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During the third quarter of this year, Malta's current account balance improved by €186.7 million.

International Economic and Financial Transactions: Q3/2014

Cut-off date:
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Provisional indicators on Malta's external transactions during the September quarter this year reveal a current account surplus of €349.9 million; signifying an improvement of €186.7 million over the net positive balance registered during the comparable quarter a year earlier of €163.2 million.

Contributing towards this amelioration was primarily a contraction in the net negative balances of both the goods account and the primary income account, of €114.9 million and €51.9 million respectively. The goods account was marked by a fall in import outlays of €106.5 million that completely outweighed the modest rise in export receipts of €8.4 million; whereas the primary income account was affected by a fall in dividend payments that were distributed to the foreign direct investors in enterprises operating in Malta.

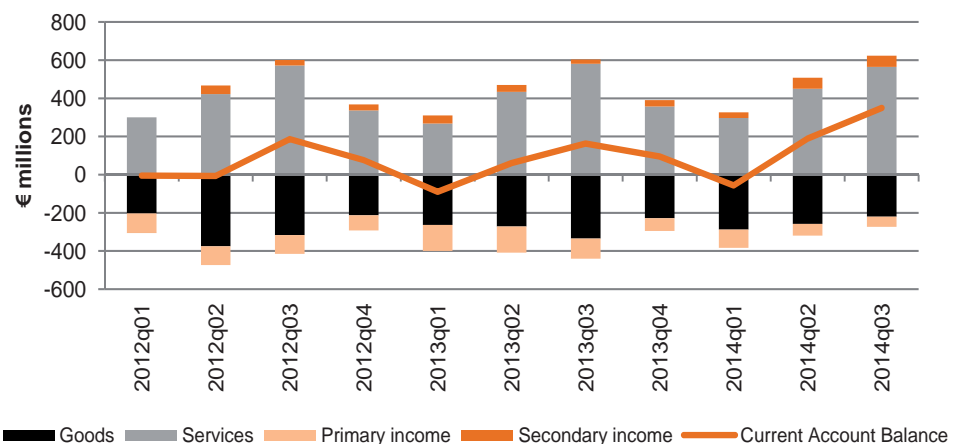
Additionally, during the period under review, the net positive balance in the secondary income account improved by €36.2 million. The net capital account fell by €1.2 million.

In the financial account of the statement, direct investment assets fell by €1,599.6 million as against a drop of €1,769.2 million during the third quarter in 2013. Direct investment liabilities rose by €328.4 million as compared to an increase of €729.8 million during the September quarter last year.

Portfolio investment assets rose by €1,978.6 million as against an increase of €3,379.3 million during the July to September period in 2013; while portfolio investment liabilities fell by €352.8 million as compared to a drop of €171.9 million during the third quarter last year. Also, other investment assets increased by €2,242.1 million as against a rise of €2,211.3 million during the third quarter in 2013; whereas other investment liabilities increased by €1,214.5 million as compared to a growth of €3,217.4 million during the September quarter a year ago.

As a result of the above shifts, the reserve assets of the country fell by €242.5 million as opposed to a drop of €0.9 million during the third quarter last year ■

Chart 1. Current Account Balance



Compiled by:

Unit A3: Balance of Payments

Directorate A: Economic Statistics

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Table 1. Balance of Payments Summary: September quarter

€000

	September 2013 Quarter*			September 2014 Quarter*			Change in balance
	Credit	Debit	Net	Credit	Debit	Net	
Current account	163,188	-	163,188	349,892	-	349,892	186,704
Goods and services	3,247,298	3,000,649	246,649	3,198,904	2,853,695	345,209	98,560
Goods	770,145	1,105,040	-334,895	778,520	998,562	-220,042	114,853
Services	2,477,153	1,895,609	581,544	2,420,384	1,855,133	565,251	-16,293
Transport	110,246	108,126	2,120	99,476	140,727	-41,251	-43,371
Travel	458,183	104,116	354,067	487,775	108,813	378,962	24,895
Other services	1,908,724	1,683,367	225,357	1,833,133	1,605,593	227,540	2,183
Primary income	2,379,192	2,484,723	-105,531	2,349,541	2,403,124	-53,583	51,948
Compensation of employees	6,343	6,561	-218	6,262	5,342	920	1,138
Secondary income	238,801	216,731	22,070	331,728	273,462	58,266	36,196
Capital account	36,678	1,381	35,297	35,546	1,416	34,130	-1,167
	Assets	Liabilities	Net	Assets	Liabilities	Net	Change
Financial account	40,746	-	40,746	-	72,577	-72,577	-113,323
Direct investment	-1,769,182	729,759	-2,498,941	-1,599,642	828,417	-2,428,059	70,882
Portfolio investment	3,379,255	-171,852	3,551,107	1,978,578	-352,820	2,331,398	-1,219,709
Financial derivatives	-4,336		-4,336	-761,026		-761,026	-756,690
Other investment	2,211,280	3,217,425	-1,006,145	2,242,096	1,214,496	1,027,600	2,033,745
Reserve assets	-939		-939	-242,490		-242,490	
Net errors and omissions			-157,739			-456,599	

