

# CENTRAL BANK OF BELIZE

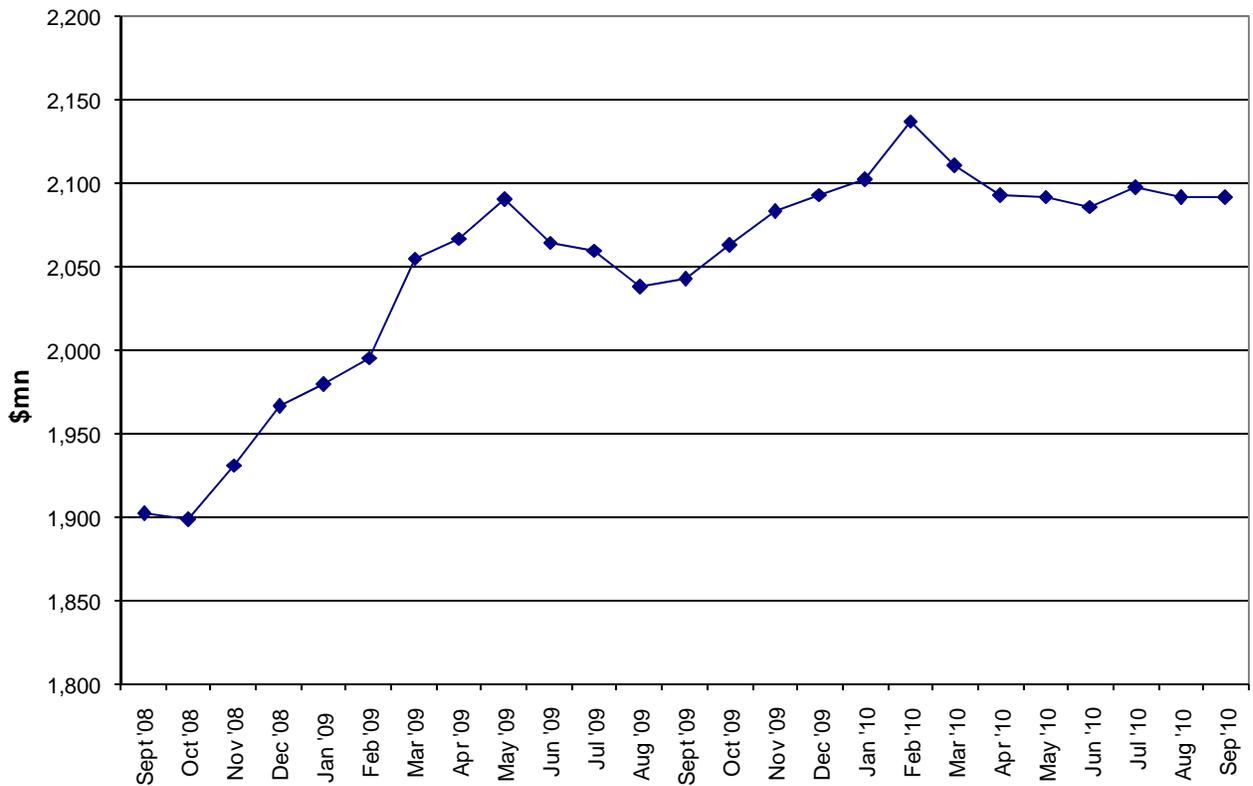


**SEPTEMBER 2010**

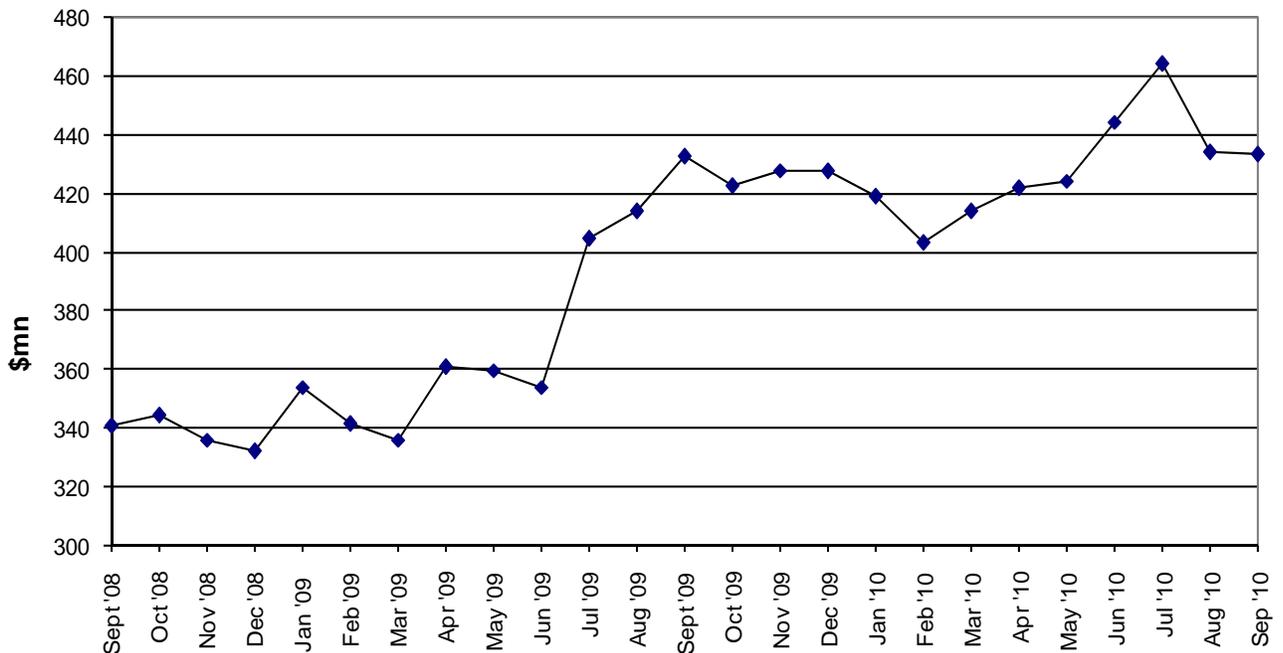
**MONTHLY ECONOMIC REPORT**

# Monetary Sector Developments

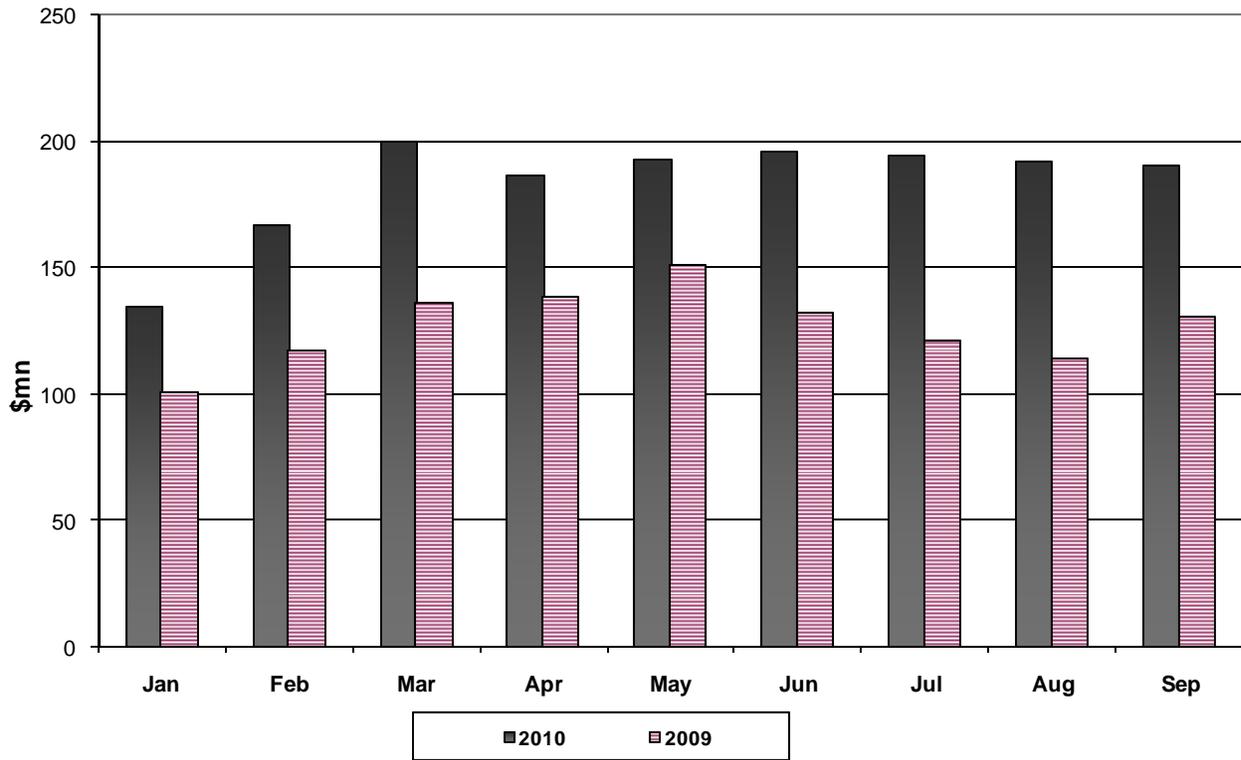
