MALDIVES MONETARY AUTHORITY

QUARTERLY BUSINESS SURVEY

FOURTH QUARTER 2024

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About the survey

The Quarterly Business Survey is carried out by the MMA with the aim of obtaining a quick assessment of current business trends and expected future economic activity.

The respondents of the business survey are senior managers or top management of businesses who have an overall view of the business situation. The questions cover the views of the senior management (for the past quarter and expectation for the next quarter) on the direction of change in various business variables such as sales, output, prices, capacity utilisation and employment which are useful for analysing and predicting economic activity. The qualitative response for these questions takes the form of either increase, decrease or no change.

The business survey for the fourth quarter of 2024 was carried out from 25 December 2024 to 12 January 2025. Survey forms were sent electronically to 160 enterprises in the tourism, construction, wholesale and retail trade, and transportation and communication sectors. The survey sample is taken from a list of companies (based on top revenue earners) provided by the Maldives Inland Revenue Authority (MIRA). A total of 114 enterprises responded during the survey period which represents an overall response rate of 71%.

The qualitative responses to the survey are converted to quantitative numbers by subtracting the percentage of respondents reporting an increase from the percentage of respondents reporting a decrease. All responses are weighted based on their relative size (using revenue) within their respective sector. Care should be taken when interpreting the results of individual sectors since constraints in sample selection may limit the representativeness of certain industries within each sector.

The MMA would like to thank all the parties who contributed to the survey, especially the survey respondents and MIRA.

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Highlights

- According to the Quarterly Business Survey[1] carried out by the MMA from 25 December 2024 to 12 January 2025, businesses in all the sectors in the survey, except for the construction sector, reported an expansion in activity in Q4-2024. The construction sector continued its contractionary trend, recording a decline in activity during the review quarter.

- Employment levels depicted mixed developments in the different sectors surveyed in Q4-2024. The tourism sector experienced a notable rebound in hiring, with the employment index turning positive after recording a negative index in the previous quarter. Similarly, employment in the transportation and communication sector continued to increase and remained robust. However, the pace of new hires in the wholesale and retail trade sector slowed, while employment in the construction sector declined during the review period.

- With the tourism peak season extending into the upcoming quarter, businesses in the tourism sector remained optimistic regarding prospects for Q1-2025 but anticipated a moderation in activity. Additionally, business prospects for the remaining sectors were favourable, based on the key indicators for the respective sectors, with the transportation and communication sector and the wholesale and retail trade sector reporting a moderation in activity in Q1-2025.

- In Q4-2024, input prices and selling prices increased in the tourism and the wholesale and retail trade sectors. In the construction sector, input prices increased and selling prices remained high but edged downwards. For the transportation and communication sector, input prices remained elevated, while selling prices posted a decline. Going forward, businesses in all the surveyed sectors, except for the wholesale and retail trade sector, anticipate a moderation in the pace of input price growth. Conversely, businesses in the wholesale and retail trade sector expect the pace of input prices growth to accelerate in the upcoming quarter. Similarly, the pace of the average selling price growth is also expected to moderate across all the sectors, except for the transportation and communication sector, which anticipates an increase in prices charged in Q1-2025.

- The financial situation of the businesses remained favourable in the tourism and the transportation and communication sectors during Q4-2024. Additionally, the financial situation of the businesses in the wholesale and retail trade sector and the construction sector remained weak, although the respective indices turned less negative in the review quarter. Going forward, businesses in all the surveyed sectors anticipate the financial situation of the company to be in a better position in the next quarter.

- In general, access to credit remained tight for all the sectors in Q4-2024, except for the tourism sector. The tourism sector reported an improvement in access to credit. Going forward, businesses in all the sectors, except for the tourism sector, anticipate credit conditions to remain tight. Meanwhile, businesses in the tourism sector anticipate continued improvement in access to credit in the upcoming quarter.

[1] The Quarterly Business Survey is carried out by the MMA with the aim of obtaining a quick assessment of current business trends and expected future economic activity. In Q4-2024 survey forms were sent to 160 large enterprises in the tourism, construction, wholesale and retail trade and transportation and communication sectors. The survey sample is taken from a list of companies provided by the Maldives Inland Revenue Authority (MIRA). A total of 114 enterprises responded during the survey period, which represents an overall response rate of 71%.

Tourism

CURRENT SITUATION

Activity in the tourism sector expanded significantly, according to the tourism businesses responding to the survey. The seasonally unadjusted indices[2] for both total revenue and resort bookings turned positive and increased to 99 and 81, respectively, increasing by 148 and 123 points in Q4-2024.