*provisional

The figures may not add up due to rounding.

**Chart 2. Balance of Payments Statement
Current and Capital Accounts**

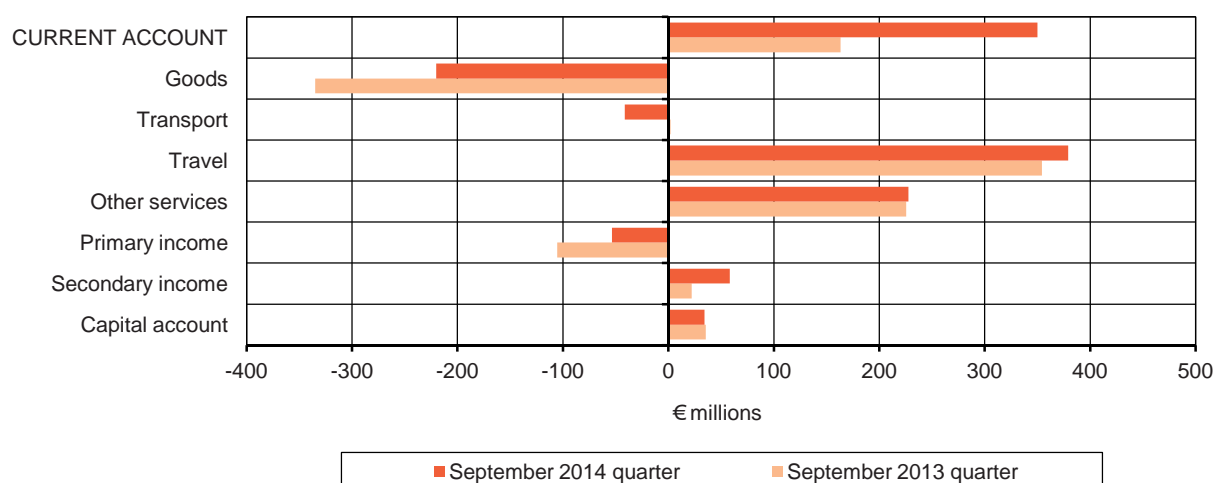


Table 2. Balance of Payments Summary: January to September

€000

	January to September 2013*			January to September 2014*			Change in balance
	Credit	Debit	Net	Credit	Debit	Net	
Current account	134,124	-	134,124	481,785	-	481,785	347,661
Goods and services	9,012,809	8,600,120	412,689	8,975,656	8,429,735	545,921	133,232
Goods	2,162,516	3,032,613	-870,097	2,057,588	2,823,904	-766,316	103,781
Services	6,850,293	5,567,507	1,282,786	6,918,068	5,605,831	1,312,237	29,451
Transport	291,760	323,875	-32,115	284,368	376,512	-92,144	-60,029
Travel	852,493	217,482	635,011	917,449	223,770	693,679	58,668
Other services	5,706,040	5,026,150	679,890	5,716,251	5,005,549	710,702	30,812
Primary income	7,106,803	7,486,373	-379,570	7,056,288	7,266,301	-210,013	169,557
Compensation of employees	19,046	20,423	-1,377	18,879	19,467	-588	789
Secondary income	770,098	669,093	101,005	966,313	820,436	145,877	44,872
Capital account	84,601	4,303	80,298	133,525	4,588	128,937	48,639
	Assets	Liabilities	Net	Assets	Liabilities	Net	Change
Financial account	-	895,061	-895,061	136,531	-	136,531	1,031,592
Direct investment	-5,093,167	1,844,278	-6,937,445	-5,075,881	-978,808	-4,097,073	2,840,372
Portfolio investment	8,420,504	-233,945	8,654,449	9,706,500	192,539	9,513,961	859,512
Financial derivatives	-171,145		-171,145	-555,498		-555,498	-384,353
Other investment	3,314,922	5,693,920	-2,378,998	-2,042,369	2,863,785	-4,906,154	-2,527,156
Reserve assets	-61,922		-61,922	181,295		181,295	
Net errors and omissions			-1,109,483			-474,191	

*provisional

The figures may not add up due to rounding.

