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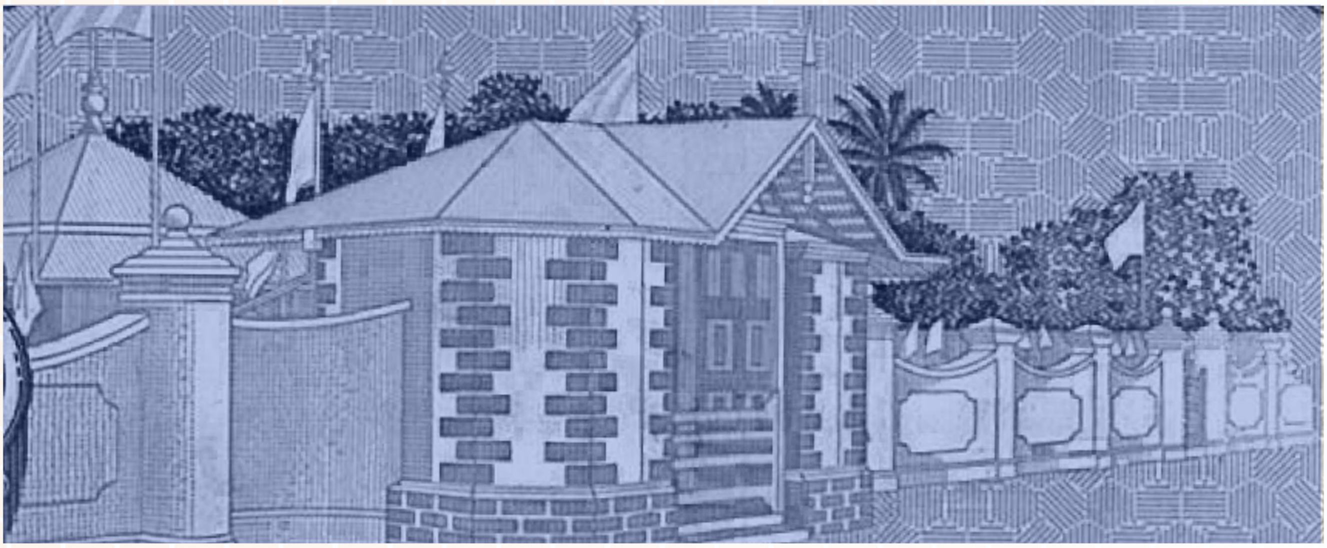


The image on the top is taken from the MVR 100 note which features Medhuziyaaraiy.

This Bulletin is compiled by the Monetary Policy and Research Division (MPRD) of the Maldives Monetary Authority. It covers developments in the domestic and international economy during the fourth quarter of 2014. 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 2 April 2015. Where actual data is not readily available, estimates have been made by MPRD based on available information. The timely receipt of data is therefore crucial to the compilation of this publication and the analyses contained herein.

Contents

Abbreviations

bps	basis points
c.i.f	cost, insurance, freight
CPI	Consumer Price Index
f.o.b	free on board
IMF	International Monetary Fund
M0	reserve money
M2	broad money
MMA	Maldives Monetary Authority
NDA	net domestic assets
NFA	net foreign assets
NPL	non-performing loan
ODF	Overnight Deposit Facility
OPEC	Organisation for Petroleum Exporting Countries
OMO	open market operations
T-bill	Treasury bill
T-GST	tourism goods and services tax
UAE	United Arab Emirates
UK	United Kingdom
US	United States
WAIR	weighted average interest rate

Recent Economic Developments

International Economic Developments

Output

According to the *World Economic Outlook Update* published by the International Monetary Fund (IMF) in January 2015, global economic growth is expected at 3.3% in 2014, the same as in 2013. Growth during the year was led by advanced economies, on account of improved performances by major economies such as the United States (US) and the United Kingdom (UK), followed by the recovery of the euro area from a two year recession. Output in emerging markets and developing economies eased, reflecting structural changes in key economies such as China and the continued geo-political tensions in the Middle East.

Among the advanced economies, the US economy recorded an annualised growth rate of 2.2% in Q4-2014, down from 4.9% in Q3-2014. The slowdown in growth during Q4-2014 was due to the cut down in government spending on military defense which spurred growth in the previous quarter. However, savings from the continued decline in international oil prices was reflected in the growth of personal consumer spending and increased imports.

As for the euro area, output grew at an annualised rate of 1.3% in Q4-2014, picking up momentum from the 0.7% recorded in the previous quarter. The growth in output was driven by improved performances in key economies such as Germany where domestic demand increased markedly in Q4-2014. However, in the majority of euro area countries output growth remained mixed, with unemployment still above 10% in the area.

Meanwhile, the Japanese economy emerged from recession in Q4-2014, avoiding a third consecutive quarter of output decline, by recording an annualised growth rate of 1.5%. Despite the upturn in the economy, growth in Q4-2014 was below expectations due to weak household spending resulting from lower income growth.

