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EUROSISTEMA
CENTRAL BANK OF MALTA



CENTRAL BANK OF MALTA
ECONOMIC UPDATE

11/2026

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The cut-off date for information in this note is 18 November 2026. Figures in tables may not add up due to rounding.

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ECONOMIC UPDATE 11/2026

Summary[1]

Economic activity: The Bank estimates business conditions to stand below their long-term average, and to remain relatively unchanged in October. By contrast, industrial production and retail trade accelerated in September. Services production grew at a faster pace in August, sustaining months of strong growth. Meanwhile, growth in tourism expenditure slowed sharply in September. The unemployment rate in September declined slightly when compared to the previous month.

Economic sentiment: Consumer confidence remained strong from a historical perspective but declined in October. Unemployment expectations increased from a month earlier and remained above their historic average.

Property market: Following some moderation in recent months, in October, approved permits for commercial and particularly, residential purposes were higher on a month earlier. While both were lower when compared with the previous year, in the case of residential permits the level was one of the highest since 2022. On the demand side, in October, both final deeds and promise-of-sale agreements were higher than a month earlier.

Prices: Malta's inflation rate measured by the Harmonised Index of Consumer Prices (HICP) declined slightly in October, standing at 2.3% from 2.4% in September. This reflects a decline in food and non-energy industrial goods (NEIG) inflation. Meanwhile, overall HICP stood below that in the euro area due to unchanged energy prices in Malta. In October, inflation based on the Retail Price Index (RPI) also decreased.

Public finance: In September, the Consolidated Fund registered a larger deficit compared with a year earlier, reflecting stronger growth in government expenditure and a decline in government revenue.

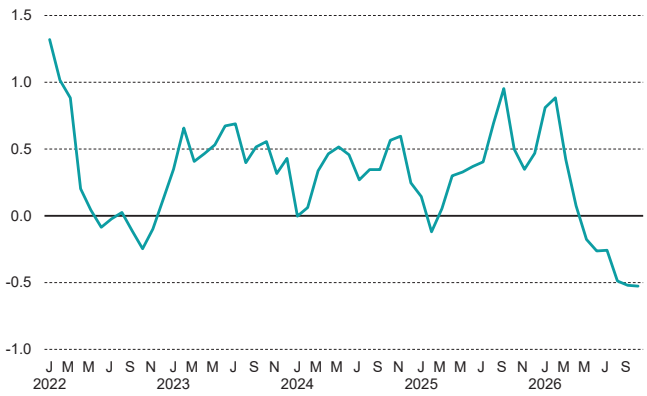
Deposits and credit: The annual rate of change of Maltese residents' deposits decelerated while credit growth was unchanged in the year to September, compared with August.

[1] The cut-off date for information in this note is 18 November 2026. Most of the data reported in this issue of the *Economic Update* refer to September 2026. However, the BCI, consumer confidence data, inflation data, and residential property transactions refer to October.

Central Bank's Business Conditions Index[2]

The Bank's Business Conditions Index (BCI) indicates that business activity in October remained below its long-term average (see Chart 1).[3] The below-average readings in recent months mostly reflect declines in permits and a year-on-year increase in the unemployment rate.

Chart 1
CENTRAL BANK'S BUSINESS CONDITIONS INDEX(1)
(standardised)

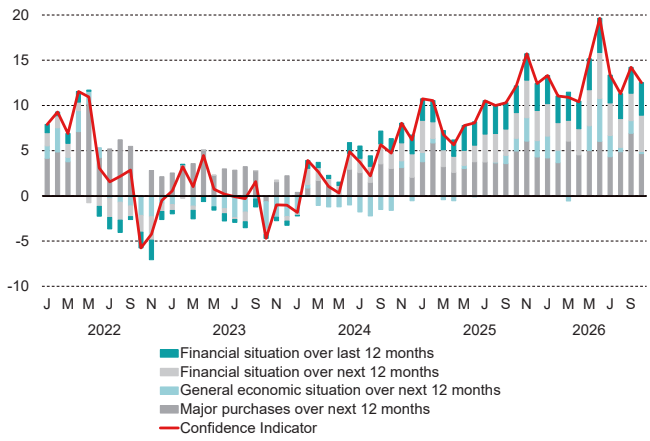


Source: Central Bank of Malta.
(1) The Business Conditions Index is standardised, which implies that values above (below) 0 imply that conditions are above (below) historical average. The latter is calculated since January 2000.