Labour market indicators for the sector turned positive signaling an expansion in employment in Q4-2024. As such, the number of employees index increased 55 points to 34 during the quarter, while wages and other labour costs per employee index climbed 77 points to 63.

The input prices index climbed out of the negative territory, rising by 92 points to 77 in Q4-2024. Additionally, the average room rate index also posted a substantial increase, increasing by 185 points to 99 in Q4-2024 from -86 in Q3-2024. The capital expenditure index continued to expand and rose by 20 points to 51 from 31 in the previous quarter.

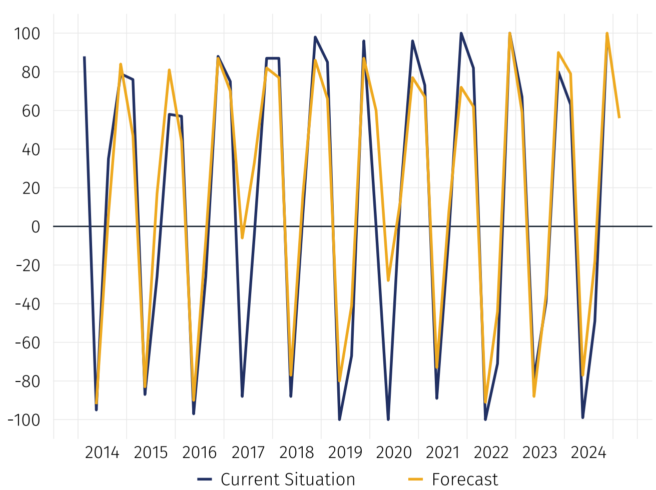
EXPECTATIONS FOR THE NEXT QUARTER

Going forward, the outlook of the tourism businesses regarding future business activity in Q1-2025 remained positive, albeit the expected indices remained lower than the levels observed in Q4-2024. Consequently, the expected total revenue index and resort bookings index remained positive at 56 and 54, respectively, but declined by 44 points and 42 points, respectively.

The expected input prices index became less positive and fell from 85 to 57, while the expected average room rates index fell by 30 points to 66. Additionally, the expected wages and other labour costs per employee index increased by 2 points to 54 in Q4-2024.

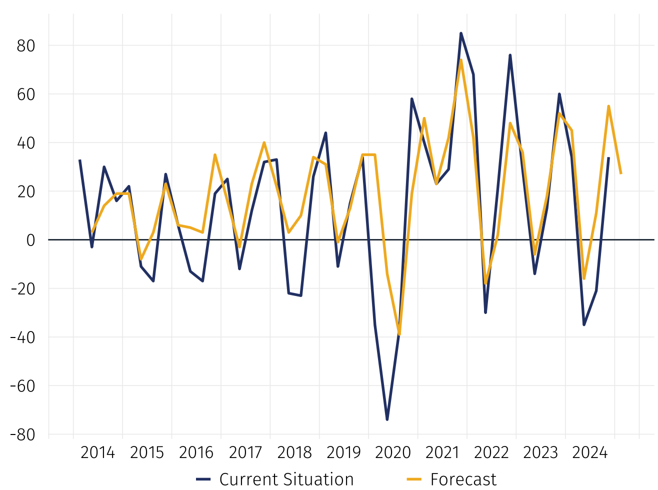
Both the expected indices for the overall business situation and the financial situation of the company remained positive in Q4-2024.The expected index for the overall business situation fell to 64 from 86 in Q4-2024, while the expected index for the financial situation of the company fell from 49 to 37.

Figure 1: Total Revenue, 2014 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

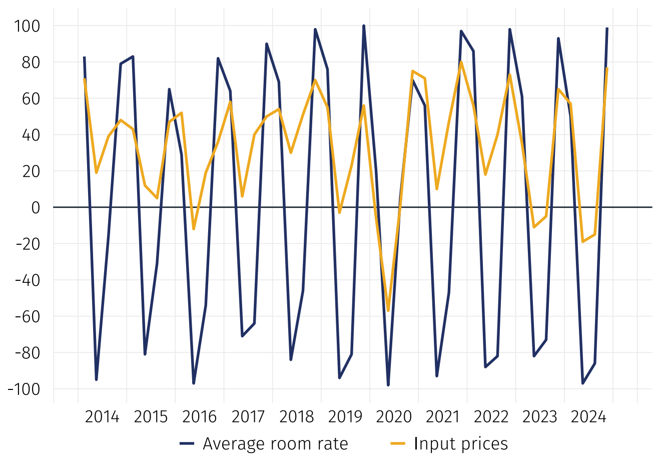
Figure 2: Number of Employees, 2014 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

[2] Tourism activity in the Maldives is subjected to a high level of seasonality (although in recent years this has lessened due to changing market composition of the industry), with tourist arrivals peaking during December to March, while the lowest number of arrivals are recorded during May to July which is traditionally considered as the off-peak season of the industry. Since the responses for the tourism sector in the quarterly business survey are not seasonally adjusted, care should be taken when interpreting quarterly changes as this would reflect the effects of both the underlying changes and seasonal effects.

