

MONTHLY ECONOMIC REVIEW

Dhivehi Nomenclature: Dhaha Laari

Sailing boat (Odi)

Year of minting

1986 gregorian

1404 hijri

Value: 10 Rupee

width: 23.11mm

weight: 1.95g

Metal: Aluminium

Edge: Plain

Metal: Aluminium



SEPTEMBER 2011

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MALDIVES MONETARY AUTHORITY

The report covers the macroeconomic developments during the month of August 2011. This issue of the Monthly Economic Review contains data available as of 30th November 2011.

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List of acronyms and abbreviations

Production and Prices

CPI	Consumer Price Index
EEZ	Exclusive Economic Zone
GDP	Gross Domestic Product
INF	Inflation
WTI	West Texas Index

Public Finance

BPT	Business Profit Tax
GST	Goods and Services Tax
SOE	State Owned Enterprises

Monetary Sector

M0	Monetary Base
M1	Narrow Money Supply
M2	Broad Money Supply (Total Liquidity)
MRR	Minimum Reserve Requirement
NCG	Net Claims on Government
NDA	Net Domestic Assets
NFA	Net Foreign Assets
OMO	Open Market Operations
T-Bills	Treasury Bills
T-Bonds	Treasury Bonds

External Sector

CIF	Cost, Insurance and Freight
FDI	Foreign Direct Investment
FOB	Free on Board
XGS	Export of Goods and Services

○ No change

▲ Increase

▼ Decrease

%chg. Percentage Change

Avg. Average

BSP Basis Point Change

chg. Change

Cont. Contribution

fc Foreign Currency

IMF International Monetary Fund

m/m Month on month: current month compared to previous month

MT Metric tonne

na not available/not relevant

nc National Currency

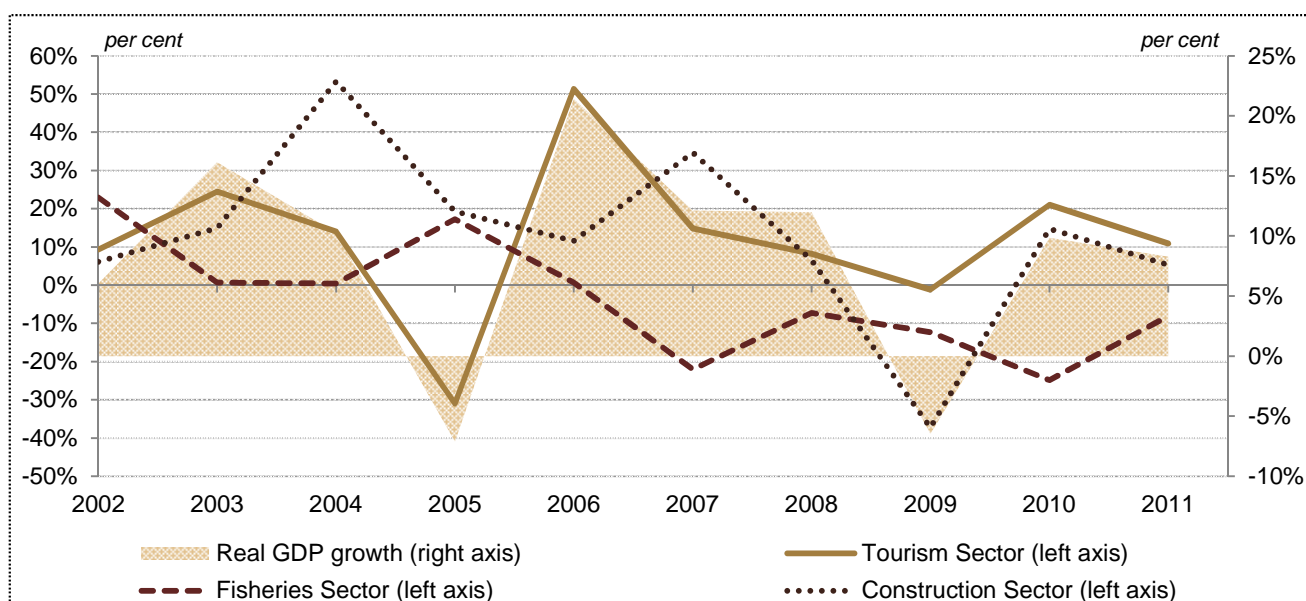
WAIR Weighted Average Interest Rate

y/y Year on year: current month (or review period) compared to corresponding month (or review period) of previous year

Production and Prices

1.1 Output: According to the rebased GDP estimates of April 2011, real GDP is estimated to have grown by 9.9 per cent in 2010 due to stronger than expected performance of the tourism sector. Meanwhile, the pace of growth is projected to moderate slightly to 8.3 per cent in 2011 supported by continued buoyant growth in tourism and related sectors such as construction and transportation.

CHART 1: Real GDP growth by major economic sectors



Source: Department of National Planning

TABLE 1: Gross domestic product

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>(millions of rufiyaa)</i>										
Nominal GDP	10,425	11,931	13,552	12,538	16,414	19,336	22,909	22,295	24,428	27,292
Real GDP (2003 constant prices)	10,469	12,158	13,406	12,453	15,121	16,954	18,986	17,757	19,508	21,123
Primary Sector	708	727	742	788	829	736	716	668	613	606
Agriculture and mining	298	314	328	302	339	354	362	358	380	392
Fisheries	410	413	415	486	489	381	354	310	233	214
Secondary Sector	1,460	1,681	2,203	2,433	2,687	3,295	3,496	2,617	2,836	2,996
Construction	618	710	1,088	1,298	1,449	1,951	2,078	1,303	1,495	1,574
Tertiary Sector	8,536	10,005	10,724	9,439	11,840	13,161	15,005	14,657	16,244	17,699
Tourism	3,156	3,929	4,479	3,091	4,680	5,373	5,816	5,749	6,957	7,715
Real GDP growth	6.0%	16.1%	10.3%	-7.1%	21.4%	12.1%	12.0%	-6.5%	9.9%	8.3%
<i>Memorandum items:</i>										
Real GDP per capita (rufiyaa)	33,639	38,134	40,885	36,778	42,670	45,217	48,630	46,145	49,565	51,982
Real GDP per capita (US\$)	2,628	2,979	3,194	2,873	3,334	3,533	3,799	3,605	3,872	4,061
Nominal GDP (millions of US\$)	814	932	1,059	980	1,282	1,511	1,790	1,742	1,908	2,132

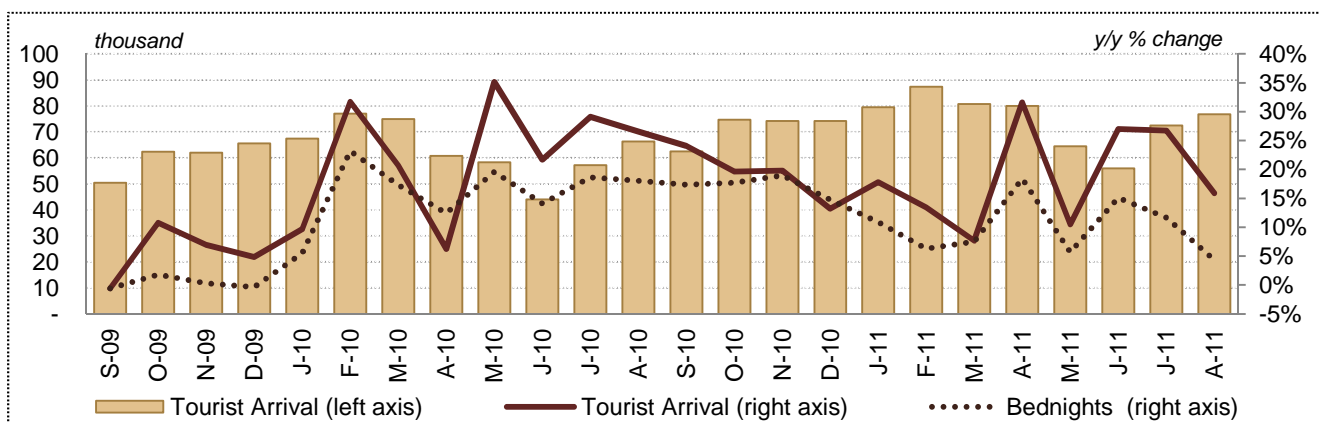
Source: Department of National Planning

Production and Prices

1.2 Tourism: Following a robust growth during the previous month, tourism sector continued to remain buoyant during the month of August 2011. As such, tourist arrivals and bednights registered moderate increases on monthly as well as annual basis.

Meanwhile, the average duration of a tourist stay improved when compared to July 2011 as growth in bednights stood higher than the growth in tourist arrivals. Compared to August 2010, the average stay showed a decline as arrivals growth exceeded the increase in bednights. Reflecting the favourable growth in tourist arrivals coupled with moderate expansion of the operational capacity of the industry, capacity utilisation improved in August 2011.

CHART 2: Tourist arrivals and bednights



Source: Ministry of Tourism, Arts and Culture

TABLE 2: Monthly and annual comparison of tourism indicators

	2010	2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Tourist arrival and stay							
Tourist arrivals	66,315	72,516	76,828	4,312	6% ▲	10,513	16% ▲
Bednights	498,208	478,483	519,711	41,228	9% ▲	21,503	4% ▲
Average duration of stay	7.5	6.6	6.8	0.2	3% ▲	(0.7)	-10% ▼
Resort capacity and operations							
Bednight capacity	732,158	748,836	751,626	2,790	0% ▲	19,468	3% ▲
Occupancy rate	68%	64%	69%	5%	8% ▲	1%	2% ▲

Source: Ministry of Tourism, Arts and Culture

TABLE 3: Annual comparison of tourism indicators for the realised period

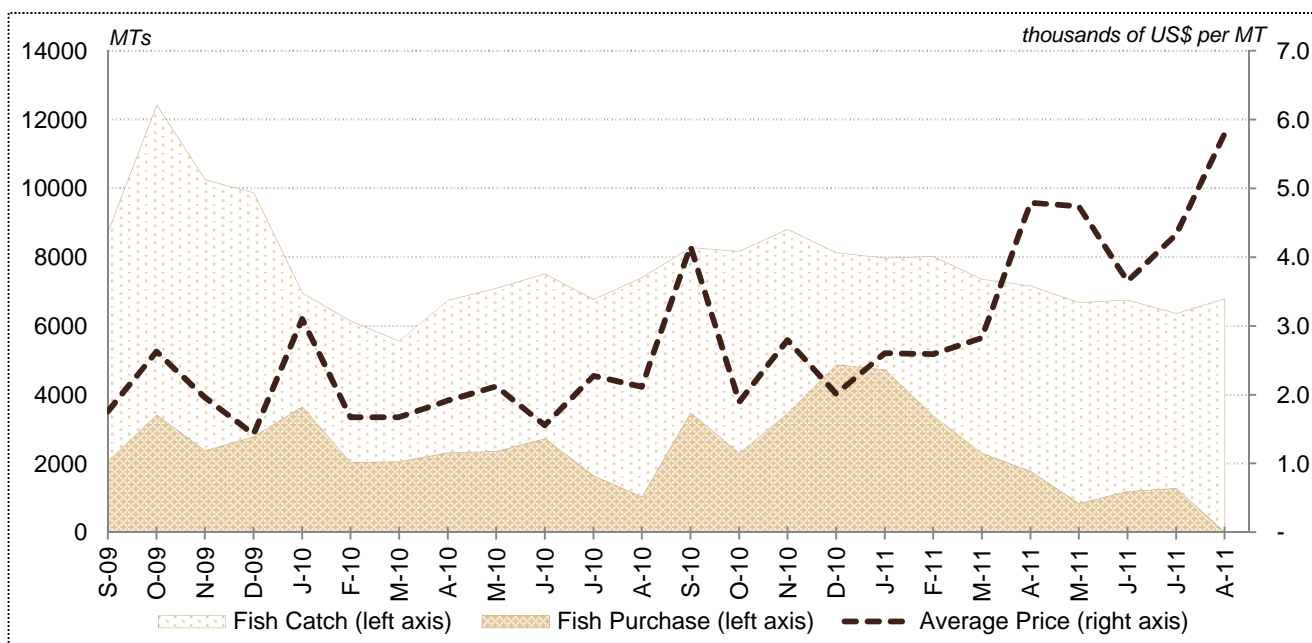
	2010	2011	y/y (Jan - Aug) 2011 / 2010	
	Jan - Aug	Jan - Aug	chg.	%chg.
Tourist arrival and stay				
Tourist arrivals	506,179	597,311	91,132	18% ▲
Bednights	3,913,509	4,292,164	378,655	10% ▲
Average duration of stay	7.7	7.2	(0.6)	-7% ▼
Resort capacity and operations				
Bednight capacity	717,485	744,398	26,912	4% ▲
Occupancy rate	68%	72%	3.8%	6% ▲

