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ECONOMIC UPDATE

APRIL 2016

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ECONOMIC UPDATE APRIL 2016

Summary¹

Economic activity in Malta continued to expand robustly in the fourth quarter of 2015, with real gross domestic product (GDP) increasing by 5.7% on a year earlier. Growth was driven by domestic demand. Hard data point to further expansion in tourism at the beginning of 2016, but weakness in manufacturing. Buoyant economic activity is being reflected in the labour market, with employment expanding and the unemployment rate remaining at historically low levels. Price pressures were moderate. The annual rate of inflation, based on the Harmonised Index of Consumer Prices (HICP) was unchanged at 1.0% in March. Maltese residents' deposits continued to expand at a rapid annual rate in February, while the annual rate of growth of credit to residents eased slightly to 5.7%. As regards fiscal developments, the general government deficit narrowed substantially in 2015. On the other hand, the deficit on the Consolidated Fund widened. In the first two months of 2016 the Consolidated Fund showed a deficit compared with a surplus a year earlier, mainly due to lower grant receipts. On the external side, the surplus on the current account of the balance of payments increased in the fourth quarter of 2015.

Output, demand and the labour market

Economic activity in Malta continued to grow strongly during the fourth quarter of 2015, with real GDP rising at an annual rate of 5.7%, following an upwardly revised growth rate of 6.5% in the previous quarter (see Table 1).

Over 2015 as a whole, the Maltese economy expanded by 6.3% in real terms, following 3.7% growth in 2014. This acceleration largely reflected faster growth in private consumption and investment, which rose by 4.9% and 21.4%, respectively. In contrast, net exports had a negative impact on GDP growth during the year as whole, as imports outpaced exports.

During the quarter under review, growth was driven mainly by domestic demand, which rose by 4.3% on a year earlier and which contributed 4.0 percentage points to the increase in GDP. In turn, the main drivers were a rise in private consumption and in government consumption, which

Table 1
GROSS DOMESTIC PRODUCT⁽¹⁾

Annual percentage changes

	2014		2015		
	Q4	Q1	Q2	Q3	Q4
Private final consumption expenditure	3.1	4.9	3.6	6.0	5.2
Government final consumption expenditure	9.4	3.9	5.3	-2.9	12.3
Gross fixed capital formation	11.7	4.2	33.5	44.7	9.2
Domestic demand	9.1	4.4	8.9	13.0	4.3
Exports of goods and services	1.7	-0.6	3.3	4.1	2.6
Imports of goods and services	3.8	-1.6	4.5	7.7	1.4
Gross domestic product	5.7	6.2	6.9	6.5	5.7

⁽¹⁾ Chain-linked volumes, reference year 2010.

Source: National Statistics Office.

¹ The cut-off date for information in this note is 22 April 2016.

both rose strongly when compared with the last quarter of 2014. In contrast, changes in inventories had a negative impact on growth.²

Private consumption expanded at an annual rate of 5.2% in the fourth quarter, reflecting continued growth in compensation of employees. It added 2.8 percentage points to GDP growth.

Government consumption increased at an annual rate of 12.3% in the final quarter of 2015, following a year-on-year drop in the third quarter.

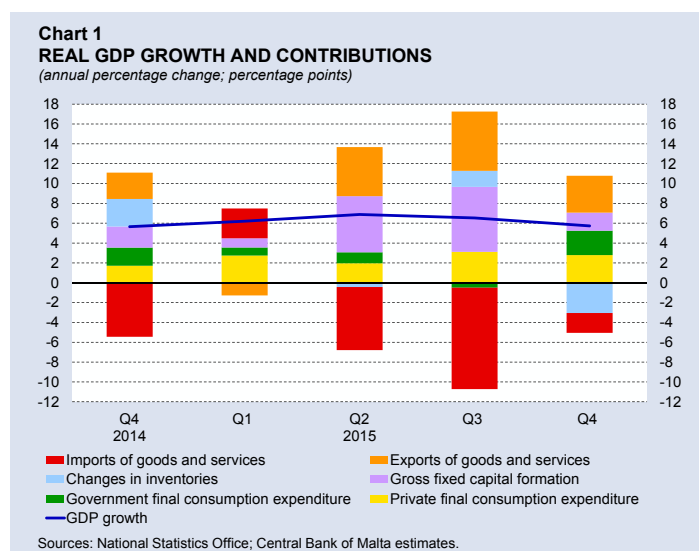
Gross fixed capital formation rose less steeply compared with the previous quarter, but maintained a high growth rate. In the fourth quarter it increased by 9.2% on a year earlier. This mostly reflected higher spending on machinery and transport equipment and dwelling investment. 'Other' investment, which includes investment in software, also contributed to the increase. In contrast, non-residential investment declined. Overall, investment contributed 1.8 percentage points to real GDP growth (see Chart 1).

