

# **CENTRAL BANK OF LESOTHO**

## **QUARTERLY REVIEW**

**March, 2014**

**MASERU**

**KINGDOM OF LESOTHO**

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# 1. Executive Summary

The global economic performance improved during the first quarter of 2014. Advanced economies are showing signs of picking up momentum, with accommodative monetary policy and rollout of quantitative easing being responsible for the observed change in fortunes. Inflation remained subdued in all the regions notwithstanding prospects of deflation in some countries. Labour market conditions also improved as signaled by a low unemployment rate.

Growth in emerging, while showing signs of slowing down, remains strong. The response of the emerging economies to improved economic performance in the advanced economies has rather been slow. Emerging market economies have entered a new phase of economic crisis brought by the reversal of quantitative easing by the US. The fear of a build-up in inflation pressures has led to aggressive reaction by monetary authorities in the emerging market economies. In response to capital outflows, Central Banks in the emerging market economies have hiked rates so as to limit a further depreciation of their exchange rates and the impact on domestic inflation. Commodity prices, with the exception of crude oil, increased during the review period. The increase in agricultural commodities was driven by unfavorable weather conditions while the increase in prices of gold and platinum were supported largely by strong demand from Asia. Weakened supply of platinum also played an important role in the upward movement in the price of platinum.

Based on the Economic Activity Indicator (EAI), a measure of economic performance on a quarterly basis, economic performance was negative during the first quarter of 2014. The EAI declined by 2.1 per cent in the quarter ending in March 2014 compared with an increase of 3.4 per cent in the previous quarter. Nearly all the sectors performed poorly during the first quarter. Mining production declined due to ongoing work in the industry and temporary closure of some mines. Within the secondary sector, all the industries contracted. The service sector also declined. With regard to labour market developments, employment by LNDC assisted companies, the number of Basotho migrant mineworkers and of government employees declined during the review quarter. The inflationary pressures continued to mount mainly due to elevated prices food and non-alcoholic beverages, alcoholic beverages, and clothing and footwear. The increase in global food prices and the depreciation of the Rand against the major currencies contributed to the observed inflation trend.

## 2. International Economic Developments

Global economic growth performance picked up during the first quarter of 2014. It was driven largely by increasing growth momentum in the advanced countries while the pace of economic growth has slowed down in the emerging markets.

Higher growth in the advanced countries was supported by a gradual recovery in the US and modest growth in the Euro-zone. Growth in Japan was attributed to high consumption expenditure. Inflation rates remained low with the exception of the US, which is close to reaching its inflation target rate of 2 per cent. These low rates of inflation are posing prospects of deflation in the future. Labour market conditions improved in all advanced countries with unemployment rates declining. However, unemployment rate remained high in the Euro Area.

In the emerging market economies (EMEs), the rate of growth continued to decline. Nonetheless, it continued to be generally higher than the rate of growth in the advanced countries. The slowdown in growth resulted among others from renewed financial vulnerabilities posed by the reversals of quantitative easing in the United States as well as domestic factors. Inflation rates remained high, forcing the central banks to maintain tight monetary policies, thereby exacerbating economic weaknesses and delaying recovery.

All commodity prices, with the exception of crude oil, increased during the review period. The increase in agricultural commodities was driven by unfavourable weather conditions while rising demand has been supportive to the prices of gold and platinum. Furthermore, the increase in platinum price emanated from disruptions in supply which led to lower output.

**Table 1: Key World Economic Indicators**

	Real GDP Growth		Inflation Rate		Key Policy Rates		Unemployment Rate	
	2013	2014	2013	2014	2013	2014	2013	2014
	Q4	Q1	Q4	Q1	Q4	Q1	Q4	Q1
US	2.6	2.3	1.5	1.5	0.25	0.25	6.7	6.7
Euro Area	0.5	0.9	0.8	0.5	0.25	0.25	12.0	11.8
Japan	0.2	1.5	1.3	1.3	0.00	0.00	3.7	3.6
SA	2.0	1.6	5.4	6.0	5.00	5.50	24.1	25.2
China	7.7	7.4	2.5	2.4	6.00	6.00	4.1	n/a
India	4.7	n/a	6.2	8.31	7.75	8.00	n/a	n/a

**Source:** Bloomberg, The Economist, STATSSA and SARB, OECD National Accounts Statistics (database), US Bureau of Economic Analysis, National Bureau of Statistics China, Statistics Bureau of Japan, Government of India Department of Labour

## ADVANCED ECONOMIES

### United States (US)

The US economic growth rate moderated to 2.3 per cent during the first quarter of 2014 after having recorded a 2.6 per cent increase in the last quarter of 2013. The slowdown resulted from the severe winter weather, which led to a fall in productivity and a slump in domestic demand. This became evident in personal consumption expenditure, exports, non-residential fixed investment and private inventory investment, which declined during the review period.

The US annual inflation rate remained unchanged at 1.5 per cent in March 2014 relative to December 2013. The 1.5 per cent rate emanated from higher costs of shelter and food. To support economic growth, the United States Federal Open Markets Committee (FOMC) decided to leave the policy rate unchanged at 0.25 per cent. However, due to recovery in the economic growth and the labour market, the Fed began to reverse quantitative easing programme by scaling back bond buying by US\$10 billion every month with effect from January 2014. The rate of unemployment remained unchanged at 6.7 per cent during the first quarter of 2014, despite the improvements in employment levels after the cold winter earlier in the year.

### Euro-Area<sup>1</sup>

The real GDP grew by 0.9 per cent during the first quarter of 2014 compared with an increase of 0.5 per cent in the last quarter of 2013. The increased growth emanated from higher growth in the largest economy, Germany, whose growth was driven by high domestic demand. Growth in France stagnated while it deteriorated in Italy and Netherlands.

According to the flash estimate for March 2014, inflation declined to 0.5 per cent from 0.8 per cent recorded in December 2014. This was the lowest rate since November 2009, depicting the slow recovery in the bloc. The slowdown resulted largely from a fall in the cost of services, energy and non-energy industrial goods, food as well as alcohol and tobacco products. The European Central Bank's (ECBs) Open Market Operations Committee left the key interest rate at 0.25 per cent in March 2014, despite the low level of inflation which poses worries of deflation within the region.

The unemployment rate declined to 11.8 per cent during the first quarter of 2014 compared with 12.0 per cent in December 2013. Lower unemployment rates were recorded in Austria, Germany and Luxembourg while Greece registered the highest unemployment rate.

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<sup>1</sup> Euro Area: Austria, Belgium, Croatia, Cyprus, Estonia, Germany, Greece, Finland, France, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

## **Japan**

The real GDP growth accelerated to 1.5 per cent in March 2014 after recording a 0.2 per cent increase in the previous quarter. The surge resulted from higher expenditures in personal consumption, business investment and capital, while net exports declined due to lower growth in exports.

The core inflation rate in March 2014 remained at the same rate of 1.3 per cent observed in December 2013. The 1.3 per cent rate was ascribed to increased prices of clothes and footwear. The Bank of Japan decided to maintain its current monetary policy stance and to continue its program of asset purchases at a constant pace.

The unemployment rate declined marginally to 3.6 per cent during the first quarter of 2014 relative to 3.7 per cent registered in the last quarter of 2013. The decline resulted from improved employment levels.

## **EMERGING MARKET ECONOMIES**

### **China**

Economic activity slowed down during the first quarter of 2014. The real GDP growth rate declined to 7.4 per cent in the first quarter of 2014 relative to 7.7 per cent in the previous quarter. The deceleration resulted from slower growth in fixed asset investment and a decline in exports and imports.

The rate of inflation moderated to 2.4 per cent in March 2014 relative to 2.5 per cent in December 2013. The subdued increase was attributable to lower costs of communication, transport and tobacco, while the price of food increased. The People's Bank of China's MPC left the key interest rate unchanged at 6.0 per cent in March 2014.

### **India**

Preliminary estimates indicate that India's economic performance continued to deteriorate during the first quarter of 2014. Industrial production declined by 0.5% in March 2014 compared with a fall of 0.2% in December 2013. The decline was attributable to the poor performance in the manufacturing and mining sectors.

The rate of inflation rose to 8.3 per cent in March 2014 compared with 6.2 per cent in December 2013 mainly as a result of 9.1 per cent increase in food prices. The Reserve Bank of India increased its key interest rate by 25 basis points to 8 per cent in March 2014 from 7.75 per cent in December 2013. The interest rate was increased in order to contain inflation as well as to combat high capitals outflows which have threatened economic recovery.

### **South Africa**

Economic activity in South Africa remained weak during the first quarter of 2014. The real GDP growth rate moderated from 2 per cent in the last quarter of 2013 to 1.6 per cent in the

quarter that ended in March 2014 year-on-year while quarter-to-quarter output shrunk by 0.6 per cent. The slowdown was ascribed to a negative growth in the mining and quarrying industry due to lower production in diamond, gold and platinum mining. Production in the platinum mines deteriorated due to the strike that was continuing during the review period. Positive performances were however realised in the construction and manufacturing industries.

The rate of inflation continued to increase in the quarter ending in March 2014. It rose from 5.4 per cent in December 2013 to 6 per cent in March 2014, reaching the upper band of the inflation target range of 3-6 per cent. The higher inflation rate resulted from higher costs of food, restaurants and hotels, and transport. The South African Reserve Bank's (SARB's) Monetary Policy Committee increased the repo rate by 50 basis points to 5.5 per cent during the first quarter of 2014. This was mainly to arrest the weakening of the rand, which hit 5-year low earlier this year and was likely to spur inflation.

The rate of unemployment rose to 25.2 per cent during the first quarter of 2014 relative to 24.1 per cent in the previous quarter. The increase was attributed to a fall in employment in the informal sector especially the agricultural industry.

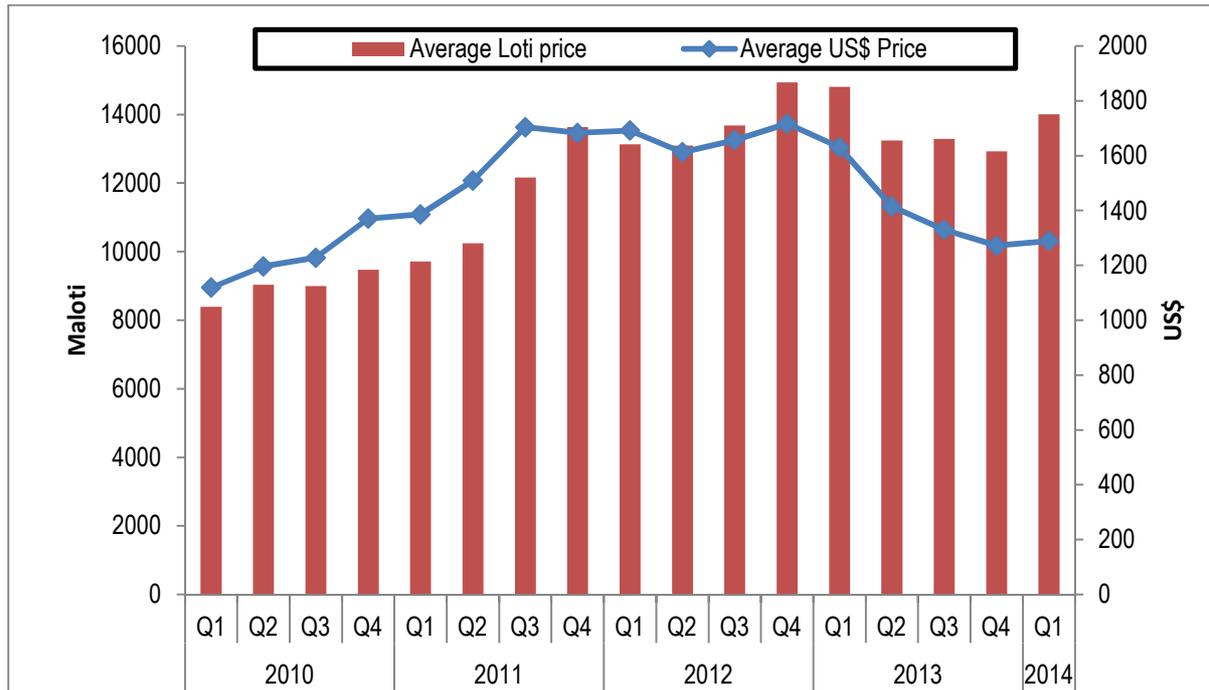
## **COMMODITIES**

### **Minerals**

#### ***Gold***

During the first quarter of 2014, the average US dollar price of gold increased by 1.3 per cent to US\$1 289 per ounce relative to a decrease of 4.3 per cent in the fourth quarter of 2013. In terms of Maloti, the average price of gold increased by 8.4 per cent to M14 011 per ounce. The growth was attributed to higher demand for gold for investment purposes in the two world largest consumers of gold, China and India. This was despite the after effects of the Fed announcement that it would start tapering of quantitative easing in January 2014, which increased confidence in the Dollar denominated assets.

Figure 1: Average Price of Gold

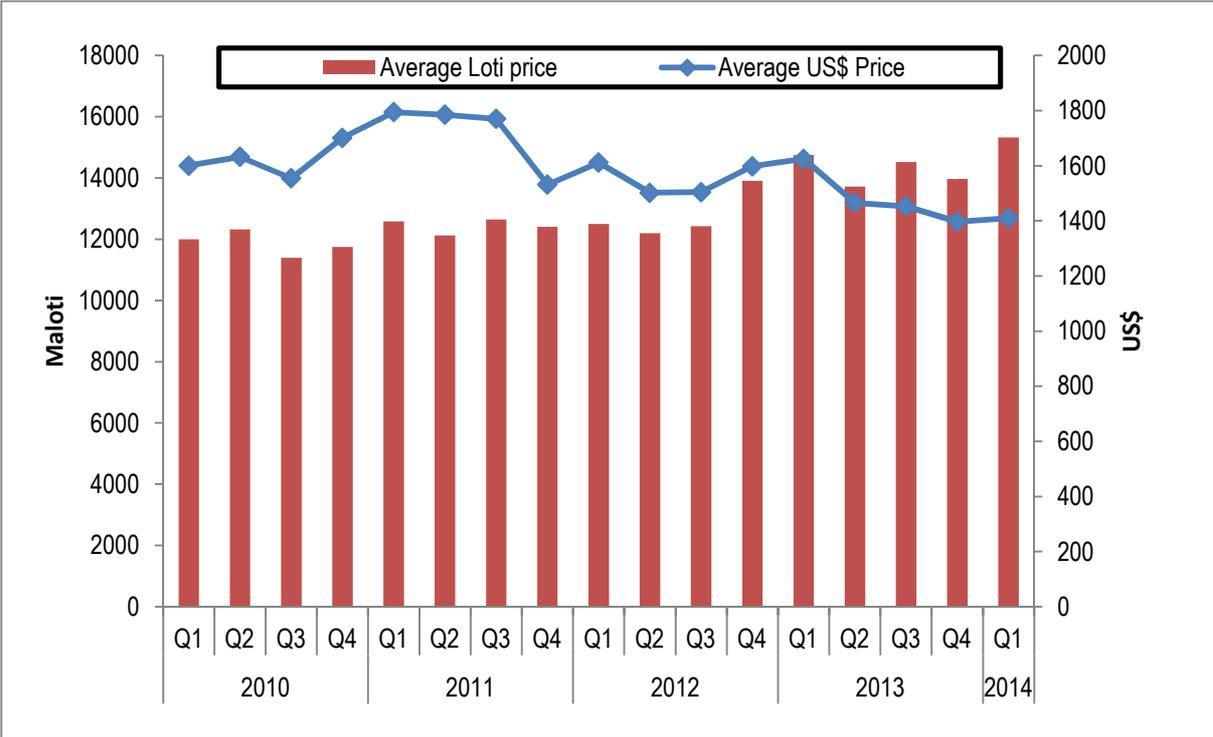


Source: Bloomberg

### *Platinum*

The average price of platinum rose by 0.9 per cent to US\$1 410 per ounce in the first quarter of 2014 compared with a decline of 3.9 per cent in the previous quarter. The increase emanated from reduced production due to the industrial action that continued in the South African platinum mines. South African platinum mines account for 40 per cent of the world produce so any disruptions in the sector have a negative bearing on the world's output. Moreover, the increase in average price of platinum resulted from higher demand for European cars, which mainly use platinum in their production. In terms of Maloti, the average price increased by 9.7 per cent to M15 324 per ounce compared to a decline of 3.8 per cent in the quarter ending in December 2013.

**Figure 2: Average Price of Platinum**



Source: Bloomberg

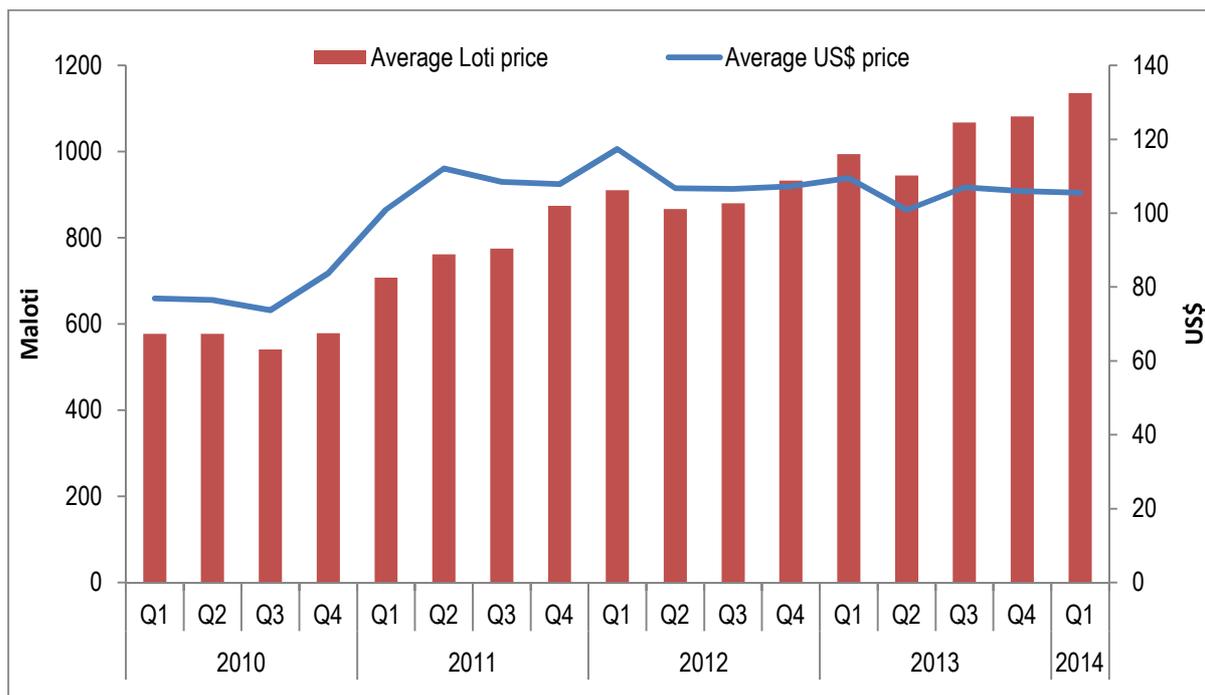
**Energy**

*Oil*

The average price of oil declined by 1.4 per cent to US\$104.54 per barrel in the quarter ending in March 2014 relative to a decrease of 0.9 per cent in the previous quarter. The deterioration was caused by higher production due to increased supply of oil in Iraq, as it upgraded its infrastructure. Furthermore, reduced demand for oil by China due to its slowing growth contributed to the decline.

Due to the depreciating Loti during the quarter under review, the average price of oil in terms of Maloti increased by 5 per cent to M1 136 per barrel compared to an increase of 1.4 per cent in the last quarter of 2013.

**Figure 3: Average Price of Oil**



**Source:** Bloomberg

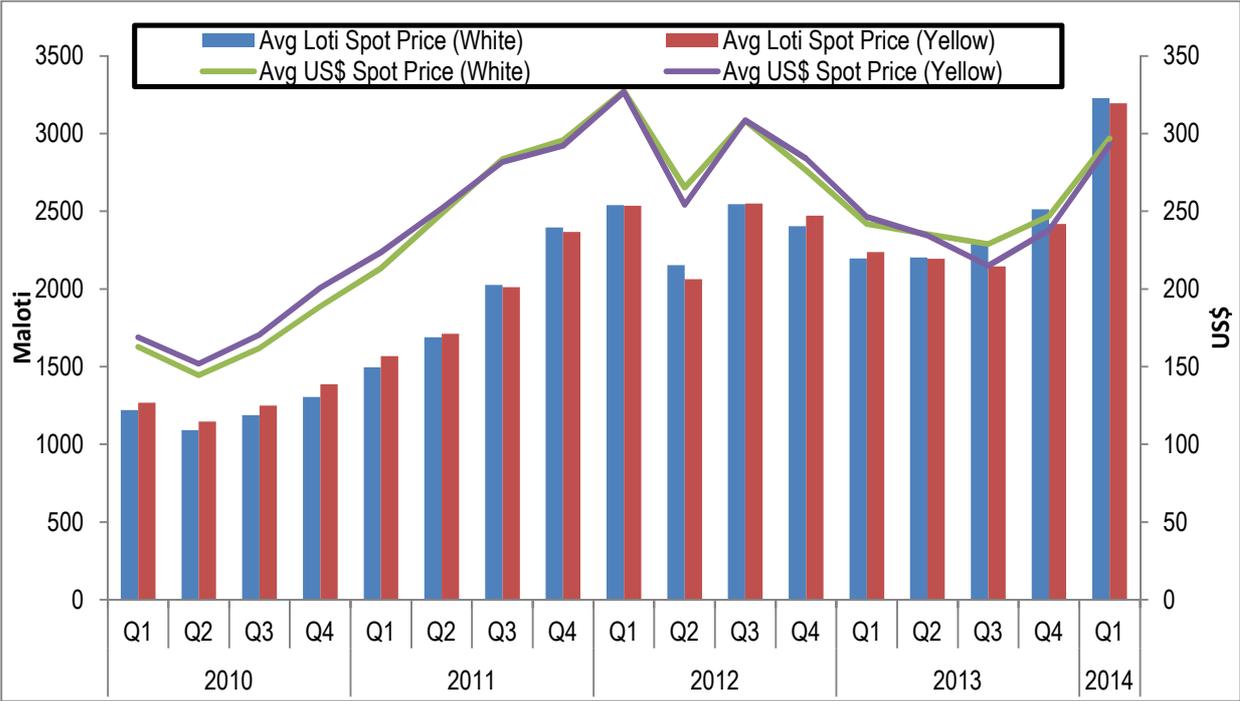
## **Agricultural Products**

### ***Maize***

The average prices of both white and yellow maize accelerated during the review period. The average price of white maize in US Dollar terms surged by 20.0 per cent to US\$297 per tonne relative to an increase of 7.8 per cent in the quarter that ended in December 2013. The average price of yellow maize rose by 23.2 per cent to \$293 per tonne during the first quarter of 2014 relative to an increase of 10.7 per cent in the previous quarter. In terms of Maloti, the average price of white maize rose by 28.5 per cent compared with an increase of 12.7 per cent in the previous quarter while the yellow maize price increased by 32.1 per cent relative to a growth of 9.8 per cent in the fourth quarter of 2013.

The increase was ascribed to unfavourable weather conditions in key exporting countries, which led to the scale back in planting. Also, the uncertainty surrounding the geopolitical crisis in Ukraine led to the reduction in exports of maize (Ukraine is the third largest producer of maize in the world).

Figure 4: Average Price of Maize

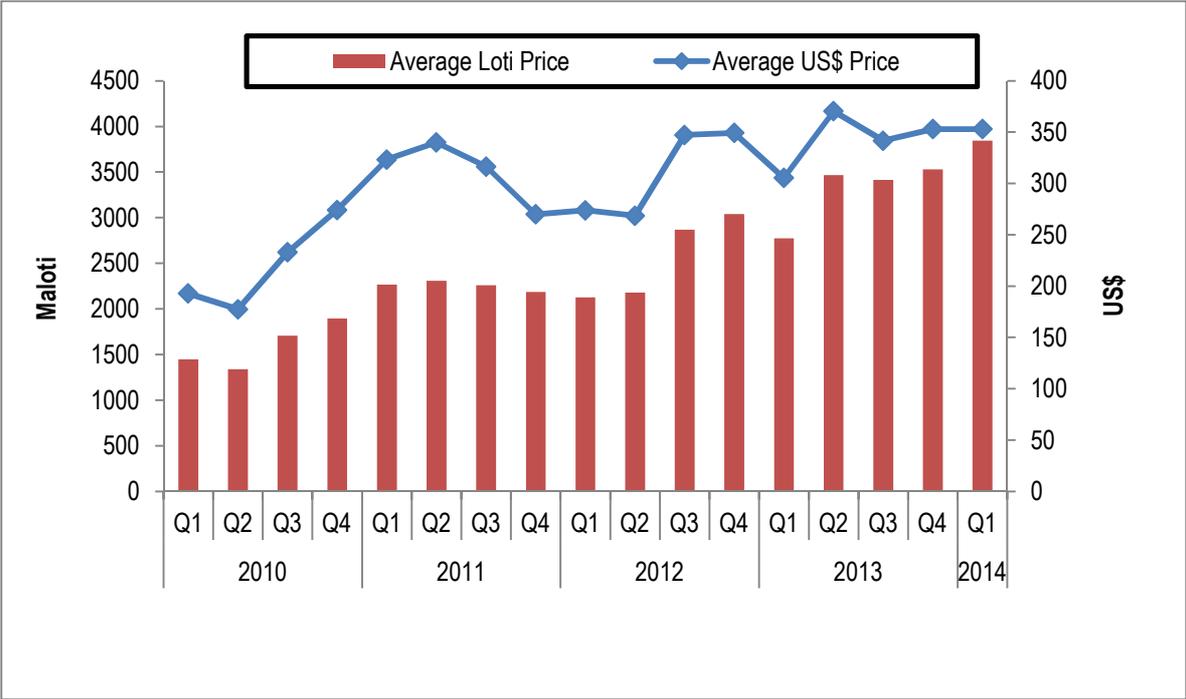


Source: Bloomberg

**Wheat**

The average US dollar price of wheat increased marginally by 0.1 per cent to US\$353 per tonne compared with a rise of 3.3 per cent in the previous quarter. In Maloti terms, it rose by 9 per cent to M3 846.07per tonne. The increase emanated from tight supplies due to severe cold weather conditions in the US.

Figure 5: Average Price of Wheat



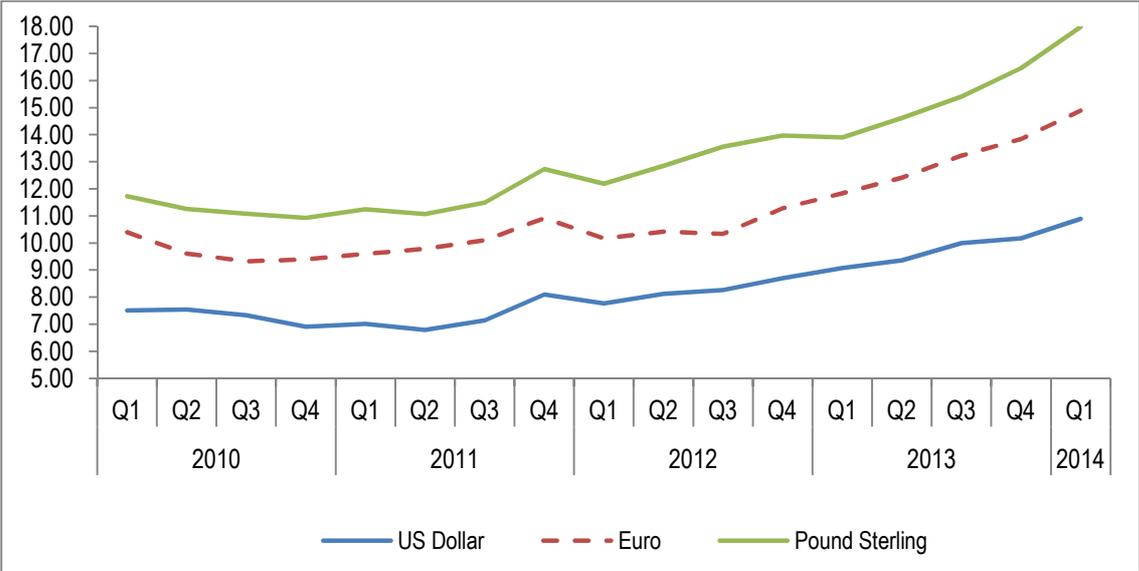
Source: Bloomberg

**EXCHANGE RATES**

The Loti, which is fixed at par to the Rand, experienced a sharp depreciation during the first quarter of 2014, the lowest level in 5 years. The deterioration in the Loti resulted from the reversal of quantitative easing by the United States (FOMC), which led to increased capital outflows from South Africa and therefore exerted a downward pressure on the Rand.

On a quarterly basis, the Loti/Rand depreciated by an average of 7.1 per cent to M10.89, 9.2 per cent to M17.98 and 7.6 per cent to M14.89 against the US dollar, the pound Sterling and the Euro, respectively, during the first quarter of 2014.

