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Mario Galea

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GDP to shrink by end of year - EC

Charlot Zahra

The latest spring economic forecasts published by the European Commission on Monday are projecting a bleaker scenario for the Maltese economy, which is set to contract by 0.9 per cent in 2009.

At the same time, public deficit, after reaching a high of 4.7 per cent in 2008, is still being projected to

stay above the 3 per cent Maastricht reference level at 3.6 per cent of GDP in 2009 and 3.2 per cent in 2010, leading the Commission to issue excessive deficit procedures against Malta (see page 3 story).

This contrasts sharply with the forecast given by the Central Bank of Malta in its annual report for 2008, a few weeks ago, which forecast a slight growth for 2009 (0.5-1.1 per

cent) and a budget deficit of 2.4 to 2.6 of GDP, therefore below the Maastricht criteria.

In the 2009 Budget speech last November, Finance Minister Tonio Fenech projected a budget deficit of 2.4 per cent growth rate.

But the Commission said that real GDP is expected to contract by 0.9 per cent in 2009 and to return to positive territory in 2010 at 0.2 per

cent.

"Further income tax cuts and receding inflation should provide some support to disposable income in 2009," the Commission said in its report.

"However, softer labour market conditions, slower wage growth and weakening consumer confidence are likely to dampen private consumption over the forecast horizon," the EC

warned.

The Commission said that investment was forecast to pick up in 2009 "mainly due to public capital spending in the context of the Recovery Plan.

The Commission was still banking on the construction of Smartcity to support private investment for 2009, "but other capital outlays will be adversely affected by" **page 3**

Betting shop franchise to bid for Dragonara Casino

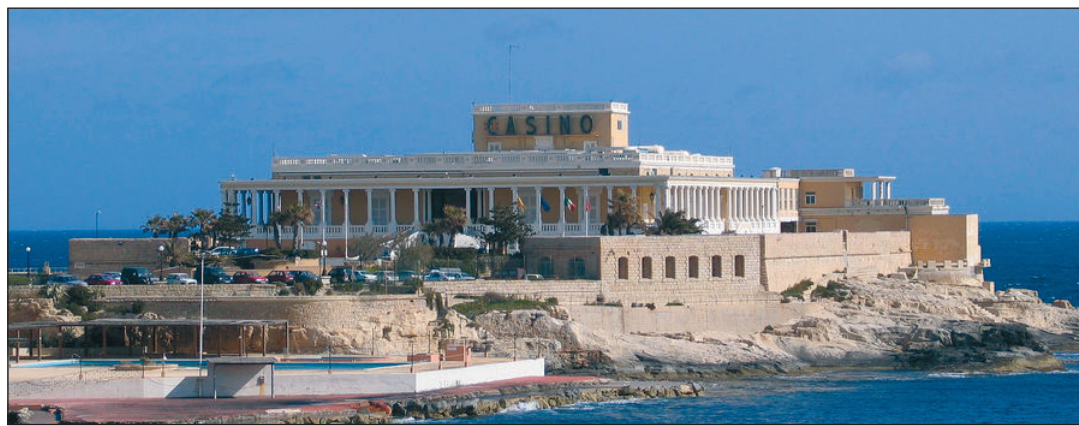
Karl Stagno-Navarra

Pinnacle Gaming Group - the company behind the betting shop franchise Fairplay - will be bidding for the long-awaited Dragonara Casino tender issued by government yesterday, Business Today can confirm.

On their part, current operators Accor-Lucien Barrier admit that the current conditions "highly discourage" them to continue their operation, while government is reportedly asking them to extend until January 2010.

Speaking to Business Today, a Casino spokesperson expressed his disappointment with government for having "prejudiced" the sector by failing to regulate gambling outlets that have proliferated around the island.

"This has severely jeopardised the livelihoods of our 220 employees, and moreover the loss in revenue has kept us from making the necessary



investments to keep the operation viable," he said.