## Chart 1: Broad Money Supply



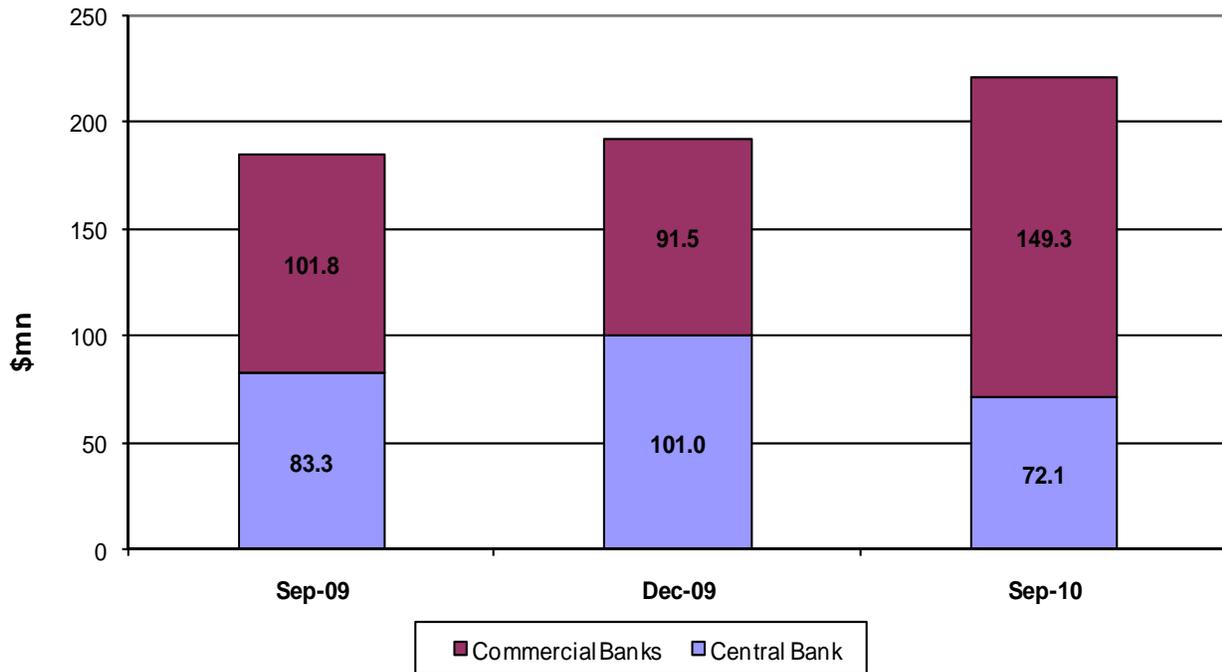
## Chart 2: Central Bank's Gross Official Reserves



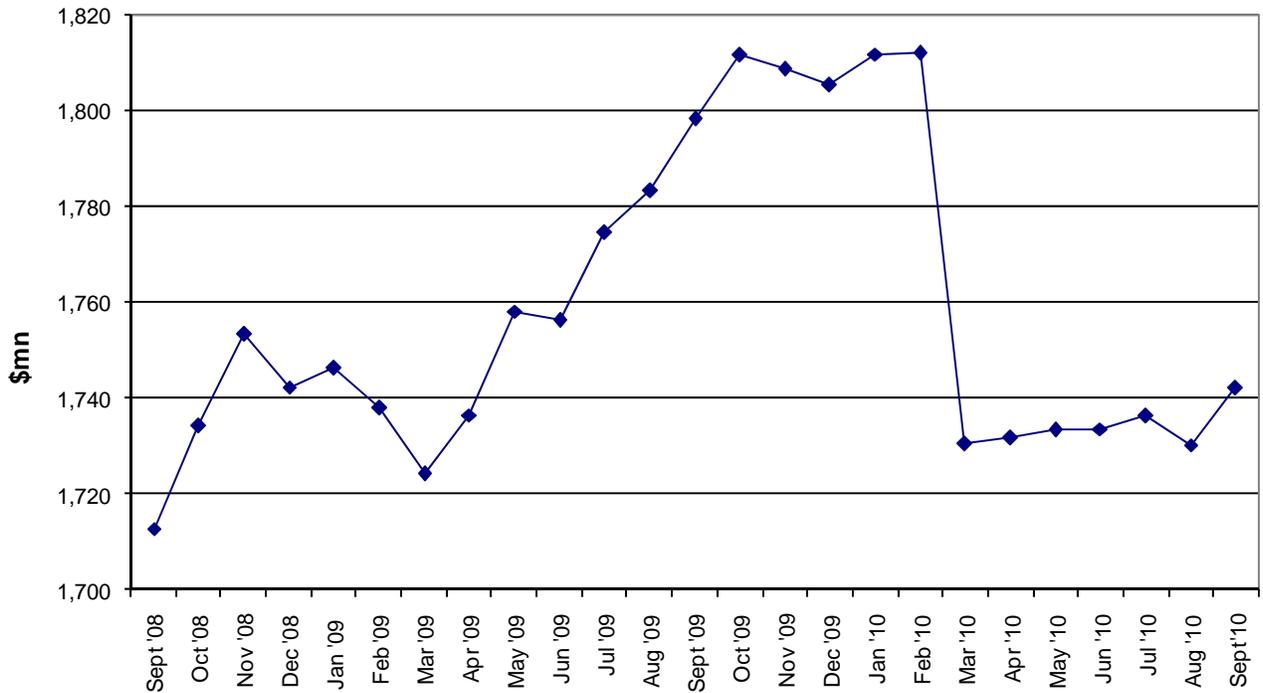
**Chart 3: Commercial Banks' Net Foreign Assets**