Net exports of goods and services also had a positive effect on GDP growth during the last quarter of the year. Exports rose by 2.6% year-on-year, mainly as a result of an increase in foreign sales of goods. Meanwhile, imports rose by 1.4%, supported by goods imports in particular. With exports growing faster than imports, net exports rose, adding 1.7 percentage points to GDP growth.

Nominal GDP expanded at an annual rate of 8.6% in the fourth quarter of 2015, slower than the 9.2% recorded in the third quarter, largely reflecting developments in the annual rate of growth of gross value added (GVA). The latter eased to 7.7%, from 10.2% in the previous quarter. Services remained the main contributor to growth in GVA, with growth across all sub-sectors. In particular, the strongest contributions came from the sector comprising wholesale and retail trade and the sector incorporating professional and scientific activities. The energy and water sector, as well as construction, also contributed positively to GVA growth. In contrast, GVA in manufacturing decreased slightly.

The available information for the first two months of 2016 indicates a further decline in manufacturing activity and continued growth in tourism.

As regards manufacturing, the index of industrial production fell by 4.1% in year-on-year terms in February 2016, following a



² The contribution to GDP growth of changes in inventories, which includes both the statistical discrepancy and acquisitions and disposals of valuables, is based on the Bank's calculations.

7.8% fall in January.³ The three-month moving average growth rate fell to -2.5%, from 0.0% a month earlier. A substantial fall was registered in the printing and reproduction of recorded media sector. Output also fell among firms involved in the production of pharmaceuticals; food; computer, electronic and optical products as well as electricity, gas, steam and air conditioning. Developments in these sectors offset increases in production in the beverages, water supply and rubber and plastics sectors.

Turning to tourism, the buoyancy in the industry continued in February as arrivals rose by 9.2% on a year earlier, while nights stayed and expenditure also increased. During the first two months of 2016, arrivals were up by 11.7% on the same period of 2015, while expenditure rose by 8.2%.

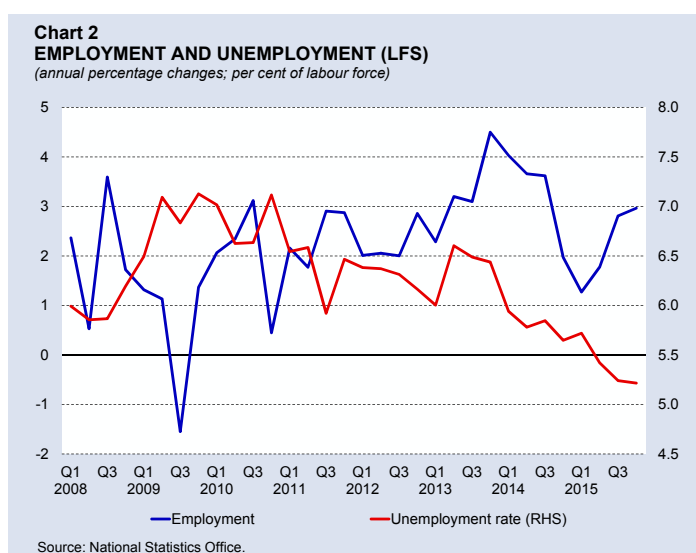
Meanwhile, during the first quarter of 2016, cruise liner calls stood at 17, up from 9 in the first three months of 2015. As a result, foreign passengers increased to 39,303, almost doubling on a year earlier.

As regards the labour market, according to the Labour Force Survey (LFS), employment expanded by 3.0% during the fourth quarter of 2015 compared with the same period a year earlier. This followed a 2.8% increase in the previous quarter (see Chart 2). Employment growth in the fourth quarter mainly reflected developments in the number of employed on a full-time basis. On the other hand, the number of part-time employees fell for the third consecutive time, although at a lower rate compared with recent quarters.

On the basis of records maintained by the Employment and Training Corporation (ETC), employment increased even more strongly. In October 2015 the gainfully occupied population rose by 4.0% on a year earlier, following 4.2% growth in September.⁴

According to the LFS, the unemployment rate stood at 5.2% in the fourth quarter of 2015, unchanged from the preceding quarter and down from 5.6% a year earlier.⁵

The available information suggests that labour market conditions remained favourable in the first two months of 2016. Indeed, Eurostat's estimate of the seasonally-adjusted unemployment rate was 5.3% in January, falling to 5.1% in the following month.



