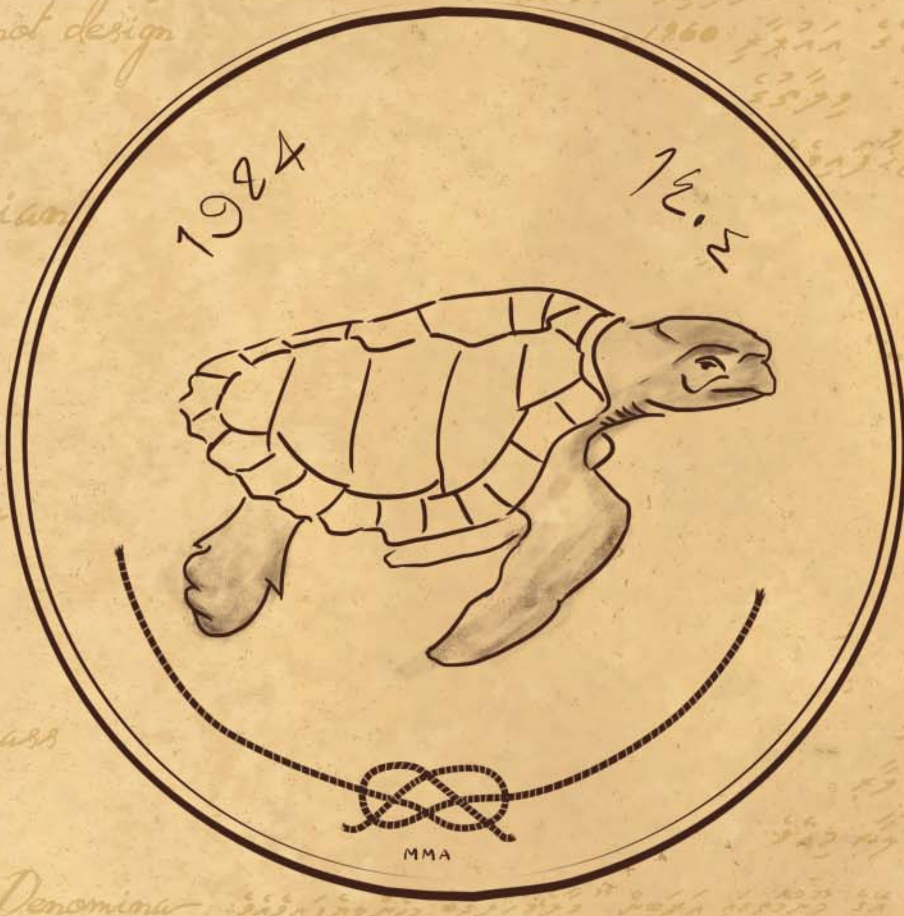
Quarterly Economic Bulletin



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This Bulletin is compiled by the Monetary Policy and Research Division (MPRD) of the Maldives Monetary Authority (MMA). It covers developments in the domestic economy during the third quarter of 2011. The analyses are based on information provided by relevant government authorities, commercial banks operating in the country, public enterprises and other private sector sources, as at November 2011. Where actual data is not readily available, estimates have been made by MPRD based on available information. The timely receipt of data is therefore crucial to the compilation of this publication and the analysis contained herein.

We thank all those who have contributed to the information contained in this Bulletin and welcome constructive feedback from readers.

Contents

Abbreviations

ADB	Asian Development Bank
CIF	Cost, Insurance and Freight
CPI	Consumer Price Index
DNP	Department of National Planning
EEZ	Exclusive Economic Zone
ECB	European Central Bank
FOB	Free On Board
GDP	Gross Domestic Product
IMF	International Monetary Fund
M0	Monetary Base (Reserve Money)
M1	Narrow Money Supply
M2	Broad Money Supply (Total Liquidity)
MENA	Middle East and North Africa
MMA	Maldives Monetary Authority
MOFA	Ministry of Fisheries and Agriculture
MOFT	Ministry of Finance and Treasury
MOTAC	Ministry of Tourism, Arts and Culture
MRR	Minimum Reserve Requirement
MSE	Maldives Stock Exchange
NCG	Net Claims on Government
NDA	Net Domestic Assets
NEER	Nominal Effective Exchange Rate
NFA	Net Foreign Assets
NPL	Non-performing Loans
ODF	Overnight Deposit Facility
OLF	Overnight Lombard Facility
OMO	Open Market Operations

PNFEs	Public Non-Financial Enterprises
RWA	Risk Weighted Assets
TA	Total Assets
T-Bills	Treasury Bills
TGST	Tourism Goods and Services Tax
VRS	Voluntary Retirement Scheme
WAIR	Weighted Average Interest Rate
WATP	Weighted Average Trading Price

International Economic Developments

International Economic Developments

Output

The global economy witnessed a period of low growth during the third quarter of 2011, with growth momentum lower than anticipated against the backdrop of uncertainties prevailing in the world economy. The volatility of the financial markets intensified due to the worsening of the sovereign debt crisis in the euro zone and the continued concerns over the fiscal problems in the US. These issues pose a potential risk for a sustained recovery of the global economy. On a positive note, the impact of the disruptions to global supply chains owing to the natural disasters in Japan and the surge in oil prices due to tensions in the Middle East and North Africa (MENA) region abated largely during the review quarter.

Output growth in the advanced economies remained slightly sluggish, with a growth of 1.3 per cent recorded, compared to an expansion of 1.5 per cent during the second quarter. Of the advanced economies, the US economy grew by 1.2 per cent, compared to a growth of 1.5 per cent in the previous quarter. The slowdown in the growth of the US economy was mainly associated with high unemployment, a weaker housing market and deteriorating consumer and business sentiments over policy uncertainties. In the euro region, growth tilted downwards at 1.3 per cent in the third quarter, reflecting the deepening of the sovereign debt crisis, which dampened domestic demand. Meanwhile, economic activity in Japan rallied slightly because of the recovery of the export market, coupled with an improvement in private consumption.

The more resilient emerging economies registered an overall growth of 6.7 per cent during the quarter. Nonetheless, growth rates were moderate in some of the major emerging economies With regard to China, growth rate decelerated to 9.4 per cent from 9.6 per cent in the preceding quarter, mainly on account of a slight moderation in exports. However, growth prospects of the Chinese economy remained stable, attributable to the improvement in domestic demand while the agricultural and industrial sectors showed steady growth. Likewise, growth in India slightly moderated to 6.9 per cent as the industrial and services sectors showed a slight slowdown, while the agricultural sector recovered during the third quarter.

Inflation

Global inflation also continued to accelerate during the third quarter, as commodity prices remained high, despite easing from the peaks reached in early 2011 because of stronger demand and supply constraints. Price pressures remained more pronounced in the emerging economies than in the advanced economies. As such, overall inflation in the advanced economies stood at 2.6 per cent, while inflation in the emerging economies escalated to 7.7 per cent during the review quarter, largely driven by sustained domestic demand. Hence, because of the moderated inflationary pressures in the advanced economies, monetary policy remained more accommodative in most of these economies, with many of the central banks keeping their policy rates very low. Conversely, many of the emerging economies tightened monetary policy through increases in interest rates or reserve requirement rates to restrain domestic inflationary pressures.

Commodity Price

Growth in global commodity prices has started to decelerate slightly over the recent months, following the peaks reached in early 2011. The softening of the commodity prices is largely owing to improved supply conditions, together with a slight moderation in aggregate demand, mainly in the advanced economies. However, commodity prices continue to remain elevated compared to a year ago.

At the end of the third quarter, the International Monetary Fund (IMF) commodity price index had risen by 31 per cent in annual terms, in comparison to an annual growth of 35 per cent in the second quarter. Meanwhile, the non-fuel commodity price index increased by 20 per cent, down from the annual growth of 28 per cent recorded in the preceding quarter. Oil prices also eased to some extent, following the highs reached in the midst of the unrest in the MENA region, which led to disruptions in related oil markets. At the end of September 2011, crude oil prices[1] fell to US$86.5 per barrel, down from US$96.1 per barrel at the end of June 2011, because of improved supply conditions and due to the expected moderation in demand. Meanwhile, growth in global food prices declined to 19 per cent in annual terms, following a growth of 33 per cent at the end of the second quarter of 2011. This was largely the result of an improvement in the supply of agricultural produce. Despite the quarterly moderation during the review quarter, food prices are expected to remain high, driven by sustained demand from the emerging markets.

Exchange rate

The nominal effective exchange rate of the US dollar, as measured by the trade-weighted index of currencies of major US trading partners, appreciated by 1 per cent during the third quarter of 2011. The appreciation of the dollar reflected increasing concerns over the global growth outlook and the intensification of the sovereign debt challenges facing some euro zone countries.

As for the bilateral exchange rates of the US dollar, a significant appreciation was recorded against most major currencies; for example, by 2 per cent against the euro and by 1 per cent against the Sterling pound. The US dollar also appreciated against most of the currencies of the

1 West Texas Index (WTI) at Cushing.

emerging economies of Asia. However, the dollar depreciated by 5 per cent against the Japanese yen. The strengthening of the Japanese yen was due to the "flight-to-liquidity flows"[2], which was viewed by the Japanese authorities as a threat to the country's economic recovery. This prompted the Japanese authorities to intervene in the foreign exchange market to weaken the value of the yen to curb the persistent appreciation of the currency.

Sources:
IMF-World Economic Outlook, September 2011
IMF-International Financial Statistics
Reserve Bank of India

2 Flight-to-liquidity flows refer to an abrupt shift in large capital flows towards more liquid assets.

Domestic Economic Developments

Domestic Economic Developments

Overview

The overall macroeconomic condition of the domestic economy improved during the third quarter of 2011, supported by the recovery of the tourism sector. The revival of the tourism sector was primarily driven by the buoyant growth in the Asian tourist market. Hence, the leading indicators of the sector, such as tourist arrivals, bednights and capacity utilisation, demonstrated favourable growth rates both in quarterly as well as in annual terms. The overall performance of the fisheries sector was mixed during the third quarter of the year. While the total fish catch in the country plunged for the third consecutive quarter, the export sector recovered and remained solid compared to both the previous quarter and the third quarter of 2010. The growth in fish exports was due to the strengthening of unit prices received for tuna in the international market. In line with the expansion in overall economic activity during the quarter, the leading indicators of both the construction and the distribution sector signalled positive growth rates in annual terms, although both construction-related imports and private imports (excluding tourism) recorded declines compared to the second quarter of 2011.

With regard to domestic prices, inflation as measured by the 12-month moving average of the Consumer Price Index (CPI) for Male' reached a high of 8.9 per cent at the end of the third quarter, from 8.1 per cent at the end of the second quarter. Meanwhile, the quarter-on-quarter inflation stood much higher at 11.9 per cent. Similar to previous quarters, the hike in inflation during the third quarter was largely due the increase in the prices of both fish and food items. The increase in domestic fish prices was largely owing to the persistent levels of low fish catch, while the price increase in other food items reflected the developments in global food prices. The continued rise in domestic prices reflects the devaluation effect of the Maldivian rufiyaa in April 2011.

In the monetary sector, after recording an increase during the second quarter of 2011, total broad money (M2) supply declined on a quarterly basis during the third quarter of the year. This can be wholly attributed to the quarterly decline in the net foreign assets (NFA) of the banking system, which outweighed the growth in the net domestic assets (NDA) of the banking system during the quarter. The year-on-year deceleration in M2 growth was due to the slow growth rate of the NDA because of the decline in the annual growth of net claims to the government (NCG). Meanwhile, private sector credit continued to increase, owing to the devaluation effect of the rufiyaa in April 2011. On the policy side, the Maldives Monetary Authority (MMA) maintained a tight monetary policy stance to keep domestic liquidity under control and continued monetary tightening by conducting Open Market Operations (OMO) via Reverse Repurchases (Reverse Repos).

On the external front, the merchandise trade deficit narrowed to US$250.4 million, from US$259.6 million in the second quarter of 2011. This was caused by the growth in merchandise exports, while imports registered a decline, owing to a fall in private sector imports. The growth in merchandise exports was due to the increase in fish exports during the quarter. Meanwhile, gross international reserves continued to trend downwards, declining to US$317.4 million by the end of September 2011, from US$346.3 million at the end of June 2011. Gross reserves in terms of months of imports fell to 2.8 months at the end of the third quarter of 2011.

Table 1. Key Economic Indicators, 2008 - 2011 September

	2008	2009	2010	2010				2011		2011			
				Jul	Aug	Sep	Q3	Q1	Q2	Jul	Aug	Sep	Q3
Gross Domestic Product													
GDP (2003 constant prices) Rf mn. 1/	18,526.4	17,648.4	18,658.5	-	-	-	-	-	-	-	-	-	-
Annual percentage change	12.2	-4.7	5.7	-	-	-	-	-	-	-	-	-	-
CPI (12 - month moving average)													
National	12.3	4.0	4.7	3.8	4.3	4.6	4.6	5.5	7.1	7.9	-	-	-
Male'	12.0	4.5	6.2	5.0	5.5	5.9	5.9	6.6	8.1	8.2	8.3	8.9	8.9
Atolls	12.5	3.5	3.4	2.7	3.1	3.4	3.4	4.5	6.2	7.5	-	-	-
Tourism													
Tourist arrivals ('000)	683.0	655.9	791.9	57.2	66.3	62.5	186.1	247.6	200.4	72.5	76.8	71.9	221.2
Tourist bednights ('000) 2/	5,446.9	5,147.0	5,986.0	428.5	498.2	445.5	1,372.2	1,851.7	1,436.7	478.5	519.7	479.7	1,477.8
Bed capacity (resorts/hotels)	19,081.3	20,136.8	23,648.8	23,525.0	23,618.0	23,694.0	23,612.3	24,532.7	24,753.7	24,206.0	24,296.0	24,284.0	24,262.0
Bednight capacity ('000)	6,983.4	7,351.7	8,631.8	729.3	732.2	710.8	2,172.3	2,207.6	2,252.5	750.4	753.2	728.5	2,232.1
Capacity utilisation rate (%)	78.0	70.2	69.5	58.8	68.0	62.7	63.2	84.0	63.7	63.8	69.0	65.8	66.2
Average stay (days)	8.0	7.9	7.6	7.5	7.5	7.1	7.4	7.5	7.1	6.6	6.8	6.7	6.7
Fish Production													
Fish catch excluding EEZ ('000 MTs) 3/	131.7	115.4	87.7	6.8	7.4	8.3	22.5	23.4	20.6	6.4	6.8	6.1	19.2
Total fish exports ('000 MTs) 4/	63.1	39.9	33.4	2.4	2.2	0.9	5.5	14.3	5.1	2.1	1.1	2.5	5.7
Total fish exports (US$ mn.) 4/	120.7	71.9	68.3	5.5	4.6	3.9	14.0	38.1	21.3	9.1	6.5	10.5	26.1
Money and Banking (Rf mn)													
Net foreign assets	-1,732.1	-1,338.7	685.6	-1,372.3	-1,298.6	-1,439.4	-1,439.4	1,809.7	2,012.6	2,061.5	1,338.2	1,298.1	1,298.1
Net domestic assets	13,842.4	15,193.9	15,198.4	15,668.5	15,692.3	16,066.9	16,066.9	15,981.2	16,816.2	16,633.4	17,264.9	17,247.4	17,247.4
Of which: Net claims on government	896.3	4,062.7	5,380.7	4,945.0	5,254.1	5,618.4	5,618.4	6,602.7	6,427.9	6,169.7	6,584.1	6,415.4	6,415.4
Claims on private sector	16,218.5	15,553.8	15,191.0	15,398.1	15,331.5	15,082.4	15,082.4	15,327.5	16,676.2	16,630.5	16,794.9	16,775.3	16,775.3
Broad money	12,110.3	13,855.3	15,884.0	14,296.2	14,393.7	14,627.6	14,627.6	17,790.9	18,828.7	18,694.9	18,603.1	18,545.5	18,545.5
Balance of Payments (US$ mn) 5/													
Balance on goods	-889.9	-682.2	-798.0	-70.7	-61.0	-74.5	-206.2	-183.4	-259.6	-90.8	-93.0	-66.6	-250.4
Goods: credit	331.1	169.0	180.0	13.3	18.6	13.9	45.9	90.9	69.8	24.5	21.2	26.4	72.1
Goods: debit	-1,221.0	-851.3	-978.0	-84.0	-79.6	-88.4	-252.0	-274.4	-329.4	-115.3	-114.2	-93.0	-322.5
Overall balance	-67.8	20.4	53.3	-	-	-	-	-	-	-	-	-	-
Gross International Reserves (US$ mn) 6/	240.6	261.0	350.2	297.5	289.8	271.7	271.7	371.6	346.3	329.1	323.0	317.4	317.4
External Reserves in Months of Imports (cif)	2.1	3.2	3.8	3.5	3.3	3.0	3.0	3.8	3.3	3.0	2.9	2.8	2.8
Exchange Rate 7/													
Rufiyaa / US$ (end of period mid rate)	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	15.4	15.4	15.4	15.4	15.4

