

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 29 October 2024.

Domestic Economic Developments

Real Economy

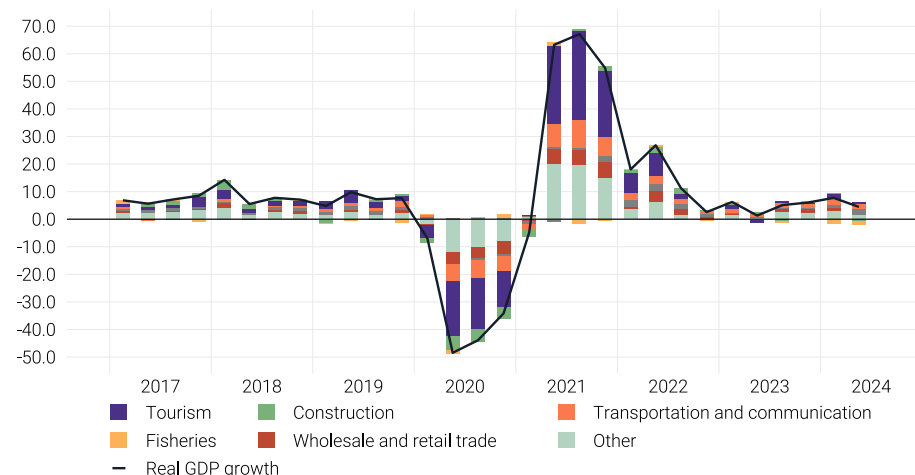
Gross Domestic Product

- According to the advance estimates of the Quarterly National Accounts (QNA) for Q2-2024 released by the Maldives Bureau of Statistics (MBS), real GDP grew by 4.5% in Q2-2024 compared to the corresponding quarter of 2023, which is a deceleration from the growth of 7.7% in Q1-2024.
 - The annual growth in real GDP during Q2-2024 was mainly driven by the expansion in public administration sector, and transportation and communication sector. In addition, growths were observed in sectors such as tourism, real estate and financial services. In contrast, notable declines were observed in fisheries, construction and manufacturing sector during the second quarter.

Annual GDP Growth Forecast

- According to the revised forecasts of October 2024¹, real GDP is projected to grow by 5.5% in 2024, which is an upward revision from the 4.9% forecasted in May 2024, owing to the expected growth in tourism as well as transport and communication sectors. As per the estimates of real GDP released by the Maldives Bureau of Statistics in September 2024, following a significant growth of 13.8% in 2022, the annual real GDP is estimated to have grown in 2023 by 4.7%—0.6 percentage points higher than the advance estimate of June 2024. In 2023, real GDP growth was led primarily by the expansion of the transportation and communication sector, together with positive contributions from wholesale and retail trade, real estate and tourism sector.

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



Source: Maldives Bureau of Statistics

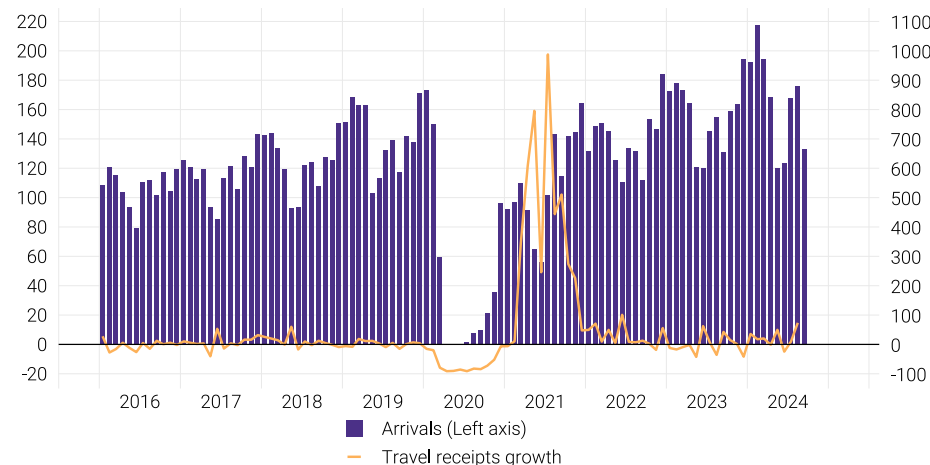
¹According to the growth forecast scenarios estimated jointly by the MMA and the Ministry of Finance.

Tourism

- In September 2024, total tourist arrivals stood at 132,795, registering an increase of 1% when compared with September 2023. Meanwhile, total tourist bednights declined by 15% in annual terms, primarily driven by the decline in resort bednights. During the month, total resort bednights declined by 12%, while total guesthouse bednights declined by 31%.
 - The annual increase in tourist arrivals largely reflected robust arrivals from the main source markets of Europe. During the month, the highest number of tourist arrivals were recorded from China, Russia, Germany, the United Kingdom, and India.
- The operational bed capacity of the tourism industry observed a decline of 2,709 beds when compared with September 2023, while the occupancy rate decreased to 40% in September 2024, from 45% in September 2023.
- Overall, for the period January to September 2024, total tourist arrivals increased by 10% in annual terms, while total bednights rose by 4%. During the period, the average stay slightly increased to 7.7 days from 7.6 days when compared with the corresponding period of 2023.

Tourism, 2016 - 2024

(thousands, annual percentage change)



Source: Ministry of Tourism

Note: Tourism receipts available up to August 2024.

Shares of Key Inbound Markets

(percent)

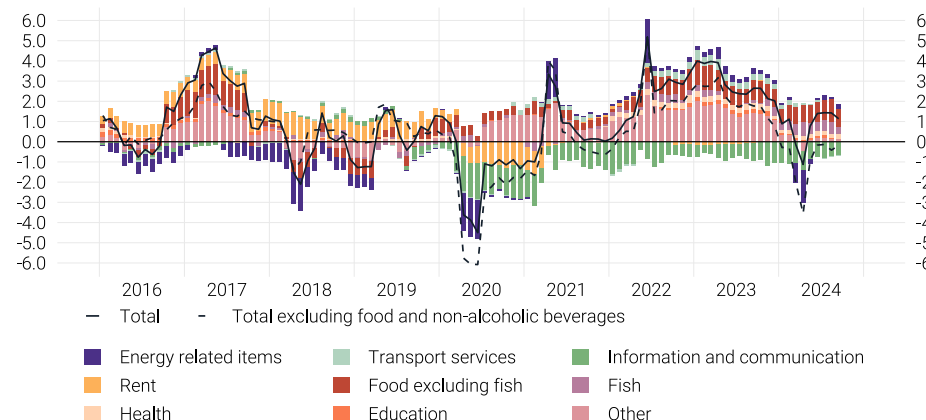


Source: Ministry of Tourism

Inflation

- The rate of inflation, as measured by the annual percentage change in the national CPI, decelerated to 1.1% in September 2024 from 1.4% in August 2024.
 - The largest contribution to the annual rate of inflation during September 2024 came from vegetables (0.49 percentage points); fish (0.33 percentage points); electricity (0.24 percentage points); other outpatient care services (0.16 percentage points); dairy products (0.11 percentage points); personal care appliances, articles and products (0.10 percentage points); meat (0.09 percentage points); passenger transport by air (-0.08 percentage points); major household appliances (-0.10 percentage points); and mobile communication services (-0.57 percentage points).
- The monthly percentage change in the national CPI remained broadly unchanged at 0.2% in September 2024.
 - The largest contribution to the monthly rate of inflation came from vegetables (0.12 percentage points); electricity (0.08 percentage points); refuse collection (0.04 percentage points); other outpatient care services (0.03 percentage points); dairy products (0.02 percentage points); personal care appliances, articles and products (0.02 percentage points); passenger transport by air (0.01 percentage points); mobile communication services (-0.01 percentage points); fruit (-0.04 percentage points) and fish (-0.14 percentage points).

