



BANK ĊENTRALI TA' MALTA  
EUROSISTEMA  
CENTRAL BANK OF MALTA



# CENTRAL BANK OF MALTA ECONOMIC UPDATE

---

12/2024

© Central Bank of Malta, 2024

**Address**

Pjazza Kastilja  
Valletta VLT 1060  
Malta

**Telephone**

(+356) 2550 0000

**Fax**

(+356) 2550 2500

**Website**

[www.centralbankmalta.org](http://www.centralbankmalta.org)

**Contact**

<https://www.centralbankmalta.org/contact-us>

*All rights reserved. Reproduction is permitted provided that the source is acknowledged.*

*The cut-off date for information in this note is 20 December 2024. Figures in tables may not add up due to rounding.*

ISSN 2410-8294 (online)

## ECONOMIC UPDATE 12/2024

### Summary<sup>1</sup>

*The Bank's Business Conditions Index (BCI) shows that in November 2024, annual growth in business activity remained broadly unchanged from the level of October and thus remained slightly above its historical average estimated since January 2000.*

*The European Commission confidence surveys show that sentiment in Malta increased in November, and rose further above its long-term average, estimated since November 2002. The largest improvements were recorded in the construction sector and in industry.*

*Additional data show that in month-on-month terms, price expectations decreased across all sectors, bar in the services and construction sectors. The largest decreases were recorded in the retail sector and in industry.*

*In November, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased compared with October, indicating lower uncertainty, with the largest decrease recorded in industry.*

*In October, both industrial production and retail trade rose on a year-on-year basis. In September, services production rose at a more moderate pace when compared with the same month a year ago. The unemployment rate remained the same at 3.0% in October but stood below that of 3.3% in October 2023.*

*Commercial building permits in October were higher when compared to a year earlier and were also higher compared to a month earlier. Similarly, residential building permits increased both on an annual basis, and on the previous month. In November, the number of residential promise-of-sale agreements declined on a year earlier, as did the number of final deeds of sale.*

*The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) declined to 2.1% in November, from 2.4% in the previous month, below the euro area average by 0.1 percentage points. HICP excluding energy and food in Malta declined to 2.0% and remained firmly below the euro area average. Inflation based on the Retail Price Index (RPI) edged down to 1.3% in November, from 1.6% in October.*

*In October, Maltese residents' deposits increased above their level a year ago, driven by balances belonging to households and non-financial corporations. Meanwhile, credit to Maltese residents also increased in annual terms, albeit at a marginally slower pace when compared to September.*

*In October, the Consolidated Fund registered a deficit of €45.5 million, €62.3 million less than the deficit registered a year earlier. This was due to a rise in government revenue which outweighed a rise in government expenditure. Between January and October, the Consolidated Fund balance registered a surplus of €96.7 million, from a deficit of €155.7 million for the same period a year earlier.*

<sup>1</sup> The cut-off date for information in this note is 20 December 2024. Most of the data reported in this issue of the *Economic Update* refer to October 2024. However, European Commission survey data, inflation data, the BCI and residential transactions refer to November.

## Central Bank's Business Conditions Index<sup>2</sup>

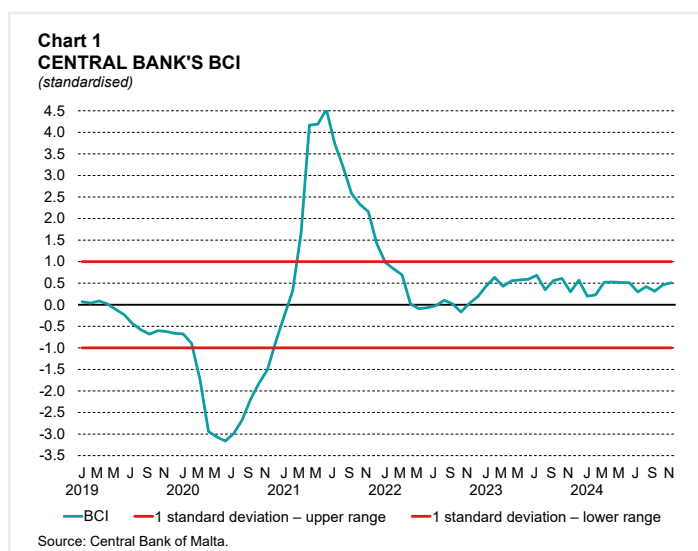
The Bank's BCI indicates that in November, annual growth in business activity remained broadly unchanged from the level of October and thus remained slightly above its long-term average, estimated since January 2000 (see Chart 1). The BCI broadly reflects growth in GDP which is slightly above its long-run average growth.

## Business and consumer confidence indicators

In November, the European Commission's Economic Sentiment Indicator (ESI) for Malta increased to 109.5, from 102.9 in October. Therefore, the indicator rose further above its long-term average of around 100.0, estimated since November 2002. It also exceeded the value of 95.6 reported a year earlier (see Table 1).<sup>3,4,5</sup> In month-on-month terms, sentiment improved in the construction sector, as well as in industry and among consumers, while it deteriorated in the remaining sectors. The most significant increases were observed in the construction sector and in industry.

Demeaned data – which account for the variation in weights assigned to each sector in the overall index – show that the increase in the overall sentiment in November was mostly driven by developments in industry. Furthermore, industry and the services sectors mainly explain why the ESI stood above its long-term average in November (see Chart 2).

In November, the sentiment indicator for the construction sector increased to 8.4, from -14.5 in October, and stood well above its long-term average of -7.9.<sup>6</sup> This is the first time that sentiment in this sector was positive, since April. Contrary to the previous month, respondents assessed their overall order books to be above normal levels. Furthermore, employment expectations for the months ahead turned positive.



<sup>2</sup> The methodology underlying the BCI can be found [here](#). A zero value of the BCI is consistent with average business conditions, which in the case of Malta tends to be consistent with a real GDP growth rate of close to 4%. When the value of the BCI falls repeatedly below -1, economic activity would be significantly below normal. From June 2020, the BCI methodology was updated to include a new variable: monthly development permits.

<sup>3</sup> The ESI summarises developments in confidence in five surveyed sectors: industry; services; construction; retail; and consumers. Weights are assigned as follows: industry 40%; services 30%; consumers 20%; construction 5%; and retail trade 5%. From May 2022, the seasonal adjustment method of all survey data has changed. As a result, all seasonally-adjusted past readings were revised slightly. See [BCS User Guide](#) for further details on the methodology used by the European Commission.

<sup>4</sup> Long-term averages are calculated over the entire period for which data are available. For the consumer and industrial confidence indicators, data became available in December 2002, while the services and construction confidence indicators' data became available in May 2007 and May 2008, respectively. The long-term average of the retail confidence indicator is calculated as from May 2011, when it was first published. However, the long-term average of the ESI is computed from December 2002.

<sup>5</sup> Past ESI and ECI results were slightly revised due to seasonal adjustment.

<sup>6</sup> The construction confidence indicator is the arithmetic average of the seasonally-adjusted balances (in percentage points) of replies to two survey questions, namely those relating to order books and employment expectations over the subsequent three months.

