

Economic Bulletin



A Quarterly Publication of the Central Bank of Timor-Leste

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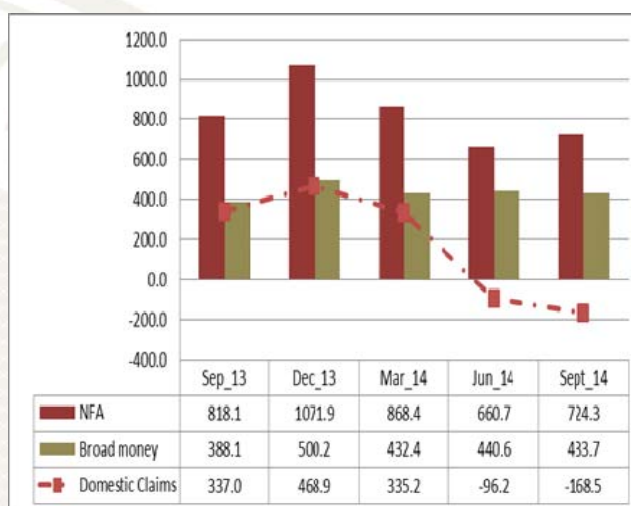
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1. MONEY SUPPLY

After a US\$8.1 million (1.9%) increase in June quarter, total broad money (M2) declined by US\$6.8 million (1.6%) to US\$433.7 million in September quarter 2014, See table 3 on last pages and chart 1). The decrease in broad money (M2) in the quarter under review was caused by a decrease in narrow money of US\$10 million (4%). On contrary, quasi-money increase by US\$3.1 million (1.6%). The increase in narrow money (M1) reflected an increase in currency outside banks by 8.6% to US\$9.1 million, while demand deposit decreased by US\$10.7 million (4.5%) to US\$227.9 million. On annual basis, Total broad money increased by 11.8% (US\$45.6 million) in September 2014, compare to the same month last year.

Meanwhile, the total net foreign assets of depository corporations increase by US\$63.6 million (9.6%) to US\$724.3 million in the September quarter, compare to US\$207.7 million (23.9%) decrease in the June quarter (see chart 1). The increase in total net foreign assets from June to September 2014 is attributed by an increased of claims on nonresidents of US\$49.5 million (6.5%), while, liabilities to nonresidents decreased by US\$14.1 million (13.8%).

Chart 1. Monetary Survey (in million)



Source: Central Bank

On the other hand, total domestic claims moved from minus US\$96.2 million in June 2014 to minus US\$168.5 million in September quarter of 2014. Responsible for this change was primarily by net claims on central government that shift from minus US\$285.6 million in June to minus US\$355.9 million in September quarter. The negative sign means that the amount is a government deposit (i.e. depository corporation liabilities to the central government) or an increase in Government deposits at the central bank. On the other hand, claims on the private sector, decrease 1% to US\$187.4 million.

2. CREDIT TO PRIVATE SECTOR

Total credit provided to the private sector by commercial banks continue to decreased, reduce by 0.1% in September quarter 2014, after 1.8% decrease in previous quarter. While, on an annual basis, the rate of growth of commercial bank loans decreased by 0.04% in the September 2014, compared to 11.6% increased in the same month last year. This decrease was partly due to credit to trade and finance, as share of total credit decrease from 12.3% to 7.9%, followed by transport and communication decrease from 11.3% to 11.1% and also accompanied by an decrease in total deposit in commercial banks under quarter review .

