

MALDIVES MONETARY AUTHORITY

# QUARTERLY BUSINESS SURVEY

FOURTH QUARTER 2021  
VOLUME 9 ISSUE 4



[mma.gov.mv](http://mma.gov.mv)

# About the survey

The Quarterly Business Survey is carried out by the MMA with the aim of obtaining a quick assessment of current business trends and expected future economic activity.

The respondents of the business survey are senior managers or top management of businesses who have an overall view of the business situation. The questions cover the views of the senior management (for the past quarter and expectation for the next quarter) on the direction of change in various business variables such as sales, output, prices, capacity utilisation and employment which are useful for analysing and predicting economic activity. The qualitative response for these questions takes the form of either increase, decrease or no change.

The business survey for the fourth quarter of 2021 was carried out from 23 December 2021 to 13 January 2022. Survey forms were sent electronically to 180 large enterprises (based on revenue) in the tourism; construction; wholesale and retail trade; and transport and communication sectors. The survey sample is taken from a list of companies provided by the Maldives Inland Revenue Authority (MIRA). A total of 123 enterprises responded during the survey period which represents an overall response rate of 68%.

The qualitative responses to the survey are converted to quantitative numbers by subtracting the percentage of respondents reporting an increase from the percentage of respondents reporting a decrease. All responses are weighted based on their relative size (using revenue) within their respective sector. Care should be taken when interpreting the results of individual sectors since constraints in sample selection may limit the representativeness of certain industries within each sector.

The MMA would like to thank all the parties who contributed to the survey, especially the survey respondents and MIRA.

Prepared by:

Research Division, Maldives Monetary Authority

Tel: (960) 332-8028 Fax: (960) 331-7604

Email: [surveys@mma.gov.mv](mailto:surveys@mma.gov.mv)

Website: [www.mma.gov.mv](http://www.mma.gov.mv)

# Highlights

- According to the Quarterly Business Survey<sup>1</sup> carried out by the MMA from 23 December 2021 to 13 January 2022, businesses in all the sectors in the survey, except for the construction sector, reported an expansion in activity in Q4-2021.
- Employment levels increased moderately in Q4-2021 for businesses in the tourism sector; and the transport and communication sector, while businesses in the construction sector; and the wholesale and retail trade sector both registered declines.
- With the continuation of the historical peak season of tourism industry into Q1-2022, businesses in all the sectors in the survey anticipate a continued expansion of business activity, although the pace of expansion is expected to slowdown in some sectors in Q1-2022.
- In Q4-2021, input prices increased in all the sectors, although there was a moderation in the pace of increase in input prices. Prices charged significantly decreased for businesses in the wholesale and retail trade sector; and the transport and communication sector as the average selling price index and prices charged on average index turned negative, respectively. However, prices charged for businesses in the tourism sector and the construction sector continued to remain elevated, with the tourism sector registering the biggest improvement during Q4-2021. Going forward, in Q1-2022, input prices are expected to continue increasing in all the sectors, except for the wholesale and retail trade sector. Meanwhile, businesses in all the sectors, except for the transport and communication sector, anticipate a moderation in the growth in prices charged Q1-2022.
- The financial situation of the businesses improved for all the sectors, except for the construction sector, where the financial situation index remained below zero during Q4-2021. Looking ahead, businesses in the tourism and wholesale and retail trade sectors expect their financial situation to improve in the next quarter. However, businesses in the construction sector and the transport and communication sector expect their financial situation to worsen in Q1-2022, with the latter registering a marked decline and the former expecting a slight moderation in Q1-2022.
- Access to credit became negative for businesses in the tourism sector in Q4-2021, while it further tightened for the remaining three sectors in the survey. Going forward, businesses in all the sectors expect their credit conditions to remain tight in Q1-2022 as well.

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<sup>1</sup> The Quarterly Business Survey is carried out by the MMA with the aim of obtaining a quick assessment of current business trends and expected future economic activity. In Q4-2021 survey forms were sent to 180 large enterprises in the construction; tourism; wholesale and retail trade; and transport and communication sectors. The survey sample is taken from a list of companies provided by the Maldives Inland Revenue Authority (MIRA). A total of 123 enterprises responded during the survey period which represents an overall response rate 68%.