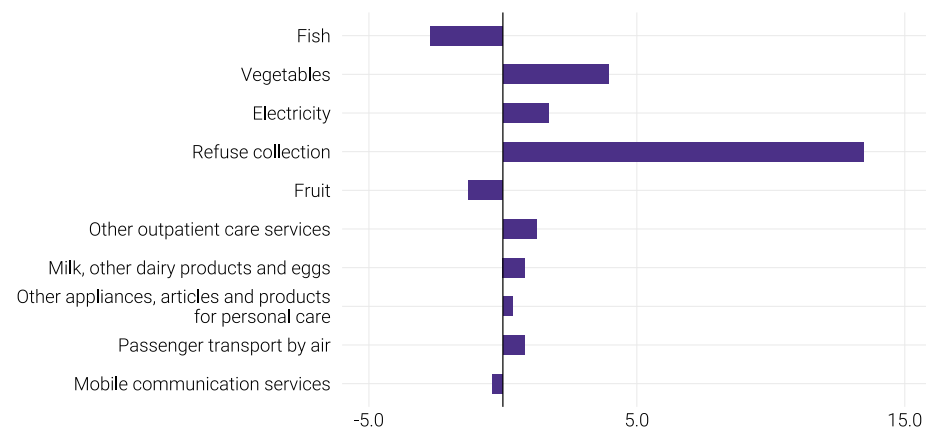
Contribution of Major Categories to CPI Inflation (National), 2016 - 2024
(annual percentage change, percentage point contribution)



Source: Maldives Bureau of Statistics

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

Monthly Changes of Subcategories of CPI Inflation (National),
September 2024
(monthly percentage change)



Source: Maldives Bureau of Statistics

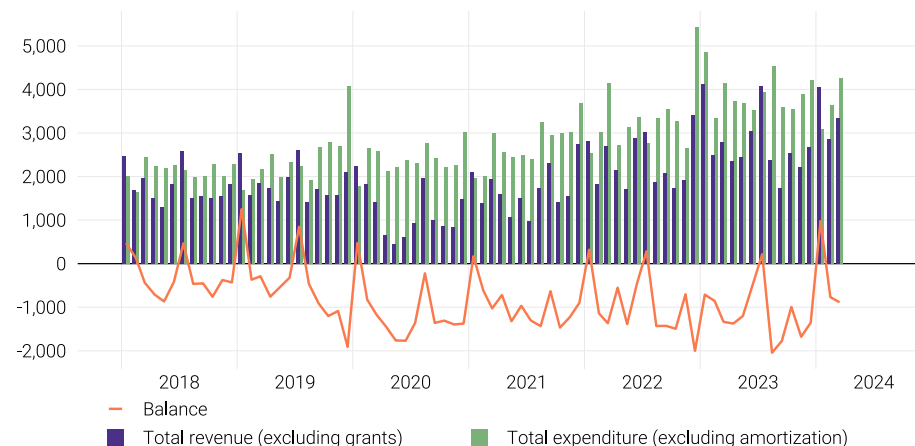
Note: Ordered by the size of the contribution.

Public Finance

- Total revenue (excluding grants) observed an increase of MVR560.3 million (or 20%) in March 2024 when compared with March 2023, owing to the increase in tax revenue, despite the decline in non-tax revenue. As such, tax revenue increased by MVR671.1 million, whereas non-tax revenue fell by MVR117.1 million.
- Total expenditure (excluding amortisation) increased by MVR115.3 million (or 3%) in March 2024 when compared with March 2023, stemming from the increase in recurrent expenditure, which rose by MVR559.8 million. Meanwhile, capital expenditure declined by MVR444.5 million in March 2024, when compared with March 2023.
- According to the latest available data, the stock of total government debt (excluding government guaranteed debt) amounted to MVR112.2 billion at the end of Q1-2024, a 1% increase from Q4-2023. Meanwhile, total government debt as a percentage of GDP declined to 98% at the end of Q1-2024, from 103% in Q4-2023.
 - During this period, the increase in government debt was primarily driven by domestic debt.

Government Revenue and Expenditure, 2018 - 2024

(millions of rufiyaa)

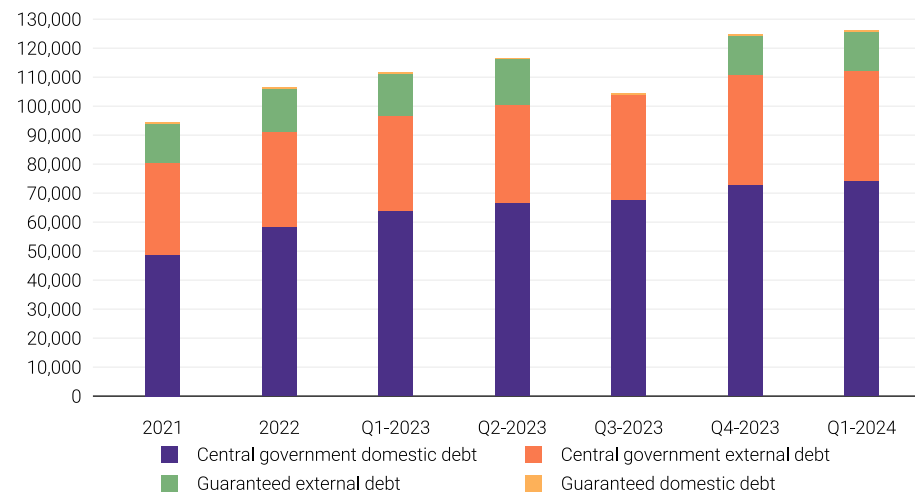


Source: Ministry of Finance

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

Total Outstanding Stock of Public Debt, 2021 - 2024

(millions of rufiyaa)



Source: Ministry of Finance

Monetary Developments

Reserve Money

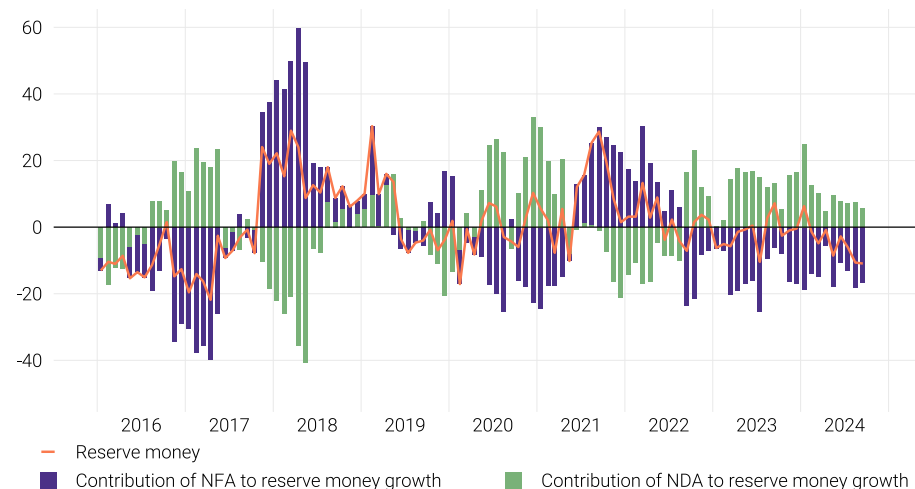
- Reserve money (M0) declined by 11% at the end of September 2024 and remained broadly unchanged from August 2024. This mainly reflected the annual decline in net foreign assets, which offset the increase in net domestic assets during the period.
 - The decline in net foreign assets was primarily due to the substantial decrease in foreign asset accumulation during the period, despite the decline in foreign liabilities. This largely reflected the repayment of the swap facility in December 2023, availed from the Reserve Bank of India (RBI) in December 2022. Meanwhile, net domestic assets increased, mainly reflecting the decrease in placements in the overnight deposit facility (ODF), despite the decline in net claims on the central government by the MMA.

