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ABBREVIATIONS

COICOP	Classification of Individual Consumption by Purpose
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ecu	european currency unit
EEA	European Economic Area
EMU	Economic and Monetary Union
EONIA	Euro OverNight Index Average
ERM II	exchange rate mechanism II
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
FI	fungibility issue
GDP	gross domestic product
HCI	harmonised competitiveness indicators
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
LFS	Labour Force Survey
MIGA	Multilateral Investment Guarantee Agency
MFI	Monetary Financial Institution
MFSA	Malta Financial Services Authority
MRO	Main Refinancing Operations
MSE	Malta Stock Exchange
NACE Rev. 1	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
OPEC	Organisation of Petroleum Exporting Countries
RPI	Retail Price Index
ULC	unit labour costs

FOREWORD

During the second quarter of 2009 the international financial crisis continued to have a major impact on the global economy. Nevertheless, there were signs that, although output in the main industrial economies continued to contract, the downturn was moderating. In addition, with global demand remaining subdued and commodity prices declining from their year-ago peaks, inflationary pressures continued to subside worldwide.

In the euro area, the easing of inflationary pressures was particularly evident, with the main measure of inflation, the HICP, trending downward into negative territory by the end of June. Over the second quarter the ECB cut the interest rate on its main refinancing operations (MRO) twice, by 25 basis points on each occasion. These cuts, in April and May, brought the MRO down to 1.00%. In May, too, the corridor between the interest rate on the ECB's deposit facility and that on the marginal lending facility was narrowed, bringing these rates to 0.25% and 1.75%, respectively. In the five months to October, amid signs of a very gradual economic recovery, the ECB's official interest rates were left unchanged, as price developments were expected to remain subdued over the relevant policy horizon.

With official interest rates close to zero, the Eurosystem also stepped up its use of non-standard monetary policy measures designed to enhance liquidity and support the extension of credit by banks throughout the euro area. Foremost among these was the provision of liquidity through refinancing operations with a term to maturity of one year at the MRO rate.

In the euro area annual real GDP growth was negative for the third consecutive quarter, though the year-on-year decline in output, at 4.8%, was somewhat less than the first quarter contraction of 4.9%. Domestic demand, especially investment, continued to fall, but the decline in net exports moderated slightly. The process of disinflation in the euro area continued, with annual area-wide inflation turning negative, falling from 0.6% in March to -0.1% in June, mainly due to lower energy prices. The inflation rate remained negative in the third quarter, reaching -0.3% in September.

Recent forecasts for the euro area economy also indicate that the recession is bottoming out. ECB staff projections, published in September, were revised upwards, placing average annual GDP growth in a range of between -4.4% and -3.8% in 2009 and between -0.5% and 0.9% in 2010. The average rate of inflation during 2009 is expected to fall within a lower range of 0.2% to 0.6%, rising to between 0.8% and 1.6% in 2010.

International economic developments continued to have adverse effects on the Maltese economy. During the second quarter of 2009, real GDP contracted at an annual rate of 3.3%, following a 1.9% drop in the previous quarter. The decline reflects a reduction in domestic demand that was mainly driven by a fall in inventories and lower investment spending on both construction and machinery, though private and government consumption were also down from year-ago levels. Exports also declined, reflecting a weaker performance in both manufacturing and tourism. But with imports falling at an even faster pace, net exports contributed positively to GDP growth. In the third quarter, however, there was a net improvement in business and consumer sentiment, although the latest available economic indicators do not provide clear evidence of a reversal in the downward trend.

Labour market conditions also deteriorated during the second quarter. LFS data showed annual employment growth slowing down to 0.8%, with job creation being driven entirely by the private sector. Meanwhile, the unemployment rate rose by half a percentage point in June to stand at 7.0%. Recent data issued by Eurostat show that in August the seasonally-adjusted jobless rate stood at 7.2%.

Inflation in Malta, as measured by the HICP, continued to decline during the second quarter. In annual terms it dropped to 2.8% in June from 3.9% three months earlier. The lower trend persisted into the third quarter when the rate reached 1.0% in August. While higher prices of services and unprocessed food were the main factors contributing to the upward movement in the HICP, a substantial reduction in energy prices and a slower rate of increase in the prices of processed food led to an easing of inflationary pressures. Throughout the survey period Malta's average annual inflation rate remained above that of the euro area, though the gap between the two continued to narrow.

Malta's external competitiveness appeared to deteriorate during the quarter reviewed, partly as a result of the appreciation of the euro. However, higher unit labour costs also contributed, as compensation of employees continued to increase while the growth rate of productivity remained negative.

The reductions in official interest rates led to a decline in domestic money market rates during the survey period. Consequently, bank deposit rates generally fell during the second quarter and going into the third. In contrast, the impact on lending rates was mixed, with rates on new loans to non-financial corporations falling between March and June while those on loans to households rose. Furthermore, lending rates on most new business continued to increase going into the following quarter, in line with relatively tight credit standards. This notwithstanding, credit to Maltese residents expanded further, with lending to the private sector remaining substantial.

The weaker performance of the economy had an adverse impact on public finances during the quarter reviewed. The general government deficit widened, as growth in expenditure outweighed that of revenue, which was dampened by the slowdown in consumer spending and in the property market. As a result, the level of general government debt continued to rise.

In the light of a still uncertain economic outlook, the monetary policy response has continued to be accommodative, with official interest rates in the euro area remaining at historically low levels and with the Eurosystem continuing to provide considerable liquidity support to the banking system. Fiscal policy in most euro area countries has been expansionary. In Malta too, the fiscal stance has been supportive, not only through the operation of automatic stabilisers, but also through the introduction of specific measures to aid hard-hit sectors.

Looking ahead, as the recession bottoms out and tentative signs of a global recovery can be glimpsed, attention is beginning to focus on preparing an appropriate exit strategy. As far as monetary policy is concerned, at the euro area level the extraordinary measures taken to combat the crisis are expected to be phased out gradually and in a timely manner. On the fiscal front, governments should be laying the ground for consolidation. This would strengthen public finances in the face of increased debt servicing costs, as interest rates eventually change course and as the negative repercussions of population ageing begin to be gradually felt. Against the background of a slow recovery in economic activity, and therefore also in revenue, effective expenditure con-

control will have to be the main driver of fiscal consolidation in Malta. At the same time this should also permit more resources to be allocated to public investment in the infrastructure and in other growth-enhancing areas.

The global economy that will emerge after the economic crisis is over is likely to be different from that which prevailed in the pre-crisis years. At least in the major industrial economies, growth is likely to be less robust than before, which means that Maltese exporters will face more intense competition. This likely scenario highlights the importance of strengthening external competitiveness.

Gains in competitiveness can best be achieved through structural reforms. The further opening up of key economic sectors to competition should help improve productivity while containing price pressures. Given the predominant role of labour costs in the economy's cost structure and the recent decline in productivity, moreover, wage moderation is an important factor that can contribute positively to the economy's competitiveness.

ECONOMIC SURVEY

1. DEVELOPMENTS IN THE INTERNATIONAL AND EURO AREA ECONOMY

Introduction

During the second quarter of 2009 economic activity in the major industrialised countries continued to slow down, albeit at a slower pace than in the previous quarter, as investment and household spending generally weakened. On the other hand, the downturn in key emerging economies appeared to have bottomed out, with growth even picking up in some of them. At the same time, inflationary pressures continued to subside worldwide, partly reflecting the decline in commodity prices from their year-ago peaks, with many countries experiencing negative inflation rates.

In the euro area, real GDP contracted for the third consecutive quarter, although the decline moderated, mainly on account of a smaller negative contribution to growth from net exports. Meanwhile, the process of disinflation continued, with annual HICP inflation turning negative in June for the first time since the euro was introduced. In response to lower inflationary pressures, the Governing Council of the ECB cut its main interest rate by a cumulative 50 basis points during the quarter, following a reduction of 275 basis points during the previous two quarters. Due to the marked weakening of economic activity, price pressures were expected to remain subdued, although there were increasing signs of stabilisation. The Governing Council kept the monetary policy stance unchanged during the third quarter.

International economic developments

US economic activity continues to contract, inflation stays negative

In the United States, economic activity contracted, also for the third consecutive quarter, with real GDP falling by 3.8% on an annual basis (see Table 1.1). The downturn moderated, however, with output falling by a relatively modest 0.2% on a quarter-on-quarter basis, compared to the 1.6% fall of the March quarter. The drop in GDP was mainly driven by a decline in private investment, both residential and non-residential, although a 1.7% decline in consumption also contributed. By contrast, government expenditure and net exports contributed positively to growth. Nevertheless, labour market conditions continued to deteriorate, with unemployment rising to 9.5% in June from 8.5% in March.

After having turned negative in March, inflation continued to fall throughout the second quarter, falling by a further percentage point to -1.4% in June as a result of lower energy prices and weaker economic activity (see Chart 1.1). Going into the third quarter, the inflation rate declined again

Table 1.1
REAL GDP GROWTH

Annual percentage changes, seasonally adjusted

	2008				2009	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	2.0	1.6	0.0	-1.9	-3.3	-3.8
Euro area	2.2	1.4	0.4	-1.8	-4.9	-4.8
United Kingdom	2.3	1.6	0.3	-2.0	-5.0	-5.5
Japan	1.4	0.7	-0.3	-4.5	-8.4	-7.2

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

in July, before rising to -1.5%, in August.

Between March and June 2009 the Federal Reserve kept the federal funds rate target unchanged in a range from zero to 0.25%, as it has done since the last quarter of 2008 (see Chart 1.2). Additionally, throughout the second quarter, the Federal Reserve continued to purchase agency mortgage-backed securities, agency debt and Treasury securities to support financial markets and, hence, the broader economy. The Fed maintained this monetary policy stance throughout the third quarter, but decided to reduce its direct intervention in order to bring about a smoother transition in markets.

Meanwhile, US long-term government bond yields continued to recover. Overall, bond yields rose by almost a full percentage point over the quarter, ending June at 3.54% (see Chart 1.3). Yields generally rose until the beginning of June, partly as a result of portfolio flows back into risky assets as a result of improved market sentiment, which lowered demand for relatively safe Treasury securities. Additionally, this trend was driven by the increase in longer-term Treasury issuance and the resulting concerns about public debt sustainability. In the second half of June, however, bond yields fell due to worse-than-expected US data. Then, during the third quarter, bond yields continued to fall, ending September at 3.31%.

CHART 1.1
CONSUMER PRICE INFLATION
(annual percentage changes)

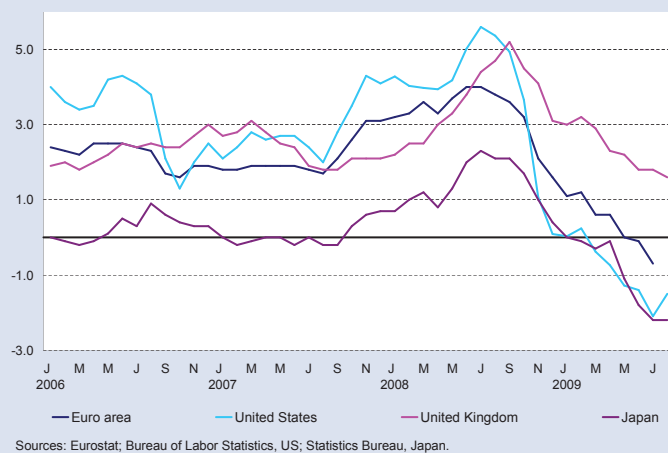


CHART 1.2
OFFICIAL INTEREST RATES
(percentages per annum, end of month)

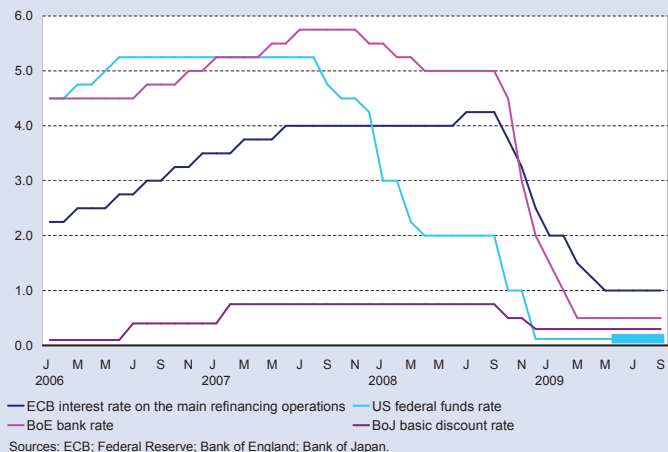
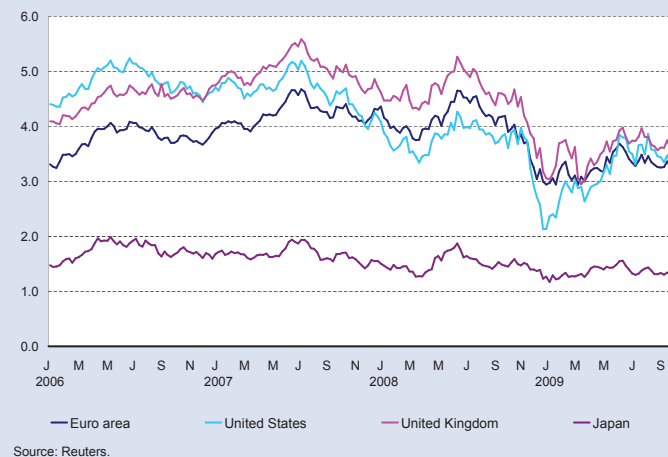
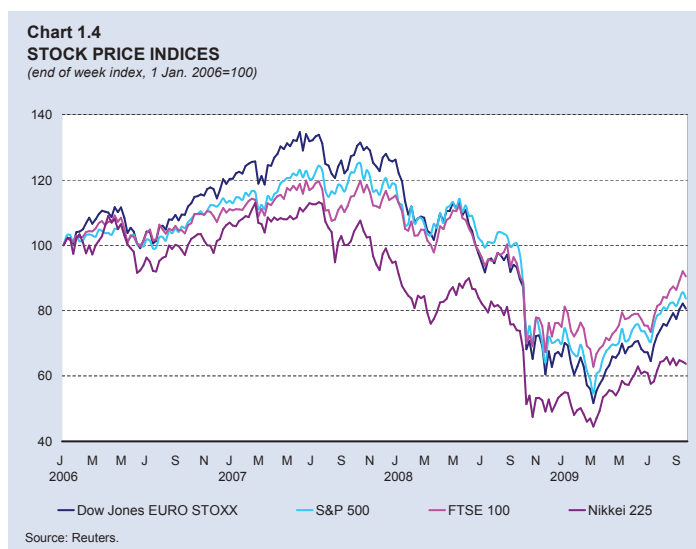


CHART 1.3
TEN-YEAR GOVERNMENT BOND YIELDS
(percentages per annum, end of week)



During the second quarter, US equity prices, as measured by the S&P 500 index, reversed earlier losses, gaining 15.2% (see Chart 1.4). Stock prices mirrored bond yields, rising for most of the second quarter but losing some of their value in the second half of June. During the third quarter, equity prices maintained their upward trend, rising by 15% till the end of September.



UK economic output declines further, inflation persists

In the June quarter, real GDP in the United Kingdom continued to contract, with output falling by 5.5% on a year earlier, following a 5.0% drop in the previous quarter. On the other hand, quarterly data showed a more moderate contraction, with GDP falling by 0.6%, following a 2.5% drop in the March quarter. On an annual basis, investment and household consumption both continued to contract, while government expenditure grew at a slower rate. In contrast, although both exports and imports decelerated further, net exports contributed positively to GDP growth. But labour market conditions continued to deteriorate, with unemployment rising to 7.8% during the three months to June, up by half of a percentage point from the end of the previous quarter.

HICP inflation continued to decline, falling to 1.8% in June from 2.9% in March. The decline was driven by lower food, gas and electricity prices. Going into the third quarter, UK inflation continued to subside, falling to 1.6% in August.

After cutting the official Bank Rate to 0.5% on 5 March, the Bank of England left the rate on hold throughout the second and third quarters. At the same time, the UK central bank continued to implement the asset purchase programme that it began in March. Moreover, in response to concerns about deflation, the Bank expanded the programme in May and again in August.

UK long-term bond yields followed a similar pattern to those in the United States, with the yield on ten-year gilts rising up to mid-June before falling to end the month at 3.69%. Thus, over the quarter as a whole, long-term yields rose by just over half a percentage point. Bond yields resumed their upward trend in July but declined over the rest of the third quarter, ending September at 3.59%. Equity prices, as measured by the FTSE 100, rose by around 8% between March and June, and they continued to trend upwards in the third quarter, ending September 21% higher.

The contraction of the Japanese economy slows down, prices continue to fall

The Japanese economy contracted at a slower rate in the second quarter as real GDP fell by 7.2%, as against a drop of 8.4% in the March quarter. On a quarter-on-quarter basis, GDP growth turned positive, with output increasing by 0.6%, after four quarters of negative growth. Exports declined at a slower pace, year-on-year, as did private consumption, whereas government consumption picked up. Household spending was stimulated both by the government's stimulus

package and by lower commodity prices. On the other hand, investment spending continued to drop sharply and labour market conditions deteriorated, with the unemployment rate going up by 0.6 percentage points to 5.4% in June and reaching an all-time high of 5.7% in July.

Inflation extended its negative trend during the second quarter, driven by falling energy prices and increasing economic slack. Following a slight pick-up in April, the inflation rate fell to -1.8% in June from -0.3% in March, and it continued to edge downwards, to -2.2% in July.

The Bank of Japan kept official interest rates on hold during both the June and the September quarters, leaving the basic discount rate unchanged from the 0.3% level set in December 2008. In addition, the Bank of Japan eased monetary policy further by implementing measures to facilitate corporate financing.

Japanese long-term bond yields continued to follow a similar trend to those in the United States and the United Kingdom, albeit at lower levels, so that the ten-year yield ended the second quarter at 1.35%. But Japanese equity prices, as measured by the Nikkei 225, rallied strongly during the quarter, gaining around 23%, in line with more positive economic expectations. They generally continued to rise in the following quarter.

Emerging Asian economies remain resilient, negative inflation persists

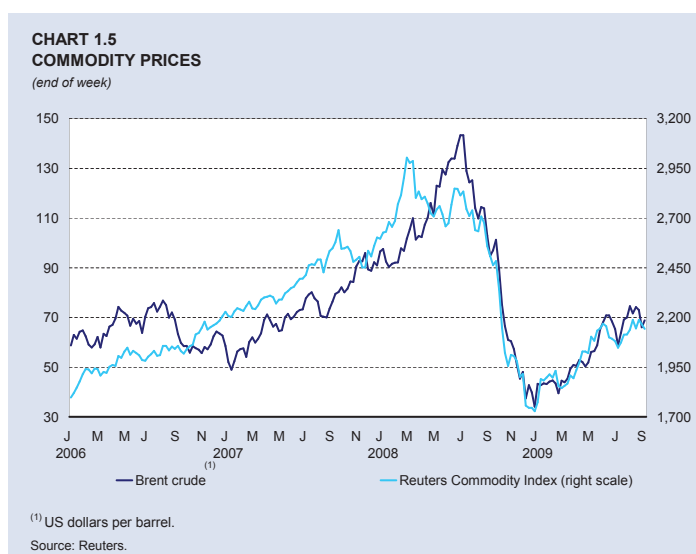
The Chinese economy expanded at a faster pace during the second quarter of 2009, the first acceleration since the beginning of 2007. Real GDP grew by 7.9% year-on-year, following the 6.1% growth registered in the previous quarter. The main driver behind this acceleration was investment, which was boosted by public spending on the infrastructure. Consumption remained robust, but exports continued to suffer from weak external demand. At the same time, deflationary pressures intensified, with consumer price inflation falling to -1.7% in June, from -1.2% in March.

In India real GDP growth rose to 6.1% in the second quarter, compared with 5.8% in the previous quarter. Wholesale price inflation continued to decline, even entering negative territory in June.

Commodities

Oil prices continue to rise amid more optimistic expectations

The second quarter of 2009 was characterised by a general upward trend in oil prices, with Brent crude rising around 48% to end the quarter at USD 68.37 per barrel (see Chart 1.5). Prices were supported by more optimistic expectations for the global economy, which would boost demand, and a fall in global oil production. But prices stabilised in the following quar-

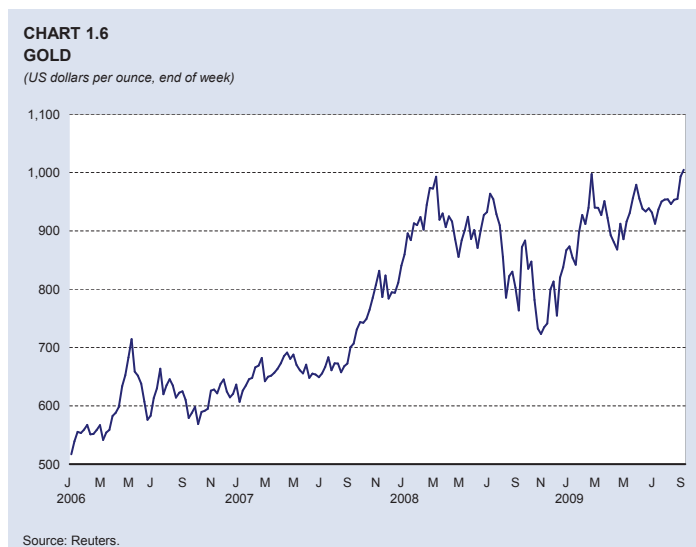


ter, within a range of USD 58 and USD 75 per barrel.

Non-energy commodity prices extend upward trend

Non-energy commodity prices, as measured by the Reuters Commodity Index, rose by around 10% during the quarter (see Chart 1.5).¹ A key factor behind this development was the capital investment programme implemented by the Chinese government, which supported metal prices. Additionally, social unrest in some Latin American countries and adverse weather

conditions pushed up agricultural commodity prices, especially prices of soybeans. Going into the third quarter, prices of non-energy commodities dipped slightly before recovering.



Gold price rises further

Gold prices edged higher during the second quarter of 2009, ending June at USD 925.85 per ounce, around 1% above the end-March level (see Chart 1.6). At the beginning of the quarter, the price of gold fell before rebounding and reached USD 980.85 per ounce on 2 June. This coincided with the dollar's quarterly low, suggesting that investors were diversifying away from the US currency into bullion. Going into the third quarter, gold prices maintained their upward trend, reaching a new high of USD 1,004.85 per ounce on 11 September.

Economic and monetary developments in the euro area

Euro area GDP contracts at a slower pace

In the second quarter of 2009, euro area real GDP contracted for the third consecutive quarter on a year-on-year basis, dropping by 4.8% (see Table 1.2). This was somewhat less than the previous quarter's contraction of 4.9%. This moderation can be attributed to a smaller negative contribution to growth from net exports, which outweighed a further deterioration in domestic demand. On a quarter-on-quarter basis, euro area economic activity declined only slightly during the quarter under review, edging down by 0.2% as opposed to a contraction of 2.5% in the previous quarter.

The main factor behind the easing of domestic demand in the euro area was a further drop in investment, which fell by 11.4% compared to the same quarter of the previous year. Private consumption also declined, by 0.9%, though at a slower pace than in the previous quarter. By contrast, government consumption increased by 2.5% on an annual basis, contributing 0.5 percentage points to euro area GDP growth. Meanwhile, inventories made a negative contribution of 0.7 percentage points.

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

Table 1.2
REAL GDP GROWTH IN THE EURO AREA

Seasonally adjusted

	2008			2009	
	Q2	Q3	Q4	Q1	Q2
<i>Annual percentage changes</i>					
Private consumption	0.5	0.0	-0.7	-1.4	-0.9
Government consumption	2.1	2.2	2.4	2.6	2.5
Gross fixed capital formation	1.2	-0.9	-5.5	-11.2	-11.4
Domestic demand	0.8	0.3	-0.5	-3.1	-3.2
Exports	4.0	1.3	-6.6	-16.8	-17.7
Imports	2.5	1.0	-3.7	-12.8	-14.4
GDP	1.5	0.4	-1.8	-4.9	-4.8
<i>Percentage point contributions</i>					
Private consumption	0.3	0.0	-0.4	-0.8	-0.5
Government consumption	0.4	0.4	0.5	0.5	0.5
Gross fixed capital formation	0.3	-0.2	-1.2	-2.5	-2.5
Changes in inventories	-0.2	0.1	0.6	-0.4	-0.7
Domestic demand	0.8	0.3	-0.5	-3.1	-3.2
Exports	1.7	0.6	-2.8	-7.2	-7.5
Imports	-1.0	-0.4	1.5	5.3	5.9
Net exports	0.7	0.2	-1.3	-1.9	-1.6
GDP	1.5	0.5	-1.7	-4.9	-4.8

Source: Eurostat.

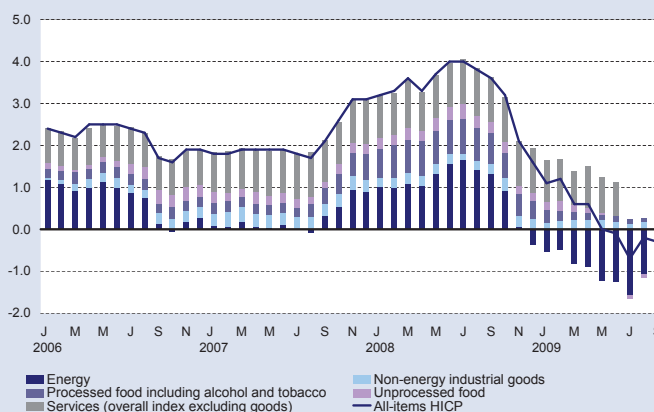
During the second quarter of 2009, exports declined by 17.7% as against 16.8% in the previous quarter. Imports also continued to decrease, but at a slower pace than exports, contracting by 14.4% on a year earlier. However, compared to the previous quarter, the decline in imports was more pronounced. Consequently, the negative contribution of net exports to euro area GDP growth, which reached 1.9 percentage points in the preceding quarter, dropped slightly to 1.6 percentage points.

Annual HICP inflation turns negative

The process of disinflation in the euro area continued during the second quarter. Annual area-wide HICP inflation turned negative for the first time since the introduction of the single currency, falling from 0.6% in March to -0.1% in June (see Chart 1.7).

This decline was mainly attributable to developments in the energy component of the HICP. Thus,

Chart 1.7
CONTRIBUTIONS TO YEAR-ON-YEAR HICP INFLATION IN THE EURO AREA
(percentage points; annual percentage change)



Source: Eurostat.

the annual percentage change of energy prices fell to -11.7% in June from -8.1% in March, due to base effects. A further easing in the rate of increase of unprocessed food prices, which fell to zero in June from 2.4% in March, also contributed.

The disinflationary process was also underpinned by the processed food component, whose rate of increase eased to 1.1% in June from 1.6% in March, while non-energy industrial goods prices also increased at a slower pace. Over the quarter, the services sub-index was the only component recording a yearly increase, albeit a minimal one. Consequently, the annual rate of core inflation, measured by excluding energy and unprocessed food from the HICP, decreased by 0.2 percentage points to 1.3% in June.

Going into the following quarter, annual HICP inflation remained negative, dropping to -0.7% in July before rising again, to -0.3%, in September.

Labour market conditions continue to deteriorate

Labour market conditions in the euro area continued to deteriorate during the quarter, reflecting sluggish economic conditions. Thus, while employment contracted at an annual rate of 1.8%, the unemployment rate edged up from 9.0% in March to 9.4% in June (see Chart 1.8). It continued to rise in the following quarter, reaching a ten-year high of 9.6% in August.

ECB continues to ease monetary policy stance during the June quarter

After reducing the interest rate on the MRO by a cumulative 275 basis points during the last quarter of 2008 and the first quarter of 2009, the Governing Council of the ECB cut its main interest rate by 25 basis points on two occasions during the quarter under review. On the second occasion, in May, the Governing Council also cut the interest rate on the marginal lending facility by 50 basis points, while keeping that on the deposit facility unchanged.

In the subsequent four months, the Governing Council kept the ECB's official interest rates unchanged. In announcing its decisions, the Governing Council emphasised the fact that price developments were expected to remain subdued over the policy relevant horizon. At the same time, there were increasing signs of stabilisation and of a very gradual recovery in the economy, consistent with the expectation that the significant contraction in economic activity had come to an end.

The ECB's easier monetary policy stance was reinforced by the implementation of several non-standard enhanced credit support measures. Apart from swap arrangements with other central banks aimed at easing liquidity tensions, the ECB introduced liquidity-providing longer-term refinancing operations (LTROs) with a maturity of one year, and began to purchase euro-denomi-

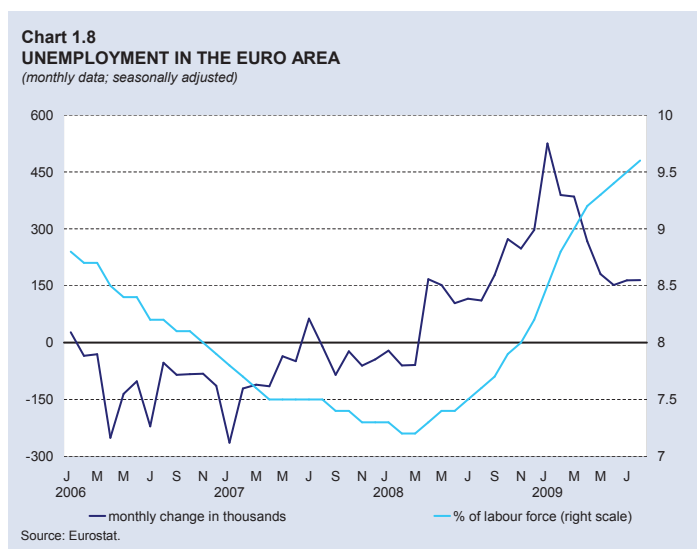


Table 1.3
MONETARY AGGREGATES FOR THE EURO AREA

Annual percentage changes, seasonally adjusted; Quarterly data are averages.

	2008			2009		2009				
	Q2	Q3	Q4	Q1	Q2	Apr.	May	Jun.	Jul.	Aug.
M1	2.1	0.6	3.1	5.7	8.5	8.3	7.9	9.4	12.1	13.6
Currency in circulation	7.8	7.6	13.3	13.7	13.0	13.2	13.1	12.8	12.5	13.2
Overnight deposits	1.0	-0.7	1.1	4.1	7.7	7.4	6.9	8.7	12.1	13.6
M2-M1 (Other short-term deposits)	19.7	18.9	15.1	8.1	2.0	3.5	2.1	0.4	-2.7	-4.1
Deposits with an agreed maturity of up to two years	40.5	36.9	27.3	10.2	-2.8	0.5	-2.7	-6.1	-12.1	-15.1
Deposits redeemable at notice of up to three months	-2.0	-1.7	0.0	5.4	9.3	8.0	9.4	10.4	12.3	13.7
M2	10.2	9.1	8.8	6.9	5.3	5.9	5.0	4.9	4.7	4.6
M3	10.1	9.0	8.0	5.6	4.1	4.9	3.8	3.6	3.0	2.5

Source: ECB.

nated covered bonds issued in the euro area. With respect to the LTROs, the ECB effected the first one-year transaction at a fixed rate with full allotment on 25 June, when EUR 442.2 billion were injected at the MRO rate of 1%.

Monetary growth continues to slow down

Monetary developments pointed towards low inflationary pressures over the medium term. The annual growth rate of the broad money aggregate M3 extended its downward trend into the second quarter of 2009, declining to an average of 4.1% from 5.6% in the March quarter (see Table 1.3).

Despite decelerating M3 growth, annual M1 growth continued to rise strongly to an average of 8.5% in the June quarter from 5.7% in the March quarter. This mainly reflected the sharp fall in interest rates on short-term time deposits relative to overnight deposits, which reduced the opportunity cost of holding liquid monetary assets. In fact, during the period under review, the annual growth rate of overnight deposits rose markedly, while that of other short-term deposits fell significantly. Meanwhile, the annual growth rate of currency in circulation fell slightly.

Monetary expansion eased further in July and August, with the annual growth rate of M3 standing at 2.5% in August, its lowest level in over fourteen years. But the annual growth rate of M1 remained buoyant over the same period, reaching 13.6% in August.

Credit growth falls considerably

On the counterparts side, annual credit growth fell further, to an average of 4.3%, in the second quarter of 2009, mainly reflecting subdued economic activity, the uncertain economic outlook and weakness in the housing market.

The annual growth rate of MFI loans to the non-financial private sector fell from 3.2% in March to 1.5% in June, before falling further, to 0.1%, in August (see Chart 1.9). This slowdown was mainly driven by a reduced flow of lending to non-financial corporations. In fact, the annual growth rate of MFI loans to these corporations declined significantly, to 2.8% in June from 6.3% in March, falling further to 0.8% in August as short-term lending continued to contract.

MFI loans to households grew at an annual rate of 0.2% in June, slightly down from the 0.4% recorded in March. More recently, however, growth turned negative, reaching -0.2% in August.

The period under review was characterised by falling annual growth rates of both loans for house purchases and consumer credit.

Spreads in the money market narrow further

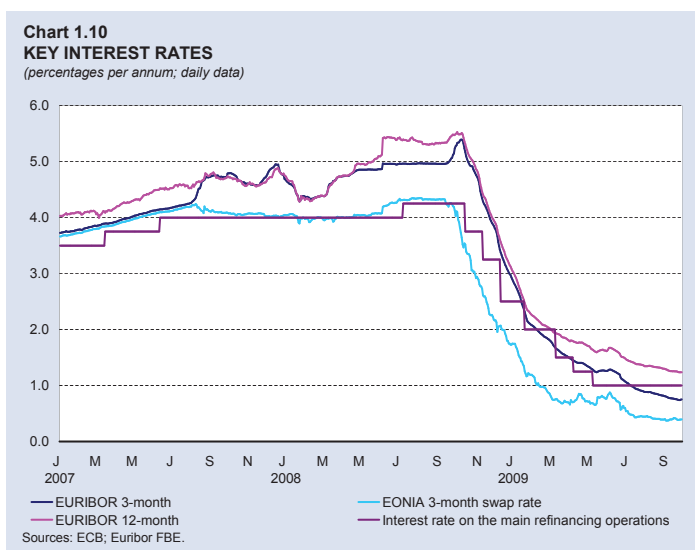
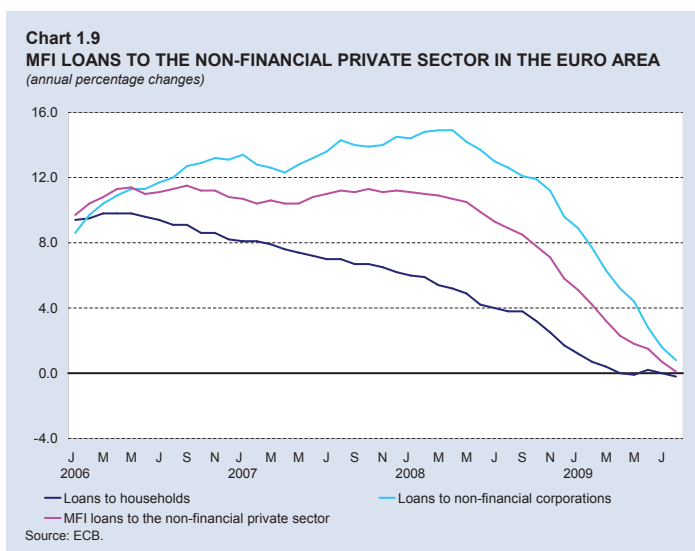
Unsecured money market interest rates, as measured by EURIBOR, extended their downward trend during the second quarter of 2009 (see Chart 1.10).²

This mainly reflected the easing of tensions in money markets and the further stabilisation of market conditions aided by the ECB's credit support initiatives.

