

MALDIVES MONETARY AUTHORITY

ECONOMIC UPDATE

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About the Economic Update

Economic Update is a monthly publication produced by the Research Division of MMA presenting a quick overview of current developments in the Maldivian economy. It also includes a chart pack of global economic and financial indicators. The Economic Update will be posted on MMA's website at the end of each month. This Economic Update is based on the latest available data as at 26 December 2023.

Domestic Economic Developments

Real Economy

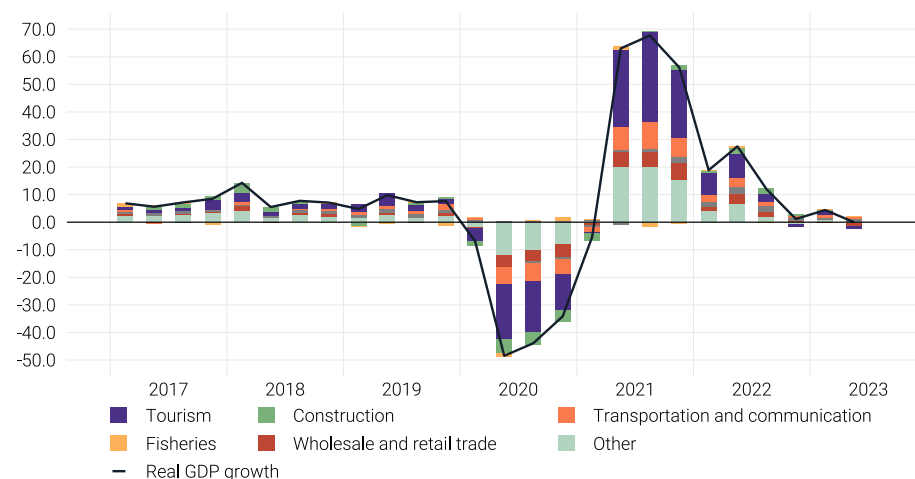
Gross Domestic Product

- According to the advance estimates of the Quarterly National Accounts (QNA) for Q2-2023 released by the Maldives Bureau of Statistics (MBS), real GDP remained broadly unchanged in Q2-2023 compared to the corresponding quarter of 2022 (0.0%), which is a significant deceleration from the growth of 4.4% in Q1-2023.
 - The annual growth in real GDP during Q2-2023 remained broadly unchanged as the positive contribution from sectors such as transportation and communication, public administration, fisheries and electricity and water were offset by negative contribution from key economic sectors such as wholesale and retail trade sector and tourism sector.

Annual GDP Growth Forecast

- According to revised forecasts published in October 2023¹, real GDP is projected to grow by 8.7% in 2023. As per the estimates of real GDP released by the Maldives Bureau of Statistics in August 2023, following a significant growth of 37.7% in 2021, the annual real GDP growth for 2022 is estimated at 13.9%—1.6 percentage points higher than the initial estimate of October 2022—led by the robust recovery of tourism sector and other related sectors.

Contribution to Real GDP Growth by Economic Sectors, 2017 - 2023
(annual percentage change, percentage point contribution)



Source: Maldives Bureau of Statistics

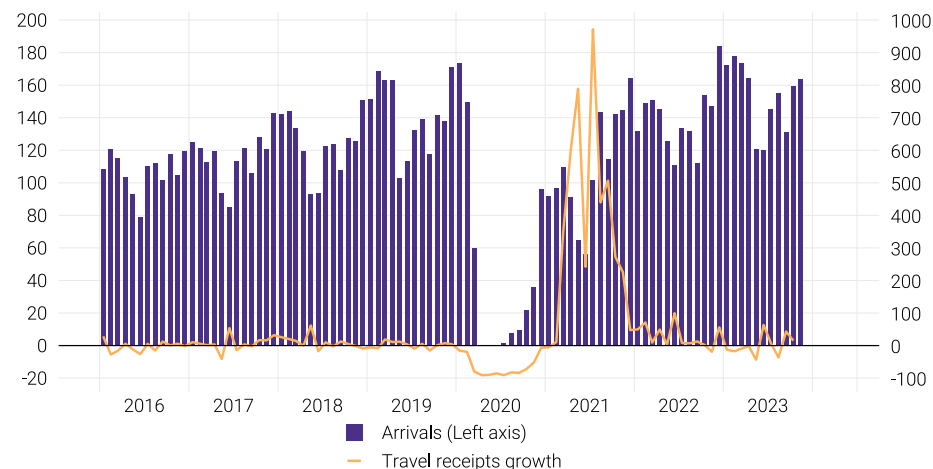
¹According to the growth forecast scenarios estimated jointly by the MMA and the Ministry of Finance.

Tourism

- In November 2023, total tourist arrivals stood at 163,658, registering an increase of 11% when compared with November 2022, whereas bednights also increased by 5%.
 - The annual increase in tourist arrivals largely reflected robust arrivals from China as well as the main source markets of Europe. During the month, the highest number of tourist arrivals were recorded from India, Russia, United Kingdom, Germany and China.
- The operational bed capacity of the tourism industry observed an increase of 3,820 beds when compared with November 2022, while the occupancy rate declined slightly to 59% in November 2023, from 60% in November 2022.
- Overall, for the period January to November 2023, total tourist arrivals increased by 13% in annual terms, while bednights rose by 7%. During the period, the average stay observed a decline to 7.6 days, from 8.0 days in the corresponding period of 2022.

Tourism, 2016 - 2023

(thousands, annual percentage change)

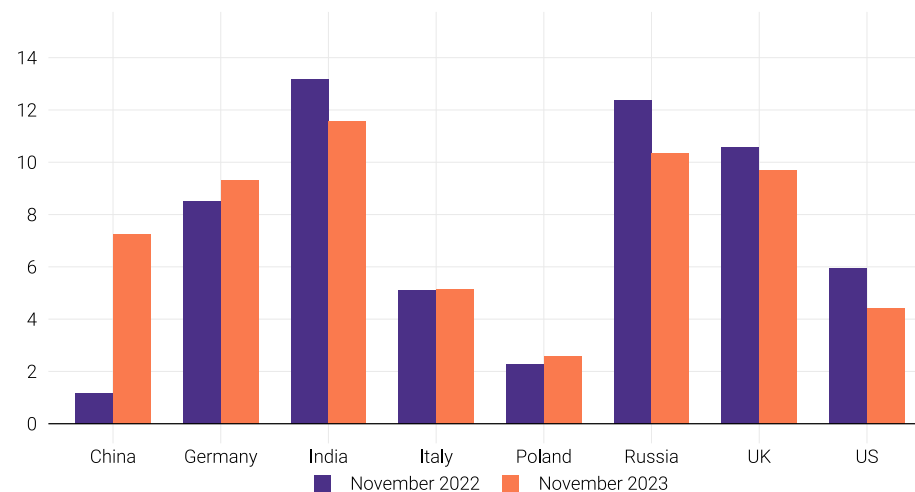


Source: Ministry of Tourism

Note: Tourism receipts available up to October 2023.

