

# Central Bank of Malta



## Quarterly Review

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Notes: The chapter on the banking system is not being carried in this issue of the Quarterly Review. Henceforth, it will appear bi-annually, in the June and December editions.

The cut-off date for statistics included in chapters 2 and 6 of the Economic Survey is March 15, 2003; the cut-off date for the remaining chapters is March 28, except for the GDP which were published on April 10.

For figures published in the Statistical Tables, the cut-off date is December 16, 2002.

Figures in Tables may not add up due to rounding.



# ECONOMIC SURVEY

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## 1. FOREWORD

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On December 20, 2002, the Central Bank cut the central intervention rate and the discount rate by 25 basis points to 3.75%. It then left official rates unchanged throughout the first quarter of 2003. These decisions, which were taken by the Governor in the Monetary Policy Advisory Council, reflected the Bank's analysis of economic and financial developments in Malta and abroad. They were moreover consonant with the Bank's monetary policy strategy, which is based on pegging the exchange rate of the Maltese lira to a basket of major currencies.

During the December quarter, increasing concern about sluggish economic growth prompted major central banks to reduce official interest rates, and money market rates in Malta eased in line with rates abroad. Although the interest rate premium on the Maltese lira remained stable, the Central Bank's net foreign assets continued to expand – a fact that supported the Bank's decision to reduce interest rates. The reduction in official rates was followed by a lowering of bank deposit and lending rates.

During the first three months of 2003, the Central Bank left official interest rates unchanged. The prospects of war in Iraq, and its eventual outbreak, had a negative impact on the outlook for the global economy and heightened the risks to economic growth and the balance of payments performance in Malta. Although the Central Bank's external reserves continued to rise into the March quarter, they did so at a slower pace. The volatility in international financial markets and the prevalent climate of uncertainty were key factors supporting the decision to maintain an unchanged monetary policy stance.

According to data released by the National

Statistics Office, the recovery in economic activity seen during the first three quarters of the year lost momentum during the final quarter. Thus, during the quarter, real GDP expanded by 0.2% year-on-year, down from 2.1% in the September quarter. As in the third quarter, growth was mainly driven by net exports of goods and services, as the upward trend in the turnover of the electronics industry gathered pace and tourism earnings rebounded. At the same time, however, domestic demand slowed down, with Government consumption expenditure and gross fixed capital formation both declining when compared with the same period of 2001, while private consumption expanded at a slower pace. Furthermore, inventory adjustments – which include a residual element – dampened economic growth significantly.

In contrast, replies to the Bank's latest business perceptions survey, which was carried out between January and February 2003, indicate that whereas export activity, gauged in nominal terms, slowed down during the last quarter of 2002, the upward trend in domestic demand persisted. The survey confirms that export sales by manufacturing firms in the paper and printing and machinery and equipment sub-sectors rose, offsetting drops in exports by the clothing and footwear, chemicals and miscellaneous manufacturing industries. Survey participants also reported that local sales by manufacturing firms and some providers of services increased. Although business sentiment continued to improve, relatively low levels of capital utilisation combined with uncertainty about future demand were expected to dampen investment over the next twelve months.

Although there were some signs of a recovery in job creation during the December quarter, the increase in the labour supply outstripped that in the gainfully occupied population. Consequently, the registered unemployment rate edged up to

5.4% in November from 5.2% in September.

The Retail Price Index fell slightly during the last three months of 2002, largely because food prices declined. As a result, the twelve-month moving average rate of inflation dropped from 2.9% in September to 2.2% in December, while the year-on-year measure, which is a more timely indicator of price pressures, dropped to 0.3% by the end of the year.

As the data on GDP indicate, fiscal policy dampened domestic demand during the final quarter of 2002. The available information implies that the fiscal balance for the quarter shifted to a surplus from a deficit in the same quarter of the previous year. This surplus is expected to have resulted from an increase in Government revenue that was to have exceeded a simultaneous rise in expenditure.<sup>1</sup>

In line with the usual seasonal pattern, the current account of the balance of payments swung back into deficit during the fourth quarter of 2002. However, this shortfall was slightly smaller than that registered in the corresponding period a year earlier as a narrower merchandise trade gap and a wider surplus on services outweighed a larger deficit on the income account. Net inflows on the capital and financial account, excluding movements in the official reserves, persisted into the fourth quarter although at a slower pace than in the corresponding quarter of 2001. As a result, the official reserves rose further, albeit less rapidly, during the quarter reviewed.

Broad money expanded at a slower pace during the December quarter. The slowdown reflected the continued weakness in credit growth combined with a drop in the net foreign assets of the banking system, which contracted in spite of the increase in the Central Bank's external

reserves. Monetary growth continued to decelerate into January, despite a recovery in the banking system's net foreign assets, as credit growth remained subdued.

The Central Bank's forecasts for 2003, which were published in its latest Annual Report, had indicated that the economy would expand by between 3.1% and 3.7% during 2003. This growth was expected to result from a resumption of investment spending and, to a lesser extent, of export growth. Those forecasts were based on a cautiously optimistic view of the likely economic developments in the major industrial countries during the year. They also hinged on the assumption that domestic political developments would not result in any changes in economic policy. Since the forecasts were made, however, projections for economic growth in the major industrial economies were adjusted downwards. Consequently, the Central Bank is reviewing its outlook for 2003 to take into account a weaker export performance and slower growth in private consumption expenditure. Otherwise, the Bank's inflation forecast remains unchanged, with the twelve-month moving average rate expected to drop to between 1.4% and 1.8% by the end of the year. The registered unemployment rate is expected to remain roughly stable between 5.2% and 5.6%.

In sum, developments in the Maltese economy during the current year depend crucially on two factors: the pace of recovery in Malta's major trading partners and the behaviour of Maltese consumers. If the recovery abroad does not materialise, the prospects for growth will be limited. Furthermore, if households choose to increase their savings, and the savings ratio stabilises or even increases, domestic demand will be weaker. Thus, in both cases, the risks to growth connected with the forecast are on the downside.

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<sup>1</sup> However, information made available after the cut-off date indicates that during the fourth quarter the fiscal balance remained in deficit.

## 2. THE INTERNATIONAL ENVIRONMENT

### The World Economy

During the fourth quarter of 2002 the global economic recovery remained slow and uneven. In the United States, GDP growth lost momentum as net exports fell and a possible war with Iraq hurt consumer and investor confidence. Meanwhile, in the euro area economic growth remained weak, while the Japanese economy expanded at a slower pace when compared with the previous quarter. This general economic weakness carried over into the first quarter of 2003, with major central banks cutting official interest rates in response. Against this backdrop, the IMF is projecting a gradual global recovery during the course of 2003.

### Economic and Monetary Developments in the Major Economies

During the December quarter the pace of growth in the United States slowed down sharply as net exports decreased significantly from the previous year's level, while consumers reduced their

spending in response to higher unemployment and a possible war with Iraq. Thus, GDP grew at an annual rate of 1.4% during the quarter, as against 3.2% in the September quarter, as Table 2.1 shows. Output moderated despite an increase in government spending and a continued build-up of inventories by businesses. Against this background, the United States economy is expected to grow at an annual rate of 2.6% during 2003, compared with 2.4% in 2002.

The Federal Reserve lowered interest rates in November in response to increased risks to economic growth in the United States, with the outlook for inflation remaining contained. This brought the federal funds rate down to 1.25%, from 1.75%. Concurrently, money market rates continued their gradual decline, as Chart 2.1 shows, although they remained marginally above the Fed's benchmark rate throughout the last quarter of 2002 and the first two months of 2003.

In the euro area, meanwhile, output grew by 0.2% compared with the previous quarter but expanded at an annual rate of 1.3% over the corresponding quarter a year earlier. Growth was driven by household consumption expenditure and Government spending, which rose by 1% and

**Table 2.1**  
**REAL GDP<sup>1</sup>**

Country	2002				2003 <sup>2</sup>
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1
United States	1.4	2.2	3.2	1.4	2.2
European Union	0.4	0.8	1.1	1.4	-
Euro area	0.3	0.6	0.9	1.3	1.1
United Kingdom	1.1	1.5	2.0	2.1	2.4
Japan	-3.1	-0.8	1.3	2.0	1.3

<sup>1</sup> Percentage change compared with the same period a year earlier.

<sup>2</sup> Estimates.

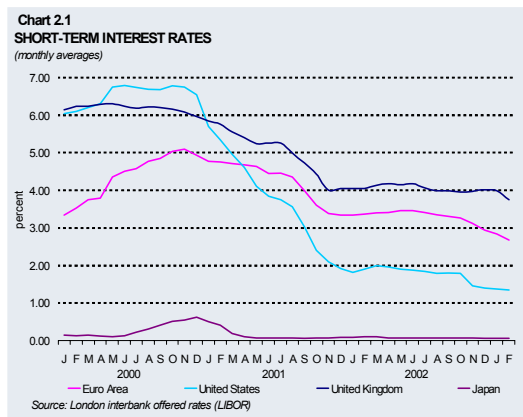
Source: *Consensus Forecasts*, London: Consensus Economics Inc., February 2003

2.6%, respectively, but was dampened by a drop in investment, which contracted by 1.8%. Net exports also contributed to GDP growth. Economic activity picked up across the three major euro area economies, namely Germany, France and Italy, during the final quarter.

Against the background of a bleak international environment, and faced with the prospect of weak private consumption, the European Commission forecast quarter-on-quarter GDP growth in the first quarter of 2003 ranging between -0.1% and 0.3%. This is broadly in line with the annual growth rate of 1.1% shown in Table 2.1.

After taking into account the receding inflationary pressures in the euro area and the increased downside risks to economic growth, in December the ECB cut its refinancing rate to 2.75% from 3.25%. In March, the ECB lowered the refinancing rate by an additional 25 basis points to 2.5%, as the world's second largest economy showed further signs of weakness. During the final quarter of 2002 and into the first quarter of 2003, euro area money market rates hovered around the ECB's benchmark rate.

Meanwhile, after having expanded by 2% in the third quarter, in the United Kingdom GDP grew at an annual rate of 2.1% during the December quarter, led by robust growth in consumer and government expenditure and a rise in inventories.



Net exports and investment dropped. At the same time, although construction output grew rapidly, there were signs of a weaker performance in the services sector, while manufacturing output declined for the seventh time in eight quarters. Overall, the IMF is expecting the British economy to expand at an annual rate of 2.2% during 2003, up from 1.6% in 2002.

The Bank of England kept its repo rate unchanged at 4% between October and December, as inflation was still seen broadly around the Government's target of 2.5%. In February, however, the Bank cut the repo rate by 25 basis points, as inflationary pressures were seen to be easing further ahead, while both domestic and global demand were weaker than expected. Meanwhile, UK money market rates stood at or below the Bank's repo rate throughout the quarter and into the beginning of 2003.

The Japanese economy lost some of its momentum during the December quarter, growing at an annual rate of 2.0% after having expanded by 1.3% in the previous quarter. An upturn in exports and an increase in household consumption drove economic growth during the quarter. After having raised GDP earlier in the year, however, both housing and capital investment contracted during the last three months of 2002. At the same time, unemployment rose to 5.5% in January, as more firms filed for bankruptcy. Against the background of lower investment and an ailing banking sector, the Japanese economy is expected to register minimal growth during 2003.

Concerned with persisting deflation, which can be seen in Table 2.2, and uncertainty over non-performing loans within the banking sector, the Bank of Japan eased monetary policy in October, when it increased its purchases of long-term government bonds and, hence, provided further liquidity to the banking system. However, despite coming under pressure to take bold action, the Bank of Japan kept monetary policy unchanged



**Table 2.2****INFLATION <sup>1</sup>**

Country	2002				2003 <sup>2</sup>
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1
United States	1.2	1.3	1.6	2.2	2.4
Euro area	2.6	2.0	2.0	2.3	1.9
United Kingdom	2.4	1.9	2.0	2.5	2.5
Japan	-1.4	-0.9	-0.8	-0.7	-0.6

<sup>1</sup> Percentage change compared with the same period a year earlier.

<sup>2</sup> Estimates.

Source: Reuters

Consensus Forecasts, London: Consensus Economics Inc., February 2003

during January and February 2003. Meanwhile, as can be seen from Chart 2.1, Japanese money market rates remained stable at just above zero throughout the period from October to February.

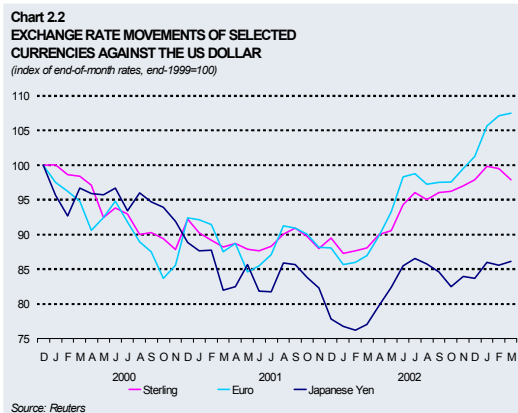
### Foreign Exchange Markets

During the December quarter, the US dollar lost considerable ground on the foreign exchange markets, depreciating by 6.6% and 2.5% against the euro and sterling, as Table 2.3 shows. The dollar's weakness was mainly due to deepening scepticism about developments in a fragile stock market, a series of mixed economic data and the looming war with Iraq.

During October, the dollar moved higher against the euro and sterling helped by stronger US economic data, worries over the state of the European banking sector, and the reluctance of the ECB to lower interest rates in support of growth. Concurrently, mounting concerns over the health of the Japanese financial sector pulled the yen lower against the dollar.

During early November, however, the dollar depreciated against the euro and sterling since many investors interpreted the Fed's decision to lower interest rates as a sign that the problems of the US economy were deeper than had been anticipated. The dollar lost further ground after the ECB and the Bank of England kept monetary policy unchanged, thus preserving a larger interest rate premium over the US. Meanwhile, a disappointing Japanese economy and the inability of the Japanese central bank to halt deflation pulled the yen lower against the US currency.

The dollar's depreciation against the major currencies continued throughout December. The weakness of American equity markets, coupled with the resignation of two senior US government officials put the dollar under pressure early in the month. Subsequently, concerns over the ability of the US to attract sufficient net inflows to sustain



**Table 2.3**  
**EXCHANGE RATES AGAINST THE US DOLLAR**  
**DURING THE DECEMBER QUARTER 2002**

	US\$/euro	US\$/Stg	Yen/US\$
Average for October	0.9814	1.5579	123.84
Average for November	1.0011	1.5716	121.58
Average for December	1.0182	1.5854	122.09
Average for the quarter	1.0002	1.5716	122.50
Closing rate on 31.12.02	1.0471	1.6033	118.66
Closing rate on 30.09.02	0.9823	1.5635	121.61
Lowest exchange rate during the quarter <sup>1</sup>	0.9716	1.5431	118.66
	(Oct. 18)	(Oct. 22)	(Dec. 31)
Highest exchange rate during the quarter <sup>1</sup>	1.0471	1.6050	125.36
	(Dec. 31)	(Dec. 30)	(Oct. 22)
Percentage appreciation (+)/depreciation (-) of the currency vs. the dollar from closing rate on 30.09.02 to closing rate on 31.12.02	6.6	2.5	2.4

<sup>1</sup> The high/low exchange rates are daily opening or closing rates of the relevant currencies.

Source: Central Bank of Malta

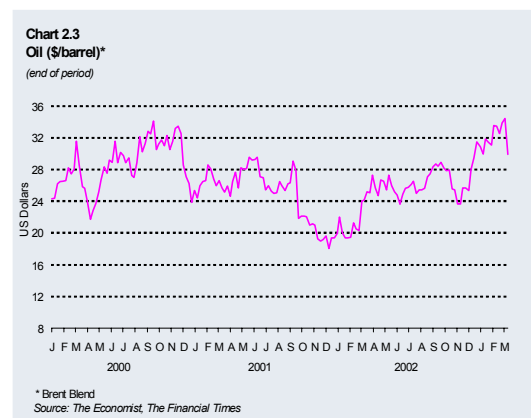
a large current account deficit, along with higher unemployment and rising tensions over Iraq and North Korea dragged the dollar to further lows.

During the period from January to mid-March, the dollar depreciated further against the euro and sterling, as Chart 2.2 shows. Prolonged uncertainties in financial markets, higher oil prices and the risk that businesses would postpone investment overshadowed a possible economic recovery in the United States and adversely affected the US currency.

## Oil

During the final quarter of 2002, oil prices surged again after the increase registered in the third quarter, supported by the heightened political tensions in Venezuela, weather related factors in the US, renewed conflict in the Middle East and the rising likelihood of war in Iraq. As Chart 2.3

shows, the upward trend in Brent oil prices continued during the early part of 2003 as a result of a fall in US fuel supplies and the Iraq crisis. Consequently, Brent crude stood at \$29.87 per barrel in mid-March, up by 3.39% from its end-September level.



### 3. OUTPUT, PRICES AND EMPLOYMENT

The recovery in economic activity in evidence during the first three quarters of 2002 seems to have stalled during the final quarter. According to the latest data released by the National Statistics Office (NSO), real GDP expanded by 0.2% year-on-year during the December quarter, down from 2.1% in the September quarter. A further acceleration in the growth of net exports was, in fact, nearly outweighed by a reported decline in inventories. Domestic demand also slowed down, as gross fixed capital formation and Government consumption expenditure contracted while private consumption grew only marginally.

This notwithstanding, labour market activity showed some signs of picking up, even though unemployment rose to 5.4% in November from 5.2% in September. The gainfully occupied population, in fact, expanded at a more rapid pace than in the same period of 2001, while the number of the registered unemployed fell gradually between November 2002 and February 2003, the last month for which data are available. This may reflect increased activity in the manufacturing and tourism industries. At the same time, the headline inflation rate declined further as the previous year's spike in food prices was reversed. In addition, the Bank's latest business perceptions survey indicated that business sentiment during the first quarter of 2003 had improved, with respondents expecting sales to rise during the period.

**Table 3.1**  
**SOURCES OF GDP GROWTH BY INDUSTRY<sup>1</sup>**

	2001		2002			%
	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	
<b>GDP at factor cost</b>	<b>-0.2</b>	<b>1.5</b>	<b>2.3</b>	<b>3.7</b>	<b>4.2</b>	
of which:						
Agriculture and fisheries	0.6	0.0	-0.1	0.0	1.1	
Construction and quarrying	0.3	0.4	0.5	0.2	0.2	
Manufacturing	-6.5	-2.1	-0.2	2.4	2.0	
Transport and communication	0.5	-0.5	-0.9	0.4	-0.2	
Wholesale and retail	0.3	0.0	0.7	0.4	0.3	
Insurance, banking and real estate	0.9	1.5	0.9	-0.7	-0.5	
Government enterprises	0.5	0.4	1.0	-0.2	0.7	
Public administration	2.1	0.6	0.7	0.4	0.2	
Property income	0.7	0.7	-0.6	0.3	-0.2	
Private services	0.3	0.4	0.3	0.5	0.5	
<b>GDP at current market prices</b>	<b>3.1</b>	<b>2.3</b>	<b>3.9</b>	<b>4.6</b>	<b>2.5</b>	

<sup>1</sup> The figures in the Table show the change in each component of GDP at factor cost as a percentage of the previous year's GDP at factor cost. This shows the contribution of each sector of activity to the overall rate of growth in GDP at factor cost.

Source: National Statistics Office, Central Bank of Malta estimates.

## Gross Domestic Product<sup>1</sup>

As can be seen from Table 3.1, GDP at factor cost, which being the sum of profits and employment income is a nominal measure of GDP, accelerated during the final quarter of 2002. This growth was mainly driven by manufacturing industry, where factor incomes rose by 8.7% from the levels recorded in the December quarter of 2001 - when earnings had been severely hit by the contraction in global demand that followed the bursting of the US stock market bubble and the events of September 11. During the fourth quarter of 2002, there was also a sharp rise in the contribution to growth of the agriculture and fisheries sector,

which reported substantial profits from fish farming activities.

At the same time, domestic demand decelerated, with growth in real private consumption slowing down to 0.4% and Government consumption expenditure actually dropping by 4.5% in real terms. Though imports of consumer goods expanded at a faster pace than in the third quarter, manufacturing industry's domestic sales remained flat, while expenditure on services, such as foreign travel, contracted.

Nevertheless, the household saving ratio for the

**Table 3.2**  
**GDP GROWTH BY CATEGORY OF EXPENDITURE**

	%				
	2001		2002		
	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
<b>Percentage changes at constant market prices</b>	<b>-2.9</b>	<b>-0.2</b>	<b>1.7</b>	<b>2.1</b>	<b>0.2</b>
Private consumption expenditure	2.0	6.1	2.2	2.6	0.4
Government consumption expenditure	1.8	7.5	7.2	0.5	-4.5
Gross fixed capital formation	-11.7	-13.6	4.3	-3.9	-3.5
Exports of goods and services	-12.8	-12.4	-10.7	0.0	4.3
Imports of goods and services	-16.2	-16.1	-0.3	-1.8	-3.1
<b>Growth in real GDP</b>	<b>-2.9</b>	<b>-0.2</b>	<b>1.7</b>	<b>2.1</b>	<b>0.2</b>
<i>of which:</i> <sup>1</sup>					
Private consumption expenditure	1.2	3.7	1.5	1.7	0.2
Government consumption expenditure	0.3	1.4	1.3	0.1	-0.9
Gross fixed capital formation	-3.0	-3.4	1.0	-0.9	-0.8
Inventory changes	-6.5	-6.9	7.4	-0.4	-4.5
Exports of goods and services	-11.6	-11.0	-9.9	0.0	3.5
Imports of goods and services <sup>2</sup>	16.7	15.9	0.3	1.6	2.7

<sup>1</sup> These figures show the change in each component of real GDP as a percentage of the previous year's real GDP (expenditure-side). This shows the contribution of each expenditure component to the overall rate of growth of real GDP. The figures for 2001 and 2002 are provisional NSO data.

<sup>2</sup> Note that any growth in imports of goods and services reduces GDP, and vice versa.

*Source: National Statistics Office, Central Bank of Malta estimates*

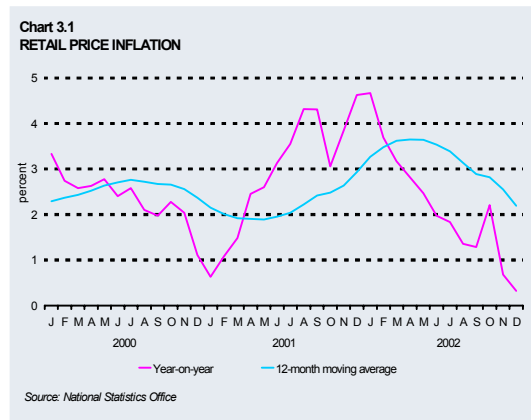
<sup>1</sup> This analysis is based on provisional data released by the National Statistics Office on April 10. The fact that the deflators in these data are set to be uniform across the four quarters of the year makes the interpretation of developments in real quarterly GDP difficult, as intra-year variations in prices are thereby ignored.

whole of 2002 is estimated to have fallen to practically zero. The steady decrease in the household saving ratio witnessed in recent years may, to some extent, be traced to a strong wealth effect stemming from a property price boom combined with favourable credit conditions, phenomena that have led to similar developments in other countries. The extent of the decline could to some degree be overstated due to the difficulty of compiling accurate domestic consumption data in a country where spending by tourists accounts for a large part of overall consumption expenditure. The data for the fourth quarter of 2002, in fact, show large negative inventory changes,<sup>2</sup> which apart from the actual contraction in stock levels comprises the residual between income-side and expenditure-side measures of GDP.

The reported decline in inventories contributed to a decline in imports of goods and services during the December quarter. Gross fixed capital formation is also reported to have fallen, for the second consecutive quarter, as increased outlays on construction were offset by a decline in investment in machinery. On the other hand, as can be seen from Table 3.2, exports of goods and services rose by 4.3%. The expansion in exports of goods was driven by a rebound in sales of electronic components, which rose by nearly 13% in nominal terms, although a reported rise in prices during the quarter implies that the increase in volume terms was smaller. There was also a substantial rise in exports of farmed fish, mainly to the Asian market. Tourism earnings also recovered strongly, rising for the first time since the first quarter of 2001.

### Retail Prices

As can be seen from Chart 3.1, the downward trend in the twelve-month moving average rate of inflation is evident through the previous two



quarters persisted during the quarter under review, when it dropped by 0.7 percentage points to 2.19%. Similarly, the year-on-year change in the RPI, a more timely indicator of inflation trends, fell from 1.29% at end-September to a ten-year low of 0.32% at the end of December.

Food prices were again the main factor behind the downward trend in inflation. In fact, the food sub-index declined by 1.2% during the quarter under review, as the spike in prices recorded in 2001 continued to be reversed. To a large extent, this reflected a drop in the prices of fresh fruit and vegetables brought about by increased volumes of local production. Since the second quarter of 2002, in fact, the volume of agricultural produce traded through local markets rose steadily, pushing the total for the year up by 7.8% from the previous year's level.

Another factor that helped to bring down the rate of inflation during the final quarter of 2002 was a below-normal rise in the clothing and footwear sub-index. The latter, which accounts for more than a tenth of the RPI, is highly seasonal, tending to rise sharply in the fourth quarter. In recent years, the spike usually exceeded 9%. In contrast, during the December quarter of 2002 the index rose by just 2.8%. As a result, clothing and footwear

<sup>2</sup> As can be seen from Table 3.2, this drop wiped off 4.5 percentage points from overall real GDP growth.

**Table 3.3**  
**INFLATION RATES OF COMMODITY SECTIONS IN THE RPI**

*Year-on-year (percentage changes)*

	Dec. 2001	Sept. 2002	Dec. 2002
Food	9.3	-1.8	-2.7
Beverages and tobacco	6.4	6.4	5.4
Clothing and footwear	1.1	0.2	-6.0
Housing	2.6	3.0	3.2
Fuel, light and power	0.1	5.1	5.1
Durable household goods	0.2	-0.2	-0.2
Transport and communications	3.4	2.5	1.6
Personal health and care	3.1	2.8	2.7
Education, entertainment and recreation	3.4	3.5	3.8
Other goods and services	0.6	2.1	2.8
<b>All items</b>	<b>4.6</b>	<b>1.3</b>	<b>0.3</b>

*Source: National Statistics Office*

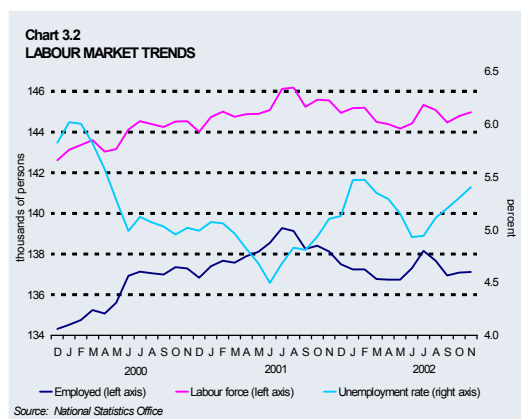
prices at the end of December were down by 6.0% from the previous year's level.

The transport and communications sub-index also fell during the quarter, reflecting a reduction in domestic fuel prices. This was made possible by the fact that the rise in the international price of oil was more than offset by the effect of the Maltese lira's appreciation against the US dollar.

In spite of the marked decline in the headline rate of inflation and in the year-on-year rate, the Central Bank's measure of underlying inflation, which focuses on those RPI sub-indices that tend to show persistent changes, exhibited a slight increase during the quarter under review. In fact, the prices of services, especially in the education, entertainment and recreation sectors, rose at a faster pace than in the same quarter a year earlier. In addition, the cost of imported goods may have risen, partly on account of the fall in the exchange rate of the Maltese lira *vis-à-vis* the euro, and partly because of higher inflation rates in Malta's main trading partners.

### The Labour Market

Data compiled by the Employment and Training Corporation (ETC) indicate that the unemployment rate edged up to 5.4% in November 2002,<sup>3</sup> from 5.2% in September, as the number of the gainfully occupied grew at a slower pace than the labour supply.



<sup>3</sup> Employment data for December were not available at the time of writing.

**Table 3.4**  
**LABOUR MARKET DEVELOPMENTS**

*Number of persons*

	Nov. 2002	Change Over Sept. 2002	Annual Change
<b>Labour supply</b>	<b>144,978</b>	<b>518</b>	<b>-575</b>
<b>Unemployed</b>	<b>7,866</b>	<b>346</b>	<b>438</b>
<b>Unemployment rate (%)</b>	<b>5.4</b>	<b>0.2</b>	<b>0.3</b>
<b>Gainfully occupied</b>	<b>137,112</b>	<b>172</b>	<b>-1,013</b>
of which:			
<b>Private direct production</b>	<b>37,929</b>	<b>80</b>	<b>-230</b>
including:			
Agriculture & fisheries	2,215	15	36
Quarrying, construction & oil drilling	6,820	37	74
Manufacturing	28,894	28	-340
<b>Private market services</b>	<b>50,513</b>	<b>119</b>	<b>227</b>
including:			
Wholesale & retail	15,575	146	175
Insurance & real estate	1,279	3	-29
Transport, storage & communications	6,068	-56	-54
Hotels & catering establishments	8,988	-95	-131
Community & business	11,530	132	424
Others	7,073	-11	-158
<b>Public sector</b>	<b>47,587</b>	<b>-65</b>	<b>-921</b>
including:			
Government departments	30,342	-7	-456
Armed Forces, R.S.C. & Airport Co.	1,597	-10	-7
Government-controlled companies	7,730	-111	-45
Independent statutory bodies	7,918	63	-413
<b>Temporarily employed</b>	<b>1,083</b>	<b>38</b>	<b>-89</b>

*Source: National Statistics Office*

As can be seen from Table 3.4, the private sector accounted for the entire increase in the full-time gainfully occupied population during the period. In the services sector, the tourism industry and the related transport and communications sub-sector shed labour, but the contraction was marginal when compared to that observed the previous year in the wake of the September 11 crisis. These job losses, moreover, were more than offset by job creation in the community and

business sub-sector and in the wholesale and retail trades.

Despite the rises in the labour supply and the gainfully occupied population during October and November, both indicators were down from their levels a year earlier. Most of the year-on-year decline in employment was generated by the early retirement schemes in the shipbuilding and ship repair sectors, but weak private sector

demand for labour also contributed. In fact, as can be seen from Table 3.4, the number of full-time employees in tourism, manufacturing and banking declined during the twelve months to November 2002. However, the downward trend in employment appears to have bottomed out and is even being reversed in some major sub-sectors, such as electronics.

Unemployment data for February 2003 in fact indicate that the number of people registering for work at the end of that month stood at 7,707, down from 7,866 at the end of November 2002 and below the year-ago level. This decrease was entirely accounted for by workers in the younger age bracket who remained on the register for a short period only. This could indicate that school leavers were being absorbed by the market relatively quickly.

Meanwhile, the results of the latest Labour Force Survey (LFS)<sup>4</sup> show that during the first three quarters of 2002 there was a sharp increase in part-time employment, an area that is not covered by the ETC statistics. As a result, both employment and activity rates improved. The December quarter LFS had not yet been published at the time of writing, but the Central Bank estimates that the number of workers in part-time employment rose further between September and December 2002.

### **Manufacturing**

The pick up in manufacturing activity observed during the third quarter of 2002 continued into the fourth quarter of the year, albeit at a less vigorous pace. While the rebound in sales by the radio, t.v. and telecom and the printing and publishing sub-sectors accelerated further, setbacks were registered in a number of other sectors, such as clothing, textiles and leather, electrical machinery

and tobacco. Overall employment in manufacturing also declined, and firms increased their net investment by a smaller margin than in the previous quarter.

As can be seen from Table 3.5, growth in exports of manufactures was largely underpinned by a sharp rise in sales of electronic components, though these still have not regained the levels recorded in 2000. Firms in the food and beverages, printing and publishing and medical and precision equipment sub-sectors reported further increases in exports during the quarter, in line with the positive results recorded in previous quarters.

At the same time, manufacturing industry's domestic sales remained virtually unchanged when compared with the same period in 2001.

Firms across manufacturing industry continued to shed labour during the December quarter. As a result, employment in manufacturing was down by 5.1% from the previous year's level.<sup>5</sup> Half of this decline resulted from the closure of a number of establishments in the clothing, textile and leather industry. On the other hand, the electronics sector recruited new workers throughout 2002, so that employment in the sector at the end of December was back to its mid-2001 level. The paper and printing sub-sector also continued to add to its workforce during the quarter. In fact, the increase in employment in these two sub-sectors, which pay the highest wages, contributed significantly to the increase in the wage bill of the entire manufacturing sector.

Growing uncertainty about foreign demand, together with low levels of capacity utilisation, may explain why net investment in manufacturing remained relatively flat during the second half of 2002. In fact, despite the increase in activity,

<sup>4</sup> Carried out in September 2002.

<sup>5</sup> These employment data differ from those commented upon in the section on the labour market in that they include part-timers and out-workers and are derived from a survey carried out by the NSO. By contrast, ETC data are a headcount of the full-time employees in the whole manufacturing sector.



**Table 3.5****MANUFACTURING PERFORMANCE - SELECTED INDICATORS<sup>1</sup>***Lm millions*

	2001		2002		
	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
<b>Change in exports</b>	<b>-89.0</b>	<b>-33.4</b>	<b>-14.7</b>	<b>20.8</b>	<b>11.5</b>
<i>of which:</i>					
Radio, T.V., telecom, etc.	-89.8	-36.3	-4.9	8.0	13.5
Electrical machinery	2.6	-0.9	-3.5	0.7	-1.6
Printing and publishing	0.3	1.4	2.4	2.2	3.0
Other	-2.1	2.4	-8.7	9.9	-3.4
<b>Change in local sales</b>	<b>6.9</b>	<b>3.0</b>	<b>4.6</b>	<b>-0.4</b>	<b>0.3</b>
<i>of which:</i>					
Tobacco	0.7	-0.5	0.0	-0.6	-1.2
Clothes	0.7	0.1	0.9	-0.4	-0.5
Food and beverages	3.6	0.8	1.1	-0.5	0.1
Other	1.9	2.6	2.6	1.1	1.9
<b>Change in net investment</b>	<b>-8.7</b>	<b>-1.3</b>	<b>2.7</b>	<b>0.9</b>	<b>0.4</b>
<i>of which:</i>					
Food and beverages	-0.1	-0.3	-0.7	-0.3	0.1
Printing and publishing	0.1	0.1	1.5	1.2	0.1
Furniture	0.2	1.1	0.3	0.5	1.1
Other	-8.9	-2.2	1.6	-0.5	-0.9

<sup>1</sup> Figures in this table represent the change over the same quarter of the previous year.

Source: National Statistics Office

firms in the electronics and the medical and precision equipment sub-sectors actually reduced their rate of capital formation further. On the other hand, establishments in the chemicals and furniture sub-sectors increased their investment levels significantly, indicating that these firms may be restructuring their operations in response to the removal of levies on competing imports.

### Tourism<sup>6</sup>

The downward trend in tourism activity observed since the second quarter of 2001 seems to have been reversed during the fourth quarter of 2002.

In fact, as can be seen from Table 3.6, tourist arrivals during October and November were 5.6% higher than in the same period a year earlier. It should be borne in mind, however, that tourist activity during the final quarter of 2001 had been severely affected by the September 11 terrorist attacks on the US, thus providing a very low base for comparison. In fact, though arrivals in October and November 2002 were higher than in the same two months of 2001, they remained below the levels seen in the same months of the previous three years. At the same time, the average length of stay fell to 8.8 days, from 9 days in 2001. Cruise liner activity also continued to expand, with cruise passenger arrivals increasing

<sup>6</sup> At the time of writing, official data for December had still not been released.

**Table 3.6**  
**TOURIST ARRIVALS BY NATIONALITY**

	Oct.- Nov. 2002			Jan.- Nov. 2002		
	Arrivals	Annual Growth (%)	Share (%)	Arrivals	Annual Growth (%)	Share (%)
UK	77,539	8.3	43.9	421,029	-2.5	39.0
Germany	25,461	1.3	14.4	137,357	-11.5	12.7
France	9,996	9.4	5.7	77,193	-3.7	7.2
Italy	9,951	26.5	5.6	95,738	8.1	8.9
Netherlands	6,880	-9.1	3.9	42,950	-13.0	4.0
Scandinavia <sup>1</sup>	7,759	-14.0	4.4	41,774	-18.2	3.9
Austria	3,863	10.9	2.2	23,802	-11.6	2.2
Belgium	3,151	-2.2	1.8	23,382	1.6	2.2
Switzerland	4,170	-4.2	2.4	19,211	-18.2	1.8
Libya	2,809	-39.3	1.6	21,279	-27.5	2.0
Others	25,083	17.7	14.2	175,020	1.6	16.2
<b>Total</b>	<b>176,662</b>	<b>5.6</b>	<b>100.0</b>	<b>1,078,735</b>	<b>-4.6</b>	<b>100.0</b>

<sup>1</sup> Scandinavian countries include Denmark, Finland, Norway and Sweden.

Source: National Statistics Office, Economic Survey

by 15.2%, even though the number of cruise ships visiting the Grand Harbour was no higher than in the previous year. Meanwhile, gross earnings from tourism increased by Lm5.9 million, or 15.2%, when compared to the same two months in 2001.

Arrivals from Malta's main source market, the United Kingdom, rebounded strongly during October and November, rising by 8.3% from their level in the corresponding period of 2001. This sharp increase in arrivals from a market that had yielded consistently negative results throughout the previous four quarters could indicate that the intensive marketing campaign carried out in recent months was successful. As can be seen from Table 3.6, inbound tourism from other important markets, such as France, Italy and Austria also rose sharply in October and November. On the other hand, arrivals from Germany increased only marginally.

The 3.3% rise in the number of bed-nights sold

during October and November was smaller than that of arrivals, implying a drop in the average length of stay. This in turn may reflect a change in the composition of inbound tourism. In fact, a breakdown of tourist arrivals by accommodation category reveals that the number of tourists staying in four- and five-star hotels increased, while establishments in lower accommodation categories reported a decline in occupancy. Tourists staying in the higher accommodation categories tend to stay for shorter periods.

