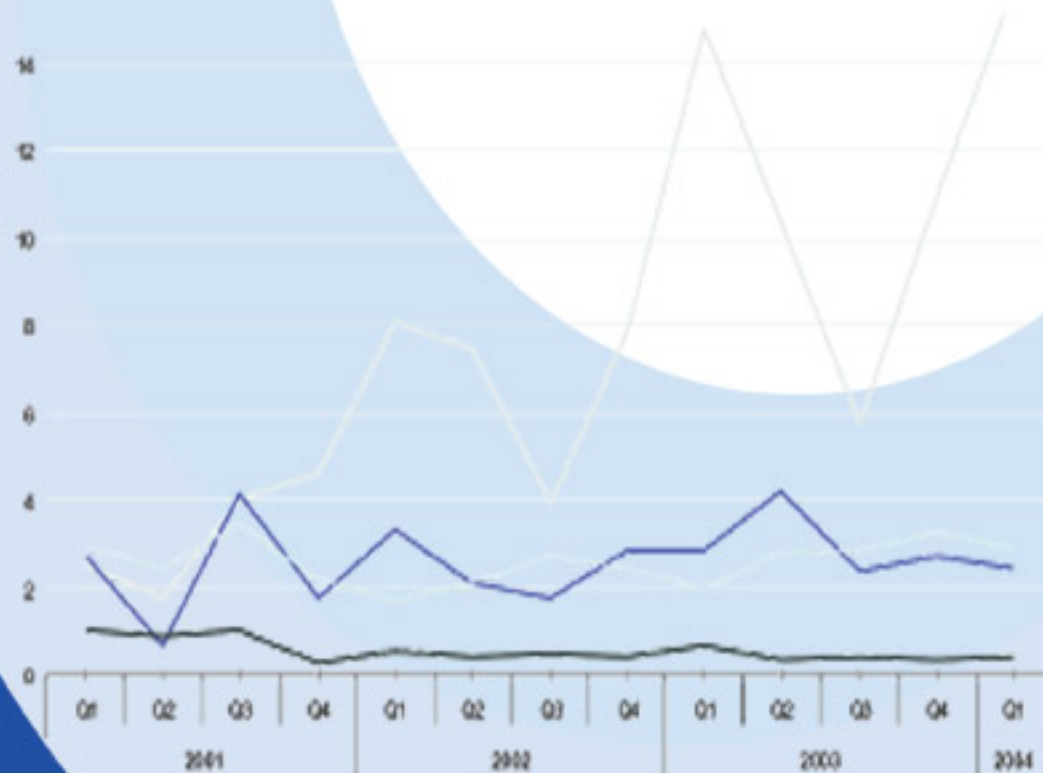


Quarterly Economic Bulletin

September 2004 Volume X, 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 2004. 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 November 2004. 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.

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Table 1. Key Economic Indicators, 2001 - September 2004

	2001			2002			2003			2004				
	Jul	Aug	Sep	Jul	Aug	Sep	Jul	Aug	Sep	QTR2	Jul	Aug	Sep	QTR3
Gross Domestic Product														
GDP (1995 constant prices) Rf mn. ^{1/}	6,564.4	6,992.8	7,585.8	-	-	-	-	-	-	-	-	-	-	-
% change in GDP	3.5	6.5	8.5	-	-	-	-	-	-	-	-	-	-	-
Consumer Price Index														
% change in CPI	0.7	0.9	-2.9	-3.3	-3.3	-2.9	-2.9	-2.9	-2.9	-2.9	1.6	2.0	2.3	2.8
Tourism														
Tourist arrivals	460,984	484,680	563,593	38,076	48,431	44,951	131,458	131,428	43,527	55,843	46,838	146,208	146,208	
Bed night capacity ('000)	6,015	5,887	6,092	503	503	487	1,493	1,511	502	502	482	1,487	1,487	
Capacity utilization (%)	65.6	69.0	77.2	63.4	84.6	72.1	73.4	72.3	73.5	92.2	80.9	82.2	82.2	
Fish Production														
Landings('000 MTs) ^{2/}	125.0	160.2	152.2	10.2	9.6	11.9	31.7	28.9	11.1	15.2	10.6	37.0	37.0	
Total fish exports ('000 MTs) ^{3/}	29.7	44.6	69.8	2.8	4.2	3.0	10.1	14.7	3.8	4.6	4.1	12.6	12.6	
Total fish exports (US\$ mn.) ^{3/}	35.8	49.2	69.1	3.9	4.4	4.0	12.3	15.7	6.1	6.8	6.5	19.4	19.4	
Money and Banking (Rf mn)														
Net foreign assets	1,153.0	1,662.9	2,613.4	2,230.9	2,171.4	2,266.8	2,266.8	3,291.7	3,033.7	3,021.9	2,877.6	2,877.6		
Domestic credit	3,089.9	3,445.7	3,246.6	3,353.7	3,413.7	3,346.4	3,346.4	3,560.4	3,628.9	3,741.7	3,925.8	3,925.8		
Total liquidity	3,324.7	3,966.4	4,543.7	4,260.0	4,263.2	4,266.1	4,266.1	5,360.1	5,240.8	5,337.0	5,330.3	5,330.3		
Change in net claims on Government ^{4/}	83.6	55.3	-222.0	-46.0	3.5	-110.6	-153.0	-218.8	-128.9	-4.6	-11.1	-144.5	-144.5	
Balance of Payments (US\$ mn) ^{4/}														
Exports (f.o.b) ^{5/}	110.2	132.3	152.0	9.9	10.5	10.1	30.4	37.7	12.4	13.3	13.4	39.0	39.0	
Imports (f.o.b)	-346.3	-344.7	-414.3	-32.8	-34.4	-36.5	-103.7	-127.7	-45.4	-53.0	-54.1	-152.5	-152.5	
Trade balance	-236.0	-212.4	-262.3	-22.9	-24.0	-26.4	-73.2	-90.0	-33.0	-39.7	-40.7	-113.5	-113.5	
Current account balance	-58.7	-35.7	-31.8	-	-	-	-	-	-	-	-	-	-	
Non-monetary capital (net)	37.3	75.5	104.7	-	-	-	-	-	-	-	-	-	-	
Overall balance	-21.4	39.8	74.3	-4.1	-4.7	7.5	-1.3	16.0	-20.2	-0.9	-11.3	-32.4	-32.4	
Gross International Reserves (US\$ mn) ^{6/}														
External Reserves in Months of Imports (cif)	94.3	134.5	161.0	159.0	160.0	153.7	153.7	187.7	187.3	185.0	187.4	187.4		
Exchange Rate	2.9	4.1	4.1	4.4	4.4	4.1	4.1	4.2	4.1	3.9	3.8	3.8		
Rufiyaa / US\$ (Period average mid rate)	12.2421	12.8000	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)	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000	12.8000		

1/ GDP figures for 2001 -2003 are revised estimates, 2003 revised on April 2004.

2/ Landings excluding EEZ and 2004 figures are estimates.

3/ Excluding live fish.

4/ Figures for 2003 are revised estimates of 15th July 2004.

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

6/ Foreign Assets of MMA

1. Overview

Macroeconomic conditions during the third quarter of 2004 were generally favourable. Third quarter activities were generally better compared to the second quarter as the latter quarter coincides with the low season in the tourism industry. Leading indicators of key production sectors reflect strong growth both on annual as well as on quarterly terms during the review quarter. In the tourism sector, tourist arrivals, tourist bednights and capacity utilization rate showed increases after slackening during the second quarter, while compared to the corresponding quarter of last year all these indicators registered positive growth rates. The fisheries sector, the second major industry in the Maldives, showed improved performance during the review quarter compared with the previous quarter both in terms of fish landings as well as fish export earnings. On an annual basis, the fish landings were higher compared to the corresponding quarter of 2003, while during the period earnings from fish exports also showed a significant improvement. As for the distribution and the construction sectors, the available indicators suggest that the activities in these two sectors expanded during the review period. As regards the domestic price developments, the review quarter continues to experience an increase in the general price level, the biggest increase being in the food index (excluding fish).

The Government's budgetary position continues to remain positive with an increase in total revenue coupled with a modest growth in total expenditure during the review quarter. On the monetary front, 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 a growth in the total domestic credit of the banking system on annual terms. However, on a quarterly basis, net foreign assets in the third quarter of 2004 declined, following a decline in the net foreign assets of both the commercial banks and the Maldives Monetary Authority (MMA). With the drop in net foreign assets, the total liquidity of the banking sector contracted slightly in the three months to September 2004.

On the external front, the merchandise trade account continued to be in 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 significantly large amount of imported goods into the country coupled with lower export receipts. In addition, gross international reserves remained around the same level as in the second quarter of the year with a slight decline at the end of the review quarter.

2. Production, Prices and Employment

2.1 Tourism

As in the past, the tourism sector continues to be the major driving force behind the rapid economic

Table 2. Tourism Indicators, 2001 - September 2004

In thousands

	2001	2002	2003	2003				2004		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total visitor arrivals	492.0	513.9	594.1	175.8	113.9	138.4	166.0	193.7	140.5	155.6
Tourist arrivals	461.0	484.7	563.6	167.7	106.8	131.5	157.7	185.4	131.4	146.2
Bed capacity ^{1/}	16.5	16.1	16.7	17.1	16.9	16.2	16.6	16.8	16.6	16.2
Bednights	3932.7	4066.5	4704.6	1397.0	937.6	1095.3	1274.7	1528.2	1095.1	1222.8
Bed capacity utilisation %	65.6	69.0	77.2	91.1	60.9	73.4	83.6	99.7	72.3	82.2

^{1/} Figures relate to the period average.