Declines in EURIBOR across all maturities were observed, though to a lesser degree than in the previous three-month period. At the end of the June quarter, the three-month EURIBOR stood at 1.10%, 41 basis points below the end-March level. The 12-month EURIBOR declined by a cumulative 30 basis points over the same period, standing at 1.50% at the end of June. Given that the three-month EURIBOR dropped more rapidly than the 12-month rate, the money market yield curve steepened. Going into the third quarter, unsecured inter-bank interest rates continued to fall, with the three-month EURIBOR dropping to 0.75% by the end of September.

The spread between unsecured EURIBOR and secured rates, such as those derived from the three-month EONIA swap index, continued to narrow during the second quarter of 2009, indicating a further moderation of money market tensions.³ However, although they declined even more rapidly during the third quarter, these spreads remained higher than those prevailing prior to the onset of the financial crisis.

During the second quarter of 2009, the one-week EURIBOR remained consistently below the interest rate on the ECB's MRO. With the one-week EURIBOR falling more than the MRO rate, this spread widened until the early part of May. It



² EURIBOR refers to the rates at which a prime bank is willing to lend funds to another prime bank in euro on an unsecured basis.

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.

subsequently narrowed, however, until mid-June, when the injection of substantial amounts of liquidity by the ECB into the money markets led to a sharp fall in interbank rates. Going into the third quarter, the difference between the one-week EURIBOR and the MRO remained virtually unchanged. This may reflect relatively high liquidity in the money market and may also signal increased confidence and less risk in euro area interbank markets.

Euro area stock prices rebound

In line with trends observed across all the major industrialised economies, euro area equity prices rebounded in the June quarter, as increased expectations that the global recession was bottoming out boosted risk appetite among investors. From the beginning of April till the end of June, broad-based stock price indices in the euro area, as measured by the Dow Jones EURO STOXX index, increased by nearly 15% overall, halting the downward trend observed since September 2008. The upward trend gained momentum in the third quarter, when euro area equity prices rose by a further 21%.

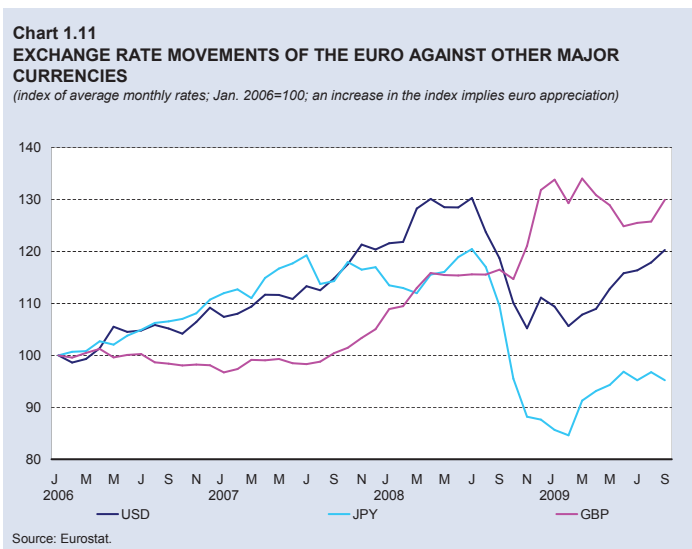
Euro strengthens against US dollar and Japanese yen but weakens against sterling

In April, the euro remained broadly unchanged against the US dollar (see Chart 1.11). After weakening slightly vis-à-vis the US currency at the beginning of the month, the euro rebounded, as a return of confidence in capital markets led investors to shift away from safe-haven currencies, such as the US dollar. This led to a sharp appreciation of the euro vis-à-vis the US currency in May before the rate stabilised in June. Thus, over the second quarter of 2009, the single currency appreciated by 6.2% against the US dollar.

In April the euro/yen rate broadly followed the pattern set by the euro/US dollar rate. Towards the beginning of the month the euro lost ground, possibly owing to the release of weak economic data concerning the euro area. It recovered, however, in the first days of May, and continued to appreciate up to mid-June. Overall, the euro strengthened by 3.3% against the yen during the June quarter.

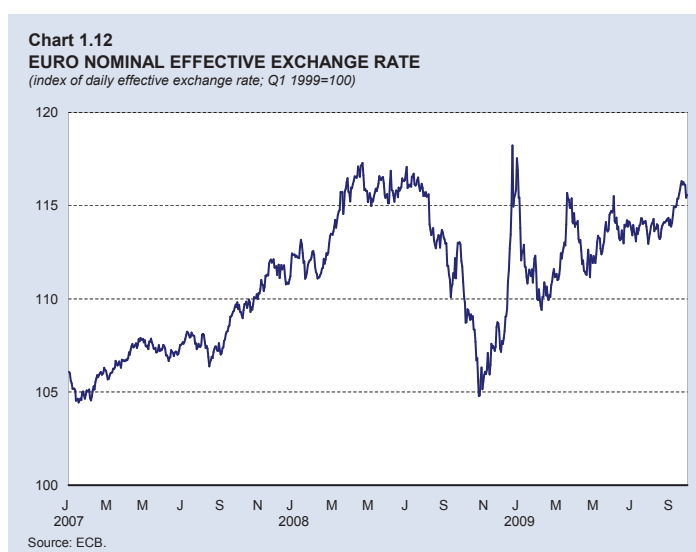
In terms of the pound sterling, the euro generally depreciated during the second quarter. A more stable macroeconomic outlook and improved sentiment in UK financial markets were factors boosting the British currency against the euro. Thus, over the review period, the euro weakened by 9.2% against the pound.

During July and August the euro continued to strengthen against the US dollar – mainly in response to concerns about the US fiscal outlook. In contrast, the appreciation of the euro vis-à-vis the Japanese yen that occurred in the June quarter was interrupted in July, but resumed in August. Against sterling, the euro reversed its downward trend in July, before appreciat-



ing slightly in August. The general strengthening of the euro in this two-month period probably stemmed from the release of better-than-expected data on the euro area economy.

The nominal effective exchange rate (NEER) of the euro, as measured against the currencies of 21 of the euro area's main trading partners, fluctuated considerably during the three months to June (see Chart 1.12). Overall, the euro NEER weakened by just 0.4% over this period.



The NEER fluctuated within a narrow range in July and August. This relative stability stemmed from a lower degree of volatility against other major currencies as tensions in financial markets eased, as well as counterbalancing movements in bilateral rates. In September, on the other hand, the NEER regained some ground, ending the month 1.3% up from the end-June level.

Expectations of higher growth and inflation in the euro area

Projections of euro area economic growth for 2009 and 2010 were revised upwards in September. The latest ECB staff macroeconomic projections show average annual real GDP growth in a range of between -4.4% and -3.8% in 2009 and between -0.5% and 0.9% in 2010 (see Table 1.4). Positive growth in 2010 is expected to be underpinned by a recovery in net exports.

Low capacity utilisation in the euro area is expected to dampen inflationary pressures over the forecast period. In the latest ECB staff macroeconomic projections, the average annual rate of increase in the overall HICP during 2009 is expected to fall within a lower range of 0.2% to 0.6%. This is mainly due to base effects related to previous increases in commodity prices. With economic activity in the euro area expected to remain subdued, inflation in 2010 is projected to stand between 0.8% and 1.6%.

Table 1.4

MACROECONOMIC PROJECTIONS FOR THE EURO AREA⁽¹⁾

Average annual percentage changes, working-day-adjusted data.

	2008	2009	2010
Private consumption	0.3	-1.3 – -0.5	-0.8 – 0.6
Government consumption	1.9	1.4 – 2.0	1.0 – 1.8
Gross fixed capital formation	-0.2	-12.1 – -9.9	-5.2 – -1.2
Exports	0.9	-16.2 – -13.6	-0.6 – 2.4
Imports	1.0	-13.6 – -11.0	-2.3 – 2.1
GDP	0.6	-4.4 – -3.8	-0.5 – 0.9
HICP	3.3	0.2 – 0.6	0.8 – 1.6

⁽¹⁾ ECB staff macroeconomic projections published in September 2009.

Source: ECB.

2. THE MALTESE ECONOMY

Output

Output contracts for the second consecutive quarter

The slowdown in the global economy continued to have a negative impact on the Maltese economy during the second quarter, when real GDP declined at an annual rate of 3.3%, following a 1.9% contraction in the March quarter (see Chart 2.1).¹

The weak performance in the second quarter stemmed from lower capital investment, including inventory investment.² Consumption also weakened during the quarter, as did exports. However, as imports continued to decline at a much faster rate than exports, net exports contributed positively to GDP growth (see Table 2.1).



Table 2.1
GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

	2008			2009	
	Q2	Q3	Q4	Q1	Q2
<i>Annual percentage changes</i>					
Household final consumption expenditure	6.9	9.4	3.1	0.2	-1.1
Government final consumption expenditure	14.4	17.6	5.9	4.1	-0.6
Gross fixed capital formation	-9.8	-22.3	-38.0	-26.1	-26.2
Inventories as a % of GDP	8.3	-4.9	3.3	0.6	-2.0
Domestic demand	5.7	-0.9	-3.7	-5.6	-13.9
Exports of goods & services	-8.2	-2.4	-9.1	-15.4	-8.0
Imports of goods & services	-4.3	-5.9	-12.6	-18.5	-19.5
Gross domestic product	2.9	2.5	0.5	-1.9	-3.3
<i>Percentage point contributions</i>					
Household final consumption expenditure	4.4	6.0	2.1	0.1	-0.7
Government final consumption expenditure	2.6	3.1	1.2	0.9	-0.1
Gross fixed capital formation	-1.9	-3.8	-8.8	-4.6	-4.4
Changes in inventories	1.1	-6.1	1.5	-2.3	-10.3
Domestic demand	6.2	-0.9	-4.1	-5.9	-15.6
Exports of goods & services	-7.9	-2.3	-8.8	-13.5	-6.8
Imports of goods & services	4.5	5.7	13.4	17.5	19.1
Net exports	-3.3	3.3	4.7	4.0	12.2
Gross domestic product	2.9	2.5	0.5	-1.9	-3.3

Source: NSO.

¹ In seasonally-adjusted terms, real GDP was down 0.9%, quarter-on-quarter. This followed a quarterly decline of 1.2% in the preceding quarter.

² Changes in inventories are the result of additions or drawdowns of inventories and acquisitions or disposals of valuables. Also included in this statistic, however, are errors and omissions arising from the reconciliation of the expenditure and production approaches in the measurement of GDP.

After having slowed down in the previous two quarters, private consumption fell by 1.1% in real terms during the second quarter. This was in line with the deceleration in employee compensation, which rose only marginally during the quarter.

Data on imports of consumer goods, and the reduced level of activity in the wholesale & retail trade, similarly point to a reining in of private consumption, while survey results reflect consumers' persistent concern about unemployment and their ability to save.

Meanwhile, government consumption, which had grown by 4.1% in real terms in the March quarter, contracted by 0.6% during the quarter under review. This reflected the winding down of shipyard operations in anticipation of privatisation.

Gross fixed capital formation declined by 26.2% in the second quarter, reducing GDP growth by 4.4 percentage points. A closer examination of private sector investment shows a drop of 28.6% in nominal terms that was spread between its two major components, construction and machinery. Growth in residential housing investment continued to decline from its 2007 peak, in line with the slowdown in the property market, which was also reflected in the reduced number of development permits issued by MEPA. Expenditure on machinery & transport equipment was also down from a year ago, although the decline was largely the result of a base effect on account of the extraordinary acquisition of transport equipment a year earlier. Meanwhile, investment in inventories, which includes a statistical error term, fell to 2% of GDP, resulting in a negative contribution to overall growth of 10.3 percentage points.

There was a parallel but smaller decline in government investment during the quarter, despite higher outlays on ICT equipment. But the year-ago level had been boosted by a large environment-related capital outlay.

In the external sector, the 8% decline in exports of goods and services reflected the weaker performance of manufacturing and tourism activity. However, with imports declining at a more rapid pace, of around 20%, mainly as a result of lower purchases of industrial supplies and fuel, net exports made a positive contribution to GDP growth.

On the income side, gross value added (GVA) in nominal terms fell by 2% from year-ago levels, as growth in employee compensation decelerated for the second consecutive quarter. Meanwhile operating surplus and mixed income fell by 4.6%, a slightly larger drop than in the previous quarter (see Chart 2.2).

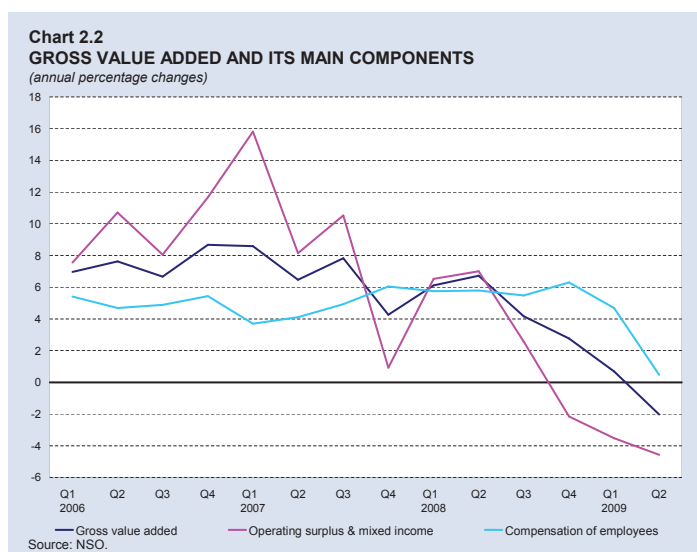


Table 2.2
CONTRIBUTION OF SECTORAL GROSS VALUE ADDED TO NOMINAL GDP GROWTH

Percentage points

	2008			2009	
	Q2	Q3	Q4	Q1	Q2
Agriculture, hunting & forestry	-0.1	-0.1	-0.1	0.0	0.0
Fishing	-0.1	0.0	-1.9	0.0	0.0
Manufacturing	0.5	1.0	1.9	-1.3	-3.3
Electricity, gas & water supply	-0.6	-1.9	-0.1	1.1	0.9
Construction	0.2	0.1	0.1	0.0	0.0
Wholesale & retail trade	1.2	0.2	-0.5	-1.2	-1.2
Hotels & restaurants	0.3	0.0	-0.3	-0.7	-0.5
Transport, storage & communication	0.6	0.6	0.6	0.1	-0.2
Financial intermediation	-0.2	1.4	0.6	-0.1	0.7
Real estate, renting & business activities	1.2	1.1	0.7	0.7	0.5
Public administration	0.2	0.2	0.4	-0.1	0.3
Education	0.3	0.0	0.1	0.3	0.2
Health & social work	0.6	0.4	0.6	0.5	0.3
Other community, social & personal services	1.6	0.5	0.2	1.2	0.5
Gross value added	5.9	3.6	2.4	0.6	-1.8
Net taxation on products	-0.3	0.6	0.9	0.4	0.5
Annual nominal GDP growth (%)	5.5	4.2	3.2	1.0	-1.3

Source: NSO.

Despite the overall contraction in economic activity, a number of service-oriented sectors continued to register positive results. These included financial intermediation and the other community, social & personal services sector, which contributed 0.7 and 0.5 percentage points, respectively, to nominal GDP growth (see Table 2.2).

Electricity, gas & water supply also made a positive contribution due to lower energy prices. Moreover, intermediate inputs into this sector declined at a faster pace than turnover, resulting in a significant drop in the sector's losses.

The real estate, renting & business activities sector added half a percentage point to nominal GDP growth, though this was entirely accounted for by the business activities component. Other sectors making a positive contribution included public administration, health & social work and education, which together added 0.8 percentage points to overall growth.

The weakness in external demand continued to impact negatively on the tourism industry, which saw reductions in both arrivals and expenditure (see Box 4). In fact, the hotels & restaurant sector's contribution to GVA was a negative half a percentage point.

In line with the decline in private consumption, activity in the wholesale & retail trades weakened further, resulting in a negative contribution of 1.2 percentage points.

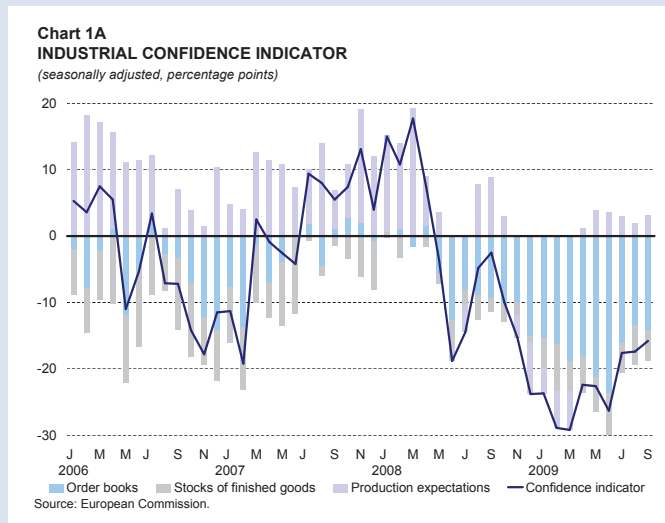
Similarly, the continued slowdown in manufacturing activity was reflected in a negative contribution of 3.3 percentage points to nominal GDP growth. According to the NSO's survey of manufacturing firms, total sales were down by EUR 119.6 million, or 20.8%, on a year earlier. The decline was due to lower sales of semiconductors, pharmaceuticals and plastic & rubber products (see Table 2.3). With regard to the capacity utilisation rate, this fell to 68.5%, compared with a rate of 80.3% a year earlier. However, more recent survey data indicate an improvement in industrial

BOX 1: BUSINESS AND CONSUMER SURVEYS

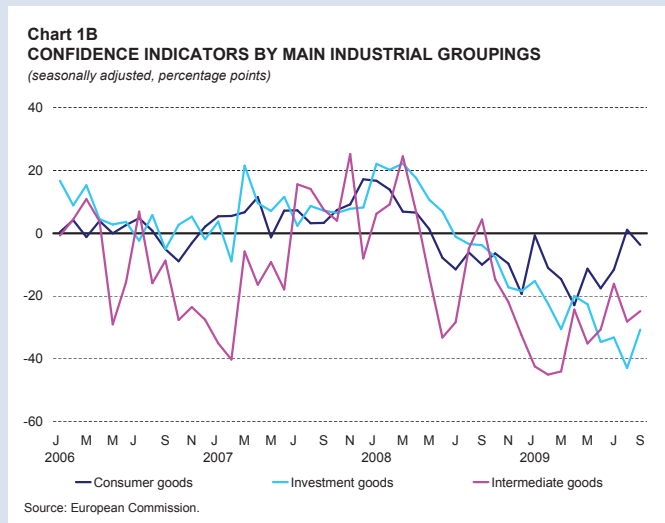
Business and consumer confidence surveys showed a net improvement during the third quarter, although on balance the replies still showed a predominance of negative sentiment.

Industrial confidence continues to improve...¹

The seasonally-adjusted industrial confidence indicator added 10 percentage points over the quarter, mainly reflecting a recovery in order-books from the low level reached in June and a drawdown of stocks of finished goods. At the same time, production expectations declined marginally, with respondents pointing to weak demand as the main factor (see Chart 1A).



A breakdown by main industrial groupings shows that the sentiment indicator for producers of consumer goods gained 14 points over the quarter, with this sector remaining the most optimistic (see Chart 1B). But sentiment also improved in the intermediate goods sector, where it was boosted by higher order-book levels, while there was a slight improvement among producers of investment goods, in line with more optimistic production expectations.



... as does sentiment among construction firms ...²

Non-seasonally adjusted survey results for the construction industry showed a significant improvement during the quarter (see Chart 2). Following a slight deterioration in July, the overall sentiment index improved in August and September. The net gain of 35 points over the quarter

¹ The industrial confidence indicator is the arithmetic average of the seasonally-adjusted balances (in percentage points) of replies to the subset of survey questions, namely those relating to expectations about production over the subsequent 3 months, current levels of order books and stocks of finished products.

² The construction confidence indicator is the arithmetic average of the balances (in percentage points) of the replies to the subset of survey questions, namely those relating to order books and employment expectations over the subsequent 3 months. Balances are non-seasonally adjusted.

reflected positive employment expectations for the fourth quarter along with higher order books.

... as well as that of service providers ...³

Sentiment among service providers improved in July and August, even breaking into positive territory in the latter month, before turning negative again in September. On a net basis, the seasonally-unadjusted indicator added 7 percentage points over the quarter (see Chart 3). The fall in confidence in September was mainly due to expectations of a drop in demand in the following quarter. Supplementary indicators also showed pessimism with respect to employment expectations, while a tightening of cash flow positions was indicated as the main constraint.

... while consumer confidence improves in August⁴

Consumer sentiment deteriorated in July but then improved in August.⁵ This notwithstanding, it remained in negative territory throughout the quarter (see Chart 4). The August improvement was broadly based, reflecting more positive expectations about the general economic outlook, the respondents' financial situation and, above all, improved labour market prospects. Supplementary indicators showed a slight reduction in planned spending on major items such as new cars, home improvements, furniture and electronic devices. At the same time, respondents' perceptions regarding consumer prices suggested a slight decline in expected inflation.

Chart 2
CONSTRUCTION CONFIDENCE INDICATOR
(non-seasonally adjusted, percentage points)

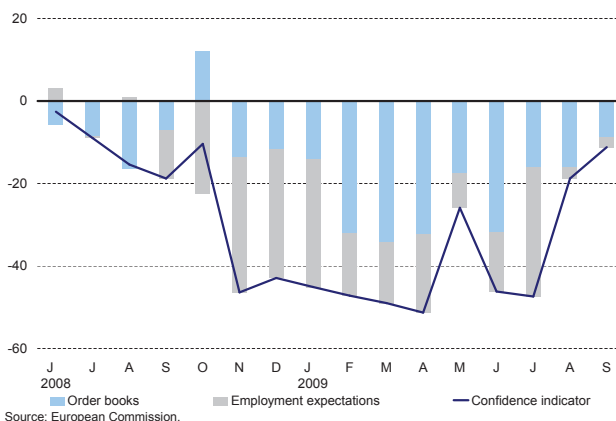


Chart 3
SERVICES CONFIDENCE INDICATOR
(non-seasonally adjusted, percentage points)

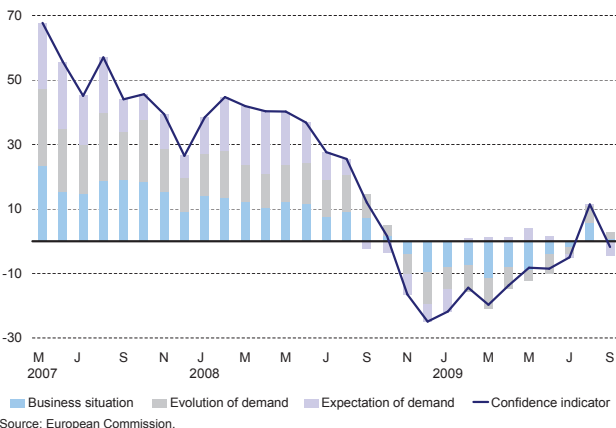
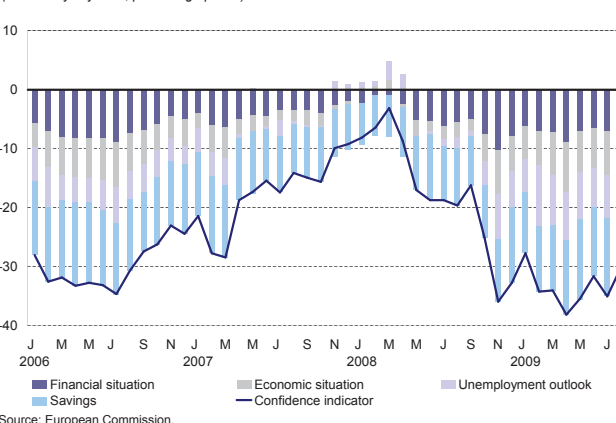


Chart 4
CONSUMER CONFIDENCE INDICATOR
(seasonally adjusted, percentage points)



³ The services confidence indicator is the arithmetic average of the balances (in percentage points) of the replies to the subset of survey questions, namely those relating to the business climate and the recent and expected evolution of demand. Balances are non-seasonally adjusted.

⁴ The consumer confidence indicator is the arithmetic average of the seasonally-adjusted balances (in percentage points) of the replies to the subset of survey questions, namely those relating to households' financial situation, including saving, the general economic situation and unemployment expectations over the subsequent 12 months.

⁵ Figures for September 2009 were not available at time of writing.

Table 2.3
MANUFACTURING SALES

Annual changes; EUR millions

	2008			2009	
	Q2	Q3	Q4	Q1	Q2
Total sales	-37.0	-33.7	-72.4	-122.4	-119.6
Radio, TV & communication equipment	-59.0	-39.0	-56.0	-81.8	-65.8
Pharmaceuticals	9.6	-7.7	-9.3	-18.8	-11.9
Plastic & rubber products	-0.3	-1.3	-3.1	-10.3	-11.1
Electrical machinery	0.0	-4.6	5.8	1.7	-8.7
Fabricated metal products	5.4	1.1	-1.4	-2.5	-5.9
Printing & publishing	3.2	5.9	-6.0	-2.6	-1.7
Food & beverages	8.6	10.4	-0.1	-3.2	4.2
Other	-4.5	1.4	-2.3	-4.9	-18.9

Source: NSO.

confidence levels as a result of a pick-up in manufacturing order books and renewed optimism regarding demand among service providers (see Box 1).

The labour market

Labour market statistics suggest a deterioration in labour demand during the second quarter of 2009, but signs of stabilisation began to emerge in the third quarter.

Employment growth slowed in the second quarter...

Based on the LFS, employment grew marginally, rising by 0.8% year-on-year during the second quarter of 2009 (see Table 2.4). The gain was entirely in the male category, as females registered

Table 2.4
LABOUR MARKET INDICATORS BASED ON THE LFS

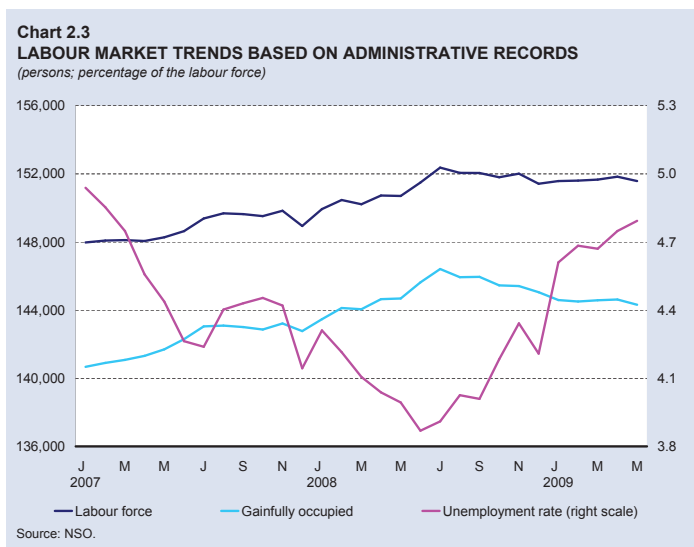
Persons; annual percentage changes

	2008			2009		Annual change %
	Q2	Q3	Q4	Q1	Q2	
Labour supply	170,293	173,067	171,316	172,575	173,388	1.8
Unemployed	10,261	10,113	10,790	11,265	12,109	18.0
Employed	160,032	162,954	160,526	161,310	161,279	0.8
<i>By type of employment:</i>						
Full-time	141,300	143,662	142,325	143,893	142,881	1.1
Full-time with reduced hours	3,595	3,265	3,034	2,725	3,140	-12.7
Part-time	15,137	16,027	15,167	14,692	15,258	0.8
<i>By economic sector:</i>						
Private	112,856	115,553	113,467	114,545	117,518	4.1
Public	47,176	47,401	47,059	46,765	43,761	-7.2
Activity rate (%)	58.9	59.6	58.6	58.7	59.0	
Male	76.1	77.4	76.9	76.8	76.9	
Female	41.1	41.1	39.6	39.9	40.4	
Employment rate (%)	55.4	56.1	54.9	54.9	54.9	
Male	71.5	73	72.7	72.0	71.5	
Female	38.6	38.6	36.4	36.9	37.6	
Unemployment rate (%)	6.0	5.8	6.3	6.5	7.0	
Male	6.0	5.7	5.4	6.1	7.0	
Female	6.1	6.1	8.1	7.4	6.9	
Average annual gross salary (annual growth rate, %)	4.0	7.3	4.2	3.6	3.7	

Source: NSO.

a drop for the first time in three years. At the same time, the number of the unemployed rose for the third consecutive quarter.

Sectoral data attribute the entire increase in employment to the private sector, as the number of public sector jobs declined by 7.2% over the same period a year ago. According to the survey, employment gains occurred almost entirely within the full-time category, which increased by an annual rate of 1.1%. Part-time employment went up marginally, while the number of persons working on reduced hours declined.



The ETC's administrative records show that after peaking in July 2008, the gainfully occupied population has been on a declining trend through May 2009 (see Chart 2.3). Furthermore, figures for May show a contraction in the number of full-time employees compared with a year earlier (see Table 2.5).

The ETC's records also reveal that, in line with government policy, the public sector complement continued to contract through May. In contrast, growth in private sector employment was

Table 2.5
LABOUR MARKET INDICATORS BASED ON ADMINISTRATIVE RECORDS ⁽¹⁾
Persons; annual percentage changes

	2008			2009		Annual change %
	May	Sep.	Dec.	Mar.	May	
Labour supply	150,701	152,053	151,423	151,663	151,582	0.6
Gainfully occupied ⁽²⁾	144,683	145,957	145,050	144,580	144,316	-0.3
Registered unemployed	6,018	6,096	6,373	7,083	7,266	20.7
Unemployment rate (%)	4.0	4.0	4.2	4.7	4.8	
Private sector	101,948	103,958	103,559	103,138	103,074	1.1
Direct production	32,549	32,871	32,471	32,064	31,751	-2.5
Market services	69,399	71,087	71,088	71,074	71,323	2.8
Public sector	41,964	41,335	40,780	40,727	40,533	-3.4
Temporary employment	771	664	711	715	709	-8.0
Part-time jobs	46,701	48,713	48,277	48,339	48,850	4.6
Primary	26,276	27,590	27,105	26,947	27,426	4.4
Secondary ⁽³⁾	20,425	21,123	21,172	21,392	21,424	4.9

⁽¹⁾ Figures for June 2009 were not available at time of writing.

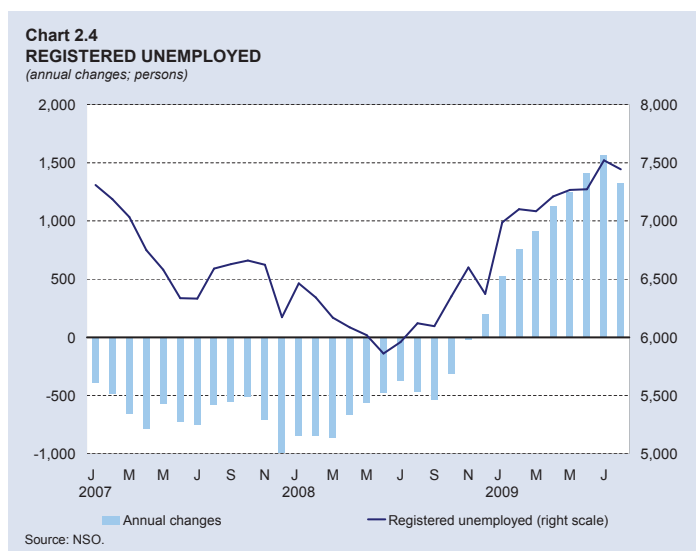
⁽²⁾ This category measures full-time employment.

⁽³⁾ This category includes employees holding both a full-time job and a part-time job.

Source: NSO.

maintained though at a decelerating rate.

Reductions in the public sector workforce mostly reflected the termination of employment of the vast majority of workers at the government-owned Malta Shipyards Limited following their acceptance of early retirement schemes. In fact, this accounts for more than 90% of the drop in public sector employment. These employees were previously classified in the manufacture of transport equipment category.



Meanwhile, the private sector added 1,126 full-time employees. Despite redundancies in the hotels & restaurant sector, the services category as a whole added 1,924 employees, with the largest gains being recorded in other business activities, which include the accountancy and call-centre services sub-sectors. Concurrently, 798 jobs were shed in direct production, mainly in manufacturing, with the radio, TV & communications equipment category showing the largest fall.

... while administrative records suggest that the increase in unemployment moderated in August

Having risen steadily since December 2008, the annual increase in the number of persons registered as unemployed fell marginally to 1,322 in August (see Chart 2.4). Similarly, after having risen steadily since its low of 5.8% in September 2008, the seasonally-adjusted unemployment rate stabilised at 7.3% in early summer before dropping by 0.1 of a percentage point to 7.2% in August.

Meanwhile, the LFS records showed that the unemployment rate continued on its upward trend in the second quarter, putting on a further 0.5 percentage points compared with the previous quarter and a full percentage point compared to a year earlier, to reach 7.0%. This was the highest jobless rate since the second quarter of 2007.

Prices

Malta's inflation rate continues to decline

Malta's annual HICP inflation rate fell from 3.9% in March to 2.8% in June. Over the course of the second quarter, the inflation rate peaked at 4.0% in April but then eased in the following two months. As a result, the twelve-month moving average rate of inflation remained on the downward trend observed since the start of 2009, falling from 4.6% in March to 4.3% in June (see Chart 2.5).

Over the same quarter, inflation in the euro area declined further and even turned negative, falling from 0.6% to -0.1%, primarily reflecting the base effects from past swings in global commodity prices. While inflation in Malta has consistently exceeded the euro area average since the start of 2008, the difference narrowed by 0.4 percentage points to 2.9 points during the quarter under review.