Shares of Key Inbound Markets

(percent)

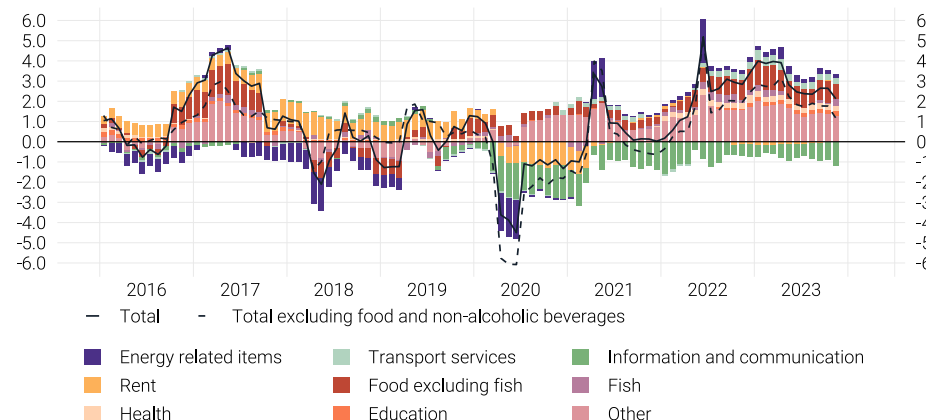


Source: Ministry of Tourism

Inflation

- The rate of inflation, as measured by the annual percentage change in the national CPI, decelerated to 2.1% in November 2023, from 2.6% in October 2023.
 - The largest contribution to the annual rate of inflation during November 2023 came from restaurants and cafés (0.40 percentage points); fish (0.33 percentage points); personal care appliances, articles and products (0.22 percentage points); electricity (0.22 percentage points); vegetables (0.21 percentage points); passenger transport by sea (0.17 percentage points); outpatient care services (0.16 percentage points); dairy products (0.15 percentage points); other food products (0.15 percentage points); and mobile communication services (-1.10 percentage points).
- The monthly percentage change in the national CPI declined by 0.4% in November 2023, following a decline of 0.1% in October 2023.
 - The largest contribution to the monthly rate of inflation came from vegetables (0.04 percentage points); sugar, jam, honey, chocolate and confectionery (0.02 percentage points); cereals and cereal products (0.02 percentage points); shoes and other footwear (0.01 percentage points); narcotics (-0.01 percentage points); electricity (-0.01 percentage points); household appliances (-0.02 percentage points); security equipment and maintenance and repair materials (-0.03 percentage points); fruit (-0.19 percentage points); and mobile communication services (-0.33 percentage points).

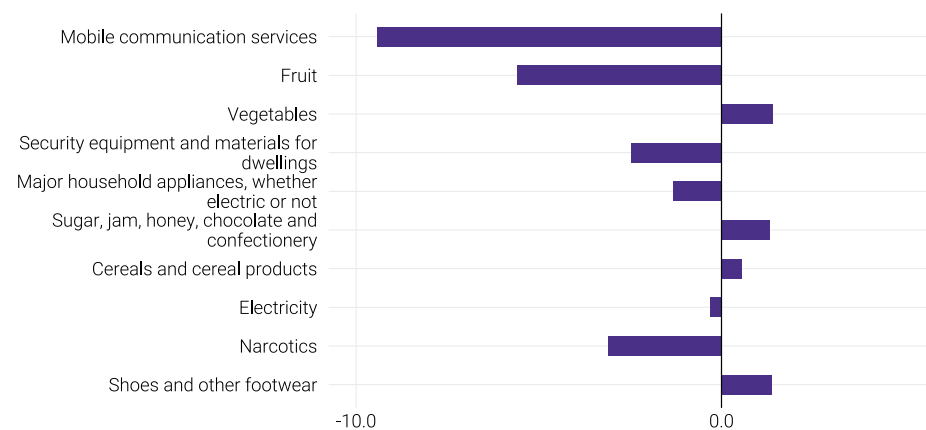
Contribution of Major Categories to CPI Inflation (National), 2016 - 2023
(annual percentage change, percentage point contribution)



Source: Maldives Bureau of Statistics

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

Monthly Changes of Subcategories of CPI Inflation (National), November 2023
(monthly percentage change)



Source: Maldives Bureau of Statistics

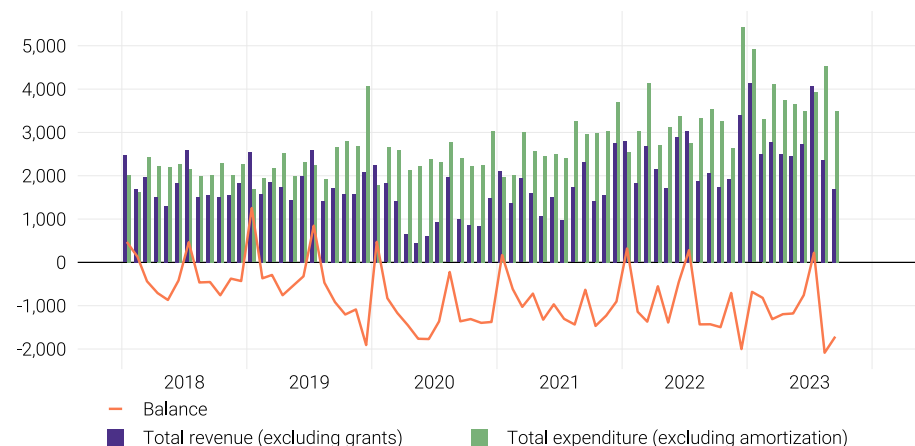
Note: Ordered by the size of the contribution.

Public Finance

- Total revenue (excluding grants) observed a decline of MVR373.1 million (or 18%) in September 2023 when compared with September 2022, owing to declines in both non-tax revenue and tax revenue. As such, non-tax revenue fell by MVR204.4 million, while tax revenue decreased by MVR167.5 million.
- Total expenditure (excluding amortisation) decreased by MVR371 million (or 1%) in September 2023 when compared with September 2022, mainly owing to the decline in capital expenditure, which fell by MVR190.4 million. Meanwhile, recurrent expenditure increased by MVR153.3 million in September 2023, when compared with September 2022.
- According to the latest available data, the stock of total government debt (excluding government guaranteed debt) amounted to MVR103.7 billion at the end of Q3-2023, a 6% increase from Q2-2023. Meanwhile, total government debt as a percentage of GDP rose to 97% at the end of Q3-2023, from 91% in Q2-2022.
 - During this period, the increase in government debt was primarily driven by external debt.

Government Revenue and Expenditure, 2018 - 2023

(millions of rufiyaa)

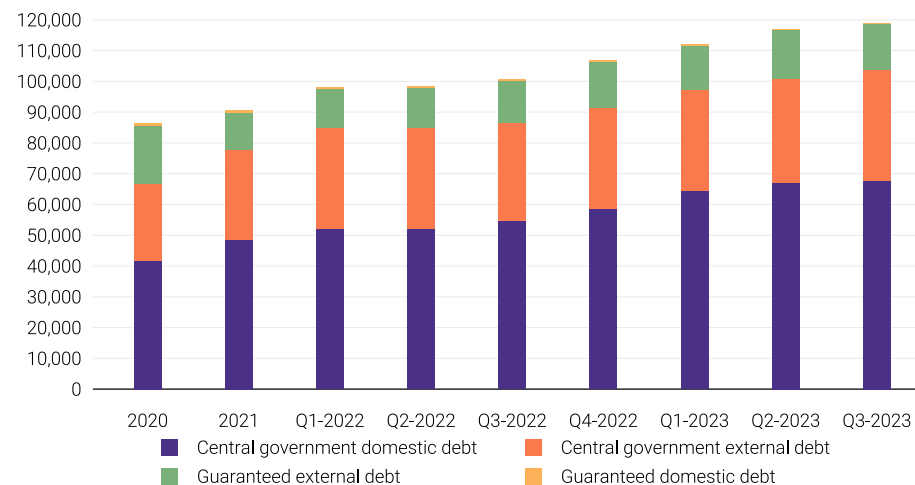


Source: Ministry of Finance

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

Total Outstanding Stock of Public Debt, 2020 - 2023

(millions of rufiyaa)



