

Economic Bulletin



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VOLUME 13

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CONTENTS

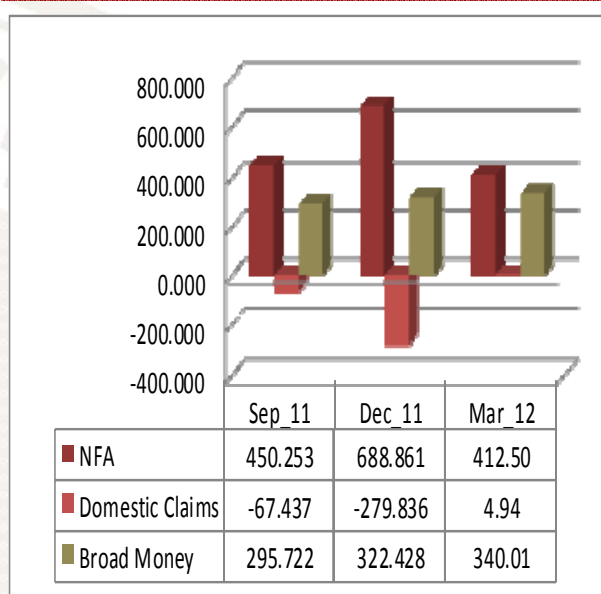
Money supply	P.1
Credit by sector and deposit with commercial bank	P.2
Domestic interest rate and exchange rate	P.3
Clearing of banks and price evolution	P.4
Appendix	p.5

1. MONEY SUPPLY

Total broad money (M2) slightly increased, rising by US\$17.5 million (5.45%) in the March quarter of 2012, compared to an increase of US\$26.7 million (9.03 %) in the December quarter of 2011. (See table 3 on last page and chart 1). This increase in the quarterly growth rate of M2 is due to a rise in the growth rate of narrow money of 1.5% at the end of the March quarter, while quasi money increased by 9.48%. On an annual basis, money supply increased by 19.78% in March 2012 compared to a 8.38% increase in same month of 2011.

Furthermore, the net foreign assets of depository corporations fell by US\$276.36 million (40.12%) in the March Quarter 2012, compared to a US\$238.61 million (52.99%) increase in December 2011. The drop in total net foreign assets from December to March 2012 is attributed to a decrease of US\$226.60 million (29.96%) in claims on nonresidents, while US\$49.76 million increase in the liabilities to nonresidents. On the other hand, domestic claims decreased by US\$284.77 million to US\$4.94 in March 2012, compared to US\$212.40 million to US\$279.84 million in the December quarter 2011. The drop in domestic

Chart 1. Monetary Survey (in million)



Source: Central Bank

claims in the three months to March 2012 was due to a US\$282.43 million decrease in claims on the central Government. This drop was influenced by decrease in Government deposits at the central banks. In fact, there is no credit from the financial system to the government of Timor-Leste, therefore the net claims on the central government from a monetary statistics point of view is negative, meaning that all corresponding amounts are government deposits or depository corporation liabilities to the central government. While claims on the private sector increased by US\$2.31 million (1.74%).

2. CREDIT TO PRIVATE SECTOR

The growth rate is commercial bank credit to the various sectors of the economy during the March quarter 2012 continues to stagnant, increasing by only 1.4% to US\$133.274 thousand compared to 2.2% in the December quarter 2011. While, on an annual basis, the rate of growth of commercial bank loans went up by 20.4% in March 2012 from 5.2% increase in the same month of March 2011. The rise in credit from three month to March 2012 reflected a large expansion level of economic activity taking place in the economy. The highest proportion of total loans to the private sector are individual and others (42.8%), followed by trade and finance (25.2%) and construction (24.3%) in the quarter under review.