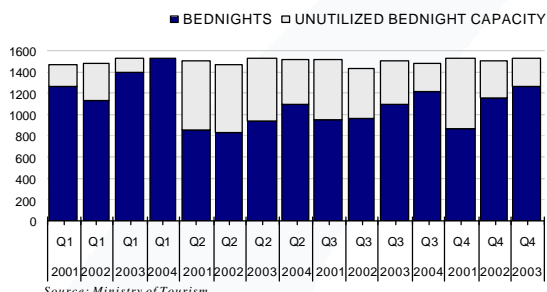
Source: Ministry of Tourism

development of the country, with significant direct and indirect contributions to the growth of the economy. The tourism sector directly accounts for about 33 percent of Gross Domestic Product (GDP) and is estimated to grow at 5 percent during 2004. In terms of its contribution to the government revenue, income from bednight tax and resort lease rent alone is estimated to account for about 29 percent of total government revenue. In addition, the sectoral contribution to the current account of the balance of payments is about 92 percent of the total service receipts.

Major indicators of the tourism sector showed marked improvements during the quarter, as tourism activities are better in the third quarter of the year compared to the second quarter, reflecting seasonal trends. As such, during the third quarter of the year the country received 146.2 thousand tourists compared to 131.4 thousand tourists in the previous quarter and 131.5 thousand tourists in the corresponding quarter of 2003. In terms of growth rates, these reflect an increase of 11 percent both on quarterly as well

Chart I. Tourist Bednights

In thousands



Source: Ministry of Tourism

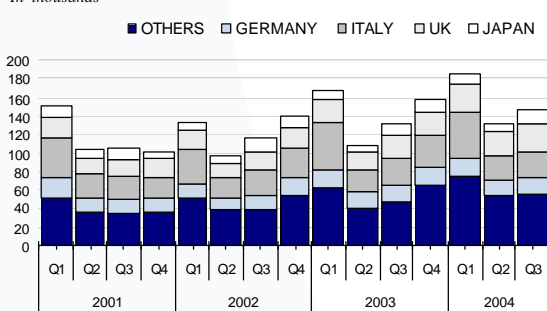
as on annual terms. Tourist bednights stood at 1,222.8 thousand during the review quarter, compared to 1,095.1 thousand and 1,095.3 thousand in the second quarter of this year and third quarter of last year, respectively. These reflect a 12 percent growth compared to both the previous quarter and the corresponding quarter of 2003. Meanwhile, the average duration of stay of a visit increased slightly from 8.3 days in the previous quarter to 8.4 days in the review quarter.

The average number of beds that were in operation or bed capacity lowered from 16,600 beds in the second quarter to 16,165 beds in the third quarter of 2004, with a decline of 3 percent (435 beds) during the period. When compared to the corresponding period of last year, the bed capacity during the review quarter stood lower by 61 beds. These fluctuations in bed capacity were due to the closing down of some beds during the low season for resort renovations. For the review quarter, the capacity utilisation stood at 82 percent compared to 73 percent in the corresponding quarter of 2003, as the number of beds in operation decreased while the bednights increased.

As regards arrivals of tourists, the largest number of visitors continues to be from Europe, constituting about 70 percent of total tourist arrivals. During the review quarter tourists from Europe increased by about 9 percent, while on annual terms such visitors increased by 10 percent. Tourists from Italy and United Kingdom (each accounting for about 20 percent of total) continue to account for the largest share of the total tourists arrivals to the country. As such, the number of Italian tourists increased by 12 percent

Chart II. Tourist Arrivals

In thousands



Source: Ministry of Tourism

and those from United Kingdom reflected a 17 percent growth on quarterly terms. On an annual basis, tourist arrivals from United Kingdom registered a 25 percent increase. However, Italian tourists recorded a decline of 9 percent during the period. The tourist arrivals from Germany (accounting for about 12 percent of the total tourist arrivals) registered a slight decline of 0.1 percent in the review quarter following a 13 percent decline in the previous quarter. However, on annual terms, German tourists increased by 7 percent. From other European countries, tourists from France (accounting for about 5 total tourist arrivals) and Switzerland (accounting for 3 percent) both declined by about 22 percent, on

quarterly terms, while an annual growth of 18 percent was registered for tourists from France and tourists from Switzerland showed just a slight increase of 0.3 percent.

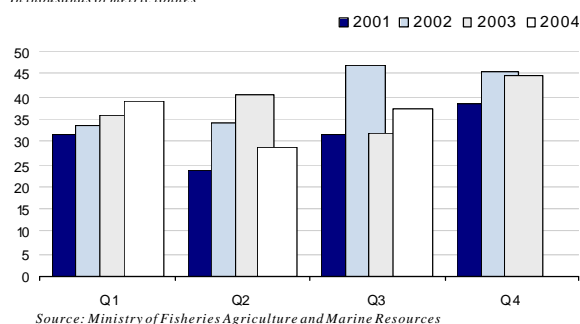
The tourist arrivals from the Asian region accounted for 23 percent of the total tourist arrivals and registered a quarterly increase of 19 percent and an annual increase of 15 percent during the review quarter. From the major Asian markets, tourist arrivals from Japan (48 percent of total Asian tourists), China (15 percent of total Asian tourists) and Sri Lanka (7 percent of total Asian tourists) increased during the review quarter by 61 percent, 1 percent and 10 percent respectively. In terms of annual growth rates, Japan recorded a 24 percent, China a 22 percent and Sri Lanka a 15 percent increase.

2.2 Fisheries

The Fisheries sector, which accounts for about 6 percent of GDP, is estimated to grow at about 3 percent in 2004. During the review quarter, fish catch totalled 37.0 thousand metric tonnes compared to 28.9 thousand metric tonnes in the previous quarter. This reflects an increase of 28 percent during the period

Chart III. Fish Catch

In thousands of metric tonnes



following a 25 percent decline in the previous quarter. On annual terms too, landings increased by 17 percent. This was after an annual decline of 28 percent in the previous quarter.

As regards the operations of the major commercial buyers of fish, about 22 percent of the coastal catch was bought by MIFCO (Maldives Industrial Fisheries Company Ltd.). The amount of fish purchased by MIFCO during the review quarter showed an 11 percent increase on quarterly terms and 25 percent increase on

annual terms. The private sector parties operating in Zone 1 and 3 together purchased about 16 percent of the coastal fish catch, and their purchases were 3.5 thousand metric tonnes and 4.7 thousand metric tonnes higher than the previous quarter and the corresponding quarter of 2003, respectively.

With respect to fish exports, earnings (excluding earnings from live fish) registered US\$19.4 million during the review quarter, a level that is 24 percent higher compared to the preceding quarter and about 58 percent higher than the corresponding quarter of 2003. The volume of fish exports also increased by 24 percent or 2.5 thousand metric tonnes on an annual basis, however, a decline of 15 percent or 2.2 thousand metric tonnes was registered on quarterly basis. This drop in the volume of fish exports is explained by the fall in the quantity of frozen tuna (60 percent of total fish exports) exported during the review quarter. Nevertheless, earnings from frozen tuna registered a 10 percent increase during the review quarter indicating a unit price of US\$1,489.5 per metric tonne. (Also see section 5 for a further discussion on fish exports).

2.3 Distribution

The Distribution sector (consisting mainly of retailers and wholesalers) plays a vital role in the development of the other sectors in the economy and continued to expand with the growth in the economy. The sector is estimated to contribute about 4 percent to GDP in 2004, with an annual growth of 5 percent during the year.

The two indicators that are used to measure the performance of this sector are the total private sector imports and commercial banks' credit to the sector. As such, private sector imports (excluding imports made directly by tourism sector¹) showed a growth of 13 percent for the review quarter, increasing from US\$75.8 million in the previous quarter to US\$85.8 million in the quarter under review. On annual terms, the review quarter registered a 27 percent increase in such private sector imports. As regards the commercial banks' credit to the distribution sector, the second largest recipient of credit (20 percent) a 23 percent increase was recorded in both the review quarter as well as the corresponding quarter of 2003.

¹ 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.

2.4 Construction

The share of construction sector in GDP has been around 3 percent in the past three years. Following a growth of about 20 percent in 2003, the sector is expected to grow by 9 percent in 2004. The main variables used to assess the developments in the sector are the imports of construction materials and the amount of commercial banks' loans to the sector. Import of construction materials during the review quarter increased by 6 percent and by 55 percent on annual terms. The major construction materials imported to the country during the review quarter were timber (about 38 percent of the total construction materials), cement and cement products (9 percent) and base metal & articles of base metal (25 percent). Of these items wood and cement increased by around 8 percent while base metal & articles of base metal showed a decline of 15 percent. When compared on an annual basis all major imported construction items registered significant increases. With regard to commercial banks' lending to the sector, this stood at Rf220.0 million at the end of the review quarter, with a quarterly growth of 8 percent and an annual growth of 41 percent.