1/ GDP series rebased on April 2011 (base year = 2003).
2/ Bednights data prior to 2010 includes only resorts and hotels.
3/ 2011 data are estimates.
4/ Excluding live fish.
5/ BOP is currently being revised and would be published as soon as the revision is completed.
6/ Foreign Assets of MMA
7/ With effect from April 2011 the Maldivian rufiyaa was allowed to fluctuate within a band of 20 percent on either direction of a central parity of Rf12.85 per US dollar.
From April 2011 onwards the rates refer to MMA daily reference exchange rate, which is the mid point of the weighted average buying and selling rates of all commercial banks.

Source: MMA, MoFA, MoTAC, DNP, Customs

1 Production and Prices

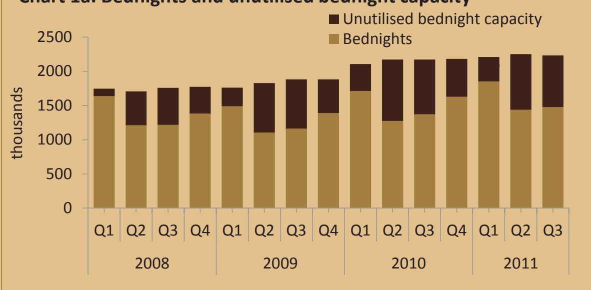
1.1 Tourism

Moving into the third quarter of the year, the onset of the high season of the tourism industry meant that the sector's performance improved. Tourist arrivals increased by 10 per cent in quarterly terms and by 19 per cent in annual terms, fuelled by rising demand from the Asian region, especially from China. Tourist arrivals in the third quarter of 2011 totalled 221.2 thousand an increase of 20.9 thousand compared to the previous quarter. This also marked a significant growth in arrivals in comparison to the corresponding quarter of 2010 - an increase of 35.1 thousand.

With regard to other major indicators of the sector, tourist bednights registered a quarterly growth of 3 per cent, although the duration of tourist stay declined from 7.1 days in the previous quarter to 6.7 days during the third quarter of 2011. In annual terms, bednights rose by 8 per cent. With regard to the operational capacity of the industry, the total number of beds in operation declined by 492 on a quarterly basis, and totalled 24.3 thousand beds in the review quarter. Consequently, bednight capacity also recorded a modest decline of 1 per cent in comparison to the previous quarter. Notwithstanding the above developments, the capacity utilisation rate of the sector improved slightly, from around 64 per cent in both the previous quarter and the third quarter of 2010, to 66 per cent during the review quarter, mainly reflecting the strong growth in tourist arrivals during the third quarter of the year.

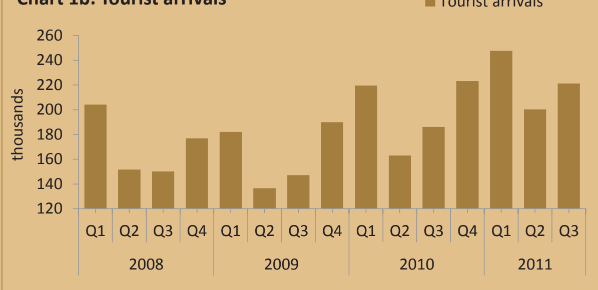
As for market composition, the dynamics of the market share is gradually shifting towards domination by the Asian market. In the third quarter of 2011, tourist arrivals from Asia accounted for 45 per cent of the total tourist market, an increase of 8 per cent from the previous quarter. Although, Europe continues to hold the greatest market share, with 48 per cent of the total tourist arrivals, this represents a decline of 9 per cent on a quarterly basis. The remaining 7 per cent of the market share in the third quarter of 2011 was divided between

Chart 1a. Bednights and unutilised bednight capacity



Source: Ministry of Tourism, Arts and Culture

Chart 1b. Tourist arrivals



Source: Ministry of Tourism, Arts and Culture

Table 2. Tourism Indicators, 2008 - 2011 September
In thousands

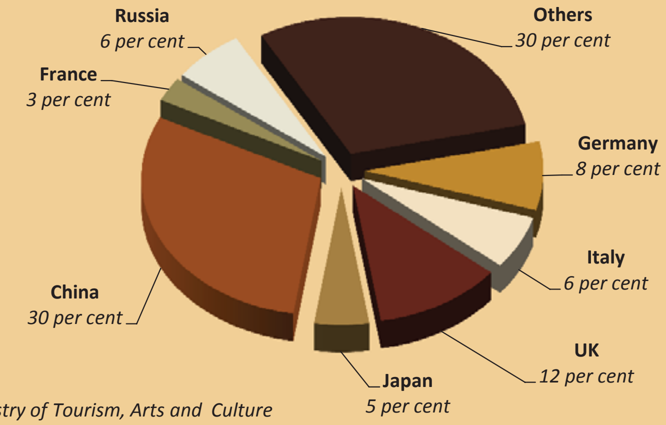
	2008	2009	2010	2010				2011		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
Tourist arrivals	683.0	655.9	791.9	219.5	163.1	186.1	223.2	247.6	200.4	221.2
Bed capacity 1/	19.1	20.1	23.6	23.4	23.9	23.6	23.7	24.5	24.8	24.3
Tourist bednights	5,446.9	5,147.0	5,986.3	1,712.6	1,274.2	1,372.2	1,627.3	1,851.7	1,436.7	1,477.8
Capacity utilisation rate (per cent)	78.0	70.2	69.5	81.5	58.6	63.2	74.6	84.0	63.7	66.2

1/ Figures relate to the period average.

Source: Ministry of Tourism, Arts and Culture the Middle East, the Americas, Africa and Oceania.

During the quarter, tourist arrivals from Europe recorded a decline of 6 per cent compared to the previous quarter, owing to the weakening of economic conditions in that region. However, this was a 2 per cent gain against the third quarter of 2010. Arrivals from the United Kingdom accounted for 24 per cent of arrivals from Europe, and were thus the most dominant group from this region, at 25.5 thousand arrivals. However, this number represents a 13 per cent decline compared to the corresponding quarter of 2010; although it has remained constant compared to the second quarter of 2011. Germany, which accounted for 17 per cent of the tourist arrivals from Europe, recorded the second largest number of tourist arrivals from the region, followed closely by Russia with 14 per cent. Tourist arrivals from Germany increased by 14 per cent in annual terms, but declined by 19 per cent in quarterly terms. Conversely, arrivals from Russia registered a 34 per cent increase in comparison to the corresponding quarter of 2010 and a 4 per cent increase in quarterly terms.

Chart 2. Tourist arrivals by major markets, 2011-Qtr3



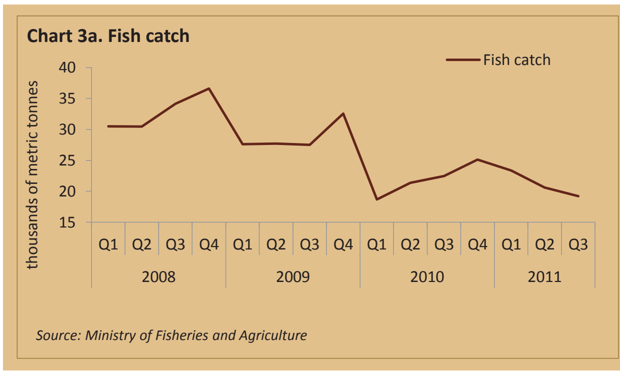
Source: Ministry of Tourism, Arts and Culture

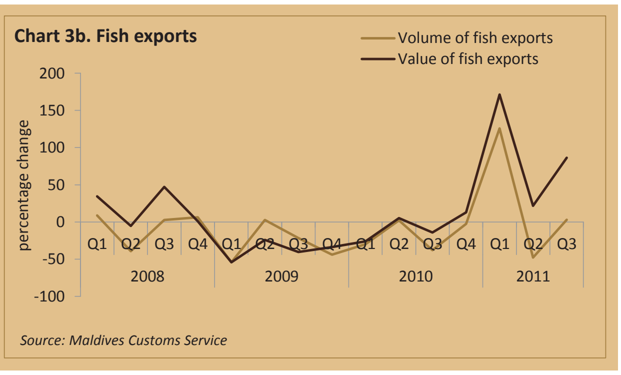
The Asian market experienced strong growth rates over the last two quarters, with tourist arrivals registering a remarkable growth rate of 35 per cent and 43 per cent in quarterly and annual terms, respectively. During the quarter, the largest number of tourist arrivals recorded for a single country was for China. This also marked a new record by an individual source market on a quarterly basis. Arrivals from China, which accounted for 30 per cent of total tourist arrivals and 67 per cent of arrivals from Asia, numbered 66.1 thousand during the third quarter of 2011—an increase of 63 per cent compared to both the previous quarter and the corresponding quarter of 2010. As for the other major source markets from the Asia region, Japan accounted for 11 per cent of the total arrivals from Asia, followed by India with 6 per cent. Arrivals from Japan registered a strong growth of 57 per cent when compared to the second quarter of 2011, although in annual terms, arrivals from this country fell by 10 per cent. Arrivals from India registered a 20 per cent increase in annual terms, but a decline of 19 per cent in quarterly terms.

1.2 Fisheries

The developments of the fisheries sector showed mixed results during the third quarter of 2011. Both the volume and the value of fish exports recovered and remained strong during the quarter, in spite of the decline in fish catch over the first three quarters of 2011.

According to data from the Maldives Customs Service, earnings on fish exports (excluding live fish) grew from US$21.3 million in the second quarter of 2011 to US$26.1 million in the review quarter. This was a 22 per cent (US$4.8 million) gain on a quarterly basis, while in annual terms, such earnings represented a staggering 86 per cent (US$12.1 million) increase. The growth in fish export earnings was due to the





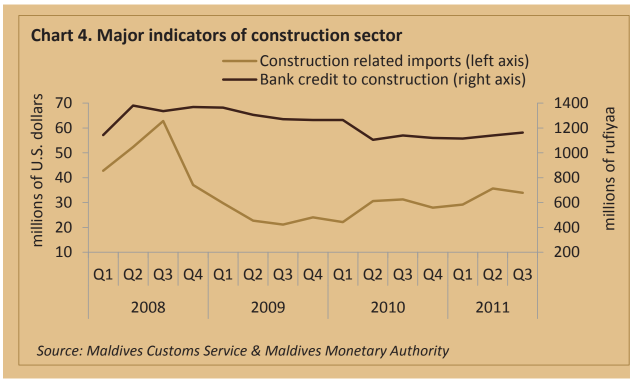
increase in unit prices received for tuna in the international market. As for the volume of fish exports (excluding live fish), these totalled 5,700 metric tonnes. This was a 13 per cent (600 metric tonnes) increase in quarterly terms, and a 3 per cent (200 metric tonnes) increase in annual terms.

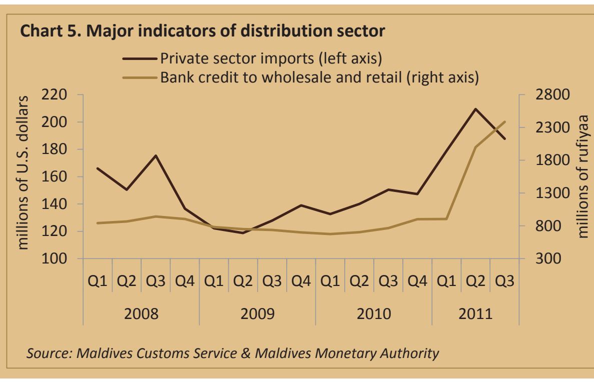
During the review quarter, the volume of fish catch (excluding Exclusive Economic Zone) continued to decline. Total fish catch in the third quarter of 2011 stood at 19,200 metric tonnes—a decline of 1,400 metric tonnes in comparison to the second quarter of 2011, and of 3,300 metric tonnes when compared to the corresponding quarter of 2010.

1.3 Construction

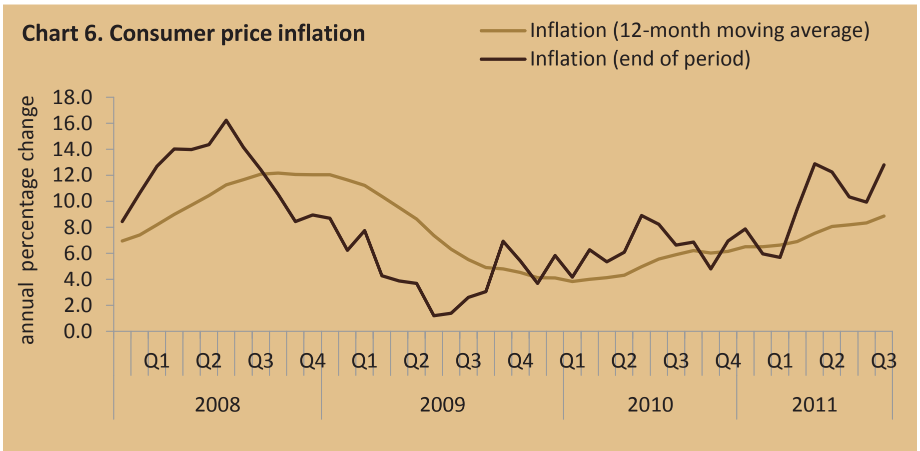
Overall, construction activity continued to expand during the third quarter of 2011 compared to the corresponding quarter of 2010, although construction-related imports, one of the key indicators of the sector, recorded a decline when compared to the second quarter of 2011.

