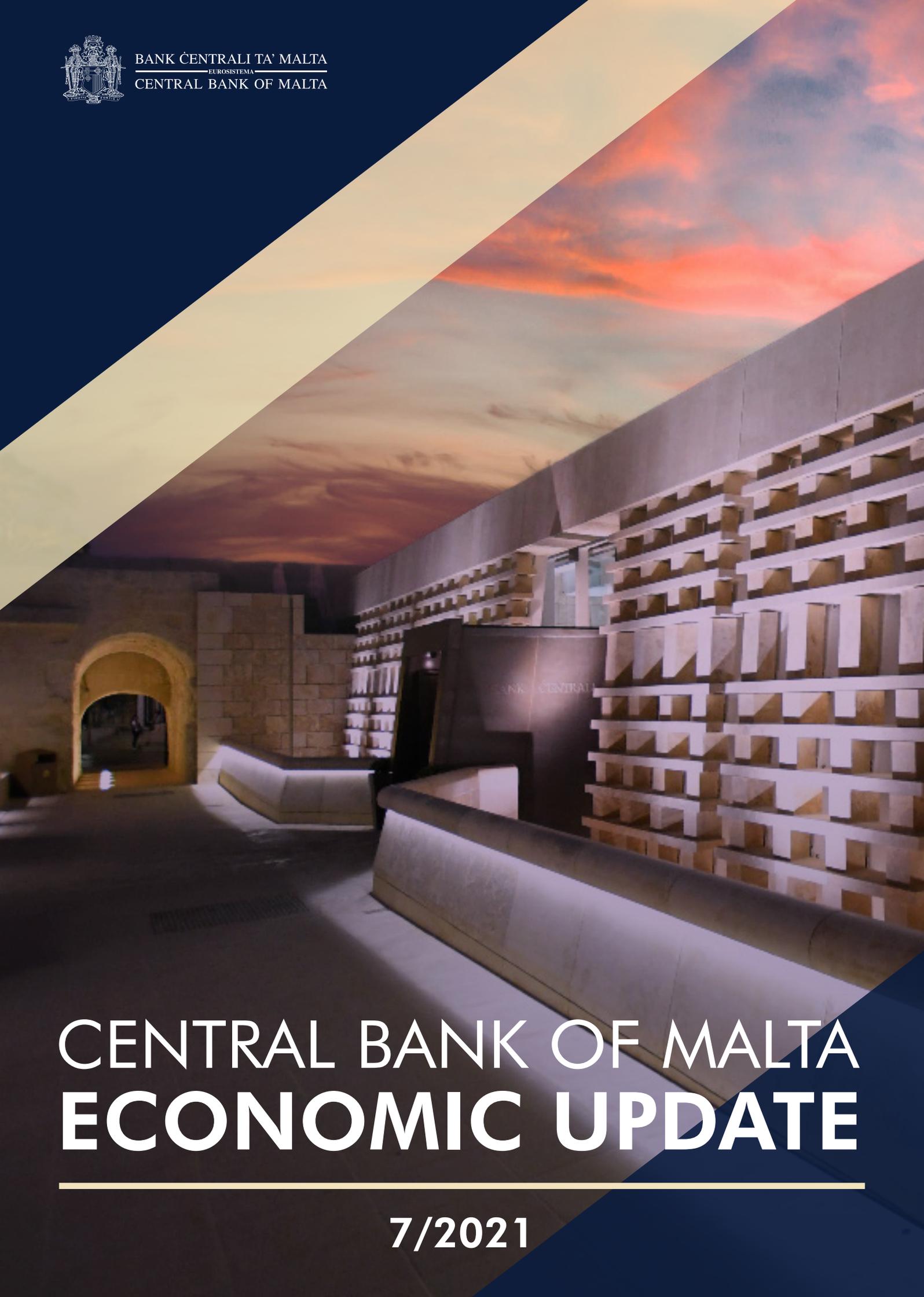




BANK ĊENTRALI TA' MALTA  
EUROSISTEMA  
CENTRAL BANK OF MALTA



# CENTRAL BANK OF MALTA ECONOMIC UPDATE

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7/2021

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## ECONOMIC UPDATE 7/2021

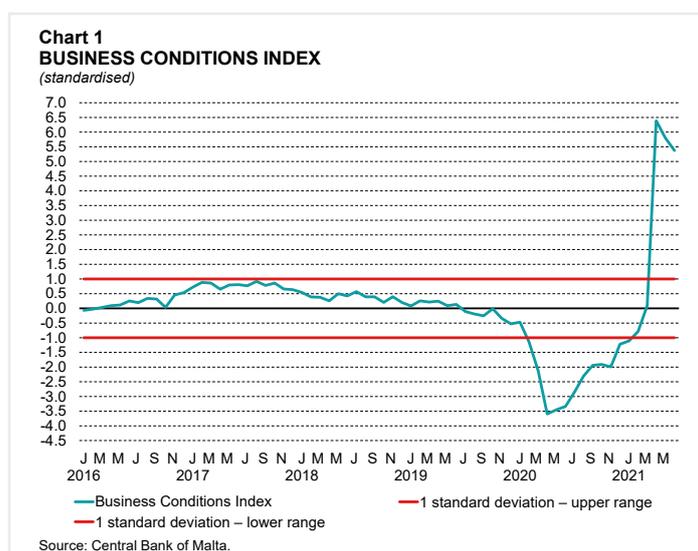
### Summary<sup>1</sup>

In June, business conditions were again positive, reflecting the fact that most macroeconomic variables are improving from the very low levels observed in 2020. While recent trends in economic variables have been positive, and usually reflected by large annual percentage changes, nevertheless the level of economic activity generally still remains below pre-pandemic levels. On the other hand, although European Commission data show that sentiment eased compared to previous months, it remained well above its long-term average.

In May, industrial production grew at a slower annual rate compared with a month earlier, while growth in the volume of retail trade accelerated in annual terms. The number of registered unemployed fell, while the unemployment rate remained unchanged compared with April. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) rose marginally to 0.2% in May and remained at that level in June, while inflation based on the Retail Price Index (RPI) accelerated to 1.3% in May. Maltese residents' deposits expanded at an annual rate of 6.3% in May, following an increase of 7.4% in the previous month, while annual growth in credit to Maltese residents eased to 9.1%, from 9.4% a month earlier. In May, the deficit on the cash-based Consolidated Fund widened considerably when compared with a year earlier, as the increase in government expenditure more than offset that in government revenue.

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

The Bank's BCI indicates that in recent months, business activity continued to improve on a year-on-year basis (see Chart 1). However, it is important to keep in mind that this improvement is from a very low base, as the second quarter of 2020 marked a historical low point for most economic variables. The BCI's readings are therefore being buoyed by very strong and positive annual growth rates recorded in its components in recent months, which reflect base-effects from strong negative rates seen a year earlier. This was mostly evident in the case of tourist arrivals, selected government revenue items and



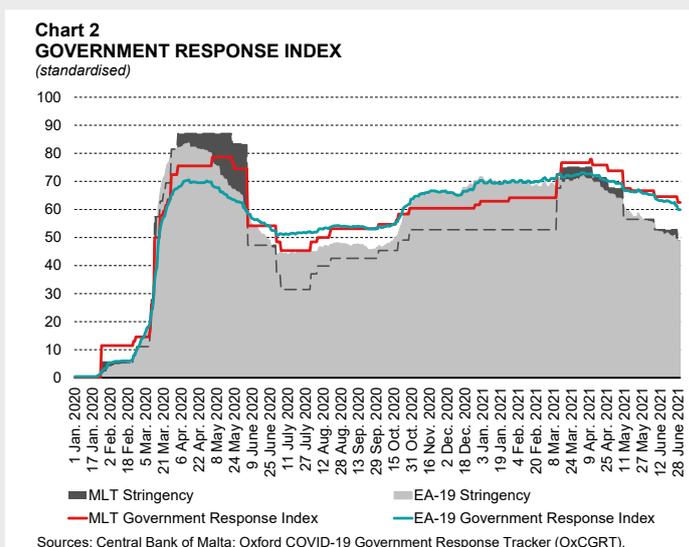
<sup>1</sup> The cut-off date for information in this note is 16 July 2021. Most of the data reported in this issue of the *Economic Update* refer to May 2021 and reflect the partial relaxation of COVID-19 containment measures from that month. However, the latest data for the European Commission's confidence indicators, the Bank's BCI and the COVID-19 Government Response Index refer to June 2021.