Source: Ministry of Tourism, Arts and Culture

Production and Prices

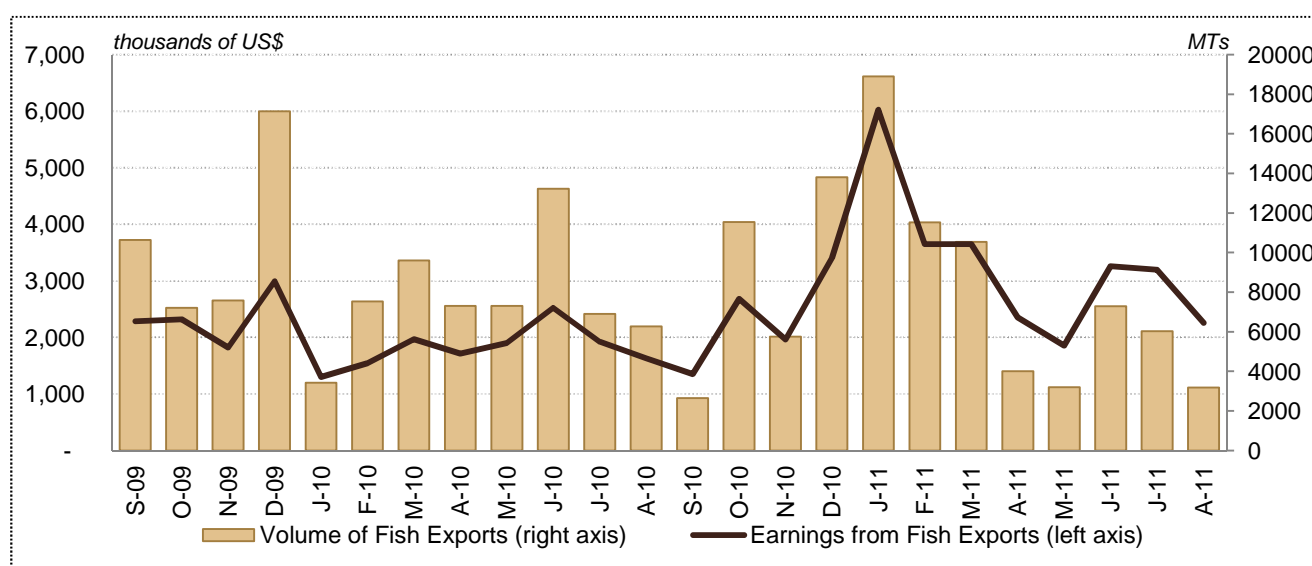
1.3 Fisheries: During August 2011, the key indicators of the fisheries sector registered mixed results, the majority of which depicted substantial declines on both monthly and annual terms. Fish catch recorded a positive growth on monthly basis, while it declined when compared to August 2010. On the export front, the volume of exports (excluding live fish) declined both on monthly as well as on annual basis, while earnings on fish exports (excluding live fish) which fell compared to July 2011, maintained a strong growth when compared on annual terms mainly as a result of the increase in the unit prices received.

CHART 3: Fish catch and fish purchases



Source: Ministry of Fisheries and Agriculture

CHART 4: Volume and earnings of fish exports



Source: Maldives Customs Service

Production and Prices

TABEL 4: Monthly and annual comparison of fisheries indicators

	2010	2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Fish catch and purchase (MT)							
Fish catch	7,415	6,368	6,796	428	7% ▲	(620)	-8% ▼
Fish purchases	1,035	1,289	na	na	na	na	na
Fish exports							
Volume of fish exports (MT)	2,197	2,109	1,115	(994)	-47% ▼	(1,082)	-49% ▼
Tuna (fresh, chilled or frozen)	1,634	1,704	726	(978)	-57% ▼	(908)	-56% ▼
Reef fish (fresh, chilled or frozen)	19	60	1	(60)	-99% ▼	(18)	-96% ▼
Canned or pouched	48	45	119	74	163% ▲	71	149% ▲
Steamed, smoked, dried and/or salted fish	496	300	269	(31)	-10% ▼	(227)	-46% ▼
Value of fish exports (thousands of US\$)	4,644	9,131	6,454	(2,677)	-29% ▼	1,810	39% ▲
Tuna (fresh, chilled or frozen)	3,512	7,312	4,892	(2,420)	-33% ▼	1,380	39% ▲
Reef fish (fresh, chilled or frozen)	84	342	3	(339)	-99% ▼	(81)	-96% ▼
Canned or pouched	185	407	809	402	99% ▲	625	339% ▲
Steamed, smoked, dried and/or salted fish	864	1,070	750	(319)	-30% ▼	(114)	-13% ▼

Source: Ministry of Fisheries and Agriculture, Maldives Customs Service

TABLE 5: Annual comparison of the realised period (of current year) of fisheries indicators

	2010	2011	y/y (Jan - Aug) 2011 / 2010	
	Jan - Aug	Jan - Aug	chg.	%chg.
Fish catch and purchase (MT)				
Fish catch	54,249	57,142	2,893	5% ▲
Fish purchase	17,846	15,518	(2,328)	-13% ▼
Fish exports				
Volume of fish exports (MT)	21,548	22,629	1,081	5% ▲
Tuna (fresh, chilled or frozen)	16,117	17,491	1,374	9% ▲
Reef fish (fresh, chilled or frozen)	469	789	320	68% ▲
Canned or pouched	1,054	1,173	119	11% ▲
Steamed, smoked, dried and/or salted fish	3,908	3,176	(732)	-19% ▼
Value of fish exports (thousands of US\$)	41,406	74,978	33,571	81% ▲
Tuna (fresh, chilled or frozen)	27,934	56,953	29,019	104% ▲
Reef fish (fresh, chilled or frozen)	1,977	2,718	741	38% ▲
Canned or pouched	4,159	7,146	2,987	72% ▲
Steamed, smoked, dried and/or salted fish	7,337	8,161	824	11% ▲

Source: Ministry of Fisheries and Agriculture, Maldives Customs Service

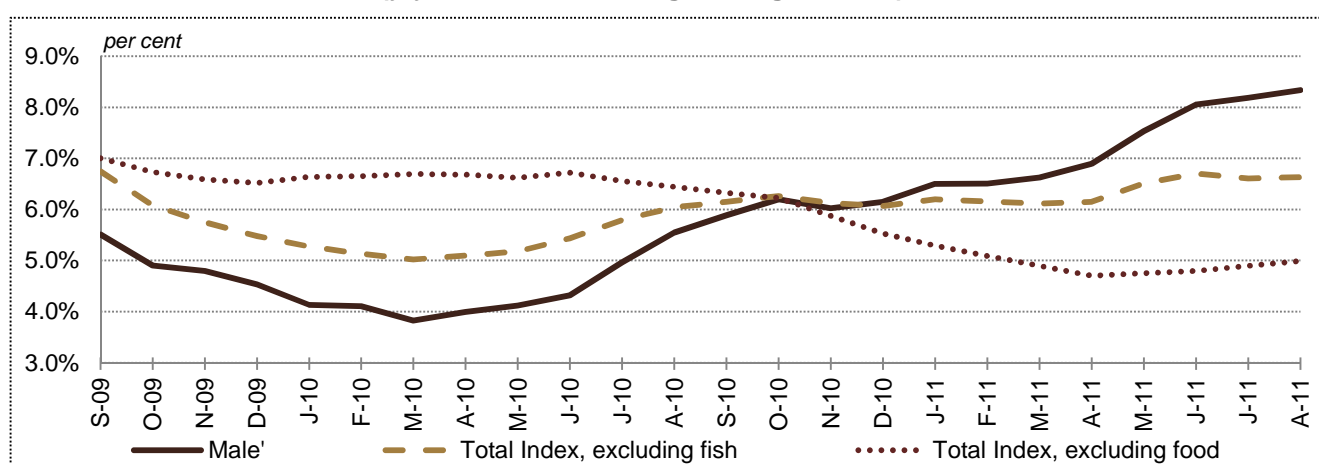
Production and Prices

1.4 Prices

1.4.1 Consumer Price Index: Consumer price inflation measured by the annual percentage change in the twelve-month moving average of Consumer Price Index (CPI) for Male' continued to edge up during August 2011. Meanwhile, inflation excluding the volatile fish prices remained the same as the previous month while inflation excluding all food prices increased compared to July 2011.

The main contributors to inflation during the month were price of food items and cost of transportation, education, clothing and health care.

