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EUROSISTEMA
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ECONOMIC UPDATE

6/2018

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ECONOMIC UPDATE 6/2018

Summary¹

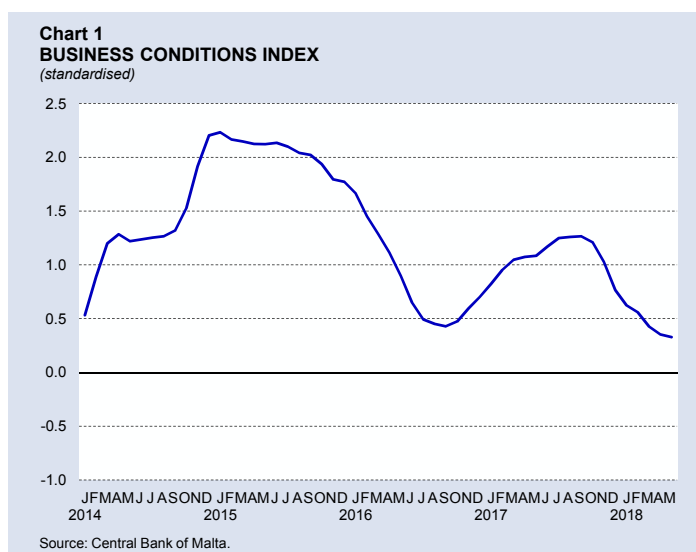
In May, the Bank's Business Conditions Index (BCI) eased slightly on a month earlier, while continuing to suggest above-average conditions. Economic sentiment rose across all sectors, except among consumers, although the latter remained high from a historical perspective. In April, tourism activity grew at a strong pace in annual terms, while industrial production and retail trade contracted. Labour market conditions remained favourable, with the number of registered unemployed declining on an annual basis and Eurostat's measure of the unemployment rate falling to a new record low. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) edged up slightly to 1.4% in April. While the annual rate of change of Maltese residents' deposits decelerated to 4.6%, annual growth in credit to residents accelerated to 1.4%. As regards fiscal developments, the cash-based Consolidated Fund recorded a deficit compared with a surplus in April 2017.

Central Bank's Business Conditions Index (BCI)²

In May, the Central Bank's BCI eased slightly over the previous month (see Chart 1). The index stood at 0.3, slightly lower than the revised value of 0.4 measured in April, and below its value a year earlier. The BCI continued to show above average conditions. It was affected by a slowdown in industrial production, and a decrease in unemployment.

Business and consumer confidence indicators

In May 2018, the Economic Sentiment Indicator (ESI) rose back to 119, from 111 in the preceding month, and remained above its long-term average of 101 (see Table 1).^{3,4} Higher sentiment was registered across all sectors except among consumers, where sentiment fell marginally.



¹ The cut-off date for information in this note is 11 June 2018.

² The methodology underlying the BCI has been updated for the sake of clarity. For further details on the changes carried out in the index, see Ellul, R., (2018), "Updates to the BCI," Central Bank of Malta.

³ The ESI summarises developments in confidence in five surveyed sectors (industry, services, construction, retail and consumers). Weights are assigned as follows: industry 40%, services 30%, consumers 20%, construction 5% and retail trade 5%.

⁴ Long-term averages are calculated over the entire period for which data are available. For the consumer and industrial confidence indicators, data became available in November 2002, while the services and construction confidence indicator data became available in May 2007 and May 2008, respectively. The long-term average of the retail confidence indicator is calculated as from May 2011, when it was first published. However, the long-term average of the ESI is computed from November 2002.

Table 1
BUSINESS AND CONSUMER SURVEYS

Balances; percentage points; seasonally adjusted

	2016	2017	2018				
			Jan.	Feb.	Mar.	Apr.	May
Economic Sentiment Indicator	108	114	123	121	119	111	119
Construction confidence indicator	-8	13	27	29	26	25	38
Evolution of your current overall order books	-22	2	21	29	26	16	33
Employment expectations over the next 3 months	6	24	34	29	27	34	43
Services confidence indicator	26	31	38	30	33	29	40
Business situation development over the past 3 months	22	27	32	27	34	25	31
Evolution of the demand over the past 3 months	29	33	36	38	38	34	41
Expectation of the demand over the next 3 months	27	32	46	25	26	29	49
Industrial confidence indicator	0	8	16	14	11	-4	5
Assessment of order-book levels	-18	-5	-2	6	-2	1	-2
Assessment of stocks of finished products	2	-2	1	-1	5	13	3
Production expectations for the months ahead	19	27	51	35	40	-1	20
Retail trade confidence indicator	7	9	16	23	6	1	10
Business activity, past 3 months	17	15	38	26	3	8	13
Stocks of finished goods	9	5	22	3	3	7	12
Business activity, next 3 months	14	16	32	47	17	3	28
Consumer confidence indicator	2	8	25	27	26	23	22
Financial situation over the next 12 months	5	9	18	23	20	17	14
General economic situation over the next 12 months	13	19	32	33	34	28	27
Unemployment expectations over the next 12 months	-13	-18	-30	-29	-32	-31	-33
Savings over next 12 months	-24	-14	17	25	17	15	14

Source: European Commission.

