



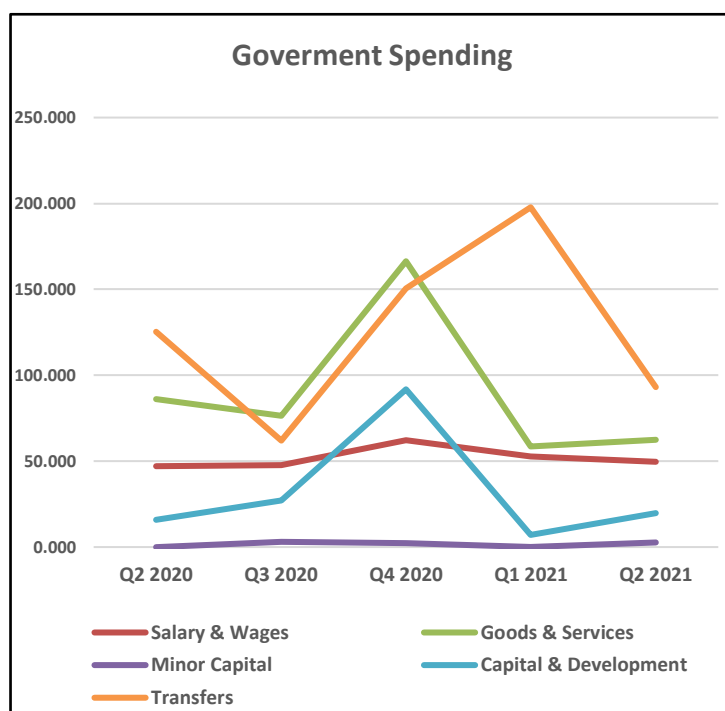
DNPE Quarterly Economic Indicators

Q2 2021 vs Q2 2020

Summary:

- Total Government Expenditure decreased -17% in Q2 2021 compared to Q2 2020 and also a decrease of -28% compared to Q1 2021. This is likely the combined impact of the covid lockdown and recent floods.
- Domestic revenue fell 7% compared to the same period last year. Fees and charges fell by -75% due to EDTL and Bee TL becoming public enterprises in 2021 so do not contribute to domestic revenue now.
- Imports increased by 72% compared to last year; imports related to investment and construction increased 37% and consumption good imports grew by 8%.
- The total non-oil Exports increased compared to last year but Covid lockdown restrictions means that coffee exports in Q2 2021 are only 2% the value of coffee exports in Q4 2020. It is hoped coffee exports will rebound in Q3 and Q4 2021 with the easing of lockdown restrictions.
- Inflation is expected to remain increase and stable at 2.0% and 1.8% in 2022 and 20223 respectively. This will positively contribute to increasing Timor-Leste's competitiveness, with inflation expected to be lower than the regional average.
- The World Bank (WB) food price index increased a massive 39% between June 2020 and June 2021, however, world rice price (Thai 5% benchmark) decreased 10% while coffee prices have increased a third.
- Oil prices have now fully recovered and surpassed the prices prior to the COVID-19 crisis where the price of oil halved due to suppressed global demand.
- Monetary: both nominal and real effective exchange rate have decreased since Q2 2020.

