

# Central Bank of Malta



## Quarterly Review

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## ABBREVIATIONS

COICOP	Classification of Individual Consumption by Purpose
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ecu	euro currency unit
EEA	European Economic Area
EMU	Economic and Monetary Union
ERM II	exchange rate mechanism II
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
ETC	Employment and Training Corporation
EU	European Union
FI	fungibility issue
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
LFS	Labour Force Survey
MIGA	Multilateral Investment Guarantee Agency
MFI	Monetary Financial Institution
MFSA	Malta Financial Services Authority
MSE	Malta Stock Exchange
NACE Rev. 1	Statistical classification of economic activities in the European Community
NPISH	Non-Profit Institutions Serving Households
NSO	National Statistics Office
OECD	Organisation for Economic Co-Operation and Development
OMFI	Other Monetary Financial Institution
OPEC	Organisation of Petroleum Exporting Countries
RPI	Retail Prices Index
UNDP	United Nations Development Programme
WTO	World Trade Organisation

# ECONOMIC SURVEY

## 1. FOREWORD

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The Central Bank of Malta tightened its monetary policy stance further in May, raising the central intervention rate by another 25 basis points, to 4.25%. This decision was taken against a backdrop of narrowing interest rate differentials in favour of the lira and a downward trend in the external reserves. The Bank emphasised that, until the adoption of the euro on 1 January 2008, it remained committed to ensuring that domestic financial conditions were supportive of the central parity rate of MTL/EUR 0.4293 within ERM II.<sup>1</sup>

Although the domestic three-month Treasury bill rate increased throughout the first half of 2007, the comparable euro area rate rose more rapidly. As a result, the premium on short-term Maltese lira assets was gradually eroded, so that in May it reached its lowest level since the entry of the lira into ERM II. The increase in the central intervention rate, however, contributed to a small recovery in the premium in June.

The Bank's net foreign assets continued on a downward trend, reflecting the impact of a number of factors, including the premature conversion of Maltese lira holdings into euro, the retention of euro-denominated earnings by exporters and lower receipts of EU funds.

Although a contraction in the net foreign assets of the banking system dampened monetary expansion, the annual rate of growth of broad money (M3) accelerated to over 7% in March. Time deposits recorded double-digit growth rates as savers switched out of more liquid deposits

and cash holdings in response to higher interest rates. Currency in circulation thus continued to decline, pulling narrow money (M1) down by almost 2% year-on-year as at March. These monetary patterns became more accentuated in more recent months.

Monetary growth during the first quarter of 2007 was driven by an increase in domestic credit, which, in turn, continued to be fuelled by additional lending to households for house purchases and to the real estate, renting & business activities sector. In contrast, outstanding net claims on central government remained below those reported a year earlier.

In real terms the economy grew at an annual rate of 3.5% in the first quarter of 2007. This represents a moderate acceleration compared with the second half of 2006. Growth was underpinned by favourable developments in the external sector, as exports rose while imports declined. Although it expanded at a slower rate, consumption also had a positive impact on growth. In contrast, gross fixed capital formation declined.

The unemployment rate, as estimated in the LFS, remained below 7% during the quarter, virtually unchanged since the second half of 2006 but lower than a year earlier. As regards job creation, additional private sector jobs more than offset the downsizing of the public sector, in line with recent trends. Part-time positions continued to increase, but full-time employment accounted for around two-thirds of the new jobs created.

The easing of price pressures continued as the HICP twelve-month moving average inflation rate fell to 2.2% by March. This represented a full

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<sup>1</sup> On 10 July 2007 the ECOFIN Council decided to allow Malta to adopt the euro as its currency as from 1 January 2008 and set the permanent conversion rate for the Maltese lira at MTL/EUR 0.4293.

percentage point drop from the previous peak, reached in September 2006. The improved price performance was attributable to the unwinding of the impact of earlier increases in energy prices, downward pressure from accommodation prices and generally low inflation in the other HICP components.

In the first quarter of 2007 the deficit on the current account of the balance of payments narrowed on a year earlier. A smaller merchandise trade gap outweighed lower surpluses on services and current transfers as well as a wider deficit on factor incomes. However, net inflows on the capital and financial account also declined, partly as a result of a drop in receipts of EU

funds. Against this backdrop, reserve assets continued to fall.

A lower general government deficit was also reported during the quarter under review. The fiscal outcome was largely driven by strong growth in tax revenues in conjunction with a drop in outlays on gross fixed capital formation.

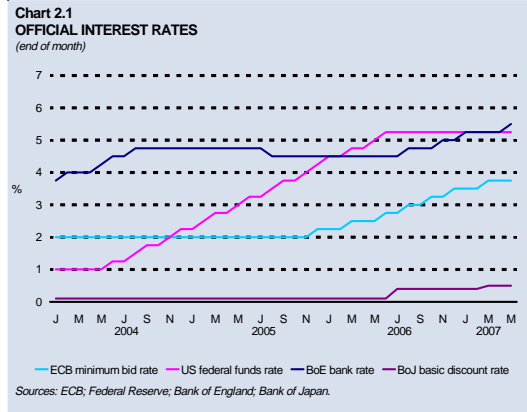
According to the Bank's new business survey, which focuses primarily on developments in the services sector, second-quarter turnover and profits were higher than in the first quarter. These patterns are expected to continue into the third quarter, as firms are anticipating further increases in both turnover and profits.

## 2. THE INTERNATIONAL ENVIRONMENT

### The world economy

In the first quarter of 2007 the global economy continued to grow robustly, with the euro area economy, though easing slightly, outperforming those of Japan and the United States. Among emerging countries, China and India maintained their position as fast growing economies, registering growth rates of 11.1% and 9.1%, respectively.

Inflationary pressures remained linked primarily to changes in energy prices. Thus, with oil prices rising over the quarter, consumer price inflation in the main industrial countries generally accelerated. In addition, relatively strong growth in demand heightened inflationary risks, with major central banks tightening the stance of monetary policy in response. Meanwhile, further increases in oil prices and the problem of global imbalances, as evidenced by the large current account deficit in the United States, continue to be the factors posing downside risks to the world economy.



### Economic and monetary developments in the major economies

Real GDP growth in the United States slowed down to an annual rate of 1.9% in the March quarter, from 3.1% in the previous three months (see Table 2.1). The deceleration reflected the continued reduction in residential investment and a drop in export growth. Despite the slower growth, the average inflation rate rose to 2.4% in the first quarter from 1.9% in the preceding three-month period, mostly as a result of higher food and energy prices (see Table 2.2). Meanwhile, the unemployment rate remained unchanged from the previous quarter at 4.5%.

**Table 2.1**  
**REAL GDP**

*% change compared with the same quarter a year earlier*

	2006				2007	
	Q1	Q2	Q3	Q4	Q1	Q2 <sup>1</sup>
United States	3.7	3.5	3.0	3.1	1.9	2.0
Euro area	2.4	2.9	2.8	3.3	3.0	2.7
United Kingdom	2.4	2.7	2.9	3.0	2.9	2.8
Japan	2.7	2.2	1.5	2.4	2.7	2.1

<sup>1</sup> Forecasts.

Sources: Bank of Japan; Bureau of Economic Analysis, US; Consensus Forecasts; Eurostat; National Statistics, UK.

**Table 2.2**  
**CONSUMER PRICES**

*Average change compared with the same quarter a year earlier (%)*

	2006				2007	
	Q1	Q2	Q3	Q4	Q1	Q2 <sup>1</sup>
United States	3.7	4.0	3.3	1.9	2.4	2.4
Euro area	2.3	2.5	2.1	1.8	1.8	2.0
United Kingdom	1.9	2.2	2.4	2.7	2.9	2.5
Japan	-0.1	0.2	0.6	0.3	-0.1	-0.1

<sup>1</sup> Forecasts.

*Sources: Consensus Forecasts; Eurostat; US Bureau of Labor Statistics; Bank of Japan.*

The Federal Reserve left the federal funds rate target unchanged at 5.25% in the first quarter of 2007, as inflation pressures seemed likely to moderate over time, though it voiced concerns about risks to inflation (see Chart 2.1). It continued to pursue an unchanged policy stance going into the second quarter.

Slower growth in exports and in household consumption dampened economic expansion in the euro area during the quarter, with annual GDP growth easing from 3.3% in the December quarter to 3.0%. Growth in the euro area, however, remained relatively robust, exceeding that in the United States and Japan. Annual inflation, at 1.8%, was stable. Labour market conditions tightened, with the unemployment rate falling further to 7.3% from 7.6% in the fourth quarter of 2006.

To counter inflationary risks associated with strong domestic demand and vigorous money and credit growth, the ECB raised the minimum bid rate on its main refinancing operations by a quarter of a percentage point to 3.75% in March. The minimum bid rate was lifted again in June, to 4.00%.

Real GDP growth in the UK edged down to 2.9% in the first quarter of 2007, compared with 3.0% in the final quarter of 2006. Investment emerged once more as the main contributor to growth, though consumption expenditure also impacted positively. Inflationary pressures remained sustained, with the annual CPI rate accelerating to 3.1% in March. The jobless rate stood at 5.5% in the March quarter, unchanged over the preceding quarter, but up by 0.3 percentage points on a year earlier.

After lifting its official interest rate by 0.25 percentage points to 5.25% in January, the Bank of England kept rates on hold for the rest of the first quarter. In May, however, against a backdrop of high inflationary pressures, the rate was raised to 5.50%.

The Japanese economy expanded at an annual rate of 2.7% in the period between January and March, as against 2.4% in the final quarter of 2006. The expansion was driven by robust exports and higher domestic demand. Nevertheless, consumer price inflation turned negative in February, with consumer prices falling by 0.1% during the quarter when compared to the

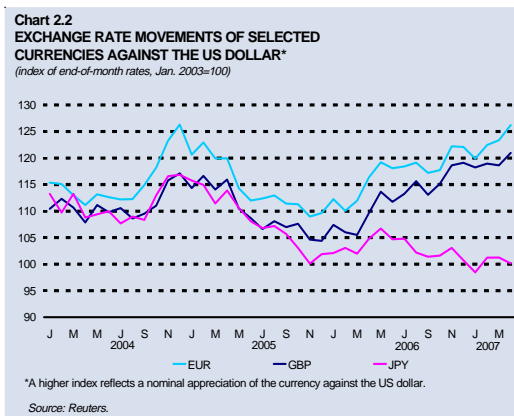


corresponding quarter of 2006. On the labour front, the unemployment rate decreased marginally to 4.0% during the quarter.

Despite the absence of inflationary pressures, the Bank of Japan raised its official basic discount rate from 0.40% to 0.75% in February, citing prospects of an improving economic situation. The Bank kept rates on hold for the rest of the first quarter and into the second.

### Foreign exchange markets

After weakening throughout 2006, the US dollar partially recovered in January, appreciating against the euro and the pound sterling (see Chart 2.2 and Table 2.3). The strengthening of the dollar was influenced by reduced market expectations that the Federal Reserve would ease its monetary policy stance and by lower energy prices. During the rest of the quarter, the dollar continued to



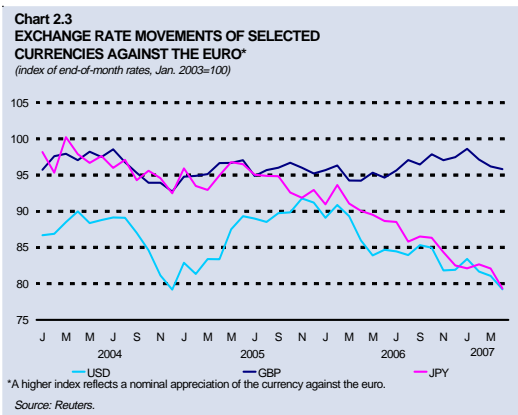
appreciate against sterling but resumed its downward trend vis-à-vis the euro on concerns about the US economy, and the situation in the sub-prime mortgage market in particular. Hence, over the quarter as a whole, the US dollar fell by 1.0% vis-à-vis the euro, while it appreciated by 0.3% against sterling.

**Table 2.3**

### EXCHANGE RATES OF SELECTED CURRENCIES AGAINST THE US DOLLAR - FIRST QUARTER 2007

	USD/EUR	USD/GBP	JPY/USD
Average for January	1.2985	1.9584	120.47
Average for February	1.3076	1.9581	120.53
Average for March	1.3233	1.9468	117.39
Average for the quarter	1.3098	1.9544	119.46
Closing rate on 29.12.06	1.3179	1.9629	118.86
Closing rate on 30.03.07	1.3315	1.9567	118.24
Lowest exchange rate vs the US dollar during the quarter	1.2907 (12 Jan.)	1.9212 (05 Mar.)	121.98 (29 Jan.)
Highest exchange rate vs the US dollar during the quarter	1.3362 (22 Mar.)	1.9889 (23 Jan.)	115.52 (05 Mar.)
% appreciation (+)/depreciation (-) of the currency vs the US dollar from closing rate on 29.12.06 to closing rate on 30.03.07	1.0	-0.3	0.5

Source: Reuters.



In January and early February, the dollar continued to gain against the Japanese yen on heightened perceptions that no official action would be taken against the yen's weakness. Subsequently, however, the Japanese currency reversed course as investors' appetite for risk declined. This led to the unwinding of carry trades in which investors borrow in low-yielding currencies, such as the yen, and then sell those currencies to invest in higher-yielding assets. Thus, against the yen, the dollar ended the first quarter 0.5% below the end-December level.

The euro strengthened against the other major currencies during the March quarter (see Chart 2.3). Apart from gaining ground on the dollar, the euro appreciated by 1.4% vis-à-vis the pound sterling. Movements in the sterling/euro rate were characterised by the impact on market sentiment of weaker-than-expected UK economic data, which had a negative effect on the pound, and by the widening interest rate differential in favour of sterling, which had a positive effect. The euro also strengthened against the Japanese yen, gaining 0.5%.

In April the dollar generally continued to fall in terms of the euro and sterling. In May, however, it reversed course against sterling but remained broadly unchanged vis-à-vis the euro. In terms of

the yen the dollar strengthened over the two-month period. In April the euro fluctuated within a narrow range against the pound sterling, before recovering in May. The appreciation of the euro against the Japanese unit continued in April and May.

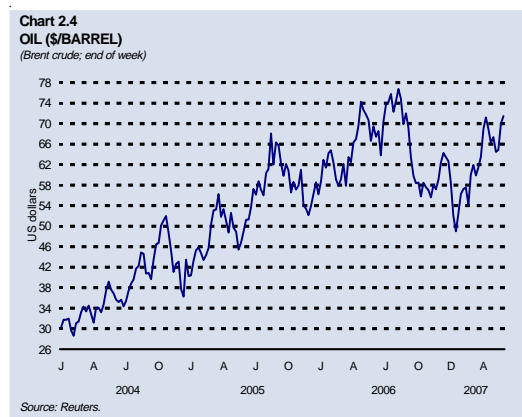
## Commodities

### Oil

Oil prices declined sharply at the start of the year, with the price of Brent crude falling to a low of USD49.00 per barrel in mid-January. This drop was driven by mild weather in the US, which lowered demand. However, oil prices rose rapidly thereafter on account of colder weather, lower OPEC supply and increased geopolitical tensions (see Chart 2.4). Thus, at the end of March, the price of Brent crude was USD69.02 per barrel, 18.0% higher than its end-December level. Going into the second quarter, oil prices were volatile, but nevertheless remained above their end-March levels.

### Gold

Gold started the year on a weak note but soon resumed its general upward trend as a result of rebounding oil prices and hedge fund buying (see



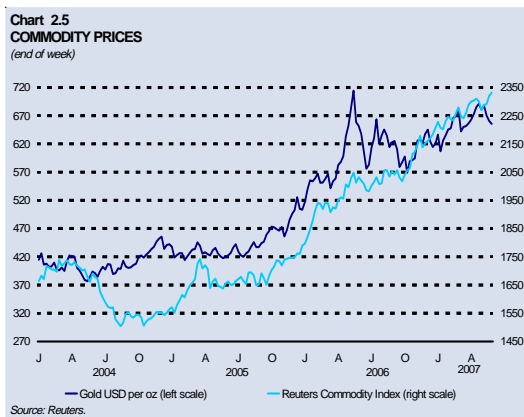


Chart 2.5). The rally continued for most of February as a weak US dollar and growing tensions in Iran prompted investors to buy the

precious metal for its safe haven attributes. The price of bullion fluctuated during the rest of the quarter, ending March at USD663.1 per ounce, or 4.2% higher than the level registered at the end of December. In April gold prices extended their gains, before losing ground in the following month.

### *Other commodities*

Non-energy commodity prices as measured by the Reuters Commodity Index<sup>1</sup> extended their upward trend in the first quarter of 2007, aided by increases in the prices of raw materials and food, particularly grains. Thus, the index added 3.2% over the quarter (see Chart 2.5). In the second quarter, non-energy commodity prices rose further.

<sup>1</sup> The Reuters Commodity Index is a weighted index of the prices of seventeen commodities that include food, beverages, vegetable oils, agricultural raw materials and metals, but exclude gold.

### 3. MONETARY AND FINANCIAL DEVELOPMENTS

The Central Bank of Malta tightened its monetary policy stance during the first quarter of 2007, raising the central intervention rate by 25 basis points to 4.00% in January. The Bank increased the central intervention rate by a further quarter of a percentage point in May 2007, bringing it to 4.25%.

In line with movements in official rates, money market rates also rose during the first quarter. In the capital market, government bond yields increased, while equity prices extended their gradual downward trend.

During the March quarter, broad money continued to expand at a steady pace, driven by an increase in domestic credit, although a contraction in the net foreign assets of the banking system dampened monetary expansion. The issue of debt securities by one bank, which was reflected in an increase in the other counterparts of M3, was another factor restraining monetary growth during the quarter.

#### The monetary base

The monetary base (M0) contracted by Lm19.9 million, or 2.9%, during the first quarter of 2007, wiping out more than half of the previous quarter's increase. While currency in issue fell by Lm29.0 million, bank deposits with the Central Bank of Malta rose by Lm9.1 million during the

**Table 3.1**  
**THE MONETARY BASE AND ITS SOURCES**

	<i>Lm millions</i>			
	2006 Dec.	2007 Mar.	Change	
			Amount	%
Currency in issue	504.0	474.9	-29.0	-5.8
Bank deposits with the Central Bank of Malta <sup>1</sup>	177.0	186.0	9.1	5.1
<b>MONETARY BASE (M0)</b>	<b>680.9</b>	<b>661.0</b>	<b>-19.9</b>	<b>-2.9</b>
<b>CENTRAL BANK OF MALTA ASSETS</b>				
Foreign assets	993.4	927.8	-65.6	-6.6
Claims on central government	30.3	34.3	4.0	13.3
Fixed and other assets	17.2	16.4	-0.8	-4.7
<i>less</i>				
<b>REMAINING LIABILITIES</b>				
Government deposits	107.0	69.6	-37.3	-34.9
Other deposits	2.3	2.0	-0.4	-15.2
Foreign liabilities	42.6	33.3	-9.2	-21.7
Other liabilities	113.7	126.4	12.7	11.2
Shares and other equity	94.4	86.2	-8.2	-8.7

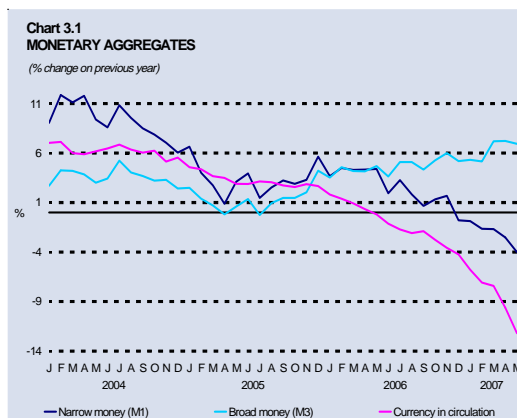
<sup>1</sup>Excluding term deposits, which are shown with other liabilities.

period (see Table 3.1).<sup>1</sup>

The contraction in M0 during the first three months of 2007 reflected mainly a decline in the Bank's foreign assets, coupled with a rise in other liabilities, the latter attributable to an increase in outstanding term deposits. At the same time, however, a fall in government deposits with the Bank, which impacts positively on bank deposits and currency in circulation, restrained the decline in the monetary base.

### Monetary aggregates

Broad money expanded by Lm67.9 million, or 2.1%, during the first quarter of 2007 (see Table 3.2). With higher interest rates resulting in an increased demand for bank deposits, the annual rate of growth of M3 extended the upward trend evident throughout 2006, reaching 7.2% in March (see Chart 3.1).



Narrow money (M1) contracted significantly during the quarter, falling by Lm30.9 million, or 1.9%, mostly on account of a drop in currency in circulation. The latter fell by Lm25.0 million, or 5.2%, reflecting the increasing opportunity cost of holding cash in an environment of rising interest rates as well as a reduction of Maltese lira

**Table 3.2**  
**MONETARY AGGREGATES**  
(Changes on the previous quarter)

	Lm millions									
	2006								2007	
	Q1		Q2		Q3		Q4		Q1	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>NARROW MONEY (M1)</b>	<b>-16.3</b>	<b>-1.0</b>	<b>19.3</b>	<b>1.2</b>	<b>-14.5</b>	<b>-0.9</b>	<b>-1.8</b>	<b>-0.1</b>	<b>-30.9</b>	<b>-1.9</b>
Currency in circulation	-9.8	-2.0	0.8	0.2	-2.0	-0.4	-10.0	-2.1	-25.0	-5.2
Deposits withdrawable on demand	-6.4	-0.5	18.6	1.6	-12.4	-1.1	8.3	0.7	-5.8	-0.5
<b>INTERMEDIATE MONEY (M2)</b>	<b>6.3</b>	<b>0.2</b>	<b>39.6</b>	<b>1.3</b>	<b>46.5</b>	<b>1.5</b>	<b>65.2</b>	<b>2.1</b>	<b>67.9</b>	<b>2.1</b>
Narrow money (M1)	-16.3	-1.0	19.3	1.2	-14.5	-0.9	-1.8	-0.1	-30.9	-1.9
Deposits redeemable at notice up to 3 months	0.2	0.5	-0.6	-1.8	-0.7	-2.3	0.5	1.6	-1.2	-3.8
Deposits with agreed maturity up to 2 years	22.4	1.7	20.8	1.5	61.7	4.5	66.4	4.6	100.0	6.6
<b>BROAD MONEY (M3)<sup>1</sup></b>	<b>6.3</b>	<b>0.2</b>	<b>39.6</b>	<b>1.3</b>	<b>46.5</b>	<b>1.5</b>	<b>65.2</b>	<b>2.1</b>	<b>67.9</b>	<b>2.1</b>

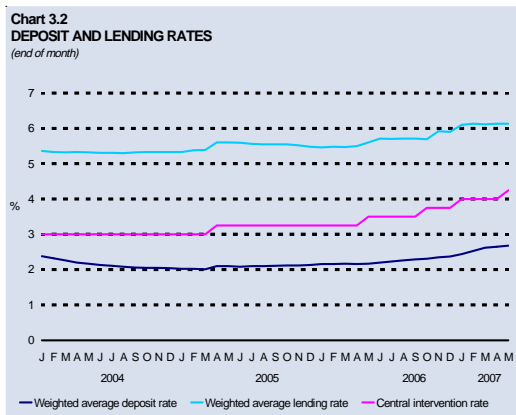
<sup>1</sup> Since the amount of marketable instruments issued by the MFI sector is negligible, at present M2 is equal to M3.

<sup>1</sup> M0 is a measure of the Central Bank of Malta's monetary liabilities and consists of currency in issue and bank deposits with the Bank, excluding term deposits.

cash holdings in anticipation of the euro changeover. At the same time, deposits withdrawable on demand declined by 0.5%, mainly on account of a contraction in foreign currency holdings belonging to households. Consequently, the annual growth rate of M1 persisted on its downward trend, falling to -1.7% in March, with currency in circulation contracting by 7.4% on a year earlier (see Chart 3.1).

During the quarter under review, intermediate money (M2) expanded by Lm67.9 million, or 2.1%, as the contraction in M1 was outweighed by a substantial rise in deposits with an agreed maturity of up to two years. The latter built upon the robust increases seen in the previous two quarters, adding 6.6%, fuelled primarily by growth in Maltese lira denominated deposits belonging to households. Balances belonging to non-financial companies and insurance companies also increased significantly during the quarter. Growth in term deposits partly reflected depositors' responses to rising interest rates, though greater competition for funds by banks, as witnessed by the launch of new deposit products, also contributed. As a result, deposits with an agreed maturity of up to two years grew at a much faster pace on a year-on-year basis than in previous quarters, climbing by 18.3%, from 12.8% three months earlier. Foreign currency denominated deposits in M2 increased by Lm15.3 million during the quarter.

During the March quarter, banks adjusted their deposit and lending rates in response to the increase in the central intervention rate in January (see Chart 3.2). While lending rates reacted immediately, rising by 20 basis points between end-December and end-January, deposit rates adjusted gradually over the quarter, as higher rates were applied only to new deposits. Overall, the weighted average lending rate increased by 21 basis points during the quarter, ending March at 6.11%. At the same time, the weighted average interest rate on Maltese lira deposits rose by 25



basis points to 2.62%. Average interest rates on demand, savings and time deposits, all increased during the quarter, ending March at 0.69%, 1.41%, and 3.51%, respectively.

Going into the following quarter, the annual growth rate of M1 decelerated further, reaching -4.0% in May as the downward trend in currency in circulation continued. At the same time, growth in M3 also slowed down on a year-on-year basis, falling to 6.9%. Additionally, both the weighted average deposit rate and the corresponding lending rate increased, rising to 2.68% and 6.13%, respectively, in May.

### Counterparts of monetary expansion

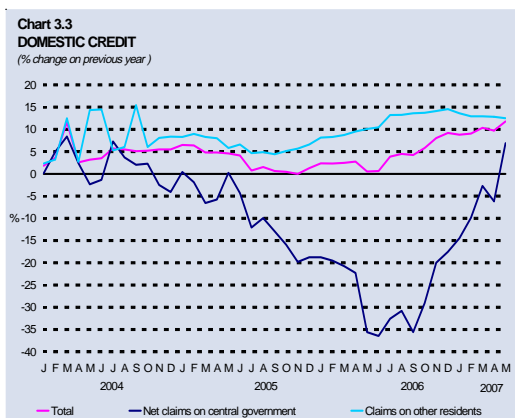
An increase in domestic credit drove monetary expansion during the first three months of 2007. In contrast, a decline in the net foreign assets of the banking system and the issue of debt securities by one bank on the primary market, which boosted the other counterparts of M3, had a dampening effect on monetary growth.

Domestic credit expanded by Lm139.1 million, or 4.8%, during the March quarter as net claims on central government and claims on other residents both increased significantly (see Table 3.3). As a result, the annual rate of domestic credit growth

accelerated to 10.4% in March from 9.2% in December (see Chart 3.3).

Net claims on central government increased for the second quarter in a row, adding Lm70.9 million, or 19.4%, during the first three months of 2007. This stemmed mainly from a drop in government deposits with the Central Bank of Malta, though an increase in the amount of Treasury bills held by the rest of the banking system also contributed. Consequently, the year-on-year growth rate of net claims on central government observed throughout most of 2005 and 2006 continued to recover, rising from -17.6% in December to -2.7% in March.

Claims on other residents increased by Lm68.2 million, or 2.7%, during the quarter. Augmented by the half-yearly debiting of accrued interest to



borrowers' loan accounts in March, loans and advances rose by Lm69.0 million, or 2.8%, with demand for credit stemming entirely from the non-bank private sector (Table 3.4). The latter expanded by Lm71.5 million, or 3.1%, driven

**Table 3.3**

## COUNTERPARTS OF MONETARY GROWTH

(Changes on the previous quarter)

	<i>Lm millions</i>									
	Q1		Q2		Q3		Q4		2007 Q1	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>BROAD MONEY (M3)</b>	<b>6.3</b>	<b>0.2</b>	<b>39.6</b>	<b>1.3</b>	<b>46.5</b>	<b>1.5</b>	<b>65.2</b>	<b>2.1</b>	<b>67.9</b>	<b>2.1</b>
<b>DOMESTIC CREDIT</b>	<b>97.9</b>	<b>3.7</b>	<b>-41.6</b>	<b>-1.5</b>	<b>37.4</b>	<b>1.4</b>	<b>148.4</b>	<b>5.4</b>	<b>139.1</b>	<b>4.8</b>
Net claims on central government	5.4	1.2	-92.2	-20.6	-33.9	-9.5	43.0	13.4	70.9	19.4
Claims on other residents	92.5	4.2	50.6	2.2	71.3	3.1	105.4	4.4	68.2	2.7
<b>NET FOREIGN ASSETS</b>	<b>-43.2</b>	<b>-2.4</b>	<b>222.4</b>	<b>12.6</b>	<b>81.8</b>	<b>4.1</b>	<b>-7.8</b>	<b>-0.4</b>	<b>-13.5</b>	<b>-0.7</b>
Central Bank of Malta	-60.8	-6.5	64.5	7.4	45.6	4.9	-31.0	-3.2	-56.4	-5.9
Banks	17.6	2.0	157.9	17.7	36.3	3.4	23.2	2.1	42.9	3.9
<i>less</i>										
<b>OTHER COUNTERPARTS OF M3<sup>1</sup></b>	<b>48.5</b>	<b>3.5</b>	<b>141.2</b>	<b>9.7</b>	<b>72.8</b>	<b>4.6</b>	<b>75.5</b>	<b>4.5</b>	<b>57.7</b>	<b>3.3</b>

<sup>1</sup> Other counterparts of M3 include the capital base of the MFI sector, deposits with terms to maturity exceeding two years, longer-term financial liabilities, provisions, interest accrued and unpaid and other liabilities, less fixed and other assets. They are equal to the difference between M3 and the sum of domestic credit and net foreign assets.

**Table 3.4**  
**CLAIMS ON OTHER RESIDENTS<sup>1</sup>**

	<i>Lm millions</i>			
	2006 Dec.	2007 Mar.	Amount	Change %
<b>TOTAL CLAIMS</b>	<b>2,513.9</b>	<b>2,582.1</b>	<b>68.2</b>	<b>2.7</b>
Claims on the non-bank private sector	2,356.5	2,427.9	71.4	3.0
<i>of which loans and advances</i>	2,306.6	2,378.1	71.5	3.1
Claims on the non-bank public sector	156.6	153.4	-3.2	-2.1
<i>of which loans and advances</i>	130.0	127.6	-2.5	-1.9
Claims on other general government <sup>2</sup>	0.8	0.8	0.0	0.0
<i>of which loans and advances</i>	0.8	0.8	0.0	0.0
<b>TOTAL LOANS AND ADVANCES</b>	<b>2,437.4</b>	<b>2,506.4</b>	<b>69.0</b>	<b>2.8</b>
Electricity, gas & water supply	81.1	79.5	-1.6	-1.9
Transport, storage & communication	146.3	155.1	8.8	6.0
Agriculture & fishing	9.8	8.6	-1.2	-12.6
Manufacturing	113.1	110.4	-2.7	-2.4
Construction	251.7	262.1	10.4	4.1
Hotels & restaurants	211.6	215.1	3.5	1.7
Wholesale & retail trade; repairs	306.9	316.4	9.5	3.1
Real estate, renting & business activities	261.8	276.8	15.0	5.7
Households	968.7	1,005.9	37.2	3.8
Other <sup>3</sup>	86.2	76.4	-9.8	-11.4

<sup>1</sup> Claims on other residents consist mainly of loans and advances and holdings of securities, including equities, issued by the non-bank private sector and public non-financial companies. Interbank claims are excluded.

<sup>2</sup> In Malta, this refers to the local councils.

<sup>3</sup> Includes mining & quarrying, public administration, education, health & social work, community recreation & personal activities, extra-territorial organisations & bodies and non-bank financial institutions.

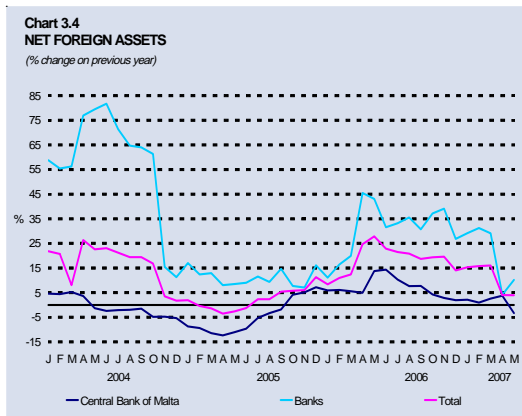
mainly by further lending to households – mostly to finance house purchases – and to the ‘real estate, renting & business activities’ sector – largely for property development. Lending to the construction sector and the wholesale & retail trade sector also rose substantially. On an annual basis, however, growth in claims on other residents slowed down slightly, falling to 12.9% in March from 14.6% three months earlier.

