

# Economic Bulletin



A Quarterly Publication of the Central Bank of Timor-Leste

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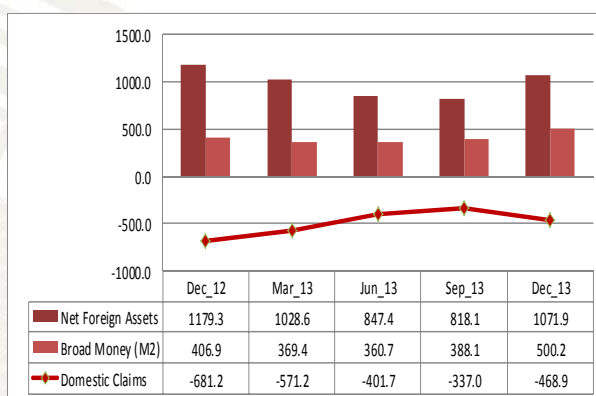
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## 1. MONEY SUPPLY

Broad money (M2), which consists of currency outside bank and customers deposit with the banking system, total money supply (M2) increased by US\$112.1 million (28.9%), compared to US\$27.4 million (7.6%) increased in previous quarter. The increase in broad money M2 in the quarter under review was caused by increased in both of quasi-money and narrow money by US\$34.3 million (18.4%) and US\$77.9 million (38.6%) respectively. (See table 3 on last pages and chart 1). On an annual basis, money supply increased by US\$93.3 million (22.9%) in December quarter 2013, compared to US\$84.5 million (26.2%) 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, Total net foreign assets of depository corporations increased by US\$253.7 million (31%) in December quarter, compared to US\$29.3 million (3.5%) decrease in the previous quarter. The increase in total net foreign assets from September to December 2013 is attributed to an increase of both claims on non residents and liabilities to nonresidents by US\$280.1 million

**Chart 1. Monetary Survey (in million)**



Source: Central Bank

(32.3%) and US\$26.4 million (52.7%). Domestic credit mostly comprises claims on central government (net) and claims on private sector. In the December quarter, total domestic claims increased by 39.1% (131.9 million), compared to 16.1% (64.7 million) decrease in previous quarter. Responsible for this change was due to net claims on central government increase by 26.4% (135.9 million). Actually, there is no credit from financial system to the government. The negative sign means that the amount is a government deposit (i.e. depository corporation liabilities to the central government) or a decrease in Government deposits at the central bank due to increase in government expenditure. While, claims on the private sector continued to increase by 2.2% (3.9 million) in the quarter under reviews.

## 2. CREDIT TO PRIVATE SECTOR

Domestic credit of commercial banks to the various sectors of the economy during the December quarter 2013, has been increased, however there is no big changes, rising by 1.7% to US\$176.8 million, compared to a 4.9% increase in the previous quarter. While, on annual basis, the rate of growth of commercial bank loans increased considerably by 13.5% in the December quarter, compared to same month last year, as shown in the table 1. The highest proportion of total loans to the private sector are individuals and others (41.6%), followed by construction (20.5%).

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

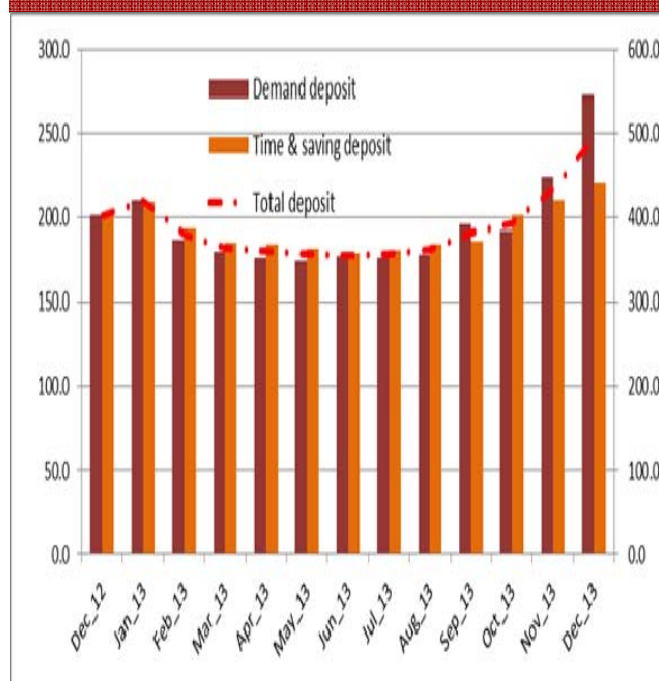
Items	Dec_12	Mar_13	Jun_13	Sep_13	Dec_13	% of share of total Quarterly
Agriculture, Water and Forestry	726	1,123	1,149	744	653	0.3
Industry and manufacturing	1,862	1,590	1,961	1,738	2,114	1.2
Construction	35,264	33,926	36,361	38,262	36,340	20.5
Transportation	15,507	14,545	13,837	12,666	21,477	12.1
Trade and Finance	31,777	41,366	37,920	36,465	34,992	19.6
Tourism and Service	5,732	6,150	7,466	6,954	7,849	4.4
Individuals and others	64,929	63,124	66,909	77,026	73,632	41.6
Total	155,797	161,824	165,623	173,873	176,857	100