2.5 Prices

The general price level measured in terms of Consumer Price Index (CPI) is strongly influenced by changes in the international prices and fluctuations in the domestic fish prices, reflecting the large proportion of imports and fish in the consumption basket. Since mid 2004 the country has continued to experience a rise in its general prices. Inflation stood at 2.8 percent (on a 12 month moving average basis) at the end of the review quarter. This compares with a deflation of 2.9 percent at the end of September 2003. As regards the major indices of CPI, the food index (excluding fish) showed an increase of 6 percent at the end of the review quarter, while education and personal care showed increases of 1.7 percent and 3.5 percent respectively. However, clothing and footwear; housing, water, fuel and power; and recreation, entertain-

Table 3. Consumer Price Index, 2001 - September 2004^{b/}

Base (June 1995 = 100)

	2001	2002	2003	2003				2004		
				Mar	Jun	Sep	Dec	Mar	Jun	Sep
Food beverages and tobacco products excluding fish	118.5	125.4	118.3	121.4	119.4	118.9	118.3	119.0	122.7	125.5
Fish Index	151.9	143.6	132.3	134.6	134.6	136.7	132.3	138.4	155.9	165.2
Clothing and footwear	101.6	97.7	97.5	96.7	96.6	97.3	97.5	96.9	96.0	95.1
Housing, water, fuel and power	108.4	106.8	105.9	106.3	106.2	106.2	105.9	104.8	104.0	103.4
Furniture, furnishing, household equipment & operation	110.4	108.7	106.7	108.4	107.7	107.4	106.7	105.7	105.6	106.1
Medical care and health expenses	107.9	108.2	106.2	107.8	107.2	106.7	106.2	106.1	106.1	106.3
Transport and communication	123.1	124.4	121.6	123.9	123.3	122.4	121.6	121.6	121.8	122.1
Education	115.7	116.2	119.0	116.6	117.2	117.9	119.0	119.5	119.7	119.9
Recreation, entertainment, religious and cultural services	98.3	100.1	100.1	100.3	100.7	100.7	100.1	99.6	98.9	98.3
Personal care	104.6	103.4	102.9	102.4	102.0	102.3	102.9	104.0	105.2	105.9
Total CPI	115.4	116.4	113.1	114.4	113.6	113.6	113.1	113.5	115.5	116.9
Total Index excluding fish	113.0	114.7	111.9	113.1	112.3	112.2	111.9	111.9	112.9	113.8

b/ Figures are 12 months moving average.

Source: Ministry of Planning and National Development

ment, religious and cultural services indices showed about 2 percent deterioration in the year to September 2003.

Similarly, the point-to-point change in CPI also recorded an annual inflation of 6.3 percent at the end of the review quarter. However, when fish index is excluded from the total CPI, a 3.5 percent increase was registered at the end of September 2003. Within the total CPI, the largest increase was noted in the fish index and food index (excluding fish) by 47 percent and by 10 percent respectively. Increases were also noted in the furniture, furnishing, household equipment & operations (2.7 percent); medical care and health expenses; and transport and communication (1.2 percent); and education and personal care (about 0.6 percent) indices.

2.6 Employment

Currently there is no quarterly data available on the level of total employment in the country. Reflecting the limited availability of local labour force participation for some occupations and the relatively rapid growth of economic activity, the demand for labour continues to be high. With the availability of cheap labour from neighbouring countries a large amount of this labour demand is met by imported labour. According to the data received from the Ministry of Human Resources, Employment and Labour, the expatriate labour force during the first nine months of 2004 stood at 36,728 in comparison to 33,132 workers during the same period of 2003, reflecting an annual growth of 11 percent. The largest share of the expatriate labour force is employed in the tourism sector (46 percent) while the next highest share is taken by the construction sector (21 percent). When compared on a quarterly basis the total expatriate labour force is seen to have increased by 5 percent or 1,878 workers. Of this increase, the majority is to the construction industry (57 percent) followed by 21 percent to business activities and 13 percent to community, social work and personal services sectors. Expatriate employment in the tourism sector witnessed a 1 percent growth during the period.

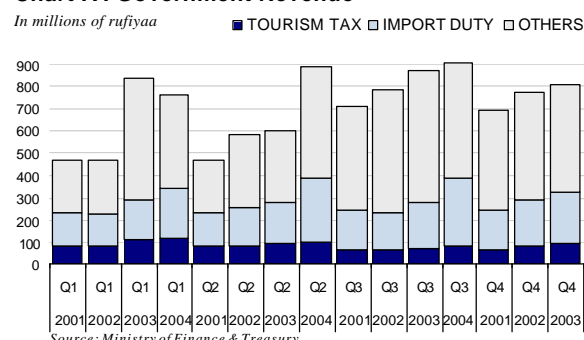
3. Public Finance

According to preliminary fiscal data, the quarterly fiscal position continues to be in surplus for the fifth consecutive quarter. However, the surplus was lower by 7 percent compared to the previous quarter, but was 11 percent higher than the corresponding quarter of 2003. This was the result of a quarterly reduction in the non-tax revenue coupled with a moderate growth in total expenditure. However, though a fall in non-tax revenue was witnessed total domestic revenue increased during the quarter. On an annual basis the total revenue increased by 4 percent while expenditure grew by 3 percent.

The total domestic revenue² during the third quarter of 2004 showed an increase of 2 percent compared

Chart IV. Government Revenue

In millions of rufiyaa



to the previous quarter and around 4 percent when set against the same period of 2003. This reflected improvements in the tax revenue, which accounted for about 51 percent of total domestic revenue. Quarterly growth of tax revenue registered an increase of around 11 percent for the past two consecutive quarters. Compared to September 2003, such revenue grew significantly, by 33 percent. The major sources of tax revenue during the review quarter were import duty (64 percent of tax revenue) and tourism tax (18 percent). Tax receipts from import duty increased by 5

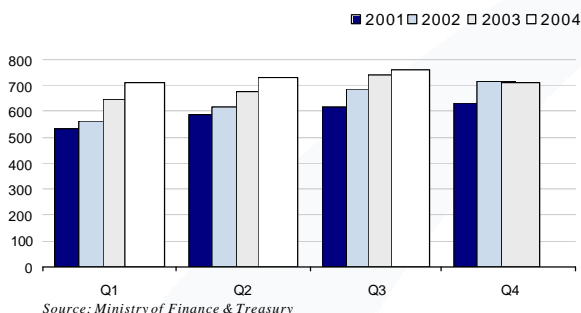
percent compared to the previous quarter and 46 percent compared to the corresponding quarter of 2003 as a result of the significantly large amount of imports into the country during the year. Meanwhile, tourism tax receipts during the review quarter registered an 18 percent decline due to the lower bednights during the second quarter of the year. However, such receipts stood 14 percent higher than the third quarter of 2003. Moreover, as the bank profit tax is usually received during the third quarter of the year, this also contributed to the higher tax revenue received during the quarter. There was also an increase in income from royalty charges during the period.

As regards the non-tax revenue, major items under this item are profit transfers from public enterprises (35 percent of non-tax revenue) and resort lease rent payments (29 percent). These two items declined by 16 percent and 5 percent respectively during the quarter under review. As a result, total non-tax revenue

² The total domestic revenue used in this analysis excludes cash grants and fund accounts

Chart V. Government Expenditure

In millions of rufiyaa



declined by 6 percent and 15 percent compared to the second quarter of 2004 and the corresponding quarter of 2003, respectively.

On the expenditure side, total government spending stood at Rf759.1 million in the third quarter of the year. In terms of growth in expenditure, this is an increase of 4 percent compared to the previous quarter and 3 percent against the corresponding quarter of 2003. With the larger increase in revenue than expenditure, the quarterly budget recorded a surplus of Rf151.1 million in the review quarter, compared to a surplus of Rf163.3 million in the preceding quarter and Rf136.0 million in

the third quarter of 2003. 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).

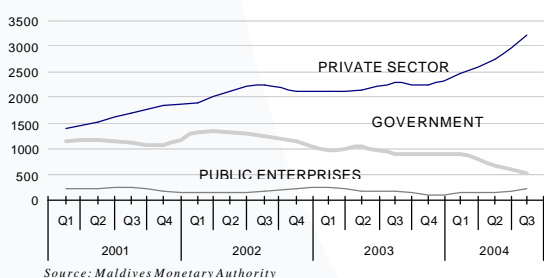
4. Financial Sector

4.1 Money and credit developments in the banking system

Money and credit developments continued to be robust during the third quarter of the year, underpinned by the strong growth in domestic credit and the net foreign assets of the banking system. As a result, the annual growth in total liquidity also remained significantly high at the end of the review quarter.

Chart VI. Domestic Credit

In millions of rufiyaa

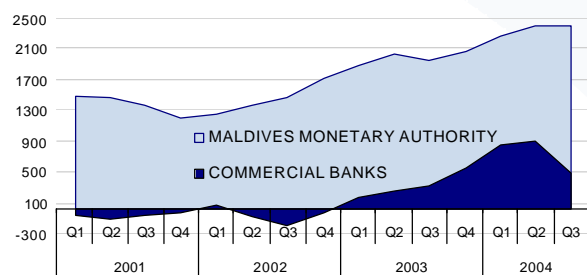


Total domestic credit was highly expansionary, registering an annual growth of 17 percent at the end of September 2004 compared to a negative growth of 9 percent at the end of September 2003. Similarly, following just a 2 percent quarterly growth in domestic credit in the previous quarter, growth rate accelerated to 10 percent during the review quarter. In terms of flows, total domestic credit increased by Rf579.4 million in the twelve months to September 2004 and by Rf365.4 million between June and September 2004. The increase was on account of the credit flows to the private sector, which accounted for about 82 percent of the total domestic credit. Hence, credit to private sector showed an annual increase of 40 percent

at the end of September 2004, following a 29 percent growth at the end of June this year and a 2 percent growth at the end of September 2003. Growth in such credit, on a quarterly basis accelerated from 13 percent in the previous quarter to 17 percent during the review quarter. In contrast, with the favourable fiscal conditions during recent periods, net credit to government has been declining with the annual rate of decline growing in magnitude from 28 percent at the end of September 2003 to 42 percent at the end of September 2004. On a quarterly basis as well, such credit registered a 22 percent decline in the three months to September 2004, following a 25 percent decline in the three months to June 2004. In terms of stock, net credit to the government stood at Rf521.6 million at the end of September 2004, lowering from Rf895.1 million at the end of September 2003 and Rf666.1 million at the end of June 2004.

