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EUROSISTEMA
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ECONOMIC UPDATE 1/2017

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ECONOMIC UPDATE 1/2017

Summary¹

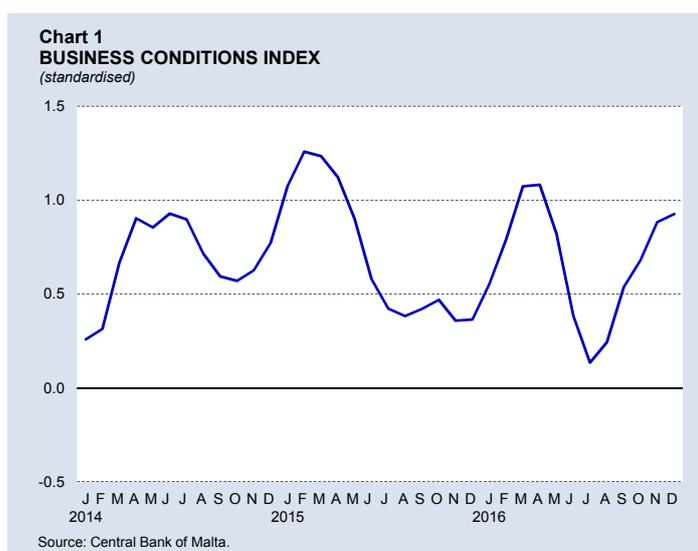
Business conditions remained favourable, with the Bank's Business Conditions Index (BCI) signalling above normal activity levels in December. Economic sentiment rose marginally during the month. Retail sales and tourism activity were higher in annual terms, but industrial production declined in November. Labour market conditions remained favourable, with the registered unemployment falling further during the month. Price pressures remained moderate, with the annual rate of inflation based on the Harmonised Index of Consumer Prices (HICP) at 0.8%. Maltese residents' deposits rose at a faster rate in November, while the annual rate of growth of credit to residents eased to 2.0%. As regards fiscal developments, the deficit on the cash-based Consolidated Fund narrowed in the first eleven months of the year, mainly due to higher tax revenue.

Central Bank's Business Conditions Index (BCI)

The Central Bank's BCI continues to show an above average level of economic activity (see Chart 1).² In December, the BCI rose for the fifth month in a row to 0.9, a value substantially higher than the 0.4 measured a year earlier. The index was affected by upbeat economic sentiment levels, and an increase in an indicator linked with the services industry.

Business and consumer confidence indicators

In December, the Economic Sentiment Indicator (ESI) stood at 116, marginally up from 115 in the preceding month (see Table 1) and above its long-term average of 101.^{3,4} Improved sentiment in the retail and construction sectors offset weaker confidence



¹ The cut-off date for information in this note is 10 January 2017.

² The BCI is a synthetic indicator, which includes variables from each subsequent section of the Economic Update, namely the term-structure of interest rates, industrial production, an indicator for the services sector, the economic sentiment indicator, tax revenues, unemployment, private sector credit and gross domestic product. By construction, it has an average value of zero, implying average business conditions, over its estimation period since 2000. For further details on the methodology behind the BCI, see Ellul, R. (2016), "A real-time measure of business conditions in Malta," *Central Bank of Malta Working Paper WP/04/2016*.

³ 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%.

⁴ 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.

Table 1
BUSINESS AND CONSUMER SURVEY

Balances; percentage points; seasonally adjusted

	2015		2016		2016											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.				
Economic Sentiment Indicator	112	110	108	108	106	109	106	110	111	111	114	114	115	116		
Retail trade confidence indicator	16	7	9	17	15	16	4	11	-1	7	10	5	-14	10		
Business activity, past 3 months	33	17	30	36	47	35	8	4	6	10	17	13	-26	18		
Stocks of finished goods	9	9	7	7	19	13	0	8	15	3	9	7	18	1		
Business activity, next 3 months	25	14	3	23	16	27	3	37	8	13	23	8	0	12		
Construction confidence indicator	11	-8	-15	-7	-22	-13	-16	-8	-12	0	0	-8	-2	3		
Evolution of your current overall order books	1	-22	-28	-13	-39	-22	-26	-27	-28	-11	-29	-24	-10	-8		
Employment expectations over the next 3 months	22	6	-1	-1	-4	-4	-6	12	3	10	30	9	5	13		
Consumer confidence indicator	0	2	0	0	-1	4	2	2	1	3	4	4	4	2		
Financial situation over next 12 months	4	5	5	5	4	5	7	3	4	7	3	4	4	5		
General economic situation over next 12 months	11	13	13	12	8	7	13	14	12	14	14	16	18	13		
Unemployment expectations over next 12 months	-10	-13	-9	-11	-13	-10	-13	-15	-15	-12	-16	-17	-16	-15		
Savings over next 12 months	-25	-24	-28	-28	-26	-26	-15	-24	-21	-27	-23	-22	-23	-26		
Industrial confidence indicator	0	0	-5	-8	-9	-4	-10	-5	0	2	10	6	9	8		
Assessment of order-book levels	-23	-18	-25	-27	-23	-24	-25	-34	-26	-15	-2	-5	-3	-1		
Assessment of stocks of finished products	-1	2	-2	-2	5	2	6	1	0	2	6	0	10	1		
Production expectations for the months ahead	24	19	10	3	2	14	0	21	25	23	39	22	40	25		
Services confidence indicator	26	26	24	24	27	29	22	28	28	22	23	26	30	30		
Business situation development over the past 3 months	25	22	23	21	28	20	21	20	26	18	16	22	24	27		
Evolution of the demand over the past 3 months	28	29	21	19	29	38	24	32	31	23	34	34	30	35		
Expectation of the demand over the next 3 months	25	27	29	32	23	28	22	33	26	25	19	24	37	29		