Figure 3: Current Situation of Average Room Rate and Input prices, 2014 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 4: Factors Limiting Business Expansion
(percentage of respondents)

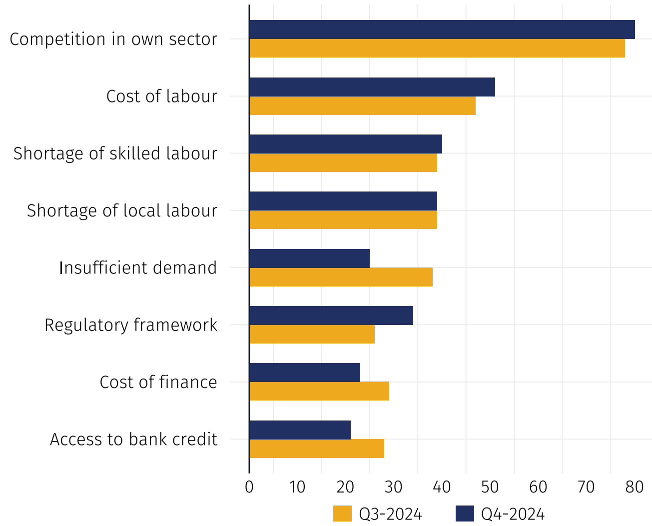


Table 1: Tourism Sector

Views on the Direction of Change in Business Indicators

Current Situation (versus Previous Quarter)

Indicator	Q3-2024 Index	Q4-2024 Index	Change	Percentage of Respondents Reporting: Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	-49	99	148	99	1	0
Resort bookings	-42	81	123	89	3	8
Number of employees	-21	34	55	43	48	9
Average room rate	-86	99	185	99	1	0
Wages and other labour costs per employee	-14	63	77	65	33	2
Input prices	-15	77	92	79	19	2
Capital expenditure	31	51	20	54	43	3
Access to credit	-13	8	21	16	76	8
Financial situation of the company	-22	62	84	66	30	4
Overall business situation	-49	87	136	88	11	1
Occupancy rate	-46	71	117	85	1	14

Expectations (versus Next Quarter)

Indicator	Q3-2024 Index	Q4-2024 Index	Change	Percentage of Respondents Reporting: Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	100	56	-44	72	12	16
Resort bookings	96	54	-42	70	14	16
Number of employees	55	27	-28	34	59	7
Average room rate	96	66	-30	76	14	10
Wages and other labour costs per employee	52	54	2	55	44	1
Input prices	85	57	-28	64	29	7
Capital expenditure	30	13	-17	29	55	16
Access to credit	9	9	0	17	75	8
Financial situation of the company	49	37	-12	45	47	8
Overall business situation	86	64	-22	71	22	7
Occupancy rate	92	53	-39	72	9	19

Notes:
(1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).
(2) Responses are weighted based on the size (total revenue) of the business.
(3) Data are not seasonally adjusted.
(4) Survey results are based on responses received from December 25, 2024 to January 12, 2025.

Construction

CURRENT SITUATION

Activity in the construction sector continued to contract in Q4-2024, as reported by the construction businesses responding to the survey. The volume of construction activity index remained negative and declined further by 26 points to -35 in Q4-2024. Similarly, the volume of orders received index dropped further by 15 points to -38 with 53 percent of the businesses reporting a decrease in the volume of orders received.

Employment declined, as suggested by the number of employees index, which decreased by 25 points to -24 in Q4-2024. Meanwhile, the wages and other labour costs per employee index remained positive, although the index dropped 25 points to 6 in the review quarter.

Price pressures in the sector remained high in Q4-2024. The input prices index surged by 21 points to 69, while the prices charged on average index remained positive at 10, despite an 18-point decline. Notably, 90 percent of businesses reported no change in the prices charged compared to Q3-2024.

The financial situation of the company index remained negative, although it increased by 11 points to -24. Conversely, the overall business situation of the company index turned negative and dropped by 37 points to -15 in the review quarter.

