QUARTERLY ECONOMIC BULLETIN

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MALDIVES MONETARY AUTHORITY

This Bulletin is compiled by the Economic Research and Statistics Division (ERSD) of the Maldives Monetary Authority (MMA). It covers developments in the domestic economy during the first quarter of 2008. 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 15th June 2008. Where actual data is not readily available, estimates have been made by ERSD 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.

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Table 1. Key Economic Indicators, 2005 - March 2008

	2005	2006	2007	2007				2008			
				Jan	Feb	Mar	QTR1	Jan	Feb	Mar	QTR1
Gross Domestic Product											
GDP (1995 constant prices) Rf mn. 1/	7,927.6	9,440.6	10,067.4	-	-	-	-	-	-	-	-
% change in GDP	-4.6	19.1	6.6	-	-	-	-	-	-	-	-
Consumer Price Inflation (moving average) 2/											
National	-	3.5	7.4	3.8	3.9	3.9	3.9	7.5	8.0	8.8	8.8
Male'	1.3	2.7	6.8	3.2	3.4	3.4	3.4	6.9	7.4	8.2	8.2
Atolls	-	4.1	7.9	4.3	4.5	4.3	4.3	8.1	8.6	9.3	9.3
Tourism											
Tourist arrivals	395,320	601,923	675,889	64,570	65,224	64,491	194,285	64,621	67,963	71,623	204,207
Tourist bed nights ('000)	3,300.0	4,822.1	5,293.2	509.0	486.6	512.7	1,508.3	536.1	536.2	568.0	1,640.3
Capacity utilisation (%)	64.5	81.7	82.9	94.8	100.0	94.3	96.4	89.8	95.9	96.4	94.0
Fish Production											
Landings('000 MTs) 3/	182.9	181.0	140.5	11.7	13.9	15.6	41.2	10.5	8.1	6.9	25.5
Total fish exports ('000 MTs) 4/	82.1	111.4	65.8	3.4	5.3	11.9	20.7	10.1	5.9	6.4	22.4
Total fish exports (US$ mn.) 4/	96.6	128.8	102.5	6.9	8.1	15.2	30.2	17.0	11.6	12.1	40.6
Money and Banking (Rf mn)											
Net foreign assets	1,787.7	1,031.6	-458.3	1,051.3	1,236.2	1,112.7	1,112.7	-687.9	-514.6	-547.1	-547.1
Domestic credit	6,911.4	9,509.1	13,820.2	9,708.6	10,131.8	10,468.6	10,468.6	14,581.9	14,867.6	15,168.4	15,168.4
Claims on private sector	5,480.5	8,191.7	12,219.8	8,402.4	8,610.0	8,904.1	8,904.1	12,562.0	12,884.3	12,957.6	12,957.6
Total liquidity	6,685.0	8,063.3	9,972.0	8,395.3	8,579.8	9,003.2	9,003.2	10,518.5	10,941.8	11,089.1	11,089.1
Change in net claims on Government	496.7	-208.0	-161.3	64.8	115.5	85.4	265.6	342.7	-86.1	207.3	463.9
Balance of Payments (US$ mn) 5/											
Current Account	-269.7	-369.2	-472.1	-	-	-	-	-	-	-	-
Balance on goods	-493.8	-590.1	-704.1	-43.6	-46.7	-42.9	-133.1	-69.9	-113.5	-29.3	-212.6
Goods: credit	161.6	225.2	231.6	21.3	18.8	30.4	70.5	35.5	24.1	74.3	133.9
Goods: debit	-655.5	-815.3	-935.7	-64.9	-65.5	-73.3	-203.7	-105.4	-137.5	-103.6	-346.6
Gross International Reserves (US$ mn) 6/	187.1	232.2	309.1	232.4	228.3	240.6	240.6	302.6	309.8	310.5	310.5
External Reserves in Months of Imports (cif)	3.0	3.0	3.4	3.0	2.9	3.0	3.0	3.2	3.0	3.0	3.0
Exchange Rate											
Rufiyaa / US$ (Period average mid rate)	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8
Rufiyaa / US$ (End of period mid rate)	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8

1/ Revised on November 2007.

2/ CPI - National and Atolls data not available prior to June 2004. CPI has been rebased on April 2007 (June 2004 = 100).

3/ 2008 figures are estimates.

4/ Excluding live fish.

5/ Revised on November 2007.

6/ Foreign Assets of MMA

Source: MMA, MOFA, MOTCA, MPND, MOFT, Customs

1. Overview

Major economic activities picked up during the first quarter of the year with key production sectors performing relatively well in spite of the slowdown in the US economy and the global turbulence in the financial markets. The main tourism indicators showed significant improvements achieving new records in tourist arrivals compared to both the preceding as well as the corresponding quarter of 2007. Similarly, supported by the strong economic growth the activities of both distribution and construction sectors remained robust during the quarter. However, the fisheries sector, which continues to be of importance to the economy both in terms of production and employment, performed poorly during the quarter. Nevertheless, due to the favourable external prices in the fisheries sector, the export performance improved markedly both quarterly and on annual basis. Meanwhile, domestic price developments in the review quarter revealed that the inflation rate continues to rise sharply led by soaring global oil and food prices along with domestic fish prices.

According to preliminary estimates, fiscal developments during the first quarter deteriorated with the rapid growth in expenditure exceeding the revenue growth. The unfavourable expansion in fiscal position was reflected in the monetary accounts with significant rise in the net credit to government. Meanwhile, net foreign assets of the banking system deteriorated further during the review quarter, as the slight increase in the foreign assets of Maldives Monetary Authority was not enough to offset the considerable increase in the foreign liabilities of commercial banks due to their continuous borrowing from their head offices to lend to the private sector. Hence, credit to private sector also accelerated during the quarter, contributing to a moderate growth in total domestic credit of the banking system. As a result, total liquidity increased on quarterly basis. On annual basis the total liquidity growth was much steeper as growth in domestic credit was higher.

On the external front, the trade balance continues to be in deficit and widened further compared to the previous quarter as well as the first quarter of 2007. This was due to the significant growth in imports compared to exports though exports also increased significantly during the review quarter. Reflecting the buoyant developments in the tourism sector, gross international reserves increased slightly. However, with the high imports witnessed during the review quarter reserves in months of import cover fell by 0.4 months compared to the previous quarter while it remained the same against the corresponding quarter of 2007.

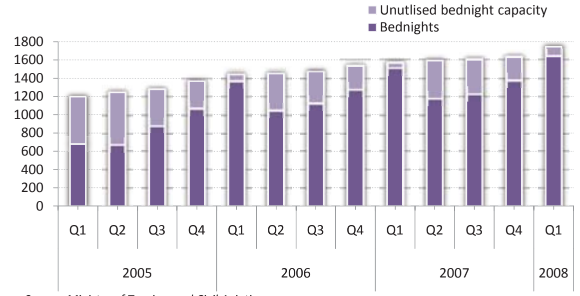
2. Production Prices and Employment

2.1 Tourism

Despite the continuing rise in global oil prices and the current uncertainty hovering over global economic prospects tourist arrivals remained robust in the first quarter of 2008 increasing by 5 percent annually as the rapid depreciation of the U.S dollar (to which the Rufiyaa is pegged) against the euro and other major currencies of the world strengthened the competitive position of Maldivian tourism. Moreover, the continuous expansion of emerging markets, which has so far remained resilient to the global economic slowdown, such as China, India and Russia, where income levels of individuals have risen considerably, also contributed to the strong performance of tourist arrivals as these markets now take up a significant share of total visitor arrivals.

With the first quarter of the year falling into the high season of the industry (normally considered as European winter, though seasonal variations are currently becoming less pronounced due to increasing arrivals from new emerging markets), leading indicators of the tourism sector such as tourist arrivals and bednights registered strong gains of 13 percent and 19 percent, respectively, as arrivals reached a record high of 204.2 thousand during the quarter. In absolute terms this translates to a 23.5 thousand increase in arrivals. The stronger growth in bednights with respect to arrivals growth reflects the recovery of average length of a tourist to 8.0 days from 7.6 days in the last quarter and 7.8 days in the first quarter of 2007. Meanwhile, notwithstanding the continuing expansions to the operational bed capacity of the industry, which stood at 19,184 beds in the review quarter, registering an annual increase of

Chart 1. Bednights & Unutilised Bednight Capacity
in thousands



Source: Ministry of Tourism and Civil Aviation

10 percent and a quarterly rise of 8 percent, while capacity utilisation in resort/hotels climbed to 94 percent from 85 percent in the previous quarter, as Jan-Mar observes the peak of the high season.

Looking at market share, Europe continued to lead the market with its share remaining almost the same as in the same period of last year, at 79 percent, followed closely by emerging markets, such as Asia accounting for 16 percent of total arrivals and Oceania and the Middle East each accounting for 1 percent of total arrivals.

As regards the growth performance of main European source markets, Italy and the United Kingdom continued to lead the market and accounted for 21 percent and 16 percent of total arrivals in the first quarter of 2008, respectively. In terms of arrivals growth, both these markets portrayed strong quarterly improvements of 54 percent and 5 percent, respectively, displaying the usual seasonal pattern. However, arrivals from both the countries plummeted when compared with the same period a year ago, with arrivals from Italy falling by 4 percent. Meanwhile, arrivals from Germany and France, each

Table 2. Tourism Indicators, 2005 - March 2008
In thousands

	2005	2006	2007	2007				2008
				QTR1	QTR2	QTR3	QTR4	QTR1
Total visitor arrivals	440.2	654.7	na	211.1	164.0	168.9	na	224.2
Tourist arrivals	395.3	601.9	675.9	194.3	148.2	152.7	180.7	204.2
Bed capacity 1/	13.9	16.2	17.5	17.4	17.5	17.4	17.7	19.2
Bednights	3,300.0	4,822.1	5,293.2	1,508.3	1,178.9	1,228.7	1,377.3	1,640.3
Bed capacity utilisation %	64.5	81.7	82.9	96.4	73.9	76.7	84.5	94.0

1/ Figures relate to the period average.

Source: Ministry of Tourism and Civil Aviation

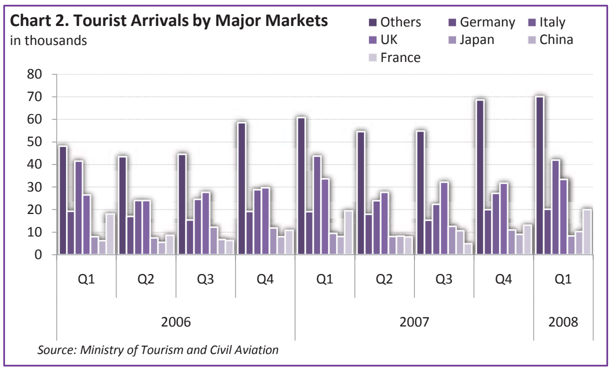


Chart 2. Tourist Arrivals by Major Markets
in thousands

Source: Ministry of Tourism and Civil Aviation

representing 10 percent of total arrivals, recorded gains compared with the previous quarter, as well as the corresponding quarter of last year. Arrivals from Russia, which is one of the fastest growing emerging markets (accounting for 7 percent of total arrivals) remained impressive during the quarter and rose by 27 percent compared with the previous quarter and by 46 percent compared with the first quarter of last year.

As for the key Asian source markets, the growing Chinese market was ranked as the highest among Asian arrivals with a market share of 31 percent, where arrivals grew by 13 percent compared to the previous quarter and by 27 percent against the same period a year ago. The performance of the Japanese market, which has been among the top five tourist generating markets to Maldives over the past several years and traditionally the main Asian market, continues to be sluggish and became ranked as the second largest with arrivals falling by 12 percent on annual terms and by 24 percent compared to the previous quarter. Meanwhile, arrivals from Korea and India, each accounting for 13 percent of the Asian market during the quarter remained solid, though arrivals from Korea dropped by 44 percent against the previous quarter mainly reflecting seasonal factors.

2.2. Fisheries

Fisheries sector continues to be sluggish marred by rising cost of fuel and also due to declining catch. According to data available, total landings (excluding EEZ) slumped by 38 percent in the first quarter of 2008 compared with the same period a year ago totaling 25.5 thousand metric tonnes. Landings also fell by 37 percent when compared to the previous quarter.

The decline in landings were also reflected in the activities of commercial buyers of tuna, where fish purchases made by state owned fisheries company Maldives Industrial Fisheries Company (MIFCO),

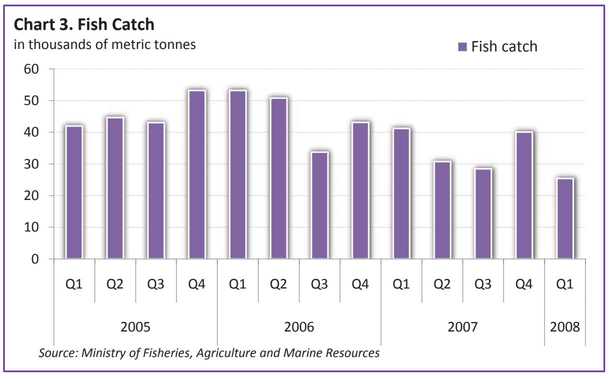


Chart 3. Fish Catch
in thousands of metric tonnes

Source: Ministry of Fisheries, Agriculture and Marine Resources

which is also the largest tuna buyer, fell by 27 percent annually and by 19 percent compared to the previous quarter, totaling 10.0 thousand metric tonnes. Similarly, fish purchases by private companies being licensed to operate in the fisheries zones which totaled 5.1 thousand metric tonnes also plunged by 24 percent when compared to a year ago while it declined by 50 percent on quarterly terms.