Source: Central Bank

## 3. DEPOSITS WITH COMMERCIAL BANK S

In the December quarter total deposits with commercial banks (excluding government deposits) continued to increase, rising by US\$111.5 million (29.2%) to US\$493.5 million, compared to 7.5% (US\$26.5 million) increase in previous quarter. On the annual basis, it increased by 22.7% to US\$493.5 million, compared to a 26.2% increase in the same month last years. (See chart 2). The increase in total deposits in the three months to December 2013 was due to an increase in deposits of the private sector, which demand deposits contributed by 39.5%, while time deposits and saving deposit by 18.4% in the quarter under review.

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

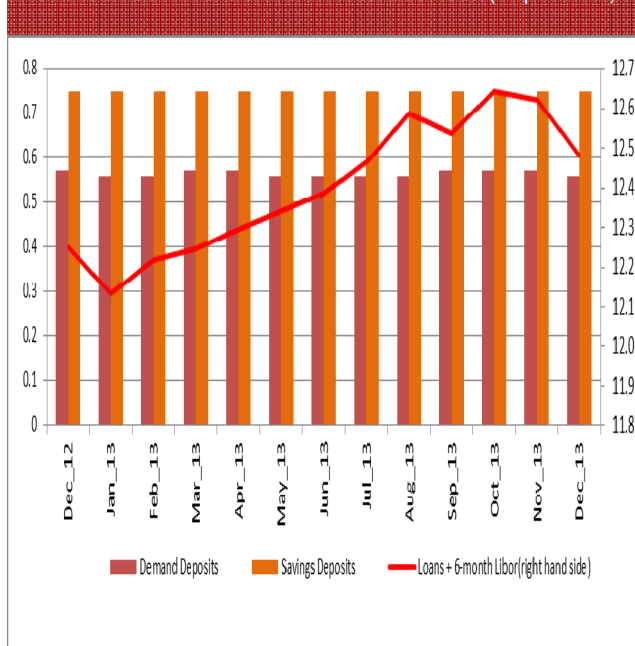


Source: Central Bank

#### 4. DOMESTIC INTEREST RATE

The weighted average lending rates for commercial banks edged up by 0.23 basis points to 12.48% in December of 2013 from 12.25% 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 0.24 basis point to 11.92% in December 2013, from 11.68% in the same month last year.