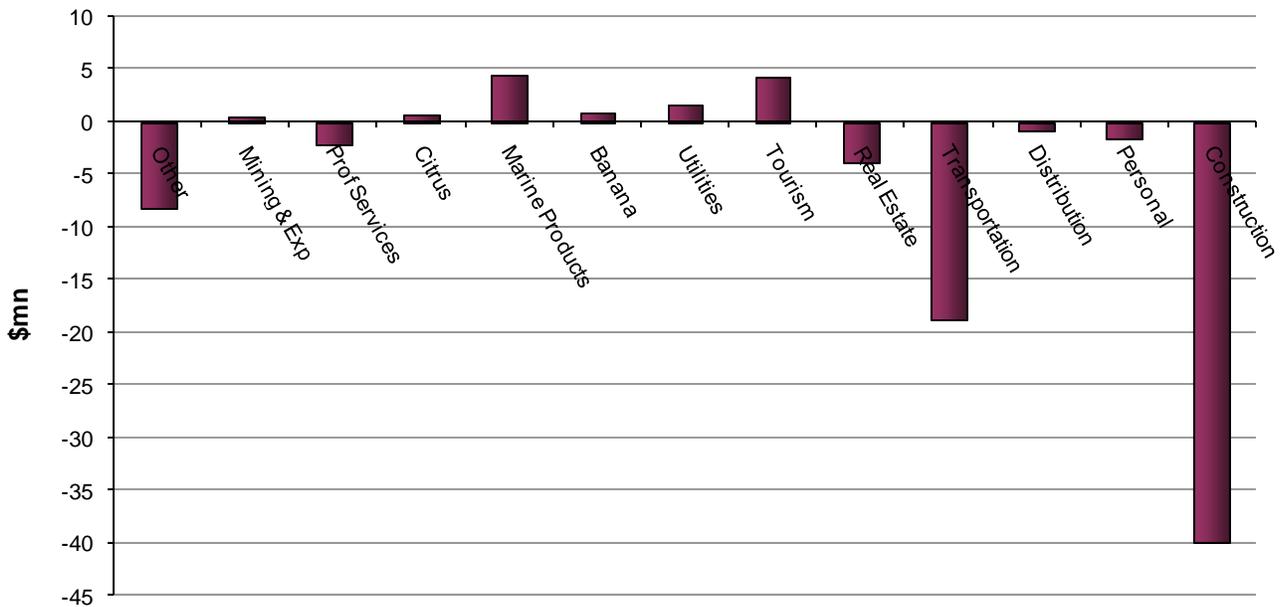
**Chart 4: Net Credit to Central Government**



