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ECONOMIC UPDATE

AUGUST 2016

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ECONOMIC UPDATE AUGUST 2016

Summary¹

Overall economic sentiment improved marginally in July, driven by a more favourable assessment by firms in industry. Nonetheless, industrial production fell again in annual terms in June. In contrast, activity in the tourism sector remained buoyant during the month. Retail sales increased moderately again. The labour market continued to perform solidly, with the annual growth rate of the gainfully occupied population at 4.0% in March. Meanwhile, both Jobsplus and Eurostat data show further declines in unemployment. This suggests that private consumption likely remained a key driver of economic activity in the second quarter. Industrial producer price data point to falling costs in annual terms. Consumer prices increased moderately, with the annual rate of inflation based on the Harmonised Index of Consumer Prices (HICP) and the Retail Price Index (RPI) standing at 0.9% and 0.7%, respectively, in July. Maltese residents' deposits continued to expand at a rapid, though moderating annual rate in June, while the annual rate of growth of credit to residents eased slightly to 5.4%. As regards fiscal developments, the deficit on the cash-based Consolidated Fund narrowed in the first half of the year, due to an increase in tax revenue and lower capital expenditure.

Business and consumer confidence indicators

During July, the Economic Sentiment Indicator (ESI) increased marginally to 111, from 110 in June (see Table 1), remaining above its long-term average of 100.^{2,3} Compared to June, higher confidence in industry outweighed weaker sentiment in retail and construction. Sentiment in the services sector and among consumers remained stable.

Confidence in industry increased from -5 in June to 0 in July, thereby increasing above its long-term average of -5.⁴ All components contributed to the rise in sentiment in July, with the main drivers being managers' more optimistic assessment of current order-book levels and increased production expectations for the three months ahead. Also, on balance firms reported no stocks of finished goods in July, after four months of positive readings.⁵ Supplementary survey data suggest that, on balance, in July more respondents expected to increase their labour complement in the subsequent months. At the same time, a larger share of respondents expected to increase their selling prices.

¹ The cut-off date for information in this note is 22 August 2016.

² The ESI summarises developments in confidence in five surveyed sectors (industry, services, construction, retail and consumers). Weights are assigned as follows: industry 40%, services 30%, consumers 20%, construction 5% and retail trade 5%.

³ Long-term averages are calculated over the entire period for which data are available. For the consumer and industrial confidence indicators, data became available in November 2002, while the services and construction confidence indicator data became available in May 2007 and May 2008, respectively. Since the retail confidence indicator began to be published as from May 2011, its long-term average is calculated since then. The long-term average of the ESI is computed from November 2002.

⁴ 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 goods.

⁵ A drop in the stock of finished goods has a positive effect on the overall industrial confidence indicator.

Table 1
BUSINESS AND CONSUMER SURVEY

Balances; percentage points; seasonally adjusted

	2014	2015	2016						
			Jan.	Feb.	Mar.	Apr.	May	June	July
Economic Sentiment Indicator	108	112	108	108	106	109	106	110	111
Industrial confidence indicator	-1	0	-5	-8	-9	-4	-10	-5	0
Assessment of order-book levels	-31	-23	-25	-27	-23	-24	-25	-34	-26
Assessment of stocks of finished products	-3	-1	-2	-2	5	2	6	1	0
Production expectations for the months ahead	25	24	10	3	2	14	0	21	25
Retail trade confidence indicator	-5	16	9	17	15	16	4	11	-1
Business activity, past 3 months	-12	33	30	36	47	35	8	4	6
Stocks of finished goods	14	9	7	7	19	13	0	8	15
Business activity, next 3 months	10	25	3	23	16	27	3	37	8
Construction confidence indicator	-21	11	-15	-7	-22	-13	-16	-8	-12
Evolution of your current overall order books	-40	1	-28	-13	-39	-22	-26	-27	-28
Employment expectations over the next 3 months	-3	22	-1	-1	-4	-4	-6	12	3
Services confidence indicator	25	26	24	24	27	29	22	28	28
Business situation development over the past 3 months	22	25	23	21	28	20	21	20	26
Evolution of the demand over the past 3 months	26	28	21	19	29	38	24	32	31
Expectation of the demand over the next 3 months	25	25	29	32	23	28	22	33	26
Consumer confidence indicator	-1	0	0	0	0	-1	4	2	2
Financial situation over next 12 months	7	4	5	5	4	5	7	3	4
General economic situation over next 12 months	11	11	13	12	8	7	13	14	12
Unemployment expectations over next 12 months	-2	-10	-9	-11	-13	-10	-13	-15	-15
Savings over next 12 months	-25	-25	-28	-28	-26	-26	-15	-24	-21

Source: European Commission.

In contrast, sentiment in the retail sector fell sharply, turning negative for the first time since September 2014.⁶ In July it fell to -1 from 11 in June, and thus stood slightly below its long-term average of 0. The fall in sentiment in July was driven by a deterioration in respondents' business activity expectations, as well as higher stocks of finished goods, which offset a more favourable assessment of business activity during the preceding months. Additional survey data for this sector indicate that, compared with June, a greater share of respondents expected their labour component and their order levels to fall in the subsequent three months. At the same time, price expectations were broadly unchanged from the previous month.