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

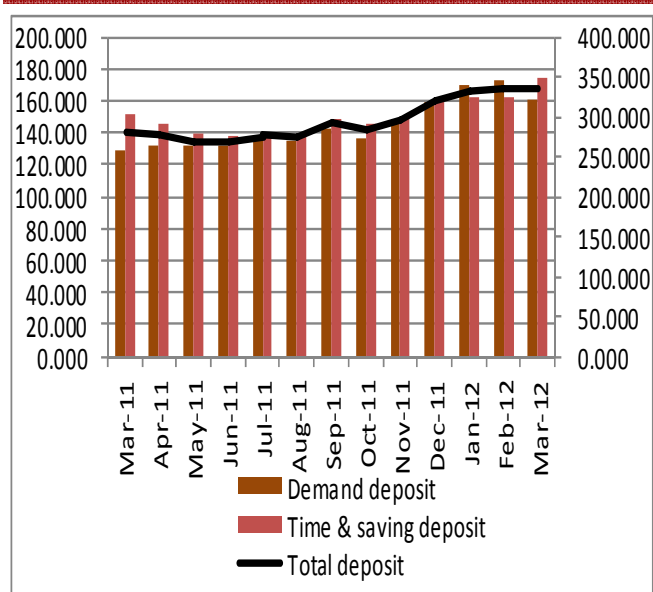
Items	Sept_11	Dec_11	Mar_12	% of share Dec_2011	% of share Mar_2012
Agriculture, water and forestry	1,851	482	947	0.4	0.7
Industry and manufacturing	4,448	6,306	2,398	4.8	1.8
Construction	13,419	36,345	32,324	27.7	24.3
Transportation & communication	189	159	287	0.1	0.2
Trade and finance	26,963	28,866	33,634	22.0	25.2
Tourism and service	4,026	4,005	6,657	3.0	5.0
Individuals and others	77,617	55,224	57,027	42.0	42.8
Total	128,513	131,387	133,274	100	100

Source: Central Bank

3. DEPOSIT WITH COMMERCIAL BANK

In the March quarter of 2012 total deposit with the commercial banks (excluding government deposits) continued to increase, rising by 5.5% (US\$17.5 million) to US\$ 336.050 million following an increase of 9.1% in the previous quarter. On an annual basis, total deposits continued to increase by 19.9%, compared to an 8.3% rose in the same month in the previous year (see chart 2). The growth in total deposits in a three months to March 2012 was due to an increase deposits of the private sector, demand deposits up by 1.5% , while time deposits and saving deposits increase by 9.5% in the quarter under review.

Chart 2. Commercial Bank Deposit (in thousand)

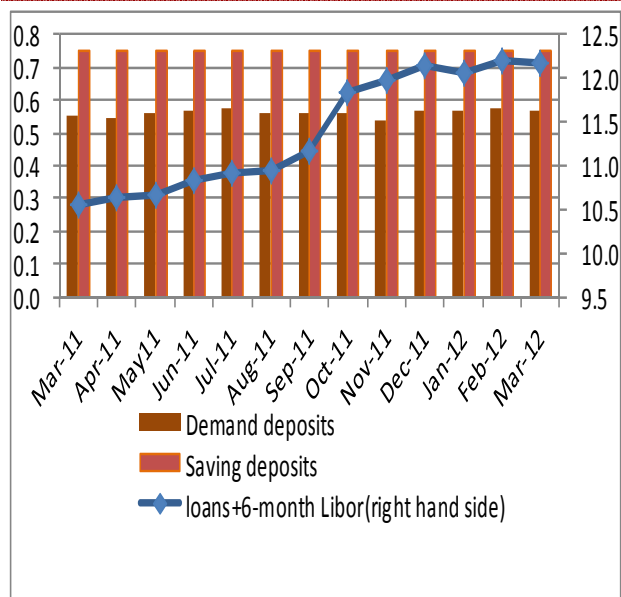


Source: Central Bank

4. DOMESTIC INTEREST RATE

The weighted average lending rates for commercial banks edged up by 1.2 basis points to 12.2% in March 2012 from 10.6 % in the same month last year. This increase was mainly attributed to a slight adjustment of six month Libor fluctuation applied by commercial banks. On the demand deposit side, the weighted average interest rose by 1 basis point to 0.6% in March 2012 from 0.5% in March 2011, while, savings deposits remained constant with no significant change by 0.8%. Despite earning a low interest rate, demand deposits have continued to increase in the March quarter 2012, compare to the previous quarter.

