

MALDIVES MONETARY AUTHORITY

# ECONOMIC UPDATE

**JANUARY 2024**  
VOLUME 6 ISSUE 1



[mma.gov.mv](http://mma.gov.mv)

## About the Economic Update

Economic Update is a monthly publication produced by the Research Division of MMA presenting a quick overview of current developments in the Maldivian economy. It also includes a chart pack of global economic and financial indicators. The Economic Update will be posted on MMA's website at the end of each month. This Economic Update is based on the latest available data as at 29 January 2024.

# Domestic Economic Developments

## Real Economy

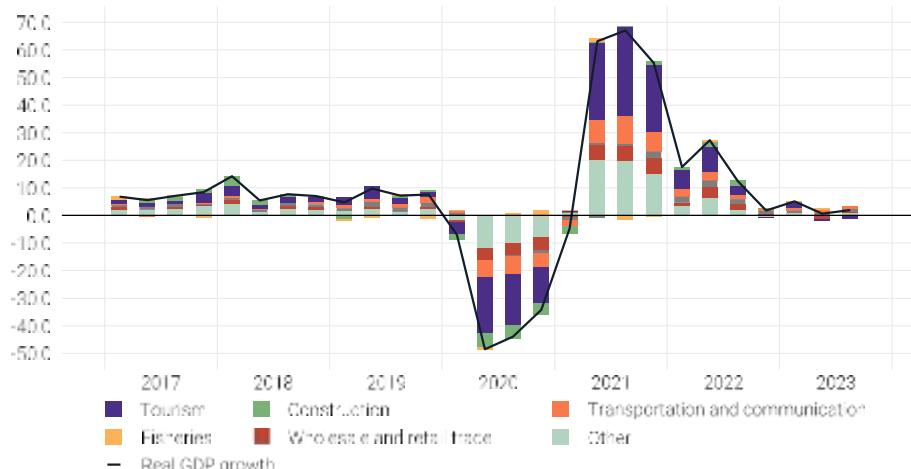
### Gross Domestic Product

- According to the advance estimates of the Quarterly National Accounts (QNA) for Q3-2023 released by the Maldives Bureau of Statistics (MBS), real GDP grew by 2.0% in Q3-2023 compared to the corresponding quarter of 2022, which is an acceleration from the moderate growth of 0.7% in Q2-2023.
  - The upturn in annual real GDP growth during Q3-2023 was mainly driven by the positive contributions from sectors such as transportation and communication, financial services, public administration, human health and social work activities, electricity and water, real estate and wholesale and retail trade, despite negative contributions from key economic sectors such as tourism and construction.

### Annual GDP Growth Forecast

- According to revised forecasts published in October 2023<sup>1</sup>, real GDP is projected to grow by 8.7% in 2023 and 5.5% in 2024. As per the estimates of real GDP released by the Maldives Bureau of Statistics in August 2023, following a significant growth of 37.7% in 2021, the annual real GDP growth for 2022 is estimated at 13.9%—1.6 percentage points higher than the initial estimate of October 2022—led by the robust recovery of tourism sector and other related sectors.

Contribution to Real GDP Growth by Economic Sectors, 2017 - 2023  
(annual percentage change, percentage point contribution)



Source: Maldives Bureau of Statistics

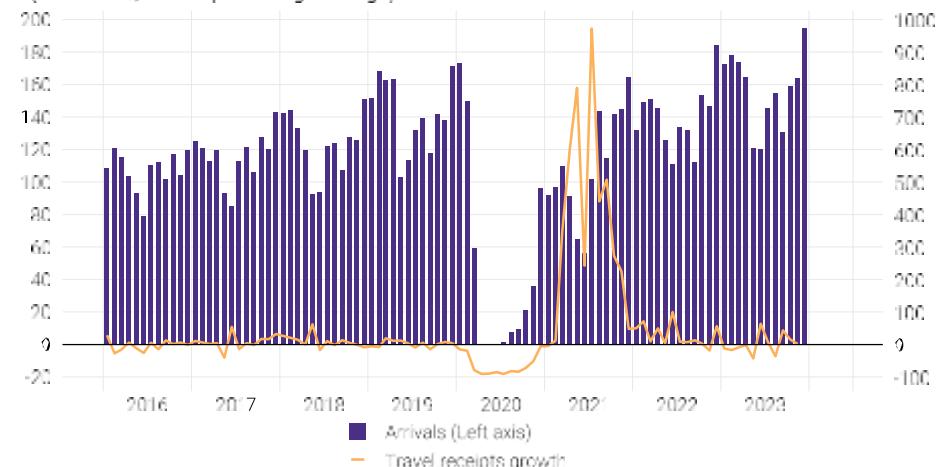
<sup>1</sup>According to the growth forecast scenarios estimated jointly by the MMA and the Ministry of Finance.

## Tourism

- In December 2023, total tourist arrivals stood at 194,696, registering an increase of 6% when compared with December 2022, whereas bednights slightly declined by 1%.
  - The annual increase in tourist arrivals largely reflected robust arrivals from China as well as the main source markets of Europe. During the month, the highest number of tourist arrivals were recorded from India, Italy, Russia, United Kingdom and Germany.
- The operational bed capacity of the tourism industry observed an increase of 1,961 beds when compared with December 2022, while the occupancy rate declined slightly to 60% in December 2023, from 62% in December 2022.
- Overall, for the period January to December 2023, total tourist arrivals increased by 12% in annual terms, while bednights rose by 5%. During the period, the average stay observed a decline to 7.6 days, from 8.0 days in the corresponding period of 2022.

### Tourism, 2016 - 2023

(thousands, annual percentage change)

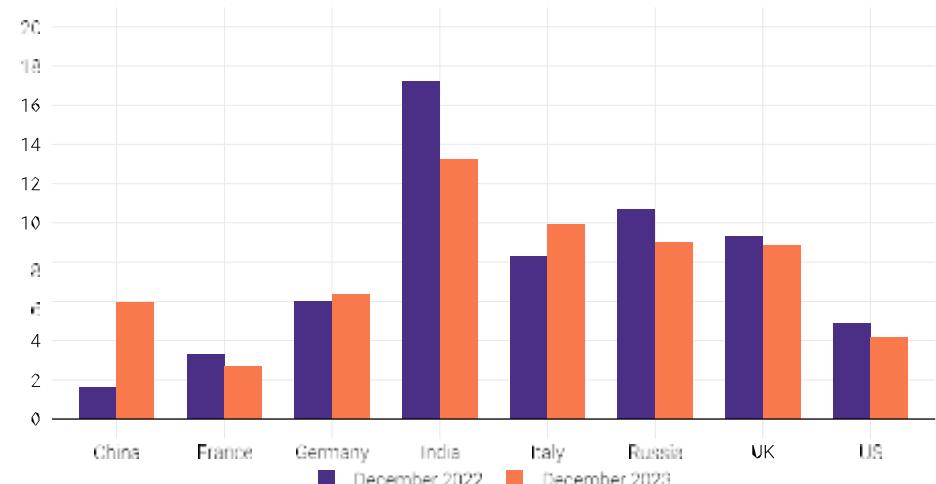


Source: Ministry of Tourism

Note: Tourism receipts available up to November 2023.

