



Review of Economic and Financial Developments

March 2005



Overview

The economy expanded by 5.9% during the first quarter, driven by a record breaking performance from citrus agriculture and manufacturing, continued buoyancy in tourism, strong growth in international trade and robust construction activity. Domestic price pressures were moderate given increases in the Consumer Price Index (CPI) of 0.2% between November 2004 to February 2005, and 2.3% over the twelve month period from February 2004 to February 2005.

Although exports grew strongly, the trade deficit widened by 18.0% as imports escalated during the quarter. The current account position deteriorated by an even greater amount to -\$66.4mn as increased tourism receipts were overshadowed by outflows for finance and insurance fees associated with a bond placement and a reduction in grants. Notwithstanding the latter, an overall surplus of \$240.2mn was recorded on the balance of payments with inflows from the US\$136.7mn Bear Stearns bond issue in March pushing gross official international reserves up to \$346.7mn, equivalent to 4.5 months of imports.

Broad money rose by 2.6% as export receipts and foreign loan disbursements strengthened the net foreign assets of the banking system while facilitating a \$283.3mn contraction in net domestic credit. After growing in each of the eleven previous consecutive quarters, commercial bank loans to the private sector fell by 0.5% with personal and primary sector loans contracting by \$4.5mn and \$4.2mn, respectively while credit to the secondary sector, principally for construction, rose by \$3.8mn. Statutory liquidity of the commercial banks

expanded by \$16.7mn (19.3%) primarily as a result of increased foreign inflows to the private sector in the form of export earnings and loans. This helped to push the weighted average spread accruing to the banks upwards by 20 basis points to 9.0%.

Central Government's fiscal operations during the period (the last quarter of its 04/05 fiscal year), yielded current and overall deficits of \$29.0mn and \$47.5mn (2.3% of GDP), respectively. The current account deficit reflected a 4.7% decline in recurrent revenue and grants while current expenditure rose by 30.3% largely due to increased outlays for interest payments and wages and salaries. The reclassification of some items previously accounted for under the capital budget also contributed. Capital expenditure fell by 70.0% due to the latter as well as the concerted efforts being made to contain expansion and offset the rise in current outlays. The overall deficit was financed from external sources as receipts from the Bear Stearns bonds enabled the government to increase its deposit holdings with the Central Bank and commercial banks and reduce outstanding overdraft balances.

Central Government's domestic debt contracted by 1.4% to \$276.9mn reflecting amortization payments and reductions in overdraft balances that amounted to \$4.0mn. Interest payments on the domestic debt summed to \$4.2mn during the period. Meanwhile, the public sector's external debt increased by 18.8% to \$2.0bn, as disbursements of \$328.9mn overshadowed principal repayments of \$12.1mn and a downward valuation adjustment of \$0.8mn. The largest disbursements were from the



new Bear Stearns bond issue (\$273.4mn), and ROC/Taiwan (\$31.0mn). Interest payments totaled \$27.3mn with \$11.9mn going to holders of bonds issued by Bear Stearns and the balance divided among Citicorp, CMFS, and Salomon Smith Barney.



Domestic Production And Prices

A record breaking performance from citrus agriculture and manufacturing backed up by continued strong growth in tourism, expansion in international trade and buoyant construction activities fuelled GDP growth of 5.9% during the first quarter of 2005.

Boosted by the surge in citrus juice production, manufacturing grew by 33.3%, while increases in stay-over and cruise ship arrivals contributed to a 13.7% growth in hotels/restaurants and 4.9% rise in transport/communications. Trade activity expanded by 11.5% with imports and exports growing 16.5% and 21.9%, respectively. Construction was up 7.8% led by work on major projects such as the Chalillo Dam and the US Embassy. Declines in sugarcane and banana production were more than offset by good yields from citrus and papaya that enabled a modest 2.8% expansion in agriculture. On the other hand, a switch to one instead of two crops by some major shrimp producers caused a 22.9% contraction in fishing and Government services also declined by 14.1% with the adoption of a more austere fiscal stance.

Over the year (February 2004 to February 2005), the Consumer Price Index (CPI) rose by 2.3% with higher prices for all categories of goods and services except 'Clothing and Footwear'. The largest increases were in prices for fuel at the pump, basic foodstuffs and water rates.

Sugarcane and Sugar Production

The 2004/2005 sugarcane harvest commenced on November 29th, two days earlier than the previous

crop. Because of the drought during the crucial growing period sugarcane deliveries and sugar production had been forecasted to decline by 4.3% and 5.6%, respectively. However, the situation was exacerbated by factory mechanical problems in the early part of the year and deliveries consequently fell by 8.5% to 646,673 long tons.

Sugar production consequently contracted by a similar 8.5% to 65,638 long tons, notwithstanding a 1.8% increase in cane purity and a reduction in the cane/sugar ratio. Following a similar trend, molasses production dropped by 3.8% to 22,339 long tons.

The average sugarcane price was \$47.28 per long ton, up 2.6% over the previous year, as an 8.5% appreciation in the euro to US dollar exchange rate

Table 1.1 : Deliveries of Sugarcane and Production of Sugar and Molasses

| | Nov-Mar 2004/05 | Nov-Mar 2003/04 |
|--|--------------------|--------------------|
| Deliveries of Sugarcane (long tons) | 646,673 | 706,867 |
| Sugar Processed (long tons) | 65,638 | 71,697 |
| Molasses processed (long tons) | 22,339 | 23,220 |
| Performance | | |
| Factory Time Efficiency (%) | 91.70 | 93.00 |
| Cane Purity (%) | 86.72 | 85.22 |
| Cane/Sugar | 9.46 | 9.76 |

Source: Belize Sugar Industries



was partly offset by continued hikes in international freight rates. The price increase is expected to be maintained during the rest of the year since the higher global forecast of sugar production was balanced by the anticipated lower stocks by yearend.

Citrus

The excellent performance of the 2004/2005 citrus crop since October led to the prediction of one prolonged main harvest (compared to the usual, two harvest cycle) and an upward adjustment to 7.5mn boxes from the more conservative and initial forecast of 6.8mn boxes of deliveries. Up to March, fruit deliveries for the crop year amounted to a record breaking 5.7mn boxes, a 45.5% year on

year increase. Increased fertilizer usage, control of the Mexican fruit fly and favourable weather boosted orange and grapefruit deliveries by 57.2% and 18.9%, respectively.

