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Typeset at the Central Bank of Belize

List of Acronyms and Abbreviations

Acronyms:

BEL	Belize Electricity Limited
BGA	Banana Growers Association
BSI	Belize Sugar Industries Limited
BSSB	Belize Social Security Board
BTB	Belize Tourism Board
BTL	Belize Telemedia Limited
BWSL	Belize Water Services Limited
CBB	Central Bank of Belize
CDB	Caribbean Development Bank
CFZ	Commercial Free Zone
CGA	Citrus Growers Association
CIF	Cost, Insurance and Freight
CPBL	Citrus Products of Belize Limited
CPI	Consumer Price Index
DFC	Development Finance Corporation
EU	European Union
FOB	Free On Board
FY	Fiscal Year
GDP	Gross Domestic Product
GST	General Sales Tax
IDB	Inter-American Development Bank
IMF	International Monetary Fund
MOF	Ministry of Finance
OPEC	Organisation of Petroleum Exporting Countries
ROC/Taiwan	Republic of China/Taiwan
SIB	Statistical Institute of Belize
SITC	Standard International Trade Classification
UHS	Universal Health Services
UK	United Kingdom
US	United States
VPCA	Venezuelan Petrocaribe Agreement
UNWTO	World Tourism Organization

Abbreviations and Conventions:

$	the Belize dollar unless otherwise stated
bn	billion
mn	million
ps	pound solids

Notes:

1. Since May of 1976, the Belize dollar has been fixed to the US dollar at the rate of US$1.00 = BZ$2.00.
2. The 2018 figures in this report are provisional and the figures for 2017 have been revised.
3. Unless otherwise indicated, the Central Bank of Belize is the source of all tables and charts.
4. Ratios to GDP for 2018 are based on Central Bank's forecast of annual GDP 2018.

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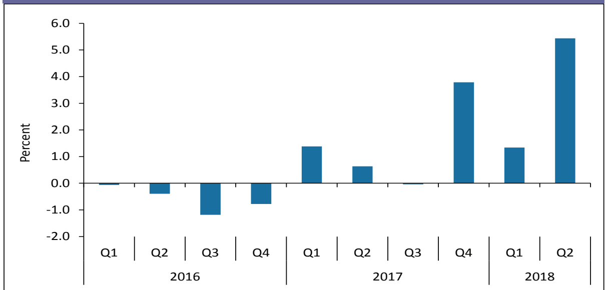

Source: SIB

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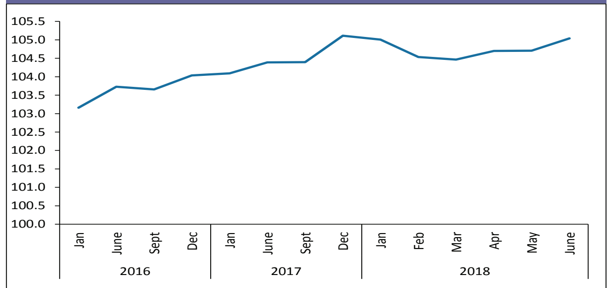

Source: SIB

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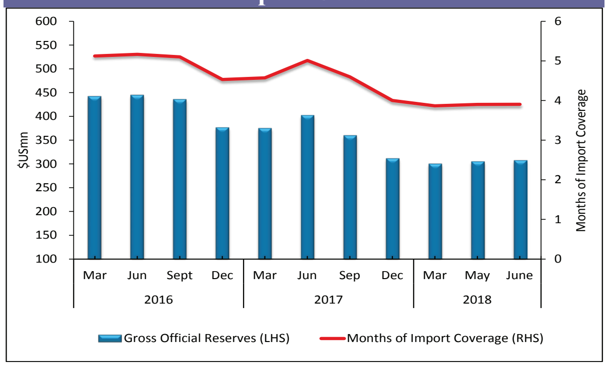

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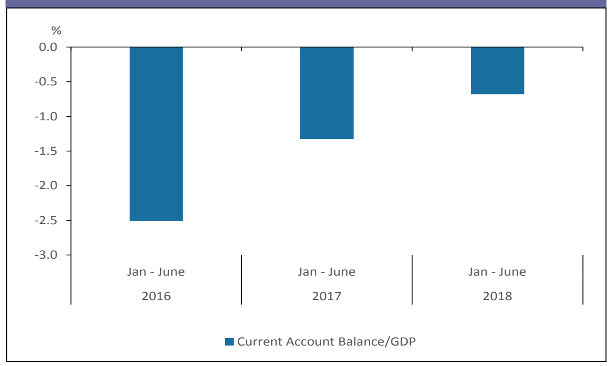

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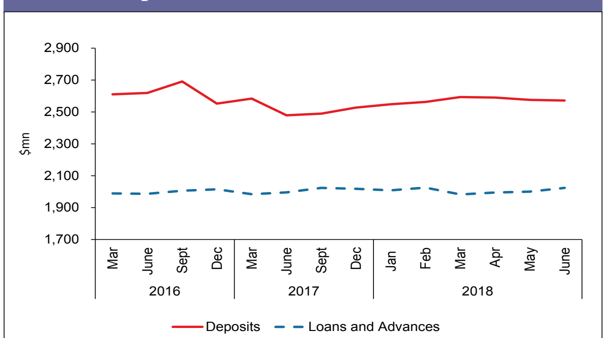

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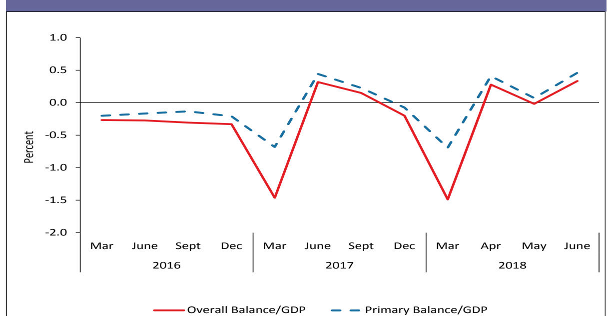

Sources: CBB and MOF

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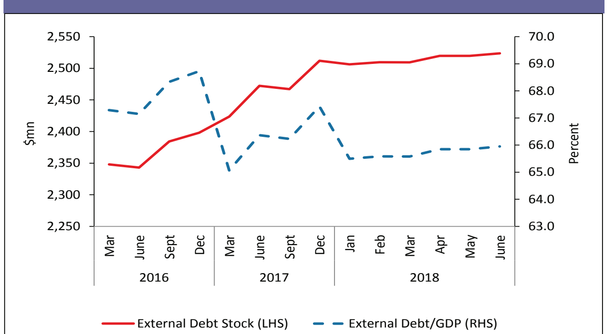

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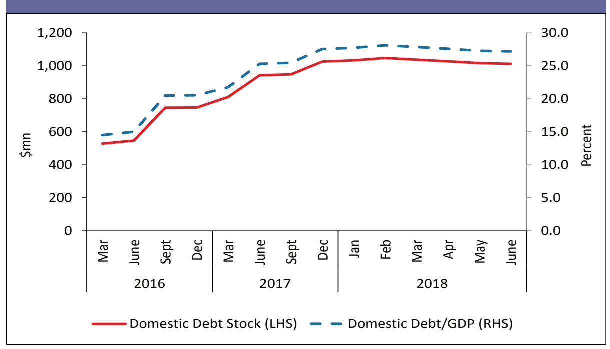
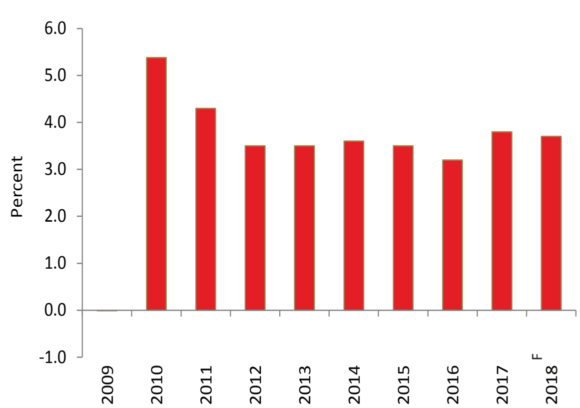


Overview

Growth among advanced economies diverged and became more uneven among emerging markets and developing countries in the second quarter of the year, amid increasing oil prices, escalating trade tensions, rising yields in the United States (US), weakening emerging market currencies and escalating financial vulnerability concerns in countries with weak fundamentals. Consequently, the IMF recently trimmed its global growth projection for 2018 to 3.7%.

In the second quarter, US real gross domestic product (GDP) grew by 2.9% quarter-on-quarter, up from 2.1% in the same period of 2017. The acceleration in output was driven by higher household consumption, which was supported by employment gains and tax cuts, as well as upticks in business investments, net exports and government spending. In contrast, the growth pace slowed in the euro area (EA 19) to 2.2% quarter-on-quarter due to weakened domestic and external demand, compared to 2.5% in the same three-month period a year ago. Likewise, economic growth in the United Kingdom (UK) slowed to 1.2% quarter-on-quarter amid Brexit-related uncertainty, as service industries recovered from the dampening effects of adverse weather earlier in the year. Following the contraction in the first quarter, the Japanese economy returned to growth in the second quarter, expanding by 3.0% on an annualized basis, buoyed by a rebound in private consumption and strong business optimism.

Chart 1.1: World Gross Domestic Product Growth (Year-on-Year Average)



Source: IMF
F - Forecast

Economic activity in major emerging market economies remained solid despite headwinds from global and country-specific factors. Growth in the world's second largest economy, China, moderated slightly to 6.7% year-on-year in the second quarter amid escalating trade tensions with the US as well as tightened financial regulatory reforms and enforcement of stricter anti-pollution measures. In India, the world's sixth largest economy, real output surged to a nine-quarter high of 8.2%, fuelled by increases in consumer spending, government spending on infrastructure and housing and non-oil exports. Real output in the Latin American region expanded by 2.0% in the second quarter as firmer commodity prices and consumer spending strengthened growth in commodity exporting countries such as Chile, Mexico, Columbia and Peru. In contrast, Brazil and Argentina lost economic traction, as strike disruptions in the former and financial distress and drought in the latter weighed on growth.

In the Caribbean, the aftermath of the 2017 hurricanes and elevated debt levels constrained output in some economies, while the recent boost in commodity prices and rise in international arrivals provided an impetus for growth in others. Entering into its sixth year of economic reform, Jamaica's economy expanded by 2.1% quarter-on-quarter between April and June, relative to the same period of 2017, supported by broad-based growth across all industries. Recovering from its deep recession, growth in Trinidad and Tobago should be positive in the second quarter, underpinned by higher energy prices and greater natural gas production. Guyana's growth prospects are also expected to strengthen, driven by continued expansion in construction, rice production and gold mining. In Barbados, the new government that took office in May announced the launch of a debt restructuring program on 1 June as part of a home-grown economic reform program aimed at restoring debt sustainability, strengthening international reserves and improving growth prospects. On 1 October the IMF approved a four-year Extended Arrangement under the Extended Fund Facility for Barbados amounting to the SDR equivalent of US$290.0mn. For the first half of 2018, the Barbadian economy contracted by 0.6%, as modest contributions from higher overnight arrivals and sugar production could not compensate for the decline in construction and the adverse effects of tightened fiscal consolidation measures on non-tradeable sectors. In contrast, The Bahamas maintained its upward growth trajectory, underpinned by higher tourism output and a moderation in foreign-investment-led construction activities.

On the home front, Belize's economy grew by 5.4% in the second quarter, driven by a rebound in agriculture, a surge in electricity production and sustained growth in tourism. Between January and June, real output expanded by 3.4%, up from 1.0% in the same period of 2017. The strong half-year performance was due to a 4.2% expansion in the secondary sector—owing to a double-digit increase in hydroelectricity generation—and a 6.4% lift in tertiary activities, led by a surge in tourist-related services and modest growth across other service industries. Value-added contributions from these sectors were partly offset by a 1.2% contraction in the primary sector, as agriculture and marine output were suppressed by adverse weather and diseases.

The average Consumer Price Index was unchanged between January and June, compared to the same period the year before, as price increases in the "*Alcoholic Beverages and Tobacco*", "*Health*" and "*Housing, Water, Electricity, Gas and Other Fuels*" sub-indexes were offset by price declines in other major categories. Meanwhile, the unemployment rate increased from 9.0% in April 2017 to 9.4% in April 2018, as the growth in the labour force outpaced job gains.