Table 3. The Current Account, geographical breakdown: July to September

€000

CURRENT ACCOUNT	September 2013 Quarter*			September 2014 Quarter*		
	Credit	Debit	Net	Credit	Debit	Net
Current account - World	163,188	-	163,188	349,894	-	349,894
of which: EU	-	1,396,942	-1,396,942	-	1,126,196	-1,126,196
Extra EU	1,560,129	-	1,560,129	1,476,090	-	1,476,090
Euro Area	-	1,277,749	-1,277,749	-	1,010,935	-1,010,935
Extra Euro Area	1,440,937	-	1,440,937	1,360,829	-	1,360,829
Goods - World	770,145	1,105,040	-334,895	778,520	998,562	-220,041
of which: EU	244,261	789,096	-544,834	215,158	647,725	-432,567
Extra EU	525,884	315,944	209,939	563,362	350,836	212,526
Euro Area	180,365	624,984	-444,618	166,109	487,041	-320,932
Extra Euro Area	589,780	480,056	109,723	612,411	511,520	100,891
Services - World	2,477,153	1,895,609	581,544	2,420,384	1,855,133	565,251
of which: EU	1,133,507	596,018	537,489	1,183,248	572,787	610,460
Extra EU	1,343,646	1,299,591	44,055	1,237,136	1,282,345	-45,209
Euro Area	694,639	329,211	365,427	712,682	299,965	412,717
Extra Euro Area	1,782,514	1,566,398	216,117	1,707,702	1,555,168	152,534
Primary income - World	2,379,192	2,484,723	-105,531	2,349,541	2,403,124	-53,583
of which: EU	182,340	1,597,788	-1,415,448	168,147	1,532,397	-1,364,251
Extra EU	2,196,852	886,935	1,309,917	2,181,400	870,727	1,310,673
Euro Area	84,815	1,317,213	-1,232,398	77,698	1,247,683	-1,169,985
Extra Euro Area	2,294,377	1,167,510	1,126,867	2,271,843	1,155,441	1,116,401
Secondary income - World	238,801	216,731	22,070	331,728	273,462	58,266
of which: EU	204,805	178,953	25,852	282,610	222,448	60,162
Extra EU	33,996	37,778	-3,782	49,118	51,014	-1,896
Euro Area	176,013	142,173	33,840	234,217	166,952	67,265
Extra Euro Area	62,788	74,558	-11,770	97,512	106,510	-8,998

*provisional figures

The figures may not add up due to rounding.

Table 4. The Current Account, geographical breakdown: January to September

€000

CURRENT ACCOUNT	January to September 2013*			January to September 2014*		
	Credit	Debit	Net	Credit	Debit	Net
Current account - World	134,125	-	134,125	481,785	-	481,785
of which: EU	-	4,216,548	-4,216,548	-	3,809,598	-3,809,598
Extra EU	4,350,673	-	4,350,673	4,291,383	-	4,291,383
Euro Area	-	3,795,691	-3,795,691	-	3,323,249	-3,323,249
Extra Euro Area	3,929,816	-	3,929,816	3,805,034	-	3,805,034
Goods - World	2,162,516	3,032,613	-870,097	2,057,588	2,823,904	-766,316
of which: EU	719,792	2,073,197	-1,353,405	662,225	1,899,924	-1,237,698
Extra EU	1,442,724	959,416	483,308	1,395,363	923,981	471,382
Euro Area	549,771	1,681,330	-1,131,559	512,275	1,432,046	-919,771
Extra Euro Area	1,612,746	1,351,284	261,462	1,545,314	1,391,859	153,455
Services - World	6,850,293	5,567,507	1,282,787	6,918,068	5,605,831	1,312,236
of which: EU	2,982,009	1,682,765	1,299,244	3,081,104	1,627,044	1,454,060
Extra EU	3,868,284	3,884,741	-16,457	3,836,963	3,978,786	-141,823
Euro Area	1,844,593	913,677	930,916	1,853,349	833,898	1,019,451
Extra Euro Area	5,005,701	4,653,830	351,871	5,064,719	4,771,933	292,786
Primary income - World	7,106,803	7,486,373	-379,570	7,056,288	7,266,301	-210,013
of which: EU	563,901	4,834,485	-4,270,584	527,096	4,704,404	-4,177,308
Extra EU	6,542,902	2,651,888	3,891,014	6,529,192	2,561,897	3,967,296
Euro Area	261,071	3,984,372	-3,723,301	248,429	3,845,034	-3,596,605
Extra Euro Area	6,845,733	3,502,001	3,343,732	6,807,859	3,421,267	3,386,592
Secondary income - World	770,098	669,093	101,005	966,313	820,436	145,877
of which: EU	664,437	556,240	108,197	818,872	667,523	151,348
Extra EU	105,661	112,854	-7,193	147,442	152,913	-5,471
Euro Area	570,356	442,102	128,254	674,572	500,896	173,676
Extra Euro Area	199,742	226,992	-27,249	291,741	319,540	-27,799

