



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

CENTRAL BANK OF MALTA ECONOMIC UPDATE

2/2025

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The cut-off date for information in this note is 13 February 2025 while that for the HICP and RPI is 24 and 26 February 2025, respectively. Figures in tables may not add up due to rounding.

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ECONOMIC UPDATE 2/2025

Summary¹

The Bank's Business Conditions Index (BCI) suggests that in January 2025, annual growth in activity stood slightly above its long-term average estimated since January 2000. In January, the Bank's Economic Policy Uncertainty Index declined from its December level and stood well below its historical average estimated since 2004.

The European Commission's confidence surveys show that sentiment in Malta increased in January, but remained below its long-term average, estimated since November 2002. In month-on-month terms, sentiment improved across all sectors, bar in industry.

Additionally, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased compared with December, indicating higher uncertainty, with the largest increase recorded in the services sector.

In December, industrial production rose at a slower pace whereas retail trade rose at a slightly stronger pace compared to November. In November, annual growth in services production turned negative.

The unemployment rate remained unchanged at 3.0% but stood below that of 3.2% in December 2023.

In December, both commercial building and residential permits fell compared to November. When compared with their year-ago level, commercial permits were marginally lower, while residential building permits increased significantly. In January 2025, 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) stood at 1.8% in January, unchanged from the previous month. Meanwhile, HICP excluding energy and food in Malta stood at 2.0%. Both stood firmly below the euro area average. On the other hand, inflation based on the Retail Price Index (RPI) edged up to 1.4% in January, from 1.2% in December.

In December, both Maltese residents' deposits and credit extended to them by monetary and financial institutions (MFIs) increased strongly compared to their level a year ago. Nevertheless, in both cases, the annual rate of change moderated compared to November.

Central Bank's Business Conditions Index²

The Bank's BCI indicates that in January, annual growth in business activity picked up slightly from the level of December and continued to stand slightly above its long-term average, estimated

¹ The cut-off date for information in this note is 13 February 2025 while that for the HICP and RPI is 24 and 26 February 2025, respectively. Most of the data reported in this issue of the Economic Update refer to December 2024. However, European Commission survey data, the EPU index, inflation data, the BCI and residential transactions refer to January.

² 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.

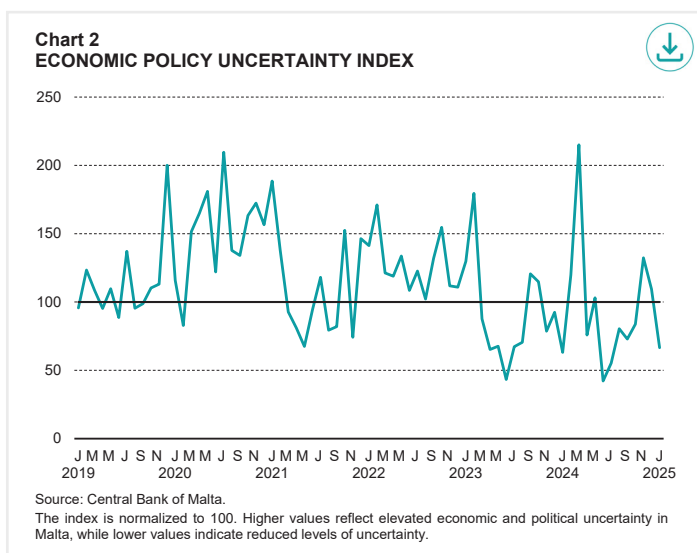
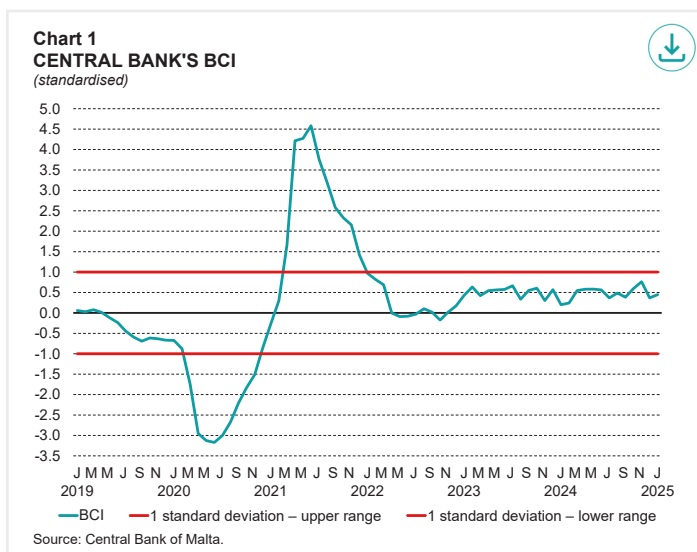
since January 2000 (see Chart 1). A number of components, notably residential permits, tourism and tax receipts, exhibited above-average growth.