Sentiment in the construction sector deteriorated after improving in the preceding month. Indeed, sentiment within this sector reached -12 from -8 in June, although it still remained well above its long-term average of -24.⁷ Both subcomponents contributed to the fall in sentiment in July. There was a slightly more negative assessment of order book levels and a deterioration in firms' employment expectations for the subsequent three months. Other survey data for July indicate that, compared with June, a greater share of respondents reported an increase in building activity over the preceding three months while anticipating higher selling prices during the subsequent three months.

⁶ The retail confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to survey questions relating to the present and future business situation and on stocks.

⁷ The construction confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to two survey questions, namely those relating to order books and employment expectations over the subsequent three months.

The confidence indicator for firms in the services sector remained stable at 28 in July.⁸ This compares favourably with a long-term average of 21. Within this sector, firms' weaker assessment of past and expected demand were offset by an improved assessment of the business situation over the preceding months. Additional survey data indicate that, overall, in July there was a deterioration in the assessment of both employment growth in the preceding three months and, to some extent, in the following three months. There was also a smaller net share of respondents expecting to charge higher prices.

Consumer confidence remained unchanged at 2 in July.⁹ This compares favourably with a long-term average of -21. On balance, consumers' expectations related to both their financial situation and their savings increased. These were offset by a fall in consumers' assessment of the general economic situation in coming months as well as a rise in unemployment expectations. The survey also indicates that consumers' price expectations fell compared to the preceding month. On the other hand, in July, a larger share of respondents expressed the intention to make major purchases over the subsequent 12 months.

Activity

The index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, fell by 7.9% in year-on-year terms in June 2016. This followed a 4.5% drop in May (see Table 2).¹⁰ On a three-month moving average basis, industrial production fell by 5.1% over the same period of 2015. On this basis, a substantial decline was registered among manufacturers of computer, electronic and optical products. Output also fell, though to a lesser degree, among firms involved in the printing and reproduction of recorded media and in the

Table 2
ACTIVITY INDICATORS

Annual percentage changes

	2014	2015	2016					
			Jan.	Feb.	Mar.	Apr.	May	June
Number of tourist arrivals	1.4	9.6	14.2	9.2	14.2	8.4	9.8	7.2
Number of nights stayed	3.1	4.5	9.0	10.4	11.6	7.4	6.6	8.6
Private accommodation	-6.8	16.4	14.2	15.8	18.8	23.8	20.8	26.2
Collective accommodation	11.0	-3.5	6.0	8.2	8.9	-0.1	0.3	-0.4
Tourist expenditure	4.4	4.0	7.0	9.6	10.9	3.3	5.0	4.0
Package expenditure	18.3	-5.3	-7.0	0.1	4.9	-7.4	-6.5	-9.9
Non-package expenditure	2.5	8.6	10.9	19.6	16.8	9.2	15.0	17.7
Other	-2.8	7.6	15.5	10.6	12.8	8.4	8.7	6.6
Industrial production	-5.4	6.1	-7.6	-2.3	-3.9	-2.5	-4.5	-7.9
Retail trade	0.5	6.3	5.3	6.8	0.8	1.5	1.1	0.9

Sources: NSO; Eurostat.

⁸ The services confidence indicator is the arithmetic average of the seasonally adjusted 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 in the subsequent three months.

⁹ 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.

¹⁰ Based on the industrial production index adjusted for working days.

food sector. These declines offset increased production of pharmaceuticals, beverages, rubber and plastics, as well as in the energy sector.

The index of deflated turnover for retail trade, which is a short-term indicator for private consumption, continued to increase in June, rising by 0.9% on an annual basis, after increasing by 1.1% in the previous month.¹¹ The year-on-year increase in June reflected growth in sales of fuel, as both food and non-food items excluding fuel fell on a year earlier.

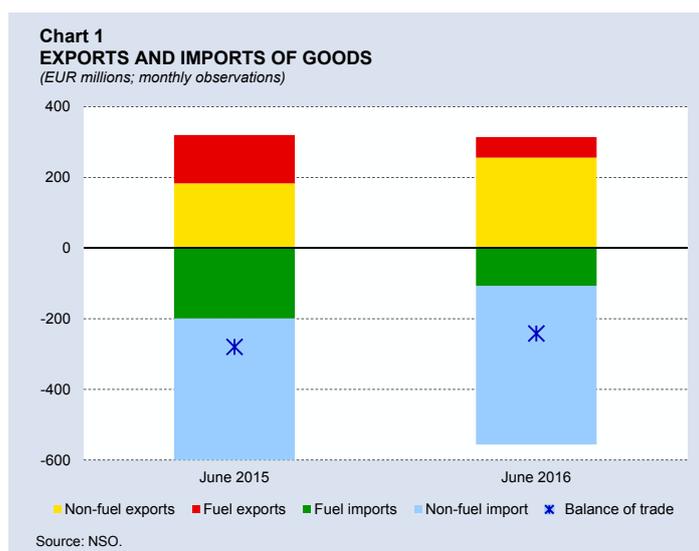
Activity in the tourism industry remained buoyant in June as arrivals increased at an annual rate of 7.2%. This growth was largely driven by a rise in leisure tourism, where the number of visitors advanced by 7.3% on a year earlier. Business and professional visitors, as well as visitors for educational, religious and health purposes, also contributed positively to growth in arrivals.