### Shares of Key Inbound Markets

(percent)



Source: Ministry of Tourism

# Inflation

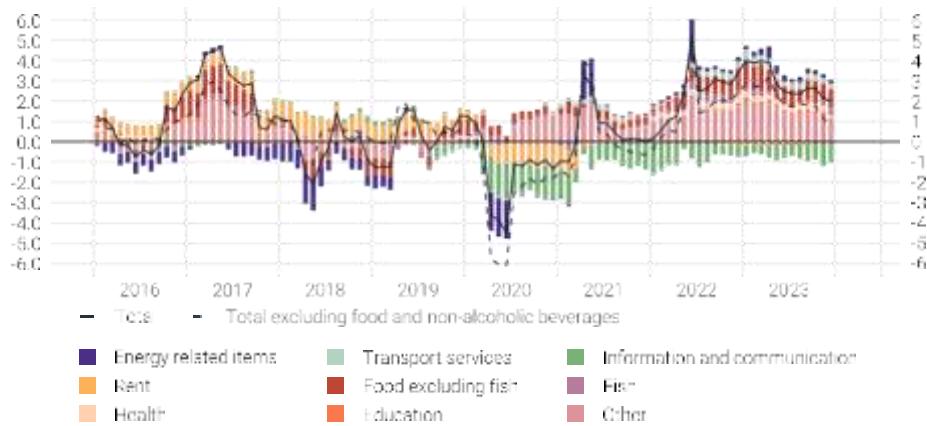
- The rate of inflation, as measured by the annual percentage change in the national CPI, slightly moderated to 2.0% in December 2023, from 2.1% in November 2023.

– The largest contribution to the annual rate of inflation during November 2023 came from vegetables (0.50 percentage points); fish (0.41 percentage points); restaurants and cafés (0.38 percentage points); electricity (0.23 percentage points); personal care appliances, articles and products (0.20 percentage points); dairy products (0.18 percentage points); passenger transport by sea (0.16 percentage points); food products (0.14 percentage points); mobile telephone equipment (-0.12 percentage points); and mobile communication services (-0.92 percentage points).

- The monthly percentage change in the national CPI picked up to 0.4% in December 2023, following a decline of 0.5% in November 2023.

– The largest contribution to the monthly rate of inflation came from vegetables (0.21 percentage points); fish (0.07 percentage points); dairy products (0.04 percentage points); electricity (0.04 percentage points); meat (0.02 percentage points); passenger transport by air (0.01 percentage points); tea, maté and other plant products for infusion (0.01 percentage points); food products (0.01 percentage points); mobile communication services (-0.01 percentage points); and fruits (-0.03 percentage points).

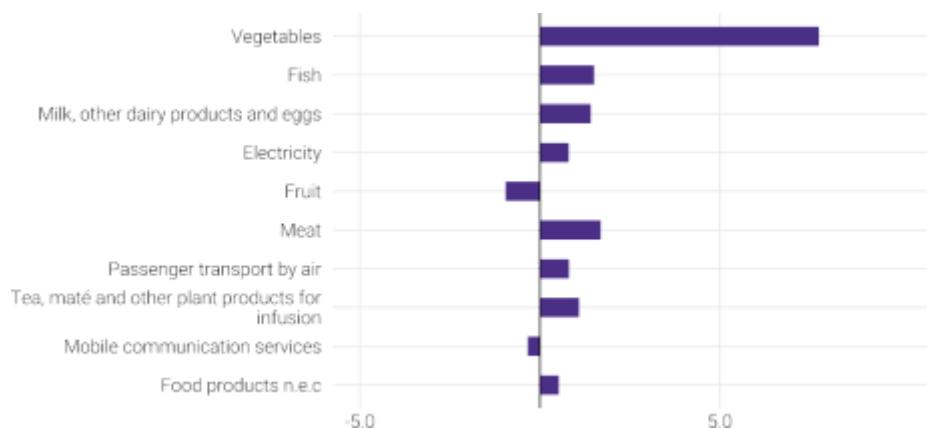
Contribution of Major Categories to CPI Inflation (National), 2016 - 2023  
(annual percentage change, percentage point contribution)



Source: Maldives Bureau of Statistics

Note: Main categories in other are furnishing, personal care, restaurant and accommodation services, tobacco and narcotics, and water supply.

Monthly Changes of Subcategories of CPI Inflation (National),  
December 2023  
(monthly percentage change)



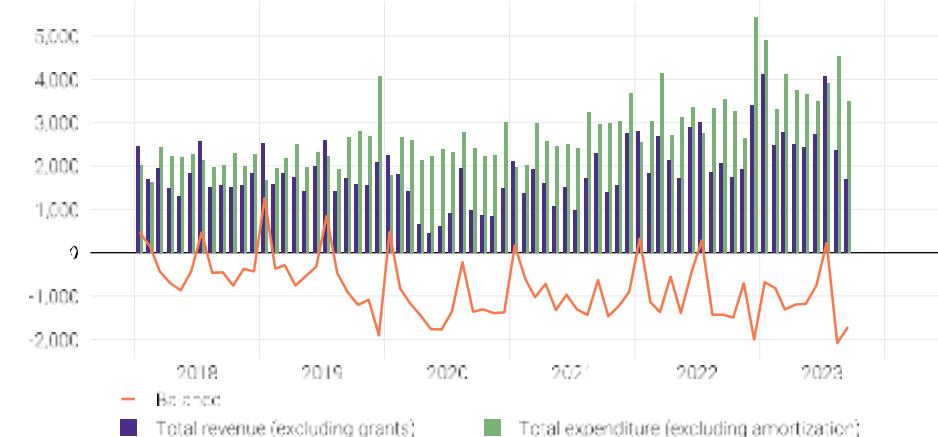
Source: Maldives Bureau of Statistics  
Note: Ordered by the size of the contribution.