<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.

economic sentiment. Moreover, the unemployment rate continued to fall in annual terms. While these developments imply a better economic situation in recent months than in 2020, the level of the BCI should not be interpreted as implying that economic activity has necessarily returned to pre-pandemic levels. Rather, at the current juncture, the high BCI readings should be interpreted as indicating a turnaround in trends in macroeconomic variables.

## BOX 1: COVID-19 GOVERNMENT RESPONSE INDEX – MALTA

Malta's COVID-19 Government Response Index (GRI) at the end of June stood at 62.5, a 4.2-point decrease when compared to its level at the end of May (see Chart 2). This mainly reflects the continued easing of restrictions, including the re-opening of bars, cinemas and theatres and the re-opening of summer schools for children towards the end of June. Moreover, further restrictions aimed at protecting elderly persons were relaxed. The vaccination programme progressed further during June, with access extended to any individual aged 12 and over.



Meanwhile, the euro area average also dropped, from 65.7 as at end-May to 59.9 a month later. Following these developments, Malta's index ended June above that in the euro area, exceeding the latter by 2.6 points.

Following the latest developments, the stringency index stood at 49.1, down from 56.5 at end-May. The level of stringency in Malta was marginally higher than that of the euro area average.

## Business and consumer confidence indicators

In June, the European Commission's Economic Sentiment Indicator (ESI) eased to 113.5, down from 115.2 in May (see Table 1). Notwithstanding this decline, sentiment remained well above its long-term average of around 100.0.<sup>3,4,5</sup> However, the ESI stood 4.4 points below that in the euro area.

<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%.

<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 indicator data became available in May 2007 and May 2008, respectively. The long-term average of the retail confidence indicator is calculated as from May 2011, when it was first published. However, the long-term average of the ESI is computed from December 2002.

<sup>5</sup> In January 2021, data were revised for previous periods following the annual updating of country weights and the inclusion of 2020 in the standardisation sample.

**Table 1**  
**BUSINESS AND CONSUMER SURVEYS**

Balances; percentage points; seasonally adjusted

	2019	2020	2021						
			June	Jan.	Feb.	Mar.	Apr.	May	June
<b>ESI</b>	<b>102.4</b>	<b>81.4</b>	<b>67.1</b>	<b>85.8</b>	<b>88.1</b>	<b>95.0</b>	<b>117.3</b>	<b>115.2</b>	<b>113.5</b>
<i><b>Construction confidence indicator</b></i>	<b>26.2</b>	<b>-5.7</b>	<b>-19.9</b>	<b>-1.2</b>	<b>-8.3</b>	<b>-8.5</b>	<b>9.6</b>	<b>21.9</b>	<b>8.9</b>
Evolution of your current overall order books	19.7	-6.2	-18.8	-3.4	-13.6	-12.0	4.0	4.7	11.7
Employment expectations over the next 3 months	32.6	-5.2	-21.1	0.9	-3.0	-5.0	15.3	39.0	6.1
<i><b>Retail trade confidence indicator</b></i>	<b>4.2</b>	<b>-31.0</b>	<b>-30.1</b>	<b>-51.4</b>	<b>-49.0</b>	<b>-38.2</b>	<b>-50.3</b>	<b>-1.9</b>	<b>-8.7</b>
Business activity, past 3 months	18.9	-22.2	-28.1	-51.6	-42.2	-58.6	-70.3	-43.3	-46.9
Stocks of finished goods	17.4	31.9	54.8	50.3	33.5	37.2	42.4	-3.5	3.5
Business activity, next 3 months	11.1	-38.8	-7.4	-52.4	-71.4	-18.7	-38.1	34.2	24.4
<i><b>Consumer confidence indicator</b></i>	<b>4.5</b>	<b>-5.6</b>	<b>-6.9</b>	<b>-3.2</b>	<b>-6.9</b>	<b>-7.9</b>	<b>5.2</b>	<b>8.3</b>	<b>6.0</b>
Financial situation past 12 months	11.3	-1.6	0.8	-15.4	-15.5	-18.6	-15.9	-11.7	-11.0
Financial situation next 12 months	11.2	0.8	-2.1	4.3	-0.7	0.4	11.5	15.0	10.4
Economic situation next 12 months	20.9	-0.9	-3.9	8.7	4.5	3.6	30.7	35.3	31.3
Major purchases next 12 months	-25.1	-20.5	-22.4	-10.4	-15.8	-16.8	-5.5	-5.6	-6.5
<i><b>Industrial confidence indicator</b></i>	<b>-6.7</b>	<b>-25.1</b>	<b>-42.2</b>	<b>-24.0</b>	<b>-18.6</b>	<b>-1.1</b>	<b>36.0</b>	<b>9.4</b>	<b>8.7</b>
Assessment of order-book levels	-23.0	-48.8	-76.9	-41.4	-53.8	-41.4	-16.7	-30.1	-39.0
Assessment of stocks of finished products	15.5	27.2	31.4	36.0	28.6	-11.3	-42.5	-21.0	0.8
Production expectations for the months ahead	18.4	0.8	-18.3	5.5	26.6	26.7	82.1	37.2	65.9
<i><b>Services confidence indicator</b></i>	<b>20.7</b>	<b>-24.9</b>	<b>-57.3</b>	<b>-5.3</b>	<b>-3.7</b>	<b>-11.1</b>	<b>5.4</b>	<b>30.8</b>	<b>36.7</b>
Business situation development over the past 3 months	16.7	-36.3	-77.4	-12.3	-12.4	-11.0	-1.1	16.6	19.6
Evolution of the demand over the past 3 months	21.5	-34.9	-78.2	-10.5	-16.8	-19.1	-5.1	25.1	44.5
Expectation of the demand over the next 3 months	24.0	-3.7	-16.3	6.7	17.9	-3.1	22.5	50.8	46.0
<b>E EI</b>	<b>102.7</b>	<b>86.0</b>	<b>76.7</b>	<b>88.8</b>	<b>87.0</b>	<b>88.4</b>	<b>96.6</b>	<b>108.4</b>	<b>110.8</b>
Industry	12.8	-12.5	-40.3	-5.7	10.3	-8.1	18.0	9.3	21.4
Services	17.5	-2.4	-16.8	-1.6	-11.8	-9.9	13.0	31.0	37.3
Retail	4.7	-11.6	-3.3	-5.4	-5.7	14.5	-18.4	7.3	6.0
Construction	32.6	-5.2	-21.1	0.9	-3.0	-5.0	15.3	39.0	6.1
<b>ESI demeaned</b>	<b>2.4</b>	<b>-18.6</b>	<b>-32.9</b>	<b>-14.2</b>	<b>-11.9</b>	<b>-5.0</b>	<b>17.3</b>	<b>15.2</b>	<b>13.5</b>
<b>E EI demeaned</b>	<b>2.7</b>	<b>-14.0</b>	<b>-23.7</b>	<b>-11.2</b>	<b>-12.9</b>	<b>-11.7</b>	<b>-3.1</b>	<b>8.2</b>	<b>10.8</b>

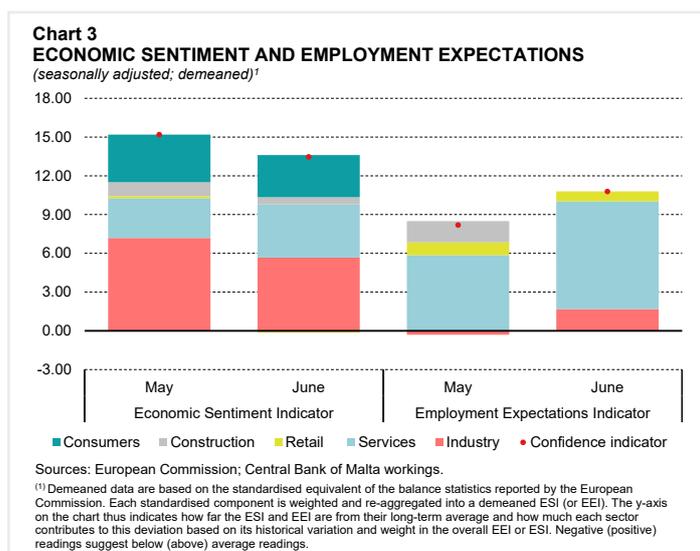
Source: European Commission.