Construction-related imports, which stood at US$33.9 million in the third quarter, declined by 5 per cent (US$1.7 million) in quarterly terms, but recorded an increase of 9 per cent (US$2.8 million) in annual terms. The second main indicator of the sector, commercial bank credit, totalled Rf1,163.6 million at the end of the third quarter. This was a 2 per cent growth in both quarterly and annual terms. Of the credit to the construction sector, loans and advances to commercial building projects increased by 60 per cent (Rf56.4 million) on a quarterly basis, and rose by 95 per cent (Rf73.2 million) on an annual basis. However, loans and advances to residential and housing projects registered declines of 4 per cent (Rf37.5 million) and 6 per cent (Rf61.7 million) in quarterly and annual terms, respectively. Credit lent for new resort development projects showed a growth of 8 per cent (Rf484.7 million) in quarterly terms, and an





increase of 26 per cent (Rf1,265.4 million) in annual terms.



Source: Department of National Planning

1.4 Distribution

The review quarter was also marked by the favourable growth of the distribution sector, owing to an improvement in overall economic activity during the quarter. Accordingly, private sector imports (excluding tourism-related imports),[3] which totalled US$186.6 million during the quarter, recorded an increase of 25 per cent (US$36.8 million) when compared to the third quarter of 2010. However, such imports decreased by 11 per cent (US$22.5 million) compared to the previous quarter. With regard to credit lent to the distribution sector, loans to the wholesale and retail sector recorded a growth of 19 per cent (Rf385.8 million) in comparison to the second quarter of 2011. When compared to the corresponding quarter of 2010, bank credit to these sectors grew by Rf1,620.8 million.

1.5 Prices

Inflation (Twelve-month moving average)

Consumer price inflation, as measured by the annual percentage change in the 12-month moving average of the CPI for Male', has been on the rise since the end of the first quarter of 2010. As such, the rate of inflation reached 8.9 per cent by the end of the third quarter of 2011, from 8.1 per cent in the previous quarter and 5.9 per cent at the end of the third quarter of 2010. Other measures of inflation, such as inflation figures excluding the volatile fish prices and food prices, have remained lower than the headline inflation since the fourth quarter of 2010, as fish and food prices have been significant contributors to headline inflation during this period. Inflation excluding fish prices stood at 7.0 per cent during the third quarter of 2011, while inflation excluding food prices was at 5.2 per cent.

Inflation (Quarter-on-Quarter)

Inflation as measured by the annual percentage change in the three-month average of CPI for Male' increased to 11.9 per cent in the third quarter of 2011, from 11.5 per cent in the previous quarter. In comparison to the corresponding period of 2010, inflation stood at 7.9 per cent.

The surge in quarter-on-quarter inflation can be attributed to the food and non-alcoholic beverages index having contributed 61 per cent to the overall quarterly growth in inflation during the quarter. The price increase in this category was mainly driven by the increase in the price of fish, with the rise in the prices of other food items also contributing to inflation during

3 Sectoral breakdowns are based on Customs records, which are in turn based on declarations by the importer. Therefore, for example, if tourist resorts obtain supplies domestically from other private sector sources or from public enterprises, the import of these items would have been classified in the Customs records as goods imported by the original sources. As such, the sectoral analysis will not strictly reflect the total imports consumed by each of these sectors.

Table 3. Consumer Price Inflation - Male', 2008 - 2011 September [1/]
Index (June 2004 = 100)

	Weight	2008	2009	2010	2010				2011		
					Mar	Jun	Sep	Dec	Mar	Jun	Sep
Food and non-alcoholic bevarages	*13.39*	19.1	0.5	7.5	-1.9	-0.6	5.0	7.5	10.4	15.2	16.6
Fish	*2.42*	*9.6*	*-10.7*	*7.7*	*-15.4*	*-14.0*	*1.1*	*7.7*	*16.8*	*35.4*	*44.6*
Other food	*9.86*	*22.4*	*2.7*	*7.8*	*0.6*	*2.1*	*5.9*	*7.8*	*9.8*	*12.2*	*11.8*
Non-alcoholic beverages	*1.11*	*10.5*	*5.7*	*3.7*	*4.9*	*3.9*	*4.0*	*3.7*	*3.0*	*4.8*	*7.6*
Tobacco and narcotics	*0.93*	3.4	-1.8	-0.3	-2.4	-1.9	-1.1	-0.3	1.0	5.1	11.9
Clothing and footwear	*2.45*	2.6	3.2	3.0	4.3	6.3	4.5	3.0	1.7	2.5	6.3
Housing, water, electricity, gas and other fuel	*12.30*	11.0	7.8	7.6	8.1	8.4	8.4	7.6	6.4	5.1	3.6
Furnishing, household equipment and routine maintenance	*2.85*	3.6	10.9	6.0	9.1	7.6	7.1	6.0	5.5	3.8	2.5
Health	*2.76*	20.2	2.3	4.7	2.6	3.2	4.0	4.7	4.9	6.5	7.9
Transport	*2.92*	21.1	1.0	3.3	-0.7	0.8	2.4	3.3	4.3	6.2	9.0
Communications	*3.84*	-3.6	-0.7	0.2	-0.5	-0.2	0.0	0.2	0.2	0.3	0.4
Recreation and culture	*2.10*	-6.8	5.0	5.7	8.1	9.6	7.7	5.7	3.5	0.8	-1.3
Education	*1.51*	1.8	35.1	9.4	37.8	26.6	17.3	9.4	9.6	12.6	15.5
Hotels, cafes and restaurants	*0.77*	15.6	2.6	3.2	2.0	2.7	3.0	3.2	2.9	4.4	7.8
Miscellaneous goods and sevices	*2.96*	6.3	7.1	4.9	7.6	7.2	5.8	4.9	3.1	2.6	4.1
Religion	*0.11*	-	-	-	-	-	-	-	-	-	-
Male'	***48.90***	**12.0**	**4.5**	**6.2**	**3.8**	**4.3**	**5.9**	**6.2**	**6.6**	**8.1**	**8.9**
Total Index, excluding fish	-	12.2	5.5	6.1	5.0	5.4	6.1	6.1	6.1	6.7	7.0
Total Index, excluding food	-	8.9	6.5	5.5	6.7	6.7	6.3	5.5	4.9	4.8	5.2

1/ Figures are 12 months moving average.

Source: Department of National Planning

the period. The fish index rose by 70 per cent, owing to the declining fish catch, which pushed up prices in the domestic market. Prices of other food items increased by 11 per cent during the quarter, primarily driven by higher import prices of food items such as dairy products, eggs, milk and meat, reflecting the continued increase in global food prices.

The transportation index remained the second major contributor to inflation, accounting for 8.8 per cent of the increase. The increase in international and domestic airfares contributed significantly to the increase in this category, which, compared to the third quarter of 2010, stood at 15.6 per cent. The rise in the price of motorcycles was also a considerable contributor to the price rise in this sector.

The third main contributor to inflation was the health index, which accounted for 6 per cent of the increase in inflation, registering an increase of 10.9 per cent. This rise in health costs was primarily due to the surge in consultation fees of specialists and, to a lesser extent, the increase in the prices of certain types of medicines.

2 Financial Sector Developments

2.1 Monetary Sector Developments

The monetary policy framework remains unchanged in the review quarter, with the monetary policy aimed at achieving price stability in the economy. The exchange rate is used as the intermediate target and reserve money (M0) is used as the operational target. During the quarter, the MMA maintained its tight monetary policy stance to sustain the exchange rate mechanism and reduce inflationary pressures stemming from fiscal imbalances and rising international commodity prices. The MMA continued to absorb the excess liquidity in the banking system via market operations using the Reverse Repo and the Reverse Repo rate increased by 109 basis points, from 5.36 per cent in the previous quarter to 6.45 per cent in the review quarter.

With regard to the monetary policy tools, except for the remuneration rate of foreign currency Minimum Reserve Requirements (MRR) balances, all other tools remained unchanged. Taking effect from 29 September 2011, the foreign currency MRR remuneration rate was reduced from 0.05 per cent to 0.01 per cent, while the interest rate on Overnight Deposit Facility (ODF) and Overnight Lombard Facility remained at 1.5 per cent and 16 per cent, respectively. In addition, the MMA introduced a foreign currency swap facility for commercial banks on 3 July 2011, to provide foreign exchange through an efficient market-based mechanism and reduce the pressure on the exchange rate, especially during the tourism sector's low season. However, none of the banks applied for this facility due to its short maturity period (one week).

NOTE: Concerning monetary developments, the quarterly and annual changes in the foreign currency denominated components of the monetary aggregates in local currency reflect the devaluation impact on the rufiyaa following the new exchange rate regime introduced in April 2011.

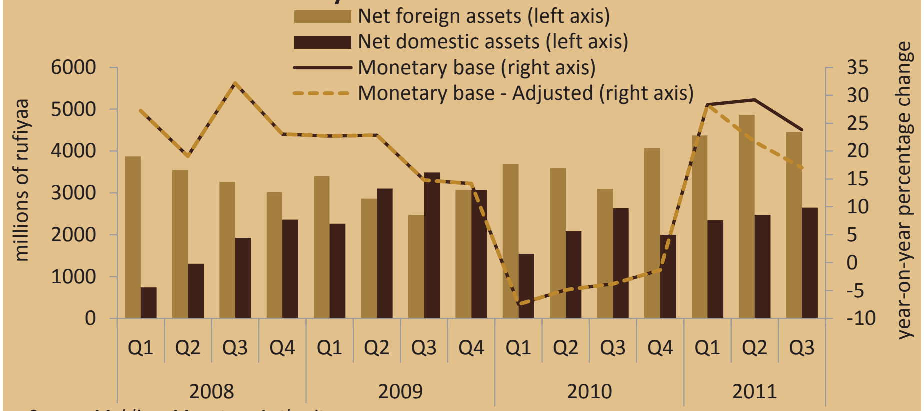
With regard to monetary developments, M2 and M0 declined in quarterly terms. However, both M2 and M0 increased on an annual basis, albeit at a slower pace than in the previous quarters of 2011. The decline in M2 was mainly driven

Table 4. Monetary Base, 2008 - 2011 September
In millions of rufiyaa

	2008	2009	2010	2010				2011		
				Mar	Jun	Sep	Dec	Mar	Jun	Sep
Net foreign assets	**3,022.0**	**3,071.7**	**4,067.6**	**3,697.3**	**3,595.1**	**3,097.3**	**4,067.6**	**4,373.8**	**4,863.0**	**4,447.8**
Claims on non-residents	3,089.3	3,349.5	4,491.3	4,043.2	3,976.7	3,487.1	4,491.3	4,765.3	5,333.1	4,893.8
Liabilities to non-residents	-67.3	-277.8	-423.6	-345.8	-381.6	-389.8	-423.6	-391.6	-470.1	-446.0
Net domestic assets	**2,360.3**	**3,072.2**	**1,996.7**	**1,541.8**	**2,082.4**	**2,635.2**	**1,996.7**	**2,348.6**	**2,471.4**	**2,651.0**
Domestic claims	**2,650.3**	**3,424.1**	**2,730.9**	**3,078.7**	**3,082.0**	**3,025.5**	**2,730.9**	**3,294.1**	**3,419.2**	**3,617.9**
Claims on other depository corporations	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net claims on central government	**2,640.6**	**3,419.2**	**2,725.0**	**3,074.2**	**3,077.7**	**3,020.5**	**2,725.0**	**3,289.4**	**3,414.8**	**3,613.1**
Claims on central government	3,365.0	4,213.0	3,921.5	4,167.3	4,116.6	3,883.6	3,921.5	3,833.4	3,842.2	3,934.1
Liabilities to central government	-724.4	-793.8	-1,196.5	-1,093.2	-1,038.9	-863.0	-1,196.5	-544.0	-427.4	-321.0
Claims on other sectors	**9.7**	**4.8**	**5.9**	**4.6**	**4.3**	**4.9**	**5.9**	**4.7**	**4.3**	**4.8**
Claims to other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on public non-financial corportations	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on private sector	9.6	4.8	5.9	4.6	4.3	4.9	5.9	4.7	4.3	4.8
Other items net	**-290.0**	**-351.8**	**-734.3**	**-1,536.9**	**-999.6**	**-390.2**	**-734.3**	**-945.5**	**-947.7**	**-966.8**
Monetary base	**5,382.4**	**6,143.9**	**6,064.3**	**5,239.1**	**5,677.5**	**5,732.5**	**6,064.3**	**6,722.4**	**7,334.4**	**7,098.8**
Currency in circulation	1,762.2	1,799.7	1,871.1	1,663.7	1,673.2	1,794.9	1,871.1	1,977.8	2,108.0	2,117.3
Liabilities to other depository corporations	3,609.6	4,308.5	4,182.6	3,528.2	3,889.9	3,896.1	4,182.6	4,732.5	5,209.3	4,976.0
Liabilities to other sectors	10.5	35.7	10.5	47.2	114.4	41.5	10.5	12.1	17.1	5.5

Source: Maldives Monetary Authority

Chart 7. Sources of monetary base



Source: Maldives Monetary Authority

by the banking system's NFA outweighing the changes in the NDA. The overall monetary developments during the period were in line with the operational monetary targets.

2.1.1 Reserve Money[4]

M0 declined by 3 per cent (Rf235.6 million) during the review quarter, in contrast to the 9 per cent growth in the previous quarter. However, the year-on-year M0 growth continued to increase, although at a slower pace. The annual rate growth in M0 slowed down from 29 per cent in the previous quarter to 24 per cent in the review quarter. On the use side, the quarterly decline in M0 was wholly due to the decrease in the commercial banks' reserve balances at the MMA, which fell by 4 per cent (Rf233.3 million) in the review quarter, compared to an increase of 10 per cent (Rf476.8 million) in the previous quarter. The deceleration in the year-on-year growth rate of M0 reflects slow growth in currency in circulation and commercial banks' reserve balances. The annual growth rate in currency in circulation slowed down from 26 per cent in the previous quarter to 18 per cent in the review quarter. Similarly, commercial banks' reserve balances at the MMA grew at 28 per cent in the review quarter, in contrast to a growth of 34 per cent in the previous quarter. This slower growth in the components of M0 during the period can be partially attributed to the tight monetary policy stance adopted by the MMA.

With regard to the market operations, the quarterly absorption of OMO and ODF increased from Rf494.7 million on average at the end of June 2011 to Rf621.7 million on average at the end of September 2011. Meanwhile, the total outstanding from both OMO and ODF remained at Rf589.0 million at the end of September 2011, compared to Rf385.0 million at the end of June 2011. This represents a net absorption of Rf204.0 million during the quarter.

On the source side, the quarterly contraction in reserve money was entirely due to the decline in the NFA of the MMA, which offset the increase in the NDA during the review period. Total NFA declined by 9 per cent (Rf415.2 million) in the review quarter, while an 11 per cent (Rf489.2 million) growth was recorded in the previous quarter. Conversely, NDA increased by 7 per cent (Rf179.6 million), compared to a 5 per cent (Rf122.8 million) growth in the previous quarter. The decline in the NFA of the MMA was mainly due to the reduction in commercial banks' foreign currency reserve balances at the MMA. The increase in NDA was entirely due to the increase in net credit to central government, largely because of the reduction in government deposits at the MMA.