Broad Money

- Broad money (M2) growth remained broadly unchanged at less than 1% at the end of September 2024, from the end of August 2024.
 - On the components side, the annual increase in broad money primarily reflected the increase in time and savings deposits denominated in both local and foreign currency. This offset the decline in the transferable deposits denominated in foreign currency, while such deposits in local currency observed an increase. Meanwhile, currency outside depository corporations declined during the month.
 - As for the sources, the annual growth in broad money was solely driven by the increase in net domestic assets, largely owing to the increase in credit to the private sector together with credit to public non-financial corporations. This was followed by the increase in net claims on the central government by the commercial banks during September 2024. Meanwhile, net foreign assets declined, mainly owing to the decline in foreign asset accumulation, despite the decline in foreign liabilities during the period.

Sources of Reserve Money, 2016 - 2024

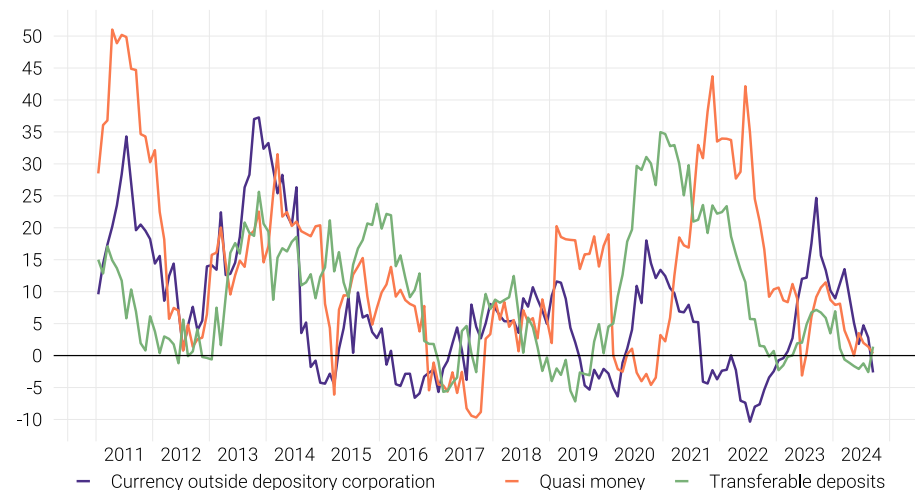
(annual percentage change, contribution percent)



Source: Maldives Monetary Authority

Components of Broad Money, 2011 - 2024

(annual percentage change)



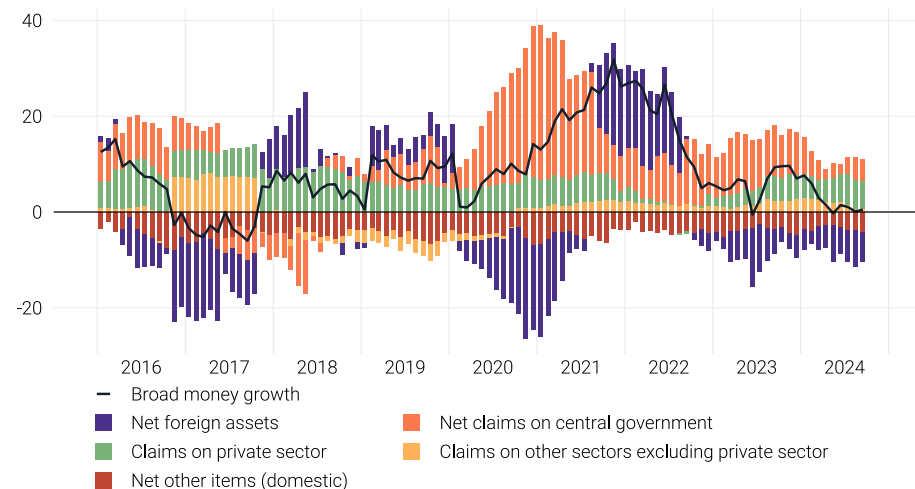
Source: Maldives Monetary Authority

Credit to Private Sector

- The annual growth rate of credit to the private sector by the commercial banks remained broadly unchanged at 11% at the end of September 2024, from August 2024.
 - As such, credit to all major sectors (namely tourism, construction, personal loans, and real estate), except for commerce, continued to expand in September 2024, whereby personal loans registered the highest growth during the month, with an annual increase of 31%. Meanwhile, the tourism sector continued to account for the largest share of bank credit and registered an annual growth of 8%.
 - The annual growth in credit for personal loans was driven by the increase in credit lent in the form of credit cards and consumer durables, despite the minor decline in educational loans. As for the tourism sector, the annual growth in credit to the sector was largely driven by an increase in credit lent as working capital together with credit lent for renovation of resorts.

Contribution to Broad Money, 2016 - 2024

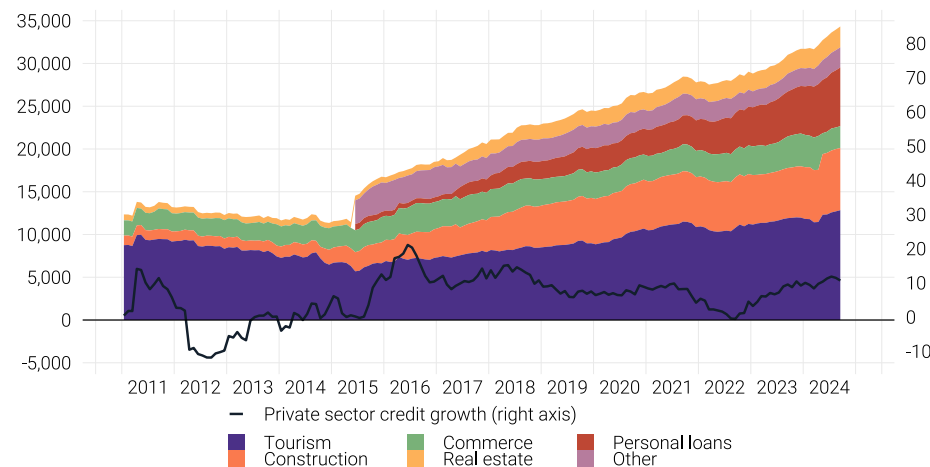
(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

Private Sector Credit, 2011 - 2024

(millions of rufiyaa, annual percentage change)

