



Review of Economic and Financial Developments

June 2008



Overview

After a slight contraction in the first quarter, the economy accelerated with increased activity in the marine sector, distributive trade and petroleum extraction contributing to overall growth of 4.0% for the first half of the year. Inflationary pressure intensified somewhat with price hikes for a broad array of goods and services accounting for a 3.1% increase in the Consumer Price Index in the February to May period. The Statistical Institute of Belize also reported an annual point to point increase in the CPI of 6.9% (May 2008 over May 2007) mainly reflecting rising prices for basic food stuffs and fuel dependent activities.

The external position remained stable notwithstanding a substantial deterioration in the current account of the balance of payments. The latter shifted from a small surplus in the first half of 2007 to a \$145.1mn deficit for the comparable period of 2008 mainly due to a substantial rise in the trade deficit, commercial bank profit repatriation and a reduction in inflows from tourism and grants. These outflows were fortuitously offset by a sizable surplus in the capital and financial account that came mainly from foreign direct investment for construction of condominiums. In addition to closing the current account

gap, external inflows pushed the official foreign reserves up by \$58.9mn with import coverage rising to 2.5 months of merchandise imports (compared to 1.9 months at the end of June 2007).

During the first quarter of the 2008/09 fiscal year (April-June) improvements in current, overall and primary balances enabled the government to significantly reduce its reliance on Central Bank financing. The fiscal outturn for the first half of the calendar year also contrasted positively with the comparable period of the previous year with the current surplus rising from 0.1% to 2.4% of GDP, the overall balance swinging from a deficit of 1.2% of GDP to a small surplus and the primary surplus also rising modestly from 1.9% to 2.1% of GDP. Total revenues were 3.0% higher mainly due to higher receipts from the petroleum industry and the GST while expenditures came in 5.8% lower due to reductions in payments to external creditors and outlays for externally financed capital projects.

While the government's domestic debt declined by \$16.5mn reflecting loan repayments and a reduction in the Central Bank overdraft balance, the public sector's external debt registered a marginal \$0.4mn increase and stood



at \$1,945.5mn with external disbursements for the first half of the year totaling \$53.0mn. Principal and interest payments to external creditors summed to \$99.5mn.

Broad money grew by 9.9% in the review period driven by foreign inflows from direct investment as well as credit provided to the private sector from external lenders and the domestic banking system. Continuing an existing trend, the bulk of funds extended by the domestic commercial banks were assigned for personal loans, distributive trade, the utilities and real estate entities. In tandem with the rise in lending activity, the excess statutory liquidity of the commercial banks contracted by 8.7% in the second quarter and stood at approximately

\$87.0mn at the end of June. The latter represented a 48.7% increase over the position at the end of 2007 while remaining some 4.6% below the consolidated position in mid 2007. Excess cash reserves were up by a substantial 255.2% in the six month period and at \$30.6mn, stood some 131.2% above the position at the end of June 2007. In other developments, the weighted average interest rate spread of the banks declined from 8.33% to 8.04% during the semester, reflecting quarterly increases in the weighted average deposit rate of 6 basis points and 14 basis points, respectively, while the weighted average lending rate registered a decline in the second quarter of 9 basis points.



Domestic Production And Prices

A resurgence in key export oriented industries as well as brisk activity in wholesale and retail trade and telecommunications contributed to GDP growth of 4.0% that was just under the 4.4% realized in the first half of 2007.

Fishing grew by 17.0% spurred by a strong rebound in farmed shrimp in the second quarter and maturing investments for cultivation of tilapia and cobia. Agriculture, hunting and forestry also expanded by 4.7% as higher production from citrus and banana more than compensated for declines in sugarcane and papaya. In view of production declines in sugar and garments, the 1.1% growth in manufacturing was mainly on the strength of a significant increase in petroleum extraction, and to a lesser extent, production of citrus juices. A surge in imports for the domestic market combined with increased activity in the Corozal Free Zone supported a 7.8% expansion in the wholesale and retail sector and a major programmed expansion and upgrade of cellular services was largely responsible for the 6.4% increase in transport and communications. Dampers on growth included a 16.7% contraction in the electricity and water sub-sector as reduced rainfall led to a

Table 1.1: Growth Rate of Real GDP by Sector

	Half year on Half Year growth (%)	
	H1-07 Over H1-06	H1-08 Over H1-07
Agriculture, hunting & forestry	-1.3	4.7
Fishing	-53.1	17.0
Manufacturing (incl. mining & quarrying)	5.8	1.1
Electricity & water	18.3	-16.7
Construction	-3.7	-0.7
Wholesale & Retail	7.0	7.8
Hotels & Restaurants	8.8	-5.0
Transport & communication	11.4	6.4
Other private services exc. FISIM	3.6	2.0
Producers of government services	2.6	2.8
All industries at basic prices	2.4	2.9
Taxes on products	18.4	10.8
GDP at Constant 2000 Prices(%)	4.4	4.0
GDP at Constant 2000 prices (BZ\$mn)	1,206.3	1,254.6

Source: Statistical Institute of Belize

lowering in hydroelectricity output. Declines in stay-over tourist arrivals and cruise ship disembarkations also resulted in a 5.0% contraction in value added from hotels and restaurants.

Inflationary pressure intensified somewhat in the review period in response to rising food and fuel prices. The annual increase in the Consumer Price Index (May 2008 over May 2007) measured 6.9% with the strongest cost push coming from price hikes for basic food staples and fuel dependent



Table 1.2 : Deliveries of Sugarcane and Production of Sugar and Molasses

	Dec 2006 to Jun 2007	Dec 2007 to Jun 2008
Deliveries of Sugarcane to BSI (long tons)	1,129,137	974,317
Sugar Processed by BSI (long tons)	92,208	77,810
Molasses processed by BSI (long tons)	42,950	39,085
Performance		
Factory Time Efficiency (%)	90.93	88.55
Cane Purity (%)	80.61	80.52
Cane/Sugar	12.11	12.46

Source: Belize Sugar Industries

activities such as transportation.

Sugar

The impact of Hurricane Dean, continued froghopper losses and flooding from Tropical Storm Arthur in June caused sugarcane deliveries for the crop year to fall by 13.7% to 974,317 long tons. This was exacerbated by a 2.9% worsening in the cane/sugar ratio, so sugar production fell by 15.6% to 77,810 long tons, the lowest level of the past 12 years. The marked fall in factory throughput led to a 9.0% contraction in molasses production, which stood at 39,085 long tons. Meanwhile, escalating freight costs eroded revenue gains from the appreciation of the Euro relative to the US dollar since sugar is

sold to the EU in Euros on a c.i.f. basis. The 2007/2008 sugarcane price to farmers consequently decreased by 4.1% to \$52.02 per long ton compared to the \$54.22 received for the 2006/2007 crop.

Citrus

At the end of June, citrus deliveries for the 2007/2008 crop were up 2.9% to 6.9mn boxes. While the orange crop had been forecasted to contract by 1.9%, the 5.5mn boxes delivered equated to a 4.9% increase that was mainly due to a sizeable second crop. In the case of grapefruit, production was originally forecasted to increase by 6.9%, but significantly lower crop prices discouraged harvest and triggered a 4.1% fall in deliveries to 1.4mn boxes.

In line with deliveries, juice production rose by 7.3% to 38.7mn pound solids (ps) mainly reflecting an 8.7% rise in output of concentrates. Due to its lower profit margin, there was less focus on not-from-concentrate (NFC), output that was down by 32.1% to 0.8mn ps. Output of pulp decreased by 11.0% to 1.9mn pounds while oil production conversely increased by 31.2% to 2.0mn pounds.

Developments in the United States continued to influence Belize's export



Table 1.3 : Output of Citrus Products

	Oct 2006 to Jun 2007	Oct 2007 To Jun 2008
Deliveries (boxes)		
Orange	5,221,20	5,476,949
Grapefruit	<u>1,504,89</u>	<u>1,443,676</u>
Total	6,726,09	6,920,62
Concentrate Produced		
Orange	29,413,7	32,190,91
Grapefruit	<u>5,392,04</u>	<u>5,642,008</u>
Total	34,805,7	37,832,9
Not from concentrate		
Orange	560,432	663,026
Grapefruit	<u>688,179</u>	<u>185,397</u>
Total	1,248,61	848,423
Pulp (pounds)		
Orange	2,032,79	1,848,776
Grapefruit	<u>46,216</u>	<u>1,440</u>
Total	2,079,01	1,850,21
Oil Produced (pounds)		
Orange	1,405,20	1,796,300
Grapefruit	<u>131,720</u>	<u>218,200</u>
Total	1,536,92	2,014,50

Sources: Citrus Products of Belize, Citrus Growers

sales as a moderate rebound in Florida's orange crop and flat per capita orange juice consumption in the US pushed average export prices lower. Export prices for grapefruit juice also fell as the US entered the season with higher juice inventories. The final prices to be paid to local growers are consequently expected to fall from \$2.19 to \$1.41 per pound solid (pps) for orange and from \$1.44 to \$0.89 pps for grapefruit.