Meanwhile, tourist expenditure grew by 4.0% on the same month of 2015, mainly on account of increases in non-package spending and on the other component of expenditure. In contrast, spending on package holidays contracted on a year earlier. Nights stayed also increased in June, at an annual rate of 8.6%, with this increase entirely driven by increases in private accommodation. Nights spent in collective accommodation, on the other hand, registered a slight decrease when compared with June 2015.

Data on occupancy rates also suggests that visitors may be spending fewer nights in collective accommodation, as in May the average occupancy rate in collective accommodation establishments declined to 68.5% from 68.9% a year earlier. This decline was most significant among five-star establishments.

Customs data show that in June the merchandise trade gap narrowed when compared with the same month of 2015, as imports fell more sharply than exports (see Chart 1). A decline in trade in fuels was the main driver behind the drop in imports and exports. However, imports of consumer goods and industrial supplies also declined on a year earlier. Together with the drop in fuel imports, declines in these import categories, contributed to a narrower trade gap. In contrast, capital imports increased in annual terms. Exports declined marginally, as the contraction in fuel re-exports was offset by increases in other categories.

On the contrary, data for the first six months of 2016 show that the visible trade gap widened



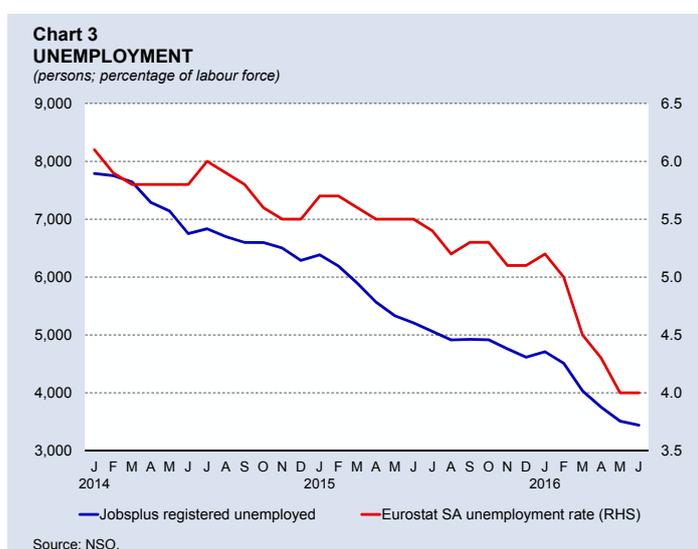
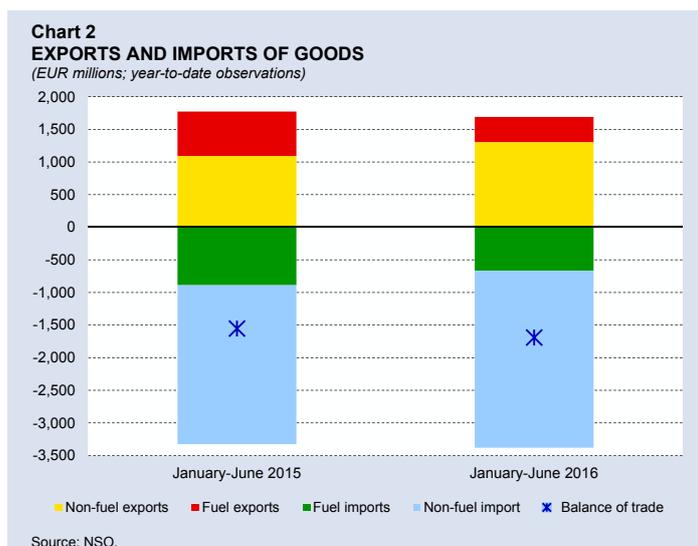
¹¹ Based on seasonally and calendar-adjusted data.

when compared to the same period of 2015, as imports increased whereas exports contracted. The widening in the trade gap was primarily driven by an increase in registrations of ships and aircraft, which normally have only a limited impact on national accounts data. At the same time, non-fuel exports rose on a year earlier (see Chart 2).

Labour market

The labour market remained buoyant in June, with Jobsplus data showing a further fall in the number of registered unemployed. Indeed, in June the number of people on the unemployment register fell to 3,441, from 5,209 in the corresponding month of 2015 and from 3,511 in May (see Chart 3).

Meanwhile, Eurostat's estimate of the seasonally-adjusted unemployment rate fell to 4.0% in June, from 5.5% a year earlier and unchanged from the preceding month.



BOX 1: JOBSPLUS GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in March the gainfully occupied population, defined to include all persons in full-time employment, rose by 4.0% on a year earlier, reaching 176,368 (see Chart 4). While the pace of job creation remains robust, the annual rate of growth has eased from the recent peak of 5.2% recorded in March 2015.

Growth in employment was mainly driven by the private sector, with the public sector registering only a marginal annual increase (see Table 3).

