

AUTUMN 2009 ECONOMIC OUTLOOK FOR MALTA: ANSWERS FROM MFOI

MAIN FORECAST					
		2009	2010		
Real GDP growth		-2.6	1.8		
Consumer price inflation		2.0	2.5		
Unemployment rate		7.5	7.7		
Employment growth		-0.5	0.2		
Components of aggregate demand - in real terms					
<i>Annual % change</i>		2009	2010		
Private consumption		1.1	1.7		
Public consumption		1.6	1.8		
Investment (Gross fixed capital formation)		-21.2	3.2		
Exports		-7.5	2.2		
Imports		-11.3	2.6		
ECONOMIC SENTIMENT					
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>		
Trend in business climate over the next 6 months			Industry Services		
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>		
Trend in profitability over the next 6 months			Industry Services		
	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>
Investment intentions over the next 6 months			Industry Services		
	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	
Influence on companies' investment decisions	neutral	neutral	negative	positive	
	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>	
Driving force behind investment decisions in the next 6 months	neutral	neutral	positive	positive	
	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>	
Overall trend in employment	Down	Same	Same	Same	
ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH					
Compared to 6 months ago, cost/access to finance has been...	sharply up / restrained	up / more difficult	same	down / easier	
<i>for SMEs</i>		Cost	Access		
<i>for larger companies (>250 employees)</i>		Cost	Access		
Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier	
<i>for SMEs</i>			Cost Access		
<i>for larger companies (>250 employees)</i>			Cost Access		
For companies, the current financing situation is...	threat to company existence	of high concern	somewhat concerning	not worrying	
working capital / treasury needs				SMEs large companies	
debt refinancing				SMEs large companies	
financing productive investments				SMEs large companies	
financing innovation and R&D				SMEs large companies	

POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>			yes		
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	no			