previous year. In line with their licence conditions, all the international banks’ customer deposits were denominated in foreign currencies.

Sub-sectoral Analysis

The international banks can be divided into those incorporated in Malta and branches of banks incorporated abroad. As the Competent Authority appointed in terms of the Banking Act, the Central Bank is wholly responsible for the prudential supervision of banks incorporated in Malta. On the other hand, responsibility for the prudential supervision of branches of foreign banks in Malta lies with the competent authorities in the home country, i.e. the country of incorporation, in line with international norms. Apart from this regulatory distinction, whereas branches of foreign banks tend to conduct a large part of their business with their head offices, this is not the case with banks incorporated in Malta. Therefore, in this section, the aggregate balance sheet of the international banks is split into that of banks incorporated in Malta and that of branches of foreign banks.

Banks Incorporated in Malta

The composition of the assets and liabilities of the international banks incorporated in Malta is shown in Table 2. These banks accounted for around a quarter of international banks’ total assets, with an aggregate balance sheet worth Lm602.2 million at end 2000, compared with Lm437.9 million at the end of the previous year. The inclusion of Finansbank (Malta) Ltd, which was licensed during the year, boosted this sub-sector’s total assets.

During 2000, as Table 2 shows, these banks reduced their loans and advances both in absolute terms and as a proportion of their total

Table 2
INTERNATIONAL BANKS INCORPORATED IN MALTA
AGGREGATE BALANCE SHEET

Lm millions

	1999		2000	
	Amount	Share of Total (%)	Amount	Share of Total (%)
ASSETS				
Money market assets	68.7	15.7	125.9	20.9
Securities	113.7	26.0	224.0	37.2
Net loans and advances	236.6	54.0	224.9	37.3
Tangible fixed assets	0.6	0.1	0.9	0.1
Investments in other companies	9.9	2.3	12.5	2.1
Other assets	8.5	1.9	14.0	2.3
Total	437.9	100.0	602.2	100.0
LIABILITIES				
Deposit liabilities	239.6	54.7	268.1	44.5
Other borrowed money	88.9	20.3	195.9	32.5
Subordinated loan capital	4.9	1.1	5.0	0.8
Notes and debentures	16.4	3.7	16.2	2.7
Other liabilities	6.2	1.4	7.5	1.3
Shareholders' funds	82.0	18.7	109.3	18.2
Total	437.9	100.0	602.2	100.0

assets. On the other hand, the operations of a new institution boosted their securities portfolio, which nearly doubled to Lm224 million, or 37.2% of their aggregate balance sheet at the end of the year. Holdings of money market assets also increased rapidly, with their share in the aggregate balance sheet rising to just over one-fifth.

Deposit liabilities, which during 2000 expanded by 11.9% to Lm268.1 million, constitute the most important single source of funds for these institutions. However, the activities of a new credit institution raised other borrowed funds from Lm88.9 million in December 1999 to Lm195.9 million a year later. Other borrowed money thus accounted for almost a third of these banks' liabilities. At the same time, shareholders' funds

amounted to Lm109.3 million, or nearly one-fifth of their total assets.

Branches

Branches of banks incorporated abroad account for more than three-quarters of the total assets of the international banking sector. As Table 3 shows, the aggregate balance sheet of the five locally licensed branches of foreign banks at end-December 2000 totalled Lm1,960.6 million, up from Lm1,589.5 million at the end of the previous year.

Reflecting their close ties with their head offices and related branches abroad, the local branches' other liabilities accounted for three-fifths of their total liabilities. As stated earlier, balances due to head offices or other related branches were

Table 3
INTERNATIONAL BANKS (BRANCHES)
AGGREGATE BALANCE SHEET

	1999		2000	
	Amount	Share of Total(%)	Amount	Share of Total(%)
<i>Lm millions</i>				
ASSETS				
Money market assets	659.4	41.5	4.3	0.2
Securities	50.2	3.2	223.9	11.4
Net loans and advances	500.2	31.5	789.9	40.3
Tangible fixed assets	1.3	0.1	1.7	0.1
Investments in other companies	0.6	0.0	1.0	0.1
Other assets	377.8	23.8	939.8	47.9
Total	1,589.5	100.0	1,960.6	100.0
LIABILITIES				
Deposit liabilities	1,192.9	75.1	698.2	35.6
Other borrowed money	172.4	10.8	68.9	3.5
Subordinated loan capital	0.0	0.0	0.0	0.0
Notes and debentures	0.0	0.0	0.0	0.0
Other liabilities	226.0	14.2	1,191.8	60.8
Shareholders' funds	-1.7	-0.1	1.7	0.1
Total	1,589.5	100.0	1,960.6	100.0

reclassified during 2000 away from “deposit liabilities” and placed under “other liabilities” for the first time. After this reclassification, the international bank branches’ deposits dropped to Lm698.2 million, or 35.6% of their total liabilities.

Funds raised by these branches were largely reinvested with their head offices and related branches. These balances were also reclassified during 2000, so that they no longer appeared with money market assets, but with “other assets” on their balance sheets. Thus, other assets reached Lm939.8 million in December 2000 and accounted for nearly half the branches’ aggregate asset portfolio. As can be seen in Table 3, during 2000 the branches’ aggregate loans and advances expanded by Lm289.7 million to reach Lm789.9 million, or two-fifths of their total asset portfolio.

The Table also shows that these branches’ holdings of securities rose strongly during the year.

International Banks’ Profitability

During 2000 the international banks’ aggregate profit before tax rose by Lm8 million to Lm22.5 million, as Table 4 shows. This implies an increase in the international banks’ return on assets to 0.9% as at end-December 2000, compared to 0.7% at end-December 1999. The performance of banks incorporated in Malta differed substantially from that of branches. In fact, at end-December 2000, the return on assets of international banks incorporated in Malta stood at 3.4%, down slightly from the 3.7% recorded in December 1999. The corresponding ratio for the branches was

Table 4
INTERNATIONAL BANKS' INCOME AND EXPENDITURE STATEMENT

Lm millions

	1999	2000
Interest income	390.5	298.6
Interest expenses	352.0	238.1
Net interest income	38.5	60.5
Gains/losses on investment securities	3.7	-13.1
Other non-interest income	11.0	8.7
Provisions	13.1	0.4
Other non-interest expenditure	25.6	33.1
PROFITS BEFORE TAX	14.5	22.5

calculated at just 0.1%, compared with -0.1% in December 1999.

During 2000 both interest income and interest expenditure fell. However, as the decrease in the latter exceeded that in interest income, the international banks' aggregate net interest income went up by 56.9%: from Lm38.5 million in 1999 to Lm60.5 million during 2000. The increase in net interest income was almost outweighed by losses on the international banks' portfolios of investment securities, which reached Lm13.1 million, largely reflecting the financial conditions in Turkey. Meanwhile, other non-interest income dropped by Lm2.3 million, to Lm8.7 million. Non-interest expenses, which include fees and commissions payable, staff costs and expenses incurred on premises and fixed assets, also rose, by Lm7.5 million, depressing pre-tax profits further. However, total provision charges for 2000 fell to Lm0.4 million, from Lm13.1 million in the previous year, boosting profits before tax.

Economic Impact

As the international banking sector has grown, its transactions with non-residents have had a significant impact on various items of the Maltese balance of payments. The international banks, which are classified as residents of Malta for

statistical purposes, act as financial intermediaries between non-residents, generating large flows on both the current account and the financial account of the balance of payments.

As Table 5 shows, the operations of the international banks lead to large inflows and outflows on the investment income component of the current account of the balance of payments. Thus, during 2000, inflows and outflows of income on equity and debt amounted to Lm291.1 million and Lm256.3 million, respectively. Although these flows resulted in a substantial positive net position on the investment income account, other investment income outflows, particularly retained earnings, implied that the overall impact of the international banks on the current account was small. Similarly, by dealing in international financial markets, the international banks generate sizeable flows on the financial account of the balance of payments. For example, their portfolio investment outflows reached Lm272.4 million during 2000, compared with Lm143.8 million during 1999. Meanwhile, as the Table also shows, other investment inflows also rose, to Lm244.7 million. Here too, however, the net impact of the international banks on the entire financial account remained limited. Therefore, despite the significance of these individual balance of payments flows in absolute terms, their

Table 5**INTERNATIONAL BANKS' SELECTED BALANCE OF PAYMENTS TRANSACTIONS**

	1999		2000	
	Credit	Debit	Credit	Debit
<i>Lm millions</i>				
Current account				
Other business services		1.9		10.2
Investment income	16.4		12.3	
Income on equity and debt	389.8	365.9	291.1	256.3
Retained earnings		7.5		22.5
Financial account		4.9	4.9	
Direct investment	15.7		32.6	
Portfolio investment		143.8		272.4
Other investment	123.2		244.7	

Source: Central Bank of Malta.

overall impact on the balance of payments is relatively modest. This suggests that marked movements in individual components of Malta's balance of payments should be interpreted with caution.

In line with international statistical standards, the international banks are considered to form part of the domestic economy. Therefore, their value added contributes to Malta's Gross Domestic Product (GDP). Broadly speaking, GDP at factor cost is computed by adding the returns to the various factors of production engaged in economic activity in Malta. At the end of 2000, the international banks directly employed around 80 people, which is a marginal proportion of the gainfully occupied population. Wages, salaries and other staff costs amounted to Lm1.6 million, or around 0.2% of total employment income generated in Malta during the year. As Table 4 shows, the profits of the sector reached Lm22.5 million in 2000, which was equivalent to 3.4% of the total profit component of GDP during that year. The sum of wages and profits, which is a crude estimate of the international banks' direct contribution to GDP, reached Lm24.1 million, or around 1.8% of GDP. However, the international

banks also contribute to GDP indirectly, to the extent that they make use of legal, financial and other services provided by residents.

Most of the value added generated by the international banks, however, does not boost national income, which is captured in Gross National Product (GNP). This is because international banks' profits are due to their non-resident shareholders and are therefore excluded from GNP. In fact, the increase in the international banks' profits partly explains the slowdown in nominal GNP growth witnessed during 2000.

Conclusion

This analysis has shown that the international banks have grown considerably in terms of total assets since the first institutions were licensed during the mid-1990s. Their transactions with non-residents have a considerable impact on Maltese balance of payments flows, although much less so on the net balance of payments position. Moreover, their profits and, to a lesser extent, the wages they pay, contribute to GDP. However, the profits generated do not accrue to residents and, therefore, do not form part

of Malta's national income. Hence, if the sector continues to expand, the divergence between Malta's GDP and its GNP can be expected to widen and the distinction between the two will assume greater significance.

On the other hand, the international banks also represent an important component of the diverse range of financial institutions operating in and from Malta. Their growing presence is a measure of Malta's success in becoming an international financial centre of repute.

NEWS NOTES

Malta - EU Accession Negotiations

On June 1 Malta closed another three chapters in the EU accession negotiating process, those on the Free Movement of Goods, the Free Movement of Services and Energy. In the process, Malta secured transitional periods and special arrangements in the areas of energy and the free movement of goods.

On June 2 the European Union's Council of Ministers gave a mandate to the Commission to negotiate "framework agreements" with Cyprus, Malta and Turkey to enable them to participate in specific EU programmes. This approach is similar to that already adopted vis-a-vis the applicant countries in Central and Eastern Europe.

On June 27 Malta closed the chapter on the Free Movement of Persons, bringing the total number of chapters closed to 17. With the closure of this chapter, the European Union formally accepted Malta's request for a special arrangement allowing it to protect its labour market in case of a disruptive inflow of workers from EU countries during the seven years following accession. Should problems arise after the expiry of this period, Malta would have the right to bring the matter before the EU institutions for a solution.

Reappointment of Governor

On June 12 the President, on the advice of the Prime Minister, reappointed Mr. Michael C. Bonello MA (Oxon.) as Governor of the Central Bank of Malta under the Central Bank of Malta Act 1967 for a further period of two years from October 1, 2001.

Minister of Finance attends ECOFIN and EBRD meetings

On April 21-22 the Minister of Finance took part in

the first informal ECOFIN meeting between finance ministers of EU member states and those of candidate countries in Malmo, Sweden. The subjects discussed included the challenges of economic policy-making in the pre-accession phase and financial stability in the EU and candidate countries. The Governor of the Central Bank of Malta also attended the meeting.

On April 23 the Minister of Finance addressed the Annual Meeting of the European Bank for Reconstruction and Development (EBRD), which was held in London.

IMF Consultation Mission in Malta

On April 15 – 28 a consultation mission from the International Monetary Fund visited Malta to conduct discussions with the Government and the Central Bank under Article IV of the Fund's Articles of Agreement. The Mission also met representatives from the financial sector, industry and commerce and the trade unions. Similar periodic consultation discussions are held with all members of the Fund in order to assess the prevailing economic and financial situation in the respective countries. In the case of Malta, such discussions are held every two years.

Malta's Sovereign Rating reaffirmed

On May 18 Moody's Investors Service reaffirmed Malta's A3 country ceilings on bonds and bank deposits. Moody's also confirmed its A3 rating on bonds denominated in Maltese lira issued by Malta.

Issue of Shares by First International Merchant Bank

On May 16 First International Merchant Bank plc announced the issue of 6 million ordinary shares with a nominal value of US\$0.50 at the price

of US\$1.25 per share and the sale to the public of 4 million ordinary shares with a nominal value of US\$0.50 at the price of US\$1.25 per share.

Bank of Valletta joins the European Savings Banks Group

On June 1 Bank of Valletta plc became an official member of the European Savings Banks Group (ESBG), an international association made up of around 1,250 retail banks and financial institutions in 24 countries.

HSBC Stockbrokers (Malta) Ltd set up

On April 24 HSBC Bank Malta plc set up a new company, HSBC Stockbrokers (Malta) Ltd, to provide stockbroking services to the bank's customers.

Malta Financial Services Centre grants new licences

On April 4 the Malta Financial Services Centre (MFSC) granted a Category One Investment Services Licence to GasanMamo Financial Services Ltd under the Investment Services Act, 1994.

On April 9 the MFSC extended the licence issued to Fexco Investment Services Malta Ltd to enable it to provide investment services to customers in both local and international equities and bonds.

On May 25 the MFSC granted a Category Two Investment Services Licence to Gasan Fund Management Ltd. On the same date, a Collective Investment Scheme Licence was granted to Gasan Funds Sicav plc.

Malta - US Agreement

On June 26 the MFSC and the US Inland Revenue Service (IRS) reached an agreement that should facilitate the conduct of financial services business between Malta and the US. Through the agreement, Maltese financial institutions can obtain Qualified Intermediary (QI) status in the US once their procedures are approved by the IRS.

Government Stock Issues

On April 30 through Legal Notice No 117 of 2001, the Government launched an issue of stock for a nominal value of Lm30 million. The stock, which was issued at par for amounts not exceeding Lm50,000 and by auction for bids exceeding this amount, was the 6.45% Malta Government Stock 2014 (II). This issue was the second of four projected for 2001.

On June 28 through Legal Notice No 154 of 2001, the Government created and issued directly to the Foundation for Church Schools the 7% Malta Government Stock 2011 for a nominal value of Lm125,000.

Double Taxation Agreement

On May 3 the Government of Malta and the Republic of Estonia signed an agreement for the avoidance of double taxation.

Malta Stock Exchange made Associate Exchange

On June 26 the Malta Stock Exchange was elected an Associate Exchange of the Federation of the European Stock Exchanges. Last year, the Malta Stock Exchange was officially elected as an official correspondent exchange of the same Federation.

FINANCIAL POLICY CALENDAR

This calendar lists policy measures in the monetary, fiscal and exchange rate fields.

1998

February 2: Central Bank Raises Intervention Rates

The Monetary Policy Council of the Central Bank raises its reverse repo rate band from 5.20% - 5.30% to 5.30% - 5.40%. This decision reflects the Bank's tightening monetary policy stance. In addition, as a result of this decision, the repo market rate band is narrowed from 5.20% - 5.50% to 5.30% - 5.50%. This is in line with the Bank's aim of gradually aligning all domestic money market interest rates around one intervention rate.

April 28: Minister Issues Representative Offices Regulations

The Minister of Finance and Commerce, after consultation with the Competent Authority, issues the Representative Offices (Requirements and Activities) Regulations, 1998. The regulations define the range of activities that representative offices of non-Maltese banks may carry out in Malta. The regulations come into force as from May 12.

April 30: Central Bank Institutes Central Intervention Rate

The Monetary Policy Council of the Central Bank of Malta institutes a central intervention rate of 5.45% with a band of five basis points on either side. This decision completes a technical adjustment, begun in November 1997, aimed at narrowing the spread between the Central Bank's injection rate and its absorption rate.

May 18: Malta Stock Exchange Starts Trading Daily

The Malta Stock Exchange starts trading on a daily basis. The Minister of Finance and Commerce says that the catalyst for daily trading was the partial privatisation of Maltacom plc and Malta International Airport plc.

June 26: Parliament Enacts Commercial Banks (Special Tax) Act

Parliament enacts the Commercial Banks (Special Tax) Act, 1998. This imposes a fifteen per cent tax on bank profits accrued during 1997. The Act applies to credit institutions licensed under the Banking Act, 1994, except those licensed to deal only in currencies other than the Maltese lira. Lohombus Bank Limited, a mortgage bank, is also excluded. As regards branches of foreign banks, the tax is to be paid on profits attributable to the operations of the branch or branches conducted in Malta only.

November 25 : Measures Introduced in the 1999 Budget

The Minister of Finance, in presenting the Estimates for 1999 to Parliament, announces a number of policy measures. These include:-

- 1) **Wages:** A weekly wage increase of Lm1.75 is to be given to compensate for the rise in the cost of living

during the year to September 1998. An additional one-off increase of Lm13 is to be given in March.

- 2) **Social Benefits:** The wage increase is to be reflected in proportionate increases in pensions and other benefits in accordance with the Social Security Act. In addition, the children's allowance for families having more than five children is to be improved. Single parents and widows are to be considered as married persons for income tax purposes.
- 3) **Social Security Contributions:** Employees' social security contributions are to increase from 8.33% to 9% of the basic pay as from January 1, 1999, and to 10% as from January 1, 2000.
- 4) **Indirect taxation:** The excise duty on cigarettes and petrol is to increase, while that on kerosene is to decrease.
- 5) **Value Added Tax:** Value Added Tax, at the rate of 15%, is to replace Customs and Excise Duty Tax as from January 1, 1999. Hotel accommodation, excluding inclusive package tours, is to be taxed at 5%.
- 6) **Privatisation:** An agency or division under the Ministry of Finance is to be set up to draft a long-term privatisation programme.
- 7) **Exchange control:** A company registered or a person domiciled in Malta will be allowed to invest up to Lm300,000 in existing business or new business abroad. Investment allowances for individuals and non-financial companies will be raised from Lm5,000 per year to Lm8,000. Local exporters will be allowed to leave their receipts in foreign currency accounts for a period of six months.

December 28 : Central Bank Announces Changes to Maltese Lira Basket

The Central Bank announces that the composition of the Maltese lira basket will be revised from January 4, 1999 to take into account the introduction of the euro. At the same time, the Bank emphasises that the review of the basket will not involve any change in the value of the currency.

The revision of the basket will entail the following changes:

1. The euro will be allocated the previous weight of the ECU component except for the sterling weight within the ECU.
2. The sterling weight within the ECU will be added to the sterling weight in the Maltese lira basket.
3. The weight of the US dollar will remain unchanged.

As a result, the three component currencies will have the following weights: euro 56.8% ; sterling 21.6% ; US dollar 21.6%. These weights will serve as the basis for the establishment of the portions of the currency components to be announced on January 4, 1999.

December 29 : Value Added Tax Re-introduced

Parliament enacts the Value Added Tax Act, 1998, re-introducing value added tax with effect from January 1, 1999. The rate of tax on the supply of products and on the provision of services is set at 15%, while that on the supply of tourist accommodation is set at 5%. The Act also establishes thresholds below which small businesses are given the option to stay out of the VAT system and the related system of refunds.

1999

January 4 : *Currency Portions of Maltese Lira Basket Announced*

The Monetary Authorities announce the currency portions that are to make up the Maltese lira basket based on the weights that were allocated to the euro, the pound sterling and the US dollar as announced on December 28, 1998. The weights and portions of the three currencies are established as follows:

	Weight	Portion
Euro	56.8%	1.2793
Pound Sterling	21.6%	0.3462
US dollar	21.6%	0.5777

January 21: *Central Bank Lowers Intervention Rate*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate by ten basis points to 5.35%.

March 29: *Central Bank Lowers Intervention Rate Again*

The Monetary Policy Council of the Central Bank lowers the Bank's central intervention rate by a further forty basis points to 4.95%.

In announcing the reductions in its intervention rate, the Bank says that its Monetary Policy Council had noted that the difference between official interest rates in Malta and those abroad had widened, as interest rates overseas had fallen. The Council had also noted that domestic demand remained subdued, inflation had declined, and pressures on the external reserves had eased. Nevertheless, the Bank says, the Council was still concerned about the level of the Government's borrowing requirement and emphasised the need for continued fiscal discipline. The Central Bank also says that it will continue to pursue a monetary policy based on maintaining a fixed exchange rate for the Maltese lira and that it stood ready to adjust official interest rates as necessary.

March 29 : *Interest Rate Ceiling on Foreign Currency Lending Lifted*

The Central Bank amends Central Bank of Malta Notice Number 1 on interest rates. By means of this amendment, all restrictions on interest rates on loans and advances denominated in foreign currency by credit and financial institutions are lifted.

May 6 : *Central Bank lowers Discount Rate*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's discount rate by 25 basis points from 5.5% to 5.25%. The Bank's central intervention rate is left unchanged at 4.95%. In announcing the reduction in the discount rate, the Bank notes that official interest rates overseas, particularly in Malta's trading partner countries, had continued to fall, that domestic economic activity remained generally subdued, inflation had continued to fall, and the external reserves had remained stable. Nevertheless, the Bank also says that the Council remained concerned about the level of the Government's

borrowing requirement, that it would continue to pursue a monetary policy based on maintaining a fixed exchange rate for the Maltese lira, and that it stood ready to adjust official interest rates as necessary.

May 7 : *Parliament authorizes Government to borrow Lm100 Million*

Parliament enacts Act III of 1999 which authorises the Government to raise, by way of loans from local sources, a sum not exceeding Lm100 million to meet both the deficit incurred in the Consolidated Fund in 1998 and the deficit which is expected to be incurred during 1999.

May 7 : *Obligation to create Sinking Funds in connection with Local Borrowing abolished*

Parliament enacts Act IV of 1999. This removes the obligation on Government to create sinking funds in connection with new local borrowing. The obligation to create sinking funds in connection with overseas borrowing is, however, retained.

May 29 : *Minister of Finance amends Malta Stock Exchange Regulations*

The Minister of Finance, through Legal Notice 91, amends Article 3 of the Statute of the Malta Stock Exchange. This amendment makes it possible for a stockbroker nominated by the Central Bank to execute transactions on behalf of the Government in quoted securities of companies or other entities owned wholly, or in part, by the Government, subject to certain conditions specified in the Malta Stock Exchange Act itself.

June 24 : *Central Bank Lowers Discount Rate Again*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's discount rate by 30 basis points from 5.25% to 4.95%. This is the second time that the Central Bank lowers its discount rate this year. The adjustment sets the discount rate equal to the Bank's central intervention rate. The Central Bank also announces that, in future, any change in its intervention rate would automatically be matched by a similar change in the discount rate.

August 2 : *Central Bank Lowers Minimum Deposit Rate on Savings Accounts*

The Central Bank of Malta, in terms of Section 38 of the Central Bank of Malta Act, lowers the minimum rate of interest that credit institutions may pay on deposits denominated in Maltese lira, other than current accounts, from 3 % per annum to 2.5 % per annum.

September 7 : *Penalties for Offences Against Banking Act Regulations Published*

The Minister of Finance, through Legal Notice 155 of 1999, publishes the Penalties for Offences Regulations 1999. These regulations specify the penalties, including fines and imprisonment terms, to be imposed on persons found guilty of having contravened specific provisions of the Banking Act. They also empower the Competent Authority to impose administrative penalties on persons who fail to comply with other provisions of the Banking Act. Such persons may appeal to the Tribunal for Financial Services against any decision imposing upon them an administrative penalty.

September 23 : *Central Bank Lowers Intervention Rate and Discount Rate*

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and its discount rate by 20 basis points from 4.95% to 4.75%. All the other official interest rates quoted by the Central Bank go down by 20 basis points. In announcing the reduction in rates the Bank comments on the weakness of domestic demand, the decline in inflation and the absence of pressure on the external reserves. The Bank also notes some improvement in Government finances but registers its continuing concern about the level of the Government's borrowing requirement.

