

SUPPLEMENT TO THE QUARTERLY REVIEW 2013:3

Real gross domestic product in the third quarter of 2013

Economic growth slows down

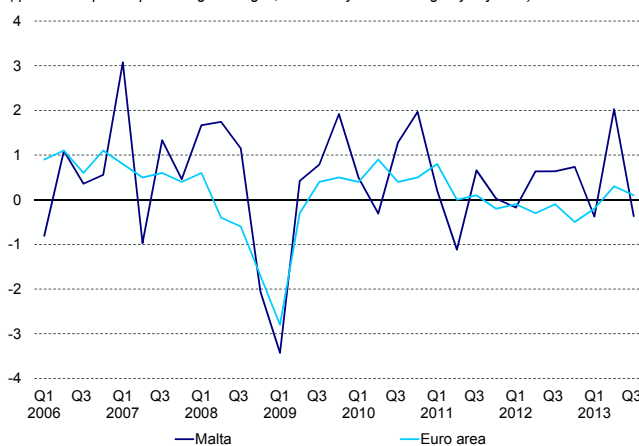
On 9 December 2013 the National Statistics Office (NSO) published gross domestic product (GDP) estimates for the third quarter of the year.¹

The annual rate of growth of real GDP slowed down to 1.9% in the third quarter of 2013, from 3.3% in the previous quarter (see Table 1). The latter was revised down from the previous estimate of 3.6%. In quarter-on-quarter terms, seasonally adjusted real GDP contracted by 0.4% in Malta, after having increased by a relatively strong 2.0% in the second quarter. In the euro area as a whole, economic activity increased by 0.1% during the third quarter (see Chart 1).²

Chart 1

REAL GDP GROWTH

(quarter-on-quarter percentage changes; seasonally and working day adjusted)



Source: Eurostat.

Net exports remain stable

In the third quarter of 2013 both exports and imports rose compared to a year earlier (see Table 1). Net exports remained positive and were slightly higher compared to the third quarter of 2012, as the increase in exports, in absolute terms, exceeded that in imports. They contributed 0.1 percentage points to real GDP growth. Following a sharp annual fall in the previous quarter, exports increased by 2.4% on a year earlier. Sales of goods drove export growth, while exports of services also increased. Imports also rebounded, going up by 2.6% on a year earlier. Imports of both goods and services went up compared with the third quarter of 2012, with the rise mainly due to increased imports of goods.

Domestic demand increases

Domestic demand increased in annual terms, following a drop in the previous quarter, raising real GDP growth by 1.8 percentage points. This was mainly due to developments in inventory changes, though private consumption also contributed. With changes in inventories & acquisitions, which include the statistical discrepancy, less negative compared to a year earlier, they boosted GDP growth by 2.5 percentage points.

Meanwhile, private consumption was up by 0.5% on a year earlier, with its contribution to GDP growth standing at 0.3 of a percentage point.

¹ See NSO News Release 237/2013. These statistics are not commented on in the main text of the *Quarterly Review 2013:3*, as they became available after the *Review's* cut-off date.

² The data for the euro area shown in Chart 1 are in line with the GDP estimate for the third quarter of 2013 published on 9 December 2013.

Table 1
GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

	2012		2013		
	Q3	Q4	Q1	Q2	Q3
	<i>Annual percentage changes</i>				
Private final consumption expenditure	-0.5	1.0	0.6	1.1	0.5
Government final consumption expenditure	8.0	2.2	-1.0	1.2	-1.2
Gross fixed capital formation	-3.9	-11.3	1.9	-6.2	-6.2
Changes in inventories (% of GDP) ⁽¹⁾	-3.9	-2.2	2.8	-0.5	-1.4
Domestic demand	-0.1	-1.0	6.6	-2.0	2.0
Exports of goods & services	13.6	-5.1	-7.0	-14.2	2.4
Imports of goods & services	13.8	-7.9	-2.4	-18.8	2.6
Gross domestic product	1.1	1.9	1.5	3.3	1.9
	<i>Percentage point contributions</i>				
Private final consumption expenditure	-0.3	0.7	0.4	0.7	0.3
Government final consumption expenditure	1.4	0.4	-0.2	0.2	-0.2
Gross fixed capital formation	-0.5	-1.7	0.3	-0.8	-0.8
Changes in inventories ⁽¹⁾	-0.7	-0.4	6.0	-2.0	2.5
Domestic demand	-0.1	-1.0	6.5	-1.9	1.8
Exports of goods & services	13.1	-5.4	-7.7	-17.0	2.6
Imports of goods & services	-11.9	8.3	2.6	22.3	-2.5
Net exports	1.2	2.9	-5.0	5.3	0.1
Gross domestic product	1.1	1.9	1.5	3.3	1.9

⁽¹⁾ Includes acquisitions less disposal of valuables.

Source: NSO.

In contrast, investment continued to fall during the third quarter of 2013. Gross fixed capital formation decreased by 6.2% on a year earlier, matching the decline recorded three months earlier. The drop in investment reflected lower spending on non-residential construction, transport and machinery. Dwelling investment picked up, however.

After having expanded in the previous quarter, government consumption fell by 1.2% on a year earlier. The drop in government consumption during the third quarter of 2013 partly reflected a reduction in intermediate consumption, while compensation of employees continued to grow.