# Public Finance

- Total revenue (excluding grants) observed a decline of MVR373.1 million (or 18%) in September 2023 when compared with September 2022, owing to declines in both non-tax revenue and tax revenue. As such, non-tax revenue fell by MVR204.4 million, while tax revenue decreased by MVR167.5 million.
- Total expenditure (excluding amortisation) decreased by MVR37.1 million (or 1%) in September 2023 when compared with September 2022, mainly owing to the decline in capital expenditure, which fell by MVR190.4 million. Meanwhile, recurrent expenditure increased by MVR153.3 million in September 2023, when compared with September 2022.
- According to the latest available data, the stock of total government debt (excluding government guaranteed debt) amounted to MVR103.7 billion at the end of Q3-2023, a 6% increase from Q2-2023. Meanwhile, total government debt as a percentage of GDP rose to 97% at the end of Q3-2023, from 91% in Q2-2022.
  - During this period, the increase in government debt was primarily driven by external debt.

## Government Revenue and Expenditure, 2018 - 2023

(millions of rufiyaa)

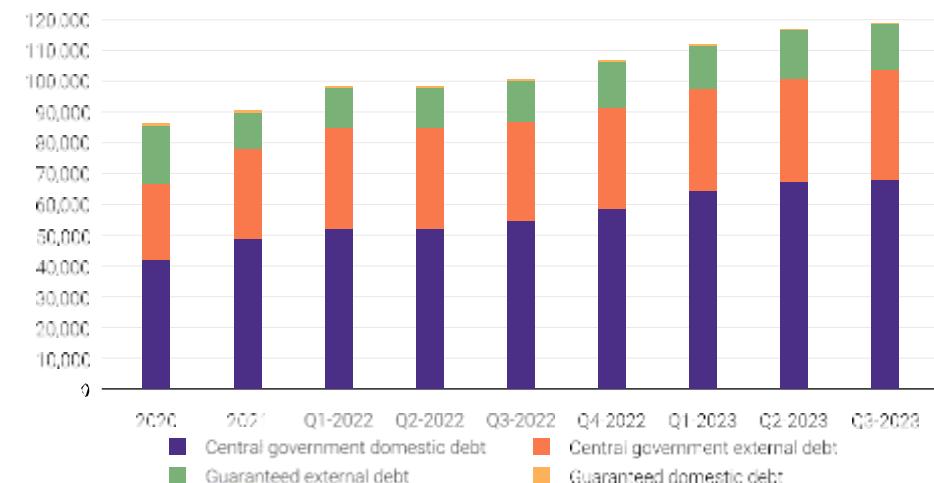


Source: Ministry of Finance

Note: Figures do not accord with the methodology of IMF's GFS Manual 1986.

## Total Outstanding Stock of Public Debt, 2020 - 2023

(millions of rufiyaa)



Source: Ministry of Finance

# Monetary Developments

## Reserve Money

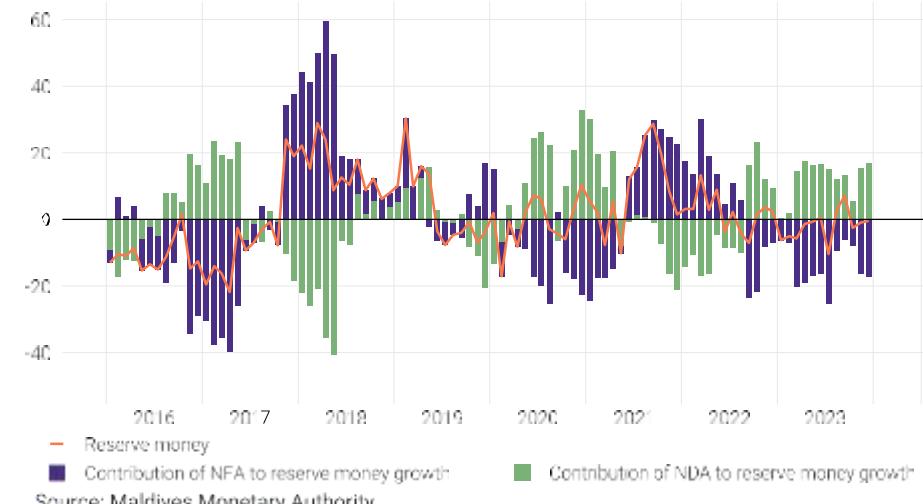
- Reserve money (M0) growth remained broadly unchanged at the end of December 2023, after declining by 1% at the end of November 2023. This mainly reflected the annual decline in net foreign assets offsetting the increase in net domestic assets during the period.
  - The decline in net foreign assets was primarily due to the substantial decrease in foreign asset accumulation during the period, despite the decline in foreign liabilities, which largely reflected the repayment of the swap obtained from Reserve Bank of India (RBI) in December 2022. Meanwhile, net domestic assets increased, mainly reflecting the increase in net claims on central government despite the increase in overnight deposit facility (ODF) placements by the commercial banks.

## Broad Money

- Annual broad money (M2) growth decelerated to 7% at the end of December 2023, from the 10% growth recorded at the end of November 2023.
  - On the components side, the annual increase in broad money primarily reflected the increase in time and savings deposits denominated in both local and foreign currency, coupled with an increase in transferable deposits base. Similarly, currency outside depository corporations also increased during the month.
  - As for the sources, the annual growth in broad money was solely driven by net domestic assets, largely owing to the growth in net claims on the central government by the MMA and the commercial banks, while credit to the private sector and public non-financial corporations also increased during December 2023. Meanwhile, net foreign assets declined, mainly owing to the decline in foreign asset accumulation, despite the decline in foreign liabilities during the period.

### Sources of Reserve Money, 2016 - 2023

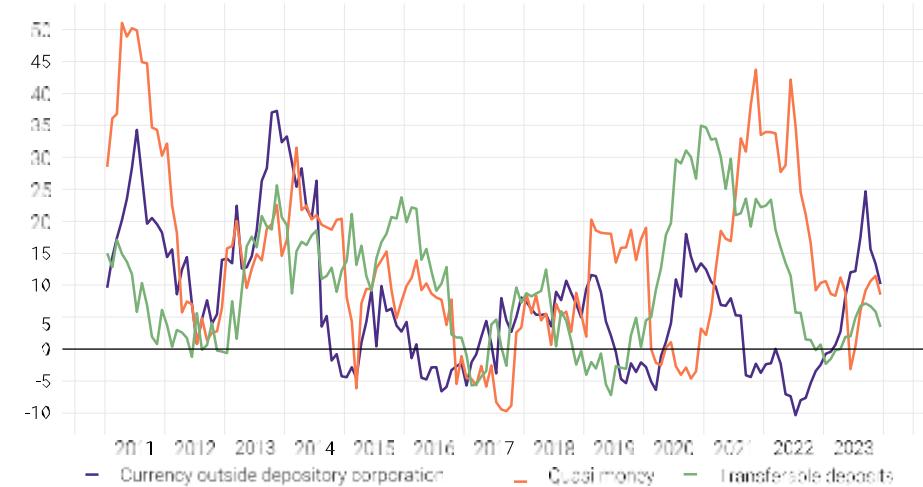
(annual percentage change, contribution percent)