Citrus juice production for the crop year to date expanded by 58.8% to 34.1mn ps as concentrates grew by 57.4% to 31.9mn ps and NFC output almost doubled to 2.1mn ps. Boosting the outturn of orange juices was an 11.9% increase in the average yield of pound solids per box of fruit. This contrasted with grapefruit whose average pound solids per box declined by 6.3%. To maximize industry revenues, production of by-products soared with pulp output almost quadrupling to 2.0mn ps and oil production more than doubling to 1.3mn pounds.

Table 1.2 : Output of Citrus Products

| | Oct-Mar 2004/05 | Oct-Mar 2003/04 |
|----------------------------------|----------------------------|----------------------------|
| Deliveries (boxes) | | |
| Orange | 4,269,053 | 2,715,948 |
| Grapefruit | <u>1,415,514</u> | <u>1,190,559</u> |
| Total | 5,684,567 | 3,906,507 |
| Concentrate Produced (ps) | | |
| Orange | 26,532,352 | 15,746,654 |
| Grapefruit | <u>5,402,465</u> | <u>4,535,182</u> |
| Total | 31,934,817 | 20,281,836 |
| Not from concentrate (ps) | | |
| Orange | 1,186,364 | 11,609 |
| Grapefruit | <u>954,270</u> | <u>1,168,676</u> |
| Total | 2,140,634 | 1,180,185 |
| Pulp (pounds) | | |
| Orange | 1,333,480 | <u>559,680</u> |
| Grapefruit | <u>682,080</u> | <u>38,880</u> |
| Total | 2,015,560 | 598,560 |
| Oil Produced (pounds) | | |
| Orange | 1,181,150 | 512,057 |
| Grapefruit | <u>155,785</u> | <u>90,030</u> |
| Total | 1,336,935 | 602,087 |

Sources: Citrus Products of Belize, Citrus Growers Associa-

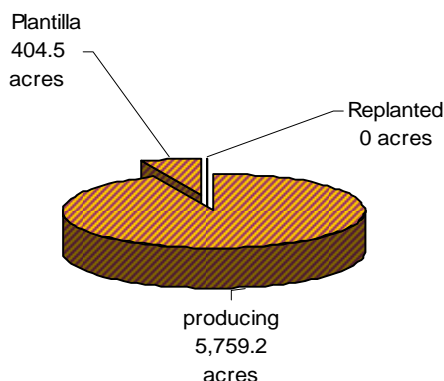
World citrus production for the 2004/2005 crop is expected to fall as adverse weather conditions in 2004, such as the hurricanes in Florida, irregular weather patterns in Brazil and cold weather in Spain affected current yields with the largest declines occurring in grapefruit production in Florida and Cuba. The resulting upswing in world market prices for orange and grapefruit juices have benefited local growers with estimated final prices set at \$1.01 per pound solid (pps) for orange, compared to \$0.88 for the previous crop year, and \$2.36 pps for grapefruit. The latter is equivalent to \$9.38 per box, far exceeding the \$3.84 paid in 2003/2004.

Banana

For the third consecutive year, banana production fell in the first quarter as cold weather inhibited fruit development and yields declined by 10.2% to 0.9mn boxes. There is still a possibility that



Chart 1.1: Banana Acreage



production may recover to deliver on the forecast of 4.5mn boxes provided that the industry is able to successfully negotiate some flexibility with market volumes during the latter half of the year.

As of March 2005, some 5,759.2 acres had harvestable trees and 404.5 acres had young plants (plantilla). The preceding compares to January 2005 when approximately 5,707.6 acres had harvestable trees and 428.2 acres were under plantilla.

The tentative marketing agreement for 2005 provides for a box price of US\$6.73 for the first 26 weeks of the year, and thereafter, a gradual reduction over five weeks to end at US\$5.14 for the rest of the year. As a result, the negotiated average industry box price declined from US\$6.20 to US\$6.00. The agreement also restricts exports, limiting weekly shipments in the last half of the year to a maximum of the average weekly amount realized during the first 22 weeks of the year - a compelling reason to negotiate greater marketing flexibility.

Tourism

In the first quarter, stay-over arrivals increased in all Caribbean countries except for the Bahamas and St Maarten. The performance of the cruise sub-sector was more mixed as major cruise destinations such as the Bahamas, Jamaica and Barbados recorded lower cruise arrivals. Against this backdrop, the Belize tourism industry performed well with bona fide first quarter stay-over arrivals growing by 4.7% to 72,750 and cruise ship disembarkations surging by 15.4% to 282,819.

Arrivals by air were up by 12.3% to 58,532 visitors, which offset declines through the land and seaports of 15.7% and 31.9% respectively.

Stay-over tourist arrivals from the United States grew robustly (up 6.8% to 49,341 visitors) reflecting the buoyancy of the US economy during the first quarter of 2005, as well as marketing efforts by the Belize Tourism Board. On the other hand, European arrivals increased by a very modest 1.5% as first quarter economic growth in the Eurozone economy was hampered by the strength of the euro and high oil prices.

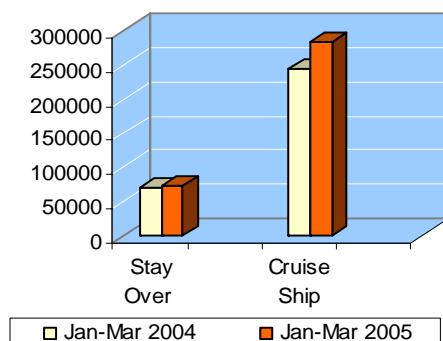
Table 1.3: Bona Fide Tourist Arrivals
Year to Date

| | 2005 Jan-Mar | 2004 Jan-Mar |
|---------------------------|-----------------|-----------------|
| Stay-over Arrivals | | |
| Air | 58,532 | 52,114 |
| Land | 12,454 | 14,775 |
| Sea | 1,764 | 2,590 |
| Total | 72,750 | 69,478 |
| Cruise Ship | 282,819 | 244,980 |

Source: Immigration Department



Chart 1.2: Tourist Arrivals

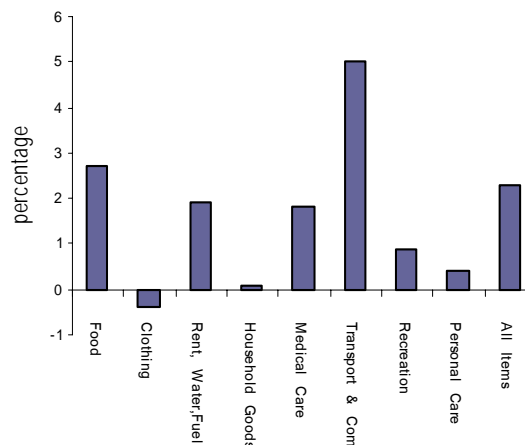


Consumer Price Index

The Consumer Price Index (CPI), rose by 0.2% over the November 2004 to February 2005 period and by 2.3% over the year (February 2004 to February 2005). Except for '*Clothing and Footwear*', nearly all goods and services were affected by higher prices. While rising energy costs was a key contributor, higher import costs indicated by the 3.8% expansion in the US export price index (up to February 2005) also helped to put upward pressure on prices.