The external current account deficit narrowed from $49.3mn (1.3% of GDP) in the first half of 2017 to $26.1mn (0.7% of GDP) in the first half of 2018, as the swell in tourism earnings and absence of one-off fees associated with the 2017 debt restructuring more than compensated for the widening of the merchandise trade deficit and pick up in profit repatriation. A reduction in net capital inflows on the financial account, due mainly to a falloff in net public sector borrowings, led to an $8.2mn decline in international reserves to $615.8mn, the equivalent of 3.9 months of merchandise imports.

Central Government's ongoing fiscal consolidation efforts resulted in a 10.1% increase in revenue and a 2.6% decrease in expenditure during the first half of 2018. As a result, the primary balance turned to a surplus of 1.9% of GDP, while the overall balance swung from a deficit of 1.5% of GDP in the first six months of 2017 to a surplus of 0.4% of GDP. Financing stemmed solely from external sources, as the public sector's external debt edged up by 0.5% ($11.7mn) to $2,523.6mn (66.0% of GDP), while domestic debt fell by 1.3% to $1,013.2mn (26.5% of GDP).

Broad money supply grew by 0.8% during the first half of the year on account of a 5.5% expansion in net foreign assets of the banking system. The latter rose by $55.2mn, as domestic banks' holdings expanded by $64.5mn to $295.3mn, while those of the Central Bank declined by $9.3mn to $619.3mn. In contrast, net domestic credit contracted by 1.4%, as declines in net credit to Central Government ($42.2mn) and the private sector ($15.9mn) outweighed a smaller increase in lending to other public entities ($20.4mn). The boost in foreign assets lifted domestic banks' excess holdings of statutory liquid assets by 3.6% to 48.5% above the statutory requirement, while increased Treasury bill purchases by domestic banks led to a 35.5% reduction in excess cash holdings to 92.6% above the requirement. Against this backdrop, the 12-month (rolling) weighted average interest rate on new loans and deposits declined by 49 basis points to 8.72% year-on-year and 28 basis points to 1.58% year-on-year, respectively. Consequently, the weighted average interest rate spread for the 12-month period narrowed by 21 basis points to 7.14%.

Money and Credit

The broad measure of money supply, M2, grew by 0.8% during the first half of 2018, fuelled by a 6.4% expansion in net foreign assets of the banking system as net domestic credit contracted by 1.4%. Narrow money supply rose by 0.6% due to a $16.7mn increase in demand deposits, which more than offset the seasonal drop in currency in circulation. Quasi-money rose by 1.0%, lifted by an $18.6mn expansion in savings deposits, which outpaced a further $5.2mn reduction in time deposits.

During the first half of 2018, the net foreign assets of the banking system rose by $55.2mn due to an increase in domestic banks' holdings, as those of the Central Bank declined. The Central Bank's net foreign assets fell by $9.3mn to $619.3mn, as the decline in foreign currency inflows outstripped the drop in outflows. When compared to the same period a year ago, foreign currency inflows contracted by 47.8% to $111.3mn, owing

Chart 2.1: Net Foreign Assets of the Banking System

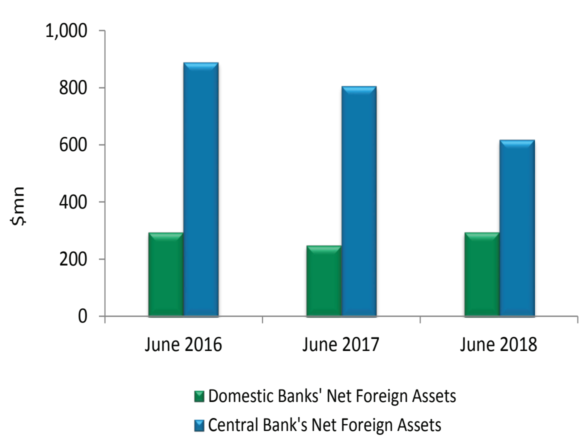
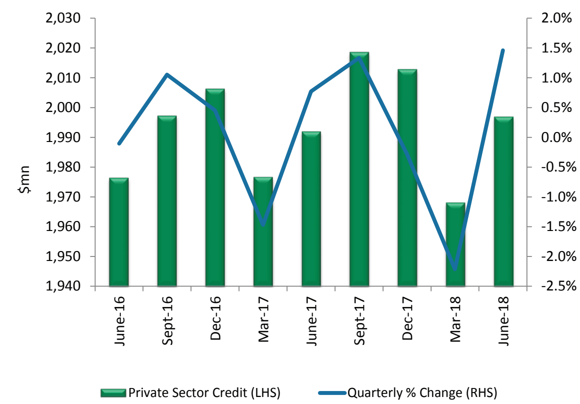


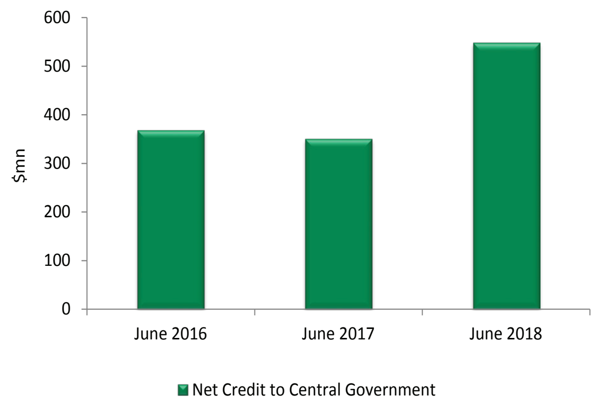
Chart 2.2: Domestic Banks' Private Sector Credit



to a sharp decline in loan disbursements ($46.2mn) due principally to the winding down of flows under the Petrocaribe Caribe Agreement. Furthermore, purchases of sugar export receipts contracted by 17.7% to $34.6mn, owing to the continued erosion of preferential sugar prices, while inflows from banks plunged from $24.1mn to $0.8mn with the stoppage of third-party foreign currency check purchases by the Central Bank. On the other hand, foreign currency outflows contracted by 25.3% to $120.6mn with majority of sales (86.4%) allotted to Central Government for external debt servicing. In contrast, domestic banks' net foreign assets expanded by $64.5mn to $295.3mn, buoyed by increased inflows from tourism, other service exports and foreign direct investments in the banana industry.

Net credit from the domestic banking system fell by $37.7mn to $2,577.5mn over the six-month period, reflecting declines in net lending to Central Government and

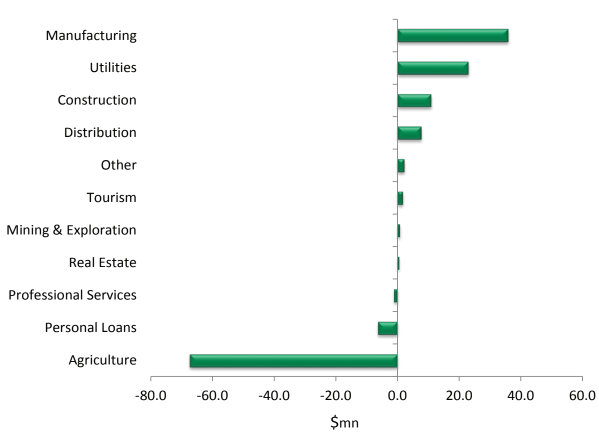
Chart 2.3: Net Credit to Central Government



the private sector. Net credit to Central Government contracted by $42.2mn, as Government increased its deposits with banks by $24.7mn and reduced its overdraft facility with the Central Bank by $13.0mn to $34.3mn—40.2% of the legal threshold. Concurrently, net lending to the private sector contracted by $15.9mn to $2,001.6mn for the year to date, as a $28.7mn expansion in the second quarter softened the $44.6mn decline in the first quarter. The half-year decline was attributable to a $58.5mn reduction in credit for banana production due to the retirement of several loan facilities with the sale of a group of banana farms in March to Fyffes and, to a much lesser extent, net repayments on loans for personal purposes ($6.4mn) and other agricultural products ($6.3mn). These overshadowed increases in net disbursements for manufacturing ($35.8mn), construction ($10.9mn) and merchandise trade ($7.7mn). In contrast, net credit to other public sector entities rose by $20.4mn, most of which was disbursed to Belize Telemedia Limited (BTL) to help fund its national broadband project.

Loan write-offs amounted to $28.5mn, down from $61.3mn in the same period of 2017. Write-offs were applied mainly against loans for banana production ($16.9mn), personal purposes ($5.4mn) and construction ($5.3mn). In turn, the ratio of non-performing loans (net of

Chart 2.4: Changes in Domestic Banks' Loans and Advances, Dec 2017 - June 2018



Note: "Other" includes forestry, government services, financial institutions, marine products, transport and entertainment.

Chart 2.5: Domestic Banks' Weighted (Rolling) Average Interest Rates on New Loans

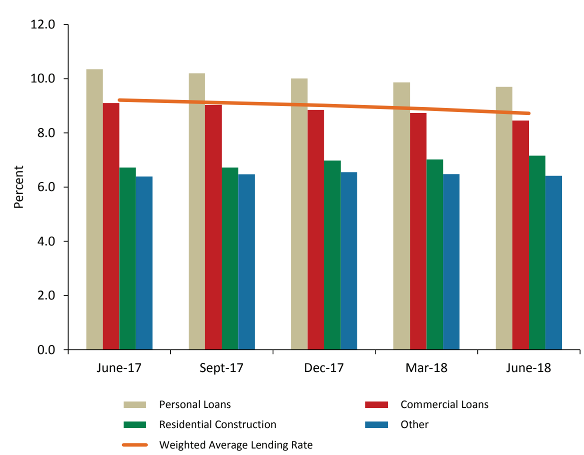
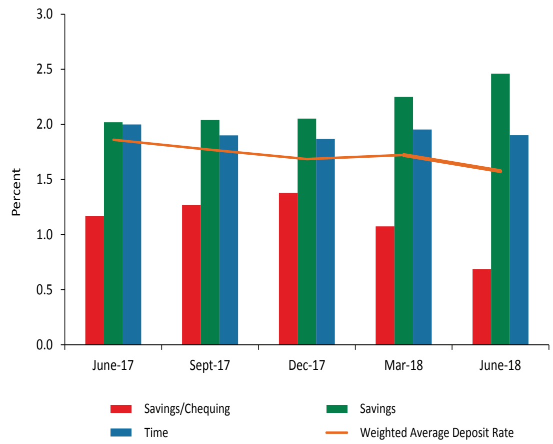


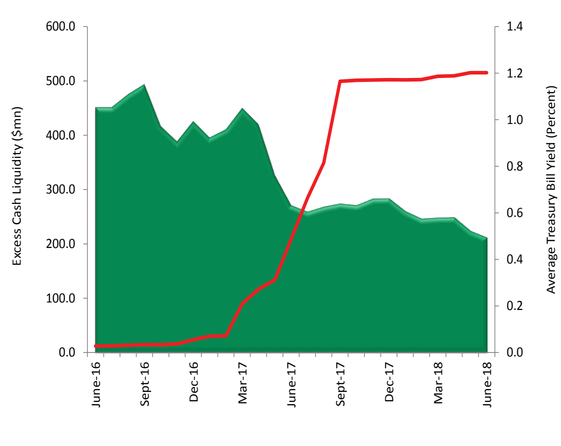
Chart 2.6: Domestic Banks' Weighted (Rolling) Average Interest Rates on Deposits



specific provisions) to total loans (NPL ratio) weakened slightly from 2.4% at the end of December 2017 to 2.6% in June but remained well below the international benchmark of 5.0%.

Net credit by the five largest credit unions shrunk by $8.1mn, as net repayments of loans for personal purposes ($10.8mn), construction ($9.5mn), other agricultural products ($4.2mn) and sugar production ($1.2mn) exceeded increased lending for real estate ($11.4mn).