November 1 : *Central Bank Removes Limits on Bank Deposit/Foreign Currency Interest Rates*

The Central Bank of Malta abolishes the minimum rate of interest that banks were obliged to pay on savings deposits, previously established in terms of section 38 of the Central Bank of Malta Act. As a result, credit institutions are allowed freely to determine the rate of interest payable on deposits made with them, not only in Maltese liri but in any currency. The Bank also removes the remaining limit on interest rates that banks are permitted to charge on loans in foreign currency.

October 19 : *General Financial Regulations Amended*

The Minister of Finance, through Legal Notice 173 amends regulation 59 of the General Financial Regulations 1966. Through this amendment, which comes into effect immediately, the validity period of all cheques drawn by the Government is extended from two months to six in line with normal banking practice.

November 15 : *Malta Ratifies European Convention on Money Laundering*

Malta ratifies the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. The convention was signed on November 5, 1998 and is to enter into force on March 1, 2000.

November 9 : *Malta Stock Exchange Introduces Alternative Companies List*

The Malta Stock Exchange announces the introduction of the Alternative Companies Listing. The rules applicable to the new listing are designed to give companies which do not have all the necessary qualifications to seek a listing on the current market, including non-Maltese companies, access to equity or loan capital, regardless of their size or past performance.

November 22 : *Measures Introduced in The Budget for the Year 2000*

The Minister of Finance, in presenting the Budget Estimates for the year 2000 to Parliament, announces a number of policy measures. These include:

- 1) **Wages:** A weekly increase of Lm1 to compensate for the rise in the cost of living during the year to September 1999. An additional one-off increase of Lm10 per person to be given in January to compensate for the removal of the subsidy on local bread.

- 2) **Social Security Contributions:** As from January 1, 2000, employees' social security contributions are to go up from 9% to 10% of their basic pay, while the different income bands previously used to calculate the contribution rate of the self-employed are to be abolished. The rate of contribution on all income earned by the self-employed is to be 15%.
- 3) **Direct Taxation:** Income tax bands are to be revised, while guidelines are to be issued by the Commissioner of Inland on the taxation of fringe benefits. A tax compliance unit is to be set up within the Department of Inland Revenue.
- 4) **Indirect Taxation:** Excise duty on cigarettes goes up, while locally processed alcoholic beverages are no longer to be exempt from the payment of such duties. At the same time, the duty on transfers of immovable property is to be reduced, while the duties payable on the allocation of shares and on medical insurance cover are to be abolished altogether.
- 5) **Value Added Tax:** Value Added Tax, at the rate of 15%, is introduced on petrol and diesel with immediate effect, and on telephony with effect from January 1. Telephone consumer tariffs, however, are set to rise by five per cent.
- 6) **Exchange Control:** A number of measures are to be introduced to further liberalise exchange control and speed up the relative bureaucratic and administrative procedures. Current restrictions on the amount that companies registered or domiciled in Malta are allowed to invest in businesses abroad are to be abolished, while the overseas investment allowances for individuals and non-financial companies is to be raised from Lm8,000 to Lm15,000. Export-oriented companies in the services sector will be allowed to leave their receipts in foreign currency accounts for up to six months, while retailers will be allowed to maintain foreign currency and time deposit accounts up to a limit of Lm2,500. Insurance companies will be allowed to invest funds abroad freely, subject to control by the Malta Financial Services Centre.

December 31: *Ways and Means Facility Abolished*

The Minister of Finance, through Legal Notice 224 of 1999, establishes January 1, 2000 as the date on which the provisions of Section 15 of the Central Bank of Malta (Amendment) Act 1994 are to come into force. This effectively brings to an end the Government's borrowing facility with the Central Bank of Malta, known as the Ways and Means Facility.

December 31 : *Delegation of Exchange Control Authority to MFSC*

The Minister of Finance, through Legal Notice 225 of 1999, appoints the Malta Financial Services Centre (MFSC) as an authorised dealer for the purposes of Sections 17, 18 and 32 of the Exchange Control Act with effect from January 1, 2000. Through this legal notice, the responsibility for approving and vetting applications for the registration of companies with non-resident participation is transferred from the Central Bank of Malta to the Malta Financial Services Centre under delegated authority.

2000

March 10 : *Malta Stock Exchange Bye-Laws Amended*

The Council of the Malta Stock Exchange amends its bye-laws with regard to dealings made by directors and employees in possession of price sensitive information in the listed securities of their companies. The changes are made within the context of the review, undertaken by the Malta Stock Exchange, of market practices and compliance with internationally accepted regulatory standards.

March 29 : *Italian Financial Aid to Malta*

Italy and Malta sign an agreement providing for the granting of over Lm5 million in Italian financial aid to Malta. This is to be made available under the Fourth Italo-Maltese Protocol on Financial, Economic and Technical Assistance, which covers the years 1996 - 2000.

April 12 : *Central Bank Abolishes Last Remaining Control on Interest Rates*

The Central Bank of Malta amends Notice No 1 on Interest Rates to remove the provision relating to the maximum rate of interest that banks could charge on loans and advances for the purchase of one residential unit for the occupier's own use. With this amendment, the last remaining control on interest rates is abolished, so that rates will now be determined solely by market conditions.

April 28 : *Bearer Accounts Phased out*

Following instructions by the Central Bank to the local banks, the Malta Commercial Banks' Association announces that all bearer accounts are to be closed by June 30. This measure brings local banking practices in line with international practices and is intended to combat money laundering.

June 15 : *Malta Withdraws from Offshore Group of Banking Supervisors*

Malta announces its withdrawal from the Offshore Group of Banking Supervisors (OGBS). Membership of the OGBS was deemed to be no longer appropriate for Malta in view of the decision, taken in 1996, to register no new offshore activities on the island and to phase out the existing ones.

July 14 : *Malta Stock Exchange Regulations Amended*

The Minister of Finance, through Legal Notice No 124, amends the first schedule of the Malta Stock Exchange Regulations 2000 allowing a "person" rather than an "individual" to obtain a stockbroking licence. The Legal Notice also replaces the existing Stock Exchange Committee with a College of Stockbroking Firms.

August 25 : *Prevention of Money Laundering Regulations Amended*

The Minister of Finance, through Legal Notice 156, issues the Prevention of Money Laundering (Amendment) Regulations 2000. These regulations amend the Prevention of Money Laundering

Regulations, 1994. Amongst other things, the amended regulations introduce the concept of “reputable jurisdiction”. This allows for the recognition of other jurisdictions which adhere to international standards in combating money laundering.

November 21: Measures Introduced in the Budget for 2001

The Minister of Finance, in presenting the Budget Estimates for the year 2001 to Parliament, announces a number of policy measures. These include:

- 1) **Cost of living increase:** A weekly increase in wages of Lm1.50 to compensate for the rise in the cost of living during the year to September 2000.
- 2) **Direct taxation:** The Income Tax Act is to be enforced with regard to certain fringe benefits attached to employment. The benefits to be taxed are listed in a separate document presented with the Budget.
- 3) **Indirect taxation:** Value added tax on health and education are reclassified as exempt without credit while profits made by travel agents on tickets for travel abroad are to become taxable at the full rate. Catering establishments in factories, schools and industrial zones are to start charging value added tax. Excise duty on cigarettes is increased while the duty on alcoholic beverages is henceforth to be calculated on the basis of the alcohol content of the beverage concerned. Levies on a number of imported industrial products are to be scaled down further, while income from collective investment schemes is to be subject to tax.
- 4) **Liberalisation of exchange controls:** Exchange controls are further liberalised and the relative administrative procedures are to be speeded up. The measures include:
 - An increase in the allowance for travel purposes from Lm5,000 to Lm10,000 per trip.
 - An increase in the limit for cash gifts from Lm5,000 to Lm10,000 per year.
 - An increase in the amount of foreign currency which can be exported to effect merchandise payments overseas.
 - An increase in the limits on imports and exports of local currency from Lm25 to Lm1,000.
 - The amount that residents are permitted to invest in real estate overseas is raised from Lm50,000 per year to Lm150,000.
 - The allowance for foreign portfolio investment by residents is raised from Lm15,000 per year to Lm30,000.
 - Fund investment schemes (SICAVs) which collect funds in Maltese liri from residents are permitted to invest in foreign assets up to a maximum of five per cent of the funds invested in a scheme.
 - The amount of foreign currency which a resident may retain in the form of cash or in a foreign currency (demand) account with local credit institutions is raised to Lm10,000 from Lm2,500.
 - The period during which export-oriented local companies are permitted to maintain export proceeds with local banks in foreign currency is extended to one year while other bodies corporate and local retail outlets are henceforth permitted to maintain demand, savings and time deposits in foreign currency accounts provided such deposits originate from business activities and the balance does not exceed Lm10,000.

- Lending and borrowing activities are liberalised completely, subject to the condition that such lending or borrowing is for maturity periods of over one year.
- The granting of guarantees by residents and vice versa is liberalised completely.
- All restrictions with regard to the amount of assets that emigrants may transfer abroad are removed.
- All restrictions on payments by residents in respect of endowments to *bona fide* foreign institutions, dowry payments and payments in connection with the settlement of debts by immigrants in their previous country of residence are removed.

The Minister also announces that, as from January 1, 2002, the prices of oil products in Malta are to be linked to price movements in international markets.

December 5: Malta Stock Exchange Council Reviews Notice

The Council of the Malta Stock Exchange revises Council Notice No 1, which deals with fees and other charges. One major change involves the brokerage fees / commissions charged by stockbrokers. These will no longer be fixed by the Exchange but will become subject to negotiation between investors and stockbrokers. The revised notice becomes effective as from January 1, 2001.

2001

January 10: Malta appointed to OECD Task Force on Harmful Tax Practices

Malta, through its Minister of Finance, is appointed a member of a task force set up by the Organisation for Economic Co-operation and Development (OECD) to curb harmful tax practices in certain offshore financial centres. The task force, made up of 13 countries, was set up during an OECD meeting held in Barbados. Malta will also be representing Commonwealth countries on this task force.

February 14: Malta Stock Exchange introduces a Trade- Weighted Average Moving Price (TWAMP)

The Malta Stock Exchange announces that, as from the trading session of February 19, it would commence the phasing in of a trade-weighted average moving price (TWAMP) based on the aggregate volume/value of the five trading sessions in which each security was last traded. As a result, the TWAMP would be based on at least five transactions. The Exchange's trade ranges, share index and market capitalisation statistics would also be established in relation to the TWAMP.

STATISTICAL TABLES

NOTE ON CHANGES TO THE STATISTICAL TABLES

As a compiler of statistics, the Central Bank is committed to improving the quality of statistical data in line with the recommendations of the International Monetary Fund (IMF) under the General Data Dissemination System (GDDS). A number of changes to the Bank's statistical tables were already announced in the March issue of the Quarterly Review and these are now being followed up with the following changes:

- (1) A new Table entitled "Gross Government Debt and Government Guaranteed Debt Outstanding". This Table, (Table 3.1), shows the total amount of Government debt outstanding denominated in domestic and foreign currency. Also shown in the Table are data on debt guaranteed by the Government, which mainly relates to non-financial public sector companies.
- (2) A modification to the sectoral classification of financial institutions, for statistical purposes, to bring it in line with the recommendations of the IMF as stipulated in the Fund's Manual on Monetary and Financial Statistics (2000). This involves two institutions, HSBC Home Loans (Malta) Bank Ltd, which is now being classified as a deposit money bank, and Britannia Financial Services Ltd, which is now classified as an other financial intermediary. Data on HSBC Home Loans (Malta) Bank Ltd are now included in the banking survey (Table 1.6), while those related to Britannia Financial Services Ltd, which previously were included in the banking survey table, are now omitted.
- (3) The discontinuation of the table which relates to the Statement of Assets and Liabilities - Other Banking Institutions (Table 1.3). This is because one of these institutions, Valletta Investment Bank Ltd, discontinued its activities at the end of September 2000, as its business was taken over by its parent bank. Meanwhile, another, HSBC Finance (Malta) Ltd, transferred its business to its parent bank and ceased all operations by the end of 2000. Both institutions surrendered their licences in January 2001.
- (4) Reporting of the net foreign assets of the banking system on an accrual basis. In accordance with the recommendations of the latest IMF manual, the banks' net foreign assets are now being reported on an accrual basis rather than on a cash basis. This adjustment has been reflected in all the tables that show net foreign assets figures. In addition, all such data commencing in January 1995 and shown in the tables have been revised to reflect the new methodology.

THE MALTESE ISLANDS - KEY INFORMATION, SOCIAL AND ECONOMIC STATISTICS

(as at end-March 2001, unless otherwise indicated)

CAPITAL CITY	Valletta	
AREA	316 km ²	
CURRENCY UNIT	Lira - Exchange rates: Lm1 = US\$2.1996 Lm1 = Euro2.4931	
CLIMATE	Average temperature (1991-1999): December - February June - August	13.3° C 25.9° C
	Average annual rainfall (1990 - 1999)	622.4mm
SELECTED GENERAL ECONOMIC STATISTICS	GDP growth at current market prices (Dec 2000)	6.9%
	GDP per capita at current market prices (Dec 2000)	US\$9,292
	GDP per head in PPS relative to the EU-15 average (2000)	53
	Ratio of Gross Government Debt to GDP (Dec 2000)	59.4%
	Ratio of adjusted Government Deficit ¹ to GDP (Dec 2000)	5.3%
	Retail Price Inflation	1.92%
	Ratio of Exports of Goods and Services to GDP (Dec 2000)	101.0%
	Ratio of Current Account Deficit to GDP (Dec 2000)	14.5%
	Gainfully Occupied	141,630
	Unemployment Rate	4.4%
POPULATION	Total (Dec. 2000)	382,525
	Males (Dec. 2000)	189,720
	Females (Dec. 2000)	192,805
	Age composition in percent of population (1999)	
	0 - 19	28%
	20 - 59	55%
	60 +	17%
	Average annual growth rate (1990 - 2000)	0.8%
	Density per km ²	1,205
HEALTH	Life expectancy at birth - Males (Dec 1999)	75.1
	- Females (Dec 1999)	79.3
	Crude birth rate, per 1000 inhabitants (Dec 2000)	11.11
	Crude mortality rate, per 1000 inhabitants (Dec 2000)	7.73
	Doctors (per 1000 inhabitants) (Dec 2000)	3.2
EDUCATION	Number of schools (Mar. 1999)	350
	Number of teachers (Dec 1998)	7,907
	Number of pupils/students (Dec 1998)	101,136
	Teachers (per 1000 students)	78
LIVING STANDARDS	Telephone Lines (per 1000 inhabitants) (Dec. 2000)	530
	TV licences (per 1000 inhabitants)	571
	Motor vehicle licences (per 1000 inhabitants) (Dec. 2000)	645

¹Deficit figures are adjusted for sale of shares, sinking funds of converted loans and capital repayments.

Source: Central Bank of Malta; National Statistics Office; Ministry of Finance; Eurostat.

List of banking institutions submitting financial information to the Central Bank of Malta for statistical reporting purposes, as at March 2001:

Deposit Money Banks

APS Bank Ltd.
Bank of Valletta plc
HSBC Bank Malta plc
Lombard Bank (Malta) plc
HSBC Home Loans (Malta) Bank Ltd

International Banking Institutions

Bank of Valletta International Ltd
Demirbank TAS
Disbank Malta Ltd
Ege Giyim Sanayicileri Bankasi AS
Erste Bank (Malta) Ltd
Finansbank (Malta) Ltd
First International Merchant Bank plc
HSBC Overseas Bank (Malta) Ltd
Iktisat Bankasi AS
Investkredit International Bank Malta Ltd
Izola Bank Ltd
Raiffeisen Malta Bank plc
Tekstil Bankasi AS
Turkiye Garanti Bankasi AS
Volksbank Malta Ltd

PART 1: MONEY AND BANKING

	Statement of Assets and Liabilities of:	
Table 1.1	Central Bank of Malta	66
Table 1.2	Deposit Money Banks	68
Table 1.3	Other Banking Institutions	70
Table 1.4	International Banking Institutions	72
Table 1.5	Monetary Survey	74
Table 1.6	Banking Survey	75
Table 1.7	Monetary Base and Monetary Aggregates	76
Table 1.8	Deposits with All Banking Institutions (Analysis by Ownership and Type)	77
Table 1.9	Currency in Circulation	78
Table 1.10	Denominations of Maltese Currency Issued and Outstanding	79
Table 1.11	Deposit Money Bank Liquidity	80
Table 1.12	Deposit Money Bank Liquid Assets	81
	Loans and Advances Outstanding by Main Sector:	
Table 1.13	Deposit Money Banks	82
Table 1.14	Other Banking Institutions	84
Table 1.15	Loans and Advances Outstanding to the Private and Public Sectors by Category	86
	Loans and Advances classified by Size and Interest Rates:	
Table 1.16	Deposit Money Banks	87
Table 1.17	Other Banking Institutions	88
Table 1.18	Selected Interest Rates in Malta (Percent per annum)	89
Table 1.19	Net Foreign Assets of the Banking System	90
PART 2: GOVERNMENT FINANCE		
Table 2.1	Government Revenue and Expenditure	92
Table 2.2	Government Revenue by Major Sources	93
Table 2.3	Government Capital Expenditure by Type of Investment	94
PART 3: PUBLIC DEBT		
Table 3.1	Gross Government Debt and Government Guaranteed Debt Outstanding	95
Table 3.2	Treasury Bills Issued and Outstanding	96
Table 3.3	Malta Government Stocks	97
Table 3.4	Malta Government Stocks by Remaining Term to Maturity	98
Table 3.5	Government External Debt by Type of Creditor	98
Table 3.6	Government External Debt by Currency	99
Table 3.7	Government External Debt by Remaining Term to Maturity	99
PART 4: EXTERNAL TRANSACTIONS		
Table 4.1	Maltese Lira Exchange Rates Against Major Currencies (End of Period Rates)	100
Table 4.2	Maltese Lira Exchange Rates Against Major Currencies (Averages for the Period)	101
Table 4.3	Malta's Foreign Trade	102
Table 4.4	Direction of Trade - Total Exports	103
Table 4.5	Direction of Trade - Imports	104
Table 4.6	Domestic Exports by Commodity Sections	105
Table 4.7	Imports by Commodity Sections	106
PART 5: REAL ECONOMY INDICATORS		
Table 5.1	Gross National Product (By Category of Expenditure at Current Market Prices)	107
Table 5.2	Tourist Arrivals by Nationality	108
Table 5.3	Labour Market	109
Table 5.4	Building Applications Approved by Purpose and Floor Space Area	110
Table 5.5	Number of Applications Approved by Type of Dwelling	110
Table 5.6	Inflation Rates (Base 1946=100)	111
Table 5.7	Retail Price Index (Base 1995=100)	112
GENERAL METHODOLOGICAL NOTES ON THE COMPILATION OF MONEY AND BANKING STATISTICS		
		113

TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES
CENTRAL BANK OF MALTA¹
Liabilities

Lm thousands

End of Period	Currency Notes and Coin Issued	IMF Related Liabilities	Deposits				Capital and Reserves	Other Liabilities
			Banks ²	Government	Other	Total		
1985	279,018	7,916	121,948	23,701	35,161	180,810	2,500	77,088
1986	282,993	7,099	121,416	8,292	35,525	165,223	2,500	95,514
1987	308,115	7,472	105,595	8,480	45,720	159,795	3,500	113,808
1988	322,096	9,209	96,981	29,923	33,608	160,512	3,500	106,380
1989	327,881	10,624	77,739	6,054	32,383	116,176	3,500	136,239
1990	339,519	12,103	45,762	9,631	21,833	77,226	4,500	131,825
1991	354,513	11,789	52,867	148	29,737	82,752	4,500	105,822
1992	350,611	22,987	78,498	5,664	29,727	113,889	4,500	155,743
1993	364,013	24,620	67,173	2,437	37,349	106,959	4,500	163,740
1994	379,082	24,213	179,625	1,725	52,384	233,734	41,000	178,292
1995	367,444	22,553	80,026	20,194	21,502	121,722	41,000	187,134
1996	380,246	20,159	72,027	22,785	10,516	105,328	41,000	177,233
1997	384,655	20,079	100,511	24,503	10,941	135,955	41,000	135,780
1998	390,911	19,014	115,195	48,188	13,367	176,751	93,050	35,265
1999	418,485	19,014	124,786	96,188	12,424	233,398	89,050	58,597
2000								
Jan.	396,341	19,014	145,330	83,271	10,013	238,614	89,050	68,853
Feb.	397,423	19,014	143,987	74,198	9,260	227,445	89,050	63,281
Mar.	396,223	19,014	133,109	88,442	6,608	228,158	89,050	57,401
Apr.	402,860	19,014	145,746	84,252	8,311	238,310	89,050	44,678
May	404,674	19,014	145,744	85,720	8,877	240,341	89,050	40,439
June	409,680	19,014	138,941	84,799	3,426	227,166	89,050	37,728
July	413,532	19,014	165,272	41,518	7,361	214,150	89,050	37,010
Aug.	413,856	19,014	134,252	54,570	10,448	199,270	89,050	44,067
Sep.	413,846	19,014	135,632	68,376	11,585	215,592	89,050	46,055
Oct.	415,901	19,014	140,232	64,120	10,020	214,373	89,050	43,206
Nov.	415,224	19,014	137,282	44,780	10,003	192,066	89,050	47,359
Dec.	423,188	18,574	141,270	56,161	10,393	207,825	89,050	48,837
2001								
Jan.	412,749	18,574	151,954	34,603	9,556	196,113	89,050	50,133
Feb.	413,863	18,574	154,375	62,982	9,617	226,974	89,050	34,017
Mar.	415,262	18,574	142,870	69,976	8,657	221,503	89,050	35,634

¹ Reclassification of data from December 1998 reflect changes in the presentation of the Central Bank of Malta's financial statements.

² Including Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).

**TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES
CENTRAL BANK OF MALTA¹**

Assets

Ln thousands

End of Period	External Reserves				IMF Currency Subscription	Malta Government Securities and Advances	Fixed and Other Assets	Total Assets/ Total Liabilities
	Gold & Other Precious Metals	IMF Related Assets ²	Convertible Currencies ³	Total				
1985	58,601	32,217	352,031	442,849	7,208	252	97,023	547,332
1986	61,498	34,079	364,929	460,506	5,763	296	86,774	553,339
1987	62,402	34,399	382,367	479,168	6,156	4,121	103,245	592,690
1988	59,531	35,168	396,440	491,139	8,100	1,853	100,605	601,697
1989	27,050	34,004	403,172	464,226	9,523	2,876	117,795	594,420
1990	12,979	33,618	380,527	427,124	10,913	22,209	104,927	565,173
1991	6,436	37,176	366,822	410,434	10,637	58,171	80,134	559,376
1992	9,101	30,061	435,856	475,018	21,720	62,305	88,687	647,730
1993	10,215	32,827	490,358	533,400	22,917	18,077	89,438	663,832
1994	7,314	32,829	577,501	617,644	22,635	39,221	176,821	856,321
1995	3,596	34,007	471,090	508,693	21,106	67,728	142,326	739,853
1996	3,646	36,408	468,523	508,577	19,070	74,284	122,035	723,966
1997	1,311	38,912	501,379	541,602	18,988	59,163	97,716	717,469
1998	688	40,429	598,855	639,972	19,086	24,322	31,609	714,991
1999	737	35,517	704,065	740,320	34,955	6,153	37,115	818,544
2000								
Jan.	747	35,457	696,386	732,590	34,955	5,880	38,446	811,872
Feb.	703	35,698	679,413	715,815	34,955	8,755	36,687	796,212
Mar.	743	36,168	672,023	708,934	34,955	7,858	38,099	789,846
Apr.	758	36,494	662,527	699,779	34,955	9,508	49,670	793,912
May	714	36,745	674,299	711,758	35,664	11,757	34,338	793,517
June	746	36,569	666,080	703,396	35,664	6,644	36,933	782,637
July	632	36,699	648,329	685,660	35,664	8,003	43,429	772,756
Aug.	742	37,647	648,026	686,414	35,664	5,863	37,316	765,256
Sept.	739	37,664	659,122	697,525	35,664	7,009	43,360	783,557
Oct.	713	38,040	651,102	689,856	35,664	6,834	49,190	781,543
Nov.	735	38,060	626,391	665,187	35,662	6,852	55,011	762,712
Dec.	452	36,940	606,752	644,144	35,222	9,178	98,930	787,474
2001								
Jan.	406	36,978	593,415	630,799	35,222	14,909	85,689	766,618
Feb.	525	37,352	588,841	626,717	35,222	16,154	104,385	782,478
Mar.	524	37,445	593,656	631,625	35,222	17,603	95,573	780,023

¹ Reclassification of data from December 1998 reflect changes in Central Bank of Malta accounting policy.

² Include IMF Reserve Position and holdings of SDRs.

³ Valued according to the prevailing accounting policies as explained each year in the Notes to the Accounts in the Central Bank of Malta Annual Report.