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

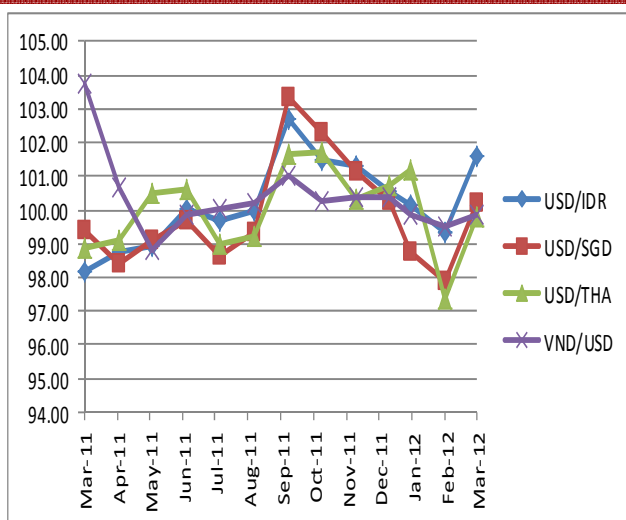


Source: Central Bank

5. EXCHANGE RATE

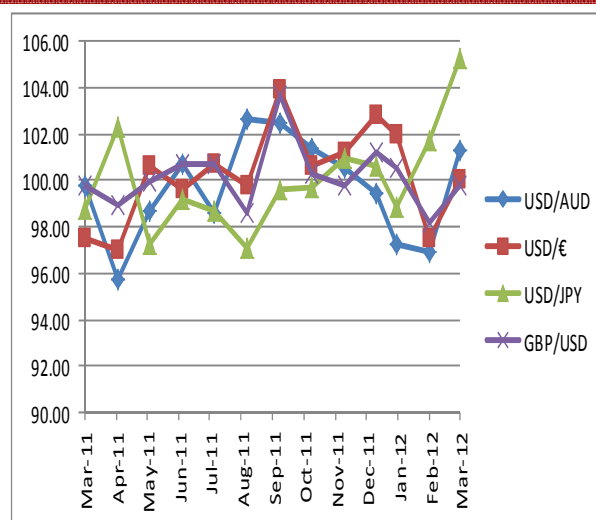
In the first quarter of 2012, the daily average US dollar exchange rate appreciated against the Indonesia Rupiah and Japanese yen , while it depreciated against the Australian dollar , Euro, Singapore dollar, Thailand baht, Vietnam dong and British Pound. It appreciated against the Indonesia Rupiah by 1.1% to 9,159.24, Japanese yen by 5.8% to 84.42. It depreciated against the Australian dollar by 4.5% to 0.9447, Euro by 0.5% to 0.7563, Singapore dollar by 3.1% to 1.2563, Thailand baht by 1.7% to 30.618 , Vietnam dong by 0.8 % to 20,708 and British Pound by 1.5% to 0.6316.(see chart 4 and 5)

Chart 4. Asian Currencies Against the USD



Source: Bloomberg.com

Chart 5. G3 Currencies against USD

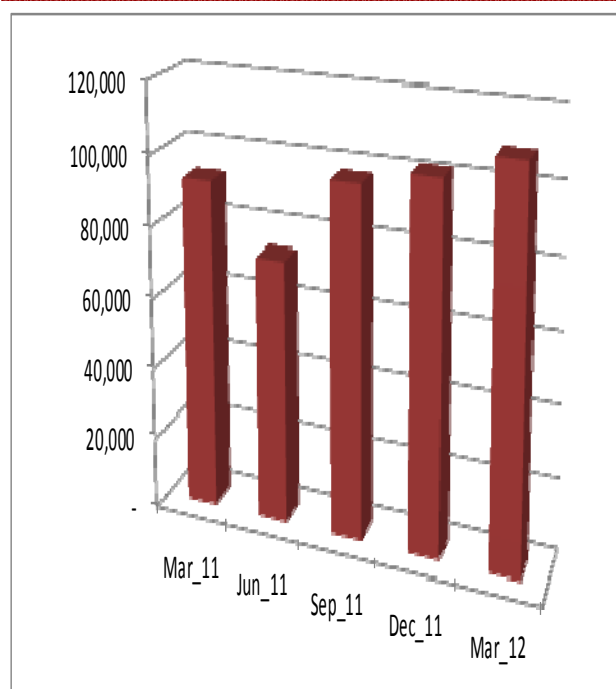


Source: Bloomberg.com

6. CLEARING OF BANKS

A clearing bank is a banking institution that is a member of a national check clearing network that has the ability to approve or clear checks for payment. There is evidence that business in Timor-Leste are increasingly carrying at domestic transaction in US dollar. As figure 6 shows the amount of dollars of checks and notes processed at the Central Bank of Timor –Leste. Clearing transactions (in value terms) in March 2012 continue to increase by 7.0% following an increase of 4.5% in the December quarter 2011. The increase in total value was due to an increase in the value of cheques and value of notes by 2.5% and 10% respectively in the March quarter 2012. These value came from both commercial banks and government orders with its customer.