*provisional figures

The figures may not add up due to rounding.

Methodological Notes

1. The National Statistics Office (NSO), with the cooperation of the Central Bank of Malta (CBM), is responsible for the collection, compilation and presentation of both the Balance of Payments (BoP) as well as the International Investment Position (IIP) statements of Malta. Both statements are compiled in accordance with the international guidelines set in the sixth manual of the International Monetary Fund (IMF) as well as with the (similarly-set) methodological guidelines established by Eurostat.
2. The type of data collection system used to compile the above statistics is a composite system based on a monthly and annual direct reporting enterprise survey, customs data as well as various other sources that are identified from time to time by the BoP compilers. The surveys provide both current account, capital account as well as financial account transactions conducted by all entities operating in Malta. Also, merchandise transactions conducted by Malta with its world trading partners are captured through INTRASTAT declarations as well as through customs documents.
3. The majority of the transactions that are collected through the above-mentioned sources are broken down by country. The data are subsequently compiled using a standard format and published at a quarterly frequency.
4. The data in this News Release do not necessarily correspond to the latest published National Accounts data for the same reference period. This is due to different cut-off dates for the two sets of data.
5. Revisions are conducted on a quarterly basis with the previous data remaining subject to revision.
6. The quarterly figure for re-invested earnings (a component of both the income account as well as the direct investment account) reported is partly collated annually. Where actual figures are not available, an average of the re-invested earnings quoted for the previous four years is apportioned on a quarterly basis. This figure is then revised once the actual questionnaires are submitted by the surveyed entities.
7. Shipment data (freight and insurance) is being measured from the c.i.f. INTRASTAT import data while data for the travel account are collected from TOURSTAT and CRUISTAT surveys carried out by the NSO.
8. As from 1 January 2008, following Malta's entry into the euro area, a reclassification of the external reserves of the country has been carried out. Indeed, this meant that, as from this date, all cross-border claims that Malta has within the euro area as well as all claims that the country has in euro-denomination are no longer considered as being part of Malta's reserve assets. In addition, as happened in other euro area Member States, Malta has transferred a fraction of its external reserves to the European Central Bank (ECB) in exchange for a claim on the ECB; which, being an intra-Eurosystem asset, is also not considered as being part of the country's external reserves. As a result of this, the portfolio investment account, the financial derivatives account and the other investment account recorded significant changes in their net balances.
9. Adjustments for exports and imports of goods are made for BoP and National Accounts purposes, since merchandise trade data include imports and exports of oil made by non-resident companies having a Maltese VAT number. These are not considered as BoP transactions. Consequently, such imports and exports are being subtracted from the totals. Where necessary, oil imports by Maltese resident companies are imputed.
10. Figures and graphical representations are not seasonally adjusted.

The statement contained in this release is based on the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). Apart from different representation of the reports, the statement is also incorporating data in respect of special purpose entities, as well as adopting a new treatment for international banks. Currently, conversion to BPM6 format only covers the period from 2009 to 2014.

Moreover, the income account is now being referred to as the primary income account and this is now excluding FISIM (financial intermediation service charges indirectly measured) which is being included under services. Also, the secondary income account has now replaced the current transfers account. Another notable change is that the column headings in the financial account have been changed to net acquisition of financial assets and net incurrence of liabilities (instead of credits and debits respectively), consistent with their contents. Consequently, negative signs are not used for an increase in assets and positive signs are not used for a reduction in assets. Instead, increases for both assets and liabilities are denoted with a positive sign, while decreases are denoted with a negative sign. Furthermore, direct investment is no longer reported on a directional principle, that is inward and outward, but as assets and liabilities, in line with the rest of the financial account.