The month-on-month fall in sentiment was broad-based across all sub-components bar the services sector. The largest decline was recorded in the construction sector, followed by weaker sentiment among retailers and consumers. At the same time, confidence across industry edged down marginally. Nevertheless, all components of the indicator were positive in June, except for the retail sector.

Demeaned data – which account for the variation in weights assigned to each sector in the overall index – show that the decrease in overall sentiment in June was notably driven by the decline in confidence in industry (see Chart 3). The positive contribution of the construction sector and consumers edged down in the month under review, though moderately. Meanwhile, the contribution of the retail sector moved slightly into negative territory. At the same time, the contribution of the services sector stood more positive in June.

Overall, demeaned data suggest that the ESI is mostly above its long-term average due to relatively strong sentiment in industry and, to a lesser extent, in the services sector and among consumers.

In June, confidence within the construction sector stood at 8.9, down from 21.9 a month earlier. Notwithstanding this decrease, sentiment remained above its long-term average of -10.8.<sup>6</sup> The recent fall reflected weaker employment expectations. On the other hand, the net share of firms reporting higher order book levels more than doubled relative to May. Additional survey data indicate that the share of respondents expecting prices to increase over the coming months declined significantly.



Confidence within the retail sector fell to -8.7, from -1.9 in May, and thus stood below its long-term average of -2.3.<sup>7</sup> This mostly reflected less upbeat expectations about business activity during the coming months, although the assessment of business activity in recent months also deteriorated.<sup>8</sup> Furthermore, whereas in May participants on balance had reported below normal stock levels, in June stocks were assessed to be above normal. Supplementary data indicate that price expectations fell strongly relative to May but remained positive.

Consumer confidence edged down to 6.0 in June, from 8.3 a month earlier, but remained well above its long-term average of -10.8.<sup>9</sup> The fall in sentiment was broad-based across almost all sub-components, but largely reflected weaker expectations about the financial situation and the general economic situation over the next 12 months. At the same time, a larger share of consumers anticipated fewer major purchases over the same period. Meanwhile, consumers' assessment about the financial situation over the past months improved marginally.

Industrial confidence also weakened slightly but remained positive. It stood at 8.7, down from 9.4 a month earlier but stood well above its long-term average of -4.2.<sup>10</sup> Weaker sentiment was largely driven by firms reporting above normal stocks levels. At the same time, their assessment of order book levels was more negative relative to May. These developments offset improved production expectations for the months ahead. Supplementary data show that a smaller share of participants anticipated selling prices to increase in the coming months.

<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.

<sup>7</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>8</sup> Above normal stocks of finished goods have a negative effect on the overall indicator. Thus, a rise in the balance of firms reporting above normal stock levels has a negative effect on the overall indicator.

<sup>9</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>10</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.

Sentiment within the services sector rose to 36.7, from 30.8 in the previous month. Following this increase, sentiment stood further above its long-term average of 19.0.<sup>11</sup> Improved sentiment largely reflected developments in respondents' assessment of demand during the past three months. Participants' assessment of the business situation over this period also improved, though to a lesser extent. At the same time, firms' demand expectations for the months ahead edged down, but remained positive. Additional survey data show that, on balance, the share of respondents anticipating a rise in prices in the coming months more than doubled.

The European Commission's Employment Expectations Indicator (EEI) – which is a composite indicator of employment expectations in industry, services, retail trade and construction – increased in June.<sup>12</sup> The EEI stood at 110.8, up from 108.4 in May and above its long-run average of around 100.0, though 0.8 point lower than the euro area average. Employment expectations were positive across all sectors.

Demeaned data suggest that the services sector largely explains why the overall EEI remained above its long-term average in recent months, followed by industry, with the former the main contributor to the increase in sentiment in June (see Chart 3).

### Activity indicators

In May, annual growth in the index of industrial production – which is a measure of economic activity in the quarrying, manufacturing, and energy sectors – rose for the second consecutive month. The index rose by 7.7% in annual terms, following an increase of 16.5% in April (see Table 2).<sup>13</sup>

The recent increase in industrial production primarily reflected a strong increase in output from firms producing wearing apparel. Smaller increases were recorded in firms within the production of motor vehicles, trailers and semi-trailers, and textiles. Production also increased in several other sectors, including the 'other manufacturing' sector, which includes firms involved in the production of medical and dental instruments, toys and related products as well as the beverages sector. On the other hand, output fell among firms that specialise in the production of machinery and equipment, and printing and reproduction of recorded media. Smaller decreases were registered among firms that produce non-metallic mineral goods as well as those manufacturing pharmaceutical products.

Production in the energy sector also increased in annual terms for the second consecutive time.

After rebounding strongly in April, the volume of retail trade – which is a short-term indicator of final domestic demand – rose even more strongly in May. It increased by 21.9% on an annual basis, after rising by 18.3% in April.

<sup>11</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 in the subsequent three months.

<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*.

<sup>13</sup> The annual growth rates of the overall industrial production index are based on working-day adjusted data. Unadjusted data, however, are used for the components.

	2019	2020	2020						2021						
			May <sup>(1)</sup>	June <sup>(1)</sup>	July <sup>(2)</sup>	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Industrial production	1.2	-0.2	-6.7	-6.6	-2.3	-3.7	-3.0	2.5	-1.9	-4.8	-6.7	-12.8	-4.1	16.5	7.7
Retail trade	6.9	-6.2	-17.8	-6.3	-11.0	-9.0	-10.5	-7.7	-4.7	4.0	-3.4	-11.0	-0.5	18.3	21.9
Number of tourist arrivals	5.9	-76.1	-	-	-84.0	-66.0	-82.4	-83.4	-92.2	-91.1	-90.7	-93.7	-86.3	-	-
Number of nights stayed	4.1	-73.0	-	-	-75.3	-62.6	-77.4	-78.6	-82.3	-77.2	-79.8	-86.7	-65.2	-	-
Rented accommodation	4.6	-76.8	-	-	-84.3	-67.4	-81.8	-82.5	-88.0	-86.6	-89.0	-91.8	-75.0	-	-
Collective <sup>(3)</sup>	-0.1	-76.5	-	-	-85.4	-66.9	-81.2	-81.9	-91.6	-91.9	-92.1	-94.1	-88.5	-	-
Other rented <sup>(4)</sup>	13.5	-77.3	-	-	-82.7	-67.9	-82.9	-83.5	-80.6	-79.5	-82.4	-86.3	-40.0	-	-
Non-rented accommodation <sup>(5)</sup>	1.6	-52.8	-	-	-31.4	-38.3	-57.1	-53.3	-53.8	-33.5	-48.9	-52.9	-20.7	-	-
Tourist expenditure	5.7	-79.5	-	-	-88.1	-71.3	-84.5	-84.5	-90.3	-86.6	-87.6	-90.4	-76.1	-	-
Package expenditure	-8.2	-84.5	-	-	-93.5	-79.5	-90.5	-89.8	-	-	-	-	-	-	-
Non-package expenditure	17.1	-79.6	-	-	-88.7	-71.5	-86.0	-85.1	-90.2	-86.4	-87.7	-89.0	-71.0	-	-
Other	5.9	-75.9	-	-	-83.7	-65.3	-78.7	-79.8	-86.5	-82.0	-83.5	-88.1	-71.9	-	-

Sources: National Statistics Office; Eurostat.