The UK economy grew at an annualised rate of 2.2% in Q4-2014, lower than the growth rate of 2.6% recorded in Q3-2014. Compared to the previous quarter, growth was observed in two of the four main industrial groupings in the economy. As such, output increased in agriculture and services industry while the construction and production sectors declined.

Looking at emerging markets and developing economies, the Chinese economy grew at an annualised rate of 6.0% in Q4-2014, down from 7.6% in the previous quarter. The growth of the Chinese economy has been maintained by focused government stimulus efforts as the economy faced a slowdown in credit growth and easing of inflation since Q1-2014. Meanwhile, the Indian economy grew by 7.5% in Q4-2014 (the third quarter of India's financial year), decelerating from the 8.2% recorded in the previous quarter, although higher than the 6.6% recorded in Q4-2013. Output expanded in all major sectors, notably in the financial sector and government administration, but was offset by a decline in the agriculture, forestry and fishing industry.

Inflation

Global inflation decelerated in Q4-2014, recording 2.8% in Q4-2014, down from 3.3% in the previous quarter. The growth in prices has eased in major economies around the world, dragged down by the fall in oil prices.

Looking at inflation trends in the advanced economies, consumer price inflation in the

US decelerated to 1.2% in Q4-2014 from 1.8% in Q3-2014. Inflation, which remained below the Federal Reserve's 2.0% inflation target, decelerated due to the steep decline in oil prices.

Meanwhile, the rate of inflation remained muted in the euro area and eased slightly from 0.3% in Q3-2014 to 0.2% in Q4-2014. However, price growth was negative in December 2014, raising fears of deflation in the area for the first time since 2009. The low growth in prices has been attributed to sluggish demand underlined by the slow growth in jobs. Business confidence continued to remain low, significantly affected by the continuing tensions with Russia which has been hampering economic relations.

In Japan, the rate of inflation decelerated for the second consecutive quarter, slowing from 3.3% in Q3-2014 to 2.5% in Q4-2014. Prices eased during the quarter due to fall in oil prices and weaker consumer demand. Similarly in the UK, the rate of inflation decelerated to 0.9% in Q4-2014 from 1.5% in the previous quarter, contributed mainly by lower energy, food and retail commodity prices.

As for emerging markets and developing economies, inflation in China decelerated to 1.5% in Q4-2014 from 2.0% in Q3-2014. The slow growth in prices has been linked to falling oil and food prices along with a slowing housing market. In India, inflation as measured by the growth in Consumer Price Index (CPI) eased to 7.4% in Q4-2014, down from 8.1% in Q3-2014 due to favourable decline in oil and food prices.

Commodity Prices

The IMF commodity price index declined steeply in Q4-2014, falling by 20% and 17% in both annual and quarterly terms, respectively. The fall in global commodity prices during Q4-2014 is attributed to the continued decline in prices of food, metal and more significantly, crude oil.

Price of crude oil[1] declined to a quarterly average of US$74.5 per barrel in Q4-2014, falling by 29% and 26% compared to Q4-2013 and Q3-2014, respectively. The decline in crude oil prices have been due to expectations of continued surplus in the market based on a number of factors. This includes weak demand from major economies such as China where growth has slowed to the lowest level since 1990. Additionally, strong gains in supply by non-members of the Organization of Petroleum Exporting Countries (OPEC), namely the US, have driven excess supply in the market. However, OPEC, led by Saudi Arabia has kept the supply steady and appears willing to keep lower prices until the excess supply is removed and the market achieves a long term balance. Price of crude oil closed at US$60.6 per barrel at the end of December 2014, significantly lower than the quarterly average for Q4-2014.

Global food prices declined in Q4-2014, by 5% from the previous quarter and by 8% compared to Q4-2013. According to statistics from the Food and Agriculture Organization of the United Nations, declines were observed in all indices (which include dairy, cereal and sugar) except for meat prices index. The decline in food prices have been attributed to falling oil prices and abundant export supplies.

Global metal prices continued to decline, falling by 7% and 14% in both quarterly and annual terms, respectively. The decline in metal prices reflected the ongoing supply growth and easing of demand from the emerging markets, especially due to concerns over the slowdown of the Chinese economy.

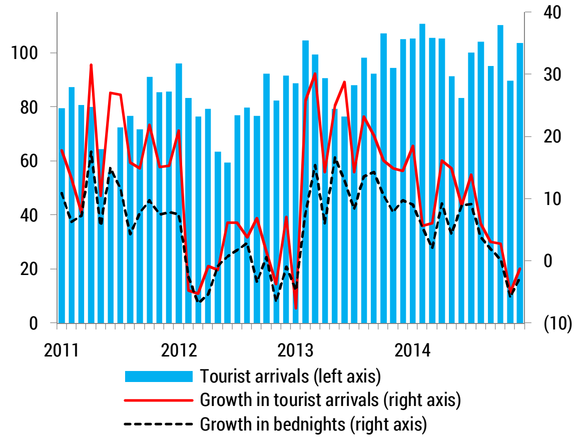
1 Quarterly average of Brent, West Texas Intermediate and the Dubai Fateh.

