



BANK ĊENTRALI TA' MALTA  
EUROSISTEMA  
CENTRAL BANK OF MALTA



# CENTRAL BANK OF MALTA ECONOMIC UPDATE

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6/2026

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*The cut-off date for information in this note is 17 June 2026.  
Figures in tables may not add up due to rounding.*

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## ECONOMIC UPDATE 6/2026

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

**Economic activity:** The Bank estimates business conditions to have continued to stand above their long-term average. Manufacturing, services production and retail trade rose. The tourism sector continued to perform well in April. The unemployment rate in April increased from its rate a year earlier.

**Economic sentiment:** As from May, the European Commission suspended business survey results for Malta and Estonia due to changes in partner institutes. Consequently, it is not possible to compile the Economic Sentiment Indicator, the Employment Expectations Indicator and the Economic Uncertainty Indicator. However, consumer sentiment indicator remains available, and it improved significantly in May.

**Property market:** Overall, conditions in the property market remain strong. In May, approved commercial permits increased compared with April. On the demand side, both the number of residential promise-of-sale agreements and the number of final deeds of sale decreased in May, compared with a year earlier.

**Prices:** Malta's inflation rate decreased during the month of May and remained well below that in the euro area. HICP excluding energy and food in Malta was also lower than in the euro area. In May, inflation based on the Retail Price Index (RPI) decreased.

**Public finance:** In April, the Consolidated Fund registered a surplus, in contrast to the deficit registered a year earlier. This reflected an increase in government revenue which outweighed an increase in government expenditure.

**Deposits and credit:** The annual rate of change of Maltese residents' deposits decelerated when compared with March, while annual credit growth was unchanged.

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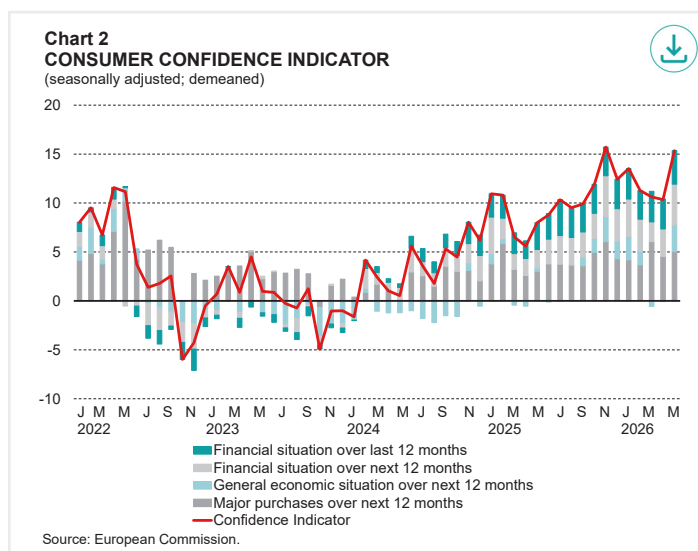
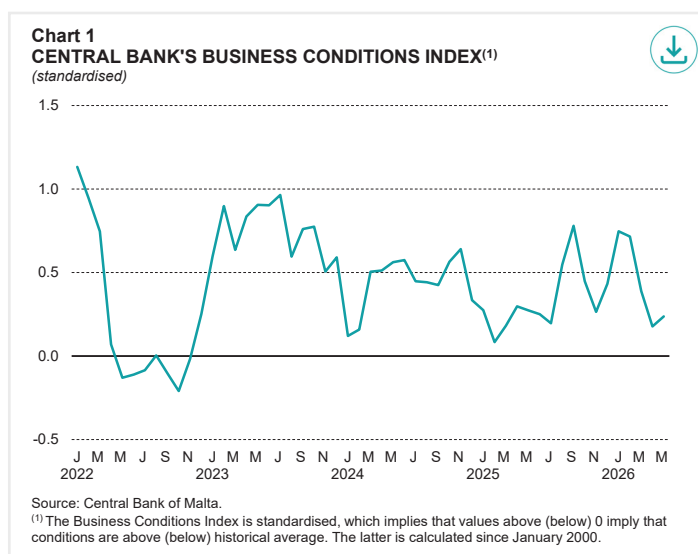
<sup>1</sup> The cut-off date for information in this note is 17 June 2026. Most of the data reported in this issue of the *Economic Update* refer to April 2026. However, the BCI, consumer confidence data, inflation data, and residential property transactions refer to May.

