

# Economic Bulletin



A Quarterly Publication of the Central Bank of Timor-Leste

## VOLUME 17

Data published in this bulletin is subject to revision and the Central Bank can not guarantee the accuracy of information obtained from outside sources. The bulletin does not necessarily reflect the views of the Governing Board.

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## 1. MONEY SUPPLY

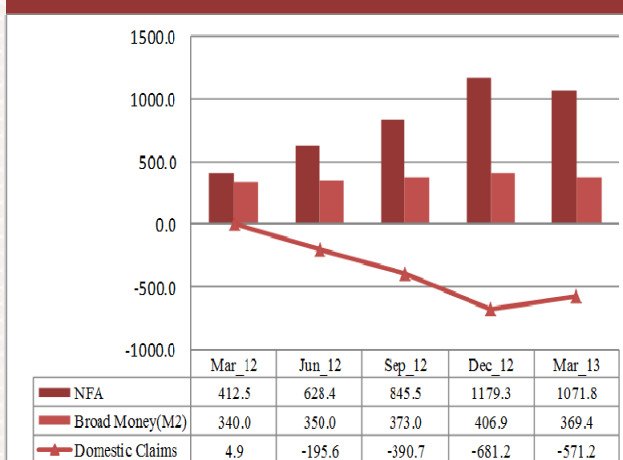
After a 34 million (9.1%) increase in December Quarter, total broad money (M2) declined by 37.6 million (9.2%) to US\$ 369.4 million in March quarter 2013, See table 3 on last pages and chart 1). This decrease in the quarterly growth rate of M2 is due to a slow down in the growth rate of narrow money and quasi money by 10.3% and 8.1% respectively. On an annual basis, money supply increased by 8.6% in March quarter 2013, compare to a 19.8% in the same month of 2012.

Net foreign asset (NFA) position of a country is the value of the asset that country owns abroad, minus the value of the domestic assets that owned by foreigners. As can be see on chart 1, net foreign assets of depository corporations decreased by US\$107.4 million (9.1%) to US\$1071.8 million in the March quarter, compare to US\$333.7 million(39.5%) increase in the December quarter. The decrease in total net foreign assets from December to March 2013 is attributed to a decrease of both in claims on non residents and liabilities to non residents by US\$162.4 million (13%) and US\$55 million (76.2%) respectively.

Domestic credit mostly comprises of claims on central government (net) and claims on private

sector. In the March quarter, total domestic claims decreased by 16.1%( 110 million), compared to 74.4%( 290.5 million) increase in previous quarter. Responsible for this change was due to decrease in net claims on central government

Chart 1. Monetary Survey ( in million)



Source: Central Bank

by 12.3% (103,9million). Actually, there is no credit from financial system to the government. The negative sign means that the amount is a government deposit (i.e an increase in depository corporation liabilities to the central government). In contrast, a decrease in Government deposits at the central bank, mostly due to increase in government withdrawal to finance its expenditure, imply the depository liabilities is decline. Claims on the private sector continued to increase, rising by 3.8% (6.1 million) in the quarter under reviews.

## 2. CREDIT TO PRIVATE SECTOR

Total credit provided to the private sector by commercial banks grew by 3.9% in March quarter 2013 after increasing by 0.01% in December quarter 2012. While, on an annual basis, the rate of growth of commercial bank loans slightly increase by 21.4% in the March quarter, compared to 20.4% increase in the same month last year. As shown in table 1 , the highest proportion of total loans to the private sector are individuals and others (39%), followed by trade and finance (25.6%) and construction (21%).