Central Bank's Economic Policy Uncertainty index³

In January 2025, the Bank's Economic Policy Uncertainty (EPU) index stood at 66.6, down from 109.4 in December and well below its historical average of 100 (see Chart 2). The decline in economic policy uncertainty primarily reflects the transition of the US administration. That said, key drivers of uncertainty during the month included speculation over potential policy actions by the Trump administration, though market expectations regarding interest rate decisions by the Federal Reserve and the European Central Bank also contributed.

Business and consumer confidence indicators

In January, the European Commission's Economic Sentiment Indicator (ESI) for Malta increased to 99.3, from 93.5 in December. It was also higher than the value of 97.1 reported a year earlier (see Table 1).^{4,5,6} However, the indicator remained below its long-term average of around 100.0, estimated since November 2002. In month-on-month terms, sentiment improved across all sectors, bar industry. The most significant improvements were observed in the construction and services sectors.



³ The EPU index is based on a framework described in Sant, K., and Spiteri, S., (2024), [Economic Policy Uncertainty: An Index for Malta](#), Working Paper WP/07/2024, Central Bank of Malta. See [Economic Policy Uncertainty Index](#) for the methodology underlying the EPU.

⁴ The ESI summarizes 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.

⁵ 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.

⁶ Past ESI and EEI results were slightly revised due to seasonal adjustment.

Table 1
BUSINESS AND CONSUMER SURVEYS – MALTA

Balances; percentage points; seasonally adjusted

	2023	2024	2024		2025
			Jan.	Dec.	
ESI	105.7	96.9	97.1	93.5	99.3
Construction confidence indicator	1.2	-5.0	9.6	-18.4	6.2
Evolution of your current overall order books	-9.8	-10.7	-3.2	-29.6	3.1
Employment expectations over the next 3 months	12.2	0.7	22.4	-7.2	9.3
Services confidence indicator	26.6	17.9	15.2	19.7	36.0
Business situation development over the past 3 months	24.0	15.9	15.3	23.3	31.4
Evolution of the demand over the past 3 months	26.0	19.8	20.7	31.8	37.1
Expectation of the demand over the next 3 months	29.9	18.2	9.5	4.1	39.3
Consumer confidence indicator	-10.9	-6.1	-12.3	-2.2	3.0
Financial situation past 12 months	-20.3	-10.2	-17.2	-3.7	-1.7
Financial situation next 12 months	-10.4	-1.0	-9.3	4.6	9.4
Economic situation next 12 months	-12.6	-10.7	-15.8	-7.6	1.4
Major purchases next 12 months	-0.3	-2.4	-6.8	-2.0	3.0
Retail trade confidence indicator	9.8	-0.5	25.5	-5.3	-4.8
Business activity, past 3 months	25.2	-0.5	35.3	19.1	-7.7
Stocks of finished goods	16.5	6.3	-1.4	8.4	9.9
Business activity, next 3 months	20.8	5.4	39.6	-26.7	3.1
Industrial confidence indicator	2.4	-14.5	-13.6	-24.3	-26.6
Assessment of order-book levels	-12.7	-30.1	-28.2	-17.7	-41.5
Assessment of stocks of finished products	2.2	25.0	14.1	39.3	31.8
Production expectations for the months ahead	22.1	11.5	1.5	-15.9	-6.5
EEI	109.2	100.7	102.2	101.1	109.7
Services	30.1	17.8	8.5	25.3	42.8
Construction	12.2	0.7	22.4	-7.2	9.3
Retail	17.2	7.3	13.7	-5.6	1.7
Industry	19.3	2.3	30.8	1.6	2.7
EUI^(1,2)	12.1	14.2	21.1	15.6	16.1
Services	15.2	14.9	32.6	15.4	22.2
Industry	7.6	15.5	19.4	16.0	17.2
Retail	6.5	8.4	1.9	12.9	14.1
Consumers	14.4	10.6	17.0	9.2	2.7
Construction	24.9	18.3	1.3	40.8	26.7
ESI demeaned	5.6	-3.1	-2.9	-6.5	-0.7
EEI demeaned	9.1	0.6	0.2	1.8	11.5

Source: European Commission.

⁽¹⁾ Non-seasonally adjusted data.

⁽²⁾ Data for Malta are available from May 2021 onwards.

Demeaned data – which account for the variation in weights assigned to each sector in the overall index – show that the increase in overall sentiment in January was mostly driven by the services sector and, to a lesser extent, consumers. Furthermore, industry mainly explains why the ESI stood below its long-term average in January (see Chart 3).