With regard to fish exports (excluding live fish), the volume of fish exports improved by 9 percent compared with the same period of 2007 while it grew by 20 percent compared to the preceding quarter. Meanwhile fish export earnings remained buoyant in the review quarter and totaled US$40.6 million, increasing by 34 percent (US$10.4 million) on annual terms and by 33 percent (US$10.1 million) on a quarterly basis, owing to the strengthening of international tuna prices.

2.3 Construction

Driven by the expansion of investments in the tourism industry, boom in residential and property development projects in Male', ongoing tsunami reconstruction activities and other public sector infrastructure development projects, value added to the construction sector is estimated to grow by 9 percent during 2008, followed by a significant growth of 19 percent a year ago. Reflecting this, the value of construction related imports (one of the two key indicators of the developments of the sector) stood at US$43.5 million at the end of the review quarter which is a 31

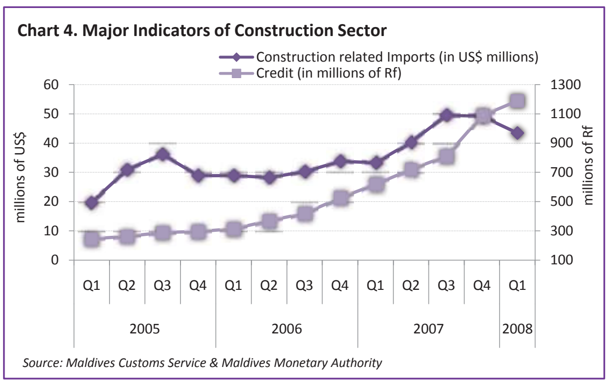
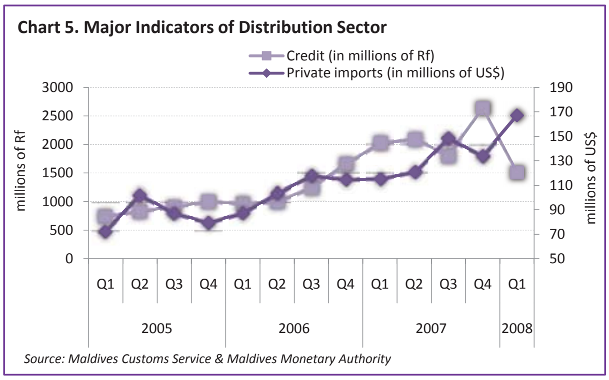


Chart 4. Major Indicators of Construction Sector

Source: Maldives Customs Service & Maldives Monetary Authority percent (US$10.2 million) increase on annual basis, however, registered a fall of 12 percent (US$5.7 million) when compared on quarterly basis. As for the second indicator, commercial bank credit granted to the construction sector, showed improvements during the first quarter of the year, recording a significant increase of 92 percent (Rf570.4 million on year on year basis and a growth of 9 percent (Rf101.1 million) on quarter to quarter basis.

2.4 Distribution

The distribution sector of the economy (mainly consisting of wholesale and retail trade) – estimated to account for 3 percent of GDP in 2008, with an



annual growth of 2 percent during the year – continued to improve moderately during the first quarter of the year. As such, from the two leading indicators of the sector, private sector imports (excluding tourism related imports) which recorded US$167.2 million at the end of the review quarter expanded both on annual as well as on quarterly terms, by 45 and 25 percent respectively. On the contrary, the second indicator, commercial bank credit extended to the distribution sector fell by 26 percent (Rf517.0 million) from the first quarter of 2007 to the first quarter of 2008 and further declined by 42 percent (Rf1,091.6 million) when compared to the fourth quarter of last year.

2.5 Prices

Consumer price inflation as measured by the annual percentage change in the twelve-month moving average of Consumer Price Index (CPI) for Male' , continued to escalate and accelerated to 8.2 percent in March 2008 from 6.8 percent in December 2007 and 3.4 percent in March 2007. Core measures of inflation, such as inflation excluding the volatile fish prices rose to 6.4 percent, from 4.9 percent in the previous quarter and 3.4 percent in March 2007, while inflation excluding all food prices edged up to 4.0 percent from 3.0 percent in the previous quarter. As a result, soaring international energy and food prices and the surge in domestic price of fish continued to be the main drivers of domestic CPI inflation. In addition, the ongoing depreciation of the U.S dollar --to which the rufiyaa is pegged-- vis-à-vis the major currencies of the world, domestic supply constrains, especially in the housing sector, which has led to significant increases in housing rents, and wage increases since the beginning of this year, also contributed to CPI inflation. Hence, with the excep-

Table 3. Consumer Price Inflation - Male', 2006 - March 2008[1/]
Index (June 2004 = 100)

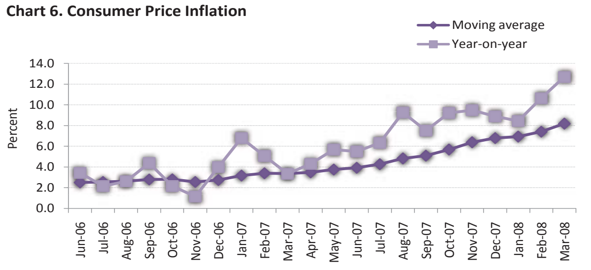
	Weight	2006	2007				2008
			Mar	Jun	Sep	Dec	Mar
Food and non-alcoholic bevarages	13.39	4.0	5.1	6.6	10.6	16.2	18.5
Fish	2.42	-5.9	1.5	11.9	26.5	49.2	46.9
Other Food	9.86	6.5	6.1	5.5	7.5	10.2	13.4
Non-alcoholic beverages	1.11	1.4	3.2	6.1	9.1	11.8	12.2
Tobacco and narcotics	0.93	4.5	3.3	1.8	1.2	1.2	1.6
Clothing and footwear	2.45	0.6	-0.4	-0.8	-0.4	-1.4	-0.2
Housing, water, electricity, gas and other fuel	12.30	2.7	2.6	2.6	2.2	3.8	5.6
Furnishing, household equipment & routine maintenance	2.85	3.2	4.2	5.6	6.8	5.1	3.4
Health	2.76	12.2	13.6	13.0	11.8	9.2	11.2
Transport	2.92	4.9	3.6	3.9	4.1	4.7	8.8
Communications	3.84	-9.6	-7.2	-8.5	-8.8	-9.2	-11.1
Recreation and culture	2.10	-2.8	0.1	3.0	3.3	1.8	-0.5
Education	1.51	4.8	4.4	4.2	2.4	2.3	1.9
Hotels, cafes and restaurants	0.77	6.4	9.4	12.9	15.6	16.7	15.1
Miscellaneous goods and sevices	2.96	0.6	0.9	1.5	2.5	2.3	3.2
Religion	0.11	0.0	0.0	0.0	0.0	0.0	0.0
Male'	**48.90**	**2.7**	**3.4**	**3.9**	**5.1**	**6.8**	**8.2**
Total Index, excluding fish	-	3.2	3.4	3.6	4.1	4.9	6.4
Total Index, excluding food	-	2.2	2.6	2.9	2.9	3.0	4.0

1/ Figures are 12 months moving average.

Note: CPI - Male' monthly data not available prior to June 2004. Data has been rebased on April 2007 (June 2004 = 100).

Source: Ministry of Planning and National Development

Chart 6. Consumer Price Inflation



Source: Ministry of Planning & National Development

tion of the communications group, which fell by 11.1 percent, all major groups of CPI showed price increases in the first quarter of the year.

The rise in CPI inflation during the first quarter was mainly influenced by the food group, the housing group, the health group and the transport group. Food prices posted a growth of 18.5 percent owing to higher prices of fish; milk products; cooking oil, vegetables and fruits; and bread and cereals. Fish prices soared on the back of reduced catch while the price of various edible oils; milk and dairy products; and cereals increased reflecting higher global food prices.

Housing, water, electricity and other fuel group registered a growth of 5.6 percent, mainly due to the sharp rise in housing rent during end of 2007 and also due to higher price of cooking gas. Cost of health care boosted by 11.2 percent as a result of the significant raise in doctor's consultation charges and the price increases of various medical tests and certain medicines, reflecting growing business costs emanating from higher wages and rents.

Meanwhile, reflecting the pass through of higher global energy prices to domestic petroleum products, local transport costs spiked by 8.8 percent, led by continuing rise in domestic sea fares as a result of higher diesel prices and also due to increasing cost of air travel, both domestic and international. Moreover, the upward revision of taxi fares by 33.3 percent during December last year, owed to rising cost of petrol, also contributed to higher transport costs.

2.6 Employment

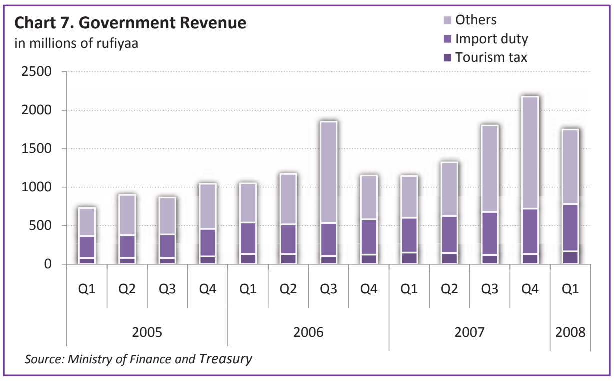
As per the Population and Housing Census of 2006, total labour force of the country stood at 128,836, signifying an increase of 47 percent compared to the Census of 2000. Meanwhile, labour force participation rate increased from 48 percent to 63 percent over the six years. Despite this, the rate of unemployment rose steadily from a mere 2 percent to 14 percent during this period, mostly contributed by the significant increase in voluntary unemployment, which accounted for 76 percent of the total unemployment figure. The main reason for this high level of voluntary unemployment may be due to the majority of the unemployed being reluctant to be employed in blue collar jobs.

Hence, due to this shortage, together with the expansion of economic activities, especially in the construction and tourism industry, demand for labour continues to be highly excessive in the domestic labour market. As a result, the economy employs a large number of expatriate workers, especially in the elementary occupations, as to bridge the gap between the demand and supply of local labour in the economy. As such, the average number of expatriate workers in the economy rose to 71,295 during the review quarter, registering growth rates of 27 percent and 4 percent on annual as well as on quarterly terms. The number of expatriate workers in the construction sector (the main sector which employs the largest number of such workers) also rose by 8 percent compared to the previous quarter and registered a growth of 62 percent compared to the first quarter of 2007. Similarly, as a significant number of expatriate workers are being employed in resorts and business activities, these two groups also showed annual increases of 10 percent and 3 percent respectively.

3. Public Finance

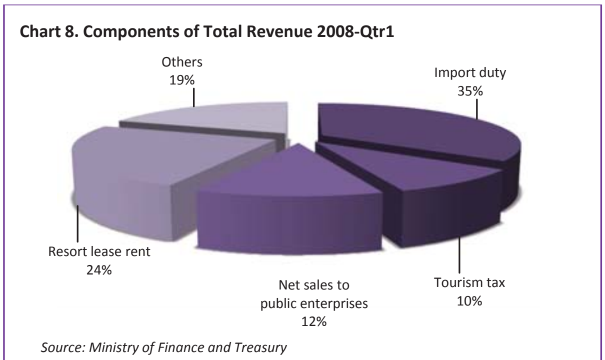
The preliminary cash flow statements for the review quarter registered a budget deficit of Rf380.7 million, a deterioration of Rf912.7 million against the previous quarter. This was the outcome of higher government expenditure compared to the total revenue received. On an annual basis however, this was an improvement of 13 percent or Rf57.6 million.

Total domestic revenue (excluding repaid loans) in the review quarter declined by 20 percent against the previous quarter, recording Rf1,750.3 million. The revenue decline was largely on account of the fall in non-tax revenue, especially due to a fall in the resort lease rent category. However, when compared to the corresponding quarter of 2007, domestic revenue increased by 53 percent.



Source: Ministry of Finance and Treasury

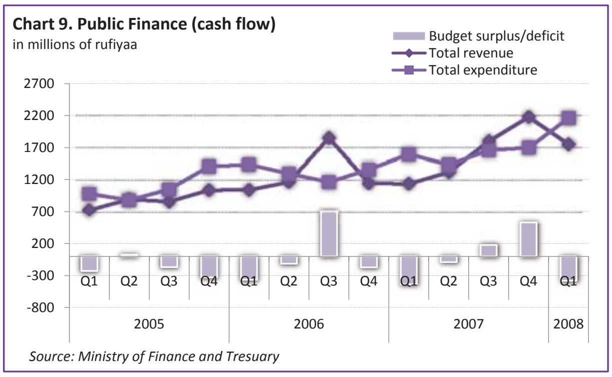
Total tax revenue amounted to Rf812.2 million (accounting for 46 percent of total domestic revenue), reflecting a 9 percent (Rf64.3 million) increase on quarterly terms and a 29 percent (Rf181.7 million) growth on annual terms. The quarterly increase was due to higher revenue from both import duties and tourism tax. Import duty continues to remain as the highest contributor (75 percent) to tax revenue gaining a modest growth of 4 percent against the preceding quarter and a significant growth of 35 percent compared to the corresponding quarter of 2007, due to the large increase in imports during the review quarter. Tourism tax receipts, the second largest contributor to tax revenue (21 percent) totaled Rf167.3 million and increased by 27 percent against the previous quarter and by 11 percent on annual terms reflecting the increase in the tourist arrivals.



