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ABBREVIATIONS

ECB	European Central Bank
EEA	European Economic Area
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 ECB raised key interest rates by 25 basis points in both April and July, in the light of upside risks to price stability at that time. As a result the interest rate on the MRO was raised to 1.50%. The rates on the marginal lending facility and on the deposit facility were increased to 2.25% and 0.75%, respectively. However, at its meeting in early November the Governing Council lowered its official interest rates by 25 basis points in the light of increased signs of a more pronounced slowdown in euro area economic activity.

During the second quarter, the Eurosystem continued to implement non-standard monetary policy measures to support the functioning of the financial system in the euro area. In particular, MROs and special-term refinancing operations with a maturity of one maintenance period continued to be conducted as fixed rate tender procedures with full allotment. Three-month LTROs were also carried out using this procedure, with the interest rate set at the average MRO rate over the life of the respective operation.

Between June and October, the Eurosystem decided to maintain these operations for as long as necessary and apply the full allotment procedure also for the three-month LTROs to be allotted during the second half of 2011 and the first half of 2012. The Eurosystem also decided to extend the full allotment procedure to three new liquidity providing supplementary LTROs with maturities of between six and 13 months. The Eurosystem also announced the suspension of the application of certain collateral eligibility requirements for marketable debt instruments issued or guaranteed by the Portuguese government and to extend its liquidity swap arrangements with the Federal Reserve and the Bank of England into 2012. It also announced its intention to launch a second covered bond purchase programme in November.

These measures were taken against the background of stronger signs of dysfunctional financial markets and contagion as a result of the intensification of the sovereign debt crisis in the euro area.

Economic performance in the euro area weakened. In fact, during the second quarter of the year real GDP in the euro area expanded at a slower pace than in recent quarters, growing by 1.6% in annual terms following 2.4% in the first quarter. This slowdown was mainly attributable to investment, although private and government consumption also grew more moderately than before. Nonetheless, domestic demand remained the main driver of the annual expansion in economic activity.

Meanwhile, annual HICP inflation in the euro area increased to 2.8% in April before returning to its March level of 2.7% in May and June, largely reflecting developments in energy prices during the quarter. It eased further at the beginning of the third quarter, standing at 2.5% in July and August, mainly reflecting changes in non-energy industrial goods inflation, but rose to 3.0% in September.

According to the September 2011 ECB staff macroeconomic projections, annual real GDP growth in the euro area is projected to lie between 1.4% and 1.8% in 2011 and between 0.4% and 2.2% in 2012. The average annual rate of inflation is expected to lie between 2.5% and 2.7% in 2011, before easing to between 1.2% and 2.2% in 2012.

In contrast with the slowdown in the euro area as a whole, in Malta annual GDP growth was sustained in the second quarter of the year, standing at 2.8% following 2.3% in the first quarter. The second quarter expansion was driven by net exports, as a drop in investment partly offset the

moderate contributions by private and government consumption. Changes in inventories, which include the statistical discrepancy, had a negative impact on GDP growth during the quarter.

Labour market conditions remained broadly favourable in the second quarter, with LFS data and ETC records both pointing to further increases in employment. The unemployment rate, however, edged up somewhat, with the LFS measure standing at 6.7% following 6.4% in the previous quarter.

Annual consumer price inflation measured in terms of the HICP rose to 3.1% in June from 2.8% in March. The rise mostly reflected developments in the non-energy industrial goods and processed food components. Inflation then eased to 2.2% in July before rising again to 2.7% in September.

With regard to competitiveness indicators, during the second quarter Malta's ULC measured as a four-quarter moving average declined by 0.2% on the previous quarter, as productivity gains outpaced those in compensation per employee. On the basis of the HCI compiled by the ECB, Malta's competitiveness deteriorated in the quarter reviewed, in both real and nominal terms, reflecting exchange rate developments and a widening in Malta's inflation differential against its major trading partners.

In the external sector, the surplus on the current account of the balance of payments decreased compared with the same quarter of 2010, mainly because larger net income outflows offset a smaller visible trade gap. Nevertheless, the current account balance expressed as a four-quarter moving sum showed a deficit equivalent to 3.0% of GDP.

The contribution of resident MFIs to the euro area broad money stock, which approximates the broad money aggregate (M3) in Malta, continued to expand, although at a slower pace compared with the first quarter of 2011. The year-on-year growth rate eased to 3.9% in June from 4.8% in March. The annual rate of expansion in credit to residents continued on a downward trend, dropping to 3.9% from 4.3% over the same period. In the primary market, yields ended the quarter at around the same levels recorded in the first quarter. In the secondary market, however, the yield on three-month Treasury bills increased, whereas that on ten-year government bonds declined. During the third quarter, ten-year bond yields edged down further whereas three-month primary market yields rose.

In the second quarter of 2011 the general government deficit rose by EUR29.3 million over the same period in 2010, to EUR107.0 million. At the same time gross general government debt increased by EUR354.8 million to stand at EUR4,527.8 million at the end of June.

An intensification of financial market tensions against a background of a further deterioration in euro area sovereign debt markets poses a negative risk for the domestic economy. This notwithstanding, the commitment to budgetary consolidation should be maintained and reinforced in order to ensure that the official fiscal targets for the current year and beyond are met. This would also allow the government debt ratio to be gradually reduced.

The weakening global economic environment also presents a challenge to the Maltese economy. A sustainable level of economic growth and economic resilience depend on the efficient use of resources and improvements in labour productivity, which could be enhanced by a reinforcement of market mechanisms.

ECONOMIC SURVEY

1. INTERNATIONAL ECONOMIC DEVELOPMENTS AND THE EURO AREA ECONOMY

Amid heightened tensions in the financial markets, economic activity moderated in the major industrial economies during the second quarter of 2011, while the Japanese economy contracted further. On the other hand, the main emerging market economies continued to expand strongly. Notwithstanding the slowdown in economic growth, inflationary pressures persisted worldwide, mainly reflecting higher energy prices.

Economic activity in the euro area increased during the second quarter, although at a slower rate than in previous quarters. At the same time, both area-wide HICP inflation and the unemployment rate remained stable. The ECB staff macroeconomic projections, published in September, pointed to only modest real GDP growth during the second half of 2011, with economic activity gradually set to gain momentum in 2012. At the same time, HICP inflation was expected to remain above 2% this year, before easing in 2012. In response to emerging inflationary pressures, the ECB raised its main interest rates by 25 basis points on two occasions, in April and in July 2011, bringing the MRO rate to 1.50%. Prior to these increases official rates had been kept unchanged at historically low levels for almost two years.

More recently, the economic outlook for the euro area deteriorated as a result of ongoing tensions in financial markets. Consequently, price pressures in the euro area were likely to moderate. In response, on 3 November, the ECB lowered key interest rates by 25 basis points, so that the MRO rate dropped to 1.25%.

International economic developments

US economic growth moderates further

Economic activity in the United States slowed down in the second quarter of 2011. Real GDP increased by 1.6% on an annual basis, from 2.2% in the previous quarter (see Table 1.1). Growth was mainly driven by domestic demand, primarily by household consumption and private investment, although they both expanded at a slower rate than in the previous quarter. On the other hand, government expenditure and inventory changes contributed negatively to growth. Imports and exports increased less rapidly than in the previous quarter, but as the latter rose faster than

Table 1.1
REAL GDP GROWTH

Annual percentage changes; seasonally adjusted

	2010			2011	
	Q2	Q3	Q4	Q1	Q2
United States	3.3	3.5	3.1	2.2	1.6
Euro area	2.1	2.1	1.9	2.4	1.6
United Kingdom	2.2	2.6	1.5	1.6	0.6
Japan	3.3	4.8	2.5	-0.7	-1.1

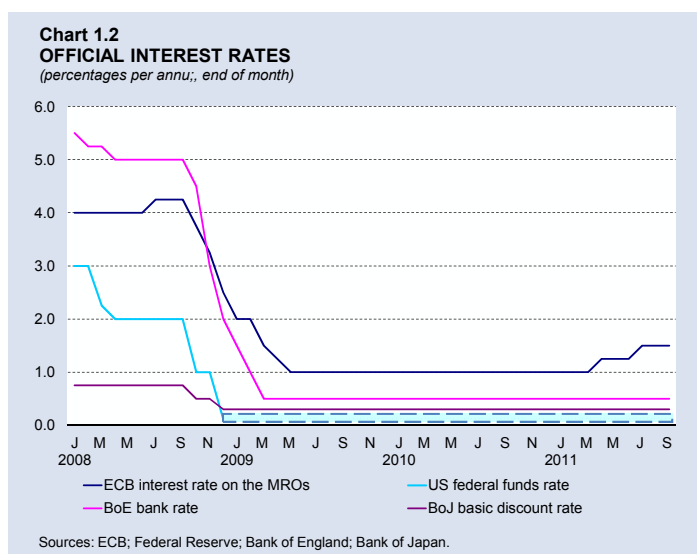
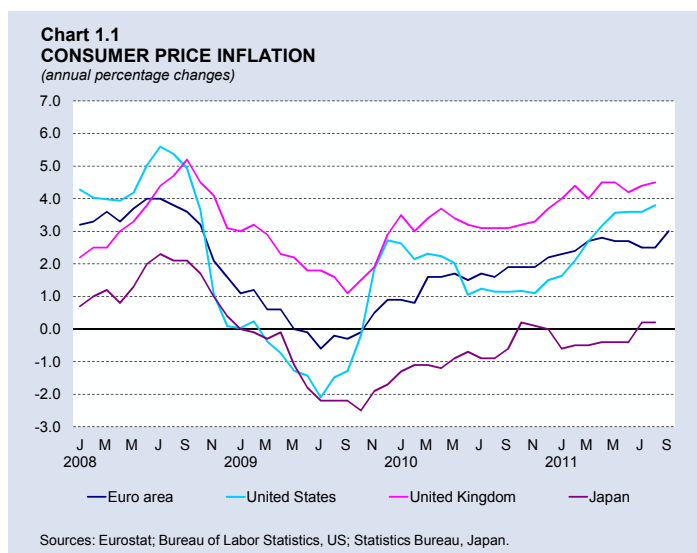
Sources: Eurostat; Bureau of Labor Statistics, US; Statistics Bureau, Japan.

the former, net exports contributed positively to GDP growth. This was the first positive contribution by the balance of trade towards economic growth since the March quarter of 2010. On a quarter-on-quarter basis, real GDP expanded slightly faster than before, rising by 0.3% in the second quarter of 2011 from 0.1% in the previous quarter. In line with a moderation in economic growth, the unemployment rate picked up again, rising to 9.2% in June from 8.8% in March. The jobless rate moderated slightly to 9.1% in August.

Despite the slowdown in activity, consumer price inflation in the United States accelerated further during the second quarter of 2011 (see Chart 1.1). The annual inflation rate rose to 3.6% in June from 2.7% in March, mainly reflecting higher energy and food prices. In September, it edged up to 3.9%.

The Federal Reserve maintained the federal funds rate target in a range between zero and 0.25% during the second quarter of 2011 (see Chart 1.2). Moreover, it continued to inject liquidity into financial markets by reinvesting principal payments from its securities holdings, while it also completed the USD600 billion longer-term Treasury securities purchase programme. Throughout the September quarter, the US central bank maintained official interest rates unchanged, though towards the end of the period it announced additional purchases of long-term Treasury securities, while disposing of an equivalent amount of short-term paper, in a bid to influence the shape of the yield curve.

Ten-year US government bond yields declined throughout the second quarter of 2011, ending June at 3.16%, or 31 basis points lower than at end-March (see Chart 1.3). Yields fell following downward revisions to growth prospects for the US, as the economic outlook deteriorated. Moreover, the re-emergence of tensions in the euro area sovereign debt markets triggered safe-haven flows and



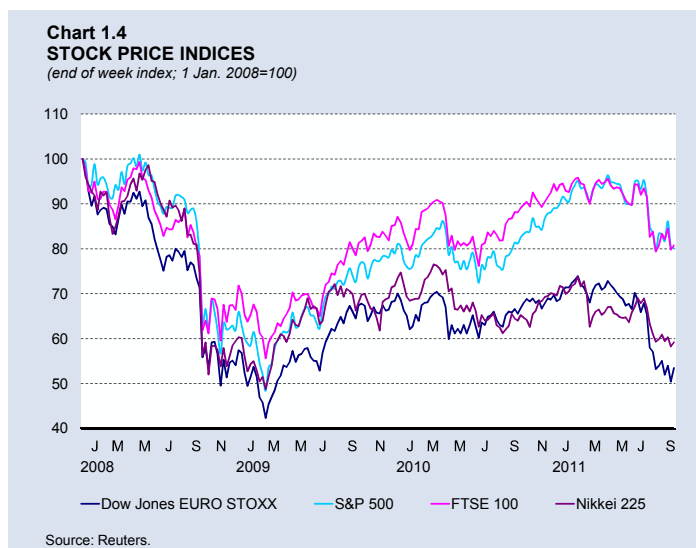
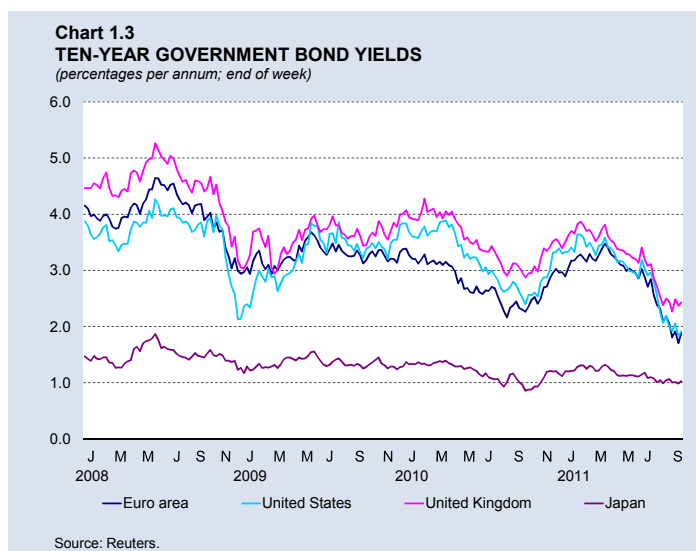
boosted demand for Treasury securities. Similarly, continuing political tensions in North Africa and in the Middle East contributed to the decline in yields. Ten-year bond yields fell further in the following quarter. Concern about the weakness of the global economic recovery and sovereign debt problems in some euro area countries overshadowed the debate on the US debt ceiling and triggered significant risk aversion towards end-July and in early August, leading to rising demand for US government bonds. Over the quarter ten-year bond yields fell to 1.92%.

During the second quarter the Standard & Poor 500 Index of US equity prices fell slightly after three consecutive quarterly increases (see Chart 1.4). Equity prices were initially supported by positive news on corporate earnings, but eventually lost their earlier gains owing to unfavourable macroeconomic news in the United States and downward revisions to GDP forecasts. Tensions in euro area sovereign debt markets

also contributed to the fall in share prices, which ended June 0.4% lower than end-March. The index fell sharply in the following quarter, mirroring the risk-averse behaviour that also impacted on the bond market, ending September 14.3% lower than end-June.

UK economic growth slows down

During the second quarter, real GDP growth in the United Kingdom moderated to 0.6% on an annual basis, from 1.6% in the March quarter. Annual GDP growth was entirely driven by net exports, as exports grew faster than imports, although both components expanded at a slower pace than in the previous quarter. Private consumption and investment dampened growth, while government expenditure accelerated. Meanwhile, real GDP expanded by 0.1% on a quarter-on-quarter basis, from 0.4% in the previous quarter. Labour market conditions weakened slightly during the second quarter, as the unemployment rate rose to 8.0% in June from 7.7% in March. Going forward, the jobless rate rose to 8.1% in July.



During the second quarter, annual consumer price inflation increased further, reaching 4.5% in April and remaining at that rate in the following month. This reflected the rise in the standard VAT rate to 20% in January 2011, higher energy costs and rising import prices, with the latter mainly stemming from non-energy commodities. However, HICP inflation decelerated to 4.2% in June, but still remained above the 4.0% level registered in March. In the third quarter consumer price inflation continued to increase, reaching 4.5% in August.

During the second and third quarters of 2011, the Bank of England kept its official bank rate at 0.50% and maintained its asset purchase programme. The Bank considered its current monetary policy stance appropriate, since the downward pressure on prices stemming from weak demand growth was expected to offset temporary factors supporting higher prices.

Ten-year UK government bond yields mirrored those in the United States during the June quarter, declining by 30 basis points. Yields rose marginally in the beginning of the quarter but then fell continuously, ending June at 3.39%. Bond yields recovered in early July but declined thereafter, ending September at 2.43%.

UK equity prices, as measured by the FTSE 100, rose slightly over the second quarter of 2011, closing 0.6% above their end-March level. Going into the September quarter, however, the FTSE 100 index fell sharply in early August and ended the quarter 13.7% lower than in the same period three months previously.

Japanese economic activity declines further

The Japanese economy contracted further in the June quarter in the wake of the major natural disasters in March, which disrupted output. Real GDP fell by 1.1% on an annual basis after a 0.7% decrease in the March quarter. Net exports acted as the major contributor to this decline, as exports fell and imports grew at a much slower pace than in the previous quarter. Household consumption and private investment also contracted in annual terms. On the other hand, government expenditure and inventory changes contributed positively to real GDP. On a quarterly basis, output contracted by 0.5% after a decline of 0.9% in the previous quarter. Labour market conditions were broadly stable as the unemployment rate remained at 4.6% in June, unchanged compared with March. The jobless rate rose to 4.7% in July.

Annual consumer price inflation in Japan remained negative at -0.4% during the second quarter of 2011, marginally higher than in March. Inflation accelerated in the following quarter and turned positive to reach 0.2% in August.

During the second and third quarters of 2011, the Bank of Japan kept the basic discount rate unchanged at 0.3% and sustained its targeted uncollateralized overnight call rate in a range of between zero and 0.1%. In April, the central bank set the framework for a liquidity programme to support financial institutions in areas hit by natural disasters in the previous month. In June, it launched a credit programme for equity investments and asset-based lending.

Ten-year Japanese government bond yields rose at the beginning of the second quarter of 2011. They then declined for most of May and June, shedding all previous gains and ending the quarter at 1.14%, 12 basis points lower than at end-March. Bond yields extended their downward path in the following quarter, ending September at 1.03%.

Equity prices, as measured by the Nikkei 225, rose slightly during the second quarter of 2011, increasing marginally by early May but then losing some of the previous gains. Towards the end of June, the Nikkei index briefly recovered and ended the quarter 0.6% higher than its level three months earlier. Share prices fell significantly in the following quarter, however, ending September 11.4% lower than at the end of the previous quarter.

Further strong economic growth in emerging Asian economies

The major emerging Asian economies continued to grow strongly during the second quarter of 2011 even though real GDP growth in China slowed down to 9.5% in the June quarter from 9.7% in the previous quarter. Economic activity in China was mainly driven by investment. Meanwhile, economic growth in India accelerated to 8.5% from 7.7% in the first quarter.

Price pressures in both countries persisted during the second quarter of 2011. Annual consumer price inflation in China accelerated to 6.4% in June from 5.4% in March, primarily driven by higher food prices. The inflation rate fell marginally to 6.3% in August. Conversely, in India, the wholesale price inflation declined to 9.4% in June from 9.7% in March as food price inflation eased.

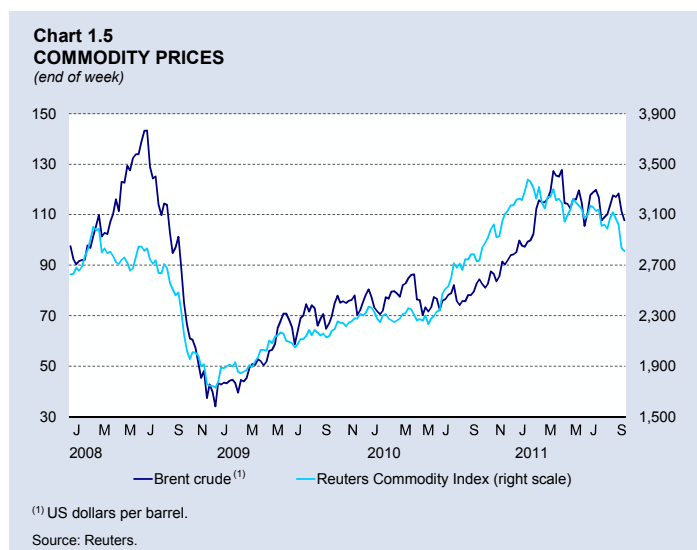
Commodities

Oil prices decline

Following three quarters of consecutive increases, the price of Brent crude oil registered a decline in the second quarter of 2011 (see Chart 1.5). Brent crude initially rose, driven by supply disruptions generated by the political unrest in the Middle East and North Africa and by strong demand, and peaked at USD127.7 per barrel on 28 April. Subsequently, oil prices dropped sharply amid concerns about the sovereign debt crisis in Europe, with Brent falling to USD112.3 by the end of June, 4.8% lower than at end-March. In the following quarter, oil prices fell further, reaching USD107.7 per barrel at end-September.

Commodity prices decline

Prices of non-energy commodities, as measured by the Reuters Commodity Index, fell during the second quarter of 2011 (see Chart 1.5).¹ The index declined by 3.1% during this period, after having risen for three consecutive quarters. Food prices decreased during the quarter, driven by positive prospects for crops such as wheat, while concerns about the global economy dragged down metal prices. Commodity prices declined further in the following quarter, falling by 10.5% by end-September.

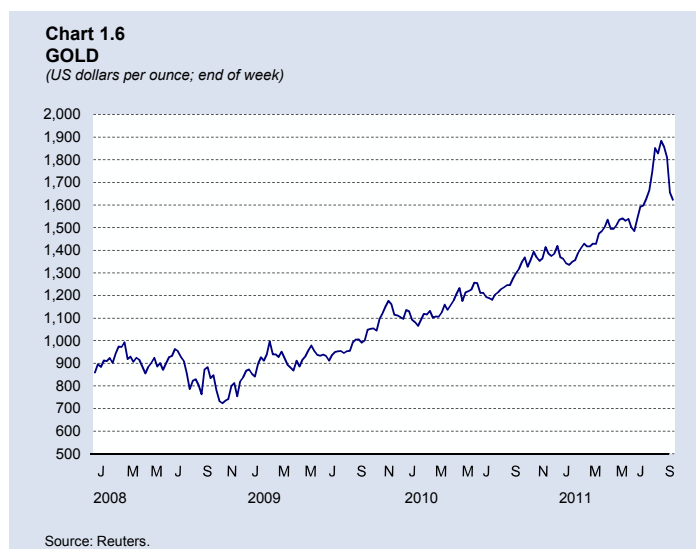


¹ The Reuters Commodity Index is a weighted index of the prices of 17 commodities that include food, beverages, vegetable oils, agricultural raw materials and metals but exclude oil and gold.

Gold price continues to break record highs

The price of gold generally continued to increase during the second quarter of 2011, extending the upward trend that had begun in the final quarter of 2008 (see Chart 1.6). Gold acted as a safe haven for investors and reached a historical high of USD1,563.60 per ounce on 29 April. Demand for the metal was mainly supported by concerns about the euro area sovereign debt markets and uncertainty surrounding the increase in the US government debt ceiling and

its sovereign credit rating, which weakened the US dollar. The price of gold eased marginally during the rest of the quarter, but ended June 4.9% higher than end-March, at USD1,499.60. Gold prices accelerated substantially in the following quarter, rising by 8.2% to end September at USD1,623.25.



Economic and monetary developments in the euro area

GDP growth in the euro area slows down

Economic activity in the euro area remained buoyant during the second quarter of 2011. However, the rate of growth was slower than in recent quarters. Real GDP expanded by 1.6% on an annual basis, after growing by around 2.0% in each of the previous four quarters. Compared with the first quarter of 2011, annual growth was lower by 0.8 percentage points (see Table 1.2).

Table 1.2
REAL GDP GROWTH IN THE EURO AREA

Seasonally adjusted

	2010		2011	
	Q3	Q4	Q1	Q2
<i>Annual percentage changes</i>				
Private consumption	1.1	1.2	0.9	0.5
Government consumption	0.2	-0.2	0.7	0.3
Gross fixed capital formation	0.7	1.2	3.8	1.7
Domestic demand	1.8	1.8	2.1	1.3
Exports	11.1	10.6	8.8	5.3
Imports	10.7	10.7	8.3	4.5
GDP	2.1	1.9	2.4	1.6
<i>Percentage point contributions</i>				
Private consumption	0.6	0.7	0.5	0.3
Government consumption	0.0	0.0	0.2	0.1
Gross fixed capital formation	0.1	0.2	0.7	0.3
Changes in inventories	1.0	0.9	0.7	0.5
Domestic demand	1.7	1.8	2.1	1.2
Net exports	0.3	0.2	0.3	0.4
GDP	2.1	1.9	2.4	1.6

Source: Eurostat.

The slowdown in annual real GDP growth in the June quarter, when compared with the March quarter, was mainly attributed to investment. The annual rate of growth of gross fixed capital formation, which had accelerated in the previous quarter, fell to 1.7%, so that its contribution to GDP growth decreased by 0.3 percentage points. Both private and public consumption slowed down, with their contribution to GDP growth dropping accordingly. As a result, the rate of growth of domestic demand slowed by 0.8 percentage points during the quarter.

Year-on-year GDP growth in the quarter under review was mainly driven by domestic demand, which expanded by 1.3%, primarily due to increases in investment. Nevertheless, net exports also contributed positively to GDP growth, since exports increased at a faster rate than imports during the quarter, though both export and import growth lost momentum.

HICP inflation stabilises

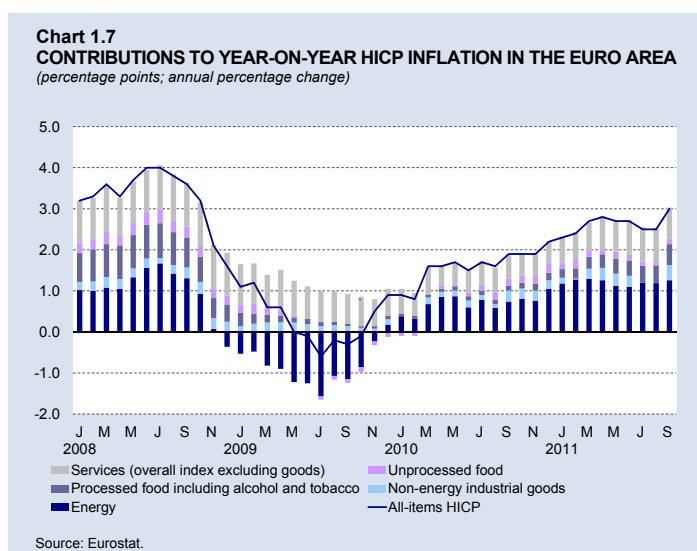
Annual HICP inflation in the euro area increased to 2.8% in April before returning to its March level of 2.7% in May and June (see Chart 1.7). Meanwhile, core inflation, measured by excluding energy and food prices from the HICP, continued to increase, going from 1.3% to 1.6% between March and June.

After the significant increase seen in the course of 2010, mainly due to rising energy and commodity prices, annual area-wide HICP inflation remained above the 2% mark during the first half of the year. Nevertheless, data issued during the quarter under review seem to point to a levelling off of inflation rates, as the annual growth rate of energy prices declined, while still remaining in double-digit figures. Indeed, over the second quarter, the rate dropped by more than two percentage points to 10.9%. Smaller changes occurred within the other four major HICP components, with the annual rate of change of the processed food and services components rising slightly, that of unprocessed food falling marginally and that of non-energy industrial goods remaining unchanged.

Going into the third quarter, headline inflation decreased to 2.5% in July, remaining at that level in August, before rising to 3.0% in September.

Euro area labour market remains stable

Euro area labour market conditions were stable during the quarter under review. The annual rate of growth of employment increased marginally, rising by 0.1 percentage points to 0.4% and by 0.2 percentage points to 0.3% on a quarterly basis. Similarly, the unemployment rate remained broadly unchanged, going from 9.9% in March and April to 10.0% in May and remaining at that rate until August (see Chart 1.8).



Real GDP forecasts revised downwards

In the latest ECB staff macroeconomic projections published in September, real GDP is projected to increase only modestly during the second half of 2011, with the growth momentum in the euro area weakened by a combination of adverse external developments and several domestic factors related to the sovereign debt crisis, including lower equity prices, the tightening of the fiscal stance, stricter credit supply conditions and heightened uncertainty. In 2012

euro area economic activity is expected to gradually pick up again as exports rise supported by higher foreign demand, while domestic demand gradually strengthens. As a result, annual real GDP growth is set to be between 1.4% and 1.8% in 2011 and between 0.4% and 2.2% in 2012 (see Table 1.3). When compared with the Eurosystem staff projections released in June, both ranges have been revised downwards.

HICP inflation is expected to remain at a high level largely owing to the impact on energy and food prices from strong past increases in oil and non-oil commodity prices. Overall, average annual headline inflation is expected to range between 2.5% and 2.7% in 2011 and between 1.2% and 2.2% in 2012.

ECB raises key interest rates

The Governing Council of the ECB decided to raise key interest rates by 25 basis points twice, on 7 April and 7 July, after keeping them unchanged at historically low levels for almost two years. This put the MRO rate at 1.50%. The Council, in both instances, said that the increase was warranted in the light of upside risks to price stability, and was aimed at keeping inflation expectations firmly anchored.

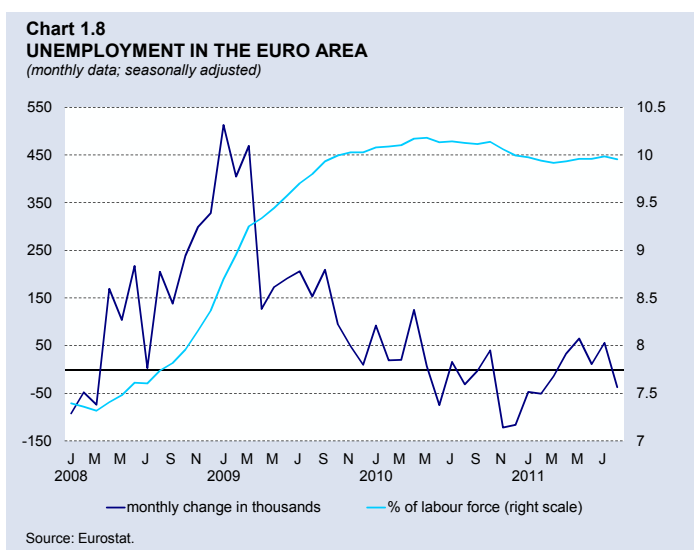


Table 1.3

MACROECONOMIC PROJECTIONS FOR THE EURO AREA⁽¹⁾

Average annual percentage changes; working-day-adjusted data

	2010	2011	2012
Private consumption	0.8	0.3 – 0.7	0.0 – 1.6
Government consumption	0.5	-0.2 – 0.8	-0.7 – 0.5
Gross fixed capital formation	-0.8	2.2 – 3.6	0.8 – 5.4
Exports	11.0	5.6 – 8.4	2.3 – 9.7
Imports	9.3	4.7 – 7.3	2.0 – 9.2
Real GDP	1.7	1.4 – 1.8	0.4 – 2.2
HICP	1.6	2.5 – 2.7	1.2 – 2.2

⁽¹⁾ ECB staff macroeconomic projections (Sept 2011).