**Table 1 .Commercial Bank Credit to Private Sector (in thousand)**

Items	Sep_12	Dec_12	Mar_13	% of share Dec_2012	% of share Mar_2013
Agriculture, water and forestry	590	726	1,123	0.5	0.7
Industry and manufacturing	2,248	1,862	1,590	1.2	1.0
Construction	33,658	35,264	33,926	22.6	21.0
Transportation & communication	16,438	15,507	145,45	10.0	9.0
Trade and finance	28,828	31,777	41,366	20.4	25.6
Tourism and service	3,516	5,732	6,150	3.7	3.8
Individuals and others	70,509	64,929	63,124	41.7	39.0
<b>Total</b>	<b>150,161</b>	<b>155,787</b>	<b>161,824</b>	<b>100</b>	<b>100</b>

Source: Central Bank

## 3. DEPOSITS WITH COMMERCIAL BANK S

Total deposit with commercial banks (excluding government deposits) decreased US\$37.8 million to US\$364.4 million at March quarter, 2013 from an increase of US\$33.7 million at December, 2012, or grew by 9.2%. On the annual basis, total deposits continued to increase by 8.4% (US\$28.4 million) to US\$364.4 million, compared to a 19.9% (US\$55.7 million) increase in the same month last years. (see chart 2). The decrease in total deposit was primarily due to dropped of demand deposits and time deposit and saving deposit by 10,4% and 8.1% respectively

**Chart 2. Commercial Bank Deposit (in thousand)**

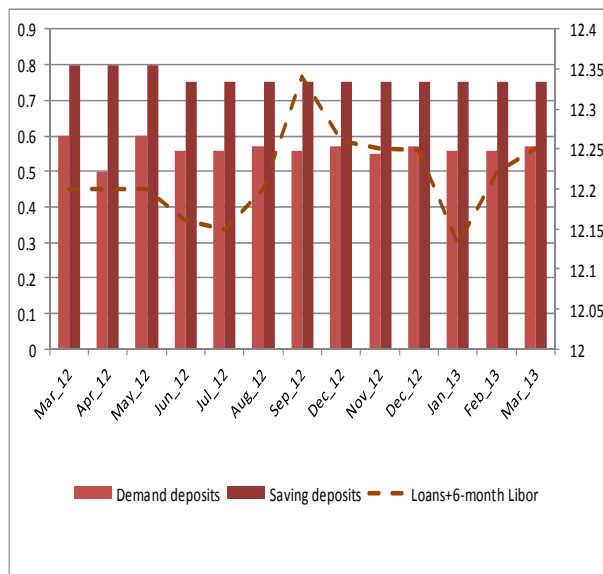


Source: Central Bank

#### 4. DOMESTIC INTEREST RATE

The weighted average lending rates for commercial banks edged up by 1 basis points to 12.24% in March of 2013 from 12.17 % in the same month last year. This increase was mainly attributed to a slight adjustment in the six month Libor fluctuation applied by commercial banks. While, demand deposits and saving deposits of weighted average interest rate remained constant with no significant changes at 0.6% and 0.8%. The spread between deposits and loans, as measured by the credit, increase by 1 basis point to 11.68% in March 2013, from 11.67% in the same month last year .

Chart.3. Commercial Bank Interest Rate (in percent)

