



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

QUARTERLY REVIEW

2012

Vol. 45 No. 1

© Central Bank of Malta, 2012

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Printed by

Gutenberg Press Ltd

Gudja Road

Tarxien, Malta

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The cut-off date for statistical information published in the Economic Survey of this Review is 5 April 2012, except where otherwise indicated. Figures in tables may not add up due to rounding.

ISSN 0008-9273 (print)

ISSN 1811-1254 (online)

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ABBREVIATIONS

ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
EONIA	Euro OverNight Index Average
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
ETC	Employment and Training Corporation
EU	European Union
EURIBOR	Euro Interbank Offered Rate
FTSE	Financial Times Stock Exchange
GDP	gross domestic product
HCI	harmonised competitiveness indicator
HICP	Harmonised Index of Consumer Prices
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
LFS	Labour Force Survey
LTRO	Long-term Refinancing Operation
MIGA	Multilateral Investment Guarantee Agency
MFI	monetary financial institution
MFSA	Malta Financial Services Authority
MGS	Malta Government Stock
MRO	Main Refinancing Operation
MSE	Malta Stock Exchange
NACE	statistical classification of economic activities in the European Community
NCB	national central bank
NPISH	Non-Profit Institutions Serving Households
NSO	National Statistics Office
OECD	Organisation for Economic Co-operation and Development
OMFI	other monetary financial institution
RPI	Retail Price Index
ULC	unit labour costs

FOREWORD

The Governing Council of the European Central Bank (ECB) lowered key interest rates twice in the final quarter of 2011. As a result, the interest rate on the main refinancing operation (MRO) declined to 1.00% by the end of 2011, while the rates on the marginal lending facility and on the deposit facility were lowered to 1.75% and 0.25%, respectively. These cuts were based on the expectation that financial market tensions would continue to dampen economic activity in the euro area, and that price pressures would remain moderate going forward. Thereafter, interest rates were left on hold during the first five months of 2012, as the Governing Council considered that monetary policy was sufficiently accommodative and that price developments would remain in line with price stability over the medium term.

During the fourth quarter of 2011 and the first quarter of 2012, the Eurosystem continued to implement non-standard monetary policy measures to support the functioning of the financial system in the euro area. In October, it introduced a 12-month and a 13-month Long-Term Refinancing Operation (LTRO) and extended its commitments to continue to apply a fixed rate tender procedure with full allotment in its liquidity providing operations until at least the second quarter of 2012. The ECB also announced a new covered bond purchase programme.

In November, the ECB, in conjunction with other central banks, also agreed to boost liquidity support to global financial markets by means of bilateral swap agreements and lower prices for the existing temporary US dollar liquidity swap arrangements. In December, the credit support measures offered by the Eurosystem were enhanced with the introduction of two LTROs with a maturity of 36 months, by a broadening of the collateral eligibility in monetary operations and a lowering of the reserve requirement ratio from 2.0% to 1.0%.

These measures were adopted in the context of a further weakening in the pace of economic activity in the euro area and a heightening of the sovereign debt crisis. During the fourth quarter of 2011, real gross domestic product (GDP) in the euro area fell on a quarter-on-quarter basis. As a result, the annual pace of expansion moderated to 0.7%, from 1.3% in the previous quarter. Net exports remained the main driver of growth. Investment contributed slightly, while the other domestic demand components had a negative effect on growth.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) in the euro area was unchanged from September through to November at 3.0%, before easing to 2.7% in December. The easing, compared with the end of the previous quarter, was mainly driven by a slower rate of growth in energy prices, although developments in prices of non-energy industrial goods and services also contributed. Inflation remained unchanged at 2.7% in January and February, but fell slightly to an estimated 2.6% in March.

According to the ECB staff macroeconomic projections published in March 2012, annual GDP growth in the euro area is expected to be between -0.5% and 0.3% in 2012, and between 0.0% and 2.2% in 2013. The average annual headline inflation rate is expected to range between 2.1% and 2.7% in 2012 and between 0.9% and 2.3% in 2013.

In Malta, economic activity also weakened in the fourth quarter of 2011, with the annual growth rate of real GDP turning mildly negative, at -0.1%. The contraction was driven by developments

in domestic demand. In particular, private consumption and investment fell on the previous year's levels, while changes in inventories (including the statistical discrepancy) became more negative. These developments outweighed the impact of higher government consumption. In contrast, net exports of goods and services had a significant positive impact on real GDP.

Between September and December 2011, the annual rate of HICP inflation in Malta more than halved, dropping from 2.7% to 1.3%. Lower prices of non-energy industrial goods and services were a key factor, although slower increases in the prices of energy and processed foods also contributed. Going into the first quarter of 2012, inflation rose to 1.5% in January and further to 2.4% in February, partly because of a reversal of the price declines seen in the fourth quarter.

Both the Employment and Training Corporation records up to November and Labour Force Survey (LFS) data point to an annual increase in employment during the quarter reviewed. However, the annual pace of job creation moderated compared with the third quarter of the year. The LFS unemployment rate rose by 0.4 percentage point between the third and fourth quarters, reaching 6.6%.

A comparative assessment of unit labour cost (ULC) developments since 2004 reveals that ULC growth in Malta has broadly tracked that in the euro area. Fourth-quarter competitiveness indicators were mixed, however. ULCs were higher compared with the previous quarter, as labour productivity fell while employee compensation rose. In contrast, Harmonised Competitiveness Indicators signalled an improvement between September and December 2011, as the euro depreciated against a number of major currencies, while Malta's inflation differential against its main trading partners narrowed.

In the external sector, the current account of the balance of payments recorded a surplus in the last quarter of the year compared with a deficit in the same period of the previous year. The improvement mainly reflected a narrowing in the visible trade gap and a decline in net outflows on the income account. These offset lower net receipts from current transfers and services. As a result, the current account deficit for the year as a whole halved to 3.2% of GDP.

The contribution of resident monetary financial institutions to the euro area broad money stock, which approximates the broad money aggregate (M3) in Malta, accelerated in the fourth quarter of 2011. The annual growth rate rose to 9.1% from 5.7% in the third quarter. The annual increase in M3 during the quarter under review was largely driven by movements in M1. The annual growth rate of credit to residents of Malta further accelerated, as it went up to 6.1% in December from 5.1% in September. Turning to domestic financial markets, the yield on domestic three-month Treasury bills declined from its end-September level, in both the primary and secondary market. Secondary market yields on ten-year government bonds increased slightly. Going into the first quarter of 2012, three-month Treasury bill yields rose slightly, while the ten-year yield declined.

On the fiscal side, the general government deficit decreased on a year-on-year basis and contributed to a reduction in the deficit-to-GDP ratio for the year, which went down to 2.7% from 3.7% in 2010. The general government debt increased during 2011, rising to 72.0% of GDP by the end of the year.

Although the deficit ratio is expected to narrow further in 2012, additional measures need to be specified to ensure that official targets for later years are attained and faster progress is made towards reaching the medium-term objective of a balanced budget in structural terms and a lower

debt-to-GDP ratio. This calls for a prioritisation of expenditure programmes to ensure that all items of recurrent expenditure are funded in a sustainable manner. The general government debt ratio should be brought down at a rapid pace.

At the current juncture of heightened uncertainty in the international economy and of increased competitive pressures, it is also important to pursue further structural reforms to raise productivity and enhance economic growth. Improved productivity depends on investment, both in the physical infrastructure as well as in human resources. Meanwhile, higher female participation in the labour force would help boost employment levels. Wage awards should, as much as possible, mirror productivity gains. Stronger productivity and restrained cost increases would also improve Malta's attractiveness as an investment location. At the same time, the banking sector has to remain prudent, in terms of its capital adequacy and liquidity levels, the mix of funding sources and its provisioning policy. A healthy banking system, which is able to provide households with a channel for savings and firms with credit to finance their investment, is a vital element in supporting economic growth.

ECONOMIC SURVEY

1. INTERNATIONAL ECONOMIC DEVELOPMENTS AND THE EURO AREA ECONOMY

Economic developments in the major industrial countries were mixed in the fourth quarter of 2011. The quarter-on-quarter pace of expansion in the United States continued to gain momentum while the economies of Japan and the UK contracted in the aftermath of their expansion in the third quarter. On the other hand, the main emerging market economies expanded in the fourth quarter. Inflation rates broadly moderated during the quarter, partly owing to lower energy price pressures.

Annual economic growth in the euro area moderated further during the final quarter of 2011. In addition, labour market conditions deteriorated, with the unemployment rate continuing to rise. Meanwhile, the annual rate of inflation, measured on the basis of the Harmonised Index of Consumer Prices (HICP), declined in December. In this context, the European Central Bank (ECB) staff macroeconomic projections, published in March 2012, point to a mild contraction in real gross domestic product (GDP) growth during 2012 and to an improvement in 2013. Average annual headline inflation is expected to fall in 2012 and to decline even further in 2013.

The Governing Council of the ECB decreased key interest rates by 25 basis points in both November and December, bringing the Main Refinancing Operation (MRO) rate down to 1.00%. These decisions were taken in view of the fact that while inflation remained elevated, it was expected to decline in the course of 2012 to below 2.00%. Ongoing tensions in financial markets were expected to dampen economic activity, leading to a moderation in price, cost and wage pressures. In addition, the ECB announced several new non-standard monetary policy measures.

International economic developments

US economy expands further

Economic activity in the United States grew at an annual rate of 1.6% in the last quarter of 2011, thus maintaining a relatively stable pace for the third consecutive quarter (see Table 1.1). Output growth was mainly driven by domestic demand, supported by private consumption, invest-

Table 1.1
REAL GDP GROWTH

Annual percentage changes; seasonally adjusted

	2010		2011		
	Q4	Q1	Q2	Q3	Q4
United States	3.1	2.2	1.6	1.5	1.6
Euro area	2.0	2.4	1.6	1.3	0.7
United Kingdom	1.7	1.5	0.4	0.3	0.5
Japan	3.2	-0.1	-1.7	-0.5	-0.6
China	9.8	9.7	9.5	9.1	8.9
India	10.6	7.3	8.5	7.0	6.5
Brazil	5.4	4.1	3.3	2.2	1.4

Sources: Eurostat; ECB; Bureau of Labor Statistics, US; Statistics Bureau, Japan, National Bureau of Statistics, China; OECD.

ued to reinvest principal payments of security holdings and to roll over maturing Treasury securities.

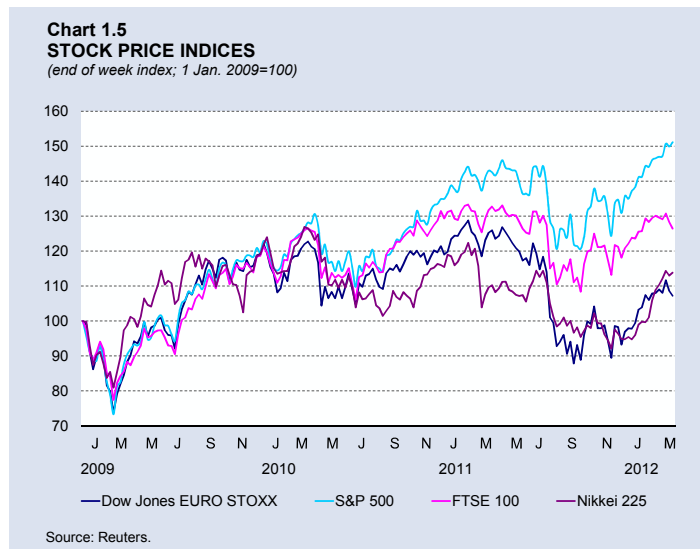
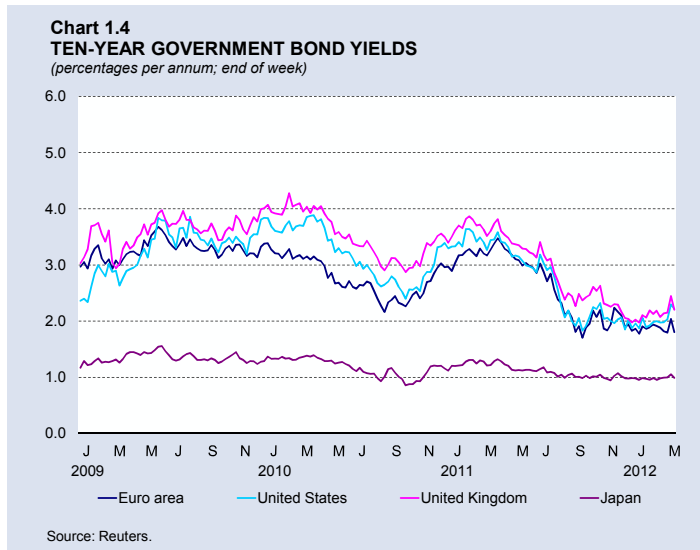
US long-term government bond yields ended the year at just below the level recorded at the end of the third quarter. During October, US long-term government bond yields increased following the euro area Heads' of State meeting on sovereign debt crisis and better-than-expected macroeconomic news in the United States (see Chart 1.4). Thereafter, they broadly followed a downward path, on the back of renewed concerns about the situation of sovereign debt, ending the year at 1.88%, around 4 basis points lower than three months previously. Going into the first quarter of 2012, bond yields rebounded, reaching 2.21% in March.

Equity prices, measured by Standard & Poor's 500, increased during the last quarter of 2011, following two consecutive quarterly declines (see Chart 1.5). In early October, share prices fell in response to

tensions triggered by uncertainty on the implications of the sovereign debt crisis for the global economic outlook. Subsequently, except for a temporary dip towards the end of November, the index generally recovered, reflecting improved market sentiment and better-than-expected US macroeconomic news. Stock prices ended the year 11.2% higher than their end-September level, and continued to rise strongly in the following quarter.

UK economic activity remains weak

In the United Kingdom, output grew at a slightly faster pace on an annual basis in the last quarter of 2011, rising by 0.5% from 0.3% in the third quarter (refer to Table 1.1). Growth was mainly driven by net exports. Government expenditure was the only domestic demand component positively contributing to GDP, as it recovered from the previous two quarters' declines. On the other hand, private consumption, investment and inventory changes dampened growth.



On a quarter-on-quarter basis, the UK economy contracted by 0.3% after an expansion of 0.6% in the previous quarter. Labour market conditions were stable in the last quarter of 2011, as the unemployment rate remained at 8.3% in December when compared with September, after having risen in the previous quarter (refer to Chart 1.1).

After reaching a peak of 5.2% in September, the annual consumer price inflation moderated in the following months, ending December at 4.2% (refer to Chart 1.2). The easing of price pressures reflected the gradual fading of temporary factors, including previous high energy prices.

The Bank of England maintained its official bank rate at 0.50% during the last quarter of 2011 and in the first quarter of 2012 (refer to Chart 1.3). It also continued with its asset purchase programme. In October and February, its capacity was raised by GBP75 billion and GBP50 billion, respectively, to GBP325 billion.

Ten-year UK government bond yields continued to mirror those in the United States and in the euro area as they fell in the fourth quarter of 2011 for the third consecutive quarter (refer to Chart 1.4). Initially, yields rose but subsequently lost ground and continued to fall over the remainder of the year, reaching 1.98% at end-December, 45 basis points lower than end-September. Bond yields recovered in the following quarter, reaching 2.20% by end-March.

The FTSE 100 regained part of its previous losses as equity prices increased by 8.7% in the December quarter (refer to Chart 1.5). The index generally increased during the quarter, dipping only in the second half of November in line with other equity markets. Going into the following quarter, stock prices continued to increase, rising by 3.5% by end-March.

Japanese economy contracts

In the last quarter of 2011 there was the fourth consecutive year-on-year contraction in the Japanese economy. The annual growth rate of GDP fell to -0.6% in the December quarter from -0.5% in the previous quarter, partly reflecting slower global demand and the appreciation of the yen (refer to Table 1.1). The decline was solely driven by a fall in net exports, as imports increased at a faster pace than in the previous quarter and export growth turned negative. Domestic demand positively contributed to output as growth in household consumption and investment accelerated from the previous quarter, while government expenditure grew at a constant rate.

On a quarter-on-quarter basis, real GDP growth turned negative as it fell by 0.2% following a rise of 1.7% in the previous quarter. In line with output developments, the labour market weakened during the quarter. The unemployment rate rose to 4.5% in December from 4.2% in September (refer to Chart 1.1). Going into the following quarter, the jobless rate increased further to 4.7% in January.

The annual inflation rate in Japan turned negative again in the last quarter of 2011, after three months of positive rates (refer to Chart 1.2). Price pressures returned to positive territory in the early months of 2012, as inflation rose to 0.3% in February, mainly reflecting higher food prices.

The Bank of Japan maintained an accommodative monetary policy during the December quarter. It kept the basic discount rate at 0.3% and the target uncollateralized overnight call rate in a range between zero and 0.1% (refer to Chart 1.3). It also continued with its asset purchase programme and the USD liquidity operations. During the quarter under review, the central bank extended the deadline for new loan applications under the liquidity programmes aimed to support financial

institutions in areas that were hit by the natural disasters in March 2011. Going into the following quarter, the central bank increased its asset purchases by about 10 trillion yen to around 65 trillion yen. It also increased the amount of liquidity extended to eligible financial institutions through the growth-supporting funding facility and extended again the deadline for loan applications under the programmes sustaining the areas hit by the natural disasters in the previous year.

Ten-year government bond yields in Japan fell by 4 basis points, to 0.99% by end-December (refer to Chart 1.4). They remained relatively stable over the following quarter. Equity prices, as measured by the Nikkei 225, fell by 2.8% in the last three months of the year, the second consecutive quarterly decline (refer to Chart 1.5). Going in the first quarter of 2012, share prices recovered strongly, rising by 19.3% by end-March.

Emerging Asia slows down

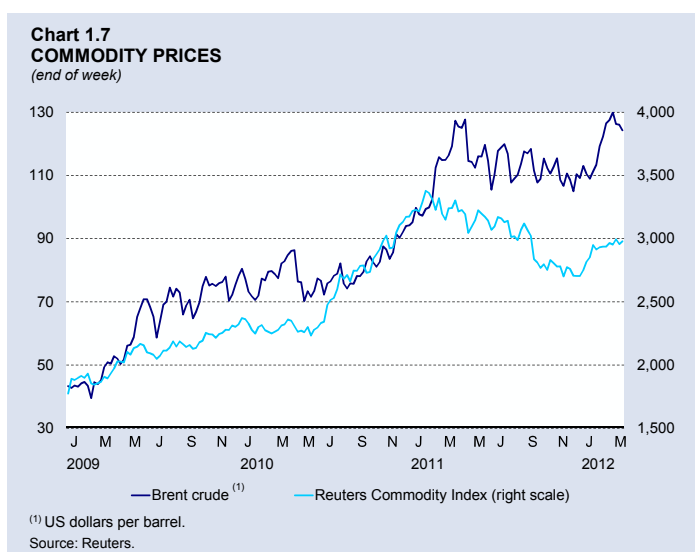
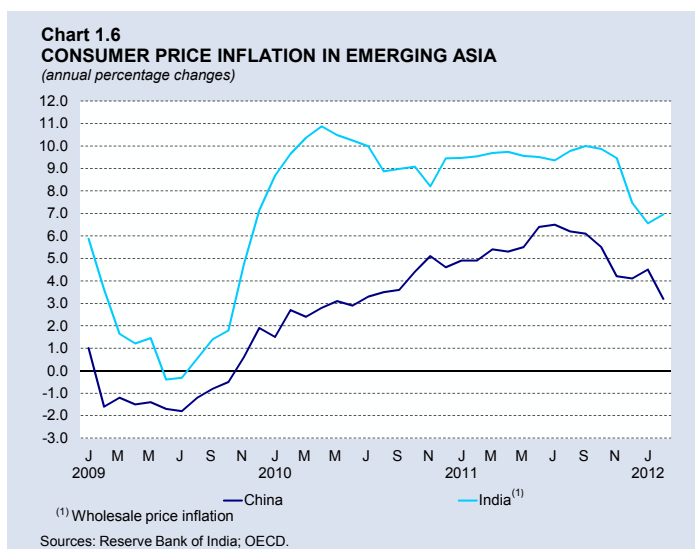
Economic activity in the main emerging Asian economies grew at a slower pace in the last quarter of 2012 compared with the previous quarter. In China, annual real GDP growth eased to 8.9% from 9.1% in the previous quarter, in line with moderating quarter-on-quarter economic growth. Similarly, output growth in India also slowed to 6.5% from 7.0% (refer to Table 1.1).

The annual rate of consumer price inflation in China moderated during the last quarter of the year, standing at 4.1% in December from 6.1% in September, mainly reflecting developments in food prices. Price pressures continued to ease thereafter, with the annual inflation rate declining to 3.2% in February. In India, wholesale price inflation moderated as well, falling to 7.5% in December from 10.0% in September (see Chart 1.6).

Commodities

Oil prices increase again

The price of Brent Crude oil rebounded in the last quarter of 2011 following two consecutive quarterly declines (see Chart 1.7). Initially, the price decreased amidst increasing turbulence in financial markets



and concerns about the global economic outlook. Subsequently, oil recovered following tighter supply constraints and fluctuated around USD110 per barrel throughout the rest of the quarter. The price of oil increased by 1.4% between September and December 2011, ending the year at USD109.19 per barrel.

Going into the following quarter, oil reached USD129.93 per barrel on 9 March, the highest level seen since July 2008, amid concerns about supply limitations. It moderated slightly thereafter, ending the quarter at USD124.26 per barrel, 13.8% higher than end-December 2011.



Commodity prices fall further

The prices of non-energy commodities, as measured by the Reuters Commodity Index, fell for the third consecutive quarter in the last three months of 2011 (see Chart 1.7).¹ Both food and metal prices declined, mainly reflecting continued concerns about the global macroeconomic outlook. Non-energy commodity prices fell by 3.8% during the December quarter, but reversed their path in the subsequent quarter, rising 10.1% by end-March.

Gold price declines

From October to mid-November, the price of gold partly recovered amidst concerns about the sovereign debt crisis. However, the price declined again in December as investors reduced their holdings of gold to realize windfall gains. Gold ended the year at USD1,563.80 per ounce, 10.2% higher than a year earlier but 3.7% below its end-September level (see Chart 1.8).

Subsequently, gold rebounded and increased by 6.7% in the following quarter, ending at USD1,668.29 per ounce in March 2012.

Economic and monetary developments in the euro area

Euro area economic growth slows down

Economic activity in the euro area slowed down during the quarter under review. Real GDP grew by 0.7% on an annual basis, down from 1.3% in the September quarter (see Table 1.2). At the same time, output contracted by 0.3% on a quarter-on-quarter basis, as opposed to a 0.1% rise in the third quarter.

The slowdown in annual real GDP growth between the third and fourth quarters was entirely driven by domestic demand, as its contribution to growth declined by 0.8 point to -0.5 percentage

¹ The Reuters Commodity Index is a weighted index of the prices of 17 commodities that include food, beverages, vegetable oils, agricultural raw materials and metals but exclude oil and gold.

Table 1.2
REAL GDP GROWTH IN THE EURO AREA

Seasonally adjusted

	2010		2011			
	Q4	Q1	Q2	Q3	Q4	
<i>Annual percentage changes</i>						
Private consumption	1.1	0.9	0.3	0.3	-0.6	
Government consumption	-0.1	0.4	0.3	0.0	-0.3	
Gross fixed capital formation	1.3	3.5	1.5	1.0	0.6	
Domestic demand	1.5	1.6	0.7	0.3	-0.5	
Exports	11.8	9.9	6.3	5.5	3.6	
Imports	11.1	8.1	4.2	3.3	0.6	
GDP	2.0	2.4	1.6	1.3	0.7	
<i>Percentage point contributions</i>						
Private consumption	0.6	0.5	0.2	0.1	-0.3	
Government consumption	0.0	0.1	0.1	0.0	-0.1	
Gross fixed capital formation	0.3	0.7	0.3	0.2	0.1	
Changes in inventories	0.7	0.3	0.1	0.0	-0.3	
Domestic demand	1.5	1.6	0.7	0.3	-0.5	
Net exports	0.5	0.8	0.9	1.0	1.3	
GDP	2.0	2.4	1.6	1.3	0.7	

Source: Eurostat.

point. Annual growth of all final domestic demand components decreased over the same period, with the annual rate of change of both private and government consumption turning negative.

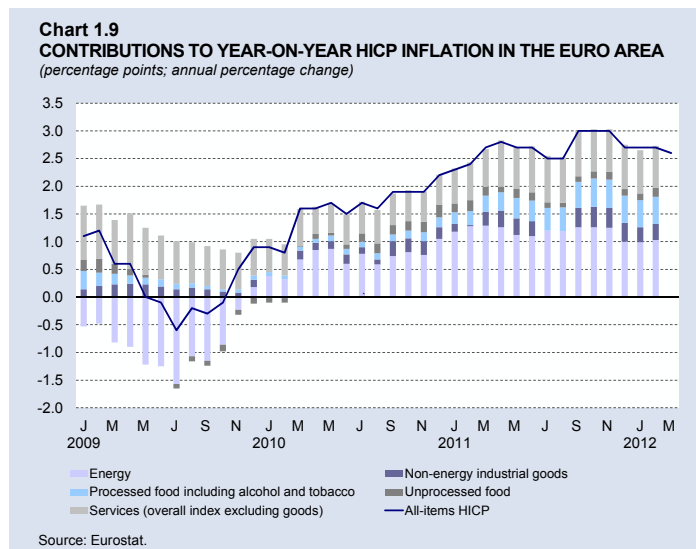
On the external front, both export and import growth lost momentum during the quarter, although net exports made a larger contribution to GDP growth than in the preceding quarter, adding 1.3 percentage points.

HICP inflation falls at end of quarter

Annual HICP inflation in the euro area remained unchanged in October and November from September, standing at 3.0%, the highest level in almost three years (see Chart 1.9). However, it dropped to 2.7% in December.

In contrast, core inflation, measured by excluding energy and unprocessed food prices from the HICP, remained unchanged at 2.0% from September through to December.

The decline in the overall inflation rate between November and December was broad-based, with the annual rate of change of all five major HICP components, except services, falling. The most pronounced decrease related to the annual growth rate of energy prices,



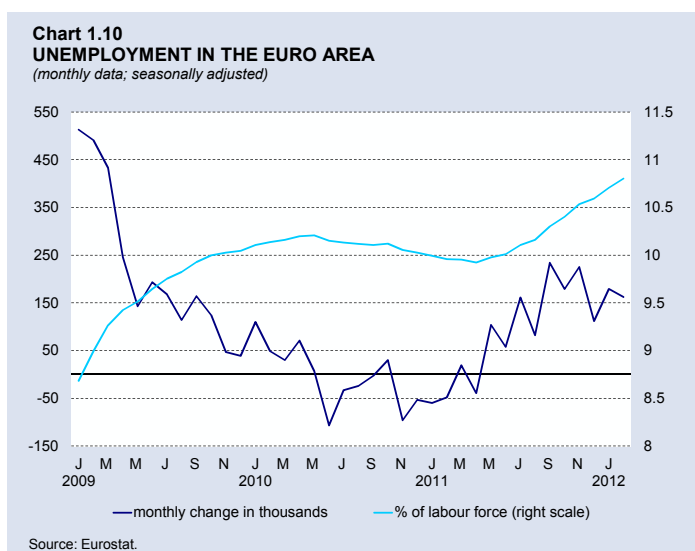
which dropped from 12.3% to 9.7%, leading to a reduction in the contribution of energy prices to the overall inflation rate.

Going into the March quarter, headline inflation remained unchanged at 2.7% in January and February, only to fall slightly to an estimated 2.6% in March.

Labour market conditions deteriorate further

After some improvement during 2010 and the first part of 2011, conditions in euro area labour markets deteriorated during the December quarter.

The annual growth rate of employment turned negative, with jobs contracting by 0.2% against an expansion of 0.2% in the previous quarter.



Moreover, the unemployment rate continued to edge up, rising by 0.1 percentage point every month during the quarter, and therefore going to 10.6% in December from 10.3% in September (see Chart 1.10). Going into the following quarter, it rose by 0.1 percentage point in both January and February, to stand at 10.8% in the latter month.

Euro area GDP and inflation forecasts revised

According to the ECB staff macroeconomic projections published in March 2012, a number of factors are expected to continue weighing on activity in the first half of 2012. These include external factors as well as the adverse impact of the euro area sovereign debt crisis, the deterioration in credit supply conditions and a further fiscal tightening in some euro area countries. The situation is, however, being increasingly mitigated by the favourable impact of strengthening foreign demand, the lower effective exchange rate, and supportive monetary policy measures. Overall, if the financial crisis does not intensify again, real GDP growth is expected to modestly pick up during the second half of 2012 and to improve somewhat further in 2013. This should reflect a gradual strengthening in domestic demand and a favourable impact of net exports. Overall, the recovery is envisaged to be slow. Annual real GDP growth is expected to be between -0.5% and 0.3% in 2012 and between 0.0% and 2.2% in 2013 (see Table 1.3). When compared with the Eurosystem staff projections released in December, both ranges have been revised downwards.

Euro area average annual headline inflation is expected to range between 2.1% and 2.7% in 2012 and between 0.9% and 2.3% in 2013. The moderation is anticipated to stem mainly from energy prices, as crude oil prices are assumed to gradually decline over the projection horizon and as the impact of their past hikes fades away. Growth in food prices is also projected to moderate in 2012 and 2013. The new ranges for 2012 and 2013 are both higher than the December projections.

ECB lowers key interest rates twice

The Governing Council of the ECB reduced key interest rates twice during the quarter under review, lowering them by 25 basis points in November and again in December. As a result, the

Table 1.3**MACROECONOMIC PROJECTIONS FOR THE EURO AREA⁽¹⁾***Average annual percentage changes; working-day-adjusted data*

	2011	2012	2013
Private consumption	0.2	-0.7 – 0.1	0.0 – 1.6
Government consumption	0.2	-0.6 – 0.2	-0.1 – 1.3
Gross fixed capital formation	1.6	-2.6 – 0.2	-0.9 – 3.7
Exports	6.4	0.1 – 5.1	0.7 – 8.1
Imports	4.1	-1.1 – 3.5	0.7 – 7.3
Real GDP	1.5	-0.5 – 0.3	0.0 – 2.2
HICP	2.7	2.1 – 2.7	0.9 – 2.3

⁽¹⁾ ECB staff macroeconomic projections (Mar 2012).

Source: ECB.

MRO rate was brought down to 1.00%, matching its historical low. The rate cuts were based on the observation that, while inflation in the euro area had remained elevated, it was expected to decline. In addition, the intensified tensions in financial markets were expected to continue dampening economic activity in the euro area, implying modest price pressures going forward.

During the fourth quarter of 2011 and the first quarter of 2012, the Eurosystem continued to implement several non-standard monetary policy measures. On 6 October, the Council decided to introduce a 12-month Long-Term Refinancing Operation (LTRO) and a 13-month LTRO as a fixed rate tender procedure with full allotment. It also extended its August commitments concerning MROs, three-month LTROs and special-term refinancing operations with a maturity of one maintenance period, until at least the second quarter of 2012. On the same day, the Governing Council announced a new covered bond purchase programme. The purchases under the programme will be for an intended amount of EUR40 billion, and are expected to be completed by the end of October 2012.

Subsequently, on 30 November, the ECB, in conjunction with other central banks, agreed to enhance liquidity support to the global financial system to ease strains in financial markets. In addition, these central banks agreed to lower the pricing on the existing temporary US dollar liquidity swap arrangements.

In December, the Governing Council announced additional enhanced credit support measures to support bank lending and money market liquidity. In particular, it decided to conduct two LTROs with a maturity of 36 months and the option of early repayment after one year. It also decided to discontinue the fine-tuning operations carried out on the last day of each maintenance period and to reduce the reserve ratio that has to be met by credit institutions from 2.0% to 1.0%. Moreover, collateral availability was enhanced through a reduction of the rating threshold for certain asset-backed securities and by allowing national central banks to temporarily accept bank loans that satisfy specific eligibility criteria. Finally, the ECB announced two one-day liquidity-providing fine-tuning operations allotted on 20 December 2011 and on 28 February 2012.

Rise in broad money growth comes to a halt

After recuperating during the September quarter, the increase in the annual growth rate of the broad monetary aggregate M3 in the euro area was reversed. During the December quarter, M3

Table 1.4
EURO AREA MONETARY AGGREGATES

Annual percentage changes

	2011				2012	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
M1	2.0	1.7	2.1	1.7	2.1	2.5
Currency in circulation	5.7	6.2	6.5	6.1	5.9	5.9
Overnight deposits	1.4	0.7	1.2	0.7	1.2	1.7
M2-M1 (Other short-term deposits)	3.0	2.3	2.1	2.1	2.6	3.1
Deposits with an agreed maturity of up to two years	3.1	1.9	1.6	2.2	3.3	4.0
Deposits redeemable at notice of up to three months	3.0	2.6	2.5	1.9	1.9	2.3
M2	2.5	1.9	2.1	1.8	2.3	2.8
M3	2.9	2.6	1.9	1.6	2.5	2.8

Source: ECB.

contracted, so that its growth rate nearly halved, going from 2.9% in September to 1.6% three months later (see Table 1.4).

The annual growth rate of M1 dropped by 0.3 percentage point to 1.7% over the quarter. This, however, masks different developments in its two components. While the annual growth rate of the smaller of the two components, namely currency in circulation, increased, that of overnight deposits halved to 0.7%. The latter development was mainly a result of a decline in households' holdings of such deposits.

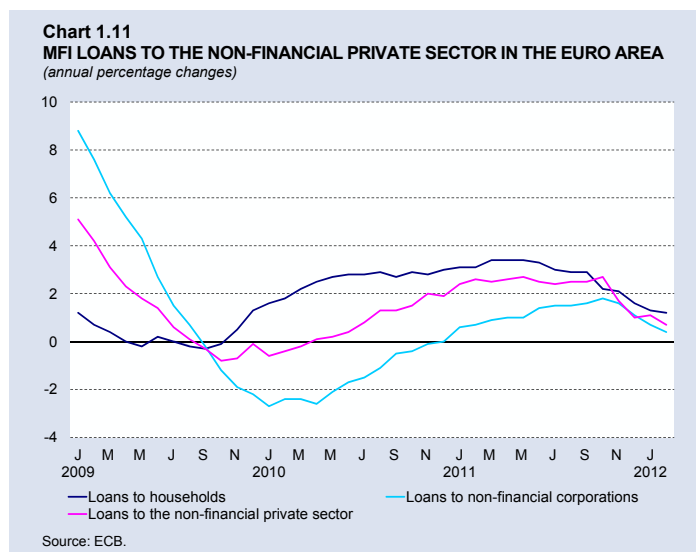
Similarly, the annual rate of expansion of other short-term deposits (i.e. M2 minus M1) weakened as it had done in previous months, falling to 2.1%. Both the annual growth rate of short-term time deposits and of short-term savings deposits declined.

The deceleration in M3 was reversed in the following quarter, when the annual growth rate went up again to 2.8% in February as both M1 and other short-term deposits strengthened.

Growth in private sector lending considerably declines

On the counterpart's side, the annual growth rate of credit to euro area residents declined from 2.3% in September to 1.0% in December, while that to the non-financial private sector declined to 0.4% from 1.5% over the same period. Similarly, the annual growth rate of loans granted by monetary financial institutions (MFI) to the non-financial private sector dropped to 1.0% from 2.5% over the same period (see Chart 1.11).

During the December quarter, the annual growth rate of loans



to non-financial corporations decreased, particularly in December, when these loans contracted in absolute terms. Over the quarter, it fell by 0.5 percentage point to 1.1%. Meanwhile, the annual growth rate of lending to households nearly halved to 1.6%. This most likely resulted from a deterioration of economic and housing market prospects, as well as from the need to correct excessive debt levels in some countries.

Going into the following quarter, the annual growth rate of credit to euro area residents rose to 1.4% in both January and February.

Money market rates decline

Money market interest rates in the euro area declined during the fourth quarter of 2011, reflecting the expectation, which subsequently materialised, that official interest rates would be reduced.

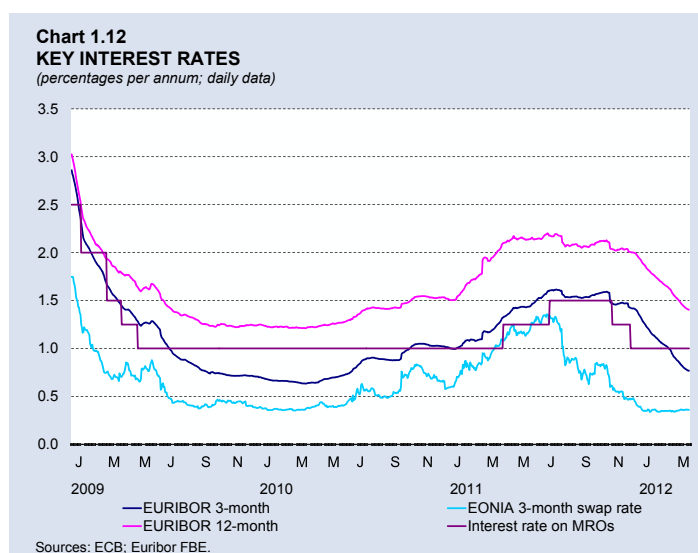
Unsecured money market interest rates in the euro area, as measured by EURIBOR, generally decreased, after having been on a rising trend since the beginning of 2010 (see Chart 1.12).² Over the quarter, at the three-month and 12-month maturities, EURIBOR declined by 20 basis points and 14 basis points, to end 2011 at 1.36% and 1.95%, respectively. During the first quarter of 2012, EURIBOR rates at both the three-month and 12-month maturity continued to decline, to 0.78% and 1.42%.

Secured rates, such as those implicit in the three-month EONIA swap index, considerably declined in the three months to December, shedding 34 basis points and going to 0.39%, the lowest level seen since mid-2010, reflecting the reduction in the ECB overnight deposit rate.³ Going into the March quarter, however, the EONIA swap index at the three-month maturity fell by just 3 basis points.

As a result, the spread between unsecured EURIBOR rates and secured EONIA swap rates at the three-month maturity generally widened over the quarter, to 96 basis points from 83 points three months earlier, in line with intensified money market tensions. Following the announcement of additional non-standard measures in December, the spread, which had begun to narrow towards the end of the year, declined significantly in the subsequent three months.

Spreads of euro area long-term government bond yields continue to widen

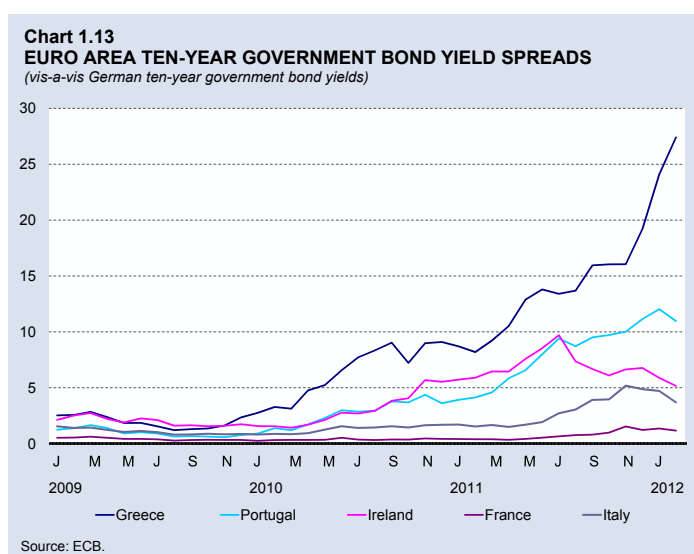
During the quarter under review, ten-year German government bond yields, which are often taken as a benchmark for the euro



² Euro Interbank Offered Rate (EURIBOR) refers to the rates at which prime banks are willing to lend funds to other prime banks in euro on an unsecured basis.

³ Euro OverNight Index Average (EONIA) is a measure of the effective interest rate prevailing in the euro interbank overnight market. The EONIA swap rate is the fixed rate that banks are willing to pay in exchange for receiving the average EONIA rate over the lifetime of a swap contract. The EONIA swap index is considered a measure of market confidence in the soundness of the banking system.

area, marginally decreased. Over the quarter, they fell by just 7 basis points to end the year at 1.83%, much smaller than the 111 basis point drop recorded in the previous quarter (refer to Chart 1.4). Developments during the quarter were driven by concerns about the sovereign debt crisis and uncertainty about the global economic outlook. These factors also contributed to the widening of spreads of sovereign bonds in other euro area countries vis-à-vis their German counterpart (see Chart 1.13).



Ten-year German government bond yields once again slightly decreased in the March quarter, edging down to 1.81%.

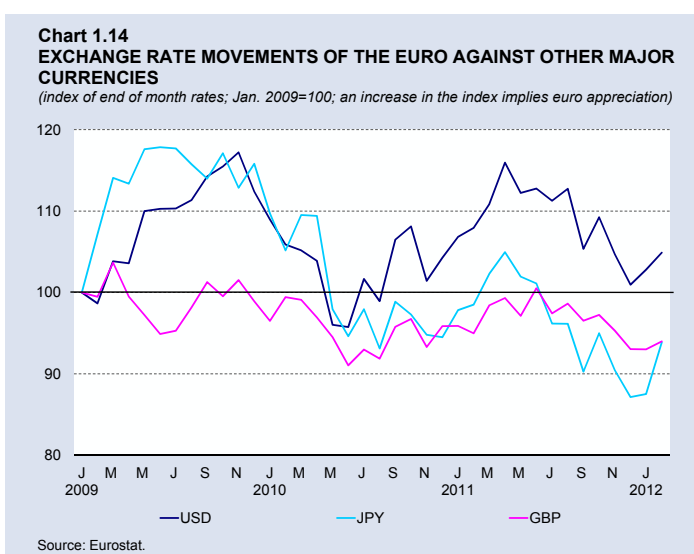
Euro area equity prices increase

The Dow Jones EURO STOXX index increased by 5.1% between September and December (refer to Chart 1.5). Developments in euro area equity prices continued to be influenced by tensions in sovereign bond markets and macroeconomic data releases in the euro area. The rally in share prices, which began towards the beginning of December, was triggered by the announcement of coordinated central bank action to enhance liquidity support to the global financial system. It was supported by improved market sentiment in response to monetary policy decisions taken in December to provide additional support to the financial system and to strengthen economic governance at euro area level.

The increase persisted well into the March quarter, when the index rose by a further 9.5%.

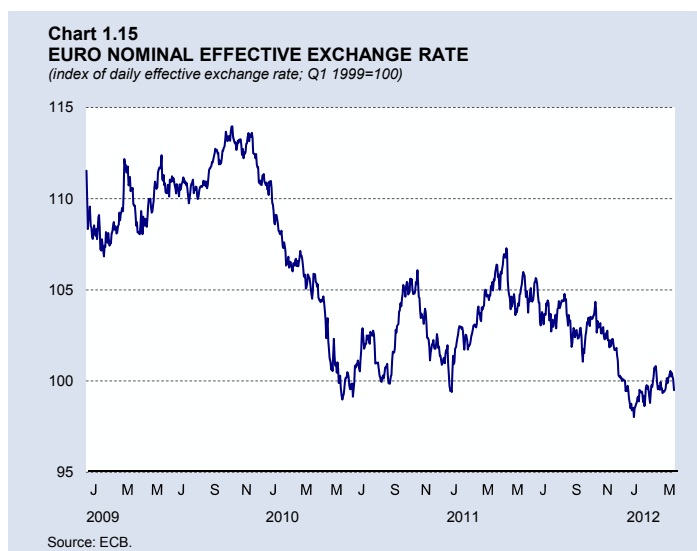
The euro depreciates further against major currencies

On a bilateral basis, the euro depreciated against all major currencies during the December quarter. This weakening largely resulted from deteriorating market perceptions of fiscal and economic prospects in the euro area relative to other major economies. In particular, the euro lost 4.2% against the US dollar, 3.6% against the pound sterling, and 3.5% against the Japanese yen (see Chart 1.14).



This broad-based depreciation came to a halt the following quarter as the euro strengthened against all three currencies.

The euro's nominal effective exchange rate, as measured against the currencies of 20 of the euro area's main trading partners, also depreciated during the quarter under review, losing 2.8% (see Chart 1.15). However, as the elevated risk aversion and concerns about the fiscal outlook of some euro area countries diminished in the subsequent quarter, the euro gained 0.9% in nominal effective terms.

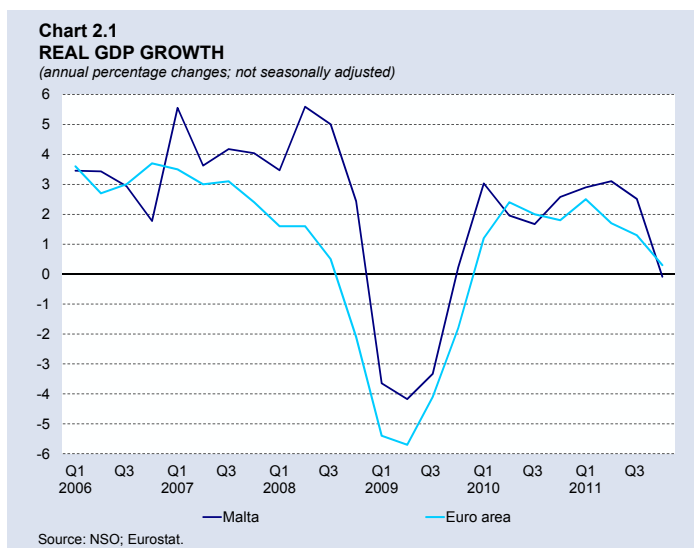


2. OUTPUT AND EMPLOYMENT

Gross Domestic Product

Economic activity declines in the last quarter

Gross domestic product (GDP) marginally contracted by 0.1% on an annual basis in the last quarter of 2011, after having increased by 2.5% in the previous quarter. The decline was driven by a reduction in domestic demand, which offset a significant positive contribution from net exports. Malta's annual growth rate in the last quarter of the year contrasted with that of the euro area, which stood at 0.3%. This notwithstanding, economic trends in Malta generally followed a similar pattern to those observed in the euro area, with the Maltese economy registering higher growth during the first three quarters of 2011. This pattern was reversed in the last quarter of the year.¹



Over the year as a whole, annual real GDP growth in Malta remained positive at 2.1%, exceeding the euro area's by 0.7 percentage point (see Chart 2.1).