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

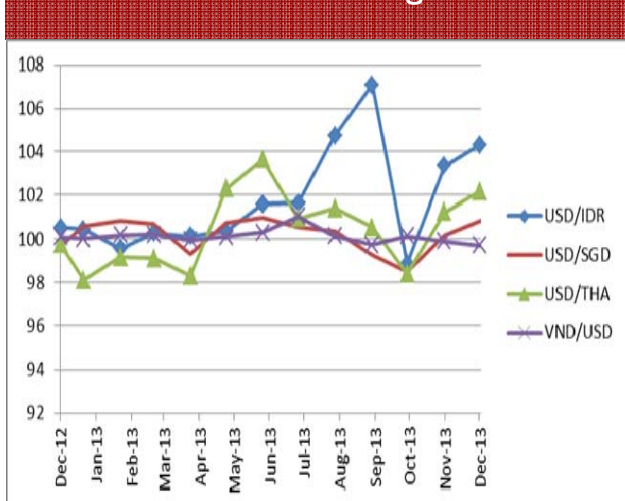


Source: Central Bank

#### 5. EXCHANGE RATE

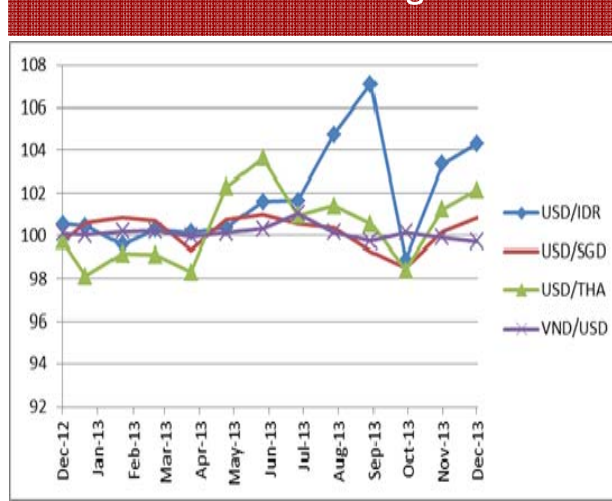
In the December quarter, the average US dollar exchange rate continued to appreciate against the Indonesia rupiah , Australian dollar, Japanese and Thailand baht. while it depreciated against the Euro, British Pound, Singapore dollar and Vietnam dong. It appreciated against the Indonesia Rupiah by 6.6% to 12,049.56, Australian dollar by 3.1% to 1.1114, Japanese yen by 4.1% to 103.28 and Thailand baht by 1.8% to 32.2819 . It depreciated against the Euro by 2.5% to 0.7303, Singapore dollar by 0.5% to 1.2573 and British Pound by 3.2% to 0.6109 , Vietnam Dong (VND) by 0.3% to 20,960.07(see chart 4,5 and table 4 ).

Chart 4. Asian Currencies Against the USD



Source: Bloomberg.com

Chart 5. G3 Currencies against USD



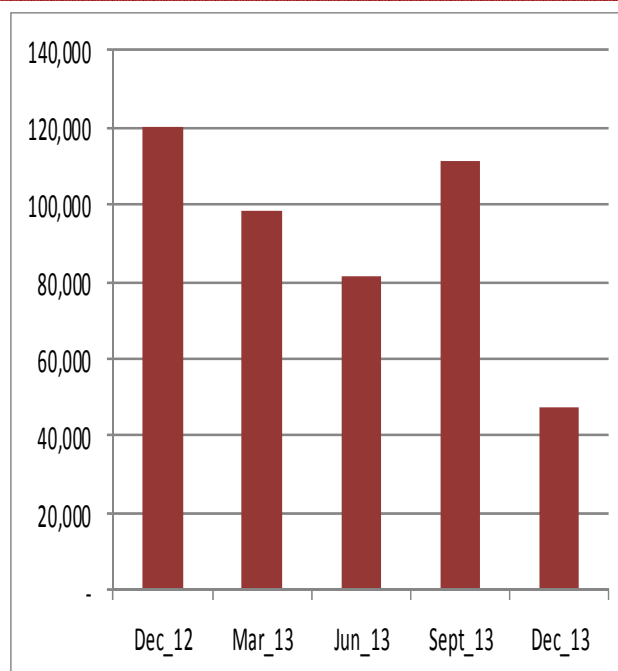
Source: Bloomberg.com



## 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 57.1% in December quarter 2013, from 36.6% in previous quarter. The decline in total value was due to the decrease in the value of note and value of check by 48.7% and 60% respectively.

Chart 6. Clearing Banks (in thousand)



Source: Central Bank

## 7. PRICE EVOLUTION IN DILI

Dili consumer price index 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 0.3% in December quarter, compared to minus 0.3% in September. This increase was due to an increase in some prices especially household appliances goods (9.1%), mineral waters, soft drinks, fruit & vegetables(7.8%), fruits(6.2%), oil and fats (6.1% and rice(1%). “The annual inflation rate of 4% was influenced mostly by the decreases prices of the following categories: food and non-alcoholic beverages,(5.8%) clothing and footwear(0.8%),housing(4.1%), transports(-0.7%) and communication(-17.3%).