Chart 2.7: Excess Cash Holdings and Average Treasury Bill Yield

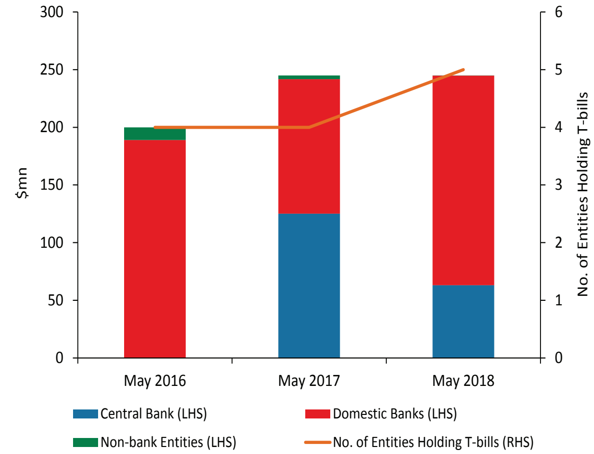


The build-up in foreign assets boosted domestic banks' excess statutory liquid holdings by $30.9mn to $299.9mn, which was 48.5% above the statutory limit. On the other hand, Treasury bill purchases by domestic banks reduced excess cash reserves by $72.2mn to $211.8mn, which was 92.6% above requirements.

Persistently high levels of excess liquidity in the banking system continued to influence interest rates downward. The 12-month (rolling) weighted average interest rate on new loans declined by 17 basis points quarter-on-quarter and by 49 basis points year-on-year to 8.72%. The decline over the 12-month period was attributable to rate reductions of 65 and 64 basis points on personal and commercial loans, respectively, as rates on loans for residential construction and other "*miscellaneous*" purposes rose by 44 and two basis points, respectively. The 12-month (rolling) weighted average interest rate on new deposits also declined, falling by 14 basis points quarter-on-quarter and 28 basis points year-on-year to 1.58%. Except for a 44 basis-point increase in savings deposits, rates were lower for savings/chequing, time and demand deposits by 48, 10 and one basis point, respectively. As a result, the weighted average interest rate spread narrowed by 21 basis points to 7.14% over the 12-month period.

In securities trading, domestic banks increased their Treasury bill (T-bills) holdings by $44.9mn to $181.6mn and, in turn, raised their share of total issuances to 74.1%. At the same time, the Central Bank's holdings fell by $44.0mn to $62.9mn with its portion down to 25.7%. A credit union held the balance of $0.2mn. Competitive bidding on the secondary market resulted in a marginal increase in the weighted average T-bills yield from 1.17161% at the last auction in 2017 to 1.20199% at the May auction.

Chart 2.8: Distribution and Number of Entities Holding Treasury Bills



Domestic Production and Prices

Real GDP grew by 3.4% in the first half of 2018, up from 1.0% in the same period last year. The acceleration in growth reflected heightened expansion in the tertiary and secondary sectors, which was partially offset by a contraction in primary activities.

The tertiary sector expanded by 4.2%, fuelled by growth across all service industries. "*Wholesale and Retail Trade*" grew by 5.7%, driven by a 3.2% increase in merchandise imports. Meanwhile, stellar increases in both stay-over and cruise ship arrivals of 12.9% and 10.2%, respectively, contributed to the robust 13.7% growth in "*Hotels and Restaurants*" and modest 3.0% improvement in "*Transport and Communication*". Government services expanded by 4.2%, supported by increased sales tax collection and expenditure on public officers' wages.

The secondary sector grew by 6.4%, as gains in value added from increased sugar, beverage and hydro-electricity production outstripped losses due to declines in citrus juice production, petroleum extraction and construction activities.

In contrast, the primary sector contracted by 1.2%, as downturns in overall crop production and fisheries were only partly offset by increased output of livestock—more specifically, cattle, pigs and poultry. In agriculture, adverse weather precipitated a 14.7% reduction in banana production, while citrus deliveries fell by 25.1%, owing to unfavourable weather and the spread of citrus leprosis and citrus greening. In contrast, sugarcane deliveries increased by 2.3%, buoyed by higher yields from the western producer. In fishing, declines in farmed shrimp, lobster and fish output easily outweighed value-added gains from a higher conch catch. Notably, farmed shrimp output more than halved as field test trials could not remedy the devastating effects of the Early Mortality Syndrome (EMS) disease in the first half of 2018.

Sugarcane and Sugar

The northern 2017/2018 sugarcane harvest ran for 29 weeks, spanning from 7 December to 27 June. Slowed by above normal rainfall at the start of harvest, sugarcane deliveries declined by 1.2% to 1,254,856 long tons. The western sugarcane harvest was also

Table 3.1: Deliveries of Sugarcane and Production of Sugar and Molasses

	Dec - June 2016/2017	Dec - June 2017/2018
Deliveries of Sugarcane to BSI & Santander (long tons)	1,643,850	1,680,555
Sugar Processed by BSI & Santander (long tons)	174,670	175,340
Molasses processed by BSI & Santander (long tons)	55,276	51,669
Performance		
Factory Time Efficiency (%)	95.15	90.16
Cane Purity (%)	86.42	86.31
Cane/Sugar	9.41	9.58

Source: BSI and Santander Group

stalled by excessive precipitation, which lasted for only 16 weeks, ending on 27 June, compared to 19 weeks in 2017. Notwithstanding, sugarcane deliveries from the western producer rose by 13.9% to 425,699 long tons, raising national sugarcane deliveries by 2.2% to a record-high 1,680,555 long tons.

At 175,340 long tons, national sugar production rose by only 0.4%, constrained by an overall 5.4% reduction in factory time efficiency to 90.16% and a 0.1% dip in cane purity to 86.31%. Consequently, the industry's long tons cane to long ton sugar ratio declined by 1.8% to 9.58. Total molasses production contracted by 6.5% to 51,669 long tons.

Abolishment of the European Union (EU) sugar quota system at the end of September 2017 was responsible for a 20.2% reduction in the average price paid to farmers per long ton of sugarcane to a record low $45.47 for the 2017/2018 crop year.

Table 3.2: Output of Citrus Products

	Oct - June 2016/2017	Oct - June 2017/2018
Deliveries (boxes)		
Orange	3,200,843	2,433,409
Grapefruit	186,106	205,475
Total	**3,386,949**	**2,638,884**
Concentrate Produced (ps)		
Orange	19,021,381	13,918,012
Grapefruit	730,703	778,838
Total	**19,752,084**	**14,696,850**
Not from Concentrate (ps)		
Orange	225,567	268,242
Grapefruit	20,460	35,637
Total	**246,027**	**303,879**
Pulp (pounds)		
Orange	2,403,232	1,610,352
Grapefruit	5,936	103,880
Total	**2,409,168**	**1,714,232**
Oil Produced (pounds)		
Orange	1,256,000	809,600
Grapefruit	31,100	22,600
Total	**1,287,100**	**832,200**

Sources: CGA and CPBL

Citrus

Citrus deliveries contracted by 22.1% to 2.6mn boxes for the 2017/2018 crop year, marking the fourth consecutive crop year decline. This outcome resulted as orange deliveries plummeted by 24.0% to 2.4mn boxes, while grapefruit deliveries rose by 10.4% to 0.2mn boxes. Fruit yields were dampened by poor fruit set and blossoming due to heavy rainfall and increased fruit drop stemming from citrus leprosis and citrus greening.

Citrus juice production contracted by 25.0% to 15.0mn pound solids (ps), reflecting a 3.7% decline in the average juice outturn per box of fruit, as the reduction in fruit volume was exacerbated by lower fruit quality. Parallel to deliveries, orange juice output fell by 26.3% to 14.2mn ps, while that of grapefruit juice increased by 8.4% to 0.8mn ps. Outturn of the main citrus by-products also declined with pulp and oil production down by 28.8% to 1.7mn ps and by 35.3% to 0.8mn ps, respectively.

Table 3.3: Banana Production

	40 pound boxes	
	Jan - June 2017	Jan - June 2018
1st Quarter	1,298,455	921,182
2nd Quarter	1,040,214	1,073,528
Total	2,338,668	1,994,771

Source: BGA

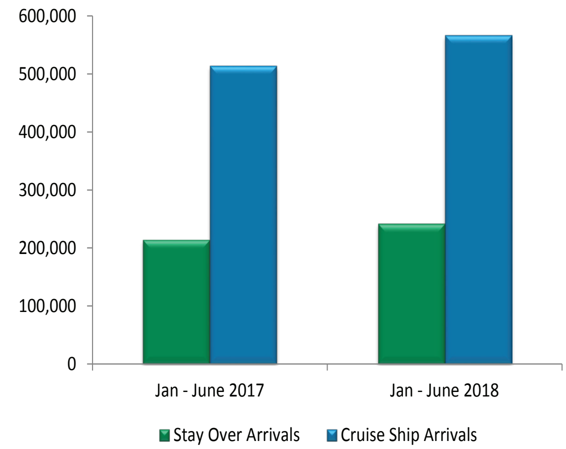
The estimated price paid to farmers for orange fell by $0.15 to $2.40 per ps for the 2017/2018 crop year, as market prices tumbled in response to a surge in Brazil's juice production in the 2016/2017 crop year. In contrast, the price for grapefruit rose by $0.75 to $3.65 per ps as a result of lower global production due to unfavourable weather in China and citrus greening in the US.

Banana

Banana production was down by 14.7% to 2.0mn boxes due to unfavourable weather early in the year and, to a lesser extent, the closure of two small farms in late 2017. As a consequence, acreage under cultivation shrank by 7.1% to 6,545.1 acres with 6,414.5 acres under production and 96.6 acres under plantilla (trees too young to harvest).

Under the current one-year agreement between the Banana Growers Association and Fyffes that commenced on 1 January 2018, the average price per 40-pound box fell by $0.50 to $20.00.

Chart 3.1: Tourist Arrivals



Sources: BTB, CBB and Immigration Department

Petroleum

Crude oil extraction declined by 18.7% to 156,407 barrels for the first half of 2018. The Spanish Lookout oilfield produced 154,424 barrels, as its daily extraction rate fell by 203 to 854 barrels, while the Never Delay oilfield eked out 1,984 barrels as field testing continued.

Tourism

In the first semester of 2018, the World Tourism Organization recorded a 9.4% reduction in international air arrivals to the Caribbean region due to the destruction

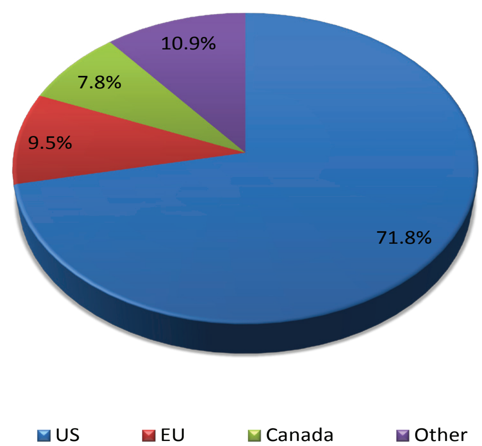
Table 3.4: Bona Fide Tourist Arrivals

	Jan - June 2017	Jan - June 2018
Stay-over Arrivals		
Air	179,509	203,079
Land	30,985	36,706
Sea	4,246	2,589
Total	214,740	242,374
Cruise Ship	514,094	566,716

Sources: BTB, CBB and Immigration Department caused by the 2017 hurricanes to some destinations. In comparison, total stay-over arrivals rose by 12.9% to 242,374 visitors in Belize, boosted by a 13.1% increase in air arrivals.

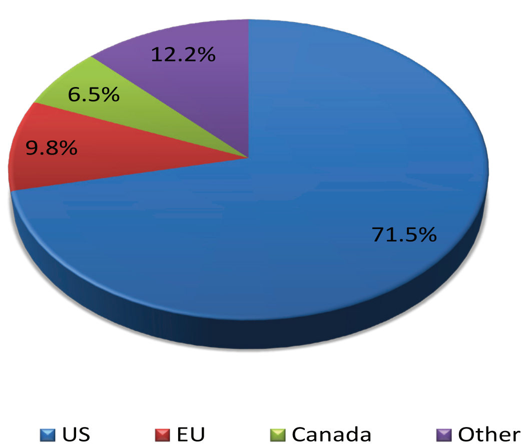
Arrivals from the US grew by 13.3%, slightly raising the portion of visitors from that market by 0.3% to 71.8%. Increased air lift, stemming from the start of a new direct flight between Canada and Belize in December 2017, contributed to the strong 36.8% growth in Canadian arrivals, which accounted for 7.8% of total visitors. Although arrivals from the EU and other countries expanded by 9.7% and 0.3%, respectively, shares from those markets declined to 9.5% and 10.5%, respectively.