The net foreign assets of the banking system contracted for the second consecutive quarter,

shedding Lm13.5 million, or 0.7%, during the quarter under review. A significant decline in the net foreign assets of the Central Bank of Malta was only partly offset by an increase in those of the rest of the banking system. Nonetheless, on a year-on-year basis, the banking system’s net foreign assets were up by 16.0% in March, compared with an increase of 14.0% in December (see Chart 3.4).

The net foreign assets of the Central Bank of Malta dropped by Lm56.4 million, or 5.9%, during

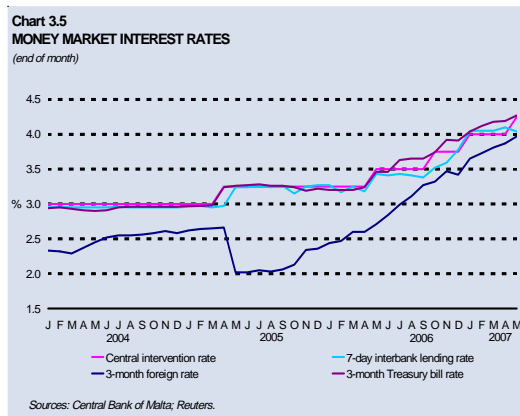




the first three months of 2007, mainly as a result of substantial net foreign exchange sales to the rest of the banking system. Demand for foreign exchange was influenced by seasonal factors, but the conversion of domestic currency holdings into euro in anticipation of euro adoption also had an impact. However, due to an even bigger contraction in the Bank's holdings during the first quarter of 2006, the annual rate of growth of the Bank's net foreign assets picked up slightly, rising to 2.6% in March from 2.0% three months earlier.

At the same time, the net foreign assets of the rest of the banking system rose by Lm42.9 million, or 3.9%, with their year-on-year growth rate reaching 29.1% in March from 26.8% in December. This increase was mainly attributable to foreign exchange purchases from the Central Bank of Malta and an inflow of equity capital into one foreign-owned bank. An increase in revaluation reserves boosted the net holdings of the banking system further.

The other counterparts of M3 increased by Lm57.7 million, or 3.3%, during the March quarter reflecting an increase in capital and reserves, a drop in accrued interest and a rise in debt securities issued by the banking system. The expansion in the banks' capital and reserves and the drop in accrued interest were reflected in



increases in the net foreign assets and in domestic credit, respectively. Thus, unlike the issue of debt securities, which dampened growth in M3, they had no impact on monetary aggregates.

Going into the second quarter of 2007, domestic credit increased further, with its annual growth rate reaching 11.8% in May. In contrast, the annual growth rate of the net foreign assets of the banking system decelerated significantly, falling to 4.0% in May, as a sizeable share capital inflow into one bank and the privatisation of Maltacom plc, which had taken place in the second quarter of 2006, no longer had an impact.

### The money market

Excess liquidity in the banking system during the first quarter of 2007 was slightly lower than in the previous two quarters. As a result, the amount of funds absorbed by the Bank through 7-day term deposit auctions declined, with the average weekly level falling to Lm125.8 million, from Lm135.9 million in the last three months of 2006. Following the rise in the central intervention rate in January, the interest rate floor on these deposits was increased from 3.70% to 3.95%.

Turnover in the interbank market continued to decline during the first quarter of 2007, as banks

once again used the averaging mechanism of the reserve deposit requirement to manage their liquidity positions. The value of transactions dipped to Lm5.2 million from Lm35.7 million in the preceding quarter. All interbank loans had a 1-day term to maturity, with more than four-fifths of them involving the same bank. The interest rate on one-week interbank loans increased during the quarter, following the rise in the central intervention rate, reaching 4.05% in March, from 3.78% three months earlier (see Chart 3.5).<sup>2</sup>

The Treasury made greater use of short-term financing during the first quarter of 2007, issuing Lm111.4 million worth of bills as opposed to Lm97.6 million in the previous quarter. Three-month bills accounted for almost three-fourths of the total issued, with the rest consisting mainly of nine-month bills. Banks acquired around 80% of the bills issued during the quarter, while insurance companies took up most of the remainder. Mirroring the increase in official rates in January, the yield on the three-month bill rose by 27 basis points from the end-December level to 4.18% in March.

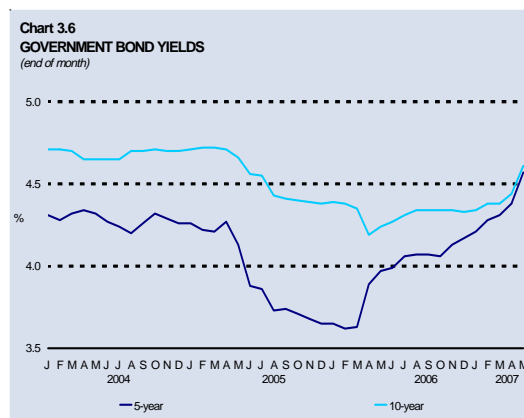
Turnover in the secondary market for Treasury bills increased to Lm23.1 million in the quarter under review, from Lm10.3 million in the last three months of 2006. Transactions involving the Bank amounted to Lm11.1 million, with purchases totalling Lm9.4 million. In line with primary market developments, secondary market rates increased during the period, with the yield on the three-month bill rising from 3.91% as at end-December to 4.18% three months later.

The three-month premium on the Maltese lira over the euro narrowed from 49 basis points in December to 37 basis points at end-March, as the moderate rise in the three-month Treasury bill rate was outpaced by an increase in the corresponding euro rate (see Chart 3.5).<sup>3,4</sup>

In the second quarter, following another rise in official rates, primary and secondary market three-month Treasury bill yields rose once again, reaching 4.23% and 4.27%, respectively, in May. But an even greater rise in the three-month euro rate led to a further narrowing in the interest rate premium on the lira, which reached 30 basis points by end-May.

### The capital market

Issuance activity in the primary bond market during the first three months of 2007 was, for the second quarter in a row, driven by the corporate sector. In February, one bank issued a total of



<sup>2</sup> As no interbank deals in this maturity took place in the first three months of 2007, the official fixing rate was used instead.

<sup>3</sup> The foreign interest rate shown in Chart 3.5 is computed as a basket-weighted average of the relevant interest rates on the euro, the pound sterling and the US dollar until April 2005. The secondary market rate on three-month euro area government securities is shown thereafter.

<sup>4</sup> Up to March 2007 secondary market yields are calculated on the basis of remaining days to maturity divided by 365 days, while from April 2007 yields are calculated on the basis of remaining days to maturity divided by 360 days.

**Chart 3.7**  
**MALTA STOCK EXCHANGE SHARE INDEX**  
(end of month)



Lm25.0 million worth of bonds, of which more than one-third were denominated in euros. These carried a coupon rate of 4.6% and are redeemable in 2017. No bonds were issued by the Government during the period under review.

Turnover in the secondary market for government bonds more than doubled during the March quarter, rising to around Lm20.0 million from Lm8.2 million in the previous quarter. Trading focused on short-term and medium-term bonds. Mirroring an upward trend in bond yields in the euro area, domestic government bond yields increased. The benchmark 5-year government bond yield rose by

14 basis points, ending March at 4.31%. At the same time, that on 10-year bonds increased by 5 basis points to 4.38% (see Chart 3.6).

In the secondary market for corporate bonds, turnover increased slightly, rising from Lm1.1 million in the last quarter of 2006 to Lm1.4 million. Almost two-thirds of total trading involved just four bonds, with the rest being more or less evenly spread among the remaining securities. Corporate bond yields generally declined from the end-December level.

Activity in the equity market slowed down further during the first quarter of 2007, as turnover dipped to Lm7.5 million from Lm9.2 million in the previous quarter. Bank shares accounted for more than 80% of the total turnover. Meanwhile, prices of most equities moved downwards. As a result, the MSE share index dropped by 1.2% from the end-December level, reaching 4,815.4 in March (see Chart 3.7).

Going into the second quarter of 2007, government bond yields kept moving upwards, with yields on 5-year and 10-year securities rising to 4.57% and 4.61%, respectively. In addition, following a pick-up in equity prices, the MSE share index recovered slightly, rising to 4,853.3 in May.

## 4. OUTPUT, EMPLOYMENT AND PRICES

During the first quarter of 2007, the Maltese economy grew by 3.5% in real terms, driven by higher net exports and consumption. Over the same period, RPI inflation trended downwards to 2.4% in March, a full percentage point below the peak attained last September and reflecting the unwinding of the base effect related to earlier increases in utility and fuel prices. In the labour market, LFS data for the first quarter of 2007 show that the unemployment rate dropped to 6.8%, one percentage point below that recorded a year earlier.

### Gross Domestic Product

The economy grew at a moderately faster pace in the first quarter than in the previous two quarters (see Chart 4.1). Higher net foreign demand was the main contributor to growth, since domestic



demand contracted on a year earlier. Growth in the former was, in turn, explained mainly by a fall in imports although exports registered positive growth (see Table 4.1).

The primary contributor to the reduction in domestic demand was gross fixed capital formation, which declined by 11.7% from year ago levels. It provided a negative contribution of 2.9

**Table 4.1**  
**GROSS DOMESTIC PRODUCT AT CONSTANT PRICES**

	Year-on-year growth (%)			Contribution to growth (percentage points)		
	2006		2007	2006		2007
	Q1	Q4	Q1	Q1	Q4	Q1
Household & NPISH final consumption expenditure	2.6	4.4	1.5	1.8	3.0	1.0
Government final consumption expenditure	3.0	6.5	2.3	0.6	1.3	0.5
Gross fixed capital formation	23.3	-2.0	-11.7	4.8	-0.4	-2.9
Changes in inventories & net acquisitions of valuables	-	-	-	2.0	-10.3	-2.6
<b>Domestic demand</b>	<b>8.2</b>	<b>-5.7</b>	<b>-3.4</b>	<b>9.2</b>	<b>-6.5</b>	<b>-4.1</b>
Exports of goods & services	7.8	6.6	0.4	6.5	6.2	0.4
Imports of goods & services	12.8	-3.2	-6.9	-12.3	3.4	7.2
<b>Net exports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5.8</b>	<b>9.6</b>	<b>7.5</b>
<b>GROSS DOMESTIC PRODUCT</b>	<b>3.4</b>	<b>3.1</b>	<b>3.5</b>	<b>3.4</b>	<b>3.1</b>	<b>3.5</b>
<b>GROSS DOMESTIC PRODUCT (MARKET PRICES)</b>	6.9	6.6	6.0	-	-	-
<b>GROSS NATIONAL INCOME (MARKET PRICES)</b>	7.2	11.8	6.0	-	-	-

Source: NSO.

percentage points to the overall rate of economic growth. The fall in investment was observed in both the private and the public sectors. In the private sector, this was reflected in a drop in the acquisition of machinery, though this was partly offset by higher construction activity. Domestic demand was also negatively affected by a reduction in inventories, which reduced aggregate growth by 2.6 percentage points.

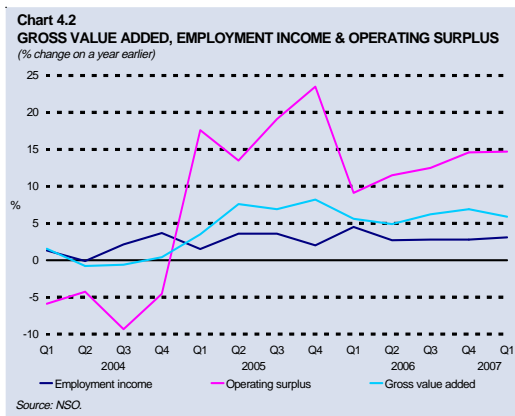
On the other hand, private consumption contributed a percentage point to first quarter GDP growth. However, the annual rate of consumption growth decelerated to 1.5% from 2.6% in the same period of 2006. Similarly, government consumption expanded at a slower pace, 2.3% compared with 3.0% a year earlier, and contributed 0.5 points to overall growth.

With exports registering a marginal increase of 0.4% and imports declining by 6.9%, the contribution of net external demand to GDP growth during the quarter was a significant 7.5 percentage points. The measurement of foreign trade aggregates in real terms continued to be influenced by volatility in the trade deflators.

The GDP deflator increased by 2.5% on a year-on-year basis during the first quarter of 2007, as against 3.3% posted a year earlier. The slowdown mirrored developments in the prices of consumption and investment goods. At the same time, the terms of trade improved, with export and import prices advancing by 9.7% and 5.6%, respectively.

### ***Generation of income***

Gross value added, which is equivalent to nominal GDP less net taxes on production and imports, rose by 5.9% during the first quarter, driven mainly by a sharp rise in operating surplus and contributing 5.1 percentage points to nominal GDP growth. Employment income, the other component of gross value added, grew at roughly



the same rate of previous quarters (see Chart 4.2). The largest contributions in value added came from real estate, renting & business activities, manufacturing, financial intermediation and other community, social & personal service activities. In contrast, construction and agriculture contributed negatively to the year-on-year growth in value added.

Operating surplus rose by 14.7% year-on-year and added 3.8 percentage points to nominal GDP growth of 6.0%. The operating surplus of the other community, social & personal service activities sector rose by almost a half and contributed 1.6 percentage points to the nominal increase in output, in part reflecting the strong performance of the gaming industry. Business profits recovered also in the manufacturing, financial intermediation and real estate sectors, which together made a combined contribution of 2.3 percentage points to total growth. For the fourth consecutive quarter, the electricity, gas & water supply sector contributed positively to nominal GDP growth. In contrast, the operating surplus in the construction, wholesale & retail trades and hotels & restaurants sectors fell (see Table 4.2).

Compensation to employees grew at a moderate pace during the first quarter of 2007. It increased

by 3.1%, marginally faster than in the previous quarter but slower than the 4.5% recorded in the same quarter of 2006. The largest contributors were real estate, renting & business activities and public administration, each of which contributed 0.3 percentage points to nominal GDP expansion.

### Gross National Income

Gross National Income, which is measured in nominal terms, and is equivalent to the GDP plus net compensation and property income received

from abroad, went up by 6.0%, the same growth rate as nominal GDP (see Table 4.1).

### Manufacturing

Based on a sample survey of manufacturing enterprises conducted by the NSO, the turnover of the manufacturing sector increased at a relatively slow pace in the first quarter of 2007, mainly due to a contraction in the sales of the radio, TV and communication equipment sub-sector (see Table 4.3). Consequently, the year-

**Table 4.2**  
**CONTRIBUTIONS TO NOMINAL GDP GROWTH BY SECTOR AND**  
**FACTOR INCOME<sup>1</sup>**

*Percentage points*

	2007 Q1		
	Compensation of employees	Operating surplus	Gross value added
Agriculture, hunting & forestry	-0.1	0.1	-0.1
Manufacturing	0.2	1.0	1.0
Electricity, gas & water supply	0.0	0.5	0.3
Construction	0.0	-0.8	-0.7
Wholesale & retail trade	0.1	-0.1	0.0
Hotels & restaurants	0.1	-0.1	0.1
Transport, storage & communication	0.0	0.3	0.3
Financial intermediation	0.1	0.7	0.7
Real estate, renting & business activities	0.3	0.6	1.1
Public administration	0.3	0.0	0.3
Education	0.1	0.0	0.1
Health & social work	0.0	0.0	0.1
Other community, social & personal services	0.2	1.6	1.8
<b>Total</b>	<b>1.3</b>	<b>3.8</b>	<b>5.1</b>
<b>Net taxation on production and imports</b>			<b>0.9</b>
<b>Nominal GDP growth (%)</b>			<b>6.0</b>

<sup>1</sup> Each entry represents the percentage-point contribution to the nominal GDP growth rate of 6.0%. Nominal GDP can be split into gross value added, which includes compensation of employees, operating surplus and depreciation, and net taxation on production and imports.

Source: NSO.

**Table 4.3****SELECTED MANUFACTURING INDICATORS***Year-on-year change*

	2006				2007
	Q1	Q2	Q3	Q4	Q1
<b>Turnover (Lm millions)</b>	<b>24.5</b>	<b>20.5</b>	<b>23.9</b>	<b>31.2</b>	<b>13.2</b>
<b>Exports (Lm millions)</b>	<b>23.9</b>	<b>20.8</b>	<b>24.4</b>	<b>31.6</b>	<b>11.3</b>
Radio, TV & communication equipment	28.8	18.4	31.0	32.5	-2.5
Pharmaceuticals	5.6	5.4	3.7	5.0	3.0
Electrical machinery & apparatus	-2.9	-1.9	-4.5	-4.4	4.2
Food & beverages	-0.6	3.0	-2.5	1.2	0.1
Printing & publishing	-4.3	0.0	3.7	-0.4	5.1
Clothing, textiles & leather	-4.7	-3.9	-6.2	-6.0	-1.1
Medical & precision equipment	1.0	0.5	0.4	0.3	-1.0
Other	1.0	-0.6	-1.2	3.6	3.5
<b>Local sales (Lm millions)</b>	<b>0.6</b>	<b>-0.3</b>	<b>-0.5</b>	<b>-0.4</b>	<b>1.9</b>
Food & beverages	-0.7	-0.8	-1.9	0.1	1.8
Machinery & equipment	-0.5	-0.7	-0.8	-0.5	-0.1
Medical & precision equipment	-0.4	0.1	0.8	-0.2	0.1
Furniture	0.6	0.3	-0.2	-0.1	-0.5
Printing & publishing	0.5	-0.1	0.1	0.2	0.5
Other non-metallic minerals	0.2	0.2	0.5	0.1	0.2
Other	1.0	0.7	0.9	0.0	-0.2
<b>Investment (Lm millions)</b>	<b>5.5</b>	<b>4.2</b>	<b>2.4</b>	<b>-1.6</b>	<b>3.1</b>
Radio, TV & communication equipment	5.9	5.9	3.1	-4.3	-4.9
Printing & publishing	-0.3	-0.8	-0.7	0.7	6.3
Food & beverages	-0.2	-0.1	-0.2	2.2	3.3
Clothing, textiles & leather	0.9	0.2	-0.4	-1.1	-1.5
Other	-0.9	-0.9	0.5	1.1	-0.1
<b>Employment</b>	<b>-1,175</b>	<b>-1,087</b>	<b>-874</b>	<b>-620</b>	<b>-97</b>
<b>Wages per employee (%)</b>	<b>5.9</b>	<b>5.3</b>	<b>7.7</b>	<b>4.4</b>	<b>2.5</b>

*Source: NSO.*

on-year rise in export sales of Lm11.3 million was sharply lower than in the first quarter of 2006, while the increase in local sales was higher.

Following several quarters of double-digit growth, export sales of the radio, TV & communication equipment sub-sector, which mainly reflect the activity of the electronics

industry, declined by Lm2.5 million, or 2.1%, in the first quarter. This drop was offset by a relatively strong improvement, of Lm5.1 million, in the export performance of the printing & publishing sub-sector. Similarly, the first-quarter rise in exports of electrical machinery was a turnaround from the reductions observed in the previous quarters. Growth was also recorded in



foreign sales of the expanding pharmaceuticals sub-sector, although at lower levels than in recent quarters, and of jewellery & related articles. On the other hand, lower export sales were recorded by the clothing, textiles & leather sub-sector, reflecting the intense external competition being faced by labour intensive firms operating in the clothing industry.

Following three successive quarterly drops, there was a recovery in local sales, which were up by Lm1.9 million, or 4.7%. The food & beverages sub-sector and, to a lesser degree, that of printing & publishing, were the main contributors to the increase.

Employment in the sampled enterprises contracted further during the quarter compared to a year earlier, though the declining pattern of job losses across the manufacturing sector as a whole suggests that the downsizing of several areas of industry had levelled off by March. Layoffs were reported in the food & beverages, clothing & leather and medical & precision equipment sub-sectors. However, these were partly compensated for by additional recruitment in other sectors, including electrical machinery and radio, TV & telecommunications, for a net reduction of 97, or 0.5%, in the surveyed firms. Latest indications are that more job shedding lies ahead, particularly in the clothing sub-sector.

This notwithstanding, the annual gross wage bill of the sampled enterprises was up by 2.0% during the first quarter. As a result, wages per employee increased by 2.5%, a slower pace than the 4.4% reported in the December quarter and the 5.9% of the first quarter of 2006.

The survey shows that investment in the sampled

firms increased by Lm3.1 million, or 17.4%, from the year-ago level in the first quarter. The printing & publishing and food & beverages sub-sectors were the main contributors to the rise.

## Tourism

The positive trend observed in tourism since the introduction of low-cost carriers in November persisted into the first quarter of 2007, when the number of tourists departing by air and sea rose by 7.0% on a year-on-year basis.<sup>1</sup> An increased number of visitors from Italy, and, to a lesser extent, from the UK, compensated for a decline in French and German tourists (see Table 4.4). Double-digit growth was also posted in other source markets, including Ireland and the Scandinavian countries.

Tourist expenditure rose by 9.9% from its year-ago level as higher non-package expenditure more than made up for the contraction in spending by tourists on package holidays. There was also a significant rise in the other components of tourist spending.

During the period under review, nights stayed declined by 3.5% when compared to the same period a year earlier. Indeed, the average length of stay contracted by one night to 8.7 nights, reflecting the changing trend whereby tourists are increasingly taking more frequent holidays but of a shorter duration. Length of stay declined across all accommodation types, with the sharpest drop occurring in the private accommodation segment.

Overall hotel occupancy rates rose by 4 percentage points to 39.8% during the first quarter of 2007. This resulted from a combination of a reduced bed stock and the rising number of

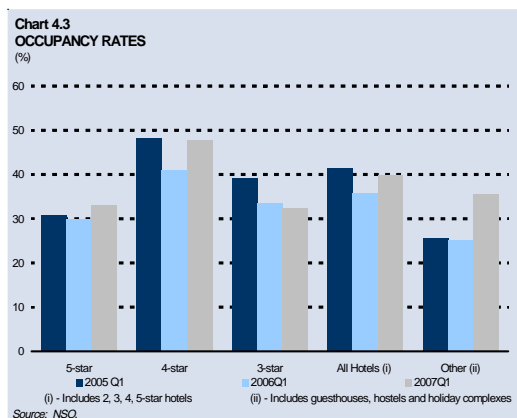
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<sup>1</sup> As of January 2007, the NSO compiles tourism indicators covering visitors arriving by both air and sea. The figure for tourists arriving by sea does not include cruise passengers.



tourist arrivals. Among hotel categories, the highest increase in the occupancy rate, of 6.7 points, was recorded in 4-star hotels, while the 5-star category recorded a 3.3 percentage-point increase. In contrast, 3-star hotels recorded a 1.2 percentage-point drop in occupancy, as demand continued to shift away from lower categories of accommodation. The ‘other’ accommodation types also registered positive results, with their occupancy rates rising by 10.4 percentage points to 35.5% (see Chart 4.3).

Industry surveys reported overall hotel occupancy rates at 54.7% during the first quarter, up 4.5 percentage points from the same quarter of 2006. Occupancy rates were higher for the 5-star and 4-star hotel categories but remained almost unchanged in the 3-star segment.<sup>2</sup>



Average achieved room rates, which represent accommodation revenue per room net of VAT, increased in both the 3-star and the 4-star

**Table 4.4**  
**TOURISM ACTIVITY**  
*Year-on-year change (%)*

	2006				2007
	Q1	Q2	Q3	Q4	Q1
<b>Departures by air and sea</b>	<b>-3.9</b>	<b>-1.7</b>	<b>-6.6</b>	<b>-2.1</b>	<b>7.0</b>
UK	-1.9	-5.8	-20.2	-6.4	1.7
Germany	0.7	-6.6	-15.7	-9.3	-1.5
France	8.5	-8.7	-19.5	-6.6	-0.9
Italy	-15.2	41.9	21.3	38.4	33.4
Others	-7.7	-0.6	6.7	1.1	14.1
<b>Expenditure</b>	<b>-6.1</b>	<b>1.5</b>	<b>0.2</b>	<b>-4.0</b>	<b>9.9</b>
Package	-15.4	6.1	5.0	-5.3	-0.4
Non-package: airfares	1.6	-7.8	-12.3	-1.1	23.6
Non-package: accommodation	19.3	-14.7	-11.2	-22.7	9.3
Other	-0.1	2.0	-0.4	1.6	18.1
<b>Nights stayed</b>	<b>-9.9</b>	<b>0.8</b>	<b>-2.5</b>	<b>-7.7</b>	<b>-3.5</b>
<b>Cruise passengers</b>	<b>24.4</b>	<b>23.6</b>	<b>42.5</b>	<b>8.4</b>	<b>2.0</b>

Source: NSO.

<sup>2</sup> Malta Hotels and Restaurant Association Survey, June 2007.

categories but declined in the 5-star hotel segment. The latter development can in part be attributed to the shift in business mix, particularly a 25.1% drop in the conferences and incentive travel business.

Cruise liner activity rose at a moderate pace, with a year-on-year rise of 2.0% during the first quarter of 2007. Both EU and non-EU markets contributed to growth, with the latter expanding by 5.5%.

The latest data indicate that the positive trend in the tourist industry experienced since December 2006 continued into April, when further growth was registered in tourist numbers, nights spent and tourist expenditure.

## Labour

### Labour Force Survey

According to the LFS, the labour supply expanded by 0.4% over a year earlier in the first quarter of 2007. Unemployed persons declined by 1,669, or 13.0%, year-on-year, while the number of employed persons increased by 2,310, or 1.5% (see Table 4.5). Consequently, the unemployment rate dropped to 6.8%, a full percentage point below that recorded a year earlier, though it remained stable compared to the previous two quarters.

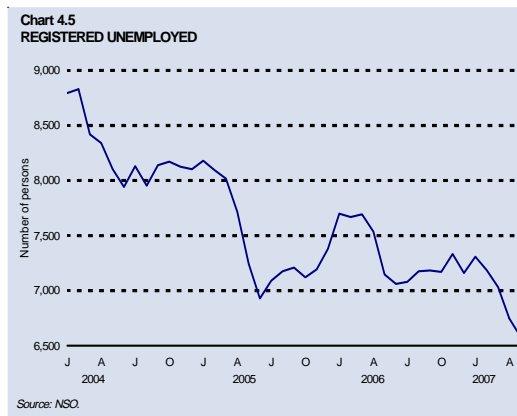
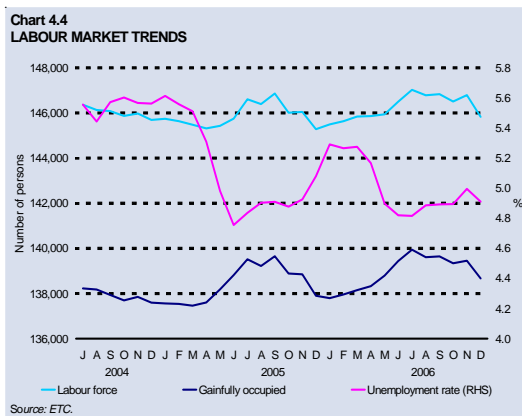
The rise in employment mainly reflected new full-time jobs, which increased by 1,349.

**Table 4.5**

### LABOUR MARKET INDICATORS BASED ON THE LFS

	2006				2007	Year-on-year change (%)
	Q1	Q2	Q3	Q4	Q1	Q1 2006
<b>Labour supply</b>	<b>164,264</b>	<b>164,679</b>	<b>164,821</b>	<b>163,752</b>	<b>164,905</b>	<b>0.4</b>
Unemployed	12,885	12,726	11,129	11,009	11,216	-13.0
Employed	151,379	151,953	153,692	152,743	153,689	1.5
<i>By type of employment:</i>						
Full-time	136,293	136,864	138,017	136,919	137,642	1.0
Full-time with reduced hours	1,809	1,724	1,696	1,931	2,145	18.6
Part-time	13,277	13,365	13,979	13,893	13,902	4.7
<i>By economic sector:</i>						
Private	103,257	103,652	107,954	107,538	108,049	4.6
Public	48,122	48,301	45,738	45,205	45,640	-5.2
<b>Activity rate (%)</b>	<b>59.1</b>	<b>58.9</b>	<b>59.6</b>	<b>59.1</b>	<b>59.2</b>	
Male	81.1	79.1	79.2	79.5	79.8	
Female	36.7	38.5	39.7	38.4	38.4	
<b>Employment rate (%)</b>	<b>54.4</b>	<b>54.3</b>	<b>55.5</b>	<b>55.1</b>	<b>55.1</b>	
Male	75.3	73.9	74.3	74.5	74.5	
Female	33.2	34.5	36.5	35.4	35.5	
<b>Unemployment rate (%)</b>	<b>7.8</b>	<b>7.7</b>	<b>6.8</b>	<b>6.7</b>	<b>6.8</b>	
Male	7.1	6.5	6.1	6.2	6.6	
Female	9.5	10.3	8.1	7.8	7.3	
<b>Average annual gross salary (annual growth rate, %)</b>	<b>3.6</b>	<b>2.1</b>	<b>3.9</b>	<b>3.5</b>	<b>2.4</b>	

Source: NSO.



Full-timers on reduced hours and part-timers made up the remainder. In the first quarter of 2007, the LFS estimated an increase of 946 in employment, of which 723 were employed full time.

Over the year to March 2007 the growth in jobs occurred entirely in the private sector, which reported an increase of 4,792, or 4.6%. Meanwhile, the public sector registered a decline

**Table 4.6**

**LABOUR MARKET INDICATORS BASED ON ADMINISTRATIVE RECORDS**

	2005		2006		Year-on-year change (%)	
	Dec.	Mar.	June	Sep.	Dec.	Dec. 2006
<b>Labour supply</b>	<b>145,279</b>	<b>145,842</b>	<b>146,498</b>	<b>146,828</b>	<b>145,827</b>	<b>0.4</b>
Gainfully occupied	137,900	138,149	139,437	139,644	138,666	0.6
Registered unemployed	7,379	7,693	7,061	7,184	7,161	-3.0
<b>Unemployment rate (%)</b>	<b>5.1</b>	<b>5.3</b>	<b>4.8</b>	<b>4.9</b>	<b>4.9</b>	
<b>Private sector</b>	<b>92,365</b>	<b>92,882</b>	<b>95,843</b>	<b>96,142</b>	<b>95,382</b>	<b>3.3</b>
Direct production	32,784	32,327	32,639	33,006	32,669	-0.4
Market services	59,581	60,555	63,204	63,136	62,713	5.3
<b>Public sector</b>	<b>44,970</b>	<b>44,726</b>	<b>43,070</b>	<b>42,974</b>	<b>42,827</b>	<b>-4.8</b>
<b>Temporary employment</b>	<b>565</b>	<b>541</b>	<b>524</b>	<b>528</b>	<b>457</b>	<b>-19.1</b>
<b>Part-time jobs</b>	<b>40,425</b>	<b>40,702</b>	<b>43,177</b>	<b>43,665</b>	<b>43,900</b>	<b>8.6</b>
Primary	22,368	22,424	24,386	24,617	24,355	8.9
Secondary <sup>1</sup>	18,057	18,278	18,791	19,048	19,545	8.2

<sup>1</sup> This category includes employees holding both a part-time job and a full-time job.

Source: NSO, from data provided by the ETC.

of 2,482, or 5.2%.

At 55.1%, the employment rate was 0.7 percentage points higher than a year earlier, while the activity rate was almost unchanged.<sup>3</sup> A division of each of the two ratios into male and female cohorts shows increases in activity and employment among women and slight declines among men.

The survey also shows that the average gross annual salary increased by 2.4% over a year earlier, fuelled mostly by higher salaries in the financial intermediation sector.<sup>4</sup>

### *Administrative records*

According to administrative records maintained by the ETC, the gainfully occupied population expanded at an annual rate of 0.6% in December 2006. At the same time, the unemployed

population fell by 3.0%, resulting in a 0.2 percentage point drop in the unemployment rate. Over the same period, there was also an increase of 8.6% in part-time employment (see Chart 4.4 and Table 4.6).

More recent data on the number of unemployed persons show a downward trend during the first five months of 2007, to a low of 6,580 in May (see Chart 4.5).