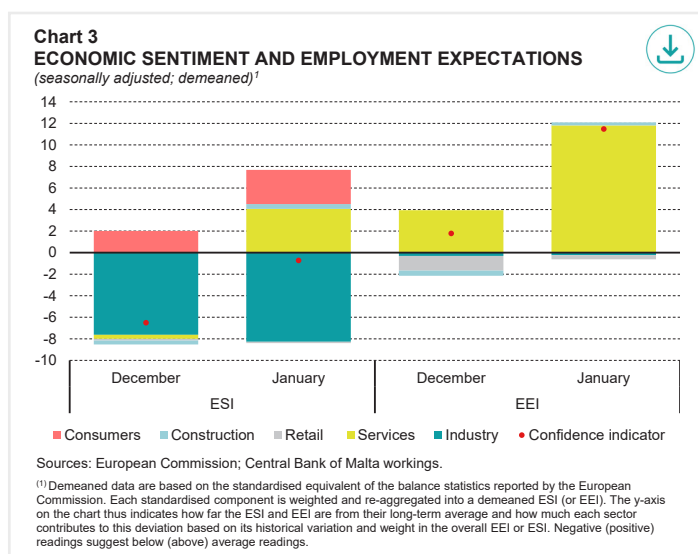
In January, the sentiment indicator for the construction sector increased to 6.2, from -18.4 in December, and rose above its long-term average of -7.9.⁷ Contrary to the previous month, respondents assessed their overall order books to be above normal levels. Furthermore, employment expectations for the months ahead turned positive.

The sentiment indicator for the services sector increased and rose further above its long-term average of 19.6.⁸ It stood at 36.0, compared with 19.7 a month earlier, reflecting an improvement across all its three components, especially in expectations of demand over the next three months.

Consumer confidence turned positive in January. It averaged 3.0, up from -2.2 a month earlier, and remained above its long-term average of -10.0.⁹ This is the first time that this index turned positive since April 2022. This shift reflected an improvement across all components of the confidence indicator. Nevertheless, the largest amelioration was reflected in consumers' expectations about the general economic situation and in expectations of major purchases over the next 12 months, which both turned positive.

The confidence indicator in the retail sector improved but remained negative and below its long-term average of 0.1.¹⁰ Sentiment averaged -4.8 compared with -5.3 a month earlier, reflecting an improvement in expectations of business activity over the next three months, which turned positive. On the other hand, their assessment of sales over the past three months turned negative. Furthermore, the net share of respondents assessing stocks of finished goods to be above normal increased.¹¹

The sentiment indicator in industry stood at -26.6, down from -24.3 in December and stood well below its long-term average of -4.5.¹² On balance, a larger share of firms assessed their order



⁷ 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.

⁸ 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.

⁹ 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.

¹⁰ 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.

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

¹² 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.

book levels to be below normal levels. However, firms' production expectations for the months ahead stood less negative. At the same time, a smaller share of firms assessed their stocks of finished products to be above normal levels.

The European Commission's Employment Expectations Indicator (EEI) for Malta – which is a composite indicator of employment expectations in industry, services, retail trade, and construction – increased to 109.7 in January, from 101.1 in December.¹³

Demeaned data suggest that the latest increase in employment expectations was spread across the productive sectors but largely driven by the services sector. This sector largely explains why the overall EEI stood above its long-term average in January (see Chart 3).

In January, the European Commission's EUI for Malta – which is a composite indicator of how difficult it is for sectors to make predictions about their future financial or business situation – increased, signalling higher uncertainty. It stood at 16.1, up from 15.6 in December (see Table 1).^{14,15} Higher uncertainty was recorded across all sectors, bar in the construction sector and among consumers. The strongest increase was recorded in the services sector.

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

Activity indicators

In December, the index of industrial production – which is a measure of economic activity in the quarrying, manufacturing, and energy sectors – rose by 14.3% on a year-on-year basis, following a 15.1% increase in November (see Table 2).¹⁶

In the manufacturing sector, production increased by 14.5% on a year earlier, after it had increased by 15.9% in the previous month. Output increased significantly among firms producing wood products, firms classified in the 'other manufacturing' sector – which includes medical and dental instruments – as well as those that manufacture computer, electronic and optical products. Other significant increases were recorded among firms that produce fabricated metal products, furniture, food and beverages. Double-digit growth rates were recorded in all these sectors. Meanwhile, smaller increases were recorded by firms involved in the repair and installation of machinery and equipment, basic pharmaceutical products and motor vehicles, trailers and semi-trailers.

¹³ 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*.

¹⁴ 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.

¹⁵ Data on consumer uncertainty became available in October 2020, while data for industry, services, retail, and construction became available in May 2021.

¹⁶ 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

	2023	2024	2023			2024		
			Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
Industrial production	7.0	4.1	1.1	4.6	7.4	6.1	15.1	14.3
Production in services	5.3	-	4.3	5.8	6.7	0.5	-2.8	-
Retail trade	1.7	3.4	-0.1	4.7	-0.8	2.5	4.2	4.5
Number of tourist arrivals	30.4	19.5	31.3	24.9	17.0	13.2	20.7	20.5
Number of nights stayed	22.2	13.0	30.9	15.0	10.4	7.3	23.5	14.1
Rented accommodation	24.2	16.4	34.1	23.1	12.1	9.8	27.7	14.4
Collective ⁽¹⁾	22.5	13.8	26.9	20.5	6.5	9.6	20.5	18.2
Other rented ⁽²⁾	27.0	20.6	48.1	28.4	22.7	10.1	41.2	8.2
Non-rented accommodation ^(3,4)	12.2	-6.1	-	-	-	-	-	-
Tourist expenditure	32.9	23.1	39.1	23.8	15.3	18.4	35.1	20.2
Package expenditure	46.6	24.9	54.2	41.0	20.7	21.3	47.5	33.2
Non-package expenditure	35.1	21.5	33.0	24.5	11.1	21.9	22.6	15.5
Other	23.5	23.6	36.8	14.8	16.9	12.6	41.4	18.2

Sources: National Statistics Office; Eurostat.