<sup>(1)</sup> As a result of the COVID-19 situation, it was not possible for the NSO to issue the April, May and June 2020 news releases for Inbound Tourism.

<sup>(2)</sup> The inbound tourism news release has been issued since July following the reopening of Malta International Airport in the beginning of July.

<sup>(3)</sup> Collective accommodation comprises hotels, guesthouses, hostels, tourist villages, holiday complex, bed & breakfast and campsites.

<sup>(4)</sup> Other rented accommodation comprises holiday furnished premises (farmhouses, flats and villas), host families, marinas, paid-convents, rented yachts and student dormitories.

<sup>(5)</sup> Non-rented accommodation includes own private residence, staying with friends or relatives and other private accommodation (e.g. free-convents or timeshare).

The tourism sector continued to be severely impacted by travel-related restrictions. The number of inbound tourists stood at 25,954 in May, which – while much better than in May 2020 – is nevertheless only a tenth of 2019 levels.<sup>14</sup> Guest nights stood at 0.28 million (17.3% of May 2019 levels), with collective accommodation continuing to register the sharpest decline in absolute terms. Total tourism expenditure stood at €21.1 million in May, 10.4% of total expenditure levels recorded in the corresponding month in 2019.

In May, 228 development permits for commercial buildings were issued, 4.2% less than a year earlier (see Table 3). This follows a year-on-year increase of 14.1% in April. Meanwhile, at 667, new residential permits declined by 3.2% in annual terms in May, after they more than doubled in the previous month, following a sharp decline registered in April 2020.

Data on residential property transactions show that on an annual basis, the number of final deeds and the number of promise-of-sale agreements signed during the month rose sharply when compared with the previous year level. The strong increase in deeds and promises-of-sale partially reflects base effects from the declines experienced last year during the partial lockdown, as well as government schemes intended at supporting the property market.

	2019	2020	2020						2021							
			May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
<b>Permits</b>																
Commercial permits	3,474	2,687	238	253	268	92	301	267	241	183	209	249	205	267	228	-
Residential permits	12,485	7,837	689	494	620	664	475	657	672	549	784	654	569	763	667	-
<b>Residential transactions</b>																
Promise-of-sale	11,614	11,261	511	961	1,366	1,074	1,053	1,300	1,044	1,145	981	1,350	1,650	1,428	1,479	1,166
Final deeds of sale	14,019	11,057	552	746	1,149	940	974	1,054	961	1,134	1,010	983	1,285	1,185	1,173	1,183

Sources: National Statistics Office; Eurostat.

<sup>14</sup> Comparisons are made with 2019 as scheduled passenger flights were not in operation in May 2020.

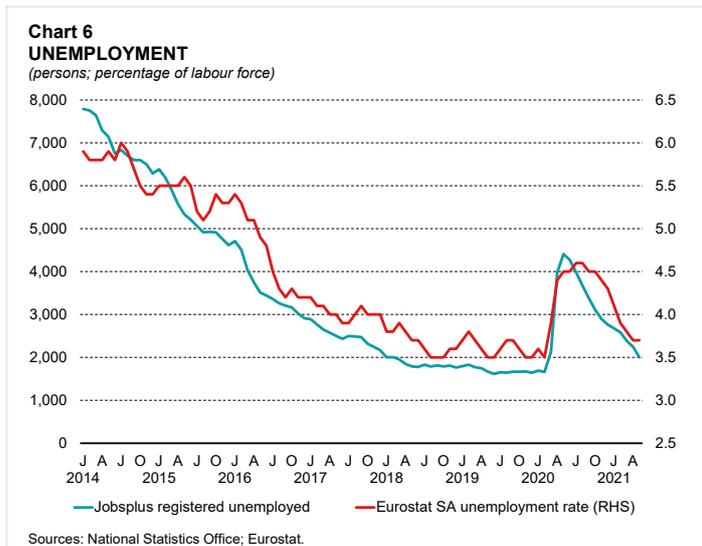
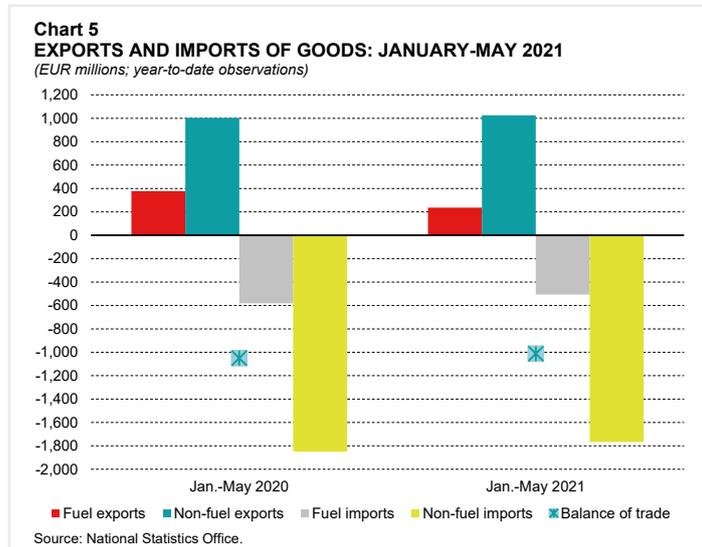
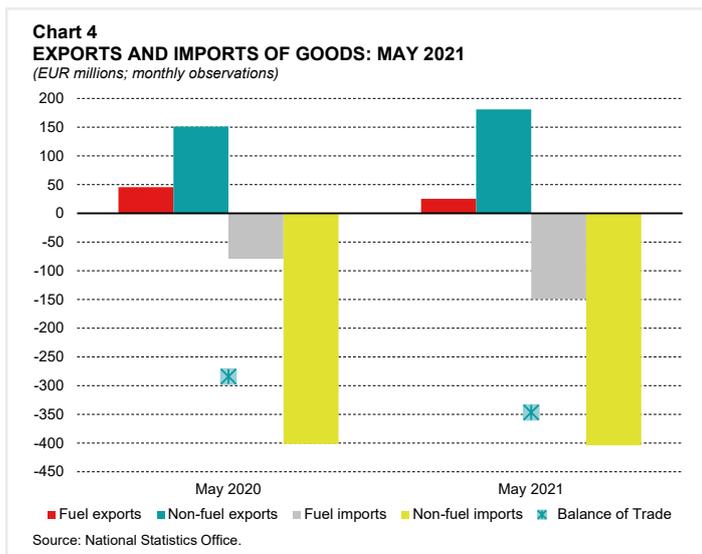
Customs data show that the merchandise trade deficit stood at €346.7 million in May, up from €284.2 million a year earlier. The larger deficit reflected a €72.1 million rise in imports which outweighed a €9.7 million increase in exports (see Chart 4). Higher imports were largely driven by a substantial increase in the fuel import bill and by an increase in registration of aircraft. A rise in imports of vehicles and vehicle parts, optical instruments, machinery and mechanical appliances, and paper also contributed – but to a lesser extent. Together these outweighed fewer registrations of sea vessels and lower imports of woven clothing, organic chemicals, electrical machinery, textile articles and plastics.

The small rise in exports was due to an increase in electrical machinery, printed material and aircraft parts. These offset a fall in re-exports of mineral fuels and organic chemicals.

In the first five months of this year, the visible trade gap narrowed to €1,012.5 million from €1,050.7 million in the corresponding period of 2020, as imports fell more than exports (see Chart 5).

## Labour market

Jobsplus data show that the number of persons on the unemployment register stood at 2,001 in May 2021, down from 2,248 in April and 4,409 a year earlier when the labour market was heavily impacted by the first restrictions introduced because of the pandemic (see Chart 6).



The seasonally-adjusted unemployment rate stood at 3.7% in May, the same rate as that registered in the previous month, but lower than the rate of 4.5% registered in the same month of the preceding year.