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

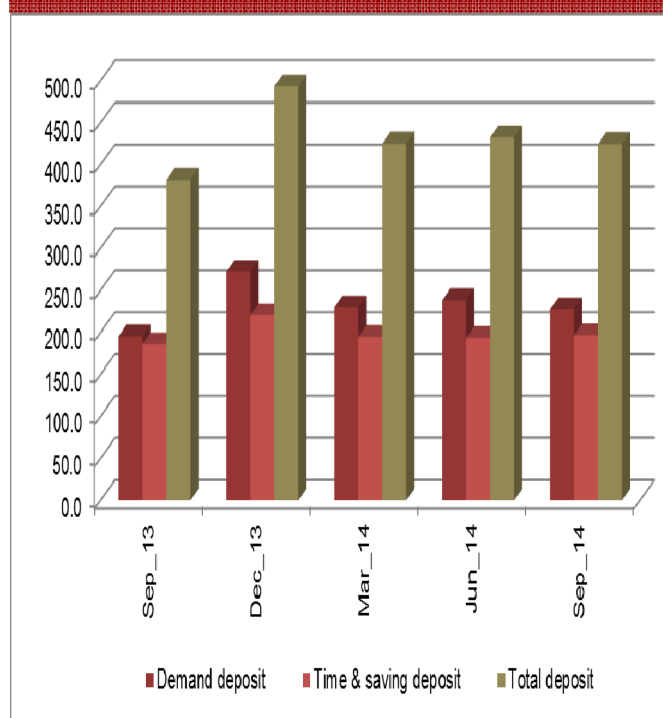
Items	Sep_13	Dec_13	Mar_14	Jun_14	Sept_14	% of share Sept_2014
Agriculture,Water and Forestry	744	553	1,334	1,253	6,341	3.6
Industry and manufacturing	1,738	2,114	2,264	3,001	3,056	1.8
Construction	38,282	36,340	36,521	35,583	37,828	21.8
Transportation	12,665	21,477	20,480	19,737	19,306	11.1
Trade and Finance	36,465	34,992	34,899	21,424	13,757	7.9
Tourism and Service	6,954	7,849	6,978	8,007	8,747	5.0
Individuals and others	77,025	73,532	74,621	84,951	84,764	48.8
Total	173,873	176,857	177,097	173,956	173,799	100.0

Source: Central Bank

3. DEPOSITS WITH COMMERCIAL BANK S

After a US\$7.3 million (1.7%) increase in the June quarter, total deposits with commercial banks (excluding government deposits) decreased by US\$7.6 million (1.7%) in September of 2014. This decrease was due to the decrease of demand deposit by US\$4.5 million (10.7%), while, time & saving deposit increase by US\$3.1 million(1.6%). On the annual basis, total deposits continued to increase, rising by 11.2% to US\$424.6 million, following a 3.7% increase in the same month last year. The increase in total deposit in September 2013 to September 2014 was due to the increase of both of demand deposit and time & saving deposit by 32.4% and 10.3% respectively (See chart 2).

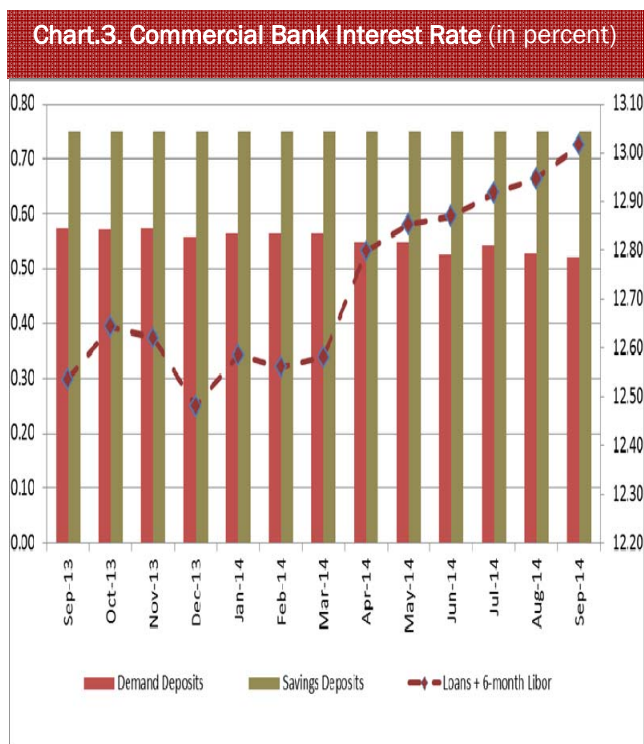
Chart 2. Commercial Bank Deposit (in thousand)