The sharpest rise in sentiment was registered in the construction sector, where confidence rose to 38, from 25 in April, and stood well above its long-term average of -17.⁵ Although both sub-components contributed to this increase in sentiment, higher order books were the main driver. Other survey data indicate that in comparison with April, a smaller share of respondents reported an increase in building activity over the preceding three months. Also, fewer firms anticipated an increase in prices.

The services sector also posted a significant increase in confidence.⁶ In May, confidence in this sector rose to 40, from 29 in the preceding month, remaining above its long-term average of 22. Higher sentiment was driven by all sub-components, though more optimistic demand expectations for the three months ahead were the main driver. Additional survey data indicate that in May, employment expectations were more optimistic than in the preceding month. Respondents also anticipated a fall in prices.

The industrial confidence indicator turned positive to 5, from -4 in the preceding month.⁷ Thus, it stood above its long-term average of -3. The rise in sentiment in May was largely driven by firms'

⁵ The construction confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to two survey questions, namely those relating to order books and employment expectations over the subsequent three months.

⁶ The services confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to survey questions relating to the business climate, the evolution of demand in the previous three months and demand expectations in the subsequent three months.

⁷ The industrial confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to a subset of survey questions relating to expectations about production over the subsequent three months, to current levels of order books and to stocks of finished goods.

expectations of production in the following months, which rose significantly, after turning slightly negative in the preceding month. Stock levels also contributed to the rise in sentiment.⁸ In contrast, a small net percentage of firms assessed order books to be below normal. Supplementary survey data show that, on balance, a larger share of respondents expected their employment to increase in subsequent months. On balance, firms anticipated a rise in selling prices in the three months ahead.

Confidence in the retail sector also rose in May, increasing to 10, from 1 in April.⁹ Following this improvement, sentiment in this sector rose above its long-term average of 2. The recent rise in sentiment was driven by retail firms' assessment of past and expected business activity. Meanwhile, on balance more firms reported higher stock levels. Additional survey data indicate that on balance, firms predicted a rise in employment and a fall in prices in the three months ahead.

In contrast to the improved sentiment in the above sectors, consumer confidence edged down slightly to 22 from 23 in April.¹⁰ Notwithstanding this decrease, consumer confidence remained well above the long-term average of -17. The decline in sentiment was driven by all sub-components except for unemployment expectations, as more consumers expected unemployment to fall.¹¹ Conversely a larger share of respondents expected to make fewer major purchases in the following 12 months. At the same time, fewer consumers anticipated higher inflation in the 12 months ahead.

Activity

The index of industrial production, which is a measure of economic activity in the quarrying, manufacturing and energy sectors, declined at an annual rate of 6.2% in April, following a fall of 4.8% in March (see Table 2).¹² The decrease in April was largely driven by lower production of computer, electronics and optical products. Smaller declines were also recorded in other sub-sectors, in particular among manufacturers of food and beverages as well as among firms producing rubber and plastics. These losses offset increased production within firms involved in the printing and reproduction of recorded media as well as among manufacturers of pharmaceuticals. Output also rose among firms involved in the repair and installation of machinery and equipment and within the energy sector.

In April, growth in retail trade, which is a short-term indicator of final domestic demand, contracted after a long sequence of increases. Calendar day-adjusted data show that the volume of retail trade fell at an annual rate of 3.1%, following an increase of 3.9% in March.

⁸ Above normal stocks of finished goods have a negative effect on the overall indicator. Thus a fall in the balance of firms reporting above normal stock levels has a positive effect on the overall indicator.

⁹ The retail confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to survey questions relating to the present and future business situation and stock levels.

¹⁰ The consumer confidence indicator is the arithmetic average of the seasonally adjusted balances (in percentage points) of replies to a subset of survey questions relating to households' financial situation, their ability to save, the general economic situation and unemployment expectations over the subsequent 12 months.

¹¹ A fall in unemployment expectations has a positive effect on the overall indicator. Thus, more respondents expecting unemployment to fall has a positive effect on the overall indicator.

¹² The annual growth rates of the overall industrial production index are based on working-day adjusted data. Unadjusted data however, are used for the components.

Table 2
ACTIVITY INDICATORS

Annual percentage changes

	2016 2017		2017												2018			
			Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.			
Industrial production	-4.3	4.1	3.0	5.0	2.7	0.4	6.2	9.5	0.2	2.5	0.6	-1.3	-7.5	-4.8	-6.2			
Retail trade	2.9	4.0	7.2	6.5	5.1	2.5	3.0	8.9	4.5	0.8	7.9	7.8	6.2	3.9	-3.1			
Number of tourist arrivals	10.2	15.7	21.0	13.0	17.2	11.4	12.4	14.0	11.6	15.8	15.0	19.9	17.8	18.6	17.0			
Number of nights stayed	5.7	10.3	15.0	11.9	9.6	8.9	8.5	13.1	6.2	7.1	17.3	15.1	11.2	26.9	16.9			
Private accommodation	13.5	16.7	21.4	31.2	12.5	12.5	17.8	23.8	11.3	-2.0	13.8	10.5	19.1	56.1	26.7			
Collective accommodation	1.0	6.0	11.4	1.5	7.7	5.9	-0.6	4.7	3.0	12.3	20.0	18.5	7.4	14.6	11.0			
Tourist expenditure	4.3	13.9	24.9	9.5	14.3	11.4	10.4	16.7	10.2	18.3	24.3	16.1	4.7	20.2	3.9			
Package expenditure	-6.5	3.2	11.8	-6.4	3.4	-5.6	-5.8	10.4	15.0	23.9	21.0	30.9	15.4	27.2	15.1			
Non-package expenditure	11.3	19.8	42.2	25.5	18.8	22.5	18.3	21.2	0.4	10.9	23.8	32.4	8.5	19.8	3.4			
Other	8.2	17.3	21.7	9.9	19.1	15.4	15.7	17.8	14.8	20.5	26.4	-2.7	-5.0	15.0	-3.6			