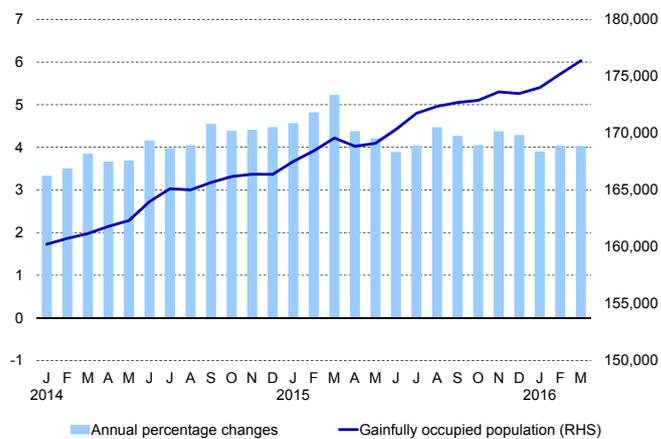
In March the number of full-timers within the private sector went up by 6,513, or 5.2% on the same month of the previous year. Employment growth in the private sector continued

to be driven by market services, where the number of full-time job holders increased by 6,475 or 7.0%. New jobs were distributed among all major sectors within this category.

As in preceding months, the largest absolute increase within the services industry was registered in the sector incorporating real estate, professional and administrative activities.

Employment in this sector went up by 2,382 in March 2015, and accounted for over one-third of the overall year-on-year rise in private market services employment. The number of

Chart 4
GAINFULLY OCCUPIED POPULATION BASED ON JOBSPLUS RECORDS
(annual percentage changes; persons)



Source: NSO.

Table 3
LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons; annual percentage changes

	2015 Mar.	2016 Mar.	Annual change Number of persons	%
Labour supply	175,459	180,401	4,942	2.8
Gainfully occupied ⁽¹⁾	169,565	176,368	6,803	4.0
Registered unemployed	5,894	4,033	-1,861	-31.6
Unemployment rate (%)	3.4	2.2		
Private sector	125,504	132,017	6,513	5.2
Direct production⁽²⁾	32,527	32,565	38	0.1
Market services	92,977	99,452	6,475	7.0
Wholesale and retail trade	24,429	24,848	419	1.7
Transportation and storage	7,441	7,788	347	4.7
Accommodation and food service activities	10,576	11,175	599	5.7
Information and communication	5,830	6,164	334	5.7
Financial and insurance activities	7,611	8,090	479	6.3
Real estate, professional and administrative activities ⁽³⁾	20,384	22,766	2,382	11.7
Arts, entertainment and recreation	4,563	5,854	1,291	28.3
Education	4,694	4,924	230	4.9
Other	7,449	7,843	394	5.3
Public sector	44,061	44,351	290	0.7

⁽¹⁾ This category measures full-time employment.

⁽²⁾ This includes employment in agriculture, fishing, mining and quarrying, manufacturing, electricity, gas and water supply, and construction.

⁽³⁾ This includes employment in real estate activities, professional, scientific and technical activities, and administrative and support service activities.

Source: NSO.

persons employed in the arts, entertainment and recreation sector also increased significantly in annual terms, going up by 1,291.

In March, employment in direct production within the private sector grew by 0.1% on a year earlier, up by only 38 jobs.¹ This rise was driven by increased employment within the energy and construction sectors, as employment in manufacturing decreased.

Public sector jobs rose by 290 or 0.7% on a year earlier. This was mainly driven by an increase in employment within the sector incorporating human health activities and in public administration and defence. Growth in public sector employment also reflects increased employment within the education sector. These were partly offset by falls in other areas.

¹ Direct production includes manufacturing, agriculture and fishing, mining and quarrying, construction and utilities.

Prices, costs and competitiveness

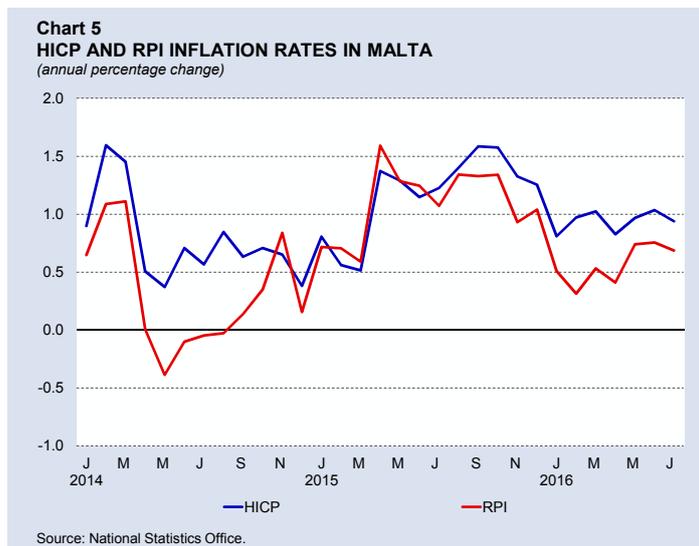
The annual rate of HICP inflation edged down to 0.9% in July, from 1.0% in June (see Chart 5).

The deceleration mainly reflected weaker services inflation, which dropped to 0.9% in July, from 1.2% in June. This in turn was partly a result of slower annual growth in accommodation prices.

