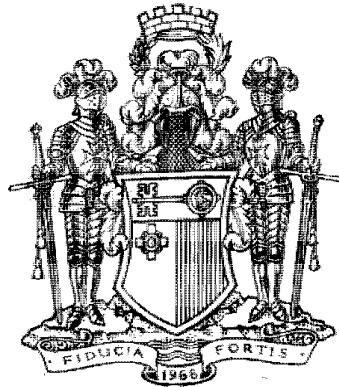


# Central Bank of Malta



## Quarterly Review

March 2001

Vol. 34 No. 1

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For Copies of the Quarterly Review apply to:-

The Manager  
Economics Department  
Central Bank of Malta  
Castille Place  
Valletta CMR 01  
Malta

Telephone: (356) 247480  
Facsimile: (356) 243051  
(356) 234546

Internet: [www.centralbankmalta.com](http://www.centralbankmalta.com)

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Note: The cut-off date for information published in the Economic Survey is March 05, 2001.  
For figures published in the Statistical Tables, the cut-off date is March 12, 2001.



# ECONOMIC SURVEY

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## 1. GENERAL OVERVIEW

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The level of economic activity in the December quarter appears to have remained in line with that registered in the first nine months of 2000. Domestic demand showed some modest signs of recovery while external demand continued to be the main source of growth as the export activity of the major manufacturing firms increased in the wake of the expansion programmes undertaken earlier in the year. Investment expenditure by these firms remained buoyant, and this was reflected in the external account as imports of capital goods showed a further increase. Conditions in the tourism sector, on the other hand, remained generally sluggish.

Retail price inflation dropped by 30 basis points during the survey period to 2.4%. This development reflected the fact that the main factors that had contributed to the lower trend in prices earlier in the year continued to persist in the last three months of the year. Thus the impact of imported inflation remained modest on account of the weakness of the euro and the low inflation performance of Malta's major source countries of imports. Furthermore, the relatively moderate growth of consumption against a background of a tightening fiscal stance is preventing domestically-generated inflationary pressures from building up. During the final quarter of 2000, inflation was further restrained by the absence of new indirect tax measures and by the removal of a number of levies on imports.

In the labour market, the labour supply continued to increase at a faster rate than the gainfully occupied. Consequently the unemployment rate edged up marginally to 4.5% by the end of the year. This partly reflected seasonal trends in the tourism sector, but also a drop in employment in the manufacturing sector.

Excluding investment income flows of an exceptional nature, the underlying deficit on the current account of the balance of payments continued to deteriorate during the last quarter of 2000, albeit to a lesser extent than in the previous three quarters. This in the main reflected a worsening on the services account, as the visible trade gap narrowed due to the buoyancy of exports.

During the December quarter, the Central Bank maintained an unchanged monetary policy stance. The Bank continued to monitor and analyse economic and financial developments in Malta and abroad. These were conditioned by expectations of the relaxation of underlying inflationary and fiscal pressures in the domestic economy coupled with stability in domestic demand and of a reduction in official interest rates in major financial centres. While the Bank noted that there was a further deterioration in the external account and the level of external reserves during the last quarter of the year, it also gave a weight to a number of special factors undermining the external position, in particular the large imports of machinery and equipment related to the capital investment projects undertaken by major exporting firms.

The results of the Bank's business survey, which was carried out during the first two months of the year, indicate that the export-oriented manufacturing sector may be affected by a slowdown in external demand during the early part of the year. Orders are, however, expected to pick up later and further investment is expected to be undertaken then. Meanwhile, the tourism sector could face a greater degree of uncertainty over the next few months, but activity is forecast to remain more or less stable over the year as a whole. In spite of moderate growth in consumption expenditure, which has improved the situation in the domestically-oriented business sector, such

firms are expected to undergo further restructuring as they face the challenges posed by fiscal consolidation and the removal of protective levies.

Tentative projections for 2001 indicate that GDP growth could accelerate somewhat from the previous year's level, driven by manufacturing exports and by a recovery in the construction sector as work commences on a number of major infrastructure projects. Inflation could decline

further, as the same factors that contributed to a dampening in consumer prices in 2000 continue to have an impact on price developments this year. The unemployment rate is also expected to remain stable at around 4.5%-5.0%. The deficit on the current account of the balance of payments should return to a more normal and sustainable level, as the exceptional factors that generated the sharp deterioration during 2000 are unlikely to be repeated, while exports are expected to increase further.

## 2. THE INTERNATIONAL ENVIRONMENT

### The World Economy

Global economic conditions deteriorated notably during the final quarter of 2000, as US economic growth slowed down sharply while Japan returned to a rather uncertain economic and political situation. Meanwhile, the euro-zone economy registered a moderation in growth. These developments indicated that official interest rates in the main economies had reached their peak. Against this background, the IMF revised its forecast for world growth in 2001 to 3.2%, down from 4.2%.

### Economic and Monetary Developments in the Major Economies

The United States economy slowed down sharply during the quarter under review, with GDP growing at a lower-than-expected 3.4%, down from 5.3% in the previous quarter, while consumer spending

grew by 2.9%, down from 4.5% in the third quarter. Industrial output fell as firms cut production in order to sell overstocked goods. Meanwhile productivity, meaning the output per hour of workers outside the farm sector, grew at 3.4% on a year-on-year basis, down from 5.0% in the previous quarter. However, unit labour costs rose more than expected, as labour markets remained tight.

Within this context of slower growth but still strong inflationary pressures, the Federal Reserve kept official interest rates unchanged during the quarter. US money-market rates rose modestly in October and November but fell in December. Nevertheless, short-term rates remained slightly below the Federal funds rate throughout the quarter.

In the euro area, economic growth continued to moderate, with GDP growing at 3.0% year-on-year, down from 3.2% in the previous quarter. Nevertheless, unemployment continued to decline, with the jobless rate standing at 8.7% in

**Table 2.1**

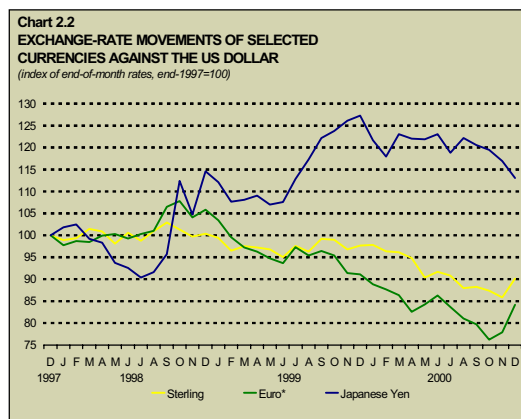
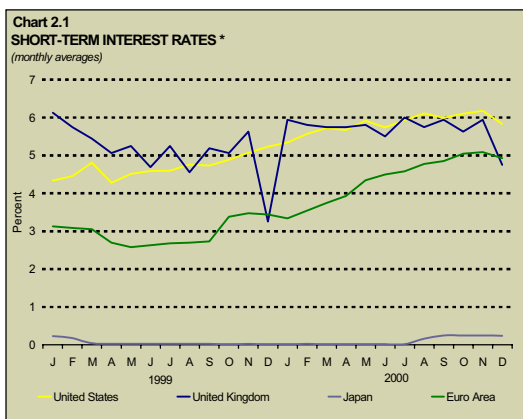
### INTERNATIONAL ECONOMIC INDICATORS

	Real GDP % change			Inflation (Consumer prices) % change			Current account balance US\$ billions		
	1998	1999	2000 <sup>1</sup>	1998	1999	2000 <sup>1</sup>	1998	1999	2000 <sup>1</sup>
United States	4.4	4.2	5.0	1.6	2.2	3.2	-217.1	-331.5	-418.5
European Union	2.7	2.4	3.4	1.4	1.4	2.1	90.6	25.1	38.7
Euro Area	2.7	2.4	3.5	1.1	1.2	2.1	87.2	39.9	55.6
United Kingdom	2.6	2.1	3.1	2.7 <sup>3</sup>	2.3 <sup>3</sup>	2.0 <sup>3</sup>	-0.1	-17.8	-20.9
Japan	-2.5	0.2	1.4	0.6	-0.3	-0.2	121.0	106.8	121.2
Advanced countries	2.4	3.2	4.2	1.5	1.4	2.3	51.3	-134.2	-175.9
Developing countries	3.5	3.8	5.6	10.1	6.6	6.2	-93.6	-24.1	21.1
Countries in transition <sup>2</sup>	-0.8	2.4	4.9	21.8	43.8	18.3	-26.4	-3.8	6.9

<sup>1</sup> Forecasts

<sup>2</sup> Includes countries of Central and Eastern Europe and the former USSR.

SOURCE: IMF, *World Economic Outlook*, October 2000;



December, compared with 9.6% a year earlier. Meanwhile, the outflow of investment capital from the euro zone slowed in November. In contrast, and on the negative side, the euro area's merchandise-trade surplus narrowed, mainly reflecting a stronger increase in the value of imports. Although both the manufacturing and the services sectors continued to expand strongly during the quarter, their respective rates of growth eased.

In spite of these developments, the ECB, on October 5, raised its three leading interest rates by 25bps, respectively, on concerns about inflationary pressures generated by rising oil prices. Consequently, the Bank's refinancing rate was raised to 4.75%. Meanwhile, euro-zone money-market rates rose in October and November but fell in December, standing slightly above the ECB's refinancing rate throughout the quarter.

In the United Kingdom, GDP growth slowed down to 2.4% year-on-year in the December quarter, from 3.0% in the previous quarter. This slowdown, which was evident throughout the economy, was mainly brought about by slower services-sector growth and a contraction in industrial production, reflecting weaker oil and gas output. Moreover, in December house prices registered their largest decline in more than six years on account of higher interest rates and

property taxes. Nevertheless, the labour market continued to tighten, with the unemployment rate falling to 5.3% in December.

Against this background of slower growth and a subdued inflation environment, the Bank of England kept its repo rate unchanged, at 6.0%, during the quarter. Meanwhile, money-market rates rose slightly in October and November but fell in December, standing below the Bank's repo rate throughout the quarter.

Meanwhile, the Japanese economy returned to uncertain conditions in the final quarter of 2000. Although higher industrial output contributed to a GDP growth rate of 2.8% from a year earlier, private consumption contracted by 0.6% on a quarterly basis. This took place against a background of falling equity prices, business restructuring and record high unemployment. Accordingly, an increasing number of firms turned pessimistic about domestic economic conditions during the quarter. Japan's merchandise-trade surplus narrowed by a higher-than-expected 9.8% year-on-year in November, as a rise in exports was outpaced by an even stronger increase in imports, reflecting higher oil prices.

Against the background of persisting deflationary pressures, the Bank of Japan kept its easy monetary policy unchanged throughout the



**Table 2.2****AVERAGE EXCHANGE RATES OF THE EURO, STERLING AND THE YEN AGAINST THE US DOLLAR DURING DECEMBER QUARTER 2000**

	US\$ per EURO	US\$ per STG	Yen per US\$
Average for October	0.8563	1.4531	108.39
Average for November	0.8558	1.4267	108.90
Average for December	0.8971	1.4628	112.18
Average for the quarter	0.8697	1.4475	109.82
Closing rate on 29.12.00	0.9289	1.4939	114.93
Closing rate on 29.09.00	0.8804	1.4624	107.79
Lowest exchange rate during the quarter <sup>1</sup>	0.8268 (Oct. 26)	1.3976 (Nov. 24)	107.23 (Nov. 08)
Highest exchange rate during the quarter <sup>1</sup>	0.9294 (Dec. 27)	1.4951 (Dec. 28)	114.93 (Dec. 29)
Percentage appreciation (+)/depreciation (-) of the currency vs the dollar from closing rate on 29.09.00 to closing rate on 29.12.00	5.5	2.2	-6.6
<sup>1</sup> The low/high exchange rates are daily opening or closing rates of the relevant currencies.			

quarter. Japanese money-market rates, in turn, stood at 0.25%, coinciding with the Bank's call rate target.

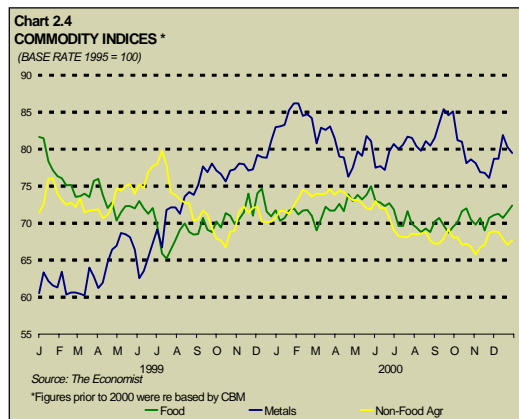
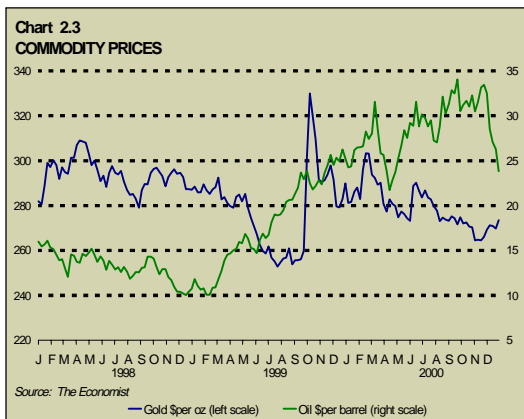
### Foreign-Exchange Markets

During the fourth quarter, the main development on the foreign-exchange markets was the euro's rebound against the other major currencies, supported by the prospect of a relatively buoyant economic performance in Europe as against the slowdown in the US. In contrast, the yen fell sharply, undermined by the rather pessimistic outlook for the Japanese economy.

The dollar started the quarter on a strong footing against both the euro and sterling, benefiting from indications that US economic growth remained robust. Meanwhile, the dollar firmed further against the yen, which remained depressed by doubts about Japan's economic recovery. After some fluctuations, the dollar rose further, particularly against the euro, supported by

stronger-than-expected US labour productivity data and an increasing probability of a Republican election victory. On its part, the euro was depressed by the fact that the G-20 nations issued no official remarks to support the European currency after their meeting in Canada. Meanwhile, sterling fell against both the dollar and the yen as an easing in world oil prices and signs of progress at an emergency Middle East summit dented the pound's safe-haven appeal.

In November, however, the dollar fell against both the euro and the pound, undermined by the protracted uncertainty surrounding the US presidential election, a notable decline in consumer confidence and a sharp drop in US equity prices. In contrast, the euro was supported by renewed wariness about market intervention by central banks on its behalf while sterling benefited both from the euro's appreciation and from mergers-and-acquisitions related currency flows. Nevertheless, the dollar continued to appreciate against a broadly weak yen, which was



depressed by a rise in bankruptcies, delayed economic recovery, and political uncertainty in Japan.

After some fluctuations, the dollar fell further against the euro, which was supported by the prospect that the euro zone's economic growth was about to outperform that of the US. Persistent concerns about a slowing US economy also depressed the dollar against sterling. The pound, however, suffered losses against a broadly strong euro, while Japan's official tolerance of the currency's weakness undermined the yen, particularly against the European currencies.

### Commodities

During the last quarter of 2000, the price of gold weakened by around 0.5%, ending the year at US\$273.50 per ounce. In fact, negative market sentiment depressed the price of the metal throughout October and November, though it rose in December, benefiting from a stronger euro and a weakening dollar.

The prices of base metals fell by 6.6% during the quarter. Demand for aluminium, nickel, lead and zinc, in particular, fell notably, mainly on account of the slowdown in the US economy. Meanwhile,

an increase in zinc production added to the bearish sentiment.

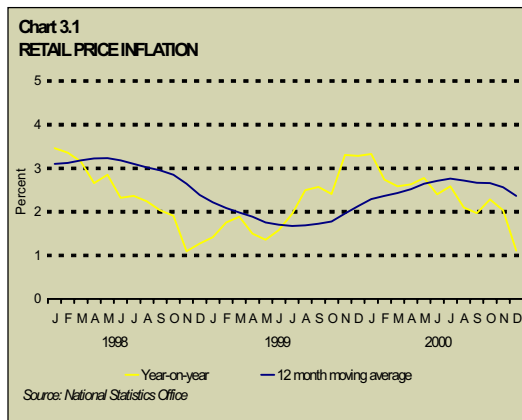
Oil prices fell by 21.9% during the quarter, ending the year at \$23.85 per barrel. Oil tended to rise during October and most of November, mainly on account of heightened tension in the Middle East, the prospect of colder weather in the US and a decision by OPEC not to increase oil production. Later, however, oil prices fell, reflecting strong selling pressure from speculators as well as the resumption of Iraqi oil sales to Europe.

Food prices rose by 4.2% during the fourth quarter of 2000. This mainly reflected a notable rise in the price of soyabeans and soyabean meal following a proposed European ban on animal-based livestock feed on account of consumer fears about the spread of BSE. The prices of wheat and corn also rose, however, mainly on the back of speculative buying. In contrast, coffee and sugar prices continued to fall, mainly on account of oversupplies.

Meanwhile, the prices of non-food agricultural commodities fell on average by around 0.5%. This mainly reflected oversupplies, particularly of rubber. The price of cotton, however, continued to rise, mainly on account of a supply shortage.

### 3. THE DOMESTIC ECONOMY

Economic growth during the final quarter of 2000 appears to have remained stable and export-driven, mainly reflecting the increased turnover of the electronics industry following the substantial investment undertaken by a major foreign-owned firm earlier in the year. At the same time, domestic demand showed some modest signs of recovery, as evidenced by the growth in consumption and



investment expenditure. The results of the Bank's latest business perceptions survey, however, continue to show that the growth in consumption falls short of the expectations of the business sector which has undertaken substantial investment in retail activity in recent years.

The unemployment rate edged up marginally during the December quarter, partly reflecting seasonal trends in the tourism sector, but also due to a drop in manufacturing employment. The twelve-month moving average rate of inflation dropped during the quarter, reflecting the absence of upward pressures on the price level throughout the greater part of the year.

#### Retail Prices

The headline rate of inflation eased to 2.37% during the fourth quarter of 2000, down from 2.67% at the end of the previous quarter. In fact, the rise in the twelve-month moving average rate of inflation in evidence during the first half of the year reflected the indirect tax measures introduced in the previous year's Budget rather than any underlying inflationary pressures. Thus, as Chart

**Table 3.1**  
**INFLATION RATES OF COMMODITY SECTIONS IN THE RPI**

*12-month moving average (percentage changes)*

	Dec. 1999	Sept. 2000	Dec. 2000
Food	0.9	1.4	1.5
Beverages and tobacco	9.0	5.4	4.3
Clothing and footwear	-1.0	0.8	0.3
Housing	0.1	1.6	2.5
Fuel, light and power	0.1	4.8	6.3
Durable household goods	2.9	-0.4	-1.4
Transport and communications	3.1	7.1	6.0
Personal health and care	3.0	3.3	3.6
Education, entertainment and recreation	1.5	1.4	1.7
Other goods and services	3.0	0.9	-0.1
<b>All items</b>	<b>2.1</b>	<b>2.7</b>	<b>2.4</b>

Source: National Statistics Office

3.1 shows, the year-on-year change in the Retail Price Index (RPI), which is a more timely indicator of price movements, had been declining since February, and stood below the moving average measure throughout the second half of the year. Furthermore, as the chart also shows, the deviation between the two measures widened considerably during the fourth quarter, suggesting that the headline rate of inflation would continue to decline in the coming months.

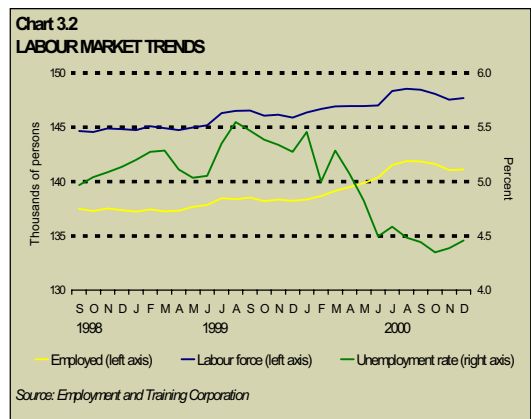
The decline in the headline inflation rate was in part attributable to a 1.4% drop in the durable household goods sub-index during the twelve months to December 2000. This, in turn, reflected the impact of trade liberalisation measures on the prices of furniture, which carries the heaviest weight in this sub-index. Another factor was a 1.1 percentage point decline in the rate of increase of the transport and communications sub-index between the third and fourth quarters. These two factors more than offset a further rise in the rate of inflation of the housing and fuel, light and power sub-indices, caused by the reduction in rebates on utility bills brought into effect earlier in the year.

Inflation is expected to fall further during the first half of 2001, as no substantial indirect tax measures were introduced in the latest Budget. At the same time, although there may be some pickup in domestic demand on account of the wage increases given to civil servants and as work on a number of major development projects begins, the ongoing fiscal tightening should prevent any significant build-up of inflationary pressures. Increasing competition in the distributive sector and the gradual dismantling of trade levies should also help to keep such pressures in check. Moreover, the impact of imported inflation on domestic prices is expected to be moderate in the coming months as the rate of inflation in Malta's main trading partner countries is likely to decelerate.

## The Labour Market

As Table 3.2 shows, the unemployment rate edged up to 4.5% during the final quarter of 2000. While both the labour supply and the gainfully occupied population contracted, the latter dropped at a slightly faster rate than the former. Thus, the labour supply declined by 0.50% during the fourth quarter, a drop of roughly the same magnitude as that registered during the corresponding quarter of 1999, but the gainfully occupied population contracted by 0.52%, more than twice the drop of the previous year.

Lower private sector employment levels were mainly responsible for the contraction in the gainfully occupied population during the quarter, though temporary employment also fell, as the Table shows, after having remained unchanged over the previous twelve months. The drop in private sector employment in part reflected the normal seasonal correction in the demand for labour by the hotels and catering sub-sector after the expansion of the summer months. Employment in the wholesale and retail trades also fell, however, though on a year-on-year basis the number of full-time employees in this sub-sector was still up by 364 at the end of December, one of the largest annual increases in recent years. On the other hand, there was a significant expansion in employment in the community and business sub-sector during the quarter.



**Table 3.2**  
**LABOUR MARKET DEVELOPMENTS**

*Number of persons*

	Dec. 2000	Quarterly change	Annual change
<b>Labour supply</b>	<b>147,700</b>	<b>-751</b>	<b>1,799</b>
<b>Unemployed</b>	<b>6,583</b>	<b>-11</b>	<b>-1,112</b>
<b>Unemployment rate (%)</b>	<b>4.5</b>	<b>0.1</b>	<b>-0.8</b>
<b>Gainfully occupied</b>	<b>141,117</b>	<b>-740</b>	<b>2,911</b>
of which:			
<b>Private direct production</b>	<b>38,122</b>	<b>-133</b>	<b>1,048</b>
including:-			
Agriculture & fisheries	2,611	6	82
Quarrying, construction & oil drilling	5,901	143	502
Manufacturing	29,610	-282	464
<b>Private market services</b>	<b>50,602</b>	<b>-449</b>	<b>1,535</b>
including:-			
Wholesale & retail	15,835	-122	364
Insurance & real estate	1,313	-26	-84
Transport, storage & communications	6,533	-22	330
Hotels & catering establishments	9,321	-273	198
Community & business	10,431	202	691
Others	7,169	-208	36
<b>Public sector</b>	<b>47,979</b>	<b>78</b>	<b>564</b>
including:-			
Government departments	30,488	-226	-10
Armed Forces, R.S.C. & Airport Co.	1,654	-5	55
Government-controlled companies	7,704	247	520
Independent statutory bodies	8,133	62	-1
<b>Temporarily employed</b>	<b>4,414</b>	<b>-236</b>	<b>-236</b>

*Source: Employment and Training Corporation*

Employment in private direct production also declined during the quarter reviewed, in stark contrast with the trend registered in the preceding three quarters. This was because the electronics sub-sector, previously one of the main sources of growth in labour demand, did not continue to add to its workforce, reflecting the finalisation of its expansion programme and the expected slowdown in international demand for electronic components. Other manufacturing sub-sectors also continued to shed workers, reflecting both restrained domestic demand and the effects of

restructuring with a view to improving competitiveness. In contrast, the demand for labour by the construction and quarrying sub-sector increased as work on a number of major projects got under way.