**Table 1**  
**BUSINESS AND CONSUMER SURVEYS – MALTA**

Balances: percentage points; seasonally adjusted

	2022	2023	2023					2024							
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
<b>ESI</b>	<b>100.7</b>	<b>105.5</b>	<b>95.6</b>	<b>104.3</b>	<b>97.4</b>	<b>88.9</b>	<b>96.9</b>	<b>96.2</b>	<b>97.4</b>	<b>97.5</b>	<b>96.8</b>	<b>98.3</b>	<b>86.6</b>	<b>102.9</b>	<b>109.5</b>
<i>Construction confidence indicator</i>	<i>7.0</i>	<i>1.2</i>	<i>2.8</i>	<i>-23.4</i>	<i>9.6</i>	<i>14.8</i>	<i>29.1</i>	<i>3.2</i>	<i>-1.1</i>	<i>-30.4</i>	<i>-40.1</i>	<i>-15.2</i>	<i>-5.7</i>	<i>-14.5</i>	<i>8.4</i>
Evolution of your current overall order books	8.7	-9.8	-22.3	-43.6	-3.2	10.6	5.3	1.6	-2.1	-67.1	-43.0	-19.3	23.1	-20.4	15.2
Employment expectations over the next 3 months	5.4	12.2	27.8	-3.2	22.4	19.1	52.9	4.8	-0.1	6.3	-37.1	-11.1	-34.6	-8.7	1.6
<i>Industrial confidence indicator</i>	<i>-9.4</i>	<i>2.4</i>	<i>-4.7</i>	<i>-2.8</i>	<i>-13.6</i>	<i>-37.9</i>	<i>-11.0</i>	<i>-12.2</i>	<i>-10.3</i>	<i>-8.7</i>	<i>-8.2</i>	<i>-6.9</i>	<i>-38.0</i>	<i>-10.4</i>	<i>7.0</i>
Assessment of order-book levels	-21.5	-12.7	10.8	-0.2	-28.2	-57.4	-30.0	-20.2	-56.2	-25.3	-23.9	-10.4	-48.5	-27.3	-16.6
Assessment of stocks of finished products	9.1	2.2	30.8	-1.7	14.1	35.5	21.0	36.8	2.1	28.2	16.9	33.6	53.8	17.0	2.1
Production expectations for the months ahead	2.2	22.1	5.8	-10.0	1.5	-20.7	17.9	20.4	27.3	27.4	16.1	23.2	-11.8	13.2	39.7
<i>Consumer confidence indicator</i>	<i>-7.4</i>	<i>-10.9</i>	<i>-12.3</i>	<i>-12.6</i>	<i>-12.1</i>	<i>-4.4</i>	<i>-7.4</i>	<i>-9.1</i>	<i>-9.0</i>	<i>-3.8</i>	<i>-6.2</i>	<i>-8.2</i>	<i>-4.6</i>	<i>-5.4</i>	<i>-0.3</i>
Financial situation past 12 months	-19.7	-20.3	-19.5	-20.0	-17.1	-11.3	-13.3	-15.2	-14.5	-8.8	-8.1	-10.1	-8.4	-8.0	-3.2
Financial situation next 12 months	-11.8	-10.5	-8.0	-11.2	-8.8	1.4	-2.8	-5.2	-2.0	3.3	-1.6	-1.9	0.7	-0.7	1.1
Economic situation next 12 months	-3.5	-12.6	-18.1	-17.7	-15.8	-2.3	-10.6	-11.6	-11.5	-10.3	-14.8	-17.3	-13.2	-13.7	-0.2
Major purchases next 12 months	5.6	-0.3	-3.4	-1.5	-6.8	-5.4	-3.0	-4.5	-7.9	0.6	-0.5	-3.6	2.3	0.8	1.1
<i>Services confidence indicator</i>	<i>20.5</i>	<i>26.6</i>	<i>4.7</i>	<i>30.4</i>	<i>16.4</i>	<i>12.7</i>	<i>7.1</i>	<i>15.3</i>	<i>13.7</i>	<i>15.9</i>	<i>13.3</i>	<i>19.7</i>	<i>13.7</i>	<i>36.0</i>	<i>33.8</i>
Business situation development over the past 3 months	15.7	24.0	5.6	26.0	15.4	3.8	2.7	19.6	21.8	22.5	12.2	15.6	-4.3	33.3	26.3
Evolution of the demand over the past 3 months	26.1	26.0	-0.5	31.5	21.3	10.5	3.9	12.2	15.0	23.2	17.2	18.5	12.9	35.9	35.0
Expectation of the demand over the next 3 months	19.6	29.9	9.0	33.6	12.6	23.8	14.7	14.1	4.3	2.1	10.4	25.1	32.3	39.0	40.2
<i>Retail trade confidence indicator</i>	<i>6.0</i>	<i>9.8</i>	<i>-8.1</i>	<i>15.3</i>	<i>25.4</i>	<i>14.5</i>	<i>7.7</i>	<i>9.5</i>	<i>2.4</i>	<i>-0.8</i>	<i>-6.9</i>	<i>-10.3</i>	<i>-12.4</i>	<i>0.9</i>	<i>-29.4</i>
Business activity, past 3 months	21.1	25.2	7.2	25.5	35.3	6.3	11.1	6.2	1.7	-0.9	-22.1	-19.5	-18.8	22.8	-46.6
Stocks of finished goods	-3.2	16.5	44.4	10.0	-1.4	3.4	2.2	10.3	2.7	0.4	-5.1	8.0	26.3	11.3	9.5
Business activity, next 3 months	-6.2	20.8	12.8	30.6	39.5	40.6	14.4	32.6	8.3	-1.1	-3.7	-3.4	8.0	-8.9	-32.1
<b>EEl</b>	<b>107.6</b>	<b>109.0</b>	<b>99.2</b>	<b>113.2</b>	<b>103.7</b>	<b>101.3</b>	<b>99.7</b>	<b>96.7</b>	<b>93.3</b>	<b>97.9</b>	<b>95.7</b>	<b>100.6</b>	<b>106.3</b>	<b>105.3</b>	<b>106.6</b>
Industry	12.0	19.3	-6.2	19.8	30.8	-13.2	1.2	-9.1	-26.5	18.9	-31.1	13.3	1.0	-3.9	44.9
Construction	5.4	12.2	27.8	-3.2	22.4	19.1	52.9	4.8	-0.1	6.3	-37.1	-11.1	-34.6	-8.7	1.6
Retail	15.8	17.2	12.9	21.8	13.7	15.0	16.6	15.7	1.7	10.4	8.3	-0.2	15.6	0.5	-4.2
Services	30.2	30.1	10.3	42.3	10.6	19.3	3.8	6.3	9.5	2.1	20.7	19.0	36.3	37.8	24.7
<b>EUI<sup>(1,2)</sup></b>	<b>28.1</b>	<b>12.1</b>	<b>24.1</b>	<b>4.2</b>	<b>21.1</b>	<b>15.5</b>	<b>16.6</b>	<b>10.7</b>	<b>10.3</b>	<b>6.3</b>	<b>10.4</b>	<b>13.8</b>	<b>19.7</b>	<b>24.3</b>	<b>5.5</b>
Industry	39.4	7.6	23.9	6.9	19.4	29.4	13.3	3.1	15.9	23.8	13.6	20.3	10.7	35.8	-15.6
Construction	19.5	24.9	22.1	34.0	1.3	19.3	20.9	22.2	13.4	1.9	22.0	1.7	48.6	14.1	13.0
Services	20.3	15.2	35.2	-7.5	32.6	0.3	22.0	20.4	3.9	-12.5	5.9	8.1	36.8	22.4	24.0
Consumers	13.7	14.4	11.3	10.4	17.0	11.8	14.8	9.8	9.8	2.4	10.2	14.5	6.7	8.3	13.2
Retail	50.8	6.5	12.9	-1.2	1.9	5.2	14.1	4.6	2.9	-0.4	0.9	5.5	11.6	17.5	24.4
<b>ESI demeaned</b>	<b>0.7</b>	<b>5.5</b>	<b>-4.4</b>	<b>4.3</b>	<b>-2.6</b>	<b>-11.1</b>	<b>-3.1</b>	<b>-3.9</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-3.2</b>	<b>-1.7</b>	<b>-13.4</b>	<b>2.9</b>	<b>9.5</b>
<b>EEl demeaned</b>	<b>6.0</b>	<b>7.0</b>	<b>-3.2</b>	<b>12.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-3.5</b>	<b>-5.9</b>	<b>-8.0</b>	<b>-6.0</b>	<b>-4.7</b>	<b>-1.6</b>	<b>5.6</b>	<b>5.2</b>	<b>3.6</b>