Source: Ministry of Finance and Treasury

Total non-tax revenue during the quarter totaled Rf926.7 million, an increase of Rf421.7 million against the first quarter of 2007, though compared to the previous quarter it showed a reduction of Rf492.6 million. The quarterly decline was due to lower resort lease rent which accounted for 45 percent to non-tax revenue in the review quarter. In the first quarter of 2008, resort lease rent totaled Rf421.8 million reflecting a 53 percent or Rf466.9 million decline on quarterly terms, while it recorded Rf888.7 million in the previous quarter. When compared to the corresponding quarter of 2007 it showed a 171 percent growth. Meanwhile, profit transfers from public enterprises also followed a similar trend where on annual terms it gained by 239 percent while on quarterly terms it fell by 10 percent. This was mainly attributed to the fact that usually very few enterprises transfer their profits in the first quarter of the year. The highest transfer made during the quarter was by Maldives Monetary Authority amounting to 71 percent of the total profit transfers during the quarter. Among other revenue sources, royalties showed a growth of 78 percent quarterly and 44 percent annually.

Total Government expenditure during the review quarter recorded Rf2,161.0 million, 27 percent higher than last quarter and represents a 35 percent rise when set against the same quarter of 2007. Meanwhile, with the deterioration of budget balance, net credit to the government rose to Rf1,047.6 million from Rf583.7 million in the previous quarter registering a growth of 79 percent during the review quarter.



Source: Ministry of Finance and Tresuary

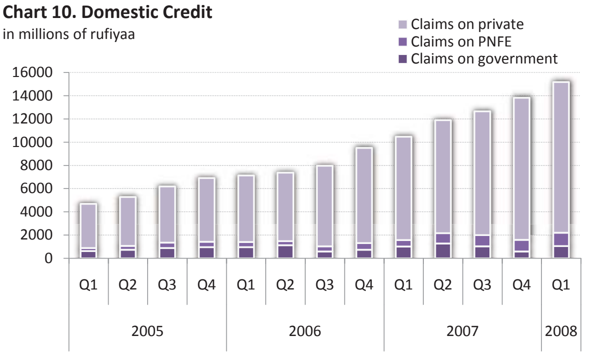
4. Financial Sector Developments

4.1 Monetary Sector Developments

During the first quarter of 2008 the monetary policy stance remained unchanged, with Minimum Reserve Requirements (MRR) set at 25 percent and interest rate of Treasury Bills (T-Bills) at 6 percent for one month maturity and 6.25 percent for three months maturity. The total amount of T-bills issued during the review quarter increased rapidly by 82 percent to record Rf2,429.0 million compared to Rf1,335.0 million during the previous quarter, of which Rf2,093.0 million was bought by commercial banks and the remaining Rf336.0 million by State Owned Enterprises (SOEs).

Monetary aggregates during the review quarter followed a similar trend as the previous quarters with the broad money expansion fuelled by the strong growth in domestic credit. The first three months of 2008 showed a substantial increase in both narrow money and quasi money due to the increase in currency in circulation and time, saving and demand deposits. Similarly, given the rapid growth in the economy during the year, domestic credit, especially public sector credit accelerated during the quarter. With regard to the Net Foreign Assets (NFA) of the banking system, which has been deteriorating with the progressive accumulation of the foreign liabilities of the commercial banks, it declined further during the review quarter.

Chart 10. Domestic Credit
in millions of rufiyaa



Source: Maldives Monetary Authority

4.1.1 The Monetary Base

The Monetary Base (M0) (table 4), increased by 6 percent to register Rf4,618.7 million at the end of March 2008, decelerating from a growth of 11 percent in the previous quarter. This largely reflects a deceleration in the growth rate of Bank deposits with MMA (which accounts for 68 percent of M0), from 14 percent to 5 percent during the review quarter. Meanwhile on annual terms M0 increased steadily by Rf990.9 million or 27 percent at the end of March 2008 reflecting an increase of 25 percent in currency in circulation.

4.1.2 Monetary Aggregates

Broad Money or M2 (chart 11) reached Rf11,089.1 million at the end of March 2008, registering a growth of 11 percent on quarterly terms, accelerated from 9 percent in the previous quarter. With an annual growth of 23 percent, the expansion in

Table 4. Monetary Base, 2005 - March 2008
In millions of rufiyaa

	2005	2006	2007	2007				2008
				Mar	Jun	Sep	Dec	Mar
Currency in circulation	947.2	1,160.7	1,322.3	1,105.7	1,180.9	1,241.6	1,322.3	1,386.7
Bank deposits with MMA	1,867.3	2,209.8	2,990.5	2,420.0	2,819.8	2,631.9	2,990.5	3,154.3
PNFEs deposits with MMA	68.5	53.0	61.2	102.1	78.8	54.9	61.2	77.7
MONETARY BASE (M0)	**2,882.9**	**3,423.6**	**4,374.0**	**3,627.8**	**4,079.5**	**3,928.4**	**4,374.0**	**4,618.7**
Maldives Monetary Authority Assets	**4,222.4**	**4,810.5**	**6,038.2**	**5,040.6**	**5,603.5**	**5,412.2**	**6,038.2**	**5,830.7**
Foreign assets	2,394.9	2,972.8	3,956.9	3,080.3	3,204.3	3,168.2	3,956.9	3,974.9
Claims on Government	1,617.7	1,604.3	1,821.1	1,720.7	2,152.9	1,959.5	1,821.1	1,562.0
Other assets	209.8	233.4	260.2	239.6	246.2	284.4	260.2	293.8
Less								
Remaining liabilities	**1,339.5**	**1,387.0**	**1,664.1**	**1,412.8**	**1,524.0**	**1,483.8**	**1,664.1**	**1,212.0**
Foreign liabilities	91.4	91.4	90.9	91.4	91.3	91.1	90.9	90.8
Government deposits	174.4	504.4	733.2	552.7	623.2	651.8	733.2	436.3
Capital accounts	349.4	180.3	203.1	215.7	284.4	353.9	203.1	248.6
MMA certificates of deposits	313.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	410.8	611.0	636.9	553.0	525.1	387.0	636.9	436.4

Source: Maldives Monetary Authority

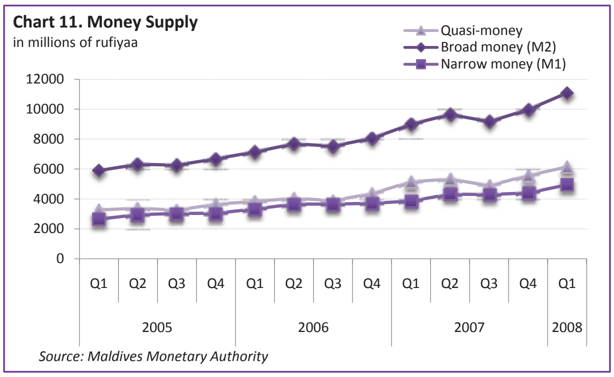


Chart 11. Money Supply
in millions of rufiyaa
Source: Maldives Monetary Authority

M2 was driven by increase in quasi money, reflecting the increase in demand deposits denominated in foreign currency (chart 12) as the country enjoyed an exceptionally good tourist season while the second major component, narrow money also contributed to the growth in M2.

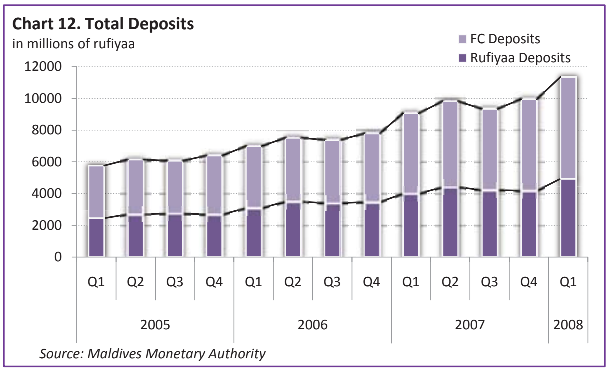


Chart 12. Total Deposits
in millions of rufiyaa
Source: Maldives Monetary Authority

Narrow money or M1, which tracks the economic activities expanded rapidly, by 12 percent at the end of the review quarter compared to the previous quarter which followed only a 2 percent increase. This was largely due to a 15 percent increase in demand deposits (contributing 75 percent to M1) and an 8 percent increase in currency in circulation (contributing 25 percent to M1). Similarly, the annual growth of M1 increased by 28 percent or Rf1,092.7 million at the end of the review quarter compared to 19 percent or Rf697.5 million during the previous quarter, reflecting 30 percent and 26 percent increase in demand deposits and currency in circulation respectively.

Quasi money, which forms 55 percent of M2 increased by 10 percent (from Rf5,567.3 million at the end of December 2007 to Rf6,138.3 million at the end of March 2008) following a 14 percent growth during the previous quarter. Similarly, the annual growth of quasi money recorded a slow growth rate compared to the previous quarter from 28 percent to 19 percent during the review quarter. This is strongly linked to the economic expansion, which lead to higher imports of goods and services, contributing to the slowdown in the growth rate of foreign currency deposits.

4.1.3 Counterparts of Monetary growth

Net Foreign Assets of the banking system, (chart 13) after showing signs of improvement during the fourth quarter of 2007, deteriorated during the first quarter of 2008. At the end of the review quarter, NFA of the banking system which has been on a net liability position since the beginning of the third quarter of 2007, deteriorated by 19 percent or by

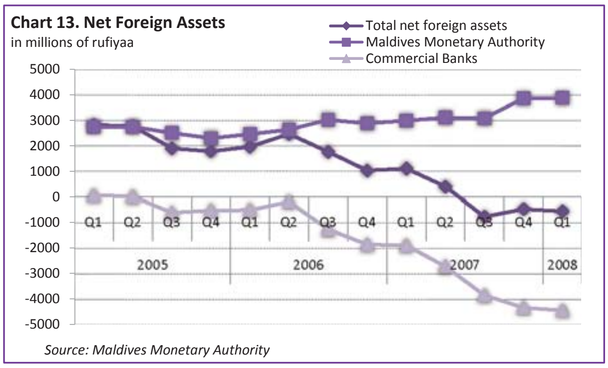


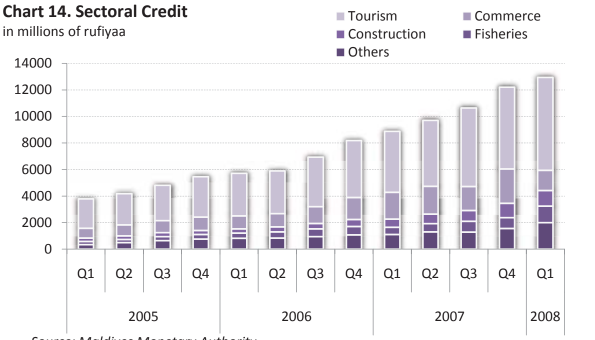
Chart 13. Net Foreign Assets
in millions of rufiyaa
Source: Maldives Monetary Authority

Rf88.8 million to total Rf547.1 million. This is in contrast to the improvement in NFA by 39 percent during the previous quarter resulting from an increase in the net foreign assets of MMA. Similarly, on annual terms the NFA declined by Rf1,659.8 million at the end of March 2008 compared to the decline of Rf1,489.9 million at the end of December 2007. This deterioration was mainly due to the deceleration of commercial banks NFA which fell by Rf106.9 million during the review quarter and by Rf2,555.1 million a year ago, resulting from the increase in foreign liabilities of commercial banks which grew by 5 percent quarterly and by 82 percent on annual basis. As in the past, the expansion in foreign liabilities largely reflected borrowings made by the commercial banks from banks abroad, especially from their head offices, to meet the strong credit demand in the domestic economy. Meanwhile, the NFA of MMA recorded an annual increase of 30 percent reflecting the increase in foreign assets. However, on a quarterly basis NFA of MMA remained unchanged.

Given the heightened economic activities in the country, credit to the domestic economy expanded during the review quarter. As such domestic credit increased to record Rf15,168.4 million at the end of March 2008, registering a quarterly growth of 10 percent while the annual growth rate stood at more or less the same rate as in the fourth quarter of 2007, at 45 percent. As regard to credit extended to private sector, which totaled Rf12,957.6 million (85 percent of total domestic credit), showed a deceleration in the growth rate from 15 percent in the previous quarter to 6 percent during the review quarter. Likewise, the year-on-year growth rate decelerated from 49 percent to 46 percent during the review period. In contrast, credit extended to the public sector (15 percent of the total domestic credit) escalated to 38 percent in March 2008 from a negative growth of 20 percent at the end of December 2007 while on annual basis such credit registered an increase of 41 percent in the review period compared to 21 percent growth in the previous quarter. The quarterly increase in public sector credit reflected a rise in net credit to the government (accounting 47 percent of the public sector credit) due to substantial deterioration of fiscal accounts during the year resulting from the large revenue shortfall, concurrent with the rise in government expenditure during the review quarter. Nevertheless, domestic credit to public enterprises, which comprises 53 percent of public sector, registered an increase of 14 percent quarterly and over 100 percent annually.