Higher fuel prices at the pump and increases in sea and taxi fares led to a 5.0% growth in the cost of '*Transport and Communication*'. The index for '*Food, Beverages and Tobacco*', rose by 2.7% reflecting general increases in the price of basic foodstuffs while '*Rent, Water, Fuel and Power*' increased by 1.9% in response to higher costs for water and butane/ cooking oils.

Chart 1.3: Annual Percentage Change in Consumer Price Index





International Trade and Payments

Notwithstanding a worsening of the external current account deficit, an overall surplus of \$240.2mn was recorded on the balance of payments that was attributed mostly to the inflows from the US\$136.7mn Bear Stearns Bonds and, to a lesser extent, foreign investment activity. The substantial widening of the current account deficit was almost directly correlated to payments for the bond's financial and insurance fees and a reduction in grant receipts. The large financial surplus drove up gross official international reserves to \$346.7mn (equivalent to 4.5 months of imports).

A strong rally in exports was unable to offset a rise in imports so the trade deficit further expanded by 18.0% to \$81.9mn. The 16.5% increase in imports was linked to a 25.8% rebound in Commercial Free Zone (CFZ) imports, higher purchases of Mexican electricity, and greater outlays on telephone apparatus, fuel tanks, construction materials, food products and fuel.

Bolstered by expansions of 15.8% and 16.5% in domestic exports and re-exports and a very modest \$1.4mn rise in CFZ gross sales, total exports increased 15.8% to \$166.7mn. The healthy surge in domestic exports reflected favorable prices and volume increases for citrus products, papaya, garments and other miscellaneous commodities.

An 11.7% contraction in export volume and weakening prices in CARICOM and regional markets drove sugar earnings down by 13.6% to \$27.3mn. The fall in volume was expected because of a drought induced production decline and the pre-delivery of 5,886 long tons of Protocol sugar in 2004 that will reduce EU shipments in 2005.

Table 2.1: Balance of Payments Summary

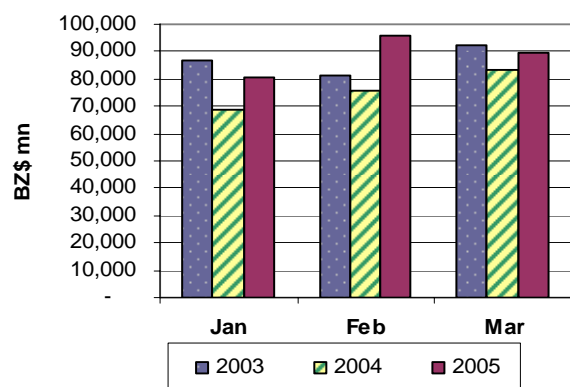
| | (BZ\$mn) | |
|---|------------------------------|------------------------------|
| | 2005 ^P Jan-Mar | 2004 ^R Jan-Mar |
| A. CURRENT ACCOUNT | | |
| (I+II+III+IV) | -66.4 | -34.8 |
| I. Goods (Trade Balance) | -81.9 | -69.4 |
| Exports, f.o.b. | 166.7 | 144.0 |
| Domestic Exports | 113.5 | 94.7 |
| CFZ Gross Sales | 46.5 | 45.1 |
| Re-exports | 6.7 | 4.2 |
| Imports, f.o.b. | 248.7 | 213.5 |
| Domestic Imports | 211.4 | 183.8 |
| CFZ Imports | 37.3 | 29.7 |
| II. Services | 41.3 | 66.6 |
| Transportation | -4.5 | -2.7 |
| Travel | 74.1 | 69.0 |
| Other Services | -28.3 | 0.3 |
| III. Income | -49.9 | -59.7 |
| Compensation of Employees | -2.9 | -2.9 |
| Investment Income | -47.0 | -59.6 |
| IV. Current Transfers | 24.2 | 27.8 |
| Government | 2.6 | 11.8 |
| Private | 21.4 | 16.0 |
| B. CAPITAL & FINANCIAL ACCOUNT | 305.6 | 47.5 |
| (I+II) | | |
| I. Capital Account | 0.9 | 6.9 |
| II. Financial Account (1+2+3) | 304.8 | 40.6 |
| 1. Direct Investment in Belize | 70.6 | 29.1 |
| 2. Portfolio Investment | 280.9 | -10.6 |
| Monetary Authorities | 0.0 | 0.0 |
| General Government | 281.0 | -10.5 |
| Banks | 0.0 | 0.0 |
| Other Sectors | -0.1 | -0.1 |
| 3. Other Investments | -46.7 | 22.0 |
| Monetary Authorities | 0.1 | -2.1 |
| General Government | 31.1 | 59.6 |
| Banks | -77.6 | -27.0 |
| Other Sectors | -0.3 | -8.4 |
| C. NET ERRORS & OMISSIONS | 0.9 | -7.4 |
| D. OVERALL BALANCE | 240.2 | 5.3 |
| E. RESERVE ASSETS | -240.2 | -5.3 |

P: indicates Provisional

R: indicates Revised



Chart 2.1: Gross Imports

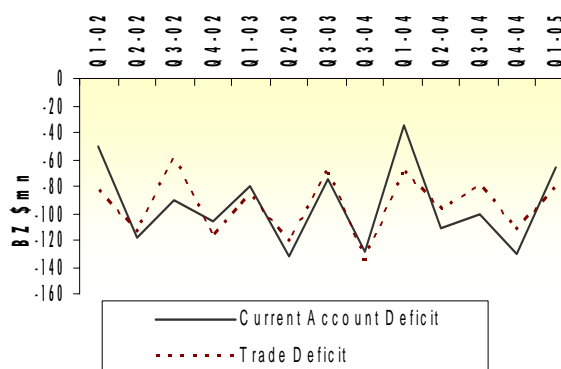


A positive development was the 5.9% improvement in the EU sugar price arising from the appreciation in the euro to US dollar exchange rate.