4 Reserve Money (M0) comprises: currency in circulation; transferable deposits of banks held in the MMA and in public nonfinancial corporations (PNFEs) with the MMA in national and foreign currency; and securities issued by the MMA, held by PNFEs.

2.1.2 Monetary Aggregates

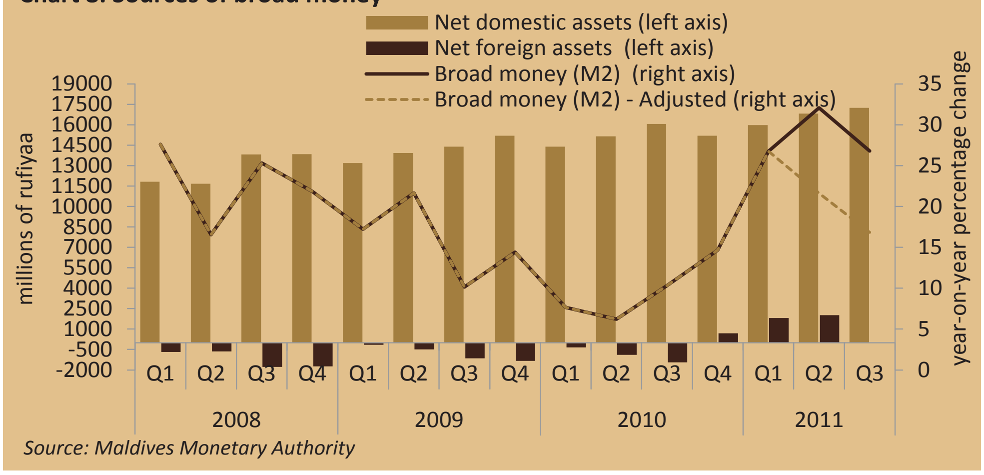
M2 declined by 2 per cent (Rf283.3 million) on a quarterly basis during the review quarter, compared to a 6 per cent (Rf1,037.9 million) growth recorded in the previous quarter. Similarly, on an annual basis, the growth rate of M2 decelerated to 27 per cent (Rf3,917.9 million) in the review quarter after recording a 32 per cent (Rf4,572.0 million) growth in the previous quarter. Owing to these developments, M2 amounted to Rf18,545.5 million by the end of September 2011, compared to Rf14,627.6 million during the same period of 2010.

On the use side, the quarterly decline in M2 was largely driven by the reduction in narrow money (M1),[5] while a slight decline in quasi money[6] was also recorded during the period. M1 declined by 3 per cent (Rf269.2 million) on a quarterly basis, compared to a slight increase of less than 1 per cent (Rf18.5 million) in the previous quarter. The quarterly decline in M1 was entirely due to a fall in the local currency transferable deposits of the banking system (which comprise about 78 per cent of M1). These local currency transferable deposits declined by 4 per cent, while the growth in currency outside the banking system slowed from a 6 per cent increase in the previous quarter to a 1 per cent increase in the review period. Meanwhile, the year-on-year growth in M1 increased by 9 per cent (Rf705.5 million) in the review quarter, compared to the 15 per cent (Rf1,092.0 million) growth recorded in the previous quarter.

During the third quarter, quasi money declined by less than 1 per cent (Rf14.1 million), totalling Rf10,399.8 million at the end of the review quarter. This contrasts to the 11 per cent growth experienced in the previous quarter. The major factor contributing to this decline was the 1 per cent fall in the foreign currency deposits of the banking sector (accounting for 85 per cent of the quasi money), which outweighed the 4 per cent growth in local currency saving deposits during the quarter. The year-on-year growth in quasi money also decelerated, from 50 per cent (Rf3,479.9 million) in the previous quarter to 45 per cent (Rf3,212.4 million) in the review quarter. This reduction partly reflected the low season of the tourism sector, during which time foreign currency earnings decrease. However, the devaluation effect of the rufiyaa also played a role due to its effect on the local currency value of foreign currency deposits.

2.1.3 Counterparts of Monetary Growth

Chart 8. Sources of broad money



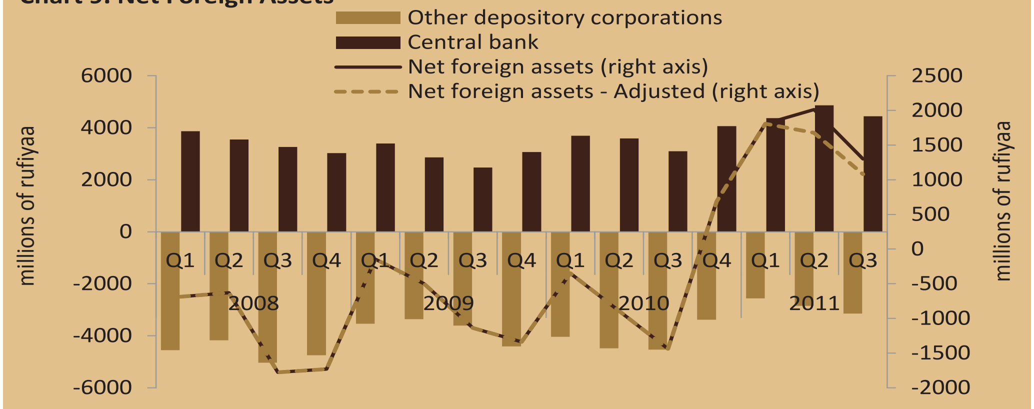
Source: Maldives Monetary Authority

On the source side, the quarterly decline in M2 was entirely attributed by the contraction in the NFA of the banking system during the quarter. This contraction outweighed the growth

5 Narrow money (M1) consists of rufiyaa denominated demand deposits (transferable deposits) and currency outside the banking system (currency outside the depository corporation).

6 Quasi money consists of all foreign currency deposits and rufiyaa denominated time and saving deposits.

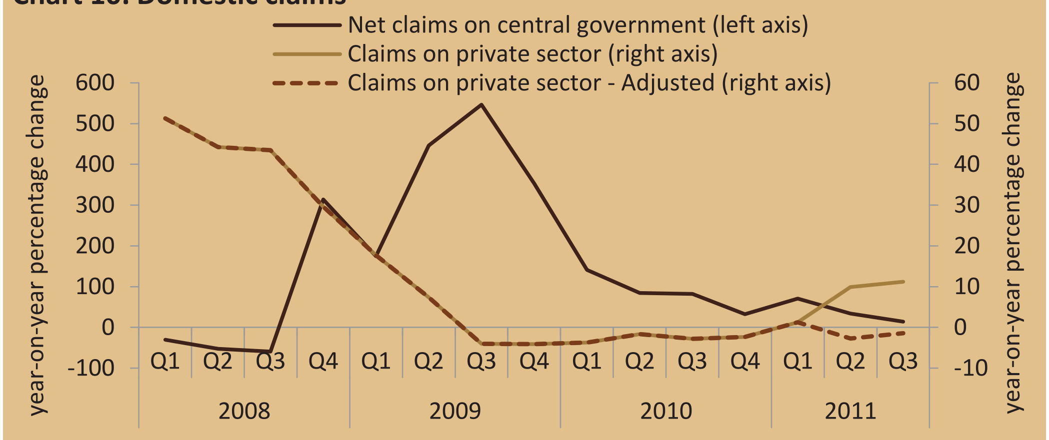
Chart 9. Net Foreign Assets



Source: Maldives Monetary Authority

of the NDA on M2. Likewise, the deceleration in the year-on-year growth in M2 was due to a slowdown in the growth rates of both the NFA and the NDA of the banking system. The annual contraction in the NDA growth was due to the slower growth in NCG during the period. Meanwhile, on an annual basis, the expansionary impact on M2 from NFA remained almost constant for the period.

Chart 10. Domestic claims

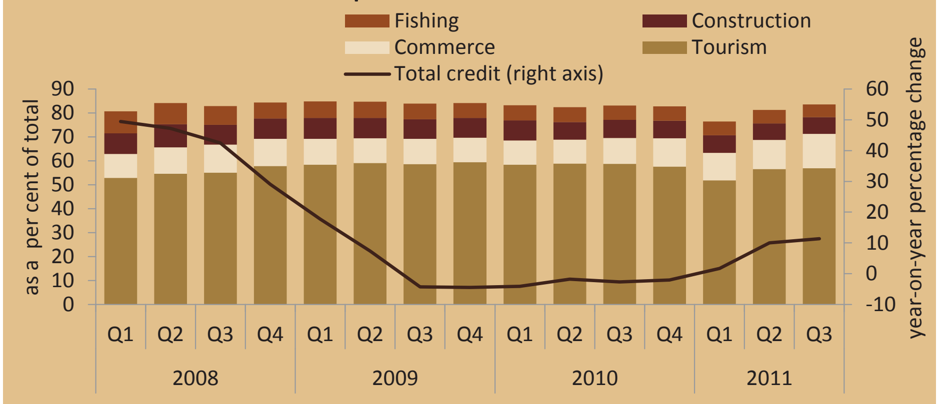


Source: Maldives Monetary Authority

The NFA of the banking system declined by 36 per cent (US$46.4 million) in the review quarter on a quarterly basis, of which the MMA accounted for 21 per cent, with the remaining 15 per cent contributed by commercial banks. The decline in NFA of the banking system was largely due to a fall in foreign exchange receipts, corresponding with the low season of the tourism industry. However, on an annual basis, the NFA of the banking system increased at a similar level to the previous quarter, recording an increase of US$177.9 million in the review period compared to an increase of US$188.8 million during the previous quarter. This was largely because of the reduction in the net foreign liability position of the commercial banks, partly due to the accumulation of foreign assets (that is, conversion of local currency assets into foreign denominated assets) and the repayment of previous foreign borrowings. As a result, the foreign currency net open position of the banking system as a percentage of the capital base continued to move on an upward trend, despite the MMA's prudential limit of 15 per cent for any single currency and 40 per cent for all foreign currencies.

The modest growth in the NDA of the banking system during the review quarter was contributed by an increase in domestic credit to public non-financial corporations of 40 per cent (Rf530.0 million). During the same period, credit granted to the private sector increased by 1 per cent (Rf99.1 million). However, the

Chart 11. Loans and advances to private sector



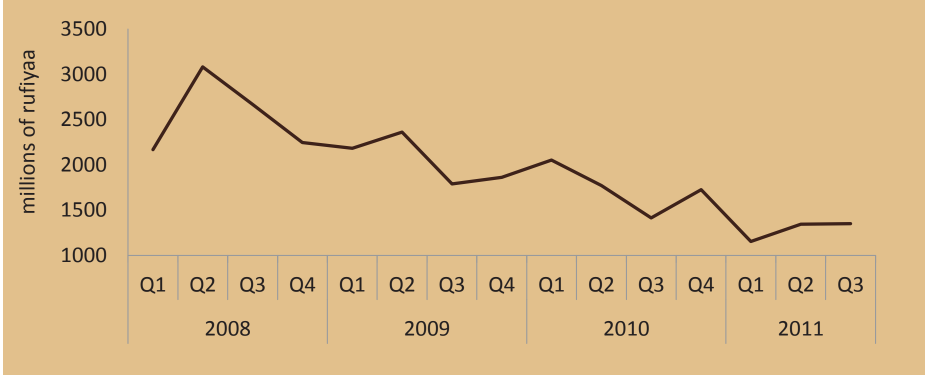
Source: Maldives Monetary Authority

NDA of the banking system increased by 7 per cent (Rf1,180.5 million) on a year-on-year basis, compared to a growth of 12 per cent (Rf1,669.9 million) in the same period of 2010. This deceleration in the annual growth rate of the NDA of the banking system can be attributed to slower growth in domestic credit, especially the deceleration in the growth rate of NCG. Although in annual terms, credit to the private sector showed growth, this is a reflection of the devaluation effect on the local value of foreign currency loans.

The NCG of the banking system during the review quarter also declined moderately—by less than 1 per cent (Rf12.5 million), compared to a decline of 3 per cent (Rf174.8 million) in the previous quarter. This decline in NCG was partly contributed by the reduction of commercial banks' investment in T-Bills. On a year-on-year basis, NCG increased by 14 per cent (Rf797.0 million) in the review quarter, compared to an increase of 82 per cent (Rf2,531.7 million) during the same period of 2010. This slower growth in NCG during the review period compared to the same period in 2010 was largely due to a slower growth in the commercial bank's investment in government securities. This is demonstrated by the fact that the year-on-year investment in government securities by the commercial banks increased by only 5 per cent (Rf206.8 million) in the review period, compared to an increase of 92 per cent (Rf2,079.3 million) during the same period of 2010.

Meanwhile, credit granted to the private sector by the banking system (which accounted for 67 per cent of total domestic credit) increased slightly by 1 per cent (Rf99.1 million) in the review quarter, compared to a growth of 9 per cent (Rf1,348.7 million) in the previous quarter. In contrast, annual growth in private sector credit increased by 11 per cent during the review quarter, compared to a growth of 10 per cent in the previous quarter. The sector-wise distribution of private sector credit remained

Chart 12. Market capitalization



Source: Maldives Stock Exchange

unchanged, with the tourism sector being the most dominant sector (accounting for 57 per cent of the total private sector outstanding loans and advances), while credit granted to the commerce, construction and fishing sectors accounted for 14 per cent, 7 per cent and 5 per cent, respectively.

2.2 Capital Market

Statistics for the Maldives Stock Exchange show that the trading turnover declined from Rf482.1 thousand at the end of June 2011 to Rf125.4 thousand at the end of September 2011. Similarly, the total volume of shares traded during the quarter declined by 84 per cent. Conversely, the Weighted Average Trading Price of all the companies increased from Rf62.7 to Rf101.5 during the review quarter. Market capitalisation at the end of September 2011 stood at Rf1,350.2 million, which was an increase of less than 1 per cent compared with the previous quarter.

Box 1: Banking Sector Review

Overall Condition

The condition of the banking sector has weakened slightly during the third quarter. There was a slight decline in asset quality in the review quarter with an increase in absolute non-performing loans (NPLs) values. The result is that earnings reduced compared to a year ago due to corresponding high provisioning requirement.

Changes in Asset Composition

The total assets of the banks rose to Rf29.7 billion in the third quarter, an increase of Rf4.3 billion (17 per cent) compared to the third quarter of 2010. Even though the majority of the asset portfolio is made up of loans, the increase in assets over this period is not driven by an increase in lending activities, as loans increased only by Rf1.8 billion (11 per cent) when compared to the end of the same period last year. The growth in asset portfolio is owing to the fact that banks have increased their holdings of low-risk or more secure assets such as bank balances and T-Bills.

Source: Commercial banks

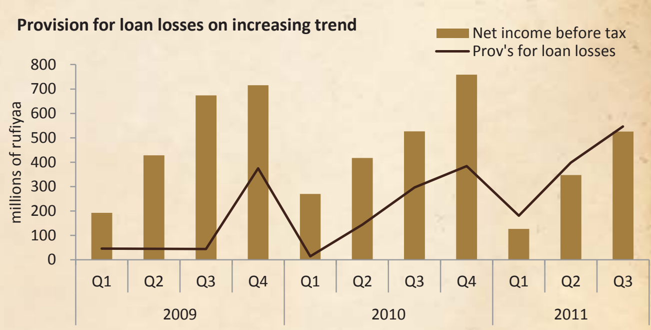
This is reflected in the change in asset portfolio composition, from 61 per cent of assets being made up of loans as at end of 2010, to 55 per cent at end of the third quarter 2011. This is reflects a combination of more selective credit underwriting standards being used in the aftermath of the 2008¬/09 global financial crisis, and the banks having reached the ceiling for prudent lending limits for their largest corporate borrowing groups.

