MALDIVES MONETARY AUTHORITY

ECONOMIC UPDATE

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About the Economic Update

Economic Update is a monthly publication produced by the Research Division of MMA presenting a quick overview of current developments in the Maldivian economy. It also includes a chart pack of global economic and financial indicators. The Economic Update will be posted on MMA's website at the end of each month. This Economic Update is based on the latest available data as at 28 January 2025.

Domestic Economic Developments

Real Economy

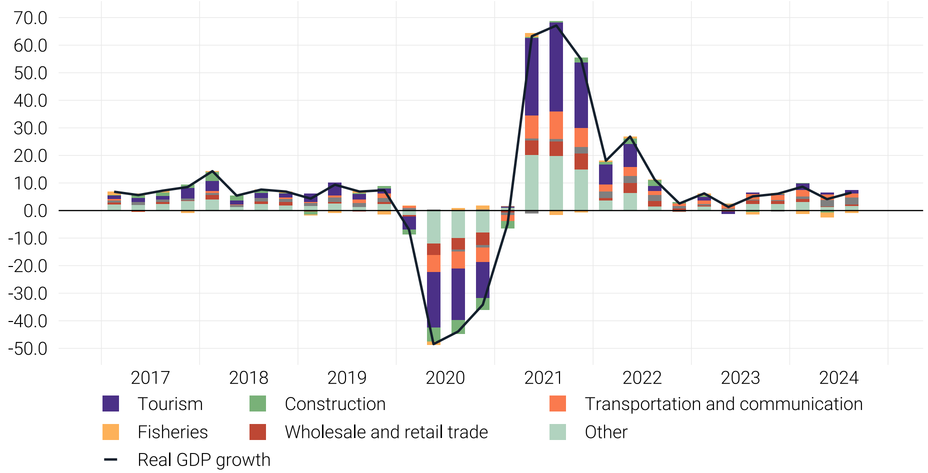
Gross Domestic Product

- According to the advance estimates of the Quarterly National Accounts (QNA) for Q3-2024 released by the Maldives Bureau of Statistics (MBS), real GDP grew by 6.5% in Q3-2024 compared to the corresponding quarter of 2023, which is an acceleration from the growth of 4.1% recorded in Q2-2024.
  - The annual growth in real GDP during Q3-2024 was mainly driven by the expansion in the public administration sector, and the transportation and communication sector. In addition, growths were observed in sectors such as tourism, real estate, wholesale and retail trade and construction sector. In contrast, a notable decline was observed in the fisheries sector.

Annual GDP Growth Forecast

- According to the revised forecasts of October 2024[1], real GDP is projected to grow by 5.5% in 2024, which is an upward revision from the 4.9% forecasted in May 2024, owing to the expected growth in tourism as well as transport and communication sectors. As per the estimates of real GDP released by the Maldives Bureau of Statistics in September 2024, following a significant growth of 13.8% in 2022, the annual real GDP is estimated to have grown in 2023 by 4.7%—0.6 percentage points higher than the advance estimate of June 2024. In 2023, real GDP growth was led primarily by the expansion of the transportation and communication sector, together with positive contributions from wholesale and retail trade, real estate and tourism sector.

Contribution to Real GDP Growth by Economic Sectors, 2017 - 2024
(annual percentage change, percentage point contribution)



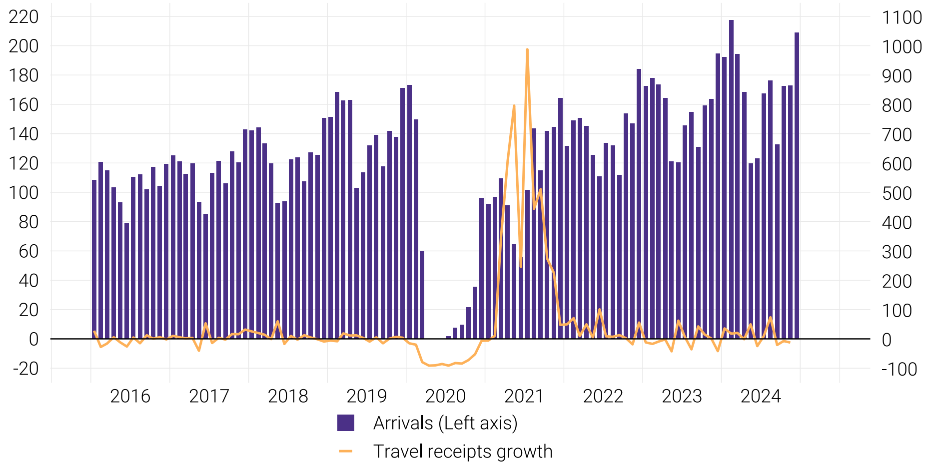
Source: Maldives Bureau of Statistics

[1]According to the growth forecast scenarios estimated jointly by the MMA and the Ministry of Finance.

Tourism

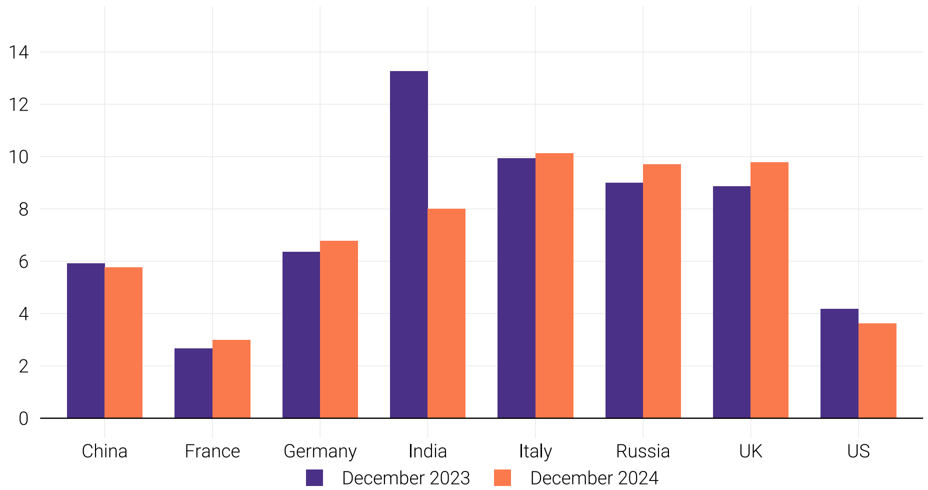
- In December 2024, total tourist arrivals stood at 208,980, registering an increase of 7% when compared with the corresponding month of 2023. Meanwhile, total tourist bednights increased by 3%, owing to the rise in bednights of resorts, which completely offset the decline in bednights of guesthouses. During the month, resort bednights increased by 11%, whereas that of guesthouses declined by 21%.
  - The annual increase in tourist arrivals largely reflected robust arrivals from the main source markets of Europe. During the month, the highest number of tourist arrivals were recorded from Italy, the United Kingdom, Russia, India and Germany.
- The operational bed capacity of the tourism industry observed an annual increase of 1,568 beds in December 2024, while the occupancy rate remained broadly unchanged at 60% in December 2024, compared with the corresponding period of 2023.
- Overall, for the period January to December 2024, total tourist arrivals increased by 9% in annual terms, while total bednights rose by 3%. Additionally for the period January to September 2024[2], the average stay slightly increased to 7.7 days, from 7.6 days when compared with the corresponding period of 2023.

Tourism, 2016 - 2024
(thousands, annual percentage change)



Source: Ministry of Tourism
Note: Tourism receipts available up to November 2024.

Shares of Key Inbound Markets
(percent)



Source: Ministry of Tourism

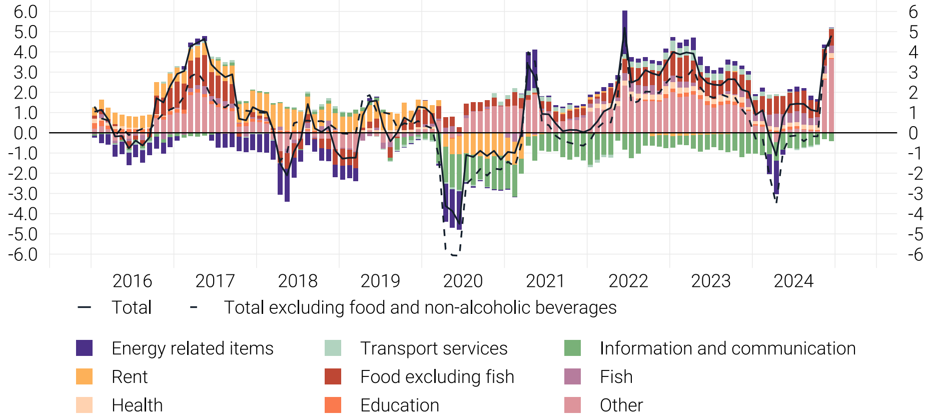
[2] Average stay for December 2024 will be published on MMA website (mma.gov.mv/#/statistics/re-alsector) and MMA Statistics Database (database.mma.gov.mv) once data is available.