Chart 3.2: Composition of Stay-Over Tourists
Jan - June 2018



Sources: BTB and CBB

Chart 3.3: Composition of Stay-Over Tourists
Jan - June 2017



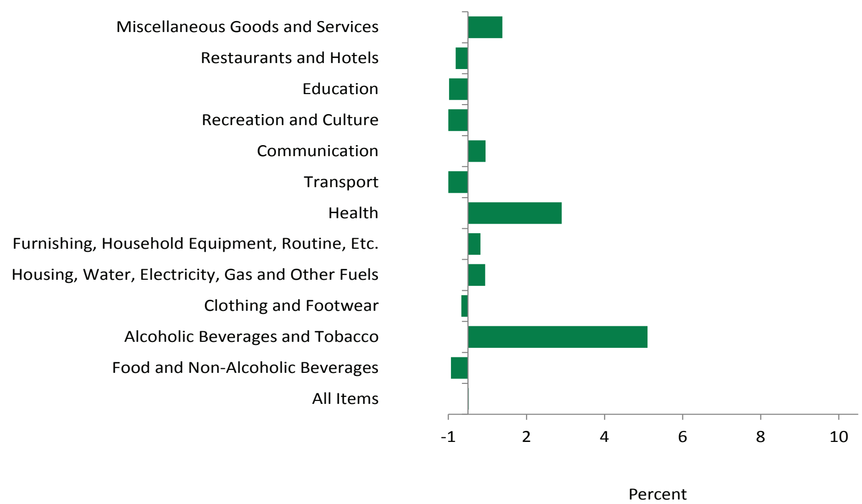
Sources: BTB and CBB

Cruise ship disembarkations rose by 10.2% to 566,716 visitors, buoyed by 18 more ports calls, which brought the total to 216 ships for the year to date. Calls to the Belize City port rose by 10 to 156 ships and resulted in a 4.8% increase in visitors to 395,401. Meanwhile, 171,315 visitors disembarked at Harvest Caye, reflecting a significant 25.4% volume increase, arising from eight additional calls that amounted to 60 ships.

Consumer Price Index

The average price level for the first half of 2018 was unchanged, compared to the same period of 2017. Rising prices for house rent and liquefied petroleum gas in "*Housing, Water, Electricity, Gas and Other Fuels*" (0.4%), outpatient clinic services in "*Health*"(2.4%) and alcoholic beverages in "*Alcoholic Beverages and Tobacco*"(2.4%) owing to higher fuel costs and the 2017 tax adjustments mainly contributed to the upticks in these categories. Price increases were also recorded in the "*Miscellaneous Goods and Services*" (0.9%), "*Communication*" (0.5%) and "*Furnishing, Household Equipment, and Routine Household Maintenance*" (0.3%) sub-indexes.

Chart 3.4: Average Annual Percentage Change in Consumer Price Index
Jan to June 2018 over Jan to June 2017



Source: SIB

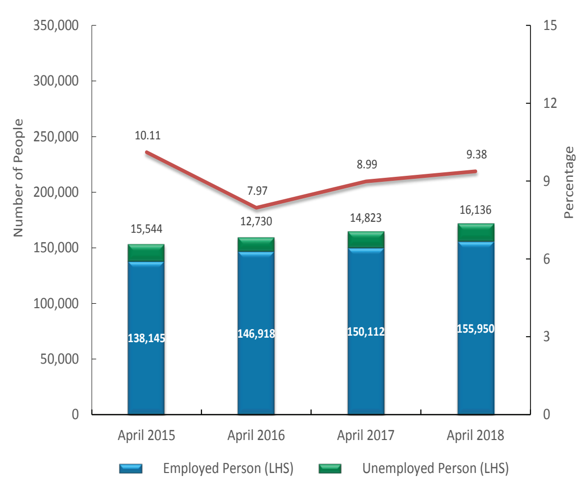
Upward price movements were offset by lower airfare in "*Transport*" (0.6%); reduced costs for meat, fresh seafood and select vegetables in "*Food and Non-Alcoholic Beverages*" (0.4%); as well as contractions in the "*Recreation and Culture*" (0.5%) "*Clothing and Footwear*" (0.2%), "*Restaurants and Hotels*" (0.3%) and "*Education*" (0.5%) categories.

Employment

The unemployment rate rose to 9.4% in April 2018, up from 9.0% in April 2017, as growth in the labour force, consisting mainly of females in rural areas, outpaced gains in employment.

The number of persons in the labour force grew by 7,151 (4.3%) to 172,086, resulting in a 1.3 percentage point increase in the labour force participation rate to 65.5%. Meanwhile, the number of employed persons rose by 5,838 (3.9%), raising the total number of employed persons to 155,950. Job gains were concentrated in the secondary and tertiary sectors, which grew by 12.6% and 5.5%, respectively, while employment in the primary sector shrank by 3.2%, particularly for males in the "*Skilled Agriculture and Forestry*" and "*Elementary*" occupation groupings.

Chart 3.5: Labour Force Statistics



International Trade and Payments

Belize's external current account deficit narrowed from $49.3mn (1.3% of GDP) in the first half of 2017 to $26.1mn (0.7% of GDP) due to an increase in service exports. The latter, which was driven by a stellar growth in tourism receipts and the absence of one-off fees associated with the 2017 bond restructuring, more than compensated for the expanded deficit on trade in goods, increased profit repatriation and reduction in remittances. While the capital account surplus held steady at $18.7mn, the financial account surplus shrank to $38.2mn due to lower foreign direct investment inflows, reduced borrowings by central government and a build-up in domestic banks' assets abroad. As a result, the Central Bank's gross official international reserves fell by $8.2mn to $615.8mn, the equivalent of 3.9 months of merchandise imports.

Table 4.1: Balance of Payments Summary

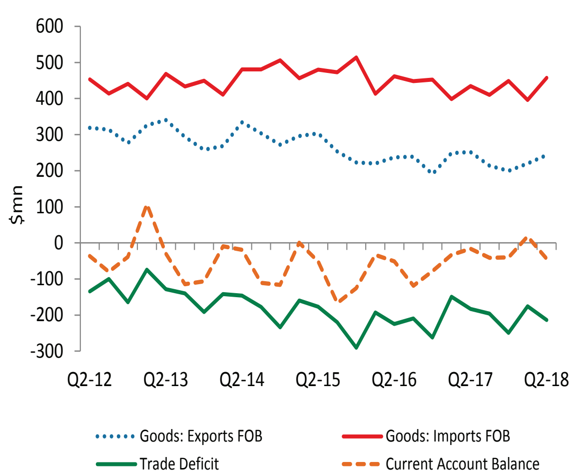
$mn

	Jan - June 2017^R	Jan - June 2018^P
A. CURRENT ACCOUNT		
(I+II+III+IV)	-49.3	-26.1
I. Goods (Trade Balance)	-332.3	-389.7
Exports, Free on Board (FOB)	500.7	463.1
Domestic Exports	272.5	223.8
CFZ Gross Sales	180.1	198.4
Re-exports	48.1	40.9
Imports, FOB	833.0	852.9
Domestic Imports	708.6	718.9
CFZ Imports	124.4	134.0
II. Services	322.9	455.2
Transportation	-27.7	-37.6
Travel	384.9	489.0
Other Services	-34.3	3.8
III. Primary Income	-113.9	-153.6
Compensation of Employees	-5.6	-4.7
Investment Income	-108.3	-148.9
IV. Secondary Income	73.9	62.0
Government	-3.8	-3.4
Private	77.7	65.4
B. CAPITAL ACCOUNT	18.9	18.7
C. FINANCIAL ACCOUNT	-127.8	-38.2
D. NET ERRORS AND OMISSIONS	-45.5	-39.1
E. RESERVE ASSETS	51.8	-8.2

R - Revised
P - Provisional

The merchandise trade deficit expanded by 17.3% to $389.7mn, reflecting a 7.5% reduction in exports and a 2.4% rise in imports. Whereas domestic exports declined by 17.9% due to lower earnings from all major commodities, total re-exports grew by 4.9%, as the 10.2% increase in CFZ sales was dampened by a 14.9% drop in other re-exports. The higher import bill reflected increases in spending on fuel products in "*Minerals, Fuels and Lubricants*" due to higher acquisition costs, as well as higher outlays

Chart 4.1: External Current Account and Trade Deficit

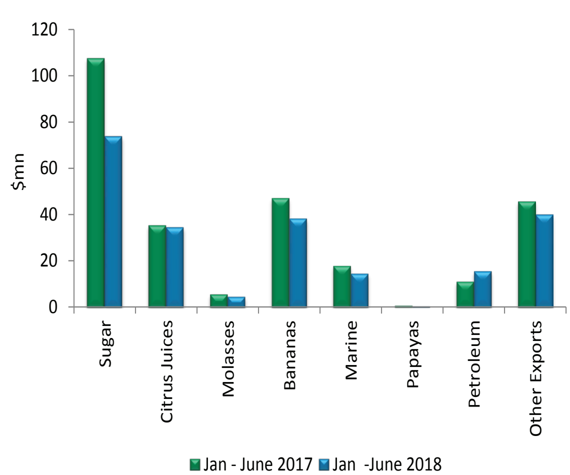


on telecommunications equipment in "*Machinery and Transport Equipment*" for the ongoing national broadband project and on goods for "*Commercial Free Zones*".

Sugar exports fell by 2.5% to 111,405 long tons, while earnings declined by 32.0% to $73.1mn, as the average unit price fell by 29.0% to US$0.15 per pound following the abolition of the EU sugar quota system on 30 September 2017. Since EU sugar prices still carried a premium above world market prices, majority of sales (98.5%), comprising of 109,767 long tons valued at $71.4mn, went to that market. Furthermore, 1,560 long tons of bagged brown sugar valued at $1.7mn was sold to CARICOM, while an additional 79 long tons was shipped to Canada. Molasses exports amounted to 29,820 long tons valued at $4.8mn.

Citrus juice exports declined by 1.6% in volume to 10.8mn ps and by 2.7% in

Chart 4.2: Domestic Exports



Sources: SIB and CBB

value to $34.7mn. Orange concentrate sales dipped by 0.1% to 10.2mn ps, while earnings fell by 2.7% to $32.0mn. Sales to the US rose by 12.5% to 5.6mn ps, while receipts grew by only 1.4% to $15.4mn as US orange concentrate juice prices were suppressed by increased supplies from Mexico and Brazil. In contrast, revenues rose by 3.8% to $13.5mn from the Caribbean, as sales inched up by 2.3% to 3.6mn ps. Grapefruit concentrate exports fell by 22.5% to 0.5mn ps valued at $2.5mn, while grapefruit freeze concentrate sales to Japan was minimal at 0.1mn ps valued at $0.7mn.

Marine exports fell by 36.1% to 1.0mn pounds, reflecting lower sale volume of shrimp, lobster and fish, as conch rose. Meanwhile, earnings fell by only 14.5% to $14.7mn on account of improved prices for lobster and conch. Shrimp export volume plunged by 69.8%, as the industry struggled to effectively control Early Mortality Syndrome. As a result, shrimp earnings tumbled to a mere $0.9mn. Following a record-high catch a year ago, lobster exports dipped by 0.5% to 0.4mn pounds, but more favourable prices lifted receipts by 20.3% to $8.5mn. Similarly, an 11.7% increase in export volume of conch boosted receipts by 28.5% to $5.2mn, as market prices strengthened.

Banana exports contracted by 14.7% to 36,190 metric tons, slowed by unfavourable weather in the first quarter of the year. Export receipts declined by a larger margin of 18.8% to $38.4mn, reflecting a 4.8% decline in the average unit price.

Petroleum exports was down by 0.6% to 133,048 barrels, but in contrast, receipts were up by 39.9% to $15.8mn, as the average price per barrel rallied from US$42.16 to US$59.32 with a tightening in global supplies amid the threat of US sanctions against Iran.