Source: Maldives Monetary Authority

### Components of Broad Money, 2011 - 2023

(annual percentage change)



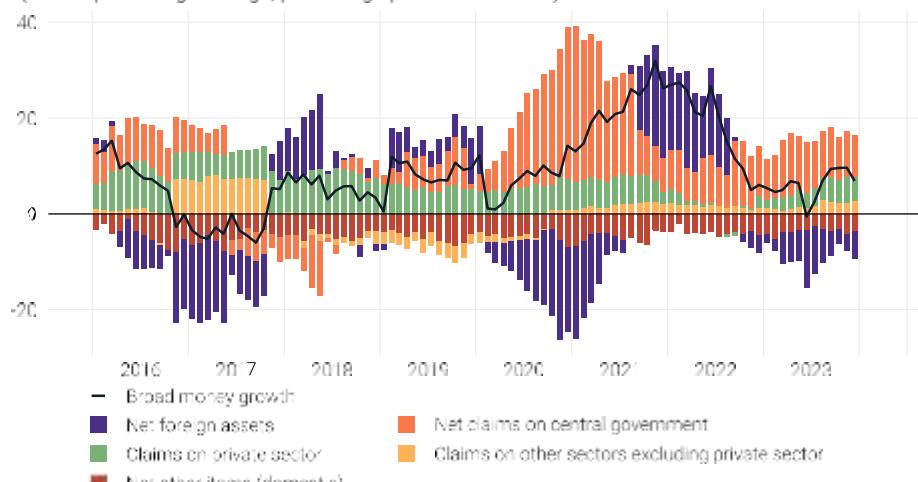
Source: Maldives Monetary Authority

## Credit to Private Sector

- The annual growth rate of credit to the private sector by the commercial banks slightly moderated to 9% at the end of December 2023.
  - As such, credit to all major sectors (namely personal loans, tourism, commerce, construction and real estate) continued to expand in December 2023, whereby personal loans registered the highest growth during the month with an annual increase of 23%. Meanwhile, tourism sector accounted for the largest share of bank credit and registered an annual growth of 6%.
  - The annual growth in credit for personal loans was driven by the increase in credit lent in the form of credit cards and consumer durables despite the minor decline in educational loans. As for the tourism sector, the annual growth in credit to the sector was driven by a marked increase in credit lent in the form of working capital, followed by an increase in credit lent for yacht safari building.

## Contribution to Broad Money, 2016 - 2023

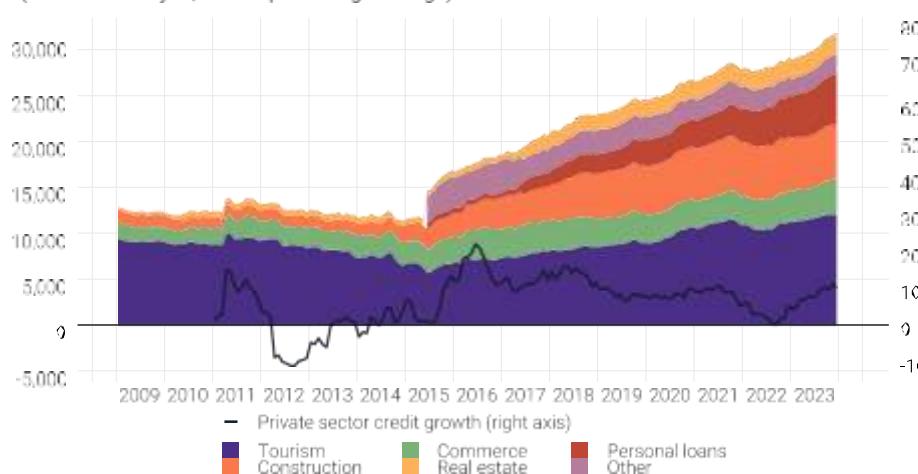
(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

## Private Sector Credit, 2009 - 2023

(millions of rufiyaa, annual percentage change)



Source: Maldives Monetary Authority

Note: Personal loans were not classified as a separate category prior to June 2015.

## Interest rates

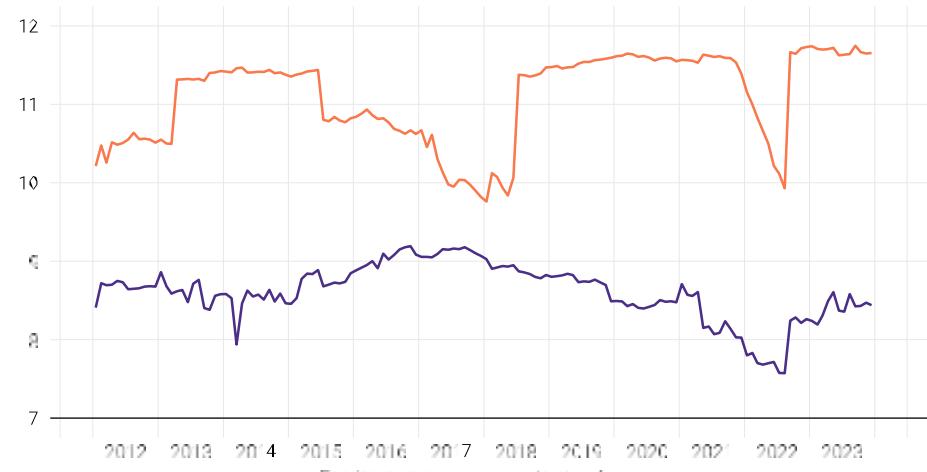
Interest Rate on National Currency Deposits, 2012 - 2023

(weighted average)



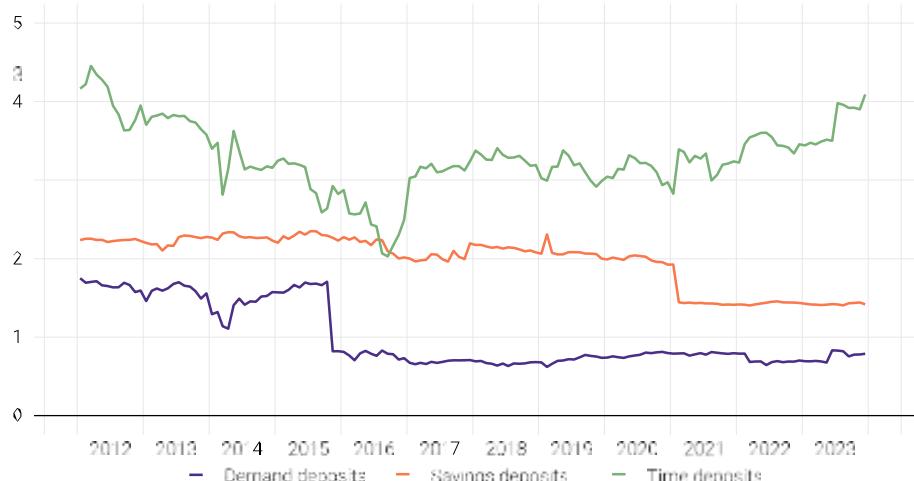
Interest Rate on Private Sector Loans and Advances, 2012 - 2023