# Tourism

## CURRENT SITUATION

Activity in the tourism sector continued to expand significantly during Q4-2021 as reported by the tourism businesses responding to the survey. The seasonally unadjusted<sup>2</sup> indices for both total revenue and resort bookings remained positive and increased 76 points and 58 points, respectively, during the period, with all the businesses reporting an increase for revenue and bookings.

The number of employees index rose 55 points to 86 during the quarter. Similarly, the wages and other labour costs per employee index also increased 14 points to 56 during Q4-2021.

The input price index continued to remain elevated and increased 6 points to 82 during Q4-2021, with 88 percent of businesses reporting that their input prices increased and 6 percent of businesses reporting a decrease. Meanwhile, the average room rate index turned positive, where the index surged 131 points to 94 during the quarter, with 94 percent of businesses reporting an increase in average room rates, and zero businesses reporting

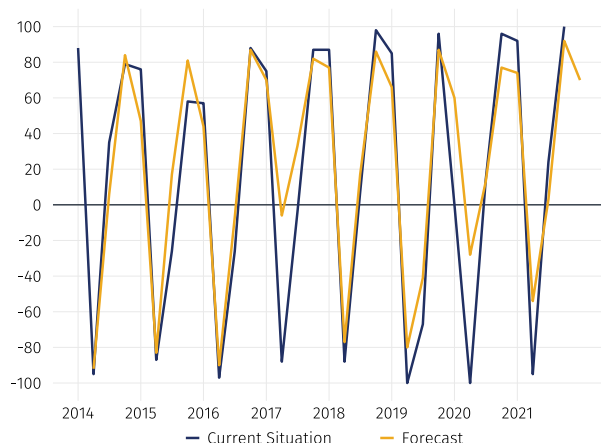
a decrease. Meanwhile, the capital spending index dropped 3 points to 44 in Q4-2021, indicating a slowdown in expansion during the quarter.

## EXPECTATIONS FOR THE NEXT QUARTER

Looking ahead, the outlook of tourism businesses regarding future business activity for Q1-2022 continued to be optimistic, as suggested by the positive readings for all key indices in Q4-2021, although most of these indices weakened compared to Q3-2021. The total revenue index fell from 92 to 70 in Q4-2021 while the expected resort bookings index also dropped 34 points, from 88 to 54 in Q1-2022.

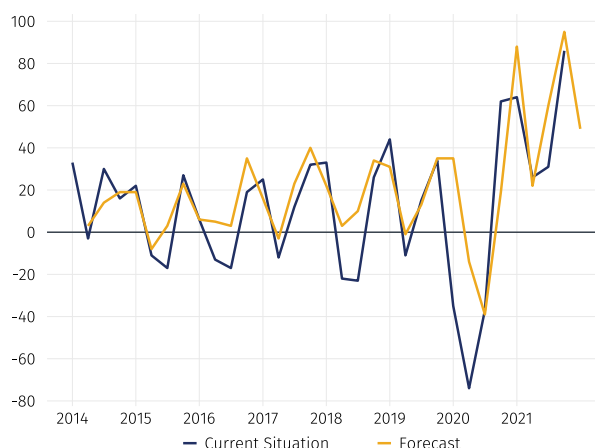
In line with these developments, the expected average room rate index decreased 8 points to 82 in Q4-2021. The expected indices for both the financial situation of the company and the overall business situation also remained positive, although the latter registered a decline compared to Q3-2021.

Figure 1: Total Revenue, 2014 - 2021  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

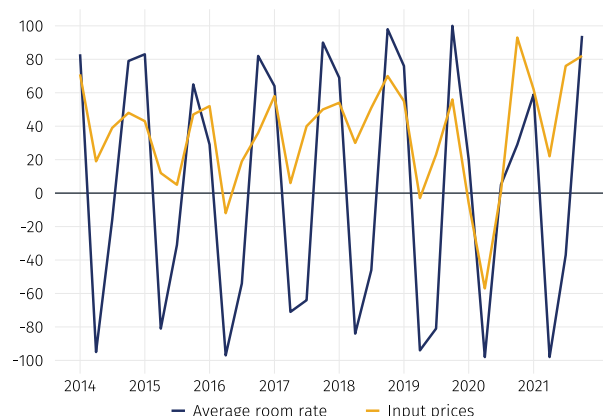
Figure 2: Number of Employees, 2014 - 2021  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