Latest economic activity developments

Consumer confidence remained significantly above its long run average in October. Strong consumer confidence reflects above-average outcomes in all subcomponents of the index. Meanwhile, consumer sentiment declined slightly when compared to the previous month, mostly due to less optimistic expectations for the general economic situation and for major purchases over the next 12 months (see Chart 2).

Chart 2
CONSUMER CONFIDENCE INDICATOR
(seasonally adjusted; demeaned)



Source: European Commission.

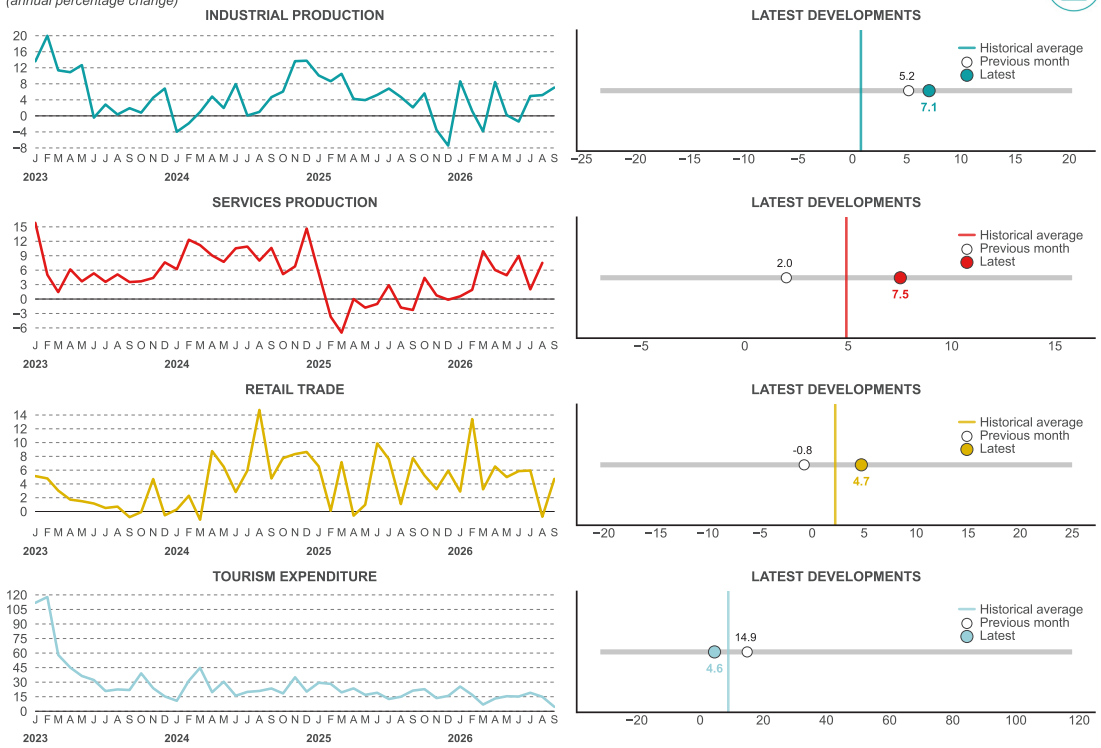
Growth accelerated among many economic indicators. Following volatile growth earlier in the year, industrial production expanded for the third consecutive month. In September, the energy sector remained one of the main drivers of growth in industrial production, while production in the manufacturing sector rose at a faster pace. Growth in the latter sector was broad based and rose most strongly among firms that manufacture motor vehicles, trailers and semi-trailers, those involved in the printing and reproduction of recorded media, wood and wood products, computer, electronic and optical products, paper products and basic pharmaceuticals.

