

MADAGASCAR – ECONOMIC UPDATE: A CLOSER LOOK AT THREE STRATEGIC AREAS

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On the economic front, Madagascar's quest for stability (albeit not growth) has continued with persistent trends in major indicators over the last few months. Yet, the authorities have been managing strategic prices, intervening on the exchange rate market, and adopting the Revised Budget Law. Those new actions, partly the Government's response to exogenous factors (i.e., increases in international commodity prices and non-traditional capital inflows), have and will influence significantly but unevenly a large variety of stakeholders. The magnitude of these impacts might in turn shape not only future policy but also political decisions.

In an effort to share information and monitor the economic situation in Madagascar, the World Bank has produced a series of 11 economic updates since the beginning of the political crisis in March 2009 –the last one in mid-July 2010.¹

Over the past couple of months, most economic and financial trends observed since the beginning of 2010 have continued, including: fiscal austerity, prudent monetary policy, mixed private activities, stable financial indicators, weak rebound in exports, and declining imports. Rather than describing those variables, the reader will find a series of tables and graphs at the end of this update. Those statistics confirm the prevalence of the current (low) equilibrium in the macro-economic environment and provide some historical perspective, notably in comparison to the pre-crisis period.

Yet, it is not fully accurate that nothing has changed on the economic front in Madagascar. Below are highlighted three policy changes that may have some implications for both the short and medium terms, and may alter the fragile equilibrium mentioned above...

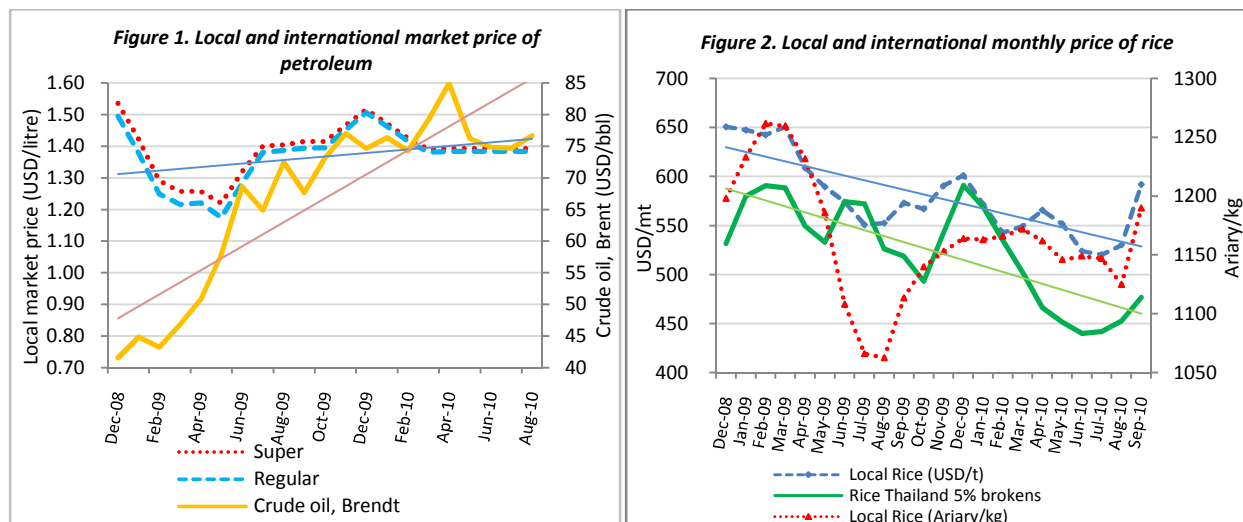
The behavior of strategic prices

All Malagasy policymakers have traditionally given a close attention to two strategic local prices. First, the price of rice since this food staple counts for a large share of farmers' revenues and is produced by almost all single farmers in the country. Concurrently, it represents as much as 40% of the poorest households' consumption. Second, the price of energy/gasoline, which is important and visible in most urban markets, and impact directly on transport costs. This attention has been justified by past episodes of economic and social tensions.

International markets influence local prices of both petroleum products and rice. The linkage between international and local petroleum products prices is evident because Madagascar imports almost all its consumption (figure 1). The dependency of local rice prices on

¹ Those updates are available on line in the following sites: www.banquemonde.org/Madagascar and www.african.org.

international markets is less obvious (and debated) but the fact of the matter is that there exists an apparent positive correlation between these two prices over time (figure 2). One explanation is that imported rice accounts for a relatively large share of the rice marketed in urban centers during the *saison de soudure* and that local wholesalers align on those prices.



Source: INSTAT², Central Bank, OMH, World Bank and Bank's staff calculations

The authorities have behaved differently on the petroleum products and rice local markets. They have favored a stable price of gasoline, which has remained constant since March 2010 despite fluctuations in international prices. Such stability was reached through an agreement with local distributors to maintain a fixed administered exchange rate on petroleum products imports prevailing at the end of July 2010,³ which will be discussed in the next section. Here the emphasis is given to the evolution of the markup (i.e. the difference between local and international prices) that has declined substantially since early 2009.

On the rice market, the authorities have not yet intervened in 2010.⁴ Part of the explanation is that international prices declined up to June 2010 and that Madagascar's markets were well supplied by domestic production during the *off-soudure* season (from March to October). However, local and international prices have moved upward during the last three months. This increase might favor local producers but affect negatively local consumers in urban markets.

While commodity prices movements are difficult to predict, most projections anticipate some further increase in crude oil and rice prices on international markets in the coming months.⁵ If those materialize, they will squeeze further the margin of local oil distributors and put upward

² Local price in September 2010 is on a temporary basis.

³ An earlier agreement introduced a parallel exchange rate for oil importers between March and June 2010.

⁴ One can argue that the exemption of VAT and import duties on rice, introduced in 2008 and maintained by the new authorities, is an intervention in favor of (net) consumers in urban markets.