CHART 5: Inflation - Male' (y/y 12-month moving average of CPI)



Source: Department of National Planning

TABLE 6: Inflation - Male' (y/y 12-month moving average of CPI) and contribution

	Weights	2010	2011		Contribution - Aug 2011	
		Aug	Jul	Aug	Inf. Cont.	% of Cont.
Food and non-alcoholic beverages	13.4	3.7	15.3	15.5	4.94	59%
Fish	2.4	-3.3	39.4	41.6	2.03	24%
Other food	9.9	5.1	11.5	11.2	2.76	33%
Non-alcoholic beverages	1.1	4.1	5.5	6.4	0.15	2%
Tobacco and narcotics	0.9	-1.5	7.4	9.4	0.15	2%
Clothing and footwear	2.4	5.1	3.5	4.8	0.20	2%
Housing, water, electricity, gas and other fuel	12.3	8.3	4.6	4.1	1.06	13%
Furnishing, household equipment & routine maintenance	2.9	7.4	3.3	2.8	0.16	2%
Health	2.8	3.7	6.8	7.0	0.46	5%
Transport	2.9	1.9	7.1	8.0	0.56	7%
Communications	3.8	0.0	0.3	0.4	0.01	0%
Recreation and culture	2.1	8.4	0.0	-0.7	-0.02	0%
Education	1.5	20.2	13.6	14.5	0.54	6%
Hotels, cafes and restaurants	0.8	2.9	5.2	6.1	0.10	1%
Miscellaneous goods and services	3.0	6.1	2.9	3.4	0.19	2%
Religion	0.1	0.0	0.0	0.0	0.00	0%
Male'	48.9	5.5	8.2	8.3	8.34	100%
Total index, excluding fish	na	6.0	6.6	6.6	na	na
Total index, excluding food	na	6.4	4.9	5.0	na	na

Source: Department of National Planning

Production and Prices

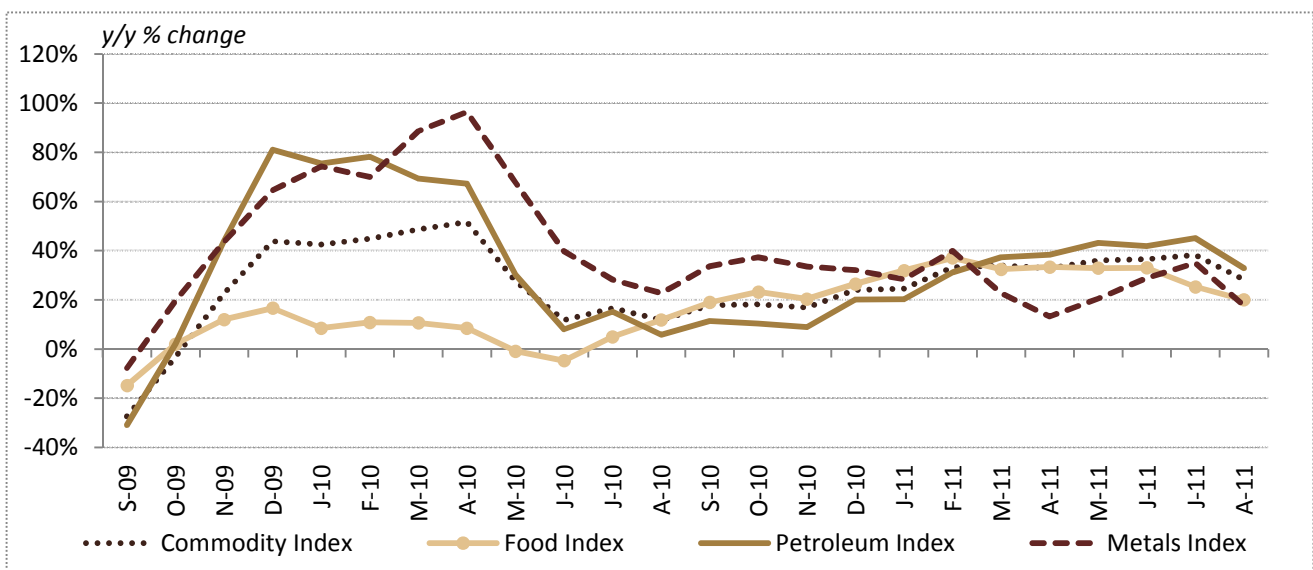
TABLE 7: Inflation - Male' (y/y CPI) and contribution

	Weights	2010	2011		Contribution - Aug 2011	
		Aug	Jul	Aug	Inf. Cont.	% of Cont.
Food and non-alcoholic beverages	13.4	14.6	18.9	17.1	5.76	58%
Fish	2.4	23.7	71.2	46.8	2.84	29%
Other food	9.9	13.6	7.7	10.2	2.60	26%
Non-alcoholic beverages	1.1	4.7	13.4	14.3	0.32	3%
Tobacco and narcotics	0.9	0.5	27.0	24.6	0.37	4%
Clothing and footwear	2.4	-0.6	12.7	14.2	0.56	6%
Housing, water, electricity, gas and other fuel	12.3	7.7	1.5	1.5	0.38	4%
Furnishing, household equipment & routine maintenance	2.9	9.0	2.2	2.4	0.14	1%
Health	2.8	5.3	8.6	8.6	0.55	5%
Transport	2.9	4.4	14.8	15.7	1.06	11%
Communications	3.8	0.3	0.9	0.7	0.02	0%
Recreation and culture	2.1	2.1	-6.5	-6.4	-0.18	-2%
Education	1.5	5.1	16.9	16.9	0.61	6%
Hotels, cafes and restaurants	0.8	2.8	13.2	13.2	0.21	2%
Miscellaneous goods and services	3.0	2.9	7.2	8.8	0.46	5%
Religion	0.1	0.0	0.0	0.0	0.00	0%
Male'	48.9	8.2	10.3	9.9	9.94	100%
Total index, excluding fish	na	7.4	6.7	7.6	na	na
Total index, excluding food	na	5.2	6.0	6.3	na	na

Source: Department of National Planning

1.4.2 World Commodity Prices: The International Monetary Fund's (IMF) commodity price index went down during August 2011 owing to the monthly decline in global oil and metal prices. Nonetheless, compared to August 2010, commodity prices remained high given the annual increase in global oil and food prices.

CHART 6: IMF Commodity price index



Source: International Monetary Fund

Production and Prices

TABLE 8: IMF Commodity price index

	2010	2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Commodity Index	148	199	190	(9)	-4% ▼	42	28% ▲
Food Index	151	180	182	1	1% ▲	30	20% ▲
Metals Index	198	242	233	(9)	-4% ▼	35	18% ▲
Petroleum Index	143	203	190	(14)	-7% ▼	47	33% ▲

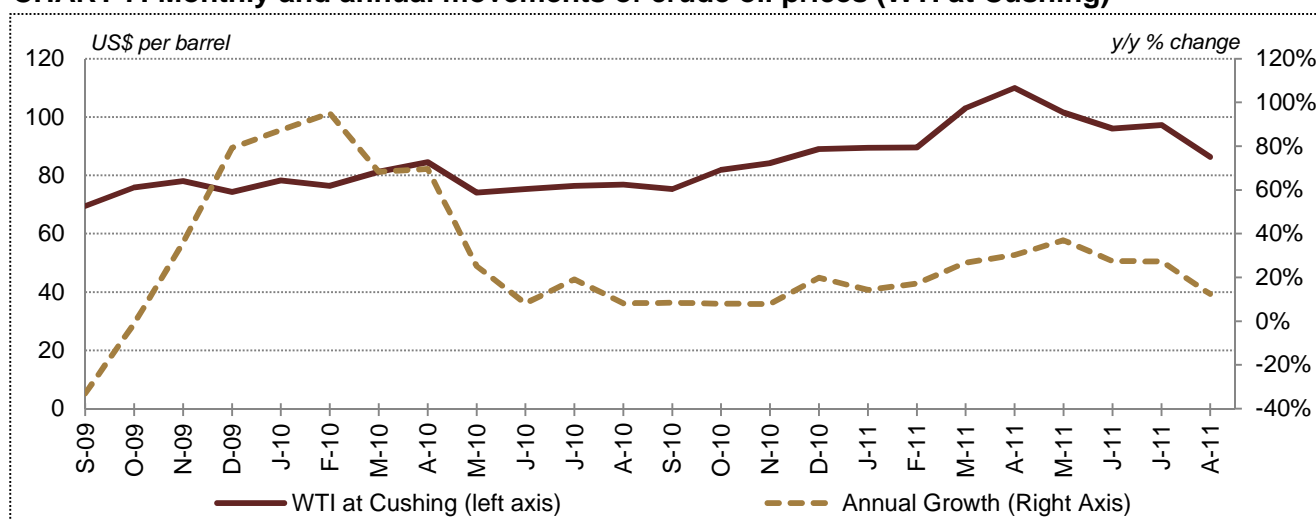
Source: International Monetary Fund

1.4.3 Oil Prices

International Oil Prices: The price of crude oil (US WTI) at the end of August 2011 was lower compared to July 2011, while annual comparison showed that crude oil prices remained higher compared to August 2010.

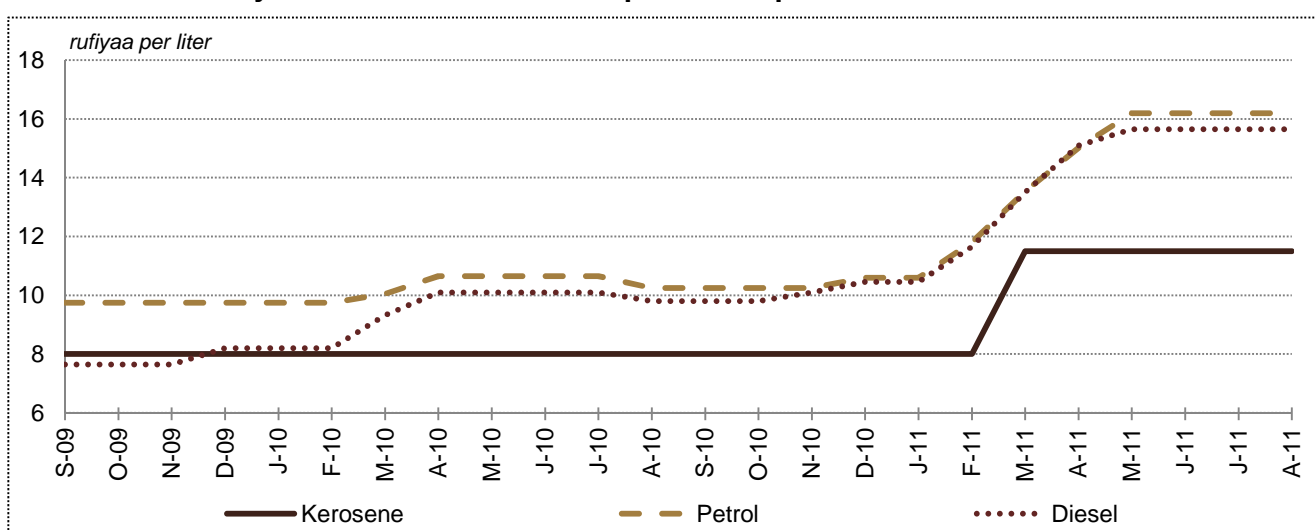
Domestic Petroleum Prices: Domestic petroleum prices remained unchanged during August 2011.