Net earnings from service exports increased by 41.0% to $455.2mn due largely to a swell in tourism receipts, which easily outweighed a $9.9mn increase in net transportation costs driven by heightened imports. Net travel receipts rose by 27.0% to $489.0mn, supported by significant increases in stay-over and cruise arrivals of 12.9% and 10.2%, respectively. Meanwhile, net inflows from other services swung from a deficit of $34.3mn in the first half of 2017 to a surplus of $3.8mn

Chart 4.3: Trade, Services, Primary Income and Secondary Income Balances

Table 4.2: Capital and Financial Account Summary

$mn

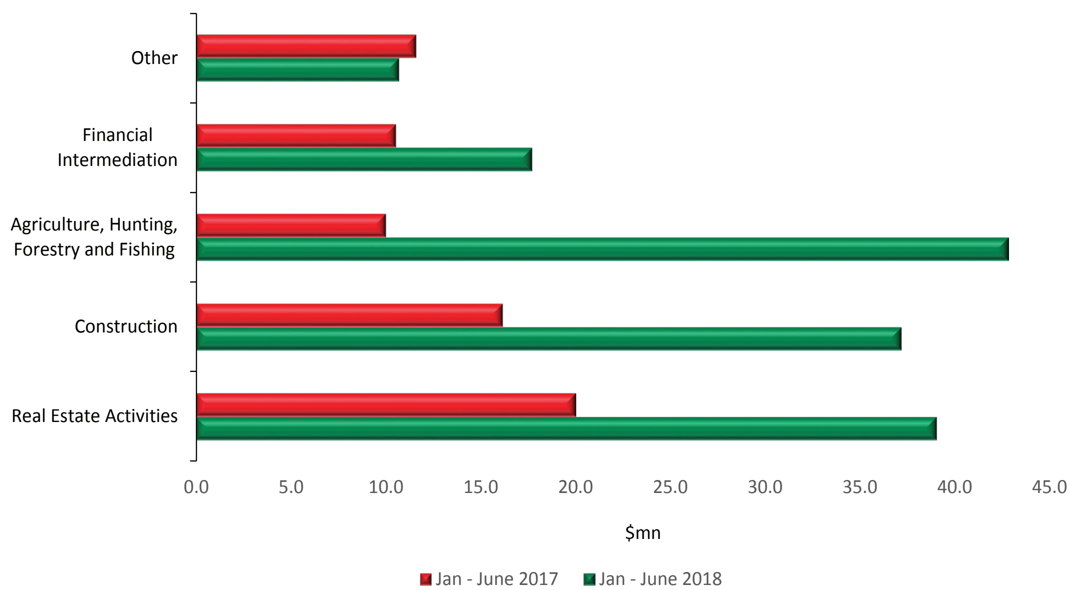
		Jan - June 2017^R	Jan - June 2018^P
A.	Capital Account	18.9	18.7
B.	Financial Account (1+2+3+4)	-127.8	-38.2
	1. Direct Investment in Belize	-116.7	-110.3
	2. Portfolio Investment	0.0	0.0
	Monetary Authorities	0.0	0.0
	General Government	0.0	0.0
	Banks	0.0	0.0
	Other Sectors	0.0	0.0
	3. Financial Derivatives	0.0	0.0
	4. Other Investments	-11.1	72.1
	Monetary Authorities	3.3	-0.2
	General Government	-69.1	-12.7
	Banks	14.7	64.5
	Other Sectors	40.0	20.5
C.	NET ERRORS AND OMISSIONS	-45.5	-39.1
D.	OVERALL BALANCE	51.8	-8.2
E.	RESERVE ASSETS	51.8	-8.2

R - Revised
P - Provisional

due to higher earnings from outsourcing and legal services and, to a much larger extent, absence of the sizeable one-off fees incurred for restructuring the 2034 bond in the first quarter of 2017.

Net outflows on the primary income account grew by 34.8% to $153.6mn, owing to increased profit repatriation by utilities, domestic banks and tourism-based entities. The surplus on the secondary income account declined by 16.1% to $62.0mn due to declines in inward remittances through domestic banks, claims from re-insurance

Chart 4.4: Foreign Direct Investment Net Inflows
By Major Activity



companies and transfers to religious and non-profit organizations.

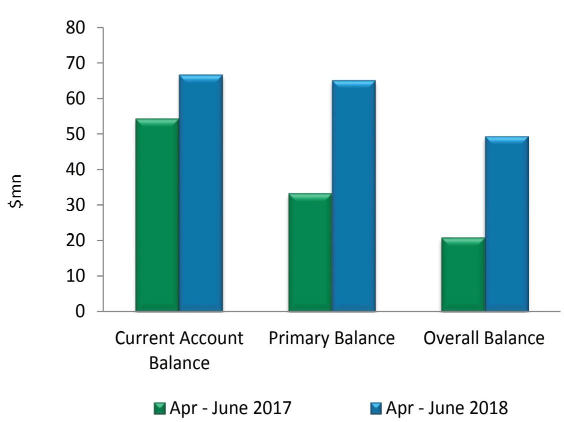
The capital account recorded a surplus of $18.7mn, as grants to Central Government remained stable, compared to the same period last year. However, net inflows on the financial account fell sharply from $127.8mn in the first six months of 2017 to $38.2mn. The latter reflected reduced foreign direct investments inflows, particularly for tourism-related construction activities, and a lessened increase in net borrowing by Central Government that amounted to $12.7mn. Net capital inflows were partly offset by a $64.5mn build-up in domestic banks' net foreign asset holdings abroad and $19.1mn in net loan repayments by private entities.

Government Operations and Public Debt

Between **January and June**, Central Government's revenue and grants increased by 10.1%, while total expenditure fell by 2.6%, compared to the same period of 2017. Consequently, the primary surplus turned from a deficit of $0.2mn in the first half of 2017 to a surplus of $73.7mn (1.9% of GDP), while the overall balance swung from a deficit of $55.3mn (1.5% of GDP) in the first half of 2017 to a surplus of $15.2mn (0.4% GDP). The boost in revenues stemmed mainly from new tax measures, which resulted in higher collections of excise duties, stamp duties, general sales tax (GST), personal income tax, business tax and non-tax revenues. Meanwhile, the decline in expenditure reflected a 35.0% cut in capital spending due to tighter fiscal restraint.

In the **first quarter of the 2018/2019 fiscal year** (FY), revenue and grants grew by 6.3%, underpinned by further tax enhancements implemented at the start of the FY, while tightened fiscal consolidation efforts led to a 4.1% decline in total spending. As a result, the primary surplus rose from 0.9% of GDP in the first quarter of the 2017/2018 FY to 1.7% of GDP, while the overall surplus increased from 0.6% of GDP in the first quarter of the previous FY to 1.3% of GDP. This compares to Central Government's 2018/19 FY targets of a primary surplus of 2.2% of GDP—supported by $20.5mn (0.5% of GDP) in additional revenue through new GST, excise tax and social fee levies—and an overall deficit of 0.7% of GDP.

Chart 5.1: Central Government Fiscal Operations



Sources: MOF and CBB

Buoyed by the April 2018 tax measures and lift in economic activity, tax revenues rose by 9.3% ($22.7mn) between April and June to $266.6mn, representing 26.1% of the budgeted amount. Higher tax intakes were recorded across all major tax categories except property tax, which recorded a $0.4mn decline. Accordingly, intakes of stamp duty ($8.2mn), GST ($4.1mn), excise tax ($3.2mn) and business tax ($2.8mn) rose. In contrast, non-tax receipts fell by 13.6% ($5.1mn) to $32.3mn due to a $12.4mn reduction in transfers from the international ship registry, which was partly offset by a $5.4mn increase in dividends from BTL.

Total expenditure and net lending contracted by 0.3% of GDP ($10.6mn), as a modest 2.3% increase in current

Table 5.1: Central Government Revenue and Expenditure

$mn

	Jan 2017 to June 2017	Jan 2018 to June 2018	Apr 2017 to June 2017	Apr 2018 to June 2018
Total Revenue and Grants	543.2	598.0	282.1	300.0
Of which: Current Revenue	529.1	578.3	281.3	298.9
Of which: Grants	13.1	18.7	0.3	0.5
Total Expenditure	598.5	582.8	261.1	250.5
Current Expenditure	496.2	516.2	226.9	232.3
Capital Expenditure	102.3	66.6	34.2	18.3
Current Balance	32.9	62.0	54.3	66.7
Primary Balance	-0.2	73.7	33.3	65.2
Overall Balance	-55.3	15.2	20.9	49.4

Sources: MOF

expenditure was outweighed by a sizeable 46.5% cut in capital spending. Current spending rose by $5.3mn primarily due to a $3.5mn increase in domestic interest payments with the commencement of coupon payments on the floating-rate notes that were issued in May 2017. Marginal increases in outlays were also recorded for wages and salaries ($1.7mn), goods and services ($0.8mn) and transfers abroad ($1.0mn), while spending on pensions fell by $1.0mn.

Capital spending and net lending declined by $15.9mn to $18.3mn—11.6% of the budgeted amount. Of

Table 5.2: Summary of Central Government Revenue

$mn

	Jan 2017 to June 2017	Jan 2018 to June 2018	Apr 2017 to June 2017	Apr 2018 to June 2018
Current Revenue	529.1	578.3	281.3	298.9
Tax Revenue	478.1	514.2	243.9	266.6
Income and Profits	136.1	144.1	67.1	72.4
Taxes on Property	4.2	3.7	2.1	1.7
Taxes on Goods and Services	259.6	287.0	133.6	150.6
International Trade and Transactions	78.2	79.5	41.1	42.0
Non-Tax Revenue	50.9	64.1	37.4	32.3
Property Income	2.9	16.4	1.5	6.9
Licenses	10.0	12.8	5.7	6.3
Other	38.0	34.8	30.2	19.1
Capital Revenue	1.1	1.0	0.4	0.5
Grants	13.1	18.7	0.3	0.5

Sources: MOF

Table 5.3: Summary of Central Government Expenditure

$mn

	Jan 2017 to June 2017	Jan 2018 to June 2018	Apr 2017 to June 2017	Apr 2018 to June 2018
Current Expenditure	496.2	516.2	226.9	232.3
Wages and Salaries	209.2	215.7	107.2	109.0
Pensions	44.6	43.8	23.6	22.7
Goods and Services	105.2	113.0	43.3	44.1
Interest Payments	55.1	58.5	12.4	15.7
Of which: External				
Subsidies and Current Transfers	82.0	85.2	40.4	40.8
Capital Expenditure	102.3	66.6	34.2	18.3
Capital II	56.5	28.2	12.0	11.3
Capital III	44.3	37.8	21.6	6.4
Net Lending	1.6	0.6	0.6	0.6

Sources: MOF and CBB estimates

total capital expenditure, 38.6% was spent on infrastructure, including the rehabilitation of the Hummingbird, George Price and Philip S.W. Goldson Highways; maintenance of bridges, drains, roads and culverts; works on the south side of Belize City; and construction of the Macal Bridge. Land management and environmental projects accounted for 14.3% and 5.3%, respectively, while education and health were allocated 2.3% each. Expenditure on sports, tourism, science, agriculture, housing, security and other miscellaneous items accounted for the remaining 37.1%.

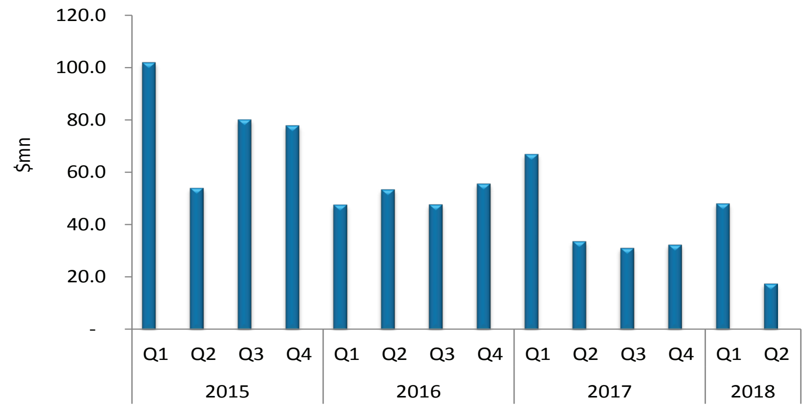
The overall fiscal balance recorded a surplus of $49.4mn, as a $69.3mn reduction in net borrowing from domestic sources was partly offset by a $16.4mn increase in net lending from external sources.

Domestic Debt

Central Government's domestic debt fell by 1.3% to $1,013.2mn (26.5% of GDP) in the first half of 2018. The $13.3mn decline reflected a $13.0mn reduction in Central Government's overdraft balance with the Central Bank and loan amortization payments of $0.6mn, which outstripped a $0.2mn increase in supplier's credit from Fort Street Tourism Village for dredging services.