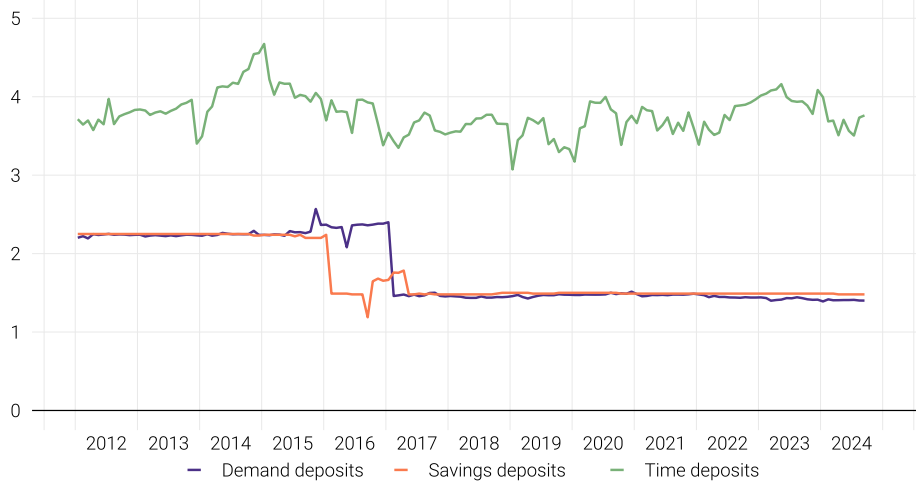


Source: Maldives Monetary Authority

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

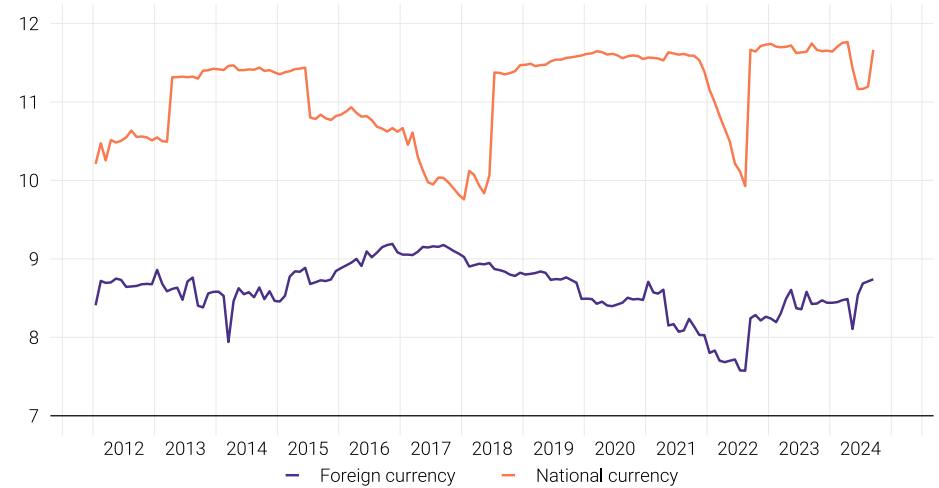
Interest rates

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



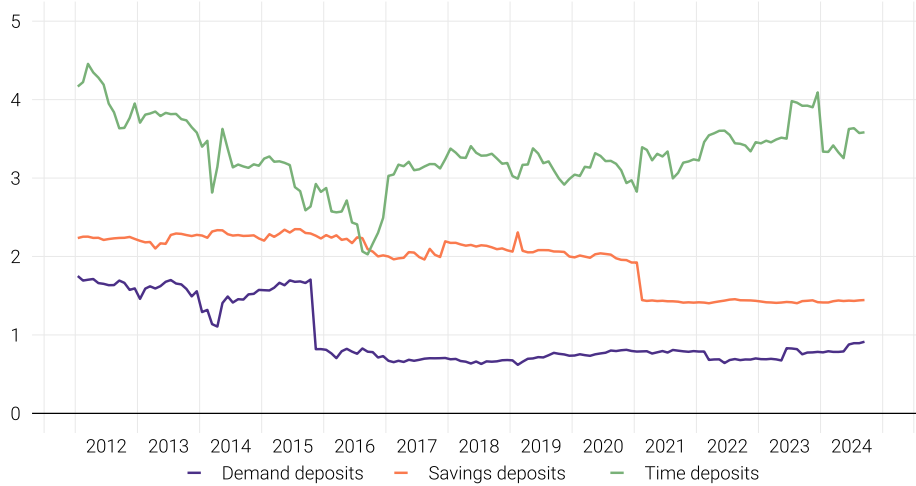
Source: Maldives Monetary Authority

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



Source: Maldives Monetary Authority

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



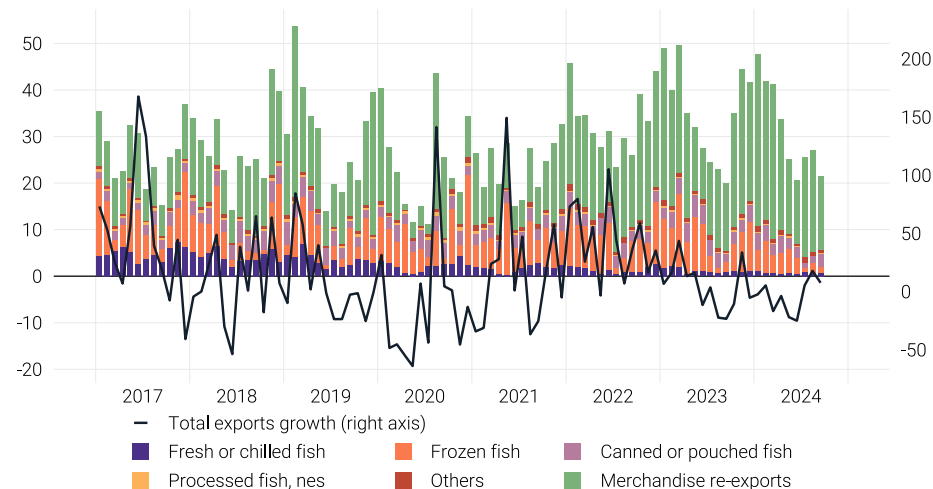
Source: Maldives Monetary Authority

External Trade

- Total exports (f.o.b) increased by 8% in September 2024, when compared with September 2023, while total imports (c.i.f) increased by 20% during the same period.
 - The annual increase in total exports stemmed primarily from the increase in re-exports. This reflected higher earnings from the other re-exports category, which entirely offset the decline in earnings from re-exports of jet fuel. Meanwhile, domestic exports increased during the period, largely owing to higher earnings from canned or pouched tuna exports, despite the decline in frozen skipjack tuna exports.
 - The annual increase in import expenditure stemmed mainly from the increase in most major categories such as transport equipment and parts, together with food items, machinery and mechanical appliances and parts, as well as furniture, fixtures and fittings. In contrast, declines were observed in import expenditure on petroleum products.
- Overall, for the period January to September 2024, total exports declined by 5%, whereas total imports increased by 4%, when compared with the corresponding period of 2023.

Total Exports, 2017 - 2024

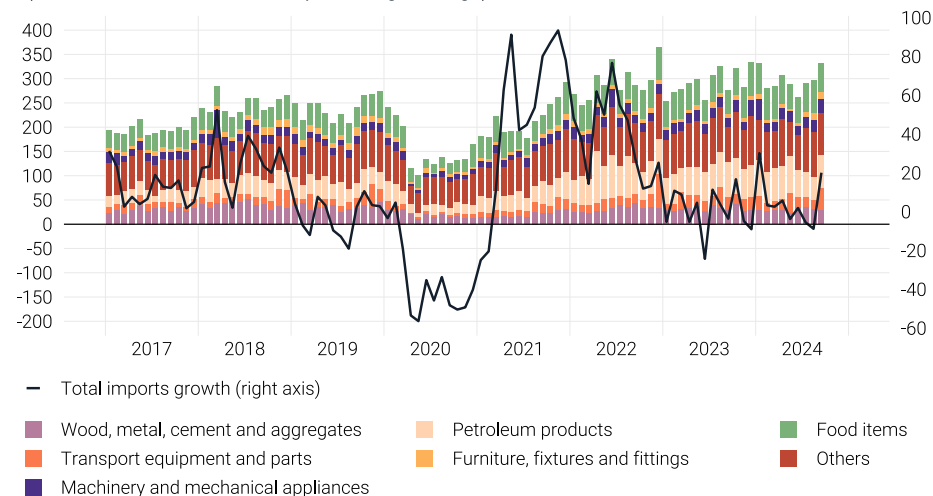
(millions of US dollars, annual percentage change)



Source: Maldives Customs Service

Total Imports, 2017 - 2024

(millions of US dollars, annual percentage change)