**Figure 6: Nominal Exchange Rate of the Loti against Major Currencies**



**Source:** Bloomberg

### 3. Real Sector Developments

#### OVERVIEW

Economic performance weakened in the first quarter of 2014. The indicator of economic performance, the Economic Activity Indicator (EAI), declined by 2.1 per cent in the quarter ending in March 2014 compared with an increase of 3.4 per cent in the previous quarter. The primary sector's performance fell during the review quarter. This was because mining production was undertaken by only two mines, Lets'eng and Kao during the period under review. This was as a result of temporary cessation of production by Lihobong mine in October 2013 in preparation for the installation of a new treatment plant. In addition, production by the Les'eng mine also declined. Performance of all the industries within the secondary sector deteriorated during the review period. The tertiary sector's performance depicted mixed signals. The other services subsectors showed improved performance. The trade and government subsectors recorded subdued performance while the telecommunications subsector was stable. With regard to labour market developments, employment by LNDC assisted companies, the number of Basotho migrant mineworkers and of government employees showed declining trends during the review quarter. The inflation rate accelerated in March 2014 compared with December 2014 mainly due to high prices food and non-alcoholic beverages, alcoholic beverages, and clothing and footwear. The increase in global food prices and the depreciation of the Rand against the major currencies contributed to the observed inflation trend.

#### OUTPUT DEVELOPMENTS

In the absence of Quarterly National Accounts (QNA), the overall economic performance is measured by the EAI. The EAI is comprised of the three sectors of the economy, which are the primary, the secondary and the tertiary sectors as depicted in Table 3.1 below. In the period ending in March 2014, the EAI declined by 2.5 per cent compared with the 3.4 per cent increase in the previous period. This was an indication of reduced economic performance during the review period. The sectors which contributed to the decline were the primary and secondary sectors while the tertiary sector depicted mixed signals.

**Figure 7: Economic Performance by Industry (Indices)**

	Weight	2013			2014	
		Q1	Q2	Q3	Q4	Q1
<b>EAI</b>	<b>100</b>	<b>106.9</b>	<b>109.6</b>	<b>116.1</b>	<b>119.9</b>	<b>117.4</b>
<b>Primary Sector</b>						
Mining	<b>8.9</b>	98.5	126.0	156.0	143.7	142.5
<b>Secondary Sector</b>						
Manufacturing	<b>18.5</b>	82.7	83.9	90.2	90.1	81.1
Electricity	<b>1.1</b>	102.7	120.7	131.3	108.4	105.9
Water	<b>4.9</b>	81.9	109.3	120.3	89.4	83.0
Construction	<b>7.6</b>	163.0	108.5	114.0	128.4	119.7

### Tertiary Sector

Trade	11.0	119.1	125.3	128.5	160.8	158.4
Telecom	5.1	103.9	108.9	114.1	144.7	144.7
Financial Sector	6.5	111.8	112.5	126.9	129.8	136.3
Other services	5.7	158.8	151.9	184.0	183.4	187.4
Government	30.6	99.5	99.9	99.9	101.4	101.0

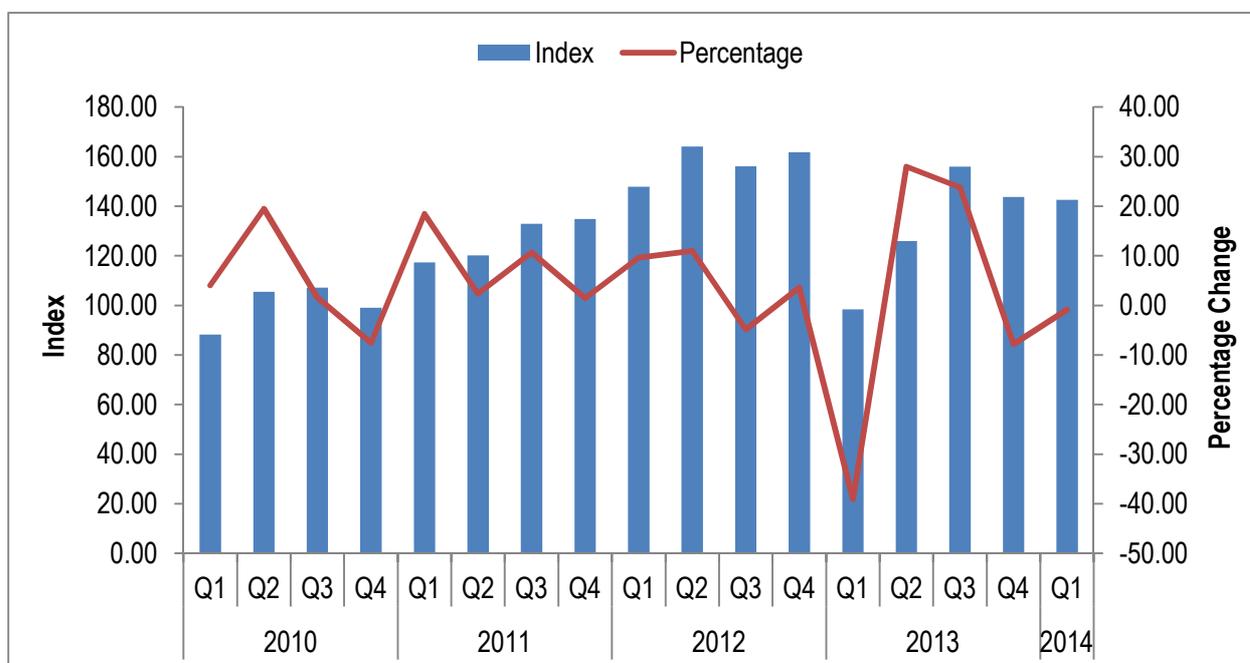
Source: Central Bank of Lesotho

### Primary Sector

#### *Mining and quarrying*

The mining and quarrying index declined by 0.8 per cent in the quarter ending in March 2014 compared with a decline of 7.8 per cent in the previous quarter. The decline was mainly attributed to the supply side constraints related to the temporary cessation of production operations by the Lqhobong mine since October 2013 to work on construction of a new production plant. In addition, Lets'eng mine discovered fewer carats during the review period. This was despite the discovery of two exceptionally large and high quality diamonds by the Lets'eng mine in January 2014. On the demand side, fundamentals were strong and conducive for positive performance of the diamond mining sector as indicated by higher diamond prices fetched by the local mines during the review period. The higher prices were reflective of strong global demand for diamonds during the review quarter.

Figure 8: Mining and Quarrying Index



Source: Central Bank of Lesotho

## **Secondary Sector**

### ***Manufacturing***

The manufacturing index, which comprises manufacturing of textiles and clothing, manufacturing of food and beverages and other manufacturing, declined by 10.0 per cent in the first quarter of 2014 compared with a marginal decline of 0.1 per cent in the fourth quarter of 2013. The decline was mainly attributed to a 23.5 per cent fall in the manufacturing of textiles and clothing, which amongst other things resulted from the closure of operations by three garments producing firms during the review period. One of the firms that closed quoted low productivity of workers as their major reason for closing shop. This industry faces tough competition from other major producers of textiles and clothing for the US market from Asia and Africa due to higher electricity, water and labour costs and the remoteness of Lesotho to the US market, which results in higher shipment costs. The manufacturing of food and beverages index declined by 4.1 per cent, while the other manufacturing index increased by 5.2 per cent in the period under review.

### ***Electricity***

The electricity index declined at a lower rate of 2.2 per cent in the period under review compared with the 17.4 per cent decline observed in the previous period. Both the domestic and commercial and industrial categories registered lower declines compared to the previous quarter. The decline in the commercial and industrial category was in line with low production in the textiles and clothing sector. On an annual basis, the electricity index increased by 3.1 per cent in the quarter ending in March 2014 compared to a decline of 6.1 per cent decline in the previous quarter.

### ***Water***

During the first quarter of 2014, the water index dropped by 7.2 per cent compared with an increase of 26.1 per cent in the fourth quarter of 2013. The significant decline in water consumption was recorded by the industrial category. The decline in water consumption was at the back of reduced production in the textiles and clothing sub sector. In addition, exports of water to South Africa declined during the period under review.

### ***Construction***

The index for construction declined by 6.8 per cent in the period under review compared with an increase of 12.7 per cent in the quarter ending in December 2013. The decline was attributed to decreased construction in the period under review. This was because much of the construction works which included construction of footbridges; maintenance and construction of rural roads were completed in the previous quarter. In addition, some of the construction works related to the Metolong project, which included construction of Metolong water treatment works, secondary pipelines to Mazenod, Roma and Morija, construction of building works and construction of vehicle and pedestrian bridge across the reservoir and access roads were completed in January 2014.

**Table 2: Secondary Sector Growth Rates**

	Weight	2013			2014	
		Q1	Q2	Q3	Q4	Q1
<b>Secondary Sector</b>						
Manufacturing	<b>18.5</b>	-18.3	1.5	7.5	-0.1	-10.0
Manufacturing of Food and Beverages	<b>21.1</b>	-21.9	-5.0	9.8	14.5	-4.1
Textiles and clothing	<b>51.3</b>	-11.3	3.4	-1.2	-6.0	-23.5
Other Manufacturing	<b>27.6</b>	-26.3	5.1	22.8	-4.0	5.2
Electricity	<b>1.1</b>	-11.0	17.4	8.8	-17.4	-2.2
Water	<b>4.9</b>	98.9	33.5	10.1	-25.7	-7.2
Construction	<b>7.9</b>	-2.7	-33.4	5.0	12.7	-6.8

**Source:** Central Bank of Lesotho

## Tertiary Sector

### *Trade*

The index for trade, which includes, wholesale and trade in fuel, wholesale trade, motor trade, and retail trade declined by 1.5 per cent in the quarter ending in March 2014 compared with an increase of 25.1 per cent in the previous quarter. This indicated that there was low demand for goods and services in the economy during the period under review. The surge in the trade index in the last quarter mainly reflected high festive season expenditure by households and the decline in the first quarter indicated a return to the normal trend. Major decreases were observed in the retail of hardware, paints and glass, wholesale of other machinery equipment and supplies, retail of automotive fuel, sale of motor vehicles, sale of food, beverages, tobacco, textiles, clothing and footwear, fuel, motor vehicle parts and accessories and, other household goods.

### *Other Services<sup>2</sup>*

The index for other services increased by 2.1 per cent during the period under review compared with a marginal decline of 0.3 per cent in the quarter ending in December 2013. It is important to note that during the fourth quarter some businesses closed earlier for the festive season, as thus, the improvement was attributed to the reopening of such businesses after the festive season. Significant increases were observed with architectural and engineering activities, maintenance and repair services and real estate activities.

<sup>2</sup> Other services include hotels, camping sites and other provision of short stay accommodation, restaurants, bars and canteens, renting of land transport equipment, legal activities, consultancy services, Data processing, Maintenance and repair services, Advertising, software publishing Investigation and security activities etc.

### *Government Activities*

The index for government activities declined slightly by 0.4 per cent in the period under review compared with an increase of 1.4 per cent in the last quarter of 2014. This indicated lower production of public goods and services and was in line with the quarterly decline in government employment during the review quarter.

**Table 3: Tertiary Sector Growth Rates**

	Weight	2013				2014
		Q1	Q2	Q3	Q4	Q1
<b>Tertiary Sector</b>						
Trade	11	-14.4	5.2	2.5	25.1	-1.5
Telecommunications	5.1	-14.1	4.8	4.8	26.8	0.0
Financial Sector	6.5	-3.0	0.6	12.8	2.3	5.0
Other services	5.7	-14.6	-4.3	21.1	-0.3	2.1
Government	30.6	0.3	0.4	0.0	1.4	-0.4

**Source:** Central Bank of Lesotho

### **EMPLOYMENT DEVELOPMENTS**

Employment by LNDC assisted companies declined by 6.0 per cent during the review period compared with a decline of 1.9 per cent in the last quarter of 2013. On an annual basis, a decline of 3.0 per cent was recorded in the quarter ending in March 2014 compared with an increase of 4.6 per cent in the quarter ending in December 2013. The observed trend was due to closure of some textile and clothing firms during the review quarter.

**Table 4: Employment by LNDC Assisted Companies**

Industry	2013			2014	
	Q1	Q2	Q3	Q4	Q1*
Knit Garments.....	23706	23760	24309	23540	22225
Woven Garments.....	14580	15787	17008	16820	15914
Footwear.....	2686	2691	2619	2619	2230
Fabrics, Yarn etc.....	1688	1669	1658	1664	1774
Construction.....	302	294	308	302	309
Food & Beverages.....	888	545	545	577	565
Electronics.....	1376	1354	1365	1365	912
Retail.....	128	128	128	128	128
Hotel Accom.....	765	405	405	411	412
Other.....	350	503	578	545	624

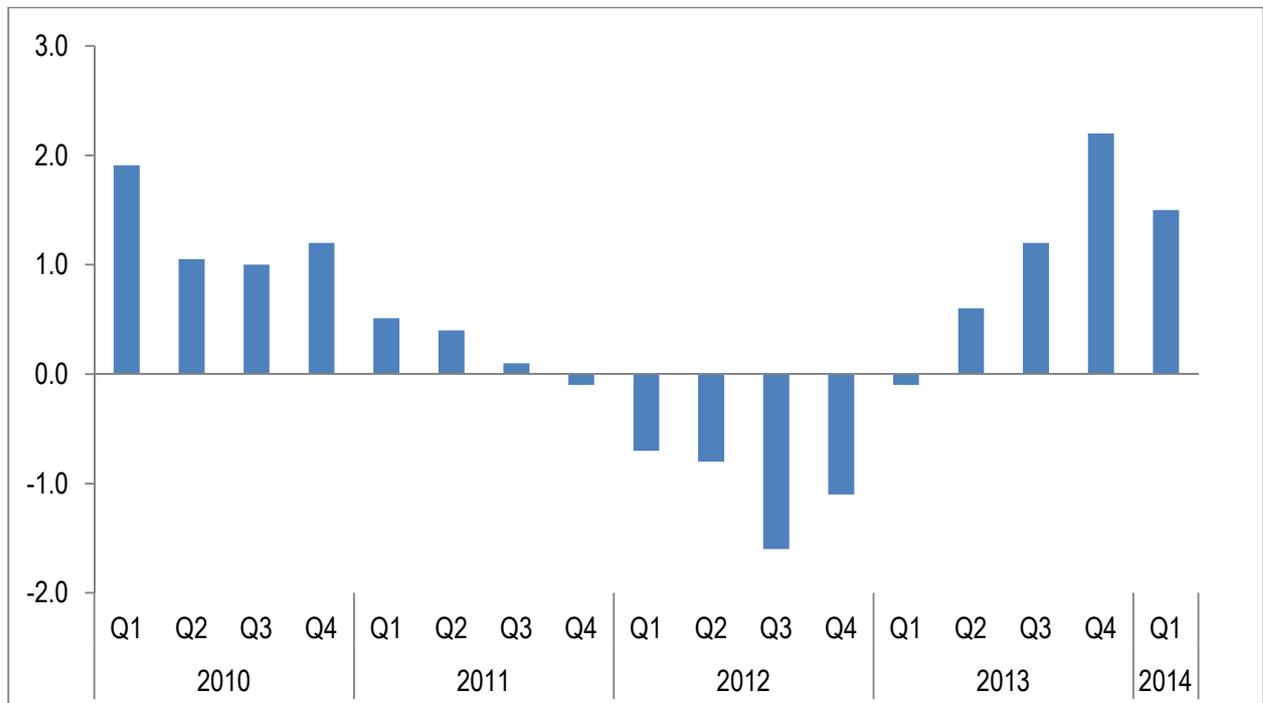
TOTAL.....	46 469	47 136	48 923	47 971	45 093
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Source: Lesotho National Development Corporation

\* Preliminary estimates

On quarterly basis, the number of government employees declined by 0.4 per cent in the quarter ending in March 2014 compared with an increase of 1.4 per cent in previous quarter. All categories of government employment registered declines in the period under review. The number of civil servants, teachers and daily paid workers declined marginally by 0.2 per cent, 1.0 per cent and 1.1 per cent, respectively. On an annual basis the number of government employees increased at a lower rate of 1.5 per cent in the period under review compared with 2.2 per cent recorded in the quarter ending in December 2013.

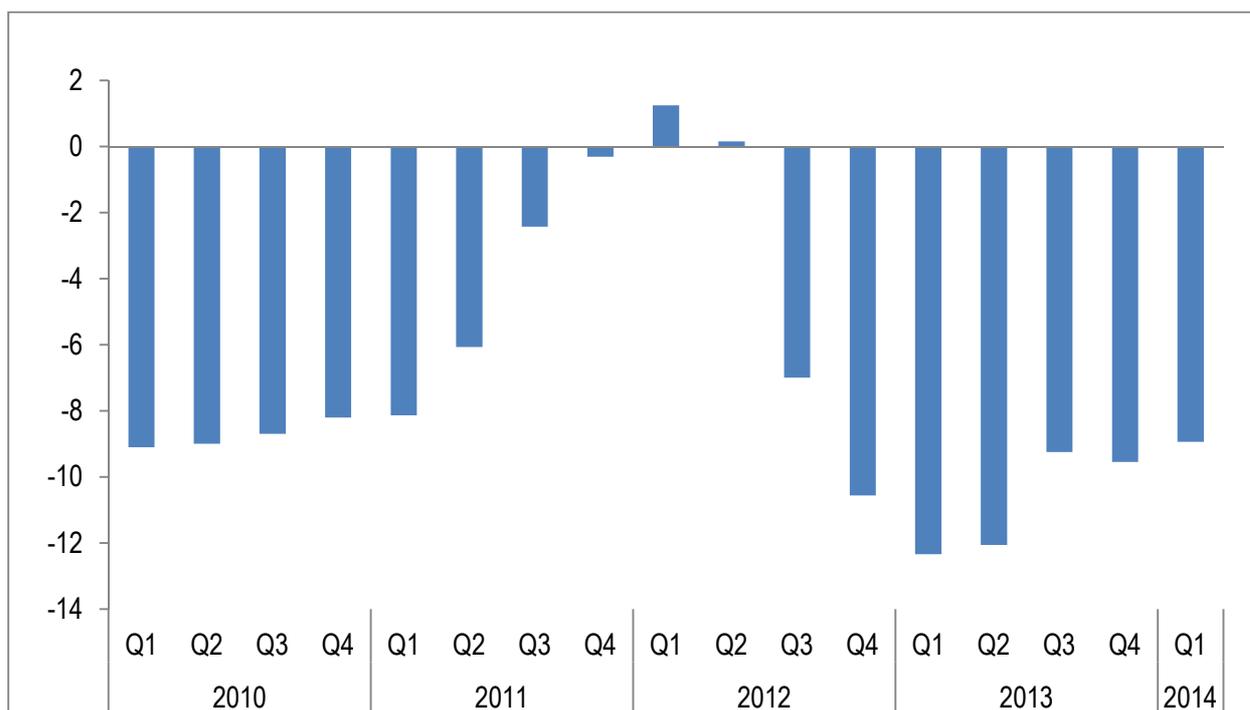
Figure 9: Government Employment (Annualized Percentage Change)



Source: Ministry of Finance

The number of Basotho migrant mineworkers in South African mines declined by 8.9 per cent in the first quarter of 2014, following a decline of 9.5 per cent in the last quarter of 2013. This was in line with the 0.4 per cent quarter to quarter decline in mining employment in South Africa.

**Figure 10: Migrant Mineworkers (Annualized Percentage Changes)**



**Source:** The Employment Bureau of Africa (TEBA)

## PRICE DEVELOPMENTS

Lesotho's inflation rate, measured as a percentage change in the Consumer Price Index (CPI) accelerated to 5.6 per cent in March 2014 from 5.1 per cent in December 2013. The food and non-alcoholic beverages, alcoholic beverages and tobacco, clothing and footwear, and hotels and restaurants categories contributed to the increase in the inflation rate during the review period. The highest increase was observed in food and non-alcoholic beverages at 4.7 per cent in the period under review compared with 3.1 per cent in December 2013 mainly reflecting the rise in the local food prices, especially the prices of cereals. The upward movement in the domestic prices of cereals was in line with the developments in the international food market. According to the FAO, the global cereal price index rose by 5.2 per cent in March 2014, mainly reflecting increases in the prices of wheat and maize, which was as a result of concerns raised by unfavorable weather conditions in major producing countries. The depreciation of the Loti against the Dollar during the review period is also expected to have contributed to the escalation in the inflation rate.

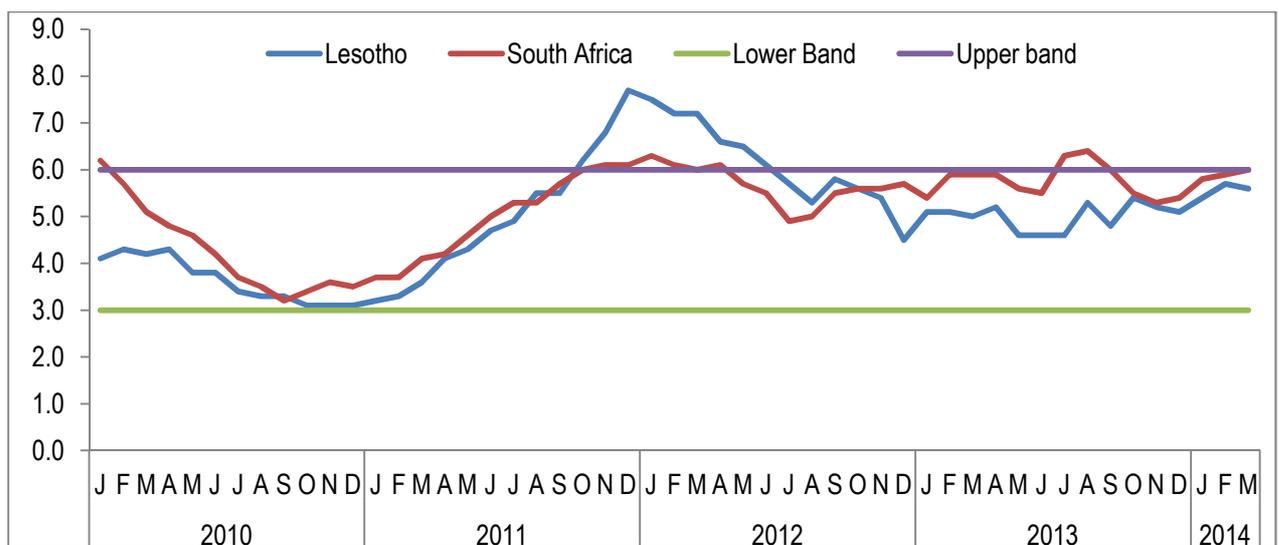
**Table 5: Inflation Rate (Annualized Percentage Changes)**

	2013			2014		
	Weight	Nov	Dec	Jan	Feb	Mar
<b>All items</b>	<b>100</b>	<b>5.2</b>	<b>5.1</b>	<b>5.4</b>	<b>5.7</b>	<b>5.6</b>
Food and non-alcoholic beverages	38.1	3.5	3.1	3.3	3.9	4.7
Alcoholic beverages & Tobacco	1.2	5.2	5.4	5.9	7.1	6.8
Clothing & footwear	17.4	2.2	2.3	2.7	2.8	3.0
Housing, electricity gas & other fuels	10.6	11.2	11.9	13.5	12.9	10.1
Furniture, households equipment & routine maintenance	9.4	3.0	2.9	2.8	3.0	2.9
Health	1.9	0.7	0.8	0.8	0.6	0.9
Transport	8.5	13.9	13.8	14.0	13.9	13.5
Communication	1.2	0	0	0	0	0
Leisure, entertainment & Culture	2.4	0.8	0.7	0.8	0.8	0.8
Education	2.7	13.4	13.4	7.1	7.1	7.1
Restaurant & Hotels	0.7	0.5	0.6	0.7	0.9	1.0
Miscellaneous goods & services	5.8	3.3	4.1	4.4	4.6	4.9

**Source:** Bureau of Statistics

Lesotho’s inflation rate continued to move in line with that of SA reflecting high reliance of Lesotho on imports from SA. SA’s CPI accelerated to 6.0 per cent in March 2014 from 5.4 per cent in December 2013 hitting the ceiling of the SARB inflation target range. The main contributors to the SA inflation rate were food and non-alcoholic beverages, housing and utilities, transport, and miscellaneous goods and services. Similar to Lesotho, SA food inflation was mainly driven by a hike in cereal prices. Wheat and maize prices reflected exchange rate pressures and drought conditions experienced in SA. Transport inflation was at the back of the increase in the rand petrol price.

**Figure 11: Lesotho’s and South Africa’s Inflation Rates**



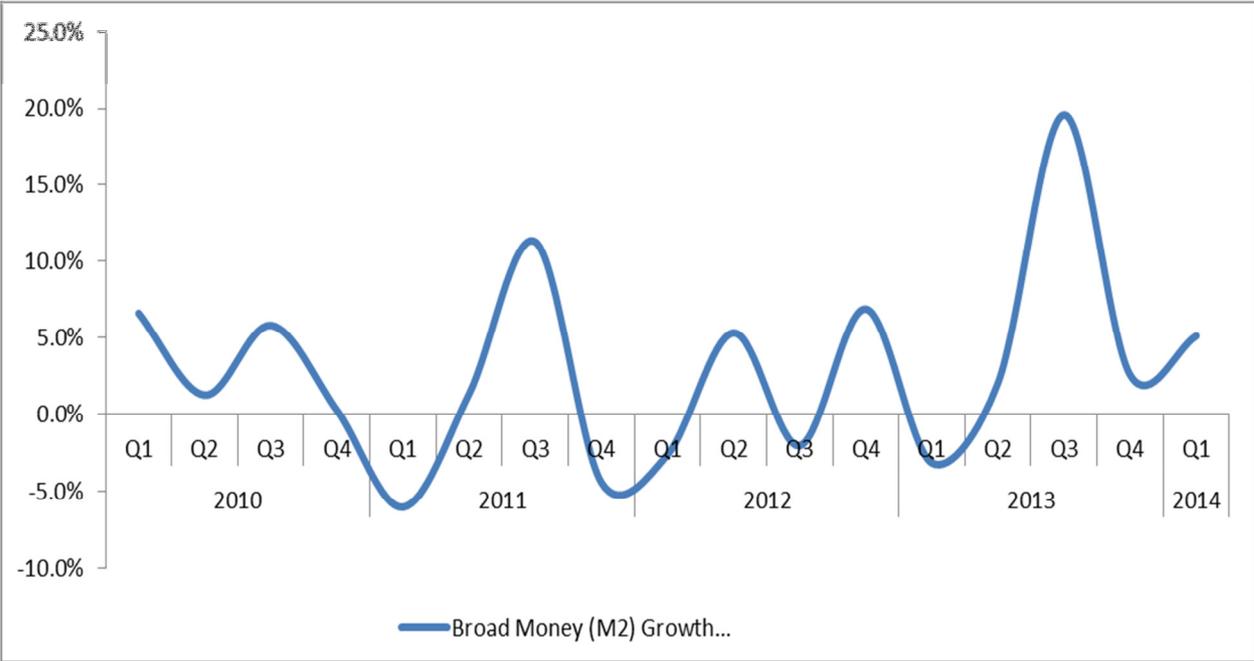
**Source:** Bureau of Statistics, Statistics South Africa

# 4. Monetary and Financial Developments

## BROAD MONEY (M2)

Growth in money supply accelerated further during the first quarter of 2014. On a quarterly basis, money supply expanded by 5.1 per cent following a 2.6 per cent increase recorded during the fourth quarter of 2013. On annual basis, growth in M2 increased by 31.5 per cent in March 2014 compared to 6.8 per cent increase in March 2013. This development was on account of a drastic increase in domestic claims, including net claims on government and a moderate increase in net foreign assets.

Figure 12: Money Supply (M2) Quarterly Growth Rates (Percentage Change)



Source: Central Bank of Lesotho

### Determinants of M2

#### Domestic Credit

Domestic claims, including net claims on government, increased by 157.8 per cent during the period under review compared to a 63.8 per cent decline during the quarter ending December 2013. This was at the back of a 14.6 per cent expansion in net claims on government following an accelerated spending by the government as well as a moderate increase in claims on other sectors. The 8.7 per cent fall in household credit, which accounts for the larger share of the private sector credit, caused a muted increase in claims on private sector. This was at the back of some commercial banks imposing more stringent requirements for personal loans. There

are two fundamental reasons why these measures were put in place. First, the surge in non-performing loans prompted this action and secondly the banks are worried about concentration of their loan books on unsecured lending and thus attempt to boost asset based products such as mortgages.