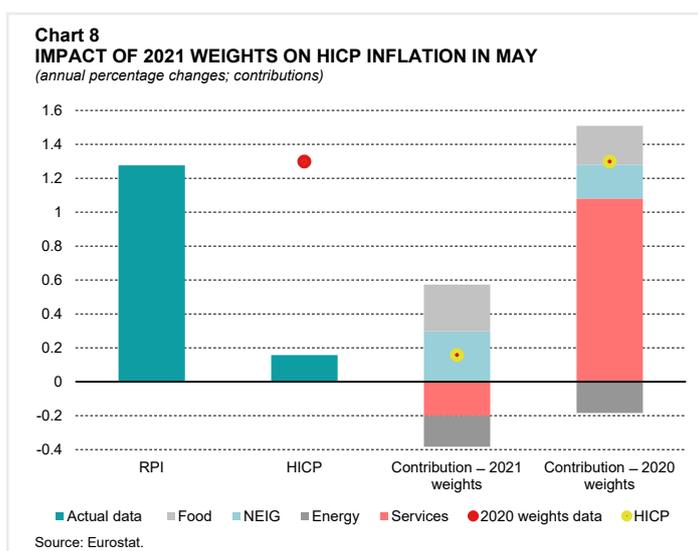
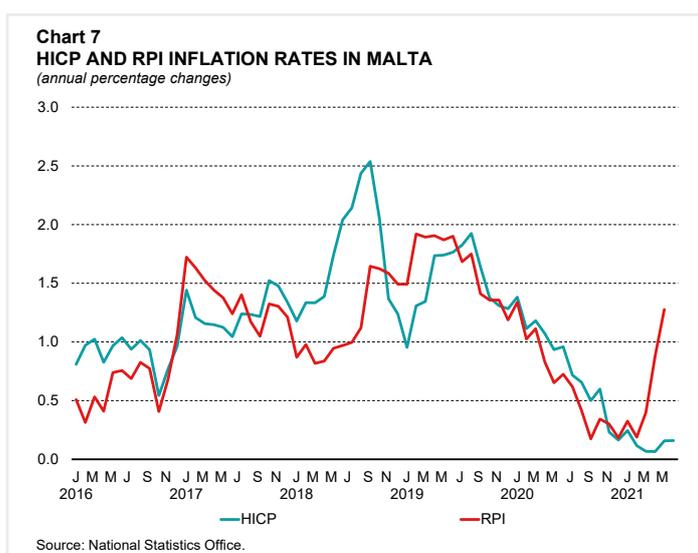
## Prices, costs and competitiveness

Annual HICP inflation stood at 0.2% in May, up from 0.1% in April (see Chart 7). This was driven by marginally higher, services inflation, non-energy industrial goods (NEIG) inflation, as well as an increase in unprocessed and processed food inflation.

Annual inflation according to the RPI was much higher. Indeed, it stood at 1.3% in May, from 0.9% in April (see Chart 7).<sup>15</sup> This mainly reflects faster growth in the prices of food and, to a lesser extent, prices of household equipment and house maintenance, and ‘other goods and services’.

HICP inflation remained at 0.2% in June.

The growing gap between the two measures of inflation is related to the large change in HICP weights in 2021 due to the COVID-19 pandemic.<sup>16</sup> On the other hand, the weights of the RPI are not updated annually and are hence not affected by such changes. Indeed, annual HICP inflation for May using the 2020 weights (which are based on pre-pandemic spending patterns) would have stood at 1.3% as opposed to the actual rate of 0.2% using the 2021 weights, which would have been broadly similar to the RPI outcome. The main difference lies in the services contribution to the HICP (see Chart 8). Whereas services



<sup>15</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. Due to the strong impact of the pandemic on tourist expenditure, the two measures are expected to deviate significantly as weights in the HICP have changed significantly while those of the RPI have not been adjusted.

<sup>16</sup> For more details see *Box 1: The implications of the 2021 HICP weights on inflation forecasts, in Outlook for the Maltese Economy 2021:2*. [https://www.centralbankmalta.org/site/Publications/2021\\_2.pdf?revcount=4607](https://www.centralbankmalta.org/site/Publications/2021_2.pdf?revcount=4607)

contributed negatively to HICP inflation in May, these would have contributed positively had the old weights been applied. Thus, the changes to certain components of services in HICP are negatively impacting headline HICP inflation, which is in turn being reflected in a growing gap with the RPI-based measure.

Producer output inflation, measured by the industrial producer price index, rose to 1.7% in May, from 1.2% in April.<sup>17</sup> This reflected a pick up in intermediate goods prices and a marginally faster increase in capital goods and consumer goods prices. Energy prices remained unchanged when compared to their level a year earlier.

Malta's nominal harmonised competitiveness indicator (HCI) increased by 1.7% in the year to May, marginally up from 1.6% in April.<sup>18</sup> This deterioration in international competitiveness over the year to May is due to an appreciation in the euro exchange rate against currencies of trading partners. The real HCI, which also considers relative price changes, fell by 0.4%, suggesting that the loss in international competitiveness arising from a stronger euro was offset by favourable developments in relative prices vis-à-vis trading partners.

## Public finance

In May 2021, the Consolidated Fund recorded a deficit of €77.1 million, a deterioration of €10.8 million when compared to the deficit registered in May 2020 (see Table 4). This reflects an increase in government expenditure, which more than offset the increase in government revenue. In turn, the primary deficit reached €62.6 million, €8.3 million more than a year earlier.

Government revenue increased by €123.6 million, or 38.5% in annual terms, on the back of a surge in tax revenue. Revenue from direct taxes increased by €88.9 million, reflecting a rise in income tax revenue as well as social security contributions. Inflows from indirect taxes rose by €61.5 million, mainly due to an increase in VAT receipts. On the other hand, non-tax revenue fell by €26.8 million, mainly due to lower inflows from fees of office. The latter reflects lower receipts from the Individual Investor Programme, which ended in 2020.

Government expenditure increased by €134.4 million, or 34.7% when compared to the corresponding period in 2020. This was due to a rise in recurrent expenditure, which more than offset a drop in capital expenditure. The latter declined by €32.9 million and mainly reflects the reclassification of outlays on certain COVID-related support measures, including the Wage Supplement Scheme, from capital to current expenditure in 2021.

Overall, recurrent expenditure rose by €167.4 million. This is largely due to higher outlays on programmes and initiatives, which in turn reflects the above-mentioned reclassification of COVID support measures and the timing of transfers to the EU budget. Spending on contributions to entities, and operational and maintenance expenses also increased.

<sup>17</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.

<sup>18</sup> HCIs act as an effective exchange rate measure for countries operating within the euro area monetary union. The nominal HCI tracks movements in the euro exchange rate against the currencies of Malta's main trading partners, weighted according to the direction of trade in manufactured goods. On top of this, the real HCI also takes into account the relative inflation rate of Malta vis-à-vis its main trading partners. A higher (or lower) score in the HCI indicates a deterioration (or improvement) in Malta's international price competitiveness.

