

# *Quarterly Economic Bulletin*

September 2003    Volume- IX Number -3





*This Bulletin is compiled by the Economic Research and Statistics Division (ERSD) of the Maldives Monetary Authority (MMA). It covers developments in the domestic economy during the third quarter of 2003. 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 end November 2003. Where actual data is not readily available, estimates have been made by ERSD 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 our readers*

# Contents

<b>1. Overview</b>	5
<b>2. Production, Prices and Employment</b>	6
2.1 Tourism	6
2.2 Fisheries	8
2.3 Distribution	9
2.4 Construction	9
2.5 Prices	10
2.6 Employment	11
<b>3. Public Finance</b>	11
<b>4. Financial Sector</b>	12
4.1 Money and Credit Developments in the Banking sector	12
4.1.1 Operations of the Commercial Banks	14
4.1.2 Interest Rate Developments	16
4.2 Activities of Non-Bank Financial Institutions	17
4.3 Capital Market	17
<b>5. External Sector</b>	18
5.1 Balance of Trade	18
5.2 International Trade	18
5.3 External Assets	21
5.4 Exchange Rate	22

## Text Tables

Table 1. Key Economic Indicators	4
Table 2. Tourism Indicators	6
Table 3. Consumer Price Index	10
Table 4. Commercial Bank Interest Rates	16

## Charts

Chart I Tourist Bednights	7
Chart II Tourist Arrivals	7
Chart III Fish Catch	8
Chart IV Government Revenue	11
Chart V Government Expenditure	12
Chart VI Domestic Credit	13
Chart VII Money Supply	13
Chart VIII Net Foreign Assets	14
Chart IX Sectoral Credit	15
Chart X Total Deposits	15
Chart XI Securities Trading Floor Turnover	17
Chart XII Merchandise Trade	18
Chart XIII Domestic Exports	18
Chart XIV Fish Export Earnings	19
Chart XV Major Fish exports	19
Chart XVI Imports by Sectors	20
Chart XVII Bilateral Exchange Rates	22

## Statistical Appendix

Table 1. Monetary Survey, 2000-September 2003	25
Table 2. Assets and Liabilities of Maldives Monetary Authority, 2000- September 2003	25
Table 3. Assets and Liabilities of Commercial Banks, 2000- September 2003	26
Table 4. Distribution of Commercial Bank Credit to Private Sector by Major Sectors, 2000- September 2003	26
Table 5. Commercial Bank Deposits Distributed by Type, 2000- September 2003	27
Table 6. Composition of Domestic Exports (f.o.b.), 2000- September 2003	27
Table 7. Merchandise Imports (c.i.f.) by Sector and Product Category, 2000- September 2003	28
Table 8. Exchange Rates, 2000- September 2003	29

Table 1: Key Economic Indicators, 2000 - September 2003

	2000		2001		2002		2002		2003		QTR3	
	Jul	Aug	Jul	Aug	Jul	Aug	QTR3	QTR2	Jul	Aug		Sep
<b>Gross Domestic Product</b>												
GDP (1995 constant prices) Rf mn. <sup>1/</sup>	6,345.5	6,564.4	6,958.4	-	-	-	-	-	-	-	-	-
% change in GDP	4.8	3.5	6.0	-	-	-	-	-	-	-	-	-
<b>Consumer Price Index</b>												
% change in CPI	-1.2	0.7	0.9	3.5	3.6	2.9	2.9	2.9	-3.6	-3.8	-3.9	-3.7
<b>Tourism</b>												
Tourist arrivals	467,154	460,984	484,680	34,341	41,243	39,760	115,344	106,776	38,076	48,431	44,951	131,458
Bed night capacity ('000)	5,788	6,015	5,887	485	483	467	1,435	1,537	503	503	487	1,493
Capacity utilization (%)	68.2	65.6	69.0	57.0	77.1	68.4	67.5	60.9	63.4	84.6	72.1	73.4
<b>Fish Production</b>												
Landings('000 MTs) <sup>2/</sup>	115.4	125.0	160.2	11.9	16.7	18.5	47.1	40.1	10.3	9.6	11.8	31.7
Total fish exports ('000 MTs) <sup>3/</sup>	28.3	29.7	44.6	2.1	1.2	1.9	5.3	21.3	2.8	4.2	3.0	10.1
Total fish exports (US\$ mn.) <sup>3/</sup>	34.0	35.8	49.2	2.8	2.5	3.9	9.1	18.1	3.9	4.4	4.0	12.3
<b>Money and Banking (Rf mn)</b>												
Net foreign assets	1,312.2	1,153.0	1,662.9	1,169.3	1,224.2	1,274.3	1,274.3	2,283.1	2,230.9	2,171.4	2,266.8	2,266.8
Domestic credit	2,586.8	3,089.9	3,445.7	3,528.2	3,554.9	3,666.6	3,666.6	3,338.0	3,353.7	3,413.7	3,346.4	3,346.4
Total liquidity	3,049.8	3,324.7	3,966.4	3,608.2	3,647.3	3,805.2	3,805.2	4,277.9	4,260.0	4,263.2	4,266.1	4,266.1
Change in net claims on Government <sup>4/</sup>	234.8	83.6	55.3	-135.9	36.9	22.6	-76.3	81.5	-46.0	3.5	-110.6	-153.0
<b>Balance of Payments (US\$ mn) <sup>4/</sup></b>												
Exports (f.o.b) <sup>5/</sup>	108.7	110.2	133.6	8.5	9.9	10.8	29.2	37.5	9.9	10.5	10.1	30.4
Imports (f.o.b)	-342.0	-346.3	-344.7	-30.3	-27.2	-28.6	-86.1	-96.0	-32.8	-34.4	-36.5	-103.7
Trade balance	-233.3	-236.0	-211.1	-21.8	-17.3	-17.8	-56.9	-58.6	-22.9	-24.0	-26.4	-73.2
Current account balance	-51.5	-57.3	-44.0	-	-	-	-	-	-	-	-	-
Non-monetary capital (net)	43.5	35.9	83.8	-	-	-	-	-	-	-	-	-
Overall balance	-7.9	-21.4	39.8	-7.9	4.3	3.9	0.3	18.7	-4.1	-4.7	7.5	-1.3
<b>Gross International Reserves (US\$ mn) <sup>6/</sup></b>												
External Reserves in Months of Imports (cif)	124.1	94.3	134.5	110.5	111.2	115.9	115.9	160.3	159.0	160.0	153.7	153.7
Exchange Rate	3.8	2.9	4.1	3.5	3.6	3.7	3.7	4.5	4.4	4.4	4.1	4.1
Rufiyaa / US\$ (Period average mid rate)	11.7700	12.2421	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000
Rufiyaa / US\$ (End of period mid rate)	11.7700	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000

<sup>1/</sup> GDP figures for 1999-2001 are revised estimates of 16th December 2002

<sup>2/</sup> 2002 data estimates, not included EEZ.

<sup>3/</sup> Excluding live tropical fish.

<sup>4/</sup> Figures for 2001 are revised estimates.

<sup>5/</sup> Exports have been adjusted to include re-exports (jet fuel plus other)

<sup>6/</sup> Foreign Assets of MMA.

Source: MMA, MOFA, MOT, MPND, MOFT, Customs

# 1. Overview

Macroeconomic conditions during the third quarter of 2003 (July-September) were generally favourable. Economic activities are relatively slower during the second and third quarters of the year, reflecting the low season in the tourism industry. However, third quarter activities are generally better than the second quarter. Leading indicators of key production sectors point to strong growth both on annual as well as on quarterly terms. In the tourism sector, tourist arrivals, total tourist-nights and capacity utilization rate, after slackening during the second quarter, showed considerable increases during the review period. The fisheries sector, the second major industry in Maldives, showed a poor performance during the review quarter compared with the previous quarter both in terms of fish landings as well as fish export earnings (mainly due to a decline in the fish export volume.) On an annual basis, the fish landings were considerably lower compared to the corresponding quarter of 2002, since during that period fish landings were exceptionally higher. In contrast, earnings from fish exports showed a significant improvement on an annual basis. As for the distribution and the construction sector, the available indicators suggest that the activities in these two sectors expanded satisfactorily during the review period.

As regards the domestic price developments, the review quarter continued to experience deflation (decline in the general price level), with the biggest decline registered in the food index (excluding fish).

On the fiscal side, the Government's budgetary position changed from a deficit in the second quarter of 2003 to a surplus in the review quarter. This resulted from a significant increase in the total recurrent revenue while the total expenditure of the government grew only modestly. Reflecting these developments, net credit to government declined substantially at the end of the review quarter, while credit to the private sector showed a marked increase, leading to only a small increase in the total domestic credit of the banking system. Meanwhile, the net foreign assets in the third quarter of 2003 declined slightly resulting from a marginal decline in the net foreign assets of Maldives Monetary Authority (MMA). With the fall in net foreign assets and the weak credit growth, the total liquidity of the banking sector contracted at the end of the review quarter.

On the external front, the merchandise trade account continued to be deficit, and for the review quarter the deficit further expanded, both on quarterly as well as on annual basis. This was on account of the large increase in imports coupled with lower export receipts. In addition, gross international reserves declined modestly with the lower foreign assets of MMA at the end of the review quarter.

## 2. Production, Prices and Employment

### 2.1 Tourism

Tourism industry continues to be the main engine of growth for the Maldivian economy over the past 20 years, with enormous direct and indirect contributions to the growth of the economy. The tourism sector directly accounts for about 32 percent of GDP and is estimated to grow at 8 percent during 2003. In terms of its contribution to the government revenue, income from bednight tax and resort lease rent alone is estimated to account for about 32 percent of total government revenue. The sector also contributes significantly to the balance of payments, with the receipts from tourists comprising about 92 percent of the total service receipts in the current account.