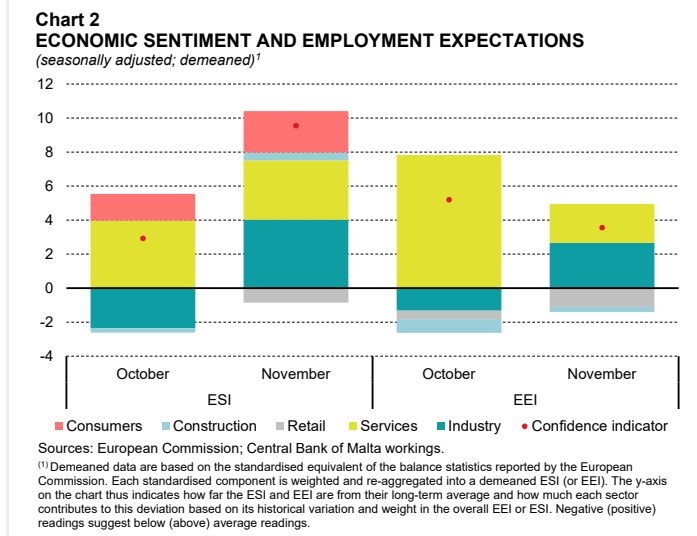
Source: European Commission.

<sup>(1)</sup> Non-seasonally adjusted data.

<sup>(2)</sup> Data for Malta are available from May 2021 onwards.

The sentiment indicator in industry averaged 7.0, up from -10.4 in October and stood above its long-term average of -4.3.<sup>7</sup> This is the first time that sentiment in this sector was positive, since October 2023. All three components of the indicator improved significantly in November. However, the largest improvement was reported in the firms' production expectations for the months ahead.

Consumer confidence stood less negative compared to October. It averaged -0.3, up from -5.4 a month earlier, and remained above its long-term average



<sup>7</sup> The industrial confidence indicator is the arithmetic average of the seasonally-adjusted balances (in percentage points) of replies to a subset of survey questions relating to expectations about production over the subsequent three months, to current levels of order books and to stocks of finished goods.



of -10.1.<sup>8</sup> Expectations of the general economic situation over the next 12 months and the assessment of their financial situation over the past 12 months became less negative. Furthermore, households' expectations of their financial situation over the next 12 months turned positive.

The sentiment indicator for the services sector declined slightly but remained well above its long-term average of 19.5.<sup>9</sup> It stood at 33.8, compared with 36.0 a month earlier, mostly reflecting a deterioration in firms' assessment of the business situation over the past three months. On the other hand, their expectations of demand over the next three months improved; standing slightly more positive than a month earlier.

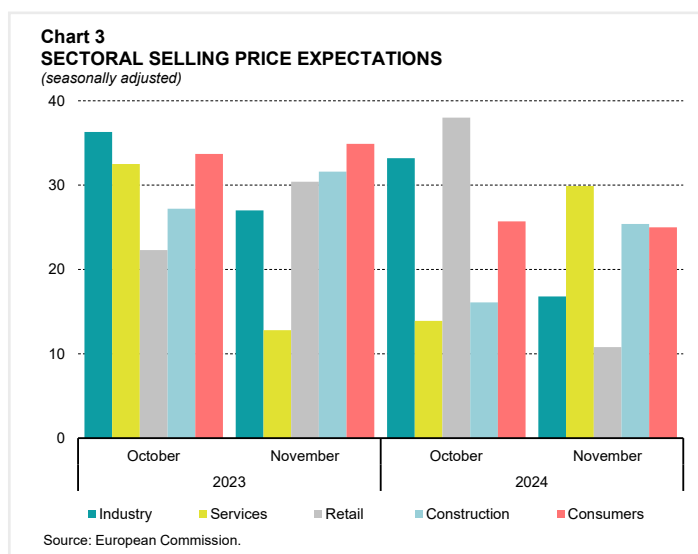
The confidence indicator in the retail sector fell strongly below its long-term average of 0.1.<sup>10</sup> It stood at -29.4, down from 0.9 in the previous month. Retailers' assessment of sales over the past three months, fell into negative territory and showed the largest deterioration. Furthermore, retailers' expectations of business activity over the next three months stood more negative than a month earlier. On the other hand, the net share of respondents assessing stocks of finished goods to be above normal declined.<sup>11</sup>

Additional survey information shows that, in month-on-month terms, price expectations decreased across all sectors, bar in the services and construction sectors (see Chart 3). The largest decreases were recorded in the retail sector and in industry.

The net share of respondents signalling price increases ranged from around 11% in the retail sector to around 30% in the services sector.

Price expectations in November stood above their long-run average across all sectors except in the retail sector.

The European Commission's Employment Expectations Indicator (EEI) – which is a composite indicator of employment expectations in industry, services, retail trade, and construction – increased to 106.6 in November, from 105.3 in October.<sup>12</sup>



<sup>8</sup> The consumer confidence indicator is the arithmetic average of the seasonally-adjusted balances (in percentage points) of replies to a subset of survey questions relating to households' assessment and expectations of their financial situation, their expectations about the general economic situation and their intention to make major purchases over the subsequent 12 months. The computation of this indicator was changed as reflected in the [January 2019 release](#) of the European Commission.

<sup>9</sup> The services confidence indicator is the arithmetic average of the seasonally-adjusted balances (in percentage points) of replies to survey questions relating to the business climate, the evolution of demand in the previous three months and demand expectations for the subsequent three months.

<sup>10</sup> The retail confidence indicator is the arithmetic average of the seasonally-adjusted balances (in percentage points) of replies to survey questions relating to the present and future business situation and stock levels.

<sup>11</sup> Above normal stocks of finished goods have a negative effect on the overall indicator, and vice versa.

<sup>12</sup> The EEI is based on question 7 of the industry survey, question 5 of the services and retail trade surveys, and question 4 of the construction survey, which gauge the respondent firms' expectations as regards changes in their total employment over the next three months. Before being summarised in one composite indicator, each balance series is weighted on the basis of the respective sector's importance in overall employment. The weights are applied to the four-balance series expressed in standardised form. Further information on the compilation of the EEI is available in: European Commission (2020), *The Joint Harmonised EU Programme of Business and Consumer Surveys User Guide*.