After plunging to abysmal levels in 2004, the price of orange juices rallied though still remaining below the 2003 level. On the other hand, prices for grapefruit juices rose to unprecedented heights in response to a drop in global production. This caused first quarter sales to more than double in volume to 13.8mn ps and revenues to more than triple to \$31.3mn. To take advantage of a \$0.43 price hike, the volume of orange concentrate sold to the USA went up by 55.2%, while sales of grapefruit juices re-commenced after a hiatus of several years. In a similar trend, sales of concentrate juices to the Caribbean, Europe and Asia more than doubled, while sales of not-from-concentrate also more than doubled, in line with forecasts.

Adverse weather conditions during the first quarter led to a 4.6% decline in the volume of banana exports to 15,405 metric tons. The latter along with a US\$0.20 drop in the average box price to US\$6.00 and a larger percentage of second grade fruit (6.3%

Chart 2.2: Current Account Deficit vs. Trade Deficit



in 2004 to 19.3% in 2005) in the export mix caused revenue to contract by 11.8% to \$10.6mn.

Marine exports were down by 22.9% to 3.8mn pounds during the first quarter. Receipts declined by 28.8% to \$17.1mn due to a contraction in the volume and earnings from farmed shrimp that outweighed higher sales of conch, lobster and fish fillet. Notwithstanding the anti-dumping duties levied on Brazilian, Ecuadorian and most Asian shrimps by the US, the average price garnered per pound of shrimp still declined by \$0.95 per pound to \$3.48. On a brighter note, tight supplies of

Chart 2.3: Domestic Exports

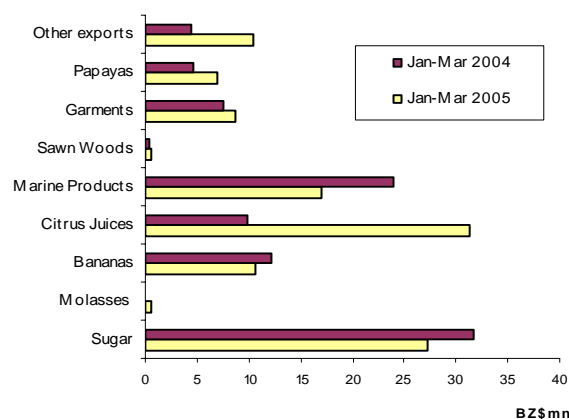
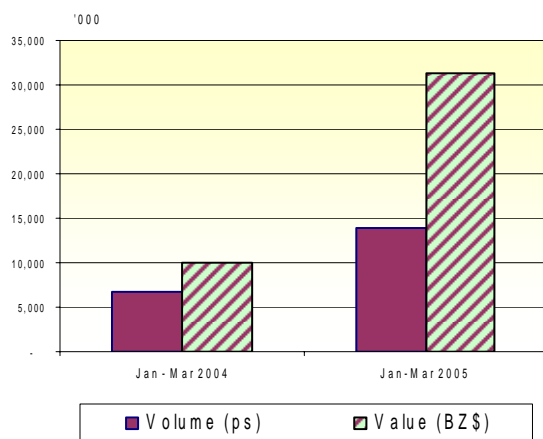




Chart 2.4: Citrus Juice Exports



conch pushed up conch prices by 44.7%, while exports of fish fillet continued to strengthen.

A 29.7% expansion in the export volume of papayas and a \$0.07 improvement in the average price per pound pushed up earnings by 51.9% to \$7.0mn. Revenues from garment exports rose by 14.1% to \$8.7mn as a 15.6% increase in volume outweighed a \$0.13 fall in the average price per pound. It still remains to be seen if the removal of international quota restrictions on garment imports and the consequent surge in low cost production from Asia will affect Belize. Other miscellaneous domestic exports more than doubled to \$10.4mn largely due to higher earnings from grapefruit oil, red kidney beans and black eye peas.

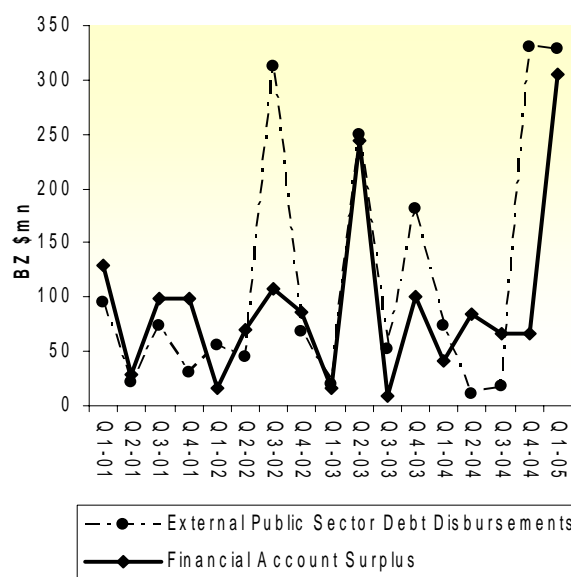
Net earnings from services declined by 38.0% as a 7.3% increase in tourism receipts and inflows from professional services were outweighed by higher outflows for transportation services plus payments for financial services and insurance premiums related to the Bear Stearns bond offer.

On the other hand, net outflows on the income account fell by 16.5% to \$49.9mn due to declines in

reinvested earnings, profit repatriation and interest payments by the government and private sector. Meanwhile, net inflows from current transfers fell as a \$9.2mn decline in grants to the government offset a \$5.4mn rise in remittances and inflows to religious and non-profit organizations. The decline in grants reflected the early receipt of funds in December 2004 that had been scheduled for the first quarter of 2005.

Net capital and financial inflows totaled \$305.6mn compared to \$47.5 during the first quarter of 2004. The bulk of the inflows came from proceeds of the US \$136.7mn Bear Stearns bonds that were supplemented by another much smaller international bond disbursement and foreign direct investment activity in telecommunications and the hotel sub-sectors. The \$6.0mn decline in the capital account was virtually equivalent to the value of debt forgiveness recorded during the first quarter of 2004.