TABLE 1.2 STATEMENT OF ASSETS AND LIABILITIES
DEPOSIT MONEY BANKS ¹
Liabilities

Lm thousands

End of period	Deposits ²				Foreign Liabilities ³	Capital and Reserves	Other Liabilities ³
	Demand	Savings	Time	Total			
1985	35,479	108,092	233,402	376,973	17,829	14,438	27,074
1986	36,658	123,750	253,982	414,390	18,153	14,451	27,284
1987	39,014	141,234	274,943	455,191	23,861	15,314	34,594
1988	38,632	170,129	303,843	512,604	34,275	15,488	40,822
1989	42,042	197,848	358,776	598,666	41,871	18,143	50,039
1990	50,056	252,039	392,290	694,385	66,112	28,112	58,391
1991	53,274	308,715	415,959	777,948	92,111	34,047	59,575
1992	57,858	365,000	463,673	886,531	62,030	37,209	157,098
1993	59,612	415,807	527,211	1,002,630	105,025	39,085	190,979
1994	72,368	462,793	644,546	1,179,707	95,275	79,290	222,080
1995	79,225	510,538	740,615	1,330,378	193,422	86,768	270,170
1996	87,248	538,177	871,318	1,496,743	229,597	96,090	319,900
1997	110,486	574,352	987,497	1,672,335	226,806	112,694	339,765
1998	145,973	581,875	1,102,040	1,829,888	305,527	115,258	395,919
1999	188,460	632,675	1,217,858	2,038,993	356,384	126,829	469,904
2000							
Jan.	185,249	634,977	1,230,290	2,050,516	357,721	134,572	454,280
Feb.	185,122	636,432	1,235,465	2,057,019	363,167	137,539	469,567
Mar.	179,232	632,027	1,242,900	2,054,159	379,585	137,763	498,837
Apr.	181,370	631,505	1,253,497	2,066,372	373,234	137,762	531,091
May	198,017	619,243	1,263,245	2,080,505	390,789	137,762	533,851
June	193,457	620,728	1,264,408	2,078,593	405,417	137,762	550,139
July	198,660	615,581	1,268,922	2,083,163	400,159	137,762	529,192
Aug.	215,243	611,214	1,268,959	2,095,416	388,768	137,762	523,923
Sept.	207,565	601,461	1,273,144	2,082,170	396,424	137,762	559,008
Oct.	205,509	605,140	1,288,791	2,099,440	415,601	157,923	543,090
Nov.	206,625	611,430	1,297,263	2,115,318	420,615	158,303	537,760
Dec.	192,206	623,727	1,296,731	2,112,664	404,679	158,523	566,664
2001							
Jan.	205,665	624,893	1,321,837	2,152,395	407,805	177,039	672,988
Feb.	211,192	629,250	1,340,870	2,181,312	404,322	176,714	702,120
Mar.	212,583	619,316	1,343,006	2,174,905	417,137	176,714	690,255

¹ Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Includes Malta Government and private sector deposits but excludes deposits belonging to non-residents (these are classified as foreign liabilities). Demand deposits are netted of uncleared effects drawn on local banks (i.e. items in process of

³ As from September 1992, the bulk of foreign liabilities belonging to a Deposit Money Bank were transferred to its offshore bank subsidiary.

**TABLE 1.2 STATEMENT OF ASSETS AND LIABILITIES
DEPOSIT MONEY BANKS ¹**

Assets

Ln thousands

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Local Lending and Bills Discounted	Local Investments	Fixed and Other Assets	Total Assets/ Total Liabilities
1985	127,181	66,672	206,617	25,610	10,234	436,314
1986	127,549	73,337	238,191	25,972	9,229	474,278
1987	113,208	81,041	266,542	51,101	17,068	528,960
1988	103,605	102,386	302,242	77,784	17,172	603,189
1989	86,401	143,194	368,305	87,049	23,770	708,719
1990	58,349	197,787	458,246	100,284	32,334	847,000
1991	62,790	246,499	480,495	147,050	26,847	963,681
1992	93,816	330,111	539,405	147,048	32,488	1,142,868
1993	83,250	378,598	627,635	212,779	35,457	1,337,719
1994	194,501	417,411	707,355	210,540	46,545	1,576,352
1995	100,638	557,355	938,406	234,379	49,960	1,880,738
1996	96,777	588,571	1,079,552	263,194	114,236	2,142,330
1997	125,183	534,756	1,205,349	365,333	120,979	2,351,600
1998	140,172	575,077	1,324,629	477,853	128,861	2,646,592
1999	169,909	615,109	1,464,365	574,198	168,529	2,992,110
2000						
Jan.	181,324	622,306	1,471,461	574,457	147,541	2,997,089
Feb.	178,691	624,779	1,478,851	583,519	161,452	3,027,292
Mar.	162,346	653,737	1,537,667	592,581	124,013	3,070,344
Apr.	157,818	680,893	1,532,392	601,602	135,754	3,108,459
May	174,635	701,269	1,540,180	579,465	147,358	3,142,907
June	162,544	713,463	1,542,353	583,807	169,744	3,171,911
July	179,381	721,804	1,538,138	559,368	151,585	3,150,276
Aug.	157,982	720,846	1,533,560	573,450	160,031	3,145,869
Sept.	172,161	712,620	1,592,966	566,345	131,272	3,175,364
Oct.	160,963	751,665	1,585,294	588,183	129,949	3,216,054
Nov.	162,908	745,462	1,599,751	589,856	134,019	3,231,996
Dec.	152,739	729,614	1,608,023	601,427	150,727	3,242,530
2001						
Jan.	167,665	739,428	1,735,354	602,689	165,091	3,410,227
Feb.	176,144	751,847	1,739,911	634,330	162,236	3,464,468
Mar.	157,672	749,183	1,793,027	634,613	124,516	3,459,011

¹ Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

**TABLE 1.3 STATEMENT OF ASSETS AND LIABILITIES
OTHER BANKING INSTITUTIONS ¹**

Liabilities

Lm thousands

End of Period	Deposits ²			Foreign Liabilities	Credits from Deposit Money Banks ³	Capital and Reserves	Other Items (Net) ³
	Savings	Time	Total				
1985	3,165	3,120	6,285	10,723	44,853	8,172	6,829
1986	3,528	3,234	6,762	5,819	50,262	8,561	7,148
1987	3,665	3,663	7,328	20,546	59,015	9,539	7,173
1988	3,863	4,329	8,192	50,299	67,389	10,252	7,719
1989	3,394	3,721	7,115	66,408	75,955	10,638	7,584
1990	3,658	5,442	9,100	81,587	86,998	13,814	9,210
1991	-	-	-	83,435	62,167	17,252	73,468
1992	-	-	-	177,208	88,928	18,457	75,128
1993	-	-	-	198,215	106,321	19,840	72,762
1994	-	-	-	134,841	121,845	20,751	65,956
1995	-	-	-	-	72,429	15,184	63,585
1996	-	-	-	-	75,616	16,205	64,121
1997	-	-	-	-	67,904	21,414	63,322
1998	-	-	-	-	74,600	22,846	68,329
1999	-	-	-	198	60,392	20,568	72,540
2000							
Jan.	-	-	-	198	60,211	25,120	68,307
Feb.	-	-	-	198	60,380	25,120	68,591
Mar.	-	-	-	198	62,523	25,120	70,454
Apr.	-	-	-	198	61,414	25,120	68,304
May	-	-	-	198	62,052	25,120	68,471
June	-	-	-	198	65,216	25,120	68,700
July	-	-	-	198	65,121	25,120	68,452
Aug.	-	-	-	198	65,577	25,120	69,584
Sept.	-	-	-	198	67,581	25,120	72,052
Oct.	-	-	-	-	48,779	18,918	71,997
Nov.	-	-	-	-	50,214	18,918	71,552
Dec.	-	-	-	-	52,431	20,212	69,218

¹ This Table was discontinued as from January 2001.

² Excludes deposits belonging to non-residents. The latter are classified as foreign liabilities. As from January 1991, deposits belonging to residents have been classified under "Other Items (Net)".

³ In April 1991, a local financial institution issued Lm60 million worth of bonds, with the proceeds being utilised to repay credits previously received from Deposit Money Banks. These securities have been classified under "Other Items (Net)".

**TABLE 1.3 STATEMENT OF ASSETS AND LIABILITIES
OTHER BANKING INSTITUTIONS ¹**

Assets

Lm thousands

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Claims on				Total Assets/ Total Liabilities
			Government	Deposit Money Banks ²	Private and Parastatal Sectors	Total	
1985	4,272	22,212	664	221	49,493	50,378	76,862
1986	4,748	18,811	654	213	54,126	54,993	78,552
1987	4,178	34,576	1,366	241	63,240	64,847	103,601
1988	1,734	60,385	3,418	732	77,582	81,732	143,851
1989	632	74,106	3,288	1,013	88,661	92,962	167,700
1990	642	89,771	5,055	702	104,539	110,296	200,709
1991	7	98,099	-	6	138,210	138,216	236,322
1992	7	116,452	-	79,259	164,003	243,262	359,721
1993	7	118,603	-	96,772	181,756	278,528	397,138
1994	1	5,072	-	134,834	203,486	338,320	343,393
1995	140	3,876	142	-	147,040	147,182	151,198
1996	65	3,297	142	3,009	149,429	152,580	155,942
1997	94	7,047	842	2,487	142,170	145,499	152,640
1998	321	7,030	5,794	2,317	150,313	158,424	165,775
1999	368	6,545	4,555	3,013	139,217	146,785	153,698
2000							
Jan.	349	6,432	4,555	3,025	139,475	147,055	153,836
Feb.	307	6,449	4,555	3,029	139,949	147,533	154,289
Mar.	317	6,324	4,555	3,102	143,997	151,654	158,295
Apr.	325	6,307	1,863	2,952	143,589	148,404	155,036
May	323	6,475	1,871	2,958	144,214	149,043	155,841
June	326	6,561	1,871	3,074	147,402	152,347	159,234
July	332	6,534	1,879	3,054	147,092	152,025	158,891
Aug.	292	6,507	2,086	3,137	148,457	153,680	160,479
Sept.	303	6,608	2,091	3,159	152,790	158,040	164,951
Oct.	314	6,459	2,471	2,958	127,492	132,921	139,694
Nov.	302	6,692	2,480	3,044	128,166	133,690	140,684
Dec.	312	6,835	2,287	3,010	129,417	134,714	141,861

¹ This Table was discontinued as from January 2001.

² From September 1992 up to December 1994, includes deposits of offshore subsidiaries of the Deposit Money Banks held with their parent institutions.

**TABLE 1.4 STATEMENT OF ASSETS AND LIABILITIES
INTERNATIONAL BANKING INSTITUTIONS**

Liabilities

Lm thousands

End of Period	Resident Deposits				Foreign Liabilities	Capital and Reserves	Other Liabilities	Total Liabilities
	Demand	Savings	Time	Total				
1995	1,607	3,513	4,614	9,734	366,823	26,659	4,530	407,746
1996	1,301	4,209	7,246	12,756	616,842	33,056	5,725	668,379
1997	2,068	5,757	7,080	14,905	950,186	63,912	12,881	1,041,884
1998	2,866	7,712	11,292	21,870	1,690,832	161,866	17,382	1,891,950
1999	4,027	10,203	7,093	21,323	2,453,948	188,740	39,045	2,703,056
2000								
Jan.	4,002	9,595	4,871	18,467	2,246,372	196,215	42,533	2,503,587
Feb.	4,595	11,611	5,313	21,519	2,224,277	196,408	48,364	2,490,568
Mar.	4,553	12,977	7,588	25,118	2,233,955	182,422	51,290	2,492,784
Apr.	4,344	13,369	7,646	25,359	2,258,627	182,665	59,069	2,525,721
May	4,831	12,818	8,733	26,382	2,409,834	179,076	79,602	2,694,894
June	5,281	11,273	9,716	26,270	2,275,687	184,060	75,195	2,561,212
July	5,266	11,980	9,822	27,068	2,436,195	182,806	75,595	2,721,665
Aug.	5,087	12,023	9,790	26,900	2,697,332	182,026	80,847	2,987,105
Sept.	4,684	11,699	9,802	26,185	2,752,139	180,975	92,666	3,051,965
Oct.	4,353	12,865	12,198	29,416	2,810,654	180,003	85,260	3,105,333
Nov.	4,236	12,339	15,702	32,277	2,901,786	181,558	75,393	3,191,015
Dec.	4,715	12,403	15,230	32,348	3,136,994	194,213	59,454	3,423,008
2001								
Jan.	4,178	12,848	15,678	32,704	2,882,860	227,026	23,072	3,165,663
Feb.	4,182	11,221	16,176	31,579	2,400,991	227,421	-52,812	2,607,180
Mar.	4,527	11,289	17,126	32,942	2,629,636	199,065	-32,348	2,829,296

**TABLE 1.4 STATEMENT OF ASSETS AND LIABILITIES
INTERNATIONAL BANKING INSTITUTIONS**

Assets

Lm thousands

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Local Lending and Bills Discounted	Local Investments	Fixed and Other Assets	Total Assets
1995	712	241,121	157	161,931	3,825	407,746
1996	937	462,902	37	200,098	4,405	668,379
1997	867	817,949	598	217,221	5,249	1,041,884
1998	1,236	1,652,699	996	231,290	5,729	1,891,950
1999	1,892	2,417,710	6,135	260,458	16,860	2,703,056
2000						
Jan.	2,248	2,187,697	7,123	277,348	29,172	2,503,587
Feb.	2,048	2,168,107	7,637	276,952	35,824	2,490,568
Mar.	2,078	2,160,660	7,019	275,193	47,835	2,492,784
Apr.	1,988	2,178,957	7,230	290,513	47,033	2,525,721
May	2,017	2,333,017	7,444	297,520	54,897	2,694,894
June	2,244	2,244,813	6,907	283,676	23,573	2,561,212
July	2,292	2,396,183	6,541	295,140	21,509	2,721,665
Aug.	2,241	2,662,484	7,034	293,428	21,918	2,987,105
Sept.	2,175	2,709,192	6,998	298,494	35,106	3,051,965
Oct.	2,126	2,762,508	7,498	301,417	31,784	3,105,333
Nov.	2,261	2,891,748	6,415	280,692	9,899	3,191,015
Dec.	2,078	3,135,887	6,128	267,663	11,252	3,423,008
2001						
Jan.	2,169	2,878,010	5,776	268,522	11,185	3,165,663
Feb.	1,887	2,311,194	6,819	276,347	10,932	2,607,180
Mar.	2,380	2,533,632	7,703	273,712	11,869	2,829,296

TABLE 1.5 MONETARY SURVEY¹

Ln thousands

End of Period	Domestic Credit			Net Foreign Assets			Narrow Money ⁵ (MI)	Quasi-Money ⁶	Other Items (Net)	Total Assets/ Liabilities
	Net Claims on Government ²	Claims on Private & Parastatal Sectors ³	Total	Monetary Authorities	DMBs & IBIs ⁴	Total				
1985	-18,018	212,809	194,791	485,945	48,843	534,788	316,565	353,063	59,951	729,579
1986	-3,025	244,689	241,664	493,865	55,184	549,049	318,456	385,663	86,594	790,713
1987	23,395	276,418	299,813	505,969	57,180	563,149	350,404	421,506	91,052	862,962
1988	24,841	311,231	336,072	515,671	68,111	583,782	362,193	478,115	79,546	919,854
1989	54,976	376,120	431,096	492,054	101,323	593,377	367,957	559,678	96,838	1,024,473
1990	86,123	470,848	556,971	456,727	131,675	588,402	384,453	648,123	112,797	1,145,373
1991	119,535	548,041	667,576	439,857	154,388	594,245	406,690	726,031	129,100	1,249,763
1992	121,591	608,202	729,793	492,220	260,418	752,638	408,552	830,008	243,871	1,482,431
1993	137,329	697,769	835,098	549,490	267,609	817,099	425,064	941,503	285,630	1,652,197
1994	150,632	782,019	932,651	690,434	316,907	1,007,341	463,547	1,106,721	369,724	1,939,992
1995	179,754	1,024,801	1,204,555	580,700	228,369	809,069	436,760	1,253,054	323,810	2,013,624
1996	238,942	1,146,429	1,385,371	554,119	196,713	750,832	454,089	1,413,169	268,945	2,136,203
1997	320,627	1,276,804	1,597,431	561,668	166,502	728,170	479,899	1,565,848	279,854	2,325,601
1998	350,202	1,417,559	1,767,761	639,991	217,114	857,105	523,628	1,693,146	408,092	2,624,866
1999	353,539	1,586,815	1,940,354	740,339	201,594	941,933	581,175	1,854,927	446,186	2,882,287
2000										
Jan.	367,701	1,593,928	1,961,629	732,609	174,934	907,543	567,948	1,867,558	433,667	2,869,172
Feb.	388,626	1,602,100	1,990,726	715,834	173,909	889,743	567,107	1,877,018	436,343	2,880,468
Mar.	382,220	1,662,133	2,044,353	708,953	172,034	880,987	557,886	1,883,951	483,504	2,925,340
Apr.	394,252	1,656,692	2,050,945	699,798	191,274	891,071	569,486	1,891,843	480,687	2,942,016
May	374,381	1,668,209	2,042,590	711,777	197,376	909,153	587,552	1,891,614	472,577	2,951,744
June	363,748	1,678,711	2,042,459	703,415	241,023	944,438	581,079	1,891,683	514,134	2,986,896
July	383,919	1,674,366	2,058,286	685,679	239,819	925,498	593,031	1,892,439	498,314	2,983,784
Aug.	384,154	1,670,482	2,054,636	686,433	254,448	940,881	612,809	1,888,741	493,967	2,995,517
Sept.	364,425	1,732,618	2,097,043	697,544	238,613	936,157	608,224	1,883,223	541,753	3,033,200
Oct.	391,980	1,724,508	2,116,487	689,875	242,006	931,882	604,248	1,908,941	535,180	3,048,369
Nov.	407,362	1,740,287	2,147,649	665,206	266,156	931,362	603,770	1,927,163	548,079	3,079,012
Dec.	403,418	1,752,691	2,156,109	644,163	295,510	939,673	594,702	1,937,166	563,913	3,095,781

¹ Includes Monetary Authorities, Deposit Money Banks, and International Banking Institutions. This Table was discontinued following the reclassification exercise. As from January 2001, figures can be accessed from the Banking Survey (Table 1.6).

² Consists of Malta Government Securities held by banks and bank advances to Government - netted of Government deposits.

³ These claims include Deposit Money Bank domestic loans and overdrafts to private and parastatal bodies, investments in local non-Government securities, inland bills of exchange and promissory notes, and exclude interbank transactions.

⁴ International Banking Institutions are included as from January 1995. As from September 1992, foreign assets of DMBs and IBIs are netted of foreign interest due and not received. Foreign liabilities are netted of foreign interest and expenses accrued.

⁵ Excludes Malta Government deposits, balances belonging to non-residents as well as uncleared effects drawn on DMBs.

⁶ Excludes Malta Government deposits and balances belonging to non-residents.

TABLE 1.6 BANKING SURVEY¹

Ln thousands

End of Period	Domestic Credit			Net Foreign Assets			Narrow Money ⁴ (MI)	Quasi-Money ⁵	Other Items (Net)	Total Assets/ Liabilities
	Net Claims on Government ²	Claims on Private & Parastatal Sectors ³	Total	Monetary Authorities	All Banking Institutions	Total				
1985	-17,354	217,574	200,220	485,945	60,332	546,277	316,558	359,348	70,590	746,497
1986	-2,371	248,831	246,460	493,865	68,176	562,041	318,450	392,425	97,626	808,501
1987	24,761	283,310	308,071	505,969	71,210	577,179	350,392	428,834	106,024	885,250
1988	28,259	325,539	353,798	515,671	78,197	593,868	362,185	486,307	99,174	947,666
1989	58,264	390,212	448,476	492,054	109,022	601,076	367,951	566,793	114,808	1,049,552
1990	91,177	486,841	578,018	444,763	139,860	584,623	384,438	657,223	120,980	1,162,641
1991	119,535	576,846	696,381	426,885	169,052	595,937	406,689	726,245	145,634	1,292,318
1992	121,591	638,078	759,669	492,230	198,759	690,989	408,551	830,231	211,866	1,450,658
1993	137,329	720,680	858,009	549,495	187,664	737,159	425,063	941,658	228,442	1,595,168
1994	150,632	816,586	967,218	690,434	187,106	877,540	463,547	1,106,721	274,490	1,844,758
1995	179,896	1,044,865	1,224,761	580,700	242,107	822,807	436,760	1,254,635	356,173	2,047,568
1996	239,084	1,190,485	1,429,569	554,119	208,331	762,450	454,089	1,414,215	323,715	2,192,019
1997	321,469	1,323,259	1,644,728	561,668	182,760	744,428	479,899	1,567,091	342,166	2,389,156
1998	355,996	1,459,815	1,815,811	639,991	238,447	878,438	523,628	1,698,959	471,662	2,694,249
1999	358,094	1,632,866	1,990,960	740,339	228,835	969,174	581,148	1,860,653	518,334	2,960,134
2000										
Jan.	372,256	1,634,295	2,006,551	732,609	212,144	944,753	567,902	1,873,635	509,768	2,951,304
Feb.	393,181	1,642,786	2,035,967	715,834	211,694	927,528	567,063	1,883,279	513,152	2,963,494
Mar.	386,775	1,695,651	2,082,426	708,953	206,983	915,936	557,843	1,890,114	550,406	2,998,362
Apr.	396,115	1,690,856	2,086,972	699,798	234,098	933,896	569,443	1,897,938	553,487	3,020,867
May	376,252	1,702,691	2,078,943	711,777	239,941	951,718	587,512	1,897,793	545,356	3,030,661
June	365,619	1,713,349	2,078,968	703,415	283,535	986,949	581,038	1,898,000	586,879	3,065,917
July	385,798	1,708,247	2,094,046	685,679	287,969	973,648	592,984	1,898,465	576,245	3,067,694
Aug.	386,240	1,705,220	2,091,460	686,433	303,538	989,972	612,778	1,896,201	572,453	3,081,432
Sept.	366,516	1,770,001	2,136,517	697,544	279,659	977,203	608,184	1,890,966	614,569	3,113,720
Oct.	394,451	1,751,625	2,146,075	689,875	294,377	984,252	604,198	1,916,965	609,165	3,130,327
Nov.	409,842	1,767,310	2,177,152	665,206	321,500	986,706	603,737	1,935,190	624,932	3,163,859
Dec.	405,705	1,778,537	2,184,242	644,163	330,263	974,426	594,660	1,944,221	619,787	3,158,668
2001										
Jan.	433,301	1,773,627	2,206,928	630,799	326,773	957,572	606,511	1,964,824	593,164	3,164,499
Feb.	434,993	1,780,558	2,215,551	626,717	257,728	884,445	607,904	1,988,101	503,991	3,099,996
Mar.	429,220	1,832,275	2,261,496	631,625	236,288	867,913	611,018	1,980,762	537,629	3,129,408

¹ Includes Monetary Authorities, Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). All interbank transactions are excluded. From 1995, data are on an accrual basis.

² Consists of Malta Government securities held by banks and bank advances to Government netted of Government deposits.

³ These claims include domestic loans and overdrafts to private and parastatal bodies, investments in local non-Government securities, inland bills of exchange and promissory notes.

⁴ Excludes Malta Government deposits, balances belonging to non-residents as well as uncleared effects drawn on DMBs.

⁵ Excludes Malta Government deposits and balances belonging to non-residents.