As the tourist activities are better in the third quarter of the year compared to the

second quarter, major indicators of the sector showed marked improvements.

Moreover, the review quarter also performed better than the corresponding quarter of 2002.

As such, during the third quarter of the year the country

received 131.5 thousand tourists compared to 106.8 thousand tourists in the previous quarter and 115.3 thousand tourists in the corresponding quarter of 2002. In terms of growth rates, these reflect a quarterly increase of 23 percent and an annual increase of 14 percent. During the period January to September 2003, the number of tourists who visited the country totalled 405.9 thousand, as against 345.7 thousand during the same period of 2002, reflecting a growth rate of 17 percent. The tourism industry expected the country to receive more than half a million tourists during the year, and to celebrate the 500,000 mark, placed a prize of two first-class round the world air tickets and two weeks' stay in any resort of the Maldives for the 500,000th tourist of the year.

Tourist bednights registered a 17 percent increase in the review quarter from the previous quarter and 13 percent increase from the third quarter of 2002. In absolute terms, tourist bed nights stood at 1,095.3 thousand during the review quarter, compared to 937.6 thousand and 968.5 thousand in the second quarter of this year and third quarter of last year, respectively. However, the average duration of stay of a

**Table 2. Tourism Indicators, 2000 - September 2003**

*In thousands*

	2000	2001	2002	2002				2003		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total visitor arrivals	496.1	492.0	513.9	140.7	105.0	122.1	146.0	175.8	113.9	138.4
Tourist arrivals	467.2	461.0	484.7	132.5	97.8	115.3	139.0	167.7	106.8	131.5
Bed capacity <sup>a/</sup>	15.8	16.5	16.1	16.5	16.1	15.6	16.3	17.1	16.9	16.2
Bednights	3936.7	3932.7	4066.5	1125.4	827.9	968.5	1144.6	1397.0	937.6	1095.3
Bed capacity utilisation %	68.2	65.6	69.0	76.1	56.1	67.5	76.2	91.1	60.9	73.4

*a/ Figures relate to the period average.*

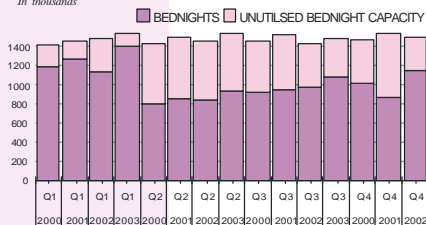
*Source: Ministry of Tourism*

visit shortened from 8.8 days in the previous quarter to 8.3 days in the review quarter.

The average number of beds that were in operation or bed capacity lowered from 16,885 beds in the second quarter to 16,225 beds in the third quarter of 2003,

**Chart I. Tourist Bednights**

*In thousands*



Source: Ministry of Tourism

which is a decline of 4 percent (660 beds) during the period. However, when compared to the corresponding period of last year, the bed capacity during the review quarter stood higher by 629 beds. These fluctuations in the bed capacity reflect the closing down of some beds during the low season for resort renovations. For the review quarter, the capacity utilisation stood at 73

percent compared to 68 percent in the corresponding quarter of 2002, as the number of beds in operation decreased while the bed nights increased.

As regards the composition of tourist arrivals, the market segmentation was still in favour of the European countries as they accounted for more than 70 percent of the total tourists. During the review quarter tourists from Europe increased by about 15 percent both on quarterly as well as on annual terms. Tourists from Italy (24 percent of total) and United Kingdom (18 percent of total) continued to account for the

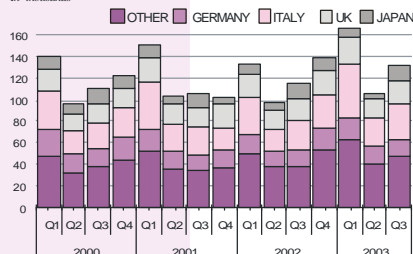
largest share of the total tourists arrivals to the country, and recorded a quarterly increase of 32 percent for the former and 26 percent for the latter in arrivals during the review quarter. On an annual basis, tourist arrivals from Italy and United Kingdom registered 18 percent and 16 percent increases in the review quarter. The tourist arrivals from Germany (accounting for about 12 percent of the total tourist arrivals) registered a further quarterly decline of 8 percent in the review quarter, following a similar decline

in the previous quarter. However, on annual terms, German tourist increased by 5 percent. From other European countries, tourists from France and Switzerland (each accounting for about 4 percent of total tourist arrivals) both declined by 18 percent and 26 percent, respectively, on quarterly terms. While an annual growth of 11 percent was registered for tourists from France, tourists from Switzerland showed a 13 percent decline.

The tourist arrivals from the Asian region accounted for about 22 percent of the total tourist arrivals and registered a significant quarterly increase of 59 percent and an annual increase of 9 percent during the review quarter. From the major Asian markets, tourist arrivals from Japan (44 percent of total Asian tourists), China (14

**Chart II. Tourist Arrivals**

*In thousands*



Source: Ministry of Tourism

percent of total Asian tourists), and Sri Lanka (7 percent of total Asian tourists) all increased substantially during the review quarter. In terms of annual growth rates, China recorded a 40 percent increase and Sri Lanka a 2 percent increase, while Japan registered a decline of 13 percent in the review quarter.

## 2.2 Fisheries

Fisheries sector, which accounts for about 7 percent of GDP and employing about .. percent of the labour force, is estimated to grow at about 2 percent in 2003. To expand the fisheries sector and increase the private sector participation in the secondary production side, the Government has recently initiated a fisheries sector liberalisation programme. Under this programme, in 2001 two parties were awarded licenses to

process and export tuna bought from local fishermen from Zone 1<sup>1</sup>. Two more parties received licenses in September 2002 to carry out similar activities in Zone 3. MIFCO continues to operate in Zone 2 and 4.

During the review quarter, total coastal fish catch totalled 31.7 thousand metric tonnes compared to 40.1 thousand metric tonnes in the previous quarter, which reflects a decline of 21 percent during the period. On annual terms,

due to the lower quarterly landings compared to the exceptionally high level of fish landings in the third quarter of 2002, the review quarter registered a decline of about 33 percent.

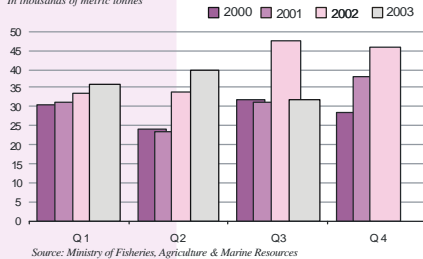
As regards the operations of the major commercial buyers of fish, about 21 percent of the coastal catch was bought by Maldives Industrial Fisheries Company Ltd (MIFCO). The amount of fish purchased by MIFCO during the review quarter showed a 60 percent decline on quarterly terms and 36 percent decline on annual terms. The two private sector parties operating in Zone 1 together purchased about 2 percent of the coastal fish catch, and their purchases were 2 percent higher than the previous quarter. As these two parties commenced their operations in the last quarter of 2002, no annual comparisons could be made. Meanwhile, the parties in Zone 3 started purchasing fish immediately after receiving their licenses in September 2003.

On the export front, fish export earnings (excluding live fish) declined significantly on quarterly terms during the review quarter. This was mainly due to the large reduction in the volume of fish exported (excluding live fish), which fell from 21.3 thousand metric tonnes in the previous quarter to 10.1 thousand metric tonnes in the review

<sup>1</sup>. For fisheries sector purposes the country has been divided into four zones. Zone 1 encompasses the northern most atolls Haa Alifu, Haa Dhaalu, Shaviyani and Noonu, whilst Zone 2 comprises of Raa, Baa, Lhaviyani and Kaafu Atoll. Zone 3 comprises of Alifu Alifu, Alifu Dhaalu, Vaavu, Meemu, Faafu, Dhaalu, Thaa, and Laamu Atoll and Zone 4 comprises of Gaafu Alifu, Gaafu Dhaalu, Gnaviyani and Seenu Atoll.

**Chart III. Fish Catch**

*In thousands of metric tonnes*



Source: Ministry of Fisheries, Agriculture & Marine Resources

quarter, reflecting a 53 percent decline. Hence, during this period, earnings from fish exports (excluding live fish) fell from US\$18.1 million to US\$12.3 million, registering a quarterly decline of 32 percent in the review quarter, which followed from a 12 percent decline in the previous quarter. However, on annual terms, a large increase in the volume of exports (excluding live fish) of about 92 percent was seen due to the exceptionally low quarterly exports in the third quarter of 2002, though earnings from such exports grew by only 35 percent during the period. *(Also see section 5 for a further discussion on fish exports).*

## 2.3 Distribution

Distribution sector (consisting mainly of retailers and wholesalers) continues to expand with the growth in the economy and plays a vital role in the development of the others sectors in the economy. The vast distribution network of these retailers and wholesalers supports not only the major industries in the Maldives such as fisheries and tourism, but also the smallest economic activities in the country. The distribution sector is estimated to contribute about 4 percent to GDP in 2003, with an annual growth of also 4 percent during the year.

Of the two indicators that are used to measure the performance of the sector, the total private sector imports (excluding imports made directly by the tourism sector) showed a growth of 17 percent for the review quarter, with such imports increasing from US\$57.6 million to US\$67.4 million. In the previous quarter, on the other hand, the total private sector imports registered a 2 percent quarterly decline. On annual terms, the review quarter registered a 21 percent increase in such private sector imports. As regards the commercial banks' credit to the distribution sector, the second largest recipient of credit (23 percent), it recorded a 3 percent increase in the three months to September 2003, following a 1 percent decline in the previous three months. However, the level of credit to the sector stood 25 percent lower than a year ago.