A recent survey conducted by the Malta Hotels and Restaurants Association (MHRA) indicates that while hotel occupancy rates increased during the first two months of 2003, the situation was expected to deteriorate in March on account of the war in Iraq. It is possible, however, that Malta will be less affected than competing destinations, such as Cyprus and Turkey, which are much closer to the war zone, and that it might also attract a larger share of cruise traffic diverted from the Eastern Mediterranean.

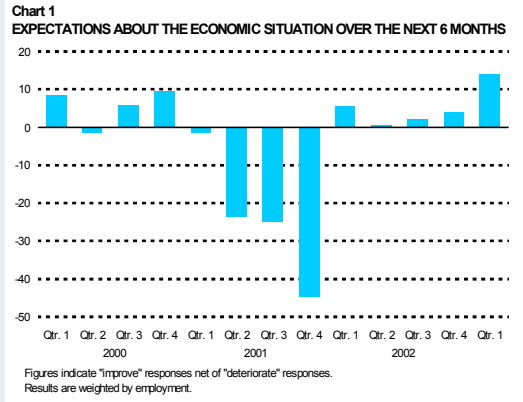
## Box 1 : BUSINESS PERCEPTIONS SURVEY<sup>1</sup>

### Introduction

The results of the latest business perceptions survey carried out for the Central Bank indicate that, in the case of the firms surveyed, export activity slowed down during the last quarter of 2002, but the recovery in domestic demand continued. At the same time, though there was a further improvement in overall business sentiment, the majority of respondents indicated that they did not consider the current period to be appropriate to undertake new initiatives within their company. In fact, despite the turnaround in both local and foreign demand registered during recent quarters, most firms continued to operate significantly below their potential, with average capacity utilisation rates estimated at around 84% and 67% in the export and locally-oriented sectors, respectively. Participants reported that these levels of capital under-utilisation, together with uncertainty about future demand, were the most important factors limiting investment over the next twelve months. The majority of firms participating in the survey also considered it more likely that both inflation and the unemployment rate would rise, rather than fall, over the next six months.

### Business Sentiment

As can be seen from Chart 1, the upward trend observed in overall business sentiment since the third quarter of 2002 continued, with the net balance of respondents expecting an improvement reaching the highest level registered in more than three years. The share of (employment-weighted) respondents expecting economic conditions to worsen, in fact, fell by two-thirds between the last two surveys, reflecting renewed optimism in the food and beverages, tourism, finance and insurance sectors. However, this drop in



pessimism did not result in an increase in the number of those expecting an improvement in the economic situation over the next six months. The latter also declined on an overall basis, despite a recovery in sentiment amongst clothing and footwear manufacturing establishments and respondents from the distributive trades sector. As a result, the proportion of those projecting that the economic situation would remain unchanged rose from just over one-half of (employment weighted) replies in the previous survey to nearly three-quarters. To a large extent, this reflected the replies of operators in the machinery and equipment sub-sector (which includes electronics), who expressed a more cautious outlook than that shown in the preceding survey. Operators in the construction sector also became less upbeat during the first quarter of 2003.

### Activity Levels – Fourth Quarter 2002

#### *Export-oriented sectors*

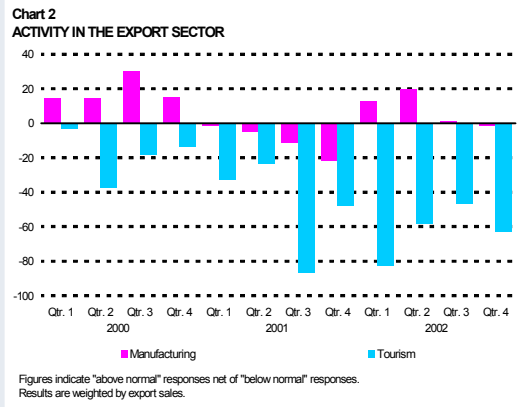
The survey suggests that export sales by manufacturing firms remained stable during the

<sup>1</sup> The survey was undertaken between January and February 2003. It covers a sample of 144 firms, employing 16,488 workers, with an aggregate annual turnover of Lm499.2 million, of which slightly more than half was exported. The survey has a more comprehensive coverage of manufacturing industry, relative to other areas of the economy, and places greater weight on medium-sized firms.

final quarter of 2002, instead of rising as had been expected. Thus, capacity utilisation in the export-oriented manufacturing sector decreased slightly, while a slight majority of establishments reported below-normal order books. At the same time, as can be seen from Chart 2, the decline in the proportion of operators in the tourist industry registering below-normal occupancy was partly reversed.

In the previous survey, export-oriented manufacturing firms had forecast a slowdown in the rate of expansion of their sales for the fourth quarter, though not by the extent that was actually registered. Instead of the projected 1.2% rise in turnover, respondents reported an increase of just 0.2%. This worse-than-expected performance was mainly reported by manufacturing firms in the clothing and footwear, chemicals and the miscellaneous manufacturing sub-sectors. Conversely, in line with the official data on manufacturing discussed in Chapter 3 of this *Review*, the survey indicates that the foreign turnover of the paper and printing and the machinery and equipment sub-sectors continued to expand rapidly. As a result, these establishments increased their demand for labour at a faster-than-expected rate, bringing about an increase in labour costs, which dampened growth in profitability significantly. Profit margins were also affected negatively, especially in the machinery and equipment sub-sector, by the continued drop in the average price of sales. Respondents indicated that they lowered inventory levels further during the fourth quarter, instead of increasing them as had been projected in the preceding survey.

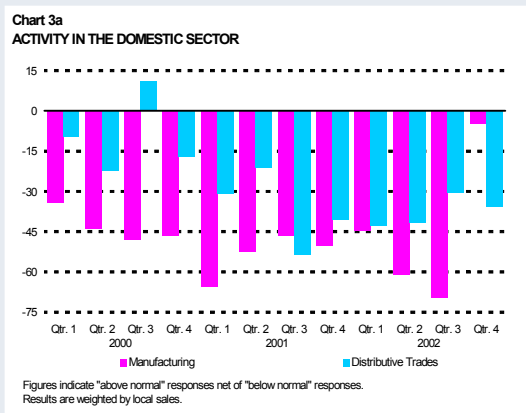
Though the deterioration in activity expected by operators in the tourism sector materialised, the drop reported in fourth quarter sales, 1.4%, was much lower than the 3% contraction that had been projected in the previous survey. However, as they had indicated, the surveyed firms still opted to decrease their labour complement. Consequently, profitability declined at a slower-

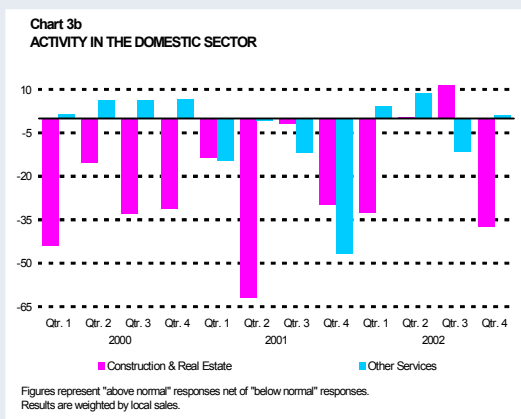


than-expected rate. Operators also reported that for the first time in recent quarters, they had not lowered their selling prices.

### Locally-oriented sectors

The turnover of locally-oriented establishments improved further during the quarter under review, with overall sales rising by a reported 1.2%, instead of the projected 0.3%. The faster-than-expected growth in turnover was mainly registered in manufacturing. In fact, as can be seen from Chart 3a, activity levels in this sector recovered sharply, as the number of firms reporting below-normal order books dropped during the quarter, reflecting a rebound in the turnover of the food and beverages, furniture and other miscellaneous manufacturing sub-sectors.





Despite this increase in sales, locally-oriented manufacturing firms continued to shed labour, with employment reported to have dropped by 0.5% over the previous quarter, twice the margin that had been projected by respondents in the preceding survey. This continued restructuring, together with the rebound in sales, had positive effects on profitability levels, which rose slightly instead of contracting as had been envisaged.

The turnover of the services sector also grew more rapidly than expected during the fourth quarter. Professional services firms reported a significant increase in sales, while a slight pick up was also registered by the finance and insurance sub-sector. As a result, the number of services firms reporting above-normal order books surpassed that of those operating below capacity, as can be seen from Chart 3b. On the other hand, activity in the distributive trades slowed down, whereas in the construction sector it dropped below normal. In both cases, sales grew only marginally, contributing towards a decline in profitability and respondents also indicated that they shed employees.

### Short-term Outlook

Replies to the survey imply that export activity should recover during the first quarter of 2003, with overall growth in sales expected to return to the rates registered in the second and third

quarters of 2002. Manufacturing firms are, in fact, projecting a 2.2% increase in their foreign turnover, with exporters in the food and beverages and machinery and equipment sub-sectors, in particular, forecasting a significant rise in sales. Respondents from the tourism industry expect their sales to remain virtually unchanged during the first quarter of 2003, in contrast with the drop that was reported during the three months to December 2002. Nevertheless, both export-oriented sectors are envisaging a drop in their demand for labour. Profit margins are, in fact, expected to narrow further during the first quarter of 2003, especially in the machinery and equipment sub-sector, as the average price of sales is projected to decline while labour costs are set to rise.

Locally-oriented firms expect sales to continue to grow during the first quarter of 2003, at around the same rate as in the previous quarter. Manufacturing establishments, especially those operating in the food and beverages sub-sector, expressed a positive short-term outlook, while financial services firms projected an acceleration in turnover. On the other hand, firms in the wholesale and retail trades and construction industry are expecting sales to remain virtually unchanged. Profitability is also set to decline across most of the locally-oriented sectors, with the exception of financial services, on account of an expected contraction in selling prices, particularly in the food and beverages and the chemicals manufacturing sub-sectors. As a result, survey participants indicated that they would continue to reduce their labour complement during the first quarter of 2003.

Every six months, survey participants are asked to give an indication of their investment plans and also to submit their expectations of the likely trend of inflation and unemployment for the forthcoming six months. A majority of respondents stated that they did not consider the current period to be appropriate to initiate developments in their company. The number of

(employment-weighted) firms that intend to increase their investment in machinery and equipment during the next twelve months also declined to 33.4% of the sample, down from 43.7% in the preceding survey. Respondents indicated

that the main factors limiting investment remained the relatively low level of capacity utilisation and uncertainty about future demand. At the same time, most survey participants expected inflation and unemployment to increase.

## Box 2: GDP GROWTH IN 2002

The Central Bank's Annual Report for 2002 included GDP estimates for that year based on information available until February 2003. In April 2003, however, the National Statistics Office (NSO) published its own provisional estimates for 2002 and revised data for 2001. These estimates, expressed in Lm millions at constant 1995 prices and in percentage changes over the previous year, are presented in the Table below.

As can be seen from the Table, the NSO's estimate puts real GDP growth in 2002 at 1.0%, in contrast with the Central Bank's estimate of 3.1%. A comparison of the expenditure components of GDP as estimated by the NSO and the Central Bank, however, shows that the difference between the two estimates is mainly attributable to inventory changes. While both institutions show negative growth in inventories, the NSO's

**Table 1**  
**GROSS DOMESTIC PRODUCT**  
*(by category of expenditure)*

	2002		
	Jan. - Sept. Economic Survey	Jan. - Dec. NSO	Jan. - Dec. CBM
<b>CONSTANT 1995 PRICES (Lm millions)</b>			
Private consumption	694.2	932.3	930.2
Govt. consumption	201.5	267.8	271.3
Investment	236.2	320.5	321.5
Inventory changes	-40.0	-57.6	-28.5
<b>EXTERNAL BALANCE</b>	<b>-13.6</b>	<b>-36.4</b>	<b>-35.9</b>
Exports	924.5	1,177.2	1,242.2
Imports	938.1	1,213.6	1,278.1
<b>GDP</b>	<b>1,078.4</b>	<b>1,426.6</b>	<b>1,458.6</b>
<b>GDP (excluding inventory changes)</b>	<b>1,118.4</b>	<b>1,484.2</b>	<b>1,487.1</b>
<b>CONSTANT 1995 PRICES (% change)</b>			
Private consumption	2.9	2.7	2.3
Govt. consumption	5.2	2.5	4.0
Investment	-5.1	-4.2	-3.6
Inventory changes*	-3.8	-4.1	-2.0
<b>EXTERNAL BALANCE*</b>	<b>-1.3</b>	<b>-2.6</b>	<b>-2.5</b>
Exports	-1.8	-4.7	0.5
Imports	-2.4	-5.5	-0.5
<b>GDP</b>	<b>2.5</b>	<b>1.0</b>	<b>3.1</b>
<b>GDP (excluding inventory changes)</b>	<b>2.1</b>	<b>2.0</b>	<b>2.2</b>

\* Expressed as a percentage of the previous year's GDP

estimate is substantially higher, at around 4.1% of the previous year's GDP, compared with the Central Bank's estimate of 2%. Indeed, if inventory changes were to be excluded from the computation of GDP in 2001 and 2002, real GDP growth in 2002 would stand at 2% according to the NSO data and at 2.2% according to the Central Bank's estimates.

Other differences between the Central Bank's and the NSO's estimates relate to the export and import components of GDP. The Bank's estimates of real exports and real imports of goods and services put these around 5.5% higher than the NSO's estimates. This variation is almost entirely attributable to differences in estimates of the relevant price deflators, with the NSO putting import and export price inflation considerably higher than the Central Bank. Nevertheless, such differences had a negligible impact on the GDP figure, as the two institutions' estimates of net exports, expressed as a percentage of the previous year's GDP, are broadly similar at around 2.5%.

Meanwhile, the Central Bank's estimates put Government consumption 1.3% higher than the NSO's figures, but this was mainly because the Bank's figures are based on Government finance

data for the first three quarters of the year, while the NSO's are updated with developments during the final quarter.

In sum, it was the inventory changes item that was the main factor responsible for the significant difference in the GDP growth figures reported by the two institutions, which was initially estimated at 2.5% for the first nine months of 2002. Thus, according to the official figures, an inventory rundown equivalent to 3% of GDP in 2001 was followed by a more marked rundown, equivalent to 4% of GDP, in 2002. However, inventory changes as reported in the National Accounts statistics are a residual item which also includes errors and omissions, and which are therefore difficult to forecast.

The Bank estimates that the actual inventory component of this residual item roughly amounts to half of the total figure. It is interesting to note that the electronics industry, which accounts for about half of the turnover of the manufacturing sector, was responsible for about three quarters of the decline in inventories in 2001. In 2002, the same industry once again reported a reduction in inventories, but this was less than half as large as that reported in the previous year.



## 4. THE BALANCE OF PAYMENTS AND THE MALTESE LIRA

In line with the usual seasonal pattern, the current account of the balance of payments recorded the

largest deficit for the year in the fourth quarter of 2002. The shortfall was slightly smaller than that registered in the corresponding period a year earlier as a narrower merchandise trade gap and a wider surplus on services offset a larger deficit on the income account. Net inflows on the capital

**Table 4.1**  
**EXTERNAL BALANCES**<sup>1</sup>

	<i>Lm millions</i>			
	2001		Oct.-Dec. 2002	
	Credit	Debit	Credit	Debit
<b>Current account balance</b>		<b>54.5</b>		<b>54.2</b>
Goods and services	332.7	371.5	366.7	382.4
Goods balance		67.3		51.5
Goods	221.4	288.8	250.2	301.8
Services balance	28.6		35.8	
Services	111.3	82.7	116.4	80.6
Transport	31.8	35.7	32.6	38.3
Travel	55.3	22.0	62.3	16.5
Other services	24.2	25.0	21.6	25.8
Income (net)		16.8		35.6
Compensation of employees	0.7	0.8	1.0	0.9
Investment income	76.2	92.9	77.0	112.7
Current transfers (net)	1.0			2.8
<b>Capital and financial account balance</b> <sup>2</sup>	<b>74.8</b>		<b>71.5</b>	
Capital account balance	1.1		0.3	
Financial account balance	73.7		71.2	
Direct investment	207.2			83.1
Abroad		1.8	2.2	
In Malta	208.9			85.3
Portfolio investment		323.7		32.9
Assets		315.7		34.3
Liabilities		8.0	1.4	
Other investment	190.3		187.3	
Assets		346.0		191.5
Liabilities	536.3		378.7	
<b>Overall balance</b>	<b>20.3</b>		<b>17.4</b>	
<b>Movements in reserves</b> <sup>3</sup>		<b>68.0</b>		<b>40.9</b>
<b>Net errors and omissions</b>	<b>47.7</b>		<b>23.6</b>	

<sup>1</sup> Provisional.

<sup>2</sup> Excluding movements in official reserves.

<sup>3</sup> Excludes revaluation adjustments.

Source: National Statistics Office

and financial account persisted into the fourth quarter, although at a slower pace than that registered in the corresponding quarter of 2001. As a result, the official reserves rose further, albeit less rapidly, in the quarter reviewed.

Meanwhile, the Maltese lira lost ground against the euro and appreciated against most of the other major currencies as the euro strengthened considerably on international foreign exchange markets.

### The Current Account

As can be seen from Table 4.1, the current account deficit narrowed marginally to Lm54.2 million during the December quarter. This was roughly on a par with the fourth-quarter deficits recorded prior to 2000, when the shortfall was exceptionally high. The improvement reflected increased exports and a wider surplus on the

services account, which to some extent were offset by a widening of the deficit on the income account.

### Merchandise trade<sup>1</sup>

The merchandise trade gap narrowed again during the last quarter of 2002. As can be seen from Table 4.2, a breakdown of the merchandise trade account compiled from Customs data show a year-on-year rise in exports of Lm36.3 million that outpaced an increase in imports of Lm14.7 million. The trade gap continued to decline in January 2003.

Both domestic exports and re-exports increased. Indeed, after having contracted in the first half of the year, domestic exports expanded in the second half, growing by 13.8% in the fourth quarter alone. This expansion was mainly attributable to higher exports of farmed fish, which for the first time had a significant impact on

**Table 4.2**  
**MERCHANDISE TRADE**  
(based on Customs data)

	Oct.-Dec.		Change
	2001	2002 <sup>1</sup>	Lm millions
<b>Imports</b>	<b>306.4</b>	<b>321.1</b>	<b>14.7</b>
Consumer goods	75.8	81.5	5.7
Industrial supplies	160.4	160.3	-0.1
Capital goods and others	48.1	50.3	2.2
Fuel and lubricants	22.1	29.0	6.9
<b>Exports</b>	<b>212.3</b>	<b>248.6</b>	<b>36.3</b>
Domestic	187.7	213.6	25.9
Re-exports	24.6	35.0	10.4
<b>Trade balance</b>	<b>-94.1</b>	<b>-72.5</b>	<b>21.6</b>

<sup>1</sup> The data on merchandise trade analysed in this section differ from those published by the National Statistics Office to take into account a subsequent upward revision to the figure for food exports.

Source: National Statistics Office

<sup>1</sup> The data on merchandise trade analysed in this section differ from those published by the National Statistics Office to take into account a subsequent upward revision to the figure for food exports.

Malta's export performance. In addition, exports of machinery and transport equipment, which include electronic goods, continued growing after having dropped in the first half of the year, suggesting that external demand for these goods was slowly picking up again. Meanwhile, re-exports surged by 42.3%, with fuels and lubricants, as well as machinery and transport equipment, being the main growth areas.

Imports increased by 4.8% compared with the corresponding quarter of 2001. An increase in oil prices, which pushed up the fuel import bill, accounted for around half the rise. Furthermore, imports of consumer goods continued to grow, rising by 7.5%, with durable goods accounting for most of the increase. On the other hand, imports of industrial supplies remained stable.

### ***Services, income and transfers***

The surplus on the services account widened by Lm7.2 million to Lm35.8 million when compared to the fourth quarter of 2001. This was fully attributable to net travel receipts, which rose by Lm12.5 million, reversing the downward trend of the previous four quarters and compensating for the drop registered during the first three quarters of the year. Receipts from incoming tourism recovered after having fallen sharply during the final quarter of 2001, rising by Lm7 million to Lm62.3 million, as the number of tourists picked up. At this level, travel receipts had regained the level recorded in the corresponding quarter of 2000. Meanwhile, spending by residents travelling abroad dropped by Lm5.5 million on a year-to-year basis.

Higher interest payments made by international banking institutions as well as dividends paid to the parent company abroad by a manufacturing firm led to a doubling of the deficit on the income account to Lm35.6 million. Furthermore, the current transfers account registered a deficit of Lm2.8 million as inward private transfers fell.

### **The Capital and Financial Account**

Net inflows on the capital and financial account (excluding movements in the official reserves) were down by Lm3.3 million when compared with the corresponding quarter of 2001. The drop was attributable to net outflows of Lm83.1 million on the direct investment account as opposed to net inflows of Lm207.2 million registered during the fourth quarter of 2001. This shift reflected higher repayments of inter-company loans made by Maltese subsidiaries to their foreign parents in 2002. Moreover, with dividend payments to non-resident shareholders increasing, retained profits, which are recorded as capital inflows in the form of reinvested earnings, dropped. In addition, net inflows on the other investment account decreased as the monetary sector recorded slower growth in non-residents' deposits. In contrast, net outflows on the portfolio investment account decreased by Lm290.8 million as the monetary sector invested less in debt securities abroad than it had in 2001.

As a result of these developments, the balance of payments ended the last quarter of the year with an overall surplus of Lm17.4 million. Hence, the official reserves continued to rise, expanding by Lm40.9 million, with net errors and omissions amounting to Lm23.6 million.

### **The Maltese Lira**

Reflecting the euro's appreciation against the dollar on the international currency markets, the Maltese lira gained 4.9% against the US dollar and lost 1.2% against the euro during the quarter reviewed. In addition, as can be seen from Chart 4.1, the lira also appreciated against the pound sterling and the Japanese yen. Indeed, the lira continued to strengthen against sterling and the yen and to depreciate against the euro into March 2003. In contrast, the lira weakened slightly against the US dollar.

In terms of quarterly averages, the appreciation of

**Table 4.3****MALTESE LIRA EXCHANGE RATES AGAINST SELECTED MAJOR CURRENCIES**

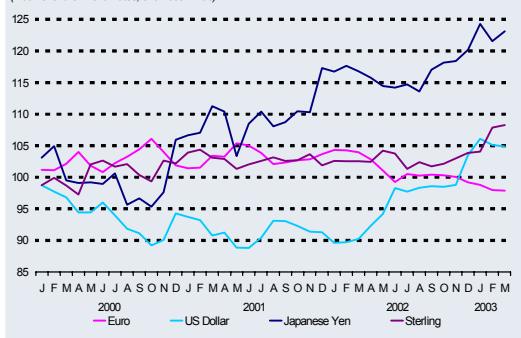
Period	Euro	US\$	Stg	Yen
Average for Qtr. 4 2002	2.4125	2.4130	1.5352	295.5
Average for Qtr. 4 2001	2.4820	2.2233	1.5410	274.9
% change	-2.8	8.5	-0.4	7.5
Closing rate on 31.12.2002	2.3910	2.5074	1.5553	297.7
Closing rate on 28.09.2002	2.4207	2.3893	1.5240	289.8
% change	-1.2	4.9	2.1	2.7
High for Qtr. 4	2.4269	2.5074	1.5606	302.5
	(Oct. 18)	(Dec. 31)	(Dec. 31)	(Dec. 05)
% change from average	0.6	3.9	1.7	2.4
Low for Qtr. 4	2.3895	2.3580	1.5181	290.0
	(Dec.31)	(Oct. 18)	(Oct. 07)	(Nov. 27)
% change from average	-1.0	-2.3	-1.1	-1.9

the lira against the dollar and the yen over the corresponding quarter of 2001 amounted to 8.5% and 7.5%, respectively. Correspondingly, the lira's depreciation against the euro was of 2.8%, as Table 4.3 shows.

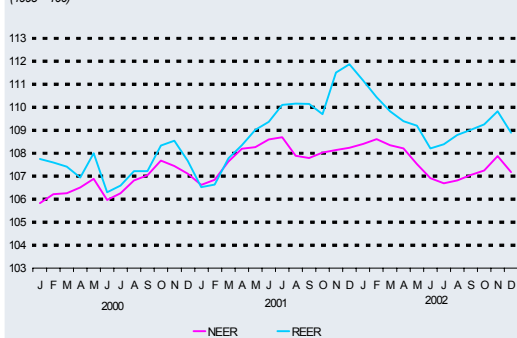
Movements in the nominal (NEER) and real (REER) effective exchange rate indices for the Maltese lira are illustrated in Chart 4.2. As the

Chart shows, on balance the two indices barely moved over the quarter. Having risen in October and November, they fell in December. In the case of the REER index, this reflected upward price pressures abroad, which exceeded those experienced in Malta. Indeed, this wider price differential was enough to outweigh the marginal nominal appreciation of the lira against most major currencies.

**Chart 4.1**  
EXCHANGE RATE MOVEMENTS OF THE MALTESE LIRA AGAINST SELECTED CURRENCIES  
(index of end-of-month rates, end-1999 = 100)



**Chart 4.2**  
REAL AND NOMINAL EFFECTIVE EXCHANGE RATE INDICES FOR THE MALTESE LIRA  
(1995 = 100)



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## 5. GOVERNMENT FINANCE<sup>1</sup>

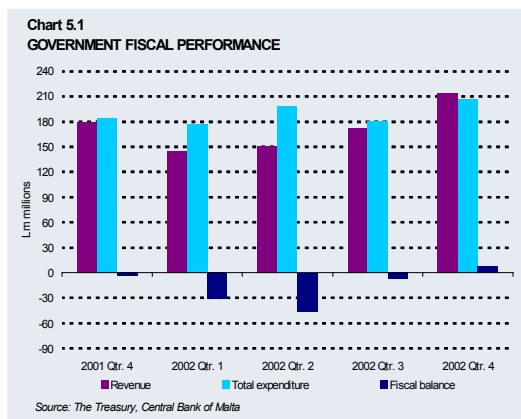
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The fiscal deficit for 2002 has been provisionally estimated at Lm78.5 million, down by Lm6.8 million from the previous year's level and only marginally above the original projection. On the basis of these estimates, the ratio of the deficit to GDP was expected to fall to 4.6% from 5.2% in 2001. As Chart 5.1 shows, fiscal operations during the December quarter were anticipated to sustain the improvement in the Government's budgetary position registered in the third quarter. In fact, the financial estimates for 2002 imply that the fiscal balance for the quarter should swing to a surplus of Lm7.1 million from a deficit of Lm 4.3 million in the same quarter of the previous year. As the Chart also shows, this further improvement in the fiscal position is expected to result from a sharp increase in Government revenue which will more than offset a simultaneous rise in expenditure.

### Revenue

Government revenue is expected to reach Lm213.5 million during the quarter, equivalent to about a



third of the year's total and up by 19.1% when compared to the same quarter of 2001, with higher receipts from direct taxation accounting for nearly three-fifths of the overall increase. In fact, as Table 5.1 shows, the yield from income tax is expected to surge by 29.7% to Lm68.5 million during the quarter. Social security contributions are anticipated to grow at a slower pace, however, as labour market conditions remained weak.

The yield from indirect taxation is also projected to record strong gains in the final quarter of 2002, up by 16.4% and accounting for most of the remaining increase in revenue. Higher private consumption expenditure is expected to translate into higher receipts from VAT, while income from licences, taxes and fines, boosted by the reclassification of the Public Lotto Department's profits, is also expected to rise considerably. In contrast, the yield from customs and excise duties is anticipated to be lower than in the corresponding quarter of 2001, though this in part reflects a timing difference in duty payments by Enemalta Corporation.

In spite of the above-mentioned reclassification of lotto profits, non-tax revenue is still expected to grow by Lm2.1 million, mainly on account of higher receipts by way of EU pre-accession funds and the fees charged on the registration of previously undeclared assets held abroad under the Investment Registration Scheme.

### Expenditure

Total outlays are projected to rise by Lm22.8 million, or 12.4%, in the final quarter of 2002, such that the expenditure growth rate for the year as a whole should rise to 9.6% from the 8.5% rate registered in the first nine months of the year. Higher capital spending and the growing cost of

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<sup>1</sup> Final fiscal data for the fourth quarter of 2002 were not yet available as at the cut-off date for this publication. Consequently, Government revenues and expenditures for the period were derived from the revised estimates for the whole year, published by the Ministry of Finance in November 2002, by subtracting the actual values relating to the first nine months of the year from the annual data. However, information available after the cut-off date indicates that during 2002 the deficit widened to Lm87.7 million, as revenue did not meet the targets presented in November.

**Table 5.1****GOVERNMENT BUDGETARY OPERATIONS <sup>1</sup>***Lm millions*

	2001	2002	Change	
	Qtr. 4	Qtr. 4	Amount	%
<b>REVENUE</b>	<b>179.3</b>	<b>213.5</b>	<b>34.2</b>	<b>19.1</b>
<b>Direct tax</b>	<b>89.0</b>	<b>109.0</b>	<b>20.0</b>	<b>22.5</b>
Income tax	52.8	68.5	15.7	29.7
Social security contributions <sup>2</sup>	36.1	40.5	4.4	12.2
<b>Indirect tax</b>	<b>74.0</b>	<b>86.1</b>	<b>12.1</b>	<b>16.4</b>
Value Added Tax	31.4	39.8	8.4	26.8
Customs and excise duties	22.0	17.5	-4.5	-20.5
Licences, taxes and fines	20.7	28.8	8.1	39.1
<b>Non-tax revenue</b>	<b>16.3</b>	<b>18.4</b>	<b>2.1</b>	<b>12.9</b>
Central Bank profits	0.0	0.0	0.0	-
Other <sup>3</sup>	16.3	18.4	2.1	12.9
<b>RECURRENT EXPENDITURE <sup>2</sup></b>	<b>172.2</b>	<b>173.8</b>	<b>1.6</b>	<b>0.9</b>
Personal emoluments	49.5	49.9	0.4	0.8
Operational and maintenance	12.9	10.5	-2.4	-18.6
Programmes and initiatives	69.8	75.7	5.9	8.5
Contributions to entities	26.1	22.7	-3.4	-13.0
Interest payments	13.6	14.5	0.9	6.6
Other	0.3	0.4	0.1	33.3
<b>CURRENT BALANCE <sup>4</sup></b>	<b>7.1</b>	<b>39.8</b>	<b>32.7</b>	<b>460.6</b>
<b>CAPITAL EXPENDITURE</b>	<b>11.4</b>	<b>32.6</b>	<b>21.2</b>	<b>186.0</b>
<b>TOTAL EXPENDITURE</b>	<b>183.6</b>	<b>206.4</b>	<b>22.8</b>	<b>12.4</b>
<b>FISCAL BALANCE <sup>5</sup></b>	<b>-4.3</b>	<b>7.1</b>	<b>11.4</b>	<b>-265.1</b>

<sup>1</sup> Data for the fourth quarter of 2002 are estimates derived from the *Financial Estimates 2003*, which was published by the Ministry of Finance in November 2002.

<sup>2</sup> Government contributions to the social security account in terms of the Social Security Act, 1987, are excluded from both revenue and expenditure.

<sup>3</sup> Includes grants but excludes revenue from sale of assets and sinking funds of converted loans.

<sup>4</sup> Revenue less recurrent expenditure.

<sup>5</sup> Revenue less total expenditure.

Source: *Ministry of Finance and The Treasury*

programmes and initiatives will be mainly responsible for the overall expenditure increase.

Expenditure on personal emoluments is expected to remain practically unchanged from the previous year's level, as the drop in the number of

Government employees should compensate for the effect of annual wage increments. At the same time, operational and maintenance expenses are expected to fall by Lm2.4 million, possibly reflecting timing differences in the purchases of medical supplies and early settlement of utility

bills. In contrast, an increase in spending on Treasury pensions and the National Programme for the Adoption of the *Acquis* (NPAA) should lead to a Lm5.9 million increase in outlays on programmes and initiatives.

Contributions to Government entities are anticipated to drop by Lm3.4 million, as this expenditure item had risen exceptionally in December 2001 following the reclassification of a number of subsidies previously recorded as capital expenditure or accounted for through the Treasury Clearance Fund (TCF). Since these outlays were spread out evenly during 2002, contributions to entities in the fourth quarter of the year are expected to be lower than in the same quarter of 2001, and this in spite of the incorporation in the Consolidated Fund account

of expenses that in previous years were recorded in the TCF.

Meanwhile, the increase in Government long-term indebtedness registered in 2001 will continue to exert upward pressure on interest payments during the final quarter of 2002. On the other hand, the projected surge in capital expenditure, which is expected to account for almost the entire spending increase for the quarter, reflects two main factors: higher spending on the new hospital and the above-mentioned reclassification of subsidies.

### Government Debt and Financing Operations

The major financing operations carried out during the December quarter of 2002 involved an

**Table 5.2**

## GOVERNMENT DEBT AND FINANCING OPERATIONS

*Lm millions*

	2001	2002			
	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
<b>FISCAL BALANCE</b>	<b>-4.3</b>	<b>-31.9</b>	<b>-46.6</b>	<b>-7.1</b>	<b>7.1</b>
<i>Financed by:</i> <sup>1</sup>					
Increase in MGS outstanding	21.2	0.0	0.0	0.1	0.0
Increase in foreign loans	4.2	-0.5	-2.0	-0.7	7.9
Proceeds from sale of assets	0.0	0.0	0.0	19.0	9.9
Contributions to sinking funds	-5.6	0.0	-5.6	0.0	-5.6
Sinking funds of converted loans	22.0	0.0	0.0	0.0	13.3
Increase in Treasury bills outstanding	-15.8	33.6	5.8	-6.5	26.4
Decrease in Government deposits	-4.6	4.1	31.6	-45.0	33.7
Net cash movement and other funds <sup>2</sup>	-17.1	-5.3	16.8	40.2	-92.7
<b>GROSS GOVERNMENT DEBT</b>	<b>1,012.8</b>	<b>1,045.8</b>	<b>1,049.6</b>	<b>1,042.6</b>	<b>1,076.9</b>
Malta Government stocks	812.9	812.9	812.9	813.0	813.0
Treasury bills	159.5	193.1	198.9	192.4	218.8
Foreign loans	40.4	39.9	37.9	37.2	45.1

<sup>1</sup> Negative figures indicate an application of funds, meaning that the Government would also have to finance these transactions in addition to the deficit during the quarter.

<sup>2</sup> This figure represents the difference between the fiscal balance and the sources of financing utilised during the quarter. A positive figure indicates a shortfall in financing, while a negative figure indicates overfinancing during the quarter.

Source: Malta Stock Exchange, Ministry of Finance and Central Bank of Malta.

increase in the Treasury bill issue and the sale of 20% of Government's shareholding in Malta International Airport (MIA). In addition, as Table 5.2 shows, the Government received some Lm13.3 million from sinking funds of converted loans and increased its borrowing from foreign sources. This borrowing from abroad followed an agreement reached with the Council of Europe Development Bank on the part-financing of the new hospital. The Government also drew down Lm33.7 million in deposits that had been built up through two stock issues towards the end of September in order to redeem stocks that matured in October.<sup>2</sup> On the other hand, Lm5.6 million were put aside in contributions to sinking funds during

the quarter.

The Gross Government debt at the end of December was up by Lm34.3 million, or 3.3%, from its level at the end of September. The composition of the debt shifted towards debt instruments with a shorter maturity, with the share of Treasury bills rising to 20.3% of the total, while that of Malta Government stocks (MGS) fell to 75.5% from 78% at the end of September. Credit institutions held some 70% of the Treasury bills and nearly half the MGSs outstanding at the end of December. On the other hand, households held more than a third of MGSs in issue at the end of the year.

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<sup>2</sup> See December 2002 *Quarterly Review*, p 35.



## 6. MONETARY AND FINANCIAL DEVELOPMENTS

Broad money, which had registered relatively solid gains in the previous three quarters of the year, expanded less rapidly during the December quarter. The slowdown reflected the continued weakness in credit growth, combined with a drop in the net foreign assets of the banking system. Monetary growth continued to decelerate into January, despite a recovery in the net foreign assets of the banking system, as credit growth remained subdued.

Having last cut rates early in the year, the Central Bank eased its monetary policy stance further, reducing official interest rates by a quarter of a percentage point to 3.75% in December. Short-term interest rates declined towards the end of the quarter, with Treasury bill yields anticipating the reduction in official rates, whereas retail bank

deposit and lending rates followed official interest rates down. In contrast, Government bond yields fell in October, but otherwise remained steady into February. Equity prices registered the first quarterly increase in over two years.

### The Monetary Base

The monetary base, M0, which consists of currency in issue and banks' deposits with the Central Bank, excluding term deposits, expanded by Lm56.1 million, or 10.1%, during the quarter. As Table 6.1 shows, most of this reflected an increase in banks' deposits with the Central Bank, which, in turn, was mainly due to a drop in items in suspense that had risen at the end of the previous quarter. Currency in issue, the other component of M0, gained only Lm4.8 million, compared with Lm6.6 million in the previous quarter, despite a strong seasonal increase in December.

A marked increase in the Central Bank's foreign

**Table 6.1**  
**THE MONETARY BASE AND ITS SOURCES**

	<i>Lm millions</i>		
	Sept. 2002	Dec. 2002	Change
Currency in issue	456.4	461.2	4.8
Banks' deposits with the Central Bank <sup>1</sup>	100.2	151.6	51.3
<b>MONETARY BASE</b>	<b>556.7</b>	<b>612.8</b>	<b>56.1</b>
<b>CENTRAL BANK ASSETS</b>			
Foreign assets	841.9	880.8	39.0
Claims on Government	2.3	4.3	1.9
Fixed and other assets	51.8	50.8	-1.0
<i>Less:</i>			
<b>REMAINING LIABILITIES</b>			
Government deposits	77.3	43.0	-34.4
Other deposits	7.1	7.6	0.5
Foreign liabilities	1.3	7.0	5.7
Other liabilities	154.0	170.3	16.2
Capital and reserves	99.6	95.3	-4.3

<sup>1</sup>Excluding term deposits, which are shown with "other liabilities".

assets, combined with a sizeable contraction in Government deposits, drove growth in the monetary base. These developments offset the contractionary effects on M0 of an increase in other liabilities, which originated mainly from a rise in the Bank's profits and, to a lesser extent, from an increase in outstanding term deposits with the Bank.