Source: Ministry of Finance

Monetary Developments

Reserve Money

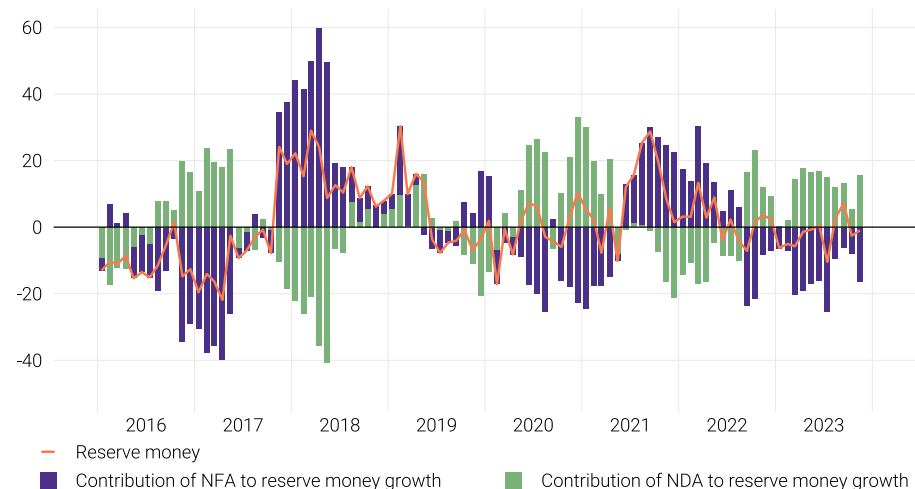
- Reserve money (M0) declined by 1% at the end of November 2023, after declining by 3% at the end of October 2023. This mainly reflected the decline in net foreign assets offsetting the increase in net domestic assets during the period.
 - The decline in net foreign assets was primarily due to the increase in foreign liabilities, which reflected the swap obtained from the Reserve Bank of India (RBI) in December 2022, together with the decline in foreign asset accumulation during the period. Meanwhile, net domestic assets increased, mainly reflecting the increase in net claims on the central government despite the increase in overnight deposit facility (ODF) placements by the commercial banks.

Broad Money

- Annual broad money (M2) growth remained broadly unchanged at the end of November 2023, from the 10% growth recorded at the end of October 2023.
 - On the components side, the annual increase in broad money primarily reflected the increment in time and savings deposits denominated in both local and foreign currency, coupled with an increment in the transferable deposits base. Similarly, currency outside depository corporations also increased during the month.
 - As for the sources, the annual growth in broad money was solely driven by net domestic assets, largely owing to the growth in net claims on the central government by the MMA and the commercial banks, while credit to the private sector and public non-financial corporations also increased during November 2023. Meanwhile, net foreign assets declined, mainly owing to the increase in foreign liabilities, despite the minor increase in foreign asset accumulation during the period.

Sources of Reserve Money, 2016 - 2023

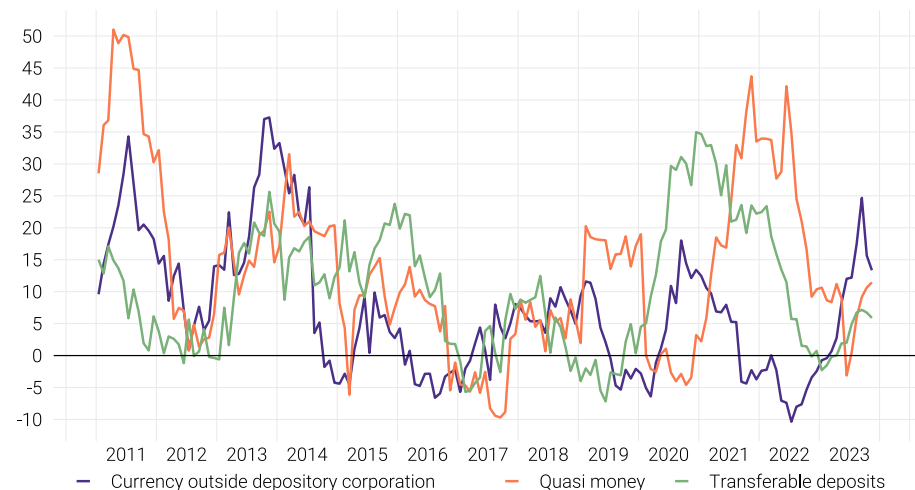
(annual percentage change, contribution percent)



Source: Maldives Monetary Authority

Components of Broad Money, 2011 - 2023

(annual percentage change)



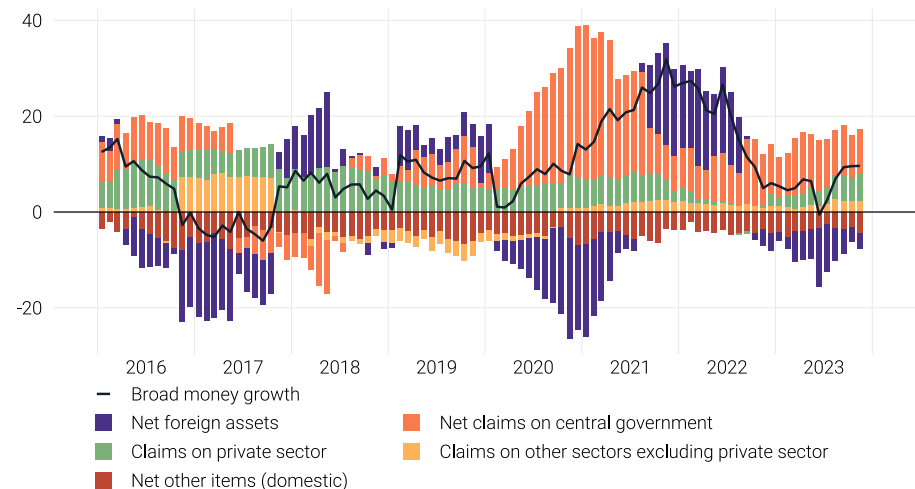
Source: Maldives Monetary Authority

Credit to Private Sector

- The annual growth rate of credit to the private sector by the commercial banks slightly increased to 10% at the end of November 2023 from 9% at the end of October 2023.
 - As for credit growth by major sectors, credit to all major sectors (namely tourism, personal loans, commerce, real estate and construction) continued to expand in November 2023, whereby tourism sector registered the highest growth during the month. The tourism sector registered an annual increment of 10% and accounted for the largest share of bank credit.
 - The annual growth in credit to the tourism sector was largely driven by a marked increase in credit lent in the form of working capital, followed by an increase in credit lent for new resort developments, yacht safari building and guesthouses.

Contribution to Broad Money, 2016 - 2023

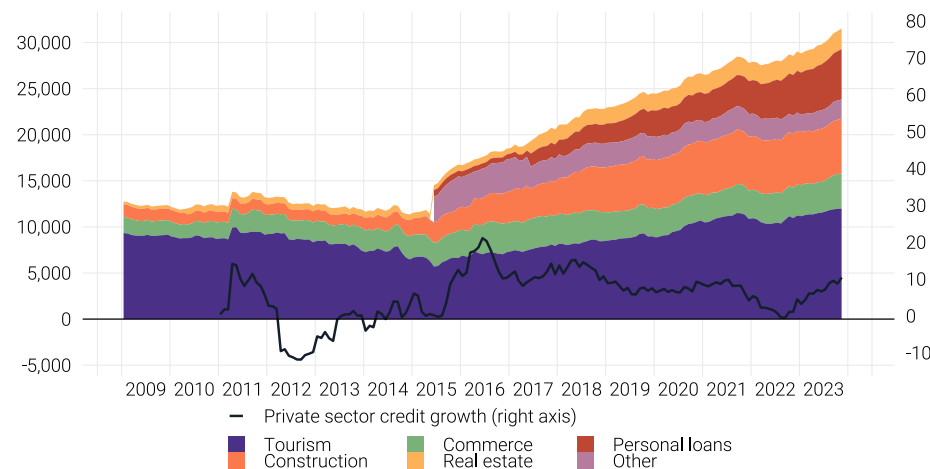
(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

Private Sector Credit, 2009 - 2023

(millions of rufiyaa, annual percentage change)