With regard to the other components of inflation, prices for unprocessed food and non-energy industrial goods grew at an unchanged annual rate of 2.9% and 1.0%, respectively in July. Similarly, energy inflation was stable at -4.3%, while inflation in the processed food category edged up 0.1 point to 2.3%.

Inflation as measured by the Retail Price Index (RPI)¹² also edged down, going to 0.7% in July from 0.8% in the previous month. This slowdown was driven by a faster decline in clothing and footwear prices.

Cost pressures remain on the downside. The annual rate of change of the Industrial Producer Price Index (PPI) was -0.2% in June.¹³ This was marginally



¹² The RPI index differs from the HICP index in that RPI weights are based on expenditure by Maltese households, while HICP weights also reflect expenditure patterns by tourists in Malta.

¹³ The industrial PPI measures the prices of goods at the factory gate and is commonly used to monitor inflationary pressures at production stage.

higher than the value of -0.3% recorded in May. An uptick in consumer goods inflation was the main driver behind this increase.

PPI inflation in Malta remains held down by declines in intermediate goods prices. In contrast, producer price inflation on capital goods remained marginally positive, while energy prices were unchanged on a year earlier.

With regard to competitiveness, Malta's nominal harmonised competitiveness indicator (HCI) declined by 0.1% in July from a month earlier.¹⁴ This was the second consecutive drop, following a 0.3% drop in June. Falls in the HCI indicate an improvement in Malta's international competitiveness. This improvement is amplified when accounting for changes in inflation differentials between Malta and its international trading partners, with the real HCI falling by 0.3% in July following a 0.6% drop in June. Nonetheless, Malta's international competitiveness remains below its level a year ago, as the nominal and real HCI stood, respectively, 2.6% and 4.3% above their level in July 2015.

Public finance

In June 2016 the Consolidated Fund registered a deficit of €39.3 million, largely unchanged from the €39.1 million deficit recorded in June 2015 (see Table 4).^{15,16} During the same period, the primary deficit – which excludes interest payments from total expenditure – increased by €3.6 million.

In the month under review, total revenue declined by €14.3 million, or 5.8%, as higher tax inflows were offset by lower non-tax income. The latter went down by €36.7 million, driven by lower grants received from the EU as well as a decline in miscellaneous receipts. On the other hand, revenue from income tax increased by €13.6 million, while inflows from social contributions and indirect taxes rose by a lower extent (by €5.2 million and €3.4 million respectively).

Total expenditure decreased by €14.2 million, or 4.9%, largely due to lower capital spending, which declined by €10.6 million. Meanwhile, current expenditure went down by €3.5 million, mainly as a result of lower interest payments.

Over the first half of the year the Consolidated Fund deficit reached €110.6 million, as against €158.0 million a year earlier. During this period, the primary balance improved from a deficit of €41.8 million to a surplus of €1.2 million. Revenue increased by 2.6%, driven by higher tax receipts. Meanwhile, expenditure declined by 0.5%, as an increase in current spending was offset by a decline in capital outlays.

¹⁴ The nominal HCI tracks movements in the country's exchange rate against the currencies of its main trading partners, weighted according to the direction of trade in manufactured goods. The real HCI incorporates both exchange rate changes and the relative inflation of a country vis-à-vis its main trading partners. A higher (or lower) score in the HCI indicates a deterioration (or improvement) in a country's international competitiveness.

¹⁵ The Consolidated Fund covers most of the transactions of central government, excluding extra-budgetary units and local councils, on a cash basis.

¹⁶ Government contributions to the social security account in terms of the Social Security Act 1967 are excluded from both revenue and expenditure.

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2015 Jan.-June	2016 Jan.-June	2015 June	2016 June	Change Amount	%
Revenue	1,511.6	1,550.4	248.4	234.0	-14.3	-5.8
Direct tax	693.0	776.8	135.7	154.6	18.9	13.9
Income tax	464.4	522.8	101.2	114.8	13.6	13.5
Social security contributions ⁽¹⁾	228.6	254.0	34.5	39.7	5.2	15.2
Indirect tax	548.3	605.7	60.6	64.0	3.4	5.7
Value Added Tax	300.7	319.5	19.8	20.2	0.4	2.0
Customs and excise duties	112.5	129.9	20.8	22.6	1.8	8.6
Licences, taxes and fines	135.1	156.2	20.0	21.2	1.3	6.3
Non-tax⁽²⁾	270.2	167.9	52.1	15.4	-36.7	-70.4
Expenditure	1,669.6	1,661.1	287.5	273.3	-14.2	-4.9
Recurrent	1,463.5	1,534.8	260.1	256.6	-3.5	-1.4
Personal emoluments	341.2	359.5	61.9	65.1	3.2	5.2
Operational and maintenance	77.3	90.4	11.0	11.9	0.9	7.7
Programmes and initiatives ⁽¹⁾	785.3	806.4	144.9	142.7	-2.3	-1.6
Contributions to entities	143.6	166.7	22.3	20.4	-1.9	-8.6
Interest payments	116.2	111.8	20.0	16.6	-3.4	-17.2
Capital	206.0	126.3	27.4	16.7	-10.6	-38.9
Primary balance⁽³⁾	-41.8	1.2	-19.1	-22.7	-3.6	-
Consolidated Fund balance	-158.0	-110.6	-39.1	-39.3	-0.2	-