³ Based on the industrial production index adjusted for working days.

⁴ The LFS is a household survey conducted by the NSO on the basis of definitions set by the International Labour Organization and Eurostat. ETC data are based on administrative records according to definitions established by domestic legislation on employment and social security benefits.

⁵ This unemployment rate is based on the number of unemployed aged 15 and over, which is consistent with NSO data on employment and the labour force. It may differ slightly from that published by the NSO, which is based on the number of unemployed in the 15-74 age bracket.

ETC data also show a fall in the number of registered unemployed. In February 2016 the number of people on the unemployment register decreased by 1,679 compared with the corresponding month of 2015, to 4,511.

Prices, costs and competitiveness

In March, the annual rate of HICP inflation remained unchanged at 1.0%. At 1.3%, the twelve-month moving average rate was 0.1 percentage point higher when compared with February (see Chart 3).

The unchanged annual rate of inflation in March reflected offsetting movements across components. In particular, a less negative contribution from the energy component and an increase in the contribution from unprocessed food were matched by lower contributions from services and non-energy industrial goods (NEIG).

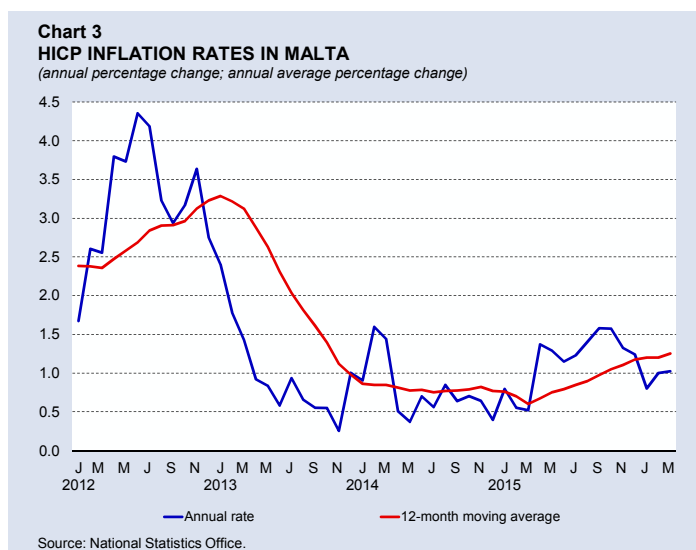
The annual rate of change of services prices fell from 1.3% in February to 1.1% in March, reflecting lower prices charged for package holidays and accommodation. At the same time, the annual rate of change of communication services prices was more negative compared with February.

NEIG inflation fell to 1.3% from 1.5% in February, reflecting a faster drop in prices of semi-durable goods, notably clothing and footwear.

Processed food inflation remained unchanged at 2.5% in March. In contrast, unprocessed food price inflation rose to 0.5% in March, from -0.4% in February, reflecting a lower decrease in vegetable prices, and faster increases in fruit, fish and seafood prices.

Meanwhile, energy inflation stood at -2.4% in March, compared with -4.0% in the previous month. Although this subcomponent remained unchanged during the month, it had fallen in March 2015, when prices of fuel for personal transport and gas had declined.

As regards cost indicators, Central Bank of Malta estimates show that following a 2.2% increase in 2014, Malta's unit labour cost (ULC) index declined by 1.2% in 2015.⁶ This was the first annual drop in ULCs since 2005, and was the result of continued strong productivity growth that exceeded the concurrent rise in compensation per employee. Productivity rose by 2.7% in 2015, as GDP outpaced employment. This was a marked improvement from the negative 1.3%



⁶ Unit labour costs measure the average labour cost of a unit of output and are based on the ratio of compensation per employee to productivity.

seen in 2014. At the same time, compensation per employee picked up, rising by 1.5% in 2015 from 0.9% in the previous year.

Eurostat's House Price Index for Malta – which is based on transactions covering terraced houses, apartments and maisonettes – indicates that residential property prices increased by 1.0% in the fourth quarter of 2015 compared with the same quarter of the previous year. This followed strong growth of 6.7% in the third quarter. In contrast, the Central Bank of Malta's advertised property price index shows faster growth in house prices. It rose at an annual rate of 10.0% in the last quarter of 2015, following a 5.0% increase in the third quarter. Prices of apartments – the major component – continued to grow strongly, though at a moderating pace. However, the remaining property categories recorded significantly higher inflation than in the previous quarter. Although they indicate trends, advertised property prices may not accurately reflect the prices at which sales actually take place.