Source: Central Bank

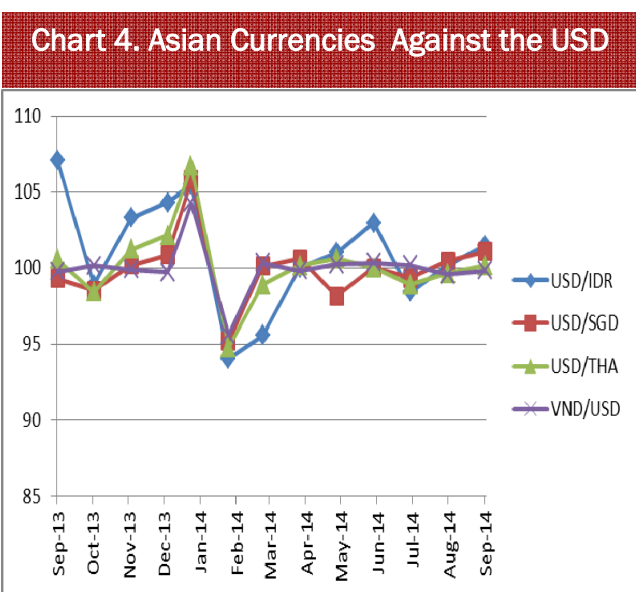
4. DOMESTIC INTEREST RATE

Interests rates play a vital role how banks makes money. In Timor-Leste, banks are generally free to determine the interest rate they will pay for deposits and charge for loans. Banks are report quarterly to the central bank. As can be seen in chart 3 the weighted average lending rates for commercial banks edged up by 0.48 basis points to 13.02% in September 2014 from 12.54% in the same month last year. This increase was mainly attributed by a slight adjustment in the six month Libor fluctuation applied by commercial banks. On the other hand, the weighted average interest are of demand deposits and saving deposits do not changes over a quarter at 0.5% and 0.8% respectively.

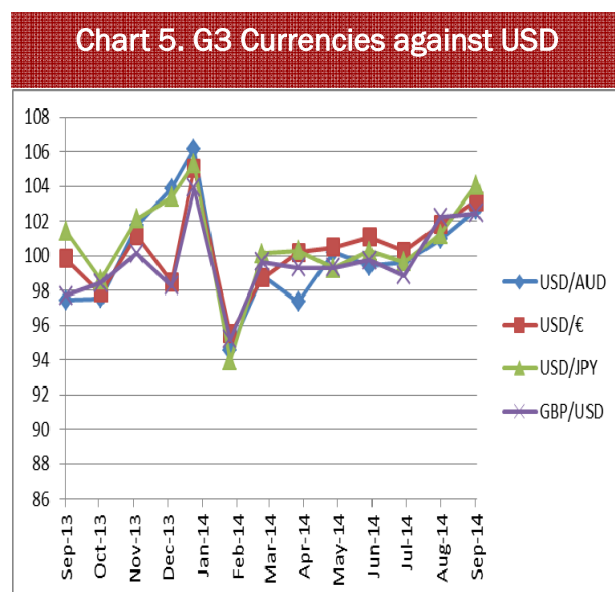


5. EXCHANGE RATE

In the September quarter , the average US dollar exchange rate continued to appreciate against the Indonesia rupiah, Australian dollar, Euro, Japanese yen, Singapore dollar. And British Pound . While it depreciated against the Thailand baht and Vietnam dong . It appreciated against the Indonesia Rupiah by 0.02% to 11,883.29, Australian dollar by 3.23% to 1.1030, Euro by 5.26% to 0.7742, Japanese yen by 4.95% to 107.15, Singapore dollar by 0.88 to 1.2625, British Pound by 3.54% to 0.6129. It depreciated against the Thailand baht by 1.33% to 32.2091 and Vietnam dong by 0.47% to 20,947.74 (see chart 4,5 and table 4).