CHART 7: Monthly and annual movements of crude oil prices (WTI at Cushing)



Source: Energy Information Administration, USA

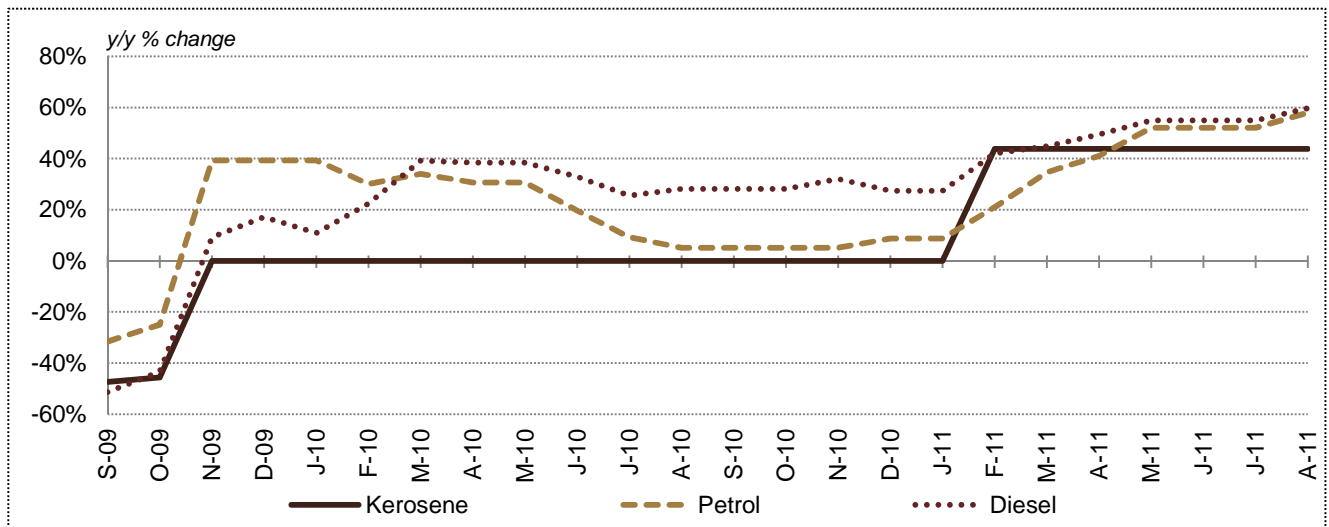
CHART 8: Monthly movements of domestic petroleum prices



Source: State Trading Organisation

Production and Prices

CHART 9: Annual movements of domestic petroleum prices



Source: State Trading Organisation Plc

TABLE 9: Monthly and annual comparison of domestic petroleum prices (end of period price)

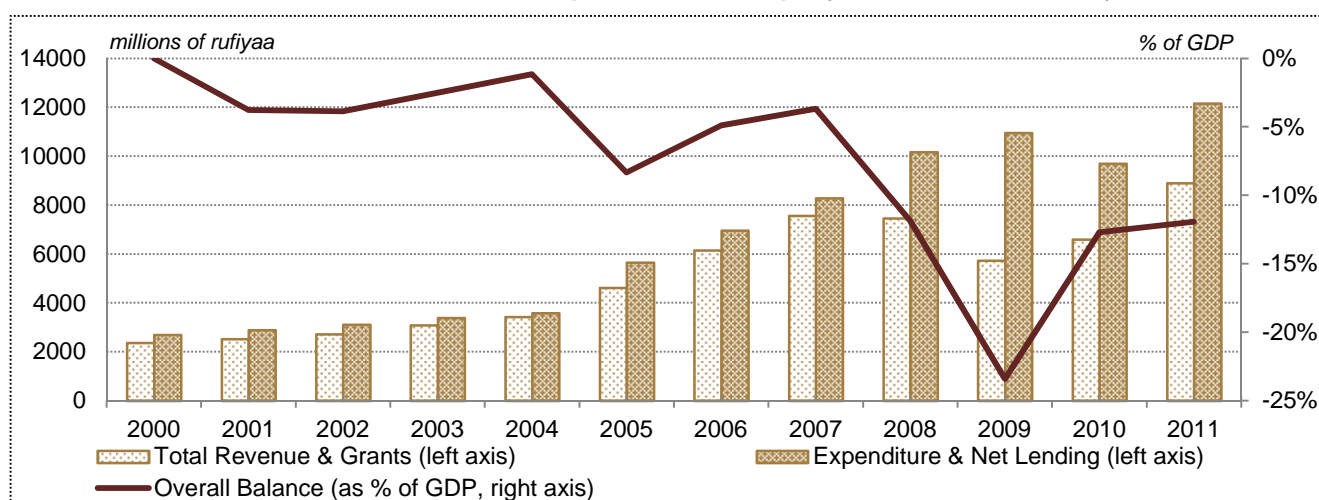
	2010	2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Domestic Oil Prices (rufiyaa per liter)							
Petrol	10.3	16.2	16.2	-	0% ○	5.9	58% ▲
Kerosene	8.0	11.5	11.5	-	0% ○	3.5	44% ▲
Diesel	9.8	15.7	15.7	-	0% ○	5.9	60% ▲
Crude Oil Prices (US\$ per barrel)							
WTI at Cushing	76.8	97.3	86.3	(10.9)	-11% ▼	9.5	12% ▲

Source: State Trading Organisation Plc, International Monetary Fund

Public Finance

2.1 Government Budget: According to the government budget 2011 passed by the Majlis, total revenue is projected to increase to Rf8,761.8 million (29 percent of GDP) reflecting the introduction of new revenue measures, and with the restoration of civil service wages to pre-October 2009 level total expenditure is also projected to rise to Rf12,370.8 million (41 percent of GDP) resulting in an overall deficit of Rf3,259.3 million (11 percent of GDP). Meanwhile, the deficit is mainly projected to be financed domestically by proceeds from privatisation and by T-Bills while the remaining from external sources.

CHART 10: Government revenue and expenditure with projections for current year



Source: Ministry of Finance and Treasury

TABLE 10: Government revenue and expenditure

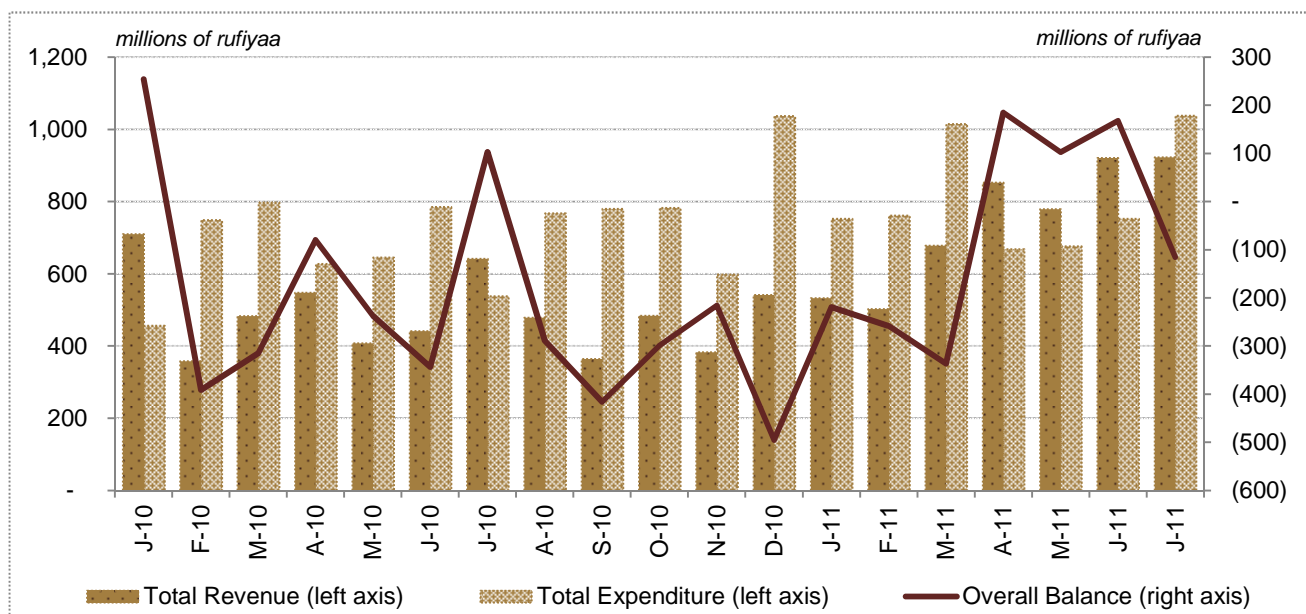
(millions of rufiyaa)	2010	2011
	Actual (Est.)	Budgeted
Total revenue & grants	6,593.7	8,905.0
Total revenue	6,087.9	8,761.8
Tax revenue	2,999.3	5,117.0
Import duty	1,991.6	2,374.7
Tourism bed tax	602.7	659.7
T-GST	n.a	928.0
Non-tax revenue	3,052.6	3,614.3
Transfers from SOEs	1,006.8	721.2
Resort lease rent	1,108.6	1,449.3
Grants	505.8	143.2
Expenditure & net lending	9,696.0	12,164.3
Total expenditure	9,976.1	12,370.8
Current expenditure	7,861.0	9,713.0
Salaries, wages and allowances	3,813.7	4,837.7
Capital expenditure	2,115.2	2,657.8
Net lending	(280.2)	(206.5)
Overall balance	(3,102.3)	(3,259.3)
Overall balance (as % of GDP)	-12.7%	-11.9%

Source: Ministry of Finance and Treasury

Public Finance

2.2 Government cashflow: Charts and tables for government cashflow have been compiled using the latest available data.

CHART 11: Government revenue and expenditure from cashflow statements



Source: Ministry of Finance and Treasury

TABLE 11: Government revenue and expenditure from cashflow statements

(millions of rufiyaa)	2010	2011	y/y 2011 / 2010		Budget execution by end of Jul 2011
	Jan - Jul	Jan - Jul	chg.	%chg.	
Total revenue & grants	n.a.	n.a.	n.a.	na	n.a.
Total revenue	3,586.7	5,187.3	1,600.6	45% ▲	59%
Tax revenue	1,588.5	2,787.0	1,198.5	75% ▲	54%
Import duty	1,119.9	1,412.1	292.1	26% ▲	59%
Tourism bed tax	353.1	424.2	71.1	20% ▲	64%
T-GST	-	441.3	441.3	na	48%
Non-tax revenue	1,911.7	1,882.0	(29.7)	-2% ▼	52%
Transfers from SOEs	647.8	419.3	(228.6)	-35% ▼	58%
Resort lease rent	694.5	647.0	(47.6)	-7% ▼	45%
Grants	n.a.	n.a.	n.a.	na	na
Expenditure & net lending	n.a.	n.a.	n.a.	na	na
Total expenditure	4,597.2	5,662.3	1,065.1	23% ▲	46%
Current expenditure	4,383.8	4,822.5	438.6	10% ▲	50%
Salaries, wages and allowances	2,418.5	2,633.5	214.9	9% ▲	54%
Capital expenditure	213.4	839.8	626.5	294% ▲	32%
Net lending	n.a.	n.a.	n.a.	na	na
Overall balance	(1,010.5)	(474.9)	535.5	-53% ▼	

Source: Ministry of Finance and Treasury

Public Finance

2.3 Treasury Bills: Total investments in T-Bills increased on monthly and annual basis. Investments in 28 days and 91 days T-Bills showed a moderate increase while on the other hand, investments in 182 days T-Bills declined. Meanwhile, T-Bills maturity increased when compared both on monthly and annual basis, while T-Bills outstanding recorded a decline compared to July 2011 whereas it increased compared to August 2010.