Interest payments amounted to $17.8mn with the Central Bank receiving the largest share, consisting of $2.4mn on short-term credit by way of the overdraft and Treasury bill holdings and $4.9mn on longer-term Treasury notes. Concurrently, domestic banks and non-bank entities were paid $4.4mn and $5.9mn, respectively, on their holdings of securities. The annual

Chart 5.2: Central Government Development Expenditure



Sources: MOF

effective interest rate increased from 3.2% at the end of June 2017 to 3.6% due to a 39-basis-point increase in Treasury bill yield over the 12-month period, as well as the issuance of higher yielding floating-rate notes last year.

On the securities market, domestic banks purchased $44.0mn in Treasury bills from the Central Bank and $0.9mn from other holders. In addition, Central Bank sold $8.3mn of Treasury notes to domestic banks and non-bank entities and acquired $16.0mn in one-year Treasury notes following the redemption of an equivalent amount of one-year floating-rate notes that matured in May.

Table 5.4: Central Government Domestic Debt

$mn

	Dec 2017	June 2018	Changes in Stock
Overdraft	47.2	34.3	-13.0
Loans	94.3	93.9	-0.4
Treasury Bills	245.0	245.0	0.0
Treasury Notes[1]	640.0	640.0	0.0
Total	1,026.5	1,013.2	-13.3

[1] Includes Floating Rate Notes of $175.0mn in 2017 and $159.0mn in 2018.

Domestic banks held the largest share of Central Government's domestic debt, which grew from 39.0% at the end of 2017 to 42.5%. In contrast, the portion held by the Central Bank shrank from 37.8% to 33.5%, while the amount held by the non-bank entities inched up from 23.2% to 24.1%.

Public Sector External Debt

During the first half of the year, the public sector's external debt rose by 0.5% ($11.7mn) to $2,523.6mn (66.0% of GDP), as disbursements of $52.8mn outweighed principal payments of $40.1mn and downward valuation adjustments of $1.0mn. The latter was due to the appreciation of the US dollar against the SDR, the Kuwait dinar and the Euro.

New borrowings from bilateral and multilateral sources amounted to $29.5mn

Chart 5.3: External Debt Service

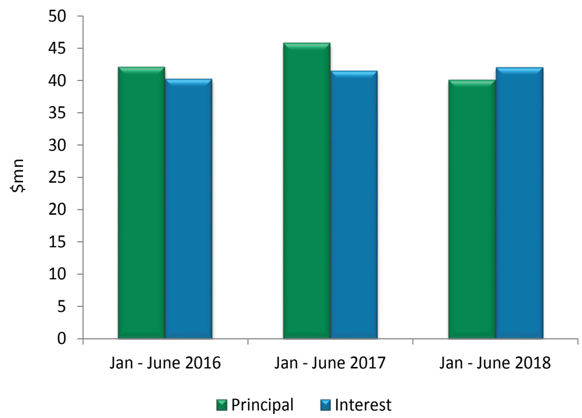
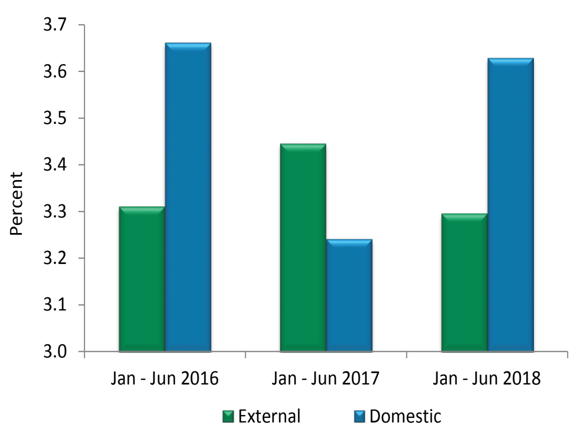


Chart 5.4: Average Interest Rate on Central Government Domestic Debt and Public Sector External Debt



and $23.3mn, respectively. Disbursements from bilateral creditors included $9.5mn from the Government of Venezuela through the Petrocaribe Agreement initiative and $20.0mn from the Republic of China (ROC)/Taiwan for budget support. In the case of multilateral lenders, Caribbean Development Bank (CDB) disbursed $10.9mn to Central Government (mainly for rehabilitation of the Philip S.W. Goldson Highway and funding for Social Investment Fund programmes), $0.3mn to the Belize Electricity Limited and $1.0mn to the Development Finance Corporation (DFC). In addition, the Inter-American Development Bank allotted $8.3mn for the rehabilitation of the George Price Highway and other smaller projects, while the International Bank for Reconstruction and Development disbursed $2.6mn for the climate resilience infrastructure project.

Central Government amortized $38.2mn, of which $26.3mn was paid to multilateral creditors and $11.8mn went to ROC/ Taiwan. Meanwhile, loan repayments by the non-financial and financial public sector amounted to $1.5mn and $0.5mn, respectively.

Interest and other payments totalled $42.0mn. Of this amount, $26.0mn was paid on the 2034 bond, while bilateral and multilateral creditors were paid $4.7mn and $11.3mn, respectively, on concessional loans. At 3.3%, the annualized effective interest rate was

Table 5.5: Public Sector External Debt

			$mn
	DOD at: 12/31/2017	**DOD at: 30/06/2018**	**Change in Debt Stock**
Central Government	2,415.4	2,428.4	13.0
Bilateral	737.7	755.3	17.6
Multilateral	624.7	620.1	-4.6
Bonds	1,053.0	1,053.0	0.0
Non-Financial Public Sector	22.6	21.4	-1.2
Bilateral	0.0	0.0	0.0
Multilateral	22.6	21.4	-1.2
Bonds	0.0	0.0	0.0
Financial Public Sector	73.9	73.8	-0.1
Bilateral	0.0	0.0	0.0
Multilateral	73.9	73.8	-0.1
Bonds	0.0	0.0	0.0
Grand Total	2,512.0	2,523.6	11.7

P - Provisional

slightly lower than the 3.4% averaged at the end of June 2017.

At the end of the second quarter, Central Government held 96.2% of the public sector external debt, of which the 2034 bond holders and the Government of Venezuela, the two largest creditors, accounted for 41.7% and 17.0%, respectively. The financial and non-financial public sectors held the remaining balances of 2.9% and 0.8%, respectively.

ANNEX I

Table 6.1: Gross Domestic Product Growth Rates of Selected Countries

Percent

	Mar 2018	June 2018
US[1]	2.1	2.9
UK[1]	1.2	1.3
Euro Zone[1]	2.4	2.2
Japan[2]	-0.6	3.0

[1] Percentage change compared to the same quarter of the previous year.
[2] Percentage change on an annualised basis.
Source: Respective Statistical Bureaus

Table 6.2: Factors Responsible for Money Supply Movements[1]

$mn

	Position as at June 2018	Changes During Dec 2017 to June 2018	Changes During Dec 2016 to June 2017
Net Foreign Assets	914.6	55.2	69.3
Central Bank	619.3	-9.3	54.6
Domestic Bank	295.3	64.5	14.7
Net Domestic Credit	2,577.5	-37.7	-181.5
Central Government (Net)	548.9	-42.2	-163.4
Other Public Sector	27.0	20.4	-3.7
Private Sector	2,001.6	-15.9	-14.4
Central Bank Foreign Liabilities (Long-term)	50.3	-0.6	1.7
Other Items (Net)	481.2	-4.2	-31.0
Money Supply (M2)	2,960.6	22.3	-82.9

[1] Transactions associated with the Universal Health Services (UHS) loan with the Belize Bank Limited are not included in this table.

Table 6.3: Money Supply

$mn

	Position as at June 2018	Changes During Dec 2017 to June 2018	Changes During Dec 2016 to June 2017
Money Supply (M2)	2,960.6	22.3	-82.9
Money Supply (M1)	1,574.7	8.9	-5.1
Currency with the Public	317.5	-7.6	-8.5
Demand Deposits	1,229.0	16.7	2.9
Savings/Chequing Deposits	28.2	-0.2	0.5
Quasi-Money	1,385.9	13.4	-77.8
Savings Deposits	697.5	18.6	12.7
Time Deposits	688.4	-5.2	-90.5

Table 6.4: Net Foreign Assets of the Banking System

$mn

	Position as at June 2018	Changes During Dec 2017 to June 2018	Changes During Dec 2016 to June 2017
Net Foreign Assets of Banking System	914.6	55.2	69.3
Net Foreign Assets of Central Bank	619.3	-9.3	54.6
Central Bank Foreign Assets	621.2	-9.1	51.8
Central Bank Foreign Liabilities (Demand)	1.9	0.2	-2.8
Net Foreign Assets of Domestic Banks	295.3	64.5	14.7
Domestic Bank Foreign Assets	309.4	73.5	13.9
Domestic Bank Foreign Liabilities (Short-Term)	14.1	9.0	-0.8

Table 6.5: Net Domestic Credit

$mn

	Position as at June 2018	Changes During Dec 2017 to June 2018	Changes During Dec 2016 to June 2017
Total Credit to Central Government	680.4	-17.5	97.2
From Central Bank	339.0	-49.2	39.6
Loans and Advances	34.3	-13.0	6.0
Goverment Securities[1]	304.7	-36.2	33.6
From Domestic Banks	341.4	31.7	57.6
Loans and Advances	2.6	1.4	-1.5
Government Securities	338.8	30.3	59.1
Of which: Treasury Bills[2]	181.6	44.9	-35.0
Treasury Notes	157.2	-14.6	94.1
Other	0.0	0.0	0.0
Less Central Government Deposits	131.5	24.7	260.6
With Central Bank	100.9	12.8	260.4
With Domestic Banks	30.6	11.9	0.2
Net Credit to Central Government	548.9	-42.2	-163.4
Credit to Other Public Sector	27.0	20.4	-3.7
From Central Bank	0.0	0.0	0.0
From Domestic Banks	27.0	20.4	-3.7
Of which: Local Government	2.0	0.2	-0.4
Public Financial Institutions	0.0	0.0	0.0
Public Utilities	20.7	20.3	-1.1
Other Statutory Bodies	1.7	-0.1	-2.2
Securities	2.6	0.0	0.0
Plus Credit to the Private Sector	2,001.6	-15.9	-14.4
Loans and Advances	2,001.2	-15.9	-14.4
Securities	0.4	0.0	0.0
Net Domestic Credit of the Banking System[2]	2,577.5	-37.7	-181.5

[1] Includes Central Bank's holdings of Government Treasury bills and Treasury notes.
[2] Treasury bill holdings reported by domestic banks reflect a mix of par and market values.

Table 6.6: Sectoral Composition of Domestic Banks' Loans and Advances

$mn

	Position as at June 2018	Changes During Dec 2017 to June 2018	Changes During Dec 2016 to June 2017
PRIMARY SECTOR	209.0	-68.3	9.3
Agriculture	173.1	-67.3	25.1
Sugar	85.0	-2.6	7.6
Citrus	14.8	0.1	-2.5
Bananas	22.8	-58.5	13.6
Other	50.5	-6.3	6.4
Marine Products	31.6	-2.0	-1.6
Forestry	0.7	0.2	-0.3
Mining and Exploration	3.6	0.8	-13.9
SECONDARY SECTOR	689.3	69.7	-11.7
Manufacturing	70.6	35.8	6.7
Building and Construction	582.2	10.9	-18.7
Utilities	36.5	23.0	0.3
TERTIARY SECTOR	691.7	10.9	-4.6
Transport	57.3	0.0	-1.1
Tourism	117.9	1.7	-11.2
Distribution	166.0	7.7	9.4
Real Estate	291.4	0.5	6.3
Professional Services	48.9	-1.2	-1.2
Other	10.2	2.2	-6.8
PERSONAL LOANS	434.1	-6.4	-12.5
TOTAL	2,024.1	5.9	-19.5

(1) Includes Government services, financial institutions and entertainment.