Meanwhile, services production, which has been particularly strong throughout most of the year, accelerated in August (see Chart 3). This was mainly driven by the sectors comprising real estate

[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.

[3] The Commission has suspended the publication of the Economic Sentiment Indicator for Malta, which is used in the estimation of the BCI, as from the reference period May 2026. From this point onwards, the BCI instead incorporates information from available consumer confidence indicators. A forthcoming discussion paper will explain in detail the change in methodology.

Chart 3
ECONOMIC INDICATORS
(annual percentage change)



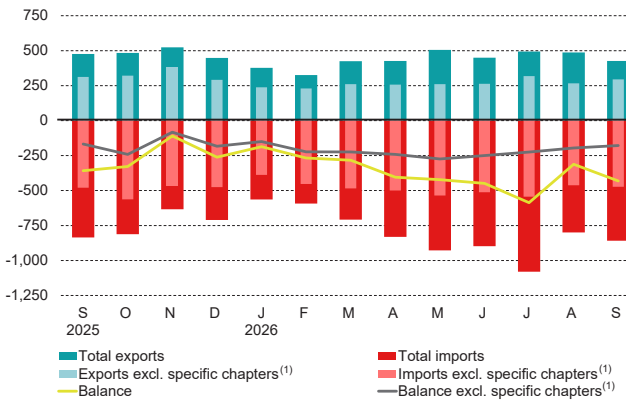
Sources: National Statistics Office; Eurostat.
Note: The grey horizontal lines in the right-hand panels indicate the historical range of the respective indicator, excluding the 2020-2022 COVID period.

activities, administrative and support service activities, and information and communication. Meanwhile, retail activity returned to growth in September following a brief contraction a month earlier.

Tourism expenditure growth slowed sharply in September. It increased by 4.6% in September, down from 14.9% in August (see Chart 3). The relatively muted growth was driven by still relatively strong growth in the number of inbound tourists and some rise in expenditure per night, which offset a decline in the average length of stay and expenditure per capita.

The merchandise trade deficit widened in September when compared to the same month last year (see Chart 4). Exports excluding specific chapters decreased in September when compared to a year earlier, mainly due to lower exports of pharmaceutical products and, to a lesser

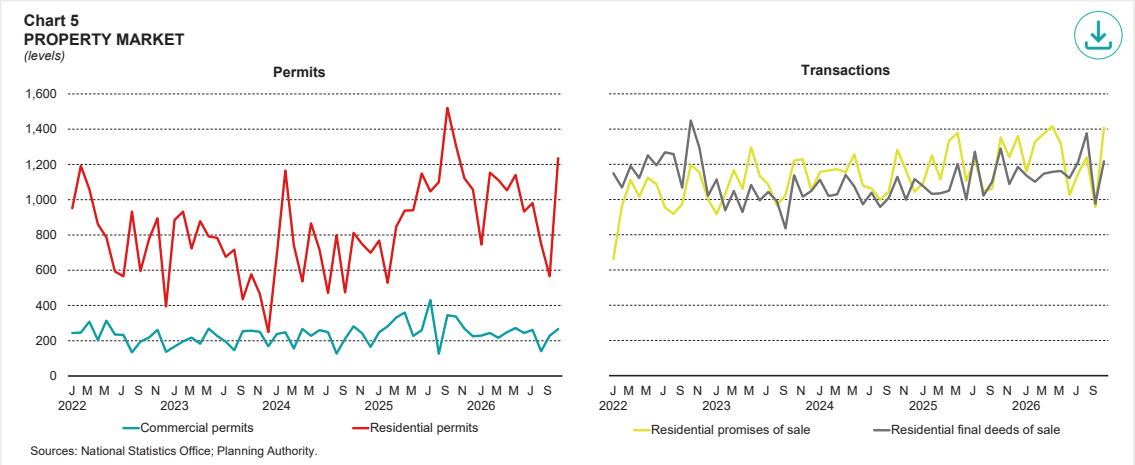
Chart 4
EXPORTS AND IMPORTS OF GOODS
(EUR millions)



Source: National Statistics Office.
(1) These chapters include transactions affecting Mineral fuels, oils and products (Chp. 27), Aircrafts/spacecrafts and parts thereof (Chp. 88) and Ships, boats and floating structures (Chp. 89).