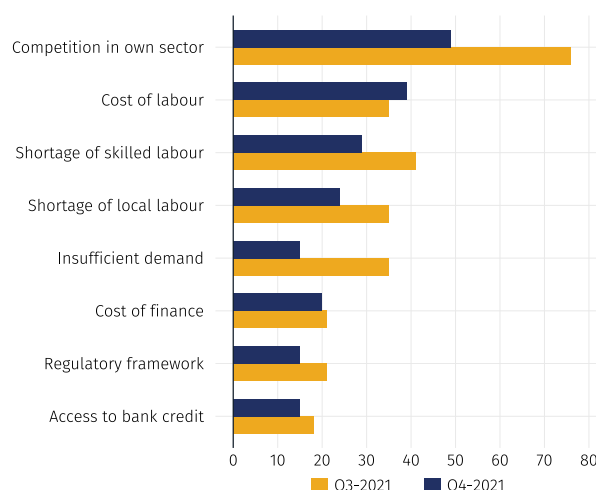
<sup>2</sup> Tourism activity in the Maldives is subjected to a high level of seasonality (although in recent years this has lessened due to changing market composition of the industry), with tourist arrivals peaking during December to March, while the lowest number of arrivals are recorded during May to July which is traditionally considered as the off-peak season of the industry. Since the responses for the tourism sector in the quarterly business survey are not seasonally adjusted, care should be taken when interpreting quarterly changes as this would reflect effects of both the underlying changes and seasonal effects.

**Figure 3: Current Situation of Average Room Rate and Input prices, 2014 - 2021**  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

**Figure 4: Factors Limiting Business Expansion**  
(percentage of respondents)



**Table 1: Tourism Sector**

### Views on the Direction of Change in Business Indicators

#### Current Situation (Q4-2021 vs. Q3-2021)

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	24	100	76	100	0	0
Resort bookings	42	100	58	100	0	0
Number of employees	31	86	55	86	14	0
Average room rate	-37	94	131	94	6	0
Wages and other labour costs per employee	42	56	14	61	34	5
Input prices	76	82	6	88	6	6
Capital expenditure	47	44	-3	53	38	9
Access to credit	16	-13	-29	0	87	13
Financial situation of the company	22	95	73	95	5	0
Overall business situation	25	94	69	94	6	0
Occupancy rate	42	100	58	100	0	0

#### Expectations (Q1-2022 vs. Q4-2021)

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	92	70	-22	77	16	7
Resort bookings	88	54	-34	72	10	18
Number of employees	95	49	-46	49	51	0
Average room rate	90	82	-8	89	4	7
Wages and other labour costs per employee	66	84	18	84	16	0
Input prices	58	78	20	78	22	0
Capital expenditure	63	25	-38	43	39	18
Access to credit	16	-13	-29	0	87	13
Financial situation of the company	69	78	9	78	22	0
Overall business situation	92	60	-32	72	16	12
Occupancy rate	88	49	-39	68	13	19

#### Notes:

- (1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).
- (2) Responses are weighted based on the size (total revenue) of the business.
- (3) Data are not seasonally adjusted.
- (4) Survey results are based on responses received from December 23, 2021 to January 13, 2022.

# Construction

## CURRENT SITUATION

Activity in the construction sector weakened in Q4-2021 as reported by construction businesses responding to survey. After recording a positive reading in Q3-2021, the volume of construction activity once again turned negative in Q4-2021, decreasing 14 points to -6. Twenty-two percent of businesses reported an increase in the volume of construction activity, while 28 percent of businesses reported a decrease (50 percent of businesses reported no change). Meanwhile, the volume of orders received index plunged 22 points but continued to remain positive at 2 in Q4-2021.

Employment levels continued its declining trend and fell 14 points to -47 in Q4-2021. Meanwhile, the wages and other labour costs per employee index also moved to negative territory, decreasing 28 points to -7.

Both price indices continued to remain elevated in Q4-2021. While the input price index strengthened 10 points to 54 in Q4-2021 (with 65 percent of the businesses reporting an increase in input prices and 24 percent of businesses reporting a decrease), the prices charged index fell 8 points to 45 (with 45 percent of the businesses reporting an increase in prices charged and 55 percent of businesses reporting no change).