The ETC's administrative records confirm the results of the LFS, which point towards a continued shift in employment from the public to the private sectors. The ETC's figures show that in December private sector employment expanded by 3,017, or 3.3%, on a year earlier, while public sector employment contracted by 2,143, or 4.8%, in part reflecting the transfer of Maltacom plc, a telecommunications company, from public to

**Table 4.7**

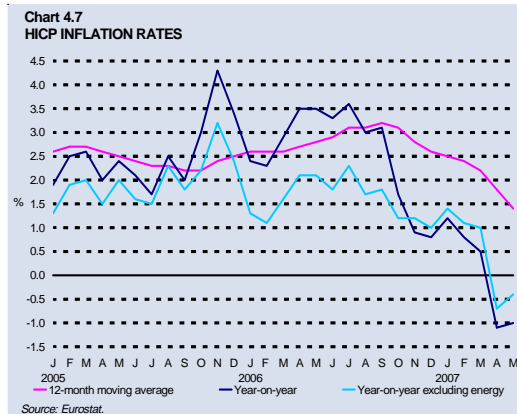
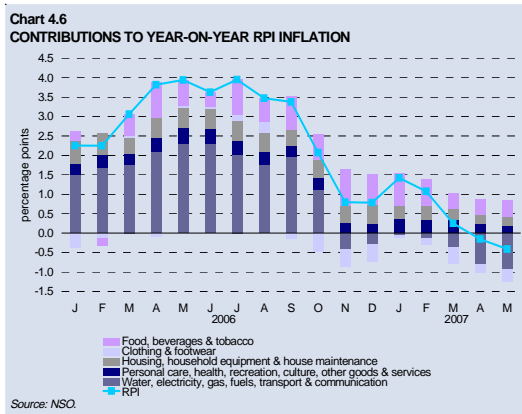
### **INFLATION RATES OF COMMODITY SECTIONS IN THE RPI**

	Year-on-year change (%)			Average change (%)	
	Jan.	Feb.	Mar.	2006 Q4	2007 Q1
1 Food	3.1	2.4	1.3	2.9	2.3
2 Beverages & tobacco	1.7	1.9	1.4	2.1	1.7
3 Clothing & footwear	-0.9	-2.6	-4.9	-6.3	-2.8
4 Housing	3.3	3.3	3.2	4.9	3.3
5 Water, electricity, gas & fuels	3.6	3.4	-12.0	12.2	-1.7
6 Household equipment & house maintenance costs	0.9	1.1	0.5	1.1	0.8
7 Transport & communications	-0.8	-1.0	0.1	-0.7	-0.6
8 Personal care & health	1.9	1.8	1.9	2.4	1.9
9 Recreation & culture	1.7	2.1	1.9	0.0	1.9
10 Other goods & services	1.6	0.8	0.9	1.8	1.1
<b>RPI</b>	<b>1.4</b>	<b>1.1</b>	<b>0.3</b>	<b>1.2</b>	<b>0.9</b>

Source: NSO; CBM.

<sup>3</sup> The employment rate and the activity rate represent the number of employed and the labour force, respectively, as a share of the working age population.

<sup>4</sup> *Labour Force Statistics*, NSO Press Release 111/2007, 2 July 2007.



private ownership. Within the private sector, employment growth was accounted for entirely by the services sector.

## Consumer prices

### Retail Price Index

Measured on an annual basis, the RPI-based inflation rate averaged 0.9% during the first quarter of 2007 (see Table 4.7). Meanwhile, the 12-month moving average measure extended its downward trend, so that by March it had declined to 2.4%, a full percentage point below the peak attained last September.

Most of the components of the Index registered lower growth rates than in the previous quarter, reflecting the broad-based nature of the disinflationary process. Nevertheless, the main driver of the continuing deceleration was a base effect reflecting the unwinding of earlier increases in utility and fuel prices. In March the water, electricity, gas & fuels sub-index was 12.0% below the year-earlier level, in contrast to the situation prior to November when it had exhibited double-

digit growth rates. Similarly, the transport & communications sub-index benefited from the energy price effect and experienced an annual average decline of 0.6% during the first quarter, as lower air fares also contributed. Lower prices for clothing & footwear, in line with the pattern noted since last September, further dampened inflation (see Chart 4.6).

Movements in food, housing and house-related prices offset these benign developments to some extent. Food prices (including those for beverages & tobacco) continued to rise during the first quarter, although the contribution of this sub-index declined to 0.6 percentage points from 0.8 points in the previous quarter. Housing costs continued to increase faster than the overall RPI, and together with the sub-index measuring household equipment & house maintenance costs contributed an average 0.4 percentage points to inflation during the quarter.

At 1.6% in March, the core inflation rate, as estimated by the Central Bank of Malta, was virtually unchanged from the previous quarter.<sup>5</sup>

<sup>5</sup> The core inflation measure includes only the RPI components labelled 4, 6, 8, 9 and 10 in Table 4.7, and is currently not influenced by changes in energy-related or clothing & footwear prices.

The absence of major pressures on prices was evident also in recently-published data for April and May. These showed the year-on-year inflation rate turning negative, and causing the 12-month moving average rate to decline further to 1.7% in May.

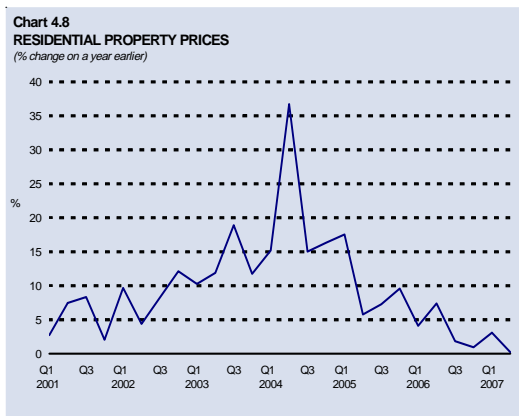
### *Harmonised Index of Consumer Prices*

Developments in the HICP were similar to those indicated earlier for the RPI. The 12-month moving average inflation rate continued its deceleration from a peak of 3.2% in September 2006 to 2.2% by March, as the annual inflation rates hovered around 0.8% during the first quarter of 2007 (see Chart 4.7). As in the case of the RPI, the unwinding of energy prices exerted a decisive impact. However, price movements in the other HICP components were small, with the main downside pressure stemming from a decline in the prices of accommodation services, which dropped by around 1.1% after having been stable during the previous quarter.

More recent data underscore these trends, with the year-on-year movement in the HICP index turning negative in April and May. Thus, the downward trend in the 12-month moving average inflation rate extended to 1.4% in May.

### **Residential property prices**

During the March quarter advertised house prices advanced by 3.1% on a year earlier, up from 1.0% in the previous quarter but slower than the 4.1% rise recorded in the same quarter of last year (see Chart 4.8).



This moderate pick-up in house price inflation reflected faster growth in asking prices for flats, both finished and in shell form, which together account for more than half of the surveyed properties. At the same time, prices of maisonettes in shell form continued to rise strongly, by 8.7%. Furthermore, the price decline over the previous two quarters for houses of character was mostly reversed, with prices of such properties rising by 11.4% during the year to March. In contrast, the annual increases in prices for terraced houses and town houses moderated to 2.1% and 3.2%, respectively.

For the second consecutive quarter, however, prices of maisonettes in finished form declined. Prices of villas also dropped during the quarter under review.

Data for the June quarter indicate that average residential property prices were almost unchanged on a year earlier during this period.

## Box 1: BUSINESS AND CONSUMER CONFIDENCE

### Business Perceptions Survey

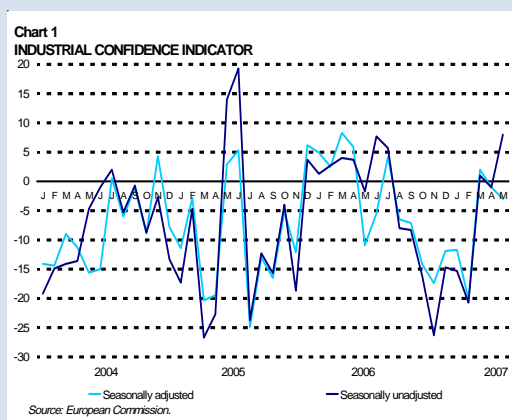
The Central Bank of Malta's Business Perceptions Survey was recently revised to focus primarily on developments in the services sector.<sup>1</sup> The initial results, based on a sample of 165 firms, indicated that compared to the first quarter of 2007, on balance turnover rose significantly during the June quarter.<sup>2</sup> Selling prices increased marginally, with more than three-quarters of respondents reporting unchanged selling prices over the March quarter, while both costs and profits were higher. With regard to employment levels, on balance participants indicated that their workforce expanded.

Looking ahead, respondents were generally anticipating increased turnover and higher costs and profits during the third quarter of 2007. Selling prices were expected to increase to a lesser extent. In addition, employment levels were expected to rise.

Over the next twelve months, the majority of respondents were planning to increase their investment outlays and to add to their labour complement.

### Industrial confidence

Survey results prepared for the European Commission covering manufacturing firms show that industrial confidence bounced back sharply in Malta during the first quarter, with the seasonally-unadjusted measure climbing from -15 in December 2006 to 1 in March 2007, as a result of higher order books and production expectations (see Chart 1). Stocks of finished



goods, the other component of the index, remained relatively stable during the period.

Confidence levels improved among producers of non-durable consumer goods, particularly food & beverages, but deteriorated for producers of durable goods. Increased confidence was also reported by producers of intermediate goods, reflecting improvements with respect to current order books. Similarly, the investment goods category recorded a pick-up in sentiment.

As Chart 1 shows, movements in the seasonally-adjusted measure tracked those of the unadjusted index, with the former rising by 14 percentage points to 2 in March.

Later data indicate that the seasonally-unadjusted index subsequently declined in April, but returned to positive territory in May. In contrast, the adjusted indicator shows a marginal decline in confidence in each of the two months.

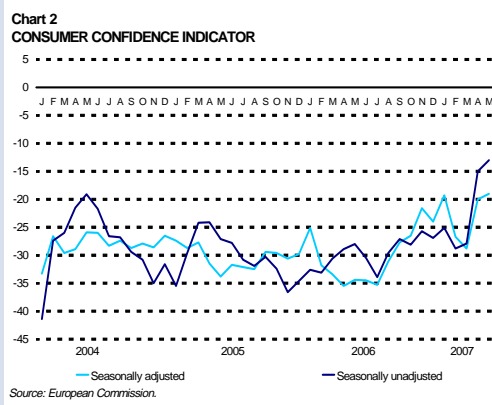
<sup>1</sup> A description of the new survey was carried in the Central Bank of Malta *Quarterly Review* 2007:1, pages 28-30.

<sup>2</sup> Fieldwork was carried out between 22 May and 26 June 2007.

## Consumer confidence

Results of surveys conducted locally for the European Commission indicate that consumer sentiment in Malta deteriorated slightly over the first quarter of 2007, with the seasonally-unadjusted index of consumer confidence falling to -28 in March from -27 in December 2006 (see Chart 2). The decline was prompted by a worsening in consumers' perceptions of employment prospects in the following twelve months and, to a lesser degree, of their own financial situation. However, this deterioration was mostly offset by an improvement in consumers' perceived ability to save during the coming twelve months, coupled with a marginal improvement in their outlook for the general economy.

In seasonally-adjusted terms consumer sentiment dipped to -29 in March 2007, 5 percentage points



below the December level.

More recent results indicate that consumer confidence picked up significantly in April and May with the seasonally-corrected and uncorrected measures of consumer confidence climbing to -19 and -13, respectively.



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

During the first quarter of 2007, the deficit on the current account of the balance of payments narrowed on a year earlier, entirely as a result of a decreasing merchandise trade gap. At the same time, the positive balance on the capital and financial account (excluding movements in reserve assets) contracted, as both capital inflows and those related to 'other investment' declined. Reflecting these developments, the reserve assets continued to decline.

In the foreign exchange market, the lira maintained its ERM II parity rate of Lm0.4293 against the euro throughout the first quarter. In tandem with the euro, the lira continued to appreciate against the US dollar and the Japanese yen. After having lost ground in the previous three quarters, the domestic currency also recorded gains against the British pound.

### The current account

In line with seasonal patterns, the current account was in deficit in the first quarter of the year, but this narrowed by Lm11.8 million on a year earlier as a result of a marked drop in the

**Table 5.1**  
**EXTERNAL NET BALANCES<sup>1</sup>**

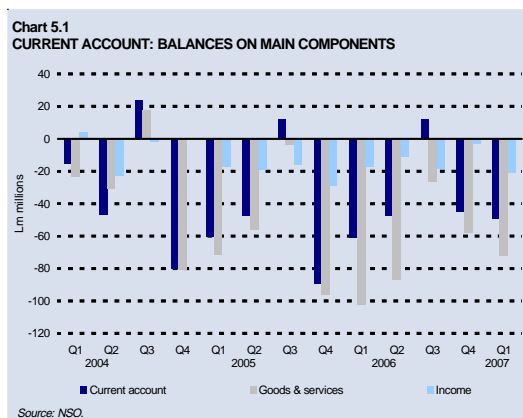
	Q1			
	2006		2007	
	credit	debit	credit	debit
<b>Current account balance</b>		<b>61.0</b>		<b>49.2</b>
Goods and services		102.3		72.0
Goods		115.1		80.2
Services	12.8		8.1	
Transport	3.8		5.5	
Travel	14.9		16.4	
Other services		5.9		13.7
Income		17.0		21.2
Current transfers	58.3		44.0	
<b>Capital and financial account balance<sup>2</sup></b>	<b>38.9</b>		<b>14.8</b>	
Capital account balance	11.1		1.7	
Financial account balance	27.9		13.1	
Direct investment	59.7		63.7	
Portfolio investment		143.7		53.2
Financial derivatives	6.7		2.0	
Other investment	105.1		0.6	
<b>Movements in reserves<sup>3</sup></b>	<b>55.8</b>		<b>61.5</b>	
<b>Net errors and omissions</b>		<b>33.8</b>		<b>27.1</b>

<sup>1</sup> Provisional.

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

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

Source: NSO.



deficit on merchandise trade (see Table 5.1 and Chart 5.1).

### *Merchandise trade*

Data for the first quarter of 2007 show that the merchandise trade gap declined by Lm34.9 million,

or 30.3% compared with the first quarter of 2006. Imports dropped by Lm19.7 million while exports increased by Lm15.1 million. According to Customs statistics, the fall in the trade gap in the first quarter amounted to Lm36.1 million, or 26.1% (see Table 5.2).<sup>1</sup>

The growth in exports was accounted for mostly by higher sales of printed matter, supplemented by sales of chemicals (mainly pharmaceuticals), electrical machinery and transport equipment. Exports of mineral fuels increased from a low base, reflecting the capacity expansion of an oil bunkering facility.

The decline in imports was mainly attributed to a base effect involving the importation of an unusually large volume of machinery and sea craft in the previous year. While capital imports dropped significantly, the other categories of

**Table 5.2**  
**MERCHANDISE TRADE**  
(based on Customs data)

	Q1		Lm millions	
	2006	2007 <sup>1</sup>	Amount	Change
<b>Imports</b>	<b>348.9</b>	<b>329.5</b>	<b>-19.4</b>	<b>-5.6</b>
Consumer goods	85.4	87.4	2.0	2.3
Industrial supplies	154.8	158.5	3.7	2.4
Capital goods & others	79.8	53.2	-26.6	-33.3
Fuel and lubricants	28.8	30.4	1.6	5.6
<b>Exports</b>	<b>210.4</b>	<b>227.1</b>	<b>16.7</b>	<b>7.9</b>
<b>Trade deficit</b>	<b>138.4</b>	<b>102.3</b>	<b>-36.1</b>	<b>-26.1</b>

<sup>1</sup> Provisional

Source: NSO.

<sup>1</sup> In the compilation of the balance of payments, customs' statistics on merchandise trade are adjusted for coverage, valuation and timing. Customs data incorporate insurance and freight costs, which are reported in the services account in the balance of payments. As a result, the figures for imports and exports of goods shown in Table 5.1 do not tally with those of Table 5.2.

imports, namely those of consumer goods, fuels and industrial supplies all increased.

The merchandise trade gap, as measured from Customs data, narrowed further in April, by Lm6.2 million, or 14.0%. A lower fuel bill led to a drop in imports which outweighed a reduction in exports that was driven by a decline in sales of machinery and transport equipment.

### *Services, income and transfers*

During the first quarter of 2007, the positive balance on services declined by Lm4.7 million to Lm8.1 million. Higher net outflows in the other services category reflected lower receipts from trade-related services and from business, professional and technical services.<sup>2</sup> On the other hand, there was a larger surplus in the

transport component, which was mainly due to higher earnings from cargo handling services. At the same time a rise in receipts from travel reflected higher spending by inbound tourists, although this was partly offset by larger payments in connection with expenditure by Maltese residents travelling abroad.

Higher profits by non-resident owned enterprises in Malta contributed to an increase in outflows related to income. These exceeded additional investment income inflows, which were boosted by interest earnings from portfolio investment and lending to non-residents. Overall, net income outflows increased by Lm4.2 million, or 24.3%, to Lm21.2 million.

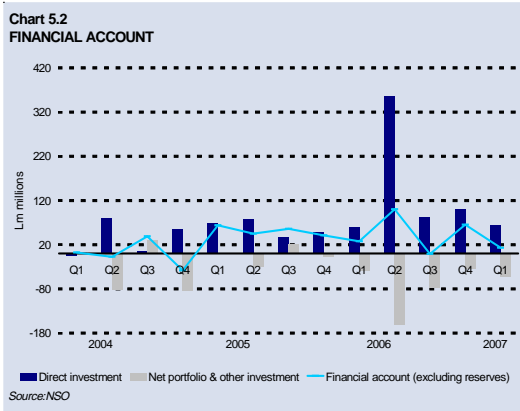
In the period reviewed, inflows from international transfers were significantly lower. The net decline

**Table 5.3**  
**MALTESE LIRA EXCHANGE RATES AGAINST SELECTED CURRENCIES**

Period	EUR <sup>1</sup>	USD	GBP	JPY
Average for Q1 2007	0.4293	3.0510	1.5612	364.4
Average for Q1 2006	0.4293	2.8017	1.5981	327.3
% appreciation(+)/depreciation (-) of the MTL against the respective currency	0.0	8.9	-2.3	11.3
Closing rate on 31.03.2007	0.4293	3.1014	1.5850	366.7
Closing rate on 31.12.2006	0.4293	3.0699	1.5639	364.9
% appreciation(+)/depreciation (-) of the MTL against the respective currency	0.0	1.0	1.3	0.5

<sup>1</sup> As from 1 April 2005, the Central Bank of Malta started to quote the Maltese lira against the euro exclusively in terms of units of Maltese lira per euro. The other currencies, i.e. the USD, the GBP and the JPY, are quoted per one Maltese lira.

<sup>2</sup> The other services category includes services imported by resident gaming firms, whose receipts from the placing of bets and outlays related to winnings are recorded in the transfers account.



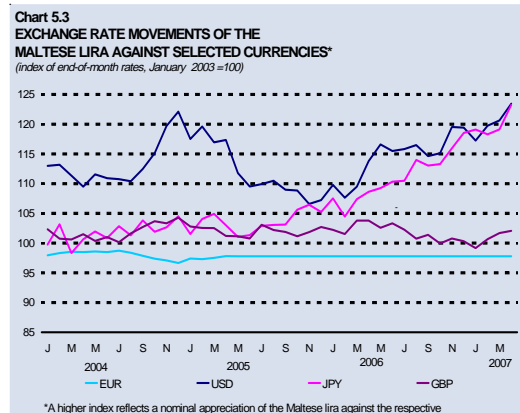
of Lm14.3 million was partly attributed to the volatility of tax payments and refunds related to international trading companies operating from Malta.

### *The capital and financial account*

The net inflow on the capital and financial account (excluding movements in reserve assets) fell by Lm24.1 million to Lm14.8 million. The positive balance on the capital account contracted substantially, mainly due to a lag in the receipt of EU funds, which were significantly lower in the first quarter this year.

At the same time, the surplus on the financial account, which is influenced considerably by the activities of the international banking sector, more than halved to Lm13.1 million (see Chart 5.2). Higher net outflows on the combined portfolio and other investment accounts, which reflected lower net inflows on the latter category, were accompanied by a lower positive balance on financial derivatives. On the other hand, net direct investment inflows were Lm3.9 million, or 6.6%, higher.

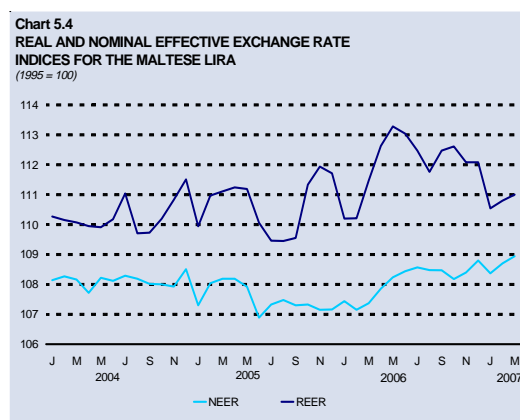
Reflecting overall movements in the balance of payments, the reserve assets continued to drop on a year-on-year basis, falling by Lm61.5 million, as against the Lm55.8 million drop recorded in the



March quarter of 2006. Errors and omissions were Lm6.7 million lower but remained negative, suggesting an underestimated current account deficit or an overestimate of the financial account surplus.

### **The Maltese lira**

The Maltese lira remained unchanged throughout the first quarter in ERM II at the central parity rate of MTL/EUR 0.4293 (see Chart 5.3). Moving in line with the euro, the lira continued on an upward trend against the US dollar and the Japanese yen, against which it rose by 1.0% and 0.5%, respectively. Meanwhile, having depreciated against sterling in the previous three quarters, the



lira registered a gain of 1.3% against the pound during the quarter under review (see Table 5.3).

The appreciation of the lira against most major currencies continued in April, when it rose by 2.3% against the dollar, by 0.4% against the British pound and by 3.5% against the yen.

Between December 2006 and March 2007, the nominal effective exchange rate (NEER) of the

Maltese lira rose marginally, mirroring the nominal appreciation of the domestic currency against the US dollar and the yen (see Chart 5.4). But the real effective exchange rate (REER) declined by 1.0%, reflecting the fact that the lira's nominal appreciation was offset by price movements vis-à-vis Malta's trading partners and competitors. Prices in Malta, as measured by the RPI, actually fell during the period, whereas consumer prices abroad rose.

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

In the first quarter of 2007 the general government deficit contracted on a year-to-year basis as revenue grew at a faster pace than expenditure. Similarly, the deficit on the Consolidated Fund declined during the first three months of the year on account of faster revenue growth. General government debt also contracted during the year to March 2007.

## General government balance<sup>2</sup>

In the March quarter of 2007, the general government deficit contracted by Lm1.0 million, or 2.5%, over a year earlier as revenue grew faster than expenditure (see Table 6.1). The former expanded by 0.7%, entirely driven by higher tax receipts. Revenue expansion was dampened, however, by a significant fall in capital and current transfers on account of lower funding received from the EU.<sup>3</sup> Expenditure remained broadly stable over the previous year as an increase in recurrent

**Table 6.1**  
**GENERAL GOVERNMENT BALANCE**

	2006				2007	
	Q1	Q2	Q3	Q4	Q1	Year-on-year growth Q1 %
<b>Revenue</b>	<b>185.2</b>	<b>213.7</b>	<b>219.3</b>	<b>271.5</b>	<b>186.4</b>	<b>0.7</b>
Taxes on production and imports	74.3	80.4	84.0	86.8	77.9	4.8
Current taxes on income and wealth	38.4	60.4	64.9	93.7	42.3	10.1
Social contributions	35.7	40.1	42.1	49.7	37.5	5.1
Capital and current transfers	13.6	16.9	15.8	25.9	3.1	-77.1
Other	23.1	16.0	12.4	15.4	25.6	10.7
<b>Expenditure</b>	<b>222.9</b>	<b>224.1</b>	<b>230.9</b>	<b>265.4</b>	<b>223.2</b>	<b>0.1</b>
Intermediate consumption	26.0	26.3	28.9	40.0	25.5	-1.7
Compensation of employees	72.7	72.4	72.7	73.0	73.4	1.0
Subsidies	6.8	12.3	7.5	14.0	10.8	59.2
Interest	14.3	19.4	22.6	20.5	14.4	1.1
Social benefits	64.9	69.5	65.4	72.3	68.2	5.1
Gross fixed capital formation	23.9	12.7	19.0	36.5	18.1	-24.4
Other	14.4	11.6	14.9	9.1	12.8	-11.1
<b>Primary balance</b>	<b>-23.4</b>	<b>9.0</b>	<b>11.0</b>	<b>26.5</b>	<b>-22.3</b>	<b>4.8</b>
<b>General government balance</b>	<b>-37.7</b>	<b>-10.3</b>	<b>-11.6</b>	<b>6.1</b>	<b>-36.7</b>	<b>2.5</b>

Source: NSO.

<sup>1</sup> The cut-off date for information contained in this Chapter is 10 July, 2007.

<sup>2</sup> Captures all the operations of central government, extra-budgetary units and local government on an accruals basis. In contrast, the Consolidated Fund captures most of the transactions of central government only, and on a cash basis.

<sup>3</sup> The drop in grants reflects the changed nature of EU funds available to Malta. Prior to 2007 a regular lump-sum payment to the Government accounted for a significant element of grants received. As from this year, however, such lump-sum payments will no longer be received, and the disbursement of EU funds will be linked entirely to the completion of approved projects.

expenditure was almost matched by a drop in gross fixed capital formation. The increase in recurrent spending was fuelled by higher outlays on subsidies and on social benefits, with the former reflecting timing differences. As a result, the primary deficit, which is obtained by deducting interest payments from expenditure, contracted by 4.8% over a year earlier.

Thus, the deficit-to-GDP ratio, expressed as a moving sum over four quarters, remained stable at 2.4% during the first quarter of 2007, as both revenue and expenditure grew less rapidly than GDP. Thus, the pick-up in the deficit-to-GDP ratio in evidence during the second half of 2006 was halted (see Chart 6.1).

### Consolidated Fund developments

Developments in general government revenue and expenditure broadly mirrored movements in the Consolidated Fund. In the period under review, a deficit of Lm55.7 million was registered on the Consolidated Fund, Lm5.0 million less than a year earlier (see Table 6.2). Compared with the first quarter of 2006, revenue increased at a faster pace than expenditure. The rise in the former entirely reflected higher tax receipts, while the rise in the latter was driven by increased outlays on subsidies and social security benefits. As a result, the primary deficit contracted by Lm4.4

million to Lm32.8 million.

### Revenue

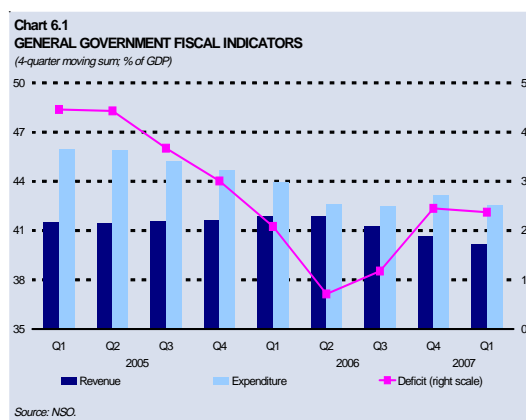
During the first quarter of 2007 revenue expanded by Lm9.0 million, or 5.5%, over the comparable period of the previous year (see Table 6.2). Revenue from direct taxes increased by 16.4% and contributed more than four-fifths of the rise in the total. Within this category, revenue from income tax and social security contributions rose by 28.6% and 4.0%, respectively. The rise in income tax yields was mainly attributed to differences in the timing of receipts, though lower refunds paid also contributed.

Indirect tax proceeds rose by 6.9% over a year earlier. An increase in excise duty rates on fuels in April 2006 boosted receipts from this source. Revenues from VAT and from licences, taxes and fines were also higher, rising by 5.9% and 4.4%, respectively.

In contrast, non-tax revenue declined by 13.3% entirely on account of lower grants from the EU. This drop was counterbalanced to some extent by an increase of 9.0% in Central Bank of Malta profits transferred to Government.

### Expenditure

During the first three months of 2007, expenditure grew by Lm4.1 million, or 1.8%, compared to the same period of 2006. Recurrent expenditure continued to expand, though this was partly offset by lower capital outlays. The former rose by 5.5%, with programmes and other operational expenditure accounting for more than three-fifths of the increase. In turn, this reflected higher outlays on social security benefits – mostly on retirement pensions – and increased spending on medical supplies. Higher subventions to the Water Services Corporation and the Malta Shipyards also boosted recurrent expenditure compared with the same period of 2006, but this



**Table 6.2**  
**GOVERNMENT BUDGETARY OPERATIONS**

	<i>Lm millions</i>			
	2006 Q1	2007 Q1	Change Amount	%
<b>Revenue</b>	<b>164.4</b>	<b>173.4</b>	<b>9.0</b>	<b>5.5</b>
<b>Direct tax</b>	<b>50.9</b>	<b>59.2</b>	<b>8.3</b>	<b>16.4</b>
Income tax	25.5	32.8	7.3	28.6
Social security contributions <sup>1</sup>	25.4	26.4	1.0	4.0
<b>Indirect tax</b>	<b>78.2</b>	<b>83.6</b>	<b>5.4</b>	<b>6.9</b>
Value Added Tax	40.4	42.8	2.4	5.9
Customs and excise duties	15.0	17.0	2.0	13.3
Licences, taxes and fines	22.8	23.8	1.0	4.4
<b>Non-tax revenue</b>	<b>35.3</b>	<b>30.6</b>	<b>-4.7</b>	<b>-13.3</b>
Central Bank of Malta profits	10.0	10.9	0.9	9.0
Other revenue <sup>2</sup>	25.3	19.7	-5.6	-22.1
<b>Expenditure</b>	<b>224.9</b>	<b>229.0</b>	<b>4.1</b>	<b>1.8</b>
<b>Recurrent expenditure</b> <sup>1</sup>	<b>197.1</b>	<b>208.0</b>	<b>10.9</b>	<b>5.5</b>
Personal emoluments	47.4	47.2	-0.2	-0.4
Programmes and other operational expenditure <sup>3</sup>	111.3	118.2	6.8	6.1
Contributions to entities	14.9	19.8	4.9	32.9
Interest payments	23.5	22.9	-0.6	-2.6
<b>Capital expenditure</b>	<b>27.9</b>	<b>21.0</b>	<b>-6.9</b>	<b>-24.6</b>
<b>Primary balance</b> <sup>4</sup>	<b>-37.2</b>	<b>-32.8</b>	<b>4.4</b>	<b>11.8</b>
<b>Consolidated Fund balance</b> <sup>5</sup>	<b>-60.7</b>	<b>-55.7</b>	<b>5.0</b>	<b>8.2</b>

<sup>1</sup> Government contributions to the social security account in terms of the Social Security Act 1987 are excluded from both revenue and expenditure.

<sup>2</sup> Includes grants but excludes proceeds from sale of assets, sinking funds of converted loans and borrowings.

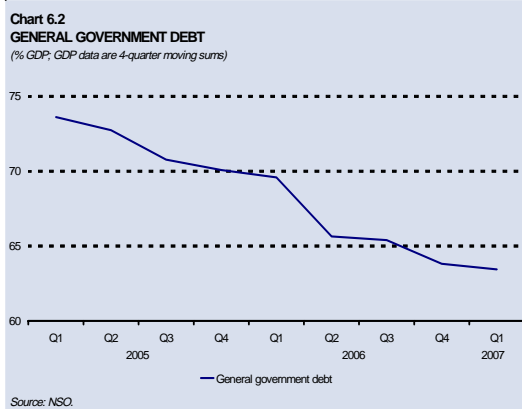
<sup>3</sup> Includes programmes & initiatives and operational & maintenance expenditure.

<sup>4</sup> Revenue less expenditure excluding interest payments.

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

Source: NSO.





was mainly due to timing differences. In contrast, spending on personal emoluments and interest payments declined marginally, with the latter reflecting lower debt levels.

Capital spending contracted by almost a quarter over the comparable period of 2006, as outlays on the new state hospital and on infrastructure projects, the latter financed by grants, fell.

More recent data, however, show that during the first five months of the year the deficit widened, as expenditure outpaced revenue, mainly on account of higher outlays on social security benefits and medical supplies.