Chart 6. Clearing (in thousand)



Source: Central Bank

7. PRICE EVOLUTION IN DILI

The consumer price index fell by 1.4% in the first quarter of 2012 compared to a rise of 6.6% of December quarter. This was mainly due to prices falling in several groups such as food (0.1%), alcohol and tobacco (1.2%), housing (3.0), household and furnishings, supplies and services (-0.2), health (-0.9), recreation (1.9). The annual headline inflation rate also continued to decrease, dropping by 10.1% in the March quarter 2012, compare 17.4% in December 2011 (y-o-y) in the same month of 2011. The decrease in the total inflation rate for the March 2011-March 2012 period was mainly due to the decrease in sub groups including “cereals, roots and their products (10.4%), meat and meat products(13.6), fresh fish (5.8),vegetables (13.8),nuts(10.5), fruits (14.3%),children's and infants' clothing (11.1) and transportation (13.3%).

Chart 7. Inflation rate (in percent)

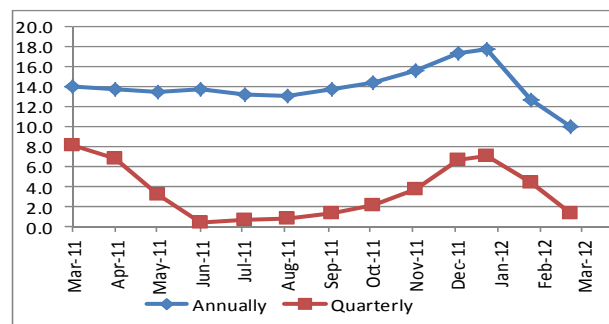


Table.2 Consumer Price Index and Inflation

Items	CPI			Inflation quarterly	Inflation Y-on-Y
	Sep 2011	Dec 2011	Mar 2012		
All Groups	179.3	191.2	193.8	1.4	10.1
Foods	188.6	204.4	204.6	0.1	9.3
Alcohol and Tobacco	156.6	171.4	173.5	1.2	17.3
Clothing and Footwear	240.2	252.2	269.7	6.9	19.2
Housing	175.3	182.8	188.3	3.0	8.0
Household Furnishings	108.8	111.4	111.2	-0.2	5.7
Health	164.8	168.6	167.0	-0.9	5.2
Recreation and Education	115.2	117.6	119.8	1.9	2.5
Transport and Com.	159.9	161.3	170.6	5.8	11.2

Source : National Statistics Department

Table 3. MONETARY SURVEY (In million USD)

Items	Mar_11	Jun_11	Sep_11	Dec_11	Mar_12	Quarterly (%)	Annually (%)
Net Foreign Assets	461.2	399.07	450.25	688.86	412.504	-40.12	-10.56
Claims on Nonresident	516.32	526.66	586.76	756.4	529.857	-29.95	2.62
Liabilities to nonresidents	-56.12	-127.59	-136.51	-67.59	-117.353	73.62	112.91
Domestics Claims	-93.11	-41.14	-67.44	-279.84	4.936	-101.76	-105.30
Net Claims on Central Government	-204.29	-168.4	199.23	-412.62	-130.184	-68.45	-36.27
Claims on Private Sector	111.18	127.26	131.79	132.78	135.094	1.74	21.72
Broad Money(M2)	283.87	273.82	295.72	322.43	340.010	5.45	19.78
Narrow money	131.84	136.39	147.08	162.68	165.117	1.50	25.24
Quasi Money	150.02	137.43	148.65	159.74	174.894	9.48	15.04

Source : Central Bank



BALANCE SHEET
As at 31 March 2012

DESCRIPTION	\$'000
ASSETS	
Cash and cash equivalents	101,934
Marketable Securities	69,071
Investments	25,252
Property, plant and equipment	799
Other assets	1,946
TOTAL ASSETS	199,002
LIABILITIES	
Government deposits	120,790
Provision transfer of surplus to Government	-
Other deposits	43,895
Other liabilities	9,581
Currency issued	4,054
Total liabilities	178,320
EQUITY	
Capital	20,000
Reserves	579
Retained earnings	103
TOTAL EQUITY	20,682
TOTAL LIABILITIES & EQUITY	199,002

Notes

1. At 31 March 2012 the balance of Petroleum Fund account managed by the BCTL was \$10 211 million. This is to recognise the reporting requirement under IFRS.

2. The Summary statements above are presented in accordance with section 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 2012. These Financial Statements are unaudited.

Dili, 26 April 2012

Abraão de Vasconcelos
Governor

Fernando de Silva Carvalho
Chief Accountant