## 2.4 Construction

The share of construction sector in GDP had hovered around 3 percent in the past three years. The sectoral growth, following a negative growth of about 1 percent in 2002, is expected to grow by 3 percent in 2003. The main variables used to assess the developments in the sector are the imports of construction materials and the amount of commercial bank loans to the sector. The imports of construction materials during the review quarter increased by 38 percent on quarterly terms and by 61 percent on annual terms. The major construction materials imported to the country during the review quarter were wood (about 32 percent of the total construction materials),

cement and cement products (8 percent) and base metal & articles of base metal (29 percent). With regard to commercial banks' lending to the sector, this stood at Rf155.9 million at the end of the review quarter, with a quarterly growth of 8 percent and an annual increase of 9 percent.

### 2.5 Prices

The general price level measured in terms of Consumer Price Index (CPI) is an important indicator of the prudence of the macroeconomic policies in the country.

**Table 3. Consumer Price Index, 2000 - September 2003** <sup>b/</sup>

Base (June 1995 = 100)

	2000	2001	2002	2003			2003		
				Jun	Sep	Dec	Mar	Jun	Sep
Food beverages and tobacco products excluding fish	107.5	118.5	125.4	128.4	127.7	125.4	121.4	119.4	118.8
Fish Index	192.6	151.9	143.6	138.3	138.9	143.6	134.6	128.4	121.2
Clothing and footwear	102.6	101.6	97.7	100.0	98.5	97.7	96.7	96.6	98.1
Housing, water, fuel and power	106.6	108.4	106.8	108.2	107.7	106.8	106.3	106.2	106.3
Furniture, furnishing, household equipment & operation	114.7	110.4	108.7	110.2	109.3	108.7	108.4	107.6	107.7
Medical care and health expenses	107.4	107.9	108.2	108.4	108.3	108.2	107.8	107.2	106.7
Transport and communication	122.9	123.1	124.4	124.0	124.2	124.4	123.9	123.3	122.4
Education	115.2	115.7	116.2	116.0	116.2	116.2	116.6	117.2	117.9
Recreation, entertainment, religious and cultural services	100.7	98.3	100.1	98.7	99.3	100.1	100.3	100.7	100.8
Personal care	104.1	104.6	103.4	104.6	104.0	103.4	102.4	102.0	102.3
<b>Total CPI</b>	<b>114.6</b>	<b>115.4</b>	<b>116.4</b>	<b>117.5</b>	<b>117.1</b>	<b>116.4</b>	<b>114.4</b>	<b>113.3</b>	<b>112.8</b>
Total Index excluding fish	109.6	113.0	114.7	116.2	115.7	114.7	113.1	112.3	112.2

b/ Figures are 12 months moving average.

Source: Ministry of Planning and National Development

fluctuations in the domestic fish prices, reflecting the large proportion of imports and fish in the consumption basket. The country continues to experience deflation for the third consecutive quarter, registering a negative 3.8 percent (on a 12 month moving average basis) at the end of the review quarter. This compares with a positive 2.9 percent at the end of September 2002. As regards the major indices of CPI, the food index (excluding fish) showed a decline of 7 percent at the end of the review quarter, while other indices such as furniture, furnishing, household equipment and operation; medical care and health expenses; and personal care also declining by about 2 percent. However, the recreation, entertainment, religious & cultural services index and education index both showed increases of about 2 percent in the year to September 2003.

Similarly, the point-to-point change in CPI also recorded an annual deflation of 1.2 percent at the end of the review quarter. However, when fish index is excluded from the total CPI, a 1 percent increase was registered at the end of September 2003.

Within the total CPI, significant changes were noted in fish index (-28 percent), clothing (1.3 percent), furniture, furnishing, household equipment and operation (4 percent) and personal care (1.3 percent).

In  
Maldives,  
CPI is  
strongly  
influ-  
enced by  
changes  
in the  
interna-  
tional  
prices  
and

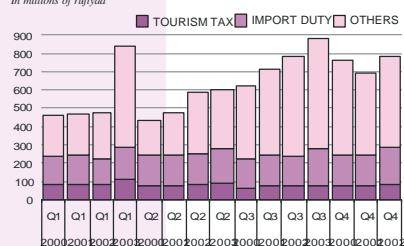
## 2.6 Employment

Due to the unavailability of quarterly information on the level of total employment details, it is difficult to assess the quarterly developments of this vital economic factor. However, according to the data received from the Ministry of Human Resources, Employment and Labour, the total expatriate labour force as at September 2003 stood at 32,686 in comparison to 29,680 workers at the end of September 2002, reflecting an annual growth of 10 percent. This large increase in expatriates was on account of the large number of workers in the tourism and construction sectors. The average number of expatriates during January to September 2003 totalled 32,163 compared to 29,497 during January to September 2002 - a 9 percent growth during the period. As in the past, the bulk of expatriate labour force was employed in the tourism and construction sectors.

## 3. Public Finance

Following a deficit in the quarterly budget in the second quarter of the year, government's overall fiscal position improved substantially during the third quarter, when compared to both the previous quarter as well as the corresponding period of 2002. While the recurrent revenue received during the review quarter was just a little lower than that was anticipated for the quarter (2 percent), expenditure was 5 percent lower than the forecasted budgetary figures. These preliminary data on recurrent revenue and budget expenditure also showed that around 77 percent and 69 percent, respectively, of total budgeted figures for 2003 was achieved by the end of September 2003.

**Chart IV. Government Revenue**  
In millions of rufiyaa



Source: Ministry of Finance & Treasury

Total domestic revenue<sup>2</sup> showed an increase of around 45 percent compared to the previous quarter and around 12 percent when set against the same period of 2003. This reflected improvements in both the tax and non-tax revenues, which accounted for about 40 percent and 60 percent of total domestic revenue, respectively. Quarterly growth of tax revenue registered an increase of around 14 percent in the review quarter, after a 5 percent decline during the

second quarter. Compared to a year ago, such revenue also grew significantly, by around 15 percent. The major sources of tax revenue during the review quarter were import duty (58 percent of tax revenue) and tourism tax (21 percent), while the revenue from import duty increased by 7 percent compared to the previous quarter

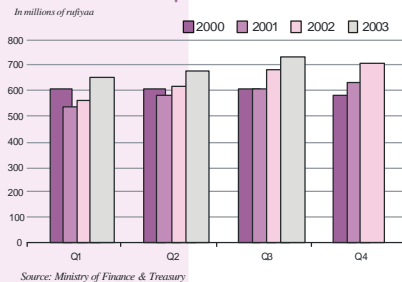
<sup>2</sup> The total domestic revenue used in this analysis excludes cash grants and fund accounts.

and 24 percent compared to the corresponding quarter of 2002, tourism tax receipts during the review quarter registered an 18 percent decline <sup>3</sup>. However, such receipts stood 15 percent higher than the third quarter of 2002. As the bank profit tax is normally received during the third quarter of the year, this also contributed to the higher tax revenue received during the quarter, though compared to the third quarter of last year, it was 12 percent lower. This was largely on account of the reduced annual profits of the banks due to a few but large bad loans in the banking system.

As regards the non-tax revenue, it increased substantially by 77 percent compared to the second quarter of 2003, while increasing by 10 percent when set against the corresponding quarter of 2002. The major items in non-tax revenue during the review quarter were profit transfers from public non-financial enterprises (28 percent of non-tax revenue) and resort lease rent payments (25 percent).

On the expenditure side, total government spending recorded in the third quarter of the year was Rf737.4 million. In terms of growth in expenditure, the review quarter registered an increase of 8 percent compared to both the previous as well as the corresponding quarter of 2002. With the larger increase in revenue compared to the growth in expenditure, the quarterly budget registered a surplus of Rf136.0 million in the review quarter, compared to a deficit of Rf76.0 million in the preceding quarter and a surplus of Rf94.8 million in the third quarter of 2002. Hence, with the improvement in the government's overall fiscal position, the government was able to significantly reduce the debt stock to the banking system during the review quarter (see section 4).

Chart V. Government Expenditure



## 4. Financial Sector

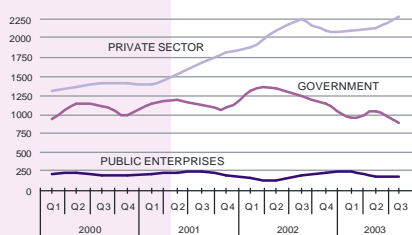
### 4.1 Money and Credit Developments in the Banking sector

In order to enhance the competitiveness and efficiency of the banking sector, MMA reduced the Minimum Reserve Requirement (MRR) imposed on commercial banks operating in Maldives from 35 percent to 30 percent of total rufiyaa and foreign currency demand and time deposits, with effect from 24th August 2003. Almost all of the funds that were released by this reduction in MRR were placed in the MMA certificates of deposit (CDs) issued on the same day, despite the lowering of interest rate on the CDs from 8 percent to 6 percent.

<sup>3</sup>. The growth in tourism tax earnings is not totally consistent with the growth in tourist bednights due to payment collection lags. For instance, tax on bednights for the current month would normally be paid at the beginning of the following month.

As regards money and credit developments, the total liquidity of the banking system or M2 contracted slightly in the three months to September 2003, underpinned by the decline in net foreign assets and the weak domestic credit activities. On annual terms, despite the substantial decline in total domestic credit, the rate of growth in M2 was significantly high, fuelled by the expansion in net foreign assets during the year to September 2003.

**Chart VI. Domestic Credit**  
In millions of rufiyaa

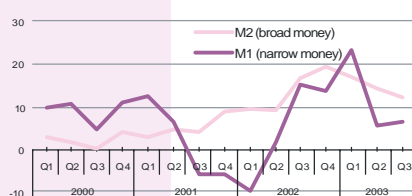


Source: Maldives Monetary Authority

The total domestic credit of the banking sector at the end of September 2003 stood at Rf3,346.4 million, and increased by less than half a percent on quarterly terms. This was lower than second quarter growth of 2003, which was around 1 percent. The stagnant growth in credit was largely due to the reduction in net credit to the government, which declined by 15 percent in the three months to September 2003, compared to an increase of 8 percent in the previous three months. Similarly, on an annual basis, net credit to the government showed a reduction of 28 percent during the year to September 2003. In contrast, at the end of September 2002 net credit to the government had increased by 13 percent.