Domestic Economic Development

Production and Prices

The performance of the tourism industry remained somewhat mixed in Q4-214 with a slight annual decline in tourist arrivals and a significant growth in tourist expenditure. During Q4-2014, total tourist arrivals to the country amounted to 303,853 which was 1% lower when compared to Q4-2013 contributed by declined arrivals from both Europe and Asia (Figure 1). Tourist bednights also declined by 3% in Q4-2014 when compared to Q4-2013. The slightly higher decline in tourist bednights relative to the fall in arrivals reflects the marginal decrease in average stay of tourists, which fell from 6.1 days in Q4-2013 to 6.0 in the review quarter. Despite the decline in bednight, tourism receipts[2] increased markedly by 16% in Q4-2014 compared to Q4-2013. On the supply side, the operational capacity of the tourism industry increased by 1% during the quarter, to reach an average of 26,852 beds. Reflecting this and the decline in tourist bednights, the occupancy rate of the industry fell to 74% in Q4-2014 from 77% in Q4-2013.

Figure 1: Tourist Arrival and Bednight Growth, 2011–2014
(tourist arrivals in thousands, growth in annual percentage change)

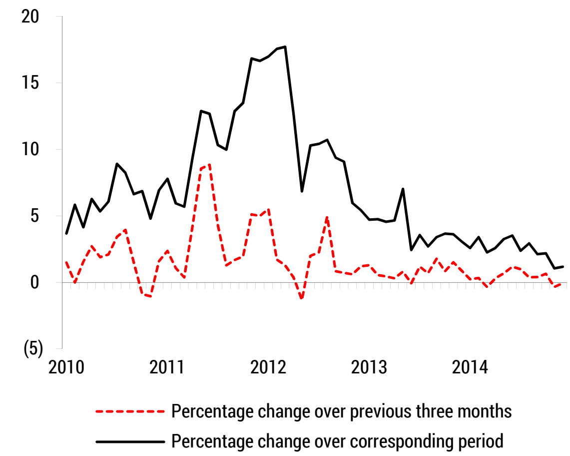


Source: MInistry of Tourism

Looking at arrival trends from major source markets, except for the Russian market, arrivals from major European markets posted growths in Q4-2014. Of the main European source markets, Germany, accounting for 20% of arrivals from Europe, posted a robust growth rate of 7% due to its improving economy, while the UK, the second largest source market from Europe (16% of arrivals), recorded a growth of 2%. Arrivals from Russia, which had been one of the fastest growing markets from Europe in the past few years, deteriorated further and declined by 30% compared to Q4-2013 owing to the continued

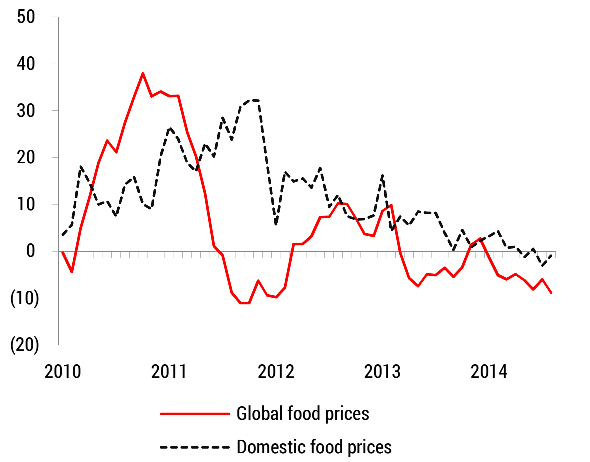
2 Tourism receipts calculated on the basis of tourism goods and services tax receipts, duty-free sales from Ibrahim Nasir International Airport and tourism tax receipts.

Figure 2: Inflation (Male'), 2010–2014
June 2012=100



Source: National Bureau of Statistics

Figure 3: Global and Domestic Food Inflation, 2010–2014
(annual percentage change in the IMF food price index, and food and non-alcoholic beverage component in the consumer price index for Male' (June 2012=100))



Source: International Monetary Fund, National Bureau of Statistics

recession in the country, thus contributing significantly to the fall in total tourist arrivals. Meanwhile China, which continues to be the single largest source country for tourism in Maldives, registered a decline in arrivals of 6% and also contributed significantly to the decline in tourist arrivals in Q4-2014. Other key Asian markets such as India saw increased arrivals while Japan and Korea recorded a decrease in their arrivals.

With regard to other major production sectors of the economy, the fisheries sector continued to perform poorly, with falling international tuna prices adversely affecting the sector. As such the volume of fish purchased from local fisherman during the Oct-Nov 2014[3] fell by 53% when compared to the same period a year ago. Moreover, the volume of fish exported in Q4-2014 decreased by 11% while earnings on fish exports fell by 15% when compared to Q4-2013.