## EXPECTATIONS FOR THE NEXT QUARTER

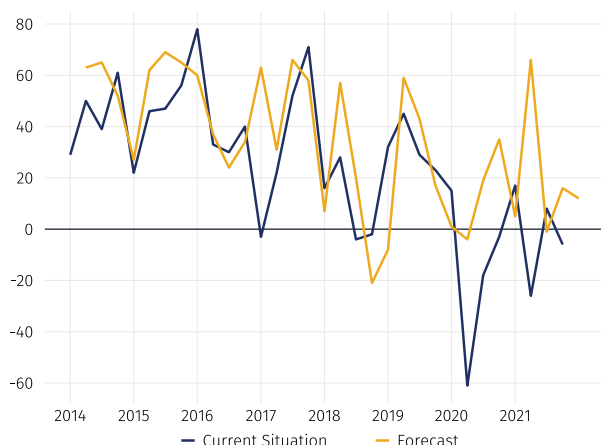
In general, businesses in the construction sector remained optimistic about expectations of future construction activity in Q1-2022,

although several indicators weakened compared to the previous quarter. The expected volume of construction activity index remained positive in Q4-2021, although the index decreased 4 points to 12. Similarly, construction businesses expect the volume of orders to continue increasing, although the expected index for orders received decreased 4 points to 8 in Q4-2021. Employment levels are expected to decline for the fifth consecutive quarter, although the expected employees index rose 21 to -25 in Q4-2021.

Businesses anticipate input prices to remain elevated, as suggested by the 15 points increase of the index from 45 points to 60 in Q4-2021. The expected prices charged index also remained elevated but fell 6 points to 47. Meanwhile, the expected index for capital expenditure remained unchanged, with 34 percent of businesses expecting higher capital expenditure and 65 percent expecting no change in capital expenditure.

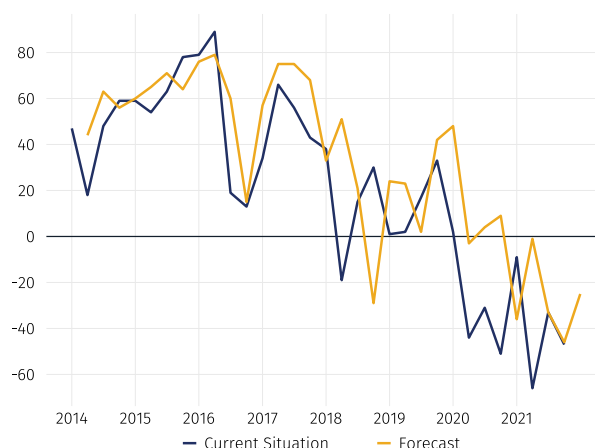
The expected index for the financial situation of the company continued to remain below zero for the third consecutive quarter but rose marginally in Q4-2021. The expected index for overall business situation also turned negative, as the index fell 20 points to -4 in Q4-2021.

Figure 5: Volume of Construction Activity, 2014 - 2021  
(index, not seasonally adjusted)



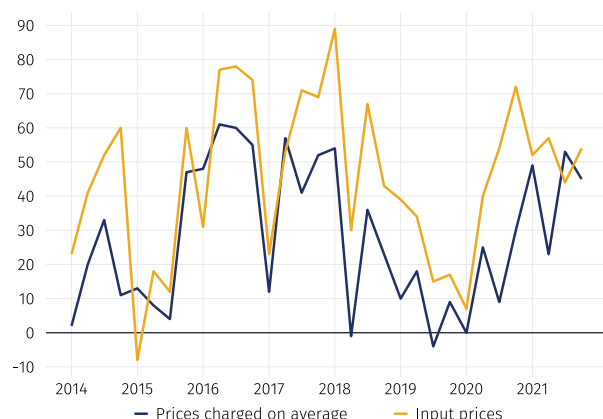
Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 6: Number of employees, 2014 - 2021  
(index, not seasonally adjusted)



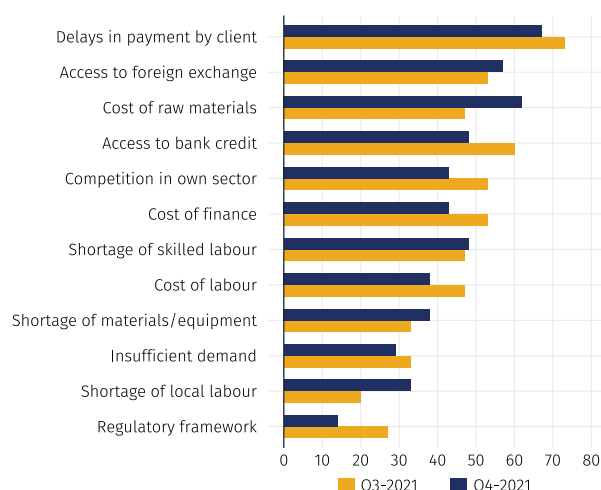
Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

