

## SPRING 2008 ECONOMIC OUTLOOK FOR MALTA: ANSWERS FROM MFOI

MAIN FORECAST						
	2007	2008	2009			
Real GDP growth	4.0	3.4	4.1			
Consumer price inflation	0.7	3.1	2.4			
Unemployment rate	6.2	6.4	6.1			
Employment growth	1.0	0.9	1.2			
<b>Components of aggregate demand</b>						
<i>Annual % change</i>	2007	2008	2009			
Private consumption	5.1	5.3	4.7			
Public consumption	1.0	1.0	1.0			
Investment (Gross fixed capital formation)	0.2	2.5	2.7			
Exports	-2.1	-2.9	-1.7			
Imports	-2.4	-2.9	-1.8			
ECONOMIC SENTIMENT						
<b>Trend in business climate over the next 6 months</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
Services			Industry			
<b>Trend in profitability over the next 6 months</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
Services			Industry			
<b>Investment intentions over the next 6 months</b>	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b>	<b>Decrease (slower pace)</b>	<b>Decrease (faster pace)</b>	
		Industry				
		Services				
<b>Driving force behind investment decisions in the next 6 months</b>	<b>Replacement</b>	<b>Extension</b>	<b>Rationalisation</b>	<b>Innovation</b>		
	Same	Same	Same	Up		
<b>Trend in consumer confidence over the next 6 months</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
			yes			
<b>Overall trend in employment</b>	<b>Industry: past 6 months</b>	<b>Industry: next 6 months</b>	<b>Services: past 6 months</b>	<b>Services: next 6 months</b>		
	Same	Same	Up	Up		
<b>Over the next 6 months, cost/access to finance will be...</b>	<b>Higher / more difficult</b>	<b>Same</b>	<b>Lower / less difficult</b>			
			Cost			
			Access			
	to a large extent	to some extent	to a limited extent	not at all		
<b>Financial market turmoil has affected companies' investment decisions negatively ...</b>			yes			
EXCHANGE RATE DEVELOPMENTS						
<b>Where will the EUR/USD stand in October 2008 ?</b>	<b>Dollar per euro</b>					
	1.40					
POLICY MIX						
	<b>Not necessary, situation is satisfactory</b>	<b>Excellent</b>	<b>Satisfactory</b>	<b>Neither satisfactory nor unsatisfactory</b>	<b>Unsatisfactory</b>	<b>Deteriorating</b>
<b>Progress towards medium-term budgetary objective is...</b>			yes			
<b>Monetary policy is...</b>	<b>Tight, appropriate for the euro area</b>	<b>Tight</b>	<b>Appropriate</b>	<b>Loose</b>	<b>Loose, appropriate for the euro area</b>	
		yes				
<b>Focus on elements of the ECB analysis underlying its current policy stance is...</b>	<b>Above-target inflation</b>	<b>Downside risks to growth over medium term</b>	<b>Inflation pressures from high oil and commodity prices</b>	<b>Upside risks to wage inflation</b>	<b>Risks related to credit market turbulences</b>	<b>Risks of further euro appreciation</b>
	excessive	insufficient	excessive	excessive	insufficient	insufficient
<b>Consistency between fiscal and monetary policies</b>	<b>Adequate</b>	<b>Inadequate</b>				
	yes					