Source: European Commission.

among consumers and within industry. Confidence in the services sector remained unchanged from the previous month.

Sentiment in the retail sector turned positive again in December, rising to 10, from -14 in November.⁵ This indicator thus stood above the long-term average of 1. The rise in sentiment in December was driven by all subcomponents, with the strongest improvement seen in respondents' assessment of business activity in the past three months. Additional survey data for this sector indicate that, compared to November, a smaller share of respondents expected their labour complement to rise while a larger share of respondents expected prices to fall in the subsequent three months. Also, on balance firms expected their orders to fall in the next three months.

Confidence in the construction sector also turned positive, reaching 3 from -2 in November.⁶ Therefore, sentiment remained well above its long-term average of -23. The rise in sentiment reflected higher employment expectations for the three months ahead and a less negative assessment of order book levels. Other survey data for the month indicate that, compared to November, a larger share of respondents reported an increase in building activity over the preceding three months. However, selling price expectations over the following three months fell sharply, turning negative.

Meanwhile, consumer confidence fell to 2, from 4 in the preceding month. This still compares well with its long-term average of -20.⁷ The decline in December was driven by all subcomponents except for respondents' expectations about their financial situation over the next 12 months, which improved marginally. Additional survey information indicates that in December consumers'

⁵ 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.

⁶ 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.

⁷ 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.

inflation expectations increased compared to the preceding month. At the same time, respondents expected to make fewer major purchases over the subsequent 12 months.

The industrial confidence indicator fell slightly from 9 in November to 8 in December, but remained well above its long-term average of -4.⁸ The fall in sentiment was driven by production expectations for the three months ahead. On the other hand, managers' assessment of current orders was less pessimistic while firms reported close to normal stocks of finished goods in December, after reporting above normal stocks in November.⁹ Supplementary survey data suggest that, on balance, in December a smaller share of respondents expected to increase their employment in the subsequent months. At the same time, a larger share of respondents expected to reduce their selling prices.

In December, the confidence indicator for firms operating in the services sector remained unchanged at 30.¹⁰ This compares favourably with a long-term average of 21. Firms were more upbeat with regard to their business situation and demand over the preceding three months. However, they lowered demand expectations for the three months ahead. Additional survey data indicate that, overall, firms' assessment of past and expected labour developments deteriorated compared with November. Also, a larger net share of respondents expected to charge higher prices in the following three months.

Activity

The index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, went down by 0.6% in year-on-year terms in November 2016. This followed a 5.9% drop in October (see Table 2).¹¹ On a three-month moving average basis, industrial production fell at an annual rate of 2.8% in November. On this basis, output fell substantially

Table 2
ACTIVITY INDICATORS

Annual percentage changes

	2014	2015	2016										
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
Industrial production	-5.4	6.1	-7.8	-2.3	-3.9	-2.4	-3.8	-6.4	-5.2	-2.4	-1.8	-5.9	-0.6
Retail trade	0.0	7.0	6.1	12.7	2.8	-1.4	-0.2	-0.4	-2.0	3.6	3.1	0.7	3.5
Number of tourist arrivals	6.8	5.5	14.2	9.2	14.2	8.4	9.8	7.2	9.1	2.8	7.5	9.4	24.2
Number of nights stayed	4.9	4.7	9.0	10.4	11.6	7.4	6.6	8.6	3.5	0.7	1.6	3.9	14.2
Private accommodation	9.2	14.9	14.2	15.8	18.8	23.8	20.8	26.2	13.3	7.9	6.2	6.1	25.8
Collective accommodation	2.8	-0.7	6.0	8.2	8.9	-0.1	0.3	-0.4	-3.5	-5.4	-1.7	2.6	8.5
Tourist expenditure	6.1	7.2	7.0	9.6	10.9	3.3	5.0	4.0	4.3	-1.9	1.3	4.1	12.9
Package expenditure	6.2	4.8	-7.0	0.1	4.9	-7.4	-6.5	-9.9	-1.9	-13.2	-6.0	-9.6	-3.1
Non-package expenditure	7.2	13.1	10.9	19.6	16.8	9.2	15.0	17.7	5.7	4.0	8.6	13.7	21.8
Other	5.3	5.2	15.5	10.6	12.8	8.4	8.7	6.6	8.3	2.9	1.5	9.6	18.7

Sources: National Statistics Office; Eurostat.

⁸ 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.