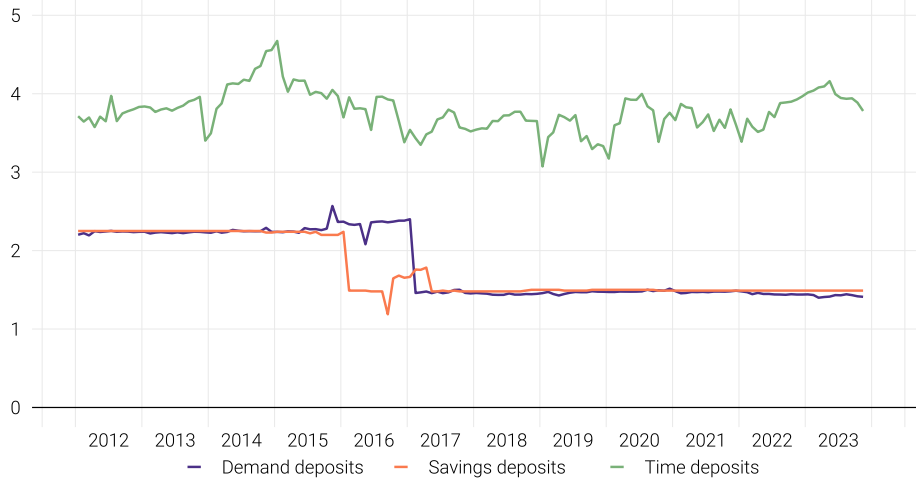
Source: Maldives Monetary Authority

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

Interest rates

Interest Rate on National Currency Deposits, 2012 - 2023

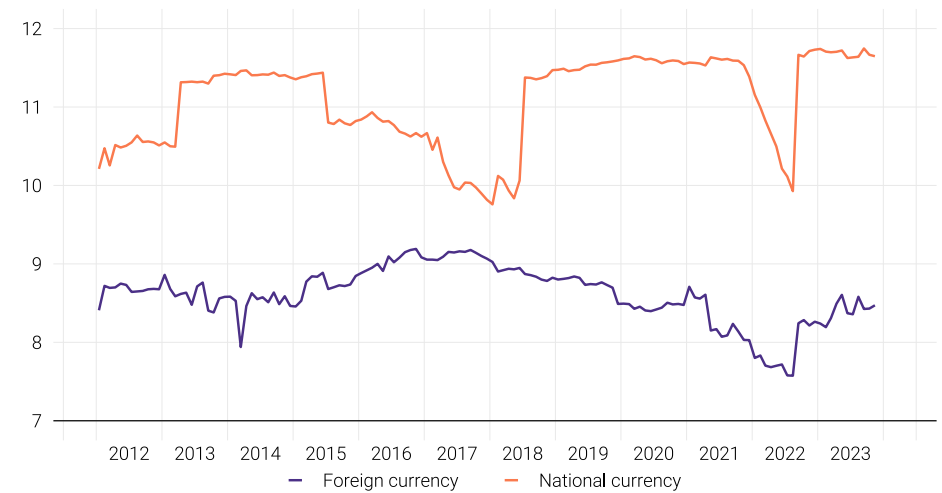
(weighted average)



Source: Maldives Monetary Authority

Interest Rate on Private Sector Loans and Advances, 2012 - 2023

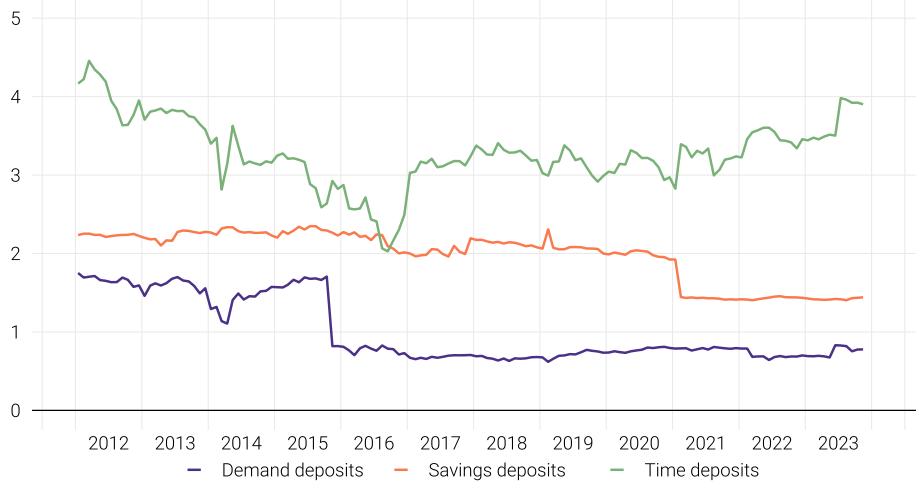
(weighted average)



Source: Maldives Monetary Authority

Interest Rate on Foreign Currency Deposits, 2012 - 2023

(weighted average)



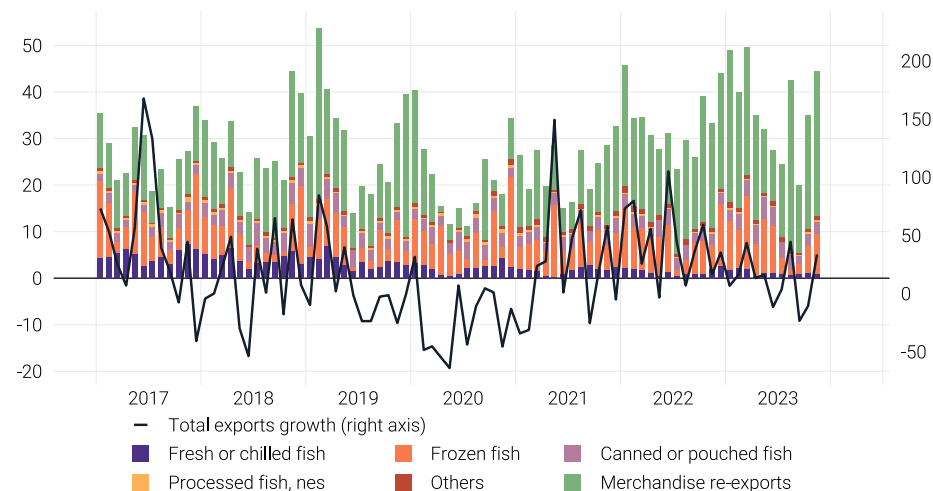
Source: Maldives Monetary Authority

External Trade

- Total exports (f.o.b) decreased by 11% during October 2023 when compared with October 2022, while total imports (c.i.f) increased by 17% during the same period.
 - The annual decline in total exports stemmed primarily from the decline in re-exports, which reflected lower re-exports of jet fuel. Similarly, domestic exports declined during the period, largely owing to lower earnings from frozen skipjack tuna exports, together with canned or pouched tuna exports.
 - The annual increase in import expenditure stemmed mainly from the rise in import expenditure on petroleum products, construction-related items, machinery and mechanical appliances, and transport equipment. In contrast, declines were observed in import expenditure on food items, and electronic and electrical appliances. .
- Overall, for the period of January to October 2023, total exports increased by 10%, while total imports slightly increased by 1%, when compared with the corresponding period of 2022.