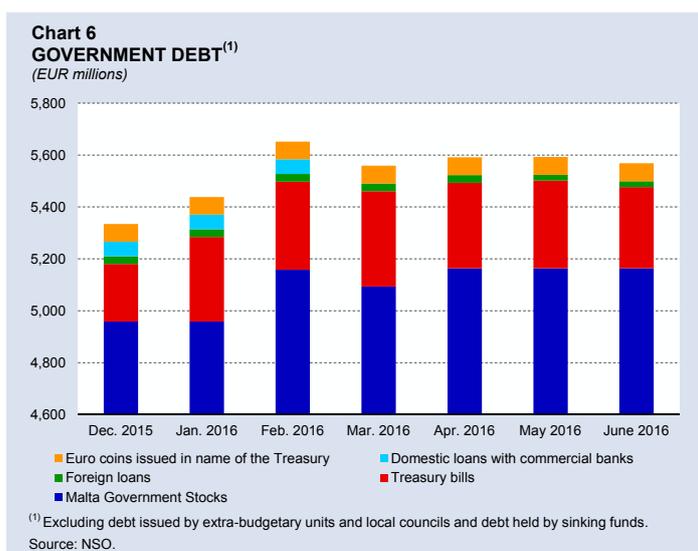
⁽¹⁾ Government contributions to the social security account in terms of the Social Security Act 1987 are excluded from both revenue and expenditure.

⁽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.

In June 2016, the stock of government debt – excluding debt issued by extra-budgetary units and local councils and debt held by sinking funds – decreased by €24.1 million compared with a month earlier, to reach €5,568.3 million (see Chart 6). This was due to lower holdings of Treasury Bills. On the other hand, the amount of Malta Government Stocks outstanding remained unchanged from the previous month. Meanwhile, the stock of euro coins in issue increased slightly.



Deposits, credit and financial markets

Growth in residents' deposits forming part of broad money (M3) continued to slow down in June, with the annual growth rate falling to 6.1% from 7.8% in May (see Chart 7).

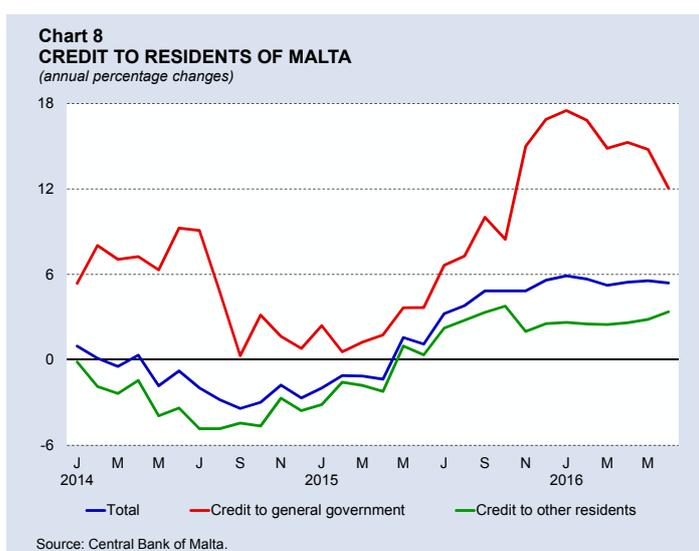
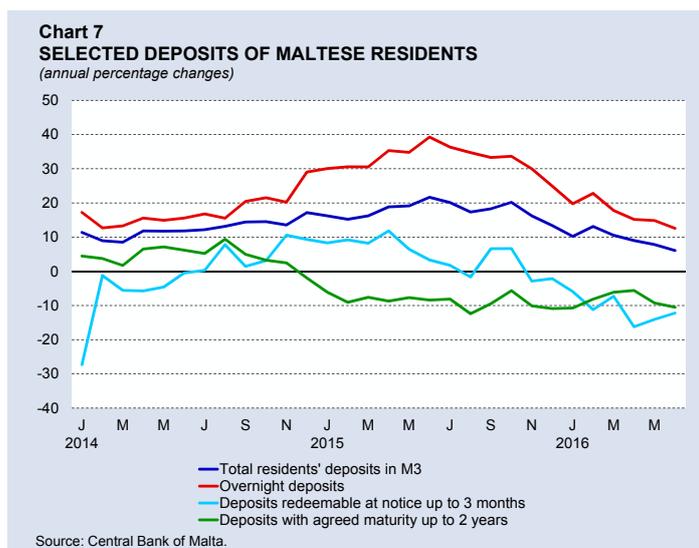
This deceleration in M3 deposits partly reflected slower growth in overnight deposits. These increased by 12.6% on a year earlier, following a 14.8% increase in May. Despite the slowdown, such deposits remained the main contributor to growth, illustrating a preference for holding liquid assets in an environment of low interest rates.

A further decline in deposits with an agreed maturity of up to two years also contributed to the deceleration in M3 deposits. Such deposits contracted by 10.5% on a year earlier, following a decline of 9.3% in May. Deposits redeemable at notice up to 3 months, the smallest component of M3 deposits, also continued to contract in annual terms.