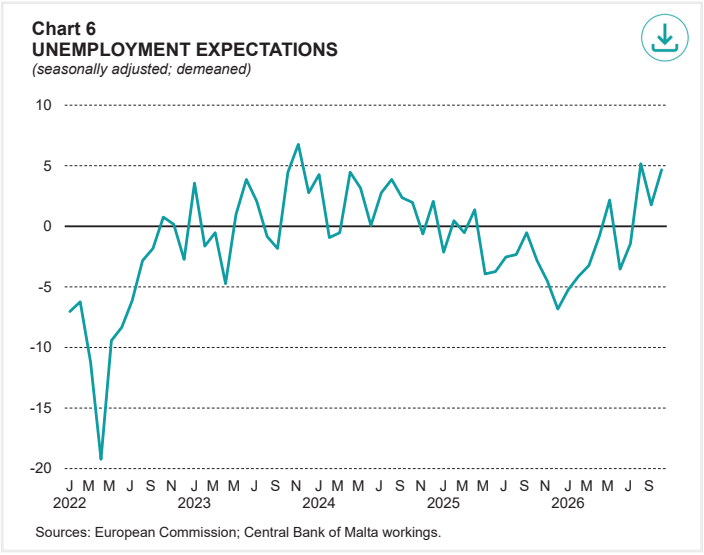
extent, printed materials. Similarly, imports excluding specific chapters decreased, mostly due to lower imports of pharmaceutical products and, to a lesser extent, machinery and mechanical appliances.

Following some moderation in recent months, particularly on the supply side, permits issued for commercial and residential purposes rose in October compared with a month earlier. While both remained below their levels a year earlier, residential permits were among the highest recorded since 2022 (see Chart 5). Residential final deeds and promise-of-sale agreements also increased on a month-on-month basis. Compared with a year earlier, however, residential final deeds declined, while promise-of-sale agreements increased.



Labour market

In October, unemployment expectations by households increased and remained above the historic average (see Chart 6).[4] An increase in the index represents expectations of higher unemployment in the next 12 months. This index has been volatile in recent months.



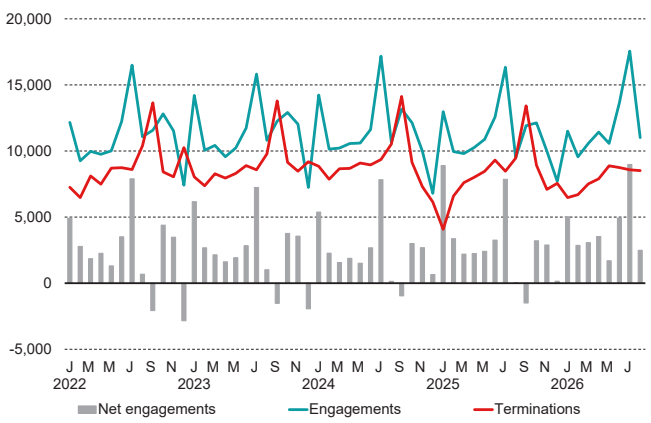
Administrative data up to August indicate higher net engagements compared to the same month last year. This reflects an increase in

[4] The European Commission has suspended publication of the Employment Expectations Indicator. However, data on consumer expectations about unemployment remain available.

the number of engagements, as well as a decline in terminations over the same period. However, this increase should be considered against the low level of net engagements recorded in the corresponding period last year (see Chart 7).