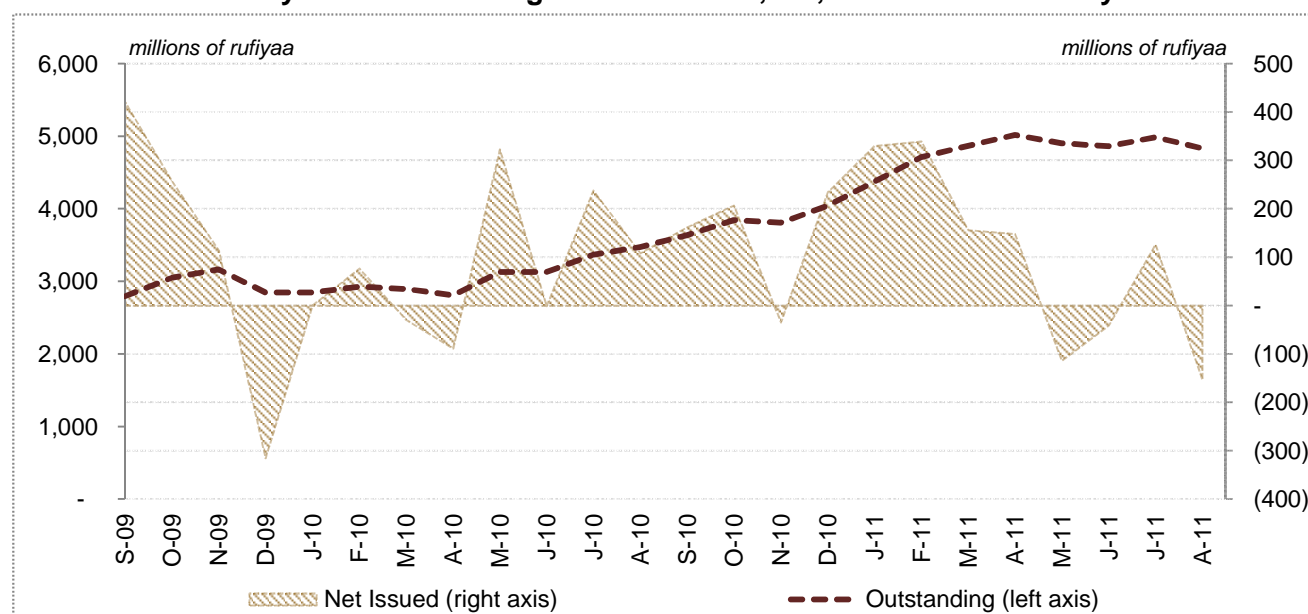
TABLE 12: T-Bills investment, maturity and outstanding and interest rates

(millions of rufiyaa)	2010	2011		m/m (Aug2011 / Jul2011)		y/y (Aug2011 / Aug2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Treasury Bonds	1,288	1,538	1,545	7	0% ▲	257	20% ▲
Treasury Bills							
Investment	1,455	1,608	1,776	168	10% ▲	321	22% ▲
28 days	413	670	723	53	8% ▲	311	75% ▲
91 days	706	645	773	128	20% ▲	67	9% ▲
182 days	337	293	280	(13)	-4% ▼	(57)	-17% ▼
Maturity	1,347	1,481	1,929	448	30% ▲	583	43% ▲
Outstanding	3,474	4,987	4,833	(154)	-3% ▼	1,359	39% ▲

				(BSP chg.)		(BSP chg.)	
WAIR							
28 days	4.36%	5.12%	6.15%	1.03%	103	▲	179
91 days	5.00%	6.16%	6.18%	0.02%	2	▲	118
182 days	5.15%	5.92%	6.21%	0.29%	29	▲	106

Source: Maldives Monetary Authority

CHART 12: Treasury Bills outstanding and net issued, i.e., issued less maturity



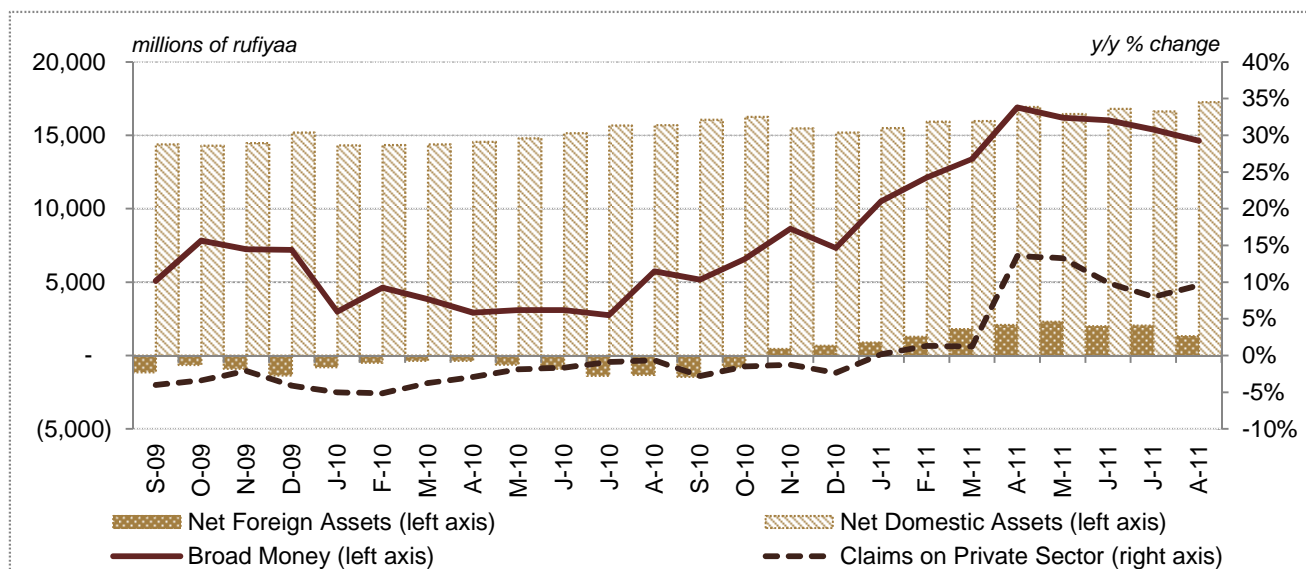
Source: Maldives Monetary Authority

Monetary Developments

3.1 Money and Credit: In August 2011, broad money supply (M2) registered a minor decline on monthly terms while it increased significantly on annual terms.

The annual increase in M2 was attributed by the increase in NFA, together with an increase in NDA of the banking system, partly reflecting the impact of rufiyaa devaluation during the month of April 2011. Hence the growth in NFA of MMA combined with the decline in net foreign liabilities of the commercial banks resulted in an annual increase in NFA of the banking system during the period. Meanwhile, the increase in NDA of the banking system was driven mainly by the rise in net claims on government together with the expansion in private sector credit during the review period.

CHART 13: Sources of broad money and the main contributor



Source: Maldives Monetary Authority

TABLE 13: Depository corporations survey

(millions of rufiyaa)	2010		2011	
	Jul	Aug	Jul	Aug
Net foreign assets	(1,372)	(1,299)	2,061	1,338
Central bank	3,439	3,311	4,616	4,504
Other depository corporations	(4,811)	(4,610)	(2,555)	(3,166)
Net domestic assets	15,668	15,692	16,633	17,265
Domestic credit	22,056	22,294	24,507	25,172
Net claims on government	4,945	5,254	6,170	6,584
Claims on other sectors	17,111	17,040	18,338	18,588
Private sector	15,398	15,331	16,630	16,795
Others items (net)	(6,387)	(6,602)	(7,874)	(7,907)
Broad money (M2)	14,296	14,394	18,695	18,603
Narrow money	7,115	7,224	7,934	8,216
Quasi money	7,181	7,169	10,761	10,387

Source: Maldives Monetary Authority

Monetary Developments

TABLE 14: Broad money growth and contribution

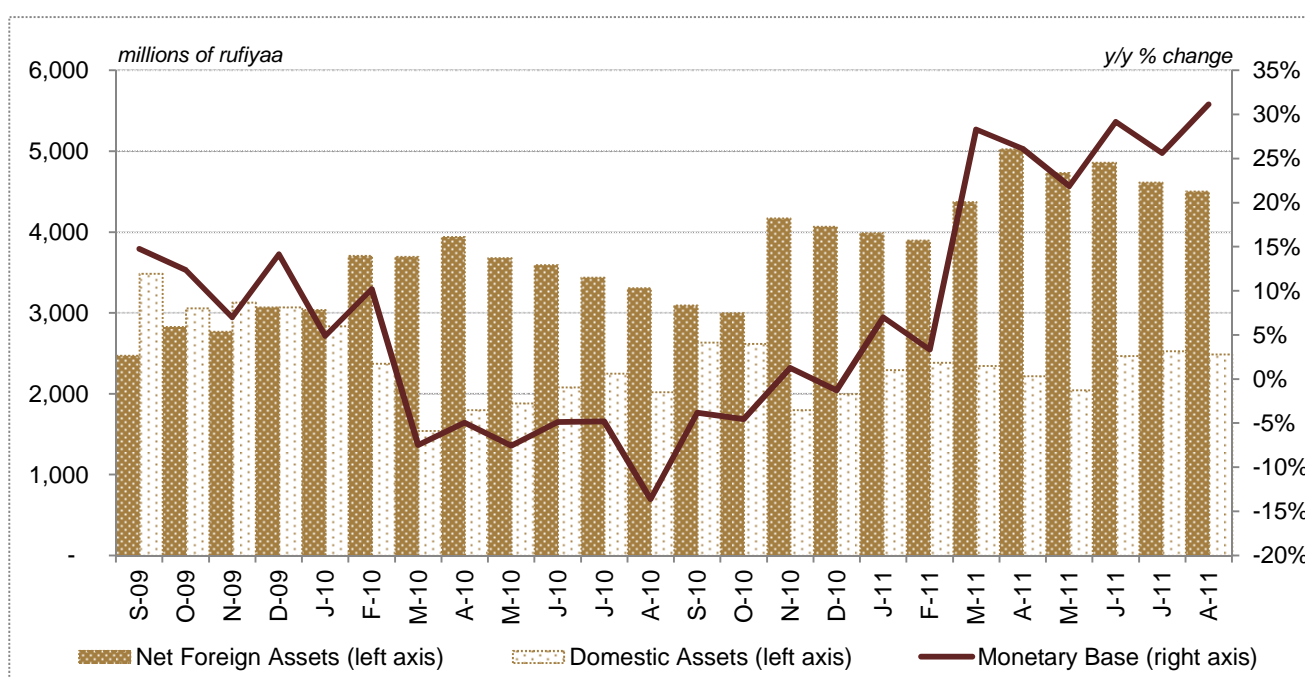
(millions of rufiyaa)	m/m (Aug 2011 / Jul 2011)			y/y (Aug 2011 / Aug 2010)		
	Cont. ¹	chg.	%chg.	Cont. ¹	chg.	%chg.
Net foreign assets	-3.9%	(723)	-35% ▼	18.3%	2,637	-203% ▼
└ Central bank	-0.6%	(113)	-2% ▼	8.3%	1,193	36% ▲
└ Other depository corporations	-3.3%	(611)	24% ▲	10.0%	1,444	-31% ▼
Net domestic assets	3.4%	631	4% ▲	10.9%	1,573	10% ▲
└ Domestic credit	3.6%	665	3% ▲	20.0%	2,878	13% ▲
└└ Net claims on government	2.2%	414	7% ▲	9.2%	1,330	25% ▲
└└ Claims on other sectors	1.3%	250	1% ▲	10.8%	1,547	9% ▲
└└└ Private sector	0.9%	164	1% ▲	10.2%	1,463	10% ▲
└ Others items (net)	-0.2%	(33)	0% ▲	-9.1%	(1,305)	20% ▲
Broad money (M2)	-0.5%	(92)	0% ▼	29.2%	4,209	29% ▲
└ Narrow money	1.5%	283	4% ▲	6.9%	992	14% ▲
└ Quasi money	-2.0%	(375)	-3% ▼	22.4%	3,217	45% ▲

¹ Contribution to the monthly or annual change in broad money (M2)

Source: Maldives Monetary Authority

3.2 Monetary Base: During the review period, M0 declined on monthly terms while it depicted a high growth on annual terms. The month-on-month drop in M0 was mainly due to the decline in NFA of the central bank whereas the year-on-year growth reflects an increase in both the NFA and NDA of the central bank.