**Table 6: Domestic Claims** (*Million Maloti: End Period*)

	2013				2014	Changes	
	Mar	Jun	Sep	Dec	Mar	Annual	Quarterly
<b>Domestic Claims</b>	<b>724.9</b>	<b>472.6</b>	<b>1077.6</b>	<b>390.0</b>	<b>1005.2</b>	<b>38.7%</b>	<b>157.8%</b>
<b>Net Claims on Government</b>	<b>-3422.9</b>	<b>-3751.8</b>	<b>-3358.0</b>	<b>-4177.8</b>	<b>-3568.9</b>	<b>4.3%</b>	<b>14.6%</b>
<b>Commercial Banks Net Claims</b>	<b>814.6</b>	<b>790.4</b>	<b>848.7</b>	<b>652.1</b>	<b>681.1</b>	<b>-16.4%</b>	<b>4.4%</b>
Claims on Central Government	815.9	791.5	849.8	664.9	690.1	-15.4%	3.8%
Liabilities to Central Government	1.3	1.1	1.1	12.8	9.0	5.9%	-29.9%
<b>Central Bank Net Claims</b>	<b>-4237.5</b>	<b>-4542.2</b>	<b>-4206.7</b>	<b>-4829.9</b>	<b>-4250.0</b>	<b>0.3%</b>	<b>12.0%</b>
Claims on Central Government	513.5	644.6	796.5	834.6	833.6	62.3%	-0.1%
Liabilities to Central Government	4751.0	5186.8	5003.2	5664.5	5083.7	7.0%	-10.3%
<b>Claims on Other Sectors</b>	<b>4147.8</b>	<b>4224.4</b>	<b>4435.6</b>	<b>4567.8</b>	<b>4574.2</b>	<b>10.3%</b>	<b>0.1%</b>
Claims on OFCs	11.7	11.6	12.1	11.7	12.4	6.0%	5.8%
Claims on State and Local Government	0.0	0.0	0.0	0.0	0.0		
<b>Claims on Private Sector</b>	<b>4136.1</b>	<b>4212.8</b>	<b>4423.5</b>	<b>4556.1</b>	<b>4561.8</b>	<b>10.3%</b>	<b>0.1%</b>
Claims on Business Enterprises	1619.4	1671.3	1727.3	1558.34	1824.8	12.7%	17.1%
Claims on Households	2516.7	2541.4	2696.2	2997.77	2736.9	8.7%	-8.7%

**Source:** Central Bank of Lesotho

### *Net Foreign Assets*

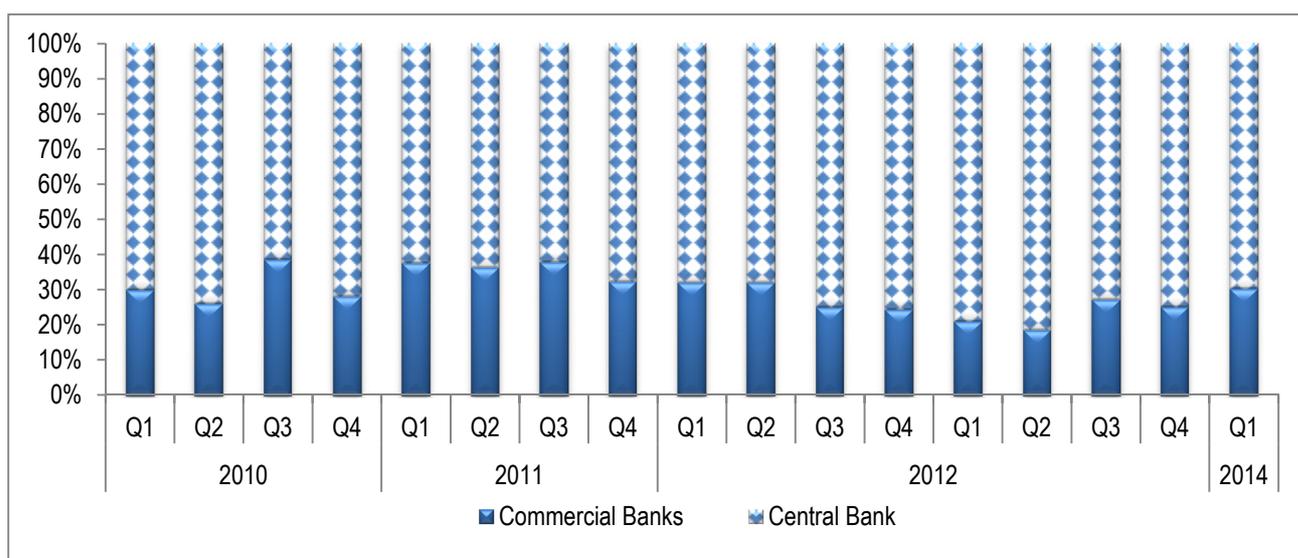
The overall banking system net foreign assets slightly increased by 0.3 per cent during the first quarter of 2014 down from 11.8 per cent surge registered during the quarter ending December 2013. This is ascribed to a 21.0 per cent increase in commercial banks net foreign assets moderated by a 6.7 per cent decline in Central Bank net foreign assets. Following a surge in deposits, mainly on account of increased government spending, commercial banks transferred most of these deposits to South African money markets owing to limited investment opportunities in the domestic market and thus increased commercial banks net foreign assets. Improved exports proceeds from mining following sale of two high value diamonds, also contributed to increased deposits. This was exacerbated by a sluggish credit extension during the quarter under review. On the other hand, the surge in imports during the quarter under review, which could not be fully funded from the capital and financial account, caused the fall in Central Bank fixed deposits abroad and thus caused a decline in Central Bank net foreign assets.

**Table 7: Net Foreign Assets** (Million Maloti: End Period)

	2013				2014	Changes	
	Mar	Jun	Sept	Dec	Mar	Annual	Quarterly
<b>Commercial Banks</b>	<b>2137.9</b>	<b>2030.9</b>	<b>3137.4</b>	<b>3,236.6</b>	<b>3915.2</b>	<b>83.1%</b>	<b>21.0%</b>
Claims on Non-residents	2669.1	2411.0	3 296.9	3,627.3	4475.8	67.7%	23.4%
Liabilities to Non-residents	-531.2	-380.1	-159.4	-390.7	-560.6	5.5%	43.5%
<b>Central Bank</b>	<b>7959.1</b>	<b>8846.9</b>	<b>8342.9</b>	<b>9,598.7</b>	<b>8955.1</b>	<b>12.5%</b>	<b>-6.7%</b>
Claims on Non-residents	8926.2	9903.9	9 635.1	10,965	10337.4	15.8%	-5.7%
Liabilities to Non-residents	-967.1	-1057	-1292.1	-1,365.7	-1382.4	42.9%	1.2%
<b>Net Foreign Assets Total</b>	<b>10097.0</b>	<b>10877.8</b>	<b>11480.4</b>	<b>12,835.4</b>	<b>12870.26</b>	<b>27.5%</b>	<b>0.3%</b>

Source: Central Bank of Lesotho

**Figure 13: Net Foreign Assets** (Percentage Shares)



Source: Central Bank of Lesotho

## Components of M2

Narrow money (M1) and quasi money are the major components of broad money (M2). During the first quarter of 2014, M2 rose by 5.1 per cent against a 2.6 per cent growth during the preceding quarter. This was caused by a 4.2 per cent increase in M1 while quasi money increased by 5.9 per cent. The growth in transferable deposits (which account for a larger share of narrow money) caused the increase in narrow money although it was moderated by a fall in currency in circulation. Commercial banks other deposits increase of 5.9 per cent caused an increase in quasi money.

**Table 8: Components of Money Supply (Million Maloti: End Period)**

	2013				2014	Changes	
	Q1	Q2	Q3	Q4	Q1	Annual	Quarterly
<b>Broad Money (M2)</b>	<b>6922.3</b>	<b>7062.5</b>	<b>8446.3</b>	<b>8661.6</b>	<b>9104.6</b>	<b>31.5%</b>	<b>5.1%</b>
<b>Narrow Money (M1)</b>	<b>3337.8</b>	<b>3666.4</b>	<b>4024.2</b>	<b>3988.2</b>	<b>4155.8</b>	<b>24.5%</b>	<b>4.2%</b>
Currency Outside DCs	791.8	807.7	864.1	953.3	840.0	6.1%	-11.9%
Transferable Deposits	2546.0	2858.7	3160.0	3034.9	3315.8	30.2%	9.3%
<b>Quasi Money</b>	<b>3584.5</b>	<b>3396.1</b>	<b>4422.2</b>	<b>4673.4</b>	<b>4948.7</b>	<b>38.1%</b>	<b>5.9%</b>
Other Deposits Commercial Banks	3566.0	3380.6	4410.3	4663.8	4940.4	38.5%	5.9%
Other Deposits Central Bank	18.5	15.5	11.9	9.6	8.4	-54.6%	-12.7%

**Source:** Central Bank of Lesotho

## CREDIT EXTENSION

### Trends of Credit Extended to Business Enterprises

Credit extended to business enterprises increased by 16.5 per cent during a period under review up from a fall of 9.8 per cent during the previous quarter. Real estate & business services, transport, storage & communication and community, social and personal services registered the biggest expansion in credit. Despite a decline in economic activity in textiles (which makes more than half of manufacturing), credit extended to manufacturing realised a 7.0 per cent increase during the quarter under review. This was on account of credit extended to food and beverages sub sector.

**Table 9: Credit Extension by Economic Activity (Million Maloti: End Period)**

SECTOR	2013				2014	Changes	
	Mar	June	Sept	Dec	Mar	Annual	Quarterly
Agriculture	16.5	18.1	18.3	16.3	16.9	2.5%	3.7%
Mining	184.3	226.0	218.7	185.4	194.2	5.4%	4.7%
Manufacturing	294.1	352.8	379.0	320.79	343.2	16.7%	7.0%
Construction	212.8	243.1	246.8	212.7	197.1	-7.3%	-7.4%
Transport, storage and communication	157.2	114.6	115.5	112.3	133.1	-15.3%	18.5%
Electricity, gas and water	39.9	43.1	40.0	36.8	33.2	-16.7%	-9.6%
Wholesale, retail, hotel and restaurant	304.3	230.9	221.0	225.7	227.5	-25.2%	0.8%

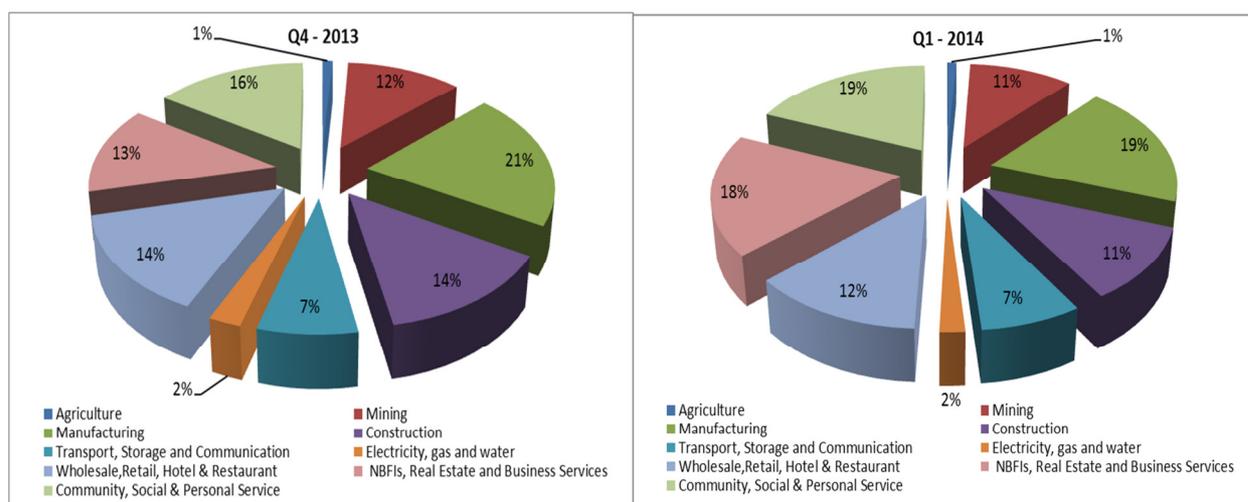
Real estate and business services	278.6	308.1	326.6	204.8	331.2	18.9%	61.8%
Community, social and personal services	131.8	134.6	161.4	243.6	338.4	156.8%	16.5%
<b>All sectors</b>	<b>1619.5</b>	<b>1671.3</b>	<b>1727.3</b>	<b>1558.3</b>	<b>1814.8</b>	<b>12.1%</b>	<b>16.5%</b>

**Source:** Central Bank of Lesotho

### Distribution of Credit Extended to Business Enterprise

In line with its contribution to the economy of Lesotho, manufacturing continues to have a largest but declining share of the total credit extended to the business enterprises. It is followed by community, social & personal services and then real estate & business services. Credit extended to mining and construction sectors as a share of total credit was also on the decline. The declining share in these sectors is in line with their sluggish performance as reported in the real sector. Agriculture sector has the lowest share of 1 per cent and this appears to be in line with its contribution to the economy and the fact that it is largely subsistence in nature.

**Figure 14: Credit Extension by Economic Activity (Percentage Shares)**



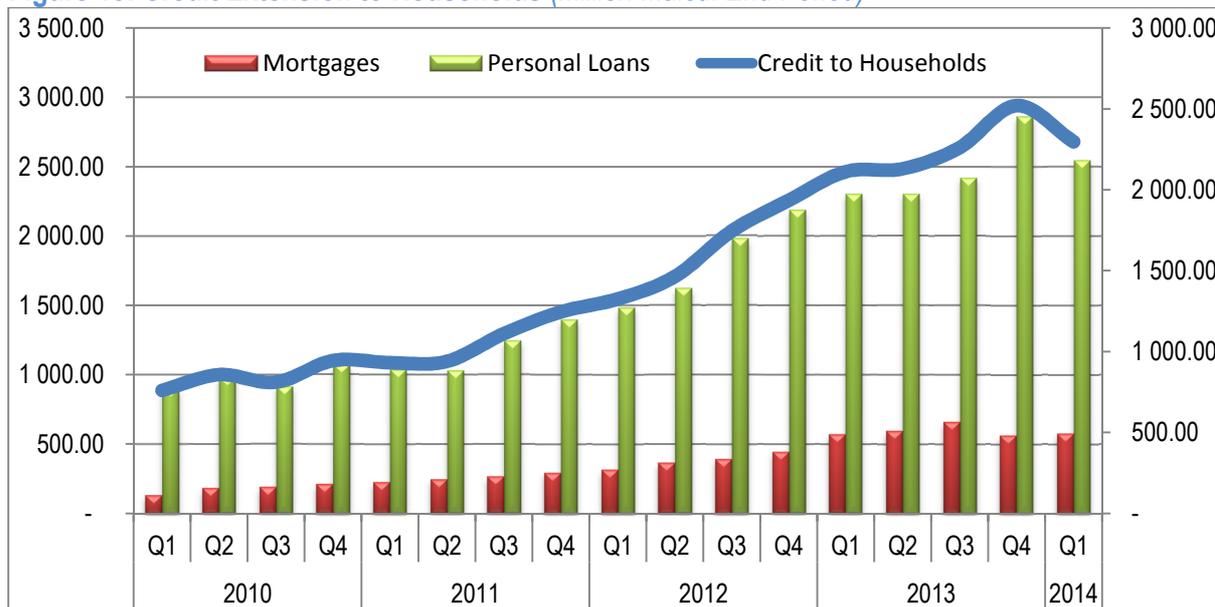
**Source:** Central Bank of Lesotho

### Credit extended to Households

There was a fall of 8.9 per cent in credit extended to households during the quarter ending March 2014 compared to an increase of 11.5 per cent registered during the last quarter of 2013. This fall was at the back of stringent requirements imposed by some commercial banks on personal loans as alluded to earlier. Some of these measures included; 100 per cent

collateralisation for personal loans, reduction of instalment-to-income<sup>3</sup> ratio from 50 to 40 per cent and thus reducing the maximum loan amount a client is entitled to.

**Figure 15: Credit Extension to Households (Million Maloti: End Period)**



Source: Central Bank of Lesotho

## LIQUIDITY OF COMMERCIAL BANKS

### Components of liquidity

Commercial banks liquidity ratio increased to 93.7 per cent in the first quarter of 2014 up from 83.0 per cent rise for the previous quarter. This followed the injection of more liquidity into the banking system through accelerated government expenditure and increased proceeds from mining exports during the quarter under review. Consequently, commercial banks had extra money balances that they placed with banks locally and with their mother banks in South Africa as they attempt to avoid the opportunity cost of holding idle funds. This increased deposits as a result of increased government expenditure, coupled with a relatively sluggish credit growth, caused credit to deposit ratio to fall from 58.5 per cent for fourth quarter of 2013 to 54.6 per cent during the first quarter of 2014.

<sup>3</sup> Ratio of monthly installment to client's income

**Table 10: Components of Liquidity** (Million Maloti: End Period)

	2013				2014
	Q1	Q2	Q3	Q4	Q1
<b>Credit to Deposit Ratio</b>	<b>66.9%</b>	<b>66.7%</b>	<b>57.7%</b>	<b>58.0%</b>	<b>54.6%</b>
Private Sector Credit	4 091.1	4 163.8	4 372.4	4,465.1	4509.5
Total Deposits	6 112.0	6 239.3	7 572.0	7,698.7	8256.2
<b>Liquidity Ratio</b>	<b>82.6%</b>	<b>79.9%</b>	<b>81.3%</b>	<b>85.6%</b>	<b>93.7%</b>
Notes and Coins	250.5	201.2	207.7	396.0	229.8
Balances Due from Banks in Lesotho	1 428.4	1 497.4	1 914.7	1,859.6	2370.5
Balances Due from Banks in SA	2 528.2	2 307.8	3 190.2	3,416.7	4347.5
Surplus funds	23.5	189.5	(8.6)	50.9	98.2
Government Securities	815.9	791.5	849.8	864.0	690.1
<b>Total</b>	<b>5 046.4</b>	<b>4 987.3</b>	<b>6 153.8</b>	<b>6,587.2</b>	<b>7735.9</b>

**Source:** Central Bank of Lesotho

### Sources of funds of ODCs

The main source of funds for commercial banks is deposits which comprise of transferable deposits and other deposits. Total deposits increased by 7.2 per cent during the period under review up from a moderate growth of 1.7 per cent during the previous quarter. Faster execution of government expenditure as well as increased proceeds from mining during the quarter under review caused the increase in deposits.

**Table 11: Sources of Funds for ODCs** (Million Maloti: End Period)

	2013				2014	Changes	
	Q1	Q2	Q3	Q4	Q1	Annual	Quarterly
<b>Transferable Deposits Incl.</b>	<b>2546.0</b>	<b>2858.7</b>	<b>3161.7</b>	<b>3034.9</b>	<b>3315.8</b>	<b>30.2%</b>	<b>9.3%</b>
Other Financial Corporations	0.0	0.0	0.0	0.0	0.0		
Public Nonfinancial Corporations	5.6	3.1	3.0	4.6	42.2		
Private Sector	2522.4	2837.7	3140.7	3012.3	3255.6	29.0%	8.1%
Other NFCs	1699.6	1974.8	2295.7	2320.8	2447.2	44.0%	5.4%
Other Sectors (Households)	822.8	862.8	845.1	691.5	808.4	-1.7%	16.9%
<b>Other Deposits Incl.</b>	<b>3566.0</b>	<b>3380.6</b>	<b>4410.3</b>	<b>4663.8</b>	<b>4940.4</b>	<b>38.5%</b>	<b>5.9%</b>
Other Financial Corporations	0.0	0.0	0.0	0.0	0.0		
Public Nonfinancial Corporations	3.0	3.0	24.6	57.3	66.5		
Private Sector	3563.0	3377.6	4385.7	4606.5	4873.9	36.8%	5.8%
Other NFCs	1973.7	1758.2	2596.6	2718.6	3031.4	53.6%	11.5%

Other Sectors (Households)	1589.3	1619.4	1789.2	1887.9	1842.5	15.9%	-2.4%
<b>Total Deposits</b>	<b>6112.0</b>	<b>6239.3</b>	<b>7572.0</b>	<b>7698.7</b>	<b>8256.2</b>	<b>35.1%</b>	<b>7.2%</b>

**Source:** Central Bank of Lesotho

## MONEY AND CAPITAL MARKETS DEVELOPMENTS

### Money Market

#### *Interest rates*

Following a long spell of accommodative monetary policy, most emerging economies started to hike their policy rates in order to mitigate the likely inflationary pressure from weakening currencies as the U.S. Fed started quantitative easing tapering. During the quarter under review, South Africa as one of the “Fragile Five<sup>4</sup>” emerging economies increased its repo rate by 50 basis points. Given the CMA arrangement, the increase in the South African repo rate filtered through to the money market interest rates in Lesotho. For instance, the prime rate increased from 9.92 per cent to 10.25 per cent. Similarly, the 91-Day T-bill rate (and therefore the Lombard rate) increased from 5.18 per cent to 6.01 per cent between December 2013 and March 2014. These changes in money market interest rate caused the narrowing of the spread between deposit rate and prime lending rate between December 2013 and March 2014.

**Table 12: Components of Liquidity (Million Maloti: End Period)**

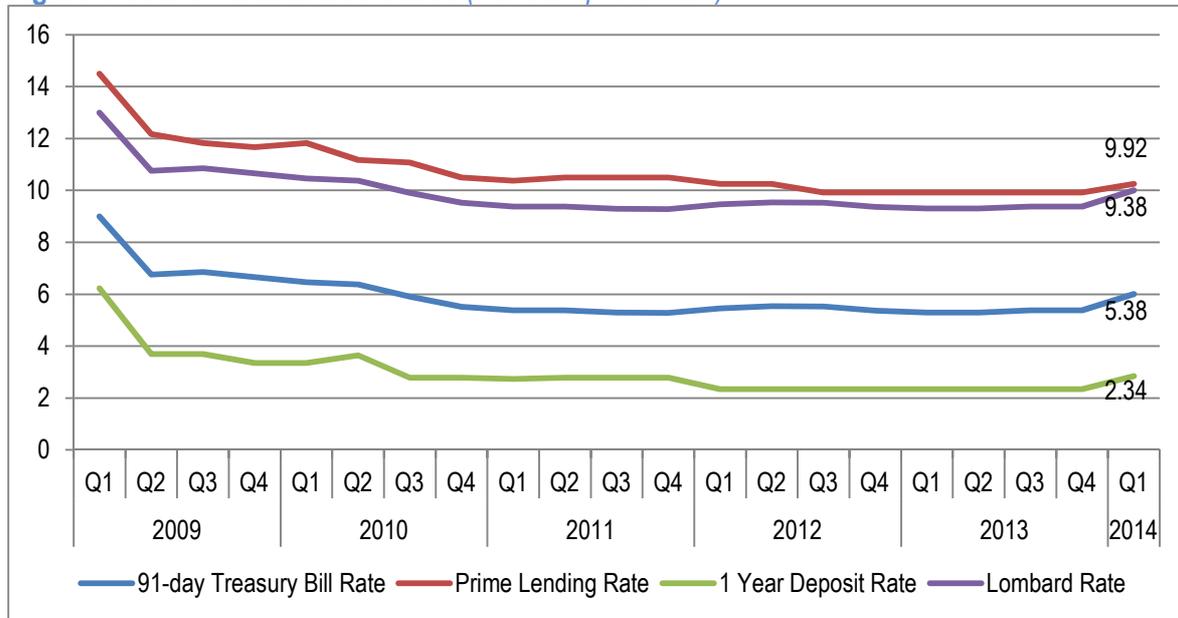
	2013				2014
	Mar	Jun	Sept	Dec	Mar
<b>Central Bank</b>					
T Bill Rate – 91 Days	5.30	5.27	5.38	5.18	6.10
Lombard Rate	9.30	9.27	9.38	9.18	10.10
<b>Commercial Banks<sup>5</sup></b>					
Call	0.77	0.77	0.77	0.77	1.03
Time:					
31 days	0.91	0.91	0.91	0.91	0.91
88 days	1.41	1.41	1.41	1.41	2.35
6 months	1.69	1.69	1.69	1.69	1.69
1 year	2.34	2.34	2.34	2.34	2.34
Savings	0.84	0.84	0.84	0.84	0.95
Prime	9.92	9.92	9.92	9.92	10.25
<b>South Africa<sup>6</sup></b>					
Repo	5.00	5.00	5.00	5.00	5.50

<sup>4</sup> Comprise of emerging countries with large current account deficits, weakening growth and high dependence on fixed income inflows thus become particularly vulnerable to external factors. They are; South Africa, Brazil, India, Indonesia and Turkey

T Bill Rate – 91 Days	5.08	5.15	5.05	5.18	5.73
Marginal Lending Rate	10.50	10.50	10.50	10.50	10.50
Prime	8.50	8.50	8.50	8.50	9.0

Source: Central Bank of Lesotho

Figure 16: Short-term Interest Rates (Per Cent per Annum)



Source: Central Bank of Lesotho

### *Holding of Treasury Bills and T-Bill Rates*

The holding of treasury bills between December 2013 and March 2014 slightly fell by 0.01 per cent. The 91 day T-Bill average yield rate increased from 5.60 per cent to 6.30 per cent during the same period. This is reflective of a more tight monetary policy following the hiking of South African repo rate.

Table 13: Holding of Bills and Yields (Million Maloti: End Period)

	2013				2014
	Mar	Jun	Sept	Dec	Mar
<b>Treasury Bills</b>	<b>571.7</b>	<b>541.5</b>	<b>620.9</b>	<b>547.71</b>	<b>542.92</b>
Banking System	445.7	424.4	492.3	402.52	406.34
Non-Bank Sector	126.0	117.1	128.5	145.19	136.66
<b>Memorandum Item</b>					

Average Yield Bills (per cent)	5.54	5.54	5.54	5.60	6.30
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## Capital Market

### *Holding of Treasury Bonds and Yield rates*

The holding of treasury bonds declined by 14.1 per cent during the first quarter of 2014 compared to a decline of 5.3 per cent during the previous quarter. In particular, the holding of treasury bonds by commercial banks decreased by 21.5 per cent while the stock of treasury bonds held by the non-bank sector increased by 2.6 per cent. This was at the back of maturing Treasury bond to the tune of M130 million and the subsequent issuance of a 7 year bond to the tune of M20 million.

**Table 14: Holding of Bonds and Yields** (*Million Maloti: End Period*)

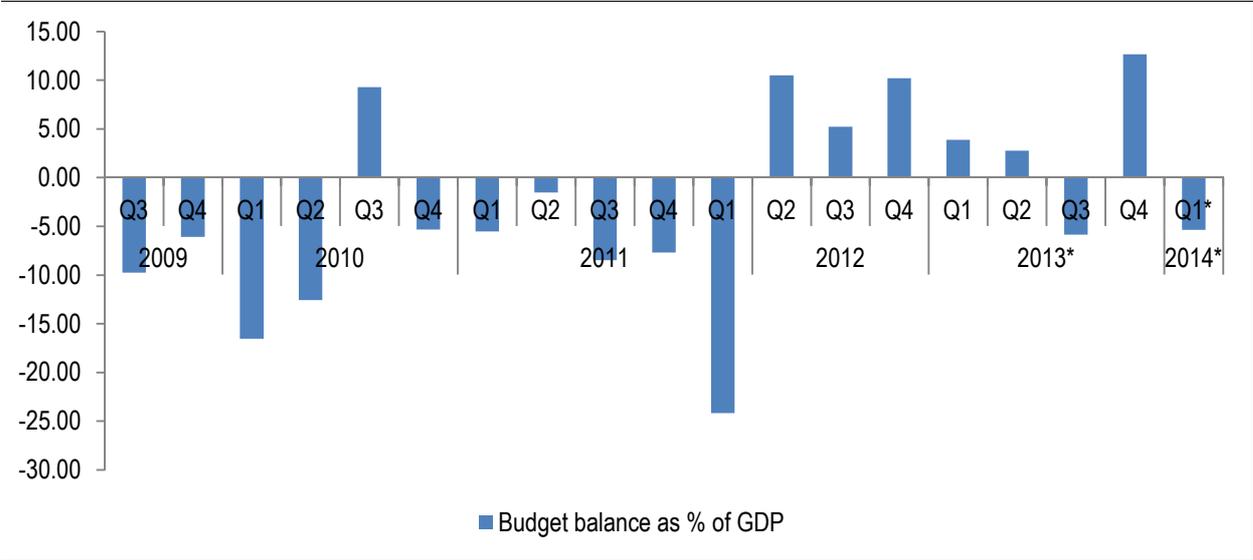
	2013			2014	
	Mar	Jun	Sept	Dec	Mar
<b>Holding Treasury Bonds</b>	<b>564.6</b>	<b>618.8</b>	<b>618.6</b>	<b>586.79</b>	<b>504.06</b>
Banking System	405.0	405.2	405.3	405.3	318.30
Non-Bank Sector	159.6	213.6	213.3	181.49	186.19
<b>Memorandum Item</b>					
Average Yield Bonds (per cent)*	9.60	9.60	9.60	9.60	9.60

# 5. Government Finance

## OVERVIEW

The public spending is mainly dominated by recurrent expenditure or expenses. This spending is reflected by large allocation of resources towards expenses while a little is left for investment spending. The combination of these expenditure categories leads to fiscal deficit if the available resources are not sufficient to finance the spending. According to the statement of sources and uses of cash, the first quarter of 2014 has registered a cash deficit of 5.36 per cent of GDP after recording a surplus of 12.7 per cent of GDP in the fourth quarter of 2013. The main drivers of the cash deficit are operating costs under economic classification of expense which have increased by 114.4 per cent compared to a decline of 12.6 per cent in the fourth quarter of 2013.