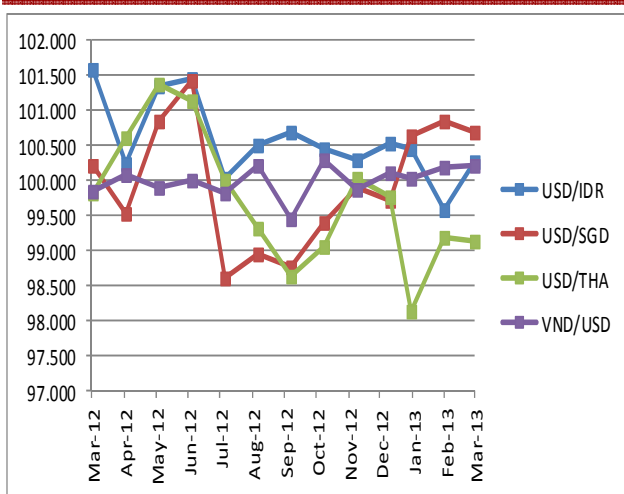


Source: Central Bank

#### 5. EXCHANGE RATE

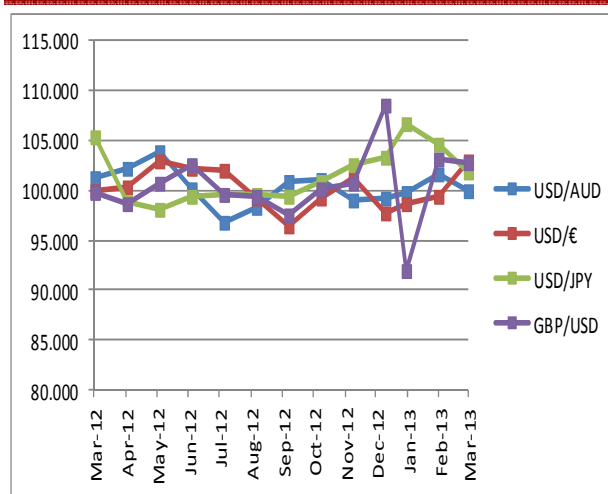
In the March quarter, the average US dollar exchange rate continued to appreciate against the Indonesia rupiah , Australian dollar, Euro, Japanese , Singapore and Vietnam dong. while it depreciated against the British Pound and Thailand baht . It appreciated against the Indonesia Rupiah by 0.31% to 9,709.84, Australian dollar by 1.48% to 0.9686, Euro by 0.98% to 0.7706, Japanese yen by 13.56% to 94.86 and Vietnam dong by 0.44%. It depreciated against the British Pound and Thailand baht by 3.53% and 2.59% (see chart 4,5 and table 4 ).

Chart 4. Asian Currencies Against the USD



Source: Bloomberg.com

Chart 5. G3 Currencies against USD

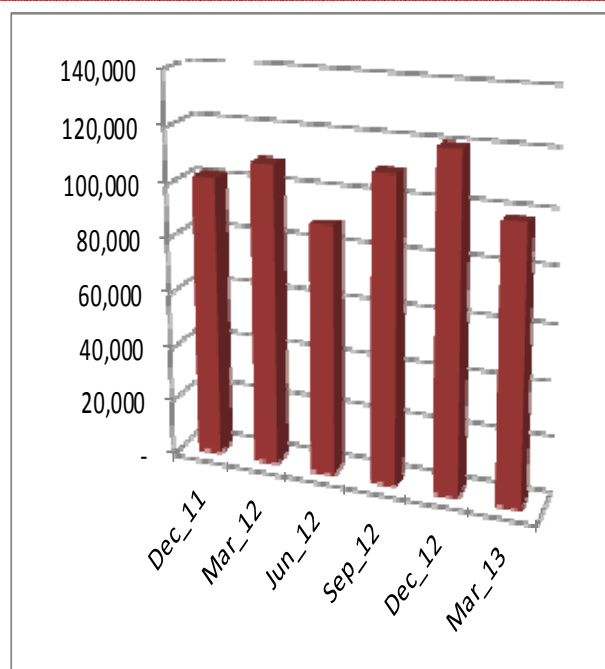


Source: Bloomberg.com

## 6. INTERBANK CLEARING

The Clearing House Interbank Payments System is a transferable system that can be used to conduct financial transactions between different banks. The central bank acts as the clearing house for these banks. Since all banks have their accounts with the central bank, the central bank can easily settle the claims of various banks against each other. Figure 6 shows the dollars value of checks and notes cleared at the central bank of Timor -Leste. Clearing transactions (in value terms) decline to minus 18.3% in March quarter 2013, from 9.6% increase in previous quarter. The decline in total value was due to the decrease in the value of cheque and value of notes by 8.9% and 23% respectively.