Net exports sustain economic output

The contribution of net exports increased significantly in the fourth quarter as the gap between total exports and total imports widened compared with the same period a year earlier. In fact, net exports contributed 8.1 percentage points to real GDP growth, up from 0.8 percentage point in the previous quarter (see Table 2.1).

Export growth turned positive in the last quarter of the year, expanding by 5.0%. Nominal data sources indicate that exports of fuel were the main factor behind the growth. However, firms involved in the production of machinery and miscellaneous manufactured items also recorded higher exports. On the other hand, exporters of chemical products and semi-manufactured goods experienced a decline in the fourth quarter. In the case of services, while receipts from tourism and transport continued to expand, those from other services declined.

With real imports of goods and services falling by 2.5% on the previous year's level, real GDP growth was boosted by 2.7 percentage points. The drop in real imports of goods and services mainly reflected developments in the importation of goods. Imports of services were broadly stable, as an increase in payments for transport services offset a drop in other categories.

¹ Annual real GDP growth rates for the euro area reported in this Chapter differ from those provided elsewhere in this Review. This is because, to maintain comparability with data for Malta, euro area figures in this Chapter are not seasonally adjusted.

Table 2.1
GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

	2010	2011			
	Q4	Q1	Q2	Q3	Q4
	<i>Annual percentage changes</i>				
Private final consumption expenditure	0.5	4.8	4.7	3.3	-0.3
Government final consumption expenditure	6.2	7.9	2.5	2.8	2.7
Gross fixed capital formation	19.5	-12.3	-10.0	-21.4	-9.1
Changes in inventories (% of GDP) ⁽¹⁾	-0.9	2.7	-0.1	-4.5	-8.1
Domestic demand	0.5	1.2	5.7	1.9	-8.2
Exports of goods & services	16.0	8.9	2.1	-10.0	5.0
Imports of goods & services	13.7	6.9	4.4	-11.7	-2.5
Gross domestic product	2.6	2.9	3.1	2.5	-0.1
	<i>Percentage point contributions</i>				
Private final consumption expenditure	0.4	3.3	3.0	2.1	-0.2
Government final consumption expenditure	1.2	1.6	0.5	0.5	0.5
Gross fixed capital formation	2.5	-1.7	-1.4	-3.4	-1.4
Changes in inventories ⁽¹⁾	-3.5	-1.9	3.3	2.5	-7.1
Domestic demand	0.5	1.2	5.4	1.7	-8.2
Exports of goods & services	15.3	9.1	2.4	-11.7	5.4
Imports of goods & services	-13.2	-7.5	-4.7	12.5	2.7
Net exports	2.0	1.7	-2.3	0.8	8.1
Gross domestic product	2.6	2.9	3.1	2.5	-0.1

⁽¹⁾ Includes acquisitions less disposal of valuables.
Source: NSO.

Domestic demand drags down GDP growth

Domestic demand contracted in the last quarter of the year after four consecutive quarters of growth, declining by 8.2% compared with an increase of 1.9% in the previous quarter. It contributed negatively to real GDP growth by the same amount. The main component of domestic demand driving this fall was inventories, which also include the residual error.

Private final consumption decreased by 0.3% on an annual basis in the last quarter of the year, after increasing by 3.3% in the third quarter. As a result, it shaved off 0.2 percentage point from real GDP growth.

Government consumption continued to grow at a slightly more moderate pace of 2.7%, down from 2.8% in the previous quarter. It thus contributed half a percentage point to real GDP growth. Intermediate consumption was the main source of the increase in public expenditure, with the education sector and general public services among the areas recording gains. Compensation of employees also increased on an annual basis.

Gross fixed capital formation (GFCF) declined for the fourth consecutive quarter, although the rate of contraction slowed down to 9.1% from 21.4% in the third quarter of 2011. Consequently, it lowered real GDP growth by 1.4 percentage points. This drop mainly reflected a fall in capital expenditure on machinery & equipment. The decline partly reflects a base effect following substantial one-off investments in the energy sector in the last quarter of 2010. Residential construction also decreased; however, this was outweighed by an increase in non-residential construction, reflecting work on a major infrastructural project. Available data indicate that both public and private sectors contributed to a lower level of GFCF.

Changes in inventories, which, as already noted, include the statistical error, became more negative in the last quarter of 2011 and were the highest single negative contributor to real GDP growth. In fact, the reported drawdown of inventories dragged down real GDP growth by 7.1 percentage points, reversing the positive contribution in the previous quarter. Their share of GDP stood at -8.1%.

Nominal GDP growth slows down

In nominal terms, GDP growth declined to 1.8% from 4.5% in the previous quarter. On the income side, growth in compensation of employees accelerated to 3.0% in the last quarter of 2011 from 2.5% in the previous quarter. The annual increase in compensation in the fourth quarter was evident in all sectors except in the information & communication and construction sectors. Conversely, growth in operating surplus and mixed income moderated to 1.4% in the fourth quarter of 2011 from 3.0% in the three months to September (see Chart 2.2). In absolute terms, it appeared that the mining & quarrying, utilities & manufacturing sector was the main drag on operating surplus while the financial and insurance activities sector recorded the most positive increase.

Non-service sectors lower GDP growth

Gross value added (GVA) growth remained stable at 2.6% in the fourth quarter. The higher growth rate, compared with the nominal GDP growth rate, was due to the lower level of net taxes on products registered in the fourth quarter of 2011 compared with the same period in 2010 (see Table 2.2).

A contraction of 8.1% in the GVA in the manufacturing sector during the fourth quarter was reflected in a negative contribution of 0.9 percentage point to overall nominal GDP growth. There was also a small negative contribution by the construction sector. The other non-service sectors (including mainly agriculture, utilities and mining & quarrying) similarly reported a decline, providing a combined negative contribution of 1.4 percentage points, so that on aggregate, the non-service sectors lowered nominal GDP by 2.4 percentage points.

The decline of value added in manufacturing is further evidenced by industrial production data.² In annual terms, the volume of output fell for the second consecutive quarter, although at a slower rate of 1.7% (see Table 2.3). This mirrored developments in the semiconductors sector (included under computer, electronic & optical products), wearing apparel and rubber & plastic products. Production

² Methodological differences may account for divergences between developments in GVA in the manufacturing sector and industrial production. GVA nets input costs from output to arrive at value added and is expressed in nominal terms. Industrial production is a measure of the volume of output that takes no account of input costs. The sectoral coverage between the two measures may differ, since industrial production data also capture the output of the energy sector.

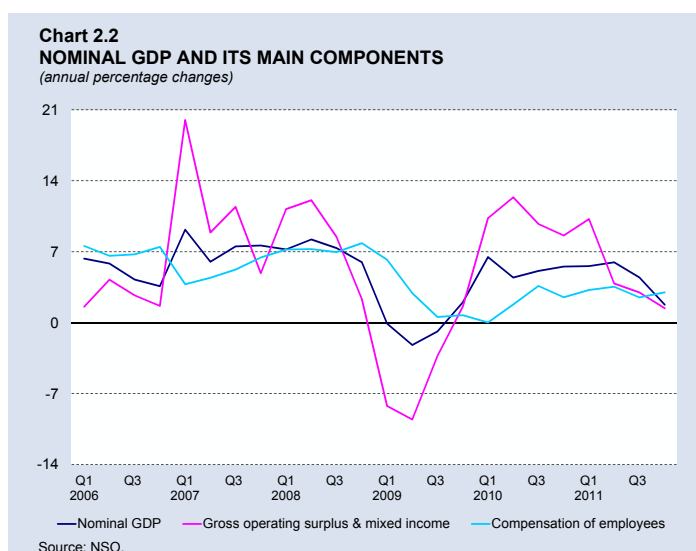


Table 2.2
CONTRIBUTION OF SECTORAL GROSS VALUE ADDED TO NOMINAL GDP

Percentage points

	2010		2011		
	Q4	Q1	Q2	Q3	Q4
Agriculture, forestry & fishing	0.3	0.2	0.1	0.0	-0.1
Mining & quarrying; utilities	-0.5	-0.9	-1.4	-1.7	-1.3
Manufacturing	0.9	1.7	1.0	0.4	-0.9
Construction	-0.1	0.0	0.0	0.0	-0.1
Wholesale & retail trade; repair of motor vehicles; transportation; accommodation & related activities	1.2	1.6	1.0	0.0	1.1
Information & communication	0.1	0.3	0.3	0.4	0.4
Financial & insurance activities	0.1	0.4	0.3	1.6	1.1
Real estate activities	0.2	0.2	0.1	0.2	0.2
Professional, scientific, administrative & related activities	0.3	0.6	0.5	0.3	0.5
Public administration & defence; education; health & related activities	0.8	0.7	0.9	0.6	0.8
Arts, entertainment; household repair & related services	0.6	0.6	0.5	0.4	0.5
Gross value added	3.8	5.5	3.4	2.3	2.2
Net taxation on products	1.7	0.1	2.6	2.2	-0.4
Annual nominal GDP growth (%)	5.5	5.6	6.0	4.5	1.8

Source: NSO

Table 2.3
INDUSTRIAL PRODUCTION

Percentages; annual percentage changes

	Shares	2010		2011		
		Q4	Q1	Q2	Q3	Q4
Industrial production	100	1.0	8.5	0.3	-4.0	-1.7
Computer, electronic & optical products	18.5	20.5	24.7	-1.9	-9.8	-8.0
Food products	10.2	-14.1	12.0	-6.3	-10.1	10.5
Energy ⁽¹⁾	8.0	0.9	2.4	3.5	2.7	2.1
Wearing apparel	6.5	14.7	7.6	13.8	2.7	-5.2
Rubber & plastic products	6.2	0.7	16.1	2.7	12.1	-1.6
Basic pharmaceutical products & pharmaceutical preparations	5.5	6.3	18.6	-2.4	-15.1	-24.6
Textiles	5.2	22.4	11.7	12.0	-4.8	2.6
Repair and installation of machinery and equipment	5.0	-20.4	-38.0	-24.3	-26.3	-25.4

⁽¹⁾ Includes electricity, gas, steam & air conditioning supply and water collection, treatment & supply.

Source: NSO.

also continued to decline in the pharmaceutical sector and in the sector related to the repair & installation of machinery & equipment. In contrast, the volume of output increased in the food sector and in the textile industry, while production grew at a more moderate pace in the energy sector.

Service-related sectors drive growth in GVA and nominal GDP

The service sectors were the drivers behind the fourth quarter growth in nominal GDP, contributing 4.6 percentage points. Financial & insurance activities, on the one hand, and the wholesale and retail trades, transportation, accommodation & related activities on the other, each contributed 1.1 percentage points to nominal growth. Moreover, in absolute terms, these two sectors recorded the largest annual increases in GVA in the period under review.

The public administration & related services sector also recorded a significant increase in GVA and contributed 0.8 percentage point to nominal GDP. Contributions from the information & communication, real estate and arts & entertainment sectors remained positive and were broadly unchanged when compared with the third quarter of 2011.

BOX 1: TOURISM ACTIVITY

Slight acceleration in tourism activity in the fourth quarter

Tourist arrivals in Malta during the last quarter of 2011 increased by 2.0% on a year earlier, while tourist spending rose by 8.6% (see Chart 1).

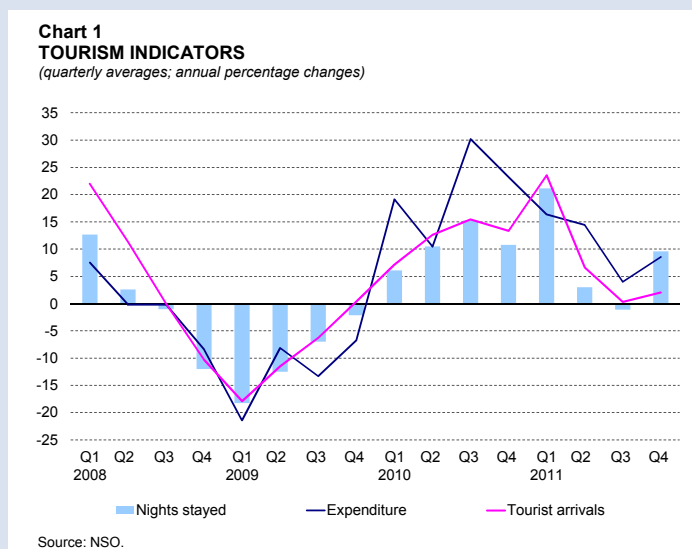
These gains brought the increase in the number of tourists for 2011 to 5.6%, while spending was 8.8% higher on the previous year. Meanwhile, at 9.6%, the annual rate of growth in nights stayed during the quarter exceeded the average of 3.7% for the first three quarters of 2011.

Malta International Airport data on passenger movement of residents and non-residents show that, during the last quarter of 2011, arrivals were 1.9% higher than a year earlier, compared with an annual growth rate of 14.6% in the corresponding period of the previous year.

In terms of geographical tourist arrival distribution, results differed between the various source markets during the quarter. The number of visitors from the United Kingdom, which accounts for just over a third of total arrivals, rose by 8.0% on year-ago levels. Arrivals from another established market, Germany, increased by 5.2%, while those from smaller markets, such as Belgium, Ireland and the Netherlands, were also higher.

On the other hand, the number of visitors from Italy, Malta's second largest source market, dropped by 5.9% on year-ago levels, while those from Spain fell by 17.0%. In addition, the number of arrivals from Scandinavia declined by an annual 11.9%.¹

The increase of 8.6% in spending was broadly based, but was mainly attributable to a rise of 14.8% in spending on package holidays.² Expen-



¹ Scandinavia includes Denmark, Finland, Norway and Sweden.

² Total expenditure is split into package, non-package and "other".

diture on non-package holidays rose by 5.4%, with spending on accommodation recording the largest contribution.³ This mostly reflected growth in the total number of nights stayed, which went up by an annual 9.6% during the quarter reviewed. National Statistics Office (NSO) figures also show that the average length of stay of visitors to Malta rose by 0.6 night, to 8.2 nights, taking the year-long average to 8.3, which was unchanged from 2010.

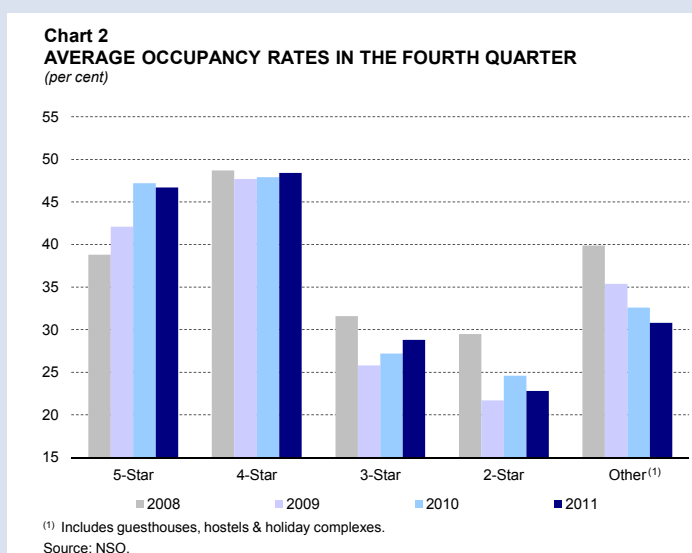
A survey conducted by the industry shows that for the December quarter a small increase in average achieved room rates was recorded in 5-star hotels, while rates in the 3-star and 4-star categories dropped marginally on an annual basis.⁴ The survey also shows that gross operating profit per available room was lower in all hotel categories, but particularly in 5-star hotels, while the 3-star category continued to experience further reductions.

On the supply side, the net number of bed-places was somewhat lower than a year earlier.⁵ This, along with an increase in nights stayed, led to a marginal improvement in overall occupancy during the quarter, as measured by the NSO. Overall hotel occupancy rates during the period rose by 0.8 percentage point on a year earlier, to 42.1%. For the year as a whole, the occupancy rate stood at 54.9%, compared with 52.8% a year earlier.

In particular, occupancy in 3-star hotels rose during the fourth quarter by 1.6 percentage points, while that in 4-star hotels increased by 0.5 percentage point (see Chart 2). Occupancy in the 5-star category dropped by 0.5 percentage point, while that in the “other” category was 1.8 percentage points below the corresponding period in 2010.⁶

Meanwhile, the industry survey mentioned earlier similarly reveals a drop in occupancy rates for the 5-star category. Compared with NSO data, this source points to less favourable developments in the 3-star and 4-star categories. More specifically, it points to stability in occupancy rates in 3-star hotels and to a drop in 4-star hotel occupancy rates.

Cruise liner tourism remained buoyant in the



³ Non-package holiday expenditure is subdivided into spending on accommodation and travel, while the “other” component captures any additional expenditure by tourists during their stay in Malta.

⁴ See BOV-MHRA Survey – Q4 2011.

⁵ Net use of bed-places is the occupancy rate calculated for all active accommodation establishments net of seasonal and other temporary closures for decoration, etc. The net use of bed-places is the percentage of total nights spent divided by the net bed-places and the number of days of the month under review.

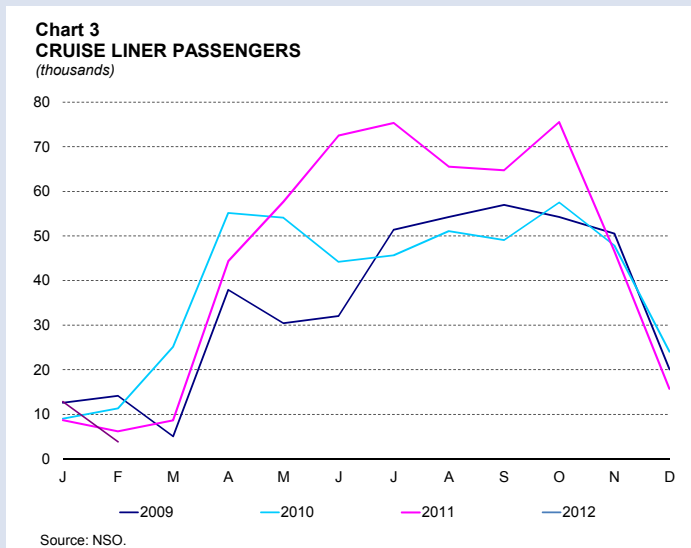
⁶ The “other” category consists of guesthouses, holiday complexes and hostels.

fourth quarter, with the number of passengers rising by an annual rate of 6.5% (see Chart 3). The frequency of port calls was also higher, at 101 compared with 85 calls in the same period of 2010.

Going into the first quarter of 2012, available information suggests that in January and February tourist expenditure was slightly higher than in the first two months of 2011, even though arrivals and nights

stayed fell below their year-ago levels. These declines were influenced by the base effect in February 2011, when heavy visitor traffic from Libya was registered as a result of the political development there.

Meanwhile, the number of cruise liner passengers in the first two months of 2012 rose by 12.1% over the same period of 2011.



The labour market³

Labour market statistics for the fourth quarter showed employment growing at a slower pace than in previous quarters. At the same time, the unemployment rate increased but remained below the year-ago level.

Employment growth moderated

Labour Force Survey (LFS) data show that in the fourth quarter of the year employment growth moderated to an annual rate of 1.8%, following a 2.5% increase in the previous quarter (see Table 2.4). The rise in employment was broadly based. Full-time jobs increased significantly, by 1.2%, or by almost 1,700 in absolute terms on a year earlier, while the number of part-timers rose by around half that number. The number of full-timers on reduced hours went up by a smaller amount than the other two categories.

The total employment rate in the fourth quarter stood at 57.3%, 1.0 percentage point higher than its year-ago level.⁴ Overall gains were almost equally distributed between males and females, with the corresponding employment rates standing at 73.0% and 41.1%, respectively. Among

³ This section draws mainly on labour market statistics from two sources: (i) the LFS, which is a household survey conducted by the NSO on the basis of definitions set by the International Labour Organisation and Eurostat, and (ii) administrative records compiled by the ETC according to definitions established by domestic legislation on employment and social security benefits.

⁴ The employment rate measures the number of persons employed on a full-time or part-time basis as a proportion of the working age population. The latter includes all persons aged between 15 and 64 years.

Table 2.4
LABOUR MARKET INDICATORS BASED ON THE LFS

Persons; annual percentage changes

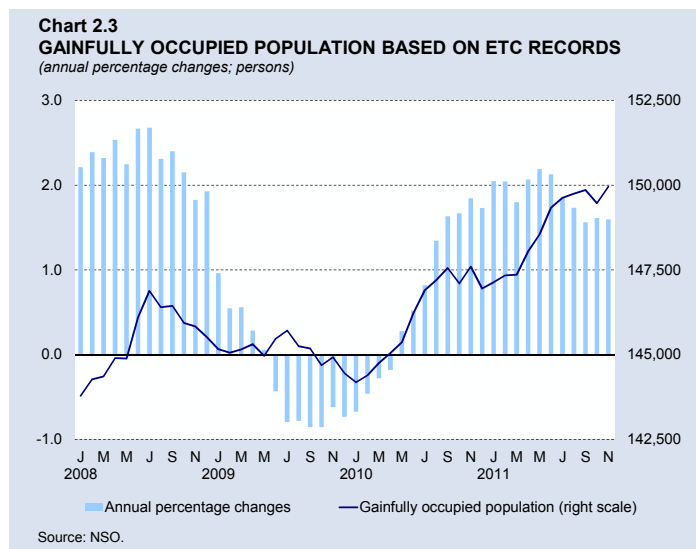
	2010			2011		Annual change %
	Q4	Q1	Q2	Q3	Q4	
Working age population	352,801	353,815	354,645	355,363	356,188	1.0
Labour supply	176,717	179,540	180,291	181,684	179,405	1.5
Employed	164,639	168,023	168,222	170,466	167,627	1.8
<i>By type of employment:</i>						
Full-time	144,446	145,703	146,328	146,855	146,129	1.2
Full-time with reduced hours	2,683	3,525	4,576	4,044	3,163	17.9
Part-time	17,510	18,795	17,318	19,567	18,335	4.7
Unemployed	12,078	11,517	12,069	11,218	11,778	-2.5
Activity rate (%)	60.5	61.4	61.5	62.0	61.4	
Male	77.5	78.5	78.8	78.8	77.9	
Female	42.8	43.7	43.6	44.6	44.3	
Employment rate (%)	56.3	57.4	57.3	58.1	57.3	
Male	72.0	73.8	73.6	74.0	73.0	
Female	40.0	40.5	40.6	41.6	41.1	
Unemployment rate (%)	6.8	6.4	6.7	6.2	6.6	
Male	7.0	6.0	6.5	5.9	6.2	
Female	6.5	7.3	7.0	6.7	7.3	

Source: NSO.

male workers, increases were registered particularly in the 25 - 44 age bracket. Meanwhile, female employment showed the strongest increase in the 35 - 44 age bracket as stronger female participation in the labour market continued to be influenced by tax-related relief schemes.

The Survey also shows that, while the labour force went up by 1.5%, the working age population grew by 1.0% over the same period a year earlier. As a result, the activity rate rose by 0.9 percentage point to 61.4%, with the bulk of the increase coming from the female category.⁵ This is partly due to a shift in the number of inactive females onto the labour market.

Up to November labour market trends based on the LFS were generally supported by data from Employment and Training Corporation (ETC) records. These show that the gainfully occupied population, defined to include all persons with full-time employment, remained on a generally upward trend (see Chart 2.3).



⁵ The activity rate measures the number of persons in the labour force as a proportion of the working-age population.

However, the annual rate of growth began to decelerate after May 2011, although it was stable at 1.6% in both October and November.

Employment growth was mainly driven by the private sector. In November, the number of full-time private sector employees expanded by 1,878, or 1.8%, on a year earlier, with the growth solely recorded in the market services sector, where employment went up by 2.5%. Meanwhile, jobs in direct production were unchanged from their year-ago levels (see Table 2.5).

The largest additions to employment in the services category were recorded in the real estate, renting & business activities sub-sector, in particular the “other business activities” category, which comprises a broad range of business and professional services, and in the computer & related activities category. Furthermore, significant increases were registered in the land transport sector, mainly reflecting the impact of the public transport system reform, with the introduction of a new operator. These additions were offset, however, by job losses in transport-related support services. Compared with year-ago levels, job creation was also recorded in the recreation industry, in education and in financial intermediation services.

Within the public sector, employment related to the provision of services also registered gains. Direct production, on the other hand, recorded losses. Overall, employment in the public sector rose by 1.3% year-on-year in November. The number of full-time workers increased in the areas of health & social work and in the public administration & defence category, the latter mainly reflecting the recruitment of police officers. These gains outweighed the impact of a decline in employment in construction activities, the ongoing drop in the number of former shipyard employees classified as workers within the government sector, and a fall in employment in the air transport sector as the restructuring of the national airline got under way.

Table 2.5
LABOUR MARKET INDICATORS BASED ON ETC ADMINISTRATIVE RECORDS

Persons; annual percentage changes

	2010		2011			Annual change %
	Nov.	Mar.	June	Sep.	Nov.	
Labour supply	154,250	154,017	155,543	156,413	156,544	1.5
Gainfully occupied ⁽¹⁾	147,595	147,355	149,331	149,859	149,952	1.6
Registered unemployed	6,655	6,662	6,212	6,554	6,592	-0.9
Unemployment rate (%)	4.3	4.3	4.0	4.2	4.2	
Private sector	106,442	106,206	107,618	108,332	108,320	1.8
Direct production	32,038	32,068	32,256	32,112	32,029	0.0
Market services	74,404	74,138	75,362	76,220	76,291	2.5
Public sector	40,481	40,458	41,041	40,927	41,000	1.3
Temporary employment	672	691	672	600	632	-6.0
Part-time jobs	50,668	51,667	53,051	53,639	53,609	5.8
Primary	28,321	29,165	30,088	30,355	30,312	7.0
Secondary ⁽²⁾	22,347	22,502	22,963	23,284	23,297	4.3

⁽¹⁾ This category measures full-time employment.

⁽²⁾ This category includes employees holding both a full-time and a part-time job.

Source: NSO.

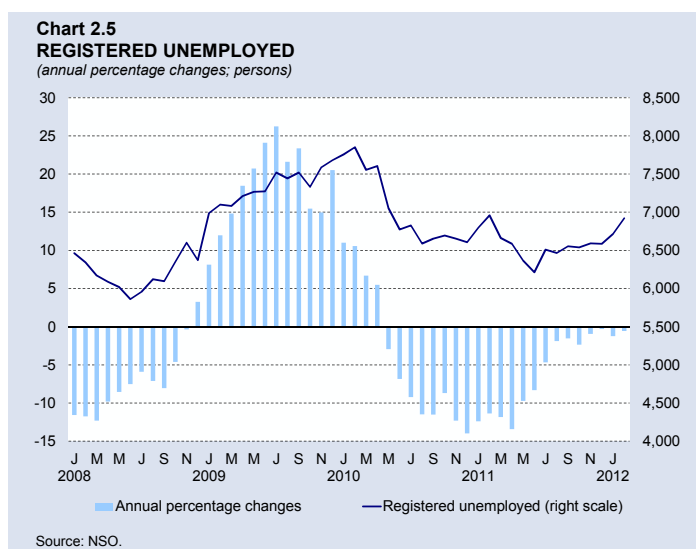
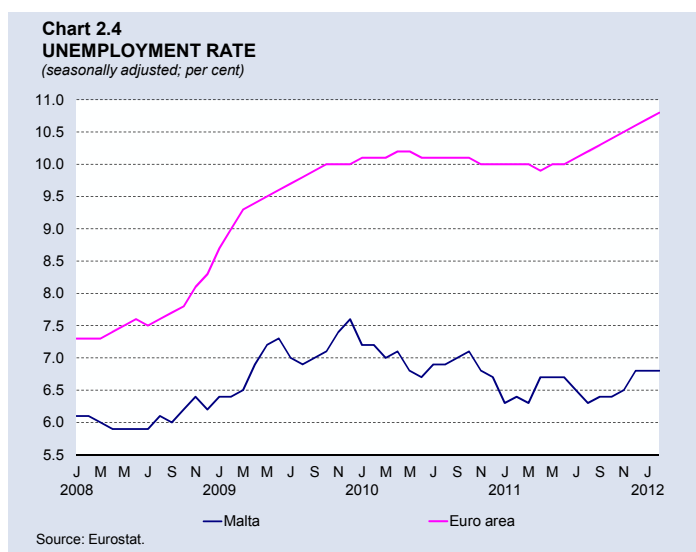
Part-time employment increased by an annual 5.8% in November, compared with 4.2% in September. The category of workers with a part-time job as their primary employment recorded an annual rise of 7.0%, while those with a part-time job in addition to their full-time employment rose by 4.3%. The largest addition in both categories was registered by female workers. On aggregate, part-time workers in both the hotels & restaurants and real estate, renting & business activities sector increased significantly.

Unemployment rises, but still below year-ago levels

The unemployment rate based on the LFS results rose by 0.4 percentage point in the three months to December to stand at 6.6%.⁶ Compared with the same period of 2011, the unemployment rate was 0.2 percentage point lower. This reflected a drop in the male category, which was partly offset by a rise in the female unemployment rate.

Similar developments were observed in the seasonally adjusted unemployment rate, which averaged 6.6% in the fourth quarter of 2011, up slightly from the previous quarter but 0.3 percentage point lower than the year-ago level.⁷ Unemployment picked up towards the end of the quarter so that, in December, the jobless rate for Malta rose to 6.8%. Nevertheless, it was still 3.8 percentage points below the euro area average unemployment rate (see Chart 2.4).

During the fourth quarter the administrative records of the ETC show an increase in the number of registered unemployed. However, the number of registered job-seekers continued to fall on a year-on-year basis, though at a moderate pace (see Chart 2.5). In November, the unemployment rate based on ETC data stood at 4.2%, slightly below the level of 4.3% recorded in the same month of the previous year.



⁶ According to the LFS, the unemployed comprise all persons above 15 years of age who are without work, available for work and who have actively sought work during the four weeks preceding the survey. In contrast, the number of unemployed on the basis of ETC data includes only those persons registering for work under Part 1 and Part 2 of the unemployment register.

⁷ Eurostat is the source for information on seasonally-adjusted unemployment rates.

With regard to developments in the first quarter of 2012, the seasonally adjusted unemployment rate remained unchanged at its December level, at 6.8%, in both January and February. Meanwhile, the latest ETC data show that, while the number of registered unemployed continued to rise in January and February 2012, it remained slightly below year-ago levels. Thus, in February the number of registered unemployed was 0.6% less than a year earlier, as can be seen in Chart 2.5.

BOX 2: BUSINESS AND CONSUMER SURVEYS¹

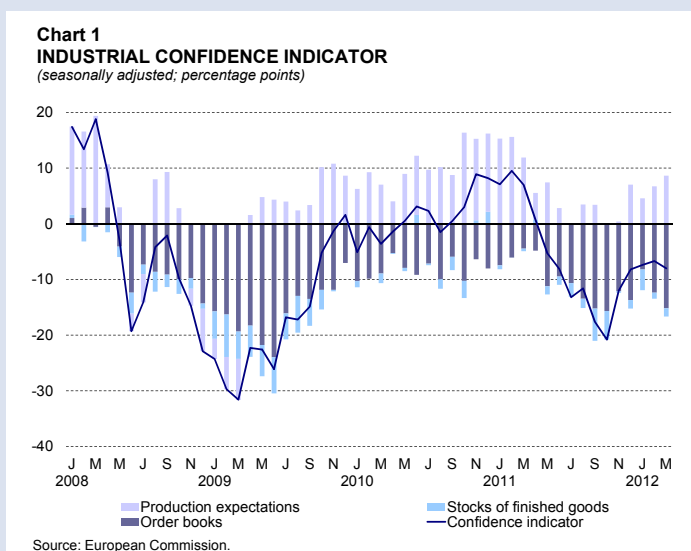
Survey data for the first quarter of 2012 show a deterioration in sentiment among firms in the services sector. In contrast, sentiment among firms in the construction industry was less negative while industrial confidence remained unchanged. Meanwhile, the consumers' confidence indicator edged downward.

Industrial sentiment remains unchanged²

After having improved in the preceding quarter, the industrial confidence indicator stood at -8 in March, unchanged compared with December (see Chart 1). Improved production expectations and, to a lesser extent, a decrease in the stock of finished goods were, however, offset by a deterioration in order book levels.

According to supplementary survey findings, the majority of participants referred to a lack of demand as the main factor inhibiting production, with respondents continuing to point out that the current production capacity was more than sufficient to meet demand. Reported capacity utilisation decreased slightly. However, employment levels within the manufacturing sector were, on balance, not expected to change. Turning to selling prices, the majority of respondents expected a rise in prices over the subsequent three months.

On the basis of seasonally unadjusted data, which provide information at a sectoral level, the overall index rose further to -3 in March from -8 in December. Sentiment improved among firms producing intermediate and consumer goods while a deterioration was reported among those producing investment goods. More



¹ Since May 2010, survey data for industry, construction and services are being compiled according to the NACE Revision 2 classification. However, aggregates for each category are unlikely to be affected by this change in methodology. The compilation of the consumer survey remained unchanged.

² The industrial confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to a subset of survey questions relating to expectations about production over the subsequent three months, to current levels of order books and to stocks of finished products.

specifically, confidence levels increased among firms operating in printing & reproduction media and in the repair and installation of machinery & equipment. Sentiment improved but remained in negative territory among manufacturers of rubber & plastic products, computer & electronic equipment and wearing apparel. In contrast, confidence turned negative among makers of food products while those manufacturing pharmaceutical products became less optimistic.

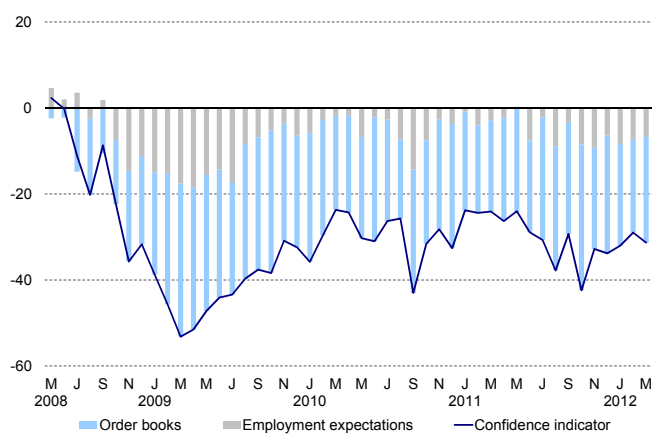
Sentiment improves in the construction industry³

Meanwhile, the construction confidence indicator rose from -34 in December to -31 in March (see Chart 2). This improvement reflected a smaller number of respondents considering their current order books to be below normal level. On the other hand, a marginally higher number of respondents expressed an intention to reduce their labour complement in the subsequent three months. Furthermore, operators continued to indicate insufficient demand as the primary factor limiting activity.

Sentiment among service providers deteriorates⁴

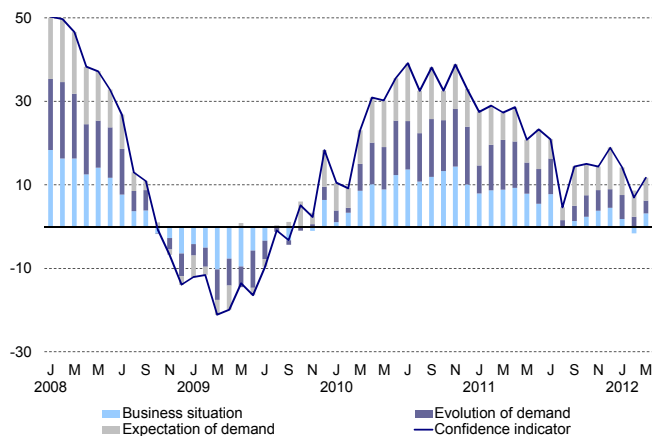
After having improved in the previous quarter, the services confidence indicator worsened by 7 percentage points during the quarter reviewed, to stand at 12 in March (see Chart 3). Respondents reported a deterioration in expected demand for the

Chart 2
CONSTRUCTION CONFIDENCE INDICATOR
(seasonally adjusted; percentage points)



Source: European Commission.

Chart 3
SERVICES CONFIDENCE INDICATOR
(seasonally adjusted; percentage points)



Source: European Commission.

³ The construction confidence indicator is the arithmetic average of the balances (in percentage points) of replies to two survey questions, namely those relating to order books and employment expectations over the subsequent three months.

⁴ The services confidence indicator is the arithmetic average of the balances (in percentage points) of replies to survey questions relating to the business climate, the evolution of demand in the previous three months and demand expectations for the subsequent three months.

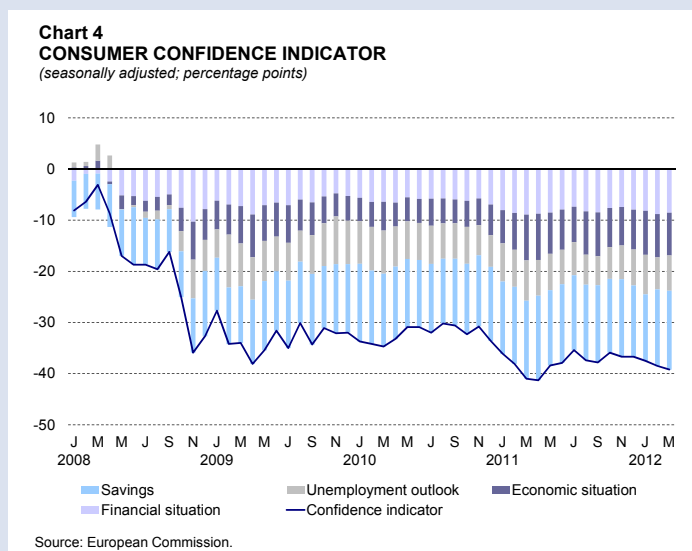
subsequent three months as the main factor affecting sentiment in the sector. The fall in confidence also reflected a less favourable business situation and weaker demand for services in the preceding quarter. Expectations with respect to manpower levels improved, however, with a small majority of respondents expressing the view that employment within their firms would increase over the following three months. Prices charged by service providers were expected to increase in the subsequent quarter.

In seasonally unadjusted terms, the overall index rose by 7 percentage points to 13 in March compared with December. Sentiment turned positive among firms operating in the accommodation sector, in warehousing & support activities and in land transport. Moreover, firms in the food & beverage and rental & leasing industries were less pessimistic compared with three months earlier. In contrast, firms operating in the gambling & betting sector became more pessimistic, while the confidence index turned negative in the real estate sector. Confidence among firms offering travel-related services and financial intermediation remained positive, but declined compared with December.

Consumer confidence remains weak⁵

Consumer confidence remained weak in the first quarter. The consumer confidence indicator fell by 3 percentage points during the quarter, to -39 in March (see Chart 4). Consumers were more pessimistic about their ability to save, their own financial position and the general economic situation over the following 12 months. In contrast, the share of respondents foreseeing a rise in the number of unemployed remained unchanged.

Further survey information shows that the proportion of respondents believing that the timing was not right to make major purchases, given the existing economic situation, remained unchanged compared with December. On balance, a slightly larger share of respondents expected prices to increase over the following 12 months compared with three months earlier.



⁵ The consumer confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to a subset of survey questions relating to households' financial situation, their ability to save, the general economic situation and unemployment expectations over the subsequent 12 months.

3. PRICES, COSTS AND COMPETITIVENESS

HICP Inflation¹

HICP inflation lowered further in December

The Harmonised Index of Consumer Prices (HICP) inflation rate moderated during the fourth quarter of 2011, with the annual rate dropping to 1.3% in December from 2.7% in September.² Meanwhile, the 12-month moving average rate in Malta eased to 2.4% in December from 2.8% three months earlier.

The deceleration in Malta's annual inflation rate during the quarter was sharper than in the euro area, where a decline of 0.3 percentage point was recorded.

Consequently, the 12-month moving average rate in the euro area stood at 2.7% in December (see Chart 3.1).

The major factors dampening inflationary pressures in Malta between September and December were price reductions for non-energy industrial goods and for services, along with slower increases for energy and processed foods. On the other hand, there was an acceleration in unprocessed food prices.

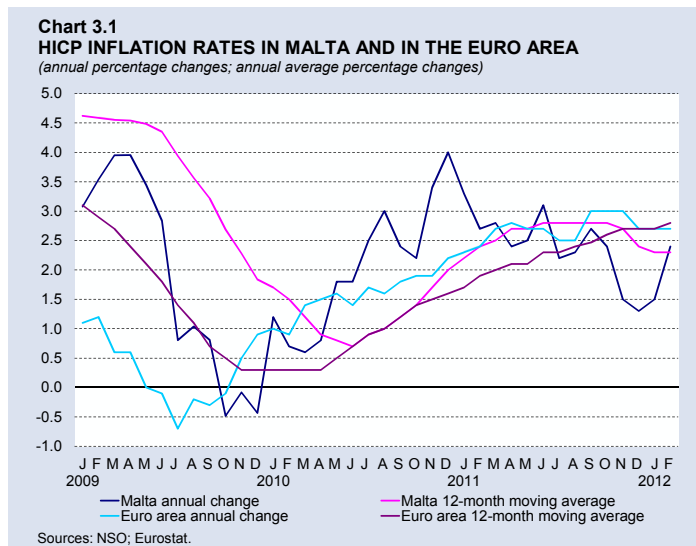


Table 3.1
YEAR-ON-YEAR HICP INFLATION

Percentage change

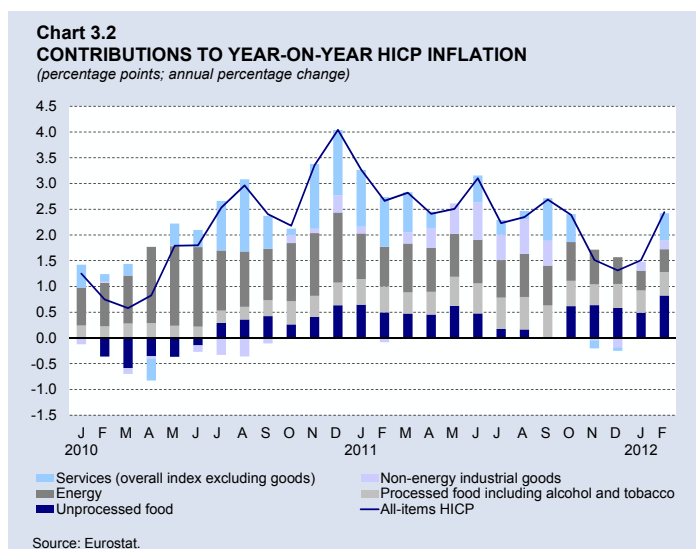
	2011						
	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Unprocessed food	6.3	2.3	2.2	0.2	8.1	8.4	7.7
Processed food including alcohol and tobacco	4.5	4.7	4.9	4.8	3.8	3.1	3.6
Energy	12.7	11.0	12.7	11.6	11.3	10.2	7.8
Non-energy industrial goods	2.3	1.6	2.1	1.5	0.0	-0.2	-0.6
Services (overall index excluding goods)	1.3	0.7	0.4	2.0	1.3	-0.4	-0.2
All Items HICP	3.1	2.2	2.3	2.7	2.4	1.5	1.3

Source: NSO.

¹ This text does not take into account revised data published in NSO Release 95/2012 on 16 May 2012, which were released after the cut-off date.

² In January 2012 the HICP weights were revised to reflect changes in household consumption patterns. The weight of non-energy industrial goods took the largest drop, down by 1.6 pp to 29.9%. In addition, the weight related to food dropped by 0.2 pp to 20.3%. In contrast, the share allotted to energy rose from 6.7% to 7.3% in 2012. Weights related to services rose by 1.2 pp, to 42.5%.

Thus, in December prices for non-energy industrial goods were down by 0.6% on a year earlier, after having risen by 1.5% in September (see Table 3.1). As a result, the contribution of this component to the overall HICP inflation rate dropped by 0.7 percentage point, to stand at -0.2 percentage point in December (see Chart 3.2). The fall was partly due to lower prices for motor cars and clothing & footwear.



Services followed a similar path, as prices in this category generally dropped. In December the inflation rate for this component declined to -0.2% from 2.0% in September, contributing a negative 0.1 percentage point to the overall inflation rate. Lower prices were observed in hotel accommodation rates, in prices of recreational & cultural services as well as in telephony charges.

The energy inflation rate moderated further to 7.8% in December from 11.6% in September. The slowdown reflected a smaller rate of increase in fuel and gas prices. As a result, the share of this category in overall inflation declined by 0.3 percentage point.

The annual rate of change of processed food prices somewhat eased to 3.6% in December from 4.8% in September. In December, this component contributed half a percentage point to overall inflation, 0.2 percentage point less than in September. On the other hand, prices of unprocessed food rose substantially, with the inflation rate climbing to 7.7% in December from 0.2% three months earlier. Their contribution to headline inflation was 0.6 percentage point higher than in September.

The rise in unprocessed food prices mainly reflected higher fish prices. In addition, less significant drops in prices of fruit and vegetables also contributed to the increase. As a result, overall food prices, which account for just over a fifth of the HICP, registered an annual rate of change of 5.1% in December, up from 3.0% in September.

Going into the first quarter of 2012, the annual HICP inflation rate rose to 1.5% in January and further to 2.4% in February. The increase between the end of 2011 and February 2012 was due to a reversal in the pattern of price declines seen in services and in the non-energy industrial goods category. In addition, unprocessed food prices continued to increase further. These were only slightly offset by a marginal drop in the inflation rate on the energy component.

RPI Inflation

RPI inflation also eases further

The annual rate of inflation based on the Retail Price Index (RPI), which is closely correlated with the HICP, moderated to 2.1% in December from 2.8% in September.³ However, the 12-month moving average inflation rate of the RPI remained unchanged at 2.7% (see Chart 3.3).

A key factor contributing to the downward movement in the annual rate was a fall of 5.3% in the clothing & footwear component, which had risen by 6.7% in the previous quarter. This resulted in a negative share of 0.4 percentage point in the overall change.