Figure 17: Overall Balance (Percentage of GDP)



Source: Central Bank of Lesotho (CBL) and Ministry of Finance (MOF)

\*Preliminary estimates

## REVENUE

Classification of Revenue entails tax revenue, social contributions (always zero), grants, other revenue, and SACU receipts. It has been growing in the last two quarters of 2013 and continued to grow in the first quarter of 2014. The first quarter of 2014 has registered a growth of 7.3 per cent compared with an increase of 15.3 per cent in the fourth quarter of 2013.

## **Tax revenue**

Tax revenue is categorised into i) taxes on income, profits, and capital gains, ii) taxes on property, iii) taxes on goods and services, iv) taxes on international trade and transactions, and v) other taxes. It was the main contributor of total revenue by 42.4 per cent in the first quarter of 2014 relative to 36.2 per cent in the fourth quarter of 2013 which put it in the second place following SACU receipts. It has recorded an increase of 25.5 per cent in the first quarter of 2014 compared with 14.8 per cent in the fourth quarter of 2013. The growth in the tax revenue was mainly due to a rise in taxes on property, and taxes on international trade and transactions. The taxes on property registered an increase of 234 per cent during the first quarter of 2014 due to receipt of rand monetary compensation, which is paid once in a year by the Government of South African. Taxes on exports, a component of taxes of international trade and transactions, recorded about M213.8 million in the first quarter of 2014 while in the last quarter of 2013 there were no receipts under this revenue category. Taxes on exports mainly emanated from the exports of diamonds.

## **Grants**

The other revenue category is grants, both current and capital. They have declined by 22.7 per cent in the first quarter of 2014 compared to an increase of 116.8 per cent in the last quarter of 2013. Thus, during the fourth quarter of 2013, the Government of Lesotho received a budget support amounting to M215 million from external donor-partners while in the first quarter nothing was received.

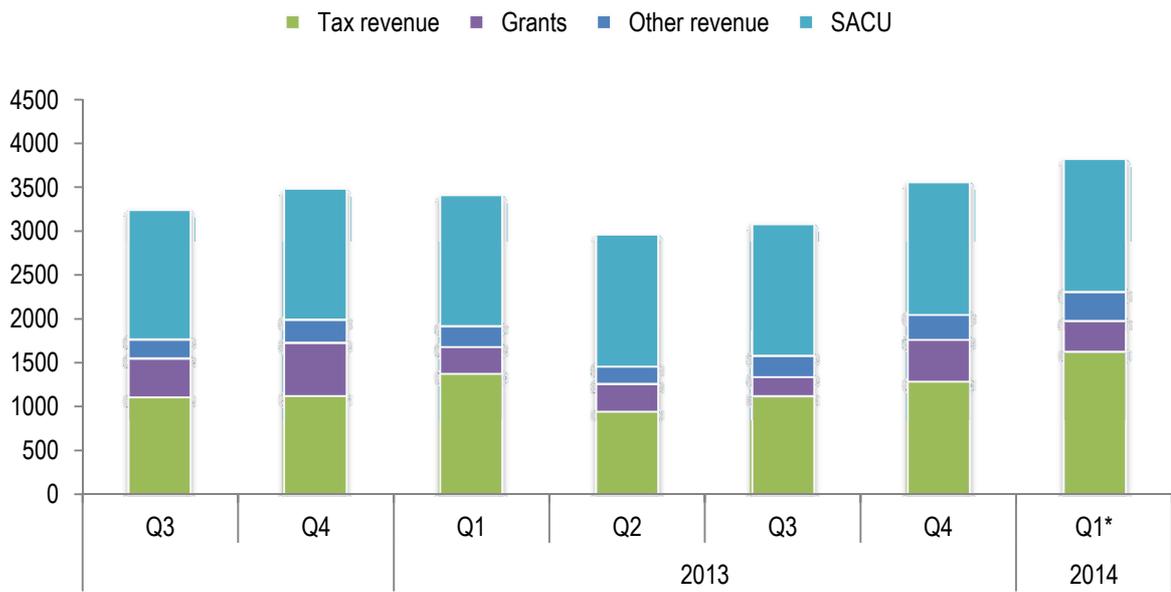
## **Other revenue**

The third category of revenue, other revenue, comprises property income, sales of goods and services, fines and forfeits and voluntary transfers other than grants. Other revenue grew by 11.8 per cent in the first quarter of 2014 compared with an increase of 24.2 per cent in the last quarter of 2013. This lower increase in the first quarter of 2014 is mainly due to water royalties that were received from Trans Caledon Tunnel Authority, a South African's state-owned entity. Water royalties grew by 48.6 per cent in the fourth quarter of 2013 but decreased by 43.0 per cent in the first quarter of 2014. The reason was that in December 2013, Government of Lesotho received a significant amount of M146.7 compared with other monthly receipts of around M50 to M60 million.

## **Southern African Custom Union (SACU)**

SACU receipts, which recorded 39.6 per cent share of the total revenue and thereby taking up a second place after tax revenue, remained constant in the first quarter of 2014 compared with previous three quarters of 2013.

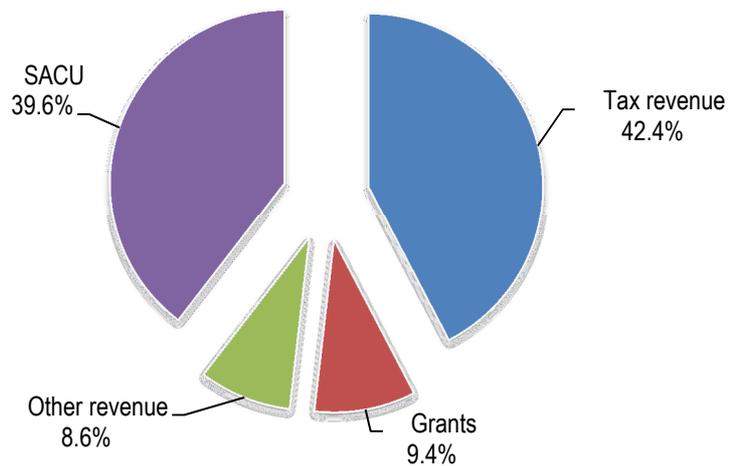
**Figure 18: Government Revenue (Million Maloti)**



**Source:** CBL and MOF

\*Preliminary

**Figure 19: Sources of Government Revenue (Percentage Share)**

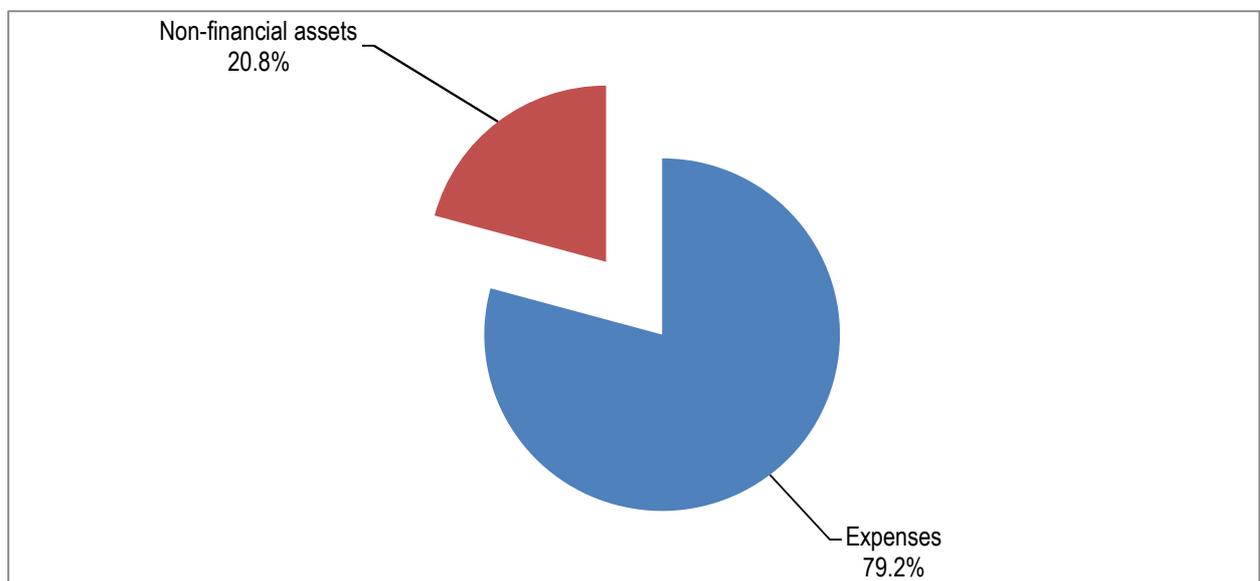


**Source:** CBL and MOF

## Total Spending

The total spending of the Government of Lesotho comprises economic classification of expense or recurrent expenditure and transactions in non-financial assets or capital expenditure. The expense continued to record the largest share of 79.2 per cent in the first quarter of 2014 which has decreased from the proportionate share of 81 per cent of total spending in the last quarter of 2013. The non-financial assets accounted for 20.8 percentage share during the first quarter of 2014 which reflected an increased share compared with 19.4 per cent in the last quarter of 2013. The increased proportion of non-financial assets relative to the decreased share of expense goes in line with the Government's policy objective of diverting resources to investment-based activities from the recurring operating activities.

**Figure 20: Total Spending (Percentage Share)**



**Source:** CBL and MOF

## EXPENSES

The economic classification of expense comprises the following categories: compensation of employees, purchases of goods and services, interest payments, subsidies and transfers, and other expense. The expenses have increased by 38.6 per cent in the first quarter of 2014 relative to a decline of 6.0 per cent in the last quarter of 2013 mainly due to a rise in all expense categories except grants which have decreased significantly in the first quarter of 2014.

## **Compensation of employees**

Compensation of employees category has two categories: wages and salaries, and employer contributions. It has registered an increase of 17.7 per cent in the first quarter of 2014 following a 7.1 per cent contraction in the previous quarter. The increase is due to: a high growth under employer contributions of 53.9 per cent during a quarter under review relative to a decline of 25.1 per cent in the previous quarter, coupled with an increase of wages and salaries of 12.9 per cent in the first quarter of 2014 compared to a fall of 4.1 per cent in the previous quarter. The surge under employer contributions was brought by the expansion of retiring public officers who fall under unfunded social contribution rather than Public Officers Defined Contributory Pension Scheme.

## **Purchases of goods and services**

The purchases of goods and services have increased by 114.4 per cent in the first quarter of 2014 compared to a fall of 12.6 per cent in the last quarter of 2013. The increase in expenditure on purchases of goods and services reflected growth in operating costs in relation to a rise in the unitary payments to Tšepong Consortium<sup>5</sup>.

## **Interest payments**

The other category of expense, interest payments, is composed of payments to non-residents or payments on external loans and to residents other than general government sector<sup>6</sup> (public corporations and private sector). It has increased significantly in the first quarter of 2014 by 54.5 per cent after experiencing a fall of 19.9 per cent in the previous quarter. The significant increase was mainly due to interest payments to non-residents which increased by 99.9 per cent in the first quarter of 2014 relative to a 17.2 per cent decline during the previous quarter. The interest payment to residents other than general government sector increased by 22.1 per cent in the quarter under review compared to 21.8 per cent fall in the last quarter of 2013.

## **Grants and other transfers**

Grants and other transfers (subsidies and social assistance benefits) have in general shown different patterns of spending. Subsidies have consistently been decreasing by 7.8 per cent in the quarter under review compared with the fall of 0.6 per cent in the last quarter of 2013. Grants have on the other hand decreased in the first quarter of 2014 by 14.1 per cent relative to a 19.5 per cent rise in the last quarter of 2013. The main contributing expense category under grants is the grants to other general government units or the local governments or the Community Councils. The transfers to Community Councils during the first quarter of 2014

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<sup>5</sup> Tšepong Consortium is a local entity with domestic economic interest. It has engaged in the public-private partnership arrangement with the Government of Lesotho to build, operate and transfer Queen 'Mamohato Memorial Referral Hospital after a period of 15 years

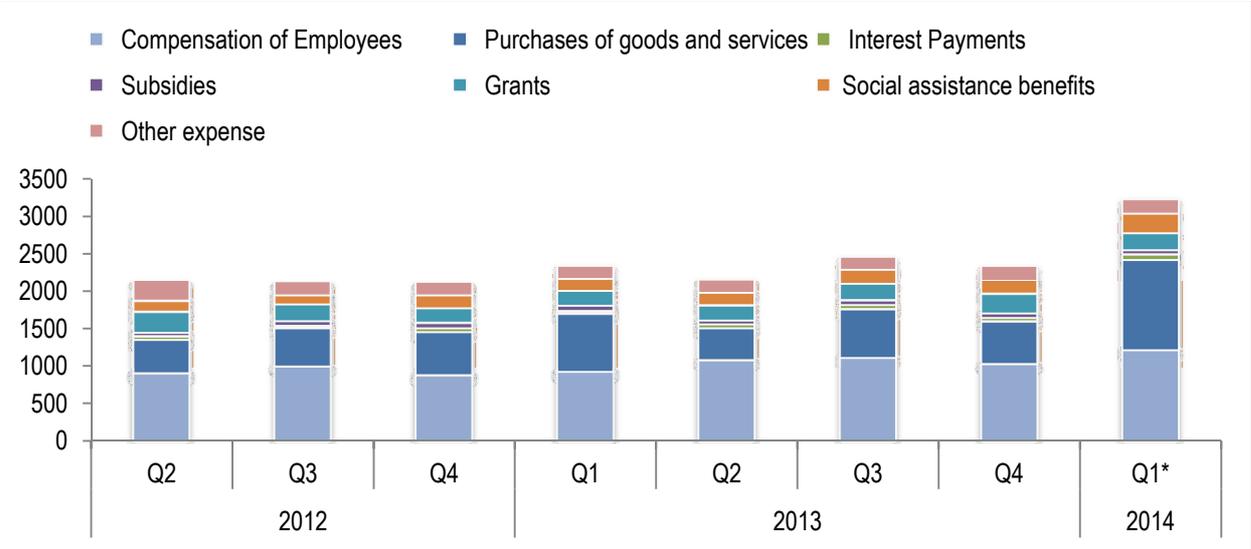
<sup>6</sup> General Government is classified into budgetary central government (government departments and agencies such as ombudsman, Independent Electoral Commission), extra-budgetary central government (i.e. Lesotho Revenue Authority, Center for Accounting Studies), and local governments (community councils and Maseru City Council which is a Municipal). It excludes state-owned enterprises.

declined by 20.6 per cent relative to a 19.5 per cent rise in the previous quarter. Social assistance benefits have increased by 36.3 per cent in the first quarter of 2014 while in the previous quarter they had fallen by 6.8 per cent. The rise in social assistance benefits has been mainly due to the high growth of 51.2 per cent in the social assistance benefits in cash. Social assistance benefits in cash include Old Age Pension Scheme, African Pioneer Corps, Public Assistance Grants, and Child Grants.

**Other Expenses**

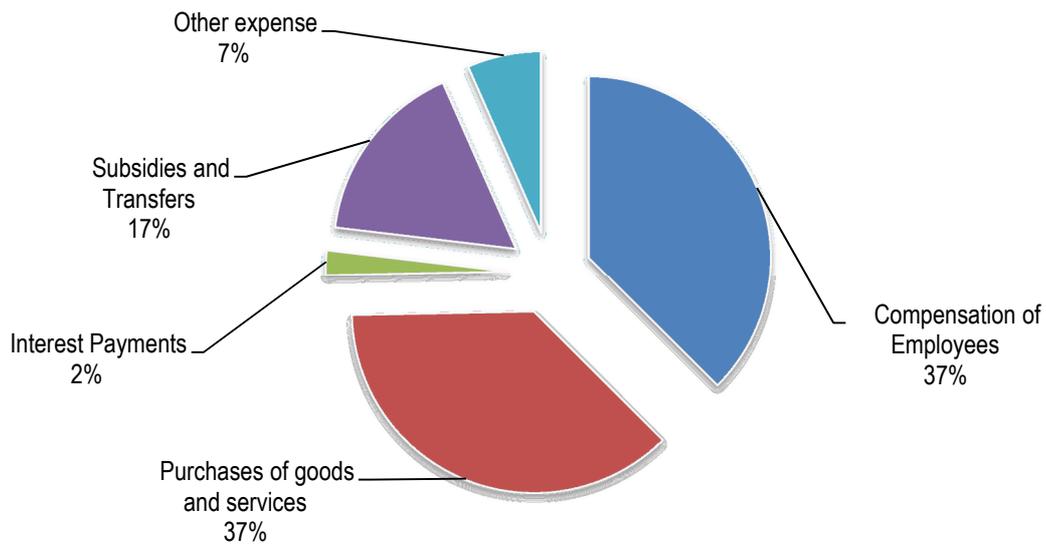
Other expense has grown by 12.9 per cent in the first quarter of 2014 having declined by 2.8 per cent in the previous quarter. Other expense is composed of property expense other than interest (spending on rent - a purchase of non-produced non-financial asset), and miscellaneous other expense (including non-profit institutions serving households and loan bursary to Basotho nationals).

**Figure 21: Economic Classification of Expense (Million Maloti)**



**Source:** CBL and MOF  
 \*Preliminary estimates

**Figure 22: Expense (Percentage Share)**



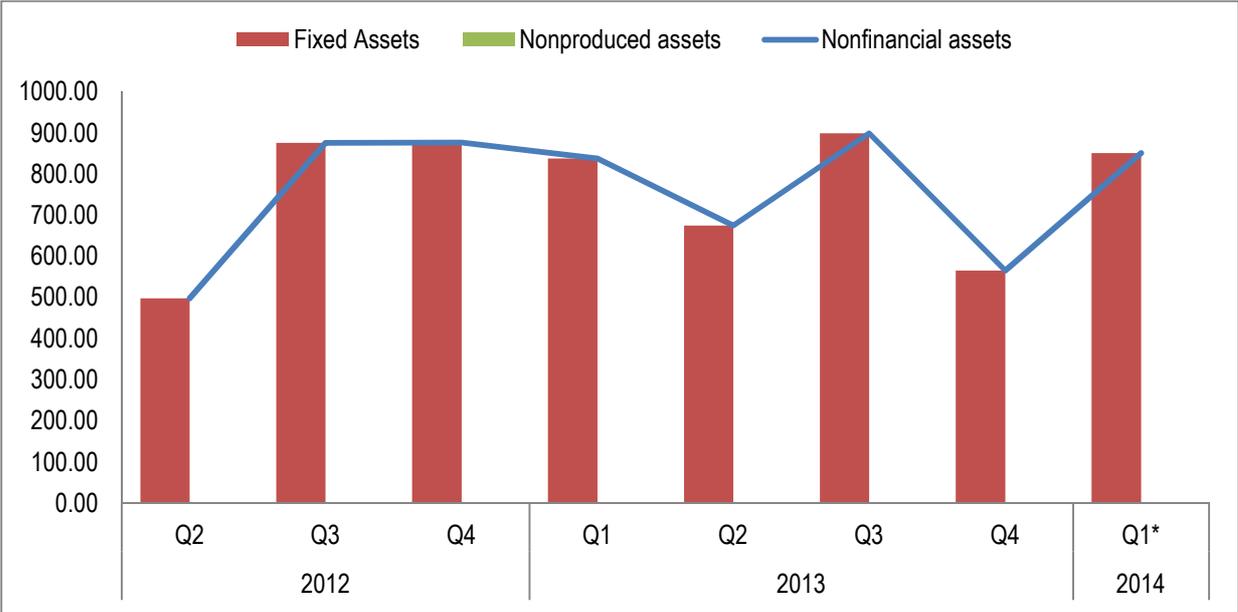
Sources: CBL and MOF

## NON-FINANCIAL ASSETS

In line with Government's strategy to accelerate spending on capital projects, spending on non-financial assets or capital expenditure continued to increase. Non-financial assets are broken down into fixed assets and non-produced assets (always zero). Fixed assets comprise buildings, machinery, equipment and other structures.

The non-financial assets increased by 50.6 per cent during the first quarter of 2014 relative to 37.1 per cent decline in the last quarter. Non-financial assets are acquired using financial resources allocated through the capital estimates. The huge growth reflects Government's commitment to accelerate expenditure on capital projects, an important prerequisite for economic growth. The expenditure on non-financial assets is largely on construction of roads in the rural and urban areas. Government is currently constructing the following major roads: Mokhotlong-Sani Pass road, Oxbow-Mokhotlong road, Roma-Ramabanta-Sekake road and Koma-Koma bridge.

Figure 23: Transactions in Non-Financial Assets or Capital expenditure (Million Maloti)



Source: CBL and MOF

**Table 15: Statement of Sources and Uses of Cash (Million Maloti)**

	2013			2014	
	Q1	Q2	Q3	Q4	Q1*
<b>Revenue</b>	<b>3,412.6</b>	<b>2,969.9</b>	<b>3,089.6</b>	<b>3,563.4</b>	<b>3,821.9</b>
<b>Tax revenue</b>	<b>1,377.4</b>	<b>956.1</b>	<b>1,124.7</b>	<b>1,290.8</b>	<b>1,620.3</b>
Taxes on income, profits, and capital gains	620.2	484.5	659.4	752.5	732.3
O/W Individual Tax	394.1	300.8	381.7	428.9	428.8
O/W Company Tax	117.3	97.6	186.5	178.8	196.0
Taxes on property	130.0	5.1	0.0	38.2	127.7
Taxes on goods and services	482.2	443.8	464.0	497.2	546.1
O/W Value-added tax	444.5	405.7	429.2	462.4	490.5
Taxes on international trade and transactions	144.9	21.5	0.0	0.0	213.8
Other taxes	0.2	1.2	1.4	2.8	0.4
<b>Social Contributions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Grants</b>	<b>298.5</b>	<b>306.6</b>	<b>214.6</b>	<b>465.1</b>	<b>359.5</b>
Recurrent	0.0	80.8	0.0	215.9	150.9
Capital	298.5	225.9	214.6	249.2	208.6
<b>Other revenue</b>	<b>245.1</b>	<b>193.5</b>	<b>236.6</b>	<b>293.9</b>	<b>328.4</b>
O/W Dividends	78.9	16.8	34.3	20.0	31.5
O/W Water Royalties - LHDA	114.7	133.5	175.2	260.2	148.2
<b>SACU</b>	<b>1,491.6</b>	<b>1,513.6</b>	<b>1,513.6</b>	<b>1,513.6</b>	<b>1,513.6</b>
<b>Expense</b>	<b>-2,374.1</b>	<b>-2,152.4</b>	<b>-2,493.4</b>	<b>-2,343.7</b>	<b>-3,247.7</b>
Compensation of Employees	-918.0	-1,087.8	-1,114.8	-1,035.1	-1,218.4
Purchases of goods and services	-784.1	-422.4	-644.3	-563.1	-1,207.2
Interest Payments	-35.2	-49.8	-57.9	-46.4	-71.6
Subsidies	-69.5	-52.6	-62.3	-62.0	-57.2
Grants	-195.5	-197.9	-217.2	-259.5	-223.0
Social benefits	-175.9	-169.9	-202.0	-188.3	-256.6
Other expense	-195.9	-171.9	-194.8	-189.4	-213.8
<b>Net Cash Inflow From Operating Activities</b>	<b>1,038.5</b>	<b>817.5</b>	<b>596.2</b>	<b>1,219.7</b>	<b>574.2</b>
<b>Nonfinancial Assets</b>	<b>-837.7</b>	<b>-674.9</b>	<b>-899.2</b>	<b>-565.4</b>	<b>-851.3</b>
Fixed Assets	-837.7	-674.9	-899.2	-565.4	-851.3
Non-Produced Assets	0.0	0.0	0.0	0.0	0.0
<b>Cash deficit(-)/surplus(+)</b>	<b>200.8</b>	<b>142.6</b>	<b>-303.0</b>	<b>654.3</b>	<b>-277.1</b>
<b>Net Cash Inflow From Financing Activities</b>	<b>340.4</b>	<b>128.6</b>	<b>-423.5</b>	<b>791.7</b>	<b>-565.3</b>
<b>Financial assets</b>	<b>284.5</b>	<b>435.6</b>	<b>-183.5</b>	<b>672.9</b>	<b>-584.7</b>
Domestic	284.5	435.6	-183.5	672.9	-584.7
<b>Liabilities</b>	<b>-55.9</b>	<b>307.0</b>	<b>240.0</b>	<b>-118.8</b>	<b>-19.4</b>
Domestic	24.2	-4.8	219.2	-138.1	24.5
Foreign	-80.1	311.8	20.8	19.3	-43.9
<b>Statistical Discrepancy</b>	<b>-139.6</b>	<b>14.1</b>	<b>120.5</b>	<b>-137.4</b>	<b>-842.4</b>

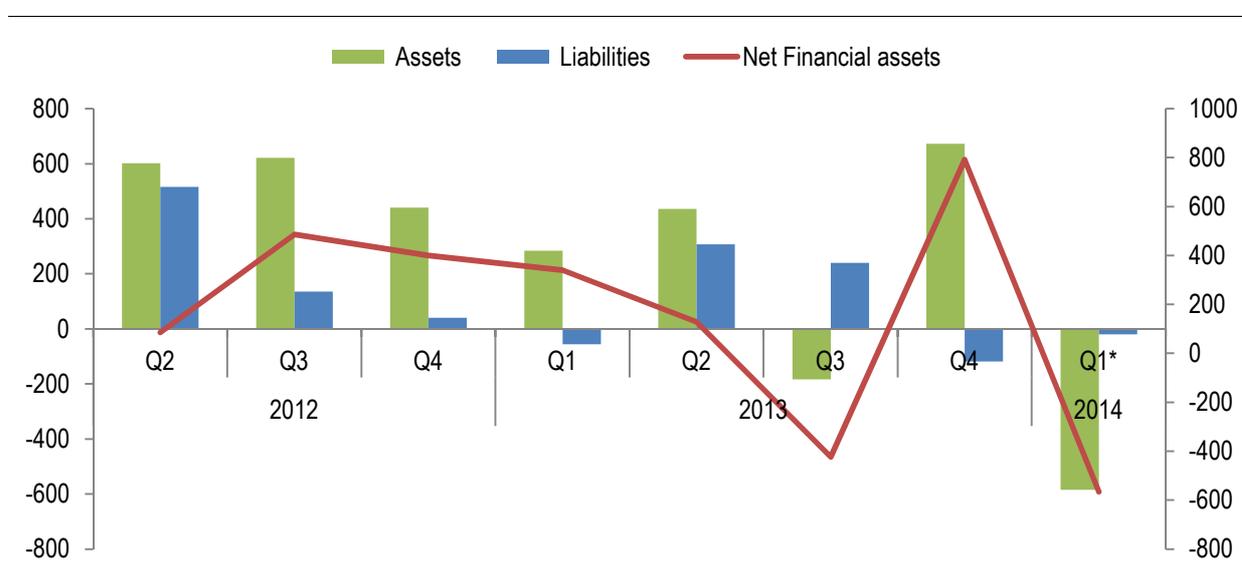
Source: CBL and MOF

\*Preliminary estimates

## Financial Assets and Liabilities

Government's net position in financial assets and liabilities transactions was negative, and thus reflecting largely a decrease in domestic assets during the first quarter of 2014. Government deposits within the banking sector declined by more than 100 per cent during the last quarter of the fiscal year. On the other hand, domestic liabilities have also contracted. The decline in liabilities indicates a fall in both foreign and domestic debt. The foreign debt has decreased due to low receipts of loan drawings or disbursements relative to high loan repayments or amortization. The domestic debt has also declined as a result of a fall in treasury bills and treasury bonds together with a drop on government borrowing at Central Bank of Lesotho. The Government borrowing at Central Bank of Lesotho has thus decreased by 102.5 per cent in the first quarter of 2014 compared with 74.9 per cent in the previous quarter.

