

AUTUMN 2009 ECONOMIC OUTLOOK FOR MALTA: ANSWERS FROM MFOI

MAIN FORECAST					
Real GDP growth		2009	2010		
Consumer price inflation		-2.0	0.5		
Unemployment rate		3.0	2.0		
Employment growth		7.5	7.0		
		-1.0	0.5		
Components of aggregate demand					
Annual % change		2009	2010		
Private consumption		0.0	0.0		
Public consumption		0.1	0.0		
Investment (Gross fixed capital formation)		-0.2	0.1		
Exports		-0.2	0.1		
Imports		-0.2	0.2		
ECONOMIC SENTIMENT					
		Positive	Negative	Unchanged	
Trend in business climate over the next 6 months	Industry			Services	
		Positive	Negative	Unchanged	
Trend in profitability over the next 6 months	Industry			Services	
		Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)
Investment intentions over the next 6 months				Services	Industry
		Fall in global demand	Cost of finance	Availability of finance	
Influence on companies' investment decisions	negative	neutral	positive		
		Replacement	Extension	Rationalisation	Innovation
Driving force behind investment decisions in the next 6 months	neutral	not important	important	important	
		Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months
Overall trend in employment	Down	Down	Up	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		
Based on measures taken at national and EU level, the crisis will lead to...	a loss in the level of potential output to be recouped entirely in the medium term				

POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>			yes		
	<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	yes			