Quarterly Economic Bulletin

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This Bulletin is compiled by the Monetary Policy and Research Division (MPRD) of the Maldives Monetary Authority (MMA). It covers developments in the domestic and international economy during the fourth quarter of 2012. 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 19 February 2013. Where actual data is not readily available, estimates have been made by MPRD based on available information. The timely receipt of data is therefore crucial to the compilation of this publication and the analysis contained herein.

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

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Abbreviations

bps	basis points
BPT	business profit tax
CPI	consumer price index
DNP	Department of National Planning
GST	goods and services tax
IMF	International Monetary Fund
M0	reserve money
M2	broad money
MMA	Maldives Monetary Authority
MRR	minimum reserve requirement
NCG	net credit to the government
NDA	net domestic assets
NFA	net foreign assets
NPL	non-performing loan
ODF	Overnight Deposits Facility
OMO	open market operations
PNFC	public non-financial corporation
Reverse Repurchase	reverse repo
SOE	state-owned enterprise

T-GST	tourism sector goods and services tax
T-bill	Treasury bill
T-bond	Treasury bond
UK	United Kingdom
US	United States
WATP	Weighted Average Trading Price

Quarterly Economic Review

Overview

Global output gained momentum, albeit gradually, in Q4-2012 contributed by the pick-up in economic activity in most emerging economies. However, activity remained weak in some of the major advanced economies – the United States (US) economy slowed down and output in Eurozone registered a decline – and was the main drag on global growth during the quarter.

Turning to domestic economic developments, partly mirroring the positive developments in the external environment and along with onset of tourism high season in Q4-2012, activity in the tourism sector picked up during the quarter. Despite buoyant developments in the tourism sector, the main production sectors of the economy showed varying developments when compared to the previous quarter. Fisheries sector improved significantly during Q4-2012, as indicated by robust growth in the volume and value of fish exports. Construction activity remained muted during Q4-2012 as indicated by construction related imports and bank credit to the sector. Meanwhile, the distribution sector, which is closely linked to developments in all major sectors of the economy showed more favourable results when compared to the previous quarter.

With regard to price developments, the rate of inflation slowed down significantly when compared to the previous quarter and registered 6.8% for Q4-2012. This was contributed by modest price increases in some major categories of CPI such as furnishing and household equipment; clothing and footwear; and healthcare.

With regard to monetary developments, broad money growth accelerated when compared to Q3-2012 due to the rise in net foreign assets (NFA) of the banking system. Meanwhile, despite an increase in net claims on the government (NCG), domestic credit weakened owing to the continued decline in private sector credit as banks continue to be cautious in their new lending activities.

As for developments in the external sector, the merchandise trade deficit narrowed in Q4-2012 when compared to Q3-2012. This was mainly on account of a strong growth in merchandise exports coupled with a marginal growth in imports in Q4-2012. The lower growth in imports reflects a decline in imports by the private sector, which accounts for more than half of the total imports into the country. Gross international reserves registered a substantial decline at the end of Q4-2012 reflecting a bond repayment by the government in December 2012.

International Economic Developments

1. Output

Global economic activity slightly gained momentum in the fourth quarter of 2012, although at a gradual pace, contributed by a pickup in economic activity in some emerging and developing economies. According to the International Monetary Fund's (IMF) World Economic Outlook Update of January 2012, world output is estimated to have picked up by 2.9% in Q4-2012 compared to a year ago. However, downside risks to growth still remain, largely owing to setbacks in the euro area and in the US.

With respect to the major advanced economies, output growth in the US slowed down to 1.9% in Q4-2012. The uncertainty about the fiscal policy which continued to dampen both consumer and business confidence dragged the US economy, despite the revival of the housing market and improvement in the labour market. As for developments in the euro area, output growth in the euro area shrank by 0.7% in Q4-2012 as uncertainty about the euro crisis still remains. The confidence in euro area continues to be weak in spite of improved financial conditions in the euro periphery and policy responses by member countries including joint efforts throughout the euro area to minimize the risks of the crisis. In the United Kingdom, growth stagnated due to lower domestic demand and fiscal tightening, while lower external demand reduced the exports from the country. In Japan, economic activity slowed down to 0.2% in Q4-2012, largely owing to lower output in the manufacturing sector which reflects deteriorating business confidence and lower exports due to subdued external demand. Meanwhile, tensions with China continued to impede growth outlook for Japan.

As for major emerging and developing economies, the Chinese economy, after slowing down for seven consecutive quarters, bounced back with an 8.1% growth in Q4-2012. This was supported by growth in industrial production and expansionary polices adopted by the government in favor of innovation, productivity and urbanization boosted infrastructure investment. The Indian economy remained sluggish during Q4 2012, despite measures put forth by the government to promote growth. Output decelerated to 5.4% in Q4-2012, largely due to a weaker performance of the industrial sector reflecting decline in global demand, high cost of inputs and lower investment in the sector coupled with a sluggish manufacturing industry.

2. Inflation

Global inflation remained subdued during Q4-2012 due to weak global demand, especially in the advanced economies, and lower global commodity prices. Inflation in the advanced economies remained well contained at 1.8% in Q4-2012 largely owing to lower output growth and spare capacity. In the US, inflation remained under control although it slightly edged up to 1.9% in Q4-2012 from 1.7% in Q3-2012. Inflation in the euro area went down to 2.3% from 2.5% in Q3-2012. The Japanese economy continued to experience deflation, however an indication of upward movement in prices were observed as inflation increased to -0.2% in Q4-2012 from -0.4% in Q3-2012. With well anchored inflationary pressures in the advanced economies, many of the central banks in these economies adopted accommodative monetary policy by maintaining lower policy rates.

Similarly, inflation in the emerging and developing economies decelerated to 5.1% in Q4-2012. As for major emerging economies, in India, headline inflation (measured by Wholesale Price Index) eased to 7.2% in Q4-2012 from 8.1% in Q3-2012. This reflected lower domestic demand due to lower economic activity, while on the supply side, improved weather conditions also contributed to the easing of prices. In contrast, inflation in China slightly edged up to 2.1% from 1.9% in Q3-2012, driven by the pickup in economic activity. Similar to the advanced economies, many central banks in the emerging and developing economies also lowered their policy rates in order to address concerns over sluggish economic growth.

3. Commodity Prices

The global commodity prices eased during Q4-2012, after edging up during the previous quarter. The slight decline in commodity prices were largely contributed by lower global oil prices and the moderation in global food prices. As such, the IMF commodity price index went down by 1% compared to both Q3-2012 and Q4-2011.

The average price of crude oil (an average of Brent and West Texas Intermediate) in the international market stood at US$99.0 per barrel in December 2012, down from US$100.9 per barrel at the end of September 2012. The decline in oil prices was on account of the increase in supply, and also as a result of improved geopolitical tensions in the Middle East. Moreover, lower global demand also contributed to the ease in oil prices.

The non-oil commodity index eased mainly with the moderation in food prices from the highs reached in Q3-2012 following adverse weather conditions and supply disruptions. The food index went down by 3% compared to Q3-2012. Despite the quarterly moderation, food prices still remain elevated compared to its previous levels with the food index remaining 9% higher over Q4-2011.

4. Exchange Rate

Given the slowdown of the US economy in Q4-2012, the dollar depreciated against some of the major trading partner currencies such as the euro and the Chinese yuan. The depreciation of the US dollar by 2% against the euro also reflects the strengthening of the euro as a result of more effective policies adopted by the European Union countries to minimize risks of the crisis as well as due to the improved financial conditions in the region. Meanwhile, the depreciation of the US dollar against the Chinese yuan indicates the pickup in economic activity in the Chinese economy during Q4-2012.

In contrast, the US dollar appreciated by 12% against the Japanese yen as the Japanese economy slowed and output declined, especially towards the end of 2012. The dollar also appreciated against the Indian rupee by 4% and by less than 1% against the Sterling pound as growth remained sluggish in these economies as well.

Note: Data and information are taken from IMF World Economic Outlook, January 2013 Update, International Financial Statistics, Reserve Bank of India's Quarterly Report and OECD Statistics.

Domestic Economic Developments

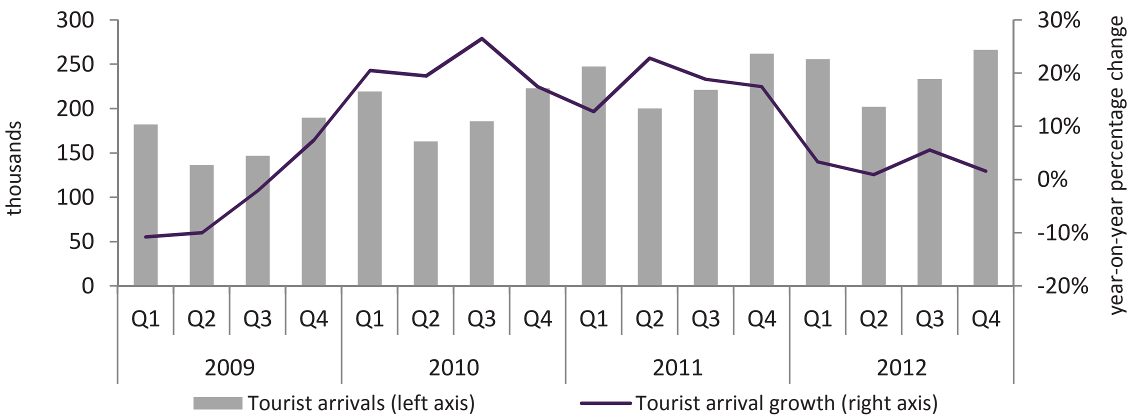
1. Production and Prices

1.1 Tourism

The performance of the tourism sector picked up considerably in Q4-2012, which is the high season of the industry. Arrivals totalled 266.4 thousand for the review quarter, increasing by 14% quarterly, and a lesser 2% over Q4-2011. Throughout 2012, growth rates in tourist arrivals were much lower than 2011, and the total number of arrivals for the year as a whole fell short of the 1 million mark targeted for the year. The total number of tourists for the year 2012 was recorded at 958.0 thousand, which is a 3% growth from 2011 (Figure 1).

With regard to market composition, European markets improved in Q4-2012 in quarterly terms as the most number of

Figure 1: Tourist Arrivals and Tourist Arrival Growth, 2009 - 2012

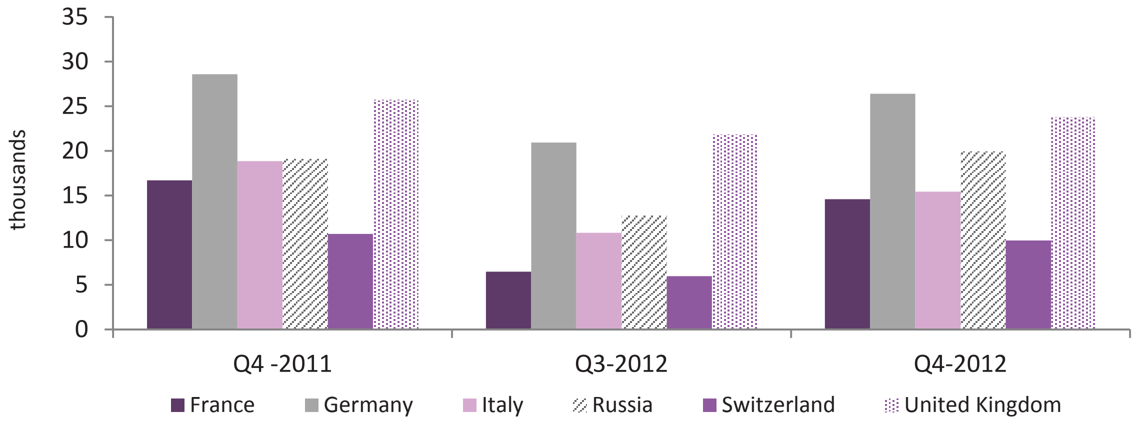


Source: Ministry of Tourism, Arts and Culture

European tourists visit Maldives during their winter months. During Q4-2012, arrivals from Europe accounted for 53% of all tourists whereas Asia lagged behind, accounting for 39% of arrivals. However, tourists from China scored the highest number of tourist arrivals by nationality yet again, with 60.4 thousand during Q4-2012. While this was a quarterly decline of 22%, on an annual basis, contrary to expectations, Chinese arrivals increased (by 16%) whereas European arrivals declined (by 6%). Noticeably, most of the major markets in Europe – Germany, France, Italy and UK – all recorded annual declines (Figure 2); this reflects the ongoing eurozone crisis and the consequent negative effects it is having on the economic growth of these nations. In contrast, tourist arrivals from Russia increased during Q4-2012 both annually and quarterly. As regards the Asian market, apart from China, both Indian and Japanese tourists also increased annually in Q4-2012, while Korean tourists decreased during the period.

The average stay of tourists, which has been on a downward trend, increased minimally – from 6.4 days in Q3-2012 to 6.5 days in Q4-2012. However, this is still much lower than the 6.7 days that was recorded in Q4-2011. As a result, bednights increased by 16% (due to the increase in arrivals) during the quarter and declined annually by 2%. Similarly, the occupancy rate of the industry increased quarterly, from 64% to 73%, although it was lower than the 78% that was observed in Q4-2011. The industry capacity, with reference to the number of beds in operation, increased slightly during Q4-2012 when compared to Q3-2012. This was mainly due to the increase in operational beds at resorts, which can be seen to prepare for the high season towards the end of the year.

Figure 2: Quarterly and Annual Comparison of the European Market

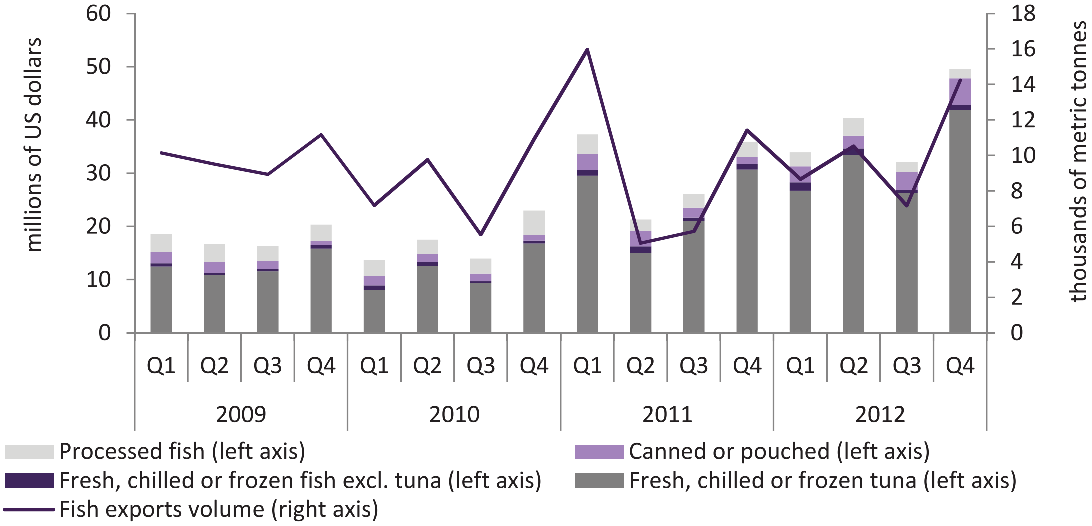


Source: Ministry of Tourism, Arts and Culture

1.2 Fisheries

Activities in the fisheries sector improved significantly during Q4-2012, following a poor performance in the previous quarter. Both the volume and earnings on fish exports increased substantially, mainly due to increased export volume and earnings from fresh, chilled or frozen tuna, particularly skipjack and yellowfin tuna. As such, fish export volume increased by a substantial 98% compared to Q3-2012, and a modest 24% compared to Q4-2011. It totalled 14.2 thousand metric tonnes for the quarter.