Source: ECB.

Between April and September, the Eurosystem continued to implement non-standard monetary policy measures. In June, the Council decided to keep conducting MROs and the special-term refinancing operations with a maturity of one maintenance period as fixed rate tender procedures with full allotment for as long as necessary. It also decided to conduct the three-month longer-term refinancing operations (LTROs) to be allotted during the third quarter of 2011 as fixed rate tender procedures with full allotment.

On 7 July, the Council decided to suspend, until further notice, the application of the minimum credit rating threshold in the collateral eligibility requirements for the Eurosystem's credit operations in the case of marketable debt instruments issued or guaranteed by the Portuguese government.

In the light of renewed tensions in euro area financial markets, the Governing Council decided on 4 August to conduct a liquidity-providing supplementary LTRO with a maturity of approximately six months as a fixed rate tender procedure with full allotment. In addition, it decided to keep conducting its MROs and the special-term refinancing operations with a maturity of one maintenance period as fixed rate tender procedures with full allotment for as long as necessary, and at least until 17 January 2011 for the MROs, and until 31 December 2011 for the special-term refinancing operations. It also decided to conduct the three-month longer-term refinancing operations (LTROs) to be allotted during the last quarter of 2011 as fixed rate tender procedures with full allotment.

The ECB extended a number of liquidity swap arrangements with other central banks. On 29 June the ECB, in coordination with other central banks, decided to extend the liquidity swap arrangements with the Federal Reserve, established in May 2010, for an additional year up to 1 August 2012. In addition, a similar decision was taken on 15 September to conduct three US dollar liquidity-providing operations with a maturity of approximately three months covering the period till the end of the year. Lastly, on 25 August, the ECB, in agreement with the Bank of England, decided to extend their liquidity swap arrangement, established on 17 December 2010, for an additional year up to 28 September 2012.

Broad money growth slows down

The annual growth rate of the broad monetary aggregate M3 slowed down during the second quarter of 2011, going to 1.9% in June from 2.2% in March (see Table 1.4).

Table 1.4
EURO AREA MONETARY AGGREGATES

Annual percentage changes; seasonally adjusted

	2011					
	Mar.	Apr.	May	June	July	Aug.
M1	2.9	1.6	1.2	1.3	1.0	1.7
Currency in circulation	3.7	4.3	4.3	4.1	4.3	4.5
Overnight deposits	2.8	1.1	0.6	0.7	0.3	1.1
M2-M1 (Other short-term deposits)	2.3	3.3	3.9	3.7	3.7	3.3
Deposits with an agreed maturity of up to two years	-0.2	2.2	3.1	3.1	3.5	3.0
Deposits redeemable at notice of up to three months	4.8	4.3	4.6	4.2	3.9	3.5
M2	2.6	2.4	2.4	2.3	2.2	2.4
M3	2.2	1.9	2.3	1.9	2.1	2.8

Source: ECB.

As regards the components of M3, the annual growth rate of M1 extended its downward path, falling below 2% in April. Over the quarter, it declined by 1.6 percentage points. At the same time, the annual growth rate of short-term deposits other than overnight deposits (i.e. M2 minus M1) increased by 1.4 percentage points to 3.7%. Developments during the quarter to a certain extent reflected the recent gradual increases in the remuneration of short-term time and savings deposits. These led to shifts from overnight deposits into better remunerated longer-term deposits included in M3.

Going into the September quarter, annual M3 growth rose to 2.8%. Meanwhile, growth in M1 continued to fall in July, though it recovered in August.

Lending to the private sector expands at a steady rate

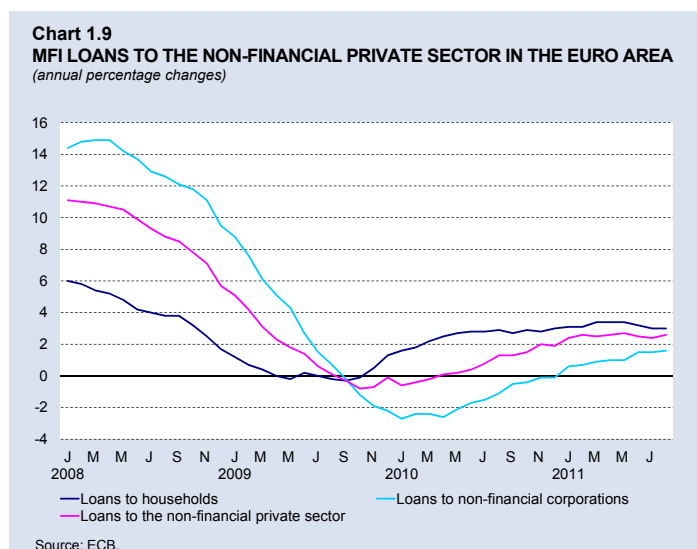
On the counterpart side, the annual growth rate of credit to euro area residents declined to 2.7% in June from 3.3% in March. In contrast, the annual growth rate of loans to the non-financial private sector remained unchanged at 2.5% over the same period (see Chart 1.9).

MFI lending to non-financial corporations continued with the gradual recovery observed since the second quarter of 2010, with the annual growth rate increasing by 0.6 percentage points to 1.5% over the quarter. This rise probably reflects improvements in business confidence and gradual increases in gross fixed capital formation. Nonetheless, given that firms remain highly indebted by historical standards, they may be reluctant to increase their demand for loans. In fact, in the July 2011 Bank Lending Survey, euro area banks reported a smaller increase in demand for loans from enterprises compared with the previous quarter. On the other hand, the annual rate of growth of MFI loans to households decreased by 0.2 percentage points to 3.2%, mirroring slower growth in loans for house purchases and a faster contraction in consumer credit. The former fell by 0.1 percentage points to 4.3% in June, while the latter dropped by 0.7 percentage points to -1.6%.

Reflecting more rapid growth in lending to non-financial corporations, MFI loans to the non-financial private sector rose by an annual rate of 2.6% in August.

Money market rates increase

Money market interest rates in the euro area rose during the second quarter of 2011, reflecting heightened interest rate expectations surrounding the Governing Council decision to increase key ECB interest rates in April. By end-June, unsecured money market interest rates as measured by EURIBOR had increased by 31 basis points to 1.55% at the three-month maturity, and by 17 basis points to 2.16% at the 12-month



maturity (see Chart 1.10).² The three-month EURIBOR remained above the MRO rate throughout the quarter.

During the September quarter, EURIBOR rates at the three-month maturity rose marginally, while those at the 12-month maturity declined.

Secured rates, such as those derived from the three-month EONIA swap index, also increased further in the three months to June, rising by 32 basis points, ending at 1.34%.³

The index, however, remained volatile, which can partly be attributed to some banks preferring to meet their reserve requirements late in the maintenance period. In contrast, in the September quarter, it fell significantly, going to 0.73%, a level not seen since the beginning of 2011.

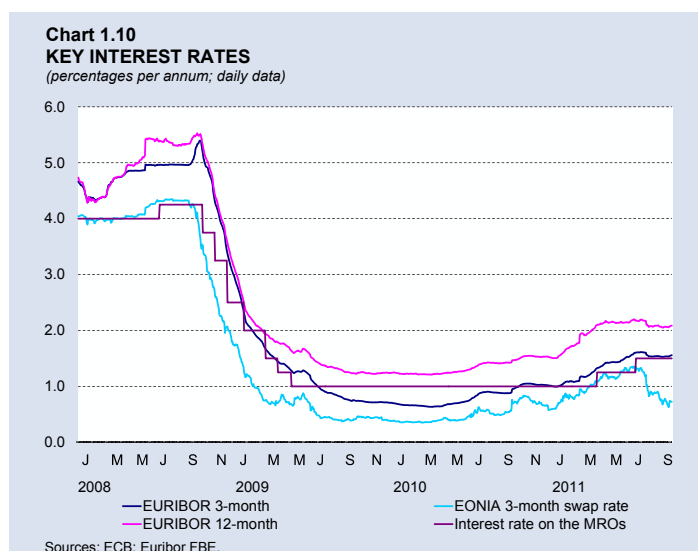
The spread between unsecured EURIBOR rates and secured EONIA swap rates at the three-month maturity remained relatively stable during the second quarter, ranging between 16 and 30 basis points. However, it widened significantly in the third quarter, going from 21 basis points at end-June to 53 basis points at end-September as money market tensions increased.

Benchmark long-term government bond yields fall

During the second quarter of 2011 ten-year German government bond yields, which are often taken as a benchmark for the euro area, declined, bringing to a halt the upward trend that had started in the third quarter of 2010 (refer to Chart 1.3). Over the quarter, yields dropped by 34 basis points to 3.01% at end-June, nearly reversing the 38 basis points rise registered in the previous quarter. The decrease in German bond yields, which mirrored a similar decline in those of the United States, primarily reflected mounting market concerns about the strength of the world economy and the re-intensification of tensions in some euro area sovereign debt markets, which had weighed on market sentiment. Ongoing political tensions in North Africa and in the Middle East also triggered flight-to-safety investment flows.

The spreads of government bonds in other euro area countries vis-à-vis their German counterpart widened considerably especially in Greece, Ireland and Portugal. Tensions in the sovereign debt markets of Belgium, Italy and Spain were also reflected in the relatively large fluctuations of their spreads vis-à-vis Germany during this period. In June, however, the announcement of new fiscal austerity measures in Greece, and the expectations that a new aid programme for Greece was soon to be approved, somewhat narrowed the spreads.

Benchmark euro area government bond yields decreased significantly in the following quarter, falling by 112 basis points to 1.89% at the end of September.



² 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 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.

Euro area equity prices decline

Euro area stock prices, as measured by the Dow Jones EURO STOXX index, decreased during the June quarter, ending the almost uninterrupted upward trend observed since the middle of 2010 (refer to Chart 1.4). In total, the index dropped by 1.7%. The decrease in equity prices reflected concerns about the strength of the world economy after somewhat disappointing macroeconomic data releases and the re-intensification of tensions in some euro area sovereign debt markets. Going forward, euro area stock prices continued to fall, dropping by a significant 23.1% by the end of September as tensions in sovereign debt markets intensified.

The euro appreciates against the sterling and US dollar

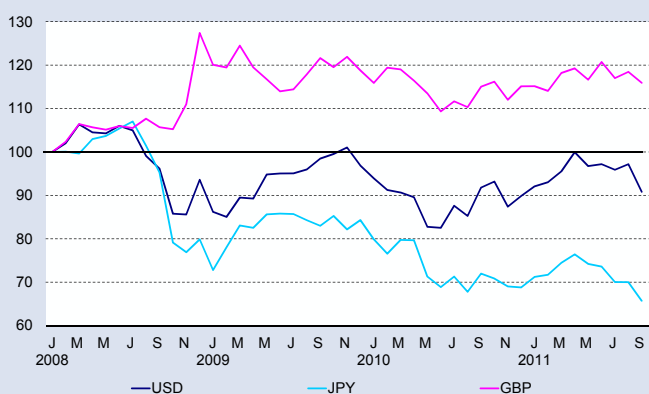
On a bilateral basis, the euro generally appreciated against the US dollar, rising by 1.7% over the quarter (see Chart 1.11). The main driving factors were deteriorating perceptions of the sustainability of finances in some euro area Member States and movements in yield differentials. Similarly, the euro strengthened against the pound sterling, gaining 2.1% by the end of June. On the other hand, the euro depreciated against the Japanese yen, falling by 1.2% and shedding some of its significant earlier gains notched up between January and March.

During the third quarter of 2011, the euro depreciated against all major currencies.

The euro's nominal effective exchange rate (NEER), as measured against the currencies of 20 of the euro area's main trading partners, remained stable during the June quarter, rising by a mere 0.3% (see Chart 1.12). The NEER rose substantially in April 2011. In May, however, it depreciated, as concerns about the fiscal prospects of some euro area countries reappeared. This was, however, partly reversed in June.

In the following quarter, however, the general depreciation of the euro led to a 3.0% decline in the NEER.

Chart 1.11
EXCHANGE RATE MOVEMENTS OF THE EURO AGAINST OTHER MAJOR CURRENCIES
(index of end of month rates; Jan. 2008=100; an increase in the index implies euro appreciation)



Source: Eurostat.

Chart 1.12
EURO NOMINAL EFFECTIVE EXCHANGE RATE
(index of daily effective exchange rate; Q1 1999=100)



Source: ECB.

2. THE MALTESE ECONOMY

Output

The rate of economic expansion picks up in the second quarter

Economic growth was sustained in the second quarter of 2011 as real GDP increased by 2.8% on an annual basis, compared with 2.3% in the first quarter of the year (see Chart 2.1). The quarter's expansion was driven by net exports as domestic demand continued to contract, albeit at a slower pace compared with the first quarter (see Table 2.1).

Net exports drive expansion

Net exports of goods and services increased on a year earlier and amounted to 14.8% of real GDP, compared with 5.1% in the

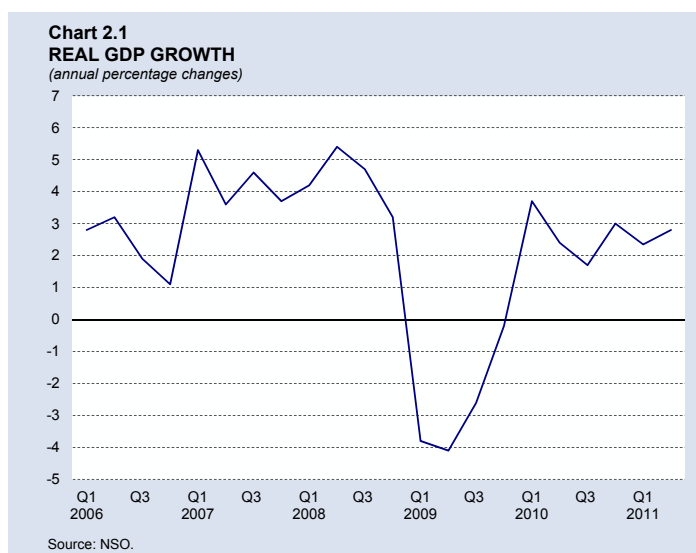


Table 2.1
GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

	2010			2011	
	Q2	Q3	Q4	Q1	Q2
	<i>Annual percentage changes</i>				
Private final consumption expenditure	-2.1	-3.7	0.0	3.4	0.4
Government final consumption expenditure	1.8	-2.7	6.6	7.7	2.6
Gross fixed capital formation	2.4	12.2	25.2	-10.8	-1.7
Changes in inventories (% of GDP) ⁽¹⁾	-8.6	-6.6	-1.3	-5.3	-10.5
Domestic demand	-9.3	-3.8	1.4	-7.7	-1.8
Exports of goods & services	19.6	17.5	16.9	18.3	10.2
Imports of goods & services	5.9	12.3	14.9	6.3	6.5
Gross domestic product	2.4	1.7	3.0	2.3	2.8
	<i>Percentage point contributions</i>				
Private final consumption expenditure	-1.4	-2.5	0.0	2.3	0.2
Government final consumption expenditure	0.4	-0.5	1.2	1.5	0.5
Gross fixed capital formation	0.3	1.7	3.3	-1.5	-0.2
Changes in inventories ⁽¹⁾	-8.7	-2.4	-3.1	-10.4	-2.2
Domestic demand	-9.4	-3.6	1.4	-8.1	-1.6
Exports of goods & services	16.9	16.5	14.7	16.4	10.3
Imports of goods & services	-5.1	-11.1	-13.1	-6.0	-5.8
Net exports	11.8	5.4	1.6	10.4	4.5
Gross domestic product	2.4	1.7	3.0	2.3	2.8

⁽¹⁾ Includes acquisitions less disposal of valuables.

Source: NSO.

previous quarter. In the second quarter they contributed 4.5 percentage points to annual real GDP growth.

Exports increased by 10.2% in annual terms. Nominal data suggest that this increase was driven by re-exports of fuels and tourism receipts. Non-fuel exports grew by 1.7% in the second quarter, taking the percentage increase for the first six months of the year to 4.8%. On the other hand, the rate of growth of imports edged slightly up to 6.5% from 6.3% in the previous quarter. Available Customs data suggest that imports of capital goods and, to a lower extent, fuels were the main contributors to this increase.

The terms of trade improved on the same period of last year owing to export prices increasing at a faster rate than import prices.

Consumption growth eases

In the second quarter of 2011 private consumption expanded by 0.4% compared with 3.4% in the first quarter and contributed 0.2 percentage points to annual real GDP growth. In part, this slow-down reflected developments in nominal compensation of employees, which rose by just 1.5% on a year-on-year basis, after having increased by 2.2% in the previous quarter (see Chart 2.2).

Government consumption growth also slowed down. After a robust increase of 7.7% in the first quarter of the year, its annual rate of growth eased to 2.6%. As a result, its contribution to real GDP growth dropped to 0.5 percentage points. Nominal data indicate that the increase in government consumption was mainly driven by intermediate consumption, particularly in the health sector, although overall compensation of government employees was also higher than a year earlier.

Investment contracts at a slower pace

Following a double-digit fall in the first quarter of 2011, gross fixed capital formation (GFCF) decreased less rapidly in the second quarter, dropping by 1.7%, year-on-year. Accordingly, it contributed less negatively to GDP growth during the quarter under review.

A breakdown of GFCF, available in nominal terms, shows that the contraction in the second quarter was driven by a drop in machinery investment. In contrast, the reform of the public bus system contributed to a significant pick-up in capital expenditure on transport equipment. In addition, investment in construction expanded by around 5.5% on a year earlier driven by government investment.

The negative trend in changes in inventories, which include the statistical discrepancy, was reinforced in the second quarter. This component was equivalent to -10.5% of GDP and lowered

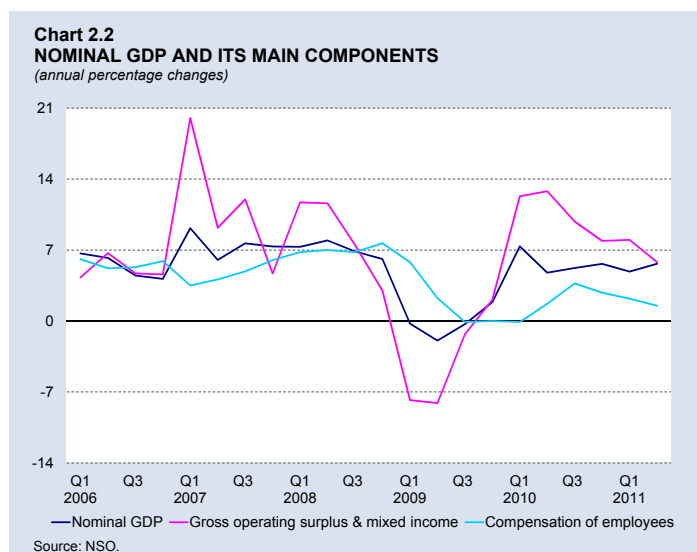


Table 2.2
CONTRIBUTION OF SECTORAL GROSS VALUE ADDED TO NOMINAL GDP

Percentage points

	2010			2011	
	Q2	Q3	Q4	Q1	Q2
Agriculture, forestry & fishing	-0.1	0.0	0.0	0.1	0.1
Mining & quarrying; utilities	0.0	0.5	-0.5	-1.6	-1.0
Manufacturing	1.5	1.0	0.9	1.9	0.6
Construction	0.0	0.0	0.0	0.1	0.0
Wholesale & retail trade; repair of motor vehicles; transportation; accomodation & related activities	0.5	1.5	1.2	1.8	1.6
Information & communication	-0.1	0.0	0.2	0.1	0.2
Financial & insurance activities	2.1	0.7	0.1	0.2	-0.2
Real estate activities	0.2	0.2	0.2	0.4	0.3
Professional, scientific, administrative & related activities	0.7	0.5	0.4	0.6	0.4
Public administration & defence; education; health & related activities	0.9	0.9	0.8	0.5	0.6
Arts, entertainment; household repair & related services	0.3	0.1	0.6	0.4	0.4
Gross value added	6.1	5.5	4.0	4.6	3.0
Net taxation on products	-1.4	-0.3	1.7	0.3	2.6
Annual nominal GDP growth (%)	4.8	5.2	5.6	4.9	5.6

Source: NSO.

annual GDP growth by 2.2 percentage points, thus pushing the domestic demand contribution into negative territory.

Gross operating surplus expands strongly

Nominal GDP expanded at an annual rate of 5.6% in the second quarter of 2011, while gross value added (GVA) increased at a slower pace of 3.4%. The difference between nominal GDP growth and the increase in GVA during the period reviewed largely reflects the impact of indirect taxes (see Chart 2.2 and Table 2.2).¹

Turning to the allocation of GDP by type of income, gross operating surplus & mixed income was the major source of annual nominal GDP growth during the quarter, expanding by 5.8% during the second quarter. However, as the Chart shows, following a strong recovery during the first half of 2010, the annual growth of gross operating surplus has been losing momentum. Meanwhile, growth in compensation of employees was more subdued at 1.5%. The annual increase in employee compensation in the second quarter mainly reflected developments in public administration, education, health and related sectors, as well as in the manufacturing sector.

Manufacturing expands at a slower pace

On a sectoral basis, manufacturing continued to make a significant contribution to annual growth in nominal GDP, though to a lesser degree than in the previous quarter. GVA in manufacturing increased by around 5% on a year earlier, down from the double-digit growth in the previous quarter.

The increase in gross value added in the manufacturing sector appears to have occurred despite a drop in the volume of output as measured by the industrial production statistics.² After recovering

¹ GVA is the value of output less the value of intermediate consumption. GVA plus taxes on products less subsidies on them, equal GDP at market prices.

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 2.3
INDUSTRIAL PRODUCTION

Percentages: annual percentage changes

	Shares	2010			2011	
		Q2	Q3	Q4	Q1	Q2
Industrial production	100	14.4	8.1	1.0	8.6	-0.7
Computer, electronic & optical products	18.5	32.7	25.8	20.5	24.7	-1.9
Food products	10.2	-6.8	-6.6	-14.1	12.4	-6.3
Energy ⁽¹⁾	8.0	-3.7	-2.7	1.0	2.5	3.6
Wearing apparel	6.5	-21.9	-1.3	14.7	7.6	13.8
Rubber & plastic products	6.2	39.2	9.5	0.7	16.1	2.7
Basic pharmaceutical products & pharmaceutical preparations	5.5	53.2	32.8	6.3	18.6	-2.4
Textiles	5.2	25.3	117.8	22.4	11.7	12.0
Repair and installation of machinery and equipment	5.0	-13.0	-18.3	-20.4	-38.0	-24.3

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

Source: NSO.

in 2010 and accelerating further during the first quarter of the year, industrial production contracted by 0.7% in the second quarter of 2011 (see Table 2.3).

The overall contraction in industrial production reflected lower output of food products, pharmaceuticals and semiconductors (included under computer, electronic & optical products), which together make up more than a third of total output. Furthermore, production continued to drop within the repair & installation of machinery & equipment sector, though the contraction was less marked than in the previous quarter. In contrast, the volume of output continued to expand in the clothing industry, with manufacturers within the wearing apparel and textiles sectors reporting double-digit growth rates. Production accelerated further within the energy industry, but grew at a slower pace in the rubber & plastic sector.

GVA reported by the mining & quarrying and the utilities sectors continued to decline on an annual basis, though less rapidly than in the previous quarter.

Services mainly drive growth in GVA

Services continued to propel annual nominal GDP growth during the quarter reviewed. GVA in the largest services component, which includes the wholesale & retail trades, accommodation & food services and transport & storage services, increased by 8.1% on an annual basis and contributed 1.6 percentage points to nominal GDP growth. In part, this reflects the positive performance of the tourism industry during the quarter (see Box 4).

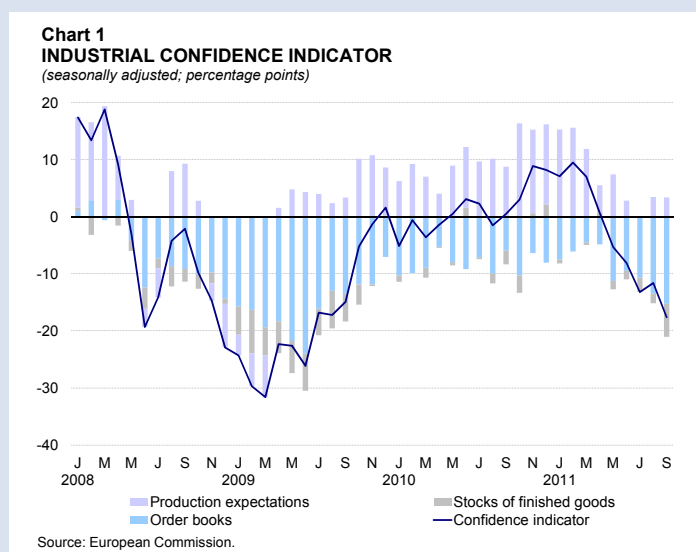
The public sector also contributed significantly, adding 0.6 percentage points to growth, with other positive contributions coming from professional, administrative & support services and entertainment, recreation & other services. Conversely, GVA in the financial and insurance activities sector declined after several quarters of expansion and contributed negatively to nominal GDP growth, mainly on account of a fall in this category's operating surplus.

BOX 1: BUSINESS AND CONSUMER SURVEYS¹

Sentiment surveys reported reduced confidence levels among manufacturing firms and services providers during the third quarter, while sentiment among construction firms was unchanged. Consumer sentiment was at the same level as in the previous quarter.

Industrial sentiment deteriorates further²

Similar to developments in other euro area countries, in Malta sentiment among economic operators deteriorated further in the third quarter of 2011. In the manufacturing sector, the seasonally-adjusted confidence indicator remained in negative territory and fell to -18 in September from -8 in June (see Chart 1).



The fall in confidence was attributable to a higher number of respondents reporting weak order book levels and, to a lesser extent, an accumulation of stocks of finished goods. On the other hand, there was a marginal improvement in production expectations.

Even though sentiment worsened, on balance respondents believed that their firms' total employment would increase in the following three months. Moreover, in September, the number of respondents anticipating their selling prices to decrease over the subsequent three months fell. In addition, a large number of participants indicated insufficient demand as the main factor limiting production, with respondents generally stating that the current production capacity was sufficient to meet demand.

Turning to seasonally-unadjusted data, for which a more detailed sectoral breakdown is available, the overall index fell to -17 in September from -9 in June. Data show a deterioration in the confidence indicator for manufacturers of intermediate and consumer goods, more specifically, those in the computer & electronic equipment, rubber & plastic products and pharmaceutical sectors. In contrast, sentiment among manufacturers of machinery & equipment and wearing apparel improved.

Sentiment among construction firms remains negative³

In seasonally-adjusted terms, sentiment among construction firms was stable, with the corresponding indicator remaining practically unchanged at -29 in September (see Chart 2). While a larger

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.

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.

number of respondents considered their current order books to be below normal, compared with June a smaller number of respondents expressed an intention to reduce their labour force in the subsequent three months. Meanwhile, weak demand continued to be the main factor limiting construction activity.

Confidence among service providers weakens⁴

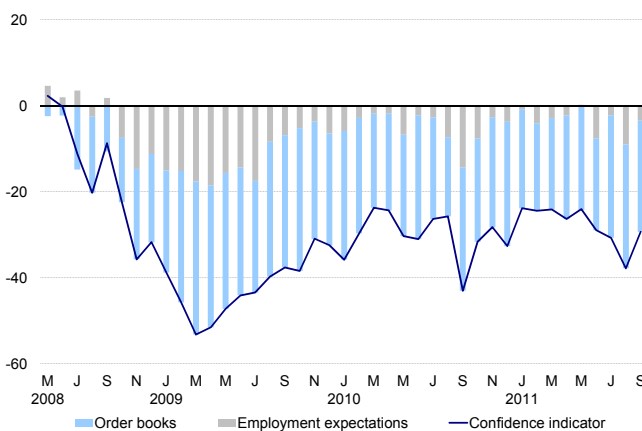
Sentiment among service providers fell further in the September quarter. The confidence indicator for the sector declined from 23 in June to 14 in September (see Chart 3). The drop in sentiment was underpinned by a smaller balance of participants reporting an increase in demand for services and by a less favourable business situation in the previous quarter. In contrast, the number of respondents expecting an increase in demand for services over the subsequent three-month period remained unchanged.

In seasonally-unadjusted terms the overall index fell to 17 in September from 31 three months earlier. This was due to worsening sentiment in warehousing & support activities, programming & broadcasting, real estate, rental & leasing and land transport. Moreover, firms engaged in financial services, in the accommodation sector, in food and beverage service activities and in computer programming also expressed a decline in sentiment, though they remained optimistic on balance. On the other hand, confidence improved in motion picture, video & TV production and scientific research & development.

Consumer confidence remains negative⁵

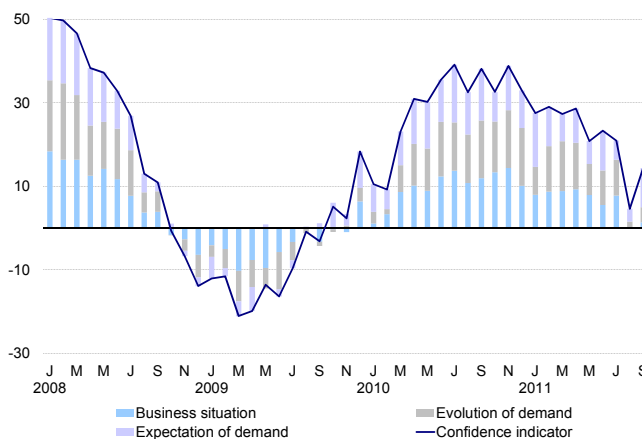
While remaining in negative territory, the consumer confidence indicator was unchanged at -38 in September, compared with June (see Chart 4). Consumers' assessment of the general economic

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



Source: European Commission.