Source: Bloomberg.com

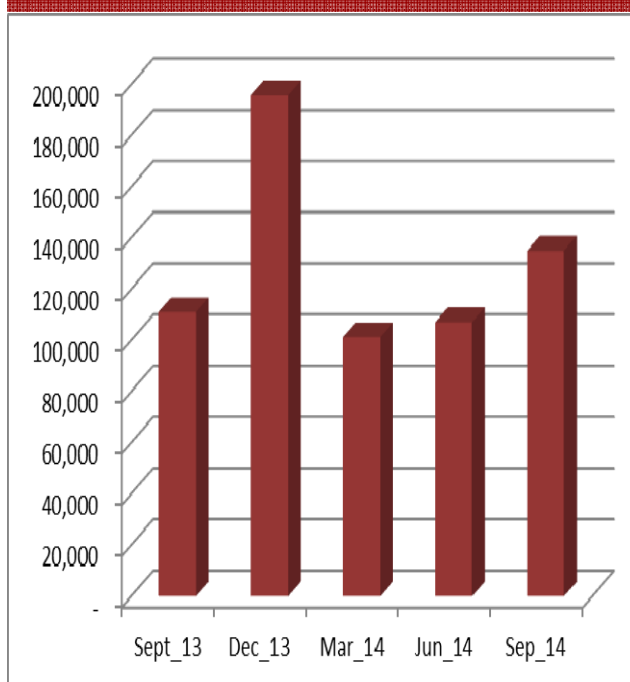


Source: Bloomberg.com

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 improve or clear checks for payment. 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) continued to increase by 26.1% in September quarter quarter 2014, from 5.8% increase in previous quarter. This changed was due to increase in total value cheque by 39%. While, the value of notes decrease by 3.7%.

Chart 6. Clearing Banks (in thousand)



Source: Central Bank

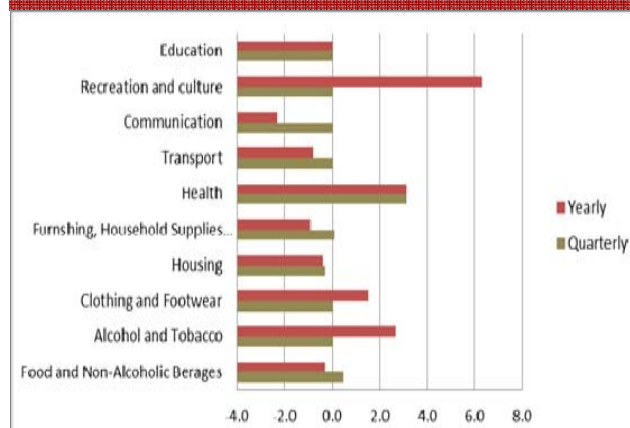
7. PRICE EVOLUTION IN DILI

The Consumer Price Index (CPI) as published by the National Directorate of Statistics of Timor-Leste shows that consumer prices increased by 0.4% in September quarter of 2014, compared to a decrease of 0.9% in the previous quarter. The contribution to the increase in headline inflation was due to the upsurge in most components in the CPI basket (see chart 7). The main contribution was coming from item price of health, specially medical products, appliances and equipment (4.9%), followed by items of food such as sugar, jam, honey, chocolate and confectionery (4.2%), bread and cereals (2.6%), milk, cheese and eggs (2.1%), fruits (1.1%). The yearly inflation between September 2013 and September 2014 has no changed, situated at 0.0%, compared with minus 0.7% in same month last year. In fact, this demonstrated that there was no fluctuation occurred in the overall price compared to last year ended September 2013.

Table 2. Inflation rate (in percent)

Items	CPI	CPI	CPI	Inflation	Inflation
	Sep_13	Jun_14	Sep_14	Quatrely	Annually
All Groups	103.7	103.3	103.7	0.4	0.0
Food and Non-Alcoholic Berages	106.0	105.2	105.7	0.5	-0.3
Alcohol and Tobacco	108.5	111.4	111.4	0.0	2.7
Clothing and Footwear	100.0	101.5	101.5	0.0	1.5
Housing	104.1	104.0	103.7	-0.3	-0.4
Furnshing, Household Supplies Equipment	100.1	99.1	99.2	0.1	-0.9
Health	100.0	100.0	103.1	3.1	3.1
Transport	99.3	98.5	98.5	0.0	-0.8
Communication	82.6	80.7	80.7	0.0	-2.3
Recreation and culture	100.2	106.5	106.5	0.0	6.3
Education	100.0	100.0	100.0	0.0	0.0

Chart 7. CPI contributions by groups (September 2014)



Source : National Statistics Department

8. External trade

8.1 Import and Major Trading Partner

The latest data from National Directorate of Statistics, shows the total import, include non- merchandise import, for July to Sept averaged at US\$198.1 million, previous quarter, which recorded an increase of 86.1%. The decline was due to the decrease in import demand.