Chart VII. Net Foreign Assets

In millions of rufiyaa

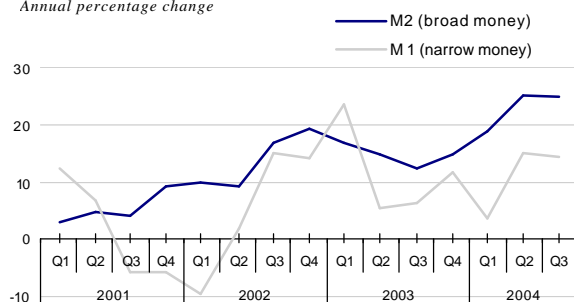


Source: Maldives Monetary Authority

rapidly by 27 percent on annual terms to record Rf2,877.6 million at the end of September 2004. However, the annual growth rate has decelerated from the earlier highs of 44 percent at the end of June 2004 and 78 percent at the end of September 2003. In terms of flows, NFA increased by Rf610.8 million in the twelve months to September 2004, and was largely on account of the higher net foreign assets of the MMA, which grew by Rf430.2 or by 22 percent during the period. As regards the net foreign assets position of the commercial banks, it improved further, though at a lower magnitude than the previous quarter, growing by 58 percent on annual terms on the strength of the 53 percent increase in foreign assets, in spite

Chart VIII. Money Supply

Annual percentage change



Source: Maldives Monetary Authority

of the 46 percent rise in the foreign liabilities. As regards the NFA position of the banking system compared to the previous quarter, a deterioration of 13 percent was registered in the three months to September 2004 as opposed to an improvement of 7 percent in the previous three months. This was mainly on account of the rapid decline of the NFA of the commercial banks during the period, which registered a negative growth of 45 percent. NFA of MMA also registered a small decline of less than half a percent at the end of the review quarter, on quarterly terms.

Net foreign assets (NFA) position of the banking system has remained strong during the year, underscored by the increase in foreign assets of MMA and the favourable net foreign assets position of the commercial banks. The NFA of the banking system grew

rapidly by 27 percent on annual terms to record Rf2,877.6 million at the end of September 2004. However, the annual growth rate has decelerated from the earlier highs of 44 percent at the end of June 2004 and 78 percent at the end of September 2003. In terms of flows, NFA increased by Rf610.8 million in the twelve months to September 2004, and was largely on account of the higher net foreign assets of the MMA, which grew by Rf430.2 or by 22 percent during the period. As regards the net foreign assets position of the commercial banks, it improved further, though at a lower magnitude than the previous quarter, growing by 58 percent on annual terms on the strength of the 53 percent increase in foreign assets, in spite of the 46 percent rise in the foreign liabilities. As regards the NFA position of the banking system compared to the previous quarter, a deterioration of 13 percent was registered in the three months to September 2004 as opposed to an improvement of 7 percent in the previous three months. This was mainly on account of the rapid decline of the NFA of the commercial banks during the period, which registered a negative growth of 45 percent. NFA of MMA also registered a small decline of less than half a percent at the end of the review quarter, on quarterly terms.

Reflecting these developments in the total domestic credit and net foreign assets, the total liquidity (M2) increased from Rf4,266.1 million at the end of September 2003 to Rf5,330.3 million at the end of September 2004, registering a growth of close to 25 percent during the period, as opposed to a 12 percent growth at the end of September 2003. On a quarterly basis, however, M2 showed a slight decline of 0.6 percent during the review quarter compared to a 7 percent growth in the previous quarter. As regards the components of M2, narrow money accounting for about 43 percent and mainly consisting of demand deposits and currency in circulation, grew by 14 percent on annual terms, while declining by 3 percent on quar-

4.1.1 Operations of Commercial Banks

The activities of the commercial banks further accelerated on annual terms at the end of September 2004 with a growth of 24 percent in total assets and liabilities, which followed from a 22 percent growth at the end of June this year. This is in comparison with an annual growth of 6 percent at the end of September 2003. In contrast, on a quarterly basis, the total assets and liabilities contracted by 2 percent at the end of September 2004, compared to an increase of 8 percent at the end of June 2004.

Total reserves of the commercial banks accounting for about 31 percent of the total assets and liabilities, declined by 9 percent in the three months to September 2004 after an increase of 3 percent in the previous three months. On annual terms, following a 4 percent decline at the end of June 2004, it further fell by 1 percent at the end of September 2004. The main reason for the decline in reserves is lower investment in

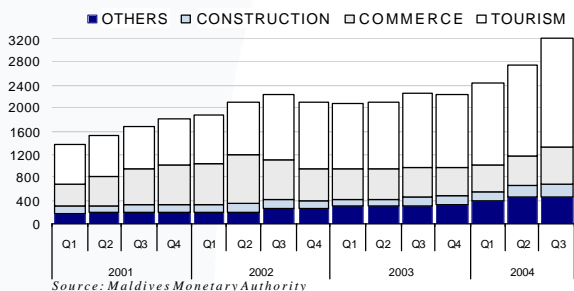
securities resulting from the reduction in their holdings of MMA CDs, which forms the bulk of their investments in securities. As such, investment in securities fell by 52 percent on annual terms and by 27 percent on quarterly terms reflecting the decline in their holdings of MMA CDs by 65 percent on annual terms and by 33 percent on quarterly terms. However, the required reserves of commercial banks held with MMA, forming around 80 percent of total reserves grew strongly on annual terms by 30 percent at the end of September 2004, reflecting the rapid growth in their deposit base during the period. Compared to the second quarter of 2004, a 4 percent decline in required reserves was registered in the three months to September 2004

The lending activities of the commercial banks, accounting for around 53 percent of the total assets, showed a rapid expansion at the end of the review quarter. The annual increase in the total stock of credit at the end of September 2004 stood at 38 percent compared to 26 percent at the end of June 2004 and just 2 percent at the end of September 2003. On quarterly terms, commercial banks credit grew by 17 percent in the three months to September 2004 following a 12 percent growth in the previous three months. Of the total credit, credit extended to the private sector accounted for about 94 percent (the rest was to the public enterprises and to the government), and registered an annual growth of 40 percent at the end of the review quarter, following an annual growth of 29 percent at the end of the previous quarter, in sharp contrast to

the 2 percent annual growth registered at the end of September 2003.

Chart IX. Sectoral Credit

In millions of rufiyaa



Source: Maldives Monetary Authority

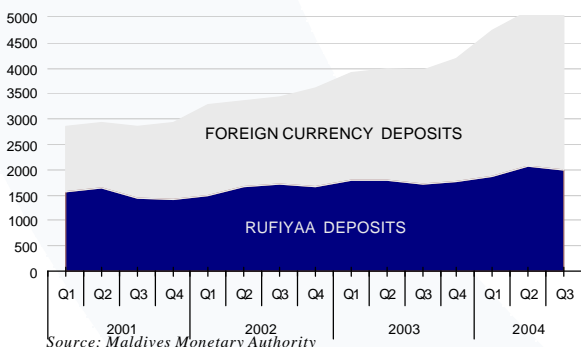
With respect to commercial banks' lending to various economic sectors during the review quarter, credit extended to the tourism sector continued to have the highest share in the portfolio, followed by commerce, construction and fisheries. Credit to the tourism sector (58 percent of the total bank credit) grew strongly and reached Rf1,865.1 million at the end of the review quarter, recording a significantly high growth of 45 percent on annual terms. Similarly on a quarterly

basis, such credit grew by 18 percent in the three months to September 2004, following an 11 percent increase in the previous three months. The stock of credit to the commerce sector (20 percent of total bank credit) at the end of the review quarter also expanded rapidly from a quarterly growth of just 14 percent at the end of the June 2004 to 23 percent at the end of September 2004, with annual growth rates also accelerating from 3 percent at the end of June 2004 to 23 percent at the end of September 2004. This is in sharp contrast to the 25 percent decline in such credit in the twelve months to September 2003. As regards the credit to the construction and fisheries

sectors (each accounting for about 7 percent of total bank credit), the annual growth rates registered for both the sectors were highly significant (41 percent for construction and 69 percent for fisheries). As regards the quarterly movements, credit to the construction and fisheries sectors grew by 8 percent and 9 percent, respectively, during the three months to September 2004.