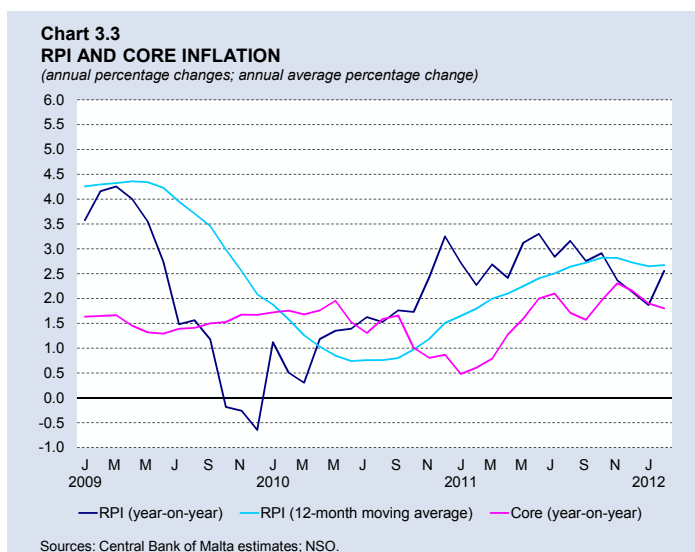
In addition, the annual rate of change in prices of the transport & communication category eased to 1.3% in December from 3.5% in September, partly reflecting a lower rate of increase in the price of transport fuels. This resulted in a drop in the category's contribution to the aggregate inflation rate of 0.5 percentage point in December.

The annual rate of change for food accelerated to 4.1% in December from 1.5% in September.⁴ At 0.9 percentage point, the contribution of food to the overall inflation rate was around half a percentage point higher than in September. As a result, food inflation became the largest contributor to the annual RPI inflation.

There were little or no significant changes in the contributions of the other major RPI sub-indices to the overall RPI inflation rate.

Data running into the first quarter of 2012 show that RPI inflation dropped to 1.9% in January before rising to 2.6% in February, primarily owing to significantly further price increases in the transport & communication category and in the food component.

Apart from food prices, the inflation rate based on the RPI is heavily influenced by a number of other volatile components, such as water and electricity charges. Thus, underlying price pressures can be better gauged from the Bank's core RPI inflation rate.⁵ This registered an upward



³ Diverse patterns in inflation as measured by the HICP and the RPI reflect differences in the way the two indices are compiled. For instance, whereas RPI weights are based on expenditure by Maltese households, HICP weights also reflect tourist expenditure in Malta. Thus, while the RPI excludes hotel accommodation prices, these account for a significant weight in the HICP. The RPI also allocates a larger weight to the food component.

⁴ The food component in the RPI includes both processed and unprocessed food. Processed food in the RPI excludes beverages and tobacco, which, however, are part of the processed food sub-index of the HICP.

⁵ The core inflation rate reflects developments only in those sub-indices of the RPI that show persistent price changes. As measured by the Bank, the included sub-indices currently consist of: housing, durable household goods, personal care & health, education & entertainment and other goods & services.

Table 3.2
CONTRIBUTIONS TO YEAR-ON-YEAR RPI INFLATION

Percentage points

	2011					
	July	Aug.	Sep.	Oct.	Nov.	Dec.
Food	0.5	0.4	0.3	0.9	0.9	0.9
Beverages & tobacco	0.1	0.2	0.2	0.2	0.1	0.2
Clothing & footwear	0.1	0.5	0.5	-0.2	-0.3	-0.4
Housing	0.4	0.4	0.5	0.5	0.5	0.5
Water, electricity, gas & fuels	0.1	0.1	0.1	0.0	0.0	0.0
Household equipment & house maintenance costs	0.0	-0.1	-0.1	0.0	0.0	0.0
Transport & communications	1.0	1.1	0.8	0.9	0.4	0.3
Personal care & health	0.2	0.2	0.1	0.1	0.1	0.1
Recreation & culture	0.1	0.1	0.1	0.1	0.1	0.1
Other goods & services	0.3	0.3	0.3	0.4	0.4	0.4
RPI (annual percentage change)	2.8	3.2	2.8	2.9	2.4	2.1

Sources: Central Bank of Malta; NSO.

movement during the period under review, standing at 2.2% in December from 1.6% in September. The main components driving the rise in the core index were “other goods & services” and housing.

Costs and competitiveness

Producer price inflation turns negative in the fourth quarter⁶

During the fourth quarter of 2011 producer prices substantially declined from their year-ago levels. In December, the annual rate of producer price inflation stood at -3.9%. This compares with a positive rate of 1.6% in September (see Chart 3.4).

The drop solely reflected a contraction in the prices of intermediate goods, which include semi-conductors and which account for a significant share of industrial production in Malta. Prices in this category fell by 7.8% year-on-year in December after having increased by 2.7% in September. On aggregate, intermediate goods contributed a negative 4.2 percentage points to the overall rate in December.

Meanwhile, the consumer goods sub-index continued to rise, registering an annual increase of 1.5% in December after a rise of 0.8% in September. It contributed 0.3 percentage point to the overall producer price inflation rate.

The capital goods category also recorded a slight rise, which had an upward effect on the overall index.

Furthermore, since electricity tariffs remained unchanged, energy prices had once again a largely neutral impact on producer price inflation in the fourth quarter.

⁶ The Industrial Producer Price Index measures the prices of goods at the factory gate and is commonly used to monitor inflationary pressures at the production stage. It monitors the ex-works sale prices of leading products as reported by a sample of 77 large enterprises accounting for over 80% of total industrial turnover. The index covers three areas of economic activity: mining & quarrying, manufacturing and the supply of electricity, gas & water. Products are divided into five main groupings: intermediate goods, capital goods, consumer durables, non-durable consumer goods and energy. In turn, producer prices are divided between export and domestic markets for each of the groupings, with the bulk of the weight given to the export index. Producer price inflation in Malta has been more volatile than consumer price inflation in recent years, reflecting relatively sharp fluctuations in producer prices in the energy and intermediate good sectors.

In the first two months of 2012, producer prices continued to drop on an annual basis. In February 2012, they fell by 4.5%, reflecting further declines in intermediate goods prices.

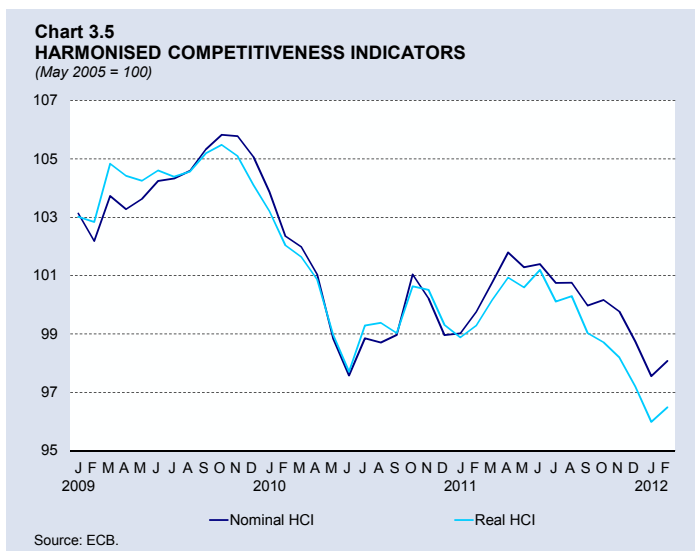
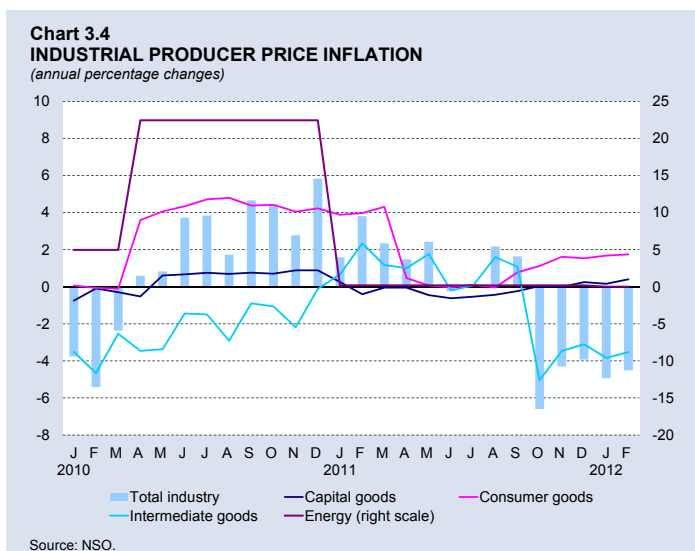
Malta's HCIs drop further in the fourth quarter

During the fourth quarter of 2011, both the nominal harmonised competitiveness indicator (HCI) and its real counterpart extended the downward trend observed since the second quarter of the year.⁷ In December, the nominal index dropped by 1.2% from its September level, while the real index fell even more strongly, by 1.8% (see Chart 3.5).⁸

The decrease in the nominal HCI reflected the effect of exchange rate movements, namely the depreciation of the euro against major currencies, particularly the US dollar and the pound sterling. Due to the size of Malta's trade with the United States and the United Kingdom, the fall in the euro had a significant downward impact on Malta's HCI.

The drop in the nominal index was compounded by favourable developments in Malta's inflation rate vis-à-vis that of its trading partners. Thus, a narrowing of inflation differentials, as consumer prices in Malta rose, on average, less rapidly than those of its trading partners, led to a notable decline in the real HCI.

Compared with a year earlier, the nominal HCI was 0.2% lower in December while the real HCI fell by 2.1% over the same period.



⁷ A higher (or lower) score in the HCI indicates a deterioration (or improvement) in a country's international competitiveness. The nominal HCI tracks movements in the country's exchange rate against the currencies of its main trading partners, while the real HCI incorporates both exchange rate changes and the relative inflation of a country vis-à-vis its main trading partners. In the computation of the indices, exchange rate and price changes are weighted according to the direction of trade in manufactured goods only. Therefore, the HCI should only be considered as a partial measure of Malta's international competitiveness. Changes in the HCI should be interpreted with caution.

⁸ Following the adoption of the euro in Estonia in January 2011, the HCI now measures Malta's competitiveness vis-à-vis the other 16 countries in the euro area plus the EER-40 group of trading partners. Previously, Malta's HCI was compiled on the basis of 15 other countries in the euro area and the EER-41 group of trading partners.

Going into the early part of 2012, HCI data show that both indices decreased. Hence, at the end of February, they were each 0.7% lower than in December.

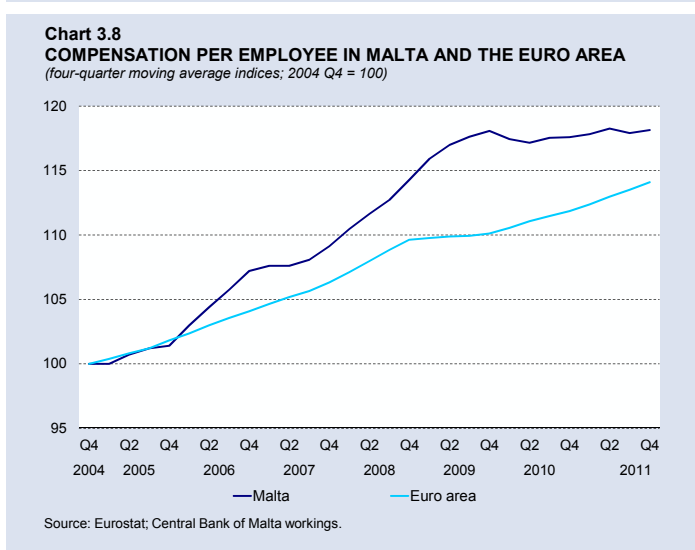
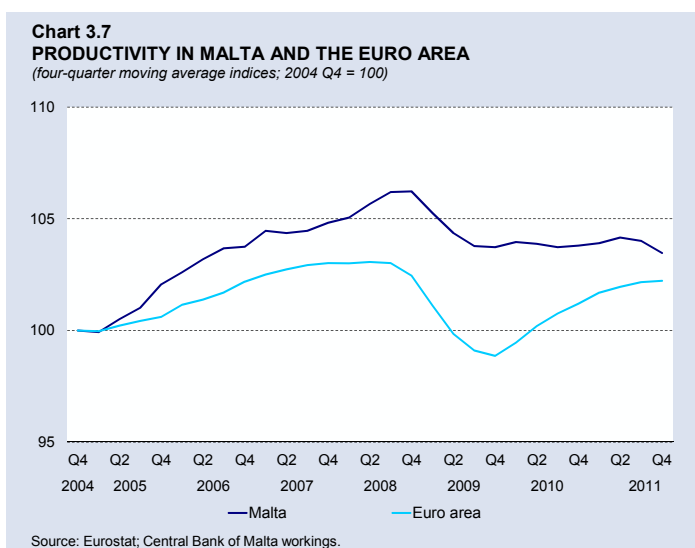
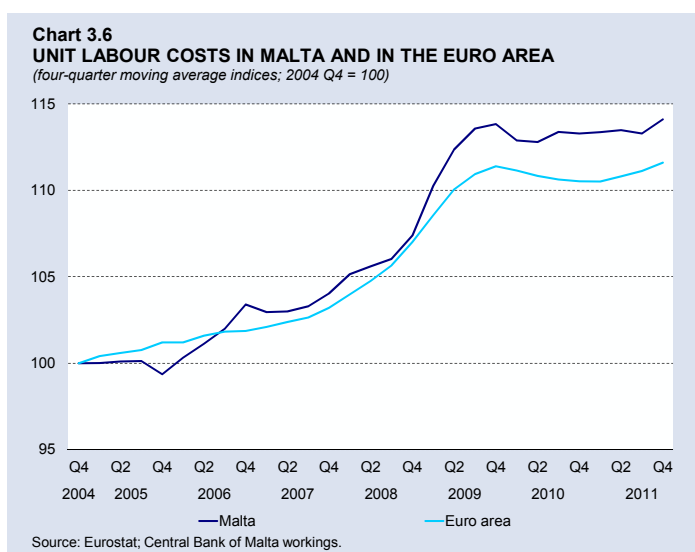
Unit labour costs increase

In contrast to the HCI, Malta's unit labour costs (ULC) showed a slight deterioration in the fourth quarter. Measured as a four-quarter moving average, ULC rose by 0.7% in the December quarter on a year earlier, compared with a 0.1% drop in the September quarter (see Chart 3.6).⁹

Meanwhile, compared with the previous quarter, in the final three months of the year ULC were 0.7% higher, with the increase stemming from a reduction of 0.5% in labour productivity that was exacerbated by a slight rise of 0.2% in employee compensation.

As can be seen in Chart 3.6, ULC in Malta closely tracked those in the euro area until 2009, when Malta's ULC pulled ahead of the euro area's level. After 2009, however, Malta's ULC returned to a path similar to the euro area's. The increase of 0.7% in Malta's ULC between 2010 and 2011 was slightly below the 1.0% growth rate reported in the euro area for the same period.

Charts 3.7 and 3.8 track the two components of ULC – compensation per employee and labour productivity. Between 2010 and 2011, Malta's advantage in productivity growth over the euro



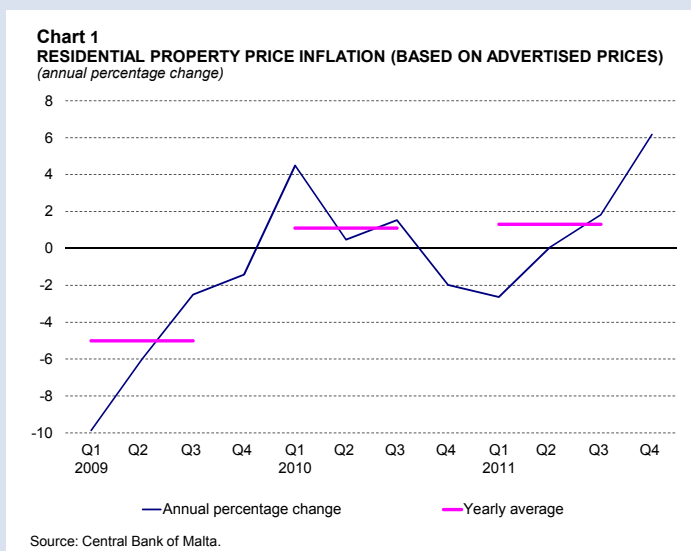
⁹ Unit labour costs capture the labour costs of producing a unit of output. They are measured as the ratio of the nominal compensation per employee and labour productivity. The latter is defined as real GDP per person in employment. A drop in the ULC indicates an improvement in competitiveness. Unless otherwise indicated, ULC and their components are measured on the basis of a four-quarter moving average to dampen volatility in the data.

area continued to narrow, as productivity declined by 0.3%, compared with an increase of 1.0% in the euro area. Between 2010 and 2011, this was outweighed by a slower rate of growth of compensation in Malta, at 0.5%, relative to 2.0% in the euro area.

BOX 3: RESIDENTIAL PROPERTY PRICES

Residential property prices increase further in the fourth quarter¹

Advertised property prices rose by 6.1% on a year earlier in the fourth quarter of 2011, extending the upward trend that began earlier in the year (see Chart 1). The increase was primarily driven by higher apartment prices. During 2011 as a whole, the Bank's index increased at an average rate of 1.3%, following a rise of 1.1% in 2010.



Although the rise during the quarter was spread across all housing categories, the most significant increases were for apartments and for properties in the “other” category.

Prices of apartments, which make up almost three-fifths of properties in the sample, saw an annual increase of 6.4%, with a higher number of advertised upmarket properties contributing to this relatively large rise (see Chart 2). Over the year as a whole, apartment prices were 4.0% higher than in 2010.

During the fourth quarter, asking prices in the “other” category, which consists of townhouses, houses of character and villas, rose by 15.4%, largely as a result of higher asking prices for townhouses and villas. However, for the year as a whole, prices in the “other” category, which are relatively volatile, dropped by 2.5%. In addition, prices of maisonettes gained 3.6% during the quarter, resulting in a 1.7% increase over the entire year. On the other hand, asking prices for terraced houses remained unchanged during the quarter, resulting in an overall decline of 0.8% during 2011.

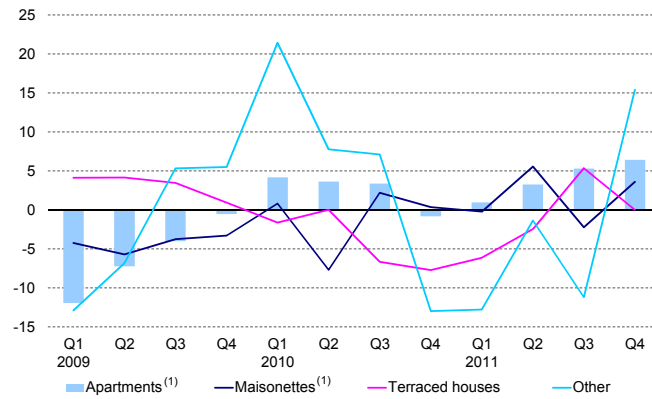
A measure of activity in the housing market is provided by the number of advertised properties captured in the Bank's survey. This contracted by 7.0% on a year earlier in the December

¹ This analysis of property price movements is based on the Central Bank of Malta's residential property price index, which tracks movements in advertised residential property prices compiled from newspaper advertisements sampled each month. The National Statistics Office (NSO) publishes a separate quarterly index based on monthly information obtained from contracts of sale registered with the Inland Revenue Department. The Bank's index is divided into eight dwelling categories, while properties are sorted into three categories in the NSO statistics. The latest data available from the NSO relate to the first quarter of 2011.

quarter, compared with a 4.8% decline in the previous quarter. For 2011 as a whole, the number of advertised properties declined by 1.7%.

Moreover, the number of building permits issued by the Malta Environment & Planning Authority decreased by 17.6% year-on-year in the December quarter, following a contraction of almost one-fourth in the September quarter. This was mostly due to a lower number of permits issued for apartments (which make up just below four-fifths of the total issued), which fell by almost a quarter. In 2011, total issued permits were 11.0% fewer than in 2010.

Chart 2
RESIDENTIAL PROPERTY PRICES BY CATEGORY
(annual percentage changes)



⁽¹⁾ Includes both units in shell form and finished units.
Source: Central Bank of Malta.

4. THE BALANCE OF PAYMENTS

In the final quarter of 2011, the current account of the balance of payments registered a surplus, in contrast to the deficit recorded in the same quarter of 2010. A considerable narrowing of the visible trade gap and a decline in net outflows on the income account were partly offset by lower net current transfers and by a slight drop in the service surplus.

Concurrently, the capital and financial account was characterised by a swing to a negative position. This primarily reflected developments on the financial account, where net outflows were recorded, but the surplus recorded on the capital account also decreased significantly.

During the fourth quarter of 2011, reserve assets – movements in which are recorded in the financial account – fell slightly, while net errors and omissions were positive and substantial.¹

The current account

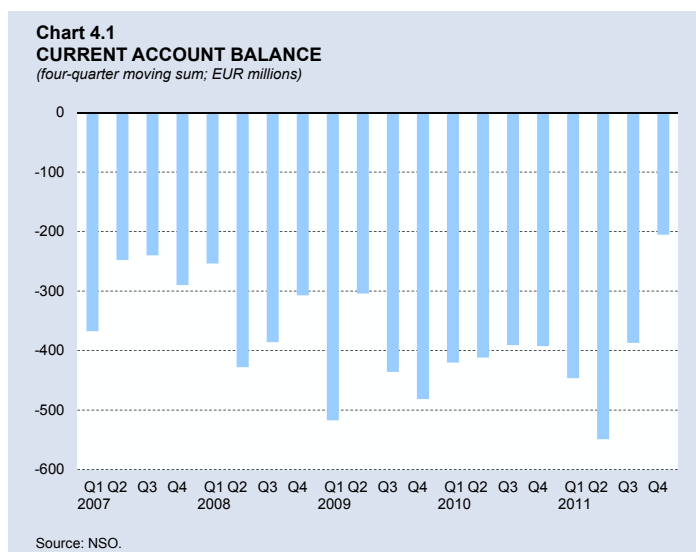
The current account records a surplus

In the December quarter the current account surplus amounted to EUR25.0 million, compared with a deficit of EUR156.7 million in the final quarter of 2010 (see Table 4.1). Over the year as a whole, the current account deficit narrowed by EUR187.0 million, to EUR205.3 million (see Chart 4.1). Thus, as a proportion of gross domestic product, the current account deficit halved to 3.2% as against 6.4% in 2010.

The merchandise trade gap narrows considerably

Between October and December 2011, the merchandise trade deficit narrowed by EUR166.9 million on a year earlier to EUR149.4 million. Exports were significantly higher than in the comparable quarter of 2010, while imports dropped. More specifically, balance of payments data show that exports rose by EUR130.4 million, or 18.3%, compared with the last quarter of 2010. Meanwhile, the value of imported goods fell by EUR36.5 million, or 3.6% on the December quarter of 2010.

With regard to exports, Customs data show that the significant increase was due to fuel re-exports, which went up by EUR618.4 million. At the same time, foreign sales of electrical machinery, including semiconductors, and other manufactured goods also rose. On the other hand, exports of pharmaceuticals registered a decline.



¹ Positive net errors and omissions imply an underestimation of the current account surplus and/or an overestimation of net outflows on the capital and financial account.

Table 4.1
BALANCE OF PAYMENTS

EUR millions

	2010	2011	four-quarter moving sum ⁽¹⁾				
	Q4	Q4	2010 Q4	2011 Q1 Q2 Q3 Q4			
Current account	-156.7	25.0	-392.3	-446.3	-549.1	-387.0	-205.3
Goods	-316.3	-149.4	-1,080.6	-1,118.1	-1,183.9	-1,145.0	-978.1
Services	256.3	248.0	1,165.1	1,216.1	1,275.6	1,302.7	1,294.4
Income	-133.5	-92.0	-505.5	-569.2	-682.5	-593.3	-551.8
Current transfers	36.9	18.5	28.6	24.9	41.6	48.6	30.1
Capital and financial account	112.2	-174.5	-31.8	0.7	224.3	318.5	31.9
Capital account	49.9	7.2	105.7	96.4	84.4	103.0	60.3
Financial account	62.2	-181.7	-137.4	-95.7	139.9	215.5	-28.4
Direct investment	169.5	228.4	722.4	1,027.3	416.6	383.2	442.0
Portfolio investment	-573.9	-1,979.3	-3,223.1	-2,707.6	-1,352.1	-1,721.5	-3,126.9
Financial derivatives	-35.2	-56.4	31.0	73.6	5.2	-8.1	-29.3
Other investment	484.7	1,619.3	2,355.9	1,554.4	1,140.4	1,498.4	2,632.9
Reserve assets	17.1	6.4	-23.6	-43.5	-70.2	63.6	52.9
Errors and omissions	44.5	149.5	424.1	445.7	324.7	68.4	173.4

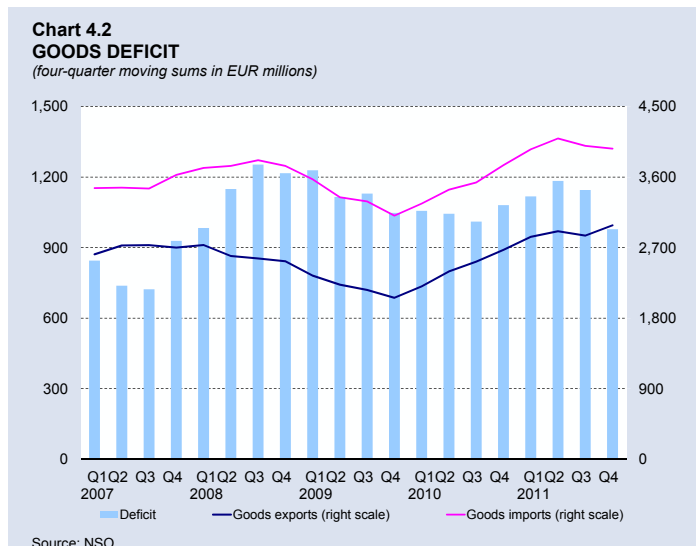
⁽¹⁾ In the final quarter of the year, the four-quarter moving sum is equivalent to the annual figure.

Source: NSO.

On the same basis, imports increased by EUR507.6 million. These were driven by fuel imports, which rose by EUR620.1 million.² Other categories of imports declined, however. In particular, imports of industrial supplies fell by EUR67.2 million, or 16.1%, largely reflecting a moderation in the purchase of electronic components used in the semiconductor industry.

Similarly, imports of capital goods also dropped, by 21.1%, mainly due to a base effect as significant purchases of foreign machinery and transport equipment were recorded in the same period of 2010. While the increase in international oil prices was a factor boosting the value of oil imports, this rise also reflected higher volumes of fuel re-exports. Conversely, imports of consumer goods declined marginally.

During 2011 as a whole, the merchandise trade deficit based on balance of payments data fell to EUR978.1 million, down by 9.5% compared with 2010 (see Chart 4.2). This reflected an 11.7% increase in exports, which outpaced a rise in imports of 5.6%.



² International trade data compiled on the basis of Customs returns differ from balance of payments data as a result of differences in coverage, valuation and timing. During the period reviewed, these methodological differences were especially pronounced with regard to trade in fuel due to differences in the treatment of companies classified as special purpose entities, which are considered to be non-residents in balance of payments data.

A substantial proportion of the rise in exports during 2011 was attributed to fuel re-exports, with increases in sales of electrical machinery and exports of “miscellaneous manufactured goods” also contributing notably. These offset a decline in exports of chemical products. Similarly, when compared with 2010, the main increase in imports during 2011 was driven by purchases of fuel. Imports of consumer goods, semi-finished industrial supplies and capital equipment, were also higher.

Customs data for January and February 2012 combined show that the visible trade gap narrowed further, with the merchandise deficit contracting by EUR85.8 million on a year earlier.³

The surplus on services decreases

During the final quarter of 2011, the surplus on services stood at EUR248.0 million, down by EUR8.3 million over the same months of 2010.

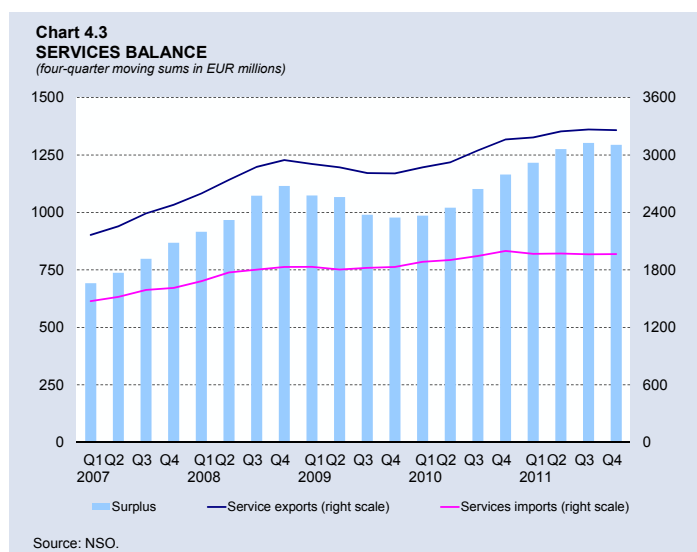
This drop was mainly driven by a rise of EUR25.3 million in net payments related to transport, notably freight that, in turn, reflected the increased value of merchandise trade. At the same time, net earnings on the “other services” component declined by EUR11.1 million. The drop in the “other services” balance was mainly due to increased insurance payments and lower earnings on external trade-related activities. These offset a drop in net payments on communications and computer services and lower net outflows on royalties and licence fees.

Meanwhile, net travel receipts continued to increase, extending their recent upward trend. Spending by inbound tourists rose by EUR16.3 million, while expenditure by Maltese nationals travelling abroad fell by EUR11.8 million.

The quarterly upward trend in the balance on services observed since the beginning of 2010 appeared to have levelled off by December 2011 (see Chart 4.3). During the year, the surplus on services rose by EUR129.3 million, or 11.1%. This mirrored a 3.1% increase in exports that was reinforced by a 1.6% drop in imports.

Net outflows on the income account decline

Between October and December 2011, net outflows on the income component of the current account stood at EUR92.1 million, a drop of EUR41.5 million from the final quarter of 2010. This decrease was partly caused by a fall of EUR25.9 million in profits recorded by foreign-owned firms operating in Malta. Additionally, net interest payments on outstanding loans declined by EUR22.0 million. Conversely, net earnings on portfolio investment fell by EUR4.0 million when compared



³ International trade data were updated until 9 April 2012.

with the last quarter of 2010. Flows on the income account were heavily affected by activities of internationally-oriented banks that conduct the bulk of their operations with non-residents.

Net inflows on current transfers fall

During the December quarter of 2011, net inflows on current transfers contracted to EUR18.5 million, compared with EUR36.9 million in the corresponding quarter of 2010. This decline mainly reflected lower official transfers related to EU budgetary transactions. Timing differences between the collection of tax receipts from, and the payment of tax refunds to, companies engaged in international business operations also contributed to the decline.

The capital and financial account

Net outflows recorded on the capital and financial account

During the final quarter of 2011, the balance on the capital and financial account swung to a deficit of EUR174.5 million, from a surplus of EUR112.2 million in the same period of 2010 (see Table 4.1). This was driven by negative movements on the financial account and lower net inflows on the capital account.

Thus, in the period under review, net outflows of EUR181.7 million were recorded on the financial account as against net inflows of EUR62.2 million in the October to December period of 2010.

Net outflows on portfolio investment amounted to EUR1,979.3 million, an increase of EUR1,405.4 million on a year earlier, as a result of a significant increase in holdings of foreign debt securities by resident investors, primarily banks involved in international operations.

The surge in net outflows on portfolio investment was accompanied by a substantial increase in net inflows on the “other investment” component. Between October and December 2011, the latter rose to EUR1,619.3 million, from EUR484.7 million a year earlier. This expansion in net inflows was largely driven by the repayment of short-term loans granted by resident banks to non-residents, which offset an increase in banks’ currency and deposit liabilities to them. Moreover, net inward direct investment stood at EUR228.4 million, an increase of EUR58.9 million over the final quarter of 2010. The rise reflected an increase in loans and trade credits from foreign manufacturing companies to their subsidiaries in Malta that offset a drop in reinvested earnings.

In contrast, an increase in net outflows arising from financial derivatives contributed to the rise in outflows on the financial account.

In the last quarter of 2011, reserve assets decreased by EUR6.4 million, as compared with a fall of EUR17.1 million in 2010. At the same time, errors and omissions amounted to EUR149.5 million, significantly higher than a year earlier.

During 2011, the capital and financial account recorded a positive balance of EUR31.9 million, as against a deficit of EUR31.8 million in 2010. This shift was due to lower outflows on the financial account, which fell by EUR109.0 million to EUR28.4 million. This outweighed a reduction in net inflows on the capital account.

The shift in the financial account balance reflected an increase in net inflows on the other investment account, which was driven by a drop in residents' holdings of external assets, mainly short-term loans to non-residents, and by a decrease in net outflows on portfolio investment.

Together, these more than offset a reduction in inward direct investment and a shift to net outflows on financial derivatives. In 2011, reserve assets declined by EUR52.9 million, as opposed to an increase of EUR23.6 million in 2010.

5. GOVERNMENT FINANCE

During the fourth quarter of 2011 the general government deficit decreased on a year-on-year basis, as revenue continued to increase while expenditure declined. As a result, the general government deficit over the year as a whole narrowed to 2.7% of Gross Domestic Product (GDP). Reflecting these developments, the general government debt increased during 2011, rising to 72.0% of GDP by the end of the year. The government fiscal position as captured by the Consolidated Fund showed a deterioration over the December quarter compared with the same period of 2010.¹ However, over the 12-month calendar period, it contracted compared with the previous year.

General government

General government deficit decreases

In the fourth quarter of 2011 the general government deficit dropped by EUR59.7 million compared with the same period in 2010, to just EUR1.9 million (see Table 5.1). Total revenue grew by 7.7%, whereas expenditure declined by 0.9%. The primary balance, which excludes interest payments from expenditure, improved by EUR47.9 million to reach a surplus of EUR50.7 million.

Table 5.1
GENERAL GOVERNMENT BALANCE
EUR millions

	2010	2011	Change		2010	2011	Change	
	Q4	Q4	Amount	%	Q1-Q4	Q1-Q4	Amount	%
Revenue	679.6	732.2	52.7	7.7	2,421.3	2,572.6	151.3	6.2
Taxes on production and imports	265.6	258.7	-6.9	-2.6	836.0	905.2	69.1	8.3
Current taxes on income and wealth	203.2	243.0	39.8	19.6	807.8	849.4	41.6	5.2
Social contributions	128.9	134.7	5.8	4.5	456.4	486.6	30.2	6.6
Capital and current transfers	40.0	40.2	0.2	0.4	131.7	127.7	-4.0	-3.1
Other ⁽¹⁾	41.9	55.6	13.8	32.8	189.4	203.8	14.4	7.6
Expenditure	741.1	734.1	-7.0	-0.9	2,649.0	2,746.5	97.5	3.7
Compensation of employees	209.0	217.9	8.8	4.2	840.4	870.1	29.7	3.5
Intermediate consumption	113.0	128.9	15.9	14.1	376.0	419.2	43.2	11.5
Social benefits	223.7	229.4	5.8	2.6	847.0	881.3	34.3	4.1
Subsidies	25.4	20.3	-5.1	-19.9	66.8	63.9	-2.8	-4.3
Interest	64.3	52.6	-11.7	-18.2	186.2	200.8	14.5	7.8
Current transfers payable	28.2	30.8	2.6	9.1	117.0	110.3	-6.7	-5.7
Gross fixed capital formation	57.1	46.6	-10.5	-18.4	132.0	159.4	27.4	20.8
Capital transfers payable	19.8	9.8	-10.1	-50.7	78.0	44.6	-33.5	-42.9
Other ⁽²⁾	0.6	-2.2	-2.8	-	5.6	-3.1	-8.7	-
Primary balance	2.8	50.7	47.9	-	-41.4	26.9	68.3	-
General government balance	-61.5	-1.9	59.7	-	-227.7	-173.9	53.8	-

⁽¹⁾ "Other" revenue includes market output as well as income derived from property and investments.

⁽²⁾ "Other" expenditure reflects changes in the value of inventories and in the net acquisition of valuables and other assets.

Source: NSO.

¹ The Consolidated Fund captures most of the transactions of central government on a cash basis. The general government accounts, which are compiled in line with ESA95, cover central government, which is defined to include extra-budgetary units, as well as local councils on an accrual basis. On the revenue side, discrepancies between the two sets of accounts mainly stem from the recorded timing of income tax and VAT revenues. On the expenditure side, significant differences often arise in the treatment of capital expenditure.

As a result, over the calendar year, the general government deficit decreased by EUR53.8 million to EUR173.9 million. Thus, the general government deficit-to-GDP ratio dropped by 1 percentage point to 2.7% in 2011 from 3.7% in 2010 (see Chart 5.1). While revenue as a share of GDP went up to 40.2% from 39.5% in the previous year, the expenditure-to-GDP ratio decreased by 0.3 percentage point to 43.0%.

Revenue increases

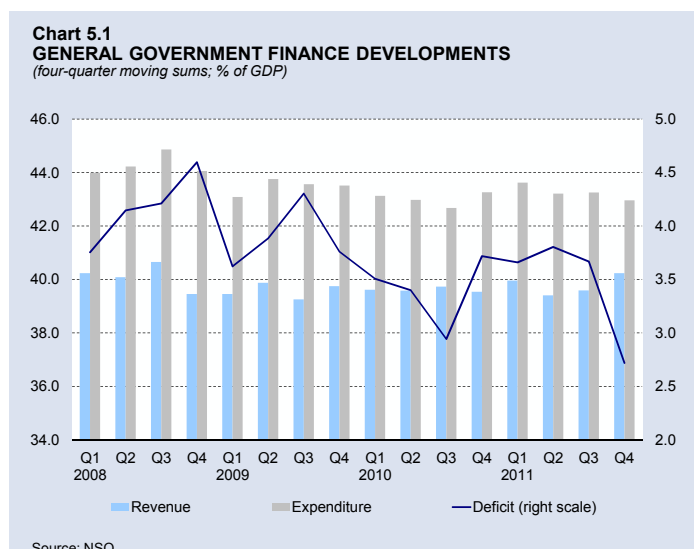
General government revenue grew by EUR52.7 million in the fourth quarter of the year compared with the same period in 2010, with just over three-quarters of this increase stemming from higher inflows of taxation on income and wealth. These surged by EUR39.8 million, in part owing to the timing of tax refunds. At the same time, the rise of EUR13.8 million in “other” revenue was due to higher sales of market output by extra-budgetary units. Meanwhile, favourable labour market conditions led to a EUR5.8 million increase in receipts from social contributions. On the negative side, inflows from taxes on production and imports declined by EUR6.9 million, mainly owing to lower takings from Customs and Excise duties, while VAT revenue also fell.

Over the 12-month period to December, revenue went up by EUR151.3 million, or 6.2%. Receipts from taxes on production and imports rose by 8.3% and accounted for just under half of the overall rise. The increase in indirect tax receipts reflected higher proceeds from VAT, as domestic consumption picked up, and from duties on fuel following a rise in excise duty rates. Meanwhile, taxes on income and wealth and social contributions grew by 5.2% and 6.6%, respectively, partly driven by the second phase of an amnesty scheme which provided for a reduction in penalties and interest charges on overdue balances if these were settled within a specified period. Receipts related to capital and current transfers declined by 3.1% as a result of lower investment grants from the EU; these was matched by a concurrent fall in the related outlays.

Expenditure decreases in the fourth quarter

Total expenditure in the last three months of 2011 declined by EUR7.0 million compared with the same period of the previous year, mainly owing to a fall in interest payments, capital spending and subsidies.

A drop in interest payments of EUR11.7 million, which offset the increase seen in the previous quarter, was attributed to the timing of reporting of coupon payments. At the same time, outlays on gross fixed capital formation declined by EUR10.5 million, primarily because a major infrastructure project was no longer considered a capital expenditure within the general government classification. Capital transfers payable were EUR10.1 million lower compared with the level recorded in the same quarter of 2010. This was due to a base effect as significant expenditure on the construction of a sewage treatment plant ceased on its completion.



In contrast, outlays on intermediate consumption rose by EUR15.9 million, partly owing to spending by extra-budgetary units, which form part of general government. Compensation of employees went up by EUR8.8 million, owing to higher personal emoluments related to health and education. Spending on social benefits also increased, by EUR5.8 million.

General government expenditure during 2011 grew by EUR97.5 million, or 3.7%, over 2010. The largest increase was due to intermediate consumption, which went up by 11.5% mainly as a result of higher outlays on health. Spending on social benefits and on compensation of employees increased by 4.1% and 3.5%, respectively. Interest payments rose by 7.8% following an increase in the stock of debt outstanding. At the same time, outlays on gross fixed capital formation went up by 20.8%, as the implementation of EU-funded infrastructure projects gathered momentum.

Spending on current transfers contracted by 5.7% during the year. In 2010 this expenditure item had been boosted by Government measures to compensate households for increased energy costs through one-off payments. Meanwhile, capital transfers were substantially reduced as a result of the completion of the sewage treatment project mentioned above, while outlays on subsidies also recorded a fall.

Consolidated Fund

The Consolidated Fund deficit increases in the fourth quarter

Between October and December 2011, the shortfall on the Consolidated Fund widened by EUR50.7 million compared with the fourth quarter of 2010, shifting from a surplus of EUR20.5 million to a deficit of EUR30.2 million (see Table 5.2 and Chart 5.2). At the same time, the primary surplus decreased by EUR52.6 million to reach EUR22.8 million.

Revenue declined by 2.8% as a result of lower proceeds from both indirect and direct taxes. The drop in income tax receipts on a cash basis contrasts sharply with the increase recorded in the

Table 5.2
CONSOLIDATED FUND BALANCE

EUR millions

	2010	2011	Change		2010	2011	Change	
	Q4	Q4	Amount	%	Q1-Q4	Q1-Q4	Amount	%
Revenue	770.6	748.8	-21.8	-2.8	2,341.5	2,449.1	107.7	4.6
Direct tax ⁽¹⁾	385.5	370.3	-15.1	-3.9	1,169.4	1,167.0	-2.4	-0.2
Indirect tax	290.2	271.4	-18.8	-6.5	889.2	961.7	72.4	8.1
Non-tax ⁽²⁾	95.0	107.0	12.1	12.7	282.8	320.5	37.7	13.3
Expenditure	750.1	778.9	28.9	3.8	2,620.7	2,667.7	47.1	1.8
Recurrent ⁽¹⁾	648.2	673.7	25.5	3.9	2,309.2	2,379.1	69.9	3.0
<i>Of which:</i> Interest payments	54.9	53.0	-1.9	-3.4	196.8	212.5	15.7	8.0
Capital	101.9	105.3	3.4	3.3	311.5	288.7	-22.8	-7.3
Primary balance⁽³⁾	75.4	22.8	-52.6	-	-82.5	-6.1	76.3	-
Consolidated Fund balance	20.5	-30.2	-50.7	-	-279.2	-218.6	60.6	-

⁽¹⁾ Government contributions to the social security account in terms of the Social Security Act 1987 are excluded from both direct tax revenue and recurrent expenditure.

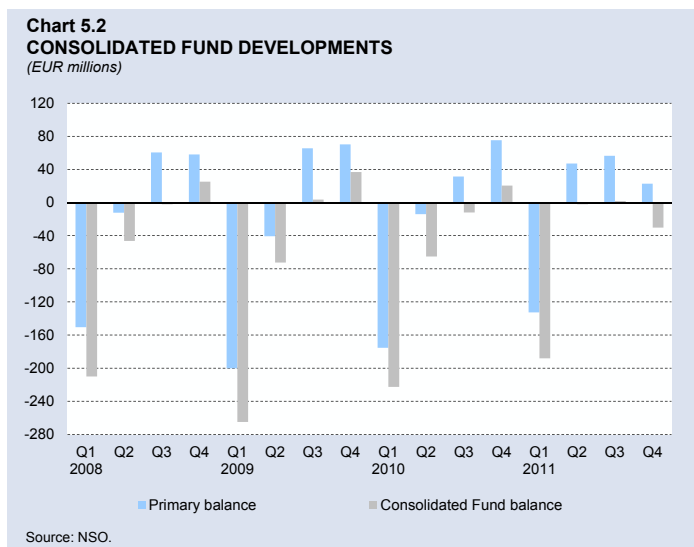
⁽²⁾ Includes grants but excludes proceeds from sale of assets, sinking funds of converted loans and borrowings.

⁽³⁾ Revenue less expenditure excluding interest payments.

Source: NSO.

general government accounts. This is because the timing of reporting of the inflows from the second phase of the amnesty scheme varies under the two fiscal recording systems. At the same time, total expenditure grew by 3.8% as recurrent and capital spending increased by 3.9% and 3.3%, respectively.

Over the calendar year, however, the Consolidated Fund deficit decreased by EUR60.6 million, to EUR218.6 million. Revenue increased by 4.6%, owing to higher indirect tax inflows and non-tax receipts. Meanwhile, expenditure rose by just 1.8%, as an increase of 3.0% in recurrent spending was partly offset by a decline of 7.3% in capital outlays.



General government debt

General government debt increases

By December 2011, the stock of general government debt outstanding amounted to EUR4,600.3 million, EUR129.8 million higher than its level at the end of September (see Table 5.3). The additional debt exceeded the amount needed to finance the deficit and contributed to a build-up of Government's financial assets in the final quarter of 2011.

With regard to its composition, during the quarter under review short-term securities in the form of Treasury bills declined by EUR47.2 million, while their share of total debt went down by 1.2

Table 5.3
GENERAL GOVERNMENT DEBT
EUR millions

	2010		2011		
	Q4	Q1	Q2	Q3	Q4
General government debt⁽¹⁾	4,250.7	4,399.5	4,527.9	4,470.5	4,600.3
Currency & deposits	41.0	40.7	42.6	44.5	45.8
Securities	3,981.4	4,127.0	4,252.1	4,184.8	4,303.5
Short-term	377.8	416.8	337.1	304.3	257.1
Long-term	3,603.6	3,710.2	3,914.9	3,880.4	4,046.3
Loans	228.4	231.8	233.2	241.2	251.0
Short-term	39.7	32.4	35.8	43.9	52.4
Long-term	188.7	199.4	197.4	197.3	198.5

⁽¹⁾ Short-term debt includes all instruments with an initial term to maturity of one year or less. Long-term debt includes all debt with an initial term to maturity of over one year.