Employment in the public sector rose slightly during the quarter, though a number of reclassifications and revisions to the data make it difficult to discern the underlying trends in the sector. The change in the classification of some 300 Maltapost employees from Government

**Table 3.3**  
**PART-TIME EMPLOYMENT**

*Number of persons*

	December 2000	Change in number of persons	
		Previous quarter	Year-ago
Part-time employees holding full-time jobs	17,833	251	1,710
Part-time employment as primary job	18,689	-416	1,714
<b>Total part-time employment</b>	<b>36,522</b>	<b>-165</b>	<b>3,424</b>

*Source: Employment and Training Corporation.*

departments to Government-controlled companies is of relevance in this regard. Once allowance is made for these adjustments to the data, the major source of growth in public sector employment appears to have been the recruitment of some 200 new teachers.

Part-time employment declined during the quarter, as a fall in the number of persons holding a part-time job as their primary job more than offset an increase in the number of part-timers also holding a full time job. On an annual basis, however, part-time employment continued to increase, as can be seen from Table 3.3, with the number of persons having a part-time job as their main job going up by 1,714, or 10.1%. This was mainly due to higher female participation.

### Tourism

Tourist arrivals during the fourth quarter of 2000 were up by 0.4% on a year-to-year basis. It should, however, be noted that during the comparable quarter of 1999, arrivals had been adversely affected by the millennium factor, which had induced many prospective visitors to remain at home. The underlying deceleration in tourism activity during 2000 is in fact reflected in the marginal increase in arrivals over the whole of the year and in the 1.1% drop in the sector's gross earnings when compared with 1999.

Tourist arrivals during the last quarter of 2000 were characterised by two main developments: the continuing recovery of the UK market and the worsening performance of the German market. Incoming tourism from the British market, in fact, expanded by 8.5% during the quarter. This was the third consecutive quarter in which positive results were registered in this, Malta's most important source market. The recovery can in part be attributed to the lagged effects of the pound sterling's appreciation in 1999, which translated into more competitive brochure prices – which are set a year in advance - in 2000. Arrivals from Germany meanwhile dropped for the second consecutive quarter. Furthermore, as can be seen from Table 3.4, arrivals from most other markets, with the notable exceptions of France and Italy, also declined.

The tourism industry's gross earnings contracted by 1% during the quarter, roughly in line with the decline observed for the whole of 2000. The drop in earnings partly reflected the shorter average length of stay, which fell to 8.7 days from 9.1 days during the corresponding quarter of 1999. As for occupancy rates, although a change in statistical methodologies may render comparisons year-to-year somewhat misleading, it appears that 5-star hotels registered a significant improvement, while 3- and 4-star hotels sold a lower proportion of their potential bed nights compared to a year earlier.

**Table 3.4****TOURIST ARRIVALS BY NATIONALITY**

Nationality	October - December 2000			January - December 2000		
	Arrivals	Annual Growth (%)	Share (%)	Arrivals	Annual Growth (%)	Share (%)
UK	94,506	8.5	39.1	428,780	1.5	35.3
Germany	40,322	-18.6	16.7	204,749	-3.6	16.8
Italy	14,737	4.8	6.1	92,522	-0.2	7.6
France	11,247	15.5	4.7	75,809	3.5	6.2
Netherlands	10,897	-4.3	4.5	64,168	-1.8	5.3
Libya	8,531	-30.8	3.5	43,268	-3.8	3.6
Scandinavia <sup>1</sup>	8,363	-9.3	3.5	46,273	-0.2	3.8
Switzerland	5,654	-2.5	2.3	21,982	-6.3	1.8
Austria	5,008	-6.0	2.1	28,119	-3.1	2.3
Belgium	4,028	-8.0	1.7	26,713	-5.8	2.2
Others	38,394	20.7	15.9	183,329	4.2	15.1
<b>Total</b>	<b>241,687</b>	<b>0.4</b>	<b>100</b>	<b>1,215,712</b>	<b>0.1</b>	<b>100</b>

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

Meanwhile, cruise passenger arrivals increased by 7.3% during the quarter. For the whole of 2000, however, these were down by 9.1%. The contraction in cruise passenger

activity during the year was in part due to more competitive prices being offered by alternative, non-Mediterranean cruise destinations.

## Box 1 : BUSINESS PERCEPTIONS SURVEY : FIRST QUARTER 2001<sup>1</sup>

### Introduction

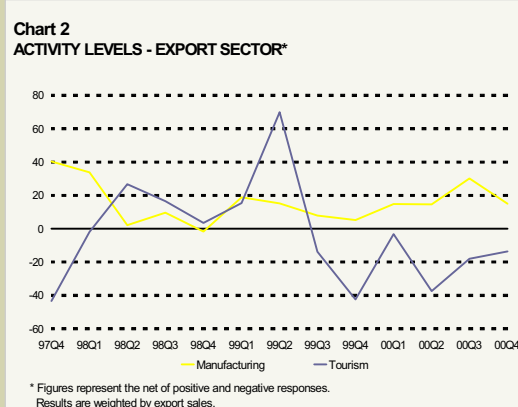
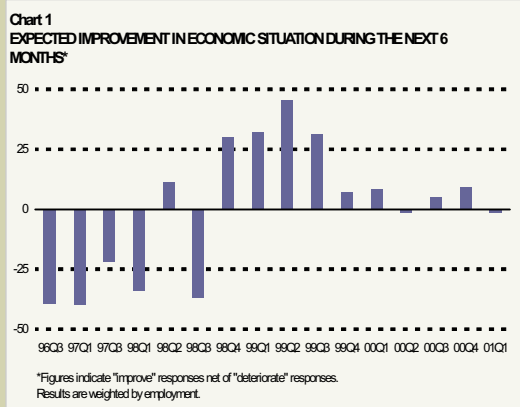
The Central Bank's latest business perceptions survey suggests that the pace of economic growth decelerated slightly during the fourth quarter of 2000. This development was essentially due to a slower pace of activity in the electronics industry, which reflected the completion of an expansion programme undertaken by the largest operator in the sub-sector. At the same time, the tourism sector was characterised by a below-normal level of activity. The survey also indicates that consumption failed to pick-up to the extent respondents had expected it to in the previous survey. The distributive trades, in particular, appear to have experienced a downturn in activity, whereas the domestically oriented manufacturing and construction sectors reported relatively little change from the previous quarter. As a result, a lower level of business optimism was recorded.

### Business Optimism and Medium Term Expectations

A very small majority of survey respondents indicated that they expected a worsening rather

than an improvement in the local economic situation over the next six months. As can be seen from Chart 1, this was the first such result since the second quarter of 2000.

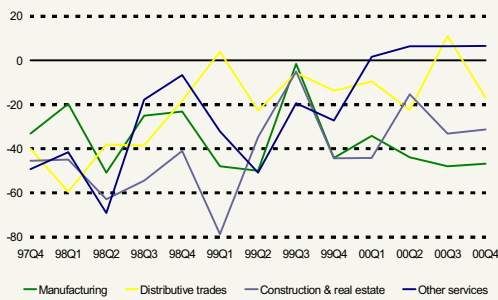
The deterioration in business sentiment mainly reflected the responses of the manufacturing sector, particularly the electronics industry. Export-oriented establishments expressed concern about their short-term prospects possibly in view of the prevailing uncertainty about the likely magnitude of the economic slowdown in the United States and its spillover effects on other major economies. Meanwhile, manufacturing firms producing mainly for the domestic market, such as those in the furniture sub-sector, remained concerned about their medium-term prospects, partly on account of increased competition from imports as levies are progressively reduced. Operators in the construction industry and the distributive trades were also less optimistic about the outlook for the Maltese economy. By contrast, optimism in the tourism industry appears to have rebounded from the setbacks of the previous two surveys, probably reflecting the recovery in arrivals from the UK.



<sup>1</sup> The survey undertaken between January and February 2001 covers a sample of 139 firms, employing 23% of the private sector workforce and with a combined annual turnover exceeding Lm480 million.



**Chart 3**  
**ACTIVITY LEVELS - DOMESTIC SECTOR\***



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

### Activity Levels – Fourth Quarter 2000

The pick-up in economic activity registered by survey respondents during the third quarter of 2000 appears to have been reversed during the final quarter of the year. Activity during the former period had been boosted by the positive results reported by the distributive trades and the export-oriented manufacturing sectors. These results, however, turned out to be of a temporary nature, with activity in both sectors returning to the levels reported in previous surveys during the December quarter.

Though the deceleration in export-oriented manufacturing activity was primarily attributable to the electronics industry, a number of other sub-sectors, such as food and beverages, also experienced a lower turnover during the final quarter of the year. Meanwhile, as can be seen from Chart 2, operators in the tourism sector continued to report a below-normal level of activity for the seventh quarter in a row. Nevertheless, tourism activity during the quarter was considerably higher than that reported in the fourth quarter of 1999, when arrivals had declined on account of the millennium factor.

The latest survey confirms that the recovery in domestic demand remained modest. During the final quarter of 2000 most domestically oriented

firms, in fact, continued to report a below-normal level of activity relative to their capacity, with the only exceptions being those in the services sector. As can be seen from Chart 3, this sector registered an above-normal level of activity throughout 2000, though its rate of expansion flattened in the last two quarters. This reflected the responses of firms in the financial and professional services sub-sectors, which were negatively affected by the deceleration in activity on the Malta Stock Exchange during the period. On the other hand, there was some recovery in the performance of the industrial services sub-sector.

The majority of the domestically oriented manufacturing firms which took part in the latest survey continued to report that they operated substantially below capacity during the quarter. In particular, firms in the food and beverages, furniture and paper and printing sub-sectors recorded low levels of turnover. A marked slowdown in activity was also registered in the distributive trades, following the above-normal level of activity reported in the previous survey. By contrast, firms in the construction and real estate sector indicated that their overall turnover improved slightly, though this essentially reflected the responses of estate agents who reported a substantial improvement in business. On their part, construction firms reported a decline in activity.

### Conclusion

The results of the latest business perceptions survey suggest that the short- to medium-term prospects for export activity may have deteriorated slightly, due to the slowdown in the demand for electronic components internationally. This explains the deterioration in business sentiment expressed by participants. However, once international conditions improve, particularly if the United States economy recovers more rapidly from its current slowdown, export turnover could expand substantially in view of the increase

in the industry's capacity generated by the investment made during 2000. Meanwhile, the prospects for the tourism industry remain unclear. On the one hand, tourism will be negatively affected by the cutback announced by a major tour operator specialising in the German market. On the other, the industry's performance in the UK market appears to have improved significantly, partly as a result of the intensified marketing efforts.

Domestic demand conditions are not expected to improve substantially in the short-term, though a mild recovery can be anticipated due to the salary rise given to civil service employees and the slower pace of fiscal tightening. In fact, the majority of respondents to the survey expected unemployment to fall during the coming six months. Firms also reported plans for increased investment in plant and machinery during the first half of 2001.

## 4. THE BALANCE OF PAYMENTS AND THE MALTESE LIRA

The deterioration in the balance of payments performance noted in the earlier part of the year continued during the last three months of 2000. The current account deficit widened by about Lm76 million compared with the same quarter of 1999, while net inflows on the capital and financial account, excluding movements in official reserves, were lower.

During the fourth quarter, exchange rate developments involving the Maltese lira were characterised by a reversal of earlier trends against the major currencies. Thus, the Maltese lira appreciated against the US dollar and weakened against the euro.

### The Current Account<sup>1</sup>

#### Merchandise Trade

Despite the overall widening of the current account deficit, the merchandise trade gap

**Table 4.1**  
**BALANCE OF INTERNATIONAL PAYMENTS**

	<i>Lm millions</i>			
	October - December			
	1999		2000 <sup>1</sup>	
	Credit	Debit	Credit	Debit
<b>Current account balance</b>		<b>60.4</b>		<b>136.0</b>
Goods and services balance		51.7		60.5
Goods balance		80.7		74.6
Goods	220.8	301.5	302.1	376.8
Services balance	29.0		14.1	
Transport	33.6	43.4	30.6	50.7
Travel	62.9	20.9	62.3	22.2
Other services	22.3	25.4	16.5	22.4
Income (net)		12.8		75.7
Compensation of employees	0.6	0.9	1.5	1.0
Investment income	145.2	157.6	71.5	147.7
Current transfers (net)	4.1		0.2	
<b>Capital and financial account balance (net)</b>		<b>47.0</b>		<b>86.0</b>
Capital account balance	2.8		3.6	
Financial account balance	44.2		82.4	
Direct investment	118.2		198.8	
Portfolio investment		16.9		236.0
Other investment		14.6	67.0	
Reserve assets		42.5	52.6	
Net errors and omissions	13.4		50.0	

<sup>1</sup> Provisional

Source: National Statistics Office

<sup>1</sup> Compiled on an accruals basis.

**Table 4.2**  
**MERCHANDISE TRADE**

(based on Customs Data)

	October - December		Change
	1999	2000	
<b>Imports</b>	<b>331.2</b>	<b>413.3</b>	<b>82.1</b>
<b>Industrial supplies</b>	<b>184.6</b>	<b>247.6</b>	<b>63.0</b>
<b>Capital goods and others</b>	<b>48.7</b>	<b>61.0</b>	<b>12.3</b>
<b>Consumer goods</b>	<b>74.7</b>	<b>76.7</b>	<b>2.0</b>
Food and beverages	26.7	26.4	-0.3
Durable goods	32.4	33.0	0.6
Others	15.6	17.3	1.7
<b>Fuel and lubricants</b>	<b>23.2</b>	<b>28.1</b>	<b>4.9</b>
<b>Exports</b>	<b>217.4</b>	<b>297.9</b>	<b>80.5</b>
Domestic	195.4	273.7	78.3
Re-exports	22.0	24.2	2.2
<b>Trade balance</b>	<b>-113.8</b>	<b>-115.4</b>	<b>-1.6</b>

Source: National Statistics Office

narrowed by about Lm6 million during the December quarter. Both exports and imports of goods were higher, but the rise in exports out-paced that of imports both in absolute and percentage terms.

The narrowing of the trade gap was attributable to the strong rise in domestic exports by the electronics sector following the substantial investment undertaken by that sector earlier in the year to upgrade and expand its operations. At the same time, the year-on-year rise in imports of fuel and lubricants was more contained than in previous quarters as the rise in international oil prices was already having an impact on Malta's fuel imports in the last quarter of 1999. Meanwhile, imports of consumer goods increased marginally during the quarter, while growth in imports of industrial supplies decelerated compared to previous quarters, although they still remained at a high level.

### Services and Investment Income

The surplus on the services account continued to contract during the fourth quarter as all components of this account experienced a deterioration. Indeed, net inflows from services were halved to Lm14 million during the period surveyed. A large part of this contraction was registered in the transportation account and was mainly attributable to an increase in freight costs, which in turn reflected the rise in merchandise imports. A drop in receipts from passenger carriage contributed to a lesser extent. The decline in net inflows on the travel account was due to a slight fall in tourism earnings as tourist traffic measured by the number of days stayed decreased while there were higher outward payments as the number of Maltese travelling abroad continued to rise. At the same time, the negative balance on other services widened further to just under Lm6 million as a result of

higher outflows in form of payments for professional and business services.

During the survey period, the investment income account experienced a severe deterioration as the negative balance rose from almost Lm13 million in the same quarter of 1999 to just under Lm76 million, accounting for over half of the current account deficit. The substantial increase in outflows on the investment income account was attributable to a large increase in the profits of foreign-owned manufacturing companies in the electronic sub-sector. Most of these profits were reinvested and are accordingly recorded as an inflow in the capital and financial account.

At the same time, net current transfers from abroad continued to decline during the final three months of the year, falling by almost Lm4 million due to a drop in inward private transfers.

### The Capital and Financial Account

After excluding movements in reserve assets (that is the external reserves of the monetary authority), the capital and financial account recorded net inflows of Lm33.5 million during the fourth quarter. This notwithstanding, the surplus on the account was Lm56 million lower than that registered in the corresponding quarter of the previous year. The drop was however wholly attributable to transactions of financial institutions, which increased their holdings of foreign assets by almost Lm70 million during the survey period. In contrast, in the final three months of 1999 financial institutions had reduced their holdings of foreign assets by Lm30 million. These developments were reflected in the portfolio investment account which recorded an increase in holdings of debt securities.

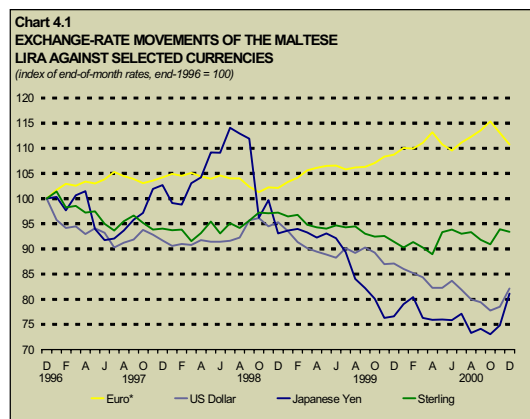
Meanwhile, the non-monetary sector registered an increase in net inflows of about Lm43 million during the fourth quarter. There were higher net inflows of direct investment, up by almost Lm84 million, due to the strong rise in reinvested

earnings mentioned above, and an injection of fresh capital from overseas by companies in the electronics sector. However, the increase in net inflows from direct investment was partly offset by net outflows of almost Lm7 million, under other investment, compared to a net inflow of around Lm34 million during the fourth quarter of 1999. The latter development reflected the second payment made by the HSBC Group for the purchase of Mid-Med Bank. At the same time net outflows of portfolio investment by the non-bank public remained at a relatively stable level of Lm3 million during the fourth quarter of 2000.

As a result of these developments, the current account together with the capital and financial account, excluding movements in official reserves, recorded an overall deficit of around Lm102 million. However, official reserves declined by Lm52.6 million during the fourth quarter of 2000, thus implying that accounting adjustments and errors and omissions, particularly with regard to capital flows, amounted to about Lm50 million.

### The Maltese Lira

Reflecting developments in international currency markets, in particular the recovery of the euro against the US dollar, the Maltese lira depreciated by 2.4% against the European currency during the final quarter of the year. On the other hand, the



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

Period	EURO <sup>1</sup>	US\$	STG	YEN
Average for 4th Qtr. 2000	2.5202	2.1916	1.5144	240.8
Average for 4th Qtr. 1999	2.3796	2.4713	1.5150	258.2
% Change	5.9	-11.3	0.0	-6.7
Closing rate on 29.12.2000	2.4559	2.2843	1.5305	262.3
Closing rate on 29.09.2000	2.5171	2.2090	1.5037	239.4
% change	-2.4	3.4	1.8	9.5
High for 4th Qtr.	2.5782	2.2843	1.5387	262.4
	(Oct. 26)	(Dec. 29)	(Dec. 07)	(Dec. 29)
% change from average	2.3	4.2	1.6	9.0
Low for 4th Qtr.	2.4527	2.1302	1.4785	230.4
	(Dec. 27)	(Oct. 26)	(Oct. 24)	(Oct. 26)
% change from average	-2.7	-2.8	-2.4	-4.3

<sup>1</sup> EURO replaced the ECU as from January 1, 1999.

lira appreciated by 3.4% against the dollar and by just under 2% against sterling. With the Yen depreciating sharply in overseas markets the Maltese lira rose strongly against this currency so that at the end of the quarter it was 9.5% higher than its end- September value.

Nevertheless, compared to the same quarter of the previous year, the Maltese lira was 11% lower against the US dollar and almost 7% weaker against the yen. On the other hand, against the euro, the lira had strengthened by almost 6%, while against sterling it was generally stable.

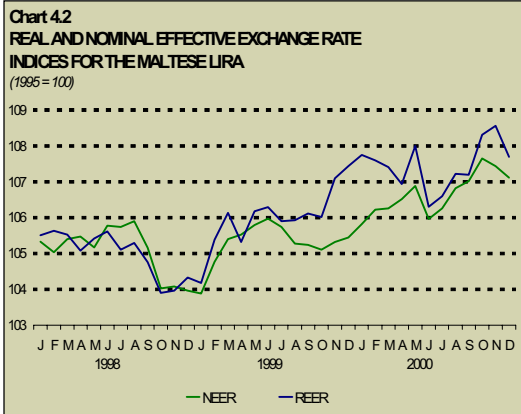
The latest developments in Malta's external competitiveness in terms of the Nominal Effective Exchange Rate (NEER)<sup>2</sup> and the Real Effective

Exchange Rate Index (REER)<sup>3</sup> indices for the Maltese lira, as computed by the Central Bank of Malta, are presented in Chart 4.2. The Chart shows that both the NEER and REER indices continued to rise during the final quarter of 2000, though this trend appeared to be reversed during the final month of the year.

During the final three months of the year the NEER index was 0.7% higher than in the previous quarter. This rise was mainly attributable to the sharp depreciation of the euro during October, although in the subsequent two months, as the euro recovered somewhat, the upward trend in the index was slightly reversed. Nevertheless, on a year-on-year basis the NEER still rose by 2% during the fourth quarter of 2000 over the comparable quarter of the previous year.

<sup>2</sup> 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.

<sup>3</sup> 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.



The REER index was also higher during the final three months of the previous year when compared to the average level of the third quarter. Indeed,

over the previous quarter, the REER increased by 1.1%. Since the REER index increased at a faster rate than the NEER, this indicated that despite the downward trend in domestic inflation price differentials with competitor countries continued to widen. This is likely to have been attributable to the fact that the downward trend in oil prices, during the later part of the year was having a positive impact on inflation rates in competitor countries. On a year-on-year basis, the REER index rose by just 1.2% during the fourth quarter of 2000. Since the rise in the REER index was lower than that of the NEER, this clearly indicates that the negative effect on Malta's external competitiveness was attributable to exchange rate developments, particularly the weakness of the euro, rather than to a relative deterioration in the inflation rate.

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## 5. GOVERNMENT FINANCE<sup>1</sup>

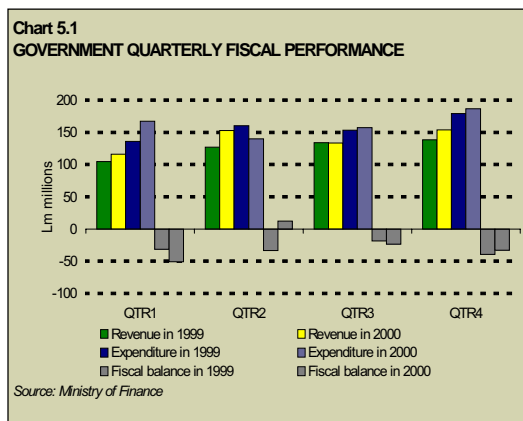
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The fiscal deficit at the end of 2000 has been provisionally estimated at Lm95 million, or 6% of GDP, implying a larger improvement than was originally anticipated, as higher revenues outpaced expenditure growth<sup>2</sup>. As Chart 5.1 shows, the improvements registered in the second quarter and those projected for the fourth were responsible for the overall fiscal consolidation registered during the year. In fact, the Lm32.8 million shortfall being projected for the fourth quarter is Lm6.8 million less than in that registered in the same quarter of 1999, though this is partly attributable to the different timing in the recording of certain expenditure components.

### Revenue

Revenue for the fourth quarter of 2000 is estimated at close to Lm154 million, Lm15.3 million more than in the same quarter of 1999. As can be seen from Table 5.1, income tax and social security contributions are expected to yield Lm45.5 million



and Lm35.4 million, up by 20% and 11%, respectively, from the previous year's levels. This mainly reflects the upward revision in the income tax bands and the drive towards greater efficiency in the tax collection process, together with the higher national insurance contribution rates introduced from the beginning of the year.