Demeaned data suggest that the latest increase in employment expectations was largely driven by industry. Industry and the services sector entirely explain why the overall EEI stood above its long-term average in November (see Chart 2).

In November, the European Commission's EUI – which is a composite indicator of how difficult it is for sectors to make predictions about their future financial or business situation – decreased, signalling lower uncertainty. It stood at 5.5, down from 24.3 in October (see Table 1).<sup>13,14</sup> Uncertainty decreased significantly in industry and to a lesser extent in the construction sector, while it increased in the remaining sectors. The strongest decrease was recorded in industry, which became the only subcomponent to report negative uncertainty, thereby signalling great confidence in their ability to predict their future situation.

When accounting for the variation in weights of each sector, the services sector accounted for most of the uncertainty observed in November.

## Activity indicators

In October, the index of industrial production – which is a measure of economic activity in the quarrying, manufacturing, and energy sectors – rose by 6.2% on a year-on-year basis (see Table 2), following a 4.9% increase in September.<sup>15</sup>

In the manufacturing sector, production increased by 7.0% on a year earlier, after it had increased by 6.6% in the previous month. In October, production rose strongly among firms that manufacture motor vehicles, trailers and semi-trailers as well as other machinery and equipment. Similar strong increases were also recorded among firms involved in 'other manufacturing' – which includes medical and dental instruments. Significant increases in production were also recorded among manufacturers of wood and furniture. Smaller but strong increases were measured among firms producing paper, rubber and fabricated metal products as well as those involved in the repair and installation of machinery and equipment. Double-digit growth rates were recorded in all these sectors.

By contrast, production fell among firms involved in the manufacture of textiles and wearing apparel, non-metallic mineral products as well as chemicals and chemical products. A smaller contraction was recorded by firms producing pharmaceutical products.

Meanwhile, production in the energy sector contracted by an annual 4.3% in October – a smaller decline when compared with a 22.1% contraction in the preceding month.

The volume of retail trade – which is a short-term indicator of final domestic demand – rose by 1.9% in year-on-year terms, following an increase of 2.9% in September.

<sup>13</sup> The EUI is made up of five balances (in percentage points) which summarise managers'/consumers' answers to a question asking them to indicate how difficult it is to make predictions about their future business/financial situation. The series are not seasonally adjusted. The five-balance series are summarised in one composite indicator using the same weights used to construct the ESI. The questions asked correspond to Q51 of the industry survey, Q31 of the services survey, Q41 of the retail trade and construction surveys and Q21 of the consumer survey.

<sup>14</sup> Data on consumer uncertainty became available in October 2020, while data for industry, services, retail, and construction became available in May 2021.

<sup>15</sup> The annual growth rates of the overall industrial production, manufacturing and energy sectors indices are based on working-day adjusted data. Unadjusted data, however, are used for the components.

**Table 2**  
**ACTIVITY INDICATORS**

*Annual percentage changes*

	2022	2023	2023			2024		
			Aug.	Sep.	Oct.	Aug.	Sep.	Oct.
Industrial production	1.5	7.1	0.5	1.9	1.1	1.4	4.9	6.2
Production in services	14.2	4.9	4.0	2.5	3.5	8.6	7.8	-
Retail trade	9.7	1.7	0.8	-0.8	-0.1	2.4	2.9	1.9
Number of tourist arrivals	136.2	30.1	18.3	20.2	31.3	15.5	20.7	13.2
Number of nights stayed	98.0	21.9	13.0	8.0	30.9	9.9	15.6	7.3
Rented accommodation	111.3	24.0	13.7	8.9	34.1	13.9	21.5	9.8
Collective <sup>(1)</sup>	109.9	22.3	15.0	17.1	26.9	7.1	15.0	9.6
Other rented <sup>(2)</sup>	113.8	26.7	11.9	-1.8	48.1	23.5	31.7	10.1
Non-rented accommodation <sup>(3,4)</sup>	50.8	11.6	9.6	-	-	-9.6	-	-
Tourist expenditure	131.1	32.7	22.4	21.9	39.1	22.1	24.1	18.4
Package expenditure	129.8	46.5	29.1	18.5	54.2	23.0	26.8	21.3
Non-package expenditure	145.9	35.0	28.0	32.6	33.0	19.5	20.8	21.9
Other	118.3	23.2	12.6	13.1	36.8	24.8	26.2	12.6

Sources: National Statistics Office; Eurostat.

<sup>(1)</sup> Collective accommodation comprises hotels, guesthouses, hostels, tourist villages, holiday complex, bed & breakfast and campsites.

<sup>(2)</sup> Other rented accommodation comprises holiday furnished premises (farmhouses, flats and villas), host families, marinas, paid-convents, rented yachts and student dormitories.

<sup>(3)</sup> Non-rented accommodation includes own private residence, staying with friends or relatives and other private accommodation (e.g. free-convents or timeshare).

<sup>(4)</sup> The absolute and percentage changes between one survey estimate and another are based on less than 1,500 tourists. Hence, these should be treated with caution and are represented with a dash symbol.

In September, the index of services production – which is a business indicator that measures the production volume of the services industries (excluding trade, financial and public services) – rose by 7.8% on an annual basis – at a slightly slower pace when compared with an 8.6% increase recorded in August.

Services production increased in the sector comprising administrative and support services, as well as the transportation and storage sector. Meanwhile, smaller annual increases were recorded in the production of services related to information and communication as well as professional, scientific and technical activities. By contrast, production of services related to real estate activities declined.

In October, the number of inbound tourists amounted to 355,561, a rise of 13.2% on the previous year. Guest nights rose by 7.3% on a year earlier, due to an increase in nights stayed in rented accommodation. Total expenditure by tourists in Malta increased by 18.4% over the same period a year earlier, with the increase being broad-based across all expenditure categories. Expenditure per capita increased, notwithstanding a shorter length of stay, reflecting a 10.3% increase in expenditure per night.

In October, 282 development permits for commercial buildings were issued, 25 more than the number of permits issued in the same month of 2023 (see Table 3). Meanwhile, 812 new residential



**Table 3**  
**PROPERTY MARKET**  
*Levels*

	2022	2023	2023			2024		
			Sep.	Oct.	Nov.	Sep.	Oct.	Nov.
<b>Permits</b>								
Commercial permits	2,984	2,532	254	257	251	211	282	-
Residential permits	9,599	8,112	435	577	466	474	812	-
<b>Residential transactions</b>								
Promise of sale	12,164	13,186	1,024	1,221	1,229	1,046	1,282	1,165
Final deeds of sale	14,331	12,180	836	1,137	1,016	1,009	1,129	997

Sources: National Statistics Office; Planning Authority.

building permits were issued, 235 more than the number issued in October 2023. In month-on-month terms, permits for both commercial and residential buildings increased.