⁹ Above normal stocks of finished goods have a negative effect on the overall industrial confidence indicator.

¹⁰ 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.

¹¹ Based on the industrial production index adjusted for working days.

among manufacturers of pharmaceuticals and wearing apparel. Output also fell among firms manufacturing food and beverages, as well as among firms involved in printing and reproduction of recorded media. These declines offset increased production of computer, electronic and optical products, rubber and plastics, as well as increased energy output.

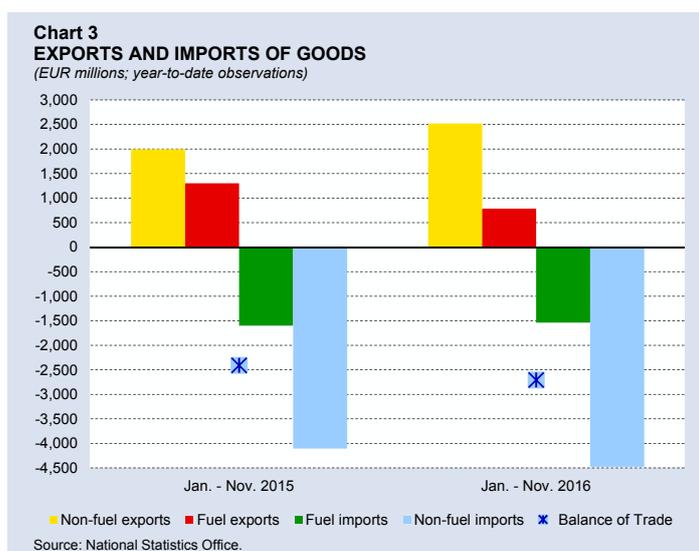
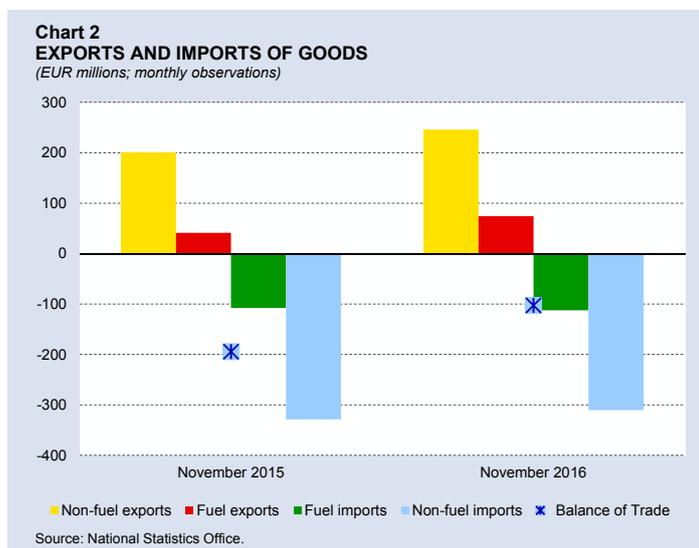
The index of deflated turnover for retail trade, which is a short-term indicator for final domestic demand, increased for the fourth consecutive month in November. Calendar day-adjusted data show that the volume of retail trade increased by 3.5% on a year earlier, following a rise of 0.7% in October.

During November, the number of inbound tourists surged by 24.2%, when compared with November 2015. Nights stayed grew by 14.2% on a year earlier, driven by increases in both collective and private accommodation. At the same time, tourist expenditure rose by 12.9% in annual terms, mostly due to higher spending on accommodation and on the 'other expenditure' component. These increases were partly offset by decreased spending on package holidays.

The overall occupancy rate in collective accommodation establishments edged up to 70.0% in October, 0.3 percentage point higher than in the same month of 2015. This improvement was largely on account of higher occupancy rates in five and four-star hotels.

Preliminary Customs data for November show that the trade deficit narrowed by €91.7 million when compared with the same month of 2015, to €102.8 million, as imports declined by €13.6 million while exports rose by €78.1 million (see Chart 2).

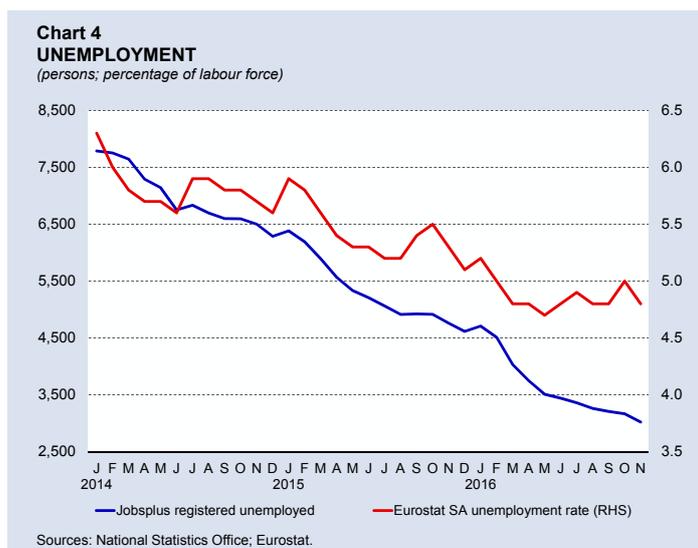
During the January to November period of 2016 imports rose at a faster rate than exports. As a result, the visible trade gap widened by €298.6 million when compared with the same period of 2015, to €2,708.4 million (see Chart 3). This gap was to a large extent driven by developments in two commodity groups, namely fuels and machinery and transport equipment.