Figure 3: Fish Export Volume and Export Earnings, 2009 - 2012



Source: Maldives Customs Service

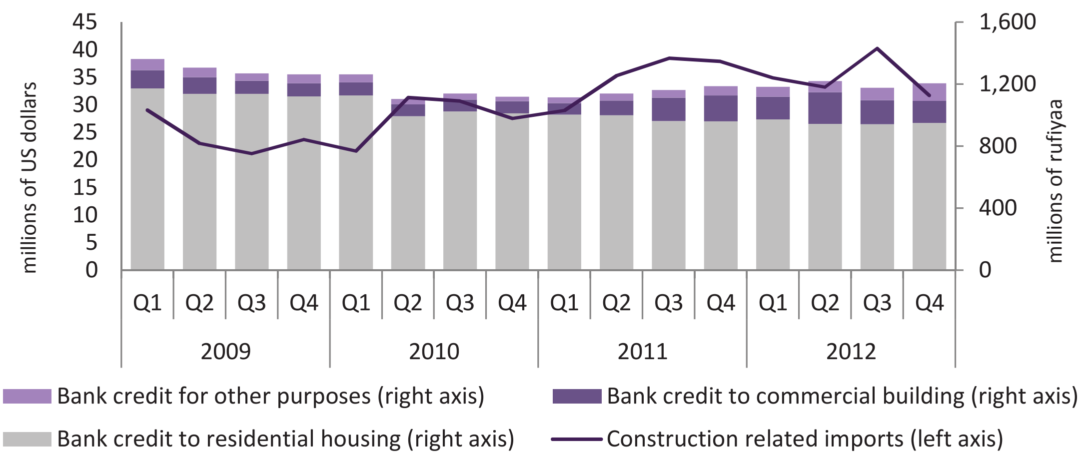
As for earnings on fish exports, it increased by 54% from Q3-2012, reaching a record high within the last four years. Total earnings from fish exports were US$49.6 million for Q4-2012, a sizeable chunk of which came from earnings from fresh, chilled or frozen skipjack tuna. Additionally, earnings from fresh, chilled or frozen fish (excluding tuna) and canned or pouched fish also recorded a growth during the quarter. On an annual basis, earnings from fish exports increased on by 38% also reflecting increased exports of fresh, chilled or frozen skipjack tuna.

1.3 Construction

The indicators of the construction sector showed varied results for Q4-2012. Construction related imports (classified as the imports of wood, metal, cement and aggregates) totalled US$31.7 million for the quarter, showing a considerable reduction by 21% from Q3-2012 while it decreased by 16% from a year ago (Figure 4).

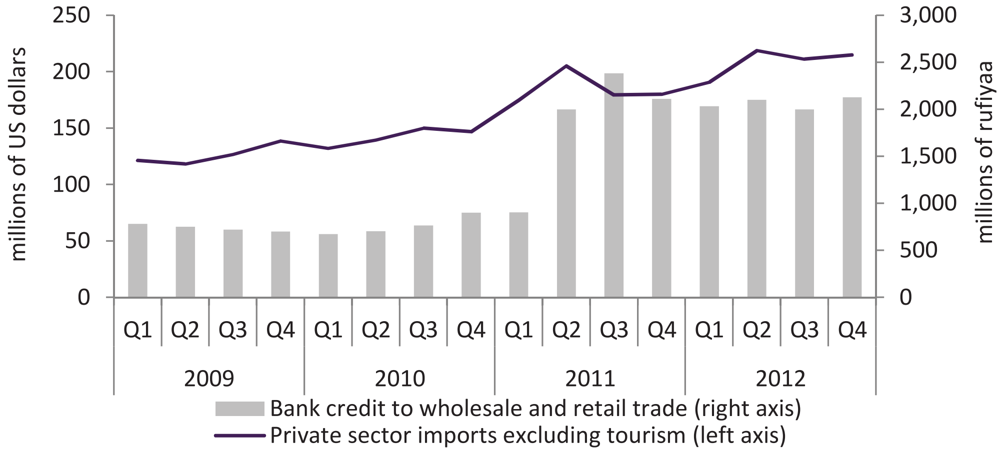
In terms of bank credit granted to the sector, bank loans given for new resort development

Figure 4: Major Indicators of Construction Sector, 2009 - 2012



Source: Maldives Customs Service; Maldives Monetary Authority

Figure 5: Major Indicators of Distribution Sector, 2009 - 2012



Source: Maldives Customs Service; Maldives Monetary Authority

is one key area which represents construction activities, especially with its relation to tourism. Credit given under this classification totalled MVR5,911.7 million at the end of Q4-2012, posting an annual decrease of 2% while no significant quarterly change was observed. On the other hand, bank loans given specifically for construction activities depicted a favourable improvement, increasing by 2% both annually and quarterly and stood at MVR1,205.8 million at the end of Q4-2012. This increase in credit mainly went to other or unspecified construction related activities, and to residential housing, to a lesser extent. Of the credit given out to commercial sector, it decreased both quarterly and annually, by 6% and 13%, respectively.

1.4 Distribution

As portrayed by the main indicators of the distribution sector, wholesale and retail trade depicted favourable results during the quarter. As such, private sector imports (excluding tourism related imports)[1] increased by 2% during Q4-2012, totalling US$214.9 million (Figure 5). Meanwhile, this also reflects an increase of 19% over Q4-2011. (Figure 5)

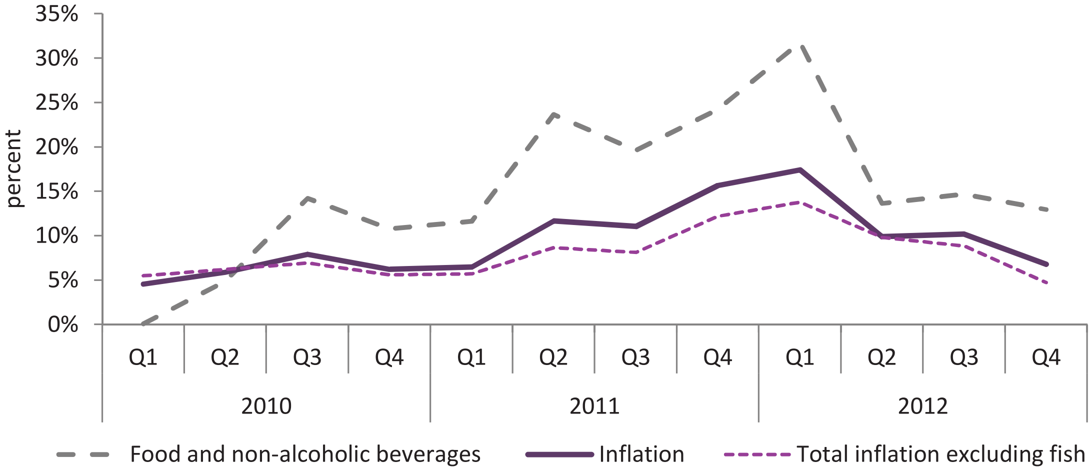
Along with the favourable improvements in the real sector during Q4-2012, particularly tourism, bank loans given out to the distribution sector increased by a modest 6%, to total MVR2,129.2 million. Annually, this reflects a growth of 1%.

1.5 Inflation

The rate of inflation decelerated significantly during the quarter, registering 6.8% for Q4-2012. This is a decrease from both Q3-2012

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

Figure 6: Inflation, 2010 - 2012



Source: Department of National Planning

and Q4-2011, which stood at 10.2% and 15.7%, respectively (Figure 6). Inflation excluding fish remained lower, at 4.7%, which has also been on a decelerating trend from the beginning of the year.

The main contributors to inflation for the quarter were food, particularly fish, housing rent and utilities and furnishing and household equipment. Growth in fish prices accelerated during Q4-2012, standing at 60.9%. Prices of food and non-alcoholic beverages continued to grow considerably as well, at 13.0%. As for housing and utilities, which has the second highest weight in the CPI, it experienced a modest inflation level of 4.5%, due to increase in prices of rent, household maintenance and repair costs.

Categories such as furnishing and household equipment, tobacco and arecanut, and miscellaneous goods registered decelerating rates of inflation, which contributed to an overall lower inflation rate than Q3-2012.

The lower inflation rate in furnishing and household equipment was mostly due to year-end sales in some retail outlets. Meanwhile, education, and restaurant and hotels contributed to inflation during Q4-2012 to a lesser extent; the growth in prices of the two categories was 16.5% and 20.1%, respectively. Inflation for education sector was affected by the increase in fees of some private schools. As for healthcare services, it followed the trend for the previous quarters in 2012, recording annual price decreases. This is due to the introduction of free healthcare, Aasandha, in January 2012.

It should be noted that the Department of National Planning who compiles the consumer price index for the country, rebased the CPI from June 2004 to June 2012 and released the rebased CPI numbers in December 2012 (Refer to box item). The new figures for the year show a somewhat milder inflation level than was observed before the rebasing.

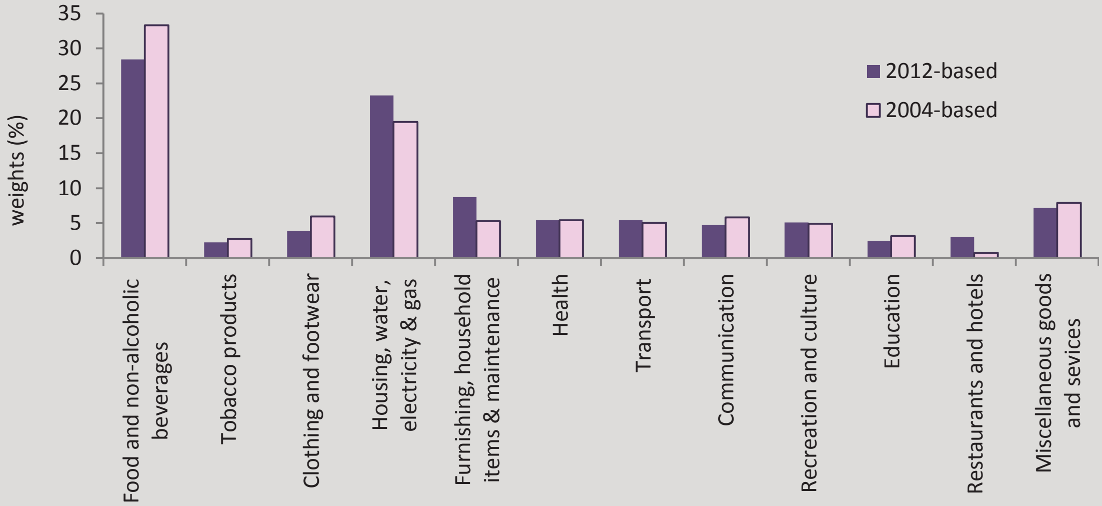
Box Item: Rebasing of the Consumer Price Index
Base Year = June 2012

The Statistics Division of the Department of National Planning (DNP) recently completed the rebasing of the Consumer Price Index (CPI) to June 2012 using the information from Household Income and Expenditure Survey (HIES) 2009/2010. The new series was released on November 2012. The main purpose of rebasing the CPI was to update the market basket to reflect the current expenditure pattern of Maldivian households as well as to update the methodology used in the compilation of the CPI. The purpose of this Box Item is to highlight on the main changes to the CPI basket as a result of rebasing (for detailed information on the rebasing of CPI please refer to 'A Guide to the Consumer Price Index' published on the website of DNP).

Weights

The main change in the rebased CPI is the changes brought to the weight in the CPI basket. This was to reflect the changes in the consumption pattern of the households in the Maldives since the last rebasing of the CPI in 2004 which was undertaken following the HIES of 2002/2003. As can be seen from Figure 1, food still carries the largest weight in the consumption basket ,but the weight given to this category is lower (28.44)[1] in the new series compared to that (33.31) in the old series (base period: June 2004). The lower weight for food does not necessarily mean that households consume less food. It simply means that a lower proportion of the household income is spent on food. This can be attributed to increased income levels of households. However, it should be noted that,

Figure 1: Comparison of Weights, 2012-based and 2004-based



Source: Department of National Planning

1 The weights used in this write-up are of the CPI series for the Republic.

although the overall weight for the food category has gone down, the weight for fish, which is still considered a staple in the Maldivian diet, almost doubled to 8.65% in the new series from 4.56% in the old series.

The share of housing and other utilities category has risen by 3.81 percentage points to 23.29% in the rebased CPI series, reflecting increasing household expenditure on this category over the period. This is due to the substantial increase in rentals for housing, which now carries a weight of 11.68% compared to 7.17% in 2004 based series, and due to the increase in other utility costs such as electricity which has increased drastically since 2009.

Another major change was seen in the furnishing and household category, which saw its weight increase to 8.71% from 5.30%. The reason for the increase could be that with the increase in household income, demand for consumer durables have increased. The category of hotels, cafés and restaurants group also saw its weight increase to 3.02% from 0.77% while the weight for communication dropped to 4.75% from 5.83% mainly due to the stiff competition between the two service providers which has dragged down the prices of mobile services. Further, the health category, which carried a fair share in the old series, remained the same while the weight given for transport slightly rose from 5.07% to 5.44% in the old series.

Improvements in Coverage and Composition

In an effort to further improve the coverage and composition of the consumption basket, the DNP also reviewed the items in the CPI basket and the set of sample outlets. The total number of items selected was expanded from 200 in 2004 to 261 in 2012. Some of the new items added to the basket include bus fare, DVD player, shawls, while some of the items excluded were loose tealeaves, bicycle, CD player, and mauloodh kiyevun, reflecting the change in consumption for these items over the past years. As for the sample outlets, which consist of an extensive list of retailers and service providers, the total number of outlets in the rebased CPI was increased to 358 from 349 outlets in 2004.