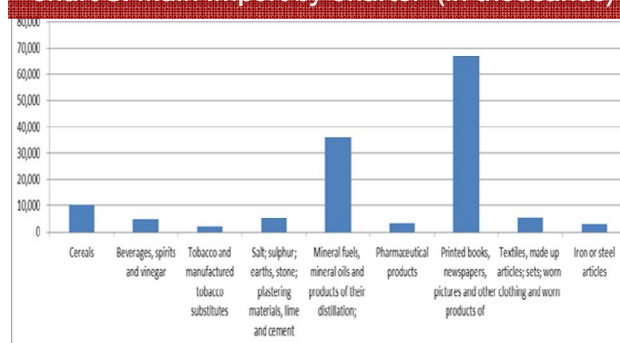
The principal supply, as the origin, of imports (see table 2), mostly coming from EU-A/USA (34.1% of total import), followed by Indonesia (19.6%), Singapore (17.3%), Vietnam (5.34%) and China, people Republic of (5.1%).

While, major import into Timor-Leste are printed books, newspapers, pictures and other product (33.9%), mineral fuel, mineral oil and product at 18.2%, Vehicles: other than railway (9.3%), cereal (5.1%), electrical machinery and equipment (4.8%), vehicles: other than railway(9.3%), see chart.

8.2 Export and Major Trading Partner

The total value of merchandise export (excluded re-export) at September quarter was US\$6.802 million, recorded an increase of 1004% (US\$6.1 million), compare to 68.3% decrease in previous quarter. This increase was due to the increases in both values and volume of coffee by 1022% and 596% respectively. The major trading partner of Timor Leste are Germany (84.6%), Portugal(7.2%), Korea Republic of (2.3%), Australia 1.7%, Belgium 1.6% , United Stated of Amerika 1.2%.

Chart 8. Main Import by Charter (in thousands)



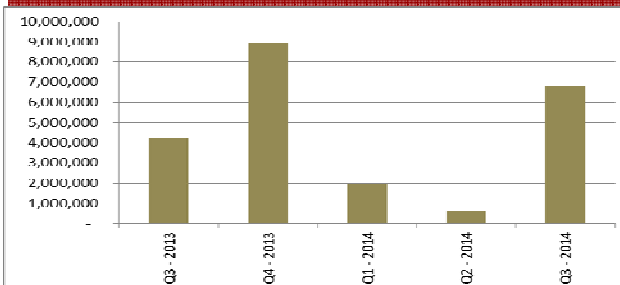
Source : National Directorate of Statistics

Table 2. Import by countries (in thousands)

Countries	Total Value	% of a share of total
EU/A/ USA	67,566	34.11
Indonesia	38,890	19.61
Singapore	34,435	17.38
Viet Nam	10,982	5.54
China, Peoples Republic of	10,229	5.18
Taiwan / Thailand	6,566	3.31
HongKong	8,908	4.49
Australia	5,595	2.82
Japan	4,572	2.31
Malaysia / Malaysia	4,472	2.28
Portugal	1,976	1.00
Other	8,184	4.12
Total	198,111	100.0

Source : National Directorate of Statistics

Chart 9. export performance (in thousands)



Source : National Directorate of Statistics

Table 3. Export by countries (in thousands)

Countries	Value	% share of Total
Germany	5,756	84.6
Portugal	491	7.2
Korea Republic of	154	2.3
Australia	117	1.7
Belgium	108	1.6
United States of America	84	1.2
Other	92	1.4
Total	6,802	100

Source :National Directorate of Statistics

Table 3. MONETARY SURVEY (In million USD)

Items	Sep_12	Dec_12	Mar_13	Jun_13	Sep_13	Dec_13	Mar_14	Jun_14	Sep_14
Net Foreign Assets	845.5	1179.3	1028.6	847.4	818.1	1071.9	868.4	660.7	724.3
Claims on Nonresidents	897.5	1251.5	1089.0	936.2	868.3	1148.5	948.6	763.3	812.7
Liabilities to Nonresidents	52.0	72.2	60.4	88.7	50.2	76.6	80.2	102.5	88.4
Domestic Claims	390.7	681.2	571.2	401.7	337.0	468.9	335.2	-96.2	-168.5
Net Claims on Central Government	548.3	841.2	737.4	571.4	514.9	650.8	523.9	-285.6	355.9
Claims on private Sector	157.6	160.1	166.2	169.7	177.9	181.8	188.7	189.4	187.4
Broad Money (M2)	373.0	406.9	369.4	360.7	388.1	500.2	432.4	440.6	433.7
Currency Outside of central Bank	4.5	4.8	5.0	5.2	6.2	6.7	7.6	8.3	9.1
Demand Deposit	173.0	201.0	179.6	176.7	195.5	272.7	230.1	238.6	227.9
Time Deposit	195.5	201.2	184.8	178.7	186.5	220.8	194.7	193.6	196.8