**Chart 5: Commercial Banks' Loans and Advances**

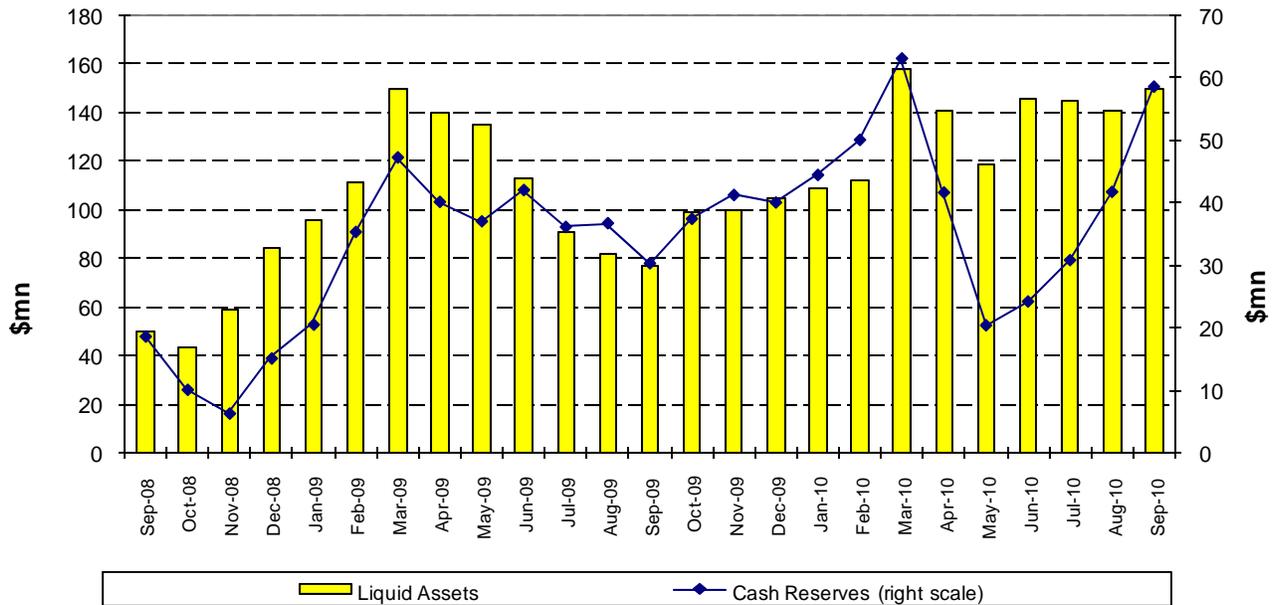


**Chart 6: Change in Loans and Advances by Sectors to December 2009 - September 2010**



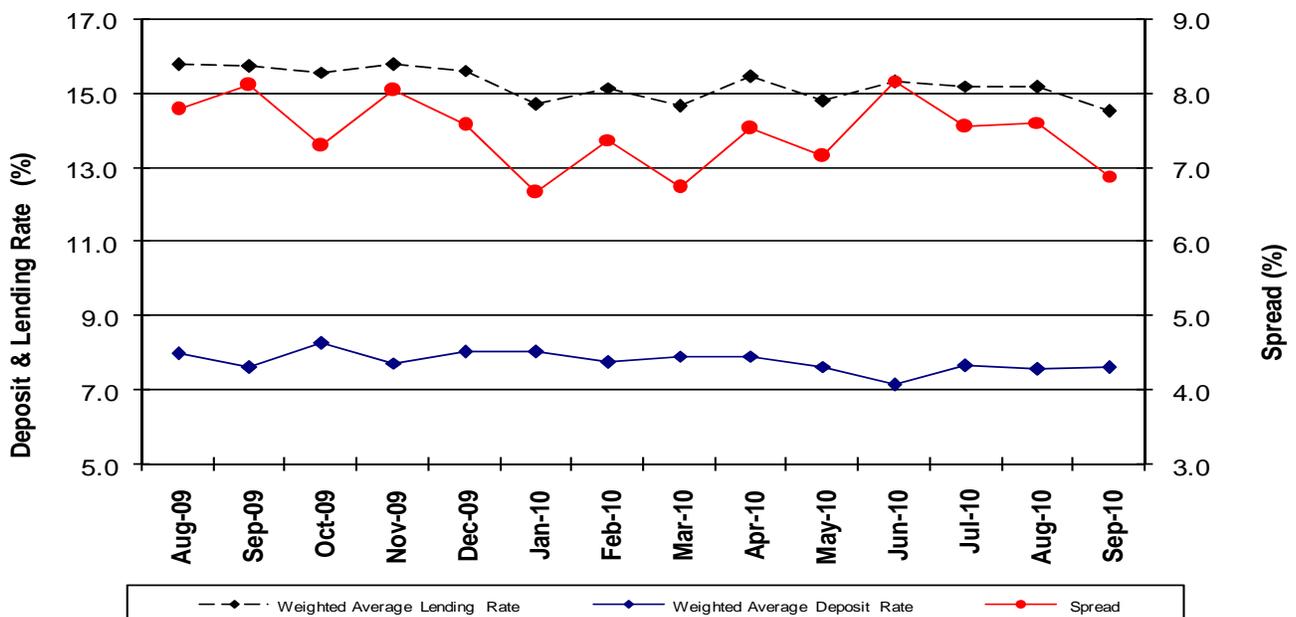
- Sizeable reductions in outstanding loans for construction and transportation were recorded mainly due to bullet payments at the end of March designed to reduce and restructure the debt of one group of affiliated companies.

**Chart 7: Excess/Deficiency in Statutory Liquidity**



- Excess statutory liquidity increased by \$44.9mn to \$149.8mn during the first nine months of the year due to the contraction in credit and higher inflows from abroad.
- Excess cash reserves rose by \$18.6mn to \$58.5mn even with the implementation of a commercial bank securities requirement in May (6.5% of average deposit liabilities).

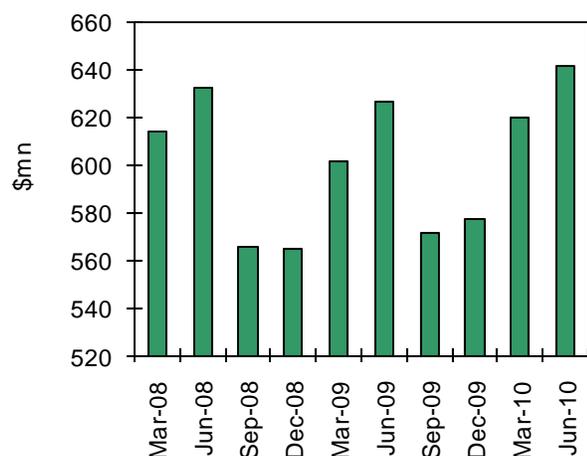
**Chart 8: Weighted Average Interest Rates on New Loans and Deposits**



- During the first nine months of the year, weighted average lending rates and deposit rates fell by 111 basis points and 42 basis points, respectively. This led to a decline in the weighted average spread from 7.58% in December 2009 to 6.89% in September 2010.

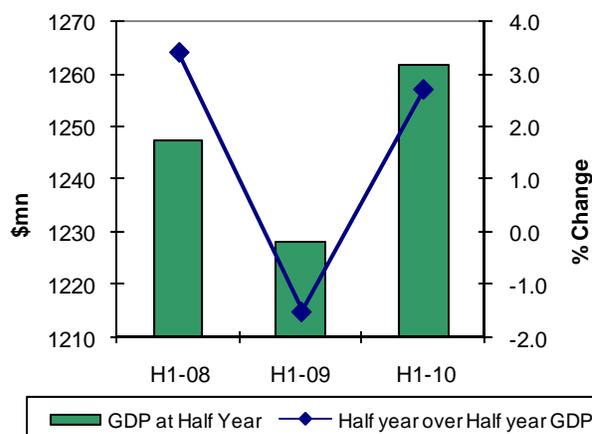
## Production, Trade & Prices

**Chart 9: Quarterly GDP (constant prices)**



Source: Statistical Institute of Belize (SIB)

**Chart 10: GDP for First Half of Year (constant prices)**



Source: SIB

- For the first half of 2010, the Belizean economy grew by 2.7% compared to the 1.5% contraction in the comparative period. The service sector drove economic expansion with growth emanating mainly from government services and hotels and restaurants.
- The secondary sector contracted by 0.9% as the growth in construction was eclipsed by declines in manufacturing and electricity. The primary sector also declined albeit marginally (0.1%) as growth in agriculture was overshadowed by a contraction in fishing.

**Table 1: Production of Selected Domestic Products**

	Jan-Aug 2009	Jan-Aug 2010
Sugarcane Deliveries (long tons)	788,071	1,099,897
Sugar (long tons)	82,266	87,359
Molasses (long tons)	24,582	53,930
Banana (metric tons)	53,882	50,725
Citrus Deliveries (boxes)	5,781,408	4,450,671
Citrus Juices ('000 ps)	35,015	24,712
Petroleum (barrels)	1,037,376	1,019,115

Sources: Belize Sugar Industries (BSI), Citrus Products of Belize (CPBL), Citrus Growers Association, Geology & Petroleum Department, Banana Growers Association (BGA)