Commercial banks' lending to the private sector (chart 14) continued to concentrate on tourism sector (accounts for 54 percent) and as at the end of March 2008, the stock of outstanding credit to the tourism sector totalled Rf7,009.5 million, registering an annual growth of 52 percent following a 43 percent growth at the end of December 2007. On a quarterly basis, credit to the sector grew by 14 percent during the review quarter compared to 4 percent growth during the previous quarter. Of the important sectors of the economy, commerce sector received 12 percent of the total credit, while fisheries and construction sectors received 10 percent and 9 percent of the total credit respectively. Credit to fisheries sector recorded a robust growth of 54 percent quarterly and by over 100 percent annually, this is due to the soft loans being issued under Fisheries Development Project, of Fisheries Ministry, aimed at people engaged in fisheries activities who hold small and medium sized businesses. Credit to commerce sector declined significantly by 42 percent quarterly and 26 percent annually. Meanwhile

Chart 14. Sectoral Credit
in millions of rufiyaa



Source: Maldives Monetary Authority

credit extended to construction sector increased by 9 percent on a quarterly basis and 92 percent on annual basis, of which 84 percent of loans are allocated to residential housing construction.

4.2 Activities of non-bank financial institutions

Non-banking financial institutions in the country consists of a Housing Development Finance Corporation Ltd. (HDFC), a Maldives Finance Leasing Company Pvt. Ltd. (MFLC), two general insurance companies namely; Allied Insurance Company and Sri Lankan Insurance Corporation, three insurance agents, two insurance brokers, five money transfer companies and several microfinance schemes carried out by government departments and donor agencies.

MFLC, providing a wide range of medium term finance leases to small as well as large business enterprises, continued to cater for the strong credit demand in the economy. At the end of March 2008, the company had a total outstanding lease of Rf347.7 million, which is an increase of 11 percent against the fourth quarter of 2007 and 34 percent higher than the corresponding quarter of previous year. Among the total outstanding leases, 59 percent was extended to the transport sector while there has been a significant improvement in providing finance for construction sector, accounting for 15 percent of the total outstanding leases. Meanwhile, 12 percent of the leases was extended to fisheries sector and 11 percent to tourism sector.

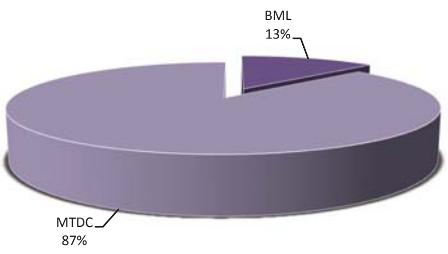
The HDFC provides affordable long term finance to increase the housing stock and home ownership in Maldives. At the end of March 2008, the company had total outstanding loans of Rf171.5 million which is a deceleration of 3 percent against the fourth quarter of 2007 and 12 percent reduction on annual terms. HDFC has stopped providing additional loans temporarily since July 2006. Meanwhile, privatisation of the company is in progress.

4.3 Capital Market

According to statistics of the Maldives Stock Exchange (MSE), the stock market performance during the review quarter concluded with a record high number of trading activities. The total trading turnover for the first quarter of 2008 was Rf12.9 million reflecting an increase of 78 percent over the preceding quarter's turnover of Rf7.2 million. Among the market participants Maldives Tourism Development

Corporation (MTDC) accounted for the largest share of the trading turnover, 87 percent, followed by Bank of Maldives Plc (BML) 13 percent (Chart 15). Consequently, the average daily trading turnover during

Chart 15. Securities Trading Floor Turnover, 2008-Qtr1



Source: Capital Market Development Authority

the review quarter was Rf214.3 thousand compared to an average trading turnover of Rf134.1 thousand in the previous quarter.

The total volume of shares traded during the quarter amounted to 59,691, registering a quarterly increase of 26,237 while 59,556 shares were recorded annually. Among the shares traded, MTDC contributed 52,930 shares (89 percent) followed by BML 6,702 shares (11 percent) while STO accounted for 55 shares and MTCC only 4 shares.

Compared to the previous quarter, the weighted average traded price (WATP) of all the companies declined slightly in the review quarter. Among the market participants, MTCC accounted for the largest decline in its WATP, from Rf307 to Rf200. Likewise, WATP of STO declined from Rf689 to Rf618. However, WATP of BML increased from Rf237 to Rf247 and MTDC from Rf210 to Rf211. Meanwhile, the market capitalisation as at the end of March 2008 totalled at Rf2,168.0 million declining further by 19 percent compared to a 4 percent fall during the previous quarter. A breakdown of market capitalisation showed that BML, MTDC, STO and MTCC accounted for 50 percent, 25 percent, 23 percent and 2 percent, respectively.

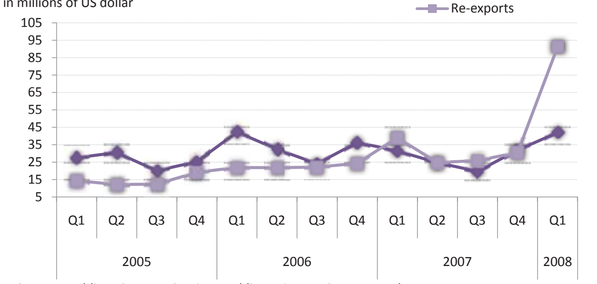
5. External Sector Developments

5.1 International Trade

According to trade statistics the value of merchandise exports (f.o.b) amounted to US$133.4 million during the first quarter reflecting an increase of 113 percent compared to the previous quarter and an increase 89 percent compared to the corresponding quarter in 2007. The significant rise in merchandise exports was primarily on account of the substantial growth in re-exports (68 percent of merchandise exports) during the review quarter which was influenced by the re-export of a heavy duty transport vehicle that was imported in February 2008. Meanwhile, sale of jet fuel which normally accounts for the major share of re-exports accounted for 43 percent of re-exports during the review quarter and rose markedly during the quarter boosted by buoyant growth in the tourism sector.

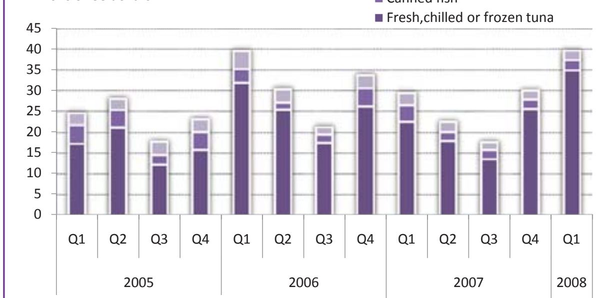
Domestic exports earnings which accounted for 32 percent of merchandise exports during the review quarter constituted mainly of marine exports (99 percent) and rose to US$42.1 million in the first quarter. This reflects a growth of US$10.2 million or 32 percent against the previous quarter and a growth of 10.5 million or 33 percent compared to the corresponding quarter of 2007. The main contributor to marine exports was fish exports (excluding live fish) accounting for 98 percent of total marine exports and increased by 33 percent when compared to the previous quarter and by 34 percent when compared to the corresponding quarter of 2007. Of the fish exports, the main contributor was frozen tuna accounting for 86 percent of total fish exports earnings and such exports registered a quarterly growth of 37 percent and an annual growth of 55 percent. Canned tuna was the second largest contributor to fish exports and was followed by dried fish which together comprised 12 percent of the total fish export revenue. Both quantity and earnings of canned tuna exports fell annually although earnings from such exports recorded a gain on quarterly terms. Meanwhile, both the quantity and earnings of dried fish exports increased on quarterly terms while on annual terms such exports declined.

Chart 16. Merchandise Exports
in millions of US dollar



Source: Maldives Customs Service, Maldives Airports Company Ltd

Chart 17. Major Fish Exports
in millions of US dollars



Source: Maldives Customs Service

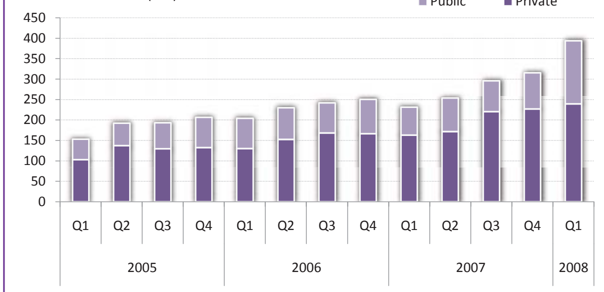
Value of merchandise imports (c.i.f) totaled US$393.7 million during the first quarter of 2008 registering a quarterly growth of 25 percent compared to the previous quarter and a growth of 70 percent compared to the same period last year. The surge in merchandise imports during the period largely reflects the increase in import of intermediate and capital goods[1]. In terms of sector[2], approximately 61 percent were imported by the private sector, with imports by the tourism sector constituting 30 percent of private sector imports. Total private sector imports grew by 6 percent or US$12.6 million on quarterly terms to record US$239.6 million in the first quarter of 2008. On an annual basis, however, both private sector and tourism imports increased by 45 percent and 50 percent, respectively.

Meanwhile, imports by the public sector registered a growth rate of 75 percent to record US$154.0 million in the review quarter. Of the public sector imports, the value of imports by public enterprises stood at US$88.3 million compared to US$73.0 million in the preceding quarter and US$60.4 million in the cor-

1 The increase in Intermediate and Capital Goods was due to the import of a heavy duty transport vehicle by the public sector in February 2008 for a tsunami reconstruction project which was re-exported in the following month.

2 Sectoral breakdowns are made on the basis of 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 imports of these items would have been classified in 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.

Chart 18. Imports by Sectors
in millions of US dollar (c.i.f)

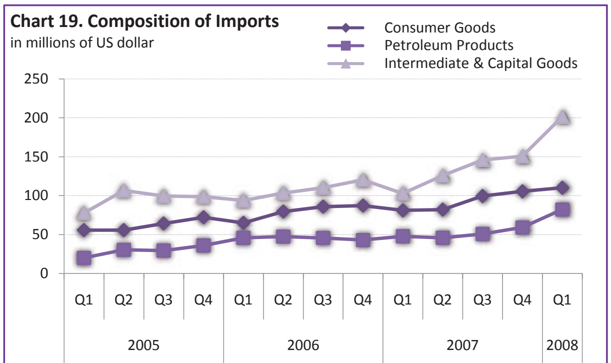


Source: Maldives Customs Service

responding quarter of 2007. These reflected a 21 percent increase quarterly and a 46 percent increase when compared to annually. Total government imports in the review quarter amounted to US$65.7 million compared to US$15.1 million in the previous quarter and US$7.9 million in the same period a year ago. (Refer to foot note 2)

In terms of composition, consumer goods (accounting for 28 percent of the total) increased by 4 percent during the review quarter and by 36 percent against the corresponding quarter of 2007. Petroleum products increased by US$23.2 million during the review quarter which is a 39 percent increase from the previous quarter. Meanwhile, intermediate

Chart 19. Composition of Imports
in millions of US dollar



Source: Maldives Customs Service

and capital goods (51 percent of total imports) registered an increase of 34 percent in the review quarter and 96 percent against the corresponding quarter of 2007. This was mainly due to the surge in construction related imports and imports of intermediate and capital goods.

5.1.1 Direction of Trade

Imports to Maldives were mainly from Asia which represented 62 percent of total imports and increased by 20 percent in the review quarter. Of the Asian countries, Singapore bears the largest share accounting for 19 percent of total imports followed by Sri Lanka with 17 percent. Imports from Middle East continued to grow and such imports accounted for 20 percent of total imports, with U.A.E as the

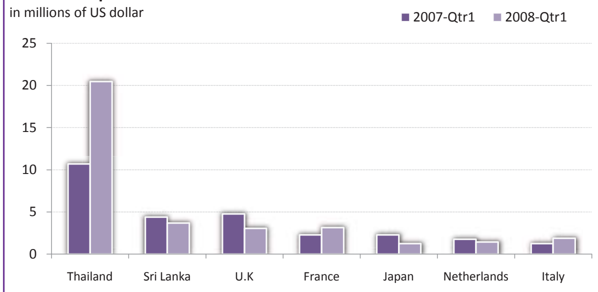
Chart 20. Imports - Direction of Trade
in millions of US dollar

Source: Maldives Customs Service

major trading partner from this region. Meanwhile, imports from the E.U region accounted for 10 percent of the total imports. Of the total European imports, Germany accounted for 25 percent followed by Italy (10 percent) and UK (9 percent).

The major exporting destination continued to be Asia with 63 percent of total exports to this region followed by Europe with 29 percent. Of the Asian countries, exports to Thailand (48.7 percent of total exports) increased by 26 percent in the review quar-

Chart 21. Exports - Direction of Trade
in millions of US dollar



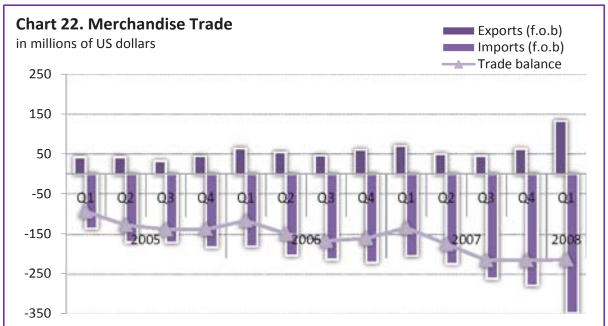
Source: Maldives Customs Service

ter while exports to Sri Lanka (9 percent) grew by 3 percent. Of the European countries, UK accounted for 25 percent of exports to the region, while France and Italy accounted for 26 percent and 22 percent respectively.