### Monetary Aggregates

Monetary growth slowed down during the December quarter, with broad money, M3, increasing by only 0.8% compared with growth rates of between 2% and 3.7% in the previous four quarters, as Table 6.2 shows. Underlying this development was weak growth in both narrow money and quasi-money, with the latter accounting for most of the slowdown. Accordingly, the annual growth rate of M3, which had steadily risen over the previous two years,

dipped to 10.4% at the end of the fourth quarter, as Chart 6.1 indicates, and edged down further in January 2003.

Narrow money, M1, which had added Lm25 million in the previous quarter, rose by just Lm0.2 million in the quarter under review, as an increase in demand deposits was offset by a contraction in currency in circulation. Both corporate and personal demand deposits declined, with the latter possibly reflecting withdrawals to acquire bonds, following several corporate bond issues during the quarter.<sup>1</sup> Meanwhile, currency in circulation fell in October and November and, counter to the usual seasonal pattern, rose only slightly in December.

After growing by 3.6% in the previous quarter, quasi-money expanded by just 1%, during the fourth quarter, mainly as a result of slower growth in time deposits. This slowdown may reflect a

**Table 6.2**  
**MONETARY AGGREGATES**  
(Changes on the previous quarter)

	<i>Lm millions</i>									
	2001				2002					
	Qtr. 4		Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>1. NARROW MONEY</b>	<b>-5.1</b>	<b>-0.8</b>	<b>7.9</b>	<b>1.3</b>	<b>11.5</b>	<b>1.8</b>	<b>25.0</b>	<b>3.8</b>	<b>0.2</b>	<b>0.0</b>
Currency in circulation	5.3	1.3	0.2	0.0	11.6	2.8	7.3	1.7	-1.2	-0.3
Demand deposits	-10.4	-4.6	7.7	3.6	-0.2	-0.1	17.7	7.9	1.4	0.6
<b>2. QUASI-MONEY</b>	<b>70.5</b>	<b>3.4</b>	<b>90.3</b>	<b>4.3</b>	<b>45.5</b>	<b>2.1</b>	<b>82.2</b>	<b>3.6</b>	<b>22.5</b>	<b>1.0</b>
Savings deposits	27.7	4.3	16.3	2.4	-5.6	-0.8	18.7	2.7	12.0	1.7
of which FCDs <sup>1</sup>	10.9	7.6	6.3	4.1	-6.1	-3.8	1.8	1.1	5.0	3.2
Time deposits	42.8	3.1	74.0	5.1	51.1	3.4	63.5	4.0	10.5	0.6
of which FCDs <sup>1</sup>	5.9	5.2	21.9	18.6	-2.9	-2.0	35.1	25.6	-10.2	-5.9
<b>3. BROAD MONEY</b>	<b>65.4</b>	<b>2.4</b>	<b>98.2</b>	<b>3.6</b>	<b>56.9</b>	<b>2.0</b>	<b>107.2</b>	<b>3.7</b>	<b>22.8</b>	<b>0.8</b>

<sup>1</sup> i.e. Foreign currency deposits, including external Maltese lira deposits.

<sup>1</sup> Information on the breakdown of deposits by type of owner and maturity relates to deposits with deposit money banks only. The analysis excludes the effects arising from the reclassification of Volksbank Malta Ltd as a deposit money bank and from the merger of HSBC Overseas Bank (Malta) Ltd with its parent.

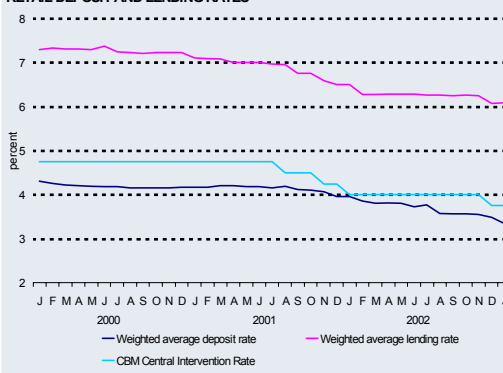
**Chart 6.1**  
**MONETARY AGGREGATES**  
(percentage change on previous year)



shift from deposit holdings into alternative assets, including corporate bonds and collective investment schemes. Quasi-money, however, posted a modest increase in January 2003, with both savings and time deposits moving higher.

Time deposits, which expanded strongly in the previous four quarters, driven by growth in personal balances, advanced by just Lm10.5 million, or 0.6%, in the quarter under review, as personal time deposits grew less rapidly. Meanwhile, a drop in foreign currency deposits partly reversed the previous quarter's rise and accounted for a modest decline in corporate time balances. On the other hand, public sector enterprises increased their time deposits substantially, with most of this rise occurring in October.

**Chart 6.2**  
**RETAIL DEPOSIT AND LENDING RATES**



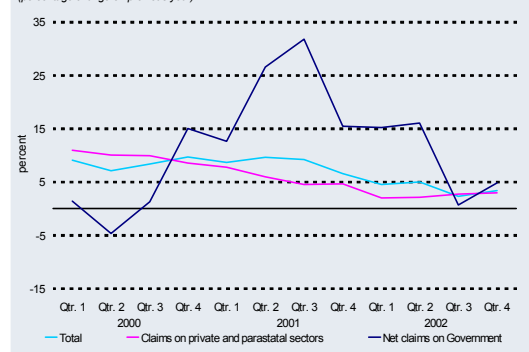
Savings deposits expanded further in the fourth quarter, although at 1.7% the growth rate was lower than that registered in the previous quarter, as Table 6.2 shows. These deposits benefited from the addition of annual interest in December, implying that underlying growth was slower. Whereas personal savings balances expanded strongly, the corporate sector increased its holdings only slightly, and deposits belonging to public sector enterprises declined.

The weighted average interest rate on Maltese lira deposits, depicted in Chart 6.2, hardly changed in the final quarter of 2002. However, it shed 16 basis points in January 2003, following the cut in official interest rates. Thus, at the end of January, demand deposits offered a rate of 0.93%, while savings and time deposits offered rates of 1.64% and 4.35%, respectively.

### Counterparts to Monetary Expansion

After contracting slightly in the previous quarter, domestic credit expanded by Lm20.9 million, or 0.9%, during the quarter under review. Net claims on Government, which had declined substantially in the previous quarter, rose moderately, while claims on the private and parastatal sectors continued to expand. The rebound in net claims on Government helped raise the annual growth rate of domestic credit to 3.3% but, as Chart 6.3 indicates, the growth rate remained low, reflecting

**Chart 6.3**  
**DOMESTIC CREDIT**  
(percentage change on previous year)



a steady deceleration in claims on the private and parastatal sectors that extended into the beginning of 2003.

The sluggish growth in domestic credit observed in recent quarters largely reflected developments in bank loans and coincided with an acceleration in corporate bond issues by the private sector. This suggests that larger corporate borrowers are increasingly turning to the capital market, rather than relying exclusively on bank finance. Bank lending remained weak despite the gradual decline in nominal lending rates, shown in Chart

6.2, and the current high levels of liquidity in the banking system, as banks continued to pursue stricter lending policies.

Claims on the private and parastatal sectors added 0.5% during the quarter reviewed as claims on the private sector picked up. In turn, loans and advances, which account for around 95% of outstanding claims on the private and parastatal sectors, went up by Lm7.6 million, or 0.4%, as can be seen in Table 6.4. Underlying this increase was a surge in lending to the tourism industry, combined with further borrowing by the personal

**Table 6.3**  
**COUNTERPARTS TO MONETARY GROWTH**  
(Changes on the previous quarter)

	<i>Lm millions</i>									
	2001		2002							
	Qtr. 4		Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>BROAD MONEY</b>	<b>65.4</b>	<b>2.4</b>	<b>98.2</b>	<b>3.6</b>	<b>56.9</b>	<b>2.0</b>	<b>107.2</b>	<b>3.7</b>	<b>22.8</b>	<b>0.8</b>
<b>1. DOMESTIC CREDIT</b>	<b>-3.8</b>	<b>-0.2</b>	<b>35.4</b>	<b>1.5</b>	<b>27.3</b>	<b>1.2</b>	<b>-5.8</b>	<b>-0.2</b>	<b>20.9</b>	<b>0.9</b>
a) Net claims on Govt.	-7.8	-1.6	26.4	5.6	35.6	7.1	-51.3	-9.6	12.1	2.5
Gross claims on Govt.	-3.2	-0.6	22.3	4.0	4.0	0.7	-6.3	-1.1	-21.6	-3.7
Central Bank	-6.0	-51.0	-1.2	-21.1	0.4	9.7	-2.6	-53.0	1.9	82.6
Banks	2.8	0.5	23.5	4.3	3.5	0.6	-3.7	-0.6	-23.5	-4.1
Less:										
Government deposits <sup>1</sup>	4.6	6.0	-4.1	-5.0	-31.6	-40.8	45.0	98.2	-33.7	-37.1
Central Bank	7.2	11.7	-2.4	-3.5	-33.2	-49.7	43.8	130.6	-34.4	-44.4
Banks	-2.6	-17.2	-1.7	-13.7	1.5	14.0	1.2	9.9	0.6	4.7
b) Claims on private and parastatal sectors	4.0	0.2	9.0	0.5	-8.3	-0.4	45.6	2.5	8.8	0.5
<b>2. NET FOREIGN ASSETS</b>	<b>86.5</b>	<b>8.7</b>	<b>62.2</b>	<b>5.7</b>	<b>24.3</b>	<b>2.1</b>	<b>145.6</b>	<b>12.4</b>	<b>-20.8</b>	<b>-1.6</b>
Central Bank	71.6	10.4	22.6	3.0	-2.3	-0.3	59.9	7.7	33.3	4.0
Banks	15.0	4.9	39.6	12.2	26.6	7.3	85.7	22.0	-54.0	-11.4
Less:										
<b>3. OTHER ITEMS (NET)</b>	<b>17.3</b>	<b>2.7</b>	<b>-0.7</b>	<b>-0.1</b>	<b>-5.3</b>	<b>-0.8</b>	<b>32.7</b>	<b>5.0</b>	<b>-22.6</b>	<b>-3.3</b>

<sup>1</sup> Includes Sinking Fund and other Treasury Clearance Fund investments which are generally not readily available for liquidity purposes.

sector, most of which was related to housing. On the other hand, credit to manufacturing declined significantly, partly reflecting loan repayments by a company that had issued bonds, while outstanding loans to the 'all other' category fell by 5.9%, as a public sector institution switched its borrowing from a local bank to a foreign source. Furthermore, Table 6.4 shows that lending to various other categories of borrower remained weak.

Net claims on Government have tended to be volatile in recent quarters, as Table 6.3 indicates. After having contracted sharply during the previous quarter, they increased by 2.5% during the quarter reviewed, mainly reflecting a contraction in Government deposits with the Central Bank, as maturing bonds were redeemed in October. This drop countered a reduction in the Treasury bill portfolio held by the banking system.

The net foreign assets of the banking system

shed Lm20.8 million, or 1.6%, in the quarter under review. This followed over a year and a half of generally vigorous growth, fuelled by relatively strong capital flows from abroad. The drop may be partly explained by a seasonal deterioration in the current account balance compared with the third quarter. In January 2003, however, the net foreign assets of the banking system staged a partial recovery, expanding by Lm14.1 million.

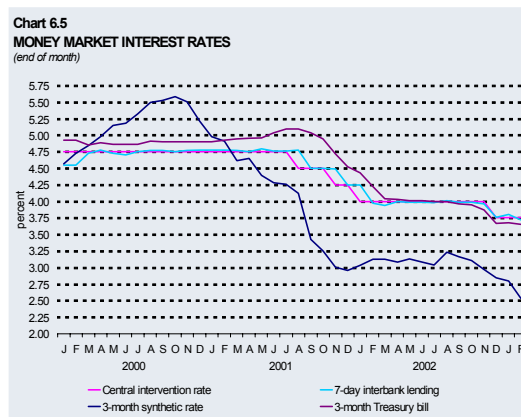
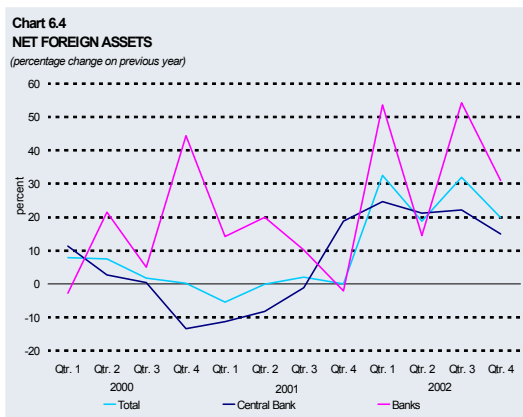
As Table 6.3 shows, the net foreign assets of the Central Bank added Lm33.3 million, or 4%, during the quarter reviewed. Nevertheless, their annual growth rate dropped to 14.9% in December, as Chart 6.4 indicates, on account of stronger growth in the same quarter of 2001. During the quarter under review the Bank's foreign reserves were boosted mainly by net purchases of foreign currency from the rest of the banking system, and, to a lesser extent, by the proceeds of an official loan from abroad.

In contrast, the net foreign assets of the rest of

**Table 6.4**  
**CREDIT TO SELECTED CATEGORIES OF BORROWER<sup>1</sup>**

	<i>Lm millions</i>			
	2002		2002	
	Qtr. 3	Qtr. 4	Change	%
	Amount	Amount		
Energy and water	92.0	93.6	1.6	1.7
Transport, storage and communication	133.4	133.6	0.2	0.2
Agriculture and fisheries	10.4	10.3	-0.1	-0.9
Manufacturing	197.9	192.4	-5.5	-2.8
Building and construction	93.8	91.2	-2.6	-2.8
Tourism	245.1	255.0	10.0	4.1
Wholesale and retail	299.9	298.1	-1.8	-0.6
Personal	506.4	522.4	16.1	3.2
Other services	83.5	82.1	-1.4	-1.7
All other	147.7	138.9	-8.8	-5.9
<b>TOTAL</b>	<b>1,810.0</b>	<b>1,817.7</b>	<b>7.6</b>	<b>0.4</b>

<sup>1</sup> Including bills discounted. Comprises credit to private and public sector borrowers.



the banking system contracted by Lm54 million, or over 11%, after having risen sharply during the previous quarter. The holdings of the deposit money banks dropped by Lm68.4 million, reflecting institutional changes and the net sales of foreign currency to the Central Bank mentioned earlier.<sup>2</sup> After taking institutional changes into account, the international banks' net foreign assets also decreased, largely because one institution reported a sharp drop in current profits.

Other items (net) contracted by Lm22.6 million, or 3.3%, during the December quarter.<sup>3</sup> Part of this decline is explained by an increase in the deposit money banks' interest due and unreceived, and, to a lesser extent, by a fall in interest accrued and unpaid. Meanwhile, the fall in the international banks' profits also contributed to the contraction in other items (net).

## The Money Market

The Central Bank eased its monetary policy stance further in December, reducing the central intervention rate by 25 basis points to 3.75%. Yields on domestic money market instruments

dropped during the quarter reviewed, as Chart 6.5 shows, possibly in anticipation of the reduction in the central intervention rate.

The banking system continued to be characterised by excess short-term liquidity, which was absorbed by the Central Bank through weekly auctions of 14-day term deposits, thus ensuring that money market interest rates were kept in line with the monetary policy stance. On aggregate, the Bank absorbed Lm902.5 million in this way, compared with Lm536.3 million in the previous quarter, with the interest rate paid on these deposits falling to 3.7% following the cut in official rates. For the fourth consecutive quarter, the Bank did not inject any funds through reverse repos.

Given the ample amount of funds at hand, banks hardly participated in the interbank market, with turnover dropping to Lm22.8 million from Lm26 million in the previous quarter, as only five deals were struck. Interbank loans with a fourteen-day tenor accounted for just under than two-thirds of turnover, with loans maturing within a week making up the rest. The interest rate on one-week

<sup>2</sup> The merger of HSBC Overseas Bank (Malta) Ltd with its parent led to a drop in the net foreign assets of the deposit money banks and a concurrent rise in those of the international banks. The inclusion of Volksbank Malta Ltd with the deposit money banks had an opposite, smaller effect. These institutional changes had no impact on the net foreign assets of the banking system overall.

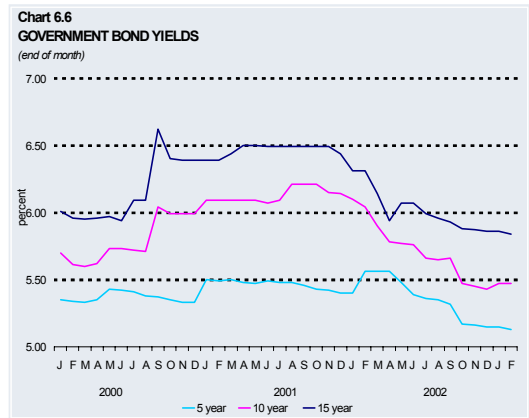
<sup>3</sup> Other items (net) consist of the non-monetary liabilities of the banking system, such as debt securities issued and accrued interest payable, together with capital and reserves, less the banking system's other assets, including fixed assets and accrued interest receivable.

loans ended the quarter 25 basis points below their end-September level at 3.76%.

The Treasury made more extensive use of short-term debt to finance its operations, issuing Lm205.7 million worth of bills, compared with Lm165.9 million in the previous quarter.<sup>4</sup> Banks purchased about 70% of these issues, while other investors, most notably Malta Government Sinking Funds, took up the remainder. Over four-fifths of the total issued consisted of bills with a three-month term to maturity, with six-month bills accounting for the rest. As illustrated in Chart 6.5, strong demand drove the yield on three-month Treasury bills down in November and December, possibly in anticipation of the cut in official interest rates. The three-month Treasury bill yield remained stable thereafter, ending February at 3.65%, below the central intervention rate.

Turnover in the secondary Treasury bill market increased by almost a third compared with the previous quarter, reaching Lm20.4 million. Trading involving the Central Bank in its role as market maker more than doubled to Lm6.5 million, with the Bank being a heavy buyer of bills. Activity outside the Bank remained broadly unchanged, at Lm13.9 million, reflecting a general reluctance to sell bills, given the prevalent levels of liquidity in the banking system. As in the primary market, secondary market rates moved lower towards the end of the quarter as official rates were cut.

Chart 6.5 also shows the synthetic three-month yield, which is a weighted average of money market yields on the three currencies that make up the Maltese lira basket. The synthetic rate extended its downward trend beyond the quarter, following a further easing of the monetary policy stance in major industrial countries, dropping to 2.54% by the end of February. Since the yield on domestic three-month Treasury bills declined by a smaller amount, the differential between the two widened to 111 basis points.



## The Capital Market

Debt securities issuance during the December quarter was limited to the private sector. Whereas one private firm had raised Lm7 million in the previous quarter, three firms issued a total of Lm12.8 million worth of bonds during the quarter under review, while Lm3 million worth of preference shares were redeemed. Bonds were issued with terms to maturity of between 4 and 10 years, offering coupon rates ranging from 6.25% on the 4-year bonds to 7% on the 10-year instruments.

The increasing supply of corporate bonds on the primary market in recent quarters supports the view that firms are slowly shifting their source of funding away from the banking system. Since January 2001, the number of corporate bonds listed on the Malta Stock Exchange almost doubled to 23.<sup>5</sup> Meanwhile, investor demand for corporate bond issues has remained robust, as interest rates on bank deposits have fallen and other alternative assets, such as equities, have performed poorly.

Turnover in the secondary market for Government bonds declined to Lm5.2 million in the three months to December, from Lm23 million in the previous quarter. This was possible due to a

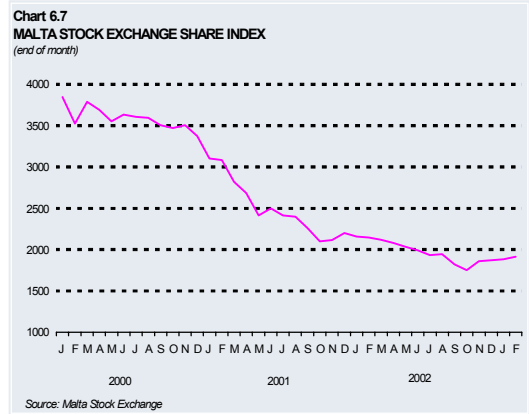
<sup>4</sup> The Treasury also bought back Lm5.9 million of the total amount issued during the quarter.

<sup>5</sup> Includes bonds listed on the main exchange and on the alternative market as at December 30, 2002.

limited supply. Trading was spread rather evenly amongst securities of different maturities. Government bond yields, which had been in steady decline throughout 2002, eased further during the quarter under review, as Chart 6.6 illustrates. In particular, yields dropped following the listing of newly issued Government stock in October, which had been auctioned at a rate below that available on the secondary market. By contrast, the cut in official rates in December did not affect yields, probably reflecting a lack of market liquidity.

Trading in the secondary market for corporate bonds rose only marginally to Lm2.4 million, despite an increase in the number of listed securities following the bond issues mentioned earlier. During the quarter, prices across a broad range of corporate bonds moved higher, resulting in a decline in yields. Over the past two years, however, secondary market turnover in corporate bonds had been picking up as the number of listed securities increased.

During the quarter reviewed, the first company in



over a year was admitted to the Exchange after having been partly privatised. Dealing in the equity market rose by Lm1.5 million to Lm3.8 million, as activity in most of the listed securities picked up. Following a dip in October, share prices recovered in the rest of the quarter, with the Malta Stock Exchange Share Index, illustrated in Chart 6.7, posting a quarterly gain of 2.6%. Share prices continued to rise into the first two months of 2003.



## NEWS NOTES

### **Appointment of Central Bank Directors**

On January 8 the Prime Minister appointed Mr Joseph V. Gatt, ACIB, BA(Hons) Econ to serve as director of the Central Bank of Malta in lieu of Prof Edward Scicluna, PhD, MA, BA(Hons)Econ DSS(Oxon) for a period of five years with effect from January 1, 2003.

On March 5 the Prime Minister appointed Mrs Philomena Meli, BA (Hons) Econ to serve as director of the Central Bank of Malta in lieu of Mr Alfred Lupi, FCCA, MIA, CPAA, BSc (Econ) for a period of five years with effect from January 21, 2003.

### **Issue of Commemorative Coin**

On February 13 the Central Bank of Malta issued the second commemorative coin in the Distinguished Maltese Personalities Series. The silver proof coin is legal tender in Malta for the value of Lm5. The coin has a finesse of 0.925, weighs 28.28gms and has a diameter of 38.61mm. The coat of arms of Malta and the year of issue are shown on the obverse side of the coin. The reverse side shows a portrait of Nicolo' Isouard, the dates of his birth and death (1775 – 1818) and the words “Nicolo' Isouard – Kompozitur” (Nicolo' Isouard – Composer).

### **Set-off and Netting on Insolvency Act, 2003**

On March 5 Parliament enacted Act IV of 2003, which provides for the enforceability of set-off and netting on bankruptcy and insolvency and amends various other commercial and financial laws.

### **Minister of Finance issues Central Bank of Malta (Penalties for Offences and Infringements) Regulations**

On February 28, through Legal Notice No. 75, the Minister of Finance issued the Central Bank of

Malta (Penalties for Offences and Infringements) Regulations, 2003. Through these regulations, penalties may be imposed upon reporting agents, payment system participants and credit or financial institutions, and upon any body corporate that contravenes or fails to comply with specific duties laid down in the Central Bank of Malta Act.

### **Appointment of Competent Authority**

On January 3, through Legal Notices Nos. 1 and 2 of 2003, the Minister of Finance appointed the Malta Financial Services Authority as the Listing and Competent Authority for the purposes of the Financial Markets Act.

### **Investor Compensation and Deposit Guarantee Schemes Regulations**

On January 3, through Legal Notices No. 6 and 7 of 2003, the Minister of Finance made regulations to further strengthen consumer protection in the field of financial services. The Investor Compensation Scheme Regulations provide protection in cases related to licensed investment services providers that go out of business and cannot return money invested by them on behalf of their clients. On the other hand, the Deposit Guarantee Scheme Regulations establish a framework whereby depositors may be entitled to compensation in the event of a bank failure. Legal Notices No. 5 and 8 of 2003, also dated 3 January 2003, brought the regulations into force.

### **Rating Agencies Affirm Ratings**

On March 4 Moody's Investors Service reaffirmed Malta's A3/Prime-2 foreign currency and domestic currency ratings. Moody's retained a negative outlook on Malta's A3 ratings; however, it said that Malta's status as a front-runner to join the European Union at the next enlargement was an important rating factor.

On March 10 Standard & Poor's affirmed Malta's foreign currency rating at A/A1. It also maintained its stable ratings outlook on Malta. Standard & Poor's said the affirmation came as the positive referendum result in favour of joining the European Union lent additional political weight to the Government's pro-European Union stance.

### **Government Stock Issue**

On February 7 the Government announced the issue of an amount not exceeding Lm35 million worth of 5.4% MGS 2010 (Fourth Issue) and an amount not exceeding Lm20 million worth of 5.9% MGS 2015 (Second Issue) Fungibility Issue. The 5.4% stock was issued at par whilst the 5.9% stock was issued at a premium of 2% for amounts not exceeding Lm50,000. Applications that exceeded Lm50,000 were to be made in the form of bids for a minimum and multiples of Lm250,000. The stocks, which were issued on February 21, were heavily oversubscribed, with some three-quarter of the total being taken up by non-bank financial institutions and households.

### **Issue of Bonds by International Hotels Investments p.l.c.**

On February 3 International Hotels Investments p.l.c. offered for sale to the public an aggregate of Lm5.2 million in bonds due in 2013 in any one or a combination of the following issues: Lm5.2 million 6.3% bonds 2013 or EUR12.5 million 6.2% - 6.8% bonds 2013. The bonds, which were issued at par, were underwritten by Bank of Valletta p.l.c and HSBC Bank Malta p.l.c. As the issue was oversubscribed, the company exercised its over-allotment policy and retained Lm6 million out of the Maltese liri bond and EUR8.1 million out of the euro bond, for a total value equivalent to Lm9.4 million.

### **Financial Services Firms Merge**

On January 16 Global Financial Services Group p.l.c. announced that it had merged its operations with the local operations of British American Insurance Co. (Mtius.) Ltd under Globe Holding Limited.

# FINANCIAL POLICY CALENDAR

*This calendar lists policy measures in the monetary, fiscal and exchange rate fields.*

**2000**

## **March 10 : Malta Stock Exchange Bye-Laws Amended**

The Council of the Malta Stock Exchange amends its bye-laws with regard to dealings made by directors and employees in possession of price sensitive information in the listed securities of their companies. The changes are made within the context of the review, undertaken by the Malta Stock Exchange, of market practices and compliance with internationally accepted regulatory standards.

## **March 29 : Italian Financial Aid to Malta**

Italy and Malta sign an agreement providing for the granting of over Lm5 million in Italian financial aid to Malta. This is to be made available under the Fourth Italo-Maltese Protocol on Financial, Economic and Technical Assistance, which covers the years 1996 - 2000.

## **April 12 : Central Bank Abolishes Last Remaining Control on Interest Rates**

The Central Bank of Malta amends Notice No 1 on Interest Rates to remove the provision relating to the maximum rate of interest that banks could charge on loans and advances for the purchase of one residential unit for the occupier's own use. With this amendment, the last remaining control on interest rates is abolished, so that rates will now be determined solely by market conditions.

## **April 28 : Bearer Accounts Phased Out**

Following instructions by the Central Bank of Malta to the local banks, the Malta Commercial Banks' Association announces that all bearer accounts are to be closed by June 30. This measure brings local banking practices in line with international practices and is intended to combat money laundering.

## **June 15 : Malta Withdraws from Offshore Group of Banking Supervisors**

Malta announces its withdrawal from the Offshore Group of Banking Supervisors (OGBS). Membership of the OGBS was deemed to be no longer appropriate for Malta in view of the decision, taken in 1996, to register no new offshore activities on the island and to phase out the existing ones.

## **July 14 : Malta Stock Exchange Regulations Amended**

The Minister of Finance, through Legal Notice No 124, amends the first schedule of the Malta Stock Exchange Regulations, 2000 allowing a "person" rather than an "individual" to obtain a stockbroking licence. The Legal Notice also replaces the existing Stock Exchange Committee with a College of Stockbroking Firms.

## **August 25 : Prevention of Money Laundering Regulations Amended**

The Minister of Finance, through Legal Notice 156, issues the Prevention of Money Laundering (Amendment) Regulations, 2000. These regulations amend the Prevention of Money Laundering Regulations, 1994. Amongst other things, the amended regulations introduce the concept of "reputable

jurisdiction". This allows for the recognition of other jurisdictions which adhere to international standards in combating money laundering.

### **November 21: Measures Introduced in the Budget for 2001**

The Minister of Finance, in presenting the Budget Estimates for the year 2001 to Parliament, announces a number of policy measures. These include:

- 1) **Cost of Living Increase:** A weekly increase in wages of Lm1.50 to compensate for the rise in the cost of living during the year to September 2000.
- 2) **Direct Taxation:** The Income Tax Act, 1948 is to be enforced with regard to certain fringe benefits attached to employment. The benefits to be taxed are listed in a separate document presented with the Budget.
- 3) **Indirect Taxation:** Value Added Tax on health and education are reclassified as exempt without credit while profits made by travel agents on tickets for travel abroad are to become taxable at the full rate. Catering establishments in factories, schools and industrial zones are to start charging Value Added Tax. Excise duty on cigarettes is increased while the duty on alcoholic beverages is henceforth to be calculated on the basis of the alcohol content of the beverage concerned. Levies on a number of imported industrial products are to be scaled down further, while income from collective investment schemes is to be subject to tax.
- 4) **Liberalisation of Exchange Controls:** Exchange controls are further liberalised and the relative administrative procedures are to be speeded up. The measures include:
  - An increase in the allowance for travel purposes from Lm5,000 to Lm10,000 per trip.
  - An increase in the limit for cash gifts from Lm5,000 to Lm10,000 per year.
  - An increase in the amount of foreign currency which can be exported to effect merchandise payments overseas.
  - An increase in the limits on imports and exports of local currency from Lm25 to Lm1,000.
  - The amount that residents are permitted to invest in real estate overseas is raised from Lm50,000 per year to Lm150,000.
  - The allowance for foreign portfolio investment by residents is raised from Lm15,000 per year to Lm30,000.
  - Fund investment schemes (SICAVs) which collect funds in Maltese liri from residents are permitted to invest in foreign assets up to a maximum of five per cent of the funds invested in a scheme.
  - The amount of foreign currency which a resident may retain in the form of cash or in a foreign currency (demand) account with local credit institutions is raised to Lm10,000 from Lm2,500.
  - The period during which export-oriented local companies are permitted to maintain export proceeds with local banks in foreign currency is extended to one year while other bodies corporate and local retail outlets are henceforth permitted to maintain demand, savings and time deposits in foreign currency accounts provided such deposits originate from business activities and the balance does not exceed Lm10,000.

- Lending and borrowing activities are liberalised completely, subject to the condition that such lending or borrowing is for maturity periods of over one year.
- The granting of guarantees by residents and vice versa is liberalised completely.
- All restrictions with regard to the amount of assets that emigrants may transfer abroad are removed.
- All restrictions on payments by residents in respect of endowments to *bona fide* foreign institutions, dowry payments and payments in connection with the settlement of debts by immigrants in their previous country of residence are removed.

The Minister also announces that, as from January 1, 2002, the prices of oil products in Malta are to be linked to price movements in international markets.

### **December 5: Malta Stock Exchange Council Reviews Notice**

The Council of the Malta Stock Exchange revises Council Notice No 1, which deals with fees and other charges. One major change involves the brokerage fees/commissions charged by stockbrokers. These will no longer be fixed by the Exchange but will become subject to negotiation between investors and stockbrokers. The revised notice becomes effective as from January 1, 2001.

## **2001**

### **January 10: Malta Appointed to OECD Task Force on Harmful Tax Practices**

Malta, through its Minister of Finance, is appointed a member of a task force set up by the Organisation for Economic Co-operation and Development (OECD) to curb harmful tax practices in certain offshore financial centres. The task force, made up of 13 countries, was set up during an OECD meeting held in Barbados. Malta will also be representing Commonwealth countries on this task force.

### **February 14: Malta Stock Exchange Introduces a Trade-Weighted Average Moving Price (TWAMP)**

The Malta Stock Exchange announces that, as from the trading session of February 19, it would commence the phasing in of a trade-weighted average moving price (TWAMP) based on the aggregate volume/value of the five trading sessions in which each security was last traded. As a result, the TWAMP would be based on at least five transactions. The Exchange's trade ranges, share index and market capitalisation statistics would also be established in relation to the TWAMP.

### **July 5: Malta Stock Exchange Issues Draft Corporate Governance Code**

The Malta Stock Exchange publishes a draft code of principles for good corporate governance which, it is recommended, should be observed on a voluntary basis by both listed and public companies. The code and recommendations were drafted by a working group set up by the Malta Stock Exchange towards the end of last year.

### **August 31: Central Bank Lowers Official Interest Rates**

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and the discount rate by 25 basis points to 4.5%. All other official interest rates quoted by the Central Bank are similarly lowered by 25 basis points.

### **September 27: *Central Bank Lowers Reserve Requirement Ratio***

The Monetary Policy Council of the Central Bank of Malta lowers the reserve requirement ratio imposed on banks by one percentage point to 4% of their deposit liabilities. The measure, which increases the banks' liquidity and thus enables them to extend more credit, is to take effect from October 15.

### **October 31: *Malta Stock Exchange Issues Corporate Governance Code***

The Malta Stock Exchange publishes new bye-laws which include the code of principles of good corporate governance which the Exchange had issued on July 5 in draft form. Companies listed on the official list of the Exchange, as well as those on the alternative companies list, are encouraged to adopt the code. Listed companies are henceforth required to include a "Statement of Compliance" in their annual reports explaining to what extent they are complying with these principles and the measures they have taken to ensure compliance. Auditors are also required to report on these statements.

### **November 21: *Measures Introduced in the Budget for 2002***

The Minister of Finance, in presenting the Budget Estimates for the year 2002 to Parliament, announces a number of policy measures. These include:

- **Cost of Living Increase:** A weekly increase of Lm1.50 in wages and salaries as from January 1, 2002 to compensate for the rise in the cost of living during the year to September 2001.
- **Direct Taxation:** A revision of the tax bands for married couples who file a joint declaration of their income, resulting in savings of up to Lm145 per annum in income tax. The fringe benefit value of commercial vans and vehicles used by salesmen are no longer to be subject to tax.
- **Indirect Taxation:** Excise duties on cigarettes increased. Levies on a number of imported industrial products to be scaled down further.
- **Linkage of the Price of Oil to Price Movements in International Markets:** As announced in last year's budget, the prices of oil products are to be linked to prices on international markets. Reflecting current prices, the price of leaded petrol and diesel is raised with immediate effect, while that of unleaded petrol and kerosene is lowered. As from April, these prices are to be reviewed every three months to reflect average prices on international markets in the previous three months.
- **Support Scheme for the Agriculture Sector:** A support scheme for the agricultural sector is to be introduced as levies on agricultural imports are lifted.

- **Social Security System Reform:** Social security contributions are to be applied only to healthcare and pensions. Contributions earmarked for healthcare are to be used exclusively to finance the cost of healthcare and care of the elderly, while those earmarked for pensions are to be used to finance contributory pensions and related benefits only. All other benefits are to be provided for directly from the Consolidated Fund.
  
- **Liberalisation of Exchange Controls:** Exchange controls are further liberalised and the relative procedures are to be speeded up. The measures include:
  - An increase in the allowance for travel purposes from Lm10,000 per person per trip to Lm15,000.
  - An increase in the amount of foreign currency that can be exported by residents travelling overseas to effect payment for merchandise.
  - Quantitative restrictions on the amount that residents are permitted to invest in real estate overseas abolished.
  - The allowance for foreign portfolio investment by residents raised from Lm30,000 per year to Lm50,000.
  - Fund investment schemes (SICAVs) which collect funds in Maltese liri from residents are to be permitted to invest up to 10 per cent of such funds in foreign assets.
  - The amount of foreign currency which a resident may retain in the form of cash or in a demand deposit account denominated in foreign currency with local credit institutions is raised from Lm10,000 to Lm15,000.
  - The amount of foreign currency that may be placed with local credit institutions by corporate entities and retailers is raised from Lm10,000 to Lm15,000.
  - Locally registered fund management companies are to be permitted to seek a listing for their collective investment schemes on recognised international capital markets.
  - Locally registered financial and non-financial companies are to be permitted to seek a listing for their bonds and related securities on recognised international money/capital markets as long as the securities have a maturity period of at least one year.

- The granting of guarantees by residents in favour of non-residents is completely liberalised.
- All restrictions on the physical transfer overseas of certificates and other instruments denoting title to shares or securities are removed.
- **Investment Registration Scheme:** Maltese residents having undeclared investments abroad as at September 1, 2001 are to be given the opportunity to regularise their position until December 31, 2002. Holders of such investments who register them within this period are required to pay a one-time registration fee calculated as a percentage of the current market value of the registered investment.

**November 26 : *Central Bank Lowers Official Interest Rates***

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and the discount rate by 25 basis points to 4.25%. All other official interest rates quoted by the Central Bank are similarly reduced by 25 basis points.

**December 14: *European Investment Bank – Malta Sign Framework Agreement***

The European Investment Bank (EIB) and Malta sign a framework agreement in view of Malta's prospective membership of the EU. The agreement, which is similar to bilateral agreements between sovereign states, is intended to broaden the scope of loans into social areas such as education and health. It is also aimed at increasing co-operation between Malta and the EIB with a view to promoting investment in Malta.

**December 27: *Prevention of Money Laundering Act, 1994 Amended***

Parliament enacts the Prevention of Money Laundering (Amendment) Act 2001. The Act provides for the setting up of a Financial Intelligence Analysis Unit to receive and analyse reports of transactions suspected to involve money laundering.