Chart 6. Clearing Banks (in thousand)



Source: Central Bank

## 7. PRICE EVOLUTION IN DILI

Consumer price index (Dili) has been reviewed and re-weighted by National Statistics Department. All published indexes from January 2013 have been referenced to December 2012=100. The all group CPI rose 3% in March quarter 2013. The increase was due to price increase in several groups like food and non-alcoholic beverages (4.6%) and housing (2.4%). while, communication and clothing and footwear decrease by 12.4% and 0.3%. The annual headline inflation rate was increase by 13.6% in March 2013. The increase in annual inflation was attributed to the higher of prices of foods and non-alcoholic beverages by (17.1%), alcohol and tobacco by 14.2% and transport (11.5%).

Chart 7. Inflation rate (in percent)

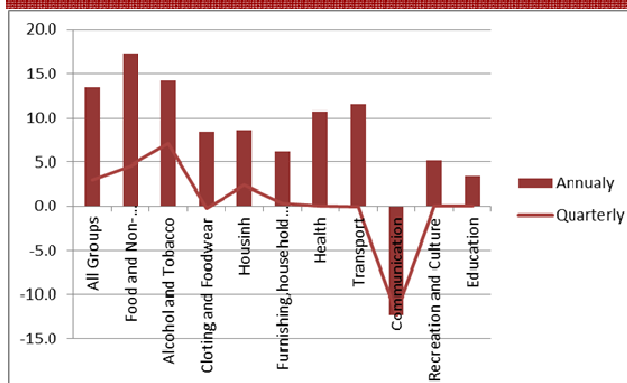


Table.2 Consumer Price Index and Inflation

Group and Expenditure	CPI (Dec 2012=100)			% of change	
	Mar_12	Dec_12	Mar_13	Quarterly	Annually
All Groups	90.7	100.0	103.0	3.0	13.6
Food and Non-alcoholic Beverages	89.3	100.0	104.6	4.6	17.1
Alcohol and Tobacco	93.9	100.0	107.2	7.2	14.2
Clothing and Footwear	92.0	100.0	99.7	-0.3	8.4
Housing	94.3	100.0	102.4	2.4	8.6
Furnishing, household supplies, Equipment	94.4	100.0	100.3	0.3	6.3
Health	90.3	100.0	100.0	0.0	10.7
Transport	89.6	100.0	99.9	-0.1	11.5
Communication	100.0	100.0	87.6	-12.4	-12.4
Recreation and Culture	95.1	100.0	100.0	0.0	5.2
Education	96.7	100.0	100.0	0.0	3.4

Source : National Statistics Department



## 8. Balance of Payment

Balance of payments is one of the key economic statistical information that systematically summarizes economic transaction of Timor-Leste residents with the rest of the world. In the 2012, balance of payment of Timor-Leste showed an overall surplus of 421,934 million, compared to a higher surplus 55,420 million in 2011. This was due to a surplus in the current account, which more than offset a deficit in financial and capital account.

### 8. 1. Current Account

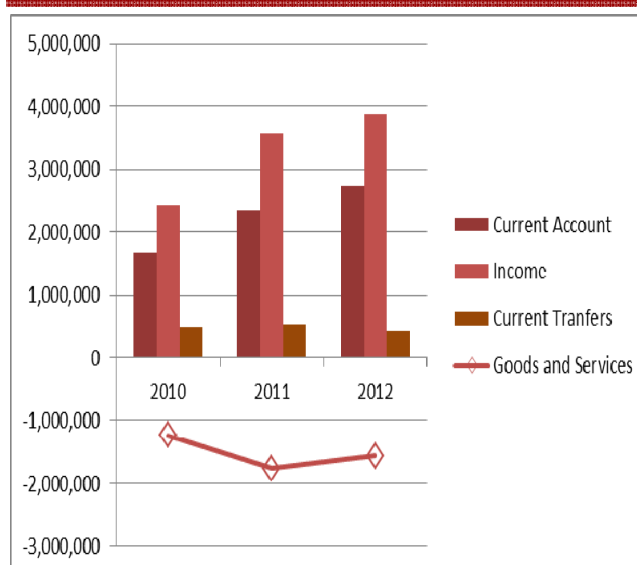
Current account is sum of the net export of goods and services, net income, and net current transfers. Current account continued to surplus by 17% in 2012, lower than 39.6% in 2011. This surplus was due to the increase in income investment (mostly from other primary income) and current transfers receives from abroad. However, the good and services remain deficit by 11.6% in 2012, from 42.4% in 2011. This change largely reflected lower deficits on trade in goods and services. The deficit on trade in goods increased by 83.1% in 2012, compared to 25.7% in 2011. This change was reflecting corresponding increases in both exports and imports. While, the deficit on trade in services was reduced by 34.9% in 2012. This was largely due to decrease of import services such as construction service, government service and other business services.