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

The Bank's BCI indicates that in May, annual growth in business activity remained above its long-term average (see Chart 1). This mainly reflects above average growth in tax revenue, inbound tourism and economic sentiment.<sup>3</sup> On a monthly basis, it edged slightly upwards from the level recorded in April.

### Latest economic activity developments

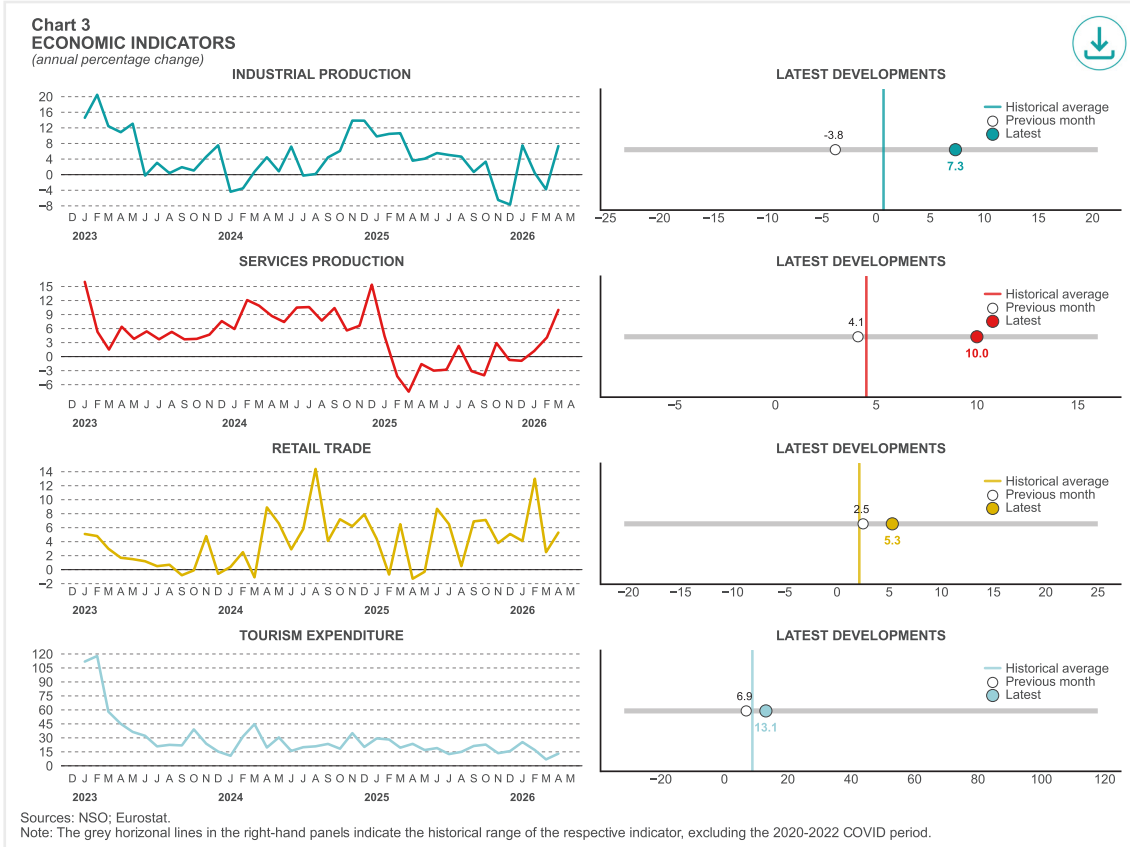
Consumer confidence remained strong in May. In May, consumer sentiment improved significantly relative to April, with increases observed across all components of the indicator. Contrary to the previous month, consumers' expectations of the general economic situation over the next 12 months turned positive. Furthermore, expectations of their financial situation improved (see Chart 2).



Services and manufacturing indicators recorded strong growth (see Chart 3). In April, the index of industrial production rose by 7.3% year-on-year and reversed a 3.8% contraction recorded in the previous month. Growth in industrial production has however been rather volatile in recent months. This increase largely reflects higher manufacturing output as energy production declined on a year-on-year basis. Production rose among firms involved in the printing and reproduction of recorded media, those that manufacture computer, electronic and optical products, food and beverages as well as chemicals and chemical products. Meanwhile, the index of services production rose by 10.0% in March, following an increase of 4.1% a month earlier. This suggests some turnaround in the services sector, whose growth has been muted last year. Growth in retail activity remained strong.