As regards the credit to private sector, total credit extended to the sector at the end of the review quarter stood 7 percent higher than that the level at the end of the previous quarter, increasing from Rf2,132.3 million at end June 2003 to Rf2,286.1 million at end September 2003. However, on annual terms such credit grew by only 2 percent, mainly on account of the low levels of new loans extended during the review quarter, due to the uncertainties surrounding the Land Law. Credit to public enterprises witnessed a quarterly growth of 5 percent at the end of the review quarter, after a large decline of 35 percent in the previous quarter. On annual terms however, credit to this sector stood 7 percent lower.

**Chart VIII. Money Supply**  
Annual percentage change



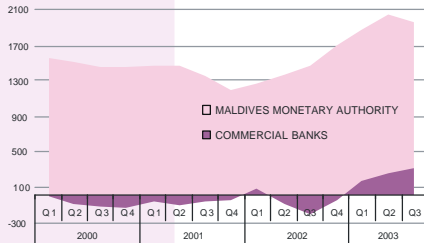
Source: Maldives Monetary Authority

The total liquidity (M2 or broad money) of the banking system declined from Rf4,277.9 million at the of June 2003 to Rf4,266.1 million at the end of September 2003, or by about 0.3 percent. Of its components, the narrow money consisting mainly of currency in circulation and bank deposits registered a 2 percent decline, while quasi money increased by 2 percent in the three months to September 2003. In contrast, on a year on year basis, M2 increased by more than 12 percent, with narrow money growing by 6 percent and quasi money by 18 percent. A similar trend was observed in these variables in the year to June 2003. With the expansion in foreign currency deposits in the banking system, the dollarisation ratio (foreign

currency deposits as a percent of M2) continued to remain high, slightly edging up to 50 percent at the end of September 2003 from 49 percent at the end of June 2003. At the end of September 2002, dollarisation ratio stood at 45 percent.

**Chart VIII. Net Foreign Assets**

*In millions of rufiyaa*



Source: Maldives Monetary Authority

Following a period of rapid growth in the net foreign assets of the banking system, NFA declined slightly by 1 percent on quarterly terms at the end of the review quarter. This was on account of the 4 percent decline in the NFA of the Maldives Monetary Authority (MMA), as during this period commercial banks' NFA registered a quarterly growth of 28 percent. On annual terms, the growth in NFA still stood significantly high at 78 percent,

with a 33 percent improvement in the NFA position of MMA and a significant turnaround from a net foreign liability position of Rf198.4 million to a net foreign assets position of Rf309.8 million by the commercial banks.

#### 4.1.1 Operations of the Commercial Banks

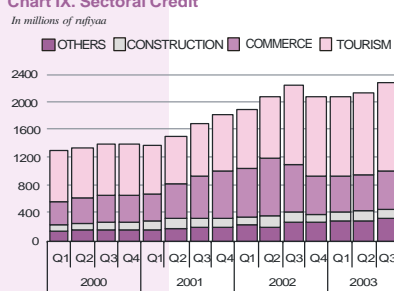
The total assets and liabilities of the commercial banks totalled Rf5,177.8 million at the end of September 2003, reflecting a quarterly decline of 4 percent and an annual increase of 6 percent. On the assets side, total reserves of commercial banks, which account for 38 percent of the total assets, stood at Rf1,990.2 million at the end of September 2003 compared to Rf2,265.1 million at the end of June 2003, and recorded a 12 percent decline during the period. On annual terms, reserves of the commercial banks grew only slightly by less than 1 percent at the end of the review quarter, which followed from an annual increase of 15 percent at the end of the previous quarter.

At the end of September 2003, total credit stock of the commercial banks was recorded at Rf2,475.5 million, registering a quarterly increase of 7 percent and an annual increase of 2 percent. Lending to the private sector, which accounts for 92 percent of the total credit portfolio, increased by 7 percent in the three months to September 2003, following an increase of 2 percent in the three months to June 2003. On an annual basis, credit to private sector grew by 2 percent in the year to September 2003, compared to a growth of 33 percent in the year to September 2002.

As regards the commercial banks' credit to public enterprises, after falling substantially (35 percent) in the three months to June 2003, it increased by 5 percent in the three months to September 2003. In contrast, on annual terms, the review quarter registered a 7 percent decline in such credit while the previous quarter recorded a 15 percent increase.

In terms of the allocation of credit among different sectors of the economy, the largest share of total credit to the private sector continues to be extended to the tourism sector accounting for about 57 percent at the end of the review quarter. The level of credit to the tourism sector showed a substantial increase from Rf1,179.3 million at the end of June 2003 to Rf1,284.6 million at the end of September 2003. In terms of quarterly growth rates the review quarter registered a 9 percent increase, while the previous quarter recorded a 2 percent increase. Credit to the commerce sector, as in the previous quarters, has the second largest share of private sector credit (23 percent) at the end of the review quarter, and grew by 3 percent in the three months to September 2003, after a decline of about 1 percent in the three months to June 2003. As for the annual growth rates for the two sectors, tourism sector grew by 14 percent (compared to an increase of 30 percent in the previous quarter) while commerce sector registered an annual decline of 25 percent in the year to September 2003.

**Chart IX. Sectoral Credit**

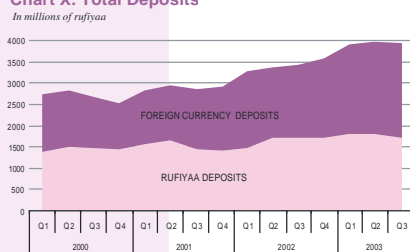


Source: Maldives Monetary Authority

As regards the credit extended to other economic sectors, fisheries sector, accounting for 6 percent of the private sector credit, after declining by 3 percent in the three months to June 2003, further declined by 2 percent in the three months to September 2003. Meanwhile, reflecting the expansion in the construction activities during the year, credit to the sector increased by 8 percent at the end of the review quarter following an increase of 6 percent at the end of the previous quarter, on quarterly terms. On an annual basis, credit to the fisheries sector registered a 40 percent increase, while credit to the construction sector rose by 9 percent.

On the liabilities side, quarterly growth of total deposits (consisting mainly of demand, time and saving, and government deposits) declined from 2 percent at

**Chart X. Total Deposits**



Source: Maldives Monetary Authority

the end of the second quarter of 2003 to a negative 1 percent at the end of the review quarter, mainly on account of the fall in rufiyaa deposits. In absolute terms, total deposits, accounting for 76 percent of total liabilities, decreased by Rf43.2 million to Rf3,943.5 million at the end of the review quarter. The foreign currency deposits also increased only marginally by 1 percent, after an increase of 5 percent in the previous quarter. Rufiyaa deposits continued the declining trend of the previous quarter, with a fall of 4 percent in the three months to September 2003. However, on annual terms, total deposits increased by 15

percent at the end of the review quarter, with a 29 percent growth in foreign currency deposits and a 2 percent growth in rufiyaa deposits during the period.

In terms of structural composition of the total deposit, demand deposits (over 70 percent of the total deposits) declined by 2 percent in the three months to September 2003, following a marginal growth of less than 1 percent at the end of the previous three months. As for the time and saving deposits, which accounts for the remaining 30 percent of the total deposits, growth rate decelerated from 8 percent in the three months to June 2003 to less than 2 percent in the three months to September 2003. Annually, demand deposits declined by 19 percent, while time and saving deposits grew by less than half a percent.

### 4.1.2 Interest Rate Developments

Interest rates play a key role in the economic development of the country, as it determines the level of investments and savings in the country. During the review quarter, some changes took place in the commercial banks' deposits rates, while the lending interest rates remained the same as in the previous quarter.

**Table 4. Commercial Bank Interest Rates  
September 2002- September 2003**

*In percent*

	LENDING RATES		DEPOSIT RATES			
	Rf	US\$	SAVING		TERM	
	Rf	US\$	Rf	US\$	Rf	US\$
September 2002	9-14	9.0 - 15	3.25 - 5	3.25 - 5.5	3.25 - 7.5	3.5 - 7.5
December 2002	9-14	8.5 - 15	3.25 - 5	2.5 - 5.5	3.25 - 7.5	2.5 - 7.5
March 2003	9-14	8.5 - 15	3.25 - 5	2.5 - 5.5	3.25 - 7.5	2.5 - 7.5
June 2003	9-14	7.5 - 14	3.25 - 5	2.5 - 5.0	3.25 - 7.5	2.5 - 7.5
September 2003	9-14	7.5 - 14	3.0 - 5.0	3.5 - 4.5	2.75 - 7.5	2.0 - 7.5

*Source: Maldives Monetary Authority*

With regard to the deposits rates, commercial banks' dollar denominated savings deposit rates narrowed its range from 2.5-5.0 percent at the end of June 2003 to 3.5-4.5 percent at the end of September 2003. Rufiyaa denominated savings deposits rates also changed from 3.25-5.00 percent at the end of June 2003 to 3.5-5.0 percent at the end of the review quarter. The minimum interest rate received on term deposits was

further reduced for both the dollar and rufiyaa denominated deposits, during the review quarter. As such the dollar denominated term deposit rates, which ranged between 2.5-7.5 percent at the end of June 2003, reduced to 2.0-7.5 percent at the end of September 2003. Likewise, the rufiyaa denominated term deposits rates changed from 3.25-7.5 percent to 2.75-7.5 percent from previous quarter to the review quarter.

As regards the lending rates, no changes were observed during the review quarter with the dollar denominated lending rates at 7.5-14 and rufiyaa rates at 7.5-14 percent. While rufiyaa rates stood at the same level as the third quarter of 2002, dollar rates, however, were higher at 9.0-15 percent at the end of the third quarter of 2002.

