

CENTRAL BANK OF LESOTHO

QUARTERLY REVIEW

DECEMBER, 2009

VOLUME XXVIII, NO. 4

MASERU

KINGDOM OF LESOTHO

**CENTRAL BANK OF LESOTHO
QUARTERLY REVIEW**

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I. Introduction

The global economy is emerging from the throes of recession provoked by the global financial crisis. The consequences of which were felt by virtually every economy, whether directly or indirectly. Nevertheless, there are signals that the global economic recovery has started. Following the recent global economic downturn, world economic growth improved during the second half of 2009. The recovery started during the third quarter of 2009 and continued in the fourth quarter of 2009. However, it is still too early to tell whether global economy is out of the recession. The rebound was mainly at the back of extraordinary amount of policy stimulus implemented in most developed countries.

Recent developments showed that the United States (US), Euro Area and South African (SA) economies registered positive growths during the quarter under review. The recovery is expected to boost the domestic economic performance, provided it will be sustained. In particular, the domestic manufacturing sector (especially textile and clothing sub-sector) and the diamond mining which depend mostly on international developments will benefit most and recover. In relation to price developments, the developed countries experienced marginal increase in prices. The US and the Euro maintained key interest rates at their lowest levels. SA's inflation also increased and registered 6.3 per cent; 30 basis points above the South African Reserve Bank (SARB)'s target range.

The domestic economic activities also followed the global economic developments. This is mainly due to the degree to which the Lesotho's economy is integrated to the world economy. There are indications that the domestic economy is also recovering, though at a low pace. The fall in mining productivity moderated during the review period mainly on account of continuous increases in prices of rough diamonds during second half of 2009. The secondary sector continued to produce mixed signals during the review period. Water consumption increased reflecting improved performance of textile manufacturing. Electricity consumption, on the hand, declined. In the tertiary sector, the value of sales turnover increased during the reporting period reflecting an increase in consumer demand and lower domestic inflation.

The domestic labour market conditions deteriorated during the quarter. Employment in Lesotho Development Corporation (LNDC) - assisted companies declined by 2.8 per cent largely due to continued aftermath of the global economic downturn and a seemingly fragile economic recovery. Employment in the public sector declined by 0.5 per cent during the review period. Employment of Basotho in the South African mines continues to decline despite the recent improvement in commodity prices especially those of gold and platinum.

The domestic inflation slowed down to 4.2 per cent in December 2009 compared with 4.7 per cent registered in September 2009. The fall was largely driven by the continued slowdown in general food price increases, which constitutes a large portion of the Lesotho's CPI basket.

In the financial sector, money supply fell by 10.7 per cent during the quarter ending December 2009 compared with a rise of 15.0 per cent in the third quarter. The decline in money supply was largely driven by a decrease of 5.9 per cent in net foreign assets (NFA) and a decline in total domestic credit.

Interest rates in Lesotho generally followed a downward trend. The key rate, the 91-day Treasury bill rate decreased during the review quarter from 6.84 per cent in September to 6.66 per cent in December 2009. The domestic prime lending rate continued to decline and registered 11.67 per cent in December. However, the SA counterpart remained unchanged at 10.50 per cent. The SARB retained the key policy rate at 7.0 per cent during the quarter.

Government budgetary operations are estimated to have recorded a surplus equivalent to 11.2 per cent of Gross Domestic Product (GDP) during the period under review. The surplus was mainly at the back of a decline in recurrent expenditure. The stock of public debt declined by 0.8 per cent; largely on account of a decline in external debt. External debt decreased by 0.7 per cent in the quarter under review. As a percentage of GDP, public debt registered 40.1 per cent. Lesotho continues to meet the Southern African Development Community (SADC) convergence criteria of 60 per cent debt to GDP.

The external sector position registered a surplus for the first time in 2009. The overall balance registered a surplus equivalent to M377.0 million during the review quarter compared with a deficit of M877.1 million observed in the previous quarter. The surplus was a result of good performance in capital and financial account.

II. International Economic Developments

United States (US)

Preliminary estimates of the US economic growth indicated a positive performance in the second half of 2009. Real gross domestic products (GDP) rose by 5.7 per cent in the quarter under review compared with a revised 2.2 per cent rise realised in the previous quarter. This was indicative of improved performance in consumer spending, which increased at a lower rate of 2.0 per cent in the fourth quarter, from 2.8 per cent registered in the previous quarter. Non-resident fixed investment also increased by 2.9 per cent in the review quarter in contrast with 5.9 per cent fall in the previous quarter. In addition, exports of goods and services supported the economic growth by an increase of 18.1 per cent compared with 17.8 per cent rise observed in the third quarter.

The consumer price index (CPI) increased by 2.7 per cent in the quarter ending December 2009 compared with a fall of 1.3 per cent in the previous quarter, mainly due to rise in the energy and food prices.

The economic recovery in the US is still too fragile to halt rising unemployment rate. As a result, unemployment rate rose to 10.0 per cent during the quarter, from 9.8 per cent in the previous quarter. The Federal Reserve Bank's Open Market Committee (FOMC) left the benchmark lending rate unchanged at 0.25 per cent during the period ending December 2009.

Table 1: Key World Economic Indicators

	Real GDP Growth		Inflation Rate		Key Interest Rate		Unemployment Rate	
	QIII	QIV	QIII	QIV	QIII	QIV	QIII	QIV
China	9.10	10.7	-0.80	1.90	5.31	5.31	4.30	4.30
Euro Area	0.40	0.10	-0.30	0.90	1.00	1.00	9.70	10.00
India	7.90	N/A	11.60	13.51	4.75	4.75	9.10	7.32
Japan	1.30*	N/A	-2.20	-1.30	0.10	0.10	5.30	5.20
South Africa	0.90	3.20	6.10	6.30	7.00	7.00	24.50	24.30
United States	3.50	5.70	-1.30	2.70	0.25	0.25	9.80	10.00

Source: Bloomberg, The Economist, STATSSA and SARB

Euro-zone¹

Preliminary estimates indicated that economic growth in the euro area lost momentum of recovery in the fourth quarter of 2009. On a quarterly basis, GDP is estimated to have grown by 0.1 per cent in the review quarter compared with a rise of 0.4 per cent registered in the previous period. The poor performance emanated largely from Germany, as its consumer spending and business investment deteriorated during the quarter. However, France, which is the second largest economy in the euro zone, counterbalanced the slowdown of economic growth when its GDP grew by 0.6 per cent, due to healthy consumer spending during the quarter.

The harmonized unemployment rate in the Euro-zone increased to 10.0 per cent in the period ending December 2009, from 9.7 per cent recorded in September 2009. The highest unemployment rates were realised in Ireland, Netherlands and Spain. Inflation, measured by changes in the Harmonised Index of Consumer Prices (HICP), increased by 0.9 per cent at the end of the fourth quarter compared with a fall of 0.3 per cent in September 2009 as a result of high energy prices.

The European Central Bank (ECB) maintained its benchmark lending rate at 1.0 per cent in the period ending December 2009. At this low level, interest rates are expected to stimulate economic activity in the region.

¹ Euro-zone: Austria, Belgium, Cyprus, Germany, Greece, Finland, France, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. Slovakia became the 16th Euro-zone member country with effect from the 1st of January.

South Africa (SA)

Economic growth in SA indicated a further improvement during the quarter under review. On a quarterly basis, real GDP accelerated by seasonally adjusted 3.2 per cent in the fourth quarter of 2009, following the growth of 0.9 per cent observed in the third quarter of 2009. The performance was largely driven by improvement of economic activity in manufacturing industry and general government which increased by 10.1 per cent and 7.0 per cent, respectively. In addition, sectors such as mining and quarrying, transport, storage and communications, together with finance and personal services sectors, contributed to the economic growth during the quarter. In the labour market front, unemployment rate in SA edged lower at 24.3 per cent in the review quarter from 24.5 per cent registered in the previous quarter.

Inflation, measured by CPI, increased at a higher rate of 6.3 per cent in December 2009 compared with 6.1 per cent in September 2009. The main contributors to the acceleration were housing and utilities, transports, recreation and culture, and restaurants and hotels. In light of the weak economic performance and low inflation, the South African's Reserve Bank's (SARB), Monetary Policy Committee (MPC) maintained the repo rate at 7.0 per cent in the quarter ending December 2009.

Emerging Asian Markets and Japan

China

Preliminary estimates indicated that GDP growth in China accelerated by 10.7 per cent in the review quarter compared with 9.1 per cent in the previous quarter. The observed performance was influenced by unprecedented stimulus package subsidies for consumer purchases and credit fuelled by investment boom.

Unemployment rate remained unchanged at 4.3 per cent in the period ending December 2009. China's inflation rate rose to 1.9 per cent in December 2009, from a decline of 0.8 per cent in September 2009, on account of an increase in domestic demand as the economy had gradually recovered. The People's bank of China (PBC) kept the one-year bench mark lending rate at 5.3 per cent during the quarter under review.

Japan

The leading economic indicators in Japan improved during the quarter under review. Industrial production rose by 5.1 per cent in December 2009, from contraction of 15.1 per cent and 4.2 per cent registered in October and November 2009, respectively. Furthermore, Japanese's export rose by 12.1 per cent in December 2009, following the drop of 23.2 per cent and 6.3 per cent realised in October and November 2009. The performance of export sub-sector was supported by high demand for Japanese goods from Asia.

Japan recorded an unemployment rate of 5.1 in December 2009 compared with 5.3 per cent in the period ending September. Japan continued to experience deflation during the quarter

under review. Inflation registered negative 1.7 percent in December 2009, following a decline of 2.2 per cent in September 2009. The Bank of Japan (BOJ) left its key interest rate unchanged at 0.1 per cent in the quarter ending December 2009. The key interest rate has been at this level since December 2008.

India

The preliminary economic indicators in India indicated that the economy is responding positively to stimulus measures by fiscal and monetary policies. Industrial production grew by 16.8 per cent in December 2009, compared with the rise of 10.3 per cent and 11.7 per cent in October and November 2009, respectively. This was largely influenced by the growth in mining and manufacturing sectors. Mining production rose by 9.5 per cent, while manufacturing output rose by 18.5 per cent in the period ending December 2009.

The inflation rate in India accelerated to 12.5 per cent in December 2009 from 11.6 per cent in September 2009. The acceleration is largely driven by the rise in prices of food, fuel, power and services. The Reserve Bank of India maintained the repo rate at 4.75 per cent in December 2009 in order to maintain an accommodative monetary stance until robust signs of recovery emerge.

Commodity Prices

Overview

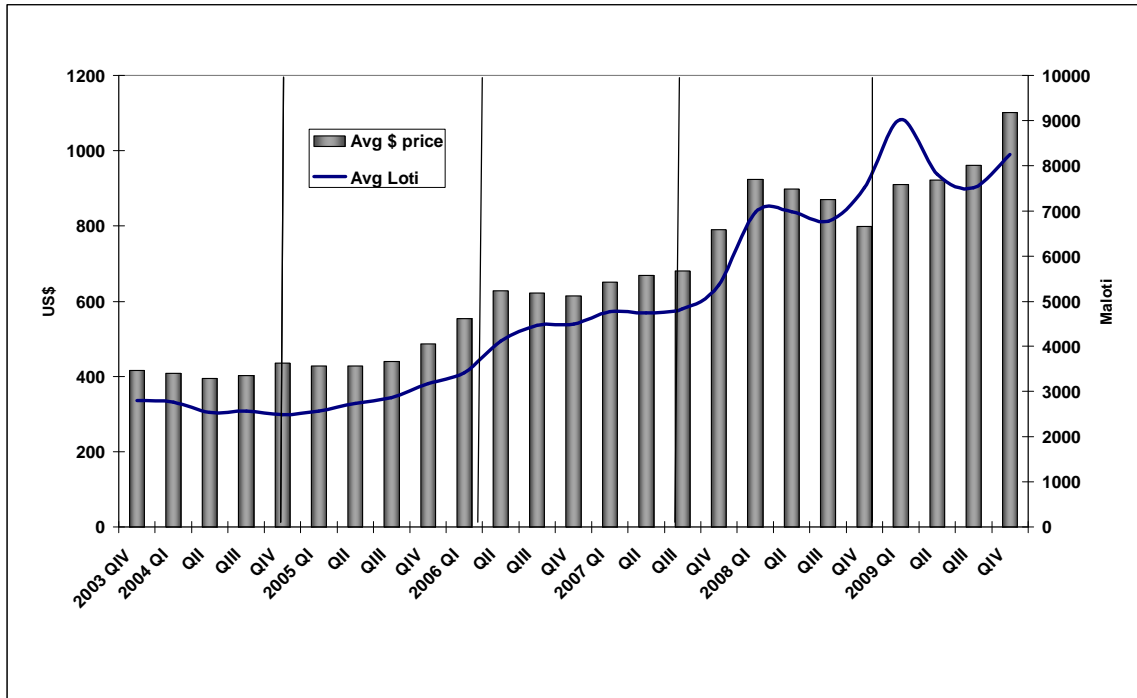
During the quarter under review, the prices of minerals and other agricultural products depicted an upward movement in both US dollar and Maloti terms, except the prices of wheat which showed deterioration. An increase in prices of minerals is line with the global economic recovery and the accompanying growth in demand.

Mineral Products

Gold

The average price of gold grew by 14.6 per cent to US\$1101.0 per ounce in the fourth quarter of 2009, from US\$960.9 per ounce in the third quarter of 2009. In Rand terms, the average price of gold rose by 9.9 per cent to R8 246.6 per ounce during the quarter, from R7 504.5 per ounce in the previous quarter.

Figure 1: Average Price of Gold

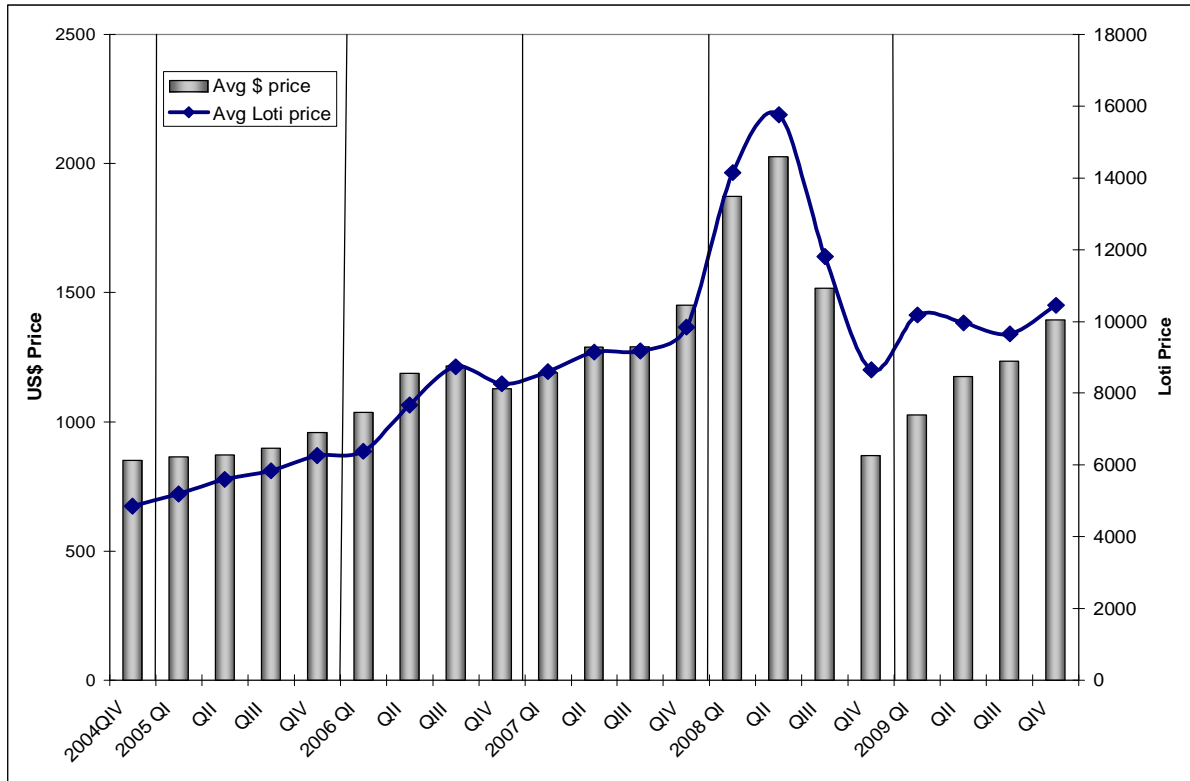


Source: Bloomberg

Platinum

The price of platinum rose to US\$1 395.6 per ounce in the review period from US\$1 235.6 per ounce registered in the previous quarter. In Rand terms, the average price of platinum increased by 8.3 percent to R10 453 per ounce during the review quarter, following R9 650.5 per ounce in the last quarter.

Figure 2: Average Price of Platinum



Source: Bloomberg

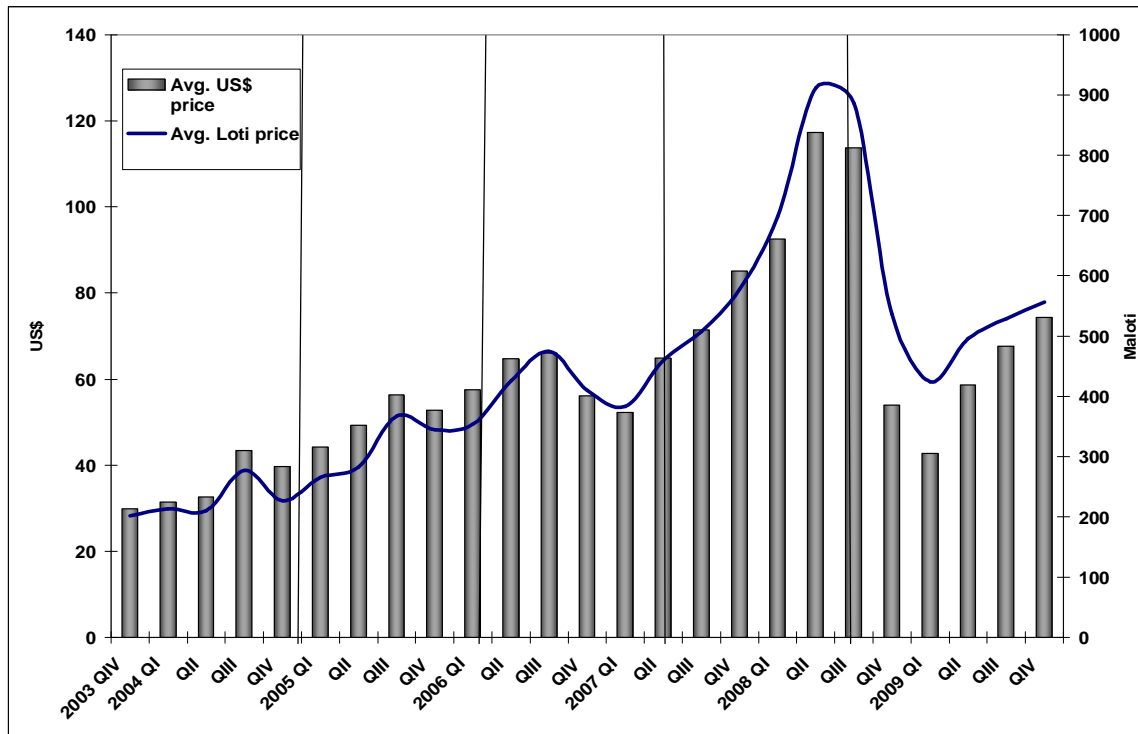
The improvement in the international price of gold and platinum could dampen the effect of the appreciation of the Rand against the US Dollar, and thus encourage SA gold and platinum mines to curb continuing retrenchments, thereby increasing employment prospects for Basotho migrant mineworkers.

Oil

During the quarter under review, the average price of crude oil maintained an upward movement. The average price of crude oil rose from US\$67.7 per barrel in the third quarter to US\$74.3 per barrel in the fourth quarter of 2009. In Maloti terms, the price of crude oil increased by 5.3 per cent to M556.6 per barrel in the quarter ending December 2009, from M528.7 per barrel during the third quarter of 2009.

In line with the developments in crude oil prices, the domestic prices of petroleum products rose during the quarter under review. Petrol price closed the quarter ending December 2009 at M6.90 per litre compared with M6.55 per litre realised at the end of December 2008. Diesel and illuminating paraffin recorded M7.20 per litre and M4.95 per litre at the end of December 2009 compared with M8.75 per litre and M6.20 per litre in the period ending December 2008.

Figure 3: Average Price of Oil



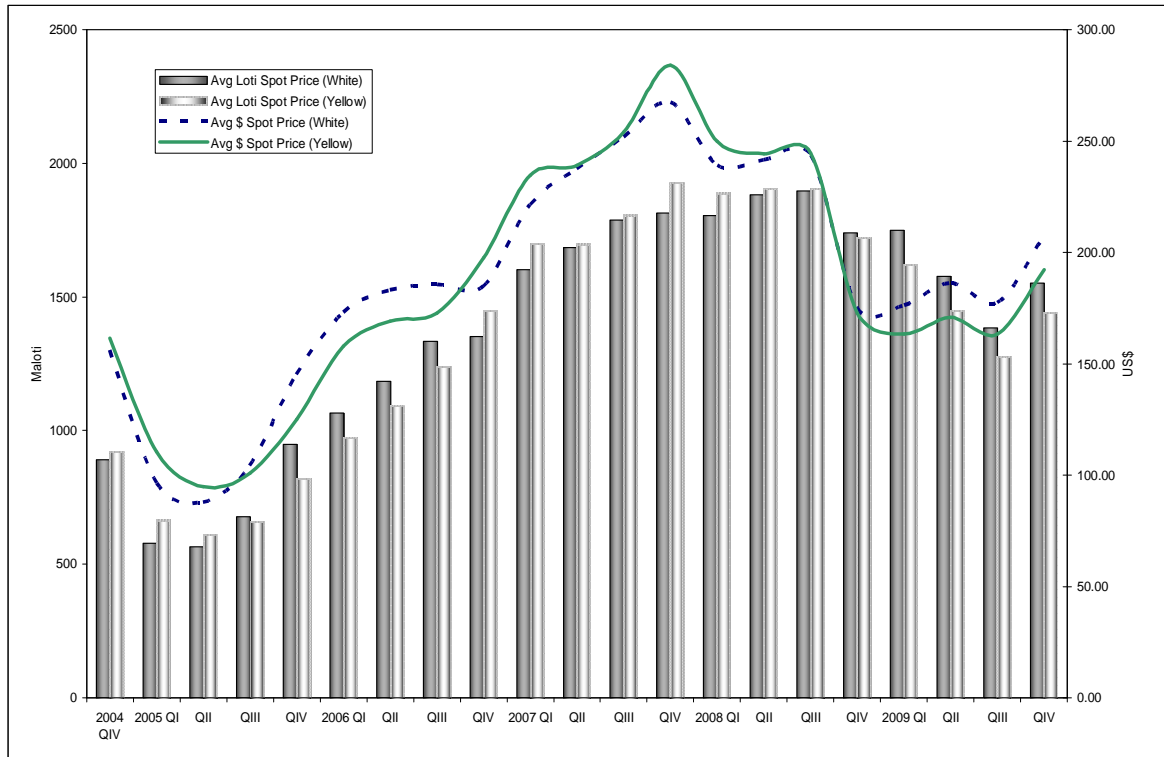
Source: Bloomberg

Agricultural Products

Maize

The average spot prices of white and yellow maize increased by 16.7 per cent and 17.7 per cent respectively, during the quarter under review. The average spot price of white maize increased from US\$177.4 per tonne in the quarter ending September 2009 to US\$207.1 per tonne in the quarter ending December 2009, while that of yellow maize rose to US\$192.3 per tonne in the review quarter from US\$163.3 per tonne in the previous quarter. In Maloti terms, average spot price of white maize rose by 11.9 per cent to M1 551.0 per tonne from M1 385.2 per tonne in the previous quarter and that of yellow maize increased by 12.8 per cent to M1 439.8 per tonne in the review period from M1 275.6 per tonne in the previous quarter.

Figure 4: Average Spot Prices of Maize

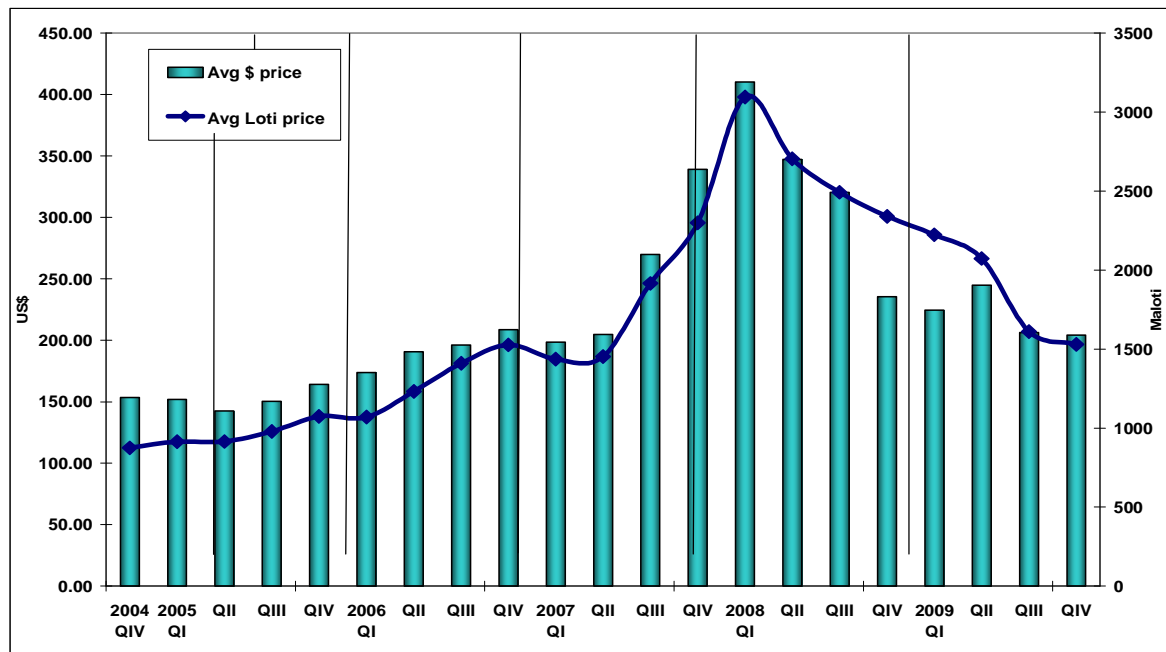


Source: Bloomberg

Wheat

During the quarter under review, the average spot price of wheat dropped by 0.7 per cent to US\$204.8 per tonne compared with a fall of 15.8 per cent registered in the previous quarter. In Maloti terms, the average spot price fell by 4.7 per cent to M1 533.9 per tonne during the period, following M1 610.5 per tonne observed in the previous quarter.