Inflation

- The rate of inflation, as measured by the annual percentage change in the national CPI, rose to 4.8% in December 2024, up from 4.1% recorded in November 2024.
  - The largest contribution to the annual rate of inflation during December 2024 came from tobacco (1.91 percentage points); restaurants and cafés (1.55 percentage points); fish (0.36 percentage points); fruits (0.36 percentage points); other outpatient care services (0.16 percentage points); vegetables (0.13 percentage points); dairy products (0.09 percentage points); meat (0.09 percentage points); personal care appliances, articles and products (0.09 percentage points) and mobile communications services (-0.34 percentage points).
- The monthly percentage change in the national CPI moderated to 1.1% in December 2024, following an acceleration of 2.5% in November 2024.
  - The largest contribution to the monthly rate of inflation came from restaurants and cafés (0.60 percentage points); tobacco (0.34 percentage points); vegetables (0.13 percentage points); fruits (0.09 percentage points); household appliances (0.04 percentage points); fish (0.03 percentage points); dairy products (0.02 percentage points); cereals (0.02 percentage points); mobile communications services (-0.11 percentage points) and electricity (-0.11 percentage points).

Contribution of Major Categories to CPI Inflation (National), 2016 - 2024

(annual percentage change, percentage point contribution)

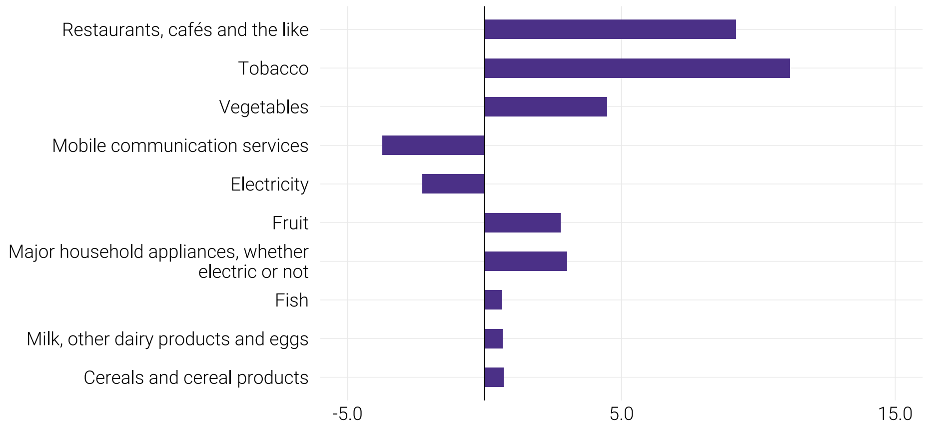


Source: Maldives Bureau of Statistics

Note: Main categories in other are furnishing, personal care, restuarant and accomodation services, tobacco and narcotics, and water supply.

Monthly Changes of Subcategories of CPI Inflation (National), December 2024

(monthly percentage change)



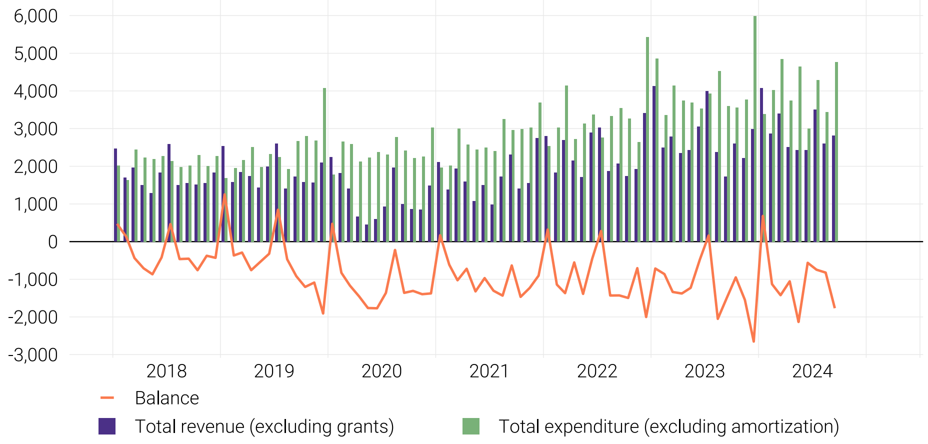
Source: Maldives Bureau of Statistics

Note: Ordered by the size of the contribution.

Public Finance[3]

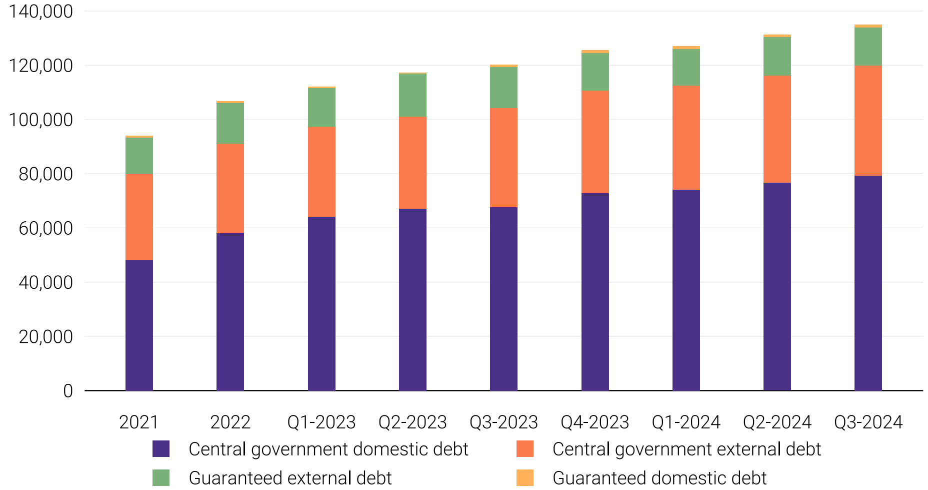
- Total revenue (excluding grants) observed an increase of MVR1.1 billion (or 62%) in September 2024 when compared with September 2023, owing to the increase in both tax and non-tax revenue. As such, tax revenue increased by MVR600.4 million and non-tax revenue rose by MVR512.4 million.
- Total expenditure (excluding amortisation) increased by MVR1.2 billion (or 32%) in September 2024 when compared with September 2023, stemming mainly from the increase in capital expenditure, which rose by MVR721.9 million. Additionally, recurrent expenditure rose by MVR443.0 million in September 2024, when compared with September 2023.
- According to the latest available data, the stock of total government debt (excluding government guaranteed debt) amounted to MVR120.0 billion at the end of Q3-2024, a 3% increase from Q2-2024. Meanwhile, total government debt as a percentage of GDP increased to 111% at the end of Q3-2024, from 108% in Q2-2024.
  - During this period, the increase in government debt was primarily driven by domestic debt.

Government Revenue and Expenditure, 2018 - 2024
(millions of rufiyaa)



Source: Ministry of Finance
Note: Figures do not accord with the methodology of IMF's GFS Manual 1986.

Total Outstanding Stock of Public Debt, 2021 - 2024
(millions of rufiyaa)



Source: Ministry of Finance

[3] Government revenue and expenditure data as of 19 December 2024. These figures might vary due to ongoing data reconciliation.