**Figure 7: Current Situation of Prices Charged on Average and Input prices, 2014 - 2021**  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

**Figure 8: Factors Limiting Business Expansion**  
(percentage of respondents)



**Table 2: Construction Sector**

**Views on the Direction of Change in Business Indicators**

**Current Situation (Q4-2021 vs. Q3-2021)**

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Volume of construction activity	8	-6	-14	22	50	28
Volume of orders (contracts) received	24	2	-22	21	60	19
Number of employees	-33	-47	-14	19	15	66
Prices charged on average	53	45	-8	45	55	0
Wages and other labour costs per employee	21	-7	-28	20	53	27
Input prices	44	54	10	65	24	11
Capital expenditure	14	27	13	27	73	0
Access to credit	-78	-67	11	0	33	67
Financial situation of the company	-58	-39	19	6	49	45
Overall business situation	4	1	-3	22	57	21
Capacity utilization	14	-3	-17	20	57	23

**Expectations (Q1-2022 vs. Q4-2021)**

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Volume of construction activity	16	12	-4	33	46	21
Volume of orders (contracts) received	12	8	-4	27	54	19
Number of employees	-46	-25	21	34	7	59
Prices charged on average	53	47	-6	47	53	0
Wages and other labour costs per employee	20	-3	-23	24	49	27
Input prices	45	60	15	71	18	11
Capital expenditure	35	35	0	35	65	0
Access to credit	-60	-64	-4	0	36	64
Financial situation of the company	-26	-20	6	25	30	45
Overall business situation	16	-4	-20	34	28	38
Capacity utilization	-7	1	8	24	53	23

**Notes:**

- (1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).
- (2) Responses are weighted based on the size (total revenue) of the business.
- (3) Data are not seasonally adjusted.
- (4) Survey results are based on responses received from December 23, 2021 to January 13, 2022.



# Wholesale and Retail Trade

## CURRENT SITUATION

Wholesale and retail trade sector continued to expand in Q4-2021, with the pace of growth further accelerating, as reported by wholesale and retail businesses responding to the survey. The sales index gained 18 points to 82 during the quarter. In addition, the index for volume of orders placed with suppliers increased 17 points to 82 in Q4-2021.

Employment levels declined in Q4-2021 after increasing in the previous four quarters as suggested by the number of employees index, which turned negative, falling 71 points to -19 during the quarter. Conversely, wages and other labour costs per employee index turned positive, increasing 85 points to 50, with half of the businesses reporting an increase, while the remaining 50 percent of businesses reported no change.

Price indicators, such as cost of sales remained high in Q4-2021, although the average selling price index turned negative during the quarter. The cost of sales index rose 12 points to 63, with 66 percent of businesses reporting an increase and 31 percent of businesses reporting no change. Meanwhile, the average selling price index plunged 59 points to -20 during Q4-2021. The index for the financial situation of the company climbed 13 points to 54, while the overall business situation index rose 22 points to 74.

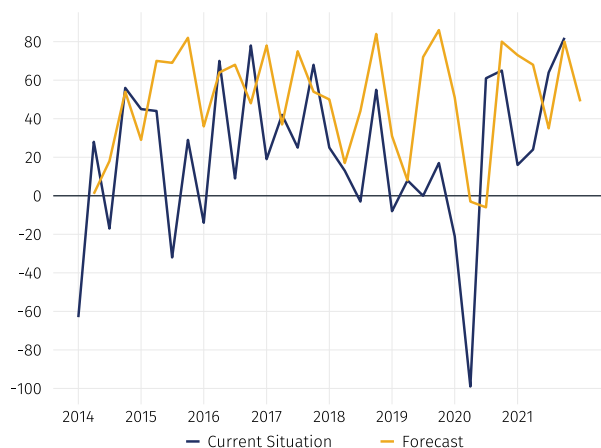
## EXPECTATIONS FOR THE NEXT QUARTER

Going forward, the expectations of the businesses in the wholesale and retail trade sector for Q1-2022 remained optimistic, although a number of key activity indicators registered declines. The index for the expected volume of sales dropped 31 points to 49, with 50 percent of businesses reporting an increase and 49 percent of businesses reporting no change. Similarly, the index for the expected volume of orders placed with suppliers marginally declined 1 point to 43. The expected employment index continued to expand, although slightly decreased 1 point to 49. Meanwhile, the expected wages and other labour costs per employee rose 7 points to 19.

