



DNPE Quarterly Economic Indicators

Q3 2021 vs Q3 2020

Summary:

- Total Government Expenditure significantly increased 84% in Q3 2021 compared to Q3 2020 and also an increase of 75% compared to Q2 2021. The massive increase of expending in Q3 mainly contributed by spending on Public Transfers.
- Domestic revenue fell 7% compared to the same period last year. Fees and charges fell by -75% due to EDTL and Bee TL becoming public enterprises in 2021 so they no longer contribute to domestic revenue.
- Imports increased by 21% compared to last year; imports related to investment and construction increased by 38% and consumption good imports grew by 35%.
- The total non-oil exports significantly increased in Q3 2021 compared to the same period in last year. Coffee exports rebounded in Q3 with the easing of lockdown restrictions.
- Inflation increased by 4.1% in Q3 2021. It is expected remain positive, increasing at 2.0% and 1.8% in 2022 and 2023 respectively. This will positively contribute to increasing Timor-Leste's competitiveness, with inflation expected to be lower than the regional average.
- The World Bank (WB) food price index increased significantly with 27% between September 2020 and September 2021. However, world rice price decreased -11% while coffee prices have increased by 35% compared to last year.
- Oil prices have now fully recovered and surpassed the prices prior to the COVID-19 crisis where the price of oil halved due to suppressed global demand.
- Monetary: both nominal and real effective exchange rate have decreased since Q3 2020.

Government Expendig

Government Spending

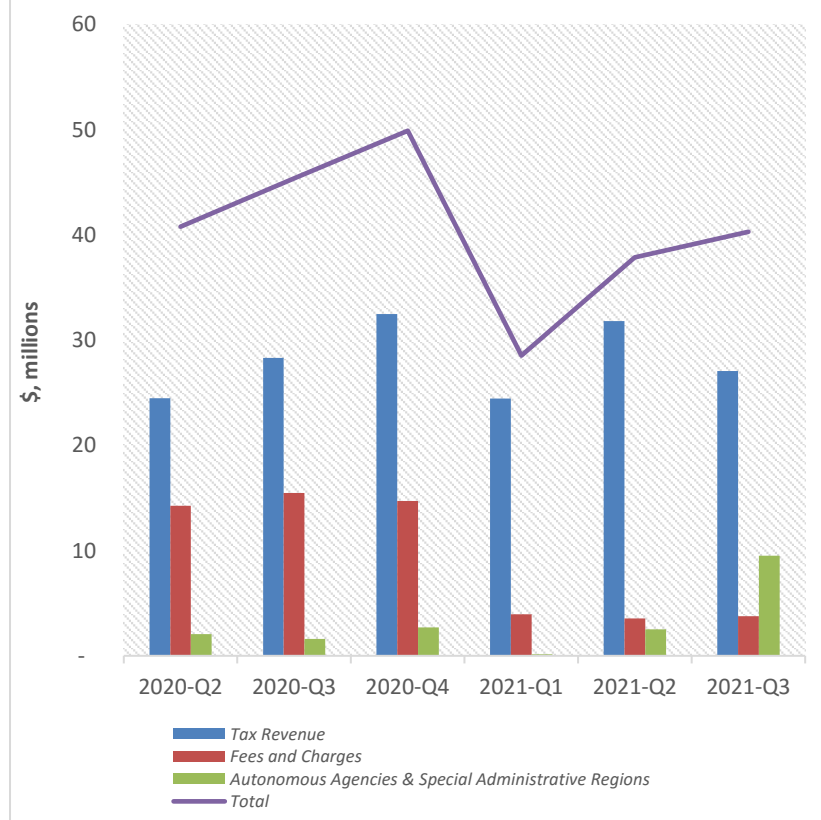


Source: DNPE, Ministry of Finance, October 2021

- The total Government Expenditure increased by 84% in Q3 2021 compared to Q3 2020 and also increased 75% compared to Q2 in the same year. This is mainly contributed by a rise in spending on Public Transfers.
- Spending on Transfers nearly tripled (increasing by 266%) in Q3 2021 compared to Q3 2020, due to a large rise in payment on the public grants. Spending on goods & services grew by 24% in Q3 2021 compared to Q3 2020.
- Minor Capital spending is also higher in Q3 2021 compare to Q3 2020.
- Capital Development spending fell -40% YoY in Q3 2021.