Monetary Developments

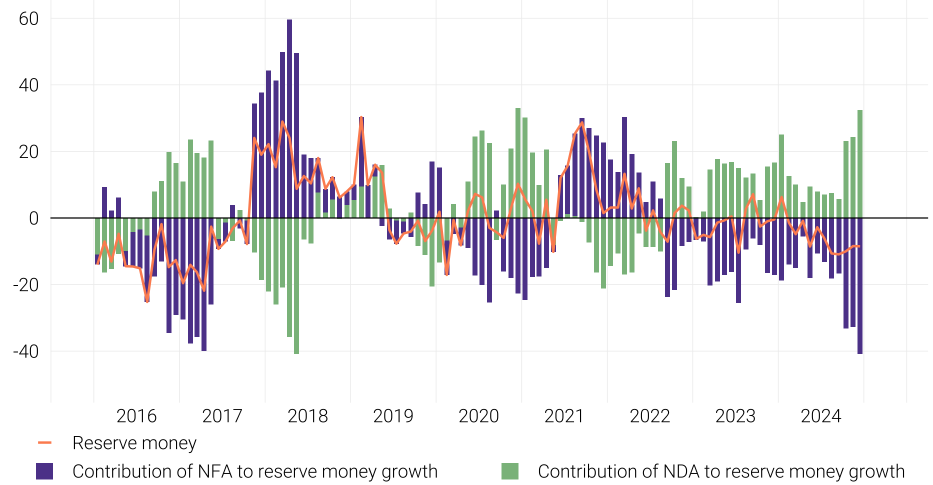
Reserve Money

- Reserve money (M0) declined by 9% at the end of December 2024, following the 8% decline registered in November 2024. This mainly reflected the annual decline in net foreign assets, which offset the increase in net domestic assets during the period.
  - The decline in net foreign assets was primarily due to the increase in foreign liabilities, which reflected the US$400 million swap obtained from the Reserve Bank of India (RBI) in October 2024, despite an increase in foreign asset accumulation during the period. Meanwhile, net domestic assets increased, mainly reflecting the increase in claims on other depository corporations together with the decrease in placements in the overnight deposit facility (ODF).

Broad Money

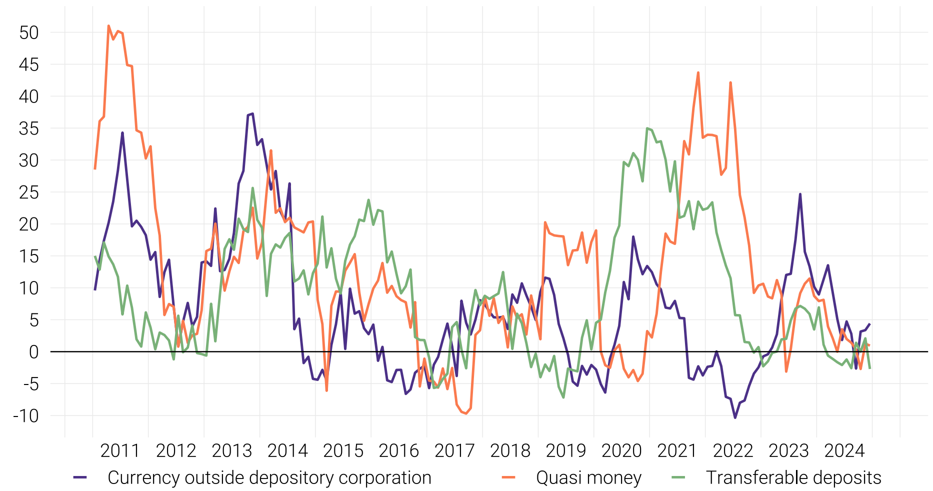
- Broad money (M2) registered a growth of less than 1% at the end of December 2024, after recording an increase of 2% at the end of November 2024.
  - On the components side, the annual increase in broad money reflected the significant increase in time deposits denominated in local currency as well as savings deposits denominated in both local and foreign currency. This entirely offset the decline in transferable deposit base as well as time deposits denominated in foreign currency. Meanwhile, currency outside depository corporations rose during the month.
  - As for the sources, the growth in broad money was solely driven by the increase in net domestic assets, primarily owing to the increase in net claims on the central government by the commercial banks and the MMA, together with the increase in credit to the private sector. Meanwhile, net foreign assets declined, largely owing to the increase in foreign liabilities despite the increase in foreign asset accumulation during the period.

Sources of Reserve Money, 2016 - 2024
(annual percentage change, contribution percent)



Source: Maldives Monetary Authority

Components of Broad Money, 2011 - 2024
(annual percentage change)



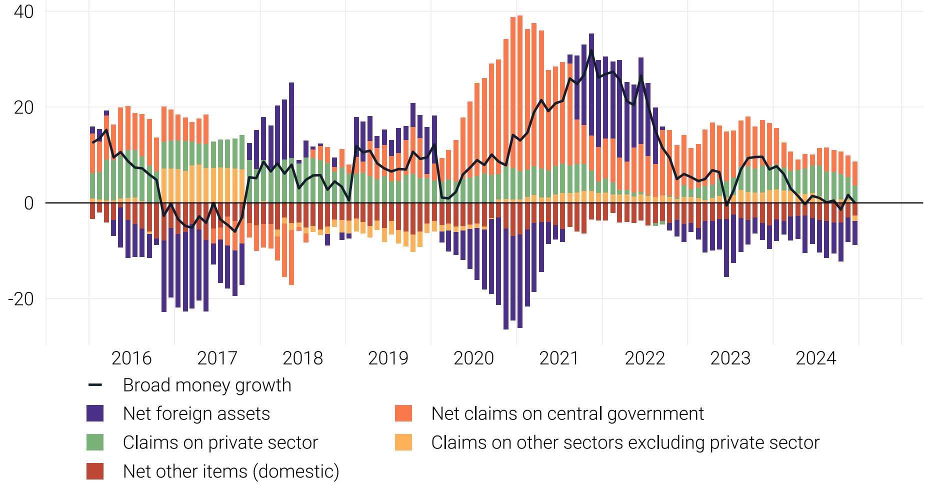
Source: Maldives Monetary Authority

Credit to Private Sector

- The annual growth rate of credit to the private sector by the commercial banks slightly moderated to 7% at the end of December 2024, from 9% in November 2024.
  - As such, credit to major sectors (namely personal loans, construction and real estate), except for tourism and commerce sectors, continued to expand in December 2024, whereby personal loans registered the highest growth during the month, with an annual increase of 30%. Meanwhile, the tourism sector continued to account for the largest share of bank credit, despite registering a marginal decline of less than 1%.
  - The annual growth in credit for personal loans was driven by the increase in credit lent in the form of credit cards and consumer durables, despite the minor decline in educational loans. As for the tourism sector, the annual decline in credit to the sector was largely driven by the decline in credit lent for new resort development, which entirely offset the increase in credit lent for renovation of resorts.

Contribution to Broad Money, 2016 - 2024

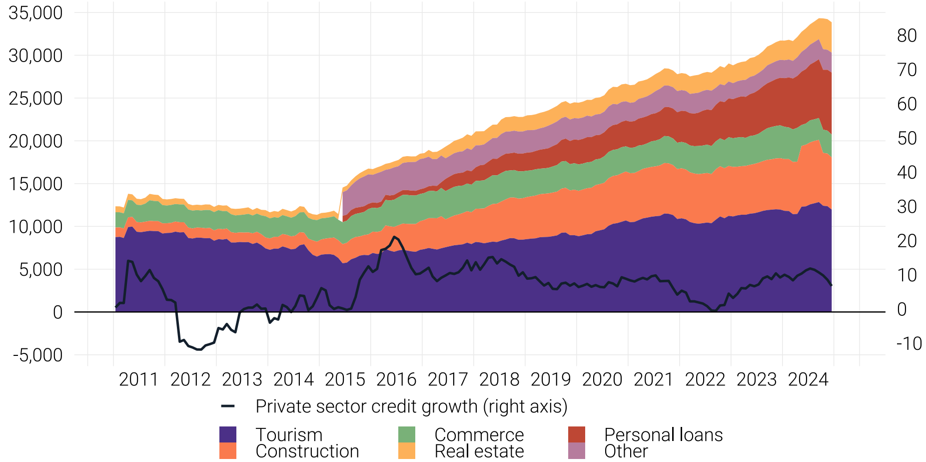
(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

Private Sector Credit, 2011 - 2024

(millions of rufiyaa, annual percentage change)