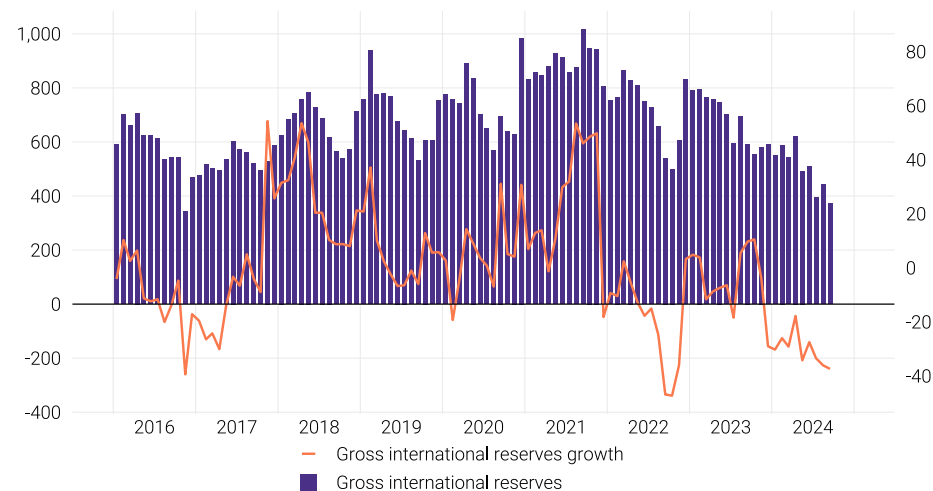
Source: Maldives Customs Service

Gross International Reserves

- Gross international reserves² (official reserve assets) declined to US\$371.2 million at the end of September 2024, from US\$443.9 million at the end of August 2024. This also depicted a decline of US\$221.5 million from the US\$592.7 million recorded at the end of September 2023.
- In terms of growth rates, notable declines of 16% and 37% were registered when compared with August 2024 and September 2023, respectively.

Gross International Reserves, 2016 - 2024

(millions of US dollars, annual percentage change)



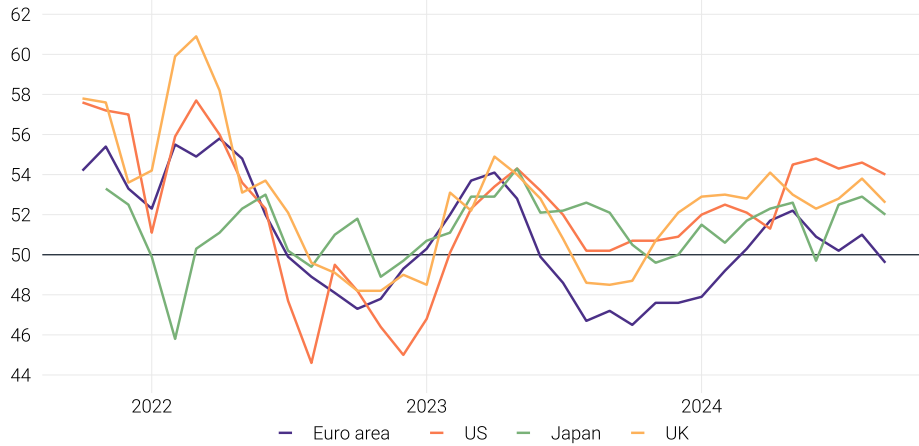
Source: Maldives Monetary Authority

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

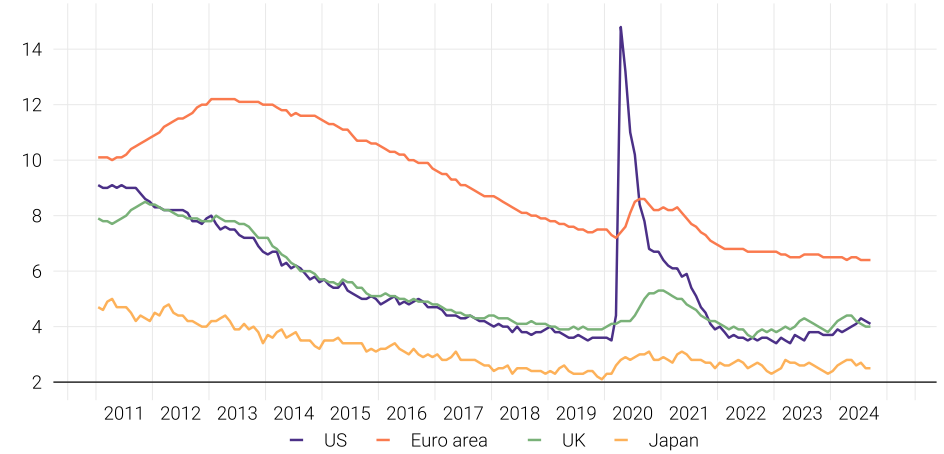
Global Output

Purchasing Manager's Index in the Advanced Economies, 2021 - 2024
(index points)



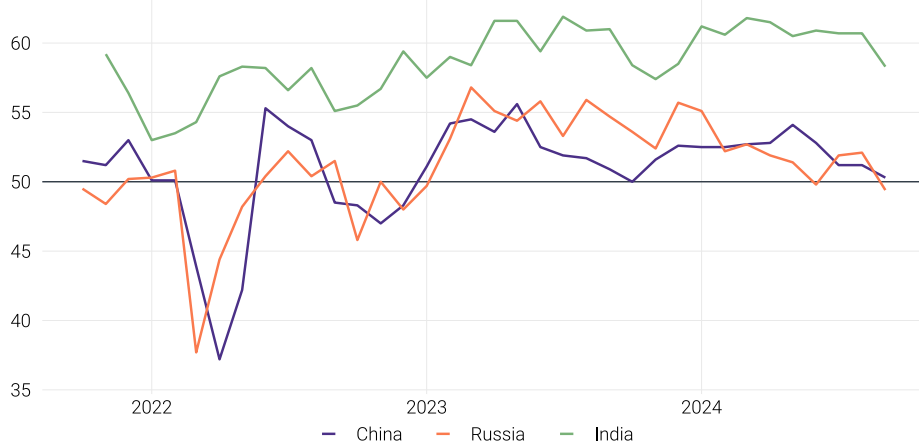
Source: Bloomberg Database

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



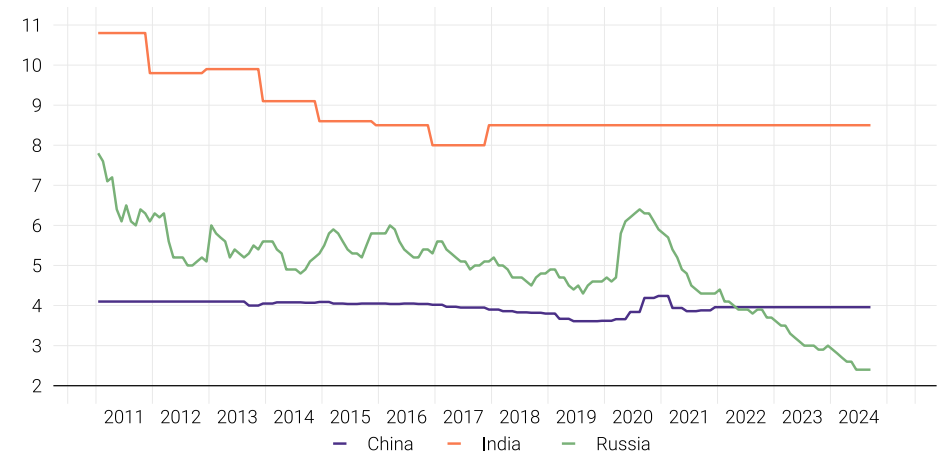
Source: Bloomberg Database

Purchasing Manager's Index in the Emerging Economies, 2021 - 2024
(index points)