### 8. 2. Capital and Financial Account

The capital and Financial account increase by 2.5% in 2012, compared to an increase of 49.3% in 2011. This development was due to the net outflows of foreign direct, other investments, and mostly by portfolio investment.

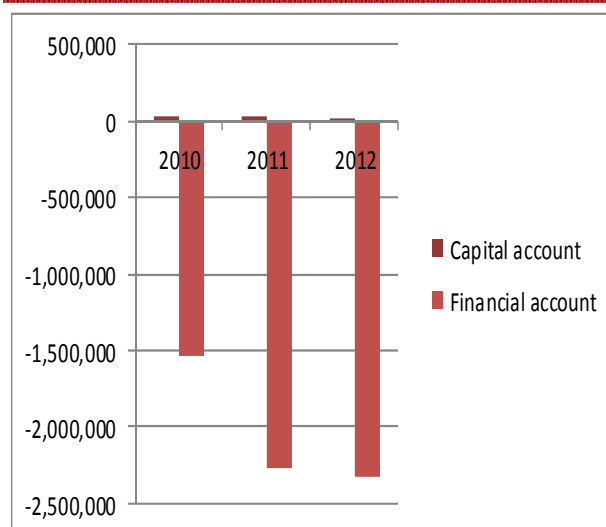
The negative in capital and financial account represent an increase in Timor-Leste assets against non-resident, means that the buying of foreign assets by domestic agents (including the Petroleum Fund investment abroad) was higher than foreign buying from Timor-Leste. This can be seen as an suggestion to encouraged more foreign investors to be invest more in Timor-Leste. (see chart 9 and table 6 on the last pages).

Chart 8. Current Account Balance( in million)



Source: Central Bank

Chart 9. Financial and Capital Account (in million)



Source : Central bank

Table 3. MONETARY SURVEY (In million USD)

Items	Mar_12	Jun_12	Sep_12	Dec_12	Mar_13
Net Foreign Asset	412.5	628.4	845.5	1179.3	1071.8
Claims on Nonresidents	529.9	745.1	897.5	1251.5	1089.0
Liabilities to Nonresidents	-117.4	-116.7	-52.0	-72.2	-17.2
Domestics Claims	4.9	-195.6	-390.7	-681.2	-571.2
Net Claims on Central Government	-130.2	-346.4	-548.3	-841.2	-737.4
Claims on Pprivate Sector	135.1	150.9	157.6	160.1	166.2
Broad Money(M2)	340.0	350.0	373.0	406.9	369.4
Narrow Money	165.1	167.4	177.5	205.8	184.6
Quasi Money	174.9	182.7	195.5	201.2	184.8

Source : Central Bank

Table 4. EVERAGE EXCHANGE RATE  
(FEB\_2012-MAR\_2013)