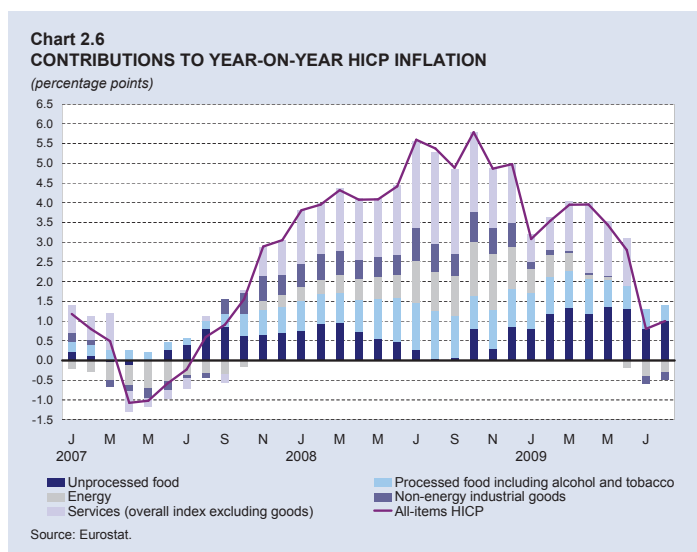
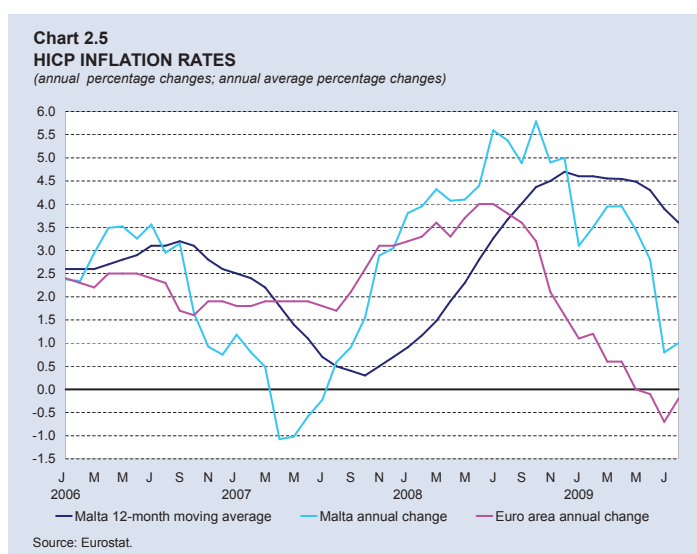
The largest sources of overall inflation were the prices of services and unprocessed food, whose contributions to the total, at 1.2 and 1.3 percentage points, respectively, were unchanged from the first quarter. Within the service categories, an increase in accommodation prices was only partly offset by lower prices for transport services. For the second consecutive quarter non-energy industrial goods gave a nil contribution (see Chart 2.6).

Inflation over the quarter moderated mostly as a result of a substantial reduction in energy prices and a slower rate of increase in the prices of processed food. In fact, in June energy contributed a negative 0.2 percentage points to the inflation rate, while the contribution of processed food, at 0.6, was considerably less than the full point registered in March.

More recent data show that the annual HICP inflation rate edged up to 1.0% in August after decelerating to 0.8% in July. The main sources of the slowdown were service prices, especially those of tourism-related services, and food prices, particularly prices of unprocessed food, though energy and other industrial goods prices also contributed.

RPI inflation continues on its downward trend

The annual rate of change in the RPI moved in parallel with that of the HICP, dropping from 4.3% in March to 2.7% in June (see Table 2.6).³ The second-quarter slowdown was mainly due to a substantial easing of upward pressure in energy and food prices. Nevertheless,



³ Developments in the RPI are similar to those in the HICP, except for differences resulting from the composition of the two indices. Unlike the HICP, the RPI excludes hotel accommodation prices and allocates a larger weight to the food component.

Table 2.6
CONTRIBUTION TO YEAR-ON-YEAR RPI INFLATION

Percentage points

	2009					
	Mar.	Apr.	May	June	July	Aug.
Food	2.7	2.4	2.3	2.1	1.4	1.5
Beverages & tobacco	0.4	0.4	0.4	0.3	0.3	0.2
Clothing & footwear	0.0	0.1	0.1	0.1	-0.1	-0.1
Housing	0.3	0.2	0.2	0.2	0.2	0.2
Water, electricity, gas & fuels	1.3	0.9	0.9	0.9	0.1	0.2
Household equipment & house maintenance costs	0.0	0.0	0.0	0.0	0.0	0.1
Transport & communications	-1.0	-0.5	-0.7	-1.2	-0.9	-0.9
Personal care & health	0.2	0.2	0.2	0.2	0.2	0.2
Recreation & culture	0.1	0.1	0.1	0.0	0.0	0.0
Other goods & services	0.1	0.1	0.1	0.1	0.1	0.1
RPI (annual percentage change)	4.3	4.0	3.6	2.7	1.5	1.6

Source: NSO.

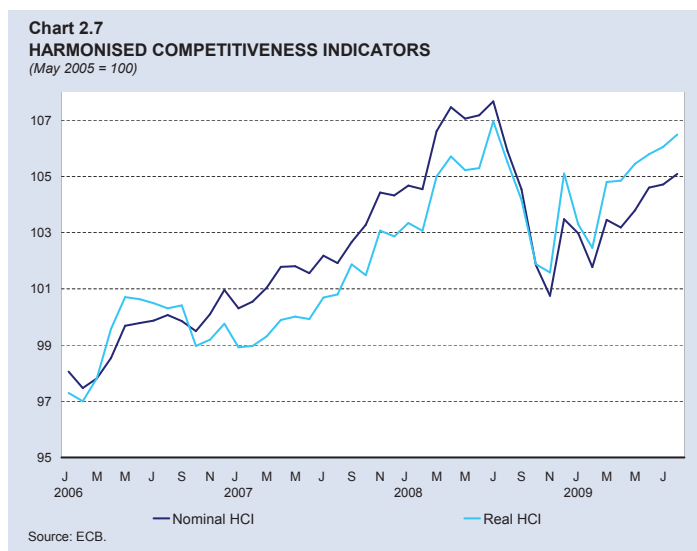
these two categories remained the main drivers of RPI inflation, contributing 0.9 and 2.1 percentage points to the overall rate, respectively. On the other hand, in June, the transport & communications category made a negative contribution of 1.2 percentage points. There was little or no change in the contribution of the other categories over the quarter. The RPI core inflation rate dropped from 1.7% in March to 1.3% in June.⁴

More recent data indicate a further easing in the annual measure of RPI inflation, to 1.5% in July and 1.6% in August. The decline was due to lower inflation rates in the energy and food components whilst transport & communications continued to contribute negatively. In July, however, the core inflation measure edged up by 0.1 percentage points to 1.4%, and it remained at this level in August.

Costs and competitiveness

Malta's real HCI deteriorates slightly during the second quarter.....

Between March and June, the real HCI rose by just under 1%, as a 1.1% appreciation in the weighted exchange rate (represented by the nominal HCI) was not completely offset by a marginal reduction in the relative inflation rate (see Chart 2.7).⁵



⁴ The RPI core inflation rate is the Central Bank of Malta's measure of underlying inflation.

⁵ A higher HCI indicates a deterioration in external competitiveness and vice-versa. The nominal HCI measures the weighted movement in a country's exchange rate against 41 non-euro area trading partners plus the other euro area countries, while the real HCI also factors in the influence of relative inflation rates. The weights of the trading partners reflect the direction of trade in manufactured goods only, with no consideration being given to trade in services. As such, the HCI is not a comprehensive measure of Malta's international competitiveness.

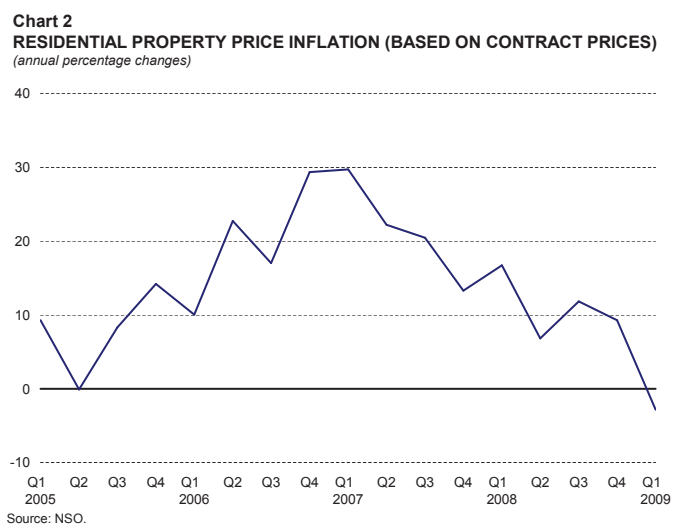
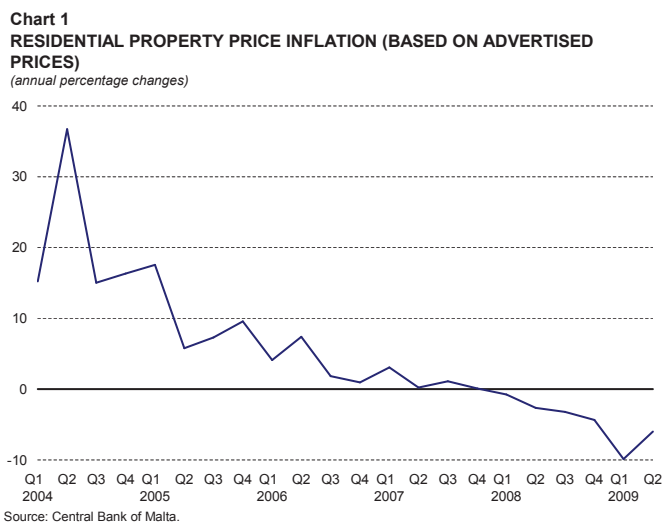
BOX 2: RESIDENTIAL PROPERTY PRICES

Lower trend in prices in residential property market continues¹

Property market prices in the second quarter of 2009 showed a slower rate of decline. Thus, the consistent downward trend in prices experienced since the first quarter of 2008 appears to be moderating. Based on an index compiled by the Central Bank of Malta, residential property prices fell by 6% year-on-year during the quarter compared with 9.9% in the first quarter (see Chart 1). On the other hand, the number of advertised properties monitored by the Bank dropped by 28.0%, exceeding the 21.1% decline recorded in the March quarter, indicating a further drop in activity in the market.

However, the number of building permits granted by the Malta Environment and Planning Authority in the second quarter was at the same level as a year earlier.

The Bank's index revealed lower asking prices in seven of the eight property categories surveyed. The largest drop, of 12.7%, was registered by prices of maisonettes in shell form. Deductions of 6.9% and 6.4% in the prices of finished flats and flats in shell form, respectively, were also recorded, but these were smaller than those observed in the March quarter. Moreover, the decline moderated to 3.7% and 7.2% for townhouses and houses of character, respectively. Terraced houses continued to be the only category experiencing positive growth, with their prices registering an increase of 4.2%.



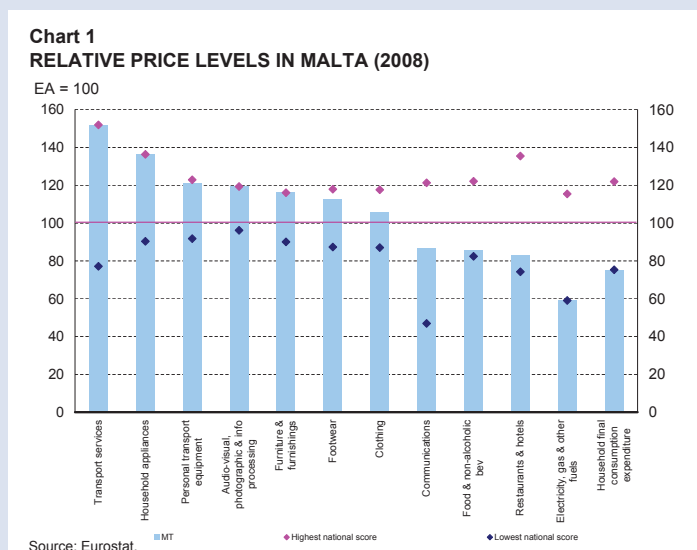
¹ The Bank's residential property price index tracks movements in advertised residential property prices compiled on the basis of newspaper advertisements sampled each month. The NSO publishes a separate quarterly index based on monthly data taken from contracts of sale registered with the Inland Revenue Department. Other differences between the two indices include the number of observations, which are usually higher in the case of the Bank's index, and the coverage of property types. The Bank's index is sub-divided into eight dwelling categories, whilst the NSO's index considers three types of dwellings only.

The latest All-Property Price Index published by the NSO relates to the first quarter of 2009, when the index reversed its persistent upward trend and declined by 2.8% year-on-year (see Chart 2). According to the NSO's index, the prices of apartments were down by 5.3% on a year earlier in the March quarter, while those of maisonettes fell by a less steep 2.2%. Meanwhile, the number of contracts involving sales of residential property dropped by an annual rate of 15.1% during the quarter. Contracts relating to apartments were down by 15.0%, while those relating to maisonettes were down by 9.8%.

BOX 3: CONSUMER PRICE LEVELS IN MALTA: COMPARISONS WITH THE EURO AREA

Price level indices (PLI) provide an indication of differences in price levels between countries.¹ A PLI for Malta that exceeds 100 in Chart 1 suggests that the price of the product category in question is higher than the euro area average, while the opposite holds when the PLI is below 100.

The bars in Chart 1 show the PLIs for eleven product categories at different degrees of aggregation and that for overall household final consumption expenditure in Malta in 2008, and compares these with the corresponding euro area average, which is set at 100. The chart also indicates the highest price level for each of the product categories and for the overall index of household consumption expenditure (shown in pink) achieved by particular countries. Similarly, the lowest achieved levels for all categories and overall consumption expenditure (indicated in blue) are shown in the chart.



The overall PLI for Malta in 2008 stood at 75% of the euro area average and was the lowest in the area.² However, Maltese prices ranked highest in a number of product categories, including transport services and household appliances. In the case of energy, the Maltese price level was at the lowest end of the range.

Relative price levels may be viewed in the context of the corresponding inflation differentials for similar product categories (indicating how fast prices of the particular product category are rising in Malta). These are illustrated in Chart 2. A blue dot standing above the pink line indicates a positive inflation differential in the category indicated, or a higher overall HICP inflation rate than the average for the euro area as a whole, in 2008. The chart also shows that while the aggregate price level in Malta in 2008 was lower than the euro area average, a relatively faster rate of inflation was narrowing the gap in the course of the same year.

Thus, prices in Malta for a number of products which were already above the average diverged further in the course of the year. For example, the 2008 PLIs for clothing and footwear stood at 106 and 112, respectively; but the two product categories also displayed a positive inflation dif-

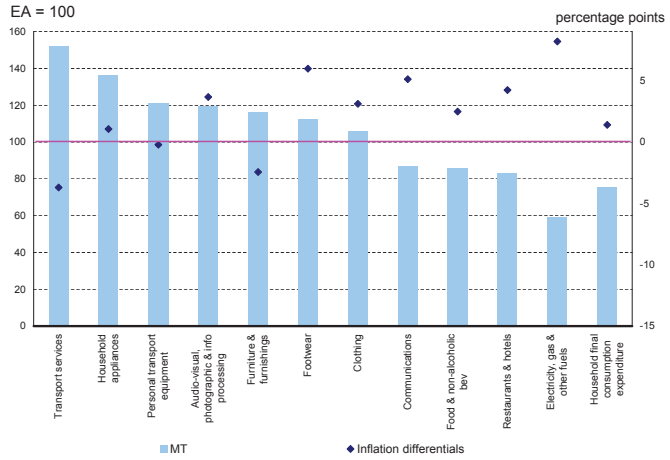
¹ Surveys of price levels of 2,500 commodities across 37 European countries are carried out by respective national statistics offices under the framework of the Eurostat-OECD Purchasing Power Parities Programme. Each survey cycle is made up of six surveys, each related to a subset of products. Two surveys are run each year and the complete survey takes three years to complete. The results for 2008 are derived from prices collected in 2006, 2007 and 2008, with the statistics collected in the first two years being updated to 2008 using national consumer price indices. The methodological notes point out that the PLIs are not intended for a strict ranking of countries.

² The coefficient of variation for overall household final consumption expenditure was estimated at 15.6 for the euro area and 23.8 for the EU27. These have been declining over the years, indicating price convergence.

ferential, suggesting a widened divergence in the course of the same year.

On the other hand, higher, but converging, prices were observed in the case of transport services and furniture & furnishings. But in those categories where prices in Malta were lower, they too were converging, in this case towards a higher price level. These included communications, food & non-alcoholic beverages, restaurants & hotels and electricity, gas & other fuels.³

Chart 2
PRICE LEVELS AND INFLATION DIFFERENTIALS, MT & EA (2008)

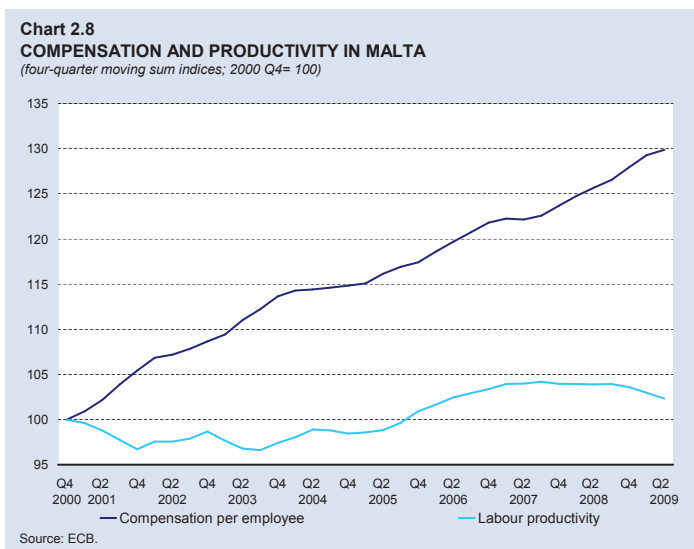


A downward convergence in prices can only be achieved through the promotion and strengthening of market forces in Malta. This would contribute positively to Malta's external competitiveness.

³ In Malta, prices of electricity, gas and other fuels are set by the authorities.

More recent data show a further rise, during July and August, in both the nominal and the real HCIs.

While the HCIs are subject to considerable fluctuation, the rise in Malta's real HCI is a continuation of the upward trend evident since November 2008. This has in turn reversed a sharp exchange-rate induced improvement recorded over the preceding four months and is a reflection of Malta's relatively higher inflation compared to its main trading partners.



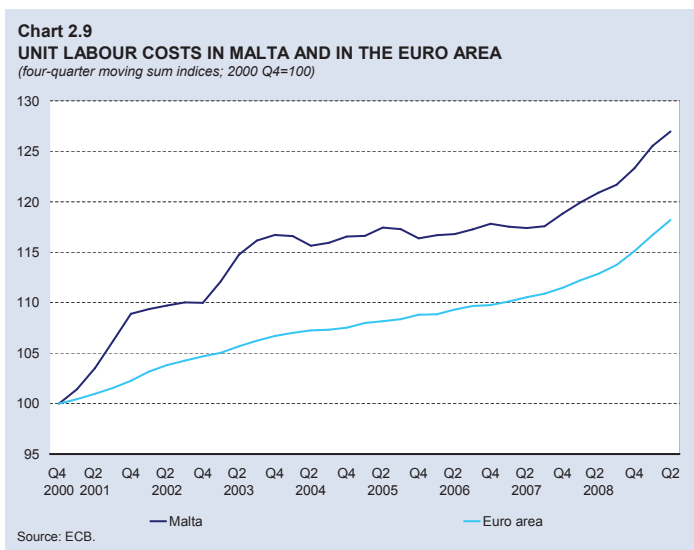
...while ULC increase as productivity declines

At 5.0%, the annual increase in ULC in the second quarter represented a slight acceleration from the 4.7% rise reported in the March quarter.⁶ Compensation growth eased slightly, to 3.3%, from the rate of 3.6% registered in the previous quarter, but continued to outstrip productivity growth, which dropped by 1.5% in line with the decline in economic activity. Chart 2.8 shows the further widening of the gap in the recent quarter between these two components of ULC.

Recent trends show Malta's ULC rising at a faster rate than that of the euro area. This trend persisted in the second quarter, where an increase of 4.7% was registered for the euro area as a whole, 0.3 percentage points below the increase recorded in Malta. The former was driven by a 2.3% drop in labour productivity and an equivalent rise in compensation per employee (see Chart 2.9).

The balance of payments

In the second quarter of 2009 the current account of the balance of payments posted a surplus as against a deficit a year earlier. This swing was mainly attributable to a contraction in the merchandise trade deficit and higher net inward transfers. In addition, net outflows on the income account declined considerably, while a larger surplus was registered on services.



⁶ Unit labour costs are measured as the ratio of compensation per employee to labour productivity, with the latter being computed as real GDP per person in employment. Here, the ULCs are measured on the basis of a 4-quarter moving average.

The surplus on the current account generated a notable deficit on the capital and financial account as residents built up foreign assets. This was entirely attributable to net outflows on the financial account, as the surplus on the capital account remained practically unchanged. At the same time, reserve assets, which are recorded in the financial account, increased.

The current account swings into surplus ...

In the April-June 2009 period, the current account registered a surplus of EUR 212.7 million, as against a deficit of EUR 147.0 million a year earlier (see Table 2.7). Consequently, the current account deficit expressed as a four-quarter moving sum narrowed to EUR 101.6 million (see Chart 2.10), equivalent to 1.8% of GDP. This is significantly below the 8.1% posted in the previous quarter and the 6.6% recorded over the twelve-month period to June 2008.

...as the merchandise trade gap narrows markedly...

The shift to a surplus on the current account during the second quarter of 2009 was partly attributable to a considerable narrowing of the merchandise trade gap, which declined by EUR 130.1 million, or 38.7%, to EUR 206.0 million. Although both imports and exports contracted significantly as the global downturn hit international trade, the fall in imports outweighed the drop in exports.

The value of merchandise imports was down by EUR 259.2 million, or 30.2%, from the year-ago level during the quarter. As indicated by Customs data, most of this decline stemmed from lower purchases of semi-finished industrial supplies, which dropped by around one-third, reflecting the

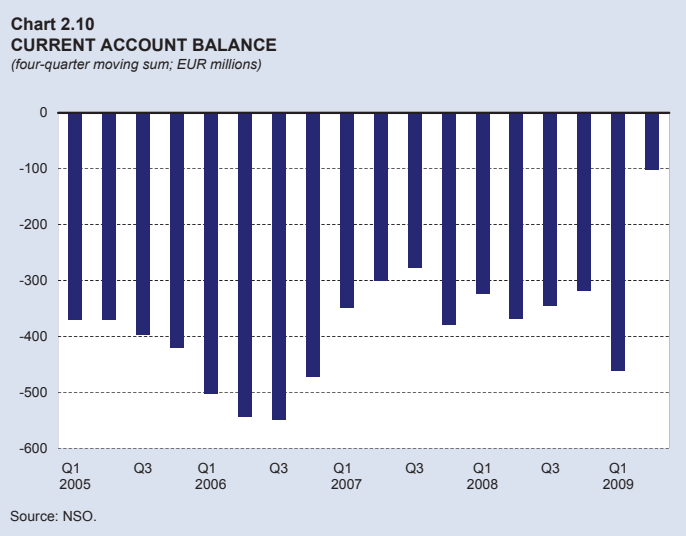


Table 2.7
BALANCE OF PAYMENTS
EUR millions

	2008		2009		four quarter moving sum				
	Q2	Q2	Q2	Q2	2008	2009			
					Q2	Q3	Q4	Q1	Q2
Current account	-147.0	212.7	-368.5	-345.0	-317.9	-461.4	-101.6		
Goods	-336.1	-206.0	-1,127.6	-1,194.4	-1,165.3	-1,102.0	-971.9		
Services	229.0	253.5	873.3	967.9	982.8	979.7	1,004.2		
Income	-100.9	-23.4	-162.9	-147.7	-168.8	-320.1	-242.6		
Current transfers	61.0	188.6	48.6	29.3	33.3	-18.9	108.7		
Capital and financial account	258.5	-397.4	273.3	116.2	308.4	636.1	-19.8		
Capital account	8.1	7.7	56.8	35.5	27.6	25.4	25.0		
Financial account	250.4	-405.0	216.6	80.8	280.8	610.7	-44.7		
Errors and omissions	-111.5	184.7	95.2	228.7	9.5	-174.8	121.4		

Sources: NSO; Central Bank of Malta.

weaker performance of the electronics industry.⁷ In addition, the fuel import bill fell by 47.2%, reflecting the sharp fall in international oil prices, while imports of durable consumer goods and primary industrial supplies were also sharply down. Concurrently, merchandise exports fell by EUR 129.1 million, or 24.7%, mainly under the impact of lower sales of electronic goods. Exports of other manufactured goods also fell, but to a lesser extent, primarily on account of a drop in exports of printed material. On the other hand, foreign

sales of food and beverages increased compared to the corresponding quarter a year earlier.

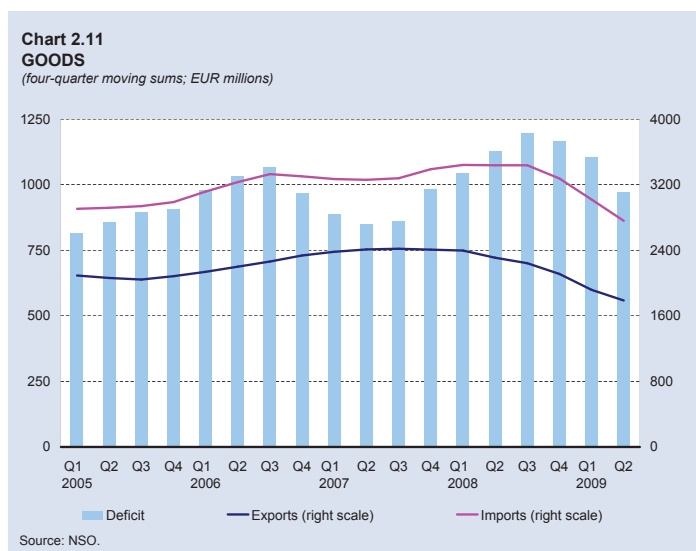
As a result of these developments, the merchandise trade gap measured on a four-quarter cumulative basis contracted for the third consecutive quarter, by 13.8% compared to the year to June 2008 (see Chart 2.11). This was propelled by a EUR 676.5 million drop in imports against a EUR 520.9 million fall in exports. Although the decline in international trade was spread across all sectors, it was mainly fuelled by a fall in sales of semi-conductors, which account for most of Malta's merchandise exports but have a high import content.

On the basis of more recent Customs data, which provide some indication of balance of payments developments, the trade gap narrowed further in July and August combined. Thus, over the first eight months of 2009 the merchandise trade deficit narrowed by EUR 122.9 million, or 12.8%, from the year-ago level. This was attributable to a faster fall in imports compared to exports.

... and the surplus on services increases

During the second quarter of 2009, the positive balance on the services account stood at EUR 253.5 million, up by EUR 24.5 million, or 10.7%, compared to the same quarter a year earlier. This was entirely attributable to higher net inflows on the 'other services' component, which rose by almost two-thirds. In turn, the latter mainly reflected developments in financial services, which recorded net inflows as against net outflows a year earlier. To a lesser extent, higher net inflows on merchanting services also contributed. In contrast, net receipts from travel and transportation were down by 16.1% and 24.1%, respectively, reflecting the weak performance of the tourism industry. The decline in net travel receipts was due to both lower spending by inbound tourists and higher spending by Maltese residents travelling abroad. As regards the transportation account, lower receipts from passenger air transport services outweighed a decline in net payments on freight.

As a result of these developments, the services balance measured on a four-quarter moving sum basis extended its upward trend, increasing by EUR 130.9 million during the year to June



⁷ International trade data compiled on the basis of Customs returns may differ from balance of payments data because of differences concerning coverage, valuation and timing.

2009 compared to a year earlier (see Chart 2.12). This improvement in the services balance resulted from a 10.9% drop in payments, which outweighed a 2.0% decrease in receipts.

Net outflows on the income account decline ...

The decline in interest rates worldwide had a noticeable impact on the income account during the second quarter of 2009. Net investment income outflows decreased by EUR 77.3 million on a year earlier, reaching EUR 23.4 million. The

drop was mainly spurred by lower interest payments on banks' foreign borrowings, although a fall in profits registered by foreign-owned firms operating in Malta also contributed. However, with interest rates worldwide remaining low, earnings on residents' portfolio investments abroad were also down on the corresponding quarter of 2008. Banks engaged predominantly in international business accounted for most of these income flows.

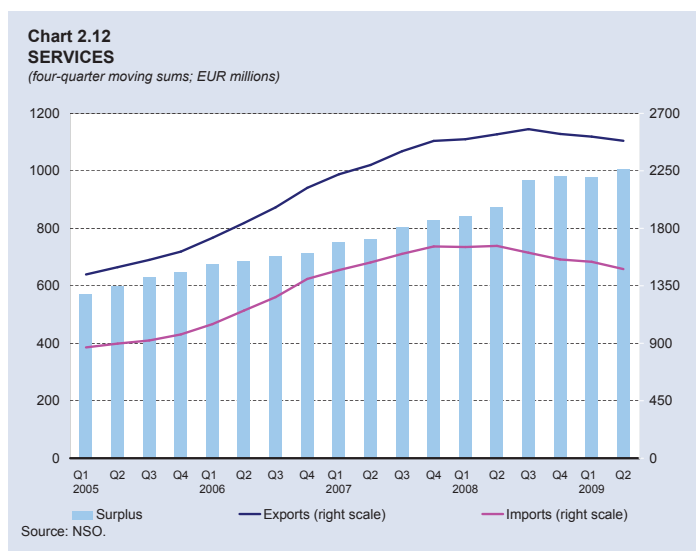
... while the positive balance on transfers improves significantly

Meanwhile, the positive balance on the current transfers account stood at EUR 188.6 million during the quarter, up by EUR 127.6 million over a year earlier. This extraordinary increase was mainly 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 posts net outflows

Partly mirroring the surplus on the current account, the capital and financial account registered a net outflow of EUR 397.4 million during the June quarter, as against net inflows of EUR 258.6 million a year earlier. These net outflows were wholly attributable to developments on the financial account, since the surplus on the capital account, at EUR 7.7 million, was virtually unchanged from the previous year.

The swing to net outflows in the financial account were mainly attributable to developments on the 'other investment' component and, to a lesser extent, to net outward direct investment. Net outflows of EUR 23.8 million were recorded on the other investment component, as opposed to net inflows of EUR 1,424.6 million a year earlier. The former stemmed from repayments of short-term foreign loans and an increase in residents' deposits held abroad, largely reflecting the activities of those banks that deal predominantly with non-residents. Meanwhile, movements in direct investment were mainly attributable to a reduction in retained earnings brought about by higher dividend payments to non-resident investors and to a smaller increase in the share capital of foreign-owned firms in Malta. In addition, net inflows related to financial derivatives were down by EUR 41.0 million.



By contrast, net portfolio investment outflows fell to EUR 327.4 million, from EUR 1,415.5 million a year earlier, largely mirroring the shift in the 'other investment' component. This was largely due to a reduction in cross-border holdings of debt securities, particularly bonds. In turn, these were heavily influenced by the activities of internationally-oriented banks.

During the quarter under review, reserve assets increased by EUR 57.7 million, as against a drop of EUR 46.1 million registered in the June quarter last year. At the same time errors and omissions were positive and amounted to EUR 184.7 million.⁸

Malta's international creditor position improves

On the basis of the international investment position (IIP) statement, Malta's overall holdings of external financial assets at end-June 2009 amounted to EUR 35,521.4 million, while the corresponding foreign liabilities stood at EUR 34,757.1 million (see Table 2.8).⁹ Thus, at the end of June the net creditor position vis-à-vis the rest of the world stood at EUR 764.4 million, up by EUR 419.9 million from the end-December 2008 level.

This increase was attributable to sharply lower financial liabilities, which offset a smaller fall in assets. Both drops were mainly on account of large declines in 'other investment', predominantly reflecting the net repayment of loans. However, increased net holdings of portfolio assets, mainly debt securities, also contributed to the overall improvement in the IIP. In addition, official reserve assets had expanded by EUR 93.5 million over the six months to end- June 2009.¹⁰

Meanwhile, the stock of direct investment in Malta continued on its upward trend and, at EUR 6,153.8 million at the end of June, was up by EUR 396.9 million from the end-2008 level. Similarly,

Table 2.8
INTERNATIONAL INVESTMENT POSITION

End of month position; EUR millions

	2008 June	2008 Dec.	2009 June
Net International Investment Position	746.5	344.5	764.4
Total assets	37,055.7	37,254.5	35,521.4
Direct investment abroad	832.5	760.7	1,006.2
Portfolio investment	12,200.6	10,189.6	10,349.3
Financial derivatives	126.7	276.8	113.7
Other investment	23,510.2	25,759.1	23,690.3
Reserve assets	385.6	268.3	361.8
Total liabilities	36,309.2	36,910.0	34,757.1
Direct investment in Malta	5,506.8	5,756.9	6,153.8
Portfolio investment	469.7	556.5	534.1
Financial derivatives	57.9	281.7	199.6
Other investment	30,274.8	30,315.0	27,869.6

Source: NSO.

⁸ Positive net errors and omissions imply an underestimation of the current account surplus and/or overestimation of net outflows on the capital and financial account.

⁹ The international investment position (IIP) statement shows the stock of external assets and liabilities of residents as at the end of a particular period. The NSO has begun publishing an IIP statement on a bi-annual basis.

¹⁰ From 2008, official reserve assets consist of the Central Bank of Malta's holdings of gold, claims on the IMF and liquid claims on entities outside the euro area denominated in currencies other than the euro.

BOX 4: TOURISM ACTIVITY

A further slowdown in the tourism industry

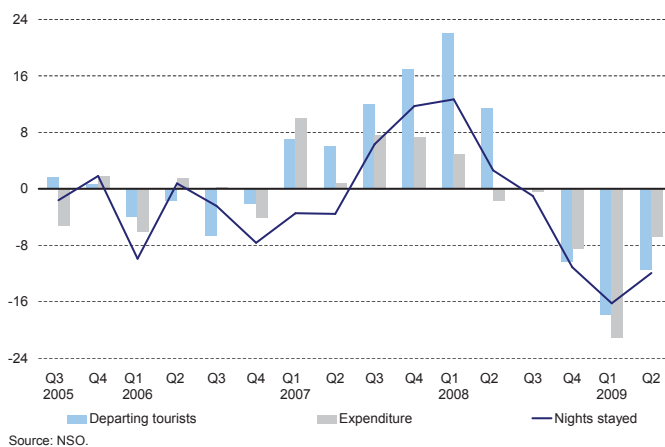
In the tourism industry weak conditions persisted during the second quarter of 2009, as the impact of the recession in Malta's main source markets led to a sharp reduction in leisure travel abroad.

On an annual basis, tourist arrivals were down for the fourth consecutive quarter, falling by 11.4% from April to June (see Chart 1).¹ Total nights stayed declined by 11.9%, with the average length of stay easing marginally, by 0.1, to 7.4 nights. Expenditure dropped by 6.7% as spending on non-package holidays fell while expenditure on package holidays remained almost unchanged from the year-ago level.

The decline in arrivals in the three months to June was spread across all major markets except the Italian one, arrivals from which remained on an upward trend. Arrivals from France and Scandinavia, in particular, were down by 24.3% and 31.7%, respectively, while those from Germany fell by 14.1%. Arrivals from the United Kingdom, Malta's largest source market, dropped by 11.1%.