Revenue from indirect taxes is expected to rise to Lm60.1 million in the last quarter of the year, with the increase being entirely generated by Value Added Tax. Thus, revenue from customs and excise taxes and that from licences, taxes and fines is expected to remain unchanged from the levels reported in the same quarter of 1999. Meanwhile, non-tax revenue, at Lm12.9 million, is projected to be Lm1.7 million less than in the fourth quarter of 1999.

### Expenditure

The increase in overall expenditure during the fourth quarter is due to a rise in recurrent expenditure which should be offset to some extent by a projected drop in capital expenditure. Recurrent expenditure is projected to increase by almost 9%, mainly on account of higher outlays on retirement pensions, though other recurrent expenditure is also expected to be up from the 1999 level. Interest payments, on the other hand, should remain largely unchanged from the year-ago levels. Meanwhile, capital expenditure is projected to decline by Lm2.7 million from the level of the fourth quarter of 1999. This is explained by a reduction in subventions to parastatal corporations and by the fact that certain expenditures incurred in 1999, such as those on oil drilling, will not be repeated in the year under review.

<sup>1</sup> At the time of writing, final fiscal data for the fourth quarter of 2000 were not yet available. Consequently, Government revenues and expenditures for the period were derived from the revised estimates for the whole of 2000, as published by the Ministry of Finance in November 2000, by subtracting the actual values relating to the first nine months of the year from the annual data.

<sup>2</sup> A detailed analysis of the Government's fiscal performance during the year, is contained in the chapter on Government Finance in the Central Bank of Malta's "Annual Report 2000".



**Table 5.1****GOVERNMENT BUDGETARY OPERATIONS<sup>1</sup>***Lm millions*

	1999			2000		
	Q1-Q3	Q4	Q1-Q4	Q1-Q3	Q4	Q1-Q4
<b>REVENUE</b>	366.0	138.6	504.6	402.7	<b>153.9</b>	556.6
<b>Direct tax</b>	154.4	70.0	224.4	177.8	<b>80.9</b>	258.7
Income tax	90.3	38.0	128.3	104.5	<b>45.5</b>	150.0
Social security contributions <sup>2</sup>	64.1	32.0	96.1	73.3	<b>35.4</b>	108.7
<b>Indirect tax</b>	154.3	54.0	208.3	170.5	<b>60.1</b>	230.6
Value Added Tax	63.6	21.4	85.0	77.5	<b>27.5</b>	105.0
Customs and excise duties	40.9	14.5	55.4	41.7	<b>14.5</b>	56.2
Licences,taxes and fines	49.8	18.1	67.9	51.3	<b>18.1</b>	69.4
<b>Non-tax revenue</b>	57.3	14.6	71.9	54.4	<b>12.9</b>	67.3
Central Bank profits	30.2	0.0	30.2	27.1	<b>0.0</b>	27.1
Other <sup>3</sup>	27.1	14.6	41.7	27.3	<b>12.9</b>	40.2
<b>RECURRENT EXPENDITURE</b>	385.6	136.4	522.0	406.6	<b>147.6</b>	554.2
Social security benefits <sup>2,4</sup>	149.4	51.3	200.7	152.5	<b>57.4</b>	209.9
Interest payments	38.5	11.6	50.1	42.6	<b>11.9</b>	54.5
Other	197.7	73.5	271.2	211.6	<b>78.2</b>	289.8
<b>CURRENT BALANCE<sup>5</sup></b>	-19.6	2.2	-17.4	-3.9	<b>6.3</b>	2.4
<b>CAPITAL EXPENDITURE</b>	64.3	41.8	106.1	58.3	<b>39.1</b>	97.4
<b>TOTAL EXPENDITURE</b>	449.0	179.1	628.1	464.9	<b>186.7</b>	651.6
<b>FISCAL BALANCE<sup>6</sup></b>	-83.9	-39.6	-123.5	-62.2	<b>-32.8</b>	-95.0

<sup>1</sup> Data for the fourth quarter of 2000 are derived from the revised estimates published by the Ministry of Finance.

<sup>2</sup> Government contributions to the social security account are excluded from both revenue and expenditure.

<sup>3</sup> Excludes revenue from sale of assets.

<sup>4</sup> Includes social security benefits, family and social welfare, care of the elderly and Treasury pensions.

<sup>5</sup> Revenue less recurrent expenditure.

<sup>6</sup> Revenue less total expenditure.

Note: Figures may not add up due to rounding.

Source: *Ministry of Finance*

**Government Debt and Financing Operations**

During 2000, the Government relied heavily on Treasury bill issues to finance its deficit. In the final quarter of the year, however, Government also drew down Lm15.3 million from its deposits with the banking system. As Table 5.2 shows, Treasury bills in issue at the end of the fourth

quarter totalled Lm173 million, up by Lm28 million from the third quarter's level. Compared to the 1999 closing position, the amount of Treasury bills in issue at the end of the year was up by Lm89.7 million. Furthermore, between October and December of 2000, repayments of foreign loans were expected to amount to Lm3.2 million.

**Table 5.2**  
**GOVERNMENT DEBT AND FINANCING OPERATIONS**

*Lm millions*

	1999		2000		
	Q4	Q1	Q2	Q3	Q4
<b>FISCAL BALANCE</b>	-39.6	-50.9	12.6	-23.8	-32.8
<i>Financed by<sup>1</sup>:</i>					
Local loans	0.0	0.0	0.5	0.0	0.0
Foreign loans	0.4	0.0	-1.9	0.0	-3.2
Grants	1.8	0.0	6.0	0.0	3.4
Proceeds from sale of assets	35.8	0.0	12.0	0.0	0.0
Increase in stock of Treasury bills outstanding	-18.9	30.9	11.2	19.5	28.1
Decrease in Government deposits	18.1	9.2	0.0	17.0	15.3
<b>GROSS PUBLIC DEBT</b>	839.9	870.9	880.8	900.2	925.0
Malta Government Stocks	712.2	712.2	712.7	712.7	712.7
Treasury bills	83.3	114.3	125.5	145.0	173.0
Foreign loans	44.4	44.4	42.5	42.5	39.3

<sup>1</sup> Negative figures indicate an application of funds.

Note: Figures may not add up due to rounding.

Source: *The Treasury*

Meanwhile, the amount of Malta Government Stocks in issue remained practically unchanged from the year-ago level<sup>3</sup>.

The Gross Public Debt at the end of 2000 stood at

Lm925 million, up by Lm85 million from the end-1999 level and equivalent to 60% of GDP. The greater part of the debt was financed from local sources, with foreign borrowing providing only Lm39.3 million, or 4.2%, of total financing.

<sup>3</sup> While no new public issues of stocks were made during the year, some Lm0.5 million worth of stocks were created and issued directly to the Foundation for Church Schools.

## 6. MONETARY AND FINANCIAL DEVELOPMENTS

Broad money expanded during the quarter reviewed, as quasi-money growth recovered. However, the trend decline in broad money growth resumed. Domestic credit expansion, particularly an increase in net claims on Government, was the main factor driving monetary growth. The other main determinant of monetary growth, the net foreign assets of the banking system, decreased marginally over the period and so had a slightly contractionary impact on monetary aggregates.

The Bank left official interest rates unchanged during the quarter reviewed and, through the use of repo auctions, ensured that the banking system's demand for short-term liquidity was satisfied at the established level of money market interest rates. In the capital market, the corporate sector continued to raise funds through issues of debt and equity. Government bond yields decreased slightly, while in the equity market prices fell further.

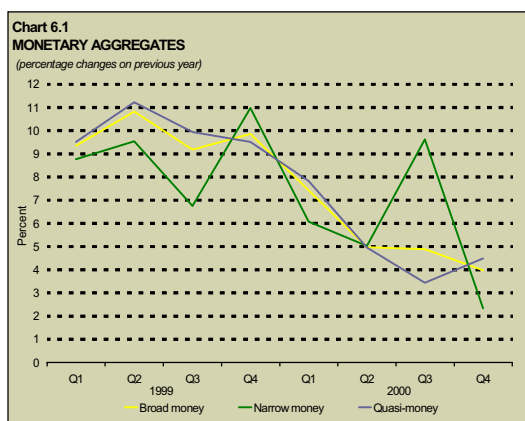
### The Monetary Base

The monetary base, M0, is composed of currency in issue and banks' deposits with the Central Bank, except term deposits. M0 expanded at a faster pace during the final quarter of 2000, as Table 6.1 shows, rising by Lm15 million, or 2.7%. As a result, the annual rate of growth of the monetary base, which had dropped to 2.3% in September, recovered to 3.9% three months later. As the Table also shows, currency in issue, which grew strongly in December, accounted for most of the quarterly increase in the monetary base.

Growth in the monetary base during the quarter reviewed was generated mainly by the Bank's open market operations, which resulted in the injection of liquidity into the banking system. Repos outstanding, which are included with "fixed and other assets", increased by Lm57.7 million between September and December. At the same time, Government deposits decreased by Lm12.2 million, boosting the monetary base further. On the other hand, a sharp fall in the Central Bank's foreign assets, which contracted by Lm53.4 million, dampened growth in M0.

**Table 6.1**  
**THE MONETARY BASE AND ITS SOURCES**

	<i>Lm millions</i>		
	Sept. 2000	Dec. 2000	Change
Currency in issue	413.8	423.2	9.3
Banks' deposits with the Central Bank	135.6	141.3	5.6
<b>Monetary base</b>	<b>549.5</b>	<b>564.5</b>	<b>15.0</b>
<b>Central Bank assets</b>			
Foreign assets	697.5	644.1	-53.4
Claims on Government	7.0	9.2	2.2
Fixed and other assets	79.0	134.2	55.1
<i>Less:</i>			
<b>Remaining liabilities</b>			
Government deposits	68.4	56.2	-12.2
Capital and reserves	89.1	89.1	0.0
Other liabilities	76.7	77.8	1.2



## Monetary Aggregates

Broad money, M3, which consists of currency in circulation and residents' deposits with the banking system, expanded by Lm38.6 million, or 1.5%, during the final quarter of 2000. Although M3 expanded more rapidly than in the previous quarter, it failed to match the growth rate recorded during the corresponding quarter of 1999. As a result, as Chart 6.1 indicates, the trend decline in broad money growth resumed, with the annual

growth rate shedding nearly one percentage point to 4% in December. Although deposits denominated in Maltese liri accounted for most of the growth in broad money, residents' foreign currency deposits expanded more rapidly, rising by Lm4.1 million, or 1.9%.

In contrast with the previous two quarters, when narrow money had contributed substantially to broad money growth, M1 contracted during the quarter reviewed. As Table 6.2 shows, narrow money fell by Lm14.6 million, or 2.4%. Partly as a result of this, the annual rate of growth of M1 dropped from 9.6% in September to 2.3% three months later. This steep decline, which can be seen in Chart 6.1, also reflected the fact that during the fourth quarter of 1999 M1 had increased considerably due to a build up of liquid balances ahead of the millennium changeover.

Demand deposits, which are the more volatile component of narrow money, fell by 7.9%, almost cancelling out the increase recorded in the previous quarter. Although all major categories of account holders registered a decline in their

**Table 6.2**  
**MONETARY AGGREGATES**  
(Changes on the previous quarter)

	<i>Lm millions</i>											
	1999				2000							
	4th Qtr.		1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>1. NARROW MONEY</b>	<b>25.3</b>	<b>4.6</b>	<b>-23.3</b>	<b>-4.0</b>	<b>23.2</b>	<b>4.2</b>	<b>28.3</b>	<b>4.9</b>	<b>-14.6</b>	<b>-2.4</b>		
Currency in circulation	7.5	2.0	-8.8	-2.3	12.2	3.2	5.9	1.5	2.5	0.6		
Demand deposits	17.9	10.0	-14.5	-7.4	11.0	6.1	22.4	11.6	-17.1	-7.9		
<b>2. QUASI-MONEY</b>	<b>32.7</b>	<b>1.8</b>	<b>29.5</b>	<b>1.6</b>	<b>7.9</b>	<b>0.4</b>	<b>-7.1</b>	<b>-0.4</b>	<b>53.3</b>	<b>2.8</b>		
Savings deposits	18.1	2.9	3.7	0.6	-16.9	-2.6	-17.5	-2.8	22.7	3.7		
of which FCDs <sup>1</sup>	0.4	0.3	-1.3	-1.0	5.1	4.2	-8.0	-6.3	4.5	3.8		
Time deposits	14.6	1.2	25.7	2.1	24.8	2.0	10.5	0.8	30.6	2.4		
of which FCDs <sup>1</sup>	-2.9	-3.8	2.8	3.8	5.8	7.6	7.1	8.7	3.0	3.4		
<b>3. BROAD MONEY</b>	<b>58.0</b>	<b>2.4</b>	<b>6.2</b>	<b>0.3</b>	<b>31.1</b>	<b>1.3</b>	<b>21.2</b>	<b>0.9</b>	<b>38.6</b>	<b>1.5</b>		

<sup>1</sup> i.e. Foreign currency deposits, including external Maltese lira deposits.

current account balances, corporate demand deposits showed the largest contraction. In contrast, currency in circulation, the other component of M1, rose by Lm2.5 million, or 0.6%. In line with the normal pattern, currency in circulation decreased in November, before rising again in the following month.

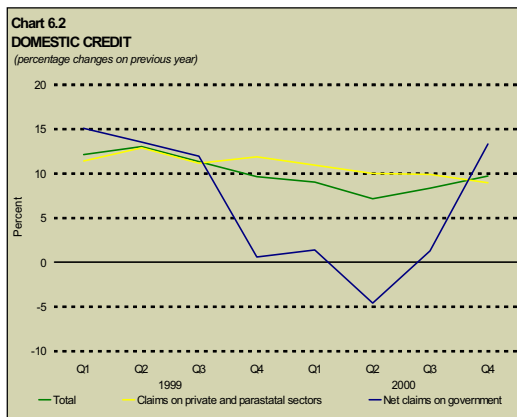
Despite sustained primary capital market activity during the December quarter, the drop in quasi-money recorded during the third quarter was completely reversed. Thus, quasi-money, which is the sum of savings and time deposits, expanded by Lm53.3 million, or 2.8%. Consequently, the annual rate of growth of quasi-money accelerated to 4.5%, more than one percentage point above its end-September level.

Time deposits accounted for most of the quarterly rise in quasi-money, expanding by Lm30.6 million, or 2.4%. These deposits surged in October, driven by deposits belonging to private firms and public sector enterprises. But as balances in corporate accounts subsequently dropped, particularly in those belonging to collective investment schemes, personal deposits accounted for almost the entire quarterly increase. At the same time, savings deposits added Lm22.7 million, or 3.7%, following two consecutive quarterly falls. Part of the increase was due to the annual crediting of interest payments and so was spread across all categories of holder.

### Determinants of Monetary Expansion

Domestic credit growth and, in particular, higher net claims on Government, was the driving force behind monetary expansion during the quarter reviewed. Claims on the private and parastatal sectors rose, but at a more moderate pace.

Domestic credit rose by Lm47.7 million, or 2.2%, to Lm2,184.2 million during the quarter reviewed. As a result, the annual growth rate picked up, rising from 8.3% in September to 9.7% at end-December.



Following minimal growth in the previous quarter, net claims on Government expanded by Lm39.2 million, or 10.7%. The increase was reflected in larger holdings of Treasury bills by the banks and lower Government deposits with the Central Bank. As a result, the annual rate of growth of net claims on Government accelerated sharply, as Chart 6.2 shows, reaching 13.3% in December.

Claims on the private and parastatal sectors expanded by just Lm8.5 million, or 0.5%, during the quarter reviewed, as Table 6.3 shows. Consequently, the annual growth rate shed almost a full percentage point to end December at 8.9%.

Although loans and advances account for almost all claims on the private and parastatal sectors, underlying credit growth remained modest, in part reflecting the stricter credit allocation policies being adopted by banks. In fact, after having been boosted by interest charges during the previous quarter, the banks' loan portfolios expanded at a slower pace, rising by Lm3.9 million, or 0.2%. Bank lending actually contracted in October, when a number of corporate loans were written off and a private firm issued securities on the capital market. Indeed, increased activity on the primary capital market resulted in an expansion of Lm4.6 million, or 7.7%, in banks' holdings of corporate securities during the quarter.

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

	1999		2000							
	4th Qtr.		1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>BROAD MONEY</b>	<b>58.0</b>	<b>2.4</b>	<b>6.2</b>	<b>0.3</b>	<b>31.1</b>	<b>1.3</b>	<b>21.2</b>	<b>0.9</b>	<b>38.6</b>	<b>1.5</b>
<b>1. DOMESTIC CREDIT</b>	<b>18.3</b>	<b>0.9</b>	<b>91.5</b>	<b>4.6</b>	<b>-3.5</b>	<b>-0.2</b>	<b>57.5</b>	<b>2.8</b>	<b>47.7</b>	<b>2.2</b>
a) Net claims on Govt.	-4.0	-1.1	28.7	8.0	-21.2	-5.5	0.9	0.2	39.2	10.7
Gross claims on Govt.	-22.0	-4.5	19.5	4.2	-21.2	-4.3	-16.8	-3.6	24.7	5.5
Central Bank	-10.0	-61.8	1.7	27.7	-1.2	-15.4	0.4	5.5	2.2	30.9
Banks	-12.1	-2.5	17.8	3.8	-20.0	-4.2	-17.1	-3.7	22.5	5.1
less										
Government deposits <sup>1</sup>	-18.1	-14.0	-9.2	-8.3	0.0	0.0	-17.7	-17.4	-14.5	-17.3
Central Bank	-19.9	-17.2	-7.7	-8.1	-3.6	-4.1	-16.4	-19.4	-12.2	-17.9
Banks	1.9	14.4	-1.5	-9.8	3.6	26.9	-1.3	-7.4	-2.3	-14.7
b) Claims on private and parastatal sectors	22.3	1.4	62.8	3.8	17.7	1.0	56.7	3.3	8.5	0.5
<b>2. NET FOREIGN ASSETS</b>	<b>6.9</b>	<b>0.7</b>	<b>-53.2</b>	<b>-5.5</b>	<b>71.0</b>	<b>7.8</b>	<b>-9.7</b>	<b>-1.0</b>	<b>-2.4</b>	<b>-0.2</b>
Monetary Authorities	44.8	6.4	-31.4	-4.2	-5.5	-0.8	-5.9	-0.8	-53.4	-7.7
Banks	-38.0	-14.2	-21.9	-9.5	76.6	37.0	-3.9	-1.4	51.0	18.2
less										
<b>3. OTHER ITEMS (NET)</b>	<b>-32.9</b>	<b>-6.0</b>	<b>32.1</b>	<b>6.2</b>	<b>36.5</b>	<b>6.6</b>	<b>26.6</b>	<b>4.5</b>	<b>6.7</b>	<b>1.1</b>

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

Credit data, shown in Table 6.4, should be interpreted cautiously because of an ongoing reclassification exercise. According to this information, credit to the construction industry and to the energy and water sector accounted for most of the increase, expanding by Lm11.5 million and Lm10.7 million, respectively. At the same time, borrowing by manufacturing industry contracted by Lm17.9 million, with smaller falls being reported in lending to the "other services" sector, the personal sector and the wholesale and retail trades among others. The extraordinary rise in credit to the agriculture sector during the quarter, as well as the increase in construction lending and the drop in personal credit were generally due to

accounting adjustments following the reclassification exercise. Meanwhile, growth in loans to the energy and water sector appears to reflect higher demand for credit by this sector.

The net foreign assets of the banking system decreased for the second consecutive quarter. They contracted by Lm2.4 million, or 0.2%, with the annual rate of growth dropping to 0.6% in December from 1.5% three months earlier.

The net foreign assets of the Monetary Authorities, which dropped by Lm53.4 million, or 7.7%, accounted for the overall decline. Net sales of foreign exchange by the Central Bank to the

**Table 6.4****CREDIT TO SELECTED CATEGORIES OF BORROWER<sup>1</sup>***Lm millions*

	2000		2000	
	3rd Qtr.	Amount	4th Qtr.	Change
	Amount	Amount	Change	%
Transport, storage and communication	97.4	96.8	-0.6	-0.6
Manufacturing	221.3	203.4	-17.9	-8.1
Building and construction	87.8	99.3	11.5	13.1
Tourism	238.7	237.5	-1.2	-0.5
Wholesale and retail	293.7	292.2	-1.6	-0.5
Personal	388.0	386.2	-1.8	-0.5
All other	162.9	165.6	2.7	1.7

<sup>1</sup> Including bills discounted. Comprises credit to private and public sector borrowers.

banks, as well as payments on behalf of Government and other customers, were the main factors contributing to the fall over the quarter. Consequently, as Chart 6.3 shows, the annual rate of growth of the Bank's net foreign assets turned negative, falling from just above zero in September to -13% in December.

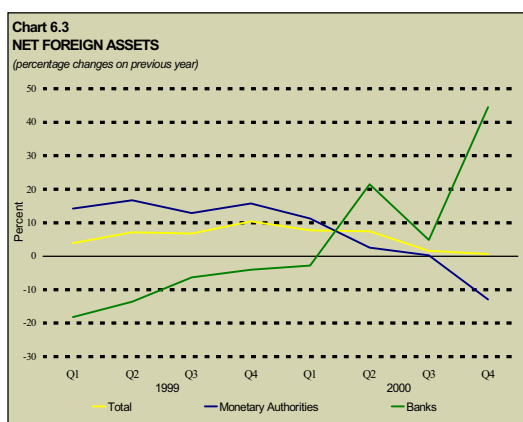
The drop in the Central Bank's reserves was almost entirely matched by an increase in those

belonging to the remainder of the banking system. As can be seen in Table 6.3, the banks' net foreign assets expanded by Lm51 million, or 18.2%, during the quarter. Higher short-term interest rates abroad may have prompted domestic banks to adjust their investment portfolios by switching from local to foreign assets. In fact, the domestic banks' net foreign assets added Lm39.4 million during the quarter<sup>1</sup>. Meanwhile, those of the international banks rose by Lm11.6 million, as one institution boosted its capital base and, thus, increased its holdings of overseas assets.

The net non-monetary liabilities of the banking system, which are shown as "other items (net)" in Table 6.3, expanded during the quarter reviewed, dampening monetary growth<sup>2</sup>. Other items (net) rose by Lm6.7 million, or 1.1%, as banks' capital and reserves increased.

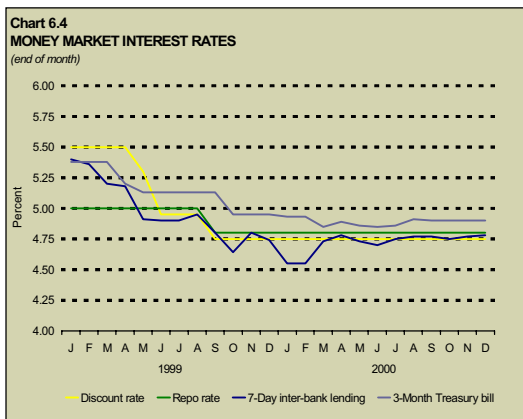
### The Money Market

The Central Bank kept its monetary policy stance unchanged during the quarter reviewed, leaving



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

<sup>2</sup> Other items (net) consist of the banks' non-monetary liabilities, such as capital and reserves, provisions and accrued interest payable, less their other assets, such as premises and accrued interest receivable.



both the central intervention rate and the discount rate at the same level of 4.75%. As a result, interest rates applied in the Bank's open market operations were stable, with the repo rate and term deposit rate unchanged at 4.8% and 4.72%, respectively. Meanwhile, the one-week inter-bank lending rate edged up by one basis point to 4.78% in December. As Chart 6.4 shows, the primary market on 91-day Treasury bills also remained constant at 4.9% during the quarter.

To keep money market interest rates stable in the face of increased demand for liquidity in the banking system, the Bank switched the focus of its open market operations away from absorbing liquidity through term deposits towards injecting funds through repos. Thus, the aggregate value of repos more than trebled during the quarter reviewed, to Lm169.9 million. At the same time, the value of term deposits placed with the Bank dropped from Lm38.7 million during the previous quarter to Lm7.6 million. No term deposit auctions were held in November and December.