Methodological Changes

Several methodological changes were also incorporated in the rebased CPI. The most significant change was the use of geometric mean in place of arithmetic mean in averaging the item level prices quoted by different outlets in order to better reflect the substitution behavior of consumers. In addition, improvements were made with respect to the treatment of missing price quotations and also to increase the number of price quotations by obtaining prices for different brands for a particular product, while maintaining consistency across items.

2. Public Finance

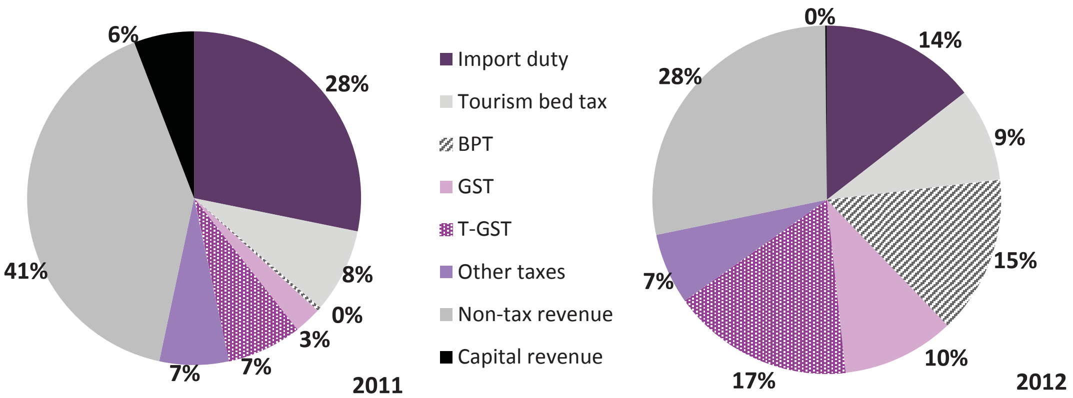
A substantial increase in government expenditure and net lending combined with a slight decline in total revenue and grants resulted in a significant 83% increase in the fiscal deficit from 8% (MVR2,360.2 million) of GDP in 2011 to 13% (MVR4,313.7 million) in 2012.

2.1 Revenue

With regard to revenue developments, total revenue and grants totalled MVR9,832.0 million at the end of 2012 which is 14% lower compared to the amount budgeted for 2012 reflecting shortfalls in both tax and non-tax revenue. Although the revenue performance fell short of what was initially budgeted, when compared to 2011 the total revenue (excluding grants) increased by 2% owing to the increase in tax revenue which offset the decline in non-tax revenue.

During the year, tax revenue registered a growth of 37% and totalled MVR6,719.4 million due to favourable receipts from the goods and services tax on tourism sector (T-GST), business profit tax (BPT) and general goods and services tax (GST) thus offseting revenue reductions from import duty. Import duty, which used to be the main source of tax revenue declined due to import duty reduction on a wide range of goods which became effective in January 2012. T-GST, which accounted for 23% of the total tax revenue, more than doubled in 2012 largely on account of the increase in its rate from 3% in 2011 to 6% in 2012 (Figure 7). Receipts from BPT collections were also higher than anticipated and ended up as the second largest contributor to tax revenue. Meanwhile, receipts from GST, although much lower than the budgeted amount, remained robust when compared to 2011 given that GST was only introduced in the fourth quarter of 2011. The increase in revenue from GST also reflects the increase in its rate from 3.5% to 6% in January 2012.

Figure 7: Composition of Revenue, 2011 - 2012



Source: Ministry of Finance and Treasury

During the year, non-tax revenue registered a decline of 30% when compared to 2011 and was significantly lower than what was anticipated owing to declines in state-owned enterprises (SOE) transfers and resort lease rent. Resort lease rent, which accounted for

41% of non-tax revenue fell by 5%, while transfers from SOE's, declined to less than half of the amount realised in 2011.

2.2 Expenditure

Total expenditure of the government (excluding net lending), although 3% lower than the amounted budgeted for 2012, is now estimated to reach MVR14,215.9 million by the end of 2012 showing a growth of 12% over 2011. Current expenditure, which accounted for almost 75% of total expenditure, increased by 16% and totaled MVR10,522.1 million in 2012. Meanwhile, capital expenditure increased by 3% to MVR3,693.8 million.

As regards current expenditure, salaries, wages and allowances paid out to the public sector employees remained as the largest component of current expenditure, accounting for almost half of current expenditure and rose to MVR4,221.3 million in 2012. Social welfare contributions, which accounted for 14% of current expenditure in 2011 increased substantially to account for more than a quarter of current expenditure in 2012. Such contributions more than doubled to total MVR2,756.1 million owing to the rise in grants, contributions and subsidies to private parties. These include the social welfare contributions of the government such as Aasandha (the universal health insurance scheme) and other social protection schemes. Meanwhile, interest payments made to other sectors of the government, accounting for 9% of current expenditure, increased by 27% and totaled MVR924.9 million. Subsidies and transfers, which include transfer payments made for food, medicine and pensions accounted for 7% of current expenditure. Such payments fell by 22% to total MVR779.8 million.

As for capital expenditure, the expansion of which was financed symmetrically by domestic and foreign sources, an increase was recorded to total MVR3,623.5 million during the year. While foreign loan financed capital expenditure rose by MVR564.2 million to total MVR1,891.8 million, domestic financed capital expenditure recorded a fall of MVR458.4 million to total MVR1,802.0 million.

2.3 Financing

With the widening of the budget deficit, the financing requirement of the government increased by 83%, from MVR2,360.2 in 2011 to MVR4,313.6 million in 2012. The budget deficit was financed mainly through foreign sources (77%) and the rest, through domestic sources. Foreign financing increased by almost four-folds to MVR3,313.7 million, while domestic financing declined by 28% to MVR999.9 million.

3. Monetary Sector

3.1 Monetary Policy

The monetary policy framework and the monetary policy instruments remained unchanged during Q4-2012. Price stability continues to be the final objective of the monetary policy and this is achieved using exchange rate as the intermediate target and reserve money (M0) as the operational target.

During Q4-2012, MMA continued to maintain its indicative policy rate at 7% per annum. At the same time the interest rates on MMA standing facilities, the Overnight Deposit Facility (ODF) and the Overnight Lombard Facility remained unchanged at 0.25% and 16% per annum, respectively. During the period, MMA continued its weekly open market operations (OMO) despite a temporary suspension to meet the government cash flow requirements in some weeks. MMA continues to maintain the minimum reserve requirement (MRR) ratio at 25% of the total deposits at the banks. Additionally, its composition, maintenance period and the remuneration policy remained unchanged. MMA remunerates local currency MRR balance at 1% per annum and the foreign currency MRR balance is remunerated at 0.01% per annum. Any balances in excess of the MRR balance are not remunerated. Currently, banks are required to maintain MRR balances for a two week horizon.

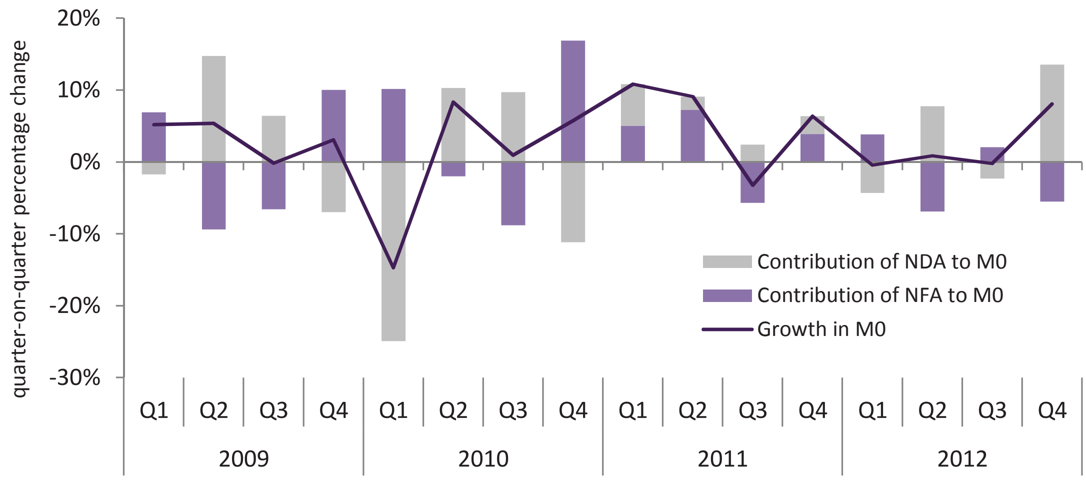
3.2 Monetary Developments

M0 and M2 recorded quarterly and annual increases during Q4-2012 compared to Q3-2012. The increase in M0 is due to the rise in net domestic assets (NDA) of the MMA while the expansion of M2 is entirely due to the rise in NFA of the banking system.

3.3 Reserve Money (M0)

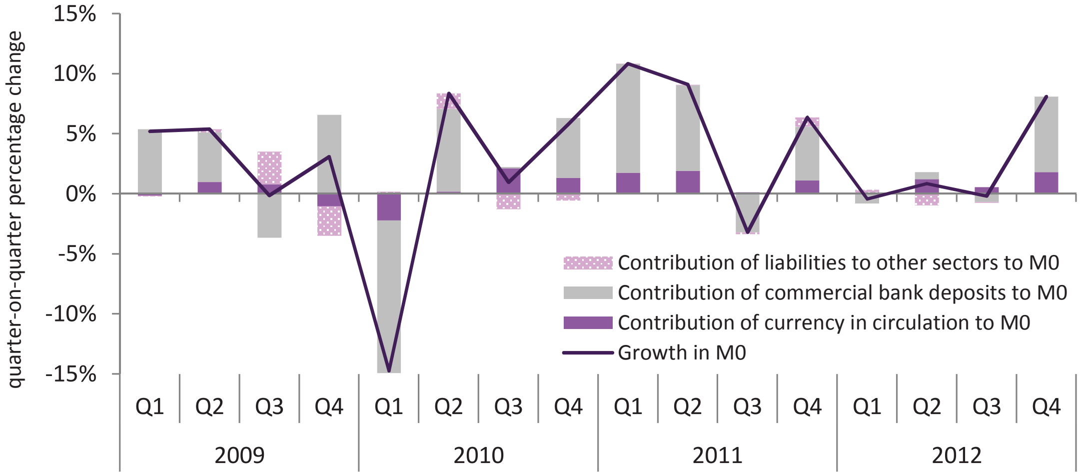
M0 stood at MVR8,181.9 million during Q4-2012, registering an increment of 8% after recording a slight decline of about 1% during Q3-2012. Additionally, the quarterly average

Figure 8: Sources of Reserve Money, 2009 - 2012



Source: Maldives Monetary Authority

Figure 9: Components of Reserve Money, 2009 - 2012



Source: Maldives Monetary Authority

of M0 for the review quarter amounted to MVR7,819.6 million which is a 5% increase when compared to Q3-2012. This quarterly growth in M0 was entirely due to the rise in NDA of the MMA as the NFA of MMA recorded a decline during this quarter (Figure 8). As for the annual growth in M0, a growth of 8% was recorded in the review quarter after registering a growth of 7% in Q3-2012.

The NDA of MMA increased by MVR1,028.1 million in Q4-2012, which is a significant increase of 35% when compared to the 6% decline recorded in Q3-2012. This is solely due to the 30% increase in NCG which was largely due to the purchase of government Treasury bill (T-bill) by MMA, (which amounted to MVR829.6 million) during December 2012. This T-bill was bought in order to raise the funds required to repay the first tranche of the government Treasury bond (T-bond) of US$50.3 million which was due in the last half of the quarter. This also contributed to the 9% decline in NFA of MMA as foreign currency amounting to US$51.9 million was sold to the government for the bond repayment.

As for the monetary operations, which include commercial banks investment in MMA reverse repurchase agreements (reverse repos) and ODF, increased on average by 34% during the review quarter relative to Q3-2012 (refer to monetary operations section for details). However, the effect of monetary operations was entirely offset by the significant expansion of NCG.

Further analysis of the components of M0 reveals an increase in both currency in circulation and commercial bank's deposit balances held at MMA. Currency in circulation, which accounts for 30% of reserve money, rose by MVR137.0 million in Q4-2012 while commercial bank deposits at MMA, which accounts for 69% of reserve money, rose by MVR476.0 million in the review quarter. Normally at the end of the year, commercial banks tend to increase their reserve holdings for settlement purposes compared to other periods. Such an increase in commercial bank deposits was also observed in Q4-2012. As shown in Figure 9, commercial bank deposits at MMA was the biggest contributor to the growth in M0 during Q4-2012.

Table 1: Average Investment in Reverse Repos and ODF, 2010 - 2012

(in millions of rufiyaa; end of period)

	2011	2012			
	Q4	Q1	Q2	Q3	Q4
Average investment in reverse repos	400.5	320.4	268.5	185.6	311.5
Quarterly changes (%)	33%	-20%	-16%	-31%	68%
Avg. Investment in ODF	258.1	253.6	279.1	263.4	288.75
Quarterly changes (%)	-19%	-2%	10%	-6%	10%
Total (Average liquidity absorbed)	**658.6**	**573.9**	**547.6**	**449.1**	**600.3**

Source: Maldives Monetary Authority

Monetary Operations

In order to achieve monetary policy objectives and to manage liquidity of the banking system, MMA continued its monetary operations during the quarter. However, due to higher cash flow requirements by the government, MMA discontinued its weekly OMO three times during the review quarter in order to divert these funds to government's T-bills.

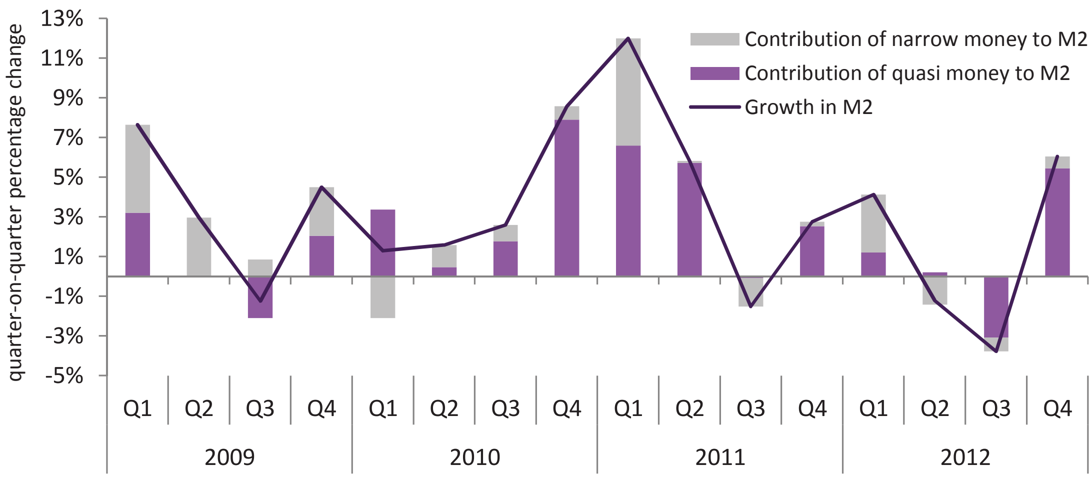
The average liquidity absorbed through MMA monetary operations from sale of reverse repo in OMO and placement of funds in ODF in MMA increased from MVR449.1 million in Q3-2012 to MVR600.3 million in Q4-2012. The average investments in reverse repos also rose from MVR185.6 million in Q3-2012 to MVR311.5 million in Q4-2012. As shown in Table 1, the quarterly growth in reverse repo investments increased significantly by 68% during the review quarter after registering declines of 16% and 31% during Q2-2012 and Q3-2012, respectively.