Chart X. Total Deposits

In millions of rufiyaa



Source: Maldives Monetary Authority

On the liabilities side, total deposits of the commercial banks amounted to 78 percent of total liabilities and stood at Rf5,031.9 million at the end of September 2004. The annual increase in total deposits at the end of September 2004 stood at the same level as June 2004 at 28 percent, following a 15 percent growth at

the end of September 2003. On the other hand, following a quarterly increase of 8 percent at the end of second quarter, a negative growth of 1 percent was registered in deposits during the review quarter. As

regards the currency composition of deposits, foreign currency deposits accounted for 61 percent and local currency deposits 39 percent. The annual increase in foreign currency deposits stood at 38 percent at the end of September 2004, compared to 39 percent at the end of June 2004 and 29 percent at the end of September 2003. Meanwhile, quarterly growth in such deposits, following a 6 percent growth in the three months to June 2004 dipped to a zero growth in the three months to September 2004. Although the annual growth in local currency deposits of 14 percent at the end of September 2004 stood slightly lower compared to the 15 percent registered at the end of June 2003, this was significantly higher than the 2 percent growth at the end of September 2003. The quarterly developments in deposits showed a negative growth of 4 percent during the review quarter following an 11 percent increase during the previous quarter.

In terms of the structural composition of total deposits, demand deposits accounted for 65 percent and time and savings for 24 percent with the rest being government deposits (8 percent) and non-resident deposits (2 percent). Demand deposits grew by 27 percent on annual terms at the end of September 2004, following a 32 percent increase at the end of June 2004 and 21 percent increase at the end of September 2003. The quarterly growth in such deposits was a negative 5 percent during the review quarter compared to a positive 5 percent during the previous quarter. Of the total time and savings deposits about 88 percent was in foreign currency, which however, has come down from 90 percent in the previous quarters as a result of a substantial increase in such deposits in local currency. The growth in time and savings deposits accelerated from an annual decline of 2 percent at the end of September 2003 to an increase of 16 percent at the end of June 2004 and an increase of 26 percent at the end of September 2004. However, the quarterly growth decelerated from 12 percent in the previous quarter to 10 percent in the review quarter.

4.1.2 Interest Rate Developments

During the review quarter term and savings deposits rates and lending rates denominated in both the

Table 4. Commercial Bank Interest Rates

In percent

	LENDING RATES		DEPOSIT RATES			
	Rf	US\$	SAVING		TERM	
			Rf	US\$	Rf	US\$
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 - 5.0	2.5 - 5.0	3.25-7.5	2.5-7.5
September 2003	9-14	7.5 - 14	2.75 - 5.0	2.0 - 4.5	2.75-7.5	2.0-7.5
December 2003	9-14	7.5 - 14	2.5 - 5.0	2.0 - 4.5	2.75-7.5	2.0-7.5
March 2004	8.5-14	7.5 - 14	2.25-3.0	1.50-3.0	2.25-6.50	1.50-6.50
June 2004	8-13	7.75-13	2.25-3.0	1.50-3.0	2.25-6.50	1.50-6.50
September 2004	8-13	7.75-13	2.25-3.0	1.5-3.0	2.25-6.50	1.50-6.50

Source: Maldives Monetary Authority

dollar as well as in rufiyaa remained unchanged from the previous quarter. However, these rates have shown some changes during the twelve months to September 2004. As such, rufiyaa denominated savings deposits rates declined from 2.75-5.00 percent to 2.25-3.00 percent, dollar denominated savings deposit rates from 2.00-4.50 percent to 1.50-3.00 percent, rufiyaa denominated term deposits from 2.75-7.50 percent to 2.25-6.50 percent and dollar denominated term deposits from 2.00-7.50 to 1.50-6.50 percent.

As regards the lending rates, the rufiyaa lending rates reduced from 9.00-14.00 percent at the end of September 2003 to 8.00-13.00 percent at the end of September 2004, whilst the dollar lending rates changed from 7.50-14.00 percent to 7.75-13.00 percent during the period.

4.2 Activities of Non- Bank Financial Institutions

Developments in the insurance sector during the review quarter include the introduction of the insurance regulations. These regulations, introduced with effect from 1st September 2004, aim to provide a regulatory framework for the orderly development and supervision of the insurance sector in the country. The regulations provide for an interim transition registration for companies operating in the insurance sector at the time of introduction of these regulations. As at the end of this transition registration period 2 companies were registered with the MMA as insurance undertakings, while 5 were registered as market intermediaries.

The Maldives Finance Leasing Company Pvt. Ltd had total outstanding leases of Rf89.9 million as at the end of the review quarter. During this period the company financed Rf 15.1 million worth of capital equipment to various economic sectors of which 65 percent was extended to the tourism sector, 19 percent to transport, 13 percent to fisheries and agriculture and the remaining 3 percent to other sectors. Housing Development Finance Corporation Ltd (HDFC), setup in March 2004, is an initiative of the government of Maldives to provide the much needed financing in the residential and commercial housing sector to address the pressing demand for housing, particularly in Malé. As at the end of the review quarter, the company had disbursed loans totalling Rf22.5 million to 213 borrowers.

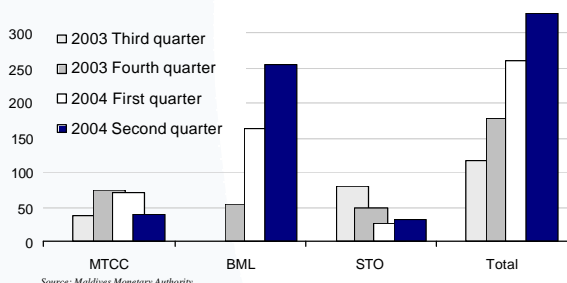
Money services businesses in the country include three local companies operating as agents of international money transfer companies. The outward remittance services of these companies are largely targeted towards the expatriates in the country while the inward remittance services are mostly utilised by tourists. Outward remittances through these companies during the review quarter totalled US\$2.9 million while inward remittances stood at US\$0.2 million. The number of transactions during the period totalled 7,579 and 179 for outward and inward transactions, respectively.

4.3 Capital Market

The existing dearth of securities for trading continued during the review period as the buy quotes surpassed the sell quotes, reflecting the characteristics of an illiquid 'sellers' market. Despite the constraint, the investor base of the STF continued to grow at an exceptional rate in the review quarter compared to the previous quarters.

Chart XI. Securities Trading Floor Turnover

In thousands of rufiyaa



Source: Maldives Monetary Authority

The third quarter ended with a record high trading turnover of Rf848,770, an increase of 158 percent against the preceding quarter's trading turnover record of Rf329,296. Unlike the previous quarter, State Trading Organisation Plc. (STO) held the majority share of the trading turnover during the review quarter, at around 81 percent. Meanwhile, Maldives Transport and Contracting Company Ltd (MTCC) and Bank of Maldives Plc (BML) contributed 13 percent and 6 percent of the turnover respectively.

Moreover, on a quarter on quarter basis, this also showed an increase of more than 623 percent. The average daily trading turnover for the review period increased to Rf13,262 from Rf5,311.2 in the last quarter.

Like the previous quarter, MTCC's share price remained constant within a price band of Rf210 to Rf270. STO showed a rising trend of its share price from a price band of Rf650 to Rf750, while BML's share prices fluctuated within a price band of Rf800 to Rf1200.

The weighted average traded price of the MTCC was recorded as Rf239. The BML weighted average traded price was the most outstanding among the three companies at Rf1,071, while STO's price stood at Rf673.

The quarter ended with a market capitalisation of Rf992,401,000, an increase of 6 percent against the last quarter's market capitalisation of Rf940,028,600. A breakdown of the market capitalisation showed that BML contributes Rf788,837,000 while STO and MTCC contribute Rf146,064,000 and Rf57,500,000, respectively.

5. External Sector

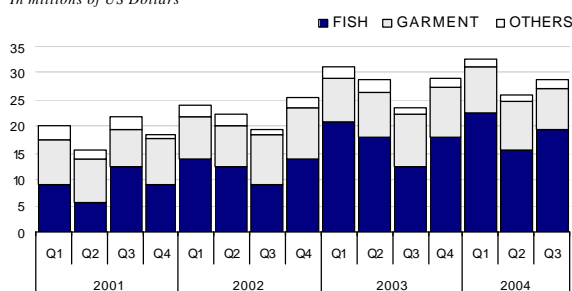
5.1 International Trade

The third quarter of 2004 registered a quarterly deficit of US\$113.5 million, the highest recorded quarterly deficit witnessed so far. Though exports recorded an increase, the record high imports witnessed during the quarter was the main reason for the deterioration in the trade balance.

According to statistics from Maldives Custom Service, total merchandise exports f.o.b. increased by 3

Chart XII. Domestic Exports

In millions of US Dollars



Source: Maldives Monetary Authority

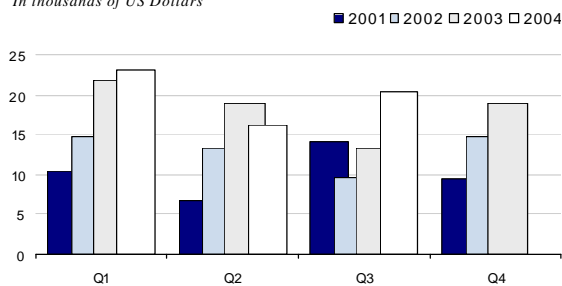
percent during the review quarter. This was following a 21 percent decline witnessed in the preceding quarter. Moreover, when compared against the third quarter of 2003 the growth was higher at 28 percent. In terms of composition, 74 percent of merchandise exports comprised of domestic exports and 26 percent, of re-exports. The low quarterly increase in total merchandise exports was due to the 11 percent decline in re-exports while domestic exports increased.