Non-Performing Loans Remains High

NPLs have been on an increasing trend since the third quarter of 2008. The banking industry's NPLs, in absolute value, amount to Rf3.1 billion. This is an increase of 19 per cent, compared to the third quarter a year ago. With this figure, NPLs represent 17 per cent of the total loan portfolio of the industry. The increase in NPLs is partly related to downturn in the economy, especially in the tourism sector after the financial crisis of 2008/09. The number of NPLs identified has also increased due to better recognition of poor quality assets. This is a reflection of banks' efforts during the year to improve standards for new loans, strengthen underwriting and administration, and increase the aggressiveness of collection efforts. Banks have already begun legal action on major NPL cases.

Quarterly Profits Strained Due to High Provisions for Loan Losses

The banks reported a net income before tax of Rf525.6 million in the third quarter of 2011, a decline of Rf0.6 million compared with the third quarter a year ago and a decline of Rf148.2 million compared with the third quarter of 2009. Banks' earnings have also declined on a year-on-year basis for three consecutive quarters of the year, mainly due to high provisions for loan losses. Provisions for loan losses amounted to Rf546 million, an increase of 37 per cent (Rf147.5 million) compared to the end of the previous quarter and an increase of 84 per cent (Rf249.3million) compared to the end of third quarter of 2010. This increase in provisions can be attributed to the poor quality assets mentioned above for which banks had not previously made adequate provisions. Hence, these figures do not reflect a severe deterioration in loan quality during this quarter.



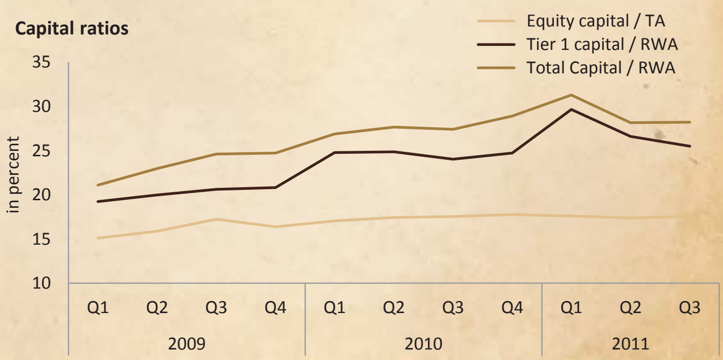
Source: Commercial banks

Liquidity Remains Adequate

The liquidity in the banking system remained adequate in the review quarter and showed signs of improvement. The basic liquidity ratio (that is, total liquid assets as a percentage of total deposits and borrowed funds) stood at around 52 per cent at the end of the third quarter of 2011, indicating a strong total liquidity position in the industry. This is due to the banks investing more in the government's T-Bills and the central bank's repurchase facilities instead of increasing lending due to the reasons mentioned earlier. As regards the US dollar liquidity, almost all banks experienced liquidity pressures.

Capital Levels

The industry's capital indicators were nominally satisfactory, as the ratios were well above the minimum requirements set by the MMA (5 per cent, 6 per cent and 12 per cent for Equity capital/Total assets, Tier 1 capital/Risk weighted assets and Total capital/Risk weighted assets, respectively). However, it should be noted that these capital ratios would be lower once adequate loan loss provisions are made.



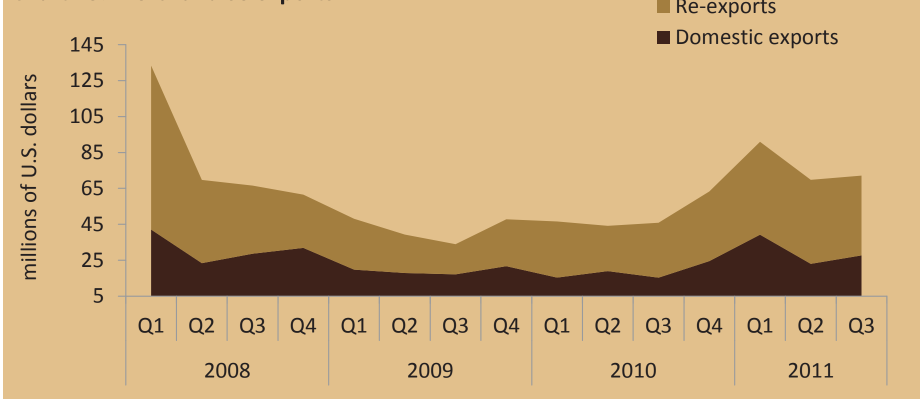
Source: Commercial banks

3 External sector developments

3.1 International Trade

In the third quarter of 2011, the value of merchandise exports increased by 3 per cent to US$72.1 million, compared to US$69.8 million recorded in the second quarter of 2011. Meanwhile, the value of total merchandise imports declined by 2 per cent (US$6.9 million), compared to the previous quarter. Thus, the merchandise trade deficit narrowed by 4 per cent, recording US$250.4 million during the review quarter, compared to US$259.6 million in the previous quarter.

Chart 13. Merchandise exports

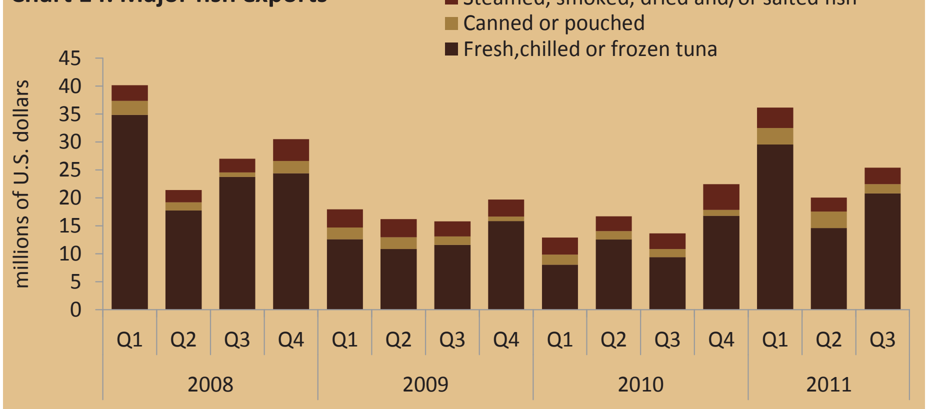


Source: Maldives Customs Service, Maldives Airports Company Ltd; GMR Male'International Airport Pvt Ltd.

Total merchandise exports comprise domestic exports (38 per cent during the review quarter) and re-exports (62 per cent during the review quarter). Re-exports, dominated by jet-fuel sold to the foreign airlines that lands in the Maldives, recorded a quarterly decline of 5 per cent. Domestic exports, principally consisting of fish exports, increased by 20 per cent to reach US$27.7 million, compared to US$23.0 million during the second quarter of 2011.

During the third quarter of 2011, earnings from fish exports increased by 22 per cent compared to the previous quarter, reaching US$26.1 million. Annually, fish export earnings showed an 86 per cent growth. In terms of quantity, fish exports recorded a quarterly growth of 13 per cent and an annual growth of 3 per cent. Looking at the major breakdowns of fish exports, earnings from fresh, chilled and frozen tuna (accounting for 80 per cent of total fish export earnings) increased by 43 per cent compared to the previous quarter, and more than doubled (US$11.4 million) compared to the corresponding quarter of 2010. This can be attributed to the increase in earnings from export of fresh, chilled or frozen yellow-fin tuna which increased by 52 per cent while the quantity of such yellow-fin tuna exports increased by 51 per cent.

Chart 14. Major fish exports

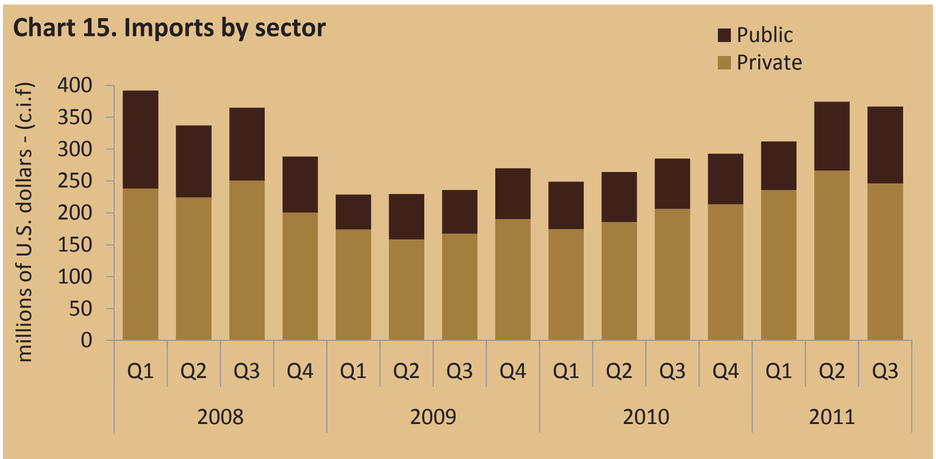


Source: Maldives Customs Service

Earnings from the export of steamed, smoked, dried and/or salted fish also increased during the third quarter of 2011, showing an 18 per cent rise compared to the previous quarter. In annual terms, the earnings from these exports showed a growth of 5 per cent. In contrast, the export volume of steamed, smoked, dried and/or salted fish declined by 7 per cent quarterly and by 38 per cent compared to the corresponding quarter of 2010.

In contrast to this, earnings from the export of canned or pouched tuna decreased by 45 per cent during the review quarter, while annually such exports recorded a 12 per cent growth. In terms of volume, export of canned or pouched tuna declined both quarterly and annually by 56 per cent and 30 per cent, respectively.

Chart 15. Imports by sector



Source: Maldives Customs Service

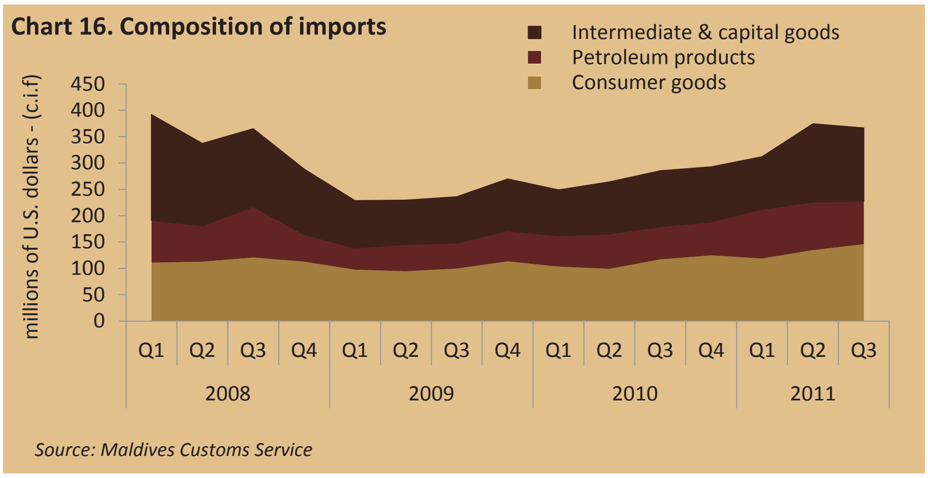
Total merchandise imports (c.i.f) recorded US$366.5 million during the third quarter of 2011. This was a 2 per cent decline (US$7.8 million) compared to the second quarter of 2011. In annual terms, merchandise imports increased by 28 per cent (US$81.2 million). Imports to the Maldives are classified into public and private sector imports. Public sector imports are sub-categorised into imports by the Public Non-Financial Enterprises (PNFEs) and imports by the government. Private sector imports are also divided into two categories to separate tourism-sector-related imports from private imports (excluding tourism).[7]

During the third quarter of 2011, total private sector imports, accounting for 67 per cent of the total imports, recorded US$246.2 million. Of these imports, 24 per cent belonged to the tourism industry. Meanwhile, public sector imports recorded US$120.3 million during the review quarter, 72 per cent of which were imported by PNFEs, while the remainder were recorded as government imports.

Total private sector imports registered a quarterly decline of 8 per cent during the review quarter, mainly because of an 11 per cent decline in imports by the private sector (excluding tourism). Conversely, tourism imports recorded a slight growth of 4 per cent during the third quarter. Compared to the corresponding quarter of 2010, total private sector imports grew by 19 per cent, while imports by the private sector (excluding tourism) and imports by the tourism industry increased by 25 per cent and 6 per cent, respectively. Meanwhile, total public sector imports showed an increase of 12 per cent during the review quarter, mainly owing to a 50 per cent increase in imports by the government, compared to the previous quarter, while imports by PNFEs recorded a modest growth of 2 per cent. In annual terms, total public sector imports increased by 52 per cent, while imports by PNFEs increased by 29 per cent and government imports more than doubled (by US$21.6 million).

7 See footnote 2 on private sector imports (excluding tourism).

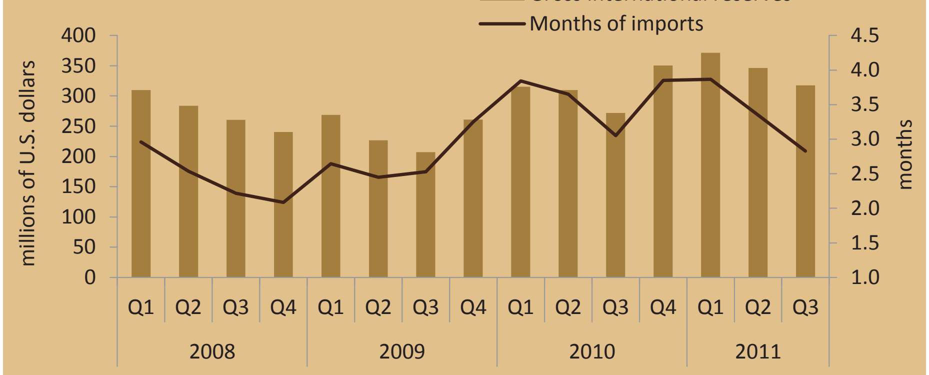
With regard to the composition of imports, consumer goods, which accounted for 40 per cent of the total imports, increased by 8 per cent compared to the previous quarter and 25 per cent compared to the corresponding period of 2010. Petroleum products, which accounted for 22 per cent of the total imports, recorded a quarterly decrease of 10 per cent during the review quarter, and an increase of 32 per cent compared to the corresponding quarter of 2010. Intermediate and capital goods, which accounted for the remaining 38 per cent of the total imports, declined by 6 per cent when compared on a quarterly basis, although such imports increased by 31 per cent in annual terms. Construction-related imports, which made up 24 per cent of the imports of intermediate and capital goods during the quarter, showed a decline of 5 per cent on a quarterly basis, and a 9 per cent increase compared to the third quarter of 2010.