### General government debt<sup>4</sup>

The debt-to-GDP ratio stood at 63.4% in the first quarter of 2007, broadly unchanged from the final quarter of 2006 (see Chart 6.2).<sup>5</sup>

At the end of March, general government debt amounted to Lm1,406.8 million, down from Lm1,452.6 million a year earlier (see Table 6.3). In large part, the decline in debt in absolute terms was due to the impact of the privatisation of Maltacom plc in May 2006, and was mainly reflected in a drop in securities in issue. Maturing Malta Government Stocks, captured under long-term securities, were the main contributor to the decline. However, a contraction in short-term securities with an initial maturity of less than one

**Table 6.3**  
**GENERAL GOVERNMENT DEBT**

	<i>Lm millions</i>				
	Q1	2006 Q2	Q3	Q4	2007 Q1
<b>General government debt</b>	<b>1,452.6</b>	<b>1,392.0</b>	<b>1,407.7</b>	<b>1,396.0</b>	<b>1,406.8</b>
Securities	1,326.3	1,268.7	1,287.2	1,284.1	1,295.6
Short-term	179.0	121.3	153.6	160.5	171.7
Long-term	1,147.4	1,147.4	1,133.7	1,123.7	1,123.9
Loans	126.2	123.3	120.4	111.9	111.2
Short-term	10.7	7.2	8.0	9.9	10.7
Long-term	115.6	116.1	112.5	102.0	100.5

Source: NSO.

<sup>4</sup> Excludes general government debt held by extra-budgetary units, local government and the Sinking Fund.

<sup>5</sup> The GDP figure used in calculating this ratio is a four-quarter sum up to the first quarter of 2007.

year, consisting in Treasury bills, also contributed. On the other hand, the fall in loans was entirely driven by repayments of long-term foreign borrowings.

Consequently, at the end of March 2007 the share of long-term securities in the total outstanding debt stood at 79.9%. This was up

by 0.9 percentage points from a year earlier but 0.6 percentage points lower from the previous quarter. On the other hand, short-term securities totalled 12.2% of total debt, with their share rising from 11.5% at end-2006. The share of long-term loans contracted further, while the proportion of short-term loans remained broadly unchanged.

## NEWS NOTES

### LOCAL NEWS

#### **Central Bank of Malta raises interest rates**

On 29 May the Central Bank of Malta raised its central intervention rate by 25 basis points to 4.25%. The decision was taken against a background of narrowing interest rate differentials in favour of Maltese lira-denominated financial assets and a further reduction in the Bank's external reserves.

#### **Convergence Reports**

On 16 May the European Commission and the ECB each published a Convergence Report on Malta's application in terms of Article 122 (2) of the EU Treaty to adopt the euro on 1 January 2008. Both reports confirmed that Malta met the stipulated convergence criteria and legal requirements to participate fully in EMU and to adopt the euro.

On 20 June the European Parliament voted in favour of Malta's adoption of the euro on 1 January 2008, while on the 21 June the Council of the EU Heads of State and Government noted that Cyprus and Malta fulfilled all the convergence criteria and legal requirements to adopt the euro as their currency and called on the Ecofin Council to adopt the relevant proposals at its meeting on 10 July.

#### **Abrogation of excessive deficit procedure for Malta**

On 16 May the European Commission decided to recommend that the Ecofin Council abrogates the excessive deficit procedure against Malta as it considered that the excessive deficit situation had been corrected in a credible and sustainable way.

#### **SmartCity agreement signed**

On 23 April the Government of Malta and SmartCity (a joint venture between TECOM Investments and Sama Dubai) signed the final agreements to establish SmartCity Malta, which, with an investment outlay of USD300 million, is expected to transform the Ricasoli Industrial Estate into a state-of-the-art ICT and Media business community based on the models of Dubai Internet City and Dubai Media City.

#### **Special Registration Scheme**

On 23 April the Government launched a Currency and Bank Deposits Registration Scheme, providing individuals residing in Malta with a one-time opportunity to regularise their position in respect of holdings of eligible assets held locally where the associated income had not been declared for the purposes of the Income Tax Act. The Scheme is also designed to encourage a gradual and orderly surrender of hoarded cash ahead of the euro changeover and to facilitate its integration into the formal economy through the financial system.

#### **Malta credit rating**

Around mid-May the international credit rating agency Moody's changed its investment assessment for Malta from stable to positive. The decision was taken in the light of the positive Convergence Reports issued by the European Commission and the ECB.

#### **Private companies' activities in the capital markets**

On 16 April GAP Developments plc issued in the primary capital market Lm15 million 7% secured

bonds at par maturing in 2013. The proceeds of the issue will be utilised to part finance the development of the Fort Cambridge Area located in Tigne, Sliema. As the bond issue was oversubscribed an allocation policy was applied.

### **Legislation related to banking and finance**

#### ***Legal Notice 93 of 2007***

This legal notice lists the Deductions (Euro Related Expenditure) Rules, 2007, which are to be applied under the Income Tax Act in respect of expenditure incurred to enable the proper discharge of business in euro currency as from the date when the euro becomes legal tender.

#### ***Legal Notices 111 and 125 of 2007***

Legal Notice 111 defines “eligible assets” as specified in the External Transactions Act to include deposits and currency notes denominated in both Maltese lira and euro. Legal Notice 125 further defines “eligible assets” as specified in the External Transactions Act to include securities denominated in Maltese lira and euro with a primary listing on the Malta Stock Exchange.

#### ***Legal Notices 112 and 126 of 2007***

Legal Notice 112 publishes regulations providing for the establishment of a registration scheme, to be known as the Currency and Bank Deposit Registration Scheme, whereby individuals residing in Malta who hold eligible assets without declaring the relevant income (including capital gains) for the purposes of the Income Tax Act and other relevant laws, may regularise their position. The purpose of Legal Notice 126, entitled the Currency and Bank Deposits Registration Scheme (Amendment) Regulations 2007, is to rename the regulations as “Special Registration Scheme Regulations, 2007” and to redefine “eligible assets” as currency notes denominated in Maltese lira and euro, deposits denominated in

Maltese lira and euro held with credit institutions licensed under the Banking Act, and securities denominated in Maltese lira and euro with a primary listing on the Malta Stock Exchange.

#### ***Legal Notice 142 of 2007***

This legal notice publishes the Insurance Business (Penalties for Offences and Infringements) (Amendments) Regulations, 2007 which came into force on 1 June 2007, listing the administrative penalties which may be imposed by the MFSA without recourse to a court hearing.

#### ***Legal Notice 143 of 2007***

This legal notice publishes the Insurance Intermediaries (Penalties for Offences and Infringements) Regulations, 2007 which came into force on 1 June 2007, listing the penalties that are enforceable by prosecution in the courts of Malta as well as the administrative penalties that may be imposed by the MFSA without recourse to a court hearing.

#### ***Legal Notice 149 of 2007***

This legal notice publishes the Cash Control Regulations, 2007 which establish the sum equivalent to, or in excess of, Lm4,293 in cash as the sum which any person entering or leaving Malta, or transiting through Malta, is obliged to declare to the Comptroller of Customs.

### **Issue of Malta Government Stock**

The Government launched the following securities in the primary market:

On 13 April 2007, Lm10,000,000 5.7% Malta Government Stock 2012 (Third Issue) (Fungibility Issue) at a price of Lm105.95 per Lm100 nominal.

On 13 April 2007, Lm10,000,000 5.1% Malta Government Stock 2014 (Third Issue) (Fungibility Issue) at a price of Lm103.64 per Lm100 nominal.

On 12 June 2007, Lm15,000,000 5.7% Malta Government Stock 2012 (Third Issue) (Fungibility Issue) at a price of Lm102.75 per Lm100 nominal.

On 12 June 2007, Lm15,000,000 5.9% Malta Government Stock 2015 (Second Issue) (Fungibility Issue) at a price of Lm105 per Lm100 nominal.

On 12 June 2007, Lm10,000,000 5.2% Malta Government Stock 2020 (First Issue) at a price of Lm100 per Lm100 nominal.

On 15 June 2007 Lm4,438,400 7% Malta Government Stock 2017 (II) which were allotted to the Ecclesiastical Entities at par (in terms of the 1999 Agreement between the Holy See and Malta on the transfer of Church property).

### **Suspension of licence**

On 25 April the MFSA announced that on 20 March it had suspended the licence of an investment services institution, Montaigne Investment (Malta) Limited, on regulatory grounds.

### **Surrender of licences**

On 3 April the MFSA announced that Yuriplan Invest Fund SICAV plc had surrendered its collective investment scheme licence. This surrender was entirely voluntary and did not arise as a result of any regulatory action taken by the MFSA.

On 11 May the MFSA announced that MedBond Finance Limited had surrendered its Category 1 licence to undertake investment services. The surrender was entirely voluntary and did not arise as a result of any regulatory action taken by the MFSA.

## **INTERNATIONAL NEWS**

### **ECOFIN Council**

On 20-21 April the finance ministers of the EU Member States and their central bank governors gathered at an informal ECOFIN Council meeting in Berlin. The participants exchanged views about various aspects of public finance, the reverse-charge model as an instrument for combating VAT fraud and issues relating to financial markets.

On 8 May the Council adopted conclusions on three interlinked issues relating to financial markets. On hedge funds it acknowledged that these had contributed significantly to fostering the efficiency of the international financial system but called on creditors, investors and national authorities to remain vigilant and to adequately assess the potential systemic and operational risks that such funds presented. On asset management the Council called on the European Commission to present a proposal for the revision of the directive on UCITS (undertakings for collective investment in transferable securities) so as to cater for the growth of the investment industry and to enhance its potential for growth. On ageing, the Council called on the Member States to work for increased participation and contribution levels of households in non-statutory pension schemes and asked the Commission to commence work on the development of a single market for retirement products.

On 5 June the Council adopted decisions closing the excessive deficit procedures it had opened in 2003 and 2004 against Germany, Greece and Malta after these countries had succeeded in reducing their government deficits below the 3% of gross domestic product (GDP) threshold set by the EU's Stability and Growth Pact.

The Council also adopted conclusions on tax fraud and on a package of measures aimed at simplifying VAT arrangements for business.

The Council also assessed the progress made by Cyprus and Malta in fulfilment of the convergence criteria with a view to allowing them to adopt the euro as their currency on 1 January 2008.

### **G7 Finance Ministers meeting**

In mid-April the G7 Finance Ministers and central bankers met in Washington DC before the IMF and World Bank spring meetings. They noted that although risks remained, the global economy was having its strongest sustained growth in more than thirty years and was becoming more balanced. They cited high and volatile fuel prices, increased protectionist measures and the vulnerability of global financial markets as the main risks. The G7 ministers remained divided on a proposal to regulate the trillion-dollar hedge fund industry. Over the past year, international concern has grown over the level of risk investors are exposed to by these lightly-regulated investment schemes. However, both the US and the IMF resisted calls for tighter regulation of the sector, claiming that market forces were sufficient to control it.

### **G8 Finance Ministers' meeting**

On 19 May the G8 Finance Ministers met in Potsdam, Germany to discuss global economic issues in preparation for the Summit of the G8 Heads of State and Government in Heiligendamm in June. They noted that global growth remained robust and was more balanced across regions and within their countries. They supported efforts to ensure a successful outcome of the Doha Development Round and initiatives to enhance the effectiveness and efficiency of public financial management in Africa. The participants also discussed measures to improve the efficiency of public spending and the

promotion of energy diversification so as to ensure energy security.

### **EBRD annual meeting**

On 20 and 21 May the EBRD held its Annual Meeting and Business Forum of the Board of Governors in Kazan, Republic of Tatarstan, Russian Federation. The discussions mainly highlighted four topics. These were the EBRD's mission, income allocation, the way the Bank operates and co-operation.

With regard to allocation of income, there was a strong and overwhelming majority in favour of the allocation of income for 2006 to the reserves of the EBRD in a context in which, moving east and south-east, the Bank was taking more risks. There was a debate about the future of income allocation, however, with the main view favouring a mission-based allocation. There was also debate over whether a dividend should be distributed.

### **IMF and World Bank spring meetings**

On 14 April the International Monetary and Financial Committee of the IMF met in Washington DC and welcomed the continued strong, broad-based expansion of the global economy. However, downside risks requiring continued vigilance arose from the possibility of a reassessment of risks in global financial market conditions, a sharper-than-expected slowdown in the U.S. economy and the revival of inflationary pressures as output gaps closed or if oil prices rebounded. The Committee welcomed the resumption of the Doha Round trade negotiation, and called on WTO members to work with renewed commitment to urgently achieve an ambitious outcome. They welcomed the steps being taken to strengthen and modernise IMF surveillance so as to ensure its effectiveness as globalization deepened.

On 15 April the Development Committee of the IMF and the World Bank, also meeting in Washington DC, welcomed the progress being made in reducing income poverty, reflecting both the continued growth of the global economy and the impact of improved country policies and institutions. However, progress towards the Millennium Development Goals (MDGs) had been uneven across countries and sectors. The Committee welcomed new and emerging public and private sources of aid that brought more resources to help poor countries reach their MDGs. They reviewed the implementation of the Africa Action Plan and the proposed revisions to the Plan.

### **G8 Summit 2007**

Between 6 and 8 June the Group of Eight leading

industrialised nations met in Heiligendamm, Germany. They discussed topics related to growth and responsibility in the world economy, particularly in Africa. They committed themselves to a G8 Agenda for Global Growth and Stability with the aim of pursuing their strategies to promote a smooth adjustment of global imbalances. They also noted the positive contribution of hedge funds to financial-market stability but urged that systemic risks be minimised by increasing transparency and market discipline. Other items that were discussed included climate change, energy efficiency and energy security, responsibility for raw materials, transparency and sustainable growth, as well as the need for achieving an ambitious, balanced and comprehensive agreement on the Doha Development Agenda.





# STATISTICAL TABLES



(as at end-March 2007, unless otherwise indicated)

<sup>1</sup> End of period closing middle rates.

<sup>2</sup> Provisional.

<sup>3</sup> Based on Eurostat estimate of GDP at current market prices in euro per inhabitant.

Sources: Central Bank of Malta; Eurostat; Ministry of Finance; NSQ; UNDP.

**The monetary and financial statistics shown in the 'Statistical Tables' annex are compiled from information submitted to the Central Bank of Malta by the following credit institutions, as at March 2007:**

Akbank T.A.S.  
APS Bank Ltd  
Bank of Valletta plc  
BAWAG Malta Bank Ltd (from October 2003)  
Credit Europe NV (from March 2007)  
Commbank Europe Ltd (from September 2005)  
Erste Bank (Malta) Ltd  
FIMBank plc  
Finansbank (Malta) Ltd (from July 2005)  
Fortis Bank Malta Ltd  
HSBC Bank Malta plc  
Investkredit International Bank plc  
Izola Bank Ltd  
Lombard Bank Malta plc  
Mediterranean Bank plc (from January 2006)  
Raiffeisen Malta Bank plc  
Sparkasse Bank Malta plc  
Türkiye Garanti Bankası A.S.  
Volksbank Malta Ltd

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

*liabilities*

*Lm millions*

End of period	Currency issued	IMF-related liabilities	Deposits				Capital & reserves	External liabilities	Other liabilities
			Credit institutions	Central government	Other residents	Total			
2003	485.4	31.5	242.2	83.2	8.5	333.8	88.2	25.5	28.7
2004	506.4	30.6	166.3	115.7	11.1	293.1	86.0	-	20.0
<b>2005</b>									
Jan.	499.6	30.6	200.2	73.4	12.8	286.4	85.1	4.3	15.3
Feb.	502.0	30.6	175.8	91.8	10.7	278.3	83.8	4.3	11.3
Mar.	505.0	30.6	185.2	87.1	11.2	283.5	84.2	4.3	11.4
Apr.	507.1	30.6	140.3	88.9	11.4	240.5	86.1	2.2	9.6
May	510.6	31.1	186.0	73.0	9.0	268.0	86.9	-	14.8
June	517.0	31.1	147.0	81.5	11.0	239.5	87.8	-	14.1
July	517.8	31.1	165.2	87.1	7.8	260.1	86.8	-	12.3
Aug.	518.2	31.1	190.7	96.9	8.7	296.4	87.1	-	13.2
Sept.	518.3	31.1	210.9	95.0	8.2	314.1	86.0	-	14.5
Oct.	516.7	31.1	235.3	109.4	8.6	353.2	83.9	-	17.2
Nov.	516.3	31.1	223.3	111.9	9.9	345.2	83.3	2.3	17.2
Dec.	520.0	32.0	182.3	147.5	9.5	339.3	84.3	-	15.3
<b>2006</b>									
Jan.	512.3	32.0	243.2	77.2	8.8	329.2	83.1	2.2	11.7
Feb.	509.8	32.0	256.7	69.8	11.2	337.7	82.4	-	9.5
Mar.	510.9	32.0	230.0	70.9	8.6	309.6	80.2	4.5	6.8
Apr.	510.7	32.0	206.1	73.6	9.5	289.2	78.1	11.9	7.7
May	509.9	31.1	226.7	138.6	9.7	375.1	79.1	7.1	8.8
June	512.0	31.1	286.2	82.5	10.1	378.8	77.4	4.3	9.4
July	512.0	31.1	280.0	106.1	8.2	394.3	78.6	-	10.5
Aug.	509.6	31.1	305.9	91.1	10.8	407.9	79.2	-	13.8
Sept.	508.7	31.1	284.7	133.0	9.3	426.9	79.9	-	13.4
Oct.	505.5	31.1	326.4	95.8	8.7	430.8	78.9	-	16.3
Nov.	499.3	31.1	308.7	93.8	9.4	412.0	79.6	-	15.2
Dec.	504.0	30.3	283.7	106.6	17.6	407.8	77.7	-	16.7
<b>2007</b>									
Jan.	485.5	30.3	312.4	79.8	9.6	401.9	76.4	-	15.4
Feb.	477.6	30.3	323.6	69.8	8.7	402.1	78.2	-	10.0
Mar.	474.9	30.3	305.9	69.4	9.0	384.3	77.6	-	7.6

<sup>1</sup> Figures are reported according to the prevailing accounting policies as explained each year in the 'Notes to the Accounts' in the *Annual Report* of the Central Bank of Malta.

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

*Lm millions*

End of period	External assets				IMF currency subscription	Central government securities	Other assets	Total assets/liabilities
	Gold	IMF- related assets <sup>2</sup>	Other <sup>3</sup>	Total				
2003	0.5	35.7	899.4	935.5	31.4	7.8	18.3	993.0
2004	0.5	35.1	824.9	860.6	30.5	21.3	23.7	936.1
<b>2005</b>								
Jan.	0.5	35.7	815.1	851.3	30.5	15.0	24.3	921.2
Feb.	0.5	35.5	813.9	850.0	30.5	5.7	24.1	910.3
Mar.	0.5	35.8	784.2	820.5	30.5	20.7	47.4	919.1
Apr.	0.5	35.9	768.2	804.6	30.5	8.4	32.5	876.0
May	0.5	36.8	771.4	808.7	31.0	17.9	53.7	911.4
June	0.6	37.1	773.2	810.8	31.0	16.5	31.2	889.5
July	0.5	36.8	805.8	843.2	31.0	7.7	26.2	908.1
Aug.	0.5	37.0	841.0	878.5	31.0	8.3	28.0	945.9
Sept.	0.6	37.2	859.4	897.3	31.0	8.1	27.5	963.9
Oct.	0.6	37.2	895.2	933.0	31.0	10.1	27.9	1,002.0
Nov.	0.6	37.6	890.0	928.3	31.0	9.1	26.9	995.3
Dec.	0.7	37.5	884.9	923.0	32.0	9.1	26.8	991.0
<b>2006</b>								
Jan.	1.1	37.1	859.9	898.1	32.0	13.0	27.4	970.5
Feb.	1.3	37.7	862.3	901.3	32.0	12.4	25.7	971.5
Mar.	1.3	37.2	825.7	864.3	32.0	20.2	27.4	944.0
Apr.	1.4	36.6	815.7	853.7	32.0	15.6	28.4	929.7
May	0.8	36.5	887.4	924.7	31.0	25.4	29.8	1,011.0
June	0.7	36.5	892.0	929.2	31.0	24.7	28.0	1,012.9
July	1.6	36.5	895.1	933.2	31.0	34.8	27.4	1,026.4
Aug.	1.6	36.7	916.1	954.3	31.0	28.9	27.3	1,041.6
Sept.	1.1	36.9	934.5	972.6	31.0	29.4	26.9	1,059.9
Oct.	1.1	36.9	936.9	974.9	31.0	29.1	27.5	1,062.6
Nov.	1.2	36.5	913.0	950.6	31.0	26.9	28.5	1,037.0
Dec.	1.2	36.4	911.6	949.2	30.3	30.3	26.8	1,036.5
<b>2007</b>								
Jan.	1.2	36.7	880.7	918.6	30.3	34.5	26.1	1,009.5
Feb.	1.2	36.6	868.0	905.8	30.3	35.1	27.0	998.1
Mar.	1.2	36.5	845.3	883.0	30.3	34.3	27.2	974.7

<sup>1</sup> Figures are reported according to the prevailing accounting policies as explained each year in the 'Notes to the Accounts' in the *Annual Report* of the Central Bank of Malta.

<sup>2</sup> Includes IMF reserve position and holdings of SDRs.

<sup>3</sup> Mainly includes cash and bank balances, placements with banks and securities.

**TABLE 1.2 AGGREGATED STATEMENT OF ASSETS AND LIABILITIES -  
OTHER MONETARY FINANCIAL INSTITUTIONS**

*liabilities*

*Lm millions*

End of period	Resident deposits <sup>1</sup>				External liabilities	Debt securities issued	Capital & reserves	Other liabilities <sup>3</sup>
	Withdrawable on demand <sup>2</sup>	Redeemable at notice	With agreed maturity	Total				
2003	1,048.3	28.8	1,599.7	2,676.7	3,826.3	46.6	782.4	352.8
2004	1,111.8	30.0	1,588.7	2,730.6	4,914.8	48.9	895.7	355.9
<b>2005</b>								
Jan.	1,134.4	30.6	1,590.8	2,755.8	4,926.0	48.9	882.2	345.0
Feb.	1,127.1	30.6	1,595.8	2,753.6	4,940.5	48.6	883.6	342.1
Mar.	1,128.1	30.1	1,597.5	2,755.7	5,063.7	49.7	874.6	362.6
Apr.	1,134.0	30.2	1,594.6	2,758.8	5,116.3	49.6	881.7	342.2
May	1,149.6	30.0	1,585.4	2,765.0	5,395.8	50.2	866.7	380.5
June	1,179.9	30.3	1,602.7	2,812.9	5,486.6	32.2	886.4	356.4
July	1,159.6	32.0	1,612.9	2,804.5	5,592.4	32.2	898.3	342.2
Aug.	1,172.5	30.3	1,625.4	2,828.2	5,944.7	32.1	893.9	348.7
Sept.	1,186.8	30.3	1,632.0	2,849.1	6,915.9	32.2	920.6	344.7
Oct.	1,180.2	30.2	1,629.5	2,839.8	6,967.3	32.2	929.6	362.8
Nov.	1,183.3	30.7	1,627.2	2,841.3	6,708.8	32.5	939.6	335.8
Dec.	1,202.1	31.5	1,646.2	2,879.8	7,426.0	32.4	1,012.9	323.5
<b>2006</b>								
Jan.	1,198.5	31.3	1,690.8	2,920.6	7,658.5	32.2	1,016.0	317.5
Feb.	1,204.7	31.7	1,711.1	2,947.5	7,990.1	32.4	1,030.1	314.1
Mar.	1,201.9	32.1	1,697.3	2,931.4	8,178.9	32.2	1,049.1	331.7
Apr.	1,208.4	32.1	1,688.8	2,929.2	8,306.4	31.7	1,264.3	276.6
May	1,227.9	34.0	1,690.1	2,952.0	8,145.6	31.4	1,218.6	289.5
June	1,223.3	31.0	1,732.3	2,986.6	8,710.7	31.6	1,196.3	287.3
July	1,219.4	31.1	1,744.9	2,995.4	8,338.6	31.5	1,239.2	278.5
Aug.	1,215.4	31.1	1,782.0	3,028.4	8,816.2	31.5	1,240.9	280.8
Sept.	1,208.9	30.3	1,790.3	3,029.5	8,660.9	31.6	1,250.6	287.3
Oct.	1,214.5	29.8	1,802.8	3,047.1	8,512.9	31.6	1,278.9	287.1
Nov.	1,230.2	30.4	1,816.7	3,077.3	8,507.9	31.2	1,283.2	304.8
Dec.	1,217.0	30.8	1,846.1	3,093.9	8,386.4	31.2	1,323.5	283.0
<b>2007</b>								
Jan.	1,211.9	30.3	1,874.3	3,116.5	8,989.5	54.9	1,315.0	289.8
Feb.	1,216.4	28.9	1,904.6	3,149.8	8,931.8	54.7	1,353.7	275.4
Mar.	1,208.7	29.6	1,951.9	3,190.3	9,354.0	54.4	1,366.8	276.0

<sup>1</sup> Includes general government and private sector deposits but excludes deposits belonging to non-residents (which are classified as external liabilities).

<sup>2</sup> Demand deposits are netted of uncleared effects drawn on local banks (i.e. items in the process of collection).

<sup>3</sup> Includes interbank claims.



**TABLE 1.2 AGGREGATED STATEMENT OF ASSETS AND LIABILITIES -  
OTHER MONETARY FINANCIAL INSTITUTIONS**  
*assets*

*Lm millions*

End of period	Balances held with Central Bank of Malta <sup>1</sup>	Loans	Securities other than shares	Shares & other equity	External assets	Other assets <sup>2</sup>	Total assets/liabilities
2003	260.9	1,910.1	622.1	35.7	4,504.8	351.3	7,684.8
2004	192.6	2,032.7	657.3	33.5	5,670.2	359.6	8,945.8
<b>2005</b>							
Jan.	217.3	2,034.2	646.3	22.0	5,701.3	336.7	8,957.8
Feb.	195.7	2,052.5	677.9	22.0	5,685.7	334.5	8,968.4
Mar.	202.1	2,082.0	662.9	21.6	5,809.6	328.2	9,106.3
Apr.	164.3	2,072.4	682.8	21.6	5,889.7	317.8	9,148.5
May	209.3	2,074.8	654.2	21.4	6,158.3	340.2	9,458.2
June	169.2	2,088.4	666.5	21.4	6,286.4	342.5	9,574.5
July	187.7	2,051.0	655.5	21.5	6,415.2	338.6	9,669.6
Aug.	211.7	2,056.5	655.3	21.5	6,747.8	354.9	10,047.6
Sept.	232.3	2,099.3	621.8	25.0	7,748.9	335.3	11,062.5
Oct.	255.6	2,114.0	619.2	25.3	7,772.1	345.7	11,131.8
Nov.	247.4	2,126.7	602.6	26.5	7,513.4	341.2	10,858.0
Dec.	209.3	2,171.4	618.3	26.7	8,302.9	346.0	11,674.6
<b>2006</b>							
Jan.	264.8	2,198.1	592.1	26.7	8,519.9	343.3	11,944.9
Feb.	276.8	2,213.0	586.5	31.8	8,858.0	348.2	12,314.3
Mar.	252.5	2,258.5	570.4	31.7	9,073.4	336.7	12,523.3
Apr.	224.8	2,269.0	569.5	31.5	9,431.5	282.1	12,808.3
May	249.2	2,286.5	544.3	32.0	9,236.3	288.9	12,637.1
June	309.6	2,309.5	508.6	32.7	9,763.1	289.0	13,212.5
July	298.5	2,328.4	515.3	32.8	9,434.4	273.8	12,883.3
Aug.	325.8	2,335.8	506.9	33.8	9,904.4	291.0	13,397.7
Sept.	308.2	2,379.4	511.9	33.8	9,749.6	276.9	13,259.9
Oct.	348.5	2,399.5	493.5	34.8	9,616.2	265.0	13,157.6
Nov.	332.2	2,428.2	518.3	34.7	9,626.9	264.1	13,204.4
Dec.	303.5	2,485.1	519.8	35.7	9,498.2	275.6	13,117.9
<b>2007</b>							
Jan.	344.4	2,494.9	514.7	35.9	10,101.7	274.0	13,765.7
Feb.	347.6	2,506.7	529.0	36.4	10,070.8	275.0	13,765.5
Mar.	333.2	2,557.3	550.8	36.0	10,508.6	255.5	14,241.5

<sup>1</sup> Includes holdings of cash.

<sup>2</sup> Includes interbank claims.

# TABLE 1.3 MONETARY FINANCIAL INSTITUTIONS SURVEY<sup>1</sup>

*Lm millions*

End of period	Domestic credit			Net foreign assets					Broad money (M3)	Other counterparts to broad money (net)
	Net claims on central government <sup>2</sup>	Claims on other residents	Total	Central Bank of Malta		OMFIs		Total		
				Foreign assets	Foreign liabilities	Foreign assets	Foreign liabilities			
2003	568.4	1,899.0	2,467.4	978.6	58.8	4,504.8	3,826.3	1,598.3	2,849.2	1,216.5
2004	545.1	2,058.0	2,603.1	904.0	33.7	5,670.2	4,914.8	1,625.7	2,918.3	1,310.6
2005										
Jan.	565.1	2,052.2	2,617.4	895.6	39.3	5,701.3	4,926.0	1,631.6	2,936.6	1,312.4
Feb.	568.4	2,071.0	2,639.4	893.7	38.0	5,685.7	4,940.5	1,601.0	2,934.4	1,306.0
Mar.	565.6	2,102.8	2,668.4	864.6	38.4	5,809.6	5,063.7	1,572.1	2,925.3	1,315.2
Apr.	566.4	2,096.6	2,663.1	849.9	35.3	5,889.7	5,116.3	1,588.0	2,928.1	1,323.0
May	558.3	2,101.6	2,659.9	857.0	38.4	6,158.3	5,395.8	1,581.0	2,931.4	1,309.5
June	560.0	2,116.2	2,676.3	859.1	40.0	6,286.4	5,486.6	1,619.0	2,979.4	1,315.9
July	533.6	2,080.4	2,614.1	891.6	35.3	6,415.2	5,592.4	1,679.2	2,962.7	1,330.5
Aug.	519.4	2,087.5	2,606.9	928.4	35.5	6,747.8	5,944.7	1,696.0	2,988.6	1,314.3
Sept.	500.0	2,119.8	2,619.8	946.9	35.2	7,748.9	6,915.9	1,744.7	3,004.0	1,360.4
Oct.	487.0	2,136.2	2,623.2	981.6	37.1	7,772.1	6,967.3	1,749.3	2,997.7	1,374.7
Nov.	466.0	2,151.1	2,617.2	977.8	41.5	7,513.4	6,708.8	1,741.0	3,001.8	1,356.4
Dec.	442.7	2,194.0	2,636.7	970.3	37.7	8,302.9	7,426.0	1,809.5	3,041.6	1,404.6
2006										
Jan.	459.1	2,219.7	2,678.8	945.8	39.4	8,519.9	7,658.5	1,767.7	3,040.4	1,406.2
Feb.	457.4	2,243.2	2,700.6	946.7	38.9	8,858.0	7,990.1	1,775.7	3,068.9	1,407.4
Mar.	448.1	2,286.5	2,734.6	911.6	39.8	9,073.4	8,178.9	1,766.3	3,047.8	1,453.1
Apr.	440.1	2,296.5	2,736.7	901.8	47.2	9,431.5	8,306.4	1,979.7	3,049.8	1,666.6
May	359.6	2,314.1	2,673.7	973.1	41.9	9,236.3	8,145.6	2,021.8	3,068.8	1,626.7
June	355.9	2,337.1	2,693.0	976.1	39.9	9,763.1	8,710.7	1,988.7	3,087.5	1,594.3
July	359.6	2,355.5	2,715.1	979.6	35.2	9,434.4	8,338.6	2,040.1	3,113.2	1,642.1
Aug.	359.4	2,364.0	2,723.4	1,001.0	39.4	9,904.4	8,816.2	2,049.9	3,140.7	1,632.6
Sept.	322.0	2,408.5	2,730.4	1,018.4	36.5	9,749.6	8,660.9	2,070.5	3,133.9	1,667.0
Oct.	345.4	2,430.0	2,775.4	1,020.6	36.0	9,616.2	8,512.9	2,087.9	3,155.5	1,707.8
Nov.	372.8	2,455.0	2,827.9	999.0	36.4	9,626.9	8,507.9	2,081.6	3,181.6	1,727.8
Dec.	365.0	2,513.9	2,878.9	993.4	42.5	9,498.2	8,386.4	2,062.6	3,199.1	1,742.4
2007										
Jan.	392.6	2,522.2	2,914.9	962.0	36.3	10,101.7	8,989.5	2,038.0	3,201.8	1,751.1
Feb.	412.2	2,533.4	2,945.6	950.3	33.9	10,070.8	8,931.8	2,055.4	3,227.2	1,773.8
Mar.	435.9	2,582.1	3,018.0	927.8	33.3	10,508.6	9,354.0	2,049.1	3,267.0	1,800.1

<sup>1</sup> Includes Central Bank of Malta and OMFIs. All interbank claims within the MFI sector are excluded.