The expected indices for cost of sales and the average selling price continued to remain high, however, both indices declined to 28 and 44, respectively.

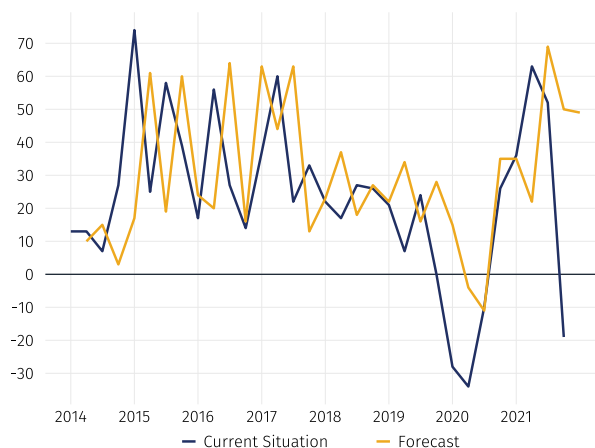
Access to credit is expected to further tighten in Q1-2022, but the expected index for access to credit became less negative (from -47 to -11). Businesses expect the financial situation of the company and the overall business situation to be considerably better in Q1-2022.

Figure 9: Volume of Sales, 2014 - 2021  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

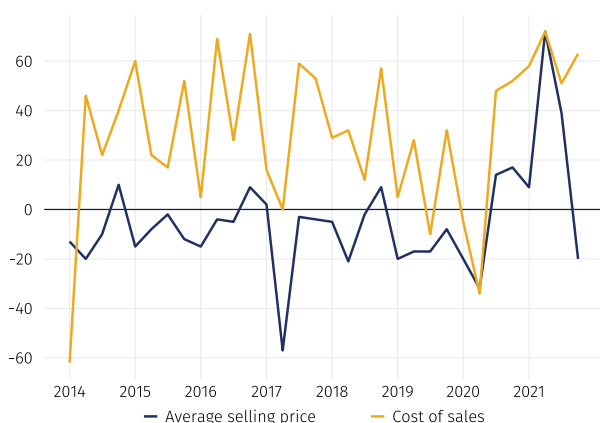
Figure 10: Number of Employees, 2014 - 2021  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

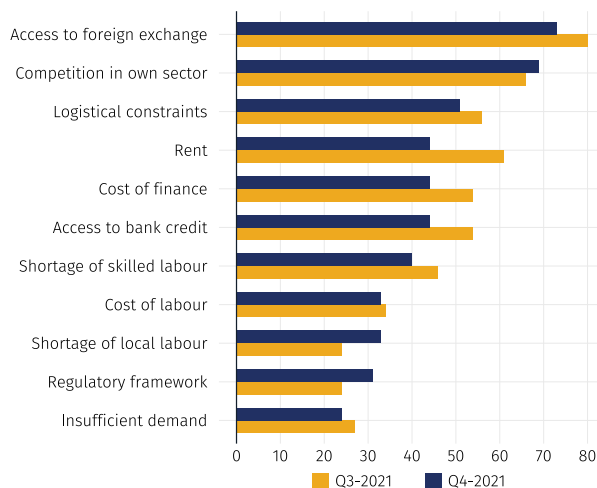


**Figure 11: Current Situation of Average Selling Price and Cost of Sales, 2014 - 2021**  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

**Figure 12: Factors Limiting Business Expansion**  
(percentage of respondents)



**Table 3: Wholesale and Retail Trade Sector**

**Views on the Direction of Change in Business Indicators**

**Current Situation (Q4-2021 vs. Q3-2021)**

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total volume of sales	64	82	18	90	2	8
Volume of orders placed with suppliers	65	82	17	86	10	4
Volume of stock	73	66	-7	74	18	8
Number of employees	52	-19	-71	19	43	38
Average selling price	39	-20	-59	18	44	38
Wages and other labour costs per employee	-35	50	85	50	50	0
Cost of sales	51	63	12	66	31	3
Capital expenditure	52	52	0	53	46	1
Access to credit	-54	-11	43	1	87	12
Financial situation of the company	41	54	13	61	32	7
Overall business situation	52	74	22	75	24	1