Government Revenue

Government Revenue

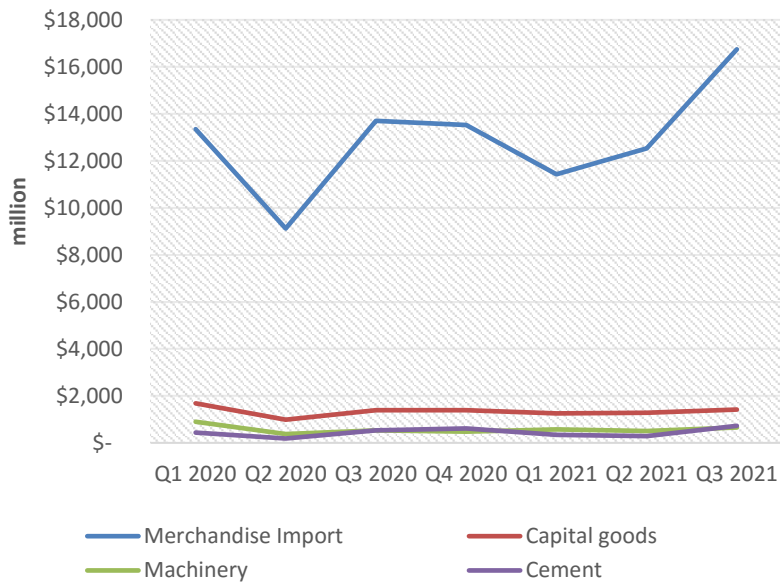


Source: DNPE, Ministry of Finance, October 2021

- Total domestic revenue fell -7% in Q3 2021 compared to Q3 2020, but increased compare to Q2 2021.
- Tax revenue decreased by 4% in Q3 2021 compared to Q3 2020. It also decreased 15% compare to Q2 2021
- Fees and charges in Q3 2021 fell significantly by -75% YoY. This is as EDLT and Bee TL became public enterprises at the start of 2021 so they no longer contribute to domestic revenue.
- Autonomous Agencies and Special Administrative Region revenue in Q3 2021 had a large rise (489%) compared to the same period last year due to large payment from CLN. This was also significantly increased by 278% in Q3 compare to Q2 2021.

Imports

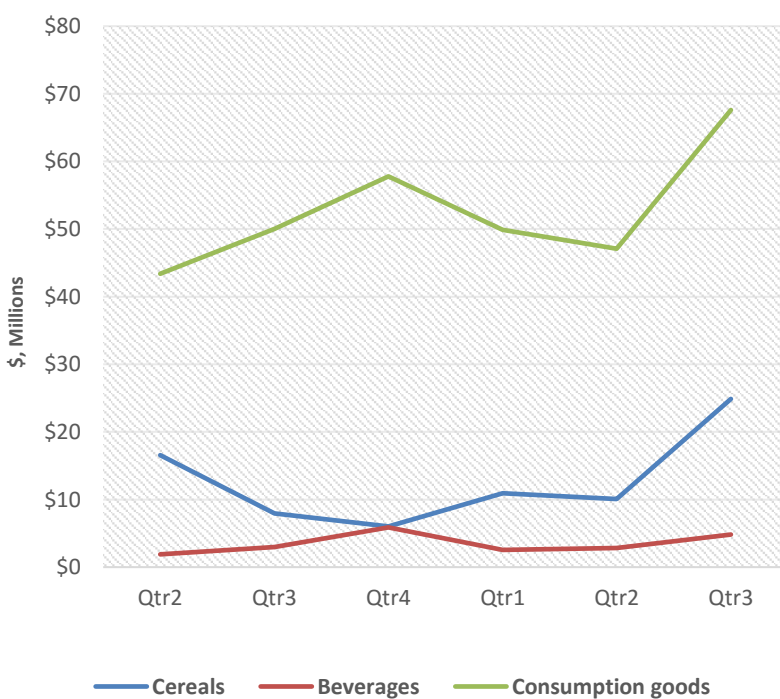
Import : Investment



Source: DG Statistics, Ministry of Finance, October 2021

- Total imports of investment for Q3 2021 increased by 21% compared to Q3 2020. It also increased by 34% compared to second quarter in 2021
- Imports relating to Investment and Construction increased YoY, specifically:
 - Merchandise imports increased 22%
 - Capital Goods imports increased by 3%
 - Machinery imports increased 22%
 - Cement imports increased 38%