Figure 5: Average Spot Prices of Wheat



III. Real Sector, Employment and Price Developments

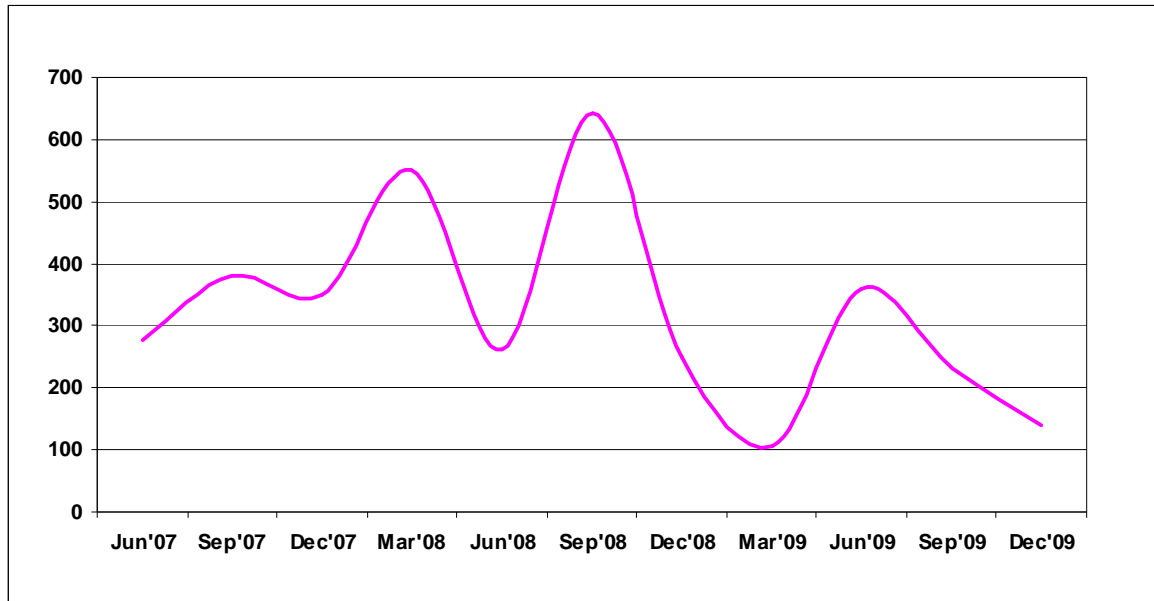
Overview

Overall, the domestic economy showed mixed signals in the review period. The primary sector was dragged down by the unfavourable performance of the mining sector. The secondary sector direction was uncertain, with increased industrial water consumption implying improved performance of textile manufacturing while industrial electricity consumption declined. The tertiary sector improved in the fourth quarter of 2009 underpinned by the improvement in business activity.

Primary Sector Developments

The diamond production index declined from 230.8 percentage points during the third quarter of 2009 to 141.0 percentage points in the fourth quarter. This decline occurred despite continued increases in prices of rough diamonds in the aftermath of the global economic meltdown. The decline was at the back of a lower grade of diamonds recovered, from 1.19 carats per hectare achieved in the previous quarter to 1.14 carats per hectare achieved in the quarter under review, and lower ore treated due to the shorter production period in the festive season. Mining production is expected to perform well in 2010 as the Mothae mine resumes its mining operations and prices of diamonds recover fully.

Figure 6: Diamond Production Index
(2005: QI=100)



Source: Department of Mines and Geology

Secondary Sector Developments

Electricity Consumption

Electricity consumption declined by 12.9 per cent on a quarterly basis, with significant decline of 18.3 per cent observed in 'commercial and industrial' category. However, it increased by 7.4 percent on an annual basis. The decline on a quarterly basis mainly reflects the continued impact of the global economic downturn particularly on the manufacturing sector.

Table 2: Electricity Consumption
(Million Maloti)

	2009							
	QI		QII		QIII		QIV	
	Kwh	Value	Kwh	Value	Kwh	Value	Kwh	Value
General Purpose	20.24	13.7	21.84	15.63	22.89	17.07	22.39	16.26
Domestic	38.49	23.58	45.04	29.2	46.92	31.39	42.95	28.69
Commercial & Industrial	65.6	32.92	78.6	37.53	84.28	40.64	68.86	33.58
Total	124.34	69.19	145.48	82.37	154.09	89.10	134.2	78.54

Source: Lesotho Electricity Authority and Lesotho Electricity Company

Water Consumption

Water consumption increased by a seasonally adjusted 8.5 per cent in the quarter under review in contrast with a huge 32.8 per cent decline observed in the previous quarter. On an annual basis, it performed even better, increasing by a seasonally adjusted 11.9 per cent. This performance in water consumption was driven by increases in ‘domestic’ and ‘other’ categories. Industrial water consumption, on the other hand, remained relatively flat on annual basis reflecting continued difficulties faced by the manufacturing sector due to the global economic downturn.

Table 3 : Water Consumption

(Units in Million kilo-litres; value in Million Maloti)

		Domestic	Industrial	Other	Total
2008 IV	Units	0.76	1.23	0.53	2.52
	Value	4.97	8.03	4.22	17.22
	Units*		1.11		2.27
2009 I	Units	0.92	1.18	0.56	2.66
	Value	3.68	7.55	3.37	14.60
	Units*		1.38		3.11
II	Units	0.87	2.00	0.56	3.43
	Value	3.65	8.75	3.71	16.11
	Units*		2.03		3.48
III	Units	0.88	1.01	0.57	2.46
	Value	3.85	8.04	3.44	15.33
	Units*		0.96		2.34
IV	Units	1.01	1.23	0.58	2.82
	Value	4.64	8.03	3.48	16.15
	Units*		1.11		2.54

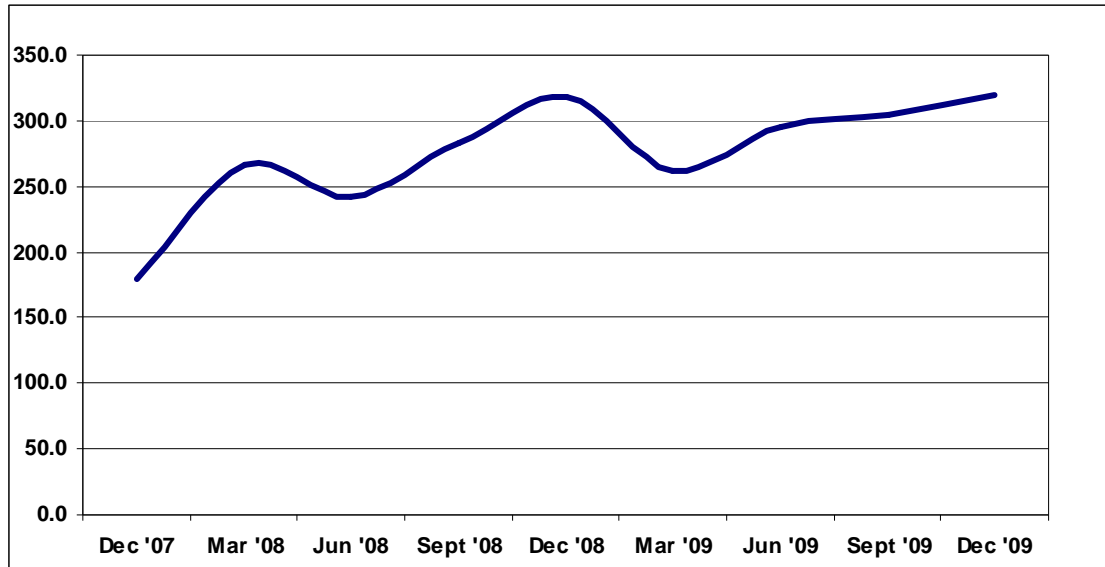
Source: Water and Sewerage Authority

*denotes seasonally adjusted figures

Tertiary Sector Developments**Sales Turnover**

The value of sales turnover further increased by 5.1 per cent on a quarterly basis and 0.7 per cent, year on year, in the quarter ending in December 2009. It increased by 2.3 percentage points in the fourth quarter of 2009 from the preceding quarter. As an indicator of business activity in the economy, the value of sales turnover may be suggestive of higher consumption, more especially during the festive season, and the increased consumer demand as a result of lower domestic inflation.

Figure 7: Value of Sales Turnover
(Million Maloti)



Source: Lesotho Revenue Authority

Telephone Statistics

The total number of telephone calls declined by an estimated 2.7 per cent in the quarter ending December 2009, from a decline of 6.1 per cent in the preceding quarter. On an annual basis, however, the number of telephone calls increased by 0.5 per cent. The quarterly decline reflects the pressure that continued to weigh negatively on trade despite the recent improvement in the global economic landscape. During the festive season some firms closed down temporarily while others closed down permanently. This may have impacted negatively on the telecommunications sub-sector. Nonetheless, the sub-sector is expected to improve at the back of imminent global economic recovery.

Table 4: Telephone Traffic Statistics

		SA Outgoing Calls	International Calls	Total Calls
2008 IV	No. of calls (millions)	2.02	0.12	2.14
	No. of calls*			2.16
	Total Duration (million minutes)	3.41	0.39	3.8
	Nominal Value (million maloti)	7.85	2.69	10.54
2009 I	No. of calls (millions)	2.09	0.12	2.21
	No. of calls*			2.35
	Total Duration (million minutes)	3.51	0.42	3.92
	Nominal Value (million maloti)	8.06	3.13	11.19
II	No. of calls (millions)	1.95	0.11	2.06
	No. of calls*			2.13
	Total Duration (million minutes)	3.39	0.36	3.75
	Nominal Value (million maloti)	7.79	2.57	10.36
III	No. of calls (millions)	2.09	0.11	2.21
	No. of calls*			2.00
	Total Duration (million minutes)	3.67	0.37	4.04
	Nominal Value (million maloti)	8.44	2.58	11.02
IV**	No. of calls (millions)	2.04	0.12	2.15
	No. of calls*			2.17
	Total Duration (million minutes)	3.50	0.39	3.88
	Nominal Value (million maloti)	8.04	2.74	10.78

Source: Tele-Com Lesotho and Vodacom Lesotho

* Adjusted for seasonality.

** Preliminary estimates.

Investment Expenditure

Imported Motor Vehicles

On a quarterly basis, the number of imported motor vehicles increased by a seasonally adjusted 26.1 per cent in contrast with a 16.3 per cent decline observed in the previous quarter. On annual basis, the number of imported motor vehicles increased by 11.1 per cent. This performance was driven mainly by 'Cars' and 'Buses'. These increases were observed on both the private sector and Government, reflecting increased expenditure in this respect.

Table 5: Motor Vehicle Imports⁺
(Value in Million Maloti)

		Cars	Vans	Trucks	Buses	Tractors	M / Cycles	Trailers	Total
2008	IV								
	Value	27.44	56.16	18.92	15.60	0.92	1.44	1.16	243.30
	Units*								816
	Units	269	314	32	68	13	16	9	729
2009	I								
	Value	36.80	59.16	20.54	10.72	1.37	0.06	2.80	131.45
	Units*								781
	Units	385	340	34	46	5	3	18	831
II	Value	28.96	66.18	65.95	12.48	0.15	0.09	2.40	176.21
	Units*								859
	Units	317	354	84	42	4	1	11	813
III	Value	29.46	58.05	18.90	4.77	0.53	0.01	0.91	112.62
	Units*								719
	Units	374	329	42	20	11	1	14	791
IV	Value	51.29	45.64	5.29	9.07	0.43	0.08	2.03	113.83
	Units*								907
	Units	498	233	23	27	8	3	18	810

Source: Avis Fleet Services Lesotho and Customs Department

*denotes seasonally adjusted figures

+Includes imports of second hand cars

Employment Developments

Employment in LNDC-assisted companies is projected to have declined from 46 647 employees in the third quarter, to 42 615 employees for the period ending December 2009. This represents a decline of 8.6 per cent and it is projected to be a decline of 9.7 per cent on an annualised quarter to quarter basis. This level of employment in LNDC-assisted firms is the lowest since the first quarter of 2006. The big decline in employment was mainly in textiles and clothing producing firms whose products are destined for the US. The decline was influenced

by the continued aftermath of the global economic downturn and a seemingly fragile economic recovery.

Several manufacturing firms had orders running only up to December. As a result, at least four firms ceased production in Lesotho by December 2009. This does not augur well for the Government's efforts to fight against poverty and to achieve high, sustainable and broad based economic growth in Lesotho. It is expected that employment of LNDC-assisted companies would remain under pressure in the first half of 2010, slow recovery may come in the last half of the year in response to the global economic recovery and export market diversification efforts by Government.

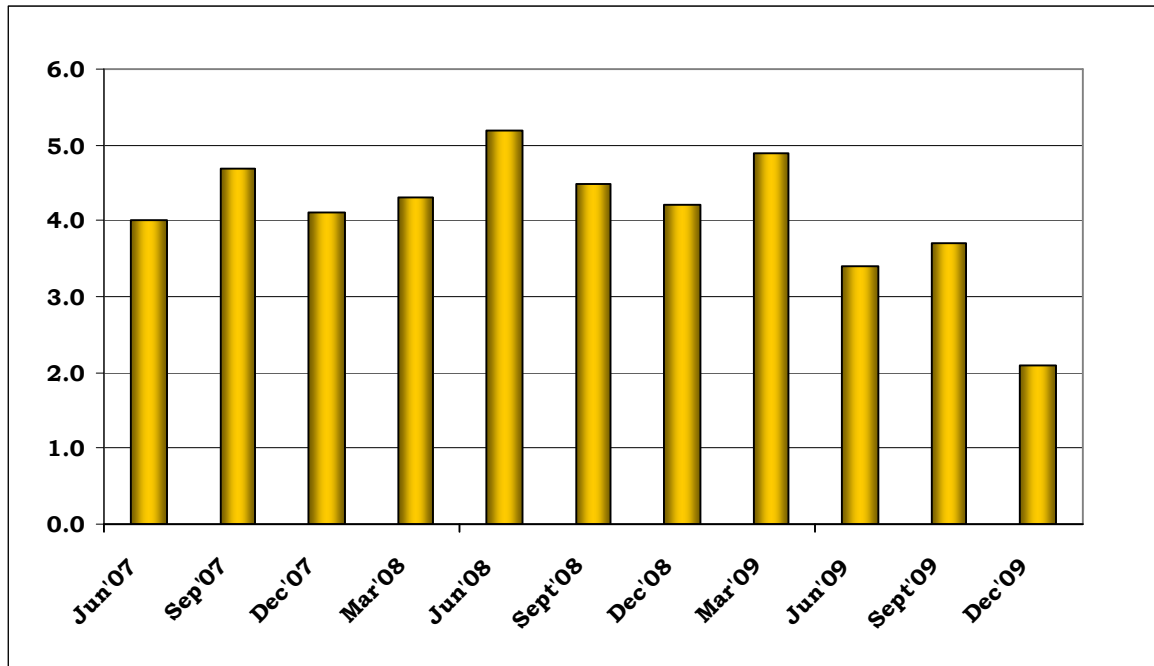
Table 6: Employment Trend of LNDC-Assisted Companies

Period	QI	QII	QIII	QIV
2009	44665	44689	46647	42615*
2008	45650	45549	48621	47204
2007	47731	49392	46772	46633
2006	40459	45140	46189	47462
2005	41985	40111	39597	43131
2004	52532	53525	52922	50607
2003	43525	46960	49862	51187
2002	36906	39255	42011	43773

Source: Lesotho National Development Corporation

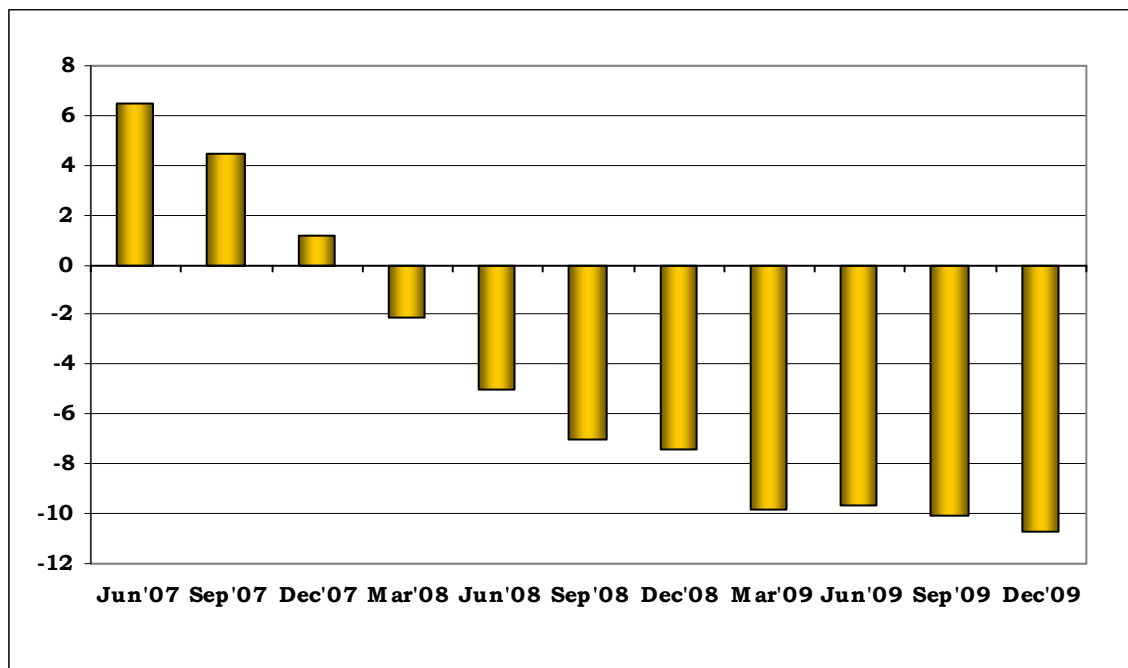
*denotes LNDC preliminary estimate

Figure 8: Government Employment
(Annual Percentage Change)



The number of government employees declined by 0.5 per cent, on a quarterly basis, in the quarter ending in December 2009 compared with a modest increase of 0.9 per cent in the previous quarter. On an annual basis, however, the number of public sector employees rose by 2.1 per cent, a deceleration of 160 basis points from the preceding quarter. The quarterly decline was mainly due to the fall in teachers' category (1.6 per cent) which may be reflective of shifts from the education sector to other economic sectors.

Figure 9: Migrant Mineworkers Employment
(Annual Percentage Change)



The number of migrant mineworkers declined further by 2.2 per cent in the fourth quarter of 2009 compared with 2.3 per cent in the previous quarter. Despite recent improvement in prices of metals such as gold, the South African mining sector, the largest employer of Basotho, continued to be under pressure in the fourth quarter of 2009. The global economic downturn that started in 2008, had forced many mining companies to scale back operations, cut back exploration and development projects and to lay off workers.

Price Developments

The overall inflation, measured as percentage change in Consumer Price Index (CPI), slowed to 4.2 per cent for the period ending December 2009 compared with 4.7 per cent registered in September 2009. This deceleration is at the back of continued slowdown in general food price increases, which constitutes a large portion of the Lesotho's CPI basket. The decline was driven mainly by the following categories: “ ‘food and non-alcoholic beverages’ at 3.2 per cent from 3.7 per cent in the previous quarter, ‘Leisure, entertainment and culture’ at 3.0 per cent in December 2009 from 4.7 per cent in the preceding period and ‘ Restaurant & Hotels’ at 5.4 per cent from 7.0 per cent in the previous quarter. As shown in Figure 10, Lesotho's inflation rate was lower than the South African measure of inflation rate since the previous quarter and the gap broadened further in the period under review, reaching 2.1 percentage points in December 2009. This gap reflects the vast difference in the CPI basket for “food and non-alcoholic beverages” between the two countries.

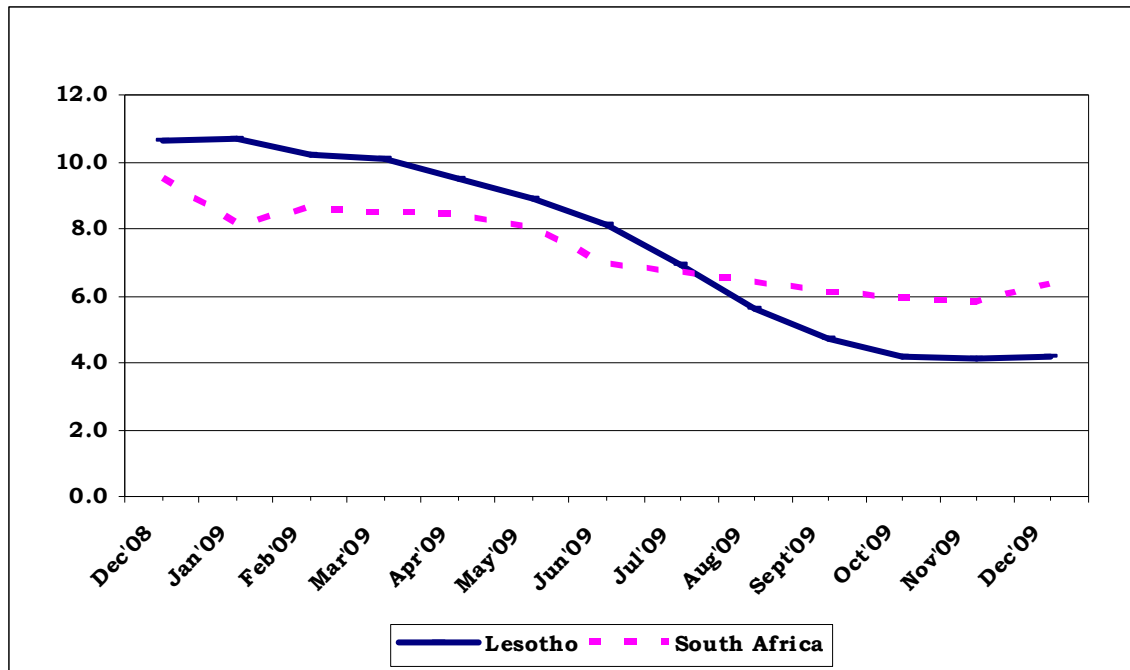
Table 7: Inflation Rate

(Annualised Percentage Change: April 1997=100)

	Weight	2009				
		Aug	Sept	Oct	Nov	Dec
All items	100.0	5.6	4.7	4.2	4.1	4.2
Food and non-alcoholic beverages	39.8	6.7	4.6	3.9	3.7	3.2
Alcoholic beverages & Tobacco	6.4	6.8	8.8	8.6	9.0	8.9
Clothing & footwear	15.6	5.0	5.4	5.5	5.4	5.2
Housing, electricity gas & other fuels	3.7	-4.7	-5.6	-5.1	-6.5	-6.4
Furniture, households equipment & routine maintenance of house	17.0	6.1	5.6	5.6	5.4	5.2
Health	1.4	1.5	1.9	2.6	2.8	3.1
Transport	7.8	3.9	4.5	3.1	3.8	7.4
Communication	0.1	0.0	0.0	0.0	0.0	0.0
Leisure, entertainment & Culture	1.2	4.9	4.7	4.2	3.8	3.0
Education	3.2	2.4	2.2	2.1	2.2	2.0
Restaurant & Hotels	0.4	9.0	8.2	7.6	7.0	5.4
Miscellaneous goods & services	3.2	6.6	6.4	6.1	4.8	4.2

Source: Bureau of Statistics, Lesotho

Figure 10: Annual Inflation Rate for Urban Household
(Percent)



IV. Monetary and Financial Developments

Determinants of Money Supply

Money supply decreased by 10.7 per cent during the quarter ending December 2009, contrasted with a rise of 15.0 per cent in the third quarter. The decline in money supply in December was the largest throughout 2009. On annual basis, broad money grew by a slower 14.0 per cent during the review quarter compared with an increase of 42.3 percent recorded in the previous quarter.

The slump in money supply in the review period was mainly at the back of a decrease of 5.9 per cent in net foreign assets (NFA) and a decline in total domestic credit. The decline in domestic credit was due to a 9.7 per cent fall in net claims on government which overshadowed an 8.8 per cent rise in private sector credit. The fall in the NFA of the banking system was attributable to a 25.8 per cent fall in the NFA of commercial banks during the fourth quarter of 2009.