The average investment in ODF by the commercial banks expanded by 10% during Q4-2012 after recording a decline of 6% during Q3-2012.

3.4 Broad Money (M2)

Broad money (M2), which is the measure of the total money supply of the banking system, stood at MVR20,010.7 million during Q4-2012 registering a quarterly expansion of

Figure 10: Components of Broad Money, 2009 - 2012



Source: Maldives Monetary Authority

6% compared to a 4% decline in Q3-2012. Likewise, in annual terms, growth in M2 accelerated to 5% during the review quarter from 2% in Q3-2012.

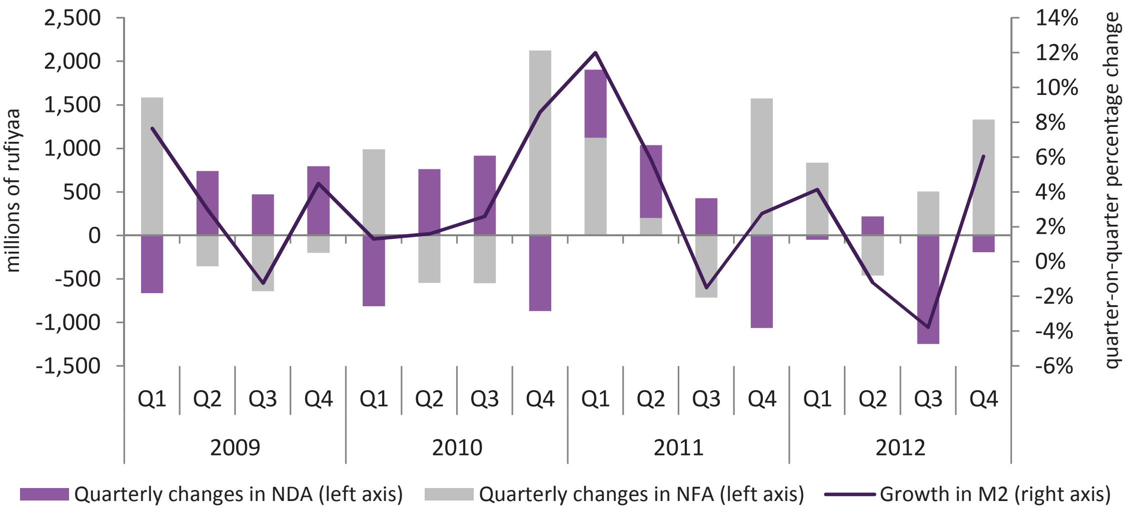
With regard to the components of M2, quasi money and narrow money increased during the review quarter, which contributed to the growth in M2. However, the rise in quasi money (which accounts for 58% of M2) is more significant, with an expansion of 10% during Q4-2012 compared to the 5% decline recorded in Q3-2012. Thus, during the review quarter, the growth in M2 was largely brought about by the growth in quasi money (See Figure 10). The expansion in quasi money was caused by the 17% rise in local currency savings and term deposits and the 12% rise in the foreign currency transferable deposits. Nevertheless, the increase in foreign currency transferable deposits contributed more significantly to the growth in quasi money.

As for narrow money, it expanded by 1% during Q4-2012 after registering a contraction of 2% during Q3-2012. This growth in narrow money mainly came from the 8% increase in the currency outside depository corporations. Additionally, the local currency deposits in narrow money declined at a slower pace of 1% during Q4-2012 in comparison to the 2% drop recorded in Q3-2012.

3.5 Determinants of Money Supply

During Q4-2012 expansion in broad money was entirely contributed by the improvement in NFA of the commercial banks (See Figure 11). As such, during the review quarter, commercial banks' NFA position upturned from a net liability position to a net asset position for the first time since July 2005. Following the global and the domestic economic slowdown after the 2007-2008 financial crisis, commercial banks have restrained their lending activities and instead have been paying off their offshore borrowings. This trend has been continuing since July 2011 and the repayments became increasingly significant during 2012. However, expansion in broad money during the quarter was partly offset by the fall in NFA of MMA. During the review quarter, growth of NDA of the banking system declined marginally by 1% compared

Figure 11: Determinants of Broad Money, 2009 - 2012



Source: Maldives Monetary Authority

to the decline of 8% recorded in Q3-2012. The contraction for NDA is mainly due to the significant decline in credit to private sector.

Net Foreign Assets

During Q4-2012, NFA of the banking system stood at MVR5,094.0 million (US$331.5 million) at the end of Q4-2012 registering a quarterly increase of 36% (US$86.9 million) after a growth of 16% (US$33.0 million) during Q3-2012 (See Figure 12).

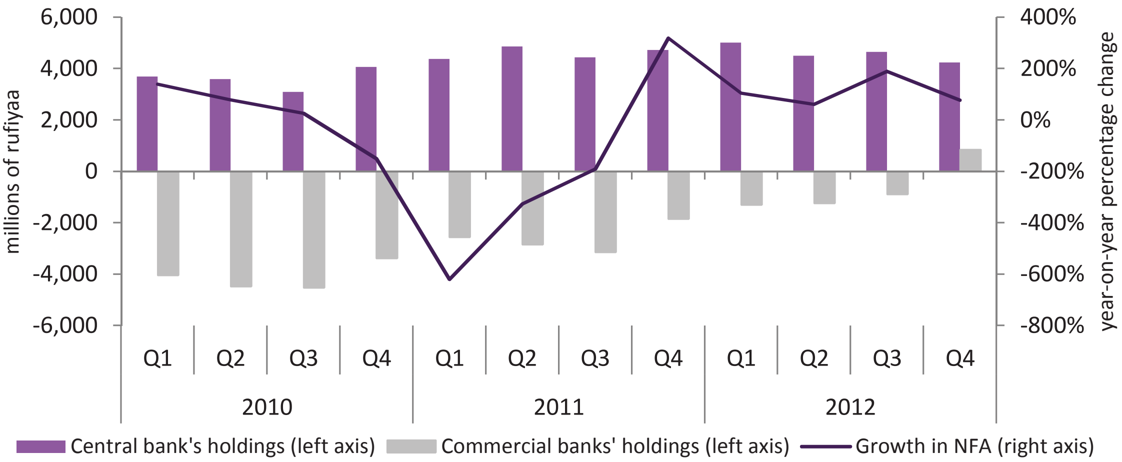
The expansion of NFA of the banking system was due to the change in net liability position of the commercial banks to a net asset position at the end of the quarter. As such, the NFA of commercial banks increased from negative MVR896.9 million (US$58.2 million) during Q3-2012 to positive MVR852.9 million (US$55.5 million) during Q4-2012. The main reason for this increase is due to one large commercial bank reducing their foreign liabilities by paying off their overseas debt.

Conversely, the NFA of MMA declined from MVR4,656.1 million (US$302.2 million) during Q3-2012 to MVR4,241.1 million (US$276.0 million) during Q4-2012. As mentioned earlier, this mainly reflects the foreign currency sale of US$51.9 million to the government to repay the first tranche of the T-bond which matured in December 2012.

Domestic Claims

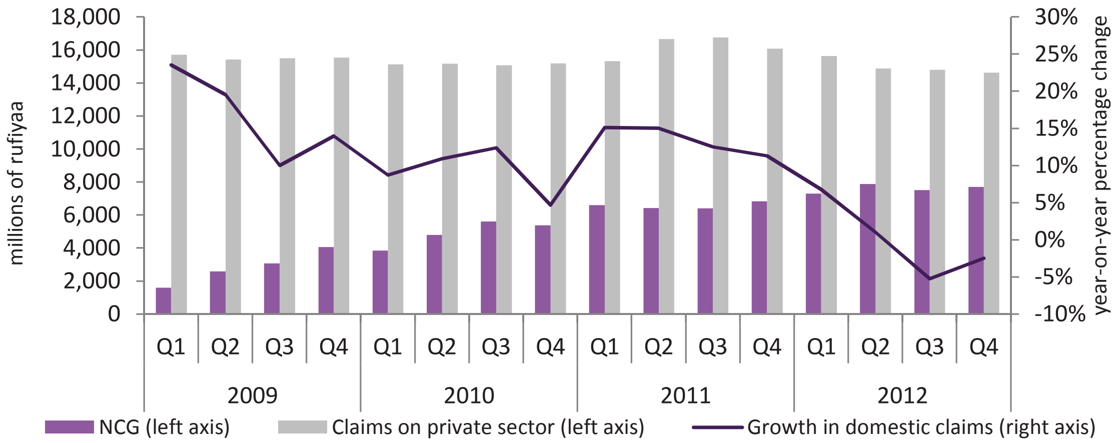
The total domestic claims of the banking system fell to MVR24,055.0 million at the end of the Q4-2012 registering an annual decline of 2% compared to a 5% growth in Q3-2012 (see Figure 13). However, on a quarterly basis, the domestic claims grew by 1%, after registering declines in the past two quarters. The increment in domestic claims was largely brought about by the substantial increase in NCG. As shown in Figure 13, growth in NCG went up by 2% during the review quarter, from a contraction of 4% in Q3-2012. Meanwhile, claims on public non-financial corporations (PNFCs) grew by 7% up to MVR1,577.7 million during the same period. This also contributed to the growth in domestic claims. Notwithstanding the positive growth in the public sector (NCG and PNFCs), credit growth for private sector

Figure 12: NFA of the Banking System, 2010 - 2012



Source: Maldives Monetary Authority

Figure 13: Domestic Claims, 2009 - 2012



Source: Maldives Monetary Authority

remained negative for the past five consecutive quarters. As such, loans and advances extended to the private sector (which accounts for more than 61% of the domestic claims) fell by 1% to MVR14,625.9 million during the review quarter. This decline in private sector partially hampered the growth in domestic claims and led to an overall fall in NDA.

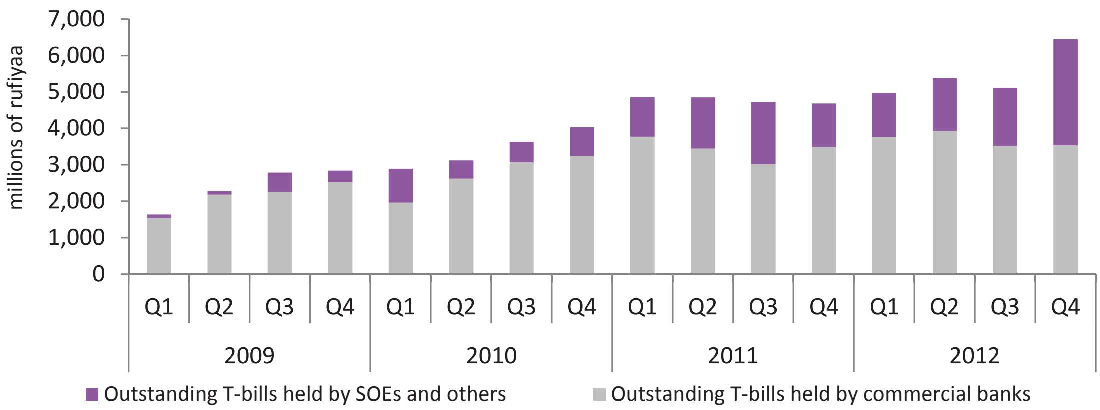
Net Claims on Central Government

With regard to the developments in NCG of the banking system, its annual growth rate decelerated to 13% during Q4-2012 from 17% in the previous quarter. As for the quarterly changes, the NCG increased by MVR182.8 million to MVR7,710.8 million in Q4-2012. This growth entirely reflects the increase in NCG of the MMA as a result of the earlier mentioned purchase of the government T-bills.

As shown in Figure 14, the outstanding amount of T-bills observed a substantial increase of 26% in Q4-2012 relative to the previous quarter and amounted to MVR6,450.6 million at the end of the quarter. This substantial growth in T-bills during Q4-2012 reflects the widening of the fiscal budget deficit.

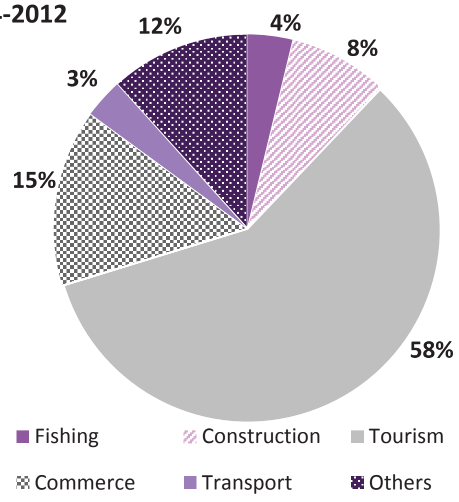
A further analysis indicates that total outstanding T-bills held by investors other than commercial banks grew by 82% during

Figure 14: Outstanding T-bills, 2009 - 2012



Source: Maldives Monetary Authority

Figure 15: Loans and Advances to Key Sectors, Q4-2012



Source: Maldives Monetary Authority

the same period. This significant growth partly reflects the newly issued T-bills to MMA during December 2012 as well as the new entrants (private parties) to the T-bill market.

Claims on Private Sector

Claims on private sector, which accounts for 61% of domestic claims recorded a marginal decline during Q4-2012. On annual terms, commercial banks' credit to the private sector fell by 9%, while a decline of 12% was seen in Q3-2012. The depressed private sector credit may reflect increased cautiousness of the banks' new lending activities due to domestic economic slowdown and the enforcement of the new prudential regulations by the MMA following the global financial crisis. As a result, banks preferred to diversify its assets portfolio towards less risky assets such as T-bills and instruments issued by the MMA.