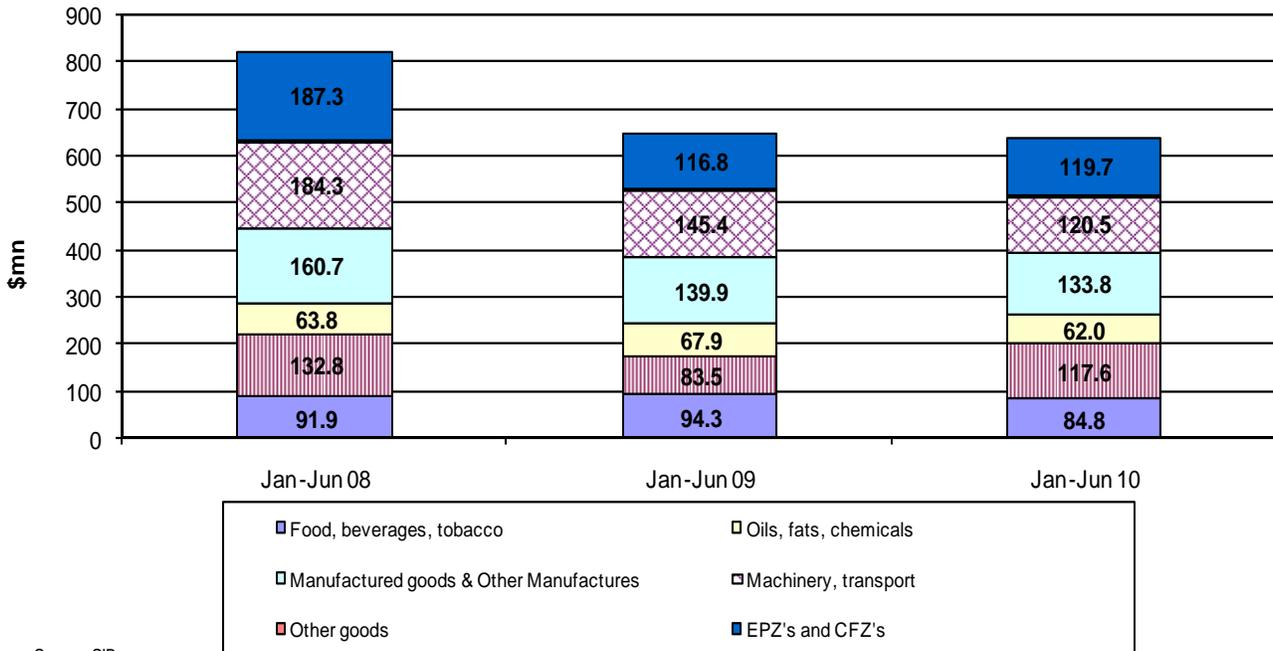
**Table 2: Value of Selected Domestic Exports**

	Jan-Aug 2009	Jan-Aug 2010
Sugar	89.0	55.2
Molasses	3.2	3.0
Banana	47.0	48.9
Citrus	47.9	75.0
Petroleum	65.4	129.6
<b>Total<sup>(1)</sup></b>	<b>252.5</b>	<b>311.7</b>

Sources: BSI, CPBL, B.G.A., Geology & Petroleum Dept.  
(1) Total may not equal to sum due to rounding.

- The January - August period was marked by higher output of sugarcane, molasses and sugar while production of banana, petroleum, citrus deliveries and citrus juices declined year-on-year.

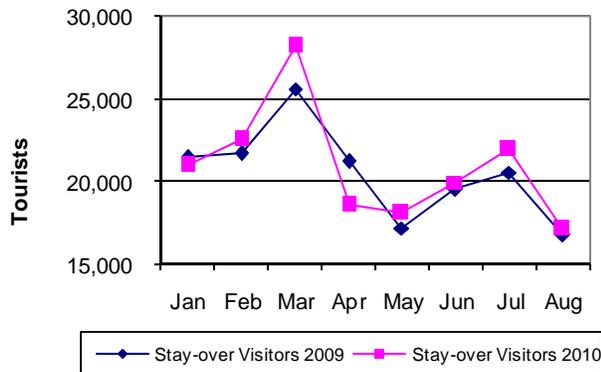
**Chart 11: Gross Imports by SITC Classification (excluding electricity)**



Source: SIB

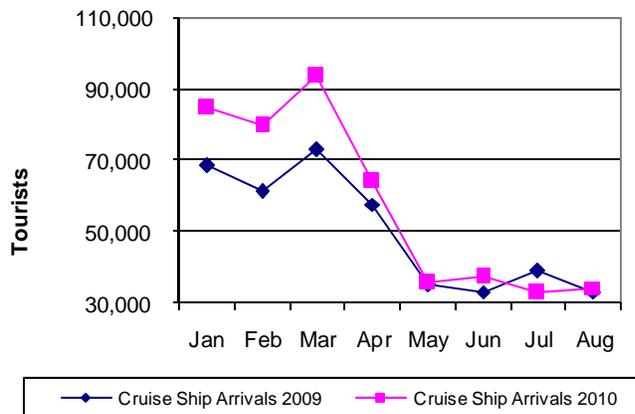
- Imports declined by 1.4% to \$639.8mn for the first half of the year.

**Chart 12: Arrivals of Stay Over Visitors by Month**



Source: Belize Tourism Board (BTB)

**Chart 13: Cruise Ship Disembarkations by Month**

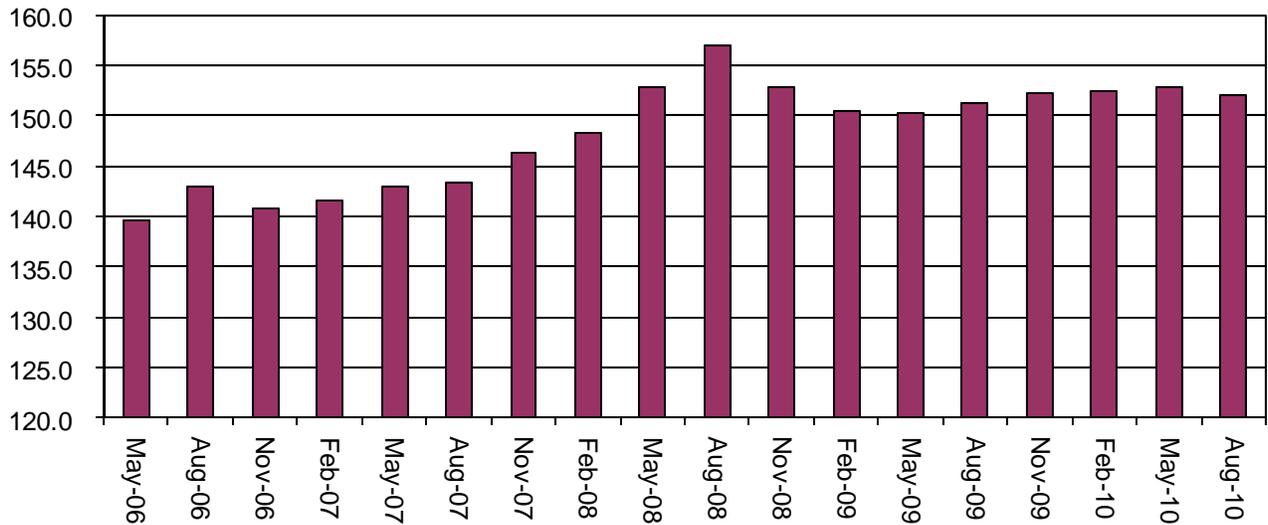


Source: BTB

For January to August 2010:

- Stay over visitors rose by 2.0% to 167,417 persons.
- The number of overnight visitors entering the country through the international airport and land borders increased by 0.9% and 7.8%, respectively, while arrivals through the sea ports decreased by 3.9%.
- Cruise ship passenger disembarkations increased by 15.3% to 462,686 persons.