Activity in the inter-bank market continued to contract, with total turnover declining from Lm47.1 million during the third quarter to Lm39.4 million during the quarter reviewed. Furthermore, almost all inter-bank deals were struck with a term to maturity of seven days or less, indicating that conditions in the banking system were characterised by a shortage of liquidity.

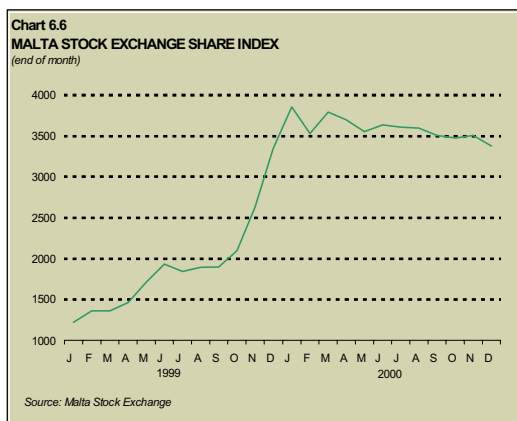
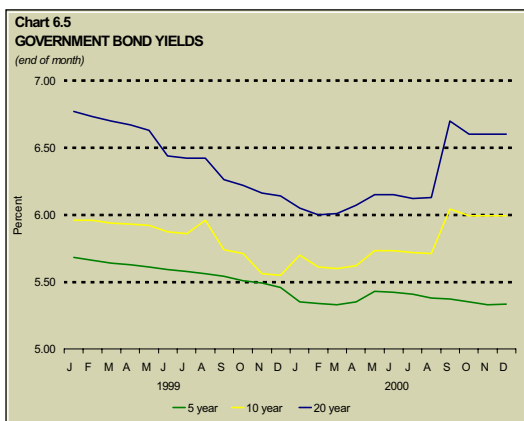
Meanwhile, the Government increasingly resorted to the primary Treasury bill market to raise funds during the quarter reviewed. Bills were issued with terms to maturity ranging between one and six months, with three-month bills accounting for more than half the total. The value of bills issued rose to Lm142.2 million from Lm124.3 million in the previous quarter. In line with the general pattern observed during the year, banks took up most of the bills issued, subscribing to 63.7% of the total.

Despite the rise in primary market activity, turnover in the secondary Treasury bill market dropped sharply, falling from Lm37.9 million during the third quarter to just Lm5 million during the survey quarter. The banks, which were major players in the primary market, clearly preferred to hold bills until maturity and obtain liquidity from the Central Bank through repos if necessary. Most secondary market deals involved the Central Bank, which made purchases and sales of Lm3.7 million and Lm0.6 million, respectively.

### The Capital Market

In the absence of issues of Government stocks during the quarter reviewed, primary capital market activity revolved around corporate bond and share issues. Excluding private placements, Lm20 million worth of corporate bonds were issued on the primary market during the quarter. In October, Eden Finance plc, part of a group of companies involved in the leisure industry, issued Lm10 million worth of ten-year bonds offering a coupon rate of 6.7%. In the following month, Malta Government Privatisation plc issued Lm10 million worth of bonds with a term to maturity of five years. These bonds, which offer a 15% premium over the nominal value on maturity, give holders an option to subscribe to shares in privatised companies, as these become available. All these securities were listed on the Malta Stock Exchange during the quarter reviewed. In November, too, Datatrak plc, issued Lm4 million worth of shares, which were placed on the Exchange's Alternative Companies List.





After having slowed during the previous quarter, secondary market trading in Government stocks picked up during the quarter reviewed. Turnover rose by 14.8% to Lm10.9 million, almost entirely on the strength of increased activity outside the Central Bank. In fact, the Bank bought stocks worth Lm1.5 million during the quarter and made negligible sales. Trading was spread across a range of bonds, with the 7.8% MGS 2018 accounting for around a quarter of the total turnover. According to data published by the Malta Stock Exchange, turnover in the secondary corporate bond market increased by 12.4% to Lm1.2 million<sup>3</sup>. Trading in two newly listed bonds accounted for the entire increase.

Yields on long-term Government bonds, which had risen during the previous quarter, dipped slightly during the quarter reviewed, as Chart 6.5 indicates. Thus, for example, the yield on ten-year bonds, which had risen by more than 30 basis

points during the previous quarter fell by five points to 5.99% in December. Similarly, the yield on twenty-year bonds fell from 6.7% in September to 6.6% three months later. The decline in the five-year bond yield, which began during the second quarter, persisted during the fourth quarter, ending the year at 5.33%. In contrast, corporate bond yields generally rose.

Trading in listed equities, which had fallen to Lm6.2 million during the third quarter, recovered during the quarter reviewed, reaching Lm14.4 million<sup>4</sup>. The issue of additional shares by International Hotel Investments explains more than a third of this increase. Trading in shares in Maltacom and in Bank of Valletta accounted for most of the remaining activity. Equity prices continued to fall during the quarter reviewed. As Chart 6.6 shows, the Malta Stock Exchange Share Index shed 127.54 points, or 3.6%, to end the quarter at 3,375.72.

<sup>3</sup> Including preference shares.

<sup>4</sup> Excluding equities listed on the Alternative Companies List.

## 7. THE BANKING SYSTEM

Funds obtained through repos with the Central Bank were the main source of growth in the aggregate balance sheet of the deposit money banks during the fourth quarter of 2000. In turn, these funds were mainly channeled into the banks' domestic and foreign securities portfolios, as credit expansion remained relatively subdued. At the same time, the deposit money banks reported higher profits, with the increase in their net-interest income and fee based revenues exceeding higher operating expenses.

### Deposit Money Banks' Balance Sheet

#### Liabilities

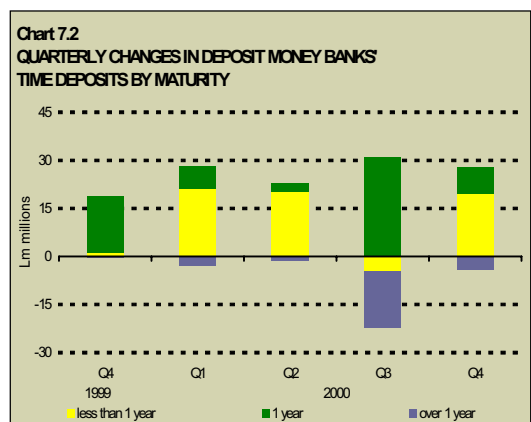
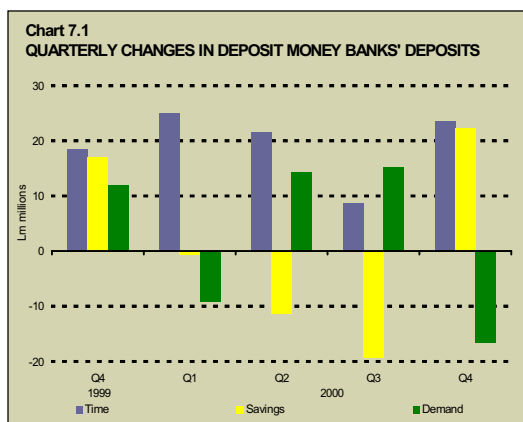
Resident deposits with the deposit money banks surpassed Lm2.1 billion by end December, with close to Lm30 million being added in the fourth quarter. At this level, resident deposits accounted for about two-thirds of the banks' total liabilities. As can be seen from Chart 7.1, time deposits were the main source of deposit growth during the quarter. These rose by Lm24 million, with the greater part of the increase being in personal time deposits. Furthermore, as Chart 7.2 shows, deposits with a maturity of less than a year accounted for some four-fifths of the increase. At

the same time, demand deposits shed Lm17 million, with both personal and corporate demand deposits contracting. As a result, the liquidity build-up that took place in the previous two quarters was almost completely reversed. On the other hand, savings deposits rebounded, with an increase of some Lm22 million being recorded, compensating in part for earlier drops. To a large extent, however, the rise reflected the crediting of interest payments to clients' accounts at the end of the year.

Meanwhile, the deposit money banks' foreign liabilities rose by Lm8 million, as banks entered into more foreign repos, which were only partly offset by a drop in their borrowings from banks abroad. At the same time, the banks raised their other domestic liabilities by Lm8 million. Banks obtained close to Lm48 million in additional funds through repos conducted with the Central Bank, but a concurrent drop in subsidiaries' deposits dampened the increase in their other domestic liabilities. Capital and reserves, in turn, rose by Lm21 million during the December quarter, reflecting the banks' retained profits<sup>1</sup> for the year.

#### Assets

As Table 7.1 shows, the deposit money banks' loans and advances increased by Lm15 million during the December quarter, standing at around



<sup>1</sup> The one-off transfer of past profits from a subsidiary to its parent bank boosted total annual profits.

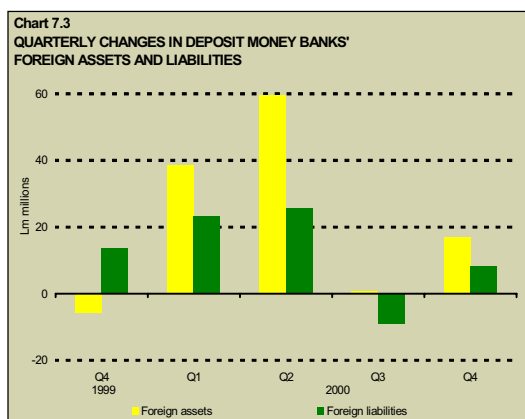
**Table 7.1**  
**DEPOSIT MONEY BANKS' BALANCE SHEET**

*Lm millions*

	1999			2000		
	Sep	Dec	Mar	Jun	Sep	Dec
<b>ASSETS</b>						
Cash and deposits with CBM	164	170	162	163	172	153
Foreign assets	621	615	654	713	713	730
Loans and advances	1,438	1,464	1,538	1,542	1,593	1,608
Local investments	590	574	593	584	566	601
Fixed and other assets	121	169	124	170	131	151
<b>LIABILITIES</b>						
Capital and reserves	116	127	138	138	138	159
Foreign liabilities	343	356	380	405	396	405
Other domestic liabilities	483	470	499	550	559	567
Deposits	1,992	2,039	2,054	2,079	2,083	2,113
Time	1,199	1,218	1,243	1,264	1,273	1,297
Savings	616	633	632	621	601	624
Demand	177	188	179	193	209	192
<b>AGGREGATE BALANCE SHEET</b>	<b>2,933</b>	<b>2,992</b>	<b>3,070</b>	<b>3,172</b>	<b>3,175</b>	<b>3,243</b>

Lm1.6 billion, or half their total assets, at the end of the year. Credit to the public sector was up by Lm13 million, though this was largely the result of

a reclassification exercise conducted by a major bank. Meanwhile, credit to the private sector increased by a more modest Lm2 million, as a Lm12 million drop in inter-bank advances and the above-mentioned reclassification exercise offset most of the additional credit that was extended to the sector<sup>2</sup>.

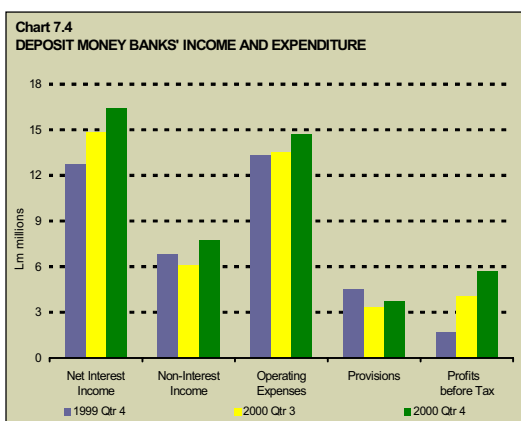


The deposit money banks' foreign assets were up by Lm17 million during the quarter under review. As Chart 7.3 shows, the banks continued to accumulate foreign assets at a faster pace than foreign liabilities, thereby raising their net foreign asset position. The banks may have opted for a larger foreign securities portfolio in view of the generally higher interest rates abroad. They also extended more credit to non-residents and increased their claims on foreign banks.

<sup>2</sup> For further details, refer to the Chapter on "Monetary and Financial Developments" in this Review.

**Table 7.2****DEPOSIT MONEY BANKS' INCOME AND EXPENDITURE STATEMENT***Lm millions*

	1999 Qtr. 4	2000 Qtr. 3	2000 Qtr. 4
Interest income	43.3	48.0	50.2
Interest expenses	30.6	33.2	33.8
<b>Net interest income</b>	<b>12.7</b>	<b>14.8</b>	<b>16.4</b>
Fees and commissions	2.5	2.5	3.6
Foreign exchange gains	2.4	2.3	2.6
Other non-interest income	1.8	1.4	1.5
<b>Total non-interest income</b>	<b>6.8</b>	<b>6.1</b>	<b>7.7</b>
<b>GROSS INCOME</b>	<b>19.5</b>	<b>20.9</b>	<b>24.1</b>
Wages	7.8	8.2	9.3
Other expenditure	5.5	5.4	5.4
<b>Operating expenses</b>	<b>13.3</b>	<b>13.5</b>	<b>14.7</b>
<b>Increase in provisions</b>	<b>4.5</b>	<b>3.6</b>	<b>3.7</b>
<b>PROFITS BEFORE TAX</b>	<b>1.7</b>	<b>3.8</b>	<b>5.7</b>



Meanwhile, the banks also rebuilt their portfolio of local investments, including holdings of Treasury bills, Government stocks and private securities, which increased by Lm35 million. In contrast, banks scaled down their holdings of cash and deposits with the Central Bank, which ended December Lm19 million below the end-

September level, as funds were channeled into more profitable assets. On the other hand, the banks' fixed and other assets were up by some Lm20 million. This increase was largely attributable to interest accrued on the banks' loan portfolio.

### Deposit Money Banks' Profitability, Capital Adequacy and Liquidity

The banks' profits before tax rose to Lm5.7 million in the fourth quarter, from Lm3.8 million in the September quarter. As can be seen from Table 7.2 and Chart 7.4, both net-interest and non-interest incomes were higher. These more than compensated for higher operating expenses and a marginal increase in provision charges. Interest income rose to Lm50.2 million, whereas interest expenses amounted to Lm33.8 million. Meanwhile, the improvement in non-interest income was mainly attributable to higher revenues from fees and commissions.

**Table 7.3**  
**INTERNATIONAL BANKING INSTITUTIONS' BALANCE SHEET**

*Lm millions*

	1999			2000		
	Sept.	Dec.	Mar.	June	Sept.	Dec.
<b>ASSETS</b>						
Cash and money at call	2	2	2	2	2	2
Foreign assets	<b>2,423</b>	<b>2,418</b>	<b>2,161</b>	<b>2,245</b>	<b>2,709</b>	<b>3,136</b>
<i>Foreign securities</i>	1,362	1,193	1,072	1,030	1,087	932
<i>Loans and advances to non-residents</i>	723	815	780	728	883	1,221
<i>Other foreign assets</i>	338	410	308	487	739	983
Loans to residents	5	6	7	7	7	6
Local investments	236	260	275	284	298	268
Other assets	36	17	48	24	35	11
<b>LIABILITIES</b>						
Capital and reserves	180	189	182	184	181	194
Foreign liabilities	<b>2,441</b>	<b>2,454</b>	<b>2,234</b>	<b>2,276</b>	<b>2,752</b>	<b>3,137</b>
<i>Balances due to other banks abroad</i>	1,312	1,121	881	860	1,002	874
<i>Non-resident deposits</i>	1,015	1,079	1,027	983	1,057	1,032
<i>Other foreign liabilities</i>	115	254	325	433	694	1,231
Resident deposits	19	21	25	26	26	32
Other liabilities	61	39	51	75	93	59
<b>AGGREGATE BALANCE SHEET</b>	<b>2,701</b>	<b>2,703</b>	<b>2,493</b>	<b>2,561</b>	<b>3,052</b>	<b>3,423</b>

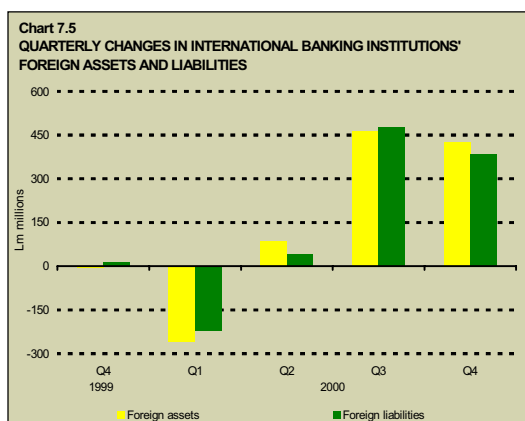
As in the previous quarters, the deposit money banks continued to maintain a healthy capital base. Their capital adequacy ratio, a measure of own funds compared to the banks' risk weighted-assets, remained practically unchanged, at 13.1%<sup>3</sup>. During the December quarter, banks raised their own funds, reflecting mainly the profits for the quarter. This compensated for their larger portfolio of risk-weighted assets. At the same time, banks also continued to hold ample liquidity, although their liquidity ratio fell from 45.3% to 41.6%<sup>4</sup> as they reduced their holdings of liquid assets and raised their net short-term liabilities.

### International Banks

The international banking sector grew by around 12% during the December quarter when, as Table 7.3 shows, the international banks' combined balance sheet surpassed Lm3.4 billion. In line with the nature of their business, most of the international banks' additional funds originated from an increase in foreign liabilities. These were up by around Lm385 million, in spite of lower balances due to foreign banks and a small drop in non-resident deposits. In contrast, resident deposits placed with the international banks increased by Lm6 million to Lm32 million. Meanwhile, their other liabilities dropped from

<sup>3</sup> The statutory requirement is 8%.

<sup>4</sup> The statutory requirement is 30%.



Lm93 million to Lm59 million, as one bank incurred losses that wiped off part of the profits accumulated in the previous nine months of the year.

The international banks' foreign assets grew by Lm427 million during the quarter. As can be seen from Chart 7.5, this gain was slightly

larger than the increase in the banks' foreign liabilities. Holdings of foreign securities were scaled back, but the international banks extended further credit to non-residents. On the other hand, loans to residents were practically unchanged. Local investments, however, were down, as subsidiaries of domestic deposit money banks scaled down deposits with their parent banks.

### Other Banking Institutions

The transfer of business from Valletta Investment Bank to its parent deposit money bank had a significant impact on the other banking institutions' aggregate balance sheet during the December quarter. In fact, their combined assets fell from Lm167 million to Lm145 million as the subsidiary's loans were passed onto the parent bank's loan book. On the liabilities' side, the transfer led to a drop in the institutions' outstanding balances owed to other banks.

# THE IMPLICATIONS OF LONG TERM DEMOGRAPHIC TRENDS FOR ECONOMIC GROWTH\*

*by Michael C Bonello  
Governor of the Central Bank of Malta*

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The first half of this century will be characterised by the ageing population phenomenon, resulting from the persistent downward trends in birth and death rates over the past fifty years. To cite but one example, the share of elderly people in the overall population of the EU could double to 30% by 2050. Similar trends are expected in the rest of the developed world.

Malta will also experience this demographic phenomenon. In the first few decades of the twentieth century, birth and death rates were very high in our country. After the Second World War, however, death rates began to decline significantly, in part reflecting the large fall in infant mortality rates. Birth rates did not adjust at once to this last development, with the result that the population growth rate accelerated sharply. This soon led to high unemployment levels and, in turn, to the big emigration drives of the 1950s and 1960s. After this 'baby boom', however, the birth rate declined steadily, to such an extent that at present it stands at about a third of the 1950 level. At the same time, life expectancy started to improve as a result of increased economic prosperity and better access to health care.

When the 'baby boom' generation starts to reach retirement age in the early years of this century, therefore, the Maltese economy will have to support a larger proportion of elderly persons who, moreover, will live longer than their predecessors. The number of persons aged 60 and over is expected to rise by nearly 40,000 to 103,000 in 2020, representing a quarter of the

Maltese population. Meanwhile, due to the decline in birth rates, the working-age population is expected to drop slightly from its present level. According to these demographic projections, the support ratio – the number of persons of working age as a proportion of the dependent population – is set to fall from just under 4 at present to slightly above 2 by 2020.

This process of population ageing is expected to have wide-ranging and long lasting economic effects, not just on government revenue and expenditure, but also on national saving and investment as well as on the labour market. In other words, the country's long-term economic development stands to be affected by this phenomenon. It therefore follows that economic policy-makers must adopt appropriate fiscal, monetary and supply-side measures to pre-empt the potentially harmful economic consequences of population ageing. This will no doubt involve making choices, some of which will involve a cost in the short run, but which are essential if the Maltese population is to continue to experience ever higher living standards.

## **Government Revenue and Expenditure**

From a policy standpoint, the main issue associated with population ageing is its impact on government finances. Most countries, including Malta, presently run pay-as-you-go pension systems whereby benefits to retirees are paid out of contributions made by the current labour force. Population ageing will financially strain such pay-

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\* This paper was delivered at a conference on Social Welfare Reform: An Economic Challenge and a Financial Services Opportunity organised by EMCS Ltd on 10 November 2000.

as-you-go systems by reducing the number of contributors relative to beneficiaries. In Italy and Germany, for instance, spending on the pay-as-you-go system as a share of GDP is expected to peak at around 16 percent by 2030. Ageing will also entail increased government expenditure on health, and especially on the care of the elderly.

In Malta the impact of increased social security commitments on public finances was already evident during the 1990s, even though the full effects of population ageing still lay some years ahead. Throughout the decade, expenditure on social security benefits absorbed close to 30% of budget revenues, and is estimated to have exceeded Lm172 million in 1999. Contributions received from employers, employees and the self-employed in that year fell short of total social security expenditure by around Lm70 million, which corresponds to over one-half of the entire fiscal deficit, and this within the context of a budgetary position in which revenue is already insufficient to pay for some key expenditure items that have acquired the character of fixed charges, including wages and salaries and social security expenditure itself. While the fiscal strategy currently being pursued to reduce the budget deficit should bear fruit over the next few years, the ageing phenomenon will undo the progress being made and undermine the country's public finances unless appropriate policies are put in place now.

The increased demands on the Exchequer created by an ageing population may produce three outcomes. First of all, if no preventive action is taken, there could be an increase in the fiscal deficit, fuelling a greater demand for imports, and thus leading to pressures on the balance of payments and the exchange rate. The resulting expansion in aggregate demand would fuel inflationary pressures, necessitating higher interest rates to maintain macroeconomic equilibrium. Second, the response could be an increase in taxation, including higher national insurance contributions designed to avoid fiscal

expansion through deficit financing, but possibly at the cost of placing further burdens on the economy's productive base, thereby hurting competitiveness. Third, there could be a reduction in other categories of government expenditure. This would be desirable if it eliminates waste and results in higher productivity, but it should not compromise essential spending of a productive and investment nature, including that on education. Clearly then, a judicious response to the ageing process will require the establishment of priorities in government expenditure and will involve making hard choices between various worthy social objectives.

### **Saving and Investment**

Changes in the age distribution of the population also tend to affect the rate of private consumption and saving. The 'life-cycle hypothesis' suggests that individuals aim to smoothen consumption outlays over their lifetime, such that a person saves during his working years in order to finance consumption during retirement. An increasing trend in the proportion of elderly people, therefore, tends to be accompanied by a decline in national saving rates. OECD projections, in fact, point to a reduction in saving rates of between 5 and 12 percentage points of GNP over the period 1980 to 2025. Such a contraction would lead to a vicious circle, as the resulting higher interest rates would reduce investment, adversely affecting economic growth and, in turn, the ability to finance social security commitments.