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

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

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

⁽⁴⁾ 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.

By contrast, production fell significantly among firms manufacturing textiles, wearing apparel and chemical products. Smaller contractions were recorded by firms producing certain non-metallic mineral products, paper products and those involved in the printing and reproduction of recorded media.

Meanwhile, production in the energy sector rose by 13.1%. This follows a 9.5% increase in the preceding month.

The volume of retail trade – which is a short-term indicator of final domestic demand – rose by 4.5% in year-on-year terms, following an increase of 4.2% in November.

In November, 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) – contracted by 2.8% on an annual basis compared with a 0.5% increase recorded in October. This marks the first contraction since the beginning of 2022.

Services production increased in the sector comprising accommodation and food services activities, and to a smaller extent in that relating to transportation and storage activities. By contrast, production contracted in real estate, professional, scientific and technical activities and among firms offering administrative and support services.

Table 3
PROPERTY MARKET

Levels

	2023	2024	2023		2024			2025
			Nov.	Dec.	Jan.	Nov.	Dec.	Jan.
Permits								
Commercial permits	2,532	2,673	251	169	238	242	165	-
Residential permits	8,112	8,713	466	249	689	748	699	-
Residential transactions								
Promise of sale	13,185	13,588	1,229	1,051	1,158	1,165	1,044	1,096
Final deeds of sale	12,180	12,597	1,016	1,049	1,112	998	1,116	1,073

Sources: National Statistics Office; Planning Authority.

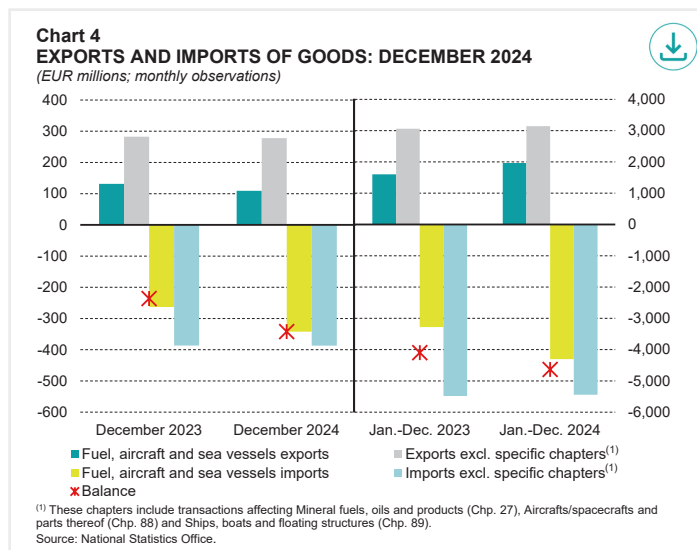
In December, the number of inbound tourists amounted to 192,370, a rise of 20.5% on the previous year. Guest nights rose by 14.1% on a year earlier, mainly due to an increase in nights stayed in rented accommodation. Total expenditure by tourists in Malta increased by 20.2% over the same period a year earlier, with the increase being broad-based across all expenditure categories. Expenditure per capita declined slightly, reflecting shorter stays.

In December, 165 development permits for commercial buildings were issued, four less than the number of permits issued in the same month of 2023 (see Table 3). Meanwhile, 699 new residential building permits were issued, 450 more than the number issued in December 2023. In month-on-month terms, permits for both commercial and residential buildings declined.

In January 2025, 1,073 final deeds of sale were concluded, 39 less than a year earlier, and 43 less compared with December. At 1,096, the number of promise-of-sale agreements was 62 less than a year earlier but was 52 more compared with the preceding month.

Customs data show that the merchandise trade deficit stood at €341.9 million in December, up from €235.9 million a year earlier. This was due to a €79.3 million increase in imports and a €26.7 million decrease in exports.

When excluding specific chapters representing transactions in fuels, sea vessels, as well as aircrafts and parts thereof, the trade deficit widened by just €4.9 million to €109.1 million (see Chart 4).



Imports excluding specific chapters increased slightly, mainly due to higher imports of precious stones and to a lesser extent, pharmaceutical products, plastics and footwear. These offset lower imports of machinery and vehicles.

Exports excluding specific chapters decreased due to lower exports of fish and pharmaceutical products. These offset higher exports of electrical machinery, printed material and precious stones.

Labour market

Jobsplus data show that the level of engagements in the labour market stood at 8,737 in November, down from 10,776 in October, and from 11,807 a year earlier (see Table 4). Additionally, the level of terminations stood at 6,247 in November, down from 8,171 in October, and from 8,191 recorded a year earlier. This level of activity is below the average level of recent years.¹⁷

Overall, the level of net engagements in November stood at 2,490, down from 2,605 in October, and from 3,616 recorded a year earlier.