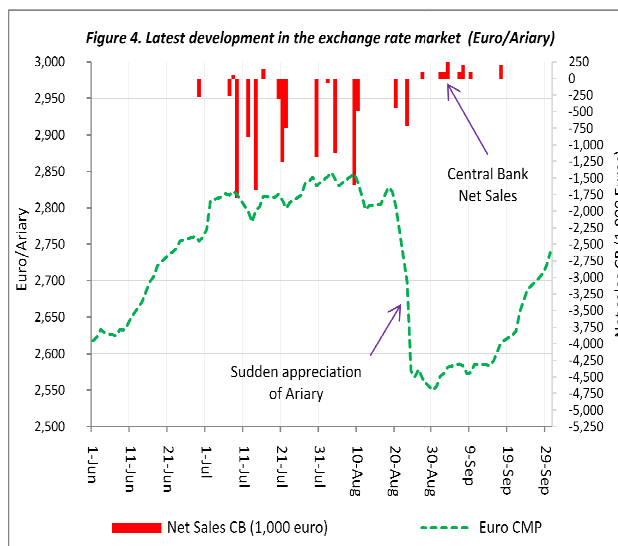
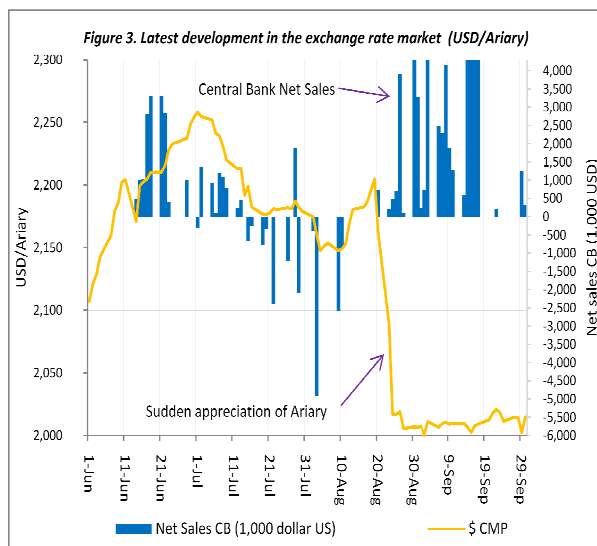
⁵ For example, the US Energy Information Administration expects oil prices to gradually rise through the end of 2010, up to US\$85 per barrel. As rice, the FAO underscores that future prices will be greatly influenced by the unfolding of the season in northern hemisphere countries, with the pattern of the monsoon rains over Asia holding particular sway.

pressure on local rice prices. The reaction of the authorities will have to be closely watched because any policy decision (including *laissez-faire*) would produce non-obvious impacts on the current economic, political, and social contexts.

The exchange rate policy

The exchange rate depreciated slightly from the beginning of the political crisis up to end July 2010 as the result of lower exports and declining capital inflows. Yet, this decline was controlled because of the adjustment in imports and remaining confidence in the local financial markets. More impressively, this stability was achieved without much intervention of the Central Bank, leading to a build-up of its international reserves that reached almost USD 1 billion at end of 2009.⁶

Since the last week of August, the Central Bank has modified its policy by starting to sell significant amounts of international reserves (Figures 3 and 4). This behavior has contributed to the appreciation of the local currency in line with the agreement reached with local oil importers/distributors. The direct outcome has been the stability of petroleum product prices in Madagascar, and lower costs for imports.



Source: Central Bank and Bank's staff calculations

Such an intervention has had obvious costs. First, the Central Bank's international reserves declined by almost USD30 million between end of August and end of September— at the current pace reserves losses would amount to USD 200 million in six months, exacerbating the fragility of the local financial market which remains very thin. Second, its discouraged exports, especially from the textile sector that are sensitive to any price variations because of small operating margins. There is an obvious trade-off for the Central Bank to continue (or not) its interventions on the exchange rate market; and if yes, until when and at what cost.

⁶ Some volatility had to be expected in environment where the parity between the US dollar and Euro shifted dramatically over this period.

The Revised 2010 Budget Law

The Government adopted a revised budget law at the end of August. In comparison to the initial law voted at the end of 2009, the level of public spending was severely adjusted (down by 18.8 % compared to the initial Law), with a significant cut in investment (- 29%), non-wage current expenditures (-24.7%), and structural expenses (-54.1%), while wages and debt payments remained approximately the same than projected at the beginning of the year.

This adjustment was made necessary as the result of lower than anticipated external financing (grants are projected to decline by 77% and credits by 39.5%). The initial Law had anticipated a resolution to the current political crisis and the resumption of aid flows to their pre-crisis levels.⁷ Concurrently, lower domestic revenues (mostly in customs) were compensated by a significant increase in non-fiscal revenues, mainly the upfront payment from a Chinese investor to the Treasury in exchange of a mining concession (221.6 billion of Ariary or about US\$100 million).

Beyond the above adjustments, it is useful to emphasize three key features of the revised Budget Law:

- The Government anticipates using more domestic resources to finance its deficit, up by 0.5% of GDP compared to the initial Law. This increase is not marginal, since it is equivalent to about 5% of the total stock of credits in the country.
- It has to be recognized that the fiscal adjustment is more cosmetic than real because the execution rate of public expenditures was very low during the first eight months of 2010 (around 42%). In other words, the authorities had already taken into account the unrealistic level of external financing and cut public spending accordingly.⁸ The revised law is still valuable because it would prevent any future “loss of control”, avoiding the episode that occurred during the last quarter of 2009 when expenditures jumped by almost US\$500 million.
- The composition of public expenditures has been shifted in favor of the Presidency at the expense of social and infrastructure ministries. Part of this shift is explained by the decline in aid flows that were targeted to social and infrastructure sectors, and by political motives to place the Presidency at the center stage of public spending (funding highly visible projects).

From a fiscal perspective, the large increase in non-fiscal revenues has helped to release the Government’s constraint. Yet, concerns have been raised about the economic and social returns associated to the use of those funds (mostly directed to the construction of large

⁷ Total official aid flows to the public sector are now expected to amount to 339.8 billion of Ariary (or about US\$170 million) in 2010.