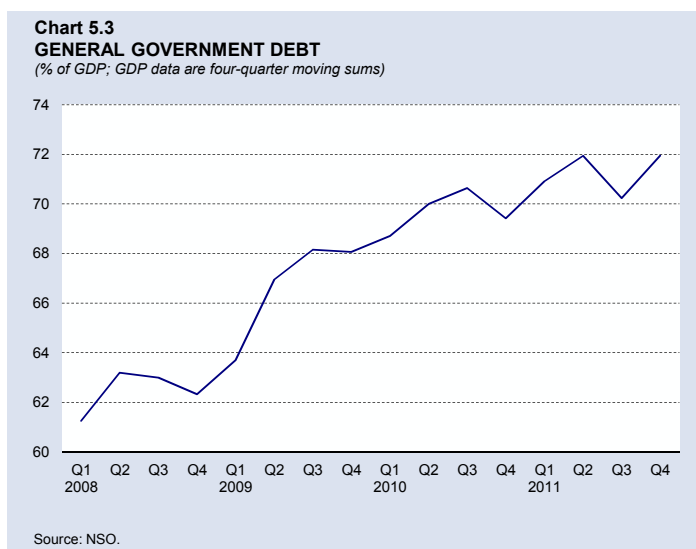
Source: NSO.

percentage points to 5.6%. Concurrently, long-term securities increased by EUR165.9 million as a result of new issues of Malta Government Stocks during the October-December period. Consequently, the share of long-term debt in the total went up to 88.0% from 86.8% in September.

At the same time, bank loans to general government rose by EUR9.7 million, accounting for 5.5% of total debt outstanding. Liabilities in the form of Maltese euro coins in issue also increased, by EUR1.4 million, but their share of the total debt figure remained unchanged from the previous quarter's level.

At the end of 2011 the general government debt was EUR349.6 million higher than a year earlier. Consequently, the debt-to-GDP ratio went up to 72.0% from 69.4% in 2010 (see Chart 5.3). As Table 5.3 shows, over the year there was a notable shift away from short-term debt towards long-term debt.

Apart from financing the deficit, the increase in government debt was reflected in a build-up of financial assets, including deposits with the banking system, as well as in loans to Greece, under a euro area lending programme to support this country which continued to face economic and financial problems, and to other euro area countries through the European Financial Stability Facility.



6. MONETARY AND FINANCIAL DEVELOPMENTS

During the fourth quarter of 2011, the contribution of Maltese monetary financial institutions (MFIs) to the euro area's broad money stock continued to accelerate.¹ While deposits held by Maltese residents grew moderately, credit issued to them gained momentum.

Meanwhile, following the cuts in official interest rates in November and December, domestic primary money market yields declined during the period reviewed. In the capital market, however, while yields on five-year Maltese government securities remained unchanged, those on ten-year securities went up. Over the quarter, the Malta Stock Exchange (MSE) share index decreased slightly.

Going into the first quarter of 2012, domestic money market rates increased, while government bond yields declined. There was also a further drop in equity prices.

Monetary aggregates and their counterparts

Contribution to euro area M3 accelerates

The contribution of Maltese MFIs to the euro area money stock (M3) picked up further in the fourth quarter of 2011, with the annual growth rate rising to 9.1% in December from 5.7% in September (see Table 6.1). Growth was mainly driven by the narrow money component (M1), which expanded at an annual rate of 8.5% in December, although this slowed down from 9.2% three months earlier. The growth rate of intermediate money (M2) also decelerated to 3.7% from 5.9% over the same period. Apart from M2, broad money also includes certain marketable instruments, such as repos. During the quarter reviewed, the use of repos by resident MFIs increased considerably, which explains the rise in the annual growth rate of M3.

Maltese residents' deposits increase

Turning to Maltese residents' deposits, annual growth in overnight deposits, which form a substantial part of M1 and can be withdrawn on demand, remained strong at 8.7% despite slowing

Table 6.1
CONTRIBUTION OF RESIDENT MFIs TO EURO AREA MONETARY AGGREGATES⁽¹⁾

	EUR millions 2011 Dec.	Annual percentage changes				
		2010 Q4	2011			
			Q1	Q2	Q3	Q4
Narrow money (M1)	5,424.4	14.7	17.0	5.3	9.2	8.5
Intermediate money (M2)	9,470.8	5.3	4.7	3.7	5.9	3.7
Broad money (M3)	10,220.0	5.5	4.8	3.9	5.7	9.1

⁽¹⁾ Figures show the contribution of Maltese MFIs to the euro area totals. Data on monetary aggregates include deposit liabilities to both residents of Malta and other euro area residents. Broad money comprises M2 plus certain marketable instruments, namely, repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Source: Central Bank of Malta.

¹ The contribution of Maltese MFIs to euro area monetary aggregates comprises the notional issue of euro currency attributed to the Central Bank of Malta, deposits held by Maltese and other euro area residents (except those belonging to central governments and interbank deposits) with resident MFIs, and other monetary liabilities of Maltese MFIs towards euro area residents, as explained in the General Notes accompanying the Statistical Tables in this Review.

Table 6.2
DEPOSITS OF MALTESE RESIDENTS

	EUR millions 2011 Dec.	Annual percentage changes				
		2010 Q4	Q1	Q2	Q3	Q4
Overnight deposits	4,590.9	16.3	18.7	5.3	9.5	8.7
Deposits redeemable at notice up to 3 months	122.5	10.7	19.1	14.9	10.2	-0.8
Deposits with agreed maturity up to 2 years	3,693.1	-5.2	-8.9	-4.4	-1.6	-4.0
Total residents' deposits	8,406.4	5.1	4.4	0.8	4.2	2.6

Source: Central Bank of Malta.

down from 9.5% in September (see Table 6.2). The increase over the year was mainly driven by balances belonging to private non-financial companies and households. At the end of December, overnight deposits accounted for 55% of total residents' deposits.

Moving to the other components of M2, the annual growth rate of residents' short-term saving deposits (i.e. deposits redeemable at up to three months' notice) turned negative, falling to -0.8% in December from 10.2% three months earlier. These, however, account for a small proportion of residents' total deposits and tend to be volatile. Meanwhile, the contraction in residents' short-term time deposits (i.e. deposits with an agreed maturity of up to two years) intensified, with the annual growth rate falling to -4.0% from -1.6% over the same period. This development was primarily attributable to lower deposits belonging to households.

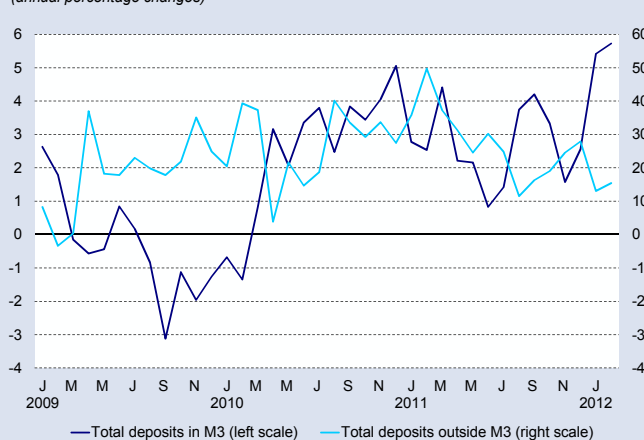
Overall, therefore, the annual growth rate of total residents' deposits included in M3 decelerated to 2.6% in December from 4.2% in September. The moderate year-on-year rise is entirely attributable to growth in overnight deposits. Going into the first quarter of 2012, however, deposit growth picked up, with the annual growth rate rising sharply to 5.7% in February.

Residents' deposits excluded from M3 grew at a faster pace than those included within it (see Chart 6.1). Indeed, the annual growth rate of such deposits – mainly those with a maturity that exceeds two years – stood at 27.9% in December, up from 16.3% in September. These double-digit growth rates may be explained by portfolio flows towards longer-term assets outside M3 as investors, principally households, sought higher yields. In the following quarter, however, this growth rate decelerated to 15.4% in February.

Interest rates on Maltese residents' deposits rise

The weighted average interest rate paid by MFIs on deposits that are included in M3 and held by residents of Malta remained unchanged at 1.13% in December.

Chart 6.1
ANNUAL GROWTH IN DEPOSITS OF MALTESE RESIDENTS
(annual percentage changes)



Source: Central Bank of Malta.

Table 6.3**MFI INTEREST RATES ON NEW DEPOSITS BELONGING TO RESIDENTS OF MALTA⁽¹⁾***Percentages per annum; weighted average rates for the period*

	2010		2011		
	Dec.	Mar.	June	Sep.	Dec.
Households and NPISH					
Overnight deposits ^(2,3)	0.28	0.28	0.29	0.30	0.31
Savings deposits redeemable at notice up to 3 months ^(2,4)	1.69	1.69	1.57	1.60	1.61
Time deposits with agreed maturity					
Up to 1 year	2.03	1.87	1.88	1.87	1.99
Over 1 and up to 2 years	3.00	2.55	2.97	2.98	3.41
Over 2 years	3.86	3.94	3.20	4.10	3.65
Non-financial corporations					
Overnight deposits ^(2,3)	0.24	0.24	0.25	0.28	0.30
Time deposits with agreed maturity	1.51	1.42	1.59	1.75	1.93

⁽¹⁾ Annualised agreed rates on euro-denominated deposits belonging to households and non-financial corporations.⁽²⁾ For these instrument categories, interest rates are compiled on outstanding amounts but treated as new business indicators due to the large number of inflows and outflows.⁽³⁾ Overnight deposits include current accounts and savings deposits withdrawable on demand.⁽⁴⁾ Households and non-financial corporations are merged, since deposits in this category held by non-financial corporations are negligible.

Source: Central Bank of Malta.

At the same time, interest rates on new business generally rose (see Table 6.3).² The main increases were related to interest rates paid to households on time deposits with an agreed maturity of between one and two years, which added 43 basis points to 3.41%, and those paid to non-financial corporations on time deposits. The latter went up by 18 basis points to 1.93% in December. In contrast, rates on time deposits held by households with an agreed maturity above two years fell by 45 basis points to 3.65%.

Going into the first quarter of 2012, the weighted average deposit rate edged down to 1.12% in February. In the same month, developments in interest rates on new business, which are more volatile, were mixed. In particular, rates paid to households on time deposits with an agreed maturity over two years declined, whereas those paid on time deposits belonging to non-financial corporations increased.

Growth in credit to residents of Malta accelerates

The pick-up in the annual growth rate of credit to residents of Malta observed during the third quarter of 2011 continued to the end of the year. In fact, it rose to 6.1% in December from 5.1% in September (see Table 6.4).

In absolute terms, credit to residents other than general government contributed about three-fifths of the overall annual increase. Its annual growth rate decreased, however, from 4.9% in September to 4.4% in December (see Table 6.5).³ There was an expansion in credit flows to both

² Data on interest rates on new business cover MFI euro-denominated deposits from, and loans to, households and non-financial corporations resident in Malta. The household sector also includes Non-Profit Institutions Serving Households (NPISH). Non-financial corporations include all enterprises except banks, insurance companies and other financial institutions. Hence, statistics on new deposit and lending business do not cover all institutional sectors, as is the case with weighted average interest rates on deposits and loans.

³ The term "other residents" represents all economic sectors that are resident in Malta but do not form part of general government, including households, private non-financial corporations and public non-financial corporations.

Table 6.4
CREDIT TO RESIDENTS OF MALTA

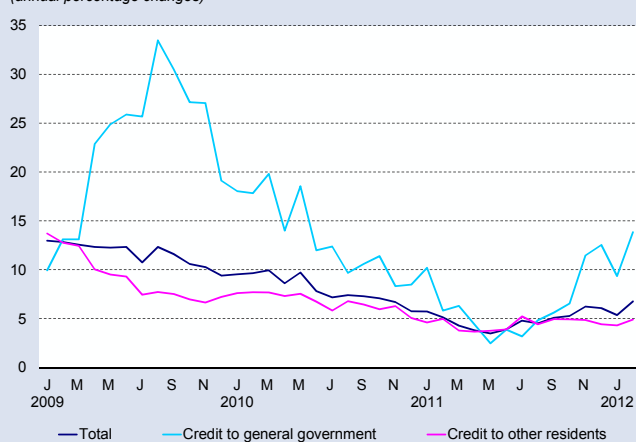
	EUR millions 2011 Dec.	Annual percentage changes				
		2010 Q4	Q1	Q2	Q3	Q4
Total credit	10,903.9	5.8	4.3	3.9	5.1	6.1
Credit to general government	2,353.4	8.5	6.3	3.9	5.6	12.5
Credit to other residents	8,550.5	5.1	3.8	3.9	4.9	4.4

Source: Central Bank of Malta.

non-bank public corporations and to the non-bank private sector. The annual growth rate of the latter increased by 0.1 percentage point to 4.0%, while the rate of increase of the former halved, falling to 8.9%.

At the same time, the annual rate of credit growth to general government more than doubled, rising from 5.6% in September to 12.5% three months later (see Chart 6.2). This pick-up predominantly reflected an increase in government securities held by the banking sector.

Chart 6.2
CREDIT TO RESIDENTS OF MALTA
(annual percentage changes)



Source: Central Bank of Malta.

Loans, which at the end of December accounted for 97% of all credit to residents of Malta other than general government, grew at a slower pace than in the previous quarter, expanding at an annual rate of 4.2% as opposed to 4.7% in September (see Table 6.5).

During the same period, year-on-year growth in loans to the private sector edged up slightly, reaching 3.8% in December (see Chart 6.3). Growth was mainly driven by lending to households – mostly to finance house purchases.

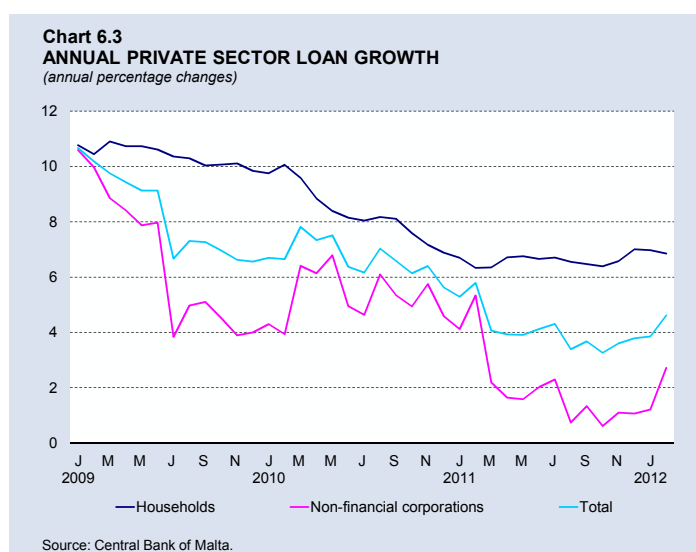
Table 6.5
CREDIT TO RESIDENTS OF MALTA OTHER THAN GENERAL GOVERNMENT⁽¹⁾

	EUR millions 2011 Dec.	Annual percentage changes				
		2010 Q4	Q1	Q2	Q3	Q4
Total credit to other residents	8,550.5	5.1	3.8	3.9	4.9	4.4
Credit to the non-bank private sector	7,805.2	5.4	3.8	4.0	3.9	4.0
Credit to the non-bank public sector	745.3	1.4	3.1	3.2	17.8	8.9
Total loans	8,294.5	5.2	4.0	4.2	4.7	4.2

⁽¹⁾ Credit to other residents consists mainly of loans and holdings of securities, including equities, issued by the non-bank private sector and public non-financial companies, and financial derivatives. Interbank claims are excluded.

Source: Central Bank of Malta.

Indeed, loans to households remained the largest single category of bank borrowing, expanding at an annual rate of 7.0% in December, up from 6.5% three months earlier. Mortgage lending, which makes up around four-fifths of loans to households, expanded at a rate of 8.5% in December, as against 8.1% in September. The remaining one-fifth, which consists of consumer credit and other lending to households, grew at a rate of 1.2% in December, after having increased by 0.4% three months earlier.



Meanwhile, the annual rate of growth of loans to private non-financial firms eased to 1.1% in December from 1.3% in September, partly reflecting reduced credit flows to transportation & storage and construction.

Going into the first quarter of 2012, the annual growth rate of total credit to residents of Malta rose further to 6.8% in February.

Rates on loans to Maltese residents follow contrasting trends

Following the two cuts in the interest rate on the European Central Bank (ECB) main refinancing operations (MROs) during the fourth quarter, the weighted average interest rate charged by MFIs on all loans to residents of Malta declined by 4 basis points. At the same time, movements in MFI interest rates on new loans were mixed. For instance, rates charged to households for new loans

Table 6.6
MF I INTEREST RATES ON NEW LOANS TO MALTESE

Percentages per annum; weighted average rates for the period

	2010		2011		
	Dec.	Mar.	June	Sep.	Dec.
Households and NPISH					
Overdrafts ⁽²⁾	5.75	5.80	5.82	5.85	6.12
Loans					
Lending for house purchases	3.43	3.35	3.32	3.35	3.38
Consumer credit ⁽³⁾	5.81	5.53	5.39	5.75	5.04
Other lending	5.86	5.67	5.53	5.29	5.60
Non-financial corporations					
Overdrafts ⁽²⁾	5.03	5.06	5.04	5.10	5.07
Loans ⁽³⁾	4.86	5.29	5.23	5.29	4.28

⁽¹⁾ Annualised agreed rates on euro-denominated loans to households and non-financial corporations.

⁽²⁾ For these instrument categories, interest rates are compiled on outstanding amounts but treated as new business indicators due to the large volume of inflows and outflows.

⁽³⁾ Excludes bank overdrafts.

Source: Central Bank of Malta.

in the form of overdrafts and other lending increased by 27 and 31 basis points, respectively (see Table 6.6).⁴ In contrast, rates charged on consumer credit and on new loans to non-financial corporations declined by 71 and 101 basis points, respectively.

In February, the weighted average lending rate dropped by a further 2 basis points to 4.69%. With respect to new business, movements in MFI rates on new loans in February were mixed, with lending to households in the form of overdrafts and mortgages recording the most significant drops.

Credit standards slightly tighten for enterprises

The Bank Lending Survey (BLS) conducted in January 2012 revealed that credit standards applied to lending to households remained unchanged during the fourth quarter of 2011. One bank reported a slight tightening in credit standards applied to non-financial corporations.⁵ Two banks reported a small drop in demand for business loans, but demand for mortgages, consumer credit and other lending by households remained unchanged.

According to the BLS, while credit standards applied to households were expected to remain unchanged in the first quarter of 2012, those applied to non-financial corporate borrowers were anticipated to tighten. With regard to loan dynamics, demand by households for mortgages and for consumer credit and other lending was expected to decline, while loan requests by enterprises should remain unchanged.

Credit granted to euro area residents outside Malta decelerates

Credit granted by resident MFIs to other euro area residents decelerated. The annual rate of growth remained robust, despite falling to 23.5% in December from 32.4% in September. Once again, growth was driven by a very strong increase in resident MFI holdings of government debt securities. Thus, at the end of December, credit extended by resident MFIs to other euro area residents stood at EUR5.2 billion.

Net claims on non-residents of the euro area fall

During the year to December 2011, resident MFIs' net claims on non-residents of the euro area contracted by 4.2%, mainly driven by a decline in claims on non-euro area residents (see Table 6.7). This is a much smaller contraction than the 15.5% year-on-year drop recorded in

Table 6.7
EXTERNAL AND OTHER COUNTERPARTS⁽¹⁾

EUR millions; changes on a year earlier

	2010	2011	Change	
	Dec.	Dec.	Amount	%
External counterpart	8,184.1	7,839.4	-344.7	-4.2
Claims on non-residents of the euro area	29,907.6	29,299.4	-608.2	-2.0
Liabilities to non-residents of the euro area	21,723.5	21,460.0	-263.5	-1.2
Other counterparts (net)⁽²⁾	13,280.3	13,694.1	413.8	3.1

⁽¹⁾ Figures show the contribution of Maltese MFIs to the euro area totals.

⁽²⁾ Includes net interbank claims/liabilities.

Source: Central Bank of Malta.

⁴ See footnote 2 above.

⁵ The BLS gauges credit demand and supply conditions. The Central Bank of Malta began to survey a sample of Maltese banks in 2004. Since January 2008, the BLS is carried out as part of a quarterly exercise conducted by the Eurosystem across the entire euro area.

September. Transactions carried out by internationally-oriented banks had a major impact on these developments.

MFI claims on non-residents of the euro area decreased by 2.0% on a year earlier, predominantly due to a sizeable contraction in loans granted to private non-financial companies. At the same time, MFI liabilities to non-residents of the euro area also contracted, though to a lesser extent, falling at an annual rate of 1.2% in December. The two main factors underlying this drop were a decline in time deposits belonging to the non-bank private sector and a decrease in funds borrowed from banks that reside outside the euro area.

Other counterparts (net) expanded by 3.1% during the year to December, after contracting by 0.7% three months earlier. This predominantly resulted from the considerable increase in deposits excluded from broad money belonging to households referred to earlier.

The money market

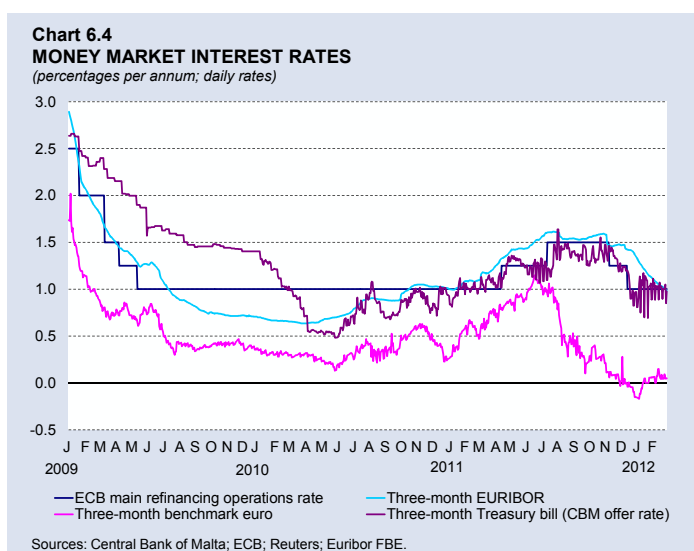
Official and money market rates decline

The ECB lowered the interest rate on its MROs twice during the last quarter of 2011. In November, the rate was reduced by 25 basis points to 1.25%, while an additional 25 basis point cut took place in December, bringing it down to 1.00%. As a result, the differential widened between the MRO rate and the three-month EURIBOR, which declined by 20 basis points to 1.36% between end-September and end-December (see Chart 6.4).⁶

In response to the decrease in official interest rates, during the quarter under review the primary market yield on Maltese three-month Treasury bills fell by 65 basis points, reaching 0.82% by end-December.

A total of EUR224.6 million worth of Treasury bills were issued during the final three months of 2011, EUR2.7 million less than in the previous quarter. Two-thirds of the amount issued were scheduled to mature in three months. Resident banks actively participated in the auctions and bought around four-fifths of the total.

At the same time, turnover in the secondary Treasury bill market, which exhibits substantial volatility, amounted to EUR11.2 million, up from EUR5.4 million in the previous quarter, with all transactions involving the Central Bank of Malta in its capacity as market-maker.



⁶ The Euro Interbank Offered Rate (EURIBOR) refers to the rates at which a prime bank is willing to lend funds to another prime bank in euro on an unsecured basis.

In the secondary market, the yield on benchmark three-month government securities in the euro area sharply dropped to close the year marginally above the zero level.⁷ During the same period, the corresponding domestic yield also declined, although to a lesser extent, falling by 29 basis points, to 0.97%. Consequently, the spread over the euro area benchmark widened to 112 points (see Chart 6.4).

During the first quarter of 2012, the ECB kept the interest rate on its MROs unchanged at 1.00%. Nonetheless, while the three-month EURIBOR declined by 58 basis points to 0.78% by end-March, the yield on benchmark money market securities issued by governments in the euro area rose to 0.06%. In the domestic money market, the secondary rate rose by 4 basis points during the same period, so that the spread against the corresponding benchmark yield narrowed to 95 points by end-March.

The capital market

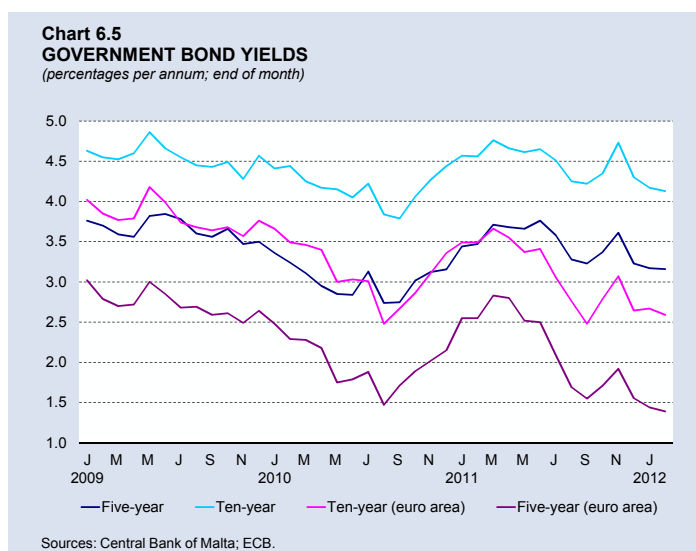
Government bond yields rise but equity prices fall further

During the fourth quarter of 2011, the Government raised additional funds through three Malta Government Stock (MGS) issues in November with a total value of EUR168.0 million. The first two bonds had terms to maturity of six and 20 years, and offered coupon rates of 4.25% and 5.20%, respectively. The third issue, with a maturity term of three years, was released with a coupon rate linked to the six-month EURIBOR. While 80% of the total amount issued was purchased at fixed prices, predominantly by households, the remaining 20% was acquired by auction, mostly by resident banks.

Additionally, in December the Treasury launched a three-year MGS switch auction programme, through which stock maturing in 2012 was converted into a new EUR158.1 million MGS issue, offering 4.30% and maturing in 2016. The programme attracted strong demand from investors, the large majority of which were financial institutions.

No issues of corporate debt securities took place during the period reviewed.

Turnover in the secondary market for government bonds declined by EUR97.0 million in the final quarter of the year to EUR62.5 million. This predominantly reflected reduced trading in short-term and medium-term securities, with turnover in long-term debt falling by a much lower amount.⁸ Transactions involving the Central Bank of Malta accounted for around one-third of the value traded.



⁷ The benchmark euro area yield is a representative rate covering the main secondary market three-month securities issued within the euro area, including those issued by the German and French governments.

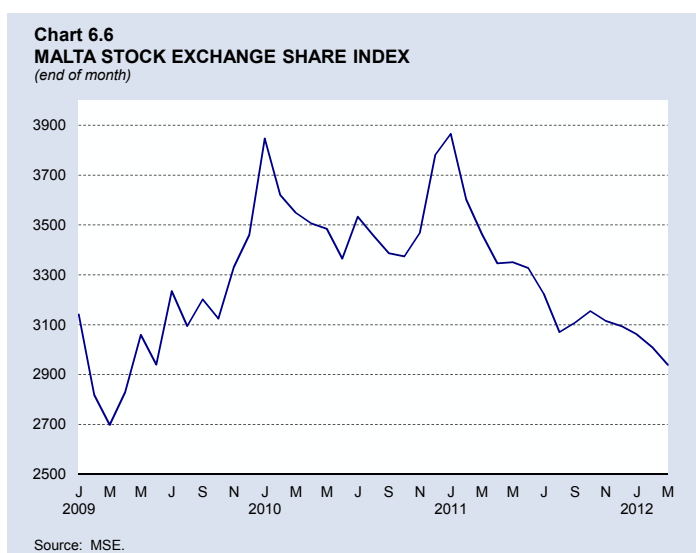
⁸ Short-term bonds are those with a residual maturity of up to five years, medium-term bonds have a residual term to maturity of between five and ten years, while long-term bonds are those with a residual term to maturity exceeding ten years.

At the same time, while yields on five-year domestic government bonds remained unchanged at 3.23%, those on ten-year government securities rose by 8 basis points to 4.30% at end-December (see Chart 6.5). The equivalent benchmark yields for the euro area rose faster, increasing by 1 and 17 basis points, respectively. As a result, the spread on five-year domestic bonds contracted by 1 basis point to 167 points, while the ten-year differential fell by 9 basis points to 165 points.⁹

In the secondary corporate bond market, turnover rose by EUR3.0 million, to EUR10.7 million by end-December. Slightly more than half of total trading was concentrated around nine securities. Yields declined below their September level.

Activity increased also in the domestic equity market, where the value of transactions, at EUR8.8 million, was EUR2.5 million higher than in third quarter. Equity prices extended their downward path, with the MSE share index declining by 0.4% from its value in September, ending December at 3,094.80 (see Chart 6.6).

In the two months up to February 2012, yields on domestic five-year and ten-year government bonds slightly decreased, falling to 3.16% and 4.13%, respectively. The spread in terms of five-year benchmark euro area bonds went up by 10 basis points to 177 points, while the ten-year differential narrowed by 11 basis points to 154 points. By the end of March, the MSE share index declined by 5.0% from its end-December level.



⁹ Euro area yields are based on AAA-rated central government bonds.

NEWS NOTES

DOMESTIC

2012 IMF Article IV Consultation Mission to Malta

On 23 January the International Monetary Fund (IMF) released a concluding statement following the visit of a staff team to Malta in connection with the 2012 Article IV consultation with Malta. The IMF mission team held meetings with senior officials of the Government, the Central Bank of Malta, the Malta Financial Services Authority and a number of public and private sector organisations.

The concluding statement notes that, after a strong recovery in 2010, Malta's economy continued to perform relatively well amidst significant turbulence in the euro area, although it now faced a hostile external environment. The statement also observes that confidence in Malta's public finances had been enhanced by the European Commission's positive assessment of Malta's efforts. It emphasised, however, that the Government's aim to return to fiscal balance over the medium term remained essential. With regard to developments in the financial sector, the statement said that this had continued to perform strongly, but, given the large external risks, it was important to further strengthen the sector's resilience. In this regard it recommended the strengthening of the Depositor Compensation Scheme as well as supported the European Systemic Risk Board (ESRB) proposal to set up a macro-prudential committee or authority.

Central Bank of Malta announcements

Money and banking statistics

On 5 January the Bank announced the placing on its website of a range of statistical data comprising historical monetary and banking time series, some of which go back more than 50 years. Most of the data were published in past issues of the Bank's *Quarterly Review*.

Banknote counterfeiting

On 27 January the Bank announced that in the second half of 2011 the number of counterfeit euro banknotes reported to the Bank amounted to 1,059. This brought the total number of counterfeits withdrawn from circulation over the year as a whole to 1,543, or 36.3% less than in 2010.

Issue of commemorative coin

On 30 March the Bank issued a commemorative coin, the first of its 2012 programme. The coin is of a EUR2 denomination and commemorates the tenth anniversary of the launching of euro notes and coin. It was issued by all euro area countries and features, on the national side of the coin, a common design that was selected by an international jury.

EBRD constituency meeting held in Malta

On 17 February the European Bank for Reconstruction and Development (EBRD), which fosters the transition to market economies of countries spanning from central and eastern Europe to central Asia and north Africa, held a constituency meeting in Malta. The constituency, which is led by Austria, also includes Bosnia Herzegovina, Cyprus, Israel, Kazakhstan and Malta. The meeting discussed current developments in the EBRD ahead of the Bank's Annual Meeting in London in May, particularly its well supported initiative to embark on an expansion of its operations in the Southern and Eastern Mediterranean (SEMED) region.

Malta Membership of the EBRD Act (Amendment of Schedule) Regulations, 2012

Malta, as a member of the EBRD, approved the amendment to the EBRD's Articles of Agreement to enable the Bank to extend its operations to the SEMED region. On 14 February the Government issued Legal Notice 68 of 2012, entitled Malta Membership of the EBRD Act (Amendment of Schedule) Regulations 2012, which made provision for the activities of the EBRD to be extended to countries of the SEMED. The Legal Notice also amended the provisions regarding the administration of the EBRD's Special Funds with regard to potential recipient countries.

Credit ratings

On 7 February Fitch Ratings affirmed Bank of Valletta's (BOV) Long-term and Short-term Issuer Default Ratings (IDR) at BBB+ and F2, respectively. The Bank's outlook was confirmed as stable. In its ratings report, Fitch stated that its affirmation reflected BOV's strong funding base, satisfactory liquidity and adequate profitability. The ratings also reflected the bank's reliance on the country's small and concentrated economy and its asset quality. Fitch remarked that given the bank's strong market shares, its ability to price risk remained relatively unaffected by competition.

On 13 February Moody's Investor Service adjusted the ratings of nine European sovereigns, including Malta, to capture downside risks. As a result, Malta's government bond rating was downgraded to A3 from A2. The outlook remained negative, with the key drivers reflecting the uncertainty over prospects for institutional reform in the euro area and the weak macroeconomic outlook across the region.

On 20 February Fitch Ratings revised FIMBank plc's outlook to negative from stable. The revision reflects Fitch's concern about the bank's weakening capital ratios in the past two years following the bank's business expansion. Fitch noted that FIMBank needed to continue operating with higher capital ratios in view of its high concentration levels and exposure to credit and operational risk.

On 28 February Standard and Poor's announced that it lowered its long-term corporate credit rating on Enemalta Corporation to B from BB. It also changed its outlook to negative and revised its assessment of the corporation's business risk profile from "weak" to "vulnerable", reflecting the company's high costs, its exposure to oil prices, and poor profitability.

Capital market developments

Issue of Malta Government Stocks

On 24 January the Government, through Legal Notice 37 of 2012, announced the issue of EUR150.0 million Malta Government Stock (MGS) consisting of 4.25% MGS 2017(III) Fungibility Issue, 4.30% MGS 2022(II) and 5.20% MGS 2031(I) Fungibility Issue, subject to an over-allotment option of an additional sum of EUR150.0 million. Bids with a total nominal value exceeding EUR274.0 million were submitted. All subscriptions by members of the public, amounting to EUR123.2 million, and all bids by institutional investors tendered at the auction, amounting to EUR151.5 million, were accepted in full.

Corporate bond issues

On 29 February Corinthia Finance plc published a prospectus in connection with the issue of EUR7.5 million in 6.00% bonds maturing between 2019 and 2022. The bonds, which were issued in March, were sold at par, and the issue was oversubscribed.

On 13 March the BOV announced the issue of the first tranche of its EUR125.0 million debt issuance programme launched last year. The tranche, issued in April and fully subscribed, consisted of a maximum of EUR40.0 million in notes carrying a coupon of 4.25% and maturing in 2019.

Double taxation relief agreements

Amendment to double taxation relief agreement with Poland

Legal Notice 14 of 2012, issued on 20 January and titled Double Taxation Relief (Taxes on Income) (Republic of Poland) (Amendment) Order, 2012, amended Subsidiary Legislation 123.33, which affords relief from double taxation and prevents fiscal evasion in relation to personal income tax and corporate income tax imposed by the laws of the Republic of Poland and income tax with regard to Malta.

Double taxation relief agreement with Bahrain

Legal Notice 82 of 2012, issued on 6 March and titled Double Taxation Relief (Taxes on Income) (Kingdom of Bahrain) Order, 2012, affords relief from double taxation in relation to income tax payable under Amiri Decree No. 22/1979 with regard to the Kingdom of Bahrain and income tax with regard to Malta.

Legislation related to banking and finance

Amendment of legislation governing loans to Greece

On 30 March Act III of 2012, which amends the Government Borrowing and Granting of Loans to the Hellenic Republic Act (Cap. 502), was enacted. The objective of the Act was to cater for the agreement entered into in Brussels on 27 February 2012, which amended the previous agreement of 14 June 2011. The amendments included an extension of the term to maturity of the loan and a reduction in the interest rates charged.

Regulations on Financial Services Tribunal fees

Legal Notice 10 of 2012, issued on 20 January and titled Financial Services Tribunal (Fees) Regulations, 2012, includes regulations regarding fees payable for filing an appeal to the Financial Services Tribunal and the fee payable for the transfer of long-term insurance business.

Regulations in terms of the Income Tax Acts

Legal Notice 95 of 2012, issued on 16 March and entitled European Union (EU) Directives (Amendment) Regulations, 2012, implements EU Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries situated in different Member States, in relation to the Income Tax Acts. These Regulations entered into effect on 18 January 2012.

INTERNATIONAL

Council of the European Union – main decisions taken and topics discussed

Following a meeting in Brussels on 30 January, the European Council highlighted the need to stimulate employment, especially for young people. It also emphasised the need to boost the financing of the economy, in particular with regard to small and medium-sized enterprises. The

Council agreed on urgent measures to be implemented by June, including better mobilisation of structural funds.

On 28 February the Council adopted a regulation setting technical and business requirements for credit transfers and direct debit transactions in euros as part of the Single Euro Payments Area project. The regulation sets an end date for migration to the new rules, and introduces common standards and general technical requirements, thus contributing to the simplification of the payment processes.

At its meetings in Brussels on 1 and 2 March, the European Council endorsed five priorities set out in the Commission's Annual Growth Survey for action to be taken at EU and national level. The priorities included the pursuit of differentiated, growth-friendly fiscal consolidation; the restoration of normal lending flows to the economy; the promotion of growth and competitiveness; tackling of unemployment and the social consequences of the crisis; and the modernisation of public administration. At national level, Member States should increase efforts to make it more attractive for employers to hire workers, where necessary by improving wage-setting mechanisms, removing barriers to the creation of new jobs, and by implementing active labour market policies. Action at EU level will aim at bringing the Single Market to a new stage of development.

ECOFIN Council meetings

On 24 January the Economic and Financial Affairs (ECOFIN) Council discussed the Commission's annual growth survey, and focussed on ways to promote growth and employment without compromising fiscal consolidation. The annual growth survey was the starting point for the European Semester, which involved simultaneous monitoring of the Member States' fiscal policies and structural reforms during a six-month period every year. The Council also discussed the modification of a code of conduct on the implementation of the EU's Stability and Growth Pact.

On 21 February the ECOFIN Council agreed on a general approach on two draft regulations to further improve economic governance in the euro area. The proposals provide for enhanced monitoring of area countries' budgetary policies and for strengthened surveillance of euro area Member States that encounter financial disturbance or request financial assistance.

The Council also adopted a regulation harmonising rules for short selling and credit default swaps. It agreed on a number of conclusions providing guidance to Member States for tackling macro-economic and fiscal challenges. The conclusions would be submitted to the European Council under this year's European Semester. Furthermore, the Council adopted a directive exempting very small companies from accounting and financial reporting obligations.

On 13 March the ECOFIN Council adopted conclusions related to the European Commission's alert mechanism report for the early detection of macroeconomic imbalances. The Council also adopted a decision adjusting the fiscal consolidation measures that are required of Greece under the EU's excessive procedure following an agreement reached between the Greek government and the European Commission, the IMF and the European Central Bank (ECB).

On 30 and 31 March an informal meeting of the ECOFIN Council was held in Copenhagen, Denmark. Ministers and central bank governors had a short discussion on the taxation of the financial sector and the EU budget, namely the multi-annual financial framework for 2014-2020.

Furthermore, the ministers and governors discussed a common framework for the resolution of failing banks.

Euro area policy developments

On 30 January euro area Member States highlighted the major steps in the implementation of their overall strategy to fight the crisis. These included the finalisation of the treaty on stability, coordination and governance in the Economic and Monetary Union. This represented a major step towards closer and irrevocable fiscal and economic integration and stronger governance in the euro area.

On 2 February the Treaty establishing the European Stability Mechanism (ESM) was signed by euro area Member States and requires ratification by the 17 Member States. The ESM would be an international financial institution based in Luxembourg, providing financial assistance to euro area Member States experiencing, or being threatened by, severe financing problems. With the subscribed capital of EUR700.0 billion, the initial maximum lending capacity of the ESM was set at EUR500.0 billion. The ESM would become operational as soon as possible, with a target date set for July 2012, a year earlier than originally planned. As a permanent mechanism, the ESM would take over the tasks currently fulfilled by the European Financial Stability Facility (EFSF) and the European Financial Stabilisation Mechanism. Following the accelerated entry into force, the ESM was expected to operate alongside the EFSF for 12 months. The joint lending capacity of the two facilities was currently set at EUR500.0 billion, subject to a reassessment in March 2012. As of 1 March 2013, only euro area countries that had ratified the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union would be eligible for financial assistance under the ESM.

On 21 February the Eurogroup welcomed the agreement reached with the Greek government on a policy package and its approval by the Greek parliament. The agreement included the identification of additional structural expenditure reductions of EUR325.0 million. This new programme provided a blueprint for putting public finances and the economy of Greece back on a sustainable footing, and hence for safeguarding financial stability in Greece and in the euro area as a whole. The Eurogroup reiterated its commitment to provide adequate support to Greece until it had regained market access, provided that Greece fully complied with the adjustment programme.

On 2 March the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union was signed by the Heads of State or Government of 25 EU countries. The Treaty has three objectives: strengthening budgetary rules, fostering economic policy coordination and convergence and improving the governance of the euro area. On the fiscal front, Member States commit themselves to introducing a balanced budget rule in national law. In addition, the Treaty further strengthens the excessive deficit procedure and sets a benchmark for government debt reduction. It will enter into force after it has been ratified by at least 12 euro area Member States.

On 2 March the euro area Heads of State or Government welcomed the progress made on the new Greek programme, and notably the agreement reached by the Eurogroup on the policy package and the offer made to private creditors. In addition, they agreed to accelerate, in full respect of national parliamentary procedures, the payment of the paid-in capital for the ESM.

On 14 March the President of the Eurogroup stated that euro area Member States had formally approved the second adjustment programme for Greece and that all required national and

parliamentary procedures had been finalised. Member States also authorised the EFSF to release the first instalment of financial assistance amounting to EUR39.4 billion under the second adjustment programme for Greece.

On 30 March the Eurogroup agreed that the paid-in capital of the ESM would be made available more quickly than initially foreseen in the ESM Treaty. The ESM would be the main instrument to finance new programmes as from July 2012. As of mid-2013, the maximum lending volume of ESM would be EUR500.0 billion. The combined lending ceiling of the ESM and the EFSF would continue to be set at EUR700.0 billion. Altogether, including assistance already paid out to support the programme countries, the euro area was mobilising overall resources of approximately EUR800 billion. Moreover, euro area Member States committed themselves to providing EUR150.0 billion in additional bilateral contributions to the IMF.

European Systemic Risk Board

On 16 January the ESRB published a recommendation addressed to national supervisory authorities of EU Member States concerning US dollar-denominated funding of banks. The ESRB recommended that the competent authorities intensify their monitoring of EU credit institutions, in order to prevent them from accumulating excessive funding risks in US dollars. National supervisory authorities were requested to closely monitor maturity mismatches, funding concentration, the use of US dollar currency swaps and intra-group exposures.

On 16 January the ESRB published a set of recommendations addressed to EU Member States on the macro-prudential mandate of national authorities. Under the recommendation, Member States should designate an authority or committee to strengthen macro-prudential supervision.

Following its meeting on 22 March, the ESRB Board stated that an environment of uncertainty and fragility persisted in segments of the EU financial system. The statement referred to the mutual negative feedback loops between persistent uncertainty on sovereign debt, pressure on bank funding and subdued growth prospects. It was therefore crucial for countries to make further progress towards restoring sound fiscal positions and implementing structural reforms to strengthen growth potential, increase employment and enhance competitiveness. At EU level, the ESRB said that it was monitoring developments regarding relevant legislative initiatives in the EU. These included the implementation of the Basel III agreement in a revised Capital Requirements Directive, and a new Regulation for banks and other credit institutions.

G-20 Finance Ministers' and Central Bank Governors' meeting

On 26 February the G20 Finance Ministers and central bank governors met in Mexico City to address ongoing economic and financial challenges. They emphasised their firm commitment to supporting growth and job creation. In order to avoid new systemic risks, they also affirmed their commitment to common global standards by pursuing the financial regulatory reforms in an internationally consistent and non-discriminatory manner. They welcomed the work that was under way on systemic financial market infrastructures, including safeguards to promote central clearing, the strengthening of the oversight function and the regulation of shadow banking activities.

STATISTICAL TABLES

The Maltese Islands - Key information, social and economic statistics

(as at end-Dec 2011, unless otherwise indicated)

CAPITAL CITY	Valletta	
AREA	316 km ²	
CURRENCY UNIT	Euro exchange rates ¹ :	EUR 1 = USD 1.2939 EUR 1 = GBP 0.8353
CLIMATE	Average temperature (1990-2010):	Dec. - Feb. 13.2° C June - Aug. 26° C
	Average annual rainfall (1990-2009)	488 mm
	SELECTED GENERAL ECONOMIC STATISTICS	
	GDP growth at constant 2000 prices ²	-0.1%
	GDP per capita at current market prices ²	EUR15,300
	GDP per capita in PPS relative to the EU-27 average (2010)	83.0%
	Ratio of gross general government debt to GDP ² (2011)	72.0%
	Ratio of general government deficit to GDP ² (2011)	2.7%
	RPI inflation rate	2.7%
	HICP inflation rate	2.4%
	Ratio of exports of goods and services to GDP ²	100.5%
	Ratio of current account surplus to GDP ²	1.6%
	Employment rate	57.3%
	Unemployment rate	6.6%
POPULATION	Total Maltese and foreigners (2010)	417,617
	Males	207,586
	Females	210,031
	Age composition in % of population (2010)	
	0 - 14	15%
	15 - 64	69%
	65 +	16%
	Average annual growth rate (1991-2010)	0.8%
	Density per km ² (2010)	1,322
HEALTH	Life expectancy at birth (2010)	
	Males	79
	Females	83
	Crude birth rate, per 1,000 Maltese inhabitants (2010)	9.6
	Crude mortality rate, per 1,000 Maltese inhabitants (2010)	7.2
	Doctors (2011)	1,488
EDUCATION	Gross enrolment ratio (2009/2010)	69.8%
	Number of educational institutions (2007/2008)	296
	Teachers per 1,000 students (2009/2010) ²	125
	Adult literacy rate: age 10+ (2005)	
	Males	91.7%
Females	93.9%	
LIVING STANDARDS	Human Development Index: rank out of 187 countries (2011)	36
	Mobile phone subscriptions per 100 population	124.9
	Private motor vehicle licences per 1,000 population	574
	Internet subscribers per 100 population	31.0

¹ End of month ECB reference rates.