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



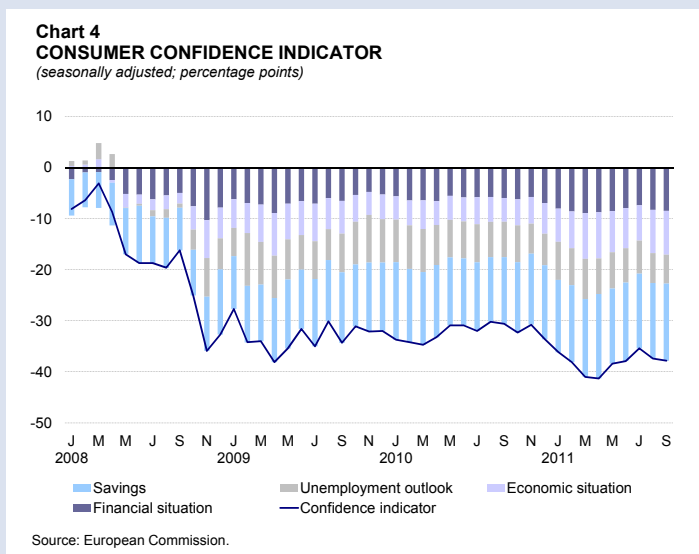
Source: European Commission.

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.

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.

situation and of their own financial position over the subsequent 12 months deteriorated. In contrast, a lower number of respondents expected unemployment to increase. Moreover, consumers were slightly less pessimistic about their ability to save over the forthcoming 12 months.

Other survey information shows that, on balance, in September the share of consumers expecting prices to increase in the forthcoming 12 months rose slightly. Furthermore, the number of respondents believing that the timing was not right to make major purchases, given the existing economic situation, remained the same compared with three months earlier.



The labour market³

Labour market statistics for the second quarter suggest that the market remained buoyant with employment continuing to grow. However, there were indications that the downward trend in unemployment rates had started to level off.

Employment continues to rise

In the second quarter of the year, LFS data show a year-on-year increase in employment of 2.7% (see Table 2.4). The growth rate was somewhat slower than the 3.0% recorded in the previous quarter. Employment gains were mainly attributed to a rise in female workers, possibly reflecting increased participation in the labour market of married women who took advantage of the government's tax relief scheme. In fact, female workers in the 35-44 age bracket registered the largest increase. As a result, the employment rate for females added 2.9 percentage points, to reach 40.6%, whereas that for males remained static at 73.6%. Thus the total employment rate in the second quarter inched upwards to 57.3%, 1.3 percentage points higher than a year earlier.⁴ Both full and part-time jobs increased, with full-time jobs contributing 1.4 percentage points to growth.

Data on the working-age population show an unchanged level, but growth in the labour supply accelerated to 2.6%, up from 2.1% registered in the previous quarter.⁵ Hence, the activity

Table 2.4
LABOUR MARKET INDICATORS BASED ON THE LFS

Persons; annual percentage changes

	2010			2011		Annual change %
	Q2	Q3	Q4	Q1	Q2	
Labour supply	175,785	177,206	175,101	179,540	180,291	2.6
Employed	163,759	165,152	163,123	168,023	168,222	2.7
<i>By type of employment:</i>						
Full-time	144,106	144,131	143,238	145,703	146,328	1.5
Full-time with reduced hours	3,651	3,467	2,663	3,525	4,576	25.3
Part-time	16,002	17,554	17,222	18,795	17,318	8.2
Unemployed	12,026	12,054	11,978	11,517	12,069	0.4
Activity rate (%)	60.1	61.0	60.4	61.4	61.5	
Male	78.4	77.7	77.5	78.5	78.8	
Female	41.1	43.6	42.8	43.7	43.6	
Employment rate (%)	56.0	56.8	56.3	57.4	57.3	
Male	73.6	72.2	71.9	73.8	73.6	
Female	37.7	40.7	40.0	40.5	40.6	
Unemployment rate (%)	6.8	6.8	6.8	6.4	6.7	
Male	6.2	6.9	7.0	6.0	6.5	
Female	8.1	6.6	6.5	7.3	7.0	

Source: NSO.

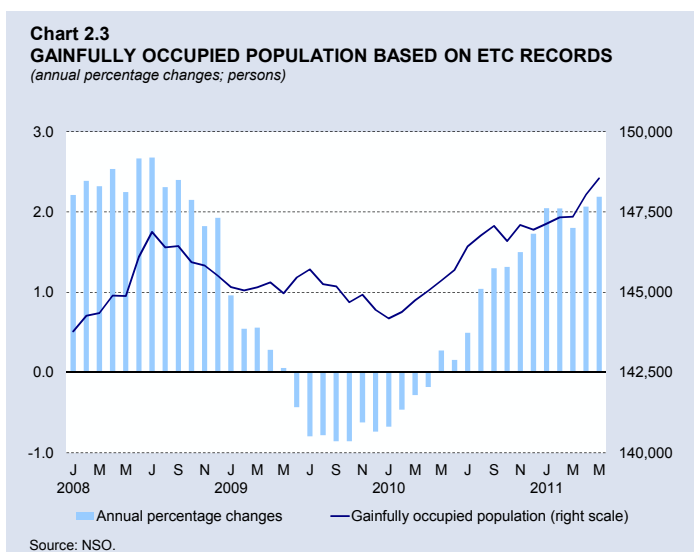
³ This section draws mainly on labour market statistics obtained from two sources: (i) the LFS, which is a household survey conducted by the NSO on the basis of definitions set by the International Labour Organisation and Eurostat, and (ii) administrative records compiled by the ETC according to definitions 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, that is, the number of people aged between 15 and 64 years.

⁵ Data on the working-age population in Malta are available from Eurostat.

rate increased by 1.4 percentage points to 61.5% over the same period of 2010.⁶ Higher female participation was the main factor behind the increase.

ETC records available up to May corroborate the LFS trends. Employment based on administration records continued to show gains throughout the first five months of the year (see Chart 2.3). In fact, the gainfully occupied population, defined as those persons holding a full-time job, expanded more rapidly than before and posted a year-on-year increase of 2.2% in May.



From a sectoral perspective, job creation mainly arose in private market services, where employment grew by 2.3% on a year earlier. The direct production sector and the public sector both registered gains (see Table 2.5). Within the private market services category, the largest increases were recorded in “other business activities”, which comprise a broad range of business-related services. In addition, higher figures continued to be recorded in the recreational sector and in

Table 2.5
LABOUR MARKET INDICATORS BASED ON ETC ADMINISTRATIVE RECORDS

Persons; annual percentage changes

	2010			2011		Annual change %
	May	Sep.	Dec.	Mar.	May	
Labour supply	152,415	153,722	153,552	154,017	154,912	1.6
Gainfully occupied ⁽¹⁾	145,363	147,067	146,946	147,355	148,546	2.2
Registered unemployed	7,052	6,655	6,606	6,662	6,366	-9.7
Unemployment rate (%)	4.6	4.3	4.3	4.3	4.1	
Private sector	104,405	106,185	105,772	106,206	106,786	2.3
Direct production	31,503	32,016	31,797	32,068	32,196	2.2
Market services	72,902	74,169	73,975	74,138	74,590	2.3
Public sector	40,331	40,326	40,491	40,458	41,079	1.9
Temporary employment	627	556	683	691	681	8.6
Part-time jobs	49,847	52,136	51,926	51,667	52,094	4.5
Primary	28,260	29,680	29,260	29,165	29,386	4.0
Secondary ⁽²⁾	21,587	22,456	22,666	22,502	22,708	5.2

⁽¹⁾ This category measures full-time employment.

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

Source: NSO.

⁶ The activity rate measures the number of people in the labour force as a proportion of the working-age population.

IT-related activities. In the direct production sector, the manufacturing sub-sectors such as electrical machinery and rubber & plastic products registered significant gains.

In the public sector, the number of full-time employees increased in the areas of health & social work and education. This increase outweighed the impact of a decline in employment in construction activities and from the ongoing removal of former shipyard employees classified as workers within the government sector.

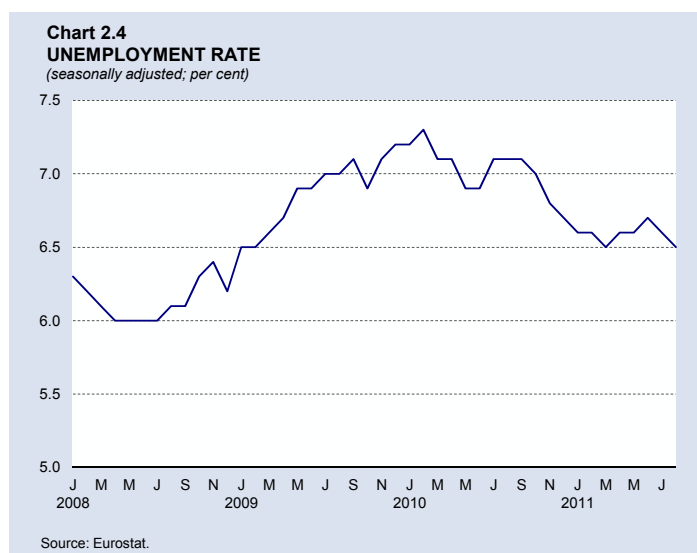
Growth in part-time employment continued to rise but at a decelerating pace, with the increase in the year to May falling to 4.5%, compared with 5.9% in the 12 months to March 2011. Gains in this category were equally distributed between workers with part-time jobs as their primary employment and those with a part-time job in addition to their full-time employment. Within the part-time category, a significant rise was recorded in hotels & restaurants, which reflected the positive performance of the tourism industry during the second quarter of the year. Conversely, part-time employment within the public sector dropped as a substantial number of part-time employees within the health sector were offered full-time employment in the same sector.

Unemployment developments are mixed

The LFS unemployment rate rose by 0.3 percentage points from the previous quarter to end the second quarter at 6.7%.⁷ However, at this level, the rate was still 0.1 percentage points below that recorded in the corresponding period of the previous year. Similar trends were also reflected in the seasonally-adjusted unemployment rate issued by Eurostat, which ended the second quarter at 6.7%, 0.2 percentage points above the March level, but 0.2 percentage points lower than the level a year earlier (see Chart 2.4).

Based on the administrative records of the ETC, the number of registered unemployed continued to fall in the period April to June (see Chart 2.5). The unemployment rate published by the ETC reflected this trend, with a decline to 4.1% in May compared with 4.3% in March and 4.6% a year earlier (see Table 2.5).

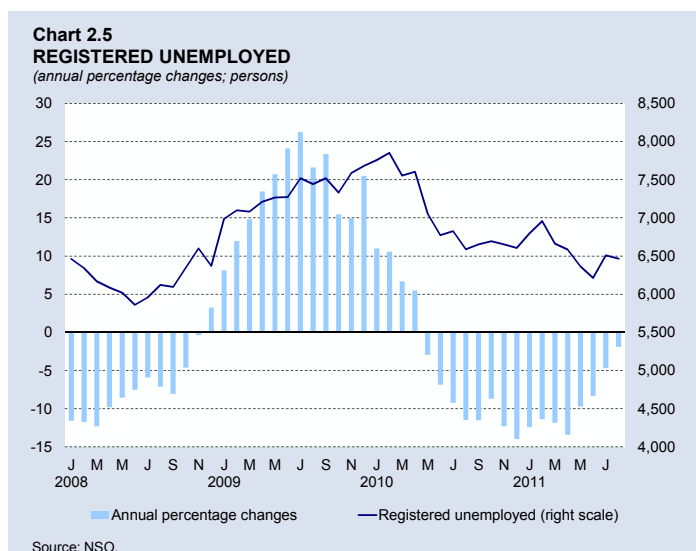
Data on vacancies indicate a year-on-year increase of 1.5% in the second quarter. At the same time, the job vacancy rate stood at 3.5%, 0.1 percentage points higher than a year earlier.⁸



⁷ 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.

⁸ Data on vacancies are published by Eurostat. The job vacancy rate measures the number of vacant posts as a proportion of the sum of occupied and vacant positions.

Labour market indicators going into the third quarter of 2011 indicate that the unemployment rate resumed its downward trend during the summer months. In fact, the seasonally-adjusted unemployment rate fell from 6.7% in June to 6.6% in July, and declined further to 6.5% in August. The latest ETC data, which extend coverage to August 2011, show a more moderate annual fall in the number of registered unemployed compared with earlier months.



Prices

HICP inflation increases in the second quarter

The annual rate of HICP-based inflation edged up at the end of the second quarter of 2011, following the more moderate rates recorded in April and May, and stood at 3.1% in June as against 2.8% in March (see Table 2.6).⁹

The 12-month moving average rate also recorded an increase, reaching 2.8% in June from 2.5% three months earlier.

Malta's higher annual rate of inflation contrasted with that of the euro area, which, at 2.7% in June, was unchanged from March. The 12-month moving average rate in the euro area stood at 2.3% in June, lower than the corresponding rate in Malta (see Chart 2.6).

While energy remained the largest contributor to overall inflation, adding 0.8 percentage points, the annual growth rate of energy prices moderated to 12.7% in June from 14.3% in March (see

Table 2.6
YEAR-ON-YEAR HICP INFLATION

Percentage change

	2010			2011			
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Unprocessed food	8.3	8.5	6.5	6.2	6.0	8.2	6.3
Processed food including alcohol and tobacco	3.4	3.9	3.9	3.2	3.4	4.4	4.5
Energy	21.7	13.3	11.6	14.3	12.8	12.6	12.7
Non-energy industrial goods	1.0	0.4	-0.3	0.7	1.2	1.9	2.3
Services (overall index excluding goods)	3.1	2.7	2.3	1.9	0.8	-0.1	1.3
All Items HICP	4.0	3.3	2.7	2.8	2.4	2.5	3.1

Source: NSO.

⁹ In January 2011 the HICP weights were revised to reflect changes in household consumption patterns. The combined weight of processed and unprocessed food remained almost unchanged at 20.5%. In contrast, shares of non-energy industrial goods and services dropped by 0.1% and 0.2%, respectively, to 31.6% and 41.3%. On the other hand, the share allotted to energy rose from 6.3% to 6.6% in 2011.

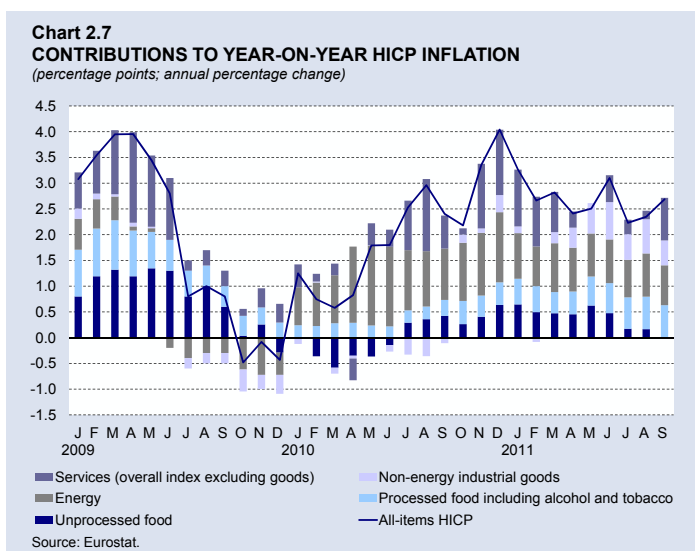
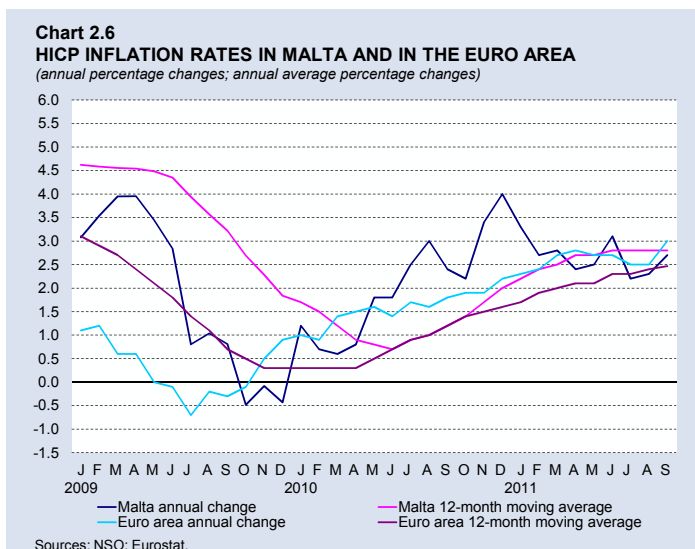
Table 2.6 and Chart 2.7). The slowdown reflected a lower annual rate of increase in fuel prices, with utility prices remaining unchanged. Although gas prices increased markedly, they had a small impact on overall energy prices.

A major factor behind the rise in annual inflation was the acceleration in the growth rate of prices of non-energy industrial goods, from 0.7% to 2.3%. This category's contribution to annual inflation went up by an additional half a percentage point to stand at 0.7 percentage points in June. This was partly due to faster growth in prices of clothing and to a reversal of the earlier drop in furniture prices.

Food prices, which account for just over a fifth of the HICP, registered an annual growth rate of 5.2% in June from 4.3% in March. Unprocessed and processed food combined contributed 1.1 percentage points to overall inflation, owing to a broad-based increase in the processed component. The latter grew by an annual rate of 4.5% in June, compared with 3.2% three months earlier, thus contributing 0.6 points to inflation. Moreover, unprocessed food price inflation was practically unchanged, edging up to 6.3% in June from 6.2% in March.

Meanwhile, the services price inflation rate moderated to 1.3% in June from 1.9% three months earlier. This was mostly due to slower price increases in hotel accommodation and to a drop in prices of package holidays. Services price inflation accounted for 0.5 percentage points of the total inflation rate in June, 0.3 points less than in March.

Price developments in the third quarter show that the annual HICP inflation rate dropped to 2.2% in July owing to a deceleration in the growth rate of prices of unprocessed food, services and non-energy industrial goods. It then rose again to 2.7% in September reflecting developments in the services component.



RPI inflation also accelerates

The annual rate of inflation based on the RPI, which moves broadly in line with the HICP,¹⁰ accelerated to 3.3% in June, from 2.7% in March, primarily reflecting higher food and clothing & footwear prices (see Table 2.7). Food price inflation rose to 4.9% in June from 3.6% in March. This component accounted for one percentage point of the overall rate in June and became the largest component of inflation. Moreover, clothing & footwear recorded an annual increase of 3.9% in June from 0.2% in March, with its contribution to overall inflation rising to 0.3 percentage points.

Moreover, the drop in prices of items falling under the household equipment & house maintenance category further moderated, decreasing by an annual 0.7% in June compared with a 4.0% year-on-year drop in March. As a result, their contribution to overall inflation, which had been negative in March, was nil three months later.

On the other hand, the inflation rate in the transport & communication category eased to 3.1% in June from 4.4% three months earlier, reflecting declining costs of communications and a smaller annual increase in fuel prices. This category contributed 0.7 percentage points to the overall rate. There were little or no significant changes in the other major categories, including utility prices.

The inflation rate based on the RPI is heavily influenced by a number of relatively volatile components, including food prices and water & electricity charges. Underlying price pressures can be gauged more accurately from the Bank's core RPI inflation index.¹¹ According to the latter, the core inflation rate accelerated to 2.0% in June from 0.8% in March, mainly owing to a substantially smaller annual drop in the household equipment & house maintenance category.

Table 2.7
CONTRIBUTIONS TO YEAR-ON-YEAR RPI INFLATION

Percentage points

	2011					
	Jan.	Feb.	Mar.	Apr.	May	June
Food	1.2	1.0	0.8	0.7	1.1	1.0
Beverages & tobacco	0.1	0.1	0.1	0.1	0.1	0.1
Clothing & footwear	-0.1	-0.3	0.0	0.1	0.1	0.3
Housing	0.4	0.4	0.4	0.4	0.5	0.5
Water, electricity, gas & fuels	0.1	0.1	0.1	0.1	0.1	0.1
Household equipment & house maintenance costs	-0.3	-0.3	-0.3	-0.1	-0.1	0.0
Transport & communications	0.8	0.6	1.0	0.5	0.7	0.7
Personal care & health	0.1	0.2	0.2	0.1	0.1	0.1
Recreation & culture	0.1	0.1	0.2	0.1	0.1	0.2
Other goods & services	0.2	0.2	0.3	0.3	0.3	0.3
RPI (annual percentage change)	2.7	2.3	2.7	2.4	3.1	3.3

Sources: Central Bank of Malta; NSO.

¹⁰ Diverse patterns in inflation as measured by the HICP and the RPI reflect differences in the methodologies of compilation of the two indices. 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.

¹¹ 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, transport & communications and clothing & footwear.

Data running into the third quarter of 2011 show that RPI inflation eased to 2.8% in September, primarily owing to a more moderate increase in food prices.

Costs and competitiveness

Producer prices drop in the second quarter¹²

In Malta producer price inflation has been more volatile than consumer price inflation in recent years, reflecting relatively sharp fluctuations in producer prices in the energy and intermediate goods sectors.

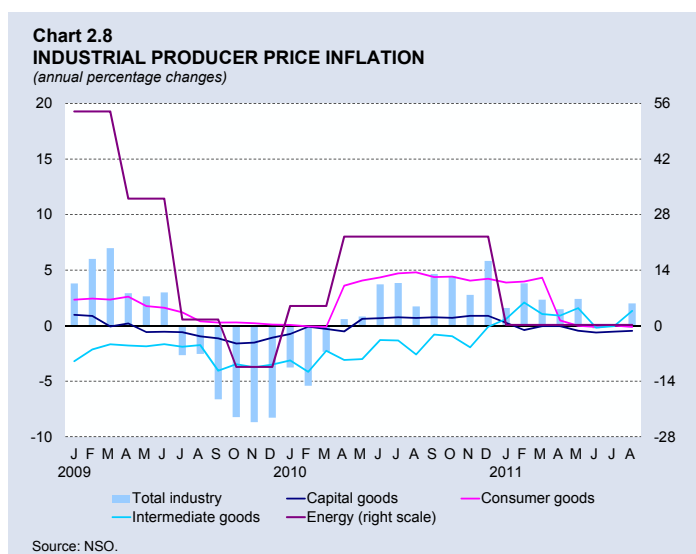
During the second quarter of 2011, the annual rate of producer price inflation turned negative, dropping to -0.2% in June from 2.3% three months earlier (see Chart 2.8). The decline mostly reflected a drop in intermediate goods prices and, to a lesser extent, in consumer goods prices. Inflation in the former fell to -0.5% at the end of the second quarter and contributed -0.3 percentage points to the overall drop. In June prices in the consumer goods category dropped by an annual 0.1%, while capital goods inflation stood at -0.6%. The contribution of these categories to producer price inflation overall was negligible.

Meanwhile, with electricity tariffs remaining unchanged, energy prices had a largely neutral impact on producer price inflation in the second quarter as they increased only marginally over their year-ago levels.

Producer price inflation stood at 2.0% in August 2011 owing to an increase in intermediate goods prices.

Malta's HCIs increase further in the second quarter

During the second quarter of 2011, both the nominal HCI and its real counterpart extended the upward path observed during the first quarter.¹³ In June, the nominal index rose by 0.8% over its March level, while the real index increased by 1.3%



¹² 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.

¹³ 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.

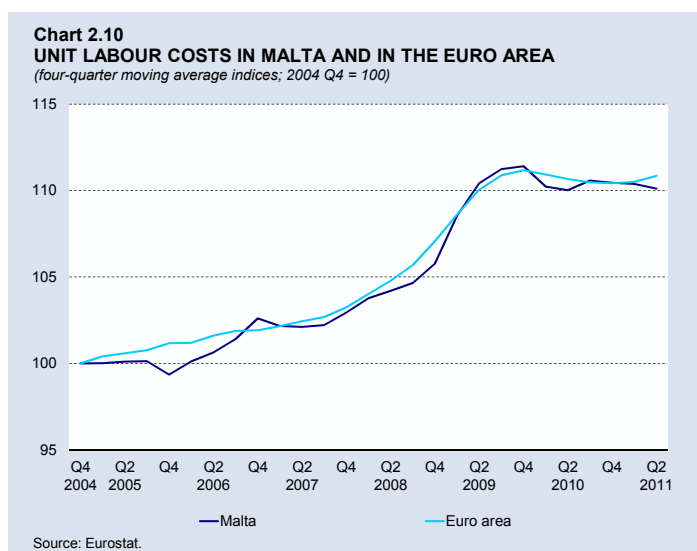
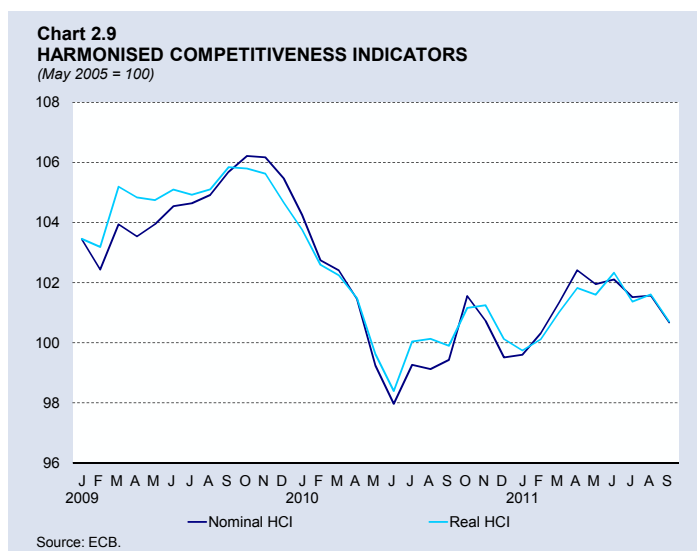
(see Chart 2.9).¹⁴ The larger increase in the real index was a result of wider inflation differentials as consumer prices in Malta rose, on average, slightly more rapidly than those of its trading partners. The increase in the nominal HCI reflected the appreciation of the euro against the pound sterling and the US dollar, which had a significant impact owing to the importance of Malta's trade with the United Kingdom and the United States.

Over the 12 months to June, Malta's effective exchange rate appreciated by 4.2%. With domestic inflation below that of its trading partners by 0.3%, the net effect was an increase in the real HCI of 4.0%. However, since January this year the real index has fluctuated in a relatively narrow band and remains well below the peak reached in late 2009.

HCI data going into the third quarter of 2011 show a drop in both indices. In September 2011 the nominal HCI and its real counterpart were 1.4% and 1.6%, respectively, lower than those at end-June.

Productivity increases faster than compensation

Malta's unit labour costs (ULC) measured as a four-quarter moving average declined in the April-June 2011 period over the previous quarter. ULC dropped by 0.2%, following a 0.1% drop in the previous quarter (see Chart 2.10).¹⁵ Compared with a year earlier, however, ULC was marginally higher by 0.1%, the same increase registered in the March quarter. In contrast, ULC in the euro area increased both when compared with the previous quarter and with the previous year.



¹⁴ Following the adoption of the euro in Estonia in January 2011, the HCI now measures Malta's competitiveness vis-à-vis the 17 countries in the euro area plus the EER-40 group of trading partners. Previously, Malta's HCI was compiled on the basis of 16 countries in the euro area and the EER-41 group of trading partners.

¹⁵ 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.

BOX 2: A REVISED BASE YEAR FOR CALCULATING UNIT LABOUR COSTS

The analysis of ULC developments in Malta as presented in this *Review* uses 2004 as the starting point. It should be noted that the 2000 to 2004 period was marked by substantial changes in the underlying features of the economy, as a number of sectors were liberalised in preparation for EU accession. More specifically, in the goods market a system of levies on imported products was dismantled, ushering in a more competitive environment. The levies had originally been introduced to replace the long-standing system of quantity controls (including outright bans) on a broad range of imported products. At the same time they had continued to offer a high degree of protection to various domestic industries.

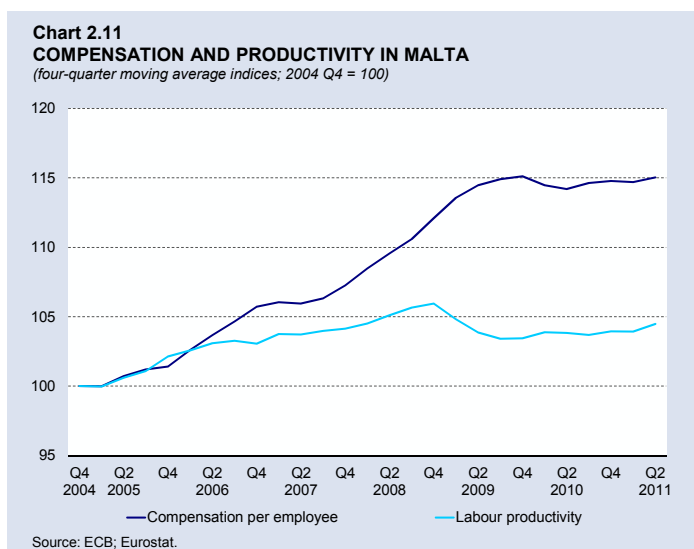
Since structural changes in the economy during that period make it more difficult to interpret developments in unit labour costs, it is seen as more appropriate to exclude this period of fundamental shifts from an analysis of such costs.

The dismantling of the levy system occurred in a sequence of stages that were completed in 2004. It led to a temporary fall in manufacturing output, as imported substitutes put downward pressure on prices of tradable products, and to a shift in resources from labour intensive industries to more capital intensive ones.

This was evidenced by the statistical measurement, which is only available in nominal terms, of productivity levels covering the manufacturing sector. In fact, between 2000 and 2004, gross value added in manufacturing exhibited considerable volatility. Over the period it fell by 18.6%, while employment declined by a lesser proportion, 16.2%. As a result, productivity levels in manufacturing fell by 2.9%, reducing the overall rate of productivity growth across the economy.

As can be seen in Chart 2.10, since 2004 ULC in Malta have moved broadly in line with those in the euro area.

Chart 2.11 displays the two components of ULC: compensation per employee and labour productivity, both measured as four-quarter moving averages. On this basis, labour productivity increased by 0.5% on the previous quarter, as output grew faster than employment. This followed a nil growth level three months earlier. On the other hand, employee compensation rose by 0.3%, resulting in a drop in overall ULC. In sum, therefore, the decrease in Malta's ULC during the four quarters to June stemmed from labour productivity increases that exceeded the contemporaneous gains in employee compensation.



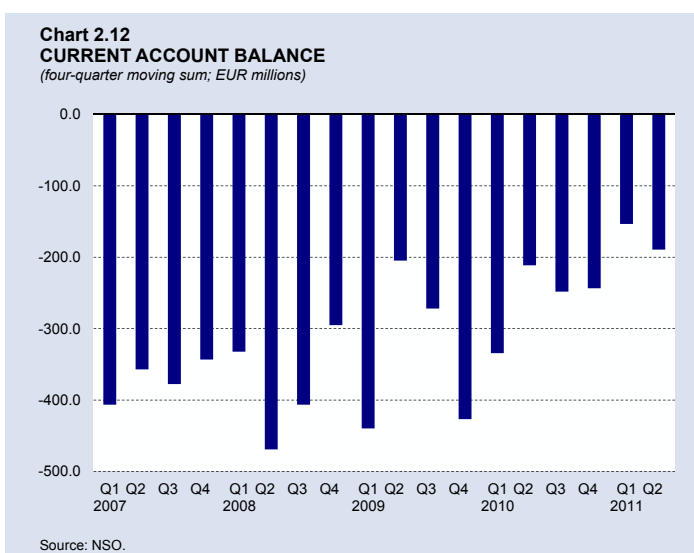
The balance of payments

In the second quarter of 2011, the surplus on the current account of the balance of payments declined considerably compared with the same quarter of 2010. This was mainly the result of large income outflows. A marginal decline on the positive balance of services also contributed, although to a lesser extent. Together, these movements outweighed a substantial narrowing of the visible trade deficit and higher net inward current transfers.