**Table 4**  
**CONSOLIDATED FUND BALANCE**

EUR millions

	2020		2021		Change	
	Jan.-May	Jan.-May	May	May	Amount	%
<b>Revenue</b>	<b>1,409.7</b>	<b>1,812.8</b>	<b>321.0</b>	<b>444.6</b>	<b>123.6</b>	<b>38.5</b>
<b>Direct tax</b>	<b>682.1</b>	<b>1,031.7</b>	<b>138.7</b>	<b>227.6</b>	<b>88.9</b>	<b>64.1</b>
Income tax	438.7	604.6	93.3	137.0	43.7	46.8
Social security contributions <sup>(1)</sup>	243.3	427.1	45.4	90.6	45.2	99.6
<b>Indirect tax</b>	<b>554.8</b>	<b>653.9</b>	<b>141.1</b>	<b>202.6</b>	<b>61.5</b>	<b>43.6</b>
Value Added Tax	334.0	418.0	98.8	134.6	35.8	36.2
Customs and excise duties	95.0	102.1	21.0	32.3	11.3	53.9
Licences, taxes and fines	125.8	133.9	21.3	35.8	14.5	67.8
<b>Non-tax<sup>(2)</sup></b>	<b>172.8</b>	<b>127.2</b>	<b>41.2</b>	<b>14.4</b>	<b>-26.8</b>	<b>-65.1</b>
<b>Expenditure</b>	<b>2,083.2</b>	<b>2,503.6</b>	<b>387.2</b>	<b>521.7</b>	<b>134.4</b>	<b>34.7</b>
<b>Recurrent</b>	<b>1,773.0</b>	<b>2,277.8</b>	<b>298.9</b>	<b>466.3</b>	<b>167.4</b>	<b>56.0</b>
Personal emoluments	373.5	446.6	73.7	80.8	7.1	9.6
Operational and maintenance	81.4	109.0	13.4	25.0	11.6	86.2
Programmes and initiatives	995.9	1,374.7	157.0	283.1	126.0	80.3
Contributions to entities	248.5	273.4	42.7	62.9	20.2	47.3
Interest payments	73.7	74.2	12.0	14.5	2.5	20.7
<b>Capital</b>	<b>310.2</b>	<b>225.8</b>	<b>88.4</b>	<b>55.4</b>	<b>-32.9</b>	<b>-37.3</b>
<b>Primary balance<sup>(3)</sup></b>	<b>-599.7</b>	<b>-616.6</b>	<b>-54.3</b>	<b>-62.6</b>	<b>-8.3</b>	<b>-</b>
<b>Consolidated Fund balance</b>	<b>-673.4</b>	<b>-690.8</b>	<b>-66.3</b>	<b>-77.1</b>	<b>-10.8</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.

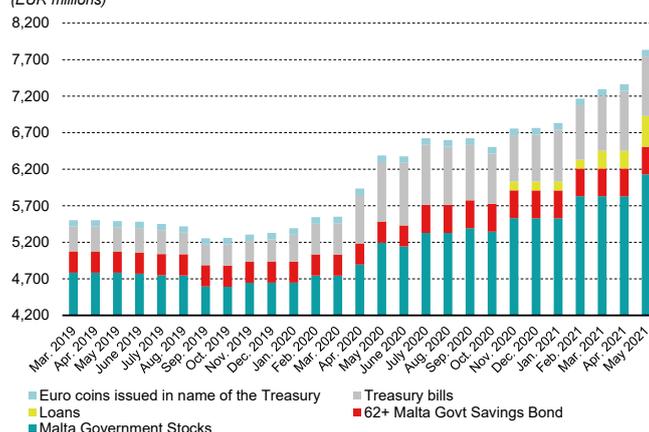
<sup>(3)</sup> Revenue less expenditure excluding interest payments.

In May 2021, the total stock of government debt amounted to €7,830.1 million, a €472.3 million increase when compared with April 2021 (see Chart 9). This was mainly due to new issues of Malta Government Stocks, as well as higher foreign loans outstanding. The latter reflects the issue of the third and final tranche of funds from the EU's Support to mitigate Unemployment Risks in an Emergency (SURE) instrument.

## Deposits, credit and financial markets

In May, residents' deposits held with monetary financial institutions (MFI) and forming part of broad money (M3) expanded at an annual rate of 6.3%, below the 7.4% recorded a month earlier (see Chart 10).

**Chart 9**  
**GOVERNMENT DEBT<sup>(1)</sup>**  
(EUR millions)



Source: National Statistics Office.

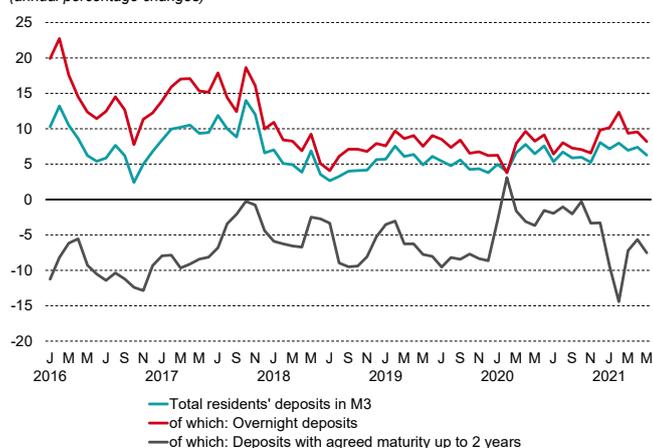
<sup>(1)</sup> Excluding debt issued by extra-budgetary units and local councils and debt held by sinking funds.

Overnight deposits remained the largest component of residents' M3 deposits, comprising over 86% of their M3 balances. This deposit category – which is the most liquid – grew by 8.2% in the year to May, after rising by 9.6% in the previous month. Meanwhile, time deposits with a maturity of up to two years – the second largest deposit category – fell by 7.5% in annual terms, following a contraction of 5.7% in April.

Credit to Maltese residents grew at an annual rate of 9.1% in May, slightly below the 9.4% recorded a month earlier (see Chart 11). The deceleration in credit during May was driven by slower growth in credit to general government. Annual growth in this component stood at 14.4% in May, following a 17.5% increase in the previous month. By contrast, credit outside general government rose by 7.3%, above the 6.8% recorded in April.

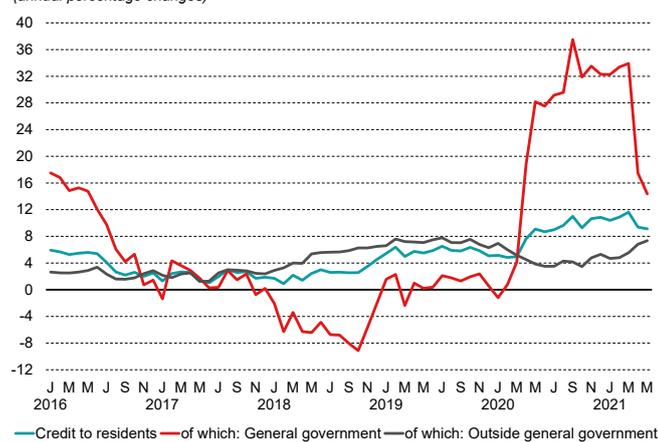
The annual rate of change in loans to non-financial corporations stood at 7.8% in May, down from 8.2% a month earlier (see Chart 12). The deceleration was partly due to a larger contraction in credit to the energy sector, as well as a decline in loans to the information and communication sector. At the same time, slower growth was recorded in the transportation and storage sector, compared to April. These developments were partly offset by higher credit to the wholesale and retail trade sector, followed

**Chart 10**  
**SELECTED DEPOSITS OF MALTESE RESIDENTS**  
(annual percentage changes)



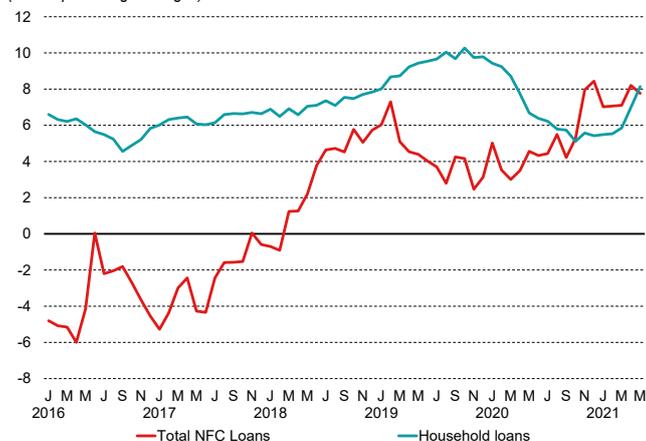
Source: Central Bank of Malta.