Domestic exports increased by 10 percent in the review quarter after declining by 20 percent in the preceding quarter, to reach US\$28.7 million. Furthermore, when set against the corresponding quarter of 2003 an increase of US\$5.1 million (or 22 percent) was witnessed. In terms of composition of domestic export earnings, marine products constituted 73 percent, while garments constituted 26 percent. Earnings from fish exports accounted for 93 percent of marine exports' earnings and 68 percent of total domestic export earnings during the quarter, and has increased both quarterly and annually by 24 percent and 58 percent, respectively, to reach US\$19.4 million.

Of the fish exports, earnings from frozen tuna almost doubled (from US\$5.7 million in the third quarter of 2003 to US\$11.2 million in the review quarter), while its quantity increased by 31 percent, registering 7,509.9 metric tonnes. This indicates a unit price increase of around 50 percent. Furthermore, when

Chart XIII. Fish Export Earnings

In thousands of US Dollars



Source: Maldives Customs Service

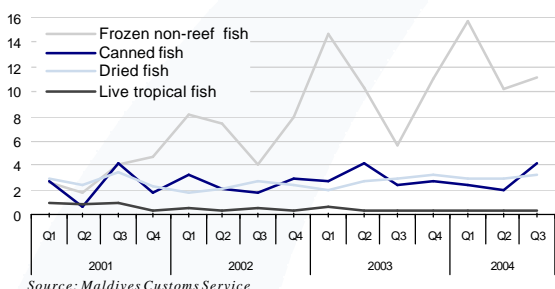
compared to the second quarter of 2004 earnings from exports of frozen tuna increased by 10 percent with quantity exported declining by 33 percent, implying a unit price increase of 64 percent. Canned fish, the second highest contributor (followed by frozen tuna) during the quarter, accounted for 22 percent of fish export earnings and grew extensively by 121 percent (from US\$1.9 million to US\$4.2 million) and 77 percent against the preceding quarter and the third quarter of the 2003, respectively. Likewise, canned fish exports grew by 115 percent compared to the preceding quarter and by 59 percent

compared to the corresponding quarter of 2003, to record 2,336.6 metric tonnes. As a result of the higher growth in value than in volume, the unit price of such exports showed increases of 3 percent and 11 percent, respectively. Dried fish accounted for 16 percent of fish export earnings during third quarter of 2004, registering US\$3.2 million, having increased by 10 percent quarterly and 12 percent annually. Meanwhile, the quantity of dried fish witnessed a 2 percent growth on quarterly basis while it stood at around or less the same on an annual basis as well. Exports of salted fish and its earnings both increased by around 29 percent in the review quarter. Yet a decline of 16 percent and 23 percent was recorded when set against the corresponding quarter of 2003.

In the review quarter, the share of earnings from garment exports fell to 26 percent of total domestic exports when compared to both the third quarter of 2003 (from 41 percent) and the second quarter of 2004 (from 34 percent). This share is expected to slide rapidly in the coming months, as the country quota allocated (the primary attraction of garment industry in Maldives) under the Multi-Fibre Agreement will expire at the end of this year. Garment exports declined by 3 percent (from 12,083.1 thousand pieces to 11,666.0 thousand pieces) in the review quarter and 11 percent (from 13,140.5 thousand pieces) compared to the third quarter of 2003. Furthermore, the value of these exports also witnessed declines of 14 percent

Chart XIV. Major Fish Exports

In millions of US dollars



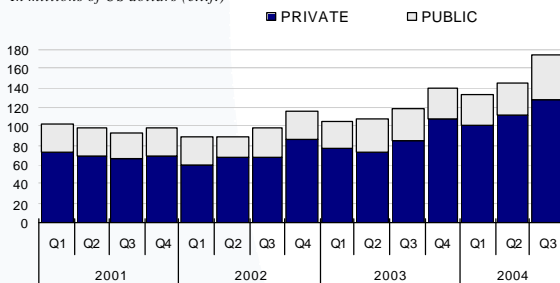
Source: Maldives Customs Service

and 22 percent (from US\$8.9 million to US\$7.6 million) when set against the preceding quarter and the corresponding quarter of 2003.

Total merchandise imports for the period under review reached a record high figure of US\$173.3 million. This is a 19 percent increase from the preceding quarter and a 47 percent increase from the corresponding period of 2003. Of the total merchandise imports (c.i.f.), more than 74 percent of the goods were imported by private sector (including tourism-related imports³). Such imports grew by 15 percent against the preceding quarter while registering an increase of around 50 percent against the third quarter of 2003. Imports declared to be tourism-related constituted about one third of private sector imports and a quarter of total imports, and was higher by US\$19 percent compared to the preceding quarter, reaching US\$42.5 million. Furthermore, when set against the corresponding quarter 2003 such imports grew by 130 percent. Likewise, total public sector imports increased by 34 percent on a quarterly basis to reach US\$44.9 million, and 41 percent on a year-on-year basis. Imports by the public sector accounted for 26 percent of total merchandise imports, with government imports accounting for 5 percent and imports by PNFs for 21 percent. PNF imports grew by 31 percent from the previous quarter and by 51 percent from the third quarter of 2003, to reach US\$36.9 million. Likewise, government imports increased by 51 percent quarterly and 7 percent annually.

Chart XV. Imports By Sectors

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



Source: Maldives Customs Service

As regards the composition of imports in value terms, the intermediate and capital goods accounted for 50 percent, while consumer goods accounted for 35 percent and petroleum products for 15 percent, and all of these categories recorded significant growth rates. Imports of food items constituted 45 percent of consumer goods and 16 percent of total imports, and grew by 26 percent and 9 percent against the third quarter of 2003 and second quarter of 2004, respectively. Likewise, imports of staples (rice, wheat flour and sugar) which constitute 13 percent of food imports and 2 percent of total imports, showed similar trends. The petroleum products category registered significant growth rates during the review period, with a quarterly increase of 63 percent and annual increase of 108 percent. Diesel (marine gas oil) accounting for over 83 percent of petroleum product imports recorded a 65 percent increase on a quarterly basis and 115 percent on an annual basis. Meanwhile, the intermediate and capital goods category also witnessed a quarterly growth of 15 percent and an annual increase of 45 percent, with construction related items (accounting for 29 percent of total intermediate and capital goods), increasing by 6 percent from the previous quarter and 55 percent from the same period last year.

The direction of trade to the Maldives during the review quarter was dominated by Asian countries, accounting for 65 percent (with Singapore constituting 25 percent, Sri Lanka and India around 10 percent

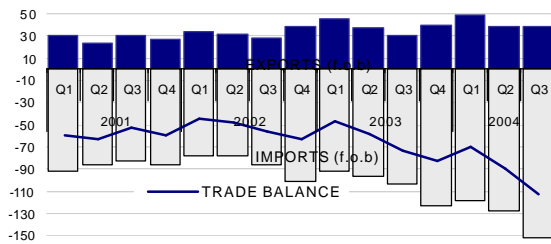
³ Please refer to footnote 1

each and Malaysia 6 percent) of imports during the review quarter. Of the rest, Middle East accounted for 17 percent and imports from Europe for 9 percent while United Arab Emirates and Bahrain represented 11 percent and 6 percent of imports respectively. In the third quarter of 2004, exports from the Maldives too was mostly to Asian countries, making up over 46 percent, with Thailand accounting for 17 percent, Sri Lanka 15 percent, Japan 8 percent and Singapore 5 percent. European countries accounted for 26 percent of exports, with United Kingdom being the largest exporting partner from this region, accounting for 13 percent of total exports followed by Germany with 6 percent. North America, specifically the United States of America accounted for 27 percent of exports from the country.

5.2 Balance of Trade

Chart XVI. Merchandise Trade

In millions of US dollars



Source: Maldives Customs Service, Maldives Airports Company Ltd.

Merchandise trade account registered the highest quarterly deficit, deteriorating from a two-digit number in the past quarters to record US\$113.5 million during the review quarter. In comparison to the preceding quarter, the deficit widened by 26 percent and by 55 percent against the third quarter of 2003. The higher deficit was on account of the large increase in imports during the quarter (at US\$152.5 million) both against the previous quarter (19 percent) and the corresponding quarter of 2003 (47 percent). Although exports too increased, it did by a lesser magnitude, of 3 percent quarterly and 28 percent annually.

5.3 External Assets

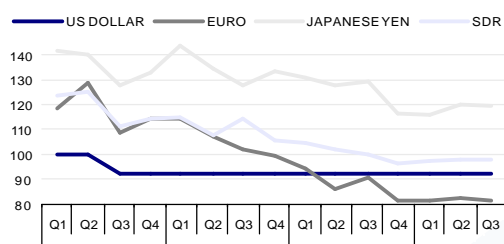
After increasing quarterly for three consecutive quarters, net foreign assets of the banking system declined by around 13 percent on quarterly terms during third quarter of 2004. The decline was on account of the decrease in foreign assets of commercial bank which fell from Rf1,257.4 million (equivalent to US\$98.2 million) at the end of June 2004 to Rf811.1 million (US\$63.4 million) at the end of September 2004. However, net foreign assets of MMA remained almost unchanged at Rf2,387.2 million (US\$186.5 million), with both foreign assets and foreign liabilities being more-or-less the same.