Chart 7. Inflation rate (in percent)

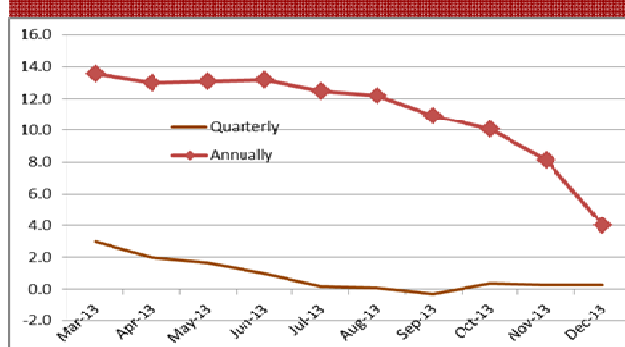


Table.3 Consumer Price Index and Inflation

Groups and Expenditure	CPI	CPI	CPI	CPI	% of changed	
	Dec_12	Jan-13	Sep-13	Dec_13	Quarterly	Annually
All groups	100	104.0	103.7	104.0	0.3	4.0
Food and Non-alcoholic beverages	100	106.4	106.0	105.8	-0.2	5.8
Alcohol and tobacco	100	107.4	112.2	112.2	0.0	12.2
Clothing and footwear	100	100.0	100.0	100.8	0.8	0.8
Housing	100	103.2	104.1	104.1	0.0	4.1
Furnishings, household supplies and equipment	100	100.3	100.1	103.1	3.0	3.1
Health	100	100.2	100.0	100.0	0.0	0.0
Transport	100	99.0	99.3	99.3	0.0	-0.7
Communications	100	87.5	82.6	82.7	0.1	-17.3
Recreation and culture	100	99.1	100.2	100.3	0.1	0.3
Education	100	100.0	100.0	100.0	0.0	0.0

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.

### 8. 1. Current Account

Current account is sum of the net export of goods and services, net income, and net current transfers (current account excluded other primary income).

**Table 2. Current Account Balance( in million)**

	Current account	Trade	Income	Transfers
2011 Q1	- 68,206.07	- 286,824.90	84,698.14	132,921
2011 Q2	- 179,899.79	- 400,845.28	87,565.14	133,180
2011 Q3	- 290,827.86	- 496,883.54	71,473.05	133,383
2011 Q4	- 349,152.50	- 576,139.87	63,489.02	133,498
2012 Q1	- 99,648.78	- 292,296.03	81,476.47	111,181
2012 Q2	- 122,212.65	- 314,021.14	80,186.04	111,622
2012 Q3	- 338,332.47	- 520,980.13	76,864.15	105,784
2012 Q4	- 330,871.08	- 509,404.52	74,982.76	103,551
2013 Q1	- 28,457.07	- 198,161.98	80,841.63	88,883
2013 Q2	- 29,983.76	- 208,929.10	88,914.42	90,030.92
2013 Q3	- 11,459.87	- 181,156.91	85,637.80	84,059.24

Source: Bank Central

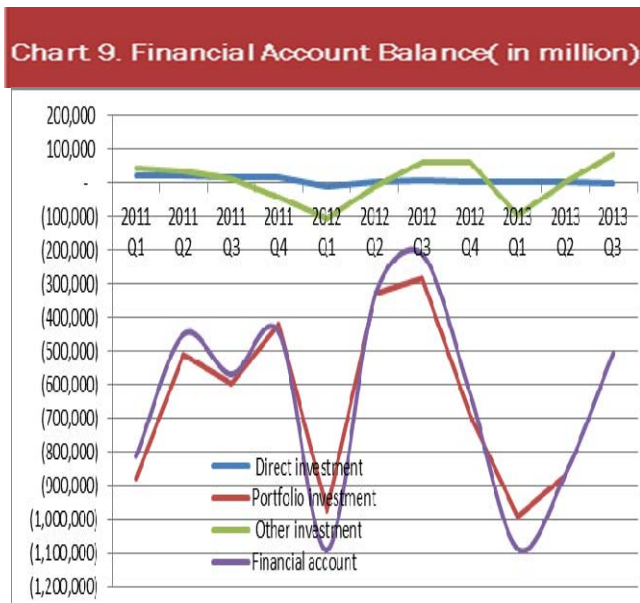
Timor-Leste current account recorded a decrease deficit of US\$11.459 million (61.8%) in the third quarter of 2013, down from deficit of US\$29.983 million (5.4%) in the second quarter. This changed largely reflected lower deficit on trade in goods and services. Trade deficit decrease by 13.3% to 181.156 million. On the other side, income (excluded primary income) decreased by 3.7% to US\$85.637 million. Current transfer decreased by 6.6% to US\$84.059 million (see table 2).