TABLE 1.7 MONETARY BASE AND MONETARY AGGREGATES

Lm thousands

End of Period	Monetary Base (M0) ¹			Broad Money (M3) ³						
	Currency Issued ²	Banks' Deposits with the Central Bank	Total	Narrow Money (M1)			Quasi-Money			Total
				Currency in Circulation	Demand Deposits ⁴	Total	Savings Deposits	Time Deposits	Total	
1985	279,018	121,948	400,966	273,337	43,221	316,558	122,888	236,460	359,348	675,906
1986	282,993	121,416	404,409	273,779	44,671	318,450	135,209	257,216	392,425	710,875
1987	308,115	105,595	413,710	300,225	50,167	350,392	150,228	278,606	428,834	779,226
1988	322,096	96,981	419,077	314,299	47,886	362,185	178,138	308,169	486,307	848,492
1989	327,881	77,739	405,620	319,405	48,546	367,951	205,298	361,495	566,793	934,744
1990	339,519	45,762	385,281	330,305	54,133	384,438	260,691	396,532	657,223	1,041,661
1991	354,513	52,867	407,380	344,342	62,347	406,689	310,302	415,943	726,245	1,132,934
1992	350,611	78,498	429,109	337,635	70,916	408,551	367,108	463,123	830,231	1,238,782
1993	364,013	67,173	431,186	353,258	71,805	425,063	415,292	526,366	941,658	1,366,721
1994	379,082	73,025	452,107	365,910	97,637	463,547	462,441	644,280	1,106,721	1,570,268
1995	367,444	80,026	447,470	351,779	84,981	436,760	510,842	743,793	1,254,635	1,691,395
1996	380,246	71,627	451,873	362,068	92,021	454,089	537,269	876,946	1,414,215	1,868,304
1997	384,655	100,511	485,166	363,765	116,134	479,899	574,125	992,966	1,567,091	2,046,990
1998	390,911	115,195	506,107	369,493	154,135	523,628	585,131	1,113,828	1,698,959	2,222,587
1999	418,485	124,786	543,271	384,593	196,555	581,148	637,402	1,223,251	1,860,653	2,441,800
2000										
Jan.	396,341	145,330	541,671	376,844	191,057	567,902	640,057	1,233,578	1,873,635	2,441,536
Feb.	397,423	143,987	541,410	376,481	190,582	567,063	643,792	1,239,487	1,883,279	2,450,342
Mar.	396,223	133,109	529,332	375,782	182,060	557,843	641,146	1,248,968	1,890,114	2,447,957
Apr.	402,860	145,746	548,607	383,836	185,607	569,443	637,934	1,260,004	1,897,938	2,467,381
May	404,674	145,744	550,419	384,508	203,004	587,512	626,549	1,271,244	1,897,793	2,485,306
June	409,680	138,941	548,621	387,937	193,102	581,038	624,232	1,273,768	1,898,000	2,479,038
July	413,532	165,272	578,804	390,998	201,986	592,984	620,543	1,277,922	1,898,465	2,491,449
Aug.	413,856	134,252	548,108	391,655	221,122	612,778	617,484	1,278,717	1,896,201	2,508,979
Sept.	413,846	135,632	549,478	393,851	214,333	608,184	606,727	1,284,239	1,890,966	2,499,150
Oct.	415,901	140,232	556,133	394,076	210,122	604,198	610,716	1,306,249	1,916,965	2,521,163
Nov.	415,224	137,282	552,506	392,637	211,099	603,737	618,430	1,316,760	1,935,190	2,538,927
Dec.	423,188	141,270	564,459	396,303	198,357	594,660	629,389	1,314,832	1,944,221	2,538,881
2001										
Jan.	412,749	151,954	564,702	396,210	210,301	606,511	630,511	1,334,313	1,964,824	2,571,335
Feb.	413,863	154,375	568,239	393,154	214,750	607,904	634,277	1,353,824	1,988,101	2,596,005
Mar.	415,262	142,870	558,132	395,574	215,444	611,018	623,862	1,356,900	1,980,762	2,591,780

¹ Monetary base (M0) comprises currency issued and the banks' deposits with the Central Bank of Malta (excluding term deposits).

² Currency issued comprises currency in circulation and holdings of national currency by the banks in their tills.

³ All categories of deposits included in the broad money figure as shown in this Table are netted of Malta Government deposits and balances belonging to non-residents.

⁴ Cheques and other items in the process of collection are deducted from demand deposits. Deposits of private and parastatal entities held with the Central Bank of Malta are included.

TABLE 1.8 DEPOSITS WITH ALL BANKING INSTITUTIONS¹
Analysis by Ownership and Type

Lm thousands

End of Period	Resident Deposits by Owner				Resident Deposits by Type		Total Resident Deposits	Non-Resident Deposits	Total Deposits
	Personal ²	Corporate/ Business	Government	Public Sector ³	Maltese Lira Deposits	Foreign Currency Deposits ⁴			
1985	326,832	43,676	182	15,809	380,592	5,907	386,499	12,321	398,820
1986	359,609	44,258	132	19,872	416,695	7,176	423,871	14,261	438,132
1987	396,878	50,148	294	18,207	454,139	11,388	465,527	17,892	483,419
1988	452,890	56,578	139	17,326	512,009	14,924	526,933	26,326	553,259
1989	523,196	71,826	1,225	18,037	579,360	34,924	614,284	37,505	651,789
1990	609,524	81,398	2,158	14,847	642,867	65,060	707,927	60,241	768,163
1991	681,830	84,192	1,815	14,722	702,698	79,861	782,559	78,584	861,143
1992	766,751	107,243	2,029	15,519	793,705	97,837	891,542	118,074	1,009,616
1993	877,873	109,876	2,704	20,254	904,531	106,176	1,010,707	139,558	1,150,265
1994	1,029,646	136,222	2,211	23,963	1,069,068	122,974	1,192,042	170,199	1,362,241
1995	1,170,640	151,510	6,744	24,214	1,196,977	156,131	1,353,108	236,180	1,589,288
1996	1,322,162	160,545	8,952	26,691	1,345,124	173,226	1,518,350	363,449	1,881,799
1997	1,466,011	190,603	10,000	30,148	1,513,978	182,784	1,696,762	578,884	2,275,646
1998	1,615,056	206,658	11,839	32,788	1,674,107	192,234	1,866,341	1,076,060	2,942,401
1999	1,704,669	324,081	14,868	33,284	1,870,317	206,585	2,076,902	1,148,486	3,225,388
2000									
Jan.	1,703,847	328,097	14,003	38,070	1,879,444	204,573	2,084,017	1,026,177	3,110,195
Feb.	1,706,244	341,645	13,820	34,710	1,886,111	210,308	2,096,419	988,081	3,084,500
Mar.	1,709,700	344,161	13,413	32,590	1,890,022	209,842	2,099,864	1,108,481	3,208,345
Apr.	1,726,427	341,458	16,072	31,227	1,906,425	208,759	2,115,184	1,127,282	3,242,466
May	1,721,351	360,254	14,631	29,084	1,911,062	214,258	2,125,320	1,135,221	3,260,541
June	1,733,261	334,112	17,020	43,301	1,907,050	220,644	2,127,694	1,089,386	3,217,079
July	1,737,807	330,034	16,660	41,391	1,906,281	219,611	2,125,892	1,082,536	3,208,429
Aug.	1,739,345	335,241	16,281	48,885	1,915,407	224,345	2,139,752	1,138,971	3,278,723
Sept.	1,746,274	328,828	15,760	45,282	1,915,390	220,754	2,136,144	1,141,280	3,277,424
Oct.	1,734,557	342,709	13,124	56,760	1,922,491	224,660	2,147,151	1,132,724	3,279,876
Nov.	1,752,394	341,662	12,701	58,666	1,934,709	230,714	2,165,423	1,134,761	3,300,184
Dec.	1,786,776	322,578	13,443	40,557	1,938,548	224,808	2,163,356	1,118,096	3,281,451
2001									
Jan.	1,799,723	335,256	13,085	51,100	1,972,683	226,481	2,199,164	1,106,534	3,305,698
Feb.	1,815,129	340,860	13,203	51,242	1,991,280	229,153	2,220,433	1,061,458	3,281,892
Mar.	1,819,987	340,129	13,859	47,762	1,982,213	239,522	2,221,735	839,515	3,061,250

¹ Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). For the purposes of this Table, deposits include uncleared effects.

² Includes bearer deposits as from January 1985.

³ Public sector companies are entities that are subject to control by Government, control being defined as the ability to determine general corporate policy.

⁴ Including External Maltese Lira deposits.

TABLE 1.9 CURRENCY IN CIRCULATION*Ln thousands*

End of Period	Currency Issued and Outstanding			Less Currency held by Banking System ²	Currency in Circulation
	Notes ¹	Coins	Total		
1985	273,302	5,716	279,018	5,681	273,337
1986	277,483	5,510	282,993	9,214	273,779
1987	301,576	6,539	308,115	7,890	300,225
1988	314,771	7,325	322,096	7,797	314,299
1989	319,856	8,025	327,881	8,476	319,405
1990	330,715	8,804	339,519	9,214	330,305
1991	344,933	9,580	354,513	10,171	344,342
1992	340,144	10,467	350,611	12,976	337,635
1993	352,590	11,423	364,013	10,755	353,258
1994	366,630	12,452	379,082	13,171	365,910
1995	354,109	13,335	367,444	15,665	351,779
1996	366,297	13,949	380,246	18,178	362,068
1997	369,830	14,825	384,655	20,890	363,765
1998	375,209	15,702	390,911	21,418	369,493
1999	401,999	16,486	418,485	33,893	384,593
2000					
Jan.	380,156	16,185	396,341	19,497	376,844
Feb.	381,217	16,206	397,423	20,942	376,481
Mar.	379,998	16,225	396,223	20,440	375,782
Apr.	386,497	16,364	402,860	19,025	383,836
May	388,135	16,539	404,674	20,166	384,508
June	392,960	16,720	409,680	21,743	387,937
July	396,579	16,953	413,532	22,534	390,998
Aug.	396,639	17,217	413,856	22,200	391,655
Sept.	396,599	17,247	413,846	19,995	393,851
Oct.	398,671	17,230	415,901	21,825	394,076
Nov.	398,061	17,163	415,224	22,586	392,637
Dec.	405,713	17,476	423,188	26,885	396,303
2001					
Jan.	395,514	17,235	412,749	16,539	396,210
Feb.	396,788	17,076	413,863	20,709	393,154
Mar.	398,183	17,079	415,262	19,688	395,574

¹ As from December 1998, the Notes figure in the Central Bank of Malta balance sheet, which is also shown in this Table includes demonetised notes. As a result it differs from the Notes figure in Table 1.10.

² For the purpose of this classification, the banking system includes the Deposit Money Banks, Other Banking Institutions (up to December 2000) and the International Banking Institutions (as from January 1995).

**TABLE 1.10 DENOMINATIONS OF MALTESE CURRENCY
ISSUED AND OUTSTANDING**

Lm thousands

End of Period	Total Notes & Coins ¹	Currency Notes					
		Lm20	Lm10	Lm5	Lm2	Lm1	Total
1985	279,018	-	210,276	57,581	-	5,445	273,302
1986	282,993	74,798	162,286	34,470	2,952	2,977	277,483
1987	308,115	114,701	152,639	29,308	3,716	1,212	301,576
1988	322,096	128,777	153,006	28,210	3,882	896	314,771
1989	327,881	137,386	150,490	26,885	4,304	791	319,856
1990	339,519	143,772	154,214	27,325	4,681	723	330,715
1991	354,513	147,013	165,736	26,666	4,833	685	344,933
1992	350,611	112,591	195,027	26,772	5,092	662	340,144
1993	364,013	118,509	202,241	26,036	5,170	634	352,590
1994	379,082	122,770	211,079	26,965	5,816	-	366,630
1995	367,444	121,395	201,474	25,510	5,730	-	354,109
1996	380,246	123,243	210,985	26,211	5,859	-	366,298
1997	384,655	118,144	219,736	25,853	6,099	-	369,832
1998	390,911	109,720	234,117	24,174	5,793	-	373,804
1999	418,485	108,626	259,366	27,738	6,270	-	402,000
2000							
Jan.	396,341	107,036	243,575	23,472	6,073	-	380,156
Feb.	397,423	107,004	244,423	23,681	6,109	-	381,217
Mar.	396,223	106,808	243,225	23,808	6,157	-	379,998
Apr.	402,860	107,257	247,761	25,176	6,303	-	386,497
May	404,674	107,454	249,123	25,113	6,446	-	388,136
June	409,680	108,020	252,728	25,716	6,496	-	392,960
July	413,532	108,501	254,810	26,783	6,485	-	396,579
Aug.	413,856	107,914	255,839	26,315	6,571	-	396,639
Sept.	413,846	107,650	255,864	26,460	6,625	-	396,599
Oct.	415,901	107,614	258,245	26,183	6,633	-	398,675
Nov.	415,224	107,585	258,238	25,741	6,497	-	398,061
Dec.	423,188	107,902	264,170	27,168	6,473	-	405,713
2001							
Jan.	412,749	107,317	256,896	24,959	6,342	-	395,514
Feb.	413,863	107,375	257,886	25,110	6,417	-	396,788
Mar.	415,262	107,553	258,584	25,533	6,513	-	398,183

¹ The denominations of coins consist of Lml, 50c (cents), 25c, 10c, 5c, 2c, 1c, 5m (mils), 3m and 2m.

TABLE 1.11 DEPOSIT MONEY BANK LIQUIDITY¹

Ln thousands

End of Period	Liquid Assets						Ratios (%)		
	Actual		Required		Excess		Liquidity		Advances ² to Deposits
	Total	Local	Total	Local	Total	Local	Total	Local	
1985	200,510	144,626	97,081	47,038	103,429	97,588	51.6	38.4	55.2
1986	201,345	141,686	107,051	51,769	94,294	89,917	47.0	34.2	57.7
1987	225,614	157,957	118,843	57,020	107,121	100,937	47.6	34.6	58.8
1988	221,189	135,030	135,127	64,286	86,061	70,745	40.9	26.3	59.1
1989	277,356	154,873	158,873	74,765	118,618	80,108	43.7	25.9	61.7
1990	274,941	107,264	150,767	55,554	124,174	51,710	36.5	15.5	66.6
1991	287,661	132,913	171,073	62,197	116,588	70,716	33.6	17.1	62.8
1992	367,586	148,126	199,401	76,726	168,185	71,400	36.9	15.4	60.8
1993	364,351	183,054	240,800	88,897	123,551	94,157	30.3	16.5	62.6
1994	503,859	259,348	279,955	105,060	223,904	154,288	36.0	19.7	60.0

Period	Liquid Assets			Net Short-term Liabilities ³	Ratios (%)	
	Actual	Required	Excess		Liquidity	Advances to Deposits ²
1995	396,803	307,172	89,631	1,023,907	38.8	70.3
1996	498,944	346,358	152,586	1,154,527	43.2	72.0
1997	526,117	362,841	163,276	1,209,469	43.5	71.0
1998	596,848	381,630	215,218	1,272,101	46.9	72.4
1999	694,529	459,454	235,075	1,531,512	45.3	71.8
2000						
Jan.	699,743	453,697	246,046	1,512,322	46.3	71.8
Feb.	696,179	453,569	242,610	1,511,896	46.0	71.9
Mar.	756,710	457,653	299,057	1,525,511	49.6	74.9
Apr.	718,435	457,262	261,173	1,524,208	47.1	74.2
May	731,493	455,400	276,093	1,518,001	48.2	74.0
June	751,182	464,301	286,881	1,547,671	48.5	74.2
July	669,797	461,318	208,479	1,537,726	43.6	73.8
Aug.	657,932	460,913	197,019	1,536,377	42.8	73.2
Sept.	701,167	464,329	236,838	1,547,763	45.3	76.5
Oct.	697,276	473,753	223,523	1,579,178	44.2	75.5
Nov.	696,475	480,465	216,010	1,601,551	43.5	75.6
Dec.	680,572	491,273	189,299	1,637,576	41.6	76.1
2001						
Jan.	666,449	482,163	184,286	1,607,211	41.5	80.6
Feb.	665,232	478,375	186,857	1,594,584	41.7	79.8
Mar.	680,293	455,222	225,071	1,517,408	44.8	82.4

¹ Up to September 1990, Deposit Money Banks were required to hold an amount equivalent to 25% of their total deposit liabilities in the form of specified liquid assets. In October 1990, the required minimum total liquidity ratio was reduced to 20%. Consequently, the required minimum local liquidity ratio was reduced from 12.5% to 8% of local deposit liabilities. As from 15 November 1994, Banking Directive No. 5 established a minimum of 30% liquid asset ratio, net of deductions. Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Includes also inland and foreign bills of exchange and promissory notes. Local uncleared effects are deducted from deposits.

³ These consist of all short-term liabilities to banks and customers net of loans received under repurchase agreements against liquid assets, deposits pledged as security and 50% of items in course of collection.

TABLE 1.12 DEPOSIT MONEY BANK LIQUID ASSETS ¹

Lm thousands

End of Period	Cash and Deposits ²		Other Specified Assets Maturing within 5 Years ³		Total	
	Local	Foreign	Local	Foreign	Local	Foreign
1985	127,142	36,110	17,484	19,774	144,626	55,884
1986	127,513	48,770	14,174	10,888	141,687	59,658
1987	115,665	59,259	42,292	8,398	157,957	67,657
1988	107,175	77,756	27,855	8,403	135,030	86,159
1989	87,364	112,220	67,508	10,263	154,872	122,483
1990	23,083	151,992	84,181	15,685	107,264	167,677
1991	24,153	122,743	108,760	32,005	132,913	154,748
1992	43,019	155,983	105,107	63,477	148,126	219,460
1993	26,353	71,611	156,701	109,686	183,054	181,297
1994	131,837	97,075	127,511	147,436	259,348	244,511

Period	Cash and Deposits with CBM ⁴	Treasury Bills	Inter-Bank Deposits	Marketable Debt Securities ⁵	Total Liquid Assets
1995	21,565	30,142	61,887	283,209	396,803
1996	20,264	67,173	70,741	340,766	498,944
1997	26,359	26,791	55,462	417,505	526,117
1998	31,064	33,110	47,280	485,394	596,848
1999	50,995	75,929	67,768	499,837	694,529
2000					
Jan.	43,378	76,951	71,182	508,232	699,743
Feb.	39,335	87,366	62,985	506,493	696,179
Mar.	43,823	99,851	90,260	522,776	756,710
Apr.	27,797	113,753	50,524	526,361	718,435
May	55,437	89,894	69,613	516,549	731,493
June	35,538	102,799	87,481	525,364	751,182
July	22,378	73,046	63,685	510,688	669,797
Aug.	8,244	77,732	58,077	513,879	657,932
Sept.	38,408	102,460	64,933	495,366	701,167
Oct.	38,534	101,870	55,478	501,394	697,276
Nov.	35,818	96,012	66,731	497,914	696,475
Dec.	33,512	116,818	68,865	461,377	680,572
2001					
Jan.	45,789	81,676	56,772	482,212	666,449
Feb.	39,116	75,471	50,241	500,404	665,232
Mar.	30,541	83,762	72,165	493,825	680,293

¹ Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Includes cash in hand, working balances with Central Bank of Malta, money at call, net balances, savings and time deposits with other banks and other foreign investments.

³ Includes Treasury bills and other Government securities maturing within five years, and eligible bills of exchange and promissory notes, netted of refinancing by the Central Bank of Malta.

⁴ Excludes balances held as reserve deposits.

⁵ Includes securities issued or guaranteed by governments, supranational institutions or other institutions, discounted on the basis of credit risk and remaining term to maturity.

**TABLE 1.13 DEPOSIT MONEY BANK LOANS AND ADVANCES
OUTSTANDING BY MAIN SECTOR ¹**

Ln thousands

End of Period	Public Utilities	All Banking Institutions ²	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1985	13,780	44,757	851	43,712	8,225	18,336	40,997
1986	12,124	50,013	1,834	55,466	11,042	20,504	46,019
1987	7,745	56,348	2,505	69,899	14,808	25,647	48,087
1988	21	63,286	3,456	84,839	16,084	28,770	57,021
1989	12,036	74,653	4,087	96,958	16,412	33,911	66,620
1990	33,726	84,481	4,484	112,838	22,341	34,841	76,991
1991	42,597	59,455	5,872	115,657	24,802	28,557	84,520
1992	29,388	84,178	5,097	125,512	27,682	28,524	95,364

End of Period	Energy & Water	Transport, Storage & Communication	All Banking Institutions ²	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1993	30,367	22,872	108,896	5,571	149,018	28,071	30,288	113,810
1994	32,599	24,584	118,957	7,052	161,352	43,327	38,072	137,453
1995	80,818	54,998	65,563	8,560	188,815	65,489	79,242	181,810
1996	86,861	63,644	55,393	11,472	204,026	73,590	110,271	208,301
1997	98,105	69,171	45,735	10,755	205,140	71,593	154,104	224,161
1998	106,900	76,025	58,077	10,627	195,971	82,028	170,185	243,464
1999	108,906	75,977	43,186	10,305	196,285	96,482	204,228	267,183
2000								
Jan.	104,711	75,572	49,128	10,742	194,719	95,706	209,042	265,286
Feb.	102,265	75,739	49,283	10,317	194,323	96,130	206,591	270,511
Mar.	101,866	73,341	60,499	10,726	202,848	98,220	219,814	278,165
Apr.	99,570	72,741	59,445	10,992	198,715	96,576	219,899	275,697
May	97,888	76,158	59,752	10,760	199,912	97,419	220,318	278,800
June	99,848	72,965	62,784	10,732	197,466	97,011	218,932	279,471
July	99,091	72,520	63,231	11,280	197,482	93,774	222,173	276,605
Aug.	97,153	71,364	63,739	11,175	199,329	94,785	219,560	274,643
Sept.	94,027	93,077	65,427	11,449	212,983	87,500	222,525	285,320
Oct.	98,746	92,928	50,395	19,048	203,803	88,513	233,388	283,980
Nov.	101,625	93,918	51,163	18,513	204,791	88,301	236,128	284,234
Dec.	104,677	96,476	53,591	19,004	201,442	99,103	233,861	285,419
2001								
Jan.	102,065	100,864	54,508	11,175	193,472	98,199	237,629	276,329
Feb.	100,473	110,364	55,872	11,191	191,111	99,610	238,119	278,111
Mar.	104,053	108,827	58,226	11,030	197,439	102,034	244,480	291,289

¹ Includes HSBC Home Loans (Malta)Bank Ltd as from January 2001.

² Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).

**TABLE 1.13 DEPOSIT MONEY BANK LOANS AND ADVANCES
OUTSTANDING BY MAIN SECTOR (Continued)¹**

Lm thousands

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Total	
	House Purchases	Consumer Durable Goods	Other	Total					
1985	4,321	1,220	5,688	11,229	23,496	205,383	1,098	206,481	
1986	4,835	1,973	6,105	12,913	25,917	235,832	502	236,334	
1987	5,414	2,078	5,875	13,367	24,678	263,084	302	263,386	
1988	6,804	1,628	7,323	15,755	28,369	297,601	162	297,763	
1989	9,015	1,315	11,792	22,122	35,975	362,774	507	363,281	
1990	13,448	1,827	14,470	29,745	53,836	453,283	2,547	455,830	
1991	12,626	2,296	28,086	43,008	67,727	472,195	8,116	480,311	
1992	15,374	3,577	34,917	53,868	79,704	529,317	9,850	539,167	
End of Period	Personal				Other ³ Services	All Other	Total Local Lending	Foreign Lending	Total
	House Purchases	Consumer Durable Goods ²	Other	Total					
1993	16,055	3,539	38,791	58,385	16,612	62,787	626,677	5,925	632,602
1994	35,531	8,977	19,547	64,055	22,331	56,093	705,874	6,344	712,218
1995	46,424	22,882	21,951	91,256	36,670	82,438	935,659	13,546	949,205
1996	60,553	32,934	29,163	122,650	46,113	95,315	1,077,636	13,970	1,091,606
1997	78,443	35,966	25,988	140,397	54,456	113,555	1,187,172	14,340	1,201,512
1998	91,733	44,627	26,324	162,684	60,829	125,524	1,292,314	5,205	1,297,519
1999	121,019	49,883	39,371	210,273	79,946	133,518	1,426,289	7,418	1,433,707
2000									
Jan.	117,017	49,454	39,395	205,866	80,460	142,241	1,433,473	7,135	1,440,608
Feb.	117,989	49,281	42,985	210,255	79,875	145,479	1,440,768	7,239	1,448,007
Mar.	135,396	52,443	52,042	212,041	88,653	152,646	1,498,819	7,177	1,505,996
Apr.	124,781	51,145	44,083	220,009	83,606	155,462	1,492,712	7,497	1,500,209
May	126,941	51,226	44,454	222,621	82,898	154,963	1,501,489	7,256	1,508,745
June	129,268	51,486	45,773	226,527	84,325	154,217	1,504,278	8,067	1,512,345
July	130,443	51,545	48,200	230,188	80,968	153,660	1,500,972	7,386	1,508,358
Aug.	132,064	51,412	48,764	232,240	80,675	152,910	1,497,573	7,443	1,505,016
Sept.	135,514	52,595	52,602	240,711	86,458	157,300	1,556,777	5,321	1,562,098
Oct.	136,045	51,794	47,283	235,122	83,634	160,355	1,549,912	7,893	1,557,805
Nov.	137,924	51,794	48,897	238,615	85,538	162,260	1,565,086	8,877	1,573,963
Dec.	133,312	51,423	52,028	236,763	82,427	161,179	1,573,942	8,956	1,582,898
2001									
Jan.	263,042	51,159	65,703	379,904	91,646	156,199	1,701,990	9,273	1,711,263
Feb.	261,723	52,918	61,243	375,884	93,021	154,077	1,707,833	10,727	1,718,560
Mar.	272,563	52,981	64,056	389,600	105,215	148,810	1,761,003	10,666	1,771,669

¹ Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Includes also lending for the construction, modernisation or extension of dwellings.

³ Includes professional, repair and maintenance services.