The consideration of future developments in saving is particularly relevant in the case of Malta where, despite the fact that the ageing process is still far from its peak level, the gross national saving rate in 1999 had already fallen to 19% of GDP from 27% in 1989. Although a large part of this drop was caused by the deterioration in government finances, a decline in household saving also contributed. While the latter development may be a short-term reaction to the



changes effected in the indirect taxation system, and possibly also a by-product of the liberalisation of the financial sector, it is also probably true that the prospect of a pay-as-you-go State pension upon retirement decreases the incentive for household saving.

A reversal of this trend is desirable if domestic investment is to be sustained without having to resort to external borrowing. In fact, the level of foreign debt has not risen substantially in the last decade only because there has been a progressive decline in the growth rate of capital accumulation, from 29.6% of GDP in 1989 to just 24% of GDP in 1999. The success of the economic restructuring process depends critically on a turnaround in investment, particularly as regards locally-oriented businesses.

Ageing could also have a negative impact on financial markets. Pension funds are at present major players in most stock markets. When the 'baby boom' generation start to retire during the current decade, most of these pension funds will have to gradually liquidate their assets. Such a sell off could result in downward pressures on share prices, thus reversing stock market developments over the past decade. This would, in turn, generate a negative wealth effect, as declining asset prices dent the purchasing power of households, probably leading them to reassess their consumption patterns.

### **Labour Supply**

The drop in fertility rates is also expected to adversely affect the supply of labour and its quality. A smaller labour force would act as a drag on potential output growth, and impact negatively on competitiveness by tightening labour market conditions, leading to upward pressures on wages and inflation. An older work force is also likely to be less mobile and flexible, albeit more experienced.

The Maltese labour market is presently

characterised by two major features: considerable underground economic activity; and a low female participation rate, 35% as opposed to nearly 90% for males. Both of these factors are decreasing the effective formal labour supply, thus contributing to tighter labour market conditions. Resort to underground economic activity may lead to a misallocation of resources and lower potential output, as such activity does not usually benefit from economies of scale due to the small size of enterprises. It is often contended that National Insurance contributions payable under the present pay-as-you-go scheme are perceived as a form of tax that is unrelated to eventual benefits received. It is best avoided either through work in the informal economy, or by abstaining from labour market participation altogether.

Another feature of the Maltese labour market is the presence of significant skills shortages; these could be exacerbated by population ageing. More than half of those currently on the unemployment register (i.e. around 3500 persons) have been searching unsuccessfully for a job for more than a year. This hardcore element is largely explained by the fact that most of the unemployed are unskilled, and are thus unable to fill the job vacancies currently available.

### **The Policy Challenge**

Population ageing is tantamount to a negative supply shock on the economy, of which the effects on public finances are but one manifestation. Such a shock tends to weaken the economy's productive base and undermine its competitiveness. The adverse effects of the reduction in output are then compounded by higher consumption, which in turn crowds out investment expenditure and exerts pressures on inflation and the balance of payments.

The desirable outcomes of policies intended to counter the economic consequences of population ageing are, therefore, self-evident.

They must produce an increase in productive capacity and output, stimulate saving and investment, thereby alleviating pressures on inflation, fiscal resources and on the external account. Indeed, these outcomes should be pursued independently of population ageing, but are rendered even more urgent by the onset of the phenomenon. It is the way in which this strategy is to be implemented that is subject to debate.

Divergent opinions often arise because it is not always appreciated that any course of action chosen, including a passive stance, involves sacrifices. Devoting an increasing proportion of resources to pensions, for example, must imply higher taxation, a reduction in the share of resources devoted to other equally worthy causes or the imposition of burdens on the whole of society in terms of higher inflation and interest rates. On the other hand, reforms that should engender a win-win situation in the long run could well entail sacrifices for some sections of the population in the short term. It is, therefore, important to develop a clear understanding of the costs and benefits involved in any course of action with a view to reaching a reasonable policy conclusion.

In particular, the present welfare system needs to be revisited in a way that protects the rights of the elderly to a decent standard of living, promotes saving and gives proper incentive for self-help, while reducing the burden on government finances in the long term. The recent experiences of a number of countries provide useful lessons in this regard which I am sure the Welfare Reform Commission is aware of.

During the past decade, in fact, many governments have implemented various pension reform initiatives, generally based on the three-pillar approach. Under this approach, which is also advocated by the World Bank, individuals may have up to three different sources of revenue during retirement, namely a basic state pension;

the balance accumulated in a mandatory pension account; and voluntary saving arrangements.

Many countries, particularly in Latin America and Eastern Europe, followed the example set by Chile in 1981 and introduced reforms leading to the establishment of a mandatory individual private pension pillar. Under this system, workers (and in some cases their employers too) must deposit a pre-determined contribution into a pension savings account with an approved regulated pension fund. The balance of this account is then invested by the fund managers in such a way as to generate an adequate level of benefits upon retirement. The State guarantees the receipt of a minimum pension, and ensures that private pension funds invest wisely. Singapore has opted for a different funded pension set-up, in that contributions are placed within a central fund administered by the government. Recent reforms are being implemented whereby these funds will be managed by private firms, which in turn will compete among themselves to offer the best returns to the central pension fund.

A number of international studies show that the replacement of pay-as-you-go pension regimes by funded systems provides more incentives for private saving and reduces the scope for tax evasion by linking contributions paid into the system directly to the benefits received. This would contribute to increased investment and augment the productive base, thereby facilitating the financing of social security expenditure commitments.

Apart from specific reforms in the social security system itself, an improvement in the fiscal position would have an overall positive macroeconomic effect, compensating in part for the excess aggregate demand brought about by ageing. The lower absorption of resources by the State could also lead to a higher average level of productivity and to an improvement in the country's balance of payments. Productive capacity should also be enhanced if the State

provides incentives for self-provision, that is for individuals to provide for their own needs after retirement, leading to an increase in the household saving rate and, consequently, also to a faster accumulation of capital.

Fiscal consolidation will, however, only solve part of the problems created by the process of population ageing. The negative supply shock caused by this phenomenon must be countered by a positive shock. Supply-side reforms aimed at increasing the availability and the efficient use of economic resources are, therefore, also essential. The efficiency of markets can be improved by implementing a vigorous competition policy and reducing public sector involvement in the economy. Productive capacity would also be improved through such policies as market liberalisation, greater investment in infrastructure and education, and a market-driven industrial policy. Structural rigidities in the labour market must be eliminated in order to decrease their disincentive effects in terms of the labour supply and the work ethic. An active labour market policy intended to increase skills, and consequently the employability of individuals, is also desirable.

These supply-side policies must be underpinned by a prudent monetary policy designed to avoid destabilising movements in inflation, interest rates and the exchange rate resulting from the expected reduction in domestic saving associated with the ageing process. The Central Bank is committed to use monetary policy to maintain price stability. If the latter comes under threat in the wake of increased consumption arising out of population ageing, corrective action in the form of higher interest

rates would be inevitable unless the expansion in consumption demand is met by higher productivity levels.

### **Conclusion**

The threats posed by population ageing are no different from those of an adverse supply shock that constrains the economy's saving and productive capacities while requiring increased transfers towards an economically-inactive segment of society. The proper policy response to this phenomenon should tackle all these facets. A reform of the pension system directed at enhancing its sustainability, and which at the same time encourages private saving and self-provision, is a necessary step, though probably not a sufficient one. Fiscal consolidation is also required so as to increase the economy's savings, leave more resources available for the private sector to upgrade its productive base, and free public funds to meet the increased demand for transfers. Other measures aimed at improving the supply-side of the economy by increasing the availability of resources and the efficiency with which they are used - in the field of education, for example - are also warranted.

Clearly, a series of adjustments are required if the economy is to positively respond to the challenges brought about by ageing. Such adjustments cannot avoid the kind of strategies, focused on a medium-to long-term horizon, discussed in this paper. There is no easy way out. Procrastination in implementing the policy measures required to solve a demographic problem whose full impact lies just a few years hence would only mean having to take even more drastic measures later.

## NEWS NOTES

### **Surrender of Licences**

On January 8 Valletta Investment Bank Ltd (VIB) surrendered its licence issued in terms of the Financial Institutions Act, 1994. The business activities previously undertaken by this institution were taken over by its parent, the Bank of Valletta plc, pursuant to a merger that came into effect on January 6, 2001.

On January 15 HSBC Finance (Malta) Ltd surrendered its licence issued in terms of the Financial Institutions Act, 1994. This institution was wound up in line with a business plan to transfer its business to its parent HSBC Bank Malta plc.

### **Re-appointment of Central Bank Directors**

On January 5 the Prime Minister re-appointed Prof Edward Scicluna PhD, MA, BA (Hons) Econ, DSS and Mr Saviour Falzon BSc (Econ), Dip Int Law, Dip Mgt (Studies) to serve as directors of the Central Bank of Malta for a period of one year with effect from November 15, 2000. On January 21 the Prime Minister re-appointed Mr Alfred Lupi FCCA, MIA, CPAA, BSc (Econ) to serve as director of the Central Bank of Malta for a period of one year with effect from January 21, 2001.

### **Malta appointed to OECD Task Force on Harmful Tax Practices**

On January 10 Malta, through its Minister of Finance, was 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.

### **Double Taxation Agreements**

The Government signed two double taxation agreements, which cover taxes on income, during the first quarter of the year. The first, with Portugal, was signed on January 26 and the second, with Germany, on March 7.

### **Annual Programme of Issues of Government Securities – Indicative Calendar**

On January 26 the Treasury published for the first time an indicative calendar of the annual programme of issues of Government securities. The calendar is expected to result in a more orderly distribution of primary market issues and thus have a positive impact on the capital market. It will enhance the information available to investors and enable private sector issuers of capital market instruments to plan the timing of their issues to avoid undue pressures on the market.

### **Government issues Nine-Month Treasury Bills**

On January 26 the Treasury issued nine-month Treasury bills for the first time. This issue amounted to Lm19.4 million. Prior to this new tenor the Government had issued Treasury bills with terms to maturity of one month, three months, six months and one year.

### **Government authorised to borrow Lm100 million**

On February 23 Parliament approved the Local Loans Act 2001 which authorises the Government to borrow a sum not exceeding Lm100 million in the form of long-dated securities in order to meet excess expenditure over revenue incurred in the Consolidated Fund during 1999 and 2000, as well as part of that expected to be incurred during 2001.

### **Issue of Shares by Investment Services Company**

On February 7 Globe Financial Management plc, a financial services company, announced that it was offering for sale to the public 7.25 million shares with a nominal value of 2c5 each, representing 20.71% of the company's issued capital. As the issue was oversubscribed, the company exercised its over-allotment option and issued an additional 2.275 million shares. The issue was underwritten by Bank of Valletta plc.

### **Malta's Credit Rating reaffirmed by Fitch**

On February 12 the credit rating agency Fitch reaffirmed its long-term local currency credit rating for Malta at 'AA-' and its short-term and long-term foreign currency ratings at 'A' and 'F1', respectively. The stable outlook was maintained.

### **Malta Stock Exchange introduces a Trade-Weighted Average Moving Price (TWAMP)**

On February 14 the Malta Stock Exchange announced 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.

### **Government Stock Issues**

On March 2 the Government launched an issue of a sixteen-year stock (MGS) for a nominal value of Lm30 million bearing a nominal interest rate of 6.65%. The stock was issued at par for amounts not exceeding Lm50,000 and by auction for bids exceeding this amount. This issue is the first of

four projected for this year and is intended to cover part of the deficit incurred by the Consolidated Fund in 2000.

### **Licences issued to New Financial Institutions**

On March 9 the Central Bank of Malta issued licences to two financial institutions, LB Factors Ltd and Medarea Forex Services Ltd. LB Factors Ltd, which is a joint venture between the Lasselsberger Group-Austria and First International Merchant Bank Ltd, has been licensed to undertake factoring with non-residents of Malta in all currencies except the Maltese lira. Medarea Forex Services has been licensed to undertake foreign exchange transactions and to offer money transmission services to both residents and non-residents of Malta.

### **Visit of a Delegation from the EU's Economic and Social Committee**

On March 9 representatives of the European Union's Economic and Social Committee visited Malta at the invitation of the Malta Council for Economic Development to familiarise themselves with economic and social developments in Malta. The delegation had meetings with Ministers, MCED Council members and senior officials of the Government, parastatal institutions and the Central Bank.

### **Issue of Bonds by Finance Company**

On March 27 Verdala Finance plc, a subsidiary of AX Holdings Ltd, announced that it would be offering for sale to the public 30,000 secured notes with a nominal value of Lm100 each, represented by one global note of Lm3 million. The notes, which offer a coupon rate of 8%, are redeemable on April 11, 2006, although the company has the option to redeem them earlier.

# FINANCIAL POLICY CALENDAR

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

**1997**

## **13 January : Measures introduced in the Budget for 1997**

The Budget for 1997 includes a number of policy measures. These are:

- 1) **Wages:** A weekly wage increase of Lm1.50 is to be awarded from the beginning to the year to compensate for the rise in the cost of living during the year to September 1996. Another statutory increase of 25 cents per week is to be effective as from April.
- 2) **Social Benefits:** Cost of living wage increases are to be reflected in proportionate increases in pensions and other benefits, in accordance with the Social Security Act. As from October 1, British Services pensioners are to receive their pension in full.
- 3) **Indirect Taxation:** A Lm4 levy on every travel ticket is introduced. Prices of cigarettes are raised. Duty on petrol and diesel is also increased, while subsidies on kerosene, as well as those on water used in the bottling industry, are reduced. Postal rates, and registration and license fees on imported private cars and marine pleasure craft are also increased. Value Added Tax on pre-booked tourist accommodation and catering packages is replaced by an alternative tax at five per cent.
- 4) **Low-interest loans for small businesses:** Industrial legislation is to be amended so as to enable the Government, through the Malta Development Corporation, to offer loans at subsidised rates to companies which invest less than Lm100,000. Previously, this subsidy was available only to companies investing more than this amount.

## **23 May : Amendments to Financial Laws Enacted**

Parliament enacts the Financial Laws (Amendment) Act, that amends the Income Tax Act, the Malta Treasury Bills Act, the Central Bank of Malta Act, the Malta Stock Exchange Act and the Controlled Companies (Procedure for Liquidation) Act 1995. *Inter alia*, the amendments eliminate anomalies in the computation of withholding taxes on investment income and facilitate the development of the Treasury bill market. The amendments to the Central Bank of Malta Act enable the Central Bank to enter into repurchase and reverse repurchase agreements with a wide range of institutions. Furthermore, as a result of these amendments, the deposit money banks' reserve deposits with the Central Bank no longer need to be held in a separate account. These amendments are to come into force on June 5. Amendments to the Treasury Bills Act, allow for the issue of bills in smaller denominations than previously, to encourage private investors to participate in the Treasury bill market.

## **June 10 : Legislation on Excise Taxes on Imports, Products and Services Enacted**

Parliament enacts the Customs and Excise Act 1997, which provides for the imposition of excise duties on imports, products and services. The act establishes a general excise tax of 15% on imports, as well as an excise tax on the sale of products and on the provision of services of 5%. This package of indirect taxes, which is to replace the value added tax (VAT) system, is scheduled to come into force on July 1.

## **July 18 : Auditor General and National Audit Office Act Passed**

Parliament enacts amendments to the Constitution of Malta providing for the Offices of Auditor General and Deputy Auditor General. On the same date, the Auditor General and National Audit Office Act is also

passed. This legislation is aimed at improving control over the use of public funds by establishing the office of an independent Auditor General backed up by a National Audit Office. Whereas the former Director of Audit was an officer of the government reporting to the Minister of Finance, the Auditor General is an officer of the House of Representatives and reports to Parliament. The Auditor General is appointed by the President acting in accordance with a resolution of the House of Representatives supported by the votes of not less than two-thirds of all members of the House. The Auditor General, who is to be appointed for a five-year term, is expected to report annually on Government accounts and those of public sector bodies. This legislation is to come into force on July 25.

#### **August 5 : *Small Enterprises (Loan Guarantee) Act Passed***

Parliament enacts the Small Enterprises (Loan Guarantee) Act. The Act is designed to assist small enterprises through the provision of loan guarantees by the Malta Development Corporation in cases where conventional finance is unavailable due to lack of adequate security. Each assisted loan is subject to a limit of Lm21,000, with the Corporation guaranteeing up to 70% of the total outstanding loan balance due.

#### **November 5 : *Measures Introduced in the Budget for 1998***

The Minister of Finance, in presenting the Budget Estimates for 1998 to Parliament, announces a number of policy measures. These include:-

- 1) **Wages:** A weekly wage increase of Lm1.50 is to be given to compensate for the rise in the cost of living during the year to September 1997.
- 2) **Social Benefits:** The cost of living wage increase is to be reflected in proportionate increases in pensions and other benefits in accordance with the Social Security Act. In addition, British Services pensions, the allowance for disabled children and other benefits for the disabled are to be improved.
- 3) **Social Security Contributions:** Employers' social security contributions are to be lowered by 25% if they offer employment to persons aged 40 and over who are registering for work.
- 4) **Indirect Taxation:** An excise duty on wine is to be introduced, and those on kerosene, spirits and cigarettes are to be raised. A new tariff for sewage services is to be introduced, while the rates on water, electricity and gas are to rise. Registration and licence fees on imported cars, as well as the passenger service charge on trips abroad, are to be increased. A token fee for prescriptions for free medicines is to be introduced. Duties on general insurance premiums are to be raised.
- 5) **Privatisation:** Telemalta Corporation and the Malta International Airport Authority are to be converted into companies and partially privatised. Forty per cent of the Government's holding in each of these enterprises is to be sold, with 20% of the proceeds going towards a fund that would provide for restructuring and modernisation within new social and industrial programmes.
- 6) **University Stipends:** Students who entered university after October 1997 are to be eligible to receive an Lm100 monthly allowance, of which Lm50 will be by way of a grant and Lm50 by way of a loan. During the students' study period, the interest cost on the loan is to be borne by the Government. The loan and interest accrued are to be repaid within 10 years after the end of the study period – except by students from low-income families and those achieving excellent results.
- 7) **Tax on Bank Profits:** Commercial banks are to be charged a one-off 15% tax on pre-tax profits for their current financial year.
- 8) **Fees of Office:** Fees and reimbursement costs for services provided by Government, including motor vehicle and driving licences, berthing fees and certificates issued, are to be reviewed upwards.

9) **Capital Assets Declaration:** The capital assets declaration which taxpayers used to be required to include with their income tax returns is to be re-introduced.

**November 27 : Central Bank Adjusts Repo Rate Structure**

The Central Bank of Malta carries out a technical adjustment to the interest rate structure in the repo market. The money market interest rate band, determined by the Bank's Monetary Policy Council, is narrowed from 5.10% - 5.60% to 5.20% - 5.50%. This technical adjustment is designed to narrow the spread between the Bank's repo and reverse repo rates with a view to gradually aligning all domestic money market interest rates around one official intervention rate, which will be the benchmark money market interest rate.

**December 23: Central Bank Issues Capital Adequacy Directive**

The Central Bank, as the Competent Authority in terms of the Banking Act, 1994 issues a new banking directive entitled *Capital Adequacy of Credit Institutions Authorised under the Banking Act 1994 (BD/08)*. The directive enhances the existing regulatory framework governing capital adequacy by obliging banks to provide capital against market risk. The directive, which becomes effective immediately, is to be implemented in stages. Thus, the first capital allocations required under it are those to cover foreign exchange risk. In connection with the introduction of the new directive, the Central Bank amends the Large Exposures Directive (BD/02) and the Own Funds Directive (BD/03).

**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.

#### **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.



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# STATISTICAL TABLES

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## NOTE ON CHANGES TO THE STATISTICAL TABLES

Since September 2000 Malta has been participating in the International Monetary Fund's General Data Dissemination System (GDDS). It has committed itself to improving the quality of the statistical data produced and disseminated over the long term to meet the data requirements of macroeconomic analysis. As one of the statistical agencies in Malta, the Central Bank is committed to abide by the recommendations under the "General Plans for Improvement" section of the System. This section of the GDDS recommends short- and medium-term plans for the development of statistical systems.

In line with this commitment, the Bank is providing additional information in one of the tables of its *Quarterly Review* commencing with this issue. Thus a monthly time-series of data on the **monetary base (M0)** is being shown for the first time in Table 1.7. The monetary base is defined as currency in issue and banks' deposits with the Central Bank (excluding term deposits). This table is now entitled "Monetary Base and Monetary Aggregates". The monetary base is, in fact, the only central bank aggregate specifically recommended for publication under the System.

The Bank is also assessing the quantity and quality of the data presented in the tables of the Review with the aim of improving them if necessary, or eliminating them where they are not considered useful for analysis. Thus the data previously presented in Table 1.19 entitled "Net Changes in Selected Liquid Asset Holdings of the Non-Bank Public" are being removed from the Statistical Tables Section of the *Review* since most of the data, which represent absolute changes in monetary and related aggregates, are already shown in other tables of the *Review*.

In the next issue of the *Review*, the Central Bank will continue to upgrade its Statistics Tables Section in line with the GDDS targets and to align the statistics in the Bank's field of competence with international statistical norms. A new Table entitled "Gross Government Debt and Government Guaranteed Debt Outstanding" will be introduced to meet the recommendation for disseminating data on Government debt and Government-guaranteed debt.

## THE MALTESE ISLANDS - KEY INFORMATION, SOCIAL AND ECONOMIC STATISTICS

(as at end-December 2000, unless otherwise indicated)

CAPITAL CITY	Valletta	
AREA	316 km <sup>2</sup>	
CURRENCY UNIT	Lira - Exchange rates: Lm1 = US\$2.2843 Lm1 = EURO2.4559	
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 (1999)	6.2%
	GDP per capita at current market prices (1999)	US\$9,525
	Ratio of Gross Government Debt to GDP (Dec 1999)	58.0%
	Ratio of Government Deficit to GDP (Dec 1999)*	7.9%
	Retail Price Inflation	2.37%
	Ratio of Exports of Goods and Services to GDP (Dec 1999)	91.3%
	Ratio of Current Account Deficit to GDP (Dec 1999)	4.1%
	Gainfully Occupied	141,117
	Unemployment Rate	4.5%
POPULATION	Total (Sept. 2000)	381,464
	Males (Sept. 2000)	189,224
	Females (Sept. 2000)	192,240
	Age composition in percent of population (1999)	
	0 - 19	28%
	20 - 59	55%
	60 +	17%
	Average annual growth rate (1990 - 1999)	0.8%
	Density per km <sup>2</sup>	1,205
HEALTH	Life expectancy at birth - Males (Dec 1999)	75.1
	- Females (Dec 1999)	79.3
	Crude birth rate, per 1000 inhabitants (Dec 1999)	11.4
	Crude mortality rate, per 1000 inhabitants (Dec 1999)	8.1
	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) (Sept. 2000)	524
	TV licences (per 1000 inhabitants)	571
	Motor vehicle licences (per 1000 inhabitants) (Sept. 2000)	644

SOURCE: Central Bank of Malta; National Statistics Office; Ministry of Finance

\* Deficit figures are adjusted for sale of assets, sinking funds of converted loans and capital repayments.