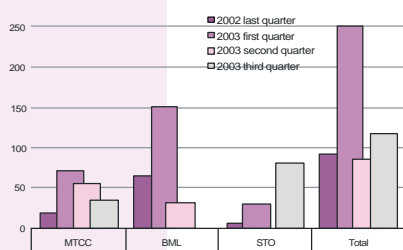
## 4.2 Activities of Non-Bank Financial Institutions

Since the commencement of the operations of Maldives Finance Leasing Company (MFLC) in June 2002, the size of the lease credit extended to the economy has gradually increased, providing a much needed source of medium and long-term capital equipment finance in the country.

During the third quarter of 2003, MFLC financed Rf20.7 million worth of capital equipments, which was over 180 percent more than the previous quarter. Of this, 42 percent was extended to trade and commerce sector and 37 percent to the tourism sector. The fishing and transport sector received about 4 percent and 17 percent, respectively, of the lease finance during the review quarter.

## 4.3 Capital Market

Chart XI. Securities Trading Floor Turnover



The securities market activity recorded a decline of around 49 percent in terms of trading turnover during the quarter under review in comparison to the corresponding quarter of the previous year, but reflected an exceptional increase by around 35.4 percent compared to the preceding quarter of this year. The trading turnover for the month of July 2003 boosted to Rf70,706 and was registered as the highest monthly trading turnover for the quarter. Moreover, average daily trading value stood at Rf1,806 and the total trading turnover for the quarter showed Rf117,401.

In terms of number of shares traded, the quarter under review witnessed a dramatic fall of 50 percent compared to the third quarter of the preceding year. That is 250 shares were traded in the review quarter while 502 shares were transacted in the same period of the previous year. Likewise, the total number of shares traded in the Securities Trading Floor in the review quarter also decreased by around 4.2 percent compared to the previous quarter of this year. Meanwhile the number of trades executed through the STF amounted to 34 trades which was a marginal increase by around 6.3 percent compared to the corresponding period of the preceding year. However the total number of trades increased by around 55 percent compared to the previous quarter of 2003. The quarter under review quoted the highest number of trades in comparison to the past five consecutive quarters.

In the quarter under review MTCC shares was the most frequently traded security. The value of MTCC shares traded was around 31 percent of the total value of shares traded.

The value of STO shares traded was Rf80,996 which is around 69 percent of the total value of shares traded. STO had its second public offering from 1st to 30th September 2003. This was the first public offering of shares since the Trading Floor was started on 14<sup>th</sup> April 2002. STO issue would assist to some extent to overcome the shortage of shares available for trading in the securities market.

No transactions of BML shares were recorded during the period from 1<sup>st</sup> July to 30<sup>th</sup> September 2003.

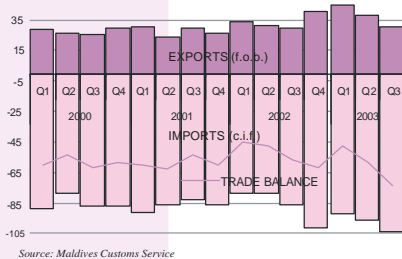
In the quarter under review, STO holds the lion share of the trading turnover among the three companies which their shares are traded through the STF.

During the quarter under review there was a modest increase shown in the market capitalization. The market capitalization as at 30<sup>th</sup> September 2003 is around Rf937.4 million which is around 3 percent more than the last quarter

## 5. External Sector

### 5.1 Balance of Trade

**Chart XII. Merchandise Trade**  
In millions of US dollars

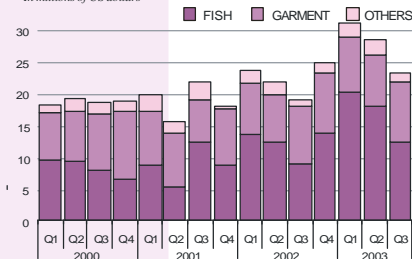


Source: Maldives Customs Service

As in the past, the merchandise trade account was in deficit in the review quarter, with the deficit widening by over 25 percent from the previous quarter and by 29 percent from the third quarter of 2002. The higher deficit was due to the significant increase in imports during the quarter (to US\$103.7 million) both against the previous quarter (8 percent) and the corresponding quarter of 2002 (20 percent). Meanwhile, exports declined by close to 19 percent on quarterly terms, while increasing by an annual rate of 4 percent during the review quarter.

### 5.2 International Trade

**Chart XIII. Domestic Exports**  
In millions of US dollars



Source: Maldives Customs Service

The performance of exports continued to be unfavourable in the review quarter with the value of merchandise exports f.o.b. declining for the second consecutive quarter. According to trade statistics, the value of merchandise exports f.o.b. after falling by 16 percent to US\$37.5 million during the second quarter fell by a further 19 percent in the third quarter of 2003 to US\$30.4 million. This was on

account of an 18 percent decline in domestic exports and a 22 percent decline in re-exports in the review quarter. In value terms, domestic exports declined by US\$5.1 million, while re-exports fell by US\$1.9 million. However, on annual terms, a 4 percent (US\$1.2 million) increase was witnessed in the merchandise exports with domestic exports increasing by 22 percent (US\$4.2 million). Re-exports meanwhile fell from US\$9.8 million to US\$6.8 million or by 30 percent compared to the third quarter of 2002.

In terms of composition of domestic export earnings, marine products constituted 58

**Chart XIV. Fish Export Earnings**



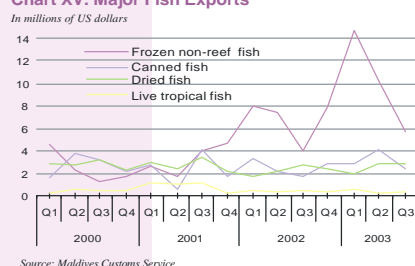
percent, while garments constituted 41 percent. Earnings from fish exports accounted for 90 percent of marine exports' earnings and 52 percent of total domestic export earnings during the review quarter, which increased by 35 percent from the third quarter of 2002, although a fall of a similar magnitude (32 percent) was seen against the preceding quarter. These developments reflect the trends witnessed in the largest contributor to fish exports, the frozen tuna category, which recorded a 45 percent growth

from the same quarter a year ago, to reach US\$5.7 million while registering a decline of the same extent against the second quarter of 2003. Similarly the volume of frozen non-reef fish category registered a growth of 183 percent on annual terms, while declining by 65 percent on quarterly terms. As such, the unit value increased by 59 percent quarterly while declining by 49 percent annually. Meanwhile, dried fish, the second largest contributor during the quarter, accounted for 23 percent of fish export earnings and grew by 2 percent and 5 percent against the preceding quarter and the

third quarter of the 2002, respectively. Likewise the volume of dried fish exports grew by 6 percent compared to the preceding quarter and by 4 percent against the corresponding quarter of 2002 with the unit value declining by 4 percent from the previous quarter and increasing by 1 percent from the corresponding quarter of 2002. Export earnings from canned fish accounted for 19 percent of fish export earnings and totalled US\$2.4 million during the review quarter. As such export

earnings was a record high level in the previous quarter (US\$4.2 million), the review quarter registered a 43 percent decline on a quarterly basis. On annual terms earnings from canned fish exports increased by 37 percent during the review quarter. The unit value of such exports declined by 7 percent against the previous quarter and declined by 8 percent against the corresponding quarter of 2002. Meanwhile, earnings from salted fish accounted for 5 percent of fish export earnings during the review quarter, and registered a quarterly growth rate of 63 percent and an annual growth rate of 194 percent respectively.

**Chart XV. Major Fish Exports**



Export earnings from garments constituted 41 percent of domestic exports and increased by 18 percent from the preceding quarter and 7 percent from the corresponding quarter of 2002, recording US\$9.8 million in the review quarter. In volume terms, such exports increased by 29 percent on quarterly terms and 28 percent on annual terms, which indicated lower unit values during the review quarter compared to both the periods.

The value of merchandise imports (c.i.f.) increased during the review quarter both against the preceding quarter as well as the corresponding quarter of 2002. Of the

**Chart XVI. Imports By Sectors**

*In millions of US dollars (c.i.f.)*



Source: Maldives Customs Service

total, more than 72 percent of the goods were imported by private sector (including tourism-related imports)<sup>4</sup>.

Such imports grew by 25 percent from the third quarter of 2002, while registering an increase of 18 percent against the preceding quarter. Imports declared to be tourism-related constituted about 22 percent of private sector imports and 16 percent of total imports, and was higher by 22 percent than the preceding quarter reaching US\$18.5 million. Moreover,

when compared to the corresponding quarter of 2002 such imports grew by 42 percent. Meanwhile, total public sector imports decreased by 12 percent on a quarterly basis to reach US\$32.0 million, which on a year-on-year basis recorded a 10 percent increase. Imports by the public sector accounted for 27 percent of total merchandise imports, with government imports constituting of 6 percent and imports by PNFs (public non-financial enterprises) 21 percent. Imports by PNFs declined by 15 percent from the previous quarter and by 6 percent from the third quarter of 2002, while government imports declined by 2 percent on a quarterly basis. On annual terms, however, government imports increased by 136 percent.