Banana

Better grove management and improved agronomic conditions boosted banana production to 2.1mn

boxes, in line with the annual forecast of 4.0mn boxes. Acreage under harvestable trees in June stood at 6,241.9 compared to 5,915.5 acres in February, while the area under plantilla (trees too young for harvesting) fell from 498.9 acres to 174.5 acres.

The duty-free, quota-free (DFQF) EU import regime for banana implemented at the start of this year provided farmers with a respite from the out-of-quota tariffs incurred under the first come, first served system of 2006 and 2007. Growers nevertheless continued to meet their share of the out-of-quota tariffs incurred for the 2007 shipments by way of a US\$0.24 deduction per 40 pound box of fruit sold to Fyffes during 2008. After deductions, the average box price rose to US\$6.97, a 9.2% increase that has been completely offset by the higher cost of energy and other inputs. The real average fruit price should therefore remain close to

Table 1.4: Banana Production

	40 pound boxes	
	2007	2008
Quarter I	632,489	1,105,354
Quarter II	925,325	1,075,872
Total	1,557,814	2,181,226

Source: Banana Growers' Association



last year's level.

Tourism

Notwithstanding the slackening of growth in the USA and the challenges of rising food and fuel prices, world tourism showed some resilience in the beginning months of 2008 with most regions posting positive growth. In the Caribbean, the data for the first four months of the year showed tourism growing by 5.0%, an improvement over the previous year's sluggish performance.

Belize, on the other hand, experienced a downturn in the arrivals of stay-over visitors. Arrivals decreased by 0.7%, compared to the 2.1% increase recorded in the first half of 2007.

Tourist arrivals through the international airport, the main entry point, fell by 0.6%, while non-cruise, sea arrivals declined by 9.5%. In contrast, entries through the land ports were fairly stable. The United States continued to be the major market, accounting for 88,928 visitors (a 5.5% decline relative to 2007) while arrivals from the EU, the second largest market, grew by 2.3% to 16,194.

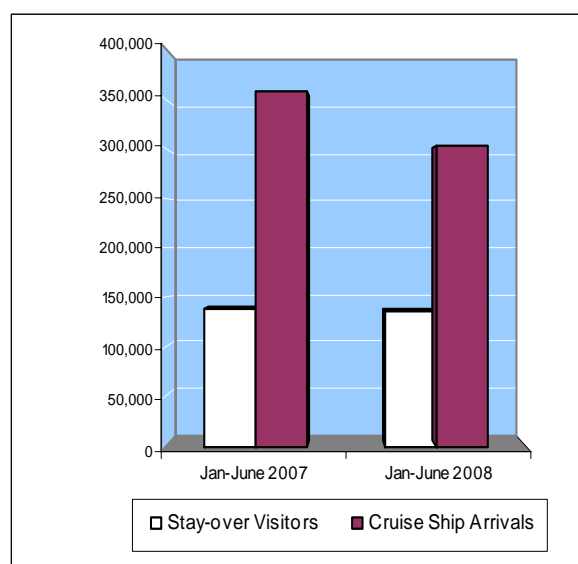
Cruise ship passenger arrivals experienced a further decline, contracting by 15.2% to 303,541 as the number of port calls to Belize fell from

Table 1.5: Bona Fide Tourist Arrivals

	2007 Jan-Jun	2008 Jan-Jun
Stay-over Arrivals		
Air	109,703	109,099
Land	23,952	24,134
Sea	5,497	4,973
Total	139,151	138,207
Cruise Ship	358,047	303,541

Sources: Belize Tourism Board, Immigration Department and Central Bank of Belize

Chart 1.1: Tourist Arrivals



176 to 162. The latter resulted not only from the decision of cruise liners to shorten their itineraries in reaction to rising fuel costs but also the impact of the tottering US economy on demand for the Caribbean as a destination.



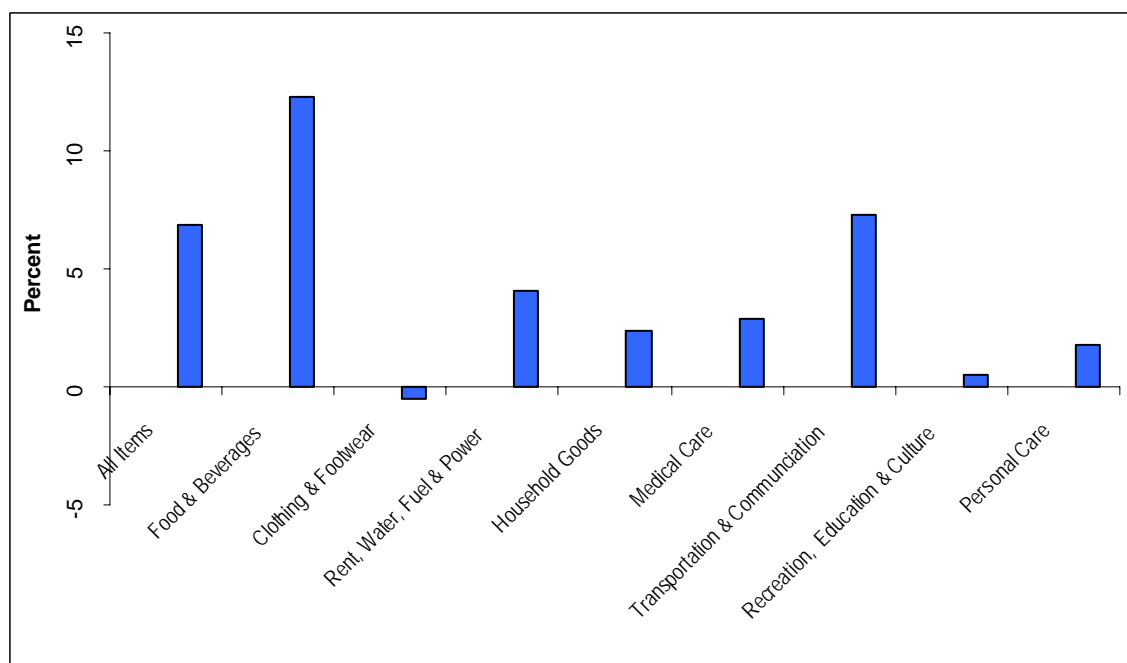
Consumer Price Index

The consumer price index rose by 3.1 percentage points in the second quarter reflecting higher price levels for all categories of goods and services except for 'Clothing and Footwear'. Over the twelve month period (May 2007 to May 2008) the increase in the general price level was 6.9% as the transportation and rent, fuel and power categories were pushed upward by the inexorable climb in international oil prices.

The sharpest increase was in 'Food, Beverage and Tobacco' (12.3%) which experienced the lagged pass through effects of previous increases in the cost of grains such as wheat, soybean and corn. Prices for food staples such

as flour, whole chicken, rice, tomatoes and cooking oil were consequently higher with flour, cooking oil and chicken continuing to lead the price surge in the 'food' sub-category. An 8.8% growth in the price of gasoline contributed substantially to the 7.3% increase in 'Transportation & Communication' services, while rising butane prices explained the 4.1% increase in the 'Rent, Water, Fuel & Power' category. The cost of 'Medical Care' and 'Household Goods & Maintenance' also increased by 2.9% and 2.4%, respectively. In contrast, the 'Clothing & Footwear' index fell by 0.5%.