**TABLE 1.14 OTHER BANKING INSTITUTION LOANS AND
ADVANCES OUTSTANDING BY MAIN SECTOR ¹**

Lm thousands

End of Period	Public Utilities	All Banking Institutions	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1985	-	-	60	12,226	32	1,360	-
1986	-	-	138	10,881	15	3,424	390
1987	-	-	130	11,087	6	7,910	532
1988	-	-	157	12,055	-	10,722	545
1989	-	-	479	12,071	-	12,796	660
1990	-	-	471	14,102	-	14,797	1,595
1991	6,533	-	202	17,949	776	21,897	3,023
1992	13,539	-	182	20,418	1,428	27,114	3,520

End of Period	Energy & Water	Transport, Storage & Communication	All Banking Institutions	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1993	-	23,534	-	302	23,590	-	33,816	5,723
1994	6,599	29,739	-	436	21,171	-	38,364	7,754
1995	-	17,213	-	379	9,629	539	25,040	2,622
1996	-	16,698	-	360	8,759	687	24,102	2,718
1997	-	9,496	-	463	8,088	612	20,385	2,526
1998	-	8,220	-	476	8,144	515	20,195	2,396
1999	-	4,409	2,074	460	8,084	373	16,655	1,945
2000								
Jan.	-	4,409	2,046	437	8,130	356	16,552	1,906
Feb.	-	4,381	2,043	433	8,120	355	16,535	1,933
Mar.	-	3,922	2,030	445	8,368	395	16,364	2,004
Apr.	-	3,922	1,992	383	7,765	394	15,879	1,993
May	-	3,922	2,035	379	7,992	392	15,788	1,958
June	-	5,203	2,051	379	7,991	373	15,726	1,926
July	-	3,891	2,025	379	7,600	372	15,522	1,882
Aug.	-	3,861	2,009	375	7,660	297	15,388	1,829
Sept.	-	3,962	1,992	385	7,458	262	15,209	1,871
Oct.	-	-	1,949	22	1,098	175	3,064	220
Nov.	-	-	1,982	23	1,094	175	3,020	226
Dec.	-	-	2,034	22	1,257	174	2,723	213

¹This Table was discontinued as from January 2001.

TABLE 1.14 OTHER BANKING INSTITUTION LOANS AND ADVANCES OUTSTANDING BY MAIN SECTOR (Continued)¹

Lm thousands

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Grand Total
	House ² Purchases	Consumer Durable Goods	Other	Total				
1985	33,371	-	514	33,885	1,538	49,101	7,315	56,416
1986	37,212	59	104	37,375	1,334	53,557	13,861	67,418
1987	41,074	52	120	41,246	1,764	62,675	25,795	88,470
1988	47,549	42	165	47,756	4,590	75,825	50,378	126,203
1989	55,425	27	180	55,632	6,016	87,654	56,768	144,422
1990	63,880	22	133	64,035	7,978	102,978	70,152	173,130
1991	71,801	16	139	71,956	15,026	137,362	81,114	218,476
1992	78,913	11	168	79,092	17,542	162,835	87,187	250,022

End of Period	Personal				Other ³ Services	All Other	Total Local Lending	Foreign Lending ⁴	Grand Total
	House ² Purchases	Consumer Durable Goods	Other	Total					
1993	82,830	16	120	82,966	2,712	7,063	179,706	79,287	258,993
1994	84,500	16	68	84,584	4,822	7,957	201,426	5,040	206,466
1995	86,135	38	72	86,245	1,841	3,272	146,937	86,619	233,556
1996	90,613	62	142	90,817	1,924	2,810	148,912	245,450	394,362
1997	95,247	52	130	95,429	1,987	3,103	142,089	447,503	589,592
1998	103,321	77	88	103,486	1,741	2,946	148,119	606,667	754,786
1999	103,070	92	190	103,352	1,504	4,767	143,623	815,458	959,081
2000									
Jan.	103,514	96	273	103,882	1,467	5,700	144,885	812,518	957,403
Feb.	104,021	91	415	104,527	1,369	6,190	145,886	812,948	958,834
Mar.	117,464	74	2486	108,877	1,382	5,538	149,325	780,357	929,682
Apr.	108,934	91	816	109,841	1,352	5,617	149,138	800,690	949,828
May	109,547	88	1074	110,709	1,283	5,506	149,964	807,963	957,927
June	111,388	84	1386	112,858	1,262	4,856	152,625	728,149	880,774
July	112,442	80	1683	114,204	1,242	4,898	152,015	893,479	1,045,494
Aug.	113,845	75	2039	115,959	1,212	5,298	153,888	901,224	1,055,112
Sept.	117,464	74	2486	120,024	1,219	5,515	157,897	883,621	1,041,518
Oct.	118,853	68	2884	121,805	85	5,883	134,301	893,902	1,028,203
Nov.	119,376	66	3103	122,545	84	4,742	133,891	930,404	1,064,294
Dec.	120,650	62	3376	124,088	84	4,400	134,995	1,221,041	1,356,037

¹ This Table was discontinued as from January 2001.

² Includes also lending for the construction, modernisation or extension of dwellings.

³ Includes professional, repair and maintenance services.

⁴ As from January 1995, includes lending by International Banking Institutions.

**TABLE 1.15 LOANS AND ADVANCES OUTSTANDING
TO THE PRIVATE AND PUBLIC SECTORS BY CATEGORY¹**

Lm thousands

End of Period	Energy and Water		Transport, Storage and Communication		Agriculture and Fisheries		Manufacturing	
	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector
1996	808	86,053	15,512	64,830	11,615	217	131,073	17,599
1997	928	97,177	17,045	61,622	11,030	188	131,061	21,707
1998	1,080	105,820	31,877	52,368	10,949	154	132,176	24,158
1999	910	107,996	33,107	47,279	10,765	-	134,583	22,999
2000								
Mar.	966	100,900	31,858	45,405	11,171	-	141,533	21,800
June	469	99,379	31,332	46,836	11,111	-	137,041	22,307
Sept.	495	93,532	47,646	49,393	11,834	-	156,527	12,191
Dec.	492	104,185	44,425	52,051	19,026	-	147,156	8,646
2001								
Mar.	506	103,547	51,764	57,063	10,984	46	144,460	7,482

End of Period	Shipbuilding and Shiprepair	Building and Construction		Hotel, Restaurant and Tourist Trades		Wholesale and Retail Trades	
	Private /Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector
1996	64,113	71,200	3,077	131,948	2,425	210,967	52
1997	60,460	69,231	2,974	171,964	2,525	226,681	6
1998	47,781	79,743	2,800	188,312	2,068	245,854	6
1999	46,787	94,189	2,666	218,053	2,830	269,119	9
2000							
Mar.	47,883	95,911	2,704	232,041	4,137	280,159	10
June	46,109	94,776	2,608	230,240	4,418	281,376	21
Sept.	51,723	85,116	2,646	233,278	4,456	287,173	18
Dec.	46,897	96,727	2,550	231,633	4,951	285,615	17
2001							
Mar.	46,578	99,448	2,586	243,197	1,283	291,289	-

End of Period	Personal	Other Services		All Other		Total Local Lending		
		Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Total
1996	213,467	37,851	10,186	93,483	4,642	921,650	249,505	1,171,155
1997	235,826	47,722	8,721	111,191	5,467	1,026,212	257,314	1,283,526
1998	266,170	54,748	7,822	124,735	3,735	1,139,090	243,266	1,382,356
1999	313,625	72,137	9,313	136,060	2,225	1,285,929	238,723	1,524,652
2000								
Mar.	320,918	79,972	10,063	154,739	3,496	1,350,976	234,690	1,585,666
June	339,385	75,401	10,186	155,746	3,327	1,359,824	232,244	1,592,068
Sept.	360,735	77,231	10,446	159,211	3,604	1,427,174	220,081	1,647,255
Dec.	360,851	76,597	5,914	161,904	3,675	1,428,049	225,263	1,653,312
2001								
Mar.	389,600	99,743	5,472	152,982	291	1,486,559	221,762	1,708,321

¹ Loans and advances extended by Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). Public sector companies comprise entities that are subject to control by Government, control being defined as the ability to determine general corporate policy.

**TABLE 1.16 DEPOSIT MONEY BANK LOANS AND ADVANCES
CLASSIFIED BY SIZE AND INTEREST RATES¹**

Lm thousands

End of Period	Size of Loans and Advances ²							
	Up to 1,000	Over 1,000 to 5,000	Over 5,000 to 10,000	Over 10,000 to 25,000	Over 25,000 to 100,000	Over 100,000	Total	
1985	Amount	2,517	11,443	7,664	13,465	29,065	142,327	206,481
	Interest Rate	7.94	7.80	7.92	7.99	7.97	7.26	7.47
1986	Amount	3,530	13,069	8,543	16,205	36,356	158,631	236,334
	Interest Rate	7.89	7.66	7.69	7.77	7.72	7.11	7.31
1987	Amount	3,462	14,241	10,353	17,465	38,646	179,219	263,386
	Interest Rate	7.84	7.47	7.28	7.75	7.71	7.09	7.26
1988	Amount	3,104	15,404	12,635	19,917	41,978	204,725	297,763
	Interest Rate	7.76	7.43	7.10	7.62	7.58	7.01	7.16
1989	Amount	3,179	17,083	15,359	25,286	51,780	250,574	363,281
	Interest Rate	7.61	7.33	7.13	7.59	7.60	6.96	7.13
1990	Amount	3,762	20,082	19,600	30,904	61,942	319,540	455,830
	Interest Rate	7.56	7.48	6.85	7.66	7.64	6.78	7.00

End of Period	Size of Loans and Advances ²					
	Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	Total	
1991	Amount	50,248	107,285	90,773	232,005	480,311
	Interest Rate	7.25	7.62	7.46	6.66	7.09
1992	Amount	56,552	125,587	99,836	257,192	539,167
	Interest Rate	7.24	7.71	7.55	6.62	7.11
1993	Amount	62,835	134,049	117,056	318,662	632,602
	Interest Rate	7.49	7.92	7.79	6.53	7.15
1994	Amount	75,537	156,107	133,338	347,239	712,218
	Interest Rate	7.60	7.99	7.90	6.61	7.26
1995	Amount	97,779	213,428	210,382	427,616	949,205
	Interest Rate	7.89	8.06	7.96	6.89	7.49
1996	Amount	109,058	249,572	237,482	495,517	1,091,606
	Interest Rate	8.03	8.35	8.34	7.13	7.76
1997	Amount	99,412	279,695	254,113	568,291	1,201,512
	Interest Rate	7.95	8.40	8.47	7.32	7.87
1998	Amount	111,377	325,711	282,194	578,241	1,297,519
	Interest Rate	8.01	8.37	8.51	7.38	7.93
1999	Amount	138,814	373,630	334,746	586,516	1,433,707
	Interest Rate	7.33	7.62	7.66	6.55	7.16
2000						
Mar.	Amount	145,197	398,187	341,181	621,431	1,505,996
	Interest Rate	7.36	7.65	7.67	6.52	7.16
June	Amount	154,805	404,425	324,065	629,049	1,512,345
	Interest Rate	7.41	7.58	7.58	6.53	7.12
Sept.	Amount	158,947	414,316	324,357	664,467	1,562,098
	Interest Rate	7.42	7.58	7.61	6.44	7.09
Dec.	Amount	177,667	426,915	335,629	642,687	1,582,898
	Interest Rate	7.38	7.31	7.29	6.46	6.97
2001						
Mar.	Amount	260,229	492,134	342,367	676,939	1,771,669
	Interest Rate	7.10	7.21	7.28	6.47	6.93

¹ For the purpose of this classification, these include loans and advances extended to residents and non-residents in domestic and foreign currencies. Interest rates are weighted averages of each size group. Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001.

² Figures quoted in headings are actual figures, while those in the rest of the Table are in Lm thousands as indicated.

TABLE 1.17 OTHER BANKING INSTITUTION LOANS AND ADVANCES CLASSIFIED BY SIZE AND INTEREST RATES¹

Lm thousands

End of Period	Size of Loans and Advances ²						Total
	Up to 1,000	Over 1,000 to 5,000	Over 5,000 to 10,000	Over 10,000 to 25,000	Over 25,000 to 100,000	Over 100,000	
1985 Amount	311	16,917	12,409	5,602	2,342	18,836	56,417
1985 Interest Rate	7.45	7.18	7.76	8.00	8.11	7.66	7.59
1986 Amount	306	18,228	14,223	7,026	2,185	25,450	67,418
1986 Interest Rate	7.26	6.99	7.38	7.58	7.70	7.42	7.32
1987 Amount	640	22,799	13,847	6,953	2,948	41,283	88,470
1987 Interest Rate	7.33	7.09	7.39	7.61	8.45	7.11	7.24
1988 Amount	745	25,256	16,841	8,717	4,547	70,097	126,203
1988 Interest Rate	6.96	6.84	7.02	7.24	7.71	8.22	7.69
1989 Amount	856	27,366	20,821	10,589	4,347	80,443	144,422
1989 Interest Rate	6.96	6.83	7.03	7.34	7.68	8.95	8.11
1990 Amount	946	29,024	25,601	12,113	5,736	99,710	173,130
1990 Interest Rate	6.94	6.85	7.04	7.30	7.70	9.00	8.18

End of Period	Size of Loans and Advances ²				Total
	Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	
1991 Amount	61,280	21,205	25,115	110,876	218,476
1991 Interest Rate	6.94	7.50	7.80	8.33	7.80
1992 Amount	67,581	25,883	25,648	130,910	250,022
1992 Interest Rate	6.96	7.57	7.68	7.53	7.39
1993 Amount	71,826	26,920	27,975	132,272	258,993
1993 Interest Rate	7.01	7.79	7.32	6.06	6.64
1994 Amount	72,419	26,430	23,598	84,019	206,466
1994 Interest Rate	7.01	7.83	7.99	7.27	7.33
1995 Amount	71,733	23,374	11,961	40,410	147,478
1995 Interest Rate	7.02	7.77	8.01	7.01	7.22
1996 Amount	72,239	27,013	11,213	38,914	149,379
1996 Interest Rate	7.01	7.83	8.14	7.01	7.24
1997 Amount	72,449	30,590	10,607	28,214	141,860
1997 Interest Rate	7.02	7.79	8.10	7.09	7.28
1998 Amount	73,437	37,087	11,131	25,775	147,430
1998 Interest Rate	7.03	7.72	8.10	7.15	7.31
1999 Amount	67,983	41,112	8,824	19,818	137,738
1999 Interest Rate	6.40	6.86	7.59	6.51	6.63
2000					
Mar. Amount	68,399	45,874	8,578	19,639	142,491
Mar. Interest Rate	6.40	6.80	7.58	6.53	6.62
June Amount	68,215	49,517	8,402	19,759	145,893
June Interest Rate	6.41	6.73	7.51	6.51	6.59
Sept. Amount	68,447	56,062	8,418	18,349	151,302
Sept. Interest Rate	6.40	6.65	7.61	6.58	6.58
Dec. Amount	68,040	57,032	1,660	2,607	129,339
Dec. Interest Rate	6.40	6.52	8.37	7.33	6.50

¹ For the purpose of this classification, these include loans and advances extended to residents and non-residents in domestic and foreign currencies. Interest rates are weighted averages of each size group. This Table was discontinued as from January 2001.

² Figures quoted in headings are actual figures, while those in the rest of the Table are in Lm thousands as indicated.

TABLE 1.18 SELECTED INTEREST RATES IN MALTA¹
(Percent per annum)

	1995	1996	1997	1998	1999	2000				2001
						Mar.	June	Sept.	Dec.	Mar.
Central Bank										
Discount Rate	5.50	5.50	5.50	5.50	4.75	4.75	4.75	4.75	4.75	4.75
Central Intervention Rate ²	-	-	-	5.45	4.75	4.75	4.75	4.75	4.75	4.75
Injection Rate	-	-	-	5.50	5.50	4.80	4.80	4.80	4.80	4.80
Absorption Rate	-	-	-	5.40	5.40	4.70	4.70	4.70	4.70	4.70
Repurchase Agreements										
7 day Reverse Repo	4.94	5.01	5.22	5.43	4.70	4.72	4.72	4.72	4.72	4.73
7 day Repo	5.50	5.40	5.50	5.50	4.80	4.80	4.80	4.80	4.80	4.80
Standby (Collateralised) Loan Facility ³	6.00	6.00	6.00	6.00	5.30	5.30	5.30	5.30	5.30	5.30
Overnight Deposit Facility ⁴	2.50	-	-	-	1.80	1.80	1.80	1.80	1.80	1.80
Reserve Requirements	2.50	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Interbank Market Offered Rates										
1 week	-	-	5.26	5.56	4.74	4.73	4.70	4.77	4.78	4.77
1 month	-	-	5.38	5.70	4.75	4.85	4.90	4.90	4.90	4.90
3 month	-	-	5.51	5.95	5.27	5.27	5.27	5.27	5.27	5.27
Deposit Money Banks⁵										
Average Weighted Deposit Rate	4.00	4.24	4.39	4.42	4.32	4.22	4.18	4.16	4.17	4.20
Current	0.16	0.42	1.37	1.49	1.11	1.19	1.19	1.24	1.32	1.33
Savings	3.00	3.01	3.02	3.04	2.81	2.58	2.54	2.54	2.52	2.58
Time	5.01	5.29	5.35	5.35	5.43	5.31	5.29	5.27	5.25	5.25
Average Weighted Lending Rate	7.49	7.93	8.04	8.08	7.28	7.31	7.37	7.21	7.23	7.08
Government Securities										
Treasury Bills										
1 month	-	5.00	5.19	5.43	5.05	5.05	4.82	4.86	4.85	4.86
3 month	4.94	5.01	5.25	5.49	4.95	4.85	4.86	4.90	4.90	4.95
6 month	5.16	5.30	5.30	5.50	4.97	4.95	4.94	4.94	4.94	5.02
1 year	5.34	5.40	5.40	5.50	5.12	5.12	5.06	5.03	5.03	5.06
Government Stocks ⁶										
1 year	-	5.12	5.30	5.58	4.86	5.03	5.01	5.02	4.99	-
5 year	6.60	6.65	6.82	5.80	5.46	5.33	5.42	5.37	5.33	5.50
10 year	7.08	7.23	7.26	6.00	5.55	5.60	5.73	6.04	5.99	6.09
15 year	-	7.49	7.62	6.47	6.03	5.95	5.94	6.62	6.39	6.44
20 year	-	-	-	6.86	6.14	6.01	6.15	6.70	6.60	6.60

¹ End of period rates.

² Instituted on 30 April 1998 with a maximum injection ceiling and an absorption floor of +5 and -5 basis points respectively. As from June 1999, any change in the central intervention rate is automatically matched by a similar change

³ Offered in terms of Section 15(i)k of the Central Bank of Malta Act 1967.

⁴ As from 15 July 1996, the Central Bank ceased paying interest on overnight call account balances. An overnight deposit facility was re-introduced on 9 September 1999.

⁵ Rates on resident Maltese lira deposits and loans extended to residents in local currency.

⁶ Gross redemption yields on indicative stocks. Periods specified refer to remaining term to maturity.

TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM ¹

Lm thousands

Period	Monetary Authorities							Total (A+B)
	Central Bank of Malta				Government & Parastatal Companies ²			
	Gold and Other Precious Metals	Convertible Currencies	IMF Related Assets ³	Total (A)	Foreign Currency Deposits ⁵	Other Official Funds ^{4,5}	Total (B)	
1990	12,979	380,527	33,618	427,124	15,874	1,765	17,639	444,763
1991	6,437	366,822	37,175	410,434	4,459	11,992	16,451	426,885
1992	9,101	435,857	30,061	475,019	4,874	12,337	17,211	492,230
1993	10,216	490,358	32,827	533,401	4,347	11,747	16,094	549,495
1994	7,314	577,501	32,829	617,644	61,672	11,118	72,790	690,434
1995	3,596	471,090	34,007	508,693	60,844	11,163	72,007	580,700
1996	3,646	468,523	36,408	508,577	34,739	10,803	45,542	554,119
1997	1,311	501,379	38,912	541,602	9,086	10,980	20,066	561,668
1998	688	598,874	40,429	639,991	-	-	-	639,991
1999	737	704,084	35,517	740,339	-	-	-	740,339
2000								
Jan.	747	696,405	35,457	732,609	-	-	-	732,609
Feb.	703	679,432	35,698	715,834	-	-	-	715,834
Mar.	743	672,042	36,168	708,953	-	-	-	708,953
Apr.	758	662,546	36,494	699,798	-	-	-	699,798
May	714	674,318	36,745	711,777	-	-	-	711,777
June	746	666,099	36,569	703,415	-	-	-	703,415
July	632	648,348	36,699	685,679	-	-	-	685,679
Aug.	742	648,045	37,647	686,433	-	-	-	686,433
Sept.	739	659,141	37,664	697,544	-	-	-	697,544
Oct.	713	651,121	38,041	689,875	-	-	-	689,875
Nov.	735	626,410	38,060	665,206	-	-	-	665,206
Dec.	452	606,771	36,940	644,163	-	-	-	644,163
2001								
Jan.	406	593,415	36,978	630,799	-	-	-	630,799
Feb.	525	588,841	37,352	626,717	-	-	-	626,717
Mar.	524	593,656	37,445	631,625	-	-	-	631,625

¹ On accrual basis.

² Customers' foreign currency deposits and sinking funds are held with the Central Bank of Malta, while other official funds are held with the Treasury.

³ Include IMF reserve position and holdings of SDRs.

⁴ Include Government sinking funds.

⁵ Following changes in Central Bank accounting policies, as from December 1998, foreign currency deposits and other official funds belonging to Government and parastatal companies are being included under the "Convertible Currencies"

TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM ¹
(Continued)

Lm thousands

Period	Deposit Money Banks ²			Total (A+B+C)	International Banking Institutions ²			Grand Total (A+B+C+ D)
	Assets	Liabilities	Net (C)		Assets	Liabilities	Net (D)	
1990	287,558	147,699	139,859	584,622	-	-	-	584,622
1991	344,598	175,546	169,052	595,937	-	-	-	595,937
1992	435,226	236,467	198,759	690,989	-	-	-	690,989
1993	487,521	299,857	187,664	737,159	-	-	-	737,159
1994	415,887	228,781	187,106	877,540	-	-	-	877,540
1995	566,204	341,373	224,831	805,531	236,148	218,872	17,276	822,807
1996	596,128	410,163	185,965	740,084	458,642	436,276	22,366	762,450
1997	544,672	413,917	130,755	692,423	815,080	763,075	52,005	744,428
1998	607,354	518,557	88,797	728,788	1,627,452	1,477,802	149,650	878,438
1999	661,557	605,673	55,884	796,223	2,377,807	2,204,857	172,951	969,174
2000								
Jan.	673,434	630,662	42,772	775,381	2,143,001	1,973,629	169,372	944,753
Feb.	674,284	628,862	45,422	761,256	2,125,051	1,958,780	166,272	927,528
Mar.	705,890	650,652	55,238	764,191	2,114,831	1,963,086	151,745	915,936
Apr.	734,980	658,983	75,997	775,795	2,131,177	1,973,076	158,101	933,896
May	755,206	679,881	75,325	787,102	2,285,555	2,120,940	164,616	951,718
June	770,752	685,560	85,192	788,607	2,194,085	1,995,742	198,343	986,949
July	780,245	689,320	90,925	776,604	2,344,276	2,147,232	197,044	973,648
Aug.	782,679	678,107	104,572	791,005	2,607,158	2,408,191	198,966	989,972
Sept.	774,621	687,307	87,314	784,858	2,653,799	2,461,454	192,345	977,203
Oct.	821,380	713,366	108,014	797,889	2,699,252	2,512,889	186,363	984,252
Nov.	825,322	709,623	115,699	780,905	2,818,580	2,612,778	205,801	986,706
Dec.	816,746	690,013	126,733	770,896	3,055,387	2,851,857	203,530	974,426
2001								
Jan.	818,334	692,050	126,284	757,083	2,799,104	2,598,615	200,489	957,572
Feb.	830,697	695,791	134,906	761,623	2,232,344	2,109,522	122,822	884,445
Mar.	838,703	716,688	122,015	753,640	2,444,112	2,330,085	114,273	867,913

¹ As from 1995, data are on an accrual basis.

² For the purposes of this table only, the amounts of HSBC Overseas Bank (Malta) Ltd. and Bank of Valletta International Ltd., i.e. the offshore subsidiaries of HSBC Bank Malta plc and Bank of Valletta plc respectively, are being classified with the Deposit Money Banks and not with the International Banking Institutions, as shown in other tables. Includes data belonging to the Other Banking Institutions' sector up to December 2000.