Month	USD/IDR	USD/AUD	USD/€	USD/JPY	USD/SGD	USD/THA	GBP/USD	VND/USD
Feb_12	9.016.66	0.9326	0.7663	78.30	1.2637	30.7363	0.6330	20.742.27
Mar_12	9.159.24	0.9447	0.7663	82.42	1.2663	30.6817	0.6316	20.706.61
Apr_12	9.180.19	0.9650	0.7583	81.43	1.2604	30.8700	0.6236	20.724.67
May_12	9.302.89	1.0016	0.7809	79.79	1.2611	31.2932	0.6274	20.701.47
Jun_12	9.438.60	1.0034	0.7976	79.31	1.2790	31.6480	0.6432	20.700.84
Jul_12	9.442.30	0.9717	0.8131	78.97	1.2611	31.6450	0.6409	20.661.80
Aug_12	9.489.71	0.9548	0.8072	78.63	1.2479	31.4310	0.6370	20.704.90
Sep_12	9.555.66	0.9628	0.7780	78.18	1.2324	30.9975	0.6212	20.690.07
Oct_12	9.597.82	0.9722	0.7715	78.89	1.2251	30.7041	0.6223	20.661.62
Nov_12	9.627.19	0.9620	0.7810	80.93	1.2238	30.7119	0.6272	20.624.48
Dec_12	9.679.38	0.9545	0.76306	83.54	1.2204	30.6400	0.6812	20.645.88
Jan_13	9.723.23	0.9526	0.7528	89.04	1.2260	30.0699	0.6262	20.653.38
Feb_13	9.682.80	0.9687	0.7483	93.10	1.2385	29.8193	0.6454	20.691.47
Mar_13	9.709.84	0.9686	0.7706	94.86	1.2470	29.5589	0.6636	20.737.71

Source : Bloomberg.com



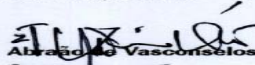
**PRO FORMA BALANCE SHEET**  
As at 31 March 2013

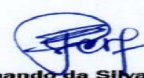
DESCRIPTION	\$'000
<b>ASSETS</b>	
Cash and cash equivalents	205,507
Marketable Securities	550,030
Investments	24,444
Property, plant and equipment	844
Other assets	3,280
<b>TOTAL ASSETS</b>	<b>784,105</b>
<b>LIABILITIES</b>	
Government deposits	699,955
Provision transfer of surplus to Government	-
Other deposits	53,050
Other liabilities	5,140
Currency issued	5,120
<b>Total liabilities</b>	<b>763,265</b>
<b>EQUITY</b>	
Capital	20,000
Reserves	453
Retained earnings	387
<b>TOTAL EQUITY</b>	<b>20,840</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>784,105</b>

Nota:

- At 31 March 2013 the balance of Petroleum Fund account managed by the BCTL was \$12.981 million. This is to recognise the reporting requirement under IFRS.
- The Summary statements above are presented in accordance with article 58.6 of BCTL Law 2011/5 and have been prepared on an accrual basis from the financial records of BCTL as at 31 March 2013. These Financial Statements are unaudited.