In terms of composition, intermediate and capital goods accounted for 50 percent of total imports, while consumer goods accounted for 39 percent and petroleum products for 11 percent. Imports of food items constituted 47 percent of consumer goods and 18 percent of total imports, and grew by 15 percent against the third quarter of 2002, while declining by 2 percent against the second quarter of 2003. Likewise imports of staples (rice, wheat flour and sugar) which constitute 11 percent of food imports and 2 percent of total imports showed similar trends. The petroleum products category declined by 14 percent on quarterly terms, although it increased by 2 percent compared to the corresponding quarter of 2002. This category, which largely constituted of

<sup>4</sup> Sectoral breakdowns are made on the basis of Customs records, which are in turn based on declarations by the importer. Therefore, for example, if tourist resorts obtain supplies domestically from other private sector sources or from public enterprises, the imports of these items would have been classified in 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.

diesel (marine gas oil) accounting for 81 percent of petroleum products imports, also recorded a decline during the quarter under review. Intermediate and capital goods increased by 17 percent on quarterly terms and by 34 percent annually, with construction related items accounting for 27 percent of total intermediate and capital goods. The latter increased by 61 percent from the same period last year and by 38 percent from the preceding quarter. The textiles imports accounted for 17 percent and the transport, equipment and parts for 18 percent of intermediate and capital goods, which increased by 50 percent and 16 percent on quarterly terms and 16 percent and 68 percent on annual terms. The direction of trade to and from Maldives during the review quarter followed the same patterns as in the recent past. In the third quarter of 2003, Asian countries received 44 percent of exports from Maldives, with Sri Lanka accounting for 16 percent, Thailand for 11 percent and Japan for 7 percent of total exports. Of the rest, the United States of America received 42 percent of total exports and the United Kingdom 9 percent. Merchandise imports were largely (73 percent) sourced from Asia, with Singapore accounting for 22 percent of total imports, Sri Lanka accounting for 15 percent, Malaysia and India for 10 percent each and Thailand for 5 percent. European countries accounted for 11 percent of imports, with France being the largest importing partner from this region, accounting for 3 percent of total imports. The Middle East, specifically the United Arab Emirates, accounted for 8 percent of imports into the country, while imports from Australia constituted of 4 percent of total imports.

### 5.3 External Assets

After increasing on a quarterly basis for four consecutive quarters, net foreign assets of the banking system declined by around 1 percent during the review quarter. The decline was partly on account of the decline in foreign assets of MMA which fell from Rf2,052.0 (equivalent to US\$160.3 million) at the end of June 2003 to Rf1,967.2 million (US\$153.7 million) at the end of September 2003. At the same time, foreign assets of the commercial banks also fell, from Rf643.6 million (US\$50.3 million) in June 2003 to Rf529.2 million (US\$41.3 million) at the end of the third quarter. However, given the reduction in the foreign liabilities of the commercial banks during the quarter from Rf402.4 million (US\$31.4 million) to Rf219.4 million (US\$17.1 million), the net foreign asset position of the commercial banks improved by 28 percent at the end of the review quarter.

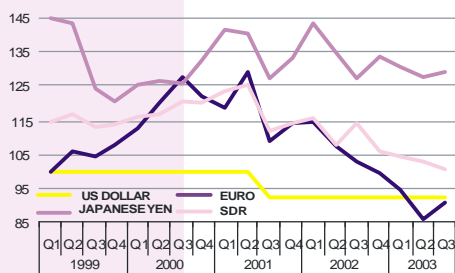
As a result of the decline in foreign assets of MMA, coupled with the increase in imports during 2003, gross international reserves in terms of months of merchandise imports lowered to 4.1 months at the end of September 2003, compared with 4.5 months at the end of June 2003. However, this was only 3.7 months at the end of September 2002.

## 5.4 Exchange Rate

During the quarter under review, the rufiyaa remained unchanged at Rf12.80 per US dollar, with the buying and selling rates at 12.75 and 12.85, respectively.

The rufiyaa appreciated against other major currencies during the quarter, strengthening by 4 percent against the Sterling pound, 5 percent against the euro, and 1

**Chart XVI. Bilateral Exchange Rates**  
(Q2 1995 = 100)



percent against the Japanese yen and the Singapore dollar. Meanwhile, the rufiyaa lost value against some of Maldives' major trading partners, depreciating against the Sri Lankan rupee by 0.2 percent and against the Indian rupee by 2 percent. On annual terms, the rufiyaa strengthened by around 1 percent against the Japanese yen and the Sri Lankan rupee, while appreciating marginally (by 0.3 percent) against the Singapore dollar.

Reflecting the significant decline of the US dollar against the euro during 2003, the rufiyaa had also depreciated quite sharply, by around 13 percent, against the euro, while also depreciating by about 6 percent against the Indian rupee and by 3 percent against the Sterling pound.



**Statistical Appendix**  
Statistical Appendix  
Statistical Appendix



**Table 1. Monetary Survey, 2000 - September 2003***(In millions of rufiyaa; end of period)*

	2000	2001	2002				2003		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
<b>Net foreign assets</b>	<b>1312.17</b>	<b>1153.03</b>	<b>1322.05</b>	<b>1270.02</b>	<b>1274.34</b>	<b>1662.87</b>	<b>2043.47</b>	<b>2283.06</b>	<b>2266.80</b>
<b>Monetary authorities (net)</b>	<b>1450.39</b>	<b>1196.90</b>	<b>1252.80</b>	<b>1362.59</b>	<b>1472.73</b>	<b>1711.68</b>	<b>1869.05</b>	<b>2041.83</b>	<b>1957.00</b>
Foreign assets	1460.54	1207.05	1262.95	1372.74	1483.84	1721.83	1879.30	2051.99	1967.16
Foreign liabilities	-10.15	-10.15	-10.15	-10.15	-11.10	-10.15	-10.25	-10.16	-10.16
<b>Commercial banks (net)</b>	<b>-138.22</b>	<b>-43.87</b>	<b>69.25</b>	<b>-92.57</b>	<b>-198.39</b>	<b>-48.81</b>	<b>174.43</b>	<b>241.24</b>	<b>309.80</b>
Foreign assets	257.47	318.49	370.70	268.90	317.65	411.23	515.09	643.58	529.16
Foreign liabilities	-395.68	-362.36	-301.45	-361.47	-516.04	-460.04	-340.66	-402.35	-219.36
<b>Domestic assets (net)</b>	<b>1737.66</b>	<b>2171.67</b>	<b>2300.86</b>	<b>2465.26</b>	<b>2530.91</b>	<b>2303.55</b>	<b>2185.69</b>	<b>1994.85</b>	<b>1999.35</b>
<b>Domestic credit</b>	<b>2586.80</b>	<b>3089.86</b>	<b>3345.75</b>	<b>3567.13</b>	<b>3666.57</b>	<b>3445.69</b>	<b>3308.42</b>	<b>3337.98</b>	<b>3346.44</b>
Public sector	1179.73	1262.62	1449.90	1461.56	1425.31	1344.91	1208.24	1205.70	1060.37
Central Govt (net)	995.01	1078.58	1309.52	1324.80	1248.46	1133.88	966.50	1048.05	895.06
Gross claims on Govt.	1409.00	1584.46	1775.63	1899.90	1793.41	1704.26	1726.33	1678.37	1704.62
Govt. deposits	413.99	505.88	466.10	575.10	544.95	570.38	759.84	630.33	809.56
Public enterprises	184.72	184.04	140.37	136.76	176.85	211.03	241.74	157.65	165.31
Private sector	1407.08	1827.24	1895.85	2105.57	2241.27	2100.78	2100.18	2132.28	2286.07
<b>Other items (net)</b>	<b>849.14</b>	<b>918.19</b>	<b>1044.88</b>	<b>1101.87</b>	<b>1135.67</b>	<b>1142.14</b>	<b>1122.73</b>	<b>1343.13</b>	<b>1347.09</b>
<b>Broad money</b>	<b>3049.83</b>	<b>3324.70</b>	<b>3622.91</b>	<b>3735.28</b>	<b>3805.25</b>	<b>3966.42</b>	<b>4229.16</b>	<b>4277.92</b>	<b>4266.15</b>
Narrow money	1760.43	1655.92	1666.93	1939.90	1876.10	1886.71	2055.09	2044.77	1996.00
Currency in circulation	618.13	566.52	541.41	555.48	561.72	569.88	577.74	587.97	590.95
Demand deposits and Govt. Rf deposits	1142.30	1089.39	1125.51	1384.43	1314.38	1316.83	1477.36	1456.80	1405.05
Quasi money	1289.40	1668.79	1955.98	1795.37	1929.15	2079.71	2174.07	2233.14	2270.15
o.w. FC. deposits	1087.01	1484.71	1780.03	1643.33	1704.08	1870.85	2058.04	2106.43	2134.06

Source: Maldives Monetary Authority

**Table 2. Assets and Liabilities of Maldives Monetary Authority, 2000 - September 2003***(In millions of rufiyaa; end of period)*