**List of banking institutions submitting financial information to the Central Bank of Malta for statistical reporting purposes, as at December 2000:**

**Deposit Money Banks**

APS Bank Ltd.  
Bank of Valletta plc  
HSBC Bank Malta plc  
Lombard Bank Malta plc

**Other Banking Institutions**

Britannia Financial Services Ltd.  
HSBC Finance (Malta) Ltd (up to October 2000)  
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  
First International Merchant Bank Ltd  
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

**List of banking institutions that used to submit financial information to the Central Bank of Malta for statistical purposes, up to the year stated.**

Investment Bank of Malta Ltd (up to December 1982)  
Singer and Friedlander (Malta) Ltd (up to December 1982)  
Government Savings Bank (up to November 1984)  
Melita Bank International Ltd (up to September 1994)  
Investment Finance Bank Ltd (up to August 1995)

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**TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES**  
**CENTRAL BANK OF MALTA<sup>1</sup>**  
*Liabilities*

*Lm thousands*

End of Period	Currency Notes and Coin Issued	IMF Related Liabilities	Deposits				Capital and Reserves	Other Liabilities
			Banks <sup>2</sup>	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
<b>1999</b>								
Jan.	381,437	19,014	107,394	58,667	13,572	179,633	93,050	37,044
Feb.	381,418	19,014	116,073	63,226	14,627	193,926	93,050	33,695
Mar.	387,984	19,014	115,900	45,300	13,142	174,342	93,050	30,468
Apr.	388,645	19,014	114,919	61,586	10,897	187,402	93,050	31,066
May	393,179	19,014	121,093	44,430	12,190	177,713	93,050	36,431
June	398,989	19,014	114,939	80,909	10,840	206,687	93,050	36,937
July	397,655	19,014	124,117	70,419	11,370	205,907	93,050	41,466
Aug.	397,917	19,014	156,106	84,825	6,161	247,092	93,050	31,486
Sept.	397,594	19,014	139,573	116,113	7,313	262,999	93,050	36,975
Oct	395,372	19,014	122,388	85,958	9,317	217,663	93,050	67,816
Nov.	396,629	19,014	147,301	104,221	9,646	261,168	93,050	43,120
Dec.	418,485	19,014	124,786	96,188	12,424	233,398	89,050	58,597
<b>2000</b>								
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
Sept.	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

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

<sup>2</sup> Including Deposit Money Banks, Other Banking Institutions and International Banking Institutions.

**TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES  
CENTRAL BANK OF MALTA<sup>1</sup>**

*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 <sup>2</sup>	Convertible Currencies <sup>3</sup>	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
<b>1999</b>								
Jan.	687	40,429	607,197	648,313	19,086	14,163	28,616	710,179
Feb.	708	40,723	601,767	643,198	32,853	15,706	29,346	721,102
Mar.	700	32,635	603,855	637,189	32,853	8,081	26,735	704,857
Apr.	724	33,378	617,741	651,843	32,852	7,927	26,555	719,177
May	598	33,662	617,811	652,070	33,490	6,205	27,621	719,387
June	670	33,756	651,330	685,755	33,490	7,026	28,406	754,677
July	511	33,783	655,530	689,824	33,490	6,188	27,589	757,092
Aug.	628	34,372	658,210	693,210	33,490	15,678	46,179	788,558
Sept.	711	34,443	660,353	695,507	33,490	16,123	64,511	809,632
Oct.	721	34,727	685,074	720,522	33,490	9,124	29,779	792,915
Nov.	700	35,558	706,631	742,890	33,490	6,142	30,459	812,981
Dec.	737	35,517	704,065	740,320	34,955	6,153	37,115	818,544
<b>2000</b>								
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

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

<sup>2</sup> Include IMF Reserve Position and holdings of SDRs.

<sup>3</sup> 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**

*Liabilities*

*Lm thousands*

End of period	Deposits <sup>1</sup>				Foreign Liabilities <sup>2</sup>	Capital and Reserves	Other Liabilities <sup>2</sup>
	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
<b>1999</b>							
Jan.	139,241	588,241	1,112,910	1,840,392	320,684	116,537	397,953
Feb.	142,255	588,984	1,133,477	1,864,716	341,033	116,037	393,631
Mar.	151,143	595,396	1,132,209	1,878,748	330,233	116,038	410,698
Apr.	155,904	600,538	1,144,757	1,901,199	333,207	116,038	418,969
May	158,760	616,288	1,151,305	1,926,353	346,722	116,038	463,262
June	167,375	615,510	1,175,437	1,958,322	322,142	116,038	447,717
July	165,240	626,683	1,186,612	1,978,535	310,439	116,038	451,128
Aug.	186,361	620,362	1,196,491	2,003,214	316,323	116,038	448,560
Sept.	176,570	615,635	1,199,391	1,991,597	342,760	116,038	482,953
Oct.	177,589	622,238	1,194,747	1,994,574	360,777	126,829	457,693
Nov.	180,388	619,806	1,214,111	2,014,305	375,900	126,564	496,997
Dec.	188,460	632,675	1,217,858	2,038,993	356,384	126,829	469,904
<b>2000</b>							
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.	208,684	601,428	1,273,144	2,083,256	396,423	137,762	557,812
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	158,331	566,856

<sup>1</sup> 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 collection).

<sup>2</sup> 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**

*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/ 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
<b>1999</b>						
Jan.	131,573	590,502	1,315,984	502,703	134,804	2,675,566
Feb.	131,404	603,986	1,323,648	511,447	144,932	2,715,417
Mar.	137,672	581,764	1,380,828	519,365	116,088	2,735,717
Apr.	136,871	581,534	1,390,205	541,971	118,832	2,769,413
May	137,220	628,469	1,385,577	572,589	128,520	2,852,375
June	135,616	595,614	1,390,000	581,878	141,111	2,844,219
July	143,186	594,067	1,385,244	585,580	148,063	2,856,140
Aug.	171,737	607,959	1,374,469	578,855	151,116	2,884,136
Sept.	164,088	620,920	1,437,598	589,968	120,775	2,933,348
Oct.	169,530	627,642	1,432,473	569,908	140,319	2,939,873
Nov.	163,587	633,802	1,440,936	573,994	201,447	3,013,766
Dec.	169,909	615,109	1,464,365	574,198	168,529	2,992,110
<b>2000</b>						
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	712,619	1,592,966	566,345	131,162	3,175,253
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

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

*Liabilities*

*Lm thousands*

End of Period	Deposits <sup>1</sup>			Foreign Liabilities	Credits from Deposit Money Banks <sup>2</sup>	Capital and Reserves	Other Items (Net) <sup>2</sup>
	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
<b>1999</b>							
Jan.	-	-	-	-	62,757	23,136	75,924
Feb.	-	-	-	-	61,852	23,136	76,970
Mar.	-	-	-	-	61,249	23,136	81,108
Apr.	-	-	-	-	60,303	23,136	72,273
May	-	-	-	-	59,071	23,136	73,314
June	-	-	-	-	59,412	23,136	72,210
July	-	-	-	-	56,318	23,136	73,400
Aug.	-	-	-	-	58,541	23,136	70,266
Sept.	-	-	-	-	60,232	23,136	72,757
Oct.	-	-	-	198	60,002	23,136	71,714
Nov.	-	-	-	198	59,077	23,136	72,091
Dec.	-	-	-	198	60,392	20,568	72,540
<b>2000</b>							
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

<sup>1</sup> 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)".

<sup>2</sup> 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**

*Assets*

*Lm thousands*

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Claims on				Total Assets/ Total Liabilities
			Government	Deposit Money Banks <sup>1</sup>	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
<b>1999</b>							
Jan.	430	7,028	5,767	2,355	146,237	154,359	161,817
Feb.	525	7,047	5,787	2,419	146,180	154,386	161,958
Mar.	597	6,818	5,804	2,535	149,739	158,078	165,493
Apr.	670	6,836	5,900	2,341	139,965	148,206	155,712
May	563	6,859	5,802	2,354	139,943	148,099	155,521
June	427	6,727	5,803	2,661	139,140	147,604	154,758
July	410	6,816	4,507	2,803	138,318	145,628	152,854
Aug.	415	6,775	4,505	2,985	137,263	144,753	151,943
Sept.	420	6,772	5,235	3,042	140,656	148,933	156,125
Oct.	397	6,721	5,035	2,882	140,015	147,932	155,050
Nov.	413	6,565	4,555	3,013	139,956	147,524	154,502
Dec.	368	6,545	4,555	3,013	139,217	146,785	153,698
<b>2000</b>							
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

<sup>1</sup> 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
<b>1999</b>								
Jan.	3,336	8,312	11,451	23,099	1,857,887	169,668	9,062	2,059,716
Feb.	3,490	8,887	7,776	20,153	1,963,418	168,464	7,357	2,159,392
Mar.	2,729	8,618	8,806	20,153	2,172,812	172,940	14,524	2,380,429
Apr.	3,200	9,984	8,061	21,245	2,278,923	173,295	13,211	2,486,673
May	3,233	9,506	7,093	19,832	2,191,874	171,885	27,115	2,410,706
June	4,053	8,764	7,254	20,071	2,421,691	174,972	30,727	2,647,461
July	2,356	9,773	7,109	19,238	2,388,079	173,516	44,919	2,625,752
Aug.	1,615	8,307	6,598	16,520	2,462,994	173,356	55,561	2,708,432
Sept.	3,217	8,482	6,822	18,521	2,441,337	179,915	61,259	2,701,032
Oct.	3,258	9,791	7,518	20,566	2,411,863	189,748	56,409	2,678,587
Nov.	3,603	9,504	7,200	20,307	2,351,000	189,157	40,863	2,601,326
Dec.	4,027	10,203	7,093	21,323	2,453,948	188,740	39,045	2,703,056
<b>2000</b>								
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

**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
<b>1999</b>						
Jan.	1,206	1,817,268	1,180	235,186	4,876	2,059,716
Feb.	1,211	1,924,453	1,469	226,998	5,261	2,159,392
Mar.	1,468	2,127,489	1,253	231,985	18,235	2,380,429
Apr.	1,735	2,236,889	1,294	235,637	11,118	2,486,673
May	1,755	2,146,475	1,573	241,012	19,893	2,410,706
June	1,574	2,374,948	1,959	246,043	22,939	2,647,461
July	1,741	2,355,802	1,931	246,786	19,492	2,625,752
Aug.	1,916	2,437,607	1,697	237,474	29,738	2,708,432
Sept.	2,118	2,423,200	4,539	235,536	35,640	2,701,032
Oct.	2,135	2,392,778	6,269	243,979	33,425	2,678,587
Nov.	2,018	2,332,304	6,438	249,741	10,825	2,601,326
Dec.	1,892	2,417,710	6,135	260,458	16,860	2,703,056
<b>2000</b>						
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

**TABLE 1.5 MONETARY SURVEY<sup>1</sup>**
*Lm thousands*

End of Period	Domestic Credit			Net Foreign Assets			Narrow Money <sup>5</sup> [MI]	Quasi-Money <sup>6</sup>	Other Items (Net)	Total Assets/ Liabilities
	Net Claims on Government <sup>2</sup>	Claims on Private & Parastatal Sectors <sup>3</sup>	Total	Monetary Authorities	DMBs & IBIs <sup>4</sup>	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
<b>1999</b>										
Jan.	356,489	1,407,704	1,764,194	648,332	219,188	867,520	514,924	1,711,743	405,046	2,631,714
Feb.	361,975	1,415,756	1,777,733	643,217	223,109	866,326	516,617	1,729,950	397,491	2,644,058
Mar.	375,707	1,477,760	1,853,467	637,208	209,401	846,609	525,867	1,736,430	437,778	2,700,076
Apr.	387,384	1,481,187	1,868,570	651,862	189,916	841,778	533,448	1,754,249	422,651	2,710,348
May	399,026	1,511,647	1,910,673	652,089	224,722	876,811	542,445	1,775,435	469,605	2,787,484
June	377,623	1,511,636	1,889,259	685,774	218,872	904,646	553,260	1,798,029	442,616	2,793,905
July	388,653	1,507,486	1,896,139	689,843	237,583	927,427	550,780	1,819,862	452,923	2,823,565
Aug.	378,199	1,496,050	1,874,248	693,229	254,735	947,964	563,731	1,821,901	436,581	2,822,213
Sept.	356,840	1,562,933	1,919,773	695,526	251,475	947,001	555,807	1,819,501	491,465	2,866,774
Oct.	357,342	1,559,900	1,917,242	720,541	237,741	958,282	559,453	1,821,528	494,542	2,875,524
Nov.	348,660	1,562,000	1,910,660	742,909	200,154	943,062	563,610	1,839,037	451,075	2,853,722
Dec.	353,539	1,586,815	1,940,354	740,339	201,594	941,933	581,175	1,854,927	446,186	2,882,287
<b>2000</b>										
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	609,343	1,883,190	540,667	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

<sup>1</sup> Includes Monetary Authorities, Deposit Money Banks and International Banking Institutions.

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

<sup>3</sup> 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.

<sup>4</sup> International Banking Institutions are included as from January 1995. As from September 1992, foreign assets of DMBs and IBI's are netted of foreign interest due and not received. Foreign liabilities are netted of foreign interest and expenses accrued

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

<sup>6</sup> Excludes Malta Government deposits and balances belonging to non-residents.

**TABLE 1.6 BANKING SURVEY<sup>1</sup>**

*Lm thousands*

End of Period	Domestic Credit			Net Foreign Assets			Narrow Money [M]	Quasi-Money	Other Items (Net)	Total Assets/ Liabilities
	Net Claims on Government	Claims on Private & Parastatal Sectors	Total	Monetary Authorities	All Banking Institutions <sup>2</sup>	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	456,727	139,860	596,587	384,438	657,223	132,944	1,174,605
1991	119,535	576,846	696,381	439,857	169,052	608,909	406,689	726,245	145,634	1,278,568
1992	121,591	638,078	759,669	492,220	198,759	690,979	408,551	830,231	211,866	1,450,648
1993	137,329	720,680	858,009	549,490	187,664	737,154	425,063	941,658	228,442	1,595,163
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	232,230	812,930	436,760	1,254,635	346,296	2,037,691
1996	239,084	1,190,485	1,429,569	554,119	199,999	754,118	454,089	1,414,215	315,383	2,183,687
1997	321,469	1,323,259	1,644,728	561,668	173,541	735,209	479,899	1,567,091	332,947	2,379,937
1998	355,996	1,459,815	1,815,811	639,991	224,137	864,128	523,628	1,698,959	457,352	2,679,939
<b>1999</b>										
Jan.	362,256	1,453,216	1,815,472	648,332	226,207	874,539	514,924	1,725,230	449,856	2,690,011
Feb.	367,762	1,461,464	1,829,227	643,217	230,144	873,361	516,617	1,745,200	440,770	2,702,587
Mar.	381,511	1,528,467	1,909,978	637,208	216,219	853,427	525,867	1,752,841	484,696	2,763,405
Apr.	393,284	1,531,208	1,924,491	651,862	196,750	848,612	533,448	1,764,575	475,080	2,773,103
May	404,828	1,555,903	1,960,731	652,089	231,577	883,666	542,445	1,786,514	515,439	2,844,397
June	383,426	1,557,364	1,940,790	685,774	225,593	911,367	553,260	1,808,234	490,663	2,852,157
July	393,160	1,554,176	1,947,336	689,843	244,391	934,235	550,780	1,831,170	499,620	2,881,570
Aug.	382,704	1,542,211	1,924,914	693,229	261,501	954,730	563,731	1,831,002	484,912	2,879,645
Sept.	362,075	1,610,603	1,972,678	695,526	258,247	953,773	555,807	1,827,983	542,661	2,926,451
Oct.	362,377	1,607,470	1,969,847	720,541	244,262	964,803	559,419	1,828,827	546,403	2,934,650
Nov.	353,215	1,610,735	1,963,950	742,909	206,517	949,425	563,610	1,846,624	503,141	2,913,375
Dec.	358,094	1,632,866	1,990,960	740,339	207,936	948,275	581,148	1,860,653	497,435	2,939,235
<b>2000</b>										
Jan.	372,256	1,634,295	2,006,551	732,609	181,161	913,770	567,902	1,873,635	478,785	2,920,321
Feb.	393,181	1,642,786	2,035,967	715,834	180,152	895,986	567,063	1,883,279	481,610	2,931,952
Mar.	386,775	1,695,651	2,082,426	708,953	178,160	887,113	557,843	1,890,114	521,583	2,969,539
Apr.	396,115	1,690,856	2,086,972	699,798	197,382	897,179	569,443	1,897,938	516,770	2,984,151
May	376,252	1,702,691	2,078,943	711,777	203,650	915,427	587,512	1,897,793	509,065	2,994,371
June	365,619	1,713,349	2,078,968	703,415	247,382	950,797	581,038	1,898,000	550,726	3,029,764
July	385,798	1,708,247	2,094,046	685,679	246,150	931,829	592,984	1,898,465	534,426	3,025,875
Aug.	386,240	1,705,220	2,091,460	686,433	260,751	947,184	612,778	1,896,201	529,665	3,038,644
Sept.	366,516	1,770,001	2,136,517	697,544	245,023	942,567	609,303	1,890,933	578,848	3,079,084
Oct.	394,451	1,751,625	2,146,075	689,875	248,463	938,339	604,198	1,916,965	563,251	3,084,414
Nov.	409,842	1,767,310	2,177,152	665,206	272,843	938,049	603,737	1,935,190	576,275	3,115,202
Dec.	405,705	1,778,537	2,184,242	644,163	302,338	946,501	594,660	1,944,221	591,861	3,130,742

<sup>1</sup> The Banking Survey extends the coverage of the Monetary Survey to the Other Banking Institutions operating in Malta. All interbank transactions are excluded.

<sup>2</sup> As from September 1992, foreign assets of All Banking Institutions are netted of foreign interest due and not received. Foreign liabilities are netted of foreign interest and expenses accrued and unpaid.

**TABLE 1.7 MONETARY BASE AND MONETARY AGGREGATES**
*Lm thousands*

End of Period	Monetary Base (M0) <sup>1</sup>			Broad Money (M3) <sup>3</sup>						
	Currency Issued <sup>2</sup>	Banks' Deposits with the Central Bank	Total	Narrow Money [M1]			Quasi-Money			Total
				Currency in Circulation	Demand Deposits <sup>4</sup>	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
<b>1999</b>										
Jan.	381,437	107,394	488,831	366,801	148,123	514,924	592,908	1,132,322	1,725,230	2,240,154
Feb.	381,418	116,073	497,491	364,414	152,203	516,617	594,300	1,150,900	1,745,200	2,261,817
Mar.	387,984	115,900	503,884	367,039	158,829	525,867	601,396	1,151,445	1,752,841	2,278,708
Apr.	388,645	114,919	503,564	371,739	161,709	533,448	607,321	1,157,254	1,764,575	2,298,023
May	393,179	121,093	514,272	376,464	165,981	542,445	623,006	1,163,508	1,786,514	2,328,958
June	398,989	114,939	513,927	378,885	174,375	553,260	620,802	1,187,432	1,808,234	2,361,494
July	397,655	124,117	521,772	380,023	170,757	550,780	632,095	1,199,075	1,831,170	2,381,950
Aug.	397,917	156,106	554,022	377,572	186,159	563,731	624,856	1,206,146	1,831,002	2,394,733
Sept.	397,594	139,573	537,167	377,115	178,692	555,807	619,346	1,208,637	1,827,983	2,383,791
Oct.	395,372	122,388	517,761	378,008	181,412	559,419	627,625	1,201,202	1,828,827	2,388,247
Nov.	396,629	147,301	543,930	378,013	185,597	563,610	625,583	1,221,041	1,846,624	2,410,234
Dec.	418,485	124,786	543,271	384,593	196,555	581,148	637,402	1,223,251	1,860,653	2,441,800
<b>2000</b>										
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	215,452	609,303	606,694	1,284,239	1,890,933	2,500,236
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

<sup>1</sup> Monetary base (M0) comprises currency issued and the banks' deposits with the Central Bank (excluding term deposits).

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

<sup>3</sup> 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.

<sup>4</sup> 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 INSTITUTIONS<sup>1</sup>**  
*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 <sup>2</sup>	Corporate/ Business	Government	Public Sector <sup>3</sup>	Maltese Lira Deposits	Foreign Currency Deposits <sup>4</sup>			
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
<b>1999</b>									
Jan.	1,628,622	215,422	11,192	39,537	1,697,168	197,605	1,894,773	1,071,477	2,966,250
Feb.	1,637,496	212,490	11,338	53,193	1,710,282	204,235	1,914,517	1,090,086	3,004,602
Mar.	1,654,016	214,279	10,780	47,302	1,728,172	198,205	1,926,377	1,091,879	3,018,256
Apr.	1,664,432	227,311	11,262	45,494	1,752,975	195,524	1,948,499	1,173,797	3,122,296
May	1,673,248	232,271	10,828	49,414	1,764,576	201,284	1,965,860	1,142,038	3,107,898
June	1,690,872	258,450	10,681	38,518	1,800,671	197,850	1,998,521	1,110,825	3,109,345
July	1,704,364	260,611	12,370	46,699	1,819,792	204,252	2,024,044	1,180,068	3,204,112
Aug.	1,697,125	278,826	11,612	52,305	1,833,096	206,773	2,039,868	1,194,919	3,234,787
Sept.	1,708,713	266,803	13,001	40,781	1,819,857	209,441	2,029,298	1,087,081	3,116,379
Oct	1,699,068	289,822	15,196	33,390	1,826,017	211,458	2,037,476	1,035,753	3,073,229
Nov.	1,700,365	301,959	13,226	35,572	1,849,598	201,524	2,051,122	1,117,943	3,169,065
Dec.	1,704,669	324,081	14,868	33,284	1,870,317	206,585	2,076,902	1,148,486	3,225,388
<b>2000</b>									
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.	1,746,241	328,828	15,760	45,282	1,915,357	220,754	2,136,111	1,141,280	3,277,391
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

<sup>1</sup> Includes Deposit Money Banks, Other Banking Institutions and International Banking Institutions. For the purposes of this table, deposits include uncleared effects.

<sup>2</sup> Includes Bearer Deposits as from January 1985.

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

<sup>4</sup> 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 <sup>2</sup>	Currency in Circulation
	Notes <sup>1</sup>	Coin	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
<b>1999</b>					
Jan.	365,866	15,571	381,437	14,636	366,801
Feb.	365,933	15,484	381,418	17,003	364,414
Mar.	372,406	15,578	387,984	20,946	367,039
Apr.	373,046	15,599	388,645	16,906	371,739
May	377,519	15,660	393,179	16,715	376,464
June	383,117	15,872	398,989	20,104	378,885
July	381,513	16,143	397,655	17,632	380,023
Aug.	381,644	16,273	397,917	20,345	377,572
Sept.	381,294	16,300	397,594	20,479	377,115
Oct.	379,103	16,269	395,372	17,365	378,008
Nov.	380,420	16,209	396,629	18,616	378,013
Dec.	401,999	16,486	418,485	33,893	384,593
<b>2000</b>					
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

<sup>1</sup> As from December 1998, the Notes figure in the CBM 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.

<sup>2</sup> For the purpose of this classification, the banking system includes All Banking Institutions.

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

*Lm thousands*

End of Period	Total Notes & Coins <sup>1</sup>	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
<b>1999</b>							
Jan.	381,437	108,654	227,455	22,641	5,724	-	364,474
Feb.	381,418	108,231	227,526	23,092	5,751	-	364,600
Mar.	387,984	108,684	232,396	24,095	5,880	-	371,055
Apr.	388,645	108,656	233,148	23,933	5,995	-	371,732
May	393,179	109,455	236,147	24,518	6,097	-	376,217
June	398,989	109,616	240,839	25,200	6,172	-	381,827
July	397,655	109,453	240,515	25,360	6,184	-	381,512
Aug.	397,917	109,056	240,756	25,535	6,298	-	381,645
Sept.	397,594	108,413	241,598	25,046	6,238	-	381,295
Oct.	395,372	108,038	240,361	24,527	6,177	-	379,103
Nov.	396,629	107,722	242,553	24,051	6,094	-	380,420
Dec.	418,485	108,626	259,366	27,738	6,270	-	402,000
<b>2000</b>							
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

<sup>1</sup> 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 LIQUIDITY<sup>1</sup>**
*€m thousands*

End of Period	Liquid Assets						Ratios (%)		
	Actual		Required		Excess		Liquidity		Advances <sup>2</sup> 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 <sup>3</sup>	Ratios (%)	
	Actual	Required	Excess		Liquidity	Advances to Deposits <sup>2</sup>
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
<b>1999</b>						
Jan.	587,932	391,140	196,792	1,303,801	45.1	71.5
Feb.	626,471	385,787	240,684	1,285,958	48.7	71.0
Mar.	635,938	387,540	248,398	1,291,801	49.2	73.5
Apr.	640,718	392,554	248,164	1,308,514	49.0	73.1
May	611,526	399,070	212,456	1,330,234	46.0	71.9
June	649,401	410,992	238,409	1,369,974	47.4	71.0
July	650,573	401,308	249,265	1,337,694	48.6	70.0
Aug.	686,408	407,686	278,722	1,358,954	50.5	68.6
Sept.	650,079	405,400	244,679	1,351,334	48.1	72.2
Oct.	712,994	430,876	282,118	1,436,252	49.6	71.8
Nov.	644,689	454,070	190,619	1,513,568	42.6	71.5
Dec.	694,529	459,454	235,075	1,531,512	45.3	71.8
<b>2000</b>						
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

<sup>1</sup> 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.