Chart 1.2: Annual Percentage Change in Consumer Price Index





International Trade and Payments

Significant growth in outlays for imports, dividend payments and freight charges coupled with lower receipts from tourism and grants resulted in a sizeable current account deficit of \$145.1mn compared to the surpluses achieved in the previous two years. The expanded deficit was buffered by robust growth in foreign direct investment and the scaling down of debt amortization subsequent to the restructuring of the government's high cost, external, commercial debt in the first quarter of 2007. The capital and financial account consequently yielded a substantially higher surplus of \$201.0mn which financed the current account deficit and boosted the gross international reserves to \$276.0mn, the equivalent of 2.5 months of merchandise imports and the highest level since October 2005.

The trade deficit widened by 69.1% to \$320.6mn as a 27.3% growth in imports (f.o.b.) far outpaced the 8.9% rise in exports (f.o.b.). The significant rise in imports, which stood at \$788.6mn at the end of June was fueled by a \$23.6mn increase in imports for the Commercial Free Zone as well as a \$145.7mn growth in imports into the domestic economy. The latter was dominated by higher

Table 2.1: Balance of Payments Summary

(BZ\$m)		
	2007 ^R Jan-Jun	2008 ^P Jan-Jun
A. CURRENT ACCOUNT		
(I+II+III+IV)	16.8	-145.1
I. Goods (Trade Balance)	-189.6	-320.6
Exports, f.o.b.	429.7	468.0
Domestic Exports	277.3	294.1
CFZ Gross Sales	131.3	152.5
Re-exports	21.1	21.4
Imports, f.o.b.	619.3	788.6
Domestic Imports	512.2	657.9
CFZ Imports	107.1	130.7
II. Services	274.2	291.3
Transportation	-18.4	-41.1
Travel	299.7	293.5
Other Services	-7.2	39.0
III. Income	-158.1	-204.2
Compensation of Employees	-4.5	-5.6
Investment Income	-153.6	-198.7
IV. Current Transfers	90.4	88.4
Government	15.2	-1.0
Private	75.2	89.4
B. CAPITAL & FINANCIAL ACCOUNT		
(I+II)	55.6	201.0
I. Capital Account	0.9	3.7
II. Financial Account (1+2+3+4)	54.7	197.3
1. Direct Investment in Belize	103.0	188.5 ⁽¹⁾
2. Portfolio Investment	162.3	1.7
Monetary Authorities	0.0	0.0
General Government	162.7	-4.6
Banks	0.0	6.6
Other Sectors	-0.3	-0.3
3. Financial Derivatives	0.0	0.0
4. Other Investments	-210.7	7.2
Monetary Authorities	37.1	-0.6
General Government	-207.9	2.2
Banks	-72.7	-20.4
Other Sectors	32.8	26.0
C. NET ERRORS & OMISSIONS	-63.0	3.0
D. OVERALL BALANCE	9.4	58.9
E. RESERVE ASSETS*	-9.4	-58.9

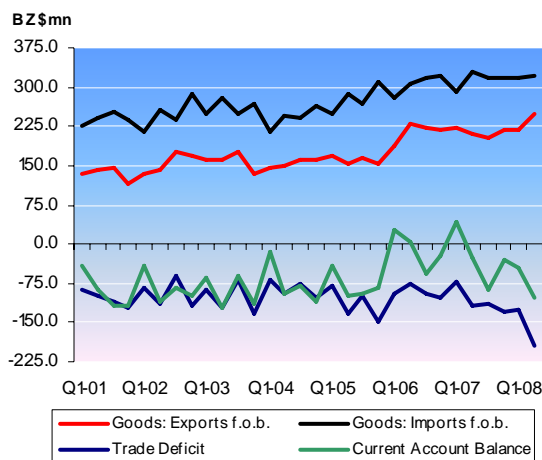
P- indicates Provisional, R- indicates Revised

(1) Includes sale of UHS for \$45.0mn.

* Minus = increase



Chart 2.1: Current Account vs. Trade Deficit



outlays for telecommunication equipment, construction materials, transportation equipment, general food items, and electricity that eclipsed a reduction in imported inputs for export processing zones.

Growth in total exports included a \$21.2mn increase in CFZ sales and a \$16.8mn rise in domestic exports, the latter reflecting higher earnings from petroleum, bananas and marine products that outweighed declines in receipts from sugar, citrus, garments and papayas.

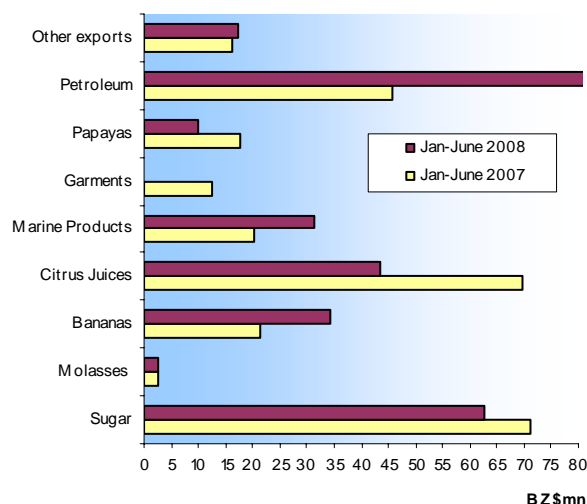
As a result of the production down-turn caused by Hurricane Dean and Tropical Storm Arthur, sugar export volume fell by 12.2% and earnings declined by 12.3% to \$62.6mn. The situation was somewhat mitigated by the temporary increase in Belize's EU sugar quota allocation since Trinidad and Barbados were unable to meet their quota

requirements and these shortfalls were reallocated to Belize and Guyana. In addition to a permanent increase of 6,000 long tons in Belize's EU Protocol quota to 48,000 long tons, an additional 21,000 long tons was temporarily reallocated for the year. Consequently, during the first half of the year, sugar sales to the EU amounted to 57,675 long tons representing a 33.2% increase while receipts rose by 26.3% to \$62.0mn. Given the reduction in domestic output, the industry was able to meet the increased EU quota only by sacrificing the US market and holding sales to CARICOM and other niche markets to a minimum.

Citrus export volume fell by 20.3% to 16.8mn ps primarily due to lower sales of orange concentrate. With lower sales volume and falling prices in the major markets, revenue fell by 59.8% to \$43.5mn. Receipts from orange and grapefruit concentrates were down by 37.8% and 36.7%, respectively. In the case of orange concentrate, the fall in the volume of sales to the Caribbean and Europe was coupled with a 28.2% decline in the average unit price in the US market (the largest market for orange concentrates). Grapefruit concentrate was in the meanwhile affected by weaker prices in Europe and Japan.



Chart 2.2: Domestic Exports



Reversing the outturn of the previous year, the volume of marine exports almost doubled to 7.4mn pounds while revenues rose by 55.8% to \$31.5mn. The increase was attributed to a rebound in shrimp sales volume as well as higher exports of other fish (particularly farmed cobia and tilapia), and conch. Earnings from shrimp exports rose by 84.3% to \$21.0mn assisted by a 70.1% rise in volume and 8.5% increase in the average price per pound.

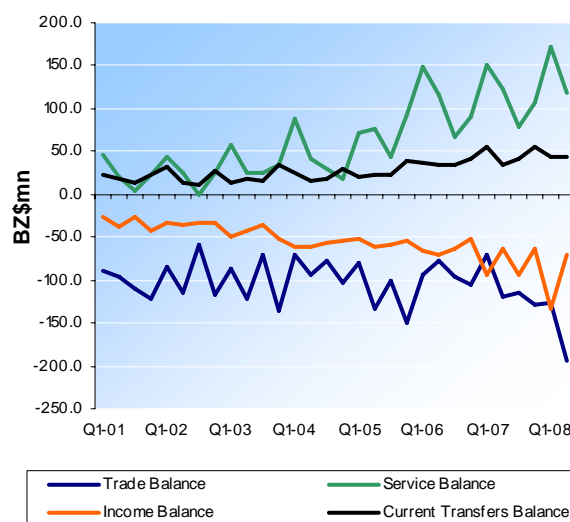
Banana exports were much higher than in the first half of 2007, primarily because of an increase in production and the start of sales to Dole. While export volume rose by 35.1%, higher banana prices caused earnings to jump by 60.3% to \$34.3mn.

Still in recovery mode after the damages inflicted by Hurricane Dean in

the previous year, papaya producers reported a 35.6% contraction in export volume with earnings down by 42.9% to \$10.1mn. On the other hand, petroleum exports were up by 5.6% to 449,605 barrels with the doubling of receipts to \$91.3mn being facilitated by higher world crude oil prices. Earnings from other exports were also up by 8.2% to \$17.4mn due to higher sales of sawn wood, red kidney beans, and other non-traditional exports.