During the same period, net inflows were recorded on the capital and financial account, as against net outflows in the corresponding quarter of 2010. This shift reflected developments on the financial account, since the net surplus on the capital account declined markedly. At the same time, reserve assets – movements of which are recorded in the financial account – decreased, while net errors and omissions were negative and substantial.¹⁶

The surplus on the current account drops

Between April and June, 2011, the current account surplus amounted to EUR78.7 million, a decline of EUR35.8 million compared with the same quarter of



¹⁶ Negative net errors and omissions imply an overestimation of the current account surplus and/or an overestimation of net inflows on the capital and financial account.

Table 2.8
BALANCE OF PAYMENTS
EUR millions

	2010	2011	four-quarter moving sum				
			Q2	2010	2010	2011	2011
			Q2	Q3	Q4	Q1	Q2
Current account	114.5	78.7	-211.3	-248.1	-243.5	-153.4	-189.2
Goods	-143.4	-72.6	-893.4	-901.1	-962.6	-858.5	-787.7
Services	316.2	307.9	1,084.2	1,141.4	1,196.6	1,217.7	1,209.4
Income	-71.5	-195.1	-445.6	-491.3	-505.8	-544.7	-668.3
Current transfers	13.2	38.4	43.5	2.9	28.3	32.1	57.3
Capital and financial account	-104.0	115.4	58.6	127.1	-28.7	-55.2	164.2
Capital account	40.6	29.5	118.3	119.7	106.5	97.2	86.0
Financial account	-144.6	85.9	-59.7	7.4	-135.2	-152.3	78.2
Direct investment	693.7	85.0	798.1	685.5	722.4	1,004.9	396.2
Portfolio investment	-1,389.4	-54.9	-3,910.7	-3,494.9	-3,229.9	-2,714.9	-1,380.4
Financial derivatives	80.3	15.9	17.3	73.1	31.0	73.6	9.2
Other investment	395.8	-8.4	2,883.5	2,808.6	2,364.9	1,527.5	1,123.3
Reserve assets	75.1	48.3	152.3	-64.8	-23.6	-43.5	-70.2
Errors and omissions	-10.5	-194.1	152.6	121.0	272.2	208.6	25.0

Source: NSO.

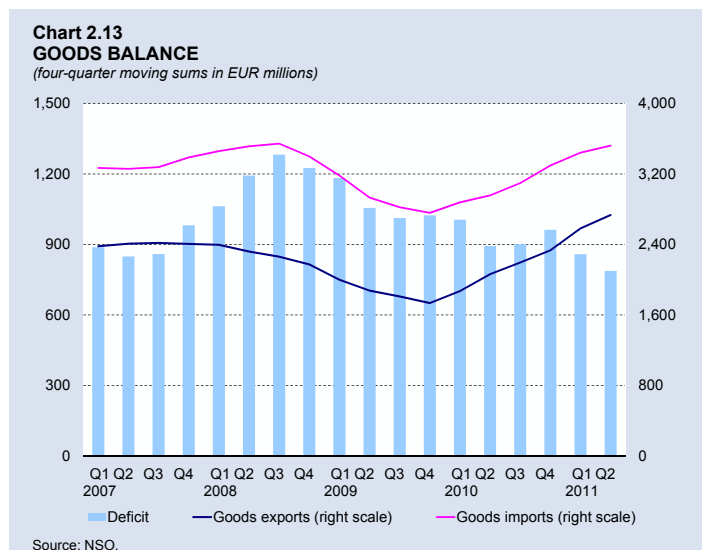
2010 (see Table 2.8). As a result, the current account deficit expressed as a four-quarter moving sum widened to EUR189.2 million (see Chart 2.12). Nevertheless, the cumulative current account deficit improved considerably, falling to 3.0% of GDP as against 3.5% in the year to June 2010.

The merchandise trade gap narrows further

During the second quarter of 2011, the deficit on the goods balance contracted to EUR72.6 million, nearly half the level registered a year earlier. Although both imports and exports rose markedly, the latter continued to increase by a greater extent.

The value of exported goods in the April to June period rose by EUR151.9 million, or 25.2%, on the comparable months of 2010. Customs data indicate that the surge in exports was predominantly attributable to a substantial rise in fuel re-exports; however, exports of miscellaneous manufactured articles and semi-manufactured goods also expanded. Concurrently, merchandise imports increased by EUR81.0 million, or 10.9%, principally driven by imports of fuels and industrial supplies. In contrast, imports of consumer goods contracted marginally compared with the second quarter of 2010.

Owing to these developments, when measured on a four-quarter cumulative basis, the trade



gap in goods contracted for the second consecutive quarter to EUR787.7 million in the year ending June 2011, down by 11.8% compared with the level of the previous year (see Chart 2.13). This was propelled by a rise of 32.5% in exports which outweighed a 19.1% increase in imports. Even though trade flows increased across all main commodity groups, the improvement largely mirrored higher fuel re-exports and stronger foreign sales of semiconductors.

More recent Customs data for July and August combined show that the visible trade gap narrowed considerably on the corresponding months of 2010. This notwithstanding, over the first eight months of 2011 the merchandise deficit was up by 0.2% on a year earlier.¹⁷

The surplus on services decreases marginally

During the quarter under review, the net surplus on the services account stood at EUR307.9 million, down by EUR8.3 million over the same months of 2010. This reflected an increase in imports of services which outweighed a rise in services' exports.

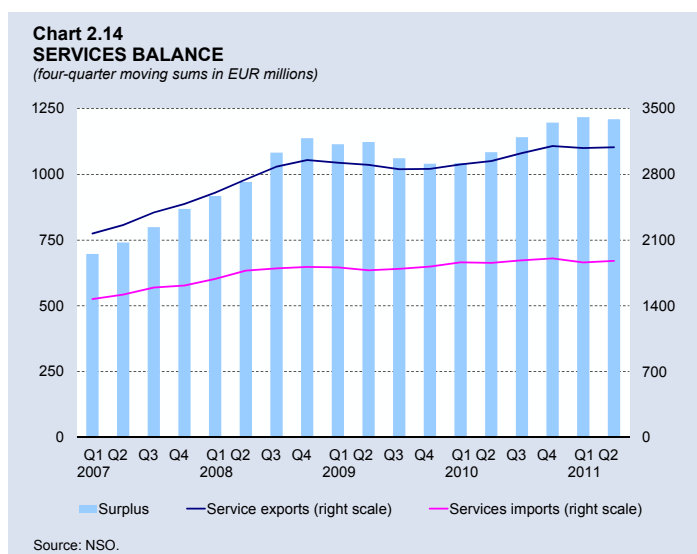
Within the services balance, transport transactions showed a significant movement, with the positive balance of EUR15.2 million during the second quarter of 2010 shifting to a deficit of EUR17.4 million. Lower receipts, as well as higher expenditure, particularly on freight, were the main factors behind the deterioration. A marginal fall in net receipts on the "other services" component, mainly reflecting a decrease in exports of financial and audio-visual services and higher payments on telecommunications and business & management consultancy services, also contributed to the contraction in the services surplus.

Net earnings from travel, in contrast, continued to increase steadily during the second quarter of 2011, reflecting the buoyant performance of the tourism industry. The latter led to a rise of EUR42.9 million, or 22.8%, in expenditure by inbound tourists, which exceeded a EUR14.9 million increase in spending by Maltese nationals travelling abroad.

On a four-quarter cumulative basis, there was an interruption in the upward trend in the services balance in evidence since the first quarter of 2010, with the surplus edging down marginally to EUR1,209.4 million during the quarter under review. Nonetheless, this was 11.6% higher than the net surplus registered in the year to June 2010, as a 5.0% increase in receipts outweighed a 1.2% rise in payments (see Chart 2.14).

Net outflows on the income account rise extensively

In the April to June 2011 period, net outflows on the income component of the current account



¹⁷ 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, Customs data show a significant rise in capital imports. These covered imports of aircraft and sea vessels that were not recorded in the balance of payments since no transfer of ownership was involved.

amounted to EUR195.1 million, EUR123.6 million higher than a year earlier. These were mainly driven by an increase of EUR74.1 million in profits recorded by foreign-owned firms operating in Malta. Around two-thirds of this increase took the form of reinvested earnings, which also show up as inward direct investment in the financial account. A EUR46.5 million rise in net interest payments on foreign borrowings also contributed towards higher net outflows. On the other hand, net earnings on residents' portfolio investments abroad increased by EUR1.1 million when compared with the second quarter of 2010. Most of the transactions on the income account were effected by the banking system, particularly those credit institutions involved solely in international business operations.

The positive balance on transfers increases

During the second quarter of the year, net inward current transfers amounted to EUR38.4 million, up by EUR25.2 million from the year-ago level. This surge was largely due to timing differences between the collection of tax receipts from, and the payment of refunds to, companies engaged in international business operations.

The capital and financial account balance turns positive

During the April-June 2011 period, net inflows of EUR115.4 million were recorded on the capital and financial account as against net outflows of EUR104.0 million in the comparable months of 2010 (see Table 2.8). This substantial swing reflected developments on the financial account, which in turn is heavily influenced by transactions involving international banking institutions. In the meantime, the capital account posted a surplus of EUR29.5 million, down from EUR40.6 million during the second quarter of 2010.

Net inflows on the financial account during the second quarter stood at EUR85.9 million, whereas net outflows of EUR144.6 million were recorded in the same period of 2010.

The year-on-year shift was entirely propelled by a marked drop in net portfolio investment outflows, which contracted by EUR1.3 billion, mirroring a decline in cross-border holdings of debt securities by a number of financial institutions.

This positive effect was dampened by a drop in net inward direct investment, which fell by EUR608.7 million. Inward direct investment was exceptionally high during the corresponding period last year on account of substantial injections of equity capital into internationally-oriented banks, whereas this year it was limited to inflows by the manufacturing industry.

At the same time, the "other investment" account registered net outflows of EUR8.4 million, as opposed to net inflows of EUR395.8 million during the corresponding quarter of 2010. The shift to a net outflow position was mostly due to an increase in short-term loans to, and deposits placed with, non-residents, which were mostly financed by additional deposits placed by, and loans from, non-residents. Meanwhile, lower net inflows associated with financial derivatives dampened the overall rise in inflows on the financial account. Furthermore, between April and June, 2011, reserve assets decreased by EUR48.3 million, in contrast to a decline of EUR75.1 million a year earlier.

BOX 3: RESIDENTIAL PROPERTY PRICES

Residential property prices stabilise in the second quarter¹

After declining at an annual rate of 2.6% in the first quarter of 2011, advertised property prices in the second quarter were unchanged from their year-ago level (see Chart 1).

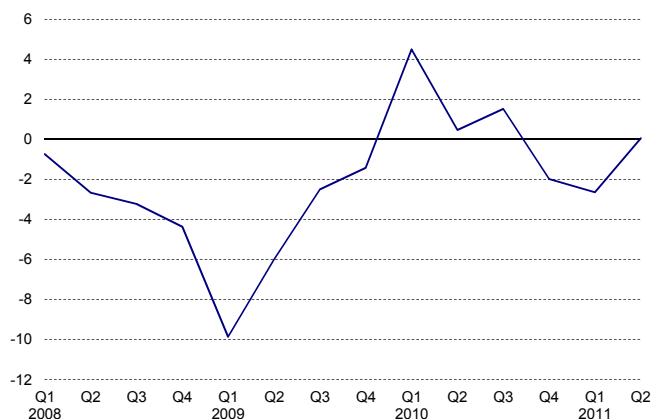
Disaggregated results in fact show both increases and decreases in the prices of different categories of dwellings. The most significant increase during the second quarter was recorded in prices of maisonnettes, which rose by an annual 5.6%. At the same time, prices of apartments, which make up almost three-fifths of the sampled properties, saw an increase of 3.3% (see Chart 2).

On the other hand, asking prices for terraced houses dropped by 2.5%, while prices in the “other” category – which consists of townhouses, houses of character and villas – fell by 1.4%, largely as a result of a reduction in asking prices for houses of character.

A measure of activity in the housing market is provided by the number of advertised properties captured in the Bank’s survey. In the June quarter this grew by 14.6% on a year earlier, as against a 9.9% decline in the previous quarter.

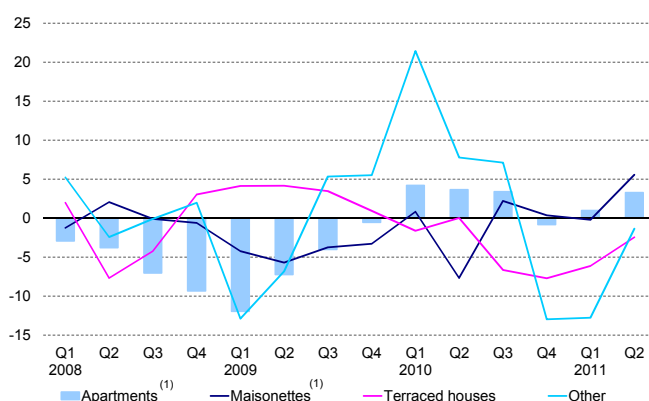
Meanwhile, the number of building permits issued by the Malta Environment and Planning Authority between April and June increased by 13.0% on the previous quarter. This was mostly due a higher number of approved permits for apartments, which accounted for over four-fifths of the total issued. On a year-on-year basis, however, the overall number of permits granted dropped by 17.4%, reflecting the exceptionally high number approved a year earlier.

Chart 1
RESIDENTIAL PROPERTY PRICE INFLATION (BASED ON ADVERTISED PRICES)
(annual percentage change)



Source: Central Bank of Malta.

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.

¹ This analysis of property price movements is based on the Central Bank of Malta’s residential property price index, which tracks movements in residential property prices compiled from newspaper advertisements sampled each month. The 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.

Government finance

During the second quarter of 2011 the general government deficit increased on a year-on-year basis, as revenue declined while expenditure rose. On the other hand, the Consolidated Fund deficit narrowed considerably.¹⁸

General government deficit widens

The general government deficit in the second quarter of 2011 increased by EUR29.3 million, compared with the same period in 2010, to EUR107.0 million (see Table 2.9). This was primarily due to a 4.2% increase in expenditure, coupled with a decline in revenue of 0.2%. The primary deficit, which excludes interest payments from expenditure, grew by EUR35.4 million to EUR56.6 million.

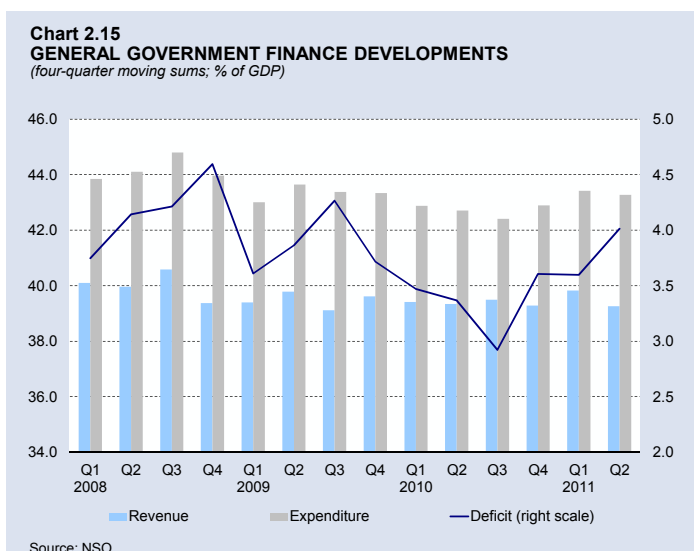


Table 2.9
GENERAL GOVERNMENT BALANCE

EUR millions

	2010	2011	Change		2010	2011	Change	
	Q2	Q2	Amount	%	Q1-Q2	Q1-Q2	Amount	%
Revenue	593.8	592.3	-1.4	-0.2	1,165.9	1,225.8	59.9	5.1
Taxes on production and imports	167.6	204.9	37.3	22.3	363.9	403.9	40.0	11.0
Current taxes on income and wealth	224.8	196.1	-28.8	-12.8	406.6	425.7	19.1	4.7
Social contributions	117.7	115.5	-2.2	-1.9	225.1	233.8	8.7	3.9
Capital and current transfers	40.3	20.0	-20.2	-50.3	62.8	43.7	-19.1	-30.4
Other ⁽¹⁾	43.4	55.9	12.5	28.8	107.5	118.7	11.2	10.4
Expenditure	671.4	699.4	27.9	4.2	1,289.0	1,380.3	91.4	7.1
Compensation of employees	209.6	218.3	8.7	4.1	420.9	431.0	10.1	2.4
Intermediate consumption	98.0	108.0	10.0	10.2	175.1	213.4	38.3	21.9
Social benefits	226.0	218.5	-7.5	-3.3	424.9	448.3	23.4	5.5
Subsidies	20.9	25.0	4.1	19.8	29.9	34.0	4.1	13.7
Interest	56.5	50.4	-6.0	-10.7	88.6	98.0	9.4	10.7
Current transfers payable	12.8	21.2	8.4	65.6	48.9	50.6	1.7	3.5
Gross fixed capital formation	14.2	44.4	30.2	212.1	50.9	83.6	32.6	64.1
Capital transfers payable	30.7	10.1	-20.5	-67.0	44.3	17.2	-27.1	-61.2
Other ⁽²⁾	2.8	3.4	0.6	19.9	5.3	4.1	-1.2	-23.0
Primary balance	-21.2	-56.6	-35.4	-	-34.4	-56.5	-22.0	-
General government balance	-77.7	-107.0	-29.3	-	-123.0	-154.5	-31.5	-

⁽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.

¹⁸ 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 and local councils on an accrual basis. Discrepancies between the two sets of accounts mainly stem from the recorded timing of income tax and VAT revenues. These were particularly pronounced in the case of income tax and, hence, current taxes on income and wealth during the period reviewed.

As a result, the cumulative deficit-to-GDP ratio, computed on the basis of four-quarter sums, climbed to 4.0% from 3.6% at end-March (see Chart 2.15). Although expenditure as a ratio to GDP declined slightly to 43.3% from 43.4% in the previous quarter, the revenue-to-GDP ratio decreased by 0.6 percentage points in the same period, to 39.3%.

Revenue declines in the second quarter

General government revenue decreased by EUR1.4 million in the second quarter of the year compared with the same period in 2010. This was mainly due to lower proceeds from taxes on income and wealth, which dropped by EUR28.8 million as a result of lower receipts from income tax and differences in the timing of tax refunds. Concurrently, intakes from capital and current transfers declined by EUR20.2 million as a result of a reduction in investment grants receivable from the EU. Revenue from social security contributions also declined slightly, by EUR2.2 million.

At the same time, inflows from taxes on production and imports surged by EUR37.3 million, buoyed by higher receipts from VAT, which accounted for around two-thirds of the overall increase. Intakes from customs and excise duties also rose, mostly on account of the increase in duty rates announced in last year's Budget Speech. "Other" revenue increased by EUR12.5 million, mainly due to increased sales of output by extra budgetary units, as well as dividends receivable on investments.

Over the first half of the year, total revenue grew by EUR59.9 million, or 5.1%. The main revenue components registered higher inflows when compared with the same period a year earlier, aided by more favourable macroeconomic conditions. Receipts from taxes on production and imports increased by 11.0% as a result of the above-mentioned growth in VAT and in customs and excise duties. Taxes on income and wealth went up by 4.7% on the back of higher intakes from income tax. Concurrently, revenue from social security contributions rose by 3.9%. On the other hand, lower transfers receivable from the EU led to a 30.4% decline in capital and current transfers.

Expenditure increases

In the second quarter of 2011 general government expenditure went up by EUR27.9 million compared with the same period of the previous year, as a result of higher current and capital spending. As regards current spending, outlays on intermediate consumption rose by EUR10.0 million, mainly due to higher expenditure related to health and public administration. Compensation of employees went up by EUR8.7 million, as spending on personal emoluments to civil servants and to personnel working with extra-budgetary units increased. At the same time, outlays on current transfers payable and on subsidies grew by EUR8.4 million and EUR4.1 million, respectively.

Between April and June, spending on gross fixed capital formation grew by EUR30.2 million on a year earlier. This rapid increase is partly due to a base effect as investment outlays were low in the second quarter of 2010.

Meanwhile, capital transfers payable declined by EUR20.5 million on a year earlier. During the corresponding period of 2010 capital transfers were boosted by exceptional items including the completion of a sewage treatment project and the set-up of the EU-backed JEREMIE financial engineering fund. Moreover, outlays on social benefits and interest expenditure decreased by EUR7.5 million and by EUR6.0 million, respectively. In both cases, this was due to the timing of recording of payments.

In the first half of 2011, total expenditure rose by 7.1%, with almost all spending items increasing over the same period a year earlier. Around two-thirds of this increase was due to higher outlays

on intermediate consumption and on social benefits. Respectively, these went up by 21.9% and by 5.5%. On the other hand, the amount of capital transfers payable more than halved as a result of lower spending on EU-funded projects, as explained above.

Consolidated Fund deficit drops

Between April and June 2011 the deficit on the Consolidated Fund contracted by EUR63.1 million compared with the second quarter of 2010, to EUR2.1 million (see Table 2.10 and Chart 2.16).

Total revenue increased by 7.0% as a result of higher proceeds from taxation. Direct tax inflows rose by 7.7% mainly due to higher receipts from income tax. Revenue from customs and excise duties helped push inflows from indirect taxes upwards by 9.4%. However, non-tax income declined by 1.6% owing to lower grants received. Concurrently, total expenditure decreased by 3.7%, as capital outlays dropped by just under a third, largely due to lower spending on EU-funded projects. Recurrent spending rose by just 0.1% as higher payments on health and on personal emoluments were offset by lower contributions to government entities and interest expenses.

Consequently, the deficit for the first six months of the year declined by EUR97.5 million to EUR190.2 million. Revenue climbed by 7.7%, driven mainly by higher customs and excise duties and VAT, as outlined above. In contrast, expenditure

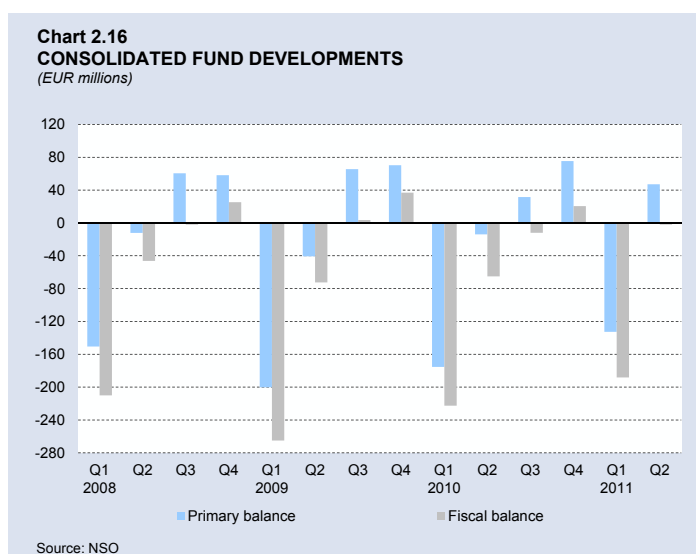


Table 2.10
CONSOLIDATED FUND BALANCE

EUR millions

	2010	2011	Change		2010	2011	Change	
	Q2	Q2	Amount	%	Q1-Q2	Q1-Q2	Amount	%
Revenue	564.2	603.8	39.6	7.0	990.1	1,066.1	76.1	7.7
Direct tax ⁽¹⁾	284.0	305.9	21.9	7.7	466.1	473.1	7.0	1.5
Indirect tax	201.9	220.8	18.9	9.4	383.8	442.9	59.2	15.4
Non-tax ⁽²⁾	78.3	77.1	-1.2	-1.6	140.2	150.1	9.9	7.1
Expenditure	629.3	605.9	-23.5	-3.7	1,277.8	1,256.4	-21.5	-1.7
Recurrent ⁽¹⁾	538.6	539.3	0.7	0.1	1,138.0	1,134.4	-3.5	-0.3
Of which: Interest payments	51.2	49.2	-2.0	-3.9	98.4	104.7	6.3	6.4
Capital	90.7	66.6	-24.1	-26.6	139.8	121.9	-17.9	-12.8
Primary balance⁽³⁾	-13.9	47.1	61.1	-	-189.3	-85.5	103.8	-
Consolidated Fund balance	-65.1	-2.1	63.1	-	-287.8	-190.2	97.5	-

⁽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.

dropped by 1.7% owing to lower capital and recurrent outlays. The latter was driven by reduced spending on social benefits (reflecting the timing of payments) and on contributions to government entities, as well as lower operational and maintenance expenses. However, personal emoluments and interest payments were higher.

General government debt increases

In June 2011 the stock of general government debt outstanding amounted to EUR4,527.8 million, an increase of EUR128.3 million from its level at the end of March (see Table 2.11). Apart from financing the deficit, the Government also used borrowed funds to build up its holdings of bank deposits. Consequently, the debt-to-GDP ratio climbed by 1.1 percentage points to 71.6% (see Chart 2.17).

During the quarter under review the debt composition changed: the share of short-term securities in the total decreased, whereas that of long-term securities rose. Short-term debt in the form of Treasury bills declined by EUR79.7 million, while its share of total debt went down by 2.0 percentage points to 7.4%. Concurrently, long-term debt grew by EUR204.7 million, as new issues of government bonds exceeded the value of those redeemed, thus bringing its share of the total up to 86.5% from 84.3% in March.

At the same time, general government loans rose marginally by EUR1.5 million as the stock of short-term loans increased. Nevertheless, the share of loans to total debt declined by 0.1 percentage points, to 5.2%. Liabilities in the form of Maltese euro coins in issue rose by EUR1.8 million, while their share of the total debt remained unchanged from the previous quarter's level.

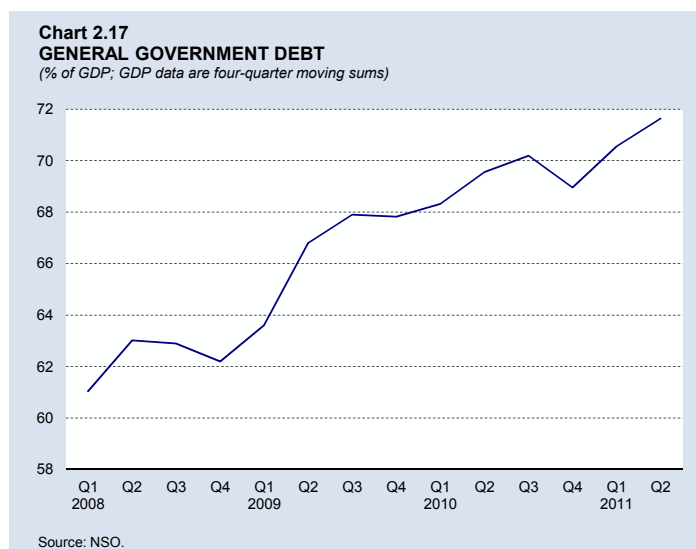


Table 2.11
GENERAL GOVERNMENT DEBT

EUR millions

	2010			2011	
	Q2	Q3	Q4	Q1	Q2
General government debt⁽¹⁾	4,173.0	4,267.3	4,250.4	4,399.5	4,527.8
Currency & deposits	38.8	40.6	41.0	40.7	42.6
Securities	3,914.4	4,000.1	3,981.4	4,127.0	4,252.1
Short-term	552.6	460.3	377.8	416.8	337.1
Long-term	3,361.8	3,539.8	3,603.6	3,710.2	3,914.9
Loans	219.7	226.6	228.1	231.7	233.2
Short-term	27.0	31.6	40.1	32.4	35.8
Long-term	192.7	195.0	188.0	199.4	197.4

⁽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.

BOX 4: TOURISM ACTIVITY

Positive tourism performance continues in the second quarter

During the second quarter of 2011, tourist numbers and nights stayed continued to increase at a high but more moderate growth rate than in the previous quarter, while expenditure levels extended their robust growth. There are signs, however, that the strong recovery in the industry registered over 2010 and in the first quarter of 2011 has begun to moderate.

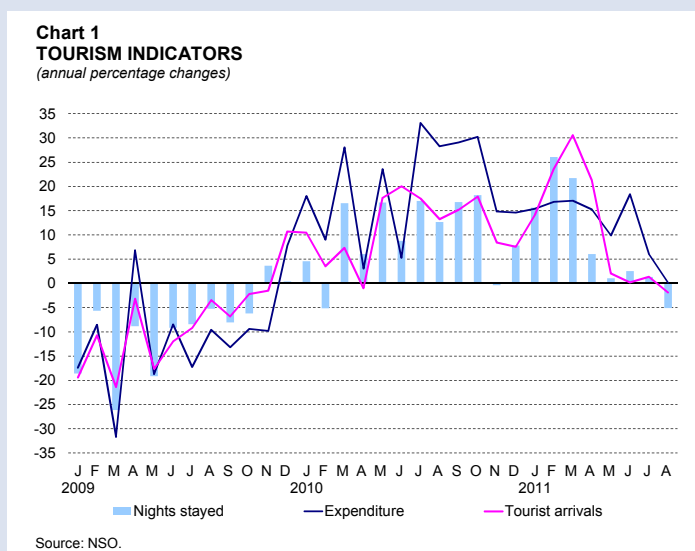
Arrivals during the second quarter of 2011 rose by 6.7% on a year earlier, following a growth rate of 23.5% in the previous quarter (see Chart 1).¹ At the same time, the total number of nights stayed increased by 3.0% over the year-ago level. The average length of stay, however, dropped by 0.2 nights to 7.0 nights, extending the declining trend observed in recent years.

Two special factors helped to boost the second quarter results. One was the Easter period, which occurred in late April this year instead of in March as in the previous year. There was also the negative impact in April 2010 of the Icelandic volcanic eruption which disrupted flights throughout that month.

Meanwhile, air traffic data provided by Malta International Airport showed that passenger arrivals (including residents) and aircraft landings were, respectively, 10.6% and 9.3% higher than a year earlier.

In terms of geographical distribution, increases were recorded in arrivals from most source markets during the second quarter. Tourist numbers from the UK, Malta's main market, which accounts for almost one-third of the total, rose by 3.6% over their year-ago level. The number of visitors from Germany and France grew by 12.2% and by around a quarter respectively. Also, the number of visitors from Belgium and Ireland increased substantially. On the other hand, tourist numbers from Italy, Malta's second largest source market, dropped by 10.2% during the second quarter, while those from Spain contracted by 4.8%.