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

<sup>3</sup> 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***Ln thousands*

End of Period	Cash and Deposits <sup>1</sup>		Other Specified Assets Maturing within 5 Years <sup>2</sup>		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 <sup>3</sup>	Treasury Bills	Inter-Bank Deposits	Marketable Debt Securities <sup>4</sup>	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
<b>1999</b>					
Jan.	25,587	61,589	47,787	452,969	587,932
Feb.	23,213	70,958	52,266	480,034	626,471
Mar.	25,309	72,982	57,751	479,896	635,938
Apr.	25,328	91,611	52,430	471,349	640,718
May	17,867	93,252	65,442	434,965	611,526
June	18,602	113,432	59,118	458,249	649,401
July	24,328	118,065	46,656	461,524	650,573
Aug.	47,682	101,204	78,977	458,545	686,408
Sept.	36,833	83,690	39,983	489,573	650,079
Oct.	37,371	77,255	86,243	512,125	712,994
Nov.	13,071	75,201	44,818	511,599	644,689
Dec.	50,995	75,929	67,768	499,837	694,529
<b>2000</b>					
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

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Excludes balances held as reserve deposits.

<sup>4</sup> 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**

*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	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	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
<b>1999</b>								
Jan.	106,391	77,796	50,745	10,723	195,748	82,057	171,629	242,178
Feb.	106,231	81,658	50,492	9,879	193,649	82,229	175,156	243,250
Mar.	108,733	82,764	49,052	10,028	203,219	84,648	185,743	259,513
Apr.	108,382	82,405	46,383	9,933	200,469	84,901	185,278	260,861
May	110,044	80,820	45,707	10,069	198,162	84,281	187,405	256,064
June	108,145	83,460	43,432	9,905	196,933	84,610	191,455	257,370
July	106,247	82,713	41,648	9,988	194,743	84,250	192,472	257,848
Aug.	103,448	82,093	41,122	10,103	190,530	85,776	192,645	255,442
Sept.	110,512	82,887	43,005	10,219	196,973	90,667	199,456	267,289
Oct.	107,948	80,041	42,465	10,224	194,969	90,592	201,675	266,376
Nov.	109,516	74,952	41,241	10,161	196,002	95,653	199,732	265,093
Dec.	108,906	75,977	43,186	10,305	196,285	96,482	204,228	267,183
<b>2000</b>								
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

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

*Lm thousands*

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Total
	House <sup>1</sup> 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 <sup>2</sup> Services	All Other	Total Local Lending	Foreign Lending	Total
	House <sup>1</sup> Purchases	Consumer Durable Goods	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
<b>1999</b>									
Jan.	96,747	46,577	26,456	163,258	60,575	122,897	1,283,997	5,020	1,289,017
Feb.	107,302	47,858	27,030	164,079	60,550	123,981	1,291,154	5,158	1,296,312
Mar.	96,747	46,577	26,456	169,780	64,530	128,265	1,346,275	5,481	1,351,756
Apr.	105,040	55,074	18,996	179,110	72,666	121,580	1,351,968	5,164	1,357,132
May	106,907	53,015	21,107	181,029	65,888	129,748	1,349,217	5,203	1,354,420
June	107,302	47,858	27,030	182,190	67,043	128,936	1,353,479	5,406	1,358,885
July	108,210	48,070	28,548	184,828	67,152	126,401	1,348,290	6,659	1,354,949
Aug.	109,257	48,082	28,910	186,249	67,523	122,542	1,337,473	7,489	1,344,962
Sept.	112,919	49,116	32,112	194,147	75,243	129,485	1,399,883	7,913	1,407,796
Oct.	118,701	55,163	28,114	201,978	73,268	124,633	1,394,169	7,753	1,401,922
Nov.	119,400	49,804	36,397	205,601	77,995	126,662	1,402,608	6,788	1,409,396
Dec.	121,019	49,883	39,371	210,273	79,946	133,518	1,426,289	7,418	1,433,707
<b>2000</b>									
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

<sup>1</sup> Includes also lending for the construction, modernisation or extension of dwellings.

<sup>2</sup> Includes professional, repair and maintenance services.

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

*Ln 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
<b>1999</b>								
Jan.	-	8,220	-	454	8,167	512	17,720	2,293
Feb.	-	8,220	-	444	8,189	512	17,701	2,223
Mar.	-	7,699	-	457	7,812	473	18,125	2,243
Apr.	-	7,067	-	456	7,847	467	17,393	2,220
May	-	7,067	-	434	7,883	465	17,303	2,195
June	-	4,906	-	452	7,938	450	18,862	2,127
July	-	4,906	-	452	7,821	437	17,900	2,066
Aug.	-	4,906	-	449	7,724	419	17,768	2,048
Sept.	-	5,007	2,121	464	8,001	483	17,689	2,003
Oct.	-	4,440	2,112	464	8,069	471	16,835	1,998
Nov.	-	4,410	2,082	460	8,111	438	16,758	1,965
Dec.	-	4,409	2,074	460	8,084	373	16,655	1,945
<b>2000</b>								
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



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

*Lm thousands*

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Grand Total	
	House <sup>1</sup> 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 <sup>2</sup> Services	All Other	Total Local Lending	Foreign Lending <sup>3</sup>	Grand Total
	House <sup>1</sup> 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
<b>1999</b>									
Jan.	103,441	74	87	103,602	1,723	3,045	145,736	608,327	754,063
Feb.	103,534	71	111	103,716	1,709	3,203	145,925	619,956	765,881
Mar.	107,407	73	143	107,623	1,727	2,920	149,079	639,900	788,979
Apr.	99,223	69	142	99,434	1,707	2,845	139,436	656,794	796,230
May	99,359	83	135	99,577	1,646	2,968	139,538	647,665	787,202
June	99,449	84	134	99,667	1,605	3,248	139,255	693,143	832,398
July	99,939	82	133	100,154	1,584	3,279	138,599	705,593	844,192
Aug.	99,382	78	132	99,592	1,560	2,990	137,456	672,965	810,420
Sept.	102,502	80	134	102,716	1,578	2,937	142,998	723,328	866,326
Oct.	103,124	80	182	103,332	1,556	5,229	144,506	691,523	836,029
Nov.	103,280	84	193	103,557	1,520	5,358	144,659	773,989	918,648
Dec.	103,070	92	190	103,352	1,504	4,767	143,623	815,458	959,081
<b>2000</b>									
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

<sup>1</sup> Includes also lending for the construction, modernisation or extension of dwellings.

<sup>2</sup> Includes professional, repair and maintenance services.

<sup>3</sup> As from January 1995, includes lending by International Banking Institutions.

**TABLE 1.15 LOANS AND ADVANCES OUTSTANDING  
TO THE PRIVATE AND PUBLIC SECTORS BY CATEGORY<sup>1</sup>**

*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
1993	443	29,924	4,522	41,884	5,767	106	97,063	10,966
1994	454	38,744	3,751	50,572	7,422	66	103,901	12,122
1995	779	80,039	14,808	57,403	8,790	149	120,933	13,975
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	-	134,461	22,999
<b>2000</b>								
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

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
1993	64,579	26,519	1,552	62,931	1,173	117,249	2,284
1994	66,500	41,367	1,960	75,076	1,360	141,719	3,488
1995	63,536	62,494	3,534	103,211	1,071	183,703	729
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	46,909	94,189	2,666	218,053	2,830	269,119	9
<b>2000</b>							
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

End of Period	Personal	Other Services		All Other		Total Local Lending		
		Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Total
1993	141,351	14,774	4,550	62,064	7,786	534,579	162,908	697,487
1994	148,639	22,042	5,111	58,248	5,802	603,138	185,205	788,343
1995	177,501	28,370	10,141	79,318	6,392	783,019	234,014	1,017,033
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	124,727	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	1,524,562
<b>2000</b>								
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

<sup>1</sup> Loans and advances extended by Deposit Money Banks, Other Banking Institutions and International Banking Institutions. Public sector companies comprise entities that are subject to control by Government, control being defined as the ability to determine general corporate policy. Includes interest in suspense.

**TABLE 1.16 DEPOSIT MONEY BANK LOANS AND ADVANCES  
CLASSIFIED BY SIZE AND INTEREST RATES<sup>1</sup>**

*Lm thousands*

End of Period		Size of Loans and Advances <sup>2</sup>						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	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 <sup>2</sup>				Total
		Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	
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
<b>1999</b>						
Mar.	Amount	112,735	335,110	307,145	596,770	1,351,756
	Interest Rate	8.02	8.35	8.48	7.42	7.94
June	Amount	129,976	350,659	322,025	556,229	1,358,885
	Interest Rate	7.41	7.78	7.78	6.79	7.34
Sept.	Amount	135,757	359,476	314,725	597,840	1,407,796
	Interest Rate	7.41	7.71	7.84	6.68	7.27
Dec.	Amount	138,814	373,630	334,746	586,516	1,433,707
	Interest Rate	7.33	7.62	7.66	6.55	7.16
<b>2000</b>						
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

<sup>1</sup> 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.

<sup>2</sup> 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 RATES<sup>1</sup>**

*Lm thousands*

End of Period	Size of Loans and Advances <sup>2</sup>						
	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	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 <sup>2</sup>				
	Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	Total
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
<b>1999</b>					
Mar. Amount	74,423	39,581	11,173	22,950	148,127
Mar. Interest Rate	7.03	7.65	8.19	7.11	7.30
June Amount	68,217	37,406	10,429	21,513	137,565
June Interest Rate	6.37	6.91	7.45	6.55	6.63
Sept. Amount	68,702	39,920	10,049	20,721	139,392
Sept. Interest Rate	6.40	6.90	7.43	6.43	6.62
Dec. Amount	67,983	41,112	8,824	19,818	137,738
Dec. Interest Rate	6.40	6.86	7.59	6.51	6.63
<b>2000</b>					
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

<sup>1</sup> 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.

<sup>2</sup> 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 MALTA<sup>1</sup>**  
(Percent per annum)

	1994	1995	1996	1997	1998	1999	2000			
							Mar.	June	Sept.	Dec.
<b>Central Bank</b>										
Discount Rate	5.50	5.50	5.50	5.50	5.50	4.75	4.75	4.75	4.75	4.75
Central Intervention Rate <sup>2</sup>	-	-	-	-	5.45	4.75	4.75	4.75	4.75	4.75
Injection Rate	-	-	-	-	5.50	4.80	4.80	4.80	4.80	4.80
Absorption Rate	-	-	-	-	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
7 day Repo	-	5.50	5.40	5.50	5.50	4.80	4.80	4.80	4.80	4.80
Standby (Collateralised) Loan Facility <sup>3</sup>	5.75	6.00	6.00	6.00	6.00	5.30	5.30	5.30	5.30	5.30
Overnight Deposit Facility <sup>4</sup>	2.50	2.50	-	-	-	1.80	1.80	1.80	1.80	1.80
Reserve Requirements	2.50	2.50	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
<b>Interbank Market Offered Rates</b>										
1 week	-	-	-	5.26	5.56	4.74	4.73	4.74	4.77	4.78
1 month	-	-	-	5.38	5.70	4.75	4.85	4.90	4.90	4.90
3 month	-	-	-	5.51	5.95	5.27	5.27	5.27	5.27	5.27
<b>Deposit Money Banks<sup>5</sup></b>										
Average Weighted Deposit Rate	3.95	4.00	4.24	4.39	4.42	4.32	4.22	4.18	4.16	4.17
Current	0.15	0.16	0.42	1.37	1.49	1.11	1.19	1.19	1.24	1.32
Savings	3.00	3.00	3.01	3.02	3.04	2.81	2.58	2.54	2.54	2.52
Time	5.00	5.01	5.29	5.35	5.35	5.43	5.31	5.29	5.27	5.25
Average Weighted Lending Rate	7.26	7.49	7.93	8.04	8.08	7.28	7.31	7.37	7.21	7.23
<b>Government Securities</b>										
Treasury Bills										
1 month	-	-	5.00	5.19	5.43	5.05	5.05	4.82	4.86	4.85
3 month	-	4.94	5.01	5.25	5.49	4.95	4.85	4.85	4.90	4.90
6 month	-	5.16	5.29	5.31	5.48	4.97	4.95	4.94	4.94	4.94
1 year	-	5.34	5.36	5.40	5.49	5.12	5.12	5.06	5.03	5.03
Government Stocks <sup>6</sup>										
1 year	-	-	5.12	5.30	5.58	4.86	5.03	5.01	5.02	4.99
5 year	5.79	6.60	6.65	6.82	5.80	5.46	5.33	5.42	5.37	5.33
10 year	6.65	7.08	7.23	7.26	6.00	5.55	5.60	5.73	6.04	5.99
15 year	-	-	7.49	7.62	6.47	6.03	5.95	5.94	6.62	6.39
20 year	-	-	-	-	6.86	6.14	6.01	6.15	6.70	6.60

<sup>1</sup> End of period rates.

<sup>2</sup> 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 in the discount rate.

<sup>3</sup> Offered in terms of Section 15(i)k of the CBM Act.

<sup>4</sup> 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.

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

<sup>6</sup> Gross redemption yields on indicative stocks. Periods specified refer to remaining term to maturity.

**TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM <sup>1</sup>**

*Lm thousands*

Period	Monetary Authorities							Total (A+B)
	Central Bank of Malta				Government & Parastatal Companies <sup>2</sup>			
	Gold and Other Precious Metals	Convertible Currencies	IMF Related Assets <sup>3</sup>	Total (A)	Foreign Currency Deposits <sup>5</sup>	Other Official Funds <sup>4,5</sup>	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
<b>1999</b>								
Jan.	687	607,216	40,429	648,332	-	-	-	648,332
Feb.	708	601,786	40,723	643,217	-	-	-	643,217
Mar.	700	603,874	32,635	637,208	-	-	-	637,208
Apr.	724	617,760	33,378	651,862	-	-	-	651,862
May	598	617,830	33,662	652,089	-	-	-	652,089
June	670	651,349	33,756	685,774	-	-	-	685,774
July	511	655,549	33,783	689,843	-	-	-	689,843
Aug.	628	658,229	34,372	693,229	-	-	-	693,229
Sept.	711	660,372	34,443	695,526	-	-	-	695,526
Oct.	721	685,093	34,727	720,541	-	-	-	720,541
Nov.	700	706,650	35,558	742,909	-	-	-	742,909
Dec.	737	704,084	35,517	740,339	-	-	-	740,339
<b>2000</b>								
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

<sup>1</sup> On cash accounting basis.

<sup>2</sup> Customers' Foreign Currency Deposits and Sinking Funds are held with the Central Bank, while Other Official Funds are held with the Treasury.

<sup>3</sup> Include IMF Reserve Position and Holdings of SDRs.

<sup>4</sup> Including Government Sinking Funds.

<sup>5</sup> 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" heading.

**TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM <sup>1</sup>**  
(Continued)

*Lm thousands*

Period	Deposit Money Banks <sup>2</sup> & Other Banking Institutions			Total (A+B+C)	International Banking Institutions <sup>2</sup>			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	554,059	339,032	215,027	795,727	233,535	216,332	17,203	812,930
1996	585,607	407,831	177,776	731,895	453,720	431,497	22,223	754,118
1997	532,762	410,258	122,504	684,172	804,388	753,351	51,037	735,209
1998	596,369	514,407	81,962	721,953	1,606,314	1,464,139	142,175	864,128
<b>1999</b>								
Jan.	611,995	531,019	80,976	729,308	1,765,350	1,620,119	145,231	874,539
Feb.	639,804	555,839	83,965	727,182	1,854,224	1,708,045	146,179	873,361
Mar.	617,730	550,882	66,848	704,056	2,050,512	1,901,141	149,371	853,427
Apr.	614,929	553,849	61,080	712,942	2,157,362	2,021,693	135,670	848,612
May	663,192	575,066	88,126	740,215	2,051,003	1,907,552	143,451	883,666
June	630,996	558,451	72,545	758,319	2,286,056	2,133,008	153,048	911,367
July	626,166	543,509	82,657	772,500	2,266,158	2,104,424	161,734	934,235
Aug.	641,277	543,961	97,316	790,545	2,332,226	2,168,041	164,185	954,730
Sept.	660,375	573,525	86,850	782,376	2,304,576	2,133,179	171,397	953,773
Oct.	661,669	594,036	67,634	788,175	2,278,456	2,101,828	176,628	964,803
Nov.	668,041	612,114	55,927	798,836	2,210,225	2,059,635	150,590	949,425
Dec.	647,620	601,424	46,196	786,535	2,275,154	2,113,414	161,740	948,275
<b>2000</b>								
Jan.	660,033	625,940	34,093	766,702	2,039,167	1,892,099	147,068	913,770
Feb.	663,869	619,549	44,320	760,154	2,003,861	1,868,029	135,832	895,986
Mar.	693,492	646,899	46,593	755,546	1,998,920	1,867,353	131,567	887,113
Apr.	721,346	654,725	66,621	766,419	2,009,968	1,879,207	130,761	897,179
May	741,620	674,963	66,657	778,434	2,156,397	2,019,403	136,993	915,427
June	756,570	681,365	75,205	778,620	2,064,449	1,892,272	172,177	950,797
July	762,049	683,700	78,349	764,028	2,205,767	2,037,966	167,801	931,829
Aug.	765,414	671,294	94,120	780,553	2,461,583	2,294,952	166,631	947,184
Sept.	761,538	683,186	78,352	775,896	2,492,061	2,325,390	166,671	942,567
Oct.	803,511	708,362	95,149	785,024	2,570,307	2,416,993	153,314	938,339
Nov.	807,537	704,093	103,444	768,650	2,721,312	2,551,913	169,399	938,049
Dec.	799,879	683,602	116,277	760,440	2,963,039	2,776,978	186,061	946,501

<sup>1</sup> On cash accounting basis.

<sup>2</sup> 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 as Deposit Money Banks and not with the International Banking Institutions, as shown in other tables.

**TABLE 2.1 GOVERNMENT REVENUE AND EXPENDITURE**
*Lm thousands*

Period	Revenue			Expenditure			Deficit (-) or Surplus	Borrowing			Residual
	Ordinary <sup>1</sup>	Grants	Total	Ordinary <sup>1</sup>	Capital <sup>2</sup>	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 <sup>3</sup>	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
<b>1999</b>											
Jan.	37,406	-	37,406	44,773	4,440	49,214	-11,808	-	-	-	-11,808
Feb.	40,734	-	40,734	42,574	5,865	48,439	-7,705	-	-	-	-7,705
Mar.	36,512	-	36,512	43,444	5,697	49,142	-12,630	-	-	-	-12,630
Apr.	59,889	-	59,889	56,019	7,551	63,570	-3,681	-	-	-	-3,681
May	42,457	6,410	48,867	44,073	11,198	55,270	-6,403	-	-	-	-6,403
June	63,880	-	63,880	48,027	6,589	54,616	9,264	-	-	-	9,264
July	44,508	-	44,508	63,543	6,274	69,817	-25,309	-	-	-	-25,309
Aug.	60,964	1,465	62,429	44,266	11,067	55,333	7,096	-	-	-	7,096
Sept.	52,088	-	52,088	41,448	5,617	47,065	5,023	54,530	-	54,530	59,553
Oct.	51,606	25	51,631	49,104	7,798	56,902	-5,271	-	-	-	-5,271
Nov.	43,331	-	43,331	42,899	10,571	53,470	-10,139	-	-	-	-10,139
Dec.	94,793	1,784	96,577	64,664	23,462	88,127	8,450	-	-	-	8,450
<b>2000</b>											
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

<sup>1</sup> 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.

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

<sup>3</sup> 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**

*€m thousands*

Period	Tax Revenue						Non-Tax Revenue <sup>3</sup>	Ordinary Revenue <sup>4</sup>	Foreign Grants	Total Revenue
	Income Tax	National Insurance <sup>1</sup> Contributions	V.A.T. & C.E.T.	Licences, Taxes & Fines <sup>2</sup>	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
<b>1999</b>										
Jan.	5,496	6,029	6,186	4,186	3,807	25,704	11,702	37,406	-	37,406
Feb.	5,904	8,670	5,142	5,144	3,978	28,838	11,896	40,734	-	40,734
Mar.	7,505	11,059	8,107	6,171	1,496	34,338	2,174	36,512	-	36,512
Apr.	11,053	13,512	6,618	6,496	7,083	44,762	15,127	59,889	-	59,889
May	8,870	12,704	7,001	6,311	4,338	39,224	3,233	42,457	6,410	48,867
June	6,819	10,772	7,090	4,820	4,600	34,101	29,779	63,880	-	63,880
July	8,431	11,822	9,029	6,212	6,325	41,819	2,689	44,508	-	44,508
Aug.	16,372	11,131	7,188	6,004	3,463	44,158	16,806	60,964	1,465	62,429
Sept.	19,875	13,326	7,262	4,461	5,831	50,755	1,333	52,088	-	52,088
Oct.	15,348	11,300	7,686	6,708	3,433	44,475	7,131	51,606	25	51,631
Nov.	9,447	12,840	7,200	5,923	4,759	40,169	3,162	43,331	-	43,331
Dec.	13,234	21,109	6,514	5,524	6,313	52,694	42,099	94,793	1,784	96,577
<b>2000</b>										
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

<sup>1</sup> 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).

<sup>2</sup> Includes revenues from death and donation duties up to December 1994.

<sup>3</sup> Includes mainly Central Bank of Malta profits, privatisation receipts, sinking funds of converted loans and other miscellaneous receipts.

<sup>4</sup> 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 INVESTMENT<sup>1</sup>**

*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 <sup>2</sup>	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
<b>1999</b>				
Jan.	3,268	670	502	4,440
Feb.	4,014	1,156	695	5,865
Mar.	2,541	1,980	1,176	5,697
Apr.	3,888	2,348	1,315	7,551
May	4,531	5,616	1,052	11,198
June	3,248	1,942	1,399	6,589
July	3,346	1,091	1,838	6,274
Aug.	8,078	1,643	1,346	11,067
Sept.	2,740	1,511	1,366	5,617
Oct.	5,605	-1,819	4,013	7,798
Nov.	3,276	3,846	3,449	10,571
Dec.	7,945	7,531	7,986	23,462
<b>2000</b>				
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

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

<sup>2</sup> Including a loan to Malta Drydocks amounting to Lm24.6m.