⁸ As an illustration, the Ministry of Education had received 512 billion of Ariary in the initial LF but committed only 256 billion up to end of August. With the ceiling in the LFR, this Ministry could still commit 189 billion during the remainder of year, which may still exceed its absorption capacity.

stadiums and hospitals), fueled by the quasi-absence of open discussion among a wide range of stakeholders and by the need to finance future costs of maintenance and functioning that are expected to be relatively high. Most sector ministries seem also to have been by-passed in the process. Those shortcomings have contributed to exacerbate tensions within public administration at time of budget austerity.⁹

Table 1: Shift in the composition of Public Expenditures
(variations between the 2010 LF and the 2010 LFR)

| | In Billions of Ariary | In % |
|--|-----------------------|-------|
| Présidence de la HAT | +199.2 | 302.5 |
| Ministère des Forces Armées | +7.0 | 6.1 |
| Sénat | +3.0 | 25.3 |
| Ministère de la Sécurité Intérieure | +1.3 | 2.1 |
| Ministère des Travaux Publics et de la Météorologie | -182.7 | -58.1 |
| Ministère des Finances et du Budget | -139.0 | -30.0 |
| Ministère de l'Agriculture | -72.3 | -36.8 |
| Ministère de l'Aménagement du Territoire et de la Décentralisation | -69.1 | -31.4 |
| Ministère de l'Education Nationale | -66.8 | -13.0 |
| Ministère de l'Environnement et des Forêts | -56.9 | -79.2 |
| Ministère des Transports | -56.7 | -73.2 |
| Ministère de la Santé Publique | -28.9 | -13.3 |

Source: LFR 2010 and Bank's staff calculations

Looking forward

On the surface, the Malagasy economy seems to continue its journey toward stability (albeit not economic growth). Thanks to prudent fiscal and monetary policies, most financial indicators have remained stable, and in the quasi-absence of violence, a segment of the economy has weakly rebounded over the past semester. As a result, the GDP growth rate should improve in 2010 compared to the 3.7% recession observed last year.

The quest of Madagascar for economic stability –in a volatile political environment, remains fragile. The focus here given to strategic prices (petroleum products and rice), exchange rate policy, and fiscal management has illustrated that the current equilibrium might be unsettled by exogenous factors. The variations observed in key local prices and in the exchange rate are linked to recent fluctuations in the price of commodities on international markets. The shift in the composition of fiscal spending is associated to the availability of a new source of external financing. Those three strategic policy areas go to the heart of the Madagascar's political economy because they influence a wide range of stakeholders, from farmers to oil distributors and exporters as well as public administration. Their reactions, and the Government's response, will affect the economic and most certainly the political environment in the coming months.

⁹ This tension is apparent through the number of strikes (judges, port workers, university teachers and researchers, etc...) over the past couple of weeks.

Statistical Appendix

Table 1. Madagascar at a glance

| Key Development Indicators | Madagascar | Sub-Saharan Africa | Low income |
|--|------------|--------------------|------------|
| (2009) | | | |
| Population, mid-year (millions) | 19.6 | 819 | 828 |
| Surface area (thousand sq. km) | 587 | 24,242 | 17,838 |
| Population growth (%) | 2.7 | 2.5 | 2.2 |
| Urban population (% of total population) | 30 | 36 | 28 |
| GNI (Atlas method, US\$ billions) | 8.5 | 887 | 379 |
| GNI per capita (Atlas method, US\$) | 430 | 1,082 | 457 |
| GNI per capita (PPP, international \$) | 1,050 | 1,973 | 1,137 |
| GDP growth (%) | -3.7 | 5.2 | 6.2 |
| GDP per capita growth (%) | -6.2 | 2.7 | 3.9 |
| (most recent estimate, 2003–2009) | | | |
| Poverty headcount ratio at \$1.25 a day (PPP, %) | 68 | 51 | .. |
| Poverty headcount ratio at \$2.00 a day (PPP, %) | 90 | 73 | .. |
| Life expectancy at birth (years) | 60 | 52 | 57 |
| Infant mortality (per 1,000 live births) | 48 | 83 | 77 |
| Child malnutrition (% of children under 5) | 37 | 25 | 28 |
| Adult literacy, male (% of ages 15 and older) | 77 | 72 | 73 |
| Adult literacy, female (% of ages 15 and older) | 65 | 54 | 59 |
| Gross primary enrollment, male (% of age group) | 131 | 105 | 107 |
| Gross primary enrollment, female (% of age group) | 129 | 95 | 100 |
| Access to an improved water source (% of population) | 47 | 60 | 64 |
| Access to improved sanitation facilities (% of population) | 12 | 31 | 35 |

Age distribution, 2008

Male Female

percent of total population

Growth of GDP and GDP per capita (%)

95 05

—●— GDP —■— GDP per capita

Source: World Bank

Table 2. Selected Economic and Financial Indicators, 2005-2010

| Indicators | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 <i>proj. (1)</i> |
|---|----------|----------|----------|----------|----------|--------------------------|
| National accounts | | | | | | |
| Nominal GDP (billions of Ariary) | 10,092.4 | 11,815.3 | 13,759.7 | 16,099.5 | 16,802.9 | 18,225.5 |
| Economic growth (%) | 4.6 | 5.0 | 6.2 | 7.1 | -3.7 | 0.6 |
| Investment rate (% of GDP) | 22.2 | 25.3 | 29.6 | 40.3 | 31.0 | 9.7 |
| Consumer price index (end of period) (%) | 11.4 | 10.8 | 8.2 | 10.1 | 8.0 | 9.7 |
| External Accounts | | | | | | |
| Exports of goods, f.o.b (millions of US\$) | 832.0 | 967.3 | 1,236.8 | 1,309.1 | 1,042.0 | |
| Imports of goods, f.o.b (millions of US\$) | 1,449.1 | 1,532.4 | 2,238.1 | 3,212.1 | 2,719.0 | |
| Trade balance (millions of US\$) | -617.1 | -565.1 | -1,001.3 | -1,903.0 | -1,677.1 | |
| Current account balance (% of GDP) | -11.6 | -9.5 | -11.9 | -18.7 | -21.2 | |
| International reserves (as months of imports) | 3.0 | 3.0 | 2.9 | 2.4 | 2.9 | |
| Exchange rate (period average) | | | | | | |
| USD/Ariary | 2,003 | 2,142 | 1,874 | 1,708 | 1,956 | 2,138 |
| Euro/Ariary | 2,488 | 2,687 | 2,563 | 2,504 | 2,722 | |
| Money and credit (year-on-year percent change) | | | | | | |
| Money supply (M3) | 3.1 | 25.9 | 20.5 | 12.8 | 10.2 | |
| Net foreign assets | 4.5 | 69.7 | 20.0 | 13.0 | -7.7 | |
| Net domestic credit | 7.0 | -9.6 | 20.3 | 9.4 | 26.5 | |
| Net credit to private sector | 23.8 | 18.0 | 17.4 | 29.5 | 7.7 | |
| Public finance (% of GDP) | | | | | | |
| Total revenue (excluding grants) | 10.9 | 11.2 | 11.7 | 13.3 | 11.1 | 11.9 |
| Grants | 5.7 | 48.2 | 4.3 | 3.4 | 1.1 | 2.0 |
| Total expenditures | 21.3 | 21.4 | 18.7 | 18.6 | 15.0 | 15.8 |
| Overall balance (cash basis, including grants) | -4.3 | 37.7 | -2.9 | -2.1 | -2.8 | -1.9 |