CHART 14: Sources of monetary base



Source: Maldives Monetary Authority

Monetary Developments

TABLE 15: Central bank survey

(millions of rufiyaa)	2010		2011	
	Jul	Aug	Jul	Aug
Net foreign assets	3,439	3,311	4,616	4,504
└ Claims on non-residents	3,817	3,719	5,071	4,973
└ Claims to non-residents	(378)	(408)	(455)	(470)
Net domestic assets	2,251	2,021	2,530	2,488
└ Domestic credit	2,851	2,906	3,168	3,523
└ Net claims on government	2,846	2,902	3,163	3,519
└ Claims on other sectors	4	4	4	4
└ Others items (net)	(600)	(885)	(638)	(1,035)
Monetary base (M0)	5,690	5,332	7,146	6,991
└ Currency in circulation	1,727	1,754	2,173	2,199
└ Liabilities to other depository corporations	3,926	3,558	4,958	4,780
└ Liabilities to other sectors	37	20	15	12

Source: Maldives Monetary Authority

TABLE 16: Reserve money growth and contribution

(millions of rufiyaa)	m/m (Aug 2011 / Jul 2011)			y/y (Aug 2011 / Aug 2010)		
	Cont. ¹	chg.	%chg.	Cont. ¹	chg.	%chg.
	Net foreign assets	-1.6%	(113)	-2% ▼	22.4%	1,193
└ Claims on non-residents	-1.4%	(97)	-2% ▼	23.5%	1,255	34% ▲
└ Claims to non-residents	-0.2%	(15)	3% ▲	-1.2%	(62)	15% ▲
Net domestic assets	-0.6%	(42)	-2% ▼	8.8%	467	23% ▲
└ Domestic credit	5.0%	355	11% ▲	11.6%	617	21% ▲
└ Net claims on government	5.0%	355	11% ▲	11.6%	617	21% ▲
└ Claims on other sectors	0.0%	(0)	-3% ▼	0.0%	(0)	-2% ▼
└ Others items (net)	-5.6%	(398)	62% ▲	-2.8%	(150)	17% ▲
Monetary base (M0)	-2.2%	(155)	-2% ▼	31.1%	1,660	31% ▲
└ Currency in circulation	0.4%	26	1% ▲	8.4%	445	25% ▲
└ Liabilities to other depository corporations	-2.5%	(178)	-4% ▼	22.9%	1,223	34% ▲
└ Liabilities to other sectors	0.0%	(2)	-16% ▼	-0.2%	(8)	-40% ▼

¹ Contribution to the monthly or annual change in monetary base (M0)

Source: Maldives Monetary Authority

Monetary Developments

3.3 Open Market Operations and Interest Rate Developments: The weekly Reverse Repurchase (Reverse Repo) conducted under Open market Operations (OMO) during August 2011 depicted a monthly decline though it increased on annual terms.

The introduction of Monetary Policy Indicative rate at the end of May 2011 resulted in a hike in Reverse Repos and T-Bills interest rates. As a result, the weighted average interest rates of Reverse Repo and T-Bills at the end of August 2011 increased on monthly as well as on annual terms.

TABLE 17: Open market operations and interest rate developments

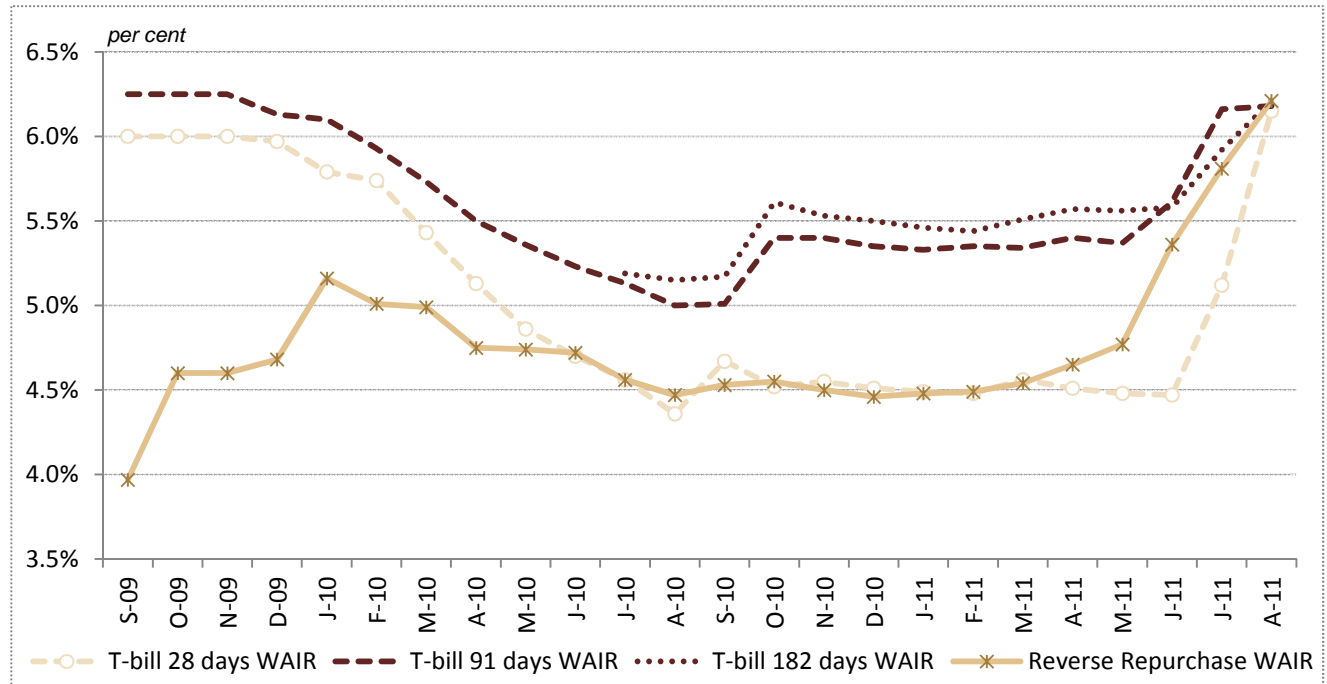
	2010		2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)	
	Jul	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Open market operations (millions of rufiyaa)								
Reverse repurchase investment ¹	217	158	317	224	(93)	-29% ▼	65	41% ▲
Reverse repurchase outstanding ¹	253	153	334	224	(110)	-33% ▼	71	47% ▲
							(BSP chg.)	(BSP chg.)
Reverse Repurchase Rate	4.56%	4.47%	5.81%	6.21%	0.40%	40 ▲	1.74%	174 ▲
Interest Rates								
Treasury Bills (WAIR)								
28 days	4.56%	4.36%	5.12%	6.15%	1.03%	103 ▲	1.79%	179 ▲
91 days	5.13%	5.00%	6.16%	6.18%	0.02%	2 ▲	1.18%	118 ▲
182 days	5.19%	5.15%	5.92%	6.21%	0.29%	29 ▲	1.06%	106 ▲
Transferable deposits								
Weighted avg. nc	2.24%	2.24%	2.23%	2.23%	0.00%	(0) ▼	-0.02%	(2) ▼
Weighted avg. fc	1.81%	1.78%	1.72%	1.68%	-0.03%	(3) ▼	-0.10%	(10) ▼
Savings deposits								
Weighted avg. nc	2.25%	2.25%	2.25%	2.25%	0.00%	- ○	0.00%	- ○
Weighted avg. fc	2.37%	2.38%	2.22%	2.21%	-0.01%	(1) ▼	-0.17%	(17) ▼
Time deposits (2 to 3 years)								
Weighted avg. nc	3.86%	3.84%	3.62%	3.61%	-0.02%	(2) ▼	-0.23%	(23) ▼
Weighted avg. fc	5.00%	5.00%	4.99%	4.90%	-0.08%	(8) ▼	-0.10%	(10) ▼
Private sector loans and advances								
Weighted avg. nc	10.36%	10.36%	10.15%	10.15%	0.00%	0 ▲	-0.21%	(21) ▼
Weighted avg. fc	8.58%	8.54%	8.21%	8.23%	0.02%	2 ▲	-0.31%	(31) ▼