TABLE 2.1 GOVERNMENT REVENUE AND EXPENDITURE

Lm thousands

Period	Revenue			Expenditure			Deficit (-) or Surplus	Borrowing			Residual
	Ordinary ¹	Grants	Total	Ordinary ¹	Capital ²	Total		Local Loans	Foreign Loans	Total	
1985	216,848	248	217,096	187,086	40,560	227,646	-10,550	-	3,453	3,453	-7,097
1986	224,388	289	224,677	195,655	44,809	240,464	-15,787	-	1,175	1,175	-14,612
1987	221,055	2	221,057	208,739	54,881	263,620	-42,564	-	103	103	-42,461
1988	254,489	14,256	268,745	223,540	50,464	274,004	-5,259	46,885	-6,885	40,000	34,741
1989	277,348	8,131	285,479	244,425	76,321	320,745	-35,266	5,200	1,043	6,243	-29,023
1990	329,890	7,678	337,568	273,415	108,276	381,690	-44,122	34,200	13,841	48,041	3,919
1991	355,932	16,374	372,306	301,909	115,493	417,403	-45,097	30,375	9,110	39,485	-5,612
1992	341,766	16,392	358,158	330,014	58,017	388,032	-29,874	36,000	878	36,878	7,004
1993	388,179	8,428	396,607	368,624	59,673	428,297	-31,690	28,800	2,902	31,702	12
1994	416,068	12,853	428,921	410,365	62,340	472,705	-43,784	28,700	11,305	40,005	-3,779
1995	482,834	4,517	487,351	452,478	70,344	522,823	-35,472	32,500	655	33,155	-2,317
1996	447,470	20,805	468,275	505,195	73,527	578,722	-110,447	70,178	3,044	73,222	-37,225
1997 ³	504,415	9,809	514,224	538,276	103,392	641,668	-127,444	167,463	3,095	170,558	43,114
1998	539,070	10,043	549,113	569,150	96,846	665,997	-116,884	110,000	-	110,000	-6,884
1999	628,168	9,684	637,852	584,834	106,129	690,965	-53,113	54,530	-	54,530	1,417
2000	632,754	9,545	642,303	617,677	98,552	716,232	-73,929	-	-	-	-73,929
2000											
Jan.	29,283	-	29,283	42,101	6,247	48,348	-19,065	-	-	-	-19,065
Feb.	44,871	12	44,883	55,727	4,486	60,213	-15,330	-	-	-	-15,330
Mar.	54,337	-	54,337	65,515	5,683	71,199	-16,862	-	-	-	-16,862
Apr.	50,467	902	51,369	42,237	8,703	50,940	429	-	-	-	429
May	65,978	5,087	71,065	47,142	5,327	52,469	18,596	-	-	-	18,596
June	61,420	-	61,420	42,660	7,892	50,553	10,867	-	-	-	10,867
July	46,437	-	46,437	67,839	7,181	75,020	-28,583	-	-	-	-28,583
Aug.	49,063	-	49,063	43,745	5,208	48,953	110	-	-	-	110
Sep.	51,589	-	51,589	45,345	7,528	52,873	-1,284	-	-	-	-1,284
Oct.	51,665	-	51,665	49,566	9,468	59,034	-7,369	-	-	-	-7,369
Nov.	44,834	660	45,494	51,744	8,991	60,735	-15,241	-	-	-	-15,241
Dec	82,810	2,888	85,698	64,056	21,838	85,895	-197	-	-	-	-197
2001											
Jan.	40,114	-	40,114	56,414	7,010	63,423	-23,309	-	-	-	-23,309
Feb.	60,572	28	60,600	45,948	4,175	50,123	10,477	-	-	-	10,477
Mar.	44,769	-	44,769	53,047	10,475	63,522	-18,753	30,000	-	30,000	11,247

¹ Includes the Government's contribution to the National Insurance Fund (both its contribution as employer, and its contribution in terms of the Social Security Act, 1987). As from 1992, Ordinary Revenue excludes the contribution by the Public Authorities/Corporations to their own capital programme; including privatisation receipts and sinking funds of converted loans.

² As from 1992, excludes capital expenditure incurred by the Public Authorities/Corporations.

³ A loan to the Malta Drydocks Corporation amounting to Lm24.6 million is included under capital expenditure.

Source: *The Treasury*.

TABLE 2.2 GOVERNMENT REVENUE BY MAJOR SOURCES

Ln thousands

Period	Tax Revenue						Non-Tax Revenue ³	Ordinary Revenue ⁴	Foreign Grants	Total Revenue
	Income Tax	National Insurance ¹ Contributions	V.A.T. & C.E.T.	Licences, Taxes & Fines ²	Customs & Excise	Total				
1985	44,553	52,024	-	9,789	39,607	145,973	70,875	216,848	248	217,096
1986	43,590	52,280	-	10,777	43,891	150,538	73,850	224,388	289	224,677
1987	42,998	53,491	-	11,663	46,868	155,020	66,035	221,055	2	221,057
1988	46,740	57,938	-	14,302	54,679	173,659	80,830	254,489	14,256	268,745
1989	51,128	58,388	-	17,662	61,273	188,451	88,897	277,348	8,131	285,479
1990	57,291	71,234	-	23,993	67,279	219,798	110,092	329,890	7,678	337,567
1991	61,637	72,041	-	27,017	75,951	236,647	119,285	355,932	16,374	372,306
1992	71,353	80,469	-	29,448	82,310	263,580	78,186	341,766	16,392	358,158
1993	85,113	97,004	-	30,447	83,541	296,105	92,074	388,179	8,428	396,607
1994	87,852	101,663	-	46,127	72,059	307,701	108,367	416,068	12,853	428,921
1995	99,758	115,480	78,108	54,556	32,595	380,497	102,337	482,834	4,517	487,351
1996	93,309	126,170	78,633	51,621	31,981	381,714	65,756	447,470	20,805	468,275
1997	110,539	142,184	84,607	54,280	43,197	434,807	69,608	504,415	9,809	514,224
1998	110,561	135,656	72,628	60,678	52,698	432,221	106,849	539,070	10,043	549,113
1999	128,354	144,274	85,023	67,960	55,426	481,037	147,131	628,168	9,684	637,852
2000	149,511	162,017	104,065	70,449	55,141	541,182	91,572	632,754	9,549	642,303
2000										
Jan.	8,197	4,722	8,348	4,858	1,686	27,810	1,473	29,283	-	29,283
Feb.	7,303	13,587	8,301	5,406	5,827	40,424	4,447	44,871	12	44,883
Mar.	8,745	13,909	8,358	6,021	4,881	41,914	12,423	54,337	-	54,337
Apr.	15,037	12,180	8,355	7,200	5,302	48,074	2,393	50,467	902	51,369
May.	14,003	13,573	8,361	5,191	4,694	45,822	20,156	65,978	5,087	71,065
June.	11,164	13,053	8,358	6,050	4,912	43,537	17,883	61,420	-	61,420
July.	11,485	12,588	9,142	5,845	4,817	43,877	2,560	46,437	-	46,437
Aug.	13,618	14,591	9,229	4,800	4,858	47,096	1,967	49,063	-	49,063
Sep.	14,911	13,813	9,087	5,888	4,738	48,437	3,152	51,589	-	51,589
Oct.	15,042	12,993	9,395	6,118	4,671	48,219	3,446	51,665	-	51,665
Nov.	8,031	12,455	9,007	6,907	5,184	41,584	3,250	44,834	660	45,494
Dec.	21,975	24,553	8,124	6,165	3,571	64,388	18,422	82,810	2,888	85,698
2001										
Jan.	9,263	8,423	9,676	4,433	5,169	36,946	3,150	40,114	-	40,114
Feb.	7,083	12,057	9,651	4,163	3,247	36,201	24,371	60,572	28	60,600
Mar.	8,486	12,547	9,273	7,547	3,926	41,779	2,990	44,769	-	44,769

¹ Includes Government's contribution to the National Insurance Fund (both its contribution as employer, and its contribution in terms of the Social Security Act, 1987).

² Includes revenues from death and donation duties up to December 1994.

³ Includes mainly Central Bank of Malta profits, privatisation receipts, sinking funds of converted loans and other

⁴ As from 1992, excludes the contribution by the Public Corporations/Authorities towards their own capital programme.

Source: *The Treasury*.

**TABLE 2.3 GOVERNMENT CAPITAL EXPENDITURE
BY TYPE OF INVESTMENT¹**

Lm thousands

Period	Productive	Infrastructure	Social	Total
1985	20,329	17,181	3,050	40,560
1986	18,855	18,830	7,124	44,809
1987	24,860	19,909	10,112	54,881
1988	25,734	15,478	9,252	50,464
1989	41,672	20,645	14,004	76,321
1990	49,509	44,121	14,646	108,276
1991	54,976	41,756	18,761	115,493
1992	32,310	9,032	16,675	58,017
1993	34,069	14,734	10,870	59,673
1994	36,323	13,993	12,024	62,340
1995	43,901	14,541	11,904	70,344
1996	36,818	19,282	17,418	73,527
1997 ²	50,256	32,344	20,792	103,392
1998	45,401	30,130	21,316	96,846
1999	52,480	27,515	26,137	106,129
2000	35,806	33,800	28,946	98,552
2000				
Jan.	4,671	768	808	6,247
Feb.	1,927	963	1,596	4,486
Mar.	1,640	2,196	1,847	5,683
Apr.	4,144	1,582	2,977	8,703
May	2,098	1,957	1,272	5,327
June	2,639	3,310	1,944	7,892
July	3,971	1,581	1,629	7,181
Aug.	1,549	1,770	1,888	5,208
Sept.	2,697	2,674	2,157	7,528
Oct.	2,854	3,573	3,040	9,468
Nov.	2,822	2,862	3,307	8,991
Dec	4,794	10,564	6,481	21,838
2001				
Jan.	3,946	818	2,246	7,010
Feb.	2,303	1,528	344	4,175
Mar.	3,984	2,521	3,970	10,475

¹ As from 1992, excludes capital expenditure incurred by Public Corporations/Authorities.

² Including a loan to Malta Drydocks amounting to Lm24.6m.

Source: *The Treasury*.

**TABLE 3.1 GROSS GOVERNMENT DEBT AND GOVERNMENT
GUARANTEED DEBT OUTSTANDING**

Ln thousands

End of Period	Domestic Debt			Foreign Loans	Total Government Debt	Government Guaranteed Debt ²
	Treasury Bills	Malta Government Stocks ¹	Total			
1995	71,406	285,951	357,357	53,433	410,790	414,488
1996	108,935	356,119	465,054	51,789	516,843	493,618
1997	89,980	523,369	613,349	50,449	663,798	495,230
1998	83,713	633,369	717,082	46,513	763,595	491,768
1999						
Mar.	111,078	633,369	744,447	46,513	790,960	499,401
Jun.	126,425	633,369	759,794	45,498	805,292	488,673
Sept.	102,254	712,184	814,438	43,965	858,403	486,408
Dec.	83,320	712,184	795,504	44,349	839,853	483,112
2000						
Mar.	114,263	712,184	826,447	44,006	870,453	490,091
Jun.	125,540	712,729	838,269	42,514	880,783	481,197
Sept.	144,976	712,729	857,705	42,533	900,238	479,921
Dec.	172,987	712,729	885,716	39,250	924,966	469,678
2001						
Mar.	167,836	712,729	880,565	38,868	919,433	440,033 ³

¹ Including Local Development Registered Stocks.

² Represents outstanding balances on Government guaranteed debt. Excludes guarantees on the MIGA and IBRD positions and Government guarantees on foreign loans taken by the Central Bank of Malta on behalf of Malta Government: These loans already feature in the calculation of Government foreign debt.

³ Provisional.

Source: Malta Stock Exchange; The Treasury; Ministry of Finance.

TABLE 3.2 TREASURY BILLS ISSUED AND OUTSTANDING¹*Lm thousands*

End of Period	Amount Maturing During Period	Amount Issued and Taken up by			Amount Outstanding ⁴ and held by		
		Banking System ²	Non-Bank ³ Public	Total	Banking System ²	Non-Bank ³ Public	Total
1990	50,000	59,960	40	60,000	29,987	13	30,000
1991	105,000	104,516	484	105,000	29,845	155	30,000
1992	120,000	117,415	2,585	120,000	27,949	2,051	30,000
1993	120,000	115,624	4,376	120,000	29,386	614	30,000
1994	120,000	117,845	2,155	120,000	29,387	613	30,000
1995	133,156	164,449	10,113	174,562	56,222	15,184	71,406
1996	296,171	164,584	169,116	333,700	84,429	24,506	108,935
1997	351,191	83,790	248,446	332,236	52,217	37,763	89,980
1998	255,783	44,300	205,216	249,516	52,432	31,281	83,713
1999	364,314	202,100	161,821	363,921	77,832	5,488	83,320
2000	341,869	276,611	154,925	431,536	123,599	49,388	172,987
2000							
Jan.	27,829	22,000	9,335	31,335	80,780	6,046	86,826
Feb.	9,072	16,939	9,602	26,541	91,941	12,354	104,295
Mar.	5,039	11,707	3,300	15,007	102,020	12,243	114,263
Apr.	13,214	23,900	14,419	38,319	117,084	22,284	139,368
May.	52,691	22,800	1,838	24,638	97,270	14,045	111,315
June.	15,007	21,497	7,735	29,232	106,844	18,696	125,540
July.	42,423	11,000	47,841	58,841	85,104	56,854	141,958
Aug.	29,668	34,000	3,418	37,418	98,731	50,977	149,708
Sept.	32,732	22,168	5,832	28,000	107,802	37,174	144,976
Oct.	42,426	29,500	10,433	39,933	119,822	22,661	142,483
Nov.	30,918	26,000	12,351	38,351	116,952	32,964	149,916
Dec.	40,850	35,100	28,821	63,921	123,599	49,388	172,987
2001							
Jan.	39,096	28,601	12,513	41,114	125,245	49,759	175,004
Feb.	16,770	18,500	2,580	21,080	144,047	35,267	179,314
Mar.	44,277	17,000	25,799	42,799	137,821	40,015	177,836

¹ Amounts are at nominal prices.² Including Central Bank of Malta, Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).³ Including the Malta Government Sinking Fund.⁴ On 1 December 1987, the House of Representatives raised the maximum amount of permissible outstanding bills from Lm2.5 million to Lm30 million. On 10 January 1995, the House of Representatives approved a motion empowering the Government to increase the issue of Treasury Bills from Lm30 million to Lm100 million. On 16 December 1996, the maximum amount of outstanding bills was raised from Lm100 million to Lm200 million.

TABLE 3.3 MALTA GOVERNMENT STOCKS
(Outstanding as at end - March 2001)

Lm thousands

Stock	Year of Maturity	Year of Issue	Issue Price Lm	Dates of Interest	Held By		Amount	
					Banking System	Non-Bank Public		
3.00 % LDRS	2001	1	1991	100	15 Jun. - 15 Dec.	309	191	500
3.00 % LDRS	2001 (II)	1	1991	100	17 Aug. - 17 Feb.	386	114	500
3.00 % LDRS	2001 (III)	1	1991	100	21 Mar. - 21 Sept.	868	132	1,000
3.00 % LDRS	2001 (IV)	1	1991	100	19 Oct. - 19 Apr.	617	83	700
6.15 % MGS	2001 (V)		1998	100	19 May - 19 Nov.	21,490	1,110	22,600
6.50 % MGS	2001		1994	100	15 July - 15 Jan.	1,417	583	2,000
6.50 % MGS	2001 (II)		1994	100	19 May - 19 Nov.	6,725	3,275	10,000
6.75 % MGS	2001 (III)		1995	100	28 Apr. - 1 Aug.	4,942	4,058	9,000
6.75 % MGS	2001 (IV)	2	1996	100	20 Jan. - 20 July	5,160	2,340	7,500
7.75 % MGS	2002		1992	100	3 Apr. - 3 Oct.	4,335	15,865	20,200
6.90 % MGS	2002 (II)		1995	100	10 Jun. - 10 Dec.	4,984	5,016	10,000
6.90 % MGS	2002 (III)		1995	100	30 Mar. - 30 Sept.	7,978	4,522	12,500
6.90 % MGS	2002 (IV)		1997	100	30 Mar. - 30 Sept.	19,952	3,798	23,750
7.00 % MGS	2003	3	1993	100	18 Feb. - 18 Aug.	9,852	18,215	28,067
7.00 % MGS	2003 (II)		1993	100	3 Jul. - 3 Jan.	6,502	14,331	20,833
6.70 % MGS	2004		1994	100	23 Apr. - 23 Oct.	9,398	9,302	18,700
6.80 % MGS	2004 (II)		1998	100	15 Jan. - 15 July	22,034	3,818	25,852
7.25 % MGS	2005		1997	100	10 Jun. - 10 Dec.	17,203	6,297	23,500
5.60 % MGS	2005 (II)		1999	100	1 Feb. - 1 Aug.	21,139	10,361	31,500
7.00 % MGS	2006	3	1994	100	19 May - 19 Nov.	1,279	8,721	10,000
7.00 % MGS	2006 (IV)		1996	100	20 Jan. - 20 July	-	167	167
7.25 % MGS	2006 (II)		1995	100	28 Apr. - 1 Aug.	5,188	14,062	19,250
7.25 % MGS	2006 (III)	2	1996	100	20 Jan. - 20 July	6,943	8,057	15,000
7.35 % MGS	2007		1997	100	18 Apr. - 18 Oct.	14,602	10,148	24,750
5.90 % MGS	2007 (II)		1999	100	23 Apr. - 23 Oct.	8,879	1,121	10,000
5.60 % MGS	2007 (III)		2000	100	10 Jun. - 10 Dec.	6,990	3,010	10,000
7.20 % MGS	2008		1998	100	28 Feb. - 15 July	8,416	1,584	10,000
7.20 % MGS	2008 (II)		1998	100	30 Mar. - 30 Sept.	18,601	11,399	30,000
7.00 % MGS	2009	3	1999	100	1 Mar. - 1 Sept.	-	65	65
5.90 % MGS	2009 (II)		1999	100	1 Mar. - 1 Sept.	11,980	13,020	25,000
5.90 % MGS	2009 (III)		2000	100	30 Mar. - 30 Sept.	13,508	3,992	17,500
5.90 % MGS	2010		1999	100	19 May - 19 Nov.	14,200	800	15,000
5.75 % MGS	2010 (II)		2000	100	10 Jun. - 10 Dec.	16,418	2,082	18,500
7.00 % MGS	2010 (III)	3	2000	100	30 Jun. - 30 Dec.	-	545	545
7.50 % MGS	2011		1996	100	28 Mar. - 28 Sept.	11,327	3,673	15,000
7.80 % MGS	2012		1997	100	24 May - 24 Nov.	14,622	19,878	34,500
7.80 % MGS	2013		1997	100	18 Apr. - 18 Oct.	14,308	19,942	34,250
6.60 % MGS	2014		2000	100	30 Mar. - 30 Sept.	730	9,770	10,500
6.10 % MGS	2015		2000	100	10 Jun. - 10 Dec.	7,162	22,838	30,000
6.65 % MGS	2016		2001	100	28 Mar. - 28 Sept.	2,948	27,052	30,000
7.80 % MGS	2018		1998	100	15 Jan. - 15 Jul.	26,967	43,033	70,000
6.60 % MGS	2019		1999	100	1 Mar. - 1 Sept.	11,290	32,710	44,000
Total						381,651	361,078	742,729

¹ Interest thereon exempted from income tax.

² Interest is payable on 20th January and 20th July except for the last coupon payment which is payable on the redemption date.

³ Coupons are reviewable every 2 years and will be set one percentage point less than the normal maximum lending rate allowed at law subject to a minimum of 7 %. Redemption proceeds are payable at Lm110 per Lm100 nominal.

Source: Malta Stock Exchange.

**TABLE 3.4 MALTA GOVERNMENT STOCKS
BY REMAINING TERM TO MATURITY¹**

Lm thousands

Period	1 yr	2-5 yrs	6-10 yrs	11-15 yrs	Over 16 yrs	Total
1985	5,500	21,885	-	-	-	27,385
1986	3,000	24,385	-	-	-	27,385
1987	6,885	18,500	2,000	-	-	27,385
1988	7,500	59,885	-	-	-	67,385
1989	1,000	71,585	-	-	-	72,585
1990	3,500	93,285	10,000	-	-	106,785
1991	5,500	106,285	25,400	-	-	137,185
1992	1,000	125,285	41,400	-	-	167,685
1993	49,885	84,367	90,300	-	-	224,552
1994	37,900	95,352	110,000	10,000	-	253,252
1995	7,000	158,651	120,300	-	-	285,951
1996	15,800	213,302	112,017	15,000	-	356,119
1997	48,452	279,800	111,367	83,750	-	523,369
1998	46,750	255,650	177,219	83,750	70,000	633,369
1999	79,000	221,202	199,232	98,750	114,000	712,184
2000	53,800	214,902	205,777	124,250	114,000	712,729

¹ Refers to the maximum redemption period.

**TABLE 3.5 GOVERNMENT EXTERNAL DEBT
BY TYPE OF CREDITOR**

Lm thousands

Period	Official Bilateral Entities ¹	Official Multilateral Organisations ²	Private Commercial Banks ³	Total
1985	39,472	3,052	-	42,524
1986	32,630	2,809	-	35,439
1987	27,319	2,522	-	29,841
1988	26,057	2,081	-	28,138
1989	23,978	2,911	-	26,889
1990	30,446	7,029	-	37,475
1991	31,806	12,901	-	44,707
1992	32,727	15,671	-	48,398
1993	34,383	16,097	-	50,480
1994	37,496	18,768	-	56,264
1995	30,268	15,150	8,015	53,433
1996	32,371	13,850	5,568	51,789
1997	30,200	15,666	4,583	50,449
1998	27,115	15,252	4,146	46,513
1999	28,101	12,344	3,904	44,349
2000	22,964	13,655	2,631	39,250
2001⁴				
March	22,690	13,657	2,521	38,868

¹ Bilateral loans are loans from governments and their agencies (including central banks), and loans from autonomous bodies.

² Multilateral organisations include the World Bank, regional development banks, and other multilateral and inter-governmental agencies.

³ Commercial bank loans from private banks or financial institutions.

⁴ Provisional.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end 1999)*.