Chart 2.5: Public Sector Debt Disbursement and Financial Account





Monetary Developments

Receipts from exports and foreign loan disbursements contributed to a 3.1% increase in the broad money supply in the first quarter as net foreign assets of the banking system expanded by \$314.5mn against a \$283.8mn contraction in net domestic credit.

Narrow money rose by 1.9% with currency in circulation falling by \$3.0mn while demand deposits rose by \$10.6mn. Meanwhile, a 3.7% increase in quasi-money was largely accounted for by a \$24.3mn (3.8%) expansion in time deposits that reflected increased holdings by individuals, statutory bodies and business enterprises.

Net Domestic Credit

Inflows from the Bear Stearns bond issue in March facilitated a 21.0% contraction in net domestic credit as proceeds contributed to a \$269.6mn build-up in Central Government deposits and reductions in its overdraft balances held with the Central Bank and commercial banks. In secondary trading, the commercial banks and an insurance company purchased \$1.2mn in Treasury bills from the Central Bank. Loans to statutory bodies fell by \$3.9mn reflecting net repayments by DFC the Belize Marketing Board and Belize Tourism Board.

After eleven consecutive quarters of growth, commercial bank loans to the private sector fell by 0.5%. The contraction was shown in a \$4.5mn fall in personal loans plus a \$4.2mn net decline in loans to the primary sector as marine producers, citrus and sugarcane growers reduced outstanding loan balances. In the tertiary sector, net repayments were also received from the tourism and transportation

Table 3.1: Factors Responsible for Money Supply Movements

| | Position as at Mar 2005 | Changes during | |
|--|-------------------------------|----------------------------|----------------------------|
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| Net Foreign Assets | 399.7 | 314.5 | 24.2 |
| Central Bank | 343.8 | 240.1 | -2.6 |
| Commercial Bank | 55.9 | 74.4 | 26.8 |
| Net Domestic Credit | 1,069.6 | -283.8 | 4.5 |
| Central Government (Net) | -99.2 | -274.5 | -15.4 |
| Other Public Sector | 43.0 | -3.9 | 8.5 |
| Private Sector | 1,125.8 | -5.4 | 11.4 |
| Central Bank Long- term Foreign Liabilities | 2.5 | 0.0 | 0.0 |
| Other Items (net) | 179.5 | -8.4 | 20.4 |
| Money Supply M2 | 1,287.3 | 39.1 | 8.3 |

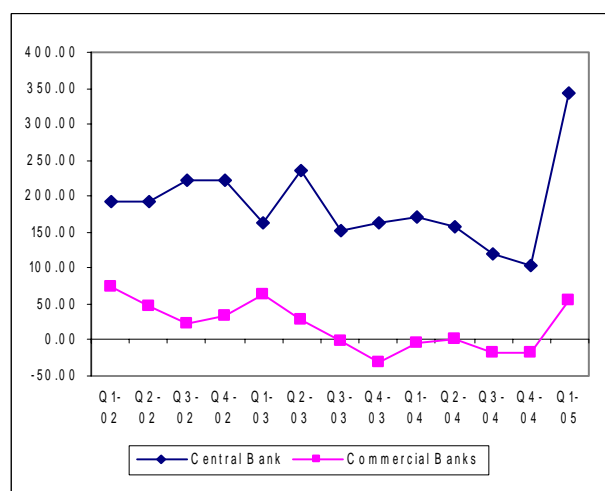
sub-sectors. In contrast, loans to the secondary sector rose by \$3.8mn as repayments by utilities were offset by new funds for construction and manufacturing.

Net Foreign Assets

The net foreign assets of the banking system rose by \$314.5mn, a thirteen-fold expansion relative to the first quarter of 2004. The Central Bank accounted for 76.3% of the increase with its gross foreign assets rising by \$240.2mn. The latter was influenced by inflows that totaled \$327.5mn of which some 85.0% was accounted for by the bond issue and foreign financing from ROC/Taiwan. The balance represented sugar receipts, investment income and purchases from the commercial banks. While 55% of outflows consisted of various



Chart 3.1: Net Foreign Asset Holdings of the Central Bank and Commercial Banks



payments on behalf of the public sector, these were some 26.4% below similar payments in the first quarter of 2004. Central Bank sales to commercial banks were also roughly 50% below that of the same period last year.

Commercial banks recorded a \$62.0mn rise in foreign assets reflecting net purchases from the Central Bank, export earnings and other inflows to finance the ECOM purchase of BTL shares and expansion of tilapia fish farming. Short term foreign liabilities declined by \$12.4mn largely due to repayments of some \$14.0mn to foreign affiliates.

Liquidity

Boosted by foreign inflows, excess statutory liquidity expanded by 21.6% to \$105.3mn with commercial bank holdings of approved liquid assets and required holdings up by \$27.6mn and \$8.9mn, respectively. The expansion was across the board with all of the banks experiencing the rise in liquidity. Portfolio changes included a \$27.1mn expansion in the short-term foreign balances and a \$2.6mn rise in Treasury Bills holdings. On the other hand, excess cash reserves contracted sharply by \$7.0mn to negative \$5.6mn with a \$3.9mn fall in daily average holdings of cash reserves relative to a \$3.1mn increase in required cash reserves.

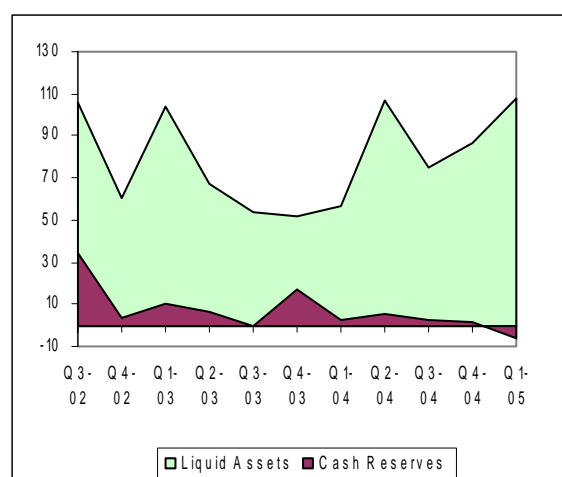
Table 3.2: Net Foreign Assets of the Banking System

| | Position as at Mar 2005 | Changes during | |
|------------------------------|-------------------------|----------------------|----------------------|
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| Net Foreign Assets | 399.7 | 314.5 | 24.2 |
| Central Bank | 343.8 | 240.1 | -2.6 |
| Foreign Assets | 346.7 | 240.2 | 5.3 |
| *Foreign Liabilities(Demand) | 2.9 | 0.1 | -2.1 |
| Commercial Banks | 55.9 | 74.4 | 26.8 |
| Foreign Assets | 191.3 | 62.0 | 15.8 |
| #Foreign Liab. (Short-Term) | 135.4 | -12.4 | -11.0 |

* Does not include Central Bank Long-term Foreign Liabilities of \$2.5mn

Does not include Non-residents Foreign Currency Time Deposits of \$32.8mn held with Commercial Banks.