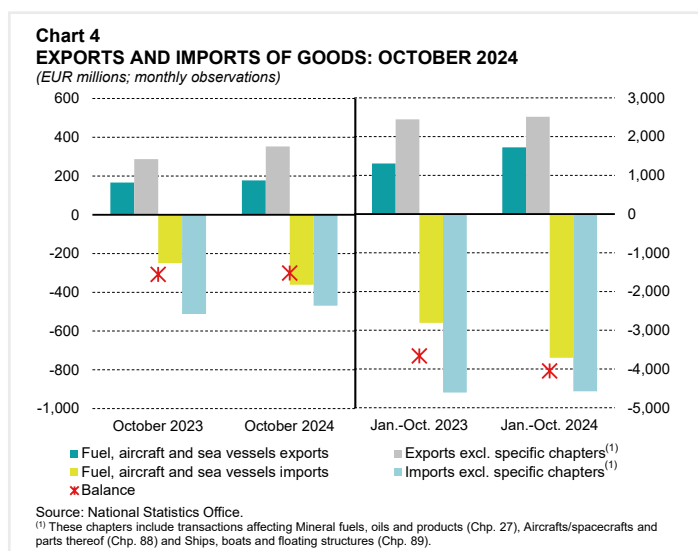
In November, 997 final deeds of sale were concluded, 19 less than a year earlier, and 132 less compared with October. At 1,165, the number of promise-of-sale agreements was 64 less than a year earlier and was also 117 less compared with the preceding month.

Customs data show that the merchandise trade deficit stood at €300.4 million in October, down from €307.2 million a year earlier. This was due to a €76.2 million increase in exports which offset a €69.5 million increase in imports.

When excluding specific chapters representing transactions in fuels, sea vessels, as well as aircrafts and parts thereof, the trade deficit narrowed by €108.1 million to €116.7 million (see Chart 4).

Exports excluding specific chapters increased due to higher exports of fish, organic chemicals and precious stones and imitation jewellery. These offset lower exports of electrical machinery and iron and steel.

Imports excluding specific chapters increased, mainly due to higher imports of precious stones and imitation jewellery and pharmaceutical products. These offset lower imports of electrical machinery and fish.



## Labour market

Jobsplus data show that the level of engagements in the labour market stood at 11,469 in September, up from 9,601 in August, but down from 11,946 recorded a year earlier (see Table 4). Moreover, the level of terminations stood at 12,751 in September, up from 9,604 in August, but down from 13,483 recorded a year earlier. This level of activity is above the average level of recent years.<sup>16</sup>

**Table 4**  
**NET ENGAGEMENTS**

*Levels*

	2021	2022	2023	2023			2024		
				July	Aug.	Sep.	July	Aug.	Sep.
Engagements	114,260	132,919	134,290	15,582	10,551	11,946	15,999	9,601	11,469
Terminations	94,137	104,536	104,627	8,329	9,531	13,483	8,614	9,604	12,751
<b>Net engagements</b>	<b>20,123</b>	<b>28,383</b>	<b>29,663</b>	<b>7,253</b>	<b>1,020</b>	<b>-1,537</b>	<b>7,385</b>	<b>-3</b>	<b>-1,282</b>

Source: Jobsplus.

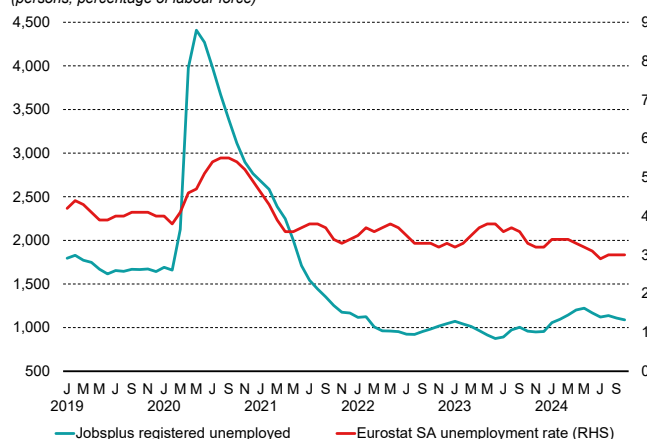
Data are provisional and thus subject to change.

Overall, the level of net terminations in September stood at 1,282, up from 3 in August, but down from 1,537 recorded a year earlier.

Jobsplus data show that the number of persons on the unemployment register stood at 1,089 in October, down from 1,109 in September, but up from 959 a year earlier (see Chart 5).

The seasonally-adjusted unemployment rate, remained unchanged at 3.0% for the last three14 consecutive months, but stood lower than 3.3% in October 2023 (see Chart 5).

**Chart 5**  
**UNEMPLOYMENT**  
(persons; percentage of labour force)



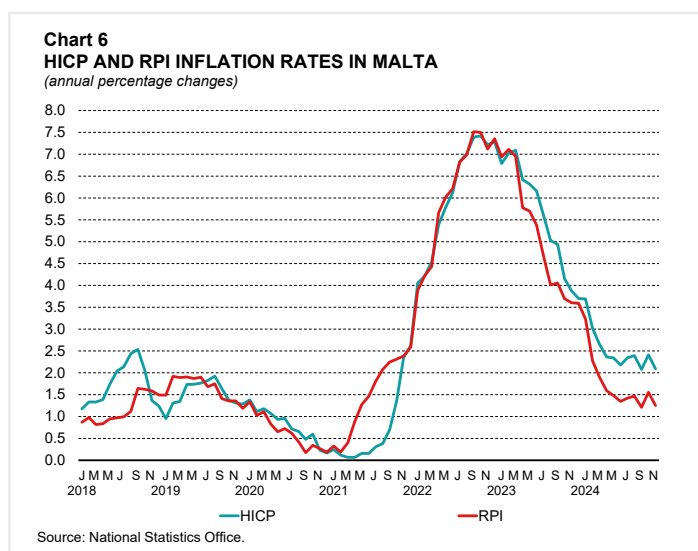
Sources: National Statistics Office; Eurostat.

## Prices, costs and competitiveness

Annual HICP inflation stood at 2.1% in November, down from 2.4% in the previous month, reflecting a decrease in most sub-components (see Chart 6). Food inflation (including alcohol and tobacco) declined to 3.0%, from 3.5% in October, on the back of lower unprocessed food inflation. Indeed, the latter decreased to 4.3%, from 7.0% a month earlier following slower inflation in fruit

<sup>16</sup> Averages are estimated since January 2020.

and vegetables. On the other hand, processed food inflation edged up to 2.6%, from 2.5% in October. Meanwhile, services inflation rose marginally to 3.1%, from 3.0% in October, on the back of higher inflation related to recreational services. At the same time, NEIG inflation dropped to 0.1%, from 0.7% in the previous month, with most sub-components contributing. Energy inflation remained unchanged due to ongoing government measures.



Overall HICP inflation in Malta stood 0.1 percentage points below that in the euro area, with the latter standing at 2.2%. On the other hand, HICP inflation excluding food and energy stood at 2.0% in Malta as compared to 2.7% in the euro area.

Annual inflation according to the RPI declined to 1.3% in November, from 1.6% in October (see Chart 6).<sup>17</sup> Clothing and footwear inflation experienced the strongest year-on-year decline, turning negative at -1.3% from 0.6% in the previous month. This was followed by household equipment and maintenance inflation, which turned more negative, standing at -2.2%. Similarly, food inflation, which remains the strongest contributor to RPI inflation, decreased from 3.0% to 2.1%. At the same time, housing inflation edged down marginally to 0.1%, while personal care and health inflation decreased slightly from 3.2% to 3.1%. Meanwhile, inflation on recreation and culture increased to 2.4% from 1.9% a month earlier, while transport and communication inflation turned positive standing at 0.3%. Energy inflation remained unchanged at 0%.