**December 27: *Appointment of Competent Authority***

The Minister of Finance, through Legal Notices Nos 324 and 325, appoints the Malta Financial Service Centre (MFSC) as the Competent Authority for the purposes of the Financial Institutions Act, 1994 and the Banking Act, 1994, with effect from January 1, 2002.



**2002**

**January 31 : *Central Bank Lowers Official Interest Rates***

The Monetary Policy Council of the Central Bank of Malta lowers the Bank's central intervention rate and the discount rate by 25 basis points to 4.00%. All other official interest rates quoted by the Central Bank are similarly reduced by 25 basis points.

**March 1 : *Establishment of Financial Intelligence Analysis Unit***

As a follow-up to the amendments to the Prevention of Money Laundering Act, 1994 enacted in December 2001, a Financial Intelligence Analysis Unit is established. The Unit is to assist the Government in furthering its commitment to enhance Malta's reputation as a financial services centre by fighting criminal abuse of Malta's financial services.

**August 23: *Currency Weights of Maltese Lira Basket Updated***

The Monetary Authorities decide to revise the weights of the component currencies of the Maltese lira basket so that these should reflect current trends and likely future developments in Malta's external trade more closely. The revision leads to a larger weight being allocated to the euro and a smaller weight to the US dollar and sterling.

As a result of the review, the new weights are as follows:

Euro – 70%  
Pound Sterling – 20%  
US Dollar – 10%

The new fixed currency portions that serve as the basis for deriving the daily exchange rate of the Maltese lira are as follows:

Euro – 1.6937  
Pound Sterling – 0.3084  
US Dollar – 0.2341

**September 10: *Parliament Approves Amendments to Central Bank of Malta Act***

Parliament approves Act XVII of 2002, which provides for the regulation of certain funds and amends various financial laws and laws regulating financial institutions. Part IV of the Act provides for amendments to the Central Bank of Malta Act. The amended Act makes price stability the primary objective of the Central Bank and establishes at law the Bank's independence, giving it greater operational flexibility. At the same time, in view of the Bank's total autonomy in the formulation and implementation of monetary policy, the amended Act makes the Bank more publicly accountable. It also brings into force the complete

liberalisation of interest rates and clearly defines the Bank's monetary policy function through the introduction of procedures for decision-making. It also confers on the Central Bank certain powers that were previously vested in the Minister of Finance, such as those relating to borrowing, lending and investment transactions.

The part of the Act relating to the Central Bank of Malta had to come into force on October 1, 2002 following the issue of Legal Notice 277 on September 24, 2002.

### **September 18: *Official Fixing of Interbank Rates Launched***

The Central Bank of Malta launches the official fixing of interbank rates for the Maltese Lira. These rates - referred to as MIBOR (Malta Interbank Offered Rate) and MIBID (Malta Interbank Bid Rate) - provide an interest rate benchmark for both liquidity offered and bid for by credit institutions in the Maltese lira money market on an unsecured basis. They also provide reference for the pricing of money market and foreign exchange products. The interbank fixing is to be conducted in the overnight, one week, one month, two month, three month, six month, nine month and twelve month tenors. MIBOR and MIBID are to be fixed by the Central Bank every Wednesday and on the day following a change in the Central Bank's Central Intervention Rate and computed by the Bank on the basis of a simple average of all the interest rates communicated to it during the fixing session.

### **November 25: *Measures Introduced in the Budget for 2003***

The Minister of Finance, in presenting the Budget Estimates for the year 2003 to Parliament, announces a number of policy measures. These include:

- **Cost of living increase:** A weekly increase in wages of Lm1.75 to compensate for the rise in the cost of living during the year to September 2002.
- **Cost of living index for pensioners:** A cost of living index for pensioners is introduced. On the basis of this index, a weekly increase of Lm1.27 is awarded to compensate for the rise in pensioners' cost of living during the year to September 2002.
- **Direct taxation:** Income tax bands are opened up from three to five, resulting in reduced income tax for both single taxpayers and married couples. Farmers are to benefit from an improved tax system.
- **Indirect taxation:** Excise duties on cigarettes to be increased. Electricity consumption and cylinder gas are to be subject to value added tax (VAT) at 5% and 15% respectively, though Enemalta Corporation is to absorb the cost. Stamp duty on immovable property intended to be used as the purchaser's sole ordinary residence is to be reduced from 5% to 3% while stamp duty on immovable property transferred between members of the same family is to be calculated on the basis of the cost of the property. Taxation on racing cars and vintage cars is reduced, and vehicles that run solely on electrically driven systems and battery operated mopeds are to be exempt from registration tax.
- **Liberalisation of exchange controls:** Exchange controls are to be further liberalised. Forthcoming measures are to be introduced in three phases: the first with effect from January 2003, the second from June 2003 and the third on EU accession. The measures to be adopted as from January 1, 2003 include:

- Full liberalisation of purchase of foreign currency for travel purposes.
- Full liberalisation of imports/exports of cash being legal tender in Malta.
- Full liberalisation of purchase of foreign currency for export by residents travelling to make payments for merchandise imports.
- Increase in the amount of foreign currency that can be exported as cash gifts or for family subsistence purposes from Lm10,000 to Lm20,000.
- Increase in the amount of the annual exemption relative to the surrender of foreign currency to authorised dealers from Lm15,000 to Lm20,000.
- The allowance for foreign portfolio investment by residents is raised from Lm50,000 per annum to Lm100,000.
- Bodies corporate and local retail outlets receiving foreign currency in cash from business activities may retain up to Lm20,000 for use in such activities.
- Bodies corporate acting as commission agents for foreign companies may receive foreign currency payments from local customers as long as they remit them within one month of receipt.
- Local credit institutions allowed to grant credit facilities in Maltese lira for a period of six months to non-residents carrying on business in Malta.
- Residents allowed to give credit to non-residents for a minimum period of six months.
- Residents allowed to borrow in foreign currency for a minimum period of six months.
- Investment funds for residents denominated in Maltese lira allowed to invest up to 15 per cent of their shareholders' funds in foreign assets.
- Companies offering financial services to local clients allowed to maintain clients' accounts with foreign banks overseas.
- Reporting obligation for travellers carrying cash exceeding Lm5,000 to be enforced.
- **Replacement of the Exchange Control Act:** The Exchange Control Act is to be replaced by an External Transactions Act. This would provide the infrastructure for the total liberalisation of capital controls and for measures to deal with balance of payments crises.

### **November 27: *Limit on Treasury Bill Issue Raised***

The House of Representatives approves a Resolution raising the ceiling on the amount of the Treasury bill issue from Lm200 million to Lm300 million.

### **December 20: *Central Bank Lowers Official Interest Rates***

The Central Bank of Malta cuts the central intervention rate and the discount rate by 25 basis points to 3.75%. The decision is taken by the Governor, Mr Michael C Bonello, in terms of the Central Bank of Malta Act, at the end of the Monetary Policy Advisory Council meeting held that morning.

2003

**January 3: *Appointment of Competent Authority***

The Minister of Finance, through Legal Notices Nos. 1 and 2, appoints the Malta Financial Services Authority as the Listing and Competent Authority for the purposes of the Financial Markets Act.

**January 3: *Minister of Finance Issues Investor Compensation and Deposit Guarantee Schemes Regulations***

The Minister of Finance, through Legal Notices Nos. 6 and 7 of 2003, makes regulations to further strengthen consumer protection in the field of financial services. The Investor Compensation Scheme Regulations provide protection in cases related to licensed investment services providers that go out of business and cannot return money invested by them on behalf of their clients. On the other hand, the Deposit Guarantee Scheme Regulations establish a framework whereby depositors may be entitled to compensation in the event of a bank failure. Legal Notices Nos. 5 and 8 of 2003, also dated 3 January 2003, bring these regulations into force.

**February 28: *Minister of Finance Issues Central Bank of Malta (Penalties for Offences and Infringements) Regulations***

The Minister of Finance, through Legal Notice No. 75, issues the Central Bank of Malta (Penalties for Offences and Infringements) Regulations, 2003. Through these regulations, penalties may be imposed upon reporting agents, payment system participants and credit or financial institutions, and upon any body corporate that contravenes or fails to comply with specific duties laid down in the Central Bank of Malta Act.

**March 5: *Parliament Enacts Set-off and Netting on Insolvency Act, 2003***

Parliament enacts Act IV of 2003, which provides for the enforceability of set-off and netting on bankruptcy and insolvency and amends various other commercial and financial laws.

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# STATISTICAL TABLES

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## THE MALTESE ISLANDS - KEY INFORMATION, SOCIAL AND ECONOMIC STATISTICS

(as at end-Dec. 2002, unless otherwise indicated)

CAPITAL CITY	Valletta	
AREA	316 km <sup>2</sup>	
CURRENCY UNIT	Maltese lira - Exchange rates: Lm1 = US\$2.502 Lm1 = Euro2.390	
CLIMATE	Average temperature (1991-2002): December - February	13.2° C
	June - August	25.8° C
	Average annual rainfall (1990 - 2002)	591.3mm
SELECTED GENERAL ECONOMIC STATISTICS	GDP growth at current market prices (Dec. 2002)	3.4%
	GDP per capita at current market prices (Dec. 2002)	US\$9,791
	GDP per head in PPS relative to the EU-15 average (2000)*	56%
	Ratio of gross government debt to GDP (Dec. 2002)	63.9%
	Ratio of government deficit to GDP (Dec. 2002)*	4.7%
	Retail price inflation	2.19%
	Ratio of exports of goods and services to GDP (Dec. 2002)	83.2%
	Ratio of current account deficit to GDP (Dec. 2002)	4.6%
	Employment Rate (Sept. 2002) <sup>1</sup>	55.2%
	Unemployment rate (Sept. 2002) <sup>1</sup>	6.4%
POPULATION	Total Maltese and Foreigners (Dec. 2001)	394,641
	Males	195,363
	Females	199,278
	Age composition in percent of population (Dec. 2001)	
	0 - 19	27%
	20 - 59	56%
	60 +	17%
	Average annual growth rate (1990 - 2001)	0.8%
Density per km <sup>2</sup>	1,249	
HEALTH	Life expectancy at birth - Males (Dec. 2001)	76.1
	- Females (Dec. 2001)	80.9
	Crude birth rate, per 1000 inhabitants (Dec. 2001)	10.05
	Crude mortality rate, per 1000 inhabitants (Dec. 2001)	7.65
	Doctors per 1000 inhabitants (Dec. 2001)	3.1
EDUCATION	Combined gross enrolment ratio % (1999)	80%
	Number of schools (1999/2000)	331
	Teachers per 1000 students (2000)	93
	Adult literacy rate : % age 15 and above (2000)	92%
LIVING STANDARDS	Human Development Index : Rank out of 162 countries (2000)	30
	Mobile phone subscriptions, per 1000 inhabitants (Mar. 2002)	640
	Private motor vehicle licences per 1000 inhabitants (Dec. 2002)	491
	Internet subscribers per 1000 inhabitants (Mar. 2002)	146

\* Provisional/Population for 2002 is estimated.

<sup>1</sup> Labour Force Survey, National Statistics Office.

Source: Central Bank of Malta; National Statistics Office; Ministry of Finance; Eurostat; UNDP

**List of banking institutions submitting financial information to the Central Bank of Malta for statistical reporting purposes, as at December 2002:**

**Deposit Money Banks**

APS Bank Ltd.  
Bank of Valletta plc  
HSBC Bank Malta plc  
Lombard Bank (Malta) plc  
HSBC Home Loans (Malta) Bank Ltd.  
Volksbank Malta Ltd.

**International Banking Institutions**

Akbank TAS  
Disbank Malta Ltd.  
Erste Bank (Malta) Ltd.  
First International Merchant Bank plc  
Investkredit International Bank Malta Ltd.  
Izola Bank Ltd.  
Raiffeisen Malta Bank plc  
Sparkasse Bank Malta plc  
Turkiye Garanti Bankasi AS



**PART 1: MONEY AND BANKING**

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**TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES****CENTRAL BANK OF MALTA<sup>1</sup>***Liabilities**Lm thousands*

End of Period	Currency Notes and Coin Issued	IMF-Related Liabilities	Deposits				Capital and Reserves	Foreign Liabilities <sup>3</sup>	Other Liabilities <sup>2</sup>
			Banks <sup>2</sup>	Government	Other	Total			
1990	339,519	12,103	45,762	9,631	21,833	77,226	4,500	-	131,825
1991	354,513	11,789	52,867	148	29,737	82,752	4,500	-	105,822
1992	350,611	22,987	78,498	5,664	29,727	113,889	4,500	-	145,648
1993	364,013	24,620	67,173	2,437	37,349	106,959	4,500	-	163,740
1994	379,082	24,213	73,025	1,725	52,384	233,734	41,000	-	178,292
1995	367,444	22,553	80,026	20,194	21,502	121,722	41,000	-	187,134
1996	380,246	20,159	71,627	22,785	10,516	105,328	41,000	-	177,233
1997	384,655	20,079	100,511	24,503	10,941	135,955	41,000	-	135,780
1998	390,911	19,014	115,195	48,188	13,367	176,751	93,050	-	35,265
1999	418,485	19,014	124,786	96,188	12,424	233,398	89,050	-	58,597
2000	423,188	18,574	141,270	56,161	10,393	207,825	89,050	-	45,182
<b>2001</b>									
Jan.	412,749	18,574	151,954	34,603	9,556	196,113	89,050	2,548	47,585
Feb.	413,863	18,574	154,375	62,982	9,617	226,974	89,050	4,274	29,743
Mar.	415,262	18,574	142,870	69,976	8,657	221,503	89,050	3,041	32,593
Apr.	421,757	18,574	150,629	51,821	9,651	212,101	89,050	2,803	29,204
May	426,201	18,574	157,537	53,558	11,009	222,103	89,050	1,486	32,187
June	429,727	18,574	129,375	51,908	10,145	191,429	89,050	2,863	34,295
July	434,373	18,574	147,841	50,620	10,537	208,998	89,050	1,100	36,185
Aug.	432,878	18,574	131,452	60,453	10,389	202,294	89,050	1,932	38,496
Sept.	429,428	18,574	138,417	61,852	13,726	213,995	89,050	3,698	43,864
Oct.	435,076	18,574	112,067	67,091	10,561	189,718	89,050	2,106	60,694
Nov.	430,082	18,574	107,284	93,988	10,164	211,436	89,050	1,030	64,788
Dec.	441,829	18,281	146,789	69,080	7,644	223,513	95,069	-	48,649
<b>2002</b>									
Jan.	433,286	18,281	184,034	63,202	7,147	254,383	95,069	974	40,839
Feb.	433,412	18,281	196,509	71,124	6,700	274,333	95,069	3,510	32,747
Mar.	436,995	18,281	191,255	66,683	7,131	265,069	92,150	3,427	28,674
Apr.	441,559	18,281	195,707	40,231	7,779	243,716	92,078	-	29,983
May	444,631	18,230	211,105	32,114	7,732	250,951	91,997	-	31,294
June	449,887	18,230	199,102	33,523	3,748	236,374	95,554	-	35,958
July	455,342	18,230	181,684	70,739	7,527	259,949	95,595	1,905	35,252
Aug.	453,209	18,230	235,854	34,913	7,797	278,564	95,558	-	35,244
Sept.	456,448	18,230	197,634	77,314	7,104	282,053	99,614	1,255	38,413
Oct.	456,569	18,230	279,632	23,816	8,970	312,418	99,618	3,422	40,358
Nov.	451,950	18,230	289,979	23,767	8,139	321,884	99,596	5,081	41,965
Dec.	461,247	16,676	255,558	42,961	7,595	306,114	95,341	6,987	49,577

<sup>1</sup> Reclassification of data from December 1998 reflects changes in the presentation of the Central Bank of Malta's financial statements.

<sup>2</sup> Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). As from December 2001 term deposits by banks which were previously classified as "Other Liabilities" are classified as "Banks' Deposits".

<sup>3</sup> Data prior to 2001 were included with "Other Liabilities".

**TABLE 1.1 STATEMENT OF ASSETS AND LIABILITIES  
CENTRAL BANK OF MALTA<sup>1</sup>**

*Assets*

*Lm thousands*

End of Period	External Reserves				IMF Currency Subscription	Malta Government Securities and Advances	Fixed and Other Assets	Total Assets/ Total Liabilities
	Gold <sup>2</sup>	IMF-Related Assets <sup>3</sup>	Convertible Currencies <sup>4</sup>	Total				
1990	12,979	33,618	380,527	427,124	10,913	22,209	104,927	565,173
1991	6,436	37,176	366,822	410,434	10,637	58,171	80,134	559,376
1992	9,101	30,061	435,856	475,018	21,720	62,305	88,687	647,730
1993	10,215	32,827	490,358	533,400	22,917	18,077	89,438	663,832
1994	7,314	32,829	577,501	617,644	22,635	39,221	176,821	856,321
1995	3,596	34,007	471,090	508,693	21,106	67,728	142,326	739,853
1996	3,646	36,408	468,523	508,577	19,070	74,284	122,035	723,966
1997	1,311	38,912	501,379	541,602	18,988	59,163	97,716	717,469
1998	688	40,429	598,855	639,972	19,086	24,322	31,609	714,991
1999	737	35,517	704,065	740,320	34,955	6,153	37,115	818,544
2000	452	36,940	606,752	644,144	35,222	9,178	98,930	787,474
<b>2001</b>								
Jan.	406	36,978	593,415	630,799	35,222	14,909	85,689	766,618
Feb.	525	37,352	588,841	626,717	35,222	16,154	104,385	782,478
Mar.	524	37,445	593,656	631,625	35,222	17,603	95,573	780,023
Apr.	435	37,426	602,438	640,300	35,222	9,830	88,137	773,488
May	533	38,340	614,350	653,223	35,372	41,062	59,945	789,601
June	489	38,100	609,264	647,853	35,372	37,512	45,200	765,937
July	531	37,808	637,088	675,427	35,372	30,507	46,974	788,279
Aug.	534	37,837	649,545	687,916	35,372	19,239	40,696	783,223
Sept.	566	37,812	654,187	692,564	35,372	11,789	58,883	798,608
Oct.	527	37,822	682,931	721,281	35,372	8,024	30,542	795,218
Nov.	462	38,167	710,357	748,986	35,372	6,407	24,196	814,960
Dec.	629	37,863	721,936	760,428	35,078	5,773	26,062	827,340
<b>2002</b>								
Jan.	697	38,105	743,818	782,621	35,078	5,021	20,112	842,831
Feb.	596	38,218	760,396	799,211	35,078	4,715	18,347	857,351
Mar.	601	38,191	747,664	786,456	35,078	4,554	18,507	844,596
Apr.	602	37,968	732,960	771,531	35,078	2,783	16,225	825,618
May	626	37,959	734,424	773,008	35,026	14,609	14,460	837,104
June	543	37,499	742,642	780,684	35,026	4,996	15,297	836,003
July	459	37,518	775,267	813,244	35,026	3,657	14,346	866,273
Aug.	469	37,636	789,541	827,645	35,026	2,901	15,233	880,806
Sept.	481	37,451	803,928	841,860	35,026	2,349	16,777	896,013
Oct.	472	37,418	837,792	875,682	35,024	2,305	17,603	930,614
Nov.	473	37,355	845,812	883,639	35,024	2,209	17,834	938,706
Dec.	473	37,512	842,862	880,847	33,470	4,289	17,335	935,942

<sup>1</sup> Reclassification of data from December 1998 reflects changes in Central Bank of Malta accounting policy.

<sup>2</sup> Includes small amounts of other precious metals.

<sup>3</sup> Includes IMF Reserve Position and holdings of SDRs.

<sup>4</sup> Valued according to the prevailing accounting policies as explained each year in the Notes to the Accounts in the Central Bank of Malta *Annual Report*.

**TABLE 1.2 STATEMENT OF ASSETS AND LIABILITIES**  
**DEPOSIT MONEY BANKS <sup>1</sup>**  
*Liabilities*

*Lm thousands*

End of period	Deposits <sup>2</sup>				Foreign Liabilities <sup>3</sup>	Capital and Reserves	Other Liabilities <sup>3</sup>
	Demand	Savings	Time	Total			
1990	50,056	252,039	392,290	694,385	66,112	28,112	58,391
1991	53,274	308,715	415,959	777,948	92,111	34,047	59,575
1992	57,858	365,000	463,673	886,531	62,030	37,209	157,098
1993	59,612	415,807	527,211	1,002,630	105,025	39,085	190,979
1994	72,368	462,793	644,546	1,179,707	95,275	79,290	222,080
1995	79,225	510,538	740,615	1,330,378	193,422	86,768	270,170
1996	87,248	538,177	871,318	1,496,743	229,597	96,090	319,900
1997	110,486	574,352	987,497	1,672,335	226,806	112,694	339,765
1998	145,973	581,875	1,102,040	1,829,888	305,527	115,258	395,919
1999	188,460	632,675	1,217,858	2,038,993	356,384	126,829	469,904
2000	192,206	623,727	1,296,731	2,112,664	404,679	158,523	566,664
<b>2001</b>							
Jan.	205,665	624,893	1,321,837	2,152,395	407,805	177,039	672,988
Feb.	211,192	629,250	1,340,870	2,181,312	404,322	176,714	702,120
Mar.	212,583	619,316	1,343,006	2,174,905	417,137	176,714	690,255
Apr.	209,623	634,366	1,382,622	2,226,611	402,928	176,714	702,344
May	216,251	630,063	1,394,006	2,240,321	386,026	177,039	701,452
June	209,436	639,026	1,368,606	2,217,068	382,569	177,040	691,167
July	228,197	636,095	1,379,746	2,244,038	382,559	177,040	698,996
Aug.	214,351	650,004	1,389,291	2,253,646	394,763	177,040	747,367
Sept.	217,559	639,505	1,392,068	2,249,132	584,091	169,186	613,161
Oct.	226,097	654,631	1,407,035	2,287,763	551,510	191,044	564,518
Nov.	212,023	646,610	1,439,132	2,297,765	598,444	191,045	537,228
Dec.	212,877	667,301	1,432,338	2,312,516	600,963	190,915	566,193
<b>2002</b>							
Jan.	207,599	672,267	1,456,245	2,336,111	609,256	197,029	557,983
Feb.	214,182	676,139	1,481,930	2,372,251	600,704	197,029	547,507
Mar.	220,395	679,315	1,507,325	2,407,035	551,166	197,029	547,919
Apr.	211,961	684,522	1,515,711	2,412,194	530,824	197,029	550,409
May	216,325	675,164	1,539,494	2,430,983	547,120	197,029	568,066
June	222,337	673,393	1,554,980	2,450,710	551,777	197,029	549,678
July	227,318	679,608	1,574,179	2,481,105	576,353	197,029	570,560
Aug.	229,186	685,225	1,597,585	2,511,996	573,381	199,529	572,574
Sept.	238,287	690,707	1,617,784	2,546,778	600,639	199,529	571,874
Oct.	242,311	685,468	1,606,764	2,534,543	638,009	203,197	581,963
Nov.	239,901	715,177	1,647,946	2,603,024	860,273	272,593	415,397
Dec.	245,190	714,116	1,648,268	2,607,574	1,038,369	272,793	414,620

<sup>1</sup> Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001 and Volksbank Malta Ltd as from November 2002.

<sup>2</sup> Includes Malta Government and private sector deposits but excludes deposits belonging to non-residents (these are classified as foreign liabilities). Demand deposits are netted of uncleared effects drawn on local banks (i.e. items in the process of collection).

<sup>3</sup> As from September 1992, the bulk of foreign liabilities belonging to a Deposit Money Bank was transferred to its offshore bank subsidiary.

**TABLE 1.2 STATEMENT OF ASSETS AND LIABILITIES  
DEPOSIT MONEY BANKS <sup>1</sup>**

*Assets*

*Lm thousands*

End of Period	Cash and Deposits with Central Bank <sup>2</sup>	Foreign Assets	Local Lending and Bills Discounted	Local Investments	Fixed and Other Assets <sup>2</sup>	Total Assets/ Total Liabilities
1990	58,349	197,787	458,246	100,284	32,334	847,000
1991	62,790	246,499	480,495	147,050	26,847	963,681
1992	93,816	330,111	539,405	147,048	32,488	1,142,868
1993	83,250	378,598	627,635	212,779	35,457	1,337,719
1994	194,501	417,411	707,355	210,540	46,545	1,576,352
1995	100,638	557,355	938,406	234,379	49,960	1,880,738
1996	96,777	588,571	1,079,552	263,194	114,236	2,142,330
1997	125,183	534,756	1,205,349	365,333	120,979	2,351,600
1998	140,172	575,077	1,324,629	477,853	128,861	2,646,592
1999	169,909	615,109	1,464,365	574,198	168,529	2,992,110
2000	152,739	729,614	1,608,023	601,427	150,727	3,242,530
<b>2001</b>						
Jan.	167,665	741,428	1,733,354	602,689	165,091	3,410,227
Feb.	176,144	751,847	1,739,911	634,330	162,236	3,464,468
Mar.	157,672	749,183	1,793,027	634,613	124,516	3,459,011
Apr.	171,652	765,611	1,823,589	614,562	133,183	3,508,597
May	177,617	758,695	1,815,942	599,360	153,223	3,504,837
June	145,437	737,380	1,815,792	607,585	161,650	3,467,844
July	162,532	719,853	1,811,155	641,159	167,934	3,502,633
Aug.	157,031	779,222	1,806,213	648,651	181,699	3,572,817
Sept.	159,761	776,593	1,855,912	664,875	158,429	3,615,570
Oct.	146,852	745,955	1,857,538	695,562	148,928	3,594,835
Nov.	134,445	772,817	1,852,984	709,168	155,067	3,624,482
Dec.	180,312	791,844	1,866,440	663,006	168,985	3,670,587
<b>2002</b>						
Jan.	204,082	775,106	1,857,995	678,136	185,060	3,700,379
Feb.	216,099	783,042	1,851,058	686,937	180,355	3,717,491
Mar.	208,762	779,869	1,875,527	687,352	151,638	3,703,149
Apr.	210,393	787,860	1,867,400	670,868	153,935	3,690,456
May	229,492	804,092	1,869,243	680,513	159,857	3,743,197
June	219,129	800,505	1,858,564	690,186	180,811	3,749,194
July	203,203	859,109	1,874,360	694,623	193,753	3,825,047
Aug.	255,687	868,205	1,865,321	676,918	191,349	3,857,480
Sept.	247,575	930,015	1,897,856	689,543	153,832	3,918,820
Oct.	272,582	923,432	1,891,594	706,917	163,188	3,957,712
Nov.	300,919	1,114,732	1,898,787	692,563	144,287	4,151,287
Dec.	294,778	1,299,371	1,899,160	667,083	172,963	4,333,355

<sup>1</sup> Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001 and Volksbank Malta Ltd as from November 2002.

<sup>2</sup> As from December 2001 term deposits by banks which were previously classified as "Fixed and Other Assets" are classified as "Cash and Deposits with Central Bank."

**TABLE 1.3 STATEMENT OF ASSETS AND LIABILITIES  
OTHER BANKING INSTITUTIONS <sup>1</sup>**

*Liabilities*

*Lm thousands*

End of Period	Deposits <sup>2</sup>			Foreign Liabilities	Credits from Deposit Money Banks <sup>3</sup>	Capital and Reserves	Other Items (Net) <sup>3</sup>
	Savings	Time	Total				
1990	3,658	5,442	9,100	81,587	86,998	13,814	9,210
1991	-	-	-	83,435	62,167	17,252	73,468
1992	-	-	-	177,208	88,928	18,457	75,128
1993	-	-	-	198,215	106,321	19,840	72,762
1994	-	-	-	134,841	121,845	20,751	65,956
1995	-	-	-	-	72,429	15,184	63,585
1996	-	-	-	-	75,616	16,205	64,121
1997	-	-	-	-	67,904	21,414	63,322
1998	-	-	-	-	74,600	22,846	68,329
1999	-	-	-	198	60,392	20,568	72,540
<b>2000</b>							
Jan.	-	-	-	198	60,211	25,120	68,307
Feb.	-	-	-	198	60,380	25,120	68,591
Mar.	-	-	-	198	62,523	25,120	70,454
Apr.	-	-	-	198	61,414	25,120	68,304
May	-	-	-	198	62,052	25,120	68,471
June	-	-	-	198	65,216	25,120	68,700
July	-	-	-	198	65,121	25,120	68,452
Aug.	-	-	-	198	65,577	25,120	69,584
Sept.	-	-	-	198	67,581	25,120	72,052
Oct.	-	-	-	-	48,779	18,918	71,997
Nov.	-	-	-	-	50,214	18,918	71,552
Dec.	-	-	-	-	52,431	20,212	69,218

<sup>1</sup> This Table was discontinued as from January 2001.

<sup>2</sup> Excludes deposits belonging to non-residents. The latter are classified as foreign liabilities. As from January 1991, deposits belonging to residents have been classified under "Other Items (Net)".

<sup>3</sup> In April 1991, a local financial institution issued Lm60 million worth of bonds, with the proceeds being utilised to repay credits which it had previously received from Deposit Money Banks. These securities have been classified under "Other Items (Net)".

**TABLE 1.3 STATEMENT OF ASSETS AND LIABILITIES  
OTHER BANKING INSTITUTIONS <sup>1</sup>**

*Assets*

*Lm thousands*

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Claims on				Total Assets/ Total Liabilities
			Government	Deposit Money Banks <sup>2</sup>	Private and Parastatal Sectors	Total	
1990	642	89,771	5,055	702	104,539	110,296	200,709
1991	7	98,099	-	6	138,210	138,216	236,322
1992	7	116,452	-	79,259	164,003	243,262	359,097
1993	7	118,603	-	96,772	181,756	278,528	397,138
1994	1	5,072	-	134,834	203,486	338,320	343,393
1995	140	3,876	142	-	147,040	147,182	151,198
1996	65	3,297	142	3,009	149,429	152,580	155,942
1997	94	7,047	842	2,487	142,170	145,499	152,640
1998	321	7,030	5,794	2,317	150,313	158,424	165,775
1999	368	6,545	4,555	3,013	139,217	146,785	153,698
<b>2000</b>							
Jan.	349	6,432	4,555	3,025	139,475	147,055	153,836
Feb.	307	6,449	4,555	3,029	139,949	147,533	154,289
Mar.	317	6,324	4,555	3,102	143,997	151,654	158,295
Apr.	325	6,307	1,863	2,952	143,589	148,404	155,036
May	323	6,475	1,871	2,958	144,214	149,043	155,841
June	326	6,561	1,871	3,074	147,402	152,347	159,234
July	332	6,534	1,879	3,054	147,092	152,025	158,891
Aug.	292	6,507	2,086	3,137	148,457	153,680	160,479
Sept.	303	6,608	2,091	3,159	152,790	158,040	164,951
Oct.	314	6,459	2,471	2,958	127,492	132,921	139,694
Nov.	302	6,692	2,480	3,044	128,166	133,690	140,684
Dec.	312	6,835	2,287	3,010	129,417	134,714	141,861

<sup>1</sup> This Table was discontinued as from January 2001.

<sup>2</sup> From September 1992 up to December 1994, includes deposits of offshore subsidiaries of the Deposit Money Banks held with their parent institutions.

**TABLE 1.4 STATEMENT OF ASSETS AND LIABILITIES  
INTERNATIONAL BANKING INSTITUTIONS**

*Liabilities*

*Lm thousands*

End of Period	Resident Deposits				Foreign Liabilities	Capital and Reserves	Other Liabilities	Total Liabilities
	Demand	Savings	Time	Total				
1995	1,607	3,513	4,614	9,734	366,823	26,659	4,530	407,746
1996	1,301	4,209	7,246	12,756	616,842	33,056	5,725	668,379
1997	2,068	5,757	7,080	14,905	950,186	63,912	12,881	1,041,884
1998	2,866	7,712	11,292	21,870	1,690,832	161,866	17,382	1,891,950
1999	4,027	10,203	7,093	21,323	2,460,629	188,740	40,418	2,711,110
2000	4,715	12,403	15,230	32,348	2,820,520	194,213	59,066	3,106,146
<b>2001</b>								
Jan.	4,178	12,848	15,678	32,704	2,118,901	227,026	23,149	2,401,781
Feb.	4,182	11,221	16,176	31,579	2,149,272	227,421	-53,189	2,355,084
Mar.	4,527	11,289	17,126	32,942	2,376,838	199,065	-32,104	2,576,742
Apr.	5,468	13,231	15,380	34,079	2,080,792	244,929	-64,355	2,295,445
May	4,900	12,454	15,784	33,138	2,154,427	243,043	8,398	2,439,006
June	5,484	11,714	16,206	33,405	2,021,493	250,363	6,696	2,311,957
July	5,169	11,144	16,096	32,409	1,865,588	251,354	9,484	2,158,835
Aug.	5,372	10,717	17,245	33,335	1,805,889	253,410	15,758	2,108,391
Sept.	5,466	11,135	16,057	32,658	1,682,173	245,114	1,351	1,961,296
Oct.	5,026	10,954	16,367	32,347	1,821,977	245,156	5,209	2,104,688
Nov.	5,486	10,339	16,036	31,861	1,834,314	250,200	19,366	2,135,740
Dec.	5,426	11,259	16,153	32,838	2,348,815	256,729	17	2,638,400
<b>2002</b>								
Jan.	4,703	12,238	15,830	32,771	2,150,743	234,712	31,270	2,449,496
Feb.	5,926	14,143	15,257	35,326	2,097,070	232,695	28,621	2,393,711
Mar.	6,190	13,888	15,097	35,175	2,278,575	235,307	34,728	2,583,785
Apr.	6,209	11,856	17,472	35,537	2,279,988	236,434	37,719	2,589,678
May	6,778	12,720	16,699	36,197	2,345,702	238,268	39,907	2,660,075
June	7,653	15,085	18,784	41,521	2,319,044	240,205	30,329	2,631,100
July	4,481	17,811	18,839	41,131	2,374,221	239,003	44,777	2,699,132
Aug.	7,424	17,111	19,949	44,484	2,468,160	239,039	46,064	2,797,747
Sept.	6,432	17,195	19,603	43,230	2,450,095	239,707	45,337	2,778,369
Oct.	3,715	18,834	19,857	42,406	2,672,032	239,794	47,384	3,001,615
Nov.	124	5,097	850	6,071	2,503,992	157,713	20,913	2,688,689
Dec.	28	5,227	1,125	6,380	2,295,906	157,981	16,083	2,476,350



**TABLE 1.4 STATEMENT OF ASSETS AND LIABILITIES  
INTERNATIONAL BANKING INSTITUTIONS**

*Assets*

*Lm thousands*

End of Period	Cash and Deposits with Central Bank	Foreign Assets	Local Lending and Bills Discounted	Local Investments	Fixed and Other Assets	Total Assets
1995	712	241,121	157	161,931	3,825	407,746
1996	937	462,902	37	200,098	4,405	668,379
1997	867	817,949	598	217,221	5,249	1,041,884
1998	1,236	1,652,699	996	231,290	5,729	1,891,950
1999	1,892	2,434,594	6,135	260,458	8,030	2,711,110
2000	2,078	2,819,021	6,128	267,663	11,256	3,106,146
<b>2001</b>						
Jan.	2,169	2,114,115	5,776	268,522	11,198	2,401,781
Feb.	1,887	2,059,090	6,819	276,347	10,940	2,355,084
Mar.	2,380	2,281,085	7,703	273,712	11,862	2,576,742
Apr.	2,194	1,993,143	8,231	279,991	11,886	2,295,445
May	2,302	2,129,162	7,983	286,874	12,685	2,439,006
June	2,103	2,006,877	7,261	278,348	17,368	2,311,957
July	2,360	1,847,609	6,655	284,848	17,362	2,158,835
Aug.	6,224	1,758,520	6,334	325,536	11,776	2,108,391
Sept.	1,469	1,797,836	7,002	141,641	13,348	1,961,296
Oct.	5,433	1,944,342	5,980	138,531	10,402	2,104,688
Nov.	1,463	1,975,832	6,122	138,420	13,904	2,135,740
Dec.	1,355	2,481,053	5,855	137,161	12,976	2,638,400
<b>2002</b>						
Jan.	1,467	2,282,661	6,967	146,809	11,592	2,449,496
Feb.	1,381	2,224,745	5,688	153,026	8,872	2,393,711
Mar.	1,354	2,412,549	6,523	154,654	8,705	2,583,785
Apr.	1,329	2,419,124	6,869	153,576	8,781	2,589,678
May	1,386	2,491,250	6,802	153,083	7,553	2,660,075
June	1,273	2,459,638	5,997	156,737	7,455	2,631,100
July	1,401	2,523,905	6,074	160,893	6,859	2,699,132
Aug.	1,284	2,616,453	5,861	167,203	6,945	2,797,747
Sept.	1,512	2,595,768	5,905	168,251	6,933	2,778,369
Oct.	1,507	2,802,706	5,424	187,108	4,870	3,001,615
Nov.	1,254	2,668,624	5,828	9,158	3,825	2,688,689
Dec.	1,141	2,455,946	6,426	8,860	3,977	2,476,350

## TABLE 1.5 BANKING SURVEY<sup>1</sup>

*Lm thousands*

End of Period	Domestic Credit			Net Foreign Assets			Narrow Money <sup>4</sup> (M1)	Quasi-Money <sup>5</sup>	Other Items (Net)	Total Assets/Liabilities
	Net Claims on Government <sup>2</sup>	Claims on Private & Parastatal Sectors <sup>3</sup>	Total	Central Bank of Malta	All Banking Institutions	Total				
1990	91,177	486,841	578,018	444,763	139,860	584,623	384,438	657,223	120,980	1,162,641
1991	119,535	576,846	696,381	426,885	169,052	595,937	406,689	726,245	145,634	1,292,318
1992	121,591	638,078	759,669	492,230	198,759	690,989	408,551	830,231	206,345	1,450,658
1993	137,329	720,680	858,009	549,495	187,664	737,159	425,063	941,658	219,292	1,595,168
1994	150,632	816,586	967,218	690,434	187,106	877,540	463,547	1,106,721	208,331	1,844,758
1995	179,896	1,044,865	1,224,761	580,700	242,107	822,807	436,760	1,254,635	356,173	2,047,568
1996	239,084	1,190,485	1,429,569	554,119	208,331	762,450	454,089	1,414,215	323,715	2,192,019
1997	321,469	1,323,259	1,644,728	561,668	182,760	744,428	479,899	1,567,091	342,166	2,389,156
1998	355,996	1,459,815	1,815,811	639,991	238,447	878,438	523,628	1,698,959	471,662	2,694,249
1999	358,094	1,632,866	1,990,960	740,339	228,835	969,174	581,148	1,860,653	518,334	2,960,134
2000	411,810	1,772,432	2,184,242	640,508	330,271	970,779	594,660	1,944,221	616,140	3,155,021
<b>2001</b>										
Jan.	439,406	1,765,522	2,204,928	628,251	328,837	957,088	606,511	1,964,824	590,680	3,162,015
Feb.	441,098	1,774,453	2,215,551	622,443	257,343	879,786	607,904	1,988,101	499,332	3,095,337
Mar.	435,325	1,826,170	2,261,496	628,584	236,293	864,877	611,018	1,980,762	534,593	3,126,373
Apr.	442,556	1,828,686	2,271,242	637,496	275,034	912,531	616,331	2,035,578	531,864	3,183,773
May	456,814	1,816,842	2,273,656	651,737	347,405	999,142	627,624	2,042,228	602,945	3,272,798
June	462,820	1,815,505	2,278,325	644,990	340,195	985,186	626,485	2,025,935	611,090	3,263,510
July	489,148	1,809,221	2,298,369	674,327	319,316	993,643	646,991	2,032,707	612,315	3,292,013
Aug.	476,029	1,799,599	2,275,627	685,984	337,091	1,023,075	631,146	2,056,323	611,234	3,298,703
Sept.	482,907	1,849,181	2,332,088	688,866	308,165	997,031	640,547	2,046,957	641,616	3,329,120
Oct.	504,802	1,849,192	2,353,994	719,175	316,810	1,035,985	647,212	2,077,673	665,094	3,389,979
Nov.	493,221	1,842,644	2,335,866	747,956	315,891	1,063,847	630,284	2,101,328	668,100	3,399,712
Dec.	475,109	1,853,194	2,328,303	760,428	323,119	1,083,546	635,487	2,117,464	658,898	3,411,850
<b>2002</b>										
Jan.	495,229	1,846,718	2,341,947	781,647	297,768	1,079,415	623,393	2,146,918	651,050	3,421,362
Feb.	495,352	1,841,413	2,336,764	795,701	310,013	1,105,714	631,833	2,177,936	632,709	3,442,479
Mar.	501,527	1,862,148	2,363,674	783,029	362,677	1,145,706	643,432	2,207,746	658,202	3,509,380
Apr.	507,518	1,859,405	2,366,922	771,531	396,172	1,167,703	641,205	2,219,955	673,466	3,534,625
May	536,446	1,864,488	2,400,934	773,008	402,520	1,175,529	647,223	2,234,657	694,583	3,576,463
June	537,159	1,853,849	2,391,007	780,684	389,321	1,170,006	654,888	2,253,210	652,916	3,561,013
July	502,239	1,872,217	2,374,456	811,339	432,439	1,243,778	665,438	2,280,521	672,275	3,618,234
Aug.	519,192	1,865,274	2,384,467	827,645	443,118	1,270,763	670,279	2,310,093	674,858	3,655,230
Sept.	485,833	1,899,411	2,385,244	840,606	475,049	1,315,655	679,886	2,335,418	685,595	3,700,899
Oct.	555,819	1,897,597	2,453,416	872,260	416,097	1,288,358	682,638	2,321,409	737,727	3,741,774
Nov.	543,943	1,904,805	2,448,748	878,558	419,091	1,297,649	675,290	2,361,216	709,891	3,746,397
Dec.	497,955	1,908,176	2,406,131	873,860	421,043	1,294,902	680,121	2,357,951	662,961	3,701,033

<sup>1</sup> Includes Central Bank of Malta, Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). All interbank transactions are excluded. From 1995, data are on an accrual basis.