Sources: INSTAT, Ministry of Economy, Central Bank, and Ministry of Finance
(1) based on Revised Budget Law

Table 3. Real sector growth and GDP composition, 2005-2010

| Indicators | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 <i>proj. (1)</i> |
|---|--------------|--------------|--------------|--------------|--------------|--------------------------|
| Real sector growth (Annual percent change) | | | | | | |
| Real GDP | 4.6 | 5.0 | 6.2 | 7.1 | -3.7 | 0.6 |
| Primary sector | 2.5 | 2.1 | 2.2 | 2.9 | 8.5 | 1.1 |
| Agriculture | 4.4 | 2.6 | 2.9 | 4.5 | 10.7 | 0.7 |
| Stock and fishing | 0.8 | 1.9 | 1.7 | 1.6 | 1.8 | 1.9 |
| Silviculture | 1.0 | 1.0 | 1.4 | 1.0 | 30.4 | 0.1 |
| Secondary sector | 3.0 | 3.5 | 9.8 | 3.6 | -7.4 | 2.1 |
| Food processing industry | 0.0 | -12.5 | -9.5 | 0.0 | 57.3 | 49.7 |
| Mining | 4.4 | 9.1 | -7.2 | 9.0 | 14.3 | 121.3 |
| Energy | 2.5 | 4.4 | 5.6 | 6.9 | -0.4 | 0.0 |
| Food industry | 0.0 | 0.0 | 9.0 | 12.5 | -5.9 | 0.5 |
| Beverage industry | 0.5 | 7.1 | 7.9 | 3.0 | 0.1 | 1.0 |
| Textile industry | 6.0 | 0.8 | -10.4 | -4.4 | -24.6 | -30.0 |
| Wood industry | 3.0 | 10.3 | 8.8 | 9.2 | -33.7 | 0.1 |
| Building material | 13.5 | 11.6 | 8.5 | 12.0 | -4.2 | 1.3 |
| Metallic industry | 6.7 | 12.7 | 25.8 | 40.1 | -21.8 | -0.5 |
| Paper industry | -11.0 | -0.9 | 0.0 | -19.0 | 24.3 | 10.0 |
| Enterprises processing zone (EPZ) | 0.0 | 0.0 | 28.6 | 1.2 | -16.2 | -15.0 |
| Tertiary sector | 6.1 | 7.4 | 7.8 | 8.2 | -7.1 | -0.1 |
| Building and public works | 18.8 | 27.6 | 21.8 | 27.6 | -17.7 | -17.5 |
| Goods transportation | 4.5 | 8.7 | 7.8 | 7.3 | -10.3 | 5.4 |
| Passengers transportation | 7.4 | 3.1 | 8.1 | 4.7 | -18.6 | 1.5 |
| Telecommunications | 5.3 | 12.0 | 10.8 | 20.9 | 9.2 | 3.5 |
| Trade | 4.5 | 4.3 | 3.9 | 3.3 | 4.1 | 2.5 |
| Banking | 6.6 | 14.2 | 8.9 | 4.0 | 16.7 | 4.1 |
| Real sector aggregate (% GDP) | | | | | | |
| Net imports of non-factor goods and services | 17.3 | 16.0 | 21.7 | 30.3 | 23.7 | |
| Imports of non-factor goods and services | 45.6 | 45.8 | 52.1 | 56.8 | 52.2 | |
| Exports of non-factor goods and services | 28.2 | 29.7 | 30.3 | 26.5 | 28.5 | |
| Total disposable income | 117.3 | 116.0 | 121.7 | 130.3 | 123.7 | |
| Consumption | 95.1 | 90.7 | 92.1 | 90.1 | 92.7 | |
| Government | 9.0 | 8.7 | 12.3 | 11.2 | 11.5 | |
| Private sector | 86.2 | 82.0 | 79.8 | 78.8 | 81.2 | |
| Investment | 22.2 | 25.3 | 29.6 | 40.3 | 31.0 | |
| Government | 8.7 | 10.5 | 7.0 | 7.1 | 3.1 | |
| Private sector | 13.5 | 14.7 | 25.4 | 33.2 | 29.4 | |
| Change in inventories | 0.0 | 0.0 | -2.8 | 0.0 | -1.6 | |
| Gross domestic savings | 4.9 | 9.3 | 7.9 | 9.9 | 7.3 | |