<sup>2</sup> Central government deposits held with MFIs are netted from this figure.

**TABLE 1.4 MONETARY BASE AND MONETARY AGGREGATES**

*Lm millions*

End of period	Monetary base (M0)			Broad money (M3)								
				Intermediate money (M2)							Repurchase agreements/ Debt securities with agreed maturity up to 2 years	Total (M3)
				Narrow money (M1)			Deposits redeemable at notice up to 3 months	Deposits with agreed maturity up to 2 years	Total (M2)			
	Currency issued	OMFI balances with Central Bank of Malta	Total (M0)	Currency in circulation	Deposits withdrawable on demand					Total (M1)		
					Demand	Savings						
2003	485.4	137.9	623.3	460.4	273.7	756.9	1,490.9	28.8	1,329.5	2,849.2	-	2,849.2
2004	506.4	145.3	651.7	486.0	300.8	794.1	1,580.9	30.0	1,307.3	2,918.3	-	2,918.3
2005												
Jan.	499.6	170.3	670.0	483.0	312.3	802.9	1,598.1	30.6	1,307.9	2,936.6	-	2,936.6
Feb.	502.0	146.8	648.8	484.5	304.4	803.6	1,592.5	30.6	1,311.2	2,934.4	-	2,934.4
Mar.	505.0	175.2	680.3	484.6	302.5	798.6	1,585.7	30.1	1,309.5	2,925.3	-	2,925.3
Apr.	507.1	140.3	647.3	489.0	297.7	805.8	1,592.5	30.1	1,305.5	2,928.1	-	2,928.1
May	510.6	179.0	689.6	490.5	306.4	812.1	1,609.0	30.0	1,292.4	2,931.4	-	2,931.4
June	517.0	146.0	663.0	495.5	314.4	831.3	1,641.2	30.3	1,307.9	2,979.4	-	2,979.4
July	517.8	137.7	655.5	498.6	305.5	818.6	1,622.7	32.0	1,308.0	2,962.7	-	2,962.7
Aug.	518.2	146.4	664.6	497.8	317.1	819.8	1,634.7	30.3	1,323.6	2,988.6	-	2,988.6
Sept.	518.3	130.3	648.6	497.2	319.4	831.2	1,647.8	30.3	1,325.9	3,004.0	-	3,004.0
Oct.	516.7	149.5	666.3	496.9	314.8	830.1	1,641.9	30.2	1,325.6	2,997.7	-	2,997.7
Nov.	516.3	149.0	665.3	494.2	317.5	832.3	1,644.1	30.7	1,327.0	3,001.8	-	3,001.8
Dec.	520.0	135.5	655.6	498.9	312.1	859.0	1,670.1	31.4	1,340.1	3,041.6	-	3,041.6
2006												
Jan.	512.3	142.4	654.7	491.7	315.4	849.6	1,656.8	30.8	1,352.8	3,040.4	-	3,040.4
Feb.	509.8	135.7	645.5	491.2	320.9	852.0	1,664.1	31.1	1,373.7	3,068.9	-	3,068.9
Mar.	510.9	151.0	661.9	489.1	312.3	852.4	1,653.8	31.6	1,362.4	3,047.8	-	3,047.8
Apr.	510.7	136.8	647.5	490.6	320.2	850.5	1,661.4	31.6	1,356.8	3,049.8	-	3,049.8
May	509.9	148.6	658.5	489.5	332.7	857.5	1,679.7	34.0	1,355.0	3,068.8	-	3,068.8
June	512.0	139.2	651.2	489.9	330.2	853.1	1,673.1	31.0	1,383.3	3,087.5	-	3,087.5
July	512.0	141.0	653.0	490.0	326.4	859.1	1,675.6	31.1	1,406.5	3,113.2	-	3,113.2
Aug.	509.6	126.1	635.7	487.4	329.7	847.5	1,664.6	31.1	1,445.0	3,140.7	-	3,140.7
Sept.	508.7	133.1	641.8	487.8	311.9	859.0	1,658.7	30.3	1,444.9	3,133.9	-	3,133.9
Oct.	505.5	173.8	679.3	483.2	327.0	853.4	1,663.7	29.8	1,462.0	3,155.5	-	3,155.5
Nov.	499.3	177.0	676.3	476.6	345.1	849.9	1,671.6	30.4	1,479.7	3,181.6	-	3,181.6
Dec.	504.0	177.0	680.9	477.8	311.9	867.2	1,656.9	30.8	1,511.4	3,199.1	-	3,199.1
2007												
Jan.	485.5	184.9	670.4	463.2	317.6	861.3	1,642.2	30.3	1,529.3	3,201.8	-	3,201.8
Feb.	477.6	191.5	669.0	456.4	316.1	864.1	1,636.6	28.9	1,561.7	3,227.2	-	3,227.2
Mar.	474.9	186.0	661.0	452.8	313.9	859.4	1,626.0	29.6	1,611.4	3,267.0	-	3,267.0

**TABLE 1.5 CURRENCY IN CIRCULATION***Lm millions*

End of period	Currency issued and outstanding			Less currency held by OMFI's	Currency in circulation
	Notes	Coins	Total		
2003	467.1	18.3	485.4	24.9	460.4
2004	487.2	19.2	506.4	20.4	486.0
<b>2005</b>					
Jan.	480.6	19.0	499.6	16.7	483.0
Feb.	483.1	18.9	502.0	17.5	484.5
Mar.	486.1	18.9	505.0	20.4	484.6
Apr.	488.0	19.0	507.1	18.1	489.0
May	491.4	19.2	510.6	20.1	490.5
June	497.5	19.5	517.0	21.6	495.5
July	498.0	19.8	517.8	19.2	498.6
Aug.	498.1	20.1	518.2	20.4	497.8
Sept.	498.3	20.0	518.3	21.1	497.2
Oct.	496.7	20.0	516.7	19.8	496.9
Nov.	496.3	20.1	516.3	22.1	494.2
Dec.	499.9	20.1	520.0	21.1	498.9
<b>2006</b>					
Jan.	492.4	19.9	512.3	20.6	491.7
Feb.	490.0	19.8	509.8	18.6	491.2
Mar.	491.0	19.8	510.9	21.8	489.1
Apr.	490.7	20.0	510.7	20.1	490.6
May	489.8	20.1	509.9	20.4	489.5
June	491.6	20.4	512.0	22.1	489.9
July	491.3	20.7	512.0	22.0	490.0
Aug.	488.7	20.9	509.6	22.2	487.4
Sept.	488.0	20.7	508.7	20.9	487.8
Oct.	484.7	20.8	505.5	22.3	483.2
Nov.	478.6	20.6	499.3	22.7	476.6
Dec.	483.1	20.9	504.0	26.2	477.8
<b>2007</b>					
Jan.	464.9	20.6	485.5	22.3	463.2
Feb.	457.1	20.5	477.6	21.1	456.4
Mar.	454.4	20.5	474.9	22.2	452.8

**TABLE 1.6 DENOMINATIONS OF MALTESE CURRENCY  
ISSUED AND OUTSTANDING**

*Lm millions*

End of period	Total notes & coins <sup>1</sup>	Currency notes				
		Lm20	Lm10	Lm5	Lm2	Total
2003	485.4	109.7	319.4	30.8	7.2	467.1
2004	506.4	110.3	337.6	31.9	7.4	487.2
<b>2005</b>						
Jan.	499.6	109.7	333.1	30.5	7.3	480.6
Feb.	502.0	110.0	335.3	30.5	7.2	483.1
Mar.	505.0	110.1	337.3	31.4	7.3	486.1
Apr.	507.1	110.7	338.3	31.6	7.5	488.0
May	510.6	111.2	340.4	32.2	7.6	491.4
June	517.0	111.9	344.3	33.4	7.8	497.5
July	517.8	112.6	344.2	33.4	7.9	498.0
Aug.	518.2	112.5	344.3	33.4	7.9	498.1
Sept.	518.3	112.2	345.0	33.2	7.9	498.3
Oct.	516.7	111.6	344.7	32.6	7.8	496.7
Nov.	516.3	111.0	345.0	32.5	7.8	496.3
Dec.	520.0	110.5	348.6	33.0	7.8	499.9
<b>2006</b>						
Jan.	512.3	110.0	342.9	31.8	7.7	492.4
Feb.	509.8	109.4	341.3	31.6	7.7	490.0
Mar.	510.9	109.1	342.0	32.1	7.8	491.0
Apr.	510.7	109.0	341.1	32.6	8.0	490.7
May	509.9	108.6	340.3	32.9	8.1	489.8
June	512.0	108.4	341.3	33.8	8.1	491.6
July	512.0	108.2	340.6	34.3	8.3	491.3
Aug.	509.6	107.3	339.2	34.0	8.2	488.7
Sept.	508.7	107.0	338.7	34.1	8.2	488.0
Oct.	505.5	105.5	337.5	33.6	8.2	484.7
Nov.	499.3	104.1	333.7	32.8	8.0	478.6
Dec.	504.0	103.3	337.0	34.7	8.1	483.1
<b>2007</b>						
Jan.	485.5	100.6	323.9	32.4	7.9	464.9
Feb.	477.6	99.2	318.0	31.9	7.9	457.1
Mar.	474.9	97.8	315.8	32.6	8.1	454.4

<sup>1</sup> The denominations of coins consist of Lm1, 50c (cents), 25c, 10c, 5c, 2c, 1c, 5m (mils), 3m and 2m.

**TABLE 1.7 DEPOSITS HELD WITH OTHER  
MONETARY FINANCIAL INSTITUTIONS BY SECTOR<sup>1</sup>**

*Lm millions*

End of Period	Resident deposits						Non-resident deposits	Total deposits
	Central government	Other general government	Financial intermediaries and financial auxiliaries	Non-financial companies	Households & non-profit institutions	Total		
2003	19.2	6.9	51.3	419.0	2,180.3	2,676.7	850.9	3,527.7
2004	21.4	7.2	55.2	414.5	2,232.2	2,730.6	1,077.9	3,808.5
<b>2005</b>								
Jan.	25.0	6.4	57.8	431.6	2,235.0	2,755.8	1,013.7	3,769.5
Feb.	24.4	5.3	55.8	419.1	2,249.0	2,753.6	1,018.5	3,772.1
Mar.	30.8	4.5	55.5	428.5	2,236.4	2,755.7	1,150.9	3,906.6
Apr.	32.6	6.1	51.4	424.2	2,244.5	2,758.8	1,152.3	3,911.1
May	36.3	5.4	58.9	417.9	2,246.5	2,765.0	1,066.4	3,831.4
June	37.0	4.8	67.6	433.0	2,270.4	2,812.9	1,196.0	4,008.9
July	36.1	6.4	59.9	437.5	2,264.6	2,804.5	1,276.6	4,081.1
Aug.	38.4	5.7	54.5	456.6	2,273.0	2,828.2	1,275.4	4,103.6
Sept.	41.1	5.0	63.0	457.0	2,283.0	2,849.1	1,456.3	4,305.3
Oct.	38.1	6.9	61.7	455.5	2,277.7	2,839.8	1,518.8	4,358.6
Nov.	37.6	6.1	65.1	456.5	2,276.0	2,841.3	1,446.3	4,287.5
Dec.	42.9	7.8	79.7	447.7	2,301.6	2,879.8	1,938.6	4,818.4
<b>2006</b>								
Jan.	75.9	6.9	92.6	446.6	2,298.5	2,920.6	1,957.0	4,877.6
Feb.	75.2	5.8	99.5	460.0	2,306.9	2,947.5	1,792.4	4,739.9
Mar.	76.7	5.0	91.0	467.2	2,291.5	2,931.4	1,938.8	4,870.2
Apr.	77.3	6.4	90.7	463.2	2,291.7	2,929.2	2,007.9	4,937.2
May	77.6	5.6	91.3	477.9	2,299.6	2,952.0	1,782.6	4,734.5
June	100.9	4.7	93.9	471.4	2,315.7	2,986.6	1,603.5	4,590.1
July	91.7	6.3	97.3	466.0	2,334.2	2,995.4	1,605.8	4,601.3
Aug.	92.6	5.3	90.3	483.1	2,357.1	3,028.4	1,969.3	4,997.7
Sept.	92.8	4.7	72.7	487.2	2,372.1	3,029.5	2,049.0	5,078.4
Oct.	87.5	6.0	76.3	488.9	2,388.4	3,047.1	1,937.4	4,984.5
Nov.	88.1	5.2	84.5	501.3	2,398.2	3,077.3	1,879.5	4,956.8
Dec.	86.9	6.7	81.0	477.7	2,441.5	3,093.9	1,651.7	4,745.5
<b>2007</b>								
Jan.	86.9	5.9	84.5	498.1	2,441.0	3,116.5	1,762.5	4,879.0
Feb.	93.7	5.1	87.8	497.1	2,466.1	3,149.8	1,599.8	4,749.7
Mar.	92.4	5.8	98.8	491.9	2,501.4	3,190.3	1,742.2	4,932.5

<sup>1</sup> For the purposes of this table, deposits include uncleared effects.

**TABLE 1.8 DEPOSITS HELD WITH  
OTHER MONETARY FINANCIAL INSTITUTIONS  
BY CURRENCY<sup>1</sup>**

*Lm millions*

End of period	Resident deposits					Non-resident deposits		Total deposits
	MTL	EUR	GBP	USD	Other	MTL	Other	
2003	2,319.8	103.9	130.2	98.0	25.4	48.0	809.7	3,535.0
2004	2,344.5	108.4	151.1	97.0	29.5	50.8	1,027.2	3,808.5
<b>2005</b>								
Jan.	2,354.4	113.4	154.3	100.0	34.3	50.3	963.4	3,770.1
Feb.	2,361.0	110.8	153.4	97.9	30.7	49.8	968.7	3,772.4
Mar.	2,353.2	113.7	155.6	101.7	31.4	50.7	1,100.2	3,906.6
Apr.	2,349.5	119.3	157.1	99.8	33.0	51.6	1,100.7	3,911.1
May	2,348.7	119.5	159.6	102.8	34.5	52.3	1,014.1	3,831.4
June	2,378.1	122.3	169.5	107.2	35.8	55.0	1,140.9	4,008.9
July	2,381.9	122.7	165.2	99.3	35.3	53.8	1,222.8	4,081.1
Aug.	2,398.1	122.4	169.6	102.3	35.8	53.7	1,224.3	4,106.2
Sept.	2,419.2	122.0	169.8	102.2	36.0	51.5	1,410.9	4,311.5
Oct.	2,407.1	118.2	171.1	111.2	32.3	52.1	1,472.8	4,364.7
Nov.	2,408.2	116.4	172.3	111.9	32.5	51.2	1,399.9	4,292.3
Dec.	2,439.8	122.0	181.6	102.3	34.0	51.3	1,892.0	4,823.1
<b>2006</b>								
Jan.	2,469.1	131.7	185.4	97.0	37.4	52.3	1,912.9	4,885.7
Feb.	2,481.0	144.3	186.3	97.7	38.4	52.0	1,748.6	4,748.1
Mar.	2,467.9	145.6	175.0	107.8	35.0	50.1	1,896.9	4,878.4
Apr.	2,459.8	155.8	181.1	96.4	36.1	51.7	1,964.3	4,945.2
May	2,462.5	166.7	190.3	95.8	36.8	51.4	1,739.4	4,742.7
June	2,506.7	159.7	188.5	95.6	36.0	51.6	1,560.1	4,598.3
July	2,515.8	159.5	182.1	102.3	35.7	52.0	1,562.0	4,609.4
Aug.	2,534.9	166.2	186.9	103.6	36.9	53.0	1,918.4	4,999.8
Sept.	2,525.1	159.6	190.0	119.0	35.8	52.3	1,998.9	5,080.6
Oct.	2,541.9	175.4	186.8	107.3	35.7	52.4	1,887.1	4,986.7
Nov.	2,558.8	184.1	188.9	109.3	36.5	52.3	1,829.1	4,959.0
Dec.	2,581.2	178.3	191.5	103.2	39.7	52.7	1,600.9	4,747.5
<b>2007</b>								
Jan.	2,589.4	184.9	192.5	109.0	40.7	53.1	1,711.4	4,881.0
Feb.	2,621.1	190.5	191.2	105.2	41.9	53.2	1,548.6	4,751.6
Mar.	2,660.7	192.2	163.7	133.7	39.9	53.4	1,690.7	4,934.4

<sup>1</sup> Includes loans granted to the reporting MFIs.

**TABLE 1.9 OTHER MONETARY FINANCIAL INSTITUTIONS**  
**LOANS BY SIZE CLASS<sup>1</sup>**

*Lm millions*

End of period	Size classes				
	Up to Lm10,000	Over Lm10,000 to Lm100,000	Over Lm100,000 to Lm500,000	Over Lm500,000	Total
2003	306.8	666.8	376.3	1,046.4	2,396.4
2004	332.6	792.4	656.6	2,381.4	4,163.1
<b>2005</b>					
Jan.	332.6	798.9	663.0	2,386.9	4,181.4
Feb.	336.7	810.0	674.4	2,413.2	4,234.2
Mar.	330.6	824.9	700.4	2,417.1	4,273.1
Apr.	355.9	815.7	716.8	2,374.9	4,263.4
May	396.6	784.8	730.8	2,461.2	4,373.4
June	361.9	792.9	788.2	2,615.9	4,558.8
July	380.0	799.0	762.7	2,700.6	4,642.3
Aug.	391.5	804.0	767.1	2,754.3	4,716.8
Sept.	394.2	850.6	914.2	2,879.2	5,038.1
Oct.	357.7	920.7	921.3	2,866.1	5,065.8
Nov.	378.9	931.1	933.4	2,852.2	5,095.5
Dec.	348.5	933.0	964.9	2,961.6	5,208.1
<b>2006</b>					
Jan.	349.9	930.8	833.8	3,061.7	5,176.3
Feb.	373.1	1,045.5	986.4	3,109.4	5,514.4
Mar.	417.5	1,058.4	1,031.0	3,290.0	5,796.9
Apr.	415.1	1,042.9	1,029.3	3,354.9	5,842.1
May	401.8	1,098.1	1,046.1	3,310.6	5,856.5
June	404.2	1,113.9	1,065.8	3,432.9	6,016.8
July	385.1	958.8	952.0	3,805.3	6,101.3
Aug.	390.6	967.3	956.1	3,974.8	6,288.8
Sept.	359.0	1,005.2	977.0	3,992.3	6,333.6
Oct.	364.3	1,011.4	979.7	3,799.1	6,154.6
Nov.	394.7	1,024.8	1,002.3	3,832.2	6,253.9
Dec.	449.1	1,014.4	1,013.1	3,990.2	6,466.9
<b>2007</b>					
Jan.	465.0	1,088.9	1,012.6	4,000.2	6,566.8
Feb.	421.4	1,074.9	1,029.0	4,176.4	6,701.7
Mar.	551.1	1,006.0	801.3	4,856.3	7,214.7

<sup>1</sup> For the purposes of this classification, these include loans extended to residents and non-residents in both domestic and foreign currencies.



TABLE 1.10 OTHER MONETARY FINANCIAL INSTITUTIONS LOANS BY ECONOMIC ACTIVITY <sup>1</sup>

€m millions

End of period	Electricity, gas & water supply			Transport, storage & communication		Manufacturing	Construction	Hotels & restaurants	Wholesale & retail trade; repairs	Real estate, renting & business activities	Households & individuals <sup>2</sup>				Other <sup>3</sup>		Total lending to residents	
	Public sector	Private sector		Public sector	Private sector						Lending for house purchase	Consumer credit	Other lending	Total	Public sector	Private sector	Public sector <sup>4</sup>	Private sector
2003	82.9	1.0		60.1	75.4	184.8	201.1	206.9	288.2	118.5	442.2	36.1	131.6	610.0	12.6	145.2	225.1	1,761.6
2004	94.5	0.8		58.0	68.9	153.7	217.0	205.6	290.3	138.0	539.1	80.9	98.5	718.4	9.9	145.5	214.8	1,885.9
<b>2005</b>																		
Jan.	90.7	0.8		60.6	66.6	150.7	214.5	209.2	288.9	142.7	546.9	81.2	97.5	725.5	11.3	137.8	213.9	1,885.4
Feb.	93.4	0.7		59.0	68.4	149.3	217.2	209.4	288.5	143.1	568.5	81.4	89.4	739.3	10.2	137.6	213.5	1,902.5
Mar.	94.4	0.7		60.8	68.6	142.6	214.2	215.9	297.5	151.7	579.1	81.4	88.0	748.5	11.4	137.8	213.9	1,930.3
Apr.	92.6	0.7		60.5	68.8	141.7	217.4	214.4	294.7	145.8	585.1	82.2	85.3	752.7	10.9	133.6	209.8	1,924.0
May	94.1	0.7		56.1	68.3	143.1	207.6	212.3	293.4	137.5	593.0	83.6	87.4	763.9	22.4	136.0	206.8	1,928.5
June	93.8	1.2		54.7	66.8	140.8	202.4	209.6	294.6	153.7	601.9	84.4	88.4	774.7	23.7	132.2	206.4	1,941.9
July	52.0	1.1		57.5	67.0	139.3	199.3	206.9	290.2	155.0	609.8	85.2	90.0	785.0	23.2	145.7	166.7	1,955.6
Aug.	53.2	1.1		54.2	66.3	133.7	200.8	186.6	286.3	175.5	617.2	86.2	90.4	793.9	25.8	149.4	167.0	1,959.7
Sept.	52.7	1.7		54.6	67.6	135.2	201.2	202.7	296.8	182.7	623.0	85.7	91.7	800.4	26.1	147.0	167.3	2,001.4
Oct.	55.5	2.8		53.4	67.9	132.1	204.3	203.4	294.7	182.7	632.3	87.8	93.3	813.4	26.2	151.6	166.6	2,021.4
Nov.	56.3	2.7		52.6	67.5	132.4	207.4	201.8	294.9	183.1	642.8	89.5	90.7	823.0	26.1	152.2	166.3	2,033.5
Dec.	58.1	3.0		55.5	67.8	131.5	215.6	203.8	296.7	190.7	653.1	91.3	92.1	836.6	30.6	153.0	172.2	2,070.6
<b>2006</b>																		
Jan.	72.2	2.1		56.2	69.1	131.0	219.0	200.8	292.8	201.0	660.3	91.6	91.6	843.5	30.6	149.6	186.9	2,080.9
Feb.	73.8	2.1		56.9	69.6	133.8	218.5	203.5	290.5	203.8	670.1	90.7	92.0	852.7	27.8	148.4	186.6	2,094.9
Mar.	73.9	2.2		58.0	71.5	112.3	229.9	208.7	300.6	211.3	680.0	92.4	87.0	859.5	51.2	146.9	188.7	2,137.2
Apr.	72.8	2.2		56.8	72.0	111.7	232.4	207.8	298.3	213.9	685.7	93.7	91.6	871.1	50.4	115.8	185.0	2,120.1
May	71.9	2.1		55.5	72.9	111.9	240.0	208.1	297.3	216.0	692.4	96.0	92.0	880.4	50.5	113.8	182.9	2,137.4
June	73.5	2.5		49.9	78.9	113.0	243.9	205.8	299.5	217.7	700.4	97.0	95.6	893.1	51.0	114.7	179.2	2,164.2
July	73.2	2.7		48.1	82.0	112.7	245.6	206.4	292.8	226.7	709.4	97.8	96.9	904.0	51.3	109.4	177.5	2,177.4
Aug.	73.0	3.3		45.6	85.0	112.6	245.7	203.2	288.6	229.5	718.3	99.2	97.9	915.4	51.6	108.8	175.1	2,187.3
Sept.	73.5	3.4		46.6	87.0	112.4	248.4	204.2	304.4	235.6	729.2	103.4	95.5	928.1	52.4	111.8	177.5	2,230.2
Oct.	75.4	3.6		45.1	88.4	114.1	237.4	206.8	301.9	230.6	738.9	103.9	99.1	941.9	51.9	102.4	177.8	2,241.8
Nov.	75.0	3.7		43.9	94.7	113.4	240.3	210.7	299.2	254.5	747.4	105.6	100.2	953.2	51.9	107.7	175.7	2,272.5
Dec.	77.2	3.9		45.2	101.1	114.5	251.7	211.6	306.9	263.1	759.8	107.5	99.0	966.4	52.6	110.8	180.9	2,324.2
<b>2007</b>																		
Jan.	72.3	3.9		48.6	100.3	112.3	253.1	212.9	305.9	264.9	768.9	107.8	100.8	977.6	52.8	115.1	180.0	2,339.7
Feb.	71.8	4.1		47.5	101.6	111.4	253.9	213.4	302.9	269.5	777.3	108.1	102.5	987.9	53.0	114.1	180.1	2,351.0
Mar.	75.2	4.3		51.2	103.9	112.5	262.2	215.1	316.4	279.6	789.4	109.3	105.0	1,003.6	49.1	108.6	181.5	2,400.3

<sup>1</sup> Splits between public and private sector are only indicated where the public sector has a significant role in that economic activity.<sup>2</sup> Excluding loans to unincorporated bodies such as partnerships, sole proprietors and non-profit institutions. Loans to such bodies are classified by their main activity.<sup>3</sup> Includes loans to agriculture & fishing, mining & quarrying, public administration, education, health & social work, financial intermediation, community, recreational & personal service activities and to extra-territorial bodies & organisations.<sup>4</sup> Total public sector loans shown in this column do not add up to the public sector borrowing by economic activity since loans to the public sector are only indicated where it is deemed that the sector has a significant role in that economic activity.

**TABLE 1.11 - OTHER MONETARY FINANCIAL INSTITUTIONS  
LOANS BY SECTOR**

*Lm millions*

End of Period	Lending to residents						Lending to non-residents	Total lending
	General government <sup>1</sup>	Insurance companies	Other financial intermediaries and financial auxiliaries	Non-financial companies	Households & non-profit institutions	Total		
2003	89.5	2.4	3.5	1,107.2	707.4	1,910.1	2,156.3	4,066.4
2004	55.6	3.1	3.5	1,153.5	817.1	2,032.7	2,490.4	4,523.1
<b>2005</b>								
Jan.	55.8	3.1	3.5	1,147.0	824.7	2,034.2	2,521.2	4,555.3
Feb.	54.1	3.1	5.5	1,158.7	831.0	2,052.5	2,510.9	4,563.4
Mar.	52.8	3.6	7.4	1,182.6	835.6	2,082.0	2,506.0	4,588.0
Apr.	50.7	3.3	4.5	1,167.6	846.2	2,072.4	2,610.2	4,682.5
May	50.9	3.1	8.0	1,156.2	856.6	2,074.8	2,778.3	4,853.1
June	51.6	3.2	3.7	1,162.4	867.6	2,088.4	2,840.5	4,928.9
July	51.0	3.2	3.3	1,117.0	876.5	2,051.0	2,977.7	5,028.7
Aug.	51.4	7.1	3.4	1,108.4	886.2	2,056.5	3,336.8	5,393.3
Sept.	53.3	7.3	4.6	1,139.7	894.5	2,099.3	3,956.3	6,055.5
Oct.	51.1	7.1	4.6	1,143.8	907.3	2,114.0	3,708.4	5,822.4
Nov.	51.0	7.0	4.4	1,147.5	916.8	2,126.7	3,347.5	5,474.2
Dec.	53.0	7.2	5.7	1,175.5	930.0	2,171.4	3,578.1	5,749.6
<b>2006</b>								
Jan.	52.9	7.1	5.6	1,194.8	937.8	2,198.1	3,578.9	5,777.0
Feb.	49.9	7.1	6.1	1,201.4	948.4	2,213.0	3,838.2	6,051.2
Mar.	50.7	7.1	3.0	1,234.3	963.4	2,258.5	4,049.5	6,308.0
Apr.	49.3	7.2	3.5	1,234.4	974.6	2,269.0	4,369.3	6,638.3
May	49.0	7.0	2.8	1,241.4	986.4	2,286.5	4,346.9	6,633.4
June	49.3	7.0	2.8	1,251.5	998.9	2,309.5	4,687.2	6,996.6
July	49.7	7.0	2.7	1,256.4	1,012.6	2,328.4	4,556.9	6,885.3
Aug.	50.0	6.9	2.6	1,251.3	1,025.1	2,335.8	4,786.3	7,122.1
Sept.	50.0	6.9	3.1	1,278.1	1,041.3	2,379.4	4,808.4	7,187.9
Oct.	49.4	6.9	6.0	1,278.8	1,058.5	2,399.5	4,699.9	7,099.4
Nov.	49.4	7.8	5.8	1,291.4	1,073.9	2,428.2	4,842.4	7,270.6
Dec.	50.8	8.6	6.4	1,327.7	1,091.7	2,485.1	4,700.8	7,186.0
<b>2007</b>								
Jan.	51.9	8.4	6.0	1,326.3	1,102.4	2,494.9	4,854.2	7,349.1
Feb.	53.5	8.4	6.0	1,326.2	1,112.5	2,506.7	4,960.4	7,467.1
Mar.	53.9	8.5	6.9	1,347.3	1,140.7	2,557.3	5,576.5	8,133.7

<sup>1</sup>Including extra-budgetary units.