Deposits, credit and financial markets

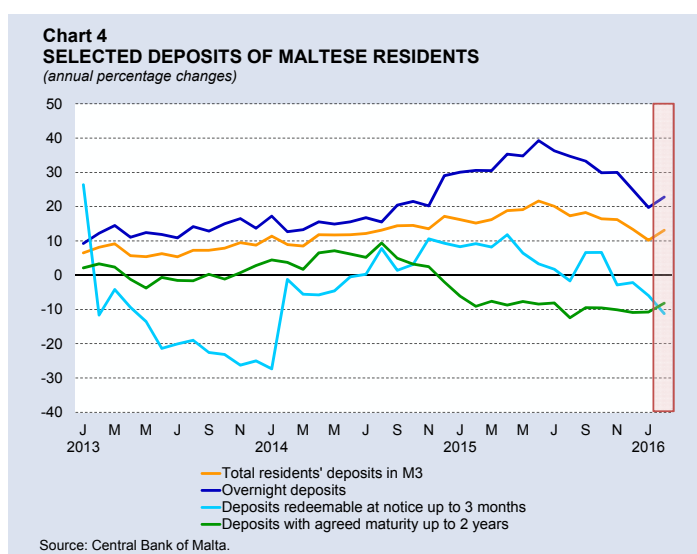
The slowdown in monetary growth seen since June 2015 was interrupted. The annual growth rate of residents' deposits forming part of broad money (M3) picked up to 13.1% in February, from 10.2% in January (see Chart 4).

The acceleration in the annual growth rate of deposits in M3 in February was partly driven by overnight deposits, which remained the main contributor to growth in M3 deposits. Overnight deposits rose by 22.8% on a year earlier, following a 19.7% increase in January. Demand for overnight facilities is high, reflecting the low opportunity cost of holding liquid assets in an environment of low interest rates. Households remained the main contributors to the year-on-year increase in overnight deposits.

At the same time, the other major component of M3 deposits, those with an agreed maturity of up to two years, declined at a slower pace, with the annual rate of change rising to -8.2% in February, from -10.7% in January. Deposits redeemable at notice up to 3 months, the smallest component of M3 deposits, also continued to contract in annual terms.

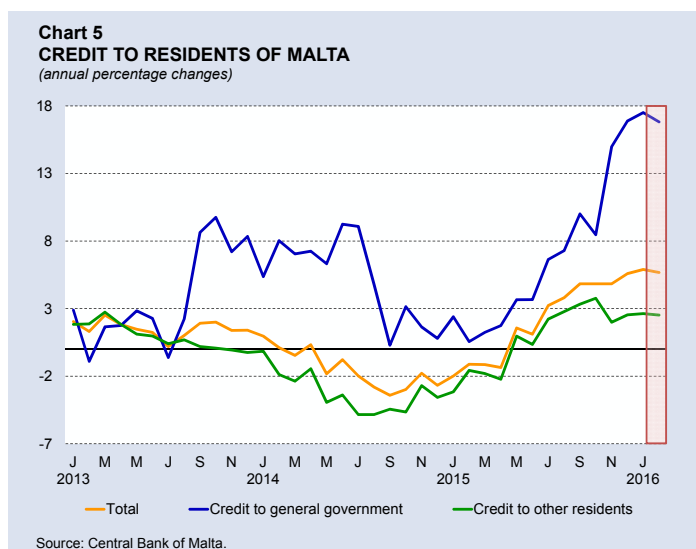
On the assets side of banks' balance sheets, annual growth in credit to Maltese residents stood at 5.7% in January, down slightly from 5.9% in January (see Chart 5).

The annual rate of growth of credit to general government eased to 16.8% in February, from 17.5% a month earlier. Growth in this credit component was driven by an increase in banks' holdings of government



securities. In turn, this partly reflected Central Bank of Malta purchases of government debt under the Eurosystem's Public Sector Purchase Programme.