Labour market

Jobsplus data show a further fall in the number of people on the unemployment register in November. Indeed, the registered unemployed fell to 3,021 from 4,760 in the corresponding month of 2015 and from 3,166 in October (see Chart 4).

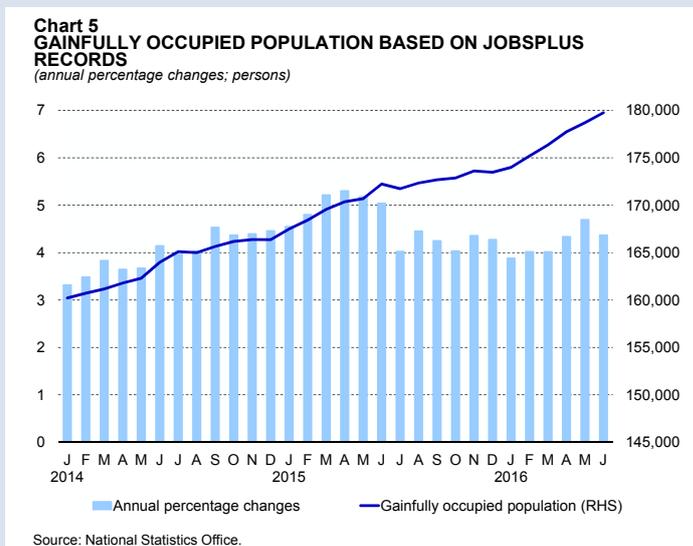
Meanwhile, Eurostat's estimate of the seasonally-adjusted unemployment rate edged down to 4.8% in November, from 5.0% in the preceding month. Therefore, the unemployment rate remained low from a historical perspective and well under the 5.3% recorded a year earlier.



BOX 1: GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in June the gainfully occupied population, defined to include all persons in full-time employment, rose by 4.4% on a year earlier, reaching 179,760 (see Chart 5). This followed 4.7% growth in May.

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



The number of full-timers in the private sector went up by 7,446, or 5.8%, 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 7,244, or 7.6% in annual terms. This increase was distributed among all major sectors within this category.

Table 3
LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons; annual percentage changes

	2015	2016	Annual change	
	June	June	Number of persons	%
Labour supply	177,449	183,201	5,752	3.2
Gainfully occupied ⁽¹⁾	172,240	179,760	7,520	4.4
Registered unemployed	5,209	3,441	-1,768	-33.9
Unemployment rate (%)	2.9	1.9		
Private sector	127,960	135,406	7,446	5.8
Direct production ⁽²⁾	32,653	32,855	202	0.6
Market services	95,307	102,551	7,244	7.6
Wholesale and retail trade	24,487	25,008	521	2.1
Transportation and storage	7,603	7,918	315	4.1
Accommodation and food service activities	10,934	11,506	572	5.2
Information and communication	5,851	6,221	370	6.3
Financial and insurance activities	7,796	8,198	402	5.2
Real estate, professional and administrative activities ⁽³⁾	21,419	24,245	2,826	13.2
Arts, entertainment and recreation	4,777	6,176	1,399	29.3
Education	4,852	5,082	230	4.7
Other	7,588	8,197	609	8.0
Public sector	44,280	44,354	74	0.2

⁽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: National Statistics Office.

However, the sector incorporating real estate, professional and administrative activities saw the largest absolute increase. Employment in this sector went up by 2,826 in the year to June 2016, and accounted for over one-third of the overall rise in private market services employment. The number of persons employed in the arts, entertainment and recreation sector also increased significantly in annual terms, going up by 1,399.

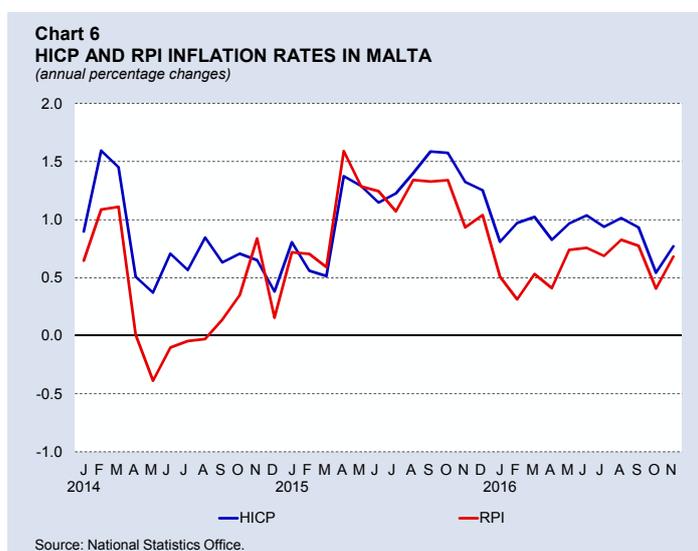
Meanwhile, employment in direct production within the private sector grew by 202, or 0.6%, on a year earlier. Increases were recorded across all sectors, with the exception of the water supply, sewerage, waste management and remediation activities, where employment fell marginally on a year earlier.