<sup>2</sup> Consists of Malta Government securities held by banks and bank advances to Government netted of Government deposits.

<sup>3</sup> These claims include domestic loans and overdrafts to private and parastatal bodies, investments in local non-Government securities, inland bills of exchange and promissory notes.

<sup>4</sup> Excludes Malta Government deposits, balances belonging to non-residents as well as uncleared effects drawn on Deposit Money Banks.

<sup>5</sup> Excludes Malta Government deposits and balances belonging to non-residents.

**TABLE 1.6 MONETARY BASE AND MONETARY AGGREGATES**

*Lm thousands*

End of Period	Monetary Base (M0) <sup>1</sup>			Broad Money (M3) <sup>3</sup>						
	Currency Issued <sup>2</sup>	Banks' Deposits with the Central Bank	Total	Narrow Money(M1)			Quasi-Money			Total
				Currency in Circulation	Demand Deposits <sup>4</sup>	Total	Savings Deposits	Time Deposits	Total	
1990	339,519	45,762	385,281	330,305	54,133	384,438	260,691	396,532	657,223	1,041,661
1991	354,513	52,867	407,380	344,342	62,347	406,689	310,302	415,943	726,245	1,132,934
1992	350,611	78,498	429,109	337,635	70,916	408,551	367,108	463,123	830,231	1,238,782
1993	364,013	67,173	431,186	353,258	71,805	425,063	415,292	526,366	941,658	1,366,721
1994	379,082	73,025	452,107	365,910	97,637	463,547	462,441	644,280	1,106,721	1,570,268
1995	367,444	80,026	447,470	351,779	84,981	436,760	510,842	743,793	1,254,635	1,691,395
1996	380,246	71,627	451,873	362,068	92,021	454,089	537,269	876,946	1,414,215	1,868,304
1997	384,655	100,511	485,166	363,765	116,134	479,899	574,125	992,966	1,567,091	2,046,990
1998	390,911	115,195	506,107	369,493	154,135	523,628	585,131	1,113,828	1,698,959	2,222,587
1999	418,485	124,786	543,271	384,593	196,555	581,148	637,402	1,223,251	1,860,653	2,441,800
2000	423,188	141,270	564,459	396,303	198,357	594,660	629,389	1,314,832	1,944,221	2,538,881
<b>2001</b>										
Jan.	412,749	151,954	564,702	396,210	210,301	606,511	630,511	1,334,313	1,964,824	2,571,335
Feb.	413,863	154,375	568,239	393,154	214,750	607,904	634,277	1,353,824	1,988,101	2,596,005
Mar.	415,262	142,870	558,132	395,574	215,444	611,018	623,862	1,356,900	1,980,762	2,591,780
Apr.	421,757	150,629	572,385	402,297	214,034	616,331	640,897	1,394,681	2,035,578	2,651,909
May	426,201	157,537	583,738	405,512	222,112	627,624	635,547	1,406,681	2,042,228	2,669,853
June	429,727	129,375	559,102	411,395	215,090	626,485	643,177	1,382,758	2,025,935	2,652,420
July	434,373	147,841	582,214	413,360	233,631	646,991	639,827	1,392,880	2,032,707	2,679,698
Aug.	432,878	131,452	564,329	411,542	219,604	631,146	654,199	1,402,124	2,056,323	2,687,469
Sept.	429,428	138,417	567,844	413,554	226,993	640,547	643,754	1,403,203	2,046,957	2,687,503
Oct.	435,076	112,067	547,143	415,199	232,014	647,212	657,169	1,420,504	2,077,673	2,724,886
Nov.	430,082	107,284	537,366	412,110	218,174	630,284	649,660	1,451,668	2,101,328	2,731,612
Dec.	441,829	125,789	567,618	418,887	216,600	635,487	671,449	1,446,015	2,117,464	2,752,951
<b>2002</b>										
Jan.	433,286	130,034	563,320	413,797	209,596	623,393	677,542	1,469,376	2,146,918	2,770,311
Feb.	433,412	127,009	560,421	414,699	217,133	631,833	683,418	1,494,518	2,177,936	2,809,769
Mar.	436,995	98,755	535,750	419,090	224,343	643,432	687,713	1,520,033	2,207,746	2,851,178
Apr.	441,559	88,207	529,766	425,139	216,065	641,205	689,406	1,530,549	2,219,955	2,861,159
May	444,631	118,605	563,236	426,219	221,004	647,223	681,099	1,553,558	2,234,657	2,881,880
June	449,887	130,602	580,489	430,740	224,148	654,888	682,086	1,571,124	2,253,210	2,908,097
July	455,342	119,184	574,526	436,081	229,357	665,438	690,231	1,590,290	2,280,521	2,945,959
Aug.	453,209	133,854	587,063	435,774	234,505	670,279	695,268	1,614,825	2,310,093	2,980,372
Sept.	456,448	100,234	556,683	437,997	241,889	679,886	700,761	1,634,657	2,335,418	3,015,304
Oct.	456,569	127,632	584,201	437,968	244,670	682,638	697,044	1,624,365	2,321,409	3,004,047
Nov.	451,950	120,479	572,429	436,616	238,674	675,290	714,153	1,647,063	2,361,216	3,036,506
Dec.	461,247	151,558	612,805	436,831	243,290	680,121	712,788	1,645,163	2,357,951	3,038,072

<sup>1</sup> Monetary Base (M0) comprises currency issued and the banks' deposits with the Central Bank of Malta (excluding term deposits).

<sup>2</sup> Currency issued comprises currency in circulation and holdings of national currency by the banks in their tills.

<sup>3</sup> All categories of deposits included in the Broad Money (M3) figure as shown in this Table are netted of Malta Government deposits and balances belonging to non-residents.

<sup>4</sup> Cheques and other items in the process of collection are deducted from demand deposits. Deposits of private and parastatal entities held with the Central Bank of Malta are included.

**TABLE 1.7 MONETARY POLICY OPERATIONS OF THE CENTRAL BANK OF MALTA***Lm thousands*

Period	Liquidity-injection				Liquidity-absorption			
	Reverse Repos <sup>1</sup>			Marginal Lending Facility <sup>2</sup>	Term Deposits <sup>3</sup>			Overnight Deposit Facility <sup>4</sup>
	Amount Injected	Amount Matured	Amount Outstanding		Amount Absorbed	Amount Matured	Amount Outstanding	
1995	88,865	86,865	2,000	-	116,397	222,997	-	-
1996	1,275	3,275	-	-	248,800	227,900	20,900	-
1997	54,200	54,200	-	-	349,000	369,900	-	-
1998	241,300	237,300	4,000	-	173,000	173,000	-	-
1999	81,800	85,800	-	-	437,900	425,900	12,000	104,500
2000	244,900 <sup>5</sup>	180,200	64,700	500	271,600	283,600	-	97,662
2001	859,000	918,700	5,000	8,550	77,200	56,200	21,000	120,200
2002	-	5,000	-	-	2,399,400	2,316,400	104,000	175,665
<b>2001</b>								
Jan.	93,600	105,300	53,000	-	4,200	4,200	-	13,000
Feb.	103,900	83,000	73,900	-	-	-	-	16,100
Mar.	151,500	162,900	62,500	5,750	-	-	-	1,300
Apr.	111,800	108,700	65,600	500	-	-	-	-
May	67,000	96,600	36,000	-	-	-	-	7,800
June	62,600	76,600	22,000	-	-	-	-	23,800
July	39,500	36,000	25,500	-	500	500	-	8,000
Aug.	72,000	76,000	21,500	2,300	-	-	-	3,800
Sept.	68,700	51,200	39,000	-	-	-	-	700
Oct.	40,000	68,000	11,000	-	15,000	-	15,000	1,400
Nov.	24,600	31,600	4,000	-	18,500	16,000	17,500	7,800
Dec.	23,800	22,800	5,000	-	39,000	35,500	21,000	36,500
<b>2002</b>								
Jan.	-	5,000	-	-	105,300	72,300	54,000	5,700
Feb.	-	-	-	-	128,500	113,000	69,500	42,500
Mar.	-	-	-	-	222,000	199,000	92,500	14,800
Apr.	-	-	-	-	179,800	164,800	107,500	400
May	-	-	-	-	169,000	184,000	92,500	17,800
June	-	-	-	-	156,000	180,000	68,500	15,300
July	-	-	-	-	146,500	152,500	62,500	2,000
Aug.	-	-	-	-	194,500	155,000	102,000	20,200
Sept.	-	-	-	-	195,300	199,900	97,400	12,200
Oct.	-	-	-	-	261,800	207,200	152,000	13,500
Nov.	-	-	-	-	357,400	339,900	169,500	22,500
Dec.	-	-	-	-	283,300	348,800	104,000	8,765

<sup>1</sup>The Central Bank injects liquidity into the banking sector through an auction of reverse repos in the event of a liquidity shortage. The maturity period of reverse repos is 14 days.

<sup>2</sup>The Central Bank provides the marginal lending facility to credit institutions in order to satisfy their liquidity needs arising from normal banking business.

<sup>3</sup>The Central Bank accepts placements of term deposits by credit institutions, through auctions, in order to absorb excess liquidity in the banking sector. The maturity period of these term deposits is 14 days. Up to February 1997 excess liquidity in the banking system was absorbed using repos.

<sup>4</sup>The Central Bank provides the overnight deposit facility to credit institutions to absorb temporary liquidity excesses that could not be taken up by the market.

<sup>5</sup>Includes Lm28 million bilateral repos.

**TABLE 1.8 DEPOSITS WITH ALL BANKING INSTITUTIONS<sup>1</sup>**  
*Analysis by Ownership and Type*

*€m thousands*

End of Period	Resident Deposits by Owner				Resident Deposits by Type		Total Resident Deposits	Non-Resident Deposits	Total Deposits
	Personal <sup>2</sup>	Corporate/ Business	Government	Public Sector <sup>3</sup>	Maltese Lira Deposits	Foreign Currency Deposits <sup>4</sup>			
1990	609,524	81,398	2,158	14,847	642,867	65,060	707,927	60,241	768,163
1991	681,830	84,192	1,815	14,722	702,698	79,861	782,559	78,584	861,143
1992	766,751	107,243	2,029	15,519	793,705	97,837	891,542	118,074	1,009,616
1993	877,873	109,876	2,704	20,254	904,531	106,176	1,010,707	139,558	1,150,265
1994	1,029,646	136,222	2,211	23,963	1,069,068	122,974	1,192,042	170,199	1,362,241
1995	1,170,640	151,510	6,744	24,214	1,196,977	156,131	1,353,108	236,180	1,589,288
1996	1,322,162	160,545	8,952	26,691	1,345,124	173,226	1,518,350	363,449	1,881,799
1997	1,466,011	190,603	10,000	30,148	1,513,978	182,784	1,696,762	578,884	2,275,646
1998	1,615,056	206,658	11,839	32,788	1,674,107	192,234	1,866,341	1,076,060	2,942,401
1999	1,704,669	324,081	14,868	33,284	1,870,317	206,585	2,076,902	1,148,486	3,225,388
2000	1,786,776	322,578	13,443	40,557	1,938,548	224,808	2,163,356	1,118,099	3,281,454
<b>2001</b>									
Jan.	1,799,723	335,256	13,085	51,100	1,972,683	226,481	2,199,164	1,113,275	3,312,439
Feb.	1,815,129	340,860	13,203	51,242	1,991,280	229,153	2,220,433	1,061,458	3,281,892
Mar.	1,819,987	340,129	13,859	47,762	1,982,213	239,522	2,221,735	840,501	3,062,236
Apr.	1,834,216	372,532	14,263	53,608	2,013,417	261,202	2,274,619	806,022	3,080,641
May	1,840,710	359,214	13,551	69,144	2,016,908	265,712	2,282,620	814,543	3,097,163
June	1,856,663	334,341	13,059	64,451	2,004,576	263,940	2,268,516	824,462	3,092,978
July	1,862,559	346,872	14,162	62,711	2,026,348	259,959	2,286,307	828,700	3,115,007
Aug.	1,872,982	342,209	14,998	67,980	2,015,181	282,992	2,298,173	820,812	3,118,985
Sept.	1,903,474	328,965	15,125	50,102	2,024,933	272,733	2,297,666	867,076	3,164,742
Oct.	1,927,122	335,148	14,541	51,218	2,054,391	273,641	2,328,032	864,094	3,192,126
Nov.	1,933,419	354,218	13,822	41,360	2,061,326	281,494	2,342,820	872,462	3,215,282
Dec.	1,955,817	351,655	12,521	31,759	2,065,730	286,021	2,351,751	946,220	3,297,971
<b>2002</b>									
Jan.	1,972,992	360,149	13,061	32,019	2,086,279	291,941	2,378,220	958,350	3,336,570
Feb.	1,990,957	380,304	12,761	32,624	2,118,760	297,886	2,416,646	973,442	3,390,088
Mar.	2,016,442	399,950	10,811	30,172	2,139,107	318,270	2,457,377	1,045,915	3,503,292
Apr.	2,031,223	381,613	13,087	31,184	2,146,790	310,317	2,457,107	1,067,802	3,524,909
May	2,042,051	393,722	12,876	30,785	2,173,246	306,188	2,479,434	1,124,115	3,603,549
June	2,061,453	400,501	12,324	31,445	2,194,978	310,744	2,505,722	1,096,816	3,602,538
July	2,070,868	412,767	13,583	33,447	2,214,034	316,630	2,530,664	1,080,195	3,610,858
Aug.	2,091,972	425,903	13,390	38,501	2,246,770	322,996	2,569,766	1,095,208	3,664,974
Sept.	2,108,534	437,257	13,546	44,626	2,261,408	342,556	2,603,964	1,150,338	3,754,302
Oct.	2,110,034	405,568	13,586	57,639	2,261,060	325,767	2,586,827	1,103,409	3,690,236
Nov.	2,138,538	413,380	11,101	58,784	2,287,363	334,440	2,621,803	1,011,512	3,633,315
Dec.	2,121,567	426,933	14,189	58,112	2,279,244	341,557	2,620,801	908,426	3,529,227

<sup>1</sup> Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). For the purposes of this Table, deposits include uncleared effects.

<sup>2</sup> Includes bearer deposits.

<sup>3</sup> Public sector companies are entities that are subject to control by Government, control being defined as the ability to determine general corporate policy.

<sup>4</sup> Includes External Maltese Lira deposits.

**TABLE 1.9 CURRENCY IN CIRCULATION**

*Lm thousands*

End of Period	Currency Issued and Outstanding			Less Currency held by Banking System <sup>2</sup>	Currency in Circulation
	Notes <sup>1</sup>	Coins	Total		
1990	330,715	8,804	339,519	9,214	330,305
1991	344,933	9,580	354,513	10,171	344,342
1992	340,144	10,467	350,611	12,976	337,635
1993	352,590	11,423	364,013	10,755	353,258
1994	366,630	12,452	379,082	13,171	365,910
1995	354,109	13,335	367,444	15,665	351,779
1996	366,297	13,949	380,246	18,178	362,068
1997	369,830	14,825	384,655	20,890	363,765
1998	375,209	15,702	390,911	21,418	369,493
1999	401,999	16,486	418,485	33,893	384,593
2000	405,713	17,476	423,188	26,885	396,303
<b>2001</b>					
Jan.	395,514	17,235	412,749	16,539	396,210
Feb.	396,788	17,076	413,863	20,709	393,154
Mar.	398,183	17,079	415,262	19,688	395,574
Apr.	404,502	17,254	421,757	19,460	402,297
May	408,935	17,266	426,201	20,689	405,512
June	412,284	17,442	429,727	18,331	411,395
July	416,685	17,688	434,373	21,013	413,360
Aug.	415,014	17,864	432,878	21,336	411,542
Sept.	411,542	17,886	429,428	15,874	413,554
Oct.	417,163	17,913	435,076	19,877	415,199
Nov.	412,309	17,773	430,082	17,972	412,110
Dec.	423,835	17,994	441,829	22,942	418,887
<b>2002</b>					
Jan.	415,470	17,816	433,286	19,489	413,797
Feb.	415,524	17,888	433,412	18,712	414,699
Mar.	419,238	17,757	436,995	17,906	419,090
Apr.	423,736	17,823	441,559	16,420	425,139
May	426,695	17,936	444,631	18,412	426,219
June	431,859	18,028	449,887	19,147	430,740
July	436,944	18,398	455,342	19,261	436,081
Aug.	434,661	18,549	453,209	17,435	435,774
Sept.	437,832	18,616	456,448	18,451	437,997
Oct.	438,034	18,535	456,569	18,601	437,968
Nov.	433,495	18,456	451,950	15,334	436,616
Dec.	443,905	17,343	461,247	24,416	436,831

<sup>1</sup> As from December 1998, the Notes figure in the Central Bank of Malta balance sheet, which is also shown in this Table includes demonetised notes. As a result it differs from the Notes figure in Table 1.10.

<sup>2</sup> For the purpose of this classification, the banking system includes the Deposit Money Banks, Other Banking Institutions (up to December 2000) and the International Banking Institutions (as from January 1995).

**TABLE 1.10 DENOMINATIONS OF MALTESE CURRENCY  
ISSUED AND OUTSTANDING**

*Lm thousands*

End of Period	Total Notes & Coins <sup>1</sup>	Currency Notes					
		Lm20	Lm10	Lm5	Lm2	Lm1	Total
1990	339,519	143,772	154,214	27,325	4,681	723	330,715
1991	354,513	147,013	165,736	26,666	4,833	685	344,933
1992	350,611	112,591	195,027	26,772	5,092	662	340,144
1993	364,013	118,509	202,241	26,036	5,170	634	352,590
1994	379,082	122,770	211,079	26,965	5,816	-	366,630
1995	367,444	121,395	201,474	25,510	5,730	-	354,109
1996	380,246	123,243	210,985	26,211	5,859	-	366,298
1997	384,655	118,144	219,736	25,853	6,099	-	369,832
1998	390,911	109,720	234,117	24,174	5,793	-	373,804
1999	418,485	108,626	259,366	27,738	6,270	-	402,000
2000	423,188	107,902	264,170	27,168	6,473	-	405,713
<b>2001</b>							
Jan.	412,749	107,317	256,896	24,959	6,342	-	395,514
Feb.	413,863	107,375	257,886	25,110	6,417	-	396,788
Mar.	415,262	107,553	258,584	25,533	6,513	-	398,183
Apr.	421,757	108,073	263,559	26,233	6,637	-	404,502
May	426,201	108,607	266,892	26,707	6,729	-	408,935
June	429,727	108,864	269,583	27,038	6,799	-	412,284
July	434,373	109,198	273,008	27,573	6,907	-	416,686
Aug.	432,878	108,898	271,722	27,488	6,906	-	415,014
Sept.	429,428	108,627	269,109	26,979	6,828	-	411,543
Oct.	435,076	108,798	274,517	27,071	6,777	-	417,163
Nov.	430,082	108,282	271,504	25,967	6,556	-	412,309
Dec.	441,829	108,832	280,699	27,647	6,656	-	423,834
<b>2002</b>							
Jan.	433,286	108,222	275,029	25,740	6,480	-	415,471
Feb.	433,412	107,981	275,327	25,752	6,464	-	415,524
Mar.	436,995	108,529	277,618	26,473	6,619	-	419,239
Apr.	441,559	109,463	280,777	26,826	6,671	-	423,737
May	444,631	110,608	282,231	27,044	6,812	-	426,695
June	449,887	110,753	286,321	27,932	6,853	-	431,859
July	455,342	111,246	289,939	28,734	7,025	-	436,944
Aug.	453,209	110,882	288,732	28,008	7,039	-	434,661
Sept.	456,448	110,773	291,621	28,424	7,014	-	437,832
Oct.	456,569	110,426	292,652	28,020	6,936	-	438,034
Nov.	451,950	109,824	290,109	26,739	6,823	-	433,495
Dec.	461,247	109,560	298,664	28,784	6,897	-	443,905

<sup>1</sup> The denominations of coins consist of Lml, 50c (cents), 25c, 10c, 5c, 2c, 1c, 5m (mils), 3m and 2m.

**TABLE 1.11 DEPOSIT MONEY BANK LIQUIDITY<sup>1</sup>**
*Lm thousands*

End of Period	Liquid Assets						Ratios (%)		
	Actual		Required		Excess		Liquidity		Advances to Deposits <sup>2</sup>
	Total	Local	Total	Local	Total	Local	Total	Local	
1990	274,941	107,264	150,767	55,554	124,174	51,710	36.5	15.5	66.6
1991	287,661	132,913	171,073	62,197	116,588	70,716	33.6	17.1	62.8
1992	367,586	148,126	199,401	76,726	168,185	71,400	36.9	15.4	60.8
1993	364,351	183,054	240,800	88,897	123,551	94,157	30.3	16.5	62.6
1994	503,859	259,348	279,955	105,060	223,904	154,288	36.0	19.7	60.0
Period	Liquid Assets			Net Short-term Liabilities <sup>3</sup>	Ratios (%)				
	Actual	Required	Excess		Liquidity	Advances to Deposits <sup>2</sup>			
1995	396,803	307,172	89,631	1,023,907	38.8	70.3			
1996	498,944	346,358	152,586	1,154,527	43.2	72.0			
1997	526,117	362,841	163,276	1,209,469	43.5	71.0			
1998	596,848	381,630	215,218	1,272,101	46.9	72.4			
1999	694,529	459,454	235,075	1,531,512	45.3	71.8			
2000	680,572	491,273	189,299	1,637,576	41.6	76.1			
<b>2001</b>									
Jan.	666,449	482,163	184,286	1,607,211	41.5	80.5			
Feb.	665,232	478,375	186,857	1,594,584	41.7	79.8			
Mar.	680,293	455,222	225,071	1,517,408	44.8	82.4			
Apr.	734,736	468,383	266,353	1,561,277	47.1	81.9			
May	784,669	472,516	312,153	1,575,054	49.8	81.1			
June	786,257	480,868	305,389	1,602,892	49.1	81.9			
July	820,433	490,664	329,769	1,635,547	50.2	80.7			
Aug.	813,630	506,823	306,807	1,689,409	48.2	80.1			
Sept.	930,243	508,223	422,021	1,694,075	54.9	82.5			
Oct.	885,887	518,814	367,073	1,729,380	51.2	81.2			
Nov.	894,471	524,381	370,090	1,747,938	51.2	80.6			
Dec.	899,098	524,456	374,642	1,748,188	51.4	80.7			
<b>2002</b>									
Jan.	901,722	531,712	370,010	1,772,373	50.9	79.5			
Feb.	918,821	517,718	401,103	1,725,727	53.2	78.0			
Mar.	927,296	528,333	398,963	1,761,109	52.7	77.9			
Apr.	921,314	519,963	401,351	1,733,210	53.2	77.4			
May	930,250	527,042	403,208	1,756,808	53.0	76.9			
June	925,305	533,951	391,354	1,779,837	52.0	75.8			
July	924,845	540,240	384,605	1,800,799	51.4	75.5			
Aug.	912,654	551,614	361,040	1,838,714	49.6	74.3			
Sept.	937,243	561,530	375,713	1,871,766	50.1	74.5			
Oct.	952,389	578,340	374,049	1,927,799	49.4	74.6			
Nov.	999,137	579,447	419,690	1,931,490	51.7	72.9			
Dec.	983,291	588,529	394,762	1,961,762	50.1	72.8			

<sup>1</sup> Up to September 1990, Deposit Money Banks were required to hold an amount equivalent to 25% of their total deposit liabilities in the form of specified liquid assets. In October 1990, the required minimum total liquidity ratio was reduced to 20%. Consequently, the required minimum local liquidity ratio was reduced from 12.5% to 8% of local deposit liabilities. As from 15 November 1994, Banking Directive No. 5 established a minimum of 30% liquid asset ratio, net of deductions. Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001 and Volksbank Malta Ltd as from November 2002.

<sup>2</sup> Includes also inland and foreign bills of exchange and promissory notes. Local uncleared effects are deducted from deposits.

<sup>3</sup> These consist of all short-term liabilities to banks and customers net of loans received under repurchase agreements against liquid assets, deposits pledged as security and 50% of items in course of collection.



**TABLE 1.12 DEPOSIT MONEY BANK LIQUID ASSETS <sup>1</sup>**

*Lm thousands*

End of Period	Cash and Deposits <sup>2</sup>		Other Specified Assets Maturing within 5 Years <sup>3</sup>		Total	
	Local	Foreign	Local	Foreign	Local	Foreign
1990	23,083	151,992	84,181	15,685	107,264	167,677
1991	24,153	122,743	108,760	32,005	132,913	154,748
1992	43,019	155,983	105,107	63,477	148,126	219,460
1993	26,353	71,611	156,701	109,686	183,054	181,297
1994	131,837	97,075	127,511	147,436	259,348	244,511

Period	Cash and Deposits with CBM <sup>4</sup>	Treasury Bills	Interbank Deposits	Marketable Debt Securities <sup>5</sup>	Total Liquid Assets
1995	21,565	30,142	61,887	283,209	396,803
1996	20,264	67,173	70,741	340,766	498,944
1997	26,359	26,791	55,462	417,505	526,117
1998	31,064	33,110	47,280	485,394	596,848
1999	50,995	75,929	67,768	499,837	694,529
2000	33,512	116,818	68,865	461,377	680,572
<b>2001</b>					
Jan.	45,789	81,676	56,772	482,212	666,449
Feb.	39,116	75,471	50,241	500,404	665,232
Mar.	30,541	83,762	72,165	493,825	680,293
Apr.	44,708	115,943	115,741	458,344	734,736
May	55,103	92,214	120,707	516,645	784,669
June	28,517	95,548	113,517	548,675	786,257
July	32,113	124,357	113,524	550,439	820,433
Aug.	32,962	129,387	90,447	560,834	813,630
Sept.	26,675	144,350	182,254	576,964	930,243
Oct.	42,716	170,653	70,875	601,643	885,887
Nov.	36,129	178,923	70,935	608,484	894,471
Dec.	59,754	135,845	115,894	587,605	899,098
<b>2002</b>					
Jan.	87,954	146,026	93,367	574,375	901,722
Feb.	98,555	158,674	102,891	558,701	918,821
Mar.	95,008	154,141	100,071	578,076	927,296
Apr.	102,057	151,428	108,269	559,560	921,314
May	118,898	151,395	91,780	568,177	930,250
June	95,934	165,667	99,732	563,972	925,305
July	93,230	174,952	93,026	563,637	924,845
Aug.	98,914	157,303	96,609	559,828	912,654
Sept.	94,113	170,272	120,130	552,728	937,243
Oct.	88,399	186,430	116,453	561,107	952,389
Nov.	152,702	171,859	111,893	562,683	999,137
Dec.	120,981	156,950	135,072	570,288	983,291

<sup>1</sup> Includes HSBC Home Loans (Malta) as from January 2001 and Volksbank Malta Ltd as from November 2002.

<sup>2</sup> Includes cash in hand, working balances with Central Bank of Malta, money at call, net balances, savings and time deposits with other banks and other foreign investments.

<sup>3</sup> Includes Treasury bills and other Government securities maturing within five years, and eligible bills of exchange and promissory notes, netted of refinancing by the Central Bank of Malta.

<sup>4</sup> Excludes balances held as reserve deposits.

<sup>5</sup> Includes securities issued or guaranteed by governments, supranational institutions or other institutions, discounted on the basis of credit risk and remaining term to maturity.

**TABLE 1.13 DEPOSIT MONEY BANK LOANS AND ADVANCES  
OUTSTANDING BY MAIN SECTOR <sup>1</sup>**

*Lm thousands*

End of Period	Public Utilities	All Banking Institutions <sup>2</sup>	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1990	33,726	84,481	4,484	112,838	22,341	34,841	76,991
1991	42,597	59,455	5,872	115,657	24,802	28,557	84,520
1992	29,388	84,178	5,097	125,512	27,682	28,524	95,364

End of Period	Energy & Water	Transport, Storage & Communication	All Banking Institutions <sup>2</sup>	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1993	30,367	22,872	108,896	5,571	149,018	28,071	30,288	113,810
1994	32,599	24,584	118,957	7,052	161,352	43,327	38,072	137,453
1995	80,818	54,998	65,563	8,560	188,815	65,489	79,242	181,810
1996	86,861	63,644	55,393	11,472	204,026	73,590	110,271	208,301
1997	98,105	69,171	45,735	10,755	205,140	71,593	154,104	224,161
1998	106,900	76,025	58,077	10,627	195,971	82,028	170,185	243,464
1999	108,906	75,977	43,186	10,305	196,285	96,482	204,228	267,183
2000	101,083	98,396	53,591	19,004	210,971	98,362	235,703	285,419
<b>2001</b>								
Jan.	98,504	102,751	54,508	11,175	203,726	97,450	239,472	276,329
Feb.	96,948	115,408	55,872	11,191	201,365	98,499	239,961	278,111
Mar.	100,530	118,290	57,905	10,874	203,538	94,538	243,393	295,681
Apr.	103,494	118,725	89,220	11,116	205,815	94,965	242,297	292,366
May	97,290	118,774	93,910	10,359	203,076	88,808	239,062	296,435
June	92,710	116,955	95,179	10,546	201,723	87,824	239,451	295,911
July	89,032	115,343	96,650	10,563	201,496	84,921	239,066	295,232
Aug.	88,460	112,326	99,467	11,224	203,855	86,864	234,516	292,473
Sept.	88,592	107,127	101,027	11,781	205,689	90,685	236,658	302,352
Oct.	87,851	102,056	101,750	11,672	207,217	89,522	240,455	301,084
Nov.	87,678	107,019	101,449	10,194	203,641	85,781	238,693	297,402
Dec.	95,225	107,097	101,419	10,374	202,597	85,169	245,567	295,397
<b>2002</b>								
Jan.	91,870	109,772	100,356	10,206	201,793	85,928	246,248	294,250
Feb.	91,398	106,819	98,192	10,202	204,989	86,287	247,579	291,394
Mar.	91,078	109,065	103,230	10,483	207,058	89,586	248,797	309,334
Apr.	89,602	104,352	98,121	10,496	208,068	87,892	247,445	309,324
May	89,045	102,590	95,670	10,399	207,105	91,296	247,925	308,628
June	89,596	105,708	93,320	10,505	202,658	88,585	246,472	299,262
July	89,796	128,781	90,358	10,554	201,904	91,412	247,156	295,737
Aug.	89,683	126,157	88,918	10,433	200,444	90,823	239,634	290,335
Sept.	91,982	132,950	90,236	10,419	196,374	93,784	244,898	296,294
Oct.	91,735	132,821	86,113	10,361	188,070	94,092	251,024	295,880
Nov.	94,991	130,419	86,463	10,153	189,172	92,781	252,449	293,196
Dec.	93,590	133,251	84,376	10,321	190,941	91,168	254,872	295,067

<sup>1</sup> Includes HSBC Home Loans (Malta)Bank Ltd as from January 2001 and Volksbank Malta Ltd as from November 2002.

<sup>2</sup> Includes Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).

**TABLE 1.13 DEPOSIT MONEY BANK LOANS AND ADVANCES  
OUTSTANDING BY MAIN SECTOR<sup>1</sup> (Continued)**

*Lm thousands*

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Total	
	House Purchases	Consumer Durable Goods	Other	Total					
1990	13,448	1,827	14,470	29,745	53,836	453,283	2,547	455,830	
1991	12,626	2,296	28,086	43,008	67,727	472,195	8,116	480,311	
1992	15,374	3,577	34,917	53,868	79,704	529,317	9,850	539,167	
End of Period	Personal				Other <sup>3</sup> Services	All Other	Total Local Lending	Foreign Lending	Total
	House Purchases	Consumer Durable Goods <sup>2</sup>	Other	Total					
1993	16,055	3,539	38,791	58,385	16,612	62,787	626,677	5,925	632,602
1994	35,531	8,977	19,547	64,055	22,331	56,093	705,874	6,344	712,218
1995	46,424	22,882	21,951	91,256	36,670	82,438	935,659	13,546	949,205
1996	60,553	32,934	29,163	122,650	46,113	95,315	1,077,636	13,970	1,091,606
1997	78,443	35,966	25,988	140,397	54,456	113,555	1,187,172	14,340	1,201,512
1998	91,733	44,627	26,324	162,684	60,829	125,524	1,292,314	5,205	1,297,519
1999	121,019	49,883	39,371	210,273	79,946	133,518	1,426,289	7,418	1,433,707
2000	137,293	52,959	53,582	243,833	65,828	161,752	1,573,942	8,956	1,582,898
<b>2001</b>									
Jan.	266,311	51,795	66,520	384,626	74,670	156,779	1,699,990	11,273	1,711,263
Feb.	266,392	53,862	62,336	382,590	72,874	155,014	1,707,833	10,727	1,718,560
Mar.	278,251	54,087	65,393	397,730	87,587	150,937	1,761,003	10,666	1,771,669
Apr.	278,812	53,745	66,164	398,722	84,029	151,652	1,792,401	11,883	1,804,284
May	281,951	53,126	69,007	404,084	76,609	157,207	1,785,615	8,728	1,794,343
June	286,534	52,124	71,443	410,101	73,183	162,606	1,786,189	11,894	1,798,083
July	290,060	51,517	72,224	413,801	76,020	159,814	1,781,938	12,232	1,794,170
Aug.	292,390	50,996	72,043	415,430	69,088	164,117	1,777,819	12,451	1,790,270
Sept.	295,721	49,842	81,582	427,145	72,700	184,124	1,827,880	8,026	1,835,906
Oct.	299,619	49,926	86,248	435,793	72,351	180,040	1,829,791	14,985	1,867,390
Nov.	302,801	49,487	84,112	436,399	78,615	179,135	1,826,006	17,389	1,843,395
Dec.	306,722	48,704	87,016	442,442	75,556	179,338	1,840,181	20,444	1,860,625
<b>2002</b>									
Jan.	309,170	47,685	87,161	444,016	70,151	177,807	1,832,397	20,031	1,852,428
Feb.	312,385	46,956	85,997	445,338	66,413	177,544	1,826,155	21,038	1,847,193
Mar.	320,532	46,464	88,677	455,673	71,267	155,733	1,851,304	22,476	1,873,780
Apr.	323,785	46,341	87,979	458,105	75,190	154,913	1,843,508	23,296	1,866,804
May	328,423	46,091	89,332	463,846	74,737	154,758	1,845,999	24,799	1,870,798
June	333,271	46,148	90,017	469,436	74,622	155,876	1,836,040	17,403	1,853,443
July	337,479	45,998	90,982	474,459	78,616	143,526	1,852,299	16,424	1,868,723
Aug.	343,263	44,964	90,260	478,487	82,729	146,634	1,844,277	15,884	1,860,161
Sept.	351,507	43,795	95,206	490,508	83,340	146,275	1,877,060	21,470	1,898,530
Oct.	357,056	44,330	97,595	498,981	80,753	141,982	1,871,812	21,207	1,893,019
Nov.	361,777	43,659	100,610	506,046	79,524	144,392	1,879,586	101,433	1,981,019
Dec.	367,124	43,302	97,897	508,323	81,977	137,029	1,880,915	265,492	2,146,407

<sup>1</sup> Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001 and Volksbank Malta Ltd as from November 2002.