Analysing the composition of loans to the key sectors of the economy, it was observed that the tourism sector continues to account for the largest segment of the outstanding private sector loans. During Q4-2012, the credit extended to the tourism sector amounted to MVR8,442.03 million with a decline of 3% (MVR229.3 million) as opposed to the positive growth of less than 1% in Q3-2012. Meanwhile, loans to the fisheries, transport and other sectors recorded marginal declines during the period relative to the fall observed for tourism sector. Accordingly, credit lent to fisheries fell by MVR44.43 million to MVR551.9 million, while transport sector contracted by MVR32.1 million to stand at MVR480.0 million. Likewise, other sectors dropped by MVR36.9 million to MVR1,695.8 million during this period. However, the commerce sector which accounts for the second largest share of the outstanding loans and advances, expanded by 7% to MVR2,144.4 million during the review quarter in contrast to the decline of 5% in Q3-2012. Similarly, the construction sector also registered a positive credit growth of 2% to stand at MVR1,205.8 million during the same period (see Figure 15).

3.6 Interest Rates

The reverse repo rate in the OMO has remained constant at the ceiling rate of 7% for the fourth consecutive quarter as there was no change brought to the MMA's policy indicative rate since 29th March 2011. However, as shown in Table 2 the quarterly developments for the T-bill rates depicted an

Table 2: Reverse Repo Rates and T-bill Rates

(in percent; end of period)

	2011	2012			
	Q4	Q1	Q2	Q3	Q4
Reverse repo (1 week)	6.96	7.00	7.00	7.00	7.00
28 days T-bill	6.97	7.02	7.06	7.41	7.87
91 days T-bill	6.95	7.01	7.12	7.48	7.90
182 days T-bill	6.97	7.02	7.12	7.45	7.85
364 days T-bill [1/]	-	-	-	7.52	7.81

[1/] *364 day T-bill was introduced in August 2012*

Source: Maldives Monetary Authority

Table 3: Interest Rates on Loans and Advances, 2011 - 2012

(in percent; end of period)

	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Public non-financial corporations								
Weighted avg. national currency	8.74	8.74	8.73	8.71	6.48	6.68	8.77	8.95
Weighted avg. foreign currency	10.04	9.98	9.56	9.73	9.89	9.89	9.93	9.33
Private sector								
Weighted avg. national currency	10.13	10.14	10.17	10.17	10.26	10.51	10.55	10.51
Weighted avg. foreign currency	8.30	8.18	8.22	8.42	8.69	8.73	8.66	8.68

Source: Maldives Monetary Authority

upward trend. The rates for 28 days, 91 days, 182 days and 364 days T-bill, ticked up by 46 basis points (bps), 42 bps, 40 bps and 29 bps, respectively. Likewise, the annual rates for T-bills went up by 90 bps for 28 days, 94bps for 90 days and 88 bps for 182 days in Q4-2012. This general upward movement in the T-bill rates reflects the higher government financing requirements as a result of the large budget deficit.

As shown in the Table 3, the average[2] lending rates to private sector, both in local currency as well as in foreign currency, changed slightly in Q4-2012 relative to Q3-2012. However when compared to last quarter of 2011, the average private sector lending rate increased marginally by 34 bps for local currency loans and 26 bps for foreign currency loans. On a quarterly basis, commercial banks' local currency average lending rates for the PNFCs increased slightly by 18 bps. Nevertheless, banks foreign currency lending rates to PNFCs declined significantly by 60 bps compared to Q3-2012. Despite this, the foreign currency lending rate remained comparatively higher than that of the private sector.

The deposit rates paid by banks to the different categories of deposits depicted mixed changes during the review quarter (see Table 4). As such, the commercial banks' average interest

Table 4: Interest Rate on Deposits, 2011 - 2012

(in percent; end of period)

	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transferable deposits								
Weighted avg. national currency	2.18	2.21	2.20	2.22	2.19	2.24	2.24	2.24
Weighted avg. foreign currency	1.77	1.70	1.70	1.74	1.70	1.65	1.69	1.59
Saving deposits								
Weighted avg. national currency	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Weighted avg. foreign currency	2.32	2.23	2.22	2.22	2.25	2.21	2.24	2.22
Time deposits (2 to 3 years)								
Weighted avg. national currency	3.81	3.62	4.08	4.10	4.10	4.12	3.79	3.80
Weighted avg. foreign currency	4.94	4.93	4.85	5.00	5.00	5.00	5.00	4.49

Source: Maldives Monetary Authority

2 All average rates are weighted average interest rates (WAIR).

rate for local currency transferable deposits and saving deposits remained unchanged during Q4-2012. However, the average rates on foreign currency denominated term deposits dropped significantly by 51 bps to 4.49% per annum.

With regard to the interest rate differential for the deposits, it was observed that foreign currency rates of the term deposits continued to be higher than its local currency rate. Despite this, the interest rate differential has narrowed from 90 bps in Q4-2011 to 69 bps in the review quarter.

4. Financial Sector

4.1 Banking Sector

The total assets of the banking sector declined during Q4-2012 with the increase in loan loss provisioning, sluggish lending activities and due to the decline in risk free assets of the banks. Similarly, high level of Non-Performing Loans (NPLs) persists in the banking sector; though a slight decline was recorded due to writing-off of these loans during the quarter. As observed from the liabilities side, deposits increased while borrowings declined with the repayment of debts. Despite high provisioning, capital adequacy was maintained at around the same level, as banks had retained their profits to strengthen capital in order to meet regulatory requirements. The banks' liquidity was adequate in local currency although some banks had concerns over the level of the foreign currency liquidity.

Assets

The total assets of the banking sector, which has been on a declining trend throughout the year, showed a slight growth of less than 1% in quarterly terms during Q4-2012 with the increase in the balances at banks. However, this increase was counterbalanced by the decline in net loans (gross loans net of provisions) during this period. Meanwhile in annual terms, due to a reduction in net loans, the total assets declined by 4% compared to a year ago, and amounted to MVR27,611.6 million at the end of 2012. This decline in net loans reflects the increase in loan loss provisioning and writing-off of major NPLs. Meanwhile, the lending activities of the banks also remained stagnant as the banks were more cautious in issuing new loans due to the high NPLs. In addition, the investment in risk free assets[3], such as T-Bills and T-Bonds, declined by 17% in quarterly terms and 14% in annual terms due to the repayment of a US dollar T-bond during Q4-2012.

Liabilities

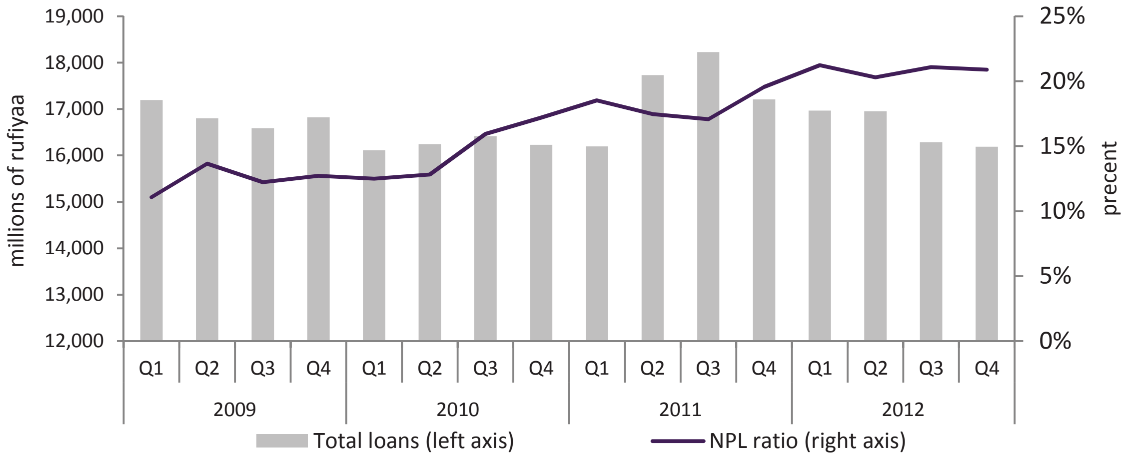
Deposits, amounted to MVR19,198.3 million at the end December 2012 registering a quarterly growth of 6% and an annual growth of 5% during Q4-2012. As such, both the quarterly and the annual expansion in deposits were due to the increase in local currency as well as the foreign currency deposits. Further, the increase in foreign currency demand deposits contributed more significantly to deposit growth. As such, it increased by 12% and 9% on quarterly and annual terms, respectively. Meanwhile, the borrowings of the commercial banks registered a considerable decline during the quarter with a large repayment of debt made by one bank. Hence, during Q4-2012, the borrowings declined by 35% compared to Q3-2012 and by 50% compared to Q4-2011.

Non-performing Loans

During the quarter, NPL ratio stood at 21% and the NPLs amounted to MVR3,382.1 million at the end of December 2012 showing a quarterly decline of 1% (MVR50,911.0 million) and an annual increase of 1% (MVR17,958.0 million). This quarterly decline is due to the writing-off of poor quality loans rather than due to an improvement of the loan portfolio (Figure 16).

3 This refers to investment in T-Bills and T-Bonds by the banking sector.

Figure 16: Non-performing Loans, 2009 - 2012



Source: Commercial Banks

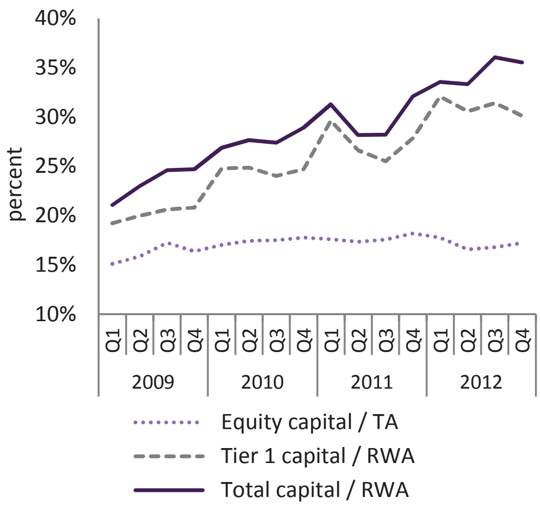
Profitability

Despite the high NPLs, the net income before tax increased during the quarter. In this regard, it increased by 48% compared to Q3-2012 and by 25% compared to Q4-2011 and totalled MVR939.7 million at the end of December 2012. The quarterly increase in income is due to the increase in net interest income, by 34%, as well as due to an increase in non-interest income, by 49%. The net interest income increased mainly due the reduction in interest expense on account of an increase in non-interest bearing deposits. The increase in non-interest income was due to an increase in fee based income of banks. Provisioning for loan losses increased by 32% on quarterly terms, while it declined by 8% on annual terms.

Capital Levels

The capital ratios for the banking sector were satisfactory (Figure 17) as the ratios appear well above the minimum requirements set by the MMA and these ratios remained more or less the same (Table 5) in Q4-2012 as compared to the previous quarter. Despite the banks' high provisioning requirement, the capital adequacy was maintained as most banks had retained their capital funds without distributing to shareholders or remitting to home countries in order to comply with the prudential regulatory limits.

Figure 17: Capital Ratios, 2009 - 2012



TA - Total assets

RWA - Risk weighted assets

Tier 1 (core) capital - includes permanent shareholders' equity plus disclosed reserves plus minority interests in the equity of consolidated subsidiaries, less goodwill and other intangible assets, loan loss provisions and all other asset revaluation reserves, future income tax benefits, losses carried forward, and encumbered assets. The Tier 1 risk-based capital ratio is calculated by dividing Tier 1 capital by total risk-weighted assets.

Source: Commercial Banks

Liquidity

The basic liquidity ratio of the banking system (liquid assets as a percentage of deposits plus borrowed funds) increased from 33% in Q3-2012 to 36% in Q4-2012. With regard to the foreign currency liquidity (mainly in US dollars), the overall liquidity ratio for the sector increased from 17% in Q3-2012 to 32% in Q4-2012.

4.2 Non-Bank Financial Sector

Finance Companies

At the end of December 2012 the total assets of the finance companies amounted to MVR1,013,1 million and increased by 1% when compared to Q3-2012 (Figure 18) and by 3% when compared to Q4-2011. The quarterly as well as the annual increase in total assets were due to the rise in loans and advances (90% of the total assets at the end of December 2012) of the companies.

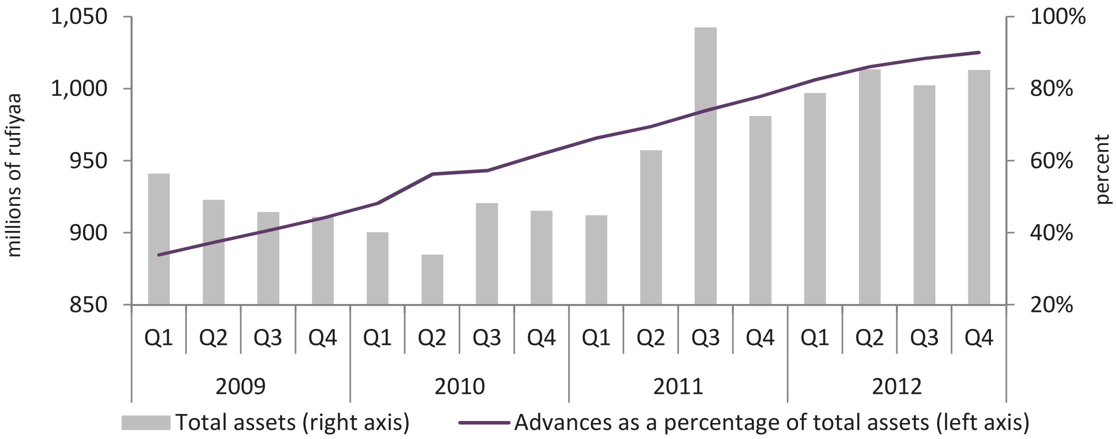
Money Remittance Companies

Due to the large expatriate workforce in the country, the outward remittances are relatively high in the economy while the inward remittances are considerably low. As such, the outward remittances totaled US$88.4 million during the year and increased by 9% in Q4-2012 when compared to Q3-2012. On the other hand, the inward remittances totaled US$2.9 million during the year and declined by 3% in Q4-2012 when compared to Q3-2012.

4.3 Capital Market

The market capitalisation stood at MVR7,819.4 million at the end of the Q4-2012. During Q4-2012, the market capitalisation increased by 5% in contrast to the decline of 13% in Q3-2012. This accumulation in market capitalisation was mainly due to the increase in number of shares traded in the Maldives Stock Exchange during the quarter. As such, the number of shares traded rose from 706 shares in Q3-2012 to 201,172 shares in Q4-2012. This significant

Figure 18: Size and Strength of Finance Companies, 2009 - 2012



Source: Finance Companies

growth mainly reflects the increased share tradings of Amana Takaful Maldives which in turn could be attributed to their promising dividend declaration announcement on 22nd December 2012. Meanwhile, the Weighted Average Trading Price (WATP) varied significantly among the listed companies. At the end of the review quarter, the WATP amounted to MVR135.0 for Bank of Maldives, MVR 383.4 for State Trading Organization, MVR109.3 for Maldives Tourism Development Corporations, MVR79.9 for Dhivehi Raajeyge Gulhun and MVR2.0 for Amana Takaful Maldives.