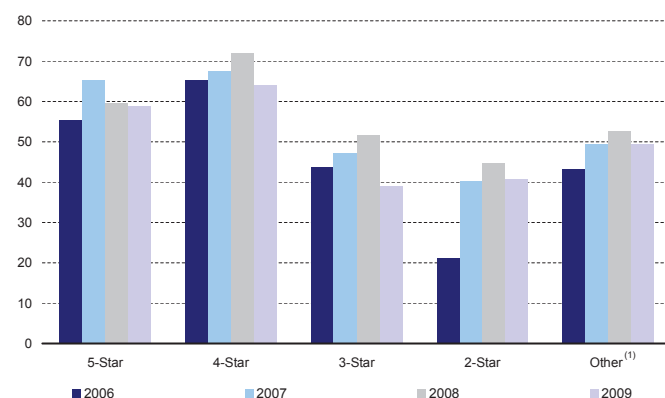
With regard to occupancy rates, the largest declines were recorded in 3- and 4-star hotels, which shed around thirteen and eight percentage points, respectively. The least affected was the 5-star category, whose occupancy rate eased by less than a percentage point (see Chart 2). These results were corroborated by the observations of an industry survey of 5-, 4- and 3-star hotels, which showed lower occupancy levels in all three hotel categories, with 3-star hotels registering the largest decline, of 27.0%.²

Chart 1
TOURIST NUMBERS, EXPENDITURE AND NIGHTS STAYED
(annual percentage changes)



Source: NSO.

Chart 2
AVERAGE OCCUPANCY RATES IN THE SECOND QUARTER OF 2009
(per cent)



⁽¹⁾ Includes guesthouses, hostels & holiday complexes.

Source: NSO.

¹ The smaller decline in the second quarter can at least be partly explained by the timing of Easter, which in 2008 fell in March and in 2009 fell in April.

² The BOV-MHRA Survey, September 2009.

The same survey also found that average achieved room rates, defined as accommodation revenue per room-night sold net of VAT, was unchanged in 3-star hotels but had dropped in the 4- and 5-star categories, the latter in particular experiencing a contraction of 12.0%.

Meanwhile, the increase in cruise liner traffic reported in the first quarter did not recur in the second, when both passenger numbers and cruise liner calls fell by almost a half. A drop in passengers was registered by all source markets, except Germany.

Going into the third quarter, the available data show that tourist arrivals continued to decline in July and August, falling by 9.2% and 3.5%, respectively. Tourist expenditure also dropped substantially, by 17.7% and 10.8% in the respective months. In addition, the number of cruise liner visitors was down by around a quarter when compared with July and August of 2008.

On a cumulative basis, during the first eight months of 2009 the number of tourist arrivals was down by 11% from the previous year's level, while the number of nights stayed and tourist expenditure were down by 10.6% and 12.7%, respectively.

over the same period, direct investment abroad by residents of Malta increased by EUR 245.5 million to EUR 1,006.2 million. Though balance of payments transactions explain most of these changes in the country's IIP, revaluation changes, attributable to movements in exchange rates and in market values, also contributed.

Government finance

In the second quarter of 2009 the general government deficit widened on a year-on-year basis as growth in expenditure exceeded that of revenue. Meanwhile, Consolidated Fund data for the same period also show a larger deficit on a year earlier, due to higher capital expenditure and lower revenue levels.¹¹

General government deficit rises in the second quarter

During the period between April and June 2009 the general government deficit widened by EUR 26.1 million compared with the same quarter of 2008, reaching EUR 94.2 million (see Table 2.9). This was due to a 4.9% increase in expenditure, which was only partly offset by a rise in revenue of just under 1.0%. The primary balance, which adjusts the overall balance by omitting interest payments from expenditure, contracted by EUR 27 million, to register a deficit of EUR 48.3 million.

Consequently, the cumulative deficit-to-GDP ratio, computed on the basis of four-quarter sums, was estimated at 4.1% in the year to June 2009 from the previous estimate of 3.6% in the year

Table 2.9
GENERAL GOVERNMENT BALANCE

EUR millions

	2008			2009		Change Q2 2009	
	Q2	Q3	Q4	Q1	Q2	Amount	%
Revenue	557.4	571.2	621.1	548.1	562.2	4.8	0.9
Taxes on production and imports	198.9	221.9	219.1	174.1	189.4	-9.5	-4.8
Current taxes on income and wealth	190.7	190.8	215.0	177.6	221.6	30.9	16.2
Social contributions	104.3	97.3	120.6	112.6	97.7	-6.6	-6.3
Capital and current transfers	16.6	18.0	19.8	14.6	9.8	-6.8	-41.0
Other	47.0	43.2	46.7	69.3	43.7	-3.3	-7.1
Expenditure	625.5	618.9	667.3	593.3	656.4	30.9	4.9
Intermediate consumption	94.0	95.8	101.5	75.8	99.9	5.9	6.3
Gross fixed capital formation	29.5	30.9	32.8	21.3	24.1	-5.4	-18.3
Compensation of employees	199.6	212.5	220.6	220.1	205.3	5.8	2.9
Subsidies	41.1	23.2	14.5	21.3	21.4	-19.7	-48.0
Interest	46.7	44.7	54.3	43.1	45.9	-0.8	-1.8
Social benefits	196.7	178.4	212.7	179.5	214.5	17.8	9.0
Other	17.8	33.5	31.0	32.2	45.3	27.4	153.6
Primary balance	-21.3	-3.1	8.1	-2.1	-48.3	-27.0	-
General government balance	-68.1	-47.7	-46.2	-45.2	-94.2	-26.1	-

Source: NSO.

¹¹ The Consolidated Fund captures most of the transactions of central government on a cash basis. On the other hand, the general government accounts, which are compiled in line with ESA95, capture both central government, including extra-budgetary units, and local councils on an accrual basis.

to March (see Chart 2.13). Although the revenue-to-GDP ratio increased slightly, expenditure as a proportion of GDP rose faster, climbing back to the levels of the corresponding period a year earlier.

Modest revenue growth...

Revenue went up by EUR 4.8 million, or 0.9%, compared with the same quarter of 2008. This was solely due to revenue from taxes on income and wealth, which rose by EUR 30.9 million as a result of higher intakes from income tax and motor

vehicle licences. By contrast, revenue from taxes on production and imports fell by EUR 9.5 million although receipts from motor vehicle registration and gaming taxes were higher. The major sources of revenue, such as VAT and duty on documents, were lower, reflecting to some extent the negative impact of a slowdown in consumer spending and a contraction in property sales. A drop in receipts from Customs and excise duties was also recorded, though this could be attributed to delays in the settlement of payments by importers and other timing effects.

Receipts from capital and current transfers were down by EUR 6.8 million, with most of the decline coming from the capital component. Inflows from social contributions also decreased, by EUR 6.6 million. 'Other revenue' fell by EUR 3.3 million, due to lower sales from market output as the gradual termination of business operations at the Malta Shipyards company continued. This offset a rise recorded in property income receivable, which includes the transfer of profits by the Central Bank of Malta to the Government.

... is outweighed by a rise in expenditure

During the quarter, expenditure increased by nearly 5%, or EUR 30.9 million, compared to the same period in 2008. This was mainly a result of higher spending on social benefits and on intermediate consumption.

Expenditure on social benefits rose by EUR 17.8 million, due mostly to increased outlays on pensions. Despite subdued activity at the Malta Shipyards company and lower spending on medical supplies, intermediate consumption increased by EUR 5.9 million. Meanwhile, compensation of employees went up by EUR 5.8 million, spurred by a rise in wages and salaries of Government employees in terms of the ongoing collective agreements. The strong rise in the 'other expenditure' component was largely due to the reclassification of capital transfers, which were previously included with gross fixed capital formation.

Items of expenditure registering a decline during the second quarter included subsidies, which were down by EUR 19.7 million as subsidies on utility bills were removed, and gross fixed capital formation. The fall of EUR 5.4 million in the latter was mainly due to the reclassification adjustment

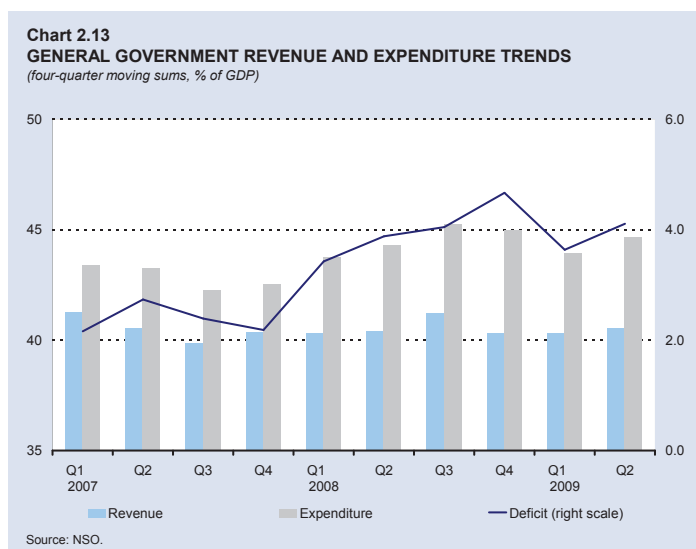


Table 2.10
GOVERNMENT BUDGETARY OPERATIONS

EUR millions

	2008	2009	Change	
	Q2	Q2	Amount	%
Revenue	498.0	497.0	-0.9	-0.2
Direct tax	252.6	266.7	14.1	5.6
Income tax	159.8	185.0	25.2	15.8
Social security contributions ⁽¹⁾	92.8	81.7	-11.1	-12.0
Indirect tax	209.2	186.7	-22.6	-10.8
Value Added Tax	106.9	102.1	-4.8	-4.5
Customs and excise duties	47.0	23.3	-23.7	-50.4
Licences, taxes and fines	55.4	61.2	5.8	10.6
Non-tax⁽²⁾	36.1	43.7	7.6	20.9
Expenditure	544.3	569.5	25.2	4.6
Recurrent⁽¹⁾	506.9	497.7	-9.2	-1.8
Personal emoluments	120.2	126.2	6.1	5.1
Programmes and other operational expenditure ⁽³⁾	311.6	300.8	-10.8	-3.5
Contributions to entities	41.0	38.8	-2.2	-5.4
Interest payments	34.1	31.9	-2.3	-6.7
Capital	37.4	71.8	34.5	92.2
Primary balance⁽⁴⁾	-12.2	-40.6	-28.5	-
Consolidated Fund balance⁽⁵⁾	-46.3	-72.5	-26.2	-

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

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

⁽³⁾ Includes programmes & initiatives and operational & maintenance expenditure.

⁽⁴⁾ Revenue less expenditure excluding interest payments.

⁽⁵⁾ Revenue less expenditure.

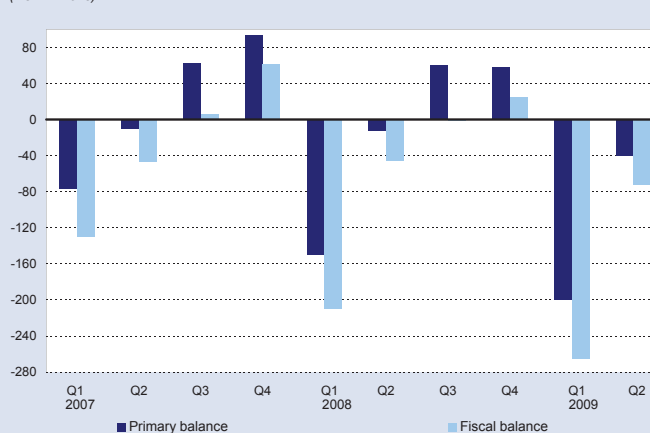
Source: NSO.

referred to above. Meanwhile, despite the higher level of public debt, interest payments were down by EUR 0.8 million, reflecting to a large extent the prevailing low level of interest rates.

Consolidated Fund deficit widens further

The increased shortfall in the general government position was also mirrored in the Consolidated Fund. The deficit in the Fund reached EUR 72.5 million between April and June 2009, compared with EUR 46.3 million in the same period of 2008 (see Table 2.10 and Chart 2.14). This stemmed from a 0.2% reduction in revenue and a 4.6% increase in expenditure. The deterioration extended into July but was reversed in August,

Chart 2.14
CONSOLIDATED FUND DEVELOPMENTS
(EUR millions)



Source: NSO.

Table 2.11
GENERAL GOVERNMENT DEBT

EUR millions

	2008			2009	
	Q2	Q3	Q4	Q1	Q2
General government debt⁽¹⁾	3,558.9	3,614.1	3,626.2	3,706.5	3,873.1
Currency & deposits⁽²⁾	26.7	29.6	31.2	32.7	34.9
Securities	3,263.5	3,309.8	3,320.2	3,442.6	3,620.8
Short-term	419.7	408.6	365.8	542.6	644.3
Long-term	2,843.8	2,901.2	2,954.4	2,900.0	2,976.6
Loans	268.7	274.7	274.8	231.2	217.3
Short-term	53.1	60.0	64.0	20.2	15.3
Long-term	215.6	214.7	210.8	211.0	202.1

⁽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.

⁽²⁾ As from January 2008, the Maltese euro coins issued are being considered as a currency liability pertaining to general government.

Source: NSO.

so that over the first eight months of the year the negative balance in the Fund had widened to EUR 345.1 million, an increase of EUR 84.6 million on a year earlier.

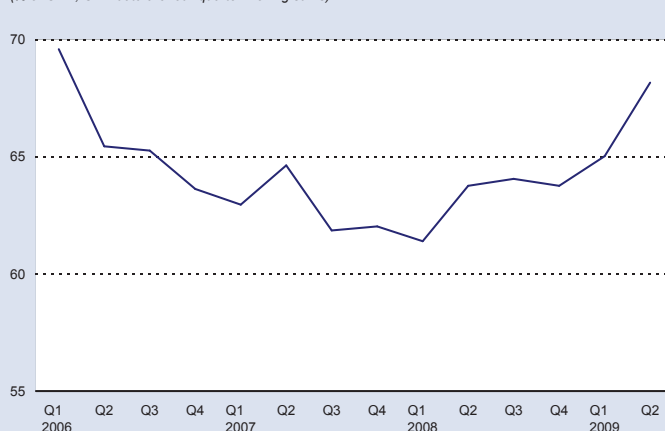
General government debt increases

Between April and June 2009 general government debt increased by EUR 166.6 million to stand at EUR 3,873.1 million at the end of the quarter (see Table 2.11). This was EUR 314.2 million more than a year earlier. As a result, the debt-to-GDP ratio was estimated at 68.2% in June 2009 from the previous estimate of 65.0% three months earlier (see Chart 2.15). Regarding the composition of general Government debt, both short-term and long-term debt rose, while institutional borrowing declined.

Short-term debt, in the form of Treasury bills, rose by EUR 101.7 million, pushing its share in the total up by 2 percentage points to 16.6%. At the same time, long-term government debt rose by EUR 76.6 million following new issues of government stocks during the period. Nevertheless, the share of government stocks in the total debt fell to 76.9% from 78.2% in the previous quarter.

Meanwhile government borrowing in the form of institutional loans fell further, by EUR 13.8 million, as the Government effected repayments in connection with foreign loans. Consequently, their share in the total debt fell to 5.6%, with both short-term and long-term loans decreasing. Government liabilities in the form of currency, that is Maltese euro coins in issue, slightly increased their share in the total debt after rising to EUR 34.9 million.

Chart 2.15
GENERAL GOVERNMENT DEBT
(% of GDP, GDP data are four-quarter moving sums)



Source: NSO.

Monetary and financial developments

After having contracted during the preceding two quarters, the contribution of Maltese MFIs to the euro area broad money stock increased during the June quarter. Total residents' deposits rose, credit to residents continued to expand and net claims on non-residents of the euro area also increased.¹² Government bond yields moved up while equity prices began to recover.

Growth in residents' deposits turns positive

Maltese MFI's contribution to the euro area broad money stock (M3) expanded by EUR 18.6 million, or 0.2%, during the second quarter of 2009. Thus, at the end of June, it amounted to EUR 8,604.4 million (see Table 2.12).

Growth in overnight deposits belonging to residents of Malta continued to accelerate during the three months to June, with the quarterly growth rate rising to 5.0% from 3.5% in March (see Table 2.13). In absolute terms, overnight deposits rose by EUR 162.3 million, driven primarily by a sizeable increase in balances belonging to households and non-financial corporations. This increased preference for overnight deposits probably reflects the reduced opportunity cost of holding such liquid monetary assets in an environment of low interest rates. Meanwhile, overnight deposits belonging to other euro area residents grew by EUR 2.7 million as household balances rose.

In contrast, deposits redeemable at up to 3 months' notice and those with an agreed maturity of up to 2 years both declined during the quarter, falling by 1.2% and 3.4%, respectively. While the former contracted by just EUR 1.3 million in absolute terms, the latter plummeted by EUR 153.4 million as households and, to a lesser extent, private non-financial corporations, reduced their holdings considerably. Apart from the above-mentioned shift into more liquid monetary assets,

Table 2.12

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

EUR millions; percentage changes on the previous quarter

	2009	2008		2009	
	June	Q3	Q4	Q1	Q2
Currency issued ⁽²⁾	614.5	0.0	6.3	-10.1	2.1
Overnight deposits ⁽³⁾	3,478.2	2.0	-1.6	4.2	5.0
Narrow money (M1)	4,092.7	1.7	-0.3	1.7	4.5
Deposits redeemable at notice up to 3 months ⁽³⁾	110.5	0.6	-1.5	-2.1	-1.2
Deposits with agreed maturity up to 2 years ⁽³⁾	4,505.5	2.2	-1.4	-3.2	-4.2
Intermediate money (M2)	8,708.8	1.9	-1.0	-1.1	-0.3
Repurchase agreements	0.0	0.0	0.0	0.0	0.0
Debt securities issued up to 2 years initial maturity ⁽⁴⁾	-104.3	5.5	-14.7	0.7	-28.2
Broad money (M3)	8,604.4	1.9	-0.7	-1.1	0.2

⁽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.

⁽²⁾ This is not a measure of currency in circulation in Malta. It comprises the Central Bank of Malta's share of euro banknotes issued by the Eurosystem, plus coins issued by the Bank on behalf of the Treasury, less holdings of issued euro banknotes and coins held by the MFI sector.

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

⁽⁴⁾ Debt securities up to 2 years issued by MFIs in Malta less holdings by MFIs in Malta of such securities issued by MFIs anywhere in the euro area. This row shows net amounts (issues less holdings by MFIs in Malta) and may be negative. Figures also include Money Market Funds (MMF) shares/units.

Source: Central Bank of Malta.

¹² Unless otherwise specified, 'residents' in this section refers to residents of Malta only. 'Other euro area residents' include entities residing in all euro area member states except Malta.

Table 2.13
RESIDENTS' DEPOSITS ⁽¹⁾

EUR millions; percentage changes on the previous quarter

	2009		2008			2009	
	June	Q2	Q2	Q3	Q4	Q1	Q2
Overnight deposits	3,391.1	-1.2	2.1	-0.3	3.5	5.0	
Deposits redeemable at notice up to 3 months	110.5	2.2	0.6	-1.5	-2.1	-1.2	
Deposits with agreed maturity up to 2 years	4,321.9	-0.8	3.2	-1.2	-4.1	-3.4	
Total residents' deposits	7,823.4	-0.9	2.8	-0.9	-1.1	0.1	

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

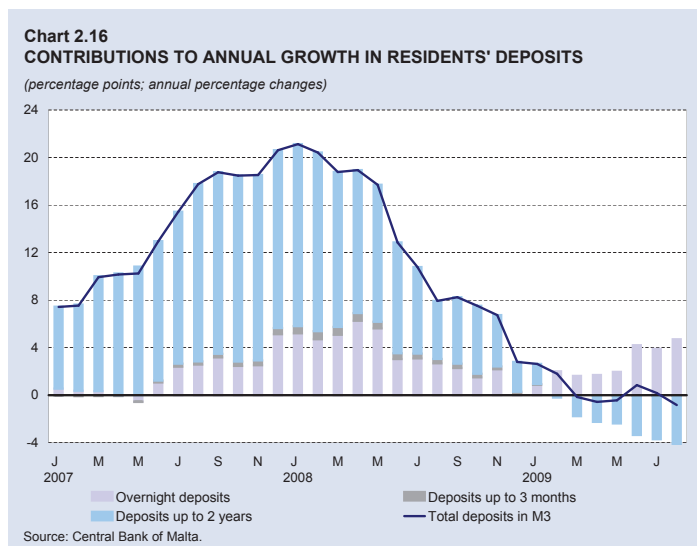
Source: Central Bank of Malta.

the sharp contraction in short-term deposits may have been influenced by various issues of securities on the domestic primary market as well as by a shift into deposits with maturities exceeding two years that were being offered at attractive rates by some banks.¹³

In aggregate, the year-on-year growth in deposits belonging to residents picked up slightly during the quarter, rising to 0.8% in June from -0.2% in March (see Chart 2.16). But the slowdown in deposit growth throughout the first half of 2009 when compared to the preceding year was attributable to a base effect. An accumulation of deposits during the final months of 2007, ahead of the euro changeover, and which persisted throughout 2008, had resulted in relatively high growth rates, which levelled off as deposit levels stabilised. As Chart 2.16 illustrates, year-on-year growth in total residents' deposits during the first six months of 2009 was entirely driven by overnight deposits. Nonetheless, although deposits with an agreed maturity of up to 2 years contracted during the June quarter, they still accounted for more than 55% of total residents' deposits.

Going into the third quarter of 2009, the annual growth rate of deposits belonging to residents turned negative, reaching -0.8% in August. Meanwhile, quarter-on-quarter growth continued to be driven by overnight deposits, which outweighed a further contraction in deposits with an agreed maturity up to 2 years.

In response to the cumulative 50 basis point reduction in the ECB's main refinancing rate during the quarter, the weighted average interest rate on deposits declined by 24 basis points to 1.88% at end-June. Whereas the average interest rate on time and savings deposits fell by 33 and 4 basis points, respectively, reaching 2.94% and 0.37%, that on demand deposits was broadly unchanged, rising by one basis point to 0.29%.¹⁴



¹³ Deposits with terms to maturity exceeding two years, which put on EUR 59.1 million during the quarter, do not form part of M3.

¹⁴ In this context, savings deposits include those that are withdrawable on demand. The latter are included with overnight deposits in MIR statistics.

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

	2008			2009	
	June	Sep.	Dec.	Mar.	June
New business					
Households and NPISH					
Overnight deposits ^{2,3}	1.27	1.38	0.57	0.34	0.32
Savings deposits redeemable at notice up to 3 months ^{2,4}	3.10	3.30	2.09	1.74	1.71
Time deposits with agreed maturity					
Up to 1 year	3.90	4.09	3.06	2.01	1.86
Over 1 and up to 2 years	4.56	4.33	4.60	3.70	3.29
Over 2 years	4.46	4.64	5.54	3.32	3.36
Non-financial corporations					
Overnight deposits ^{2,3}	1.35	1.26	0.64	0.33	0.22
Time deposits with agreed maturity	4.30	4.46	2.60	1.58	1.64

⁽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.

Concurrently, MFI interest rates on newly opened accounts responded significantly to the cuts in official rates, with the rates offered on households' time deposits with an agreed maturity of over 1 and up to 2 years, for instance, falling by 41 basis points to 3.29% during the quarter (see Table 2.14).¹⁵ Declines in overnight deposit rates were less marked, offering an additional explanation for the observed shifts into such deposits mentioned earlier. In contrast, interest rates on new deposits with longer maturities rose marginally, reflecting new schemes launched by some banks.

Although official rates remained unchanged during July and August, the weighted average deposit rate dropped by a further 21 basis points, ending August at 1.67%. Similarly, MFI interest rates declined across most of the spectrum of new deposit business.

Credit continues to expand

Credit to residents picked up during the second quarter of 2009, growing by 3.4% as against 1.6% during the March quarter (see Table 2.15). Growth was mainly fuelled by credit to gen-

Table 2.15**CREDIT TO MALTESE RESIDENTS***EUR millions; percentage changes on the previous quarter*

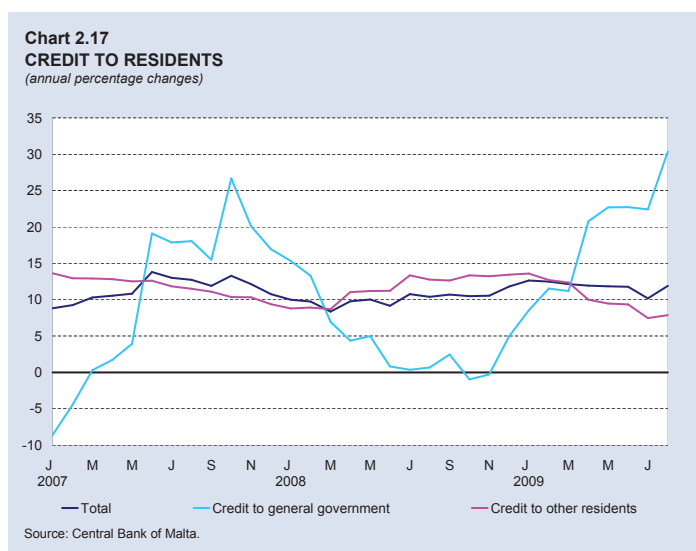
	2009		2008			2009	
	Mar.	Q2	Q3	Q4	Q1	Q2	
Total credit	9,307.6	3.7	2.4	3.9	1.6	3.4	
Credit to general government	1,855.9	1.4	0.0	5.8	3.6	11.9	
Credit to other residents	7,451.7	4.3	3.0	3.5	1.1	1.5	

Source: Central Bank of Malta.

¹⁵ MFI interest rates (MIR) cover all interest rates that credit institutions apply to euro-denominated deposits from, and loans to, households and non-financial corporations resident in the euro area. The household sector also includes non-profit institutions serving households (NPISH). Non-financial corporations include all enterprises except banks, insurance companies and other financial institutions. Hence, MIR statistics do not cover all institutional sectors, as is the case with weighted average deposit and lending rates.

eral government, though credit to other residents also contributed. Nonetheless, on an annual basis the rate of credit growth slowed down, falling from 12.2% in March to 11.8% in June (see Chart 2.17).

Credit to general government surged by 11.9% over the quarter as credit institutions' holdings of both Treasury bills and Malta Government Stocks rose. As a result, growth in credit to general government more than doubled on a year-on-year basis, rising from 11.2% in March to 22.7% in June.



Meanwhile, credit to other residents expanded moderately, rising by 1.5% during the quarter, as increased credit to the non-bank private sector outpaced lower borrowing by public non-financial corporations (see Table 2.16). Loans, which account for more than 97% of total credit, put on 1.7%, fuelled primarily by increased credit to households, mostly for house purchases, to the real estate, renting & business activities sector and to the wholesale & retail trade sector. In contrast, lending to the electricity, gas & water supply sector declined by 8.5%.

Table 2.16
CREDIT TO OTHER RESIDENTS⁽¹⁾

EUR millions; percentage changes on the previous quarter

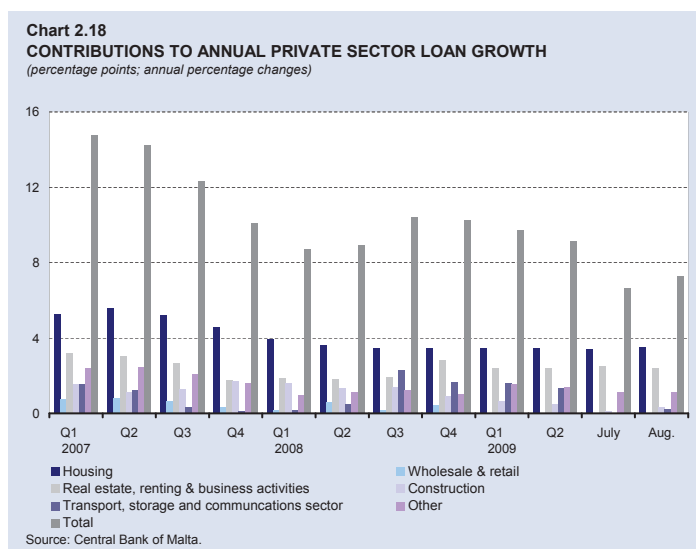
	2009	2009	Change	
	Mar.	June	Amount	%
Total credit	7,343.9	7,451.7	107.8	1.5
Credit to the non-bank private sector	6,759.3	6,900.9	141.6	2.1
Credit to the non-bank public sector	584.6	550.8	-33.8	-5.8
Total loans	7,122.3	7,240.5	118.2	1.7
Electricity, gas & water supply	372.4	340.8	-31.5	-8.5
Transport, storage & communication	425.5	434.7	9.2	2.2
Agriculture & fishing	26.1	28.8	2.6	10.1
Manufacturing	291.3	286.4	-4.9	-1.7
Construction	738.6	739.5	0.9	0.1
Hotels & restaurants	467.9	469.5	1.5	0.3
Wholesale & retail trade; repairs	748.8	768.6	19.8	2.6
Real estate, renting & business activities	950.3	983.9	33.6	3.5
Households & individuals	2,925.3	3,004.9	79.6	2.7
Other ⁽²⁾	176.0	183.5	7.4	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.

⁽²⁾ Includes mining and quarrying, public administration, education, health & social work, community recreation & personal activities, extra-territorial organisations & bodies and non-bank financial institutions.

Source: Central Bank of Malta.

On an annual basis, growth in credit to other residents decelerated to 9.3% in June from 12.4% three months earlier. This mainly reflected a sharp slowdown in credit to public non-financial corporations, which decelerated to 12.0% in June, from 52.7% in March. This slowdown reflects a base effect: in April 2008 one public corporation had taken out a substantial loan to refinance existing foreign debt and to fund additional capital expenditure. Although credit to the private sector also decelerated slightly, the annual growth rate remained substantial, ending June at 9.1% (see Chart 2.18). This is in marked contrast with developments in the euro area as a whole, where credit to the private sector is stable.



Residential mortgages not only continued to grow at a robust annual rate during the June quarter, but their contribution to the overall expansion in private sector borrowing rose from 36% in March to 38% in June. In contrast, the contributions of lending to the transport, storage & communications sector, the construction industry and the wholesale and retail trades declined. In absolute terms, bank lending to the private sector continues to be dominated by property-related loans, which make up around two-thirds of the total.

Meanwhile, credit granted by resident banks to other residents of the euro area declined significantly during the quarter, falling by EUR 649.8 million to EUR 2,266.7 million. This mainly reflected reduced lending to non-bank financial intermediaries.

Going into the third quarter of 2009, credit to residents picked up slightly, with the year-on-year growth rate reaching 11.9% in August. Whereas growth in credit to general government rose further, to 30.4%, credit to other residents eased to 7.9%.

Quarter-on-quarter credit developments do not seem to have been influenced by contemporaneous movements in bank lending rates. The weighted average interest rate on residents' loans was broadly stable, falling by just 1 basis point to 4.48% in June. At the same time, MFI interest rates on new loans to households and non-financial corporations moved in the opposite direction. Thus, rates charged on consumer credit, for instance, rose by 21 basis points to 5.71% in June, while rates on lending for house purchases also increased, rising by 12 basis points to 3.58% (see Table 2.17). Rates on loans to non-financial corporations, however, responded to changes in official rates, falling from 5.64% in March to 5.43% in June.

Going into the third quarter of 2009, movements in bank lending rates were mixed. While the weighted average lending rate stood unchanged at 4.48% in August, MFI interest rates charged on most new loans rose.

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

Percentages per annum; weighted average rates for the period

	2008			2009	
	June	Sep.	Dec.	Mar.	June
New business					
Households and NPISH					
Overdrafts ⁽²⁾	7.61	7.99	7.16	6.19	6.41
Loans					
Lending for house purchases	5.09	5.44	3.84	3.46	3.58
Consumer credit ⁽³⁾	6.51	7.30	6.12	5.50	5.71
Other lending	6.85	7.31	6.44	5.58	5.81
Non-financial corporations					
Overdrafts ⁽²⁾	6.23	6.69	5.30	4.91	5.03
Loans ⁽³⁾	6.53	6.66	5.50	5.64	5.43

⁽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⁾ Excludes bank overdrafts.

Source: Central Bank of Malta.

The Bank Lending Survey conducted in July 2009 indicated that credit standards in respect of lending to enterprises and households were tightened during the second quarter.¹⁶ At the same time, while demand for loans by enterprises remained broadly unchanged, some banks reported an increase in the demand by households. Banks also reported that, in general, they expected both credit conditions and the demand for credit to remain unchanged in the September quarter.

Net claims on non-residents of the euro area rise

During the second quarter of 2009, the external counterpart of broad money, which consists of net claims on non-residents of the euro area, increased by EUR 270.1 million, or 4.2% (see Table 2.18). This was because MFIs' liabilities to non-residents of the euro area fell by EUR 1,012.6 million, partly as a result of a drop in deposits belonging to banks outside the euro area. This outweighed a contraction of their claims on non-residents of the euro area, which decreased by EUR 742.4 million as loans declined.

Table 2.18
EXTERNAL COUNTERPARTS AND OTHER COUNTERPARTS⁽¹⁾

EUR millions; percentage changes on the previous quarter

	2009	2009	Change	
	Mar.	June	Amount	%
External counterpart	6,481.2	6,751.3	270.1	4.2
Claims on non-residents of the euro area	25,994.4	25,252.0	-742.4	-2.9
Liabilities to non-residents of the euro area	19,513.2	18,500.6	-1,012.6	-5.2
Other counterparts (net)⁽²⁾	10,351.8	10,365.7	13.9	0.1

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

⁽²⁾ Includes net interbank claims/liabilities.

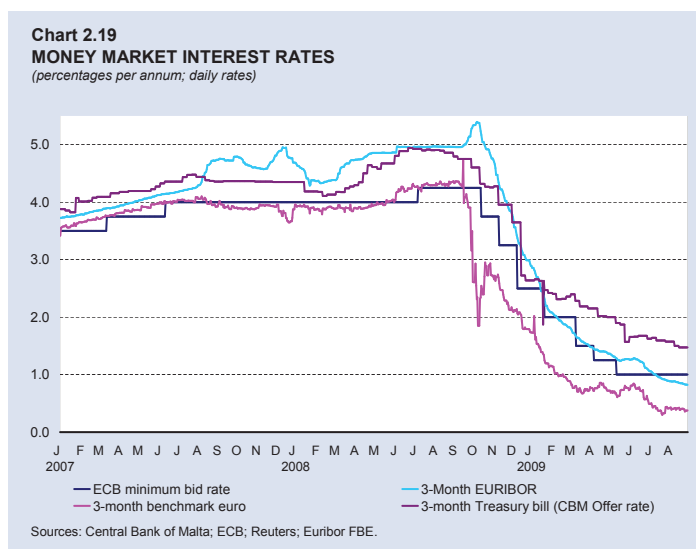
Source: Central Bank of Malta.

¹⁶ The Bank Lending Survey gauges credit demand and supply conditions. The Central Bank of Malta began to survey a sample of Maltese banks in 2004. From January 2008 the Bank Lending Survey is being carried out as part of a quarterly exercise by the Eurosystem across the entire euro area.

Other counterparts (net) expanded by EUR 13.9 million, or 0.1%, during the quarter. Increased demand deposits belonging to central government, a rise in revaluation reserves and an increase in deposits excluded from M3 offset a drop in the other liabilities (net) of the banking system.

Money market rates decline

The Governing Council of the ECB continued to loosen its monetary policy stance during the second quarter of 2009, cutting the interest rate on the main refinancing operation by 25 basis points on 8 April and again by the same margin on 13 May. As a result, the main refinancing rate fell from 1.50% at end-March to 1.00% at end-June.