With no large outlays for insurance and financial fees such as those associated with the government's debt restructuring in the first quarter of 2007, a net surplus of \$291.3mn in earnings from services was recorded that was slightly above that of the comparable period of 2007. Higher inflows for professional services

Chart 2.3: Service, Income and Current Transfers Balances



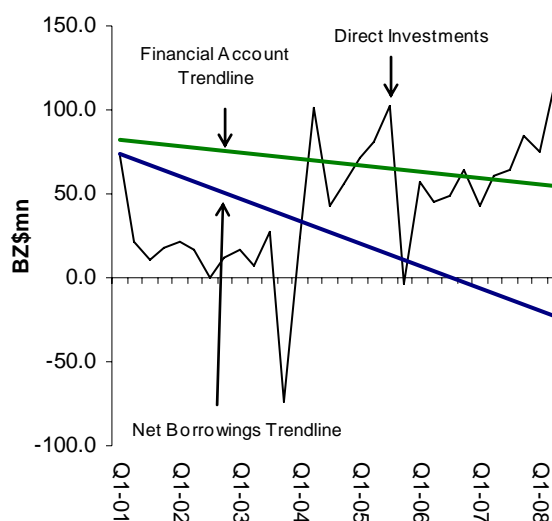


coincided with lower outlays to regional and international organizations but these were partially offset by a substantial rise in international freight charges, lower earnings by port agents caused by the reduction in cruise ship port calls and the small fall in tourism receipts attributed to a reduction in cruise ship arrivals and stay-over visitors.

At \$204.2mn, net outflows on the income account were 29.2% higher, an increase that was due to sizable repatriation of profits by a commercial bank that far outweighed the lowering in public sector interest payments. Net current transfers were down slightly (by 2.2% to \$88.4mn) as a substantial decrease in official grants to the Government was partially offset by insurance refunds and a modest increase in remittances to individuals, and non-profit organizations.

Buoyant foreign direct investments and lower government debt payments contributed to the more than tripling of the capital and financial surplus to \$201.0mn. Investment inflows rose by a substantial 83.0% to \$188.5mn, the majority of which went into real estate

Chart 2.4: Main Components of The Financial Account



and tourism projects such as hotel and condominium construction and healthcare (this included \$45.0mn for the sale of Universal Health Services). Government, on the other hand, was able to lower its debt payments as a consequence of the debt restructuring undertaken in early 2007. In other developments, loan inflows to the private sector remained significant, albeit lower than the previous year's level, and commercial banks continued to build up their foreign balances abroad.



Government Operations and Public Debt

Central Government's Fiscal Operations

In the **first quarter of the 2008/09 fiscal year (FY)** Central Government's gross revenues rose by 3.3% relative to a 1.0% increase in total expenditures resulting in modest increases in the current, overall and primary surpluses. This enabled the Government to sharply reduce its borrowing from the Central Bank, even though it continued to tap into funds from external sources.

Current revenue rose by 4.3% with increases in tax and non-tax revenues outweighing small declines in capital revenue and grants. The boost in tax collections came mainly from the GST (receipts from which rose by a monthly average of \$2.8mn), plus a small increase in petroleum income tax. Petroleum royalties also accounted for modest growth in non-tax revenue. Contrasting with this, taxes from international trade declined by 0.9% as higher revenues from import duties and the environmental tax were offset by the lowering of revenue replacement duties (RRD) on imported fuel. The withholding by Belize Telemedia Limited (BTL) of its business tax payments also exercised a dampening effect on revenue growth.

Table 3.1: Central Government's Revenue and Expenditure

	BZ\$mn	
	Apr - Jun 2008	Apr - Jun 2007
Total Revenue & Grants	190.9	184.8
<i>of which: Current Revenue</i>	<i>188.3</i>	<i>180.5</i>
<i>of which: Grants</i>	<i>1.1</i>	<i>1.5</i>
Total Expenditure	155.7	154.1
Current Expenditure	136.5	129.8
<i>of which: Interest Payments</i>	<i>13.3</i>	<i>15.0</i>
Capital Expenditure	19.2	24.3
Current Balance	51.8	50.7
Primary Balance	45.5	45.7
Overall Balance	35.2	30.6

Higher outlays on all categories except interest payments (which were down by 11.1%) resulted in a 5.1% increase in current expenditures. The largest increase was in pensions, which rose by 26.0% partly because of payments made to contract officers of the outgoing administration. The civil service wage bill also rose by 5.8% while subsidies and payments for goods/services rose by 5.6% and 4.9%, respectively.

Capital expenditures were down by 20.9% with the cutbacks occurring in externally funded projects where spending was halved due to the delay in presenting the 2008/09 fiscal budget. Infrastructure projects such as the completion of the Southern



Table 3.2: Summary of Government's Revenue

	BZ\$mn	
	Apr - Jun 2007	Apr - Jun 2007
Current revenue	188.3	180.5
Tax revenue	160.4	154.0
Income and profits	48.0	50.9
Taxes on property	1.7	2.6
Taxes on goods & services	66.8	56.3
Int'l trade and transactions	43.7	44.1
Non-Tax Revenue	27.9	26.5
Property income	9.0	11.9
Licenses	4.7	3.0
Other	14.1	11.6
Capital revenue	1.5	2.8
Grants	1.1	1.5

Table 3.3: Central Government's FY Expenditure

	BZ\$mn	
	Apr - Jun 2008	Apr - Jun 2007
Current Expenditure	136.5	129.8
Wages & Salaries	60.4	57.0
Pensions	12.1	9.6
Goods & Services	30.4	29.0
Interest Payments	13.3	15.0
of which: External	9.2	9.2
Subsidies & current transfers	20.3	19.2
Capital Expenditure	19.2	24.3
Capital II	12.2	11.2
Capital III	6.2	12.2
Net lending	0.8	0.8

Highway, bridges and the upgrade of streets, roads, culverts, and causeways accounted for 25.3% of developmental outlays. Other notable amounts were allocated for social

development (15.5%), health (15.2%) and education (5.0%). Land development and management absorbed 9.4% and some 19.5% of outlays was assigned for a medley of

Chart 3.1: Year-on-year Comparison of Government's Operations

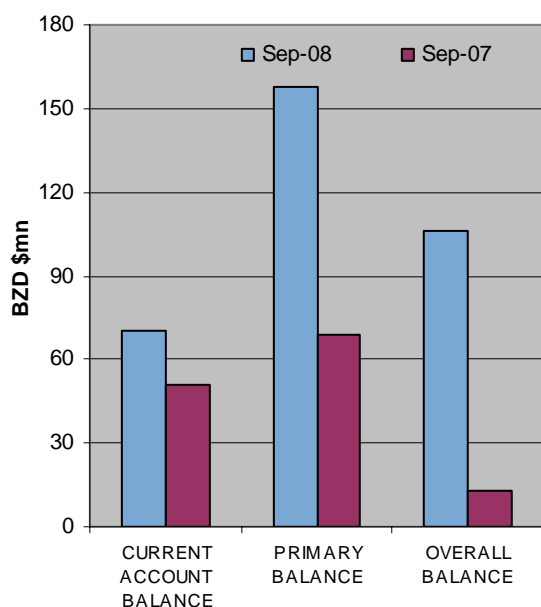
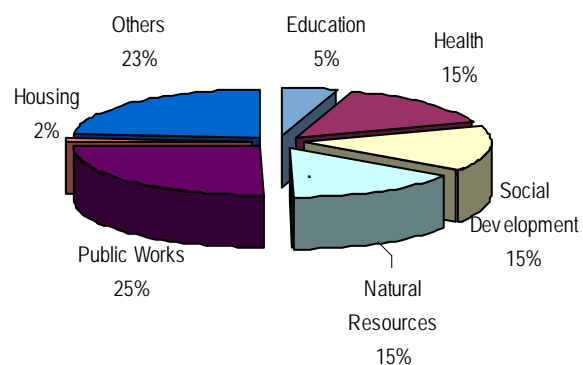


Table 3.2: Development Expenditure for April to June





miscellaneous items that included vehicle purchases for personnel of the incoming administration.