¹ Average investment for the month

Source: Maldives Monetary Authority

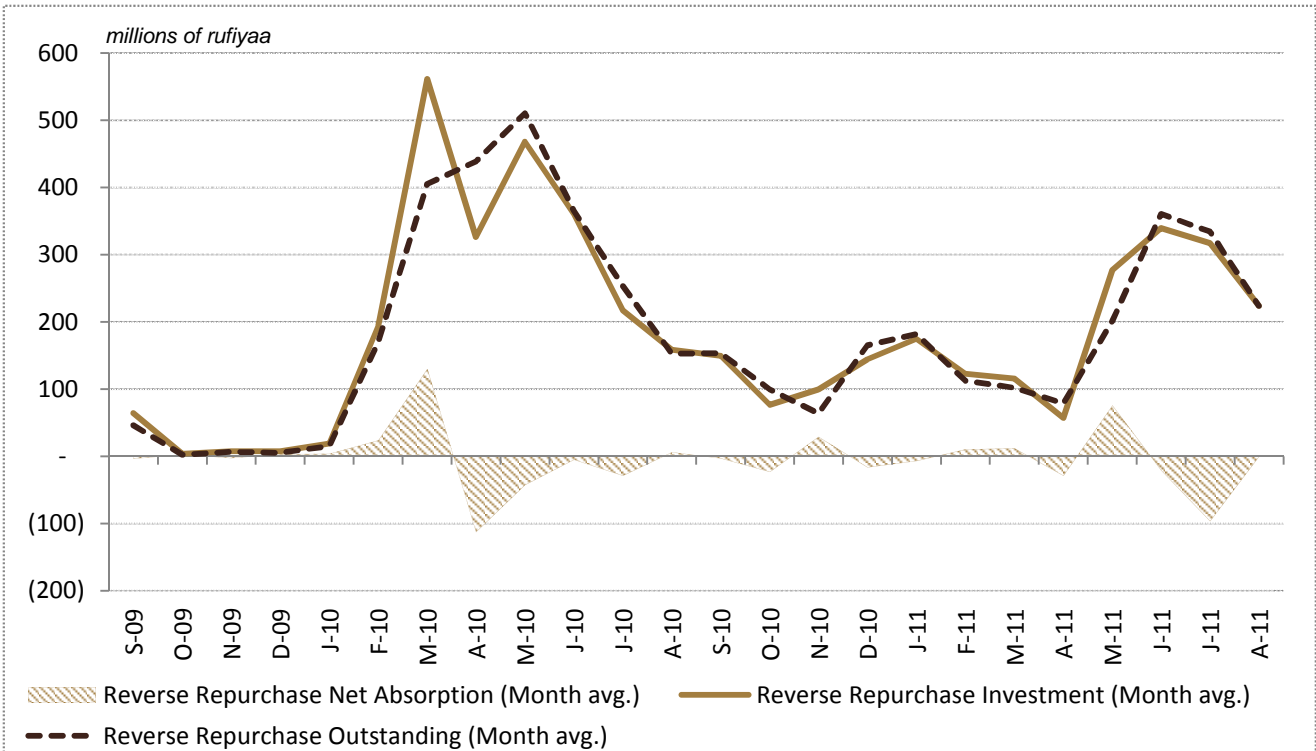
Monetary Developments

CHART 15: Interest rate developments



Source: Maldives Monetary Authority

CHART 16: Open market operations

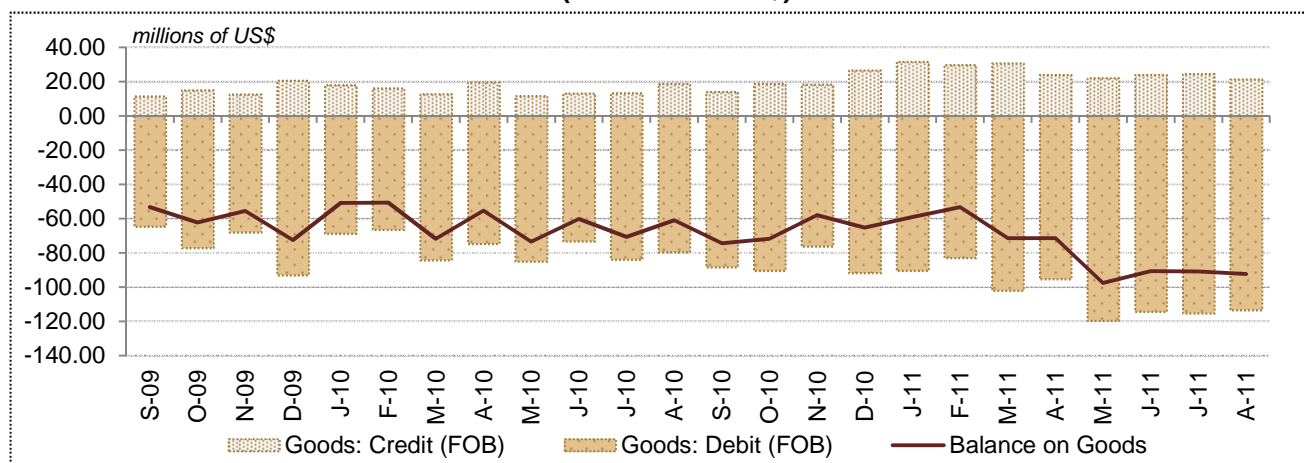


Source: Maldives Monetary Authority

External Sector Developments

4.1 Merchandise Trade Balance: Trade deficit widened slightly compared to July 2011 due to a fall in exports together with an increase in imports. Similarly, compared to the corresponding period of 2010, trade deficit widened as growth in imports offset the increase in exports.

CHART 17: Merchandise trade balance (millions of US\$)



Source: Maldives Customs Service

TABLE 18: Merchandise trade balance

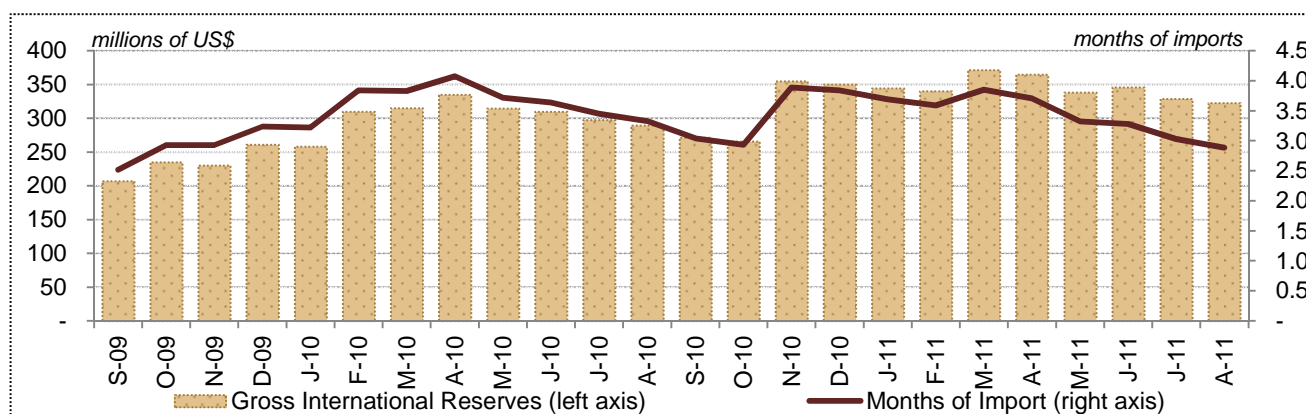
(millions of US\$)	2010	2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)		2010	2011	y/y (Jan - Aug) 2011 / 2010	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.	Jan - Aug	Jan - Aug	chg.	%chg.
	Balance on goods	(61.0)	(90.9)	(92.4)	(1.4)	2% ▲	(31.4)	51% ▲	(494.1)	(627.1)	(132.9)
└ Goods: credit	18.6	24.5	21.2	(3.2)	-13% ▼	2.6	14% ▲	122.6	207.2	84.6	69% ▲
└ Goods: debit	(79.6)	(115.4)	(113.6)	1.8	-2% ▼	(34.0)	43% ▲	(616.8)	(834.3)	(217.5)	35% ▲

Source: Maldives Customs Service

4.2 Gross International Reserves: Gross international reserves continued to decline in August 2011 compared to July 2011, although it remained higher compared to a year ago.

Meanwhile, due to the increase in imports, reserves in terms of months of imports (f.o.b) fell in August 2011 when compared with both July 2011 and August 2010.

CHART 18: Gross international reserves



Source: Maldives Monetary Authority, Maldives Customs Service

External Sector Developments

TABLE 19: Monthly and annual comparison gross international reserves

(millions of US\$)	2010	2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Gross international reserves	289.8	329.1	323.0	(6.1)	-2% ▼	33.2	11% ▲
Months of imports	3.3	3.0	2.9	(0.1)	-5% ▼	(0.4)	-13% ▼

Source: Maldives Monetary Authority, Maldives Customs Service

TABLE 20: Monthly and annual comparison of exports and imports

(millions of US\$)	2010	2011		m/m (Aug 2011 / Jul 2011)		y/y (Aug 2011 / Aug 2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
Merchandise exports	18.6	24.5	21.2	(3.2)	-13% ▼	2.6	14% ▲
└ Domestic exports	5.1	9.7	7.0	(2.7)	-28% ▼	1.9	37% ▲
└└ Total marine exports	4.9	9.6	6.6	(3.0)	-31% ▼	1.7	36% ▲
└ Re-exports	13.5	14.7	14.2	(0.5)	-3% ▼	0.7	5% ▲
Merchandise imports	90.5	131.1	129.1	(2.1)	-2% ▼	38.6	43% ▲
└ Consumer goods	43.5	51.5	48.8	(2.7)	-5% ▼	5.3	12% ▲
└ Petroleum products	15.0	29.5	34.1	4.7	16% ▲	19.2	128% ▲
└ Intermediate & capital goods	31.9	50.1	46.1	(4.0)	-8% ▼	14.2	44% ▲

Source: Maldives Customs Service

TABLE 21: Annual comparison of exports and imports for the realised period

(millions of US\$)	2010	2011	y/y (Jan - Aug) 2011 / 2010	
	Jan - Aug	Jan - Aug	chg.	%chg.
Merchandise exports	122.6	207.2	84.6	69% ▲
└ Domestic exports	45.2	79.7	34.5	76% ▲
└└ Total marine exports	43.4	77.1	33.7	78% ▲
└ Re-exports	77.4	127.5	50.1	65% ▲
Merchandise imports	700.9	948.0	247.2	35% ▲
└ Consumer goods	283.6	354.5	70.8	25% ▲
└ Petroleum products	167.1	248.6	81.5	49% ▲
└ Intermediate & capital goods	250.1	344.9	94.8	38% ▲

Source: Maldives Customs Service

External Sector Developments

4.3 Exchange Rate: With effect from April 11, 2011 the Maldivian rufiyaa was allowed to fluctuate within a horizontal band of 20 per cent on either side of a central parity of Rf12.85 per U.S. dollar (which was the previous selling rate).

During August 2011, bilateral exchange rates of the rufiyaa depreciated against the Japanese yen, Sterling pound and euro on monthly basis. However, the rufiyaa slightly appreciated against the Singapore dollar, Indian rupee and Sri Lankan rupee during the review month.

Compared to the corresponding month of 2010, the rufiyaa depreciated against the currencies of all major trading partners.

TABLE 22: Exchange rate of major trading partners

	2010	2011		m/m (Aug2011 / Jul2011)		y/y (Aug2011 / Aug2010)	
	Aug	Jul	Aug	chg.	%chg.	chg.	%chg.
	U.S. dollar	12.8	15.2	15.2	-	0% ○	2.4
Japanese yen	0.2	0.2	0.2	0.0	2% ▲	0.0	32% ▲
Singapore dollar	8.8	12.7	12.6	(0.0)	0% ▼	3.9	44% ▲
Indian rupee	0.3	0.4	0.3	(0.0)	-4% ▼	0.0	12% ▲
Sri Lankan rupee	0.1	0.1	0.1	(0.0)	0% ▼	0.0	14% ▲
Sterling pound	20.3	24.7	24.8	0.0	0% ▲	4.5	22% ▲
Euro	16.0	21.5	21.8	0.3	1% ▲	5.8	36% ▲

Source: Bank of Maldives

▲	indicates depreciation of Maldivian rufiyaa
▼	indicates appreciation of Maldivian rufiyaa

Explanatory Notes

General Information

1) Calculations

Year-to-year (y/y) is a comparison of a period in the current year to the corresponding period of the previous year. A period could be a month, a quarter or from January to the current month (e.g., Jan-Aug).

Month-to-month (m/m) is a comparison of a month to the previous month.

Change (chg.) is the difference between two given periods. In conjunction with the year-to-year; y/y chg. can be expressed as:

$$P_t - P_{t-12}$$

where P_t is the period in the current year and P_{t-12} is the corresponding period a year ago.

Likewise, in conjunction with month-to-month; m/m chg. can be expressed as:

$$m_t - m_{t-1}$$

where m_t is the current month and m_{t-1} is the previous month.

Percentage change (%chg.) is the percentage change of two given periods. In conjunction with the year-to-year; y/y %chg. can be expressed as:

$$\left(\frac{P_t - P_{t-12}}{P_{t-12}} \right) \times 100$$

where P_t is the period in the current year and P_{t-12} is the corresponding period a year ago.

Likewise, in conjunction with month-to-month; m/m chg. can be expressed as:

$$\left(\frac{m_t - m_{t-1}}{m_{t-1}} \right) \times 100$$

where m_t is the current month and m_{t-1} is the previous month.

Notes on Real Sector

1) Tourism Sector

Tourist arrival is the number of visitor arrivals into the Maldives with a tourist visa.

Bednights is the number of nights spent by each tourist in a resort, hotel, guesthouse or in a safari vessel. This does not include domestic tourism. For instance, if a couple spends a week in a guesthouse it would be reported as having sold 14 bednights, i.e., 7 nights per person.

Average duration of stay is the number of bednights divided by tourist arrivals in a particular month. Thus, it is an indication of the average number of nights spent by each tourist.

Bednight capacity is the maximum number nights the resorts, hotels, guesthouses and safari vessels would be able to sell. It is the product of number of beds in the industry by the number of days in the corresponding month. For instance, if a resort has a bed capacity 150 beds, then in the month of January its bednight capacity would be 4,650.

Occupancy rate is the utilisation of the bednight capacity of the industry. It is the ratio of bednights to bednight capacity and is expressed as a percentage.

2) Fisheries Sector

Fish catch is the total number of catch excluding the EEZ (Exclusive Economic Zone)

Fish purchase is the total purchases by local buyers licensed to process and export fish, that are bought from local fishermen.

Fish exports volume and earnings does not include live fish.