The activities in the construction industry were favourable and continued to grow as indicated by the annual increase in construction-related imports and increased bank credit to the sector. Activity in the wholesale and retail trade also grew, as indicated by increased imports by the private sector (excluding tourism) and bank credit to the sector.

Inflation

The rate of inflation, as measured by the annual percentage change in the three-month average of the consumer price index for Male', decelerated further in Q4-2014, contributed by declining food prices and slower growth in prices of other major categories of the CPI basket. As such, the rate of inflation fell to 1.5% in the review quarter, down from 2.5% in Q3-2014 (Figure 2). Similarly, inflation excluding the volatile fish prices also continued to ease during the quarter, and fell to 1.2%, explaining

3 Fish purchases data was not available for December at the time of publication. Hence, only the months of October and November have been considered.

the relatively stable fish prices during the year as a whole.

Despite a slight pick-up in food inflation in Q2-2014, growth in prices of food items decelerated further during the latter half of the year. Inflation for food items registered a decline of 1.3% in Q4-2014 compared to a 0.2% growth in the previous quarter. The decline in prices of food was driven by significant declines in prices of fruits and vegetables, particularly onions. The fall in onion prices can be attributed to the decline in onion prices in India, which has consistently been declining during 2014. The decline in prices for these two food categories offset the increase in price growth of other categories such as fish. The declining trend in domestic food prices also mirror the easing of global food prices, which have been declining for the most part of 2014 (Figure 3).

Slower growth in prices of housing and utilities also contributed significantly to the slowdown in overall inflation during Q4-2014. As such, rental prices paid by tenants observed a slower growth rate in the review quarter while electricity prices noted a decline. Prices paid by consumers for healthcare also reflected a slight easing, with a moderation in the prices for medical services. Moreover, price growth in the transport category declined considerably, reflecting the decrease in fuel prices.

Public Finance

According to data available from the Ministry of Finance and Treasury as at 26 January 2015, total revenue (excluding grants) amounted to MVR3.0 billion in Q4-2014 and increased by MVR361.7 million compared to the corresponding period of 2013. This was largely contributed by a MVR456.7 million increase in tax revenue, which accounted for over 77% of total revenue during the quarter. The buoyant growth in receipts from Tourism Goods and Services Tax (T-GST), which largely resulted from the revision of T-GST rate from 8% to 12% in November 2014, was the main contributor to the increase in tax revenue during Q4-2014. Improved revenue from import duty was the second highest contributor to tax revenue which reflected both the rise in imports and amendments brought to the import duty of certain items in April 2014 (as per the Tenth Amendment to the Law Governing Exports and Imports). Among these items, import duty was increased for the majority of the items (textiles, cotton, sugar confectionaries, iron, steel, diesel motor oil, seat covers of passenger vehicles etc.), while the duty of remaining items were either decreased or eliminated (chicken feed, organic and chemical fertilisers).

Total expenditure (excluding debt amortisation), which amounted to MVR3.2 billion in Q4-2014, recorded an increase of MVR269.8 million when compared to the same quarter a year ago. This reflected increases in both recurrent and capital expenditure, each accounting for 85% and 15% of total expenditure in Q4-2014, respectively. Recurrent expenditure recorded an increase of MVR113.7 million in Q4-2014 largely due to significant increases in pensions as well as salaries and allowances. The increase in pensions of MVR172.3 million reflects the introduction of a senior citizen allowance in February 2014, which provides a top-up to the existing basic old-age pension (of MVR2,300) to ensure that the elderly receive MVR5,000 per month. Meanwhile, capital expenditure increased by MVR156.0 million when compared to Q4-2013, mainly due to a rise in spending on public sector investment projects, such as jetty and harbor maintenance, other infrastructure as well as land reclamation.

The domestic financing data for Q4-2014 showed a further widening of the fiscal deficit with the government increasingly relying on T-bills to meet its borrowing needs. At the end of December 2014, the total outstanding stock of T-bills rose to MVR11.1 billion which reflects

Table 1: Claims on Central Government, 2013–2014
(in millions of rufiyaa)