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

<sup>3</sup> The 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.

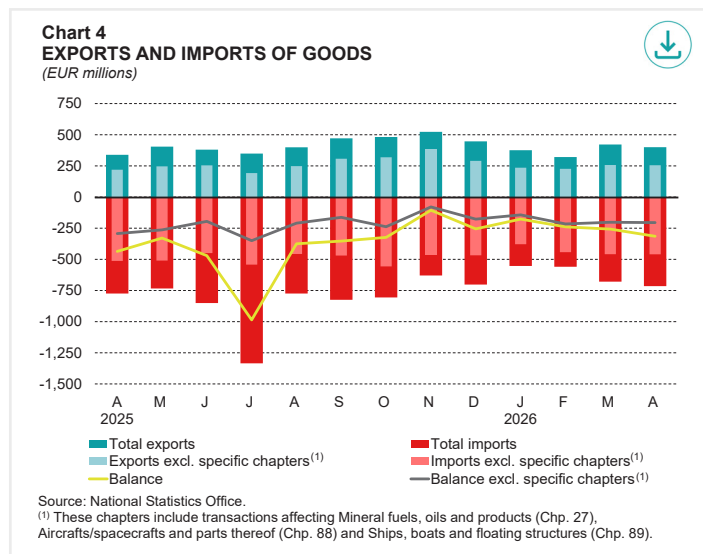


Meanwhile, the tourism sector continued to perform well. Total tourist expenditure in Malta increased by 13.1% in April, reflecting increases in all expenditure categories (see Chart 3). This was brought about primarily by an increase in inbound tourist arrivals, as the average length of stay and expenditure per capita declined.

The merchandise trade balance improved in April when compared to the same month last year, reflecting higher exports and lower imports. The trade deficit narrowed even after excluding specific chapters (see Chart 4).

Exports excluding specific chapters increased in April when compared to a year earlier, mainly due to higher exports of electrical machinery and to a lesser extent, printed materials. At the same time, imports excluding specific chapters declined over the same period, mostly due to lower imports of organic chemicals.

Overall, conditions in the property market remained strong. In May, commercial permits were higher when compared with last year (see