**TABLE 1.12 - OTHER MONETARY FINANCIAL INSTITUTIONS LOANS BY CURRENCY AND ORIGINAL MATURITY**

*Lm millions*

End of period	Lending to residents																	Lending to non-residents	Total lending
	Non-financial companies						Households & non-profit institutions						Other sectors <sup>1</sup>						
	MTL			EUR			Other		MTL			EUR			Other		Total		
	Less than 1 year	Over 1 year	MTL	Less than 1 year	Over 1 year	EUR	Less than 1 year	Over 1 year	Other	Less than 1 year	Over 1 year	MTL	Less than 1 year	Over 1 year	EUR	Other			
2003	447.0	603.0	4.1	35.5	6.4	11.3	83.5	618.0	0.2	4.3	0.5	0.9	93.8	1.2	0.4	1,910.0	2,156.3	4,066.4	
2004	412.6	663.9	11.1	39.7	9.2	16.9	91.6	717.6	0.3	4.6	1.7	1.2	60.5	1.4	0.3	2,032.7	2,490.4	4,523.1	
2005																			
Jan.	403.2	666.9	8.6	39.1	12.1	17.1	92.7	725.3	0.3	4.5	0.7	1.2	60.8	1.4	0.2	2,034.2	2,521.2	4,555.3	
Feb.	414.1	669.1	6.0	41.4	11.2	16.9	90.9	733.2	0.3	4.5	0.8	1.2	59.2	3.3	0.2	2,052.5	2,510.9	4,563.4	
Mar.	423.6	682.5	6.1	42.4	10.8	17.2	87.2	742.3	0.3	4.6	0.1	1.2	62.2	1.4	0.2	2,082.0	2,506.0	4,588.0	
Apr.	417.3	677.8	5.7	38.4	11.7	16.7	88.9	750.9	0.7	4.5	0.1	1.2	57.0	1.3	0.2	2,072.4	2,610.2	4,682.5	
May	414.3	668.3	6.1	41.3	12.5	13.8	89.1	760.8	0.8	4.5	0.1	1.3	60.5	1.3	0.2	2,074.8	2,778.3	4,853.1	
June	414.6	670.2	6.9	42.7	14.0	14.0	88.4	772.1	0.7	4.9	0.1	1.3	57.1	1.3	0.0	2,088.4	2,840.5	4,928.9	
July	378.9	674.2	7.6	43.8	6.8	5.8	86.1	783.5	0.7	4.9	0.1	1.2	56.1	1.3	0.0	2,051.0	2,977.7	5,028.7	
Aug.	370.4	663.5	7.2	55.5	6.0	5.8	85.7	793.0	1.2	5.0	0.1	1.1	57.0	4.9	0.0	2,056.5	3,336.8	5,393.3	
Sept.	373.0	669.8	7.0	76.3	7.7	5.9	84.5	802.8	0.6	5.4	0.1	1.1	58.9	6.1	0.0	2,099.3	3,956.3	6,055.5	
Oct.	376.3	662.2	8.0	83.9	7.6	5.8	86.1	813.4	0.7	5.8	0.1	1.1	56.7	6.1	0.0	2,114.0	3,708.4	5,822.4	
Nov.	379.7	663.1	8.3	82.3	8.3	5.9	86.2	822.6	0.7	6.1	0.1	1.1	56.3	6.0	0.0	2,126.7	3,347.5	5,474.2	
Dec.	369.5	673.3	7.4	113.0	8.0	4.4	87.7	834.2	0.6	6.5	0.1	1.0	58.6	7.2	0.1	2,171.4	3,578.1	5,749.6	
2006																			
Jan.	360.1	674.9	23.4	124.8	7.2	4.2	86.7	842.7	0.6	6.7	0.2	1.0	58.2	7.2	0.0	2,198.1	3,578.9	5,777.0	
Feb.	358.0	678.7	25.3	127.0	8.3	4.1	92.6	847.4	0.6	6.7	0.0	1.0	56.0	7.2	0.0	2,213.0	3,838.2	6,051.2	
Mar.	370.2	690.1	25.9	132.0	10.3	5.9	94.7	860.3	0.2	6.9	0.0	1.2	55.9	4.9	0.0	2,258.5	4,049.5	6,308.0	
Apr.	369.4	684.4	27.5	136.4	10.9	5.7	97.5	867.7	1.0	7.3	0.0	1.1	55.1	4.9	0.0	2,269.0	4,369.3	6,638.3	
May	366.5	676.3	28.6	153.3	11.5	5.3	98.1	878.4	1.1	7.7	0.1	0.9	53.9	4.8	0.0	2,286.5	4,346.9	6,633.4	
June	373.3	681.0	29.2	153.6	9.4	5.0	98.0	890.4	1.0	8.6	0.1	0.9	54.2	4.8	0.0	2,309.5	4,687.2	6,996.6	
July	366.9	687.9	29.1	158.4	9.1	5.0	99.2	902.6	0.8	8.8	0.0	1.1	54.6	4.8	0.0	2,328.4	4,556.9	6,885.3	
Aug.	356.9	691.3	28.3	161.6	8.4	4.7	99.8	913.4	1.2	9.2	0.0	1.3	31.6	27.8	0.0	2,335.8	4,786.3	7,122.1	
Sept.	369.9	702.6	26.9	162.6	11.1	5.0	84.1	944.9	0.3	10.5	0.1	1.4	32.0	28.1	0.1	2,379.4	4,808.4	7,187.9	
Oct.	365.7	706.9	28.9	163.0	9.3	5.0	89.5	956.5	0.6	10.5	0.0	1.4	34.5	27.8	0.0	2,399.5	4,699.9	7,099.4	
Nov.	365.1	713.9	27.3	170.7	9.5	4.9	90.7	968.5	0.7	12.6	0.0	1.3	35.2	27.8	0.0	2,428.2	4,842.4	7,270.6	
Dec.	388.8	725.3	30.0	169.6	9.1	4.8	93.8	982.8	1.0	12.7	0.1	1.3	36.5	29.3	0.0	2,485.1	4,700.8	7,186.0	
2007																			
Jan.	383.0	728.9	29.4	169.6	10.6	4.8	91.4	995.7	1.0	12.8	0.1	1.4	36.3	29.9	0.0	2,494.9	4,854.2	7,349.1	
Feb.	376.1	736.8	29.1	169.4	10.0	4.8	90.5	1006.1	1.4	12.8	0.3	1.4	38.0	29.9	0.1	2,506.7	4,960.4	7,467.1	
Mar.	378.3	752.2	29.5	171.4	11.1	4.9	99.5	1025.5	0.6	13.4	0.3	1.3	38.7	30.4	0.2	2,557.3	5,576.5	8,133.7	

<sup>1</sup> Including general government and financial sector companies other than MFIs.

**TABLE 1.13 - AGGREGATED STATEMENT OF ASSETS AND LIABILITIES**  
**INVESTMENT FUNDS<sup>1</sup>**  
*liabilities*

*Lm millions*

End of period	Loans	Shareholders' units/ funds	External liabilities <sup>2</sup>	Share capital	Reserves	Other liabilities <sup>3</sup>	Total liabilities
2003	0.3	348.6	2.7	12.3	1.3	0.7	366.1
2004	0.2	388.1	1.3	37.2	1.6	2.0	430.4
<b>2005</b>							
Mar.	4.1	406.4	1.2	29.2	15.8	4.3	461.0
June	0.3	431.1	1.5	18.3	30.4	2.7	484.3
Sept.	0.2	447.9	1.3	24.0	38.7	4.8	517.0
Dec.	0.1	476.3	1.3	81.5	2.0	3.2	564.4
<b>2006</b>							
Mar.	0.1	522.3	4.9	104.7	2.5	6.5	640.9
June	0.1	508.0	4.6	87.2	2.3	4.5	606.8
Sept.	0.1	496.9	4.5	84.4	2.3	3.2	591.3
Dec.	0.2	489.4	3.4	86.2	2.3	1.5	583.0
<b>2007</b>							
Mar.	0.2	470.0	3.2	84.4	1.8	3.0	562.7

**TABLE 1.13 - AGGREGATED STATEMENT OF ASSETS AND LIABILITIES**  
**INVESTMENT FUNDS<sup>1</sup>**  
*assets*

*Lm millions*

End of period	Deposits	Holdings of securities other than shares		Holdings of shares and other equity		External assets <sup>4</sup>	Fixed and other assets <sup>5</sup>	Total assets
		Up to 1 year	Over 1 year	Collective investment scheme shares/units	Other shares and equity			
2003	7.5	23.3	180.1	1.5	49.0	94.8	9.8	366.1
2004	5.0	26.2	200.5	2.1	68.8	116.8	11.0	430.4
<b>2005</b>								
Mar.	2.8	17.1	225.7	2.5	74.5	125.6	12.7	461.0
June	9.0	9.7	240.3	2.6	73.2	136.1	13.4	484.3
Sept.	5.5	11.0	265.0	2.8	81.3	137.6	13.7	517.0
Dec.	22.4	14.8	267.9	3.4	99.8	142.1	14.1	564.4
<b>2006</b>								
Mar.	36.9	34.7	277.2	5.6	125.5	151.2	9.8	640.9
June	33.3	20.5	285.6	5.0	101.1	151.7	9.5	606.8
Sept.	11.7	21.3	298.2	4.6	93.9	154.3	7.3	591.3
Dec.	6.8	21.8	296.3	3.0	87.7	160.1	7.1	583.0
<b>2007</b>								
Mar.	8.9	5.4	295.9	3.0	86.4	157.2	5.8	562.7

<sup>1</sup> The investment funds sector comprises resident collective investment schemes. Figures for professional investor funds are excluded. As from 2006, data for those collective investment schemes with a net asset value of less than 2% of the total assets of the sector are estimated.

<sup>2</sup> Includes loans, creditors, accruals, shareholders' units/ funds and other liabilities to non-resident counterparties.

<sup>3</sup> Includes creditors, accruals and other liabilities.

<sup>4</sup> Includes deposits, securities other than shares, shares and other equity, debtors and other assets with non-resident counterparties.

<sup>5</sup> Includes debtors, currency (both Maltese lira and foreign), prepayments and other assets.

**TABLE 1.14 MONETARY POLICY OPERATIONS OF THE CENTRAL BANK OF MALTA***Lm thousands*

Period	Liquidity-injection				Liquidity-absorption			
	Reverse repos <sup>1</sup>			Marginal lending during the period <sup>2</sup>	Term deposits <sup>3</sup>			Overnight deposits <sup>4</sup>
	Amount injected	Amount matured	Amount outstanding		Amount absorbed	Amount matured	Amount outstanding	
2003	-	-	-	1,000	3,519,200	3,518,900	104,300	106,400
2004	-	-	-	5,804	2,696,870	2,780,170	21,000	86,850
<b>2005</b>								
Jan.	-	-	-	-	89,900	81,100	29,800	15,000
Feb.	-	-	-	-	89,200	90,000	29,000	3,700
Mar.	23,000	-	23,000	-	44,700	63,700	10,000	6,300
Apr.	9,000	23,000	9,000	-	40,900	50,900	-	58,600
May	34,300	16,300	27,000	-	23,700	16,700	7,000	-
June	6,000	27,000	6,000	-	41,200	47,200	1,000	23,300
July	7,300	13,300	-	-	38,700	12,200	27,500	25,900
Aug.	-	-	-	-	66,350	49,550	44,300	-
Sept.	-	-	-	-	215,000	178,800	80,500	50,550
Oct.	-	-	-	-	276,700	271,500	85,700	3,600
Nov.	-	-	-	2	339,400	350,800	74,300	30,100
Dec.	-	-	-	11	372,000	399,500	46,800	15,900
<b>2006</b>								
Jan.	-	-	-	228	367,900	314,000	100,700	1,100
Feb.	-	-	-	23	443,500	423,200	121,000	52,450
Mar.	-	-	-	160	473,700	515,700	79,000	12,800
Apr.	-	-	-	-	302,600	312,300	69,300	-
May	-	-	-	78	297,200	288,400	78,100	900
June	-	-	-	-	592,300	523,400	147,000	18,500
July	-	-	-	-	597,900	605,900	139,000	-
Aug.	-	-	-	26	638,700	597,900	179,800	6,300
Sept.	-	-	-	43	737,400	765,700	151,500	34,500
Oct.	-	-	-	-	576,100	575,100	152,500	3,500
Nov.	-	-	-	-	568,800	589,600	131,700	16,100
Dec.	-	-	-	3,000	621,900	646,900	106,700	8,800
<b>2007</b>								
Jan.	-	-	-	-	464,800	444,000	127,500	16,500
Feb.	-	-	-	-	540,000	535,400	132,100	9,200
Mar.	-	-	-	600	630,900	643,200	119,800	8,700

<sup>1</sup> The Central Bank of Malta injects liquidity into the banking system through an auction of reverse repos in the event of a liquidity shortage. With effect from 15th September 2005, the maturity period of reverse repos is 7 days.

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

<sup>3</sup> The Central Bank of Malta accepts placements of term deposits by credit institutions, through auctions, in order to absorb excess liquidity from the banking system. Up to 14th September 2005 the maturity period of such deposits was 14 days. Thereafter the maturity period was reduced to 7 days.

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

**TABLE 1.15 FINANCIAL MARKETS**

	2003	2004	2005				2006				2007
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	
<b>INTEREST RATES (%)</b>											
<b>Central Bank of Malta</b>											
Central intervention rate	3.00	3.00	3.00	3.25	3.25	3.25	3.25	3.50	3.50	3.75	4.00
Money market intervention rates:											
Term deposit rate	2.95	2.95	2.95	3.20	3.20	3.20	3.20	3.45	3.45	3.70	3.95
Reverse repo rate	3.05#	3.05#	3.00	3.27	3.30#	3.30#	3.30#	3.55#	3.55#	3.80#	4.05#
Rate on standby (collateralised) loans	3.55	4.50	4.50	4.75	4.25	4.25	4.25	4.50	4.50	4.75	5.00
Rate on overnight deposits	0.30	1.50	1.50	1.75	2.25	2.25	2.25	2.50	2.50	2.75	3.00
Remuneration on required reserves	2.70	2.75	2.75	3.00	3.00	3.00	3.00	3.25	3.25	3.50	3.75
<b>Interbank market offered rates</b>											
Overnight	2.95	2.95	2.95	3.21	3.24	3.18	3.15	3.38	3.35	4.54	3.94
1 week	2.96	2.95	2.95	3.24	3.26	3.27*	3.25	3.41	3.38	3.78*	4.05*
1 month	2.98	2.98	2.98	3.25	3.26	3.29*	3.32*	3.59*	3.59*	3.86*	4.09*
3 month	3.00*	2.80	3.01*	3.29*	3.30*	3.32*	3.34	3.69*	3.73*	3.99*	4.22*
<b>Other Monetary Financial Institutions</b>											
Weighted average deposit rate	2.46	2.04	2.01	2.08	2.11	2.13	2.17	2.20	2.29	2.37	2.62
Current deposits	0.44	0.47	0.46	0.42	0.45	0.45	0.50	0.59	0.56	0.57	0.69
Savings deposits	1.01	0.95	0.95	1.17	1.17	1.17	1.17	1.17	1.18	1.17	1.41
Time deposits	3.45	2.87	2.84	2.90	2.94	2.97	3.00	3.03	3.14	3.27	3.51
Weighted average lending rate	5.29	5.33	5.39	5.59	5.55	5.48	5.47	5.71	5.71	5.90	6.11
Non-financial companies	5.77	5.80	5.82	6.01	6.03	5.95	5.93	6.13	6.16	6.31	6.55
Households and individuals	4.53	4.67	4.80	5.02	4.97	4.93	4.92	5.15	5.13	5.38	5.54
Consumer credit	5.53	6.21	6.51	6.72	6.69	6.70	6.71	6.94	6.91	7.42	7.13
House purchase	4.50	4.34	4.35	4.58	4.58	4.52	4.52	4.73	4.72	4.95	5.18
Other lending	5.29	5.17	6.08	6.44	6.04	6.09	6.14	6.40	6.32	6.46	6.66
<b>Government securities</b>											
Treasury bills (primary market)											
1 month	-	2.96	-	3.26	3.26	-	-	-	3.55	3.51	-
3 month	2.94	2.96	2.98	3.27	3.26	3.22	3.20	3.45	3.65	3.91	4.18
6 month	2.93	2.97	2.98	3.28	3.26	3.23	3.23	3.27	3.75	4.00	4.24
1 year	3.13	2.97	-	3.50	3.40	3.22	3.46	3.70	3.87	4.20	-
Treasury bills (secondary market)											
1 month	2.95	2.95	2.96	3.26	3.26	3.20	3.20	3.46	3.55	3.75	3.99
3 month	2.94	2.96	2.98	3.27	3.26	3.22	3.20	3.46	3.65	3.90	4.18
6 month	2.93	2.97	2.98	3.28	3.26	3.27	3.23	3.52	3.75	4.00	4.24
1 year	2.98	2.97	3.29	3.51	3.40	3.32	3.46	3.70	3.86	4.20	4.26
Long-term debt securities											
2 year	3.39	3.21	3.30	3.55	3.53	3.30	3.39	3.69	3.89	4.18	4.32
5 year	4.37	4.26	4.21	3.88	3.74	3.65	3.63	3.99	4.07	4.17	4.31
10 year	4.71	4.70	4.72	4.56	4.41	4.38	4.35	4.27	4.34	4.33	4.38
15 year	4.96	4.97	4.96	4.96	4.96	4.96	4.38	4.47	4.48	4.48	4.54
<b>MSE SHARE INDEX</b>	2,126	3,069	3,442	3,431	3,938	4,981	6,509	5,428	5,141	4,873	4,815

Note: # denotes the corridor linked to the central intervention rate.

\* denotes Central Bank of Malta fixing rate average.

- denotes that no transactions occurred during the reference period.

**TABLE 2.1 GENERAL GOVERNMENT REVENUE AND EXPENDITURE <sup>1</sup>**

*Lm millions*

Period	Revenue			Expenditure			Deficit (-) /surplus (+)	Primary deficit (-) /surplus (+) <sup>2</sup>
	Current	Capital	Total	Current	Capital	Total		
2003	704.4	10.1	714.5	749.9	150.2	900.1	-185.6	-121.4
2004	751.4	36.6	787.9	792.1	89.3	881.4	-93.5	-22.9
2005	780.2	75.6	855.8	818.1	99.4	917.6	-61.8	14.7
2006	825.1	64.6	889.7	847.0	96.3	943.3	-53.6	23.1
<b>2006</b>								
Mar.	172.9	12.3	185.2	196.9	26.0	222.9	-37.7	-23.4
June	198.5	15.2	213.7	210.0	14.1	224.1	-10.3	9.0
Sept.	205.2	14.1	219.3	210.7	20.3	230.9	-11.6	11.0
Dec.	248.5	23.0	271.5	229.4	35.9	265.4	6.1	26.5
<b>2007</b>								
Mar.	184.6	1.8	186.4	206.6	16.5	223.2	-36.7	-22.3

<sup>1</sup> Based on ESA95 methodology. Data are provisional.

<sup>2</sup> Deficit(-)/surplus(+) excluding interest paid.

Sources: Eurostat; NSO.

**TABLE 2.2 GENERAL GOVERNMENT REVENUE BY MAIN COMPONENTS <sup>1</sup>**

*Lm millions*

Period	Current revenue							Capital revenue			Total revenue	Memo: Fiscal burden <sup>2</sup>
	Direct taxes	Indirect taxes	Social security contributions	Sales	Property income	Other current revenue	Total	Capital taxes	Capital transfers	Total		
2003	223.1	243.0	150.1	35.2	47.5	5.5	704.4	2.7	7.5	10.1	714.5	618.9
2004	220.9	279.5	155.1	42.5	42.1	11.2	751.4	4.0	32.5	36.6	787.9	659.5
2005	232.7	299.3	171.5	41.0	29.8	5.9	780.2	7.5	68.1	75.6	855.8	711.0
2006	257.4	325.5	167.6	40.0	26.9	7.7	825.1	6.3	58.3	64.6	889.7	756.8
<b>2006</b>												
Mar.	38.4	74.3	35.7	10.3	12.8	1.3	172.9	1.4	10.9	12.3	185.2	149.8
June	60.4	80.4	40.1	8.9	7.1	1.7	198.5	1.7	13.5	15.2	213.7	182.5
Sept.	64.9	84.0	42.1	9.3	3.1	1.7	205.2	1.6	12.6	14.1	219.3	192.6
Dec.	93.7	86.8	49.7	11.5	3.9	2.9	248.5	1.7	21.3	23.0	271.5	231.8
<b>2007</b>												
Mar.	42.3	77.9	37.5	9.5	16.1	1.4	184.6	1.7	0.1	1.8	186.4	159.4

<sup>1</sup> Based on ESA95 methodology. Data are provisional.

<sup>2</sup> The fiscal burden comprises taxes and social security contributions.

Sources: Eurostat; NSO.



**TABLE 2.3 GENERAL GOVERNMENT EXPENDITURE BY MAIN COMPONENTS<sup>1</sup>***Lm millions*

Period	Current expenditure							Capital expenditure			Total expenditure
	Compensation of employees	Social benefits	Interest	Intermediate consumption	Subsidies	Other current expenditure	Total	Investment	Capital transfers	Total <sup>2</sup>	
2003	277.9	249.1	64.2	94.8	41.0	22.9	749.9	88.8	59.8	150.2	900.1
2004	282.7	257.2	70.5	107.2	36.9	37.6	792.1	33.3	70.7	89.3	881.4
2005	287.8	270.1	76.5	106.3	42.4	34.9	818.1	98.6	17.5	99.4	917.6
2006	290.8	284.2	76.7	121.1	40.6	33.6	847.0	92.0	12.2	96.3	943.3
<b>2006</b>											
Mar.	72.7	67.8	14.3	26.0	6.8	9.4	196.9	23.9	1.5	26.0	222.9
June	72.4	73.0	19.4	26.3	12.3	6.7	210.0	12.7	2.5	14.1	224.1
Sept.	72.7	68.7	22.6	28.9	7.5	10.3	210.7	19.0	2.1	20.3	230.9
Dec.	73.0	74.7	20.5	40.0	14.0	7.2	229.4	36.5	6.1	35.9	265.4
<b>2007</b>											
Mar.	73.4	72.7	14.4	25.5	10.8	9.9	206.6	18.1	2.1	16.5	223.2

<sup>1</sup> Based on ESA95 methodology. Data are provisional.<sup>2</sup> Capital expenditure total includes acquisitions less disposals of non-financial non-produced assets.

Sources: Eurostat; NSO.

**TABLE 2.4 GENERAL GOVERNMENT EXPENDITURE BY FUNCTION<sup>1</sup>***Lm millions*

Period	General public services	Defence	Public order & safety	Economic affairs	Environment protection	Housing & community amenities	Health	Recreation, culture & religion	Education	Social protection	Total
2003	117.7	16.4	33.0	190.9	16.7	27.9	115.5	10.8	115.3	256.0	900.1
2004	149.9	19.2	32.2	133.5	18.4	21.4	118.9	11.9	110.8	265.3	881.4
2005	152.3	19.3	33.1	126.5	21.2	22.1	134.4	15.7	115.2	277.9	917.6

<sup>1</sup> Based on Classification of Functions of Government (COFOG). Data are provisional.

Sources: Eurostat; NSO.

**TABLE 2.5 GENERAL GOVERNMENT DEFICIT-DEBT ADJUSTMENT <sup>1</sup>**

*Lm millions*

Period	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment							
			Transactions in main financial assets				Valuation effects	Other changes in volume	Other <sup>2</sup>	Total
			Currency and deposits	Loans	Debt securities	Shares and other equity				
2003	201.9	-185.6	66.5	-22.8	0.0	0.7	-0.9	0.0	-27.2	16.4
2004	89.9	-93.5	-0.7	-3.9	0.0	0.3	-4.5	-1.2	6.5	-3.6
2005	45.4	-61.8	30.7	0.2	0.0	-25.5	-13.1	-5.7	-3.0	-16.3
2006	-44.4	-53.6	12.4	-1.2	0.0	-94.0	-0.3	0.0	-14.9	-98.0

<sup>1</sup> Based on ESA95 methodology. Data are provisional.

<sup>2</sup> Mainly comprising transactions in other assets and liabilities (trade credits and other receivables/payables).

Source: Eurostat.

**TABLE 2.6 GENERAL GOVERNMENT DEBT AND GUARANTEED DEBT OUTSTANDING**

*Lm millions*

Period	Debt securities			Loans			Total general government debt <sup>1</sup>	Government guaranteed debt <sup>2</sup>
	Short-term	Long-term	Total	Short-term	Long-term	Total		
2003	232.3	907.1	1,139.3	55.5	110.2	165.7	1,305.1	226.3
2004	245.4	1,011.4	1,256.7	40.4	97.8	138.2	1,395.0	261.6
2005	190.2	1,122.4	1,312.6	32.9	94.9	127.8	1,440.4	271.0
<b>2006</b>								
Mar.	179.0	1,147.4	1,326.3	10.7	115.5	126.2	1,452.5	269.8
June	121.3	1,147.4	1,268.7	7.2	116.1	123.3	1,392.0	239.6
Sept.	153.6	1,133.7	1,287.2	8.0	112.5	120.4	1,407.7	251.9
Dec.	160.5	1,123.7	1,284.1	9.9	102.0	111.9	1,396.0	249.3
<b>2007</b>								
Mar.	171.7	1,123.9	1,295.6	10.7	100.5	111.2	1,406.8	240.4

<sup>1</sup> In line with Maastricht criteria, which define general government debt as total gross debt at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government. Data are provisional.

<sup>2</sup> Represents outstanding balances on central government guaranteed debt.

Sources: Eurostat; NSO.

**TABLE 2.7 TREASURY BILLS ISSUED AND OUTSTANDING<sup>1</sup>**

*Lm millions*

End of period	Amount maturing during period	Amount issued in primary market and taken up by			Amount outstanding <sup>3</sup> and held by		
		OMFIs	Others <sup>2</sup>	Total	MFIs	Others <sup>2</sup>	Total
2003	712.6	607.7	124.4	732.1	198.3	34.0	232.3
2004	595.7	502.3	106.5	608.8	200.4	45.0	245.4
<b>2005</b>							
Jan.	40.0	14.8	14.1	29.0	184.0	50.3	234.3
Feb.	47.0	61.0	9.8	70.8	208.5	49.6	258.1
Mar.	36.5	8.2	9.6	17.7	202.7	36.6	239.3
Apr.	33.2	33.4	3.4	36.8	210.7	32.3	242.9
May.	48.7	10.0	2.0	12.0	184.1	22.2	206.2
June	51.5	58.5	2.1	60.6	197.3	18.0	215.3
July	64.8	39.5	14.7	54.2	175.1	29.6	204.7
Aug.	32.0	17.8	3.6	21.4	167.6	26.5	194.1
Sept.	48.3	21.0	7.6	28.6	147.5	27.0	174.5
Oct.	49.3	38.8	16.2	55.0	147.8	32.4	180.1
Nov.	34.5	17.6	9.7	27.3	134.9	38.1	173.0
Dec.	31.4	36.1	12.5	48.6	150.9	39.3	190.2
<b>2006</b>							
Jan.	52.0	19.4	13.6	33.0	129.6	41.7	171.3
Feb.	35.3	19.0	24.7	43.7	122.4	57.2	179.6
Mar.	45.8	20.3	24.9	45.3	114.7	64.3	179.0
Apr	27.6	15.0	15.5	30.5	111.9	69.9	181.8
May	35.4	6.5	14.1	20.6	101.7	65.3	167.0
June	61.7	7.0	9.0	16.0	64.5	56.9	121.3
July	30.5	30.1	13.5	43.6	80.9	53.5	134.4
Aug.	28.5	22.0	9.7	31.7	87.8	49.7	137.5
Sept.	18.2	19.1	15.2	34.3	94.3	59.3	153.6
Oct.	43.7	12.4	9.8	22.2	76.7	55.4	132.1
Nov.	29.6	47.0	13.9	60.9	105.3	58.2	163.4
Dec.	17.4	6.5	8.0	14.5	107.2	53.3	160.5
<b>2007</b>							
Jan.	16.8	3.0	1.4	4.4	106.2	41.9	148.1
Feb.	50.7	48.5	14.0	62.5	120.7	39.3	160.0
Mar.	32.7	38.0	6.4	44.4	141.9	29.8	171.7

<sup>1</sup> Amounts are at nominal prices.

<sup>2</sup> Includes the Malta Government sinking fund.

<sup>3</sup> On 16 December 1996, the maximum amount of permissible outstanding bills was raised from Lm100 million to Lm200 million, and on 27 November 2002 this was raised further to Lm300 million.

Source: Central Bank of Malta; The Treasury.

**TABLE 2.8 TREASURY BILLS ISSUED AND OUTSTANDING<sup>1</sup>**  
*as at end-March 2007*

*Lm millions*

Issue date	Maturity date	Primary market weighted average rate (%)	Secondary market		Amount issued in the primary market taken up by		Amount outstanding and held by		Total amount issued / outstanding <sup>5</sup>
			Retail CBM offer rate (%) <sup>2</sup>	Wholesale CBM offer rate (%) <sup>3</sup>	OMFIs	Others <sup>4</sup>	MFIs	Others <sup>4</sup>	
12/01/2007	13/04/2007	3.88	3.94	3.96	0.0	1.4	0.0	1.4	1.4
13/10/2006	13/04/2007	3.76	3.94	3.96	0.4	0.5	0.4	0.5	0.9
19/01/2007	20/04/2007	3.85	3.95	3.98	3.0	0.0	3.0	0.0	3.0
02/02/2007	04/05/2007	4.04	3.99	4.01	6.0	2.7	6.1	2.6	8.7
10/11/2006	11/05/2007	4.00	4.01	4.03	12.0	0.8	12.0	0.8	12.8
16/02/2007	18/05/2007	4.05	4.03	4.05	13.0	5.9	13.0	5.9	18.9
23/02/2007	25/05/2007	4.10	4.05	4.08	15.0	4.3	15.1	4.3	19.3
02/03/2007	01/06/2007	4.12	4.07	4.10	13.0	0.7	13.0	0.7	13.7
07/09/2006	08/06/2007	3.89	4.09	4.12	0.5	0.1	0.5	0.1	0.6
16/03/2007	15/06/2007	4.12	4.11	4.14	0.0	0.5	0.0	0.5	0.5
23/03/2007	22/06/2007	4.18	4.14	4.16	12.0	2.2	12.0	2.2	14.2
30/06/2006	28/06/2007	3.70	4.15	4.18	7.0	1.3	7.0	1.3	8.3
06/10/2006	06/07/2007	3.82	4.16	4.18	9.0	0.8	9.2	0.7	9.8
10/11/2006	10/08/2007	4.07	4.18	4.21	10.0	0.0	10.0	0.0	10.0
16/02/2007	17/08/2007	4.19	4.19	4.21	4.0	0.3	4.0	0.3	4.3
22/09/2006	20/09/2007	3.87	4.21	4.23	12.0	4.7	12.0	4.7	16.7
30/03/2007	28/09/2007	4.24	4.21	4.24	7.0	0.5	7.0	0.5	7.5
09/02/2007	09/11/2007	4.23	4.22	4.25	10.5	0.8	10.5	0.8	11.3
09/03/2007	07/12/2007	4.26	4.23	4.25	6.0	2.6	6.0	2.6	8.6
15/12/2006	14/12/2007	4.20	4.23	4.25	1.0	0.2	1.0	0.2	1.2
Total					141.4	30.3	141.9	29.8	171.7

<sup>1</sup> Amounts are at nominal prices.

<sup>2</sup> For amounts lower than Lm50,000.

<sup>3</sup> For amounts equal to or higher than Lm50,000.

<sup>4</sup> Includes the Malta Government sinking fund.

<sup>5</sup> On 16 December 1996, the maximum amount of permissible outstanding bills was raised from Lm100 million to Lm200 million, and on 27 November 2002 this was raised further to Lm300 million.

*Source: Central Bank of Malta; The Treasury.*

**TABLE 2.9 MALTA GOVERNMENT LONG-TERM DEBT  
SECURITIES OUTSTANDING<sup>1</sup>  
as at end-March 2007**

*Lm millions*

Coupon rate (%)	Year of maturity	Year of issue	Issue price (Lm)	ISMA Yield (%)	Interest dates	Held by		Amount
						MFIs	Others	
7.35	2007	1997	100	4.34	18/04 - 18/10	17.2	7.6	24.8
5.90	2007 (II)	1999	100	N/A	23/04 - 23/10	9.0	1.0	10.0
5.60	2007 (III)	2000	100	4.20	10/06 - 10/12	23.7	11.5	35.2
7.20	2008	1998	100	4.35	10/06 - 10/12	9.3	0.7	10.0
7.20	2008 (II)	1998	100	4.34	28/02 - 28/08	21.4	8.6	30.0
7.00	2009	1999	100	4.33	30/06 - 30/12	0.0	0.1	0.1
5.90	2009 (II)	1999	100	4.33	01/03 - 01/09	15.0	10.0	25.0
5.90	2009 (III)	2000/2005	100/107.8	4.33	30/03 - 30/09	59.1	5.2	64.3
5.90	2010	1999	100	4.33	19/05 - 19/11	13.7	1.3	15.0
5.75	2010 (II)	2000	100	4.33	10/06 - 10/12	16.6	1.9	18.5
7.00	2010 (III) <sup>2</sup>	2000	100	4.33	30/06 - 30/12	0.0	0.5	0.5
5.40	2010 (IV)	2003/2004	100/104.5	4.33	21/02 - 21/08	12.4	35.6	48.0
7.50	2011	1996	100	4.33	28/03 - 28/09	4.6	10.4	15.0
6.25	2011 (II)	2001	100	4.33	01/02 - 01/08	20.8	19.2	40.0
7.00	2011 (III) <sup>2</sup>	2002	100	4.33	30/06 - 30/12	0.0	0.1	0.1
7.80	2012	1997	100	4.33	24/05 - 24/11	10.7	23.8	34.5
7.00	2012 (II) <sup>2</sup>	2002	100	4.33	30/06 - 30/12	0.0	0.2	0.2
5.70	2012 (III) FI <sup>3</sup>	2005	100/108/108.5/109.7	4.33	30/03 - 30/09	58.7	57.3	116.0
7.80	2013	1997	100	4.34	18/04 - 18/10	10.6	23.6	34.2
6.35	2013 (II)	2001	100	4.34	19/05 - 19/11	1.0	25.0	26.0
7.00	2013 (III)	2003	100	4.34	30/06 - 30/12	0.0	0.1	0.1
6.60	2014	2000	100	4.35	30/03 - 30/09	0.8	9.7	10.5
6.45	2014 (II)	2001	100	4.35	24/05 - 24/11	7.7	22.3	30.0
5.10	2014 (III) FI	03/04/2006	100/103.25/105.5	4.35	06/01 - 06/07	10.5	55.8	66.3
7.00	2014 (IV) <sup>2</sup>	2004	100	4.35	30/06 - 30/12	0.0	1.7	1.7
6.10	2015	2000	100	4.36	10/06 - 10/12	9.4	20.6	30.0
5.90	2015 (II) FI <sup>3</sup>	2002/2003	100/102	4.37	09/04 - 09/10	0.7	39.5	40.2
7.00	2015 (III)	2005	100	4.37	30/06 - 30/12	0.0	0.3	0.3
7.00	2015	2005	100	4.37	03/05 - 03/11	0.0	0.3	0.3
6.65	2016	2001	100	4.37	28/03 - 28/09	2.8	27.2	30.0
4.80	2016 (II) FI <sup>3</sup>	03/04/2006	100/101/104	4.38	26/05 - 26/11	14.9	65.1	80.0
7.00	2016 (III)	2006	100	4.38	30/06 - 30/12	0.0	1.5	1.5
7.00	2017	2007	100	4.41	18/02 - 18/08	0.0	0.3	0.3
7.80	2018	1998	100	4.43	15/01 - 15/07	16.2	53.8	70.0
6.60	2019	1999	100	4.46	01/03 - 01/09	11.8	32.2	44.0
5.00	2021 FI/(I)FI <sup>3</sup>	2004/2005	100	4.52	08/02 - 08/08	6.8	103.2	110.0
5.10	2022	2004	100	4.54	16/02 - 16/08	0.8	29.7	30.5
5.50	2023	2003	100	4.55	06/01 - 06/07	0.1	33.7	33.8
Total						386.4	740.5	1,126.9

<sup>1</sup> Amounts are at nominal prices.