² Provisional.

Sources: Central Bank of Malta; Eurostat; Ministry of Finance, the Economy and Investment; NSO; UNDP.

The monetary and financial statistics shown in the 'Statistical Tables' annex are primarily compiled on the basis of information submitted to the Central Bank of Malta by the following credit institutions, as at December 2011:

Akbank T.A.S.
APS Bank Ltd.
Banif Bank Malta p.l.c.
Bank of Valletta p.l.c.
BAWAG Malta Bank Ltd.
Credit Europe NV (from March 2007)
Commbank Europe Ltd. (from September 2005)
Deutsche Bank Malta Ltd. (from March 2010)
Erste Bank (Malta) Ltd.
FCM Bank Limited (from November 2011)
FIMBank p.l.c. (from August 2011)
Fortis Bank Malta Ltd.
HSBC Bank Malta p.l.c.
IIG Bank (Malta) Ltd. (from October 2010)
Investkredit International Bank p.l.c.
Izola Bank Ltd.
Lombard Bank Malta p.l.c.
Mediterranean Bank p.l.c. (from January 2006)
NBG Bank Malta Ltd. (from July 2005)
Nemea Bank Ltd (from December 2009)
Raiffeisen Malta Bank p.l.c.
Saadgroup Bank Europe Ltd. (from January 2009)
Sparkasse Bank Malta p.l.c.
Turkiye Garanti Bankasi A.S.
Voiccash Bank Limited (from October 2010)
Volksbank Malta Ltd.

In order to reflect Malta's entry into the euro area and the adoption of the euro as its currency on 1 January 2008, the layout and design of a number of tables, in particular in Parts 1 and 3, have been changed significantly, while others have been replaced with entirely new tables. Hence, users should exercise caution when comparing these series with earlier data, as the underlying definitions may have changed. For ease of comparison, all data relating to earlier periods presented in this *Quarterly Review* are converted into euro at the fixed exchange rate of EUR1=MTL0.4293. The reasons for this approach were explained in a note entitled 'Conversion of data in Maltese liri into euro' which was published in the 2007:3 issue of the *Quarterly Review*, while the changes to the underlying concepts were explained in a note entitled 'Presentation of statistics relating to Malta following adoption of the euro' which was published in the 2008:1 issue of the *Quarterly Review*. Detailed definitions of the concepts in each table can be found in the 'General Notes' section.

As from *Quarterly Review 2012:1*, the Central Bank of Malta discontinued the publication of (a) Table 1.16 - Monetary policy operations of the Central Bank of Malta and (b) Tables 3.1a and 3.1b - Selected Maltese lira exchange rates, end of period closing middle rates and averages for the period, respectively. Due to their historical value, such statistics will be retained in the Bank's website.

The statistical tables shown in the 'Statistical Tables' annex, including historical data, are provided in electronic format on the website of the Central Bank of Malta at www.centralbankmalta.org.

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Monetary, Banking and Financial Markets

Table 1.1 Financial statement of the Central Bank of Malta¹ (assets)

EUR millions

End of period	External assets				IMF currency subscription	Central government securities	Other assets	Total assets/liabilities
	Gold	IMF- related assets ²	Other ³	Total				
2003	1.2	83.1	2,095.0	2,179.2	73.2	18.1	42.5	2,313.1
2004	1.2	81.8	1,921.5	2,004.6	71.1	49.7	55.2	2,180.6
2005	1.5	87.4	2,061.2	2,150.1	74.6	21.2	62.5	2,308.4
2006	2.7	84.8	2,123.6	2,211.1	70.5	70.5	62.3	2,414.4
2007	8.8	83.9	2,434.4	2,527.2	66.3	203.6	74.4	2,871.5

EUR millions

End of period	Gold and gold receivables	Claims in euro		Claims in foreign currency		Lending related to monetary policy operations	Intra-Eurosystem claims	Other assets ⁴	Total assets/liabilities
		Claims on euro area residents	Claims on non-euro area residents	Claims on euro area residents	Claims on non-euro area residents				
2008	4.1	638.8	260.0	435.4	251.4	454.0	48.4	631.5	2,723.6
2009	5.2	626.8	95.7	238.0	375.0	1,252.5	49.0	602.3	3,244.5
2010	3.7	1,067.1	94.3	250.8	399.0	1,074.5	49.4	707.3	3,646.1
2011									
Jan.	3.7	1,103.8	109.6	287.0	395.1	1,055.0	49.4	684.4	3,688.0
Feb.	4.3	1,114.3	101.7	339.1	368.4	1,133.2	49.4	700.0	3,810.3
Mar.	7.3	1,133.8	105.7	332.4	372.4	961.5	49.4	709.4	3,671.8
Apr.	7.1	1,202.3	142.9	329.0	380.0	1,013.3	49.4	682.8	3,806.8
May	7.1	1,160.4	123.2	299.7	379.4	975.8	49.4	726.3	3,721.4
June	7.5	1,379.2	408.9	313.9	357.3	1,116.3	49.4	720.5	4,353.1
July	7.4	1,202.5	138.9	323.8	367.1	1,143.3	49.4	721.0	3,953.4
Aug.	7.1	1,196.6	138.9	334.4	344.1	891.5	49.4	738.5	3,700.4
Sep.	8.4	1,278.0	173.2	356.0	356.5	790.8	49.4	738.3	3,750.6
Oct.	10.4	1,308.4	164.1	297.6	341.5	533.7	49.4	722.5	3,427.6
Nov.	8.3	1,398.6	189.8	241.1	354.1	614.2	49.4	732.4	3,587.8
Dec.	10.3	1,382.9	182.3	276.7	387.0	498.2	51.0	769.8	3,558.2

¹ As from 2008, figures are reported according to the accounting principles established in ECB Guideline 2006/16 of 10 November 2006 (as amended) on the legal framework for accounting and reporting in the ESCB.

² Includes IMF reserve position and holdings of SDRs.

³ Mainly includes cash and bank balances, placements with banks and securities.

⁴ Including items in course of settlement.

Monetary, Banking and Financial Markets

Table 1.1 Financial statement of the Central Bank of Malta¹ (*liabilities*)

EUR millions

End of period	Currency issued	IMF-related liabilities	Deposits				Capital & reserves	External liabilities	Other liabilities
			Credit institutions	Central government	Other residents	Total			
2003	1,130.6	73.3	564.1	193.8	19.7	777.6	205.5	59.4	66.7
2004	1,179.6	71.2	387.4	269.4	26.0	682.8	200.4	-	46.7
2005	1,211.4	74.6	424.7	343.5	22.2	790.4	196.3	-	35.7
2006	1,173.9	70.5	660.8	248.2	41.0	950.0	181.0	-	38.9
2007	677.8	66.4	1,433.5	387.2	75.7	1,896.4	189.9	-	41.0

EUR millions

End of period	Banknotes in circulation ²	Liabilities related to monetary policy operations	Liabilities in euro		Liabilities in foreign currency		Counterpart of SDRs allocated by the IMF	Intra-Eurosystem liabilities	Other liabilities ³	Capital and reserves ⁴
			Liabilities to euro area residents	Liabilities to non-euro area residents	Liabilities to euro area residents	Liabilities to non-euro area residents				
2008	693.1	483.5	366.3	80.4	33.8	0.1	12.5	719.4	99.4	235.2
2009	673.4	584.6	397.7	86.8	71.6	0.0	103.9	908.7	156.1	261.7
2010	701.2	501.2	410.9	97.0	96.5	0.0	110.4	1,327.1	129.2	272.7
2011										
Jan.	681.7	497.4	381.7	94.2	98.9	0.0	110.4	1,438.3	113.1	272.3
Feb.	680.8	518.4	509.3	94.3	130.9	0.0	110.4	1,386.5	99.4	280.1
Mar.	684.0	481.5	382.6	87.5	146.4	0.0	106.5	1,418.5	87.6	277.2
Apr.	692.5	479.3	403.7	88.7	155.7	0.0	106.5	1,523.4	79.2	277.8
May	695.5	471.9	482.0	88.4	134.3	0.0	106.5	1,381.1	83.5	278.2
June	703.0	492.6	485.0	81.4	121.2	0.0	105.6	1,998.9	85.7	279.7
July	710.2	579.4	370.8	89.7	141.0	0.0	105.6	1,585.7	90.0	281.0
Aug.	705.3	1,236.8	485.3	83.1	129.5	0.0	105.6	577.4	96.0	281.4
Sep.	711.6	1,188.5	426.2	90.0	131.6	0.0	110.3	694.1	110.4	287.9
Oct.	717.4	822.8	339.2	93.7	138.5	0.0	110.3	803.1	114.5	288.0
Nov.	720.3	1,139.2	534.6	96.4	123.9	0.0	110.3	458.4	116.6	288.1
Dec.	737.6	1,101.1	438.6	86.5	122.5	0.0	113.2	552.5	118.4	287.7

¹ As from 2008, figures are reported according to the accounting principles established in ECB Guideline 2006/16 of 10 November 2006 (as amended) on the legal framework for accounting and reporting in the ESCB.

² This comprises the Bank's share of euro banknotes issued in the Eurosystem, based on the banknote allocation key. This amount is purely notional and may not reflect the amount of currency in circulation in Malta; the series is not comparable with the data prior to January 2008. For 2008, remaining outstanding Maltese lira banknotes are included.

³ Includes items in course of settlement.

⁴ Includes provisions and revaluation accounts.

Monetary, Banking and Financial Markets

Table 1.2 Balance sheet of the Central Bank of Malta based on statistical principles¹ (assets)

EUR millions

End of period	Holdings of euro-denominated cash	Claims on residents of Malta			External assets				Other assets ³	Total assets/liabilities
		Loans	Securities other than shares	Total	Claims on other euro area residents	Claims on non-residents of the euro area	Other external assets ²	Total		
2008	0.0	5.2	271.2	276.4	963.0	479.2	196.7	1,638.9	834.6	2,750.0
2009	0.4	5.4	214.7	220.2	1,069.8	355.4	246.9	1,672.1	1,380.8	3,273.4
2010	0.2	5.9	274.7	280.6	1,555.4	381.3	285.3	2,222.1	1,182.7	3,685.6
2011										
July	0.1	6.3	313.9	320.1	1,782.2	393.0	271.5	2,446.7	1,244.2	4,011.2
Aug.	0.1	6.3	314.1	320.5	1,792.4	369.5	280.0	2,441.8	997.4	3,759.8
Sep.	0.1	6.3	323.7	330.0	1,907.6	402.3	291.1	2,601.0	880.0	3,811.1
Oct.	0.1	6.2	319.1	325.3	1,869.8	380.6	283.3	2,533.8	615.5	3,474.7
Nov.	0.1	6.2	323.9	330.2	1,916.9	397.8	286.4	2,601.1	697.5	3,628.8
Dec.	0.1	6.2	343.9	350.1	1,910.9	434.4	301.8	2,647.1	612.9	3,610.3

Table 1.2 Balance sheet of the Central Bank of Malta based on statistical principles¹ (liabilities)

EUR millions

End of period	Currency issued ⁴	Deposits from residents of Malta			External liabilities				Capital & reserves	Other liabilities ³
		Withdrawable on demand ⁵	With agreed maturity	Total	Deposits from other euro area residents	Deposits from non-residents of the euro area	Other external liabilities ²	Total		
2008	740.9	400.1	0.0	400.1	667.7	80.4	65.0	813.1	297.2	498.6
2009	710.5	445.5	5.6	451.0	814.6	86.8	109.2	1,010.6	419.9	681.3
2010	742.1	489.1	8.2	497.2	1,225.2	97.1	108.0	1,430.3	438.1	577.8
2011										
July	754.0	488.2	9.4	497.6	1,454.0	94.6	135.7	1,684.4	416.4	658.8
Aug.	749.6	589.1	9.3	598.4	453.8	89.1	125.2	668.2	427.0	1,316.7
Sep.	756.0	524.7	9.9	534.6	574.3	90.2	141.2	805.7	438.1	1,276.7
Oct.	761.9	443.0	9.6	452.5	686.8	104.9	122.4	914.1	436.5	909.6
Nov.	765.0	634.2	10.0	644.2	338.5	96.5	130.9	565.9	437.7	1,216.1
Dec.	783.4	532.5	12.7	545.2	422.5	86.6	134.3	643.4	456.6	1,181.5

¹ Based on a detailed description of instrument categories as stipulated in ECB Regulation 2008/32 of 19 December 2008 (recast).

² If the Central Bank issues less currency than the amount attributed to it under the banknote allocation key, the shortfall will be reflected in intra-Eurosystem claims. Conversely, if the Central Bank issues more currency than the amount attributed to it under the banknote allocation key, the excess will be reflected in intra-Eurosystem liabilities (refer to General Notes for more details).

³ Includes resident interbank transactions.

⁴ This comprises the Bank's share of euro banknotes issued in the Eurosystem, based on the banknote allocation key (in turn reflecting its share in the paid-up capital of the ECB), plus coins issued by the Bank on behalf of the Treasury. For 2008, the remaining outstanding Maltese lira banknotes and coins are included.

⁵ For the purposes of this table deposits withdrawable on demand include deposits redeemable at notice.

Monetary, Banking and Financial Markets

Table 1.3 Aggregated balance sheet of the other monetary financial institutions based on statistical principles¹ (assets)

EUR millions

End of period	Balances held with Central Bank of Malta ²	Claims on residents of Malta			External assets				Other assets ³	Total assets/liabilities
		Loans	Securities other than shares	Shares & other equity	Claims on other euro area residents	Claims on non-residents of the euro area	Other external assets	Total		
2005	487.5	5,058.0	1,440.4	62.2	4,472.3	13,040.6	1,827.7	19,340.5	806.0	27,194.5
2006	707.0	5,788.8	1,210.8	83.2	5,212.1	15,976.6	412.3	21,601.1	643.1	30,033.9
2007	1,518.0	6,334.9	1,287.2	93.0	5,376.8	21,961.2	609.4	27,947.3	627.3	37,807.7
2008	600.6	7,150.4	1,342.9	115.3	6,153.2	25,468.7	847.3	32,469.1	797.8	42,476.2
2009	674.9	7,677.1	1,690.3	132.2	6,186.2	23,631.2	631.9	30,449.3	876.8	41,500.6
2010	599.6	8,075.5	1,781.1	141.9	9,366.9	28,681.7	650.4	38,699.0	909.3	50,206.4
2011										
Jan.	594.7	8,065.1	1,846.4	141.7	9,620.9	28,282.3	603.4	38,506.5	924.1	50,078.5
Feb.	611.0	8,080.5	1,834.6	141.4	9,569.6	27,445.4	631.0	37,646.0	891.0	49,204.5
Mar.	570.9	8,102.0	1,837.4	140.9	9,432.6	26,559.9	607.1	36,599.6	825.6	48,076.3
Apr.	583.2	8,094.1	1,851.5	140.7	9,505.7	27,147.7	611.2	37,264.6	827.7	48,761.9
May	569.8	8,130.7	1,897.1	140.5	9,651.2	28,473.7	622.6	38,747.5	840.2	50,325.8
June	591.2	8,156.2	1,880.5	141.8	9,643.7	28,077.5	581.2	38,302.5	861.3	49,933.4
July	696.4	8,184.2	1,887.6	170.9	9,624.4	28,569.6	585.9	38,779.9	895.1	50,614.1
Aug.	1,354.2	8,196.8	1,944.1	170.7	9,675.5	27,817.7	632.6	38,125.8	913.0	50,704.5
Sep.	1,299.6	8,317.3	1,925.9	169.5	10,520.8	27,554.6	642.4	38,717.7	867.9	51,298.0
Oct.	918.6	8,318.4	1,955.2	169.1	10,661.2	27,705.7	587.6	38,954.5	883.3	51,199.0
Nov.	1,203.3	8,391.3	1,986.1	168.9	10,408.5	27,977.8	655.6	39,041.9	899.1	51,690.5
Dec.	1,179.9	8,438.7	1,946.1	169.0	10,110.5	27,920.5	665.5	38,696.5	915.3	51,345.5

¹ Based on a detailed description of instrument categories as stipulated in ECB Regulation 2008/32 of 19 December 2008 (recast). As from December 2008 figures also include assets of the MMFs.

² Include holdings of Maltese lira banknotes and coins up to 2008.

³ Includes resident interbank claims.

Monetary, Banking and Financial Markets

Table 1.3 Aggregated balance sheet of the other monetary financial institutions based on statistical principles¹ (liabilities)

EUR millions

End of period	Deposits from residents of Malta ²				External liabilities				Debt securities issued ³	Capital & reserves	Other liabilities
	Withdrawable on demand	Redeemable at notice	With agreed maturity	Total	Deposits from other residents of the euro area	Deposits from non-residents of the euro area	Other external liabilities ³	Total			
2005	2,800.2	73.3	3,834.6	6,708.1	5,329.3	9,294.9	2,653.5	17,277.7	170.5	2,359.4	678.8
2006	2,834.9	71.8	4,300.2	7,206.9	6,385.9	11,167.7	1,447.7	19,001.3	87.9	3,083.0	654.9
2007	3,139.6	105.3	5,102.7	8,347.6	7,916.4	15,275.8	2,124.2	25,316.4	144.9	3,360.6	638.1
2008	3,170.0	114.5	5,222.2	8,506.7	9,240.4	17,301.9	2,275.7	28,818.0	172.2	3,339.7	1,639.5
2009	3,705.3	111.6	4,789.0	8,605.9	7,772.1	16,973.4	1,205.3	25,950.9	253.4	4,120.5	2,569.9
2010	4,314.3	123.7	4,860.4	9,298.5	6,611.2	20,023.4	1,758.1	28,392.7	304.5	9,840.3	2,370.5
2011											
Jan.	4,310.3	124.1	4,876.8	9,311.2	6,703.6	19,785.5	1,912.6	28,401.8	304.2	9,732.8	2,328.5
Feb.	4,258.9	125.7	4,893.9	9,278.5	6,537.1	18,952.5	2,191.3	27,681.0	304.0	9,604.0	2,337.0
Mar.	4,460.4	131.4	4,891.6	9,483.4	5,979.0	18,454.0	2,090.5	26,523.5	303.7	9,604.8	2,161.0
Apr.	4,491.0	128.4	4,889.9	9,509.4	6,168.4	18,604.9	2,336.8	27,110.2	302.8	9,610.4	2,229.1
May	4,413.6	128.5	4,888.9	9,431.1	6,204.7	18,190.3	4,384.7	28,779.7	303.4	9,637.0	2,174.6
June	4,424.8	128.6	4,880.4	9,433.8	7,164.0	16,957.3	4,086.3	28,207.6	308.0	9,634.4	2,349.5
July	4,520.1	129.5	4,919.2	9,568.7	6,955.9	16,839.8	4,749.9	28,545.6	308.3	9,734.2	2,457.3
Aug.	4,526.0	133.0	4,966.7	9,625.7	7,269.9	17,055.2	4,533.4	28,858.5	352.2	9,745.0	2,123.1
Sep.	4,568.3	125.5	5,026.0	9,719.8	7,121.7	16,505.9	5,909.2	29,536.8	353.4	9,649.4	2,038.7
Oct.	4,705.4	124.0	5,016.5	9,845.9	7,587.1	16,302.5	5,609.1	29,498.7	352.8	9,719.9	1,781.8
Nov.	4,578.4	127.8	5,038.8	9,745.0	7,529.7	16,799.6	5,734.9	30,064.3	353.8	9,649.8	1,877.6
Dec.	4,686.6	122.6	5,096.6	9,905.8	6,900.5	16,889.2	5,680.0	29,469.6	354.3	9,818.4	1,797.3

¹ Based on the instrument categories as stipulated in ECB Regulation 2008/32 of 19 December 2008 (recast). As from December 2008 figures also include liabilities of the MMFs.

² Excludes inter-bank deposits. These are included, together with other resident inter-bank liabilities, in 'other liabilities'.

³ Up to December 2007, debt securities held by non-residents are included under 'other external liabilities'. As from January 2008 they are included under 'debt securities issued'. For the purpose of this table, 'Other external liabilities' also include repos.

Monetary, Banking and Financial Markets

Table 1.4a Monetary base and monetary aggregates

EUR millions

End of period	Monetary base (M0)			Broad money (M3)							
				Intermediate money (M2)							Total (M3) ¹
	Narrow money (M1)			Currency in circulation	Deposits withdrawable on demand		Total (M1)	Deposits redeemable at notice up to 3 months	Deposits with agreed maturity up to 2 years	Total (M2)	
					Demand	Savings					
2003	1,130.6	321.2	1,451.8	1,072.5	637.5	1,763.0	3,473.0	67.0	3,096.9	6,636.9	6,637.0
2004	1,179.6	338.5	1,518.1	1,132.1	700.8	1,849.8	3,682.6	70.0	3,045.3	6,797.9	6,797.9
2005	1,211.4	315.7	1,527.1	1,162.2	727.0	2,001.0	3,890.2	73.3	3,121.5	7,085.0	7,085.0
2006	1,173.9	412.2	1,586.1	1,112.9	726.5	2,020.0	3,859.4	71.8	3,520.6	7,451.7	7,451.7
2007	677.8	1,110.0	1,787.8	610.2	806.3	2,278.9	3,695.4	105.3	4,474.6	8,275.3	8,275.3

Table 1.4b The contribution of resident MFIs to the euro area monetary aggregates

EUR millions

End of period	Broad money (M3)								
	Intermediate money (M2)							M3-M2 ⁴	Total (M3) ⁵
	Narrow money (M1)			Deposits redeemable at notice up to 3 months ³		Deposits with agreed maturity up to 2 years ³			
	Currency issued ²	Overnight deposits ³		From residents of Malta	From other euro area residents	From residents of Malta	From other euro area residents		
From residents of Malta		From other euro area residents							
2008	669.2	3,120.0	60.4	114.2	0.0	4,668.0	192.7	37.3	8,861.8
2009	639.8	3,633.6	86.1	111.6	0.1	4,057.2	142.7	212.2	8,883.3
2010	674.4	4,225.1	99.5	123.5	0.7	3,848.1	157.5	241.6	9,370.5
2011									
Jan.	663.9	4,235.5	123.0	123.9	0.7	3,770.9	107.4	230.8	9,256.2
Feb.	665.7	4,182.8	137.7	125.5	0.7	3,731.7	105.6	214.4	9,164.1
Mar.	661.7	4,377.1	139.3	131.3	0.7	3,719.0	97.6	213.3	9,340.1
Apr.	672.0	4,418.2	133.2	128.3	0.7	3,692.8	93.4	212.6	9,351.2
May	676.5	4,330.4	146.7	128.4	0.7	3,688.6	212.4	212.3	9,396.0
June	681.1	4,346.9	118.4	128.5	1.5	3,677.4	324.5	206.6	9,484.9
July	686.5	4,448.9	128.9	129.3	1.5	3,688.6	153.9	210.8	9,448.5
Aug.	685.1	4,453.8	129.7	132.8	2.0	3,733.8	233.1	213.7	9,584.0
Sep.	690.1	4,477.6	143.1	125.3	2.0	3,754.5	263.8	216.5	9,672.9
Oct.	701.6	4,620.0	133.9	123.9	2.0	3,673.8	347.2	611.3	10,213.6
Nov.	702.6	4,491.3	142.8	127.6	1.9	3,675.4	285.4	704.3	10,131.2
Dec.	710.6	4,590.9	122.9	122.5	2.6	3,693.1	228.2	749.3	10,220.0

¹ M3 comprises M2, repurchase agreements and debt securities with agreed maturity of up to 2 years.

² This is not a measure of currency in circulation in Malta. It comprises the Central Bank's share of euro banknotes issued in the Eurosystem, based on the banknote allocation key (in turn reflecting its share in the paid-up capital of the ECB), plus coins issued by the Bank on behalf of the Treasury, less holdings of issued euro banknotes and coins held by the MFI sector. For 2008, remaining outstanding Maltese lira banknotes and coins are included. This represents the residual amount after deducting holdings of euro banknotes and coins (and, temporarily, of Maltese lira currency) reported by MFIs in Malta from the currency issued figure as reported in Table 1.2.

³ Deposits with MFIs exclude interbank deposits and deposits held by central government.

⁴ M3 - M2 comprises repurchase agreements and debt securities up to 2 years' maturity issued by MFIs in Malta less holdings by MFIs in Malta of such securities issued by MFIs anywhere in the euro area. Figures also include MMFs shares/units issued less holdings in such units by MMFs and credit institutions resident in the euro area and holdings by non-residents of the euro area.

⁵ This does not represent holdings of M3 by residents of Malta but rather the contribution of MFIs in Malta to the euro area aggregate.

Monetary, Banking and Financial Markets

Table 1.5a Counterparts to the monetary aggregates

EUR millions

End of period	Domestic credit			Net foreign assets					Broad money (M3)	Other counterparts to broad money (net) ²
	Net claims on central government ¹	Claims on other residents	Total	Central Bank of Malta		OMFIs		Total		
				Foreign assets	Foreign liabilities	Foreign assets	Foreign liabilities			
2003	1,324.1	4,423.4	5,747.5	2,279.5	136.9	10,493.3	8,912.8	3,723.1	6,637.0	2,833.6
2004	1,269.8	4,793.9	6,063.7	2,105.7	78.5	13,208.0	11,448.3	3,786.9	6,797.9	3,052.8
2005	1,031.2	5,110.6	6,141.8	2,260.2	87.8	19,340.5	17,297.9	4,215.0	7,085.0	3,271.8
2006	850.1	5,855.8	6,705.9	2,314.0	99.1	21,601.1	19,011.8	4,804.1	7,451.7	4,058.3
2007	1,023.8	6,404.9	7,428.7	2,633.0	100.1	27,947.3	25,330.1	5,150.1	8,275.3	4,303.6

Table 1.5b The contribution of resident MFIs to counterparts to euro area monetary aggregates

EUR millions

End of period	Broad money (M3) ⁴	Credit counterpart ³					External counterpart			Other counterparts (net) ²
		Residents of Malta		Other euro area residents		Total credit	Claims on non-residents of the euro area	Liabilities to non-residents of the euro area	Net claims on non-residents of the euro area	
		Credit to general government	Credit to other residents	Credit to general government	Credit to other residents					
2008	8,861.8	1,618.0	7,266.9	461.8	2,796.6	12,143.4	26,971.4	19,603.7	7,367.8	10,649.4
2009	8,883.3	1,927.4	7,792.4	1,238.3	2,273.9	13,232.0	24,843.9	18,197.0	6,646.9	10,995.6
2010	9,370.5	2,091.0	8,188.1	1,794.9	2,392.7	14,466.7	29,948.7	21,765.5	8,183.3	13,279.4
2011										
Jan.	9,256.2	2,152.8	8,177.3	1,893.0	2,354.2	14,577.4	29,500.2	21,688.0	7,812.2	13,133.4
Feb.	9,164.1	2,146.6	8,190.9	1,905.4	2,342.9	14,585.8	28,668.0	21,085.7	7,582.3	13,004.0
Mar.	9,340.1	2,149.3	8,208.6	1,941.4	2,320.0	14,619.3	27,791.3	20,491.4	7,299.9	12,579.1
Apr.	9,351.2	2,140.2	8,197.7	1,954.5	2,263.7	14,556.1	28,435.8	20,882.0	7,553.8	12,758.7
May	9,396.0	2,224.1	8,235.8	1,941.7	2,313.3	14,714.8	29,738.5	22,494.5	7,244.0	12,562.8
June	9,484.9	2,215.2	8,262.1	2,017.6	2,239.8	14,734.6	29,555.2	20,734.1	8,821.2	14,070.9
July	9,448.5	2,242.1	8,320.8	2,014.1	2,242.3	14,819.3	29,794.0	21,328.2	8,465.8	13,836.6
Aug.	9,584.0	2,311.3	8,320.7	2,195.3	2,245.4	15,072.7	29,076.1	20,877.1	8,199.1	13,687.7
Sep.	9,672.9	2,305.8	8,437.0	2,529.9	2,833.1	16,105.7	28,865.7	21,130.6	7,735.1	14,168.0
Oct.	10,213.6	2,335.9	8,432.1	2,426.4	2,841.6	16,036.0	28,935.4	20,604.7	8,330.7	14,153.1
Nov.	10,131.2	2,378.4	8,498.1	2,258.7	2,941.1	16,076.3	29,291.8	21,511.8	7,780.0	13,725.1
Dec.	10,220.0	2,353.4	8,550.5	2,240.8	2,930.0	16,074.7	29,299.4	21,460.0	7,839.4	13,694.1

¹ Central government deposits held with MFIs are netted from this figure.

² Includes net interbank claims/liabilities within the MFI sector. These counterparts make a negative contribution to M3.

³ Credit includes, besides lending, claims in the form of debt securities and shares and other equity.

⁴ This does not represent holdings of M3 by residents of Malta but rather the contribution of MFIs in Malta to the euro area aggregate. As from December 2008 figures also include MMFs shares/units issued less holdings in such units by MMFs and credit institutions resident in the euro area and holdings by non-residents of the euro area.

Monetary, Banking and Financial Markets

Table 1.6a Currency in circulation

EUR millions

End of period	Currency issued and outstanding			Less currency held by OMFIs	Currency in circulation
	Notes	Coins	Total		
2003	1,088.0	42.6	1,130.6	58.1	1,072.5
2004	1,134.8	44.8	1,179.6	47.5	1,132.1
2005	1,164.5	46.8	1,211.4	49.2	1,162.2
2006	1,125.4	48.6	1,173.9	61.0	1,113.0
2007	634.2	43.6	677.8	67.6	610.2

Table 1.6b Currency issued

EUR millions

End of period	Currency issued excluding holdings of MFIs					Memo item: Excess / shortfall (-) on the banknote allocation key ³
	Notional amount of banknotes issued by the Central Bank of Malta ¹	Euro coins issued by the Central Bank of Malta on behalf of the Treasury	Outstanding Maltese lira banknotes and coins ²	Less euro banknotes and coins held by MFIs in Malta	Total	
2008	629.3	31.2	80.5	71.7	669.2	54.5
2009	673.4	37.2	-	70.7	639.8	95.1
2010	701.2	41.0	-	67.7	674.4	104.5
2011						
Jan.	681.7	40.6	-	58.4	663.9	119.0
Feb.	680.8	40.4	-	55.5	665.7	121.6
Mar.	684.0	40.7	-	63.0	661.7	134.3
Apr.	692.5	41.4	-	61.9	672.0	135.0
May	695.5	41.7	-	60.7	676.5	131.7
June	703.0	42.5	-	64.4	681.1	136.7
July	710.2	43.8	-	67.5	686.5	131.7
Aug.	705.3	44.3	-	64.5	685.1	123.6
Sep.	711.6	44.5	-	65.9	690.1	119.9
Oct.	717.4	44.5	-	60.3	701.6	116.4
Nov.	720.3	44.7	-	62.4	702.6	119.9
Dec.	737.6	45.8	-	72.8	710.6	130.0

¹ This comprises the Bank's share of euro banknotes issued in the Eurosystem based on the banknote allocation key (in turn reflecting its share in the paid-up capital of the ECB).

² For 2008 only, currency issued includes any outstanding Maltese lira banknotes and coins. A breakdown of Maltese lira banknotes and coins outstanding by denomination is shown in Table 1.7a (Denominations of Maltese currency issued and outstanding). For December 2008 the figure shown under "outstanding Maltese lira banknotes and coins" differs from that shown under the afore-mentioned table, due to the fact that all unredeemed Maltese lira coins were written off and transferred to the profit and loss account of the Central Bank of Malta at the end of 2008 (see more details in the notes to the financial statements of the Central Bank of Malta 2008).

³ The difference between the value of euro banknotes allocated to the Bank in accordance with the banknote allocation key (based on its share in the ECB's capital) and the value of the euro banknotes that the Bank puts into circulation gives rise to intra-Eurosystem balances. If the value of the actual euro banknotes issued is below the value based on the capital share, the difference is recorded as a shortfall (-). If the value of the actual euro banknotes issued is above the value based on the capital share, the difference is recorded as an excess.

Monetary, Banking and Financial Markets

Table 1.7a Denominations of Maltese currency issued and outstanding

EUR millions

End of period	Total notes & coins ¹	Currency notes					Total
		Lm20	Lm10 ²	Lm5	Lm2		
2005	1,211.4	257.5	812.1	76.8	18.1		1,164.5
2006	1,173.9	240.5	785.0	80.9	18.9		1,125.4
2007	677.8	120.2	439.8	57.5	16.7		634.2
2008	90.5	11.3	35.4	9.5	7.5		63.8
2009	82.2	9.6	29.9	8.9	7.4		55.8
2010	49.9	8.4	25.7	8.5	7.3		49.9
2011							
Mar.	48.7	8.1	24.8	8.4	7.3		48.7
June	47.9	8.0	24.3	8.4	7.2		47.9
Sep.	47.2	7.9	23.8	8.3	7.2		47.2
Dec.	46.7	7.8	23.5	8.2	7.2		46.7

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

² Since February 2010 a change in the basis of reporting was carried out to include the 4th series of the Lm10 notes.

Table 1.7b Denominations of euro banknotes allocated to Malta¹

EUR millions

End of period	Euro banknotes							Total
	€5	€10	€20	€50	€100	€200	€500	
2008	-1.3	46.7	319.0	181.6	34.8	42.7	60.5	683.8
2009	-3.8	35.1	331.4	214.3	23.2	50.4	117.9	768.5
2010	-6.3	21.7	328.9	235.2	1.2	54.7	170.3	805.7
2011								
Mar.	-7.1	18.8	324.4	242.6	-2.9	59.6	183.0	818.3
June	-7.4	16.3	326.0	251.5	-6.4	72.2	187.5	839.7
Sep.	-8.8	10.3	320.5	248.1	-14.3	74.9	200.7	831.4
Dec.	-9.4	9.6	326.8	266.1	-18.6	77.9	215.2	867.6

¹ This comprises the Bank's share of euro banknotes issued in the Eurosystem based on the banknote allocation key (in turn reflecting its share in the paid-up capital of the ECB) adjusted for the excess / shortfall on the banknote allocation key. Figures represent the net issuance of currency notes, that is, the net amount of notes issued by (+), or the net amount paid into (-), the Bank.

Table 1.7c Denominations of euro coins issued by the Central Bank of Malta on behalf of the Treasury

EUR millions

End of period	Euro coins									Total
	1 € cent	2 € cent	5 € cent	10 € cent	20 € cent	50 € cent	€1	€2		
2008	0.1	0.4	0.8	1.5	2.6	4.3	7.7	13.6		31.1
2009	0.0	0.5	1.0	1.8	3.0	4.9	8.6	17.3		37.2
2010	0.0	0.6	1.2	2.0	3.4	5.4	9.2	19.1		41.0
2011										
Mar.	0.1	0.6	1.2	2.0	3.4	5.4	9.0	19.1		40.7
June	0.1	0.6	1.3	2.1	3.5	5.6	9.5	20.0		42.5
Sep.	0.1	0.6	1.3	2.3	3.8	6.1	9.9	20.4		44.5
Dec.	0.1	0.6	1.4	2.3	3.9	6.1	9.8	21.7		45.8

Monetary, Banking and Financial Markets

Table 1.8 Deposits held with other monetary financial institutions by sector¹

End of period	Resident deposits							Deposits held by non-residents of Malta		Total deposits
	General government ¹	Monetary financial institutions ²	Insurance companies and pension funds	Other financial intermediaries & financial auxiliaries	Non-financial companies	Households & non-profit institutions	Total	Other euro area residents	Non-residents of the euro area	
2005	118.3	149.3	49.6	136.0	1,042.9	5,361.3	6,857.3	5,575.2	9,976.4	22,409.0
2006	218.2	73.5	99.1	89.6	1,112.8	5,687.3	7,280.4	6,688.4	12,055.0	26,023.8
2007	126.8	106.1	198.6	137.8	1,342.5	6,541.8	8,453.7	8,090.1	16,239.9	32,783.8
2008	101.5	878.8	249.2	146.1	1,282.9	6,727.0	9,385.6	9,276.9	17,640.5	36,303.0
2009	123.4	1,575.1	263.9	122.7	1,417.1	6,678.8	10,181.0	7,839.7	17,628.8	35,649.5
2010										
Jan.	141.6	1,540.1	274.6	164.9	1,436.5	6,711.4	10,269.1	7,412.6	18,304.6	35,986.3
Feb.	144.2	1,495.1	295.5	189.3	1,365.9	6,670.1	10,160.0	7,750.0	19,018.2	36,928.2
Mar.	146.1	1,548.5	287.2	158.9	1,471.5	6,691.7	10,304.0	7,917.6	20,443.6	38,665.2
Apr.	162.2	1,550.7	240.7	165.0	1,655.2	6,748.1	10,521.9	7,744.1	21,050.7	39,316.7
May	164.1	1,622.0	218.8	202.0	1,587.1	6,739.8	10,533.9	8,068.5	22,009.0	40,611.4
June	165.5	1,706.6	221.9	208.2	1,657.8	6,798.7	10,758.8	8,414.8	20,925.5	40,099.1
July	153.0	1,840.1	245.5	232.3	1,661.3	6,810.5	10,942.7	7,800.5	20,189.6	38,932.8
Aug.	249.8	1,574.7	233.0	222.9	1,586.5	6,809.1	10,675.9	7,490.8	20,294.1	38,460.8
Sep.	257.4	1,564.2	244.3	194.0	1,592.6	6,831.9	10,684.4	7,609.5	19,968.6	38,262.5
Oct.	248.9	1,545.9	250.4	195.6	1,673.2	6,866.8	10,780.7	6,811.7	20,341.2	37,933.5
Nov.	234.5	1,286.6	243.7	217.3	1,716.0	6,843.5	10,541.6	7,054.8	21,306.8	38,903.2
Dec.	227.0	1,378.3	233.1	208.4	1,694.9	6,935.0	10,676.8	6,632.2	21,127.9	38,437.0
2011										
Jan.	222.7	1,346.5	237.8	217.7	1,680.9	6,952.0	10,657.8	6,723.8	21,083.3	38,464.9
Feb.	221.2	1,390.3	213.2	232.5	1,694.2	6,917.3	10,668.8	6,557.1	20,516.6	37,742.5
Mar.	235.2	1,223.5	222.6	223.0	1,828.0	6,974.5	10,706.9	6,048.8	19,937.2	36,692.9
Apr.	223.5	1,277.2	224.8	224.7	1,844.4	6,991.9	10,786.5	6,283.3	20,310.9	37,380.7
May	226.2	1,218.4	207.1	209.6	1,806.9	6,981.2	10,649.4	6,314.7	21,913.5	38,877.7
June	224.9	1,374.1	210.5	212.2	1,796.7	6,989.5	10,808.0	7,494.9	20,211.6	38,514.5
July	227.2	1,419.4	218.3	217.6	1,825.3	7,080.3	10,988.1	7,252.9	20,758.7	38,999.7
Aug.	229.8	1,168.3	254.6	224.8	1,804.6	7,111.9	10,794.0	8,004.5	20,274.9	39,073.3
Sep.	238.0	1,058.7	246.0	232.6	1,800.3	7,202.9	10,778.5	8,443.3	20,435.6	39,657.4
Oct.	240.8	784.6	282.7	249.8	1,864.0	7,208.6	10,630.6	8,927.8	19,968.9	39,527.3
Nov.	237.3	863.8	267.1	234.0	1,860.7	7,145.9	10,608.8	8,581.4	20,810.6	40,000.8
Dec.	239.0	763.6	279.6	229.7	1,912.7	7,244.8	10,669.4	8,045.1	20,748.6	39,463.2

¹ Including extra-budgetary units.

² For the purposes of this Table, deposits include interbank loans and uncleared effects.

Monetary, Banking and Financial Markets

Table 1.9 Deposits held with other monetary financial institutions by currency¹

EUR millions

End of period	By residents of Malta					By non-residents of Malta				Total deposits
						Other euro area residents			Non-residents of the euro area	
	MTL ²	EUR	GBP	USD	Other	MTL ²	EUR	Other		
2005	5,812.9	288.2	423.5	252.9	79.9	22.9	2,820.1	2,732.2	9,976.4	22,409.0
2006	6,052.9	434.8	446.3	252.6	93.7	49.4	3,856.3	2,782.8	12,055.0	26,023.8
2007	6,922.6	711.2	380.9	316.5	122.5	35.0	5,465.8	2,589.3	16,239.9	32,783.8
2008		8,325.4	317.4	629.2	113.6		7,149.6	2,127.3	17,640.5	36,303.0
2009		9,319.8	401.0	381.5	78.7		5,489.8	2,349.9	17,628.8	35,649.5
2010										
Jan.		9,430.5	358.1	403.9	76.6		5,294.7	2,117.9	18,304.6	35,986.3
Feb.		9,339.9	331.2	407.4	81.6		5,579.1	2,170.8	19,018.2	36,928.2
Mar.		9,434.7	332.4	451.7	85.1		5,594.9	2,322.7	20,443.6	38,665.2
Apr.		9,519.5	300.6	607.1	94.7		5,586.1	2,158.0	21,050.7	39,316.7
May		9,480.6	314.6	639.6	99.0		5,697.8	2,370.8	22,009.0	40,611.4
June		9,686.8	430.1	563.6	78.3		5,540.8	2,874.0	20,925.5	40,099.1
July		9,965.1	411.0	485.1	81.4		6,058.5	1,742.0	20,189.6	38,932.8
Aug.		9,779.4	424.4	393.7	78.4		5,005.6	2,485.2	20,294.1	38,460.8
Sep.		9,830.3	404.9	375.8	73.4		5,543.3	2,066.2	19,968.6	38,262.5
Oct.		9,854.3	416.6	430.2	79.6		5,065.9	1,745.8	20,341.2	37,933.5
Nov.		9,599.0	439.4	409.9	93.2		4,624.2	2,430.6	21,306.8	38,903.2
Dec.		9,723.3	423.4	418.9	111.2		4,764.3	1,868.0	21,127.9	38,437.0
2011										
Jan.		9,740.2	409.3	408.9	99.4		4,751.4	1,972.4	21,083.3	38,464.9
Feb.		9,739.0	413.0	405.5	111.4		4,484.7	2,072.3	20,516.6	37,742.5
Mar.		9,778.6	399.3	425.2	103.8		4,262.8	1,786.0	19,937.2	36,692.9
Apr.		9,755.4	398.3	533.4	99.4		4,535.7	1,747.6	20,310.9	37,380.7
May		9,734.4	409.7	405.4	99.8		4,775.1	1,539.6	21,913.5	38,877.7
June		9,883.0	401.6	423.3	100.1		5,377.2	2,117.7	20,211.6	38,514.5
July		10,040.1	415.2	431.3	101.5		5,174.1	2,078.8	20,758.7	38,999.7
Aug.		9,841.3	423.1	424.5	105.1		5,527.8	2,476.7	20,274.9	39,073.3
Sep.		9,832.7	425.0	424.6	96.2		6,129.8	2,313.6	20,435.6	39,657.4
Oct.		9,671.3	422.6	437.9	98.8		6,576.4	2,351.4	19,968.9	39,527.3
Nov.		9,620.7	429.9	454.1	104.1		6,065.2	2,516.2	20,810.6	40,000.8
Dec.		9,592.4	518.9	454.4	103.7		5,856.3	2,188.8	20,748.6	39,463.2

¹ Also includes loans granted to the reporting MFIs.

² Maltese lira-denominated deposits were redenominated as euro deposits from the beginning of 2008.

Monetary, Banking and Financial Markets

Table 1.10 Other monetary financial institutions' loans by size class¹

EUR millions

End of period	Size classes ²				Total
	Up to €25,000	Over €25,000 to €250,000	Over €250,000 to €1 million	Over €1 million	
2005	811.9	2,173.4	2,247.7	6,898.6	12,131.6
2006	1,046.2	2,362.9	2,360.0	9,294.3	15,063.4
2007	1,138.2	3,143.8	2,865.2	14,036.2	21,183.3
2008	658.2	2,646.3	2,117.9	20,593.7	26,016.0
2009	704.9	2,896.9	2,701.2	16,096.2	22,399.3
2010					
Jan.	701.9	2,915.8	2,766.6	16,172.5	22,556.8
Feb.	707.1	2,935.3	2,743.4	16,163.6	22,549.4
Mar.	705.2	2,967.9	2,754.9	20,927.7	27,355.8
Apr.	708.3	2,975.5	1,961.5	21,493.4	27,138.6
May	711.8	2,984.9	1,927.1	21,859.9	27,483.8
June	752.1	3,151.7	2,077.3	20,681.8	26,662.8
July	754.7	3,158.9	2,070.8	19,908.3	25,892.8
Aug.	751.3	3,176.5	2,090.2	20,288.8	26,306.8
Sep.	755.9	3,195.6	2,076.1	19,612.3	25,640.0
Oct.	759.0	3,202.0	2,112.8	18,919.8	24,993.6
Nov.	761.2	3,220.1	2,118.2	19,118.8	25,218.4
Dec.	758.2	3,242.9	2,138.5	18,901.8	25,041.4
2011					
Jan.	756.0	3,245.6	2,162.9	18,588.5	24,752.9
Feb.	756.3	3,268.2	2,104.2	18,381.2	24,509.9
Mar.	754.9	3,287.4	2,153.8	18,334.7	24,530.7
Apr.	756.2	3,293.1	2,100.0	17,978.3	24,127.5
May	752.1	3,313.8	2,141.1	17,971.5	24,178.4
June	751.9	3,327.7	2,082.9	17,926.8	24,089.2
July	754.3	3,339.3	2,118.4	17,843.3	24,055.3
Aug.	749.0	3,350.4	2,070.5	17,417.2	23,587.2
Sep.	753.9	3,371.5	2,133.5	16,572.5	22,831.5
Oct.	754.6	3,388.1	2,102.6	16,480.8	22,726.1
Nov.	755.6	3,403.0	2,138.1	16,509.9	22,806.5
Dec.	761.0	3,421.3	2,151.5	16,797.3	23,131.2

¹ For the purposes of this classification, these include loans extended to residents and non-residents in both domestic and foreign currencies. Loans exclude OMFIs' deposits placed with other OMFIs.