In the **first half of the calendar year**, Central Government's fiscal operations improved with revenues and grants increasing by 3.0%, while total expenditures fell by 5.8% relative to the same period of 2007. The current surplus was larger (rising from 0.1% to 2.4% of GDP), and the overall balance swung from a deficit (1.2% of GDP) to a small surplus (0.1% of GDP). The primary surplus also rose modestly from 1.9% to 2.1% of GDP. This positive fiscal out-turn and externally sourced borrowing enabled a small net decline in Central Bank financing to the government.

Central Government's Domestic Debt

Central Government's domestic debt declined by 5.1% (\$16.5mn) in the first half of the year with amortization payments and decreases in overdraft balances amounting to \$21.6mn. This was partly offset by \$5.1mn in new borrowing from the Atlantic Bank, the bulk of which consisted of an already existing loan to W&S Engineering for land reclamation that was assumed by the government as required by a pre-existing agreement. Some 70.4% of the domestic debt was owed to the

Table 3.4: Central Government's Domestic Debt

BZ\$mn

	Dec 2007	June 2008	Changes in Stock
Overdraft	112.5	104.1	-8.4
Loans	38.6	30.5	-8.1
Treasury Bills	100.0	100.0	0
Treasury Notes	55.8	55.8	0
Defence Bonds	15.0	15.0	0
Total	321.9	305.4	-16.5

Central Bank with overdraft financing and holdings of government securities amounting to \$102.7mn and \$112.4mn, respectively.

Amortization payments summed to \$13.3mn and included the accelerated repayment of \$8.6mn to the Belize Bank for the Marine Parade infrastructural loan as well as other repayments to the Atlantic Bank, the Debt for Nature Swap, BSSB, RECONDEV and Fort Street Tourism Village.

Of the \$13.1mn in interest payments, \$9.6mn went to the Central Bank with almost three-quarters of this being in respect of short-term credit extended through the overdraft and Treasury bill holdings. The Bank's portfolio of Treasury notes and Defence bonds



accounted for the remainder. Interest payments to commercial banks and non-bank entities amounted to \$2.3mn and \$1.1mn, respectively.

In secondary trading, the Central Bank sold \$18.0mn worth of Treasury Bills to the commercial banks and non-bank entities. Commercial banks sold \$10.0mn worth of Treasury Notes almost all of which was taken up by the Central Bank.

Public Sector External Debt

The external public sector debt rose by \$0.4mn to \$1,945.5mn in the review period with amortization payments of \$55.4mn falling just short of disbursements (\$53.0mn) and upward valuation adjustments of (\$2.8mn).

All disbursements were to Central Government and these were dominated by bilateral loans of \$33.6mn from Venezuela and \$9.0mn from ROC/Taiwan. Funding from multilateral lenders such as CDB, IADB and the OPEC Fund summed to \$9.7mn. The Bank of New York also issued \$0.8mn in new bonds to accommodate late submissions under the previous year's debt restructuring programme.

Repayments to bilateral creditors, included \$16.8mn to Venezuela in

Table 3.5: Public Sector's External Debt

	BZ\$mn		
	DOD at: 31/12/07	DOD at: 30/06/08	Change in Debt Stock
Central Govern- ment	1,823.5	1,835.0	11.5
Bilateral	322.4	335.7	13.3
Multilateral	396.6	394.9	-1.7
Bonds	1,093.5	1,093.5	0
Commercial Banks	10.9	10.9	0
Export Credit	0	0	0
Rest of NFPS	38.4	37.1	-1.3
Bilateral	6.6	6.4	-0.2
Multilateral	30.7	29.7	-1.0
Commercial Banks	1.1	1.0	-0.1
Export Credit	0	0	0
Financial Public Sector	83.1	73.3	-9.8
Bilateral	2.1	1.8	-0.3
Multilateral	31.3	26.4	-4.9
Bonds	49.7	45.1	-4.6
Grand Total	1,945.0	1,945.4	0.4

respect of short term credit for fuel imports and \$8.5mn to ROC/Taiwan for housing and highway rehabilitation. Payments to multilateral creditors summed to \$12.8mn among which were \$4.1mn to IDB, \$4.0mn to IBRD, and \$3.5mn to CDB. The financial public sector also repaid \$5.6mn to multilateral lenders and \$4.6mn to the Belize Mortgage Company. Loan repayments to the Kuwait Fund, Deutsche Bank, and CDB by the non-financial public sector amounted to \$1.5mn.

Interest and other payments totaled



\$44.2mn with Central Government paying \$23.5mn to holders of the 'super bond', \$8.6mn to bilateral creditors and \$8.7mn to multilateral creditors. Payments by the financial public sector went mostly to the Belize Mortgage Company (\$2.1mn), while the non-financial public sector made small payments to CDB and Kuwait Fund.

The value of the outstanding debt stock increased by \$2.8mn as the US dollar depreciated against the Euro and Kuwait dinar, causing upward valuation to the loans denominated in these currencies.



Monetary Developments

Mirroring the same period in 2007, M2 (the broad measure of money supply) rose by 9.9%, driven by increases in net foreign assets and net domestic credit of \$80.0mn and \$65.0mn, respectively. Investment flows helped to boost foreign assets, while the growth in private sector credit offset a modest contraction in government borrowing.

Narrow money (M1) grew by 7.9% with businesses and private utilities accounting for 54.9% of the increase,

individuals for 24.2%, non-residents for 4.4%, and other miscellaneous resident entities accounting for the remainder. Quasi-money grew by a robust 11.2% bolstered by a \$105.3mn hike in time deposits that featured additional holdings by individuals of \$46.7mn, credit unions (\$18.6mn), businesses (\$15.2mn) and the Belize Social Security Board/ National Health Insurance (\$15.0mn).

The external holdings of the banking system increased by 22.7% with

Table 4.1: Factors Responsible for Money Supply Movements

	Position as at Jun 2008	Changes during	
		Dec 2007 to Jun 2008	Dec 2006 to Jun 2007
Net Foreign Assets	431.2	79.9	45.0
Central Bank	274.7	59.5	-27.7
Commercial Bank	156.5	20.4	72.7
Net Domestic Credit	1,855.7	65.0	134.0
Central Government (Net)	208.6	-2.8	62.0
Other Public Sector	13.2	-2.7	-13.8
Private Sector	1,633.9	70.5	85.8
Central Bank Foreign Liabilities (long-term)	0.0	0.0	0.0
Other Items (net)	379.4	-26.5	31.4
Money Supply M2	1,907.5	171.4	147.6



Table 4.2: Net Foreign Assets of the Banking System

	Position as at June 2008	Changes during	
		Dec 2007 to June 2008	Dec 2006 to June 2007
Net Foreign Assets of Banking System	431.2	79.9	45.0
Net Foreign Assets of Central Bank	274.7	59.5	-27.7
Central Bank Foreign Assets	276.5	58.9	-27.5
Central Bank Foreign Liabilities (Demand)	1.8	-0.6	0.2
Net Foreign Assets of Commercial Banks	156.5	20.4	72.7
Commercial Bank Foreign Assets	226.3	23.0	20.9
Commercial Bank Foreign Liab. (Short-Term)	69.8	2.6	-51.8

improvements being recorded in the net positions of the Central Bank and commercial banks. In a reversal from the previous year's 13.2% decline, the Central Bank recorded a 27.1% (\$58.9mn) increase in its foreign assets that was facilitated by a 52.0% reduction in sales to GOB and a 49.0% surge in purchases from commercial banks compared to the same period last year. Significant inflows also came from sugar export earnings, tax receipts from Belize Natural Energy, and flows from the domestic sale of Venezuelan fuel. Some 67.8% (\$86.9mn) of total outflows went to central government primarily to cover debt servicing. Other foreign exchange sales to Belize Petroleum Energy, statutory bodies, commercial banks and private utilities totalled \$15.9mn, \$13.6mn, \$5.3mn, and \$2.1mn,

respectively. The 11.3% (\$23.0mn) improvement in the commercial banks' position mainly reflected inflows from foreign direct investment and loans while short-term foreign liabilities rose by a modest \$2.6mn.

Net domestic credit increased by 3.6% principally due to a 4.5% expansion in loans to the private sector, the bulk of which took place in the second quarter and was largely allocated for personal loans, distributive trade, real estate and utilities. In contrast to a \$65.0mn expansion in the comparable period of 2007, net domestic credit to central government registered a \$2.8mn reduction while credit to the rest of the public sector also declined by \$2.7mn.