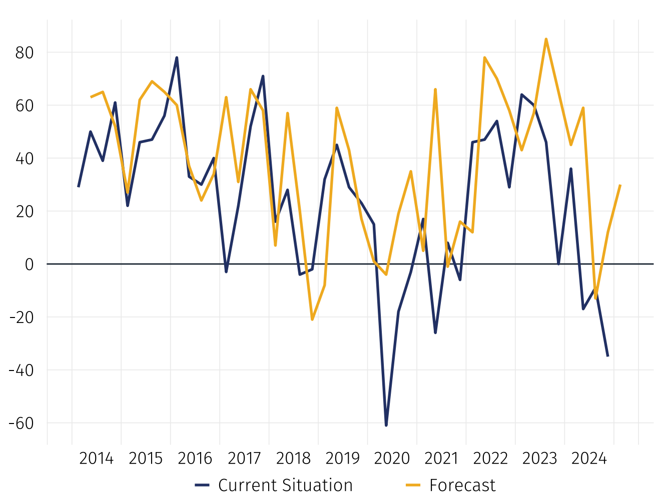
EXPECTATIONS FOR THE NEXT QUARTER

Looking ahead, business sentiments in the construction sector were mixed regarding construction activity in Q1-2025. The expected volume of construction activity index remained positive, rising 18 points to 30. However, the expected volume of orders received index turned negative and fell 31 points to -10, in Q4-2024. Similarly, the expected employment index turned negative to -13, with a 53-point plunge.

The expected input prices index decreased by 21 points to 48. Similarly, the expected index for prices charged on average remained positive, although it dropped 38 points to 16 in Q4-2024. Additionally, the expected index for capital expenditure increased by 9 points to 24.

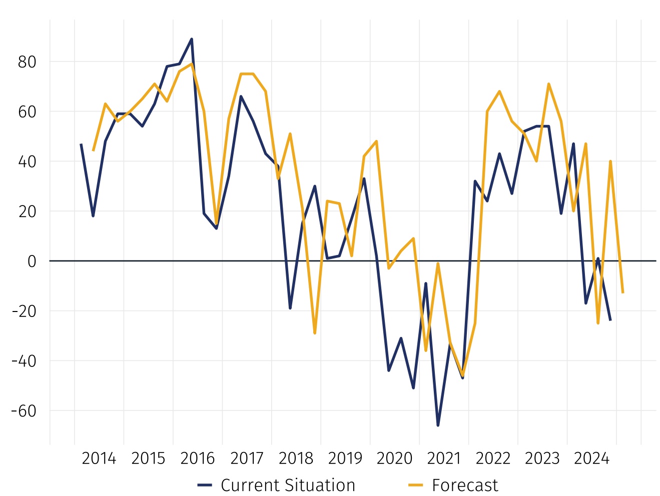
The expected index for the financial situation of the company increased from 5 to 63, while the expected index for the overall business situation dropped from 26 to 13 in Q4-2024.

Figure 5: Volume of Construction Activity, 2014 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

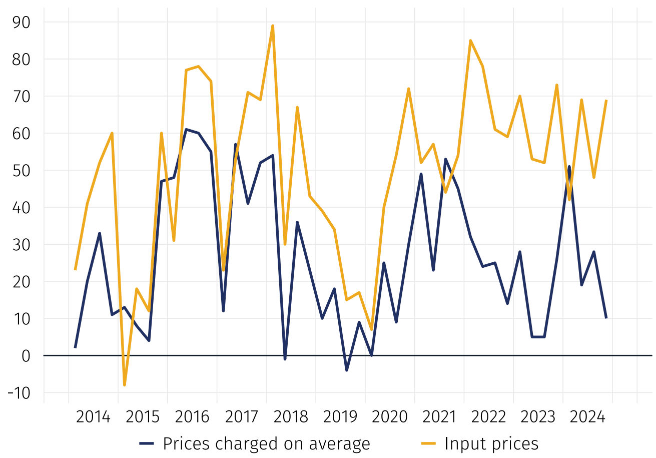
Figure 6: Number of employees, 2014 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 7: Current Situation of Prices Charged on Average and Input prices, 2014 - 2024

(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 8: Factors Limiting Business Expansion

(percentage of respondents)

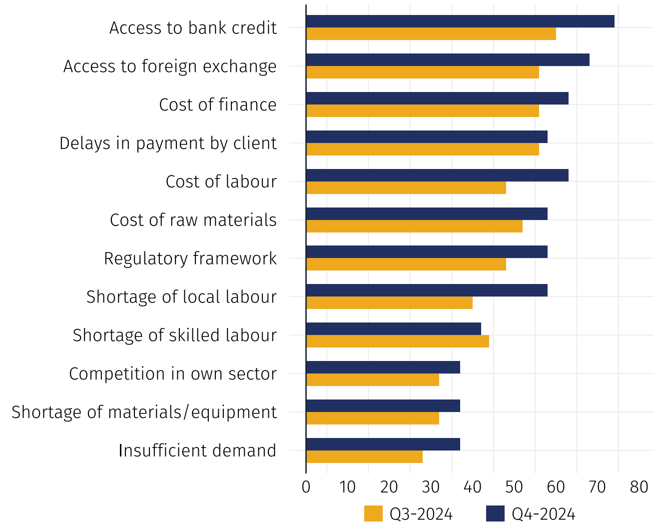


Table 2: Construction Sector

Views on the Direction of Change in Business Indicators

Current Situation (versus Previous Quarter)