**Expectations (Q1-2022 vs. Q4-2021)**

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total volume of sales	80	49	-31	50	49	1
Volume of orders placed with suppliers	44	43	-1	44	55	1
Volume of stock	14	58	44	63	32	5
Number of employees	50	49	-1	49	51	0
Average selling price	48	44	-4	48	48	4
Wages and other labour costs per employee	12	19	7	19	81	0
Cost of sales	59	28	-31	29	70	1
Capital expenditure	50	57	7	58	41	1
Access to credit	-47	-11	36	1	87	12
Financial situation of the company	52	55	3	62	31	7
Overall business situation	77	77	0	79	19	2

**Notes:**

(1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).

(2) Responses are weighted based on the size (total revenue) of the business.

(3) Data are not seasonally adjusted.

(4) Survey results are based on responses received from December 23, 2021 to January 13, 2022.

# Transport and Communication

## CURRENT SITUATION

Transport and communication sector activity continued to expand, at a faster pace, in Q4-2021, as reported by the transport and communication businesses responding to the survey. In Q4-2022, both the total revenue index and the volume of demand index rose 14 points to 90.

While businesses reported an increase in employment levels in Q4-2021, the employment index fell 20 points to 42, indicating a moderation in the pace of hiring. Sixty-six percent of businesses reported an increase in the number of employees, while 24 percent of businesses reported a decrease. Meanwhile, the index for wages and other labour costs per employee rose 39 points to 59 during the quarter, with 59 percent of businesses reporting an increase and 41 percent reporting no change.

The input prices index continued to remain elevated, increasing 23 points to 60 in Q4-2021, indicating increased price pressures. Meanwhile, the index for average prices charged turned negative, as the index plunged 48 points to -26. Twenty-seven percent of businesses reported a decline in the prices charged and 72 percent reported steady prices. Businesses reported that their financial situation of the company continued to improve, as indicated by the 4 point increase in

the respective index to 57 in Q4-2021. Similarly, the overall business situation was also markedly better, with the index increasing 30 points to 77 in Q4-2021.

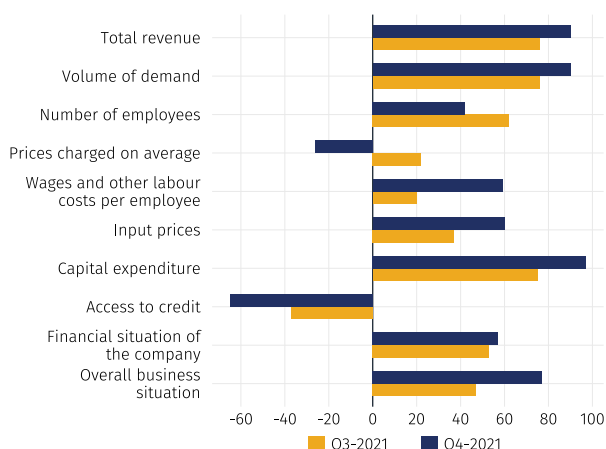
## EXPECTATIONS FOR THE NEXT QUARTER

Businesses in the transport and communication sector expressed continued optimism for future business activity in Q1-2022, although the level of optimism softened. The expected total revenue index, while remaining positive, decreased 52 points to 36 in Q4-2021 and the expected volume of demand dropped 53 points to 36. The expected employment index was also positive but decreased 2 points to 65 in Q4-2021. Meanwhile, the expected wages and other labour costs per employee rose 8 points to 57.

The expected input price index rose 27 points to 60 in Q4-2021. Meanwhile, the expected prices charged index turned negative and plunged 42 points to -23.

