

Business Today

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Government dead-set on curbing inflation

Food and beverage prices up by 43% in June

Karl Stagno-Navarra

A Finance Ministry study tabled at the last MCESD meeting shows that price increases witnessed in Malta during the past few months are attributed to heavy increases in the prices of food, non-alcoholic beverages, energy, restaurants and hotels.

The same report shows that by December, government is forecasting a slump in inflation following an almost continuous trend of an average 4.7 per cent this year, putting the country at the top of the Eurozone list. The forecasted inflationary rate is to stand at 1.0 per cent and 1.8 per cent for 2010.

According to the Finance Ministry and the European Commission, the outlook is set to be "more positive" than the current months, as the economy struggles through the effects of a global recession.

The increases represent the international commodity price dynamics; The rise in public-sector administered prices; The removal

of state subsidies; Diseconomies of scale in local economic structures; Restrictions on competition due to structural market rigidities; price and rental value of commercial premises.

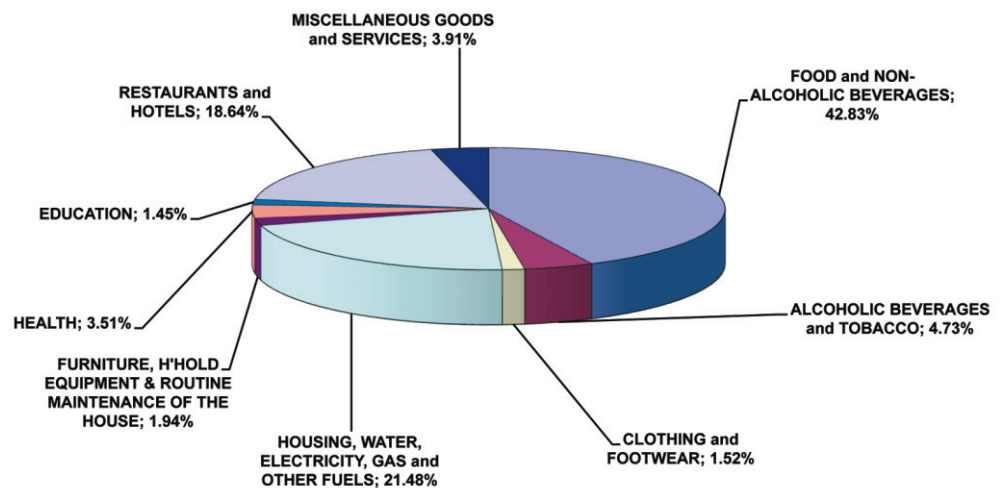
In a sub index presented to MCESD members it was revealed that the sources of inflation during 2008-2009 were as follows:

Food 9.6 per cent; Bread and cereals 6.0 per cent; Meat 7.9 per cent; Fish 4.7 per cent; Milk, cheese and eggs 1.0 per cent; Oils and fats 3.3 per cent; Sugar, jam, honey, chocolate and confectionary 14.7 per cent; non-alcoholic beverages 2.7 per cent.

The highest price levels were recorded in the fruits and vegetables sector with 27.5 per cent and 23.3 per cent respectively, triggering government to speed up the reform process at the Pitkali in a bid to correct pressures on the market.

According to sources, the reform is set to eliminate the middle-men, a practice that has contributed to price-inflation in fruit **▶ page 2**

Inflation in June 2009



Gozo-Sicily flights hindered by police concerns



Karl Stagno-Navarra

Police concerns are reportedly hindering the start of a seaplane air service from Gozo's Mgarr harbour to Sicily as from this summer.

Reliable sources revealed that Harbour Air, which operates the 10 minute flights from Malta International Airport to Mgarr harbour and back, have been waiting for the police to clear security issues for them to start operating the service to Sicily.

While the Ministries for Tourism and Home Affairs are reportedly trying to find a speedy solution to the security concerns expressed by the police for the introduction of the new route, Harbour Air has just brought over to Malta its second twin-Otter aircraft that seats up to 17 passengers.

The trip to Sicily is expected to take 50 minutes and a round trip flight is expected to cost between €150 and €210.

Markets

Security	Closing Prices in Euro Tue 14-July-09	Closing Prices in Euro Tue 21-July-09	% Change from previous wk
Bank of Valletta p.l.c.	2.680	2.699	0.709%
HSBC Bank Malta p.l.c.	2.610	2.700	3.448%
Lombard Bank p.l.c.	2.549	2.549	0.000%
Middlesea Insurance p.l.c.	1.860	1.860	0.000%
Simonds Farsons Cisk p.l.c.	1.680	1.680	0.000%
GO p.l.c.	1.800	1.750	-2.778%
IHI p.l.c.	0.810	0.950	17.284%
Plaza Centres p.l.c.	1.650	1.650	0.000%
FIMBank p.l.c. (US\$)	\$1.170	\$1.200	2.564%
Malta International Airport p.l.c.	2.101	2.050	-2.427%
GlobalCapital p.l.c.	1.500	1.500	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.	3.500	3.500	0.000%
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.	0.250	0.250	0.000%
MaltaPost p.l.c.	0.710	0.710	0.000%
RS2 Software p.l.c.	0.679	0.679	0.000%

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FIMBank plc,
7th Floor, The Plaza Commercial Centre,
Bisazza Street, Sliema SLM 1640, Malta.
Tel: +356 2132 2100
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