² The euro amounts are approximations.

Monetary, Banking and Financial Markets

Table 1.11 Other monetary financial institutions' loans to residents of Malta by economic activity¹

End of Period	Electricity, gas & water supply	Transport, storage, information & communication	Manufacturing	Construction	Accommodation and food service activities	Wholesale & retail trade; repairs	Real estate activities	Households & individuals ²				Other ³	Total lending to residents	
								Lending for house purchase	Consumer credit	Other lending	Total		Public sector	Private sector
2005	142.3	287.1	306.2	502.3	474.8	691.1	444.2	1,521.4	212.7	214.6	1,948.7	427.6	401.1	4,823.2
2006	188.9	340.7	266.7	586.4	492.9	715.0	612.8	1,769.9	250.4	230.7	2,251.1	380.7	421.3	5,414.0
2007	196.6	322.6	301.3	677.5	474.3	732.3	725.1	2,014.9	287.6	276.1	2,578.6	356.8	438.3	5,926.7
2008	333.1	429.2	340.6	730.4	457.4	757.1	931.3	2,219.8	329.9	307.8	2,857.5	333.9	634.1	6,536.4
2009	432.1	480.0	296.4	733.0	485.8	767.2	1,033.2	2,457.8	373.8	307.2	3,138.8	316.3	733.0	6,949.8
2010														
Jan.	438.0	477.8	297.2	730.1	484.3	766.0	1,045.2	2,470.1	371.6	307.4	3,149.1	318.9	741.0	6,965.5
Feb.	429.9	476.4	296.4	732.3	490.3	766.2	1,005.4	2,488.0	373.2	313.6	3,174.8	318.9	734.0	6,956.5
Mar.	428.2	482.5	294.9	754.0	493.4	796.1	1,026.0	2,508.7	372.8	318.8	3,200.4	317.9	672.0	7,121.4
Apr.	424.4	475.6	293.7	753.3	499.3	795.5	1,027.8	2,520.0	370.5	309.5	3,200.0	322.2	667.5	7,124.3
May	409.2	464.6	293.7	758.2	500.7	810.7	1,036.5	2,538.3	373.8	306.6	3,218.7	327.0	649.3	7,170.1
June	414.6	469.2	280.2	1,131.2	427.6	813.9	422.0	2,561.2	374.3	308.6	3,244.1	631.7	654.6	7,179.9
July	390.9	465.3	280.9	1,117.6	433.3	797.6	406.8	2,580.0	360.5	323.6	3,264.1	642.5	630.3	7,168.7
Aug.	390.5	516.4	278.0	1,109.3	435.0	799.0	400.4	2,599.1	360.4	324.7	3,284.2	638.1	632.3	7,218.5
Sep.	400.5	514.8	283.5	1,113.6	436.0	810.6	413.3	2,624.0	364.2	327.6	3,315.7	633.6	646.4	7,275.2
Oct.	407.5	512.8	284.4	1,105.4	439.5	808.6	409.2	2,640.1	363.0	326.9	3,329.9	633.4	655.6	7,275.2
Nov.	433.4	508.0	282.4	1,108.0	445.9	824.2	404.9	2,652.1	364.5	325.3	3,341.9	642.8	677.9	7,313.4
Dec.	502.0	511.8	283.5	1,113.8	446.3	825.2	392.2	2,666.0	365.4	323.4	3,354.8	646.5	740.5	7,335.5
2011														
Jan.	497.9	505.1	279.9	1,106.2	447.8	821.8	394.3	2,679.2	363.5	317.2	3,359.9	659.7	737.5	7,335.1
Feb.	490.5	508.3	282.3	1,107.3	451.5	825.2	392.1	2,694.8	364.0	316.7	3,375.5	652.9	727.7	7,357.9
Mar.	469.3	489.5	283.1	1,109.0	455.1	840.2	395.4	2,719.1	364.8	319.0	3,402.9	658.9	698.1	7,405.2
Apr.	469.2	482.2	279.6	1,096.8	452.9	840.8	391.3	2,729.6	367.5	317.2	3,414.3	667.1	696.8	7,397.3
May	462.7	478.0	282.6	1,089.8	456.5	867.9	392.1	2,752.2	367.9	315.7	3,435.8	671.6	685.9	7,451.1
June	467.1	477.5	281.4	1,096.2	457.1	861.4	385.2	2,775.7	367.7	316.1	3,459.5	670.8	690.5	7,465.6
July	466.5	510.0	279.0	1,091.5	455.0	838.8	388.3	2,795.7	370.8	316.2	3,482.7	673.2	721.7	7,463.2
Aug.	468.2	512.3	278.5	1,083.0	449.5	838.7	395.3	2,809.4	371.2	318.5	3,499.1	672.7	739.2	7,458.2
Sep.	496.5	515.9	279.5	1,108.5	451.0	853.7	398.7	2,835.6	375.1	319.2	3,530.0	684.5	775.1	7,543.2
Oct.	527.8	512.4	276.9	1,101.7	438.3	829.4	396.9	2,853.5	373.8	315.5	3,542.8	692.6	807.1	7,511.7
Nov.	533.5	512.3	279.6	1,127.6	455.2	848.6	398.3	2,871.7	375.3	314.6	3,561.6	675.5	815.5	7,576.8
Dec.	539.8	526.5	280.8	1,119.9	459.8	847.9	396.6	2,892.9	382.9	314.0	3,589.8	679.6	826.1	7,614.5

¹ As from June 2010, the statistical classification of loans by economic activity is based on NACE rev 2.

² Excluding loans to unincorporated bodies such as partnerships, sole proprietors and non-profit institutions. Loans to such bodies are classified by their main activity.

³ Includes loans to agriculture & fishing, mining & quarrying, public administration, education, health & social work, financial and insurance activities (including interbank loans), professional, scientific and technical activities, administrative and support service activities, arts, entertainment and recreation, other services activities and extra-territorial bodies & organisations.

Monetary, Banking and Financial Markets

Table 1.12 Other monetary financial institutions' loans by sector

End of Period	Lending to residents of Malta							Lending to non-residents of Malta			Total lending
	General government ²	Monetary financial institutions ¹	Insurance companies and pension funds	Other financial intermediaries & financial auxiliaries	Non-financial companies	Households & non-profit institutions	Total	Other euro area residents	Non-residents of the euro area		
2005	123.5	648.6	16.7	13.3	2,738.2	2,166.4	5,706.7	1,955.8	6,379.0	14,041.5	
2006	118.4	739.4	20.0	14.9	3,092.7	2,542.9	6,528.2	2,348.2	8,601.4	17,477.8	
2007	126.8	1,557.8	23.0	21.0	3,265.6	2,898.4	7,892.6	2,439.4	15,373.9	25,706.0	
2008	111.4	613.0	21.6	14.3	3,801.0	3,202.2	7,763.4	3,454.6	20,129.5	31,347.5	
2009	111.0	649.0	22.3	10.9	4,034.6	3,498.5	8,326.1	2,900.0	16,825.4	28,051.5	
2010											
Jan.	112.3	724.6	22.7	11.3	4,041.2	3,513.1	8,425.3	2,974.7	16,738.5	28,138.5	
Feb.	112.2	619.2	22.9	10.3	4,002.4	3,537.1	8,304.0	3,348.6	16,976.4	28,629.0	
Mar.	111.6	635.2	21.8	10.6	4,077.0	3,566.6	8,422.7	4,915.7	21,374.3	34,712.8	
Apr.	113.5	651.2	21.7	15.6	4,062.3	3,573.1	8,437.3	6,176.2	19,399.7	34,013.3	
May	113.0	683.6	24.1	17.3	4,069.6	3,590.4	8,497.9	6,271.3	19,888.4	34,657.6	
June	113.8	858.9	22.9	16.4	3,908.7	3,615.3	8,684.4	6,242.4	20,239.5	35,166.3	
July	114.1	689.8	22.0	16.1	3,853.4	3,633.6	8,474.8	6,023.2	19,904.8	34,402.8	
Aug.	115.5	630.3	14.2	16.8	3,893.8	3,653.6	8,476.1	5,768.2	19,459.5	33,703.8	
Sep.	117.3	559.2	15.7	16.0	3,940.5	3,687.9	8,480.7	6,069.9	18,745.6	33,296.2	
Oct.	117.2	583.9	14.4	16.0	3,939.1	3,698.7	8,513.8	6,426.5	18,046.1	32,986.3	
Nov.	118.3	579.4	14.2	16.3	3,981.2	3,713.4	8,569.8	6,434.8	18,564.2	33,568.8	
Dec.	118.6	586.6	14.0	16.5	4,052.4	3,724.8	8,662.1	6,371.9	18,757.3	33,791.4	
2011											
Jan.	117.5	603.0	13.6	16.5	4,033.9	3,734.3	8,668.1	6,507.8	18,257.8	33,433.7	
Feb.	117.3	613.2	13.4	16.6	4,035.3	3,748.4	8,693.7	6,443.7	17,542.7	32,680.2	
Mar.	119.6	572.2	14.1	17.0	4,024.3	3,772.9	8,674.2	6,304.3	17,206.7	32,185.2	
Apr.	120.3	572.5	12.6	17.5	4,003.3	3,782.9	8,666.6	6,393.0	18,164.9	33,224.4	
May	120.6	561.5	11.7	18.0	4,013.8	3,803.6	8,692.2	6,502.3	19,595.4	34,789.9	
June	121.2	592.2	4.6	17.9	4,022.8	3,828.5	8,748.4	6,459.0	19,344.0	34,551.4	
July	120.2	698.4	3.6	18.3	4,028.8	3,848.4	8,882.6	6,438.4	19,886.4	35,207.4	
Aug.	135.0	1,368.1	5.2	17.6	4,020.1	3,859.8	9,564.8	6,416.2	19,561.6	35,542.6	
Sep.	143.0	1,307.8	4.4	17.4	4,098.9	3,893.6	9,625.1	6,313.5	19,124.8	35,063.4	
Oct.	144.7	928.5	5.2	17.8	4,084.6	3,905.5	9,246.9	6,572.0	17,580.3	33,399.2	
Nov.	149.7	1,224.6	3.0	18.0	4,130.8	3,926.9	9,615.9	6,589.8	17,745.9	33,951.6	
Dec.	150.5	1,176.7	2.6	17.5	4,153.9	3,952.2	9,615.4	6,323.0	17,368.4	33,306.7	

¹ For the purposes of this Table, loans include interbank deposits.

² Including extra-budgetary units.

Monetary, Banking and Financial Markets

Table 1.13 Other monetary financial institutions' loans by currency and original maturity to residents of Malta

End of period	Lending to residents of Malta																	Total lending								
	Non-financial corporations						Households & non-profit institutions						Other sectors ¹													
	EUR			Other			MTL ²			EUR			Other			MTL ²			EUR		Other					
	Less than 1 year	Over 1 year	MTL ²	Less than 1 year	Over 1 year	Other	Less than 1 year	Over 1 year	MTL ²	Less than 1 year	Over 1 year	Other	Less than 1 year	Over 1 year	Other	Less than 1 year	Over 1 year		Other	Less than 1 year	Over 1 year	Other				
2005	860.7	1,568.3	17.3	263.3	18.5	10.2	204.2	1,943.2	1.4	15.0	0.1	2.4	696.7	86.4	19.0	5,706.7										
2006	905.7	1,689.6	69.9	395.1	21.1	11.3	218.5	2,289.2	2.3	29.6	0.1	3.1	713.6	156.9	22.1	6,528.2										
2007	858.3	1,802.5	108.1	450.0	36.6	10.2	241.5	2,616.0	2.0	34.4	1.0	3.5	963.8	744.6	20.3	7,892.6										
2008	1,133.1	2,608.2	40.7	19.0			275.7	2,921.9	1.3	3.4		3.4		725.2	35.0	7,763.4										
2009	1,152.8	2,811.7	39.4	30.6			281.6	3,207.1	1.5	8.2		8.2		765.5	27.6	8,326.1										
2010																										
Jan.	1,145.9	2,825.7	38.3	31.4			278.1	3,225.2	1.4	8.3		8.3		841.2	29.8	8,425.3										
Feb.	1,132.0	2,796.9	40.3	33.2			279.5	3,247.8	1.3	8.4		8.4		741.6	22.9	8,304.0										
Mar.	1,168.0	2,824.2	48.5	36.4			283.6	3,273.0	1.4	8.5		8.5		744.6	34.5	8,422.7										
Apr.	1,166.9	2,802.3	55.8	37.2			280.3	3,282.8	1.5	8.6		8.6		763.2	38.8	8,437.3										
May	1,147.2	2,819.0	62.2	41.2			276.8	3,303.3	1.6	8.8		8.8		805.2	32.6	8,497.9										
June	1,125.9	2,672.7	71.9	38.2			276.1	3,327.8	2.0	9.3		9.3		1,123.2	37.3	8,684.4										
July	1,049.1	2,703.4	64.6	36.3			266.6	3,356.3	1.7	9.0		9.0		955.7	32.1	8,474.8										
Aug.	1,040.2	2,746.8	69.7	37.2			266.6	3,375.4	2.2	9.4		9.4		894.2	34.4	8,476.1										
Sep.	1,080.1	2,761.5	62.0	36.9			274.7	3,402.1	2.0	9.1		9.1		818.8	33.7	8,480.7										
Oct.	1,078.0	2,756.1	68.8	36.2			269.1	3,418.8	1.8	9.0		9.0		826.4	49.6	8,513.8										
Nov.	1,114.7	2,762.7	63.6	40.2			269.8	3,432.3	2.1	9.2		9.2		838.6	36.7	8,569.8										
Dec.	1,178.1	2,760.3	70.1	44.0			269.2	3,444.8	1.7	9.1		9.1		846.7	38.3	8,662.1										
2011																										
Jan.	1,084.5	2,830.1	74.0	45.2			264.6	3,459.3	1.7	8.7		8.7		865.3	34.6	8,668.1										
Feb.	1,086.4	2,837.5	65.7	45.7			263.6	3,474.3	1.9	8.6		8.6		867.8	42.2	8,693.7										
Mar.	1,069.4	2,856.4	59.1	39.4			265.0	3,497.4	1.8	8.7		8.7		828.9	48.0	8,674.2										
Apr.	1,024.8	2,875.9	64.1	38.5			268.3	3,504.3	1.5	8.7		8.7		842.8	37.6	8,666.6										
May	1,017.3	2,864.7	80.3	51.5			267.5	3,525.1	1.8	9.3		9.3		847.9	26.9	8,692.2										
June	1,012.6	2,879.8	80.5	49.9			266.8	3,550.2	2.1	9.4		9.4		870.7	26.4	8,748.4										
July	989.2	2,910.9	78.5	50.2			265.6	3,570.8	1.9	10.0		10.0		973.4	32.0	8,882.6										
Aug.	990.5	2,909.9	68.3	51.5			267.5	3,580.1	1.9	10.3		10.3		1,652.9	32.0	9,564.8										
Sep.	1,014.9	2,950.3	82.0	51.6			272.2	3,609.2	2.1	10.1		10.1		1,609.7	22.9	9,625.1										
Oct.	1,027.2	2,936.8	70.5	50.1			266.7	3,627.2	1.8	9.8		9.8		1,233.4	23.4	9,246.9										
Nov.	1,050.3	2,950.6	78.1	51.8			272.5	3,642.4	2.3	9.7		9.7		1,527.2	30.9	9,615.9										
Dec.	1,050.2	2,966.3	87.7	49.7			277.2	3,662.6	2.5	9.9		9.9		1,485.0	24.2	9,615.4										

¹ For the purposes of this Table, loans include interbank deposits.

² Maltese lira-denominated loans were redenominated as euro loans from the beginning of 2008.

Monetary, Banking and Financial Markets

Table 1.14 Aggregated statement of assets and liabilities - investment funds¹ (assets)

<i>EUR millions</i>								
End of period	Deposits	Holdings of securities other than shares		Holdings of shares and other equity		External assets ²	Fixed and other assets ³	Total assets
		Up to 1 year	Over 1 year	Collective investment scheme shares/units	Other shares and equity			
2005	52.2	34.5	624.0	7.9	232.4	350.4	32.7	1,334.1
2006	20.8	50.9	690.2	7.0	204.4	431.6	16.6	1,421.4
2007	32.6	3.4	498.8	6.4	195.3	410.4	12.0	1,159.0
2008	18.8	2.4	421.7	3.9	128.0	299.1	9.4	883.3
2009	33.3	15.4	403.2	4.8	139.3	318.6	5.6	920.2
2010	48.5	8.6	405.9	4.5	144.5	340.5	6.9	959.4
2011								
Mar.	44.8	0.8	384.1	7.3	135.8	327.5	8.7	908.9
June	42.6	0.0	371.3	6.4	132.6	324.8	8.9	886.6
Sep.	47.2	0.0	360.3	14.3	122.7	302.4	7.5	854.3
Dec.	46.2	0.0	354.2	11.1	127.6	308.4	8.0	855.5

Table 1.14 Aggregated statement of assets and liabilities - investment funds¹ (liabilities)

<i>EUR millions</i>					
End of period	Loans	Shareholders' units/ funds ⁴	External liabilities ⁵	Other liabilities ⁶	Total liabilities
2005	0.2	1,322.5	4.1	7.4	1,334.1
2006	0.4	1,406.4	11.0	3.6	1,421.4
2007	0.3	1,147.6	7.8	3.3	1,159.0
2008	1.9	870.2	6.9	4.2	883.3
2009	2.1	902.0	10.8	5.3	920.2
2010	1.8	910.3	42.9	4.4	959.4
2011					
Mar.	2.0	864.6	36.7	5.7	908.9
June	2.3	840.0	39.7	4.5	886.6
Sep.	0.4	818.5	29.3	6.2	854.3
Dec.	0.1	833.9	18.0	3.5	855.5

¹ Comprising the resident investment funds. As from 2006, data for those investment funds with a net asset value of less than 2% of the total assets of the sector are estimated.

² Includes deposits, securities other than shares, shares and other equity, debtors and other assets with non-resident counterparties.

³ Includes debtors, currency (both euro and foreign), prepayments and other assets.

⁴ Includes share capital and reserves.

⁵ Includes loans, creditors, accruals, shareholders' units/ funds and other liabilities to non-resident counterparties.

⁶ Includes creditors, accruals and other liabilities.

Monetary, Banking and Financial Markets

Table 1.15 Aggregated statement of assets and liabilities - insurance corporations¹ (assets)

EUR millions

End of period	Currency and Deposits ²	Holdings of securities other than shares	Holdings of shares and other equity		External assets ^{3,8}	Fixed and other assets ^{4,8}	Total assets
			Investment fund shares/units	Other shares and equity			
2005	61.7	347.6	57.4	103.6	358.1	192.1	1,120.5
2006	103.0	373.8	61.3	112.0	462.0	209.8	1,321.9
2007	193.9	418.5	68.4	121.0	482.9	244.5	1,529.2
2008	222.6	442.6	59.5	97.0	481.0	266.9	1,569.6
2009	252.9	486.0	21.5	163.1	622.3	265.6	1,811.4
2010	240.6	547.4	20.4	166.7	780.6	275.2	2,030.8
2011							
Q1	216.6	562.3	21.4	161.7	800.8	279.1	2,041.9
Q2	194.7	586.6	21.6	158.9	805.0	291.3	2,058.1
Q3	235.9	549.7	18.5	153.2	788.8	288.1	2,034.2
Q4	256.6	510.3	18.3	162.6	836.3	289.1	2,073.2

Table 1.15 Aggregated statement of assets and liabilities - insurance corporations¹ (liabilities)

EUR millions

End of period	Loans	Shares and other equity	Insurance technical reserves ⁵	External liabilities ^{6,8}	Other liabilities ^{7,8}	Total liabilities
2005	17.1	177.5	863.0	17.1	45.7	1,120.5
2006	21.1	205.1	1,027.1	15.7	52.9	1,321.9
2007	21.3	238.9	1,196.7	15.6	56.7	1,529.2
2008	24.9	229.2	1,229.3	34.3	52.0	1,569.6
2009	20.6	265.0	1,430.7	37.7	57.3	1,811.4
2010	22.6	283.0	1,627.0	45.1	53.1	2,030.8
2011						
Q1	23.1	282.5	1,634.0	47.8	54.5	2,041.9
Q2	13.7	283.7	1,654.8	49.2	56.7	2,058.1
Q3	11.8	277.4	1,645.8	46.7	52.5	2,034.2
Q4	11.7	285.0	1,681.3	45.0	50.2	2,073.2

¹ Comprising the resident insurance companies.

² Includes loans.

³ Includes deposits, securities, investment fund shares/units, financial derivatives and other assets with non-resident counterparties.

⁴ Mainly includes financial derivatives with resident counterparties, non-financial assets including fixed assets, other assets and accruals.

⁵ Comprising investment linked life-assurance policies, prepayments of premiums, reserves for outstanding claims and other insurance technical reserves.

⁶ Includes loans, securities, financial derivatives and other accounts payable to non-resident counterparties.

⁷ Mainly includes financial derivatives with resident counterparties, other liabilities and accruals.

⁸ Following a reclassification exercise, as from Q1 2009, certain instruments were shifted from "External Assets" to the "Fixed and other assets" column.

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Table 1.16 Debt securities, by sector of resident issuers¹

EUR millions

End of period	Outstanding amounts as at end of period				Net issues during period				Net valuation changes
	General government	Financial Corporations	Non-financial companies	Total	General government	Financial Corporations	Non-financial companies	Total	
2005	3,064.4	160.3	649.6	3,874.4	129.3	-45.8	-17.1	66.4	50.6
2006	2,998.1	104.9	593.0	3,696.0	-66.3	-52.3	-17.5	-136.1	-42.3
2007	3,116.3	162.0	625.0	3,903.2	118.2	60.0	68.1	246.3	-39.1
2008	3,328.3	189.4	665.4	4,183.1	211.9	26.0	22.6	260.5	19.3
2009	3,698.3	271.1	667.7	4,637.1	370.1	82.8	1.5	454.4	-0.3
2010	3,989.2	323.0	743.2	5,055.4	290.9	54.5	62.9	408.3	10.0
2011 ²	4,312.1	372.7	745.6	5,430.4	322.9	49.1	-4.4	367.5	7.3
2011²									
Q1	4,134.9	321.8	730.8	5,187.4	145.6	0.0	-0.7	144.9	-13.0
Q2	4,260.3	326.5	726.4	5,313.3	125.5	5.0	-1.0	129.5	-3.7
Q3	4,193.6	371.8	737.9	5,303.4	-66.7	44.1	-1.6	-24.3	14.3
Q4	4,312.1	372.7	745.6	5,430.4	118.5	0.0	-1.1	117.3	9.6

¹ Amounts are at nominal prices. Outstanding amounts of debt securities denominated in foreign currency reflect exchange rate changes.

² Figures are provisional.

Sources: Central Bank of Malta; MSE.

Table 1.17 Quoted shares, by sector of resident issuers¹

EUR millions

End of period	Outstanding amounts as at end of period			Net issues during period			Net valuation changes
	Financial corporations	Non-financial companies	Total	Financial corporations	Non-financial companies	Total	
2005	2,673.4	800.8	3,474.2	2.2	20.0	22.2	1,337.5
2006	2,657.4	758.2	3,415.7	0.8	53.3	54.1	-112.7
2007	2,690.1	1,163.9	3,854.0	9.9	387.3	397.2	41.2
2008	1,585.2	981.4	2,566.7	2.1	38.2	40.3	-1,327.6
2009	1,863.3	980.6	2,844.0	42.1	36.4	78.5	198.8
2010	2,034.1	1,188.1	3,222.2	0.3	214.2	214.5	163.7
2011 ²	6,877.7	4,187.9	11,065.5	0.2	11.1	11.3	-592.3
2011²							
Q1	1,852.5	1,092.8	2,945.3	0.0	0.0	0.0	-276.9
Q2	1,769.3	1,060.6	2,829.9	0.2	10.0	10.3	-125.7
Q3	1,637.3	1,011.7	2,649.0	0.0	1.1	1.1	-182.0
Q4	1,618.5	1,022.7	2,641.3	0.0	0.0	0.0	-7.7

¹ Amounts are at market prices. Outstanding amounts of quoted shares reflect market and exchange rate changes.

² Figures are provisional.

Source: MSE.

Monetary, Banking and Financial Markets

Table 1.18 Monetary financial institutions' interest rates on deposits and loans to residents of Malta¹

% per annum	2008	2009	2010	2011					
				July	Aug.	Sep.	Oct.	Nov.	Dec.
NEW BUSINESS²									
Deposits									
Households and NPISH									
Overnight deposits ^{3,4}	0.57	0.30	0.28	0.30	0.30	0.30	0.30	0.30	0.31
Savings deposits redeemable at notice ^{3,5}									
up to 3 months	2.09	1.70	1.69	1.65	1.53	1.60	1.60	1.61	1.61
Time deposits with agreed maturity									
up to 1 year	3.06	1.95	2.03	1.82	1.88	1.87	1.88	1.88	1.99
over 1 and up to 2 years	4.60	3.00	3.00	3.23	3.12	2.98	2.87	3.00	3.41
over 2 years	4.77	3.39	3.86	3.89	3.99	4.10	3.29	3.29	3.65
Non-financial corporations									
Overnight deposits ^{3,4}	0.64	0.23	0.24	0.27	0.28	0.28	0.27	0.29	0.30
Time deposits with agreed maturity	2.60	0.85	1.51	1.90	1.61	1.75	1.92	2.09	1.93
Loans									
Households and NPISH									
Overdrafts ^{3,9}	7.16	6.44	5.75	5.84	5.85	5.85	5.85	5.84	6.12
Loans									
Lending for house purchase	3.84	3.52	3.43	3.34	3.36	3.35	3.31	3.34	3.38
Consumer credit ⁷	6.12	6.02	5.81	5.65	5.39	5.75	5.54	5.49	5.04
Other lending	6.44	5.56	5.86	5.14	5.32	5.29	5.30	5.35	5.60
Non-financial corporations									
Overdrafts ^{3,9}	5.30	5.08	5.03	5.08	5.08	5.10	5.12	5.12	5.07
Loans ⁷	5.50	4.95	4.86	5.61	5.86	5.29	4.43	4.47	4.28
APRC ⁶ for loans to households and NPISH									
Lending for house purchase	4.35	3.71	3.63	3.52	3.56	3.60	3.56	3.53	3.60
Consumer credit ⁷	6.25	6.10	5.89	5.72	5.46	5.90	5.70	5.55	5.12
OUTSTANDING AMOUNTS²									
Deposits									
Households and NPISH									
Time deposits with agreed maturity									
up to 2 years	3.90	2.22	2.08	2.05	2.06	2.06	2.05	2.04	2.05
over 2 years	3.19	3.06	3.16	3.20	3.19	3.18	3.18	3.19	3.21
Non-financial corporations									
Time deposits with agreed maturity									
up to 2 years	3.39	2.01	1.97	2.01	1.98	1.98	1.97	2.01	2.00
over 2 years	3.26	3.35	3.24	3.14	3.14	3.14	3.12	3.15	3.13
Loans									
Households and NPISH									
Lending for house purchase	4.03	3.51	3.46	3.45	3.44	3.43	3.43	3.43	3.43
Consumer credit and other lending ⁸	5.80	5.67	5.58	5.58	5.58	5.59	5.58	5.58	5.66
Non-financial corporations ⁸	5.45	4.91	4.67	4.77	4.77	4.78	4.77	4.76	4.85

¹ Annualised agreed rates (AAR) on euro-denominated loans and deposits to/from households and non-financial corporations resident in Malta. The AAR is the rate agreed between the customer and the bank, and takes into consideration all interest (excluding fees and other charges) on the deposits and loans concerned.

² Weighted average rates as at end of period.

³ For these instrument categories, interest rates are compiled on outstanding amounts but treated as new business indicators due to the large number of inflows and outflows.

⁴ Overnight deposits include current/cheque accounts and savings withdrawable on demand.

⁵ Households and non-financial corporations are merged, since deposits in this category held by non-financial corporations are negligible.

⁶ The Annual Percentage Rate of Charge covers the total cost of a loan, comprising the interest rate component and other (related) charges, such as the costs for inquiries, administration, preparation of documents, guarantees, credit insurance, fees.

⁷ Excludes bank overdrafts.

⁸ Includes bank overdrafts.

⁹ As from June 2010, overdrafts also include revolving loans.

Monetary, Banking and Financial Markets

Table 1.19 Monetary financial institutions' interest rates on deposits and loans to euro area residents¹

% per annum	2008	2009	2010	2011					
				July	Aug.	Sep.	Oct.	Nov.	Dec.
NEW BUSINESS²									
Deposits									
Households and NPISH									
Overnight deposits ^{3,4}	0.57	0.30	0.28	0.30	0.30	0.30	0.30	0.30	0.30
Savings deposits redeemable at notice ^{3,5} up to 3 months	2.09	1.70	1.69	1.65	1.53	1.60	1.60	1.61	1.61
Time deposits with agreed maturity									
up to 1 year	3.05	1.97	1.96	1.82	1.88	1.87	1.87	1.88	1.99
over 1 and up to 2 years	4.60	3.00	3.01	3.23	3.12	2.98	2.87	3.01	3.41
over 2 years	4.77	3.39	3.86	3.89	3.99	4.09	3.29	3.29	3.65
Non-financial corporations									
Overnight deposits ^{3,4}	0.65	0.23	0.25	0.29	0.28	0.29	0.28	0.30	0.30
Time deposits with agreed maturity	2.06	1.44	1.11	1.68	1.58	1.66	1.84	1.99	2.15
Loans									
Households and NPISH									
Overdrafts ^{3,9}	7.16	6.45	5.76	5.85	5.85	5.86	5.85	5.84	6.12
Loans									
Lending for house purchase	3.84	3.52	3.42	3.35	3.37	3.35	3.31	3.34	3.38
Consumer credit ⁷	6.12	6.01	5.81	5.65	5.39	5.75	5.54	5.48	5.04
Other lending	6.43	5.56	5.86	5.10	5.32	5.29	5.29	5.35	5.60
Non-financial corporations									
Overdrafts ^{3,9}	5.14	5.08	5.02	5.08	5.08	5.11	5.12	5.12	5.07
Loans ⁷	4.93	4.42	4.52	4.44	3.94	3.61	4.15	4.37	4.20
APRC ⁶ for loans to households and NPISH									
Lending for house purchase	4.35	3.71	3.63	3.53	3.56	3.60	3.56	3.53	3.60
Consumer credit ⁷	6.25	6.09	5.89	5.72	5.46	5.90	5.70	5.54	5.12
OUTSTANDING AMOUNTS²									
Deposits									
Households and NPISH									
Time deposits with agreed maturity									
up to 2 years	3.89	2.21	2.08	2.05	2.06	2.06	2.05	2.05	2.05
over 2 years	3.24	3.10	3.16	3.22	3.21	3.19	3.20	3.20	3.22
Non-financial corporations									
Time deposits with agreed maturity									
up to 2 years	3.57	2.03	1.71	1.89	1.87	1.86	1.73	2.05	1.93
over 2 years	3.28	3.13	3.33	2.99	2.99	2.99	2.98	3.00	2.99
Loans									
Households and NPISH									
Lending for house purchase	4.03	3.51	3.46	3.45	3.44	3.44	3.44	3.43	3.43
Consumer credit and other lending ⁸	5.79	5.67	5.58	5.58	5.58	5.59	5.58	5.58	5.66
Non-financial corporations ⁹	5.11	4.13	4.54	4.46	4.56	4.60	4.60	4.59	4.66

¹ Annualised agreed rates (AAR) on euro-denominated loans and deposits vis-à-vis households and non-financial corporations with residents of Malta and other Monetary Union Member States. The AAR is the rate agreed between the customer and the bank, and takes into consideration all interest (excluding fees and other charges) on the deposits and loans concerned.

² Weighted average rates as at end of period.

³ For these instrument categories, interest rates are compiled on outstanding amounts but treated as new business indicators due to the large number of inflows and outflows.

⁴ Overnight deposits include current/cheque accounts and savings withdrawable on demand.

⁵ Households and non-financial corporations are merged, since deposits in this category held by non-financial corporations are negligible.

⁶ The Annual Percentage Rate of Charge covers the total cost of a loan, comprising the interest rate component and other (related) charges, such as the costs for inquiries, administration, preparation of documents, guarantees, credit insurance, fees.

⁷ Excludes bank overdrafts.

⁸ Includes bank overdrafts.

⁹ As from June 2010, overdrafts also include revolving loans.

Monetary, Banking and Financial Markets

Table 1.20 Key Central Bank of Malta, ECB and money market interest rates

	2006	2007	2008	2009	2010	2011				
						Mar.	June	Sep.	Dec.	
INTEREST RATES (%)¹										
Key ECB interest rates²										
Marginal lending facility	4.50	5.00	3.00	1.75	1.75	1.75	2.00	2.25	1.75	
Main refinancing operations - minimum bid rate	3.50	4.00	2.50	1.00	1.00	1.00	1.25	1.50	1.00	
Deposit facility	2.50	3.00	2.00	0.25	0.25	0.25	0.50	0.75	0.25	
Money market rates (period averages)										
Overnight deposit (EONIA)	2.84	3.86	3.86	0.72	0.44	0.68	1.04	0.98	0.79	
Rates for fixed term deposits (EURIBOR)										
1 month	2.94	4.08	4.27	0.90	0.57	0.86	1.22	1.38	1.24	
3 months	3.08	4.28	4.63	1.23	0.81	1.10	1.41	1.56	1.50	
6 months	3.23	4.35	4.72	1.44	1.08	1.36	1.69	1.77	1.72	
1 year	3.44	4.45	4.81	1.62	1.35	1.73	2.13	2.12	2.05	
Central Bank of Malta²										
Central intervention rate	3.75	4.00								
Money market intervention rates:										
Term deposit rate	3.70	3.95								
Reverse repo rate	3.80#	4.05#								
Rate on standby (collateralised) loans	4.75	5.00								
Rate on overnight deposits	2.75	3.00								
Remuneration on required reserves	3.50	4.00								

¹ End of period rates unless otherwise indicated.

² As from 1 January 2008, the Central Bank of Malta ceased to declare interest rates on its operations. The financial market interest rates shown from that date are the key interest rates determined by the ECB for central bank operations throughout the euro area.

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

Monetary, Banking and Financial Markets

Table 1.21 Other rates and indicators

	2006	2007	2008	2009	2010	2011			
						Mar.	June	Sep.	Dec.
INTEREST RATES (%)¹									
Other monetary financial institutions²									
Weighted average deposit rate	2.37	3.00	2.57	1.44	1.37	1.35	1.35	1.38	1.41
Current deposits	0.57	0.78	0.51	0.29	0.28	0.26	0.27	0.29	0.32
Savings deposits	1.17	1.73	0.73	0.33	0.35	0.35	0.33	0.35	0.35
Time deposits	3.27	3.97	3.74	2.30	2.27	2.27	2.26	2.31	2.34
Weighted average lending rate	5.90	6.30	4.96	4.46	4.72	4.79	4.76	4.75	4.71
Non-financial companies	6.34	6.74	5.31	4.93	5.31	5.37	5.40	5.39	5.34
Households and individuals	5.38	5.80	4.51	3.91	4.05	4.10	4.00	4.00	3.98
Consumer credit	7.42	7.84	7.15	5.90	5.97	6.01	6.00	6.00	5.99
House purchase	4.95	5.39	3.98	3.47	3.63	3.71	3.59	3.60	3.58
Other lending	6.46	6.74	5.54	4.96	5.35	5.33	5.39	5.24	5.29
Government securities									
Treasury bills (primary market)									
1 month	3.51	4.32	-	-	-	-	-	0.95	1.20
3 month	3.91	4.35	3.65	1.40	0.99	1.10	1.10	1.47	0.82
6 month	4.00	4.54	2.75	1.52	1.10	1.38	1.52	1.45	1.33
1 year	4.20	4.39	-	-	-	-	-	-	-
Treasury bills (secondary market)									
1 month	3.75	4.32	2.64	1.36	0.77	0.93	1.17	1.30	0.85
3 month	3.90	4.35	2.64	1.40	0.94	1.07	1.33	1.26	0.97
6 month	4.00	4.54	2.65	1.46	1.23	1.43	1.61	1.40	0.99
1 year	4.20	4.58	2.73	1.69	1.28	1.72	1.72	1.67	1.26
Government long-term debt securities (period averages)									
2 year	3.73	4.58	3.43	2.41	1.88	2.28	2.66	2.39	2.31
5 year	3.94	4.65	4.01	3.66	3.05	3.46	3.71	3.40	3.36
10 year	4.32	4.82	4.53	4.54	4.19	4.60	4.66	4.35	4.35
15 year	4.54	5.11	4.76	4.96	n/a	n/a	n/a	n/a	n/a
MALTA STOCK EXCHANGE SHARE INDEX	4,873	4,938	3,208	3,461	3,781	3,464	3,327	3,108	3,095

¹ End of period rates unless otherwise indicated.

² Rates agreed between the OMFI and its customer; weighted averages are calculated by multiplying the outstanding amount of each agreement by the interest rate applied thereto and dividing by the total amount. Interest rates paid and charged by MFIs in Malta reported according to harmonised definitions established by the ECB are shown in Tables 1.18 and 1.19.

Note: '-' denotes that no transactions occurred during the reference period.

n/a denotes that no bond qualifies as a 15 year benchmark.

Government Finance

Table 2.1 General government revenue and expenditure¹

EUR millions

Period	Revenue			Expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+) ²
	Current	Capital	Total	Current	Capital	Total		
2005	1,835.7	172.9	2,008.6	1,909.4	241.3	2,150.7	-142.1	35.8
2006	1,937.5	167.8	2,105.4	2,002.1	244.3	2,246.3	-140.9	38.8
2007	2,129.9	70.6	2,200.4	2,106.6	222.1	2,328.8	-128.4	52.9
2008	2,253.3	46.5	2,299.8	2,372.0	195.7	2,567.7	-267.9	-81.3
2009	2,246.3	63.5	2,309.8	2,349.4	178.9	2,528.3	-218.5	-35.2
2010	2,310.0	111.3	2,421.3	2,434.0	215.0	2,649.0	-227.7	-41.4
2011	2,462.8	109.8	2,572.6	2,545.9	200.6	2,746.5	-173.9	26.9
2011								
Q1	608.8	21.1	629.9	628.9	45.6	674.5	-44.5	3.0
Q2	576.1	18.3	594.4	634.7	49.6	684.3	-89.9	-39.4
Q3	580.3	35.8	616.1	602.2	51.4	653.6	-37.6	12.6
Q4	697.6	34.6	732.2	680.0	54.1	734.1	-1.9	50.7

Table 2.2 General government revenue by main components¹

EUR millions

Period	Current revenue							Capital revenue			Total	Memo: Fiscal burden ³
	Direct taxes	Indirect taxes	Social security contributions	Sales	Property income	Other	Total	Capital taxes	Capital transfers	Total		
2005	559.5	718.2	380.2	94.4	69.5	14.0	1,835.7	17.5	155.4	172.9	2,008.6	1,675.3
2006	609.8	759.3	389.8	96.4	63.5	18.9	1,937.5	14.7	153.2	167.8	2,105.4	1,773.4
2007	726.0	801.7	398.3	109.5	72.8	21.6	2,129.9	15.7	54.9	70.6	2,200.4	1,941.7
2008	742.8	830.2	432.0	152.2	70.4	25.6	2,253.3	15.1	31.4	46.5	2,299.8	2,020.0
2009	795.4	813.0	434.9	114.2	69.2	19.6	2,246.3	14.0	49.5	63.5	2,309.8	2,057.3
2010	807.8	836.0	456.4	105.1	84.3	20.4	2,310.0	14.7	96.6	111.3	2,421.3	2,114.9
2011	849.4	905.2	486.6	124.6	79.2	17.9	2,462.8	14.8	95.0	109.8	2,572.6	2,256.0
2011												
Q1	229.6	199.5	118.4	24.2	34.5	2.6	608.8	3.0	18.1	21.1	629.9	550.4
Q2	196.1	205.1	115.5	31.6	22.5	5.4	576.1	4.2	14.1	18.3	594.4	520.8
Q3	180.7	241.9	118.1	26.7	8.7	4.3	580.3	3.6	32.2	35.8	616.1	544.3
Q4	243.0	258.7	134.7	42.1	13.5	5.6	697.6	4.1	30.6	34.6	732.2	640.5

¹ Based on ESA95 methodology. Data are provisional.

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

³ The fiscal burden comprises taxes and social security contributions.

Sources: Eurostat; NSO.

Government Finance

Table 2.3 General government expenditure by main components¹

EUR millions

Period	Current expenditure							Capital expenditure			Total
	Compensation of employees	Social benefits	Interest	Intermediate consumption	Subsidies	Other	Total	Investment	Capital transfers	Total ²	
2005	668.3	642.7	177.8	238.2	101.2	81.2	1,909.4	227.1	48.7	241.3	2,150.7
2006	678.4	666.5	179.7	285.6	109.4	82.4	2,002.1	204.3	47.9	244.3	2,246.3
2007	706.9	718.6	181.3	295.8	112.1	92.1	2,106.6	205.6	43.2	222.1	2,328.8
2008	831.4	756.6	186.6	376.7	125.1	95.6	2,372.0	138.6	48.3	195.7	2,567.7
2009	829.6	809.4	183.3	354.6	64.0	108.5	2,349.4	129.3	58.7	178.9	2,528.3
2010	840.4	847.0	186.2	376.0	66.8	117.7	2,434.0	132.0	78.0	215.0	2,649.0
2011	870.1	881.3	200.8	419.2	63.9	110.6	2,545.9	159.4	44.6	200.6	2,746.5
2011											
Q1	216.0	229.9	47.5	95.9	10.7	28.9	628.9	36.2	8.6	45.6	674.5
Q2	218.5	218.6	50.5	103.1	19.1	24.8	634.7	32.7	13.5	49.6	684.3
Q3	217.6	203.3	50.2	91.4	13.7	26.1	602.2	43.9	12.7	51.4	653.6
Q4	217.9	229.4	52.6	128.9	20.3	30.9	680.0	46.6	9.8	54.1	734.1

¹ Based on ESA95 methodology. Data are provisional.

² Includes acquisitions less disposals of non-financial non-produced assets.

Sources: Eurostat; NSO.

Table 2.4 General government expenditure by function¹

EUR millions

Period	General public services	Defence	Public order & safety	Economic affairs	Environ. protection	Housing & community amenities	Health	Recreation, culture & religion	Education	Social protection	Total
2005	326.5	43.7	76.2	304.8	73.7	35.8	309.0	31.6	272.5	677.0	2,150.7
2006	347.8	37.1	75.9	310.3	82.0	37.1	325.6	29.1	286.9	714.4	2,246.3
2007	351.2	35.6	80.3	324.9	87.6	33.6	315.6	31.6	295.8	772.7	2,328.8
2008	395.3	38.1	86.3	434.7	93.9	40.1	316.0	36.2	311.4	815.7	2,567.7
2009	421.9	53.9	90.3	287.0	101.7	16.9	322.5	42.2	320.6	871.1	2,528.3
2010	404.2	50.8	92.7	296.0	132.3	14.1	349.5	47.2	358.4	903.9	2,649.0

¹ Based on Classification of Functions of Government (COFOG). Data are provisional.

Sources: Eurostat; NSO.

Government Finance

Table 2.5 General government financial balance sheet¹

Period	Financial assets					Financial liabilities					Net financial worth	
	Currency and deposits	Securities other than shares	Loans	Shares and other equity	Other accounts receivable	Total	Currency and deposits	Securities other than shares	Loans	Other accounts payable		Total
2005	399.1	0.0	29.2	1,117.8	218.3	1,764.4	0.0	3,420.9	300.5	332.0	4,053.4	-2,289.0
2006	431.7	0.0	26.4	842.9	208.0	1,509.0	0.0	3,297.4	265.5	359.0	3,921.9	-2,413.0
2007	487.9	0.0	27.5	836.4	309.7	1,661.4	8.3	3,308.6	272.8	424.1	4,013.9	-2,352.4
2008	476.0	0.0	32.8	740.1	360.5	1,609.4	31.2	3,662.9	284.1	528.2	4,506.3	-2,896.9
2009	576.8	0.0	29.5	797.2	375.9	1,779.4	37.2	3,994.2	229.8	530.8	4,792.0	-3,012.6
2010	587.9	0.0	63.1	854.9	432.7	1,938.7	41.0	4,307.5	230.4	542.6	5,121.5	-3,182.8
2011												
Mar.	576.2	0.0	112.8	838.6	583.3	2,110.9	40.7	4,381.1	234.7	645.3	5,301.8	-3,190.9
June	694.2	0.0	131.2	839.8	526.8	2,192.0	42.6	4,509.3	234.7	666.7	5,453.3	-3,261.3
Sep.	657.8	0.0	136.6	829.8	492.7	2,116.9	44.5	4,500.9	243.0	718.2	5,506.6	-3,389.6
Dec.	650.0	0.0	150.6	842.3	492.3	2,135.1	45.8	4,625.1	253.2	601.4	5,525.6	-3,390.5

¹ Based on ESA95 methodology. Data are quoted at market prices and should be considered as provisional.
Sources: Eurostat; NSO.