<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 Lm110 per Lm100 nominal.

<sup>3</sup> Fungible issue. That is, the Accountant General reserves the right to issue, in future, additional amounts of the present stock. In the event of such future issues, these would be amalgamated with the existing stock.

Note: N/A implies rates not quoted as the stock is close to maturity.

Source: Central Bank of Malta; MSE.

**TABLE 2.10 MALTA GOVERNMENT LONG-TERM DEBT SECURITIES  
OUTSTANDING BY REMAINING TERM TO MATURITY<sup>1</sup>**

*Lm millions*

Period	1 yr	2-5 yrs	6-10 yrs	11-15 yrs	16 yrs and over	Total
2003	44.6	209.4	310.5	270.7	77.8	913.0
2004	55.0	243.8	342.4	269.2	104.3	1,014.7
<b>2005</b>						
Mar.	99.4	281.4	350.5	199.0	124.3	1,054.7
June	75.9	281.4	385.5	199.0	149.3	1,091.2
Sept.	44.4	281.4	425.8	199.0	174.3	1,125.0
Dec.	44.4	281.4	426.2	199.0	174.3	1,125.3
<b>2006</b>						
Mar.	44.4	281.4	426.2	224.0	174.3	1,150.3
June	89.7	276.2	416.2	194.0	174.3	1,150.3
Sept.	55.3	291.2	420.4	305.5	64.3	1,136.6
Dec.	70.0	417.2	351.1	254.5	33.8	1,126.6
<b>2007</b>						
Mar.	70.0	266.5	501.8	224.3	64.3	1,126.9

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

Sources: Central Bank of Malta; MSE.

**TABLE 2.11 GENERAL GOVERNMENT EXTERNAL LOANS  
BY CURRENCY<sup>1</sup> AND REMAINING TERM TO MATURITY<sup>2</sup>**

*Lm millions*

End of Period	EUR		USD		Other foreign currency		Total
	Short term	Long term	Short term	Long term	Short term	Long term	
2003	0.9	76.3	0.5	7.0	0.0	1.3	86.0
2004	0.5	72.4	0.0	5.3	0.0	0.9	79.1
2005	7.3	61.0	0.0	4.6	0.0	0.7	73.6
<b>2006</b>							
Mar.	7.3	60.0	0.0	4.4	0.0	0.7	72.3
June	7.3	59.3	0.0	3.8	0.0	0.6	71.1
Sept.	7.3	58.1	0.0	3.8	0.0	0.8	69.9
Dec.	0.0	57.7	0.4	2.4	0.0	0.5	61.1
<b>2007</b> <sup>3</sup>							
Mar.	0.0	56.6	0.4	2.3	0.0	0.5	59.9

<sup>1</sup> Converted into Maltese liri using the closing Central Bank of Malta midpoint rate as at the end of the reference period.

<sup>2</sup> Including external loans of the extra budgetary units. Short term maturity refers to loans falling due within 1 year from the end of the reference quarter, whereas long term maturity refers to loans falling due after more than 1 year from the end of the reference quarter.

<sup>3</sup> Provisional.

**TABLE 3.1 MALTESE LIRA EXCHANGE RATES AGAINST MAJOR CURRENCIES<sup>1</sup>**

*end of period closing middle rates*

Period		EUR	USD	GBP	JPY	CHF	AUD	CAD
2003		0.4317	2.9197	1.6351	312.16	3.6104	3.8859	3.7692
2004		0.4343	3.1393	1.6252	321.71	3.5536	4.0301	3.7866
2005		0.4293	2.7570	1.6012	323.95	3.6230	3.7588	3.2072
2006		0.4293	3.0699	1.5639	364.89	3.7463	3.8869	3.5642
<b>2006</b>								
Oct.	6	0.4293	2.9371	1.5658	348.35	3.7009	3.9512	3.3032
	13	0.4293	2.9168	1.5708	348.84	3.7180	3.8849	3.3182
	20	0.4293	2.9406	1.5601	347.89	3.6972	3.8719	3.2984
	27	0.4293	2.9612	1.5621	349.21	3.7042	3.8578	3.3202
Nov.	3	0.4293	2.9557	1.5567	349.22	3.7137	3.8453	3.3442
	10	0.4293	2.9971	1.5658	351.82	3.7082	3.9032	3.3840
	17	0.4293	2.9769	1.5782	352.08	3.7259	3.8944	3.4128
	24	0.4293	3.0478	1.5768	352.70	3.6841	3.9180	3.4531
Dec.	1	0.4293	3.0861	1.5672	358.25	3.6995	3.9031	3.5247
	7	0.4293	3.0927	1.5756	356.20	3.7000	3.9142	3.5529
	15	0.4293	3.0707	1.5618	361.37	3.7213	3.9171	3.5453
	22	0.4293	3.0742	1.5642	364.00	3.7332	3.9076	3.5469
	29	0.4293	3.0699	1.5639	364.89	3.7463	3.8869	3.5642
<b>2007</b>								
Jan.	5	0.4293	3.0296	1.5696	359.67	3.7491	3.8805	3.5646
	12	0.4293	3.0064	1.5390	361.96	3.7550	3.8574	3.5225
	19	0.4293	3.0161	1.5285	366.03	3.7708	3.8274	3.5375
	26	0.4293	3.0096	1.5342	365.50	3.7707	3.8909	3.5536
Feb.	2	0.4293	3.0283	1.5416	367.35	3.7706	3.9174	3.5862
	9	0.4293	3.0282	1.5549	367.96	3.7813	3.9011	3.5601
	16	0.4293	3.0533	1.5670	364.19	3.7774	3.8878	3.5538
	23	0.4293	3.0592	1.5593	370.87	3.7870	3.8727	3.5405
Mar.	2	0.4293	3.0694	1.5800	358.54	3.7448	3.9227	3.6044
	9	0.4293	3.0514	1.5809	360.76	3.7669	3.9086	3.5834
	16	0.4293	3.1051	1.5942	362.95	3.7441	3.8924	3.644
	23	0.4293	3.1010	1.5791	365.02	3.7690	3.8424	3.5876
	30	0.4293	3.1014	1.5850	366.71	3.7865	3.8397	3.5802

<sup>1</sup> All the above exchange rates denote units of foreign currency per one Maltese lira, with the exception of the rate against the euro, which denotes units of Maltese lira per one euro.

**TABLE 3.2 MALTESE LIRA EXCHANGE RATES AGAINST  
MAJOR CURRENCIES**

*averages for the period <sup>1</sup>*

Period	EUR	USD	GBP	JPY	CHF	AUD	CAD
2003	0.4261	2.6543	1.6237	307.39	3.5683	4.0806	3.7134
2004	0.4279	2.9061	1.5853	314.19	3.6085	3.9469	3.7801
2005	0.4299	2.8959	1.5910	318.35	3.6015	3.7978	3.5121
2006	0.4293	2.9260	1.5882	340.24	3.6642	3.8828	3.3182
<b>2006</b>							
Jan.	0.4293	2.8233	1.5983	325.81	3.6082	3.7644	3.2703
Feb.	0.4293	2.7825	1.5913	327.91	3.6302	3.7514	3.1988
Mar.	0.4293	2.7992	1.6047	328.18	3.6541	3.8470	3.2380
Apr.	0.4293	2.8576	1.6178	334.50	3.6687	3.8832	3.2739
May	0.4293	2.9753	1.5916	332.33	3.6253	3.8957	3.3029
June	0.4293	2.9488	1.5987	337.85	3.6330	3.9820	3.2821
July	0.4293	2.9561	1.6026	341.74	3.6538	3.9319	3.3340
Aug.	0.4293	2.9850	1.5774	345.80	3.6744	3.9108	3.3399
Sept.	0.4293	2.9677	1.5726	347.45	3.6891	3.9243	3.3100
Oct.	0.4293	2.9381	1.5674	348.68	3.7039	3.8997	3.3160
Nov.	0.4293	3.0010	1.5699	351.88	3.7089	3.8866	3.4082
Dec.	0.4293	3.0776	1.5665	360.73	3.7210	3.9163	3.5440
<b>2007</b>							
Jan.	0.4293	3.0247	1.5445	364.38	3.7633	3.8665	3.5578
Feb.	0.4293	3.0459	1.5556	367.10	3.7768	3.8928	3.5671
Mar.	0.4293	3.0825	1.5834	361.87	3.7576	3.8930	3.6021

<sup>1</sup> Calculated on the arithmetic mean of the daily opening and closing Central Bank of Malta middle rates. All the above exchange rates denote units of foreign currency per one Maltese lira, with the exception of the rate against the euro, which denotes units of Maltese lira per one euro.



**TABLE 3.3 BALANCE OF PAYMENTS -  
CURRENT AND CAPITAL ACCOUNTS**  
(*transactions*)

*Lm millions*

€m millions

Period	Current account									Capital account	
	Goods		Services		Income		Current transfers		Total		
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		Credit	Debit
2003	975.0	1217.6	520.0	337.2	340.8	350.4	103.9	93.2	-58.6	7.1	0.5
2004 <sup>1</sup>	937.1	1238.5	544.0	360.2	336.2	356.7	120.0	100.4	-118.6	29.9	1.3
2005 <sup>1</sup>	885.3	1275.5	570.1	406.9	417.9	499.4	226.4	103.7	-185.8	71.2	4.4
2006 <sup>1</sup>	988.4	1406.1	653.1	509.2	628.5	678.4	363.3	181.4	-141.7	66.4	1.6
<b>2005</b> <sup>1</sup>											
Mar.	198.3	281.8	101.0	88.8	91.0	108.4	51.9	23.9	-60.6	17.1	0.3
June	220.7	324.2	148.4	100.9	98.8	118.0	52.9	25.3	-47.7	14.4	0.2
Sept.	213.8	308.0	196.3	105.9	101.6	117.7	53.8	22.1	12.0	12.8	0.6
Dec.	252.6	361.6	124.4	111.3	126.5	155.3	67.7	32.5	-89.5	27.0	3.2
<b>2006</b> <sup>1</sup>											
Mar.	220.9	335.9	123.0	110.2	138.8	155.8	88.6	30.3	-61.0	11.5	0.4
June	248.3	371.4	161.4	125.0	146.8	158.1	86.6	35.9	-47.3	12.9	0.3
Sept.	238.7	349.5	211.9	127.7	173.7	192.0	111.5	54.9	11.7	13.9	0.4
Dec.	280.6	349.3	156.8	146.3	169.3	172.5	76.6	60.3	-45.1	28.1	0.5
<b>2007</b> <sup>1</sup>											
Mar.	236.0	316.2	131.4	123.2	167.9	189.0	71.5	27.5	-49.2	2.0	0.3

<sup>1</sup> Provisional.

<sup>2</sup> Figures may not add up due to rounding.

Source: NSO.

**TABLE 3.4 BALANCE OF PAYMENTS -  
FINANCIAL ACCOUNT**  
(transactions)

*Lm millions*

Period	Financial account <sup>1</sup>										Errors & omissions
	Direct investment		Portfolio investment		Financial derivatives		Other investment		Official reserve assets	Total	
	Abroad	In Malta	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities			
2003	-207.2	365.1	-591.6	-7.2	-1.8	10.8	-23.0	550.8	-54.7	41.2	10.8
2004 <sup>2</sup>	-2.6	139.6	-723.3	1.6	-249.0	242.9	-438.7	1025.3	69.2	65.2	24.9
2005 <sup>2</sup>	7.0	224.0	-929.9	12.4	-383.9	376.0	-961.9	1862.6	-80.6	125.6	-6.6
2006 <sup>2</sup>	-1.1	598.9	-810.9	-6.1	290.3	-382.9	-1453.9	1958.1	-35.7	156.7	-79.8
<b>2005<sup>2</sup></b>											
Mar.	13.2	55.5	-61.8	6.3	-21.1	15.7	11.6	44.5	35.4	99.4	-55.6
June	13.0	64.2	11.5	-0.2	-23.1	21.4	-245.5	203.8	17.6	62.6	-29.1
Sept.	-19.4	56.1	-243.2	1.0	-72.5	70.1	-1103.6	1367.4	-97.3	-41.3	17.2
Dec.	0.2	48.2	-636.5	5.3	-267.2	268.7	375.6	246.9	-36.3	4.8	61.0
<b>2006<sup>2</sup></b>											
Mar.	-0.8	60.5	-139.7	-4.0	-239.7	246.4	-514.5	619.6	55.8	83.7	-33.8
June	-0.7	357.4	-690.5	-6.7	272.4	-367.7	-799.6	1335.6	-71.2	28.9	5.9
Sept.	1.2	80.5	150.3	5.8	56.0	-61.3	-186.4	-47.0	-39.2	-40.0	14.8
Dec.	-0.8	100.5	-131.1	-1.2	201.5	-200.3	46.7	49.9	18.9	84.1	-66.6
<b>2007<sup>2</sup></b>											
Mar.	2.6	61.1	-53.8	0.6	-92.8	94.8	-906.0	906.7	61.5	74.6	-27.1

<sup>1</sup> A negative sign implies an increase in assets or a decrease in liabilities. A positive sign implies a decrease in assets or an increase in liabilities.

<sup>2</sup> Provisional.

Source: NSO.

**TABLE 3.5 OFFICIAL RESERVE ASSETS***Lm millions*

End of period	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange			Total
				Currency and deposits	Securities other than shares	Other reserve assets <sup>1</sup>	
2003	0.6	15.2	20.5	681.6	225.1	1.6	944.6
2004	0.6	15.3	20.0	399.7	435.5	0.0	871.1
2005	0.8	16.7	21.0	290.6	609.8	0.8	939.7
<b>2006</b>							
Jan.	1.3	16.5	20.7	239.1	633.2	1.1	911.9
Feb.	1.5	16.9	20.9	244.4	630.0	-1.2	912.5
Mar.	1.5	16.6	20.6	203.4	635.2	1.4	878.7
Apr.	1.6	16.4	20.2	215.2	613.0	2.6	869.0
May	1.0	16.4	20.1	305.7	588.6	3.5	935.3
June	1.0	16.4	20.1	323.4	577.5	1.4	939.8
July	1.8	16.4	20.1	317.4	591.1	-0.2	946.6
Aug.	1.7	16.6	20.0	350.0	579.5	-2.1	965.7
Sept.	1.3	16.8	20.2	376.6	570.9	-1.0	984.8
Oct.	1.3	16.7	20.1	362.7	588.0	-2.7	986.1
Nov.	1.3	16.7	19.8	340.2	587.7	0.4	966.1
Dec.	1.3	16.8	19.8	355.3	569.2	-0.2	962.2
<b>2007</b>							
Jan.	1.4	16.9	20.0	305.3	589.9	-2.4	931.1
Feb.	1.4	16.9	19.7	303.0	576.8	1.4	919.2
Mar.	1.2	16.9	19.6	298.5	561.9	2.0	900.1

<sup>1</sup> Comprising gains or losses on financial derivatives (net).**TABLE 3.6 INTERNATIONAL INVESTMENT POSITION (IIP)**  
*end of period amounts**Lm millions*

Period	Direct investment		Portfolio investment		Financial derivatives		Other investments		Official reserve assets	IIP (net)
	Abroad	In Malta	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
2003	316.3	1123.7	2404.3	141.3	1.8	10.8	2491.4	4116.8	944.6	765.7
2004 <sup>1</sup>	337.0	1261.9	3051.9	154.1	255.6	265.1	2876.2	4948.2	871.1	762.3
2005 <sup>1</sup>	329.0	1421.3	4299.9	181.9	653.1	650.2	4053.4	7144.7	939.7	877.0

<sup>1</sup> Provisional.

Source: NSO.

**TABLE 3.7 MALTA'S FOREIGN TRADE***Lm millions*

Period	Exports (f.o.b.)	Imports (c.i.f.)	Balance of trade
2003	928.3	1281.3	(353.0)
2004 <sup>1</sup>	905.4	1315.4	(410.0)
2005 <sup>1</sup>	822.9	1316.8	(493.9)
2006 <sup>1</sup>	946.8	1450.4	(503.6)
<b>2006<sup>1</sup></b>			
Jan.	72.5	95.8	(23.3)
Feb.	61.5	123.5	(62.0)
Mar.	76.4	129.6	(53.2)
Apr.	75.7	120.0	(44.3)
May	83.1	131.0	(47.9)
June	78.8	133.1	(54.3)
July	72.9	122.1	(49.2)
Aug.	71.2	123.9	(52.7)
Sept.	83.6	111.2	(27.6)
Oct.	86.8	129.2	(42.4)
Nov.	106.2	123.6	(17.4)
Dec.	78.1	107.4	(29.3)
<b>2007<sup>1</sup></b>			
Jan.	69.3	103.1	(33.8)
Feb.	67.9	104.5	(36.6)
Mar.	89.9	121.9	(32.0)

<sup>1</sup> Provisional.

Source: NSO.

**TABLE 3.8 DIRECTION OF TRADE - TOTAL EXPORTS**

*Lm millions*

Period	EU (of which):								All others (of which):			Total
	Euro area (of which):					UK	Other EU	Total				
	France	Germany	Italy	Other Euro area	Total							
2003	120.2	95.2	31.5	39.0	305.6	109.0	15.7	430.3	255.2	134.2	108.6	928.3
2004 <sup>1</sup>	140.6	97.5	27.0	31.0	296.1	102.9	12.2	411.2	225.5	141.8	126.9	905.4
2005 <sup>1</sup>	121.9	101.0	43.0	39.0	305.0	92.1	33.4	430.5	181.5	113.1	97.8	822.9
2006 <sup>1</sup>	141.8	121.1	34.4	52.8	350.2	88.1	35.4	473.9	269.1	118.3	85.6	946.8
2006 <sup>1</sup>												
Jan.	10.1	8.6	2.2	3.2	24.1	7.3	1.7	33.1	19.6	12.7	7.1	72.5
Feb.	10.2	8.7	2.4	3.4	24.7	7.6	2.1	34.4	15.6	8.8	2.7	61.5
Mar.	11.6	11.5	3.6	4.4	31.1	6.8	2.7	40.6	19.4	9.9	6.5	76.4
Apr.	12.0	9.4	2.8	4.9	29.1	7.1	2.8	39.0	16.9	10.2	9.6	75.7
May	12.2	10.7	3.7	5.9	32.5	9.4	3.3	45.2	19.7	10.0	8.2	83.1
June	12.1	8.7	3.0	7.3	31.1	8.5	3.6	43.2	19.6	8.5	7.5	78.8
July	11.5	9.9	2.9	5.1	29.4	7.7	3.3	40.4	19.3	7.7	5.5	72.9
Aug.	12.1	9.8	2.4	3.9	28.2	6.4	2.7	37.3	20.0	8.1	5.8	71.2
Sep.	12.8	12.4	3.1	3.6	31.9	6.8	3.7	42.4	23.4	10.4	7.4	83.6
Oct.	11.7	11.4	3.3	3.3	29.7	7.4	3.1	40.2	27.5	11.9	7.2	86.8
Nov.	14.1	11.6	2.8	4.3	32.8	8.4	3.3	44.5	42.3	10.4	9.0	106.2
Dec.	11.5	8.5	2.4	3.3	25.7	4.7	3.1	33.5	25.8	9.7	9.1	78.1
2007 <sup>1</sup>												
Jan.	9.5	10.6	2.9	3.2	26.2	8.3	2.5	37.0	17.2	8.3	6.8	69.3
Feb.	8.2	9.4	2.6	4.1	24.3	6.9	2.8	34.0	17.0	9.0	7.9	67.9
Mar.	11.0	13.4	3.6	6.0	34.0	9.6	3.4	47.0	23.9	9.7	9.3	89.9

<sup>1</sup> Provisional.

Source: NSO.

**TABLE 3.9 DIRECTION OF TRADE - TOTAL IMPORTS***Lm millions*

Period	EU (of which):								All others (of which):			Total
	Euro area (of which):					UK	Other EU	Total				
	France	Germany	Italy	Other Euro area	Total							
2003	218.9	101.0	294.4	118.2	732.5	118.6	16.3	867.4	201.7	103.9	108.3	1,281.3
2004 <sup>1</sup>	171.4	116.4	335.9	135.1	758.8	157.4	35.5	951.7	210.2	69.9	83.6	1,315.4
2005 <sup>1</sup>	121.3	106.5	408.4	143.0	779.1	143.7	31.8	954.7	179.4	69.7	113.0	1,316.8
2006 <sup>1</sup>	137.1	111.1	410.4	158.1	816.7	146.2	29.7	992.7	272.5	76.9	108.3	1,450.4
<b>2006<sup>1</sup></b>												
Jan.	4.7	8.2	24.9	9.7	47.5	9.9	2.4	59.8	19.5	5.4	11.1	95.8
Feb.	11.7	11.7	35.6	12.2	71.2	9.6	2.9	83.7	14.0	13.2	12.6	123.5
Mar.	10.7	9.9	29.4	13.6	63.6	13.1	2.6	79.3	19.0	7.5	23.8	129.6
Apr.	12.1	8.1	41.4	15.0	76.6	11.5	2.1	90.2	19.4	5.9	4.5	120.0
May	13.0	11.1	37.2	18.2	79.5	12.2	2.4	94.1	22.5	7.3	7.1	131.0
June	11.7	8.2	47.6	15.4	82.9	10.1	3.2	96.2	20.8	6.3	9.8	133.1
July	13.4	9.4	36.8	14.0	73.6	14.7	2.3	90.6	21.6	4.9	5.0	122.1
Aug.	9.9	7.8	32.1	11.7	61.5	13.8	1.9	77.2	35.3	5.7	5.7	123.9
Sep.	12.6	8.6	31.1	11.1	63.4	11.1	2.3	76.8	24.3	5.3	4.8	111.2
Oct.	10.9	9.0	35.7	13.5	69.1	15.3	3.2	87.6	29.1	5.7	6.8	129.2
Nov.	14.1	10.2	27.0	12.4	63.7	15.5	2.2	81.4	27.9	6.7	7.6	123.6
Dec.	12.3	8.9	31.6	11.3	64.1	9.5	2.2	75.8	19.1	3.0	9.5	107.4
<b>2007<sup>1</sup></b>												
Jan.	6.4	9.5	25.3	9.6	50.8	13.7	2.0	66.5	20.7	4.8	11.1	103.1
Feb.	10.2	7.7	29.0	11.2	58.1	13.4	3.6	75.1	18.3	5.4	5.6	104.4
Mar.	8.4	10.7	35.4	12.5	67.0	14.2	2.3	83.5	24.2	5.3	8.9	121.9

<sup>1</sup> Provisional.

Source: NSO.

**TABLE 4.1a GROSS DOMESTIC PRODUCT, GROSS NATIONAL INCOME AND  
EXPENDITURE COMPONENTS<sup>1</sup>**  
*at current market prices*

*Lm millions*

Period	Domestic demand					External balance			Gross Domestic Product	Gross National Income
	Private consumption <sup>2</sup>	General government consumption	Gross fixed capital formation	Changes in inventories <sup>3</sup>	Total	Exports of goods and services	Imports of goods and services	Net		
2003	1,218.1	387.2	369.8	-58.7	1,916.3	1,522.4	1,554.8	-32.4	1,883.9	1,874.3
2004	1,273.2	401.3	375.3	-57.4	1,992.3	1,524.9	1,598.8	-73.9	1,918.5	1,893.2
2005	1,335.3	409.4	406.1	24.6	2,175.4	1,562.5	1,682.4	-119.9	2,055.6	1,971.3
2006	1,398.3	430.4	421.5	33.4	2,283.6	1,816.6	1,912.5	-95.9	2,187.7	2,134.2
<b>2006</b>										
Mar.	323.7	102.9	120.6	21.6	568.8	375.6	446.1	-70.6	498.2	479.4
June	342.9	104.9	97.4	46.4	591.6	451.9	496.4	-44.5	547.1	533.6
Sept.	354.3	107.2	100.5	-7.9	554.1	498.6	477.2	21.4	575.5	557.5
Dec.	377.4	115.4	102.9	-26.6	569.1	490.5	492.8	-2.3	566.9	563.7
<b>2007</b>										
Mar.	330.5	106.0	107.1	9.7	553.3	413.7	438.8	-25.0	528.3	508.0

<sup>1</sup> Provisional.

<sup>2</sup> Consumption by households and NPISH.

<sup>3</sup> Including acquisitions less disposals of valuables.

Source: NSO.

**TABLE 4.1b GROSS DOMESTIC PRODUCT AND EXPENDITURE COMPONENTS<sup>1</sup>**

*at constant 2000 prices*

*Lm millions*

Period	Domestic demand					External balance			Gross Domestic Product
	Private consumption <sup>2</sup>	General government consumption	Gross fixed capital formation	Changes in inventories <sup>3</sup>	Total	Exports of goods and services	Imports of goods and services	Net	
2003	1,158.1	340.4	341.8	-54.4	1,785.9	1,625.7	1,694.7	-69.0	1,716.9
2004	1,183.1	343.1	343.6	-52.0	1,817.8	1,657.9	1,756.6	-98.7	1,719.1
2005	1,211.9	344.5	365.8	22.5	1,944.7	1,607.2	1,776.7	-169.5	1,775.2
2006	1,243.4	355.9	366.9	29.7	1,995.8	1,720.9	1,883.7	-162.8	1,833.0
<b>2006</b>									
Mar.	291.6	85.3	105.5	19.9	502.4	367.8	444.2	-76.5	425.9
June.	301.8	86.3	84.0	40.6	512.7	439.3	496.3	-57.1	455.6
Sept.	315.6	88.4	86.4	-6.9	483.5	458.4	466.1	-7.6	475.9
Dec.	334.3	95.8	91.0	-23.9	497.2	455.5	477.0	-21.6	475.6
<b>2007</b>									
Mar.	296.0	87.3	93.2	8.7	485.1	369.3	413.7	-44.5	440.6

<sup>1</sup> Provisional.

<sup>2</sup> Consumption by households and NPISH.

<sup>3</sup> Including acquisitions less disposals of valuables.

Source: NSO.



**TABLE 4.2 TOURIST DEPARTURES BY NATIONALITY<sup>1</sup>**

*Thousands*

Period	EU (of which):								All others (of which):				Total
	Euro area (of which):					UK	Other EU	Total					
	France	Germany	Italy	Other Euro area	Total				Russia	USA	Others	Total	
2005	82.6	138.2	92.4	151.8	465.0	482.6	78.0	1,025.6	16.6	18.1	110.2	145.0	1,170.6
2006	73.4	125.8	112.5	151.1	462.9	431.3	79.3	973.5	21.8	17.0	112.0	150.7	1,124.2
2006													
Jan.	2.9	4.6	5.0	4.1	16.6	23.3	2.3	42.2	0.5	0.8	7.0	8.3	50.5
Feb.	2.5	6.8	3.3	3.9	16.5	23.8	1.1	41.5	0.4	0.7	4.7	5.8	47.3
Mar.	3.0	9.6	4.4	7.0	24.1	28.4	2.3	54.8	0.4	1.3	7.8	9.6	64.3
Apr.	8.5	12.9	12.1	13.4	46.8	36.3	5.0	88.1	0.7	1.4	7.6	9.7	97.8
May	10.7	10.2	6.5	17.4	44.8	38.6	7.3	90.7	1.3	1.6	9.1	12.0	102.7
June	7.6	14.0	8.2	14.5	44.3	43.7	8.2	96.1	2.0	1.9	9.0	12.9	109.0
July	9.4	10.2	14.5	19.5	53.7	41.5	13.1	108.3	5.1	2.6	15.8	23.5	131.8
Aug.	12.2	11.4	31.0	21.9	76.6	56.4	11.0	143.9	5.2	1.2	13.9	20.4	164.3
Sep.	5.3	14.4	10.9	19.4	50.0	45.1	10.8	105.8	2.7	1.6	11.8	16.1	122.0
Oct.	5.8	14.8	6.0	16.0	42.7	46.8	10.6	100.2	1.7	1.6	12.9	16.2	116.4
Nov.	3.8	10.8	5.6	8.4	28.5	27.6	5.6	61.7	1.4	1.5	6.9	9.8	71.5
Dec.	1.6	6.1	5.0	5.5	18.3	19.7	2.0	40.0	0.4	0.6	5.4	6.5	46.5
2007													
Jan.	2.0	4.5	6.8	4.1	17.4	23.1	3.6	44.1	1.0	0.7	6.0	7.6	51.7
Feb.	2.3	6.2	3.9	4.8	17.1	24.4	2.0	43.6	0.5	0.8	5.8	7.0	50.5
Mar.	4.0	10.1	6.3	8.9	29.3	29.3	3.4	62.1	0.5	1.2	7.5	9.2	71.3

<sup>1</sup> Based on the NSO's inbound tourism survey. Data refer to tourist departures by air and sea. Annual figures are not available prior to 2005.

Source: NSO.

**TABLE 4.3 LABOUR MARKET INDICATORS  
BASED ON ADMINISTRATIVE RECORDS**

*Thousands*

Period <sup>1</sup>	Labour supply			Gainfully occupied			Unemployment					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Number	% <sup>2</sup>	Number	% <sup>3</sup>	Number	% <sup>4</sup>
2003	103.9	41.7	145.7	97.7	40.1	137.8	6.3	6.0	1.6	3.8	7.8	5.4
2004	103.6	42.0	145.7	97.0	40.4	137.4	6.6	6.4	1.7	3.9	8.3	5.7
2005	103.2	42.7	145.9	97.4	41.1	138.4	5.8	5.7	1.6	3.7	7.4	5.1
<b>2005</b>												
Jan.	103.5	42.3	145.7	96.9	40.6	137.6	6.5	6.3	1.7	3.9	8.2	5.6
Feb.	103.3	42.3	145.6	96.9	40.6	137.5	6.4	6.2	1.7	4.0	8.1	5.6
Mar.	103.2	42.3	145.5	96.8	40.6	137.5	6.4	6.2	1.7	3.9	8.0	5.5
Apr.	103.1	42.2	145.3	97.0	40.6	137.6	6.1	6.0	1.6	3.7	7.7	5.3
May	103.1	42.3	145.4	97.4	40.8	138.2	5.8	5.6	1.5	3.5	7.2	5.0
June	103.2	42.6	145.7	97.7	41.1	138.8	5.5	5.3	1.4	3.4	6.9	4.8
July	103.6	43.0	146.6	98.1	41.5	139.5	5.5	5.3	1.6	3.7	7.1	4.8
Aug.	103.4	43.0	146.4	97.8	41.4	139.2	5.6	5.4	1.6	3.7	7.2	4.9
Sept.	103.7	43.2	146.9	98.1	41.5	139.7	5.6	5.4	1.6	3.8	7.2	4.9
Oct.	103.0	43.0	146.0	97.5	41.4	138.9	5.5	5.4	1.6	3.7	7.1	4.9
Nov.	103.0	43.1	146.0	97.4	41.5	138.9	5.6	5.4	1.6	3.8	7.2	4.9
Dec.	102.4	42.9	145.3	96.7	41.2	137.9	5.7	5.6	1.7	3.9	7.4	5.1
<b>2006</b> <sup>5</sup>												
Jan.	102.4	43.0	145.5	96.5	41.3	137.8	5.9	5.8	1.8	4.1	7.7	5.3
Feb.	102.5	43.1	145.6	96.6	41.3	138.0	5.9	5.7	1.8	4.2	7.7	5.3
Mar.	102.6	43.2	145.8	96.7	41.4	138.1	5.9	5.8	1.8	4.1	7.7	5.3
Apr.	102.7	43.2	145.9	96.9	41.5	138.3	5.8	5.7	1.7	4.0	7.5	5.2
May	102.7	43.3	145.9	97.1	41.7	138.8	5.6	5.4	1.6	3.7	7.1	4.9
June	103.0	43.5	146.5	97.5	42.0	139.4	5.5	5.4	1.5	3.6	7.1	4.8
July	103.1	43.9	147.0	97.7	42.3	139.9	5.4	5.3	1.7	3.8	7.1	4.8
Aug.	102.9	43.9	146.8	97.4	42.2	139.6	5.5	5.3	1.7	3.9	7.2	4.9
Sept.	102.9	43.9	146.8	97.4	42.2	139.6	5.5	5.3	1.7	3.9	7.2	4.9
Oct.	102.5	44.0	146.5	97.0	42.3	139.3	5.5	5.4	1.7	3.8	7.2	4.9
Nov.	102.6	44.1	146.8	97.0	42.4	139.5	5.6	5.5	1.7	3.9	7.3	5.0
Dec.	101.9	43.9	145.8	96.4	42.3	138.7	5.5	5.4	1.6	3.7	7.2	4.9

<sup>1</sup> Annual figures reflect the average for the year.