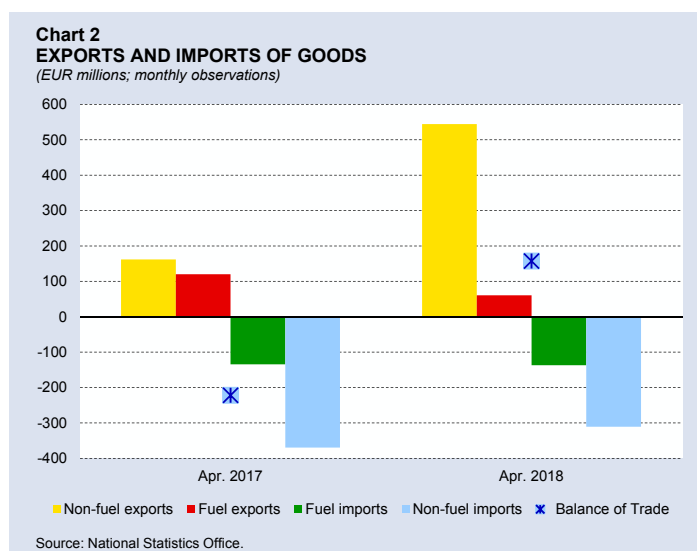
Sources: National Statistics Office; Eurostat.

Meanwhile, the number of inbound tourists increased by 17.0% on a year earlier, following a rise of 18.6% in March. Nights stayed grew by 16.9%, as both nights spent in private and collective accommodation increased on a year earlier, though growth was more pronounced in the former. Tourist spending in Malta rose by 3.9%, after increasing by 20.2% in March. This reflected higher expenditure on package and non-package holidays, as expenditure in the “other” category contracted.

During the first three months of 2018, the total occupancy rate in collective accommodation establishments rose to 52.6% from 49.6% a year earlier. Higher occupancy rates were recorded in all types of accommodation.

In the first quarter of 2018, there were 17 cruise liner calls, 17 less than a year earlier. Foreign passengers decreased to 69,725, from 85,133 in the same period of 2017, but still remained relatively high for the season.

Customs data show that the merchandise trade balance swung to a surplus of €157.3 million in April, as opposed to a deficit of €222.1 million in April 2017 (see Chart 2). This resulted from a rise in exports and, to a lesser extent, a decline in imports. The former increased by €323.0 million, whereas imports dropped by €56.5 million. The rise in exports was predominantly driven by increased registration



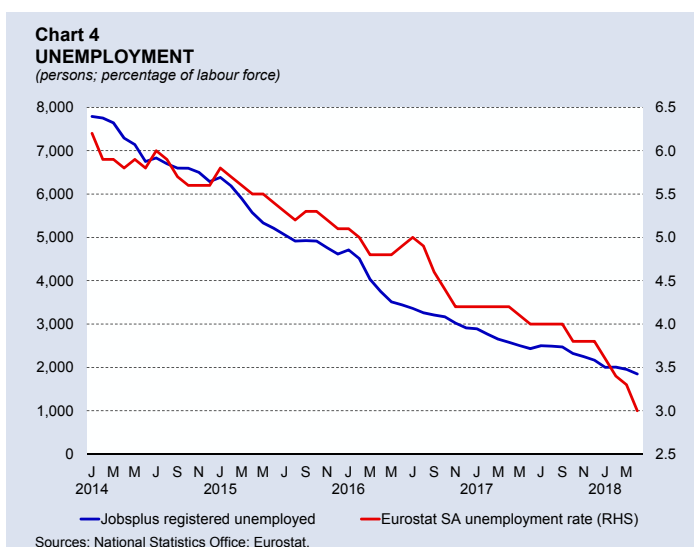
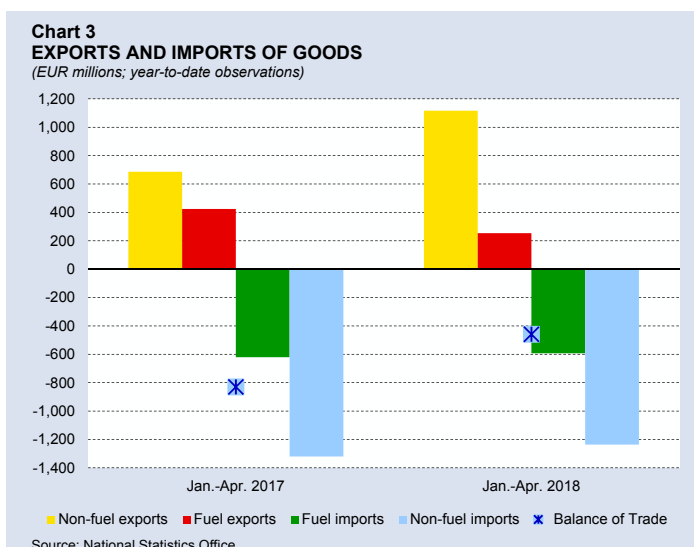
of ships and vessels, while the drop in imports was largely due to lower capital imports.