5. External Sector

5.1 Merchandise Trade

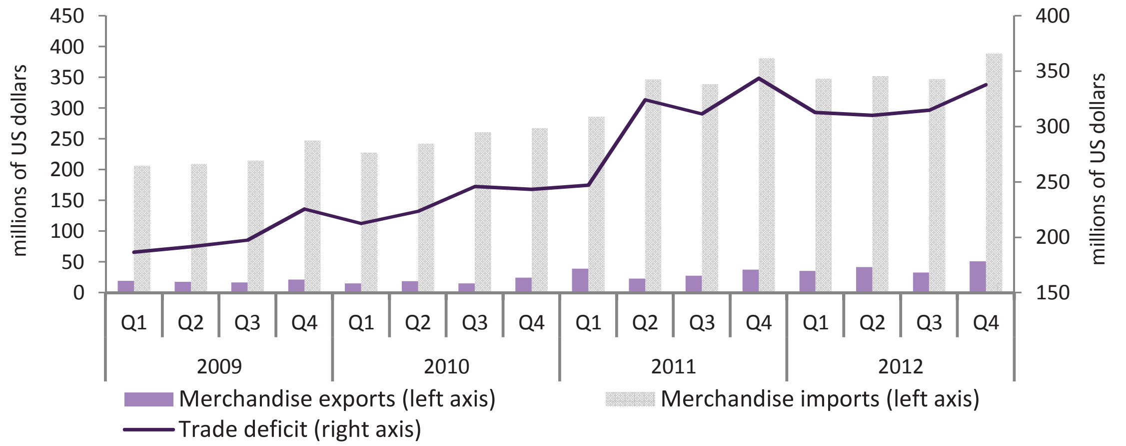
The merchandise trade deficit worsened to US$304.3 million in Q4-2012 from US$286.4 million in Q3-2012. This is on account of the 12% significant growth in total merchandise imports recorded during the review quarter compared to Q3-2012 which offset the 39% increase in merchandise exports. This high growth in imports was due to an increase in imports by all the sectors including the government, public, private and the tourism sectors. Meanwhile, merchandise exports rose by 39% in quarterly terms to reach US$84.7 million in Q4-2012. This reflected an increase in both domestic exports and re-exports which grew by 56% and 19% on a quarterly basis, respectively.

On annual terms, the merchandise trade deficit widened by 13% (Chart 19), owing to a 25% decline in exports combined with a 2% increase in imports.

5.2 Composition of Exports and Imports

As mentioned earlier, the growth recorded for merchandise exports during Q4-2012 was contributed by an increase in both domestic exports and re-exports. Unlike the previous quarters, domestic exports contributed for the larger share of total merchandise exports during the quarter, accounting for 60%, while re-exports, which mainly constitute jet-fuel sold to foreign carriers at the Ibrahim Nasir International Airport, accounted for 40% of merchandise exports during the review quarter.

Figure 19: Merchandise Trade Balance, 2009 - 2012



Source: Maldives Customs Service

With regard to the composition of domestic exports, fish exports, which accounts for about 97% of domestic exports, totalled US$49.6 million during Q4-2012. The growth in fish exports was as a result of an increase in exports of both fresh, chilled or frozen skipjack and yellowfin tuna. Further, other fish exports such as exports of canned or pouched fish and exports of fresh, chilled or frozen fish (excluding tuna) also grew during the quarter.

Table 6: Direction of Trade (Exports), Q3-2012 - Q4-2012

(in millions of US dollars)

	Q3-2012	Q4-2012	Change	Change (%)
Asia	12.83	30.92	18.09	141%
ASEAN	4.86	20.81	15.94	328%
o.w Thailand	4.77	20.68	15.91	334%
SAARC	2.64	3.72	1.08	41%
Middle East	3.88	0.38	-3.51	-90%
o.w Iran	3.78	0.17	-3.61	-95%
Other Asia	1.44	6.02	4.58	317%
Europe	18.76	17.97	-0.79	-4%
Total exports f.o.b	**32.94**	**51.22**	**18.28**	**56%**

Source: Maldives Customs Service

With respect to the main categories of imports, the dominant group continues to be petroleum products with 33% of total imports. Import of petroleum products went up by 25% led by an increase in import of diesel, aviation gas and petrol. Meanwhile, import of food items, the second largest group of imports, recorded a growth of 15% during the quarter, mainly due to the 39% increase in imports of meat, fish and seafood followed by vegetables, rootcrops and spices. However, imports of machinery and mechanical appliances rose by 3% while wood, metal, cement and aggregates registered a quarterly decline of 22%, respectively.

5.3 Direction of Trade

The Asia region stood as the major export destination in Q4-2012 (Table 5), constituting 60% of total exports. This was as a result of a substantial increase in exports to Thailand mainly comprising exports of fresh, chilled or frozen tuna (both skipjack and yellowfin tuna). Exports to the South Asian Association for Regional Cooperation (SAARC) region also remained strong as exports India more than doubled while exports to Sri Lanka also increased compared to Q3-2012.

Unlike the previous two quarters, Europe became the second leading export market during the quarter with 35%. However,

Table 7: Direction of Trade (Imports), Q3-2012 - Q4-2012

(as a percentage of total)

	Q3-2012	Q4-2012
Asia	82%	85%
ASEAN (excl. Singapore)	32%	32%
o.w Singapore	20%	19%
SAARC	17%	14%
Middle East	26%	33%
o.w UAE	26%	32%
Other Asia	7%	6%
Europe	8%	8%
Total Imports c.i.f (in millions of US dollars)	**376.4**	**420.3**

Source: Maldives Customs Service

exports to the region recorded a decline of 4% as exports to France, Italy and Netherlands fell, although other major countries in region registered increases.

As for imports, Asia remained as the major source region of imports into the country in Q4-2012 (Table 6), with the region accounting for 85% of total imports. Among the source countries from the region, imports from Singapore accounted for 19% and its imports increased by 5% compared to Q3-2012. This was due to the 38% increase in imports of food items and the 26% growth in imports of petroleum products during the quarter. Meanwhile, import of petroleum products from the United Arab Emirates, the major source country of petroleum products to the Maldives, rose by 41% during Q4-2012.

5.4 Gross International Reserves

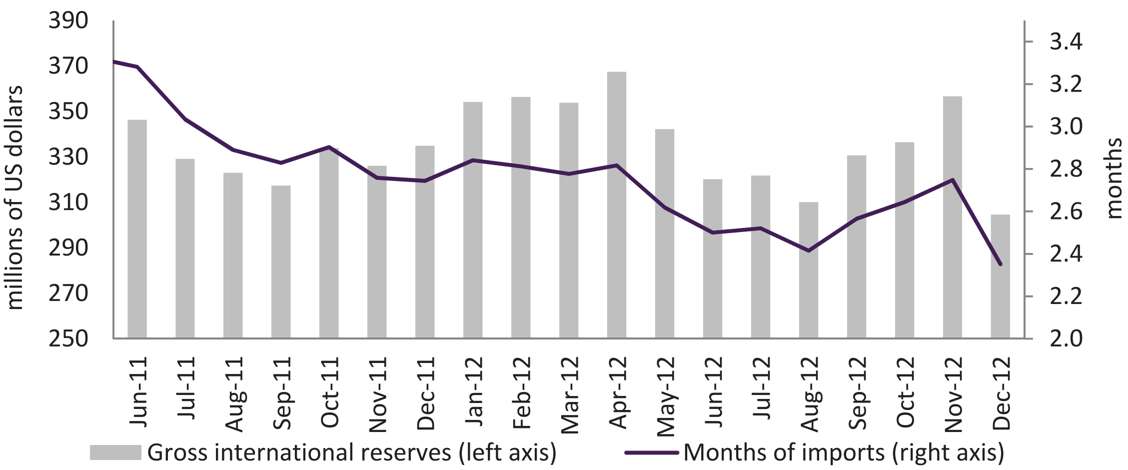
Gross international reserves declined to US$304.6 million at the end of December 2013 (Figure 20). This was a decline of 8% from US$330.7 million at the end of September 2012. Similarly, gross reserves also recorded a decline of 9% compared with December 2011. Both the quarterly and annual decline in gross reserves reflects a bond repayment by the government in December 2012. In terms of import cover, gross reserves declined to 2.4 months at the end of December 2012 from 2.6 months at the end of September 2012.

5.5 Exchange Rate

The Maldives follows a pegged exchange rate regime with a horizontal band of 20% on either side of a central parity of MVR12.85 per US dollar (which was the previous selling rate).

With regard to the bilateral exchange rates, the Maldivian rufiyaa appreciated against the Japanese yen by 11% and by 3% against the Indian rupee and by less than 1% against the Sterling pound. However, the rufiyaa depreciated against both the euro and the Sri Lankan rupee by 2% and by less than 1% against the Singapore dollar when compared to Q3-2012.

Figure 20: Gross International Reserves, 2011 - 2012



Source: Maldives Monetary Authority

On an annual basis, the rufiyaa appreciated by 11% against the Sri Lankan rupee, by 10% against the Japanese yen and by 3% against the Indian rupee. Meanwhile, it depreciated against the Singapore dollar by 6% and the Sterling pound by 4% and by 2% against the euro.

Appendix

List of Statistical Tables

Table 1: Tourism Statistics, 2009 - 2012

	2009	2010	2011	2012	2011	2012			
					Q4	Q1	Q2	Q3	Q4
Tourist arrivals	**655,852**	**791,917**	**931,333**	**958,027**	**262,161**	**255,867**	**202,201**	**233,540**	**266,419**
Europe	462,192	505,421	537,757	517,778	149,821	167,032	107,475	102,167	141,104
Germany	*69,085*	*77,108*	*90,516*	*98,351*	*28,588*	*26,355*	*24,663*	*20,932*	*26,401*
Italy	*89,292*	*89,596*	*83,089*	*62,782*	*18,857*	*26,939*	*9,582*	*10,827*	*15,434*
United Kingdom	*105,950*	*114,158*	*104,508*	*91,776*	*25,736*	*24,395*	*21,750*	*21,842*	*23,789*
Asia	155,538	239,882	334,692	367,680	95,542	73,693	77,148	111,736	105,103
China	*60,666*	*118,961*	*198,655*	*229,551*	*51,987*	*46,662*	*44,486*	*77,969*	*60,434*
Japan	*36,641*	*38,791*	*35,782*	*36,438*	*9,394*	*8,114*	*7,278*	*10,555*	*10,491*
India	*15,850*	*25,756*	*30,978*	*31,721*	*10,361*	*6,179*	*7,138*	*6,406*	*11,998*
Tourist bednights ('000) [1/]	5,147.0	5,986.3	6,529.1	6,450.8	1,762.9	1,839.9	1,404.0	1,484.4	1,722.6
Average stay (days)	7.9	7.6	7.0	6.7	6.7	7.2	6.9	6.4	6.5
Operational capacity	20,136.8	23,648.8	24,493.3	25,062.0	24,424.7	24,568.0	24,901.7	25,304.0	76,423.0
Bednight capacity ('000)	7,351.7	8,631.8	8,939.3	9,173.2	2,247.2	2,236.0	2,266.1	2,327.7	2,343.5
Capacity utilisation (%)	70.2	69.5	73.1	70.4	78.5	82.4	61.9	63.7	73.5
(Annual percentage change)									
Tourist arrivals	-4.0	20.7	17.6	2.9	17.4	3.3	0.9	5.6	1.6
Tourist bednights ('000)	-5.5	16.3	9.1	-1.2	8.3	-0.6	-2.3	0.4	-2.3
Bed capacity	5.5	17.4	3.6	2.3	3.0	0.1	0.6	4.3	4.3

1/ These include bed capacity in resorts, hotels, safari yachts and guesthouses.

Source: Ministry of Tourism, Arts and Culture

Table 2: Consumer Price Inflation - Male', 2009 - 2012 [1/]

(Index: June 2012 = 100)

	weights	2009	2010	2011	2012	2011	2012			
						Q4	Q1	Q2	Q3	Q4
Food and non-alcoholic beverages	*23.8*	0.8	14.3	23.9	12.0	24.2	31.8	13.7	14.7	13.0
Food [2/]	*21.6*	*n.a*	*n.a*	*n.a*	*n.a*	*n.a*	*n.a*	*n.a*	*n.a*	*n.a*
Fish	*7.6*	*-20.2*	*27.8*	*102.0*	*56.3*	*83.8*	*132.0*	*40.3*	*52.4*	*60.9*
Tobacco and arecanut	*1.3*	-1.4	2.1	112.7	-10.0	62.0	102.1	72.1	55.7	19.5
Clothing and footwear	*3.3*	5.8	-0.2	24.9	9.4	26.1	27.4	24.0	21.3	9.1
Housing, water, electricity, gas and other fuel	*33.3*	9.6	4.5	2.1	4.4	2.0	2.5	2.5	5.0	4.5
Furnishing, household equipment & routine maintenance	*7.4*	10.5	4.9	13.2	7.4	12.2	19.3	23.9	19.8	8.5
Health	*3.3*	2.4	5.2	16.1	-26.4	15.9	-21.9	-26.4	-23.3	-26.1
Transport	*5.0*	-0.3	3.1	22.9	1.2	22.0	20.0	9.5	6.5	1.9
Communications	*4.9*	-0.3	0.0	-0.5	0.1	-0.5	-0.4	-1.0	-1.2	-0.1
Recreation and culture	*3.9*	9.8	1.9	-1.4	-1.5	-1.4	-1.2	3.1	4.3	-0.9
Education	*3.1*	42.4	5.1	16.9	16.5	16.9	16.6	16.6	16.6	16.5
Restaurants and hotels	*4.1*	1.5	2.1	37.8	20.5	34.0	41.0	28.2	26.2	20.1
Miscellaneous goods and services	*6.6*	7.1	2.6	17.9	5.1	16.6	27.1	19.7	13.8	5.8
Male'	*100.0*	**5.4**	**6.9**	**16.7**	**5.4**	**15.7**	**17.4**	**9.9**	**10.2**	**6.8**
Total excluding fish		6.8	6.1	12.5	3.5	12.2	13.8	9.8	8.8	4.7
Food and non-alcoholic beverages excluding fish		4.7	12.4	11.3	-1.0	13.9	13.1	6.1	3.2	-0.5

[1/] The inflation rate for a specific year represents the annual percentage change in the CPI for December whereas the inflation rate for a specific quarter represents the annual percentage change in the 3 month average of the CPI for the respective period.