Sources: Ministry of Economy, and INSTAT
(1) based on Revised Budget Law

Table 4. Public finance indicators, 2005-2010

| Indicators | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 <i>proj. (1)</i> |
|---|---------------|---------------|---------------|----------------|----------------|--------------------------|
| Tax revenue (% GDP) | | | | | | |
| Domestic revenue | 5.2 | 5.3 | 5.8 | 6.7 | 6.1 | 6.0 |
| Direct taxes (income and profits) | 2.2 | 2.7 | 2.6 | 3.3 | 2.8 | 2.7 |
| Property taxes | 0.1 | 0.1 | 0.3 | 0.2 | 0.1 | 0.1 |
| Indirect taxes | 2.9 | 2.5 | 2.8 | 3.1 | 3.3 | 3.3 |
| VAT | 1.8 | 1.5 | 2.1 | 2.2 | 2.3 | 2.2 |
| Excise | 0.4 | 0.5 | 0.7 | 0.8 | 0.9 | 1.0 |
| Customs revenue | 4.9 | 5.3 | 5.6 | 6.3 | 4.5 | 4.4 |
| Import Duties | 1.1 | 1.2 | 1.3 | 1.4 | 1.0 | 1.0 |
| VAT on import | 2.1 | 2.2 | 2.5 | 3.0 | 2.2 | 2.2 |
| Duties on Petroleum | 1.5 | 1.9 | 1.7 | 1.9 | 1.4 | 1.3 |
| Total | 10.1 | 10.7 | 11.4 | 13.0 | 10.6 | 10.5 |
| Public finance (% GDP) | | | | | | |
| Total revenue and grants | 16.7 | 59.4 | 16.0 | 16.7 | 12.2 | 13.9 |
| Total revenue | 10.9 | 11.2 | 11.7 | 13.3 | 11.1 | 11.9 |
| Tax revenue | 10.1 | 10.7 | 11.4 | 13.0 | 10.6 | 10.5 |
| Non tax revenue | 0.8 | 0.5 | 0.3 | 0.3 | 0.5 | 1.5 |
| Grants | 5.7 | 48.2 | 4.3 | 3.4 | 1.1 | 2.0 |
| Currents | 1.4 | 1.5 | 0.6 | 0.8 | 0.1 | 0.2 |
| Capital | 4.3 | 46.8 | 3.7 | 2.6 | 1.0 | 1.8 |
| Total expenditure | 21.3 | 21.4 | 18.7 | 18.6 | 15.0 | 15.8 |
| Current expenditures | 10.5 | 11.1 | 11.0 | 10.9 | 10.7 | 10.6 |
| Wages bill | 4.2 | 5.0 | 5.2 | 4.7 | 4.8 | 5.5 |
| Non-wage expenses | 2.5 | 3.2 | 3.1 | 4.6 | 3.1 | 2.9 |
| Interest on debt | 2.6 | 2.4 | 1.1 | 0.8 | 0.8 | 0.9 |
| Capital expenditures | 9.9 | 10.3 | 7.6 | 7.7 | 4.3 | 5.2 |
| Financement interne | 2.6 | 2.4 | 2.3 | 2.9 | 2.1 | 2.0 |
| Financement externe | 7.3 | 7.9 | 5.3 | 4.8 | 2.2 | 3.2 |
| Overall balance (commitment basis, including grants) | -4.7 | 38.0 | -2.7 | -1.9 | -2.8 | -1.9 |
| Overall balance (cash basis, including grants) | -4.3 | 37.7 | -2.9 | -2.1 | -2.8 | -1.9 |
| Financement | 4.3 | -37.7 | 2.9 | 2.1 | 2.8 | 1.9 |
| Net external financing | 3.8 | -35.3 | 2.2 | 3.0 | 0.7 | 1.0 |
| Net domestic financing | 0.1 | -2.4 | -0.1 | -2.9 | 1.6 | 1.0 |
| Banking system | -1.1 | -3.0 | 0.2 | -1.6 | 1.9 | 0.6 |
| Non banking system | 1.2 | 0.6 | -0.3 | -1.3 | -0.3 | 0.3 |
| Committed public expenditures by categories (milliards Ariary) | | | | | | |
| | | | | | | as of Sep-10 |
| Interest on debt | 81.1 | 94.2 | 221.1 | 139.7 | 200.6 | 102.2 |
| Wage | 371.6 | 501.0 | 636.3 | 760.1 | 808.1 | 635.6 |
| Non-wage expenses | 321.3 | 384.7 | 451.7 | 508.4 | 477.6 | 289.7 |
| Structural | 9.7 | 55.3 | 48.5 | 214.1 | 51.0 | 45.7 |
| Investment | 612.8 | 590.1 | 553.4 | 1,045.9 | 637.0 | 204.7 |
| Exceptional | 27.4 | 10.0 | 26.9 | 55.0 | 58.1 | |
| Total | 1423.9 | 1635.3 | 1937.9 | 2,723.2 | 2,232.4 | 1,277.8 |

Source: Ministry of Finance

(1) based on Revised Budget Law

Table 5. External sector indicators, 2005-2009

Unit: millions USD

| Indicators | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| External sector | | | | | |
| Current account balance | -583.6 | -525.1 | -876.2 | -1,761.4 | -1,818.4 |
| Trade balance | -617.1 | -565.1 | -1,001.3 | -1,903.0 | -1,677.1 |
| Exports fob | 832.0 | 967.3 | 1,236.8 | 1,309.1 | 1,042.0 |
| Imports fob | 1,449.1 | 1,532.4 | 2,238.1 | 3,212.1 | 2,719.0 |
| Net services | -91.1 | -120.3 | -175.9 | -282.0 | -356.3 |
| Net foreign direct investment | 50.9 | 283.0 | 739.9 | 1,135.1 | 1,359.5 |
| Gross International Reserves | 482.1 | 573.6 | 843.0 | 992.7 | 981.7 |
| Export by products | | | | | |
| Coffee | 6.2 | 13.9 | 17.3 | 14.3 | 2.5 |
| Vanilla | 48.0 | 47.4 | 55.2 | 48.4 | 43.5 |
| Cloves | 17.2 | 26.9 | 36.8 | 29.7 | 49.0 |
| Pepper | 1.8 | 3.8 | 4.0 | 3.5 | 3.8 |
| Cocoa bean | 4.2 | 13.6 | 19.4 | 16.2 | 14.8 |
| Shrimps | 33.4 | 50.7 | 39.1 | 28.2 | 26.1 |
| Sugar | 2.4 | 5.9 | 3.6 | 6.9 | 18.5 |
| Chromium ore | 10.5 | 13.1 | 11.9 | 33.3 | 16.9 |
| Clove essential oil | 5.1 | 7.3 | 9.4 | 7.6 | 10.0 |
| Petroleum products | 3.8 | 40.6 | 54.8 | 88.7 | 48.3 |
| Other products | 186.3 | 200.2 | 226.7 | 180.2 | 162.0 |
| EPZ products | 430.8 | 477.6 | 695.8 | 734.1 | 551.6 |
| Other customs regimes | 82.4 | 66.5 | 62.8 | 118.1 | 95.0 |
| Total | 832.0 | 967.3 | 1,236.8 | 1,309.1 | 1,042.0 |
| Import by categories | | | | | |
| Alimentation | 131.5 | 85.8 | 128.7 | 124.4 | 155.3 |
| of which Rice | 82.1 | 40.5 | 68.2 | 59.3 | 47.6 |
| Energy | 287.5 | 335.5 | 386.8 | 577.9 | 311.7 |
| Equipment | 370.5 | 232.9 | 495.6 | 1,051.3 | 1,382.2 |
| Raw material | 258.7 | 282.3 | 378.1 | 639.4 | 433.7 |
| Consumption goods | 239.4 | 239.2 | 302.6 | 352.2 | 407.2 |
| EPZ products | 310.5 | 407.5 | 532.5 | 506.5 | 361.3 |
| Other customs regimes | 106.8 | 219.6 | 408.8 | 527.3 | 145.8 |
| Total (cif) | 1,704.9 | 1,802.8 | 2,633.1 | 3,779.0 | 3,197.1 |
| Total (fob) | 1,449.1 | 1,532.4 | 2,238.1 | 3,212.1 | 2,719.0 |