As a result, the main refinancing rate fell from 1.50% at end-March to 1.00% at end-June.

These developments led to a decline in all money market rates, with the three-month EURIBOR, for instance, falling by 41 basis points to 1.10% at end-June (see Chart 2.19). Primary market yields on domestic three-month Treasury bills also fell, from 2.19% in March to 1.68% in June. The Treasury issued EUR 537.2 million worth of bills during the second quarter, EUR 111.1 million more than in the preceding quarter. Three-month bills accounted for around two-thirds of the total, with the remainder consisting mainly of six-month bills. Banks acquired almost 70% of the bills issued, while insurance companies took up close to a fifth.

Meanwhile, activity in the secondary Treasury bill market edged down by EUR 0.6 million when compared to the first quarter of 2009, with total turnover reaching EUR 69.6 million. Almost all transactions involved the Central Bank of Malta, which bought and sold EUR 59.9 million and EUR 4.0 million worth of bills, respectively, in its role as market maker. In line with developments in the primary market, secondary market yields also fell, with the yield on the three-month bill declining to 1.63% in June from 2.15% three months earlier.

At the same time, yields on benchmark three-month euro area government securities shed 15 basis points to 0.57%, as financial market tensions pushed the demand for risk-free assets further up during the quarter. As the corresponding domestic yields fell more markedly, the differential between Maltese and euro area short-term yields narrowed, reaching 105 basis points (see Chart 2.19).^{17,18}

Going into the third quarter of 2009 both primary and secondary market Treasury bill yields extended their downward trend, ending August at 1.47%. Concurrently, rates on three-month euro area government securities declined even more markedly, reaching 0.38%. Consequently, by end-August the differential between Maltese and euro area short-term yields widened again, to 110 basis points.

¹⁷ The Chart shows the secondary market rate on three-month securities issued by the French government, which are often taken as the benchmark for the euro area.

¹⁸ Up to March 2007, secondary market yields were calculated on the basis of remaining days to maturity divided by 365, while from April 2007 yields are being calculated on the basis of remaining days to maturity divided by 360.

Government bond yields increase while equity prices recover

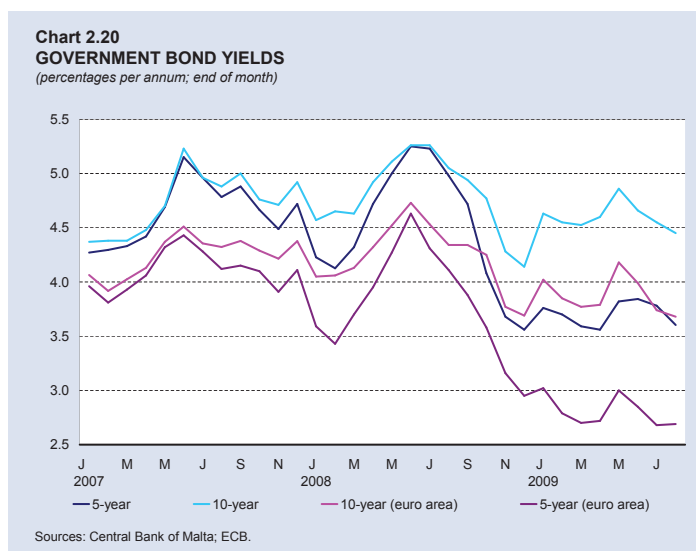
The Government continued to raise funds through bond issues during the second quarter of 2009, offering one fungible stock issue in April followed by two additional issues in June, for a total value of EUR 171.4 million. The stocks issued in April had a term to maturity of four years and offered a coupon rate of 3.6%. The two subsequent issues had a term to maturity of four years and eleven years, respectively, and carried coupon rates of 3.6% and 5.2%. More than four-fifths of the total amount issued was sold by auction, mainly to resident credit institutions, while the remaining fifth was sold at fixed prices and was mostly taken up by Maltese households.

The second quarter of 2009 was also characterised by substantial issues of corporate securities on the primary market, with two banks, in particular, tapping the market to obtain long-term funds. Indeed, new issues amounted to EUR 100 million during the quarter, up from EUR 40 million in the previous quarter. In April, Fimbank p.l.c. issued EUR 30.0 million worth of bonds, carrying a coupon rate of 7.0% and redeemable between 2012 and 2019. Additionally, in June Bank of Valletta p.l.c. issued EUR 50 million worth of subordinated bonds carrying a coupon rate of 5.35% and maturing in 2019. In between, another EUR 20 million worth of bonds were issued by Gasan Finance Company p.l.c. These carried a coupon rate of 6% and are redeemable between 2014 and 2016. All issues were received well by the public and the over-allotment option was exercised in full.

Turnover in the secondary market for government bonds during the June quarter more than doubled when compared with the March quarter, rising by EUR 36.3 million to EUR 59.7 million. The Central Bank of Malta, acting as market maker, accounted for more than three-fifths of the value traded. In contrast to the previous quarter, when medium-term bonds dominated, participants traded mainly in bonds with terms to maturity up to five years. Five-year and 10-year domestic government bond yields increased during the quarter under review, rising by 25 basis points and 14 basis points, respectively, to end June at 3.84% and 4.66% (see Chart 2.20).¹⁹

Activity in the secondary market for corporate bonds increased slightly during the quarter, with turnover rising by EUR 0.9 million to EUR 6.1 million. Trading was mostly concentrated in seven securities, most of which were issued by resident financial institutions. Yields on corporate bonds generally rose during the quarter.

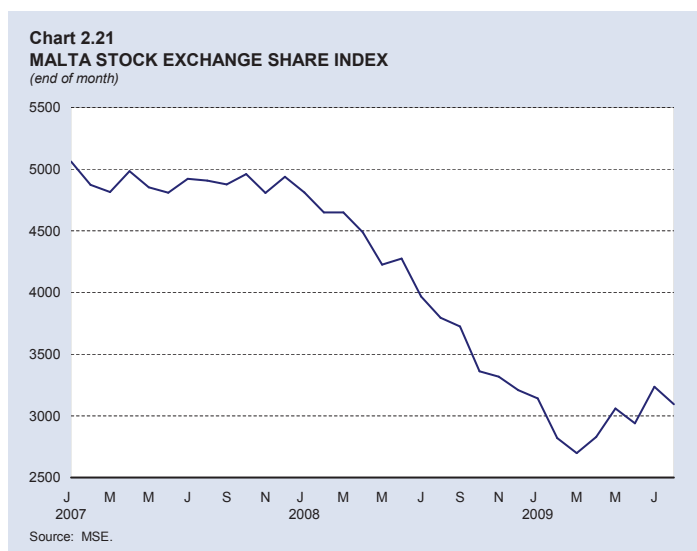
At the same time, trading in the equity market increased by EUR 2.7 million when compared to the preceding quarter, reaching EUR 8.3 million. Bank shares accounted for more than four-fifths of the total turnover. In line with equity markets worldwide,



¹⁹ Euro area yields are computed on the basis of AAA-rated euro area central government bonds.

domestic share prices recovered somewhat, resulting in an 8.9% rise in the MSE share index, which stood at 2,939.63 at the end of June (see Chart 2.21).

Going into the third quarter of 2009, yields on 5-year and 10-year government bonds declined, falling to 3.60% and 4.45%, respectively, in August. Concurrently, equity prices rose further, pushing up the MSE share index by an additional 5.3% from its end-June level, to 3,094.36.



NEWS NOTES

LOCAL NEWS

The 2009 IMF Article IV Consultation

On 14 September the IMF published its staff report on Malta following the Article IV Consultation Mission 11 - 22 June. The report noted that in recent years Malta had experienced an expansion driven by export diversification and value-added upgrading. In addition, the prospect of euro area membership had provided Malta with a useful anchor for reforms and the euro itself had helped the economy withstand the recent downturn. The report also noted that the banking system had weathered the initial stage of the crisis relatively well as Maltese banks had limited exposure to toxic products and followed the traditional retail funding model. However, it warned that the unfavourable external environment was challenging Malta's economic resilience and its fiscal consolidation process and made a number of policy recommendations.

Malta receives Special Drawing Rights (SDRs)

On 28 August Malta received SDR 75.6 million from the IMF as its share of a general SDR allocation and a further SDR 8.5 million as its share of a special SDR allocation.

Government amnesty for income tax defaulters

On 4 September the Minister of Finance, the Economy and Investment launched a scheme whereby individuals facing penalties for non-payment of income tax are being offered a 90% reduction on such fines and accrued interest charges. The aim of the scheme is to collect tax arrears outstanding, estimated to amount to EUR 600 million. The scheme runs till 15 January 2010, and to benefit from it individuals must settle the full amount of tax due by that date.

Privatisation of Malta Shipyards

On 18 September the Government announced that it had accepted the recommendations of the Evaluation Committee with regard to the privatisation of the Marsa Ship Repair Facility and awarded the facility to Palumbo S.p.A of Italy. Earlier, the Government had announced that negotiations for the sale of the Marsa Shipbuilding facility to Valletta Gateway Terminals were still in progress, while the Manoel Island yacht repair facility was expected to be sold to the Manoel Island Yacht Yard Consortium.

Anacap Financial Partners acquires Mediterranean Bank p.l.c.

On 24 September Mediterranean Bank p.l.c., a Malta-based private bank originally set up in 2005, formally reopened after it had been acquired by Anacap Financial Partners, a London-based private equity firm specialising in financial services.

Malta to be included in the FTSE Global Equity Index Series

On 24 September the FTSE Index Company confirmed that, as from September 2010, Malta's equity market, operated by the Malta Stock Exchange, will be included in its Global Equity Index Series for the first time. The Malta equity market will be classified as 'Frontier' status, which is the lowest level of classification in the FTSE indices.

Capital market developments

(i) Issue of Government Stocks

On 28 July the Government, through Legal Notice 213 of 2009, launched EUR 100 million worth of stocks, with an over-allotment option for an additional EUR 20 million. These stocks could be taken up as 3.6% Malta Government Stock (MGS) 2013 (Fourth Issue) (Fungibility Issue) (FI) at EUR 100.25 or as 5.0% Malta Government Stock 2021 (First Issue) (Fungibility Issue) at EUR 101.75, or as a combination of the two.

As the Treasury received bids for EUR 89,793,300, the over-allotment option was discarded. The stocks were allocated as follows: MGS 5.00% 2021 (I) FI - EUR 31,150,400 and MGS 3.6% 2013 (IV) - EUR 56,642,900.

(ii) Corporate sector – increase in equity/issue of bonds

On 1 July Simonds Farsons Cisk p.l.c. announced that it had increased its issued and paid up share capital to EUR 9 million, bringing the total up to 30 million shares with a nominal value of EUR 0.30 each.

On 28 August Island Hotels Group Holdings p.l.c., announced the issue of 6.5% bonds maturing in 2019, for a value of EUR 14 million. The bonds, which are unsubordinated and unsecured, were issued at par, with a nominal value of EUR 100 per bond. The issue was oversubscribed.

On 28 August Vassallo Builders Group Ltd, a construction company, strengthened its equity capital with an issue of 17,200,600 ordinary shares at EUR 1 per share. The share issue was oversubscribed.

On 28 August Corinthia Finance p.l.c. announced the issue of 6.25% bonds maturing in 2019 for a value of EUR 20 million with an over-allotment option for another EUR 5 million. The bonds were oversubscribed.

On 7 September, Melita Capital p.l.c. announced the issue of 7.15% bonds maturing in 2016 for a value of EUR 25 million with an over-allotment option for a further EUR 5 million, which was taken up as the issue was oversubscribed.

Surrender/downgrade of financial services licences

During the three months to September, the MFSA announced that a number of institutions in the financial services sector had surrendered their licences on a voluntary basis. These included

- (i) Scottish Capital Protected Fund p.l.c., which surrendered its collective investment scheme licence in respect of its 46 sub-funds.
- (ii) HSBC Structured Fund SICAV p.l.c., which surrendered its collective investment scheme licence in relation to (i) Capital Protected EuroStoxx 50 Bonus Fund No 1; (ii) Capital Protected EuroStoxx 50 Growth Fund No 1; and (iii) EuroStoxx 50 Maxi Growth Fund No 1.
- (iii) Benchmark Advisory Ltd., which surrendered its category 2 investment services licence and its administrator recognition certificate.
- (iv) HSBC International Financial Advisors (Malta) Ltd., which surrendered its category 1A investment services licence.
- (v) Grenfell Funds (SICAV) p.l.c., which surrendered its collective investment scheme license in relation to its Celestial Fund and its Ecliptic Fund.

Double Taxation Agreements

On 26 August Malta and Qatar signed an agreement on the avoidance of double taxation and the prevention of fiscal evasion.

On 9 September Malta and Serbia signed an agreement on the avoidance of double taxation and the prevention of fiscal evasion.

On 10 September Malta and San Marino signed a protocol amending the convention with respect to taxes on income that was signed in Valletta in May 2005.

Standard and Poor's affirms Malta's ratings

On 7 July Standard & Poor's affirmed its 'A' long-term and 'A-1' short-term sovereign credit ratings for Malta, and its Transfer and Convertibility assessment of the country at 'AAA'. The agency said that the stable outlook for Malta balances its expectation of continued fiscal consolidation in the medium term against the challenges of the economic reform agenda and a high debt burden.

Fitch Ratings affirms Malta's rating

On 21 August Fitch Ratings affirmed Malta's long-term foreign currency and local currency Issuer Default Ratings (IDRs) at 'A+'. Both ratings have stable outlooks. Fitch affirmed Malta's Short-term IDR at 'F1' and Country Ceiling at 'AAA', which is the common country ceiling for the euro area.

The agency said that it affirmed these ratings as they reflect Malta's modest success during its first year in the euro area and its ability to ride the global economic downturn.

World Economic Forum Ranking on Malta

Malta ranked 52nd (out of 133) in the World Economic Forum's global competitiveness report 2009/2010, issued in September, unchanged from the previous year.

Legislation related to banking and finance

Legal Notice 227 of 2009

This legal notice, issued on 7 August under the Banking Act (Cap. 371), amends the Depositor Compensation Scheme Regulations, 2003. The objective of these amendments is to implement Directive 2009/14/EC of the European Parliament and of the Council of 11 March 2009, which amended Directive 94/19/EC on deposit guarantee schemes as regards coverage level and payout delay. As a result, the coverage level was raised to EUR 100,000 while the payout delay was set at twenty working days from the date of determination (i.e. the day when a credit institution fails to repay deposits that are due and payable).

Legal Notice 228 of 2009

This legal notice, issued on 7 August under the Investment Services Act (Cap. 370), amends the Investor Compensation Scheme Regulations, 2003. The amended regulations oblige the Scheme to publish its financial statements within five months from its financial year-end as against three months previously.

INTERNATIONAL NEWS

Meetings of international groups/institutions

The G8 Summit

On the 8-10 July 2009 the G8 Summit was held in L'Aquila, Italy. During the Meetings:

- The G8 partners, together with Brazil, China, India, Mexico and South Africa, reaffirmed their determination to work together to advance the global agenda and identify effective solutions to major challenges. They stressed that open markets were key to economic growth and development and reaffirmed their determination to resist protectionism and bring about a successful conclusion to the Doha Development Round. They emphasised that reforms of financial regulations, in particular, would be implemented swiftly, to ensure a level playing field.
- They agreed on a long-term goal of reducing global emissions by at least 50% by 2050.
- With regard to Africa, they called for an international assessment in 2010 on what was needed to achieve the Millennium Development Goals. They also decided to implement a set of measures which include the fulfilment of their Official Development Assistance (ODA) commitments.

G20 Finance Ministers and Central Bank Governors Meeting

On 5 September the G20 Finance Ministers and Central Bank Governors met in London. They issued a Banking Statement and a Communiqué.

In the Banking Statement they reaffirmed their commitment to strengthen the financial system, to prevent the build-up of excessive risk and future crises, and to support sustainable growth. They agreed to build a framework on corporate governance and compensation practices to strengthen the Financial Stability Board (FSB) principles. This would include:

- greater disclosure and transparency of the level and structure of remuneration of those whose actions had a material impact on risk taking;
- global standards on pay structure; and
- corporate governance reforms to ensure appropriate board oversight of compensation and risk.

They also remarked that there should be:

- stronger regulation and oversight of systemically important firms;
- rapid progress in developing stronger prudential regulation;
- the tackling of non-cooperative jurisdictions (NCJs), including delivering an effective programme of peer review;
- consistent and coordinated implementation of international standards, including Basel II, to prevent the emergence of new risks and regulatory arbitrage, particularly with regard to central counterparties for credit derivatives; and
- convergence towards a single set of high-quality, global independent accounting standards applicable to financial instruments, loan loss provisioning, off-balance sheet exposures and the valuation of financial assets.

In the Communiqué they stated that:

- They would continue to implement the necessary financial support measures and expansionary monetary and fiscal policies consistent with price stability and long-term fiscal sustainability until recovery was secured.
- They would promote employment through active labour market policies, including training and education. They agreed on a transparent and credible process for withdrawing their extraordinary fiscal, monetary and financial sector support as recovery became firmly secured.
- They would work to achieve sustainable growth which would require an orderly rebalancing in global demand, the removal of domestic barriers and the promotion of the efficient functioning of global markets. They would work towards a successful outcome in Copenhagen as regards climate change.
- They were close to completing the delivery of additional resources, agreed in April, to the international financial institutions (IFIs).
- They looked forward to the implementation of the 2008 IFIs' governance reforms and would complete World Bank reforms by Spring 2010 and the next IMF quota review by January 2011.

EU Heads of State or Government Informal Meeting

On 17 September the EU Heads of State or Government met in Brussels and agreed on their approach to the Pittsburgh G-20 Summit. They highlighted:

- The achievement of a sustainable recovery through coordinated policy measures.
- The reiteration of a stance against protectionism and in favour of progress in trade liberalisation, including a global, ambitious and balanced conclusion of the Doha negotiations 2010.
- A globally coordinated system of macro-prudential supervision based on close cooperation between the IMF, the FSB and supervisory authorities, including effective exchange of information, so as to swiftly implement the commitments to financial market reform.
- As regards the promotion of responsible remuneration practices in the financial sector, the G-20 must fulfil the commitment subscribed to in London on pay and compensation.
- To strengthen the IFIs, the commitment to reinforce the IMF's NAB by USD 500 billion should be followed by pledges by the EU and several other members, including non-G-20 countries. To strengthen recovery in the world's poorest countries, there had to be increased support for investing in long-term food security. The commitments undertaken in the framework of the Millennium Development Goals had to be implemented and donor countries must make good on their pledges to achieve ODA targets.
- With respect to climate finance, all parties were called to step up the pace of negotiations in order to achieve a successful outcome in Copenhagen. They also committed themselves to improving energy security by increasing oil and gas market transparency and containing speculation.

The Pittsburgh G20 Leaders' Summit

On 24-25 September 2009 the G20 Leaders met in Pittsburgh, in the United States. During the meeting they agreed to, or reaffirmed their commitment to:

- launch a framework laying out the policies and ways to act together to reform the global financial architecture to meet the needs of the 21st century;
- that the modernisation of the IFIs and the global development architecture was essential and that the reform of the mandate, mission and governance of the IMF was a core

element of their effort to improve the Fund's credibility, legitimacy, and effectiveness. In addition, they would help to ensure that the World Bank and the regional development banks had sufficient resources;

- to take new steps to increase access to food, fuel and finance by the world's poorest, to maintain their openness and move toward greener, more sustainable growth;
- to stimulate investment in clean and renewable energy and in energy efficiency; and
- to meet the Millennium Development Goals and their respective ODA pledges, to further trade liberalisation and to seek an ambitious and balanced conclusion to the Doha Development Round in 2010.

ECOFIN Council Meetings – main topics discussed and decisions taken

7 July 2009

During this meeting:

- The Council opened excessive deficit procedures for Latvia, Lithuania, Malta, Poland and Romania, issuing recommendations on corrective measures to be taken. It adopted a programme granting assistance to 47 energy projects under the European Economic Recovery Plan. It also reviewed a number of Member States' stability and convergence programmes.

10 July 2009

During this meeting:

- The Council unanimously agreed on the draft general budget for 2010 at its first reading and made one joint statement with the European Parliament and three unilateral statements. The budget agreement will be formally adopted at one of the Council's forthcoming meetings.
- The budget plan strikes a sound balance between targeted cuts in certain areas and the financing of political priorities, such as measures stimulating growth and employment, against the background of the current economic and financial crisis.
- Compared with the 2009 budget, the draft budget 2010 represents a 3.06% increase in commitment appropriations and a 3.81% increase in payment appropriations.

2 September 2009

During this informal meeting of the ECOFIN, the Finance Ministers of the 27 Member States:

- agreed on common EU positions on the key issues to be discussed at the upcoming G20 meeting in Pittsburgh, including market reform, strengthening IFIs and combating climate change;
- underlined that sound compensation practices – where bonus payments are linked to long-term performance and excessive risk-taking is minimised – should be established;
- urged the G20 countries to commit to efficient measures against banks that do not comply with the FSB principles for sound compensation practices; and
- reaffirmed the commitment made by the EU at the London summit to increase the resources available to the IMF.

General and Special SDR Allocations

A general allocation of Special Drawing Rights (SDRs), equivalent to about US\$250 billion, became effective on 28 August 2009. The allocation is designed to provide liquidity to the global economic system by supplementing IMF member countries' foreign exchange reserves.

STATISTICAL TABLES

The Maltese Islands - Key information, social and economic statistics

(as at end-June 2009, unless otherwise indicated)

CAPITAL CITY	Valletta	
AREA	316 km ²	
CURRENCY UNIT	Euro exchange rates ¹ :	EUR 1 = USD 1.4134 EUR 1 = GDP 0.8521
CLIMATE	Average temperature (1990-2008):	Dec. - Feb. 13.3° C June - Aug. 26.1° C
	Average annual rainfall (1990-2008)	478.6 mm
	SELECTED GENERAL ECONOMIC STATISTICS	
	GDP growth at constant 2000 prices ²	-3.3%
	GDP per capita at current market prices (2008) ²	EUR 13,800
	GDP per capita in PPS relative to the EU-27 average (2008)	75.5%
	Ratio of gross general government debt to GDP (2008) ²	63.8%
	Ratio of general government deficit to GDP (2008) ²	4.7%
	RPI inflation rate	4.2%
	HICP inflation rate	4.3%
	Ratio of exports of goods and services to GDP ²	71.2%
	Ratio of current account deficit to GDP ²	15.0%
	Employment rate	54.9%
	Unemployment rate	7.0%
POPULATION	Total Maltese and foreigners (2008)	413,609
	Males	205,873
	Females	207,736
	Age composition in % of population (2008)	
	0 - 14	16%
	15 - 64	70%
	65 +	14%
	Average annual growth rate (1990-2008)	0.8%
	Density per km ² (2008)	1,309
HEALTH	Life expectancy at birth (2008)	
	Males	77
	Females	82
	Crude birth rate, per 1,000 Maltese inhabitants (2008)	10.0
	Crude mortality rate, per 1,000 Maltese inhabitants (2008)	7.9
	Doctors (2008)	1,358
EDUCATION	Gross enrolment ratio (2006/2007)	72.7%
	Number of educational institutions (2006/2007)	323
	Teachers per 1,000 students (2006/2007)	106
	Adult literacy rate: age 10+ (2005)	
	Males	91.7%
Females	93.9%	
LIVING STANDARDS	Human Development Index: rank out of 182 countries (2009)	38
	Mobile phone subscriptions per 100 population	97.7
	Private motor vehicle licences per 1,000 population	549
	Internet subscribers per 100 population	26.0

¹ End of month ECB reference rates.

² Provisional.

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

The monetary and financial statistics shown in the 'Statistical Tables' annex are primarily compiled on the basis of information submitted to the Central Bank of Malta by the following credit institutions, as at June 2009:

Akbank T.A.S.
APS Bank Ltd.
Banif Bank Malta p.l.c.
Bank of Valletta p.l.c.
BAWAG Malta Bank Ltd. (from October 2003)
Credit Europe NV (from March 2007)
Commbank Europe Ltd. (from September 2005)
Erste Bank (Malta) Ltd.
FIMBank p.l.c.
Finansbank (Malta) Ltd. (from July 2005)
Fortis Bank Malta Ltd.
HSBC Bank Malta p.l.c.
Investkredit International Bank p.l.c.
Izola Bank Ltd.
Lombard Bank Malta p.l.c.
Mediterranean Bank p.l.c. (from January 2006)
Raiffeisen Malta Bank p.l.c.
Saadgroup Bank Europe Ltd. (from January 2009)
Sparkasse Bank Malta p.l.c.
The International Banking Corporation (from September 2008)
Turkiye Garanti Bankasi A.S.
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.

Additional statistics are also provided in electronic format on the website of the Central Bank of Malta at www.centralbankmalta.org.

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Monetary, Banking, Investment Funds and Financial Markets

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

EUR millions

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

EUR millions

End of period	Gold and gold receivables	Claims in euro		Claims in foreign currency		Lending related to monetary policy operations	Intra-Eurosystem claims	Other assets ⁴	Total assets/liabilities
		Claims on euro area residents	Claims on non-euro area residents	Claims on euro area residents	Claims on non-euro area residents				
2008									
Jan.	3.9	863.7	452.4	241.5	372.3	-	143.1	397.4	2,474.3
Feb.	3.9	918.4	498.1	205.3	397.1	-	90.3	399.8	2,512.9
Mar.	4.1	939.5	502.9	179.4	402.7	-	59.1	434.3	2,522.0
Apr.	4.1	868.4	413.1	205.7	364.1	-	47.5	465.9	2,368.7
May	4.1	861.1	457.4	264.4	488.6	38.0	47.3	475.7	2,636.7
June	4.4	837.4	540.3	323.8	370.9	184.0	47.3	528.1	2,836.2
July	4.3	903.1	507.0	315.2	375.3	145.7	47.3	612.5	2,910.6
Aug.	4.2	911.6	493.9	340.4	344.6	168.9	47.3	617.3	2,928.2
Sep.	4.2	893.5	471.4	345.5	348.5	299.0	47.3	619.8	3,029.2
Oct.	4.2	707.0	312.5	476.6	289.8	304.0	47.3	622.9	2,764.3
Nov.	4.2	634.0	158.4	393.7	289.9	391.0	47.3	619.0	2,537.5
Dec.	4.1	638.8	260.0	435.4	251.4	454.0	48.4	631.5	2,723.6
2009									
Jan.	4.1	597.7	239.9	273.4	239.7	260.0	798.0	625.0	3,037.8
Feb.	4.1	552.2	219.9	262.8	181.1	170.0	905.5	630.0	2,925.7
Mar.	11.1	526.5	209.5	251.2	274.2	160.0	48.3	633.0	2,113.7
Apr.	11.1	535.3	205.4	287.2	271.9	112.5	373.5	650.7	2,447.7
May	15.6	492.9	188.4	352.4	426.3	152.9	48.3	658.3	2,335.0
June	11.1	621.4	189.5	310.8	343.5	315.0	280.8	657.5	2,729.5

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, Investment Funds and Financial Markets

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

EUR millions

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

EUR millions

End of period	Banknotes in circulation ²	Liabilities related to monetary policy operations	Liabilities in euro		Liabilities in foreign currency		Counterpart of SDRs allocated by the IMF	Intra-Eurosystem liabilities	Other liabilities ³	Capital and reserves ⁴
			Liabilities to euro area residents	Liabilities to non-euro area residents	Liabilities to euro area residents	Liabilities to non-euro area residents				
2008										
Jan.	749.8	375.0	287.9	87.1	24.9	-	12.1	644.3	59.4	233.8
Feb.	669.3	395.7	264.1	79.9	24.5	-	12.1	798.1	46.2	223.1
Mar.	638.9	402.7	282.8	80.9	34.6	-	11.7	767.3	75.4	227.6
Apr.	627.8	396.7	364.5	79.7	35.2	0.1	11.7	569.3	54.8	228.8
May	627.7	394.2	294.6	68.6	186.8	0.1	11.7	762.3	61.0	229.6
June	631.0	405.4	401.1	72.7	87.4	0.1	11.7	873.6	128.7	224.4
July	636.1	426.1	309.7	71.7	93.9	0.1	11.7	1,028.6	106.6	226.0
Aug.	632.1	418.8	352.2	69.2	57.3	0.1	11.7	1,075.8	84.1	227.1
Sep.	631.3	568.1	363.9	76.4	58.4	0.1	12.3	987.6	102.2	229.0
Oct.	666.1	497.4	353.8	84.8	48.4	0.1	12.3	723.6	148.7	229.3
Nov.	668.0	481.3	272.4	83.5	44.2	0.1	12.3	589.5	156.5	229.6
Dec.	693.1	483.5	366.3	80.4	33.8	0.1	12.5	719.4	99.4	235.2
2009										
Jan.	617.7	1,484.9	351.9	94.0	32.2	0.0	12.5	57.2	121.3	266.1
Feb.	619.5	1,485.1	243.3	79.1	31.9	0.0	12.5	74.2	113.9	266.2
Mar.	623.8	590.9	231.8	77.9	62.6	0.0	12.7	142.4	111.8	259.9
Apr.	633.8	636.7	553.8	78.0	78.4	0.1	12.7	87.2	113.9	253.0
May	639.7	441.4	324.2	84.5	231.5	0.1	12.7	229.2	117.6	254.1
June	637.7	988.7	372.9	78.8	164.8	0.1	12.4	97.9	120.9	255.3

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 the course of settlement.

⁴ Includes provisions and revaluation accounts.

Monetary, Banking, Investment Funds 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 ²	Claims on residents of Malta			External assets				Other assets ⁴	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 ³	Total		
2008										
Oct.	0.0	5.1	247.0	252.1	1,015.2	665.4	160.7	1,841.2	718.5	2,811.8
Nov.	0.0	5.2	253.2	258.4	925.9	508.3	162.6	1,596.8	724.1	2,579.3
Dec.	0.0	5.2	271.2	276.4	963.0	479.2	196.7	1,638.9	834.6	2,750.0
2009										
Jan.	0.0	5.1	254.9	260.0	1,683.0	477.1	162.7	2,322.8	504.8	3,087.7
Feb.	0.0	5.1	263.1	268.2	1,820.3	397.4	161.2	2,379.0	327.6	2,974.8
Mar.	0.0	5.3	262.6	267.9	911.2	450.4	177.2	1,538.9	333.0	2,139.7
Apr.	0.0	5.2	260.1	265.3	1,279.3	446.2	182.4	1,907.9	303.2	2,476.4
May	0.5	5.2	257.2	262.4	975.3	591.0	190.7	1,757.0	338.3	2,358.3
June	0.5	5.2	282.0	287.2	1,331.7	505.9	173.6	2,011.3	459.4	2,758.4

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

EUR millions

End of period	Currency issued ⁵	Deposits from residents of Malta			External liabilities				Capital & reserves	Other liabilities ⁴
		Withdrawable on demand ⁶	With agreed maturity	Total	Deposits from other euro area residents	Deposits from non-residents of the euro area	Other external liabilities ³	Total		
2008										
Oct.	722.8	396.2	10.0	406.2	710.5	84.8	102.6	898.0	276.6	508.3
Nov.	725.0	312.2	8.0	320.2	559.8	83.6	110.0	753.4	288.5	492.2
Dec.	740.9	400.1	0.0	400.1	667.7	80.4	65.0	813.1	297.2	498.6
2009										
Jan.	650.0	386.7	0.0	386.7	0.0	94.0	88.5	182.5	290.4	1,578.0
Feb.	651.9	278.1	0.0	278.1	0.0	79.2	103.5	182.7	284.6	1,577.5
Mar.	656.5	266.4	5.9	272.3	57.0	77.9	91.8	226.7	279.9	704.3
Apr.	667.2	607.6	6.0	613.6	0.0	78.1	93.6	171.8	276.7	747.2
May	674.1	533.9	5.7	539.6	144.7	84.7	90.5	319.8	278.8	545.9
June	672.6	513.2	5.7	518.9	0.0	79.0	103.7	182.7	287.3	1,096.8

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

² May include some holdings of Maltese lira banknotes and coins.

³ 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).

⁴ Includes resident interbank transactions.

⁵ 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.

⁶ For the purposes of this table deposits withdrawable on demand include deposits redeemable at notice.

Monetary, Banking, Investment Funds 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		
2003	607.7	4,449.2	1,449.1	83.1	2,831.3	7,484.8	177.2	10,493.3	818.3	17,900.8
2004	448.6	4,734.9	1,531.2	77.9	3,626.4	8,794.1	787.5	13,208.0	837.6	20,838.2
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										
Jan.	573.1	6,321.5	1,265.1	92.7	5,522.8	22,983.8	601.1	29,107.7	634.4	37,994.5
Feb.	527.2	6,352.2	1,281.7	93.0	5,704.5	22,973.0	548.2	29,225.7	652.1	38,131.8
Mar.	519.7	6,449.1	1,260.7	92.8	5,687.3	22,261.1	597.1	28,545.5	705.8	37,573.6
Apr.	520.3	6,607.7	1,218.0	102.6	5,676.1	22,503.3	547.5	28,727.0	693.8	37,869.4
May	522.9	6,654.6	1,221.6	102.3	5,877.1	23,634.0	603.3	30,114.5	702.4	39,318.2
June	521.3	6,727.3	1,268.2	103.9	5,952.6	25,188.2	554.8	31,695.6	648.7	40,965.0
July	516.8	6,858.5	1,291.7	104.8	6,745.4	25,775.2	653.8	33,174.4	680.6	42,626.8
Aug.	509.3	6,832.6	1,281.1	105.0	7,095.5	26,695.2	674.3	34,465.0	717.2	43,910.2
Sep.	641.9	6,924.5	1,258.4	112.0	7,346.4	27,394.6	768.1	35,509.1	669.7	45,115.6
Oct.	578.4	6,981.0	1,292.8	111.7	7,110.4	27,606.5	1,026.4	35,743.3	694.2	45,401.5
Nov.	563.3	7,039.4	1,286.8	115.8	6,989.4	26,197.4	1,045.2	34,232.0	716.0	43,953.2
Dec.	600.7	7,150.4	1,325.3	115.3	6,089.2	25,468.6	846.4	32,404.1	687.4	42,283.3
2009										
Jan.	1,564.5	7,149.5	1,373.6	114.8	6,196.3	25,851.9	940.8	32,988.9	732.8	43,924.1
Feb.	1,534.3	7,130.1	1,426.9	116.6	6,160.2	25,267.1	861.7	32,289.0	697.9	43,194.8
Mar.	680.2	7,229.4	1,386.8	116.3	5,935.2	24,519.7	866.2	31,321.2	625.1	41,359.0
Apr.	728.6	7,256.9	1,495.1	116.3	6,130.8	24,253.2	855.8	31,239.8	641.3	41,478.1
May	523.5	7,275.1	1,522.8	116.3	5,613.7	24,164.0	780.4	30,558.0	658.5	40,654.3
June	1,072.3	7,344.6	1,553.7	118.9	5,544.5	24,019.5	572.1	30,136.1	646.9	40,872.6

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

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

³ Includes resident interbank claims.