Table 6.7: Domestic Banks' Liquidity Position and Cash Reserves

$mn

	Position as at June 2018	Changes During Dec 2017 to June 2018	Changes During Dec 2016 to June 2017
Holdings of Approved Liquid Assets	918.7	49.9	-176.4
Notes and Coins	86.3	10.8	0.2
Balances with Central Bank	441.3	-66.5	-161.6
Money at Call and Foreign Balances (due in 90 days)	195.8	102.5	0.2
Treasury Bills maturing in not more than 90 days	186.7	27.8	-20.0
Other Approved Assets	8.6	-24.7	4.8
Of which: Treasury Notes	0.0	0.0	-26.3
Required Liquid Assets	618.8	19.0	-6.9
Excess/(Deficiency) Liquid Assets	299.9	30.9	-169.5
Daily Average Holdings of Cash Reserves	440.5	-65.2	-157.4
Required Cash Reserves	228.7	7.0	-2.6
Excess/(Deficiency) Cash Reserves	211.8	-72.2	-154.8
Actual Securities Balances	181.7	45.0	-35.0
Excess/(Deficiency) Securities	181.7	45.0	-35.0

Table 6.8: Domestic Banks' Weighted Average Interest Rates

Percent

	Position as at June 2018	Changes During Dec 2017 to June 2018	Changes During Dec 2016 to June 2017
Weighted Lending Rates			
Personal Loans	10.54	-0.77	-0.25
Commercial Loans	9.03	-0.09	-0.14
Residential Construction	7.29	0.12	-0.28
Other	6.82	0.09	-0.39
Weighted Average	9.20	-0.14	-0.17
Weighted Deposit Rates			
Demand	0.01	0.00	0.00
Savings/Chequing	0.49	0.00	-0.27
Savings	2.71	0.21	-0.02
Time	1.99	-0.09	-0.08
Weighted Average	1.23	0.02	-0.05
Weighted Average Spread	7.97	-0.16	-0.12

Table 6.9: Domestic Banks' Weighted Average Interest Rates on New Loans and Deposits

Percent

	Twelve Month Rolling Averages At			Changes During	
	June 2018	Mar 2018	June 2017	June 2018 over Mar 2018	June 2018 over June 2017
Weighted Lending Rates					
Personal Loans	9.70	9.86	10.35	-0.16	-0.65
Commercial Loans	8.46	8.73	9.10	-0.27	-0.64
Residential Construction	7.16	7.02	6.72	0.14	0.44
Other	6.41	6.48	6.39	-0.07	0.02
Weighted Average	8.72	8.88	9.21	-0.17	-0.49
Weighted Deposit Rates					
Demand	0.00	0.00	0.01	0.00	-0.01
Savings/Chequing	0.69	1.07	1.17	-0.38	-0.48
Savings	2.46	2.25	2.02	0.21	0.44
Time	1.90	1.95	2.00	-0.05	-0.10
Weighted Average	1.58	1.72	1.86	-0.14	-0.28
Weighted Average Spread	7.14	7.16	7.35	-0.02	-0.21

Table 6.10: Real Gross Domestic Product Growth Rates(1)

Year-on-Year Percentage Change

	Jan - June 2017(1) over Jan - June 2016	Jan - June 2018(1) over Jan - June 2017
Agriculture, hunting and forestry	11.7	1.6
Fishing	25.5	-32.4
Manufacturing (including Mining and Quarrying)	2.4	-4.2
Electricity and Water	-1.9	28.8
Construction	-4.5	-0.9
Wholesale and Retail	7.6	5.7
Hotels and Restaurants	-1.9	13.7
Transport and Communication	-0.4	3.0
Other Private Services excluding Financial Services Indirectly Measured	0.2	0.8
Producers of Government Services	3.2	4.2
All Industries at Basic Prices	3.4	3.9
Taxes on Products	-12.6	0.1
GDP at Constant 2000 Prices	1.0	3.4

Source: SIB

(1) *constant 2000 prices - changes in percent*

R - Revised

P - Provisional

Table 6.11: Gross Domestic Product by Activity at Constant 2000 Prices

$mn

	Quarter 1 2017[R]	Quarter 2 2017[R]	Quarter 1 2018[R]	Quarter 2 2018[P]
Agriculture, Hunting and Forestry	82.5	78.6	76.8	86.9
Fishing	9.4	5.0	5.6	4.2
Manufacturing (including Mining and Quarrying)	54.4	52.4	51.3	51.1
Electricity and Water	31.3	34.2	37.0	47.3
Construction	23.2	21.4	21.2	23.1
Wholesale and Retail	138.7	143.6	146.1	152.4
Hotels and Restaurants	34.7	25.0	40.6	27.4
Transport and Communication	75.6	75.0	77.7	77.4
Other Private Services Excluding Financial Services Indirectly Measured	116.9	117.4	117.9	118.2
Producers of Government Services	75.4	77.6	79.6	79.8
All Industries at Basic Prices	642.2	630.3	653.6	667.9
Taxes on Products	95.1	95.6	93.5	97.5
GDP at Constant 2000 Prices	737.3	725.9	747.2	765.3

Source: SIB
[R] - Revised
[P] - Provisional

Table 6.12: Consumer Price Index Commodity Group

Percentage Change

Major Commodity	Weights	Apr 2018	May 2018	June 2018	June 2018 over May 2018	YTD 2018 over YTD 2017
Food and Non-Alcoholic Beverages	195	104.9	104.5	104.8	0.3	-0.4
Alcoholic Beverages and Tobacco	17	107.3	106.7	107.2	0.5	4.6
Clothing and Footwear	83	97.8	97.6	97.7	0.1	-0.2
Housing, Water, Electricty, Gas, and Other Fuels	265	104.1	103.9	103.9	0.0	0.4
Furnishing, Household Equipment, and Routine Household Maintenance	69	101.5	101.4	101.5	0.1	0.3
Health	41	116.2	117.2	117.2	0.0	2.4
Transport	136	109.1	110.1	112.6	2.2	-0.6
Communication	33	101.7	101.0	100.7	-0.3	0.5
Recreation and Culture	69	104.1	104.3	104.0	-0.2	-1.8
Education	32	102.7	103.3	103.3	0.0	-0.5
Restaurants and Hotels	7	114.6	120.1	120.1	-0.0	-0.3
Miscellaneous Goods and Services	52	104.3	104.2	105.6	1.4	0.9
All Items	1,000	104.7	104.7	105.0	0.3	0.0

Source: SIB

Table 6.13: Gross Imports at Cost, Insurance and Freight (CIF) by Standard International Trade Classification (SITC)

$’000

SITC Section	Jan - June 2017	Jan - June 2018	$ Change	% Change
0. Food and Live Animals	109,439	109,133	(306)	(0.3)
1. Beverages and Tobacco	18,745	18,792	46	0.2
2. Crude Materials	19,132	13,711	(5,421)	(28.3)
3. Minerals, Fuels and Lubricants	133,366	157,740	24,374	18.3
Of which: Electricity	26,554	19,103.0	(7,451)	(28.1)
4. Oils and Fats	8,498	8,315	(183)	(2.2)
5. Chemical Products	89,274	85,161	(4,113)	(4.6)
6. Manufactured Goods	120,904	117,605	(3,299)	(2.7)
7. Machinery and Transport Equipment	182,560	190,700	8,140	4.5
8. Other Manufactures	81,345	73,073	(8,272)	(10.2)
9. Commodities not elsewhere specified	323	5	(318)	
10. Export Processing Zones	20,658	21,421	763	3.7
11. Commercial Free Zone	134,802	145,142	10,340	7.7
12. Personal Goods	1,823	1,480	(343)	(18.8)
Total	920,871	942,278	21,407	2.3

Sources: CBB and SIB

Table 6.14: Balance of Payments

	Jan - June 2017R	Jan - June 2018P
		$mn
CURRENT ACCOUNT	-49.3	-26.1
Goods: Exports FOB	500.7	462.4
Goods: Imports FOB	833.0	852.1
Trade Balance	-332.3	-389.7
Services: Credit	564.6	676.8
Transportation	35.5	27.1
Travel	430.0	534.0
Other Goods and Services	55.9	94.0
Government Goods and Services	43.2	21.8
Services: Debit	241.7	221.6
Transportation	63.2	64.7
Travel	45.0	44.9
Other Goods and Services	106.5	94.1
Government Goods and Services	26.9	17.9
Balance on Goods and Services	-9.4	65.4
Primary Income: Credit	7.7	18.2
Compensation of Employees	2.4	2.4
Investment Income	5.3	15.8
Primary Income: Debit	121.6	171.7
Compensation of Employees	7.9	7.0
Investment Income	113.7	164.7
Balance on Goods, Services and Primary Income	-123.2	-88.1
Secondary Income: Credit	119.5	109.1
Secondary Income: Debit	45.6	47.1
CAPITAL ACCOUNT	18.9	18.7
Capital Account: Credit	18.9	18.7
Capital Account: Debit	0.0	0.0
FINANCIAL ACCOUNT	-127.8	-38.2
Direct Investment Abroad	0.5	0.2
Direct Investment in Reporting Economy	117.3	110.5
Portfolio Investment Assets	0.0	0.0
Portfolio Investment Liabilities	0.0	0.0
Financial Derivatives	0.0	0.0
Other Investment Assets	12.6	71.8
Other Investment Liabilities	23.7	-0.3
NET ERRORS AND OMISSIONS	-45.5	-39.1
OVERALL BALANCE	51.8	-8.2
RESERVE ASSETS	51.8	-8.2

Source: CBB
R - Revised
P - Provisional

Table 6.15: International Investment Position

			$mn
	Jan - Mar 2018	Apr - June 2018	Quarterly Change
Net position	-6,153.203	-6,215.950	-62.7
A. Assets	1,031.488	1,044.429	12.9
1. Direct Investment Abroad	137.882	137.882	0.0
2. Portfolio Investment	25.089	26.765	1.7
2.1 Equity Securities	16.840	18.464	1.6
2.2 Debt Securities	8.250	8.300	0.1
3. Other Investment	267.158	263.998	-3.2
3.1 Trade Credits	-1.258	-1.258	0.0
3.2 Loans	6.698	6.579	-0.1
3.3 Currency and Deposits	235.448	236.448	1.0
3.4 Other Assets	6.060	4.005	-2.1
4 . Reserve Assets	601.359	615.785	14.4
4.1 Monetary Gold	0.000	0.000	0.0
4.2 Special Drawing Rights	58.357	56.508	-1.8
4.3 Reserve Position in the Fund	18.102	17.533	-0.6
4.4 Foreign Exchange	506.094	522.938	16.8
4.5 Other Claims	18.806	18.806	0.0
B. Liabilities	7,184.691	7,260.379	75.7
1. Direct Investment	4,323.017	4,359.562	36.5
2. Portfolio Investment	1,053.004	1,053.004	0.0
2.1 Equity Securities	0.000	0.000	0.0
2.2 Debt Securities	1,053.004	1,053.004	0.0
3. Other Investment	1,808.670	1,847.812	39.1
3.1 Trade Credits	-0.069	4.401	4.5
3.2 Loans	1,739.994	1,767.842	27.8
3.3 Currency and Deposits	68.321	74.638	6.3
3.4 Other Liabilities	0.424	0.931	0.5

Table 6.16: Extended Balance of Payment Services Classifications (EBOPS)

			$mn
		Jan - June 2017	Jan - June 2018
Total Services	Net	322.9	455.2
	Credits	564.6	676.8
	Debits	241.7	221.6
Manufacturing Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Maintenance and Repair Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Transportation	Net	-27.7	-37.6
	Credits	35.5	27.1
	Debits	63.2	64.7
Travel	Net	384.9	489.0
	Credits	430.0	534.0
	Debits	45.0	44.9
Telecommunications, Computer, and Information Services	Net	12.4	15.8
	Credits	21.8	24.1
	Debits	9.4	8.3
Construction Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Insurance and Pension Services	Net	-37.8	-43.9
	Credits	0.3	0.4
	Debits	38.2	44.3
Financial Services	Net	2.0	1.1
	Credits	4.7	4.1
	Debits	2.7	3.0
Charges for the use of Intellectual Property, n.i.e.	Net	-3.3	-5.0
	Credits	0.0	0.0
	Debits	3.3	5.0
Other Business Services	Net	-23.4	32.6
	Credits	29.1	65.3
	Debits	52.5	32.7
Personal, Cultural and Recreational Services	Net	-0.4	-0.7
	Credits	0.000	0.0
	Debits	0.433	0.7
Government Services, n.i.e.	Net	16.3	3.8
	Credits	43.2	21.8
	Debits	26.9	17.9

Table 6.17: Private Sector External Debt by Economic Sector[1,2]

Economic Sectors	DOD as at 31/12/2017	Transactions (Jan - June 2018) Disbursements	Principal Payments	Interest Payments	DOD as at 31/03/2018
Long Term:					
Agriculture	57,118	0	0	0	57,118
Arts, Entertainment and Recreation	1,700	0	0	0	1,700
Construction	42,682	0	2,651	2,066	40,031
Economic Diversification	556	0	111	14	444
Education	0	0	0	0	0
Electricity and Gas	5,133	0	12	808	5,121
Financial and Insurance Activities	111	0	0	0	111
Fishing	53,503	0	2,901	590	50,602
Information and Communication	175	0	65	3	109
Real Estate Activities	1,258	0	0	0	1,258
Toursim Activities	25,263	0	0	0	25,263
Transportation	37,908	0	2,522	880	35,387
Wholesale and retail trade	1,072	0	14	3	1,057
Other	2,554	0	0	0	2,554
Total	229,033	0	8,277	4,364	220,756

(1) The loans only cover that portion of the private sector debt that is reported to the Central Bank of Belize.
(2) At the time of reporting not all companies have submitted their balance sheets to the Central Bank of Belize.