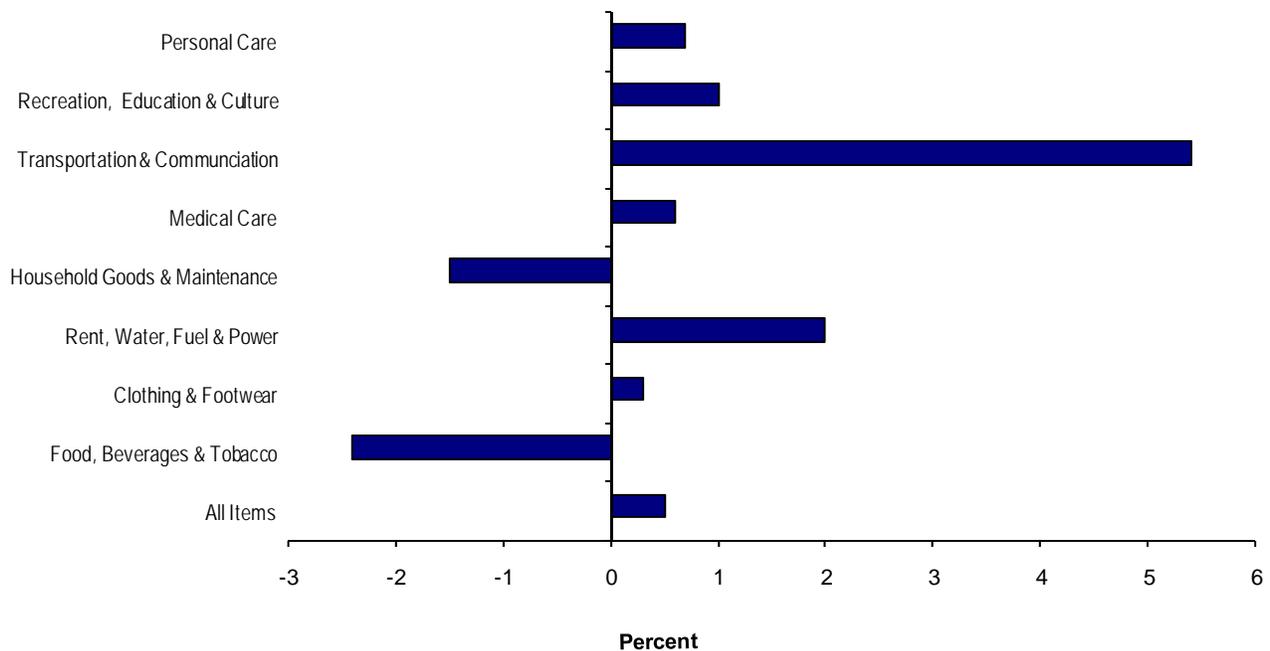
**Chart 14: Consumer Price Index**



Source: SIB

- Inflation fell by 0.4% over the quarter (May-10 to August-10).
- Annual point to point inflation increased by 0.5% (August 2009 to August 2010).
- Annual inflation was driven by higher fuel acquisition costs, an increase in import costs and a 25.0% increase in GST.

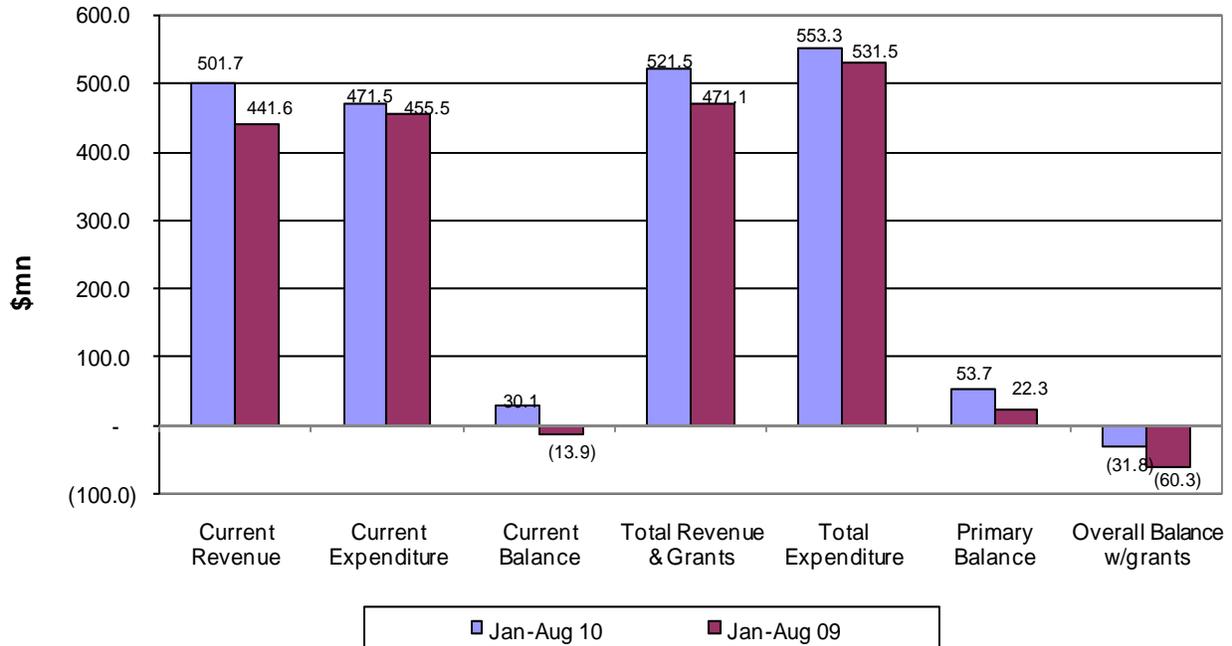
**Chart 15: Annual Percentage Change in Consumer Price Index**



- The fuel dependent categories of the CPI, 'Rent, Water, Fuel & Power' and 'Transportation & Communication', had the steepest price hikes of 2.0% and 5.4%, respectively.
- Countering these price hikes were a 2.4% decline in the 'Food, Beverage and Tobacco' and a 1.5% decline in 'Household Goods & Maintenance'. The magnitude of the cost push expected from the GST was tempered by the zero rating of basic food items (such as rice, red kidney beans and cooking oils) and household durables.