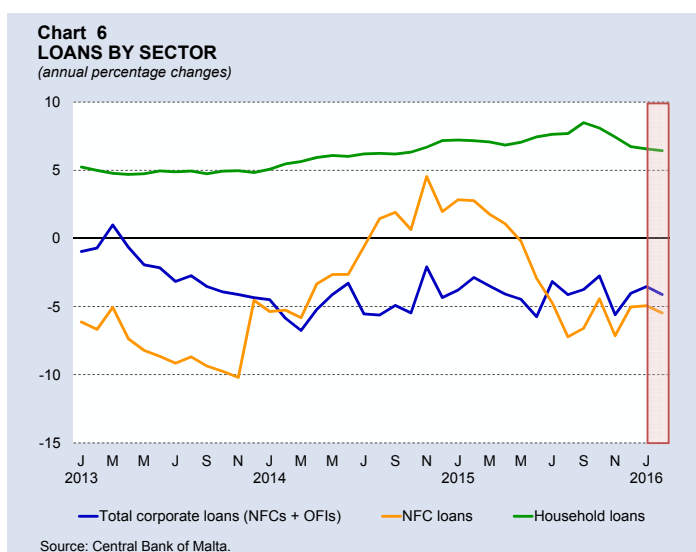
Credit to all other residents – which comprise non-financial corporations (NFCs), households, and non-bank financial institutions (OFIs) – grew by 2.5% year-on-year in February, marginally down from 2.6% in January. The year-on-year increase in February was mainly driven by greater bank holdings of equities and increases in loans. Loans, the bigger component, grew at an annual rate of 0.9%, following a 1.3% rise in the previous month.



In more detail, NFC loans, which comprise lending to both public and private NFCs, contracted by 5.5% on an annual basis in February, after a 4.9% drop in January. A decline in loans to public NFCs offset a marginal expansion in lending to private firms, partly reflecting developments in the energy sector. Meanwhile, annual growth in loans to households stood at 6.4% in February, extending its easing trend since its peak of 8.5% in September 2015 (see Chart 6). As in recent months, year-on-year growth in loans for house purchase remained strong, though it edged down marginally to 8.3% in February. It offset continued drops in consumer credit and other lending. Meanwhile, loans to OFIs, the other component of loans outside the general government sector, continued to expand.

Bank deposit rates extended their downward trend in February, with the composite interest rate paid by monetary financial institutions (MFIs) on all euro-denominated deposits belonging to resident households and NFCs dropping by 1 basis point to 0.67%. The comparable rate charged on outstanding loans also dropped, down by 2 basis points to 3.79%. As a result, the composite deposit rate was 31 basis points below its level in February 2015, while the corresponding lending rate went down by 19 basis points.

In the secondary bond market, the yield on ten-year



government bonds dropped in March when compared to a month earlier, standing at 0.90% from 1.11% in February (see Chart 7). On the other hand, the comparable benchmark yield in the euro area rose by 5 basis points to 0.16%, following a drop in February. Meanwhile, equity prices rose marginally in March, with the MSE index gaining 0.2%.

In March, the Government issued two fixed-rate Malta Government Stocks (MGS) for a total amount of €80.0 million, available through competitive auction. Most of the funds, €55 million, were allotted to the 1.50% MGS 2022 (IV) Fungibility Issue at a weighted-average price of €106.5, corresponding to a yield-to-maturity of 0.45%. Meanwhile, €25 million were allotted to a 2.50% MGS 2036 (I) Fungibility Issue at a weighted-average price of 105.1, corresponding to a yield-to-maturity of 2.2%. In the private capital market, Corinthia Finance plc announced the details of its €40.0 million (2026) bond issue, which will be used to redeem its 6.25% Unsecured Bonds 2016-2019. The new bonds will be issued at par, offering a coupon rate of 4.50%.

Chart 7
TEN-YEAR MALTA GOVERNMENT BOND YIELD
(ISMA yield; percentages per annum; end of month)



Public finance⁷

In the fourth quarter of 2015, the general government surplus increased by €16.9 million compared with the same period a year earlier, reaching €95.3 million (see Table 2). Revenue grew by 10.6%, boosted by tax revenue as well as inflows under the International Investor Programme. Income in the last quarter of the year was also boosted by capital transfers as the Government stepped up efforts to increase the absorption rate of EU funds under the 2007-2013 EU financing programme.

Meanwhile, general government expenditure rose by 9.8% as both recurrent and capital expenditure increased. Growth in recurrent spending stemmed mainly from higher intermediate consumption and compensation of employees. The former was influenced by additional spending related to EU-funded projects. Social benefits rose marginally while the other components of recurrent expenditure went down.

Capital expenditure was significantly higher during the quarter under review, fuelled by higher spending on gross fixed capital formation as well as capital transfers. These two components were also boosted by higher outlays relating to EU-funded projects.

Over the year as a whole, the general government balance improved by €34.4 million compared to 2014, as revenue increased faster than expenditure. Consequently, the deficit-to-GDP ratio

⁷ The general government accounts, which are compiled in line with the ESA 2010 methodology, cover central government, including extra-budgetary units, as well as local councils, on an accrual basis. The Consolidated Fund captures most of the transactions of general government on a cash basis.