Source: Central Bank

Table 6. Monthly selected economic and financial indicators, 2008-2010

| Indicators | Unit | Jan-08 | Feb-08 | Mar-08 | Apr-08 | May-08 | Jun-08 | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 |
|---|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Real economy | | | | | | | | | | | | | |
| Tourism arrivals | Number | 23,594 | 18,593 | 25,975 | 27,850 | 28,775 | 31,698 | 37,850 | 37,300 | 35,845 | 37,390 | 35,315 | 34,825 |
| Energy consumption: | | | | | | | | | | | | | |
| - Gasoline | m3 | 8,428 | 7,648 | 8,534 | 8,769 | 9,097 | 8,210 | 9,128 | 9,284 | 8,811 | 9,183 | 8,488 | 10,170 |
| - Diesel fuel | m3 | 32,513 | 31,287 | 32,182 | 35,138 | 38,211 | 37,395 | 37,035 | 34,721 | 34,132 | 36,703 | 32,811 | 33,924 |
| - Fuel oil | m3 | 2,588 | 4,563 | 3,808 | 5,405 | 4,826 | 6,127 | 6,330 | 4,920 | 6,853 | 6,692 | 4,717 | 5,280 |
| - Kerosene | m3 | 3,467 | 3,061 | 3,432 | 3,708 | 3,896 | 3,363 | 3,811 | 3,390 | 3,346 | 3,522 | 3,220 | 3,781 |
| Public finance | | | | | | | | | | | | | |
| Public sector revenues: | | | | | | | | | | | | | |
| - Domestic revenue | mds Ariary | 65.0 | 66.3 | 68.3 | 77.7 | 163.2 | 86.9 | 89.2 | 101.7 | 74.2 | 98.1 | 68.1 | 121.1 |
| - Customs revenue | mds Ariary | 100.8 | 78.0 | 83.7 | 101.6 | 77.3 | 53.2 | 99.7 | 82.6 | 86.0 | 85.4 | 76.7 | 82.9 |
| - Non-tax revenue | mds Ariary | 1.0 | 4.1 | 1.0 | 2.3 | 12.3 | 11.7 | 8.0 | 0.8 | 1.3 | 0.7 | 1.8 | 4.7 |
| Financial and Monetary Indicators | | | | | | | | | | | | | |
| Inflation rate (y-o-y change) | % | 8.7 | 7.2 | 7.7 | 6.9 | 7.9 | 9.0 | 10.4 | 11.2 | 10.8 | 10.8 | 10.0 | 10.1 |
| Credit and Monetary Aggregates (End-of period stocks): | | | | | | | | | | | | | |
| - Money supply (M3) | mds Ariary | 3,341.5 | 3,311.5 | 3,280.3 | 3,336.5 | 3,304.5 | 3,336.3 | 3,372.4 | 3,414.8 | 3,440.6 | 3,523.3 | 3,596.1 | 3,725.9 |
| - of which Circulation fiduciaire hors-banques | mds Ariary | 777.3 | 795.6 | 798.1 | 809.6 | 816.6 | 852.5 | 851.8 | 857.1 | 845.7 | 850.9 | 884.5 | 936.3 |
| - Net foreign assets | mds Ariary | 1,923.6 | 1,928.0 | 1,766.2 | 1,768.3 | 1,731.6 | 1,735.7 | 1,804.2 | 1,902.3 | 1,961.1 | 2,065.7 | 2,076.1 | 2,148.9 |
| - Net domestic assets | mds Ariary | 1,533.7 | 1,562.4 | 1,703.0 | 1,711.3 | 1,680.6 | 1,673.4 | 1,596.4 | 1,542.9 | 1,501.2 | 1,562.7 | 1,596.3 | 1,680.4 |
| - of which Net credit to private sector | mds Ariary | 1,501.1 | 1,505.9 | 1,595.6 | 1,663.7 | 1,707.4 | 1,681.3 | 1,695.4 | 1,756.6 | 1,800.7 | 1,837.2 | 1,840.8 | 1,817.4 |
| Exchange rates: | | | | | | | | | | | | | |
| - Period average | | | | | | | | | | | | | |
| USD/Ariary | Ariary | 1,781.8 | 1,825.0 | 1,727.4 | 1,655.4 | 1,626.8 | 1,610.8 | 1,576.0 | 1,609.5 | 1,642.7 | 1,761.0 | 1,842.8 | 1,841.2 |
| Euro/Ariary | Ariary | 2,618.3 | 2,688.2 | 2,675.5 | 2,610.0 | 2,532.0 | 2,502.4 | 2,484.7 | 2,414.8 | 2,356.7 | 2,354.1 | 2,341.7 | 2,470.8 |
| - End of period | | | | | | | | | | | | | |
| USD/Ariary | Ariary | 1,780.4 | 1,841.5 | 1,664.0 | 1,634.7 | 1,621.5 | 1,585.0 | 1,574.4 | 1,618.6 | 1,654.7 | 1,812.6 | 1,829.5 | 1,860.4 |
| Euro/Ariary | Ariary | 2,636.7 | 2,755.7 | 2,628.6 | 2,542.3 | 2,508.9 | 2,499.1 | 2,458.4 | 2,385.8 | 2,382.7 | 2,369.7 | 2,357.9 | 2,629.2 |
| T-Bills market: | | | | | | | | | | | | | |
| - Final outstanding | mds Ariary | 828.1 | 808.0 | 720.8 | 721.3 | 731.7 | 708.7 | 686.5 | 663.4 | 660.6 | 642.8 | 639.1 | 652.9 |
| - Payment | mds Ariary | 155.3 | 193.9 | 185.8 | 158.9 | 153.9 | 98.9 | 89.4 | 91.3 | 67.9 | 122.0 | 70.9 | 54.7 |
| - Auctioned amount | mds Ariary | 168.8 | 173.8 | 98.6 | 159.4 | 164.3 | 75.9 | 67.2 | 68.2 | 65.0 | 104.1 | 67.2 | 68.5 |
| - of which Bank system (excl. Central Bank) | mds Ariary | 103.4 | 70.9 | 35.9 | 102.0 | 108.6 | 30.3 | 49.0 | 46.3 | 53.8 | 80.4 | 51.9 | 39.5 |
| - Rates of return (weighted average) | % | 8.47 | 8.51 | 8.91 | 9.13 | 8.91 | 8.77 | 8.24 | 8.78 | 8.88 | 9.09 | 9.24 | 8.90 |