5.2 Balance of Trade

The trade balance continues to be in deficit and totaled US$213.1 million at the end of the first quarter of 2008. This was as a result of higher growth in imports though exports also grew considerably during the period.

Chart 22. Merchandise Trade
in millions of US dollars

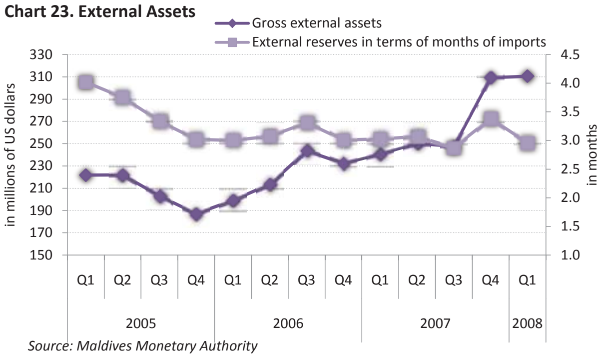


Source: Maldives Customs Service; Maldives Monetary Authority

5.3 External Assets

Net foreign assets of the banking system continued to be negative during the review quarter as well. The NFA of the banking system amounted a negative US$42.7 million. This was a deterioration of US$6.9 million when compared to the previous quarter. This negative trend in NFA was mainly due to the continuous increase in foreign liabilities of commercial banks. Foreign liabilities of commercial banks increased by 5 percent to record US$441.9 million at the end of the review quarter, increasing by 82 percent against the corresponding quarter of 2007 which recorded US$242.6 million. This reflects the continuous borrowings by banks from their head offices to cater for the high demand for credit in the country. Foreign assets of MMA meanwhile, increased slightly by US$1.4 million at the end of the review quarter with the improvement in the tourism sector. As a result, gross international reserves increased from US$309.1 million in the previous quarter to US$310.5 million at the end of the review quarter. Though gross reserves increased slightly, reserves in terms of import cover declined to 3.0 months from 3.4 months in the previous quarter.

Chart 23. External Assets



Source: Maldives Monetary Authority

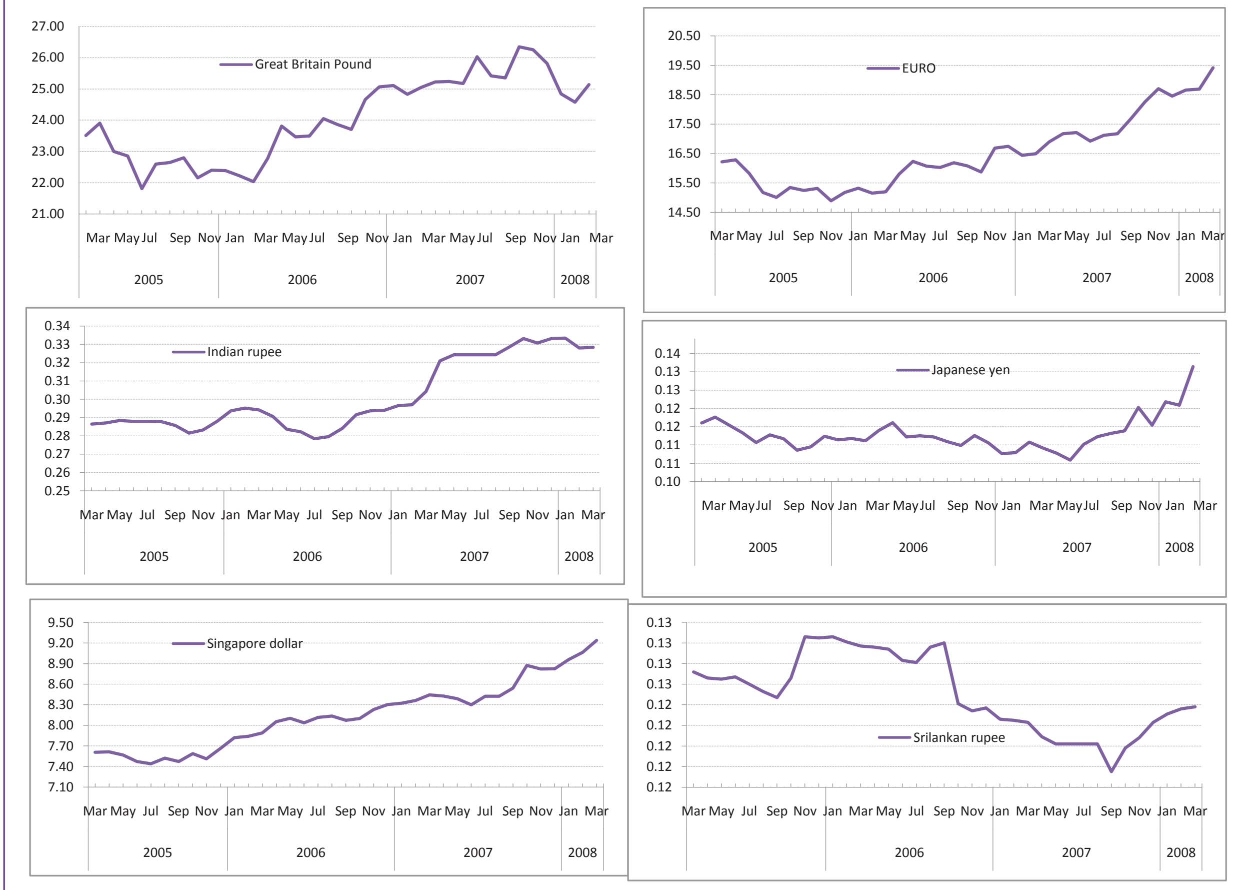
5.4 Exchange Rate

The rufiyaa which has been pegged to the U.S. dollar remained unchanged since the 9 percent devaluation in July 2001, with buying and selling rates remaining at 12.75 and 12.85 respectively.

With the continued weakening of U.S. dollar, the rufiyaa depreciated against all major currencies of trading partners during the review quarter. The rufiyaa depreciated mostly against the Japanese yen, by 13 percent and by 5 percent against both the Singapore dollar and the euro. During the quarter the rufiyaa also depreciated by 1 percent against the Sri Lankan rupee. However, the rufiyaa appreciated against the Sterling pound and Indian rupee by 3 percent and by 1 percent respectively, during the review quarter.

When compared to the first quarter of 2007, the rufiyaa depreciated by 18 percent against the Japanese yen, by 15 percent against the euro and by 9 percent against the Singapore dollar. The rufiyaa depreciated against the Indian rupee and Sri Lankan rupee by 3 percent and by 1 percent respectively. The rufiyaa remained more or less the same against the Sterling pound when compared to the corresponding quarter of 2007.

Chart 24. Exchange Rate of Rufiyaa per Foreign Currency



Source: Maldives Monetary Authority

FEATURE ARTICLE

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Expatriate Labour Force and Remittance Outflows

1. Introduction

The expatriates in the Maldives prior to the 1970s have mostly been teachers from the neighbouring countries especially from Sri Lanka. During the 1970s, with the inception of the tourism industry and later with the opening of garment factories and the fish cannery, expatriates started to flow in. While the country has been depending on the expatriate labour since then, it was in the mid 1990s that the country started to receiving large inflows of expatriate workers. This development was mainly connected with the expansion of the tourism industry and the associated sectors such as construction and commerce and the fact that the Maldives has been unable to meet the growing demand for both skilled and unskilled workers in spite of the increase in the number of school leavers and graduates entering into the labour market. Moreover, in the domestic labour market, a large number of the working age group has less desire to be employed in unskilled employment as a result of which the demand for such jobs can only be met by foreign workers. In particular the services sectors in the economy are suffering from a shortage of local labour.

More recently the dependency on foreign workers has increased due to the governments' policy to expand the tourism sector with the awarding of over 65 new resorts/hotels since 2004. In addition, construction activities expanded immensely in the aftermath of the Asian tsunami which struck the country in December 2004 with the reconstruction and rebuilding of housing and infrastructure. According to official numbers from the Ministry of Higher Education, Employment and Social Security total expatriate labour amounted to 70,075 as at the end of 2007. In terms of employment in certain economic sectors, fisheries and tourism sectors (about 40 percent of GDP) accounted for 20 percent of total expatriate employment of the country.

This paper briefly analyses the expatriate labour force in the Maldives and the remittances repatriated by the workers. Section 2 pays attention to the expatriate employment by nationality and industry. Although the number of expatriate workers in the country are mostly accurate, the amount of remittance repatriated by these workers cannot be fully accounted for. Very little information is available on how much is sent, which transfer channels are used and how much is paid for transfer fees. In order to get a better understanding of these issues, the paper analyses three different sources which contain information on remittances by expatriate workers. These sources are the balance of payments statistics, remittances made through specialised money transfer agencies and a survey conducted by the MMA. Although all three sources give different information, the information as such can be seen as complementary. The findings of the analyses of the three different sources are discussed separately in the sections 3, 4 and 5. Section 6 draws the main conclusions from the analyses.

Table 1. Maldives: Expatriate Labor Force by Nationality, 2000-2007

(In number of persons)

	2000	2001	2002	2003	2004	2005	2006	2007
Total	**27,705**	**29,201**	**30,664**	**33,765**	**38,413**	**44,845**	**53,901**	**70,075**
Africa	58	90	78	70	261	125	137	156
North America	104	86	102	118	155	134	139	178
Asia	26,441	27,922	29,286	32,327	36,741	43,331	52,350	68,438
Bangladesh	5,401	5,466	5,792	6,279	9,337	13,537	20,414	29,409
India	11,686	12,872	13,871	15,624	16,657	19,430	20,582	23,496
Sri Lanka	7,898	8,016	8,343	8,796	8,320	7,430	7,517	8,728
Nepal	436	440	411	438	802	934	1,450	2,514
Philippines	160	149	142	170	207	342	462	1,011
Other	860	979	727	1,020	1,418	1,658	1,925	3,280
Europe	1,052	1,036	1,111	1,160	1,150	1,132	1,140	1,187
Oceania	50	67	87	90	106	123	135	116

Source: Ministry of Higher Education, Employment and Social Security

2. Expatriate Employment in the Maldives

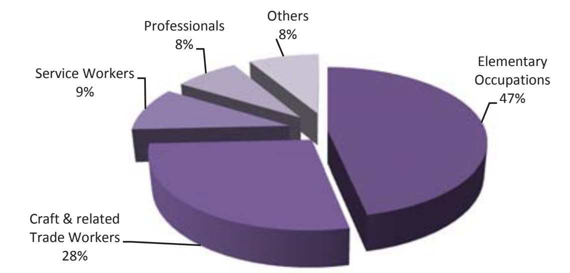
Number of expatriate workers

While almost 98 percent of the total expatriate labour force in the Maldives comes from Asian countries, 1.7 percent comes from Europe. Of the Asian expatriate population about 90 percent are from the neighbouring countries of Bangladesh, India and Sri Lanka. Migrant workers from Bangladesh and India together account for more than 75 percent of the total while Sri Lankan workers account for more than 12 percent (Table 1). During the 1990s Sri Lanka was the major provider of workers contributing over 49 percent of the total expatriate labour force. India took over its place in 1999 and since then Indian workers increased significantly. In 2007 Bangladesh accounted for the largest part of expatriate workers. As at the end of 2007, there were 29,409 expatriate workers from Bangladesh residing in the Maldives, while Indians totalled 23,496 and Sri Lankans 8,728. Other expatriate workers mainly come from Nepal and the Philippines. Compared to Bangladesh, India and Sri Lanka, their number is relatively small but increasing rapidly.

Types of Employment

The expatriate labour force ranges from low-paid unskilled workers doing construction and cleaning to highly paid experts in various professional and business fields. As illustrated in Chart 1 almost half of the expatriate labour force consists of unskilled workers engaged in elementary occupations such as cleaners, messengers, and labourers. The second largest group, namely craft & related trade workers (occupations which require experience of skilled trades and handicrafts such as carpenters, welders electricians and tailors) account for more than a quarter of the total expatriate labour force. The remaining is roughly equally spread among service workers (housekeepers, cooks, waiters, life guards,

Chart 1. Expatriate Labor Force by Occupation, 2007

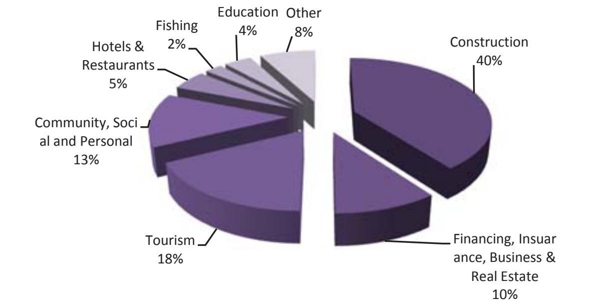


Source: Minsitry of Higher Education Employment & Social Security

sales persons and beauticians), professionals and others.

Sector wise, 40 percent of expatriate workers are engaged in construction activities, while 18 percent of the workforce is in the tourism sector and 13 percent in other community, social work and personal services (see chart 2).

Chart 2. Expatriate Labor Force by Industry, 2007



Source: Minsitry of Higher Education Employment & Social Secutiry

Of the Asian expatriates about 41 percent or 27,879 workers are engaged in the construction sector while more than 16 percent or 11,210 expatriates work in the tourism sector. Of the European expatriate labour force, 79 percent or 941 workers are engaged in the tourism sector followed by 4 percent or 46 workers in construction activities.