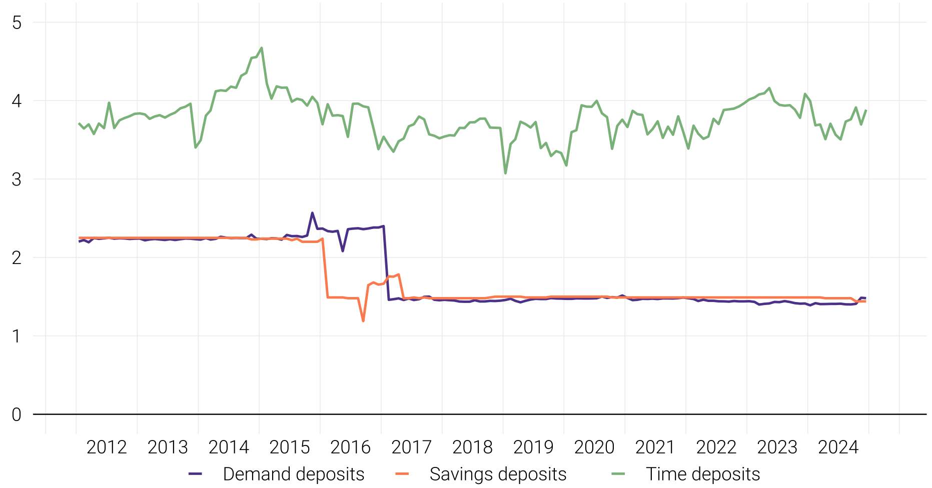


Source: Maldives Monetary Authority

Note: Personal loans were not classified as a separate category prior to June 2015.

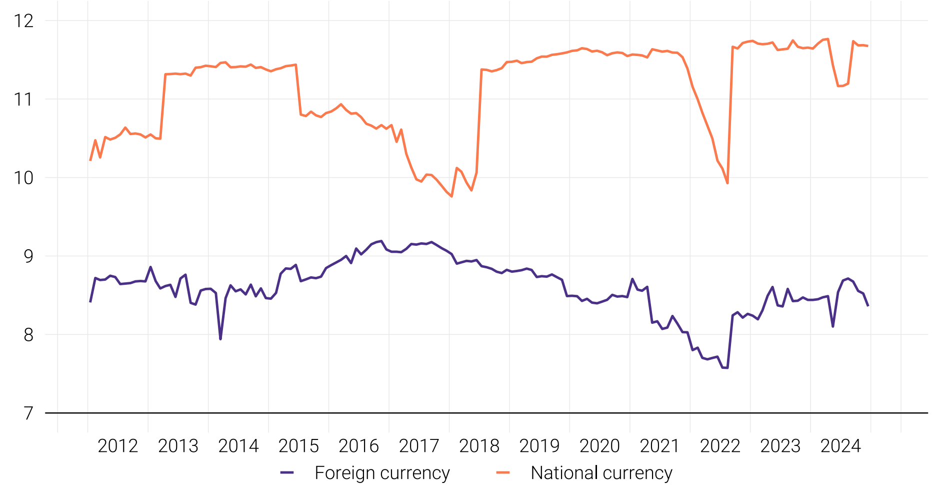
Interest rates

Interest Rate on National Currency Deposits, 2012 - 2024
(weighted average)



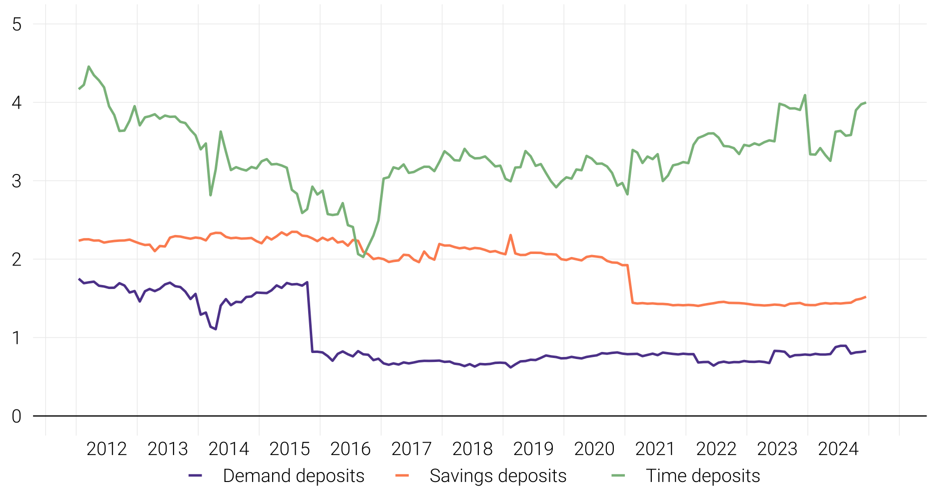
Source: Maldives Monetary Authority

Interest Rate on Private Sector Loans and Advances, 2012 - 2024
(weighted average)



Source: Maldives Monetary Authority

Interest Rate on Foreign Currency Deposits, 2012 - 2024
(weighted average)

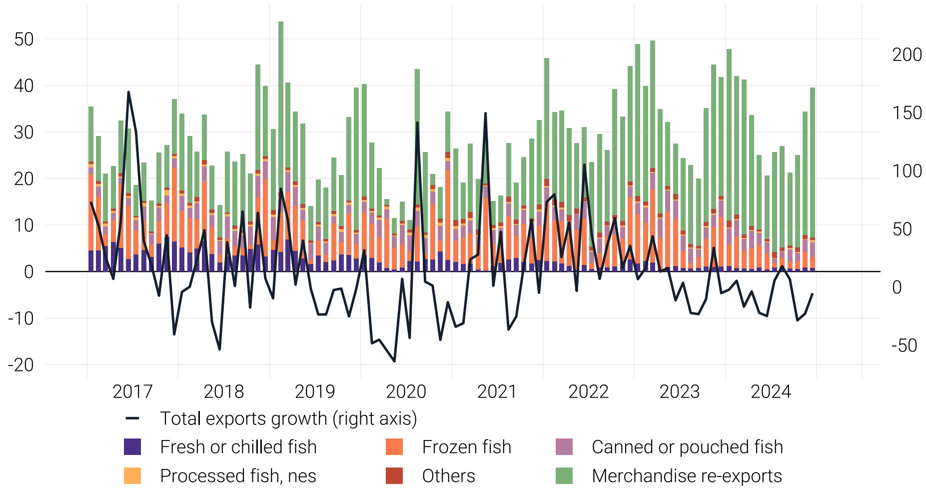


Source: Maldives Monetary Authority

External Trade

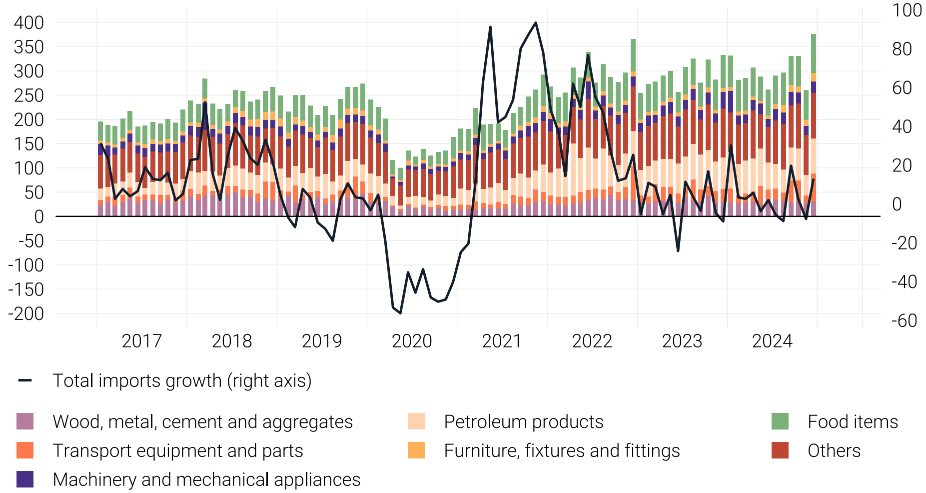
- Total exports (f.o.b) declined by 5% in December 2024, when compared with December 2023, while total imports (c.i.f) increased by 13% during the same period.
  - The annual decline in total exports stemmed from the decline in domestic exports, largely owing to lower earnings from frozen skipjack tuna and frozen yellowfin tuna exports. In contrast, re-exports increased during the period, which reflected higher earnings from re-exports of jet fuel.
  - The annual increase in import expenditure stemmed mainly from the increase in imports of transport equipment and parts, food items, furniture, fixtures and fittings, as well as construction-related items and petroleum products. In contrast, declines were observed in imports of machinery and mechanical appliances and parts, as well as electrical and electronic machinery and equipment and parts.
- Overall, for the period January to December 2024, total exports declined by 9%, whereas total imports increased by 4%, when compared with the corresponding period of 2023.