Monetary, Banking, Investment Funds 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 ²
	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			
2003	2,441.8	67.0	3,727.6	6,236.5	2,426.4	4,862.9	1,597.6	8,886.9	220.9	1,822.4	734.1
2004	2,589.8	70.0	3,700.8	6,360.5	3,203.2	6,640.3	1,583.0	11,426.5	214.7	2,086.4	750.0
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											
Jan.	3,150.6	108.8	5,172.5	8,431.9	8,073.8	15,339.0	2,031.3	25,444.1	140.7	3,304.3	673.5
Feb.	3,152.9	111.2	5,234.7	8,498.9	8,722.9	14,868.9	1,918.1	25,510.0	140.1	3,269.3	713.5
Mar.	3,160.1	112.8	5,227.6	8,500.5	8,646.9	14,598.5	1,740.8	24,986.2	139.2	3,197.9	749.8
Apr.	3,222.8	113.8	5,146.9	8,483.5	8,591.7	15,136.9	1,586.1	25,314.6	139.6	3,252.6	679.0
May	3,206.9	114.3	5,147.6	8,468.8	8,724.8	16,003.6	1,919.4	26,647.8	139.7	3,295.9	765.9
June	3,129.3	115.3	5,137.6	8,382.1	9,861.1	16,348.0	2,110.5	28,319.7	139.2	3,195.2	928.8
July	3,208.1	116.6	5,119.4	8,444.1	10,483.0	16,916.5	2,278.5	29,677.9	139.5	3,387.0	978.3
Aug.	3,188.9	115.5	5,200.8	8,505.2	10,972.9	17,581.8	2,231.7	30,786.4	140.9	3,391.2	1,086.4
Sep.	3,189.0	116.0	5,281.9	8,586.8	11,259.0	18,191.2	2,438.3	31,888.5	171.6	3,260.2	1,208.5
Oct.	3,091.3	114.5	5,356.8	8,562.7	10,649.7	18,909.1	2,492.1	32,050.9	174.7	3,227.4	1,385.7
Nov.	3,195.8	114.6	5,305.3	8,615.7	10,225.8	17,888.9	2,354.5	30,469.2	174.7	3,291.0	1,402.6
Dec.	3,170.0	114.5	5,222.2	8,506.7	9,240.4	17,301.9	2,262.1	28,804.4	172.2	3,340.6	1,459.4
2009											
Jan.	3,235.0	113.5	5,235.3	8,583.7	9,283.6	18,793.1	2,414.7	30,491.3	174.6	3,522.6	1,151.9
Feb.	3,295.3	112.0	5,155.2	8,562.6	8,710.7	18,640.5	2,590.8	29,942.0	174.9	3,525.5	989.8
Mar.	3,296.7	112.0	5,072.9	8,481.6	8,537.8	17,065.0	2,614.3	28,217.0	173.8	3,502.4	984.1
Apr.	3,379.7	110.8	5,036.9	8,527.5	7,514.3	18,035.5	2,674.8	28,224.7	173.6	3,592.9	959.4
May	3,373.5	110.7	5,031.8	8,516.0	8,564.8	17,316.6	1,420.6	27,302.0	200.8	3,552.0	1,083.5
June	3,460.8	110.8	4,985.4	8,556.9	8,744.7	17,290.7	1,201.9	27,237.3	250.5	3,641.5	1,186.4

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

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'.

Monetary, Banking, Investment Funds 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 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			Total (M1)	
Demand	Savings										
2003	1,130.6	321.2	1,451.8	1,072.5	637.5	1,763.0	3,473.0	67.0	3,096.9	6,636.9	6,637.0
2004	1,179.6	338.5	1,518.1	1,132.1	700.8	1,849.8	3,682.6	70.0	3,045.3	6,797.9	6,797.9
2005	1,211.4	315.7	1,527.1	1,162.2	727.0	2,001.0	3,890.2	73.3	3,121.5	7,085.0	7,085.0
2006	1,173.9	412.2	1,586.1	1,112.9	726.5	2,020.0	3,859.4	71.8	3,520.6	7,451.7	7,451.7
2007	677.8	1,110.0	1,787.8	610.2	806.3	2,278.9	3,695.4	105.3	4,474.6	8,275.3	8,275.3

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

EUR millions

End of period	Broad money (M3)											
	Intermediate money (M2)									Repurchase agreements	Issues less holdings of MFI debt securities up to 2 years 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	With residents of Malta	With other euro area residents			
From residents of Malta		From other euro area residents										
2008												
Jan.	670.7	3,107.3	65.7	108.8	0.0	4,544.8	269.9	-	-	-118.7	8,648.5	
Feb.	637.6	3,084.4	71.0	111.2	0.0	4,613.0	294.5	-	-	-112.7	8,699.2	
Mar.	612.9	3,102.1	66.8	112.8	0.0	4,613.1	289.5	-	-	-112.6	8,684.7	
Apr.	621.4	3,175.0	79.8	113.8	0.0	4,569.5	254.2	-	-	-112.9	8,700.8	
May	627.0	3,153.6	102.0	114.3	0.0	4,579.9	317.6	-	-	-145.0	8,749.5	
June	629.2	3,065.2	104.3	115.3	0.0	4,577.7	251.7	-	-	-160.3	8,583.1	
July	631.6	3,147.0	106.6	116.6	0.0	4,575.9	271.2	-	-	-165.5	8,683.4	
Aug.	628.5	3,126.6	117.3	115.5	0.0	4,650.6	253.5	-	-	-169.2	8,722.8	
Sep.	629.5	3,130.0	103.4	116.0	0.0	4,726.2	206.9	-	-	-169.1	8,742.8	
Oct.	665.0	3,042.7	105.7	114.2	0.1	4,808.4	219.8	-	-	-153.2	8,802.7	
Nov.	674.8	3,131.5	108.3	114.3	0.1	4,758.4	241.6	-	-	-147.9	8,881.1	
Dec.	669.2	3,120.0	60.4	114.2	0.0	4,668.0	192.7	-	-	-144.3	8,680.3	
2009												
Jan.	599.9	3,174.6	70.0	113.4	0.0	4,676.9	220.2	-	-	-146.4	8,708.5	
Feb.	599.4	3,240.5	77.6	111.8	0.0	4,596.4	220.3	-	-	-145.5	8,700.5	
Mar.	601.8	3,228.8	84.4	111.8	0.0	4,475.3	228.9	-	-	-145.3	8,585.7	
Apr.	605.2	3,307.6	77.0	110.4	0.0	4,395.8	186.3	-	-	-145.1	8,537.3	
May	617.7	3,306.8	83.9	110.3	0.0	4,396.1	203.3	-	-	-117.9	8,600.2	
June	614.5	3,391.1	87.1	110.5	0.0	4,321.9	183.7	-	-	-104.4	8,604.4	

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 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. The column shows net amounts (issues less holdings by MFIs in Malta) and may be negative. Figures also include MMF shares/units.

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, Investment Funds and Financial Markets

Table 1.5a Counterparts to the monetary aggregates

EUR millions

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

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

EUR millions

End of period	Broad money (M3) ⁴	Credit counterpart ³					External counterpart			Other counterparts (net) ²
		Residents of Malta		Other euro area residents		Total credit	Claims on non-residents of the euro area	Liabilities to non-residents of the euro area	Net claims on non-residents of the euro area	
		Credit to general government	Credit to other residents	Credit to general government	Credit to other residents					
2008										
Jan.	8,648.5	1,504.9	6,389.1	320.0	1,989.9	10,203.8	24,525.4	17,345.6	7,179.9	8,735.2
Feb.	8,699.2	1,521.6	6,424.5	319.7	2,008.3	10,274.1	24,537.7	16,753.6	7,784.1	9,359.1
Mar.	8,684.7	1,491.6	6,531.6	299.8	2,143.7	10,466.7	23,903.1	16,341.1	7,562.0	9,344.0
Apr.	8,700.8	1,463.6	6,695.7	326.0	2,232.3	10,717.5	23,976.5	16,668.8	7,307.7	9,324.4
May	8,749.5	1,465.8	6,740.1	341.9	2,298.2	10,845.9	25,344.8	17,811.3	7,533.5	9,629.9
June	8,583.1	1,512.2	6,813.6	366.2	2,488.2	11,180.2	26,819.6	18,134.6	8,685.1	11,282.2
July	8,683.4	1,538.1	6,953.4	389.7	2,980.1	11,861.3	27,554.1	18,837.4	8,716.7	11,894.7
Aug.	8,722.8	1,505.8	6,925.5	390.0	3,118.4	11,939.6	28,455.8	19,491.3	8,964.4	12,181.2
Sep.	8,742.8	1,512.5	7,024.3	391.1	3,134.6	12,062.5	29,223.9	20,289.0	8,934.9	12,254.6
Oct.	8,802.7	1,547.9	7,089.8	402.8	2,930.9	11,971.4	29,442.8	21,275.6	8,167.2	11,336.0
Nov.	8,881.1	1,550.2	7,150.1	413.0	2,919.8	12,033.1	27,896.5	20,116.9	7,779.7	10,931.7
Dec.	8,680.3	1,600.4	7,266.9	461.8	2,763.3	12,092.5	26,970.5	19,592.2	7,378.2	10,790.5
2009										
Jan.	8,708.5	1,633.3	7,264.6	494.0	2,945.1	12,337.1	27,416.2	21,314.9	6,101.3	9,729.9
Feb.	8,700.5	1,697.0	7,244.8	515.8	2,982.5	12,440.0	26,671.1	21,282.3	5,388.7	9,128.3
Mar.	8,585.7	1,658.5	7,341.9	539.4	2,916.5	12,456.3	25,994.4	19,513.2	6,481.2	10,351.8
Apr.	8,537.3	1,767.9	7,365.7	604.7	2,379.9	12,118.2	25,713.0	20,546.5	5,166.6	8,747.5
May	8,600.2	1,798.4	7,378.2	618.0	2,324.9	12,119.6	25,710.4	18,740.5	6,969.9	10,489.3
June	8,604.4	1,855.9	7,448.6	647.4	2,266.7	12,218.7	25,252.0	18,500.6	6,751.3	10,365.7

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.

Monetary, Banking, Investment Funds and Financial Markets

Table 1.6a Currency in circulation

EUR millions

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

Table 1.6b Currency issued

EUR millions

End of period	Currency issued excluding holdings of MFIs					Memo item: Excess / shortfall (-) on the banknote allocation key ³
	Notional amount of banknotes issued by the Central Bank of Malta ¹	Euro coins issued by the Central Bank of Malta on behalf of the Treasury	Outstanding Maltese lira banknotes and coins ²	Less euro banknotes and coins held by MFIs in Malta	Total	
2008						
Jan.	536.6	23.3	245.4	134.5	670.7	-102.9
Feb.	539.3	22.4	158.8	83.0	637.6	-50.2
Mar.	545.0	23.3	121.8	77.1	612.9	-11.8
Apr.	552.4	24.5	102.4	57.9	621.4	-0.2
May	554.3	25.3	100.4	53.1	627.0	11.1
June	559.8	26.7	98.1	55.4	629.2	20.9
July	566.4	28.3	96.5	59.6	631.6	22.4
Aug.	563.8	29.3	95.1	59.7	628.5	17.0
Sep.	564.2	29.6	93.9	58.2	629.5	17.4
Oct.	600.2	30.0	92.5	57.8	665.0	13.1
Nov.	603.3	30.3	91.3	50.2	674.8	29.8
Dec.	629.3	31.2	80.5	71.7	669.2	54.5
2009						
Jan.	617.7	32.3	-	50.1	599.9	57.2
Feb.	619.5	32.4	-	52.6	599.4	74.2
Mar.	623.8	32.7	-	54.6	601.8	85.4
Apr.	633.8	33.4	-	61.9	605.2	87.2
May	639.7	34.4	-	56.4	617.7	84.6
June	637.7	34.9	-	58.1	614.5	97.9

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 aforementioned 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, Investment Funds 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	Lm5	Lm2		
2003	1,130.6	255.5	744.0	71.8	16.7		1,088.0
2004	1,179.6	257.0	786.3	74.3	17.2		1,134.8
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							
Mar.	121.8	19.4	54.5	11.8	8.2		93.9
June	98.1	13.0	40.5	10.0	7.7		71.2
Sep.	93.9	12.1	37.7	9.7	7.6		67.1
Dec.	90.5	11.3	35.4	9.5	7.5		63.8
2009							
Mar.	87.8	10.8	33.6	9.3	7.5		61.2
June	85.7	10.4	32.2	9.2	7.4		59.2

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

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								
Mar.	1.8	63.4	244.7	137.1	38.5	28.1	19.7	533.3
June	0.3	54.8	273.7	150.0	37.8	35.6	28.5	580.7
Sep.	-1.1	45.5	279.3	150.4	32.3	38.5	36.8	581.6
Dec.	-1.3	46.7	319.0	181.6	34.8	42.7	60.5	683.8
2009								
Mar.	-2.1	42.4	320.2	192.8	34.7	44.9	76.3	709.2
June	-2.3	41.1	329.4	198.2	33.2	46.6	89.5	735.6

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

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									
Mar.	0.1	0.3	0.6	1.2	1.9	3.4	5.9	9.9	23.3
June	0.1	0.3	0.7	1.3	2.2	3.8	6.7	11.6	26.7
Sep.	0.1	0.4	0.8	1.5	2.5	4.2	7.4	12.7	29.6
Dec.	0.1	0.4	0.8	1.5	2.6	4.3	7.7	13.6	31.1
2009									
Mar.	0.1	0.4	0.9	1.6	2.7	4.3	7.6	15.2	32.7
June	0.0	0.4	0.9	1.7	2.8	4.6	8.2	16.2	34.9

Monetary, Banking, Investment Funds and Financial Markets

Table 1.8 Deposits held with other monetary financial institutions by sector¹

End of period	Resident deposits						Deposits held by non-residents of Malta		Total deposits	
	General government ²	Monetary financial institutions	Insurance companies and pension funds	Other financial intermediaries & financial auxiliaries	Non-financial companies	Households & non-profit institutions	Total	Other euro area residents		Non-residents of the euro area
2003	60.7	193.9	60.0	61.0	976.1	5,078.8	6,430.5	3,164.5	5,524.1	15,119.0
2004	66.5	177.5	48.3	80.3	965.6	5,199.7	6,538.0	3,431.5	7,160.9	17,130.4
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	5,688.4	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										
Jan.	140.5	132.2	214.7	131.2	1,365.9	6,579.6	8,564.2	8,176.0	16,237.8	32,978.0
Feb.	148.5	153.0	220.9	152.9	1,390.2	6,586.4	8,651.9	8,806.5	15,692.8	33,151.1
Mar.	138.3	201.1	214.1	132.4	1,397.9	6,617.9	8,701.6	8,712.0	15,333.4	32,747.0
Apr.	107.0	136.6	201.4	152.8	1,393.1	6,629.1	8,620.1	8,711.0	15,779.2	33,110.3
May	101.1	197.3	227.6	150.8	1,362.2	6,627.2	8,666.2	8,889.0	16,782.9	34,338.0
June	107.0	371.9	196.4	135.8	1,301.3	6,641.8	8,754.0	10,238.9	17,024.7	36,017.6
July	105.9	402.9	194.3	152.2	1,370.2	6,621.5	8,846.9	10,895.9	17,649.1	37,391.9
Aug.	113.0	480.3	186.6	144.4	1,416.0	6,645.2	8,965.5	11,357.9	18,224.5	38,567.8
Sep.	113.3	624.0	206.3	129.4	1,459.6	6,678.3	9,210.8	11,663.0	18,778.6	39,652.4
Oct.	107.3	804.7	214.8	144.1	1,401.3	6,695.3	9,367.4	10,875.8	19,408.3	39,651.5
Nov.	110.6	798.9	238.1	146.8	1,404.8	6,715.4	9,414.6	10,436.0	18,321.1	38,171.7
Dec.	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										
Jan.	106.1	569.9	239.4	134.1	1,352.6	6,751.6	9,153.7	9,283.6	19,173.3	37,610.5
Feb.	97.9	402.3	228.4	142.0	1,315.5	6,778.8	8,964.9	8,745.7	19,119.0	36,829.7
Mar.	105.8	414.1	220.8	156.5	1,265.2	6,733.3	8,895.7	8,775.7	17,539.2	35,210.6
Apr.	119.8	371.5	236.7	200.1	1,246.0	6,724.9	8,899.0	7,749.5	18,532.6	35,181.0
May	109.8	429.7	267.8	175.9	1,266.7	6,695.8	8,945.7	8,637.4	17,731.6	35,314.7
June	116.9	548.2	276.4	176.6	1,311.1	6,675.8	9,105.1	8,808.4	17,705.5	35,619.0

¹ For the purposes of this Table, deposits include loans and uncleared effects.

² Including extra-budgetary units.

Monetary, Banking, Investment Funds 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		
2003	5,576.2	244.7	303.3	246.0	60.2	22.4	1,832.6	1,309.4	5,524.1	15,119.0
2004	5,614.5	259.7	353.1	240.7	70.1	20.4	2,400.7	1,010.4	7,160.9	17,130.4
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										
Jan.		7,730.5	386.0	321.3	126.4		5,374.2	2,801.8	16,237.8	32,978.0
Feb.		7,753.6	386.6	379.5	132.1		5,631.3	3,175.1	15,692.8	33,151.1
Mar.		7,786.9	371.7	423.3	119.8		5,713.2	2,998.8	15,333.4	32,747.0
Apr.		7,708.4	389.4	399.5	122.7		5,800.3	2,910.7	15,779.2	33,110.3
May		7,772.0	376.8	414.4	103.0		6,105.0	2,783.9	16,782.9	34,338.0
June		7,905.3	342.4	375.8	130.6		7,092.3	3,146.6	17,024.7	36,017.6
July		8,007.3	347.6	375.3	116.7		7,717.1	3,178.7	17,649.1	37,391.9
Aug.		8,074.9	379.4	417.9	113.4		8,301.8	3,056.1	18,224.5	38,567.8
Sep.		8,219.7	406.8	465.7	118.6		8,324.0	3,339.0	18,778.6	39,652.4
Oct.		8,148.7	377.8	728.7	112.2		7,523.6	3,352.2	19,408.3	39,651.5
Nov.		8,309.4	367.7	636.4	101.0		7,112.9	3,323.2	18,321.1	38,171.7
Dec.		8,325.4	317.4	629.2	113.6		7,149.6	2,127.3	17,640.5	36,303.0
2009										
Jan.		8,226.4	331.0	492.7	103.6		7,063.1	2,220.5	19,173.3	37,610.5
Feb.		8,105.0	340.2	439.6	80.1		6,579.5	2,166.2	19,119.0	36,829.7
Mar.		8,051.3	292.6	471.9	80.0		6,708.5	2,067.2	17,539.2	35,210.6
Apr.		8,045.3	334.6	435.0	84.1		6,010.4	1,739.1	18,532.6	35,181.0
May		8,060.9	345.7	460.3	78.8		6,416.9	2,220.6	17,731.6	35,314.7
June		8,241.8	381.9	404.5	77.0		6,133.1	2,675.3	17,705.5	35,619.0

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, Investment Funds 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
2003	714.7	1,553.3	876.5	2,437.6	5,582.0
2004	774.8	1,845.8	1,529.6	5,547.2	9,697.4
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					
Jan.	1,110.0	3,022.3	2,677.3	14,802.6	21,612.1
Feb.	1,150.5	3,056.5	3,031.8	14,942.1	22,180.9
Mar.	1,311.0	3,372.2	2,748.4	14,851.5	22,283.1
Apr.	1,375.2	3,404.9	2,760.0	15,121.5	22,661.6
May	635.9	2,502.0	2,126.1	17,932.2	23,196.2
June	638.9	2,527.9	2,148.7	18,629.8	23,945.4
July	641.3	2,546.3	2,148.8	19,159.3	24,495.7
Aug.	644.7	2,549.6	2,094.8	20,147.3	25,436.5
Sep.	649.8	2,582.8	2,137.8	20,854.5	26,224.9
Oct.	653.4	2,600.9	2,165.6	21,238.4	26,658.3
Nov.	655.6	2,622.7	2,165.3	20,887.7	26,331.4
Dec.	658.2	2,646.3	2,117.9	20,593.7	26,016.0
2009					
Jan.	654.7	2,655.3	2,122.9	21,472.5	26,905.5
Feb.	656.2	2,670.6	2,117.4	21,280.1	26,724.3
Mar.	659.2	2,731.8	2,065.9	20,671.4	26,128.2
Apr.	663.8	2,718.7	2,035.4	19,917.7	25,335.6
May	675.0	2,747.0	1,993.1	19,064.9	24,480.0
June	679.5	2,772.4	1,977.3	18,723.9	24,153.0

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, Investment Funds and Financial Markets

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

End of Period	Electricity, gas & water supply	Transport, storage & communication	Manufacturing	Construction	Hotels & restaurants	Wholesale & retail trade; repairs	Real estate, renting & business activities	Households & individuals ¹				Total lending to residents		
								Lending for house purchase	Consumer credit	Other lending	Other ²	Public sector	Private sector	
2003	195.4	315.6	430.5	468.5	481.9	671.3	276.0	1,030.2	84.2	306.5	1,420.8	367.8	524.4	4,103.4
2004	222.1	295.7	358.1	505.5	478.8	676.2	321.4	1,255.7	188.4	229.3	1,673.5	362.0	500.3	4,393.0
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														
Jan.	183.2	315.3	303.4	681.7	467.8	723.1	738.3	2,026.0	285.7	278.0	2,589.6	350.3	428.5	5,924.3
Feb.	179.3	317.0	306.3	680.4	461.5	721.9	759.4	2,036.8	290.9	283.2	2,610.9	347.2	437.6	5,946.4
Mar.	184.8	335.3	310.9	699.3	464.0	747.4	774.5	2,056.2	292.2	284.0	2,632.4	332.3	436.5	6,044.4
Apr.	289.8	340.0	311.1	694.3	472.9	759.1	781.5	2,076.6	297.3	280.3	2,654.1	344.4	547.9	6,099.3
May	283.0	349.4	322.0	697.3	464.1	755.6	793.5	2,091.6	302.4	286.9	2,681.0	343.1	547.9	6,141.1
June	283.1	358.5	326.0	702.0	457.6	770.7	809.2	2,114.0	305.7	291.7	2,711.4	360.8	550.3	6,229.0
July	270.9	463.0	327.1	713.1	453.6	760.2	829.9	2,132.8	308.2	296.0	2,737.0	362.9	540.4	6,377.3
Aug.	283.9	409.6	330.6	715.9	451.2	751.5	830.0	2,145.5	307.9	298.9	2,752.3	366.1	552.2	6,398.8
Sep.	283.3	429.6	335.4	725.2	448.4	752.3	853.6	2,166.5	315.8	304.9	2,787.2	369.8	561.1	6,423.7
Oct.	286.4	427.7	337.5	727.8	455.6	764.7	861.6	2,185.7	319.8	306.5	2,811.9	360.5	573.0	6,460.5
Nov.	302.4	423.7	341.4	728.5	452.6	761.1	891.2	2,199.9	322.3	309.7	2,831.9	348.1	593.6	6,487.4
Dec.	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														
Jan.	370.2	433.4	293.3	725.5	465.3	740.3	941.0	2,228.0	344.0	297.2	2,869.2	331.2	626.8	6,542.7
Feb.	361.2	429.3	294.0	724.8	467.4	717.1	939.1	2,243.6	345.6	295.1	2,884.3	332.9	612.7	6,537.4
Mar.	372.4	425.5	291.3	738.8	467.9	748.8	950.3	2,264.7	351.7	303.6	2,920.0	334.4	630.0	6,619.5
Apr.	367.1	429.7	287.5	729.8	479.7	742.8	960.4	2,282.1	353.7	303.8	2,939.6	344.8	625.1	6,656.3
May	344.8	431.6	284.6	742.4	471.5	756.3	952.1	2,304.1	360.4	304.9	2,969.4	346.7	610.3	6,689.1
June	340.8	434.7	286.4	739.6	469.5	768.6	983.9	2,329.0	364.2	306.5	2,999.7	341.4	603.2	6,761.4

¹ Excluding loans to unincorporated bodies such as partnerships, sole proprietors and non-profit institutions. Loans to such bodies are classified by their main activity.

² Includes loans to agriculture & fishing, mining & quarrying, public administration, education, health & social work, financial intermediation (including interbank loans), community, recreational & personal service activities and extra-territorial bodies & organisations.

Monetary, Banking, Investment Funds and Financial Markets

Table 1.12 Other monetary financial institutions' loans by sector

End of Period	Lending to residents of Malta ¹							Lending to non-residents of Malta		Total lending
	General government ²	Monetary financial institutions	Insurance companies and pension funds	Other financial intermediaries & financial auxiliaries	Non-financial companies	Households & non-profit institutions	Total	Other euro area residents	Non-residents of the euro area	
2003	208.4	774.6	5.7	8.1	2,579.1	1,647.9	5,223.8	1,118.2	3,904.7	10,246.7
2004	129.4	625.7	7.3	8.2	2,686.8	1,903.2	5,360.7	1,756.2	4,044.9	11,161.7
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										
Jan.	127.2	527.6	19.3	15.8	3,259.6	2,899.7	6,849.1	2,587.7	16,378.8	25,815.6
Feb.	119.9	532.2	21.8	15.3	3,267.4	2,927.7	6,884.4	2,777.1	16,677.6	26,339.0
Mar.	107.9	577.1	21.5	11.2	3,348.2	2,960.3	7,026.2	2,871.0	16,178.8	26,075.9
Apr.	108.5	596.9	21.4	15.9	3,482.2	2,979.6	7,204.6	2,860.1	16,451.0	26,515.7
May	108.6	595.9	22.0	14.9	3,499.5	3,009.6	7,250.5	2,980.0	16,844.9	27,075.4
June	109.8	568.4	21.8	16.4	3,537.5	3,041.7	7,295.6	3,087.9	17,767.0	28,150.5
July	108.7	544.8	21.3	13.3	3,647.7	3,067.4	7,403.3	3,394.2	18,297.3	29,094.9
Aug.	110.0	559.4	20.7	14.8	3,601.3	3,085.7	7,392.0	3,720.4	18,960.3	30,072.7
Sep.	111.3	701.1	21.5	14.0	3,647.7	3,130.1	7,625.5	3,968.2	19,543.9	31,137.7
Oct.	110.0	653.6	20.6	14.6	3,681.4	3,154.4	7,634.6	4,182.8	20,664.0	32,481.5
Nov.	111.3	625.8	20.8	12.9	3,717.2	3,177.1	7,665.2	4,106.5	19,847.6	31,619.2
Dec.	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										
Jan.	111.0	1,594.7	21.1	14.5	3,788.0	3,214.8	8,744.3	3,463.2	20,495.3	32,702.7
Feb.	111.0	1,555.7	21.2	15.5	3,751.8	3,230.7	8,685.7	3,432.0	20,229.5	32,347.2
Mar.	112.3	691.0	20.0	14.7	3,810.6	3,271.7	7,920.4	3,295.2	19,472.3	30,688.0
Apr.	113.5	733.4	19.7	17.0	3,813.4	3,293.4	7,990.3	3,474.2	19,073.1	30,537.7
May	113.0	542.0	20.0	26.3	3,787.7	3,328.0	7,817.1	3,070.7	18,729.1	29,616.9
June	109.3	1,079.9	20.2	28.3	3,825.9	3,360.9	8,424.5	2,974.2	18,402.7	29,801.4

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

² Including extra-budgetary units.

Monetary, Banking, Investment Funds 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 ¹																Total lending	
	Non-financial corporations						Households & non-profit institutions						Other sectors					
	MTL ²			EUR			Other			MTL ²			EUR			Other		
	Less than 1 year	Over 1 year	MTL ²	Less than 1 year	Over 1 year	EUR	Less than 1 year	Over 1 year	Other	Less than 1 year	Over 1 year	MTL ²	Less than 1 year	Over 1 year	EUR	Other		
2003	1,041.2	1,404.6	9.5	82.7	14.9	26.3	194.5	1,439.6	0.5	10.0	1.1	2.1	907.9	65.1	23.8	5,223.8		
2004	961.0	1,546.5	25.9	92.5	21.4	39.5	213.4	1,671.6	0.8	10.6	4.1	2.8	687.1	62.3	21.1	5,360.7		
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																		
Jan.			940.2	2,268.3	39.4	11.7			239.2	2,656.4	0.6	3.5		663.5	26.3	6,849.1		
Feb.			927.1	2,290.7	36.7	13.0			243.4	2,680.2	0.8	3.4		666.8	22.4	6,884.4		
Mar.			969.5	2,328.6	35.3	14.8			246.9	2,709.3	0.7	3.4		647.5	70.2	7,026.2		
Apr.			978.5	2,450.1	39.2	14.3			249.8	2,725.9	0.6	3.3		686.7	56.1	7,204.6		
May			979.2	2,463.4	42.0	14.9			255.4	2,750.1	0.8	3.3		688.4	52.9	7,250.5		
June			983.2	2,482.3	49.7	22.3			259.9	2,777.8	0.9	3.2		686.9	29.5	7,295.6		
July			953.2	2,624.5	46.4	23.7			261.8	2,801.5	0.9	3.2		677.6	10.6	7,403.3		
Aug.			957.7	2,578.3	43.5	21.9			257.5	2,824.1	0.9	3.2		682.6	22.4	7,392.0		
Sep.			986.9	2,592.5	45.8	22.4			269.6	2,856.1	1.0	3.4		822.6	25.1	7,625.5		
Oct.			1,044.8	2,560.6	49.9	26.0			268.5	2,880.9	1.3	3.7		746.9	51.9	7,634.6		
Nov.			1,071.6	2,579.6	44.9	21.1			270.9	2,901.0	1.6	3.6		725.3	45.5	7,665.2		
Dec.			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																		
Jan.			1,119.3	2,607.5	40.7	20.5			273.6	2,936.0	1.8	3.4		1,707.3	34.1	8,744.3		
Feb.			1,090.1	2,602.4	38.6	20.7			270.9	2,954.6	1.7	3.4		1,677.7	25.7	8,685.7		
Mar.			1,141.5	2,612.2	37.3	19.6			278.1	2,988.8	1.5	3.3		800.0	38.1	7,920.4		
Apr.			1,126.7	2,628.4	39.5	18.8			278.4	3,010.5	1.2	3.3		845.9	37.6	7,990.3		
May			1,073.2	2,660.8	36.3	17.5			283.5	3,040.5	1.1	3.0		660.8	40.6	7,817.1		
June			1,086.9	2,676.1	40.6	22.3			281.3	3,070.4	1.3	7.9		1,202.7	35.0	8,424.5		

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

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

Monetary, Banking, Investment Funds 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			
2003	17.4	54.4	419.5	3.4	114.1	221.7	22.9	853.5
2004	11.8	61.0	467.0	5.0	160.3	272.8	25.5	1,003.4
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								
Mar.	28.3	0.0	483.9	5.9	175.9	371.5	14.1	1,079.5
June	27.3	0.0	438.8	4.9	158.9	352.7	12.8	995.4
Sep.	27.0	0.0	417.5	4.6	144.3	331.0	8.7	933.0
Dec.	19.4	2.4	422.8	3.9	141.5	288.8	8.3	887.1
2009								
Mar.	19.7	8.2	421.0	3.6	107.9	272.1	6.0	838.5
June	18.0	7.4	412.7	4.2	120.5	292.2	6.6	861.7

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
2003	0.7	843.9	7.1	1.7	853.5
2004	0.5	994.5	3.9	4.5	1,003.4
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					
Mar.	0.7	1,065.8	7.7	5.4	1,079.5
June	1.8	983.3	7.2	3.1	995.4
Sep.	0.5	922.7	7.1	2.8	933.0
Dec.	1.9	876.4	5.8	3.0	887.1
2009					
Mar.	0.6	827.2	6.9	3.8	838.5
June	1.0	844.9	7.5	8.2	861.7

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, Investment Funds and Financial Markets

Table 1.15 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	
2003	-	-	-	2,329	8,197,531	8,196,832	242,954	247,845
2004	-	-	-	13,520	6,282,017	6,476,054	48,917	202,306
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, Investment Funds and Financial Markets

Table 1.16 Monetary financial institutions' interest rates on deposits and loans to residents of Malta¹

	2008			2009					
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
NEW BUSINESS²									
Deposits									
Households and NPISH									
Overnight deposits ^{4,5}	0.99	0.75	0.57	0.46	0.33	0.34	0.35	0.35	0.32
Savings deposits redeemable at notice ^{4,6}									
up to 3 months	2.94	2.70	2.09	1.85	1.75	1.74	1.74	2.18	1.71
Time deposits with agreed maturity									
up to 1 year	3.92	3.40	3.06	2.70	2.02	2.01	2.05	2.63	1.86
over 1 and up to 2 years	4.18	4.30	4.60	3.02	4.17	3.70	3.31	4.20	3.29
over 2 years	4.64	4.67	4.77	4.13	4.57	3.32	3.23	4.83	3.36
Non-financial corporations									
Overnight deposits ^{4,5}	0.91	0.75	0.64	0.58	0.37	0.33	0.29	0.25	0.22
Time deposits with agreed maturity	4.02	3.60	2.60	2.69	1.75	1.58	1.83	1.71	1.64
Loans									
Households and NPISH									
Overdrafts ⁴	7.59	7.19	7.16	6.36	6.18	6.19	6.18	6.22	6.41
Loans									
Lending for house purchase	4.89	4.48	3.84	3.30	3.40	3.46	3.20	3.40	3.57
Consumer credit ⁸	6.97	6.93	6.12	5.82	5.66	5.50	5.82	5.62	5.71
Other lending	7.02	6.82	6.44	6.04	5.51	5.58	5.49	5.95	5.81
Non-financial corporations									
Overdrafts ⁴	6.21	5.78	5.30	5.03	4.87	4.91	4.93	4.98	5.04
Loans ⁸	6.55	6.19	5.50	4.88	5.78	5.64	5.20	5.36	5.43
APRC ⁷ for loans to households and NPISH									
Lending for house purchase	5.24	4.91	4.35	3.84	3.89	3.89	3.85	3.96	3.99
Consumer credit ⁸	7.16	7.03	6.25	5.94	5.81	5.59	5.90	5.71	5.80
OUTSTANDING AMOUNTS³									
Deposits									
Households and NPISH									
Time deposits with agreed maturity									
up to 2 years	4.13	4.05	3.90	3.78	3.51	3.37	3.25	3.11	3.00
over 2 years	3.11	3.13	3.19	3.17	3.17	3.17	3.16	3.03	3.16
Non-financial corporations									
Time deposits with agreed maturity									
up to 2 years	4.19	3.85	3.39	3.30	2.83	2.85	2.79	2.66	2.42
over 2 years	3.28	3.24	3.26	3.50	3.53	3.52	3.48	3.47	3.43
Loans									
Households and NPISH									
Lending for house purchase	4.99	4.58	4.03	3.78	3.57	3.55	3.54	3.55	3.53
Consumer credit and other lending ⁹	6.97	6.60	5.80	5.39	5.57	5.56	5.58	5.61	5.64
Non-financial corporations ⁹	6.17	5.82	5.45	5.39	5.03	5.00	4.96	4.92	4.91

¹ Annualised agreed rates (AAR) on euro-denominated loans and deposits to/from households and non-financial corporations resident in Malta and other Monetary Union Member States (data before 2008 also include rates on business denominated in Maltese lira). 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 for the period.