Figure 11: Overview of Recent Monetary Developments
(Million Maloti: End of Period)

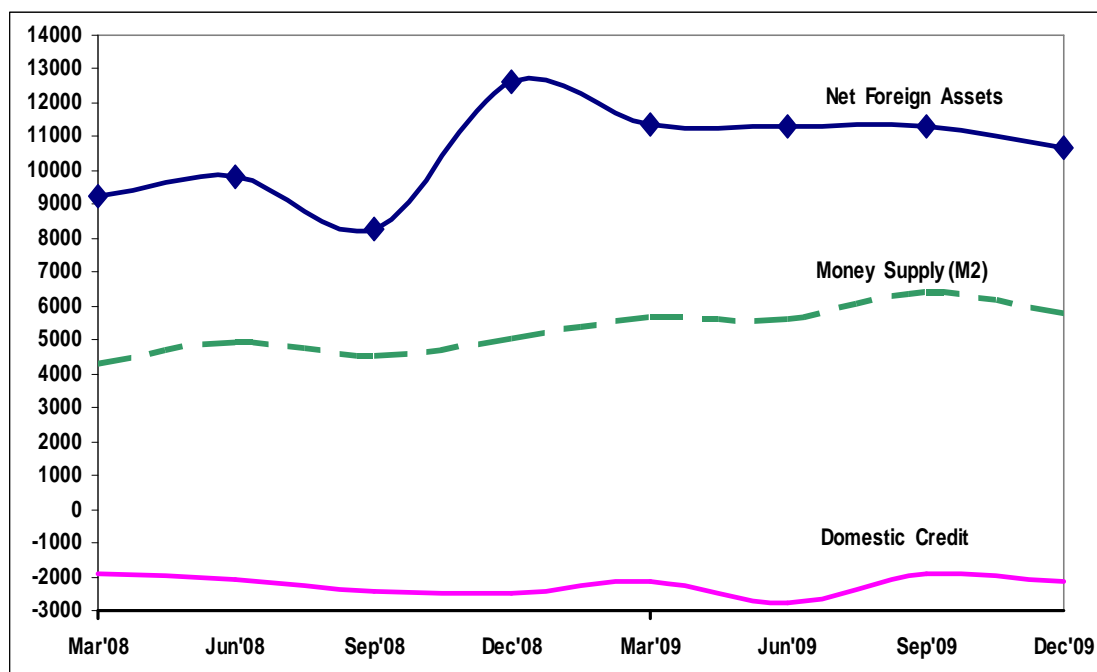


Table 8: Determinants of Money Supply
(Million Maloti: Changes)

Determinants	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Net foreign assets	1296.9	227.1	-218.3	19.6	-662.0
Domestic credit	-65.4	378.4	-581.3	760.9	-247.3
Net Claims on Govt	-38.5	328.0	-693.0	671.7	-352.0
Statutory bodies	-0.4	-3.8	-2.4	-2.2	-35.4
Private sector	-26.5	54.6	114.1	91.5	140.1
Other items, net	715.9	-1.5	-745.8	-55.9	-206.8
Money Supply (M2)	515.6	607.0	-54.8	836.4	-686.3

Components of Money Supply

According to Table 9, the two major components of money supply followed downward trends during the quarter ending December 2009. Narrow money fell by 14.0 per cent in the review period, contrasted with a 14.6 per cent increase registered in the third quarter. The decrease mainly reflected a 16.3 per cent decline in demand and call deposits held by commercial banks which overshadowed the modest rise in currency with the public. Similarly, quasi money dipped by a moderate 0.6 per cent during the same period mainly as a result of a decline of 2.3 per cent in savings deposits which was stronger than a 0.5 per cent rise in time deposits.

Figure 12 shows that the decrease in demand and call deposits led to a decline in its share of total money supply in favour of time deposits. Therefore, the share of time deposits improved from 21.9 per cent in September 2009 to 24.3 per cent in December.

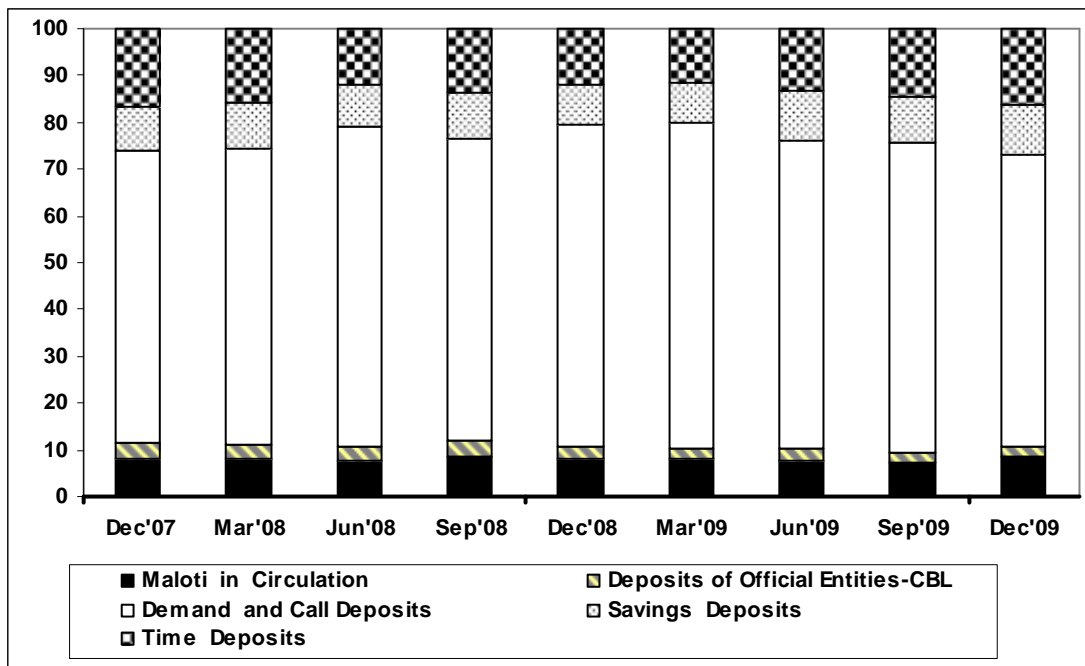
Table 9: Money Supply
(Million Maloti; End of Period)

	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Money Supply (M2)	5022.0	5629.1	5574.8	6411.2	5725.0
Money (M1)	3879.4	4394.8	4234.5	4853.6	4176.5
Maloti with public	406.6	441.3	434.8	471.0	487.2
Demand deposits ¹	3346.1	3823.9	3666.8	4221.1	3552.9
Deposits of official Entities with CBL	126.7	129.8	133.8	135.7	136.4
Quasi-Money	1142.7	1234.3	1340.3	1557.6	1548.5
Savings deposits	545.4	587.3	593.1	621.1	607.0
Time deposits	597.2	647.0	747.2	936.6	941.5

¹ includes call deposits

NB: Totals may not tally due to rounding off

Figure 12: Components of Money Supply



Commercial Banks' Deposits by Holder

The amount of deposits held with the domestic commercial banks plummeted by 12.8 per cent on a quarterly basis in December 2009, as opposed to a rise of 16.0 per cent recorded at the end of September. The declining trend was observed in the deposits of both the private sector and statutory bodies which fell by 12.1 and 40.2 per cent, respectively. The deposits of the private sector decreased mainly due to a slump of 16.2 per cent in demand and call deposits (see Table 10). During the review quarter, savings and time deposits of the private sector declined by 2.3 and 0.5 per cent, respectively. The fall in commercial bank's deposits may be indicative of some form of financial disintermediation. Furthermore, commercial banks continued to predominantly hold private sector deposits at the end of December 2009.

Table 10: Commercial Banks' Deposits by Holder
(Million Maloti: End of Period)

	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Total Deposits	4477.3	5029.3	4977.7	5778.8	5041.4
Private Sector	4133.8	4918.4	4879.9	5637.0	4956.6
Demand deposits	3128.2	3685.6	3541.4	4082.0	3420.0
Savings deposits	545.3	587.2	593.0	621.0	606.9
Time deposits	460.3	645.5	745.5	933.9	929.7
Statutory Bodies	343.5	110.9	97.8	141.8	84.7

NB: Totals may not tally due to rounding off

Liquidity of Commercial Banks

The liquidity of commercial banks, measured by the ratio of liquid assets to deposit liabilities and placements of other banks, remained high at the end of December 2009 (see Table 11). The ratio stood at 78.0 per cent during the review period which was slightly lower than 82.1 per cent recorded at the end of the fourth quarter of 2009. The decrease resulted from a decline in liquid assets in favour of credit extension. Consequently, the credit deposit ratio improved from the 27.4 per cent recorded in September 2009 to 34.1 per cent at the end of the review quarter. The improvement in the ratio reflected the increase in credit to the private sector coupled with a fall in deposits of both private and statutory bodies.

Table 11: Components of Commercial Banks' Liquidity

(Million Maloti: End of Period)

COMPONENT	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Maloti Notes and Coins	74.6	59.8	62.7	70.4	97.1
Rand Notes and Coins	48.7	37.0	38.6	40.8	65.9
Balances due from Lesotho Banks	775.4	994.9	875.1	1400.0	1116.2
Balances due from Foreign Banks	2660.3	3286.1	2954.0	4061.2	3282.3
Clearing Balances with CBL	91.4	233.9	196.8	190.4	43.6
CBL Bills	0.0	0.0	0.0	0.0	0.0
Lesotho Government Securities	426.2	480.2	479.7	477.8	472.8

Table 12: Consolidated Balance Sheet of Commercial Banks

(Million Maloti: End of Period)

	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Net foreign assets	3034.1	3321.6	3133.1	4023.8	2986.7
Deposits with CBL	91.4	233.9	196.8	190.4	235.4
Credit:	1934.8	2040.4	2172.6	2140.3	2105.6
Statutory Bodies	43.8	40.0	37.6	35.4	0.0
Private Sector	1437.0	1493.2	1605.4	1694.9	1721.5
Government securities	476.0	530.2	529.6	410.0	384.1
Assets/Liabilities	4855.9	5466.4	5502.5	6354.5	5092.3
Private sector deposits ²	4477.3	5029.3	4977.7	5778.8	5041.4
Government deposits	194.1	37.8	33.8	35.3	26.8
Capital, reserves & other, net	320.9	42.3	491.0	540.4	259.5

² includes statutory bodies' deposits.

Demand for Money

Domestic Credit

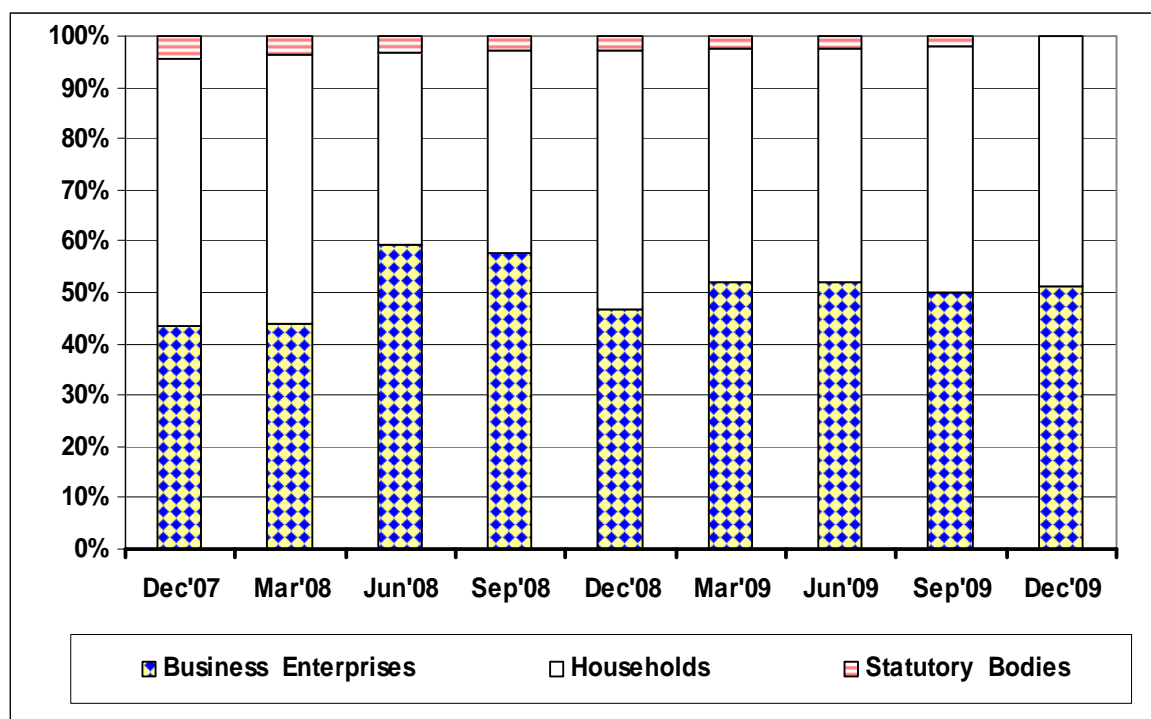
Credit extension to the private sector and statutory bodies is a means by which commercial banks promote economic activity in the country. The upward trend in domestic credit was maintained during the review quarter by registering a growth of 6.5 per cent. The growth was faster than the 5.7 per cent rise at the end of the third quarter. The growth in domestic credit stemmed from an 8.8 per cent increase in credit to the private sector which offset the fall in credit to statutory bodies, which fell by 100.0 per cent in the same period. Moreover, domestic credit increased by 25.8 per cent on an annual basis during the review quarter compared with 15.7 per cent recorded at the end of September.

Table 13: Domestic Credit Excluding Net Claims on Government

(Million Maloti: End of Period)

	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Domestic Credit	1480.9	1533.2	1643.0	1730.3	1832.8
Credit to private sector	1437.0	1493.2	1605.4	1694.9	1832.8
Business enterprises	693.3	797.7	852.2	864.9	937.3
Households	743.8	695.5	753.2	830.0	895.5
Credit to statutory bodies	43.8	40.0	37.6	35.4	0.0

Figure 13: Distribution of Credit by Holder Figure
(Percentage shares)



Credit to Private Sector

Credit extension to the private sector, distributed to credit worthy entities is deemed as an efficient way of fostering economic growth. During the quarter ended December 2009, credit extended to this sector increased by 8.8 per cent, driven by an increase in both credit granted to households and businesses. Credit to households recorded a 7.9 per cent growth in the fourth quarter, compared with 10.2 per cent increase in the previous quarter. Credit to business enterprises rose by 9.6 per cent during the review quarter, faster than the 1.5 per cent increase noted at the end of September. This led to a rise in the share of credit granted to businesses to total private sector credit from 50.0 per cent in September 2009 to 51.1 per cent in December. On an annual basis, credit to the private sector recorded an increase of 29.8 per cent following a 16.9 per cent observed during the previous quarter. The growth in private sector credit was driven by 34.4 and 24.1 per cent increase in credit to businesses and households, respectively.

Credit to Statutory Bodies

As mentioned in the foregoing, credit granted to statutory bodies saw a sharp decline of 100.0 per cent in December 2009, compared with a 5.9 per cent fall registered in September. Furthermore, a similar trend obtained on an annual basis at the end of the same period. Credit

to this sector has been declining over time until all outstanding credit to this sector were settled in full during the review quarter due to the Government's privatisation strategy.

Sectoral Distribution of Credit

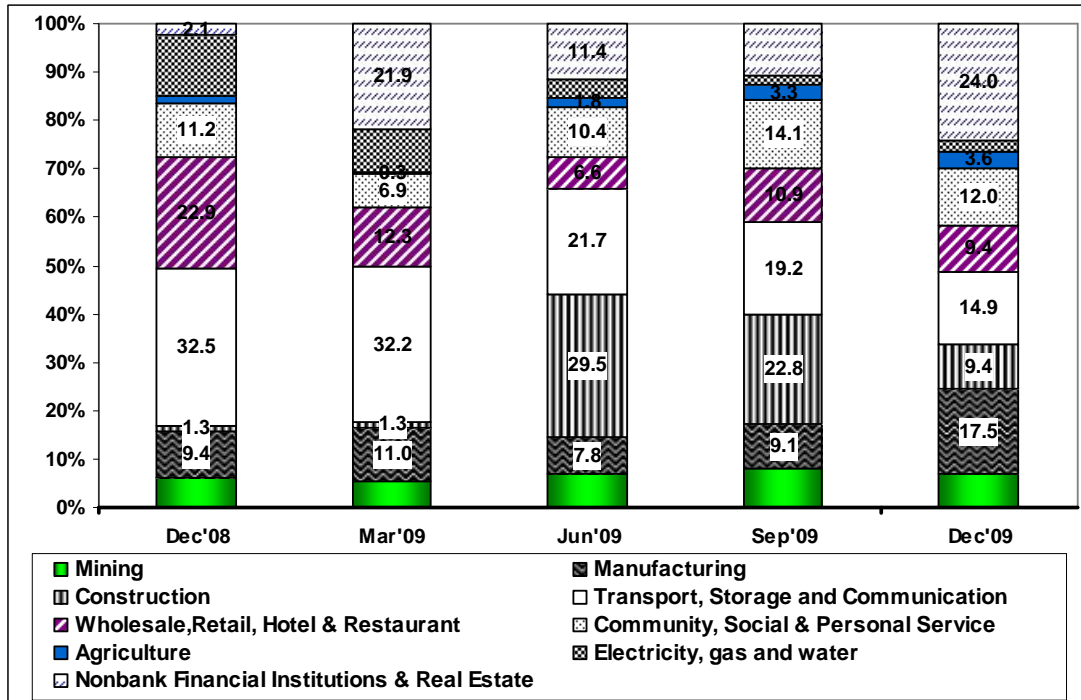
Credit extended to fund business activity, excluding non-performing loans, grew by an overall 8.8 per cent in the review quarter. This growth was higher than the 1.4 per cent realised in September, reflecting a 100.5 per cent increase in credit to the manufacturing sector as well as 52.0 per cent granted to other services sector. Credit extended to the mining sector, other development sectors and distributive services sector decreased during the review period. The 'non-bank financial institutions and real estate' sector received the bulk of the credit extended to businesses at the end of December 2009. It boasted a share of 24.0 per cent of total private sector credit followed by the manufacturing sector with a 17.5 per cent share. The share of credit extended to the construction sector declined from 22.8 per cent in the previous quarter to 9.4 per cent in December 2009.

Table 14: Sectoral Distribution of Credit to Enterprises ⁺
(Million Maloti: End of period)

SECTOR	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Agriculture	12.6	2.2	15.5	28.4	32.2
Mining	47.9	43.0	57.8	69.7	61.9
Manufacturing	63.7	80.1	66.4	78.1	156.5
Construction	249.4	215.0	212.9	164.6	84.7
Transport, storage and communication	146.1	72.6	184.0	164.9	133.6
Electricity, gas and water	9.9	10.5	32.9	16.7	20.6
Wholesale, retail, hotel and restaurant	88.3	62.4	56.3	93.7	83.9
Non-bank financial institutions and real estate	16.4	173.7	96.4	91.1	215.2
Community, social and personal services.	86.1	94.5	88.3	121.4	108.0
All sectors	720.4	754.0	810.2	828.6	896.6

⁺excludes non-performing loans

Figure 14: Commercial Banks' Credit to Business Enterprises
(Percentage shares)



Net Claims on Government

The banking system's net claims on government decreased by 9.7 per cent at the end of the quarter ended December 2009, contrasted with a 15.6 per cent increase registered at the end of September. Net claims on government by the commercial banks, which predominantly comprises holdings of treasury bills, remained relatively unchanged in the fourth quarter. However, net claims on government by the CBL decreased by 8.3 per cent during the quarter ending December. The decline reflected an increase of 8.2 per cent in deposits of government held with the Central Bank. This could be an indication of a normalisation in government spending pattern following the clearing of a backlog of commitments which arose from technical problems associated with the use of the new Integrated Financial Management System (IFMIS) in the previous quarter.

Table 15: Banking System's Net Claims on Government

(Million Maloti: End of Period)

Holder	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Commercial banks	281.9	492.4	495.7	374.7	357.3
Claims on Government	475.9	530.2	529.6	582.3	573.8
o/w MP T Bills ³	454.0	461.8	490.5	477.8	472.8
Less Government deposits	194.1	37.8	33.8	35.3	26.8
CBL	-4232.6	-4115.0	-4811.4	-4018.7	-4353.4
Claims on Government ⁴	529.9	345.5	292.8	288.3	308.3
Less Government deposits	4762.5	4460.5	5104.2	4307.1	4661.7
o/w blocked account	424.8	475.7	506.1	512.0	509.9
Total Net Claims	-3972.7	-3645.7	-4315.7	-3644.0	-3806.3

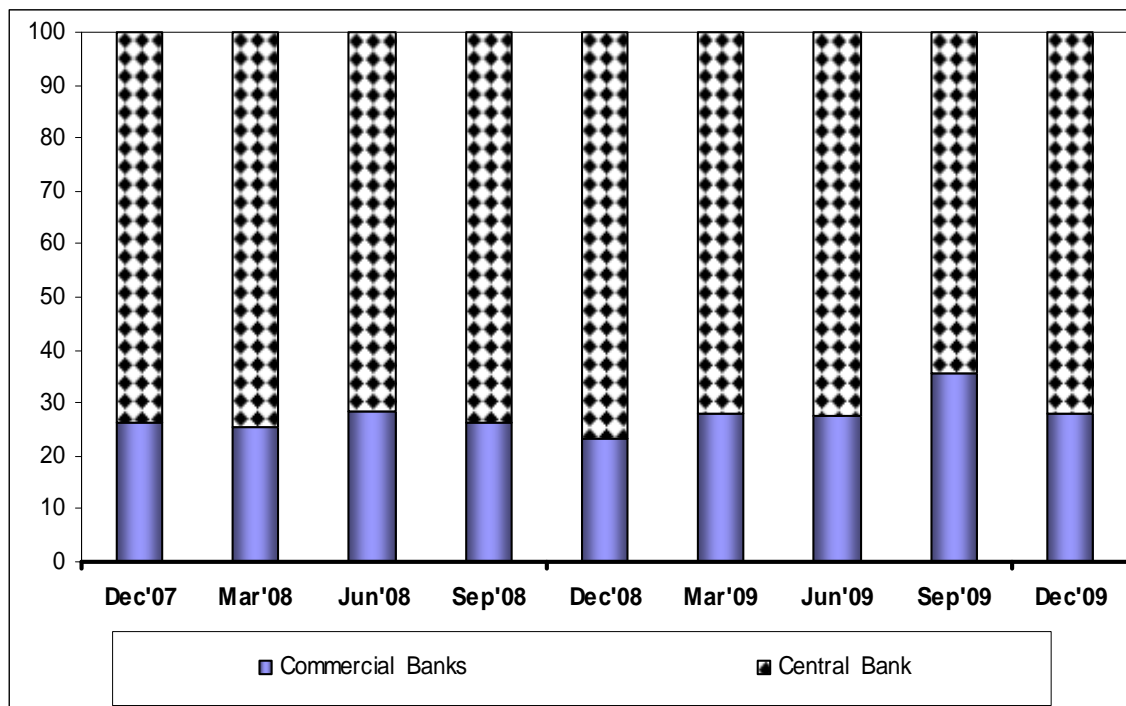
³ 'MP T Bills' means monetary policy treasury bills.⁴ IMF loans on-lent to the GOL.**Net Foreign Assets**

The net foreign assets of the banking system continued to decline, registering a fall of 5.9 per cent at the end of December 2009 following a rise of 0.2 per cent recorded in September 2009. The fall in the review quarter stemmed from a 25.8 per cent decline in net foreign assets of commercial banks. Figure 14 indicates that the decrease in net foreign assets of commercial banks led to a slump in the share of commercial banks' holdings of net foreign assets from their September 2009 level. The central bank's net foreign assets rose by 5.1 per cent during the same period reflecting an accumulation of 4.6 per cent of foreign assets.

Table 16: Banking System's Foreign Assets and Liabilities
(Million Maloti: End of Period)

Holder	2008	2009			
	Dec	Mar	Jun	Sep	Dec
A. Commercial Banks	3034.1	3321.6	3133.1	4023.8	2986.7
Foreign Assets	3126.7	3453.3	3206.2	4075.7	3297.2
Foreign Liabilities	-92.7	-131.7	-73.1	-51.8	-310.5
B. Central Bank of Lesotho	8251.6	8191.2	8160.8	7289.8	7664.9
Foreign Assets	8989.2	8921.9	8852.0	7976.5	8345.4
Foreign Liabilities	-737.7	-730.8	-691.1	-686.7	-680.5
Net Total	11285.6	11512.8	11294.0	11313.6	10651.6

Figure 15: Net Foreign Assets
(Percentage shares)



Money Market Developments

Overview

The total holdings of treasury bills declined by 1.5 per cent during the fourth quarter of 2009. Although the holdings of treasury bills by commercial banks fell by 1.0 per cent in December 2009, compared with a decline of 6.0 per cent in September, commercial banks continued to dominate the market. Consequently, the share of the non-bank sector in the total holding of treasury bills fell slightly from 17.9 per cent in the third quarter to 17.5 per cent, while commercial banks' share rose from 82.1 to 82.5 per cent in September and December, respectively.