Partly reflecting developments in the month under review, the visible trade gap narrowed by €371.2 million during the first four months of 2018 when compared with the same period of 2017, and stood at €458.8 million (see Chart 3).

Labour market

Jobsplus data show that in April the number of persons on the unemployment register dropped further to 1,847, from 2,577 a year earlier, and from 1,954 in March 2018 (see Chart 4).

Eurostat's estimate of the seasonally-adjusted unemployment rate also declined, falling to 3.0%, from 4.2% in the corresponding month of 2017 and 3.3% in the preceding month. The latest reading is the lowest ever recorded for Malta.



BOX 1: GAINFULLY OCCUPIED POPULATION

Jobsplus records show that in December 2017 the gainfully occupied population, defined to include all persons in full-time employment, rose by 5.3% on a year earlier, reaching 195,274 (see Chart 5). The rate of growth fell marginally from the preceding month, as well as from the 5.9% recorded a year earlier.

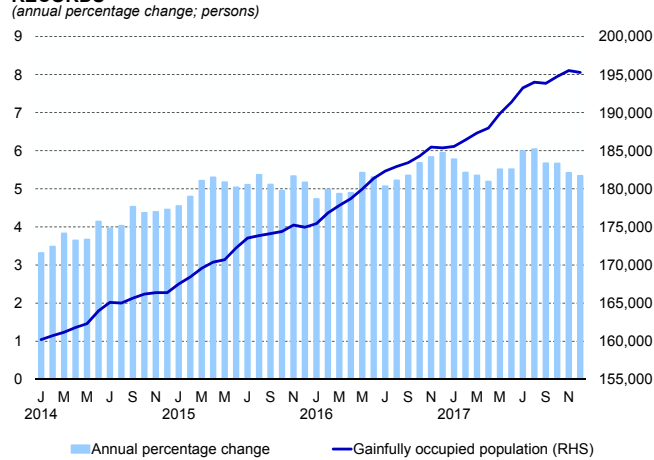
In line with developments in recent months, growth in employment continued to be mainly driven by the private sector, although public sector employment also rose on an annual basis (see Table 3).

The number of full-timers in the private sector went up by 8,690, or 6.2%, on the same month of 2016. Employment growth in this sector continued to be driven by market services,

with the number of full-time job holders increasing by 7,964, or 7.5% in annual terms. This rise was distributed among all major sectors within this category.

The sector incorporating real estate, professional and administrative activities registered the largest absolute increase. Employed persons in this sector went up by 3,293 in the year to December

Chart 5
GAINFULLY OCCUPIED POPULATION BASED ON JOBSPLUS RECORDS
(annual percentage change; persons)



Source: National Statistics Office.

Table 3
LABOUR MARKET INDICATORS BASED ON JOBSPLUS RECORDS

Persons; annual percentage changes

	2016 Dec.	2017 Dec.	Annual change	
			Number of persons	%
Labour supply	188,286	197,441	9,155	4.9
Gainfully occupied ⁽¹⁾	185,374	195,274	9,900	5.3
Registered unemployed	2,912	2,167	-745	-25.6
Unemployment rate (%)	1.5	1.1		
Private sector	140,057	148,747	8,690	6.2
Direct production⁽²⁾	33,291	34,017	726	2.2
Of which:				
Manufacturing	20,669	21,032	363	1.8
Construction	9,925	10,300	375	3.8
Market services	106,766	114,730	7,964	7.5
Wholesale and retail trade	25,767	26,075	308	1.2
Transportation and storage	8,086	8,449	363	4.5
Accommodation and food service activities	11,688	12,414	726	6.2
Information and communication	6,412	6,677	265	4.1
Financial and insurance activities	8,408	9,012	604	7.2
Real estate, professional and administrative activities ⁽³⁾	25,513	28,806	3,293	12.9
Arts, entertainment and recreation	6,993	8,083	1,090	15.6
Education	5,147	5,440	293	5.7
Other	8,752	9,774	1,022	11.7
Public sector	45,317	46,527	1,210	2.7

⁽¹⁾ This category measures full-time employment.

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

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

Source: National Statistics Office.

2017, and accounted for 41% of the overall rise in private market services employment. The number of persons employed in the arts, entertainment and recreation sector also grew significantly in annual terms, going up by 1,090 persons. Employment also increased within the private health care sector.

Meanwhile, employment in direct production within the private sector grew by 726, or 2.2%, on a year earlier. Growth was recorded within both the manufacturing and construction sectors.

Public sector jobs rose by 1,210, or 2.7%, on a year earlier, mainly driven by increased employment in public administration and defence as well as in education. These offset falls in other sectors, such as health and construction. Nevertheless, the share of public sector employment declined to 23.8% in December 2017 from 24.4% a year earlier.