With regard to tourist expenditure, this rose by 14.4% year-on-year in the second quarter of 2011, following annual growth of 16.5% in the previous quarter.² The increase was entirely due to a rise of 21.7% on package holidays and of 20.4% on the "other" component. In contrast, spending on non-package holidays was practically unchanged as a



¹ This figure includes the direct impact of the Libyan unrest on arrivals in February and March. Excluding this impact, arrivals during the first quarter would have increased by 16.5%.

² Total expenditure is split into package, non-package and "other". Non-package spending is sub-divided into spending on accommodation and travel, while the "other" component captures any additional expenditure by tourists during their stay in Malta.

drop in expenditure on travel fares was almost counterbalanced by an increase in accommodation spending.

An industry survey for the second quarter of 2011 reports a rise in average achieved room rates in 5-star and 4-star hotels of 2.5% and 5.5% respectively, on a year earlier, while rates in the 3-star category dropped marginally.³ These movements repeat the pattern seen in the previous two quarters. As a result, the survey reports that gross operating profits per available room in the higher-end hotel categories increased compared with the corresponding period in 2010.

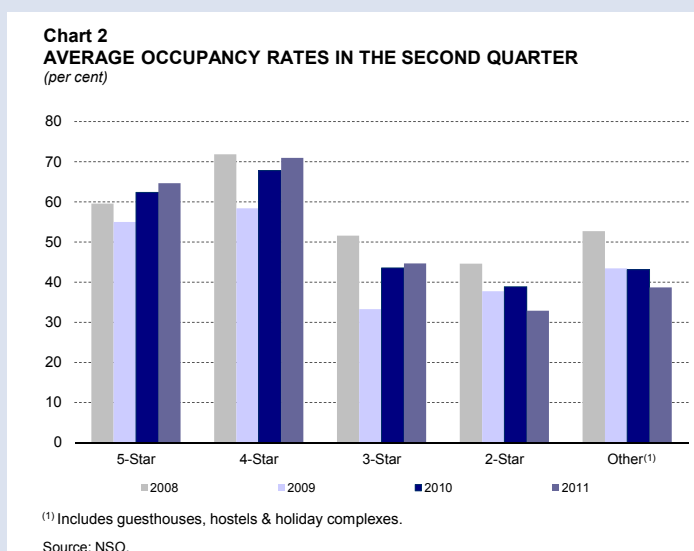
On the supply side, the net number of bed-places in the second quarter of 2011 was almost unchanged on a year earlier.⁴ Due to the increase in nights stayed, therefore, higher occupancy rates were recorded. NSO data indicate that overall hotel occupancy rates in the period stood at 61.7%, as against 59.0% in the second quarter of 2010.

In particular, occupancy in 4-star hotels rose by 3.2 percentage points, with this category having the highest overall occupancy rate at 71.0% (see Chart 2). Occupancy in 5-star hotels, which account for around one-fifth of total hotel bed stock, was up by 2.3 percentage points, to 64.7%. But occupancy in 3-star hotels rose only marginally over 2010. In contrast, in the lower end categories, occupancy in 2-star hotels dropped by 5.9 percentage points, while that in the “other” category dropped by 4.4 percentage points.⁵

The industry survey data on hotel occupancy show that all hotel categories registered an increase. However, the largest rise occurred in the 3-star category, while the highest occupancy level was seen in 4-star hotels. The increases recorded in the 5-star category were also substantial, bringing rates in all hotel categories close to three-fourths occupancy during the quarter.

Cruise passenger numbers recovered during the second quarter. Passenger numbers contracted year-on-year during April, showing the continuing effect of the cessation of port calls by a major operator at the end of 2010. However, numbers rebounded in May and June as port calls by the same operator resumed (see Chart 3). In all, during the second quarter, the number of cruise liner passengers rose by 13.8%, as the frequency of port calls by cruise liners rose to 99 from 92 in the same period of 2010.

Going into the third quarter, information for July and August of 2011 points to a further slowdown



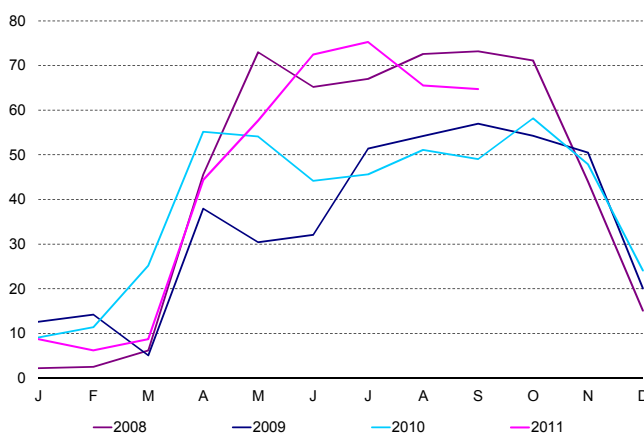
³ See BOV-MHRA Survey – Q2 2011.

⁴ Bed places are determined by the number of persons who stay overnight in the establishment, not taking into account any extra beds that may be provided to clients on request. Net number of bed-places is calculated for all active accommodation establishments net of seasonal closures and other temporary closures, such as for redecoration.

⁵ The “other” category consists of guesthouses, apart-hotels and hostels.

in the tourism industry, as a slight year-on-year pick-up in arrivals during July was followed by a small decline in August. On average over the two months tourist numbers and nights stayed dropped marginally, while expenditure increased by around 3% on year-ago levels. Meanwhile, the cruise liner business remained buoyant between July and September. Over this period the aggregate number of cruise passengers rose by around two-fifths over the same period of 2010.

Chart 3
CRUISE LINER PASSENGERS
(thousands)



Source: NSO.

Monetary and financial developments

During the second quarter of 2011, the contribution of Maltese banks or monetary financial institutions (MFIs) to the euro area broad money stock continued to expand,¹⁹ though at a slower annual pace than in the previous quarter, as growth in total residents' deposits decelerated.²⁰ Similarly, the expansion of credit to residents was lower than in the March quarter, while net claims on non-residents of the euro area contracted moderately.

Meanwhile, domestic money market yields rose following the increase in official interest rates in April. In the capital market, yields on five-year Maltese government securities went up slightly, while those on ten-year bonds declined. Throughout the quarter, the MSE share index decreased further. During July and August domestic money market rates were broadly unchanged, while ten-year bond yields and equity prices kept on declining.

Growth in broad money eases further

The contribution of Maltese MFIs to the euro area money stock (M3) grew at a slower pace during the second quarter of 2011, with the annual growth rate easing to 3.9% in June from 4.8% in March (see Table 2.12). Slower growth in M3 was mainly driven by the narrow money component M1, which expanded at an annual rate of only 5.5% compared with 17.0% in the previous quarter. As a result, growth in intermediate money M2 slowed down to 3.7% in June from 4.7% in March.

Turning to residents' deposits, annual growth in overnight deposits, which are withdrawable on demand and form part of M1, significantly declined during the quarter after months of robust growth (see Table 2.13). In fact, between March and June 2011, their annual growth rate fell by 13.1 percentage points to 5.6%. This decline was mainly driven by balances belonging to general government, financial intermediaries & auxiliaries and private non-financial companies. These developments reflect substitution effects within M3, which resulted in shifts from overnight deposits to higher yielding deposits included in M3.

Table 2.12
CONTRIBUTION OF RESIDENT MFIs TO EURO AREA MONETARY AGGREGATES⁽¹⁾

EUR millions; annual percentage changes

	2011		2010		2011	
	June	Q2	Q3	Q4	Q1	Q2
Narrow money (M1)	5,160.5	19.5	16.6	14.7	17.0	5.5
Intermediate money (M2)	9,279.6	2.7	3.1	5.3	4.7	3.7
Broad money (M3)	9,486.2	2.6	3.3	5.5	4.8	3.9

⁽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.

Source: Central Bank of Malta.

¹⁹ The contribution of Maltese MFIs to the 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 the other monetary liabilities of Maltese MFIs towards euro area residents, as explained in the General Notes accompanying the Statistical Tables in this Review.

²⁰ Unless otherwise specified, the term "residents" in this section refers to residents of Malta only. "Other euro area residents" include residents of all euro area countries except Malta.

Table 2.13
RESIDENTS' DEPOSITS ⁽¹⁾

EUR millions; annual percentage changes

	2011		2010		2011	
	June	Q2	Q3	Q4	Q1	Q2
Overnight deposits	4,359.5	21.7	17.8	16.3	18.7	5.6
Deposits redeemable at notice up to 3 months	115.9	1.2	3.6	10.7	19.1	3.6
Deposits with agreed maturity up to 2 years	3,678.3	-11.0	-7.9	-5.2	-8.9	-4.4
Total residents' deposits	8,153.7	3.4	3.8	5.1	4.4	0.8

⁽¹⁾ Data only include deposits belonging to residents of Malta.

Source: Central Bank of Malta.

Turning to other components of M2, the annual growth rate of residents' short-term savings deposits (i.e. deposits redeemable at up to three months' notice) slowed down to 3.6% in June from 19.1% in March. These, however, account for a small proportion of residents' total deposits. In contrast, the decline in residents' short-term time deposits (i.e. deposits with agreed maturity of up to two years) moderated, with the negative growth rate decelerating to 4.4% on an annual basis from 8.9% in March. This development was primarily attributable to movement in deposits of insurance companies and, to a lesser extent, of public non-financial companies.

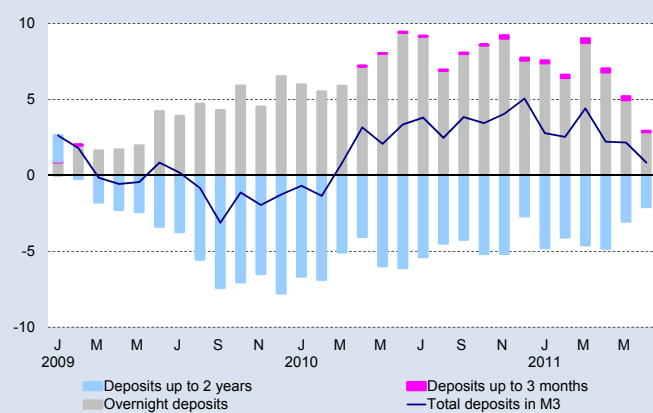
Overall, the annual rate of growth of total residents' deposits included in M3 slowed down to 0.8% in June from 4.4% in March, with overnight deposits and deposits redeemable at up to three months' notice contributing to this fall (see Chart 2.18). Slower growth in residents' deposits may also reflect substitution effects resulting from portfolio flows in search of higher yields towards longer-term assets outside M3. Indeed, deposits excluded from M3, that is, those with a maturity exceeding two years, continued to grow robustly, expanding year-on-year by 26.5% in June, which was nevertheless a more modest pace than during the March quarter.

At the end of June, overnight deposits accounted for just over half of total residents' deposits, with the bulk of the remainder coming from deposits with agreed maturity of up to two years. Going into the third quarter, annual growth in residents' deposits rebounded to 1.6% in July.

Turning to interest rates, the weighted average interest rate paid by MFIs on all residents' deposits included in M3 remained unchanged at 1.12% during the second quarter of 2011, reflecting the fact that banks left their base rates unchanged.

Developments in interest rates on new accounts were mixed

Chart 2.18
CONTRIBUTION TO ANNUAL GROWTH IN RESIDENTS' DEPOSITS
(percentage points; annual percentage change)



Source: Central Bank of Malta.

Table 2.14**MFI INTEREST RATES ON NEW DEPOSITS BELONGING TO RESIDENTS⁽¹⁾***Percentages per annum; weighted average rates for the period*

	2010			2011	
	June	Sep.	Dec.	Mar.	June
Households and NPISH					
Overnight deposits ^(2,3)	0.29	0.28	0.28	0.28	0.29
Savings deposits redeemable at notice up to 3 months ^(2,4)	1.67	1.63	1.69	1.69	1.57
Time deposits with agreed maturity					
Up to 1 year	1.79	1.88	2.03	1.87	1.88
Over 1 and up to 2 years	3.17	2.80	3.00	2.55	2.97
Non-financial corporations					
Overnight deposits ^(2,3)	0.27	0.25	0.24	0.24	0.25
Time deposits with agreed maturity	1.51	1.64	1.51	1.42	1.59

⁽¹⁾ Annualised agreed rates on euro-denominated deposits belonging to households and non-financial corporations that are residents of Malta.

⁽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.

during the quarter under review (see Table 2.14).²¹ The main changes related to interest rates paid to households on time deposits with an agreed maturity of between one and two years, which increased by 42 basis points to 2.97%. Meanwhile, rates on overnight deposits held by non-financial corporations rose by 17 basis points to 1.59%.

Going into the third quarter, the weighted average deposit rate increased by two basis points to 1.14% in July. In the same month, developments in interest rates on new business, which are more volatile, were once again mixed. The main changes related to increases in interest rates paid to households on time deposits with an agreed maturity of between one and two years, and of over two years, and in rates paid to non-financial corporations on time deposits with an agreed maturity.

Credit growth slows further

The annual growth rate of credit to residents extended the general downward trend seen since the beginning of 2009. It slowed down further during the second quarter, easing to 3.9% in June from 4.3% in March (see Table 2.15).

Table 2.15**CREDIT TO RESIDENTS⁽¹⁾***EUR millions; annual percentage changes*

	2011		2010		2011	
	June	Q2	Q3	Q4	Q1	Q2
Total credit	10,474.9	7.8	7.3	5.8	4.3	3.9
Credit to general government	2,212.8	12.0	10.6	8.5	6.3	3.8
Credit to other residents	8,262.1	6.8	6.4	5.1	3.8	3.9

⁽¹⁾ Data only include credit granted to residents of Malta.

Source: Central Bank of Malta.

²¹ 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 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.

The deceleration resulted from slower annual growth in credit to general government, which declined to 3.8% in June from 6.3% three months earlier (see Chart 2.19). This reflected a drop in the banks' Treasury bill portfolio, which declined significantly during the quarter, offsetting an increase in their holdings of MGS.

In contrast, the annual growth rate of credit to other residents edged up by 0.1 percentage points to 3.9% in June (see Table 2.16).²² This rise is attributable to developments in credit to both the non-bank private sector and the non-bank public sector, where the annual growth rate increased by 0.2 and 0.1 percentage points, respectively.

Loans, which at the end of June accounted for 97% of all credit to other residents, also grew at a faster pace than in the previous quarter, expanding at an annual rate of 4.2% as opposed to 4.0% in March. The annual growth rate of corporate loans declined to 2.0% in June from 2.2% in March (see Chart 2.20).

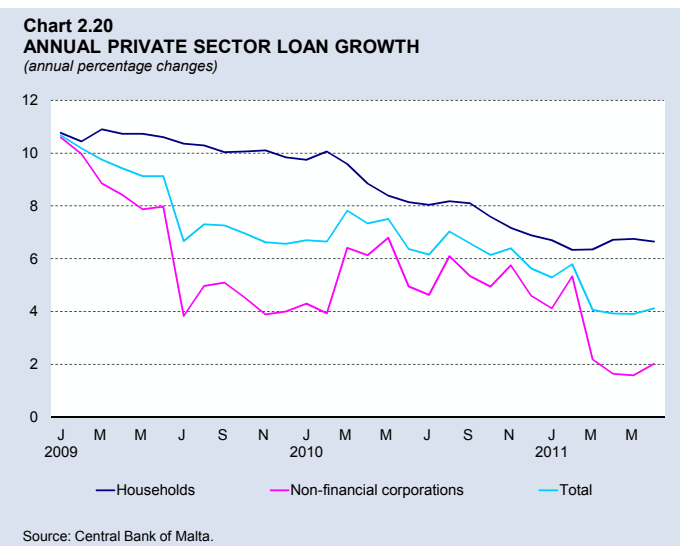
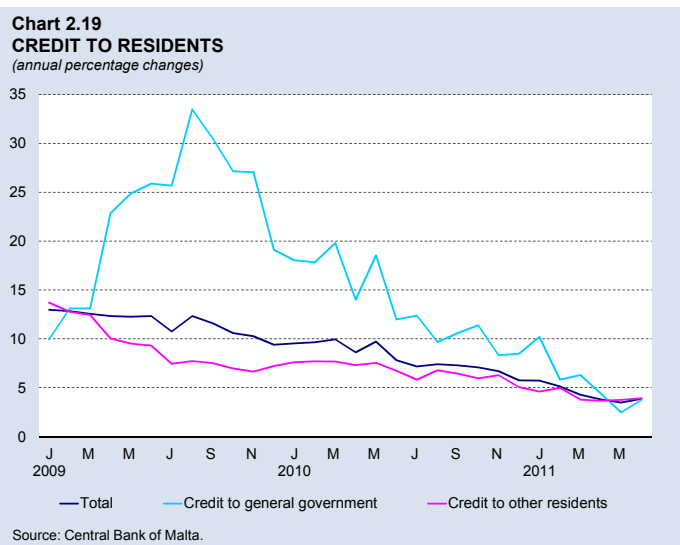


Table 2.16
CREDIT TO OTHER RESIDENTS⁽¹⁾

EUR millions; annual percentage changes

	2011		2010		2011	
	June	Q2	Q3	Q4	Q1	Q2
Total credit to other residents	8,262.1	6.8	6.4	5.1	3.8	3.9
Credit to the non-bank private sector	7,633.5	6.4	6.7	5.4	3.8	4.0
Credit to the non-bank public sector	628.7	10.6	3.5	1.4	3.1	3.2
Total loans	8,041.3	6.6	6.3	5.2	4.0	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. Data only include credit to residents of Malta.

Source: Central Bank of Malta.

²² 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.

However, loans to households, which remained the largest single category of bank borrowing by residents, increased at an annual rate of 6.7% in June, up from 6.3% in March. Mortgage lending, which makes up around four-fifths of loans to households, expanded at an annual rate of 8.4% in June 2011, unchanged from three months earlier. The remaining one-fifth, which is made up of consumer credit and other lending to households, grew at an annual rate of 0.1%, after having contracted by 1.1% in March.

Going into the third quarter, the declining trend observed in total credit to residents came to a halt in July, when the annual growth rate edged up to 4.8%.

Credit granted by resident MFIs to other euro area residents continued to slow down, with the annual rate of growth falling to 1.6% in May, before slightly recuperating to 3.6% in June. This is significantly lower than the 9.0% rate recorded in March 2011.²³ The lower growth rate in June, when compared with March, mainly stemmed from a slower expansion in resident MFI holdings of other euro area government securities. In June, the total credit extended by resident MFIs to other euro area residents amounted to EUR4.3 billion.

During the June quarter, despite the April increase in official interest rates, the weighted average interest rate charged by MFIs on loans to residents increased by only three basis points, ending the quarter at 4.76%. In contrast, MFI interest rates on new loans to residents mainly declined, though movements in such rates often reflect changes in the composition of the borrowers served in each month. For instance, rates charged to households for loans for house purchases, consumer credit, and other lending dropped to 3.32%, 5.39%, and 5.53%, respectively (see Table 2.17).²⁴ Similarly, rates on loans to non-financial corporations decreased to 5.23% in June.

In July, the weighted average lending rate edged down by one basis point to 4.75%. With respect to new business, MFI rates on new loans were generally on the rise. Indeed, interest rates charged on loans to households and non-financial companies increased.

Table 2.17
MFI INTEREST RATES ON NEW LOANS TO RESIDENTS⁽¹⁾

Percentages per annum; weighted average rates for the period

	2010			2011	
	June	Sep.	Dec.	Mar.	June
Households and NPISH					
Overdrafts ⁽²⁾	5.73	5.75	5.75	5.80	5.82
Loans					
Lending for house purchases	3.39	3.33	3.43	3.35	3.32
Consumer credit ⁽³⁾	5.63	5.55	5.81	5.53	5.39
Other lending	4.79	5.91	5.86	5.67	5.53
Non-financial corporations					
Overdrafts ⁽²⁾	4.87	5.06	5.03	5.06	5.04
Loans ⁽³⁾	5.25	4.78	4.86	5.29	5.23

⁽¹⁾ Annualised agreed rates on euro-denominated loans to households and non-financial corporations that are residents of Malta.

⁽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.

²³ See footnote 20 above.

²⁴ See footnote 21 above.

The Bank Lending Survey (BLS) conducted in July 2011 indicated that credit standards applied to lending to households remained unchanged during the second quarter of 2011, while those to lending to enterprises eased slightly.²⁵ While one bank reported a slight drop in demand for business loans, another reported a small increase in demand for mortgages, with the remaining institutions reporting unchanged demand conditions. Credit standards and loan demand for both enterprises and households were generally expected to remain unchanged over the September quarter, with only one bank expecting a slightly higher demand for business loans.

Net claims on non-residents of the euro area fall marginally

During the year to June 2011, resident MFIs' net claims on non-residents of the euro area (the external counterpart) contracted by 0.4% (see Table 2.18). This was much lower than the 19.4% year-on-year drop recorded in the March quarter. In fact, while claims on non-residents of the euro area declined by just 2.9% on a year earlier, these had contracted by a substantial 7.9% in the previous quarter. At the same time, MFI liabilities to non-residents of the euro area fell by 4.0%, mainly owing to lower borrowings from credit institutions outside the euro area and to lower deposits placed by customers, also residing outside the euro area.

Other counterparts (net) expanded by 1.1% during the year to June. This resulted predominantly from an increase in banks' longer-term financial liabilities, mostly in the form of equity and deposits excluded from M3 belonging to households.

Money market rates increase

On 7 April 2011 the Governing Council of the ECB decided to raise official interest rates by 25 basis points. Consequently, the interest rate on the main refinancing operations of the Eurosystem was raised to 1.25%. During the second quarter of 2011 the three-month EURIBOR also rose, adding 31 basis points to 1.55% by end-June (see Chart 2.21).

The primary market yield on domestic three-month Treasury bills fluctuated during the quarter under review, so that by end-June it stood unchanged from the 1.10% registered at end-March. With the Government issuing significant amounts of MGS on the primary market, it reduced its borrowings on the money market. The Treasury issued a total of EUR172.1 million worth of bills, less than the EUR260.9 million sold during the first quarter of the year. Three-month bills

Table 2.18
EXTERNAL AND OTHER COUNTERPARTS⁽¹⁾

EUR millions; changes on a year earlier

	2010	2011	Change	
	June	June	Amount	%
External counterpart	8,825.3	8,792.7	-32.6	-0.4
Claims on non-residents of the euro area	30,481.9	29,589.0	-892.9	-2.9
Liabilities to non-residents of the euro area	21,656.6	20,796.4	-860.2	-4.0
Other counterparts (net)⁽²⁾	13,892.3	14,041.8	149.5	1.1

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

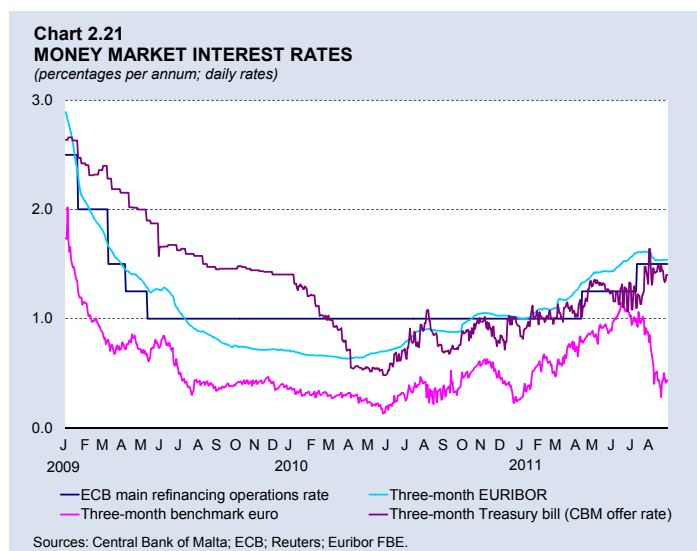
⁽²⁾ Includes net interbank claims/liabilities.

Source: Central Bank of Malta.

²⁵ 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.

accounted for just under three-fifths of the total, with the remainder mainly composed of six-month bills. Resident banks heavily participated in the auctions and bought around three-quarters of the overall issue.

Meanwhile, turnover in the secondary Treasury bill market, which exhibits substantial volatility, amounted to less than half of that reported in the first quarter, falling from EUR13.4 million to EUR6.1 million. The majority of the transactions, worth EUR4.0 million, were undertaken by the Central Bank of Malta in its capacity as market-maker.



In the secondary market, the yield on benchmark three-month government securities in the euro area went up by 27 basis points during the quarter, ending June at 1.05%. Similarly, the corresponding domestic yield rose by 26 basis points to stand at 1.33% by end-June. The spread over the euro area benchmark thus declined marginally to 28 basis points (see Chart 2.21).²⁶

On 7 July the ECB raised the interest rate on its main refinancing operations by another 25 basis points, to 1.50%. Domestic money market yields appear to have responded, with the primary market three-month Treasury bill yield climbing to 1.44% by end-August. Meanwhile, the secondary market rate also increased, albeit at a slower pace, and stood at 1.40%. However, the yield on benchmark euro area government securities declined by 62 basis points. Consequently, the spread between the latter and the corresponding domestic secondary market yield widened to 97 basis points by end-August.

Bond yields, equity prices generally decline

The Government raised additional funds through three MGS issues with a combined value of EUR201.8 million in May. The first two are due to mature in six and in 19 years and offer coupon rates of 4.25% and 5.25%, respectively. The third issue, with a maturity term of two years, was released with a coupon rate linked to the six-month EURIBOR. Hence, up to November 2011, the issue's coupon rate stands at 2.16%. Around two-thirds of the total was sold by auction, predominantly to resident banks and other financial institutions, while the remainder was issued at fixed prices to retail investors, mostly households.

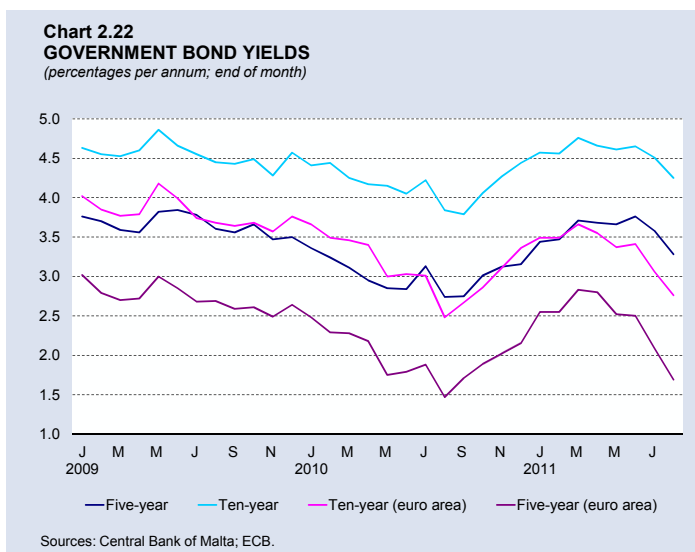
During the second quarter, turnover in the secondary market for government bonds surged by EUR110.1 million to EUR147.1 million. This reflected higher trading in all bond categories, although the bulk of the increase (around three-fifths) originated from turnover in short-term securities.²⁷

²⁶ The benchmark for the euro area is the secondary market rate on three-month securities issued by the French government, which is also shown in Chart 2.21.

²⁷ 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.

Transactions involving the Central Bank of Malta accounted for more than two-thirds of the amount traded.

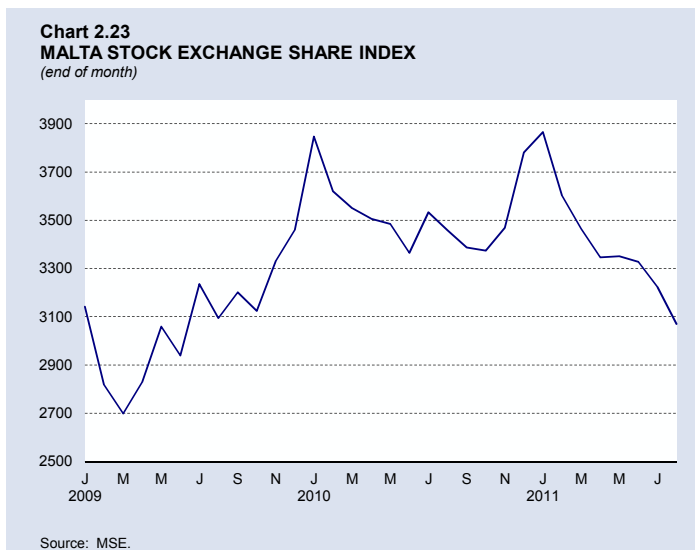
Over the quarter, yields on five-year government bonds increased by a marginal five basis points (see Chart 2.22). However, those on ten-year bonds went down by 11 basis points. Yields on benchmark five-year and ten-year euro area government bonds fell faster, going down by 33 and 25 basis points, respectively. Consequently, the spread on five-year domestic bonds widened by 38 basis points to 126 points, while the ten-year differential increased by 14 points to 124 points.²⁸



In the secondary corporate bond market turnover decreased by EUR2.0 million to EUR6.9 by end-June. Trading was concentrated in eight securities, with yields generally declining.

Concurrently, the value of transactions in the equity market declined by EUR7.9 million to EUR7.3 million. After a sharp drop in the first three months of the year, equity prices extended their downward trend, with the MSE share index declining by 3.9%, ending June at 3,327.13 (see Chart 2.23).

During July and August, yields on domestic five and ten-year government bonds decreased, reaching 3.28% and 4.25%, respectively. However, with benchmark yields in the euro area falling more rapidly, the spread between them widened by 33 basis points to 159 basis points for five-year bonds, and by 25 basis points to 149 basis points for ten-year bonds. At the same time, the MSE share index declined further, falling by 7.7%.



²⁸ Euro area yields are based on AAA-rated central government bonds.

NEWS NOTES

DOMESTIC

EU-wide banking sector stress test results

On 15 July the results of the 2011 EU-wide stress testing exercise, prepared and conducted by the European Banking Authority in close cooperation with the ECB and the national supervisory authorities in EU Member States, were announced. The Bank of Valletta p.l.c., which has a substantial share of the domestic banking market, was once again selected to be stress tested by the national authorities. The Central Bank of Malta and the MFSA collaborated with Bank of Valletta in undertaking this exercise in terms of set parameters and established macroeconomic scenarios. The overall results obtained by the Bank of Valletta confirmed its resilience, while the bank also met the capital benchmark set for the purpose of the stress test.

Review of Malta's credit rating

On 6 September Moody's Investors Service downgraded Malta's foreign-currency and local-currency government bond ratings to A2 from A1 and revised the outlook to negative. The downgrade was the result of lower medium-term economic growth rates, driven by a decline in potential output growth as a result of the 2008-09 financial crisis that left the economy more vulnerable to further economic shocks. Malta's country ceilings for bonds and bank deposits were unaffected by this rating action and remained at Aaa, in line with the euro area's ceilings.