**Chart 11**  
**CREDIT TO RESIDENTS OF MALTA**  
(annual percentage changes)



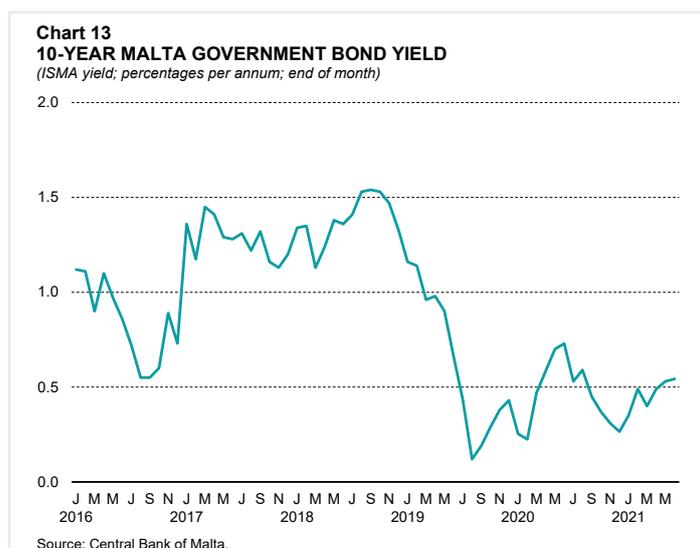
Source: Central Bank of Malta.

**Chart 12**  
**LOANS BY SECTOR**  
(annual percentage changes)



Source: Central Bank of Malta.

by an increase in loans to administrative and support service activities, and the sector comprising professional, scientific and technical activities. Furthermore, credit to the construction and real estate sector, the manufacturing sector, and the sector comprising education, health and social activities also rose at a faster pace over the year to May. Meanwhile, a smaller contraction in credit was registered in the agriculture sector.



Meanwhile, the annual rate of change of loans to households stood at 8.1% in May, above the 7.0% in April. Mortgage lending rose by 9.4% in May, up from 8.2% a month earlier. At the same time, consumer credit and other lending fell at a slower rate of 3.6%, following a contraction of 4.9% in April.

As regards interest rates, the composite interest rate paid by MFIs on Maltese residents' outstanding deposits remained broadly unchanged from a month earlier, standing at 0.19% in May. The composite rate charged on outstanding loans was also unchanged from 3.31% in April, with the spread between the two rates standing at 312 basis points in May.

In the capital market, the secondary market yield on 10-year Maltese government bonds increased by 1 basis point from a month earlier, to 0.54% at the end of June (see Chart 13). Meanwhile, the Malta Stock Exchange (MSE) Equity Price Index fell by 1.3% during the same period. Similar movements were recorded in the MSE Total Return Index, which accounts for dividends as well as changes in equity prices.

## BOX 2 – LIQUIDITY SUPPORT MEASURES RELATED TO COVID-19

In response to the outbreak of COVID-19 and the subsequent containment measures, several businesses and households were faced with liquidity challenges, and thus applied with MFIs in Malta for a moratorium on loan repayments (see Table 5).<sup>19</sup>

In May 2021, loans subject to a moratorium continued to decline sharply, as the moratoria period is gradually expiring for many loans, and activity is beginning to normalise in most sectors.

<sup>19</sup> Data on moratoria refer to loans that were issued before the onset of the pandemic and which became subject to a moratorium as a result of COVID-19 in terms of Directive No. 18 of 2020, which entered into force on 13 April 2020 and even before the same Directive entered into force (a number of banks had already started to provide moratorium facilities voluntarily in March 2020). Revised back data are reported in the Annex. In view of the protracted impact of the COVID-19 pandemic, on 14 January 2021, the Minister for Health, in consultation with the Ministry for Finance issued [Legal Notice \(LN\) 15 of 2021 on 'Moratorium on Credit Facilities in Exceptional Circumstances'](#), which relates to the reactivation of moratoria in Malta. This reactivation allowed borrowers to submit their applications for new moratoria or to extend their existing moratoria subject to a number of conditions, before 31 March 2021.

**Table 5**  
**LOANS SUBJECT TO MORATORIUM – AS AT END-MAY 2021**

*Number of loans; EUR millions; percentage*

	Volume of loans <sup>(1)</sup>	Outstanding amounts <sup>(2)</sup>	Share in sector's outstanding loans <sup>(3)</sup>
Households	187	15.1	0.2
Manufacturing	2	0.2	0.1
Construction	11	11.6	1.8
Wholesale and retail trade; repair of motor vehicles and motor cycles	24	5.6	0.8
Transportation and storage and information and communication	7	0.7	0.2
Accommodation and food service activities	33	43.8	8.2
Real estate activities	16	14.6	1.4
Other <sup>(4)</sup>	43	59.7	2.9
<b>Total</b>	<b>322</b>	<b>151.2</b>	<b>1.3</b>

Source: Central Bank of Malta.

<sup>(1)</sup> The number of loans subject to moratorium.

<sup>(2)</sup> Outstanding amounts of loans subject to moratorium as at end of month, in EUR millions.

<sup>(3)</sup> The percentage of loans subject to moratorium in total outstanding loans held by the sector as at end of month.

<sup>(4)</sup> Includes loans to agriculture and fishing, mining and quarrying, public administration, education, health and social work, financial and insurance activities (including interbank loans), professional, scientific and technical activities, administrative and support service activities, arts, entertainment and recreation, other services activities and extra-territorial bodies & organisations, and the electricity, gas & water supply sector.

Indeed, as at the end of May, only 322 loans were subject to a moratorium on repayments compared to 783 loans a month earlier. The value of such loans declined by €131.1 million and stood at €151.2 million, or 1.3% of total outstanding loans to Maltese residents. Loans subject to a moratorium have fallen consistently since August 2020. During May, declines in both value and volume terms were observed across all sectors. However, the largest decreases in value terms were registered among households, in the accommodation and food services, and the real estate sectors.

The outstanding value of loans subject to a moratorium of Maltese households fell to €15.1 million – equivalent to 10.0% of the total value of loans subject to a moratorium and 0.2% of outstanding household loans. This is down from a peak of €635.0 million in July 2020.

Meanwhile, the accommodation and food services activities sector held €43.8 million in loans subject to a moratorium. This is the sector most affected by the containment measures and, indeed, 8.2% of the loans held by this sector were subject to a moratorium by the end of May. This contrasts with the end of 2020, when over 40.0% of outstanding loans of this sector were subject to a moratorium.

The real estate sector held €14.6 million in loans subject to a moratorium, or around 9.6% of such loans – equivalent to 1.4% of the sector's outstanding loans. Moreover, as at end-May, the construction sector held €11.6 million in loans subject to a moratorium, making up 7.6% of loans subject to a moratorium, or 1.8% of loans held by the sector.

The 'other category' sector which contains loans subject to a moratorium in agriculture and fishing, education, health, and financial and insurance activities among others, held €59.7 million in loans subject to a moratorium – almost 40.0% of loans subject to a moratorium – but only 2.9% of the outstanding loans held by the sectors falling under this category.

To further alleviate liquidity challenges, the Government launched the Malta Development Bank (MDB) COVID-19 Guarantee Scheme (CGS) for the purpose of guaranteeing new loans granted by commercial banks for working capital purposes to businesses facing liquidity shortfalls as a result of the pandemic. The scheme enables credit institutions to leverage government guarantees up to a total portfolio volume of €777.8 million.<sup>20</sup>

By end-May, 601 facilities were approved under the CGS, covering total sanctioned lending of €451.3 million (see Table 6). As the scheme provides guarantees on new loans for working capital and on loan repayments, the amount of loans disbursed under the scheme may be lower than the sanctioned amount. By the end of May €364.4 million were disbursed, up from the €354.9 million disbursed by the end of April. Thus, by the end of May, 58.0% of the scheme was sanctioned, while 46.9% was disbursed.

In terms of the number of facilities, the sector comprising wholesale and retail activities applied for the largest number of facilities and had €96.5 million in sanctioned loans. This was followed by accommodation and food services activities, with 140 facilities or €106.6 million in sanctioned loans.

**Table 6**  
**MALTA DEVELOPMENT BANK COVID-19 GUARANTEE SCHEME – AS AT MAY 2021**

*Number of facilities; EUR millions*

	Total number of facilities <sup>(1)</sup>	Sanctioned amount <sup>(2)</sup>
Manufacturing	52	25.1
Construction	34	41.0
Wholesale and retail trade; repair of motor vehicles and motor cycles	165	96.5
Transportation and storage and information and communication	39	49.4
Accommodation and food service activities	140	106.6
Professional, scientific and technical activities	35	19.7
Administrative and support service activities	40	14.2
Real estate	17	6.4
Other <sup>(3)</sup>	79	92.5
<b>Total</b>	<b>601</b>	<b>451.3</b>

Source: Malta Development Bank.