<sup>2</sup> Includes also lending for the construction, modernisation or extension of dwellings.

<sup>3</sup> Includes professional, repair and maintenance services.

**TABLE 1.14 OTHER BANKING INSTITUTION LOANS AND  
ADVANCES OUTSTANDING BY MAIN SECTOR <sup>1</sup>**

*Lm thousands*

End of Period	Public Utilities	All Banking Institutions	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1990	-	-	471	14,102	-	14,797	1,595
1991	6,533	-	202	17,949	776	21,897	3,023
1992	13,539	-	182	20,418	1,428	27,114	3,520

End of Period	Energy & Water	Transport, Storage & Communication	All Banking Institutions	Agriculture & Fisheries	Manufacturing, Shiprepair/ Shipbuilding	Building & Construction	Hotel, Restaurant & Tourist Trades	Wholesale & Retail Trades
1993	-	23,534	-	302	23,590	-	33,816	5,723
1994	6,599	29,739	-	436	21,171	-	38,364	7,754
1995	-	17,213	-	379	9,629	539	25,040	2,622
1996	-	16,698	-	360	8,759	687	24,102	2,718
1997	-	9,496	-	463	8,088	612	20,385	2,526
1998	-	8,220	-	476	8,144	515	20,195	2,396
1999	-	4,409	2,074	460	8,084	373	16,655	1,945
<b>2000</b>								
Jan.	-	4,409	2,046	437	8,130	356	16,552	1,906
Feb.	-	4,381	2,043	433	8,120	355	16,535	1,933
Mar.	-	3,922	2,030	445	8,368	395	16,364	2,004
Apr.	-	3,922	1,992	383	7,765	394	15,879	1,993
May	-	3,922	2,035	379	7,992	392	15,788	1,958
June	-	5,203	2,051	379	7,991	373	15,726	1,926
July	-	3,891	2,025	379	7,600	372	15,522	1,882
Aug.	-	3,861	2,009	375	7,660	297	15,388	1,829
Sept.	-	3,962	1,992	385	7,458	262	15,209	1,871
Oct.	-	-	1,949	22	1,098	175	3,064	220
Nov.	-	-	1,982	23	1,094	175	3,020	226
Dec.	-	-	2,034	22	1,257	174	2,723	213

<sup>1</sup> This Table was discontinued as from January 2001.

**TABLE 1.14 OTHER BANKING INSTITUTION LOANS AND ADVANCES OUTSTANDING BY MAIN SECTOR<sup>1</sup> (Continued)**

*Lm thousands*

End of Period	Personal				All Other	Total Local Lending	Foreign Lending	Grand Total
	House Purchases <sup>2</sup>	Consumer Durable Goods	Other	Total				
1990	63,880	22	133	64,035	7,978	102,978	70,152	173,130
1991	71,801	16	139	71,956	15,026	137,362	81,114	218,476
1992	78,913	11	168	79,092	17,542	162,835	87,187	250,022

End of Period	Personal				Other Services <sup>3</sup>	All Other	Total Local Lending	Foreign Lending <sup>4</sup>	Grand Total
	House Purchases <sup>2</sup>	Consumer Durable Goods	Other	Total					
1993	82,830	16	120	82,966	2,712	7,063	179,706	79,287	258,993
1994	84,500	16	68	84,584	4,822	7,957	201,426	5,040	206,466
1995	86,135	38	72	86,245	1,841	3,272	146,937	86,619	233,556
1996	90,613	62	142	90,817	1,924	2,810	148,912	245,450	394,362
1997	95,247	52	130	95,429	1,987	3,103	142,089	447,503	589,592
1998	103,321	77	88	103,486	1,741	2,946	148,119	606,667	754,786
1999	103,070	92	190	103,352	1,504	4,767	143,623	815,458	959,081
<b>2000</b>									
Jan.	103,514	96	273	103,882	1,467	5,700	144,885	812,518	957,403
Feb.	104,021	91	415	104,527	1,369	6,190	145,886	812,948	958,834
Mar.	117,464	74	2,486	108,877	1,382	5,538	149,325	780,357	929,682
Apr.	120,650	62	3,376	109,841	1,352	5,617	149,138	800,690	949,828
May	109,547	88	1,074	110,709	1,283	5,506	149,964	807,963	957,927
June	111,388	84	1,386	112,858	1,262	4,856	152,625	728,149	880,774
July	112,442	80	1,683	114,204	1,242	4,898	152,015	893,479	1,045,494
Aug.	113,845	75	2,039	115,959	1,212	5,298	153,888	901,224	1,055,112
Sept.	117,464	74	2,486	120,024	1,219	5,515	157,897	883,621	1,041,518
Oct.	118,853	68	2,884	121,805	85	5,883	134,301	893,902	1,028,203
Nov.	119,376	66	3,103	122,545	84	4,742	133,891	930,404	1,064,294
Dec.	120,650	62	3,376	124,088	84	4,400	134,995	950,923	1,085,919

<sup>1</sup> This Table was discontinued as from January 2001.

<sup>2</sup> Includes also lending for the construction, modernisation or extension of dwellings.

<sup>3</sup> Includes professional, repair and maintenance services.

<sup>4</sup> As from January 1995, includes lending by International Banking Institutions.

**TABLE 1.15 LOANS AND ADVANCES OUTSTANDING  
TO THE PRIVATE AND PUBLIC SECTORS BY CATEGORY<sup>1</sup>**

*Lm thousands*

End of Period	Energy and Water		Transport, Storage and Communication		Agriculture and Fisheries		Manufacturing	
	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector
1996	808	86,053	15,512	64,830	11,615	217	131,073	17,599
1997	928	97,177	17,045	61,622	11,030	188	131,061	21,707
1998	1,080	105,820	31,877	52,368	10,949	154	132,176	24,158
1999	910	107,996	33,107	47,279	10,765	-	134,583	22,999
2000	492	100,591	46,358	52,038	19,026	-	154,127	11,204
<b>2001</b>								
Mar.	506	100,024	60,143	58,147	10,874	-	141,825	16,216
June	509	92,201	60,894	56,061	10,546	-	134,976	22,215
Sept.	703	87,889	50,535	56,592	11,781	-	135,840	24,322
Dec.	931	94,294	48,637	58,460	10,357	17	136,204	23,421
<b>2002</b>								
Mar.	944	90,134	43,646	65,419	10,459	24	137,214	25,095
June	765	88,831	46,788	58,920	10,496	9	139,198	19,425
Sept.	792	91,190	44,291	88,657	10,397	21	129,804	21,914
Dec.	679	92,911	46,541	86,710	10,298	23	124,959	22,485

End of Period	Shipbuilding and Shiprepair	Building and Construction		Hotel, Restaurant and Tourist Trades		Wholesale and Retail Trades	
	Private/Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector
1996	64,113	71,200	3,077	131,948	2,425	210,967	52
1997	60,460	69,231	2,974	171,964	2,525	226,681	6
1998	47,781	79,743	2,800	188,312	2,068	245,854	6
1999	46,787	94,189	2,666	218,053	2,830	269,119	9
2000	46,897	95,986	2,550	234,173	4,253	285,627	5
<b>2001</b>							
Mar.	46,578	91,952	2,586	239,095	4,298	295,681	-
June	45,633	85,824	2,000	235,285	4,166	295,911	-
Sept.	46,587	90,685	-	232,862	3,796	301,718	634
Dec.	43,221	85,169	-	241,877	3,690	295,002	395
<b>2002</b>							
Mar.	45,815	89,581	5	245,204	3,593	309,165	169
June	45,040	88,575	10	242,891	3,581	299,005	257
Sept.	45,640	93,768	9	241,103	3,739	295,880	339
Dec.	44,462	91,161	7	249,129	5,743	294,829	238

End of Period	Personal	Other Services		All Other		Total Local Lending		
		Private Sector	Public Sector	Private Sector	Public Sector	Private Sector	Public Sector	Total
1996	213,467	37,851	10,186	93,483	4,642	921,650	249,505	1,171,155
1997	235,826	47,722	8,721	111,191	5,467	1,026,212	257,314	1,283,526
1998	266,170	54,748	7,822	124,735	3,735	1,139,090	243,266	1,382,356
1999	313,625	72,137	9,313	136,060	2,225	1,285,929	238,723	1,524,652
2000	367,921	60,861	5,051	163,447	2,705	1,431,641	221,671	1,653,312
<b>2001</b>								
Mar.	397,730	82,336	5,251	152,591	2,809	1,475,319	233,323	1,708,642
June	410,101	65,788	7,395	163,616	3,058	1,465,624	230,555	1,696,179
Sept.	427,145	65,111	7,589	179,011	6,485	1,497,898	231,387	1,729,285
Dec.	442,442	65,936	9,620	174,853	5,778	1,503,702	236,602	1,740,304
<b>2002</b>								
Mar.	455,673	62,215	9,052	151,237	6,459	1,507,649	243,454	1,751,103
June	469,436	66,198	8,424	150,957	6,319	1,516,760	228,365	1,745,125
Sept.	490,452	75,401	7,876	136,473	11,104	1,520,767	268,083	1,788,850
Dec.	508,323	72,382	9,595	133,206	5,666	1,533,468	265,879	1,799,347

<sup>1</sup> Loans and advances extended by Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995). Public sector companies comprise entities that are subject to control by Government, control being defined as the ability to determine general corporate policy.

**TABLE 1.16 DEPOSIT MONEY BANK LOANS AND ADVANCES  
CLASSIFIED BY SIZE AND INTEREST RATES<sup>1</sup>**

*Lm thousands*

End of Period	Size of Loans and Advances <sup>2</sup>					
	Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	Total	
1991	Amount	50,248	107,285	90,773	232,005	480,311
	Interest Rate	7.25	7.66	7.46	6.66	7.09
1992	Amount	56,552	125,587	99,836	257,192	539,167
	Interest Rate	7.24	7.71	7.55	6.62	7.11
1993	Amount	62,835	134,049	117,056	318,662	632,602
	Interest Rate	7.49	7.92	7.79	6.53	7.15
1994	Amount	75,537	156,107	133,338	347,239	712,218
	Interest Rate	7.60	7.99	7.90	6.61	7.26
1995	Amount	97,779	213,428	210,382	427,616	949,205
	Interest Rate	7.89	8.06	7.96	6.89	7.49
1996	Amount	109,048	249,555	237,482	493,517	1,091,606
	Interest Rate	8.03	8.35	8.34	7.13	7.76
1997	Amount	102,780	279,156	249,940	555,127	1,201,512
	Interest Rate	7.95	8.40	8.47	7.32	7.87
1998	Amount	111,377	325,711	282,194	578,241	1,297,519
	Interest Rate	8.01	8.37	8.51	7.38	7.93
1999	Amount	158,395	414,316	324,357	664,467	1,433,707
	Interest Rate	7.43	7.58	7.61	6.44	7.09
2000	Amount	177,667	426,915	335,629	642,687	1,582,898
	Interest Rate	7.38	7.31	7.29	6.46	6.97
<b>2001</b>						
Mar.	Amount	260,229	492,134	342,367	676,939	1,771,669
	Interest Rate	7.28	7.54	7.72	6.56	7.16
June	Amount	219,371	471,836	348,323	758,553	1,798,083
	Interest Rate	7.14	7.38	7.64	6.06	6.84
Sept.	Amount	222,928	487,794	351,257	773,956	1,835,906
	Interest Rate	6.93	7.16	7.49	5.81	6.62
Dec.	Amount	222,816	497,299	351,893	788,641	1,860,625
	Interest Rate	6.70	6.87	7.22	5.50	6.33
<b>2002</b>						
Mar.	Amount	224,502	511,821	355,625	781,832	1,873,780
	Interest Rate	6.47	6.44	7.01	5.24	6.05
June	Amount	226,539	523,769	353,688	749,447	1,853,443
	Interest Rate	6.47	6.37	6.97	5.24	6.04
Sept.	Amount	228,414	535,827	356,907	777,382	1,898,530
	Interest Rate	6.43	6.32	6.98	5.23	6.01
Dec.	Amount	231,568	554,669	358,287	1,001,883	2,146,407
	Interest Rate	6.21	6.02	6.68	5.04	5.69

<sup>1</sup> For the purpose of this classification, these include loans and advances extended to residents and non-residents in domestic and foreign currencies. Interest rates are weighted averages of each size group. Includes HSBC Home Loans (Malta) Bank Ltd as from January 2001 and Volksbank Malta Ltd as from November 2002.

<sup>2</sup> Figures quoted in heading are actual figures, while those in the rest of the Table are in Lm thousands as indicated.

**TABLE 1.17 OTHER BANKING INSTITUTION LOANS AND  
ADVANCES CLASSIFIED BY SIZE AND INTEREST RATES<sup>1</sup>**

*Lm thousands*

End of Period	Size of Loans and Advances <sup>2</sup>					
	Up to 10,000	Over 10,000 to 100,000	Over 100,000 to 500,000	Over 500,000	Total	
1991	Amount	61,280	21,205	25,115	110,876	218,476
	Interest Rate	6.94	7.50	7.80	8.33	7.80
1992	Amount	67,581	25,883	25,648	130,910	250,022
	Interest Rate	6.96	7.57	7.68	7.53	7.39
1993	Amount	71,826	26,920	27,975	132,272	258,993
	Interest Rate	7.01	7.79	7.32	6.06	6.64
1994	Amount	72,419	26,430	23,598	84,019	206,466
	Interest Rate	7.01	7.83	7.99	7.27	7.33
1995	Amount	71,733	23,374	11,961	40,410	147,478
	Interest Rate	7.02	7.77	8.01	7.01	7.22
1996	Amount	72,239	27,013	11,213	38,914	149,379
	Interest Rate	7.01	7.83	8.14	7.01	7.24
1997	Amount	72,449	30,590	10,607	28,214	141,860
	Interest Rate	7.02	7.79	8.10	7.09	7.28
1998	Amount	73,437	37,087	11,131	25,775	147,430
	Interest Rate	7.03	7.72	8.10	7.15	7.31
1999	Amount	68,447	56,062	8,418	18,349	137,738
	Interest Rate	6.40	6.65	7.61	6.58	6.58
<b>2000</b>						
Mar.	Amount	68,399	45,874	8,578	19,639	142,491
	Interest Rate	6.40	6.80	7.58	6.53	6.62
June	Amount	68,215	49,517	8,402	19,759	145,893
	Interest Rate	6.41	6.73	7.51	6.51	6.59
Sept.	Amount	68,447	56,062	8,418	18,349	151,302
	Interest Rate	6.40	6.65	7.61	6.58	6.58
Dec.	Amount	68,040	57,032	1,660	2,607	129,366
	Interest Rate	6.40	6.52	8.37	7.33	6.50

<sup>1</sup> This Table was discontinued as from January 2001. For the purpose of this classification, these include loans and advances extended to residents and non-residents in domestic and foreign currencies. Interest rates are weighted averages of each size group.

<sup>2</sup> Figures quoted in headings are actual figures, while those in the rest of the Table are in Lm thousands as indicated.



**TABLE 1.18 FINANCIAL MARKET RATES**

	1995	1996	1997	1998	1999	2000	2001				2002			
							Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
<b>INTEREST RATES<sup>1</sup></b>														
<b>Central Bank</b>														
Discount Rate	5.50	5.50	5.50	5.50	4.75	4.75	4.75	4.75	4.50	4.25	4.00	4.00	4.00	3.75
Central Intervention Rate <sup>2</sup>	-	-	-	5.45	4.75	4.75	4.75	4.75	4.50	4.25	4.00	4.00	4.00	3.75
<b>Money Market Interventions</b>														
Term Deposit Rate <sup>3</sup>	4.94	5.01	5.22	5.43	4.70	4.72	4.73	4.73	4.74	4.22	3.95	3.95	3.95	3.70
Reverse Repo Rate <sup>3</sup>	5.50	5.40	5.50	5.50	4.80	4.80	4.80	4.80	4.55	4.29	4.05#	4.05#	4.05#	3.80#
Standby (Collateralised) Loan Facility <sup>4</sup>	6.00	6.00	6.00	6.00	5.30	5.30	5.30	5.30	5.05	4.80	4.55	4.55	4.55	4.30
Overnight Deposit Facility <sup>5</sup>	2.50	-	-	-	1.80	1.80	1.80	1.80	1.55	1.30	1.05	1.05	1.05	0.80
Reserve Requirements Remuneration	2.50	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
<b>Interbank Market Offered Rates<sup>6</sup></b>														
Overnight	-	-	4.95	5.50	4.75	4.75	4.44	4.75	4.50	3.65	3.50	3.92*	3.97	3.73*
1 week	-	-	5.26	5.56	4.74	4.78	4.77	4.76	4.50	4.25	3.97	3.99	3.99	3.76*
1 month	-	-	5.38	5.70	4.75	4.90	4.87*	4.87*	4.73*	4.58*	4.15*	4.13*	4.16*	3.80*
3 month	-	-	5.51	5.95	5.27	4.92*	4.93*	4.93*	4.93*	4.82*	4.35*	4.33*	4.25*	3.90*
<b>Deposit Money Banks<sup>7</sup></b>														
<b>Weighted Average Deposit Rate</b>														
Current	0.16	0.42	1.37	1.49	1.11	1.32	1.33	1.11	0.90	1.48	1.05	1.10	1.27	1.12
Savings	3.00	3.01	3.02	3.04	2.81	2.52	2.58	2.59	2.47	2.22	1.98	1.97	2.00	1.80
Time	5.01	5.29	5.35	5.35	5.43	5.25	5.25	5.26	5.25	4.98	5.00	4.78	4.47	4.39
<b>Weighted Average Lending Rate</b>														
	7.49	7.93	8.04	8.08	7.28	7.23	7.08	7.01	6.75	6.50	6.28	6.28	6.25	6.07
<b>Government Securities</b>														
<b>Treasury Bills<sup>8</sup></b>														
1 month	-	5.00	5.19	5.43	5.05	4.85	4.86	4.86	4.85	4.80	4.10	4.10	4.00	4.00
3 month	4.94	5.01	5.25	5.49	4.95	4.90	4.95	5.04	5.04	4.53	4.04	4.01	3.96	3.67
6 month	5.16	5.30	5.30	5.50	4.97	4.94	5.02	5.08	5.09	5.04	4.75	4.14	4.10	3.80
1 year	5.34	5.40	5.40	5.50	5.12	5.03	5.06	5.08	5.08	5.08	4.40	4.40	4.40	4.40
<b>Government Stocks<sup>9</sup></b>														
1 year	5.00	-	-	-	-	4.99	5.06	5.01	5.04	4.47	4.15	4.40	4.10	3.74
5 year	6.60	6.65	6.82	5.80	5.46	5.33	5.50	5.49	5.46	5.40	5.56	5.39	5.32	5.15
10 year	7.08	7.23	7.26	6.00	5.55	5.99	6.09	6.07	6.21	6.15	5.90	5.76	5.66	5.43
15 year	-	7.49	7.62	6.47	6.03	6.39	6.44	6.49	6.49	6.44	6.14	6.07	5.93	5.86
20 year	-	-	-	6.86	6.14	6.60	6.60	6.60	6.60	6.55	6.40	-	-	-
<b>MALTA STOCK EXCHANGE SHARE INDEX</b>	1000	1004	1050	1211	3278	3376	2818	2500	2257	2200	2118	1992	1809	1871

<sup>1</sup> End of period rates in percentage per annum.

<sup>2</sup> Instituted on 30 April 1998 with a maximum injection ceiling and an absorption floor of +5 and -5 basis points respectively. As from June 1999, any change in the central intervention rate is automatically matched by a similar change in the discount rate.

<sup>3</sup> From July 1999 the tenor of instruments auctioned by the Bank was increased from 7 days to 14 days. Until April 2002, the Central Bank of Malta injected rate was referred to as repo rate. As from May 2002, it is referred to as reverse repo rate. These rates are based on the actual rates dealt in as at the end of the month. When no auctions of reverse repos or term deposits are held, rates indicated by the # sign reflect the corridor (plus or minus 5 basis points) linked to the Central Intervention Rate.

<sup>4</sup> Offered in terms of Section 15(i)k of the Central Bank of Malta Act, 1967.

<sup>5</sup> As from 15 July 1996, the Central Bank of Malta ceased paying interest on overnight call account balances. An overnight deposit facility was reintroduced on 9 September 1999.

<sup>6</sup> In the absence of dealing in the interbank market, rates indicated by an asterisk (\*) represent the average of fixing rates compiled by the Central Bank of Malta. These are the rates at which credit institutions are prepared to deal in the local interbank market.

<sup>7</sup> Rates on resident Maltese lira deposits and loans extended to residents in local currency. The weighted average rate on time deposits is calculated on time deposits with a one year maturity.

<sup>8</sup> Treasury bill primary market weighted average yields. Treasury bills are classified by original maturity.

<sup>9</sup> Gross redemption yields on indicative stocks. Periods specified refer to remaining term to maturity.

**TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM <sup>1</sup>**

*Lm thousands*

End of Period	Central Bank of Malta <sup>2</sup>							Total (A+B)
	Foreign Assets				Foreign Liabilities	Net (A)	Government & Parastatal Companies <sup>5</sup> (B)	
	Gold <sup>3</sup>	Convertible Currencies	IMF-Related Assets <sup>4</sup>	Total Foreign Assets				
1990	12,979	380,527	33,618	427,124	-	427,124	17,639	444,763
1991	6,437	366,822	37,175	410,434	-	410,434	16,451	426,885
1992	9,101	435,857	30,061	475,019	-	475,019	17,211	492,230
1993	10,216	490,358	32,827	533,401	-	533,401	16,094	549,495
1994	7,314	577,501	32,829	617,644	-	617,644	72,790	690,434
1995	3,596	471,090	34,007	508,693	-	508,693	72,007	580,700
1996	3,646	468,523	36,408	508,577	-	508,577	45,542	554,119
1997	1,311	501,379	38,912	541,602	-	541,602	20,066	561,668
1998	688	598,874	40,429	639,991	-	639,991	-	639,991
1999	737	704,084	35,517	740,339	-	740,339	-	740,339
2000	452	606,771	36,940	644,163	3,655	640,508	-	640,508
<b>2001</b>								
Jan.	406	593,415	36,978	630,799	2,548	628,251	-	628,251
Feb.	525	588,841	37,352	626,717	4,274	622,443	-	622,443
Mar.	524	593,656	37,445	631,625	3,041	628,584	-	628,584
Apr.	435	602,438	37,426	640,300	2,803	637,496	-	637,496
May	533	614,350	38,340	653,223	1,486	651,737	-	651,737
June	489	609,264	38,100	647,853	2,863	644,990	-	644,990
July	531	637,088	37,808	675,427	1,100	674,327	-	674,327
Aug.	534	649,545	37,837	687,916	1,932	685,984	-	685,984
Sept.	566	654,187	37,812	692,564	3,698	688,866	-	688,866
Oct.	527	682,931	37,822	721,281	2,106	719,175	-	719,175
Nov.	462	710,357	38,167	748,986	1,030	747,956	-	747,956
Dec.	629	721,936	37,863	760,428	-	760,428	-	760,428
<b>2002</b>								
Jan.	697	743,818	38,105	782,621	974	781,647	-	781,647
Feb.	596	760,396	38,218	799,211	3,510	795,701	-	795,701
Mar.	601	747,664	38,191	786,456	3,427	783,029	-	783,029
Apr.	602	732,960	37,968	771,531	-	771,531	-	771,531
May	626	734,424	37,959	773,008	-	773,008	-	773,008
June	543	742,642	37,499	780,684	-	780,684	-	780,684
July	459	775,267	37,518	813,244	1,905	811,339	-	811,339
Aug.	469	789,541	37,636	827,645	-	827,645	-	827,645
Sept.	481	803,928	37,451	841,860	1,255	840,606	-	840,606
Oct.	472	837,792	37,418	875,682	3,422	872,260	-	872,260
Nov.	473	845,812	37,355	883,639	5,081	878,558	-	878,558
Dec.	473	842,862	37,512	880,847	6,987	873,860	-	873,860

<sup>1</sup> On accrual basis.

<sup>2</sup> Up to 1998, comprised the position of the Monetary Authorities, the latter including the Central Bank of Malta and small amounts of Treasury balances while as from 1998 comprising only the foreign assets of the Central Bank.

<sup>3</sup> Includes small amounts of other precious metals.

<sup>4</sup> Include IMF reserve position and holdings of SDRs.

<sup>5</sup> Comprising customers' foreign currency deposits and sinking funds which are held with the Central Bank of Malta, and other official funds are held with the Treasury.

**TABLE 1.19 NET FOREIGN ASSETS OF THE BANKING SYSTEM <sup>1</sup>**  
(Continued)

*Lm thousands*

End of Period	Deposit Money Banks <sup>2</sup>			Total (A+B+C)	International Banking Institutions <sup>2</sup>			Grand Total (A+B+C+D)
	Assets	Liabilities	Net (C)		Assets	Liabilities	Net (D)	
1990	287,558	147,699	139,859	584,622	-	-	-	584,622
1991	344,598	175,546	169,052	595,937	-	-	-	595,937
1992	435,226	236,467	198,759	690,989	-	-	-	690,989
1993	487,521	299,857	187,664	737,159	-	-	-	737,159
1994	415,887	228,781	187,106	877,540	-	-	-	877,540
1995	566,204	341,373	224,831	805,531	236,148	218,872	17,276	822,807
1996	596,128	410,163	185,965	740,084	458,642	436,276	22,366	762,450
1997	544,672	413,917	130,755	692,423	815,080	763,075	52,005	744,428
1998	607,354	518,557	88,797	728,788	1,627,452	1,477,802	149,650	878,438
1999	661,557	605,673	55,884	796,223	2,377,807	2,204,857	172,951	969,174
2000	816,746	690,013	126,733	767,241	2,738,724	2,535,186	203,538	970,779
<b>2001</b>								
Jan.	820,334	692,050	128,284	756,535	2,035,209	1,834,656	200,553	957,088
Feb.	830,697	695,791	134,906	757,349	1,980,240	1,857,803	122,437	879,786
Mar.	838,703	716,688	122,015	750,599	2,191,565	2,077,287	114,278	864,877
Apr.	855,136	707,105	148,031	785,527	1,903,618	1,776,615	127,003	912,531
May	852,812	700,611	152,202	803,938	2,035,045	1,839,842	195,203	999,142
June	833,667	693,126	140,541	785,531	1,910,590	1,710,936	199,654	985,186
July	810,241	692,997	117,244	791,571	1,757,221	1,555,150	202,072	993,643
Aug.	823,922	700,494	123,428	809,413	1,713,820	1,500,158	213,663	1,023,075
Sept.	816,784	715,148	101,636	790,502	1,757,645	1,551,116	206,529	997,031
Oct.	784,898	677,554	107,344	826,519	1,905,399	1,695,933	209,466	1,035,985
Nov.	811,613	723,783	87,830	835,786	1,937,036	1,708,975	228,061	1,063,847
Dec.	828,701	722,868	105,833	866,261	2,444,196	2,226,910	217,286	1,083,546
<b>2002</b>								
Jan.	811,690	740,934	70,756	852,403	2,246,077	2,019,065	227,012	1,079,415
Feb.	815,240	732,960	82,280	877,981	2,192,547	1,964,814	227,733	1,105,714
Mar.	810,887	682,554	128,333	911,362	2,381,531	2,147,187	234,344	1,145,706
Apr.	818,601	659,929	158,672	930,203	2,388,383	2,150,883	237,500	1,167,703
May	834,071	674,967	159,104	932,112	2,461,271	2,217,855	243,416	1,175,529
June	828,067	675,274	152,793	933,477	2,432,076	2,195,547	236,529	1,170,006
July	883,849	700,416	183,433	994,772	2,499,165	2,250,158	249,007	1,243,778
Aug.	888,006	697,475	190,532	1,018,177	2,596,652	2,344,066	252,586	1,270,763
Sept.	948,197	724,853	223,344	1,063,950	2,577,586	2,325,881	251,705	1,315,655
Oct.	927,749	767,967	159,782	1,032,042	2,798,389	2,542,074	256,315	1,288,358
Nov.	1,114,732	860,273	254,459	1,133,017	2,668,624	2,503,992	164,632	1,297,649
Dec.	1,299,371	1,038,369	261,002	1,134,862	2,456,073	2,296,325	160,040	1,294,902

<sup>1</sup> As from 1995, data are on accrual basis.

<sup>2</sup> For the purposes of this Table only, the amounts of HSBC Overseas Bank (Malta) Ltd. (up to November 2002) and Bank of Valletta International Ltd. (up to August 2001), i.e. the offshore subsidiaries of HSBC Bank Malta plc and Bank of Valletta plc, respectively, are being classified with the Deposit Money Banks and not with the International Banking Institutions, as shown in other Tables. Includes data belonging to the Other Banking Institutions' sector up to December 2000.

**TABLE 2.1 GOVERNMENT REVENUE AND EXPENDITURE**
*Lm thousands*

Period	Revenue			Expenditure			Deficit (-) or Surplus	Borrowing			Residual
	Ordinary <sup>1</sup>	Grants	Total	Ordinary <sup>1,2</sup>	Capital <sup>3</sup>	Total		Local Loans <sup>5</sup>	Foreign Loans	Total	
1990	329,890	7,678	337,567	273,415	108,276	381,690	-44,123	34,200	13,841	48,041	3,918
1991	355,932	16,374	372,306	301,909	115,493	417,403	-45,097	30,375	9,110	39,485	-5,612
1992	341,766	16,392	358,158	330,014	58,017	388,032	-29,874	36,000	878	36,878	7,004
1993	388,179	8,428	396,607	368,624	59,673	428,297	-31,690	28,800	2,902	31,702	12
1994	416,068	12,853	428,921	410,365	62,340	472,705	-43,784	28,700	11,305	40,005	-3,779
1995	482,834	4,517	487,351	452,478	70,344	522,823	-35,472	32,500	655	33,155	-2,317
1996	447,470	20,805	468,275	505,195	73,527	578,722	-110,447	70,178	3,044	73,222	-37,225
1997 <sup>4</sup>	504,415	9,809	514,224	538,276	103,392	641,668	-127,444	167,463	3,095	170,558	43,114
1998	539,070	10,043	549,113	569,150	96,846	665,997	-116,884	110,000	-	110,000	-6,884
1999	628,168	9,684	637,852	584,834	106,129	690,965	-53,113	84,000	-	84,000	30,887
2000	632,754	9,549	642,303	617,677	98,552	716,232	-73,929	-	-	-	-73,929
2001	667,228	1,392	668,620	686,031	80,627	766,658	-98,038	121,977	6,823	128,800	30,762
<b>2001</b>											
Jan.	40,114	-	40,114	56,414	7,010	63,423	-23,309	-	-	-	-23,309
Feb.	60,572	28	60,600	45,948	4,175	50,123	10,477	-	-	-	10,477
Mar.	44,769	-	44,769	53,047	10,475	63,522	-18,753	30,000	-	30,000	11,247
Apr.	63,608	16	63,624	59,471	9,788	69,259	-5,635	-	-	-	-5,635
May	49,160	4	49,164	55,172	11,402	66,574	-17,410	-	-	-	-17,410
June	49,855	31	49,886	52,128	3,668	55,796	-5,910	27,488	-	27,488	21,578
July	51,745	354	52,099	59,443	6,775	66,218	-14,119	21,571	-	21,571	7,452
Aug.	56,395	9	56,404	50,205	8,947	59,152	-2,748	-	-	-	-2,748
Sept.	50,217	14	50,231	53,496	6,979	60,475	-10,244	-	-	-	-10,244
Oct.	59,251	374	59,625	56,890	4,943	61,833	-2,208	-	-	-	-2,208
Nov.	54,685	103	54,788	61,294	12,585	73,879	-19,091	20,941	6,823	27,764	8,673
Dec.	86,857	459	87,316	82,523	-6,120	76,404	10,912	21,977	-	21,977	32,889
<b>2002</b>											
Jan.	49,311	25	49,336	56,539	3,136	59,675	-10,339	-	-	-	-10,339
Feb.	52,107	5	52,112	52,300	8,087	60,387	-8,275	-	-	-	-8,275
Mar.	51,031	213	51,244	53,388	11,121	64,509	-13,265	-	-	-	-13,265
Apr.	62,072	510	62,582	72,863	11,135	83,998	-21,416	-	-	-	-21,416
May	54,711	159	54,870	63,085	10,477	73,563	-18,693	-	-	-	-18,693
June	48,324	166	48,490	55,956	4,656	60,612	-12,122	-	-	-	-12,122
July	74,872	56	74,928	59,288	10,082	69,369	5,559	19,048	-	19,048	24,607
Aug.	54,751	25	54,776	54,607	6,419	61,026	-6,250	-	-	-	-6,250
Sept.	57,203	13	57,216	58,273	5,850	64,122	-6,906	-	-	-	-6,906
Oct.	57,224	9	57,233	58,455	5,525	63,980	-6,747	-	-	-	-6,747
Nov.	50,280	49	50,329	62,637	5,442	68,079	-17,750	11,077	-	11,077	-6,673

<sup>1</sup> Includes the Government's contribution to the National Insurance Fund (both its contribution as employer, and its contribution in terms of the Social Security Act, 1987). As from 1992, Ordinary Revenue excludes the contribution by the public authorities/corporations to their own capital programme; includes privatisation receipts and sinking funds of converted loans up to 2000.

<sup>2</sup> Includes total public debt servicing.

<sup>3</sup> As from 1992, excludes capital expenditure incurred by the public authorities/corporations.

<sup>4</sup> A loan to the Malta Drydocks Corporation amounting to Lm24.6 million is included under capital expenditure.

<sup>5</sup> As from 2001 includes privatisation receipts and sinking funds of converted loans.

Source: *Financial Report, Comparative Return of Revenue and Expenditure, The Treasury*

**TABLE 2.2 GOVERNMENT REVENUE BY MAJOR SOURCES**
*Lm thousands*

Period	Tax Revenue						Non-Tax Revenue <sup>3</sup>	Ordinary Revenue <sup>4</sup>	Foreign Grants	Total Revenue
	Income Tax	National Insurance Contributions <sup>1</sup>	VAT & CET	Licences, Taxes & Fines <sup>2</sup>	Customs & Excise	Total				
1990	57,291	71,234	-	23,993	67,279	219,798	110,092	329,890	7,678	337,567
1991	61,637	72,041	-	27,017	75,951	236,647	119,285	355,932	16,374	372,306
1992	71,353	80,469	-	29,448	82,310	263,580	78,186	341,766	16,392	358,158
1993	85,113	97,004	-	30,447	83,541	296,105	92,074	388,179	8,428	396,607
1994	87,852	101,663	-	46,127	72,059	307,701	108,367	416,068	12,853	428,921
1995	99,758	115,480	78,108	54,556	32,595	380,497	102,337	482,834	4,517	487,351
1996	93,309	126,170	78,633	51,621	31,981	381,714	65,756	447,470	20,805	468,275
1997	110,539	142,184	84,607	54,280	43,197	434,807	69,608	504,415	9,809	514,224
1998	110,561	135,656	72,628	60,678	52,698	432,221	106,849	539,070	10,043	549,113
1999	128,354	144,274	85,023	67,960	55,426	481,037	147,131	628,168	9,684	637,852
2000	149,511	162,017	104,065	70,449	55,141	541,182	91,572	632,754	9,549	642,303
2001	166,302	179,064	114,669	72,814	60,886	593,735	73,493	667,228	1,392	668,620
<b>2001</b>										
Jan.	9,263	8,423	9,676	4,433	5,169	36,964	3,150	40,114	-	40,114
Feb.	7,083	12,057	9,651	4,163	3,247	36,201	24,371	60,572	28	60,600
Mar.	8,486	12,547	9,273	7,547	3,926	41,779	2,990	44,769	-	44,769
Apr.	19,984	15,645	9,018	5,415	4,614	54,676	8,932	63,608	16	63,624
May	10,753	15,966	9,384	5,762	3,958	45,823	3,337	49,160	4	49,164
June	12,650	12,117	8,759	5,075	4,314	42,915	6,940	49,855	31	49,886
July	13,083	13,583	9,450	8,149	4,113	48,378	3,367	51,745	354	52,099
Aug.	17,442	15,930	9,536	6,368	4,793	54,069	2,326	56,395	9	56,404
Sept.	14,703	14,285	8,569	5,213	4,803	47,573	2,644	50,217	14	50,231
Oct.	15,674	13,879	11,719	7,268	7,500	56,040	3,211	59,251	374	59,625
Nov.	10,628	14,761	11,042	6,951	7,797	51,179	3,506	54,685	103	54,788
<b>2002</b>										
Jan.	8,630	7,943	9,661	6,259	4,593	37,086	12,225	49,311	25	49,336
Feb.	8,025	11,242	8,726	7,622	3,810	39,425	12,682	52,107	5	52,112
Mar.	9,869	12,071	9,297	5,283	4,810	41,330	9,701	51,031	213	51,244
Apr.	18,050	15,952	9,982	7,592	4,700	56,276	5,796	62,072	510	62,582
May	12,368	15,966	11,013	7,158	5,231	51,736	2,975	54,711	159	54,870
June	13,621	13,041	7,759	5,952	4,331	44,704	3,620	48,324	166	48,490
July	18,244	14,186	10,961	11,053	5,586	60,030	14,842	74,872	56	74,928
Aug.	18,001	15,719	7,997	6,727	4,700	53,144	1,607	54,751	25	54,776
Sept.	18,733	15,155	7,825	7,075	6,374	55,162	2,041	57,203	13	57,216
Oct.	16,080	14,148	13,665	6,602	4,408	54,903	2,321	57,224	9	57,233
Nov.	8,618	15,809	10,249	7,354	4,991	47,021	3,259	50,280	49	50,329

<sup>1</sup> Includes the Government's contribution to the National Insurance Fund (both its contribution as employer, and its contribution in terms of the Social Security Act, 1987).