Public sector jobs rose by 74, or 0.2%, on a year earlier, as increased employment in public administration and defence, education and health offset lower employment in other areas.

Prices, costs and competitiveness

Annual HICP inflation edged up to 0.8% in November, after dropping to 0.5% in October (see Chart 6).

The recent increase in HICP inflation was broad-based across components, with inflation on services and non-energy industrial goods both higher than in October. Food inflation also picked up, mainly on the back of higher prices for fruit and vegetables. Energy prices continued to contract on a year earlier, with the annual rate of decline unchanged from October.



Similarly, inflation based on the RPI rose from 0.4% in October to 0.7% in November, mainly reflecting developments in food prices and prices for household equipment and maintenance.¹²

The Industrial Producer Price Index (PPI), a proxy measure for cost pressures, weakened once more in November, with the annual growth rate falling from -0.2% to -1.1%.¹³ This mainly reflected stronger annual contractions in intermediate and consumer goods prices. On the other hand, contributions from capital goods and energy remained broadly unchanged when compared to October. Producer price inflation was weak during most of 2016, similar to the trend observed in previous years.

With regard to competitiveness, Malta's nominal and real harmonised competitiveness indicators (HCI) dropped in November when compared to the previous month.¹⁴ However, when compared to a year earlier, the nominal and real HCI gained 2.6% and 3.6%, respectively. This suggests that Malta's international competitiveness has deteriorated since November 2015 when measured according to trade-weighted exchange rates, and changes in relative prices had amplified this deterioration.

¹² The RPI differs from the HICP 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 the production stage.

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 price competitiveness.

Public finance

In November, the Consolidated Fund registered a surplus of €44.6 million, €1.1 million more than in the same month last year (see Table 4).¹⁵ This improvement was driven by developments in the primary balance – which excludes interest payments from total expenditure – which registered a surplus of €63.4 million, compared with €59.8 million in November 2015. This amelioration was dampened by an increase in interest payments.

Government revenue increased by €9.2 million, or 2.6%, when compared to a year earlier. This was due to higher inflows from both income tax and social security contributions, which grew by €7.3 million and €7.9 million respectively, as well as higher non-tax revenue. These increases were partly offset by a €19.6 million decrease in indirect taxes, which in turn was driven by lower customs and excise duties. These declined by €33.1 million due to lower duties from petroleum. The latter were abnormally high a year earlier, due to timing.

Expenditure grew by €8.1 million, or 2.7%, when compared with November 2015, driven by higher recurrent outlays. This was partly due to higher contributions to government entities in the

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2015	2016	2015	2016	Change	
	Jan.-Nov.	Jan.-Nov.	Nov.	Nov.	Amount	%
Revenue	2,940.5	3,072.6	349.4	358.6	9.2	2.6
Direct tax	1,390.1	1,550.0	105.3	120.5	15.2	14.4
Income tax	958.0	1,076.2	68.3	75.6	7.3	10.7
Social security contributions ⁽¹⁾	432.1	473.8	37.0	44.9	7.9	21.2
Indirect tax	1,170.5	1,206.4	217.4	197.9	-19.6	-9.0
Value Added Tax	647.6	669.2	137.9	145.6	7.6	5.5
Customs and excise duties	269.0	249.5	58.0	24.9	-33.1	-57.1
Licences, taxes and fines	253.8	287.7	21.4	27.4	5.9	27.8
Non-tax⁽²⁾	379.9	316.3	26.7	40.3	13.6	50.9
Expenditure	3,101.4	3,132.8	305.8	314.0	8.1	2.7
Recurrent	2,722.3	2,873.7	267.4	285.2	17.9	6.7
Personal emoluments	625.3	656.5	60.0	58.5	-1.5	-2.5
Operational and maintenance	135.0	155.5	12.8	9.5	-3.3	-25.7
Programmes and initiatives ⁽¹⁾	1,472.2	1,528.6	146.3	154.1	7.8	5.3
Contributions to entities	277.7	327.3	32.1	44.5	12.4	38.5
Interest payments	212.0	205.7	16.2	18.7	2.5	15.2
Capital	379.1	259.2	38.5	28.7	-9.8	-25.4
Primary balance⁽³⁾	51.1	145.5	59.8	63.4	3.5	-
Consolidated Fund balance	-160.9	-60.2	43.6	44.6	1.1	-

⁽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: National Statistics Office.

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

education sector. Programmes and initiatives also contributed to the increase in recurrent expenditure, driven by higher outlays in the health sector. Capital expenditure maintained its downward trend, registering a €9.8 million decrease in annual terms.