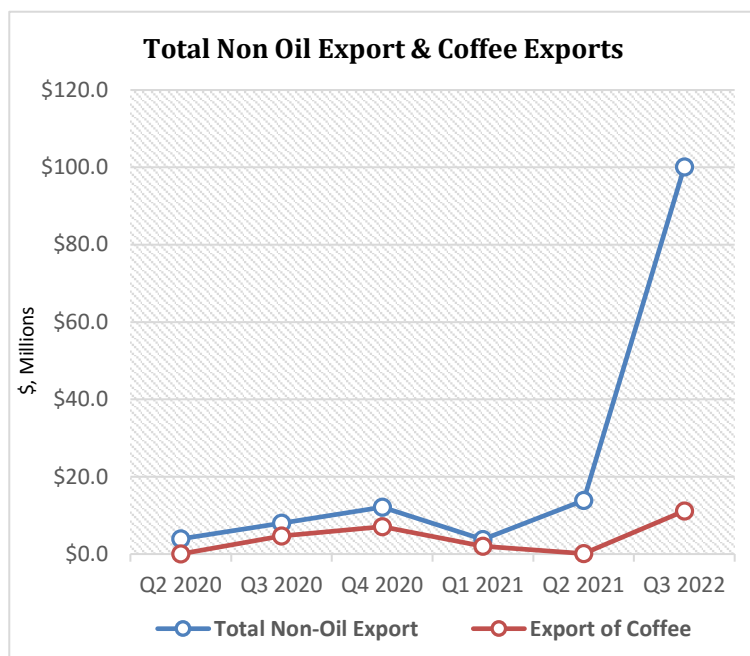
Import of Consumption



Source: DG Statistics, Ministry of Finance, July 2021

- Consumption good imports increased by 35% in Q3 2021 compared to Q3 2020. It also increased by 44% compared to Q2 in 2021
- Cereal imports more than doubled (213%) in Q3 2021 compared to Q3 2020.
- Beverages also significantly increased 62% in Q3 2021 compared to Q3 2020. They also one and half time increase compared to Q2 in 2021

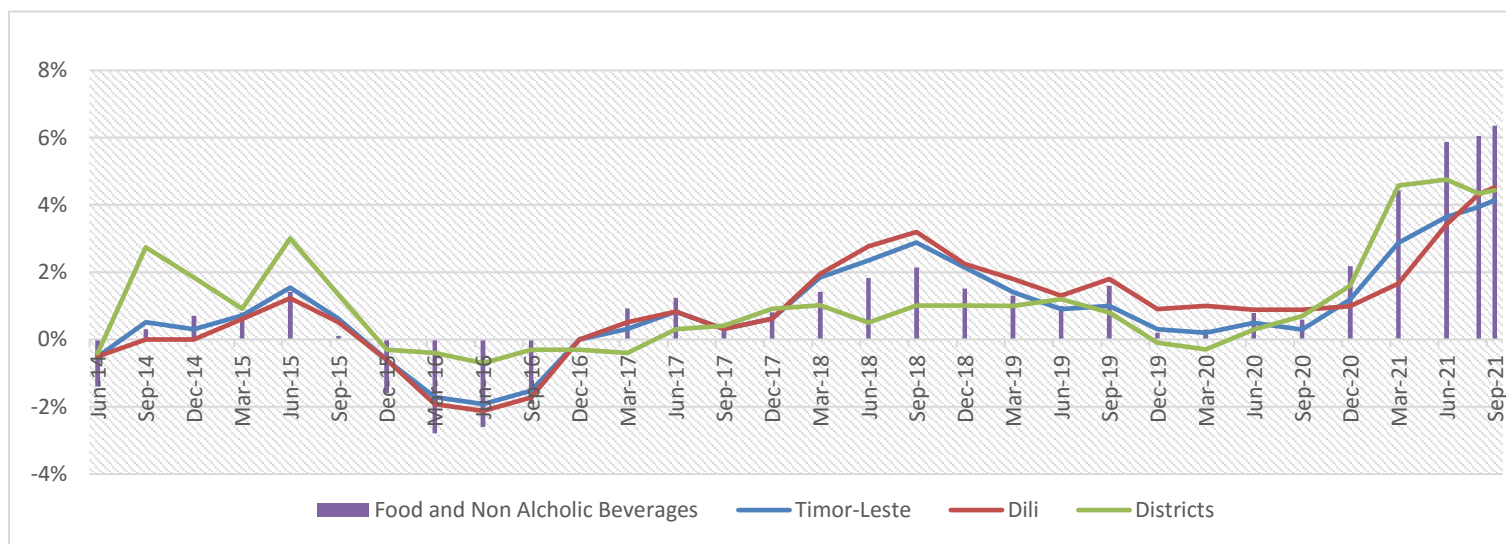
Exports



- Total non-oil exports in Q3 2021 saw a large increase (1160%) compared to Q3 2020.
- Coffee Export significantly increased by 140% in Q3 2021 compared to Q3 2020. This is due to increased flexibility trade of trade activity and improvements to the Covid-19 induced global slowdown.

