

Economic Bulletin



A Quarterly Publication of the Central Bank of Timor-Leste

VOLUME 11

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 Governing Board views.

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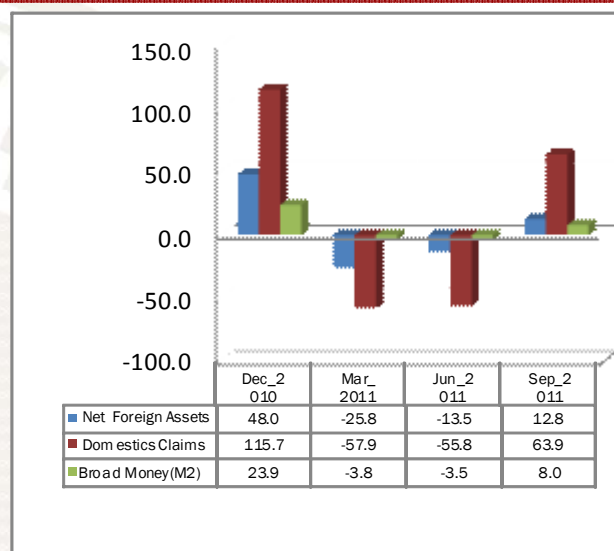
1. MONEY SUPPLY

After a US\$10.1 million (3.5%) decrease consecutively in two previous quarter, total money supply (M2) increase again by US\$21.9 million to US\$295.72 million (8%) in September 2011 (See table 3 in last page and chart 1). This increase in the quarterly growth rate of M2 is largely due to the rise in the growth rate of quasi money from -9.6% to 8.2% and narrow money (M1) also continues to expanded by 7.8% at the end of the 3rd quarter under review. On an annual basis, money supply continued to increase, rose by 24.2%, although it was grew at a slower pace in the same month of 2010, when it rose by 10.45% compared to 21.8% in September 2009.

Furthermore, the net foreign assets of depositary cooperation increase significantly by US\$51.2 million (12.8%) in September 2011 compare to the drop of US\$62.1 million (13.5%) in June 2011. The increase in total net foreign asset from June to September 2011 reflected increase of US\$60.1 million in claim on nonresident although following by US\$8.9 million increase on the liabilities to nonresident.

The continue expansion growth rate in the net foreign assets was the result of policy restriction

Chart 1. Monetary Survey (in percent)



in the credit to the private sector. Therefore, most of the increase in money supply will end up at the net foreign assets.

On other hand, domestic claims increased by US\$26.3 million to US\$67.4 million (63.9%) in September quarter 2011. The increase in domestic claims from three month to September 2011 was due to a US\$4.5 million rose in domestic credit and US\$30.8 million increase in claims on Central Government. There is no public debt from financial system. This increase was influenced by an increase in Government deposits at the Central Banks.

2. CREDIT TO PRIVATE SECTOR

The growth rate of commercial bank credit to the private sector increase 1.9% to US\$128.5 million in September quarter 2011. On an annual basis, the rate of growth of commercial bank loans went up 23.1% in the September 2011 from 6.0% decrease in the same month of 2010. The raise in credit from three month to September 2011 reflected large expansion in outstanding loans to the individuals and others (rose 14.2%). While “transportation and communication” down by 70%, construction (20%) industries and manufacturing (14.2%) and agriculture, water and forestry down by 43.6%. Following these developments, higher share of distribution are the individual and other (60.40%). The lower shares are transport and communication (0.1%) in the quarter under review.