3.2 Direction of Trade

The Asian region contributes the bulk of imports to the Maldives—59 per cent during the review quarter. The remainder are sourced from the Middle East (22 per cent) and Europe (12 per cent). Singapore, the largest import partner of the Maldives, accounted for 41 per cent of the imports from the Asian region, with this figure remaining constant compared to the previous quarter. Imports from Malaysia accounted for a further 9 per cent of the Asian imports. During the review quarter, imports from the South Asian Association for Regional Cooperation (SAARC) region accounted for 29 per cent of the total imports from Asia. From the SAARC region, imports from India, at 19 per cent, accounted for the highest share during the third quarter of 2011, followed by Sri Lanka with 9 per cent. Meanwhile, UAE was the primary Middle Eastern source country for imports to the Maldives, providing 95 per cent of imports from the region. Imports from Europe were mainly from Denmark (36 per cent), Germany (16 per cent), Italy (10 per cent) and the Netherlands (8 per cent).

Chart 19. External assets

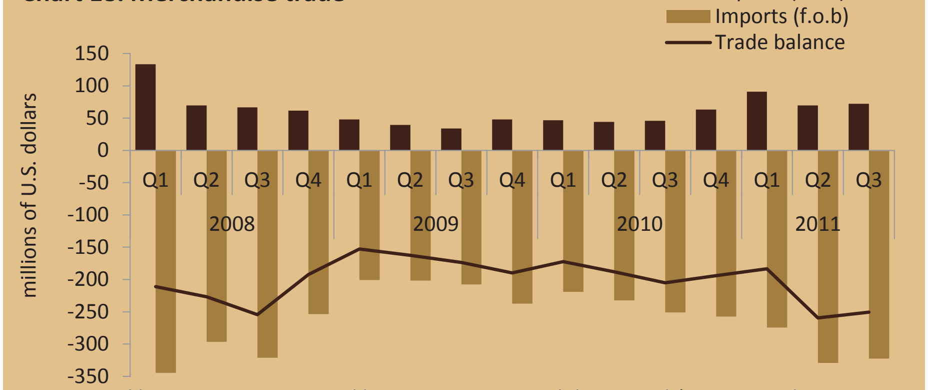


Source: Maldives Monetary Authority

During the review quarter, the major export destinations of the Maldives were Europe (59 per cent) and Asia (40 per cent). Considering the increase in the export of fresh, chilled or frozen tuna, exports to the Asian region increased by 15 per cent compared to the previous quarter, with the bulk of exports going to Thailand (40 per cent), followed by Sri Lanka (33 per cent). Of the European countries, France was the destination for 41 per cent of Maldivian exports to Europe, followed by Italy (24 per cent), Ireland (10 per cent) and the United Kingdom (9 per cent).

3.3 Balance of Trade

Chart 18. Merchandise trade



Source: Maldives Customs Service; Maldives Airports Company ltd; GMR Male' International Airport Pvt ltd.

The trade deficit narrowed slightly by 4 per cent during the third quarter of 2011, recording US$250.4 million during, compared to US$259.6 million in the second quarter of 2011. This was because of the growth in exports, coupled with the decline in imports due to falling private imports, which are the major contributor to the import bill, during the review quarter. During the corresponding quarter of 2010, the trade balance stood at US$205.2 million; the trade deficit widened by 22 per cent in annual terms during the review quarter.

3.4 International Reserves

After recording a temporary increase towards the end of the first quarter of 2011, gross international reserves trended downwards from the second quarter of the year, falling to US$317.4 million at the end of September 2011. This was a decline of US$28.9 million from the previous quarter. However, compared to the third quarter of 2010, gross reserves showed an increase of US$45.6 million. In terms of months of imports, gross reserves fell to 2.8 months at the end of September 2011 from 3.3 months at the end of June 2011 and 3.1 months at the end of September 2010.

3.5 Exchange Rate

With the introduction of a horizontal exchange rate band on 11 April 2011, the Maldivian rufiyaa was allowed to float within a band of

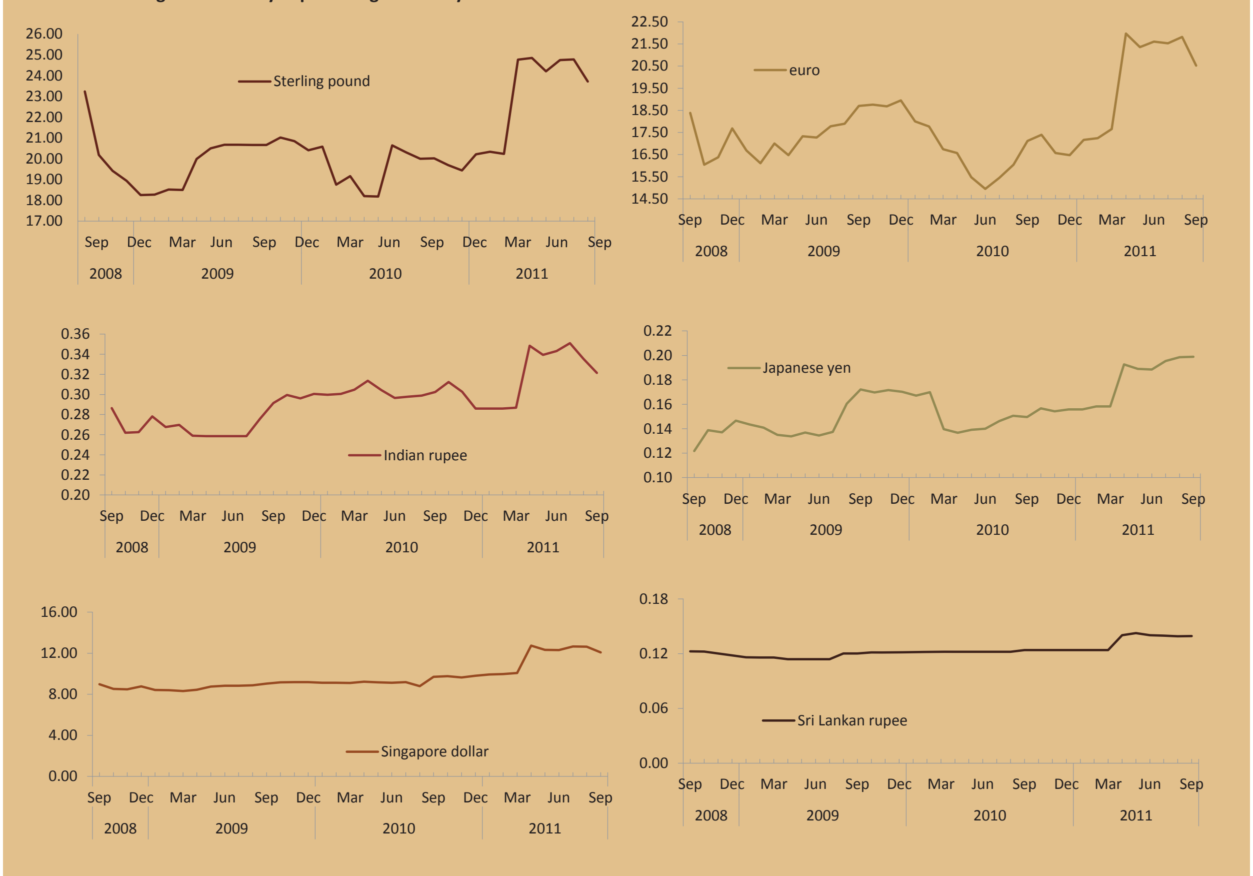
20 per cent in either direction around a central parity of MRf12.85 per US dollar; that is, the rufiyaa was allowed to fluctuate between Rf10.28 and Rf15.42. Since the exchange rate regime change, the rufiyaa has moved towards the upper limit of the band and stood at Rf15.39[8] per US dollar at the end of September 2011.

At the end of September 2011, the Maldivian rufiyaa appreciated in quarterly terms against all currencies of major trading partners except for the Japanese yen. The rufiyaa appreciated by 6 per cent against the Indian rupee, by 5 per cent against the euro, by 2 per cent against both the Singapore dollar and the Sterling pound and by 1 per cent against the Sri Lankan rupee. However, the rufiyaa depreciated by 5 per cent against the Japanese yen at the end of the review quarter.

Compared against the third quarter of 2010, the rufiyaa still depreciated against all the main trading partner currencies. The rufiyaa depreciated by 33 per cent against the Japanese yen, by 25 per cent against the Singapore dollar, by 20 per cent against the euro and by 19 per cent against the Sterling pound. The rufiyaa also weakened against the Sri Lankan rupee by 12 per cent and by 6 per cent against the Indian rupee on an annual basis.

8 Refers to the MMA daily reference exchange rate, which is at the mid-point of the weighted average of the buying and selling rates of all commercial banks.

Chart 20. Exchange rate of rufiyaa per foreign currency



Source: Bank of Maldives Plc

Appendix

List of Statistical Tables

Appendix

List of statistical tables

Table 1. Consumer Price Inflation - National, 2008 - 2011 September
(Index 2004 = 100)

	weights	2008	2009	2010	2010				2011		
					Mar	Jun	Sep	Dec	Mar	Jun	Sep
Food and non- alcoholic beverages	*33.3*	17.8	1.5	5.2	-0.6	0.3	3.9	5.2	7.6	11.2	-
Fish	*4.6*	*10.1*	*-13.3*	*7.0*	*-18.8*	*-16.7*	*0.0*	*7.0*	*18.8*	*40.3*	-
Other Food	*25.7*	*19.8*	*3.7*	*5.0*	*2.0*	*2.8*	*4.3*	*5.0*	*6.4*	*7.8*	-
Non-alcoholic beverages	*3.0*	*13.6*	*5.5*	*5.0*	*5.3*	*4.9*	*5.4*	*5.0*	*4.0*	*5.2*	-
Tobacco and narocotics	*2.8*	5.6	-2.1	-1.6	-3.1	-2.8	-2.3	-1.6	0.3	4.5	-
Clothing and footwear	*6.0*	3.0	3.0	2.3	3.6	4.1	3.2	2.3	1.7	3.4	-
Housing, water, electricity, gas and other fuels	*19.5*	11.5	7.6	6.7	7.1	7.5	7.6	6.7	6.2	4.5	-
Furnishing, household equipment and routine maintenance	*5.3*	7.7	9.6	6.4	8.7	7.2	7.2	6.4	6.5	6.6	-
Health	*5.4*	16.8	2.5	3.6	2.4	2.6	3.0	3.6	4.1	5.7	-
Transport	*5.1*	19.8	0.5	3.6	-0.8	0.7	2.9	3.6	4.4	6.3	-
Communication	*5.8*	-2.8	-0.5	0.1	-0.3	-0.1	0.0	0.1	0.1	0.2	-
Recreation and culture	*4.9*	-3.0	3.5	5.0	7.0	7.7	6.3	5.0	2.6	-2.2	-
Education	*3.1*	1.5	23.7	7.2	26.7	19.4	12.9	7.2	7.3	10.1	-
Hotels, cafes and restaurants	*0.8*	15.6	2.6	3.2	2.0	2.7	3.0	3.2	2.9	4.4	-
Miscellaneous goods and services	*7.9*	4.6	6.0	5.0	5.9	5.7	5.3	5.0	4.3	4.5	-
Religion	*0.1*	-	-	-	-	-	-	-	-	-	-
National	***100.0***	**12.3**	**4.0**	**4.7**	**3.0**	**3.3**	**4.6**	**4.7**	**5.5**	**7.1**	**-**
Total Index excluding fish	-	12.4	5.0	4.6	4.2	4.4	4.8	4.6	4.9	5.6	-
Total Index, excluding food	-	9.0	5.6	4.4	5.3	5.1	5.0	4.4	4.2	4.6	-

Source: Department of National Planning

Table 2. Consumer Price Inflation - Atolls, 2008 - 2011 September
(Index 2004 = 100)

	weights	2008	2009	2010	2010				2011		
					Mar	Jun	Sep	Dec	Mar	Jun	Sep
Food and non-alcoholic beverages	*19.9*	16.8	2.1	4.2	0.4	1.2	3.6	4.2	6.1	8.7	-
Fish	*2.1*	*10.8*	*-16.2*	*6.1*	*-22.5*	*-19.6*	*-1.2*	*6.1*	*21.0*	*45.9*	-
Other Food	*15.9*	*18.0*	*4.4*	*3.8*	*3.0*	*3.6*	*3.9*	*3.8*	*4.7*	*5.1*	-
Non-alcoholic beverages	*1.9*	*15.4*	*5.4*	*5.8*	*5.6*	*5.5*	*6.1*	*5.8*	*4.6*	*5.4*	-
Tobacco and narcotics	*1.8*	6.6	-2.2	-2.2	-3.4	-3.2	-2.9	-2.2	-0.1	4.2	-
Clothing and footwear	*3.5*	3.0	5.3	1.0	3.8	2.0	1.7	1.0	1.7	3.6	-
Housing, water, electricity, gas and other fuel	*7.2*	12.9	6.9	5.8	5.3	6.2	6.5	5.8	6.5	3.6	-
Furnishing, household equipment and routine maintenance	*2.4*	13.4	8.2	4.0	6.0	3.7	3.7	4.0	5.0	5.7	-
Health	*2.7*	13.1	3.3	0.8	1.4	0.2	0.2	0.8	2.6	5.2	-
Transport	*2.1*	18.0	0.3	3.9	-0.4	1.2	4.0	3.9	5.0	6.9	-
Communications	*2.0*	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Recreation and culture	*2.8*	-0.3	-4.5	1.6	-2.3	-0.5	0.6	1.6	0.5	-2.7	-
Education	*1.6*	1.8	8.1	3.4	12.4	9.3	6.3	3.4	0.6	1.3	-
Miscellaneous goods and services	*5.0*	3.6	5.2	5.0	4.7	4.6	4.9	5.0	5.0	5.6	-
Atolls	***51.1***	**12.5**	**3.5**	**3.4**	**2.2**	**2.3**	**3.4**	**3.4**	**4.5**	**6.2**	**-**
Total Index, excluding fish	-	12.5	4.5	3.3	3.5	3.4	3.6	3.3	3.8	4.6	-
Total Index, excluding food	-	9.3	4.5	2.8	3.6	3.1	3.2	2.8	3.2	4.2	-

Source: Department of National Planning

Table 3. Depository Corporations Survey, 2008 - 2011 September [1/]
(In millions of rufiyaa; end of period)