Total Exports, 2017 - 2024
(millions of US dollars, annual percentage change)



Source: Maldives Customs Service

Total Imports, 2017 - 2024
(millions of US dollars, annual percentage change)



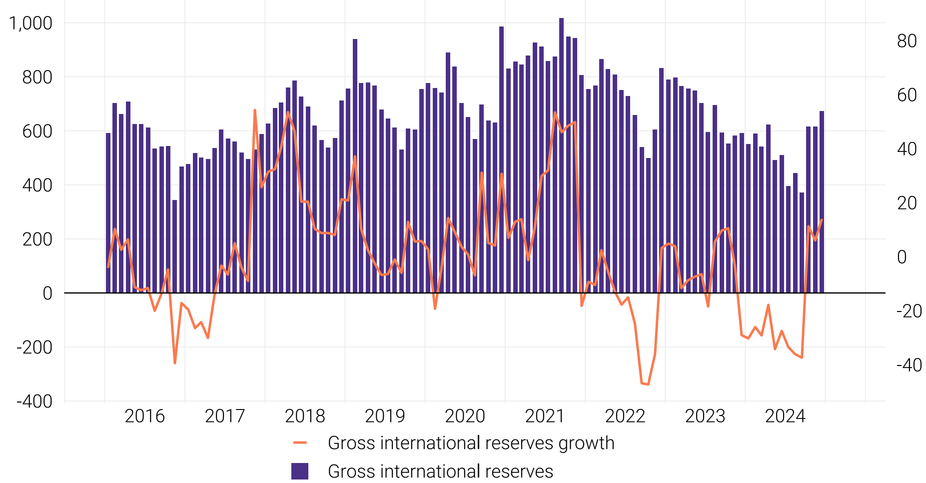
Source: Maldives Customs Service

Gross International Reserves

- Gross international reserves[4] (official reserve assets) increased to US$673.2 million at the end of December 2024, from US$616.2 million at the end of November 2024. This also depicted a growth of US$82.7 million from the US$590.5 million recorded at the end of December 2023.
  - In terms of growth rates, increases of 14% and 9% were registered when compared with December 2023 and November 2024, respectively.

Gross International Reserves, 2016 - 2024

(millions of US dollars, annual percentage change)



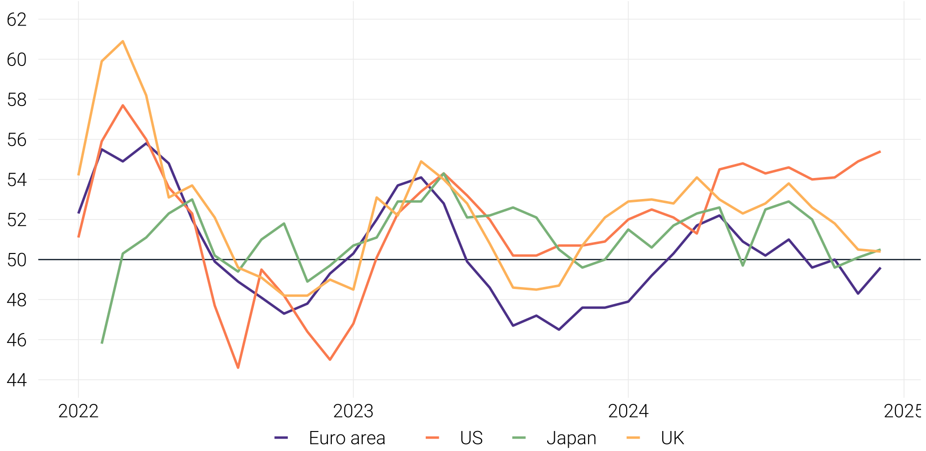
Source: Maldives Monetary Authority

[4] Comprises foreign currency deposits of the MMA and the government, commercial banks' US dollar reserve accounts and Maldives' reserve position at the IMF.

International Economic Developments

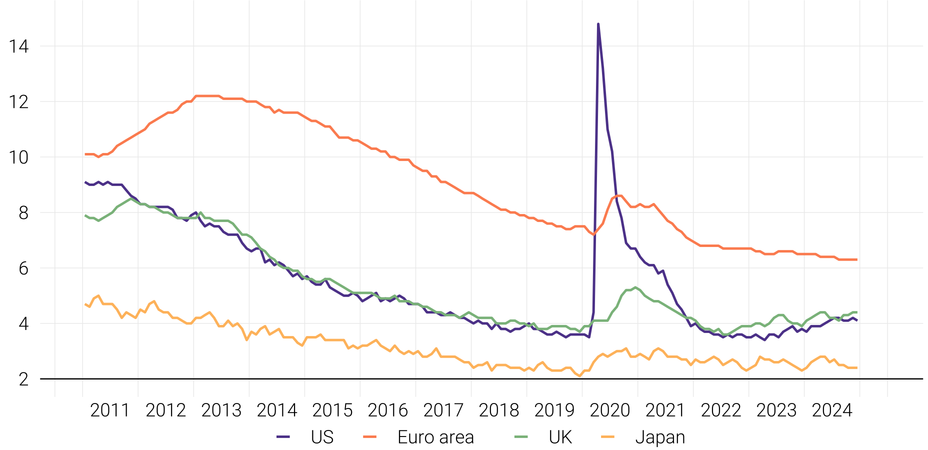
Global Output

Purchasing Manager's Index in the Advanced Economies, 2022 - 2024
(index points)



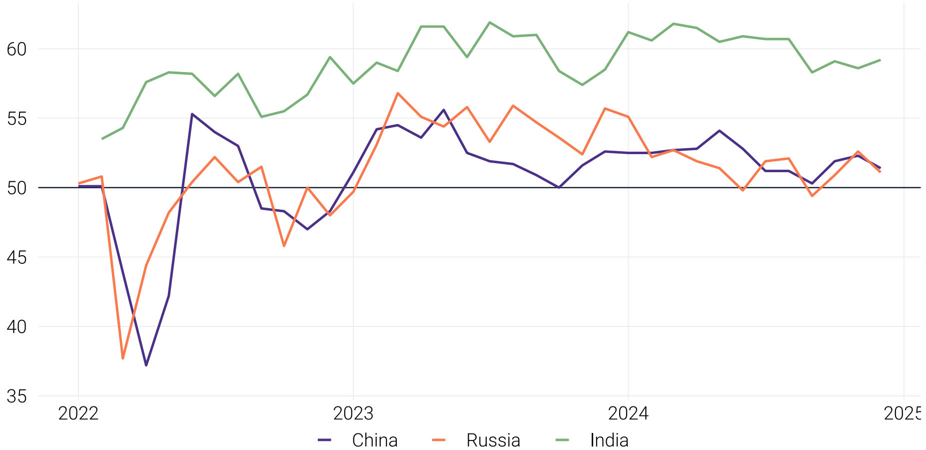
Source: Bloomberg Database

Unemployment in the Advanced Economies, 2011 - 2024
(percent)



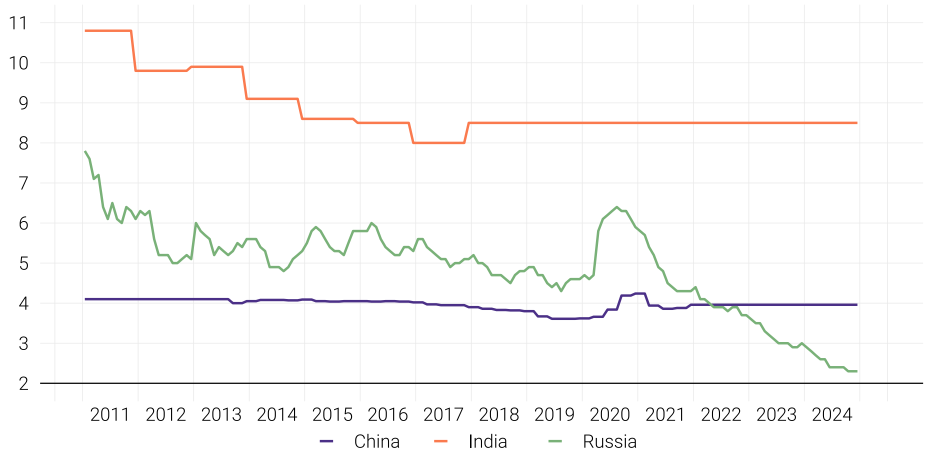
Source: Bloomberg Database

Purchasing Manager's Index in the Emerging Economies, 2022 - 2024
(index points)