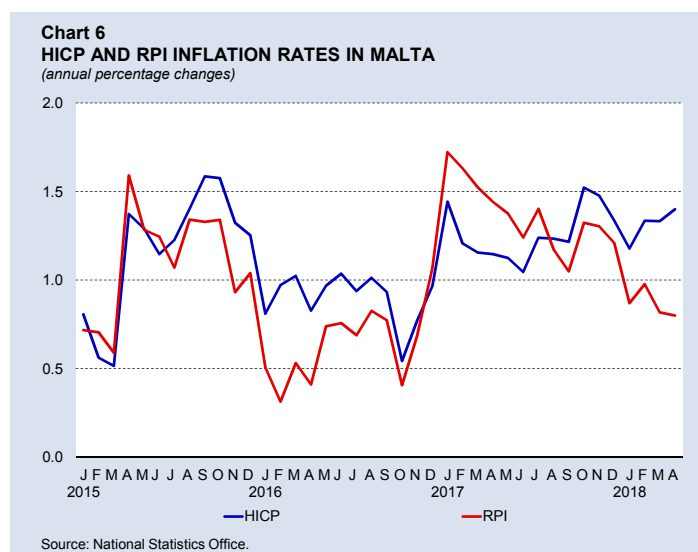
Prices, costs and competitiveness

Annual HICP inflation edged up in April, reaching 1.4% from 1.3% a month earlier. This increase notwithstanding, consumer price pressures remain contained from a historical perspective (see Chart 6).

Food inflation picked up from low levels during April, as fruit prices continued to accelerate and the annual contraction in vegetable prices abated somewhat. These developments offset slightly lower services inflation, though this subcomponent remained the largest contributor to overall HICP inflation. Inflation rates for the remaining subcomponents, namely non-energy industrial goods and energy, were unchanged when compared with March.

The Retail Price Index (RPI) also signalled contained price pressures, with annual growth standing unchanged at 0.8% (see Chart 6).¹³ RPI inflation is currently being held back by annual contractions in clothing and footwear prices, while food inflation, though still the main contributor of RPI inflation, is low from a historical perspective.

The Industrial Producer Price Index (PPI) continued to grow strongly during April, with annual growth going to 6.6% from



¹³ The RPI differs from the HICP in that RPI weights are based on expenditure by Maltese households, while HICP weights reflect expenditure patterns in Malta, including tourists.

6.4% a month earlier.¹⁴ This acceleration wholly reflected continued strong growth in the prices of intermediate goods, which is the largest component of the index and includes items such as computers and electronics. In contrast, inflation in the other components, namely consumer goods, capital goods, and energy, remained zero or negative.

Malta's harmonised competitiveness indicators (HCI) continued to indicate a deterioration in international competitiveness during April. Annual growth in the nominal HCI, based on trade-weighted exchange rates, stood at 5.8%, while the real HCI, which also takes into account relative price pressures, grew by 9.2%.¹⁵ This suggests that movements in the euro exchange rate over the past year have negatively impacted competitiveness. In turn these were amplified by developments in relative prices vis-à-vis international trading partners.

Public finance

In April 2018, the Consolidated Fund recorded a deficit of €35.1 million, a deterioration of €69.1 million when compared with the surplus registered in April 2017 (see Table 4). This

Table 4
CONSOLIDATED FUND BALANCE

EUR millions

	2017	2018	2017	2018	Change	
	Jan.-Apr.	Jan.-Apr.	Apr.	Apr.	Amount	%
Revenue	1,153.2	1,151.5	326.0	292.7	-33.3	-10.2
Direct tax	539.0	571.2	188.7	181.6	-7.1	-3.7
Income tax	355.4	378.6	140.0	132.1	-7.9	-5.6
Social security contributions ⁽¹⁾	183.6	192.6	48.7	49.5	0.8	1.7
Indirect tax	422.9	466.1	66.9	88.3	21.4	31.9
Value Added Tax	212.6	238.8	24.4	20.5	-3.9	-16.0
Customs and excise duties	94.0	93.9	21.1	24.4	3.4	15.9
Licences, taxes and fines	116.2	133.3	21.5	43.4	21.9	102.0
Non-tax⁽²⁾	191.3	114.1	70.4	22.8	-47.6	-67.6
Expenditure	1,132.0	1,247.4	292.0	327.8	35.8	12.3
Recurrent	1,054.4	1,154.2	258.2	281.9	23.7	9.2
Personal emoluments	244.2	270.7	60.6	68.5	7.9	13.1
Operational and maintenance	60.1	61.0	14.9	14.6	-0.3	-1.8
Programmes and initiatives ⁽¹⁾	556.3	618.8	134.4	144.4	9.9	7.4
Contributions to entities	119.8	128.8	29.5	35.4	6.0	20.3
Interest payments	74.1	74.8	18.8	18.9	0.2	0.9
Capital	77.6	93.2	33.8	45.9	12.1	35.7
Primary balance⁽³⁾	95.3	-21.1	52.8	-16.1	-68.9	-
Consolidated Fund balance	21.2	-95.9	34.1	-35.1	-69.1	-

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

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

⁽³⁾ Revenue less expenditure excluding interest payments.

Source: National Statistics Office.

¹⁴ The Industrial PPI measures the prices of goods at the factory gate and is commonly used to monitor inflationary pressures at the production stage.