2/ The CPI index for "Food" is only available from June 2012 onwards; thus, the inflation rate (year-on-year percentage change) cannot be calculated.

Source: Department of National Planning

Table 3: Depository Corporations Survey, 2009 - 2012 1/

(In millions of rufiyaa; end of period)

	2009	2010	2011	2012	2011	2012			
					Q4	Q1	Q2	Q3	Q4
Net foreign assets 2/	**(1,338.7)**	**685.6**	**2,873.0**	**5,094.0**	**2,873.0**	**3,710.7**	**3,251.2**	**3,759.2**	**5,094.0**
Central bank	3,071.7	4,067.6	4,725.5	4,241.1	4,725.5	5,016.7	4,498.2	4,656.1	4,241.1
Claims on non-residents	3,349.5	4,491.3	5,169.6	4,689.5	5,169.6	5,460.2	4,941.4	5,103.5	4,689.5
Liabilities to non-residents	(277.8)	(423.6)	(444.1)	(448.5)	(444.1)	(443.5)	(443.2)	(447.4)	(448.5)
Other depository corporations	(4,410.4)	(3,382.0)	(1,852.5)	852.9	(1,852.5)	(1,306.0)	(1,247.0)	(896.9)	852.9
Claims on non-residents	888.4	1,034.1	1,755.6	2,639.0	1,755.6	2,091.4	1,579.2	2,081.6	2,639.0
Liabilities to non-residents	(5,298.8)	(4,416.2)	(3,608.1)	(1,786.0)	(3,608.1)	(3,397.4)	(2,826.2)	(2,978.5)	(1,786.0)
Domestic claims	**21,187.4**	**22,181.2**	**24,688.4**	**24,055.0**	**24,688.4**	**25,007.8**	**24,851.0**	**23,892.5**	**24,055.0**
Net claims on central government	4,062.7	5,380.7	6,830.9	7,710.8	6,830.9	7,296.5	7,880.6	7,528.0	7,710.8
Claims on central government	7,564.7	8,586.9	9,112.5	9,735.6	9,112.5	9,339.4	9,806.3	9,375.1	9,735.6
Liabilities to central government	(3,502.0)	(3,206.2)	(2,281.6)	(2,024.8)	(2,281.6)	(2,042.9)	(1,925.6)	(1,847.2)	(2,024.8)
Claims on other sectors	17,124.7	16,800.5	17,857.5	16,344.2	17,857.5	17,711.3	16,970.4	16,364.5	16,344.2
Claims on other financial corporations	172.0	144.5	98.8	141.0	98.8	52.3	48.9	97.0	141.0
Claims on public non-financial corporations	1,398.9	1,465.0	1,668.1	1,577.7	1,668.1	2,014.2	2,030.4	1,467.7	1,577.7
Claims on private sector	15,553.8	15,191.0	16,090.5	14,625.5	16,090.5	15,644.9	14,891.0	14,799.7	14,625.5
Broad money	**13,855.3**	**15,884.0**	**19,062.2**	**20,010.7**	**19,062.2**	**19,845.3**	**19,607.2**	**18,868.6**	**20,010.7**
Narrow money	7,456.6	7,538.7	8,192.4	8,436.1	8,192.4	8,742.7	8,461.6	8,325.1	8,436.1
Currency outside depository corporations	1,541.4	1,571.0	1,857.6	2,116.7	1,857.6	1,845.9	1,926.9	1,952.9	2,116.7
Transferable deposits	5,915.2	5,967.7	6,334.8	6,319.4	6,334.8	6,896.8	6,534.7	6,372.2	6,319.4
Quasi money	6,398.7	8,345.2	10,869.9	11,574.6	10,869.9	11,102.6	11,145.6	10,543.4	11,574.6
In national currency	681.5	856.3	1,443.3	1,738.0	1,443.3	1,548.2	1,872.1	1,491.8	1,738.0
In foreign currency	5,717.1	7,489.0	9,426.6	9,836.6	9,426.6	9,554.4	9,273.5	9,051.6	9,836.6
Securities other than shares included in broad money	-	-	-	-	-	-	-	-	-
Deposits excluded from broad money	**218.5**	**302.6**	**336.9**	**277.5**	**336.9**	**303.5**	**299.9**	**275.2**	**277.5**
Securities other than shares excluded from broad money	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Shares and other equity	**4,682.5**	**5,111.3**	**5,660.9**	**6,295.1**	**5,660.9**	**5,757.7**	**5,694.0**	**6,063.7**	**6,295.1**
Other items (net)	**1,092.5**	**1,568.9**	**2,501.4**	**2,565.7**	**2,501.4**	**2,811.9**	**2,501.1**	**2,444.1**	**2,565.7**
(Annual percentage change)									
Net foreign assets	**(22.7)**	**(151.2)**	**319.0**	**77.3**	**319.0**	**105.0**	**61.5**	**189.6**	**77.3**
Central bank	1.6	32.4	16.2	(10.3)	16.2	14.7	(7.5)	4.7	(10.3)
Other depository corporations	(7.2)	(23.3)	(45.2)	(146.0)	(45.2)	(49.1)	(56.3)	(71.5)	(146.0)
Domestic claims	**14.0**	**4.7**	**11.3**	**(2.6)**	**11.3**	**6.9**	**1.0**	**(5.2)**	**(2.6)**
Net claims on central government	353.3	32.4	27.0	12.9	27.0	10.5	22.6	17.3	12.9
Claims on other sectors	(3.2)	(1.9)	6.3	(8.5)	6.3	5.4	(6.6)	(12.9)	(8.5)
Claims on private sector	(4.1)	(2.3)	5.9	(9.1)	5.9	2.1	(10.7)	(11.8)	(9.1)
Broad money	**14.4**	**14.6**	**20.0**	**5.0**	**20.0**	**11.5**	**4.1**	**1.7**	**5.0**
Narrow money	22.3	1.1	8.7	3.0	8.7	4.1	0.6	2.2	3.0
Currency outside depository corporations	2.1	1.9	18.2	14.0	18.2	8.6	7.0	7.6	14.0
Quasi money	6.4	30.4	30.3	6.5	30.3	18.2	7.0	1.4	6.5
Memorandum items:									
Dollarization ratio 3/	41.3	47.1	49.5	49.2	49.5	48.1	47.3	48.0	49.2

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

Source: Maldives Monetary Authority

Table 4: Central Bank Survey, 2009 - 2012 [1/]

(In millions of rufiyaa: end of period)

	2009	2010	2011	2012	2011	2012			
					Q4	Q1	Q2	Q3	Q4
Net foreign assets	**3,071.7**	**4,067.6**	**4,725.5**	**4,241.1**	**4,725.5**	**5,016.7**	**4,498.2**	**4,656.1**	**4,241.1**
Claims on non-residents	3,349.5	4,491.3	5,169.6	4,689.5	5,169.6	5,460.2	4,941.4	5,103.5	4,689.5
Liabilities to non-residents	-277.8	-423.6	-444.1	-448.5	-444.1	-443.5	-443.2	-447.4	-448.5
Claims on other depository corporations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net claims on central government	**3,419.2**	**2,725.0**	**3,527.4**	**4,685.5**	**3,527.4**	**3,524.0**	**3,658.6**	**3,616.7**	**4,685.5**
Claims on central government	4,213.0	3,921.5	3,920.2	5,005.9	3,920.2	3,894.2	3,901.5	3,887.7	5,005.9
Liabilities to central government	-793.8	-1,196.5	-392.8	-320.4	-392.8	-370.3	-242.9	-271.1	-320.4
Claims on other sectors	**4.8**	**5.9**	**4.7**	**6.9**	**4.7**	**5.4**	**5.1**	**4.9**	**6.9**
Claims on other financial corporations	-	-	-	-	-	-	-	-	-
Claims on public non-financial corportations	-	-	-	-	-	-	-	-	-
Claims on private sector	4.8	5.9	4.7	6.9	4.7	5.4	5.1	4.9	6.9
Monetary base	**6,143.9**	**6,064.3**	**7,551.3**	**8,181.9**	**7,551.3**	**7,518.7**	**7,583.4**	**7,568.8**	**8,181.9**
Currency in circulation	1,799.7	1,871.1	2,196.7	2,475.5	2,196.7	2,204.0	2,296.0	2,338.5	2,475.5
Liabilities to other depository corporations	4,308.5	4,182.6	5,294.2	5,705.7	5,294.2	5,235.1	5,279.5	5,229.7	5,705.7
Liabilities to other sectors	35.7	10.5	60.4	0.6	60.4	79.7	7.8	0.6	0.6
Other liabilities to other depository corporations	**15.7**	**496.7**	**85.3**	**197.4**	**85.3**	**493.3**	**328.3**	**254.5**	**197.4**
Deposits and securities other than shares excluded from monetary base	**0.1**	**10.1**	**10.1**	**10.0**	**10.1**	**10.0**	**10.0**	**10.0**	**10.0**
Deposits included in broad money	-	-	-	-	-	-	-	-	-
Securities other than shares included in broad money	-	-	-	-	-	-	-	-	-
Deposits excluded from broad money	0.1	10.1	10.1	10.0	10.1	10.0	10.0	10.0	10.0
Securities other than shares excluded from broad money	-	-	-	-	-	-	-	-	- -
Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**- -**
Shares and other equity	**432.7**	**349.8**	**752.1**	**628.6**	**752.1**	**735.9**	**462.4**	**599.4**	**628.6**
Other items (net)	**-96.6**	**-122.2**	**-141.3**	**-84.3**	**-141.3**	**-212.0**	**-222.2**	**-155.0**	**-84.3**
(Annual percentage change)									
Net foreign assets	**1.6**	**32.4**	**16.2**	**-10.3**	**16.2**	**14.7**	**-7.5**	**4.7**	**-10.3**
Claims on non-residents	8.4	34.1	15.1	-9.3	15.1	**14.6**	**-7.3**	**4.3**	**-9.3**
Liabilities to non-residents	313.1	52.5	4.8	1.0	4.8	13.3	-5.7	0.3	1.0
Net claims on central government	**29.5**	**-20.3**	**29.4**	**32.8**	**29.4**	**7.1**	**7.1**	**0.1**	**32.8**
Claims on central government	25.2	-6.9	0.0	27.7	0.0	1.6	1.5	-1.2	27.7
Monetary base	**14.1**	**-1.3**	**24.5**	**8.4**	**24.5**	**11.8**	**3.4**	**6.6**	**8.4**
Currency in circulation	2.1	4.0	17.4	12.7	17.4	11.4	8.9	10.4	12.7
Liabilities to other depository corporations	19.4	-2.9	26.6	7.8	26.6	10.6	1.3	5.1	7.8

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

NOTES:

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

2/ "Liabilities to" represent all liabilities issued by the central bank to the respective sector.

Source: Maldives Monetary Authority

Table 5: Other Depository Corporations Survey, 2009 - 2012 1/

(In millions of rufiyaa; end of period)

	2009	2010	2011	2012	2011	2012			
					Q4	Q1	Q2	Q3	Q4
Net foreign assets	**-4,410.4**	**-3,382.0**	**-1,852.5**	**852.9**	**-1,852.5**	**-1,306.0**	**-1,247.0**	**-896.9**	**852.9**
Claims on non-residents	888.4	1,034.1	1,755.6	2,639.0	1,755.6	2,091.4	1,579.2	2,081.6	2,639.0
Liabilities to non-residents	-5,298.8	-4,416.2	-3,608.1	-1,786.0	-3,608.1	-3,397.4	-2,826.2	-2,978.5	-1,786.0
Claims on central bank	**4,638.6**	**4,979.6**	**5,696.4**	**6,251.2**	**5,696.4**	**6,109.0**	**5,930.6**	**5,893.0**	**6,251.2**
Currency	258.3	300.1	339.1	358.8	339.1	358.1	369.1	385.6	358.8
Deposits	4,370.2	4,587.5	5,357.3	5,892.4	5,357.3	5,750.9	5,451.4	5,344.2	5,892.4
Securities other than shares	-	-	-	-	-	-	-	-	-
Other claims	10.0	92.0	-	-	-	-	110.1	163.2	-
Net claims on central government	**643.5**	**2,655.7**	**3,303.5**	**3,025.3**	**3,303.5**	**3,772.5**	**4,222.0**	**3,911.3**	**3,025.3**
Claims on central government	3,351.7	4,665.4	5,192.3	4,729.7	5,192.3	5,445.1	5,904.7	5,487.4	4,729.7
Liabilities to central government	-2,708.2	-2,009.7	-1,888.8	-1,704.5	-1,888.8	-1,672.6	-1,682.7	-1,576.1	-1,704.5
Claims on other sectors	**17,119.9**	**16,794.5**	**17,852.8**	**16,337.3**	**17,852.8**	**17,705.9**	**16,965.2**	**16,359.6**	**16,337.3**
Claims on other financial corporations	172.0	144.5	98.8	141.0	98.8	52.3	48.9	97.0	141.0
Claims on public non-financial corporations	1,398.9	1,465.0	1,668.1	1,577.7	1,668.1	2,014.2	2,030.4	1,467.7	1,577.7
Claims on private sector	15,549.0	15,185.0	16,085.9	14,618.6	16,085.9	15,639.5	14,885.9	14,794.8	14,618.6
Liabilities to central bank	-	-	-	-	-	-	-	-	-
Transferable deposits included in broad money	**9,923.0**	**10,942.5**	**13,111.1**	**13,691.5**	**13,111.1**	**14,014.3**	**13,524.4**	**12,969.2**	**13,691.5**
Other deposits included in broad money	**2,355.2**	**3,359.9**	**4,033.1**	**4,201.8**	**4,033.1**	**3,945.3**	**4,257.4**	**3,978.1**	**4,201.8**
Securities other than shares included in broad money	-	-	-	-	-	-	-	-	-
Deposits excluded from broad money	**218.5**	**292.6**	**326.8**	**267.5**	**326.8**	**293.5**	**289.9**	**265.2**	**267.5**
Securities other than shares excluded from broad money	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Shares and other equity	**4,249.8**	**4,761.5**	**4,908.8**	**5,666.5**	**4,908.8**	**5,021.8**	**5,231.6**	**5,464.4**	**5,666.5**
Other items (net)	**1,245.1**	**1,691.4**	**2,620.5**	**2,639.4**	**2,620.5**	**3,006.4**	**2,567.6**	**2,590.2**	**2,639.4**
(Annual percentage change)									
Net foreign assets	**-7.2**	**-23.3**	**-45.2**	**-146.0**	**-45.2**	**-49.1**	**-56.3**	**-71.5**	**-146.0**
Claims on non-residents	19.3	16.4	69.8	50.3	69.8	32.1	-22.4	21.0	50.3
Liabilities to non-residents	-3.6	-16.7	-18.3	-50.5	-18.3	-18.1	-42.2	-38.8	-50.5
Claims on central bank	**20.5**	**7.4**	**14.4**	**9.7**	**14.4**	**8.2**	**0.6**	**0.6**	**9.7**
Currency	2.5	16.2	13.0	5.8	13.0	29.0	20.0	27.3	5.8
Deposits	21.5	5.0	16.8	10.0	16.8	10.8	4.8	-3.8	10.0
Claims on central government	**319.4**	**39.2**	**11.3**	**-8.9**	**11.3**	**4.8**	**14.7**	**16.1**	**-8.9**
Liabilities to central government	**6.5**	**-25.8**	**-6.0**	**-9.8**	**-6.0**	**-11.1**	**-21.1**	**-18.0**	**-9.8**
Claims to other sectors	**-3.2**	**-1.9**	**6.3**	**-8.5**	**6.3**	**5.4**	**-6.6**	**-12.9**	**-8.5**
Claims on other financial corporations	75.9	-16.0	-31.6	42.8	-31.6	-65.2	-73.5	-45.6	42.8
Claims on public non-financial corporations	1.6	4.7	13.9	-5.4	13.9	52.1	54.9	-20.3	-5.4
Claims on private sector	-4.1	-2.3	5.9	-9.1	5.9	2.1	-10.7	-11.8	-9.1