				Percentage of Respondents Reporting		
Indicator	Q3-2024 Index	Q4-2024 Index	Change	Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Volume of construction activity	-9	-35	-26	18	29	53
Volume of orders (contracts) received	-23	-38	-15	15	32	53
Number of employees	1	-24	-25	15	46	39
Prices charged on average	28	10	-18	10	90	0
Wages and other labour costs per employee	31	6	-25	6	94	0
Input prices	48	69	21	69	31	0
Capital expenditure	11	13	2	13	87	0
Access to credit	-65	-65	0	2	31	67
Financial situation of the company	-35	-24	11	19	38	43
Overall business situation	22	-15	-37	27	31	42
Capacity utilization	-19	11	30	13	85	2

Expectations (versus Next Quarter)

				Percentage of Respondents Reporting		
Indicator	Q3-2024 Index	Q4-2024 Index	Change	Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Volume of construction activity	12	30	18	64	2	34
Volume of orders (contracts) received	21	-10	-31	24	42	34
Number of employees	40	-13	-53	18	51	31
Prices charged on average	54	16	-38	18	80	2
Wages and other labour costs per employee	38	20	-18	20	80	0
Input prices	69	48	-21	48	52	0
Capital expenditure	15	24	9	26	72	2
Access to credit	-54	-72	-18	3	22	75
Financial situation of the company	5	63	58	66	31	3
Overall business situation	26	13	-13	26	61	13
Capacity utilization	16	16	0	18	80	2

Notes:

(1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).

(2) Responses are weighted based on the size (total revenue) of the business.

(3) Data are not seasonally adjusted.

(4) Survey results are based on responses received from December 25, 2024 to January 12, 2025.

Wholesale and Retail Trade

CURRENT SITUATION

Activity in the wholesale and retail trade sector expanded further in Q4-2024, as reported by respondents in the wholesale and retail business survey. The volume of sales index remained positive, increasing 10 points to 59 in Q4-2024. Similarly, the volume of orders placed with suppliers index surged 56 points to 64 during the same period.

The number of employees index remained positive, although it declined for the second consecutive quarter, dropping by 12 points to 55 in Q4-2024. Meanwhile, the wages and other labor costs per employee index turned positive, rising sharply by 96 points to 55.

The cost of sales index remained positive, rising 29 points to 69 in Q4-2024, with 74 percent of businesses reporting an increase in cost of sales. Similarly, the average selling price index remained positive, increasing 9 points to 15 in Q4-2024

The financial situation of the company index remained in the negative territory for the sixth consecutive quarter but increased by 40 points to -5 in Q4-2024. Conversely, the overall business situation index turned positive, surging 49 points to 3 during the quarter, with 81 percent of businesses reporting no change in their overall business situation.

EXPECTATIONS FOR THE NEXT QUARTER

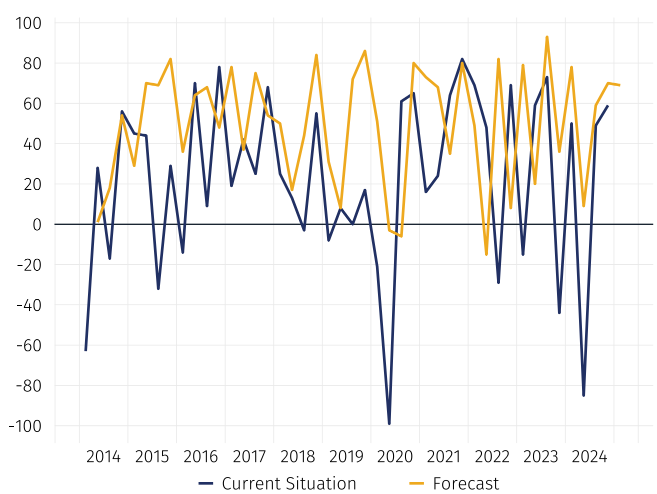
Businesses in the wholesale and retail trade sector remain optimistic about business conditions in Q1-2025. The expected total volume of sales index remained positive, though it declined marginally by 1 point to 69 in Q4-2024, while the expected volume of orders placed with suppliers index remained unchanged at 61 in the review quarter.