Total Exports, 2017 - 2023

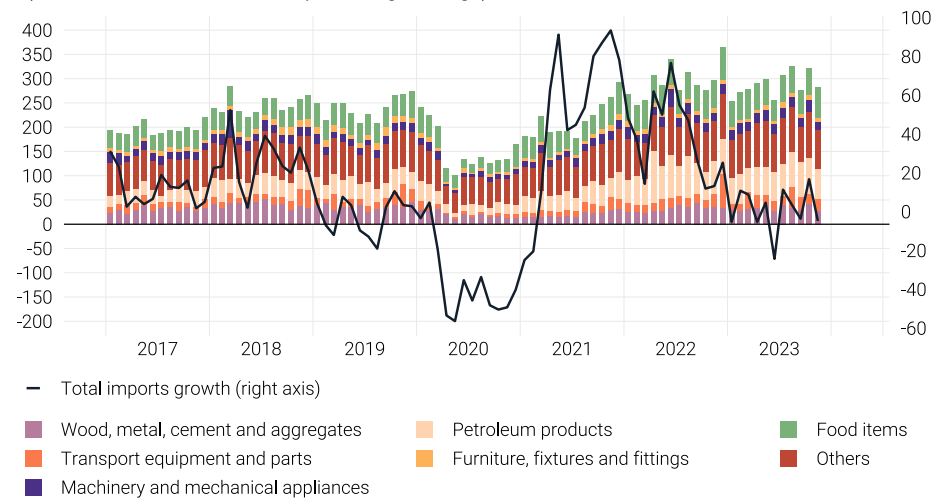
(millions of US dollars, annual percentage change)



Source: Maldives Customs Service

Total Imports, 2017 - 2023

(millions of US dollars, annual percentage change)



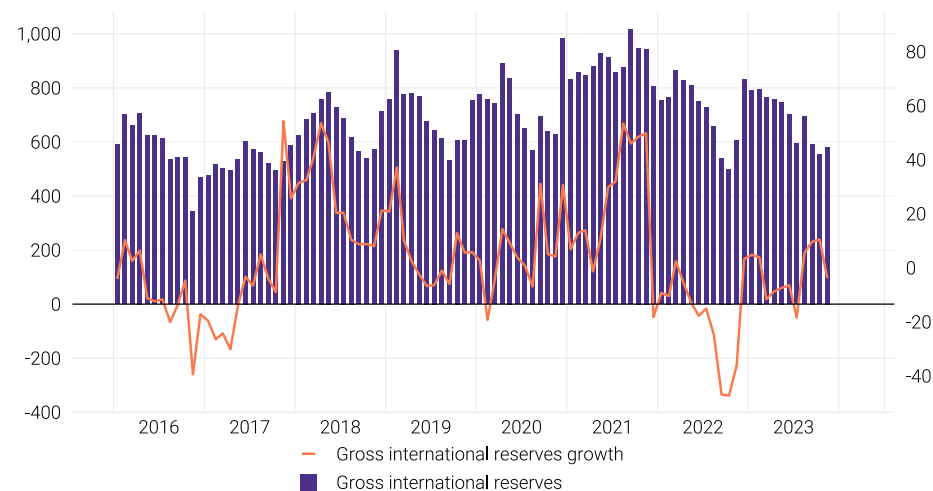
Source: Maldives Customs Service

Gross International Reserves

- Gross international reserves² (official reserve assets) increased to US\$581.2 million at the end of November 2023, from US\$552.3 million at the end of October 2023. However, this depicted a decline of US\$23.0 million from the US\$604.2 million recorded at the end of November 2022.
 - In terms of growth rates, an increase of 5% was registered when compared with October 2023, and a decline of 4% when compared with November 2022.

Gross International Reserves, 2016 - 2023

(millions of US dollars, annual percentage change)



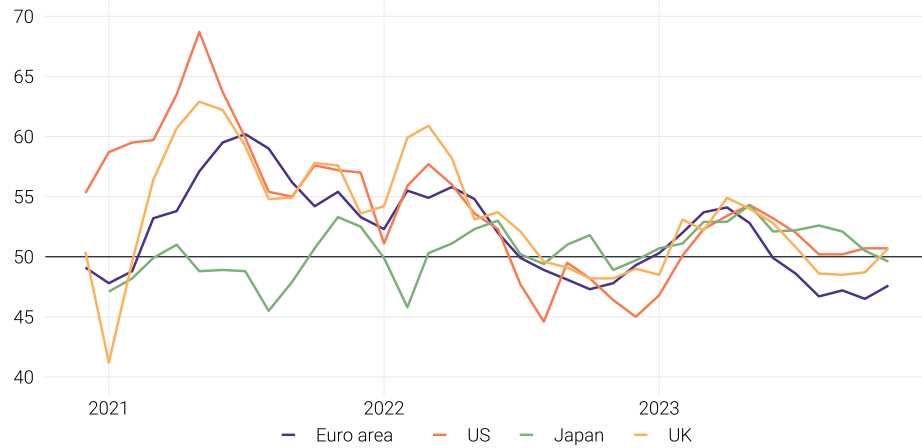
Source: Maldives Monetary Authority

²Comprises foreign currency deposits of the MMA and the government, commercial banks' US dollar reserve accounts and Maldives' reserve position at the IMF.

International Economic Developments

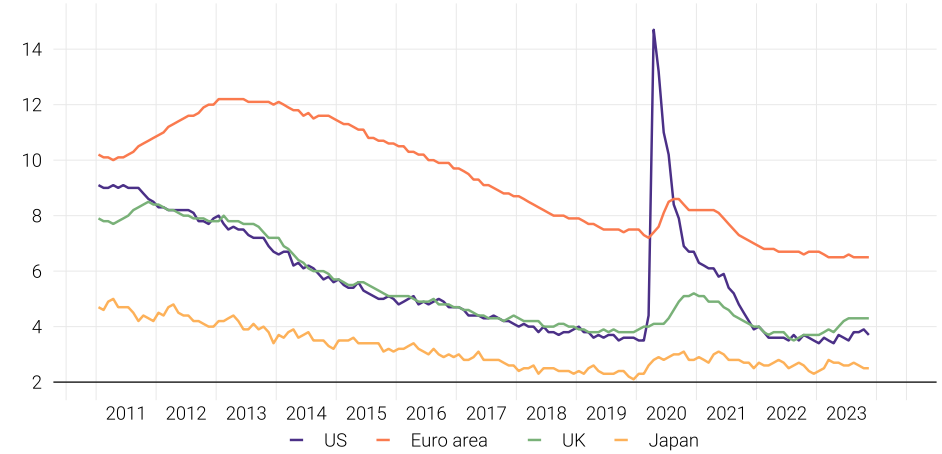
Global Output

Purchasing Manager's Index in the Advanced Economies, 2020 - 2023
(index points)



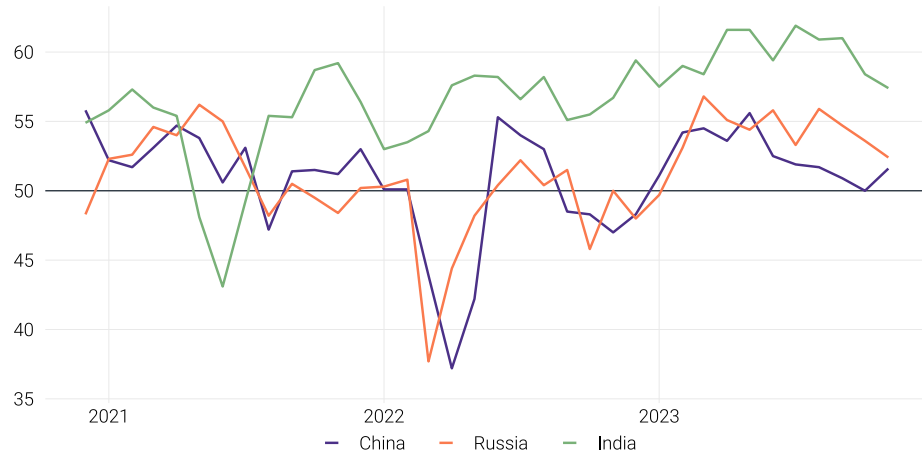
Source: Bloomberg Database

Unemployment in the Advanced Economies, 2011 - 2023
(percent)



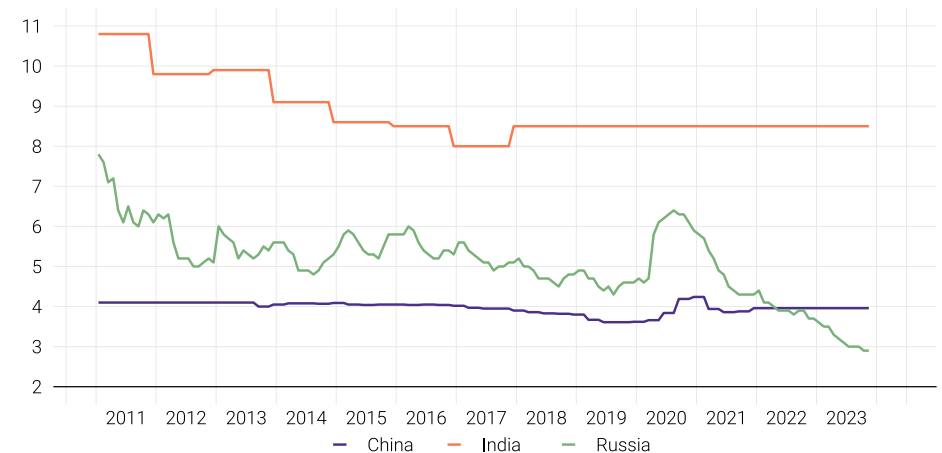
Source: Bloomberg Database

Purchasing Manager's Index in the Emerging Economies, 2020 - 2023
(index points)