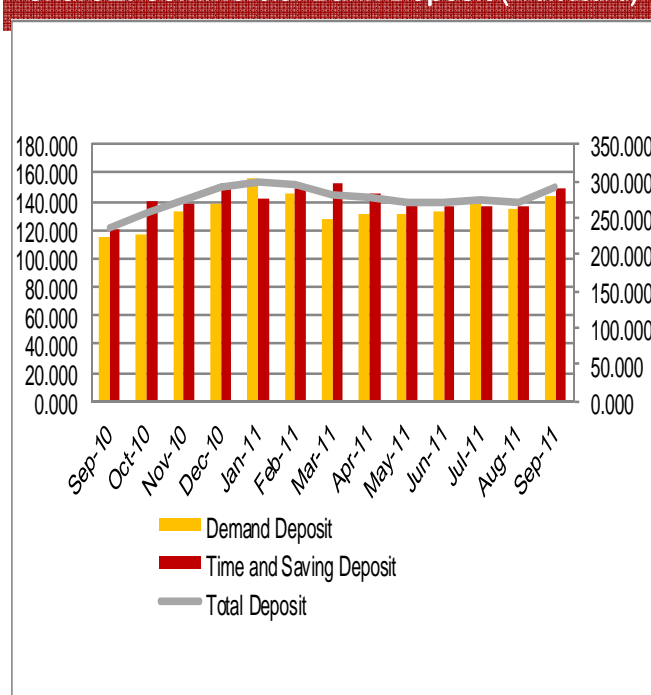
Table 1 .Commercial Bank Credit to Private Sector (in thousand)

Items	Sept_10	Jun-11	Sep-11	Quarterly Percentage Change	Annually Percentage change
Agriculture, Water and Forestry	238.00	3,282.00	1,851.00	-43.6	677.7
Industry and manufacturing	6,436.00	5,186.00	4,448.00	-14.2	-30.9
Construction	17,773.00	16,766.00	13,419.00	-20.0	-24.5
Transportation & Communication	2,245.00	629.00	189.00	-70.0	-91.6
Trade and Finance	9,157.00	28,189.00	26,963.00	-4.3	194.5
Tourism and Service	2,246.00	4,062.00	4,026.00	-0.9	79.3
Individuals and others	66,287.00	67,959.00	77,617.00	14.2	17.1
Total	104,382.00	126,073.00	128,513.00	1.9	23.1

3. DEPOSIT WITH COMMERCIAL BANK

In September quarter, total deposit with the commercial banks (excluding government deposit) increased 8.1% (US\$21.8 million) to US\$ 291.92 million compare to a 3.7% decrease in the previous quarter. On the annual basis, these deposits rose 24.2%, higher than the 10.4% expansion in the same month in the previous year (see chart 2). The growth of total deposit in the three months to September 2011 was due to increase in deposits of private sector, demand deposits (up US\$10.5 million) and time deposits and saving deposit (up 8.1% to US\$11.2 million)

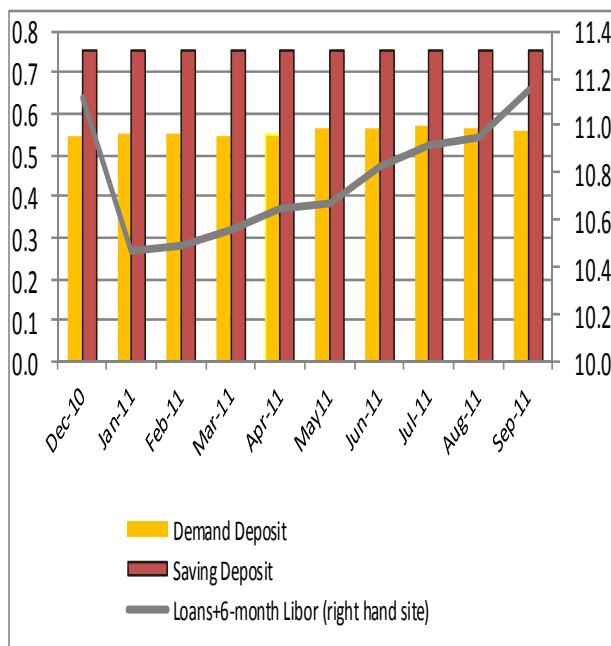
Chart 2. Commercial Bank Deposit (in thousand)



4. DOMESTIC INTEREST RATE OF COMMERCIAL BANKS

Commercial bank weighted average interest rate for lending increase 11.2% in September 2011 compare to 10.2% in the June quarter 2011. While the weighted average interest rate on demand deposit and saving both remained constant with no significant change by 0.6% and 0.5% in September 2011. Despite earning a low interest rate, deposits have increase in third quarter compare to previous quarter.