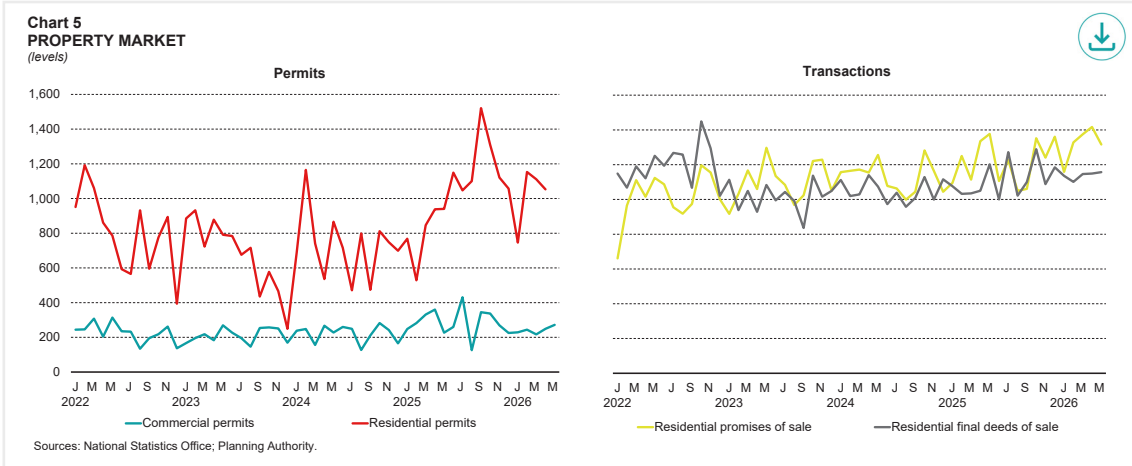


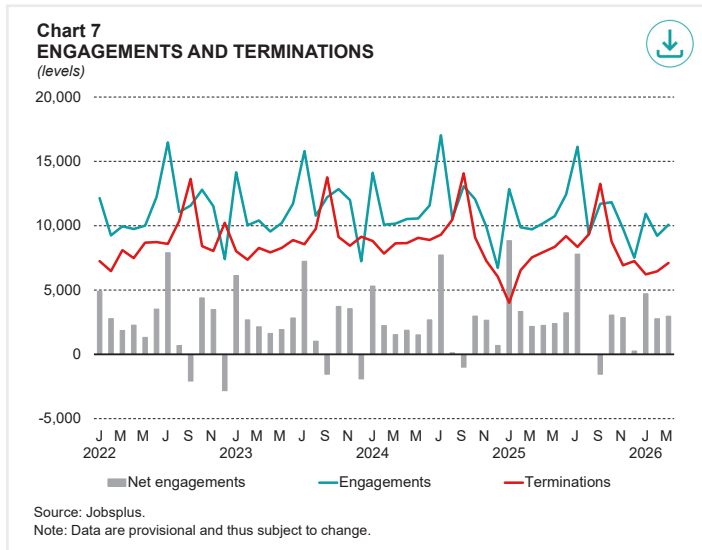
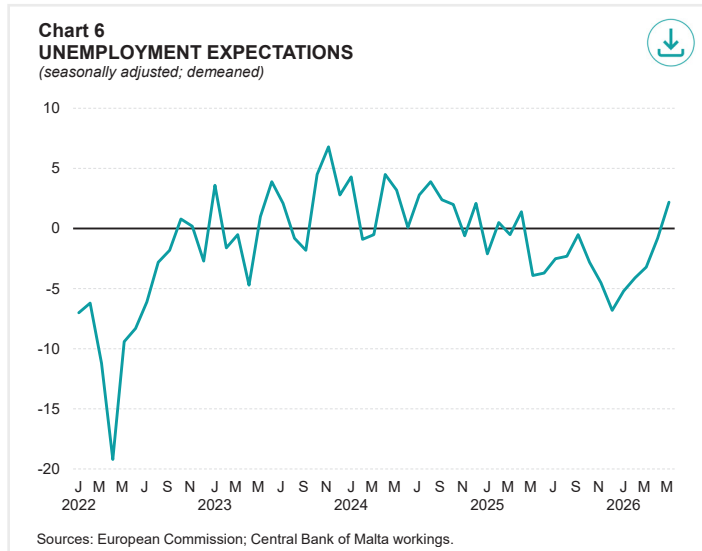
Chart 5).<sup>4</sup> Final deeds and promise-of-sale agreements signed in May were lower compared with a year earlier.

### Labour market

The European Commission has suspended publication of the Employment Expectations Indicator (see above). However, data on consumer expectations about unemployment remain available.

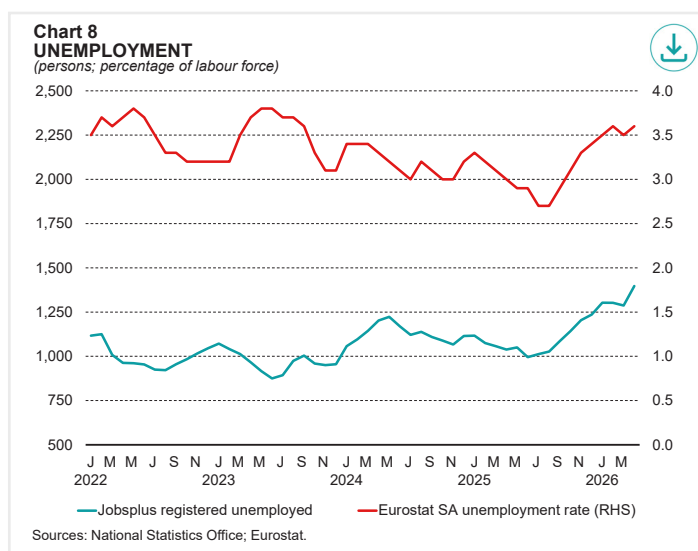
**In May, unemployment expectations increased further to stand above their historical levels for the first time in a year (see Chart 6).** An increase in the index represents expectations of higher unemployment in the next 12 months.

**Administrative data up to March indicate higher net engagements compared to the same month last year.** This reflects an annual increase in engagements and an annual decline in terminations over the same period (see Chart 7).



<sup>4</sup> May data for residential permits was unavailable by the time this Update was prepared.