**Figure 24: Net Financial Assets (Million Maloti)**



Source: CBL and MOF

\*Preliminary estimates

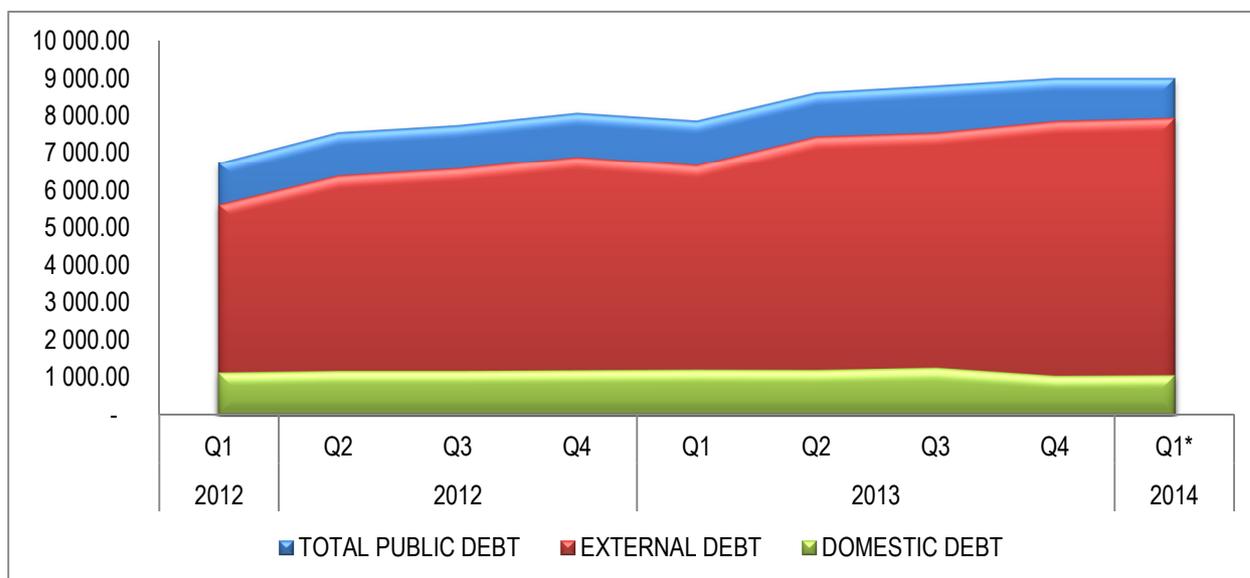
## PUBLIC DEBT

Outstanding public debt<sup>7</sup> increased by a marginal 0.03 per cent during the first quarter of 2014 compared with 2.3 per cent in the previous quarter. The marginal increase in the total outstanding public debt was due to a 1.0 per cent decline in the external debt during the first quarter of 2014 compared to a 4.2 per cent rise in the last quarter of 2013. The domestic debt increased by 1.8 per cent during the quarter under review while it declined by 17.1 per cent in

<sup>7</sup> Public debt stock is made up of both external and domestic borrowing by budgetary central government (government ministries) for general government and public corporations.

the last quarter of 2013. As a percentage of GDP, public debt remained constant at 43.5 per cent since the last quarter of 2013. External debt continued to be the largest component of the overall debt stock at 88.4 per cent while domestic debt constituted 11.6 per cent of total public debt stock.

**Figure 25: Outstanding Public Debt (Million Maloti)**



Source: CBL and MOF

## External Debt

The disbursed outstanding external debt is composed of bilateral loans, multilateral loans, financial institutions loans, and suppliers' credit. It can also be classified according to the concessionality<sup>8</sup> of the loan. The external debt has increased by 1.0 per cent in the first quarter of 2014 compared with a rise of 4.2 per cent recorded in the quarter ending in December 2013.

### *Bilateral loans*

The bilateral loans or loans borrowed from other governments grew by 4.6 per cent in the first quarter of 2014 following a rise of 13.7 per cent that was experienced during the previous quarter. The bilateral loans are mostly concessional loans from the following creditors: Abu Dhabi Fund for Economic Development, Banque Worms and Natex Banque, Kuwait Fund for Arab Economic Development, Natexis South Africa, Peoples's Republic of China, and The Saudi Fund for Development.

<sup>8</sup> According to IMF (2012) 'concessional loans occur when units lend to other units and the contractual interest rate is intentionally set below the market interest rate that would otherwise apply'. The state of concessionality can be described by a grace period, frequencies of payments and a maturity period.

### *Multilateral loans*

The multilateral loans or loans from international institutions increased by 1.1 per cent in the quarter ending March, 2014 compared with a 3.4 per cent increase during the previous quarter. About 88.7 per cent of multilateral loans are classified as concessional loans while 11.3 per cent fall under non-concessional loans. The current multilateral creditors are African Development Fund, Arab Bank For Economic Development in Africa, European Investment Bank (provides non-concessional loans), International Development Association (World Bank), International Fund for Agricultural Development, Nigeria Trust Fund, and The Opec Fund for International Development.

### *Financial Institutions' Loans and Suppliers' Credit*

The financial institutions' loans fell by 2.3 in the first quarter of 2014 after remaining constant during the last quarter of 2013. The suppliers' credit decreased by 3.3 per cent in the first quarter of 2014 compared to a 7.2 per cent rise in the last quarter of 2013. The current creditors from these categories of loan financing are: The Development Bank of South Africa, The Public Investment Commissioners, Export Import Bank of China, and Import-Export Bank of India.

Loans from multilateral sources continued to constitute a larger share of external borrowing at 86.7 per cent while bilateral loans constituted 6.4 per cent. As a percentage of GDP, external debt was 38.4 per cent during the review period, which was higher than 38.0 per cent recorded in the previous quarter.

**Table 16: External Debt (Million Maloti)**

	2012		2013			2014	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1*
<b>EXTERNAL DEBT</b>	6,591.7	6,901.4	6,679.6	7,447.4	7,550.5	7,863.8	7,944.9
Bilateral Loans	312.5	340.6	370.0	414.3	426.1	484.4	506.9
Concessional	312.5	281.7	370.0	414.3	426.1	484.4	506.9
Non-concessional	0.0	58.9	0.0	0.0	0.0	0.0	0.0
Multilateral Loans	5,863.3	6,119.5	5,824.0	6,477.3	6,589.4	6,810.4	6,887.0
Concessional	5,412.0	5,643.5	5,338.8	5,758.2	5,835.7	6,015.9	6,110.0
Non-concessional	451.3	476.0	485.2	719.1	753.7	794.5	777.1
Financial Institutions	62.0	62.0	59.8	59.8	59.3	59.3	57.9
Concessional	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-concessional	62.0	62.0	59.8	59.8	59.3	59.3	57.9
Suppliers' Credit	353.9	379.3	425.8	495.9	475.6	509.8	493.1

Source: MOF

\* Preliminary

## Domestic Debt

Domestic debt stock declined by 17.1 per cent during quarter ending in December, 2013 in comparison to a 1.8 per cent increase recorded in the quarter ending in March, 2014. The government domestic debt comprises long term debt (including treasury bonds) and short term debt (including treasury bills and rarely, loans from commercial banks) from local banks and non-bank sector. The loans from the local banks grew by 2.0 per cent in the first quarter of 2014 compared to a decline of 20.9 per cent in the last quarter of 2013. The non-bank loans increased by 1.5 per cent in the quarter ending March, 2014 relative to a fall of 6.9 per cent during the previous quarter. As a percentage of GDP, the domestic debt constituted 5.1 per cent in the first quarter of 2014 which was a rise from 5.0 per cent during the previous quarter.

**Table 17: Domestic Debt (Million Maloti)**

	2012		2013				2014
	Q3	Q4	Q1	Q2	Q3	Q4	Q1*
<b>DOMESTIC DEBT</b>	1,153.2	1,172.2	1,190.3	1,181.1	1,239.5	1,028.0	1,047.0
Banks	843.9	856.7	850.8	845.6	897.7	709.8	724.1
Long-term	376.1	401.2	405.1	405.2	405.3	307.3	317.9
Short-term	467.8	455.4	445.7	440.4	492.3	402.5	406.3
O/w:treasury bills	467.8	455.4	445.7	440.4	492.3	402.5	406.3
Non-bank	309.3	315.5	339.5	335.5	341.8	318.2	322.8
Short-term (TBs)	103.6	104.8	126.0	122.1	128.5	136.8	136.7
Long-term (Bonds)	205.7	210.7	213.5	213.4	213.3	181.4	186.2

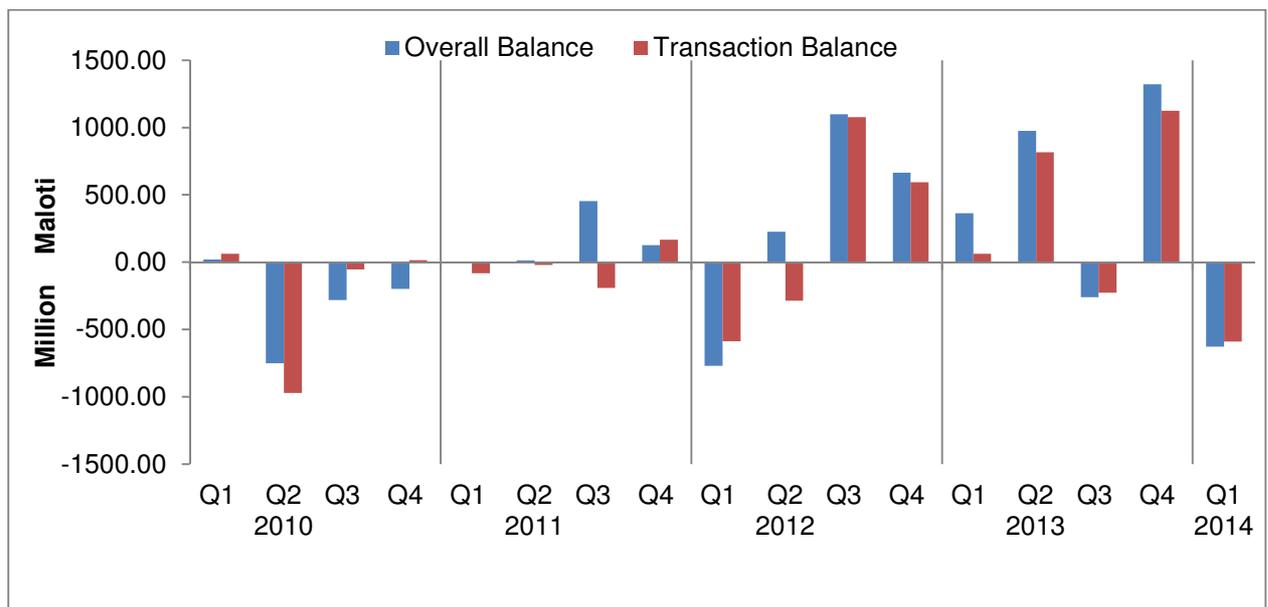
Source: CBL

## 6. Foreign Trade and Payments

### OVERVIEW

The external sector position showed a deficit in the first quarter of 2014, attributed largely to current account deficit as well as outflows registered in the capital and financial account. The overall balance of payments deficit of M627.0 million was realised during the review quarter following a surplus of M1.3 billion recorded in the previous quarter. This was driven mainly by current account deficit which resulted from higher deficit in the trade balance of goods. In addition, the deficit was increased by outflows in the capital and financial account balance as a result of increased commercial banks' outflows during the quarter. Relative to GDP, the overall balance registered a deficit of 12.1 per cent in the quarter ending in March 2014, compared with a surplus equivalent to 25.6 per cent of GDP in the previous quarter. Transaction balance, which represents overall balance excluding movements of exchange rates recorded a deficit of M589.3 million, equivalent to 11.4 per cent of GDP in the first quarter of 2014, compared with a surplus of M1.1 billion or 21.7 per cent of GDP in the previous quarter.

Figure 26: External Sector Position (Million Maloti)



### CURRENT ACCOUNT

The current account balance registered a deficit of M241.9 million, equivalent to 4.7 per cent of GDP during the first quarter of 2014. This was in contrast with a surplus of M81.8 million or 1.6 per cent of GDP, recorded in the previous quarter. The observed current account

deficit emanated mainly from the widening of the trade in goods deficit, as a result of a rise in merchandise imports which overshadowed an increase in merchandise exports. The deficit in the trade account in goods account rose to M2.6 billion in the quarter under review, from M2.2 billion in the preceding quarter. The reduction in the income account balance also contributed to the observed current account deficit during the quarter. The drop in payment for services acquire abroad as well as a rise of current transfers' receivables moderated the deficit in the current account balance.

**Table 18: Current Account Balance (Million Maloti)**

	2013			2014	
	Q1	Q2	Q3	Q4*	Q1+
<b>Current Account</b> .....	-299.85	-451.04	278.46	81.82	-241.9
<b>(a) Goods</b> .....	-2762.0	-2777.7	-2197.3	-2202.9	-2577.3
Merchandise exports f.o.b.	1970.4	1786.6	2289.8	2134.5	2666.4
Of which diamonds.....	565.8	393.3	676.2	660.5	1382.0
Of which textiles and ..... clothing	820.6	801.1	1009.2	998.5	767.0
Other exports.....	584.0	592.2	604.4	475.5	517.4
Merchandise imports f.o.b.	-4732.4	-4564.3	-4487.0	-4337.4	-5243.7
<b>(b) Services</b> .....	-676.3	-739.0	-687.2	-808.9	-667.6
<b>(c) Income</b> .....	1089.6	1090.8	1182.7	1114.9	952.2
<b>(d) Current Transfers</b> .....	2051.9	1974.8	1980.2	1978.7	2050.8
<i>+ Preliminary Estimates</i>			<i>*Revised Estimates</i>		

## Merchandise Exports

In the first quarter of 2014, the value of merchandise exports accelerated largely on account of an increase in earnings from diamond exports. It rose by 24.9 per cent or 51.6 per cent of GDP during the review quarter, compared with a fall of 6.8 per cent, equivalent to 41.3 per cent of GDP, in the fourth quarter of 2013. Export earnings from diamonds increased two-fold to M1.4 billion during the review quarter from M660.5 million in the previous quarter. This reflected a sale of two exceptionally big rough diamonds which were recovered in January and sold in February 2014. The strong global demand and favourable prices for diamonds in the international markets as well as the depreciation of the Loti also contributed to the observed performance of diamond exports. The textiles and clothing exports, which account for 28.7 per cent of merchandise exports declined for the third consecutive quarter in first quarter of 2014, due to the closure of about three manufacturing firms which reduced total production in the review quarter. On an annual basis, the value of merchandise exports grew

by 35.3 per cent in quarter ending in March 2014 compared with an increase of 2.8 per cent in the previous quarter.

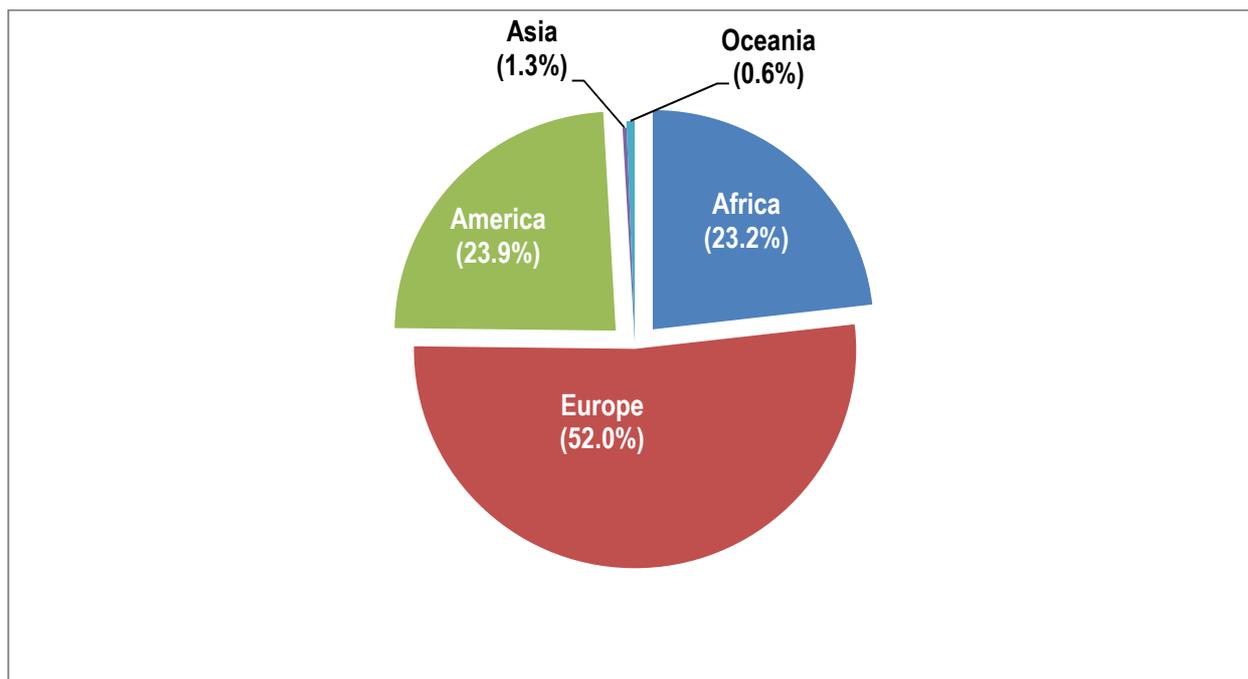
## **Merchandise Imports**

An increase of 20.9 per cent in merchandise imports was realised during the first quarter of 2014, compared with a drop of 3.3 per cent recorded in the fourth quarter of 2013. The growth in value of merchandise imports reflected higher price changes, and thus increase import bill during the period. This was also influenced by an increase in government capital expenditure during the period. On an annual basis, merchandise imports rose by 10.8 per cent in the review quarter compared with a decline of 1.1 per cent realised in the previous quarter. As a share of GDP, merchandise imports recorded 103.3 per cent during the quarter, higher than 83.9 per cent of GDP observed in the previous quarter.

## **DIRECTION OF TRADE**

During the quarter ending in March 2014, European market, particularly Belgium became the first largest recipient of Lesotho's exports with a share of 52.0 per cent of the total export, compared with a share of 30.7 per cent registered in the previous quarter. This is where a large portion of Lesotho's rough diamond is destined to. The second largest destination of Lesotho's exports, textiles and clothing, was American market with a share of 23.9 per cent in the review quarter, lower than 34.1 per cent realised in the previous quarter. Africa continent, particularly SACU region became the third largest market for Lesotho's goods. It absorbed about 23.2 per cent in the first quarter of 2014 compared with a share of 34.4 per cent in the previous quarter. The Asian and Oceania markets still lagged behind with a share of 0.3 per cent and 0.6 per cent during the quarter, following 0.3 per cent and 0.4 per cent recorded in the previous quarter.

**Figure 27: Direction of Merchandise Exports (percentage share)**



### **Services Account**

During the quarter under review, net payments for services acquired abroad declined largely on account of a drop in payments for Lesotho embassies abroad. The services account deficit narrowed by 17.4 per cent to a net outflow of M667.6 million in the first quarter of 2014, compared with an increase of 17.7 per cent in the previous quarter. The payment for Lesotho embassies abroad eased by 58.6 per cent in the review quarter, compared with higher payment observed in the previous quarter. On an annual basis, net payments for services declined by 1.7 per cent in the first quarter of 2014, following a rise of 6.3 per cent in the previous quarter. Relative to GDP, net services account registered a deficit of 12.9 per cent in the review quarter, compared with a deficit of 15.6 per cent of GDP in the previous quarter

### **Income Account**

In the first quarter of 2014, income account balance continued to decline for the second consecutive quarter, driven mainly by a drop in remittances from Basotho migrants' mineworkers as a result of miners' strikes during the period. The no work no pay policy meant that the striking workers did not get paid for the duration of the strike. About 8000 Basotho mineworkers affected by this, and thus reduced the remittances to Lesotho during the quarter. The net income account decreased by 14.6 per cent in the quarter ending in March 2014, following a decline of 5.7 per cent in the previous quarter. In addition, the net income account was influenced by higher payments of interest on government external loans during the quarter. On an annual basis, the net income account declined by 12.6 per cent in review quarter, following a rise of 2.8 per cent in the previous quarter. As a share of GDP, the net

income registered an inflow of 18.4 per cent in the quarter ending in March 2014, compared to an inflow of 21.5 per cent in the previous quarter.

### **Current Transfers**

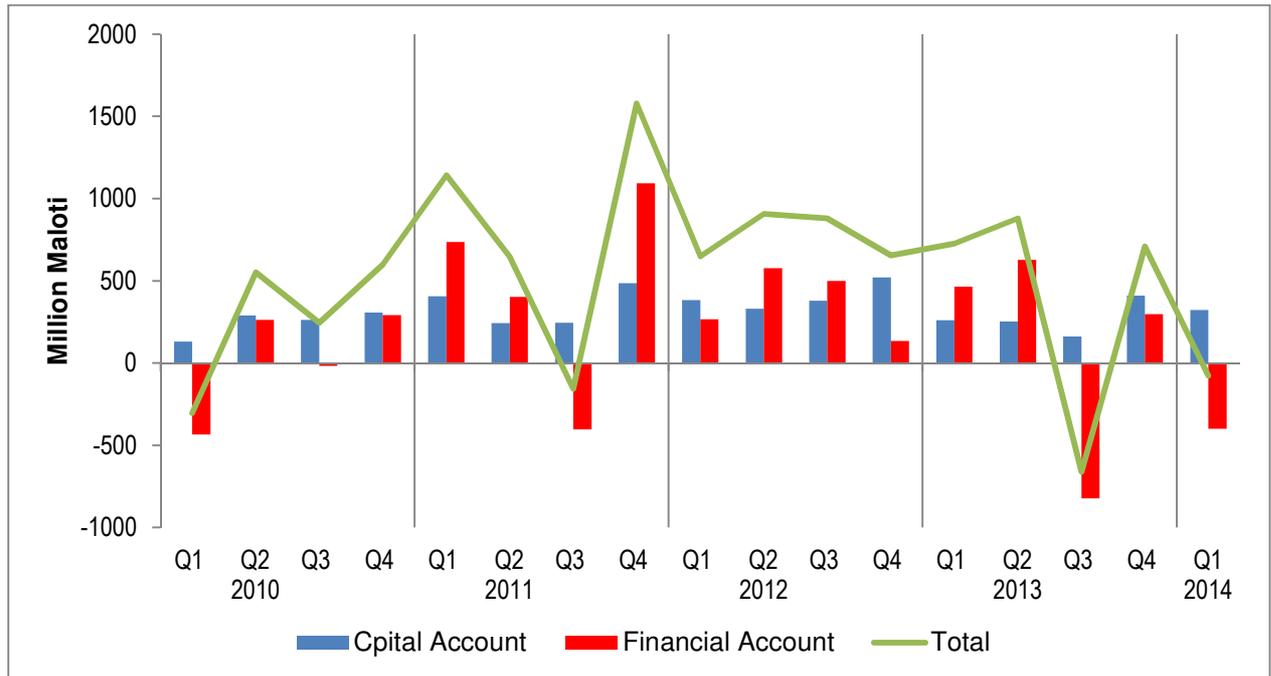
During the quarter under review, net current transfer inflows improved as a result of Rand Compensation Payment which is normally received once a year, at the beginning of the year. The net inflows rose by 7.3 per cent to M2.1 billion in the quarter ending in March 2014, after a decline of 0.1 per cent recorded in the previous quarter. SACU receipts, which take the largest share of the net current transfers, remained unchanged during the review quarter. On an annual basis, net current transfers grew by 3.1 per cent in the review quarter, compared with a decline of 1.2 per cent in the previous quarter. As a share of GDP, current transfers' receivables were equivalent to recorded 41.1 per cent in the review quarter, following 38.3 per cent in the previous quarter.

### **CAPITAL AND FINANCIAL ACCOUNT**

The capital and financial account balance registered a deficit in the quarter ending in March 2014, in contrast with a surplus realised in the previous quarter. It recorded a net outflow of M77.6 million during the quarter, following an inflow of M705.9 million in the previous quarter. The observed deficit was driven largely by financial account while capital account receipts dropped during the quarter.

The capital account which is composed of government receipts of foreign grants for financing of capital projects declined by 22.5 per cent in the first quarter of 2014 to M359.5 million during the quarter from M464.2 million in the previous quarter. The financial account recorded a deficit of M399.5 million in the quarter ending in March 2014, in contrast with a surplus of M295.3 million in the quarter ending in December 2013. The deficit in the financial account was attributed largely to an increase in commercial banks' foreign assets during the quarter. This was exacerbated by a rise in repayments for government foreign loans.

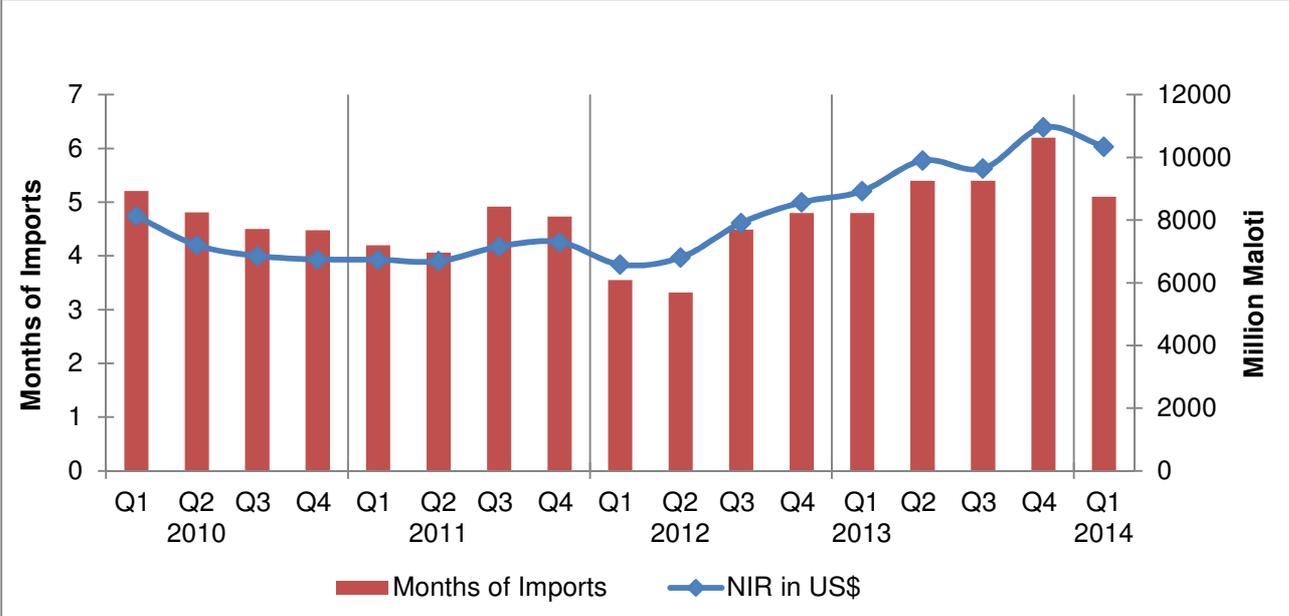
Figure 28: Capital and Financial Account (Million Maloti)



## RESERVE ASSETS

The stock of international reserves fell by 5.7 per cent to M10.3 billion in the quarter ending in March 2014, compared with an increase of 13.7 per cent registered in the quarter ending in December 2013. The drop was largely driven by higher government's foreign interest and loan re-payments as well as increased imports payments during the quarter. However, an increase in export earnings and a marginal rise in current transfers moderated a drop in international reserves assets. On an annual basis, it grew by 15.8 per cent in the review quarter, compared with a rise of 28.0 per cent in the previous quarter. As a result, the import coverage of gross reserves declined to 5.1 months of import cover in the review quarter, following 6.2 month of imports observed in the previous quarter.