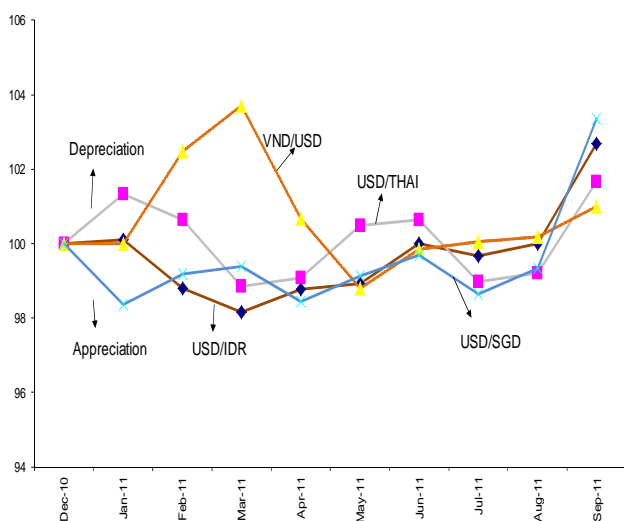
Chart.3. Commercial Bank Interest Rate (in percent)



5. EXCHANGE RATE

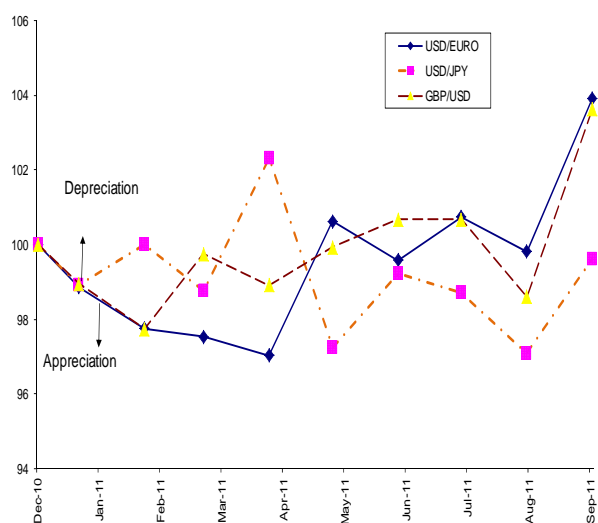
The increasing uncertainty of the Eurozone debt crisis and sign of a slow recovery in the US lifting the dollar and depreciating other currencies. Some of the reason was due to continue outflow of capital from Asia which caused many Asian currencies to weaken in September. But in the short term Asia currencies are expected to be relatively stable.

Chart 4. Asian Currencies Against the USD



Source: Bloomberg.com

Chart 5. G3 Currencies against USD

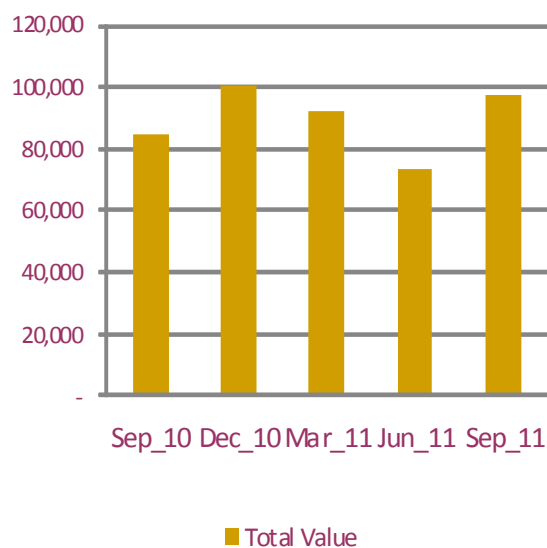


Source: Bloomberg.com

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 improve or clear checks for payment. This activity conducted by the central bank. In September 2011, total value of transaction increase by 32.5%. When compare with 20.5% decrease in the second quarter 2011. The increase in total of value was due to the increase in the value of cheque and value of notes by 6% and 58.8% in the third quarter 2011. These value coming from the both commercial bank and the government payment order with its customer.

Chart 6. Clearing Banks (In thousand)



7. PRICE EVOLUTION IN DILI

The consumer price index (CPI) as published by the National Department of Statistics of Timor-Leste shows that consumer prices increase by 1.4 percent in the third quarter of 2011 compared to decrease of 0.5 % in the previous quarter. This increase was caused by the increase in sub groups “cereal, roods and their product (13.1%)”, and health services and pharmaceuticals (3.2%)”. The annual headline inflation rates slight increased 13.8 percent in September 2011 (y-o-y), compared to 13.7 percent in the previous quarter of 2011. The increase in the total inflation rate for the September 2010-September 2011 period was mainly due to the raise in sub groups like “fruit (46.7%), Nuts (32.1%), Vegetable (30.4%), men’s clothing (27.1%) and “transport & communications”(22.7%).