Producer output inflation, as measured by the industrial producer price index, contracted by -1.2% in October, from -0.8% in September.<sup>18</sup> This reflects a more pronounced drop in producer prices of intermediate goods. The latter contracted by 5.7%, following a drop of 4.5% in the previous month. At the same time, the annual rate of change in producer prices of capital goods stood at 3.2% in October, slightly lower than the previous month's 3.3% increase. Meanwhile, producer prices of consumer goods increased slightly to 0.7% from 0.6% in the previous month. Energy producer price inflation remained stable at zero, and thus had no impact on overall producer prices.

<sup>17</sup> The RPI and the HICP both measure changes in consumer prices but through different methodologies. The HICP index weights are based on total expenditure in Malta, including that by tourists. In contrast, RPI weights only take into account expenditure by Maltese households. Moreover, the 2024 set of weights applied to the HICP index have been revised compared with the 2023 weights. The weights of the RPI are not updated annually and are hence not affected by such changes.

<sup>18</sup> The industrial producer price index measures the prices of goods at the factory gate and is commonly used to monitor inflationary pressures at the production stage.

## Public finance

In October 2024, the Consolidated Fund recorded a deficit of €45.5 million, €62.3 million less than the deficit registered a year earlier (see Table 5). This was due to a rise in government revenue which outweighed a rise in government expenditure. The primary deficit stood at €24.8 million, €62.3 million lower than the primary deficit registered in October 2023.

Government revenue increased by €150.5 million, or 34.2%, mostly due to a €108.8 million rise in direct tax revenue, reflecting higher inflows from income taxes. In turn, growth in the latter stemmed mainly from taxes paid by companies. Furthermore, non-tax revenue increased by €35.3 million, partly due to higher inflows from grants. Inflows from indirect taxes increased by a more modest €6.4 million, as a rise in VAT receipts was partly outweighed by lower inflows from licences, taxes and fines.

Government expenditure increased by €88.3 million, or 16.1%, due to a rise in both recurrent and capital expenditure. Recurrent spending increased by €40.3 million mainly from higher contributions to entities. Outlays on personal emoluments also rose at a similar pace, stemming from higher salaries and allowances. Spending on programmes and initiatives rose by €7.8 million

**Table 5**  
**CONSOLIDATED FUND BALANCE**

EUR millions

	2023 Jan.-Oct.	2024 Jan.-Oct.	2023 Oct.	2024 Oct.	Change Amount	%
<b>Revenue</b>	<b>4,881.5</b>	<b>5,751.3</b>	<b>440.6</b>	<b>591.1</b>	<b>150.5</b>	<b>34.2</b>
<b>Direct tax</b>	<b>2,847.5</b>	<b>3,415.7</b>	<b>286.2</b>	<b>395.0</b>	<b>108.8</b>	<b>38.0</b>
Income tax	2,094.2	2,577.4	201.4	303.4	102.0	50.6
Social security contributions <sup>(1)</sup>	753.3	838.3	84.8	91.6	6.8	8.1
<b>Indirect tax</b>	<b>1,606.3</b>	<b>1,815.8</b>	<b>124.4</b>	<b>130.8</b>	<b>6.4</b>	<b>5.2</b>
Value Added Tax	1,027.1	1,196.5	54.9	66.0	11.0	20.1
Customs and excise duties	248.1	261.9	26.5	27.3	0.8	3.0
Licences, taxes and fines	331.1	357.4	43.0	37.6	-5.4	-12.6
<b>Non-tax<sup>(2)</sup></b>	<b>427.7</b>	<b>519.8</b>	<b>30.0</b>	<b>65.3</b>	<b>35.3</b>	<b>117.7</b>
<b>Expenditure</b>	<b>5,037.2</b>	<b>5,654.6</b>	<b>548.4</b>	<b>636.7</b>	<b>88.3</b>	<b>16.1</b>
<b>Recurrent</b>	<b>4,492.5</b>	<b>5,033.6</b>	<b>485.8</b>	<b>526.1</b>	<b>40.3</b>	<b>8.3</b>
Personal emoluments	912.9	1,024.3	89.6	101.8	12.1	13.5
Operational and maintenance	253.8	289.2	32.2	37.1	4.9	15.3
Programmes and initiatives	2,513.2	2,815.1	277.0	284.9	7.8	2.8
Contributions to entities	637.7	690.0	66.1	81.6	15.5	23.4
Interest payments	175.0	215.0	20.8	20.8	0.0	-0.1
<b>Capital</b>	<b>544.7</b>	<b>621.0</b>	<b>62.6</b>	<b>110.6</b>	<b>47.9</b>	<b>76.5</b>
<b>Primary balance<sup>(3)</sup></b>	<b>19.3</b>	<b>311.7</b>	<b>-87.1</b>	<b>-24.8</b>	<b>62.3</b>	<b>-</b>
<b>Consolidated Fund balance</b>	<b>-155.7</b>	<b>96.7</b>	<b>-107.8</b>	<b>-45.5</b>	<b>62.3</b>	<b>-</b>

Source: National Statistics Office.

<sup>(1)</sup> Government contributions to the social security account in terms of the Social Security Act 1987 are netted out from both revenue and expenditure.

<sup>(2)</sup> Includes grants but excludes proceeds from sale of assets, sinking funds of converted loans and borrowings.

<sup>(3)</sup> Revenue less expenditure excluding interest payments.

mainly due to higher transfers to church schools and to the EU budget. Outlays on operations and maintenance increased by €4.9 million. However, there was no increase in interest payments. Capital expenditure rose by €47.9 million, mainly due to higher outlays on infrastructural and ICT-related projects.

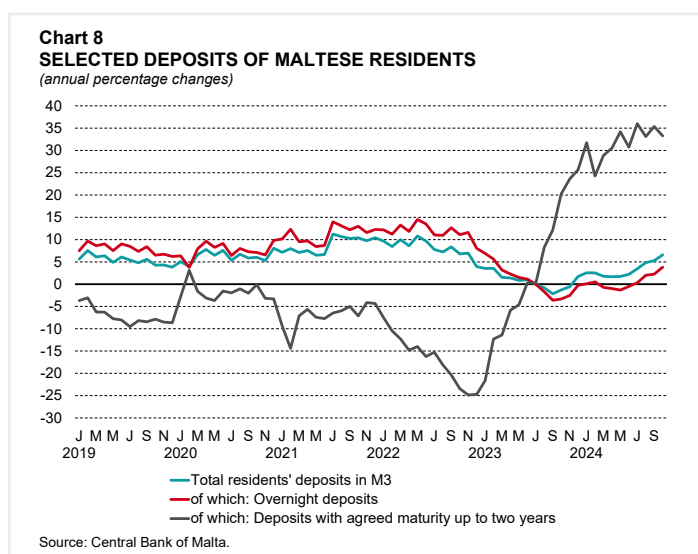
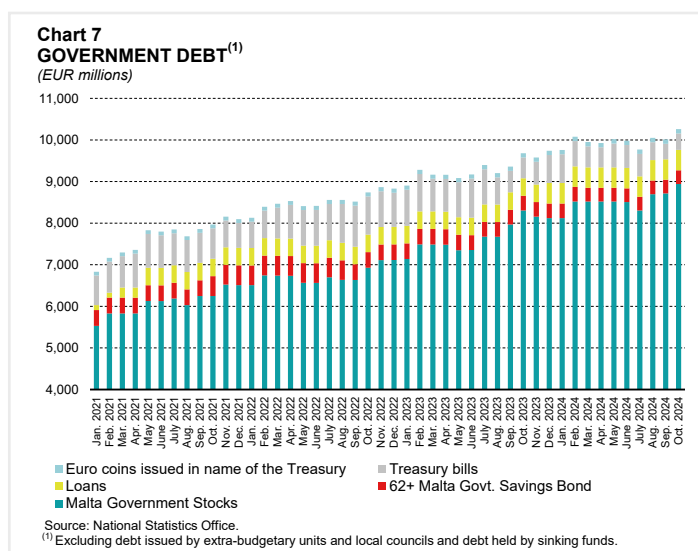
Overall, the Consolidated Fund balance between January and October registered a surplus of €96.7 million, compared with a deficit of €155.7 million in the same period a year earlier. Revenue rose by 17.8% driven by higher tax revenue, particularly income tax receipts. Meanwhile, expenditure increased by 12.3%, mainly due to higher outlays on programmes and initiatives.