Though the foreign assets of MMA registered at the same level as at the end of the second quarter, the huge increase in imports pushed gross international reserves down to 3.8 months at the end of September 2004 from 4.2 months at the end of June 2004 and 4.1 months at the end of September 2003.

5.4 Exchange Rate

Chart XVII. Bilateral Exchange Rates

(Q2 1995 = 100)



Source: Maldives Monetary Authority

During the quarter under review, the rufiyaa remained unchanged at Rf12.80 per US dollar, with a spread of 10 laari between buying and selling rates, which remained at 12.75 and 12.85 respectively.

The rufiyaa depreciated by 1 percent against the Singapore dollar, the Euro and the Japanese yen, whilst it appreciated against other major currencies during the quarter, strengthening by 4 percent against the Sri Lankan rupee and 2 per-

cent against the Sterling pound and the Indian rupee. Nevertheless, on an annual basis, reflecting the significant decline of the US dollar against the euro during the year, the rufiyaa depreciated quite sharply, by 11 percent against the euro, while also losing by over 14 percent against the Sterling pound, 8 percent against the Japanese yen, 3 percent against the Singapore dollar, though it gained by 6 percent and 0.2 percent against the Sri Lankan rupee and the Indian rupee.

Statistical Appendix
Statistical Appendix
Statistical Appendix
Statistical Appendix

Table 1. Monetary Survey, 2001 - September 2004

(In millions of rufiyaa; end of period)

	2001	2002	2003				2004		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
Net foreign assets	1153.03	1662.87	2043.47	2283.06	2266.80	2613.38	3086.59	3291.68	2877.58
Monetary authorities (net)	1196.90	1711.68	1869.05	2041.83	1957.00	2050.30	2255.98	2391.86	2387.15
Foreign assets	1207.05	1721.83	1879.30	2051.99	1967.16	2060.46	2266.15	2402.81	2398.11
Foreign liabilities	-10.15	-10.15	-10.25	-10.16	-10.16	-10.16	-10.16	-10.96	-10.96
Commercial banks (net)	-43.87	-48.81	174.43	241.24	309.80	563.08	830.60	899.82	490.43
Foreign assets	318.49	411.23	515.09	643.58	529.16	775.67	1136.47	1257.38	811.09
Foreign liabilities	-362.36	-460.04	-340.66	-402.35	-219.36	-212.59	-305.87	-357.56	-320.66
Domestic assets (net)	2171.67	2303.55	2185.69	1994.85	1999.35	1930.36	1933.68	2068.40	2452.69
Domestic credit	3089.86	3445.69	3308.42	3337.98	3346.44	3246.63	3473.92	3560.42	3925.81
Public sector	1262.62	1344.91	1208.24	1205.70	1060.37	1002.21	1028.65	809.23	715.45
Central Govt (net)	1078.58	1133.88	966.50	1048.05	895.06	911.85	884.88	666.13	521.59
Gross claims on Govt.	1584.46	1704.26	1726.33	1678.37	1704.62	1542.83	1563.48	1586.58	1580.05
Govt. deposits	505.88	570.38	759.84	630.33	809.56	630.98	678.60	920.46	1058.45
Public enterprises	184.04	211.03	241.74	157.65	165.31	90.37	143.76	143.10	193.86
Private sector	1827.24	2100.78	2100.18	2132.28	2286.07	2244.42	2445.28	2751.19	3210.36
Other items (net)	918.19	1142.14	1122.73	1343.13	1347.09	1316.27	1540.24	1492.03	1473.12
Broad money	3324.70	3966.42	4229.16	4277.92	4266.15	4543.75	5020.26	5360.07	5330.27
Narrow money	1655.92	1886.71	2055.09	2044.77	1996.00	2105.35	2130.42	2349.59	2282.85
Currency in circulation	566.52	569.88	577.74	587.97	590.95	624.90	642.17	673.45	720.98
Demand deposits and Govt. Rf deposits	1089.39	1316.83	1477.36	1456.80	1405.05	1480.45	1488.26	1676.14	1561.87
Quasi money	1668.79	2079.71	2174.07	2233.14	2270.15	2438.39	2889.84	3010.49	3047.42
o.w. FC. deposits	1484.71	1870.85	2058.04	2106.43	2134.06	2320.34	2755.53	2895.26	2895.26

Source: Maldives Monetary Authority

Table 2. Assets and Liabilities of Maldives Monetary Authority, 2001 - September 2004

(In millions of rufiyaa; end of period)

	2001	2002	2003				2004		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
Foreign assets	1207.05	1721.83	1879.30	2051.99	1967.16	2060.46	2266.15	2402.81	2398.11
Claims on government	1584.46	1704.26	1726.33	1652.78	1679.02	1517.24	1537.88	1560.99	1554.45
Claims on PNFE	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Claims on commercial banks	0.00	0.00	0.00	0.00	70.00	0.00	0.00	0.00	0.00
Other assets	71.92	47.43	158.33	24.68	32.51	29.85	30.76	157.94	46.86
Total assets	2864.91	3475.00	3765.45	3730.93	3750.18	3609.04	3836.27	4123.22	4000.91
Total liabilities	2864.91	3475.00	3765.45	3730.93	3750.18	3609.04	3836.27	4123.22	4000.91
Reserve Money	2194.49	2778.37	2943.04	3058.25	2869.67	2865.78	3150.55	3251.20	2937.33
Currency in circulation	566.52	569.88	577.74	587.97	590.95	624.90	642.17	673.45	720.98
Cash with com. banks	43.32	54.45	45.59	59.79	61.09	52.17	36.11	45.04	45.24
Com. banks deposits	1184.23	1520.89	1651.79	1746.49	1347.46	1412.91	1535.41	1720.48	1585.49
PNFE and Loc. Govt. Depos	77.40	78.75	75.97	102.68	119.76	91.70	98.85	113.55	98.48
MMA Certificate of deposits	323.01	554.40	591.95	561.32	750.41	684.11	838.02	698.69	487.14
Foreign liabilities	10.15	10.15	10.25	10.16	10.16	10.16	10.16	10.96	10.96
Government deposits	283.80	310.58	456.17	300.46	487.33	338.72	316.62	487.65	654.07
Other liabilities (including capital account)	376.47	375.90	355.99	362.05	383.02	394.36	358.94	373.42	398.55

Source: Maldives Monetary Authority

Table 3. Assets and Liabilities of Commercial Banks, 2001 - September 2004

(In millions of rufiyaa; end of period)

	2001	2002	2003				2004		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
Reserves	1563.42	2094.32	2195.91	2265.09	1990.15	2062.01	2112.57	2168.95	1969.82
Foreign assets	318.49	411.23	515.09	643.58	529.16	775.67	1136.47	1257.38	811.09
Claims on public sector	182.55	209.55	240.26	181.77	189.42	114.48	167.88	167.22	217.97
Government	0.00	0.00	0.00	25.60	25.60	25.60	25.60	25.60	25.60
PNFE	182.55	209.55	240.26	156.17	163.83	88.88	142.28	141.62	192.38
Claims on private sector	1827.24	2100.78	2100.18	2132.28	2286.07	2244.42	2445.28	2751.19	3210.36
Unclassified assets	159.97	150.01	183.76	162.86	182.95	162.60	185.09	199.13	225.81
Total assets	4051.68	4965.89	5235.19	5385.59	5177.76	5359.17	6047.28	6543.87	6435.04
Total liabilities	4051.68	4965.89	5235.19	5385.59	5177.76	5359.17	6047.28	6543.87	6435.04
Demand deposits 1/	1022.15	1252.96	1417.91	1367.21	1295.87	1398.76	1404.98	1578.21	1494.43
Time and saving dep. f/c dep. 2/	1658.63	2064.84	2157.54	2220.05	2259.57	2428.39	2874.27	2994.87	3016.39
Government deposits	222.08	259.80	303.67	329.87	322.24	292.26	361.98	432.81	404.39
Foreign liabilities	362.36	460.04	340.66	402.35	219.36	212.59	305.87	357.56	320.66
Other liabilities	786.47	928.25	1015.41	1066.11	1080.72	1027.17	1100.19	1180.42	1199.18
Memorandum items:									
Foreign currency deposits	1519.77	1898.08	2085.14	2188.27	2215.46	2426.80	2873.15	3043.54	3056.98

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, 2001 - September 2004

(In millions of rufiyaa; end of period)

	2001	2002	2003				2004		
			Mar	Jun	Sep	Dec	Mar	Jun	Sep
Fisheries									
Value	75.71	115.25	133.07	128.65	125.63	150.85	182.80	193.91	211.92
Percent	4.18	5.53	6.38	6.08	5.54	6.77	7.52	7.09	6.63
Tourism									
Value	823.96	1160.00	1155.63	1179.28	1284.62	1248.37	1423.12	1583.17	1865.10
Percent	45.48	55.63	55.44	55.72	56.64	56.01	58.58	57.88	58.38
Commerce 1/									
Value	659.23	529.40	515.44	509.43	525.83	489.18	458.13	522.23	644.15
Percent	36.39	25.39	24.73	24.07	23.18	21.95	18.86	19.09	20.16
Construction									
Value	135.01	136.06	136.45	144.74	155.92	169.08	175.28	203.45	219.97
Percent	7.45	6.53	6.55	6.84	6.87	7.59	7.21	7.44	6.89
Manufacturing									
Value	30.00	14.62	14.58	26.92	41.00	39.95	56.18	62.77	49.10
Percent	1.66	0.70	0.70	1.27	1.81	1.79	2.31	2.29	1.54
Transport and communication									
Value	31.23	36.97	37.15	36.07	37.83	31.14	32.06	59.86	80.90
Percent	1.72	1.77	1.78	1.70	1.67	1.40	1.32	2.19	2.53
Other									
Value	56.36	92.74	92.13	91.45	97.19	100.11	101.96	110.05	123.59
Percent	3.11	4.45	4.42	4.32	4.29	4.49	4.20	4.02	3.87
TOTAL CREDIT									
Value	1811.50	2085.04	2084.43	2116.54	2268.02	2228.67	2429.53	2735.44	3194.73
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, 2001 - September 2004