**The unemployment rate in April increased compared with a year earlier.** The seasonally adjusted unemployment rate increased slightly to 3.6% in April from 3.5% in March and stood higher than 3.0% recorded in April 2025. Jobsplus data show that the number of persons on the unemployment register stood at 1,397 in April, representing an increase of 359 persons compared with a year earlier (see Chart 8).

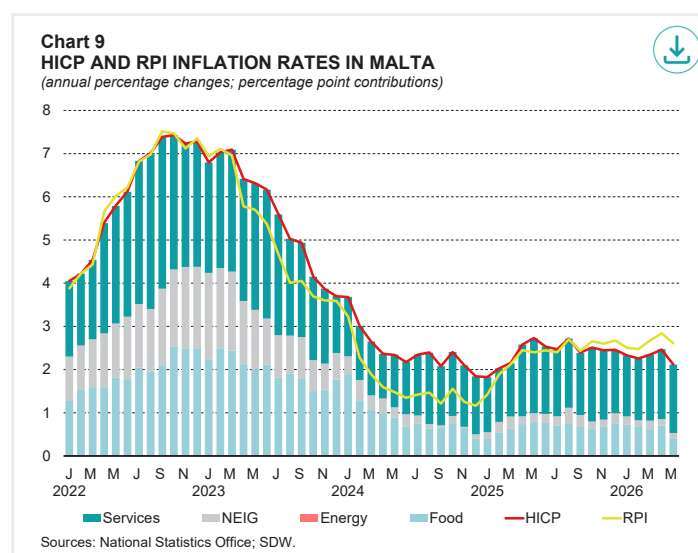


## Prices, costs and competitiveness

**Malta's inflation rate in May stood at 2.1%, down from 2.5% in April and stood 1.1 percentage points lower than the euro area.** This reflects an increase in energy inflation in the euro area, while Malta's remained steady as the government continues to shield consumers and businesses. HICP excluding energy and food was 2.3% in Malta, while this stood at 2.6% in the euro area.

When compared to April, a pronounced decline in food inflation (including alcohol and tobacco) was observed. This was driven by lower inflation for both unprocessed and processed food and especially reflects lower inflation for vegetables. Meanwhile, services inflation decreased slightly due to lower inflation for package holidays and accommodation services and miscellaneous services. At the same time, NEIG inflation also decreased slightly reflecting lower inflation for durable goods.

**Annual inflation according to the RPI stood at 2.6% in May, down from 2.8% in April (see Chart 9).<sup>5</sup>** This was mainly driven by lower inflation for food. Additionally, inflation on beverages and tobacco and personal care and health also decreased slightly. Although both HICP and RPI declined in May, RPI remains higher. This reflects the different methodologies used whereby RPI is based solely



<sup>5</sup> The RPI and the HICP both measure changes in consumer prices but through different methodologies. The HICP index weights are based on total expenditure in Malta, including that by tourists. In contrast, RPI weights only take into account expenditure by Maltese households. Moreover, the 2025 set of weights applied to the HICP index have been revised compared with the 2024 weights. The weights of the RPI are not updated annually and are hence not affected by such changes.

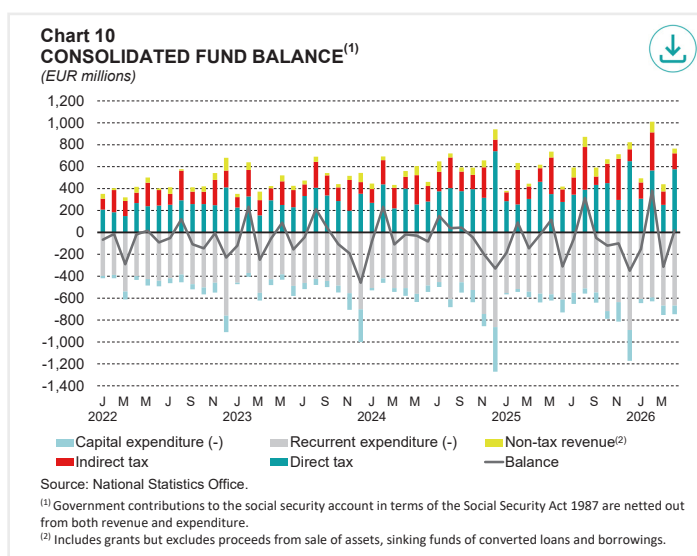
on Maltese household expenditure and uses less frequently updated weights. Meanwhile, HICP weights are updated annually and are based on total expenditure in Malta including tourists.