Table 2
GENERAL GOVERNMENT BALANCE

EUR millions

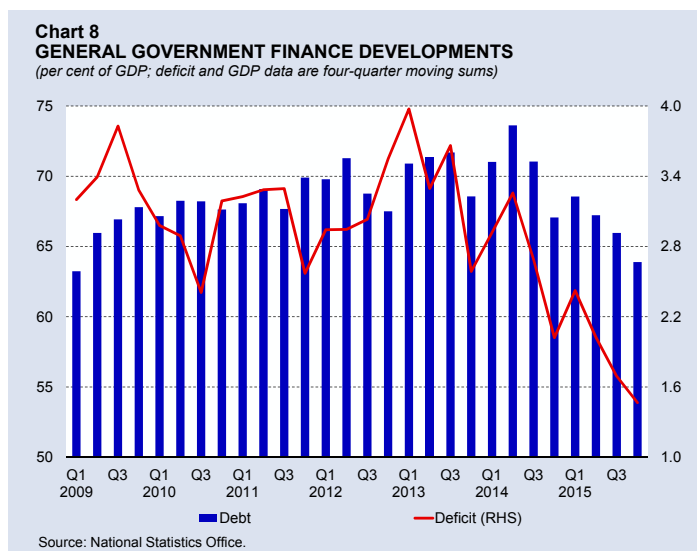
	2014	2015	Change		2014	2015	Change	
	Q4	Q4	Amount	%	Q1-Q4	Q1-Q4	Amount	%
Revenue	1,043.6	1,154.7	111.1	10.6	3,330.3	3,683.1	352.8	10.6
Taxes on production and imports	308.9	347.5	38.6	12.5	1,097.8	1,189.1	91.3	8.3
Current taxes on income and wealth	402.1	385.4	-16.7	-4.2	1,155.4	1,237.6	82.1	7.1
Social contributions	159.6	172.0	12.4	7.7	560.3	596.3	36.0	6.4
Capital and current transfers receivable	88.3	149.2	60.9	69.0	244.5	327.5	83.0	34.0
Other ⁽¹⁾	84.7	100.6	15.9	18.8	272.4	332.6	60.2	22.1
Expenditure	965.2	1,059.4	94.2	9.8	3,493.8	3,812.1	318.3	9.1
Compensation of employees	268.6	281.2	12.6	4.7	1,048.6	1,116.4	67.8	6.5
Intermediate consumption	157.5	209.6	52.1	33.1	524.8	596.5	71.7	13.7
Social benefits	261.6	264.2	2.6	1.0	1,004.1	1,033.2	29.1	2.9
Subsidies	27.5	26.6	-0.8	-3.0	105.0	110.6	5.6	5.3
Interest	58.8	58.1	-0.7	-1.1	230.8	227.6	-3.2	-1.4
Other current transfers payable	57.6	47.5	-10.2	-17.6	192.7	200.2	7.5	3.9
Gross fixed capital formation	103.4	130.6	27.2	26.3	297.1	402.3	105.3	35.4
Capital transfers payable	33.5	50.3	16.8	50.3	91.9	129.6	37.6	41.0
Other ⁽²⁾	-3.3	-8.8	-5.5	-	-1.2	-4.4	-3.2	-
Primary balance	137.2	153.4	16.2	-	67.4	98.6	31.3	-
General government balance	78.4	95.3	16.9	-	-163.4	-129.0	34.4	-

⁽¹⁾ "Other" revenue includes market output as well as income derived from property and investments.

⁽²⁾ "Other" expenditure principally reflects changes in the value of inventories and in the net acquisition of valuables and other assets.

declined by half a percentage point to 1.5% (see Chart 8).⁸ While government debt rose compared to a year earlier, GDP grew even faster. Consequently, the debt-to-GDP ratio fell to 63.9% from 67.1% in 2014. This implies that the Government's deficit and debt targets announced in the Budget 2016, of 1.6% and 66.6%, respectively were surpassed.

In 2015, the Consolidated Fund deficit widened by €99.5 million when compared to 2014, to €235.8 million, as expenditure grew at a faster pace than revenue.⁹ Revenue went up by 7.4% mainly on the back of higher



⁸ Deficit and debt ratios are based on deficit and debt levels published in NSO *News Release* 066/2016 and GDP data published in NSO *News Release* 041/2016.