Table 6.18: Exports of Sugar and Molasses

	Jan - June 2017		Jan - June 2018	
	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)
Sugar	114,263	107,557	111,405	73,141
E.U.	102,700	94,092	109,767	71,384
USA	10,868	12,611	0	0
Caricom	673	819	1,560	1,664
Other	22	34	79	93
Molasses	27,814	5,812	29,820	4,773

Source: SIB

Table 6.19: Export Sales of Citrus Products

	Jan - June 2017		Jan - June 2018	
	Pound Solid ('000)	Value ($'000)	Pound Solid ('000)	Value ($'000)
Citrus Concentrates				
U.S.A.				
Orange	5,010.5	15,194	5,637.0	15,414
Grapefruit	0.0	0	0.0	0
Caribbean				
Orange	3,542.9	13,059	3,625.3	13,549
Grapefruit	206.7	773	144.0	764
Europe				
Orange	1,698.3	4,676	911.3	2,849
Grapefruit	397.9	1,431	261.8	1,022
Other				
Orange	0.0	0	68.0	225
Grapefruit	90.2	331	132.5	714
Sub-Total(1)	10,946.6	35,465	10,779.9	34,537
Orange	10,251.7	32,930	10,241.5	32,036
Grapefruit	694.9	2,535	538.3	2,500
Not-From-Concentrate				
Sub-Total	30.8	166	25.5	133.0
Orange	25.6	135	21.6	110
Grapefruit	5.2	30	4.0	23
Total Citrus Juices	10,977.4	35,630	10,805.4	34,670
Pulp (pounds '000)				
Total(1)	459.2	370	1,216.5	925
Orange	459.2	370	1,110.1	843
Grapefruit	0.0	0	106.4	82

Source: CPBL

(1) Values may not be equal to total due to rounding.

Table 6.20: Exports of Marine Products

	Jan - June 2017		Jan - June 2018	
	Volume ('000 pounds)	Value ($'000)	Volume ('000 pounds)	Value ($'000)
Lobster	357	7,101	355.2	8,539.8
Shrimp	741	6,764	224.3	921.2
Conch	336	4,075	376	5,236.9
Other Fish	160	206.7	21	42.7
Total	1,594	18,146	976	14,741

Sources: SIB and CBB

Table 6.21: Banana Exports

	Jan - June 2017	Jan - June 2018
Volume (metric tons)	42,430	36,190
Value ($'000)	47,304	38,414

Source: BGA

Table 6.22: Petroleum Exports

	Jan - June 2017	Jan - June 2018
Volume (Barrels)	133,866	133,048
Value ($'000)	11,385	15,922

Sources: Geology and Petroleum Department and SIB

Table 6.23: Other Major Exports

	Jan - June 2017	Jan - June 2018
Other Miscellaneous Exports ($'000)	46,844	40,737
of which:		
Papaya		
Volume ('000 lbs)	2,159	1,399
Value ($'000)	874	605

Sources: SIB and CBB

Table 6.24: Central Government Domestic Debt by Creditor

$'000

	Disbursed Outstanding Debt 31/12/17[R]	TRANSACTIONS THROUGH JUNE 2018				Disbursed Outstanding Debt 30/06/18[P]
		Disbursement/ New Issue of Securities	*Amortization/ Reduction in Securities*	*Interest*	*Net Change in Overdraft/ Securities*	
Overdraft/Loans	47,235	0	0	1,882	(12,981)	34,255
Central Bank	47,235	0	0	1,882	(12,981)	34,255
Domestic Banks	0	0	0	0	0	0
Treasury Bills	245,000	0	0	1,442	0	245,000
Central Bank	106,823	0	0	533	(43,965)	62,858
Domestic Banks	136,700	0	0	901	44,863	181,563
Other	1,477	0	0	8	(898)	579
Treasury Notes	640,000	16,008	16,008	14,353	0	640,000
Central Bank	234,100	16,008	8	4,947	(8,277)	241,823
Domestic Banks	171,771	0	15,000	3,498	444	157,215
Other	234,129	0	1,000	5,907	7,833	240,962
Belize Bank Limited[(1)]	91,000	0	0	0	0	91,000
Heritage Bank Limited	1,020	0	383	43	0	637
Belize Social Security Board[(2)]	311	0	23	12	0	288
Fort Street Tourism Village	0	215	81	0	0	135
Debt for Nature Swap	1,970	0	91	28	0	1,879
Total	1,026,537	16,223	16,586	17,760	(12,981)	1,013,193

R - Revised
P - Provisional
(1) Caribbean Court of Justice award in November 2017 against the Government of Belize in favour of Belize Bank relating to the loan guarantee.
(2) Government has outstanding loan with BSSB for Hopeville Housing Project.

Table 6.25: Central Government Revenue and Expenditure

$'000

	Approved Budget 2018/2019	Jan 2017 to June 2017	Jan 2018 to June 2018	Apr 2017 to June 2017	Apr 2018 to June 2018[P]	Fiscal YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	1,183,327	543,217	597,980	282,064	299,960	25.3%
1). Current Revenue	1,134,915	529,084	578,252	281,275	298,933	26.3%
Tax Revenue	1,022,580	478,139	514,176	243,912	266,633	26.1%
Income and Profits	277,322	136,080	144,064	67,108	72,402	26.1%
Taxes on Property	6,241	4,224	3,673	2,090	1,666	26.7%
Taxes on Goods and Services	568,542	259,611	286,976	133,589	150,605	26.5%
International Trade and Transactions	170,296	78,225	79,463	41,125	41,960	24.6%
Non-Tax Revenue	112,335	50,945	64,076	37,363	32,300	28.8%
Property Income	30,021	2,950	16,410	1,505	6,884	22.9%
Licences	16,947	10,033	12,831	5,653	6,267	37.0%
Other	65,367	37,962	34,835	30,205	19,148	29.3%
2). Capital Revenue	3,301	1,071	981	442	535	16.2%
3). Grants	45,111	13,062	18,747	347	492	1.1%
TOTAL EXPENDITURE (1+2)	1,208,717	598,545	582,784	261,133	250,548	20.7%
1). Current Expenditure	1,051,354	496,199	516,220	226,946	232,253	22.1%
Wages and Salaries	431,681	209,218	215,694	107,238	108,968	25.2%
Pensions	91,428	44,612	43,826	23,631	22,666	24.8%
Goods and Services	238,375	105,237	112,992	43,252	44,071	18.5%
Interest Payments on Public Debt	111,901	55,145	58,547	12,409	15,741	14.1%
Subsidies and Current Transfers	177,968	81,986	85,161	40,417	40,808	22.9%
2). Capital Expenditure	157,364	102,346	66,564	34,187	18,295	11.6%
Capital II (Local Sources)	61,921	56,466	28,226	12,046	11,297	18.2%
Capital III (Foreign Sources)	93,144	44,254	37,760	21,550	6,420	6.9%
Capital Transfer and Net Lending	2,299	1,625	578	591	578	25.1%
CURRENT BALANCE	83,561	32,885	62,032	54,329	66,679	79.8%
PRIMARY BALANCE	86,511	(183)	73,743	33,340	65,153	75.3%
OVERALL BALANCE	(25,390)	(55,328)	15,196	20,931	49,412	-194.6%
Primary Balance less grants	41,400	(13,245)	54,996	32,993	64,660	156.2%
Overall Balance less grants	(70,502)	(68,390)	(3,550)	20,584	48,920	-69.4%
FINANCING	25,390	55,328	(15,196)	(20,931)	(49,412)	
Domestic Financing		(14,232)	(80,073)	(58,823)	(69,324)	
Central Bank		(220,875)	(104,137)	(263,660)	(71,172)	
Net Borrowing		39,654	(58,452)	(15,423)	(36,077)	
Change in Deposits		(260,528)	(45,685)	(248,238)	(35,094)	
Commercial Banks		58,548	35,992	72,383	(5,331)	
Net Borrowing		58,714	17,996	65,752	7,274	
Change in Deposits		(166)	29,924	6,631	(12,605)	
International Banks		1,008	(11,928)	1,052	(360)	
Other Domestic Financing		147,086	0	131,403	7,538	
Financing Abroad		69,642	64,949	43,675	16,400	
Disbursements		114,035	13,398	69,020	37,307	
Amortization		(44,393)	51,552	(25,344)	(20,907)	
Nationalization of BTL		0	0	0	0	
Other [(1)]		(81)	(73)	(5,784)	3,512	

Sources: CBB and MOF
[P] - Provisional

Table 6.26: Public Sector External Debt by Creditor

$'000

	Disbursed Outstanding Debt 31/12/17[R]	TRANSACTIONS THROUGH JUNE 2018 Disbursements	Principal Payments	Interest & Other Payments	Parity Change	Disbursed Outstanding Debt 30/06/18[P]
CENTRAL GOVERNMENT	2,415,444	51,552	38,154	41,241	-412	2,428,429
Government of Venezuela[(1)]	419,615	9,529	0	327	-0	429,144
Kuwait Fund for Arab Economic Development	26,512	0	0	144	-122	26,390
Mega International Commercial Bank Company LTD.	50,000	0	0	1,010	0	50,000
Republic of China	241,601	20,000	11,824	3,279	0	249,777
Caribbean Development Bank	259,805	10,865	11,714	4,382	0	258,957
Caricom Development Fund	799	0	415	37	0	384
European Economic Community	8,442	0	489	36	-230	7,724
Inter-American Development Bank	228,478	8,260	9,431	3,361	0	227,307
International Fund for Agriculture Development	2,924	0	168	33	-60	2,696
International Bank for Reconstruction and Development	32,242	2,600	791	521	0	34,051
Opec Fund for International Development	70,574	297	2,436	1,484	0	68,436
Central American Bank for Economic Integration	21,447	0	887	631	0	20,560
Bank of New York	1,053,004	0	0	25,996	0	1,053,004
NON-FINANCIAL PUBLIC SECTOR	22,620	282	1,508	356	0	21,394
Caribbean Development Bank[(2)(3)]	22,620	282	1,508	356	0	21,394
FINANCIAL PUBLIC SECTOR	73,905	1,000	450	444	-628	73,825
Caribbean Development Bank	22,845	1,000	431	444	0	23,413
European Economic Community	93	0	19	0	0	72
International Monetary Fund[(4)]	50,968	0	0	0	-628	50,339
GRAND TOTAL	2,511,969	52,833	40,112	42,041	-1,041	2,523,648

R - Revised

P - Provisional

(1) Since September 2017, debt service payments for oil imports have been suspended due to U.S. sanctions on Petroleos de Venezuela, S.A. Unpaid debt service payments up to the end of June 2018 amount to principal of $11.9mn and interest of $2.8mn.

(2) Effective 21 June 2011, the nationalization of Belize Electricity Limited caused an increase ($23.1mn) in debt, which was matched by Government's acquisition of assets of equal value.

(3) Effective 3 October 2005, loans to BWSL were reclassified as public sector debt as a result of Government of Belize's repurchase of the company.

(4) International Monetary Fund Special Drawing Rights allocation is included as part of the financial public sector external debt obligation.