	2000	2001	2002				2003		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
<b>Foreign assets</b>	<b>1460.54</b>	<b>1207.05</b>	<b>1262.95</b>	<b>1372.74</b>	<b>1483.84</b>	<b>1721.83</b>	<b>1879.30</b>	<b>2051.99</b>	<b>1967.16</b>
<b>Claims on government</b>	<b>1409.00</b>	<b>1584.46</b>	<b>1775.63</b>	<b>1899.90</b>	<b>1793.41</b>	<b>1704.26</b>	<b>1726.33</b>	<b>1652.78</b>	<b>1679.02</b>
<b>Claims on PNFE</b>	<b>1.57</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>
<b>Claims on commercial banks</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>70.00</b>
<b>Other assets</b>	<b>93.14</b>	<b>71.92</b>	<b>47.38</b>	<b>54.12</b>	<b>49.12</b>	<b>47.43</b>	<b>158.33</b>	<b>24.68</b>	<b>32.51</b>
Total assets	2964.25	2864.91	3087.44	3328.24	3327.85	3475.00	3765.45	3730.93	3750.18
Total liabilities	2964.25	2864.91	3087.44	3328.24	3327.85	3475.00	3765.45	3730.93	3750.18
<b>Reserve Money</b>	<b>2400.39</b>	<b>2194.49</b>	<b>2494.55</b>	<b>2628.63</b>	<b>2661.28</b>	<b>2778.37</b>	<b>2943.04</b>	<b>3058.25</b>	<b>2869.67</b>
Currency in circulation	618.13	566.52	541.41	555.48	561.72	569.88	577.74	587.97	590.95
Cash with com. banks	38.92	43.32	45.33	50.77	55.06	54.45	45.59	59.79	61.09
Com. banks deposits	971.20	1184.23	1497.77	1419.84	1445.35	1520.89	1651.79	1746.49	1347.46
PNFE and Loc. Govt. Depos	105.23	77.40	79.05	124.91	111.84	78.75	75.97	102.68	119.76
MMA Certificate of deposits	666.91	323.01	330.98	477.63	487.31	554.40	591.95	561.32	750.41
<b>Foreign liabilities</b>	<b>10.15</b>	<b>10.15</b>	<b>10.15</b>	<b>10.15</b>	<b>11.10</b>	<b>10.15</b>	<b>10.25</b>	<b>10.16</b>	<b>10.16</b>
<b>Government deposits</b>	<b>231.84</b>	<b>283.80</b>	<b>211.99</b>	<b>296.64</b>	<b>271.23</b>	<b>310.58</b>	<b>456.17</b>	<b>300.46</b>	<b>487.33</b>
<b>Other liabilities</b> <i>(including capital account)</i>	<b>321.87</b>	<b>376.47</b>	<b>370.75</b>	<b>392.82</b>	<b>384.23</b>	<b>375.90</b>	<b>355.99</b>	<b>362.05</b>	<b>383.02</b>

Source: Maldives Monetary Authority

**Table 3. Assets and Liabilities of Commercial Banks, 2000 - September 2003**

(In millions of rufiyaa; end of period)

	2000	2001	2002				2003		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
<b>Reserves</b>	<b>1695.23</b>	<b>1563.42</b>	<b>1868.57</b>	<b>1970.54</b>	<b>1977.58</b>	<b>2094.32</b>	<b>2195.91</b>	<b>2265.09</b>	<b>1990.15</b>
<b>Foreign assets</b>	<b>257.47</b>	<b>318.49</b>	<b>370.70</b>	<b>268.90</b>	<b>317.65</b>	<b>411.23</b>	<b>515.09</b>	<b>643.58</b>	<b>529.16</b>
<b>Claims on public sector</b>	<b>183.15</b>	<b>182.55</b>	<b>138.89</b>	<b>135.28</b>	<b>175.36</b>	<b>209.55</b>	<b>240.26</b>	<b>181.77</b>	<b>189.42</b>
Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.60	25.60
PNFE	183.15	182.55	138.89	135.28	175.36	209.55	240.26	156.17	163.83
<b>Claims on private sector</b>	<b>1407.08</b>	<b>1827.24</b>	<b>1895.85</b>	<b>2105.57</b>	<b>2241.27</b>	<b>2100.78</b>	<b>2100.18</b>	<b>2132.28</b>	<b>2286.07</b>
<b>Unclassified assets</b>	<b>144.54</b>	<b>159.97</b>	<b>165.92</b>	<b>151.40</b>	<b>185.10</b>	<b>150.01</b>	<b>183.76</b>	<b>162.86</b>	<b>182.95</b>
Total assets	3687.47	4051.68	4439.93	4631.69	4896.95	4965.89	5235.19	5385.59	5177.76
Total liabilities	3687.47	4051.68	4439.93	4631.69	4896.95	4965.89	5235.19	5385.59	5177.76
<b>Demand deposits 1/</b>	<b>1074.43</b>	<b>1022.15</b>	<b>1064.78</b>	<b>1278.94</b>	<b>1224.39</b>	<b>1252.96</b>	<b>1417.91</b>	<b>1367.21</b>	<b>1295.87</b>
<b>Time and saving dep. f/c dep. 2/</b>	<b>1252.04</b>	<b>1658.63</b>	<b>1937.66</b>	<b>1775.95</b>	<b>1907.29</b>	<b>2064.84</b>	<b>2157.54</b>	<b>2220.05</b>	<b>2259.57</b>
<b>Government deposits</b>	<b>182.15</b>	<b>222.08</b>	<b>254.11</b>	<b>278.46</b>	<b>273.72</b>	<b>259.80</b>	<b>303.67</b>	<b>329.87</b>	<b>322.24</b>
<b>Foreign liabilities</b>	<b>395.68</b>	<b>362.36</b>	<b>301.45</b>	<b>361.47</b>	<b>516.04</b>	<b>460.04</b>	<b>340.66</b>	<b>402.35</b>	<b>219.36</b>
<b>Other liabilities</b>	<b>783.16</b>	<b>786.47</b>	<b>881.92</b>	<b>936.87</b>	<b>975.51</b>	<b>928.25</b>	<b>1015.41</b>	<b>1066.11</b>	<b>1080.72</b>
<b>Memorandum items:</b>									
Foreign currency deposits	1085.95	1519.77	1806.36	1666.38	1722.90	1898.08	2085.14	2188.27	2215.46

1/ Rufiyaa demand deposits only

2/ Time and saving deposits and all foreign currency deposits

Source: Maldives Monetary Authority

**Table 4. Distribution of Commercial Bank Credit to Private Sector by Major Sectors, 2000 - September 2003**

(In millions of rufiyaa; end of period)

	2000	2001	2002				2003		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
<b>Fisheries</b>									
Value	68.67	75.71	76.96	74.45	89.52	115.25	133.07	128.65	125.63
Percent	4.94	4.18	4.09	3.57	4.02	5.53	6.38	6.08	5.54
<b>Tourism</b>									
Value	742.50	823.96	831.32	905.02	1124.39	1160.00	1155.63	1179.28	1284.62
Percent	53.37	45.48	44.22	43.39	50.52	55.63	55.44	55.72	56.64
<b>Commerce 1/</b>									
Value	391.99	659.23	713.73	819.85	696.71	529.40	515.44	509.43	525.83
Percent	28.17	36.39	37.96	39.30	31.31	25.39	24.73	24.07	23.18
<b>Construction</b>									
Value	115.35	135.01	131.43	158.33	143.26	136.06	136.45	144.74	155.92
Percent	8.29	7.45	6.99	7.59	6.44	6.53	6.55	6.84	6.87
<b>Manufacturing</b>									
Value	17.62	30.00	32.86	36.36	35.91	14.62	14.58	26.92	41.00
Percent	1.27	1.66	1.75	1.74	1.61	0.70	0.70	1.27	1.81
<b>Transport and communication</b>									
Value	23.98	31.23	32.73	35.56	58.24	36.97	37.15	36.07	37.83
Percent	1.72	1.72	1.74	1.70	2.62	1.77	1.78	1.70	1.67
<b>Other</b>									
Value	31.22	56.36	61.08	56.43	77.49	92.74	92.13	91.45	97.19
Percent	2.24	3.11	3.25	2.71	3.48	4.45	4.42	4.32	4.29
<b>TOTAL CREDIT</b>									
Value	1391.33	1811.50	1880.11	2085.99	2225.52	2085.04	2084.43	2116.54	2268.02
Percent	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

1/ Wholesale and retail trade, import and export trade.

Source: Maldives Monetary Authority

**Table 5. Commercial Bank Deposits Distributed By Type, 1999 - September 2003***(In millions of rufiyaa; end of period)*

	2000		2001		Mar		Jun		Sep		Dec		Mar		2003		Jun		Sep	
	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.	No. of A/cs	Amt.
<b>1. Current deposits</b>	15988	874.6	17171	972.2	17836	1135.2	18330	1188.0	19537	1097.8	20204	1143.4	20905	1514.8	21303	1442.2	21823	1323.1		
<b>2. Call deposits</b>	2	0.5	2	0.4	2	0.4	4	35.2	4	33.9	4	30.4	4	21.9	4	17.5	4	25.5		
<b>3. Other deposit accounts</b>	25	4.0	24	1.8	20	5.3	37	10.2	31	10.8	39	11.1	37	11.5	36	11.4	42	8.8		
<b>4. Savings deposits</b>	76335	893.1	89058	1032.5	92100	1076.6	95599	1137.4	98881	1143.8	101784	1278.0	105436	1305.0	107581	1375.9	110616	1441.0		
<b>5. Fixed (or term) deposits</b>	837	754.3	1010.0	918.4	983	1060.1	1064	982.0	1072	1138.8	1142	1132.4	1041	800.4	1178	1139.7	1185	1145.1		
(a) Up to 3 months	153	280.9	204	341.1	258	382.5	254	250.3	271	397.4	250	392.8	349	384.0	321	418.5	278	444.5		
(b) Over 3 to 6 months	83	105.3	129	160.1	82	75.8	136	148.7	125	129.5	182	134.1	155	87.9	226	214.6	156	150.0		
(c) Over 6 months to 1 year	562	341.4	636	387.8	605	572.0	631	564.5	633	588.0	664	566.6	507	319.8	589	476.0	711	510.1		
(d) Over 1 to 2 years	20	23.8	23	22.6	21	23.0	19	11.3	23	17.9	25	32.7	12	6.4	19	23.8	19	33.8		
(e) Over 2 to 3 years	5	1.0	8	1.6	6	1.5	10	1.6	6	0.3	6	0.3	5	0.4	6	0.4	4	0.3		
(f) Over 3 to 5 years	11	1.8	8	5.2	9	5.2	12	5.5	12	5.5	13	5.8	11	1.8	15	6.3	15	6.3		
(g) Over 5 years	3	0.1	2	0.1	2	0.1	2	0.1	2	0.1	2	0.1	2	0.1	2	0.1	2	0.1		
<b>TOTAL</b>	93187	2526.4	107265	2925.3	110941	3277.7	115034	3352.8	119525	3424.9	123173	3595.4	127423	3653.5	130102	3986.7	133670	3943.5		

*Source: Maldives Monetary Authority***Table 6. Composition of Domestic Exports (f.o.b), 2000 - September 2003***(In millions of US dollars)*