Jobsplus data show that the number of persons on the unemployment register stood at 1,115 in December, up from 1,067 in November, and from 955 a year earlier (see Chart 5).

The seasonally-adjusted unemployment rate, remained unchanged at 3.0% for three consecutive months, but stood lower than 3.2% in December 2023 (see Chart 5).

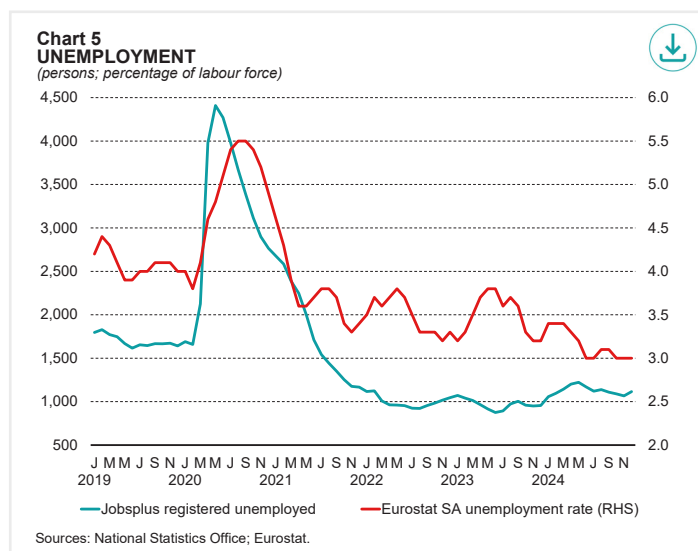


Table 4
NET ENGAGEMENTS

Levels

	2021	2022	2023	2023			2024		
				Sep.	Oct.	Nov.	Sep.	Oct.	Nov.
Engagements	114,400	133,112	134,764	11,989	12,535	11,807	12,166	10,776	8,737
Terminations	94,217	104,657	104,878	13,500	8,844	8,191	13,049	8,171	6,247
Net engagements	20,183	28,455	29,886	-1,511	3,691	3,616	-883	2,605	2,490

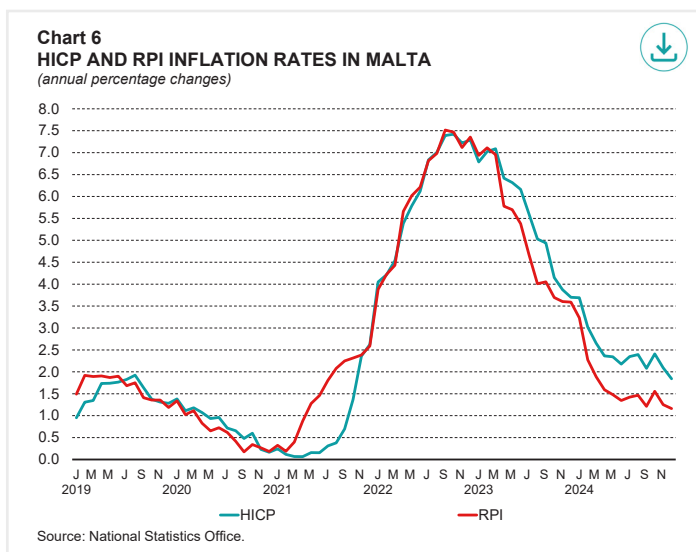
Source: Jobsplus.

Data are provisional and thus subject to change.

¹⁷ Averages are estimated since January 2020.

Prices, costs and competitiveness

Annual HICP inflation stood at 1.8% in January, unchanged from the previous month (see Chart 6). Food inflation (including alcohol and tobacco) edged down to 1.8%, from 1.9% in December, following lower processed food inflation. Indeed, prices for the latter rose by 2.4%, as opposed to 2.8% in the previous month. On the other hand, unprocessed food inflation, while remaining negative edged up to -0.3% from -1.2% in December. Meanwhile, services inflation eased to 2.8%, from 3.0% in December, mainly due to lower inflation for recreational and housing services. Conversely, NEIG inflation rose to 0.6%, from 0.4% in the previous month, as durable goods inflation turned less negative. Energy inflation remained unchanged due to ongoing government measures.



Overall HICP inflation in Malta stood 0.7 percentage points below that in the euro area, with the latter standing at 2.5%. At the same time, 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 rose to 1.4% in January, from 1.2% in December (see Chart 6). The rise stemmed partly from higher clothing and footwear inflation which rose to 2.2%, from 0.6% in the previous month. At the same time, transport and communication inflation edged up to 0.7%, from 0.3% in December, while household equipment and maintenance inflation turned less negative, standing at -0.6%, up from -1.4%. Meanwhile food inflation edged up, as did beverages and tobacco inflation, reaching 1.4% and 2.9%, respectively. On the other hand, inflation on recreation and culture eased to 1.2%, from 2.6%. Energy inflation remained unchanged at 0%.