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

NOTES:

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

2/ ''Liabilities to'' represent all liabilities issued by ODCs to the respective sector

Source: Maldives Monetary Authority

Table 6: Other Depository Corporations Private Sector Loans and Advances by Economic Group, 2009 - 2012 [1/]

(In millions of rufiyaa; end of period)

	2009	2010	2011	2012	2011	2012			
					Q4	Q1	Q2	Q3	Q4
Total [2/]	**15,403.6**	**15,094.2**	**15,970.3**	**14,520.0**	**15,970.3**	**15,542.8**	**14,786.0**	**14,700.7**	**14,520.0**
Agriculture	31.3	28.7	25.0	15.9	25.0	24.7	23.9	23.2	15.9
Fishing	960.5	896.0	772.3	551.9	772.3	672.0	594.2	596.3	551.9
Manufacturing	532.0	493.1	492.0	324.1	492.0	331.5	323.9	318.4	324.1
Construction	1,264.0	1,119.7	1,187.4	1,205.8	1,187.4	1,182.3	1,220.4	1,176.6	1,205.8
Residential/housing	1,121.0	1,011.3	961.5	949.4	961.5	973.3	944.9	942.9	949.4
Commercial building	84.7	80.0	165.8	143.8	165.8	145.1	203.4	153.6	143.8
Other	58.3	28.4	60.0	112.7	60.0	63.9	72.1	80.2	112.7
Real estate	357.8	691.2	721.1	605.2	721.1	678.2	649.0	632.5	605.2
Residential/housing	291.4	218.2	109.3	126.6	109.3	105.8	102.3	121.3	126.6
Commercial building	66.4	335.6	481.3	403.7	481.3	454.7	445.0	425.2	403.7
Other	0.0	137.4	130.5	74.9	130.5	117.7	101.7	86.1	74.9
Tourism	9,148.9	8,698.3	9,170.3	8,442.0	9,170.3	9,387.1	8,646.6	8,671.3	8,442.0
New resort development	4,790.9	4,986.8	6,040.2	5,911.7	6,040.2	5,999.1	5,416.5	5,927.6	5,911.7
Renovation of resorts	1,388.1	898.5	784.2	483.8	784.2	962.3	771.0	571.9	483.8
Yacht safari buildings	733.9	830.3	186.4	164.1	186.4	187.3	230.5	176.7	164.1
Working capital	2,235.9	1,982.7	2,159.5	1,882.5	2,159.5	2,238.4	2,228.5	1,995.2	1,882.5
Commerce	1,587.9	1,774.3	2,131.1	2,144.4	2,131.1	2,045.6	2,112.2	2,011.5	2,144.4
Wholesale and retail	701.5	902.2	2,112.7	2,129.2	2,112.7	2,034.0	2,100.9	2,000.4	2,129.2
Restaurants and cafes	886.4	872.1	18.4	15.2	18.4	11.6	11.3	11.0	15.2
Transport and communication	814.5	677.7	614.0	480.0	614.0	535.6	589.6	512.1	480.0
Transport	774.9	644.6	585.6	456.6	585.6	508.5	563.5	487.2	456.6
Communication	39.6	33.1	28.4	23.4	28.4	27.1	26.0	24.9	23.4
Electricity, gas, water and sanitary services	3.8	7.7	241.0	0.7	241.0	0.8	1.8	3.6	0.7
Other loans and advances not adequately described	702.9	707.5	616.0	749.9	616.0	685.0	624.4	755.0	749.9
(In per cent of total; end of period)									
Fishing	6.2	5.9	4.8	3.8	4.8	4.3	4.0	4.1	3.8
Construction	8.2	7.4	7.4	8.3	7.4	7.6	8.3	8.0	8.3
Tourism	59.4	57.6	57.4	58.1	57.4	60.4	58.5	59.0	58.1
Commerce	10.3	11.8	13.3	14.8	13.3	13.2	14.3	13.7	14.8
Transport and Communication	5.3	4.5	3.8	3.3	3.8	3.4	4.0	3.5	3.3
(Annual percentage change)									
Total	**-4.5**	**-2.0**	**5.8**	**-9.1**	**5.8**	**1.9**	**-10.8**	**-11.8**	**-9.1**
Fishing	-11.8	-6.7	-13.8	-28.5	-13.8	-22.9	-36.5	-32.0	-28.5
Construction	-7.7	-11.4	6.0	1.6	6.0	6.1	7.1	1.1	1.6
Tourism	-1.8	-4.9	5.4	-7.9	5.4	18.8	-7.8	-8.6	-7.9
Commerce	-13.6	11.7	20.1	0.6	20.1	15.8	4.4	-16.5	0.6
Transport and Communication	3.5	-16.8	-9.4	-21.8	-9.4	-50.0	-12.5	-25.0	-21.8

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

2/ Includes total loans and advances to private sector excluding accrued interest receivable and accounts receivable.

Source: Maldives Monetary Authority

Table 7: Composition of Exports, 2009 - 2012

(In millions of US dollars)

	2009	2010	2011	2012	2011	2012			
					Q4	Q1	Q2	Q3	Q4
Merchandise exports (f.o.b)	**169.0**	**197.5**	**346.4**	**313.5**	**112.6**	**94.7**	**74.0**	**61.0**	**83.8**
Domestic exports	**76.4**	**73.9**	**127.4**	**161.6**	**37.6**	**35.5**	**41.9**	**32.9**	**51.2**
Total marine exports	73.7	70.3	122.9	158.0	36.5	34.5	41.0	32.4	50.1
Fish exports	72.0	68.3	120.6	156.1	35.9	34.0	40.4	32.1	49.6
Fresh, chilled or frozen tuna	50.7	46.9	96.3	128.3	30.7	26.7	33.4	26.3	41.9
Skipjack	*17.5*	*18.4*	*31.5*	*39.4*	*11.2*	*5.4*	*10.1*	*5.7*	*18.2*
Yellowfin tuna	*32.8*	*28.2*	*64.5*	*88.2*	*19.4*	*21.2*	*23.1*	*20.5*	*23.5*
Other Tuna	*0.4*	*0.3*	*0.4*	*0.7*	*0.1*	*0.1*	*0.2*	*0.1*	*0.2*
Fresh, chilled or frozen fish	2.2	2.5	4.0	4.4	1.0	1.6	1.3	0.6	0.9
Canned or pouched	6.5	5.8	9.2	13.8	1.4	3.0	2.4	3.3	5.1
Processed fish, nes	12.6	13.1	11.1	9.6	2.8	2.7	3.3	1.9	1.8
o/w Processed tuna, nes	12.0	12.5	10.3	8.4	2.6	2.4	3.0	1.6	1.5
Fish Products	0.1	-	0.1	-	-	-	-	-	-
Sea Food	0.3	0.6	1.0	0.7	0.2	0.2	0.2	0.1	0.2
Marine products, nes	-	-	-	0.1	-	-	0.1	-	-
Live fish	1.3	1.4	1.3	1.2	0.4	0.4	0.4	0.2	0.3
Other exports	2.7	3.6	4.4	3.6	1.0	1.0	0.9	0.5	1.1
Re-exports	**92.7**	**123.6**	**219.0**	**151.9**	**75.0**	**59.2**	**32.0**	**28.1**	**32.6**

Source: Maldives Customs Service

Table 8: Composition of Imports, 2009 - 2012
(In millions of US dollars)

	2009	2010	2011	2012	2011 Q4	2012 Q1	Q2	Q3	Q4
Total imports c.i.f.	**962.5**	**1,090.9**	**1,465.3**	**1,554.3**	**412.7**	**375.6**	**381.9**	**376.4**	**420.3**
Private imports	**687.6**	**779.8**	**1,010.9**	**1,113.2**	**263.2**	**254.3**	**276.9**	**281.8**	**299.7**
Private (excluding tourism)	504.7	568.1	739.2	835.4	180.0	190.6	218.8	211.0	214.9
Tourism	182.9	211.6	271.7	277.8	83.1	64.2	58.0	70.8	84.8
Total public imports	**274.9**	**311.1**	**454.4**	**441.1**	**149.6**	**121.0**	**104.9**	**94.1**	**120.7**
Public enterprises	246.7	263.9	347.0	403.0	104.9	106.5	99.9	86.8	109.8
Government	28.3	47.2	107.4	38.2	44.7	14.5	5.0	7.8	10.9
Total imports c.i.f.	**962.5**	**1,090.9**	**1,465.3**	**1,554.3**	**412.7**	**375.6**	**381.9**	**376.4**	**420.3**
Food Items	206.3	236.0	296.9	318.9	76.8	78.2	76.1	76.5	88.1
Price administered staples	28.3	28.1	23.5	20.9	5.9	4.8	5.1	5.9	4.7
Vegetables, rootcrops and spices	28.3	33.2	47.8	49.3	12.3	12.9	11.4	11.8	13.2
Fruit, nuts and seeds	23.2	26.7	32.4	37.2	8.5	8.8	9.0	9.7	9.7
Meat, fish and seafood	29.4	38.5	54.8	60.1	16.9	15.4	12.5	13.5	18.7
Dairy and egg	27.4	32.4	41.6	44.7	8.7	10.0	10.4	12.4	11.8
Beverages and confectioneries	46.1	50.9	61.1	64.0	15.9	16.1	16.6	13.5	17.8
Other food items	23.6	26.2	35.9	42.7	8.8	10.1	11.1	9.7	12.1
Furniture, fixtures and fittings	37.6	36.3	50.8	47.6	16.8	11.1	11.9	10.2	14.4
Electronic and electrical appliances	33.8	37.3	39.3	36.2	9.6	8.0	9.4	10.1	8.4
Petroleum products	198.6	250.6	366.4	488.3	99.9	117.3	122.7	110.3	137.9
Petrol	19.0	24.3	33.4	39.0	8.3	10.8	9.2	8.2	10.8
Diesel (Marine gas oil)	153.2	198.9	289.3	330.7	77.2	90.3	78.7	74.9	86.8
Aviation gas	14.0	11.9	25.2	99.4	8.8	13.4	27.9	23.5	34.7
Other petroleum products	12.5	15.5	18.4	19.2	5.6	2.8	7.0	3.7	5.6
Transport equipment and parts	65.7	68.7	110.5	74.5	20.4	24.3	17.1	15.7	17.5
Wood, metal, cement and aggregates	96.9	111.2	140.6	140.1	37.8	34.9	33.2	40.2	31.7
Machinery and mechanical appliances and parts, nes	61.2	64.3	81.4	80.3	21.3	17.1	20.4	21.0	21.6
Electrical and electronic machinery and equipment and parts, nes	59.8	66.3	96.8	55.0	38.1	11.0	13.3	14.8	16.1
Other Items	202.7	220.2	282.6	313.4	92.1	73.6	77.5	77.6	84.7

Source: Maldives Customs Service

Table 9: Exchange Rates, 2009 - 2012

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

		U.S. dollar 1/	Japanese yen	Singapore dollar	Indian rupee	Sri Lankan rupee	Sterling pound	Euro	SDR
2009	Q1	12.8000	0.1360	8.3184	0.2589	0.1159	18.5195	17.0007	19.1369
	Q2	12.8000	0.1354	8.8378	0.2585	0.1141	20.4967	17.2718	19.8685
	Q3	12.8000	0.1732	9.0290	0.2914	0.1203	20.6650	18.7034	20.2799
	Q4	12.8000	0.1713	9.1807	0.3005	0.1213	20.8479	18.9506	20.0664
2010	Q1	12.8000	0.1406	9.0982	0.3048	0.1221	18.7504	16.7437	19.4335
	Q2	12.8000	0.1410	9.1118	0.2966	0.1221	18.1840	14.9497	18.9299
	Q3	12.8000	0.1506	9.6955	0.3025	0.1239	20.0025	17.1221	19.9192
	Q4	12.8000	0.1568	9.8057	0.2861	0.1239	19.4329	16.4776	19.7124
2011	Q1	12.8000	0.1593	10.0783	0.2869	0.1239	20.2316	17.6542	20.2944
	Q2 2/	15.3750	0.1895	12.3136	0.3432	0.1402	24.2029	21.6083	24.3428
	Q3	15.3900	0.1999	12.0766	0.3214	0.1392	23.7197	20.5231	23.7522
	Q4	15.4100	0.1985	11.8028	0.2910	0.1352	23.7940	19.7321	23.3515
2012	Q1	15.4050	0.1855	12.1731	0.3032	0.1188	24.2292	20.1246	23.5617
	Q2	15.4050	0.1949	11.9727	0.2720	0.1152	23.8707	19.0398	23.0819
	Q3	15.4050	0.199547	12.4618	0.2926	0.1190	24.6983	19.6961	23.4567
	Q4	15.3650	0.1785	12.4758	0.2825	0.1209	24.6595	20.1550	23.6148

1/ Refers to the MMA daily reference exchange rate, which is the mid point of the weighted average buying and selling rates of all commercial banks. All other rates (except US dollar) refers to the exchange rates from the Bank of Maldives plc.

2/ In April 2011, the exchange rate regime was changed from a fixed rate regime to a band of 20 per cent around a central parity of MVR12.85 per US dollar.

Source: Maldives Monetary Authority; Bank of Maldives plc; International Monetary Fund

MALDIVES MONETARY AUTHORITY

BODUTHAKURUFAANU MAGU
MALE' - 20182
REPUBLIC OF MALDIVES
TEL: (960) 331 2343, FAX: (960) 332 3862
EMAIL: mail@mma.gov.mv