	2000	2001	2002				2003		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Domestic exports</b>	<b>75.87</b>	<b>76.18</b>	<b>23.74</b>	<b>22.13</b>	<b>19.37</b>	<b>25.14</b>	<b>31.13</b>	<b>28.69</b>	<b>23.59</b>
<b>Total marine exports</b>	<b>40.75</b>	<b>43.70</b>	<b>15.55</b>	<b>14.47</b>	<b>10.19</b>	<b>15.55</b>	<b>22.65</b>	<b>20.33</b>	<b>13.74</b>
Fish and fish products( including live fish)	38.29	40.86	14.75	13.37	9.79	14.83	21.71	18.88	13.28
Fish exports (excluding tropical live fish)	33.99	35.76	13.71	12.39	9.13	13.93	20.65	18.07	12.30
Frozen non-reef fish	9.91	12.87	8.10	7.48	3.97	7.91	14.78	10.36	5.74
Frozen reef fish	1.74	1.78	0.33	0.39	0.49	0.48	0.80	0.33	0.66
Canned fish	10.75	9.32	3.31	2.14	1.73	2.85	2.77	4.18	2.38
Dried fish	10.89	11.03	1.71	2.12	2.71	2.46	1.95	2.80	2.85
Salted fish	0.04	0.08	0.07	0.08	0.09	0.11	0.17	0.21	0.62
Salted Reef fish	0.66	0.67	0.19	0.19	0.14	0.12	0.18	0.20	0.05
Live tropical fish	1.99	3.14	0.52	0.38	0.47	0.39	0.67	0.31	0.40
Fish products	2.32	1.96	0.52	0.60	0.19	0.51	0.40	0.49	0.58
Other marine products	2.46	2.85	0.80	1.10	0.40	0.72	0.94	1.45	0.46
<b>Garments</b>	<b>35.01</b>	<b>32.28</b>	<b>8.17</b>	<b>7.62</b>	<b>9.15</b>	<b>9.58</b>	<b>8.47</b>	<b>8.28</b>	<b>9.78</b>
<b>Other</b>	<b>0.11</b>	<b>0.19</b>	<b>0.02</b>	<b>0.05</b>	<b>0.04</b>	<b>0.00</b>	<b>0.01</b>	<b>0.08</b>	<b>0.07</b>

*Source: Maldives Customs Service*

**Table 7. Merchandise Imports (c.i.f), by Sector and Product Category 2000 - September 2003***(In millions of US dollars)*

	2000	2001	2002				2003		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Total merchandise imports (by sector)</b>	<b>388.59</b>	<b>393.47</b>	<b>89.19</b>	<b>89.51</b>	<b>97.79</b>	<b>115.23</b>	<b>104.47</b>	<b>109.14</b>	<b>117.81</b>
Private sector imports	286.00	278.22	60.55	67.64	68.66	86.79	78.26	72.80	85.85
Private imports (excluding tourism)	219.37	214.91	47.00	50.98	55.64	69.68	58.78	57.61	67.38
Tourism imports	66.63	63.30	13.55	16.66	13.02	17.11	19.48	15.18	18.46
Public sector imports	102.58	115.26	28.64	21.87	29.13	28.44	26.21	36.34	31.97
PNFEs imports	89.93	93.13	21.87	18.38	25.94	24.11	21.43	28.67	24.43
Government imports	12.65	22.12	6.77	3.48	3.20	4.33	4.77	7.68	7.53
<b>Total merchandise imports (by product category)</b>	<b>388.59</b>	<b>393.47</b>	<b>89.19</b>	<b>89.51</b>	<b>97.79</b>	<b>115.23</b>	<b>104.47</b>	<b>109.14</b>	<b>117.81</b>
<b>Consumer Goods</b>	<b>173.09</b>	<b>168.59</b>	<b>38.99</b>	<b>39.98</b>	<b>40.88</b>	<b>52.55</b>	<b>45.01</b>	<b>43.52</b>	<b>45.51</b>
Food Items	87.16	84.91	21.09	19.41	18.85	24.48	23.07	22.00	21.60
Rice	5.85	5.15	0.90	1.28	0.97	1.34	0.74	1.51	1.12
Wheat	3.35	3.99	1.43	0.37	0.59	0.72	1.27	0.91	0.88
Sugar	2.70	3.16	0.90	0.60	0.53	0.84	0.77	0.86	0.32
Beverages	11.77	11.43	2.81	2.80	2.08	3.24	3.00	2.58	2.70
Other food items	63.49	61.17	15.05	14.36	14.70	18.35	17.30	16.14	16.58
Tobacco	4.88	4.56	1.34	1.29	1.14	1.34	1.24	1.44	1.38
Pharmaceuticals	3.84	3.81	0.93	0.96	1.13	0.84	1.05	1.05	1.10
Other consumer goods	77.21	75.31	15.63	18.32	19.75	25.88	19.65	19.04	21.44
<b>Petroleum Products</b>	<b>45.24</b>	<b>45.78</b>	<b>12.93</b>	<b>10.69</b>	<b>12.56</b>	<b>14.60</b>	<b>14.04</b>	<b>14.85</b>	<b>12.84</b>
Petrol	2.65	2.90	0.92	0.81	1.01	0.95	1.00	0.69	0.84
Diesel (Marine gas oil)	35.57	34.02	9.99	7.78	10.10	11.83	11.10	11.71	10.39
Aviation gas	2.19	5.21	0.76	0.64	0.44	0.60	0.81	0.81	0.51
Other petroleum product (Lubricating oil, Kerosene)	4.83	3.66	1.26	1.45	1.00	1.23	1.12	1.64	1.10
<b>Intermediate &amp; Capital Goods</b>	<b>170.25</b>	<b>179.10</b>	<b>37.27</b>	<b>38.84</b>	<b>44.35</b>	<b>48.08</b>	<b>45.42</b>	<b>50.77</b>	<b>59.46</b>
Construction	37.08	40.14	8.55	12.64	9.92	10.70	7.41	11.52	15.92
Cement & Cement products	4.58	4.71	0.97	1.40	0.89	1.65	0.90	1.34	1.28
Wood for construction purposes	9.93	12.40	1.78	2.79	2.66	2.67	1.72	3.04	5.02
Base metal & articles of base metal for construction purposes	8.68	10.74	1.80	1.99	2.80	3.33	2.45	3.08	4.54
Other construction related	13.89	12.29	3.99	6.45	3.56	3.04	2.34	4.07	5.08
Paper	1.44	1.86	0.31	0.40	0.48	0.43	0.50	0.50	0.42
Medical / Surgical supplies	1.26	1.37	0.28	0.32	0.50	0.36	0.62	0.50	0.50
Computer equipments and supplies	3.80	4.32	1.29	1.29	0.93	1.25	1.54	1.57	1.31
Machinery & mechanical appliances	5.45	5.81	1.32	1.23	1.33	1.97	1.73	1.42	1.72
Textiles	29.23	24.61	5.81	5.29	8.62	10.53	8.40	6.64	9.96
Chemicals & chemical products	2.86	2.83	0.68	0.73	0.65	0.74	0.78	0.84	0.86
Transport equipments and parts	37.82	41.33	5.64	5.11	6.53	9.25	12.75	9.45	10.98
Other Intermediate and Capital goods	51.30	56.82	13.39	11.83	15.41	12.87	11.70	18.33	17.79

Note: Composition of imports data for years prior to 2000 are not available on a comparable basis.

Source: Maldives Customs Service

**Table 8. Exchange Rates, 2000 - September 2003***(Rufiyaa per foreign currency; end of period mid rate)*

		U.S. dollar	Japanese yen	Singapore dollar	Indian rupee	Sri Lanka rupee	Great Britain Pound	Euro	SDR
<b>2000</b>	March	11.7700	0.1084	6.7104	0.2648	0.1579	18.1202	11.1936	15.8527
	June	11.7700	0.1076	6.6543	0.2624	0.1561	17.0771	10.5128	15.7398
	September	11.7700	0.1077	6.6010	0.2517	0.1488	16.1459	9.8378	15.2762
	December	11.7700	0.1025	6.6436	0.2468	0.1443	16.9721	10.3454	15.3353
<b>2001</b>	March	11.7700	0.0960	6.5486	0.2478	0.1349	16.7690	10.6178	14.8379
	June	11.7700	0.0967	6.3644	0.2445	0.1254	16.2486	9.7674	14.6613
	September	12.8000	0.1064	7.2167	0.2612	0.1392	18.4109	11.6108	16.4993
	December	12.8000	0.1020	6.8312	0.2615	0.1357	17.8251	11.0299	16.0719
<b>2002</b>	March	12.8000	0.0945	6.8434	0.2567	0.1317	17.8940	10.9873	15.9604
	June	12.8000	0.1008	7.0255	0.2558	0.1304	18.3984	11.7751	17.0299
	September	12.8000	0.1064	7.1894	0.2583	0.1303	19.2928	12.2920	16.0707
	December	12.8000	0.1018	7.1140	0.2601	0.1297	19.7971	12.6607	17.3386
<b>2003</b>	March	12.8000	0.1038	7.0946	0.2632	0.1294	19.7318	13.3393	17.5793
	June	12.8000	0.1062	7.2542	0.2679	0.1290	20.7165	14.6753	17.9310
	September	12.8000	0.1051	7.1656	0.2736	0.1293	19.8999	13.8800	18.3013

*Source: Maldives Monetary Authority*



Economic Research and Statistics Division  
Maldives Monetary Authority  
Umar Shopping Arcade - 3rd Floor, Chandhanee Magu,  
Malé 20-02, Republic of Maldives  
Tel: (960) 32 2268, (960) 32 3648. Fax: (960) 31 7604  
Email: [ersd@mma.gov.mv](mailto:ersd@mma.gov.mv)