On the asset side of banks' balance sheets, annual growth in credit to Maltese residents eased to 5.4% in June, from 5.6% in May (see Chart 8).

The annual rate of growth of credit to general government declined slightly, reaching 12.1% in June from 14.8% in May. Despite this deceleration, lending to general government still contributed strongly to the overall increase in credit to Maltese residents.

Credit to all other residents - which comprise non-financial corporations (NFC), households and non-bank financial institutions (OFI) - grew by 3.4% year-on-year in June, up slightly from 2.8% in May. June's year-on-year increase was mainly driven by greater bank holdings of equities and increases in loans. Loans, the bigger component, grew at an annual rate of 1.9%, following a 1.1% rise in the previous month.

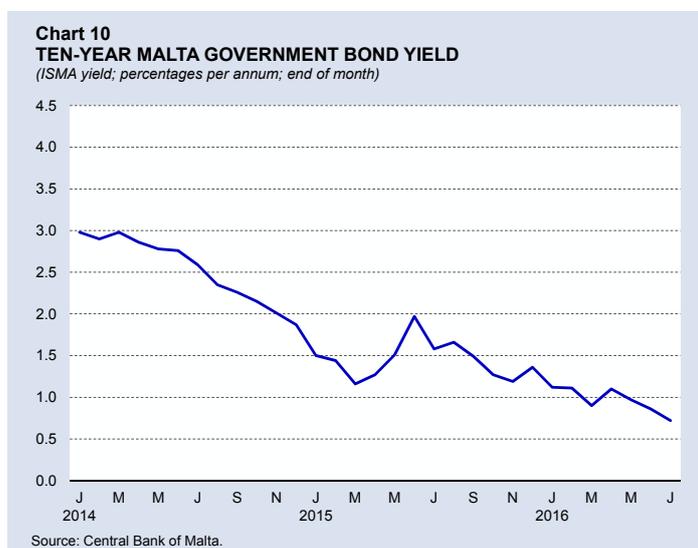
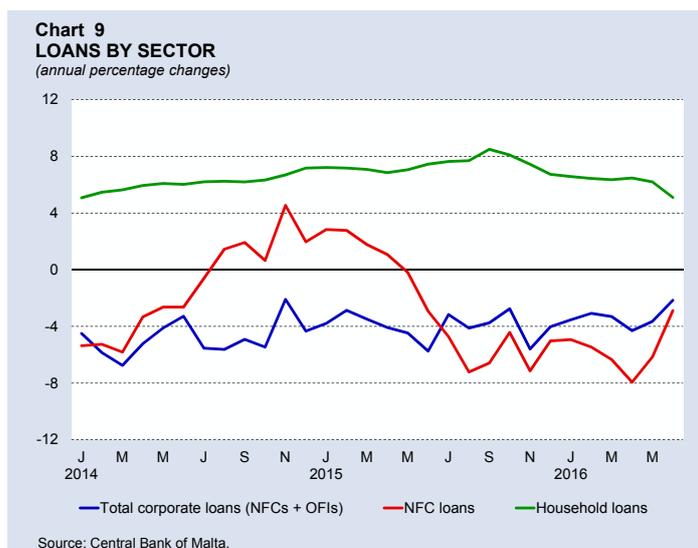


Loans to OFIs and households continued to expand, as in recent months. In particular, total loans to households grew by 5.1% in annual terms, following a 6.2% increase in May. Growth in loans for house purchases decelerated slightly, with an annual growth rate of 6.6% in June down from a rate of 8% in May. Consumer credit and other lending to households continued to contract but at a slower rate. NFC loans contracted at an annual rate of 2.9% in June, following a 6.2% drop a month earlier (see Chart 9).

This slower decline was mainly driven by developments relating to loans to public NFCs.

Bank deposit rates declined further in June. The composite interest rate paid by monetary financial institutions (MFI) on all euro-denominated deposits belonging to resident households and NFCs dropped marginally to 0.58%, from 0.60% in May. As a result, the composite deposit rate was 26 basis points below its level one year earlier. The comparable rate charged on outstanding loans was broadly unchanged at 3.75%, implying a decline of 14 basis points since June 2015.

In the secondary capital market, the yield on ten-year Maltese government bonds dropped to 0.72% by the end of July (see Chart 10). This mirrored developments in the comparable euro-area benchmark yields. Meanwhile, the 2.0% increase in the Malta Stock Exchange (MSE) index in June was broadly reversed in July.