**Producer output prices, as measured by the industrial producer price index, remained contained.** These increased by an annual 0.9% in April, down slightly from 1.0% in the previous month.<sup>6</sup> This reflected a decrease in capital goods inflation as well as a further contraction in consumer goods inflation. This offset an increase in intermediate goods inflation.

## Public finance

**In April, the Consolidated Fund reported a surplus of €18.8 million, an improvement from the €21.0 million deficit recorded in the previous year (see Chart 10).** This was attributable to increased government revenue which surpassed a rise in government expenditure.

**Government revenue rose primarily due to the timing of direct tax receipts.** This mostly reflects a year-on-year rise in the level of income taxes, after having declined in the previous month. This profile is driven by corporate tax receipts.



**The increase in government expenditure reflects higher recurrent outlays.** This was largely due to higher contributions to government entities and increased spending on various initiatives, including housing programmes, childcare and retirement pensions. Meanwhile, capital expenditure declined slightly when compared with a year earlier.

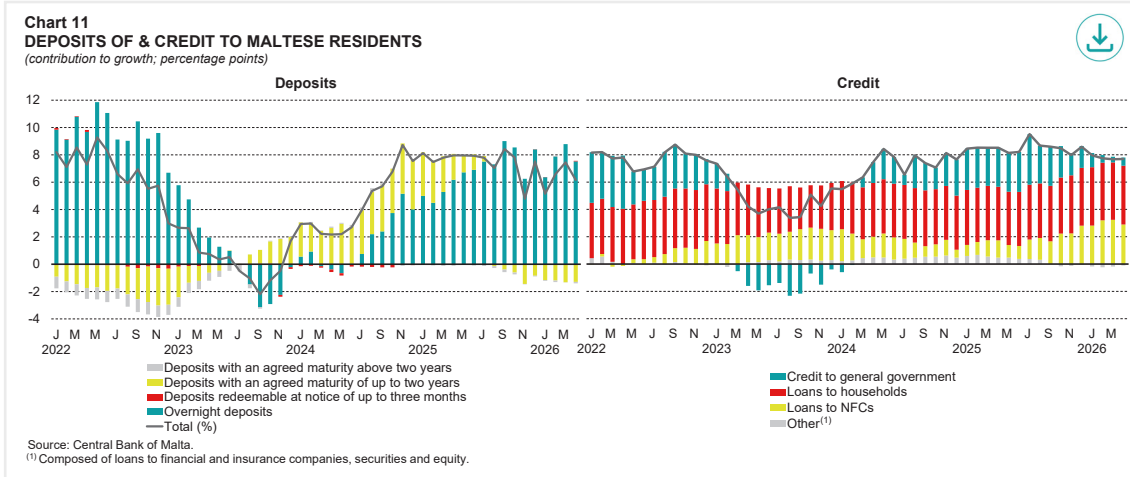
For the year to April, the Consolidated Fund had a €65.5 million deficit, lower than the €261.4 million deficit recorded a year prior. This was mostly driven by the aforementioned timing of direct taxes.

**The total stock of outstanding government debt amounted to €11,974.2 million in April 2026, an increase of €558.3 million from the previous month.** This mostly reflects a new issue of Malta Government Stocks.

## Deposits and credit

**During the year to April, residents' deposits held with MFIs rose by 6.2%, following a 7.5% increase in the previous month (see Chart 11).** This was primarily driven by higher balances belonging to households.

<sup>6</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.



**Year-on-year growth continues to be driven by overnight deposits, which make up the majority of total residents' deposits.** On the other hand, time deposits with maturity up to and above two years contributed negatively to growth.

**In April, credit to residents grew at an unchanged rate of 7.7% (see Chart 11).** Growth was mostly driven by loans outside general government.

**Loans to NFCs rose by 11.9%, from 13.6% a month earlier.** A sectoral breakdown of loans to NFCs shows that the latest expansion in credit was mainly driven by higher lending to the construction and real estate sector followed by the accommodation and food services sector. On the other hand, loans to the manufacturing sector decreased in annual terms.