Figure 29: Reserve Assets



## 7. Statistical Appendix

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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						
<b>2012</b>												
Mar	2976.79	42.77	0.48	3095.49	62.26	372.01	6549.79	207.36	33.46	281.45	7072.06	
Jun	2822.18	44.55	0.50	3446.30	50.31	387.54	6751.37	192.41	37.07	678.32	7659.17	
Jul	4155.40	44.43	0.49	3457.66	49.88	386.45	8094.31	0.00	37.16	669.19	8800.66	
Aug	3987.94	46.11	0.51	3350.16	50.57	401.07	7836.37	0.00	39.76	674.00	8550.13	
Sep	3716.17	45.87	0.51	3676.50	51.27	399.00	7889.32	0.00	41.16	248.30	8178.78	
Oct	4497.72	48.09	0.53	4172.94	54.81	420.29	9194.37	0.00	41.49	252.48	9488.34	
Nov	3987.43	48.75	0.54	4220.62	28.56	424.02	8709.92	0.01	41.59	256.98	9008.50	
Dec	4143.45	46.95	0.52	3935.34	10.57	408.40	8545.23	0.02	42.26	257.07	8844.57	
<b>2013</b>												
Jan	5109.86	49.65	0.55	4047.92	102.33	431.85	9742.15	0.00	42.26	248.33	10032.74	
Feb	4590.62	48.84	0.54	4026.29	106.95	424.81	9198.04	0.00	43.28	335.97	9577.30	
Mar	4288.27	50.02	0.56	4069.48	86.55	435.08	8929.95	505.02	45.04	627.10	10107.11	
Apr	5475.29	48.95	0.54	3995.42	92.65	425.75	10038.60	500.83	45.60	259.28	10844.30	
May	5175.97	54.64	0.61	4270.83	95.13	475.29	10072.47	500.75	45.18	274.04	10892.43	
Jun	4499.22	54.26	0.60	4777.11	100.66	472.00	9903.85	500.75	48.91	361.94	10815.45	
Jul	5543.57	54.00	0.60	4672.15	97.21	469.68	10837.20	500.75	49.29	214.96	11602.19	
Aug	4499.27	55.93	0.62	4730.33	73.99	486.49	9846.63	500.79	49.14	316.44	10712.99	
Sep	4156.85	55.44	0.62	4634.97	59.27	482.20	9389.34	634.99	51.16	351.12	10426.61	
Oct	5637.40	55.29	0.61	4645.34	52.58	480.92	10872.14	635.02	50.36	260.98	11818.50	
Nov	5055.44	56.39	0.63	3780.13	45.50	490.47	9428.55	634.95	49.07	341.21	10453.78	
Dec	5343.74	58.26	0.65	3867.60	28.72	506.78	9805.76	634.90	50.91	285.04	10776.60	
<b>2014</b>												
Jan	6475.62	62.43	0.69	3588.50	98.31	543.01	10768.56	702.65	51.15	329.68	11852.03	
Feb	5540.30	59.63	0.66	3323.52	93.15	518.68	9535.94	702.94	50.39	425.05	10714.32	
Mar	5126.16	58.77	0.65	3102.61	72.81	511.20	8872.20	702.98	52.28	348.75	9976.20	

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

(Million Maloti)

**B – LIABILITIES**

End of Period	Currency outside CBL <sup>1</sup>	Foreign Liabilities	Deposits				Capital Accounts	Allocation of SDRs	Unclassified Liabilities	Total
			Government	Official Entities	Private Sector	Banks				
<b>2012</b>										
Mar	746.07	540.67	2654.72	121.72	31.25	448.59	2094.49	44.43	390.13	7072.06
Jun	839.90	526.31	3255.02	124.81	29.12	219.44	2494.97	46.29	123.31	7659.17
Jul	779.52	335.90	4527.67	126.02	24.11	244.79	2593.00	46.16	123.50	8800.66
Aug	819.69	375.72	4172.61	126.02	23.77	220.97	2640.74	47.90	122.70	8550.13
Sep	847.79	375.17	3896.85	126.02	22.28	173.05	2581.36	47.66	108.60	8178.78
Oct	882.40	374.96	4791.14	126.02	19.52	361.08	2758.56	49.96	124.70	9488.34
Nov	928.06	374.96	4332.29	126.02	19.08	223.64	2832.12	50.64	121.70	9008.50
Dec	998.55	374.77	4137.82	126.02	17.01	187.97	2621.21	48.78	332.43	8844.57
<b>2013</b>										
Jan	774.43	374.78	5222.28	127.66	14.98	310.64	2835.85	51.58	320.54	10032.74
Feb	827.13	374.68	4774.53	127.66	14.98	257.31	2832.85	50.74	317.43	9577.30
Mar	945.30	879.60	4423.30	128.99	15.10	241.91	3087.51	51.96	333.43	10107.11
Apr	932.60	874.95	5259.75	128.99	13.35	244.67	3006.10	50.85	333.05	10844.30
May	938.59	924.61	4801.85	128.99	13.39	264.52	3419.04	56.77	344.67	10892.43
Jun	933.82	924.61	4857.94	130.15	12.05	389.24	3176.60	56.37	334.66	10815.45
Jul	962.33	924.52	5668.50	130.15	11.42	248.20	3106.46	56.10	494.50	11602.19
Aug	924.15	924.52	4823.78	130.15	11.12	315.07	3141.73	58.10	384.36	10712.99
Sep	988.36	1058.70	4674.35	130.15	8.44	178.15	2922.20	57.59	408.67	10426.61
Oct	1029.42	1058.70	5895.71	130.15	8.55	298.58	2983.40	57.44	356.56	11818.50
Nov	1085.29	1058.37	5293.19	130.15	6.46	291.09	2584.16	58.58	-53.49	10453.78
Dec	1197.97	1058.37	5334.88	130.94	6.12	302.22	2650.53	60.53	35.06	10776.60
<b>2014</b>										
Jan	933.59	1126.11	6263.00	130.94	6.19	318.25	2937.45	64.86	71.66	11852.03
Feb	946.21	1127.01	5479.99	130.94	6.03	310.71	2659.95	61.95	-8.46	10714.32
Mar	984.23	1127.00	4752.45	132.51	4.86	395.94	2719.93	61.06	-201.79	9976.20

(1) Includes South African rand with commercial banks.

Table S2

## RESERVE MONEY

(Million Maloti)

End of Period	Currency in circulation outside CBL <sup>1</sup>					Total	Bankers' Deposits	Total
	Maloti Issued		With commercial banks		Maloti Outside			
	Notes	Coins	Maloti Notes & Coins	Rand Notes & Coins	commercial banks			
<b>2012</b>								
Jan	655.44	17.16	96.92	52.88	574.27	724.07	187.44	858.63
Feb	674.26	17.16	98.93	52.81	591.40	743.14	173.53	863.86
Mar	730.01	17.22	102.74	59.62	643.33	805.69	448.59	1194.66
Apr	798.15	17.46	122.40	66.70	691.73	880.83	210.36	1024.49
May	757.50	17.80	130.56	78.97	643.58	853.11	265.70	1039.84
Jun	823.73	17.39	118.28	68.78	721.62	908.67	219.44	1059.34
Jul	763.38	17.62	116.82	65.45	662.70	844.97	244.79	1024.31
Aug	802.20	17.97	131.50	76.65	688.19	896.34	220.97	1040.66
Sep	831.03	18.01	113.96	66.57	733.83	914.36	173.05	1020.84
Oct	865.38	18.35	129.39	66.94	753.02	949.35	361.08	1243.48
Nov	910.99	18.33	126.20	78.07	801.86	1006.13	223.64	1151.70
Dec	980.77	18.73	229.50	107.46	769.05	1106.01	187.97	1186.52
<b>2013</b>								
Jan	756.64	19.17	134.62	80.14	639.82	854.58	310.64	1085.07
Feb	809.30	18.86	124.80	80.84	702.32	907.97	257.31	1084.43
Mar	927.79	18.88	153.52	90.98	791.79	1036.28	241.91	1187.21
Apr	915.18	18.81	139.91	91.46	792.69	1024.06	244.67	1177.27
May	920.96	18.73	125.39	79.12	813.20	1017.70	264.52	1203.11
Jun	915.76	18.88	126.09	72.97	807.73	1006.79	389.24	1323.06
Jul	944.92	19.07	131.44	69.36	830.89	1031.70	248.20	1210.54
Aug	906.83	19.06	120.18	74.82	803.97	998.97	315.07	1239.23
Sep	970.86	19.01	124.22	74.60	864.14	1062.96	178.15	1166.51
Oct	1012.79	18.90	151.47	90.30	877.95	1119.72	298.58	1328.00
Nov	1067.37	18.85	136.74	87.75	948.56	1173.04	291.09	1376.38
Dec	1180.89	18.73	244.64	144.34	953.33	1342.31	302.22	1500.19
<b>2014</b>								
Jan	916.24	18.49	147.40	94.09	786.19	1027.68	318.25	1251.84
Feb	929.79	18.30	159.09	99.55	787.12	1045.75	310.71	1256.92
Mar	968.41	18.18	144.21	83.07	840.02	1067.30	395.94	1380.17

<sup>1</sup>Excludes Rand with public

Table S3(a)

**CONSOLIDATED BALANCE SHEET OF COMMERCIAL BANKS**

(Million Maloti)

**ASSETS**

End of Period	Cash at Hand <sup>1</sup>	Balances with Central Bank	Foreign Assets <sup>2</sup>	Claims on Government	Claims on Statutory Bodies	Claims on Private Sector	Unclassified Assets	Total
<b>2011</b>								
Sep	135.92	272.26	3861.69	645.71	1.72	2539.56	1445.93	8902.80
Dec	250.15	137.16	3242.09	712.30	1.37	2609.72	1448.70	8401.49
<b>2012</b>								
Jan	149.80	164.22	2972.26	758.76	2.51	2697.26	1334.81	8079.63
Feb	151.74	200.59	3080.86	758.24	2.09	2747.74	1297.89	8239.14
Mar	162.36	371.45	2782.75	822.58	1.75	2816.17	1222.50	8179.56
Apr	189.10	197.69	3109.03	820.12	1.52	2812.07	1180.48	8310.01
May	209.53	218.70	3240.72	814.93	0.74	2913.08	1197.35	8595.05
Jun	187.06	178.89	2889.97	855.29	2.46	3117.29	1042.69	8273.65
Jul	182.27	208.02	2928.11	859.27	0.47	3110.27	1438.37	8726.77
Aug	208.15	244.89	2788.42	871.13	0.40	3305.10	1264.28	8682.36
Sep	180.53	137.90	2431.53	859.67	0.03	3351.62	1441.89	8403.16
Oct	196.33	365.84	2689.44	810.04	-0.17	3456.37	1676.85	9194.69
Nov	204.27	239.52	2707.38	812.97	-0.15	3554.17	1572.88	9091.04
Dec	336.96	189.73	2418.75	829.19	-0.15	3654.10	1386.71	8815.30
<b>2013</b>								
Jan	214.76	295.03	2320.97	855.82	0.00	3767.50	1835.82	9289.89
Feb	205.64	242.14	2566.19	796.53	0.00	3793.32	1950.43	9554.26
Mar	244.49	210.41	2537.70	803.68	0.00	3982.72	1960.01	9739.02
Apr	231.38	191.82	2424.29	805.62	0.00	3931.31	1877.53	9461.94
May	204.50	258.81	2308.22	792.54	0.00	3994.10	2045.69	9603.86
Jun	199.06	381.17	2313.74	783.09	0.00	4070.09	1995.01	9742.16
Jul	200.81	227.09	3178.47	807.72	0.00	4108.40	2360.49	10882.96
Aug	195.00	335.04	3276.84	799.86	0.00	4180.63	2470.21	11257.56
Sep	198.82	220.49	3201.03	848.50	0.00	4299.97	2387.16	11155.97
Oct	241.77	260.65	3135.86	744.67	0.00	4220.06	2338.11	10941.12
Nov	224.49	270.13	3035.83	787.46	0.00	4333.29	2083.46	10734.65
Dec	388.98	288.41	3453.35	663.90	0.00	4345.30	2439.86	11579.80
<b>2014</b>								
Jan	241.49	439.52	3736.86	643.67	0.00	4387.14	2296.03	11744.71
Feb	258.64	298.21	4060.82	678.10	0.00	4406.65	2462.29	12164.70
Mar	227.27	348.33	4352.16	688.30	0.00	4326.28	2939.71	12882.04

<sup>1</sup>Maloti and Rand notes<sup>2</sup>Excludes 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 Reserves	Foreign Liabilities	Unclassi- fied Liabilities	Total
	Government	Official Entities	Private Sector	Government	Official Entities	Private Sector	Government	Official Entities	Private Sector					
<b>2012</b>														
Mar	20.79	75.63	4064.58	0.02	1.43	958.05	1.39	0.11	691.44	0.00	881.91	54.11	1430.10	8179.56
Jun	22.02	76.40	4381.49	0.01	0.95	896.34	1.41	0.14	706.69	0.00	874.19	181.17	1132.85	8273.65
Jul	19.47	73.41	4450.48	0.01	0.96	883.53	1.40	0.14	707.00	0.00	897.40	228.32	1464.66	8726.77
Aug	19.68	73.77	4297.46	0.02	0.96	890.81	1.40	0.13	711.97	0.00	916.07	435.48	1334.62	8682.36
Sep	18.00	69.81	4177.57	0.01	0.83	925.26	1.32	0.12	727.81	0.00	871.44	182.94	1428.05	8403.16
Oct	17.91	73.17	4612.64	0.01	0.73	913.14	1.28	0.11	716.69	0.00	897.43	209.65	1751.93	9194.69
Nov	18.17	72.72	4515.16	0.01	0.80	872.70	1.15	0.12	719.51	0.00	916.06	242.47	1732.17	9091.04
Dec	19.29	58.20	4709.28	0.02	0.63	845.14	1.30	0.10	714.17	0.00	954.99	82.82	1429.37	8815.30
<b>2013</b>														
Jan	606.89	3.86	3992.40	80.04	0.00	834.55	8.17	0.14	693.17	0.00	1002.17	163.89	1904.61	9289.89
Feb	609.67	3.50	3963.57	80.04	0.00	710.43	7.87	0.14	704.82	0.00	1030.02	403.92	2040.28	9554.26
Mar	618.41	8.53	4003.10	80.04	0.00	703.96	7.40	0.14	717.07	0.00	1056.60	531.20	2012.58	9739.02
Apr	592.79	8.53	3953.81	80.04	0.00	763.42	6.96	0.14	703.59	0.00	1000.38	396.13	1956.16	9461.94
May	650.49	5.03	3843.81	80.04	0.00	777.56	6.98	0.15	694.01	0.00	999.22	441.08	2105.49	9603.86
Jun	854.35	5.97	3855.42	80.66	0.00	758.11	6.26	0.14	722.39	0.00	1025.03	380.13	2053.69	9742.16
Jul	588.37	5.69	4631.11	80.66	0.00	884.54	6.02	0.13	712.29	0.00	1058.47	525.77	2389.93	10882.96
Aug	1770.56	25.89	3686.07	0.66	0.00	1133.61	1.07	0.17	717.11	0.00	1085.19	241.29	2595.95	11257.56
Sep	1613.81	120.81	3746.28	0.67	0.08	1352.83	1.36	0.17	725.91	0.00	1031.69	159.44	2402.92	11155.97
Oct	1450.84	38.69	3580.41	20.66	0.00	1377.21	1.83	0.17	745.58	0.00	1061.09	331.10	2333.54	10941.12
Nov	1516.11	156.38	3535.16	17.58	0.00	1190.04	3.61	0.17	744.07	0.00	1066.20	333.25	2172.08	10734.65
Dec	1588.42	61.74	3879.97	11.66	0.00	1400.94	2.38	0.19	747.71	0.00	1117.44	390.69	2378.68	11579.80
<b>2014</b>														
Jan	2121.31	76.86	3553.52	13.27	0.00	1357.34	3.66	0.18	727.38	0.00	1144.81	395.18	2351.20	11744.71
Feb	1785.99	66.23	3971.23	17.01	0.00	1490.81	2.83	0.17	743.16	0.00	1180.34	438.72	2468.20	12164.70

Mar	1555.89	87.78	4308.88	7.80	0.00	1522.60	2.00	0.11	752.12	0.00	1187.45	560.56	2896.84	12882.04
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**Table S4**

**NET FOREIGN ASSETS OF THE BANKING SYSTEM**

(Million Maloti : End of Period)

End of Period	FOREIGN ASSETS				FOREIGN LIABILITIES			
	Central Bank of Lesotho	Commercial Banks	Total	Central Bank of Lesotho	Commercial Banks	Total	Net Foreign Assets	
	Of which: Rand notes and coins with banks							
<b>2012</b>								
Mar	6549.79	59.62	2782.75	9332.54	540.67	54.11	594.78	8737.76
Jun	6751.37	68.78	2889.97	9641.34	526.31	181.17	707.48	8933.86
Jul	8094.31	65.45	2928.11	11022.42	335.90	228.32	564.21	10458.21
Aug	7836.37	76.65	2788.42	10624.78	375.72	435.48	811.20	9813.59
Sep	7889.32	66.57	2431.53	10320.85	375.17	182.94	558.11	9762.74
Oct	9194.37	66.94	2689.44	11883.82	374.96	209.65	584.60	11299.22
Nov	8709.92	78.07	2707.38	11417.29	374.96	242.47	617.42	10799.87
Dec	8545.23	107.46	2418.75	10963.99	374.77	82.82	457.59	10506.39
<b>2013</b>								
Jan	9742.15	80.14	2320.97	12063.12	374.78	163.89	538.67	11524.45
Feb	9198.04	80.84	2566.19	11764.23	374.68	403.92	778.60	10985.63
Mar	8929.95	90.98	2537.70	11467.65	879.60	531.20	1410.80	10056.85
Apr	10038.60	91.46	2424.29	12462.88	874.95	396.13	1271.08	11191.81
May	10072.47	79.12	2308.22	12380.69	924.61	441.08	1365.70	11014.99
Jun	9903.85	72.97	2313.74	12217.59	924.61	380.13	1304.74	10912.85
Jul	10837.20	69.36	3178.47	14015.67	924.52	525.77	1450.29	12565.38
Aug	9846.63	74.82	3276.84	13123.46	924.52	241.29	1165.81	11957.65
Sep	9389.34	74.60	3201.03	12590.37	1058.70	159.44	1218.14	11372.24
Oct	10872.14	90.30	3135.86	14008.01	1058.70	331.10	1389.80	12618.20
Nov	9428.55	87.75	3035.83	12464.37	1058.37	333.25	1391.62	11072.75
Dec	9805.76	144.34	3453.35	13259.11	1058.37	390.69	1449.06	11810.05
<b>2013</b>								
Jan	10768.56	94.09	3736.86	14505.42	1126.11	395.18	1521.29	12984.13

Feb	9535.94	99.55	4060.82	13596.75	1127.01	438.72	1565.72	12031.03
Mar	8872.20	83.07	4352.16	13224.36	1127.00	560.56	1687.57	11536.80

**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
<b>2012</b>									
Mar	4140.22	691.54	959.48	0.00	5791.24	71.49	967.31	99.19	0.00
Jun	4457.88	706.82	897.30	0.00	6062.00	73.54	961.17	93.35	0.00
Jul	4523.89	707.14	884.49	0.00	6115.51	73.97	955.92	92.53	0.00
Aug	4371.23	712.10	891.77	0.00	5975.10	73.16	973.38	91.62	0.00
Sep	4247.38	727.94	926.09	0.00	5901.40	71.97	1011.41	91.56	0.00
Oct	4685.82	716.80	913.87	0.00	6316.49	74.18	966.25	94.58	0.00
Nov	4587.88	719.62	873.51	0.00	6181.01	74.23	969.51	90.10	0.00
Dec	4767.48	714.27	845.76	0.00	6327.51	75.35	947.99	89.22	0.00
<b>2013</b>									
Jan	3996.27	693.31	834.55	0.00	5524.12	72.34	958.38	87.08	0.00
Feb	3967.07	704.97	710.43	0.00	5382.47	73.70	956.49	74.27	0.00
Mar	4011.63	717.21	703.96	0.00	5432.79	73.84	971.29	72.48	0.00
Apr	3962.34	703.73	763.42	0.00	5429.49	72.98	964.30	79.17	0.00
May	3848.85	694.16	777.56	0.00	5320.57	72.34	959.59	81.03	0.00
Jun	3861.39	722.53	758.11	0.00	5342.04	72.28	999.59	75.84	0.00
Jul	4636.80	712.42	884.54	0.00	6233.75	74.38	11.43	14.19	0.00
Aug	3711.95	717.28	1133.61	0.00	5562.85	66.73	12.89	20.38	0.00
Sep	3867.09	726.09	1352.91	0.00	5946.09	65.04	12.21	22.75	0.00
Oct	3850.14	747.25	1377.83	0.00	5975.22	64.44	12.51	23.06	0.00
Nov	3923.97	745.87	1190.85	0.00	5860.69	66.95	12.73	20.32	0.00
Dec	4181.13	749.81	1401.75	0.00	6332.69	66.02	11.84	22.14	0.00
<b>2014</b>									
Jan	3630.39	727.56	1357.34	0.00	5715.29	63.52	12.73	23.75	0.00
Feb	4037.46	743.33	1490.81	0.00	6271.60	64.38	11.85	23.77	0.00
Mar	4396.66	752.24	1522.60	0.00	6671.50	65.90	11.28	22.82	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
<b>2012</b>									
Mar	5714.07	22.20	77.17	0.00	5813.43	98.29	0.38	1.33	0.00
Apr	6112.65	22.62	82.95	0.00	6218.22	98.30	0.36	1.33	0.00
May	6288.67	24.14	82.98	0.00	6395.79	98.33	0.38	1.30	0.00
Jun	5984.51	23.44	77.49	0.00	6085.44	98.34	0.39	1.27	0.00
Jul	6041.01	20.88	74.51	0.00	6136.39	98.45	0.34	1.21	0.00
Aug	5900.24	21.10	74.86	0.00	5996.20	98.40	0.35	1.25	0.00
Sep	5830.64	19.33	70.76	0.00	5920.73	98.48	0.33	1.20	0.00
Oct	6242.47	19.20	74.01	0.00	6335.69	98.53	0.30	1.17	0.00
Nov	6107.37	19.34	73.64	0.00	6200.34	98.50	0.31	1.19	0.00
Dec	6268.60	20.61	58.92	0.00	6348.12	98.75	0.32	0.93	0.00
<b>2013</b>									
Jan	5520.12	695.10	4.00	0.00	6219.22	88.76	11.18	0.06	0.00
Feb	5378.82	697.58	3.64	0.00	6080.05	88.47	11.47	0.06	0.00
Mar	5424.12	705.85	8.67	0.00	6138.64	88.36	11.50	0.14	0.00
Apr	5420.81	679.79	8.67	0.00	6109.28	88.73	11.13	0.14	0.00
May	5315.38	737.51	5.18	0.00	6058.07	87.74	12.17	0.09	0.00
Jun	5335.93	941.27	6.11	0.00	6283.31	84.92	14.98	0.10	0.00
Jul	6227.93	675.05	5.82	0.00	6908.80	90.14	9.77	0.08	0.00
Aug	5536.80	1772.29	26.05	0.00	7335.13	75.48	24.16	0.36	0.00
Sep	5825.03	1615.84	121.06	0.00	7561.92	77.03	21.37	1.60	0.00
Oct	5703.19	1473.33	38.87	0.00	7215.39	79.04	20.42	0.54	0.00
Nov	5469.27	1537.30	156.55	0.00	7163.12	76.35	21.46	2.19	0.00
Dec	6028.61	1602.45	61.93	0.00	7692.99	78.36	20.83	0.81	0.00
<b>2014</b>									
Jan	5638.24	2138.24	77.05	0.00	7853.52	71.79	27.23	0.98	0.00
Feb	6205.20	1805.83	66.40	0.00	8077.43	76.82	22.36	0.82	0.00
Mar	6583.60	1565.70	87.89	0.00	8237.19	79.93	19.01	1.07	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
<b>2011</b>							
Jun	83.21	739.32	5.55	828.08	10.05	89.28	0.67
Sep	96.12	672.69	5.35	774.16	12.42	86.89	0.69
Oct	120.94	656.56	5.58	783.07	15.44	83.84	0.71
Nov	106.31	670.73	5.65	782.69	13.58	85.70	0.72
Dec	107.10	698.06	5.79	810.95	13.21	86.08	0.71
<b>2012</b>							
Jan	133.20	650.91	5.93	790.04	16.86	82.39	0.75
Feb	110.02	736.07	5.40	851.49	12.92	86.45	0.63
Mar	118.67	748.65	6.35	873.67	13.58	85.69	0.73
Apr	157.01	732.14	6.39	895.54	17.53	81.75	0.71
May	238.42	648.64	467.89	1354.95	17.60	47.87	34.53
Jun	135.57	658.45	7.58	801.59	16.91	82.14	0.95
Jul	174.33	602.85	6.26	783.44	22.25	76.95	0.80
Aug	170.32	608.02	7.76	786.09	21.67	77.35	0.99
Sep	138.04	671.62	7.82	817.48	16.89	82.16	0.96
Oct	170.95	632.96	7.82	811.74	21.06	77.98	0.96
Nov	303.61	448.18	8.01	759.80	39.96	58.99	1.05
Dec	253.73	468.89	7.96	730.57	34.73	64.18	1.09
<b>2013</b>							
Jan	279.62	483.77	8.00	771.38	36.25	62.71	1.04
Feb	275.25	478.85	8.18	762.28	36.11	62.82	1.07
Mar	255.90	492.64	6.21	754.75	33.90	65.27	0.82
Apr	287.95	515.81	6.94	810.70	35.52	63.63	0.86
May	286.04	492.11	7.23	785.38	36.42	62.66	0.92
Jun	239.40	515.66	9.28	764.35	31.32	67.46	1.21
Jul	336.40	565.05	15.21	916.66	36.70	61.64	1.66
Aug	320.22	658.94	17.89	997.04	32.12	66.09	1.79
Sep	287.03	902.98	18.63	1208.65	23.75	74.71	1.54
Oct	281.43	940.19	19.32	1240.94	22.68	75.76	1.56
Nov	307.18	721.58	20.35	1049.10	29.28	68.78	1.94
Dec	274.72	958.78	20.66	1254.15	21.90	76.45	1.65
<b>2014</b>							
Jan	218.33	968.87	22.12	1209.32	18.05	80.12	1.83
Feb	272.41	1004.82	67.47	1344.70	20.26	74.72	5.02
Mar	321.10	940.04	69.02	1330.16	24.14	70.67	5.19

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

(Million Maloti ; End of Period)

ECONOMIC ACTIVITIES	2011				2012				2013	2014
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
1. Agriculture, Hunting Forestry and Fishing	4.73	7.78	9.03	12.33	11.33	16.52	18.10	18.29	16.33	16.94
2. Mining and Quarrying	139.75	121.32	136.82	128.01	151.97	184.30	226.05	218.71	185.43	194.20
3. Manufacturing	155.88	211.55	192.90	224.81	226.03	294.12	352.80	379.02	320.75	343.16
4. Electricity, gas and water	37.94	35.16	33.47	32.40	33.87	39.89	43.12	40.03	36.76	33.23
5. Construction	67.36	191.65	176.51	169.11	181.40	212.78	243.09	246.77	212.74	197.07
6. Wholesale, Retail, Hotel and Restaurant	210.49	161.62	275.70	236.60	246.93	304.29	230.89	220.97	225.65	227.48
7. Transport, Storage And Communication	240.34	148.14	228.50	158.31	130.16	157.18	114.63	115.49	112.33	133.11
8. Non-Bank Financial Institutions, Real Estate	289.91	266.48	282.54	367.69	443.34	278.56	308.06	326.58	204.77	331.21
9. Community, Social and Personal Services	51.09	181.72	58.04	56.43	45.67	131.79	134.60	161.41	243.58	338.37
<b>TOTAL</b>	1197.47	1325.43	1393.51	1385.68	1470.70	1619.42	1671.34	1727.27	1558.34	1814.77
of which:										
Business Enterprises	1196.10	1323.68	1391.04	1385.65	1470.85	1619.42	1671.34	1727.27	1558.34	1814.77
Statutory Bodies	1.37	1.75	2.46	0.03	-0.15	0.00	0.00	0.00	0.00	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	2011				2012				2013	2014
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
1. Agriculture, Hunting Forestry and Fishing	0.39	0.59	0.65	0.89	0.77	1.02	1.08	1.06	1.05	0.93
2. Mining and Quarrying	11.67	9.15	9.82	9.24	10.33	11.38	13.52	12.66	11.90	10.70
3. Manufacturing	13.02	15.96	13.84	16.22	15.37	18.16	21.11	21.94	20.58	18.91
4. Electricity, gas and water	3.17	2.65	2.40	2.34	2.30	2.46	2.58	2.32	2.36	1.83
5. Construction	5.63	14.46	12.67	12.20	12.33	13.14	14.54	14.29	13.65	10.86
6. Wholesale, Retail, Hotel and Restaurant	17.58	12.19	19.78	17.07	16.79	18.79	13.81	12.79	14.48	12.53
7. Transport, Storage and Communication	20.07	11.18	16.40	11.42	8.85	9.71	6.86	6.69	7.21	7.33
8. Non-Bank Financial Institutions, Real Estate	24.21	20.11	20.28	26.53	30.14	17.20	18.43	18.91	13.14	18.25
9. Community, Social and Personal Services	4.27	13.71	4.16	4.07	3.11	8.14	8.05	9.35	15.63	18.65
<b>TOTAL</b>	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
of which:										
Business Enterprises	99.89	99.87	99.82	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Statutory Bodies	0.11	0.13	0.18	0.00	-0.01	0.00	0.00	0.00	0.00	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
<b>2012</b>								
Mar	6635.30	4860.74	73.26	166.38	2.51	68.15	5396.81	78.56
Jun	7014.15	4748.49	67.70	172.70	2.46	68.15	5383.68	74.21
Jul	7408.06	5089.13	68.70	180.53	2.44	68.15	5798.66	75.73
Aug	7276.70	4844.64	66.58	181.35	2.49	68.15	5893.94	78.31
Sep	7090.84	4482.98	63.22	192.00	2.71	68.15	5971.63	81.24
Oct	7782.66	5195.04	66.75	185.44	2.38	68.15	6505.25	80.95
Nov	7644.10	4995.21	65.35	185.81	2.43	68.15	6383.66	80.83
Dec	7341.68	4588.87	62.50	196.98	2.68	68.15	6396.55	84.09
<b>2013</b>								
Jan	7718.53	4904.95	63.55	195.91	2.54	68.15	6968.93	87.30
Feb	7973.84	5179.91	64.96	193.02	2.42	68.15	6988.07	84.86
Mar	8095.46	5106.48	63.08	194.39	2.40	68.15	7201.32	86.16
Apr	7908.19	4940.71	62.48	196.45	2.48	68.15	7037.65	86.11
May	8045.38	4984.02	61.95	191.91	2.39	68.15	7295.64	87.84
Jun	8162.82	5055.95	61.94	189.38	2.32	68.15	7428.42	88.22
Jul	9301.90	6168.97	66.32	188.86	2.03	68.15	7704.49	80.60
Aug	9580.55	6450.11	67.33	189.64	1.98	68.15	7980.73	81.12
Sep	9505.92	6266.90	65.93	192.02	2.02	68.15	7954.94	81.45
Oct	9338.07	6053.48	64.83	189.97	2.03	68.15	7805.26	81.34
Nov	8996.33	5569.59	61.91	187.50	2.08	68.15	7698.82	83.21
Dec	9942.65	6536.84	65.75	187.68	1.89	68.15	8126.45	79.68
<b>2014</b>								
Jan	10029.49	6736.93	67.17	182.44	1.82	68.15	8007.85	77.90
Feb	10404.46	7063.39	67.89	183.29	1.76	68.15	8103.88	76.05
Mar	11169.72	7869.66	70.46	187.91	1.68	68.15	8529.88	74.65