Source: Bloomberg Database

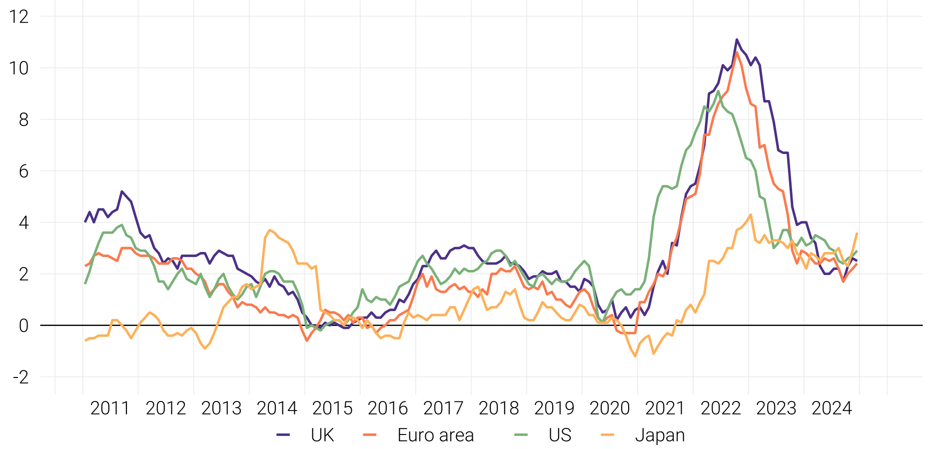
Unemployment in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database

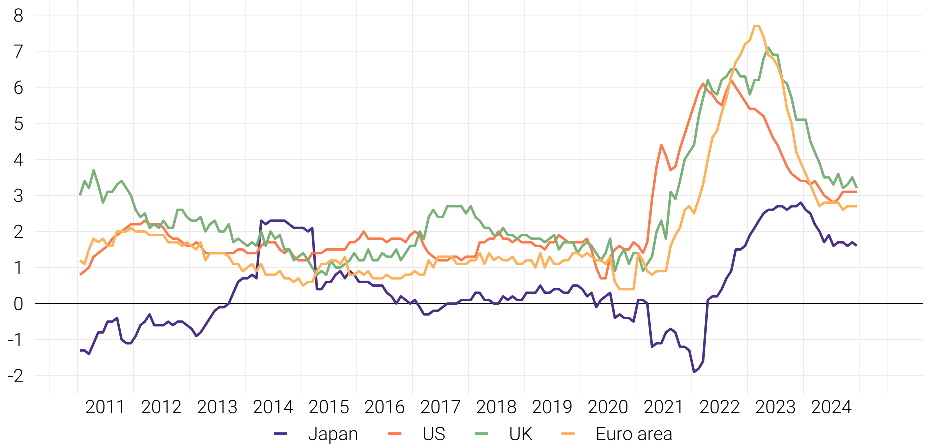
Global Inflation

Inflation in the Advanced Economies, 2011 - 2024
(percent)



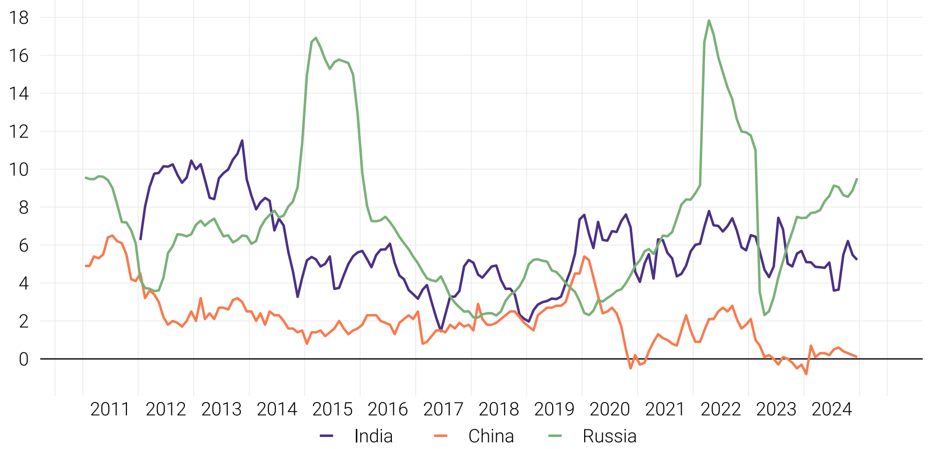
Source: Bloomberg Database

Core Inflation in the Advanced Economies, 2011 - 2024
(percent)



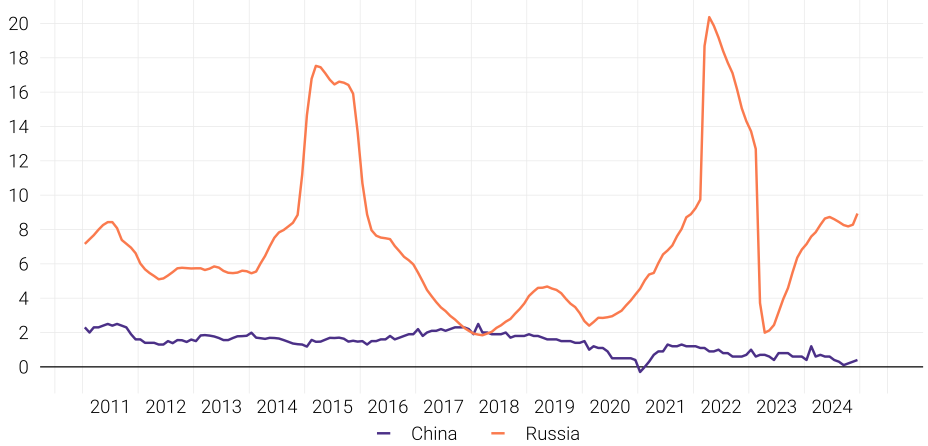
Source: Bloomberg Database

Inflation in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database

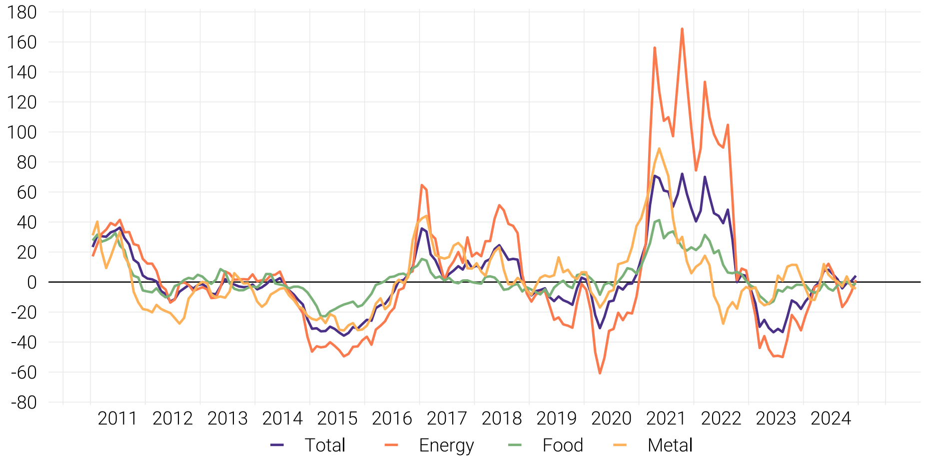
Core Inflation in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database