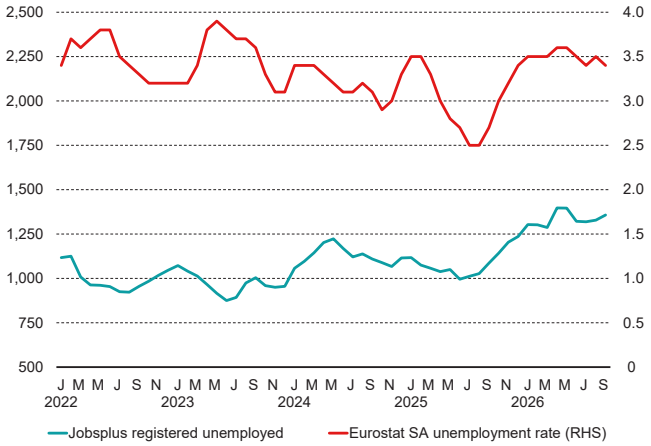
The unemployment rate in September declined slightly when compared to August. In September, the seasonally adjusted unemployment rate decreased slightly to 3.4% from 3.5% in August but stood higher than that recorded in September 2025. Jobsplus data show that the number of persons on the unemployment register stood at 1,357 in September, representing an increase of 271 persons compared with a year earlier (see Chart 8).

Chart 7
ENGAGEMENTS AND TERMINATIONS
(levels)



Source: Jobsplus.
Note: Data are provisional and thus subject to change.

Chart 8
UNEMPLOYMENT
(persons; percentage of labour force)



Sources: National Statistics Office; Eurostat.

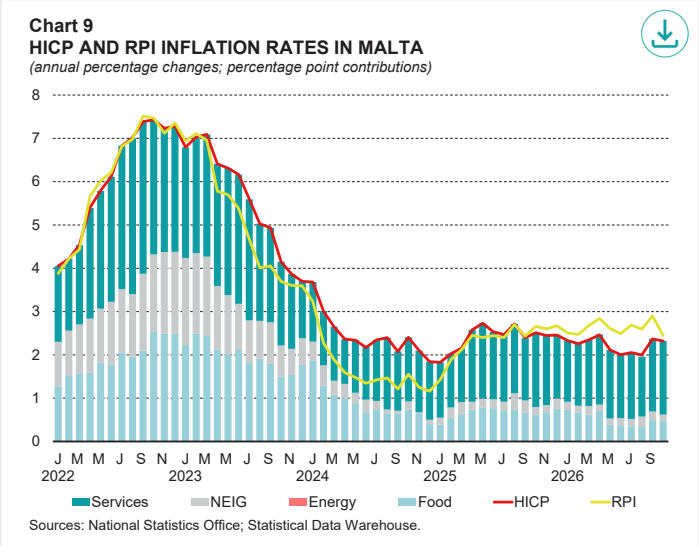
Prices, costs and competitiveness

Malta's HICP inflation rate declined slightly in October, to 2.3% from 2.4% in September. This was driven by lower food and NEIG inflation. The contribution from services inflation remained broadly unchanged, driven by higher transport services inflation which offset moderate declines in other service inflation categories. Meanwhile, a decline in the prices of semi-durable goods was the primary contributor to the slowdown in NEIG inflation. The decline in food inflation reflected lower processed and unprocessed food inflation.

Malta's inflation remained well below that in the euro area. While energy inflation in the euro area continued to contribute strongly to its inflation, Malta's energy prices remained unchanged as government measures continue to shield consumers and businesses.

By contrast, annual RPI inflation declined more rapidly to stand at 2.4% in October from 2.9% in September (see Chart 9). Almost all categories of inflation were lower than a month earlier, with growth in prices for food and housing and 'other' goods and services slowing down

the most. Inflation in clothing and footwear, transport, and recreation moderated slightly. Inflation in beverages and tobacco increased slightly, whilst inflation in personal care remained unchanged.