Table 17: Holding of Treasury Bills
(Face Value; Million Maloti)

Type of Holder	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Total	544.6	561.4	592.6	582.3	573.8
Banking System	485.8	507.4	508.7	478.1	473.1
Central Bank	0.3	0.3	0.3	0.3	0.3
Commercial Banks	485.5	507.1	508.4	477.8	472.8
Non-Bank Sector	58.8	54.0	83.8	104.1	100.6
NBFIs	0.3	7.3	45.4	62.3	63.4
Others	57.9	46.7	38.4	41.8	37.2
Memorandum Item					
Average Yield (per cent)	10.66	9.92	7.05	7.14	6.94

Money Market and Short-term Interest Rates

During the last quarter of 2009, major money market rates generally followed a downward trend. The domestic prime lending rate fell further from an average of 11.83 per cent in September 2009 to 11.67 per cent in December. However, the counterpart rate in South Africa remained unchanged at 10.50 per cent (see Table 18). Furthermore, the 91-day Treasury bill rate decreased during the review quarter from 6.84 per cent in September to 6.66 per cent in December 2009. On contrary, the 91-day Treasury bill rate in South Africa rose from 6.90 per cent in September to 7.14 per cent during the same period. It led to a widening of the margin between the two rates from 4 basis points to 28 basis points.

The deposit market was also no exception to the downward trend in interest rates. As Table 18 indicates, the 1-year deposit rate declined during the quarter, from an average of 3.69 per cent in September to 3.35 per cent at end of the fourth quarter. The trend was quite in line with the fall in private sector deposits held by commercial banks.

Table 18: Major Money Market Interest Rates

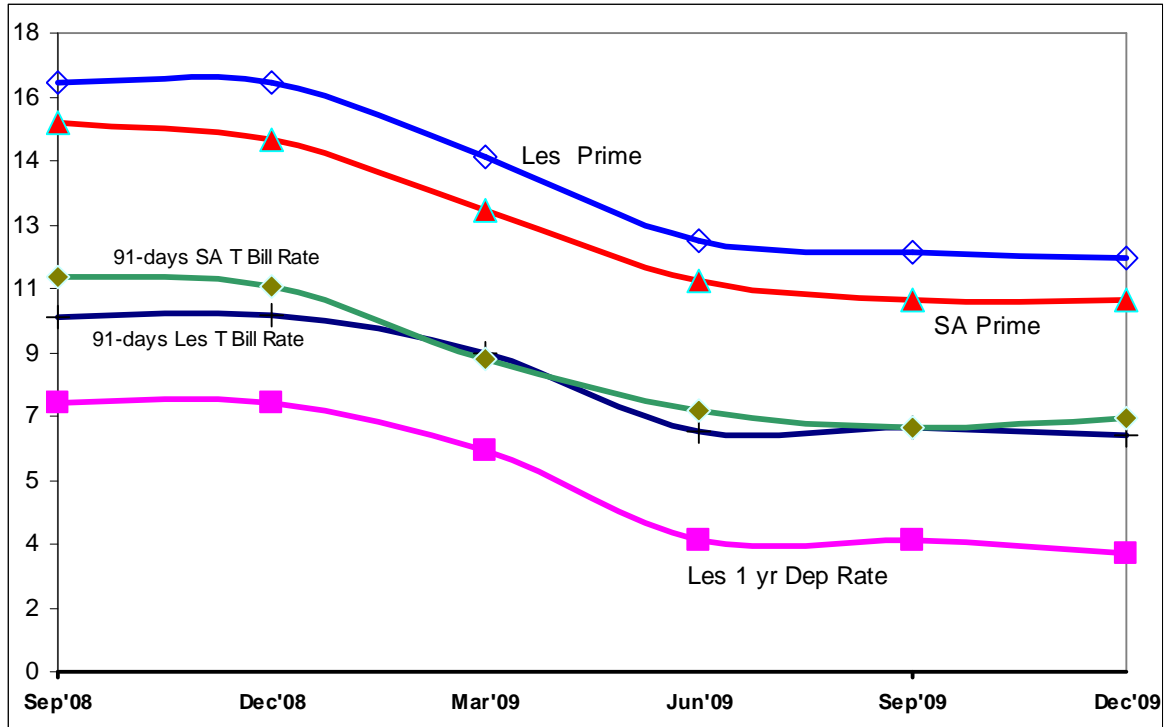
(Percent: End of Period)

Interest Rates by Type	2008	2009			
	Dec	Mar	Jun	Sep	Dec
Central Bank					
T Bill Rate – 91 Days	10.05	9.00	6.76	6.84	6.66
Lombard Rate	14.05	13.00	10.76	10.84	10.66
Commercial Banks ⁵					
Call	6.75	4.75	1.75	1.75	1.75
Time:					
31 days	5.54	3.96	1.65	1.65	1.65
88 days	6.22	4.64	2.20	2.20	1.95
6 months	6.60	5.02	2.63	2.53	2.26
1 year	7.57	6.23	3.69	3.69	3.35
Savings	5.48	3.64	2.11	2.11	2.05
Prime	16.58	14.50	12.17	11.83	11.67
South Africa*					
Repo	11.50	9.50	7.50	7.00	7.00
T Bill Rate – 91 Days	10.84	8.82	7.38	6.90	7.14
Marginal Lending					
Rate	16.50	14.50	12.50	12.00	12.00
Prime	15.00	13.00	11.0	10.50	10.50

* Figures for South Africa were obtained from the SARB

⁵ Average rates by commercial banks

Figure 16: Short-Term Interest Rates
(Percent Per Annum)

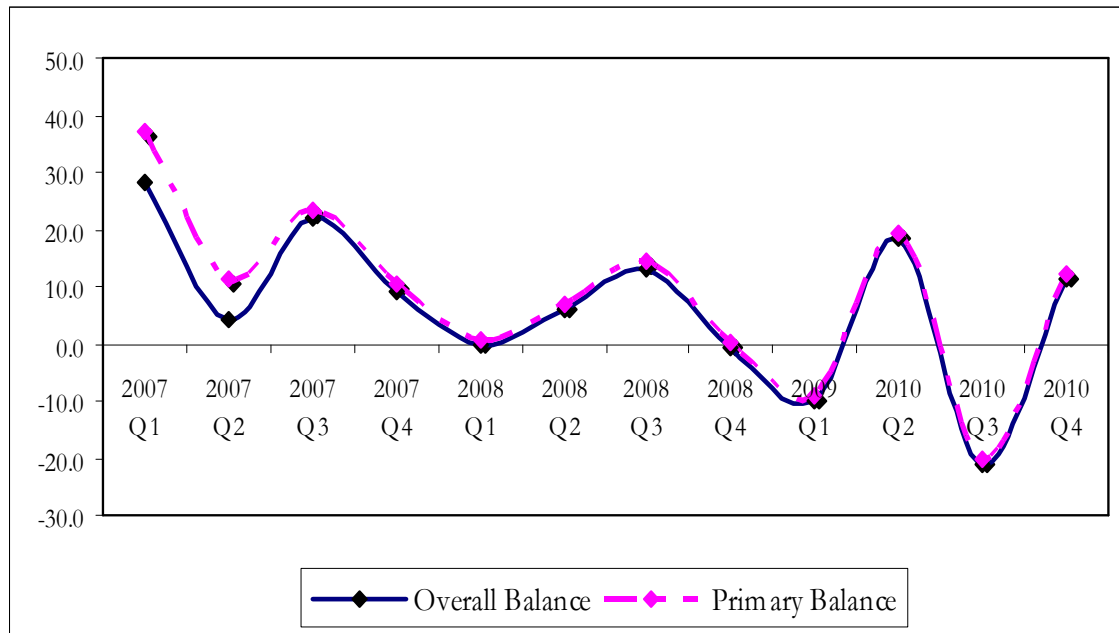


V. Government Finance

Summary of Budget Outturn

Preliminary estimates on government budgetary operations indicate that a surplus was realised during the period under review. The surplus equivalent to 11.2 per cent of GDP was mainly attributed to a decline in recurrent expenditure. Government expenditure and net lending decreased by 36.6 per cent on a quarter-to-quarter basis, reverting to trend following above-normal expenditure in the previous quarter. It high expenditure observed in the second quarter was indicative of the backlog on expenditure in account of the problems experienced with IFMIS. However; as a share of total expenditure, recurrent expenditure stood at 89.6 per cent, compared with 60.7 per cent observed in the previous period while capital expenditure constituted 10.4 per cent of total expenditure during the review period. Total revenue and grants were also estimated to have contracted by 0.8 per cent. The overall balance is slightly lower than the primary balance as depicted in Figure 17 below.

Figure 17: Primary Balance versus Overall Balance



Revenue

Total revenue, including grants, fell by 0.8 per cent on a quarter-to-quarter basis. The drop was largely driven by a 36.9 per cent fall in grants, which is more than a 14.7 per cent increase in VAT. Southern African Customs Union (SACU) revenue continues to comprise the largest share of total receipts at 58.1 per cent, followed by income tax and value added tax (VAT) at 23.5 per cent and 12.6 per cent, respectively.

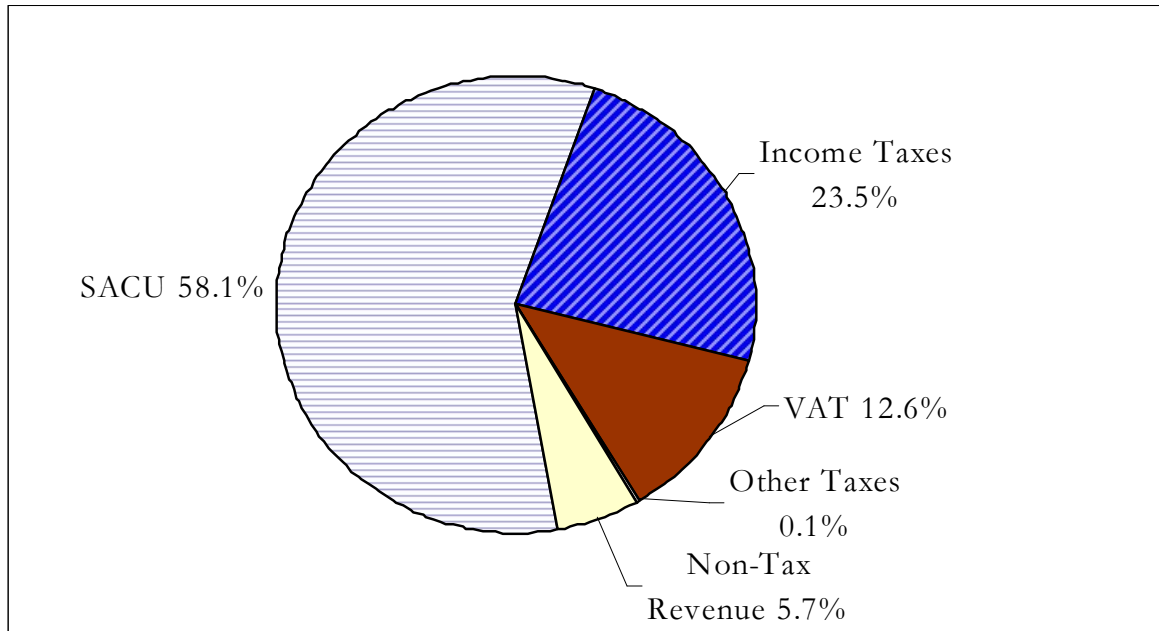
Table 19: Government Revenue
(Million Maloti)

	2008/09		2009/10		
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep* Revised	Oct-Dec* Preliminary
Total Revenue and Grants	2221.6	1779.0	2154.2	2302.6	2284.1
Total Revenue	2190.8	1749.2	1988.1	2034.1	2114.8
<i>Tax Revenue</i>	1967.4	1497.8	1890.4	1910.8	1994.5
Customs	1225.2	959.5	1229.5	1229.5	1229.5
Non-Customs	742.1	538.3	660.9	681.3	765.0
Income Taxes	331.0	301.8	393.8	449.2	496.5
Taxes on goods & services	258.6	230.5	263.3	232.1	266.2
Other Taxes	152.6	23.7	3.8	0.0	2.3
<i>Non-Tax Revenue</i>	223.4	251.4	97.7	123.3	120.3
Of which: Water royalties	81.6	67.9	78.5	90.0	92.5
Grants	30.8	29.8	166.1	268.5	169.3

Source: Ministry of Finance and Development Planning (MoFDP)
*Preliminary estimates

Non-tax revenue comprises water royalties, administrative fees, dividends and interest on loans on-lent to public enterprises. It declined by 2.4 per cent during the quarter under review, following a 26.3 per cent growth recorded in the previous period. As a share of total receipts, it registered 5.7 percent. Water royalties has been the major contributor to this component. It increased by 2.8 percent on a quarter-to-quarter basis. Development grants dropped by 36.9 per cent, following a significant increase of 61.6 per cent in the previous quarter. Although there was a drop in grants, they continued to be high and was reflective of on-going donor sponsored capital projects in the economy.

Figure 18: Sources of Government Revenue



Expenditure

Government expenditure and net lending declined by 36.6 per cent on a quarter-to-quarter basis. The major contributor to the drop was capital expenditure which dropped by 83.1 per cent compared with an increase of 159.03 per cent in the previous quarter. The drop in recurrent expenditure was driven by a slump in expenditure on goods and services, however, a slight increase in transfers and subsidies moderated the decline. Personnel emoluments and goods and services continue to be major contributors to recurrent expenditure on a quarter-to-quarter basis.

Table 20: Government Expenditure
(Million Maloti)

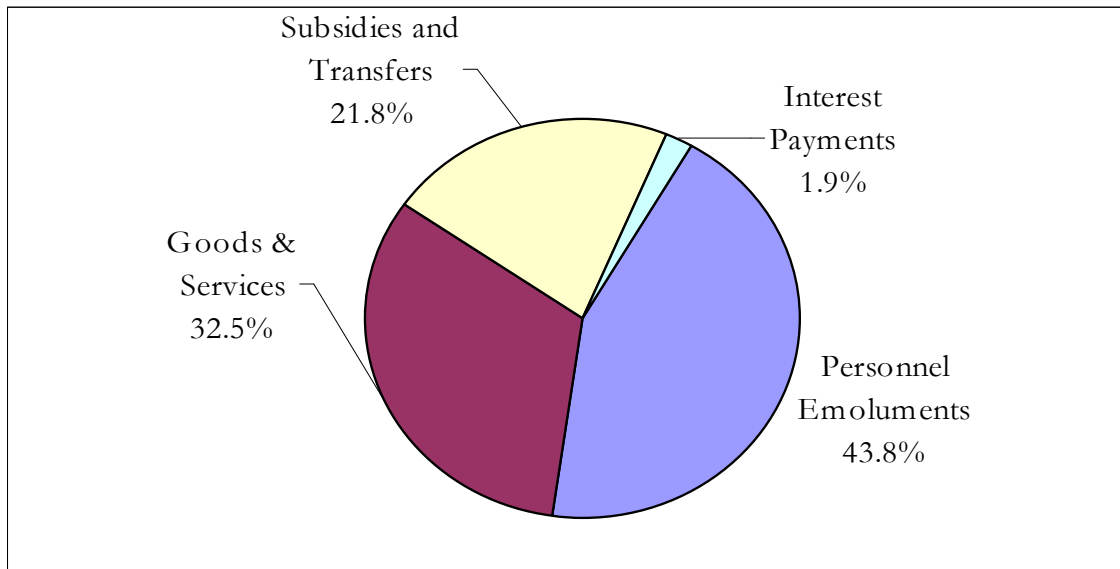
	2008/09			2009/10	
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep* Revised	Oct-Dec* Preliminary
Total Expenditure & Net Lending	2248.2	1788.8	1534.9	3008.1	1907.5
Recurrent Expenditure	1768.1	1208.9	1079.0	1827.2	1708.2
Personnel Emoluments	495.4	406.9	636.7	711.4	704.6
Interest Payments	41.5	30.9	31.3	31.0	31.3
Foreign	22.5	12.5	13.5	17.1	16.3
Domestic	19.0	18.4	17.8	13.9	15.0
Other Expenditure	1231.2	771.1	411.0	1084.8	927.3
Capital Expenditure	480.1	582.8	455.9	1180.9	199.3
Net Lending	0.0	0.0	0.0	0.0	0.0

Source: MoFDP

*Preliminary estimates

Capital expenditure dropped by 83.1 per cent in the quarter under review. As a share of total expenditure, it remains low at 10.4 per cent from a share of 39.3 per cent in the quarter to September 2009. This drop in capital expenditure marked a return to normal expenditures, following a huge increase in the previous quarter which reflected delayed expenditures. Capital expenditure continues to be in line with a number of projects outlined in the 2009/10 budget speech, such as construction and maintenance of urban and rural roads. These expenditures are funded from three sources, namely, Government funds, Grants and Loans.

Figure 19: Recurrent Expenditure by Type



Financing

Government budgetary operations were projected to result in a fiscal surplus of 11.2 per cent of GDP during the current quarter. The surplus was a result of the slowdown in expenditures. Table 21 indicates that the surplus was predominantly used to accumulate government deposits with domestic banking system.

Table 21: Government Financing
(Million Maloti)

	2008/09			2009/10	
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep* Revised	Oct-Dec* Preliminary
Financing	26.8	9.8	-619.3	705.5	-376.6
Foreign	69.1	-26.0	47.2	2.6	-27.3
Loan drawings	142.8	36.7	97.8	61.4	30.2
Amortization	-73.7	-62.7	-50.8	-58.8	-57.5
Domestic	-42.3	35.8	-666.5	702.9	-349.3
Bank Financing	-33.5	50.6	-693.0	671.7	-352.0
Non-Bank	-8.8	-14.8	26.5	31.2	2.7

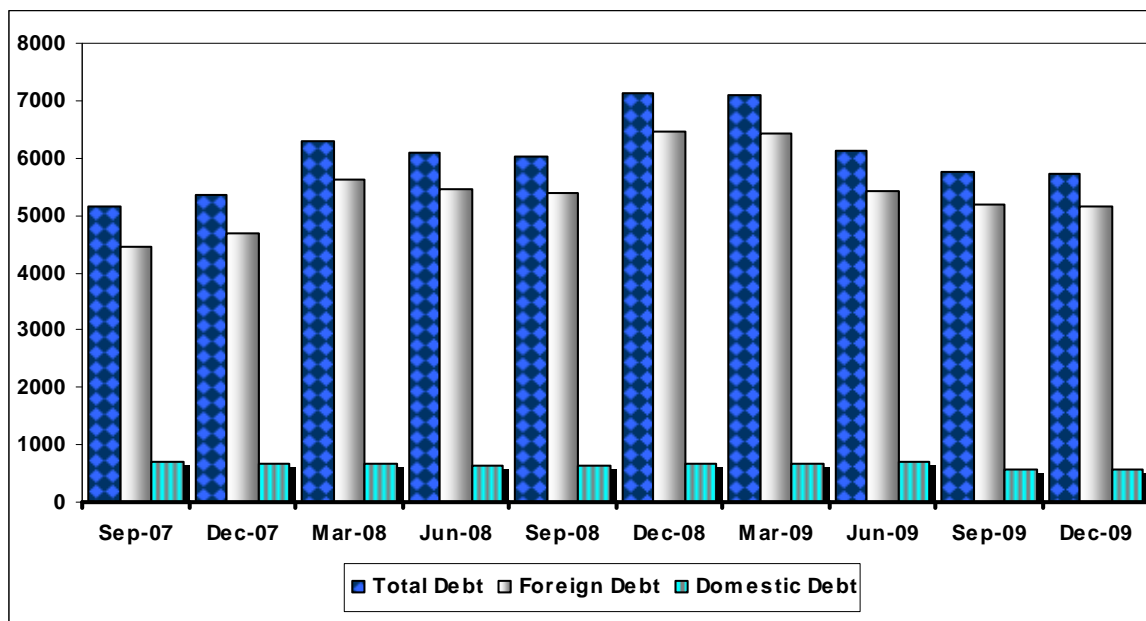
Source: MoFDP Public Debt

Public Debt

Overview

Government contracts foreign and domestic debt to finance its budgetary operations. Total debt declined by 0.8 per cent on a quarter-to-quarter basis compared to 5.7 per cent fall in the previous quarter. As a percentage of GDP, public debt registered 40.1 per cent. Debt service ratio was 3.1 per cent during the review period. This is calculated as a ratio of debt service to exports of goods and services and factor income where applicable. External debt continued to constitute a greater percentage of overall debt stock. During the review quarter, the ratio of external debt to total debt was 90.0 per cent while domestic debt constituted 10.0 per cent of total debt.

Figure 20: Outstanding Public Debt
(Million Maloti: End of Period)



External debt

External debt decreased by 0.7 per cent in the quarter under review. The slight fall in external debt was attributable to a 1.0 per cent decline in multilateral loans. Loans from bilateral sources rose by 5.4 per cent in the fourth quarter of 2009 compared to a slight decline observed in the previous quarter. Bilateral loans increased by 5.4 per cent in the current quarter compared to a fall of 1.7 per cent observed in the previous quarter. Multilateral loans continued to constitute a greater percentage of total external debt.

It was also observed that external debt accounted for 36.1 per cent of GDP compared with 36.4 per cent recorded in the previous quarter. However, concessional debt as a percentage of external debt was constant at 94.6 per cent for the quarter under review and maintained the same level as in the third quarter, 2009.

Table 22: External Debt
(Million Maloti)

	2008	2009			
	QIV	QI	QII	QIII	QIV
External Debt	6457.1	6435.1	5408.1	5181.5	5143.1
Bilateral Loans	390.6	426.3	231.5	227.4	239.7
Concessional	348.2	387.6	231.5	227.4	239.7
Non-concessional	42.4	38.7	0.0	0.0	0.0
Multilateral Loans	5932.6	5874.6	4895.9	4683.0	4635.6
Concessional	5892.0	5833.6	4864.4	4654.8	4609.1
Non-concessional	40.6	41.0	31.5	28.2	26.5
Financial Institutions	75.7	75.3	73.1	71.9	71.9
Concessional	21.5	22.4	20.2	19.0	19.0
Non-concessional	54.2	52.9	52.9	52.9	52.9
Suppliers' Credit	58.2	58.9	207.6	199.2	195.9

Source: MoFDP

Domestic Debt

Domestic debt holding declined by 1.5 per cent in the quarter under review, compared with 17.7 per cent drop which was influenced by redemption of a 10-year bond amounting to M114.0 million during the third quarter of 2009. Domestic debt reflects short-term debt comprising of treasury bills issued for monetary policy purposes. As a percentage of GDP, domestic debt decreased from 4.1 per cent to 4.0 per cent.

VI. Foreign Trade and Payments

Overview

The external sector position indicated a surplus for the first time in 2009. The overall balance, in seasonally adjusted terms, registered a surplus equivalent to M377.0 million during the review quarter compared with a deficit of M877.1 million observed in the previous quarter, as a result of good performance in capital and financial account. Transaction balance, which represents the overall balance excluding the effects of currency movements, also registered a surplus of M819.2 million in the fourth quarter of 2009 in contrast with a deficit of M741.4 million in the third quarter, 2009.

Current Account

During the quarter under review, current account displayed a deficit for the second consecutive quarter in 2009. It registered a deficit of M366.0 million in the review quarter from a revised deficit of M132.3 million in the previous quarter. The widening of the current account deficit emanated from the deterioration in merchandise exports and current transfers. Relative to GDP, current account registered a higher deficit of 14.2 per cent in the fourth quarter of 2009 from a deficit of 5.4 per in the quarter ending September 2009

Table 23: Current Account Balance

(Million Maloti)

	2008	2009			
	QIV	QI	QII	QIII*	QIV ⁺
I. Current Account	425.80	-137.77	339.97	-132.30	-366.04
(a) Goods	-1614.87	-2231.44	-1566.17	-1955.65	-2216.83
Merchandise exports f.o.b.	1675.60	1403.67	1485.46	1782.76	1299.75
Of which diamonds	270.40	187.80	355.67	343.92	233.23
Of which textiles & clothing	876.67	846.12	773.09	854.16	602.23
Other exports [#]	528.53	399.75	356.70	584.68	464.29
Merchandise imports f.o.b.	-3290.47	-3635.11	-3051.63	-3738.41	-3516.58
(b) Services	-98.21	-97.13	-133.96	-144.01	-108.39
(c) Income	1045.53	990.35	909.12	832.39	839.24
(d) Current Transfers	1093.35	1203.45	1130.98	1134.97	1119.94

* Revised estimates

⁺ Preliminary estimates[#] All other merchandise exports excluding 'textiles and clothing' and 'diamonds'**Merchandise Exports**

Merchandise exports deteriorated during the quarter under review. In seasonally adjusted terms, merchandise exports fell by 26.7 per cent in the fourth quarter of 2009 compared with the growth of 13.8 per cent observed during the third quarter of 2009. The poor performance of merchandise exports was largely influenced by the effects of global financial turmoil, which dragged down demand for Lesotho's export goods, in particular, textile and clothing, as well as diamond exports. Exports of textiles and clothing declined by 29.5 per cent during the review quarter while diamond exports fell by 32.2 per cent. In addition, appreciation of the local currency has not helped the merchandise exports. On an annual basis, merchandise exports plummeted by 22.4 per cent. As percentage of GDP, merchandise exports declined to 50.5 per cent during the review period from 69.2 per cent in the previous quarter.

Merchandise Imports

In seasonally adjusted terms, merchandise imports rose by 6.9 per cent in the fourth quarter of 2009 in contrast with a decline of 1.3 per cent registered in the third quarter of 2009. Acceleration of merchandise imports resulted largely from increased declarations at Border Posts during the festive season and from a rise in imports of government and private vehicles. On an annual basis, merchandise imports grew by 6.8 per cent. As a percentage of GDP, merchandise imports registered 136.6 per cent during the quarter compared with 145.2 per cent in the previous quarter.