Source: *The Treasury*

**TABLE 3.1 TREASURY BILLS ISSUED AND OUTSTANDING<sup>1</sup>***Lm thousands*

End of Period	Amount Maturing During Period	Amount Issued and Taken up by			Amount Outstanding <sup>5</sup> and held by		
		Banking System <sup>3</sup>	Non-Bank <sup>4</sup> Public	Total	Banking System <sup>2</sup>	Non-Bank <sup>4</sup> Public	Total
1987	-	28,427	1,173	29,600	28,405	1,195	29,600
1988	74,600	57,897	2,103	60,000	14,640	360	15,000
1989	17,000	20,915	1,085	22,000	19,675	325	20,000
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
<b>1999</b>							
Jan.	15,661	11,000	10,541	21,541	71,379	18,214	89,593
Feb.	26,357	9,800	19,342	29,142	78,958	13,420	92,378
Mar.	34,789	22,250	31,239	53,489	76,881	34,197	111,078
Apr.	36,419	33,250	16,751	50,001	97,769	26,891	124,660
May	39,529	23,800	23,603	47,403	99,326	33,208	132,534
June	45,539	38,300	1,130	39,430	120,292	6,133	126,425
July	38,160	27,500	22,647	50,147	120,994	17,418	138,412
Aug.	27,487	3,000	19,447	22,447	116,138	17,234	133,372
Sept.	31,118	-	-	-	97,808	4,446	102,254
Oct.	45,428	15,200	7,102	22,302	74,457	4,671	79,128
Nov.	23,647	18,000	10,019	28,019	77,453	6,047	83,500
Dec.	180	-	-	-	77,832	5,488	83,320
<b>2000<sup>4</sup></b>							
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

<sup>1</sup> Amounts are at nominal prices.<sup>2</sup> Including special redemptions.<sup>3</sup> Including Central Bank of Malta and All Banking Institutions.<sup>4</sup> Including the Malta Government Sinking Fund.<sup>5</sup> 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 3.2 MALTA GOVERNMENT STOCKS**  
**(Outstanding as at end - December 2000)**

Stock	Year of Maturity	Year of Issue	Issue Price Lm	Dates of Interest	Held By		Amount	
					Banking System	Non-Bank Public		
3.00 % MGS	2001	1	1991	100	15 June - 15 Dec.	307	193	500
3.00 % MGS	2001	(II)	1991	100	17 Aug. - 17 Feb.	386	114	500
3.00 % MGS	2001	(III)	1991	100	21 Mar. - 21 Sept.	868	132	1,000
3.00 % MGS	2001	(IV)	1991	100	19 Oct. - 19 Apr.	617	83	700
6.15 % LDRS	2001	(V)	1998	100	19 May - 19 Nov.	21,474	1,126	22,600
6.50 % LDRS	2001		1994	100	15 July - 15 Jan.	1,409	591	2,000
6.50 % LDRS	2001	(II)	1994	100	19 May - 19 Nov.	6,468	3,532	10,000
6.75 % LDRS	2001	(III)	1995	100	28 Apr. - 1 Aug.	4,923	4,077	9,000
6.75 % LDRS	2001	(IV)	1996	100	20 Jan. - 20 July	5,091	2,409	7,500
7.75 % LDRS	2002		1992	100	3 Apr. - 3 Oct.	4,214	15,987	20,200
6.90 % LDRS	2002	(II)	1995	100	10 Jun. - 10 Dec.	4,829	5,171	10,000
6.90 % LDRS	2002	(III)	1995	100	30 Mar. - 30 Sept.	7,891	4,609	12,500
6.90 % LDRS	2002	(IV)	1997	100	30 Mar. - 30 Sept.	19,595	4,155	23,750
7.00 % LDRS	2003	2	1993	100	18 Feb. - 18 Aug.	9,852	18,215	28,067
7.00 % MGS	2003	(II)	1993	100	3 Jul. - 3 Jan.	6,265	14,568	20,833
6.70 % MGS	2004		1994	100	23 Apr. - 23 Oct.	8,760	9,940	18,700
6.80 % MGS	2004	(II)	1998	100	15 Jan. - 15 July	21,883	3,969	25,852
7.25 % MGS	2005		1997	100	10 Jun. - 10 Dec.	16,200	7,300	23,500
5.60 % MGS	2005	(II)	1999	100	1 Feb. - 1 Aug.	19,730	11,770	31,500
7.00 % MGS	2006		1994	100	19 May - 19 Nov.	885	9,115	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.	4,553	14,697	19,250
7.25 % MGS	2006	(III)	1996	100	20 Jan. - 20 July	6,254	8,747	15,000
7.35 % MGS	2007		1997	100	18 Apr. - 18 Oct.	13,329	11,421	24,750
5.90 % MGS	2007	(II)	1999	100	23 Apr. - 23 Oct.	8,649	1,351	10,000
5.60 % MGS	2007	(III)	2000	100	10 Jun. - 10 Dec.	6,789	3,211	10,000
7.20 % MGS	2008		1998	100	28 Feb. - 15 July	7,369	2,631	10,000
7.20 % MGS	2008	(II)	1998	100	30 Mar. - 30 Sept.	17,292	12,709	30,000
7.00 % MGS	2009		1999	100	1 Mar. - 1 Sept.	-	65	65
5.90 % MGS	2009	(II)	1999	100	1 Mar. - 1 Sept.	10,394	14,606	25,000
5.90 % MGS	2009	(III)	2000	100	30 Mar. - 30 Sept.	13,502	3,999	17,500
5.90 % MGS	2010		1999	100	19 May - 19 Nov.	14,138	862	15,000
5.75 % MGS	2010	(II)	2000	100	10 Jun. - 10 Dec.	2,368	16,132	18,500
7.00 % MGS	2010	2	2000	100	30 June - 30 Dec.	-	545	545
7.50 % MGS	2011		1996	100	28 Mar. - 28 Sept.	6,658	8,342	15,000
7.80 % MGS	2012		1997	100	24 May - 24 Nov.	13,535	20,965	34,500
7.80 % MGS	2013		1997	100	18 Apr. - 18 Oct.	13,531	20,720	34,250
6.60 % MGS	2014		2000	100	30 Mar. - 30 Sept.	328	10,172	10,500
6.10 % MGS	2015		2000	100	10 Jun. - 10 Dec.	7,030	22,970	30,000
7.80 % MGS	2018		1998	100	15 Jan. - 15 July	24,316	45,684	70,000
6.60 % MGS	2019		1999	100	1 Mar. - 1 Sept.	10,020	33,980	44,000
<b>Total</b>						<b>341,700</b>	<b>371,029</b>	<b>712,729</b>

<sup>1</sup> Interest thereon exempted from income tax.

<sup>2</sup> The first Lm50 interest thereon exempted from income tax.

SOURCE: Malta Stock Exchange.

**TABLE 3.3 MALTA GOVERNMENT STOCKS  
BY REMAINING TERM TO MATURITY<sup>1</sup>**

*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

<sup>1</sup> Refers to the maximum redemption period.

**TABLE 3.4 GOVERNMENT EXTERNAL DEBT  
BY TYPE OF CREDITOR**

*Lm thousands*

Period	Official Bilateral Entities <sup>1</sup>	Official Multilateral Organisations <sup>2</sup>	Private Commercial Banks <sup>3</sup>	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
<b>2000</b>				
Mar.	25,099	15,010	3,897	44,006
June	24,381	14,755	3,378	42,514
Sept.	24,133	14,922	3,478	42,533
Dec.	22,964	13,655	2,631	39,250

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

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

<sup>3</sup> Commercial bank loans from private banks or financial institutions.

<sup>4</sup> Provisional.

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

**TABLE 3.5 GOVERNMENT EXTERNAL DEBT  
BY CURRENCY**

*Lm thousands*

Period	FFr	Stg	DM	Yen	EURO <sup>1</sup>	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
<b>2000</b> <sup>2</sup>									
Mar.	-	-	1,993	3,897	9,400	7,170	19,758	1,789	44,006
June	-	-	1,846	3,378	9,082	7,190	19,212	1,806	42,514
Sept.	-	-	1,792	3,478	8,959	7,557	19,230	1,516	42,533
Dec.	-	-	1,664	2,631	8,477	6,660	18,350	1,468	39,250

<sup>1</sup> Euro replaced ECU as from January 1, 1999.

<sup>2</sup> Provisional

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

**TABLE 3.6 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	0	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	0	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
<b>2000</b> <sup>1</sup>							
Mar.	-	13,558	13,403	14,386	1,355	1,305	44,006
June	-	12,705	13,071	14,085	1,337	1,316	42,514
Sept.	-	12,626	13,567	13,774	1,298	1,268	42,533
Dec.	-	10,561	12,654	13,456	1,293	1,286	39,250

<sup>1</sup> Provisional.

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

**TABLE 4.1 MALTESE LIRA EXCHANGE RATES  
AGAINST MAJOR CURRENCIES<sup>1</sup>**

*End of Period Rates*

End of Period	Stg	DM	US\$	Euro <sup>2</sup>	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
<b>2000</b>										
July 7	1.5318	4.7735	2.3124	2.4407	4725.76	16.010	5.379	98.456	248.62	3.770
14	1.5288	4.7976	2.2923	2.4530	4749.61	16.090	5.406	98.953	247.85	3.800
21	1.5191	4.8062	2.2970	2.4574	4758.14	16.119	5.415	99.130	250.00	3.815
28	1.5183	4.8237	2.2810	2.4663	4775.42	16.178	5.435	99.490	249.98	3.818
Aug. 4	1.5020	4.8756	2.2539	2.4928	4826.82	16.352	5.494	100.561	244.35	3.849
11	1.5052	4.8576	2.2662	2.4837	4809.04	16.292	5.473	100.191	246.17	3.856
18	1.5126	4.8505	2.2630	2.4800	4801.97	16.268	5.465	100.043	246.27	3.877
25	1.5207	4.8606	2.2429	2.4852	4811.99	16.302	5.477	100.252	240.44	3.838
Sept. 1	1.5295	4.8756	2.2180	2.4928	4826.80	16.352	5.494	100.561	236.36	3.868
8	1.5211	4.9259	2.1845	2.5186	4876.62	16.521	5.550	101.599	230.03	3.898
15	1.5401	4.9164	2.1695	2.5137	4867.26	16.489	5.540	101.404	233.57	3.842
22	1.5161	4.8943	2.2183	2.5024	4845.34	16.415	5.515	100.947	238.16	3.823
29	1.5037	4.9230	2.2090	2.5171	4873.81	16.511	5.547	101.540	239.40	3.841
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

<sup>1</sup> Closing Central Bank 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.

<sup>2</sup> The Euro replaced the ECU as from January 1, 1999.

**TABLE 4.2 MALTESE LIRA EXCHANGE RATES  
AGAINST MAJOR CURRENCIES<sup>1</sup>**

*Averages for the Period*

Period	Stg	DM	US\$	Euro <sup>2</sup>	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
<b>1999</b>										
Jan.	1.5958	4.4284	2.6345	2.2693	4393.90	14.886	5.001	91.542	297.98	3.643
Feb.	1.5814	4.4945	2.5749	2.2980	4449.59	15.074	5.064	92.702	300.48	3.673
Mar.	1.5619	4.5481	2.5317	2.3254	4502.57	15.254	5.125	93.806	303.11	3.708
Apr.	1.5556	4.5759	2.5049	2.3396	4530.10	15.347	5.156	94.379	299.64	3.747
May	1.5462	4.5933	2.4971	2.3485	4547.33	15.405	5.175	94.738	304.52	3.764
June	1.5408	4.6298	2.4597	2.3672	4583.47	15.528	5.217	95.491	297.07	3.775
July	1.5547	4.6234	2.4472	2.3639	4577.16	15.506	5.209	95.360	292.67	3.792
Aug.	1.5507	4.5927	2.4909	2.3482	4546.75	15.403	5.175	94.726	282.32	3.758
Sept.	1.5294	4.6256	2.4829	2.3650	4579.29	15.513	5.212	95.404	265.80	3.788
Oct	1.5212	4.6053	2.5217	2.3547	4559.25	15.446	5.189	94.987	267.37	3.754
Nov	1.5176	4.6569	2.4629	2.3810	4610.34	15.619	5.247	96.051	258.04	3.822
Dec	1.5063	4.7000	2.4294	2.4030	4652.95	15.763	5.296	96.939	249.08	3.847
<b>2000</b>										
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

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

<sup>2</sup> 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 <sup>1</sup>	976,300	98,320	1,074,620	1,492,835	-418,215
<b>1999</b>					
Jan.	57,862	3,885	61,747	80,991	-19,243
Feb.	52,532	10,664	63,196	77,721	-14,526
Mar.	59,381	4,725	64,106	93,077	-28,971
Apr.	60,765	5,270	66,035	96,717	-30,682
May	62,810	4,801	67,611	96,835	-29,224
June	56,572	6,577	63,149	88,326	-25,177
July	54,937	8,565	63,502	94,479	-30,977
Aug.	55,839	6,761	62,600	84,606	-22,006
Sept.	56,430	5,223	61,653	91,843	-30,190
Oct.	66,792	7,471	74,263	113,316	-39,053
Nov.	65,198	7,334	72,532	109,076	-36,544
Dec.	63,319	7,424	70,743	109,247	-38,504
<b>2000<sup>1</sup></b>					
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

<sup>1</sup> 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 <sup>1</sup>	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 <sup>2</sup>	78,681	36,349	103,087	86,170	54,977	15,443	293,857	406,096	1,074,620
<b>1999</b>									
Jan.	6,213	2,949	7,709	11,834	4,302	2,885	11,092	14,763	61,747
Feb.	3,927	2,686	8,071	13,402	4,938	1,315	15,743	13,113	63,195
Mar.	5,412	2,782	8,319	13,499	4,500	1,668	10,954	16,972	64,106
Apr.	6,297	3,599	9,318	10,895	4,669	1,229	13,924	16,105	66,036
May	6,246	3,854	8,154	10,276	4,487	1,210	14,763	18,622	67,612
June	4,522	4,943	7,117	9,180	4,508	1,286	15,187	16,406	63,149
July	5,444	3,000	7,919	8,254	5,088	2,019	16,392	15,387	63,503
Aug.	6,630	2,697	8,353	9,081	3,013	1,153	13,546	18,127	62,600
Sept.	4,329	2,332	8,204	9,274	3,749	1,744	13,548	18,474	61,654
Oct.	7,280	3,345	10,758	8,617	5,198	2,179	15,235	21,651	74,263
Nov.	9,421	3,798	8,809	9,197	1,837	1,000	13,383	25,087	72,532
Dec.	7,481	2,873	6,659	6,879	4,055	2,506	14,854	25,437	70,744
<b>2000<sup>2</sup></b>									
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

<sup>1</sup> Figures prior to 1990 are for West Germany only.

<sup>2</sup> 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 <sup>1</sup>	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 <sup>2</sup>	120,362	242,705	29,636	287,218	121,988	91,683	159,192	440,047	1,492,835
<b>1999</b>									
Jan.	7,972	14,389	1,827	16,418	7,316	4,603	9,291	19,174	80,990
Feb.	8,373	13,615	1,853	15,115	8,443	5,711	5,867	18,744	77,721
Mar.	11,233	15,560	2,199	16,694	10,126	6,204	7,140	23,922	93,078
Apr.	11,923	16,209	1,906	17,446	10,177	6,796	9,121	23,139	96,717
May	11,173	15,162	1,645	18,078	8,794	7,224	7,037	27,722	96,835
June	8,900	16,367	1,950	14,686	10,740	5,864	6,699	23,120	88,326
July	10,645	15,293	2,428	18,105	10,866	6,573	7,451	23,118	94,479
Aug.	10,787	12,406	2,089	15,199	8,763	5,240	8,164	21,958	84,606
Sept.	9,604	15,696	1,986	16,562	9,572	4,904	8,903	24,616	91,843
Oct.	11,792	20,505	2,891	22,831	9,729	6,916	9,066	29,586	113,316
Nov.	11,407	16,682	2,609	22,583	10,143	6,860	9,447	29,345	109,076
Dec.	9,927	17,989	2,314	23,304	8,900	6,280	7,778	32,755	109,247
<b>2000<sup>2</sup></b>									
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

<sup>1</sup> Figures prior to 1990 are for West Germany only.

<sup>2</sup> 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 <sup>1</sup>	17,210	3,538	2,123	-	-	12,975	54,107	736,639	149,600	147	976,342
<b>1999</b>											
Jan.	686	46	208	-	-	1,237	4,829	37,134	13,645	77	57,862
Feb.	453	93	63	-	-	1,458	3,248	35,445	11,413	358	52,531
Mar.	797	188	26	-	-	1,168	4,288	39,998	12,824	93	59,382
Apr.	1,062	119	132	-	-	1,312	5,322	38,414	14,344	59	60,766
May	2,428	263	73	-	-	1,010	3,852	42,017	13,081	87	62,811
June	876	189	160	-	-	1,012	4,394	39,562	10,336	43	56,572
July	827	102	56	-	-	1,127	3,865	35,857	13,044	60	54,938
Aug.	2,728	294	23	-	-	918	3,586	35,369	12,848	74	55,840
Sept.	1,615	199	92	-	-	1,205	3,365	38,110	11,822	21	56,430
Oct.	1,900	227	256	-	-	1,574	5,338	41,603	15,807	86	66,792
Nov.	1,205	199	157	-	-	1,201	4,632	44,816	12,912	75	65,198
Dec.	910	157	200	-	-	996	3,343	47,147	10,543	22	63,319
<b>2000<sup>1</sup></b>											
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

<sup>1</sup> 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 <sup>1</sup>	103,942	18,993	13,597	104,733	2,239	92,757	144,997	853,261	147,926	10,385	1,492,835
<b>1999</b>											
Jan.	7,447	877	746	5,518	171	6,327	9,559	43,591	6,034	720	80,991
Feb.	6,468	875	1,228	3,005	173	6,507	11,416	38,877	8,506	667	77,721
Mar.	8,861	924	1,100	3,594	201	7,198	12,876	45,434	12,005	887	93,078
Apr.	8,306	1,346	1,245	4,120	336	6,804	12,934	49,291	11,743	592	96,717
May.	7,700	1,747	1,004	3,187	143	6,705	13,495	53,007	9,215	633	96,836
June	7,587	1,672	1,050	4,719	176	6,859	12,000	45,273	8,301	690	88,327
July	6,920	1,879	1,346	3,520	211	7,942	13,843	50,158	7,981	677	94,479
Aug.	9,369	1,228	961	2,725	317	6,669	9,680	43,751	9,317	588	84,606
Sept.	7,743	1,414	1,221	5,267	113	6,330	9,911	47,534	11,482	829	91,844
Oct.	10,072	1,628	1,028	10,797	163	7,216	11,365	58,394	12,076	576	113,316
Nov.	10,302	1,729	1,320	2,794	171	7,232	12,371	59,747	12,831	579	109,076
Dec.	8,641	2,683	938	9,479	170	6,642	11,238	59,091	9,384	979	109,248
<b>2000<sup>1</sup></b>											
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

<sup>1</sup> 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 <sup>1</sup>	Government Consumption Expenditure <sup>2</sup>	Gross Fixed Capital Formation <sup>3</sup>	Inventory Changes <sup>4</sup>	Exports of Goods & Services	Total Final Expenditure	Less Imports of Goods & Services	Gross Domestic Product	Net Investment Income from Abroad <sup>5</sup>	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 <sup>6</sup>	913,220	271,208	329,273	11,634	1,320,404	2,845,739	1,399,055	1,446,684	497	1,447,181
<b>1999<sup>6</sup></b>										
Mar.	207,572	65,724	69,549	17,943	281,248	642,036	305,480	336,556	12,575	349,131
June	234,210	70,001	88,140	-7,080	333,370	718,641	349,358	369,283	-4,580	364,703
Sept.	236,119	65,462	79,552	-26,422	361,090	715,801	345,201	370,600	10,831	381,431
Dec.	235,319	70,021	92,032	27,193	344,696	769,261	399,016	370,245	-18,329	351,916
<b>2000<sup>6</sup></b>										
Mar.	227,257	71,970	91,121	23,457	344,132	757,937	390,927	367,010	12,130	379,140
June	249,362	71,341	106,174	9,328	401,587	837,792	452,263	385,529	-5,893	379,636
Sept.	255,045	68,378	99,894	-11,008	439,385	851,694	452,009	399,685	5,533	405,218

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

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

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

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> Provisional.

SOURCE: National Statistics Office

**TABLE 5.2 TOURIST ARRIVALS BY NATIONALITY**

Period	United Kingdom	Italy	North Africa <sup>1</sup>	Germany <sup>2</sup>	Scandinavian Countries <sup>3</sup>	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	52,275	204,749	46,273	19,269	371,844	1,215,712
<b>1999</b>								
Jan.	17,937	2,976	2,319	8,000	1,321	1,031	11,107	44,691
Feb.	24,585	3,480	2,778	11,266	1,215	1,145	14,738	59,207
Mar.	36,038	4,772	3,109	20,105	2,666	1,810	23,137	91,637
Apr.	35,356	6,957	3,202	20,332	4,196	1,456	33,387	104,886
May	36,944	5,819	4,272	24,217	4,783	2,064	38,820	116,919
June	43,043	6,974	4,860	18,613	7,283	2,026	35,341	118,230
July	45,561	13,910	5,995	19,567	6,652	2,066	55,726	149,477
Aug.	50,956	25,612	6,759	19,260	3,871	1,253	51,458	159,169
Sept.	44,808	8,170	5,040	21,549	5,154	1,519	43,075	129,315
Oct.	38,374	5,492	5,306	25,523	5,492	1,882	33,308	115,377
Nov.	30,452	3,299	4,849	14,279	2,515	1,366	16,630	73,390
Dec.	18,314	5,265	4,048	9,719	1,217	940	12,429	51,932
<b>2000</b>								
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

<sup>1</sup> North African countries include Algeria, Egypt, Libya, Morocco and Tunisia.

<sup>2</sup> Figures prior to 1990 are for West German tourists only.

<sup>3</sup> Scandinavian countries include Denmark, Norway and Sweden.

SOURCE: National Statistics Office

**TABLE 5.3 LABOUR MARKET**

End of Period	Labour Supply			Gainfully Occupied			Unemployment <sup>1</sup>					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Amount	Percent <sup>2</sup>	Amount	Percent <sup>3</sup>	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
<b>1999</b>												
Jan.	104,774	39,973	144,747	98,321	38,898	137,219	6,453	6.2	1,075	2.7	7,528	5.2
Feb.	105,025	40,073	145,098	98,468	38,977	137,445	6,557	6.2	1,096	2.7	7,653	5.3
Mar.	104,861	40,068	144,929	98,301	38,965	137,266	6,560	6.3	1,103	2.8	7,663	5.3
Apr.	104,717	40,013	144,730	98,358	38,970	137,328	6,359	6.1	1,043	2.6	7,402	5.1
May	104,808	40,166	144,974	98,538	39,135	137,673	6,270	6.0	1,031	2.6	7,301	5.0
June	104,823	40,352	145,175	98,593	39,247	137,840	6,230	5.9	1,105	2.7	7,335	5.1
July	105,317	40,970	146,287	98,862	39,597	138,459	6,445	6.1	1,373	3.4	7,828	5.4
Aug.	105,421	41,076	146,497	98,646	39,725	138,371	6,775	6.4	1,351	3.3	8,126	5.5
Sept.	105,307	41,218	146,525	98,531	39,983	138,514	6,776	6.4	1,235	3.0	8,011	5.5
Oct.	105,032	41,025	146,057	98,321	39,870	138,191	6,711	6.4	1,155	2.8	7,866	5.4
Nov.	105,066	41,094	146,160	98,379	39,978	138,357	6,687	6.4	1,116	2.7	7,803	5.3
Dec.	104,848	41,053	145,901	98,237	39,969	128,206	6,611	6.3	1,084	2.6	7,695	5.3
<b>2000</b>												
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

<sup>1</sup> Figures of unemployment exclude recruitment in the Emergency Labour Corps (set up in May 1972), the Pioneer Corps (set up in June 1973) and DIM (set up in February 1975).

<sup>2</sup> As a percentage of male labour supply.

<sup>3</sup> 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
<b>1996</b>								
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
<b>1997</b>								
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 RATES<sup>1</sup>**  
(Base 1946 = 100)

Year	Index	Inflation Rate (%)	Year	Index	Inflation Rate (%)
1946	100.00	-	(Continued)		
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 <sup>2</sup>	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

<sup>1</sup> 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.

<sup>2</sup> 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 INDEX<sup>1</sup>

(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
<b>1999</b>	
Jan.	108.62
Feb.	109.06
Mar.	109.46
Apr.	108.92
May	109.64
June	109.60
July	109.49
Aug.	110.13
Sept.	110.62
Oct.	110.82
Nov.	111.81
Dec.	112.26
<b>2000</b>	
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

<sup>1</sup> 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 a 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 7<sup>th</sup> 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