3. Outflow of Remittances

Remittances are a portion of the earnings an expatriate sends to their home country. As already mentioned in the previous section, unskilled workers account for almost half of the expatriate labour force in the Maldives. In many cases the main objective of these workers is to earn money and send their savings back to their families in their home countries. The savings and repatriated money is particularly high for those working in the resorts and households who are provided with food and accommodation by the employer. Compared to unskilled workers, the money sent by more skilled workers is lower but not insignificant. It can reasonably be assumed that the total amount of remittances of unskilled and skilled foreign workers in the Maldives increased substantially in line with the increase of the number of expatriate workers. However, exact data on the total transfers made by expatriate workers are not available. In order to get an impression of, among other things, the magnitude of the amounts transferred and the channels through which the transfers take place, the following sections analyses three different sources which give some information on remittances. These sources are:

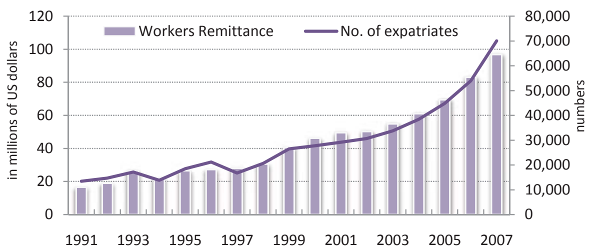
- The balance of payments statistics;
- Specialized money transfer agencies;
- A survey conducted by the MMA.

Balance of Payments Statistics

Balance of Payments (BOP) is a statistical payment that systematically summarises, economic transactions of an economy with the rest of the world for a specific time period BOP records in the Maldives are compiled in accordance with the guidelines in the International Monetary Fund's Balance of Payments Manual, 5th Edition (BPM5), 1993.

The data on money transfers in the BOP statistics are under the 'current transfers' item. It is an estimated figure based on the number of expatriates in various occupations multiplied by an estimated payment by person. Chart 3 below illustrates graphically the behaviour of these remittances over the period 1991-2007.

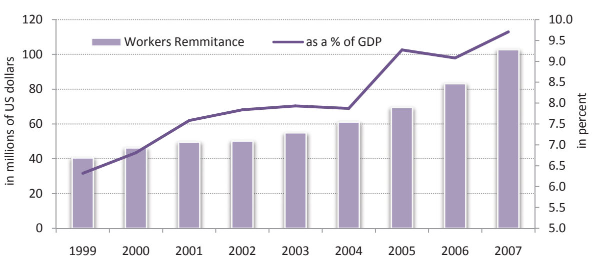
Chart 3. Workers Remittance and Expatriate Labour Force 1991-2007



Source: Maldives Monetary Authority & Ministry of Higher Education and Social Security

During the 1980s the average remittance outflow of the country was estimated to amount to US$3.5 million. In the 1990s it had risen to US$24.4 million and in the period 2000-2003 to US$50.2 million. As mentioned earlier, from 2004 onwards, with the awarding of new resorts coupled with the tsunami reconstruction and rebuilding activities, the demand for expatriate workers increased substantially. Consequently, the remittance transfers increased steeply to US$102.7 million in 2007 from US$83.2 million in 2006. It is estimated that the labour force will increase further by 12 percent in 2008 which implies

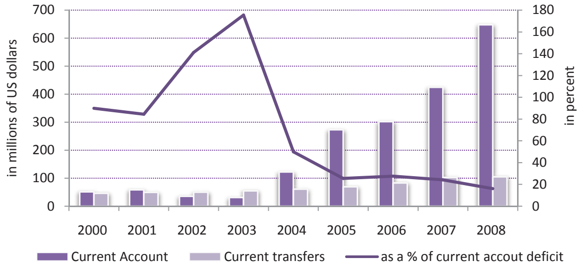
Chart 4. Workers Remittance 1999 - 2007



Source: Maldives Monetary Authority

that transfers out of the country by these workers may increase to over US$105.1 million (over 8 percent of GDP).

Chart 5. Balance of Payments - Current Account & Current Transfers (Debit), 2000 -2008



Source: Maldives Monetary Authority

Specialized money transfer agencies

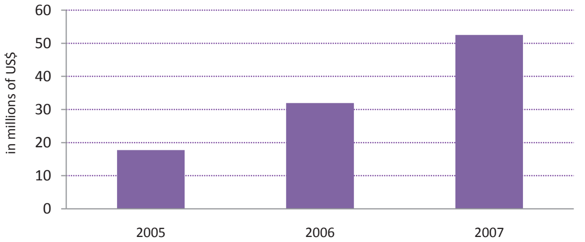
This part of the paper analyses the remittance outflows transferred through specialised agencies for money transfer businesses in the Maldives.

At present, there are only three local companies operating as agents of international money transfer companies in the Maldives. These are Villa Group, the authorised agent for Western Union, Relax Travels and Tours Ltd. for XpressMoney services and Maldives Post Office Ltd for both MoneyGram International and Xpress Money services. Western Union commenced its services in 2002 while Xpress Money and Moneygram International services became operational in 2004. The services of these companies are mainly targeted towards the expatriates in the country who utilise their services to transfer money to their home countries. A complicating factor is, however, that the data on money transfers through the agencies do not make a distinction between expatriates and Maldivians sending money. As a result, the data for expatriate worker transfers are 'overestimated'. Nevertheless, it can reasonably be assumed that the transfers are mainly made by the expatriate community in the country. Therefore, the data give (although not exactly) an indication of how much money is transferred through the money transfer agencies. It also should be noted that the data in the following paragraph show that the total amount transferred through the agencies is significantly lower than the amount for remittances derived from the BOP statistics. The 'discrepancy' can be explained by the fact that the BOP statistics also take other channels of money transfers into account, notably the banking system and cash money delivered to relatives in the home country during visits by workers, friends or relatives.

During 2007 total remittances made through money transfer agencies totalled US$53.2 million (51 percent of total estimated remittance outflows registered through the BOP). This compares with outflows of US$32.0 million in 2006 and US$18.0 million in 2005. The amount of US$52.5 million in 2007 reflects 136,217 transactions, which means that each transaction involved an average amount of US$385. Of the money transfer agencies the most widely used is Western Union. This might be due to the fact that Western Union has been in service since 2002 (the other agencies were established later) and international access to the agency is easy as they have branches world wide.

Chart 6 shows the developments of money transfers through the three agencies in the period 2005-2007.

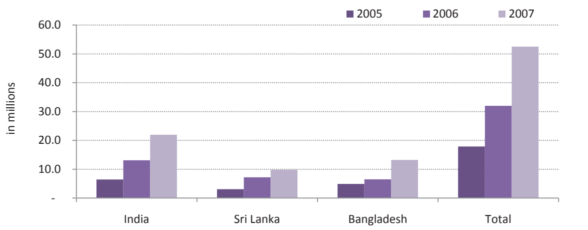
Chart 6. Outward Remittances - Money Transfer Agencies, 2005-2007



Source: Villa Travels and Tours Ltd, Relax Travel and Tours Ltd. and Maldives Post Ltd.

As can be expected, remittance outflows follow a similar trend as the expatriate labour force in the Maldives with over 85 percent of transfers going to India, Bangladesh and Sri Lanka. Of the total outflows, India ranks as the top recipient country contributing to over 42 percent of the total, followed by Bangladesh (25 percent) and Sri Lanka (19 percent). The amounts involved are US$21.9 million for India, US$13.2 million for Bangladesh and US$9.8 million for Sri Lanka. Chart 7 depicts the overview of the major recipients of money transfer.

Chart 7. Money Transfer Outflows - Major Recipient Countries



Source: Villa Travels and Tours, Relax Travel and Tours and Maldives Post Ltd.

Survey conducted by the MMA

To identify the channels, amounts, frequency and transfer costs of remittances sent by expatriates in Maldives, a one day random sample survey was conducted in certain locations of Male' on 1st February 2008. The survey included 436 expatriates (410 males and 26 females) from various countries and at varying groups of occupations. The survey was carried out by personal interviews using a questionnaire. However, due to the selectiveness in choosing the sample population from certain locations of Male' there might be certain limitations in addressing the different groups of occupations and hence, the findings are to be interpreted within such limitations.

Table 2. Sample Size of Remitters by Country and Occupation

Country / Occupation	Legislators, senior officials and managers	Professionals	Technicians and associate professionals	Clerks	Service Workers and shop and market sales workers	Crafts related trades workers	Plant and Machine operators	Elementary Occupations	Total
Bangladesh			5	4	39	16	6	173	**243**
India		14	20	1	16	16	10	76	**153**
Sri Lanka	2		1		2	1		20	**26**
Nepal					4			8	**12**
Canada		1							**1**
Vietnam								1	**1**
Total									**436**

Transfer Channels

According to the survey findings about 92 percent of the expatriate working in the Maldives uses formal channels to transfer money home. Of this group 19 percent uses the banking system while 73 percent of the respondents transfer their money via specialised international agencies for money transfer services (see previous section). Some remittances are made through informal channels (8 percent) - cash delivered to relatives in the home country during visits by workers, friends or relatives.

Table 3. Channels of Money Transfer (in percent)

	Formal Channels		Informal Channels
	Commercial Banks	Money Transfer Agencies	Friends/ Relatives/Other
Bangladesh	0	90	10
India	43	54	3
Sri Lanka	62	35	4
Nepal	0	67	33
Canada	100	0	0
Vietnam	0	100	0
Total	**19**	**73**	**8**

When asked about the reasons for their choice of one channel over the other, most of the respondents indicated that they wanted a transfer mechanism that was fast, easy to use and cheap. Some were also concerned with the safety and the security of their funds. Of the respondents about 79 percent of money transfer service users reported that it was a fast and easy way to send money with low charges. 98 percent of these respondents reported that they use Western Union (65 percent of the total respondents) to transfer funds. Meanwhile, 30 percent of the bank users responded it was a secure way to transfer money. About 60 percent of the respondents who use informal channels to transfer funds (being carried personally or by hand through relatives or friends travelling) reported that it was an easy way to deliver funds without any charge.

Amount and Frequency of Transfers

All those who were surveyed had personally sent remittances in the past six months and more than 65 percent had sent funds on an average of once a month or once in every three months. The amounts transferred vary from US$40 for some respondents to as high as US$1000 for others. An examination of amounts transferred reveals a skewed distribution with a few large outliers or large sums of money. As a result, average transfers are higher than median transfers. The mean remittance by the respondents was US$225, while the median figure was US$150. In other words, half of all those sampled transferred an amount of US$150 or less. This might also be due to the fact that 68 percent of the respondents indicated that their salary was US$150 or lower. The upper outlier or the largest amounts transferred was US$1000. The respondents usually transferring such large amounts do so, on average, once in every three or four months.

When asked on how much the respondents spent on transfer fees, 24 percent of the interviewees said that the transfer fees they paid were US$5 or less, while 66 percent revealed that they spent a fee in between US$5 and US$10.

4. Conclusion

In the last few years, especially after the 2004 Asian tsunami, expatriate inflows have increased significantly to the Maldives. Similarly the transfers repatriated by expatriates were in line with the increase of the number of expatriates.

The BOP statistics show that in 2007 remittances amounted to US$96.5 million. Most of this amount is transferred to India, Bangladesh and Sri Lanka, the three countries where most of the expatriate workers are coming from. The transfers are made through the banking system, money transfer agencies and other channels. According to data obtained from the specialised money transfer agencies, the total amount transferred through the agencies amounted to US$53.2 million in 2007 and the average amount sent home is US$385. Although part of it is money sent by Maldivians abroad, the conclusion can be drawn that the agencies are a major, if not the most important channel, through which money is sent back home by expatriate workers. Western Union is the most widely used agency for the money transfers. According to a sample survey conducted by the MMA, expatriate workers use money transfer agencies because they are fast, easy to use and cheap (relatively low fees compared to other transfer channels). Sending money through agencies is also considered safe and secure. In the sample, the amount transferred varied between US$40 and US$1000 with a mean of US$225.

STATISTICAL TABLES

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Table 1.Consumer Price Inflation - National, 2006 - March 2008 1/

(Index 2004 = 100)

	weights	2006	2007 Mar	2007 Jun	2007 Sep	2007 Dec	2008 Mar
Food and non- alcoholic beverages	33.3	4.7	5.6	6.5	9.9	16.0	18.5
Fish	*4.6*	*-6.7*	*1.7*	*14.0*	*31.0*	*58.9*	*57.2*
Other Food	*25.7*	*6.8*	*6.4*	*5.6*	*7.1*	*10.7*	*13.6*
Non-alcoholic beverages	*3.0*	*1.7*	*3.4*	*5.3*	*7.8*	*10.8*	*12.1*
Tobacco and narocotics	2.8	7.0	6.2	4.5	3.1	2.3	2.6
Clothing & footwear	6.0	0.7	1.0	1.6	3.0	3.9	4.8
Housing, water, electricity, gas & other fuels	19.5	4.8	4.6	4.2	3.5	4.2	5.1
Furnishing, household equipments & routine maintenance of	5.3	4.4	5.4	6.7	7.2	5.6	5.1
Health	5.4	10.0	10.4	10.3	9.2	7.2	9.2
Transport	5.1	6.2	4.1	3.1	2.9	2.8	6.2
Communication	5.8	-7.7	-6.3	-7.9	-8.8	-8.9	-9.5
Recreation & culture	4.9	-2.8	-1.3	-0.4	-0.4	-1.5	-2.3
Education	3.2	2.3	3.5	4.3	4.0	4.3	1.9
Hotels, cafes & restaurants	0.8	6.4	9.4	12.9	15.6	16.7	15.1
Miscellaneous goods & services	7.9	0.4	1.0	2.1	3.9	4.3	4.7
Religion	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total CPI	**100.0**	**3.5**	**3.9**	**4.2**	**5.3**	**7.4**	**8.8**
Total Index excluding fish	-	3.9	4.0	3.8	4.2	5.4	6.8
Total Index, excluding food	-	2.8	3.0	3.0	2.9	2.9	3.6

1/ CPI - Male' data not available prior to June 2004.