<sup>(1)</sup> The number of facilities taken by various sectors.

<sup>(2)</sup> The total number of loans sanctioned under the scheme as at end month, in EUR millions.

<sup>(3)</sup> Includes loans to education, health and social work, financial and insurance activities, arts, entertainment and recreation and other services activities, activities of households, electricity, gas & water supply sector and agriculture, forestry and fishing, and public administration and defence.

<sup>20</sup> The CGS was approved by the European Commission on 2 April 2020. See <https://mdb.org.mt/en/Schemes-and-Projects/Pages/MDB-Working-Capital-Guarantee-Scheme.aspx> for further details.

MACROECONOMIC INDICATORS FOR MALTA																									
Annual percentage changes; non-seasonally adjusted data																									
	2019	2020	2020	2020	2020	2021	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2021	2021	2021	2021	2021	2021	
			Q1	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
<b>Prices and costs</b>																									
HICP inflation	1.5	0.8	1.2	1.0	0.6	0.3	0.1	1.4	1.1	1.2	1.1	0.9	1.0	0.7	0.7	0.5	0.6	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2
RPI inflation	1.6	0.6	1.2	0.7	0.4	0.3	0.3	1.3	1.0	1.1	0.8	0.7	0.7	0.6	0.4	0.2	0.3	0.3	0.2	0.3	0.2	0.4	0.9	1.3	-
Industrial producer price inflation	2.2	0.3	1.2	0.3	0.2	-0.4	0.8	1.8	1.7	0.0	0.7	0.3	-0.2	1.2	0.5	-1.0	-0.6	-0.5	-0.1	0.8	0.5	1.1	1.2	1.7	-
HCI (nominal)	-0.7	1.8	-0.2	1.2	2.8	3.5	2.7	-1.1	-1.0	1.6	1.3	0.9	1.3	2.3	2.7	3.3	3.3	3.3	3.9	3.8	3.6	0.8	1.6	1.7	0.7
HCI (real)	-1.1	1.5	-0.9	1.3	2.4	3.2	1.4	-1.9	-1.9	1.2	1.4	1.1	1.3	1.9	2.4	2.9	3.1	2.9	3.5	2.8	2.4	-0.8	-0.2	-0.4	-1.3
Unit labour costs, whole economy <sup>(1)</sup>	3.3	8.8	5.0	8.9	10.2	11.4	10.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee <sup>(1)</sup>	2.8	1.1	2.7	1.6	0.4	-0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) <sup>(1)</sup>	-0.5	-6.8	-2.0	-6.3	-8.6	-10.4	-9.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (Eurostat)	6.1	3.4	5.5	3.9	2.7	1.7	4.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic activity</b>																									
Nominal GDP	7.9	-6.5	3.7	-13.5	-8.9	-6.6	-0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	5.5	-7.8	1.9	-14.7	-9.9	-7.8	-1.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	4.5	-8.0	-2.1	-16.8	-7.7	-5.4	-4.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	14.7	15.2	2.9	19.9	20.9	17.3	24.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	8.5	-7.1	-7.4	-2.6	-5.0	-12.8	-11.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	7.0	-7.0	4.0	-11.4	-12.4	-7.7	-4.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	8.5	-3.3	1.5	-3.7	-6.7	-4.2	-2.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Labour market developments</b>																									
LFS unemployment rate (% of labour force)	3.6	4.3	3.6	4.4	4.6	4.4	3.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFS employment	7.1	2.7	7.3	2.8	1.3	-0.8	-1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus gainfully occupied	6.0	-	8.6	6.9	5.1	-	-	7.8	9.2	8.8	7.6	6.7	6.3	5.5	5.1	4.6	4.1	-	-	-	-	-	-	-	-
<b>Balance of payments</b>																									
Current account (as a % of GDP) <sup>(2)</sup>	5.7	-3.6	6.2	1.9	-1.3	-3.6	-4.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Credit and financial indicators</b>																									
<b>Maltese residents' deposits and loans</b>																									
Overnight deposits	6.2	9.8	7.9	9.1	7.3	9.8	9.4	6.3	3.8	7.9	9.6	8.3	9.1	6.4	8.0	7.3	7.1	6.6	9.8	10.1	12.3	9.4	9.6	8.2	-
Deposits with agreed maturity up to 2 years	-8.7	-3.3	-1.6	-1.5	-2.0	-3.3	-7.2	-2.9	3.1	-1.6	-3.1	-3.7	-1.5	-1.9	-1.0	-2.0	-0.3	-3.3	-3.3	-9.4	-14.4	-7.2	-5.7	-7.5	-
Total residents' deposits in M3	3.8	8.1	6.6	7.6	5.9	8.1	7.0	5.0	3.9	6.6	7.8	6.5	7.6	5.3	6.7	5.9	6.0	5.3	8.1	7.2	8.0	7.0	7.4	6.3	-
Credit to general government	0.6	32.3	4.1	27.5	37.5	32.3	33.9	-1.2	0.8	4.1	18.8	28.2	27.5	29.2	29.6	37.5	31.9	33.5	32.3	32.3	33.4	33.9	17.5	14.4	-
Credit to residents (excl. general government)	6.3	5.3	5.2	3.5	4.2	5.3	5.5	7.0	6.0	5.2	4.5	3.8	3.5	3.5	4.3	4.2	3.5	4.8	5.3	4.7	4.8	5.5	6.8	7.3	-
Total credit	5.1	10.9	5.0	8.7	11.0	10.9	11.6	5.2	4.8	5.0	7.6	9.1	8.7	9.0	9.6	11.0	9.3	10.6	10.9	10.4	10.9	11.6	9.4	9.1	-
10-year interest rate (% <sup>(3)</sup> )	0.4	0.3	0.5	0.7	0.5	0.3	0.4	0.3	0.2	0.5	0.6	0.7	0.7	0.5	0.6	0.5	0.4	0.3	0.3	0.4	0.5	0.4	0.5	0.5	0.5
Stock prices: Malta Stock Exchange Index <sup>(4)</sup>	4.4	-12.4	-19.5	6.8	12.6	16.7	-8.3	-1.2	-0.6	-18.0	6.1	-1.1	1.7	-3.5	-5.9	-3.8	-2.1	6.9	11.4	-2.4	-4.8	-1.3	6.2	-1.8	-1.3
<b>Liquidity support measures related to COVID-19</b>																									
Outstanding loans subject to a moratorium <sup>(5)</sup>	-	695.9	493.5	1,704.9	1,586.8	700.8	426.6	-	-	493.5	1,260.0	1,548.2	1,704.9	1,796.2	1,769.4	1,586.8	1,148.1	888.9	700.8	697.9	663.6	426.6	282.4	151.2	-
Sanctioned amount under the MDB COVID-19 Guarantee Scheme <sup>(5)</sup>	-	408.1	-	161.1	343.7	408.1	439.6	-	-	-	-	68.5	161.1	238.0	285.1	343.7	351.1	388.5	408.1	412.7	420.1	439.6	444.4	451.3	-
Disbursed amount under the MDB COVID-19 Guarantee Scheme <sup>(5)</sup>	-	287.1	-	64.9	165.6	287.1	340.5	-	-	-	-	7.4	64.9	88.9	121.4	165.6	204.6	252.7	287.1	306.6	320.7	340.5	354.9	364.4	-
<b>General government finances (% of GDP)</b>																									
Surplus (+) / deficit (-) <sup>(2)</sup>	0.4	-10.2	-2.1	-5.3	-7.3	-10.2	-10.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt <sup>(6)</sup>	42.0	54.8	43.3	50.1	52.8	54.8	59.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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> Stock in EUR millions.<sup>(6)</sup> GDP data are four-quarter moving sums.