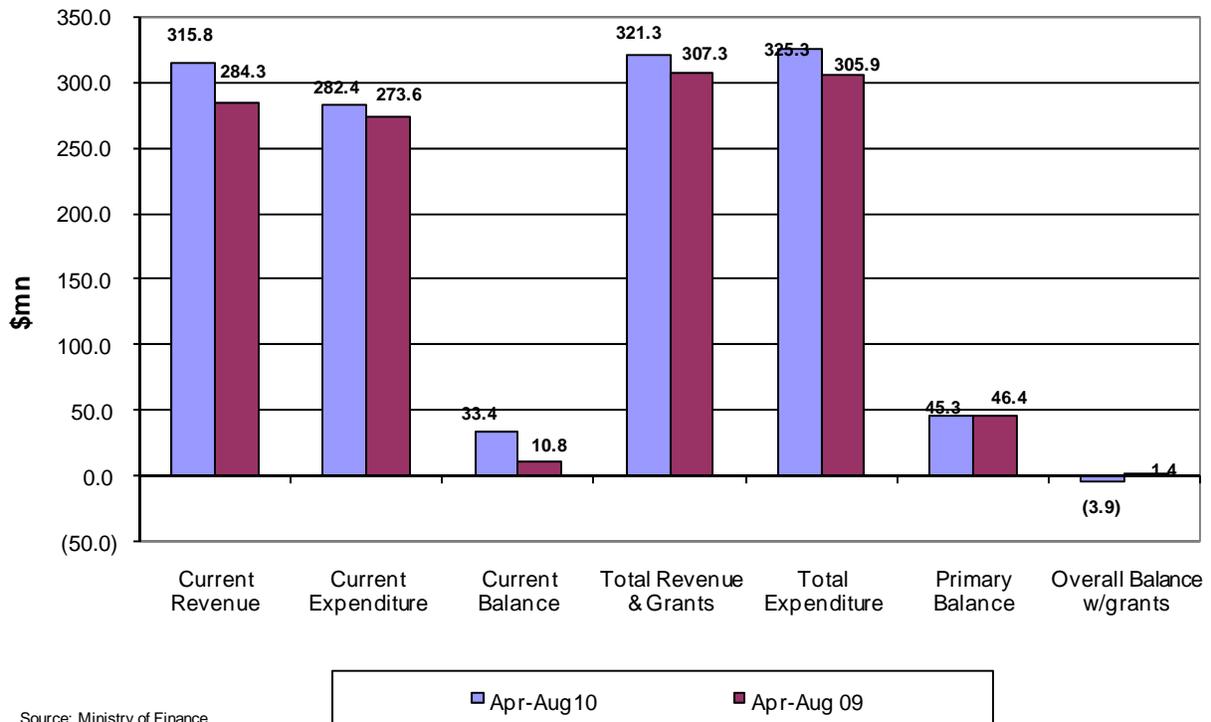
# Central Government Operations

**Chart 16: Central Government's Operations (Calendar Year)**



Source: Ministry of Finance

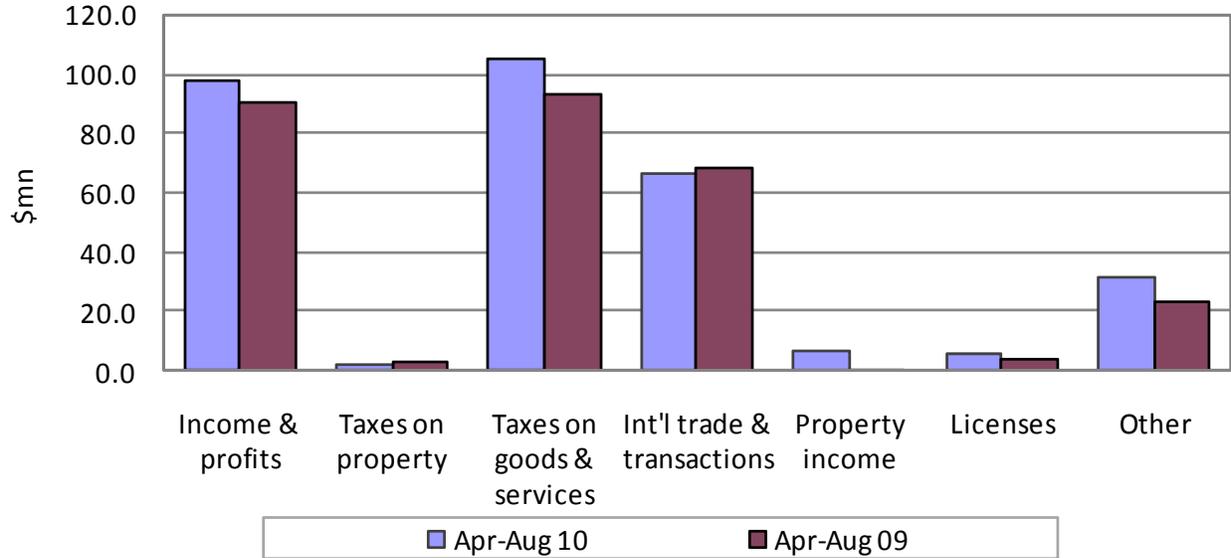
**Chart 17: Central Government's Operations (Fiscal Year)**