Sources: Ministry of Tourism, Ministry of Finance, INSTAT, Central Bank, and OMH

Table 6. Monthly selected economic and financial indicators, 2008-2010

| Indicators | Unit | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 | Jul-09 | Aug-09 | Sep-09 | Oct-09 | Nov-09 | Dec-09 |
|---|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Real economy | | | | | | | | | | | | | |
| Tourism arrivals | Number | 18,785 | 9,526 | 11,172 | 11,670 | 12,467 | 13,624 | 14,351 | 14,487 | 13,270 | 15,295 | 13,740 | 14,300 |
| Energy consumption: | | | | | | | | | | | | | |
| - Gasoline | m3 | 8,674 | 6,119 | 7,531 | 8,889 | 8,692 | 9,278 | 9,454 | 9,377 | 9,568 | 9,576 | 8,684 | 10,222 |
| - Diesel fuel | m3 | 29,393 | 23,349 | 30,629 | 33,343 | 34,106 | 33,932 | 34,260 | 32,539 | 34,174 | 34,189 | 30,771 | 33,044 |
| - Fuel oil | m3 | 4,993 | 3,894 | 3,727 | 6,105 | 2,835 | 5,390 | 5,355 | 6,265 | 6,458 | 7,448 | 8,563 | 6,574 |
| - Kerosene | m3 | 3,618 | 2,979 | 3,263 | 3,701 | 3,696 | 3,876 | 4,229 | 3,725 | 4,150 | 3,990 | 3,885 | 4,109 |
| Public finance | | | | | | | | | | | | | |
| Public sector revenues: | | | | | | | | | | | | | |
| - Domestic revenue | mds Ariary | 80.2 | 65.1 | 60.1 | 90.1 | 130.0 | 104.2 | 72.9 | 87.6 | 76.5 | 92.7 | 68.8 | 69.4 |
| - Customs revenue | mds Ariary | 56.0 | 64.1 | 50.8 | 49.1 | 45.3 | 67.8 | 69.8 | 65.0 | 67.1 | 79.6 | 74.0 | 64.9 |
| - Non-tax revenue | mds Ariary | 2.0 | 2.3 | 1.2 | 0.9 | 10.9 | 11.6 | 2.8 | 4.1 | 0.8 | 10.7 | 23.4 | 7.2 |
| Financial and Monetary Indicators | | | | | | | | | | | | | |
| Inflation rate (y-o-y change) | % | 9.7 | 10.3 | 10.2 | 10.4 | 9.9 | 9.3 | 8.2 | 7.6 | 7.9 | 7.7 | 8.3 | 8.0 |
| Credit and Monetary Aggregates (End-of period stocks): | | | | | | | | | | | | | |
| - Money supply (M3) | mds Ariary | 3,800.6 | 3,754.6 | 3,763.1 | 3,763.2 | 3,778.5 | 3,763.2 | 3,833.9 | 3,816.7 | 3,876.1 | 3,915.7 | 3,998.7 | 4,105.5 |
| - of which Circulation fiduciaire hors-banques | mds Ariary | 907.4 | 905.4 | 924.3 | 934.2 | 956.5 | 955.3 | 931.4 | 927.0 | 922.7 | 924.4 | 954.4 | 1,010.7 |
| - Net foreign assets | mds Ariary | 2,085.4 | 1,983.9 | 1,999.8 | 2,059.8 | 1,928.3 | 1,884.8 | 1,908.9 | 1,881.7 | 1,931.9 | 1,974.3 | 2,021.8 | 1,982.4 |
| - Net domestic assets | mds Ariary | 1,743.3 | 1,794.6 | 1,798.8 | 1,842.3 | 1,862.0 | 1,833.2 | 1,882.6 | 1,879.3 | 2,010.7 | 2,047.0 | 2,017.4 | 2,125.5 |
| - of which Net credit to private sector | mds Ariary | 1,837.3 | 1,825.5 | 1,811.7 | 1,871.5 | 1,896.0 | 1,872.4 | 1,860.9 | 1,867.2 | 1,917.3 | 1,968.4 | 1,914.1 | 1,956.8 |
| Exchange rates: | | | | | | | | | | | | | |
| - Period average | | | | | | | | | | | | | |
| USD/Ariary | Ariary | 1,904.8 | 1,964.1 | 1,937.2 | 2,023.1 | 2,011.7 | 1,930.3 | 1,935.6 | 1,923.3 | 1,943.3 | 2,010.7 | 1,952.0 | 1,936.7 |
| Euro/Ariary | Ariary | 2,525.8 | 2,510.6 | 2,523.2 | 2,662.4 | 2,734.5 | 2,701.7 | 2,720.0 | 2,737.3 | 2,825.4 | 2,974.5 | 2,909.6 | 2,834.4 |
| - End of period | | | | | | | | | | | | | |
| USD/Ariary | Ariary | 1,937.0 | 1,931.3 | 1,958.6 | 2,101.2 | 1,934.0 | 1,935.5 | 1,929.6 | 1,926.2 | 1,979.9 | 1,976.5 | 1,928.9 | 1,954.6 |
| Euro/Ariary | Ariary | 2,502.1 | 2,440.9 | 2,605.8 | 2,754.7 | 2,703.6 | 2,725.4 | 2,719.3 | 2,743.6 | 2,890.4 | 2,929.4 | 2,900.4 | 2,795.5 |
| T-Bills market: | | | | | | | | | | | | | |
| - Final outstanding | mds Ariary | 670.9 | 694.1 | 702.4 | 741.2 | 744.6 | 729.2 | 727.5 | 727.7 | 726.2 | 690.6 | 715.8 | 742.7 |
| - Payment | mds Ariary | 104.1 | 68.7 | 73.8 | 110.0 | 136.6 | 83.5 | 63.7 | 69.8 | 77.5 | 111.5 | 77.9 | 97.4 |
| - Auctioned amount | mds Ariary | 122.0 | 92.0 | 82.0 | 148.8 | 140.0 | 68.0 | 62.0 | 70.0 | 76.0 | 75.9 | 103.0 | 124.3 |
| - of which Bank system (excl. Central Bank) | mds Ariary | 118.1 | 57.7 | 35.1 | 72.5 | 76.1 | 56.4 | 56.9 | 63.3 | 62.8 | 58.9 | 80.3 | 86.4 |
| - Rates of return (weighted average) | % | 9.28 | 9.14 | 9.07 | 10.55 | 9.45 | 9.04 | 7.49 | 6.01 | 4.82 | 4.11 | 6.09 | 6.26 |