Source: Bloomberg Database

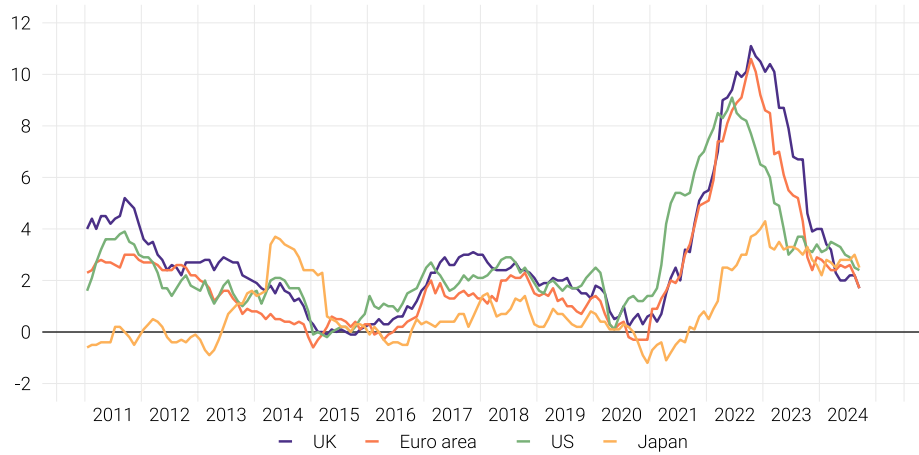
Unemployment in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database

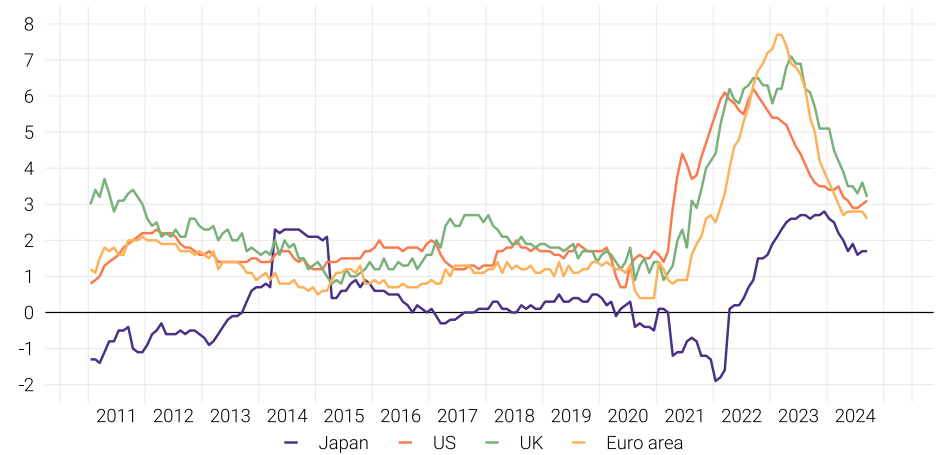
Global Inflation

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



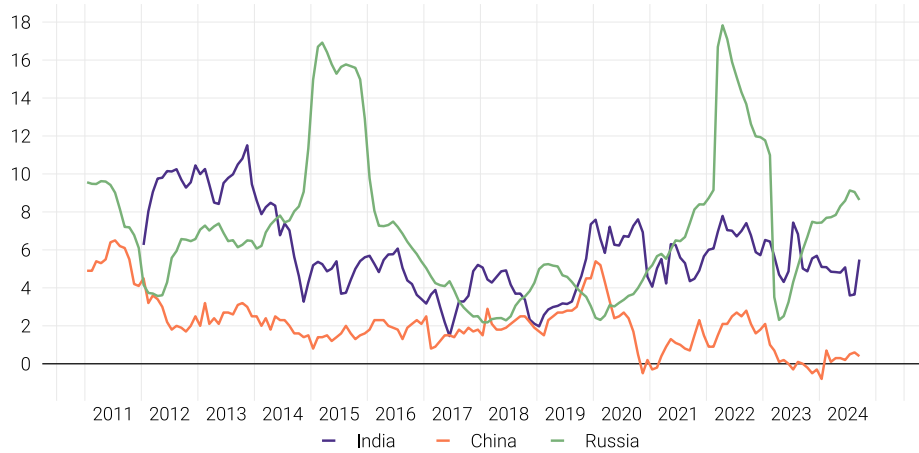
Source: Bloomberg Database

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



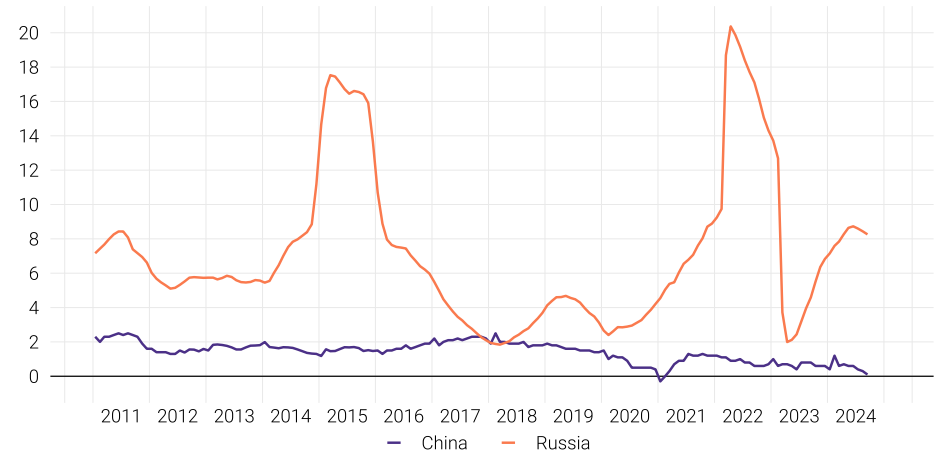
Source: Bloomberg Database

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



Source: Bloomberg Database

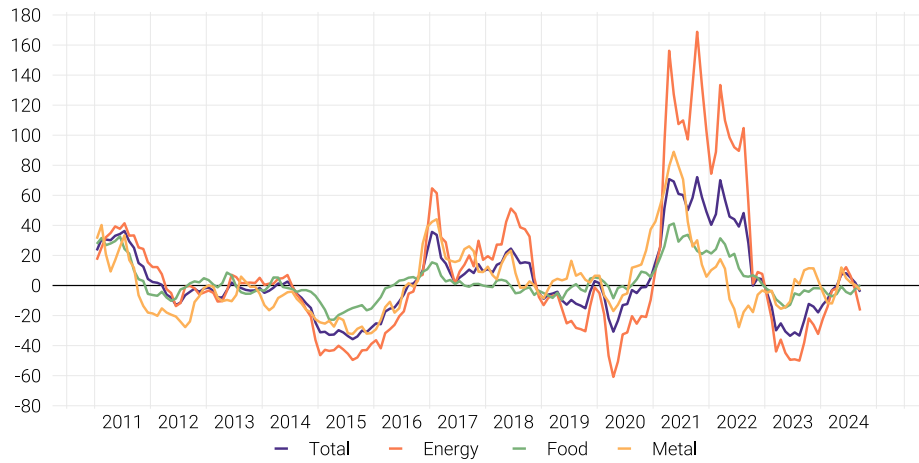
Core Inflation in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database