During the first eleven months of the year, the Consolidated Fund deficit narrowed to €60.2 million, from €160.9 million in the corresponding period of 2015. Revenue outpaced expenditure by a significant margin. Indeed, the primary balance registered a surplus of €145.5 million, a €94.4 million improvement over the corresponding period a year earlier. Revenue grew by 4.5%, as increases in direct and indirect tax inflows offset a decline in non-tax revenue, which in turn was due to lower grants received from the European Union. Expenditure grew at a slower pace of 1.0%, as lower capital expenditure partly offset increases in recurrent spending, driven mainly by programmes and initiatives and contributions to government entities.

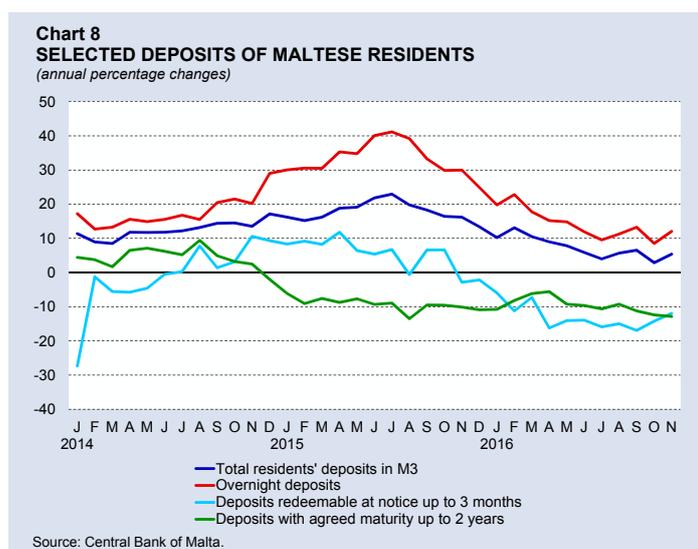
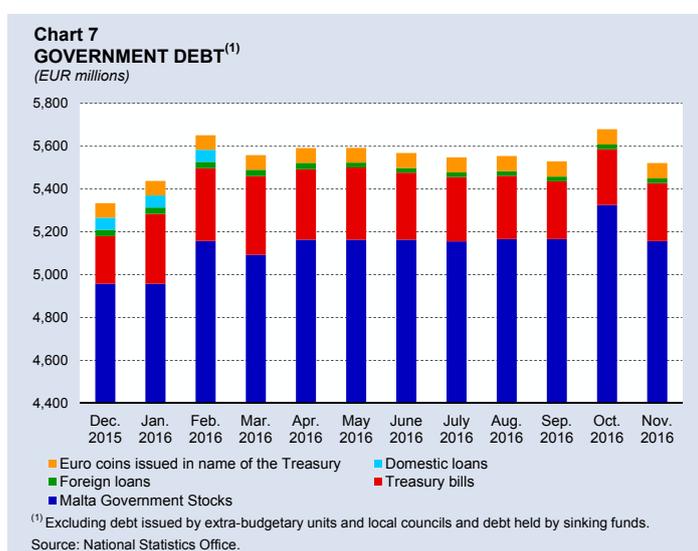
During November, total central government debt decreased by €158.2 million, to €5,521.7 million (see Chart 7). This decrease was driven by a redemption of Malta Government Stock which amounted to €186.4 million.

Deposits, credit and financial markets

Growth in residents' deposits forming part of broad money (M3) picked up significantly in November, with the annual rate rising to 5.4% from 2.9% in October (see Chart 8).

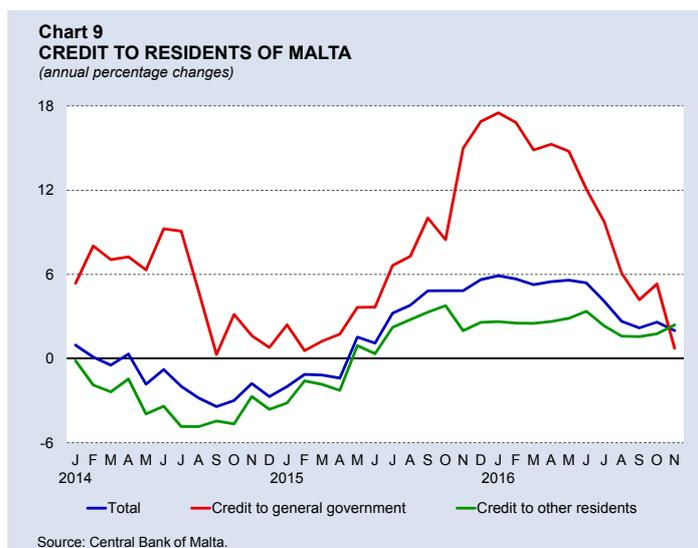
The acceleration in M3 deposits mainly reflected faster growth in overnight deposits. These rose by 12.1% on a year earlier, following an 8.5% increase in October. This faster growth in overnight deposits illustrates a continued preference for holding liquid assets in an environment of low interest rates.

In fact, deposits with an agreed maturity of up to two years continued to contract in November. They decreased by 12.9% on a year earlier, following a decline of 12.4% in October. Deposits



redeemable at notice up to 3 months, the smallest component of M3 deposits, also fell in annual terms.