In October 2024, the total stock of outstanding government debt amounted to €10,260.8 million, €248.1 million more than the level in September 2024 (see Chart 7). This mostly reflects a new issue of Malta Government Stocks.

## Deposits, credit and financial markets

During the year to October, residents' deposits held with monetary financial institutions (MFI) and forming part of broad money (M3) increased by 6.6% (see Chart 8). This follows a 5.3% increase in September. The increase was driven by higher balance belonging to households and non-financial corporations. M3 deposits belonging to financial corporations and insurance companies decreased, although to a smaller extent compared with the year to September.

Overnight deposits remained the largest component of resident's M3 deposits, comprising 86.9% of M3 balances. These deposits – which are the most liquid – increased by 3.8% in the year to October, following an increase of 2.2% in the previous month. Weak dynamics in this component, compared to historical data, partly reflects a shift in behaviour in response to the tightening of monetary policy in 2022-2023, which encouraged a shift to deposits offering higher remuneration.





In fact, time deposits with agreed maturity of up to two years – the second largest deposit category – continued to show very strong growth. Over the year to October, these deposits increased by 33.3%, following an increase of 35.4% recorded a month earlier. The latest increase was driven by balances belonging to households, as growth in balances belonging to non-financial corporations (NFCs) moderated.

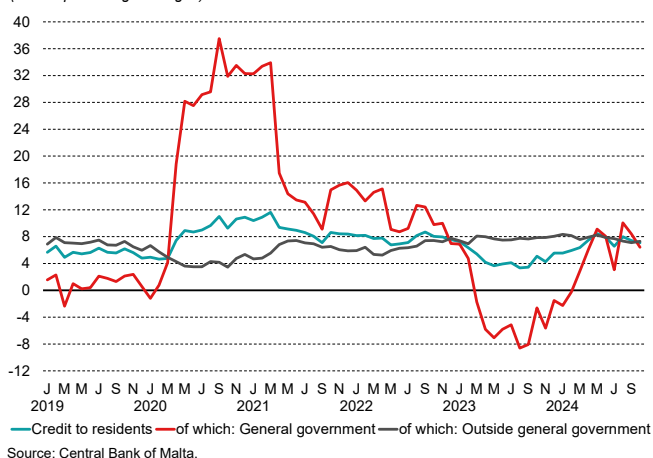
Growth in credit to Maltese residents moderated to 7.1% in the year to October, from 7.4% a month earlier (see Chart 9). This partly reflected slower growth in credit to general government, which grew by 6.4% in the year to October compared to 8.4% in September. Growth in credit to other residents increased to 7.3% compared to 7.1% a month earlier.

The annual rate of change to loans to households increased marginally to 9.6%, from 9.5% in the previous month (see Chart 10). Growth in consumer credit increased to 11.6% in the year to October, from 10.8% in the previous month. Growth in mortgage lending remained unchanged at 9.4%.

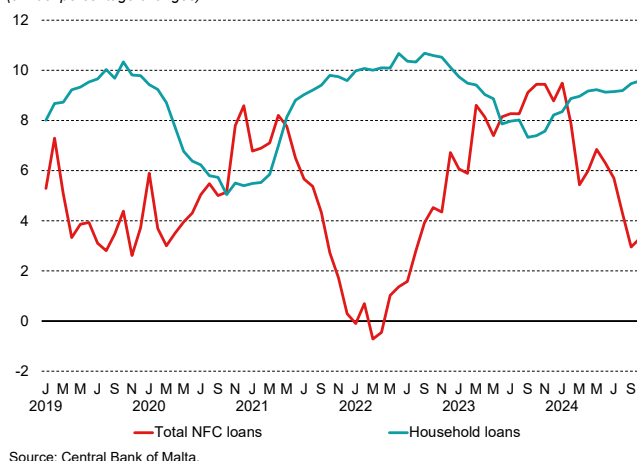
Meanwhile, the annual rate of change in loans to NFCs increased to 3.3% in October, following a 3.0% growth registered in September. A sectoral breakdown of loans to NFC indicates that this reflects increases in credit to the real estate, construction and the accommodation and food services sector. Credit to the wholesale and retail trade sector and the energy sector also increased compared to a year earlier, but to a lesser extent. On the other hand, credit to the manufacturing sector and the sector comprising of information, communication, transport and storage registered a decrease in credit, compared to October 2023.

In October, the composite interest rate paid by MFIs on Maltese residents' outstanding deposits remained the same compared to September, at 0.40%, while the composite rate charged on

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



**Chart 10**  
**LOANS BY SECTOR**  
(annual percentage changes)

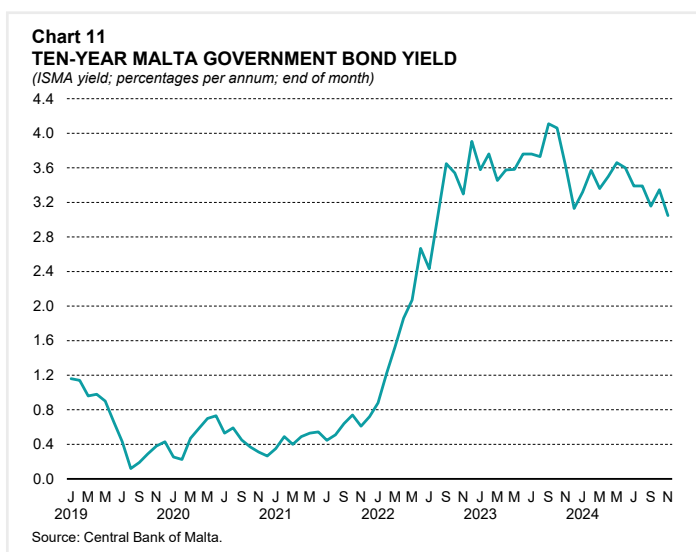


outstanding loans, decreased by 2 basis points to 3.39%. As a result, the spread between the two rates narrowed by 2 basis points to 299 basis points.