(weighted average)



Interest Rate on Foreign Currency Deposits, 2012 - 2023

(weighted average)

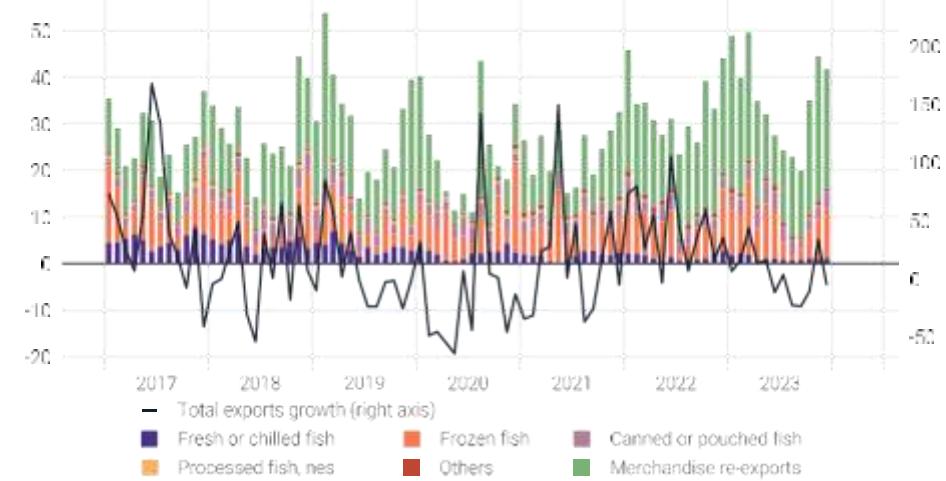


# External Trade

- Total exports (f.o.b) and total imports (c.i.f) both decreased by 5% and 6% respectively, during December 2023 when compared with December 2022.
  - The annual decline in total exports stemmed primarily from the decline in domestic exports, largely owing to lower earnings from frozen skipjack tuna exports, together with fresh or chilled yellowfin tuna exports. In contrast, re-exports increased during the period, which reflected higher re-exports of jet fuel.
  - The annual decline in import expenditure stemmed mainly from the decrease in import expenditure on transport equipment, petroleum products, construction-related items and furniture, fixtures and fittings. In contrast, increases were observed in import expenditure on machinery and mechanical appliances and electronic and electrical appliances.
- Overall, for the period of January to December 2023, total exports increased by 10%, while total imports slightly declined by 1%, when compared with the corresponding period of 2022.

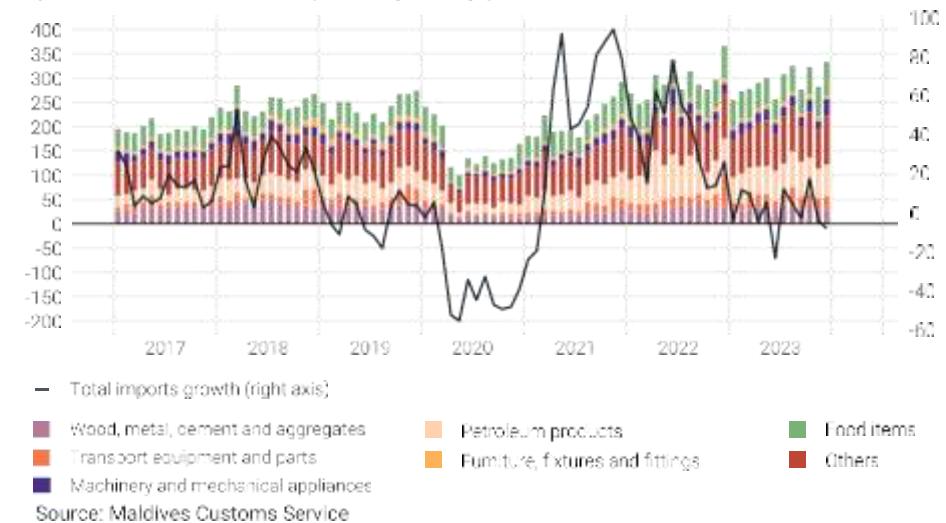
## Total Exports, 2017 - 2023

(millions of US dollars, annual percentage change)



## Total Imports, 2017 - 2023

(millions of US dollars, annual percentage change)

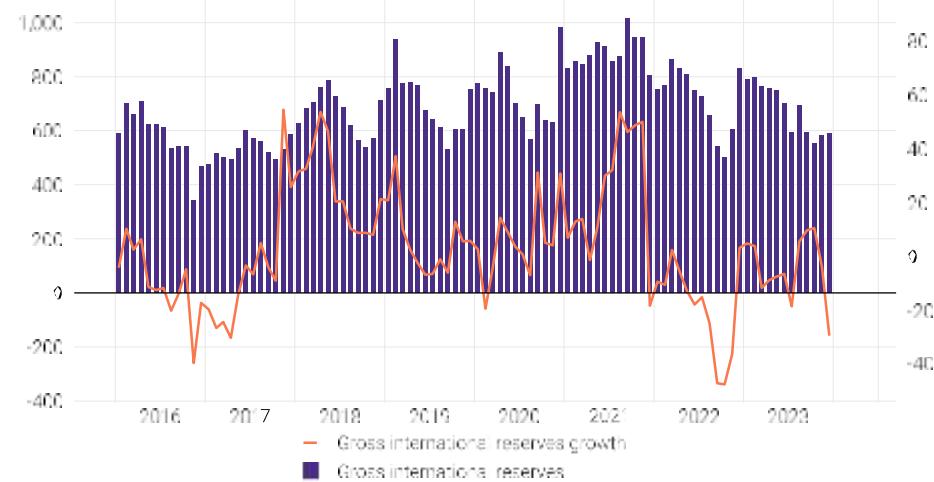


## Gross International Reserves

- Gross international reserves<sup>2</sup> (official reserve assets) increased to US\$588.6 million at the end of December 2023, from US\$581.2 million at the end of November 2023. Conversely, this depicted a decline of US\$243.5 million from the US\$832.1 million recorded at the end of December 2022.
  - In terms of growth rates, a slight increase of 1% was registered when compared with November 2023, and a decline of 29% when compared with December 2022.