Source: Bloomberg Database

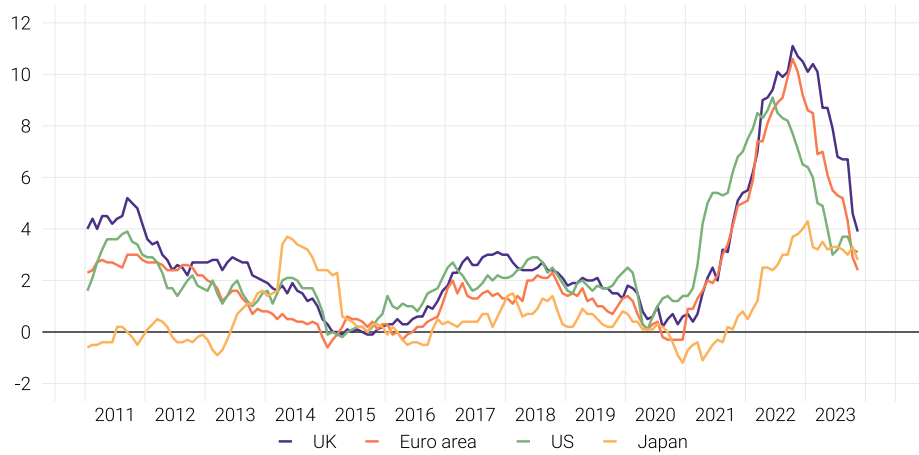
Unemployment in the Emerging Economies, 2011 - 2023
(percent)



Source: Bloomberg Database

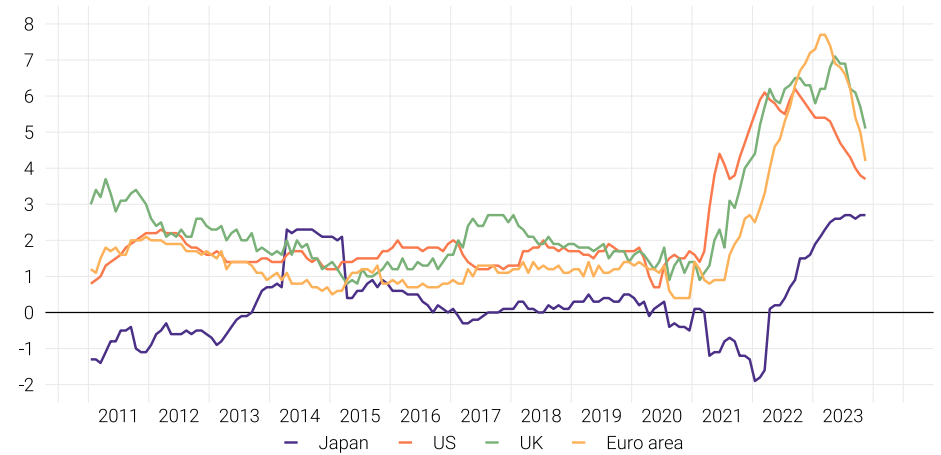
Global Inflation

Inflation in the Advanced Economies, 2011 - 2023
(percent)



Source: Bloomberg Database

Core Inflation in the Advanced Economies, 2011 - 2023
(percent)



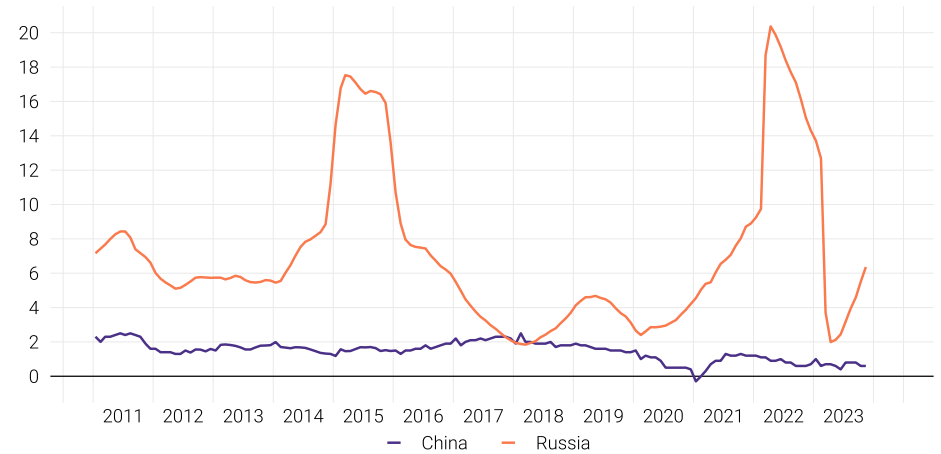
Source: Bloomberg Database

Inflation in the Emerging Economies, 2011 - 2023
(percent)



Source: Bloomberg Database

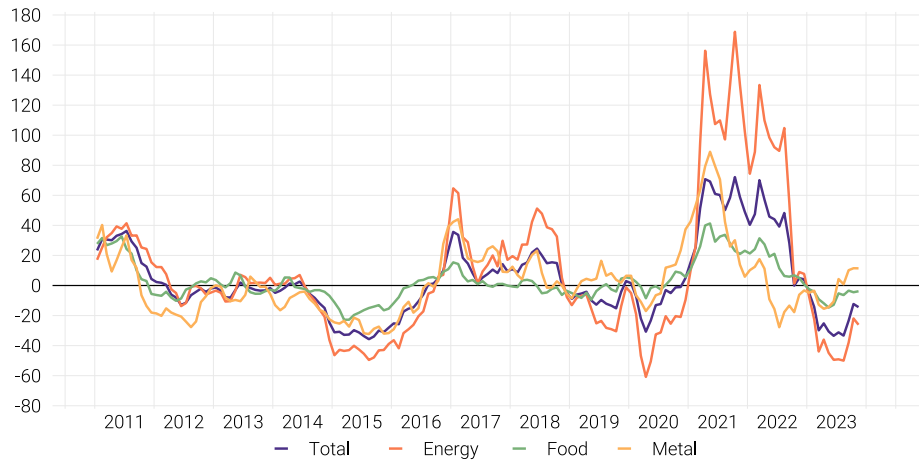
Core Inflation in the Emerging Economies, 2011 - 2023
(percent)



Source: Bloomberg Database

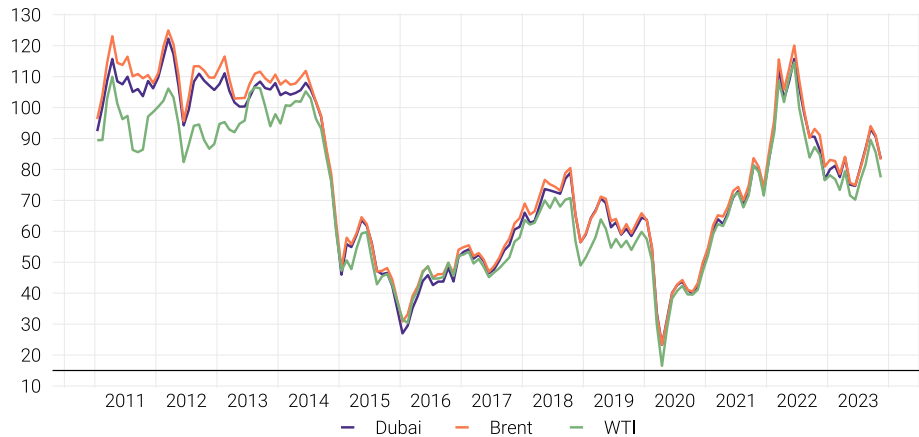
Commodity Prices

Commodity prices, 2011 - 2023
(annual percentage change)