Producer output prices, as measured by the industrial producer price index, increased by 0.2% in December, after declining for six consecutive months.¹⁸ This reflects an increase in producer prices across most sub-components. The annual rate of change in producer prices of capital goods grew at a faster pace of 3.2% in December, up from the previous month's 2.7% increase. Furthermore, the annual rate of change in producer prices of consumer goods stood at 1.2% in December, up from 0.9% in November. Meanwhile, the annual rate of change in producer prices of intermediate goods contracted at a slower rate of -1.9%, following a drop of 2.8% in the previous month. Energy producer price inflation remained stable at zero and thus had no impact on overall producer prices.

¹⁸ 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.

Deposits, credit and financial markets

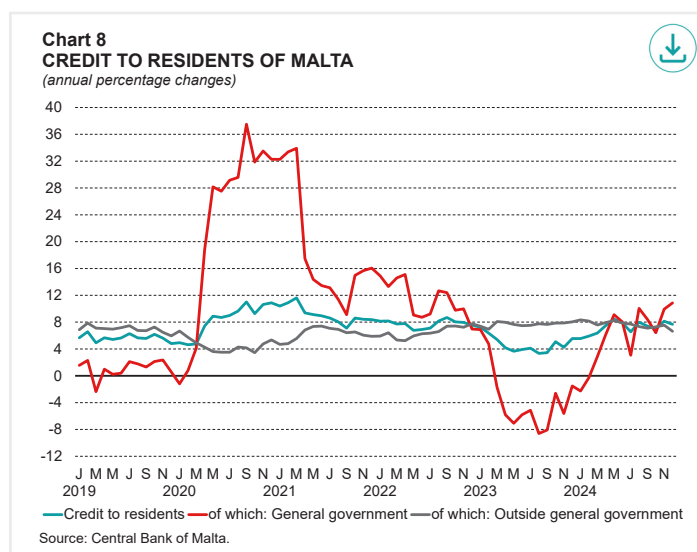
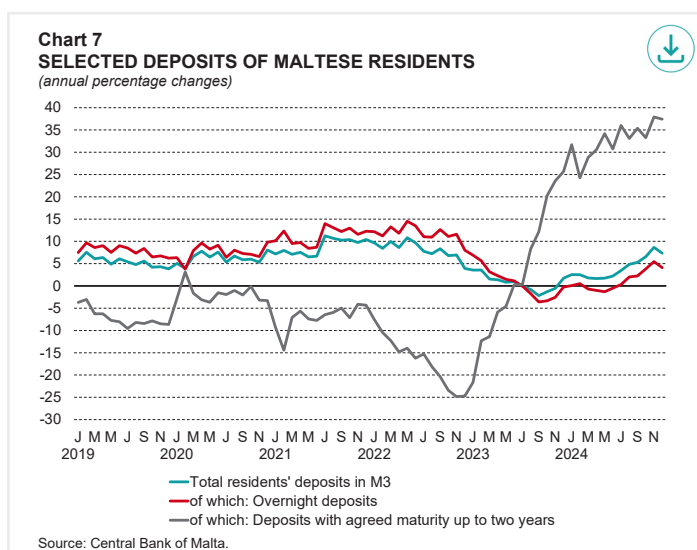
During the year to December, residents' deposits held with MFIs and forming part of broad money (M3) increased by 7.3% (see Chart 7). This follows an 8.7% increase in November. The increase in M3 deposits over the 12 months to December was driven by higher balances belonging to households and non-financial corporations. Deposits belonging to financial intermediaries outside the insurance and pension fund sector decreased.

Overnight deposits remained the largest component of residents' M3 deposits, comprising 86.8% of M3 balances. These deposits – which are the most liquid – increased by 4.1% in the year to December, following an increase of 5.4% in the previous month.

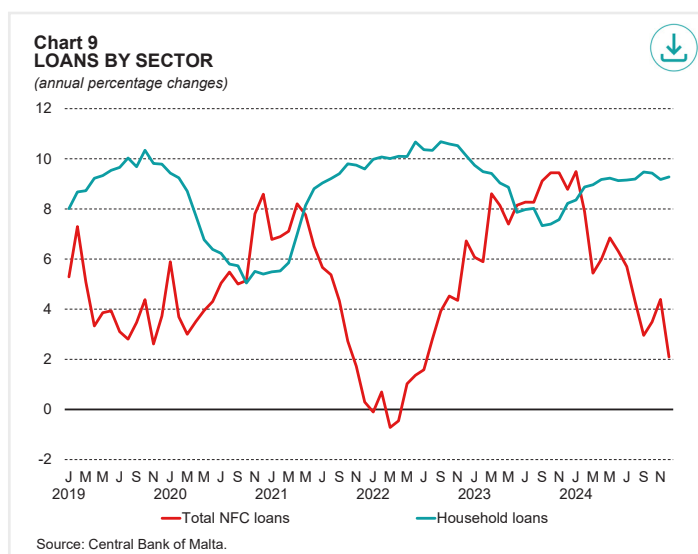
Time deposits with agreed maturity of up to two years – the second largest deposit category – continued to show very strong growth. Over the year to December, these deposits increased by 37.4%, following an increase of 37.9% recorded a month earlier. The latest increase was driven by an increase in deposits belonging to households, although deposits belonging to NFCs also increased substantially. Strong growth in this component reflects a shift in behaviour in response to the latest monetary policy tightening cycle of the ECB and more favourable remuneration by some banks.