Table S9(b)

## COMMERCIAL BANKS' CREDIT DEPOSIT RATIOS

(Million Maloti / Per cent)

End of period	Deposit <sup>1</sup>	Deferred Pay Fund	Government Deposits	Borrowing From Abroad	Credit <sup>2</sup>	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)
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>2012</b>													
Mar	5791.24	0.00	22.20	54.11	2817.91	822.58	48.66	48.66	48.47	48.03	14.15	62.62	62.04
Jun	6062.00	0.00	23.44	181.17	3119.76	855.29	51.46	51.46	51.27	49.78	14.05	65.32	63.43
Jul	6115.51	0.00	20.88	228.32	3110.74	859.27	50.87	50.87	50.69	48.87	14.00	64.70	62.38
Aug	5975.10	0.00	21.10	435.48	3305.50	871.13	55.32	55.32	55.13	51.39	14.53	69.65	64.94
Sep	5901.40	0.00	19.33	182.94	3351.65	859.67	56.79	56.79	56.61	54.91	14.52	71.13	69.00
Oct	6316.49	0.00	19.20	209.65	3456.20	810.04	54.72	54.72	54.55	52.80	12.79	67.34	65.18
Nov	6181.01	0.00	19.34	242.47	3554.02	812.97	57.50	57.50	57.32	55.16	13.11	70.43	67.78
Dec	6327.51	0.00	20.61	82.82	3653.95	829.19	57.75	57.75	57.56	56.82	13.06	70.62	69.71
<b>2013</b>													
Jan	5524.12	0.00	695.10	163.89	3767.50	855.82	68.20	68.20	60.58	59.02	13.76	74.34	72.43
Feb	5382.47	0.00	697.58	403.92	3793.32	796.53	70.48	70.48	62.39	58.50	13.10	75.49	70.79
Mar	5432.79	0.00	705.85	531.20	3982.72	803.68	73.31	73.31	64.88	59.71	13.09	77.97	71.76
Apr	5429.49	0.00	679.79	396.13	3931.31	805.62	72.41	72.41	64.35	60.43	13.19	77.54	72.82
May	5320.57	0.00	737.51	441.08	3994.10	792.54	75.07	75.07	65.93	61.46	13.08	79.01	73.65
Jun	5342.04	0.00	941.27	380.13	4070.09	783.09	76.19	76.19	64.78	61.08	12.46	77.24	72.83
Jul	6233.75	0.00	675.05	525.77	4108.40	807.72	65.91	65.91	59.47	55.26	11.69	71.16	66.13
Aug	5562.85	0.00	1772.29	241.29	4180.63	799.86	75.15	75.15	56.99	55.18	10.90	67.90	65.74
Sep	5946.09	0.00	1615.84	159.44	4299.97	848.50	72.32	72.32	56.86	55.69	11.22	68.08	66.68
Oct	5742.06	0.00	1473.33	331.10	4220.06	744.67	73.49	73.49	58.49	55.92	10.32	68.81	65.79
Nov	5625.82	0.00	1537.30	333.25	4333.29	787.46	77.03	77.03	60.49	57.81	10.99	71.49	68.31
Dec	6090.54	0.00	1602.45	390.69	4345.30	663.90	71.35	71.35	56.48	53.75	8.63	65.11	61.97
<b>2014</b>													
Jan	5715.29	0.00	2138.24	395.18	4387.14	643.67	76.76	76.76	55.86	53.19	8.20	64.06	60.99
Feb	6271.60	0.00	1805.83	438.72	4406.65	678.10	70.26	70.26	54.56	51.74	8.40	62.95	59.71
Mar	6671.50	0.00	1565.70	560.56	4326.28	688.30	64.85	64.85	52.52	49.17	8.36	60.88	57.00

Table S10

**NARROW MONEY**  
(Million Maloti)

End of Period	M A L O T I			Demand and Call Deposits			Money (M1) (3+7)	Annual Rate of Increase (per cent)	
	Issued	With Banks	With Public	Private Sector	Statutory Bodies	Deferred Pay Fund			Total
	1	2	3	4	5	6	7	8	9
<b>2012</b>									
Mar	747.23	102.74	643.33	4095.83	197.35	0.00	4293.18	4936.51	5.42
Jun	841.12	118.28	721.62	4410.61	201.21	0.00	4611.81	5333.43	12.19
Jul	781.00	116.82	662.70	4474.59	199.44	0.00	4674.02	5336.72	11.13
Aug	820.17	131.50	688.19	4321.24	199.79	0.00	4521.03	5209.22	4.20
Sep	849.04	113.96	733.83	4199.85	195.83	0.00	4395.69	5129.52	-7.03
Oct	883.73	129.39	753.02	4632.17	199.20	0.00	4831.36	5584.38	6.64
Nov	929.31	126.20	801.86	4534.23	198.75	0.00	4732.98	5534.84	5.30
Dec	999.50	229.50	769.05	4726.30	184.22	0.00	4910.52	5679.56	9.09
<b>2013</b>									
Jan	775.81	134.62	639.82	4007.38	131.52	0.00	4138.91	4778.72	-1.65
Feb	828.16	124.80	702.32	3978.55	131.16	0.00	4109.71	4812.03	-4.61
Mar	946.67	153.52	791.79	3030.18	137.52	0.00	3167.71	3959.49	-19.79
Apr	933.99	139.91	792.69	3967.88	136.80	0.00	4104.68	4897.37	-8.80
May	939.69	125.39	813.20	3857.20	134.03	0.00	3991.23	4804.43	-10.74
Jun	934.64	126.09	807.73	3867.48	136.11	0.00	4003.59	4811.32	-9.79
Jul	963.99	131.44	830.89	4642.53	135.83	0.00	4778.37	5609.26	5.11
Aug	925.89	120.18	803.97	3697.19	156.03	0.00	3853.22	4657.19	-10.60
Sep	989.87	124.22	864.14	3754.73	250.95	0.00	4005.68	4869.83	-5.06
Oct	1031.70	151.47	877.95	3588.96	168.84	0.00	3757.79	4635.74	-16.99
Nov	1086.22	136.74	948.56	3541.62	286.52	0.00	3828.14	4776.70	-13.70
Dec	1199.62	244.64	953.33	3886.08	192.68	0.00	4078.76	5032.09	-11.40
<b>2014</b>									
Jan	934.75	147.40	786.19	3559.71	207.80	0.00	3767.51	4553.70	-4.71
Feb	948.09	159.09	787.12	3977.26	197.17	0.00	4174.43	4961.54	3.11
Mar	986.59	144.21	840.02	4313.74	220.29	0.00	4534.03	5374.05	35.73

Table S11

## MONETARY SURVEY

(Million Maloti; End of Period)

	<b>2011</b> Dec	Mar	Jun	Sep	<b>2012</b> Dec	Mar	Jun	Sep	<b>2013</b> Dec	<b>2014</b> Mar
Foreign Assets, Net	9840.10	8800.02	8984.17	9814.01	10516.93	10143.40	11013.51	11431.50	11838.77	11609.61
Commercial Banks	3060.72	2728.64	2708.80	2248.59	2335.46	2006.50	1933.61	3041.59	3062.66	3791.60
Central Bank of Lesotho	6752.22	6009.12	6225.06	7514.15	8170.46	8050.35	8979.24	8330.64	8747.39	7745.19
Rand with Banks	27.16	62.26	50.31	51.27	10.57	86.55	100.66	59.27	28.72	72.81
Domestic Credit	669.99	1275.07	926.07	427.75	459.40	327.34	-291.01	-371.11	-1070.72	-352.73
Claims on private sector & statutory bodies	2699.64	2922.04	3156.82	3484.26	3788.61	4147.78	4224.38	4435.59	4567.81	4574.15
Claims on Government, net of deposits	-2029.65	-1646.97	-2230.75	-3056.51	-3329.60	-3820.44	-4515.39	-4806.70	-5638.53	-4926.87
Money Supply	6766.44	6587.53	6937.55	6783.54	7239.60	6368.67	6291.96	6948.82	7180.93	7648.89
Money	5206.20	4936.51	5333.43	5129.52	5679.56	4947.51	4811.32	4869.83	5032.09	5374.05
Maloti with public	688.70	643.33	721.62	733.83	769.05	791.79	807.73	864.73	953.33	840.02
Demand and call deposits	4517.50	4293.18	4611.81	4395.69	4910.52	4155.72	4003.59	4005.68	4078.76	4534.03
Quasi-money	1560.24	1651.02	1604.12	1654.02	1560.03	1421.16	1480.65	2079.00	2148.83	2274.84
Time deposits	890.17	959.48	897.30	926.09	845.76	703.96	758.11	1352.91	1400.94	1522.60
Savings deposits	670.07	691.54	706.82	727.94	714.27	717.21	722.53	726.09	747.89	752.24
Other Items, Net	3743.66	3487.56	2972.69	3458.23	3736.77	4102.07	4430.54	4111.57	3587.13	3607.99

Table S12

**BROAD MONEY**  
(Million Maloti)

End of Period	Savings Deposits	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
		Private Sector 2	Statutory Bodies 3	Deferred Pay Fund 4				
	1	2	3	4	5	6	7	8
<b>2011</b>								
Jun	689.98	941.24	1.34	0.00	1632.55	4753.90	6386.45	3.03
Sep	674.17	885.08	1.30	0.00	1560.54	5517.38	7077.92	7.91
Oct	668.22	862.06	1.29	0.00	1531.57	5236.64	6768.20	3.89
Nov	676.56	863.34	1.29	0.00	1541.19	5256.40	6797.59	7.09
Dec	670.07	888.85	1.32	0.00	1560.24	5206.20	6766.44	2.91
<b>2012</b>								
Jan	661.01	872.74	1.32	0.00	1535.07	4859.00	6394.07	1.48
Feb	684.96	935.79	1.31	0.00	1622.05	5044.36	6666.42	4.85
Mar	691.54	958.05	1.43	0.00	1651.02	4936.51	6587.53	5.18
Apr	683.38	989.26	0.99	0.00	1673.63	5369.81	7043.44	8.94
May	798.67	987.06	1.04	0.00	1786.77	5382.37	7169.13	8.76
Jun	706.82	896.34	0.95	0.00	1604.12	5333.43	6937.55	8.63
Jul	707.14	883.53	0.96	0.00	1591.63	5336.72	6928.35	8.34
Aug	712.10	890.81	0.96	0.00	1603.87	5209.22	6813.09	2.99
Sep	727.94	925.26	0.83	0.00	1654.02	5129.52	6783.54	-4.16
Oct	716.80	913.14	0.73	0.00	1630.67	5584.38	7215.05	6.60
Nov	719.62	872.70	0.80	0.00	1593.13	5534.84	7127.97	4.86
Dec	714.27	845.14	0.63	0.00	1560.03	5679.56	7239.60	6.99
<b>2013</b>								
Jan	693.31	834.55	0.00	0.00	1527.86	4778.72	6306.58	-1.37
Feb	704.97	710.43	0.00	0.00	1415.39	4812.03	6227.43	-6.59
Mar	717.21	703.96	0.00	0.00	1421.16	3959.49	5380.66	-18.32
Apr	703.73	763.42	0.00	0.00	1467.15	4897.37	6364.51	-9.64
May	694.16	777.56	0.00	0.00	1471.72	4804.43	6276.15	-12.46
Jun	722.53	758.11	0.00	0.00	1480.65	4811.32	6291.96	-9.31
Jul	712.42	884.54	0.00	0.00	1596.96	5609.26	7206.22	4.01
Aug	717.28	1133.61	0.00	0.00	1850.89	4657.19	6508.08	-4.48
Sep	726.09	1352.83	0.08	0.00	2079.00	4869.83	6948.82	2.44
Oct	745.75	1377.21	0.00	0.00	2122.96	4635.74	6758.71	-6.32
Nov	744.24	1190.04	0.00	0.00	1934.28	4776.70	6710.98	-5.85
Dec	747.89	1400.94	0.00	0.00	2148.83	5032.09	7180.93	-0.81
<b>2014</b>								
Jan	727.56	1357.34	0.00	0.00	2084.90	4553.70	6638.60	5.26
Feb	743.33	1490.81	0.00	0.00	2234.14	4961.54	7195.69	15.55
Mar	752.24	1522.60	0.00	0.00	2274.84	5374.05	7648.89	42.16

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
<b>2012</b>												
Mar	4303.12	3081.94	0.72	691.90	318.21	0.46	959.49	13.71	0.01	5954.51	3413.86	0.57
Jun	4617.62	2227.08	0.48	707.24	301.41	0.43	897.31	126.76	0.14	6222.17	2655.24	0.43
Jul	4686.17	2227.53	0.48	707.56	301.41	0.43	884.51	127.15	0.14	6278.23	2656.08	0.42
Aug	4527.80	2264.32	0.50	712.55	306.00	0.43	891.79	57.56	0.06	6132.13	2627.88	0.43
Sep	4407.14	2019.10	0.46	728.40	297.11	0.41	926.10	52.98	0.06	6061.64	2369.19	0.39
Oct	4838.44	2103.55	0.43	717.26	337.56	0.47	913.89	15.21	0.02	6469.59	2456.32	0.38
Nov	4741.71	2240.20	0.47	720.12	333.36	0.46	873.53	23.60	0.03	6335.36	2597.16	0.41
Dec	4919.37	2240.19	0.46	714.78	333.15	0.47	845.78	23.43	0.03	6479.93	2596.77	0.40
<b>2013</b>												
Jan	4151.95	2562.45	0.62	693.78	230.58	0.33	835.00	75.62	0.09	5680.73	2868.66	0.49
Feb	4272.02	2436.10	0.57	706.38	241.81	0.34	827.07	37.22	0.05	5805.47	2715.13	0.47
Mar	3334.17	3018.92	0.91	718.55	265.37	0.37	820.31	7.94	0.01	4873.03	3292.23	0.68
Apr	4274.46	2006.42	0.47	705.00	245.56	0.35	879.78	5.43	0.01	5859.24	2257.41	0.39
May	4173.70	1919.00	0.46	695.57	244.71	0.35	859.36	34.51	0.04	5728.63	2198.21	0.38
Jun	4148.62	2161.39	0.52	723.76	250.72	0.35	839.88	120.50	0.14	5712.26	2532.61	0.44
Jul	4962.19	1785.02	0.36	713.52	264.67	0.37	966.65	10.27	0.01	6642.36	2059.97	0.31
Aug	4031.03	2191.15	0.54	718.44	256.55	0.36	1135.29	3.29	0.00	5884.76	2451.00	0.42
Sep	4012.42	1956.51	0.49	726.74	249.84	0.34	1353.32	4.34	0.00	6092.49	2210.69	0.36
Oct	3850.14	2039.73	0.53	747.25	285.44	0.38	1377.83	0.96	0.00	5975.22	2326.13	0.39
Nov	3923.97	2226.86	0.57	745.87	318.50	0.43	1190.85	7.97	0.01	5860.69	2553.34	0.44
Dec	4181.13	2899.02	0.69	749.81	298.29	0.40	1401.75	7.87	0.01	6332.69	3205.17	0.51
<b>2014</b>												
Jan	3865.53	1899.84	0.49	729.57	244.57	0.34	1358.15	5.77	0.00	5953.25	2150.18	0.36
Feb	4287.93	1836.24	0.43	746.22	242.35	0.32	1491.23	49.92	0.03	6525.38	2128.51	0.33
Mar	4650.07	2114.01	0.45	754.91	287.11	0.38	1523.47	21.71	0.01	6928.45	2422.82	0.35

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
<b>2011</b>					
Mar	10.33	20.50	9.00	0.75-1.40	1.50
Jun	10.50	18.83	9.00	0.75-1.75	1.15
Sep	10.50	19.83	9.00	0.68-1.75	1.15
Oct	10.50	19.83	9.00	0.68-1.75	1.15
Nov	10.50	19.83	9.00	0.68-1.75	1.15
Dec	10.50	19.83	9.00	0.68-1.75	1.15
<b>2012</b>					
Jan	10.50	19.83	9.00	0.68-1.75	1.15
Feb	10.25	19.83	9.00	0.18-1.75	0.77
Mar	10.25	19.83	9.00	0.18-1.75	0.77
Apr	10.25	19.83	9.00	0.18-1.75	0.77
May	10.25	19.83	9.00	0.18-1.75	0.77
Jun	10.25	19.83	9.00	0.18-1.75	0.77
Jul	10.08	19.67	8.50	0.18-1.75	0.77
Aug	9.92	19.50	8.50	0.18-1.75	0.77
Sep	9.92	19.50	8.50	0.18-1.75	0.77
Oct	9.92	19.50	8.50	0.18-1.75	0.77
Nov	9.92	19.50	8.50	0.18-1.75	0.77
Dec	9.92	19.50	8.50	0.18-1.75	0.77
<b>2013</b>					
Jan	9.92	19.50	8.50	0.18-1.75	0.77
Feb	9.92	19.50	8.50	0.18-1.75	0.77
Mar	9.92	19.50	8.50	0.18-1.75	0.77
Apr	9.92	19.50	8.50	0.18-1.75	0.77
May	9.92	19.50	8.50	0.18-1.75	0.77
Jun	9.92	19.50	8.50	0.18-1.75	0.77
Jul	9.92	19.50	8.50	0.18-1.75	0.77
Aug	9.92	19.50	8.50	0.18-1.75	0.77
Sep	9.92	19.50	8.50	0.18-1.75	0.77
Oct	9.92	19.50	8.50	0.18-1.75	0.77
Nov	9.92	19.50	8.50	0.18-1.75	0.77
Dec	9.92	19.50	8.50	0.18-1.75	0.77
<b>2014</b>					
Jan	10.25	20.50	9.00	0.20-2.35	1.03
Feb	10.25	20.50	9.00	0.20-2.35	1.03
Mar	10.25	20.50	9.00	0.20-2.35	1.03

<b>Table S14(b)</b>		<b>TIME DEPOSIT RATES BY COMMERCIAL BANKS</b>						
		(With comparable South African rates)						
		(Per Cent Per Annum)						
<b>I N T E R E S T P A I D</b>								
		Lesotho Time Deposits			South African Time Deposits			
End of Period		31 Days	88 Days	6 Months	1 Year	31 Days	1 Year	
<b>2011</b>								
Sep		1.21	1.67	1.94	2.78	5.80	5.88	
Dec		1.21	1.67	1.94	2.78	5.40	6.03	
<b>2012</b>								
Jan		1.21	1.67	1.94	2.78	5.42	6.18	
Feb		0.91	1.41	1.69	2.34	5.41	6.25	
Mar		0.91	1.41	1.69	2.34	5.41	6.23	
Apr		0.91	1.41	1.69	2.34	5.40	6.20	
May		0.91	1.41	1.69	2.34	5.41	6.07	
Jun		0.91	1.41	1.69	2.34	5.41	5.88	
Jul		0.91	1.47	1.69	2.34	4.89	5.38	
Aug		0.91	1.47	1.69	2.34	4.90	5.39	
Sep		0.91	1.41	1.69	2.34	4.91	5.35	
Oct		0.91	1.41	1.69	2.34	4.90	5.40	
Nov		0.91	1.41	1.69	2.34	4.88	5.54	
Dec		0.91	1.41	1.69	2.34	4.95	5.40	
<b>2013</b>								
Jan		0.91	1.41	1.69	2.34	4.93	5.48	
Feb		0.91	1.41	1.69	2.34	4.93	5.40	
Mar		0.91	1.41	1.69	2.34	4.93	5.54	
Apr		0.91	1.41	1.69	2.34	4.95	5.36	
May		0.91	1.41	1.69	2.34	4.94	5.36	
Jun		0.91	1.41	1.69	2.34	4.93	6.02	
Jul		0.91	1.41	1.69	2.34	4.93	5.71	
Aug		0.91	1.41	1.69	2.34	4.99	5.97	
Sep		0.91	1.41	1.69	2.34	5.00	5.83	
Oct		0.91	1.41	1.69	2.34	5.00	5.71	
Nov		0.91	1.41	1.69	2.34	4.99	5.91	
Dec		0.91	1.41	1.69	2.34	5.00	6.33	
<b>2014</b>								
Jan		1.14	1.53	2.01	2.85	5.00	6.40	
Feb		1.14	1.53	2.01	2.85	5.50	7.02	
Mar		1.14	1.53	2.01	2.85	5.53	6.88	

Table S15

## COMPARATIVE MONEY MARKET RATES

End of Period	Central Bank Rates		Treasury Bills	
	CBL*	SARB+	LESOTHO	RSA
<b>2011</b>				
Jun	9.29	10.50	5.29	5.47
Sep	9.29	10.50	5.29	5.49
Dec	9.27	10.50	5.27	5.46
<b>2012</b>				
Jan	9.43	10.50	5.43	5.47
Feb	9.43	10.50	5.43	5.53
Mar	9.46	10.50	5.46	5.57
Apr	9.53	10.50	5.53	5.57
May	9.55	10.50	5.55	5.57
Jun	9.59	10.50	5.59	5.59
Jul	9.55	10.50	5.55	5.08
Aug	9.43	10.50	5.43	4.99
Sep	9.43	10.50	5.43	4.94
Oct	9.40	10.50	5.40	4.94
Nov	9.38	10.50	5.38	4.93
Dec	9.37	10.50	5.37	5.04
<b>2013</b>				
Jan	9.36	10.50	5.36	5.04
Feb	9.36	10.50	5.36	5.08
Mar	9.30	10.50	5.30	5.08
Apr	9.30	10.50	5.30	5.10
May	9.28	10.50	5.28	5.07
Jun	9.27	10.50	5.27	5.15
Jul	9.52	10.50	5.52	5.10
Aug	9.35	10.50	5.36	5.09
Sep	9.38	10.50	5.38	5.05
Oct	9.33	10.50	5.33	5.05
Nov	9.94	10.50	4.94	5.13
Dec	9.18	10.50	5.18	5.24
<b>2014</b>				
Jan	9.13	10.50	5.13	5.59
Feb	9.91	10.50	5.91	5.59
Mar	10.01	10.50	6.01	5.73

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)

	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	Revised* 2013 Q4	Preliminary* 2013 Q4
<b>Classification of Revenue</b>	<b>2,673.93</b>	<b>2,826.19</b>	<b>3,061.97</b>	<b>3,250.58</b>	<b>3,485.67</b>	<b>3,412.60</b>	<b>2,969.92</b>	<b>3,089.60</b>	<b>3,563.41</b>	<b>3,821.9</b>
1. Tax revenue	1,036.23	1,412.76	1,026.38	1,112.77	1,129.67	1,377.44	956.13	1,124.74	1,290.75	1,620.3
1.1. Taxes on income, profits, and capital gains	585.78	786.61	539.25	569.04	671.69	620.16	484.55	659.39	752.50	732.3
O/W Individual Tax							300.8	381.7	428.9	428.8
1.3. Taxes on property	0.00	125.07	19.85	0.00	0.00	129.98	5.06	0.00	38.23	127.7
1.4. Taxes on goods and services	396.77	506.75	416.77	461.42	457.88	482.21	443.78	463.97	497.22	546.1
O/W Value-added tax	356.19	428.04	383.86	387.89	424.22	444.45	405.70	429.19	462.44	490.5
1.5. Taxes on internl. trade and transactions	33.36	-5.83	50.38	82.12	0.00	144.90	21.54	0.00	0.00	213.8
1.6. Other taxes	20.32	0.16	0.12	0.19	0.10	0.19	1.19	1.38	2.80	0.4
2. Social Contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
3. Grants	687.95	295.63	377.21	433.86	593.93	298.46	306.62	214.57	465.14	359.5
3.1.1. Recurrent	289.93	0.00	0.00	0.00	196.40	0.00	80.76	0.00	215.92	150.9
3.1.2. Capital	398.02	295.63	377.21	433.86	397.53	298.46	225.85	214.57	249.23	208.6
4. Other revenue	261.59	429.64	166.81	212.37	270.49	245.11	193.54	236.65	293.88	328.4
O/W Water Royalties - LHDA	224.53	137.78	138.81	159.58	222.69	114.68	133.50	175.18	260.24	148.2
5. SACU	688.16	688.16	1,491.58	1,491.58	1,491.58	1,491.58	1,513.64	1,513.64	1,513.64	1,513.6
<b>Economic Classification of Expense</b>	<b>-2,205.06</b>	<b>-2,617.09</b>	<b>-2,063.13</b>	<b>-2,124.38</b>	<b>-2,122.35</b>	<b>-2,374.11</b>	<b>-2,152.43</b>	<b>-2,493.41</b>	<b>-2,343.70</b>	<b>-3,247.7</b>
1. Compensation of Employees	-915.50	-991.34	-892.93	-999.57	-869.42	-918.02	-1,087.85	-1,114.78	-1,035.10	-1,218.4
1.1. Wages and salaries	-803.67	-848.38	-749.62	-789.30	-780.57	-838.13	-915.03	-951.54	-912.77	-1,030.2
1.2. Employer contributions	-111.83	-142.96	-143.32	-210.26	-88.86	-79.89	-172.82	-163.24	-122.34	-188.2
2. Purchases of goods and services	-557.75	-932.83	-461.14	-511.52	-587.72	-784.06	-422.44	-644.30	-563.05	-1,207.2
4. Interest Payments	-42.20	-27.54	-46.28	-29.01	-53.87	-35.22	-49.76	-57.88	-46.35	-71.6
5. Subsidies	-52.72	-66.38	-49.87	-62.14	-71.45	-69.48	-52.61	-62.34	-61.98	-57.2
6. Grants	-236.58	-172.92	-274.82	-221.68	-189.74	-195.53	-197.94	-217.25	-259.52	-223.0
7. Social benefits	-156.95	-152.67	-148.88	-119.29	-172.65	-175.92	-169.89	-202.01	-188.31	-256.6
8. Other expense	-243.37	-273.40	-189.21	-181.18	-177.50	-195.88	-171.94	-194.85	-189.39	-213.8
O/W Household - students	-181.89	-179.83	-173.66	-173.66	-170.93	-173.66	0.00	0.00	0.00	-170.9
<b>Net Cash Inflow From Operating Activities</b>	<b>468.87</b>	<b>209.11</b>	<b>998.84</b>	<b>1,126.20</b>	<b>1,363.32</b>	<b>1,038.49</b>	<b>817.49</b>	<b>596.19</b>	<b>1,219.71</b>	<b>574.2</b>
<b>Transactions in Nonfinancial Assets</b>	<b>-816.19</b>	<b>-1,364.09</b>	<b>-497.81</b>	<b>-876.17</b>	<b>-876.32</b>	<b>-837.65</b>	<b>-674.88</b>	<b>-899.21</b>	<b>-565.37</b>	<b>-851.3</b>
3.1.1. Fixed Assets	-816.19	-1,364.09	-497.81	-876.17	-876.32	-837.65	-674.88	-899.21	-565.37	-851.3
3.1.4. Non-Produced Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
<b>Cash deficit(-)/surplus(+)</b>	<b>-347.32</b>	<b>-1,154.98</b>	<b>501.03</b>	<b>250.03</b>	<b>487.00</b>	<b>200.83</b>	<b>142.61</b>	<b>-303.02</b>	<b>654.34</b>	<b>-277.1</b>
<b>Net Cash Inflow From Financing Activities</b>	<b>37.92</b>	<b>-903.22</b>	<b>85.57</b>	<b>486.23</b>	<b>399.75</b>	<b>340.43</b>	<b>128.56</b>	<b>-423.49</b>	<b>791.74</b>	<b>-565.3</b>
3.2. Financial assets	150.43	-753.44	601.36	621.60	440.62	284.50	435.58	-183.53	672.95	-584.7
3.3. Liabilities	112.51	149.78	515.80	135.37	40.87	-55.93	307.01	239.96	-118.79	-19.4
3.3.1. Domestic	89.11	106.55	264.85	-9.63	-40.73	24.17	-4.79	219.16	-138.09	24.5
3.3.2. Foreign	23.40	43.23	250.94	145.00	81.60	-80.10	311.80	20.80	19.30	-43.9
<b>Statistical Discrepancy</b>	<b>-385.24</b>	<b>-251.77</b>	<b>415.47</b>	<b>-236.20</b>	<b>87.25</b>	<b>-139.60</b>	<b>14.05</b>	<b>120.47</b>	<b>-137.40</b>	<b>-842.4</b>

Source: Ministry of Finance and CBL

\* All historical quarters have been revised based on migration from 1986 GFSM to GFSM 2001 methodology

Table S17

## TREASURY BILLS BY TYPE OF HOLDER

(Million Maloti)