	2013	2014		Outstanding at the end of 2013		2014		
	Q4	Q3	Q4	Q3	Q4	Q2	Q3	Q4
		net issue [1/]						
Government securities	**(517.7)**	**(224.4)**	**3,950.0**	**11,848.6**	**11,330.9**	**13,861.3**	**13,636.9**	**17,586.9**
T-bonds	(16.4)	(17.4)	3,357.2	3,153.0	3,136.6	3,100.7	3,083.3	6,440.5
Banks	(16.4)	(17.4)	3,357.2	3,153.0	3,136.6	3,100.7	3,083.3	6,440.5
MMA	(16.4)	(17.4)	3,357.2	3,153.0	3,136.6	3,100.7	3,083.3	6,440.5
Commercial banks	-	-	-	-	-	-	-	-
T-bills and islamic instruments	(501.3)	(207.0)	592.8	8,695.6	8,194.3	10,760.6	10,553.6	11,146.4
Banks	(723.5)	(291.8)	277.1	5,309.6	4,586.1	5,923.2	5,631.4	5,908.5
MMA	(829.6)	-	-	1,463.6	634.0	-	-	-
Commercial banks	106.1	(291.8)	277.1	3,846.0	3,952.1	5,923.2	5,631.4	5,908.5
Non-banks	222.2	84.8	315.7	3,386.0	3,608.2	4,837.4	4,922.2	5,237.9
SOEs [2/]	247.2	(56.4)	33.8	992.5	1,239.7	1,365.9	1,309.5	1,343.3
OFCs [3/]	215.5	258.0	375.0	2,153.0	2,368.5	2,793.5	3,051.5	3,426.5
Private sector	(240.5)	(116.8)	(93.1)	240.5	-	678.0	561.2	468.1
		flow						
Loans and advances	**(15.4)**	**(20.2)**	**(3,282.4)**	**4,253.6**	**4,238.2**	**6,360.1**	**6,339.9**	**3,057.5**
MMA	1,338.6	-	(3,328.2)	1,161.2	2,499.7	3,328.2	3,328.2	-
Commercial banks	(35.1)	(35.5)	(8.8)	572.9	537.8	170.4	134.9	126.1
OFCs	19.7	15.3	54.6	2,519.5	2,539.2	2,861.5	2,876.7	2,931.4

Source: Maldives Monetary Authority
[1/] Net issue represents the amount issued less maturity
[2/] State-owned enterprises
[3/] Other financial corporations

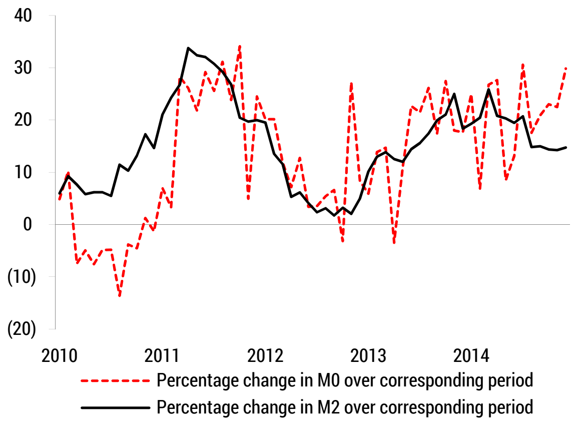
a net issuance of MVR592.8 million during Q4-2014. The increase in T-bills during the period has been contributed by increased investments by both commercial banks and other financial corporations (OFCs). Partly reflecting this, the total outstanding debt stock of government securities increased to MVR17.6 billion at the end of December 2014 which shows a net issuance of MVR3.9 billion during Q4-2014. It should also be noted that the significant increase in the outstanding debt stock of government securities during Q4-2014 mainly reflects the conversion of the government's overdraft with the MMA from a short term-loan into a non-tradable long-term bond on 30 December 2014 (Table 1).

Money and Banking

With regard to developments in monetary aggregates, the annual growth rate of broad money (M2) remained largely unchanged at 15% when compared to September 2014 and totalled MVR27.2 billion at the end of December 2014 (Figure 4). On the component side, the main contributor to the increase in M2 was the accelerated growth in quasi money. The expansion in quasi money was largely fuelled by the increase in foreign currency savings and time deposits during the review period.

Figure 4: Changes in Broad Money and Reserve Money, 2010–2014

(annual percentage change)



Source: Maldives Monetary Authority

On the counterpart side, the growth rate of M2 was driven by the increase in net foreign assets (NFA) of the banking system which offset the decline in net domestic assets (NDA) during the period. During Q4-2014 the annual growth rate of NFA of the banking system registered a slowdown, owing to the 2% decline in NFA of the commercial banks which, however, was offset by the significant growth in NFA of the MMA. The growth in NFA of the MMA has been contributed by the increase in commercial banks' foreign currency inward transfers. With regard to developments in NDA, despite the 7% growth in net credit to government, which mainly reflected the increase in commercial banks' investments in T-bills, the total NDA of the banking system registered a decline mainly due to an increase in the retained earnings of the commercial banks as indicated by the increase in other items net.

Growth in credit to the private sector by commercial banks remained stagnant in Q4-2014 with the rate of growth falling slightly from 4% in September 2014 to 3% in December 2014. Credit to the tourism sector (which accounted for 43% of the total private sector loans) remained weak owing to the decline in credit to new resort development which offset the pick-up in credit to resort renovation. Meanwhile, credit extended to construction and other sectors (mainly personal loans) registered strong increases during the review period.

With regard to developments in reserve money (M0), it increased by 30% compared to September 2014 and reached MVR12.5 billion by the end of December 2014. This was mainly contributed by the increase in NFA of the MMA as NDA declined. Meanwhile, the average liquidity absorbed via monetary operations increased by 22% in annual terms and amounted to MVR1.5 billion in Q4-2014. This was due to the significant increase in placements in Overnight Deposit Facility (ODF) reflecting the diversion of funds to from Open Market Operations (OMOs) to ODF by the commercial banks due to the suspension of OMOs since May 2014.