Table 24: Value of Exports by Section of the S.I.T.C. #

(Million Maloti)

COMMODITY	2008	2009			
	QIV	QI	QII	QIII*	QIV+
0. Food & Live Animals	47.30	58.16	52.14	76.83	51.12
Cattle	0.00	0.00	0.0	0.05	0.03
Wheat Flour	17.59	17.53	14.32	23.21	18.04
Maize Meal	1.06	12.14	5.77	23.04	15.20
Other	28.65	28.49	32.05	30.53	17.85
1. Beverages & Tobacco	27.08	36.38	38.53	50.80	46.09
Beverages	27.08	36.38	38.53	50.80	46.09
2. Crude Materials	283.61	193.49	356.99	346.48	249.49
Textiles fibres	13.22	5.69	1.29	2.56	16.23
Of which Wool	12.82	5.69	1.13	0.74	15.86
Of which Mohair	0.39	0.00	0.16	1.82	0.37
Crude fertilizers & crude minerals	270.39	187.80	355.70	343.92	233.23
Of which Diamond	270.39	187.80	355.70	343.92	233.23
5. Manufactured Goods	32.11	49.78	46.35	51.36	39.86
Of which textiles yarn and fabric	17.16	36.04	41.19	25.30	14.04
Other manufactured goods	14.95	13.74	5.16	26.07	25.82
6. Machinery & Transport Goods	354.31	198.03	201.82	317.49	243.87
7. Miscellaneous					
Manufactured Goods	911.32	853.42	780.48	912.63	664.96
Of which clothing accessories	859.50	810.09	731.91	828.86	588.20
Other	51.82	43.33	48.57	83.77	79.76
8. Unclassified Goods	19.88	14.41	9.15	27.16	4.36
TOTAL EXPORTS	1675.60	1403.67	1485.46	1782.75	1299.75

Note: Totals may not tally due to rounding

* Revised estimates

+ Preliminary estimates

Standard International Trade Classification

Direction of Trade

In the quarter ending December 2009, the SACU region continued to be the largest destination of Lesotho's exports with a share of 46.9 per cent compared with 43.0 per cent observed in the previous quarter. The US market remained the second largest recipient of Lesotho's exports, especially from textiles and clothing. It registered a share of 33.6 per cent in review period, lower than 37.2 per cent recorded in the previous quarter. The European market was the third largest destination of Lesotho's exports with a share of 18.2 per cent during the period, compared with 19.6 per cent in the previous quarter. The bulk of Lesotho's diamond exports are destined for the European market. The Asian market remained insignificant with a share of 0.4 per cent in the quarter under review.

Table 25: Direction of Trade - Exports and Re-Exports, f.o.b.
(Million Maloti)

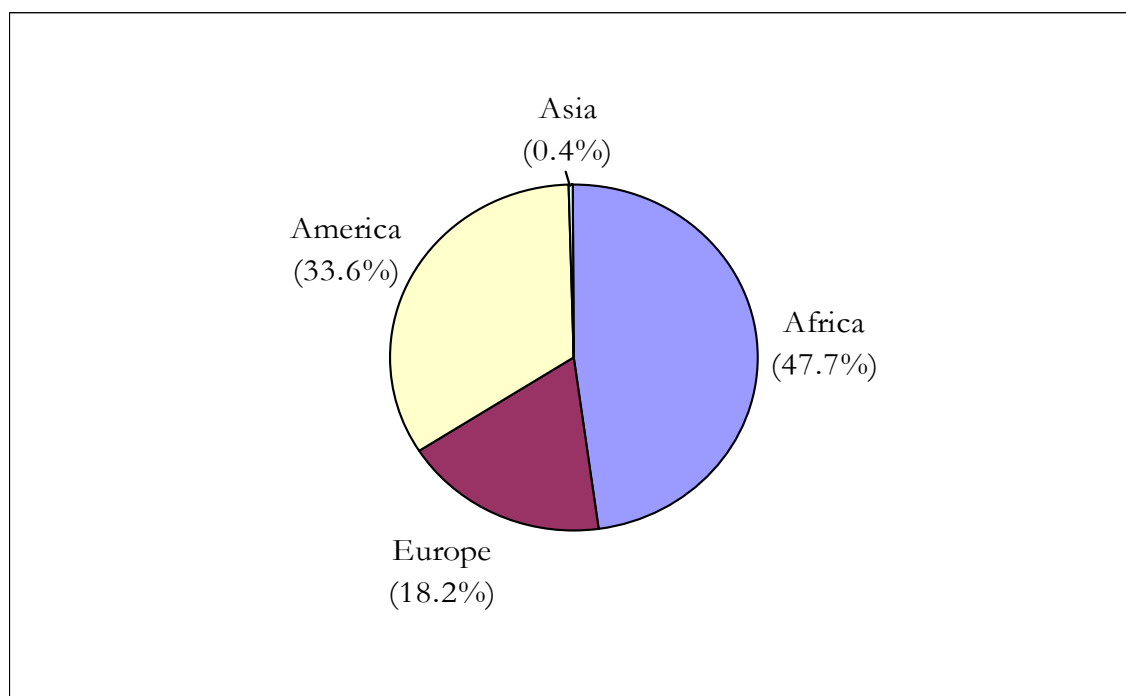
Region	2008	2009			
	QIV	QI	QII	QIII*	QIV ⁺
World	1675.60	1403.67	1485.46	1782.75	1299.75
Africa	769.60	601.41	643.74	767.18	620.44
SACU	753.06	585.28	622.54	745.23	610.16
SADC	3.11	3.79	0.52	2.09	3.00
Other	13.43	12.34	20.68	19.86	7.28
Europe	271.48	195.07	358.29	348.90	236.65
EC	271.48	195.07	358.29	348.90	236.65
America	621.29	600.75	477.52	663.49	436.94
Asia	13.22	6.44	5.91	3.19	5.72

Note: Total may not tally due to rounding

* Revised estimates

+ Preliminary estimates

Figure 21: Direction of Merchandise Exports



Services Account

Net services continued to show an outflow, but at the slower rate during the quarter under review, due to deterioration in both receipts and payments of international services. It recorded an outflow of M108.4 million in the fourth quarter of 2009 from that of M144.0 million registered in the third quarter of 2009, largely due to a decline in expenditure by Lesotho's embassies abroad and lower water royalties, which fell by 36.4 per cent and 18.3 per cent, respectively.

Travel

International travel services registered a net inflow of M41.1 million in the quarter under review compared with a net inflow of M44.9 million in the previous quarter, largely due to the drop in expenditure in transportation services, coupled with a decline in personal expenditure by expatriates. The value of international travel services receipts declined by 5.0 per cent from a rise of 16.7 per cent observed in the previous quarter, while the value of travel services payments remained unchanged during the review quarter.

Income

The net income rose for the first time in 2009, increasing by 0.8 per cent during the quarter under review, following a drop of 8.4 per cent registered in the previous quarter. The increase largely resulted from a rise in labour income which was influenced by a decline in payments of services by expatriates. In addition, a fall in interest payments on official loans supported improvement in net income.

Labour income

Labour income, in seasonally adjusted terms, rose by 0.4 per cent during the quarter ending December 2009, in contrast with a fall of 5.5 per cent observed in the quarter ending September 2009. This could be attributed to a decline in payments for services by expatriates which dropped by 30.1 per cent. However, deterioration in miners' remittances counterbalanced the improvement in the labour income, due to continuing fall of the number of Basotho migrant mineworkers. On an annual basis, labour income plummeted by 14.5 per cent.

Investment Income

Net investment income continued to decline since the first quarter of 2009. It fell by 8.5 per cent to a net inflow of M126.5 million in the review quarter from a net inflow of M138.2 million in the previous quarter, due to a fall in inflows which was stronger than a decrease in outflows of investments.

Investment income inflows fell by 9.5 per cent during the quarter under review, following a drop of 20.6 per cent in the previous quarter, on account of a decline in interest earnings by CBL investments abroad, due to low interest rates in the international markets coupled with appreciation of the local currency. Investment income outflows also plunged by 13.5 per cent in the review period following a fall of 26.8 per cent in the previous quarter, as a result of decrease in interest paid on official loans.

Current Transfers

Current transfers, in seasonally adjusted terms, decreased by 1.3 per cent during the quarter under review, compared with a rise of 0.4 per cent recorded in the previous quarter. The slump largely emanated from the fall in financing of expatriates which dropped by 36.9 per cent. However, an increase in SACU non duty receipts which rose by 1.8 per cent partially counterbalanced deterioration of current transfers during the review period.

Capital and Financial Account

The net capital and financial account improved significantly in the fourth quarter of 2009. It registered an inflow of M1.3 billion in the review quarter compared with revised outflow of M501.1 million in the previous quarter, as a result of foreign assets and liabilities of Commercial Banks and CBL. Commercial banks' foreign assets recorded an inflow of M778.5 million in the quarter under review compared with an outflow of M501.2 million registered in

the previous quarter. In addition, commercial banks foreign liabilities recorded an inflow of M258.7 million in the review quarter in contrast with an outflow of M21.2 million in the previous quarter.

Table 26: Capital and Financial Account
(Million Maloti)

	2008	2009			
	QIV	QI	QII	QIII*	QIV ⁺
I. Capital and Financial Account	-184.20	132.85	607.24	-501.78	1303.29
Capital Account	30.80	30.80	6.70	47.30	169.30
Financial Account	-215.00	102.05	600.54	-549.06	1133.99
Special Financing – LHWP	27.49	27.98	45.21	22.88	30.36
II. Reserve Assets	-558.82	67.28	70.01	875.49	-368.88

* Revised estimates

+ Preliminary estimates

Reserve Assets

During the quarter under review, gross reserves rose by 4.6 per cent to M8.3 billion following M7.9 billion observed in the previous quarter. This led to an increase in Net International Reserves (NIR), which augmented by 29.4 per cent to US\$1.1 billion in the period ending December 2009 compared with US\$819.3 million recorded in the period ending September 2009. In line with developments in gross reserves, months of import cover rose to 6.8 months during the review period from 6.5 months of cover recorded in the previous quarter.

Figure 22: Reserve Assets

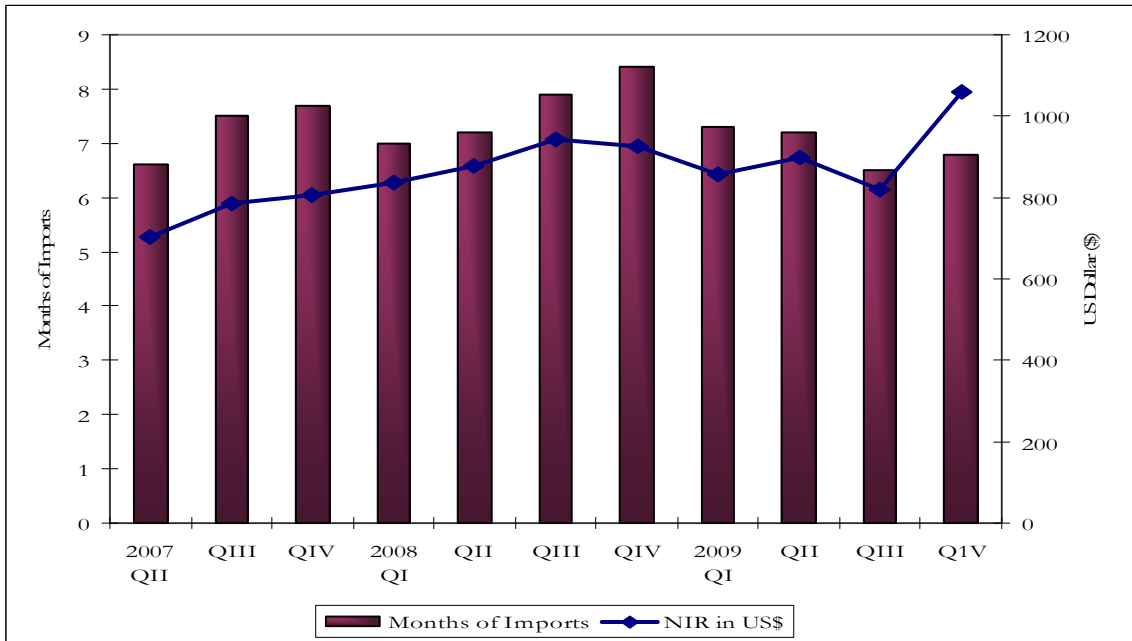
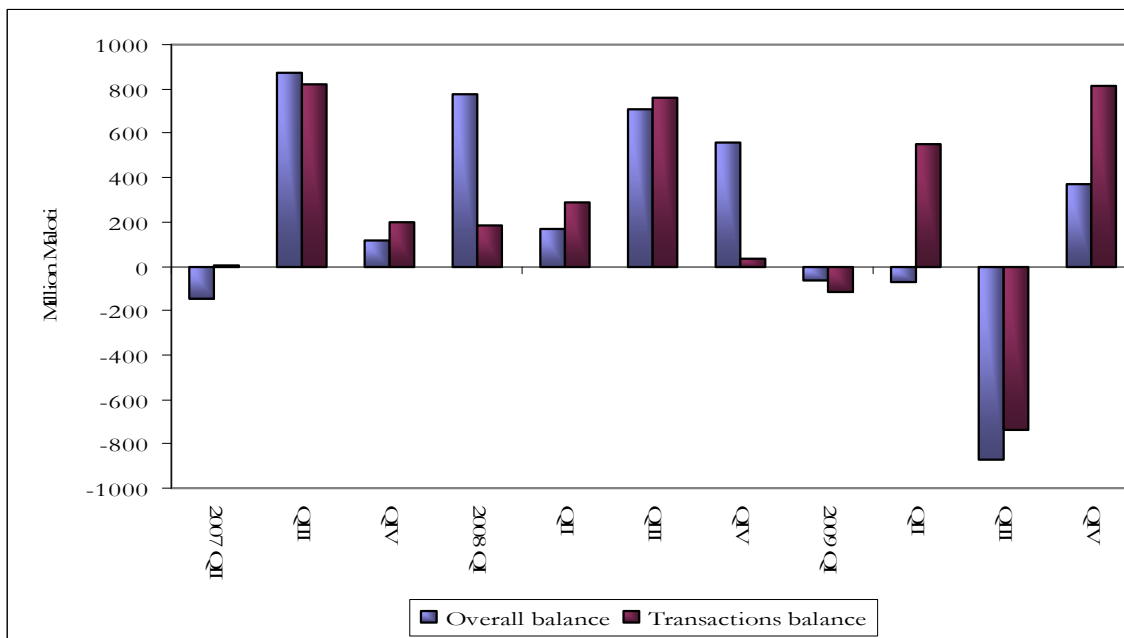


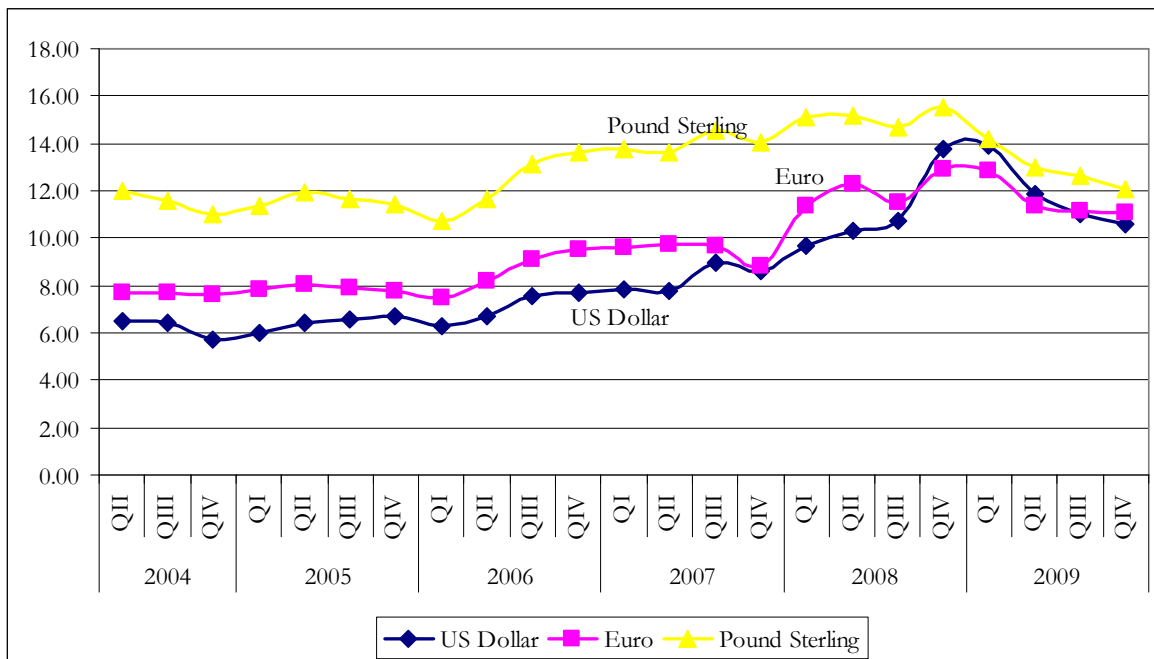
Figure 23: Balance of Payments



Exchange Rates

The local currency continued to appreciate since the first quarter of 2009, against the major trading currency, due to among other factors, the higher international price of gold. On average, and in nominal terms, the Loti, appreciated by 4.1 per cent against the US Dollar in the period ending December 2009. The Loti also strengthened by 0.6 per cent and 4.4 per cent against the Euro and Pound Sterling, respectively. In real terms, the Loti appreciated by 3.5 per cent, 2.2 per cent and 4.4 per cent against the US Dollar, the Euro and the Pound Sterling, respectively. However, the appreciation of the Loti could weaken Lesotho's exporters' price competitiveness in the international markets.

Figure 24: Real Exchange Rate of the Loti against Major Currencies



STATEMENT OF MONETARY POLICY COMMITTEE

15 December 2009

1. Introduction

The 23rd meeting of the Monetary Policy Committee (MPC) of the Central Bank of Lesotho (CBL) was held at Bank premises on 15 December 2009. The Committee is made up of the Governor, senior Bank officials, a member of the Board of the Bank, a representative for Ministry of Finance and a representative of the business community. Its objectives include the implementation of monetary policy under the fixed exchange rate system, which entails targeting of a Net International Reserves (NIR) level adequate to maintain the rand-loti peg. The currency peg serves the price stability objective of the CBL by anchoring monetary policy to that of South Africa, where the bulk of inflationary pressures in Lesotho emanates.

2. Inflation Developments

Statistics released after the last meeting of the Committee, which was held on 3 November 2009, indicated that inflation developments continued to improve in South Africa and Lesotho. Annual inflation rate in South Africa declined to 5.9 per cent in October 2009, lower than the 6 per cent upper limit targeted by the South African Reserve Bank (SARB), from 6.1 per cent in September.

Lesotho's inflation slowed from 4.7 per cent in September to 4.2 per cent in October. Food inflation accounted for a large part of the change. It decelerated to 3.9 per cent in October, a rate lower than the 4.7 per cent growth for the non-food component the same month. This was the first time the rate of food inflation fell below that of non-food inflation since December 2005. All sub-components of the food category included in the Consumer Price Index saw a decline in inflation rates in October, except the 'milk and eggs' subcomponent, which rose slightly during the period.

3. Prospects for the Maintenance of Price Stability

a. Balance of Payments

Official reserves deteriorated further to 6.5 month of imports in the third quarter of 2009, from 7.2 months in the second quarter. The deterioration was partly influenced by a lower surplus in the current account of the balance of payments, which recorded 11.6 per cent compared with 13.3 per cent the in preceding quarter.

b. Fiscal Balance Outlook

Government budgetary operations resulted in a deficit equivalent to 20.0 per cent of GDP in the third quarter of 2009, from a surplus of 18.8 per cent of GDP in the second quarter. The deficit indicated an increase in payments to creditors, which included commitments made in the second quarter but were not paid as a result of temporary functionality problems of the newly installed Integrated Financial Management Information System (IFMIS). Indeed, the combined government budgetary position for the two quarters shows a net buildup in government deposits held with the banking sector of around M20.0 million.

4. Monetary Policy Stance

Despite the decline in net foreign assets and subdued growth in net claims on government, money supply rose by 15.0 per cent in the quarter ended September 2009. It was mainly driven by strong increases in private sector credit both in the second and third quarter of 2009, which registered a combined increase of around M200.0 million. The expansion in credit benefited industries such as transport, construction, wholesale trade and other services.

Since the NIR target is based on narrow money level, this implies that the target should be increased to cover the higher level of money circulating in the economy. Thus, the Committee decided to revise the NIR target range upwards from the prevailing US\$500-550 million to US\$650-700 million. At this new level, the NIR would be sufficient to back the amount of

narrow money circulating in the economy. This implies that Government will need to exercise cautions on its deficit levels and financing options, as a large drawdown of its deposits with the banking sector could further increase the need to target a higher amount of NIR in the coming periods.

M. P. Senaoana (PhD)

GOVERNOR

15 December 2009

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Table S1(a)

CENTRAL BANK OF LESOTHO ASSETS AND LIABILITIES
(Million Maloti)
A – ASSETS

End of period	EXTERNAL SECTOR							Total	Claims on Government	Claims on Private Sector	Unclassified Assets	Total
	Cash and Balances	Reserve Tranche	Holdings of SDRs	Other Investments	Rand Notes and Coins	Other Foreign Assets						
2008												
Feb	3224.48	44.57	0.50	3513.45	0.57	737.51	7521.07	303.36	21.46	269.67	8115.57	
Mar	3190.05	48.15	0.54	3482.50	20.56	818.64	7560.44	327.72	21.22	269.75	8179.12	
Apr	3776.16	44.33	0.49	3427.57	13.86	785.63	8048.03	301.73	21.31	268.83	8639.90	
May	3668.35	44.31	0.49	3381.52	12.53	785.44	7892.64	301.57	21.97	270.33	8486.51	
Jun	3499.08	45.78	0.51	3419.88	12.28	748.24	7725.77	311.71	22.57	302.38	8362.43	
Jul	4541.50	42.86	0.48	3241.81	10.72	813.08	8650.45	291.72	22.58	297.42	9262.17	
Aug	4360.55	43.51	0.48	3204.08	13.76	818.82	8441.19	296.12	22.57	301.13	9061.01	
Sep	4326.75	46.49	0.52	3203.69	8.26	844.72	8430.42	316.57	23.14	303.29	9073.41	
Oct	5452.06	54.81	0.61	3580.88	2.56	817.03	9907.95	373.21	23.15	326.08	10630.39	
Nov	5044.00	54.27	0.60	3498.34	17.05	1012.34	9626.60	369.49	24.06	327.66	10347.81	
Dec	4011.35	51.85	0.58	3913.73	70.37	941.36	8989.24	529.86	26.11	281.92	9827.12	
2009												
Jan	4651.51	55.45	0.62	3983.59	38.08	982.56	9711.81	377.38	24.28	257.34	10370.81	
Feb	4459.58	53.73	0.60	3856.65	10.19	947.60	9328.34	365.66	24.66	247.48	9966.14	
Mar	4391.78	50.76	0.56	3548.99	8.14	921.72	8921.95	345.45	24.57	247.62	9539.58	
Apr	5083.38	45.80	0.51	3413.05	13.18	928.50	9484.41	311.69	25.07	269.51	10090.68	
May	4715.54	43.96	0.49	3303.38	24.96	1012.47	9100.79	299.17	25.65	279.64	9705.25	
Jun	4427.05	43.02	0.48	3248.75	28.37	1104.29	8851.96	292.78	25.95	249.09	9419.77	
Jul	5379.31	43.77	0.49	3218.22	16.52	1060.77	9719.06	297.85	26.41	281.17	10324.48	
Aug	4745.11	43.85	0.49	3073.09	18.11	1081.52	8962.17	397.06	26.14	283.19	9668.56	
Sep	3981.56	42.37	0.47	2866.06	17.40	1068.61	7976.46	288.34	26.78	278.54	8570.13	
Oct	5281.03	44.37	0.49	2880.84	25.49	1085.99	9318.20	301.94	26.21	383.13	10029.49	
Nov	4814.05	42.70	0.47	2886.21	15.95	971.48	8730.86	290.59	27.09	326.73	9375.28	
Dec	4509.51	41.45	0.46	2882.80	50.49	860.64	8345.35	308.33	27.03	250.61	8931.32	

Table S1(b)**CENTRAL BANK OF LESOTHO ASSETS AND LIABILITIES**

(Million Maloti)

B – LIABILITIES

End of Period	Currency outside CBL ¹	Foreign Liabilities	Deposits				Capital Accounts	Allocation of SDRs	Unclassified Liabilities	Total
			Government	Official Entities	Private Sector	Banks				
2008										
Feb	375.05	648.84	4314.17	141.07	10.46	81.96	2390.64	46.30	107.09	7180.96
Mar	386.83	673.22	3987.68	141.07	10.83	40.52	2731.68	50.02	157.26	7351.19
Apr	393.28	647.23	4703.74	142.11	10.86	96.12	2489.62	46.05	110.89	8456.36
May	381.08	686.81	4422.00	142.04	10.87	236.59	2453.76	46.04	107.34	8115.57
Jun	412.63	697.01	4225.71	142.90	10.98	108.82	2664.50	47.57	52.31	8179.12
Jul	387.88	676.94	5360.95	147.11	12.06	184.29	2374.04	44.53	74.37	8639.90
Aug	410.55	681.33	5042.37	147.11	11.96	171.18	2481.02	45.20	70.30	8486.51
Sep	438.77	701.68	4635.11	150.32	12.28	284.72	2734.76	48.29	67.49	8362.43
Oct	459.02	758.30	5419.37	154.40	11.18	225.12	3481.50	56.94	64.56	9262.17
Nov	508.10	754.62	5139.25	126.65	11.32	198.75	3485.34	56.38	67.40	9061.01
Dec	481.25	737.67	4762.46	126.66	11.47	99.07	3095.50	53.87	459.18	9073.41
2009										
Jan	439.93	762.68	5286.53	129.79	8.80	173.83	3400.95	57.61	110.68	10630.39
Feb	454.15	750.97	4986.51	129.79	8.85	188.90	3356.61	55.82	34.54	10347.81
Mar	501.11	730.76	4460.50	129.79	28.69	248.85	3278.82	52.73	108.33	9827.12
Apr	494.81	698.23	5580.48	132.19	28.68	169.41	2831.69	47.58	107.62	10370.81
May	556.26	697.51	5326.48	132.19	28.79	125.11	2691.15	45.67	102.10	9966.14
Jun	497.54	691.12	5104.20	133.38	28.87	205.95	2614.89	44.69	99.13	9539.58
Jul	529.48	696.19	5816.49	133.74	28.84	293.51	2671.06	45.47	109.71	10090.68
Aug	555.20	696.78	5188.81	135.54	25.79	232.80	2683.97	45.56	104.12	9705.25
Sep	541.46	686.68	4307.08	135.66	25.77	168.62	2554.70	44.02	106.13	9419.77
Oct	562.96	700.28	5500.33	136.50	25.41	216.74	1381.00	46.09	1460.17	10029.49
Nov	611.83	688.94	5003.62	136.37	24.77	209.10	2560.95	44.36	95.34	9375.28
Dec	584.24	680.46	4661.68	136.37	60.02	235.37	1709.12	43.07	821.00	8931.32

(1) Includes South African rand with commercial banks.