Source: Ministry of Finance

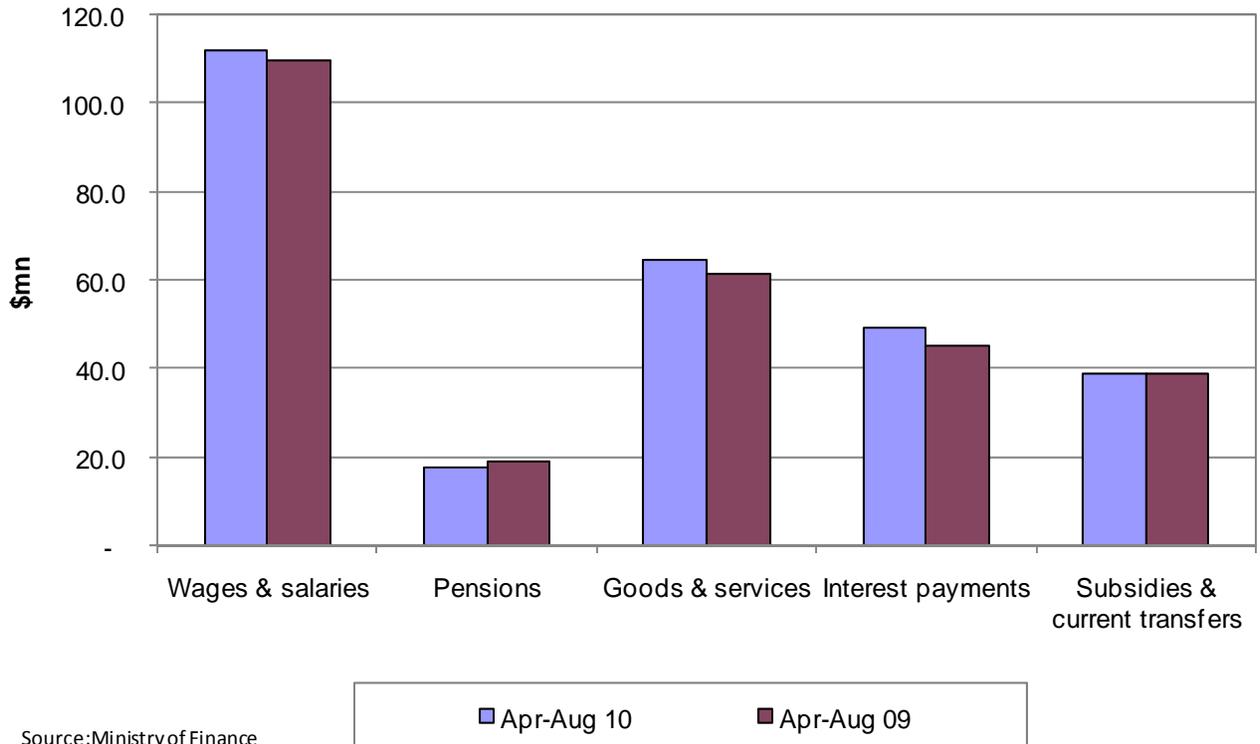
## Central Government Operations

**Chart 18: Central Government's Current Revenue**



Source: Ministry of Finance

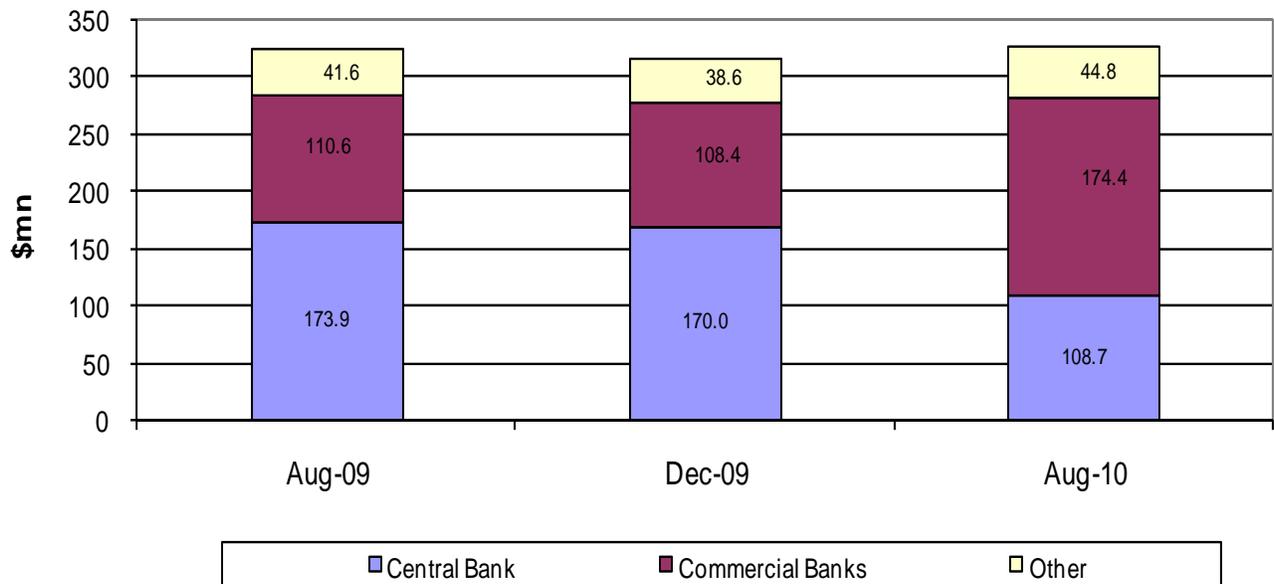
**Chart 19: Central Government's Current Expenditure**



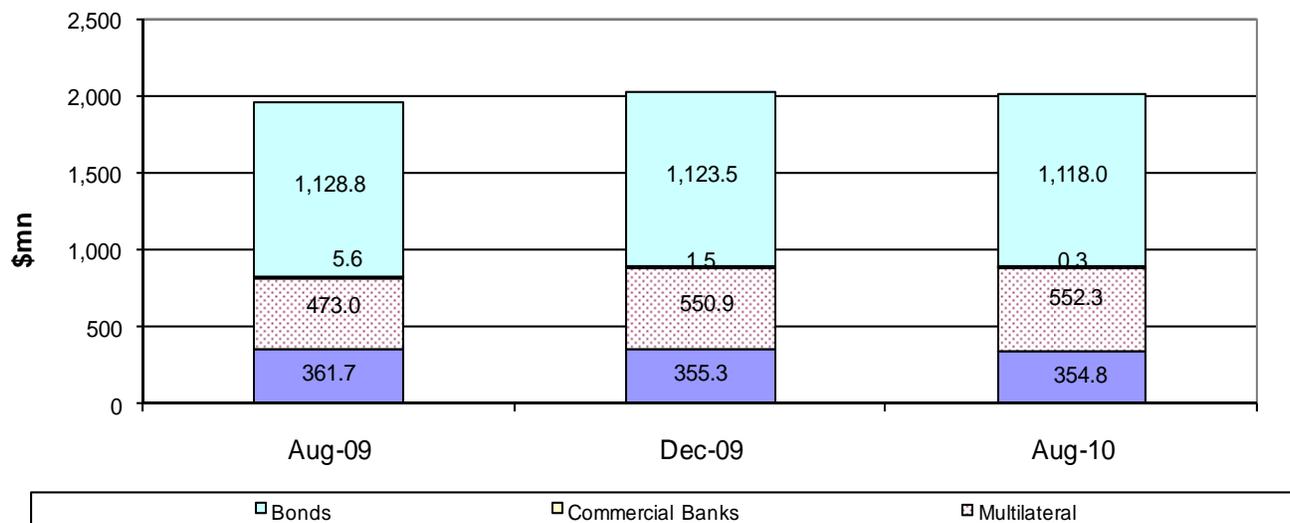
Source: Ministry of Finance

## Public Sector Outstanding Debt

**Chart 20: Central Government's Domestic Debt**



**Chart 21: Public Sector's External Debt**



- At the end of August, the public sector's external debt stood at \$2,025.4mn, a 0.3% decrease over December 2009.
- Principal repayments amounted to \$49.3mn, of which \$20.4mn was for bilateral creditors and \$22.3mn was for multilateral agencies.
- Interest payments amounted to \$75.2mn, of which payments on the 'super bond' accounted for 75.1%.
- Disbursements totaled \$48.5mn, of which \$20.0mn came from the Republic of China and \$17.8mn from CDB.