Chart 3.2: Commercial Banks' Excess Statutory Liquidity & Excess Cash Reserves





Weighted Average Interest Rates

The increase in liquidity facilitated a widening of the weighted average interest rate spread of the commercial banks by 20 basis points to 9.0% during the quarter. The weighted average deposit rate remained unchanged while the weighted average lending rate rose by 20 basis points. The increase reflected upward movement in the weighted average rate offered on residential, commercial and other types of loans.



Government Operations

Central Government's Fiscal Operation: January to March 2005

Central Government generated current and overall deficits of \$29.0mn and \$47.5mn, respectively, in fiscal operations during the January to March period. The financing gap was met by inflows from abroad as external disbursements of \$328.9mn eclipsed amortisation payments of \$12.1mn.

With tax revenues recording an increase of \$7.8mn, current revenue was 4.7% above that of the first quarter of 2004. Conversely, capital revenue and grant receipts were lower. Current expenditure was up by \$34.1mn, with the largest increase being attributed to a \$23.4mn (95.8%) rise in interest payments on debt. Wages and salaries also recorded a 9.7% increase.

At \$21.3mn, capital expenditure experienced a significant contraction of almost 52% in comparison with the first quarter in 2004. Capital II disbursements were mainly for land development/acquisition, counter part funding for the Orange Walk by-pass, town streets and drains,

bridges and highway rehabilitation. Capital III outlays were dominated by allocations for housing, the University of Belize, printing services, the Orange Walk by-pass and the Commonwealth Debt Initiative.

Fiscal Operations: April 2004 to March 2005

For the 2004/05 fiscal year, Central Government's operations yielded a current deficit of \$76.8mn (3.7% of GDP) and an overall deficit of \$174.8mn (8.4% of GDP). Total revenue & grants declined by \$2.6mn to \$482.5mn, and at \$657.3mn, expenditure was \$4.7mn above that of the previous FY as a 49.1% contraction in capital outlays was offset by the growth in the recurrent budget.

Current revenue was up by 6.7% as a \$4.3mn decrease in non-tax revenue was overshadowed by a \$21.7mn expansion in tax revenue that was combined with a \$3.4mn increase in loan repayments by statutory bodies. Capital revenue contracted by \$21.2mn as there were no proceeds from the sale of equity/property and grant receipts were also down by \$9.1mn.

At \$533.0mn, current expenditure was 30.6% above that of the previous fiscal year reflecting higher outlays on all major expenditure categories. The most significant were in interest payments on foreign loans, wages and salaries, and goods and services.

Capital expenditure stood at \$124.4mn for the fiscal year. Among the more notable disbursements were \$14.9mn for various roads, streets and drains, \$16.0mn for the University of Belize and vocational

Table 4.1: Central Government's Revenue and Expenditure

| | \$mn | |
|---------------------------|-----------------|-----------------|
| | Jan-Mar 2005 | Jan-Mar 2004 |
| Total Revenue & Grants | 120.4 | 147.2 |
| of which: Current Revenue | 117.5 | 112.2 |
| of which: Grants | 1.8 | 17.8 |
| Total Expenditure | 167.9 | 156.9 |
| Current Expenditure | 146.6 | 112.5 |
| Capital Expenditure | 21.3 | 44.4 |
| Current Balance | -29.0 | -0.3 |
| Overall Balance | -47.5 | -9.7 |



Table 4.2: Summary of Government's Revenue

| | \$mn | |
|------------------------------|------------------|------------------|
| | Apr-04 Mar-05 | Apr-03 Mar-04 |
| Current revenue | 456.2 | 427.7 |
| Tax revenue | 416.0 | 383.2 |
| Income and profits | 99.8 | 91.1 |
| Taxes on property | 4.5 | 2.5 |
| Taxes on goods & services | 141.0 | 119.6 |
| Int'l trade and transactions | 170.7 | 170.0 |
| Non-Tax Revenue | 40.2 | 44.5 |
| Property income | 5.4 | 3.3 |
| Licenses | 10.3 | 10.0 |
| Other | 24.5 | 31.2 |
| Capital revenue | 11.4 | 32.6 |
| Grants | 14.6 | 23.7 |
| Debt services receipts | 0.3 | 1.1 |

training, \$8.5mn for hurricane preparedness, \$5.5mn for prison custodial services, \$4.7mn for printing services, \$4.3mn for land development/acquisition, \$2.1mn for tertiary level scholarships and \$1.8mn for the Social Investment Fund. Gratuity payments to early retirees also summed to \$3.2mn.

The overall fiscal deficit of \$174.8mn was financed from external sources as some \$686.5mn in loan disbursements was used to build up government's deposits in the domestic banking system by \$190.6mn, reduce overdrafts and effect amortization payments of \$247.7mn to foreign lenders. In addition to the latter, some \$130.0mn was used to clear DFC's Caribbean mortgage securitization liabilities.

Central Government's Domestic Debt

During the first quarter, Central Government's domestic debt contracted by 1.4% to \$276.9mn reflecting amortisation payments of \$1.3mn and a \$2.7mn decline in overdraft balances. In secondary

trading, the Central Bank sold \$1.0mn worth of Treasury Bills to the commercial banks and other individuals and entities.

Interest payments of \$4.2mn included \$2.1mn on overdraft balances and payments to holders of Treasury Bills and Notes of \$0.8mn and \$0.2mn, respectively. Payments on an assortment of other loans totalled \$1.0mn. The bulk, some \$0.7mn, went to the Belize Bank for housing and road infrastructure loans.