**TABLE 3.6 GOVERNMENT EXTERNAL DEBT
BY CURRENCY**

Lm thousands

Period	FFr	Stg	DM	Yen	Euro	US\$	Lit	Others	Total
1985	488	7,830	5,519	-	2,654	10,897	38	15,098	42,524
1986	449	4,741	5,781	-	2,533	8,842	-	13,092	35,438
1987	401	4,365	5,672	-	2,368	6,858	-	10,176	29,840
1988	329	4,293	5,060	-	2,049	6,702	-	9,704	28,137
1989	300	3,616	5,092	-	2,901	6,152	-	8,829	26,890
1990	252	3,777	4,811	-	7,024	4,953	7,731	8,947	37,495
1991	200	3,686	4,515	-	12,901	4,431	9,833	9,140	44,706
1992	170	1,250	4,816	-	15,671	4,774	12,033	9,683	48,397
1993	109	1,283	4,373	-	16,097	4,355	15,596	8,667	50,480
1994	58	235	4,181	-	16,267	3,546	22,694	9,281	56,262
1995	34	-	3,930	7,574	9,041	2,896	22,309	7,649	53,433
1996	16	-	3,339	5,568	11,408	2,444	22,479	6,535	51,789
1997	-	-	2,801	4,583	10,500	7,268	22,001	3,296	50,449
1998	-	-	2,524	4,146	10,267	6,474	20,922	2,179	46,513
1999	-	-	2,036	3,904	9,549	6,945	19,835	2,080	44,349
2000	-	-	1,664	2,631	8,477	6,660	18,350	1,468	39,250
2001¹									
March	-	-	1,638	2,521	8,278	6,918	18,379	1,134	38,868

¹ Provisional.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end 1999).*

**TABLE 3.7 GOVERNMENT EXTERNAL DEBT
BY REMAINING TERM TO MATURITY**

Lm thousands

Period	1 yr	2-5 yrs	6-10 yrs	11-15 yrs	16-20 yrs	Over 20 yrs	Total
1985	38	1,573	10,972	14,865	10,806	4,270	42,524
1986	-	1,694	8,736	10,684	10,306	4,019	35,438
1987	151	1,105	11,453	7,242	6,170	3,720	29,841
1988	176	1,950	13,436	3,799	5,060	3,716	28,137
1989	23	1,459	12,710	3,699	5,092	3,906	26,889
1990	105	7,154	6,732	12,096	7,731	3,676	37,495
1991	34	11,877	4,960	14,229	9,833	3,774	44,707
1992	276	12,575	8,673	10,045	12,033	4,795	48,398
1993	-	15,200	5,766	9,232	15,596	4,687	50,480
1994	8,319	3,579	16,591	12,180	12,268	3,327	56,264
1995	206	2,142	23,486	11,662	12,529	3,408	53,433
1996	467	831	21,024	12,087	14,129	3,252	51,789
1997	452	3,114	16,255	23,167	4,398	3,062	50,449
1998	-	6,402	21,426	14,440	2,801	1,443	46,513
1999	-	6,013	20,944	13,353	2,693	1,346	44,349
2000	-	10,561	12,654	13,456	1,293	1,286	39,250
2001¹							
March	968	9,165	12,969	13,249	1,272	1,245	38,868

¹ Provisional.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end 1999).*

**TABLE 4.1 MALTESE LIRA EXCHANGE RATES
AGAINST MAJOR CURRENCIES¹**

End of Period Rates

End of Period	Stg	DM	US\$	Euro ²	Lit	FFr	NLG	Bfr	Yen	Sfr
1985	1.6378	5.7980	2.3593	2.6544	3955.37	17.789	6.532	118.673	472.76	4.896
1986	1.8341	5.2555	2.7090	2.5322	3661.89	17.405	5.935	109.511	432.97	4.393
1987	1.7151	5.0784	3.2081	2.4652	3753.48	17.240	5.714	106.365	390.83	4.113
1988	1.6775	5.3756	3.0107	2.5858	3954.55	18.344	6.070	112.871	378.90	4.555
1989	1.8539	5.0392	2.9686	2.5005	3771.61	17.233	5.694	105.831	426.81	4.589
1990	1.7335	5.0006	3.3249	2.4349	3769.61	17.007	5.636	103.271	451.19	4.261
1991	1.7457	4.9610	3.2724	2.4448	3759.17	16.952	5.590	102.181	408.46	4.437
1992	1.7652	4.3188	2.6725	2.2136	3940.60	14.731	4.851	88.663	332.99	3.907
1993	1.7106	4.3911	2.5309	2.2678	4326.57	14.917	4.912	91.327	283.32	3.748
1994	1.7381	4.2086	2.7166	2.2083	4410.43	14.511	4.714	86.484	270.86	3.562
1995	1.8315	4.0648	2.8377	2.1586	4496.45	13.898	4.552	83.513	292.69	3.266
1996	1.6377	4.3146	2.7807	2.2173	4244.37	14.542	4.843	88.873	323.12	3.747
1997	1.5411	4.5682	2.5497	2.3101	4485.89	15.284	5.146	94.213	331.79	3.712
1998	1.5935	4.4287	2.6496	2.2640	4382.63	14.870	4.990	91.360	300.71	3.645
1999	1.4983	4.7163	2.4230	2.4114	4669.13	15.818	5.314	97.276	247.64	3.870
2000	1.5305	4.8033	2.2843	2.4559	4755.26	16.110	5.412	99.070	262.25	3.738
2000										
Oct. 6	1.5151	4.9245	2.1932	2.5178	4875.21	16.516	5.549	101.569	238.80	3.840
13	1.4923	4.9614	2.1908	2.5367	4911.74	16.640	5.590	102.330	235.94	3.823
20	1.4905	5.0066	2.1558	2.5598	4956.55	16.792	5.641	103.264	234.80	3.853
27	1.4919	5.0242	2.1401	2.5688	4973.95	16.850	5.661	103.626	232.42	3.889
Nov. 3	1.5106	4.9333	2.1913	2.5224	4883.98	16.546	5.559	101.752	234.66	3.847
10	1.5230	4.9268	2.1814	2.5191	4877.56	16.524	5.551	101.618	234.68	3.834
17	1.5209	4.9512	2.1634	2.5315	4901.72	16.606	5.579	102.122	235.66	3.861
24	1.5229	4.9736	2.1428	2.5430	4923.85	16.681	5.604	102.583	238.43	3.865
Dec. 1	1.5279	4.9069	2.1925	2.5088	4857.80	16.457	5.529	101.206	244.95	3.797
8	1.5387	4.8561	2.2239	2.4829	4807.56	16.287	5.472	100.160	246.03	3.763
15	1.5201	4.8709	2.2342	2.4905	4822.23	16.336	5.488	100.466	251.08	3.757
22	1.5332	4.8135	2.2709	2.4611	4765.38	16.144	5.424	99.281	255.05	3.754
29	1.5305	4.8033	2.2843	2.4559	4755.26	16.110	5.412	99.070	262.25	3.738
2001										
Jan. 5	1.5425	4.7556	2.3161	2.4315	4708.02	15.950	5.358	98.086	269.60	3.714
12	1.5540	4.7526	2.3039	2.4300	4705.10	15.940	5.355	98.025	271.54	3.734
19	1.5553	4.7656	2.2892	2.4366	4717.89	15.983	5.370	98.292	269.06	3.720
26	1.5513	4.7959	2.2644	2.4521	4747.95	16.085	5.404	98.918	263.95	3.745
Feb. 2	1.5524	4.7739	2.2846	2.4408	4726.13	16.011	5.379	98.463	264.26	3.753
9	1.5637	4.7871	2.2572	2.4476	4739.25	16.055	5.394	98.737	265.30	3.753
16	1.5486	4.8141	2.2505	2.4614	4765.94	16.146	5.424	99.293	259.51	3.781
23	1.5455	4.8305	2.2390	2.4698	4782.22	16.201	5.443	99.632	260.61	3.786
Mar. 2	1.5527	4.7729	2.2852	2.4404	4725.20	16.008	5.378	98.444	272.23	3.753
9	1.5535	4.7816	2.2756	2.4448	4733.76	16.037	5.388	98.622	272.05	3.768
16	1.5494	4.8428	2.2229	2.4761	4794.32	16.242	5.457	99.884	272.43	3.810
23	1.5510	4.8499	2.2144	2.4797	4801.40	16.266	5.465	100.031	272.23	3.799
30	1.5440	4.8760	2.1966	2.4931	4827.27	16.354	5.494	100.570	275.49	3.806

¹ Closing Central Bank of Malta midpoint rate. The Maltese lira's exchange rate is determined on the basis of a basket of currencies which currently includes the Euro, the US dollar and the pound sterling.

² The Euro replaced the ECU as from January 1, 1999.

**TABLE 4.2 MALTESE LIRA EXCHANGE RATES
AGAINST MAJOR CURRENCIES¹**

Averages for the Period

Period	Stg	DM	US\$	Euro ²	Lit	FFr	NLG	Bfr	Yen	Sfr
1985	1.6580	6.2643	2.1385	2.8057	3750.50	19.121	7.066	126.340	507.67	5.225
1986	1.7374	5.5167	2.5482	2.5969	3788.76	17.609	6.221	113.492	427.88	4.535
1987	1.7696	5.2001	2.8981	2.5107	3750.50	17.391	5.859	108.044	419.37	4.313
1988	1.6987	5.3029	3.0251	2.5565	3928.82	17.989	5.968	111.002	387.38	4.417
1989	1.7528	5.3898	2.8712	2.6048	3932.95	18.288	6.080	112.939	395.63	4.688
1990	1.7701	5.0852	3.1527	2.4733	3769.83	17.135	5.730	105.132	453.01	4.368
1991	1.7526	5.1258	3.1002	2.4979	3831.59	17.429	5.777	105.531	416.50	4.429
1992	1.7853	4.9033	3.1459	2.4287	3860.86	16.621	5.521	100.964	398.43	4.414
1993	1.7435	4.3273	2.6171	2.2347	4109.74	14.819	4.861	90.425	291.39	3.869
1994	1.7295	4.2916	2.6486	2.2296	4265.86	14.676	4.813	88.427	270.60	3.617
1995	1.7961	4.0601	2.8355	2.1669	4616.27	14.138	4.548	83.530	266.46	3.350
1996	1.7780	4.1731	2.7745	2.1852	4279.88	14.188	4.676	85.881	301.75	3.428
1997	1.5825	4.4900	2.5921	2.2921	4410.82	15.113	5.053	92.645	313.53	3.758
1998	1.5547	4.5282	2.5758	2.2957	4469.45	15.180	5.104	93.404	336.67	3.730
1999	1.5468	4.5895	2.5032	2.3470	4544.39	15.395	5.172	94.677	284.84	3.756
2000	1.5080	4.8388	2.2855	2.4741	4790.43	16.229	5.452	99.803	246.27	3.853
2000										
Jan.	1.4895	4.7109	2.4438	2.4087	4663.81	15.800	5.308	97.165	257.19	3.879
Feb.	1.4929	4.7533	2.3903	2.4303	4705.81	15.942	5.356	98.040	261.57	3.906
Mar.	1.4943	4.7799	2.3594	2.4439	4732.09	16.031	5.386	98.588	251.49	3.922
Apr.	1.4767	4.8261	2.3384	2.4675	4777.80	16.186	5.438	99.540	246.59	3.883
May	1.4990	4.8749	2.2595	2.4925	4826.16	16.350	5.493	100.547	244.47	3.880
June	1.5348	4.7677	2.3145	2.4377	4719.99	15.990	5.372	98.335	245.79	3.805
July	1.5265	4.7904	2.3029	2.4493	4742.45	16.066	5.398	98.803	248.52	3.799
Aug.	1.5120	4.8645	2.2510	2.4872	4815.81	16.315	5.481	100.332	243.14	3.857
Sept.	1.5265	4.9110	2.1911	2.5110	4861.92	16.471	5.534	101.293	234.13	3.844
Oct.	1.4979	4.9725	2.1750	2.5424	4922.75	16.677	5.603	102.560	235.85	3.847
Nov.	1.5191	4.9505	2.1665	2.5311	4900.96	16.603	5.578	102.106	235.90	3.851
Dec.	1.5262	4.8642	2.2332	2.4870	4815.55	16.314	5.481	100.326	250.57	3.764
2001										
Jan.	1.5494	4.7729	2.2897	2.4403	4725.15	16.008	5.378	98.443	267.58	3.732
Feb.	1.5547	4.7961	2.2602	2.4522	4748.13	16.085	5.404	98.922	262.59	3.766
Mar.	1.5510	4.8190	2.2435	2.4639	4770.82	16.162	5.430	99.394	271.99	3.784

¹ Calculated on the arithmetic mean of the daily opening and closing Central Bank of Malta midpoint rates. From 1985 to 1987 annual averages for ECU/Lm are crossrates compiled from data issued by the IMF.

² The Euro replaced the ECU as from January 1, 1999.

TABLE 4.3 MALTA'S FOREIGN TRADE*Lm thousands*

Period	Exports (f.o.b.)			Imports (c.i.f.)	Balance of Trade
	Domestic	Re-Exports	Total		
1985	169,244	17,856	187,100	354,138	-167,038
1986	180,317	14,351	194,668	348,113	-153,445
1987	190,706	17,883	208,589	392,876	-184,287
1988	217,147	18,774	235,921	447,432	-211,511
1989	273,607	20,798	294,405	515,809	-221,404
1990	328,736	29,153	357,889	620,510	-262,621
1991	371,993	33,461	405,454	684,000	-278,546
1992	451,526	39,377	490,903	747,770	-256,867
1993	476,747	41,579	518,326	830,920	-312,594
1994	547,209	45,213	592,422	918,766	-326,344
1995	629,720	45,220	674,940	1,037,650	-362,710
1996	569,900	54,250	624,150	1,007,800	-383,650
1997	563,950	64,980	628,930	984,230	-355,300
1998	664,816	47,169	711,985	1,034,920	-322,935
1999	712,436	78,700	791,136	1,136,233	-345,097
2000 ¹	976,300	98,320	1,074,620	1,492,835	-418,215
2000¹					
Jan.	65,101	8,189	73,290	97,234	-23,944
Feb.	73,737	6,441	80,178	109,873	-29,695
Mar.	77,789	7,560	85,349	117,792	-32,443
Apr.	75,781	8,302	84,083	121,585	-37,502
May	82,989	9,681	92,670	129,519	-36,849
June	80,300	8,790	89,090	134,735	-45,645
July	79,330	8,549	87,879	127,747	-39,868
Aug.	73,144	8,468	81,612	119,349	-37,737
Sept.	94,902	7,746	102,648	121,346	-18,698
Oct.	91,680	7,290	98,970	156,590	-57,620
Nov.	96,050	10,020	106,070	138,922	-32,852
Dec.	85,500	7,280	92,780	118,143	-25,363
2001¹					
Jan.	74,794	5,700	80,494	109,970	-29,476
Feb.	68,007	5,815	73,822	102,558	-28,736
Mar.	80,807	6,858	87,665	120,186	-32,521

¹ Provisional.

Note: Figures may not add up due to rounding.

Source: National Statistics Office.

TABLE 4.4 DIRECTION OF TRADE - TOTAL EXPORTS*Lm thousands*

Period	United Kingdom	Italy	Germany ¹	France	Other EU	Libya	United States	Others	Total
1985	29,940	17,691	57,291	5,069	14,513	11,948	11,884	38,763	187,099
1986	26,554	20,986	61,916	6,652	13,494	9,729	14,872	40,465	194,668
1987	28,354	30,045	64,492	4,772	13,638	18,494	16,080	32,714	208,589
1988	31,022	41,132	63,918	9,869	14,492	14,585	26,304	34,599	235,921
1989	31,489	89,333	66,087	15,616	15,886	15,917	16,430	43,648	294,406
1990	31,778	123,792	73,359	25,259	18,717	18,324	13,682	52,979	357,890
1991	29,699	156,341	72,138	36,739	20,092	22,343	17,026	51,076	405,454
1992	32,132	200,151	69,845	44,564	23,014	20,682	28,430	72,084	490,902
1993	41,826	167,140	81,008	53,947	27,835	25,136	38,897	82,537	518,326
1994	43,533	221,396	83,412	57,824	27,986	20,895	44,941	92,436	592,423
1995	50,654	205,015	101,243	82,417	42,762	15,221	62,918	114,716	674,946
1996	51,991	77,849	90,249	93,402	41,618	15,907	84,350	168,785	624,151
1997	51,219	35,726	82,171	121,705	54,486	25,122	91,201	167,283	628,913
1998	54,626	34,388	89,726	147,450	49,502	19,382	129,208	187,703	711,985
1999	73,202	38,858	99,390	120,388	50,344	20,194	168,621	220,144	791,141
2000 ²	78,681	36,349	103,087	86,170	54,977	15,443	293,857	406,096	1,074,620
2000²									
Jan.	7,118	2,400	7,210	9,275	4,267	459	18,626	23,935	73,290
Feb.	6,416	3,528	9,783	7,754	4,806	2,698	19,611	25,582	80,178
Mar.	6,836	3,564	9,354	4,740	4,021	1,207	20,129	35,498	85,349
Apr.	6,659	3,252	9,179	5,570	5,163	814	22,233	31,213	84,083
May	5,800	3,209	9,508	7,463	4,299	765	26,284	35,342	92,670
June	4,836	3,653	8,625	9,004	3,884	643	28,240	30,205	89,090
July	6,603	2,700	8,790	5,282	4,296	927	25,184	34,097	87,879
Aug.	5,182	2,207	7,507	5,060	2,279	1,611	23,380	34,386	81,612
Sept.	6,511	3,388	7,979	8,439	4,544	2,632	28,832	40,323	102,648
Oct.	6,422	3,466	7,114	7,446	5,103	825	28,274	40,320	98,970
Nov.	10,161	2,770	10,726	7,481	6,611	2,070	26,488	39,763	106,070
Dec.	6,137	2,212	7,312	8,656	5,704	792	26,533	35,434	92,780
2001²									
Jan.	4,761	2,246	8,804	7,574	4,526	427	21,783	30,373	80,494
Feb.	6,090	2,738	9,538	7,217	5,828	1,506	12,631	28,274	73,822
Mar.	8,048	2,459	10,232	9,326	5,751	950	19,250	31,649	87,665

¹ Figures prior to 1990 are for West Germany only.² Provisional.

Note: Figures may not add up due to rounding.

Source: National Statistics Office.

TABLE 4.5 DIRECTION OF TRADE - IMPORTS

Lm thousands

Period	United Kingdom	Italy	Netherlands	France	Germany ¹	Other EU	United States	Others	Total
1985	65,746	81,846	10,663	14,509	63,100	22,132	20,314	75,828	354,138
1986	61,306	81,153	10,962	14,746	65,832	18,035	18,156	77,923	348,113
1987	67,589	74,482	12,562	13,602	68,231	21,982	42,131	92,297	392,876
1988	79,917	99,675	12,882	22,157	66,173	20,558	42,707	103,363	447,432
1989	82,304	155,780	14,723	28,596	66,446	35,433	20,184	112,343	515,809
1990	92,222	202,374	17,238	44,924	72,796	37,851	20,778	132,327	620,510
1991	100,648	248,463	20,153	31,658	75,155	38,730	27,737	141,456	684,000
1992	96,218	282,198	24,122	47,146	80,318	43,329	23,648	150,791	747,770
1993	111,392	225,929	21,927	69,763	118,712	46,929	72,449	163,819	830,920
1994	140,714	243,155	21,663	77,226	161,547	51,091	46,770	176,600	918,766
1995	161,570	284,777	23,817	86,623	126,235	76,374	62,350	215,911	1,037,657
1996	144,072	196,735	26,944	159,824	94,840	68,680	69,610	247,091	1,007,796
1997	145,152	199,137	25,712	163,026	98,276	71,505	77,968	203,455	984,231
1998	128,216	199,383	25,486	184,340	108,291	71,360	91,920	225,925	1,034,921
1999	123,736	189,873	25,697	217,021	113,569	73,175	95,964	297,199	1,136,234
2000 ²	120,362	242,705	29,636	287,218	121,988	91,683	159,192	440,047	1,492,835
2000²									
Jan.	7,813	17,390	1,758	16,116	7,916	5,588	8,188	32,465	97,234
Feb.	9,714	21,702	2,036	20,274	10,083	6,727	10,514	28,823	109,873
Mar.	10,987	21,919	2,456	21,671	10,544	7,404	11,065	31,745	117,791
Apr.	10,984	19,952	2,067	17,340	9,876	6,576	11,951	42,839	121,585
May	10,266	20,364	2,315	26,984	9,541	8,766	11,875	39,407	129,518
June	8,992	20,170	3,628	21,216	10,833	6,971	17,622	45,304	134,736
July	11,235	23,759	2,525	21,246	11,311	9,753	13,915	34,003	127,747
Aug.	8,746	16,712	2,644	25,498	9,265	7,430	12,361	36,693	119,349
Sept.	9,415	21,243	2,033	21,775	10,526	6,136	12,344	37,874	121,346
Oct.	11,759	20,330	2,958	33,626	12,054	9,757	17,812	48,291	156,587
Nov.	10,163	21,199	3,229	36,382	10,436	8,405	16,264	32,844	138,922
Dec.	10,288	17,965	1,987	25,090	9,603	8,170	15,281	29,759	118,143
2001²									
Jan.	9,111	19,816	2,509	23,639	8,596	6,810	12,285	27,204	109,970
Feb.	8,762	25,696	2,384	15,263	9,167	7,093	9,276	24,917	102,558
Mar.	11,038	22,648	2,022	16,487	9,950	9,043	13,411	35,587	120,186

¹ Figures prior to 1990 are for West Germany only.

² Provisional.

Note: Figures may not add up due to rounding.

Source: National Statistics Office.

TABLE 4.6 DOMESTIC EXPORTS BY COMMODITY SECTIONS*Lm thousands*

Period	Food and Live Animals	Beverages and Tobacco	Crude Materials Inedible except Fuels	Mineral Fuels etc.	Animal/Vegetable Fats and Oils	Chemicals	Semi-Manufactured Goods	Machinery and Transport Equipment	Manufactured Articles	Miscellaneous	Total
1985	6,202	5,410	1,603	616	21	1,953	17,953	33,371	101,990	125	169,244
1986	4,561	4,864	1,247	16	3	2,404	20,210	45,021	101,868	121	180,317
1987	4,208	4,569	1,541	20	1	2,911	23,099	54,949	99,322	86	190,706
1988	4,967	2,661	2,015	2	12	2,532	24,960	83,646	96,228	124	217,147
1989	5,077	2,091	2,560	8	8	3,022	28,033	137,137	95,529	142	273,607
1990	4,743	2,285	1,979	112	1	3,879	29,762	174,036	111,729	208	328,736
1991	5,561	2,559	1,201	29	-	6,245	28,986	216,011	110,629	772	371,993
1992	7,884	1,779	1,241	31	-	8,645	31,540	274,651	124,596	1,159	451,526
1993	9,588	1,551	1,940	-	-	10,121	33,082	280,385	139,794	285	476,746
1994	10,981	1,265	1,333	35	-	10,305	34,714	356,582	131,910	83	547,209
1995	8,379	1,868	1,616	3	-	11,275	37,524	425,897	142,620	541	629,723
1996	10,734	2,866	1,477	54	1	14,330	42,109	354,578	143,376	377	569,901
1997	13,657	2,136	2,325	26	-	14,697	42,658	342,551	145,694	188	563,932
1998	13,481	2,138	1,523	9	2	13,242	48,237	444,893	140,740	550	664,816
1999	15,487	2,076	1,446	-	-	14,218	50,062	475,472	152,619	1,055	712,441
2000 ¹	17,210	3,538	2,123	-	-	12,975	54,107	736,639	149,600	147	976,342
2000¹											
Jan.	385	15	344	-	-	810	3,659	51,342	8,465	80	65,101
Feb.	965	97	357	-	-	941	5,317	53,454	12,600	6	73,737
Mar.	748	253	151	-	-	1,086	4,917	56,958	13,668	8	77,789
Apr.	1,604	302	71	-	-	863	4,362	56,549	12,029	1	75,781
May	1,970	459	186	-	-	706	4,628	62,897	12,126	16	82,989
June	1,368	402	189	-	-	1,094	4,873	61,272	11,095	7	80,300
July	1,565	283	162	-	-	1,161	4,652	56,966	14,541	-	79,330
Aug.	2,221	326	84	-	-	953	3,917	55,211	10,423	10	73,144
Sept.	2,426	228	123	-	-	1,470	4,289	72,514	13,851	-	94,901
Oct.	1,072	303	169	-	-	1,079	3,855	72,447	12,750	-	91,677
Nov.	1,867	586	208	-	-	1,540	6,226	69,151	16,470	-	96,047
Dec.	1,019	284	79	-	-	1,272	3,412	67,878	11,582	19	85,545
2001¹											
Jan.	1,742	291	111	-	-	1,668	4,112	55,175	11,686	9	74,794
Feb.	693	348	186	-	-	1,261	3,732	48,627	13,142	18	68,007
Mar.	610	505	116	-	-	1,439	4,948	59,804	13,346	39	80,807

¹ Provisional.

Note: Figures may not add up due to rounding.

Source: National Statistics Office.

TABLE 4.7 IMPORTS BY COMMODITY SECTIONS

Ln thousands

Period	Food and Live Animals	Beverages and Tobacco	Crude Materials Inedible except Fuels	Mineral Fuels etc.	Animal/Vegetable Fats and Oils	Chemicals	Semi-Manufactured Goods	Machinery and Transport Equipment	Manufactured Articles	Miscellaneous	Total
1985	45,515	9,029	6,715	42,468	2,722	25,675	99,045	85,291	32,452	5,227	354,139
1986	39,027	9,857	6,858	20,953	1,418	27,908	101,589	96,466	38,540	5,497	348,113
1987	41,781	8,667	7,515	25,065	1,533	30,817	100,904	128,181	38,306	10,107	392,876
1988	46,779	8,736	8,817	20,346	1,620	34,705	104,787	166,198	45,423	10,021	447,432
1989	53,383	7,766	7,748	32,607	1,623	36,041	114,386	208,388	47,100	6,764	515,806
1990	53,916	7,378	12,517	31,775	1,815	42,700	120,135	284,110	54,455	11,707	620,509
1991	61,587	8,105	12,622	34,637	1,999	46,720	124,487	321,740	61,572	10,531	684,000
1992	66,414	7,691	13,692	35,054	2,125	50,691	126,723	361,673	74,568	9,139	747,770
1993	70,509	8,773	13,934	38,972	2,298	56,392	130,377	416,097	86,818	6,750	830,920
1994	64,696	14,526	16,526	40,765	2,479	63,575	131,231	482,024	93,266	9,678	918,766
1995	87,514	14,090	14,901	40,897	2,820	70,804	143,680	533,304	120,907	8,740	1,037,657
1996	91,768	13,590	12,842	53,763	2,867	74,282	141,770	486,082	119,614	11,218	1,007,796
1997	97,815	16,640	13,197	51,820	2,537	78,930	140,829	459,604	113,202	9,657	984,231
1998	96,699	15,541	14,478	39,281	2,789	80,132	143,251	520,242	113,370	9,139	1,034,921
1999	99,416	18,002	13,187	58,725	2,345	82,431	140,688	594,148	118,875	8,417	1,136,239
2000 ¹	103,942	18,993	13,597	104,733	2,239	92,757	144,997	853,261	147,926	10,385	1,492,835
2000 ¹											
Jan.	7,997	1,087	773	8,612	124	6,736	10,290	54,792	6,385	440	97,234
Feb.	7,659	709	1,453	6,708	345	7,309	11,906	61,226	11,865	692	109,873
Mar.	8,765	1,271	1,289	7,949	136	8,136	12,586	64,400	12,453	806	117,792
Apr.	8,805	1,727	913	10,546	213	7,344	11,492	66,016	13,707	823	121,585
May.	9,015	1,247	1,199	5,861	196	8,077	14,945	75,592	12,053	1,334	129,519
June	7,177	1,559	1,343	10,028	198	7,966	12,363	81,719	11,762	620	134,736
July	7,247	2,362	995	9,972	145	7,719	12,734	71,578	14,173	821	127,747
Aug.	9,246	1,867	845	6,316	165	7,374	10,237	71,689	10,657	952	119,348
Sept.	8,820	2,032	1,140	10,692	111	7,548	10,254	69,100	10,727	920	121,346
Oct.	9,438	1,826	1,277	15,606	190	8,753	13,312	87,416	17,942	828	156,586
Nov.	10,243	1,682	1,178	7,300	296	8,388	14,237	79,488	14,610	1,501	138,922
Dec.	9,530	1,624	1,192	5,143	120	7,407	10,641	70,245	11,592	648	118,143
2001 ¹											
Jan.	6,473	957	916	8,751	161	8,995	11,833	61,450	9,496	938	109,970
Feb.	6,927	1,731	1,382	13,703	153	6,692	11,530	50,666	8,920	853	102,558
Mar.	9,184	2,332	1,077	11,821	171	7,841	13,330	61,921	11,504	1,005	120,186

¹ Provisional

Note: Figures may not add up due to rounding.