Source: DG Statistics, Ministry of Finance, October 2021

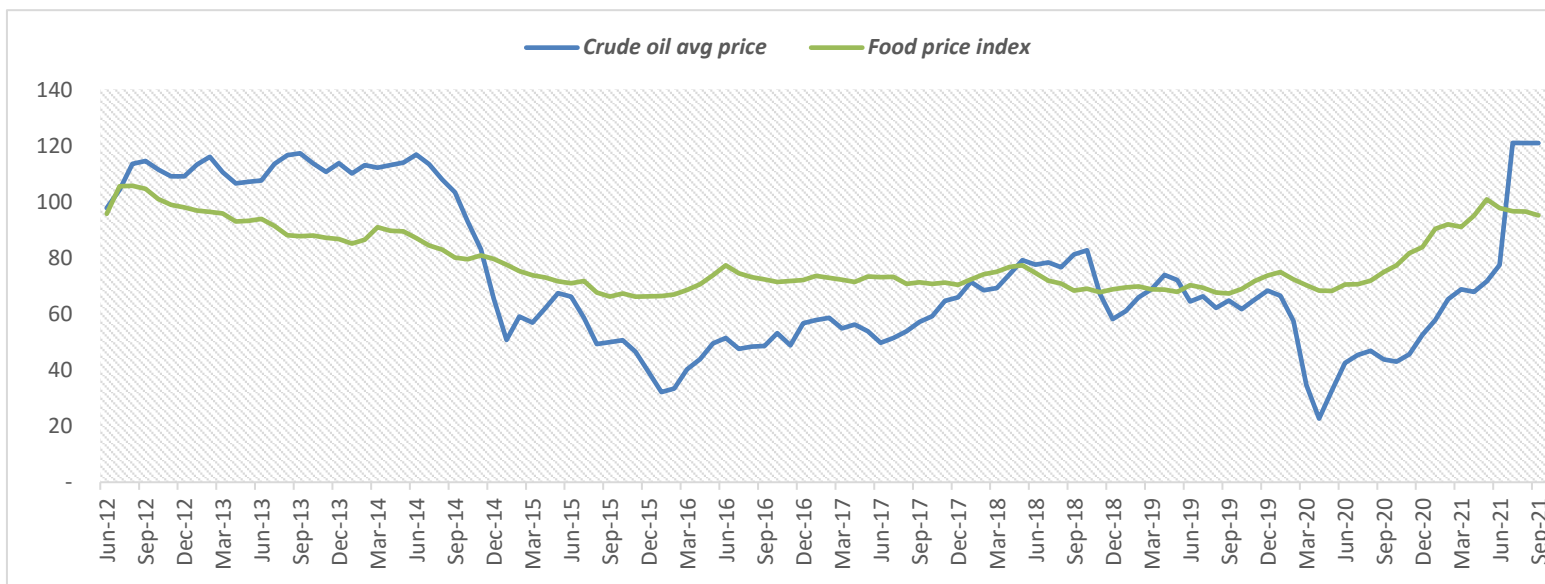
Inflation



- In September 2021, YoY inflation in Timor-Leste saw an uptick of 4.1%.
- Between Q3 2020 and Q3 2021 inflation in the Districts was 4.4% which is higher compared to inflation in Dili which was about 3.4%
- The price of alcohol and tobacco was the CPI category with the biggest increase at +7.2% (YoY).
- The CPI category with the biggest decrease was furnishing and house household equipment which decreased -0.5% YoY.
- Domestic food prices rose in September 6.4% (YoY) and 0.6% (QoQ). This will be detrimental to poorer households who spend most of their income on food.

Source: DG Statistics, Ministry of Finance, October 2021

World Commodity Prices



Source: World Bank Pink Sheet of Commodity Prices, July 2021

- The World Bank (WB) food price index increased 27% between September 2020 and September 2021 (YoY). This is bad for poorer households where food make up a large amount of their spending.
- Rice is a main staple of the diet in Timor and the world rice price has decreased -21% since September 2021 (YoY) and -11% over the last 3 months (QoQ). There was a brief spike in prices in April 2020 (\$ 564/mt) but prices are now stabilising around (\$466/mt). This is good for Timorese consumers.
- Coffee is Timor's most important non-oil export. The world price of coffee (Arabica) has increased 35% over the last year (YoY). This will positively affect those families who rely on coffee production in Timor-Leste.
- In Q3 2021, crude oil (Brent) rose 79% in September 2021 compared to the year before. Oil prices have now fully recovered and surpassed the prices prior to the COVID-19 crisis where the price of oil halved due to suppressed global demand. It is also likely to have an upward effect on general inflation in the near future.

Monetary indicators:

- Between September 2020 and September 2021 Timor-Leste's NEER depreciated by -2.3% while the REER depreciated -2.2%. Over this period the NEER also experienced a -11.1% decrease against a weighted Thai Baht and Vietnamese Dong Hong-Kong dollar basket whereas the REER depreciated by -8.9% against the same basket.

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