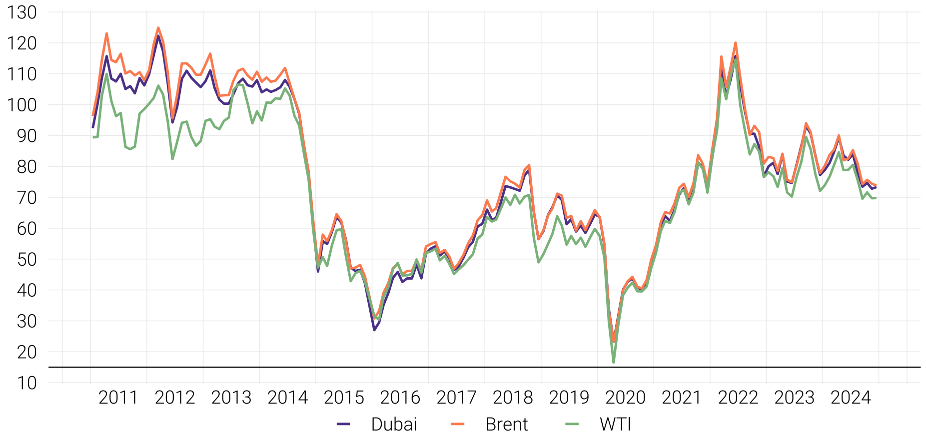
Commodity Prices

Commodity prices, 2011 - 2024
(annual percentage change)



Source: IMF

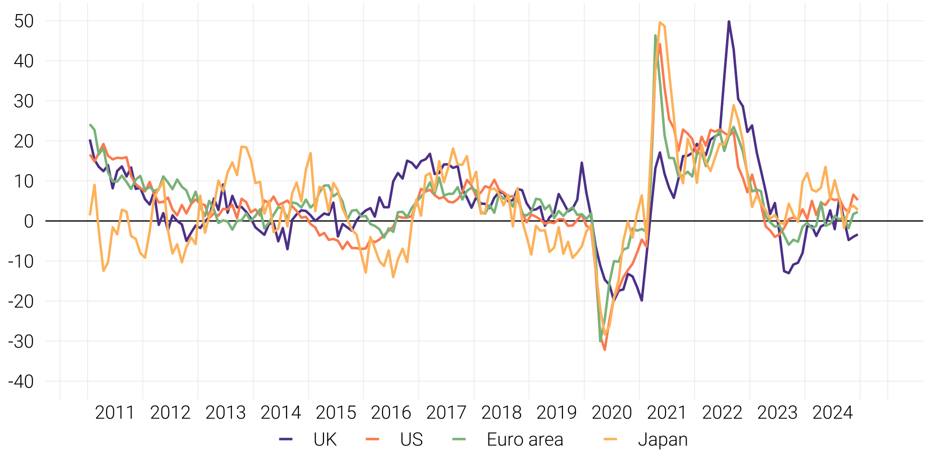
Oil prices, 2011 - 2024
(dollars per barrel)



Source: Bloomberg Database

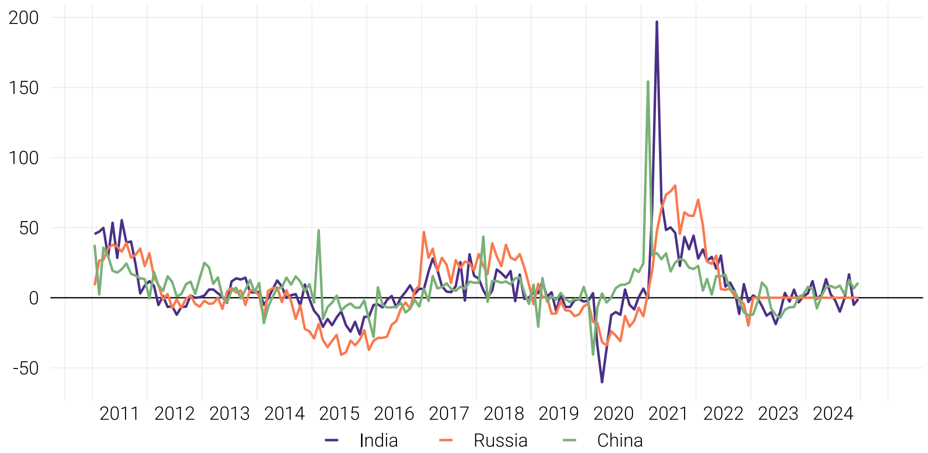
Global Trade

Exports in the Advanced Economies, 2011 - 2024
(annual percentage change)



Source: Bloomberg Database

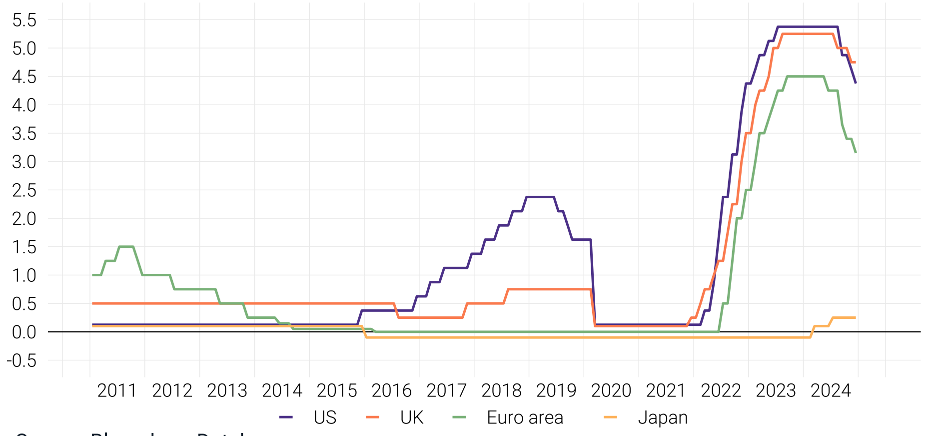
Exports in the Emerging Economies, 2011 - 2024
(annual percentage change)



Source: Bloomberg Database

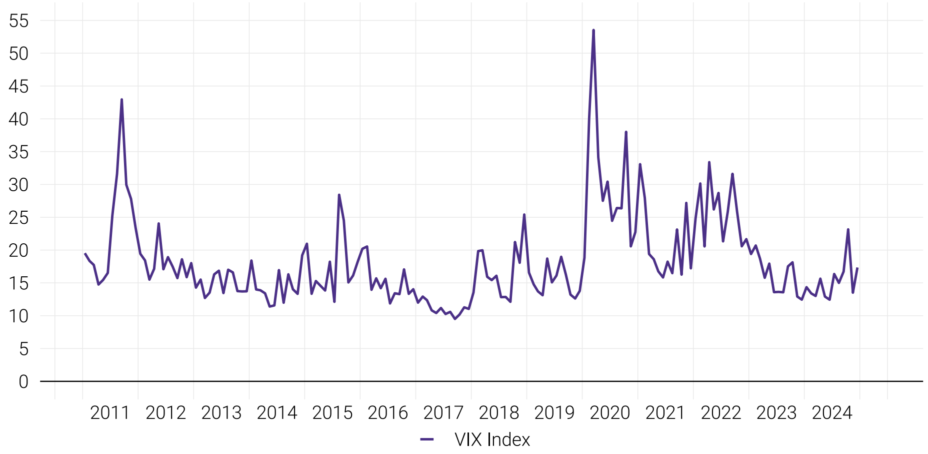
Global Financial Markets

Monetary Policy Rates in the Advanced Economies, 2011 - 2024
(percent)



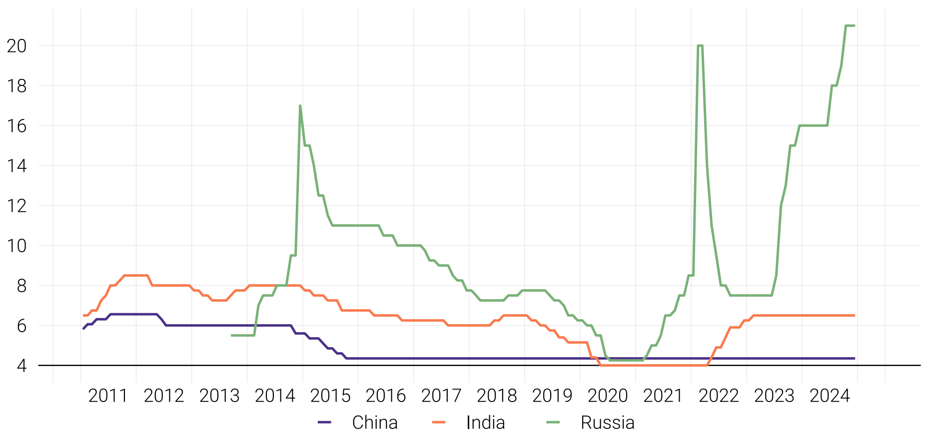
Source: Bloomberg Database

Volatility Index, 2011 - 2024
(percent)