The composite rate paid by MFIs on Maltese residents' new deposits stood at 2.62% in October, down from 2.64% recorded in September. However, it exceeded the rate of 2.39% recorded in October 2023. The composite rate charged on new loans decreased by 4 basis points, compared to a month earlier, standing at 3.18%. This was also 19 basis points higher than the rate recorded a year earlier. The spread between the two rates stood at 56 basis points, narrowing from 58 basis points recorded in September and lower than 60 basis points recorded a year earlier.

In the capital market, the secondary market yield on ten-year Maltese government bonds declined to 3.05% at the end of November, from 3.35% at end-October. It also stood 57 basis points below its year-ago level (see Chart 11).

Meanwhile, the Malta Stock Exchange (MSE) Equity Price Index decreased by 1.5%, compared with end-October. Similarly, the MSE Total Return Index, which accounts for dividends as well as changes in equity prices, also fell by 0.6%.



## Annex 1

### MACROECONOMIC INDICATORS FOR MALTA

Annual percentage changes; non-seasonally adjusted data

	2021	2022	2023	2023	2023	2023	2024	2024	2024	2023	2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
<b>Prices and costs</b>																							
HICP inflation	0.7	6.1	5.6	7.0	6.3	5.2	3.9	3.1	2.3	2.3	3.9	3.7	3.7	3.0	2.7	2.4	2.3	2.2	2.3	2.4	2.1	2.4	2.1
RPI inflation	1.5	6.2	5.1	7.0	5.6	4.2	3.6	2.5	1.5	1.4	3.6	3.6	3.2	2.3	1.9	1.6	1.5	1.3	1.4	1.5	1.2	1.6	1.3
Industrial producer price inflation	3.2	4.9	3.4	4.4	4.4	3.6	1.4	0.6	0.2	-0.9	1.1	0.9	1.2	0.5	0.0	0.9	0.2	-0.4	-0.6	-1.3	-0.8	-1.2	-
HCI (nominal)	0.3	-1.4	3.3	1.4	3.4	5.0	3.3	2.1	1.2	0.7	3.6	2.5	2.4	1.9	2.0	1.2	1.6	1.0	0.6	0.6	0.9	0.7	-0.1
HCI (real)	-1.9	-3.6	3.1	0.5	3.6	4.9	3.5	1.5	0.0	-0.2	3.9	2.4	2.3	1.3	1.0	0.1	0.3	-0.3	-0.6	-0.2	0.0	0.1	-0.9
Unit labour costs, whole economy <sup>(1)</sup>	-4.8	4.4	1.7	4.1	4.1	3.4	1.7	1.5	1.4	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee <sup>(1)</sup>	5.0	3.8	1.9	3.7	3.2	3.3	1.9	2.4	3.0	3.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) <sup>(1)</sup>	10.2	-0.6	0.2	-0.4	-0.9	-0.1	0.2	0.9	1.6	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (Eurostat)	5.1	6.7	6.3	7.3	5.3	5.7	6.7	6.7	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic activity</b>																							
Nominal GDP	16.0	9.6	12.5	13.4	11.9	13.3	11.2	12.5	11.5	8.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	13.2	4.3	6.7	7.3	6.0	7.4	6.0	8.1	8.0	4.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	11.7	11.0	12.2	11.9	12.3	12.4	12.1	9.0	6.6	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	5.9	0.2	3.1	1.8	-1.3	4.2	7.8	1.2	5.4	10.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	22.2	9.8	-17.2	-8.7	-14.5	-20.7	-22.5	5.8	3.9	5.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	-0.4	13.7	4.2	7.6	3.9	1.4	4.6	7.6	5.6	3.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	-2.8	18.3	0.4	5.3	0.6	-3.6	0.4	6.3	3.3	4.4	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Labour market developments</b>																							
LFS unemployment rate (% of labour force)	3.7	3.5	3.5	3.4	3.8	3.7	2.8	2.9	3.2	3.1	3.1	3.0	3.3	3.3	3.4	3.3	3.3	3.1	3.0	3.0	3.0	2.9	-
LFS employment	3.1	6.6	6.7	6.8	6.7	6.9	3.4	4.6	6.2	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus registered employed	2.6	6.1	8.1	8.6	8.2	7.7	7.8	6.8	5.8	-	7.7	7.6	7.3	6.8	6.2	6.3	5.8	5.3	5.3	-	-	-	-
<b>Balance of payments</b>																							
Current account (as a % of GDP) <sup>(2)</sup>	9.4	-0.8	6.4	0.8	3.6	6.1	6.4	6.3	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Credit and financial indicators</b>																							
Maltese residents' deposits and loans																							
Overnight deposits	12.3	8.0	-0.2	3.2	1.1	-3.6	-0.2	-0.7	-0.5	2.2	-2.6	-0.2	0.1	0.5	-0.7	-1.0	-1.3	-0.5	0.3	2.0	2.2	3.8	-
Deposits with agreed maturity up to two years	-4.3	-24.7	25.7	-11.4	0.3	12.1	25.7	28.9	30.7	35.4	23.6	25.7	31.7	24.3	28.9	30.5	34.2	30.7	36.0	33.1	35.4	33.3	-
Total residents' deposits in M3	10.4	3.9	1.7	1.5	1.0	-2.2	1.7	1.8	2.2	5.3	-0.6	1.7	2.5	2.5	1.8	1.7	1.7	2.2	3.4	4.8	5.3	6.6	-
Credit to general government	16.1	7.0	-1.5	-1.7	-5.8	-8.1	-1.5	2.9	8.0	8.4	-5.6	-1.5	-2.3	-0.3	2.9	6.1	9.1	8.0	3.1	10.1	8.4	6.4	-
Credit to residents (excl. general government)	5.9	7.8	8.0	8.1	7.5	7.7	8.0	7.6	7.9	7.1	7.9	8.0	8.3	8.2	7.6	7.9	8.2	7.9	7.7	7.3	7.1	7.3	-
Total credit	8.4	7.5	5.5	5.4	3.9	3.4	5.5	6.4	7.9	7.4	4.3	5.5	5.6	5.9	6.4	7.5	8.4	7.9	6.6	8.0	7.4	7.1	-
Ten-year interest rate (%) <sup>(3)</sup>	0.7	3.9	3.1	3.5	3.8	4.1	3.1	3.4	3.6	3.2	3.6	3.1	3.3	3.6	3.4	3.5	3.7	3.6	3.4	3.4	3.2	3.3	3.0
Stock prices: Malta Stock Exchange Equity Price Index <sup>(4)</sup>	-4.5	-9.9	11.4	-0.4	5.9	-1.5	7.3	-4.4	-1.5	1.6	2.8	6.5	-4.8	1.2	-0.8	-0.5	-1.4	0.5	1.0	1.8	-1.2	1.5	-1.5
<b>General government finances (% of GDP)</b>																							
Surplus (+) / deficit (-) <sup>(2)</sup>	-7.0	-5.2	-4.6	-4.5	-4.0	-3.4	-4.6	-3.8	-3.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt <sup>(5)</sup>	49.6	49.3	47.7	49.2	47.4	47.1	47.7	47.3	46.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

<sup>(1)</sup> Four-quarter moving averages.

<sup>(2)</sup> Four-quarter moving sums.

<sup>(3)</sup> End of period.

<sup>(4)</sup> Period-on-period percentage changes, based on end-of-month data.

<sup>(5)</sup> GDP data are four-quarter moving sums.