Public Sector External Debt

The public sector's external debt rose by 18.8% to \$2.0bn as disbursements of \$328.9mn overshadowed principal repayments of \$12.1mn and downward valuation adjustments of \$0.8mn. Interest payments amounted to \$27.3mn. Central Government accounted for 96.3% of the external debt. The financial and non-financial public sector held the remaining 3.2% and 0.6%, respectively.

All disbursements during the quarter went to the

Table 4.3: Summary of Government's Expenditure

| | \$mn | |
|-----------------------------------|------------------|------------------|
| | Apr-04 Mar-05 | Apr-03 Mar-04 |
| Current Expenditure | 533.0 | 408.2 |
| Wages & salaries | 212.6 | 190.7 |
| Pensions | 32.3 | 26.7 |
| Goods & services | 78.5 | 73.4 |
| Interest payments | 175.9 | 88.5 |
| of which: External | 158.2 | 72.7 |
| Subsidies & current transfers | 33.7 | 28.9 |
| Capital Expenditure & net lending | 124.4 | 218.8 |
| Capital II | 51.0 | 72.3 |
| Capital III | 73.4 | 95.3 |
| Unidentified expenditure | 0.0 | 2.0 |
| Net lending | 0.0 | 49.2 |



Table 4.4: Summary of Government's FY Revenue and Expenditure

\$mn

| | Apr-04 Mar-05 | Apr-03 Mar-04 |
|---------------------------|------------------|------------------|
| Total Revenue & Grants | 482.5 | 485.1 |
| of which: current revenue | 456.2 | 427.7 |
| Total Expenditure | 657.3 | 652.6 |
| of which: current expend | 533.0 | 408.2 |
| Current Balance | -76.8 | 19.5 |
| Overall Balance | -174.8 | -141.9 |

Table 4.5: Central Government's Domestic Debt

\$mn

| | Jan-Mar 2005 | Jan-Mar 2004 |
|--------------------|-----------------|-----------------|
| Loans and Advances | 137.9 | 122.2 |
| Treasury Bill | 100.0 | 100.0 |
| Treasury Notes | 24.0 | 24.0 |
| Defence Bonds | 15.0 | 15.0 |
| Total | 276.9 | 261.2 |

Table 4.6: Financial Flows on Public Sector's External Debt

\$mn

| | Jan-Mar 2005 | Jan-Mar 2004 |
|--|-----------------|-----------------|
| CENTRAL GOVERNMENT | | |
| Disbursements | 328.9 | 73.9 |
| Amortizations | 10.2 | 6.8 |
| Interest Payments | 26.6 | 26.3 |
| REST OF NON-FINANCIAL PUBLIC SECTOR | | |
| Disbursements | - | - |
| Amortizations | 0.7 | 0.4 |
| Interest Payments | 0.3 | 0.2 |
| FINANCIAL PUBLIC SECTOR | | |
| Disbursements | - | 0.2 |
| Amortizations | 1.2 | 1.1 |
| Interest Payments | 0.5 | 0.5 |

Central Government with bilateral and multilateral agencies providing \$31.0mn and \$4.1mn, respectively. The greater portion of disbursements (\$292.4mn) came from a new bond issue by Bear Stearns and other commercial banks.

Central Government made amortisation payments of \$10.2mn, with \$4.2mn each going to multilateral and bilateral creditors. The remaining \$1.8mn went to commercial banks/suppliers. In the financial public sector, payments to CDB and the European Economic Community (EEC) totalled \$0.8mn and \$0.3mn, respectively, while payments totalling \$0.7mn were made by the non-financial public sector to the CIBC Bank and the Government of Kuwait.

Approximately 97.3% (\$26.6mn) of total interest payments came from Central Government. The largest payments went to international bondholders, with Bear Stearns receiving \$11.9mn, while the balance was divided amongst Citicorp, CMFS and Salomon Smith Barney. Interest on CDB and EEC loans to the financial public sector totalled \$0.5mn. The non-financial public sector also made payments of \$0.3mn to CIBC Bank and the Kuwait Government.

The external debt was adjusted downward by \$0.8mn as the depreciation of the euro and pound sterling overshadowed the appreciation of the Kuwait dinar against the US dollar. The euro and pound were adjusted downward by \$1.3mn and \$0.3mn, respectively.



ANNEX



ANNEX

Table 5.1: Percent Variation in Consumer Price Index (CPI) by Commodity Group

| Major Commodity Group | Weights | Quarterly Change | | | | Annual Change |
|---------------------------------|---------------|------------------|------------|------------|------------|---------------|
| | | May-04 | Aug-04 | Nov-04 | Feb-05 | |
| Food, Beverage & Tobacco | 346.6 | 0.6 | 1.1 | 0.8 | 0.1 | 2.7 |
| Clothing & Footwear | 92.0 | 0.1 | -0.4 | -0.3 | 0.2 | -0.4 |
| Rent, Water, Fuel, & Power | 167.6 | 0.1 | 0.3 | 1.2 | 0.2 | 1.9 |
| Household goods & maintenance | 85.3 | 0.4 | -0.2 | -0.2 | 0.1 | 0.1 |
| Medical care | 20.1 | 1.5 | -0.1 | 0.2 | 0.1 | 1.8 |
| Transport & Communication | 170.1 | 2.6 | 1.8 | 0.1 | 0.4 | 5.0 |
| Recreation, Education & Culture | 80.4 | 0.1 | 0.6 | 0.0 | 0.3 | 0.9 |
| Personal care | 37.9 | -0.1 | 0.1 | 0.2 | 0.3 | 0.4 |
| ALL ITEMS | 1000.0 | 0.8 | 0.8 | 0.5 | 0.2 | 2.3 |

Source: Central Statistical Office

Table 5.2: Gross Imports (CIF) by SITC

| SITC Section | \$ '000 | |
|-------------------------------------|----------------|----------------|
| | Jan – Mar 2005 | Jan – Mar 2004 |
| 0 Food and Live Animals | 25,800 | 23,167 |
| 1 Beverages and Tobacco | 2,372 | 2,296 |
| 2 Crude Materials | 2,320 | 1,698 |
| 3 Minerals, Fuels and Lubricants | 39,472 | 36,103 |
| of which electricity | 7,240 | 9,057 |
| 4 Oils and Fats | 826 | 590 |
| 5 Chemical Products | 18,638 | 16,501 |
| 6 Manufactured Goods | 32,734 | 28,028 |
| 7 Machinery and Transport Equipment | 44,928 | 40,175 |
| 8 Other Manufactures | 24,261 | 17,639 |
| 9 Commodities N.E.S | 0 | 14 |
| Export Processing Zones | 32,625 | 28,331 |
| Commercial Free Zone | 41,010 | 32,587 |
| Personal Goods | 528 | 431 |
| Total | 264,514 | 227,561 |