¹⁵ The nominal HCI tracks movements in the country's exchange rate against the currencies of its main trading partners, weighted according to the direction of trade in manufactured goods. The real HCI incorporates both exchange rate changes and the relative inflation of a country vis-à-vis its main trading partners. A higher (or lower) score in the HCI indicates a deterioration (or improvement) in a country's international price competitiveness.

development reflects higher government expenditure as well as a drop in total revenue. As a result, the primary balance recorded a deficit of €16.1 million, from a €52.8 million surplus in the same month a year earlier.

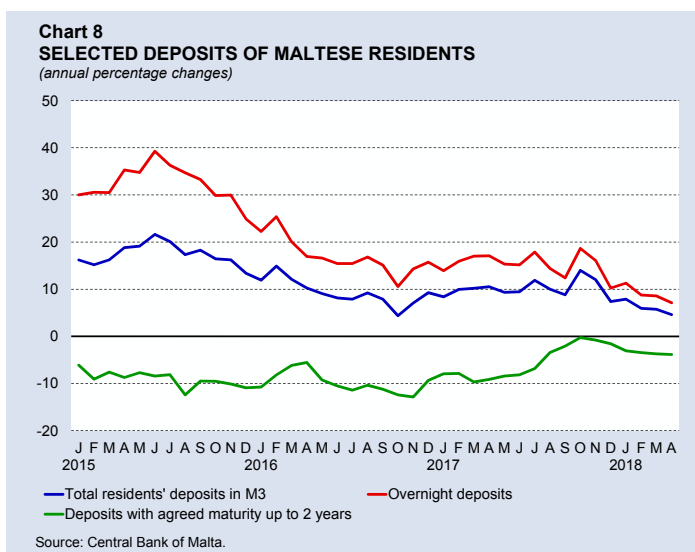
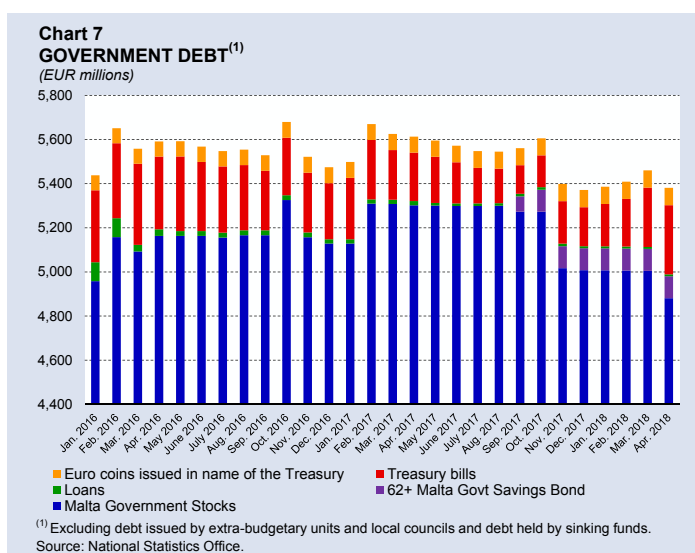
Government revenue declined by €33.3 million when compared with a year earlier, equivalent to a drop of 10.2%. This was mainly driven by lower non-tax income as a result of lower EU grants. Revenue from direct taxes also declined, although to a lesser extent, as a result of lower income tax. Meanwhile, indirect taxes rose by €21.4 million, mainly due to the timing of intakes from licenses, taxes and fines.

Total government expenditure increased by €35.8 million or 12.3% when compared with the corresponding period of 2017 as a result of higher recurrent and capital expenditure. The former accounted for most of the increase, rising by €23.7 million, mainly due to higher programmes and initiatives. This increase was augmented by a rise in personal emoluments and contribution to government entities. Moreover, capital expenditure was €12.1 million higher than in April 2017.

In April, the total stock of central government debt, excluding debt issued by extra-budgetary units and debt held by sinking funds, declined by €79.3 million when compared with the preceding month, to reach €5,381.4 million (see Chart 7). This decline was largely due to the redemption of Malta Government Stocks which offset higher holdings of Treasury bills.

Deposits, credit and financial markets

Annual growth in residents' deposits held with monetary and financial institutions (MFI) forming part of broad money (M3) decelerated further to 4.6% in April, from 5.8% a month earlier (see Chart 8). Growth in M3 deposits has recently held