Source : Central Bank

Table 4. AVAREGAE EXCHANGE RATE(Sep 2013-Sep 2014)

Month	USD/IDR	USD/AUD	USD/€	USD/JPY	USD/SGD	USD/THA	GBP/USD	VND/USD
Aug-13	10,668.32	1.1089	0.7606	97.80	1.2722	31.6396	0.8481	21,069.37
Sep-13	11,306.00	1.0784	0.7491	99.20	1.2630	31.7162	0.8311	21,012.70
Oct-13	11,178.73	1.0517	0.7331	97.81	1.2441	31.2123	0.8210	21,041.08
Nov-13	11,551.11	1.0700	0.7417	99.90	1.2468	31.5971	0.8217	21,021.24
Dec-13	12,049.56	1.1114	0.730332	103.28	1.2573	32.2819	0.8109	20,960.07
Jan-14	12,710.18	1.1799	0.7672	108.76	1.3301	34.4372	0.8348	21,860.22
Feb-14	11,951.68	1.1168	0.7326	102.16	1.2663	32.6418	0.8042	20,898.87
Mar-14	11,422.48	1.1025	0.7231	102.29	1.2678	32.2805	0.8018	20,967.80
Apr-14	11,423.33	1.0730	0.7244	102.58	1.2754	32.3267	0.5977	20,927.32
May-14	11,536.54	1.0749	0.7278	101.86	1.2616	32.5241	0.5936	20,972.50
Jun-14	11,880.74	1.0886	0.7356	102.09	1.2616	32.5246	0.6819	21,042.82
Jul-14	11,892.02	1.0848	0.7374	101.71	1.2433	32.1647	0.6861	21,078.14
Aug-14	11,708.75	1.0748	0.7507	102.97	1.2488	32.0439	0.5982	20,982.82
Sep-14	11,883.29	1.1030	0.7742	107.15	1.2625	32.0931	0.6129	20,943.74

Source : Bloomberg.com



BALANCE SHEET
As at 30 September 2014

DESCRIPTION	€'000
ASSETS	
Cash and cash equivalents	325,932
Marketable Securities	93,225
Investments	27,287
Property, plant and equipment	1,037
Other assets	6,265
TOTAL ASSETS	453,746
LIABILITIES	
Government deposits	322,812
Provision transfer of surplus to Government	-
Other deposits	86,777
Other liabilities	9,760
Currency issued	9,254
Total liabilities	428,603
EQUITY	
Capital	20,000
Reserves	237
Retained earnings	4,906
TOTAL EQUITY	25,143
TOTAL LIABILITIES & EQUITY	453,746

Nota:

- At 30 September 2014 the balance of Petroleum Fund account managed by the BCTL was \$16,584 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 30 September 2014. These Financial Statements are unaudited.

Dili, 16 October 2014

 Nur Aini Djaras Alkasin
 Acting Governor

Francisco Soares
 Accountant Officer

Table 6. TIMOR-LESTE TRADE STATISTICS (In Thousands USD)