Sources: Ministry of Tourism, Ministry of Finance, INSTAT, Central Bank, and OMH

Table 6. Monthly selected economic and financial indicators, 2008-2010

| Indicators | Unit | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 |
|---|------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Real economy | | | | | | | | | |
| Tourism arrivals | Number | 17,910 | 11,087 | 13,645 | 13,925 | 14,387 | 15,849 | | |
| Energy consumption: | | | | | | | | | |
| - Gasoline | m3 | 7,709 | 7,334 | 8,623 | 9,111 | 8,453 | 9,221 | 9,300 | 9,717 |
| - Diesel fuel | m3 | 26,078 | 26,566 | 29,358 | 35,511 | 32,083 | 32,027 | 33,900 | 34,678 |
| - Fuel oil | m3 | 6,373 | 4,390 | 6,922 | 7,611 | 6,375 | 8,194 | 10,766 | 9,707 |
| - Kerosene | m3 | 3,408 | 3,462 | 3,811 | 4,020 | 4,156 | 4,620 | 4,651 | 4,666 |
| Public finance | | | | | | | | | |
| Public sector revenues: | | | | | | | | | |
| - Domestic revenue | mds Ariary | 78.0 | 90.2 | 72.1 | 117.4 | 129.0 | 104.1 | 79.9 | |
| - Customs revenue | mds Ariary | 62.4 | 68.2 | 65.2 | 68.0 | 44.0 | 72.3 | 73.4 | |
| - Non-tax revenue | mds Ariary | 0.6 | 0.8 | 4.7 | 3.5 | 0.6 | | | |
| Financial and Monetary Indicators | | | | | | | | | |
| Inflation rate (y-o-y change) | % | 8.5 | 7.7 | 7.9 | 8.5 | 9.1 | 10.0 | 10.3 | 10.2 |
| Credit and Monetary Aggregates (End-of period stocks): | | | | | | | | | |
| - Money supply (M3) | mds Ariary | 4,064.1 | 4,131.2 | 4,091.2 | 4,115.7 | 4,176.2 | 4,180.1 | 4,253.1 | 4,192.5 |
| - of which Circulation fiduciaire hors-banques | mds Ariary | 972.8 | 974.3 | 982.1 | 990.9 | 1,014.0 | 1,058.0 | 1,064.4 | 1,054.5 |
| - Net foreign assets | mds Ariary | 2,052.7 | 2,121.1 | 1,922.6 | 1,853.9 | 1,929.2 | 2,153.8 | 2,208.3 | 2,038.6 |
| - Net domestic assets | mds Ariary | 2,137.4 | 2,137.3 | 2,184.8 | 2,185.4 | 2,147.0 | 1,975.8 | 2,023.9 | 2,004.7 |
| - of which Net credit to private sector | mds Ariary | 1,966.4 | 1,989.6 | 2,013.9 | 2,017.9 | 1,990.8 | 2,029.7 | 2,069.2 | 2,072.1 |
| Exchange rates: | | | | | | | | | |
| - Period average | | | | | | | | | |
| USD/Ariary | Ariary | 2,034.6 | 2,148.3 | 2,133.8 | 2,053.9 | 2,077.1 | 2,192.6 | 2,204.4 | 2,121.8 |
| Euro/Ariary | Ariary | 2,903.9 | 2,941.5 | 2,896.2 | 2,756.7 | 2,626.2 | 2,686.2 | 2,812.2 | 2,748.1 |
| - End of period | | | | | | | | | |
| USD/Ariary | Ariary | 2,108.8 | 2,183.9 | 2,109.8 | 2,045.1 | 2,101.1 | 2,254.3 | 2,178.9 | 2,006.4 |
| Euro/Ariary | Ariary | 2,945.5 | 2,963.5 | 2,835.3 | 2,702.6 | 2,625.7 | 2,759.8 | 2,830.0 | 2,554.9 |
| T-Bills market: | | | | | | | | | |
| - Final outstanding | mds Ariary | 749.6 | 762.4 | 773.2 | 764.2 | 780.0 | 753.9 | 793.6 | 805.0 |
| - Payment | mds Ariary | 120.1 | 116.4 | 103.7 | 220.7 | 79.3 | 118.2 | 80.2 | 94.3 |
| - Auctioned amount | mds Ariary | 127.1 | 129.2 | 114.4 | 211.7 | 95.1 | 92.1 | 120.0 | 105.8 |
| - of which Bank system (excl. Central Bank) | mds Ariary | 108.2 | 96.2 | 45.2 | 137.1 | 53.7 | 43.9 | 102.1 | 60.1 |
| - Rates of return (weighted average) | % | 8.15 | 8.94 | 9.09 | 9.96 | 9.72 | 9.56 | 9.06 | 9.13 |

Sources: Ministry of Tourism, Ministry of Finance, INSTAT, Central Bank, and OMH