<sup>2</sup> Includes revenues from death and donation duties up to December 1994.

<sup>3</sup> Includes mainly Central Bank of Malta profits, privatisation receipts (up to 2000), sinking funds of converted loans (up to 2000) and other miscellaneous receipts.

<sup>4</sup> As from 1992, excludes the contribution by the public corporations/authorities towards their own capital programme.

Source: *Financial Report, Comparative Return of Revenue and Expenditure, The Treasury*

**TABLE 2.3 GOVERNMENT CAPITAL EXPENDITURE  
BY TYPE OF INVESTMENT<sup>1</sup>**

*Lm thousands*

Period	Productive	Infrastructure	Social	Total
1990	49,509	44,121	14,646	108,276
1991	54,976	41,756	18,761	115,493
1992	32,310	9,032	16,675	58,017
1993	34,069	14,734	10,870	59,673
1994	36,323	13,993	12,024	62,340
1995	43,901	14,541	11,904	70,344
1996	36,818	19,282	17,418	73,527
1997 <sup>2</sup>	50,256	32,344	20,792	103,392
1998	45,401	30,130	21,316	96,846
1999	52,480	27,515	26,137	106,129
2000	35,806	33,800	28,946	98,552
2001	26,400	26,872	27,355	80,627
<b>2001</b>				
Jan.	3,946	818	2,246	7,010
Feb.	2,303	1,528	344	4,175
Mar.	3,984	2,521	3,970	10,475
Apr.	3,383	3,078	3,327	9,788
May	2,998	6,637	1,767	11,402
June	2,856	2,597	-1,785	3,668
July	4,571	1,630	573	6,775
Aug.	2,198	1,600	5,149	8,947
Sept.	1,905	3,065	2,010	6,979
Oct.	1,729	1,851	1,362	4,943
Nov.	5,843	2,626	4,116	12,585
Dec.	-9,316	-1,079	4,276	-6,120
<b>2002</b>				
Jan.	1,740	1,128	268	3,136
Feb.	3,515	2,056	2,516	8,087
Mar.	4,192	3,162	3,767	11,121
Apr.	3,236	3,317	4,582	11,135
May	4,382	2,110	3,985	10,477
June	959	2,019	1,679	4,656
July	4,886	4,168	1,028	10,082
Aug.	1,673	1,712	3,033	6,419
Sept.	1,863	2,029	1,958	5,850
Oct.	1,130	1,790	2,605	5,525
Nov.	2,189	1,965	1,288	5,442

<sup>1</sup> As from 1992, excludes capital expenditure incurred by public corporations/authorities.

<sup>2</sup> Including a loan to Malta Drydocks amounting to Lm24.6 million.

Source: *Financial Report, Comparative Return of Revenue and Expenditure, The Treasury*

**TABLE 3.1 GROSS GOVERNMENT DEBT AND GOVERNMENT  
GUARANTEED DEBT OUTSTANDING**

*Lm thousands*

End of Period	Domestic Debt			Foreign Loans	Total Government Debt	Government Guaranteed Debt <sup>2</sup>
	Treasury Bills	Malta Government Stocks <sup>1</sup>	Total			
1995	71,406	285,951	357,357	53,433	410,790	414,488
1996	108,935	356,119	465,054	51,789	516,843	489,663
1997	89,980	523,369	613,349	50,449	663,798	490,973
1998	83,713	633,369	717,082	46,513	763,595	491,769
1999	83,320	712,184	795,504	44,405	839,909	483,111
2000	172,987	712,729	885,716	39,250	924,966	469,678
2001	159,459	812,854	972,313	40,378	1,012,691	416,822
2002 <sup>3</sup>	218,831	813,030	1,031,861	45,100	1,076,961	374,008
<b>2001</b>						
Mar.	177,836	742,729	920,565	38,868	959,433	471,592
June	167,054	770,029	937,083	37,080	974,163	434,717
Sept.	175,295	791,654	966,949	36,226	1,003,175	421,433
Dec.	159,459	812,854	972,313	40,378	1,012,691	416,822
<b>2002</b>						
Mar.	193,078	812,854	1,005,932	39,908	1,045,839	414,773
June	198,871	812,854	1,011,725	37,923	1,049,648	396,932
Sept.	192,409	813,030	1,005,439	37,227	1,042,666	383,322
Dec. <sup>3</sup>	218,831	813,030	1,031,861	45,100	1,076,961	374,008

<sup>1</sup> Including Local Development Registered Stocks.

<sup>2</sup> Represents outstanding balances on Government guaranteed debt. Excludes guarantees on the MIGA and IBRD positions. Excludes also Government guarantees on foreign loans taken by the Central Bank of Malta on behalf of Malta Government since they already feature in the calculation of Government foreign debt.

<sup>3</sup> Provisional.

Source: Malta Stock Exchange; The Treasury; Ministry of Finance.

**TABLE 3.2 TREASURY BILLS ISSUED AND OUTSTANDING<sup>1</sup>***Lm thousands*

End of Period	Amount Maturing During Period	Amount Issued and Taken up by			Amount Outstanding <sup>4</sup> and held by		
		Banking System <sup>2</sup>	Non-Bank Public <sup>3</sup>	Total	Banking System <sup>2</sup>	Non-Bank Public <sup>3</sup>	Total
1990	50,000	59,960	40	60,000	29,987	13	30,000
1991	105,000	104,516	484	105,000	29,845	155	30,000
1992	120,000	117,415	2,585	120,000	27,949	2,051	30,000
1993	120,000	115,624	4,376	120,000	29,386	614	30,000
1994	120,000	117,845	2,155	120,000	29,387	613	30,000
1995	133,156	164,449	10,113	174,562	56,222	15,184	71,406
1996	296,171	164,584	169,116	333,700	84,429	24,506	108,935
1997	351,191	83,790	248,446	332,236	52,217	37,763	89,980
1998	255,783	44,300	205,216	249,516	52,432	31,281	83,713
1999	364,314	202,100	161,821	363,921	77,832	5,488	83,320
2000	341,869	276,611	154,925	431,536	123,599	49,388	172,987
2001	470,335	317,377	160,304	477,681	137,423	22,036	159,459
2002	644,964	554,354	165,914	720,268	159,689	59,142	218,831
<b>2001</b>							
Jan.	39,096	28,601	12,513	41,114	125,245	49,759	175,004
Feb.	16,770	18,500	2,580	21,080	144,047	35,267	179,314
Mar.	44,277	17,000	25,799	42,799	137,821	40,015	177,836
Apr.	49,469	14,000	16,378	30,378	119,826	38,919	158,745
May	31,811	9,000	18,589	27,589	127,242	27,281	154,523
June	46,822	26,150	33,203	59,353	126,667	40,387	167,054
July	22,825	35,669	8,837	44,506	147,420	41,315	188,735
Aug.	35,085	21,500	4,179	25,679	141,811	37,518	179,329
Sept.	48,386	27,115	17,110	44,225	146,998	28,297	175,295
Oct.	45,608	55,012	10,185	65,197	172,184	22,700	194,884
Nov.	41,786	35,610	3,323	38,933	180,222	11,809	192,031
Dec.	48,400	29,220	7,608	36,828	137,423	22,036	159,459
<b>2002</b>							
Jan.	58,954	58,606	6,394	65,000	141,095	24,410	165,505
Feb.	18,517	43,385	7,118	50,503	159,200	28,291	187,491
Mar.	57,681	46,354	16,914	63,268	156,224	36,854	193,078
Apr.	56,307	39,936	21,064	61,000	152,447	45,324	197,771
May	64,503	45,009	20,594	65,603	164,344	34,527	198,871
June	43,245	31,164	12,081	43,245	169,017	29,854	198,871
July	60,000	55,230	4,770	60,000	176,984	21,887	198,871
Aug.	77,603	52,936	6,713	59,649	158,500	22,417	180,917
Sept.	34,768	37,555	8,705	46,260	171,434	20,975	192,409
Oct.	59,000	45,305	7,695	53,000	163,315	23,094	186,409
Nov.	59,649	61,163	11,077	72,240	172,440	26,560	199,000
Dec.	54,737	37,711	42,789	80,500	159,689	59,142	218,831

<sup>1</sup> Amounts are at nominal prices.<sup>2</sup> Includes Central Bank of Malta, Deposit Money Banks, Other Banking Institutions (up to December 2000) and International Banking Institutions (as from January 1995).<sup>3</sup> Including the Malta Government Sinking Fund.<sup>4</sup> On January 10, 1995, the House of Representatives approved a motion empowering the Government to increase the issue of permissible outstanding Treasury Bills from Lm30 million to Lm100 million. On December 16, 1996, the maximum amount of permissible outstanding bills was raised from Lm100 million to Lm200 million and, subsequently, to Lm300 million on November 27, 2002.



**TABLE 3.3 MALTA GOVERNMENT STOCKS**  
**(Outstanding as at end-December 2002)**

*Lm thousands*

Stock	Year of Maturity	Year of Issue	Issue Price Lm	Interest Dates	Held By		Amount
					Banking System	Non-Bank Public	
7.00 % MGS	2003	1993	100	18 Feb. - 18 Aug.	21,429	6,638	28,067
7.00 % MGS	2003 (II)	1993	100	03 July - 3 Jan.	7,887	12,946	20,833
6.70 % MGS	2004	1994	100	23 Apr. - 23 Oct.	9,778	8,922	18,700
6.80 % MGS	2004 (II)	1998	100	15 Jan. - 15 July	22,666	3,186	25,852
7.25 % MGS	2005	1997	100	10 June - 10 Dec.	18,128	5,372	23,500
5.60 % MGS	2005 (II)	1999	100	1 Feb. - 1 Aug.	24,832	6,668	31,500
7.00 % MGS	2006	1994	100	19 May - 19 Nov.	1,453	8,547	10,000
7.00 % MGS	2006 (IV)	1996	100	20 Jan. - 20 July	-	167	167
7.25 % MGS	2006 (II)	1995	100	28 Apr. - 01 Aug.	6,105	13,145	19,250
7.25 % MGS	2006 (III)	1996	100	20 Jan. - 20 July	7,278	7,722	15,000
7.35 % MGS	2007	1997	100	18 Apr. - 18 Oct.	16,469	8,281	24,750
5.90 % MGS	2007 (II)	1999	100	23 Apr. - 23 Oct.	8,984	1,016	10,000
5.60 % MGS	2007 (III)	2000	100	10 June - 10 Dec.	22,461	12,789	35,250
7.20 % MGS	2008	1998	100	28 Feb. - 15 July	8,810	1,190	10,000
7.20 % MGS	2008 (II)	1998	100	30 Mar. - 30 Sept.	20,323	9,677	30,000
7.00 % MGS	2009	1999	100	1 Mar. - 1 Sept.	-	65	65
5.90 % MGS	2009 (II)	1999	100	1 Mar. - 1 Sept.	14,107	10,893	25,000
5.90 % MGS	2009 (III)	2000	100	30 Mar. - 30 Sept.	40,657	4,643	45,300
5.90 % MGS	2010	1999	100	19 May - 19 Nov.	13,629	1,371	15,000
5.75 % MGS	2010 (II)	2000	100	10 June - 10 Dec.	16,539	1,961	18,500
7.00 % MGS	2010 (III)	2000	100	30 June - 30 Dec.	-	545	545
7.50 % MGS	2011	1996	100	28 Mar. - 28 Sept.	7,421	7,579	15,000
6.25 % MGS	2011 (II)	2001	100	1 Aug. - 1 Feb.	18,273	21,727	40,000
7.00 % MGS	2011 (III)	2002	100	30 June - 30 Dec	-	125	125
7.80 % MGS	2012	1997	100	24 May - 24 Nov.	13,795	20,705	34,500
7.00 % MGS	2012 (II)	2002	100	10 June - 30 Dec.	-	176	176
5.70 % MGS	2012 (III)	2002	100	30 Mar. - 30 Sept.	1,728	19,272	21,000
7.80 % MGS	2013	1997	100	18 Apr. - 18 Oct.	11,636	22,614	34,250
6.35 % MGS	2013 (II)	2002	100	18 Apr. - 18 Oct.	140	25,860	26,000
6.60 % MGS	2014	2000	100	30 Mar. - 30 Sept.	779	9,721	10,500
6.45 % MGS	2014 (II)	2001	100	24 May - 24 Nov.	7,590	22,410	30,000
6.10 % MGS	2015	2000	100	10 June - 10 Dec.	9,290	20,710	30,000
5.90 % MGS	2015 (II)	2002	100	28 Mar. - 28 Sept.	47	20,153	20,200
6.65 % MGS	2016	2001	100	28 Mar. - 28 Sept.	2,747	27,253	30,000
7.80 % MGS	2018	1998	100	15 Jan. - 15 July	21,419	48,581	70,000
6.60 % MGS	2019	1999	100	1 Mar. - 1 Sept.	11,836	32,164	44,000
<b>Total</b>					<b>388,236</b>	<b>424,794</b>	<b>813,030</b>

<sup>1</sup> Interest is payable on 20 January and 20 July except for the last coupon payment which is payable on the redemption date.

<sup>2</sup> Coupons are reviewable every 2 years and will be set one percentage point less than the normal maximum lending rate allowed at law subject to a minimum of 7 %. Redemption proceeds are payable at Lm10 per Lm100 nominal.

Source: Malta Stock Exchange

**TABLE 3.4 MALTA GOVERNMENT STOCKS  
BY REMAINING TERM TO MATURITY<sup>1</sup>**

*Lm thousands*

End of Period	1 yr	2-5 yrs	6-10 yrs	11-15 yrs	Over 16 yrs	Total
1990	3,500	93,285	10,000	-	-	106,785
1991	5,500	106,285	25,400	-	-	137,185
1992	1,000	125,285	41,400	-	-	167,685
1993	49,885	84,367	90,300	-	-	224,552
1994	37,900	95,352	110,000	10,000	-	253,252
1995	7,000	158,651	120,300	-	-	285,951
1996	15,800	213,302	112,017	15,000	-	356,119
1997	48,452	279,800	111,367	83,750	-	523,369
1998	46,750	255,650	177,219	83,750	70,000	633,369
1999	79,000	221,202	199,232	98,750	114,000	712,184
2000	53,800	214,902	205,777	124,250	114,000	712,729
2001	66,450	192,869	244,285	195,250	114,000	812,854
<b>2002</b>						
Mar.	115,350	188,719	234,035	160,750	114,000	812,854
June	85,150	198,719	234,035	180,950	114,000	812,854
Sept.	85,150	198,719	234,211	180,950	114,000	813,030
Dec.	48,900	213,969	255,211	180,950	114,000	813,030

<sup>1</sup> Calculations are based on the maximum redemption period. With respect to the quarterly statistics in this Table, the remaining term to maturity classification is applicable as from the current end-year.

**TABLE 3.5 GOVERNMENT EXTERNAL LOANS  
BY TYPE OF CREDITOR**

*Lm thousands*

End of Period	Official Bilateral Entities <sup>1</sup>	Official Multilateral Organisations <sup>2</sup>	Private Commercial Banks <sup>3</sup>	Total
1990	30,446	7,029	-	37,475
1991	31,806	12,901	-	44,707
1992	32,727	15,671	-	48,398
1993	34,383	16,097	-	50,480
1994	37,496	18,768	-	56,264
1995	30,268	15,150	8,015	53,433
1996	32,371	13,850	5,568	51,789
1997	30,200	15,666	4,583	50,449
1998	27,115	15,252	4,146	46,513
1999	28,101	12,344	3,904	44,349
2000	22,964	13,655	2,631	39,250
2001	20,037	18,915	1,426	40,378
<b>2002<sup>4</sup></b>				
Mar.	19,569	18,912	1,427	39,908
June	18,251	18,697	975	37,923
Sept.	17,758	18,516	954	37,228
Dec.	16,504	28,130	465	45,099

<sup>1</sup> Bilateral loans are loans from governments and their agencies (including central banks), and loans from autonomous bodies.

<sup>2</sup> Multilateral organisations include the World Bank, regional development banks, and other multilateral and inter-governmental agencies.

<sup>3</sup> Commercial bank loans from private banks or financial institutions.

<sup>4</sup> Provisional.

Note: Converted into Maltese liri using the closing Central Bank of Malta midpoint rate as at the end of reference period.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end-1999)*

**TABLE 3.6 GOVERNMENT EXTERNAL LOANS  
BY CURRENCY**

*Lm thousands*

End of Period	FFr	Stg	DM	Yen	Euro	US\$	Lit	Others	Total
1990	252	3,777	4,811	-	7,024	4,953	7,731	8,947	37,495
1991	200	3,686	4,515	-	12,901	4,431	9,833	9,140	44,706
1992	170	1,250	4,816	-	15,671	4,774	12,033	9,683	48,397
1993	109	1,283	4,373	-	16,097	4,355	15,596	8,667	50,480
1994	58	235	4,181	-	16,267	3,546	22,694	9,281	56,262
1995	34	-	3,930	7,574	9,041	2,896	22,309	7,649	53,433
1996	16	-	3,339	5,568	11,408	2,444	22,479	6,535	51,789
1997	-	-	2,801	4,583	10,500	7,268	22,001	3,296	50,449
1998	-	-	2,524	4,146	10,267	6,474	20,922	2,179	46,513
1999	-	-	2,036	3,904	9,549	6,945	19,835	2,080	44,349
2000	-	-	1,664	2,631	8,477	6,660	18,350	1,468	39,250
2001	-	-	1,310	1,426	14,184	14,181	8,530	747	40,378
<b>2002<sup>1</sup></b>									
Mar.	-	-	-	1,427	23,892	14,218	-	371	39,908
June	-	-	-	975	30,937	5,661	-	350	37,923
Sept.	-	-	-	955	143	5,639	-	30,491	37,228
Dec.	-	-	-	465	39,734	4,764	-	136	45,099

<sup>1</sup> Provisional.

Note: Converted into Maltese liri using the closing Central Bank of Malta midpoint rate as at the end of reference period.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end-1999)*

**TABLE 3.7 GOVERNMENT EXTERNAL LOANS  
BY REMAINING TERM TO MATURITY<sup>1</sup>**

*Lm thousands*

End of Period	1 yr	2-5 yrs	6-10 yrs	11-15 yrs	16-20 yrs	Over 20 yrs	Total
1990	105	7,154	6,732	12,096	7,731	3,676	37,495
1991	34	11,877	4,960	14,229	9,833	3,774	44,707
1992	276	12,575	8,673	10,045	12,033	4,795	48,398
1993	-	15,200	5,766	9,232	15,596	4,687	50,480
1994	8,319	3,579	16,591	12,180	12,268	3,327	56,264
1995	206	2,142	23,486	11,662	12,529	3,408	53,433
1996	467	831	21,024	12,087	14,129	3,252	51,789
1997	452	3,114	16,255	23,167	4,398	3,062	50,449
1998	-	6,402	21,426	14,440	2,801	1,443	46,513
1999	-	6,013	20,944	13,353	2,693	1,346	44,349
2000	-	10,561	12,654	13,456	1,293	1,286	39,250
2001	586	13,356	11,759	12,249	1,207	1,221	40,378
<b>2002<sup>2</sup></b>							
Mar.	1,752	14,735	17,292	3,727	1,204	1,198	39,908
June	1,250	14,363	16,250	3,597	1,223	1,240	37,923
Sept.	1,032	14,248	15,969	3,568	1,211	1,200	37,228
Dec.	514	13,172	6,851	22,160	1,194	1,208	45,099

<sup>1</sup> With respect to the quarterly statistics in this Table, the remaining term to maturity classification is applicable as from the current end-year.

<sup>2</sup> Provisional.

Note: Converted into Maltese liri using the closing Central Bank of Malta midpoint rate as at the end of reference period.

Source: *Financial Report, The Treasury; Central Bank of Malta (as from end-1999)*

**TABLE 4.1 MALTESE LIRA EXCHANGE RATES  
AGAINST MAJOR CURRENCIES<sup>1</sup>**  
*End of Period Rates*

End of Period	Stg	DM	US\$	Euro <sup>2</sup>	Lit	FFr	NLG	Bfr	Yen	Sfr
1990	1.7335	5.0006	3.3249	2.4349	3769.61	17.007	5.636	103.271	451.19	4.261
1991	1.7457	4.9610	3.2724	2.4448	3759.17	16.952	5.590	102.181	408.46	4.437
1992	1.7652	4.3188	2.6725	2.2136	3940.60	14.731	4.851	88.663	332.99	3.907
1993	1.7106	4.3911	2.5309	2.2678	4326.57	14.917	4.912	91.327	283.32	3.748
1994	1.7381	4.2086	2.7166	2.2083	4410.43	14.511	4.714	86.484	270.86	3.562
1995	1.8315	4.0648	2.8377	2.1586	4496.45	13.898	4.552	83.513	292.69	3.266
1996	1.6377	4.3146	2.7807	2.2173	4244.37	14.542	4.843	88.873	323.12	3.747
1997	1.5411	4.5682	2.5497	2.3101	4485.89	15.284	5.146	94.213	331.79	3.712
1998	1.5935	4.4287	2.6496	2.2640	4382.63	14.870	4.990	91.360	300.71	3.645
1999	1.4983	4.7163	2.4230	2.4114	4669.13	15.818	5.314	97.276	247.64	3.870
2000	1.5305	4.8033	2.2843	2.4559	4755.26	16.110	5.412	99.070	262.25	3.738
2001	1.5258	4.8874	2.2121	2.4989	4838.52	16.392	5.507	100.805	290.44	3.969
2002	1.5553	-	2.5074	2.3910	-	-	-	-	297.66	3.475
<b>2002</b>										
July	5	1.5473	-	2.3490	2.4123	-	-	-	281.90	3.535
	12	1.5355	-	2.3795	2.4058	-	-	-	277.97	3.532
	19	1.5344	-	2.4230	2.3870	-	-	-	280.32	3.493
	26	1.5205	-	2.3971	2.4078	-	-	-	283.40	3.489
Aug.	2	1.5202	-	2.3871	2.4126	-	-	-	283.82	3.498
	9	1.5368	-	2.3502	2.4187	-	-	-	282.80	3.533
	16	1.5415	-	2.3645	2.4088	-	-	-	277.77	3.529
	23	1.5430	-	2.3444	2.4186	-	-	-	281.29	3.559
	30	1.5340	-	2.3824	2.4172	-	-	-	281.27	3.550
Sept.	6	1.5289	-	2.3968	2.4175	-	-	-	283.85	3.529
	13	1.5234	-	2.3799	2.4224	-	-	-	286.23	3.555
	20	1.5303	-	2.3726	2.4203	-	-	-	292.34	3.545
	27	1.5237	-	2.3696	2.4237	-	-	-	291.00	3.555
Oct.	4	1.5200	-	2.3789	2.4241	-	-	-	292.92	3.545
	11	1.5280	-	2.3875	2.4192	-	-	-	296.32	3.541
	18	1.5229	-	2.3593	2.4256	-	-	-	295.27	3.563
	25	1.5228	-	2.3675	2.4244	-	-	-	293.17	3.553
Nov.	1	1.5397	-	2.4055	2.4114	-	-	-	293.55	3.524
	8	1.5343	-	2.4329	2.4100	-	-	-	292.83	3.527
	15	1.5352	-	2.4202	2.4114	-	-	-	292.39	3.536
	22	1.5287	-	2.4198	2.4143	-	-	-	296.97	3.553
	29	1.5428	-	2.3942	2.4116	-	-	-	293.21	3.557
Dec.	6	1.5408	-	2.4279	2.4078	-	-	-	300.44	3.543
	12	1.5466	-	2.4365	2.4041	-	-	-	299.85	3.548
	20	1.5378	-	2.4660	2.4041	-	-	-	297.58	3.515
	27	1.5515	-	2.4862	2.3954	-	-	-	298.38	3.484

<sup>1</sup> Closing Central Bank of Malta midpoint rate. The Maltese lira's exchange rate is determined on the basis of a basket of currencies which currently includes the euro, the US dollar and the pound sterling.

<sup>2</sup> The euro replaced the ECU as from January 1, 1999.

**TABLE 4.2 MALTESE LIRA EXCHANGE RATES  
AGAINST MAJOR CURRENCIES<sup>1</sup>**  
*Averages for the Period*

Period	Stg	DM	US\$	Euro <sup>2</sup>	Lit	FFr	NLG	Bfr	Yen	Sfr
1990	1.7701	5.0852	3.1527	2.4733	3769.83	17.135	5.730	105.132	453.01	4.368
1991	1.7526	5.1258	3.1002	2.4979	3831.59	17.429	5.777	105.531	416.50	4.429
1992	1.7853	4.9033	3.1459	2.4287	3860.86	16.621	5.521	100.964	398.43	4.414
1993	1.7435	4.3273	2.6171	2.2347	4109.74	14.819	4.861	90.425	291.39	3.869
1994	1.7295	4.2916	2.6486	2.2296	4265.86	14.676	4.813	88.427	270.60	3.617
1995	1.7961	4.0601	2.8355	2.1669	4616.27	14.138	4.548	83.530	266.46	3.350
1996	1.7780	4.1731	2.7745	2.1852	4279.88	14.188	4.676	85.881	301.75	3.428
1997	1.5825	4.4900	2.5921	2.2921	4410.82	15.113	5.053	92.645	313.53	3.758
1998	1.5547	4.5282	2.5758	2.2957	4469.45	15.180	5.104	93.404	336.67	3.730
1999	1.5468	4.5895	2.5032	2.3470	4544.39	15.395	5.172	94.677	284.84	3.756
2000	1.5080	4.8388	2.2855	2.4741	4790.43	16.229	5.452	99.803	246.27	3.853
2001	1.5430	4.8533	2.2226	2.4815	4804.77	16.277	5.468	100.102	269.97	3.749
2002	1.5378	-	2.3100	2.4468	-	-	-	-	288.88	3.590
<b>2001</b>										
Jan.	1.5494	4.7729	2.2897	2.4403	4725.15	16.008	5.378	98.443	267.58	3.732
Feb.	1.5547	4.7961	2.2602	2.4522	4748.13	16.085	5.404	98.922	262.59	3.766
Mar.	1.5510	4.8190	2.2435	2.4639	4770.82	16.162	5.430	99.394	271.99	3.784
Apr.	1.5446	4.8563	2.2166	2.4830	4807.76	16.287	5.472	100.164	274.45	3.769
May	1.5355	4.8990	2.1904	2.5048	4849.97	16.430	5.520	101.043	266.69	3.841
June	1.5373	4.9372	2.1557	2.5244	4887.86	16.559	5.563	101.833	263.57	3.844
July	1.5332	4.9283	2.1680	2.5198	4879.02	16.529	5.553	101.649	270.06	3.814
Aug.	1.5500	4.8372	2.2276	2.4732	4788.80	16.223	5.450	99.769	270.54	3.746
Sept.	1.5376	4.8306	2.2493	2.4699	4782.31	16.201	5.443	99.634	267.39	3.690
Oct.	1.5432	4.8337	2.2400	2.4714	4785.35	16.211	5.446	99.697	271.63	3.657
Nov.	1.5391	4.8692	2.2119	2.4896	4820.54	16.331	5.486	100.430	270.66	3.650
Dec.	1.5406	4.8602	2.2181	2.4850	4811.57	16.300	5.476	100.243	282.50	3.666
<b>2002</b>										
Jan.	1.5381	-	2.2034	2.4953	-	-	-	-	292.17	3.679
Feb.	1.5345	-	2.1832	2.5096	-	-	-	-	291.63	3.708
Mar.	1.5403	-	2.1908	2.5009	-	-	-	-	287.00	3.672
Apr.	1.5324	-	2.2098	2.4955	-	-	-	-	289.11	3.659
May	1.5455	-	2.2560	2.4607	-	-	-	-	285.16	3.585
June	1.5594	-	2.3140	2.4216	-	-	-	-	285.43	3.564
July	1.5345	-	2.3869	2.4035	-	-	-	-	281.63	3.515
Aug.	1.5364	-	2.3622	2.4154	-	-	-	-	281.23	3.535
Sept.	1.5270	-	2.3751	2.4214	-	-	-	-	286.71	3.548
Oct.	1.5256	-	2.3763	2.4219	-	-	-	-	294.36	3.548
Nov.	1.5362	-	2.4146	2.4117	-	-	-	-	293.45	3.539
Dec.	1.5437	-	2.4479	2.4039	-	-	-	-	298.66	3.528

<sup>1</sup> Calculated on the arithmetic mean of the daily opening and closing Central Bank of Malta midpoint rates.

<sup>2</sup> The euro replaced the ECU as from January 1, 1999.

**TABLE 4.3 MALTA'S FOREIGN TRADE**

*Lm thousands*

Period	Exports (f.o.b.)			Imports (c.i.f.)	Balance of Trade
	Domestic	Re-Exports	Total		
1990	328,736	29,153	357,889	620,510	-262,621
1991	371,993	33,461	405,454	684,000	-278,546
1992	451,526	39,377	490,903	747,770	-256,867
1993	476,747	41,579	518,326	830,920	-312,594
1994	547,209	45,213	592,422	918,766	-326,344
1995	629,720	45,220	674,940	1,037,657	-362,717
1996	569,900	54,250	624,150	1,007,800	-383,650
1997	563,950	64,980	628,930	984,230	-355,300
1998	664,816	47,169	711,985	1,034,920	-322,935
1999	712,436	78,700	791,136	1,136,233	-345,097
2000	977,535	94,910	1,072,445	1,492,376	-419,931
2001 <sup>1</sup>	790,038	90,646	880,684	1,226,422	-345,738
2002 <sup>1</sup>	793,061	127,324	920,385	1,227,534	-307,149
<b>2001<sup>1</sup></b>					
Jan.	74,272	6,131	80,403	109,984	-29,581
Feb.	68,179	5,603	73,782	97,880	-24,098
Mar.	81,367	6,195	87,562	120,438	-32,876
Apr.	62,803	6,743	69,546	98,656	-29,110
May	68,190	6,687	74,877	107,041	-32,164
June	70,687	9,511	80,198	103,835	-23,637
July	57,470	9,491	66,961	106,380	-39,419
Aug.	56,228	8,171	64,399	90,901	-26,502
Sept.	63,751	6,812	70,563	83,993	-13,430
Oct.	58,272	9,063	67,335	108,355	-41,020
Nov.	69,749	10,827	80,576	106,197	-25,621
Dec.	59,070	5,412	64,482	92,762	-28,280
<b>2002<sup>1</sup></b>					
Jan.	52,836	11,303	64,139	88,496	-24,357
Feb.	67,212	9,112	76,324	86,902	-10,578
Mar.	67,973	8,565	76,538	100,770	-24,232
Apr.	59,331	9,218	68,549	107,591	-39,042
May	65,948	10,585	76,533	108,698	-32,165
June	65,591	8,871	74,462	106,001	-31,539
July	70,408	11,155	81,563	117,848	-36,285
Aug.	64,691	13,103	77,794	94,088	-16,294
Sept.	65,499	10,342	75,841	95,913	-20,072
Oct.	67,109	14,457	81,566	114,184	-32,618
Nov.	63,429	10,837	74,266	110,810	-36,544
Dec.	83,034	9,776	92,810	96,233	-3,423

<sup>1</sup> Provisional.

Source: National Statistics Office

**TABLE 4.4 DIRECTION OF TRADE - TOTAL EXPORTS**

*Lm thousands*

Period	United Kingdom	Italy	Germany	France	Other EU	Libya	United States	Others	Total
1990	31,778	123,792	73,359	25,259	18,717	18,324	13,682	52,979	357,890
1991	29,699	156,341	72,138	36,739	20,092	22,343	17,026	51,076	405,454
1992	32,132	200,151	69,845	44,564	23,014	20,682	28,430	72,084	490,902
1993	41,826	167,140	81,008	53,947	27,835	25,136	38,897	82,537	518,326
1994	43,533	221,396	83,412	57,824	27,986	20,895	44,941	92,436	592,423
1995	50,654	205,015	101,243	82,417	42,762	15,221	62,918	114,716	674,940
1996	51,991	77,849	90,249	93,402	41,618	15,907	84,350	168,785	624,151
1997	51,219	35,726	82,171	121,705	54,486	25,122	91,201	167,283	628,930
1998	54,626	34,388	89,726	147,450	49,502	19,382	129,208	187,703	711,985
1999	73,202	38,858	99,390	120,388	50,344	20,194	168,621	220,144	791,136
2000	78,038	36,092	102,898	85,873	54,808	15,585	293,413	405,737	1,072,444
2001 <sup>1</sup>	76,310	30,304	115,132	82,197	59,865	21,835	174,370	320,670	880,684
2002 <sup>1</sup>	112,048	32,689	93,526	120,028	63,876	32,215	117,961	348,042	920,385
<b>2001<sup>1</sup></b>									
Jan.	4,772	2,231	8,648	7,573	4,511	414	21,734	30,520	80,403
Feb.	5,755	2,721	9,456	7,217	5,828	1,506	12,631	28,668	73,782
Mar.	7,758	2,443	9,744	9,328	5,737	1,418	19,250	31,884	87,562
Apr.	6,917	2,779	10,601	6,725	5,403	2,669	12,850	21,602	69,546
May	5,665	2,829	10,074	9,437	5,923	1,899	15,320	23,731	74,877
June	5,811	3,109	9,639	8,787	5,287	1,979	18,463	27,123	80,198
July	5,224	1,909	12,871	6,708	4,480	1,480	11,635	22,654	66,961
Aug.	6,004	1,732	8,700	4,588	4,595	2,639	10,893	25,248	64,399
Sept.	5,798	2,227	7,890	8,250	3,396	824	15,257	26,920	70,562
Oct.	7,256	2,372	9,574	5,066	4,919	2,174	10,065	25,908	67,334
Nov.	8,426	3,110	10,895	4,680	5,315	3,360	11,875	32,915	80,576
Dec.	6,924	2,842	7,040	3,838	4,471	1,473	14,397	23,497	64,482
<b>2002<sup>1</sup></b>									
Jan.	7,543	2,561	5,748	9,323	4,145	1,434	8,826	24,559	64,139
Feb.	9,763	4,308	9,762	9,830	5,769	2,742	10,111	24,039	76,324
Mar.	7,405	2,307	7,672	10,605	5,240	1,478	12,073	29,758	76,538
Apr.	8,042	2,669	7,557	7,682	5,294	4,603	9,161	23,541	68,549
May	8,839	3,145	6,810	9,899	5,531	2,983	11,100	28,226	76,533
June	8,030	2,260	6,367	11,421	4,360	2,793	10,177	29,054	74,462
July	12,043	3,039	10,303	8,627	6,988	4,559	8,027	27,977	81,563
Aug.	11,045	2,496	7,778	8,876	5,554	1,961	8,152	31,932	77,794
Sept.	9,147	2,328	8,275	11,328	5,194	3,013	9,266	27,290	75,841
Oct.	9,916	1,954	7,803	11,387	4,824	2,830	11,036	31,816	81,566
Nov.	9,488	2,814	8,134	9,533	5,436	1,983	9,703	27,175	74,266
Dec.	10,787	2,808	7,317	11,517	5,541	1,836	10,329	42,675	92,810

<sup>1</sup> Provisional.

Source: National Statistics Office

**TABLE 4.5 DIRECTION OF TRADE - IMPORTS**

*Lm thousands*

Period	United Kingdom	Italy	Netherlands	France	Germany	Other EU	United States	Others	Total
1990	92,222	202,374	17,238	44,924	72,796	37,851	20,778	132,327	620,510
1991	100,648	248,463	20,153	31,658	75,155	38,730	27,737	141,456	684,000
1992	96,218	282,198	24,122	47,146	80,318	43,329	23,648	150,791	747,770
1993	111,392	225,929	21,927	69,763	118,712	46,929	72,449	163,819	830,920
1994	140,714	243,155	21,663	77,226	161,547	51,091	46,770	176,600	918,766
1995	161,570	284,777	23,817	86,623	126,235	76,374	62,350	215,911	1,037,657
1996	144,072	196,735	26,944	159,824	94,840	68,680	69,610	247,091	1,007,796
1997	145,152	199,137	25,712	163,026	98,276	71,505	77,968	203,455	984,231
1998	128,216	199,383	25,486	184,340	108,291	71,360	91,920	225,925	1,034,921
1999	123,736	189,873	25,697	217,021	113,569	73,175	95,964	297,199	1,136,233
2000	119,673	249,744	29,661	281,877	122,113	91,778	158,474	439,057	1,492,377
2001 <sup>1</sup>	123,100	244,409	28,401	184,030	107,409	92,707	141,822	304,544	1,226,422
2002 <sup>1</sup>	127,733	271,794	28,563	205,132	98,474	93,032	115,258	287,548	1,227,534
<b>2001<sup>1</sup></b>									
Jan.	9,111	19,820	2,509	23,637	8,596	6,841	12,274	27,196	109,984
Feb.	8,760	20,996	2,484	15,255	9,168	7,154	9,261	24,802	97,880
Mar.	11,189	22,727	2,034	16,494	9,932	8,993	13,428	35,641	120,438
Apr.	9,774	20,204	2,209	14,053	8,623	6,873	10,865	26,055	98,656
May	11,071	22,615	2,472	12,928	9,749	8,485	13,307	26,414	107,041
June	9,690	21,705	2,024	13,863	9,280	7,830	12,282	27,161	103,835
July	10,950	20,968	2,417	14,933	10,003	9,742	12,229	25,138	106,380
Aug.	9,340	15,856	2,735	11,994	7,207	8,203	9,489	26,077	90,901
Sept.	9,520	17,320	2,105	15,337	7,280	6,608	8,605	17,218	83,993
Oct.	13,078	22,820	2,793	13,338	11,035	8,364	13,691	23,236	108,355
Nov.	11,488	21,690	2,603	16,768	9,097	6,707	12,731	25,113	106,197
Dec.	9,129	17,688	2,016	15,430	7,439	6,907	13,660	20,493	92,762
<b>2002<sup>1</sup></b>									
Jan.	9,112	16,411	2,123	15,270	7,106	6,920	9,905	21,649	88,496
Feb.	8,819	16,856	2,254	14,397	7,683	6,622	9,071	21,200	86,902
Mar.	10,589	20,641	2,366	18,310	8,330	7,805	11,481	21,248	100,770
Apr.	11,750	22,914	2,226	18,769	8,928	7,777	10,211	25,016	107,591
May	13,523	24,858	2,184	18,823	8,574	7,594	9,837	23,305	108,698
June	9,949	24,424	2,557	18,625	8,800	8,383	7,362	25,901	106,001
July	11,921	29,743	3,093	19,351	9,011	9,663	9,648	25,418	117,848
Aug.	9,170	18,873	1,894	16,727	7,425	6,528	8,266	25,205	94,088
Sept.	9,011	22,993	2,133	15,054	8,447	7,007	8,914	22,354	95,913
Oct.	12,744	26,964	2,655	16,000	8,746	8,925	11,052	27,098	114,184
Nov.	12,115	23,228	2,580	17,219	8,036	8,015	11,174	28,443	110,810
Dec.	9,030	23,889	2,498	16,587	7,388	7,793	8,337	20,711	96,233

<sup>1</sup> Provisional.