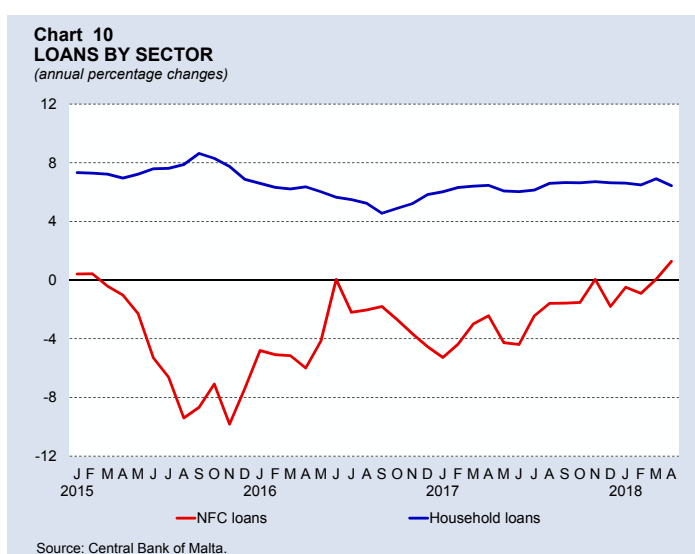
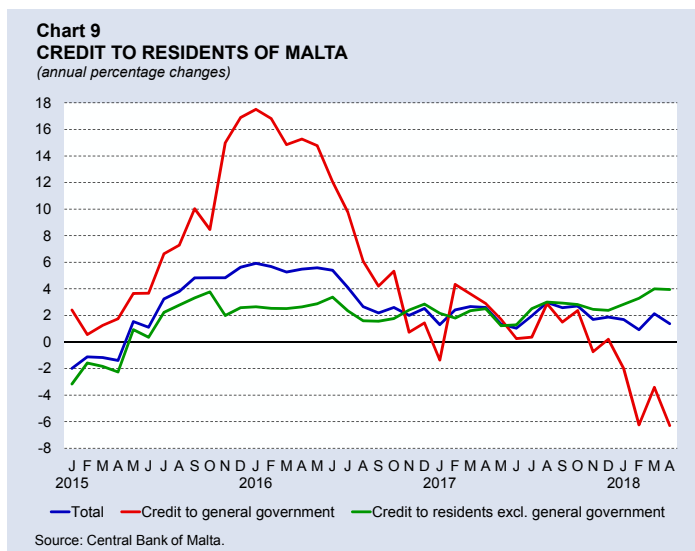
below the average observed since 2014, suggesting a normalisation from the historically strong growth rates observed in recent years.

Overnight deposits remained the main driver behind growth in residents' deposits, though growth in this category slowed to 7.1% in April, from 8.6% a month earlier. Nonetheless, the pace of expansion remains robust, suggesting a continued preference for holding liquid assets in an environment of low interest rates and robust economic activity. In contrast, longer-term time deposits continued to contract.

On the assets side of banks' balance sheets, annual growth in credit to Maltese residents decelerated to 1.4%, from 2.1% a month earlier (see Chart 9). This reflected a further contraction in credit to general government, which fell by 6.3% owing to a drop in MFI holdings of Malta Government Stocks. In contrast, credit to other residents continued to expand, with annual growth standing at 3.9%. This mainly reflected a faster expansion in loans, the largest component.

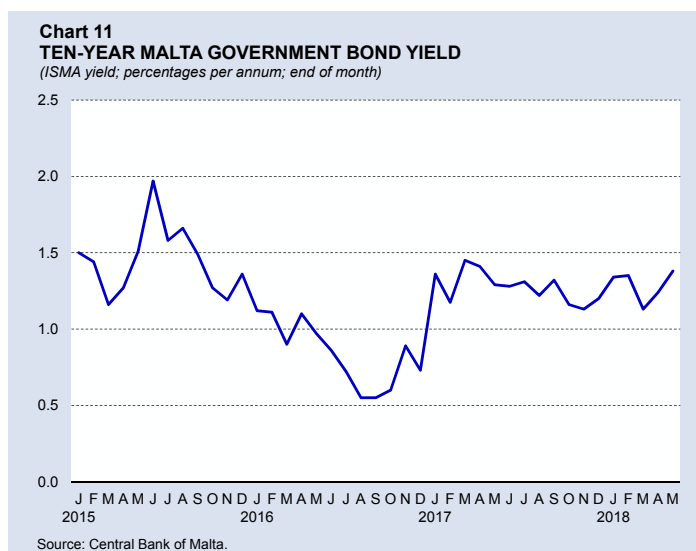
Loans to residents outside the general government sector grew by 4.1% in April, supported mainly by continued strong growth in lending to households (see Chart 10). These grew at an annual rate of 6.4%, as a strong increase in mortgage loans offset further declines in consumer credit and other loans. At the same time, loans to NFCs rose by 1.3%, registering the second consecutive month of positive growth following a long period of decline. Bank lending to NFCs has been weak in recent years, reflecting a shift in banks' loan portfolios towards households. This weakness also highlights firms' use of alternative funding sources, as well as a structural shift towards less capital-intensive industries.

The composite interest rate paid by MFIs on residents' euro-denominated deposits dropped slightly to 0.36% in April when compared with a month earlier, and was 7 basis points



lower than the rate registered in the same period a year ago. Meanwhile, the composite rate charged on outstanding loans fell by 3 basis points when compared with March, to 3.61%. This is also 3 basis points lower than the rate registered a year earlier. These developments led to a widening of the spread between the composite loan and deposit rates applied to residents to 325 basis points, from 321 basis points in April 2017.

In the capital market, the secondary yield on ten-year Maltese government bonds rose to 1.4% in May, from 1.2% a month earlier (see Chart 11). At the same time, the Malta Stock Exchange (MSE) Equity Price Index rose by 0.5%, while the MSE Total Return Index, which accounts for changes in both equity prices and dividends, gained 0.7%.