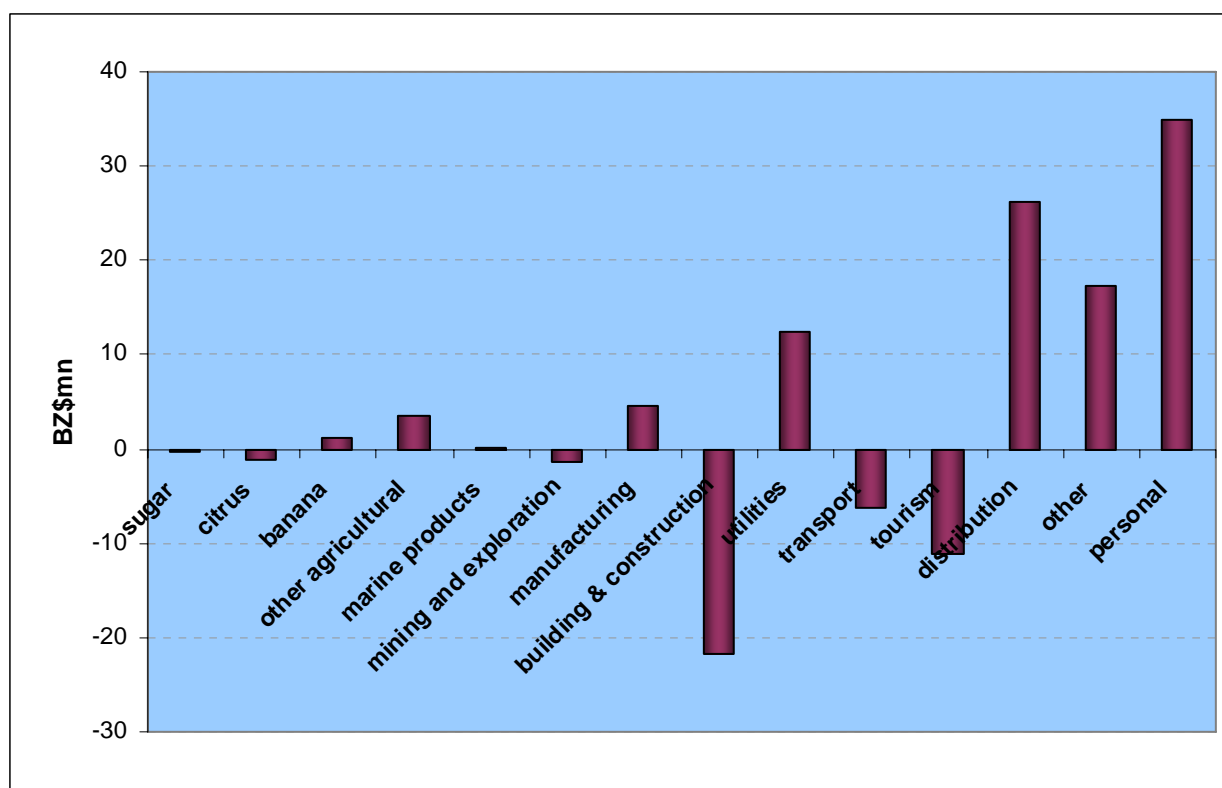
After expanding by 62.9% and cresting at \$95.3mn in the first quarter, excess statutory liquidity dipped by 8.7% in



the second quarter as the pace of lending to the private sector accelerated. At the end of the June, commercial banks held \$483.7mn in approved liquid assets, exceeding the required level by 21.9%, with four of the five banks managing to improve their positions. The build-up of liquidity enabled the banks to raise their balances held with the Central Bank, short term foreign balances, and Treasury bill holdings by \$34.5mn, \$29.1mn and \$9.8mn, respectively. The daily average holdings of cash also rose by \$38.7mn relative to a \$16.7mn increase in the required level, resulting in a \$22.0mn surplus in the

consolidated excess cash reserves position. The interest rate spread accruing to the banks underwent a slight tightening as the weighted average deposit rate rose by an additional 14 basis points in the second quarter to reach 6.17% while the weighted average lending rate fell to 14.21% as a result of a decline in the second quarter of nine basis points. Loan rates were lower for all categories with a 38 basis points decline for residential construction loans being the largest reduction.

Chart 4.1: Changes in Loans and Advances by Sub-Sectors





ANNEX



ANNEX

Table 5.1: GDP by Activity at Constant 2000 Prices

	Constant 2000 prices– Bz\$mnn					
	06 Q1	06 Q2	07 Q1	07 Q2	08 Q1	08 Q2
Agriculture, hunting & forestry	76.4	72.6	74.2	73.0	76.3	77.9
Fishing	29.3	17.9	17.6	4.5	14.0	11.9
Manufacturing (incl. mining & quarrying)	72.1	71.2	78.6	73.0	72.5	80.9
Electricity & water	15.8	19.7	21.4	20.6	15.5	19.4
Construction	17.3	18.0	17.0	17.0	16.8	17.0
Wholesale & Retail	76.0	78.2	80.4	84.6	84.4	93.4
Hotels & Restaurants	29.2	23.4	32.6	24.7	31.1	23.3
Transport & communication	60.2	58.4	65.8	66.3	70.3	70.2
Other private services exc. FISIM	88.9	90.6	92.9	93.1	94.8	95.0
Producers of government services	50.2	48.7	50.2	51.2	52.7	51.6
All industries at basic prices	515.5	498.7	530.7	507.9	528.3	540.6
Taxes on products	68.9	72.7	80.8	86.8	88.1	97.7
GDP at market prices	584.4	571.3	611.5	594.8	616.3	638.3

Source: Statistical Institute of Belize

Table 5.2: GDP by Activity at Constant 2000 Prices (% change)

	Quarter-on-quarter growth (%)					
	06 Q1	06 Q2	07 Q1	07 Q2	08 Q1	08 Q2
Agriculture, hunting & forestry	-2.0	6.4	-2.9	0.5	2.8	6.7
Fishing	1.2	-50.2	-39.9	-74.6	-20.5	162.1
Manufacturing (incl. mining & quarrying)	-2.6	35.8	9.0	2.5	-7.8	10.7
Electricity & water	29.2	13.0	35.5	4.6	-27.5	-5.5
Construction	-10.2	-1.6	-1.7	-5.5	-1.1	-0.3
Wholesale & Retail	-2.8	-6.3	5.8	8.1	5.0	10.4
Hotels & Restaurants	-5.1	0.4	11.5	5.4	-4.6	-5.4
Transport & communication	2.9	5.7	9.3	13.5	6.8	5.9
Other private services exc. FISIM	5.8	6.6	4.5	2.8	2.0	2.0
Producers of government services	2.4	-6.9	0.0	5.3	4.8	0.7
All industries at basic prices	0.5	1.4	2.9	1.9	-0.5	6.4
Taxes on products	-1.5	-1.1	17.3	19.5	9.0	12.6
GDP at market prices	0.3	1.1	4.6	4.1	0.8	7.4

Source: Statistical Institute of Belize



Table 5.3: Percent Variation in Consumer Price Index (CPI) by Commodity Group

Major Commodity Group	Weight	Quarterly Change					Annual Change
		May-07	Aug-07	Nov-07	Feb-08	May-08	
Food, Beverage & Tobacco	346.6	-0.3	0.7	3.1	3.6	4.3	12.3
Clothing & Footwear	92.0	-0.2	0.0	0.3	-0.7	-0.1	-0.5
Rent, Water, Fuel, & Power	167.6	2.7	0.2	3.1	-0.3	1.0	4.1
Household goods & maintenance	85.3	0.6	0.5	0.5	0.2	1.3	2.4
Medical care	20.1	0.2	0.2	0.6	1.4	0.7	2.9
Transport & Communication	170.1	2.7	-0.4	1.9	0.2	5.5	7.3
Recreation, Education & Culture	80.4	0.2	-0.2	0.0	0.0	0.8	0.5
Personal care	37.9	0.4	0.3	-0.3	-0.1	1.9	1.8
ALL ITEMS	1000.0	1.0	0.2	2.1	1.3	3.1	6.9