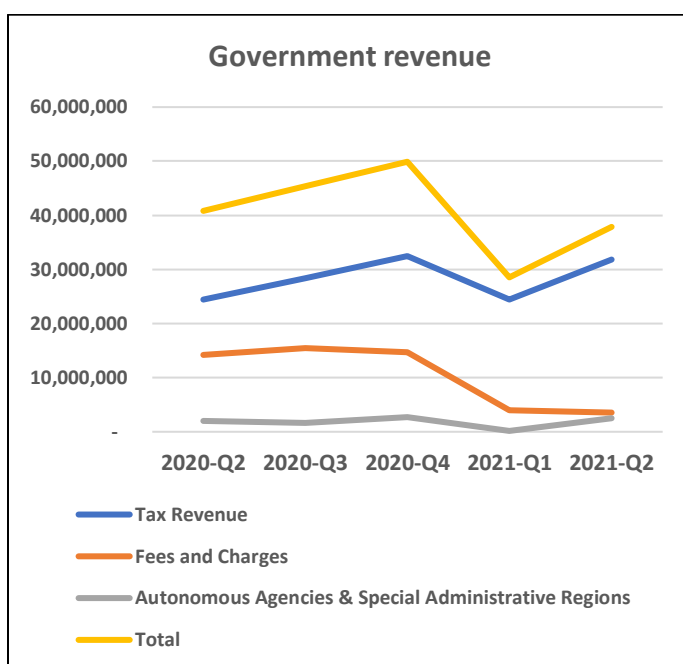
Government Spending



- The total Government Expenditure decreased -17% in Q2 2021 compared to Q2 2020 and also a decrease of -28% compared to Q1 2021. This is likely the impact of covid lockdown and recent floods.
- Spending on goods & services fell -28% in Q2 2021 compared to Q2 2020.
- Minor Capital expending was higher in Q2 2021 due to the duo-decimal system in 2020.
- Capital Development spending in Q2 2021 increased by 22% YoY.
- Spending on Transfers halved between Q1 2021 and Q2 2021.

Source: DNPE, Ministry of Finance, July 2021

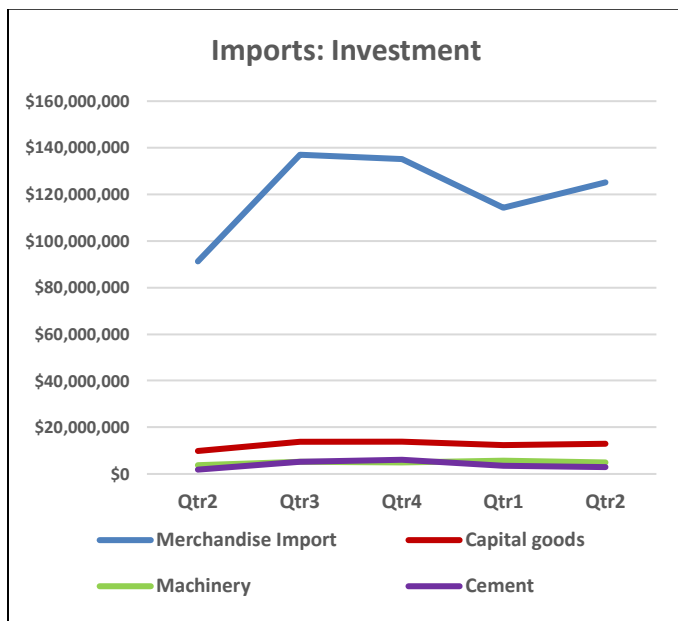
Government revenue



- Total domestic revenue fell -7% in Q2 2021 compared to Q2 2020. But increased around a third compared to Q1 2021.
- Fees and charges in Q2 2021 fell significantly by -75% YoY. This is as EDLT and Bee TL became public enterprises at the start of 2021 so do not contribute to domestic revenue now.
- Autonomous Agencies and Special Administrative Region revenue in Q2 2021 increased by 22% compared to the same period last year.

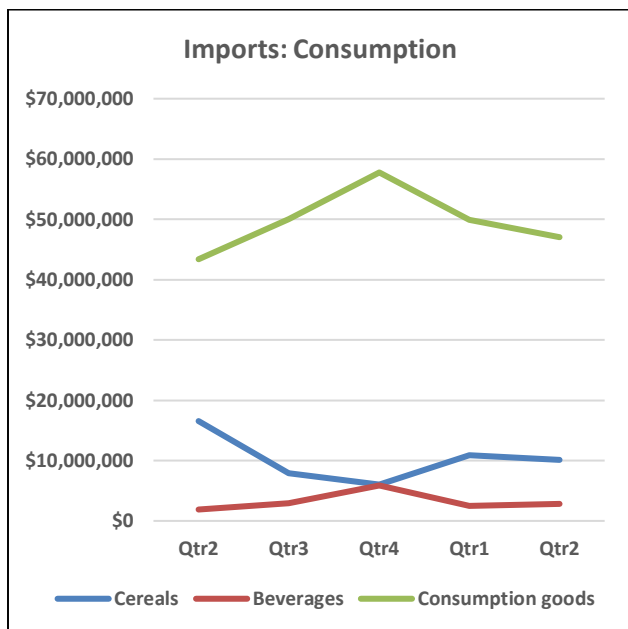
Source: DNPE, Ministry of Finance, July 2021

Imports



- Total imports for Q2 2021 increased by 72 % compared to the Q2 2020.
- Imports relating to Investment and Construction increased 37% YoY, specifically:
 - Merchandise imports increased 37%
 - Capital Good imports increased 30%
 - Machinery imports increased 34%
 - Cement imports increased 57%