Growth in credit to Maltese residents moderated to 7.7% in the year to December, from 8.1% a month earlier (see Chart 8). Credit to general government grew by 10.9% in the year to December compared to 9.9% a month earlier. Growth in credit to other residents moderated, growing by 6.6% compared to 7.6% in the previous month.

In December, the annual rate of change of loans to households increased slightly to 9.3%, from 9.2% a month earlier (see Chart 9). Growth in consumer credit eased to 8.0%, from 8.2% in the previous month. By contrast, growth in mortgage lending increased slightly to 9.4%, from 9.3% in November.



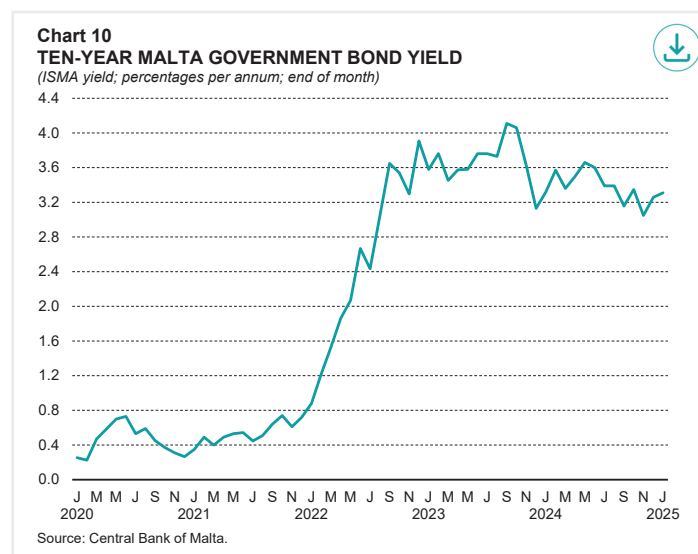
Meanwhile, the annual rate of change in loans to NFCs moderated to 2.1% in December, following a 4.4% growth registered in November. A sectoral breakdown of loans to NFC indicates that the latest moderation was partly driven by a sharper decline in credit to the sector comprising information, communication, transport and storage. At the same time, the annual rate of change in the energy sector, and the wholesale and retail trade sector turned negative, while growth in credit to the construction and real estate sectors slowed down. By contrast, credit to the accommodation and food services sector rose at a faster pace, while the rate of decline in manufacturing eased.



In December, the composite interest rate paid by MFIs on Maltese residents' outstanding deposits decreased by 1 basis point to 0.39%. The composite rate charged on outstanding loans decreased by 3 basis points to 3.36%. As a result, the spread between the two rates narrowed by 2 basis points to 297 basis points.

The composite rate paid by MFIs on Maltese residents' new deposits stood at 2.45% in December, down from 2.46% in November and from 2.40% in December 2023. The composite rate charged on new loans increased by 33 basis points, compared to a month earlier, standing at 3.20%. It was 9 basis points higher than the rate recorded a year earlier. The spread between the two rates stood at 75 basis points, widening from 41 basis points in November and from 71 basis points a year earlier.

In the capital market, the secondary market yield on ten-year Maltese government bonds rose to 3.31% at the end of January 2025, from 3.26% at end-2024. It stood practically unchanged compared with its year-ago level, falling by just one basis point (see Chart 10).



Meanwhile, the Malta Stock Exchange (MSE) Equity Price Index decreased by 0.2%, compared with end-2024. The MSE Total Return Index, which accounts for dividends as well as changes in equity prices, fell by 0.1%.