Government Finance

Table 2.6 General government deficit-debt adjustment¹

EUR millions

Period	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment						
			Transactions in main financial assets				Valuation effects and other changes in volume	Other ²	Total
			Currency and deposits	Loans	Debt securities	Shares and other equity			
2005	106.0	-142.1	93.0	-0.1	0.0	-55.4	-23.4	-50.0	-36.0
2006	-101.7	-140.9	67.1	-2.8	0.0	-219.4	-0.9	-86.7	-242.6
2007	131.4	-128.4	60.3	1.1	0.0	-32.1	-7.8	-18.4	3.1
2008	247.4	-267.9	-6.2	5.3	0.0	-5.1	20.3	-34.8	-20.5
2009	322.5	-218.5	135.6	-3.3	0.0	-1.7	-1.0	-25.6	104.0
2010	295.7	-227.7	52.0	33.5	0.0	-0.7	-0.1	-16.5	68.1
2011	349.6	-173.9	65.6	87.5	0.0	13.2	5.1	4.3	175.7
2011									
Q1	148.8	-44.5	-7.3	49.7	0.0	-7.4	4.7	64.6	104.3
Q2	128.3	-89.9	120.2	18.4	0.0	15.0	-3.1	-112.1	38.4
Q3	-57.4	-37.6	-34.4	5.4	0.0	0.1	5.1	-71.2	-94.9
Q4	129.8	-1.9	-12.9	14.0	0.0	5.5	-1.6	122.9	127.9

¹ Based on ESA95 methodology. Data are provisional.

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

Source: Eurostat.

Table 2.7 General government debt and guaranteed debt outstanding

Period	Coins issued	Debt securities			Loans			Total general government debt ¹	Government guaranteed debt ²
		Short-term	Long-term	Total	Short-term	Long-term	Total		
2005	-	443.1	2,614.4	3,057.5	76.8	221.1	297.9	3,355.3	612.4
2006	-	373.8	2,617.4	2,991.2	24.5	238.0	262.4	3,253.6	555.1
2007	8.3	354.9	2,753.3	3,108.3	31.0	237.5	268.5	3,385.1	602.8
2008	31.2	365.8	2,954.4	3,320.2	70.4	210.7	281.1	3,632.5	684.8
2009	37.2	474.1	3,216.4	3,690.5	34.1	193.2	227.3	3,955.0	866.8
2010	41.0	377.8	3,603.6	3,981.4	39.7	188.7	228.4	4,250.7	998.1
2011									
Mar.	40.7	416.8	3,710.2	4,127.0	32.4	199.4	231.8	4,399.5	1,025.0
June	42.6	337.1	3,914.9	4,252.1	35.8	197.4	233.2	4,527.9	1,023.2
Sep.	44.5	304.3	3,880.4	4,184.8	43.9	197.3	241.2	4,470.5	1,080.7
Dec.	45.8	257.1	4,046.3	4,303.5	52.4	198.5	251.0	4,600.3	1,074.9

¹ In line with the Maastricht criterion, which defines 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.

² Represents outstanding balances on general government guaranteed debt.

Sources: Eurostat; NSO.

Government Finance

Table 2.8 Treasury bills issued and outstanding¹

EUR millions

End of period	Amount maturing during period	Amount issued in primary market and taken up by			Amount outstanding ³ and held by		
		OMFIs ⁴	Others ²	Total	MFIs	Others ²	Total
2005	1,204.7	831.0	245.3	1,076.3	351.5	91.5	443.0
2006	992.0	522.5	400.2	922.7	249.7	124.2	373.9
2007	1,129.5	823.7	287.0	1,110.7	278.6	76.3	354.9
2008	1,018.9	349.2	683.4	1,032.6	126.4	239.5	365.8
2009	1,516.6	1,033.9	591.0	1,624.8	327.3	146.8	474.1
2010	1,341.6	1,091.7	153.2	1,245.2	319.9	57.9	377.8
2010							
Jan.	99.8	80.0	10.7	90.7	338.8	126.2	465.0
Feb.	93.3	115.9	1.1	117.0	381.8	106.8	488.7
Mar.	97.0	121.0	22.0	143.0	448.8	86.0	534.8
Apr.	150.9	127.0	31.8	158.8	457.2	85.5	542.7
May	104.2	139.3	5.4	144.7	499.5	83.7	583.2
June	146.2	90.0	25.6	115.6	471.6	81.0	552.6
July	125.9	125.6	25.2	151.1	514.3	63.6	577.8
Aug.	120.7	52.0	6.5	58.5	445.8	69.8	515.6
Sep.	76.9	21.5	0.1	21.6	390.9	69.5	460.3
Oct.	135.3	122.3	11.3	133.6	380.6	78.0	458.6
Nov.	120.3	73.7	3.5	77.2	347.4	68.1	415.5
Dec.	71.2	23.5	10.0	33.5	319.9	57.9	377.8
2011							
Jan.	66.4	117.7	7.2	124.9	386.4	49.8	436.2
Feb.	94.0	78.8	9.0	87.8	365.7	64.3	430.0
Mar.	61.4	43.1	5.2	48.2	352.5	64.2	416.8
Apr.	134.2	103.0	3.5	106.5	323.6	65.6	389.2
May	76.9	30.8	10.5	41.3	282.1	71.5	353.6
June	40.8	23.2	1.2	24.3	269.8	67.4	337.1
July	120.0	106.5	3.9	110.4	266.1	61.5	327.5
Aug.	76.9	66.3	1.1	67.3	258.0	59.9	317.9
Sep.	62.2	48.8	0.8	49.6	250.7	54.7	305.3
Oct.	108.0	123.6	1.3	124.9	261.5	60.8	322.3
Nov.	92.2	93.8	1.5	95.3	270.0	55.4	325.3
Dec.	71.9	4.4	0.0	4.4	224.0	33.9	257.9

¹ Amounts are at nominal prices.

² Includes the Malta Government sinking fund.

³ On 16 December 1996, the maximum amount of permissible outstanding bills was raised from €232.9m (Lm100m) to €465.9m (Lm200m), and on 27 November 2002 this was raised further to €698.8m (Lm300m).

⁴ As from December 2008, issues in the primary market taken up by money market funds were reclassified from 'Others' to 'OMFIs'.

Sources: Central Bank of Malta; The Treasury.

Government Finance

Table 2.9 Treasury bills issued and outstanding¹ (as at end-December 2011)

EUR millions

Issue date	Maturity date	Primary market weighted average rate (%)	Secondary market offer rate (%)	Amount issued in the primary market taken up by		Amount outstanding and held by		Total amount issued / outstanding ³
				OMFIs ⁴	Others ²	MFIs	Others ²	
07/Oct/2011	06/Jan/2012	1.299	0.998	28.8	0.4	21.0	8.2	29.2
14/Oct/2011	13/Jan/2012	1.328	0.949	6.3	0.0	6.0	0.3	6.3
15/Apr/2011	13/Jan/2012	1.560	0.949	16.9	1.8	16.0	2.7	18.7
21/Oct/2011	20/Jan/2012	1.316	0.897	10.4	0.8	10.0	1.2	11.2
28/Oct/2011	27/Jan/2012	1.412	0.847	32.6	0.2	26.0	6.8	32.8
04/Nov/2011	03/Feb/2012	1.513	0.860	25.6	0.8	25.0	1.3	26.3
06/May/2011	03/Feb/2012	1.681	0.860	5.1	1.8	4.8	2.1	6.9
11/Nov/2011	09/Feb/2012	1.460	0.871	29.4	0.8	21.0	9.2	30.2
12/Aug/2011	09/Feb/2012	1.799	0.871	4.0	0.0	4.0	0.0	4.0
09/Dec/2011	09/Mar/2012	1.240	0.928	1.0	0.0	1.0	0.0	1.0
09/Sep/2011	09/Mar/2012	1.591	0.928	2.0	0.2	2.2	0.1	2.2
16/Dec/2011	16/Mar/2012	1.197	0.942	0.4	0.0	0.0	0.4	0.4
23/Dec/2011	23/Mar/2012	0.899	0.955	0.6	0.0	0.6	0.0	0.6
23/Sep/2011	23/Mar/2012	1.555	0.955	0.6	0.6	0.1	1.1	1.2
24/Jun/2011	23/Mar/2012	1.500	0.955	3.0	0.0	3.0	0.0	3.0
30/Dec/2011	30/Mar/2012	0.824	0.969	0.5	0.0	0.0	0.5	0.5
30/Sep/2011	30/Mar/2012	1.450	0.969	10.0	0.0	10.0	0.0	10.0
07/Oct/2011	05/Apr/2012	1.400	0.970	5.0	0.0	5.0	0.0	5.0
08/Jul/2011	05/Apr/2012	1.477	0.970	15.0	0.1	15.0	0.1	15.1
15/Jul/2011	13/Apr/2012	1.608	0.972	23.0	0.2	23.0	0.1	23.2
09/Dec/2011	08/Jun/2012	1.330	0.984	0.5	0.0	0.5	0.0	0.5
14/Oct/2011	13/Jul/2012	1.576	1.007	30.0	0.0	30.0	0.0	30.0
Total				250.6	7.3	224.0	33.9	257.9

¹ Amounts are at nominal prices.

² Includes the Malta Government sinking fund.

³ On 16 December 1996, the maximum amount of permissible outstanding bills was raised from €232.9m (Lm100m) to €465.9m (Lm200m), and on 27 November 2002 this was raised further to €698.8m (Lm300m).

⁴ OMFIs include the money market funds.

Sources: Central Bank of Malta; The Treasury.

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Table 2.10 Malta government long-term debt securities outstanding¹ (as at end-December 2011)

EUR millions

Coupon rate (%)	Year of maturity	Year of issue	Issue price ⁵	ISMA Yield (%)	Interest dates	Held by		Amount
						MFIs ²	Others	
7.80	2012 (I)	1997	100	N/A ⁶	24/05 - 24/11	55.5	24.8	80.4
7.00	2012 (II) ³	2002	100	1.35	30/06 - 30/12	0.0	0.4	0.4
5.70	2012 (III) ⁴	2005/2007	100/102.75/ 103.85/105.95/ 108/108.5/109.7	1.20	30/03 - 30/09	203.7	65.2	268.9
7.80	2013 (I)	1997	100	2.04	18/04 - 18/10	45.9	33.9	79.8
6.35	2013 (II) ⁴	2001	100	1.89	19/05 - 19/11	11.1	49.4	60.6
7.00	2013 (III) ³	2003	100	2.10	30/06 - 30/12	0.0	0.2	0.2
3.60	2013 (IV) ⁴	2009	100	2.04	18/04 - 18/10	216.7	70.3	287.0
6.60	2014 (I) ⁴	2000	100	2.18	30/03 - 30/09	10.3	14.1	24.5
6.45	2014 (II) ⁴	2001	100	2.40	24/05 - 24/11	23.2	46.7	69.9
5.10	2014 (III) ⁴	03/04/06/07/08	100/103.25/ 103.64/105.5	2.27	06/01 - 06/07	157.7	231.2	388.9
7.00	2014 (IV) ³	2004	100	2.44	30/06 - 30/12	0.0	4.0	4.0
6.10	2015 (I) ⁴	2000	100	2.63	10/06 - 10/12	32.1	37.8	69.9
5.90	2015 (II) ⁴	02/03/07	100/102/105	2.75	09/04 - 09/10	33.2	83.4	116.5
7.00	2015 (III) ³	2005	100	2.85	30/06 - 30/12	0.0	0.7	0.7
7.00	2015 (IV) ³	2005	100	2.85	03/05 - 03/11	0.0	0.8	0.8
3.75	2015 (V) ⁴	2010	100	2.82	03/06 - 03/12	95.1	36.5	131.5
6.65	2016 (I) ⁴	2001	100	2.96	28/03 - 28/09	11.9	58.0	69.9
4.80	2016 (II) ⁴	03/04/06	100/101/104	3.23	26/05 - 26/11	74.3	112.1	186.4
7.00	2016 (III) ³	2006	100	3.25	30/06 - 30/12	0.0	3.4	3.4
4.30	2016 (IV) ³	2011	100.93	3.14	16/02 - 16/08	113.3	44.8	158.1
7.00	2017 (I) ³	2007	100	3.51	18/02 - 18/08	0.0	0.7	0.7
7.00	2017 (II) ³	2007	100	3.51	30/06 - 30/12	0.0	10.3	10.3
4.25	2017 (III) ⁴	2011	100	3.47	06/05 - 06/11	129.3	75.7	205.0
4.25	2017 (III) ⁴ FIBR	2011	100.75	3.47	06/05 - 06/11	3.4	12.7	16.1
4.25	2017 (III) ⁴ FICI	2011	104.97	3.47	06/05 - 06/11	0.0	3.0	3.0
7.80	2018 (I)	1998	100	3.66	15/01 - 15/07	86.9	76.2	163.1
7.00	2018 (II) ³	2008	100	3.80	18/04 - 18/10	0.0	0.3	0.3
7.00	2018 (III) ³	2008	100	3.80	30/06 - 30/12	0.0	6.5	6.5
6.60	2019 (I)	1999	100	3.94	01/03 - 01/09	44.4	58.1	102.5
7.00	2019 (II) ³	2009	100	4.02	30/06 - 30/12	0.0	13.7	13.7
5.20	2020 (I) ⁴	2007	100	4.09	10/06 - 10/12	10.9	41.5	52.4
4.60	2020 (II) ⁴	2009	100	4.07	25/04 - 25/10	97.0	61.3	158.3
7.00	2020 (III) ³	2010	100	4.19	30/06 - 30/12	0.0	0.4	0.4
5.00	2021 (I) ⁴	04/05/07/08	98.5/100	4.30	08/02 - 08/08	141.3	317.5	458.8
7.00	2021 (II) ⁴	2011	100	4.35	18/06 - 18/12	0.0	0.5	0.5
7.00	2021 (III) ⁴	2011	100	4.35	30/06 - 30/12	0.0	2.9	2.9
5.10	2022 (I) ⁴	2004	100	4.39	16/02 - 16/08	8.3	62.8	71.0
5.50	2023 (I) ⁴	2003	100	4.44	06/01 - 06/07	17.4	61.4	78.8
5.25	2030 (I) ⁴	2010	100	5.00	23/06 - 23/12	94.0	346.1	440.2
5.20	2031 (I) ⁴ R	2011	100.75	5.03	16/03 - 16/09	1.8	116.2	118.0
5.20	2031 (I) ⁴ I	2011	102.88	5.03	16-03 - 16/09	0.0	6.9	6.9
F.R. 6-mth Euribor ⁷	2013 (V) ⁴	2010	100	2.180/0.105 ⁷	24/02 - 24/08	7.0	0.3	7.3
F.R. 6-mth Euribor ⁷	2013 (VI) ⁴	2010	100	2.195/0.524 ⁷	11/02 - 11/08	30.0	0.0	30.0
F.R. 6-mth Euribor ⁷	2013 (VII) ⁴	2011	100.22	2.136/0.196 ⁷	18/05 - 18/11	51.8	0.3	52.0
F.R. 6-mth Euribor ⁷	2014 (V) ⁴	2011	100.28	2.144/0.959 ⁷	23/05 - 23/11	24.0	0.0	24.0
F.R. 6-mth Euribor ⁷	2015 (V) ⁴	2009	100	2.585/1.089 ⁷	25/04 - 25/10	11.2	18.6	29.8
Total						1,842.7	2,211.5	4,054.2

¹ Amounts are at nominal prices.

² Comprising resident MFIs.

³ 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 €110 per €100 nominal.

⁴ 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.

⁵ The price for new issues prior to 2008 is denominated in Maltese lira.

⁶ ISMA yields are not available as securities were not listed on the MSE by the end of the reference period.

⁷ Floating Rate MGS linked to the 6-month EURIBOR plus a fixed spread until maturity (quoted margin). The interest rate will be reset semi-annually in accordance with the applicable 6-month EURIBOR rate in effect 3 business days prior to coupon period each year. Interest for each period and accrued interest will be calculated on an Actual/360 day basis.

Sources: Central Bank of Malta; MSE.

Government Finance

Table 2.11 Malta government long-term debt securities outstanding by remaining term to maturity¹

EUR millions

End of period	Up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 and up to 15 years	Over 15 years	Total
2005	103.5	655.5	992.7	463.5	406.1	2,621.3
2006	163.1	971.8	817.8	592.8	78.8	2,624.3
2007	93.2	1,037.4	889.6	662.5	78.8	2,761.4
2008	208.2	969.7	1,115.7	668.9	0.0	2,962.5
2009	191.1	1,552.8	774.4	705.8	0.0	3,224.2
2010	128.4	1,810.9	767.9	608.7	295.5	3,611.5
2011	439.0	1,705.8	1,194.5	149.9	565.0	4,054.2
2010						
Mar.	79.3	1,560.1	841.6	781.1	0.0	3,262.2
June	36.2	1,659.8	970.8	609.1	93.7	3,369.6
Sep.	163.1	1,561.7	1,010.9	609.1	202.9	3,547.7
Dec.	128.4	1,810.9	767.9	608.7	295.5	3,611.5
2011						
Mar.	35.2	1,880.8	813.1	608.7	380.3	3,718.1
June	115.6	1,852.5	902.9	612.1	440.1	3,923.2
Sep.	80.6	1,852.5	1,361.9	153.2	440.2	3,888.4
Dec.	439.0	1,705.8	1,194.5	149.9	565.0	4,054.2

¹ 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 end of the reference quarter.

Sources: Central Bank of Malta; MSE.

Table 2.12 General government external loans by currency¹ and remaining term to maturity²

EUR millions

End of Period	EUR		USD		Other foreign currency		Total
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	
2005	17.0	142.1	0.0	10.7	0.0	1.6	171.3
2006	0.0	134.4	1.0	5.6	0.0	1.3	142.3
2007	0.1	126.6	0.0	3.2	0.0	1.0	131.0
2008 ³	1.5	115.2	0.4	1.1	0.0	0.9	119.1
2009 ³	1.7	98.9	0.0	1.0	0.0	0.7	102.3
2010³							
Mar.	0.9	98.8	0.0	1.0	0.0	0.8	101.4
June	0.9	90.0	0.0	1.0	0.0	0.8	92.7
Sep.	0.0	89.9	0.0	0.9	0.0	0.7	91.5
Dec.	0.5	85.6	0.0	0.9	0.0	0.7	87.7
2011³							
Mar.	0.8	85.2	0.0	0.8	0.0	0.6	87.4
June	0.5	76.7	0.0	0.7	0.0	0.6	78.5
Sep.	0.4	76.7	0.0	0.8	0.0	0.6	78.4
Dec.	1.3	72.1	0.0	0.7	0.0	0.5	74.6

¹ Converted into euro using the ECB official rate as at end of reference period.

² Including external loans of 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.

³ Provisional.

Exchange Rates, External Transactions and Positions

Table 3.1a Euro exchange rates against the major currencies¹ (end of period)

Period	USD	GBP	JPY	CHF	AUD	CAD
2005	1.1797	0.6853	138.90	1.5551	1.6109	1.3725
2006	1.3170	0.6715	156.93	1.6069	1.6691	1.5281
2007	1.4721	0.7334	164.93	1.6547	1.6757	1.4449
2008	1.3917	0.9525	126.14	1.4850	2.0274	1.6998
2009	1.4406	0.8881	133.16	1.4836	1.6008	1.5128
2010						
Jan.	1.3966	0.8666	126.15	1.4662	1.5639	1.4924
Feb.	1.3570	0.8927	120.92	1.4638	1.5240	1.4354
Mar.	1.3479	0.8898	125.93	1.4276	1.4741	1.3687
Apr.	1.3315	0.8703	125.81	1.4341	1.4292	1.3379
May	1.2307	0.8486	112.62	1.4230	1.4576	1.2894
June	1.2271	0.8175	108.79	1.3283	1.4403	1.2890
July	1.3028	0.8349	112.62	1.3541	1.4466	1.3454
Aug.	1.2680	0.8248	107.07	1.2935	1.4304	1.3489
Sep.	1.3648	0.8600	113.68	1.3287	1.4070	1.4073
Oct.	1.3857	0.8686	111.87	1.3708	1.4216	1.4150
Nov.	1.2998	0.8377	109.00	1.2990	1.3595	1.3306
Dec.	1.3362	0.8608	108.65	1.2504	1.3136	1.3322
2011						
Jan.	1.3692	0.8609	112.49	1.2891	1.3763	1.3679
Feb.	1.3834	0.8528	113.26	1.2840	1.3601	1.3535
Mar.	1.4207	0.8837	117.61	1.3005	1.3736	1.3785
Apr.	1.4860	0.8917	120.67	1.2867	1.3560	1.4102
May	1.4385	0.8721	117.22	1.2275	1.3504	1.3985
June	1.4453	0.9026	116.25	1.2071	1.3485	1.3951
July	1.4260	0.8749	110.59	1.1418	1.3050	1.3556
Aug.	1.4450	0.8856	110.55	1.1670	1.3529	1.4141
Sep.	1.3503	0.8667	103.79	1.2170	1.3874	1.4105
Oct.	1.4001	0.8731	109.22	1.2191	1.3225	1.3930
Nov.	1.3418	0.8558	104.00	1.2265	1.3165	1.3678
Dec.	1.2939	0.8353	100.20	1.2156	1.2723	1.3215

¹ All the above exchange rates denote units of currency per one euro.

Source: ECB.

Exchange Rates, External Transactions and Positions

Table 3.1b Euro exchange rates against the major currencies (*averages for the period*)¹

Period	USD	GBP	JPY	CHF	AUD	CAD
2005	1.2441	0.6838	136.85	1.5483	1.6320	1.5087
2006	1.2556	0.6817	146.02	1.5729	1.6668	1.4237
2007	1.3705	0.6843	161.25	1.6427	1.6348	1.4678
2008	1.4708	0.7963	152.45	1.5874	1.7416	1.5594
2009	1.3948	0.8909	130.34	1.5100	1.7727	1.5850
2010	1.3257	0.8578	116.24	1.3803	1.4423	1.3651
2011	1.3920	0.8679	110.96	1.2326	1.3484	1.3761
2010						
Jan.	1.4272	0.8831	130.34	1.4765	1.5624	1.4879
Feb.	1.3686	0.8760	123.46	1.4671	1.5434	1.4454
Mar.	1.3569	0.9016	123.03	1.4482	1.4882	1.3889
Apr.	1.3406	0.8746	125.33	1.4337	1.4463	1.3467
May	1.2565	0.8571	115.83	1.4181	1.4436	1.3060
June	1.2209	0.8277	110.99	1.3767	1.4315	1.2674
July	1.2770	0.8357	111.73	1.3460	1.4586	1.3322
Aug.	1.2894	0.8236	110.04	1.3413	1.4337	1.3411
Sep.	1.3067	0.8399	110.26	1.3089	1.3943	1.3515
Oct.	1.3898	0.8764	113.67	1.3452	1.4164	1.4152
Nov.	1.3661	0.8551	112.69	1.3442	1.3813	1.3831
Dec.	1.3220	0.8481	110.11	1.2811	1.3304	1.3327
2011						
Jan.	1.3360	0.8471	110.38	1.2779	1.3417	1.3277
Feb.	1.3649	0.8464	112.77	1.2974	1.3543	1.3484
Mar.	1.3999	0.8665	114.40	1.2867	1.3854	1.3672
Apr.	1.4442	0.8829	120.42	1.2977	1.3662	1.3834
May	1.4349	0.8779	116.47	1.2537	1.3437	1.3885
June	1.4388	0.8874	115.75	1.2092	1.3567	1.4063
July	1.4264	0.8848	113.26	1.1766	1.3249	1.3638
Aug.	1.4343	0.8767	110.43	1.1203	1.3651	1.4071
Sep.	1.3770	0.8717	105.75	1.2005	1.3458	1.3794
Oct.	1.3706	0.8704	105.06	1.2295	1.3525	1.3981
Nov.	1.3556	0.8574	105.02	1.2307	1.3414	1.3897
Dec.	1.3179	0.8441	102.55	1.2276	1.3003	1.3481

¹ Calculated on the arithmetic mean of the daily ECB reference exchange rates.

Source: ECB.

Exchange Rates, External Transactions and Positions

Table 3.2 Balance of payments - current, capital and financial accounts (*transactions*)

EUR millions

Period	Current account									Capital account	
	Goods		Services		Income		Current transfers		Total	Credit	Debit
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit			
2005	2,083.2	2,987.5	1,617.2	969.5	973.9	1,173.5	277.5	241.6	-420.4	165.9	10.2
2006 ²	2,573.8	3,541.1	2,047.7	1,406.3	1,462.4	1,634.1	417.0	423.4	-504.1	158.3	5.6
2007 ²	2,700.1	3,629.0	2,480.2	1,612.1	1,973.5	2,173.5	639.5	668.4	-289.8	75.4	6.8
2008 ²	2,526.0	3,742.5	2,946.6	1,831.2	2,211.6	2,411.2	903.8	910.3	-307.3	36.1	11.6
2009 ²	2,060.1	3,107.8	2,808.0	1,830.4	1,649.7	2,103.9	1,431.0	1,388.3	-481.6	108.2	9.1
2010 ²	2,671.8	3,752.3	3,162.8	1,997.7	1,632.8	2,138.2	1,298.9	1,270.3	-392.3	115.8	10.1
2011 ²	2,984.3	3,962.4	3,259.4	1,965.0	1,633.2	2,185.0	904.5	874.4	-205.3	85.6	25.3
2011²											
Q1	770.1	1,028.2	678.2	458.1	378.1	577.4	189.9	209.8	-257.3	13.8	16.8
Q2	760.5	1,049.0	829.2	478.0	384.6	570.4	243.8	213.8	-93.1	31.8	3.4
Q3	610.5	892.5	989.2	514.2	419.9	494.5	223.5	221.9	120.1	30.2	2.5
Q4	843.3	992.7	762.7	514.7	450.6	542.7	247.3	228.9	25.0	9.8	2.6

EUR millions

Period	Financial account ¹									Total	Errors & omissions
	Direct investment		Portfolio investment		Financial derivatives		Other investment		Official reserve assets		
	Abroad	In Malta	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities			
2005	16.6	543.5	-2,166.2	28.8	-14.6	-3.8	-2,261.6	4,344.9	-187.8	299.8	-35.1
2006 ²	-23.9	1,465.4	-1,965.1	-15.3	40.5	-15.6	-3,293.9	4,200.9	-83.0	310.0	41.4
2007 ²	-10.2	735.2	367.7	-0.2	-134.6	254.8	-7,617.5	7,015.7	-326.5	284.4	-63.2
2008 ²	-210.0	572.4	200.6	167.0	3.2	-346.2	-4,456.1	4,176.0	108.7	215.5	67.3
2009 ²	-81.9	597.8	-1,881.5	-25.7	-6.6	-63.8	3,709.9	-2,112.6	-2.4	133.2	249.3
2010 ²	-65.5	787.9	-3,224.7	1.6	-43.9	74.9	562.3	1,793.6	-23.6	-137.4	424.1
2011 ²	-15.1	457.1	-3,098.2	-28.7	-66.9	37.6	1,591.9	1,041.1	52.9	-28.4	173.4
2011²											
Q1	2.8	54.6	-150.6	6.9	15.4	-26.2	760.9	-607.6	-12.7	43.6	216.8
Q2	-7.2	91.3	-50.4	18.2	-3.2	15.0	-2,969.9	2,941.7	48.3	83.9	-19.2
Q3	-9.0	81.1	-959.7	-12.0	-40.6	66.7	1,359.5	-471.0	10.9	25.8	-173.6
Q4	-1.7	230.1	-1,937.5	-41.8	-38.5	-17.9	2,441.3	-822.0	6.4	-181.7	149.5

¹ 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.

² Provisional.

Source: NSO.

Exchange Rates, External Transactions and Positions

Table 3.3 Official reserve assets¹

EUR 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 ²	
2005	1.9	38.9	48.8	676.9	1,420.3	2.0	2,188.9
2006	3.1	39.0	46.2	827.6	1,325.3	-0.6	2,240.6
2007	8.8	40.8	43.5	1,491.0	966.5	10.8	2,561.4
2008	3.7	12.9	44.6	107.5	88.7	10.9	268.3
2009 ³	4.5	104.3	36.1	90.2	145.7	-7.0	373.7
2010 ³	3.3	111.0	35.8	75.2	178.5	1.1	404.9
2011³							
Jan.	3.0	109.5	42.4	60.4	179.8	6.7	401.8
Feb.	3.2	109.0	36.1	22.8	194.7	10.0	375.8
Mar.	6.4	107.0	43.8	69.0	170.8	16.1	413.0
Apr.	6.5	104.4	42.8	86.6	164.8	27.9	433.1
May	6.7	106.3	45.7	69.0	173.7	11.8	413.3
June	6.6	104.7	45.5	34.9	173.5	7.1	372.2
July	7.1	101.7	48.4	51.2	179.3	-0.2	387.4
Aug.	8.0	101.0	48.1	28.5	177.8	5.5	368.9
Sep.	7.6	104.8	49.9	23.3	179.7	-15.2	350.1
Oct.	9.7	102.7	48.9	17.6	172.9	-1.3	350.5
Nov.	8.0	105.3	50.1	17.9	172.2	-7.1	346.4
Dec.	9.6	107.7	54.4	47.5	179.1	-2.2	395.9

¹ From 2008, official reserve assets correspond to the eurosystem definition of reserves which excludes holdings denominated in euro and/or vis-à-vis euro area residents. These re-classified assets will appear elsewhere in the financial statement of the Central Bank of Malta.

² Comprising net gains or losses on financial derivatives.

³ Provisional.

Table 3.4 International investment position (IIP) - (end of period amounts)

EUR millions

Period	Direct investment		Portfolio investment		Financial derivatives		Other investments		Official reserve assets	IIP (net)
	Abroad	In Malta	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
2005	840.5	3,645.5	10,053.9	413.0	42.3	44.2	9,595.9	16,839.5	2,188.9	1,779.4
2006 ¹	873.5	4,961.8	11,371.0	408.1	34.4	49.3	12,319.2	19,992.1	2,240.6	1,427.5
2007 ¹	813.7	5,638.0	10,693.7	406.9	106.8	79.1	19,393.6	26,457.2	2,561.4	988.2
2008 ¹	697.3	5,756.7	10,188.2	551.0	276.8	281.7	25,890.2	30,573.8	268.3	157.6
2009 ¹	1,071.8	6,648.8	12,444.5	498.5	138.1	177.8	22,104.3	28,144.6	373.7	662.7
2010 ¹	1,137.0	12,524.3	15,597.6	478.4	217.3	307.3	27,438.3	31,063.8	404.9	421.3
2011¹										
Mar.	1,141.1	12,293.8	15,168.1	473.1	198.3	249.9	25,981.4	29,458.2	413.0	427.0
Jun.	1,151.7	12,383.6	14,702.2	490.2	166.5	219.0	28,717.5	31,764.2	372.2	253.1

¹ Provisional.

Source: NSO.

Exchange Rates, External Transactions and Positions

Table 3.5a Gross external debt by sector, maturity and instrument¹

EUR millions

	2008 ²	2009 ²	2010 ²	2011 ²			
				Mar.	June	Sep.	Dec.
General Government	292.9	264.3	231.1	232.7	222.1	226.7	228.2
<i>Short-term</i>	84.0	63.8	39.6	43.2	40.8	45.6	47.0
Money market instruments	76.6	31.4	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	7.4	32.4	39.6	43.2	40.8	45.6	47.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	208.9	200.4	191.6	189.5	181.3	181.2	181.2
Bonds and notes	89.9	98.1	103.9	102.0	102.8	103.0	106.6
Loans	119.0	102.3	87.7	87.4	78.5	78.1	74.6
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Monetary Authorities	677.8	826.3	1,228.9	1,307.4	1,865.4	582.8	426.0
<i>Short-term</i>	677.8	826.3	1,228.9	1,307.4	1,865.4	582.8	426.0
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	677.8	826.3	1,228.9	1,307.4	1,865.4	582.8	426.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OMFIs³	28,503.4	25,835.3	28,068.4	26,273.1	27,985.7	29,161.1	29,077.6
<i>Short-term</i>	23,271.7	20,616.8	21,558.3	19,110.8	21,377.4	22,845.0	22,525.7
Money market instruments	0.0	3.4	0.0	0.0	0.0	0.0	0.0
Loans	9,291.0	7,299.9	4,753.7	3,933.9	5,633.0	7,514.8	6,865.8
Currency and deposits	13,116.8	13,181.4	16,623.0	15,031.1	15,629.1	15,217.1	15,544.7
Other debt liabilities	863.9	132.1	181.6	145.8	115.4	113.1	115.2
<i>Long-term</i>	5,231.7	5,218.5	6,510.1	7,162.3	6,608.3	6,316.1	6,551.9
Bonds and notes	13.7	13.9	14.9	15.2	15.8	3.9	4.0
Loans	4,986.1	5,111.1	6,495.2	7,147.1	6,592.6	6,312.2	6,548.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	231.9	93.4	0.0	0.0	0.0	0.0	0.0
Other Sectors⁴	1,467.1	1,563.0	1,793.1	1,846.0	1,948.9	1,993.7	1,985.9
<i>Short-term</i>	815.5	849.3	965.4	1,008.0	1,039.7	1,066.4	1,087.7
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	74.1	40.0	59.7	62.8	67.3	68.6	70.5
Currency and deposits	130.6	179.8	230.4	243.1	255.8	269.4	283.1
Trade credits	610.8	629.5	675.4	702.1	716.6	728.3	734.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	651.5	713.7	827.7	838.1	909.1	927.4	898.2
Bonds and notes	212.8	210.6	212.4	215.9	216.4	221.9	218.6
Loans	418.4	439.5	551.9	555.6	621.2	628.5	597.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	20.4	63.6	63.4	66.6	71.5	77.0	81.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct Investment: Intercompany lending	1,099.4	1,289.8	1,512.2	1,451.0	1,641.0	1,661.4	1,749.2
Debt liabilities to affiliated enterprises	71.6	92.6	106.4	109.5	113.4	117.6	124.4
Debt liabilities to direct investors	1,027.8	1,197.2	1,405.8	1,341.5	1,527.7	1,543.8	1,624.7
Gross External Debt	32,040.5	29,778.6	32,833.8	31,110.2	33,663.1	33,625.7	33,466.9
of which: OMFIs	28,503.4	25,835.3	28,068.4	26,273.1	27,985.7	29,161.1	29,077.6
Gross External Debt excluding OMFIs' debt liabilities	3,537.1	3,943.3	4,765.4	4,837.1	5,677.4	4,464.6	4,389.3

¹ Gross external debt illustrates only a fraction of the overall International Investment Position of Malta with other countries. Gross external debt data do not comprise Malta's claims vis-à-vis other countries which act as a counter balance to Malta's gross debts. Detailed data according to the International Investment Position can be found in Table 3.5. Moreover, Malta's net external debt position is shown in Table 3.6b.

² Provisional.

³ The debt of the OMFIs is fully backed by foreign assets.

Exchange Rates, External Transactions and Positions

Table 3.5b Net external debt by sector, maturity and instrument¹

EUR millions

	2008 ²	2009 ²	2010 ²	2011 ²			
				Mar.	June	Sep.	Dec.
General Government	291.3	251.8	190.8	175.2	167.7	168.1	164.3
<i>Short-term</i>	82.4	51.4	32.4	39.0	39.7	45.3	46.5
Money market instruments	76.6	31.4	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	-0.1	-0.1	-0.3	-0.3	-0.2	-0.2	-0.1
Trade credits	5.9	20.0	32.7	39.3	39.9	45.5	46.7
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	208.9	200.4	158.4	136.2	128.0	122.8	117.8
Bonds and notes	89.9	98.1	103.9	102.0	102.8	103.0	106.6
Loans	119.0	102.3	67.9	47.6	38.7	33.2	23.9
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	-13.4	-13.4	-13.4	-13.4	-12.7
Other Debt Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Monetary Authorities	-852.6	-678.4	-754.8	-819.3	-755.8	-1,779.2	-1,942.8
<i>Short-term</i>	212.4	557.2	968.6	915.8	1,063.6	213.0	119.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	213.2	557.2	968.6	915.8	1,063.6	213.0	119.4
Other debt liabilities	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	-1,065.0	-1,235.5	-1,723.4	-1,735.1	-1,819.4	-1,992.2	-2,062.2
Bonds and notes	-1,053.5	-1,222.3	-1,709.2	-1,722.0	-1,806.4	-1,975.4	-2,045.8
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	-11.5	-13.2	-14.2	-13.1	-13.0	-16.7	-16.3
OMFIs	-3,262.7	-4,047.9	-9,690.0	-9,380.6	-9,388.2	-8,453.0	-8,388.6
<i>Short-term</i>	17,057.8	14,057.2	12,029.9	10,186.0	9,661.8	11,361.2	13,047.3
Money market instruments	-9.2	-198.8	-173.3	-144.4	-168.3	-24.4	-2.0
Loans	7,769.0	6,049.5	3,669.3	2,354.9	4,063.6	7,064.5	6,458.1
Currency and deposits	8,476.1	8,167.8	8,457.6	7,904.1	5,713.7	4,254.2	6,524.8
Other debt liabilities	821.9	38.7	76.3	71.4	52.7	67.0	66.4
<i>Long-term</i>	-20,320.5	-18,105.1	-21,719.9	-19,566.6	-19,050.0	-19,814.2	-21,435.9
Bonds and notes	-7,748.8	-9,535.1	-12,141.3	-11,707.4	-11,129.6	-11,905.8	-13,568.9
Loans	-12,698.7	-8,598.3	-9,578.6	-7,859.2	-7,920.4	-7,908.4	-7,867.0
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt liabilities	127.0	28.3	0.0	0.0	0.0	0.0	0.0
Other Sectors³	-746.5	-980.2	-774.3	-759.0	-672.4	-651.4	-725.9
<i>Short-term</i>	-631.1	-750.5	-595.0	-571.4	-542.8	-525.5	-525.5
Money market instruments	0.0	-0.8	-0.9	-0.4	-0.6	0.0	0.0
Loans	-29.2	-6.0	5.0	7.3	14.5	17.6	-3.1
Currency and deposits	-463.1	-437.3	-379.0	-367.6	-349.9	-336.3	-317.5
Trade credits	-138.7	-306.5	-220.2	-210.7	-206.9	-206.8	-205.0
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	-115.4	-229.6	-179.3	-187.6	-129.6	-125.9	-200.3
Bonds and notes	-431.5	-561.0	-600.5	-612.2	-619.3	-620.2	-665.1
Loans	385.4	365.4	478.0	484.4	550.4	553.7	523.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	-62.5	-27.3	-50.2	-53.2	-54.0	-52.8	-52.4
Other debt liabilities	-6.6	-6.6	-6.6	-6.6	-6.6	-6.6	-6.6
Direct Investment: Intercompany Lending	301.7	256.3	200.1	89.7	286.1	248.0	338.6
Debt Liabilities to affiliated enterprises	-153.9	-262.8	-297.0	-287.1	-288.3	-295.2	-285.9
Debt Liabilities to direct investors	455.6	519.1	497.1	376.8	574.4	543.2	624.5
Net External Debt	-4,268.8	-5,198.3	-10,828.3	-10,694.0	-10,362.5	-10,467.5	-10,554.3
of which: OMFIs	-3,262.7	-4,047.9	-9,690.0	-9,380.6	-9,388.2	-8,453.0	-8,388.6
Net External Debt Excluding OMFIs	-1,006.1	-1,150.4	-1,138.2	-1,313.4	-974.4	-2,014.5	-2,165.7

¹ A negative figure denotes a net asset position.

² Provisional.

³ Comprising the non-monetary financial institutions, insurance companies, non-financial corporations, households and NPISH.

Exchange Rates, External Transactions and Positions

Table 3.6 Malta's foreign trade¹

EUR millions

Period	Exports (f.o.b.)	Imports (c.i.f.)	Balance of trade
2005	1,959.1	3117.2	(1,158.1)
2006	2,499.9	3537.1	(1,037.3)
2007 ²	2,597.4	3603.8	(1,006.4)
2008 ²	2,455.5	3896.9	(1,441.4)
2009 ²	2,085.9	3,454.0	(1,368.1)
2010 ²	2,806.0	4,327.1	(1,521.1)
2011 ²	3,809.5	5,304.9	(1,495.4)
2010²			
Jan.	192.1	235.4	(43.3)
Feb.	214.5	328.9	(114.3)
Mar.	227.9	354.8	(126.9)
Apr.	211.5	332.0	(120.5)
May	250.7	340.2	(89.5)
June	257.9	339.9	(82.0)
July	248.5	437.2	(188.7)
Aug.	212.5	403.2	(190.7)
Sep.	214.2	365.1	(150.9)
Oct.	237.9	405.5	(167.6)
Nov.	287.1	430.2	(143.1)
Dec.	251.2	354.8	(103.6)
2011²			
Jan.	285.4	344.3	(58.9)
Feb.	207.4	412.9	(205.5)
Mar.	271.1	408.5	(137.4)
Apr.	270.0	479.6	(209.7)
May	196.4	412.6	(216.3)
June	295.2	367.8	(72.7)
July	212.6	386.3	(173.7)
Aug.	214.3	353.9	(139.6)
Sep.	418.5	432.3	(13.8)
Oct.	447.1	488.2	(41.1)
Nov.	668.1	829.7	(161.6)
Dec.	323.5	388.6	(65.1)

¹ Figures may differ from those shown in the NSO's International Trade News Release due to different cut-off dates.

² Provisional.

Source: NSO.

Exchange Rates, External Transactions and Positions

Table 3.7 Direction of trade - exports¹

EUR millions

Period	EU (of which):								All others (of which):			Total
	euro area (of which):					UK	Other EU	Total	Asia	USA	Others	
	France	Germany	Italy	Other euro area	Total							
2005	283.8	236.3	100.5	92.9	713.5	216.2	75.0	1,004.7	460.9	263.9	229.6	1,959.1
2006	326.7	283.0	85.6	164.1	859.4	213.2	82.3	1,154.9	631.4	275.5	438.1	2,499.9
2007 ²	271.3	306.8	90.8	131.7	800.5	222.1	86.2	1,108.8	719.9	246.7	522.1	2,597.4
2008 ²	237.3	270.4	114.6	99.8	722.1	165.3	66.5	953.9	713.9	183.0	604.7	2,455.5
2009 ²	187.4	222.0	105.2	141.8	656.4	99.1	63.8	819.2	528.1	152.3	586.2	2,085.9
2010 ²	238.6	281.6	157.5	229.0	906.7	128.1	111.0	1,145.8	686.5	196.1	777.6	2,806.0
2011 ²	243.5	323.4	170.8	290.5	1,028.2	146.7	117.6	1,292.5	1,092.1	169.0	1,255.8	3,809.5
2010²												
Jan.	20.0	21.1	8.6	16.0	65.8	7.6	6.6	80.1	51.2	14.7	46.2	192.1
Feb.	20.8	18.2	7.3	20.9	67.2	9.8	6.0	83.1	43.8	15.8	71.9	214.5
Mar.	18.2	26.1	10.0	10.0	64.3	20.0	7.6	91.9	54.1	18.9	63.0	227.9
Apr.	20.5	27.7	11.4	7.6	67.3	6.9	9.7	83.8	60.6	18.1	49.0	211.5
May	18.7	23.1	20.3	36.8	98.9	14.6	11.5	125.0	50.8	16.3	58.7	250.7
June	21.3	24.2	14.4	25.8	85.7	12.2	10.8	108.6	53.8	19.9	75.6	257.9
July	18.0	24.4	14.3	32.8	89.6	8.8	16.5	114.9	48.4	14.3	71.0	248.5
Aug.	16.4	26.9	8.2	10.4	61.9	9.0	8.4	79.3	59.0	16.6	57.6	212.5
Sep.	18.4	23.3	13.6	11.0	66.3	11.1	8.9	86.4	51.5	17.9	58.5	214.2
Oct.	16.8	24.3	27.8	11.9	80.8	8.6	10.8	100.3	49.6	13.8	74.2	237.9
Nov.	31.8	22.7	8.9	26.9	90.3	9.2	4.9	104.4	102.4	12.3	68.1	287.1
Dec.	17.7	19.3	12.9	18.7	68.6	10.3	9.1	88.0	61.5	17.7	84.0	251.2
2011²												
Jan.	13.8	23.9	9.2	33.7	80.6	10.0	8.0	98.6	64.2	11.4	111.3	285.4
Feb.	15.0	23.8	13.7	9.3	61.8	10.8	9.3	81.8	75.0	13.0	37.5	207.4
Mar.	23.0	28.5	13.8	10.8	76.1	17.2	12.3	105.6	77.0	20.8	67.7	271.1
Apr.	14.0	24.1	11.2	11.2	60.4	21.8	11.4	93.6	64.5	11.0	100.9	270.0
May	15.8	28.8	13.9	12.0	70.5	15.3	8.9	94.7	61.5	13.3	26.9	196.4
June	16.8	26.8	24.2	10.8	78.7	12.7	11.0	102.4	60.9	12.9	119.0	295.2
July	19.8	28.0	11.3	34.9	93.9	9.3	10.9	114.1	47.5	13.0	38.0	212.6
Aug.	26.2	26.5	8.7	19.8	81.2	11.5	8.0	100.7	53.7	13.0	46.8	214.3
Sep.	26.8	32.6	33.9	34.4	127.7	8.5	13.1	149.3	106.3	13.4	149.4	418.5
Oct.	24.1	29.3	10.0	39.9	103.4	11.4	10.5	125.4	181.8	13.0	127.0	447.1
Nov.	22.2	28.7	12.1	33.3	96.4	10.1	5.6	112.1	201.2	21.5	333.3	668.1
Dec.	26.0	22.4	8.7	40.4	97.5	8.0	8.7	114.2	98.6	12.7	97.9	323.5

¹ Figures may differ from those shown in the NSO's International Trade News Release due to different cut-off dates.

² Provisional.

Source: NSO.