On 25 October Fitch Ratings left Malta's sovereign rating unchanged. It affirmed Malta's long-term foreign and local currency Issuer Default Ratings (IDRs) at "A+" with stable outlooks. The short-term IDR was also affirmed at "F1" and the country ceiling at "AAA". The affirmation of the sovereign ratings with stable outlooks reflected Fitch's assessment that Malta had come through the international financial crisis relatively unscathed, suffering only a mild recession with limited fiscal fall-out and no collateral damage from the financial sector.

On 28 October Standard & Poor's Ratings Services affirmed its "A/A-1" sovereign credit ratings on Malta with a stable outlook. The ratings on Malta were based on its strong political and economic profile and intermediate flexibility and performance profile, as defined under the credit agency's specific criteria. The agency also said that Malta's political and economic profiles feature stable political institutions, effective policymaking that delivers relatively sustainable public finances and balanced economic growth.

The Global Competitiveness Report 2011-2012

On 7 September the World Economic Forum published *The Global Competitiveness Report 2011-2012* which includes a detailed profile of various indicators for 142 countries in which Malta was ranked 51st overall. The indicators include the resilience of auditing and reporting standards for which Malta was ranked 10th, soundness of banks at 12th, foreign direct investment and technology transfer at 20th. Malta placed 18th on the quality of its higher education and training system.

Capital market developments

Corporate Bond Issue

On 19 July Bank of Valletta p.l.c. announced that it had been granted approval to issue EUR125.0 million in debt that would eventually be listed on the Malta Stock Exchange. It subsequently offered to the general public a first tranche of notes amounting to EUR40.0 million 4.80% annually under this debt issuance programme. These notes mature in 2018. The offer was fully subscribed and an allocation policy was announced on 10 August 2011.

The Pre-Budget Document 2012

On 1 August the Minister of Finance, the Economy and Investment launched the *Pre-Budget Document 2012*. The Document, which served as an input to subsequent discussions on the 2012 Budget with the social partners, assesses the recent performance of the Maltese economy, highlighting factors contributing to growth. It also emphasises the importance of fiscal sustainability, reiterating the Government's commitment to reduce the general government deficit to below 3% of GDP in 2011 and to lower it further in 2012.

Legislation related to banking and finance

Retirement Pensions Act (Act XVI of 2011)

On 5 August Act No. XVI of 2011 was enacted to regulate Retirement Schemes, Retirement Funds and Service Providers related thereto. The Act includes provisions regarding licensing and recognition requirements and related procedures, the governance of retirement schemes, permitted investments and reporting requirements. The MFSA is the competent authority responsible for the administration of the Act.

Legal Notice 318 of 2011

This Legal Notice, issued on 5 August titled Retirement Pensions Act, 2011 (Act No. XVI of 2011), established 5 August 2011 as the date when the provisions of article 57 of the said Act came into force. Article 57 adds two new sub-articles to article 56 of the Income Tax Act (Cap. 123) regarding a specific rate of tax of 15% to be charged against the income of individuals that have been granted special permanent or temporary tax status.

Legal Notice 324 of 2011

This Legal Notice, issued on 12 August titled Securitisation Transactions (Deductions) Rules, 2011, in terms of the Income Tax Act (Cap. 123) lays down various rules governing the tax treatment of securitisation transactions. These include provisions regarding when income of a securitisation vehicle becomes taxable, allowable deductions, accounting issues and rules to combat abuse.

Legal Notice 400 of 2011

This Legal Notice, issued on 30 September in terms of the Income Tax Act (Cap. 123), regulates the tax treatment of high net worth individuals from the EU, EEA and Switzerland wishing to reside in Malta. Such individuals may benefit from a flat rate of tax, set at 15%, on income remitted to Malta from abroad, provided certain conditions are met. The rules also cover, *inter alia*, requests for information, the abuse of rights, annual reporting obligations and the authorised registered mandatory. This Legal Notice was deemed to have come into force on 1 January 2011.

INTERNATIONAL

IMF-World Bank Group Annual Meetings 2011

During the IMF-World Bank Group Annual Meetings, which were held in Washington DC from 23 to 25 September, the International Monetary and Financial Committee (IMFC) met to discuss international monetary issues. Among other matters the Committee agreed to act decisively to tackle the dangers confronting the global economy, including the sovereign debt risks, financial system fragility, weakening economic growth and high unemployment. It also called on advanced economies to ascertain that their banks had strong capital positions and access to adequate funding. Coordinated efforts would be continued to strengthen the regulation of systemically important financial institutions, establish mechanisms for orderly domestic and cross-border resolution of troubled financial institutions, and address risks posed by shadow banking.

The Development Committee also met during the meetings and issued a communiqué in which the members committed themselves to support strong, sustainable, balanced and inclusive growth in all their member countries. They reiterated their undertaking to job creation, especially by supporting the expansion of a vibrant private sector and called on the World Bank Group to scale up support and strengthen collaboration with all relevant stakeholders.

EU Presidency Statement on Economic Governance

On 16 September the EU Presidency issued a communication on the agreement reached between EU finance ministers designed to strengthen an economic governance package for the EU, especially for the euro area. Four of six proposals dealt with fiscal issues, including a reform of both the preventive and corrective parts of the Stability and Growth Pact. A new directive on requirements for budgetary frameworks would ensure that national budgetary frameworks reflected the objective of increasing fiscal discipline in the EU. Moreover, the surveillance of the Member States' economic policies would be broadened through the introduction of a mechanism for the prevention and correction of excessive macroeconomic imbalances.

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

On 12 July the ECOFIN Council agreed on a strategy for the communication of remedial and backstop measures envisaged by Member States to support vulnerable banks following this year's EU-wide stress tests, the results of which were published in July. The Council reviewed, as part of a coordinated strategy, the availability and soundness of the backstop measures in place to address decisively any remaining pockets of vulnerability in the EU banking sector. The Council concluded the European Semester, while adopting recommendations for Member States regarding their 2011 national reform programmes and the 2011 updates of their stability and convergence programmes.

On 18 July the General Affairs Council approved an agreement reached with the European Parliament that extended an EU budgetary guarantee for the European Investment Bank's external operations to cover the remainder of the 2007-2013 financial framework.

On 25 July the Council adopted its position for the 2012 EU budget, limiting the increase in payments to 2.02% compared with 2011. The Council's position for the 2012 budget amounted to EUR129.1 billion in payments, corresponding to 0.98% of the EU's Gross National Income and EUR146.2 billion in commitments, leaving a margin of EUR2.1 billion under the total ceiling of the current financial framework.

On 2 September the Council adopted two decisions paving the way for the release of the next instalments of financial assistance to Ireland and Portugal. This followed the positive outcome of the latest quarterly review of both countries' implementation of the programme conducted by the European Commission, the ECB and the IMF.

Eurogroup Meetings

On 2 July the Eurogroup, which comprises the ministers of finance of the euro area, agreed that the main parameters of a multi-year adjustment programme for Greece would revolve around a continued strong commitment to implement fiscal consolidation measures as well as ambitious and concrete structural reform and privatisation plans. It would be supplemented by large-scale technical assistance, provided by the Commission and Member States.

In the meeting of 11 July ministers reaffirmed their commitment to safeguard financial stability in the euro area. They stood ready to adopt further measures that would improve the euro area's systemic capacity to resist contagion risk, including enhancing the flexibility and the scope of the European Financial Stability Facility (EFSF), lengthening the maturities of loans and lowering interest rates.

Heads of State or Government agree on new Greek programme

On 21 July the Heads of State or Government of the euro area and of EU institutions met in Brussels and agreed to support a new programme for Greece. The new programme would also involve the IMF and would include a voluntary contribution from the private sector to fully cover the financing gap. The total official financing would amount to an estimated EUR109 billion. This programme would be designed, notably through lower interest rates and extended maturities, to decisively improve the debt sustainability and refinancing profile of Greece. They decided to lengthen the maturity of future EFSF loans to Greece to the maximum extent possible from the current 7.5 years to a minimum of 15 years and up to 30 years, with a grace period of ten years.

G7 Finance Ministers and Central Bank Governors meet

On 8 August the G7 Finance Ministers and Central Bank Governors affirmed their commitment to take all necessary measures to support financial stability and growth. They were committed to addressing the tensions stemming from current challenges on their fiscal deficits, debt and growth, and welcomed the actions taken in the United States and Europe. They reaffirmed their shared interest in a strong and stable international financial system and support for market-determined exchange rates.

In their meeting of 9-10 September in Marseille, France, the G7 Finance Ministers and Central Bank Governors declared their commitment to a strong and coordinated international response and to take robust actions to maintain financial stability, restore confidence and support growth. They committed themselves to set out and implement ambitious and growth-friendly fiscal consolidation plans rooted within credible fiscal frameworks. Central banks stood ready to provide liquidity to banks as required and to take all necessary actions to ensure the resilience of banking systems and financial markets. They also reaffirmed their commitment to implement fully Basel III and their support for market-determined exchange rates.

G20 Finance Ministers and Central Bank Governors meet

On 8 August the Finance Ministers and Central Bank Governors of the G20 affirmed their commitment to take all necessary initiatives in a coordinated way to support financial stability and to foster stronger economic growth.

On 22 September they met in Washington during the IMF-World Bank Group Annual Meetings. They noted that they were committed to a strong and coordinated international response to address the renewed challenges facing the global economy, notably heightened downside risks from sovereign stresses, financial system fragility, market turbulence, weak economic growth and unacceptably high unemployment. They were committed to supporting growth, implementing credible fiscal consolidation plans and ensuring strong, sustainable and balanced growth. They pledged to take all necessary action to preserve the stability of banking systems and financial markets.

European Systemic Risk Board Meeting

On 21 September the European Systemic Risk Board held its third meeting of the year in Frankfurt. Members noted that the high interconnectedness in the EU financial system had led to a rapidly rising risk of significant contagion which threatened financial stability in the EU as a whole and adversely impacted the economy in Europe and beyond. They called for decisive and swift action from all authorities. This included implementing, fully and rapidly, the measures agreed upon at the 21 July meeting of the Heads of State or Government of the euro area. Furthermore, they called on supervisors to coordinate efforts to strengthen bank capital, including having recourse to backstop facilities, taking also into account the need for transparent and consistent valuation of sovereign exposures.

STATISTICAL TABLES

The Maltese Islands - Key information, social and economic statistics

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

CAPITAL CITY	Valletta	
AREA	316 km ²	
CURRENCY UNIT	Euro exchange rates ¹ :	EUR 1 = USD 1.4453 EUR 1 = GBP 0.90255
CLIMATE	Average temperature (1990-2009):	Dec. - Feb. 13.2° C June - Aug. 26° C
	Average annual rainfall (1990-2009)	487 mm
	SELECTED GENERAL ECONOMIC STATISTICS	
	GDP growth at constant 2000 prices ²	2.8%
	GDP per capita at current market prices ²	EUR14,800
	GDP per capita in PPS relative to the EU-27 average (2010)	83.0%
	Ratio of gross general government debt to GDP ² (2010)	69.0%
	Ratio of general government deficit to GDP ² (2010)	3.6%
	RPI inflation rate	2.4%
	HICP inflation rate	2.8%
	Ratio of exports of goods and services to GDP ²	80.9%
	Ratio of current account surplus to GDP ²	4.9%
	Employment rate	57.3%
	Unemployment rate	6.7%
POPULATION	Total Maltese and foreigners (2010)	417,608
	Males	207,583
	Females	210,025
	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 (2009)	
	Males	78
	Females	82
	Crude birth rate, per 1,000 Maltese inhabitants (2010)	9.6
	Crude mortality rate, per 1,000 Maltese inhabitants (2010)	7.2
	Doctors (2010)	1,462
EDUCATION	Gross enrolment ratio (2009/2010)	69.6%
	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 169 countries (2010)	33
	Mobile phone subscriptions per 100 population	117.7
	Private motor vehicle licences per 1,000 population	566
	Internet subscribers per 100 population	30.4

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 June 2011. Dates represent the institutions' first inclusion in the currently released data.

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.
FIMBank p.l.c.
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.
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.

Table 3.6b Net external debt by sector, maturity and instrument, is being published as from this issue of the *Quarterly Review*. This table places gross external debt as depicted in Table 3.6a in the context of claims (debt instruments) on non-residents (i.e. positions in external assets).

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				
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									
Jan.	5.2	624.7	95.7	248.9	356.1	1,188.5	48.3	601.4	3,168.8
Feb.	5.2	624.7	95.7	243.6	360.0	1,183.5	48.3	586.3	3,147.3
Mar.	5.6	619.6	93.2	268.1	375.1	1,244.5	48.3	541.8	3,196.2
Apr.	5.6	648.3	93.2	239.4	403.3	1,193.5	48.3	554.5	3,186.1
May	2.8	740.9	93.2	317.2	332.5	1,337.5	48.3	579.3	3,451.8
June	4.0	759.3	93.4	379.6	324.3	1,393.5	48.3	547.1	3,549.4
July	6.9	759.4	112.9	347.7	350.2	1,555.2	48.3	546.0	3,726.6
Aug.	6.9	731.0	92.4	299.2	386.2	1,296.2	48.3	596.2	3,456.4
Sep.	6.5	780.4	86.6	223.0	399.4	1,292.5	48.3	676.0	3,512.8
Oct.	6.5	834.8	86.6	252.9	373.0	1,254.5	48.3	705.6	3,562.2
Nov.	3.2	981.9	86.6	316.6	397.1	1,016.5	48.3	708.4	3,558.6
Dec.	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

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			
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										
Jan.	654.3	638.9	337.2	81.6	72.2	0.0	103.9	879.1	140.3	261.4
Feb.	654.9	569.6	363.8	82.7	71.2	0.0	103.9	905.0	123.5	272.7
Mar.	665.5	579.6	341.7	83.0	78.3	0.1	107.5	935.7	127.3	277.4
Apr.	666.5	584.5	395.6	97.9	78.5	0.1	107.5	858.5	119.1	277.9
May	672.4	633.8	494.3	103.4	81.4	0.1	107.5	959.0	121.4	278.4
June	678.1	791.3	370.7	99.5	107.3	0.1	114.9	992.3	112.6	282.6
July	685.2	608.1	401.3	97.5	101.8	0.1	114.9	1,320.6	113.7	283.5
Aug.	679.6	578.9	547.7	104.2	88.6	0.1	114.9	941.7	116.5	284.2
Sep.	679.1	509.1	460.5	102.5	78.5	0.1	108.7	1,163.4	129.1	281.7
Oct.	680.5	491.5	419.2	104.9	80.9	0.1	108.7	1,263.3	131.3	281.7
Nov.	682.0	497.5	432.6	97.5	163.8	0.1	108.7	1,164.7	130.1	281.5
Dec.	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

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										
Oct.	0.2	5.8	275.9	281.7	1,350.0	339.8	282.1	1,971.9	1,345.6	3,599.5
Nov.	0.2	5.9	273.3	279.2	1,556.8	374.6	273.8	2,205.2	1,121.8	3,606.4
Dec.	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										
Jan.	0.2	6.0	271.0	276.9	1,624.4	372.1	283.4	2,279.9	1,163.3	3,720.3
Feb.	0.2	6.1	274.7	280.9	1,696.9	341.3	289.7	2,328.0	1,233.2	3,842.3
Mar.	0.2	6.3	271.2	277.6	1,720.1	368.6	297.4	2,386.1	1,060.9	3,724.7
Apr.	0.2	6.2	245.4	251.6	1,766.8	417.5	306.6	2,490.9	1,122.1	3,864.7
May	0.2	6.2	285.4	291.5	1,719.5	389.2	291.4	2,400.1	1,072.6	3,764.4
June	0.1	6.3	292.5	298.8	1,952.6	640.3	283.6	2,876.5	1,216.2	4,391.6

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										
Oct.	721.0	484.7	6.9	491.6	1,168.6	105.3	101.1	1,374.9	442.5	569.5
Nov.	722.4	585.5	7.3	592.8	1,068.5	97.6	109.9	1,276.0	444.7	570.4
Dec.	742.1	489.1	8.2	497.2	1,225.2	97.1	108.0	1,430.3	438.1	577.8
2011										
Jan.	722.3	454.9	8.0	462.9	1,319.3	94.9	121.0	1,535.2	422.0	578.0
Feb.	721.2	614.4	7.9	622.3	1,265.0	96.4	123.2	1,484.6	416.0	598.2
Mar.	724.8	504.1	7.7	511.8	1,284.3	104.5	135.7	1,524.4	401.7	562.1
Apr.	733.9	531.2	7.3	538.5	1,388.3	117.8	136.3	1,642.5	389.5	560.3
May	737.3	590.5	7.6	598.1	1,249.4	93.1	133.7	1,476.3	399.8	553.0
June	745.5	579.7	9.3	589.0	1,862.3	81.6	138.5	2,082.4	402.7	572.0

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										
Jan.	715.0	7,700.7	1,710.7	132.8	6,295.3	23,873.3	657.9	30,826.5	931.9	42,017.7
Feb.	635.1	7,684.8	1,807.9	132.7	6,844.7	24,110.2	601.2	31,556.1	886.5	42,703.2
Mar.	641.7	7,787.8	1,840.9	134.1	8,485.4	28,921.8	671.4	38,078.6	853.3	49,336.4
Apr.	648.0	7,786.3	1,871.5	134.1	9,834.1	28,133.5	705.3	38,673.0	866.5	49,979.4
May	705.1	7,814.5	1,971.2	134.5	9,953.4	29,272.1	724.2	39,949.7	837.0	51,412.0
June	865.1	7,825.5	1,938.5	135.3	9,893.6	29,305.4	671.2	39,870.2	870.6	51,505.3
July	701.4	7,785.0	1,967.6	135.3	9,121.8	29,081.3	650.5	38,853.6	943.8	50,386.8
Aug.	648.2	7,845.8	1,966.9	135.2	8,867.6	28,907.4	718.7	38,493.8	963.9	50,053.7
Sep.	580.7	7,921.6	1,918.7	135.2	9,183.3	28,573.7	684.3	38,441.3	848.9	49,846.4
Oct.	580.6	7,929.9	1,882.4	135.1	9,505.4	27,954.2	659.3	38,118.9	877.9	49,524.9
Nov.	589.5	7,990.4	1,829.1	139.2	9,496.2	29,100.5	681.4	39,278.1	855.7	50,682.0
Dec.	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	591.0	8,156.2	1,878.2	141.8	9,652.8	28,120.9	574.6	38,348.3	867.8	49,983.2

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											
Jan.	3,734.3	111.5	4,883.2	8,729.0	7,344.4	17,588.0	1,442.2	26,374.6	254.4	4,125.6	2,534.1
Feb.	3,769.1	111.6	4,784.2	8,664.9	7,681.4	18,241.4	1,479.9	27,402.7	255.4	3,892.1	2,488.1
Mar.	3,780.0	110.5	4,865.0	8,755.5	7,848.9	19,579.3	1,572.4	29,000.6	279.1	8,734.9	2,566.4
Apr.	3,963.2	110.7	4,897.3	8,971.2	7,707.7	20,203.3	1,507.5	29,418.5	275.9	8,783.8	2,530.0
May	4,035.8	110.8	4,765.3	8,911.9	8,036.0	21,083.8	1,668.6	30,788.4	278.6	8,784.6	2,648.5
June	4,234.0	111.9	4,706.3	9,052.2	8,367.6	19,986.6	1,675.4	30,029.6	287.7	9,442.7	2,693.2
July	4,259.4	111.3	4,731.8	9,102.6	7,765.8	19,300.9	1,587.5	28,654.2	284.6	9,442.4	2,903.0
Aug.	4,135.9	113.8	4,851.5	9,101.2	7,455.7	19,521.0	1,566.9	28,543.6	285.4	9,531.2	2,592.2
Sep.	4,183.0	113.8	4,823.4	9,120.2	7,574.5	19,251.4	1,483.0	28,308.8	283.1	9,591.9	2,542.4
Oct.	4,263.4	113.5	4,857.8	9,234.8	6,771.5	19,529.1	1,549.0	27,849.7	272.2	9,636.0	2,532.1
Nov.	4,275.9	123.8	4,855.3	9,255.0	7,013.5	20,377.5	1,719.0	29,110.1	304.8	9,743.0	2,269.1
Dec.	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	4,437.4	116.0	4,879.1	9,432.5	7,160.0	16,966.1	4,144.5	28,270.6	308.0	9,642.7	2,329.4

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
	Total (M0)			Narrow money (M1)			Deposits redeemable at notice up to 3 months	Deposits with agreed maturity up to 2 years	Total (M2)		
				Currency issued	OMFI balances with Central Bank of Malta	Currency in circulation				Deposits withdrawable on demand	
Demand	Savings										
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									
July	661.6	4,171.5	106.7	111.2	0.1	3,868.6	106.6	194.8	9,221.1
Aug.	659.5	4,038.3	107.7	113.7	0.1	3,868.3	154.6	196.3	9,138.5
Sep.	660.4	4,089.9	111.1	113.7	0.1	3,816.6	134.0	228.5	9,154.2
Oct.	663.0	4,187.8	128.2	113.4	0.1	3,845.3	261.2	238.9	9,437.9
Nov.	665.7	4,201.1	112.9	123.6	1.9	3,840.9	219.1	244.0	9,409.2
Dec.	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	4,359.5	119.9	115.9	0.0	3,678.3	324.9	206.6	9,486.2

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			
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										
July	9,221.1	2,172.6	7,906.7	1,564.7	2,405.8	14,049.9	30,270.2	20,880.9	9,389.4	14,218.1
Aug.	9,138.5	2,204.7	7,968.2	1,579.2	2,387.7	14,139.8	30,207.4	21,086.9	9,120.6	14,121.9
Sep.	9,154.2	2,183.0	8,039.4	1,619.7	2,432.3	14,274.5	29,858.2	20,704.5	9,153.7	14,274.0
Oct.	9,437.9	2,192.6	8,036.6	1,643.3	2,499.3	14,371.7	29,186.4	21,046.0	8,140.3	13,074.2
Nov.	9,409.2	2,133.8	8,104.1	1,743.9	2,473.9	14,455.7	30,383.5	22,036.3	8,347.2	13,393.7
Dec.	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	9,486.2	2,212.8	8,262.1	2,018.0	2,242.5	14,735.3	29,589.0	20,796.4	8,792.7	14,041.8

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		
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						
Jan.	654.3	36.9	-	54.4	636.7	105.4
Feb.	654.9	36.6	-	55.6	635.9	113.3
Mar.	665.5	36.9	-	64.7	637.8	122.9
Apr.	666.5	37.4	-	59.8	644.0	125.4
May	672.4	37.9	-	56.9	653.4	121.5
June	678.1	38.8	-	62.4	654.5	129.8
July	685.2	39.7	-	63.3	661.6	118.2
Aug.	679.6	40.4	-	60.5	659.5	105.2
Sep.	679.1	40.6	-	59.4	660.4	96.2
Oct.	680.5	40.5	-	58.1	663.0	94.7
Nov.	682.0	40.4	-	56.7	665.7	96.2
Dec.	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

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							
Mar.	56.4	9.2	31.1	8.8	7.3		56.4
June	55.1	9.0	30.1	8.7	7.3		55.1
Sep.	50.9	8.6	26.4	8.6	7.3		50.9
Dec.	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

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								
Mar.	-4.3	32.0	330.6	228.1	20.0	51.0	131.1	788.4
June	-4.6	30.2	333.5	237.9	15.7	51.8	143.4	807.9
Sep.	-5.9	22.5	321.2	223.6	6.8	52.7	154.3	775.4
Dec.	-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

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									
Mar.	0.0	0.5	1.0	1.8	3.0	4.9	8.5	17.2	36.9
June	0.0	0.5	1.1	1.9	3.2	5.1	8.9	18.1	38.8
Sep.	0.0	0.5	1.1	2.0	3.4	5.4	9.2	18.8	40.6
Dec.	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

Monetary, Banking and Financial Markets

Table 1.8 Deposits held with other monetary financial institutions by sector

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 corporations	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	1,373.8	210.5	212.3	1,794.5	6,990.2	10,806.3	7,495.7	20,257.5			38,559.5	

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	399.8	423.4	100.1		5,378.0	2,117.6	20,257.5	38,559.5

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				
	Up to €25,000	Over €25,000 to €250,000	Over €250,000 to €1 million	Over €1 million	Total
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

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		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	392.3	2,775.7	367.7	316.1	3,459.5	663.7	690.5	7,465.6

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 corporations	Households & non-profit institutions	Total	Other euro area residents		Non-residents of the euro area			
								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	164.9	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	161.9	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	168.6	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	160.2	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	160.6	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	163.3	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	165.8	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	165.8	4,033.9	3,734.3	8,668.1	6,508.0	18,257.8	33,433.9			
Feb.	117.3	613.2	13.4	166.1	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	171.0	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	175.0	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	181.0	4,013.8	3,803.6	8,692.2	6,502.3	19,595.4	34,789.9			
June	121.2	602.9	4.6	179.1	4,022.8	3,828.5	8,759.1	6,457.3	19,390.9	34,607.3			

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					
	MTL ²		EUR		Other	MTL ²		EUR		Other	MTL ²		EUR		Other	
	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	Less than 1 year	Over 1 year	Less than 1 year	
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		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		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		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		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		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		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		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		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		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		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		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		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		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		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		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		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		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		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		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		881.9	25.9	8,759.1

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)

EUR millions

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								
Mar.	19.3	7.9	420.9	3.9	102.9	262.3	5.9	823.0
June	17.3	6.9	412.7	3.8	117.6	282.9	6.6	847.8
Sep.	34.7	18.9	396.6	4.5	121.6	307.3	6.8	890.4
Dec.	33.3	15.4	403.2	4.8	139.3	318.6	5.6	920.2
2010								
Mar.	38.8	16.7	395.4	5.0	142.7	343.8	8.7	951.2
June	34.8	14.3	411.2	4.8	137.9	344.2	7.2	954.3
Sep.	30.5	15.2	423.0	4.4	133.2	337.5	8.6	952.5
Dec.	48.5	8.6	405.9	4.5	144.5	340.5	6.9	959.4
2011								
Mar.	44.8	0.8	384.1	4.3	136.0	332.2	8.8	910.9
June	42.6	0.0	371.3	6.4	132.6	324.8	8.9	886.6

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

EUR millions

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					
Mar.	1.0	810.6	6.7	4.7	823.0
June	1.1	830.8	7.3	8.6	847.8
Sep.	0.3	871.9	10.8	7.4	890.4
Dec.	2.1	902.0	10.8	5.3	920.2
2010					
Mar.	2.3	924.3	14.8	9.8	951.2
June	1.8	935.3	11.9	5.4	954.3
Sep.	1.8	911.9	32.0	6.8	952.5
Dec.	1.8	910.3	42.9	4.4	959.4
2011					
Mar.	1.9	862.6	40.6	5.9	910.9
June	2.3	840.0	39.7	4.5	886.6

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							
Q1	283.5	485.7	21.1	169.2	660.4	276.3	1,896.2
Q2	233.2	544.0	20.4	158.8	688.8	276.8	1,922.1
Q3	250.3	553.6	19.7	161.1	712.3	270.9	1,967.9
Q4	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	196.3	587.7	21.7	159.4	802.0	290.4	2,057.5

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						
Q1	20.3	277.5	1,496.3	42.8	59.2	1,896.2
Q2	22.6	269.9	1,530.9	45.4	53.3	1,922.1
Q3	22.5	280.2	1,570.2	45.4	49.2	1,967.6
Q4	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	14.0	283.8	1,654.3	48.8	56.6	2,057.5

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.

Monetary, Banking and Financial Markets

Table 1.16 Monetary policy operations of the Central Bank of Malta¹

EUR thousands

Period	Liquidity-injection				Liquidity-absorption			
	Reverse repos ²			Marginal lending during the period ³	Term deposits ⁴			Overnight deposits ⁵
	Amount injected	Amount matured	Amount outstanding		Amount absorbed	Amount matured	Amount outstanding	
2005	-	-	-	26	866,527	930,585	109,015	37,037
2006								
Jan.	-	-	-	531	856,976	731,423	234,568	2,562
Feb.	-	-	-	54	1,033,077	985,791	281,854	122,176
Mar.	-	-	-	373	1,103,424	1,201,258	184,020	29,816
Apr.	-	-	-	-	704,868	727,463	161,426	-
May	-	-	-	182	692,290	671,791	181,924	2,096
June	-	-	-	-	1,379,688	1,219,194	342,418	43,093
July	-	-	-	-	1,392,732	1,411,367	323,783	-
Aug.	-	-	-	61	1,487,771	1,392,732	418,821	14,675
Sep.	-	-	-	100	1,717,680	1,783,601	352,900	80,363
Oct.	-	-	-	-	1,341,952	1,339,623	355,229	8,153
Nov.	-	-	-	-	1,324,948	1,373,399	306,778	37,503
Dec.	-	-	-	6,988	1,448,637	1,506,872	248,544	20,498
2007								
Jan.	-	-	-	-	1,082,693	1,034,242	296,995	38,435
Feb.	-	-	-	-	1,257,862	1,247,147	307,710	21,430
Mar.	-	-	-	1,398	1,469,602	1,498,253	279,059	20,266
Apr.	-	-	-	-	863,965	971,815	171,209	-
May	-	-	-	-	756,580	769,392	158,397	24,225
June	-	-	-	-	1,065,455	1,058,467	165,386	191,148
July	-	-	-	-	903,564	855,812	213,138	16,771
Aug.	-	-	-	-	1,227,347	1,156,301	284,184	42,860
Sep.	-	-	-	-	1,121,593	1,092,010	313,767	44,258
Oct.	-	-	-	-	1,224,319	1,251,572	286,513	16,306
Nov.	-	-	-	-	1,835,080	1,694,153	427,440	56,441
Dec.	-	-	-	466	1,592,127	1,688,097	331,470	81,761

¹ The information shown in this Table represents the position till end-2007. As from January 2008, the Central Bank of Malta conducts monetary operations within the Eurosystem monetary policy operational framework.

² The Central Bank of Malta used to inject liquidity into the banking system through an auction of reverse repos in the event of a liquidity shortage. With effect from 15 September 2005, the maturity period of reverse repos used to be 7 days.

³ The Central Bank of Malta used to provide a marginal lending facility to credit institutions in order to satisfy their liquidity needs arising from normal banking business.

⁴ The Central Bank of Malta used to accept placements of term deposits by credit institutions, through auctions, in order to absorb excess liquidity from the banking system. Up to 14 September 2005 the maturity period of such deposits was 14 days. Thereafter the maturity period was reduced to 7 days.

⁵ The Central Bank of Malta used to provide an overnight deposit facility to credit institutions to absorb temporary liquidity excesses that could not be taken up by the market.