Quarterly/Year	Imports			Exports			Balance	Balance
	Merchandise	Non-merch	TOTAL	Exports	re-export	TOTAL	TOTAL	merchandise
	(US\$000)	(US\$000)	(US\$000)	(US\$000)	(US\$000)	(US\$000)	(US\$000)	(Ex-Im merch.)
Q4 - 2003	36,169	14,335	50,504	1,925	34,653	36,578	-13,926	-34,244
Q1 - 2004	24,900	11,991	36,891	1,219	21,321	22,240	-14,651	-23,681
Q2 - 2004	22,501	7,279	29,780	732	67,567	68,299	38,519	-21,769
Q3 - 2004	36,898	4,364	41,862	3,239	3,182	6,421	-35,441	-33,659
Q4 - 2004	29,186	8,414	37,600	2,146	6,562	8,708	-28,892	-27,340
Q1 - 2005	27,351	2,834	30,185	1,785	8,376	10,161	-23,924	-25,566
Q2 - 2005	21,622	2,393	23,655	376	23,260	23,436	-3,219	-21,246
Q3 - 2005	32,972	1,269	34,241	3,325	5,813	3,138	-25,109	-29,647
Q4 - 2005	19,657	1,371	21,028	2,600	1,115	3,715	-17,313	-17,957
Q1 - 2006	26,605	2,119	28,724	1,980	8,305	10,285	-18,499	-24,625
Q2 - 2006	10,482	1,077	11,559	242	649	891	-10,668	-10,240
Q3 - 2006	17,235	5,385	23,281	3,104	15,457	18,562	-4,719	-14,191
Q4 - 2006	33,311	3,925	37,239	3,118	27,890	30,948	-6,291	-30,199
Q1 - 2007	16,324	764	17,088	486	2,536	3,022	-14,366	-15,898
Q2 - 2007	52,339	2,484	54,823	55	2,910	2,965	-51,858	-52,284
Q3 - 2007	35,456	2,692	38,148	74	4,467	4,541	-33,607	-35,382
Q4 - 2007								
Q1 - 2008	41,568	1,725	43,293	550	3,777	10,327	-32,365	-41,018
Q2 - 2008	48,301	1,249	49,550	897	6,171	7,068	-42,482	-47,404
Q3 - 2008	66,511	1,653	68,164	6,304	12,847	19,151	-49,019	-60,207
Q4 - 2008	132,049	5,528	137,577	5,148	7,512	12,660	-84,917	-86,901
Q1 - 2009	89,830	3,397	93,227	1,351	5,663	7,014	-86,213	-88,479
Q2 - 2009	74,499	2,710	77,209	554	11,410	11,964	-65,245	-73,945
Q3 - 2009	54,482	3,805	58,287	2,914	3,419	6,333	-51,954	-51,568
Q4 - 2009	63,782	2,589	66,371	3,672	5,528	9,200	-57,171	-60,110
Q1 - 2010	60,587	2,261	62,848	451	3,496	3,887	-58,361	-60,136
Q2 - 2010	84,029	2,446	86,475	1,192	3,158	10,350	-76,125	-82,837
Q3 - 2010	65,867	1,656	67,523	8,857	6,399	15,190	-52,399	-57,010
Q4 - 2010	78,151	3,393	81,244	6,169	6,267	12,230	-69,014	-71,388
Q1 - 2011	7,389	967	8,350	-	60	60	-8,290	-7,389
Q2 - 2011	37,530	3,365	41,495	1,613	748	2,361	-39,134	-35,917
Q3 - 2011	199,274	10,277	169,551	8,204	23,606	28,810	-140,741	-151,070
Q4 - 2011	114,496	5,643	120,139	2,661	13,361	22,022	-98,117	-111,895
Q1 - 2012	85,099	0	85,099	128	3,790	3,858	-81,181	-84,911
Q2 - 2012	123,973	0	123,973	11,341	5,070	16,411	-107,562	-112,632
Q3 - 2012	269,795	1,988	271,783	9,781	8,613	18,394	-253,389	-260,014
Q4 - 2012	185,297	4,120	189,327	9,542	28,687	38,229	-151,998	-175,665
Q1 - 2013	240,562	0	240,562	1,900	18,525	20,425	-220,137	-238,662
Q2 - 2013	250,666,474	0	250,666,474	940,557	16,502,310	17,442,867	-239,223,607	-249,725,917
Q3 - 2013	122,618,262	0	122,618,262	4,271,398	22,004,712	26,276,110	-96,342,152	-118,346,864
Q4 - 2013	228,343,096	-	228,343,096	8,933,098	6,260,484	15,193,522	(213,749,574)	(220,010,058)
Q1 - 2014	178,822,598	0	178,822,598	1,941,954	3,977,240	5,919,194	172,903,364	176,880,604
Q2 - 2014	332,260,862	543,144	332,804,006	616,132	3,161,465	3,777,597	329,026,409	331,644,730
Q3 - 2014	196,954,331	2,243,904	199,111,947	6,802,448	60,332,556	67,135,004	(130,976,943)	(190,151,883)