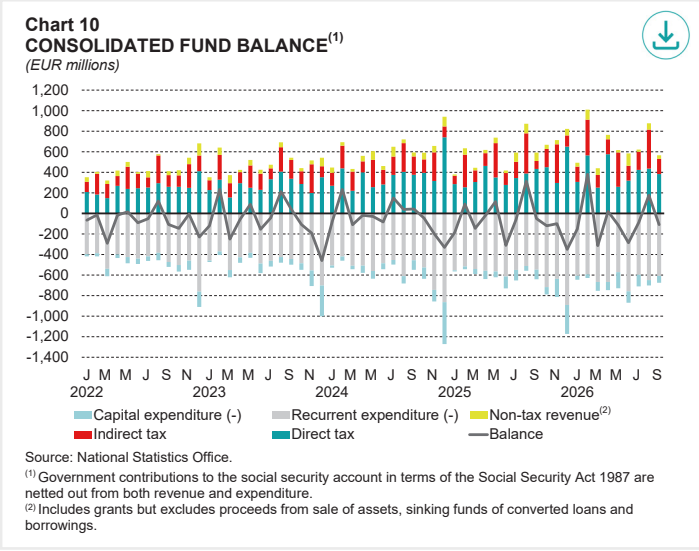
The RPI and the HICP both measure changes in consumer prices but through different methodologies. The HICP index weights are based on total expenditure in Malta, including that by tourists. In contrast, RPI weights only take into account expenditure by Maltese households. Moreover, the 2026 set of weights applied to the HICP index have been revised compared with the 2025 weights. The weights of the RPI are not updated annually and are hence not affected by such changes.

Recent differences between HICP and RPI inflation rates have been driven in part by variations in the composition and weighting of items within certain expenditure categories, notably housing, furnishings and household equipment, and other goods and services. As a result, price movements for particular products may exert a stronger influence on one index than on the other.

Growth in producer output prices, as measured by the industrial producer price index, decreased in September. It stood at 1.6%, down from 2.3% in the previous month.[5] This reflected a decline in inflation for both capital and intermediate goods.

Public finance

In September, the Consolidated Fund registered a deficit of €108.6 million, up from the €49.7 million deficit recorded in the same month of 2025 (see Chart 10). This reflected a decline in government revenue and an increase in government expenditure.



The decline in revenue reflects the timing of direct taxes and non-tax revenue. Inflows from income taxes declined after

[5] 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.

growing strongly in the previous two months. Meanwhile, the decline in non-tax revenue reflects the end of the citizenship by investment scheme a year earlier.

The increase in expenditure reflects higher recurrent outlays. This was driven by increased spending on programmes and initiatives, mostly due to higher outlays on energy support measures.

For the year to September, the Consolidated Fund was in deficit by €484.8 million, higher than the €253.1 million deficit recorded a year earlier. This reflects higher spending on social benefits, health care, energy support measures and capital projects, which outweighed the growth in tax receipts.

The total stock of outstanding government debt stood at €11,956.6 million in September 2026, €45.7 million lower than the previous month. This mostly reflects a decrease in outstanding Treasury Bills.

Deposits and credit

During the year to September, residents' deposits held with MFIs rose by 7.7%, following an 8.2% increase in the previous month (see Chart 11). This was driven by slower growth in overnight deposits, which nonetheless remained the major contributor to growth. Meanwhile, the contribution from time deposits with maturity up to two years increased and remained positive for the third consecutive month.