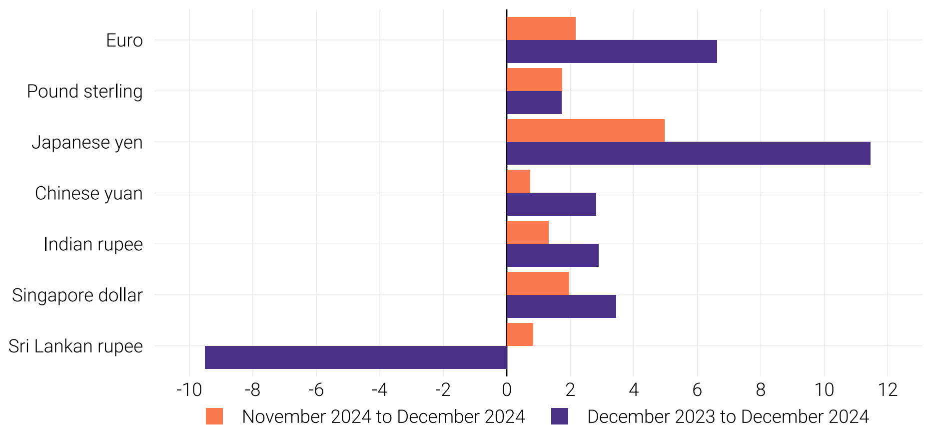
Source: Bloomberg Database

Monetary Policy Rates in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database
Note: Policy rate for China indicates the 1-Year Benchmark Lending Rates.

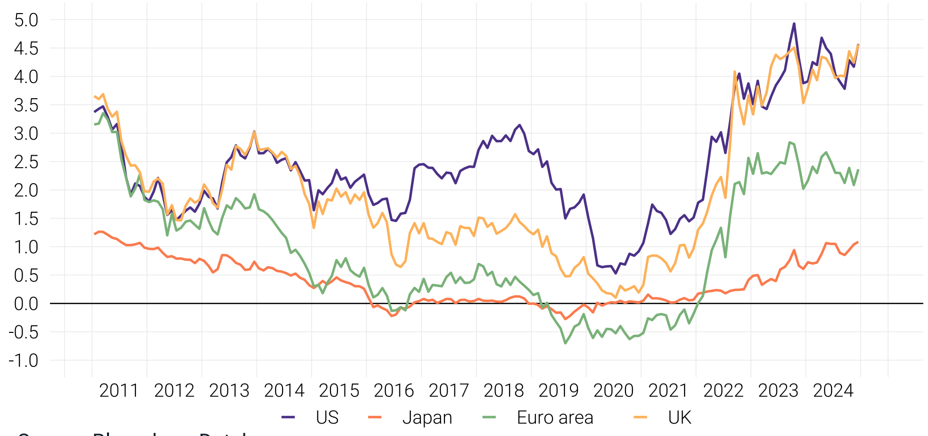
Exchange Rate of US Dollar against Currencies of Major Trading Partners, December 2024
(percentage change)



Source: Bloomberg Database

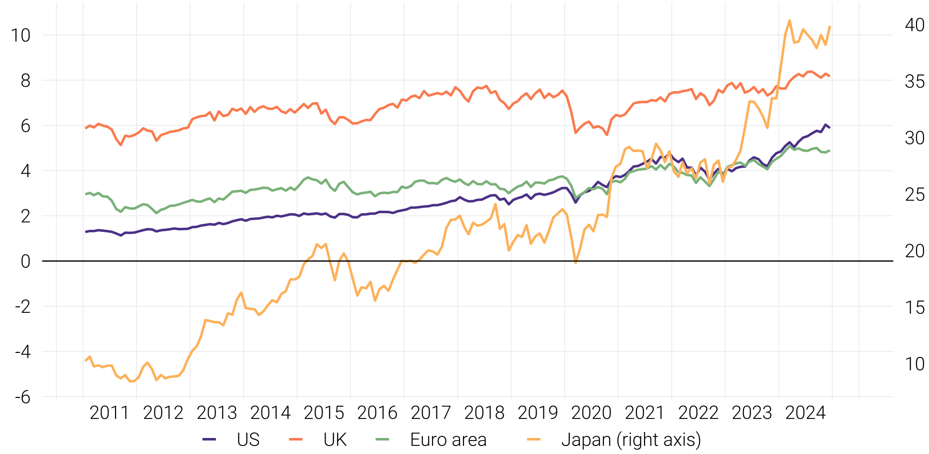
Global Financial Markets

Sovereign Bond Yield in the Advanced Economies, 2011 - 2024
(percent)



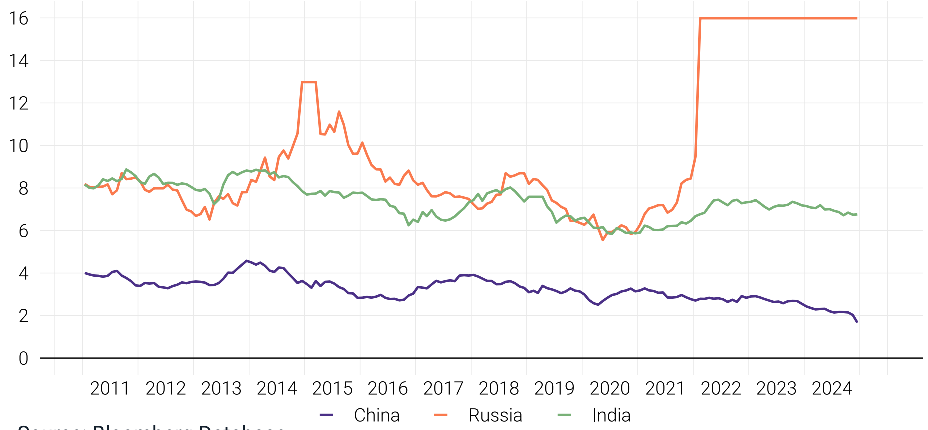
Source: Bloomberg Database
Note: 10-Year Sovereign Bond Yields.

Share Price Index in the Advanced Economies, 2011 - 2024
(price index, in thousands)



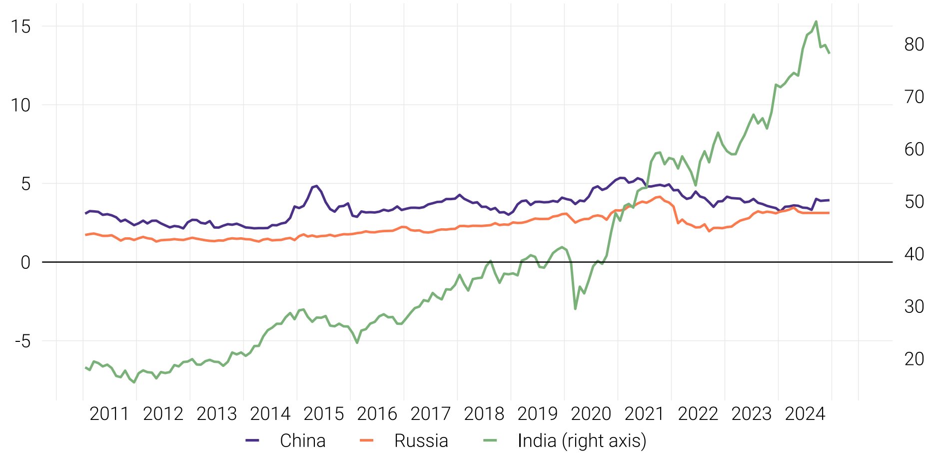
Source: Bloomberg Database

Sovereign Bond Yield in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database
Note: 10-Year Sovereign Bond Yields.

Share Price Index in the Emerging Economies, 2011 - 2024
(price index, in thousands)



Source: Bloomberg Database

Boduthakurufaanu Magu
Male' - 20182
Republic of Maldives
Tel: (960) 3312343
Fax: (960) 3323862
Email: mail@mma.gov.mv
Website: www.mma.gov.mv