(In millions of rufiyaa; end of period)

	2001		2002		Jun		2003		Dec		2004		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.
1. Current deposits	17171	972.2	20204	1143.4	21303	1442.2	21823	1323.1	23718	1478.7	26838	1962.0	26478	1700.9
2. Call deposits	2	0.4	4	30.4	4	17.5	4	25.5	4	0.4	2	0.3	2	0.3
3. Other deposit accounts	24	1.8	39	11.1	36	11.4	42	8.8	41	4.9	44	6.6	48	5.6
4. Savings deposits	89058	1032.5	101784	1278.0	107581	1375.9	110616	1441.0	115136	1572.2	127686	1815.1	134919	1872.2
5. Fixed (or term) deposits	1010	918.4	1142	1132.4	1178	1139.7	1185	1145.1	1142	1141.7	1325	1320	1268	1453
(a) Up to 3 months	204	341.1	250	392.8	321	418.5	278	444.5	168	347.9	223	292.9	152	362.7
(b) Over 3 to 6 months	129	160.1	182	134.1	226	214.6	156	150.0	216	159.6	310	263.2	356	311.8
(c) Over 6 months to 1 year	636	387.8	664	566.6	589	476.0	711	510.1	696	509.8	725	535.3	694	537.7
(d) Over 1 to 2 years	23	22.6	25	32.7	19	23.8	19	33.8	40	92.2	44	199.8	44	229.2
(e) Over 2 to 3 years	8	1.6	6	0.3	6	0.4	4	0.3	7	25.9	9	26.7	9	9.7
(f) Over 3 to 5 years	8	5.2	13	5.8	15	6.3	15	6.3	15	6.3	14	2.0	13	2.0
(g) Over 5 years	2	0.1	2	0.1	2	0.1	2	0.1	0	0.0	0	0.0	0	0.0
TOTAL	107265	2925.3	123173	3595.4	130102	3986.7	133670	3943.5	140041	4197.9	155895	5104.0	162715	5031.9

Source: Maldives Monetary Authority

Table 6. Composition of Domestic Exports (f.o.b.), 2001 - September 2004

(In millions of US dollars)

	2001	2002	2003				2004		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3
Domestic exports	76.18	90.38	31.19	28.69	23.59	29.05	32.68	26.11	28.68
Total marine exports	43.70	55.75	22.71	20.33	13.74	19.38	23.72	17.13	20.95
Fish and fish products(including live fish)	40.86	52.74	21.77	18.88	13.28	18.84	22.99	16.38	20.37
Fish exports (excluding tropical live fish)	35.76	49.16	20.71	18.07	12.30	18.03	22.36	15.66	19.44
Frozen non-reef fish	12.87	27.45	14.78	10.36	5.74	10.93	15.68	10.18	11.19
Frozen reef fish	1.78	1.69	0.80	0.33	0.66	0.45	0.54	0.27	0.33
Canned fish	9.32	10.03	2.83	4.18	2.38	2.72	2.47	1.91	4.21
Dried fish	11.03	8.99	1.95	2.80	2.85	3.25	2.94	2.91	3.19
Salted fish	0.08	0.35	0.17	0.21	0.48	0.47	0.46	0.27	0.35
Salted Reef fish	0.67	0.64	0.18	0.20	0.19	0.19	0.27	0.13	0.17
Live tropical fish	3.14	1.75	0.67	0.31	0.40	0.36	0.38	0.39	0.25
Fish products	1.96	1.82	0.40	0.49	0.58	0.45	0.26	0.33	0.68
Other marine products	2.85	3.02	0.94	1.45	0.46	0.55	0.72	0.75	0.58
Garments	32.28	34.53	8.47	8.28	9.78	9.46	8.83	8.85	7.60
Other	0.19	0.10	0.01	0.08	0.07	0.21	0.14	0.13	0.13

Source: Maldives Customs Service

Table 7. Merchandise Imports (c.i.f.) by Sector and Product, 2001 - September 2004

(In millions of US dollars)

	2001	2002	2003				2004		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total merchandise imports (by sector) ^{1/}	393.47	391.72	104.47	109.14	117.80	139.38	134.03	145.12	173.26
Private sector imports	278.22	283.64	78.28	72.83	85.84	108.13	100.38	111.55	128.32
Private imports (excluding tourism)	214.91	223.30	58.79	57.60	67.39	80.39	75.25	75.80	85.82
Tourism imports	63.30	60.34	19.48	15.23	18.45	27.74	25.12	35.75	42.51
Public sector imports	115.26	108.08	26.19	36.30	31.97	31.25	33.65	33.57	44.94
PNFEs imports	93.13	90.30	21.42	28.67	24.44	22.92	26.83	28.23	36.88
Government imports	22.12	17.78	4.77	7.64	7.53	8.32	6.82	5.34	8.06
Total merchandise imports (by product category)	393.47	391.72	104.47	109.14	117.80	139.38	134.03	145.12	173.26
Consumer Goods	168.59	172.40	45.00	43.52	45.50	56.52	53.57	53.88	60.25
Food Items	84.91	83.83	23.07	21.99	21.60	26.98	27.74	25.07	27.24
Rice	5.15	4.48	0.74	1.51	1.12	0.83	1.68	1.25	1.51
Wheat	3.99	3.10	1.27	0.91	0.88	1.14	1.50	0.63	1.22
Sugar	3.16	2.87	0.77	0.86	0.32	0.76	0.72	1.11	0.80
Beverages	11.43	10.93	3.00	2.58	2.70	3.58	3.42	3.35	2.82
Other food items	61.17	62.46	17.30	16.14	16.58	20.67	20.43	18.72	20.89
Tobacco	4.56	5.12	1.24	1.44	1.38	1.26	1.56	1.54	1.85
Pharmaceuticals	3.81	3.86	1.05	1.05	1.10	1.05	1.25	1.23	1.25
Other consumer goods	75.31	79.59	19.65	19.04	21.43	27.22	23.02	26.04	29.91
Petroleum Products	45.78	50.79	14.04	14.85	12.84	13.44	22.10	16.42	26.77
Petrol	2.90	3.69	1.00	0.69	0.84	1.27	2.54	0.91	1.99
Diesel (Marine gas oil)	34.02	39.71	11.10	11.71	10.39	10.49	16.06	13.56	22.34
Aviation gas	5.21	2.44	0.81	0.81	0.51	0.72	1.10	0.74	1.37
Other petroleum product (Lubricating oil, Kerosene)	3.66	4.95	1.12	1.64	1.10	0.97	2.39	1.21	1.07
Intermediate & Capital Goods	179.10	168.54	45.42	50.77	59.46	69.42	58.36	74.83	86.24
Construction	40.14	41.80	7.41	11.52	15.92	15.13	14.34	23.33	24.67
Cement & Cement products	4.71	4.92	0.90	1.34	1.28	1.70	1.72	1.96	2.13
Wood for construction purposes	12.40	9.91	1.72	3.04	5.02	4.97	3.60	8.67	9.38
Base metal & articles of base metal for construction purposes	10.74	9.92	2.45	3.08	4.54	3.49	3.27	7.30	6.24
Other construction related	12.29	17.05	2.34	4.07	5.08	4.96	5.75	5.41	6.93
Paper	1.86	1.63	0.50	0.50	0.42	0.43	0.44	0.51	0.49
Medical / Surgical supplies	1.37	1.46	0.62	0.50	0.51	0.51	0.32	0.43	1.30
Computer equipments and supplies	4.32	4.75	1.54	1.57	1.31	2.36	1.73	2.21	2.19
Machinery & mechanical appliances	5.81	5.84	1.73	1.42	1.72	2.74	1.98	2.17	3.52
Textiles	24.61	30.25	8.40	6.64	9.96	7.91	9.96	8.81	9.49
Chemicals & chemical products	2.83	2.79	0.78	0.84	0.86	0.85	1.01	1.05	1.04
Transport equipments and parts	41.33	26.52	12.75	9.45	10.98	17.23	9.02	10.09	15.14
Other Intermediate and Capital goods	56.82	53.50	11.70	18.33	17.78	22.26	19.55	26.23	28.41

1/ 2004 data revised on 12th October 2004.

Source: Maldives Customs Service

Table 8. Exchange Rates, 2001 - September 2004

(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
2001	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
2002	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
2003	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
	December	12.8000	0.1164	7.3452	0.2753	0.1298	21.9020	15.4782	19.0204
2004	March	12.8000	0.1175	7.4286	0.2792	0.1285	23.1237	15.3991	18.9505
	June	12.8000	0.1129	7.3370	0.2776	0.1261	23.0497	15.3075	18.7676
	September	12.8000	0.1135	7.4142	0.2731	0.1211	22.6006	15.4405	18.8031

Source: Maldives Monetary Authority



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