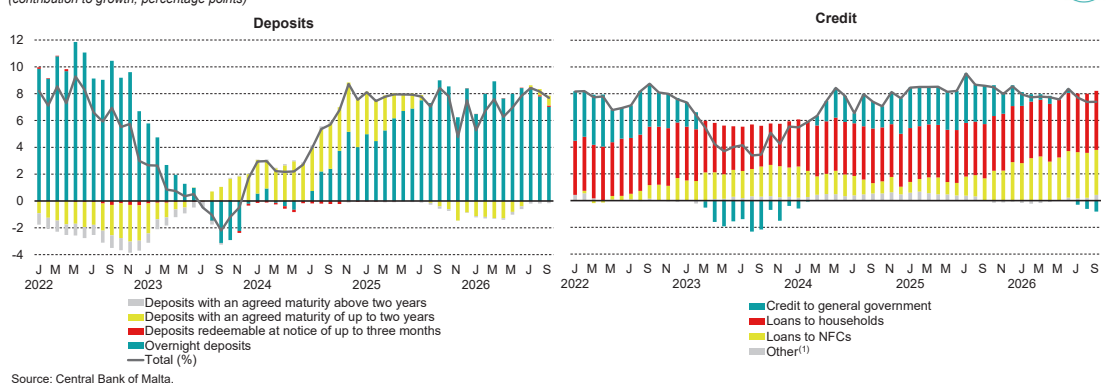
In September, credit to residents grew at an unchanged rate of 7.4% (see Chart 11). Growth was driven by loans outside general government.

Loans to NFCs rose by 13.7%, from 13.8% in August. A sectoral breakdown of loans to NFCs shows that lending to the construction and real estate sector increased in annual terms, as did loans granted to the accommodation and food services sector. On the other hand, loans to the manufacturing sector decreased on a year earlier.

Loans to households grew by 10.0%, unchanged from a month earlier. Consumer credit and other lending increased at a marginally stronger pace, offsetting slightly lower growth in mortgage lending.

In September, the spread between Maltese residents' outstanding deposits and loans fell marginally to 301 basis points from 302 basis points in August. The spread between new deposits and lending stood at 119 basis points in September, widening from 82 basis points a month earlier.

Chart 11
DEPOSITS OF AND CREDIT TO MALTESE RESIDENTS
(contribution to growth; percentage points)



Source: Central Bank of Malta.
(1) Composed of loans to financial and insurance companies, securities and equity.

Annex

ECONOMIC ACTIVITY

	PRICES		GDP AND EXPENDITURE COMPONENTS							LABOUR MARKET	
	HICP	RPI	Nominal GDP	Real GDP	Real private consumption	Real government consumption	Real gross fixed capital formation	Real exports of goods and services	Real imports of goods and services	Jobsplus registered employed	LFS unemployment rate[1]
	Annual % change										*% of labour force*
2023	5.6	5.1	16.0	7.1	9.4	3.3	-14.3	10.2	5.9	8.0	3.5
2024	2.4	1.7	10.4	5.3	5.5	5.2	5.9	7.6	7.9	4.8	3.2
2025	2.4	2.4	6.9	4.7	5.3	4.4	0.4	0.3	-0.5	3.9	3.1
2024 Q4	2.1	1.3	8.3	2.9	6.1	5.8	-0.4	5.6	6.9	3.3	3.1
2025 Q1	2.0	1.8	6.0	3.3	4.8	6.8	-5.6	-2.9	-3.9	3.2	3.4
Q2	2.6	2.4	5.5	2.8	5.3	4.1	5.3	2.0	3.8	3.9	2.7
Q3	2.5	2.5	7.3	4.9	6.7	2.9	0.1	-0.7	-1.7	4.1	2.7
Q4	2.5	2.7	8.6	7.8	4.2	4.1	1.5	2.6	-0.4	4.5	3.4
2026 Q1	2.3	2.6	6.9	4.2	3.1	10.7	11.9	-0.6	0.2	4.6	3.5
Q2	2.2	2.6	6.8	4.5	3.7	14.7	5.1	3.0	4.1	4.9	3.3
Q3	2.1	2.7									
2025 Jan.	1.8	1.4	-	-	-	-	-	-	-	2.9	3.5
Feb.	2.0	1.9	-	-	-	-	-	-	-	3.2	3.4
Mar.	2.2	2.1	-	-	-	-	-	-	-	3.5	3.3
Apr.	2.6	2.4	-	-	-	-	-	-	-	3.6	3.0
May	2.7	2.4	-	-	-	-	-	-	-	3.8	2.8
June	2.5	2.4	-	-	-	-	-	-	-	4.1	2.6
July	2.5	2.4	-	-	-	-	-	-	-	4.1	2.5
Aug.	2.7	2.7	-	-	-	-	-	-	-	4.1	2.6
Sep.	2.4	2.4	-	-	-	-	-	-	-	4.0	2.8
Oct.	2.5	2.7	-	-	-	-	-	-	-	4.2	3.0
Nov.	2.4	2.6	-	-	-	-	-	-	-	4.4	3.2
Dec.	2.5	2.7	-	-	-	-	-	-	-	4.8	3.3
2026 Jan.	2.3	2.5	-	-	-	-	-	-	-	4.7	3.5
Feb.	2.3	2.5	-	-	-	-	-	-	-	4.4	3.5
Mar.	2.3	2.7	-	-	-	-	-	-	-	4.7	3.5
Apr.	2.5	2.8	-	-	-	-	-	-	-	4.9	3.6
May	2.1	2.6	-	-	-	-	-	-	-	4.8	3.6
June	2.0	2.5	-	-	-	-	-	-	-	5.0	3.5
July	2.1	2.7	-	-	-	-	-	-	-	-	3.5
Aug.	2.0	2.6	-	-	-	-	-	-	-	-	3.5
Sep.	2.4	2.9	-	-	-	-	-	-	-	-	3.4
Oct.	2.3	2.4	-	-	-	-	-	-	-	-	-