Chart 7. Inflation rate

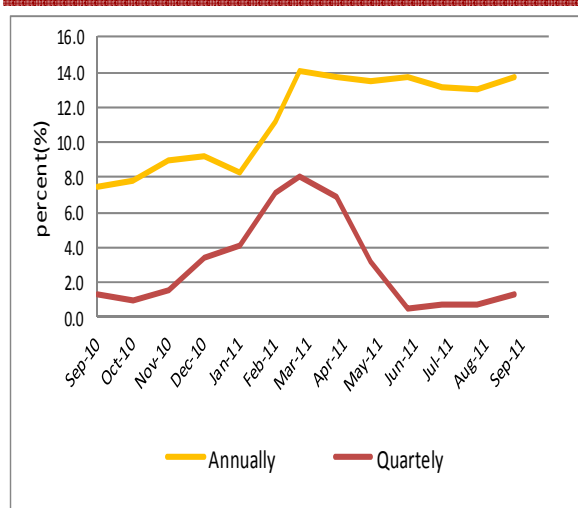


Table.2 Consumer Price Index and Inflation

Items	CPI Sep 2010	CPI Jun 2011	CPI Sep 2011	Inflation quarterly	Inflation Y-on-Y
All Groups	157.6	176.9	179.3	1.4	13.8
Foods	164	185.8	188.6	1.5	15.0
Alcohol and Tobacco	140.6	153.6	156.6	2.0	11.4
Clothing and Footwear	200.6	236.4	240.2	1.6	19.7
Housing	161.8	173.4	175.3	1.1	8.3
Household Furnishings	100.3	108.0	108.8	0.7	8.5
Health	154.6	165.1	164.8	-0.2	6.6
Recreation and Education	113.3	115.5	115.2	-0.3	1.7
Transport and Com.	113.3	158.2	159.9	1.1	18.6

Source : National Statistics Department

Table 3. MONETARY SURVEY (In million USD)

Items	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Quarterly	Annually
						(%)	(%)
Net Foreign Assets	420.21	621.78	461.2	399.07	450.25	12.8	7.1
Claims on Nonresident	497.33	649.76	516.32	526.66	586.76	11.4	18
Liabilities to nonresidents	-77.12	-27.98	-55.12	-127.59	-136.51	7	77
Domestics Claims	-102.62	-221.36	-93.11	-41.14	-67.44	63.9	-34.3
Net Claims on central Government	-209.15	-331.01	-204.29	-168.4	-199.23	18.3	-4.7
Claims on Private Sector	106.53	109.66	111.18	127.26	131.79	3.6	23.7
Broad Money(M2)	238.19	295.03	283.87	273.82	295.72	8	24.2
Narrow money	118.22	141.39	131.84	136.39	147.08	7.8	24.4
Quasi Money	119.98	153.64	152.02	137.43	148.65	8.2	23.9



PRO FORMA BALANCE SHEET
As of 30 September 2011

DESCRIPTION	In\$'000
ASSETS	
Cash and cash equivalents	65,066
Marketable Securities	195,965
Investments	25,510
Property, plant and equipment	886
Other assets	7,902
Total Assets	295,329
LIABILITIES	
Government deposits	193,821
Provision transfer of surplus to Government	-
Other deposits	69,048
Other liabilities	8,282
Currency issued	3,876
Total Liabilities	275,027
EQUITY	
Capital	20,000
Reserves	364
Retained earnings	(62)
Total Equity	20,302
TOTAL LIABILITIES & EQUITY	295,329

Notes:

1. 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 30 September 2011. These Financial Statements are unaudited.
2. At 30 September 2011 the balance of Petroleum Fund account managed by the BCTL was \$8,903 million. This is to recognise the reporting requirement under IFRS.

Dili, 14 October 2011

Abraão de Vasconcelos
Governor

Fernando da Silva Carvalho
Chief Accountant