Source: IMF

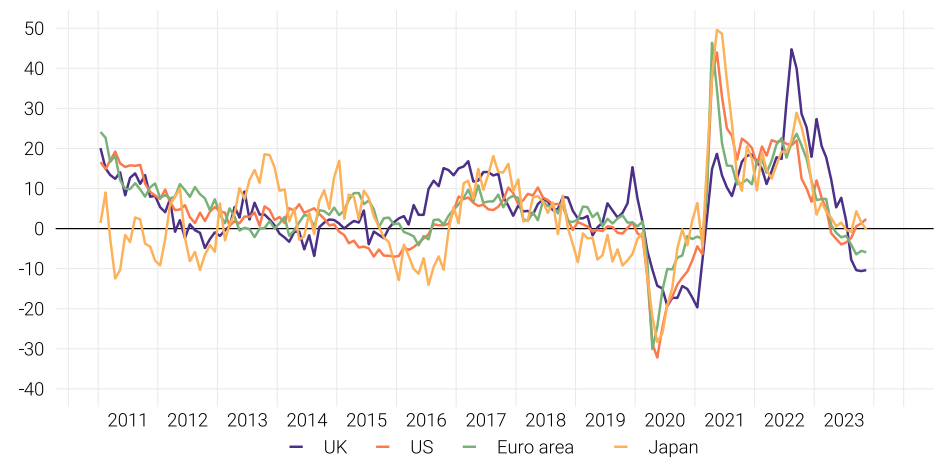
Oil prices, 2011 - 2023
(dollars per barrel)



Source: Bloomberg Database

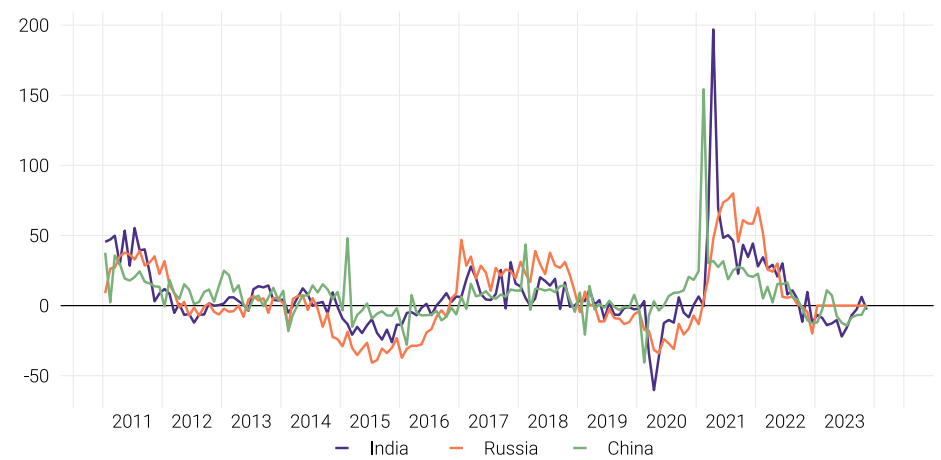
Global Trade

Exports in the Advanced Economies, 2011 - 2023
(annual percentage change)



Source: Bloomberg Database

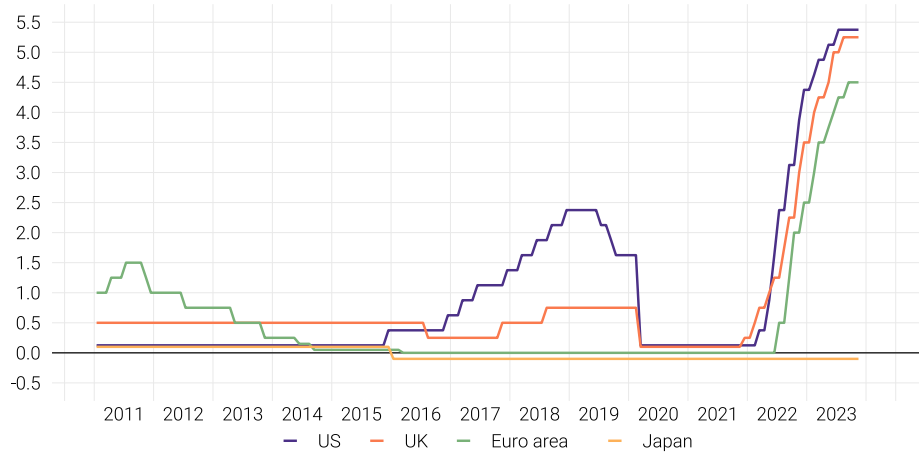
Exports in the Emerging Economies, 2011 - 2023
(annual percentage change)



Source: Bloomberg Database

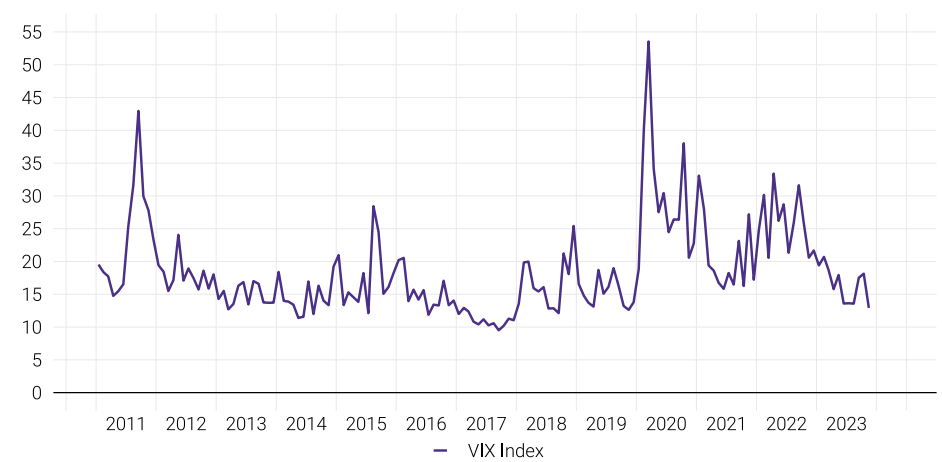
Global Financial Markets

Monthly Policy Rates in the Advanced Economies, 2011 - 2023
(percent)



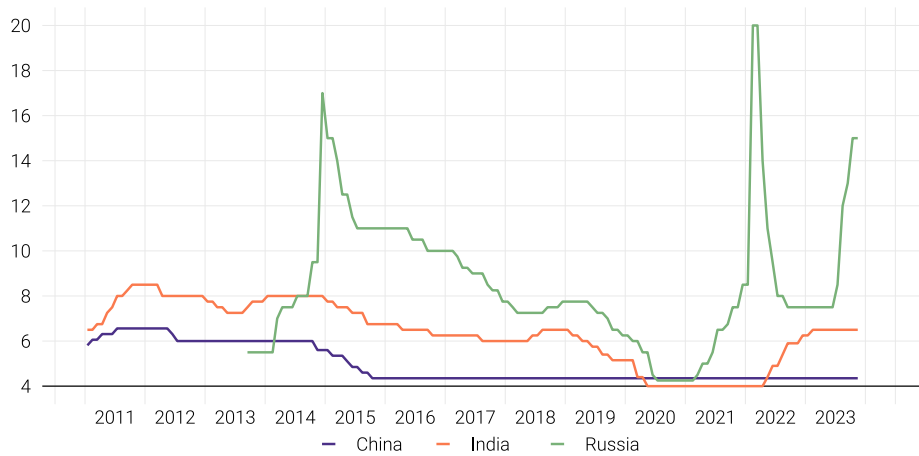
Source: Bloomberg Database

Volatility Index, 2011 - 2023
(percent)