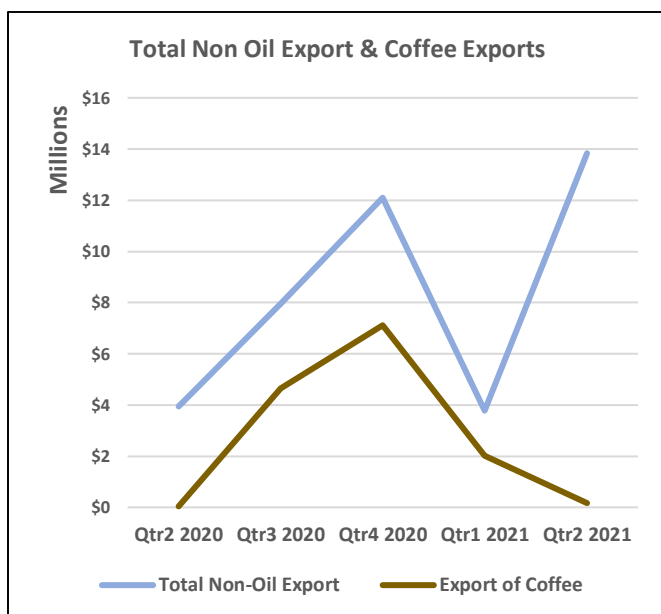
Source: DG Estatsistics, Minstry of Finance, July 2021



- Consumption good imports increased 8% in Q2 2021 compared to Q2 2020.
- Cereal imports in Q2 2021 fell by -39% compared to Q2 2020. This could be due to Cesta Basica Programme replacing imports with domestic production.
- The Beverage imports increased by 50% between Q2 2020 and Q2 2021.

Source: DG Statistics, Ministry of Finance, July 2021

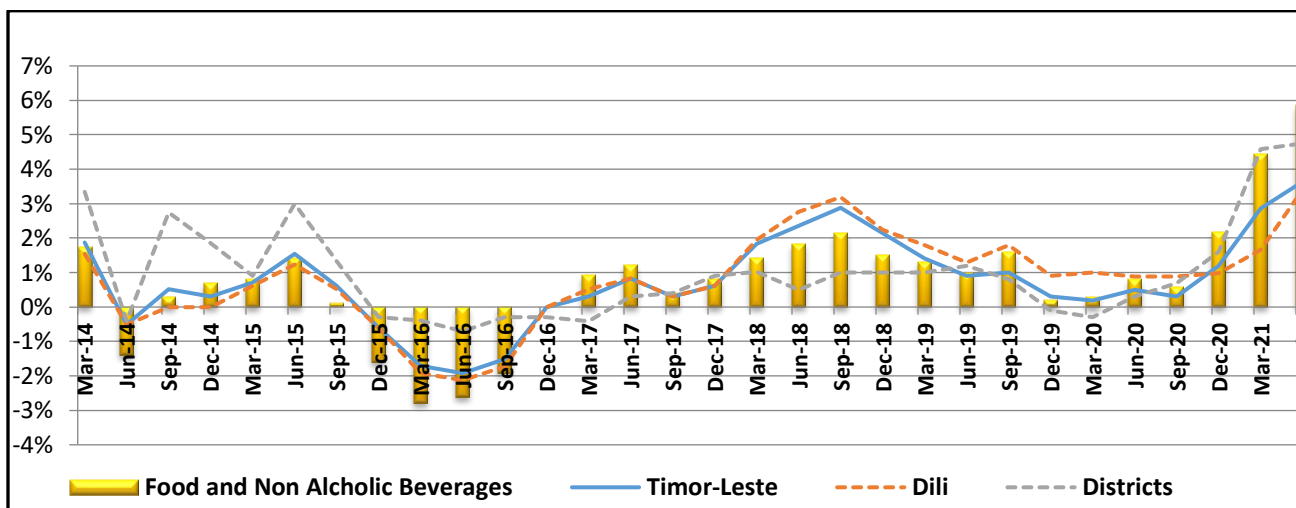
Exports



- Total non-oil exports in Q2 2021 increased 2.5 times compare to Q1 2020.
- Coffee Exports was 3 times larger in Q2 2021 compare to Q2 2020. However both periods were affected by the disruption of Covid-19 lockdowns. The value of coffee exports in Q2 2021 is 2% the value of coffee exports in Q4 2020. It is hoped that the easing of lockdown restrictions will see coffee exports rebound in Q3 and Q4 in 2021.