	2008	2009	2010	2010				2011		
				Mar	Jun	Sep	Dec	Mar	Jun	Sep
Net foreign assets [2/]	**-1,732.1**	**-1,338.7**	**685.6**	**-347.5**	**-890.6**	**-1,439.4**	**685.6**	**1,809.7**	**2,012.6**	**1,298.1**
Central bank	3,022.0	3,071.7	4,067.6	3,697.3	3,595.1	3,097.3	4,067.6	4,373.8	4,863.0	4,447.8
Claims on non-residents	3,089.3	3,349.5	4,491.3	4,043.2	3,976.7	3,487.1	4,491.3	4,765.3	5,333.1	4,893.8
Liabilities to non-residents	-67.3	-277.8	-423.6	-345.8	-381.6	-389.8	-423.6	-391.6	-470.1	-446.0
Other depository corporations	-4,754.2	-4,410.4	-3,382.0	-4,044.8	-4,485.7	-4,536.7	-3,382.0	-2,564.1	-2,850.4	-3,149.6
Claims on non-residents	744.9	888.4	1,034.1	1,221.6	667.7	777.8	1,034.1	1,583.7	2,035.7	1,720.6
Liabilities to non-residents	-5,499.1	-5,298.8	-4,416.2	-5,266.4	-5,153.4	-5,314.5	-4,416.2	-4,147.8	-4,886.1	-4,870.2
Domestic claims	**18,590.1**	**21,187.4**	**22,181.2**	**20,334.0**	**21,384.9**	**22,405.9**	**22,181.2**	**23,404.3**	**24,599.6**	**25,210.1**
Net claims on central government	896.3	4,062.7	5,380.7	3,863.5	4,797.8	5,618.4	5,380.7	6,602.7	6,427.9	6,415.4
Claims on central government	4,164.1	7,564.7	8,586.9	7,588.0	8,202.7	8,403.5	8,586.9	9,027.8	8,988.4	8,659.0
Liabilities to central government	-3,267.8	-3,502.0	-3,206.2	-3,724.4	-3,404.9	-2,785.1	-3,206.2	-2,425.2	-2,560.5	-2,243.5
Claims on other sectors	17,693.8	17,124.7	16,800.5	16,470.5	16,587.1	16,787.5	16,800.5	16,801.6	18,171.6	18,794.6
Claims on other financial corporations	97.8	172.0	144.5	126.7	131.7	129.6	144.5	150.1	184.5	178.4
Claims on public non-financial corporations	1,377.4	1,398.9	1,465.0	1,204.7	1,281.7	1,575.4	1,465.0	1,324.0	1,310.9	1,840.9
Claims on private sector	16,218.5	15,553.8	15,191.0	15,139.1	15,173.7	15,082.4	15,191.0	15,327.5	16,676.2	16,775.3
Broad money	**12,110.3**	**13,855.3**	**15,884.0**	**14,034.6**	**14,256.8**	**14,627.6**	**15,884.0**	**17,790.9**	**18,828.7**	**18,545.5**
Narrow money	6,097.6	7,456.6	7,538.7	7,167.1	7,322.9	7,440.2	7,538.7	8,396.4	8,414.9	8,145.7
Currency outside depository corporations	1,510.2	1,541.4	1,571.0	1,448.6	1,402.5	1,516.8	1,571.0	1,700.1	1,800.4	1,814.4
Transferable deposits	4,587.4	5,915.2	5,967.7	5,718.5	5,920.4	5,923.4	5,967.7	6,696.3	6,614.5	6,331.3
Quasi money	6,012.6	6,398.7	8,345.2	6,867.5	6,933.9	7,187.4	8,345.2	9,394.5	10,413.8	10,399.8
In national currency	330.5	681.5	856.3	394.9	605.4	788.3	856.3	1,265.0	1,533.3	1,600.2
In foreign currency	5,682.2	5,717.1	7,489.0	6,472.6	6,328.5	6,399.1	7,489.0	8,129.5	8,880.5	8,799.6
Securities other than shares included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	**181.5**	**218.5**	**302.6**	**229.7**	**217.0**	**226.2**	**302.6**	**285.6**	**336.3**	**405.1**
Securities other than shares excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and other equity	**3,977.8**	**4,682.5**	**5,111.3**	**4,802.9**	**4,748.0**	**4,966.2**	**5,111.3**	**5,407.3**	**6,092.7**	**6,010.4**
Other items (net)	**588.4**	**1,092.5**	**1,568.9**	**919.4**	**1,272.4**	**1,146.6**	**1,568.9**	**1,730.1**	**1,354.3**	**1,547.2**
(Twelve month percentage change)										
Net foreign assets	**239.3**	**-22.7**	**-151.2**	**139.5**	**78.7**	**26.5**	**-151.2**	**-620.8**	**-326.0**	**-190.2**
Central bank	-21.6	1.6	32.4	8.9	25.5	25.3	32.4	18.3	35.3	43.6
Other depository corporations	8.9	-7.2	-23.3	14.3	33.4	25.6	-23.3	-36.6	-36.5	-30.6
Domestic claims	**35.2**	**14.0**	**4.7**	**8.7**	**10.9**	**12.4**	**4.7**	**15.1**	**15.0**	**12.5**
Net claims on central government	314.3	353.3	32.4	141.1	84.4	82.0	32.4	70.9	34.0	14.2
Claims on other sectors	30.8	-3.2	-1.9	-3.7	-0.5	-0.4	-1.9	2.0	9.6	12.0
Claims on private sector	29.7	-4.1	-2.3	-3.7	-1.7	-2.8	-2.3	1.2	9.9	11.2
Broad money	**21.8**	**14.4**	**14.6**	**7.7**	**6.2**	**10.3**	**14.6**	**26.8**	**32.1**	**26.8**
Narrow money	37.1	22.3	1.1	8.0	4.4	4.3	1.1	17.2	14.9	9.5
Currency outside depository corporations	32.2	2.1	1.9	-5.7	-9.9	-3.9	1.9	17.4	28.4	19.6
Quasi money	9.5	6.4	30.4	7.3	8.2	17.3	30.4	36.8	50.2	44.7
Memorandum items:										
Dollarization ratio [3/]	46.9	41.3	47.1	46.1	44.4	43.7	47.1	45.7	47.2	47.4

1/ New format based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).
2/ Since July 2007 to Oct 2010, Net foreign assets represent a net laibility position (due to the net liability position of commercial banks).
3/ Foreign currency deposits (includes foreign currency deposits of commercial banks and MMA, excluding government and non-residence deposits) in percent of broad money.
NOTES:
1/" Claims on" represents all claims including loans and advances to and holdings of securities, shares and other equity issued by the respective sector.
2/ "Claims to" represent all liabilities issued by the banking system to the respective sector.

Source: Maldives Monetary Authority

Table 4. Central Bank Survey, 2008 - 2011 September [1/]
(In millions of rufiyaa: end of period)

	2008	2009	2010	2010				2011		
				Mar	Jun	Sep	Dec	Mar	Jun	Sep
Net foreign assets	**3,022.0**	**3,071.7**	**4,067.6**	**3,697.3**	**3,595.1**	**3,097.3**	**4,067.6**	**4,373.8**	**4,863.0**	**4,447.8**
Claims on non-residents	3,089.3	3,349.5	4,491.3	4,043.2	3,976.7	3,487.1	4,491.3	4,765.3	5,333.1	4,893.8
Liabilities to non-residents	-67.3	-277.8	-423.6	-345.8	-381.6	-389.8	-423.6	-391.6	-470.1	-446.0
Claims on other depository corporations	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net claims on central government	**2,640.6**	**3,419.2**	**2,725.0**	**3,074.2**	**3,077.7**	**3,020.5**	**2,725.0**	**3,289.4**	**3,414.8**	**3,613.1**
Claims on central government	3,365.0	4,213.0	3,921.5	4,167.3	4,116.6	3,883.6	3,921.5	3,833.4	3,842.2	3,934.1
Liabilities to central government	-724.4	-793.8	-1,196.5	-1,093.2	-1,038.9	-863.0	-1,196.5	-544.0	-427.4	-321.0
Claims on other sectors	**9.7**	**4.8**	**5.9**	**4.6**	**4.3**	**4.9**	**5.9**	**4.7**	**4.3**	**4.8**
Claims on other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on public non-financial corportations	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on private sector	9.6	4.8	5.9	4.6	4.3	4.9	5.9	4.7	4.3	4.8
Monetary base	**5,382.4**	**6,143.9**	**6,064.3**	**5,239.1**	**5,677.5**	**5,732.5**	**6,064.3**	**6,722.4**	**7,334.4**	**7,098.8**
Currency in circulation	1,762.2	1,799.7	1,871.1	1,663.7	1,673.2	1,794.9	1,871.1	1,977.8	2,108.0	2,117.3
Liabilities to other depository corporations	3,609.6	4,308.5	4,182.6	3,528.2	3,889.9	3,896.1	4,182.6	4,732.5	5,209.3	4,976.0
Liabilities to other sectors	10.5	35.7	10.5	47.2	114.4	41.5	10.5	12.1	17.1	5.5
Other liabilities to other depository corporations	**6.3**	**15.7**	**496.7**	**1,272.5**	**822.2**	**237.2**	**496.7**	**620.2**	**390.3**	**594.3**
Deposits and securities other than shares excluded from monetary base	**0.1**	**0.1**	**10.1**	**0.1**	**0.1**	**8.1**	**10.1**	**10.1**	**10.1**	**10.1**
Deposits included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	0.1	0.1	10.1	0.1	0.1	8.1	10.1	10.1	10.1	10.1
Securities other than shares excluded from broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and other equity	**205.7**	**432.7**	**349.8**	**354.9**	**181.8**	**314.7**	**349.8**	**388.0**	**680.0**	**591.0**
Other items (net)	**77.8**	**-96.6**	**-122.2**	**-90.5**	**-4.4**	**-169.8**	**-122.2**	**-72.8**	**-132.7**	**-228.6**
(Twelve month percentage change)										
Net foreign assets	**-21.6**	**1.6**	**32.4**	**8.9**	**25.5**	**25.3**	**32.4**	**18.3**	**35.3**	**43.6**
Claims on non-residents	-21.9	8.4	34.1	17.2	36.6	31.1	34.1	17.9	34.1	40.3
Liabilities to non-residents	-33.2	313.1	52.5	524.8	714.0	108.1	52.5	13.2	23.2	14.4
Net claims on central government	**191.4**	**29.5**	**-20.3**	**0.6**	**-7.2**	**-18.7**	**-20.3**	**7.0**	**11.0**	**19.6**
Claims on central government	83.8	25.2	-6.9	9.8	13.1	-6.8	-6.9	-8.0	-6.7	1.3
Monetary base	**23.0**	**14.1**	**-1.3**	**-7.5**	**-4.9**	**-3.8**	**-1.3**	**28.3**	**29.2**	**23.8**
Currency in circulation	33.3	2.1	4.0	-5.2	-7.7	-3.5	4.0	18.9	26.0	18.0
Liabilities to other depository corporations	20.7	19.4	-2.9	-9.5	-5.9	-0.5	-2.9	34.1	33.9	27.7

1/ New format based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).
NOTES:
1/" Claims on" represents all claims including loans and advances to and holdings of securities, shares and other equity issued by the respective sector.
2/ "Claims to" represent all liabilities issued by the central bank to the respective sector.

Source: Maldives Monetary Authority

Table 5. Other Depository Corporations Survey, 2008 - 2011 September [1/]

(In millions of rufiyaa; end of period)

	2008	2009	2010	2010				2011		
				Mar	Jun	Sep	Dec	Mar	Jun	Sep
Net foreign assets	**-4,754.2**	**-4,410.4**	**-3,382.0**	**-4,044.8**	**-4,485.7**	**-4,536.7**	**-3,382.0**	**-2,564.1**	**-2,850.4**	**-3,149.6**
Claims on nonresidents	744.9	888.4	1,034.1	1,221.6	667.7	777.8	1,034.1	1,583.7	2,035.7	1,720.6
Liabilities to nonresidents	-5,499.1	-5,298.8	-4,416.2	-5,266.4	-5,153.4	-5,314.5	-4,416.2	-4,147.8	-4,886.1	-4,870.2
Claims on central bank	**3,848.2**	**4,638.6**	**4,979.6**	**5,053.2**	**4,984.7**	**4,428.6**	**4,979.6**	**5,646.1**	**5,894.2**	**5,859.1**
Currency	252.0	258.3	300.1	215.1	270.7	278.1	300.1	277.6	307.6	302.9
Deposits	3,596.3	4,370.2	4,587.5	3,937.8	4,458.9	4,026.5	4,587.5	5,192.3	5,201.5	5,556.3
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	0.0	10.0	92.0	900.2	255.0	124.0	92.0	176.1	385.1	0.0
Net claims on central government	**-1,744.3**	**643.5**	**2,655.7**	**789.4**	**1,720.1**	**2,597.9**	**2,655.7**	**3,313.3**	**3,013.1**	**2,802.4**
Claims on central government	799.1	3,351.7	4,665.4	3,420.6	4,086.1	4,519.9	4,665.4	5,194.5	5,146.2	4,724.9
Liabilities to central government	-2,543.4	-2,708.2	-2,009.7	-2,631.3	-2,366.1	-1,922.0	-2,009.7	-1,881.2	-2,133.1	-1,922.5
Claims on other sectors	**17,684.1**	**17,119.9**	**16,794.5**	**16,465.9**	**16,582.8**	**16,782.5**	**16,794.5**	**16,796.9**	**18,167.3**	**18,789.8**
Claims on other financial corporations	97.8	172.0	144.5	126.7	131.7	129.6	144.5	150.1	184.5	178.4
Claims on public non-financial corporations	1,377.3	1,398.9	1,465.0	1,204.7	1,281.7	1,575.4	1,465.0	1,324.0	1,310.9	1,840.9
Claims on private sector	16,208.9	15,549.0	15,185.0	15,134.6	15,169.4	15,077.5	15,185.0	15,322.8	16,671.9	16,770.5
Liabilities to central bank	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transferable deposits included in broad money	**8,291.0**	**9,923.0**	**10,942.5**	**10,193.8**	**10,007.2**	**10,174.5**	**10,942.5**	**12,275.3**	**12,558.6**	**12,352.1**
Other deposits included in broad money	**2,298.5**	**2,355.2**	**3,359.9**	**2,352.2**	**2,801.2**	**2,902.1**	**3,359.9**	**3,808.0**	**4,459.2**	**4,437.4**
Securities other than shares included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**181.4**	**218.5**	**292.6**	**229.6**	**217.0**	**218.2**	**292.6**	**275.5**	**326.2**	**395.0**
Securities other than shares excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and other equity	**3,772.1**	**4,249.8**	**4,761.5**	**4,448.0**	**4,566.3**	**4,651.4**	**4,761.5**	**5,019.3**	**5,412.8**	**5,419.4**
Other items (net)	**490.8**	**1,245.1**	**1,691.4**	**1,040.1**	**1,210.2**	**1,326.2**	**1,691.4**	**1,814.0**	**1,467.5**	**1,697.8**
(Twelve month percentage change)										
Net foreign assets	**8.9**	**-7.2**	**-23.3**	**14.3**	**33.4**	**25.6**	**-23.3**	**-36.6**	**-36.5**	**-30.6**
Claims on nonresidents	-28.3	19.3	16.4	-30.3	-47.8	-19.2	16.4	29.6	204.9	121.2
Liabilities to nonresidents	1.7	-3.6	-16.7	-0.5	11.1	16.2	-16.7	-21.2	-5.2	-8.4
Claims on central bank	**18.8**	**20.5**	**7.4**	**22.6**	**14.4**	**6.4**	**7.4**	**11.7**	**18.2**	**32.3**
Currency	39.7	2.5	16.2	-1.7	6.3	-1.6	16.2	29.1	13.6	8.9
Deposits	17.5	21.5	5.0	0.9	8.7	3.8	5.0	31.9	16.7	38.0
Claims on central government	**41.2**	**319.4**	**39.2**	**101.0**	**73.8**	**84.6**	**39.2**	**51.9**	**25.9**	**4.5**
Liabilities to central government	**102.5**	**6.5**	**-25.8**	**-16.6**	**-22.8**	**-37.6**	**-25.8**	**-28.5**	**-9.8**	**0.0**
Claims to other sectors	**30.8**	**-3.2**	**-1.9**	**-3.6**	**-0.5**	**-0.4**	**-1.9**	**2.0**	**9.6**	**12.0**
Claims on other financial corporations	457.5	75.9	-16.0	13.3	7.7	3.9	-16.0	18.5	40.2	37.6
Claims on public non-financial corporations	37.0	1.6	4.7	-4.2	13.9	30.2	4.7	9.9	2.3	16.9
Claims on private sector	29.7	-4.1	-2.3	-3.7	-1.6	-2.8	-2.3	1.2	9.9	11.2

1/ New format based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).