### Gross International Reserves, 2016 - 2023

(millions of US dollars, annual percentage change)



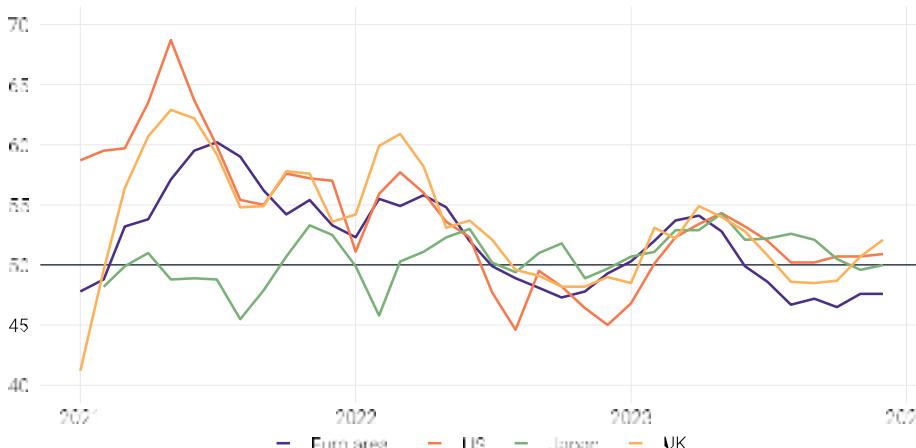
Source: Maldives Monetary Authority

<sup>2</sup>Comprises foreign currency deposits of the MMA and the government, commercial banks' US dollar reserve accounts and Maldives' reserve position at the IMF.

# International Economic Developments

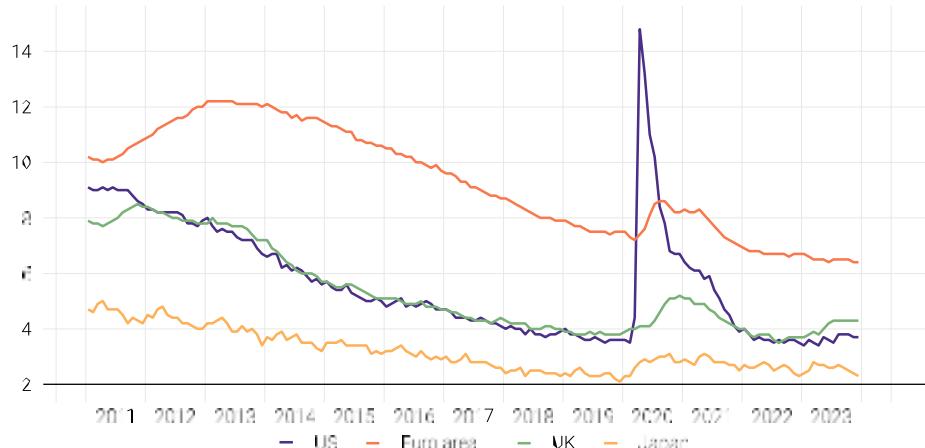
## Global Output

Purchasing Manager's Index in the Advanced Economies, 2021 - 2023  
(index points)



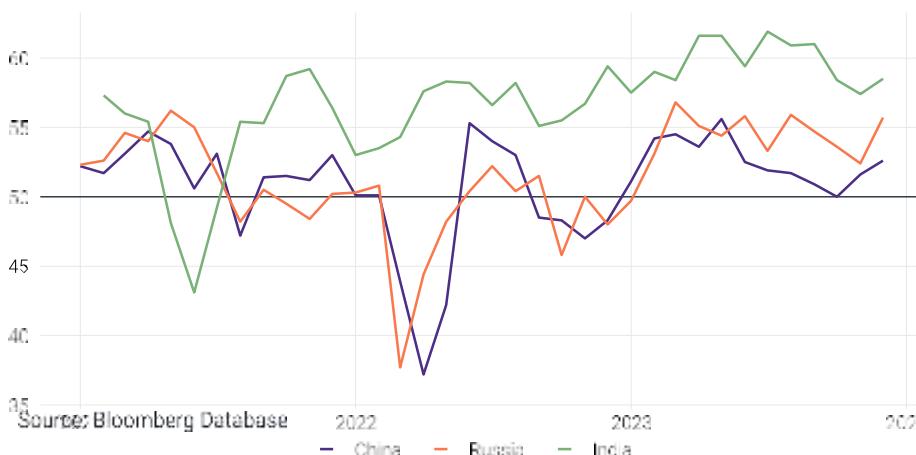
Source: Bloomberg Database

Unemployment in the Advanced Economies, 2011 - 2023  
(percent)



Source: Bloomberg Database

Purchasing Manager's Index in the Emerging Economies, 2021 - 2023  
(index points)



Source: Bloomberg Database

Unemployment in the Emerging Economies, 2011- 2023  
(percent)