Table S2

RESERVE MONEY

(Million Maloti)

End of Period	Currency in circulation outside CBL ¹						Bankers' Deposits	Total
	Maloti Issued		With commercial banks		Maloti Outside commercial banks	Total		
	Notes	Coins	Maloti Notes & Coins	Rand Notes & Coins				
2008								
Feb	363.28	12.35	43.34	28.75	331.71	403.80	81.96	457.01
Mar	375.32	12.64	55.78	36.43	331.05	423.27	40.52	427.35
Apr	381.58	12.11	46.59	28.95	346.69	422.23	96.12	489.40
May	368.90	12.75	35.86	25.79	345.22	406.87	236.59	617.67
Jun	400.12	12.93	43.77	27.30	368.86	439.93	108.82	521.45
Jul	375.88	12.71	47.16	33.62	340.72	421.50	184.29	572.17
Aug	398.44	12.93	46.04	31.68	364.52	442.23	171.18	581.73
Sep	424.83	13.16	59.14	37.44	379.64	476.21	284.72	723.49
Oct	446.96	12.89	50.52	31.40	408.50	490.42	225.12	684.14
Nov	495.46	13.16	58.67	38.68	449.44	546.78	198.75	706.85
Dec	467.49	14.18	79.17	56.35	402.08	537.60	99.07	580.32
2009								
Jan	427.18	13.57	53.95	35.92	385.98	475.85	173.83	613.76
Feb	441.23	13.46	44.52	33.04	409.63	487.19	188.90	643.05
Mar	489.20	13.46	56.96	37.04	444.14	538.14	248.85	749.96
Apr	482.92	12.99	60.83	40.60	433.98	535.41	169.41	664.22
May	543.67	13.15	65.16	40.73	491.10	597.00	125.11	681.37
Jun	485.07	13.21	62.70	38.57	434.84	536.11	205.95	703.50
Jul	517.24	13.06	65.56	38.91	463.92	568.38	293.51	822.99
Aug	543.35	13.32	61.89	33.54	493.31	588.74	232.80	788.00
Sep	528.92	13.65	70.44	40.79	471.02	582.25	168.62	710.08
Oct	549.94	13.83	62.21	38.45	500.75	601.41	216.74	779.70
Nov	598.59	13.87	66.51	39.19	545.32	651.02	209.10	820.94
Dec	570.23	14.76	97.06	65.87	487.18	650.11	235.37	819.61

¹Excludes Rand with public

Table S3(a)**CONSOLIDATED BALANCE SHEET OF COMMERCIAL BANKS**

(Million Maloti)

A S S E T S

End of Period	Cash at Hand ¹	Balances with Central Bank	Foreign Assets ²	Claims on Government	Claims on Statutory Bodies	Claims on Private Sector	Unclassified Assets	Total
2007								
Nov	90.78	194.60	1836.78	633.86	51.45	1102.90	906.15	4816.51
Dec	107.86	126.07	2273.70	559.28	51.47	1073.21	794.25	4985.85
2008								
Jan	83.74	172.87	2041.55	551.62	50.22	1111.03	923.32	4934.36
Feb	72.09	71.12	2413.79	523.13	50.22	1148.55	998.44	5277.35
Mar	92.22	31.98	2448.38	532.78	50.12	1177.35	977.89	5310.71
Apr	75.54	84.59	2978.03	525.91	47.94	1203.86	1006.15	5922.03
May	61.65	225.08	2606.66	549.57	47.52	1255.19	1122.95	5868.62
Jun	71.08	103.13	2858.39	552.50	47.75	1309.32	1166.57	6108.72
Jul	80.78	130.11	2289.56	550.64	45.66	1354.21	1073.34	5524.30
Aug	77.72	103.13	2334.26	561.21	45.44	1387.76	915.25	5424.77
Sep	96.57	269.63	2208.32	547.06	44.25	1361.52	1137.42	5664.77
Oct	81.92	188.59	2502.13	516.34	44.30	1425.63	883.57	5642.48
Nov	97.34	154.40	2479.17	461.63	45.25	1385.13	1114.79	5737.71
Dec	135.52	75.24	3013.73	453.96	43.83	1326.79	1115.54	6164.60
2009								
Jan	89.87	172.23	3562.96	506.10	43.83	1347.13	1345.09	7067.20
Feb	77.56	236.80	3377.59	506.31	45.77	1400.90	1382.82	7027.74
Mar	94.00	224.41	3333.31	507.19	40.05	1450.92	1301.96	6951.83
Apr	101.43	211.73	3235.34	520.72	39.56	1414.94	1333.01	6856.72
May	105.90	124.95	3244.95	542.09	39.36	1463.22	1229.54	6750.00
Jun	101.27	196.76	3206.21	529.58	37.60	1493.35	1265.49	6830.26
Jul	104.46	292.75	3285.12	431.21	36.91	1562.05	1255.99	6968.49
Aug	95.43	222.84	3772.45	410.69	36.60	1572.95	1575.55	7686.51
Sep	111.23	190.36	4075.66	410.04	35.39	1581.65	1798.94	8203.27
Oct	100.67	215.29	3337.80	383.43	36.35	1658.54	1553.29	7285.36
Nov	105.70	292.32	3304.41	391.81	4.41	1716.94	1529.84	7345.41
Dec	162.93	184.36	3297.17	384.12	0.00	1721.47	1609.99	7360.03

¹Maloti and Rand notes²Excludes Rand notes and coins

Table S3(b)

CONSOLIDATED BALANCE SHEET OF COMMERCIAL BANKS

(Million Maloti)

LIABILITIES

End of period	DEMAND AND CALL DEPOSITS			TIME DEPOSITS			SAVINGS DEPOSITS			Deferre d Pay Fund	Capital and Reserve s	Foreign Liabilitie s	Unclassi- fied Liabilities	Total
	Government	Official Entities	Private Sector	Government	Official Entities	Private Sector	Government	Official Entities	Private Sector					
2008														
Feb	154.73	390.84	2319.82	0.04	130.74	528.26	3.79	0.12	432.58	0.00	428.61	120.33	767.51	5277.35
Mar	142.87	443.44	2186.28	0.04	132.67	519.83	3.66	0.13	411.32	0.00	457.13	77.02	936.32	5310.71
Apr	169.24	510.74	2546.44	0.04	128.90	480.27	3.85	0.56	425.14	0.00	471.49	226.94	958.43	5922.03
May	166.51	603.07	2489.20	0.04	128.25	480.66	3.75	0.13	427.12	0.00	491.55	66.47	1011.88	5868.62
Jun	165.89	635.05	2602.59	0.04	128.00	431.66	3.75	0.13	427.74	0.00	447.85	65.95	1200.09	6108.72
Jul	155.54	512.51	2317.84	0.03	134.87	446.91	3.62	0.12	424.92	0.00	465.67	74.03	988.26	5524.30
Aug	157.36	522.07	2303.64	0.03	135.66	463.28	3.60	0.12	427.40	0.00	479.59	73.03	858.99	5424.77
Sep	164.15	585.64	2219.95	0.03	136.73	469.56	3.55	0.12	424.33	0.00	452.32	45.54	1162.84	5664.77
Oct	185.08	691.05	2353.85	0.03	136.92	431.68	3.52	0.11	439.15	0.00	460.83	76.03	863.24	5641.48
Nov	190.31	206.79	2752.25	0.03	135.70	431.72	3.50	0.11	435.21	0.00	487.16	67.98	1026.96	5737.71
Dec	191.36	206.46	3128.15	0.03	136.95	446.16	2.68	0.11	422.95	0.00	464.69	92.67	1072.40	6164.60
2009														
Jan	200.40	221.51	3721.86	0.03	138.22	446.82	2.80	0.11	441.25	0.00	492.82	103.65	1297.74	7067.20
Feb	202.36	217.27	3404.60	0.03	136.65	641.36	2.80	0.12	464.55	0.00	506.31	47.33	1404.37	7027.74
Mar	35.20	109.39	3685.61	0.02	1.40	629.06	2.61	0.12	460.75	0.00	520.67	131.73	1375.27	6951.83
Apr	30.64	102.69	3576.88	0.02	1.33	632.27	2.70	0.12	584.64	0.00	545.98	51.80	1327.67	6856.72
May	30.67	101.20	3552.06	0.02	1.52	675.82	2.70	0.12	586.15	0.00	550.21	41.03	1208.51	6750.00
Jun	31.11	96.00	3541.42	0.02	1.70	745.46	2.70	0.12	592.98	0.00	567.83	73.07	1177.86	6830.26
Jul	31.67	91.03	3568.25	0.03	2.32	868.75	2.70	0.12	597.72	0.00	585.54	48.83	1134.63	6931.58
Aug	32.97	86.50	3886.54	0.03	2.48	887.27	1.65	0.12	611.45	0.00	602.81	66.33	1508.37	7686.51
Sep	33.67	139.08	4082.05	0.03	2.60	933.95	1.60	0.11	620.96	0.00	618.59	51.82	1718.81	8203.27
Oct	174.00	171.40	3097.78	88.72	2.73	857.07	1.61	0.12	623.50	0.00	611.38	213.76	1443.32	7285.36
Nov	25.94	191.32	3281.52	0.03	2.78	885.24	1.60	0.11	630.26	0.00	621.13	209.68	1495.81	7345.41
Dec	25.18	72.82	3420.01	0.03	11.82	929.68	1.56	0.11	606.92	0.00	631.69	310.48	1330.63	7340.93

Table S4

NET FOREIGN ASSETS OF THE BANKING SYSTEM

(Million Maloti : End of Period)

End of Period	FOREIGN ASSETS				FOREIGN LIABILITIES			Net Foreign Assets
	Central Bank of Lesotho	Commercial Banks	Total	Central Bank of Lesotho	Commercial Banks	Total		
	Of which: Rand notes and coins with banks							
2008								
Feb	7521.07	28.75	2413.79	9934.86	648.84	120.33	769.17	9165.69
Mar	7560.44	36.43	2448.38	10008.82	673.22	77.02	750.24	9258.58
Apr	8048.03	28.95	2978.03	11026.06	647.23	226.94	874.16	10151.90
May	7892.64	25.79	2606.66	10499.30	686.81	66.47	753.28	9746.02
Jun	7725.77	27.30	2858.39	10584.16	697.01	65.95	762.95	9821.21
Jul	8650.45	33.62	2289.56	10940.02	676.94	74.03	750.97	10189.05
Aug	8441.19	31.68	2334.26	10775.46	681.33	73.03	754.35	10021.10
Sep	8430.42	37.44	2208.32	10638.73	701.68	45.54	747.22	9891.51
Oct	9907.95	31.40	2502.13	12410.08	758.30	758.30	76.03	834.32
Nov	9626.60	38.68	2479.17	12105.77	754.62	754.62	67.98	822.60
Dec	8989.24	56.35	3013.73	12002.97	737.67	737.67	92.67	830.34
2009								
Jan	9711.81	35.92	3562.96	13274.77	762.68	762.68	103.65	866.33
Feb	9328.34	33.04	3377.59	12705.93	750.97	750.97	47.33	798.30
Mar	8921.95	37.04	3333.31	12255.25	730.76	730.76	131.73	862.49
Apr	9484.41	40.60	3235.34	12719.75	698.23	51.80	750.03	11969.72
May	9100.79	40.73	3244.95	12345.74	697.51	41.03	738.54	11607.20
Jun	8851.96	38.57	3206.21	12058.17	691.12	73.07	764.18	11293.98
Jul	9719.06	38.91	3285.12	13004.18	696.19	48.83	745.02	12259.16
Aug	8962.17	33.54	3772.45	12734.62	696.78	66.33	763.11	11971.51
Sep	7976.46	40.79	4075.66	12052.12	686.68	51.82	738.50	11313.62
Oct	9318.20	38.45	3336.47	12654.68		700.28	213.76	914.04
Nov	8730.86	39.19	3304.41	12035.28		688.94	209.68	898.61
Dec	8345.35	65.87	3297.17	11642.52		680.46	310.48	990.94

Table S5

DISTRIBUTION OF COMMERCIAL BANKS' DEPOSITS BY TYPE

(Million Maloti)

End of Period	Demand & Call Deposits	Savings Deposits	Time Deposits	Deferred Pay Fund	Total	As Percentage of Total			
						Demand & Call Deposits	Savings Deposits	Time Deposits	Deferred Pay Fund
2008									
Feb	2710.66	432.70	659.00	0.00	3802.36	71.29	11.38	17.33	0.00
Mar	2629.73	411.44	652.50	0.00	3693.67	71.20	11.14	17.67	0.00
Apr	3057.19	425.70	609.17	0.00	4092.05	74.71	569.79	106.91	0.00
May	3092.27	427.25	608.91	0.00	4128.43	74.90	570.41	106.75	0.00
Jun	3237.64	427.86	559.66	0.00	4225.17	76.63	558.37	100.23	0.00
Jul	2830.34	425.04	581.78	0.00	3837.16	73.76	576.23	100.96	0.00
Aug	2825.71	427.52	598.94	0.00	3852.17	73.35	582.82	102.76	0.00
Sep	2805.59	424.44	606.30	0.00	3836.33	73.13	580.38	104.47	0.00
Oct	3044.90	439.26	568.60	0.00	4052.76	75.13	584.66	97.25	0.00
Nov	2959.03	435.32	567.42	0.00	3961.78	74.69	582.84	97.35	0.00
Dec	3334.62	423.06	583.11	0.00	4340.78	76.82	550.71	105.88	0.00
2009									
Jan	3943.37	441.36	585.04	0.00	4969.77	79.35	556.23	105.18	0.00
Feb	3621.87	464.67	778.02	0.00	4864.55	74.45	624.10	124.66	0.00
Mar	3795.00	460.87	630.46	0.00	4886.33	77.67	593.40	106.25	0.00
Apr	3679.57	584.75	633.60	0.00	4897.92	75.13	778.37	81.40	0.00
May	3653.26	586.27	677.34	0.00	4916.87	74.30	789.05	85.84	0.00
Jun	3637.42	593.09	747.16	0.00	4977.67	73.07	811.62	92.06	0.00
Jul	3659.28	597.84	871.07	0.00	5128.19	71.36	837.82	103.97	0.00
Aug	3973.04	611.57	889.75	0.00	5474.35	72.58	842.66	105.59	0.00
Sep	4221.13	621.07	936.55	0.00	5778.75	73.05	850.25	110.15	0.00
Oct	3269.18	623.61	859.80	0.00	4752.59	68.79	906.58	94.84	0.00
Nov	3472.84	630.37	888.02	0.00	4991.23	69.58	905.98	98.02	0.00
Dec	3492.83	607.03	941.50	0.00	5041.36	69.28	876.15	107.46	0.00

Table S6

DISTRIBUTION OF COMMERCIAL BANKS' DEPOSITS BY HOLDER
(Million Maloti)

End of Period	Private Sector	Government	Statutory Bodies	Deferred Pay Fund	Total	As Percentage of Total			
						Private Sector	Government	Statutory Bodies	Deferred Pay Fund
2008									
Feb	3280.66	158.55	521.70	0.00	3960.91	82.83	4.00	13.17	0.00
Mar	3117.43	146.57	576.24	0.00	3840.24	81.18	3.82	15.01	0.00
Apr	3451.85	173.13	640.20	0.00	4265.18	80.93	4.06	15.01	0.00
May	3396.98	170.29	731.45	0.00	4298.72	79.02	3.96	17.02	0.00
Jun	3461.99	169.68	763.18	0.00	4394.84	78.77	3.86	17.37	0.00
Jul	3189.67	159.19	647.49	0.00	3996.34	79.81	3.98	16.20	0.00
Aug	3194.32	160.99	657.85	0.00	4013.16	79.60	4.01	16.39	0.00
Sep	3113.84	167.73	722.49	0.00	4004.07	77.77	4.19	18.04	0.00
Oct	3224.68	188.62	828.08	0.00	4241.38	76.03	4.45	19.52	0.00
Nov	3619.18	193.84	342.60	0.00	4155.62	87.09	4.66	8.24	0.00
Dec	3997.26	194.06	343.52	0.00	4534.84	88.15	4.28	7.58	0.00
2009									
Jan	4609.92	203.23	359.84	0.00	5172.99	89.12	3.93	6.96	0.00
Feb	4510.50	205.19	354.05	0.00	5069.74	88.97	4.05	6.98	0.00
Mar	4775.42	37.83	110.91	0.00	4924.16	96.98	0.77	2.25	0.00
Apr	4793.78	33.35	104.14	0.00	4931.28	97.21	0.68	2.11	0.00
May	4814.03	33.39	102.84	0.00	4950.25	97.25	0.67	2.08	0.00
Jun	4879.86	33.83	97.82	0.00	5011.50	97.37	0.68	1.95	0.00
Jul	5034.72	34.39	93.47	0.00	5162.58	97.52	0.67	1.81	0.00
Aug	5385.26	34.65	89.09	0.00	5509.00	97.75	0.63	1.62	0.00
Sep	5636.96	35.30	141.80	0.00	5814.05	96.95	0.61	2.44	0.00
Oct	4578.34	264.33	174.25	0.00	5016.92	91.26	5.27	3.47	0.00
Nov	4797.02	27.57	194.21	0.00	5018.80	95.58	0.55	3.87	0.00
Dec	4975.72	26.77	84.75	0.00	5087.23	97.81	0.53	1.67	0.00

Table S7

COMMERCIAL BANKS' FIXED TIME DEPOSITS BY MATURITY

(Million Maloti)

End of Period	A M O U N T			Total	As Percentage of Total		
	Short-term (Less than 31 days)	Medium-term (31 days to 6 months)	Long-term (More than 6 months)		Short- Term	Medium- term	Long- term
2008							
Feb	70.24	320.13	206.91	597.29	11.76	53.60	34.64
Mar	72.87	327.49	227.46	627.82	11.61	52.16	36.23
Apr	55.31	316.08	204.74	576.12	9.60	54.86	35.54
May	209.66	373.38	0.45	583.48	35.93	63.99	0.08
Jun	169.84	360.28	0.40	530.52	32.01	67.91	0.08
Jul	205.35	345.85	0.40	551.61	37.23	62.70	0.07
Aug	232.81	333.65	0.40	566.86	41.07	58.86	0.07
Sep	174.22	398.50	0.37	573.09	30.40	69.54	0.06
Oct	124.71	431.58	12.37	568.67	21.93	75.89	2.18
Nov	140.72	425.32	1.45	567.49	24.80	74.95	0.26
Dec	115.11	466.66	1.40	583.17	19.74	80.02	0.24
2009							
Jan	120.56	426.98	0.08	547.61	22.02	77.97	0.01
Feb	281.20	459.60	0.16	740.96	37.95	62.03	0.02
Mar	127.41	461.20	15.02	603.62	21.11	76.40	2.49
Apr	103.39	463.42	10.27	577.08	17.92	80.30	1.78
May	113.96	544.42	1.33	659.71	17.27	82.52	0.20
Jun	66.43	660.53	1.91	728.86	9.11	90.62	0.26
Jul	125.27	673.02	0.32	798.60	15.69	84.27	0.04
Aug	152.15	663.26	0.05	815.46	18.66	81.34	0.01
Sep	190.95	646.74	10.93	848.62	22.50	76.21	1.29
Oct	186.81	662.94	1.96	851.71	21.93	77.84	0.23
Nov	164.27	637.92	2.81	804.99	20.41	79.25	0.35
Dec	337.41	569.70	2.61	909.72	37.09	62.62	0.29

Table S8(a) COMMERCIAL BANKS' LOANS AND ADVANCES TO BUSINESS ENTERPRISES AND STATUTORY BODIES

(Million Maloti ; End of Period)

ECONOMIC ACTIVITIES	2007				2008				2009
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
1. Agriculture, Hunting Forestry and Fishing	13.96	52.68	67.19	75.02	12.59	2.33	15.61	28.41	32.21
2. Mining and Quarrying	3.22	3.81	3.80	11.41	6.82	43.09	56.86	69.75	61.87
3. Manufacturing	74.11	80.52	84.53	107.29	62.43	87.47	66.44	78.07	156.50
4. Electricity, gas and water	3.08	3.83	6.35	7.79	7.22	10.62	32.92	16.70	20.23
5. Construction	220.40	221.86	210.74	200.39	248.73	215.58	249.91	195.62	84.66
6. Wholesale, Retail, Hotel and Restaurant	63.55	70.31	84.83	82.338	83.05	69.85	56.34	93.69	83.93
7. Transport, Storage And Communication	218.67	197.33	281.02	241.06	205.36	97.82	184.02	164.92	133.60
8. Non-Bank Financial Institutions, Real Estate	41.53	40.52	71.11	18.90	0.00	173.69	96.37	91.13	215.15
9. Community, Social and Personal Services	96.54	110.31	113.18	174.51	16.38	94.54	88.28	121.42	108.01
TOTAL	735.06	781.17	919.74	918.75	642.58	794.99	847.75	859.70	896.56
of which:									
Business Enterprises	683.59	731.05	871.99	874.50	598.76	754.95	756.84	769.08	842.86
Statutory Bodies	51.47	50.12	47.75	44.25	43.82	40.04	37.60	35.39	0.00

Table S8(b) COMMERCIAL BANKS' LOANS AND ADVANCES TO BUSINESS ENTERPRISES AND STATUTORY BODIES

(As per cent of total ; End of Period)

ECONOMIC ACTIVITIES	2007				2008				2009
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
1. Agriculture, Hunting Forestry and Fishing	1.90	6.74	7.31	8.17	1.96	0.29	1.84	3.30	3.59
2. Mining and Quarrying	0.44	0.49	0.41	1.24	1.06	5.42	6.82	8.11	6.90
3. Manufacturing	10.08	10.31	9.19	11.68	9.72	11.00	7.84	9.08	17.46
4. Electricity, gas and water	0.42	0.49	0.69	0.85	1.12	1.34	3.88	1.94	2.30
5. Construction	29.98	28.40	22.91	21.81	38.71	32.15	29.48	22.75	9.44
6. Wholesale, Retail, Hotel and Restaurant	8.65	9.00	8.90	8.97	12.96	8.79	6.65	10.90	9.36
7. Transport, Storage and Communication	29.75	25.26	30.55	26.24	31.96	12.30	21.71	19.18	14.90
8. Non-Bank Financial Institutions, Real Estate	5.65	5.19	7.73	2.06	0.00	21.85	11.37	10.60	24.00
9. Community, Social and Personal Services	13.13	14.12	12.31	18.99	2.55	6.85	10.41	14.12	12.05
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
of which:									
Business Enterprises	93.00	93.58	94.81	95.18	93.18	94.96	95.56	89.46	94.01
Statutory Bodies	7.00	6.42	5.19	4.82	4.82	5.04	4.44	4.27	0.00

Table S9(a)

COMMERCIAL BANKS' MAJOR RATIOS
(Million Maloti)