³ End of period rates.

⁴ 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.

⁵ Overnight deposits include current/cheque accounts and savings withdrawable on demand.

⁶ Households and non-financial corporations are merged, since deposits in this category held by non-financial corporations are negligible.

⁷ 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.

⁸ Excludes bank overdrafts.

⁹ Includes bank overdrafts.

Monetary, Banking, Investment Funds and Financial Markets

Table 1.17 Monetary financial institutions' interest rates on deposits and loans to euro area residents¹

% per annum	2008			2009					
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
NEW BUSINESS²									
Deposits									
Households and NPISH									
Overnight deposits ^{4,5}	0.98	0.74	0.57	0.46	0.33	0.33	0.34	0.35	0.32
Savings deposits redeemable at notice ^{4,6} up to 3 months	2.94	2.70	2.09	1.85	1.75	1.74	1.74	2.18	1.71
Time deposits with agreed maturity									
up to 1 year	3.92	3.40	3.05	2.70	2.02	2.01	2.05	2.54	1.86
over 1 and up to 2 years	4.18	4.30	4.60	3.02	4.17	3.70	3.31	4.20	3.29
over 2 years	4.64	4.67	4.77	4.13	4.57	3.32	3.23	4.83	3.36
Non-financial corporations									
Overnight deposits ^{4,5}	0.97	0.80	0.65	0.59	0.38	0.34	0.30	0.26	0.23
Time deposits with agreed maturity	4.66	4.63	2.06	2.87	2.19	1.95	2.19	2.24	2.66
Loans									
Households and NPISH									
Overdrafts ⁴	7.59	7.19	7.16	6.36	6.18	6.19	6.18	6.22	6.41
Loans									
Lending for house purchase	4.89	4.48	3.84	3.30	3.40	3.46	3.21	3.40	3.57
Consumer credit ⁸	6.97	6.93	6.12	5.82	5.66	5.50	5.82	5.62	5.71
Other lending	7.02	6.82	6.43	6.03	5.51	5.58	5.49	5.95	5.81
Non-financial corporations									
Overdrafts ⁴	6.11	5.72	5.14	5.03	4.87	4.91	4.94	4.98	5.04
Loans ⁸	6.33	5.79	4.93	4.65	4.81	4.48	4.60	4.60	4.79
APRC ⁷ for loans to households and NPISH									
Lending for house purchase	5.24	4.91	4.35	3.85	3.89	3.88	3.84	3.96	3.99
Consumer credit ⁸	7.16	7.03	6.25	5.94	5.81	5.59	5.90	5.71	5.80
OUTSTANDING AMOUNTS³									
Deposits									
Households and NPISH									
Time deposits with agreed maturity									
up to 2 years	4.12	4.05	3.89	3.78	3.51	3.37	3.24	3.11	3.00
over 2 years	3.16	3.18	3.24	3.22	3.22	3.22	3.20	3.08	3.21
Non-financial corporations									
Time deposits with agreed maturity									
up to 2 years	4.45	4.13	3.57	3.27	2.70	2.63	2.85	2.63	2.57
over 2 years	3.29	3.26	3.28	3.44	3.46	3.20	3.19	3.18	3.16
Loans									
Households and NPISH									
Lending for house purchase	4.99	4.58	4.03	3.79	3.57	3.55	3.54	3.55	3.53
Consumer credit and other lending ⁹	6.97	6.60	5.79	5.39	5.57	5.56	5.58	5.61	5.64
Non-financial corporations ⁹	5.97	5.61	5.11	5.05	4.57	4.44	4.40	4.35	4.29

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 (data before 2008 also includes rates on business denominated in Maltese lira). 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 for the period.

³ End of period rates.

⁴ 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.

⁵ Overnight deposits include current/cheque accounts and savings withdrawable on demand.

⁶ Households and non-financial corporations are merged, since deposits in this category held by non-financial corporations are negligible.

⁷ 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.

⁸ Excludes bank overdrafts.

⁹ Includes bank overdrafts.

Monetary, Banking, Investment Funds and Financial Markets

Table 1.18 Key Central Bank of Malta, ECB and money market interest rates

	2005	2006	2007	2008				2009	
				Mar.	June	Sep.	Dec.	Mar.	June
INTEREST RATES (%)¹									
Key ECB interest rates²									
Marginal lending facility	3.25	4.50	5.00	5.00	5.00	5.25	3.00	2.50	1.75
Main refinancing operations - minimum bid rate	2.25	3.50	4.00	4.00	4.00	4.25	2.50	1.50	1.00
Deposit facility	1.25	2.50	3.00	3.00	3.00	3.25	2.00	0.50	0.25
Money market rates (average for the quarter)									
Overnight deposit (EONIA)	2.09	2.83	3.95	4.05	4.00	4.25	3.15	1.38	0.77
Rates for fixed term deposits (EURIBOR)									
1 month	2.14	2.94	4.39	4.23	4.41	4.54	3.89	1.68	0.93
3 months	2.18	3.08	4.72	4.48	4.86	4.98	4.21	2.01	1.31
6 months	2.23	3.23	4.70	4.48	4.93	5.18	4.28	2.11	1.51
1 year	2.33	3.44	4.68	4.48	5.06	5.37	4.35	2.22	1.67
Central Bank of Malta²									
Central intervention rate	3.25	3.75	4.00						
Money market intervention rates:									
Term deposit rate	3.20	3.70	3.95						
Reverse repo rate	3.30#	3.80#	4.05#						
Rate on standby (collateralised) loans	4.25	4.75	5.00						
Rate on overnight deposits	2.25	2.75	3.00						
Remuneration on required reserves	3.00	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, Investment Funds and Financial Markets

Table 1.19 Other rates and indicators

	2005	2006	2007	2008				2009	
				Mar.	June	Sep.	Dec.	Mar.	June
INTEREST RATES (%)¹									
Other monetary financial institutions²									
Weighted average deposit rate	2.13	2.37	3.00	2.96	2.95	3.05	2.57	2.13	1.88
Current deposits	0.45	0.57	0.78	0.83	0.77	0.84	0.51	0.28	0.29
Savings deposits	1.17	1.17	1.73	1.67	1.62	1.72	0.73	0.41	0.37
Time deposits	2.97	3.27	3.97	3.92	3.95	4.05	3.74	3.27	2.94
Weighted average lending rate	5.48	5.90	6.30	5.96	5.95	6.20	4.96	4.49	4.48
Non-financial companies	5.99	6.34	6.74	6.28	6.22	6.52	5.31	4.95	4.96
Households and individuals	4.93	5.38	5.80	5.57	5.57	5.80	4.51	3.92	3.93
Consumer credit	6.70	7.42	7.84	7.65	7.69	7.94	7.15	5.69	5.86
House purchase	4.52	4.95	5.39	5.15	5.13	5.34	3.98	3.51	3.50
Other lending	6.09	6.46	6.74	6.49	6.53	6.82	5.54	4.99	4.92
Government securities									
Treasury bills (primary market) ³									
1 month	3.26	3.51	4.32	4.18	-	-	-	-	-
3 month	3.22	3.91	4.35	4.27	4.94	4.75	3.65	2.19	1.68
6 month	3.23	4.00	4.54	4.33	5.04	4.81	2.75	2.31	1.80
1 year	3.22	4.20	4.39	-	-	-	-	-	-
Treasury bills (secondary market)									
1 month	3.20	3.75	4.32	4.24	4.29	4.64	2.64	2.20	1.40
3 month	3.22	3.90	4.35	4.27	4.94	4.60	2.64	2.15	1.63
6 month	3.27	4.00	4.54	4.33	5.04	4.55	2.65	2.34	1.69
1 year	3.32	4.20	4.58	4.51	5.19	4.41	2.73	2.04	1.81
Government long-term debt securities (average for the quarter)									
2 year	3.41	3.73	4.58	4.06	4.80	4.93	3.43	2.62	2.47
5 year	3.95	3.94	4.65	4.17	4.85	5.04	4.01	3.65	3.77
10 year	4.55	4.32	4.82	4.57	4.98	5.15	4.53	4.49	4.71
15 year	4.96	4.54	5.11	4.98	5.40	5.38	4.76	4.99	5.04
MALTA STOCK EXCHANGE SHARE INDEX	4,981	4,873	4,938	4,650	4,275	3,724	3,208	2,698	2,932

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.

Monetary, Banking, Investment Funds and Financial Markets

Table 1.20 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	OMFI's	Financial corporations other than OMFI's	Non-financial companies	Total	General government	OMFI's	Financial corporations other than OMFI's	Non-financial companies	Total	
2004	2,935.1	202.4	0.0	619.9	3,757.4	388.4	-5.0	0.0	0.0	383.4	-39.6
2005	3,064.4	160.3	0.0	649.6	3,874.4	129.3	-45.8	0.0	-17.1	66.4	50.6
2006	2,998.1	87.9	17.0	593.0	3,696.0	-66.3	-69.3	17.0	-17.5	-136.1	-42.3
2007	3,116.3	145.0	17.0	625.0	3,903.2	118.2	60.0	0.0	68.1	246.3	-39.1
2008	3,328.3	172.4	17.0	665.4	4,183.1	211.9	26.0	0.0	22.6	260.5	19.3
2008											
Q1	3,102.0	139.2	17.0	603.6	3,861.7	-14.4	-4.0	0.0	-0.1	-18.5	-23.0
Q2	3,271.5	139.3	17.0	604.7	4,032.6	169.6	0.0	0.0	0.0	169.6	1.3
Q3	3,317.9	171.7	17.0	659.2	4,165.7	46.3	30.0	0.0	25.2	101.6	31.5
Q4	3,328.3	172.4	17.0	665.4	4,183.1	10.4	0.0	0.0	-2.6	7.9	9.5
2009²											
Q1	3,450.3	173.6	17.0	565.8	4,206.6	122.0	0.0	0.0	-114.3	7.7	15.9
Q2	3,628.5	251.3	17.0	564.3	4,461.1	178.2	79.3	0.0	8.8	266.4	-11.9

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 1.21 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
	OMFI's	Financial corporations other than OMFI's	Non-financial companies	Total	OMFI's	Financial corporations other than OMFI's	Non-financial companies	Total	
2004	1,347.6	115.8	651.2	2,114.5	0.0	0.0	0.0	0.0	640.9
2005	2,525.5	147.9	800.8	3,474.2	2.2	0.0	20.0	22.2	1,337.5
2006	2,474.5	183.0	758.2	3,415.7	0.8	0.0	53.3	54.1	-112.7
2007	2,520.0	170.1	1,163.9	3,854.0	9.9	0.0	387.3	397.2	41.2
2008	1,495.2	90.0	981.4	2,566.7	2.1	0.0	38.2	40.3	-1,327.6
2008									
Q1	2,267.9	158.0	1,192.0	3,618.0	0.1	0.0	27.0	27.1	-263.1
Q2	2,066.2	119.6	1,214.0	3,399.8	0.8	0.0	11.2	12.0	-230.2
Q3	1,724.2	102.8	1,152.3	2,979.3	1.2	0.0	0.0	1.2	-421.7
Q4	1,495.2	90.0	981.4	2,566.7	0.0	0.0	0.0	0.0	-412.6
2009²									
Q1	1,204.3	87.5	876.5	2,168.4	0.0	0.0	1.1	1.2	-399.5
Q2	1,379.3	69.8	907.7	2,356.8	1.9	0.0	0.0	1.9	186.5

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		
2003	1,640.2	23.6	1,663.8	1,746.3	349.8	2,096.1	-432.2	-282.7
2004	1,744.8	89.4	1,834.2	1,843.1	203.6	2,046.8	-212.5	-48.5
2005	1,835.0	173.0	2,008.0	1,909.8	236.0	2,145.8	-137.8	40.1
2006	1,936.7	168.0	2,104.7	2,004.2	231.2	2,235.3	-130.6	49.2
2007	2,128.3	70.2	2,198.5	2,105.5	211.9	2,317.4	-118.9	63.2
2008	2,255.3	36.2	2,291.5	2,375.5	181.4	2,556.9	-265.4	-77.6
2008								
Q1	538.0	3.8	541.9	573.2	72.0	645.2	-103.3	-61.3
Q2	546.7	10.6	557.4	596.6	28.9	625.5	-68.1	-21.3
Q3	558.6	12.6	571.2	576.7	42.3	618.9	-47.7	-3.1
Q4	611.9	9.2	621.1	629.0	38.3	667.3	-46.2	8.1
2009								
Q1	536.8	11.3	548.1	566.2	27.1	593.3	-45.2	-2.1
Q2	557.1	5.1	562.2	605.2	51.2	656.4	-94.2	-48.3

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		
2003	519.6	566.1	349.6	82.1	110.0	12.8	1640.2	6.2	17.4	23.6	1,663.8	1441.6
2004	502.4	657.9	360.3	99.5	98.2	26.4	1744.8	9.4	80.1	89.4	1,834.2	1529.9
2005	559.5	718.2	380.2	93.7	69.5	14.0	1835.0	17.5	155.5	173.0	2,008.0	1675.3
2006	609.8	759.3	389.8	95.5	63.5	19.0	1936.7	14.7	153.4	168.0	2,104.7	1773.4
2007	726.0	801.7	398.3	108.2	72.7	21.4	2128.3	15.7	54.6	70.2	2,198.5	1941.7
2008	742.8	830.2	432.0	151.6	72.6	26.1	2255.3	15.1	21.2	36.2	2,291.5	2020.0
2008												
Q1	146.3	190.4	109.8	41.6	45.7	4.2	538.0	2.7	1.1	3.8	541.9	449.2
Q2	190.7	198.9	104.3	38.1	8.9	5.9	546.7	3.8	6.8	10.6	557.4	497.7
Q3	190.8	221.9	97.3	34.3	8.9	5.4	558.6	3.6	9.0	12.6	571.2	513.6
Q4	215.0	219.1	120.6	37.6	9.1	10.6	611.9	4.9	4.3	9.2	621.1	559.6
2009												
Q1	177.6	174.1	112.6	29.2	40.1	3.3	536.8	3.0	8.3	11.3	548.1	467.2
Q2	221.6	189.4	97.7	31.7	11.9	4.7	557.1	3.4	1.7	5.1	562.2	512.2

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	
2003	647.2	580.3	149.6	220.8	95.6	52.8	1,746.3	206.8	139.4	349.8	2,096.1
2004	658.5	599.8	164.1	248.6	86.0	86.1	1,843.1	173.2	39.2	203.6	2,046.8
2005	668.3	642.7	177.8	239.7	101.2	80.1	1,909.8	226.1	48.7	236.0	2,145.8
2006	678.4	666.5	179.7	291.9	109.4	78.2	2,004.2	201.5	47.9	231.2	2,235.3
2007	707.9	718.6	182.0	291.3	112.1	93.6	2,105.5	202.7	43.2	211.9	2,317.4
2008	831.9	758.0	187.7	382.6	121.7	93.6	2,375.5	141.9	44.5	181.4	2,556.9
2008											
Q1	199.3	170.2	42.0	91.4	42.8	27.5	573.2	48.8	18.0	72.0	645.2
Q2	199.6	196.7	46.7	94.0	41.1	18.5	596.6	29.5	8.3	28.9	625.5
Q3	212.5	178.4	44.7	95.8	23.2	22.1	576.7	30.9	8.3	42.3	618.9
Q4	220.6	212.7	54.3	101.5	14.5	25.4	629.0	32.8	9.8	38.3	667.3
2009											
Q1	220.1	179.5	43.1	75.8	21.3	26.5	566.2	21.3	7.1	27.1	593.3
Q2	205.3	214.5	45.9	99.9	21.4	18.2	605.2	24.1	26.2	51.2	656.4

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
2003	276.4	38.3	75.6	412.3	60.7	43.9	263.7	29.0	273.2	623.0	2,096.1
2004	337.7	44.7	75.3	278.9	62.4	40.8	274.3	32.6	260.9	639.3	2,046.8
2005	323.4	44.9	76.3	301.3	70.3	40.5	309.2	31.3	272.2	676.5	2,145.8
2006	341.8	39.7	76.4	296.2	77.6	41.9	327.6	29.3	288.5	716.4	2,235.3
2007	348.1	38.7	81.0	323.8	82.5	38.9	318.2	31.6	298.5	755.9	2,317.4

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

Sources: Eurostat; NSO.

Government Finance

Table 2.5 General government financial balance sheet¹

Period	Financial assets					Financial liabilities					Net financial worth	
	Currency and deposits	Securities other than shares	Loans	Shares and other equity	Other accounts receivable	Total	Currency and deposits	Securities other than shares	Loans	Other accounts payable		Total
2004	277.1	0.0	43.0	1022.1	164.0	1,506.2	0.0	3,204.7	322.0	210.3	3,737.1	-2,230.9
2005	350.8	0.0	29.1	1114.9	218.9	1,713.8	0.0	3,420.9	297.8	280.1	3,998.8	-2,285.0
2006	388.6	0.0	26.3	840.3	208.7	1,464.0	0.0	3,297.4	263.0	306.1	3,866.5	-2,402.5
2007	427.5	0.0	27.4	819.5	291.2	1,565.6	8.3	3,311.8	263.2	347.2	3,930.4	-2,364.8
2008	348.9	0.0	32.8	723.2	330.5	1,435.3	31.2	3,665.6	275.3	376.0	4,348.1	-2,912.8
2008												
Mar.	176.3	0.0	29.7	795.8	413.4	1,415.2	23.3	3,325.8	263.8	379.2	3,992.1	-2,576.9
June	281.4	0.0	31.2	767.3	426.1	1,506.0	26.7	3,389.1	269.3	393.3	4,078.4	-2,572.4
Sep.	313.1	0.0	33.0	736.3	388.9	1,471.4	29.6	3,484.3	274.7	407.2	4,195.8	-2,724.4
Dec.	348.9	0.0	32.8	723.2	330.5	1,435.3	31.2	3,665.6	275.3	376.0	4,348.1	-2,912.8
2009												
Mar.	178.5	0.0	31.4	695.1	492.1	1,397.2	32.7	3,722.7	231.3	343.1	4,329.7	-2,932.5
June	299.5	0.0	30.5	711.6	501.8	1,543.5	34.9	3,894.6	217.5	398.0	4,545.0	-3,001.5

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

Government Finance

Table 2.6 General government deficit-debt adjustment¹

EUR millions

Period	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment						
			Transactions in main financial assets				Valuation effects and other changes in volume	Other ²	Total
			Currency and deposits	Loans	Debt securities	Shares and other equity			
2003	469.6	-432.2	155.8	-58.3	0.0	2.6	-6.7	-56.1	37.4
2004	210.1	-212.5	-1.9	-5.5	0.0	-1.4	-13.2	19.6	-2.4
2005	106.0	-137.8	74.9	-0.2	0.0	-55.4	-23.5	-27.6	-31.8
2006	-101.7	-130.6	38.3	-2.8	0.0	-219.4	-1.0	-47.4	-232.3
2007	125.5	-118.9	33.3	1.1	0.0	-32.1	-6.2	10.6	6.7
2008	247.0	-265.4	-85.1	5.3	0.0	-5.1	21.0	45.5	-18.4
2008									
Q1	1.8	-103.3	-257.2	2.3	0.0	-8.2	37.1	124.5	-101.5
Q2	177.9	-68.1	104.8	1.5	0.0	1.5	-12.5	14.4	109.8
Q3	55.2	-47.7	31.7	1.8	0.0	1.5	18.4	-45.9	7.5
Q4	12.1	-46.2	35.6	-0.2	0.0	0.1	-22.0	-47.5	-34.1
2009									
Q1	80.3	-45.2	-170.5	-1.4	0.0	1.6	18.6	186.8	35.2
Q2	166.5	-94.2	121.2	-0.9	0.0	0.0	-16.9	-31.2	72.3

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		
2003	-	541.1	2,112.9	2,654.0	131.5	253.7	385.3	3,039.2	527.2
2004	-	571.5	2,355.8	2,927.3	84.5	237.5	322.0	3,249.3	590.4
2005	-	443.1	2,614.4	3,057.5	76.8	221.1	297.8	3,355.3	612.4
2006	-	373.8	2,617.4	2,991.2	24.5	238.0	262.5	3,253.7	555.1
2007	8.3	354.9	2,753.3	3,108.3	25.2	237.5	262.6	3,379.2	602.8
2008	31.2	365.8	2,954.4	3,320.2	64.0	210.8	274.8	3,626.2	684.8
2008									
Mar.	23.3	340.6	2,753.4	3,093.9	48.2	215.6	263.8	3,381.0	642.8
June	26.7	419.7	2,843.8	3,263.5	53.1	215.6	268.7	3,558.9	643.3
Sep.	29.6	408.6	2,901.2	3,309.8	60.0	214.7	274.7	3,614.1	646.7
Dec.	31.2	365.8	2,954.4	3,320.2	64.0	210.8	274.8	3,626.2	684.8
2009									
Mar.	32.7	542.6	2,900.0	3,442.6	20.2	211.0	231.2	3,706.5	743.9
June	34.9	644.3	2,976.6	3,620.8	15.3	202.1	217.3	3,873.1	736.2

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	Others ²	Total	MFIs	Others ²	Total
2003	1,660.0	1,415.5	289.8	1,705.3	461.8	79.2	541.1
2004	1,387.7	1,170.0	248.1	1,418.1	466.7	104.8	571.5
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							
Jan.	59.9	0.0	6.1	6.1	231.3	69.8	301.1
Feb.	57.4	45.0	39.8	84.8	247.9	80.6	328.5
Mar.	61.8	41.0	32.9	73.9	232.1	108.5	340.6
Apr.	95.9	45.0	62.0	107.0	211.6	140.0	351.6
May	94.3	53.5	51.1	104.6	212.3	146.8	359.1
June	48.4	46.0	63.0	109.0	226.5	193.2	419.7
July	65.9	27.7	54.9	82.6	236.0	200.4	436.4
Aug.	129.9	17.0	89.0	106.0	167.1	245.4	412.5
Sep.	96.1	2.0	90.2	92.2	141.5	267.1	408.6
Oct.	130.5	18.0	85.2	103.2	117.2	264.0	381.2
Nov.	99.2	15.0	61.5	76.5	94.8	263.7	358.5
Dec.	79.7	39.0	48.0	87.0	126.4	239.5	365.8
2009							
Jan.	63.5	68.0	51.1	119.1	172.8	248.5	421.4
Feb.	97.8	84.0	67.3	151.3	227.6	247.4	475.0
Mar.	88.0	66.0	89.7	155.7	286.2	256.4	542.6
Apr.	147.7	150.0	40.9	190.9	346.7	239.2	585.8
May	124.8	103.0	48.3	151.3	388.2	224.1	612.3
June	163.1	117.0	78.0	195.0	441.0	203.3	644.3

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).

Sources: Central Bank of Malta; The Treasury.

Government Finance

Table 2.9 Treasury bills issued and outstanding (as at end-June 2009)¹

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	Others ²	MFIs	Others ²	
05/01/2009	03/07/2009	2.653	N/A ⁴	4.0	9.5	12.7	0.8	13.5
03/04/2009	03/07/2009	2.152	N/A ⁴	44.0	7.2	44.0	7.2	51.2
10/10/2008	10/07/2009	4.709	1.401	0.0	20.4	5.0	15.4	20.4
17/04/2009	17/07/2009	2.019	1.401	43.0	4.4	43.1	4.2	47.4
24/04/2009	24/07/2009	2.015	1.399	14.0	5.2	14.0	5.2	19.2
30/04/2009	31/07/2009	1.998	1.413	20.0	15.5	20.3	15.3	35.5
06/02/2009	07/08/2009	2.232	1.444	21.0	8.3	21.1	8.2	29.3
15/05/2009	14/08/2009	1.899	1.474	28.0	5.0	28.1	5.0	33.0
22/05/2009	21/08/2009	1.871	1.505	10.5	26.0	10.5	26.0	36.5
28/11/2008	28/08/2009	3.708	1.535	12.0	4.9	12.2	4.7	16.9
05/06/2009	04/09/2009	1.658	1.566	26.0	27.4	31.8	21.5	53.4
06/03/2009	04/09/2009	2.468	1.566	6.0	4.0	6.0	4.0	10.0
12/06/2009	11/09/2009	1.661	1.596	25.0	24.2	25.3	23.9	49.2
19/06/2009	18/09/2009	1.675	1.627	23.0	16.4	23.0	16.4	39.4
27/03/2009	25/09/2009	2.313	1.658	23.0	10.0	23.1	9.8	33.0
03/04/2009	02/10/2009	2.343	1.676	4.0	4.3	4.0	4.3	8.3
09/04/2009	09/10/2009	2.045	1.680	25.0	4.3	25.0	4.3	29.3
08/05/2009	06/11/2009	2.024	1.692	12.5	15.0	12.6	15.0	27.5
29/05/2009	27/11/2009	1.819	1.702	36.0	2.2	36.1	2.1	38.2
05/06/2009	04/12/2009	1.799	1.705	21.0	5.4	21.0	5.3	26.4
26/06/2009	26/03/2010	1.756	1.754	22.0	4.6	22.0	4.6	26.6
Total				420.0	224.3	441.0	203.3	644.3

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 Rate is not available since Treasury bills are not tradable 7 days prior to maturity.

Sources: Central Bank of Malta; The Treasury.

Government Finance

Table 2.10 Malta government long-term debt securities outstanding (as at end-June 2009)¹

EUR millions

Coupon rate (%)	Year of maturity	Year of issue	Issue price ⁴	ISMA Yield (%)	Interest dates	Held by		Amount
						Resident MFIs	Others	
7.00	2009 (I) ²	1999	100	N/A ⁵	30/06 - 30/12	0.0	0.2	0.2
5.90	2009 (II)	1999	100	N/A ⁵	01/03 - 01/09	50.2	8.0	58.2
5.90	2010 (I)	1999	100	2.08	19/05 - 19/11	29.7	5.3	34.9
5.75	2010 (II) ³	2000	100	1.84	10/06 - 10/12	39.3	3.8	43.1
7.00	2010 (III) ²	2000	100	1.86	30/06 - 30/12	0.0	1.3	1.3
5.40	2010 (IV) ³	2003/2004	100/104.5	1.80	21/02 - 21/08	59.8	52.0	111.8
7.50	2011 (I)	1996	100	2.59	28/03 - 28/09	19.5	15.5	34.9
6.25	2011 (II) ³	2001	100	2.20	01/02 - 01/08	51.1	42.0	93.2
7.00	2011 (III) ²	2002	100	2.75	30/06 - 30/12	0.0	0.3	0.3
7.80	2012 (I)	1997	100	3.00	24/05 - 24/11	38.3	42.0	80.4
7.00	2012 (II) ²	2002	100	3.28	30/06 - 30/12	0.0	0.4	0.4
5.70	2012 (III) ³	2005/2007	100 / 102.75 / 103.85/105.95/ 108/108.5/109.7	3.17	30/03 - 30/09	287.2	141.7	428.9
7.80	2013 (I)	1997	100	3.59	18/04 - 18/10	40.7	39.1	79.8
6.35	2013 (II) ³	2001	100	3.43	19/05 - 19/11	6.6	54.0	60.6
7.00	2013 (III) ²	2003	100	3.66	30/06 - 30/12	0.0	0.2	0.2
3.60	2013 (IV) ³	2009	100	3.59	18/04 - 18/10	41.0	18.0	59.0
3.60	2013 (IV) ³	2009	100	3.59	18/04 - 18/10	46.4	16.7	63.1
6.60	2014 (I) ³	2000	100	3.59	30/03 - 30/09	5.4	19.1	24.5
6.45	2014 (II) ³	2001	100	3.74	24/05 - 24/11	21.5	48.4	69.9
5.10	2014 (III) ³	03/04/06/07/08	100/103.25/ 103.64/105.5	3.94	06/01 - 06/07	142.2	246.7	388.9
7.00	2014 (IV) ²	2004	100	3.85	30/06 - 30/12	0.0	4.0	4.0
6.10	2015 (I) ³	2000	100	3.96	10/06 - 10/12	28.0	41.9	69.9
5.90	2015 (II) ³	02/03/07	100/102/105	4.06	09/04 - 09/10	28.4	88.1	116.5
7.00	2015 (III) ²	2005	100	4.12	30/06 - 30/12	0.0	0.7	0.7
7.00	2015 (IV) ²	2005	100	4.14	03/05 - 03/11	0.0	0.8	0.8
6.65	2016 (I)	2001	100	4.14	28/03 - 28/09	10.2	59.6	69.9
4.80	2016 (II) ³	03/04/06	100/101/104	4.19	26/05 - 26/11	63.9	122.5	186.4
7.00	2016 (III) ²	2006	100	4.32	30/06 - 30/12	0.0	3.4	3.4
7.00	2017 (I) ²	2007	100	4.34	18/02 - 18/08	0.0	0.7	0.7
7.00	2017 (II) ²	2007	100	4.50	30/06 - 30/12	0.0	10.3	10.3
7.80	2018 (I)	1998	100	4.50	15/01 - 15/07	77.3	85.7	163.1
7.00	2018 (II) ²	2008	100	4.57	18/04 - 18/10	0.0	0.3	0.3
7.00	2018 (III) ²	2008	100	4.60	30/06 - 30/12	0.0	6.5	6.5
6.60	2019 (I)	1999	100	4.60	01/03 - 01/09	39.1	63.4	102.5
7.00	2019 (II)	2009	100	N/A ⁵	30/06 - 30/12	0.0	13.7	13.7
5.20	2020 (I) ³	2007	100	4.66	10/06 - 10/12	3.3	23.6	26.9
5.00	2021 (I) ³	04/05/07/08	98.5/100	4.68	08/02 - 08/08	98.9	290.8	389.7
5.00	2021 (I) ³	2009	100	4.72	08/02 - 08/08	3.5	32.5	36.0
5.10	2022 (I) ³	2004	100	4.85	16/02 - 16/08	5.5	65.5	71.0
5.50	2023 (I) ³	2003	100	4.85	06/01 - 06/07	15.5	63.3	78.8
Total						1,252.5	1,731.9	2,984.4

¹ Amounts are at nominal prices.

² 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.

³ 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.

⁴ The price for new issues prior to 2008 is denominated in Maltese lira.

⁵ ISMA yields are not available as securities were not listed on the MSE by the end of the reference period.