On the asset side of banks' balance sheets, annual growth in credit to Maltese residents slowed to 2.0% in November, from 2.6% in October (see Chart 9). This deceleration was due to significantly slower growth in credit to general government. The annual rate of growth of this credit component eased to 0.7%, from 5.3% in October.

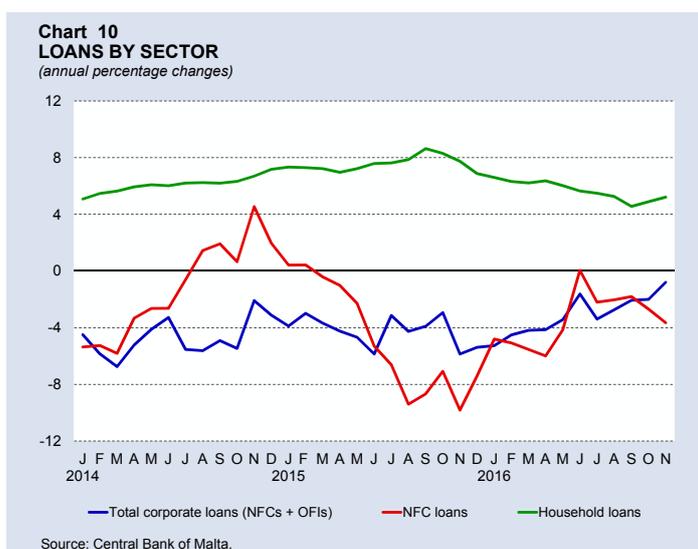


Contrastingly, credit to all other residents – which comprise non-financial corporations (NFCs), households and non-bank financial institutions (OFIs) accelerated in November. The annual growth rate reached 2.4%, up from 1.8% in October. Year-on-year growth in November was mainly driven by increases in loans, which grew at an annual rate of 2.2%, up from 1.4% during the previous month.

Loans to OFIs and households continued to expand. In particular, total loans to households grew by 5.2% in annual terms, following a 4.9% increase in October. Loans for house purchases accelerated, with an annual growth rate of 7.2% in November following 6.7% growth in October. However, consumer credit and other lending to households continued to contract.

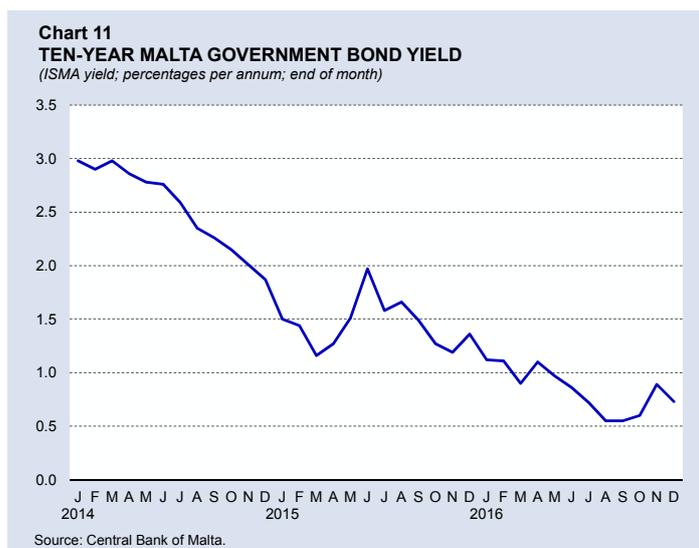
Loans to NFCs went down by 3.7% in annual terms in November, following a 2.7% decrease a month earlier (see Chart 10). This faster decline mainly reflected developments in loans to private NFCs, the main component. In November, year-on-year declines in loans to private NFCs were recorded across most sectors, save for energy and real estate. Loans to public sector NFCs declined at a slower pace compared with October.

Bank deposit rates declined slightly in November. The composite interest rate paid by monetary financial institutions (MFIs) on all euro-denominated deposits belonging to resident households and NFCs stood at 0.50% in November, down by 3 basis points from October. As a result, the composite deposit rate was 22 basis points below



its level one year earlier. The comparable rate charged on outstanding loans only declined by 2 basis points, to 3.68%. This implies a 15 basis point drop since November 2015.

In the secondary capital market, the yield on ten-year Maltese government bonds ended December at 0.73%, down from 0.89% at the end of the previous month (see Chart 11). During the last month of 2016, the Malta Stock Exchange (MSE) Index gained 3.6%.