With regard to developments in interest rates on T-bills, reflecting the tap issuance of T-bills since Q2-2014, the weighted average interest rates (WAIR) on T-bills remained fixed at 7.5%, 8.0%, 8.5% and 9.0% p.a. for 28, 91, 182 and 364 day T-bills, respectively at the end of December 2014. However, compared to a year ago significant declines were observed for WAIR on T-bills of all maturities. As such, the WAIR on 28, 91, 182 and 364 day T-bills declined by 253, 221, 150 and 150 basis points (bps), respectively. As for the WAIR on loans and advances to the private sector, overall lending rates dipped slightly both on a quarterly and annual basis. As such, rates on loans denominated in local currency and foreign currency fell by 6 and 17 bps, respectively, from Q3-2014. In annual terms, WAIR on loans in rufiyaa and foreign currency fell by 5 and 12 bps, respectively.

Banking Sector Performance

During Q4-2014, the deposit base of the banking sector registered an annual increase of 18% and totalled MVR26.7 billion. The increase in deposits has been contributed by the robust growth of the tourism sector. Reflecting this, the net assets of the sector also registered an annual increase of 18% and amounted to MVR37.7 billion. With the increase in net assets, the loan portfolio of the industry also rose by 3% in annual terms and reached MVR16.6 billion. The increase in net assets were mostly invested in T-bills or kept as balances at MMA. As such, investments in T-bills and balances at MMA rose in annual terms by 20% and 80%, respectively.

As for the risk-weighted capital ratio of the banking sector, it remained strong in Q4-2014 at 46.7% compared to 34.0% a year ago, since a significant portion of assets were placed in low-risk categories.

With regard to the asset quality, the ratio of non-performing loans (NPL) to total loans increased to 16% in Q4-2014 from 12% in Q3-2014 due to the growth in NPLs at a few banks during the quarter, combined with the decrease in loan portfolio. In terms of the asset portfolio, NPLs amounted to 6%. The credit risk was mitigated due to a high level of loan loss provisions that covered 99% of the entire NPL portfolio.

As for profitability of the banking sector, despite a 1% decline in profits compared to last year owing to lower non-interest income of the industry, the profitability of the industry remained strong, with pre-tax profits at MVR2.0 billion. It should be noted that the non-interest income was exceptionally high in Q4-2013 due to abnormal recoveries experienced by the banking industry during 2013.

External Trade

Trade balance

During Q4-2014, the merchandise trade deficit widened by US$64.5 million (19%) when compared to the same period last year and totalled US$400.6 million. The widening of the trade deficit was contributed by a considerable increase in imports coupled with a decline in exports. As such, merchandise imports (f.o.b) increased by 14% from the same period last year and amounted to US$479.7 million in the review quarter while total exports decreased by 6% (US$5.1 million) in Q4-2014 compared to Q4-2013. The fall in total exports was due to the decrease in domestic exports while re-exports increased marginally. The share of domestic exports and re-exports did not change significantly during the quarter and stood at 49% and 51%, respectively. Re-exports (which comprise mainly of re-export of jet-fuel to international aircrafts) registered a 1% increase in the review period and totalled US$40.7 million.

Looking at the composition of domestic exports, the decline in such exports was largely due to the 48% (US$5.8 million) fall in earnings from frozen skipjack tuna exports in Q4-2014 compared to Q4-2013. The fall in frozen skipjack tuna exports during the period mostly reflected the decline in tuna prices in the international markets. On the other hand, export earnings of yellowfin tuna (accounting for 61% of total domestic exports) increased by 5% on an annual basis and totalled US$23.6 million during Q4-2014. This was contributed by the increase in earnings from fresh or chilled yellowfin tuna, (which accounted for 77% of total earnings from yellowfin tuna exports), while that from frozen yellowfin tuna declined. As for the export of canned or pouched tuna, which accounted for 10% of domestic exports, it saw a decline both in volume and value terms.

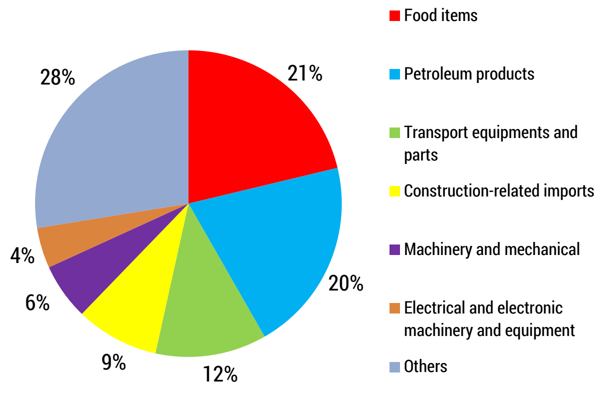
Looking at the composition of imports (c.i.f), the increase in imports during Q4-2014 was mainly owing to an increase in imports of transport equipment and parts, which increased by 42% (US$18.0 million) on an annual basis. This was due to the import of an aircraft during the review quarter. Imports of food which accounted for 21% of total imports also grew modestly in Q4-2014. However, imports of petroleum products, which accounted for 20% of total imports during the period, declined marginally (Figure 5). This can be attributed to the decline in global petroleum prices during 2014.