NOTE:

1/" Claims on" represents all claims including loans and advances to and holdings of securities, shares and other equity issued by the respective sector.

2/ "Claims to" represent all liabilities issued by ODCs to the respective sector.

Source: Maldives Monetary Authority

Table 6. Other Depository Corporations Private Sector Loans and Advances by Economic Group, 2008 - 2011 September [1/]

(In millions of rufiyaa; end of period)

	2008	2009	2010	2010				2011		
				Mar	Jun	Sep	Dec	Mar	Jun	Sep
Total [2/]	**16,121.8**	**15,403.6**	**15,094.2**	**14,985.7**	**15,062.0**	**14,968.5**	**15,094.2**	**15,248.9**	**16,579.0**	**16,675.0**
Agriculture	38.8	31.3	28.7	32.0	31.2	30.1	28.7	27.6	27.1	25.8
Fishing	1,088.8	960.5	896.0	944.7	930.0	895.1	896.0	871.2	936.2	876.9
Manufacturing	581.0	532.0	493.1	492.5	479.3	494.3	493.1	804.2	518.5	507.4
Construction	1,368.9	1,264.0	1,119.7	1,263.8	1,104.0	1,139.4	1,119.7	1,114.6	1,139.4	1,163.6
Residental/housing	1,159.4	1,121.0	1,011.3	1,128.5	993.5	1,024.4	1,011.3	1,004.6	1,000.2	962.7
Commercial building	129.8	84.7	80.0	83.7	76.5	77.0	80.0	73.7	93.8	150.2
Other	79.7	58.3	28.4	51.6	34.0	38.0	28.4	36.3	45.4	50.6
Real estate	296.0	357.8	691.2	349.6	670.4	670.6	691.2	676.8	694.6	748.8
Residental/housing	235.8	291.4	218.2	282.2	184.2	193.5	218.2	212.1	224.3	107.1
Commercial building	59.8	66.4	335.6	67.4	321.3	329.1	335.6	337.5	346.8	494.7
Other	0.4	0.0	137.4	0.0	164.9	148.0	137.4	127.3	123.4	147.0
Tourism	9,317.0	9,148.9	8,698.3	8,744.6	8,857.8	8,785.3	8,698.3	7,899.4	9,373.3	9,483.5
New resort development	4,545.4	4,790.9	4,986.8	4,644.8	4,689.2	4,936.4	4,986.8	5,109.3	5,717.0	6,201.8
Renovation of resorts	1,747.7	1,388.1	898.5	1,310.8	1,132.9	1,030.0	898.5	835.0	911.4	833.6
Yacht safari buildings	624.1	733.9	830.3	724.6	709.6	772.9	830.3	116.4	274.6	183.9
Working capital	2,399.7	2,235.9	1,982.7	2,064.3	2,326.1	2,046.0	1,982.7	1,838.6	2,470.3	2,264.3
Commerce	1,837.3	1,587.9	1,774.3	1,514.7	1,517.2	1,622.5	1,774.3	1,766.3	2,022.3	2,408.0
Wholesale and retail	904.3	701.5	902.2	675.1	703.6	764.5	902.2	904.9	1,999.4	2,385.2
Restuarants and cafes	933.0	886.4	872.1	839.5	813.6	858.0	872.1	861.4	22.9	22.7
Transport and communication	786.7	814.5	677.7	771.9	742.2	711.6	677.7	1,071.5	673.5	683.2
Transport	736.9	774.9	644.6	734.3	707.3	677.9	644.6	1,040.2	643.4	654.2
Communication	49.9	39.6	33.1	37.6	34.9	33.8	33.1	31.3	30.1	29.0
Electricity, gas, water and sanitary services	0.3	3.8	7.7	4.3	4.9	6.2	7.7	3.7	4.3	242.3
Other loans and advances not adequately described	807.0	702.9	707.5	867.7	724.9	613.2	707.5	1,013.5	1,189.9	535.6
(In per cent of total; end of period)										
Fishing	6.8	6.2	5.9	6.3	6.2	6.0	5.9	5.7	5.6	5.3
Construction	8.5	8.2	7.4	8.4	7.3	7.6	7.4	7.3	6.9	7.0
Tourism	57.8	59.4	57.6	58.4	58.8	58.7	57.6	51.8	56.5	56.9
Commerce	11.4	10.3	11.8	10.1	10.1	10.8	11.8	11.6	12.2	14.4
Transport and Communication	4.9	5.3	4.5	5.2	4.9	4.8	4.5	7.0	4.1	4.1
(Twelve month percentage change)										
Total	**29.1**	**-4.5**	**-2.0**	**-4.1**	**-1.8**	**-2.7**	**-2.0**	**1.8**	**10.1**	**11.4**
Fishing	-8.0	-11.8	-6.7	-12.0	-9.4	-10.0	-6.7	-7.8	0.7	-2.0
Construction	29.9	-7.7	-11.4	-7.3	-15.5	-10.3	-11.4	-11.8	3.2	2.1
Tourism	42.5	-1.8	-4.9	-4.1	-2.1	-2.7	-4.9	-9.7	5.8	7.9
Commerce	41.4	-13.6	11.7	-11.2	-5.2	0.7	11.7	16.6	33.3	48.4
Transport and Communication	42.9	3.5	-16.8	0.6	-2.6	-17.8	-16.8	38.8	-9.3	-4.0

1/ New format based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).
2/ Includes total loans and advances to private sector excluding accrued interest receivable and accounts receivables.

Source: Maldives Monetary Authority

Table 7. Composition of Exports , 2008 - 2011 September

(In millions of US dollars)

	2008	2009	2010	2010				2011		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
Merchandise exports (f.o.b)	**331.1**	**169.0**	**199.9**	**46.6**	**44.1**	**45.9**	**63.3**	**90.9**	**69.8**	**72.1**
Domestic exports	**125.9**	**76.4**	**74.0**	**15.3**	**18.9**	**15.3**	**24.5**	**39.2**	**23.0**	**27.7**
Total marine exports	123.9	74.6	71.1	14.5	18.4	14.5	23.7	38.1	22.0	26.8
Fish and fish products	123.3	74.3	70.5	14.4	18.2	14.4	23.5	37.9	21.8	26.6
Fish exports (excluding live fish)	120.7	71.9	68.3	13.7	17.5	14.0	23.0	37.3	21.3	26.1
Fresh, chilled or frozen tuna	100.8	50.9	46.8	8.1	12.5	9.4	16.8	29.5	14.6	20.8
Skipjack	*54.6*	*17.4*	*18.4*	*2.5*	*5.2*	*2.5*	*8.1*	*13.6*	*3.0*	*3.0*
Yellowfin tuna	*43.4*	*29.9*	*28.1*	*5.3*	*7.3*	*6.9*	*8.6*	*15.9*	*11.6*	*17.6*
Fresh, chilled or frozen reef fish	1.6	2.2	2.5	0.9	0.8	0.3	0.5	1.1	1.3	0.7
Canned or pouched	6.9	6.5	5.8	1.8	1.5	1.5	1.1	3.0	3.0	1.6
Steamed, smoked, dried and/or salted fish	11.4	12.4	13.1	3.0	2.7	2.8	4.6	3.7	2.5	3.0
Live fish	1.4	1.3	1.5	0.5	0.5	0.3	0.2	0.3	0.3	0.3
Other fish products	1.1	1.0	0.8	0.2	0.2	0.1	0.3	0.3	0.1	0.2
Other marine products	0.6	0.3	0.6	0.2	0.2	0.1	0.2	0.3	0.3	0.2
Other	2.0	1.8	2.8	0.8	0.5	0.8	0.8	1.1	0.9	0.8
Re- exports	**205.3**	**92.7**	**125.9**	**31.3**	**25.2**	**30.6**	**38.8**	**51.7**	**46.8**	**44.4**

Source: Maldives Customs Service

Table 8. Composition of Imports, 2008 - 2011 September
(In millions of US dollars)

	2008	2009	2010	2010				2011		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total imports c.i.f.	**1,382.1**	**963.6**	**1,090.9**	**248.9**	**264.0**	**285.3**	**292.6**	**311.8**	**374.3**	**366.5**
Private imports	**913.2**	**689.6**	**779.8**	**174.5**	**185.6**	**206.2**	**213.5**	**236.0**	**266.5**	**246.2**
Private (excluding tourism)	625.9	505.8	568.1	132.1	139.4	149.8	146.7	177.8	209.1	186.6
Tourism	287.3	183.8	211.6	42.3	46.2	56.4	66.8	58.2	57.4	59.6
Total public imports	**468.9**	**274.0**	**311.1**	**74.4**	**78.4**	**79.1**	**79.1**	**75.8**	**107.9**	**120.3**
Public enterprises	373.8	246.3	263.9	65.7	65.3	67.3	65.6	68.9	85.6	86.9
Government	95.1	27.7	47.2	8.8	13.1	11.8	13.5	6.9	22.3	33.4
Total imports c.i.f.	**1,382.1**	**963.6**	**1,090.9**	**248.9**	**264.0**	**285.3**	**292.6**	**311.8**	**374.3**	**366.5**
Consumer Goods	**456.8**	**405.0**	**444.2**	**103.3**	**99.2**	**117.0**	**124.7**	**118.8**	**134.7**	**145.9**
Food Items	210.4	205.4	234.9	58.1	52.0	60.7	64.2	63.2	74.3	81.5
Rice	14.1	13.7	12.9	3.0	2.7	4.3	2.9	1.4	4.0	5.4
Wheat	13.4	10.8	9.6	2.6	2.4	1.8	2.7	1.7	3.5	4.1
Sugar	4.5	6.4	8.3	1.4	1.4	2.9	2.7	0.3	3.3	2.8
Beverages	21.8	22.8	24.7	7.0	5.5	5.3	6.9	8.4	9.9	7.6
Other food items	156.6	151.8	179.5	44.1	40.0	46.4	49.0	51.5	53.7	61.5
Tobacco	8.7	8.9	9.6	2.2	2.4	2.3	2.7	3.0	3.1	2.5
Pharmaceuticals	10.6	9.5	10.1	2.5	2.3	2.6	2.7	2.7	2.8	2.9
Other consumer goods	227.1	181.3	189.6	40.5	42.5	51.4	55.1	49.9	54.4	58.9
Petroleum Products	**297.0**	**198.6**	**250.5**	**58.5**	**66.3**	**62.2**	**63.4**	**93.4**	**91.3**	**81.8**
Petrol	23.0	19.0	24.3	6.0	7.2	5.6	5.5	9.0	9.2	7.0
Diesel (marine gas oil)	233.6	153.2	198.9	47.1	53.6	47.5	50.7	72.4	73.5	66.2
Aviation gas	22.3	14.0	11.9	1.2	2.7	5.3	2.6	7.3	4.4	4.7
Other petroleum product (lubricating oil, kerosene)	18.1	12.4	15.4	4.2	2.8	3.8	4.5	4.7	4.3	3.8
Intermediate & Capital Goods	**628.3**	**359.9**	**396.2**	**87.1**	**98.5**	**106.1**	**104.5**	**99.6**	**148.4**	**138.8**
Construction	194.1	97.3	111.5	22.1	30.4	31.2	27.8	29.0	35.6	33.9
Cement and cement products	20.2	12.1	13.0	2.6	3.4	3.2	3.8	3.2	3.0	4.0
Wood for construction purposes	64.4	30.5	37.3	6.3	11.1	11.7	8.3	9.0	11.7	12.2
Base metal & articles of base metal for construction purposes	50.8	21.9	24.8	4.4	6.9	7.6	5.9	6.9	7.9	9.2
Other construction related	58.7	32.8	36.3	8.8	9.1	8.7	9.8	9.9	13.0	8.6
Paper	3.5	3.1	3.2	0.7	0.8	0.8	0.9	0.9	1.0	0.9
Medical / surgical supplies	5.1	4.9	6.1	1.3	0.9	0.7	3.2	0.9	1.6	3.0
Computer equipments and supplies	15.8	12.1	14.6	3.5	3.6	3.7	3.9	4.5	3.9	3.9
Machinery & mechanical appliances	25.6	16.8	19.4	4.2	3.6	6.8	4.8	5.2	5.9	6.0
Textiles	9.6	7.8	8.2	1.6	1.8	2.3	2.5	2.2	2.1	2.0
Chemicals & chemical products	7.7	6.6	6.5	1.6	1.7	1.6	1.6	2.0	2.7	2.0
Transport equipments and parts	155.3	68.2	67.8	15.1	20.4	14.0	18.2	16.8	48.5	22.6
Other Intermediate and capital goods	211.5	143.0	158.9	36.9	35.3	45.1	41.6	38.2	47.2	64.5

Source: Maldives Customs Service

Table 9. Exchange Rates, 2008 - 2011 September
(Rufiyaa per foreign currency; end of period mid rate)

		U.S. dollar	Japanese yen	Singapore dollar	Indian rupee	Sri Lankan rupee	Sterling Pound	euro	SDR
2008	March	12.8000	0.1324	9.2389	0.3284	0.1228	25.1379	19.4178	21.0496
	June	12.8000	0.1221	9.3591	0.3054	0.1228	24.8336	19.4345	20.9103
	September	12.8000	0.1227	8.9823	0.2864	0.1225	23.2408	18.3885	19.9324
	December	12.8000	0.1476	8.7767	0.2782	0.1181	18.9404	17.6821	19.7155
2009	March	12.8000	0.1360	8.3184	0.2589	0.1159	18.5195	17.0007	19.1369
	June	12.8000	0.1354	8.8378	0.2585	0.1141	20.4967	17.2718	19.8685
	September	12.8000	0.1732	9.0290	0.2914	0.1203	20.6650	18.7034	20.2799
	December	12.8000	0.1713	9.1807	0.3005	0.1213	20.8479	18.9506	20.0664
2010	March	12.8000	0.1406	9.0982	0.3048	0.1221	18.7504	16.7437	19.4335
	June	12.8000	0.1410	9.1118	0.2966	0.1221	18.1840	14.9497	18.9299
	September	12.8000	0.1506	9.6955	0.3025	0.1239	20.0025	17.1221	19.9192
	December	12.8000	0.1568	9.8057	0.2861	0.1239	19.4329	16.4776	19.7124
2011	March	12.8000	0.1593	10.0783	0.2869	0.1239	20.2316	17.6542	20.2944
	June 1/	15.2100	0.1895	12.3136	0.3432	0.1402	24.2029	21.6083	24.3428
	September	15.2100	0.1999	12.0766	0.3214	0.1392	23.7197	20.5231	23.7522

1/ In April 2011, the exchange rate regime was changed from a fixed rate regime to a band of 20 percent around a central parity of Rf12.8 per US dollar

Source: Bank of Maldives plc

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