Source: Ministry of Planning and National Development

Table 2.Consumer Price Inflation - Atolls, 2006 - March 2008 1/

(Index 2004 = 100)

	weights	2006	2007 Mar	2007 Jun	2007 Sep	2007 Dec	2008 Mar
Food and non-alcoholic bevarages	19.9	4.9	5.6	6.3	9.3	15.9	18.6
Fish	*2.1*	*-9.4*	*0.1*	*14.3*	*33.9*	*70.8*	*69.5*
Other Food	*15.9*	*6.9*	*6.5*	*5.7*	*6.9*	*11.0*	*13.9*
Non-alcoholic beverages	*1.9*	*1.9*	*3.5*	*4.9*	*7.1*	*10.2*	*12.0*
Tobacco and narcotics	1.8	8.2	7.7	5.9	4.1	2.9	3.1
Clothing and footwear	3.5	0.7	2.3	3.6	5.8	8.2	8.2
Housing, water, electricity, gas and other fuel	7.2	8.4	7.9	6.8	5.5	4.8	4.4
Furnishing, household equipments & routine maintenance of	2.4	5.7	6.7	8.1	8.3	6.8	7.1
Health	2.7	6.0	4.0	3.9	2.5	1.8	4.3
Transport	2.1	7.9	4.8	2.1	1.2	0.0	2.5
Communications	2.0	-4.2	-4.8	-6.8	-8.7	-8.3	-6.7
Recreation and culture	2.8	-2.6	-2.1	-2.2	-2.2	-3.5	-3.2
Education	1.6	0.0	2.6	4.0	5.1	5.6	1.3
Miscellaneous goods and sevices	5.0	0.2	1.0	2.4	4.6	5.4	5.5
Atolls	**51.1**	**4.1**	**4.3**	**4.4**	**5.5**	**7.9**	**9.3**
Total Index, excluding fish	-	4.7	4.5	4.1	4.5	5.8	7.2
Total Index, excluding food	-	3.7	3.5	3.2	3.0	2.7	3.2

1/ CPI - Atolls data not available prior to June 2004. Data has been rebased on April 2007 (June 2004 = 100).

Source: Ministry of Planning and National Development

Table 3. Monetary Survey, 2005 - March 2008

(In millions of rufiyaa; end of period)

	2005	2006	2007	2007				2008
				Mar	Jun	Sep	Dec	Mar
Net foreign assets	**1,787.7**	**1,031.6**	**-458.3**	**1,112.7**	**406.4**	**-757.3**	**-458.3**	**-547.1**
Monetary Authorities (net)	**2,303.5**	**2,881.4**	**3,866.0**	**2,988.9**	**3,113.1**	**3,077.1**	**3,866.0**	**3,884.1**
Foreign assets	2,394.9	2,972.8	3,956.9	3,080.3	3,204.3	3,168.2	3,956.9	3,974.9
Foreign liabilities	-91.4	-91.4	-90.9	-91.4	-91.3	-91.1	-90.9	-90.8
Commercial banks (net)	**-515.8**	**-1,849.8**	**-4,324.3**	**-1,876.2**	**-2,706.7**	**-3,834.4**	**-4,324.3**	**-4,431.3**
Foreign assets	603.3	871.2	1,054.2	1,228.8	1,080.8	1,054.2	1,054.2	1,225.0
Foreign liabilities	-1,119.1	-2,721.0	-5,378.5	-3,105.0	-3,787.5	-4,888.6	-5,378.5	-5,656.2
Domestic assets (net)	**4,897.2**	**7,031.7**	**10,434.0**	**7,890.5**	**9,244.8**	**9,938.0**	**10,430.4**	**11,636.3**
Domestic credit	**6,911.4**	**9,509.1**	**13,820.2**	**10,468.8**	**11,891.1**	**12,662.0**	**13,820.2**	**15,168.4**
Public sector	1,430.9	1,317.5	1,600.5	1,564.8	2,166.8	2,006.4	1,600.5	2,210.8
Central govt. (net)	953.0	745.0	583.7	1,010.6	1,278.3	1,037.9	583.7	1,047.6
Gross claims on govt	1,630.5	1,934.7	2,361.4	2,523.5	2,980.2	2,811.7	2,361.4	2,873.2
Govt. deposits	-677.6	-1,189.7	-1,777.7	-1,513.0	-1,702.0	-1,773.8	-1,777.7	-1,825.6
Public enterprises	477.9	572.5	1,016.8	554.2	888.6	968.5	1,016.8	1,163.2
Private sector	5,480.5	8,191.7	12,219.8	8,904.1	9,724.3	10,655.6	12,219.8	12,957.6
Other items (net)	2,014.1	2,477.4	3,389.9	2,578.3	2,646.3	2,724.1	3,389.9	3,532.2
Broad money	**6,685.0**	**8,063.3**	**9,972.0**	**9,003.2**	**9,651.1**	**9,180.7**	**9,972.0**	**11,089.1**
Narrow money	3,033.3	3,707.2	4,404.7	3,858.1	4,326.2	4,299.2	4,404.7	4,950.8
Currency in circulation	883.2	1,067.8	1,141.6	977.9	1,049.5	1,102.3	1,141.6	1,228.3
Public ent. deposits (Rf)	44.3	14.7	41.8	37.6	58.1	23.7	41.8	33.6
Demand deposits	2,105.8	2,624.7	3,221.4	2,842.6	3,218.6	3,173.2	3,221.4	3,688.9
Quasi money	3,651.7	4,356.1	5,567.3	5,145.1	5,325.0	4,881.5	5,567.3	6,138.3
(Twelve month percentage change)								
Net foreign assets	-46.8	-42.3	-144.4	-43.3	-83.5	-142.8	-144.4	-149.2
Monetary Authorities (net)	-11.6	25.1	34.2	21.6	17.8	1.8	34.2	30.0
Commercial banks (net)	-168.1	258.7	133.8	277.8	1,443.8	206.0	133.8	136.2
Domestic credit	62.8	37.6	45.3	46.9	61.2	58.8	45.3	44.9
Public sector	104.9	-7.9	21.5	11.8	47.0	94.2	21.5	41.3
Central govt. (net)	108.9	-21.8	-21.6	5.0	13.6	76.1	-21.6	3.7
Private sector	54.5	49.5	49.2	55.4	64.8	53.5	49.2	45.5
Broad money	11.7	20.6	23.7	25.9	25.3	21.9	23.7	23.2
Narrow money	22.5	22.2	18.8	16.2	18.3	17.6	18.8	28.3
Currency in circulation	15.8	20.9	6.9	7.4	7.8	10.2	6.9	25.6
Memorandum items:								
Foreign currency deposits	3,441.2	4,031.9	5,304.8	4,766.2	4,966.3	4,641.3	5,304.8	5,872.7
Dollarization ratio 1/	51.5	50.0	53.2	52.9	51.5	50.6	53.2	53.0

1/ Foreign currency deposits (includes foreign currency deposits of commercial banks and MMA, excluding government and non-residence deposits) in percent of broad money.

Source: Maldives Monetary Authority

Table 4. Assets and Liabilities of Maldives Monetary Authority, 2005 - March 2008

(In millions of rufiyaa: end of period)

	2005	2006	2007	2007				2008
				Mar	Jun	Sep	Dec	Mar
Total assets	**4,222.4**	**4,810.5**	**6,038.2**	**5,040.6**	**5,603.5**	**5,412.2**	**6,038.2**	**5,830.7**
Foreign assets	2,394.9	2,972.8	3,956.9	3,080.3	3,204.3	3,168.2	3,956.9	3,974.9
Claims on government	1,617.7	1,604.3	1,821.1	1,720.7	2,152.9	1,959.5	1,821.1	1,562.0
Claims on PNFE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on commercial banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	209.8	233.4	260.2	239.6	246.2	284.4	260.2	293.8
Total liabilities	**4,222.4**	**4,810.5**	**6,038.2**	**5,040.6**	**5,603.5**	**5,412.2**	**6,038.2**	**5,830.7**
Reserve money	2,882.9	3,423.6	4,374.0	3,627.8	4,079.5	3,928.4	4,374.0	4,618.7
Currency outside banks	883.2	1,067.8	1,141.6	977.9	1,049.5	1,102.3	1,141.6	1,228.3
Currency with commercial banks	63.9	92.9	180.7	127.8	131.4	139.3	180.7	158.4
Public ent. deposits (Rf)	68.5	53.0	61.2	102.1	78.8	54.9	61.2	77.7
Local currency	44.3	14.7	41.8	37.6	58.1	23.7	41.8	33.6
Foreign currency	24.2	38.3	19.5	64.5	20.7	31.2	19.5	44.2
Banks' deposits	1,867.3	2,209.8	2,990.5	2,420.0	2,819.8	2,631.9	2,990.5	3,154.3
Foreign liabilities	91.4	91.4	90.9	91.4	91.3	91.1	90.9	90.8
Government deposits	174.4	504.4	733.2	552.7	623.2	651.8	733.2	436.3
Capital accounts	349.4	180.3	203.1	215.7	284.4	353.9	203.1	248.6
MMA certificates of deposit (CD's) 1/	313.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	410.8	611.0	636.9	553.0	525.1	387.0	636.9	436.4
(Twelve month percentage change)								
Reserve money	5.1	18.8	27.8	13.5	26.3	24.1	27.8	27.3
Currency outside banks	15.8	20.9	6.9	7.4	7.8	10.2	6.9	25.6
Banks' deposits	2.8	18.3	35.3	13.1	35.1	31.4	35.3	30.3
Government deposits	-59.6	189.2	45.4	8.4	14.4	-11.1	45.4	-21.1
MMA certificates of deposit (CD's)	-16.7	-	-	-	-	-	-	-
Memorandum items:								
Foreign assets of MMA, gross (U.S. dollar millions)	187.1	232.2	309.1	240.6	250.3	247.5	309.1	310.5
Foreign assets of MMA, net (U.S. dollar millions)	180.0	225.1	302.0	233.5	243.2	240.4	302.0	303.4
Exchange rate (Rufiyaa per U.S. dollar)	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8

1/ All the CD's issued matured on 2nd Oct, 2006. These were replaced with the issue of Treasury bills on 11th Sep, 2006.

Source: Maldives Monetary Authority

Table 5. Assets and Liabilities of Commercial Banks, 2005 - March 2008

(In millions of rufiyaa; end of period)

	2005	2006	2007	2007				2008
				Mar	Jun	Sep	Dec	Mar
Total assets	**9,045.5**	**12,724.6**	**18,569.9**	**14,522.2**	**16,136.8**	**17,080.4**	**18,569.9**	**20,474.9**
Reserves	2,173.3	2,433.7	3,250.6	2,563.3	2,987.0	2,779.1	3,250.6	3,324.2
Cash	63.9	92.9	180.7	127.8	131.4	139.3	180.7	158.4
Balance with MMA [1/]	1,802.1	2,262.1	2,991.3	2,356.9	2,776.9	2,561.1	2,991.3	3,087.1
Investment in securities	307.2	78.7	78.7	78.7	78.7	78.7	78.7	78.7
Foreign assets	603.3	871.2	1,054.2	1,228.8	1,080.8	1,054.2	1,054.2	1,225.0
Claims on public sector	490.7	902.9	1,557.1	1,357.0	1,715.9	1,820.7	1,557.1	2,474.4
Government	12.8	330.4	540.3	802.9	827.3	852.2	540.3	1,311.1
Public enterprises	477.9	572.5	1,016.8	554.2	888.6	968.5	1,016.8	1,163.2
Claims on private sector	5,480.5	8,191.7	12,219.8	8,904.1	9,724.3	10,655.6	12,219.8	12,957.6
Unclassified assets	297.7	325.2	488.2	469.0	628.8	770.8	488.2	493.7
Total liabilities	**9,045.5**	**12,724.6**	**18,569.9**	**14,522.2**	**16,136.8**	**17,080.4**	**18,569.9**	**20,474.9**
Demand deposits	4,694.0	5,453.1	6,848.9	6,202.3	6,673.0	6,379.7	6,848.9	7,748.8
Local currency	2,105.8	2,624.7	3,221.4	2,842.6	3,218.6	3,173.2	3,221.4	3,688.9
Foreign currency	2,588.2	2,828.4	3,627.6	3,359.7	3,454.4	3,206.5	3,627.6	4,059.8
Time and savings deposits	1,039.3	1,489.4	1,920.3	1,720.9	1,849.8	1,643.8	1,920.3	2,034.3
Local currency	210.5	324.2	262.5	378.9	358.6	240.2	262.5	265.6
Foreign currency	828.8	1,165.2	1,657.7	1,342.0	1,491.2	1,403.6	1,657.7	1,768.7
Foreign liabilities	1,119.1	2,721.0	5,378.5	3,105.0	3,787.5	4,888.7	5,378.5	5,656.2
Banks abroad	957.7	2,563.0	5,235.7	2,921.9	3,575.6	4,695.5	5,235.7	5,476.0
Nonresident's deposits	161.3	158.0	142.8	183.1	211.9	193.2	142.8	180.2
Government deposits	503.2	685.4	1,044.6	960.3	1,078.8	1,122.0	1,044.6	1,389.3
Capital account	1,098.5	1,656.9	2,468.3	1,804.3	1,984.6	2,347.0	2,468.3	2,611.9
Credit from MMA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	591.5	718.8	909.3	729.4	763.1	699.2	909.3	1,034.4
Memorandum items:								
Total deposits	6,397.7	7,785.9	9,956.6	9,066.6	9,813.5	9,338.7	9,956.6	11,352.6
Local currency	2,687.7	3,465.4	4,188.1	3,999.5	4,413.1	4,221.3	4,188.1	4,937.4
Foreign currency	3,710.1	4,320.5	5,768.5	5,067.2	5,400.4	5,117.4	5,768.5	6,415.2

1/ This includes required reserves and excess reserves held in MMA.