Monetary, Banking and Financial Markets

Table 1.17 Monetary financial institutions' interest rates on deposits and loans to residents of Malta¹

% per annum	2008	2009	2010			2011					
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
NEW BUSINESS²											
Deposits											
Households and NPISH											
Overnight deposits ^{3,4}	0.57	0.30	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.29
Savings deposits redeemable at notice ^{3,5} up to 3 months	2.09	1.70	1.64	1.68	1.69	1.65	1.65	1.69	1.67	1.68	1.57
Time deposits with agreed maturity up to 1 year	3.06	1.95	1.82	1.77	2.04	2.12	1.90	1.87	1.88	1.88	1.88
over 1 and up to 2 years	4.60	3.00	2.83	3.13	3.19	3.13	2.87	2.86	2.62	3.11	2.97
over 2 years	4.77	3.39	3.64	3.90	3.86	3.29	3.56	3.94	3.61	3.95	3.20
Non-financial corporations											
Overnight deposits ^{3,4}	0.64	0.23	0.26	0.25	0.24	0.24	0.25	0.24	0.25	0.23	0.25
Time deposits with agreed maturity	2.60	0.85	1.43	1.80	1.51	1.94	1.88	1.42	1.71	1.53	1.59
Loans											
Households and NPISH											
Overdrafts ^{3,9}	7.16	6.44	5.74	5.76	5.75	5.78	5.77	5.80	5.81	5.80	5.82
Loans											
Lending for house purchase	3.84	3.52	3.34	3.40	3.43	3.37	3.36	3.35	3.28	3.38	3.32
Consumer credit ⁷	6.12	6.02	5.80	5.80	5.81	5.61	5.46	5.53	5.87	5.62	5.39
Other lending	6.44	5.56	5.65	5.37	5.86	5.73	6.48	5.67	4.98	5.59	5.53
Non-financial corporations											
Overdrafts ^{3,9}	5.30	5.08	5.06	5.05	5.03	5.03	5.02	5.06	5.04	5.03	5.04
Loans ⁷	5.50	4.95	4.93	4.50	4.86	4.96	5.31	5.29	4.89	5.59	5.23
APRC ⁶ for loans to households and NPISH											
Lending for house purchase	4.35	3.71	3.53	3.63	3.63	3.60	3.62	3.58	3.50	3.53	3.52
Consumer credit ⁷	6.25	6.10	5.87	5.87	5.89	5.70	5.57	5.59	5.94	5.69	5.51
OUTSTANDING AMOUNTS²											
Deposits											
Households and NPISH											
Time deposits with agreed maturity up to 2 years	3.90	2.22	2.07	2.07	2.08	2.05	2.05	2.05	2.05	2.05	2.04
over 2 years	3.19	3.06	3.13	3.14	3.15	3.16	3.16	3.16	3.16	3.20	3.20
Non-financial corporations											
Time deposits with agreed maturity up to 2 years	3.39	2.01	2.04	2.03	1.97	1.97	2.00	1.99	2.00	1.95	1.99
over 2 years	3.26	3.35	3.20	3.25	3.24	3.15	3.11	3.13	3.12	3.11	3.07
Loans											
Households and NPISH											
Lending for house purchase	4.03	3.51	3.46	3.46	3.46	3.45	3.45	3.45	3.45	3.44	3.44
Consumer credit and other lending ⁸	5.80	5.67	5.57	5.57	5.58	5.58	5.58	5.57	5.58	5.58	5.59
Non-financial corporations ⁹	5.45	4.91	4.71	4.70	4.67	4.67	4.69	4.71	4.67	4.76	4.76

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

% per annum	2008	2009	2010			2011						
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	
NEW BUSINESS²												
Deposits												
Households and NPISH												
Overnight deposits ^{3,4}	0.57	0.30	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.29
Savings deposits redeemable at notice ^{3,5}												
up to 3 months	2.09	1.70	1.64	1.69	1.69	1.65	1.65	1.69	1.67	1.68	1.68	1.57
Time deposits with agreed maturity												
up to 1 year	3.05	1.97	1.82	1.77	1.97	2.10	1.94	1.87	1.88	1.82	1.88	
over 1 and up to 2 years	4.60	3.00	2.83	3.13	3.18	3.14	2.87	2.86	2.64	3.11	2.97	
over 2 years	4.77	3.39	3.65	3.90	3.86	3.29	3.56	3.94	3.61	3.95	3.20	
Non-financial corporations												
Overnight deposits ^{3,4}	0.65	0.23	0.27	0.26	0.25	0.26	0.26	0.24	0.27	0.26	0.26	
Time deposits with agreed maturity	2.06	1.44	1.56	1.09	1.11	1.85	1.84	1.67	1.53	1.46	3.08	
Loans												
Households and NPISH												
Overdrafts ^{3,9}	7.16	6.45	5.74	5.76	5.76	5.78	5.77	5.80	5.81	5.80	5.82	
Loans												
Lending for house purchase	3.84	3.52	3.35	3.41	3.42	3.37	3.38	3.37	3.28	3.38	3.32	
Consumer credit ⁷	6.12	6.01	5.80	5.80	5.81	5.60	5.47	5.53	5.85	5.61	5.39	
Other lending	6.43	5.56	5.62	5.37	5.86	5.73	6.45	5.67	4.98	5.59	5.53	
Non-financial corporations												
Overdrafts ^{3,9}	5.14	5.08	5.06	5.04	5.02	5.03	5.02	5.06	5.04	5.02	5.04	
Loans ⁷	4.93	4.42	4.59	4.28	4.46	4.61	5.10	4.96	4.61	5.14	4.18	
APRC ⁶ for loans to households and NPISH												
Lending for house purchase	4.35	3.71	3.54	3.63	3.63	3.60	3.64	3.59	3.50	3.54	3.52	
Consumer credit ⁷	6.25	6.09	5.87	5.87	5.89	5.70	5.57	5.59	5.94	5.68	5.51	
OUTSTANDING AMOUNTS²												
Deposits												
Households and NPISH												
Time deposits with agreed maturity												
up to 2 years	3.89	2.21	2.07	2.07	2.08	2.05	2.05	2.05	2.05	2.05	2.04	
over 2 years	3.24	3.10	3.13	3.14	3.15	3.16	3.16	3.16	3.16	3.20	3.21	
Non-financial corporations												
Time deposits with agreed maturity												
up to 2 years	3.57	2.03	1.89	1.74	1.71	1.82	1.85	1.87	1.89	1.81	2.28	
over 2 years	3.28	3.13	3.31	3.34	3.33	3.27	3.26	3.26	3.26	3.25	3.23	
Loans												
Households and NPISH												
Lending for house purchase	4.03	3.51	3.47	3.46	3.46	3.45	3.45	3.45	3.45	3.45	3.45	
Consumer credit and other lending ⁸	5.79	5.67	5.57	5.57	5.58	5.58	5.58	5.57	5.58	5.58	5.59	
Non-financial corporations ⁸	5.11	4.13	4.35	4.24	4.26	4.27	4.29	4.32	4.28	4.35	4.44	

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

	2006	2007	2008	2009	2010	2011	
						Mar.	June
INTEREST RATES (%)¹							
Key ECB interest rates²							
Marginal lending facility	4.50	5.00	3.00	1.75	1.75	1.75	2.00
Main refinancing operations - minimum bid rate	3.50	4.00	2.50	1.00	1.00	1.00	1.25
Deposit facility	2.50	3.00	2.00	0.25	0.25	0.25	0.50
Money market rates (period averages)							
Overnight deposit (EONIA)	2.84	3.86	3.86	0.72	0.44	0.68	1.04
Rates for fixed term deposits (EURIBOR)							
1 month	2.94	4.08	4.27	0.90	0.57	0.86	1.22
3 months	3.08	4.28	4.63	1.23	0.81	1.10	1.41
6 months	3.23	4.35	4.72	1.44	1.08	1.36	1.69
1 year	3.44	4.45	4.81	1.62	1.35	1.73	2.13
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 1.20 Other rates and indicators

	2006	2007	2008	2009	2010	2011	
						Mar.	June
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
Current deposits	0.57	0.78	0.51	0.29	0.28	0.26	0.27
Savings deposits	1.17	1.73	0.73	0.33	0.35	0.35	0.33
Time deposits	3.27	3.97	3.74	2.30	2.27	2.27	2.26
Weighted average lending rate	5.90	6.30	4.96	4.46	4.72	4.79	4.76
Non-financial companies	6.34	6.74	5.31	4.93	5.31	5.37	5.40
Households and individuals	5.38	5.80	4.51	3.91	4.05	4.10	4.00
Consumer credit	7.42	7.84	7.15	5.90	5.97	6.01	6.00
House purchase	4.95	5.39	3.98	3.47	3.63	3.71	3.59
Other lending	6.46	6.74	5.54	4.96	5.35	5.33	5.39
Government securities							
Treasury bills (primary market) ³							
1 month	3.51	4.32	-	-	-	-	-
3 month	3.91	4.35	3.65	1.40	0.99	1.10	1.10
6 month	4.00	4.54	2.75	1.52	1.10	1.38	1.52
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
3 month	3.90	4.35	2.64	1.40	0.94	1.07	1.33
6 month	4.00	4.54	2.65	1.46	1.23	1.43	1.61
1 year	4.20	4.58	2.73	1.69	1.28	1.72	1.72
Government long-term debt securities (period averages)							
2 year	3.73	4.58	3.43	2.41	1.88	2.28	2.66
5 year	3.94	4.65	4.01	3.66	3.05	3.46	3.71
10 year	4.32	4.82	4.53	4.54	4.19	4.60	4.66
15 year	4.54	5.11	4.76	4.96	-	-	-
MALTA STOCK EXCHANGE SHARE INDEX	4,873	4,938	3,208	3,461	3,781	3,464	3,327

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 1.16 and 1.17.

³ '-' denotes that no transactions occurred during the reference period.

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

Monetary, Banking and Financial Markets

Table 1.21 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 corporations	Total	General government	Financial corporations	Non-financial corporations	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
2010²									
Q1	3,796.9	296.7	694.7	4,788.3	98.6	23.4	15.1	137.1	14.1
Q2	3,922.2	305.5	748.0	4,975.7	125.3	5.5	34.3	165.2	22.2
Q3	4,007.9	300.8	771.9	5,080.6	85.7	-1.4	46.1	130.4	-25.5
Q4	3,989.2	323.0	743.2	5,055.4	-18.7	27.0	-32.7	-24.4	-0.8
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

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 1.22 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 corporations	Total	Financial corporations	Non-financial corporations	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
2010²							
Q1	1,905.4	1,026.7	2,932.1	0.0	0.0	0.0	88.2
Q2	1,780.9	1,005.8	2,786.7	0.3	0.0	0.3	-145.8
Q3	1,774.1	1,024.0	2,798.2	0.0	0.0	0.0	11.5
Q4	2,034.1	1,188.1	3,222.2	0.0	214.2	214.2	209.9
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

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

² Figures are provisional.

Source: MSE.

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	2,150.6	-142.0	35.8
2006	1,937.6	167.8	2,105.4	2,002.0	244.3	2,246.3	-140.9	38.8
2007	2,129.9	70.6	2,200.4	2,106.8	222.2	2,328.9	-128.5	52.8
2008	2,252.8	46.5	2,299.3	2,371.9	195.7	2,567.6	-268.3	-81.7
2009	2,246.3	63.5	2,309.8	2,347.6	178.9	2,526.5	-216.7	-33.4
2010	2,309.8	111.8	2,421.6	2,428.2	215.6	2,643.8	-222.2	-35.9
2010								
Q1	553.6	18.6	572.2	564.8	52.7	617.5	-45.4	-13.2
Q2	557.4	36.4	593.8	623.8	47.6	671.4	-77.7	-21.2
Q3	551.6	24.6	576.3	581.9	37.9	619.8	-43.6	-10.2
Q4	647.2	32.2	679.4	657.7	77.3	735.0	-55.6	8.7
2011								
Q1	612.7	20.8	633.5	634.0	46.9	681.0	-47.5	0.1
Q2	578.2	14.1	592.3	641.5	57.8	699.4	-107.0	-56.6

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	1,937.6	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	151.9	70.4	25.5	2,252.8	15.1	31.4	46.5	2,299.3	2,020.0
2009	795.4	812.5	434.9	114.7	69.2	19.6	2,246.3	14.0	49.5	63.5	2,309.8	2,056.8
2010	807.8	835.2	456.4	105.8	84.3	20.4	2,309.8	14.7	97.1	111.8	2,421.6	2,114.1
2010												
Q1	181.7	196.3	107.4	23.3	40.9	4.0	553.6	2.3	16.3	18.6	572.2	487.8
Q2	224.8	167.6	117.7	26.8	16.6	3.9	557.4	5.5	30.9	36.4	593.8	515.6
Q3	198.0	205.9	102.4	23.6	17.1	4.7	551.6	3.7	21.0	24.6	576.3	509.9
Q4	203.2	265.4	128.9	32.2	9.7	7.8	647.2	3.3	28.9	32.2	679.4	600.8
2011												
Q1	229.6	199.0	118.4	28.2	34.6	2.8	612.7	3.0	17.8	20.8	633.5	550.0
Q2	196.1	204.9	115.5	33.3	22.6	5.9	578.2	4.2	10.0	14.1	592.3	520.6

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	668.4	642.7	177.8	238.2	101.2	81.2	1,909.4	227.1	48.7	241.3	2,150.6
2006	678.4	666.5	179.7	285.6	109.4	82.4	2,002.0	204.3	47.9	244.3	2,246.3
2007	706.9	718.6	181.3	295.8	112.1	92.2	2,106.8	205.6	43.2	222.2	2,328.9
2008	831.1	756.6	186.6	377.1	125.1	95.5	2,371.9	138.6	48.3	195.7	2,567.6
2009	829.8	809.4	183.3	352.9	64.0	108.2	2,347.6	129.4	58.7	178.9	2,526.5
2010	840.4	847.0	186.3	377.0	60.3	117.2	2,428.2	132.8	78.0	215.6	2,643.8
2010											
Q1	211.3	199.0	32.1	77.1	9.1	36.2	564.8	36.7	13.6	52.7	617.5
Q2	209.6	226.0	56.5	98.0	20.9	12.9	623.8	14.2	30.7	47.6	671.4
Q3	210.4	198.4	33.4	88.5	11.4	39.8	581.9	24.5	14.0	37.9	619.8
Q4	209.1	223.7	64.3	113.3	18.9	28.3	657.7	57.4	19.8	77.3	735.0
2011											
Q1	212.7	229.8	47.6	105.4	9.0	29.5	634.0	39.1	7.1	46.9	681.0
Q2	218.3	218.5	50.4	108.0	25.0	21.3	641.5	44.4	10.1	57.8	699.4

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	73.5	35.8	309.1	31.6	272.5	677.0	2,150.6
2006	347.9	37.2	75.9	310.4	81.6	37.1	325.7	29.1	287.0	714.5	2,246.3
2007	344.6	35.7	80.4	329.0	87.1	33.7	316.2	31.7	296.4	774.2	2,328.9
2008	395.0	38.0	86.1	431.2	94.7	40.1	315.4	36.1	310.7	820.4	2,567.6
2009	421.1	52.0	90.3	293.7	103.5	16.9	324.3	35.9	321.8	867.1	2,526.5

¹ Based on the 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	218.9	1,765.0	0.0	3,420.9	300.5	332.0	4,053.4	-2,288.4
2006	431.7	0.0	26.4	842.9	208.8	1,509.8	0.0	3,297.4	265.5	358.9	3,921.9	-2,412.1
2007	487.9	0.0	27.5	836.4	310.4	1,662.1	8.3	3,308.6	272.8	424.0	4,013.8	-2,351.6
2008	476.0	0.0	32.8	740.1	361.0	1,609.9	31.2	3,662.9	284.0	528.0	4,506.1	-2,896.2
2009	578.3	0.0	29.5	797.3	375.7	1,780.8	37.2	3,994.2	228.9	531.0	4,791.2	-3,010.4
2010												
Mar.	517.3	0.0	28.6	824.1	542.4	1,912.3	36.9	4,137.6	229.1	572.3	4,975.9	-3,063.6
June	594.5	0.0	44.0	818.0	539.6	1,996.2	38.8	4,318.8	220.9	602.5	5,181.0	-3,184.8
Sept.	672.6	0.0	48.7	818.4	512.2	2,052.0	40.6	4,417.6	228.7	632.5	5,319.5	-3,267.4
Dec.	586.5	0.0	63.1	854.9	429.6	1,934.1	41.0	4,307.5	230.1	536.1	5,114.7	-3,180.7
2011												
Mar.	575.8	0.0	112.8	835.6	579.9	2,104.1	40.7	4,381.1	234.6	641.7	5,298.2	-3,194.1
June	742.3	0.0	130.9	836.8	522.8	2,232.8	42.6	4,509.3	234.7	732.7	5,519.2	-3,286.4

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	-142.0	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	-86.6	-242.6
2007	131.4	-128.5	60.3	1.1	0.0	-32.1	-7.8	-18.5	2.9
2008	247.5	-268.3	-6.2	5.3	0.0	-5.1	20.3	-35.1	-20.8
2009	321.5	-216.7	137.1	-3.3	0.0	-1.7	-1.0	-26.3	104.8
2010	296.4	-222.2	49.0	33.6	0.0	-0.7	-0.1	-7.5	74.1
2010									
Q1	97.8	-45.4	-15.2	-0.9	0.0	0.1	12.5	55.9	52.4
Q2	121.2	-77.7	75.5	15.4	0.0	-1.2	-8.7	-37.5	43.5
Q3	94.3	-43.6	73.8	4.8	0.0	0.1	7.7	-35.6	50.8
Q4	-16.9	-55.6	-85.1	14.3	0.0	0.2	-11.7	9.6	-72.6
2011									
Q1	149.1	-47.5	-6.1	49.7	0.0	-7.4	4.7	60.7	101.6
Q2	128.3	-107.0	170.9	18.1	0.0	15.0	-3.1	-179.6	21.3

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	3,355.4	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	3,385.0	602.8
2008	31.2	365.8	2,954.4	3,320.2	70.3	210.7	281.1	3,632.5	684.8
2009	37.2	474.1	3,216.4	3,690.5	34.0	192.3	226.4	3,954.0	866.8
2010									
Mar.	36.9	534.8	3,254.4	3,789.1	25.2	200.6	225.8	4,051.8	894.8
June	38.8	552.6	3,361.8	3,914.4	27.0	192.7	219.7	4,173.0	920.0
Sep.	40.6	460.3	3,539.8	4,000.1	31.6	195.0	226.6	4,267.3	912.4
Dec.	41.0	377.8	3,603.6	3,981.4	40.1	188.0	228.1	4,250.4	998.1
2011									
Mar.	40.7	416.8	3,710.2	4,127.0	32.4	199.4	231.7	4,399.5	1,025.0
June	42.6	337.1	3,914.9	4,252.1	35.8	197.4	233.2	4,527.8	1,023.2

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

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-June 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	
01/Apr/2011	01/Jul/2011	1.050	N/A ⁴	4.9	0.0	4.9	0.0	4.9
08/Apr/2011	08/Jul/2011	1.017	1.098	15.0	0.0	15.0	0.0	15.0
07/Jan/2011	08/Jul/2011	1.107	1.098	10.3	0.2	10.2	0.3	10.5
15/Apr/2011	15/Jul/2011	1.018	1.124	3.9	0.0	0.0	3.9	3.9
14/Jan/2011	15/Jul/2011	1.041	1.124	19.0	0.9	19.0	0.9	19.9
15/Oct/2010	15/Jul/2011	0.850	1.124	4.0	0.0	4.0	0.0	4.0
21/Apr/2011	22/Jul/2011	1.186	1.150	32.1	0.0	19.0	13.1	32.1
29/Apr/2011	29/Jul/2011	1.278	1.175	14.3	0.0	14.0	0.3	14.3
28/Jan/2011	29/Jul/2011	1.136	1.175	14.3	1.1	14.0	1.3	15.3
04/Feb/2011	05/Aug/2011	1.259	1.192	31.5	2.0	23.0	10.5	33.5
11/Feb/2011	12/Aug/2011	1.326	1.210	20.3	2.0	19.1	3.2	22.3
12/Nov/2010	12/Aug/2011	1.315	1.210	3.1	3.5	2.0	4.6	6.6
20/May/2011	19/Aug/2011	1.306	1.228	0.7	5.5	0.0	6.2	6.2
27/May/2011	26/Aug/2011	1.250	1.246	1.5	0.0	1.5	0.0	1.5
03/Jun/2011	02/Sep/2011	1.230	1.263	4.0	0.0	4.0	0.0	4.0
10/Jun/2011	09/Sep/2011	1.157	1.281	2.4	0.0	0.0	2.4	2.4
17/Jun/2011	16/Sep/2011	1.130	1.299	5.0	0.0	5.0	0.0	5.0
24/Jun/2011	23/Sep/2011	1.104	1.317	7.5	0.2	5.0	2.6	7.6
25/Mar/2011	23/Sep/2011	1.379	1.317	15.9	1.0	13.0	3.9	16.9
08/Apr/2011	07/Oct/2011	1.351	1.357	15.8	1.8	15.0	2.6	17.6
14/Jan/2011	14/Oct/2011	1.161	1.378	36.0	0.0	36.0	0.0	36.0
06/May/2011	04/Nov/2011	1.484	1.443	9.5	0.0	9.5	0.0	9.5
13/May/2011	11/Nov/2011	1.667	1.464	14.0	3.3	13.0	4.2	17.2
10/Jun/2011	09/Dec/2011	1.522	1.550	1.3	1.0	0.0	2.3	2.3
15/Apr/2011	13/Jan/2012	1.560	1.627	16.8	1.8	16.0	2.7	18.7
06/May/2011	03/Feb/2012	1.681	1.648	5.0	1.8	4.5	2.4	6.9
24/Jun/2011	23/Mar/2012	1.500	1.697	2.9	0.0	3.0	0.0	3.0
Total				311.0	26.1	269.7	67.4	337.1

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 September 2010, OMFIs include the money market funds.

Sources: Central Bank of Malta; The Treasury.

Government Finance

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

EUR millions

Coupon rate (%)	Year of maturity	Year of issue	Issue price ⁵	ISMA Yield (%)	Interest dates	Held by		Amount
						MFIs ²	Others	
7.50	2011 (I)	1996	100	N/A ⁶	28/03 - 28/09	22.7	12.2	34.9
7.00	2011 (III) ³	2002	100	N/A ⁶	30/06 - 30/12	0.0	0.3	0.3
7.80	2012 (I)	1997	100	1.82	24/05 - 24/11	43.3	37.1	80.4
7.00	2012 (II) ³	2002	100	2.31	30/06 - 30/12	0.0	0.4	0.4
5.70	2012 (III) ⁴	2005/2007	100/102.75/ 103.85/105.95/	2.03	30/03 - 30/09	304.9	124.0	428.9
7.80	2013 (I)	1997	100	2.85	18/04 - 18/10	44.3	35.5	79.8
6.35	2013 (II) ⁴	2001	100	2.73	19/05 - 19/11	9.9	50.6	60.5
7.00	2013 (III) ³	2003	100	2.91	30/06 - 30/12	0.0	0.2	0.2
3.60	2013 (IV) ⁴	2009	100	2.85	18/04 - 18/10	198.8	88.2	287.0
6.60	2014 (I) ⁴	2000	100	2.97	30/03 - 30/09	6.5	18.0	24.5
6.45	2014 (II) ⁴	2001	100	3.25	24/05 - 24/11	22.8	47.0	69.8
5.10	2014 (III) ⁴	03/04/06/07/08	100/103.25/ 103.64/105.5	3.08	06/01 - 06/07	153.1	235.8	388.9
7.00	2014 (IV) ³	2004	100	3.29	30/06 - 30/12	0.0	4.0	4.0
6.10	2015 (I) ⁴	2000	100	3.47	10/06 - 10/12	31.1	38.8	69.9
5.90	2015 (II) ⁴	02/03/07	100/102/105	3.59	09/04 - 09/10	32.8	83.7	116.5
7.00	2015 (III) ³	2005	100	3.67	30/06 - 30/12	0.0	0.7	0.7
7.00	2015 (IV) ³	2005	100	3.67	03/05 - 03/11	0.0	0.8	0.8
3.75	2015 (VI) ⁴	2010	100	3.65	03/06 - 03/12	86.2	45.3	131.5
6.65	2016 (I) ⁴	2001	100	3.74	28/03 - 28/09	11.3	58.6	69.9
4.80	2016 (II) ⁴	03/04/06	100/101/104	3.89	26/05 - 26/11	71.2	115.1	186.3
7.00	2016 (III) ³	2006	100	3.91	30/06 - 30/12	0.0	3.4	3.4
7.00	2017 (I) ³	2007	100	4.10	18/02 - 18/08	0.0	0.7	0.7
7.00	2017 (II) ³	2007	100	4.10	30/06 - 30/12	0.0	10.3	10.3
4.25	2017 (III) ⁴	2011	100	4.07	06/05 - 06/11	60.0	55.1	115.1
4.25	2017 (III) ⁴	2011	100.75	4.07	06/05 - 06/11	54.7	35.2	89.9
7.80	2018 (I)	1998	100	4.20	15/01 - 15/07	81.4	81.6	163.0
7.00	2018 (II) ³	2008	100	4.28	18/04 - 18/10	0.0	0.3	0.3
7.00	2018 (III) ³	2008	100	4.28	30/06 - 30/12	0.0	6.5	6.5
6.60	2019 (I)	1999	100	4.40	01/03 - 01/09	44.2	58.3	102.5
7.00	2019 (II) ³	2009	100	4.44	30/06 - 30/12	0.0	13.7	13.7
5.20	2020 (I) ⁴	2007	100	4.51	10/06 - 10/12	10.4	42.0	52.4
4.60	2020 (II) ⁴	2009	100	4.49	25/04 - 25/10	96.1	62.2	158.3
7.00	2020 (III) ³	2010	100	4.58	30/06 - 30/12	0.0	0.4	0.4
5.00	2021 (I) ⁴	04/05/07/08	98.5/100	4.65	08/02 - 08/08	142.5	316.3	458.8
7.00	2021 (II) ⁴	2011	100	4.70	18/06 - 18/12	0.0	0.5	0.5
7.00	2021 (III) ⁴	2011	100	N/A ⁶	30/06 - 30/12	0.0	2.9	2.9
5.10	2022 (I) ⁴	2004	100	4.77	16/02 - 16/08	8.1	63.0	71.1
5.50	2023 (I) ⁴	2003	100	4.87	06/01 - 06/07	17.1	61.7	78.8
5.25	2030 (I) ⁴	2010	100	5.26	23/06 - 23/12	72.3	367.9	440.2
F.R. 6-mth Euribor ⁷	2013 (V) ⁴	2010	100	1.803/0.386 ⁷	24/02 - 24/08	7.0	0.3	7.3
F.R. 6-mth Euribor ⁷	2013 (VI) ⁴	2010	100	1.786/0.612 ⁷	11/02 - 11/08	30.0	0.0	30.0
F.R. 6-mth Euribor ⁷	2015 (V) ⁴	2009	100	2.439/1.064 ⁷	25/04 - 25/10	11.2	18.6	29.8
F.R. 6-mth Euribor ⁷	2013 (VII) ⁴	2011	100.22	2.157/0.408 ⁷	18/05 - 18/10	51.8	0.3	52.1
Total						1,725.7	2,197.5	3,923.2

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
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

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	0.0	77.2	0.0	0.7	0.0	0.6	78.5

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 Selected Maltese lira exchange rates (end of period closing middle rates)¹

Period	EUR	USD	GBP	JPY	CHF	AUD	CAD
2005	0.4293	2.7570	1.6012	323.95	3.6230	3.7588	3.2072
2006	0.4293	3.0699	1.5639	364.89	3.7463	3.8869	3.5642
2007							
Jan.	0.4293	3.0141	1.5458	366.61	3.7784	3.9136	3.5685
Feb.	0.4293	3.0788	1.5693	364.14	3.7589	3.9038	3.5954
Mar.	0.4293	3.1014	1.5850	366.71	3.7865	3.8397	3.5802
Apr.	0.4293	3.1739	1.5908	379.49	3.8331	3.8252	3.5285
May	0.4293	3.1375	1.5856	381.37	3.8386	3.7865	3.3910
June	0.4293	3.1367	1.5666	385.38	3.8522	3.7065	3.3374
July	0.4293	3.1928	1.5700	381.28	3.8484	3.7115	3.3689
Aug.	0.4293	3.1898	1.5784	371.23	3.8310	3.8751	3.3678
Sep.	0.4293	3.3075	1.6243	380.90	3.8673	3.7474	3.2951
Oct.	0.4293	3.3650	1.6244	388.13	3.9065	3.6472	3.2044
Nov.	0.4293	3.4399	1.6648	381.24	3.8550	3.8739	3.4283
Dec.	0.4293	3.4291	1.7082	384.18	3.8544	3.9033	3.3657

¹ All the above exchange rates denote units of foreign currency per one Maltese lira, with the exception of the rate against the euro, which denotes units of Maltese lira per one euro. Table discontinued as from 1 January 2008.

Table 3.1b Selected Maltese lira exchange rates (averages for the period)¹

Period	EUR	USD	GBP	JPY	CHF	AUD	CAD
2005	0.4299	2.8959	1.5910	318.35	3.6015	3.7978	3.5121
2006	0.4293	2.9259	1.5882	340.24	3.6642	3.8828	3.3182
2007	0.4293	3.1920	1.5943	375.51	3.8268	3.8103	3.4224
2007							
Jan.	0.4293	3.0247	1.5445	364.38	3.7633	3.8665	3.5578
Feb.	0.4293	3.0459	1.5556	367.10	3.7768	3.8928	3.5671
Mar.	0.4293	3.0825	1.5834	361.87	3.7576	3.8930	3.6021
Apr.	0.4293	3.1473	1.5829	373.99	3.8145	3.8074	3.5733
May	0.4293	3.1481	1.5870	380.17	3.8446	3.8158	3.4495
June	0.4293	3.1243	1.5739	383.21	3.8548	3.7114	3.3304
July	0.4293	3.1945	1.5710	388.41	3.8593	3.6835	3.3571
Aug.	0.4293	3.1744	1.5787	370.52	3.8160	3.8298	3.3619
Sep.	0.4293	3.2345	1.6030	371.97	3.8378	3.8320	3.3291
Oct.	0.4293	3.3138	1.6216	384.00	3.8916	3.6882	3.2370
Nov.	0.4293	3.4205	1.6507	379.62	3.8409	3.8135	3.2996
Dec.	0.4293	3.3940	1.6792	380.91	3.8643	3.8898	3.4033

¹ Calculated on the arithmetic mean of the daily opening and closing Central Bank of Malta middle rates. All the above exchange rates denote units of foreign currency per one Maltese lira, with the exception of the rate against the euro, which denotes units of Maltese lira per one euro. Table discontinued as from 1 January 2008.

Exchange Rates, External Transactions and Positions

Table 3.2a 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

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

Source: ECB.