Dili, 11 April 2013

  
Abel Ximenes da Silva  
Governor

  
Fernando da Silva Carvalho  
Chief Accountant

**Table 6. TIMOR-LESTE BALANCE OF PAYMNT (In Thousands USD)**

BALANCE OF PAYMENTS STATISTICS: TIMOR-LESTE				
In Thousand US Dollars				
		2010 <sup>7R</sup>	2011 <sup>7R</sup>	2012 <sup>7P</sup>
<b>Current Account Exclude Other primary income</b>		<b>-434,107</b>	<b>-899,722</b>	<b>-819,835</b>
<b>I Current Account</b>		<b>1,676,083</b>	<b>2,340,369</b>	<b>2,739,286</b>
<b>A. Goods and Services</b>		<b>-1,238,397</b>	<b>-1,764,043</b>	<b>-1,559,575</b>
1. Goods, fob		-277,479	-348,872	-638,869
Exports, fob		28,780	25,066	33,266
o/w record at DNE		<b>27,072</b>	<b>23,433</b>	<b>30,793</b>
Imports, fob		-306,259	-373,937	-672,135
o/w record at DNE		<b>246,311</b>	<b>278,533</b>	<b>664,014</b>
2. Services		-960,918	-1,415,171	-920,706
Exports		74,600	78,921	69,418
Transportation		785	753	770
Travel		30,701	24,449	21,174
Other services, including govt. services, n.i.e.		43,113	53,718	47,475
Imports		-1,035,518	-1,494,092	-990,124
Transportation		-41,886	-44,978	-75,765
Travel		-51,589	-48,542	-60,404
Other services, including govt services, n.i.e.		-942,042	-1,400,572	-853,955
<b>B. Income</b>		<b>2,434,822</b>	<b>3,577,580</b>	<b>3,873,540</b>
1. Compensation of employees		123,590	118,375	95,606
Credit		125,461	119,816	97,070
Debit		-1,871	-1,442	-1,464
2. Investment income		201,042	219,115	218,812
Credit		207,433	227,030	226,080
Debit		-6,392	-7,915	-7,267
3 Other primary income (income from JPDA), credit <sup>1/</sup>		2,110,190	3,240,091	3,559,121
<b>C. Current transfers</b>		<b>479,658</b>	<b>526,831</b>	<b>425,321</b>
Credit		581,162	630,148	530,889
Debit		-101,504	-103,317	-105,567
<b>II Capital and Financial Account, excl. reserves</b>		<b>-1,504,534</b>	<b>-2,246,961</b>	<b>-2,303,535</b>
<b>A. Capital account</b>		<b>31,255</b>	<b>26,223</b>	<b>23,411</b>
<b>B. Financial account</b>		<b>-1,535,790</b>	<b>-2,273,184</b>	<b>-2,326,946</b>
1. Direct investment		2,516	81,276	6,235
1.1 Timor-Leste's direct investment abroad		-26,000	33,000	-12,667
1.2 Non-residents' direct investment in Timor-Leste		28,516	48,276	18,901
2. Portfolio investment		-1,481,959	-2,400,656	-2,275,674
2.1 Assets <sup>2/</sup>		-1,508,959	-2,406,656	-2,281,674
2.2 Liabilities		27,000	6,000	6,000
3. Other investment		-56,347	46,196	-57,506
3.1 Assets <sup>2/</sup>		-60,574	-13,152	-65,805
3.2 Liabilities		4,227	59,348	8,299
<b>II Total (I + II)</b>		<b>171,548</b>	<b>93,407</b>	<b>435,751</b>
<b>IV Errors and omissions</b>		<b>-15,273</b>	<b>-37,988</b>	<b>-13,816</b>
(as % of total trade)		-4.56%	-9.52%	-2.0%
<b>V Overall Balance (III + IV)</b>		<b>156,275</b>	<b>55,420</b>	<b>421,934</b>
<b>V: BOP Position <sup>3/</sup></b>		<b>-156,275</b>	<b>-55,420</b>	<b>-421,934</b>

**Notes:**

- This represents Timor-Leste's first set of official BOP statistics compiled by the Banking and Payments Authority, under a technical assistance program with the International Monetary Fund (IMF).
- Please refer to the attached metadata on concepts, and sources and methods used.
- Royalties and taxes received by Timor-Leste from the oil/gas activities in the Joint Petroleum Development Area (JPDA)-a joint territory of Timor-Leste and Australia-are treated as other primary income. Under this treatment, it is recognized that Timor-Leste's role in the JPDA is not as a producer but as owner of natural resources. Institutional units engaged in production in the JPDA are treated as nonresidents of the Timor-Leste economy, since they are effectively operated from the other economy. BCTL will adjust, in the medium term, the treatment as the export of Timor-Leste in line with the national account.
- Other primary income is not a standard component of the fifth edition of the Balance of Payments Manual (BPM5), but is included in the forthcoming BPM6. Other primary income in BOP includes rent (income for allowing nonresidents to use the economy's natural resources) and taxes, less subsidies, on production paid by nonresident producing units.