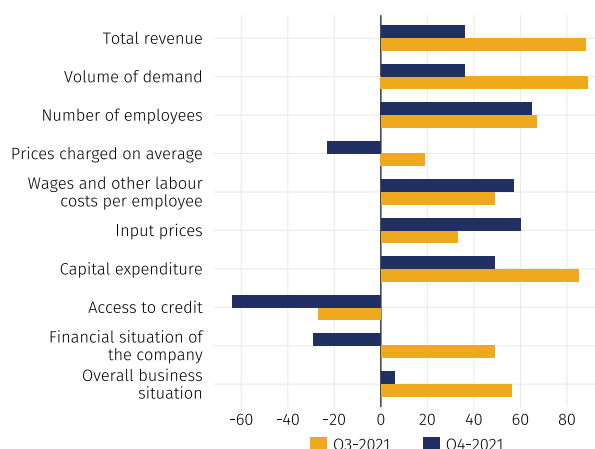
Access to credit is expected to further tighten in Q1-2022. Likewise, the financial situation of the company is expected to become worse in the next quarter with the respective index decreasing 78 points to -29 in Q4-2021. Meanwhile, businesses expect the overall business situation to further improve in the quarter ahead.

Figure 13: Current Situation of Business Indicators  
(index, not seasonally adjusted)



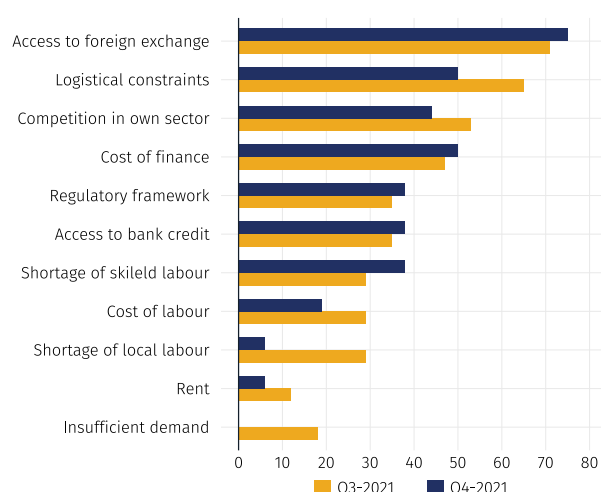
Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

Figure 14: Expectations of Business Indicators  
(index, not seasonally adjusted)



Note: Index is calculated as the percentage of respondents indicating an increase minus the percentage of respondents indicating a decrease.

**Figure 15: Factors Limiting Business Expansion**  
(percentage of respondents)



**Table 4: Transport and Communication Sector**  
Views on the Direction of Change in Business Indicators  
Current Situation (Q4-2021 vs. Q3-2021)

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	76	90	14	94	2	4
Volume of demand	76	90	14	94	2	4
Number of employees	62	42	-20	66	10	24
Prices charged on average	22	-26	-48	1	72	27
Wages and other labour costs per employee	20	59	39	59	41	0
Input prices	37	60	23	60	40	0
Capital expenditure	75	97	22	97	3	0
Access to credit	-37	-65	-28	0	35	65
Financial situation of the company	53	57	4	57	43	0
Overall business situation	47	77	30	77	23	0

Expectations (Q1-2022 vs. Q4-2021)

Indicator	Q3-2021 Index	Q4-2021 Index	Change	Percentage of Respondents Reporting		
				Increase/ Better/Ease	No change	Decrease/ Worse/Tight
Total revenue	88	36	-52	55	26	19
Volume of demand	89	36	-53	55	26	19
Number of employees	67	65	-2	65	35	0
Prices charged on average	19	-23	-42	8	61	31
Wages and other labour costs per employee	49	57	8	57	43	0
Input prices	33	60	27	60	40	0
Capital expenditure	85	49	-36	73	3	24
Access to credit	-27	-64	-37	0	36	64
Financial situation of the company	49	-29	-78	17	37	46
Overall business situation	56	6	-50	30	46	24

**Notes:**

- (1) Index is calculated as the percentage of respondents indicating a positive result (increase/better/ease) minus the percentage of respondents indicating a negative result (decrease/worse/tight).
- (2) Responses are weighted based on the size (total revenue) of the business.
- (3) Data are not seasonally adjusted.
- (4) Survey results are based on responses received from December 23, 2021 to January 13, 2022.

MALDIVES MONETARY AUTHORITY

Boduthakurufaanu Magu

Male' - 20182

Republic of Maldives

Tel: (960) 330 8679

Fax: (960) 332 3862

Email: [mail@mma.gov.mv](mailto:mail@mma.gov.mv)

Website: [www.mma.gov.mv](http://www.mma.gov.mv)