Source: DG Statistics, Ministry of Finance, July 2021

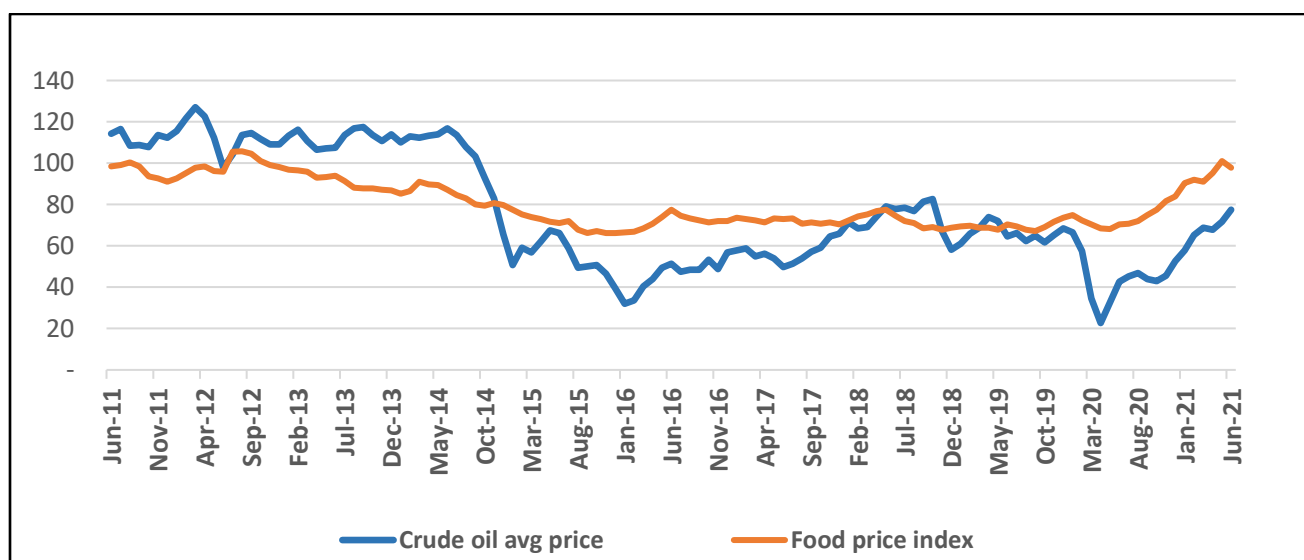
Inflation



Source: DG Statistics, Ministry of Finance, July 2021

- In June 2021 over the last year (YoY) inflation in Timor-Leste has been an uptick at 3.6%.
- Between Q2 2020 and Q2 2021 infaltion in Districts was 4.8% which is higher compare to inflation in Dilil which was about 3.4%
- The price of alcohol and tobacco was biggest CPI category with biggest increased +6.9% (YoY).
- CPI category with the biggest decrease was furnishing and house household equipment which decreased -1.2% YoY.
- Domestic food prices rose in June 5.9% (YoY) and 2.0% (QoQ). This will be detrimental to poorer households who spend most of their income on food.

World Commodity Prices



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

- The World Bank (WB) food price index increased 39% between June 2020 and June 2021 (YoY). This is bad for poorer households where food make up a large amount of their spending.
- Rice is a main staple of the diet in Timor and the world rice price has decreased -10% since June 2020 (YoY) and -11% over the last 3 months (QoQ). There was a brief spike in prices in April 2020 (\$ 564/mt) but prices are now stabilising around (\$466/mt). This is good for Timorese consumers.
- Coffee Timor's most important non-oil exports. The world price of coffee (Arabica) has increased 36% over the last year (YoY) this will positively affect those families who rely on coffee production in Timor-Leste.
- In Q2 2021, crude oil (Brent) risen 82% in June 2021 compared to the year before. Oil prices have now fully recovered and surpassed the prices prior to the COVID-19 crisis where the price of oil halved due to suppressed global demand. This is also like to have an upward effect on general inflation in the near future.

Monetary indicators:

- Between June 2020 and June 2021 Timor-Leste's NEER depreciated by -3.8% while the REER depreciated -3.2%. Over this period the NEER also experience -11.1% decrease against a weighted Thai Baht and Vietnamese Dong Hong-Kong dollar basket whereas the REER depreciated by -1.1% against the same basket.

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