MACROECONOMIC INDICATORS FOR MALTA

(annual percentage changes; non-seasonally adjusted data)

	2016	2017	2017	2017	2017	2018	2017	2017	2017	2017	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018
			Q1	Q2	Q3	Q4	Q1	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Prices and costs																				
HICP inflation	0.9	1.3	1.3	1.1	1.2	1.4	1.3	1.1	1.0	1.2	1.2	1.2	1.5	1.5	1.3	1.2	1.3	1.3	1.4	-
RPI inflation	0.6	1.4	1.6	1.4	1.2	1.3	0.9	1.4	1.2	1.4	1.2	1.0	1.3	1.3	1.2	0.9	1.0	0.8	0.8	-
Industrial producer price inflation	-0.3	1.6	-0.5	0.4	3.0	3.3	4.3	1.0	1.2	2.9	3.1	3.1	3.2	3.4	3.3	3.1	3.3	6.4	6.6	-
HCI (nominal)	2.3	1.7	-0.1	0.7	2.9	3.4	5.2	0.8	1.6	2.5	3.2	2.9	2.8	3.2	4.0	4.1	5.9	5.8	5.8	-
HCI (real)	3.1	1.8	-1.2	-0.1	3.9	4.8	7.8	0.1	1.7	3.5	4.3	3.8	4.0	4.5	5.8	5.8	9.0	8.7	9.1	-
Unit labour costs, whole economy ⁽¹⁾	1.7	0.4	1.4	0.8	0.0	0.4	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	2.8	1.8	1.8	1.8	1.3	1.8	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	1.0	1.4	0.3	0.9	1.4	1.4	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Price Index (NSO)	5.4	4.9	4.9	5.7	4.8	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																				
Nominal GDP	2.2	3.9	3.6	2.3	7.6	2.0	6.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	5.2	6.4	6.6	7.3	7.3	4.6	4.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	2.8	3.9	5.2	4.6	3.4	2.4	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	-2.7	-0.9	-4.0	-7.6	15.4	-4.7	10.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	1.7	-7.6	6.8	-27.5	-6.6	0.2	-15.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	4.5	4.3	1.2	6.9	3.2	5.9	-0.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	1.5	-0.9	-2.1	-4.5	-0.5	3.5	-4.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour market developments																				
LFS unemployment rate (% of labour force)	4.7	4.0	4.2	4.1	4.0	3.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LFS employment	3.2	3.4	2.7	2.5	3.1	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jobsplus gainfully occupied	5.3	5.6	5.5	5.4	5.9	5.5	-	5.5	5.5	6.0	6.0	5.7	5.7	5.4	5.3	-	-	-	-	-
Balance of payments																				
Current account (as a % of GDP) ⁽²⁾	7.0	12.5	7.8	11.0	11.5	12.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																				
Maltese residents' deposits and loans																				
Overnight deposits	15.7	10.2	17.0	15.2	12.4	10.2	8.6	15.3	15.2	17.9	14.4	12.4	18.6	16.1	10.2	11.3	8.8	8.6	7.1	-
Deposits with agreed maturity up to 2 years	-9.3	-1.6	-9.7	-8.1	-2.1	-1.6	-3.7	-8.4	-8.1	-6.8	-3.4	-2.1	-0.3	-0.8	-1.6	-3.1	-3.4	-3.7	-3.8	-
Total residents' deposits in M3	9.3	7.4	10.2	9.5	8.8	7.4	5.8	9.3	9.5	11.9	10.0	8.8	14.0	12.0	7.4	7.9	5.9	5.8	4.6	-
Credit to general government	1.4	0.2	3.6	0.3	1.5	0.2	-3.4	1.7	0.3	0.4	2.9	1.5	2.4	-0.7	0.2	-2.0	-6.2	-3.4	-6.3	-
Credit to residents (excl. general government)	2.9	2.4	2.4	1.3	2.9	2.4	4.0	1.2	1.3	2.5	3.0	2.9	2.8	2.5	2.4	2.8	3.3	4.0	3.9	-
Total credit	2.5	1.9	2.7	1.0	2.6	1.9	2.1	1.3	1.0	2.0	3.0	2.6	2.7	1.7	1.9	1.7	0.9	2.1	1.4	-
10-year interest rate (%) ⁽³⁾	0.7	1.2	1.5	1.3	1.3	1.2	1.1	1.3	1.3	1.3	1.2	1.3	1.2	1.1	1.2	1.3	1.4	1.1	1.2	1.4
Stock prices: Malta Stock Exchange Index ⁽⁴⁾	4.5	-3.3	1.9	-0.4	1.1	-3.9	-0.8	-0.8	1.3	0.3	-1.5	1.1	-0.9	-5.6	2.7	-0.7	0.4	-0.5	-4.3	0.5
General government finances (% of GDP)																				
Surplus (+) / deficit (-) ⁽²⁾	1.0	3.9	2.0	2.1	3.3	3.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁵⁾	56.2	50.7	56.6	55.0	53.4	50.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-

⁽¹⁾ Four-quarter moving averages.⁽²⁾ Four-quarter moving sums.⁽³⁾ End of period. In January and February 2017, in the absence of bonds qualifying within the recommended residual maturity, the benchmark yield was calculated as an average of bonds close to the agreed maturity range.⁽⁴⁾ Period-on-period percentage changes, based on end-of-month data.⁽⁵⁾ GDP data are four-quarter moving sums.

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