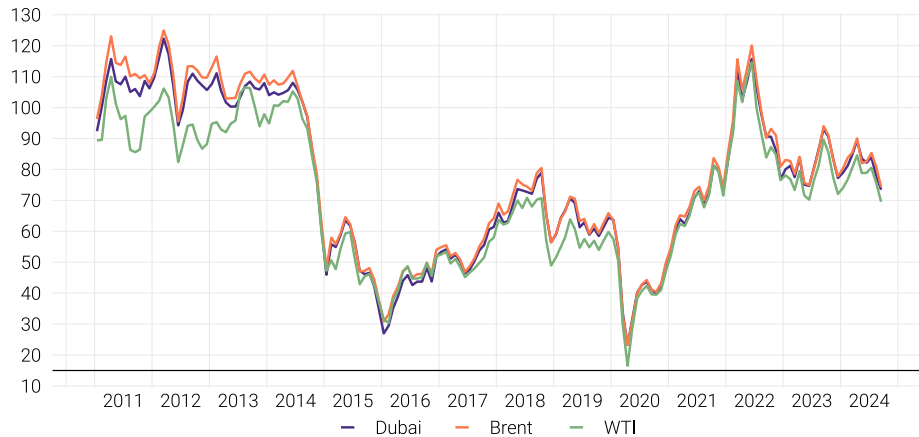
Commodity Prices

Commodity prices, 2011 - 2024
(annual percentage change)



Source: IMF

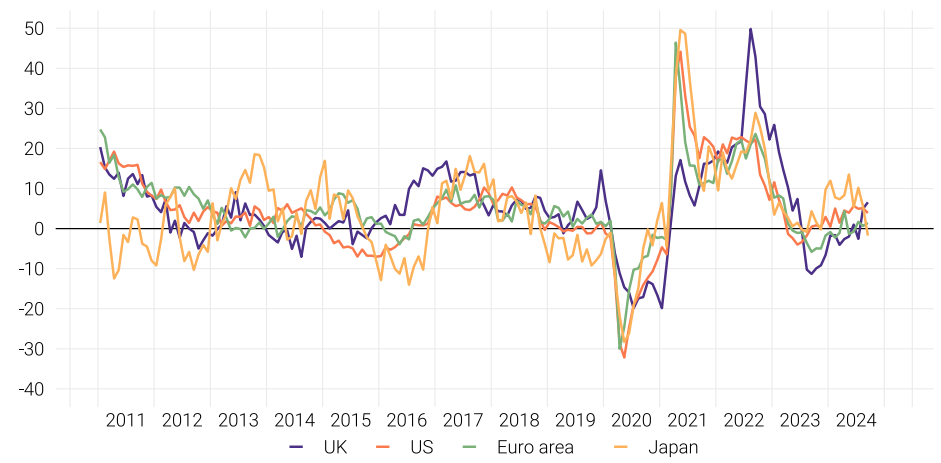
Oil prices, 2011 - 2024
(dollars per barrel)



Source: Bloomberg Database

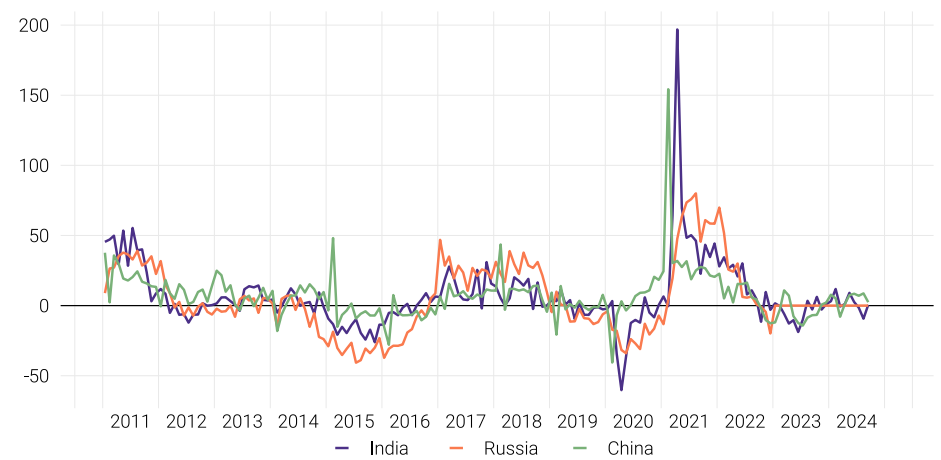
Global Trade

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



Source: Bloomberg Database

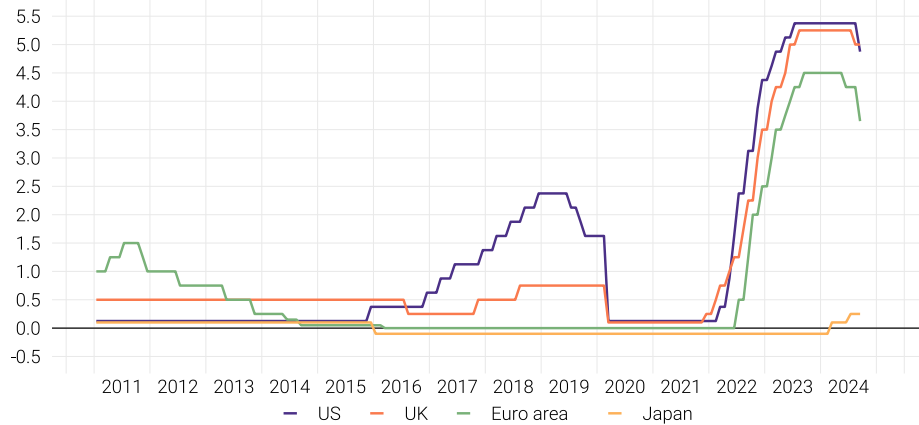
Exports in the Emerging Economies, 2011 - 2024
(annual percentage change)



Source: Bloomberg Database

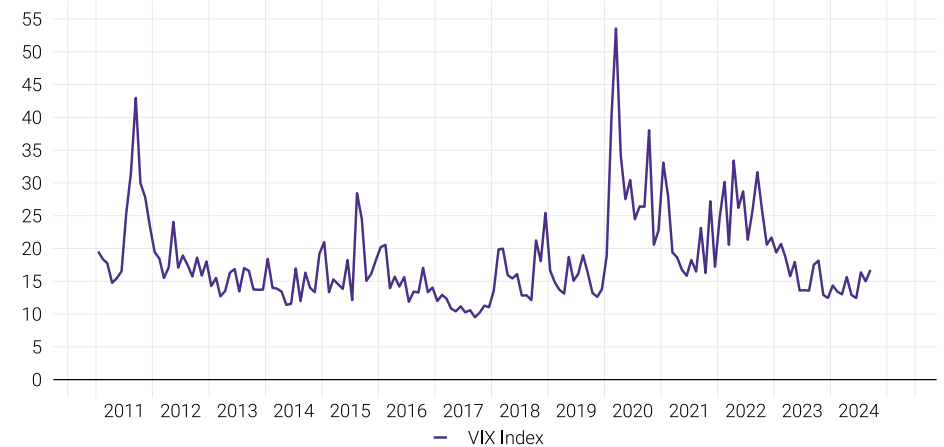
Global Financial Markets

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



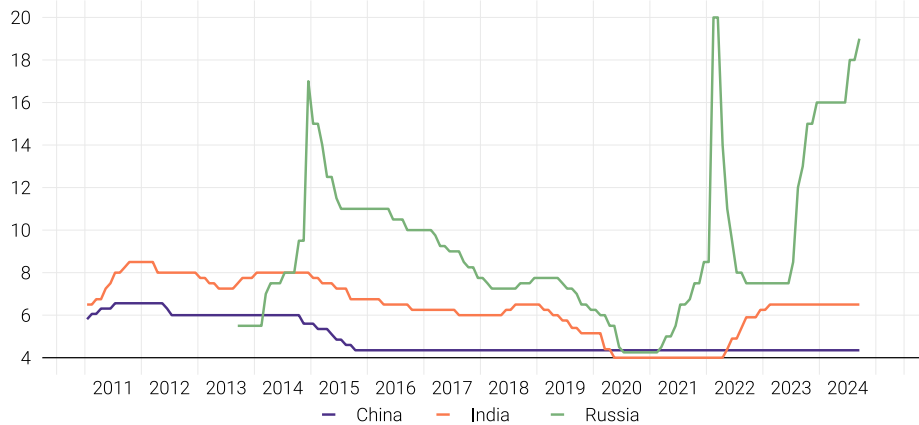
Source: Bloomberg Database

Volatility Index, 2011 - 2024
(percent)