Direction of Trade

As in the previous quarter, the bulk of exports were directed to Asia (48%) and Europe (40%) during Q4-2014. The main export market in Asia was Thailand, accounting for 64% of exports to the region. This mainly comprised exports of frozen skipjack and frozen yellowfin tuna. Meanwhile, 16% of exports to Asia were directed to Sri Lanka, mainly in the form of dried tuna. France remained as the largest export market in Europe, with a share of 31% of exports to the region. Meanwhile, Germany, Ireland and the United Kingdom each accounted for 16% of exports to Europe. Exports to Europe mainly consisted of exports of fresh or chilled yellowfin tuna and canned or pouched tuna.

Looking at the direction of imports, the majority of imports continued to come from Asia which accounted for 79% of total imports in Q4-2014. Among the major importing countries from Asia, the highest share of imports was from Singapore, followed closely by United Arab Emirates (UAE); both these countries accounted for 16% and 15% of total imports, respectively. The main categories of imports from both UAE and Singapore were petroleum products. As for other Asian countries, Malaysia and India each accounted for 9% of total imports. Meanwhile, imports from Europe accounted for 13% of total imports during the period.

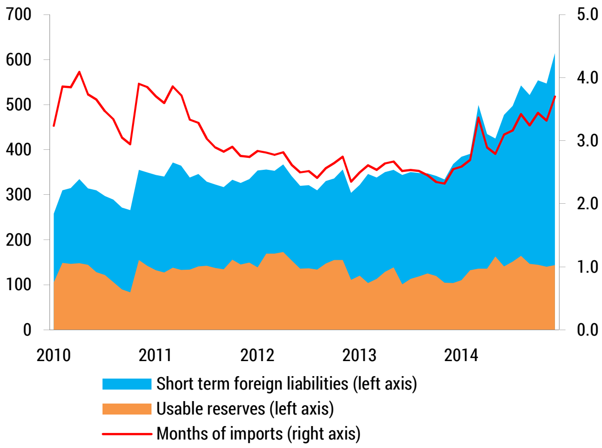
Figure 5: Composition of Imports, Q4–2014



Source: Maldives Customs Service

Gross International Reserves

Figure 6: Gross International Reserves and Months of Imports, 2010–2014
(reserves in millions of US dollars)



Source: Maldives Customs Service, Maldives Monetary Authority

Gross international reserves[4], which have shown a strong upward trend throughout 2014, grew by 67% on an annual basis and totalled US$614.7 million at the end of December 2014 (Figure 6). Among this, usable reserves[5] amounted to US$143.9 million, increasing by 38% compared to a year ago. The growth in usable reserves witnessed during the year has been attributed to the steady growth in foreign currency revenue receipts by the government. As for gross reserves in terms of months of imports, it increased to 3.7 months at the end of Q4-2014 compared to 2.5 months at the end of Q4-2013.

Exchange Rates

With effect from 11 April 2011, the Maldivian rufiyaa was allowed to fluctuate within a horizontal band of 20% on either side of a central parity of MVR12.85 per US dollar. However, immediately after the introduction of the exchange rate band, the exchange rate of the rufiyaa per US dollar moved towards the upper limit of the band, and since then it has remained virtually fixed at MVR15.42 per US dollar.

Mirroring the movements of the US dollar during Q4-2014, the bilateral exchange rates of the rufiyaa appreciated in annual terms against the Indian rupee by 3%, sterling pound by 6%, the Singapore dollar by 4%, euro by 11%, the Japanese yen by 13%, while it remained largely unchanged against the Sri Lankan rupee. When compared to September 2014, the rufiyaa appreciated against all the currencies mentioned above.

4 Gross international reserves comprises of foreign currency deposits of both the MMA and the government, commercial banks' US dollar reserve accounts and Maldives' reserve position in the IMF.

5 Usable reserves = gross international reserves minus short-term foreign liabilities. This shows the amount of funds that are readily available for use by the MMA in the foreign exchange market.