Source: Statistical Institute of Belize

Table 5.4: Gross Imports (CIF) by SITC

SITC Section	BZ\$mnn	
	Jan-Jun 2007	Jan - Jun 2008
0 Food and Live Animals	65.4	83.9
1 Beverages and Tobacco	6.0	8.1
2 Crude Materials	5.7	5.8
3 Minerals, Fuels and Lubricants	140.5	172.7
of which electricity	24.0	45.8
4 Oils and Fats	2.0	2.7
5 Chemical Products	52.2	61.0
6 Manufactured Goods	75.2	112.0
7 Machinery and Transport Equipment	118.1	184.3
8 Other Manufactures	42.6	48.7
9 Commodities N.E.S	.01	1.6
Export Processing Zones	55.5	43.7
Commercial Free Zone	117.7	143.6
Personal Goods	0.9	1.5
Total	681.8	869.6

Sources: Statistical Institute of Belize, Central Bank of Belize



Table 5.5: Balance of Payments

	BZ\$mn	
	2007 ^R Jan-Jun	2008 ^P Jan-Jun
CURRENT ACCOUNT	16.8	-145.1
Goods: Exports f.o.b.	429.7	468.0
Goods: Imports f.o.b.	-619.3	-788.6
<i>Trade Balance</i>	<i>-189.6</i>	<i>-320.6</i>
Services: Credit	454.0	455.1
Transportation	36.5	27.2
Travel	337.7	329.6
Other Goods & Services	48.5	66.6
Gov't Goods & Services	31.2	31.8
Services: Debit	-179.8	-163.7
Transportation	-54.9	-68.3
Travel	-38.0	-36.1
Other Goods & Services	-77.4	-51.5
Gov't Goods & Services	-9.5	-7.8
<i>Balance on Goods & Services</i>	<i>84.6</i>	<i>-29.2</i>
Income: Credit	6.8	6.0
Compensation of Employees	2.4	2.4
Investment Income	4.4	3.7
Income: Debit	-164.9	-210.3
Compensation of Employees	-6.8	-7.9
Investment Income	-158.1	-202.3
<i>Balance on Goods, Services & Income</i>	<i>-73.6</i>	<i>-233.5</i>
Current Transfers: Credit	115.5	113.7
Current Transfers: Debit	-25.1	-25.3
CAPITAL ACCOUNT	0.9	3.7
Capital Account: Credit	2.0	4.6
Capital Account: Debit	-1.0	-0.9
FINANCIAL ACCOUNT	54.7	197.3
Direct Investment Abroad	-1.7	-5.4
Direct Investment in Reporting Economy	104.7	193.9 ⁽¹⁾
Portfolio Investment Assets	-0.3	6.3
Portfolio Investment Liabilities	162.7	-4.6
Financial Derivatives	0.0	0.0
Other Investment Assets	15.8	-23.0
Other Investment Liabilities	-226.5	30.2
NET ERRORS & OMISSIONS	-63.0	3.0
OVERALL BALANCE	9.4	58.9
RESERVE ASSETS*	-9.4	-58.9

*(Minus = Increase)
Source: Central Bank of Belize
(1) Includes the sale of UHS for \$45.0mn
P: Indicates Provisional
R: Indicated Revised



Table 5.6: Central Government's Revenue and Expenditure

BZ\$'000

	Approved Budget 2008/2009	Apr-08 to Jun-08	Apr-07 to Jun-07	Actual YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	824,940	190,873	184,752	23.1%
1). Current revenue	729,032	188,257	180,518	25.8%
Tax revenue	636,802	160,366	153,988	25.2%
Income and profits	233,780	48,044	50,948	20.6%
Taxes on property	7,016	1,760	2,613	25.1%
Taxes on goods and services	244,406	66,853	56,317	27.4%
Int'l trade and transactions	151,600	43,709	44,110	28.8%
Non-Tax Revenue	92,230	27,890	26,530	30.2%
Property income	12,800	8,973	11,947	70.1%
Licenses	14,973	4,728	3,004	31.6%
Other	64,457	14,189	11,578	22.0%
2). Capital revenue	8,508	1,510	2,758	17.7%
3). Grants	87,400	1,106	1,476	1.3%
TOTAL EXPENDITURE (1+2)	824,775	155,670	154,106	18.9%
1). Current Expenditure	649,599	136,466	129,826	21.0%
Wages and Salaries	262,868	60,353	57,039	23.0%
Pensions	39,902	12,075	9,581	30.3%
Goods and Services	156,403	30,445	29,013	19.5%
Interest Payments on Public Debt	108,885	13,341	15,007	12.3%
Subsidies & current transfers	81,540	20,253	19,186	24.8%
2). Capital Expenditure	175,176	19,204	24,280	11.0%
Capital II (local sources)	78,664	12,244	11,244	15.6%
Capital III (foreign sources)	93,305	6,159	12,234	6.6%
Capital Transfer & Net Lending	3,206	802	802	25.0%
Unidentified Expenditures				
CURRENT BALANCE	79,432	51,791	50,692	65.2%
Primary Balance	109,050	48,543	45,653	44.5%
OVERALL BALANCE	165	35,202	30,647	21350.3%
FINANCING REQUIREMENT		(35,202)	(30,647)	
Domestic Financing		(45,307)	(27,601)	
Central Bank		(49,817)	(36,188)	
Net Borrowing		(59,799)	(36,130)	
Change in Deposits		9,982	(58)	
Commercial Banks		4,979	8,303	
Net Borrowing		3,664	7,452	
Change in Deposits		1,315	851	
Other Domestic Financing		(469)	284	
Financing Abroad		1,661	(4,679)	
Disbursements		22,126	17,058	
Amortization		(20,732)	(21,744)	
Change in Foreign Assets		266	7	
Other		8,444	1,633	

Sources: Ministry of Finance and Central Bank of Belize



Table 5.7: Central Government Domestic Debt By Creditor⁽¹⁾

BZ\$'000						
	Disbursed Outstanding Debt 31/12/07	Transactions Between January to June 2008				Disbursed Outstanding Debt 30/06/08
		Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft / Loans	112,471	0	0	6,423	(8,368)	104,103
Central Bank	108,810	0	0	6,423	(6,142)	102,668
Commercial Banks	3,661	0	0	0	(2,226)	1,435
Treasury Bills	100,000	0	0	1,608	0	100,000
Central Bank	68,145	0	0	710	(17,968)	50,177
Commercial Banks	29,807	0	0	876	17,898	47,705
Other	2,048	0	0	21	70	2,118
Treasury Notes	55,800	0	0	2,724	0	55,800
Central Bank	42,571	0	0	2,365	9,690	52,261
Commercial Banks	10,000	0	0	200	(10,000)	0
Other	3,229	0	0	159	310	3,539
Defence Bonds	15,000	0	0	676	0	15,000
Central Bank	10,000	0	0	450	0	10,000
Commercial Banks	100	0	0	5	0	100
Other	4,900	0	0	221	0	4,900
Atlantic Bank⁽²⁾	2,930	5,116	1,714	558	0	6,332
Infrastructure Dev. Ln (BBL)	18,288	0	10,229	612	0	8,059
BSSB Loan⁽³⁾	6,820	0	343	251	0	6,477
Bze Harbour Dredging (FSTV)⁽⁴⁾	212	0	159	0	0	53
GOB (debt for Nature Swap)	7,697	0	634	104	0	7,063
Guardian Life Bze \$1mn Loan	1,000	0	0	45	0	1,000
Cohune Walk Loan	1,662	0	184	102	0	1,478
Total	321,880	5,116	13,262	13,102	(8,368)	305,365

⁽¹⁾ The transaction associated with UHS loan with the Belize Bank is not included in this table due to ongoing litigation.

⁽²⁾ On January 2nd, 2008, GOB assumed W & S Engineering Loan for dredging of Belama with ABL as per loan agreement.

⁽³⁾ GOB has outstanding loans with BSSB consisting of (1) Hopeville Housing Project and (2) loan purchased from DFC (as of Jan 30th 2007).

⁽⁴⁾ Belize Harbour Dredging Loan (Interest Free) is promissory note with the Ft. Street Tourism Village who initially financed the dredging of the channel at the mouth of the Belize Harbor and is being reimbursed by GOB.