## 8 3. Capital Account

The capital account comprises of two components: capital transfers and the acquisition/disposal of non-produced, non-financial assets. The capital account recorded a surplus of US\$ 2.8 million in the third quarter, unchanged from the previous quarter

### 8. 3. Financial Account

Financial account comprises transaction of asset and liabilities between the resident and nonresident. Net financial account showed a net outflow decreased by 41.7% to US\$503 million in the third quarter, down from US\$864 million (20.5%) in the second quarter. This change was due to Timor-Leste investment abroad showed US\$3.1 million in the third quarter, unchanged from the previous quarter. While, foreign investment in Timor-Leste continued to decrease by 28.7% to US\$3.5 million in the third quarter after decreasing 23.5% in the pervious quarter. Followed by portfolio investment decrease by 31.9% to US\$590.6 million in the third quarter under review (see table 6 in the last pages).



Source: Bank Central

Table 3. MONETARY SURVEY (In million USD)

Items	Sep_12	Dec_12	Mar_13	Jun_13	Sep_13	Dec_13	% of change	
							Sep_13 to Dec_13	Annually
<b>Net Foreign Assets</b>	845.5	1179.3	1028.6	847.4	818.1	1071.9	31.0	-9.1
Claims on Nonresidents	897.5	1251.5	1089.0	936.2	868.3	1148.5	32.3	-8.2
Liabilities to Nonresidents	52.0	72.2	60.4	88.7	50.2	76.6	52.7	6.1
<b>Domestic Claims</b>	390.7	681.2	571.2	401.7	337.0	468.9	39.1	-31.2
Net Claims on Central Government	548.3	841.2	737.4	571.4	514.9	650.8	26.4	-22.6
Claims on private Sector	157.6	160.1	166.2	169.7	177.9	181.8	2.2	13.6
<b>Broad Money (M2)</b>	373.0	406.9	369.4	360.7	388.1	500.2	28.9	22.9
Currency Outside of central Bank	4.5	4.8	5.0	5.2	6.2	6.7	9.5	41.3
Demand Deposit	173.0	201.0	179.6	176.7	195.5	272.7	39.5	35.7
Time Deposit	195.5	201.2	184.8	178.7	186.5	220.8	18.4	9.7

Source : Central Bank

Table 4. AVERAGE EXCHANGE RATE  
(Nov\_2012-Dec\_2013)

Month	USD/IDR	USD/AUD	USD/€	USD/HKD	USD/JPY	USD/SGD	USD/THA	GBP/USD	VND/USD
Nov-12	9,627.19	0.96195	0.7810	7.7508	80.93	1.2238	30.7119	0.6272	20,624.48
Dec-12	9,679.38	0.9545	0.7831	7.7502	83.54	1.2204	30.6400	0.6815	20,645.88
Jan-13	9,723.23	0.9526	0.7528	7.7530	89.04	1.2280	30.0659	0.6262	20,653.38
Feb-13	9,682.80	0.9687	0.7483	7.7555	93.10	1.2385	29.8193	0.6454	20,691.47
Mar-13	9,709.84	0.9686	0.7706	7.7587	94.86	1.2470	29.5589	0.6636	20,737.71
Apr-13	9,723.43	0.9636	0.7681	7.7630	97.84	1.2384	29.0800	0.6535	20,729.30
May-13	9,757.70	1.0076	0.7701	7.7615	100.91	1.2475	29.7265	0.6534	20,752.93
Jun-13	9,914.45	1.0588	0.7579	7.7606	97.48	1.2601	30.8060	0.6455	20,819.24
Jul-13	10,076.09	1.0899	0.7642	7.7566	99.69	1.2672	31.1022	0.6585	21,038.39
Aug-13	10,558.32	1.1089	0.7505	7.7558	97.80	1.2722	31.5395	0.6461	21,089.37
Sep-13	11,305.00	1.0784	0.7491	7.7544	99.20	1.2630	31.7162	0.6311	21,012.70
Oct-13	11,178.73	1.0517	0.7331	7.7540	97.81	1.2441	31.2123	0.6210	21,041.06
Nov-13	11,551.11	1.0700	0.7417	7.7524	99.90	1.2466	31.5971	0.6217	21,021.24
Dec-13	12,049.58	1.1114	0.7303	7.7536	103.28	1.2573	32.2819	0.6109	20,960.07

Source : Bloomberg.com



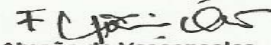
**PRO FORMA BALANCE SHEET**  
As at 31 December 2013

DESCRIPTION	\$ 000
<b>ASSETS</b>	
Cash and cash equivalents	466,254
Marketable Securities	281,022
Investments	24,251
Property, plant and equipment	1,031
Other assets	4,285
<b>TOTAL ASSETS</b>	<b>776,843</b>
<b>LIABILITIES</b>	
Government deposits	633,776
Provision transfer of surplus to Government	-
Other deposits	103,035
Other liabilities	12,270
Currency issued	6,885
<b>Total liabilities</b>	<b>755,966</b>
<b>EQUITY</b>	
Capital	20,000
Reserves	234
Retained earnings	643
<b>TOTAL EQUITY</b>	<b>20,877</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>776,843</b>

Nota:

- At 31 December 2013 the balance of Petroleum Fund account managed by the BCTL was \$14,952 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 December 2013. These Financial Statements are unaudited.