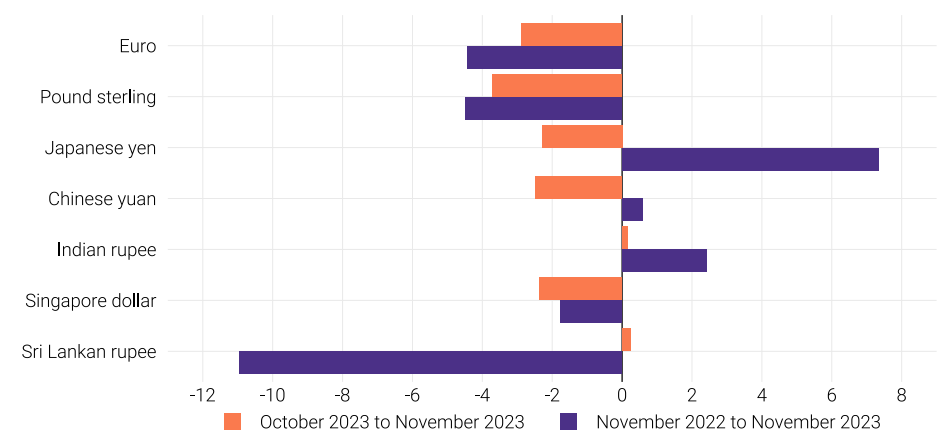
Source: Bloomberg Database

Monthly Policy Rates in the Emerging Economies, 2011 - 2023
(percent)



Source: Bloomberg Database

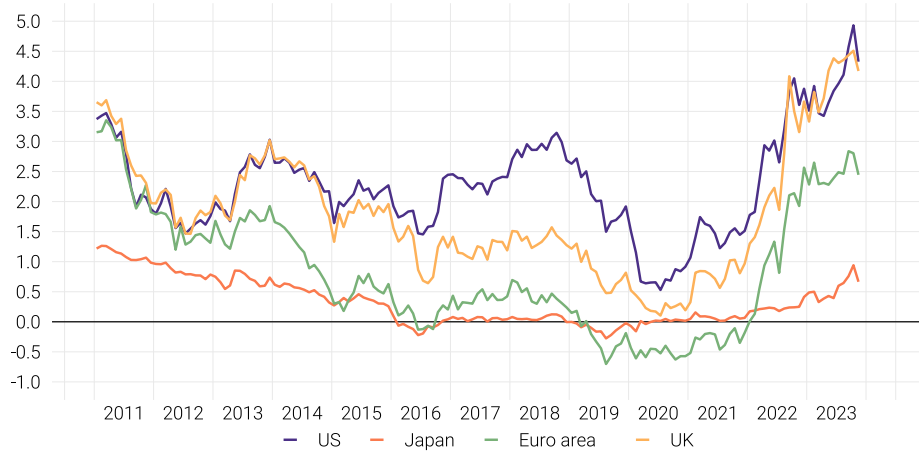
Exchange Rate of US Dollar against Currencies of Major Trading Partners, November 2023
(percentage change)



Source: Bloomberg Database

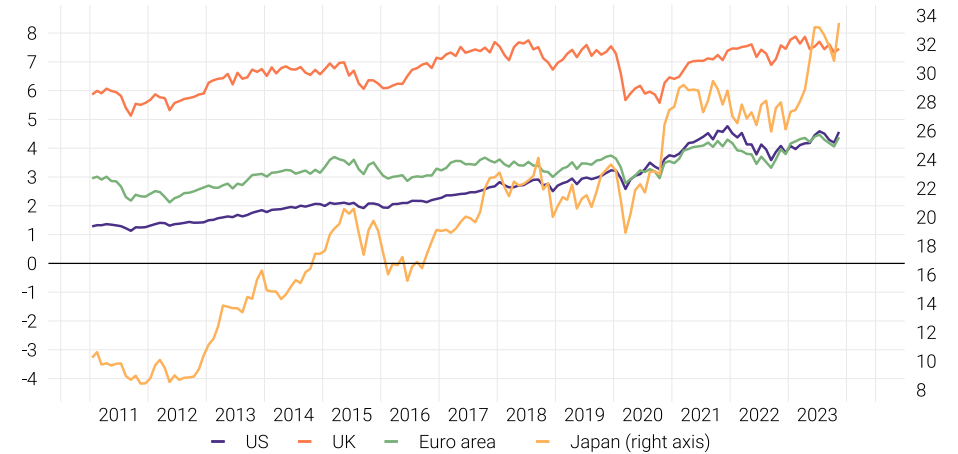
Global Financial Markets

Sovereign Bond Yield in the Advanced Economies, 2011 - 2023
(percent)



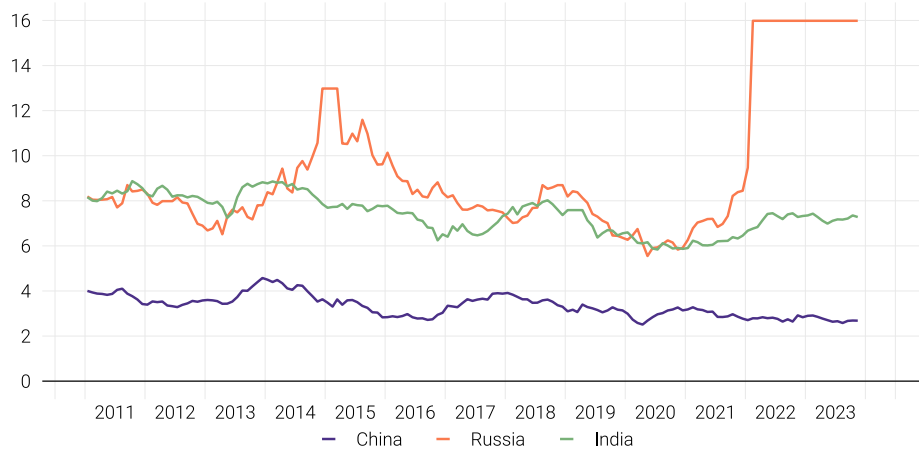
Source: Bloomberg Database

Share Price Index in the Advanced Economies, 2011 - 2023
(price index, in thousands)



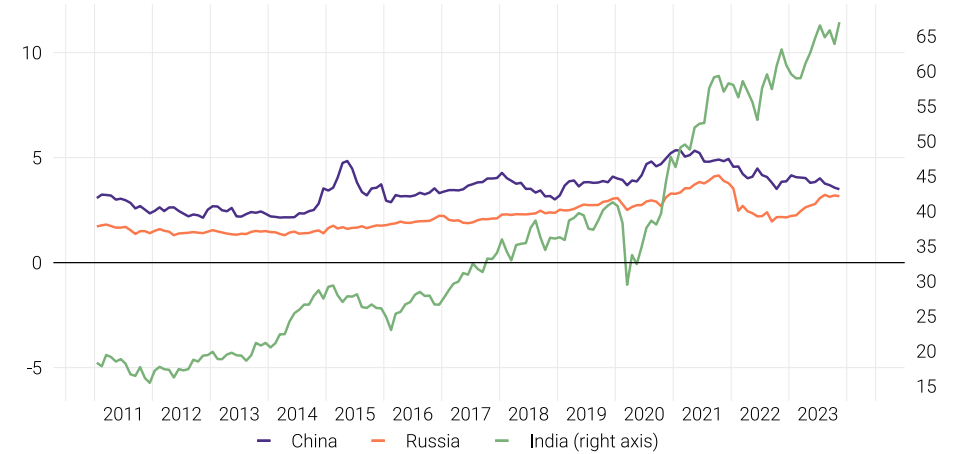
Source: Bloomberg Database

Sovereign Bond Yield in the Emerging Economies, 2011 - 2023
(percent)



Source: Bloomberg Database

Share Price Index in the Emerging Economies, 2011 - 2023
(price index, in thousands)



Source: Bloomberg Database



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