3) Inflation and prices

Consumer Price Index or **CPI** measures the changes in the price of a fixed basket of goods and services commonly purchased by the majority of the households over time. The types and specifications of the goods and services in the CPI basket as well as their quantities are kept constant at the base period. This ensures that any changes in the index reflect solely price changes over time.

The CPI reflects the price movements and not the actual price levels. Suppose the indices for bread and flour for a particular period are 110 points and 120 points respectively. This does not mean that flour costs more than bread but it simply implies that the prices of bread and flour have risen by 10 per cent and 20 per cent respectively since the base period.

Department of National Planning compiles the CPI and undertakes the price survey of the basket of goods and services on a monthly basis.

Inflation is the percentage change in the CPI over a given timeframe. Inflation may be calculated on monthly, quarterly or annual percentage change of CPI or from an auxiliary calculation of the CPI such as a 12-month moving average of CPI.

Consumer price inflation, year-on-year is calculated as follows:

$$\frac{CPI_t - CPI_{t-12}}{CPI_{t-12}} \times 100$$

When t is the current month, CPI_t is the CPI of the current month and CPI_{t-12} is the CPI of the corresponding month of the previous year.

Consumer price inflation (moving average) is measured by the annual percentage change in the 12-month moving average of CPI, and can be expressed as follows:

12-month moving average (MA12) for period t :

$$MA12_t = \frac{\sum_{i=0}^{11} CPI_{t-i}}{12}$$

Consumer Price Inflation for period t :

$$\frac{MA12_t - MA12_{t-12}}{MA12_{t-12}} \times 100$$

When t is the current month, CPI_t is the CPI of the current month, CPI_{t-i} is the CPI of i months preceding the current month, $MA12_t$ is the 12-month moving average of CPI for the current month, and $MA12_{t-i}$ is the 12-month moving average of CPI of i months preceding the current month.

Inflation contribution is the proportion of contribution attributable to the respective category. For instance, if the inflation for Male' is 8.19 per cent and contribution of *Food and non-alcoholic beverages* is 4.84 per cent, then 4.84 per cent of 8.19 is attributable to *Food and non-alcoholic beverages* group. Thus, inflation contribution of the broad categories will add up to the inflation.

Percentage of contribution shows what percent of inflation can be explained by the respective categories. For instance, a 59 per cent contribution by *Food and non-alcoholic beverages index* means that 59 per cent of the CPI increase was due to the *Food and non-alcoholic beverages index*. Likewise, a -1 per cent contribution by *Recreation and culture index* means that CPI decreased by a 1 per cent decline in the *Recreation and culture index*. Thus, percentage of inflation contribution of the broad categories will add up to the 100 per cent.

Domestic petroleum prices only reflect the month-end prices. Hence, the graphs and tables on domestic petroleum prices would not show all the price movements within the month.

Notes on Government Finance Statistics

These explanatory notes and definitions are based on the guidelines of IMF Government Finance Statistics (GFS) manual, information from Ministry of Finance and Treasury and Maldives Inland Revenue Authority.

Total revenue is defined as the set of all non repayable receipts other than grants. Thus, revenue includes proceeds from disposals of nonfinancial assets. Revenue is classified as tax, nontax, or capital revenue.

Tax revenue is composed of compulsory transfers to the government. This includes import duties, tourism goods and services tax, tourism bed taxes, bank profit taxes, however certain compulsory transfers, such as fines, penalties and most of the social security contributions, are excluded from tax revenue.

Nontax revenue are all other revenues received to the government excluding tax revenue and sale of fixed assets.

Grants are noncompulsory transfers received by the government from other government units or international organisations.

Import duty is the revenue derived from a compulsory levy on the imports into the country.

Tourism tax is a tax levied on a tourist at a flat rate of US\$8.00 per bed occupied per night in the tourism sector.

Tourism goods and services tax (T-GST) is a tax charged, under the Tourism Goods and Services Tax Act (Act Number 19/2010), on the value of all goods and services supplied by tourist resorts, tourist hotels, guest houses, picnic islands and tourist vessels and, on certain other services supplied by places providing services to tourists in the Maldives.

Transfers from state owned enterprises (SOE) are transfers to government from such public enterprises which are the dividends paid to the government in their capacity as shareholders and owners of a corporation.

Resort lease rent are property income received from certain leases of island's land agreed for the resort development.

Total expenditure is defined as the set of all nonrepayable payments and includes purchases of nonfinancial assets. This is the sum of current expenditure and capital expenditure.

Current expenditure includes the expenses on current day to day activities of the government other than for capital transfers or the acquisition of land, intangible assets, government stocks, or nonmilitary durable goods of greater value than a minimum amount and to be used in the process of production for more than a period of one year.

Wages and salaries category consists of payments to government employees in return for their services rendered.

Allowances include the extra pay for overtime, night work, and weekend work; cost of living allowances, other allowances paid to the government employees.

Capital expenditure is the expenditure for acquisition of land, intangible assets, government stocks, and nonmilitary, nonfinancial assets, of more than a minimum value and to be used for more than one year in the process of production; also for capital grants.

Net lending/borrowing is defined as the net acquisition of financial assets less the net incurrence of liabilities, or alternatively as the net operating balances less the net acquisition of nonfinancial assets.

Budget deficit or surplus is defined as revenue plus grants received less total expenditure less lending minus repayment.

Financing is the means by which a government provides financial resources to cover a budget deficit or allocates financial resources arising from a budget surplus.

Notes on Monetary and Financial Statistics

Monetary and financial statistics is compiled on a monthly basis denominated in national currency units in accordance with the methodological framework described in the *Monetary and Financial Statistics Manual (MFSM-2000)* by International Monetary Fund (IMF).

All financial assets and liabilities denominated in foreign currency are converted to national currency units at the mid-point rate (*reference rate*) of the buying and selling exchange rates.

Resident includes all individuals and legal entities with a center of economic interest in the Republic of Maldives. Generally, a resident includes:

- Any individual who has physically resided or is expected to physically reside in the Republic of Maldives for one year or more; and
- Legal entities (corporations, partnerships, joint ventures, etc.) with a location (i.e. dwelling, place of production, or other premises) within the Republic of Maldives from which it engages, and is expected to continue to engage, in business activities for at least the next year.

Central bank (CB) in Maldives is the Maldives Monetary Authority (MMA).

Other depository corporations (ODC) consists of all residential financial corporations (except the central bank) that issue liabilities included in the national definition of *broad money (M2)* - *mainly includes all commercial banks*.

Depository corporations (DC) are a consolidation of assets and liabilities of the Central Bank and the Other Depository Corporations. Thus,

$$DC = CB + ODC$$

Net foreign assets (NFA) is the sum of foreign assets (claims on nonresidents) and foreign liabilities (claims to nonresidents) by Depository Corporations.

Net domestic assets (NDA) is the sum of Domestic Claims and other items (net).

Claims on central government comprise of financial claims to Depository Corporations by central government which include loans and advances, debt securities (T-bills & T-bonds), shares and other equity, and any other receivables.

Claims to central government consist of liabilities of central government at Depository Corporations which mainly include deposits and other payables.

Net claims on central government (NCG) are claims on central government *minus* claims to central government.

Claims on other sectors comprise of claims on public nonfinancial corporations, other financial corporations and private sector by Depository Corporations.

Claims on private sector comprise of claims on private sector by Depository Corporations.

Domestic claims is the sum of net claims on central government and claims on other sectors.

Other items (net) include all other assets *minus* other liabilities in the balance sheets of Depository Corporations, Other Depository Corporations or Central Bank.

Broad money (M2) is the total money supply and is the broadest measure of money supply which includes *narrow money* or M1 (currency and demand deposits) and *quasi money* (time and savings deposits and securities).

Narrow money (M1) comprise of currency outside depository corporations, demand deposits of public nonfinancial corporations with the MMA in national currency, and demand deposits of public nonfinancial corporations, other financial corporations, and private sector with commercial banks in national currency.

Quasi money consist of time and savings deposits in both national and foreign currency *plus* foreign currency demand deposits of the depository corporations. It also includes securities issued by the MMA which are held by public nonfinancial corporations.

Reserve money (M0) is also known as monetary base or high-powered money which supports the expansion of broad money and credit. Reserve money consists of *Currency in Circulation* and *Liabilities to Other depository Corporations* and *Liabilities to Other Sectors*.

Currency in circulation (of Reserve money) refer to notes and coins issued by the MMA *less* the cash in the vault of the MMA.

Liabilities to other depository corporations (of Reserve money) include the *transferable deposits* of other depository corporations (which includes minimum required reserves and other settlement balances) in national and foreign currency held at MMA.

Liabilities to other sectors (of Reserve money) consist of *transferable deposits* of public nonfinancial corporations with the MMA in national and foreign currency, and securities issued by the MMA which are held by public nonfinancial corporations.

Transferable deposits are deposits which can be withdrawn or transferred on demand without prior notice - at face value and without a penalty or other restrictions - by cheque, draft, direct debit/credit, automatic teller machine or other direct payment facilities.

Saving deposits include all interest bearing deposits without a stated maturity - as opposed to a time deposits - which are not transferable by cheque, draft, direct debit/credit, automatic teller machine, or other direct payment facilities.

Time deposits are all deposits on which interest is paid for a fixed period of time and cannot be withdrawn before maturity without giving prior notice or incurring an early withdrawal penalty.

Open market operations (OMO) is market intervention operations conducted by MMA with licensed commercial banks in Maldives to manage liquidity in the banking system via reverse repurchase or repurchase agreement.

Reverse repurchase investment is the *sale* of securities by MMA on an auction basis with the agreement to buy them back at a predetermined date at a predetermined price.

Reverse repurchase rate is the weighted average rate of all the reverse repurchase transactions.

Repurchase is the *purchase* of securities by MMA on an auction basis with the agreement to sell them back at a predetermined date at a predetermined price.

Treasury Bills is a short term debt obligation (less than 1 year) backed by the central government, primarily to finance the budget deficit.

Notes on External Sector Statistics

Months of imports are the gross international reserves divided by average imports of the past 12 months. Months of imports show the number of months that imports can be financed by the existing reserve position at the end of the month.

Free on board (F.O.B) is abbreviated to imports or exports to indicate when the value of goods have been stated as the value placed on the good on board the carrier at the country of origin, excluding cost of insurance and freight and other charges.

Cost, insurance and freight (C.I.F) is abbreviated to imports or exports to indicate when the value of the goods has been stated with cost, insurance and freight charges.

Customs travel exemption limit is a set of limits set by the Maldives Customs Service. If physical movement of goods that crosses the country's border exceeds the limit they are recorded at customs as imports or exports.

Merchandise imports are value good brought into the country from abroad that exceeds the customs travel exemption limit. Imports are recorded on the basis of customs documents reflecting the physical movement of goods and change in ownership across the national border.

Merchandise exports are good sent to another country that exceeds the customs travel exemption limit. Exports are recorded on the basis of customs documents reflecting the physical movement of goods and change in ownership across the national border.

Re-exports are imported goods for export without further processing or transformation taking place within the country's border. Re-exports are recorded on the basis of customs documents reflecting the physical movement of goods and change in ownership across the national border and the sale of jet fuel to foreign airlines is collected from GMR Ibrahim Nasir International Airport.

Merchandise trade balance is the earnings on merchandise exports and re-exports *minus* merchandise imports.



Maldives Monetary Authority

Boduthakurufaanu Magu,

Male' – 20182

Republic of Maldives

Tel: (960) 332 2268, Fax: (960) 332 3862

Email: mail@mma.gov.mv