⁹ Government contributions to the social security account in terms of the Social Security Act 1967 are excluded from both revenue and expenditure.

intakes from taxes, while non-tax revenue rose marginally as higher inflows from dividends were offset by lower fees of office.¹⁰ Meanwhile, total expenditure grew by 10.1% on the back of higher recurrent expenditure as well as strong capital spending. The latter increased partly as a result of the finalisation of projects co-funded by the European Union as mentioned above.¹¹

Consolidated Fund data for February 2016 show a surplus of €21.6 million compared to a surplus of €37.6 million a year earlier. In the first two months of the year, a deficit of €27.2 million was recorded. This contrasts with a surplus in the same period of 2015. Grants received dropped from exceptionally high levels. This fall outweighed an increase in tax revenue, resulting in an 11.5% drop in total revenue. At the same time, expenditure grew by 1.6%, with recurrent expenditure going up by 8.3%.

Balance of payments

During the fourth quarter of 2015, the surplus on the current account of the balance of payments widened to €205.9 million, from €2.1 million in the corresponding quarter of 2014 (see Table 3).¹² This increase was driven by a positive swing of €132.3 million on the primary income component. At the same time, net services receipts increased by €82.5 million, driven mainly by a shift to a positive balance on transport, while net inflows on the secondary income account went up by €22.7 million. These developments were partly offset by a widening of €33.6 million in the merchandise trade deficit as imports increased more than exports.¹³ The capital account posted net inflows of €7.9 million, slightly down from €9.9 million in the fourth quarter of 2014.

The financial account showed net lending of €86.4 million, in contrast to net borrowing of €24.1 million during the same period of 2014.

Table 3
EXTERNAL TRANSACTIONS

EUR millions

	2014 Q4	2015 Q4	2014 Q1-Q4	2015 Q1-Q4
Current account	2.1	205.9	274.7	866.6
Goods and services	82.7	131.6	635.3	607.5
Goods	-293.8	-327.4	-1,118.0	-1,484.6
Services	376.5	459.0	1,753.3	2,092.2
Primary income	-124.6	7.7	-556.6	34.6
Secondary income	44.0	66.7	195.9	224.4
Capital account	9.9	7.9	140.0	156.5
Financial account⁽¹⁾	-24.1	86.4	454.3	912.1
Net errors and omissions	-36.1	-127.4	39.7	-110.9

⁽¹⁾ Net lending (+) / net borrowing (-).

Source: National Statistics Office.

¹⁰ Fees of office were exceptionally high in 2014 as they included inflows from the Investment Registration Scheme.

¹¹ Although the impact of EU funds is considered as neutral on the deficit in general government accounts, this is not the case in the Consolidated Fund which lists transactions on a cash basis. This contributes to the different balances in the two sets of accounts.

¹² As from September 2014, the NSO started publishing the balance of payments statement according to the guidelines provided in the Sixth Edition of the IMF's BOP and IIP manual (BPM6). The most notable difference resulting from the implementation of the latest manual relates to the inclusion of Special Purpose Entities as residents of Malta.

¹³ The primary income account shows income flows related mainly to cross-border investment and compensation of employees. The secondary income account shows current transfers between residents and non-residents.

During 2015 as a whole, the current account surplus widened by €591.9 million to €866.6 million. A sharp swing on the primary income account, reflecting developments in the international banking sector, together with an increased surplus on trade in services and higher net inflows on the secondary income account outweighed an increase in the deficit on the goods account. At the same time, inflows on the capital account rose by €16.5 million, whereas net lending was €457.8 million higher than it was a year earlier.

Customs data show that the visible trade gap narrowed in the last quarter of 2015, as exports contracted at a substantially slower pace than imports.¹⁴ As a result, during 2015 as a whole the merchandise trade deficit narrowed by €121.5 million when compared with 2014, to €2,540.6 million.

Customs data for the first two months of 2016 show that the merchandise trade gap widened compared to the same period of 2015, as imports edged up slightly, while exports declined largely mirroring reductions in the value of fuel transactions.

¹⁴ Goods exports and imports in the balance of payments differ from merchandise trade data from Customs sources due to adjustments for differences in coverage, valuation and timing. For example, Customs data cover all goods which cross Maltese borders, whereas balance of payments data only include transactions involving changes in ownership. These differences are especially pronounced in the case of trade in fuel, aircraft and ships.