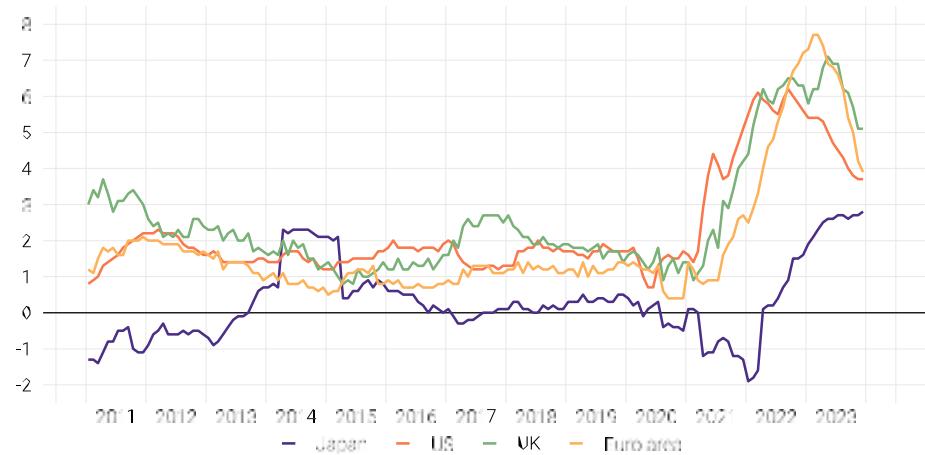
Source: Bloomberg Database

# Global Inflation

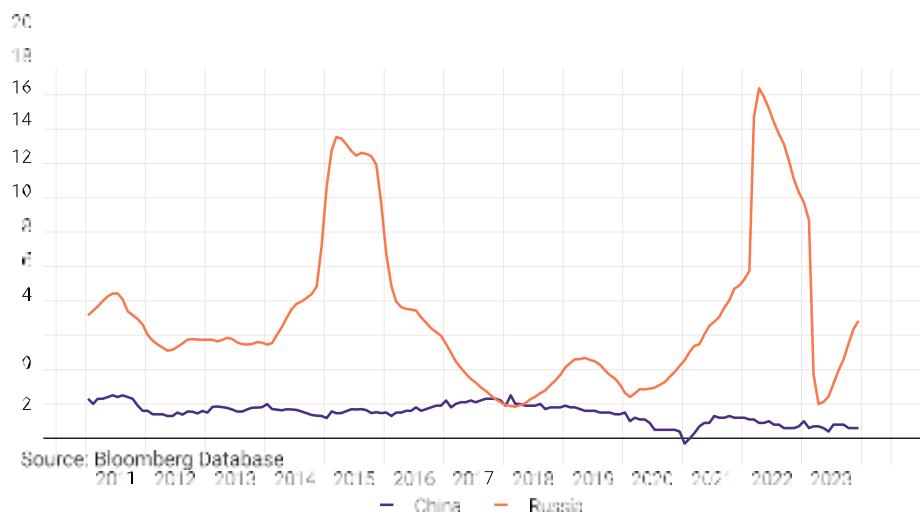
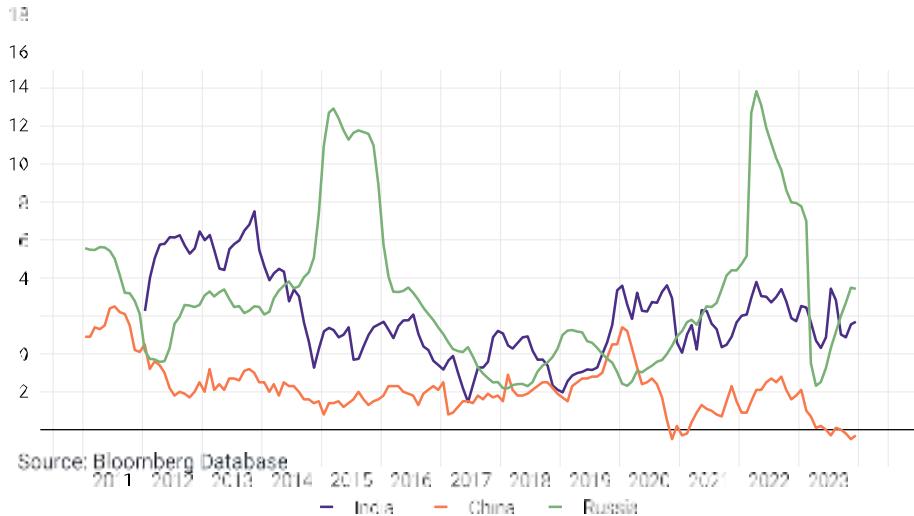
Inflation in the Advanced Economies, 2011 - 2023  
(percent)



Core Inflation in the Advanced Economies, 2011 - 2023  
(percent)



Source: Bloomberg Database  
Inflation in the Emerging Economies, 2011 - 2023  
(percent)



# Commodity Prices

Commodity prices, 2011 - 2023

(annual percentage change)



Source: IMF

Oil prices, 2011 - 2023

(dollars per barrel)

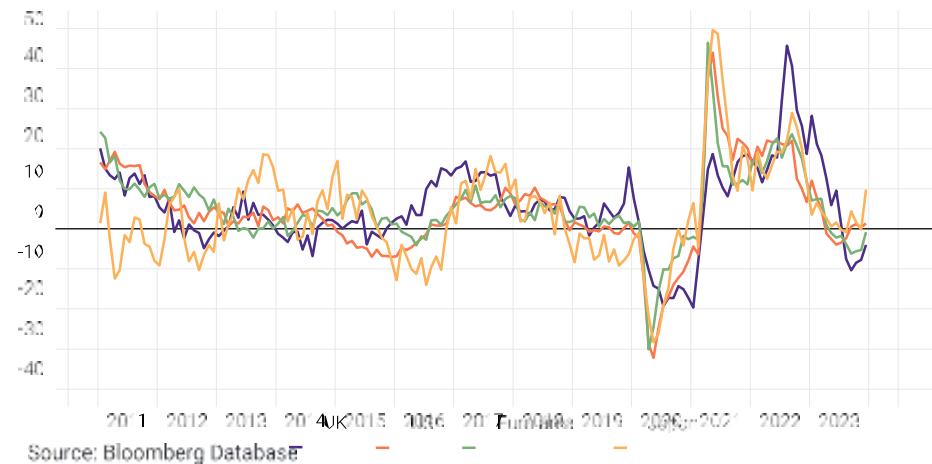


Source: Bloomberg Database

# Global Trade

Exports in the Advanced Economies, 2011 - 2023

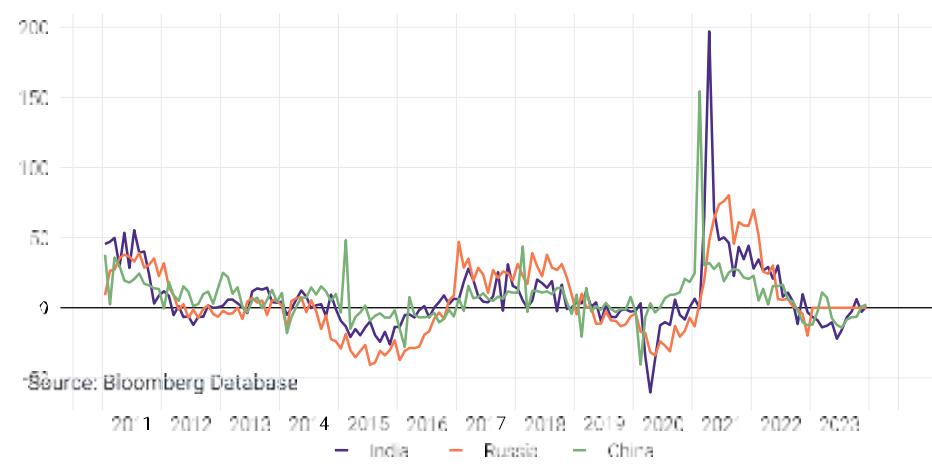
(annual percentage change)