Labour market conditions are expected to remain favourable, with the expected number of employees index remaining positive at 10, albeit businesses expect the pace of new hires to moderate. Similarly, the expected wages and other labour costs per employee index increased by 2 points to 13 in Q4-2024.

The expected index for cost of sales increased by 7 points to 70. Meanwhile, the expected average selling price remained positive, albeit declining significantly by 53-points to 9 in Q4-2024.

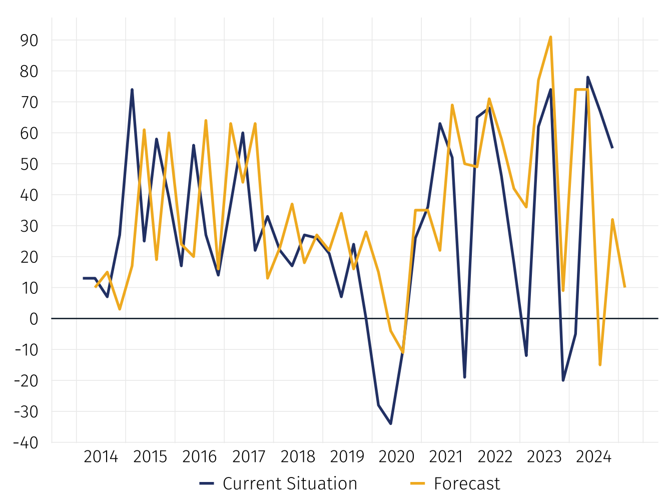
Businesses expect the overall business situation and the financial situation of the company to improve in Q1-2025, with the respective indices remaining positive at 15 and 9, respectively. Additionally, businesses anticipate a further tightening of credit conditions in Q1-2025, as the expected index for access to credit decreased by 9 points to -58 in Q4-2024.

Figure 9: Volume of Sales, 2014 - 2024
(index, not seasonally adjusted)



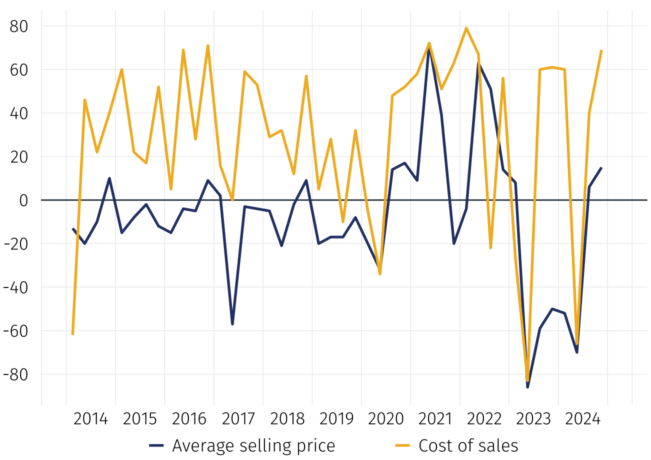
Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 10: Number of Employees, 2014 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 11: Current Situation of Average Selling Price and Cost of Sales, 2014 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 12: Factors Limiting Business Expansion
(percentage of respondents)

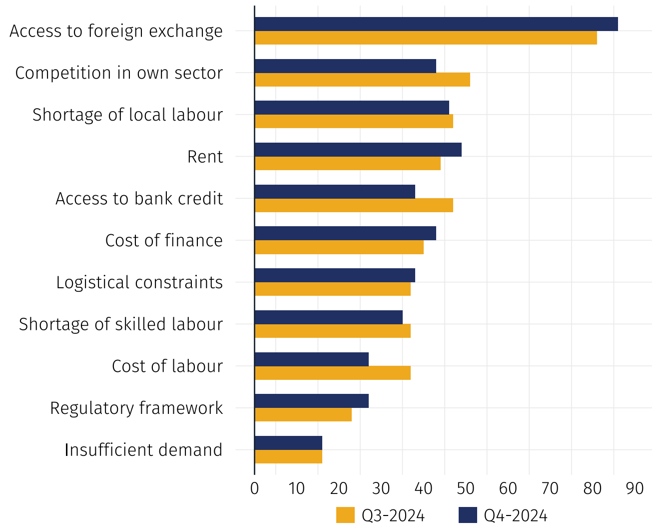


Table 3: Wholesale and Retail Trade Sector

Views on the Direction of Change in Business Indicators

Current Situation (versus Previous Quarter)

Indicator	Q3-2024 Index	Q4-2024 Index	Change	Percentage of Respondents Reporting: Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total volume of sales	49	59	10	68	23	9
Volume of orders placed with suppliers	8	64	56	67	30	3
Volume of stock	-30	68	98	70	28	2
Number of employees	67	55	-12	56	43	1
Average selling price	6	15	9	17	81	2
Wages and other labour costs per employee	-41	55	96	55	45	0
Cost of sales	40	69	29	74	21	5
Capital expenditure	47	12	-35	12	88	0
Access to credit	-61	-60	1	1	38	61
Financial situation of the company	-45	-5	40	7	81	12
Overall business situation	-46	3	49	11	81	8