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	2016	2016	2016	2016	2016	2016
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Prices and costs																						
HICP inflation	0.8	1.2	0.6	1.3	1.4	1.4	0.9	0.9	1.0	-	0.8	1.0	1.0	0.8	1.0	1.0	0.9	1.0	0.9	0.5	0.8	-
RPI inflation	0.3	1.1	0.7	1.4	1.2	1.1	0.5	0.6	0.8	-	0.5	0.3	0.5	0.4	0.7	0.8	0.7	0.8	0.8	0.4	0.7	-
Industrial producer price inflation	-0.6	-2.2	-1.3	-2.2	-2.2	-2.9	-1.5	0.1	0.0	-	-2.1	-0.9	-1.6	1.3	-0.3	-0.8	-0.3	0.2	0.0	-0.2	-1.1	-
HCI (nominal)	0.7	-5.5	-6.7	-7.3	-4.4	-3.3	1.7	3.1	1.5	-	0.1	1.9	3.1	4.2	3.0	2.1	2.6	1.4	0.6	1.0	2.5	-
HCI (real)	-0.1	-9.8	-12.4	-12.9	-7.7	-5.9	2.4	5.2	2.3	-	-0.6	2.8	5.2	7.1	5.2	3.4	4.2	2.1	0.5	0.7	3.6	-
Unit labour costs, whole economy ⁽¹⁾	-1.6	0.0	-0.8	-0.8	-1.0	0.0	0.3	1.0	1.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	1.4	3.8	2.1	2.8	3.2	3.8	4.1	3.4	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	3.1	3.8	2.9	3.5	4.2	3.8	3.8	2.6	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (NSO)	2.6	4.0	2.7	3.6	6.7	3.1	3.8	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																						
Nominal GDP	10.4	9.8	9.7	10.0	9.8	9.6	7.7	5.1	4.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	8.4	7.4	7.8	7.7	7.3	7.1	5.5	3.4	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	2.6	5.5	3.9	3.9	6.9	7.2	6.2	2.2	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	7.0	4.7	3.1	5.0	-0.8	11.2	6.8	3.1	-7.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	8.8	49.8	12.4	75.5	78.9	37.0	17.0	-2.7	-22.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	5.1	4.3	1.1	5.0	5.4	5.5	4.9	-0.4	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	1.5	7.7	-0.7	11.1	13.4	7.0	6.6	-1.6	-5.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour market developments																						
LFS unemployment rate (% of labour force)	5.8	5.4	5.7	5.4	5.2	5.2	4.9	4.9	4.8	-	-	-	-	-	-	-	-	-	-	-	-	-
LFS employment	3.3	2.3	1.7	1.8	2.8	3.0	2.6	3.5	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus gainfully occupied	4.0	4.6	4.9	5.2	4.2	4.2	4.0	4.5	-	-	3.9	4.0	4.0	4.3	4.7	4.4	-	-	-	-	-	-
Balance of payments																						
Current account (as a % of GDP) ⁽²⁾	9.6	5.2	10.7	8.5	5.2	5.2	4.3	4.2	6.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																						
Maltese residents' deposits and loans																						
Overnight deposits	29.0	24.9	30.5	40.1	33.3	24.9	17.8	11.9	13.3	-	19.8	22.8	17.8	15.2	14.8	11.9	9.5	11.3	13.3	8.5	12.1	-
Deposits with agreed maturity up to 2 years	-2.0	-10.9	-7.6	-9.3	-9.5	-10.9	-6.2	-9.6	-11.2	-	-10.7	-8.2	-6.2	-5.6	-9.3	-9.6	-10.6	-9.3	-11.2	-12.4	-12.9	-
Total residents' deposits in M3	17.2	13.4	16.2	21.8	18.3	13.4	10.5	5.9	6.5	-	10.2	13.1	10.5	9.0	7.8	5.9	4.0	5.7	6.5	2.9	5.4	-
Credit to general government	0.8	16.9	1.2	3.7	10.0	16.9	14.9	12.1	4.2	-	17.5	16.8	14.9	15.3	14.8	12.1	9.8	6.1	4.2	5.3	0.7	-
Credit to other residents	-3.6	2.5	-1.8	0.4	3.3	2.6	2.5	3.4	1.6	-	2.6	2.5	2.5	2.6	2.9	3.4	2.3	1.6	1.6	1.8	2.4	-
Total credit	-2.7	5.6	-1.2	1.1	4.8	5.6	5.3	5.4	2.2	-	5.9	5.7	5.3	5.5	5.6	5.4	4.1	2.7	2.2	2.6	2.0	-
10-year interest rate (%) ⁽³⁾	1.9	1.4	1.2	2.0	1.5	1.4	0.9	0.9	0.6	0.7	1.1	1.1	0.9	1.1	1.0	0.9	0.7	0.6	0.6	0.6	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	0.0	-2.1	3.7	0.9	1.8	0.2	-0.4	-1.7	2.0	-2.0	-0.7	0.6	1.7	-1.6	3.6
General government finances (% of GDP)																						
Surplus (+) / deficit (-) ⁽⁵⁾	-2.0	-1.3	-2.2	-1.8	-1.6	-1.3	-0.2	0.4	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁵⁾	64.3	60.8	65.5	64.2	62.9	60.8	62.1	61.4	60.4	-	-	-	-	-	-	-	-	-	-	-	-	-

⁽¹⁾ Four-quarter moving averages.

⁽²⁾ Four-quarter moving sums.

⁽³⁾ End of period.

⁽⁴⁾ Period-on-period percentage changes, based on end-of-month data.

⁽⁵⁾ GDP data are four-quarter moving sums.

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