Figures obtained by this paper through Finance ministry sources have revealed a drop of 9.2 per cent in revenue for government from slot

machines in 2008 when compared to the previous year.

Confronted with these statistics, the Casino said that the loss is due to the diversion of "controlled clients" through licensed casinos to irregular

gaming halls. The machines installed in gaming halls are identical to the type of slot machines used inside a casino, and their revenues remain unknown, adding to a further loss for the government coffers.

"The necessary investment has not been made due to the government's procrastination over whether the concession renewal would go to a request for proposals or not," the spokesperson told Business Today. "We couldn't make infrastructural investments when we would not be operating long enough to recoup the cost. The government position on the slots issue is making it impossible for any operator other than the illegal ones to accurately predict future revenues."

Gaming halls around the country have become the biggest competitors for licensed casinos and are possibly also becoming their potential operation take-over.

Maltese casinos are the only ones in the world to be in possession of a hybrid license - meaning that they are allowed to organise both live games as well as online betting.

World Business Highlights

Reserve Primary Fund's Management, Founder Bent Are Sued for Fraud by SEC Managers of the Reserve Primary Fund, the money-market fund that collapsed because of losses on Lehman Brothers Holdings Inc. debt, were accused of fraud by securities regulators for misleading investors and trustees.

Citigroup Said to Speed Up Smith Barney Venture in Bid to Bolster Capital Citigroup Inc. is pushing to complete a brokerage venture with Morgan Stanley ahead of schedule to lock in a \$5.8 billion gain and bolster the bank's argument it doesn't need more capital, people familiar with the matter said.

Service Industries in U.S. Shrink at Slower Pace in Sign Recession Easing U.S. service industries contracted less than forecast in April as home purchases and retail sales rose, another signal that the economic slump is abating.

FTSE 100



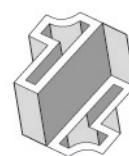
BlackBerry Curve outsold iPhone in Q1



Research In Motion Ltd. is throwing Apple Inc. a curveball in the smart phone game: The BlackBerry Curve outsold Apple's iPhone in the first quarter, according to market researchers at The NPD Group. For one stretch last year, Apple said it sold more iPhones than RIM, the longtime market leader, sold BlackBerrys. But in the first three months of this year, the Curve, a product line that launched in 2007, stole the title back. It benefited from its widespread availability, since it is sold by all four major U.S. wireless carriers, while the iPhone is available in the U.S. only through AT&T Inc. A buy-one-get-one-free promotion by Verizon Wireless also helped the Curve, NPD analyst Ross Rubin said.

Markets

Security	Closing Prices in Euro Tue 28-April-09	Closing Prices in Euro Tue 05-May-09	% Change from previous wk
Bank of Valletta p.l.c.	2.500	2.320	-7.200%
HSBC Bank Malta p.l.c.	2.349	2.470	5.151%
Lombard Bank p.l.c.	2.650	2.700	1.887%
Middlesea Insurance p.l.c.	2.450	2.450	0.000%
Simonds Farsons Cisk p.l.c.	1.750	1.750	0.000%
GO p.l.c.	1.599	1.680	5.066%
IHI p.l.c.	0.759	0.845	11.331%
Plaza Centres p.l.c.	1.700	1.720	1.176%
FIMBank p.l.c. (US\$)	\$1.364	\$1.364	0.000%
Malta International Airport p.l.c.	2.170	2.100	-3.226%
GlobalCapital p.l.c.	1.000	1.000	0.000%
Datatrak Holdings p.l.c.	0.190	0.190	0.000%
San Tumas Shareholdings p.l.c.	3.200	3.200	0.000%
Medserv p.l.c.	3.690	3.550	-3.794%
Grand Harbour Marina p.l.c.	1.980	1.980	0.000%
6pm Holdings p.l.c. (GBP)	£0.590	£0.590	0.000%
Crimsonwing p.l.c.	0.469	0.469	0.000%
MaltaPost p.l.c.	0.700	0.700	0.000%
RS2 Software p.l.c.	0.740	0.720	-2.703%



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