Exchange Rates, External Transactions and Positions

Table 3.8 Direction of trade - imports¹

EUR millions

Period	EU (of which):								All others (of which):			Total
	euro area (of which):					UK	Other EU	Total	Asia	USA	Others	
	France	Germany	Italy	Other euro area	Total							
2005	291.3	280.1	956.7	334.8	1,862.9	335.9	67.1	2,266.0	417.6	162.3	271.3	3,117.2
2006	405.9	263.2	1,015.2	370.2	2,054.5	344.5	72.6	2,471.6	635.0	179.5	250.9	3,537.1
2007 ²	420.1	290.5	902.7	375.3	1,988.6	499.5	103.4	2,591.5	597.2	206.5	208.6	3,603.8
2008 ²	381.4	267.6	1,027.4	484.5	2,160.9	457.3	137.2	2,755.5	597.8	86.8	456.8	3,896.9
2009 ²	338.9	272.4	843.1	462.9	1,917.3	377.8	109.6	2,404.6	457.7	124.7	467.0	3,454.0
2010 ²	338.5	295.1	1,065.4	495.1	2,194.1	357.6	161.8	2,713.5	611.7	92.8	909.2	4,327.1
2011 ²	373.4	309.3	1,435.9	519.4	2,638.0	356.5	328.5	3,322.9	641.9	225.3	1,114.7	5,304.9
2010²												
Jan.	16.5	21.9	64.7	39.6	142.8	22.6	4.5	169.9	36.1	5.7	23.7	235.4
Feb.	17.4	19.5	74.4	39.2	150.5	30.9	11.8	193.2	37.7	6.1	91.9	328.9
Mar.	23.6	27.1	102.7	44.0	197.3	28.5	5.5	231.4	47.6	6.3	69.5	354.8
Apr.	37.0	23.4	120.7	27.2	208.3	25.3	5.3	238.9	47.5	10.6	35.0	332.0
May	36.0	20.5	91.3	40.4	188.2	36.5	7.6	232.3	44.6	5.7	57.6	340.2
June	27.6	26.3	96.6	30.2	180.6	43.4	8.0	232.0	52.6	10.1	45.2	339.9
July	34.3	28.7	75.6	37.0	175.6	37.3	20.6	233.6	77.8	8.8	117.0	437.2
Aug.	23.7	33.8	63.1	30.0	150.6	38.2	7.8	196.7	46.9	5.4	154.2	403.2
Sep.	34.9	20.9	77.8	31.2	164.8	24.6	9.2	198.6	52.9	5.6	108.0	365.1
Oct.	25.2	23.1	103.8	35.9	188.0	23.1	53.4	264.5	49.6	8.0	83.4	405.5
Nov.	30.4	28.2	97.9	74.0	230.5	26.9	12.7	270.1	69.3	13.7	77.1	430.2
Dec.	31.9	21.8	96.8	66.3	216.8	20.2	15.3	252.3	49.3	6.8	46.4	354.8
2011²												
Jan.	37.6	28.2	75.6	36.4	177.8	22.9	25.1	225.8	55.6	22.2	40.7	344.3
Feb.	23.3	32.0	133.7	31.8	220.9	37.6	12.0	270.5	49.4	33.7	59.4	412.9
Mar.	35.7	27.6	123.1	36.4	222.9	45.1	10.8	278.8	47.8	4.0	77.9	408.5
Apr.	52.5	27.2	99.8	36.6	216.1	57.2	8.5	281.8	56.4	33.3	108.1	479.6
May	24.4	24.7	107.9	43.9	200.8	33.2	15.6	249.6	63.0	15.2	84.8	412.6
June	34.7	22.1	104.5	33.0	194.3	21.5	11.5	227.3	48.8	16.0	75.7	367.8
July	19.5	26.4	85.6	66.4	197.8	23.2	19.0	240.0	61.0	4.4	80.9	386.3
Aug.	39.1	27.6	92.0	39.5	198.2	20.8	14.3	233.3	45.9	17.7	57.0	353.9
Sep.	23.4	25.6	108.8	29.1	186.9	21.5	43.9	252.2	53.3	46.1	80.7	432.3
Oct.	34.3	25.2	182.0	48.5	290.1	25.5	46.7	362.3	43.2	16.1	66.6	488.2
Nov.	22.7	24.7	197.7	33.1	278.2	24.8	113.1	416.2	79.6	5.7	328.3	829.7
Dec.	26.2	18.0	125.2	84.7	254.1	23.0	7.9	285.0	37.9	10.9	54.8	388.6

¹ Figures may differ from those shown in the NSO's International Trade News Release due to different cut-off dates.

² Provisional.

Source: NSO.

Real Economy Indicators

Table 4.1a Gross domestic product, gross national income and expenditure components (at current market prices)¹

EUR millions

Period	Domestic demand					External balance			Gross Domestic Product	Gross National Income
	Private consumption ²	General government consumption	Gross fixed capital formation	Changes in inventories ³	Total	Exports of goods and services	Imports of goods and services	Net		
2005	3,153.9	941.4	1,050.2	-179.2	4,966.2	3,700.3	3,849.3	-148.9	4,817.2	4,599.3
2006	3,302.4	1,011.8	1,116.4	-127.3	5,303.3	4,621.5	4,868.8	-247.3	5,056.0	4,864.9
2007	3,386.9	1,043.2	1,181.6	-113.3	5,498.4	5,180.3	5,241.2	-60.9	5,437.5	5,220.6
2008	3,677.0	1,218.9	1,047.3	-13.5	5,929.6	5,472.6	5,573.7	-101.2	5,828.4	5,607.3
2009	3,719.2	1,243.8	921.1	-3.2	5,880.9	4,868.1	4,938.2	-70.0	5,810.8	5,346.8
2010	3,770.6	1,292.1	1,085.4	-109.4	6,038.7	5,834.6	5,750.0	84.6	6,123.3	5,617.2
2011	3,925.2	1,351.8	959.4	-158.3	6,078.1	6,264.2	5,949.0	315.1	6,393.2	5,833.0
2011										
Q1	969.8	334.8	224.9	37.8	1,567.3	1,446.5	1,484.4	-37.9	1,529.3	1,332.1
Q2	960.7	336.6	242.7	-1.4	1,538.6	1,585.6	1,532.4	53.2	1,591.8	1,401.2
Q3	985.0	330.4	231.0	-69.7	1,476.7	1,611.9	1,414.1	197.9	1,674.6	1,596.4
Q4	1,009.7	350.0	260.8	-125.0	1,495.5	1,620.1	1,518.1	102.0	1,597.5	1,503.2

¹ Provisional.

² Consumption by households and NPISH.

³ Including acquisitions less disposals of valuables.

Source: NSO.

Table 4.1b Gross domestic product and expenditure components (at constant 2000 prices)¹

EUR millions

Period	Domestic demand					External balance			Gross Domestic Product
	Private consumption ²	General government consumption	Gross fixed capital formation	Changes in inventories ³	Total	Exports of goods and services	Imports of goods and services	Net	
2005	2,849.6	766.8	967.5	-163.9	4,420.0	3,735.8	3,933.5	-197.7	4,222.3
2006	2,949.8	836.1	965.9	-113.5	4,638.3	4,398.1	4,692.8	-294.6	4,343.6
2007	2,967.0	840.7	971.8	-100.6	4,678.9	4,833.9	4,981.1	-147.2	4,531.7
2008	3,119.5	944.0	765.9	-12.2	4,817.1	4,913.3	5,012.2	-98.9	4,718.2
2009	3,076.0	931.3	632.1	-2.5	4,636.9	4,399.3	4,445.7	-46.4	4,590.4
2010	3,024.9	936.6	694.3	-84.7	4,571.1	5,178.2	5,053.5	124.7	4,695.8
2011	3,117.8	973.2	601.1	-125.2	4,566.9	5,230.3	5,004.5	225.8	4,792.7
2011									
Q1	780.3	242.7	136.1	30.6	1,189.6	1,234.8	1,286.2	-51.4	1,138.2
Q2	760.4	241.8	146.3	-1.1	1,147.4	1,315.3	1,283.4	31.9	1,179.3
Q3	778.0	236.1	149.9	-55.3	1,108.8	1,278.5	1,145.7	132.8	1,241.6
Q4	799.0	252.6	168.8	-99.4	1,121.1	1,401.7	1,289.2	112.5	1,233.6

¹ Provisional.

² Consumption by households and NPISH.

³ Including acquisitions less disposals of valuables.

Source: NSO.

Real Economy Indicators

Table 4.2 Tourist departures by nationality¹

Thousands

Period	EU (of which):								All others	Total
	euro area (of which):					UK	Other EU	Total		
	France	Germany	Italy	Other euro area	Total					
2005	82.6	138.2	92.4	151.8	465.0	482.6	78.0	1,025.6	145.0	1,170.6
2006	73.4	125.8	112.5	151.1	462.9	431.3	79.3	973.5	150.7	1,124.2
2007	75.1	130.1	113.7	177.8	496.7	482.4	103.5	1,082.6	160.9	1,243.5
2008	81.1	150.8	144.5	205.4	581.7	454.4	97.4	1,133.6	157.3	1,290.9
2009	71.9	127.4	161.7	197.8	558.8	398.5	87.0	1,044.3	138.1	1,182.5
2010	86.5	126.2	217.7	211.2	641.6	415.1	103.6	1,160.2	176.2	1,336.4
2011	103.7	134.6	199.8	212.3	650.4	439.7	115.4	1,205.5	206.2	1,411.7
2010										
Jan.	2.0	5.3	13.0	7.3	27.6	16.9	4.6	49.1	7.8	56.8
Feb.	3.5	5.5	7.1	7.6	23.6	19.7	3.0	46.3	6.7	53.0
Mar.	3.6	10.0	13.3	10.4	37.2	27.5	4.2	68.9	7.4	76.3
Apr.	7.7	9.0	19.5	15.7	51.9	30.4	5.9	88.2	12.3	100.5
May	10.3	12.8	15.4	23.7	62.2	39.2	10.2	111.7	15.5	127.2
June	8.8	11.9	19.5	20.4	60.6	48.9	10.8	120.3	16.5	136.8
July	9.9	11.7	26.7	28.2	76.4	43.3	16.0	135.8	23.8	159.5
Aug.	14.9	13.6	44.2	36.2	109.0	51.7	12.9	173.5	21.7	195.3
Sep.	8.8	14.3	22.0	20.4	65.5	47.8	14.6	127.9	23.5	151.4
Oct.	9.4	18.1	14.8	23.0	65.3	49.3	12.3	126.9	19.5	146.4
Nov.	4.8	9.7	11.1	10.9	36.6	24.6	5.4	66.6	12.8	79.3
Dec.	2.9	4.3	11.1	7.4	25.6	15.8	3.7	45.2	8.6	53.8
2011										
Jan.	3.4	5.3	15.6	8.3	32.7	16.8	5.0	54.5	10.4	64.9
Feb.	5.3	4.1	9.1	7.5	26.1	24.0	3.5	53.6	11.9	65.5
Mar.	6.1	9.7	13.8	12.4	42.0	30.5	4.7	77.1	22.5	99.7
Apr.	11.3	12.2	18.0	19.8	61.4	36.9	11.6	109.8	12.2	121.9
May	12.6	10.9	13.8	23.2	60.4	41.5	11.3	113.2	16.6	129.8
June	10.3	14.7	17.0	20.4	62.3	44.5	11.9	118.7	18.4	137.0
July	11.8	12.7	20.2	27.0	71.7	45.5	17.1	134.3	27.3	161.6
Aug.	15.9	15.4	36.3	30.7	98.2	53.8	15.4	167.4	24.2	191.6
Sep.	9.9	15.8	21.3	23.2	70.2	49.3	13.6	133.1	21.4	154.5
Oct.	8.8	19.6	15.7	21.0	65.2	51.0	12.8	128.9	18.8	147.7
Nov.	4.2	10.5	9.9	12.1	36.6	27.5	6.3	70.4	13.3	83.7
Dec.	4.0	3.7	9.3	6.6	23.6	18.5	2.4	44.5	9.3	53.8

¹Based on the NSO's inbound tourism survey. Data refer to tourist departures by air and sea.
Source: NSO.

Real Economy Indicators

Table 4.3 Labour market indicators based on administrative records

Thousands

Period ¹	Labour supply			Gainfully occupied			Unemployment					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Number	% ²	Number	% ²	Number	% ²
2005	103.5	42.7	146.2	97.6	41.1	138.7	5.8	5.7	1.6	3.7	7.4	5.1
2006	103.4	43.9	147.3	97.8	42.2	140.0	5.6	5.5	1.7	3.9	7.3	5.0
2007	103.6	45.2	148.9	98.5	43.7	142.2	5.1	4.9	1.6	3.5	6.7	4.5
2008	104.4	47.2	151.6	99.6	45.8	145.4	4.8	4.6	1.4	3.0	6.2	4.1
2009	104.1	48.3	152.4	98.5	46.7	145.1	5.7	5.4	1.7	3.5	7.3	4.8
2010 ³	103.7	49.5	153.1	98.1	47.9	146.1	5.5	5.3	1.5	3.1	7.1	4.6
2010³												
Jan.	103.4	48.5	151.9	97.4	46.8	144.2	6.0	5.8	1.7	3.6	7.8	5.1
Feb.	103.5	48.7	152.2	97.5	46.9	144.4	6.1	5.9	1.8	3.6	7.9	5.2
Mar.	103.5	48.8	152.3	97.6	47.1	144.7	5.9	5.7	1.7	3.5	7.6	5.0
Apr.	103.6	49.1	152.6	97.6	47.4	145.0	6.0	5.8	1.6	3.4	7.6	5.0
May	103.4	49.0	152.4	97.8	47.6	145.4	5.6	5.4	1.5	3.0	7.1	4.6
June	103.6	49.4	153.0	98.3	48.0	146.2	5.4	5.2	1.4	2.8	6.8	4.4
July	103.9	49.8	153.7	98.6	48.3	146.9	5.4	5.2	1.5	2.9	6.8	4.4
Aug.	103.9	49.9	153.8	98.7	48.5	147.2	5.2	5.0	1.4	2.8	6.6	4.3
Sep.	104.2	50.0	154.2	98.9	48.6	147.6	5.3	5.1	1.4	2.8	6.7	4.3
Oct.	103.8	50.0	153.8	98.5	48.6	147.1	5.3	5.1	1.4	2.8	6.7	4.4
Nov.	103.6	50.2	153.7	98.4	48.7	147.2	5.3	5.1	1.4	2.8	6.7	4.3
Dec.	103.4	50.1	153.6	98.2	48.7	146.9	5.2	5.0	1.4	2.8	6.6	4.3
2011³												
Jan.	103.7	50.3	153.9	98.3	48.8	147.1	5.4	5.2	1.4	2.8	6.8	4.4
Feb.	103.8	50.5	154.3	98.3	49.0	147.3	5.5	5.3	1.5	2.9	7.0	4.5
Mar.	103.5	50.5	154.0	98.2	49.2	147.4	5.3	5.1	1.4	2.7	6.7	4.3
Apr.	103.5	51.1	154.6	98.2	49.8	148.0	5.3	5.1	1.3	2.6	6.6	4.3
May	103.5	51.5	154.9	98.4	50.2	148.5	5.1	4.9	1.3	2.5	6.4	4.1
June	103.7	51.8	155.5	98.8	50.5	149.3	4.9	4.7	1.3	2.5	6.2	4.0
July	104.0	52.2	156.1	98.9	50.8	149.6	5.1	4.9	1.4	2.7	6.5	4.2
Aug.	103.9	52.3	156.2	98.9	50.9	149.8	5.1	4.9	1.4	2.7	6.5	4.1
Sep.	104.1	52.3	156.4	99.0	50.9	149.9	5.1	4.9	1.4	2.7	6.6	4.2
Oct.	103.8	52.2	156.0	98.6	50.8	149.5	5.1	5.0	1.4	2.7	6.5	4.2

¹ Annual figures reflect the average for the year.

² As a percentage of male, female and total labour supply, respectively.

³ Provisional.

Source: ETC.

Real Economy Indicators

Table 4.4 Labour market indicators based on the Labour Force Survey

Thousands

Period ¹	Labour supply			Gainfully occupied			Unemployment					
	Males	Females	Total	Males	Females	Total	Males		Females		Total	
							Number	% ²	Number	% ²	Number	% 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	111.5	52.7	164.3	104.3	48.0	152.4	7.2	6.5	4.7	8.9	11.9	7.3
2007	113.0	54.2	167.2	106.3	50.0	156.4	6.7	5.9	4.1	7.6	10.8	6.5
2008	113.5	57.2	170.7	107.1	53.2	160.4	6.4	5.7	3.9	6.9	10.4	6.1
2009	115.0	58.3	173.3	107.4	53.9	161.3	7.6	6.6	4.4	7.6	12.0	6.9
2010	116.2	60.5	176.7	108.3	56.2	164.4	7.9	6.8	4.3	7.1	12.2	6.9
2011 ³	117.5	62.8	180.2	110.2	58.3	168.6	7.2	6.1	4.4	7.1	11.6	6.5
2011³												
Q1	117.2	62.3	179.5	110.3	57.8	168.0	7.0	6.0	4.5	7.3	11.5	6.4
Q2	118.0	62.3	180.3	110.3	57.9	168.2	7.7	6.5	4.4	7.0	12.1	6.7
Q3	118.3	63.4	181.7	111.3	59.2	170.5	7.0	5.9	4.2	6.7	11.2	6.2
Q4	116.3	63.1	179.4	109.1	58.5	167.6	7.2	6.2	4.6	7.3	11.8	6.6

¹ Annual figures reflect the average for the year.

² As a percentage of male, female and total labour supply, respectively.

³ Provisional.

Source: NSO.

Table 4.5 Property prices index based on advertised prices (base 2000 = 100)

Period	Total	Apartments	Maisonettes	Terraced houses	Others ¹
2005	170.9	173.7	176.7	188.9	160.3
2006	177.0	178.3	187.0	196.2	175.0
2007	178.9	183.3	181.4	205.3	171.9
2008	174.1	172.7	181.4	201.5	173.7
2009	165.3	162.2	173.7	207.8	169.6
2010	167.1	166.4	171.8	199.4	178.5
2011	169.3	173.0	174.5	197.6	172.5
2011					
Q1	164.0	166.5	174.5	194.3	159.6
Q2	167.3	174.4	170.9	197.2	180.5
Q3	173.0	176.5	174.4	204.9	172.8
Q4	173.1	174.6	178.1	194.1	177.0

¹ Consists of town houses, houses of character and villas.

Source: Central Bank of Malta estimates.

Real Economy Indicators

Table 4.6 Development permits for commercial, social and other purposes¹

Period	Commercial and social							Other permits ⁵	Total permits	
	Agriculture	Manufacturing ²	Warehousing, retail & offices ³	Hotels & tourism related	Restaurants & bars	Social ⁴	Parking			Total
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
2007	325	27	185	8	14	30	60	649	3,018	3,667
2008	182	29	137	6	14	8	66	442	2,475	2,917
2009	160	31	123	6	20	23	47	410	2,281	2,691
2010	293	55	231	10	46	118	79	832	1,522	2,354
2011	192	33	256	4	47	74	49	655	1,065	1,720

¹ 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.

² Includes quarrying.

³ 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.

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

⁵ Including the installation of satellite dishes and swimming pools, the display of advertisements, demolitions and alterations, change of use, minor new works, infrastructure, monuments, embellishment projects, boathouses and yacht marinas, light industry, waste management facilities and others.

Source: Malta Environment & Planning Authority.

Table 4.7 Development permits for dwellings, by type¹

Period	Number of permits ²			Number of units ³				
	New dwellings ⁴	Minor works on dwellings	Total	Apartments	Maisonettes	Terraced houses	Others	Total
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
2007	2,636	411	3,047	10,252	696	257	138	11,343
2008	1,770	375	2,145	6,184	361	164	127	6,836
2009	1,241	368	1,609	4,616	400	182	100	5,298
2010	1,499	1,020	2,519	3,736	375	227	106	4,444
2011	1,159	832	1,991	3,276	401	191	87	3,955

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

² Total for permits granted is irrespective of the number of units.

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

⁴ Including new dwellings by conversion.

Source: Malta Environment & Planning Authority.

Real Economy Indicators

Table 4.8 Inflation rates measured by the Retail Price Index¹ (base 1946 = 100)

Year	Index	Inflation rate (%)	Year	Index	Inflation rate (%)
1946	100.00	-	<i>(continued)</i>		
1947	104.90	4.90	1979	316.21	7.14
1948	113.90	8.58	1980	366.06	15.76
1949	109.70	-3.69	1981	408.16	11.50
1950	116.90	6.56	1982	431.83	5.80
1951	130.10	11.29	1983	428.06	-0.87
1952	140.30	7.84	1984	426.18	-0.44
1953	139.10	-0.86	1985	425.17	-0.24
1954	141.20	1.51	1986	433.67	2.00
1955	138.80	-1.70	1987	435.47	0.42
1956	142.00	2.31	1988	439.62	0.95
1957	145.70	2.61	1989	443.39	0.86
1958	148.30	1.78	1990	456.61	2.98
1959	151.10	1.89	1991	468.21	2.54
1960	158.80	5.10	1992	475.89	1.64
1961	164.84	3.80	1993	495.59	4.14
1962	165.16	0.19	1994	516.06	4.13
1963	168.18	1.83	1995	536.61	3.98
1964	172.00	2.27	1996	549.95	2.49
1965	174.70	1.57	1997 ²	567.95	3.27
1966	175.65	0.54	1998	580.61	2.23
1967	176.76	0.63	1999	593.00	2.13
1968	180.42	2.07	2000	607.07	2.37
1969	184.71	2.38	2001	624.85	2.93
1970	191.55	3.70	2002	638.54	2.19
1971	196.00	2.32	2003	646.84	1.30
1972	202.52	3.33	2004	664.88	2.79
1973	218.26	7.77	2005	684.88	3.01
1974	234.16	7.28	2006	703.88	2.77
1975	254.77	8.80	2007	712.68	1.25
1976	256.20	0.56	2008	743.05	4.26
1977	281.84	10.01	2009	758.58	2.09
1978	295.14	4.72	2010	770.07	1.51
			2011	791.02	2.72

¹ 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.

² 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%.

Real Economy Indicators

Table 4.9 Main categories of Retail Price Index (base December 2009 = 100)

Period	12-month moving average rates of change (%) ¹											
	All Items Index	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
2005	90.1	3.0	1.8	2.4	-0.5	5.0	23.0	2.1	3.8	3.6	1.1	3.0
2006	92.6	2.8	2.0	2.2	-1.8	4.8	26.0	1.5	3.3	2.9	-0.2	2.3
2007	93.8	1.3	4.3	2.1	0.4	2.9	-6.6	0.7	-1.1	1.7	1.6	0.4
2008	97.8	4.3	8.0	2.7	4.5	3.9	19.9	-0.2	2.6	1.9	1.1	2.4
2009	99.8	2.1	6.4	4.3	-0.3	2.9	16.0	0.3	-4.1	3.1	0.9	1.9
2010	101.3	1.5	1.0	2.0	-4.3	2.2	24.4	0.6	0.3	2.0	1.6	1.7
2011	104.1	2.7	3.9	2.2	0.1	5.8	2.5	-1.4	3.2	1.7	1.2	4.3
2011												
Jan.	102.2	1.6	1.4	1.9	-4.1	2.3	23.0	0.2	0.6	1.8	1.7	1.7
Feb.	102.1	1.8	2.0	1.9	-4.2	2.6	21.6	-0.2	0.9	1.8	1.6	1.9
Mar.	103.1	2.0	2.5	1.8	-3.9	2.8	20.3	-0.7	1.2	1.8	1.6	2.1
Apr.	103.9	2.1	2.9	1.8	-3.5	3.0	18.1	-0.9	1.5	1.7	1.5	2.3
May	104.8	2.2	3.5	1.7	-3.2	3.3	16.0	-1.1	1.7	1.7	1.4	2.5
June	104.6	2.4	4.0	1.7	-2.4	3.6	14.0	-1.3	1.8	1.7	1.5	2.7
July	103.9	2.5	4.0	1.7	-1.8	3.9	11.7	-1.2	2.3	1.7	1.4	3.0
Aug.	104.2	2.6	3.9	1.8	-0.7	4.2	9.8	-1.3	2.8	1.7	1.3	3.1
Sep.	104.5	2.7	3.8	1.9	0.4	4.5	8.0	-1.5	3.1	1.7	1.2	3.3
Oct.	105.4	2.8	3.9	2.0	0.5	4.9	6.2	-1.5	3.5	1.7	1.2	3.6
Nov.	105.1	2.8	3.9	2.1	0.4	5.4	4.4	-1.5	3.5	1.7	1.2	4.0
Dec.	105.4	2.7	3.9	2.2	0.1	5.8	2.5	-1.4	3.2	1.7	1.2	4.3

¹ 12-month moving average rates of change in the RPI sub-indices are compiled by the Central Bank of Malta.
Source: NSO.

Real Economy Indicators

Table 4.10 Main categories of Harmonised Index of Consumer Prices (base 2005 = 100)

Period	12-month moving average rates of change (%)												
	All items index	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
2005	100.0	2.5	1.8	-0.5	9.3	2.4	5.5	3.5	10.0	1.9	1.6	0.0	3.0
2006	102.6	2.6	2.2	-1.8	10.6	2.0	4.0	4.2	0.4	0.1	2.6	1.9	2.8
2007	103.3	0.7	3.9	0.4	-0.1	0.8	2.7	-1.4	0.2	0.7	4.2	-0.6	0.9
2008	108.1	4.7	8.0	4.5	8.5	0.6	2.2	3.7	2.9	-0.6	6.8	7.7	1.3
2009	110.1	1.8	6.4	-0.4	7.0	1.0	4.4	-4.3	-1.3	-0.6	6.9	1.3	2.2
2010	112.4	2.0	1.1	-2.3	10.1	1.1	2.0	2.2	-6.0	-1.7	7.8	5.5	3.4
2011	115.1	2.4	4.9	-1.2	3.5	0.2	1.4	7.2	-9.7	0.5	4.4	1.8	4.2
2011													
Jan.	111.3	2.2	1.5	-2.4	9.7	0.8	1.6	2.9	-6.4	-1.6	7.4	5.9	3.5
Feb.	111.0	2.4	2.1	-2.7	9.4	0.5	1.6	3.4	-6.5	-1.6	6.9	6.3	3.6
Mar.	112.7	2.5	2.8	-2.5	9.0	0.3	1.5	4.0	-6.5	-1.5	6.5	6.5	3.8
Apr.	115.1	2.7	3.3	-2.3	8.3	0.2	1.4	4.4	-6.6	-1.5	6.1	6.6	3.9
May	116.6	2.7	4.4	-2.0	7.7	0.1	1.4	4.7	-6.6	-1.4	5.7	6.0	4.0
June	117.1	2.8	5.0	-1.5	7.0	0.2	1.3	5.1	-6.8	-1.1	5.2	5.7	4.0
July	116.8	2.8	4.6	-1.2	6.3	0.3	1.3	5.7	-7.0	-0.7	4.8	4.8	4.1
Aug.	118.1	2.8	4.7	-0.3	5.6	0.3	1.3	6.3	-7.2	-0.4	4.4	3.6	4.0
Sep.	117.7	2.8	4.6	0.4	5.1	0.1	1.4	6.8	-7.4	-0.1	3.9	3.3	4.0
Oct.	116.6	2.8	4.9	-0.1	4.6	0.1	1.4	7.1	-7.7	0.2	4.1	3.0	4.1
Nov.	113.9	2.7	5.0	-0.6	4.1	0.2	1.4	7.3	-8.7	0.3	4.2	2.4	4.2
Dec.	114.2	2.4	4.9	-1.2	3.5	0.2	1.4	7.2	-9.7	0.5	4.4	1.8	4.2

Sources: NSO; Eurostat.

GENERAL NOTES

In order to reflect Malta's entry into the euro area and the adoption of the euro as its currency on 1 January 2008, the layout and design of a number of tables, in particular in Parts 1 and 3, have been changed significantly, while others have been replaced with entirely new tables. Hence users should exercise caution when comparing these series with earlier data, as the underlying definitions may have changed. For ease of comparison, all data relating to earlier periods presented in this *Quarterly Review* are converted into euro at the fixed exchange rate of EUR 1 = MTL 0.4293. The reasons for this approach were explained in a note entitled 'Conversion of data in Maltese lira into euro' which was published in the 2007:3 issue of the *Quarterly Review*, while the changes to the underlying concepts were explained in a note entitled 'Presentation of statistics relating to Malta following adoption of the euro' which was published in the 2008:1 issue of the *Quarterly Review*.

Part 1 Monetary, Banking, Investment Funds and Financial Markets

General monetary statistical standards

Since January 2008, the compilation of monetary statistics has been consistent with the statistical concepts and methodologies as set out in ECB Regulation 2008/32 (Recast) concerning the consolidated balance sheet of the monetary financial institutions (MFI) sector and the *European System of Accounts (ESA 1995)*. Prior to January 2008, the compilation of monetary statistics was broadly in line with the IMF's *Monetary and Financial Statistics Manual (2000)*.

Institutional balance sheets and financial statements

The financial statement of the Central Bank of Malta published in Table 1.1 is based on accounting principles as established in ECB Guideline 2006/16 (as amended) of 10 November 2006 on the legal framework for accounting and reporting in the ESCB. Consequently, the data in this table may differ from those shown in Table 1.2, which are compiled according to a statistical description of instrument categories as stipulated in ECB Regulation 2008/32 (Recast) of 19 December 2008. Important changes to data on currency issued and reserve assets following the adoption of the euro are explained below in the 'measures of money' and in the 'external statistics' section, respectively.

The aggregated balance sheet of the other monetary financial institutions is also based on a detailed description of instrument categories as stipulated in ECB Regulation 2008/32 (Recast).

Determination of 'residence'

Monetary data are based on the classification of transactions and positions by the residence of the transactor or holder. 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' usually indicates that there exists some location within an 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). Transactors with their 'centre of economic interest' outside the said territory are considered to be non-residents. Diplomatic bodies, embassies, consulates and other entities of foreign governments are considered to be residents of the country they represent.

In national monetary statistics, the key distinction up to December 2007 was between residents and non-residents of Malta. Although that distinction remains relevant for national statistical purposes, the key distinction now, in particular for the purposes of Malta's contribution to euro area monetary aggregates shown in Table 1.4 and in other tables, is between residence in Malta or elsewhere in the euro area and residence outside the euro area.

Sector classification

In accordance with ESA 95 and ECB Regulation 2008/32 (Recast), the main sectors of the Maltese (and euro area) 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 corporations and pension funds
- (d) General government
- (e) Non-financial corporations
- (f) Households and non-profit institutions serving households (NPISH).

Entities that are considered to be non-residents are classified in the 'external sector' or the 'rest of the world'. As noted above, in many statistical tables in this *Quarterly Review*, and starting with data for 2008, they are split into other euro area residents and non-residents of the euro area (and may be further sub-classified by sector according to their primary activity).

(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, issues currency, conducts financial market operations, and holds the international reserves of the country. The Central Bank of Malta is part of the Eurosystem, which comprises the ECB and the NCBs of the member countries of the euro area.

ii. **Other monetary financial institutions** (OMFIs), 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 Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006, 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". OMFIs include the Maltese branches and subsidiaries of banks with headquarters abroad. Money Market Funds (MMFs) fulfil the MFI definition and the agreed conditions for liquidity and are therefore included in the OMFI sector. MMFs are defined as those collective investment undertakings of which the units are, in terms of liquidity, close substitutes for deposits and which primarily invest in money market instruments and/or in MMF shares/units and/or in other transferable debt instruments with a residual maturity of up to and including one year, and/or in bank deposits, and/or which pursue a rate of return that approaches the interest rates of money market instruments.

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

Other financial intermediaries are, broadly speaking, financial intermediaries which are not MFIs or insurance corporations and pension funds (see below). 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 not from the public), and managing investment trusts, unit trusts and other collective investment schemes (collectively termed investment funds).

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 corporations and pension funds**

This sector comprises non-monetary financial corporations principally engaged in financial intermediation as the consequence of the pooling of risks. Insurance corporations 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 provide retirement benefits for specific groups of employees.

The sector **financial corporations** consists of all corporations which are principally engaged in financial intermediation and/or in auxiliary financial activities i.e. they include monetary financial institutions, other financial intermediaries/financial auxiliaries and insurance corporations/pension funds.

(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. Broadly speaking, non-market production means that the entity does not charge “economically significant” prices such that sales cover at least 50% of production costs. The sector 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 of the country. 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.

ii. **Other general government**, which in Malta comprises the local government sector only. 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** (which is not an institutional sector in the ESA 95) comprises the general government sector and public corporations (which may be financial or non-financial corporations in the ESA 95), the latter being those companies that are owned by government or are subject to government control. State-owned corporations 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 for the market (i.e. charging “economically significant” prices such that sales cover at least 50% of production costs).

(e) **Non-financial corporations**

This sector comprises corporations 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 corporations**, i.e. companies that are subject to control by government units - see the notes on financial corporations for a definition of control.

ii. **Private non-financial corporations**, 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 also non-profit institutions serving households principally engaged in the production of non-market goods and services intended for particular sections of households (churches, clubs, societies, trade unions, etc.) and market-producing cooperatives, partnerships and sole proprietorships that are not recognised as independent legal entities. Thus many small businesses are included in the household sector.

Classification of economic activities

The classification of economic activities follows the standards of Regulation EC No 1893/2006 of the European Parliament and of the Council of 20 December 2006, entitled “Statistical classification of economic activities in the European Community”, known by the acronym NACE Rev. 2.

Measures of money

Until the end of 2007, the Central Bank of Malta compiled data on the following monetary aggregates: the monetary base (M0), narrow money (M1), intermediate money (M2) and broad money (M3). The **monetary base (M0)** consisted of currency in issue and OMF1 deposits with the Bank. **Narrow money (M1)** included the most liquid components of M3, namely currency in circulation, demand deposits and savings deposits withdrawable on demand. **Intermediate money (M2)** comprised M1, residents’ savings deposits redeemable at notice and time deposits with

an agreed maturity of up to and including two years. **Broad money (M3)** comprised M2 and the OMFIs' repurchase agreements with the non-bank sector and their debt securities issued with an agreed maturity of up to and including two years and held by the non-bank sector.

Since January 2008, the Central Bank of Malta has been transmitting to the ECB data collected from MFIs in Malta as a contribution to the euro area monetary aggregates compiled by the ECB. The euro area aggregates are defined in a similar way to the Maltese monetary aggregates formerly compiled by the Bank. However it is not possible to calculate the money holdings of Maltese residents within the euro area totals. In the euro area, by agreement between the members, the share of each central bank in the Eurosystem¹ in the total issue of banknotes in the area is deemed to be that central bank's share in the capital of the ECB adjusted for a notional 8% of the total issue, which is attributed to the ECB itself. This is called the banknote allocation key. In the euro area, the Central Bank of Malta may in practice issue more than this, or less, in response to demand; the excess or shortfall will appear elsewhere in the Bank's balance sheet as an intra-Eurosystem liability or asset. The main point is that the entry in the column 'Banknotes in circulation' in the Financial Statements of the Bank will be a notional amount conforming to the banknote allocation key, and may be quite different from the amount of euro banknotes in the hands of Maltese residents. Moreover, Maltese residents' holdings of M3 within the euro area aggregate will include their holdings of deposits and other monetary instruments issued by MFIs anywhere in the euro area, the amount of which is not known.

The *Quarterly Review* Table 1.4b shows the contribution of Maltese MFIs to the euro area totals. This comprises the notional issue of euro currency attributed to the Bank according to the banknote allocation key, plus the issue of coins (where the Central Bank acts as agent of the Treasury), and, for 2008 only, remaining amounts of Maltese lira currency notes outstanding /less holdings of euro banknotes and coins and, for 2008 only, of Maltese lira currency reported by MFIs in Malta; deposits held by Maltese residents and by residents of other euro area countries with MFIs in Malta excluding any holdings belonging to central governments (since central government holdings of deposits are excluded from the ECB's monetary aggregates) and any interbank deposits; repurchase agreements; any marketable instruments of the kind included in euro area M3 issued by MFIs in Malta /less holdings by Maltese MFIs of such instruments issued by MFIs resident anywhere in the euro area (because Maltese MFIs may hold more of these instruments than they issued, this part of the Maltese contribution to euro area M3 may be negative); and MMFs shares/units issued /less holdings in such units by MMFs and credit institutions resident in the euro area and holdings by non-residents of the euro-area. Similarly, the 'credit counterpart' to euro area M3 contributed by Maltese MFIs (Table 1.5b) comprises all Maltese MFI lending (including through the acquisition of securities in any form) to Maltese and all other euro area residents (other than MFIs). The so-called 'external counterpart' will be limited to their net claims on non-residents of the euro area². 'Other counterparts (net)' comprise other items in the balance sheets of Maltese MFIs (including the Central Bank of Malta).

Compilation and valuation principles

Monetary statistics are based on the monthly balance sheets provided by the Central Bank of Malta and the local OMFIs (Tables 1.2-1.3), with details of OMFIs' deposits and loans in Tables

¹ The Eurosystem comprises the ECB and the national central banks of the other EU Member States in the euro area.

² This is Maltese MFIs' (including the Central Bank of Malta's) claims on non-residents of the euro area, minus their liabilities to non-residents of the euro area, in all forms and in foreign currency as well as in euro.

1.8-1.13. The local credit institutions must submit data to the Central Bank of Malta not later than fifteen calendar days following the end of the reporting period. Bank branches and subsidiaries operating in Malta but whose head offices/parent companies are located abroad are OMFIs and are obliged to submit the same data. The reporting institutions compile monthly financial information in line with ECB Regulation 2008/32 (Recast). In addition, in certain instances, the OMFIs are required to submit returns in accordance with specific statistical requirements as instructed by the Central Bank of Malta.

MFIs report stock positions, which are outstanding balances as at the end of the reference period, and for certain items transactions during the period. They show separately positions and transactions with residents of Malta, with residents of other euro area countries, and with non-residents of the euro area. Assets and liabilities are generally reported at market or fair value and on an accruals basis; deposits and loans are reported at nominal value. 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. In 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, i.e. by original maturity. Original maturity refers to the fixed period of life of a financial instrument before which it cannot be redeemed, or can be redeemed only with some significant penalty.

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 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, whose value is conditional on the occurrence of uncertain future events, such as contingent instruments, are not recorded on the statistical balance sheet.

Release of monetary statistics

Monetary aggregates for the euro area are published by the ECB on the 19th working day of the month following the reference month. The ECB also publishes a more detailed monetary data on a quarterly basis. The Maltese contribution to the monthly aggregates is then posted on the Central Bank of Malta's website. When first published, monetary statistics are considered provisional since the 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. The ECB accepts revisions to the previous month's data with each monthly submission; revisions to earlier periods are normally submitted with the next provision of quarterly data. Malta's contributions to the euro area aggregates published by the Central Bank of Malta must be consistent with the latest euro area aggregates published by the ECB. Subsequently, such provisional data are released to the press by the Central Bank of Malta on a monthly basis 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.

Investment funds

The investment funds sector consists of collective investment schemes licensed by the MFSA; the data in Table 1.14 comprise all those funds whose centre of economic interest is based locally. It excludes all money market funds as according to ECB Regulation 2008/32 (Recast) these form part of the MFI sector. The balance sheet is aggregated, not consolidated, and therefore includes, among the assets and liabilities, holdings by investment funds of shares/units issued by other investment funds.

Insurance corporations

Table 1.15 shows the aggregated statement of assets and liabilities of the insurance corporations resident in Malta. The statistical information excludes those corporations dealing predominantly with non-residents. The insurance corporations sector comprises non-monetary financial institutions principally engaged in financial intermediation as the consequence of the pooling of risk. Therefore, the principal function of insurance corporations is the provision of life, accident, health, fire and/or other forms of insurance. Such statistics are based on standards specified in ESA 1995, while accounting rules are those laid down in the relevant national law implementing the European Council Directive 91/674/EEC on the annual accounts and the consolidated accounts of insurance undertakings. All financial assets and liabilities are reported on a gross basis and are generally valued at market or fair value.

Financial markets

Monetary Financial Institutions interest rate (MIR) statistics shown in Tables 1.18 and 1.19 relate to the interest rates which are applied by resident credit institutions to euro denominated deposits and loans vis-à-vis non-financial corporations and households (including non-profit organisations) resident in Malta and in the euro area. MIR statistics are compiled in accordance with Regulation ECB/2009/7 (as amended) of 31 March 2009 and are therefore harmonised across the euro area. Interest rates are shown for both outstanding amounts and new business. Outstanding amounts cover the stock of all kinds of deposits and loans granted to households and non-financial corporations. New business consists of any new agreement between the household or non-financial corporation and the bank during the period under review. Two types of interest rates are quoted: (a) the Annualised Agreed Rate (AAR) and (b) the Annual Percentage Rate of Charge (APRC). The AAR is the rate which is agreed between the customer and the bank, quoted in percentage per annum. This rate covers all interest payments, excluding any other charges that may apply on deposits and loans. The APRC covers only two categories, namely lending for house purchase and consumer credit. It is the annual percentage rate that covers the total costs of the credit to the consumer such as the cost of inquiries, administration, guarantees, legal fees and other additional costs associated with the transaction. The older series of deposit and lending rates compiled by the Central Bank of Malta will be retained in Table 1.20 (see details below).

Up to 31 December 2007, Table 1.20 showed the statutory interest rates determined by the Central Bank of Malta and other indicative benchmark money market rates on instruments denominated in Maltese lira as end-of-period rates and as a percentage per annum. The repurchase agreement/term deposit rates were the 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 were the rates prevailing in the last dealings between banks in the official interbank market during the last month of the period being reported on. When no deals were transacted, the Central Bank of Malta fixing rate average was shown.

As from 1 January 2008, the Central Bank of Malta ceased to declare interest rates for its operations as the Maltese money market became part of the integrated euro area-wide interbank market. Thus, as from that date (and with some earlier data for convenience), the financial market interest rates shown in Table 1.20 are the key interest rates determined by the ECB for central bank operations throughout the euro area, and overnight (EONIA) and fixed-term (EURIBOR) rates on wholesale business in euro-denominated deposits as reported daily by a panel of active institutions in the euro area interbank market. Table 1.21 also shows the weighted average rates paid on resident current, savings and time deposits by MFIs in Malta (in Maltese lira to end-2007, in euro since), 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 by the interest rate applied thereto and dividing by the total amount.

Yields on Treasury bills and government securities up to end-2007 are rates on instruments denominated in Maltese lira. All outstanding Treasury bills and government securities denominated in Maltese lira were redenominated in euro at the beginning of 2008. The primary market rates on Treasury bills 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 means that no transactions occurred during the reference period. Until end-2007, the secondary market yields represented the selling rates quoted by the Central Bank of Malta at the end of the reference period for 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 MSE share index is based on the last closing trade prices of the shares of all eligible companies weighted by their current market capitalisation. The index has a base of 1,000 on 27 December 1995.

Debt securities as presented in Table 1.16 comprise all financial assets that are usually negotiable and traded on recognized stock exchanges and do not grant the holder any ownership rights in the institutional unit issuing them. Quoted shares included in Table 1.17 cover all shares whose prices are quoted on the Malta Stock Exchange. They comprise all financial assets that represent property rights in corporations. Issues of unquoted shares, investment fund shares/units and financial derivatives are excluded.

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 (Table 2.4) 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.

Table 2.5 on 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. The difference is mainly explained by government transactions in financial assets, such as through privatisation receipts or the utilisation 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 (Table 2.6), which mainly relate to the debts of non-financial public sector corporations. 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. Government-guaranteed debt includes guarantees issued by the extra-budgetary units but excludes guarantees issued to them as they already feature in the general government debt. The methodology underlying the compilation of data on the external loans of general government sector in Table 2.11 is generally consistent with the IMF's "External debt statistics - guide for compilers and users". Debt is recognised when disbursement of funds is effected.

Part 3 Exchange Rates, External Transactions and Positions

From 2008, statistics on exchange rates (Tables 3.1a-3.1b) show the end-of-period and the average bilateral exchange rates of the euro against other selected major currencies. The euro exchange reference rates are published by the ECB on a daily basis normally at 1415hrs.

The concepts and definitions used in the compilation of balance of payments and international investment position (IIP) statistics (Tables 3.2-3.4) are generally in line with the *IMF Balance of Payments Manual* (BPM5) and in accordance with ECB Guideline 2004/15 (as amended). Credit entries are recorded for e.g. exports, income receivable, and financial transactions 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 transactions 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 nonresidents of Malta and are, in most cases, valued at current market prices. Up to the end of 2007, official reserve assets (Table 3.3) comprised gold, claims on the IMF, and liquid claims held by the Central Bank of Malta on entities resident outside Malta, mainly central banks, other banks and governments, in line with the *IMF's Balance of Payments Manual* (BPM5). From 2008, official reserve assets correspond to the part of the reserve assets of the Eurosystem held by the Central Bank of Malta, and are confined to gold, claims on the IMF, and liquid claims held by the Central Bank of Malta on entities resident outside the euro area and denominated in currencies other than the euro. All euro-denominated assets, and assets denominated in any currency representing claims on entities resident in the euro area held by the Bank and classified as official reserve assets up to the end of 2007, were on Malta's entry into the euro area reclassified as portfolio investment or other investment, depending on the nature of the instrument.

Latest trade data are based on the respective NSO press release.

The concepts used in the compilation of gross and net external debt generally comply with the IMF's "External debt statistics – guide for compilers and users (2003)". Gross external debt data

are fully reconcilable with the data shown in the IIP. The external debt of the MFIs is also being shown separately as a memorandum item as such debt is fully backed by foreign assets of these institutions. The net external debt position is equal to gross external debt less gross external assets in the form of debt instruments.

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 in Table 4.3, which are based on the ETC's administrative records, and the RPI (Tables 4.8-4.9). Data on development permits (Tables 4.6-4.7) are taken 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). From March 2004, data are based on a weekly survey carried out throughout the reference quarter; from June 2005 data are weighted using a new procedure and are thus not strictly comparable with earlier figures. 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 Parts 1 and 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. The HICP, by contrast, (Table 4.10) covers all household final consumption expenditure irrespective of nationality or residence status. Consequently, the HICP uses weights that cover not only resident private and institutional household expenditure but also expenditure by tourists in Malta. The differences in these weighting schemes account for the significant monthly disparities between the RPI and the HICP. The sources of data used in the compilation of the Central Bank of Malta's property prices index (Table 4.5) are the advertisements for the sale of properties in all localities in Malta and Gozo carried 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 of that 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.