Source: National Statistics Office



**TABLE 4.6 DOMESTIC EXPORTS BY COMMODITY SECTIONS**

*Lm thousands*

Period	Food and Live Animals	Beverages and Tobacco	Crude Materials Inedible except Fuels	Mineral Fuels etc.	Animal/Vegetable Fats and Oils	Chemicals	Semi-Manufactured Goods	Machinery and Transport Equipment	Manufactured Articles	Miscellaneous	Total
1990	4,743	2,285	1,979	112	1	3,879	29,762	174,036	111,729	208	328,736
1991	5,561	2,559	1,201	29	-	6,245	28,986	216,011	110,629	772	371,993
1992	7,884	1,779	1,241	31	-	8,645	31,540	274,651	124,596	1,159	451,526
1993	9,588	1,551	1,940	-	-	10,121	33,082	280,385	139,794	285	476,746
1994	10,981	1,265	1,333	35	-	10,305	34,714	356,582	131,910	83	547,209
1995	8,379	1,868	1,616	3	-	11,275	37,524	425,897	142,620	541	629,720
1996	10,734	2,866	1,477	54	1	14,330	42,109	354,578	143,376	377	569,901
1997	13,657	2,136	2,325	26	-	14,697	42,658	342,551	145,694	188	563,950
1998	13,481	2,138	1,523	9	2	13,242	48,237	444,893	140,740	550	664,816
1999	15,487	2,076	1,446	-	-	14,218	50,062	475,472	152,619	1,055	712,436
2000	17,116	3,538	2,198	-	-	13,027	53,913	736,076	151,263	404	977,535
2001 <sup>1</sup>	20,809	5,197	2,013	19	-	16,003	50,701	537,944	156,945	407	790,038
2002 <sup>1</sup>	36,569	4,128	2,192	133	52	13,478	48,938	518,391	168,799	379	793,061
<b>2001<sup>1</sup></b>											
Jan.	1,758	291	111	-	-	1,668	4,066	55,162	11,199	18	74,272
Feb.	691	348	263	-	-	1,261	3,729	48,600	13,228	60	68,179
Mar.	604	505	136	-	-	1,443	4,946	60,244	13,423	67	81,367
Apr.	1,175	602	174	-	-	1,150	4,866	40,841	13,983	12	62,803
May	1,404	420	102	19	-	1,244	4,251	47,700	12,984	66	68,190
June	1,679	883	216	-	-	1,192	4,571	48,547	13,566	33	70,687
July	2,509	587	82	-	-	1,273	4,424	34,015	14,496	83	57,470
Aug.	3,287	468	237	-	-	1,621	3,459	35,460	11,685	10	56,228
Sept.	1,998	540	86	-	-	1,427	3,225	44,643	11,787	44	63,751
Oct.	1,191	326	227	-	-	1,191	4,958	36,521	13,842	14	58,272
Nov.	2,703	185	175	-	-	1,391	4,437	46,598	14,261	-	69,749
Dec.	1,810	42	204	-	-	1,142	3,769	39,613	12,491	-	59,070
<b>2002<sup>1</sup></b>											
Jan.	896	138	123	6	-	888	3,796	35,685	11,303	-	52,836
Feb.	1,096	164	339	16	27	1,075	5,228	43,725	15,417	124	67,212
Mar.	1,185	90	131	33	23	1,102	4,042	49,014	12,351	2	67,973
Apr.	1,808	618	259	12	-	1,224	4,526	37,451	13,370	62	59,331
May	1,909	671	64	-	-	1,508	3,554	45,811	12,417	14	65,948
June	833	1,326	168	12	-	807	3,436	46,371	12,637	-	65,591
July	2,821	244	220	35	-	1,459	4,284	41,213	20,079	55	70,408
Aug.	3,261	249	220	16	-	1,348	4,166	39,531	15,882	18	64,691
Sept.	2,382	284	141	-	2	1,318	3,877	43,310	14,161	26	65,499
Oct.	1,664	69	136	3	-	693	4,318	45,625	14,522	78	67,109
Nov.	1,258	187	266	-	-	940	4,403	43,049	13,326	-	63,429
Dec.	17,456	88	125	-	-	1,116	3,308	47,606	13,334	-	83,034

<sup>1</sup> Provisional.

Source: National Statistics Office

**TABLE 4.7 IMPORTS BY COMMODITY SECTIONS**

*Lm thousands*

Period	Food and Live Animals	Beverages and Tobacco	Crude Materials Inedible except Fuels	Mineral Fuels etc.	Animal/Vegetable Fats and Oils	Chemicals	Semi-Manufactured Goods	Machinery and Transport Equipment	Manufactured Articles	Miscellaneous	Total
1990	53,916	7,378	12,517	31,775	1,815	42,700	120,135	284,110	54,455	11,707	620,509
1991	61,587	8,105	12,622	34,637	1,999	46,720	124,487	321,740	61,572	10,531	684,000
1992	66,414	7,691	13,692	35,054	2,125	50,691	126,723	361,673	74,568	9,139	747,770
1993	70,509	8,773	13,934	38,972	2,298	56,392	130,377	416,097	86,818	6,750	830,920
1994	64,696	14,526	16,526	40,765	2,479	63,575	131,231	482,024	93,266	9,678	918,766
1995	87,514	14,090	14,901	40,897	2,820	70,804	143,680	533,304	120,907	8,740	1,037,657
1996	91,768	13,590	12,842	53,763	2,867	74,282	141,770	486,082	119,614	11,218	1,007,796
1997	97,815	16,640	13,197	51,820	2,537	78,930	140,829	459,604	113,202	9,657	984,231
1998	96,699	15,541	14,478	39,281	2,789	80,132	143,251	520,242	113,370	9,139	1,034,921
1999	99,416	18,002	13,187	58,725	2,345	82,431	140,688	594,148	118,875	8,417	1,136,233
2000	103,644	18,785	13,597	106,476	2,239	92,470	144,994	852,574	146,821	10,774	1,492,377
2001 <sup>1</sup>	108,773	21,936	14,101	101,992	1,931	89,218	147,722	608,194	121,512	11,040	1,226,421
2002 <sup>1</sup>	115,208	22,784	13,158	102,928	2,330	96,580	150,822	593,989	119,283	10,455	1,227,534
<b>2001<sup>1</sup></b>											
Jan.	6,473	957	916	8,751	161	8,995	11,864	61,441	9,487	938	109,984
Feb.	6,924	1,731	1,382	8,941	153	6,692	11,584	50,659	8,926	886	97,880
Mar.	9,184	2,211	1,077	11,825	171	7,897	13,560	61,960	11,547	1,006	120,438
Apr.	7,886	1,613	1,327	5,334	195	6,990	12,153	50,851	11,583	726	98,656
May	10,018	2,482	1,328	6,095	105	7,365	14,526	52,441	11,559	1,123	107,041
June	8,207	2,768	1,137	9,967	100	6,444	13,284	51,444	9,390	1,094	103,835
July	9,912	1,759	1,157	7,678	301	8,266	13,513	52,123	10,697	974	106,380
Aug.	9,548	1,878	1,166	13,628	185	7,299	9,706	38,511	8,247	732	90,901
Sept.	10,172	1,086	949	6,834	126	6,446	10,345	37,765	9,363	906	83,992
Oct.	11,548	1,977	1,337	4,063	158	8,755	13,958	52,661	12,825	1,073	108,355
Nov.	10,176	2,195	1,055	9,888	140	7,343	12,748	51,420	10,403	829	106,197
Dec.	8,725	1,279	1,270	8,988	136	6,726	10,481	46,918	7,485	753	92,762
<b>2002<sup>1</sup></b>											
Jan.	8,889	1,053	962	9,628	371	7,034	11,670	41,214	6,835	840	88,496
Feb.	7,902	1,743	1,013	7,812	184	7,011	11,231	41,403	7,871	733	86,902
Mar.	8,844	2,435	1,007	7,267	117	8,234	12,328	49,586	10,288	664	100,770
Apr.	8,594	1,911	1,255	7,221	240	8,615	13,697	53,882	10,997	1,179	107,591
May	9,454	2,110	1,094	5,450	99	8,164	15,397	53,669	12,187	1,075	108,698
June	10,191	2,210	977	9,694	188	7,490	14,221	51,401	9,014	615	106,001
July	13,903	2,827	1,066	9,689	199	9,984	14,746	54,354	10,090	991	117,848
Aug.	7,954	2,135	918	8,872	149	7,784	9,536	47,828	8,077	835	94,088
Sept.	9,058	1,483	1,400	8,295	149	7,102	10,665	46,650	10,133	978	95,913
Oct.	10,716	1,763	1,266	7,953	281	9,496	14,117	53,626	13,722	1,245	114,184
Nov.	11,425	1,668	1,175	13,901	185	7,742	12,848	50,566	10,510	789	110,810
Dec.	8,278	1,446	1,025	7,146	168	7,924	10,366	49,810	9,559	511	96,233

<sup>1</sup> Provisional

Source: National Statistics Office

**TABLE 5.1 GROSS NATIONAL PRODUCT**  
*By Category of Expenditure at Current Market Prices*

*Lm thousands*

Period	Consumers' Expenditure <sup>1</sup>	Government Consumption Expenditure <sup>2</sup>	Gross Fixed Capital Formation <sup>3</sup>	Inventory Changes <sup>4</sup>	Exports of Goods & Services	Total Final Expenditure	Less Imports of Goods & Services	Gross Domestic Product	Net Investment Income from Abroad <sup>5</sup>	Gross National Product
1990	460,845	129,153	232,611	12,668	626,415	1,001,308	726,947	734,745	55,017	789,762
1991	494,504	147,055	239,114	15,556	701,865	1,104,085	791,249	806,875	49,663	856,538
1992	531,350	164,335	240,874	145	804,056	1,209,942	866,010	874,750	41,695	916,445
1993	561,498	188,862	276,804	3,708	896,325	1,177,587	987,163	940,034	35,481	975,515
1994	608,288	209,519	305,388	9,957	994,410	1,310,573	1,099,028	1,028,534	19,331	1,047,865
1995	700,425	235,205	365,175	1,183	1,074,708	1,442,002	1,231,172	1,145,524	11,952	1,157,476
1996	764,901	259,790	345,265	-1,424	1,045,593	2,414,125	1,212,839	1,201,286	3,185	1,204,471
1997	803,493	264,053	326,443	3,009	1,095,775	2,492,773	1,204,554	1,288,219	4,100	1,292,320
1998	846,002	269,039	333,561	-10,657	1,194,676	2,632,621	1,270,297	1,362,324	-27,380	1,334,950
1999	915,014	272,587	339,975	9,383	1,321,307	2,858,266	1,402,167	1,456,099	12,440	1,468,540
2000 <sup>6</sup>	996,736	291,192	409,475	33,063	1,604,256	3,334,722	1,772,602	1,562,120	-54,255	1,507,865
2001 <sup>6</sup>	1,044,557	328,564	378,944	-49,146	1,427,453	3,130,372	1,500,452	1,629,920	-2,673	1,627,247
2002 <sup>6</sup>	1,089,250	341,393	388,877	-68,048	1,431,500	3,182,972	1,498,408	1,684,564	-1,518	1,683,046
<b>2001 <sup>6</sup></b>										
Mar.	233,872	78,728	95,833	23,553	343,560	775,546	387,461	388,085	11,080	399,165
June	263,396	80,929	94,206	-30,534	371,030	779,027	374,987	404,040	2,145	406,185
Sept.	277,433	81,528	92,683	-44,232	372,747	780,159	361,207	418,952	841	419,793
Dec.	269,856	87,379	96,222	2,067	340,116	795,640	376,797	418,843	-16,739	402,104
<b>2002 <sup>6</sup></b>										
Mar.	251,920	85,842	88,732	-2,893	316,797	740,398	343,252	397,146	4,967	402,113
June	273,375	87,859	105,463	-713	348,618	814,602	394,761	419,841	14,467	434,308
Sept.	288,949	83,018	95,227	-47,134	392,499	812,559	374,498	438,061	14,719	452,780
Dec.	275,006	84,674	99,455	-17,308	373,586	815,413	385,897	429,516	-35,671	393,845

<sup>1</sup> Expenditure on consumption of goods and services by persons and non-profit making bodies.

<sup>2</sup> Excludes transfer payments (social security benefits, subsidies and grants) and capital expenditure.

<sup>3</sup> Expenditure on fixed capital assets by the Government as well as the private and parastatal sectors.

<sup>4</sup> Increase in the quantity of stocks and work in progress held by the Government and trading enterprises. This is obtained as a residual and therefore contains the error term.

<sup>5</sup> Income from foreign investments held by private individuals and corporations, the Government and the banking sector, less interest payments by local banks to non-resident deposit holders, dividends payable to non-resident shareholders, as well as undistributed profits of non-resident owned companies.

<sup>6</sup> Provisional.

Source: National Statistics Office

**TABLE 5.2 TOURIST ARRIVALS BY NATIONALITY**

Period	United Kingdom	Italy	North Africa <sup>1</sup>	Germany	Scandinavian Countries <sup>2</sup>	United States	All Others	Total
1990	450,002	64,039	38,881	130,203	29,444	9,934	149,273	871,776
1991	458,523	64,008	50,094	136,452	17,891	8,809	159,259	895,036
1992	525,629	76,045	43,882	153,531	21,851	9,302	172,142	1,002,382
1993	520,778	85,671	53,465	176,077	21,276	10,314	195,632	1,063,213
1994	530,385	98,746	45,337	200,281	29,920	11,973	259,581	1,176,223
1995	461,159	97,384	43,534	187,761	32,979	10,945	282,209	1,115,971
1996	398,899	89,439	56,958	184,110	33,338	11,969	279,075	1,053,788
1997	436,899	90,190	45,702	193,020	33,576	14,924	296,850	1,111,161
1998	448,763	90,558	44,508	203,199	35,414	17,641	342,157	1,182,240
1999	422,368	92,726	52,537	212,430	46,365	18,558	369,246	1,214,230
2000	428,780	92,522	52,275	204,749	46,273	19,268	371,846	1,215,713
2001	451,530	93,564	39,167	160,262	46,395	19,986	369,241	1,180,145
<b>2001</b>								
Jan.	18,983	2,838	3,046	6,635	1,313	1,142	10,096	44,053
Feb.	22,328	2,845	2,371	10,823	1,942	1,270	14,313	55,892
Mar.	33,631	5,044	3,126	14,474	3,690	1,755	23,388	85,108
Apr.	34,451	8,820	2,876	17,982	5,288	2,225	36,157	107,799
May	47,562	5,198	3,007	15,438	4,770	2,576	37,096	115,647
June	43,419	8,950	3,166	13,689	5,873	2,606	42,772	120,475
July	53,234	14,424	4,316	17,598	6,695	2,111	52,132	150,510
Aug.	55,356	24,771	5,489	14,147	3,787	1,665	47,729	152,944
Sept.	51,047	7,800	3,845	19,206	4,821	1,326	43,171	131,216
Oct.	43,218	4,219	3,074	17,321	5,073	1,280	32,670	106,855
Nov.	28,405	3,647	2,206	7,809	1,968	1,145	15,318	60,498
Dec.	19,896	5,008	2,645	5,140	1,175	885	14,399	49,148
<b>2002</b>								
Jan.	16,029	3,134	2,512	3,412	1,296	1,146	9,796	37,325
Feb.	21,854	3,494	2,214	8,051	1,785	1,527	14,414	53,339
Mar.	32,478	6,152	2,416	15,388	3,063	1,774	23,927	85,198
Apr.	33,435	6,611	2,023	12,845	3,493	1,574	31,160	91,141
May	38,813	6,576	2,166	13,964	3,400	2,193	38,948	106,060
June	42,019	10,041	2,544	12,273	4,955	2,024	35,265	109,121
July	52,656	15,300	3,522	13,096	6,064	1,883	49,966	142,487
Aug.	55,470	26,895	4,363	12,083	3,417	1,813	48,041	152,082
Sept.	50,736	7,584	3,077	20,784	3,754	1,593	37,792	125,320
Oct.	48,050	5,978	2,422	18,487	4,223	2,180	32,826	114,166
Nov.	29,489	3,973	1,705	6,974	2,134	1,292	16,929	62,496

<sup>1</sup> North African countries include Algeria, Egypt, Libya, Morocco and Tunisia.

<sup>2</sup> Scandinavian countries include Denmark, Norway and Sweden.

Source: National Statistics Office

**TABLE 5.3 LABOUR MARKET**

End of Period	Labour Supply			Gainfully Occupied			Unemployment					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Amount	Percent <sup>1</sup>	Amount	Percent <sup>2</sup>	Amount	Percent
1990	96,306	31,153	127,459	91,692	30,331	122,023	4,614	4.8	822	2.6	5,436	4.3
1991	97,241	32,210	129,451	92,922	31,257	124,179	4,319	4.4	953	3.0	5,272	4.1
1992	98,921	33,024	131,945	94,084	31,898	125,982	4,837	4.9	1,126	3.4	5,963	4.5
1993	99,239	33,174	132,413	93,333	32,130	125,463	5,906	6.0	1,044	3.1	6,950	5.2
1994	100,092	34,020	134,112	94,587	33,081	127,668	5,505	5.5	939	2.8	6,444	4.8
1995	102,158	35,612	137,770	97,241	34,709	131,950	4,917	4.8	903	2.5	5,820	4.2
1996	103,323	36,944	140,267	97,493	35,702	133,195	5,830	5.6	1,242	3.4	7,072	5.0
1997	103,540	37,294	140,834	97,065	36,076	133,141	6,475	6.3	1,218	3.3	7,693	5.5
1998	103,235	37,951	141,186	96,460	36,816	133,276	6,775	6.6	1,135	3.0	7,910	5.6
1999	103,568	39,040	142,608	96,478	37,824	134,302	7,090	6.8	1,216	3.1	8,306	5.8
2000	103,831	40,185	144,016	97,689	39,139	136,828	6,142	5.9	1,046	2.6	7,188	5.0
2001	103,967	40,962	144,929	97,806	39,690	137,496	6,161	5.9	1,272	3.1	7,433	5.1
<b>2001</b>												
Jan.	104,397	40,344	144,741	98,139	39,262	137,401	6,258	6.0	1,082	2.7	7,340	5.1
Feb.	104,598	40,401	144,999	98,344	39,323	137,667	6,254	6.0	1,078	2.7	7,332	5.1
Mar.	104,373	40,376	144,749	98,234	39,333	137,567	6,139	5.9	1,043	2.6	7,182	5.0
Apr.	104,363	40,503	144,866	98,411	39,474	137,885	5,952	5.7	1,029	2.5	6,981	4.8
May	104,363	40,520	144,883	98,525	39,577	138,102	5,838	5.6	943	2.3	6,781	4.7
June	104,354	40,727	145,081	98,756	39,796	138,552	5,598	5.4	931	2.3	6,529	4.5
July	104,759	41,357	146,116	99,162	40,113	139,275	5,597	5.3	1,244	3.0	6,841	4.7
Aug.	104,757	41,434	146,191	99,024	40,111	139,135	5,733	5.5	1,323	3.2	7,056	4.8
Sept.	104,172	41,064	145,236	98,402	39,850	138,252	5,770	5.5	1,214	3.0	6,984	4.8
Oct.	104,525	41,054	145,579	98,564	39,832	138,396	5,961	5.7	1,222	3.0	7,183	4.9
Nov.	104,510	41,043	145,553	98,384	39,741	138,125	6,126	5.9	1,302	3.2	7,428	5.1
Dec.	103,967	40,962	144,929	97,806	39,690	137,496	6,161	5.9	1,272	3.1	7,433	5.1
<b>2002</b>												
Jan.	104,237	40,942	145,179	97,706	39,533	137,239	6,531	6.3	1,409	3.4	7,940	5.5
Feb.	104,265	40,921	145,186	97,707	39,538	137,245	6,558	6.3	1,383	3.4	7,941	5.5
Mar.	103,723	40,777	144,500	97,343	39,432	136,775	6,380	6.2	1,345	3.3	7,725	5.3
Apr.	103,621	40,757	144,378	97,262	39,479	136,741	6,359	6.1	1,278	3.1	7,637	5.3
May	103,370	40,796	144,166	97,166	39,577	136,743	6,204	6.0	1,219	3.0	7,423	5.1
June	103,476	40,951	144,427	97,546	39,760	137,306	5,930	5.7	1,191	2.9	7,121	4.9
July	103,826	41,506	145,332	98,115	40,040	138,155	5,711	5.5	1,466	3.5	7,177	4.9
Aug.	103,633	41,447	145,080	97,743	39,925	137,668	5,890	5.7	1,522	3.7	7,412	5.1
Sept.	103,274	41,186	144,460	97,200	39,740	136,940	6,074	5.9	1,446	3.5	7,520	5.2
Oct.	103,568	41,218	144,786	97,336	39,759	137,095	6,232	6.0	1,459	3.5	7,691	5.3
Nov.	103,709	41,269	144,978	97,334	39,778	137,112	6,375	6.1	1,491	3.6	7,866	5.4

<sup>1</sup> As a percentage of male labour supply.

<sup>2</sup> As a percentage of female labour supply.

Source: *Employment and Training Corporation*

**TABLE 5.4 NUMBER OF APPROVED COMMERCIAL PROPERTY APPLICATIONS, BY PURPOSE <sup>1</sup>**

Period	Agriculture	Manufacturing	Warehousing/Retail/ Offices <sup>2</sup>	Hotel/ Tourism	Recreational/ Social <sup>3</sup>	Parking	Minor new works/ change of use	Other	Total
1993	168	64	400	26	70	176	666	1,350	2,920
1994	245	71	775	45	363	287	1,404	264	3,454
1995	293	69	924	27	434	188	1,731	411	4,077
1996	234	37	827	21	352	154	1,632	611	3,868
1997	248	49	545	28	362	169	1,594	949	3,944
1998	273	97	564	47	770	193	1,729	971	4,644
1999	231	112	858	29	378	205	1,600	740	4,153
2000	270	104	790	36	588	236	1,486	1,010	4,520
2001 <sup>4</sup>	312	58	1,019	24	485	214	1,095	1,491	4,698

<sup>1</sup> This Table replaces the previous Table 5.4, which showed building applications approved by purpose and floor space area, as data on the latter are no longer available.

<sup>2</sup> Including applications for advertisements and for the mixed residential and retail purposes.

<sup>3</sup> Including applications for restaurants and café bars.

<sup>4</sup> Provisional

Source: Malta Environment & Planning Authority

**TABLE 5.5 DWELLING UNITS GRANTED DEVELOPMENT PERMISSION, BY TYPE <sup>1</sup>**

Period	Apartments	Maisonettes	Terraced Houses	Other	Total
1993	1,192	651	1,016	114	2,973
1994	1,095	476	488	44	2,103
1995	1,910	1,064	1,094	161	4,229
1996	1,601	1,183	495	72	3,351
1997	1,656	1,060	570	125	3,411
1998	1,742	790	339	133	3,004
1999	1,452	473	271	77	2,273
2000	1,473	583	246	67	2,369
2001 <sup>2</sup>	2,657	774	203	546	4,180
2002 <sup>2</sup>	3,420	910	135	1,016	5,481

<sup>1</sup> Changes to the data are mainly due to the policy adopted by the Malta Environment & Planning Authority to reassess permit applications on a continuous basis.

<sup>2</sup> Provisional.

Source: Malta Environment & Planning Authority

**TABLE 5.6 INFLATION RATES<sup>1</sup>**  
(Base 1946 = 100)

Year	Index	Inflation Rate (%)	Year	Index	Inflation Rate (%)	
1946	100.00	-	<i>(Continued)</i>			
1947	104.90	4.90		1975	254.77	8.80
1948	113.90	8.58		1976	256.20	0.56
1949	109.70	-3.69		1977	281.84	10.01
1950	116.90	6.56		1978	295.14	4.72
1951	130.10	11.29		1979	316.21	7.14
1952	140.30	7.84		1980	366.06	15.76
1953	139.10	-0.86		1981	408.16	11.50
1954	141.20	1.51		1982	431.83	5.80
1955	138.80	-1.70		1983	428.06	-0.87
1956	142.00	2.31		1984	426.18	-0.44
1957	145.70	2.61		1985	425.17	-0.24
1958	148.30	1.78		1986	433.67	2.00
1959	151.10	1.89		1987	435.47	0.42
1960	158.80	5.10		1988	439.62	0.95
1961	164.84	3.80		1989	443.39	0.86
1962	165.16	0.19		1990	456.61	2.98
1963	168.18	1.83		1991	468.21	2.54
1964	172.00	2.27		1992	475.89	1.64
1965	174.70	1.57		1993	495.59	4.14
1966	175.65	0.54		1994	516.06	4.13
1967	176.76	0.63		1995	536.61	3.98
1968	180.42	2.07		1996	549.95	2.49
1969	184.71	2.38		1997 <sup>2</sup>	567.95	3.27
1970	191.55	3.70		1998	580.61	2.23
1971	196.00	2.32		1999	593.00	2.13
1972	202.52	3.33		2000	607.07	2.37
1973	218.26	7.77		2001	624.85	2.93
1974	234.16	7.28	2002	638.54	2.19	

<sup>1</sup> The Index of Inflation (Base 1946=100) is compiled by the National Statistics Office on the basis of the Retail Price Index in terms of Section 10C of the Housing (Decontrol) (Amendment) Act 1979.

<sup>2</sup> Following the revision of the utility rates in November 1998, the index and the rate of inflation for the year 1997 were revised to 567.08 and 3.11% respectively. Consequently, the rate of inflation for 1998 would stand at 2.39%.

## TABLE 5.7 RETAIL PRICE INDEX<sup>1</sup>

(Base 1995 = 100)

Period	All Items
1990	84.73
1991	86.88
1992	88.30
1993	91.96
1994	95.76
1995	99.57
1996	102.05
1997	105.23
1998	107.74
1999	110.04
2000	112.65
2001	115.95
2002	118.49
<b>2001</b>	
Jan.	112.95
Feb.	113.26
Mar.	113.94
Apr.	114.52
May	115.62
June	115.75
July	116.31
Aug.	117.30
Sept.	117.66
Oct.	116.82
Nov.	118.48
Dec.	118.76
<b>2002</b>	
Jan.	118.23
Feb.	117.44
Mar.	117.55
Apr.	117.75
May	118.47
June	118.03
July	118.44
Aug.	118.90
Sept.	119.18
Oct.	119.40
Nov.	119.29
Dec.	119.14

<sup>1</sup> The New Retail Price Index, which has an "All Items" reading only, is based on the Household Budgetary Survey carried out in 1994-95. As it has a different weighting structure, reflecting the changed expenditure patterns that emerged from the survey, it is not continuous with the old (1991=100) index.



## GENERAL METHODOLOGICAL NOTES

### General Standards

The methodology underlying the compilation of monetary and banking statistics is generally consistent with internationally agreed statistical concepts, definitions, and classifications as published in the International Monetary Fund's (IMF) "*Monetary and Financial Statistics Manual 2000*".

### Release of Monetary and Banking Statistics

Monthly monetary and banking statistics are posted on the Central Bank's website by the end of the month following the reference month. Subsequently, detailed monetary data, together with related analytical information, are released in the press through the *Statistical Release on Monetary Aggregates and their Counterparts* and in the Central Bank's *Quarterly Review* and *Annual Report*.

### Determination of 'Residence'

Monetary data are based on the classification of transactions by the residence of the transactors. The transactors in the institutional sectors may either be **residents** or **non-residents** of Malta, a transactor being that economic entity that is capable in its own right of owning assets, incurring liabilities and engaging in economic activities with other entities. The internationally agreed **residence** criterion for the purposes of statistical compilation is based on the transactor's 'centre of economic interest'. Thus, a transactor is considered to be a resident of Malta when it is engaged in a significant amount of production of goods and/or services in Malta or when it owns or rents land or buildings located in the country. The enterprise must maintain at least one production establishment over a period of at least one year (in economic activities and transactions on a significant scale). The economic territory includes free enterprise zones and bonded warehouses or factories operated by offshore enterprises under customs control. Transactors not meeting the above-mentioned criteria are considered to be **non-resident** units, ie. units that have their 'centre of economic interest' in other countries. Most offshore companies which are registered in Malta are treated as non-resident units since they do not have a centre of economic interest in Malta. Furthermore, diplomatic bodies, embassies, consulates and other entities of a foreign government located in Malta are considered as residents of the country they are representing and not of Malta.

### Sector Classification of the Maltese Economy

The sectors of the Maltese economy, for statistical reporting purposes, are currently broken down by their primary activity into:

- (a) Banking Institutions
- (b) General/Central Government
- (c) Private Corporate/Business (non-bank) enterprises
- (d) Public Corporations and Authorities
- (e) Personal (or Households)

In addition to the above, there are those transactors that are considered to be non-residents (also referred

to as the 'external sector' or the 'rest of the world').

(a) As from January 2001, the **Banking Institutions** are divided into three subsectors :

- (i) Central Bank of Malta
- (ii) Deposit Money Banks (DMB)
- (iii) International Banking Institutions (IBI)

The **Central Bank of Malta** is a distinct corporate body having specialised functions. It is assigned the responsibilities normally assigned to the monetary authority of a country, which include the issuing of notes and coin, holding the external reserves of the country, ensuring monetary stability, and the safeguarding of a sound financial system. **Deposit Money Banks (DMB)** are those banking institutions that offer deposits payable on demand, transferable by cheque, or otherwise usable for making payments to non-bank enterprises and households. **International Banking Institutions (IBI)** are those banks that offer international banking facilities mainly to non-residents and accept deposits primarily from non-residents. Since international banking institutions are permitted to offer demand deposits to their customers, their assets and liabilities are consolidated with those of the deposit money banks in order to derive the statistical data for the *Banking Survey* (shown in the *Quarterly Review's* Statistical Tables annex). The consolidated data of the IBI sector do not distinguish between those institutions that are registered under the Banking Act 1994 and those that are registered under the Malta Financial Services Centre Act, 1988.

(b) The principal function of **General/Central Government** is to carry out public policy through the production of non-market services, primarily for collective consumption, and the transfer of income, financed mainly by taxes on units in other sectors of the economy. For statistical reporting purposes only one level of government exists in Malta, namely the central government, which implies that all central government operations also constitute the operations of general government. Thus, central government currently includes the local councils and the public non-profit institutions (such as government appointed commissions, boards, agencies, foundations etc). Public corporations and authorities, often referred to as non-financial public institutions (NFPIs), are not included in this sector (see section d).

(c) The **Private Corporate/Business Sector** comprises resident non-bank corporations under private ownership or control which are principally engaged in the production of market goods and non-bank services. These entities are collectively owned by shareholders that have the authority to appoint directors responsible for general management and may be a source of profit or other financial gain to their owners.

(d) **Public Corporations and Authorities** include non-bank corporations/authorities (also referred to as the parastatal sector or the non-financial public institutions) that are subject to control by government. 'Control' is defined as the ability to determine general corporate policy. Such public corporations and authorities are normally involved in the production of industrial and commercial goods or the provision of services for individual or collective consumption on a large scale.

(e) **The Personal Sector (or Household Sector)** include both resident individuals and unincorporated enterprises. A household may be defined as a group of persons who share accommodation, pool their income and wealth and who consume certain types of goods and services collectively. The latter are those involved in small-scale production that provides employment and income for individuals or their families.

### Measures of Money

The Central Bank of Malta compiles data on three main monetary aggregates, namely **Narrow Money (M1)**, **Quasi-Money** and **Broad Money (M3)**. Narrow Money (M1) includes the most liquid components of Broad Money namely currency in circulation and demand deposits. Quasi-money comprises the residents' savings and time deposits. Broad money comprises the resident non-bank sector's holdings of bank notes and coin in circulation, and the resident non-bank deposits irrespective of denomination and maturity. Thus, Broad Money (M3) is broken down as follows:

Notes and Coin in circulation outside the banking system

Deposits (non-bank), including:

Demand (current)

Savings

Time (fixed) deposits

The **Monetary Base (M0)** is defined as currency in issue and banks' deposits with the Central Bank, excluding term deposits.

### Compilation Process

Monetary and banking statistics are based on a consolidation of the monthly financial statements provided by the three subsectors of the local banking system. Figures for the Central Bank of Malta are obtained from the Bank's monthly balance sheet. The banking institutions have to submit data to the Central Bank of Malta no later than fifteen days following the end of the reporting month or quarter. Branches, agencies and offices of banking institutions operating in Malta and which are not incorporated in Malta are also obliged to submit financial information in the requested schedules. The institutions compile monthly financial information in line with the international accounting norms as issued from time to time by the International Accounting Standards Committee. The monthly financial data of the international banking institutions regulated by the Malta Financial Services Centre Act, 1988 are submitted directly to the Central Bank by the Malta Financial Services Centre.

### Basis of Calculation

Generally, monetary data show stock positions, i.e. outstanding balances on a particular date (end-month, end-quarter or end-year). Monetary data aggregates are consolidated, thus all identifiable interbank transactions are eliminated. Assets and liabilities which are denominated in foreign currencies are converted into Maltese Liri (Lm) at the middle exchange rate in effect at the end of the reporting period.

## Valuation

Assets and liabilities are reported at book value. Thus, investments such as securities and deposits are shown netted of any premium and accretion of discount. Loans and advances include overdrafts but exclude bills discounted, and are reported before adjustments for specific and general provisions for bad and doubtful debts. Interest in suspense is included in the reported loans and advances. Monetary figures are shown on accrual basis.

## Official External Reserves

The *external reserves* concept is in line with the International Monetary Fund's *Balance of Payments Manual (Fifth Edition)*: It is based on a balance sheet framework and calculated on a gross basis. The types of external reserves covered in this measure comprise convertible currencies, IMF-related assets and holdings of gold. Convertible currencies comprise cash and bank balances denominated in foreign currency, placements with non-resident banks, the portfolio of non-resident investment securities and other foreign currency assets. IMF-related assets comprise holdings of Special Drawing Rights allocated to Malta or acquired in accordance with IMF requirements and the Reserve Tranche Position with the IMF.

## Financial Market Rates

The statutory interest rates used by the Central Bank of Malta and other indicative benchmark money market rates are given as end-of-period rates in percentages per annum. The repurchase agreement/term deposit rates represent the prevailing rates as at the end of the month quoted from the last repurchase agreements session and the rates offered by the Central Bank. The interbank market offered rates are the prevailing rates in dealings between the banks in the official interbank market.

The weighted average deposits on current, savings and time deposits pertain to the Deposit Money Banks' interest rates on resident Maltese lira deposits. These are calculated by multiplying each amount by the different rates in each type of deposit and dividing by the total amount of each type of deposit. The weighted average lending rate is calculated by multiplying the amount of each loan or advance extended to residents in local currency by the interest rate applied thereto, and dividing by the total amount.

The interest rates applicable on government Treasury bills are obtained from the official rates quoted by the Treasury. These are weighted averages of the rates attached to the bills that are taken up by the bidders at the weekly auction. Interest rates on Malta Government Stocks represent weighted average gross redemption yields on applicable stocks with periods specified referring to remaining term to maturity. The Malta Stock Exchange Share Index measures movements in the price of all ordinary shares listed in the Official List of the Malta Stock Exchange. It is a market capitalisation index which weights the price and the number of shares of each listed firm. The index has a base of 1000 initiating on December 27, 1995.

## **Sources of other economic data:**

### **Government Finance**

The Treasury

### **Public Debt**

Gross Government debt comprises the total amount of government debt outstanding denominated in domestic and in foreign currency. The source for data on Treasury bills and government external debt is the Central Bank of Malta, while the source for Malta Government Stocks is the Malta Stock Exchange. Also shown are data on debt guaranteed by government, which mainly relates to the non-financial public sector companies. Government guaranteed debt excludes guarantees on the MIGA and IBRD positions and government guarantees on foreign loans taken by the Central Bank on behalf of government: These loans already feature in the calculation of government external debt.

### **External Transactions**

Exchange Rates – Central Bank of Malta

Foreign Trade – National Statistics Office

### **Real Economy**

Gross Domestic Product – National Statistics Office

Tourist Arrivals – National Statistics Office

Labour Market – Employment and Training Corporation

Building and Construction – Planning Authority

Inflation – National Statistics Office