Annex 1

MACROECONOMIC INDICATORS FOR MALTA

Annual percentage changes; non-seasonally adjusted data

	2021	2022	2023	2023	2023	2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2025	
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Prices and costs																							
HICP inflation	0.7	6.1	5.6	6.3	5.2	3.9	3.1	2.3	2.3	2.3	3.7	3.0	2.7	2.4	2.3	2.2	2.3	2.4	2.1	2.4	2.1	1.8	1.8
RPI inflation	1.5	6.2	5.1	5.6	4.2	3.6	2.5	1.5	1.4	1.4	3.2	2.3	1.9	1.6	1.5	1.3	1.4	1.5	1.2	1.6	1.3	1.2	1.4
Industrial producer price inflation	3.2	4.9	3.4	4.4	3.6	1.4	0.5	0.2	-0.9	-0.4	1.2	0.5	0.0	0.9	0.2	-0.4	-0.6	-1.3	-0.8	-1.2	-0.3	0.2	-
HCI (nominal)	0.3	-1.4	3.3	3.4	5.0	3.3	2.1	1.2	0.7	0.1	2.4	1.9	2.0	1.2	1.6	1.0	0.6	0.6	0.9	0.7	-0.1	-0.1	-0.4
HCI (real)	-1.9	-3.6	3.1	3.6	4.9	3.5	1.6	0.1	-0.2	-0.7	2.3	1.3	1.1	0.2	0.3	-0.2	-0.5	-0.1	0.1	0.2	-1.0	-1.3	-1.7
Unit labour costs, whole economy ⁽¹⁾	-4.8	4.4	1.7	4.1	3.4	1.7	1.5	1.4	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	5.0	3.8	1.9	3.2	3.3	1.9	2.4	3.0	3.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	10.2	-0.6	0.2	-0.9	-0.1	0.2	0.9	1.6	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (Eurostat)	5.1	6.7	6.2	5.3	5.7	6.7	6.7	6.9	6.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																							
Nominal GDP	16.0	9.6	12.5	11.9	13.3	11.2	12.5	11.5	8.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	13.2	4.3	6.7	6.0	7.4	6.0	8.1	8.0	4.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	11.7	11.0	12.2	12.3	12.4	12.1	9.0	6.6	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	5.9	0.2	3.1	-1.3	4.2	7.8	1.2	5.4	10.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	22.2	9.8	-17.2	-14.5	-20.7	-22.5	5.8	3.9	5.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	-0.4	13.7	4.2	3.9	1.4	4.6	7.6	5.6	3.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	-2.8	18.3	0.4	0.6	-3.6	0.4	6.3	3.3	4.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour market developments																							
LFS unemployment rate (% of labour force)	3.7	3.5	3.5	3.8	3.7	2.8	2.9	3.2	3.1	-	3.3	3.3	3.4	3.3	3.3	3.1	3.0	3.1	3.1	3.0	2.8	2.9	-
LFS employment	3.1	6.6	6.7	6.7	6.9	3.4	4.6	6.2	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus registered employed	2.6	6.1	8.1	8.2	7.7	7.8	6.8	5.8	4.8	-	7.3	6.8	6.2	6.3	5.8	5.3	5.3	4.6	4.6	-	-	-	-
Balance of payments																							
Current account (as a % of GDP) ⁽²⁾	9.4	-0.8	6.4	3.6	6.1	6.4	6.3	7.0	6.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																							
Maltese residents' deposits and loans																							
Overnight deposits	12.3	8.0	-0.2	1.1	-3.6	-0.2	-0.7	-0.5	2.2	4.1	0.1	0.5	-0.7	-1.0	-1.3	-0.5	0.3	2.0	2.2	3.8	5.4	4.1	-
Deposits with agreed maturity up to two years	-4.3	-24.7	25.7	0.3	12.1	25.7	28.9	30.7	35.4	37.4	31.7	24.3	28.9	30.5	34.2	30.7	36.0	33.1	35.4	33.3	37.9	37.4	-
Total residents' deposits in M3	10.4	3.9	1.7	1.0	-2.2	1.7	1.8	2.2	5.3	7.3	2.5	2.5	1.8	1.7	1.7	2.2	3.4	4.8	5.3	6.6	8.7	7.3	-
Credit to general government	16.1	7.0	-1.5	-5.8	-8.1	-1.5	2.9	8.0	8.4	10.9	-2.3	-0.3	2.9	6.1	9.1	8.0	3.1	10.1	8.4	6.4	9.9	10.9	-
Credit to residents (excl. general government)	5.9	7.8	8.0	7.5	7.7	8.0	7.6	7.9	7.1	6.6	8.3	8.2	7.6	7.9	8.2	7.9	7.7	7.3	7.1	7.3	7.6	6.6	-
Total credit	8.4	7.5	5.5	3.9	3.4	5.5	6.4	7.9	7.4	7.7	5.6	5.9	6.4	7.5	8.4	7.9	6.6	8.0	7.4	7.1	8.1	7.7	-
Ten-year interest rate (%) ⁽³⁾	0.7	3.9	3.1	3.8	4.1	3.1	3.4	3.6	3.2	3.3	3.3	3.6	3.4	3.5	3.7	3.6	3.4	3.4	3.2	3.3	3.0	3.3	3.3
Stock prices: Malta Stock Exchange Equity Price Index ⁽⁴⁾	-4.5	-9.9	11.4	5.9	-1.5	7.3	-4.4	-1.5	1.6	-0.6	-4.8	1.2	-0.8	-0.5	-1.4	0.5	1.0	1.8	-1.2	1.5	-1.5	-0.6	-0.2
General government finances (% of GDP)																							
Surplus (+) / deficit (-) ⁽²⁾	-7.0	-5.2	-4.6	-4.1	-3.4	-4.6	-3.8	-3.5	-2.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁵⁾	49.6	49.3	47.7	47.4	47.1	47.7	47.3	46.4	45.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

⁽¹⁾ Four-quarter moving averages.

⁽²⁾ Four-quarter moving sums.

⁽³⁾ End of period.

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

⁽⁵⁾ GDP data are four-quarter moving sums.