Expectations (versus Next Quarter)

Indicator	Q3-2024 Index	Q4-2024 Index	Change	Percentage of Respondents Reporting: Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total volume of sales	70	69	-1	71	27	2
Volume of orders placed with suppliers	61	61	0	67	27	6
Volume of stock	-36	13	49	19	75	6
Number of employees	32	10	-22	11	88	1
Average selling price	62	9	-53	11	87	2
Wages and other labour costs per employee	11	13	2	13	87	0
Cost of sales	63	70	7	70	30	0
Capital expenditure	27	79	52	80	19	1
Access to credit	-49	-58	-9	1	40	59
Financial situation of the company	11	9	-2	15	79	6
Overall business situation	48	15	-33	20	75	5

Notes:

(1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).

(2) Responses are weighted based on the size (total revenue) of the business.

(3) Data are not seasonally adjusted.

(4) Survey results are based on responses received from December 25, 2024 to January 12, 2025.

Transportation and Communication

CURRENT SITUATION

Activity in the transportation and communication sector continued to expand as key indices for the sector remained positive in Q4-2024. Accordingly, the indices for total revenue and the volume of demand increased significantly, rising by 27 points to 91 and by 32 points to 94, respectively, during the quarter.

The number of employees index increased by 29 points to 94 in Q4-2024, with 94 percent of businesses reporting an increase in new hires during the quarter. Similarly, the wages and other labour costs per employee index increased by 7 points to 38, reflecting a faster pace of wage growth.

The input prices index decreased 1 point to 36 in Q4-2024. Meanwhile the prices charged on average index remained negative, dropping 2 points to –15. However, 83 percent of the businesses reported that prices charged on average remained unchanged from the previous quarter.

Both the indices for the financial situation of the company and the overall business situation remained positive in Q4-2024. Although the index for the financial situation of the company declined by 12 points to 41, the overall business situation index surged 68 points to 79 in Q4-2024.

EXPECTATIONS FOR THE NEXT QUARTER

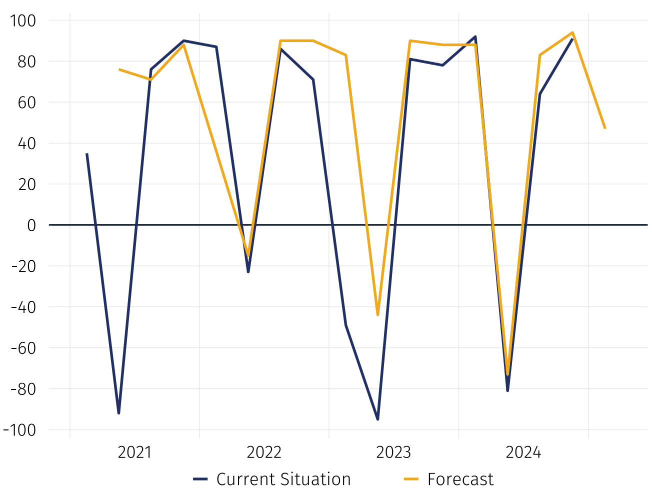
Businesses in the transportation and communication sector remained optimistic about activity in Q1-2025, with key expected indices for the sector staying elevated. However, both the expected indices for total revenue and the volume of demand declined, falling by 47 points to 47, and 45 points to 47, respectively.

Businesses expect employment to continue rising, though at a slower pace in Q1-2025, with the expected number of employees index declining by 10 points to 62.

Prices are expected to remain positive in Q1-2025 with the expected indices for input prices and prices charged on average at 38 and 1, respectively. However, the expected input price index is observed to edge downwards by 1 point in Q4-2024.

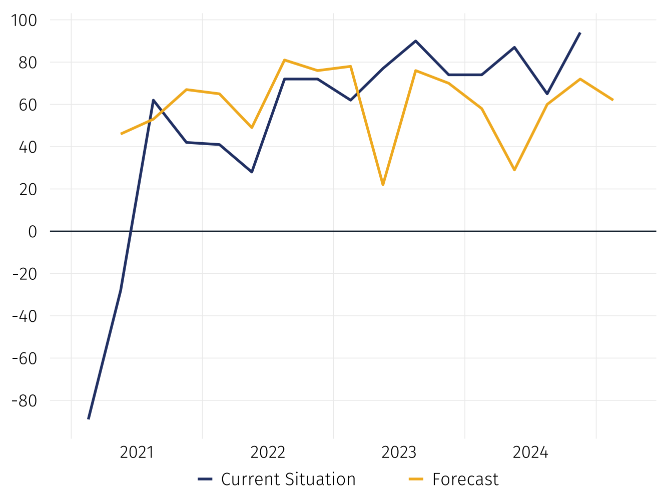
Businesses expect the financial situation of the company to continue improving in the upcoming quarter, as indicated by the respective index, which increased by 1 point to 76 in Q4-2024. Similarly, the expected overall business situation index remained positive, although it decreased by 16 points to 34 in Q4-2024.