End of Period	CBL	Comm. Banks	NBFI	Others	Total
<b>2011</b>					
Aug	0.55	417.86	52.59	53.01	524.01
Sep	0.47	387.90	40.52	71.35	500.23
Oct	0.54	377.67	57.34	65.49	501.04
Nov	0.51	383.30	55.79	60.04	499.67
Dec	0.55	376.58	59.88	60.68	497.69
<b>2012</b>					
Jan	0.44	384.88	54.51	58.54	497.93
Feb	0.99	379.87	55.93	62.43	498.24
Mar	1.02	449.12	74.99	63.88	589.00
Apr	1.13	454.02	76.02	61.47	590.40
May	1.17	453.01	77.62	44.23	591.53
Jun	1.16	472.68	51.74	68.44	591.74
Jul	0.83	470.11	52.17	73.49	595.77
Aug	0.89	479.68	42.81	71.75	594.24
Sep	0.89	467.82	34.20	69.39	571.41
Oct	0.88	452.02	48.24	70.76	571.02
Nov	0.86	452.40	42.34	76.41	571.14
Dec	0.91	455.42	23.56	81.27	559.54
<b>2013</b>					
Jan	1.26	439.44	33.27	86.03	558.74
Feb	1.13	442.61	32.28	83.98	558.87
Mar	1.27	445.73	37.46	88.53	571.73
Apr	1.25	450.53	32.30	88.92	571.75
May	1.55	452.72	29.10	87.63	569.45
Jun	0.00	440.43	27.82	94.28	562.54
Jul	1.59	456.63	20.83	93.96	571.41
Aug	1.66	448.19	27.47	95.68	571.35
Sep	0.03	492.35	27.47	101.03	620.85
Oct	0.16	495.49	21.16	104.09	620.74
Nov	0.06	480.12	14.81	120.27	615.20
Dec	0.01	402.52	14.81	122.00	539.34
<b>2014</b>					
Jan	0.02	387.62	11.07	122.96	521.64
Feb	0.32	413.90	11.25	118.34	543.49
Mar	0.08	406.26	11.25	125.41	542.92

Source: Central Bank of Lesotho

**Table S18****DIAMOND PRODUCTION**

(Carats)

<b>Period</b>	<b>QI</b>	<b>QII</b>	<b>QIII</b>	<b>QIV</b>
<b>2006</b>	27,972.80	27,008.17	33,787.92	25,443.17
<b>2007</b>	48,602.66	56,989.16	60,659.39	58,471.38
<b>2008</b>	56,361.58	69,666.59	88,344.38	38,472.80
<b>2009</b>	21,833.64	25,712.02	24,312.39	19,956.90
<b>2010</b>	20,537.29	27,074.11	29,818.28	27,515.56
<b>2011</b>	38,670.41	50,425.62	53,592.53	68,889.36
<b>2012</b>	107,487.92	131,129.24	119,301.63	120,499.79
<b>2013</b>	97,285.60	98,666.00	135,065.24	83063.04
<b>2014</b>	74,139.82			

Source: Department of Mines and Geology

Table S19 (a)

**LESOTHO ANNUAL INFLATION RATE**  
(MARCH 2010 = 100)

	ALL ITEMS INDEX	Food & Non- Alcoholic Beverages	Alcoholic Beverages & Tobacco	Clothing & Footwear	Housing, Water, Electricity & Other Fuels	Furnishings, H/h Equipment & Routine Maintenance of House	Health	Trans port	Communi cation	Leisure, Enter- tainment & Culture	Education	Restau- rants & Hotels	Misce- llaneous Goods & Services
<b>2012</b>													
Mar	7.2	11.0	8.0	1.5	13.0	2.5	0.6	8.5	-0.6	2.5	1.0	-1.6	2.4
Apr	6.6	10.7	7.5	1.5	10.0	1.0	0.3	8.2	-0.6	1.5	1.0	0.1	2.4
May	6.5	10.7	7.3	1.2	7.8	2.3	0.4	7.4	-0.6	3.0	1.0	0.1	2.3
Jun	6.1	10.1	6.6	0.6	8.2	1.7	0.3	7.2	-0.6	2.4	1.0	0.1	2.2
Jul	5.7	10.2	6.4	0.6	4.9	2.8	0.2	6.8	-0.6	2.4	1.0	0.8	1.8
Aug	5.3	9.3	6.4	0.5	3.7	3.3	0.5	6.8	0.0	1.9	1.0	-0.6	2.3
Sep	5.8	9.6	6.9	0.4	6.9	3.5	0.4	7.0	0.0	1.7	1.0	0.4	2.4
Oct	5.6	9	6.5	0.4	7.3	3.3	0.4	6.6	0.0	1.7	1.0	0.1	2.5
Nov	5.4	8.7	6.0	0.7	5.6	3.9	0.5	6.3	0.0	1.6	1.0	0.1	2.6
Dec	4.5	8.2	5.8	0.8	3.8	3.9	0.4	1.0	0.0	1.7	1.0	0.0	2.4
<b>2013</b>													
Jan	5.1	7.8	5.7	0.8	5.7	4.1	0.4	0.9	0.0	1.5	14.1	-1.1	2.4
Feb	5.1	7.2	6.9	1.2	7.2	4.0	0.5	0.8	0.0	1.3	13.7	0.7	2.2
Mar	5.0	6.5	5.8	1.5	9.8	4.4	0.5	0.9	0.0	1.2	13.4	1.0	2.3
Apr	5.2	6.4	5.6	1.4	10.4	4.2	0.5	0.9	0.0	0.8	13.4	1.1	2.5
May	4.6	6.1	5.5	1.6	6.6	3.8	0.5	0.6	0.0	0.9	13.4	1.4	2.6
Jun	4.6	5.7	5.6	1.6	8.1	3.6	0.5	0.7	0.0	0.8	13.4	1.4	2.8
Jul	4.6	5.2	5.6	1.5	11.4	3.4	0.6	1.1	0.0	0.7	13.4	1.4	2.7
Aug	5.3	4.9	5.7	1.5	17.3	3.4	0.7	1.2	0.0	0.6	13.4	1.5	2.5
Sep	4.8	4.2	5.0	1.7	14.8	3.2	0.7	1.1	0.0	0.6	13.4	0.6	2.5
Oct	5.4	3.8	5.1	1.9	12.5	3.1	0.7	13.2	0.0	0.9	13.4	0.5	2.8
Nov	5.2	3.5	5.2	2.2	11.2	3.0	0.7	13.9	0.0	0.8	13.4	0.5	3.3
Dec	5.1	3.1	5.4	2.3	11.9	2.9	0.8	13.8	0.0	0.7	13.4	0.6	4.1
<b>2014</b>													
Jan	5.4	3.3	5.9	2.7	13.5	2.8	0.8	14.0	0.0	0.8	7.1	0.7	4.4
Feb	5.7	3.9	7.1	2.8	12.9	3.0	0.6	13.9	0.0	0.8	7.1	0.9	4.6
Mar	5.6	4.7	6.8	3.0	10.1	2.9	0.9	13.5	0.0	0.8	7.1	1.0	4.9

Source: Bureau of Statistics

Table S19(b)

## LESOTHO MONTHLY INFLATION RATE

(MARCH 2010 = 100)

	ALL ITEMS INDEX	Food & Non- Alcoholic 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
<b>2012</b>													
Mar	0.5	0.9	2.0	-0.1	0.9	0.0	0.1	0.2	0.0	0.3	0.3	-0.3	0.1
Apr	0.3	0.7	1.1	0.1	0.5	-0.5	0.1	0.1	0.0	0.2	0.0	0.0	-1.1
May	0.3	0.5	0.4	0.0	0.4	0.6	0.0	0.0	0.0	0.1	0.0	-0.2	0.2
Jun	0.4	0.5	0.1	0.1	-0.2	-0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.9
Jul	-0.1	0.6	0.2	0.2	-2.7	1.2	0.0	-0.1	0.0	0.1	0.0	0.0	-0.3
Aug	0.3	0.5	0.2	0.1	0.2	0.3	0.0	0.1	0.0	0.1	0.0	0.0	0.3
Sep	0.9	0.9	0.8	0.2	3.9	0.3	0.0	0.4	0.0	0.1	0.0	0.9	0.2
Oct	0.5	0.5	0.0	0.1	2.5	-0.2	0.0	-0.2	0.0	0.0	0.0	0.1	0.2
Nov	0.4	0.7	0.0	0.1	0.7	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Dec	0.3	0.7	0.1	0.1	0.1	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.2
<b>2013</b>													
Jan	0.7	0.4	0.3	0.0	0.2	0.4	0.0	0.1	0.0	0.0	13.4	0.0	0.2
Feb	0.2	0.1	1.2	0.3	0.7	0.1	0.2	0.3	0.0	0.1	0.0	0.1	0.2
Mar	0.6	0.2	0.9	0.1	3.3	0.4	0.0	0.4	0.0	0.1	0.0	0.1	0.2
Apr	0.5	0.6	0.9	0.1	1.1	0.2	0.1	0.0	0.0	-0.1	0.0	0.1	0.3
May	-0.1	0.3	0.4	0.1	-3.0	0.2	0.0	-0.2	0.0	0.2	0.0	0.0	0.3
Jun	0.5	0.3	0.2	0.1	1.1	0.5	0.1	0.2	0.0	0.0	0.0	0.1	0.4
Jul	0.2	0.1	0.1	0.1	0.3	0.2	0.1	0.2	0.0	0.1	0.0	0.0	0.3
Aug	0.9	0.0	0.3	0.1	5.5	0.3	0.0	0.2	0.0	-0.1	0.0	0.1	0.1
Sep	0.5	0.2	0.2	0.3	1.8	0.2	0.0	0.2	0.0	0.1	0.0	0.0	0.2
Oct	1.3	0.2	0.2	0.3	0.4	0.3	0.0	11.7	0.0	0.2	0.0	0.0	0.4
Nov	0.3	0.4	0.1	0.4	-0.5	0.2	0.0	0.6	0.0	0.0	0.0	0.1	0.6
Dec	0.2	0.2	0.3	0.3	0.8	0.0	0.1	0.0	0.0	0.0	0.0	0.0	1.0
<b>2014</b>													
Jan	0.9	0.6	0.7	0.4	1.6	0.3	0.0	0.2	0.0	0.1	7.1	0.1	0.4
Feb	0.6	0.8	2.4	0.5	0.2	0.3	0.0	0.1	0.0	0.2	0.0	0.3	0.4
Mar	0.7	0.9	0.7	0.2	0.7	0.0	0.3	0.1	0.0	0.1	0.0	0.1	0.5

Source: Bureau of Statistics

**Table S20****EXCHANGE RATES**

(Loti per unit of foreign currency, period average)

	Botswana Pula	EURO	German Mark	Japanese Yen	Saudi Riyal	SDR	Swedish Kronor	Swiss Franc	UK Pound	US Dollar
<b>2011</b>										
Sep	1.0725	10.3950	5.3149	0.0984	2.0150	11.9088	1.1385	8.6606	11.9279	7.5575
Dec	1.0906	10.7847	5.5108	0.1052	2.1820	12.6587	1.1891	8.7855	12.7738	8.1833
<b>2012</b>										
Jan	1.0763	10.3450	5.2893	9.6043	2.1370	12.3134	1.1690	8.5433	12.4329	8.0143
Feb	1.0590	10.1300	5.1793	10.2358	2.0425	11.8634	1.1485	8.3933	12.1037	7.6600
Mar	1.0513	10.0503	5.1426	10.8369	2.1091	11.7329	1.1201	8.3333	12.0250	7.6119
Apr	1.0624	10.3110	5.2720	10.3725	2.1726	12.1001	1.1426	8.5749	12.5421	7.8370
May	1.0731	10.4319	5.3338	9.7879	2.1734	12.4763	1.1608	8.6537	12.9745	8.1509
Jun	1.0786	10.5063	5.3718	9.4603	2.5281	12.7125	1.2171	8.7473	13.0313	8.3825
Jul	1.0683	10.3086	5.2708	9.4742	2.2009	12.4439	1.2171	9.4742	12.8667	8.2602
Aug	1.0711	10.2578	5.2448	9.5097	2.3197	12.5092	1.1964	5.2448	13.0033	8.2726
Sep	1.0791	10.6472	5.4439	9.4434	2.2072	12.7247	1.2538	8.8075	13.3343	8.2778
Oct	1.1015	11.2280	5.7409	9.1354	2.3070	13.3378	1.3032	9.2816	13.9127	8.6518
Nov	1.1072	11.2964	5.7758	9.2297	2.3483	13.4690	1.3122	9.3737	14.0690	8.8067
Dec	1.0993	11.3209	5.7861	9.6919	2.3018	13.2767	1.3087	9.3633	13.9377	8.6300
<b>2013</b>										
Jan	1.1078	11.6944	5.9793	10.1175	3.7335	13.5115	0.7377	9.6012	14.0441	8.8227
Feb	1.1107	11.8872	6.0729	10.4739	3.7503	13.6040	0.6760	9.6567	13.7741	9.2077
Mar	1.0632	11.9203	6.0691	10.3133	3.7503	13.8345	1.0902	9.7363	13.8889	9.2027
Apr	1.1147	11.8620	6.0652	10.7536	3.7503	13.6889	0.7120	9.7260	13.9449	8.6788
May	1.1280	12.1940	6.2348	10.7684	3.7503	13.4437	0.7036	9.8164	14.4015	9.4016
Jun	1.1654	13.1952	6.9385	9.7376	3.7504	15.1551	0.6589	10.6562	15.4907	10.0097
Jul	1.1567	12.9670	6.6300	10.0490	10.0490	14.9109	0.6634	0.6634	14.7956	9.9220
Aug	1.1700	13.4071	6.8550	9.7201	3.7504	15.2103	0.6495	10.8695	15.6118	10.0722
Sep	1.8147	13.3168	6.8089	9.9029	3.7504	15.1878	0.6523	10.7986	15.8224	9.9749
Oct	1.1690	13.5236	7.0717	9.8572	3.7503	15.2605	0.6458	10.9782	15.9598	9.9197
Nov	1.1805	13.7622	7.1323	9.8090	3.7495	15.6095	0.9475	11.1737	16.4255	10.2000
Dec	1.1930	14.2310	7.1256	9.9567	3.7506	15.9847	0.8753	11.6219	17.0165	10.3843
<b>2013</b>										
Jan	1.2135	14.8227	7.6391	9.5490	3.9990	16.7088	0.5922	12.0356	17.9288	10.8898
Feb	1.2223	14.9793	7.6589	9.3004	3.7503	16.8862	0.5904	12.2668	18.1559	10.9621
Mar	1.2141	14.8562	7.5960	9.6592	3.7504	16.6334	0.5926	12.2003	17.8640	10.7471

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
<b>2011</b>										
Sep	60.040	2.931	49.911	1.645	114.526	130.982	2.360	46.713	6.404	186.459
Dec	138.170	2.179	5.422	2.463	148.234	229.541	11.264	17.340	3.237	261.382
<b>2012</b>										
Jan	75.186	1.162	5.151	2.204	83.703	222.879	5.537	5.208	1.144	234.768
Feb	64.273	2.441	8.463	7.751	82.928	168.485	2.977	7.169	13.122	191.753
Mar	99.841	2.289	9.918	2.230	114.279	261.416	2.764	7.593	10.387	282.160
Apr	234.775	3.789	15.911	0.906	255.381	349.809	4.393	12.904	1.145	368.251
May	193.853	56.977	7.431	1.204	259.465	421.989	58.874	4.397	6.126	491.386
Jun	141.533	8.965	5.423	1.702	157.623	258.989	9.506	7.232	1.386	277.113
Jul	33.109	3.102	5.236	4.336	45.783	169.602	4.878	4.774	1.265	180.519
Aug	77.733	2.495	29.421	36.204	145.853	195.738	1.589	27.046	36.853	261.226
Sep	56.836	2.027	22.165	40.013	121.041	116.239	1.395	23.259	46.355	187.247
Oct	45.834	2.807	14.526	6.557	69.724	224.056	2.992	12.700	71.384	311.132
Nov	89.397	7.385	25.994	0.910	123.686	229.757	6.569	28.542	5.875	270.744
Dec	109.791	5.340	10.435	1.738	127.304	202.009	7.651	12.978	3.125	225.762
<b>2013</b>										
Jan	76.540	4.132	16.204	2.249	99.126	221.986	6.699	14.777	21.148	264.610
Feb	83.924	4.721	17.339	4.422	110.406	157.569	5.307	14.448	5.549	182.873
Mar	93.655	4.508	18.475	3.450	120.088	214.894	4.840	16.890	6.646	243.270
Apr	178.713	4.999	11.692	0.988	196.392	319.234	5.147	37.996	2.646	365.023
May	124.114	22.687	8.914	1.145	156.858	354.891	23.840	9.857	6.565	395.153
Jun	88.396	6.167	5.119	2.661	102.344	261.343	7.080	9.666	3.996	282.083
Jul	46.688	2.767	9.398	2.934	61.788	172.133	4.993	10.140	1.043	188.309
Aug	71.439	2.607	18.022	12.923	104.991	168.959	93.778	13.168	16.567	292.472
Sep	78.151	2.134	36.249	14.338	130.872	155.476	1.614	35.742	19.162	211.994
Oct	43.494	2.529	7.701	3.429	57.152	241.698	3.130	11.081	88.906	344.816
Nov	106.080	8.170	26.366	0.804	141.419	242.277	7.425	28.939	5.974	284.616
Dec	123.860	5.670	10.601	1.801	141.932	220.472	8.876	14.363	2.350	246.061
<b>2014</b>										
Jan	91.466	4.629	11.552	1.828	109.475	236.201	8.202	9.785	27.019	281.207
Feb	101.986	4.927	14.183	4.610	125.706	165.860	6.285	10.362	6.555	189.061
Mar	113.352	5.142	14.925	3.272	136.691	250.090	5.571	13.647	7.618	276.926

Table S22

**QUARTERLY BALANCE OF PAYMENTS**  
(Million Maloti)

	2011 QIV	QI	QII	QIII	2012 QIV	QI	QII	QIII	2013 QVI*	2014 QI <sup>+</sup>
I CURRENT ACCOUNT	-536.09	-1435.96	-779.50	253.35	16.42	-299.85	-451.04	278.46	81.82	-241.95
Goods, Services and Income	-1711.16	-2705.15	-2693.04	-1694.36	-1986.57	-2351.76	-2425.88	-1701.74	-1896.87	-2292.76
a) GOODS	-2123.39	-3028.61	-3027.62	-2090.93	-2310.05	-2761.99	-2777.71	-2197.29	-2202.87	-2577.36
Merchandise exports f.o.b.	1772.03	1575.56	2114.96	2232.72	2075.89	1970.39	1786.61	2289.77	2134.53	2666.37
Merchandise imports f.o.b.	-3895.42	-4604.17	-5142.58	-4323.65	-4385.94	-4732.38	-4564.32	-4487.06	-4337.40	-5243.73
b) SERVICES	-808.26	-752.68	-758.87	-728.18	-760.87	-679.34	-739.01	-687.19	-808.90	-667.61
c) INCOME	1220.49	1076.14	1093.46	1124.76	1084.42	1089.57	1090.84	1182.74	1114.90	952.21
Labour income	1161.94	1124.07	1124.07	1124.07	1124.07	1102.59	1102.59	1102.59	1102.59	950.58
Investment income	16.49	-83.56	-74.14	-43.94	-81.60	-80.45	-65.23	25.93	-51.90	-65.58
Other	42.06	35.63	43.53	44.63	41.95	67.43	53.48	54.22	64.21	67.21
d) CURRENT TRANSFERS	1175.06	1269.18	1913.53	1947.69	2002.92	2051.92	1974.84	1980.21	1978.70	2050.81
Government, net	852.59	932.18	1576.53	1610.69	1665.92	1698.27	1621.19	1626.56	1625.05	1756.40
SACU receipts	666.52	666.52	1469.94	1469.94	1469.87	1469.94	1492.00	1492.00	1492.00	1492.00
Other	186.07	265.66	106.59	140.75	196.05	228.33	129.19	134.56	133.05	264.40
Other sectors	322.47	337.00	337.00	337.00	337.00	353.65	353.65	353.65	353.65	294.42
II CAPITAL AND FINANCIAL ACCOUNT	1170.00	647.71	907.03	879.29	654.29	723.17	876.84	-664.07	705.94	-77.59
e) CAPITAL ACCOUNT	485.01	382.20	329.96	379.66	519.66	260.85	252.97	160.92	410.58	321.89
f) FINANCIAL ACCOUNT	684.99	265.50	577.05	499.63	134.62	462.32	623.87	-824.99	295.36	-399.48
III RESERVE ASSETS	-127.14	770.08	-227.12	-1098.93	-665.26	-362.79	-976.39	261.01	-1322.65	627.02
IV ERRORS AND OMISSIONS	-467.83	202.01	-413.04	-54.40	-76.17	-360.82	389.88	158.35	336.80	-269.79
V VALUATION ADJUSTMENT	-38.94	-183.82	512.65	20.71	70.73	300.29	160.71	-33.75	198.09	-37.69

\* Revised estimates

+ Preliminary estimates

Table S23

**VALUE OF EXPORTS BY SECTION ON THE S.I.T.C.#**  
Million Maloti

Commodity	2012				2013			2014	
	QI	QII	QIII	QIV	QI	QII	QIII	QVI*	QI +
0. Food & Live Animals	71.62	70.10	79.45	52.75	66.16	56.67	82.98	60.32	58.40
Cattle	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Wheat Flour	38.14	41.56	37.97	31.36	33.81	23.58	33.56	22.75	28.70
Maize Meal	9.88	0.41	4.11	0.00	4.82	3.92	5.63	0.74	3.09
Other	23.60	28.13	37.37	21.39	27.53	29.16	43.79	36.83	26.61
1. Beverages & Tobacco	136.08	143.45	169.27	183.88	176.42	160.55	176.08	153.46	150.60
Beverages	136.08	143.03	168.55	183.78	176.41	160.55	174.85	153.45	149.73
2. Crude Materials	550.10	767.28	661.84	550.97	578.61	393.67	680.44	667.90	1395.50
Textiles fibres	0.00	19.82	2.90	18.15	12.70	0.37	4.17	7.34	13.46
Of which: Wool	0.00	19.82	2.90	18.15	12.70	0.37	4.17	6.54	13.46
Mohair	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	0.00
Crude fertilizers & crude minerals	550.10	747.35	658.85	532.66	565.84	393.30	676.20	660.55	1382.02
Of which: Diamond	550.10	747.35	658.85	532.66	565.84	393.30	676.20	660.55	1382.02
Other	0.00	0.11	2.99	0.00	0.00	0.00	0.00	0.00	0.00
4. Manufactured Goods	34.42	55.08	63.36	70.44	66.12	42.79	73.36	64.28	71.18
Of which: textiles yarn and fabric	32.84	40.26	41.12	55.82	40.20	29.65	49.74	39.87	48.08
manufactured goods	1.58	14.82	22.24	14.62	25.92	13.14	23.62	24.41	23.10
5. Machinery & Transport Goods	191.92	270.33	335.99	248.81	250.05	308.49	212.19	131.84	250.59
6. Miscellaneous Manufactured Goods	589.34	806.41	916.49	963.38	827.61	820.49	1058.84	1047.76	734.38
Of which: clothing accessories	525.95	712.73	829.12	897.94	780.44	771.45	959.49	958.61	718.90
Other	63.39	93.68	87.37	65.44	47.17	49.04	99.35	89.15	15.48
7. Unclassified Goods	2.08	2.31	6.32	5.66	5.42	3.95	5.88	8.97	5.72
<b>TOTAL EXPORTS</b>	<b>1575.56</b>	<b>2114.96</b>	<b>2232.72</b>	<b>2075.89</b>	<b>1970.39</b>	<b>1786.61</b>	<b>2289.77</b>	<b>2134.53</b>	<b>2666.37</b>

\* Revised estimates

+ Preliminary estimates

# Standard International Trade Classification

Table: S24

## DIRECTION OF TRADE-EXPORTS AND RE-EXPORTS, Fob

(Million Maloti)

Region	2011				2012				2013	2014	
	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII	QVI*	QI+
<b>World</b>	2701.57	1772.03	1575.56	2114.96	2232.72	2075.89	1970.39	1786.61	2289.77	2134.53	2666.37
<b>Africa</b>	900.82	675.66	722.6	912.02	837.37	783.82	735.53	692.47	846.14	735.04	619.17
SACU	891.93	660.45	713.93	896.31	827.33	767.33	718.33	668.45	825.48	707.57	610.57
SADC	4.75	10.67	4.31	6.36	7.49	11.46	7.40	11.47	7.26	21.11	6.53
Other	4.14	4.54	4.36	9.35	2.55	5.03	9.8	12.55	13.40	6.36	2.07
<b>Europe</b>	1010.35	424.93	463.56	665.26	657.45	511.70	569.64	387.94	662.98	656.21	1385.33
<b>EU</b>	1007.80	424.93	463.56	664.38	656.66	511.66	569.64	387.94	662.98	654.75	1385.33
<b>America</b>	766.09	655.67	371.70	508.37	706.6	753.34	648.48	681.47	761.55	728.18	637.13
<b>Asia</b>	20.24	7.33	12.26	26.56	26.33	21.32	11.82	22.27	9.86	7.11	9.22
<b>Oceania</b>	4.07	8.44	5.44	2.75	4.97	5.71	4.92	2.46	9.24	7.99	15.52

\* Revised estimates

+ Preliminary estimates

**Table S25 SUMMARY OF FOREIGN TRADE**  
(Million Maloti)

	<b>IMPORTS F.O.B</b>	<b>EXPORTS F.O.B</b>	<b>TRADE BALANCE</b>
<b>2008</b>			
Quarter III	3143.11	2193.74	-949.37
Quarter IV			
	3163.98	1675.69	-1488.29
<b>2009</b>			
Quarter I	-3309.69	1442.34	-1867.35
Quarter II	-3309.69	1523.99	-1785.70
Quarter III	-3309.69	1824.51	-1485.18
Quarter IV	-3309.69	1333.85	-1975.84
<b>2010</b>			
Quarter I	-3598.92	1406.47	-2192.45
Quarter II	-3598.92	1435.10	-2163.82
Quarter III	-3598.92	1695.47	-1903.45
Quarter IV	-3598.92	1855.64	-1743.28
<b>2011</b>			
Quarter I	-3895.42	1870.93	-2024.49
Quarter II	-3895.42	2112.87	-1782.55
Quarter III	-3895.42	2701.57	-1193.85
Quarter IV	-3895.42	1772.03	-2123.39
<b>2012</b>			
Quarter I	-4604.17	1575.56	-3028.61
Quarter II	-5142.58	2114.96	-3027.62
Quarter III	-4323.65	2232.72	-2090.93
Quarter IV	-4385.94	2075.89	-2310.05
<b>2013</b>			
Quarter I	-4732.38	1970.39	-2761.99
Quarter II	-4564.32	1786.61	-2777.71
Quarter III	-4487.06	2289.77	-2197.29
Quarter IV*	-4337.40	2134.53	-2202.87
<b>2014</b>			
Quarter I <sup>+</sup>	-5243.73	2666.37	-2577.36

\* Revised estimates

+ Preliminary estimates

Table S26

## STATISTICS OF BASOTHO MINERS IN SOUTH AFRICA

	Average Number Employed	Average Earnings <sup>1</sup>	Deferred Pay <sup>2</sup>		Remittances Payments <sup>3</sup>	
			Maloti '000	Annual % change	Maloti '000	Annual % change
<b>2008</b>						
Q I	50,686	20,519	108,999	31.5	6,617	98.0
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
<b>2009</b>						
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	45,276	20,519	92,111	-15.5	9,767	47.6
<b>2010</b>						
Q I	44,284	20,519	59,638	-9.9	9,408	25.7
Q II	43,092	20,519	71,453	4.2	10,828	47.8
Q III	42,252	20,519	74,487	16.4	10,852	45.8
Q IV	41,555	20,519	85,011	-7.7	11,096	13.6
<b>2011</b>						
Q I	40,681	20,519	71,200	19.4	12,506	32.9
Q II	40,478	20,519	83,316	16.6	13,666	26.2
Q III	41,225	20,519	86,094	15.6	15,816	45.7
Q IV	41,427	20,519	105,318	23.9	15,936	43.6
<b>2012</b>						
Q I	41,187	20,519	72,467	1.8	18,614	48.8
Q II	40,538	20,519	72,899	-12.5	18,349	34.3
Q III	38,340	20,519	97,119	12.8	19,250	21.7
Q IV	37,051	20,519	109,539	4.0	15,029	-5.7
<b>2013</b>						
Q I	36,107	14,869	78,979	9.0	162,244	771.6
Q II	35,651	14,869	91,778	25.9	23,061	25.7
Q III	34,796	14,869	91,806	-5.5	18,196	-5.5
Q IV	33,513	14,869	118,122	7.8	24,976	66.2
<b>2014</b>						
Q I	32,8789	14,869	87,545	10.8	24,894	-84.7

Source: South African Chamber of Mines and CBL estimates

<sup>1</sup>These figures are average earnings, including overtime payments, and repatriation allowances earned by workers in the mines.

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

<sup>3</sup>Part of miners' wages transferred to Lesotho through recruiting agencies.