Sources: National Statistics Office; Eurostat.

[1] Annual figure for 2025 is a CBM estimate based on quarterly LFS data as published by the NSO.

DEPOSITS AND CREDIT

	Maltese residents' deposits and loans					
	Overnight deposits	Deposits with agreed maturity up to two years	Total residents' deposits	Credit to general government	Credit to residents (excl. general government)	Total credit
	Annual % change					
2023	-0.2	25.7	1.7	-1.5	8.0	5.5
2024	4.7	37.4	7.6	10.9	6.6	7.7
2025	10.1	-6.9	7.5	6.2	9.4	8.6
2025 Q3	10.8	-3.1	8.4	11.9	7.6	8.6
Q4	10.1	-6.9	7.5	6.2	9.4	8.6
2026 Q1	10.7	-10.4	7.6	1.6	9.9	7.8
Q2	10.0	-3.4	7.8	1.2	10.8	8.4
Q3	8.2	6.8	7.7	-3.3	10.9	7.4
2025 Apr.	7.3	16.9	8.0	11.6	7.5	8.5
May	8.0	11.1	7.9	11.6	7.0	8.1
June	8.2	9.9	7.9	12.0	7.0	8.2
July	9.0	3.4	7.8	15.6	7.6	9.5
Aug.	8.7	-0.9	7.0	11.4	7.8	8.7
Sep.	10.8	-3.1	8.4	11.9	7.6	8.6
Oct.	10.2	-4.9	7.8	9.4	8.2	8.5
Nov.	7.5	-11.5	4.8	6.6	8.5	8.0
Dec.	10.1	-6.9	7.5	6.2	9.4	8.6
2026 Jan.	7.7	-9.2	5.3	4.1	9.3	8.0
Feb.	9.6	-9.5	6.7	2.1	9.7	7.8
Mar.	10.7	-10.4	7.6	1.6	9.9	7.8
Apr.	9.1	-10.6	6.3	2.4	9.6	7.8
May	9.5	-6.9	7.0	0.1	10.1	7.6
June	10.0	-3.4	7.8	1.2	10.8	8.4
July	9.9	1.3	8.4	-1.2	10.7	7.7
Aug.	9.2	4.2	8.2	-2.5	10.7	7.4
Sep.	8.2	6.8	7.7	-3.3	10.9	7.4

Source: Central Bank of Malta.