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

<sup>3</sup> As a percentage of female labour supply.

<sup>4</sup> As a percentage of total labour supply.

<sup>5</sup> Provisional.

Source: ETC.

**TABLE 4.4 LABOUR MARKET INDICATORS BASED ON  
THE LABOUR FORCE SURVEY**

*Thousands*

Period <sup>1</sup>	Labour supply			Gainfully occupied			Unemployment					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Number	% <sup>2</sup>	Number	% <sup>3</sup>	Number	% <sup>4</sup>
2003	110.1	49.9	159.9	102.3	45.5	147.8	7.8	7.1	4.3	8.7	12.1	7.6
2004	110.4	48.9	159.3	103.3	44.5	147.9	7.1	6.4	4.4	9.0	11.5	7.2
2005	110.5	51.4	161.9	103.4	46.9	150.3	7.1	6.5	4.5	8.8	11.6	7.2
2006	111.7	52.7	164.4	104.4	48.0	152.4	7.2	6.5	4.7	8.9	11.9	7.3
<b>2006</b>												
Mar.	113.7	50.5	164.2	105.6	45.7	151.4	8.1	7.1	4.8	9.5	12.9	7.9
June	111.4	53.3	164.7	104.1	47.8	152.0	7.2	6.5	5.5	10.3	12.7	7.7
Sept.	110.5	54.3	164.8	103.8	49.9	153.7	6.7	6.1	4.4	8.1	11.1	6.8
Dec.	111.1	52.7	163.8	104.1	48.6	152.7	6.9	6.2	4.1	7.8	11.0	6.7
<b>2007</b>												
Mar.	112.1	52.7	164.8	104.7	48.9	153.7	7.4	6.6	3.8	7.2	11.2	6.8

<sup>1</sup> Annual figures reflect the average for the year.

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

<sup>3</sup> As a percentage of female labour supply.

<sup>4</sup> As a percentage of total labour supply.

Source: NSO.

**TABLE 4.5 PROPERTY PRICES INDEX BASED ON  
ADVERTISED PRICES**

*(base 2000 = 100)*

Period	Total	Apartments	Maisonettes	Terraced houses	Others <sup>1</sup>
2003	129.3	128.2	128.0	130.5	122.8
2004	155.6	157.0	155.4	151.1	153.8
2005	170.9	173.7	176.7	188.9	160.3
2006	177.0	178.3	187.0	196.2	175.0
<b>2005</b>					
Mar.	167.9	176.5	171.8	192.5	145.3
June	169.0	163.5	176.3	182.8	170.0
Sept.	172.2	178.0	172.1	190.9	164.9
Dec.	174.6	176.6	186.6	189.3	160.9
<b>2006</b>					
Mar.	174.8	174.9	189.4	194.1	177.0
June	181.5	180.7	187.2	194.1	185.6
Sept.	175.4	179.3	186.3	194.1	168.8
Dec.	176.3	178.4	185.3	202.2	168.6
<b>2007</b>					
Mar.	180.2	185.2	183.5	203.2	164.5

<sup>1</sup> Consists of town houses, houses of character and villas.

Source: CBM estimates.

**TABLE 4.6 DEVELOPMENT PERMITS FOR COMMERCIAL, SOCIAL AND OTHER PURPOSES<sup>1</sup>**

Period	Commercial and social								Other permits <sup>5</sup>	Total permits
	Agriculture	Manufacturing <sup>2</sup>	Warehousing, retail & offices <sup>3</sup>	Hotels & tourism related	Restaurants & bars	Social <sup>4</sup>	Parking	Total		
2003	242	26	181	15	24	91	134	713	2,685	3,398
2004	261	31	192	8	25	49	105	671	2,583	3,254
2005	293	33	217	16	25	43	103	730	2,980	3,710
2006	267	38	169	9	26	30	84	623	3,129	3,752

<sup>1</sup> Changes to the data are mainly due to the Malta Environment & Planning Authority's policy of reassessing permit applications on a continuous basis. Excludes applications for dwellings and minor works on dwellings.

<sup>2</sup> Includes quarrying.

<sup>3</sup> Including the construction of offices, shops and retail outlets, warehouses, mixed offices and retail outlets, mixed residential premises, offices and retail outlets, mixed residential premises and retail outlets.

<sup>4</sup> Including the construction of premises related to the provision of community and health, recreational and educational services.

<sup>5</sup> Including the installation of satellite dishes and swimming pools, the display of advertisements, demolitions and alterations, change of use, minor new works and others.

Source: Malta Environment & Planning Authority.

**TABLE 4.7 DEVELOPMENT PERMITS FOR DWELLINGS, BY TYPE<sup>1</sup>**

Period	Number of permits <sup>2</sup>			Number of units <sup>3</sup>				
	New dwellings <sup>4</sup>	Minor works on dwellings	Total	Apartments	Maisonettes	Terraced houses	Others	Total
2003	1,321	517	1,838	4,548	1,085	414	81	6,128
2004	1,378	435	1,813	5,265	966	353	123	6,707
2005	1,852	570	2,422	7,539	1,058	363	121	9,081
2006	2,502	492	2,994	8,961	932	375	141	10,409

<sup>1</sup> Changes to the data are mainly due to the Malta Environment & Planning Authority's policy of reassessing permit applications on a continuous basis.

<sup>2</sup> Total for permits granted is irrespective of the number of units.

<sup>3</sup> Data comprise the actual number of units (e.g. a block of apartments may consist of several units).

<sup>4</sup> Including new dwellings by conversion.

Source: Malta Environment & Planning Authority.

**TABLE 4.8 INFLATION RATES MEASURED BY THE  
RETAIL PRICE INDEX<sup>1</sup>**  
(base 1946 = 100)

Year	Index	Inflation rate (%)	Year	Index	Inflation rate (%)
1946	100.00	-	(continued)		
1947	104.90	4.90	1976	256.20	0.56
1948	113.90	8.58	1977	281.84	10.01
1949	109.70	-3.69	1978	295.14	4.72
1950	116.90	6.56	1979	316.21	7.14
1951	130.10	11.29	1980	366.06	15.76
1952	140.30	7.84	1981	408.16	11.50
1953	139.10	-0.86	1982	431.83	5.80
1954	141.20	1.51	1983	428.06	-0.87
1955	138.80	-1.70	1984	426.18	-0.44
1956	142.00	2.31	1985	425.17	-0.24
1957	145.70	2.61	1986	433.67	2.00
1958	148.30	1.78	1987	435.47	0.42
1959	151.10	1.89	1988	439.62	0.95
1960	158.80	5.10	1989	443.39	0.86
1961	164.84	3.80	1990	456.61	2.98
1962	165.16	0.19	1991	468.21	2.54
1963	168.18	1.83	1992	475.89	1.64
1964	172.00	2.27	1993	495.59	4.14
1965	174.70	1.57	1994	516.06	4.13
1966	175.65	0.54	1995	536.61	3.98
1967	176.76	0.63	1996	549.95	2.49
1968	180.42	2.07	1997 <sup>2</sup>	567.95	3.27
1969	184.71	2.38	1998	580.61	2.23
1970	191.55	3.70	1999	593.00	2.13
1971	196.00	2.32	2000	607.07	2.37
1972	202.52	3.33	2001	624.85	2.93
1973	218.26	7.77	2002	638.54	2.19
1974	234.16	7.28	2003	646.84	1.30
1975	254.77	8.80	2004	664.88	2.79
			2005	684.88	3.01
			2006	703.88	2.77

<sup>1</sup> The Index of Inflation (1946 = 100) is compiled by the NSO on the basis of the Retail Price Index in terms of Article 13 of the Housing (Decontrol) Ordinance, Cap. 158.

<sup>2</sup> Following the revision of 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 4.9 MAIN CATEGORIES OF RETAIL PRICE INDEX**  
(base December 2002 = 100)

Period	All Items Index	12-month moving average rates of change (%) <sup>1</sup>										
		All Items	Food	Beverages & tobacco	Clothing & footwear	Housing	Water, electricity, gas & fuels	H/hold equip. & house maint. costs	Transp. & Comm.	Personal care & health	Recreation & culture	Other goods & services
2003	100.7	1.3	2.3	2.7	-6.4	2.2	0.0	-1.0	2.6	3.3	0.4	4.2
2004	103.6	2.8	0.2	9.2	-2.5	3.8	1.3	2.2	4.0	5.1	1.2	8.0
2005	106.7	3.0	1.8	2.4	-0.5	5.0	23.0	2.1	3.8	3.6	1.1	3.0
2006	109.6	2.8	2.0	2.2	-1.8	4.8	26.0	1.5	3.3	2.9	-0.2	2.3
<b>2006</b>												
Jan.	107.1	3.0	1.8	2.3	-0.7	5.1	23.3	2.2	3.7	3.6	0.9	2.8
Feb.	107.7	2.9	1.6	2.3	-0.7	5.2	23.6	2.2	3.7	3.5	0.8	2.8
Mar.	109.1	2.9	1.7	2.4	-0.8	4.9	25.3	2.2	3.6	3.5	0.6	2.6
Apr.	110.3	3.0	1.8	2.4	-0.9	4.7	26.9	2.2	3.7	3.4	0.5	2.6
May	110.9	3.0	1.7	2.5	-0.8	4.6	28.2	2.2	3.9	3.4	0.4	2.6
June	110.5	3.1	1.5	2.6	-0.6	4.6	29.6	2.1	4.2	3.3	0.3	2.6
July	110.0	3.3	1.7	2.5	0.4	4.6	30.8	2.0	4.5	3.4	0.2	2.6
Aug.	109.5	3.4	1.7	2.5	0.8	4.6	31.9	1.9	4.6	3.3	0.1	2.5
Sept.	110.2	3.4	1.8	2.4	0.3	4.6	33.2	1.8	4.8	3.3	0.0	2.5
Oct.	110.6	3.3	1.7	2.4	-0.6	4.7	34.2	1.7	4.5	3.2	0.0	2.4
Nov.	109.9	3.0	1.8	2.3	-1.3	4.7	30.0	1.6	3.9	3.1	-0.1	2.4
Dec.	109.9	2.8	2.0	2.2	-1.8	4.8	26.0	1.5	3.3	2.9	-0.2	2.3
<b>2007</b>												
Jan.	108.6	2.7	2.2	2.2	-1.4	4.6	24.2	1.4	2.9	2.8	0.0	2.2
Feb.	108.9	2.6	2.5	2.2	-1.5	4.4	22.3	1.4	2.5	2.7	0.2	2.1
Mar.	109.3	2.4	2.5	2.2	-2.1	4.4	17.7	1.3	2.2	2.7	0.4	1.9

<sup>1</sup> 12-month moving average rates of change in the RPI sub-indices were compiled by the CBM.

Source: NSO.

**TABLE 4.10 MAIN CATEGORIES OF HARMONISED INDEX OF CONSUMER PRICES**  
(base 2005=100)

Period	All Items Index	12-month moving average rates of change (%)												
		All Items	Food & non-alcoholic beverages	Alcoholic beverages & tobacco	Clothing & footwear	Housing, water, electricity, gas & other fuels	Furnishings, household equipment & routine maintenance of the house	Health	Transport	Communications	Recreation & culture	Education	Restaurants & hotels	Miscellaneous goods & services
2003	94.9	1.9	2.0	1.2	-6.8	1.9	-0.3	5.6	2.1	-0.2	1.3	3.2	7.4	2.3
2004	97.5	2.7	-0.3	13.0	-2.5	2.8	2.8	6.9	4.0	10.2	0.2	3.0	2.6	5.8
2005	100.0	2.5	1.8	1.8	-0.5	9.3	2.4	5.5	3.5	10.0	1.9	1.6	0.0	3.0
2006	102.3	2.6	2.2	0.6	-1.8	10.6	2.0	4.0	4.2	0.4	0.1	2.6	1.9	2.8
2006														
Jan.	98.3	2.6	1.9	1.7	-0.7	9.5	2.4	5.4	3.6	8.8	1.8	1.7	0.2	2.9
Feb.	98.9	2.6	1.6	1.6	-0.8	9.6	2.4	5.2	3.8	7.1	1.7	1.9	0.5	2.9
Mar.	100.0	2.6	1.7	1.5	-0.8	9.8	2.5	5.0	3.9	5.4	1.5	2.0	0.7	2.9
Apr.	104.2	2.7	1.9	1.4	-0.9	10.2	2.5	4.9	4.2	3.9	1.5	2.0	1.1	2.9
May	104.8	2.8	1.7	1.4	-0.8	10.5	2.5	4.7	4.6	2.4	1.5	2.1	1.5	3.0
June	104.6	2.9	1.5	1.3	-0.6	10.8	2.5	4.6	5.0	2.1	1.4	2.2	1.8	3.0
July	105.0	3.1	1.7	1.2	0.4	11.2	2.4	4.6	5.4	1.8	1.2	2.2	1.8	3.1
Aug.	104.7	3.1	1.9	1.1	0.8	11.5	2.3	4.6	5.7	1.5	0.9	2.3	1.6	3.0
Sept.	104.9	3.2	2.0	1.0	0.3	11.9	2.2	4.5	6.0	1.2	0.6	2.4	2.0	3.0
Oct.	104.3	3.1	1.8	0.9	-0.6	12.3	2.2	4.4	5.7	0.9	0.4	2.4	2.2	2.9
Nov.	100.7	2.8	2.0	0.7	-1.2	11.4	2.1	4.2	4.9	0.7	0.3	2.5	1.9	2.9
Dec.	100.6	2.6	2.2	0.6	-1.8	10.6	2.0	4.0	4.2	0.4	0.1	2.6	1.9	2.8
2007														
Jan.	99.5	2.5	2.3	0.6	-1.4	10.0	1.9	3.9	3.6	0.2	0.4	2.6	1.8	2.8
Feb.	99.7	2.4	2.7	0.6	-1.4	9.4	1.8	3.8	2.9	0.3	0.6	2.7	1.6	2.6
Mar.	100.5	2.2	2.6	0.6	-1.9	8.2	1.6	3.8	2.5	0.3	0.9	2.7	1.5	2.5

Source: NSO, Eurostat.



# GENERAL NOTES

## PART 1 MONETARY, BANKING, FINANCIAL MARKETS AND INVESTMENT FUNDS

### **Institutional balance sheets**

The balance sheets published in Tables 1.1 and 1.2 are based on accounting principles. Consequently, the data in these tables might differ from those shown in other tables compiled according to statistical concepts and methodologies.

### **General monetary statistical standards**

Since October 2003, the compilation of monetary statistics has been consistent with internationally agreed statistical concepts and methodologies as set out in the IMF's *Monetary and Financial Statistics Manual* (2000), ECB Regulation 2001/13 concerning the consolidated balance sheet of the monetary financial institutions (MFI) sector and the European System of Accounts (ESA 1995). Prior to October 2003, the compilation of monetary statistics was broadly in line with the IMF's *A Guide to Money and Banking Statistics in International Financial Statistics* of December 1984.

### **Determination of 'residence'**

Monetary data are based on the classification of transactions by the residence of the transactor, who may either be a resident or a non-resident of Malta. A transactor is an 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'.

The term 'centre of economic interest' indicates that there exists some location within the economic territory on or from which a unit engages, and intends to continue to engage, in economic activities and transactions on a significant scale, either indefinitely or over a finite but long period of time (a year or more). Those companies solely undertaking international business activities, including shipping activities, which have a physical presence and undertake a significant degree of economic activity in Malta, are considered resident units.

Transactors not meeting the above-mentioned criteria, that is, units that have their 'centre of economic interest' in other countries, are considered to be non-residents. Hence, diplomatic bodies, embassies, consulates and other entities of a foreign government located in Malta are considered to be residents of the country they represent and not of Malta.

### **Sector classification of the Maltese economy**

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

- (a) Monetary financial institutions (MFIs)
- (b) Other financial intermediaries and financial auxiliaries
- (c) Insurance companies and pension funds
- (d) General government
- (e) Non-financial companies
- (f) Households and non-profit institutions (NPISH)

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) **Monetary financial institutions (MFIs)** consist of:

i. The **central bank**, which is the national financial institution that exercises control over key aspects of the financial system and whose principal function is to issue currency, to maintain the internal and external value of the currency and to hold all or part of the international reserves of the country.

ii. **Other monetary financial institutions (OMFIs)**, which in Malta consist almost entirely of credit institutions. The business of OMFIs is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credits and/or make investments in securities. Credit institutions licensed in Malta comprise banks licensed by the competent authority under the Banking Act (Cap. 371). In accordance with the Banking Co-ordination Directives of December 1977 and December 1989 (77/780/EEC and 89/646/EEC), a credit institution is “an undertaking whose business is to receive deposits or other repayable funds from the public - including the proceeds arising from the sales of bank bonds to the public - and to grant credit for its own account”.

(b) **Other financial intermediaries and financial auxiliaries:**

Other financial intermediaries are non-monetary financial companies (excluding insurance companies and pension funds) principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and/or close substitutes for deposits from institutional units other than MFIs. The principal activities of these institutions may include one or more of the following: long-term financing, financial leasing, factoring, security and derivative dealing, receiving deposits and/or close substitutes for deposits from MFIs only, and managing investment trusts, unit trusts and other collective investment schemes.

Financial auxiliaries are companies that are principally engaged in auxiliary financial activities, that is, activities closely related to financial intermediation, but which are not financial intermediaries themselves. The following are examples of companies classified in this sector: insurance, loan and securities brokers, investment advisers, flotation companies that manage issues of securities, central supervisory authorities of financial intermediaries and financial markets when these are separate institutional units, managers of pension funds and mutual funds and companies providing stock exchange and insurance exchange services.

(c) **Insurance companies and pension funds:**

This sector comprises non-monetary financial companies principally engaged in financial intermediation as the consequence of the pooling of risks. Insurance companies consist of incorporated mutual and other entities whose principal function is to provide life, accident, health, fire or other forms of insurance to individual institutional units or groups of units.

Pension funds included in this sector are those that are constituted as separate from the units that created them. They are established for the purpose of providing retirement benefits for specific groups of employees. They have their own assets and liabilities, and they engage in financial transactions on their own account. These funds are organised and directed by individual private or government employers, or jointly by individual employers and their employees, and towards which the employees and/or employers make regular contributions.

(d) **General government:**

General government includes all institutional units principally engaged in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. This is sub-divided into:

i. **Central government**, which includes all administrative departments of the state and other central agencies whose competence extends over the whole economic territory. Central government thus includes departments, ministries, and offices of government located in the country together with embassies, consulates, military establishments and other institutions of government located outside the country. Also included in the central government sector are extra-budgetary units, also termed public non-market units. These comprise institutional units under public control that are principally engaged in the production of goods and services not usually sold on a market and/or that are involved in the redistribution of national income and wealth. These units/entities do not charge “economically significant” prices and/or did not cover at least 50% of their production costs in sales over the last years.

ii. **Other general government**, which in Malta comprises solely the local government sector. Local government includes administrative departments, councils or agencies whose competence covers only a restricted part of the economic territory of the country.

The **Public Sector** comprises the general government sector and public companies, the latter being those companies that are owned by government or are subject to government control.

(e) **Non-financial companies:**

This sector comprises companies not engaged in any form of financial intermediation but engaged principally in the production of market goods and non-financial services. Included in this sector are market-producing co-operatives, partnerships and sole proprietorships recognised as independent legal entities, which are subdivided into:

i. **Public non-financial companies**, i.e. companies that are subject to control by government units.

Control over a company is defined as the ability to determine general corporate policy by choosing appropriate directors or by owning more than half of the voting shares or otherwise controlling more than half of the shareholders' voting power. In addition, the government may secure control over a company or corporation by a special decree or regulation that enables it to determine corporate policy or to appoint the directors. These state-owned non-financial companies are to be distinguished from the extra-budgetary units included in the general government sector, since they are considered to be producing goods and services to the market, and/or to be charging economically-significant prices, and/or more than 50% of their production costs are covered by their sales.

ii. **Private non-financial companies**, i.e. companies that are controlled by non-government units, whether resident or non-resident.

(f) **Households and non-profit institutions serving households (NPISH):**

This sector comprises individuals or groups of individuals that are consumers and producers of goods and non-financial services exclusively intended for their own final consumption. It includes non-profit institutions serving households principally engaged in the production of non-market goods and services intended for particular sections of households and market-producing co-operatives, partnerships and sole proprietorships that are not recognised as independent legal entities.

### **Classification of economic activities**

The classification of economic activities follows the standards of Regulation (EEC) No 3037/90 entitled "Nomenclature générale des activités économiques dans les Communautés européennes" (General industrial classification of economic activities within the European Communities), known by the acronym NACE Rev.1.

### **Measures of money**

The Bank compiles data on three main monetary aggregates: narrow money (M1), intermediate money (M2) and broad money (M3).

**Narrow money (M1)** includes the most liquid components of M3, namely currency in circulation, demand deposits and savings deposits withdrawable on demand. Excluded from demand deposits are uncleared effects drawn on OMFIs and cheques and other items in the process of collection, but non-government deposits with the Central Bank of Malta are included.

**Intermediate money (M2)** comprises M1, residents' savings deposits redeemable at notice and time deposits with an agreed maturity of up to and including two years.

**Broad money (M3)** comprises M2 and the OMFIs' repurchase agreements with the non-bank sector and OMFIs' debt securities issued with an agreed maturity of up to and including two years. It therefore includes the resident non-bank sector's holdings of bank notes and coins in circulation, resident non-bank and non-government deposits irrespective of denomination, the OMFIs' repurchase agreements

with the non-bank sector and the banks' issues of debt securities, all with an agreed maturity of up to and including two years.

### **The Monetary Base**

**The monetary base (M0)** is defined as currency in issue together with the OMFIs' deposits with the Central Bank of Malta. Currency in issue comprises both currency in circulation and holdings of national currency by the banks. OMFIs' deposits with the Central Bank of Malta exclude term deposits and other bank deposits that are restricted for a significant period of time.

### **Compilation and valuation principles**

Monetary statistics are based on a consolidation of the monthly financial statements provided by the local OMFIs and the Central Bank of Malta. The OMFIs must submit data to the Central Bank not later than twelve calendar days following the end of the reporting month or quarter. Branches and subsidiaries of OMFIs operating in Malta but whose head offices/parent companies are located abroad are also obliged to submit similar data. The reporting institutions compile monthly financial information in line with international accounting norms as established by the International Accounting Standards Committee. In addition, in certain instances, the OMFIs are required to submit returns in accordance with specific statistical requirements as instructed by the Central Bank.

Monetary data show stock positions, which are outstanding balances as at the end of the reference period. Monetary aggregates are consolidated for the MFI sector, so that all identifiable interbank transactions are eliminated. Assets and liabilities are generally reported at market or fair value and on an accruals basis. Thus, the effects of transactions and other events are recognised when they occur rather than when cash is received or paid. Transactions are recorded at the time of change in ownership of a financial asset. Within this context, change in ownership is accomplished when all rights, obligations and risks are discharged by one party and assumed by another. Instruments are reported in accordance with their maturity at issue, that is, by original maturity. Original maturity refers to the fixed period of life of a financial instrument before which it cannot be redeemed.

All financial assets and liabilities are reported on a gross basis. Loans - which include overdrafts, bills discounted and any other facility whereby funds are lent - are reported at their book value and gross of all related provisions, both general and specific. Financial assets and liabilities that have demonstrable value - as well as non-financial assets - are considered as on balance sheet items. Other financial instruments which are conditional on the occurrence of uncertain future events, such as contingent instruments, are not given on balance sheet recognition. Only the gains and losses on the latter instruments are treated as on balance sheet items.

### **Release of monetary statistics**

Monthly provisional consolidated monetary statistics are posted on the Central Bank of Malta's website generally by the end of the month following the reference month. Such monetary statistics are considered provisional since the Central Bank may need to revise the data referring to the periods prior to the current reference period arising from, for example, reclassifications or improved reporting procedures. Subsequently, such provisional monetary data, together with related analytical information,

are released to the press through the Bank's monthly '*Statistical Release on Monetary Aggregates and their Counterparts*' and, in more detail, in the Central Bank of Malta's *Quarterly Review* and *Annual Report*. The statistics released in the *Quarterly Review* and *Annual Report* are generally considered to be final. Major revisions to the data are also highlighted by means of footnotes in these publications. When major revisions to the compilation methodology are carried out, the Bank releases advance notices in its official publications.

### **Financial market indicators**

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 as a percentage per annum. The repurchase agreement/term deposit rates are the prevailing rates actually dealt in at the end of the month or the rates offered by the Central Bank of Malta. The interbank market offered rates shown are the prevailing rates of the last dealings between banks in the official interbank market during the last month of the period reported. When no deals are transacted, the Central Bank of Malta fixing rate average is used.

The weighted average deposit rates on current, savings and time deposits refer to the interest rates applicable on resident Maltese lira deposits only. These rates are calculated by multiplying each amount by the different rates on each type of deposit and dividing by the total amount of each type of deposit. The weighted average rate on time deposits is calculated on all time deposits. The weighted average lending rate is calculated by multiplying the amount of each loan extended to residents in local currency by the interest rate applied thereto and dividing by the total amount.

The primary market Treasury bill rates are the weighted averages of the rates attached to the bills that are taken up by bidders at the weekly auction. Treasury bills are classified by original maturity. A "-" sign implies that no transactions occurred during the reference period. Meanwhile, the secondary market yields represent the wholesale selling rates quoted by the Central Bank of Malta at the end of the reference period for amounts of Lm50,000 or over in each respective tenor. Interest rates on Malta Government long-term debt securities represent average International Securities Market Association (ISMA) redemption yields on applicable stocks with the periods specified referring to the remaining term to maturity. ISMA yields are quoted on the basis of an annual compounding period, irrespective of how many coupon periods per annum the stock has.

The Malta Stock Exchange (MSE) share index is calculated real-time during each trading day. It is based on the last closing trade prices of the shares of all eligible companies and weighted by their current market capitalisation. The index has a base of 1,000 initiating on 27 December 1995.

### **Investment funds**

The investment funds sector consists of the collective investments schemes licensed by the MFSA that have a centre of economic interest in Malta, other than professional investor funds and money market funds. The balance sheet is aggregated and therefore includes, among the assets and liabilities, holdings by investment funds of shares/units issued by other investment funds.

## **PART 2 GOVERNMENT FINANCE**

Tables in this section show the general government fiscal position compiled on the basis of ESA 95 methodology. The data are consolidated between the sectors of government. The sources for such data are the NSO and Eurostat. Government expenditure classified by function is based on the OECD's Classification of the Functions of Government (COFOG), which is a classification of the functions, or socio-economic objectives, that the general government sector aims to achieve through various outlays. The table showing the general government deficit-debt adjustment (DDA) shows how the general government deficit is financed and considers the relationship between the deficit and Maastricht debt. The DDA thus reconciles the deficit over a given period with the change in Maastricht debt between the beginning and the end of that period. It is mainly explained by government transactions in financial assets, such as through privatization receipts or the utilization of its deposit accounts, and by valuation effects on debt.

The general government debt is defined as the total gross debt at nominal value outstanding at the end of a period and consolidated between and within the various sections of the government. Also shown are data on debt guaranteed by the government, which mainly relate 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 of Malta on behalf of government - which loans already feature in the calculation of government external debt. They also include guarantees on loans granted by the extra-budgetary units but exclude guarantees granted to them by government as these already feature as general government debt.

The methodology underlying the compilation of data on the external loans of general government is generally consistent with the standards of the World Bank's Debtor Reporting System (DRS). Data refer to external loans with an original maturity of one year and over. Debt is recognised when disbursement of funds is effected. Data are converted to Maltese liri using end-of-period exchange rates.

## **PART 3 EXCHANGE RATES, EXTERNAL TRANSACTIONS AND POSITIONS**

Exchange rates statistics show the end-of-period and average exchange rates of the Maltese lira against other currencies. The Maltese lira average exchange rates are calculated on the arithmetic mean of the daily opening and closing Central Bank of Malta middle rates.

The concepts and definitions used in the compilation of balance of payments and international investment position (IIP) statistics are generally in line with the IMF Balance of Payments Manual (BPM05). The conventions of the system are also in line with the IMF manual. Credit entries are recorded for e.g. exports, income receivable and financial items, reflecting reductions in the economy's foreign assets or increases in its foreign liabilities. Conversely, debit entries are recorded for e.g. imports, income payable and financial items, reflecting increases in assets or decreases in liabilities. The concepts of economic territory, residence, valuation and time of recording are broadly identical to those used in the compilation of monetary statistics. The IIP statistics are based on positions vis-à-vis non-residents of Malta and are, in most cases, valued at current market prices.



The official reserve assets concept is also in line with the IMF's Balance of Payments Manual (BPM05). Official reserve assets refer to the country's international reserves, which are those external assets that are readily available to, and controlled by, the monetary authorities for direct financing of payments imbalances, for indirectly regulating the magnitudes of such imbalances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes.

## **PART 4 REAL ECONOMY**

National accounts and other general economic statistics are mostly produced by the NSO in accordance with ESA 95 standards except for the labour market indicators, which are based on the ETC's administrative records, and the RPI. Data on development permits are sourced from the Malta Environment and Planning Authority (MEPA).

Labour market statistics comprise those compiled on the basis of the NSO's Labour Force Survey (LFS) and the ETC's administrative records. The LFS is based on a random sample of private households using concepts and definitions outlined by Eurostat according to methodologies established by the International Labour Organisation (ILO). As from March 2004, data are based on a weekly survey carried out throughout the reference quarter, whereas from June 2005 data are weighted using a new procedure and are, thus, not strictly comparable with figures prior to this period. The labour market data based on the administrative records of the ETC represent a measure of the gainfully occupied population using information obtained from the engagement and termination forms filed with the ETC itself. ETC data on unemployment are based on the number of persons registering for work under Part 1 and Part 2 of the unemployment register.

The RPI covers all monetary consumption expenditure incurred by Maltese residents weighted according to the spending pattern derived from the Household Budgetary Survey 2000/1. On the other hand, the HICP covers all household final consumption expenditure irrespective of nationality or residence status. Consequently, the HICP uses weights that cover not only private and institutional household expenditure but also tourism expenditure in Malta. The differences in these weighting schemes account significantly for the monthly disparities in the RPI and the HICP.

The sources of data used in the compilation of the Central Bank's property prices index are the properties advertised for sale in all localities in Malta and Gozo in the property section of a local Sunday newspaper. Data for a particular quarter are derived from the newspapers published on the first Sunday of each month within the quarter. The property types include flats and maisonettes, both in shell and in finished form, together with terraced houses, townhouses, houses of character and villas. Indices for each property type are derived on the basis of median prices weighted by the number of observations in each property category. The overall index is a Fischer chained index, calculated as the square root of the product of the chained Laspeyres and the chained Paasche indices. Annual data are derived as an average of the quarterly indices. Prices of commercial properties are excluded from the index.