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
2003	103.8	487.8	723.3	630.6	181.3	2,126.8
2004	128.1	567.9	797.5	627.1	243.0	2,363.6
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						
Mar.	301.3	829.2	889.6	662.5	78.8	2,761.4
June	69.9	1,037.3	950.8	715.0	78.8	2,851.8
Sep.	208.2	829.1	1,219.5	652.5	0.0	2,909.3
Dec.	208.2	969.7	1,115.7	668.9	0.0	2,962.5
2009						
Mar.	58.4	1,053.2	1,091.2	704.9	0.0	2,907.7
June	101.5	1,073.1	1,091.2	718.6	0.0	2,984.4

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	
2003	2.0	177.8	1.1	16.4	0.0	3.1	200.3
2004	1.1	168.6	0.0	12.3	0.4	1.8	184.2
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
2007	0.1	126.6	0.0	3.2	0.0	1.0	131.0
2008³							
Mar.	0.9	123.2	0.0	2.8	0.0	0.9	128.0
June	0.8	122.1	0.0	2.2	0.0	0.9	125.9
Sep.	1.5	118.9	1.0	1.2	0.0	0.9	123.5
Dec.	1.5	115.2	0.4	1.1	0.0	0.9	119.1
2009³							
Mar.	0.7	114.1	0.2	1.2	0.0	0.9	117.1
June	0.7	105.4	0.2	1.0	0.0	0.8	108.1

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
2003	0.4317	2.9197	1.6351	312.16	3.6104	3.8859	3.7692
2004	0.4343	3.1393	1.6252	321.71	3.5536	4.0301	3.7866
2005	0.4293	2.7570	1.6012	323.95	3.623	3.7588	3.2072
2006	0.4293	3.0699	1.5639	364.89	3.7463	3.8869	3.5642
2007	0.4293	3.4291	1.7082	384.18	3.8544	3.9033	3.3657
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
2003	0.4261	2.6543	1.6237	307.39	3.5683	4.0806	3.7134
2004	0.4279	2.9061	1.5853	314.19	3.6085	3.9469	3.7801
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 currencies (*end of period*)¹

Period	USD	GBP	JPY	CHF	AUD	CAD
2003	1.2630	0.7048	135.05	1.5579	1.6802	1.6234
2004	1.3621	0.7051	139.65	1.5429	1.7459	1.6416
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
2008						
Jan.	1.4870	0.7477	157.93	1.6051	1.6682	1.4846
Feb.	1.5167	0.7652	158.03	1.5885	1.6226	1.4895
Mar.	1.5812	0.7958	157.37	1.5738	1.7334	1.6226
Apr.	1.5540	0.7902	162.62	1.6147	1.6614	1.5689
May	1.5508	0.7860	163.74	1.6276	1.6212	1.5382
June	1.5764	0.7923	166.44	1.6056	1.6371	1.5942
July	1.5611	0.7890	169.02	1.6354	1.6545	1.5970
Aug.	1.4735	0.8050	160.22	1.6164	1.7066	1.5510
Sep.	1.4303	0.7903	150.47	1.5774	1.7739	1.4961
Oct.	1.2757	0.7869	124.97	1.4686	1.9247	1.5681
Nov.	1.2727	0.8299	121.46	1.5455	1.9533	1.5775
Dec.	1.3917	0.9525	126.14	1.4850	2.0274	1.6998
2009						
Jan.	1.2816	0.8979	114.98	1.4871	2.0115	1.5895
Feb.	1.2644	0.8931	123.23	1.4841	1.9891	1.5985
Mar.	1.3308	0.9308	131.17	1.5152	1.9216	1.6685
Apr.	1.3275	0.8934	130.34	1.5066	1.8146	1.5786
May	1.4098	0.8729	135.22	1.5128	1.7671	1.5501
June	1.4134	0.8521	135.51	1.5265	1.7359	1.6275

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
2003	1.1312	0.6920	130.97	1.5212	1.7379	1.5817
2004	1.2439	0.6787	134.44	1.5438	1.6905	1.6167
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
2008						
Jan.	1.4718	0.7473	158.68	1.6203	1.6694	1.4862
Feb.	1.4748	0.7509	157.97	1.6080	1.6156	1.4740
Mar.	1.5527	0.7749	156.59	1.5720	1.6763	1.5519
Apr.	1.5750	0.7949	161.56	1.5964	1.6933	1.5965
May	1.5557	0.7921	162.31	1.6247	1.6382	1.5530
June	1.5553	0.7915	166.26	1.6139	1.6343	1.5803
July	1.5770	0.7931	168.45	1.6193	1.6386	1.5974
Aug.	1.4975	0.7928	163.63	1.6212	1.6961	1.5765
Sep.	1.4369	0.7992	153.20	1.5942	1.7543	1.5201
Oct.	1.3322	0.7867	133.52	1.5194	1.9345	1.5646
Nov.	1.2732	0.8306	123.28	1.5162	1.9381	1.5509
Dec.	1.3449	0.9045	122.51	1.5393	2.0105	1.6600
2009						
Jan.	1.3239	0.9182	119.73	1.4935	1.9633	1.6233
Feb.	1.2785	0.8869	118.30	1.4904	1.9723	1.5940
Mar.	1.3050	0.9197	127.65	1.5083	1.9594	1.6470
Apr.	1.3190	0.8976	130.25	1.5147	1.8504	1.6188
May	1.3650	0.8844	131.85	1.5118	1.7831	1.5712
June	1.4016	0.8567	135.39	1.5148	1.7463	1.5761

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			
2003	2,271.2	2,836.3	1,275.1	785.4	793.9	816.3	178.2	217.0	-136.5	16.6	1.2
2004 ²	2,188.2	2,881.5	1,368.9	849.2	783.1	826.6	185.1	233.8	-265.6	69.8	3.1
2005 ²	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	2,117.0	1,403.9	1,463.1	1,675.6	420.6	427.0	-472.0	158.3	5.2
2007 ²	2,406.8	3,388.2	2,484.6	1,657.6	1,953.5	2,122.4	535.5	591.3	-379.2	55.8	4.4
2008 ²	2,110.0	3,275.2	2,539.0	1,556.2	2,197.3	2,366.1	805.5	772.2	-317.9	32.1	4.6
2008²											
Q1	554.7	805.2	534.0	359.4	479.2	482.5	134.3	94.5	-39.5	4.5	1.1
Q2	522.7	858.9	645.4	416.4	519.2	620.1	459.4	398.4	-147.0	8.9	0.8
Q3	509.1	838.0	800.7	369.7	642.7	681.9	148.6	138.1	73.3	7.2	1.1
Q4	523.5	773.1	558.9	410.6	556.2	581.6	63.2	141.1	-204.8	11.6	1.6
2009²											
Q1	361.1	548.4	512.4	341.0	476.7	631.3	134.0	146.4	-182.9	2.2	0.9
Q2	393.6	599.6	613.3	359.7	428.3	451.7	627.2	438.6	212.7	8.4	0.7

EUR millions

Period	Financial account ¹									Total	Errors & omissions
	Direct investment		Portfolio investment		Financial derivatives		Other investment		Official reserve assets		
	Abroad	In Malta	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities			
2003	-482.7	850.4	-1,378.0	-16.7	-4.2	25.2	-53.6	1,283.1	-127.5	96.0	25.1
2004 ²	-6.0	317.9	-1,684.8	3.8	-13.8	-0.2	-1,024.8	2,387.1	161.1	140.3	58.8
2005 ²	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	1,492.0	-1,965.1	-15.3	40.5	-15.6	-3,325.1	4,208.6	-83.0	313.2	5.7
2007 ²	-22.6	695.3	367.0	1.1	-134.6	254.8	-7,592.8	6,910.0	-326.5	151.6	176.2
2008 ²	-189.5	600.3	200.9	171.7	3.2	-346.2	-4,403.5	4,135.3	108.7	280.8	9.5
2008²											
Q1	-50.1	102.9	-10.1	9.4	-40.0	-87.2	-1,659.5	1,840.0	-69.4	35.9	0.1
Q2	-38.8	125.4	-1,478.1	62.6	88.6	20.1	-1,737.5	3,162.1	46.1	250.4	-111.5
Q3	-57.4	118.5	-965.7	98.1	-19.1	2.5	-1,765.8	2,306.8	42.3	-239.8	160.4
Q4	-43.2	253.5	2,654.9	1.7	-26.3	-281.6	759.3	-3,173.7	89.7	234.3	-39.5
2009²											
Q1	-0.7	251.9	284.3	1.8	-79.9	-48.5	1,538.5	-1,572.3	-9.4	365.8	-184.2
Q2	-18.3	-45.5	-323.7	-3.6	76.3	-8.7	494.3	-518.1	-57.7	-405.0	184.6

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	
2003	1.4	35.4	47.8	1,587.7	524.2	3.7	2,200.3
2004	1.4	35.5	46.5	930.9	1,014.3	0.1	2,028.8
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
2008³							
Oct.	3.4	13.2	47.0	118.6	95.1	-6.2	271.1
Nov.	3.8	13.6	47.0	128.3	82.0	-4.3	270.3
Dec.	3.7	12.9	44.6	107.5	88.7	10.9	268.3
2009³							
Jan.	4.2	13.6	46.9	114.7	99.3	-12.4	266.3
Feb.	4.4	13.7	46.7	37.3	117.3	-12.4	206.9
Mar.	10.6	13.2	45.2	56.5	161.3	11.2	297.9
Apr.	10.3	13.3	45.4	41.4	175.8	7.8	293.9
May	14.7	13.0	44.2	200.9	167.2	20.3	460.3
June	10.2	13.0	44.2	107.5	180.6	6.3	361.8

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		
2003	736.8	2,617.6	5,600.6	329.2	4.2	25.2	5,803.4	9,589.5	2,200.3	1,783.7
2004 ¹	823.1	2,981.7	7,144.4	354.6	10.7	38.1	6,745.2	11,563.0	2,029.0	1,815.0
2005 ¹	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	4,994.2	11,371.0	408.1	34.4	49.3	12,350.8	19,999.3	2,240.6	1,419.4
2007 ¹	830.4	5,612.0	10,695.8	406.9	106.8	79.1	19,393.1	26,332.1	2,561.4	1,157.5
2008 ¹	760.7	5,756.9	10,189.6	556.5	276.8	281.7	25,759.1	30,315.0	268.3	344.5
2008										
June	832.5	5,506.8	12,200.6	469.7	126.7	57.9	23,510.2	30,274.8	385.6	746.5
Dec.	760.7	5,756.9	10,189.6	556.5	276.8	281.7	25,759.1	30,315.0	268.3	344.5
2009										
June	1,006.2	6,153.8	10,349.3	534.1	113.7	199.6	23,690.3	27,869.6	361.8	764.4

¹ Provisional.

Source: NSO.

Exchange Rates, External Transactions and Positions

Table 3.6 Gross external debt by sector, maturity and instrument

End of period	General government			Other sectors ¹			Direct investment vis-à-vis:			Total gross external debt (a+b+c)		Memo item: MFI's ²	
	Short-term	Long-term	Total (a)	Short-term	Long-term	Total (b)	Affiliated enterprises	Direct investors	Total (c)	Short-term	Long-term	Total	
2003 ³	10.1	203.3	213.4	214.8	506.3	721.1	12.1	263.7	275.8	1,210.3	5,514.3	3,433.1	8,947.4
2004 ³	16.1	186.7	202.8	291.7	466.9	758.6	23.1	297.7	320.8	1,282.2	9,466.6	1,370.2	10,836.8
2005 ³	7.0	173.8	180.8	502.8	586.5	1,089.3	74.9	439.5	514.4	1,784.5	13,555.4	2,244.1	15,799.5
2006 ³	7.6	145.9	153.5	530.2	547.2	1,077.4	72.3	830.4	902.7	2,133.6	14,114.4	4,880.0	18,994.5
2007 ³	4.8	136.6	141.4	567.9	573.2	1,141.1	55.1	947.1	1,002.2	2,284.7	18,226.5	6,171.1	24,397.6
2008 ³	83.7	208.9	292.6	705.7	528.4	1,234.1	79.7	1,099.2	1,178.9	2,705.6	23,949.6	5,231.7	29,181.3
2007³													
Mar.	4.7	143.2	147.9	522.7	551.9	1,074.6	71.2	899.9	971.1	2,193.6	16,265.9	4,228.0	20,493.9
June	3.3	140.8	144.1	542.5	546.1	1,088.6	73.0	905.3	978.3	2,211.0	18,422.6	4,655.7	23,078.3
Sep.	1.8	137.7	139.5	605.4	352.9	958.3	288.2	921.5	1,209.7	2,307.5	16,987.6	6,660.0	23,647.6
Dec.	4.8	136.6	141.4	567.9	573.2	1,141.1	55.1	947.1	1,002.2	2,284.7	18,226.5	6,171.1	24,397.6
2008³													
Mar.	15.0	133.7	148.7	637.1	622.0	1,259.1	62.3	979.7	1,042.0	2,449.8	18,725.8	6,147.6	24,873.4
June	45.8	153.7	199.5	654.1	514.2	1,168.3	65.5	1,031.0	1,096.5	2,464.3	21,528.8	6,652.6	28,181.4
Sep.	76.0	202.6	278.6	720.7	511.0	1,231.7	65.0	1,099.1	1,164.1	2,674.4	23,266.4	9,473.9	32,740.3
Dec.	83.7	208.9	292.6	705.7	528.4	1,234.1	79.7	1,099.2	1,178.9	2,705.6	23,949.6	5,231.7	29,181.3
2009³													
Mar.	79.3	202.2	281.5	684.6	498.2	1,182.8	85.6	1,342.7	1,428.3	2,892.6	23,346.8	4,672.9	28,019.7
June	69.6	198.6	268.2	698.3	480.0	1,178.3	86.5	1,300.6	1,387.1	2,833.6	21,503.6	5,556.9	27,060.5

¹ Comprising the non-monetary financial institutions, insurance companies and pension funds, non-financial corporations and NPISH.

² The debt of the MFIs is fully backed by foreign assets.

³ Provisional.

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
2003	2162.4	2984.4	-822.0
2004 ²	2112.3	3328.5	-1216.2
2005 ²	1959.1	3117.2	-1158.1
2006 ²	2256.8	3487.9	-1231.1
2007 ²	2287.4	3579.3	-1291.9
2008 ²	2060.9	3428.9	-1368.0
2008²			
Jan.	180.2	282.1	-101.9
Feb.	167.5	269.7	-102.2
Mar.	181.5	278.3	-96.8
Apr.	165.9	330.2	-164.3
May	162.1	277.2	-115.1
June	172.9	284.6	-111.7
July	173.7	336.2	-162.5
Aug.	149.2	255.8	-106.6
Sep.	181.7	315.6	-133.9
Oct.	188.4	276.8	-88.4
Nov.	163.5	249.0	-85.5
Dec.	174.3	273.4	-99.1
2009²			
Jan.	115.6	240.3	-124.7
Feb.	110.4	201.0	-90.6
Mar.	144.2	219.4	-75.2
Apr.	131.2	252.3	-121.1
May	132.1	226.4	-94.3
June	134.5	209.4	-74.9

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 3.8 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							
2003	280.5	221.5	72.9	113.4	688.3	253.9	15.8	958.1	576.3	312.8	315.2	2162.4
2004 ²	327.4	228.3	65.0	86.8	707.5	242.3	67.6	1017.4	544.3	330.5	220.1	2112.3
2005 ²	283.7	236.2	100.6	93.0	713.5	216.0	75.3	1004.8	461.0	263.9	229.4	1959.1
2006 ²	326.7	282.8	81.5	165.6	856.6	213.0	81.0	1150.6	631.3	275.4	199.5	2256.8
2007 ²	271.2	305.3	90.7	132.9	800.1	221.9	84.8	1106.8	719.9	246.7	214.0	2287.4
2008 ²	234.5	266.9	103.1	88.0	692.5	167.0	62.0	921.5	713.9	182.8	242.7	2060.9
2008²												
Jan.	21.4	28.0	12.6	8.3	70.3	16.9	5.1	92.3	47.7	16.6	23.6	180.2
Feb.	19.9	23.2	11.3	9.8	64.2	17.7	5.6	87.5	47.5	15.6	16.9	167.5
Mar.	19.8	22.7	8.6	7.5	58.6	14.8	5.0	78.4	54.6	26.8	21.7	181.5
Apr.	21.8	21.0	11.9	7.6	62.3	19.1	2.9	84.3	44.3	15.0	22.3	165.9
May	20.7	20.7	8.9	9.2	59.5	14.1	4.9	78.5	53.7	13.8	16.1	162.1
June	18.9	27.0	10.2	5.8	61.9	12.6	8.2	82.7	53.6	11.5	25.1	172.9
July	15.2	24.6	9.9	7.5	57.2	13.0	4.9	75.1	62.8	11.6	24.2	173.7
Aug.	18.2	24.5	5.2	6.4	54.3	8.9	4.8	68.0	50.3	11.7	19.2	149.2
Sep.	17.6	22.3	7.3	6.9	54.1	11.6	5.0	70.7	71.0	13.6	26.4	181.7
Oct.	20.7	24.4	8.7	6.7	60.5	14.6	5.1	80.2	80.3	12.8	15.1	188.4
Nov.	19.7	16.9	5.0	5.9	47.5	13.8	7.2	68.5	67.8	13.0	14.2	163.5
Dec.	20.6	11.6	3.5	6.4	42.1	9.9	3.3	55.3	80.3	20.8	17.9	174.3
2009²												
Jan.	16.6	19.2	5.4	5.8	47.0	7.5	4.4	58.9	33.1	9.1	14.5	115.6
Feb.	12.9	13.7	6.3	6.5	39.4	8.7	2.7	50.8	35.2	8.8	15.6	110.4
Mar.	16.5	15.4	7.2	7.1	46.2	8.7	3.3	58.2	56.7	12.1	17.2	144.2
Apr.	12.3	17.4	6.4	7.2	43.3	7.1	5.6	56.0	45.9	10.8	18.5	131.2
May	16.1	16.6	8.1	6.0	46.8	7.9	5.0	59.7	44.8	12.1	15.5	132.1
June	14.0	15.4	5.5	7.3	42.2	9.1	4.7	56.0	48.4	10.4	19.7	134.5

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 3.9 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							
2003	509.9	235.0	685.5	276.0	1,706.5	276.5	37.3	2,020.3	470.1	242.0	252.0	2,984.4
2004 ²	566.3	392.0	772.3	327.8	2,058.4	367.4	71.3	2,497.1	458.0	162.8	210.6	3,328.5
2005 ²	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 ²	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	876.2	376.9	1,963.6	498.1	101.4	2,563.1	598.6	206.6	211.0	3,579.3
2008 ²	273.4	260.6	905.2	409.0	1,848.2	434.5	117.8	2,400.5	597.0	74.7	356.7	3,428.9
2008²												
Jan.	25.6	23.2	68.4	29.7	146.9	37.7	4.5	189.1	59.4	6.5	27.1	282.1
Feb.	21.5	27.7	62.0	43.4	154.6	40.5	7.2	202.3	48.9	5.6	12.9	269.7
Mar.	21.7	27.8	89.4	32.0	170.9	34.9	5.0	210.8	50.1	6.3	11.1	278.3
Apr.	20.5	21.4	89.6	46.4	177.9	39.7	14.6	232.2	52.5	7.3	38.2	330.2
May	29.8	21.0	66.3	48.3	165.4	26.2	6.0	197.6	50.1	7.5	22.0	277.2
June	19.6	23.6	84.4	30.5	158.1	43.0	6.5	207.6	52.9	3.8	20.3	284.6
July	33.3	19.6	88.4	33.5	174.8	50.1	22.2	247.1	56.1	5.2	27.8	336.2
Aug.	29.7	17.5	77.4	31.8	156.4	26.8	7.6	190.8	42.9	3.6	18.5	255.8
Sep.	23.0	20.4	67.1	27.0	137.5	39.0	14.1	190.6	50.1	6.8	68.1	315.6
Oct.	15.2	22.3	84.6	31.3	153.4	37.9	11.9	203.2	47.5	10.8	15.3	276.8
Nov.	20.1	19.3	73.3	27.4	140.1	32.2	8.9	181.2	45.5	5.7	16.6	249.0
Dec.	13.4	16.8	54.3	27.7	112.2	26.5	9.3	148.0	41.0	5.6	78.8	273.4
2009²												
Jan.	11.2	51.7	34.8	20.5	118.2	22.7	4.6	145.5	36.4	3.1	55.3	240.3
Feb.	18.7	19.8	51.5	25.5	115.5	23.5	4.7	143.7	36.0	12.6	8.7	201.0
Mar.	11.6	18.9	47.6	33.9	112.0	33.1	5.7	150.8	32.9	5.5	30.2	219.4
Apr.	10.4	18.4	69.4	22.6	120.8	23.6	9.6	154.0	37.7	9.8	50.8	252.3
May	14.7	13.9	59.4	25.0	113.0	23.6	5.4	142.0	33.8	12.3	38.3	226.4
June	21.0	16.5	61.5	32.3	131.3	25.5	6.9	163.7	26.7	6.9	12.1	209.4

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)

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		
2004 ¹	2,974.7	933.9	855.9	-108.5	4,656.1	3,557.2	3,730.7	-173.5	4,482.6	4,428.3
2005 ¹	3,118.3	944.7	940.3	34.7	5,037.9	3,700.3	3,957.0	-256.7	4,781.2	4,563.3
2006 ¹	3,212.0	1,018.4	1,025.1	111.7	5,367.3	4,452.4	4,705.4	-253.1	5,114.2	4,889.1
2007 ¹	3,329.2	1,038.7	1,076.8	157.6	5,602.3	4,891.5	5,045.9	-154.4	5,447.9	5,262.3
2008 ¹	3,626.2	1,219.1	901.0	121.9	5,868.1	4,647.2	4,828.1	-181.0	5,687.2	5,496.9
2008¹										
Q1	819.2	288.5	246.2	35.4	1,389.3	1,086.9	1,161.4	-74.5	1,314.8	1,305.5
Q2	889.6	297.7	242.7	109.1	1,539.0	1,168.2	1,275.3	-107.1	1,431.9	1,326.5
Q3	953.1	314.7	200.6	-68.2	1,400.2	1,309.7	1,207.7	102.0	1,502.2	1,457.3
Q4	964.2	318.3	211.5	45.6	1,539.5	1,082.4	1,183.7	-101.3	1,438.2	1,407.7
2009¹										
Q1	843.8	313.0	177.5	7.4	1,341.7	875.4	889.3	-13.9	1,327.7	1,168.2
Q2	901.7	307.0	178.6	-26.9	1,360.4	1,009.7	956.4	53.3	1,413.7	1,390.5

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)

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	
2004 ¹	2,763.8	796.5	783.8	-98.3	4,245.8	3,746.6	3,976.4	-229.8	4,016.0
2005 ¹	2,825.3	792.6	864.0	31.7	4,513.6	3,769.0	4,103.5	-334.5	4,179.0
2006 ¹	2,843.4	839.7	885.1	99.1	4,667.3	4,164.7	4,495.2	-330.5	4,336.8
2007 ¹	2,899.9	835.2	896.4	139.0	4,770.5	4,277.3	4,549.3	-271.9	4,498.6
2008 ¹	3,068.7	943.0	705.6	106.0	4,823.3	4,044.9	4,275.0	-230.1	4,593.2
2008¹									
Q1	704.7	224.9	190.7	30.9	1,151.3	947.1	1,018.8	-71.7	1,079.6
Q2	759.1	231.3	192.4	94.9	1,277.7	976.7	1,115.1	-138.3	1,139.3
Q3	807.0	242.6	153.5	-59.0	1,144.1	1,101.0	1,047.9	53.0	1,197.1
Q4	797.8	244.2	169.0	39.3	1,250.3	1,020.2	1,093.2	-73.1	1,177.2
2009									
Q1	706.1	234.2	141.0	6.1	1,087.4	801.5	830.1	-28.5	1,058.8
Q2	750.8	230.0	141.9	-22.5	1,100.3	899.0	897.7	1.2	1,101.5

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	1025.6	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	1082.5	161.0	1,243.5
2008	81.2	150.8	144.5	204.1	580.5	454.4	98.7	1133.5	157.3	1,290.9
2008										
Jan.	4.4	7.5	8.2	7.8	28.0	22.1	5.5	55.6	8.3	63.9
Feb.	2.8	8.5	5.0	7.7	23.9	22.9	2.6	49.4	8.0	57.3
Mar.	3.9	16.3	11.3	13.3	44.8	31.1	5.1	81.1	9.4	90.5
Apr.	9.1	12.6	12.9	17.1	51.6	36.3	6.8	94.7	10.2	104.9
May	9.9	16.3	11.3	24.4	61.9	47.5	7.9	117.3	14.0	131.4
June	11.3	11.9	11.6	20.6	55.4	48.2	10.5	114.1	15.2	129.4
July	10.2	13.4	16.8	25.8	66.3	48.6	14.5	129.4	20.0	149.5
Aug.	11.2	17.1	32.2	30.6	91.1	49.9	14.8	155.8	22.7	178.6
Sep.	6.3	15.6	12.6	24.0	58.6	52.4	11.6	122.6	17.2	139.8
Oct.	7.3	17.2	8.3	18.5	51.3	48.4	10.4	110.1	16.9	126.9
Nov.	2.9	10.2	7.8	7.8	28.6	29.4	6.0	64.1	9.5	73.6
Dec.	1.9	4.3	6.4	6.5	19.0	17.3	2.9	39.3	5.8	45.1
2009										
Jan.	2.5	6.2	8.5	5.7	22.9	17.5	3.8	44.2	7.5	51.6
Feb.	2.9	5.3	6.1	6.5	20.7	20.5	3.0	44.2	7.0	51.2
Mar.	2.8	9.3	11.4	9.3	32.7	27.4	4.1	64.2	6.9	71.2
Apr.	7.6	13.4	13.2	18.5	52.7	32.4	6.1	91.2	10.4	101.6
May	8.4	11.2	13.4	18.2	51.1	39.7	7.2	98.1	10.2	108.3
June	6.9	10.4	13.7	16.6	47.6	45.4	8.7	101.7	12.3	114.0

¹ Based on the NSO's inbound tourism survey. Data refer to tourist departures by air and sea. Annual figures are not available prior to 2005.

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
2003	104.1	41.6	145.7	97.9	40.1	138.0	6.2	6.0	1.5	3.6	7.7	5.3
2004	104.1	42.0	146.1	97.5	40.4	137.9	6.6	6.3	1.7	4.0	8.3	5.7
2005	103.5	42.7	146.2	97.6	41.1	138.7	5.8	5.6	1.6	3.7	7.4	5.1
2006	103.4	43.9	147.3	97.8	42.2	140.0	5.6	5.4	1.7	3.8	7.3	5.0
2007 ³	103.6	45.2	148.8	98.5	43.7	142.2	5.1	4.9	1.6	3.5	6.7	4.5
2008	104.1	47.2	151.3	99.3	45.8	145.1	4.8	4.6	1.4	3.0	6.2	4.1
2008³												
Jan.	103.7	46.2	149.9	98.8	44.6	143.4	4.9	4.7	1.6	3.4	6.5	4.3
Feb.	104.0	46.5	150.5	99.2	44.9	144.1	4.8	4.6	1.5	3.3	6.3	4.2
Mar.	103.8	46.4	150.2	99.1	45.0	144.1	4.7	4.6	1.4	3.1	6.2	4.1
Apr.	104.0	46.7	150.7	99.4	45.3	144.7	4.7	4.5	1.4	3.0	6.1	4.0
May	103.9	46.8	150.7	99.3	45.4	144.7	4.7	4.5	1.4	2.9	6.0	4.0
June	104.3	47.2	151.5	99.7	45.9	145.6	4.5	4.3	1.3	2.8	5.9	3.9
July	104.6	47.7	152.3	100.1	46.4	146.5	4.6	4.4	1.4	2.9	6.0	3.9
Aug.	104.3	47.7	152.0	99.7	46.3	146.0	4.7	4.5	1.4	3.0	6.1	4.0
Sep.	104.4	47.7	152.1	99.6	46.4	146.0	4.8	4.6	1.3	2.8	6.1	4.0
Oct.	104.1	47.7	151.8	99.1	46.3	145.4	5.0	4.8	1.3	2.8	6.4	4.2
Nov.	104.3	47.7	152.0	99.1	46.3	145.4	5.2	4.9	1.4	3.0	6.6	4.3
Dec.	103.7	47.7	151.4	98.7	46.3	145.0	5.0	4.8	1.4	2.9	6.4	4.2
2009³												
Jan.	103.8	47.8	151.6	98.4	46.2	144.6	5.4	5.2	1.6	3.3	7.0	4.6
Feb.	103.8	47.8	151.6	98.4	46.1	144.5	5.4	5.2	1.7	3.5	7.1	4.7
Mar.	103.8	47.9	151.7	98.4	46.2	144.6	5.4	5.2	1.7	3.5	7.1	4.7
Apr.	103.8	48.0	151.8	98.3	46.3	144.6	5.5	5.3	1.7	3.5	7.2	4.7
May	103.6	47.9	151.5	98.0	46.3	144.3	5.6	5.4	1.7	3.5	7.3	4.8

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
2003	110.1	49.9	159.9	102.3	45.5	147.8	7.8	7.1	4.3	8.7	12.1	7.6
2004	110.4	48.9	159.3	103.3	44.5	147.9	7.1	6.4	4.4	9.0	11.5	7.2
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	113.6	57.1	170.7	107.2	53.2	160.3	6.4	5.6	3.9	6.9	10.3	6.1
2008												
Q1	112.9	55.2	168.1	106.8	51.1	157.9	6.1	5.4	4.1	7.4	10.2	6.1
Q2	112.1	58.2	170.3	105.4	54.6	160.0	6.7	6.0	3.5	6.1	10.3	6.0
Q3	114.5	58.6	173.1	108.0	55.0	163.0	6.5	5.7	3.6	6.1	10.1	5.8
Q4	114.7	56.6	171.3	108.5	52.0	160.5	6.2	5.4	4.6	8.1	10.8	6.3
2009												
Q1	115.5	57.0	172.6	108.5	52.8	161.3	7.1	6.1	4.2	7.4	11.3	6.5
Q2	115.3	58.1	173.4	107.2	54.1	161.3	8.1	7.0	4.0	6.9	12.1	7.0

¹ Annual figures reflect the average for the year.

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

Source: NSO.

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

Period	Total	Apartments	Maisonettes	Terraced houses	Others ¹
2004	155.6	157.0	155.4	151.1	153.8
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
2008					
Q1	178.8	179.8	181.2	202.1	173.0
Q2	177.0	175.7	186.1	194.1	182.2
Q3	171.6	168.9	181.4	201.4	172.5
Q4	168.7	166.4	177.1	208.4	167.0
2009					
Q1	161.2	158.3	173.5	210.4	150.7
Q2	166.4	163.0	175.4	202.2	169.8

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		
2003	242	26	181	15	24	91	134	713	2,685	3,398
2004	261	31	192	8	25	49	105	671	2,583	3,254
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

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 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
2003	1,321	517	1,838	4,548	1,085	414	81	6,128
2004	1,378	435	1,813	5,265	966	353	123	6,707
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

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

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 2002 = 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
2003	100.7	1.3	2.3	2.7	-6.4	2.2	0.0	-1.0	2.6	3.3	0.4	4.2
2004	103.6	2.8	0.2	9.2	-2.5	3.8	1.3	2.2	4.0	5.1	1.2	8.0
2005	106.7	3.0	1.8	2.4	-0.5	5.0	23.0	2.1	3.8	3.6	1.1	3.0
2006	109.6	2.8	2.0	2.2	-1.8	4.8	26.0	1.5	3.3	2.9	-0.2	2.3
2007	111.0	1.3	4.3	2.1	0.4	2.9	-6.6	0.7	-1.1	1.7	1.6	0.4
2008	115.7	4.3	8.0	2.7	4.5	3.9	19.9	-0.2	2.6	1.9	1.1	2.4
2008												
Jan.	112.4	1.4	4.7	2.3	1.0	2.9	-7.0	0.6	-0.8	1.8	1.5	0.4
Feb.	112.9	1.6	5.3	2.3	1.9	2.9	-7.4	0.5	-0.6	1.8	1.4	0.4
Mar.	113.7	1.9	5.9	2.4	2.8	2.9	-6.2	0.5	-0.5	1.8	1.3	0.5
Apr.	114.1	2.3	6.5	2.4	3.4	3.1	-4.8	0.5	-0.2	1.9	1.2	0.7
May	114.6	2.6	7.1	2.5	4.1	3.2	-3.6	0.5	0.2	1.9	1.1	1.0
June	115.0	2.9	7.6	2.6	4.8	3.4	-2.3	0.5	0.7	1.9	1.1	1.2
July	116.0	3.3	7.9	2.7	5.5	3.5	1.0	0.4	1.1	1.9	1.0	1.4
Aug.	115.9	3.5	8.0	2.7	6.2	3.6	3.8	0.3	1.5	1.9	1.1	1.6
Sep.	116.8	3.7	7.9	2.7	6.2	3.6	6.8	0.1	2.0	1.9	1.0	1.8
Oct.	119.3	4.0	8.0	2.6	5.7	3.8	11.3	-0.1	2.4	1.9	1.0	2.0
Nov.	119.0	4.1	7.9	2.7	5.0	3.9	15.6	-0.1	2.6	1.9	1.1	2.2
Dec.	119.1	4.3	8.0	2.7	4.5	3.9	19.9	-0.2	2.6	1.9	1.1	2.4
2009												
Jan.	116.4	4.3	8.1	2.8	4.0	3.9	23.9	-0.2	2.1	1.9	1.3	2.5
Feb.	117.6	4.3	8.2	3.0	3.4	4.0	28.0	-0.3	1.6	1.9	1.4	2.5
Mar.	118.5	4.3	8.4	3.3	3.0	4.0	31.4	-0.3	1.1	2.0	1.5	2.5
Apr.	118.7	4.4	8.5	3.6	2.8	3.9	33.7	-0.4	0.7	2.1	1.5	2.5
May	118.7	4.3	8.6	3.9	2.6	3.9	35.8	-0.4	0.3	2.2	1.5	2.4
June	118.1	4.2	8.6	4.1	2.3	3.7	37.9	-0.4	-0.5	2.3	1.5	2.4

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	
2003	94.9	1.9	2.0	1.2	-6.8	1.9	-0.3	5.6	2.1	-0.2	1.3	3.2	7.4	2.3
2004	97.5	2.7	-0.3	13.0	-2.5	2.8	2.8	6.9	4.0	10.2	0.2	3.0	2.6	5.8
2005	100.0	2.5	1.8	1.8	-0.5	9.3	2.4	5.5	3.5	10.0	1.9	1.6	0.0	3.0
2006	102.6	2.6	2.2	0.6	-1.8	10.6	2.0	4.0	4.2	0.4	0.1	2.6	1.9	2.8
2007	103.3	0.7	3.9	0.8	0.4	-0.1	0.8	2.7	-1.4	0.2	0.7	4.2	-0.6	0.9
2008	108.1	4.7	8.0	1.9	4.5	8.5	0.6	2.2	3.7	2.9	-0.6	6.8	7.7	1.3
2008														
Jan.	103.3	0.9	4.4	0.8	1.0	-0.2	0.8	2.7	-1.0	0.5	0.3	4.5	-0.2	0.8
Feb.	103.7	1.2	4.9	0.9	1.9	-0.3	0.7	2.7	-0.6	0.7	-0.1	4.8	0.3	0.9
Mar.	104.8	1.5	5.6	1.0	2.8	0.1	0.8	2.8	-0.3	0.9	-0.4	5.2	0.7	0.9
Apr.	107.2	1.9	6.3	1.0	3.4	0.6	0.8	2.8	0.1	1.1	-0.5	5.3	1.7	0.9
May	108.0	2.3	6.9	1.1	4.1	1.1	0.8	2.7	0.7	1.3	-0.6	5.4	2.5	1.0
June	108.6	2.8	7.4	1.2	4.8	1.6	0.9	2.6	1.2	1.5	-0.7	5.6	3.4	1.1
July	110.6	3.3	7.8	1.2	5.5	2.7	0.9	2.5	1.8	1.7	-0.8	5.7	4.5	1.1
Aug.	110.9	3.7	7.9	1.3	6.2	3.6	0.8	2.4	2.4	1.9	-0.8	5.8	5.5	1.2
Sep.	111.0	4.0	7.8	1.3	6.2	4.5	0.7	2.4	3.0	2.2	-0.9	5.9	6.5	1.2
Oct.	112.0	4.4	8.0	1.3	5.7	5.9	0.7	2.3	3.6	2.4	-0.8	6.2	7.2	1.3
Nov.	108.7	4.5	7.9	1.6	5.0	7.3	0.6	2.3	3.8	2.7	-0.7	6.5	7.4	1.3
Dec.	108.9	4.7	8.0	1.9	4.5	8.5	0.6	2.2	3.7	2.9	-0.6	6.8	7.7	1.3
2009														
Jan.	106.5	4.6	8.0	2.1	4.0	9.7	0.6	2.1	3.2	2.7	-0.5	7.0	7.3	1.3
Feb.	107.3	4.6	8.1	2.3	3.4	10.9	0.6	2.1	2.7	2.4	-0.5	7.2	7.0	1.3
Mar.	109.0	4.6	8.3	2.5	3.0	11.9	0.5	2.1	2.1	2.2	-0.6	7.3	6.7	1.4
Apr.	111.5	4.5	8.5	2.7	2.8	12.5	0.5	2.3	1.7	1.9	-0.4	7.3	6.4	1.4
May	111.7	4.5	8.6	2.9	2.5	13.0	0.5	2.6	1.2	1.7	-0.4	7.2	6.1	1.5
June	111.6	4.3	8.6	3.1	2.3	13.5	0.5	2.8	0.3	1.4	-0.3	7.2	5.8	1.7

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 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*.

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 concerning the consolidated balance sheet of the monetary financial institutions (MFI) sector (recast) 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 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. Diplo-

matic 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, 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 Euro-system, which comprises the ECB and the NCBs of the member countries of the euro area.

ii. **Other monetary financial institutions (OMFIs)**, which in Malta 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 Banking Co-ordination Directives of December 1977 and December 1989 (77/780/EEC and 89/646/EEC), 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.

(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 non-monetary financial corporations may be split into public and private corporations, depending on who controls them. Control over a company is defined as the ability to determine general corporate policy by appointing directors or by owning more than half of the voting shares or otherwise controlling more than half of the shareholders' voting power. In addition, the government may secure control over a company or corporation by a special decree or regulation that enables it to determine corporate policy or to appoint the directors.

(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 (EEC) No 3037/90 entitled “Nomenclature générale des activités économiques dans les Communautés européennes” (General industrial classification of economic activities within the European Communities), known by the acronym NACE Rev.1.

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 OMFIs 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 show 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, temporarily, 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; and 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 issue, this part of the Maltese contribution to euro area M3 may be negative. 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 1.8-1.13. The local OMFIs must submit data to the Central Bank of Malta not later than twelve 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.

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.

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 publishes certain 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 exclude professional investor funds and money market funds. 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.

Financial markets

Monetary Financial Institutions interest rate (MIR) statistics shown in Tables 1.16 and 1.17 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/2001/18 (as amended) 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 1.19 (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 Liri 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 1.19 shows the weighted average rates paid on resident current, savings and time deposits by MFIs in Malta (in Maltese Liri 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 Liri. All outstanding Treasury bills and government securities denominated in Maltese Liri 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 1.20 comprise all financial assets that are usually negotiable and traded on recognised exchanges and do not grant the holder any ownership rights in the institutional unit issuing them. Quoted shares included in Table 1.21 cover all shares whose prices are quoted on a recognised stock exchange or other form of regulated market. 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 shows the general government financial balance sheet (end of period amounts), which includes balance sheet statistics on financial assets and liabilities of the general government sector split by instrument. Table 2.6 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 2.7), 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 and other supplementary information received from the NSO. Historical data are updated by the Central Bank of Malta on a monthly basis, going back at least thirteen months, while every calendar quarter data are revised going back three years.

The concepts used in the compilation of gross external debt generally comply with the IMF's "*External debt statistics – guide for compilers and users*". 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.

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.