Figure 13: Total Revenue, 2021 - 2024
(index, not seasonally adjusted)



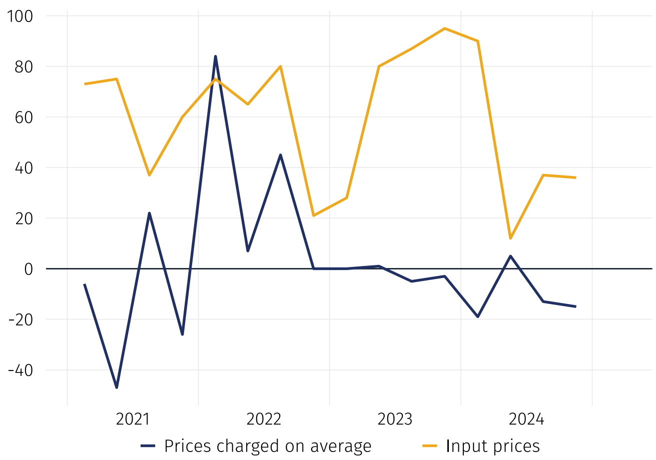
Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 14: Number of Employees, 2021 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 15: Current Situation of Prices Charged on Average and Input prices, 2021 - 2024
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 16: Factors Limiting Business Expansion
(percentage of respondents)

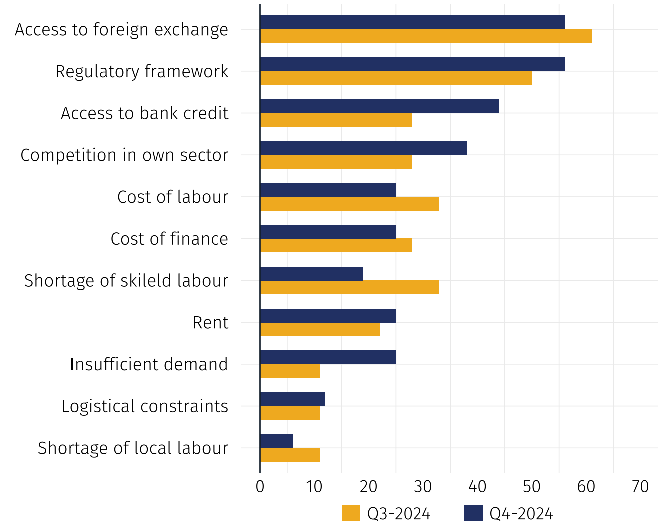


Table 4: Transportation and Communication Sector

Views on the Direction of Change in Business Indicators

Current Situation (versus Previous Quarter)

				Percentage of Respondents Reporting		
Indicator	Q3-2024 Index	Q4-2024 Index	Change	Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	64	91	27	94	3	3
Volume of demand	62	94	32	96	2	2
Number of employees	65	94	29	94	6	0
Prices charged on average	-13	-15	-2	1	83	16
Wages and other labour costs per employee	31	38	7	38	62	0
Input prices	37	36	-1	36	64	0
Capital expenditure	86	90	4	91	8	1
Access to credit	-42	-51	-9	0	49	51
Financial situation of the company	53	41	-12	59	23	18
Overall business situation	11	79	68	81	17	2

Expectations (versus Next Quarter)

				Percentage of Respondents Reporting		
Indicator	Q3-2024 Index	Q4-2024 Index	Change	Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	94	47	-47	51	45	4
Volume of demand	92	47	-45	51	45	4
Number of employees	72	62	-10	62	38	0
Prices charged on average	-23	1	24	1	99	0
Wages and other labour costs per employee	33	40	7	40	60	0
Input prices	39	38	-1	38	62	0
Capital expenditure	86	58	-28	74	10	16
Access to credit	-29	-16	13	14	56	30
Financial situation of the company	75	76	1	76	24	0
Overall business situation	50	34	-16	37	60	3

Notes:
(1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).
(2) Responses are weighted based on the size (total revenue) of the business.
(3) Data are not seasonally adjusted.
(4) Survey results are based on responses received from December 25, 2024 to January 12, 2025.

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