Source: Bloomberg Database

Exports in the Emerging Economies, 2011 - 2023

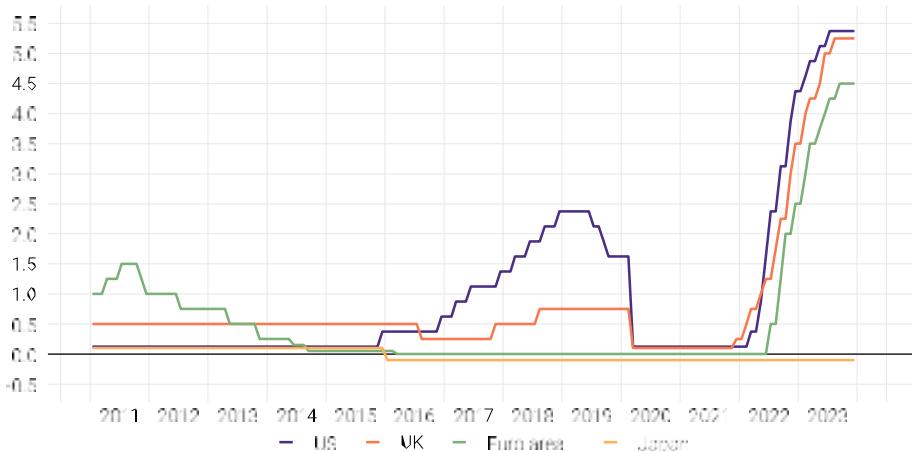
(annual percentage change)



Source: Bloomberg Database

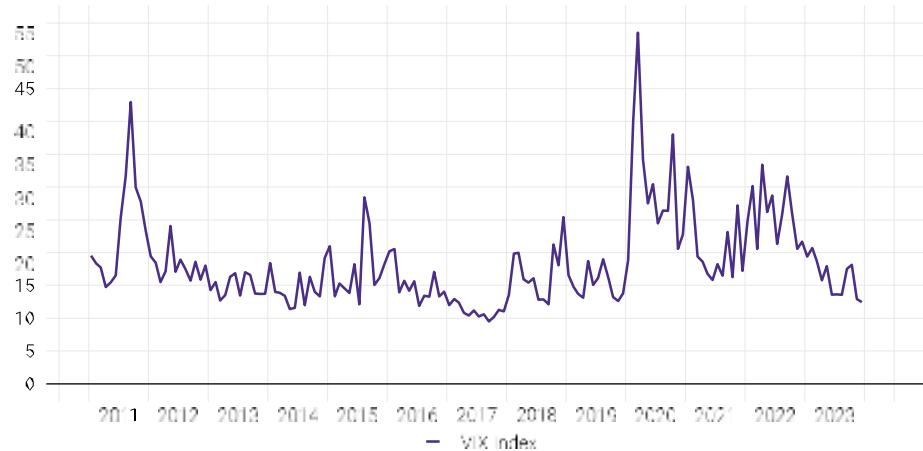
# Global Financial Markets

Monthly Policy Rates in the Advanced Economies, 2011 - 2023  
(percent)



Source: Bloomberg Database

Volatility Index, 2011 - 2023  
(percent)



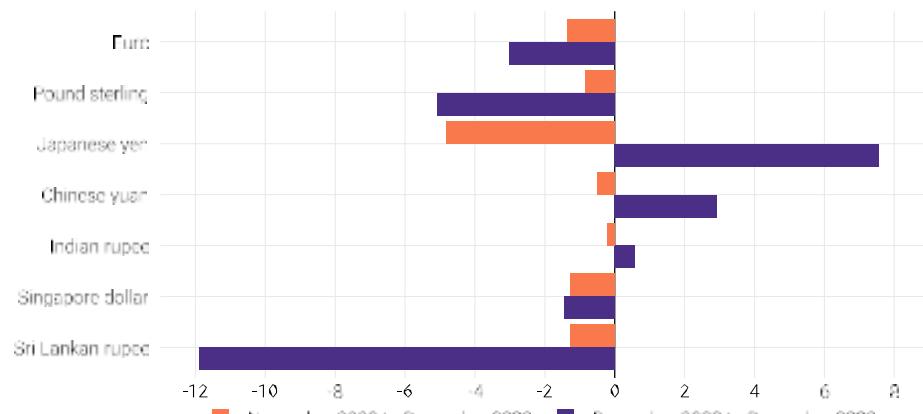
Source: Bloomberg Database

Monthly Policy Rates in the Emerging Economies, 2011 - 2023  
(percent)



Source: Bloomberg Database

Exchange Rate of US Dollar against Currencies of Major Trading Partners, December 2023  
(percentage change)



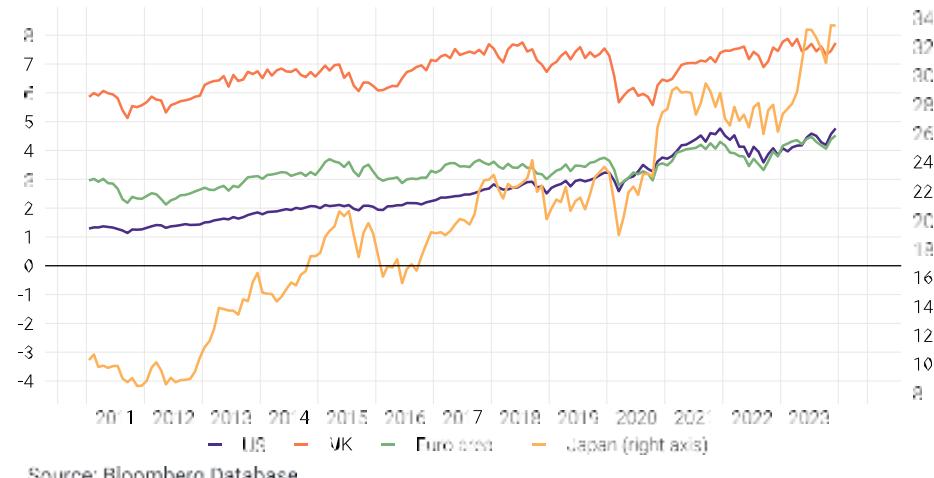
Source: Bloomberg Database

# Global Financial Markets

Sovereign Bond Yield in the Advanced Economies, 2011 - 2023  
(percent)



Share Price Index in the Advanced Economies, 2011- 2023  
(price index, in thousands)



Sovereign Bond Yield in the Emerging Economies, 2011 - 2023  
(percent)



Share Price Index in the Emerging Economies, 2011- 2023  
(price index, in thousands)





**Boduthakurufaanu Magu**  
**Male' - 20182**  
**Republic of Maldives**  
**Tel: (960) 3312343**  
**Fax: (960) 3323862**  
**Email: [mail@mma.gov.mv](mailto:mail@mma.gov.mv)**  
**Website: [www.mma.gov.mv](http://www.mma.gov.mv)**