End of Period	Liabilities to the Public in Lesotho	Liquid Assets	Liquidity Ratio	Capital	Capital Ratio	Statutory Reserves	Local Assets	Local Assets Ratio
2008								
Feb	4560.22	3514.42	77.07	416.83	9.14	68.15	2863.56	56.76
Mar	4609.57	3543.48	76.87	415.90	9.02	68.15	2862.33	56.19
Apr	5224.20	4138.12	79.21	418.10	8.00	68.15	2944.00	51.56
May	5127.52	4007.48	78.16	416.80	8.13	68.15	3261.96	58.12
Jun	5345.58	4143.92	77.52	417.03	7.80	68.15	3250.33	55.75
Jul	4824.93	3552.14	73.62	421.83	8.74	68.15	3234.74	60.86
Aug	4702.04	3569.00	75.90	421.63	8.97	68.15	3090.51	59.53
Sep	4772.81	3823.11	80.10	418.49	8.77	68.15	3456.46	65.72
Oct	4867.23	3723.12	76.49	498.40	10.24	68.15	3140.35	57.79
Nov	4918.20	3827.58	77.82	507.40	10.32	68.15	3258.54	59.31
Dec	5383.93	4336.48	80.54	514.71	9.56	68.15	3150.88	52.81
2009								
Jan	6311.95	5246.52	83.12	516.35	8.18	68.15	3504.24	50.81
Feb	6139.28	5126.21	83.50	516.67	8.42	68.15	3650.16	54.28
Mar	6029.95	5031.52	83.44	516.51	8.57	68.15	3618.52	54.70
Apr	5830.50	4830.63	82.85	519.09	8.90	68.15	3621.38	56.43
May	5841.30	4776.69	81.77	529.59	9.07	68.15	3505.05	54.43
Jun	5914.42	4791.17	81.01	529.65	8.96	68.15	3624.05	55.65
Jul	6043.72	4829.18	79.90	529.03	8.75	68.154	3683.366	55.465
Aug	6722.06	5565.48	82.79	529.15	7.87	68.154	3914.063	53.475
Sep	7219.25	6069.22	84.07	529.02	7.33	68.154	4127.614	52.807
Oct	6373.95	5110.60	80.18	530.29	8.32	68.154	3947.56	56.617
Nov	6336.97	5111.15	80.66	529.82	8.36	68.154	4041.002	58.270
Dec	6430.44	5027.42	78.18	548.13	8.52	68.154	4062.861	57.656

Table S9(b)

COMMERCIAL BANKS' CREDIT DEPOSIT RATIOS

(Million Maloti /Per Cent)

End of period	Deposit ¹	Deferred Pay Fund	Government Deposits	Borrowing From Abroad	Credit ²	Treasury Bills & Bonds	Credit-Deposit Ratios				Other Related Ratios		
							5 as % of 1	5 as % of (1+2)	5 as % of (1+2+3)	5 as % of (1+2+3+4)	6 as % of (1+2+3)	(5+6) as % of (1+2+3)	(5+6) as % of (1+2+3+4)
							7	8	9	10	11	12	13
1	2	3	4	5	6	7	8	9	10	11	12	13	
2008													
Feb	3802.36	0.00	158.55	120.33	1226.34	523.13	32.25	32.25	30.96	30.05	13.21	44.17	42.87
Mar	3693.67	0.00	146.57	77.02	1227.47	532.78	33.23	33.23	31.96	31.33	13.87	45.84	44.94
Apr	4092.05	0.00	173.13	226.94	1251.81	525.91	30.59	30.59	29.35	27.87	12.33	41.68	39.57
May	4128.43	0.00	170.29	66.47	1302.71	549.57	31.55	31.55	30.30	29.84	12.78	43.09	42.43
Jun	4225.17	0.00	169.68	65.95	1357.06	552.50	32.12	32.12	30.88	30.42	12.57	43.45	42.81
Jul	3837.16	0.00	159.19	74.03	1399.87	550.64	36.48	36.48	35.03	34.39	13.78	48.81	47.92
Aug	3852.17	0.00	160.99	73.03	1433.20	561.21	37.21	37.21	35.71	35.07	13.98	49.70	48.81
Sep	3836.33	0.00	167.73	45.54	1405.77	547.06	36.64	36.64	35.11	34.71	13.66	48.77	48.22
Oct	4052.76	0.00	188.62	76.03	1469.93	516.34	36.27	36.27	34.66	34.05	12.17	46.83	46.01
Nov	3961.78	0.00	193.84	67.98	1430.38	461.63	36.10	36.10	34.42	33.87	11.11	45.53	44.80
Dec	4340.78	0.00	194.06	92.67	1370.62	453.96	31.58	31.58	30.22	29.62	10.01	40.23	39.43
2009													
Jan	4969.77	0.00	203.23	103.65	1390.96	506.10	27.99	27.99	26.89	26.36	9.78	36.67	35.95
Feb	4864.55	0.00	205.19	47.33	1446.67	506.31	29.74	29.74	28.54	28.27	9.99	38.52	38.17
Mar	4886.33	0.00	37.83	131.73	1490.97	507.19	30.51	30.51	30.28	29.49	10.30	40.58	39.52
Apr	4897.92	0.00	33.35	51.80	1454.50	520.72	29.70	29.70	29.50	29.19	10.56	40.05	39.64
May	4916.87	0.00	33.39	41.03	1502.58	542.09	30.56	30.56	30.35	30.10	10.95	41.30	40.96
Jun	4977.67	0.00	33.83	73.07	1530.95	529.58	30.76	30.76	30.55	30.11	10.57	41.12	40.53
Jul	5128.19	0.00	34.39	48.83	1598.96	394.30	31.18	31.18	30.97	30.68	7.64	38.61	38.25
Aug	5474.35	0.00	34.65	66.33	1609.55	410.69	29.40	29.40	29.22	28.87	7.45	36.67	36.24
Sep	5778.75	0.00	35.30	51.82	1617.04	410.04	27.98	27.98	27.81	27.57	7.05	34.87	34.56
Oct	4752.59	0.00	264.33	213.76	1694.89	383.43	35.66	35.66	33.78	32.40	7.64	41.43	39.73
Nov	4991.23	0.00	27.57	209.68	1721.34	391.81	34.49	34.49	34.30	32.92	7.81	42.10	40.42
Dec	5060.46	0.00	26.77	310.48	1721.47	384.12	34.02	34.02	33.84	31.89	7.55	41.39	39.01

Table S10

NARROW MONEY
(Million Maloti)

End of Period	M A L O T I						Total	Money (M1) (3+7)	Annual Rate of Increase (per cent)
	Issued	With Banks	With Public	Private Sector	Statutory Bodies	Deferred Pay Fund			
	1	2	3	4	5	6	7	8	9
2008									
Jan	361.80	50.48	310.42	1951.70	749.77	0.00	2701.47	3011.89	12.06
Feb	375.62	43.34	331.71	2330.28	531.91	0.00	2862.19	3193.90	15.60
Mar	387.96	55.78	331.05	2197.11	584.52	0.00	2781.63	3112.68	9.75
Apr	393.70	46.59	346.69	2557.30	652.86	0.00	3210.15	3556.84	20.21
May	381.65	35.86	345.22	2500.07	745.11	0.00	3245.17	3590.40	27.62
Jun	413.05	43.77	368.86	2613.57	777.96	0.00	3391.52	3760.38	35.28
Jul	388.58	47.16	340.72	2329.90	659.61	0.00	2989.51	3330.23	28.04
Aug	411.38	46.04	364.52	2315.60	669.18	0.00	2984.78	3349.29	20.33
Sep	439.32	59.14	379.64	2232.23	735.96	0.00	2968.19	3347.83	21.50
Oct	459.85	50.52	408.50	2365.03	845.45	0.00	3210.48	3618.98	26.40
Nov	508.62	58.67	449.44	2763.57	333.44	0.00	3097.00	3546.44	14.68
Dec	481.66	79.17	402.08	3139.63	333.12	0.00	3472.75	3874.83	26.49
2009									
Jan	440.74	53.95	385.98	3730.66	351.31	0.00	4081.96	4467.94	48.34
Feb	454.69	44.52	409.63	3413.44	347.07	0.00	3760.51	4170.14	30.57
Mar	502.66	56.96	444.14	3714.30	239.18	0.00	3953.48	4397.63	41.28
Apr	495.92	60.83	433.98	3605.56	234.88	0.00	3840.43	4274.41	20.17
May	556.82	65.16	491.10	3580.85	233.39	0.00	3814.24	4305.34	19.91
Jun	498.28	62.70	434.84	3570.29	229.38	0.00	3799.67	4234.51	12.61
Jul	530.30	65.56	463.92	3597.09	224.78	0.00	3821.87	4285.79	28.69
Aug	556.67	61.89	493.31	3912.33	222.04	0.00	4134.37	4627.68	38.17
Sep	542.58	70.44	471.02	4107.82	274.74	0.00	4382.56	4853.58	44.98
Oct	563.77	62.21	500.75	3123.18	307.90	0.00	3431.09	3931.83	8.64
Nov	612.46	66.51	545.32	3306.29	327.69	0.00	3633.98	4179.30	17.84
Dec	584.99	97.06	487.18	3480.03	209.19	0.00	3689.22	4176.40	7.78

Table S11

MONETARY SURVEY
(Million Maloti; End of Period)

	2007				2008				2009	
	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Foreign Assets, Net	7939.528	8377.645	9258.579	9833.493	9899.778	11243.001	11400.900	11322.356	11331.013	10702.08
Commercial Banks	1876.136	2202.342	2371.362	2792.445	2162.775	2921.057	3201.578	3133.146	4023.837	2986.69
Central Bank of Lesotho	6046.332	6129.579	6866.655	7028.766	7728.740	8251.571	8191.185	8160.837	7289.781	7664.89
Rand with Banks	17.060	47.724	20.562	12.282	8.263	70.373	8.137	28.373	17.395	50.49
Domestic Credit	-2019.826	-2177.444	-2053.259	-2151.549	-2404.321	-2465.727	-2087.894	-2758.771	-1855.947	-2136.21
Claims on private sector & statutory bodies	1080.267	1146.872	1220.498	1379.634	1534.886	1506.976	1557.791	1556.907	1788.050	1859.79
Claims on Government, net of deposits	-3100.093	-3324.316	-3273.757	-3531.183	-3939.207	-3972.703	-3645.685	-4315.678	-3643.997	-3996.00
Money Supply	3766.124	4154.148	4176.619	4747.904	4378.564	4880.991	5488.954	5574.764	6411.203	5744.03
Money	2755.355	3063.355	3112.678	3760.377	3347.826	3874.828	4397.625	4234.509	4853.579	4176.40
Maloti with public	335.469	339.311	331.048	368.856	379.637	402.079	444.144	434.843	471.020	487.18
Demand and call deposits	2419.886	2724.044	2781.630	3391.521	2968.189	3472.749	3953.481	3799.666	4382.559	3689.22
Quasi-money	1010.769	1090.793	1063.941	987.527	1030.738	1006.163	1091.329	1340.255	1557.624	1567.63
Time deposits	589.321	686.750	652.500	559.663	606.295	583.106	630.463	747.163	936.551	960.60
Savings deposits	421.448	404.043	411.441	427.864	424.443	423.057	460.866	593.092	621.073	607.03
Other Items, Net	2153.578	2046.053	3028.702	2934.040	3116.893	3896.283	3824.052	2988.821	3063.864	2821.84

Table S12

BROAD MONEY
(Million Maloti)

End of Period	Time Deposits				Quasi-Money (1+ 2+ 3+ 4) 5	Money (M1) 6	Money Supply (M2) (5+ 6) 7	Annual Rate of Increase (per cent) 8
	Savings Deposits	Private Sector	Statutory Bodies	Deferred Pay Fund				
	1	2	3	4				
2008								
Feb	432.70	528.26	130.74	0.00	1091.70	3193.90	4285.60	19.29
Mar	411.44	519.83	132.67	0.00	1063.94	3112.68	4176.62	12.13
Apr	425.70	480.27	128.90	0.00	1034.87	3556.84	4591.71	21.20
May	427.25	480.66	128.25	0.00	1036.16	3590.40	4626.55	27.74
Jun	427.86	431.66	128.00	0.00	987.53	3760.38	4747.90	27.42
Jul	425.04	446.91	134.87	0.00	1006.82	3330.23	4337.04	20.77
Aug	427.52	463.28	135.66	0.00	1026.46	3349.29	4375.75	15.77
Sep	424.44	469.56	136.73	0.00	1030.74	3347.83	4378.56	16.26
Oct	439.26	431.68	136.92	0.00	1007.86	3618.98	4626.84	19.59
Nov	435.32	431.72	135.70	0.00	1002.75	3546.44	4549.19	10.84
Dec	423.06	446.16	136.95	0.00	1006.16	3874.83	4880.99	17.50
2009								
Jan	441.36	446.82	138.22	0.00	1026.40	4467.94	5494.34	36.50
Feb	464.67	641.36	136.65	0.00	1242.68	4170.14	5412.83	26.30
Mar	460.87	629.06	1.40	0.00	1091.33	4397.63	5488.95	31.42
Apr	584.75	632.27	1.33	0.00	1218.36	4274.41	5492.77	16.51
May	586.27	675.82	1.52	0.00	1263.61	4305.34	5568.95	17.14
Jun	593.09	745.46	1.70	0.00	1340.26	4234.51	5574.76	14.19
Jul	597.84	868.75	2.32	0.00	1468.90	4285.79	5754.69	29.01
Aug	611.57	887.27	2.48	0.00	1501.31	4627.68	6128.99	36.16
Sep	621.07	933.95	2.60	0.00	1557.62	4853.58	6411.20	42.22
Oct	623.61	857.07	2.73	0.00	1483.41	3931.83	5415.24	13.73
Nov	630.37	885.24	2.78	0.00	1518.39	4179.30	5697.69	21.60
Dec	607.03	929.68	11.82	0.00	1548.53	4176.40	5724.93	14.10

Table S13

COMMERCIAL BANKS' DEPOSITS, WITHDRAWALS FROM DEPOSITS AND TURNOVER

(Million Maloti)

End of Period	Demand and Call Deposits	Withdrawals from Demand and Call Deposits	Turnover	Savings Deposits	Withdrawals from Savings Deposits	Turnover	Fixed Time Deposits	Withdrawals from Fixed Time Deposits	Turnover	Total Deposits	Total Withdrawals	Turnover
2007												
Feb	2874.84	944.33	0.33	433.04	168.69	0.39	659.04	297.59	0.45	3966.92	1410.61	0.36
Mar	2793.54	877.75	0.31	411.67	144.78	0.35	652.53	297.38	0.46	3857.74	1319.91	0.34
Apr	3221.68	1031.53	0.32	426.10	165.73	0.39	609.21	314.21	0.52	4256.98	1511.47	0.36
May	3259.74	1403.96	0.43	427.64	278.92	0.65	608.94	270.80	0.44	4296.33	1953.67	0.45
Jun	3563.57	2612.88	0.73	428.28	279.64	0.65	559.70	338.12	0.60	4551.55	3230.63	0.71
Jul	3000.85	2991.17	1.00	425.49	286.24	0.67	581.81	288.93	0.50	4008.15	3566.33	0.89
Aug	2995.91	3036.39	1.01	428.41	284.70	0.66	598.97	292.92	0.49	4023.30	3614.01	0.90
Sep	2979.26	2964.73	1.00	424.94	325.96	0.77	606.33	294.33	0.49	4010.53	3585.02	0.89
Oct	3222.13	2825.09	0.88	439.75	369.17	0.84	568.63	294.54	0.52	4230.51	3488.80	0.82
Nov	3107.32	2811.54	0.90	435.82	332.21	0.76	567.46	308.36	0.54	4110.60	3452.12	0.84
Dec	3485.66	2438.20	0.70	423.60	307.98	0.73	583.14	23.55	0.04	4492.41	2769.73	0.62
2009												
Jan	4143.34	2145.79	0.52	441.88	235.36	0.53	585.083	1.10	0.00	5170.30	2382.25	0.46
Feb	3770.72	2516.16	0.67	465.36	244.19	0.52	778.052	82.24	0.11	5014.13	2842.58	0.57
Mar	4011.07	2397.91	0.60	461.11	344.05	0.75	630.46	191.20	0.30	5102.65	2933.16	0.57
Apr	3852.01	2145.79	0.56	585.32	245.54	0.42	635.04	81.67	0.13	5072.37	2473.00	0.49
May	3825.10	2516.16	0.66	586.93	257.13	0.44	677.37	29.36	0.04	5089.39	2802.64	0.55
Jun	3807.32	2397.91	0.63	593.71	266.15	0.45	747.20	0.86	0.00	5148.23	2664.92	0.52
Jul	3832.78	2278.42	0.59	598.53	258.91	0.43	871.10	3.92	0.00	5302.42	2541.25	0.48
Aug	4141.39	1992.03	0.48	612.29	270.93	0.44	889.78	78.05	0.09	5643.46	2341.01	0.41
Sep	4389.22	2413.63	0.55	621.88	304.46	0.49	936.59	80.60	0.09	5947.68	2798.69	0.47
Oct	3586.09	3132.69	0.87	624.38	302.24	0.48	859.83	80.59	0.09	5070.29	3515.52	0.69
Nov	3790.40	2107.10	0.56	631.14	293.39	0.46	888.03	126.23	0.14	5309.57	2526.72	0.48
Dec	3854.62	2838.76	0.74	607.77	353.40	0.58	941.52	144.32	0.15	5403.91	3336.48	0.62

Table S14(a)

INTEREST RATES OF COMMERCIAL BANKS

(With Comparable South African rates)

(Per Cent Per Annum)

End of Period	Lending Rates		South African Prime	Deposit rates	
	Prime	Maximum		Savings	Call
2007					
Aug	14.75	19.00	13.50	2.40-5.50	5.50
Sep	14.17	18.83	13.50	2.40-5.50	5.50
Oct	14.50	19.17	13.50	2.00-6.00	5.75
Nov	14.50	19.17	14.00	2.00-6.00	5.75
Dec	15.42	19.83	14.50	3.00-6.75	6.30
2008					
Jan	15.50	19.83	14.50	3.00-6.75	6.30
Feb	15.67	20.67	14.50	3.00-6.75	6.30
Mar	15.67	20.67	14.50	3.00-6.75	6.30
Apr	15.92	24.05	15.00	2.80-6.95	6.50
May	15.92	24.08	15.00	3.63-6.95	6.50
Jun	16.25	25.25	15.50	3.64-7.52	6.75
Jul	16.58	24.75	15.50	3.64-7.25	6.75
Aug	16.58	24.75	15.50	3.64-7.25	6.75
Sep	16.58	24.75	15.50	3.64-7.25	6.75
Oct	16.58	24.75	15.50	3.64-7.25	6.75
Nov	16.58	24.75	15.50	3.64-7.25	6.75
Dec	16.58	24.75	15.00	3.64-7.26	7.75
2009					
Jan	16.00	24.83	15.50	3.64-5.75	5.25
Feb	15.17	23.83	15.50	2.18-5.75	5.25
Mar	14.50	23.17	14.50	1.46-5.00	4.75
Apr	13.83	21.42	13.00	1.00-5.00	4.75
May	12.83	20.83	11.00	1.00-5.00	2.75
Jun	12.17	20.83	11.00	1.00-5.00	2.75
Jul	12.17	20.83	11.50	1.00-5.00	2.75
Aug	12.00	20.67	10.50	1.00-5.00	2.75
Sep	11.83	20.50	10.50	1.00-5.00	2.75
Oct	12.00	20.67	10.50	1.00-5.00	2.75
Nov	11.83	20.50	10.50	1.00-5.00	2.75
Dec	11.67	20.50	10.50	1.00-5.00	2.75

Table S14(b)

TIME DEPOSIT RATES BY COMMERCIAL BANKS
(With comparable South African rates)
(Per Cent Per Annum)

INTEREST PAID						
End of Period	Lesotho Time Deposits				South African Time Deposits	
	31 Days	88 Days	6 Months	1 Year	31 Days	1 Year
2007						
Aug	4.88	6.50	6.50	6.50	9.25	10.81
Sep	4.88	6.50	6.75	6.25	9.25	10.85
Oct	4.88	6.50	6.75	7.25	10.38	11.05
Nov	4.88	6.50	6.75	7.25	10.34	11.68
Dec	4.88	7.25	7.50	8.00	10.97	11.85
2008						
Jan	4.88	7.25	7.50	8.00	9.37	11.72
Feb	6.00	7.25	7.50	8.00	10.97	11.84
Mar	6.25	7.25	7.50	8.00	11.13	12.22
Apr	5.18	5.63	5.83	6.37	11.48	12.91
May	5.19	5.87	6.32	7.20	11.57	13.30
Jun	5.41	6.09	6.52	7.42	12.00	13.75
Jul	5.54	6.29	6.60	7.57	11.84	13.07
Aug	5.54	6.22	6.60	7.57	11.80	12.68
Sep	5.54	6.22	6.60	7.57	11.93	12.44
Oct	5.54	6.22	6.60	7.57	12.00	13.08
Nov	5.54	6.22	6.60	7.57	11.84	11.03
Dec	5.54	6.22	6.60	7.57	11.28	10.31
2009						
Jan	4.96	5.64	6.02	6.98	11.13	9.64
Feb	4.47	5.04	5.68	6.55	10.05	8.43
Mar	3.96	4.64	5.02	6.23	9.22	8.25
Apr	3.11	3.79	4.13	5.04	8.79	8.28
May	2.36	2.97	3.26	4.44	7.85	7.90
Jun	1.65	2.20	2.63	3.69	7.28	8.28
Jul	1.65	2.20	2.53	3.69	7.37	8.39
Aug	1.65	2.20	2.51	3.69	6.79	7.88
Sep	1.65	2.20	2.53	3.69	6.81	8.03
Oct	1.65	1.90	2.25	3.41	6.87	8.20
Nov	1.65	1.90	2.25	3.41	6.76	8.14
Dec	1.65	1.95	2.26	3.35	6.85	8.09

Table S15**COMPARATIVE MONEY MARKET RATES**

End of Period	Central Bank Rates		Treasury Bills	
	CBL*	SARB ⁺	LESOTHO	RSA
2007				
Aug	11.76	15.00	7.76	8.86
Sep	12.12	15.00	8.12	9.30
Oct	12.32	15.50	8.32	9.43
Nov	12.74	15.50	8.74	9.96
Dec	12.82	15.50	8.82	9.96
2008				
Jan	13.10	16.00	9.10	10.52
Feb	13.17	16.00	9.17	10.37
Mar	13.21	16.00	9.21	10.29
Apr	13.81	16.50	9.71	10.46
May	13.91	16.50	9.81	11.55
Jun	13.94	17.00	9.91	11.38
Jul	13.94	15.50	9.94	11.27
Aug	13.94	15.50	9.94	11.16
Sep	14.01	15.50	10.01	11.11
Oct	14.05	15.50	10.05	10.74
Nov	14.15	15.50	10.15	10.90
Dec	14.05	15.00	10.05	10.84
2009				
Jan	14.01	15.50	10.01	10.52
Feb	13.83	15.50	9.83	8.92
Mar	13.00	14.50	9.00	8.24
Apr	13.27	14.50	9.27	8.01
May	11.60	12.50	7.60	7.51
Jun	10.76	12.50	6.76	7.38
Jul	10.80	12.50	6.80	7.44
Aug	10.80	12.00	6.80	6.98
Sep	10.86	12.00	6.86	6.90
Oct	10.78	12.00	6.78	7.03
Nov	10.99	12.00	6.99	7.03
Dec	10.66	12.00	6.66	7.14

Note: *CBL – Central Bank of Lesotho overdraft rate

+ SARB – South African Reserve Bank marginal lending rate

Table S16

GOVERNMENT BUDGETARY OPERATIONS

(Million Maloti / Per cent of GDP)

	2007/2008 Q4	2008/2009 Q1	2008/2009 Q2	2008/2009 Q3	Revised 2008/2009 Q4	Revised 2009/2010 Q1	Preliminary 2009/2010 Q2	Preliminary 2009/2010 Q3
Total Receipts	1778.6	1987.8	2223.2	2221.6	2337.6	2115.0	2302.6	2284.1
Revenue	1748.8	1981.1	2151.4	2190.8	2306.7	2044.8	2034.1	2114.8
Customs	959.1	1866.3	1225.5	1225.2	1225.2	1229.5	1229.5	1229.5
Income Taxes	301.8	390.1	392.6	331.0	429.3	393.8	449.2	496.5
of which :Individual Tax	213.6	191.2	255.8	180.9	222.7	137.7	255.7	366.0
Company Tax	50.6	106.7	62.0	114.9	86.9	199.5	153.0	234.0
Taxes on goods & services	230.5	248.5	277.2	258.6	247.0	267.2	232.1	268.5
Other Tax	6.0	2.5	2.9	152.6	23.7	0.0	0.0	120.3
Non-Tax Revenue	251.4	114.8	253.5	223.4	381.5	97.7	123.3	219.6
of which : Water Royalties	67.0	77.9	96.7	81.6	67.9	78.5	90.0	73.3
Grants	29.8	6.7	71.7	30.8	30.8	126.8	0.0	150.0
Total Expenditure & Net Lending	1788.4	1781.0	1778.4	2248.2	2670.5	1486.9	2704.2	1907.5
Recurrent	1208.5	1302.7	1344.4	1768.1	2201.7	1115.7	1860.1	1708.2
Personnel Emoluments	406.9	466.1	482.8	495.4	495.7	576.9	576.3	704.6
Interest Payments	30.9	30.2	35.9	41.5	21.6	31.3	31.0	49.8
Of which: Bank Restructuring	0.0	0.0	3.6	4.0	3.9	3.9	0.0	0.0
Subsidies and Transfers	420.5	462.6	398.0	588.8	1040.0	601.2	1002.6	449.0
Other Expenditure	350.2	806.5	825.6	1231.2	1684.4	507.5	1252.8	1227.9
Of which: Bank Restructuring	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Agricultural Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Imperial Fleet Services	25.9	25.9	56.7	14.6	61.3	61.3	0.0	0.0
Capital Expenditure & Net Lending	579.9	478.2	434.0	480.1	468.8	371.5	844.1	199.3
Overall Surplus/Deficit	-9.8	206.8	444.8	-26.8	-333.0	627.7	-670.1	376.6
Total Financing	9.8	-208.8	-444.8	26.8	332.9	-627.7	670.0	-376.6
Foreign financing (net)	-26.0	47.7	-36.1	69.1	2.7	17.9	-19.0	-27.3
Domestic financing (net)	35.8	-254.5	-408.7	-42.3	330.2	-645.6	689.0	-349.3
Bank financing	50.6	-257.4	-408.0	-33.5	327.0	-693.0	671.7	-352.0
Non-bank financing	-14.8	2.9	-0.7	-8.8	3.2	47.4	17.3	0.0
In Per cent of GDP (%)								
Total Receipts	59.30	58.60	64.33	64.74	68.97	63.23	60.82	68.29
Total Expenditure	60.70	52.50	53.19	66.46	79.85	44.46	80.86	57.03
Budget Balance	-1.30	7.00	13.30	-0.80	-9.96	18.77	-20.04	11.26