Annex 1

MACROECONOMIC INDICATORS FOR MALTA

(annual percentage changes; non-seasonally adjusted data)

	2013	2014	2015	2014	2015	2015	2015	2015	2016	2015	2015	2015	2015	2015	2015	2015	2015	2016	2016	2016	
				Q4	Q1	Q2	Q3	Q4	Q1	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Prices and costs																					
HICP	1.0	0.8	1.2	0.6	0.6	1.3	1.4	1.4	0.9	1.4	1.3	1.1	1.2	1.4	1.6	1.6	1.3	1.2	0.8	1.0	1.0
Unit labour costs, whole economy ⁽¹⁾	1.0	2.2	-1.2	2.2	1.8	0.5	-0.6	-1.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation per employee ⁽¹⁾	1.4	0.9	1.5	0.9	1.4	1.8	2.1	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour productivity (per person) ⁽¹⁾	0.3	-1.3	2.7	-1.3	-0.5	1.1	2.7	2.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential property prices (NSO)	-0.4	2.7	3.1	6.2	2.9	2.1	6.7	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential property prices (CBM)	2.1	7.0	6.3	4.7	5.3	4.8	5.0	10.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activity																					
Nominal GDP	6.0	5.7	8.8	8.1	8.1	9.3	9.2	8.6	-	-	-	-	-	-	-	-	-	-	-	-	-
Real GDP	4.1	3.7	6.3	5.7	6.2	6.9	6.5	5.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Real private consumption	2.3	2.4	4.9	3.1	4.9	3.6	6.0	5.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Real government consumption	0.2	7.2	4.8	9.4	3.9	5.3	-2.9	12.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Real gross fixed capital formation	-1.7	7.3	21.4	11.7	4.2	33.5	44.7	9.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Real exports of goods and services	0.4	0.1	2.4	1.7	-0.6	3.3	4.1	2.6	-	-	-	-	-	-	-	-	-	-	-	-	-
Real imports of goods and services	-0.8	-0.2	3.0	3.8	-1.6	4.5	7.7	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Tourist arrivals	9.6	6.8	6.0	2.5	7.7	4.2	4.5	10.1	-	2.5	6.4	3.6	4.7	4.8	3.8	10.5	9.8	9.6	14.2	9.2	-
Labour market developments (LFS)																					
Unemployment rate (% of labour force)	6.4	5.8	5.4	5.6	5.7	5.4	5.2	5.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Total employment	3.3	3.3	2.2	2.0	1.3	1.8	2.8	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of payments																					
Current account (as a % of GDP) ⁽²⁾	3.6	3.4	9.9	3.4	5.2	6.2	7.7	9.9	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit and financial indicators																					
Maltese residents' deposits and loans																					
Overnight deposits	13.7	29.0	24.9	29.0	30.5	39.3	33.3	24.9	-	35.3	34.8	39.3	36.3	34.7	33.3	29.9	30.0	24.9	19.7	22.8	-
Deposits with agreed maturity up to 2 years	2.8	-2.0	-10.9	-2.0	-7.6	-8.4	-9.5	-10.9	-	-8.7	-7.7	-8.4	-8.1	-12.4	-9.5	-9.5	-10.1	-10.9	-10.7	-8.2	-
Total residents' deposits in M3	8.8	17.2	13.4	17.2	16.2	21.6	18.3	13.4	-	18.8	19.1	21.6	20.1	17.3	18.3	16.4	16.2	13.4	10.2	13.1	-
Credit to general government	8.3	0.8	15.2	0.8	1.2	3.7	10.0	15.2	-	1.7	3.7	3.7	6.6	7.3	10.0	8.5	15.0	16.9	17.5	16.8	-
Credit to other residents	-0.2	-3.6	2.5	-3.6	-1.8	0.4	3.3	2.5	-	-2.2	1.0	0.4	2.2	2.8	3.3	3.8	2.0	2.5	2.6	2.5	-
Total credit	1.4	-2.7	5.2	-2.7	-1.1	1.1	4.8	5.2	-	-1.4	1.6	1.1	3.2	3.8	4.8	4.8	4.8	5.6	5.9	5.7	-
10-year interest rate (%) ⁽³⁾	3.2	1.9	1.4	1.9	1.2	2.0	1.5	1.4	0.9	1.3	1.5	2.0	1.6	1.7	1.5	1.3	1.2	1.4	1.1	1.1	0.9
Stock prices: Malta Stock Exchange Index ⁽⁴⁾	14.8	-9.6	33.0	-0.1	13.4	8.3	5.9	2.2	3.0	-0.2	2.9	5.5	2.9	0.0	3.0	0.1	3.1	-0.9	0.9	1.8	0.2
General government finances (% of GDP)																					
Surplus (+) / deficit (-) ⁽²⁾	-2.6	-2.0	-1.5	-2.0	-2.4	-2.0	-1.7	-1.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross debt ⁽⁵⁾	68.6	67.1	63.9	67.1	68.6	67.2	66.0	63.9	-	-	-	-	-	-	-	-	-	-	-	-	-

⁽¹⁾ Four-quarter moving averages.

⁽²⁾ Four-quarter moving sums.

⁽³⁾ End of period.

⁽⁴⁾ Period-on-period percentage changes.

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

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