Statistical Appendix

Table of Selected Economic Indicators, 2010–2014

(annual percentage change over the corresponding period, unless stated otherwise)

	2010	2011	2012	2013	2013				2014			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real Sector												
Tourist arrivals	21	18	3	17	15	22	19	15	10	14	7	(1)
Tourist bednights	16	9	(1)	9	6	11	12	9	5	7	5	(3)
Operational capacity (beds in operation)	17	4	2	4	5	5	3	5	4	2	4	1
Capacity utilisation rate (%)	69	73	70	74	84	66	70	77	84	69	70	74
Average stay (days)	7.6	7.0	6.7	6.3	6.7	6.3	6.0	6.1	6.4	6.0	5.8	6.0
Fish purchases[2/]	11	14	23	22	61	(5)	19	23	(15)	32	(24)	(65)
Prices[1]												
Total (Male')	6.1	11.3	10.9	4.0	4.7	4.7	3.2	3.5	2.7	3.1	2.5	1.5
Total excluding fish	6.1	8.7	9.2	3.2	3.2	2.8	3.1	3.8	3.0	3.1	2.5	1.2
Food and non-alcoholic beverages excluding fish	7.4	12.6	5.3	6.6	3.1	4.4	8.2	10.6	2.9	3.0	(0.7)	(3.8)
Government securities (millions of MVR)												
Government securities outstanding	9,221.9	10,123.2	11,115.3	11,330.9	11,485.6	11,702.2	11,848.6	11,330.9	12,371.1	13,861.3	13,636.9	17,586.9
T-bonds	5,179.4	5,438.7	4,664.7	3,136.6	3,829.1	3,245.6	3,153.0	3,136.6	3,118.5	3,100.7	3,083.3	6,440.5
T-bills	4,042.5	4,684.5	6,450.6	8,194.3	7,656.5	8,456.6	8,695.6	8,194.3	9,252.6	10,760.6	10,553.6	11,146.4
MMA	-	-	829.6	634.0	1,028.0	1,463.6	1,463.6	634.0	-	-	-	-
Commercial banks	3,247.0	3,492.0	3,539.2	3,952.1	3,804.0	3,982.9	3,846.0	3,952.1	5,064.3	5,923.2	5,631.4	5,908.5
Others	795.5	1,192.5	2,081.8	3,608.2	2,824.5	3,010.1	3,386.0	3,608.2	4,188.3	4,837.4	4,922.2	5,237.9
Money and Banking												
Broad money	15	20	5	18	14	14	20	18	26	19	15	15
Net foreign assets	(151)	319	83	68	123	129	105	68	66	65	46	42
Net domestic assets	0	7	(9)	1	(11)	(8)	(1)	1	3	(3)	(1)	(2)
Net claims on central government	32	27	12	13	(1)	5	9	13	20	12	6	7
Claims on other sectors	(2)	6	(9)	0	(7)	(4)	0	0	0	0	6	3
o/w Private sector	(2)	6	(10)	1	(4)	(1)	0	1	(3)	(1)	4	3
Reserve money	(1)	25	8	18	15	23	17	18	27	13	21	30
Open market operations[3]	1127	7	9	110	23	93	237	151	106	-	-	-

[1/] The inflation rate for the year refers to the period average values, whereas inflation for the quarter represents the annual percentage change in the three-month-average of the CPI for the respective period.

[2/] Open market operations figure represents the average investment.

	2010	2011	2012	2013	2013				2014		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
External Trade											
Merchandise exports (f.o.b)	17	75	(9)	5	4	3	18	(1)	(19)	(0)	(9)
Domestic exports	(3)	72	27	3	38	(11)	10	(14)	(25)	10	(20)
o/w Fish exports	(5)	77	29	3	40	(11)	10	(14)	(26)	11	(22)
Re-exports	33	77	(30)	8	(16)	21	27	20	(12)	(10)	4
Merchandise imports (c.i.f)	13	34	6	12	12	11	16	8	11	17	17
o/w Food	14	26	7	19	11	21	29	15	12	12	(2)
Petroleum	26	46	33	3	10	(3)	30	(19)	29	16	11
Construction materials	15	26	(0)	(3)	(16)	3	(21)	30	33	17	40
Trade balance (deficit)	13	25	11	13	14	13	15	11	21	20	23
Direction of Trade of Imports (as a percentage of total)											
o/w Singapore	18	22	18	16	17	19	15	13	18	20	17
India	12	10	10	9	10	8	10	8	8	9	9
Sri Lanka	6	6	6	6	5	6	6	7	7	7	7
United Arab Emirates	19	22	30	28	29	30	30	25	33	24	23
Thailand	5	4	5	5	4	6	5	4	4	5	5
Direction of Trade of Exports (as a percentage of total)											
o/w Thailand	30	26	27	37	31	33	44	41	33	41	20
Iran	3	2	3	6	13	10	1	1	1	0	0
Sri Lanka	20	11	7	6	5	7	5	5	4	4	9
France	11	17	17	13	12	15	17	11	13	14	20
External Reserves											
Gross international reserves (millions of US dollars)	350.2	334.9	304.5	368.3	338.2	344.4	347.5	368.3	499.9	477.6	521.8
Months of imports	3.9	2.7	2.4	2.5	2.5	2.5	2.5	2.5	3.4	3.1	3.2

Source: Ministry of Tourism, Ministry of Fisheries and Agriculture, National Bureau of Statistics, Maldives Monetary Authority, Maldives Customs Services

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