Dili, 27 January 2014

  
Abraão de Vasconcelos  
Governor

  
Fernando da Silva Carvalho  
Chief Accountant



Table 5. TIMOR-LESTE BALANCE OF PAYMNT (In Thousands USD)

	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
Current Account Exclude other primary income	(338,332)	(330,871)	(28,457)	(29,984)	(11,480)
I. Current Account	291,138	903,578	909,385	774,300	691,841
A. Goods and Services	(520,980)	(509,405)	(198,182)	(208,929)	(181,157)
1 Goods, fob	(253,468)	(175,045)	(11,012)	(11,389)	(7,995)
Exports, fob	10,573	10,350	270	170	158
Imports, fob	(264,039)	(185,395)	(11,282)	(11,539)	(8,151)
2 Services	(267,514)	(334,359)	(187,150)	(197,580)	(173,182)
Exports	16,750	18,586	22,400	18,630	20,150
Transportation	203	170	108	168	203
Travel	5,252	5,822	5,510	5,812	7,803
Other services, including govt. services, n.i.e.	11,295	12,794	16,791	12,650	12,352
Imports	(264,265)	(352,945)	(209,049)	(210,190)	(193,321)
Transportation	(27,934)	(20,485)	(4,933)	(5,814)	(5,829)
Travel	(20,005)	(16,985)	(13,895)	(15,378)	(16,554)
Other services, including govt. services, n.i.e.	(236,326)	(315,475)	(190,821)	(194,998)	(170,938)
B. Income	706,334	1,309,432	1,018,684	883,198	788,939
1 Compensation of employees	23,915	23,873	23,873	23,781	23,889
Credit	24,268	24,268	24,268	24,268	24,268
Debit	(352)	(395)	(395)	(487)	(568)
2 Investment income	52,949	51,110	56,969	65,134	61,939
Credit	54,110	53,486	59,389	67,735	62,284
Debit	(1,161)	(2,376)	(2,420)	(2,601)	(345)
3 Other primary income (income from JPDA), credit 1/	629,470	1,234,449	937,842	804,284	703,301
C. Current transfers	105,784	103,551	88,863	90,031	84,059
Credit	134,743	135,137	111,032	111,990	116,423
Debit	(28,959)	(31,587)	(22,169)	(21,959)	(32,364)
II. Capital and Financial account, Exclude Reserves	(205,864)	(619,786)	(1,083,579)	(861,349)	(501,069)
A. Capital account	5,853	5,853	2,871	2,871	2,871
B. Financial account	(211,716)	(625,619)	(1,086,450)	(864,220)	(503,940)
1 Direct investment	7,768	5,188	3,272	1,781	348
1.1 Timor-Leste's direct investment abroad	(3,167)	(3,167)	(3,167)	(3,167)	(3,167)
1.2 Non-residents' direct investment in Timor-Leste	10,935	8,333	6,439	4,927	3,515
2 Portfolio investment	(280,443)	(693,218)	(991,079)	(887,882)	(590,614)
2.1 Assets 2/	(281,943)	(694,716)	(995,329)	(871,912)	(594,864)
2.2 Liabilities	1,500	1,500	4,250	4,250	4,250
3 Other investment	60,958	62,431	(98,643)	1,682	86,328
3.1 Assets 2/	130,150	40,857	(45,318)	(5,730)	52,920
3.2 Liabilities	(69,192)	21,574	(53,327)	7,412	33,408
III. Grand Total (I+II)	85,274	283,812	(174,194)	(87,046)	190,772
IV. Errors and omissions	137,802	49,390	(11,141)	(78,517)	(206,632)
V. BOP Position (III+IV)	223,076	333,201	(185,335)	(165,563)	(15,859)
VI. Change in Reserve Assets	(223,076)	(333,201)	185,335	165,563	15,859