Table 5.8: Public Sector External Debt By Creditor⁽¹⁾

BZ\$'000

	DOD at: 31/12/07	Transactions from January to June 2008				DOD at: 31/06/08
		Disbursements	Principal Payments	Interest & Other	Parity Change	
CENTRAL GOVERNMENT	1,823,482	53,019	43,466	40,998	1,959	1,834,994
Banco Nacional de Comercio Exterior	7,940	0	529	243	0	7,411
Fondo de Finanzas de las Exportaciones	327	0	109	10	0	218
Government of Great Britain	1,327	0	665	0	-2	660
Government of the United States ⁽²⁾	3,393	0	404	71	0	2,990
Government of Trinidad and Tobago	12	0	4	0	0	9
Government of Venezuela	18,692	33,600	16,758	33	0	35,534
Kuwait Fund for Arab Economic Dev	17,569	0	1,653	588	569	16,485
Republic of China	266,700	9,000	8,520	7,425	0	267,180
Caribbean Development Bank	126,569	3,690	3,471	2,248	0	126,788
European Economic Community	19,165	0	595	89	1,405	19,975
European Investment Bank	512	0	0	0	38	550
Inter-American Development Bank	191,690	4,528	4,116	5,097	0	192,102
International Fund for Agric. Dev.	1,446	0	219	43	-50	1,177
Intl. Bank for Reconstruction & Dev.	46,552	0	4,021	1,149	0	42,531
Opec Fund for Int'l. Development	10,680	1,447	367	257	0	11,761
Allfirst Bank of Maryland	420	0	420	31	0	0
Bear Stearns & CO. Inc.	9,676	0	750	0	0	8,926
BWS Finance Limited	9,922	0	0	0	0	9,922
Manufacturers & Traders Trust Co.	6,055	0	865	174	0	5,190
Provident Bank & Trust of Belize (Treasury Notes)	1,000	0	0	45	0	1,000
Bank of New York (New Bond Issue)	1,083,834	752	0	23,494	0	1,084,586
NON-FINANCIAL PUBLIC SECTOR ⁽³⁾	38,384	0	1,455	820	212	37,141
Kuwait Fund for Arab Economic Dev	6,589	0	376	133	208	6,420
Deutsche Bank	1,101	0	110	54	0	991
Caribbean Development Bank	30,694	0	968	633	5	29,730
FINANCIAL PUBLIC SECTOR	83,096	0	10,475	2,410	645	73,266
Caribbean Development Bank	20,898	0	5,200	197	0	15,698
European Economic Community	592	0	22	4	44	614
European Investment Bank	9,834	0	332	22	601	10,104
Paine Webber Real Estate Securities Inc.	1,200	0	100	19	0	1,100
Belize Mortgage Company ⁽⁴⁾	49,677	0	4,602	2,155	0	45,075
Government of the United States	894	0	219	13	0	676
GRAND TOTAL	1,944,962	53,019	55,395	44,228	2,816	1,945,401

⁽¹⁾ Guaranteed Outstanding external debt of private entities remain a contingent liability of Central Government and are not reported on this table.

⁽²⁾ USAID Debt for Nature Swap Agreement as at 2nd August, 2001 was implemented on 30th November, 2001 for BZ \$17,168

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

⁽⁴⁾ BMC is the issuer of the DFC North American Securitization Loan through the Bank of New York.



Table 5.9: Money Supply

	Position as at June 2008	Changes during	
		Dec 2007 to June 2008	Dec 2006 to June 2007
Money Supply (M2)	1,907.5	171.4	147.6
Money Supply (M1)	760.0	55.6	74.1
Currency with the Public	152.5	-0.9	4.3
Demand Deposits	419.9	38.6	51.5
Savings/Cheque Deposits	187.6	17.9	18.3
Quasi-Money	1,147.5	115.8	73.5
Savings Deposits	162.1	10.5	9.3
Time Deposits	985.4	105.3	64.2



Table 5.10: Net Domestic Credit

BZ\$mn

	Position as at June 2008	Changes during	
		Dec 2007 to June 2008	Dec 2006 to June 2007
Total Credit to Central Government	278.7	-15.6	28.6
From Central Bank	215.1	-14.4	9.8
Loans and Advances	102.7	-6.1	29.2
Gov't Securities ¹	112.4	-8.3	-19.4
From Commercial Banks	63.6	-1.2	18.8
Loans and Advances	15.8	-9.1	0.0
Gov't Securities	47.8	7.9	18.8
(of which) Treasury Bills	47.7	17.9	18.8
Treasury Notes	0.0	-10.0	0.0
Other	0.1	0.0	0.0
Less Central Government Deposits	70.1	-12.8	-33.4
With Central Bank	59.9	-4.8	-31.9
With Commercial Banks	10.2	-8.0	-1.5
Net Credit to Central Government	208.6	-2.8	62.0
Credit to Other Public Sector	13.2	-2.7	-13.8
From Central Bank	0.0	0.0	0.0
From Commercial Banks	13.2	-2.7	-13.8
(of which) Local Government	7.9	-0.3	1.3
Public Financial Institutions	1.6	-0.2	-0.4
Public Utilities	0.0	0.0	-12.0
Other Statutory Bodies	3.7	-2.2	-2.7
Securities	0.0	0.0	0.0
Plus Credit to the Private Sector	1,633.9	70.5	85.8
Loans and Advances	1,630.1	70.4	83.2
Securities	3.8	0.1	2.6
Net Domestic Credit of the Banking System²	1,855.7	65.0	134.0

⁽¹⁾ Includes Gov't T-Bills, T-Notes & Debentures from Central Bank

⁽²⁾ Differences due to rounding



Table 5.11: Sectoral Composition of Commercial Bank's Loans and Advances

	Position as at June 2008	Changes during	
		Dec 2007 to June 2008	Dec 2006 to June 2007
PRIMARY SECTOR	184.2	2.2	7.8
Agriculture	123.9	3.1	0.0
Sugar	13.0	-0.4	-2.1
Citrus	17.4	-1.2	-6.1
Bananas	75.0	1.1	6.7
Other	18.5	3.6	1.5
Marine Products	27.5	0.1	10.6
Forestry	2.1	0.3	0.2
Mining & Exploration	30.7	-1.3	-3.0
SECONDARY SECTOR	417.9	-4.8	22.7
Manufacturing	36.6	4.6	3.3
Building & Construction	343.4	-21.8	30.1
Utilities	37.9	12.4	-10.7
TERTIARY SECTOR	646.0	26.4	29.0
Transport	49.6	-6.2	5.3
Tourism	122.1	-11.1	36.1
Distribution	220.2	26.3	15.7
Other ⁽¹⁾	254.1	17.4	-28.1
Personal Loans	410.2	34.9	9.9
TOTAL	1658.3	58.7	69.4

⁽¹⁾ Includes government services, real estate, financial institutions professional services, and entertainment.



Table 5.12: Commercial Banks' Liquidity Position and Cash Reserves

BZ\$mn

	Position as at June 2008	Changes during	
		Dec 2007 to June 2008	Dec 2006 to June 2007
Holdings of Approved Liquid Assets	483.7	66.9	63.7
Notes and Coins	45.9	3.4	0.0
Balances with Central Bank	202.3	34.5	14.5
Money at Call and Foreign Balances (due 90 days)	153.6	29.1	19.7
Treasury Bills maturing in not more than 90 days	44.6	9.8	18.4
Other Approved assets	37.3	-9.9	11.1
of which: Treasury Notes	0.0	-10.0	-1.1
Required Liquid Assets	396.7	38.5	36.8
Excess/(Deficiency) Liquid Assets	87.0	28.4	26.9
Daily Average holdings of Cash Reserves	203.0	38.7	14.0
Required Cash Reserves	172.5	16.7	16.0
Excess/(Deficiency) Cash Reserves	30.5	22.0	-2.0

Table 5.13: Commercial Banks' Weighted Average Interest Rates

Percentages

	Position as at June 2008	Changes during		
		Mar 2008 to June 2008	Dec 2007 to June 2008	Dec 2006 to June 2007
Weighted Lending Rates				
Personal Loans	16.00	-0.27	-0.17	0.02
Commercial Loans	13.73	0.05	-0.07	0.06
Residential Construction	12.76	-0.26	-0.38	0.03
Other	13.42	-0.70	-0.10	1.12
Weighted Average	14.21	-0.09	-0.09	0.14
Weighted Deposit Rates				
Demand	1.66	0.24	0.53	-0.05
Savings/ Cheque	5.13	0.13	-0.03	0.01
Savings	5.27	-0.02	0.04	0.01
Time	8.48	0.03	0.10	0.07
Weighted Average	6.17	0.14	0.14	-0.04
Weighted Average Spread	8.04	-0.23	-0.23	0.18