

Report for the month of April 2011

Officials from Credit Analysis and Research Ltd., (CARE Ratings Maldives), attended a Seminar jointly organized by Capital Market Development Authority (CMDA) and Islamic Development Bank (IDB) on April 25, 2011. The Seminar was about SUKUK instruments and the main objective was to introduce the Islamic capital market instruments in Maldives.

Following the policy change of Maldivian Rufiyaa (MRF) from fixed exchange rate to managed float between Rf.10.28 to Rf.15.42 on April 10, Chief Economist of Care Ratings Mr. Madan Sabnavis, analyzed the impact of the currency band on Maldivian Economy. The report was shared with regulators, government bodies and major corporate. The report was also published in a local newspaper subsequently¹.

The article highlighted that the move to go in for a managed float of the currency should be viewed in the context of the overall economic restructuring process. The change in policy will help in better allocation of dollar reserves and improve trade deficit. However, this will also result in increase in cost of goods and pressure on wages. Mr. Madan concluded his report by stating that the new exchange rate regime is the right step by the government for an economy which is fully dependent on the external sector for growth both in terms of imports and tourist traffic.

Senior officials from CARE Ratings, India imparted comprehensive training on various aspects of credit rating, securitization etc. to the staff of CARE Ratings Maldives. The training sessions were conducted over Video conferencing through Skype.

¹The complete details of the report on the managed float of Maldivian Rufiyaa compiled by Mr Madan Sabnavis can be viewed at www.careratingsmaldives.com.