Annex 1

MACROECONOMIC INDICATORS FOR MALTA																
<i>(annual percentage changes; non-seasonally adjusted data)</i>																
	2014	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
			Q1	Q2	Q3	Q4	Q1	Q2	Jan.	Feb.	Mar.	Apr.	May	June	July	
Prices and costs																
HICP inflation	0.8	1.2	0.6	1.3	1.4	1.4	0.9	0.9	0.8	1.0	1.0	0.8	1.0	1.0	0.9	
RPI inflation	0.3	1.1	0.7	1.4	1.2	1.1	0.5	0.6	0.5	0.3	0.5	0.4	0.7	0.8	0.7	
Industrial producer price inflation	-0.6	-2.2	-1.3	-2.2	-2.2	-2.9	-1.6	0.3	-2.1	-1.0	-1.7	1.3	-0.3	-0.2	-	
Harmonised Competitiveness Indicator (nominal)	0.7	-5.5	-6.7	-7.3	-4.4	-3.3	1.7	3.1	0.1	1.9	3.1	4.2	3.0	2.1	2.6	
Harmonised Competitiveness Indicator (real)	-0.1	-9.8	-12.4	-12.9	-7.7	-5.9	2.4	5.2	-0.6	2.8	5.2	7.1	5.2	3.4	4.3	
Unit labour costs, whole economy ⁽¹⁾	2.5	-0.1	2.2	1.1	0.1	-0.1	-0.2	-	-	-	-	-	-	-	-	
Compensation per employee ⁽¹⁾	0.9	3.0	1.6	2.3	2.6	3.0	2.7	-	-	-	-	-	-	-	-	
Labour productivity (per person) ⁽¹⁾	-1.5	3.1	-0.7	0.9	2.5	3.1	2.9	-	-	-	-	-	-	-	-	
Residential property prices (NSO)	2.6	3.5	2.7	1.9	6.7	2.7	2.6	-	-	-	-	-	-	-	-	
Advertised residential property prices (CBM)	7.0	6.3	5.3	4.8	5.0	10.0	9.9	-	-	-	-	-	-	-	-	
Economic activity																
Nominal GDP	5.5	8.9	8.3	9.2	9.2	9.0	7.6	-	-	-	-	-	-	-	-	
Real GDP	3.5	6.4	6.3	6.8	6.5	6.2	5.2	-	-	-	-	-	-	-	-	
Real private consumption	2.3	5.5	3.7	3.9	7.1	6.9	5.7	-	-	-	-	-	-	-	-	
Real government consumption	7.2	5.0	4.5	5.5	-1.9	11.1	8.4	-	-	-	-	-	-	-	-	
Real gross fixed capital formation	7.9	42.5	5.3	72.6	80.3	22.4	16.2	-	-	-	-	-	-	-	-	
Real exports of goods and services	0.1	1.8	-0.9	2.7	3.2	2.1	0.5	-	-	-	-	-	-	-	-	
Real imports of goods and services	-0.2	5.2	-1.8	8.7	11.3	2.7	2.5	-	-	-	-	-	-	-	-	
Labour market developments																
LFS unemployment rate (% of labour force)	5.8	5.4	5.7	5.4	5.2	5.2	4.9	-	-	-	-	-	-	-	-	
LFS employment	3.3	2.3	1.7	1.8	2.8	3.0	2.6	-	-	-	-	-	-	-	-	
Jobsplus gainfully occupied	4.0	4.4	4.9	4.1	4.2	4.2	4.0	-	3.9	4.0	4.0	-	-	-	-	
Balance of payments																
Current account (as a % of GDP) ⁽²⁾	7.1	2.6	8.3	6.0	2.9	2.6	1.8	-	-	-	-	-	-	-	-	
Credit and financial indicators																
Maltese residents' deposits and loans																
Overnight deposits	29.0	24.9	30.5	39.3	33.3	24.9	17.8	12.6	19.7	22.8	17.8	15.2	14.8	12.6	-	
Deposits with agreed maturity up to 2 years	-2.0	-10.9	-7.6	-8.4	-9.5	-10.9	-6.1	-10.5	-10.7	-8.2	-6.1	-5.6	-9.3	-10.5	-	
Total residents' deposits in M3	17.2	13.4	16.2	21.6	18.3	13.4	10.5	6.1	10.2	13.1	10.5	9.0	7.8	6.1	-	
Credit to general government	0.8	16.9	1.2	3.7	10.0	16.9	14.9	12.1	17.5	16.8	14.9	15.3	14.8	12.1	-	
Credit to other residents	-3.6	2.5	-1.8	0.4	3.3	2.5	2.5	3.4	2.6	2.5	2.5	2.6	2.8	3.4	-	
Total credit	-2.7	5.2	-1.1	1.1	4.8	5.6	5.2	5.4	5.9	5.7	5.2	5.5	5.6	5.4	-	
10-year interest rate (%) ⁽³⁾	1.9	1.4	1.2	2.0	1.5	1.4	0.9	0.9	1.1	1.1	0.9	1.1	1.0	0.9	0.7	
Stock prices: Malta Stock Exchange Index ⁽⁴⁾	-9.6	33.0	13.4	8.3	5.9	2.2	3.0	2.0	0.9	1.8	0.2	0.4	-1.7	2.0	-2.0	
General government finances (% of GDP)																
Surplus (+) / deficit (-) ⁽²⁾	-2.0	-1.5	-2.4	-2.0	-1.7	-1.5	-0.1	-	-	-	-	-	-	-	-	
Gross debt ⁽⁵⁾	67.1	63.8	68.5	67.2	66.0	63.8	65.3	-	-	-	-	-	-	-	-	

(1) Four-quarter moving averages.
(2) Four-quarter moving sums.
(3) End of period.
(4) Period-on-period percentage changes.
(5) GDP data are four-quarter moving sums.

Sources: Central Bank of Malta; European Commission; Malta Stock Exchange; National Statistics Office.