Source: National Statistics Office.

TABLE 5.1 GROSS NATIONAL PRODUCT
By Category of Expenditure at Current Market Prices

Lm thousands

Period	Consumers' Expenditure ¹	Government Consumption Expenditure ²	Gross Fixed Capital Formation ³	Inventory Changes ⁴	Exports of Goods & Services	Total Final Expenditure	Less Imports of Goods & Services	Gross Domestic Product	Net Investment Income from Abroad ⁵	Gross National Product
1985	333,239	84,309	125,871	7,883	345,155	896,457	420,475	475,982	38,785	514,767
1986	343,369	89,508	122,327	8,179	370,228	933,611	421,742	511,869	28,056	539,925
1987	351,187	98,249	153,453	-2,377	429,593	1,030,105	480,934	549,171	30,661	579,832
1988	387,567	105,185	166,405	8,150	480,024	1,147,331	540,880	606,451	28,343	634,794
1989	425,515	119,613	188,437	9,903	543,463	1,286,931	616,792	670,139	35,763	705,902
1990	460,845	129,153	232,611	12,668	626,415	1,461,692	726,947	734,745	55,017	789,762
1991	494,504	147,055	239,144	15,556	701,865	1,598,124	791,249	806,875	49,663	856,538
1992	531,350	164,335	240,874	145	804,056	1,740,760	866,010	874,750	41,695	916,445
1993	561,498	188,862	276,804	3,708	896,325	1,927,197	987,163	940,034	35,481	975,515
1994	608,288	209,519	305,388	9,957	994,410	2,127,562	1,099,028	1,028,534	19,331	1,047,865
1995	700,425	235,205	365,175	1,183	1,074,708	2,376,696	1,231,172	1,145,524	11,952	1,157,476
1996	764,901	259,790	345,265	-1,424	1,045,593	2,414,125	1,212,839	1,201,286	3,185	1,204,471
1997	803,493	264,053	326,443	3,009	1,095,775	2,492,773	1,204,554	1,288,219	4,096	1,292,315
1998	846,002	269,039	333,561	-10,657	1,194,676	2,632,621	1,270,297	1,362,324	-27,377	1,334,947
1999	915,013	272,587	339,975	8,287	1,321,307	2,857,169	1,402,167	1,455,002	12,437	1,467,439
2000 ⁶	991,210	290,591	408,954	15,523	1,615,482	3,321,760	1,765,705	1,556,055	-66,237	1,489,818
2000⁶										
Mar.	232,776	72,254	93,375	17,499	342,769	758,673	391,436	367,237	12,403	379,640
June	252,052	71,809	109,953	15	403,231	837,060	452,953	384,107	-5,835	378,272
Sept.	252,417	68,732	102,105	-11,100	439,648	851,802	451,325	400,477	3,406	403,883
Dec.	253,965	77,796	103,521	9,109	429,834	874,225	469,991	404,234	-76,211	328,023

¹ Expenditure on consumption of goods and services by persons and non-profit making bodies.

² Excludes transfer payments (social security benefits, subsidies and grants) and capital expenditure.

³ Expenditure on fixed capital assets by the Government as well as the private and parastatal sectors.

⁴ Increase in the quantity of stocks and work in progress held by the Government and trading enterprises. This is obtained as a residual and therefore contains the error term.

⁵ Income from foreign investments held by private individuals and corporations, the Government and the banking sector, less interest payments by local banks to non-resident deposit holders, dividends payable to non-resident shareholders, as well as undistributed profits of non-resident owned companies.

⁶ Provisional.

Source: National Statistics Office.

TABLE 5.2 TOURIST ARRIVALS BY NATIONALITY

Period	United Kingdom	Italy	North Africa ¹	Germany ²	Scandinavian Countries ³	United States	All Others	Total
1985	256,468	43,810	49,603	56,998	19,990	6,836	84,159	517,864
1986	329,390	36,475	28,484	59,711	23,177	5,199	91,753	574,189
1987	446,686	43,551	48,014	70,228	22,484	7,099	107,881	745,943
1988	476,578	50,678	40,669	77,644	22,533	8,734	107,010	783,846
1989	492,899	53,223	34,111	91,717	23,273	9,831	123,257	828,311
1990	450,002	64,039	38,881	130,203	29,444	9,934	149,273	871,776
1991	458,523	64,008	50,094	136,452	17,891	8,809	159,259	895,036
1992	525,629	76,045	43,882	153,531	21,851	9,302	172,142	1,002,382
1993	520,778	85,671	53,465	176,077	21,276	10,314	195,632	1,063,213
1994	530,385	98,746	45,337	200,281	29,920	11,973	259,581	1,176,223
1995	461,159	97,384	43,534	187,761	32,979	10,945	282,209	1,115,971
1996	398,899	89,439	56,958	184,110	33,338	11,969	279,075	1,053,788
1997	436,899	90,190	45,702	193,020	33,576	14,924	296,850	1,111,161
1998	448,763	90,558	44,508	203,199	35,414	17,641	342,157	1,182,240
1999	422,368	92,726	52,537	212,430	46,365	18,558	369,156	1,214,230
2000	428,780	92,522	52,273	204,749	46,273	19,269	371,846	1,215,712
2000								
Jan.	14,674	2,623	3,986	10,976	1,619	994	9,845	44,717
Feb.	21,473	2,545	3,650	11,978	1,806	1,032	13,003	55,487
Mar.	28,654	4,786	4,485	19,431	2,907	1,651	20,152	82,066
Apr.	36,082	8,108	3,146	24,858	4,791	1,503	39,152	117,640
May	40,982	5,502	4,175	19,489	5,073	1,924	35,657	112,802
June	42,050	9,507	4,754	19,054	5,213	2,053	38,072	120,703
July	49,278	13,329	6,026	21,446	6,319	2,002	54,363	152,763
Aug.	52,760	22,528	6,449	18,174	4,054	1,651	49,705	155,321
Sept.	48,321	8,857	4,826	19,021	6,128	1,740	43,633	132,526
Oct.	41,848	5,322	3,747	20,234	5,106	2,075	33,415	111,747
Nov.	29,048	3,373	3,849	11,055	2,062	1,559	17,121	68,067
Dec.	23,610	6,042	3,182	9,033	1,195	1,085	17,726	61,873
2001								
Jan.	18,983	2,838	3,046	6,635	1,313	1,142	10,096	44,053
Feb.	22,328	2,845	2,371	10,823	1,942	1,270	14,313	55,892
Mar.	33,631	5,044	3,126	14,474	3,690	1,755	23,388	85,108

¹ North African countries include Algeria, Egypt, Libya, Morocco and Tunisia.

² Figures prior to 1990 are for West German tourists only.

³ Scandinavian countries include Denmark, Norway and Sweden.

Source: National Statistics Office.

TABLE 5.3 LABOUR MARKET

End of Period	Labour Supply			Gainfully Occupied			Unemployment ¹					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Amount	Percent ²	Amount	Percent ³	Amount	Percent
1985	92,835	29,850	122,685	85,058	27,689	112,747	7,777	8.4	2,161	7.2	9,938	8.1
1986	93,404	30,204	123,608	86,785	28,324	115,109	6,619	7.1	1,880	6.2	8,499	6.9
1987	95,764	31,787	127,551	91,133	30,788	121,921	4,631	4.8	999	3.1	5,630	4.4
1988	97,633	32,493	130,126	93,475	31,498	124,973	4,158	4.3	995	3.1	5,153	4.0
1989	98,040	32,916	130,956	93,980	32,155	126,135	4,060	4.1	761	2.3	4,821	3.7
1990	98,655	33,628	132,283	94,331	32,865	127,196	4,324	4.4	763	2.3	5,087	3.8
1991	100,039	35,218	135,257	96,029	34,309	130,338	4,010	4.0	909	2.6	4,919	3.6
1992	101,470	35,687	137,157	96,982	34,627	131,609	4,488	4.4	1,060	3.0	5,548	4.0
1993	102,086	36,348	138,434	96,813	35,446	132,259	5,273	5.2	902	2.5	6,175	4.5
1994	100,424	35,677	136,101	95,593	34,923	130,516	4,831	4.8	754	2.1	5,585	4.1
1995	103,211	36,868	140,079	98,778	36,054	134,832	4,433	4.3	814	2.2	5,247	3.7
1996	104,058	38,332	142,390	98,878	37,267	136,145	5,180	5.0	1,065	2.8	6,245	4.4
1997	104,747	39,190	143,937	98,700	38,088	136,788	6,047	5.8	1,102	2.8	7,149	5.0
1998	104,908	39,916	144,824	98,478	38,909	137,387	6,430	6.1	1,007	2.5	7,437	5.1
1999	104,848	41,053	145,901	98,237	39,969	138,206	6,611	6.3	1,084	2.6	7,695	5.3
2000	105,316	42,384	147,700	99,651	41,466	141,117	5,665	5.4	918	2.2	6,583	4.5
2000												
Jan.	105,019	41,322	146,341	98,188	40,166	138,354	6,831	6.5	1,156	2.8	7,987	5.5
Feb.	105,205	41,464	146,669	98,378	40,295	138,673	6,827	6.5	1,169	2.8	7,996	5.5
Mar.	105,345	41,567	146,912	98,672	40,474	139,146	6,673	6.3	1,093	2.6	7,766	5.3
Apr.	105,263	41,692	146,955	98,827	40,676	139,503	6,436	6.1	1,016	2.4	7,452	5.1
May	105,228	41,717	146,945	99,104	40,750	139,854	6,124	5.8	967	2.3	7,091	4.8
June	105,133	41,860	146,993	99,433	40,951	140,384	5,700	5.4	909	2.2	6,609	4.5
July	105,789	42,550	148,339	100,087	41,449	141,536	5,702	5.4	1,101	2.6	6,803	4.6
Aug.	105,853	42,703	148,556	100,262	41,618	141,880	5,591	5.3	1,085	2.5	6,676	4.5
Sept.	105,816	42,635	148,451	100,176	41,681	141,857	5,640	5.3	954	2.2	6,594	4.4
Oct.	105,465	42,599	148,064	99,935	41,691	141,626	5,530	5.2	908	2.1	6,438	4.3
Nov.	105,156	42,382	147,538	99,580	41,486	141,066	5,576	5.3	896	2.1	6,472	4.4
Dec.	105,316	42,384	147,700	99,651	41,466	141,117	5,665	5.4	918	2.2	6,583	4.5
2001												
Jan.	105,600	42,396	147,996	99,851	41,464	141,315	5,749	5.4	932	2.2	6,681	4.5
Feb.	105,856	42,541	148,397	100,084	41,609	141,693	5,772	5.5	932	2.2	6,704	4.5
Mar.	105,627	42,594	148,221	100,084	41,669	141,753	5,666	5.4	925	2.2	6,591	4.4

¹ Figures of unemployment exclude recruitment in the Emergency Labour Corps (set up in May 1972), the Pioneer Corps (set up in

² As a percentage of male labour supply.

³ As a percentage of female labour supply.

Source: Department of Labour up to June 1991.

Employment and Training Corporation as from July 1991.

TABLE 5.4 BUILDING APPLICATIONS APPROVED BY PURPOSE AND FLOOR SPACE AREA

sq. m (thousands)

	Agricultural	Manufacturing	Tourism	Offices/Retail/ Warehousing	Dwellings	Parking	Recreational/ Social	Total
1993	10,057	26,158	5,065	65,912	143,286	80,219	25,848	356,545
1994	9,444	50,168	22,606	91,499	191,340	119,938	95,217	580,212
1995	13,690	66,548	38,549	86,630	283,814	208,562	62,396	760,189
1996	25,868	37,844	11,917	134,701	201,590	109,201	144,300	665,421
1997	9,020	74,589	12,244	124,755	273,158	178,582	19,397	691,745
1996								
Mar.	5,512	19,163	10,935	57,340	98,760	60,831	93,739	346,280
June	7,123	15,583	982	62,399	67,215	36,629	40,891	230,822
Sept.	12,121	952	-	4,796	10,472	6,308	2,797	37,446
Dec.	1,112	2,146	-	10,166	25,143	5,433	6,873	50,873
1997								
Mar.	1,037	7,080	176	32,499	55,573	35,086	11,223	142,674
June	3,002	11,329	7,350	31,004	68,512	38,043	3,116	162,356
Sept.	4,388	27,363	7,350	31,340	96,511	56,814	3,078	226,844
Dec.	593	28,817	4,718	29,912	52,562	48,639	1,980	167,221

Source: Planning Authority.

TABLE 5.5 NUMBER OF APPLICATIONS APPROVED BY TYPE OF DWELLING

	Apartments	Maisonettes	Terraced Houses	Other	Total
1993	1,192	651	1,016	114	2,973
1994	1,744	1,219	1,014	149	4,126
1995	2,142	1,114	1,160	195	4,611
1996	1,862	1,399	745	221	4,227
1997	1,441	1,030	462	92	3,025
1998	2,587	1,125	434	152	4,298
1999	2,480	879	348	106	3,813

Source: Planning Authority.

TABLE 5.6 INFLATION RATES¹
(Base 1946 = 100)

Year	Index	Inflation Rate (%)	Year	Index	Inflation Rate (%)	
1946	100.00	-	<i>(Continued)</i>			
1947	104.90	4.90		1974	234.16	7.28
1948	113.90	8.58		1975	254.77	8.80
1949	109.70	-3.69		1976	256.20	0.56
1950	116.90	6.56		1977	281.84	10.01
1951	130.10	11.29		1978	295.14	4.72
1952	140.30	7.84		1979	316.21	7.14
1953	139.10	-0.86		1980	366.06	15.76
1954	141.20	1.51		1981	408.16	11.50
1955	138.80	-1.70		1982	431.83	5.80
1956	142.00	2.31		1983	428.06	-0.87
1957	145.70	2.61		1984	426.18	-0.44
1958	148.30	1.78		1985	425.17	-0.24
1959	151.10	1.89		1986	433.67	2.00
1960	158.80	5.10		1987	435.47	0.42
1961	164.84	3.80		1988	439.62	0.95
1962	165.16	0.19		1989	443.39	0.86
1963	168.18	1.83		1990	456.61	2.98
1964	172.00	2.27		1991	468.21	2.54
1965	174.70	1.57		1992	475.89	1.64
1966	175.65	0.54		1993	495.59	4.14
1967	176.76	0.63		1994	516.06	4.13
1968	180.42	2.07		1995	536.61	3.98
1969	184.71	2.38		1996	549.95	2.49
1970	191.55	3.70		1997 ²	567.95	3.27
1971	196.00	2.32		1998	580.61	2.23
1972	202.52	3.33		1999	593.00	2.13
1973	218.26	7.77		2000	607.07	2.37

¹ The index of Inflation (Base 1946=100) is compiled by the National Statistics Office on the basis of the Retail Price Index in terms of Section 10C of the Housing (Decontrol) (Amendment) Act 1979.

² Following the revision of the utility rates in November 1998, the index and the rate of inflation for the year 1997 were revised to 567.08 and 3.11% respectively. Consequently, the rate of inflation for 1998 would stand at 2.39%.

TABLE 5.7 RETAIL PRICE INDEX¹

(Base 1995 = 100)

Period	All Items
1985	78.87
1986	80.47
1987	80.81
1988	81.57
1989	82.28
1990	84.73
1991	86.88
1992	88.30
1993	91.96
1994	95.76
1995	99.57
1996	102.05
1997	105.39
1998	107.74
1999	110.04
2000	112.65
2000	
Jan.	112.24
Feb.	112.05
Mar.	112.28
Apr.	111.78
May	112.69
June	112.23
July	112.32
Aug.	112.44
Sept.	112.80
Oct.	113.35
Nov.	114.09
Dec.	113.51
2001	
Jan.	112.95
Feb.	113.26
Mar.	113.94

¹ The New Retail Price Index, which has an "All Items" reading only, is based on the Household Budgetary Survey carried out in 1994 -95. As it has different weighting structure, reflecting the changed expenditure patterns that emerged from the survey, it is not continuous with the old (1991=100) index.

Source: National Statistics Office.

General Methodological Notes on the Compilation of Money and Banking Statistics

General Standards

The methodology underlying the compilation of monetary and banking statistics in the *Quarterly Review* is consistent with internationally agreed statistical and economic concepts, definitions, and classification as published in the International Monetary Fund's (IMF) "A Guide to Money and Banking Statistics in International Financial Statistics" (1984).

Determination of Residence

Monetary data are based on the classification of transactions by the residence of the transactors. The transactors in the institutional sectors may either be **residents** or **non-residents** of Malta, a transactor being that economic entity that is capable in its own right of owning assets, incurring liabilities and engaging in economic activities with other entities. Thus, transactors comprise (a) households and (b) enterprises. The internationally agreed *residence* criterion for the purposes of statistical compilation is based on the transactor's 'centre of economic interest'. Thus, an enterprise (or a household) is considered to be a resident of Malta (the economic territory) when it is engaged in a significant amount of production of goods and/or services in that country or when it owns or rents land or buildings located there. The enterprise must maintain at least one production establishment indefinitely over a period of at least one year (in economic activities and transactions on a significant scale). The economic territory includes free enterprise zones and bonded warehouses or factories operated by offshore enterprises under customs control. Transactors not meeting the above-mentioned criteria are considered to be **non-resident** units, i.e. units that have their 'centre of economic interest' in other countries. Most offshore companies which are registered in Malta are treated as non-resident units, since they do not have a centre of economic interest in Malta. Furthermore, diplomatic bodies, embassies, consulates, military establishments and other entities of a foreign government located in Malta are considered as residents of the country they are representing and not of the country where they are located.

Sector Classification of the Maltese Economy

The sectors of the Maltese economy, for statistical reporting purposes, are currently broken down by their primary activity into:

- (a) Banking Institutions
- (b) General/Central Government
- (c) Private Corporate/Business (non-bank) enterprises
- (d) Public Corporations and Authorities
- (e) Personal (or Households)

In addition to the above, there are those transactors that are considered to be non-residents (also referred to as the 'external sector' or the 'rest of the world').

- (a) **Banking Institutions** are divided into the four constituent subsectors of the banking system in Malta, namely:
 - (i) Central Bank of Malta

- (ii) Deposit Money Banks (DMB)
- (iii) Other Banking Institutions (OBI)
- (iv) International Banking Institutions (IBI)

The **Central Bank of Malta** is a distinct corporate body having specialised functions. It is assigned the responsibilities normally assigned to the monetary authority of a country, which include the issuing of bank notes and coin, holding the international reserves of the country, ensuring monetary stability, and the safeguarding of a sound financial system. **Deposit Money Banks** are those banking institutions that offer liabilities in the form of deposits payable on demand, transferable by cheque, or otherwise usable for making payments to non-bank enterprises and households. Their role as creators of deposit money distinguishes them from other banking institutions. In fact, the **Other Banking Institution**, are banks that mainly grant long-term loans and, in general, do not offer any deposit facilities to their customers. **International Banking Institutions** are those banks that offer international banking facilities to non-residents and accept deposits primarily from non-residents. Since international banking institutions are permitted to offer demand deposits to their customers, their assets and liabilities are consolidated with those of the deposit money banks in order to derive the statistical data for the *Monetary and Banking Surveys* (ie. Tables 1.5 and 1.6). The consolidated data of the IBI sector do not distinguish between those institutions that are registered under the Banking Act 1994 and those that are registered under the Malta Financial Services Centre Act, Cap. 330.

- (b) The principal function of **General/Central Government** is to carry out public policy through the production of non-market services, primarily for collective consumption, and the transfer of income, financed mainly by compulsory taxes on units in other sectors of the economy. Only one level of government exists in Malta, namely the Central Government, which implies that all central government operations also constitute the operations of General Government. Thus, central/general government includes the local councils and the public non-profit institutions (such as government appointed commissions, boards, agencies, foundations etc). Public corporations and authorities are not included in this sector (see section d).
- (c) The **Private Corporate/Business Sector** are those resident non-bank corporations under private ownership or control which are principally engaged in the production of market goods and non-bank services. These entities are collectively owned by shareholders that have the authority to appoint directors responsible for general management and may be a source of profit or other financial gain to their owners.
- (d) **Public Corporations and Authorities** include non-bank corporations/authorities (the parastatal sector) that are subject to control by Government. ‘Control’ is defined as the ability to determine general corporate policy. Such public corporations and authorities are normally involved in the production of industrial and commercial goods or the provision of services for individual or collective consumption on a large scale.
- (e) **The Personal Sector (or Household Sector)** include both resident individuals and unincorporated enterprises. A household may be defined as a small group of persons who share accommodation, pool their income and wealth and who consume certain types of goods and services collectively. The latter are those involved in small-scale production that provides employment and income for individuals or their families.

Measures of Money

The Central Bank of Malta compiles data on three main monetary aggregates, namely **Narrow Money** (M1), **Quasi-Money** and **Broad Money** (M3). Narrow Money (M1) includes the most liquid components of Broad Money namely currency in circulation and demand deposits. Quasi money comprises the residents' savings and time deposits. Broad Money comprises the resident non-bank sector's holdings of bank notes and coin in circulation, and the resident non-bank deposits irrespective of denomination and maturity. Thus, Broad Money (M3) is broken down as follows:

Notes and Coin in circulation outside the banking system

Deposits (non-bank), including:

 Demand (current)

 Savings

 Time (fixed) deposits

Compilation Process

Money and banking statistics are based on a consolidation of the monthly financial statements provided by the four subsectors of the local banking system. Figures for the monetary authorities which include the Central Bank of Malta and the Treasury (henceforth to be known as the Accountant General's Office) are obtained from the monthly balance sheet of the Central Bank of Malta, except for the figure on other official funds which is extrapolated from annual figures published by the Treasury in its *Financial Report*. The financial institutions have to submit data to the Central Bank of Malta no later than fifteen days following the end of the reporting month or quarter. Branches, agencies and offices of financial institutions operating in Malta and which are not incorporated in Malta are also obliged to submit financial information in the requested forms. The institutions compile monthly schedules in line with the international accounting norms as issued from time to time by International Accounting Standards Committee. The monthly financial data of the international banking institutions regulated by the Malta Financial Services Centre Act are submitted directly to the Bank by the Malta Financial Services Centre.

Basis of Calculation

Monetary data, in general, show the stock position ie. outstanding balances on a particular date (end-month, end-quarter or end-year). Monetary data aggregates are consolidated, thus all identifiable inter-bank transactions are eliminated. Assets and liability items which are denominated in foreign currencies are converted into Maltese liri (Lm) at the middle exchange rate in effect at the end of the reporting period.

Valuation

Assets and liabilities are reported at book value. Thus, investments such as securities and deposits are shown netted of any premium and accretion of discount. Loans and advances include overdrafts but exclude bills discounted, and are reported before adjustments for specific and general provisions for bad and doubtful debts. Interest in suspense is included in the reported loans and advances. Monetary figures are shown on an accruals basis. However, net foreign assets are shown on a cash basis.

Central Bank Publications

Apart from the *Quarterly Review*, the other publications of the Central Bank of Malta that cover the Maltese monetary and banking sectors are the *Annual Report* and the monthly *Statistical Release on Monetary Aggregates and Their Determinants* published in the local press on the 7th day of every month.

Sources of other economic data published in the *Quarterly Review*

Part 2 Government Finance

The Treasury

Part 3 Public Debt

Treasury Bills - Central Bank of Malta

Malta Government Stocks - Malta Stock Exchange

Government External Debt - The Treasury

Part 4 External Transactions

Exchange Rates - Central Bank of Malta

Foreign Trade - National Statistics Office

Part 5 Real Economy

Gross Domestic Product - National Statistics Office

Tourist Arrivals - National Statistics Office

Labour Market - Employment and Training Corporation

Building and Construction - Planning Authority

Inflation - National Statistics Office