**Loans to households grew by 9.9% following a 9.6% increase in the previous month.** Growth in consumer credit and mortgage lending both grew at a marginally stronger rate.

**In April, the spread between Maltese residents' outstanding deposits and loans remained unchanged from the previous month while that on new deposits and loans increased.** The former was unchanged at 306 basis points. The spread between new deposits and lending stood at 144 basis points in April, widening from 137 basis points a month earlier.

## 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 <sup>(1)</sup>	
	<i>Annual % change</i>											<i>% of labour force</i>
2023	5.6	5.1	16.3	10.6	12.8	3.7	-15.8	5.2	-1.9	8.0	3.5	
2024	2.4	1.7	10.6	6.2	5.8	4.8	4.0	6.3	5.2	4.8	3.2	
2025	2.4	2.4	6.2	4.0	3.3	5.9	-0.1	4.5	4.4	4.0	3.1	
2024 Q4	2.1	1.3	8.4	2.7	4.7	4.5	-1.8	5.7	6.2	3.3	3.1	
2025 Q1	2.0	1.8	5.9	3.2	3.8	7.6	-3.3	0.8	0.6	3.3	3.4	
Q2	2.6	2.4	5.2	2.5	3.1	5.8	1.8	6.7	8.7	4.0	2.9	
Q3	2.5	2.5	6.2	3.8	3.6	3.9	0.4	4.5	4.3	4.1	2.7	
Q4	2.5	2.7	7.6	6.4	2.9	6.3	0.7	6.1	3.9	4.5	3.4	
Q1										-	3.5	
2025 Jan.	1.8	1.4	-	-	-	-	-	-	-	2.9	3.2	
Feb.	2.0	1.9	-	-	-	-	-	-	-	3.5	3.1	
Mar.	2.2	2.1	-	-	-	-	-	-	-	3.7	3.1	
Apr.	2.6	2.4	-	-	-	-	-	-	-	3.8	3.0	
May	2.7	2.4	-	-	-	-	-	-	-	3.9	3.0	
June	2.5	2.4	-	-	-	-	-	-	-	4.2	2.9	
July	2.5	2.4	-	-	-	-	-	-	-	4.1	2.8	
Aug.	2.7	2.7	-	-	-	-	-	-	-	4.1	2.7	
Sep.	2.4	2.4	-	-	-	-	-	-	-	4.0	2.9	
Oct.	2.5	2.7	-	-	-	-	-	-	-	4.2	3.1	
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	-	-	-	-	-	-	-	-	3.5	
Mar.	2.3	2.7	-	-	-	-	-	-	-	-	3.5	
Apr.	2.5	2.8	-	-	-	-	-	-	-	-	3.6	
May	2.1	2.6	-	-	-	-	-	-	-	-	-	

Sources: National Statistics Office; Eurostat.

<sup>(1)</sup> 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						Total credit
	Overnight deposits	Deposits with agreed maturity up to two years	Total residents' deposits	Credit to general government	Credit to residents (excl. general government)		
	<i>Annual % change</i>						
2023	-0.2	25.7	1.7	-1.5	8.0	5.5	
2024	4.7	37.4	7.6	10.8	6.6	7.7	
2025	10.1	-6.9	7.5	6.4	9.4	8.6	
2025 Q2	8.2	9.9	7.9	12.0	7.0	8.2	
Q3	10.8	-3.0	8.4	11.9	7.6	8.6	
Q4	10.1	-6.9	7.5	6.4	9.4	8.6	
2026 Q1	10.5	-10.7	7.5	1.7	9.8	7.7	
2025 Jan.	5.9	31.5	8.1	12.4	7.2	8.5	
Feb.	5.3	29.7	7.5	11.8	7.4	8.5	
Mar.	6.2	24.6	7.8	11.3	7.6	8.5	
Apr.	7.3	17.0	8.0	11.6	7.5	8.5	
May	8.0	11.1	8.0	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	-3.0	8.4	11.9	7.6	8.6	
Oct.	10.2	-4.8	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	6.4	9.4	8.6	
2026 Jan.	7.6	-9.4	5.2	4.1	9.3	8.0	
Feb.	9.4	-9.6	6.6	2.2	9.6	7.7	
Mar.	10.5	-10.7	7.5	1.7	9.8	7.7	
Apr.	9.0	-10.7	6.2	2.4	9.5	7.7	

Source: Central Bank of Malta.