Source: Bloomberg Database

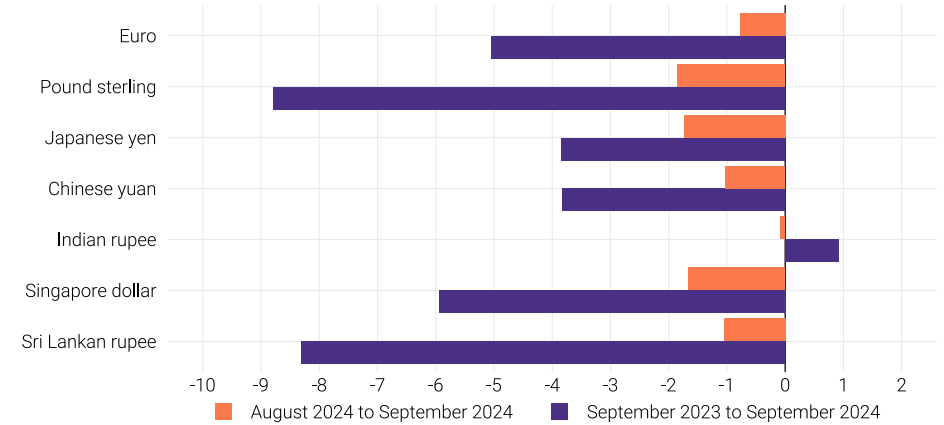
Monetary Policy Rates in the Emerging Economies, 2011 - 2024
(percent)



Source: Bloomberg Database

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

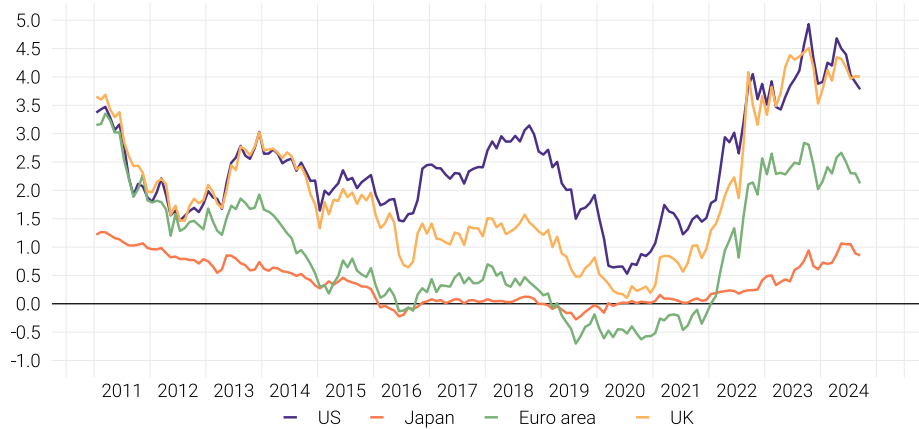
Exchange Rate of US Dollar against Currencies of Major Trading Partners, September 2024
(percentage change)



Source: Bloomberg Database

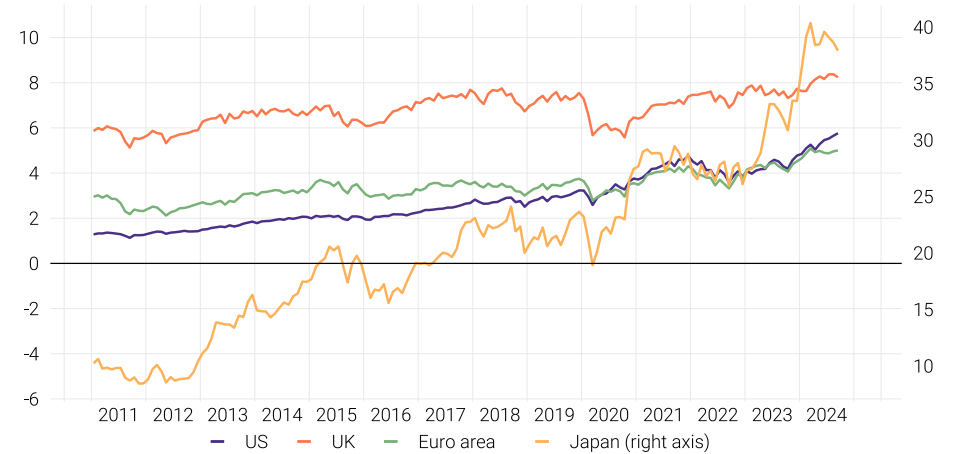
Global Financial Markets

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



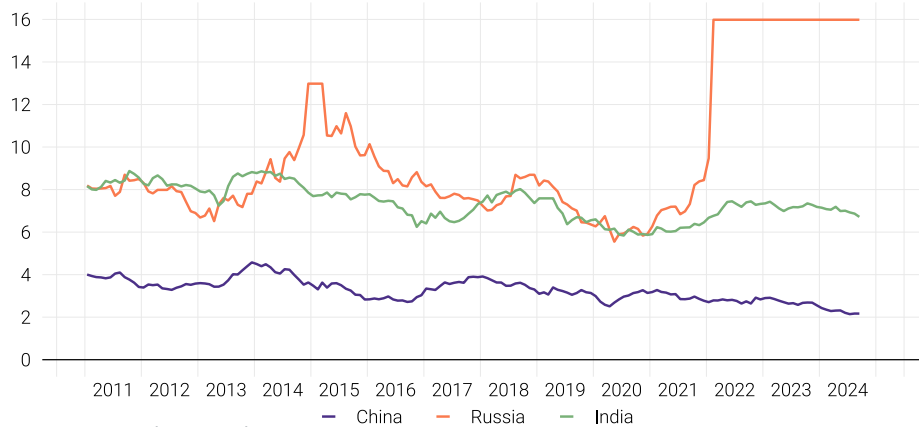
Source: Bloomberg Database
Note: 10-Year Sovereign Bond Yields.

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



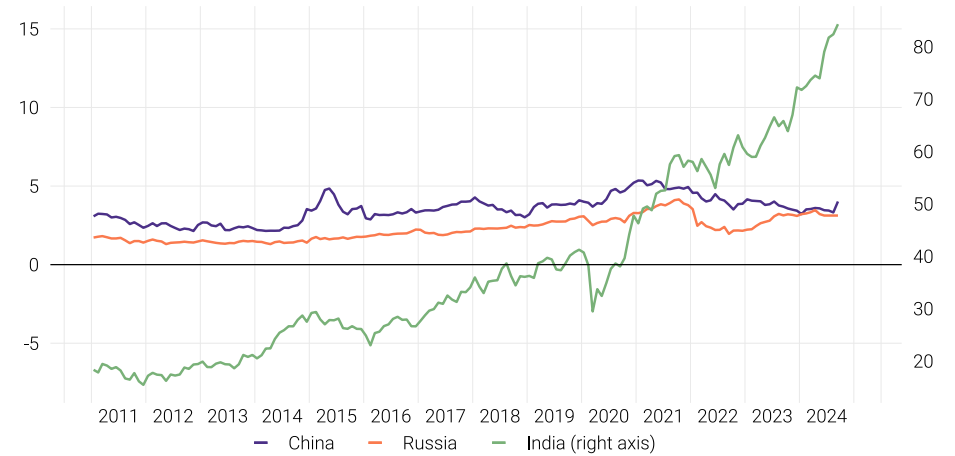
Source: Bloomberg Database

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



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

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



Source: Bloomberg Database



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