Exchange Rates, External Transactions and Positions

Table 3.2b 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
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

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

Source: ECB.

Exchange Rates, External Transactions and Positions

Table 3.3 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	2,335.4	3,301.5	2,053.1	1,405.4	1,462.4	1,635.8	417.0	423.4	-498.2	158.3	5.6
2007 ²	2,406.7	3,388.2	2,484.7	1,615.9	1,973.5	2,175.2	639.5	668.4	-343.2	75.5	6.8
2008 ²	2,174.1	3,399.2	2,951.9	1,814.6	2,211.6	2,412.4	903.8	910.3	-295.1	36.2	11.6
2009 ²	1,735.2	2,759.0	2,857.7	1,817.3	1,652.9	2,138.9	1,431.0	1,388.4	-426.7	108.3	7.6
2010 ²	2,333.7	3,296.3	3,101.7	1,905.1	1,646.8	2,152.6	1,298.8	1,270.5	-243.5	116.1	9.6
2010²											
Q1	517.1	725.6	655.4	472.5	357.4	491.1	204.2	220.5	-175.7	8.8	2.4
Q2	603.3	746.7	764.2	448.0	436.3	507.8	394.9	381.7	114.5	43.0	2.4
Q3	582.8	899.2	943.8	499.2	410.4	575.9	210.8	216.1	-42.5	11.7	2.4
Q4	630.5	924.8	738.3	485.4	442.8	577.8	489.0	452.4	-139.8	52.5	2.4
2011²											
Q1	765.7	870.1	633.3	429.3	381.5	554.2	192.4	204.9	-85.6	13.8	16.7
Q2	755.2	827.7	773.1	465.2	387.1	582.2	250.0	211.6	78.7	31.9	2.4

EUR millions

Period	Financial account ¹										Errors & omissions
	Direct investment		Portfolio investment		Financial derivatives		Other investment		Official reserve assets	Total	
	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	1,467.0	-1,965.1	-15.3	40.5	-15.6	-3,294.2	4,200.8	-83.0	311.2	34.4
2007 ²	-10.2	734.4	367.7	-0.2	-134.6	254.8	-7,614.4	7,013.7	-326.5	284.8	-10.2
2008 ²	-210.0	573.0	200.6	167.0	3.2	-346.2	-4,456.2	4,201.5	108.7	241.6	28.9
2009 ²	-96.4	633.4	-1,883.5	-31.3	-6.6	-63.8	3,676.6	-2,077.0	-2.4	149.1	176.9
2010 ²	-66.1	788.5	-3,226.5	-3.4	-43.9	74.9	522.6	1,842.3	-23.6	-135.2	272.2
2010²											
Q1	-19.7	-230.3	-699.6	38.7	-64.7	11.3	-1,009.6	1,970.1	7.1	3.4	165.8
Q2	-35.1	728.8	-1,336.5	-53.0	24.2	56.1	828.6	-432.9	75.1	-144.6	-10.5
Q3	-1.1	107.4	-604.6	0.6	-14.8	54.1	848.3	-295.4	-122.9	-28.3	61.5
Q4	-10.2	182.6	-585.9	10.2	11.4	-46.6	-144.7	600.4	17.1	34.3	55.4
2011²											
Q1	1.4	31.0	-151.5	5.7	15.4	-26.2	711.1	-588.0	-12.7	-13.8	102.2
Q2	-11.9	96.9	-51.9	-3.0	0.8	15.0	-3,058.2	3,049.8	48.3	85.9	-194.1

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 3.4 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
2010³							
July	5.7	111.8	31.4	33.9	162.8	-19.5	326.0
Aug.	6.1	114.0	32.0	71.3	168.0	-29.0	362.5
Sep.	6.1	109.2	30.7	105.1	156.2	1.7	409.0
Oct.	6.1	108.7	32.0	65.9	164.6	6.4	383.7
Nov.	3.3	112.4	33.1	89.9	170.1	-9.7	399.0
Dec.	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

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 3.5 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	4,965.4	11,371.0	408.1	34.4	49.3	12,320.4	19,992.2	2,240.6	1,424.9
2007 ¹	813.7	5,637.7	10,693.7	406.9	106.8	79.1	19,394.0	26,457.3	2,561.4	988.7
2008 ¹	697.3	5,732.4	10,188.3	551.0	276.8	281.7	25,890.1	30,544.5	268.3	211.1
2009 ¹	1,064.7	6,480.4	12,448.4	498.5	138.1	177.8	22,018.4	28,060.7	373.7	825.8
2010¹										
June	1,123.8	11,701.6	15,145.7	632.7	218.5	333.3	28,766.1	31,999.9	290.2	876.9
Dec.	1,146.5	12,390.7	15,605.2	478.4	217.3	307.3	27,329.2	30,961.7	404.9	565.1

¹ Provisional.

Source: NSO.

Exchange Rates, External Transactions and Positions

Table 3.6a Gross external debt by sector, maturity and instrument¹

EUR millions

	2008 ²	2009 ²	2010 ²			2011 ²	
			June	Sep.	Dec.	Mar.	June
General government	292.9	264.3	200.3	201.5	227.9	232.7	224.1
<i>Short-term</i>	84.0	63.8	4.9	6.7	36.3	43.2	42.8
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	4.9	6.7	36.3	43.2	42.8
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	195.5	194.8	191.6	189.5	181.3
Bonds and notes	89.9	98.1	102.7	103.3	103.9	102.0	102.8
Loans	119.0	102.3	92.7	91.5	87.7	87.4	78.5
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	865.8	1,077.6	1,228.9	1,307.4	1,865.4
<i>Short-term</i>	677.8	826.3	865.8	1,077.6	1,228.9	1,307.4	1,865.4
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	677.8	826.3	865.8	1,077.6	1,228.9	1,307.4	1,865.4
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
Bonds and notes	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
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
OMFIs³	28,503.4	25,835.3	29,681.2	27,898.8	28,068.4	26,273.1	28,051.9
<i>Short-term</i>	23,271.7	20,616.8	22,431.8	20,817.3	21,558.3	19,110.8	21,443.5
Money market instruments	0.0	3.4	0.0	0.0	0.0	0.0	0.0
Loans	9,291.0	7,299.9	5,983.4	4,726.2	4,753.7	3,933.9	5,677.8
Currency and deposits	13,116.8	13,181.4	16,292.0	15,958.6	16,623.0	15,031.1	15,631.4
Other debt liabilities	863.9	132.1	156.4	132.5	181.6	145.8	134.3
<i>Long-term</i>	5,231.7	5,218.5	7,249.4	7,081.5	6,510.1	7,162.3	6,608.3
Bonds and notes	13.7	13.9	15.8	14.9	14.9	15.2	15.8
Loans	4,986.1	5,111.1	7,233.6	7,066.6	6,495.2	7,147.1	6,592.6
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	1,488.5	1,571.6	1,683.9	1,824.9	1,867.9	2,011.9	2,078.2
<i>Short-term</i>	811.5	796.3	852.8	931.1	959.7	1,014.0	1,062.8
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	74.1	39.2	42.6	45.3	48.6	51.1	55.1
Currency and deposits	130.6	179.8	205.1	217.8	230.4	243.1	255.8
Trade credits	606.8	577.3	605.1	668.1	680.7	719.8	751.9
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	677.0	775.4	831.1	893.7	908.2	997.8	1,015.5
Bonds and notes	212.8	210.6	213.4	215.8	212.3	215.8	212.3
Loans	443.9	501.1	562.1	617.3	632.4	715.4	731.7
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	20.4	63.6	55.5	60.6	63.5	66.6	71.5
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment: Intercompany lending	1,099.8	1,281.2	1,392.4	1,447.9	1,500.4	1,490.3	1,538.0
Debt liabilities to affiliated enterprises	71.6	79.7	84.5	87.2	92.8	97.7	98.0
Debt liabilities to direct investors	1,028.1	1,201.5	1,307.9	1,360.7	1,407.6	1,392.6	1,440.0
Gross external debt	32,062.4	29,778.7	33,823.5	32,450.7	32,893.6	31,315.4	33,757.5
of which: OMFIs	28,503.4	25,835.3	29,681.2	27,898.8	28,068.4	26,273.1	28,051.9
Gross external debt excluding OMFIs' debt liabilities	3,559.0	3,943.4	4,142.3	4,551.9	4,825.2	5,042.3	5,705.6

¹ Gross external debt illustrates only a fraction of the overall International Investment Position of Malta with other countries shown in Table 3.5. 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.

² Provisional.

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

⁴ Comprising the non-monetary financial institutions, insurance companies, non-financial corporations, households and NPISH.

Exchange Rates, External Transactions and Positions

Table 3.6b Net external debt by sector, maturity and instrument¹

EUR millions

	2008 ²	2009 ²	2010 ²			2011 ²	
			June	Sep.	Dec.	Mar.	June
General government	291.3	251.8	167.4	168.1	188.2	176.0	165.3
<i>Short-term</i>	82.4	51.4	4.7	6.5	29.8	39.7	41.8
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	-0.2	-0.1	0.0	-0.3	-0.1
Trade credits	5.9	20.0	4.8	6.7	29.8	40.1	41.9
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	162.7	161.6	158.4	136.2	123.5
Bonds and notes	89.9	98.1	102.7	103.3	103.9	102.0	102.8
Loans	119.0	102.3	78.0	71.8	67.9	47.6	34.1
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	0.0	0.0	-18.0	-13.4	-13.4	-13.4	-13.4
Other Debt Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Monetary authorities	-852.6	-678.4	-849.5	-645.5	-754.8	-819.3	-755.8
<i>Short-term</i>	212.4	557.2	628.4	825.4	968.6	915.8	1,063.6
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	628.4	831.6	968.6	915.8	1,063.6
Other debt liabilities	-0.8	0.0	0.0	-6.2	0.0	0.0	0.0
<i>Long-term</i>	-1,065.0	-1,235.5	-1,477.9	-1,470.9	-1,723.4	-1,735.1	-1,819.4
Bonds and notes	-1,053.5	-1,222.3	-1,463.7	-1,452.1	-1,709.2	-1,722.0	-1,806.4
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	-18.9	-14.2	-13.1	-13.0
OMFIs	-3,262.7	-4,047.9	-9,280.4	-9,639.3	-9,690.0	-9,380.6	-9,381.0
<i>Short-term</i>	17,057.8	14,057.2	13,171.7	11,844.6	12,029.9	10,186.0	9,670.1
Money market instruments	-9.2	-198.8	-21.9	-152.0	-173.3	-144.4	-168.3
Loans	7,769.0	6,049.5	4,555.3	3,127.9	3,705.6	2,398.2	4,153.8
Currency and deposits	8,476.1	8,167.8	8,589.6	8,821.1	8,421.4	7,860.8	5,625.6
Other debt liabilities	821.9	38.7	48.9	47.6	76.3	71.4	59.0
<i>Long-term</i>	-20,320.5	-18,105.2	-22,452.1	-21,483.9	-21,719.9	-19,566.6	-19,051.1
Bonds and notes	-7,748.8	-9,535.1	-12,150.4	-12,289.2	-12,141.3	-11,707.4	-11,130.6
Loans	-12,698.7	-8,598.3	-10,301.7	-9,194.6	-9,578.6	-7,859.2	-7,920.4
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	-721.5	-998.9	-956.2	-774.6	-769.2	-695.4	-671.2
<i>Short-term</i>	-631.6	-838.2	-817.7	-671.5	-676.2	-673.5	-653.6
Money market instruments	0.0	-0.8	-0.4	-0.3	-0.9	-0.4	-0.6
Loans	-29.2	-24.9	-16.3	-17.9	-30.5	-31.5	-29.6
Currency and deposits	-463.1	-437.0	-419.4	-400.4	-378.6	-368.5	-348.1
Trade credits	-139.2	-375.5	-381.6	-252.8	-266.3	-273.2	-275.4
Other debt liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Long-term</i>	-89.9	-160.8	-138.5	-103.1	-93.0	-21.9	-17.6
Bonds and notes	-431.5	-560.9	-573.1	-595.9	-600.2	-611.9	-623.0
Loans	410.9	434.1	487.5	547.0	562.8	647.9	663.8
Currency and deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade credits	-62.5	-27.3	-46.2	-47.6	-49.0	-51.2	-51.7
Other debt liabilities	-6.6	-6.6	-6.6	-6.6	-6.6	-6.6	-6.6
Direct investment: Intercompany lending	301.8	246.2	196.4	157.9	183.1	187.1	239.0
Debt liabilities to affiliated enterprises	-153.9	-280.4	-324.3	-330.3	-331.9	-320.4	-327.5
Debt liabilities to direct investors	455.7	526.6	520.7	488.2	515.0	507.5	566.6
Net external debt	-4,243.6	-5,227.2	-10,722.2	-10,733.3	-10,842.6	-10,532.3	-10,403.7
of which: OMFIs	-3,262.7	-4,047.9	-9,280.3	-9,639.3	-9,690.0	-9,380.6	-9,381.0
Net external debt excluding OMFIs	-980.9	-1,179.3	-1,441.8	-1,094.0	-1,152.6	-1,151.7	-1,022.7

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 3.7 Malta's foreign trade¹

EUR millions

Period	Exports (f.o.b.)	Imports (c.i.f.)	Balance of trade
2005	1,959.1	3,117.2	-1,158.1
2006	2,256.8	3,487.9	-1,231.1
2007 ²	2,287.5	3,580.4	-1,292.9
2008 ²	2,093.1	3,655.0	-1,561.9
2009 ²	1,665.5	3,154.5	-1,489.0
2010 ²	2,260.9	3,742.4	-1,481.5
2010²			
Jan.	152.0	223.6	-71.6
Feb.	175.5	280.3	-104.8
Mar.	193.6	326.1	-132.5
Apr.	199.7	269.0	-69.3
May	180.2	266.6	-86.4
June	207.1	287.5	-80.4
July	187.7	370.6	-182.9
Aug.	191.5	373.8	-182.3
Sep.	175.1	335.3	-160.2
Oct.	194.9	350.4	-155.5
Nov.	220.6	332.7	-112.1
Dec.	183.0	326.5	-143.5
2011²			
Jan.	272.6	320.4	-47.8
Feb.	203.9	337.0	-133.1
Mar.	268.4	350.5	-82.1
Apr.	267.8	404.7	-136.9
May	192.0	362.7	-170.7
June	275.9	339.4	-63.5

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 - 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	283.7	236.2	100.6	93.0	713.5	216.0	75.3	1,004.8	461.0	263.9	229.4	1,959.1
2006	326.7	282.8	81.5	165.6	856.6	213.0	81.0	1,150.6	631.3	275.4	199.5	2,256.8
2007 ²	271.2	305.3	90.7	131.6	798.8	222.0	86.1	1,106.9	719.9	246.7	214.0	2,287.5
2008 ²	237.3	270.5	114.8	99.4	722.0	165.3	66.7	954.0	713.9	182.8	242.4	2,093.1
2009 ²	187.3	222.0	94.9	88.5	592.7	99.1	63.6	755.4	528.1	152.4	229.6	1,665.5
2010 ²	221.9	281.3	147.8	117.2	768.2	127.3	110.9	1,006.4	686.7	196.3	371.5	2,260.9
2010²												
Jan.	20.0	21.1	8.6	6.2	55.9	7.6	6.6	70.1	51.2	14.7	16.0	152.0
Feb.	20.8	18.2	7.3	9.2	55.5	9.8	6.1	71.4	43.8	15.8	44.5	175.5
Mar.	18.2	26.1	10.0	10.0	64.3	20.0	7.6	91.9	54.1	18.9	28.7	193.6
Apr.	20.5	27.7	11.4	7.7	67.3	6.9	9.6	83.8	60.6	18.1	37.2	199.7
May	18.7	23.1	13.2	9.6	64.6	14.6	11.5	90.7	50.8	16.3	22.4	180.2
June	21.3	24.2	14.4	11.0	70.9	12.2	10.8	93.9	53.8	19.9	39.5	207.1
July	18.0	24.4	14.3	12.0	68.7	8.8	16.5	94.0	48.4	14.3	31.0	187.7
Aug.	16.4	26.9	8.2	7.9	59.4	9.0	8.3	76.7	59.0	16.6	39.2	191.5
Sep.	18.4	23.3	13.6	11.0	66.3	11.1	9.0	86.4	51.5	17.9	19.3	175.1
Oct.	16.8	24.3	25.0	11.9	78.0	8.6	10.9	97.5	49.6	13.8	34.0	194.9
Nov.	15.1	22.7	8.9	10.2	56.9	9.2	4.9	71.0	102.4	12.3	34.9	220.6
Dec.	17.7	19.3	12.9	10.5	60.4	9.5	9.1	79.0	61.5	17.7	24.8	183.0
2011²												
Jan.	13.7	23.7	7.9	22.5	67.8	10.0	8.0	85.8	64.2	11.4	111.2	272.6
Feb.	14.9	23.8	10.5	9.2	58.4	10.7	9.3	78.4	75.0	13.0	37.5	203.9
Mar.	22.7	28.5	11.5	10.7	73.4	17.2	12.2	102.8	77.0	20.8	67.8	268.4
Apr.	13.9	24.1	9.4	11.1	58.5	21.8	11.2	91.5	64.5	11.0	100.8	267.8
May	15.8	28.7	11.3	10.4	66.2	15.2	8.9	90.3	61.5	13.4	26.8	192.0
June	16.7	26.4	9.2	7.9	60.2	12.1	10.8	83.1	60.9	12.9	119.0	275.9

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 3.9 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	291.4	280.0	956.9	334.6	1,862.9	325.8	77.0	2,265.7	417.7	162.5	271.3	3,117.2
2006	406.0	263.2	966.3	373.4	2,008.9	344.0	69.3	2,422.2	635.1	179.5	251.1	3,487.9
2007 ²	420.2	290.3	876.8	375.3	1,962.6	498.8	103.0	2,564.4	598.6	206.6	210.8	3,580.4
2008 ²	381.4	267.4	1,003.2	446.0	2,098.0	457.3	135.4	2,690.7	594.0	73.4	296.9	3,655.0
2009 ²	319.9	270.6	799.8	444.9	1,835.2	365.4	80.0	2,280.6	437.5	84.2	352.2	3,154.5
2010 ²	305.9	294.5	876.3	466.5	1,943.2	326.4	161.9	2,431.5	568.9	92.8	649.2	3,742.4
2010²												
Jan.	16.5	21.9	53.1	39.7	131.2	22.5	4.5	158.2	36.1	5.7	23.6	223.6
Feb.	17.4	19.5	62.8	39.2	138.9	26.7	11.8	177.4	37.7	6.1	59.1	280.3
Mar.	23.6	27.1	94.4	44.0	189.1	28.5	5.5	223.1	47.6	6.3	49.1	326.1
Apr.	37.0	23.4	62.3	27.1	149.8	21.2	5.3	176.3	47.5	10.6	34.6	269.0
May	24.8	20.4	71.1	35.3	151.6	24.1	7.6	183.3	44.6	5.7	33.0	266.6
June	27.6	26.3	67.4	30.0	151.3	39.0	8.1	198.4	34.1	10.1	44.9	287.5
July	23.6	28.6	71.5	36.8	160.5	33.0	20.6	214.1	74.8	8.8	72.9	370.6
Aug.	23.7	33.8	63.0	29.9	150.4	38.0	7.9	196.3	46.9	5.4	125.2	373.8
Sep.	26.5	20.9	66.5	31.2	145.1	24.4	9.2	178.7	52.9	5.6	98.1	335.3
Oct.	25.0	23.1	85.6	34.8	168.5	22.9	53.4	244.8	49.6	8.0	48.0	350.4
Nov.	28.9	27.8	86.6	52.3	195.6	26.4	12.6	234.6	47.8	13.7	36.6	332.7
Dec.	31.3	21.7	92.0	66.2	211.2	19.7	15.4	246.3	49.3	6.8	24.1	326.5
2011²												
Jan.	37.4	27.6	53.9	36.1	155.0	22.1	25.0	202.1	55.6	22.1	40.6	320.4
Feb.	23.3	32.0	98.4	31.3	185.0	24.3	12.0	221.3	39.8	33.5	42.4	337.0
Mar.	35.7	27.1	81.3	36.0	180.1	43.9	10.7	234.7	48.7	3.9	63.2	350.5
Apr.	28.6	26.9	85.4	32.8	173.7	40.0	8.3	222.0	56.4	33.2	93.1	404.7
May	24.2	23.5	93.3	33.6	174.6	32.3	15.5	222.4	63.0	11.6	65.7	362.7
June	34.4	20.6	94.2	30.9	180.1	20.7	11.5	212.3	48.8	11.0	67.3	339.4

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	3,297.4	1,012.2	1,120.6	-125.9	5,304.3	4,388.5	4,618.6	-230.2	5,074.2	4,888.1
2007	3,382.7	1,042.3	1,181.6	-23.1	5,583.6	4,867.0	4,995.5	-128.5	5,455.1	5,236.7
2008	3,672.6	1,216.1	993.7	45.0	5,927.5	5,126.1	5,213.8	-87.7	5,839.8	5,617.5
2009	3,745.1	1,238.7	876.6	-16.5	5,844.0	4,592.9	4,606.6	-13.7	5,830.3	5,334.5
2010	3,804.6	1,293.5	1,041.3	-186.5	5,952.9	5,435.4	5,224.7	210.7	6,163.7	5,657.2
2010										
Q1	901.4	308.6	214.8	69.1	1,493.9	1,172.5	1,202.8	-30.3	1,463.6	1,328.8
Q2	917.2	325.7	234.8	-129.5	1,348.2	1,367.5	1,202.8	164.7	1,512.9	1,438.9
Q3	976.5	319.6	298.0	-105.4	1,488.7	1,526.7	1,403.6	123.0	1,611.7	1,445.2
Q4	1,009.6	339.6	293.7	-20.8	1,622.2	1,368.7	1,415.4	-46.7	1,575.5	1,444.3
2011										
Q1	960.0	336.2	216.9	-85.7	1,427.3	1,416.4	1,308.8	107.6	1,534.9	1,360.8
Q2	940.3	338.2	238.2	-172.2	1,344.4	1,551.4	1,297.5	253.8	1,598.3	1,395.1

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	2,915.5	807.3	967.4	-112.5	4,577.6	4,126.3	4,387.6	261.4	4,316.2
2007	2,942.5	812.0	977.4	-19.5	4,712.4	4,236.7	4,448.2	211.5	4,500.9
2008	3,085.9	910.1	747.8	39.7	4,783.6	4,345.8	4,432.1	86.3	4,697.3
2009	3,091.1	896.8	622.3	-12.9	4,597.3	3,957.7	3,982.3	24.6	4,572.7
2010	3,049.2	904.9	694.9	-138.7	4,510.4	4,683.4	4,497.1	-186.3	4,696.7
2010									
Q1	743.4	217.8	152.2	54.8	1,168.2	995.2	1,052.9	57.7	1,110.5
Q2	733.0	227.8	159.3	-98.5	1,021.5	1,152.5	1,028.9	-123.6	1,145.1
Q3	767.1	221.9	187.6	-79.4	1,097.2	1,316.1	1,203.2	-112.9	1,210.1
Q4	805.7	237.5	195.8	-15.6	1,223.5	1,219.6	1,212.2	-7.4	1,230.9
2011									
Q1	768.7	234.6	135.8	-60.8	1,078.3	1,177.6	1,119.7	-57.9	1,136.2
Q2	735.7	233.6	156.6	-123.2	1,002.7	1,270.2	1,095.3	-174.9	1,177.6

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	130.0	113.7	177.8	496.6	482.4	103.5	1,082.5	161.0	1,243.5
2008	81.1	150.8	144.5	204.1	580.5	454.4	98.7	1,133.5	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	126.1	214.3	211.1	637.9	415.1	103.4	1,156.4	175.7	1,332.1
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	42.3	36.1	107.0	51.7	12.8	171.5	21.6	193.1
Sep.	8.7	14.2	20.9	20.4	64.3	47.8	14.5	126.6	23.4	150.0
Oct.	9.4	18.1	14.7	23.0	65.2	49.3	12.3	126.9	19.5	146.4
Nov.	4.8	9.7	10.7	10.9	36.2	24.6	5.3	66.1	12.5	78.6
Dec.	2.9	4.3	11.1	7.3	25.6	15.8	3.7	45.2	8.6	53.7
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

¹ Based 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	98.4	46.6	145.1	5.7	5.4	1.7	3.5	7.3	4.8
2010 ³	103.5	49.4	152.9	97.9	47.9	145.8	5.5	5.4	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	103.0	48.9	151.9	97.4	47.4	144.9	5.6	5.4	1.5	3.0	7.1	4.6
June	103.2	49.2	152.5	97.9	47.8	145.7	5.4	5.2	1.4	2.8	6.8	4.4
July	103.6	49.7	153.3	98.2	48.2	146.4	5.4	5.2	1.5	2.9	6.8	4.5
Aug.	103.6	49.8	153.4	98.4	48.4	146.8	5.2	5.0	1.4	2.8	6.6	4.3
Sep.	103.9	49.9	153.7	98.6	48.5	147.1	5.3	5.1	1.4	2.8	6.7	4.3
Oct.	103.4	49.9	153.3	98.1	48.5	146.6	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

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 ³	115.7	60.4	176.3	107.8	56.0	163.8	7.9	6.8	4.3	7.1	12.2	6.9
2010³												
Q1	115.6	60.1	175.8	107.3	55.8	163.1	8.3	7.2	4.3	7.2	12.7	7.2
Q2	117.3	58.5	175.8	110.0	53.7	163.8	7.3	6.2	4.8	8.1	12.0	6.8
Q3	115.3	62.4	178.6	107.4	57.8	165.2	8.0	6.9	4.1	6.6	12.1	6.8
Q4	114.6	60.5	175.1	106.5	56.6	163.1	8.1	7.0	3.9	6.5	12.0	6.8
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

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
2010					
Q1	168.4	164.9	174.9	207.0	183.0
Q2	167.2	168.9	161.9	202.2	183.0
Q3	169.9	167.6	178.4	194.5	194.6
Q4	163.0	164.1	171.9	194.1	153.3
2011					
Q1	164.0	166.5	174.5	194.3	159.6
Q2	167.3	174.4	170.9	197.2	180.5

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

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

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

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
2010												
Jan.	99.5	1.9	5.7	4.2	-0.6	2.9	14.0	0.4	-3.9	3.2	0.7	1.8
Feb.	99.9	1.6	4.7	3.9	-0.9	2.8	12.1	0.6	-3.6	3.2	0.7	1.8
Mar.	100.4	1.3	3.5	3.6	-1.3	2.7	10.2	0.7	-3.2	3.2	0.7	1.7
Apr.	101.4	1.0	2.6	3.3	-1.6	2.7	10.4	0.9	-3.1	3.1	0.7	1.7
May	101.6	0.9	1.7	3.0	-1.9	2.6	10.5	1.0	-2.8	3.0	0.9	1.6
June	101.2	0.7	0.9	2.8	-2.4	2.6	10.6	1.0	-2.3	2.9	1.0	1.6
July	101.1	0.8	0.7	2.6	-2.9	2.6	12.7	1.0	-2.3	2.9	1.0	1.6
Aug.	101.0	0.8	0.4	2.4	-3.4	2.5	14.3	0.9	-1.7	2.6	1.3	1.7
Sep.	101.7	0.8	0.3	2.3	-3.7	2.4	15.8	0.9	-1.5	2.4	1.5	1.7
Oct.	102.4	1.0	0.4	2.2	-3.9	2.3	18.6	0.9	-1.1	2.3	1.6	1.7
Nov.	102.7	1.2	0.5	2.1	-4.1	2.2	21.5	0.7	-0.4	2.2	1.6	1.6
Dec.	103.3	1.5	1.0	2.0	-4.3	2.2	24.4	0.6	0.3	2.0	1.6	1.7
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

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	1.8	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	0.6	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	0.8	-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	1.9	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	3.6	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	3.3	10.1	1.1	2.0	2.2	-6.0	-1.7	7.8	5.5	3.4
2010													
Jan.	107.8	1.7	5.8	3.6	6.4	1.1	4.6	-4.1	-1.7	-0.7	6.9	1.2	2.4
Feb.	108.1	1.5	4.7	3.6	5.7	1.2	4.5	-3.8	-2.3	-0.6	6.9	1.1	2.5
Mar.	109.6	1.2	3.5	3.6	5.1	1.3	4.5	-3.5	-2.9	-0.5	6.9	0.9	2.5
Apr.	112.4	0.9	2.5	3.5	5.2	1.3	4.3	-3.1	-3.5	-0.7	7.3	0.6	2.6
May	113.7	0.8	1.6	3.5	5.3	1.4	4.0	-2.6	-4.1	-0.8	7.7	0.9	2.7
June	113.6	0.7	0.8	3.5	5.5	1.4	3.8	-1.8	-4.7	-1.1	8.1	1.1	2.8
July	114.3	0.9	0.6	3.5	6.2	1.3	3.5	-1.4	-5.3	-1.3	8.4	2.1	2.8
Aug.	115.4	1.0	0.3	3.5	6.8	1.3	3.2	-0.9	-5.9	-1.5	8.8	3.3	3.0
Sep.	114.6	1.2	0.2	3.4	7.3	1.3	2.9	-0.3	-6.5	-1.7	9.2	4.1	3.2
Oct.	113.9	1.4	0.4	3.4	8.2	1.3	2.6	0.4	-6.5	-2.0	8.7	4.6	3.2
Nov.	112.2	1.7	0.5	3.4	9.1	1.2	2.3	1.3	-6.2	-1.8	8.3	5.0	3.3
Dec.	112.8	2.0	1.1	3.3	10.1	1.1	2.0	2.2	-6.0	-1.7	7.8	5.5	3.4
2011													
Jan.	111.3	2.2	1.5	3.3	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	3.3	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	3.3	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	3.2	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	3.2	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	3.2	7.0	0.2	1.3	5.1	-6.8	-1.1	5.2	5.7	4.0

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 1.17 and 1.18 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, the Table entitled 'Financial Markets' 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 1.18 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 1.20 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 1.21 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 1.22 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

Up to end-2007, statistics on exchange rates showed the end-of-period and average exchange rates of the Maltese lira against other currencies. The Maltese lira average exchange rates were calculated as the arithmetic mean of the daily opening and closing Central Bank of Malta middle rates in the reference period.

From 2008, statistics on exchange rates (Tables 3.2a-3.2b) 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 3.3-3.5) 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. Wherever possible a distinction is made between transactions and positions with residents of other euro area countries and those with non-residents of the euro area. Up to the end of 2007, official reserve assets (Table 3.4) 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. Historical data are updated by the Central Bank of Malta on a monthly basis, going back thirteen months, while every calendar quarter data are revised going back three years.

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 may not be fully reconcilable with the data shown in the IIP primarily due to some conceptual differences. The external debt of the MFIs is 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.