Source: Ministry of Finance and Development Planning

Table S17**TREASURY BILLS BY TYPE OF HOLDER**

(Million Maloti)

End of Period	CBL	Comm. Banks	NBFI	Others	Total
2007					
Nov	0.32	472.20	0.31	97.40	570.20
Dec	0.32	470.30	0.31	89.30	560.20
2008					
Jan	0.32	468.10	0.31	74.01	542.74
Feb	0.32	455.02	0.31	77.09	532.74
Mar	0.32	457.88	0.31	74.49	532.99
Apr	0.32	444.97	0.31	87.40	532.99
May	0.32	456.73	0.31	75.80	533.15
Jun	0.32	455.15	0.31	77.37	533.15
Jul	0.32	462.40	0.31	45.65	508.67
Aug	0.32	442.22	0.31	65.83	508.67
Sep	0.32	468.24	0.31	68.88	537.74
Oct	0.32	392.69	0.31	49.20	442.52
Nov	0.32	449.22	0.31	56.98	506.83
Dec	0.32	485.46	0.96	57.88	544.62
2009					
Jan	0.32	487.25	0.94	48.56	537.07
Feb	0.32	493.85	0.94	51.26	546.37
Mar	0.32	507.06	7.30	46.73	561.41
Apr	0.32	503.05	16.04	45.53	564.93
May	0.32	522.25	19.79	35.39	577.75
Jun	0.32	508.41	45.44	38.41	592.58
Jul	0.32	485.55	48.60	34.31	568.78
Aug	0.32	493.75	58.55	36.87	589.48
Sep	0.32	477.84	62.32	41.79	582.28
Oct	0.32	461.56	57.93	41.73	561.54
Nov	0.32	469.97	55.66	40.58	566.53
Dec	0.32	472.80	63.41	37.23	573.76

Table S18**DIAMOND PRODUCTION**

(Carats)

Period	QI	QII	QIII	QIV
2005	12716.28	14670.80	9891.46	8101.48
2006	10709.61	18426.62	39121.74	32334.73
2007	40929.69	35085.16	48321.40	44323.43
2008	69857.24	33286.86	81507.45	31894.84
2009	13510.78	45482.55	29347.55	17932.88

Source: Department of Mines and Geology

Table S19(a)

LESOTHO ANNUAL INFLATION RATE
(APRIL 1997 = 100)

	ALL ITEMS INDEX	Food & Non- Beverages	Alcoholic Beverages & Tobacco	Clothing & Footwear	Housing, Water, Electricity & Other Fuels	Furnishings, H/h Equipment & Routine Maintenance of House	Health	Transport	Communi- -cation	Leisure, Enter- tainment & Culture	Education	Restau- rants & Hotels	Misce- llaneous Goods & Services
2008													
Feb	10.60	18.30	5.40	5.70	8.70	2.10	0.50	4.40	0.00	-0.60	2.60	19.10	4.60
Mar	10.70	17.80	5.50	5.70	9.50	2.50	0.40	6.60	0.00	0.00	2.60	21.30	4.70
Apr	9.50	14.30	5.80	5.90	11.00	2.90	1.80	8.60	0.00	-0.30	2.30	19.10	3.90
May	9.50	13.80	5.00	6.10	13.60	3.00	1.80	10.10	0.00	0.30	2.20	11.80	4.20
Jun	9.60	13.60	5.00	6.30	13.80	3.50	1.90	10.70	0.00	0.20	2.20	12.10	5.40
Jul	10.50	14.70	4.70	7.30	16.20	3.90	1.90	12.30	0.00	0.80	2.20	10.70	5.50
Aug	11.20	15.10	4.70	7.40	20.30	4.70	1.80	14.00	0.00	3.60	2.60	8.50	6.40
Sep	12.10	16.50	5.60	7.30	19.70	5.50	2.30	14.30	0.00	4.00	2.80	9.40	7.30
Oct	12.10	16.30	5.80	7.10	19.40	5.60	1.80	15.30	0.00	4.90	2.90	11.00	7.10
Nov	11.80	15.70	5.80	6.70	17.80	6.20	1.80	14.90	0.00	5.10	2.80	11.70	8.50
Dec	10.60	14.30	5.46	5.80	16.52	6.22	1.93	11.43	0.00	7.56	2.90	11.53	8.34
2009													
Jan	10.70	14.20	5.50	6.40	13.50	6.20	0.40	11.40	0.00	6.40	2.90	12.00	8.00
Feb	10.20	13.50	5.00	6.10	12.30	7.20	-0.10	10.30	0.00	6.80	2.80	10.60	7.50
Mar	10.10	13.60	5.60	6.10	10.50	7.00	1.40	8.80	0.00	7.60	2.80	9.10	7.50
Apr	9.50	13.00	6.20	6.10	6.70	6.70	1.60	6.70	0.00	8.00	2.90	7.90	7.10
May	8.90	12.10	6.50	6.00	3.50	7.40	1.50	4.40	0.00	7.30	3.00	7.60	7.20
Jun	8.10	11.10	6.10	6.10	0.10	6.70	1.60	3.90	0.00	7.30	3.00	8.00	6.80
Jul	6.90	8.90	6.00	5.10	-2.90	6.60	1.70	5.30	0.00	7.80	2.90	9.60	6.50
Aug	5.60	6.70	6.80	5.00	-4.70	6.10	1.50	3.90	0.00	4.90	2.40	9.00	6.60
Sep	4.70	4.60	8.80	5.40	-5.60	5.60	1.90	4.50	0.00	4.70	2.20	8.20	6.40
Oct	4.20	3.90	8.60	5.50	-5.10	5.60	2.60	3.10	0.00	4.20	2.10	7.60	6.10
Nov	4.10	3.70	9.00	5.40	-6.50	5.40	2.80	3.80	0.00	3.80	2.20	7.00	4.80
Dec	4.20	3.20	8.90	5.20	-6.40	5.20	3.10	7.40	0.00	3.00	2.00	5.40	4.20

Source: Bureau of Statistics

Table S19(b)

LESOTHO MONTHLY INFLATION RATE

(APRIL 1997 = 100)

	ALL ITEMS INDEX	Food & Non- Beverages	Alcoholic Beverages & Tobacco	Clothing & Footwear	Housing, Water, Electricity & Other Fuels	Furnishings, H/h Equipment & Routine Maintenance of House	Health	Transport	Communi- -cation	Leisure, Enter- tainment & Culture	Education	Restau- rants & Hotels	Misce- llaneous Goods & Services
2008													
Feb	0.70	0.70	0.60	0.50	0.50	0.10	0.10	1.90	0.00	0.20	0.20	2.50	0.80
Mar	0.60	0.60	0.60	0.30	0.30	0.50	0.00	1.90	0.00	0.00	0.00	1.80	0.30
Apr	1.10	1.10	1.00	0.60	3.30	0.60	0.00	2.50	0.00	-0.10	0.00	2.40	0.80
May	1.00	1.20	0.40	0.40	3.30	0.30	0.00	2.30	0.00	0.60	0.00	0.00	0.50
Jun	1.00	1.30	0.70	0.50	1.70	0.80	0.00	0.80	0.00	0.20	0.00	0.00	1.00
Jul	1.40	2.00	0.30	1.00	2.70	0.50	0.00	1.90	0.00	0.30	0.10	0.30	0.50
Aug	1.50	1.90	0.30	0.70	4.10	0.80	0.00	1.50	0.00	3.20	0.50	0.30	0.70
Sep	1.30	2.10	0.90	0.40	0.60	0.70	0.40	0.30	0.00	1.00	0.20	0.80	0.80
Oct	0.70	1.00	0.40	0.80	0.00	0.40	-0.40	0.60	0.00	0.50	0.10	0.50	0.20
Nov	0.40	0.70	0.00	0.20	-0.10	0.80	0.00	-0.30	0.00	0.00	0.00	0.60	1.20
Dec	0.04	0.56	0.09	0.36	-0.11	0.17	0.00	-2.85	0.00	0.78	0.13	1.73	0.58
2009													
Jan	0.40	0.30	0.20	0.80	-2.40	0.60	0.20	0.30	0.00	-0.60	1.80	0.40	0.20
Feb	0.20	0.10	0.10	0.20	-0.50	0.80	-0.40	0.80	0.00	0.60	0.10	1.20	0.40
Mar	0.50	0.70	1.20	0.40	-1.40	0.30	1.50	0.60	0.00	0.80	0.00	0.50	0.30
Apr	0.50	0.60	1.50	0.60	-0.20	0.30	0.20	0.50	0.00	0.30	0.10	1.20	0.50
May	0.50	0.40	0.70	0.40	0.20	1.00	0.00	0.10	0.00	-0.10	0.10	-0.30	0.60
Jun	0.30	0.40	0.30	0.50	-1.70	0.10	0.10	0.40	0.00	0.20	0.00	0.40	0.60
Jul	0.30	0.00	0.20	0.10	-0.30	0.50	0.10	3.30	0.00	0.80	0.00	1.70	0.20
Aug	0.30	-0.20	1.10	0.60	2.00	0.20	0.20	0.10	0.00	0.40	-0.10	-0.30	0.80
Sep	0.50	0.10	2.80	0.70	-0.10	0.30	0.40	1.10	0.00	0.90	-0.10	0.10	0.70
Oct	0.20	0.30	0.20	0.40	0.50	0.40	0.30	-0.80	0.00	0.00	0.00	0.00	-0.10
Nov	0.30	0.50	0.30	0.10	-2.50	-2.80	0.60	0.10	0.40	0.00	0.00	0.00	-0.10
Dec	0.10	0.10	0.00	0.20	0.00	0.10	0.30	0.50	0.00	0.00	0.00	0.20	0.00

Source: Bureau of Statistics

Table S20

EXCHANGE RATES
(Loti per unit of foreign currency, period average)

	Botswana Pula	EURO	French Franc	German Mark	Japanese Yen	Saudi Riyal	SDR	Swedish Kronor	Swiss Franc	UK Pound	US Dollar
2008											
Apr	1.199	12.243	0.536	6.260	0.076	2.074	12.734	1.306	7.674	15.403	7.777
May	1.185	11.871	0.553	6.059	0.073	2.031	12.370	1.273	7.293	14.963	7.618
Jun	1.199	12.347	0.531	6.313	0.075	2.117	12.841	1.312	7.649	15.148	7.941
Jul	1.184	12.025	0.546	6.148	0.071	2.030	12.420	1.268	7.426	15.168	7.627
Aug	1.171	11.476	0.572	5.867	0.070	2.045	12.174	1.221	7.080	14.479	7.668
Sep	1.184	11.582	0.567	5.922	0.076	2.148	12.550	1.211	7.267	14.502	8.060
Oct	1.261	12.928	0.509	6.610	0.094	2.593	14.760	1.312	8.530	16.434	9.742
Nov	1.266	12.873	0.495	6.581	0.104	2.691	14.996	1.273	8.495	15.507	10.110
Dec	1.270	13.484	0.487	6.893	0.110	2.671	15.199	1.252	8.735	14.913	10.020
2009											
Jan	1.262	13.150	0.499	6.714	0.127	2.646	15.025	1.224	8.794	14.299	9.925
Feb	1.255	12.804	0.512	6.547	0.108	2.670	14.893	1.175	8.587	14.442	9.864
Mar	1.248	12.987	0.505	6.640	0.102	2.652	14.749	1.162	8.613	14.123	9.947
Apr	1.198	11.829	0.555	6.048	0.091	2.391	13.372	1.087	7.807	13.180	8.968
May	1.173	11.419	0.574	6.172	0.087	2.233	12.716	1.079	7.557	12.892	8.374
Jun	1.160	11.343	0.578	5.800	0.083	2.109	12.477	1.052	7.492	13.125	8.059
July	1.151	11.192	0.586	5.677	0.084	2.119	12.332	1.035	7.364	13.005	7.947
Aug	1.152	11.337	0.579	5.796	0.084	2.120	12.397	1.111	7.440	13.136	7.951
Sep	1.129	10.953	0.599	5.600	0.116	2.005	11.857	1.075	7.227	12.298	7.535
Jul	1.151	11.192	0.586	5.677	0.084	2.119	12.332	1.035	7.364	13.005	7.947
Aug	1.152	11.337	0.579	5.796	0.084	2.120	12.397	1.111	7.440	13.136	7.951
Sep	1.129	10.953	0.599	5.600	0.116	2.005	11.857	1.075	7.227	12.298	7.535
Oct	1.129	11.140	0.591	5.672	0.083	1.997	11.876	1.076	7.332	12.124	7.489
Nov	1.129	11.214	0.585	5.733	0.084	2.004	12.014	1.085	7.423	12.475	7.516
Dec	1.119	10.939	0.600	5.593	0.083	1.990	11.822	1.053	7.279	12.148	7.463

Table S21**PURCHASES AND SALES OF FOREIGN CURRENCY**

(in Thousands of Maloti)

End of Period	PURCHASES					SALES				
	USD	GBP	EURO	OTHERS	TOTAL	USD	GBP	EURO	OTHERS	TOTAL
2007										
Feb	58.536	10.509	4.443	0.505	72.414	142.307	3.92	2.899	0.381	106.55
Mar	66.559	11.477	5.955	2.461	63.444	128.940	1.939	3.000	2.395	121.053
Apr	61.224	15.995	9.587	2.939	84.81	95.466	7.594	2.573	0.726	71.367
May	73.174	9.604	55.734	1.371	131.152	120.042	3.025	49.774	0.942	161.400
Jun	76.423	14.74	35.81	2.344	114.639	126.941	3.508	24.601	0.391	112.784
Jul	85.320	8.789	33.153	3.129	130.391	379.705	2.369	4.153	1.019	387.246
Aug	66.670	8.845	31.164	1.257	107.936	168.954	9.387	17.508	0.596	196.445
Sep	73.243	5.177	12.46	2.053	92.933	147.404	3.615	6.194	1.396	158.609
Oct	67.805	6.162	17.85	0.432	92.249	264.646	5.847	22.110	0.613	293.216
Nov	58.469	6.942	8.891	0.353	74.655	187.076	11.848	4.426	0.746	204.096
Dec	59.895	14.613	50.527	3.985	129.02	246.868	2.378	57.590	0.398	307.234
2009										
Jan	81.666	4.745	5.594	0.670	92.675	220.607	2.360	5.749	0.832	229.548
Feb	61.968	4.012	11.249	0.800	78.029	172.340	3.023	7.151	5.010	187.524
Mar	51.634	2.227	27.295	1.921	83.077	220.371	10.790	24.370	1.680	257.211
Apr	47.524	3.847	25.536	0.572	77.479	254.065	1.737	37.713	13.056	306.571
May	36.993	4.638	3.971	0.600	46.202	125.249	2.304	8.811	0.501	136.865
Jun	75.398	1.202	3.503	0.536	80.639	129.498	0.962	2.249	4.135	136.844
Jul	72.064	14.817	35.929	1.437	124.247	162.449	2.599	34.606	5.530	205.184
Aug	48.986	3.207	16.330	0.436	68.959	166.382	2.453	16.662	1.006	186.503
Sep	31.281	2.702	6.669	0.961	41.613	175.205	2.057	10.207	5.486	192.955
Oct	52.855	3.641	35.001	15.941	107.438	171.130	2.577	17.556	18.817	210.080
Nov	39.347	5.030	24.881	1.229	70.487	192.197	4.003	27.349	5.579	229.128
Dec	67.582	4.348	9.938	1.550	83.418	146.619	3.974	8.821	5.450	164.864

Table S22(a)

ANNUAL BALANCE OF PAYMENTS
(Million Maloti)

	2002	2003	2004	2005	2006	2007	2008	2009
I CURRENT ACCOUNT	-1489.06	-1021.61	-488.92	-663.14	445.96	1555.92	1719.18	-293.14
Goods, Services and Income	-2766.78	-2305.17	-2085.72	-2572.94	-2188.46	-2868.30	-2499.26	-4882.48
a) GOODS	-4250.31	-3917.13	-3827.12	-4175.66	-4519.19	-5629.45	-6280.82	-7970.08
Merchandise exports f.o.b.	3739.89	3557.37	4533.18	4138.04	4736.65	5664.27	7183.91	5971.64
Merchandise imports f.o.b.	-7990.20	-7474.50	-8360.30	-8313.70	-9255.84	-11293.72	-13464.73	-13941.72
b) SERVICES	-214.60	-262.40	-208.35	-322.78	-243.48	-238.83	-359.79	-483.50
c) INCOME	1698.13	1874.36	1949.58	1925.50	2574.22	2999.97	4141.35	3571.10
Labour income	1712.81	1868.07	2006.88	1914.33	2337.44	2933.35	3412.55	2952.23
Other	-14.68	6.29	-57.30	11.17	236.78	66.62	728.80	618.87
d) CURRENT TRANSFERS	1277.72	1283.56	1596.96	1910.01	2634.42	4424.22	4218.44	4589.34
Government, net	1241.21	1221.41	1538.00	1842.40	2515.84	4417.20	4205.00	4538.29
SACU non-duty receipts	1097.22	1081.79	1396.26	1745.21	2424.44	4262.41	4082.17	4231.31
Other	143.99	139.62	77.47	23.68	13.25	154.79	122.83	306.98
Other sectors	36.51	62.15	58.96	67.61	118.58	7.02	13.44	51.05
II CAPITAL AND FINANCIAL ACCOUNT	1177.80	929.55	611.66	966.61	101.80	837.42	225.35	1153.82
e) CAPITAL ACCOUNT	247.10	208.10	216.30	133.30	75.50	226.40	189.00	633.70
f) FINANCIAL ACCOUNT	930.70	721.45	395.36	833.31	26.30	611.02	36.35	520.12
Special Financing - LHWP	595.70	552.26	457.16	224.17	137.36	172.23	134.83	126.43
III RESERVE ASSETS	1278.78	516.99	-75.57	-274.75	-1294.30	-1867.56	-2202.99	643.90
IV ERRORS AND OMISSIONS	-27.20	21.94	117.92	-121.62	384.32	-403.28	-373.68	-343.83
V VALUATION ADJUSTMENT	-940.31	-446.76	-165.09	92.90	362.22	-122.49	932.14	-1160.75

Table S22(b)

QUARTERLY BALANCE OF PAYMENTS
(Million Maloti)

	2007				2008				2009	
	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII+	QIV*
I CURRENT ACCOUNT	465.67	328.39	525.97	829.12	269.04	330.59	-134.77	339.97	-132.30	-366.04
Goods, Services and Income	-703.93	-499.13	-421.73	-265.09	-814.14	-762.76	-1338.22	-791.01	-1267.27	-1485.98
a) GOODS	-1489.23	-1382.65	-1399.37	-1223.39	-1724.69	-1705.87	-2231.44	-1566.17	-1955.65	-2216.83
Merchandise exports f.o.b.	1656.58	1456.93	1445.27	1846.99	2216.05	1675.60	1403.67	1485.46	1782.76	1299.75
Merchandise imports f.o.b.	-3145.81	-2839.58	-2844.64	-3070.38	3940.74	-3381.47	-3635.11	-3051.63	-3738.41	-3516.58
b) SERVICES	-64.62	-66.48	-61.52	-78.33	-109.48	-102.42	-97.13	-133.96	-144.01	-108.39
c) INCOME	849.92	950.00	1039.16	1036.63	10230.03	1045.53	990.35	909.12	832.39	839.24
Labour income	723.38	794.71	884.05	870.47	835.63	828.99	806.33	739.04	694.15	712.71
Other	126.54	155.29	155.11	166.16	185.40	212.54	184.02	170.08	138.24	126.53
d) CURRENT TRANSFERS	1169.60	827.52	947.70	1094.21	1083.18	1093.35	1203.45	1130.98	1134.97	1119.94
Government, net	1139.52	826.36	946.67	1093.37	1079.49	1085.47	1184.19	1121.78	1120.26	1112.06
SACU non-duty receipts	1101.59	820.69	840.05	1102.82	1064.62	1074.68	1061.86	1072.02	1039.50	1057.93
Other	37.93	5.67	106.62	-9.45	14.87	10.79	122.33	49.76	80.76	53.13
Other sectors	1.91	1.16	1.03	0.84	3.69	7.88	19.26	9.20	14.71	7.88
II CAPITAL AND FINANCIAL ACCOUNT	245.40	-83.21	330.96	114.48	1079.61	-184.20	-155.65	507.34	-501.16	1303.29
e) CAPITAL ACCOUNT	109.00	24.50	29.80	6.70	47.30	30.80	29.80	166.10	268.50	169.30
f) FINANCIAL ACCOUNT	136.40	-107.71	301.16	107.78	1032.31	-215.00	-185.45	341.24	-769.66	1133.99
Special Financing - LHWP	37.91	50.97	37.79	46.67	22.88	27.49	27.98	45.21	22.88	30.36
III RESERVE ASSETS	-870.86	-116.19	-774.19	-165.33	-704.65	-558.82	67.28	-70.01	875.49	-368.88
IV ERRORS AND OMISSIONS	111.62	-49.02	-672.89	-653.89	-585.70	-112.24	176.88	-297.73	-101.23	-121.75
V VALUATION ADJUSTMENT	48.17	-79.97	590.15	-124.38	-58.30	524.67	46.26	-619.59	-140.80	-446.62

* Revised estimates

+ Preliminary estimates

Table S23 SUMMARY OF FOREIGN TRADE
(Million Maloti)

	IMPORTS F.O.B	EXPORTS F.O.B	TRADE BALANCE
2004			
Quarter III	2525.39	1402.19	-1123.20
Quarter IV	2208.39	1256.15	-952.24
2005			
Quarter I	1861.07	920.31	-940.76
Quarter II	2196.09	1060.65	-1135.44
Quarter III	1966.70	992.00	-974.70
Quarter IV	2289.84	1165.09	-1124.75
2006			
Quarter I	1969.52	876.07	-1093.45
Quarter II	2025.54	1049.43	-976.11
Quarter III	2657.71	1517.91	-1139.80
Quarter IV	2603.08	1293.24	-1309.84
2007			
Quarter I	2703.21	1305.93	-1397.28
Quarter II	2605.13	1244.83	-1360.30
Quarter III	3145.81	1656.58	-1489.23
Quarter IV	2839.58	1456.93	-1431.86
2008			
Quarter I	2844.64	1445.27	-1399.37
Quarter II	3070.38	1846.99	-1223.39
Quarter III	3940.74	2216.05	-1724.69
Quarter IV	3381.47	1747.76	-1633.71
2009*			
Quarter I	-3635.11	1403.67	-2231.44
Quarter II	-3051.63	1485.46	-1566.17
Quarter III	-3738.41	1782.76	-1956.65
Quarter IV	-3516.58	1299.75	-1216.83

* Provisional CBL estimates.

Table S24

STATISTICS OF BASOTHO MINERS IN SOUTH AFRICA

	Average Number Employed	Average Earnings ¹	Deferred Pay ²		Remittances Payments ³	
			Maloti '000	Annual % change	Maloti '000	Annual % change
2006	54,105	53,859	231,578	36.8	48,885	-70.8
2007	54,729	18,588	82,862	22.0	3,341	6.3
2008	50,686	20,519	108,999	31.5	6,617	98.0
2005						
Q II	54,182	10,836	45,367	-9.0	41,870	41.2
Q III	53,226	11,102	29,788	-75.8	34,380	1.8
Q IV	52,042	12,050	30,785	-56.0	52,435	36.0
2006						
Q I	51,339	12,508	41,813	-33.9	43,097	11.4
Q II	51,844	13,108	57,694	27.2	1,057	-97.5
Q III	52,951	13,777	64,152	115.4	1,587	-95.4
Q IV	54,105	14,466	67,919	120.6	3,144	-94.0
2007						
Q I	55,153	15,174	63,855	56.7	1,843	-95.7
Q II	55,216	16,146	74,106	28.4	2,193	107.5
Q III	55,348	17,227	69,945	9.0	2,678	68.7
Q IV	54,729	18,519	82,862	22.0	3,341	6.3
2008						
Q I	53,979	20,519	68,925	7.9	3,346	81.6
Q II	52,453	20,519	66,413	-10.4	4,989	127.5
Q III	51,478	20,519	72,372	3.5	4,944	84.6
Q IV	50,686	20,519	108,999	31.5	6,617	98.0
2009						
Q I	48,715	20,519	66,223	-3.9	7,483	123.6
Q II	47,354	20,519	68,554	3.2	7,326	46.8
Q III	46,275	20,519	63,998	-11.6	7,442	50.5
Q IV	38,485	20,519	92,111	-15.5	9,767	47.6

¹These figures are average earnings, including overtime payments, and repatriation allowances earned by workers in the mines. Figures are supplied by South African

Chamber of Mines.

²Deferred pay as shown in this table, represents miners' withdrawals from the Fund processed through recruiting agencies.

³Part of miners' wages transferred to Lesotho through recruiting agencies.