Source: Maldives Monetary Authority

Table 6. Commercial Banks Loans and Advances by Major Economic Sectors, 2005 - March 2008 1/

(In millions of rufiyaa; end of period)

	2005	2006	2007	2007				2008
				Mar	Jun	Sep	Dec	Mar
Total	**5,458.4**	**8,184.8**	**12,210.6**	**8,881.9**	**9,702.1**	**10,636.8**	**12,210.6**	**12,943.3**
Fishing	354.6	641.3	809.9	534.3	618.1	810.7	809.9	1,251.1
Tourism	3,048.1	4,297.9	6,158.0	4,599.8	4,972.4	5,914.0	6,158.0	7,009.5
Hotels and restaurant	324.1	386.3	392.4	359.6	415.8	443.8	392.4	391.7
Development of tourism	2,724.0	3,911.6	5,765.6	4,240.2	4,556.6	5,470.2	5,765.6	6,617.8
Agriculture	14.0	17.2	49.5	19.5	37.9	43.9	49.5	51.3
Construction	295.8	525.9	1,087.9	618.7	719.6	812.1	1,087.9	1,189.0
Housing	260.1	439.4	837.9	515.2	605.8	691.2	837.9	994.8
Others	35.7	86.5	250.1	103.4	113.8	120.9	250.1	194.2
Manufacturing	87.4	140.0	223.5	171.0	211.2	213.8	223.5	355.2
Commerce 2/	1,007.3	1,655.4	2,601.4	2,026.7	2,088.7	1,813.4	2,601.4	1,509.8
Electricity, gas water and sanitary services	1.9	1.2	0.6	3.7	4.5	0.7	0.6	11.9
Transport, storage and communication	234.6	367.3	670.6	366.7	402.9	452.4	670.6	891.0
Services	152.0	177.8	265.7	194.4	215.2	218.3	265.7	212.9
Professional and community	65.5	76.7	131.6	87.4	109.0	114.1	131.6	126.4
Personal non-business, loans to individual	86.5	101.1	134.1	107.0	106.2	104.2	134.1	86.5
Employees, and activities not adequately described	262.7	360.9	343.5	347.2	431.7	357.5	343.5	461.7

1/ Includes total loans and advances to private sector excluding private sector bills purchased and discounted.
2/ Includes wholesale and retail trade, import and export trade.

Source: Maldives Monetary Authority

Table 7. Commercial Bank Deposits Distributed By Type, 2005 - March 2008

(In millions of rufiyaa; end of period)

	2005		2006		2007		2007 Mar		2008 Mar	
	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.
1. Current deposits	**29,435**	**2,605.5**	**35,292**	**3,030.1**	**44,043.0**	**4,029.3**	**36,110**	**3,704.4**	**46,480**	**4,996.5**
2. Call deposits	**0**	**0.0**	**0**	**0.0**	**0.0**	**0.0**	**0**	**0.0**	**0**	**0.0**
3. Other deposit accounts	**64**	**6.2**	**67**	**66.8**	**46.0**	**42.6**	**81**	**78.2**	**50**	**24.5**
4. Savings deposits	**159,231**	**2,452.4**	**181,648**	**2,926.6**	**209,337.0**	**3,460.1**	**189,447**	**3,238.2**	**217,111**	**3,740.7**
5. Fixed (or term) deposits	**1,314**	**1,346.4**	**1,469**	**1,762.4**	**1,463.0**	**2,424.6**	**1,424**	**2,045.8**	**1,468**	**2,590.9**
(a) Up to 3 months	297	391.9	608	1,014.8	683.0	1,423.0	579	1,265.6	447	556.6
(b) Over 3 to 6 months	265	290.0	135	230.1	116.0	380.7	123	218.5	285	861.0
(c) Over 6 months to 1 year	660	580.2	680	494.9	638.0	613.5	673	549.3	673	1,048.4
(d) Over 1 to 2 years	71	74.0	25	12.9	20.0	4.6	25	8.8	50	73.6
(e) Over 2 to 3 years	6	7.8	9	1.2	3.0	2.6	11	1.2	5	8.7
(f) Over 3 to 5 years	14	2.5	11	8.5	1.0	0.2	12	2.3	7	42.6
(g) Over 5 years	1	0.0	1	0.0	2.0	0.1	1	0.0	1	0.0
TOTAL	**190,044**	**6,410.5**	**218,476**	**7,785.9**	**254,889.0**	**9,956.6**	**227,062**	**9,066.6**	**265,109**	**11,352.6**

Source: Maldives Monetary Authority

Table 8. Composition of Exports , 2005 - March 2008

(In millions of US dollars)

	2005	2006	2007	2007				2008
				Q1	Q2	Q3	Q4	Q1
Merchandise Exports (f.o.b)	**161.6**	**225.2**	**228.0**	**70.5**	**49.4**	**45.5**	**62.5**	**133.4**
Domestic exports	**103.5**	**135.1**	**107.8**	**31.5**	**24.6**	**19.7**	**31.9**	**42.1**
Total marine exports	101.8	133.1	105.6	31.0	24.1	19.2	31.4	41.5
Fish and fish products	100.0	132.1	104.8	30.7	23.8	18.9	31.2	41.3
Fish exports (excluding live fish)	96.6	128.8	102.5	30.2	23.2	18.6	30.5	40.6
Fresh, Chilled or Frozen Tuna	66.6	100.9	79.5	22.4	18.0	13.6	25.5	34.8
Skipjack	33.6	59.3	42.0	10.0	9.0	6.9	16.1	13.8
Yellowfin Tuna	26.5	35.9	35.4	11.4	8.4	6.7	8.9	19.3
Frozen reef fish	1.2	1.3	1.5	0.4	0.4	0.4	0.2	0.5
Canned	15.2	11.4	10.8	4.1	2.2	2.2	2.4	2.5
Dried Fish	11.6	12.7	9.2	2.9	2.3	1.9	2.1	2.3
Salted tuna	1.5	1.7	1.0	0.2	0.2	0.4	0.2	0.4
Salted Reef fish	0.5	0.7	0.6	0.1	0.2	0.1	0.1	0.1
Live fish	1.3	1.5	1.1	0.2	0.3	0.1	0.4	0.4
Fish products	2.1	1.8	1.2	0.3	0.3	0.2	0.3	0.3
Other marine products	1.8	1.0	0.8	0.2	0.2	0.2	0.2	0.2
Garments	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	1.1	2.0	2.1	0.5	0.5	0.5	0.5	0.5
Re- exports	**58.1**	**90.2**	**120.2**	**39.0**	**24.8**	**25.8**	**30.6**	**91.3**

Source: Maldives Customs Service

Table 9. Composition of Imports, 2005 - March 2008

(In millions of US dollars)

	2005	2006	2007	2007				2008
				Q1	Q2	Q3	Q4	Q1
Total imports c.i.f.	**744.9**	**926.5**	**1,096.3**	**231.5**	**253.7**	**295.9**	**315.2**	**393.7**
Private imports	**502.4**	**617.5**	**782.2**	**163.2**	**171.6**	**220.4**	**227.1**	**239.6**
Private (excluding tourism)	341.5	423.4	518.4	115.1	120.8	148.4	134.2	167.2
Tourism	160.9	194.1	263.8	48.2	50.8	72.0	92.9	72.4
Total public imports	**242.5**	**309.0**	**314.1**	**68.2**	**82.1**	**75.6**	**88.1**	**154.0**
Public enterprises	189.3	247.0	266.5	60.4	68.6	64.5	73.0	88.3
Government	53.2	62.0	47.6	7.9	13.6	11.1	15.1	65.7
Total imports c.i.f.	**744.9**	**926.5**	**1,096.3**	**231.5**	**253.7**	**295.9**	**315.2**	**393.8**
Consumer Goods	**247.7**	**317.7**	**368.2**	**81.1**	**82.1**	**99.5**	**105.5**	**110.2**
Food Items	109.8	141.2	175.0	42.8	39.3	48.1	44.8	54.6
Rice	6.7	7.5	9.7	2.4	2.5	3.2	1.6	4.7
Wheat	5.6	5.7	7.8	1.7	1.6	2.8	1.7	3.6
Sugar	4.3	6.1	5.0	1.5	1.4	1.4	0.6	1.3
Beverages	11.8	15.8	20.2	4.9	4.7	4.9	5.7	5.7
Other food items	81.4	106.0	132.4	32.2	29.1	35.9	35.2	39.3
Tobacco	6.4	7.2	7.2	1.7	1.8	1.6	2.1	2.1
Pharmaceuticals	6.0	6.9	7.5	1.9	1.8	2.0	1.9	2.6
Other consumer goods	125.4	162.4	178.4	34.7	39.2	47.8	56.7	50.8
Petroleum Products	**115.3**	**181.4**	**202.9**	**47.6**	**45.8**	**50.6**	**58.9**	**82.2**
Petrol	10.7	15.8	20.5	3.3	3.2	8.9	5.1	7.6
Diesel (Marine gas oil)	90.6	145.2	166.5	39.7	36.9	37.7	52.2	64.7
Aviation gas	5.7	9.0	7.2	1.8	3.4	1.6	0.5	3.4
Other petroleum product (Lubricating oil, Kerosene)	8.3	11.5	8.7	2.8	2.3	2.5	1.2	6.5
Intermediate & Capital Goods	**381.8**	**427.4**	**525.2**	**102.8**	**125.8**	**145.8**	**150.7**	**201.5**
Construction	115.7	121.2	172.3	33.3	40.3	49.5	49.2	43.5
Cement & Cement products	9.2	13.6	16.1	3.1	4.0	4.4	4.6	4.3
Wood for construction purposes	37.0	44.4	58.8	8.9	12.8	19.0	18.1	12.8
Base metal & articles of base metal for construction	33.2	31.8	42.0	8.7	11.6	9.8	12.0	12.5
Other construction related	36.3	31.4	55.3	12.6	11.9	16.3	14.5	14.0
Paper	2.0	2.4	2.9	0.7	0.7	0.8	0.8	0.8
Medical / Surgical supplies	3.5	5.7	4.8	1.0	0.9	1.1	1.8	1.5
Computer equipments and supplies	12.8	13.7	15.3	3.4	4.1	3.5	4.3	4.5
Machinery & mechanical appliances	18.2	18.9	22.5	3.2	5.1	6.8	7.5	6.2
Textiles	6.1	7.3	8.4	1.6	1.8	2.2	2.6	2.6
Chemicals & chemical products	4.7	6.5	7.2	1.8	1.7	2.0	1.7	1.5
Transport equipments and parts	50.4	76.1	78.8	16.7	23.0	17.8	21.3	85.3
Other Intermediate and Capital goods	168.3	175.4	213.0	41.2	48.2	62.1	61.5	55.6

Source: Maldives Customs Service

Table 10. Exchange Rates, 2005 - March 2008

(Rufiyaa per foreign currency; end of period mid rate)

		U.S. dollar	Japanese yen	Singapore dollar	Indian rupee	Sri Lankan rupee	Great Britain Pound	Euro	SDR
2005	March	12.8000	0.1170	7.6061	0.2865	0.1262	23.5113	16.2144	19.3386
	June	12.8000	0.1143	7.4734	0.2880	0.1257	22.8540	15.1720	18.6446
	September	12.8000	0.1127	7.4730	0.2857	0.1237	22.6434	15.2461	18.5674
	December	12.8000	0.1134	7.6634	0.2880	0.1295	22.4039	15.1736	18.2947
2006	March	12.8000	0.1122	7.8882	0.2942	0.1287	22.0321	15.1936	18.4042
	June	12.8000	0.1132	8.0366	0.2823	0.1273	23.4698	16.0708	18.7808
	September	12.8000	0.1119	8.0728	0.2841	0.1290	23.8601	16.0762	18.9396
	December	12.8000	0.1116	8.3020	0.2940	0.1227	25.0656	16.7464	19.2563
2007	March	12.8000	0.1118	8.4433	0.3043	0.1213	25.0527	16.8988	19.3695
	June	12.8000	0.1069	8.2981	0.3244	0.1192	25.1743	16.9180	19.3836
	September	12.8000	0.1142	8.5431	0.3286	0.1165	25.3542	17.6970	19.9251
	December	12.8000	0.1164	8.8257	0.3332	0.1213	25.8137	18.4527	20.2272
2008	March	12.8000	0.1324	9.2389	0.3284	0.1228	25.1379	19.4178	21.0496

Source: Maldives Monetary Authority

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