Source: Central Statistical Office, Central Bank of Belize



Table 5.3: Balance of Payments Summary

| | BZ\$mn | |
|--|------------------------------|------------------------------|
| | 2005 ^P Jan-Mar | 2004 ^R Jan-Mar |
| CURRENT ACCOUNT | -66.4 | -34.8 |
| Goods: Exports f.o.b. | 166.7 | 144.0 |
| Goods: Imports f.o.b. | -248.7 | -213.5 |
| <i>Trade Balance</i> | <i>-81.9</i> | <i>-69.4</i> |
| Services: Credit | 128.6 | 124.6 |
| Transportation | 17.8 | 17.0 |
| Travel | 91.3 | 85.3 |
| Other Goods & Services | 13.4 | 14.0 |
| Gov't Goods & Services | 6.1 | 8.3 |
| Services: Debit | -87.4 | -58.0 |
| Transportation | -22.3 | -19.7 |
| Travel | -17.2 | -16.3 |
| Other Goods & Services | -43.7 | -18.7 |
| Gov't Goods & Services | -4.1 | -3.3 |
| <i>Balance on Goods & Services</i> | <i>-40.7</i> | <i>-2.8</i> |
| Income: Credit | 1.8 | 2.0 |
| Compensation of Employees | 1.3 | 1.2 |
| Investment Income | 0.4 | 0.7 |
| Income: Debit | -51.6 | -61.7 |
| Compensation of Employees | -4.2 | -4.1 |
| Investment Income | -47.4 | -57.6 |
| <i>Balance on Goods, Services & Income</i> | <i>-90.5</i> | <i>-62.6</i> |
| Current Transfers: Credit | 25.8 | 28.8 |
| Current Transfers: Debit | -1.7 | -1.0 |
| CAPITAL ACCOUNT | 0.9 | 6.9 |
| Capital Account: Credit | 1.3 | 7.1 |
| Capital Account: Debit | -0.4 | -0.2 |
| FINANCIAL ACCOUNT | 304.8 | 40.6 |
| Direct Investment Abroad | 0.0 | -0.1 |
| Direct Investment in Reporting Economy | 70.6 | 29.2 |
| Portfolio Investment Assets | -0.1 | -0.1 |
| Portfolio Investment Liabilities | 281.0 | -10.5 |
| Financial Derivatives | 0.2 | 0.3 |
| Other Investment Assets | -61.4 | -15.2 |
| Other Investment Liabilities | 14.4 | 36.9 |
| NET ERRORS & OMISSIONS | 0.9 | -7.4 |
| OVERALL BALANCE | 240.2 | 5.3 |
| RESERVE ASSETS* | -240.2 | -5.3 |

*(Minus = Increase)
Source: Central Bank of Belize
P: Indicates Provisional
R: Indicated Revised



Table 5.4: Central Government's Revenue and Expenditure

| | BZ \$'000 | | | |
|---|-------------------------------|--------------------------|--------------------------|----------------------------------|
| | Estimated Budget 2004/2005 | April 04 to Mar-05 | April 03 to Mar-04 | Actual to date as % of Budget |
| TOTAL REVENUE & GRANTS (1+2+3+4) | 520,347 | 482,495 | 485,092 | 92.7% |
| 1). Current revenue | 498,084 | 456,221 | 427,661 | 91.6% |
| Tax revenue | 451,372 | 416,017 | 383,156 | 92.2% |
| Income and profits | 101,955 | 99,811 | 91,115 | 97.9% |
| Taxes on property | 20,020 | 4,535 | 2,489 | 22.7% |
| Taxes on goods and services | 135,045 | 140,997 | 119,590 | 104.4% |
| Int'l trade and transactions | 194,352 | 170,647 | 169,962 | 87.8% |
| Non-Tax Revenue | 46,712 | 40,205 | 44,505 | 86.1% |
| Property income | 5,155 | 5,419 | 3,274 | 105.1% |
| Licences | 11,837 | 10,333 | 9,985 | 87.3% |
| Other | 29,720 | 24,453 | 31,247 | 82.3% |
| 2). Capital revenue | 6,250 | 11,405 | 32,595 | 182.5% |
| 3). Debt Service Receipts | 16,013 | 252 | 1,123 | 91.3 |
| 4). Grants | | 14,617 | 23,713 | |
| TOTAL EXPENDITURE (1+2) | 554,113 | 657,344 | 652,562 | 118.6% |
| 1). Current Expenditure | 424,424 | 532,977 | 408,170 | 125.6% |
| Wages and Salaries | 214,058 | 212,643 | 190,726 | 99.3% |
| Pensions | 23,901 | 32,280 | 26,665 | 135.1% |
| Goods and Services | 70,522 | 78,511 | 73,437 | 111.3% |
| Interest Payments on Public Debt | 82,604 | 175,866 | 88,473 | 212.9% |
| Subsidies & current transfers | 33,339 | 33,677 | 28,869 | 101.0% |
| 2). Capital Expenditure | 129,689 | 124,367 | 218,787 | 95.9% |
| Capital II (local sources) | 59,342 | 50,977 | 72,337 | 85.9% |
| Capital III (foreign sources) | 70,347 | 73,390 | 95,275 | 104.3% |
| Unidentified expenditure | | | 2,000 | |
| Capital Transfers & Net Lending | | 0 | 49,175 | |
| CURRENT BALANCE | 73,660 | -76,756 | 19,491 | -104.2% |
| OVERALL BALANCE | -33,766 | -174,849 | -141,866 | 517.8% |
| FINANCING | | 174,849 | 141,866 | |
| Domestic Financing | | -305,957 | -161,224 | |
| Central Bank | | -165,111 | -9,431 | |
| Net Borrowing | | -9,216 | 56,897 | |
| Change in Deposits | | -155,895 | -66,328 | |
| Commercial Banks | | -9,458 | -20,833 | |
| Net Borrowing ⁽²⁾ | | 2,5232 | -25,746 | |
| Change in Deposits | | -34,690 | 4,913 | |
| Other Domestic Financing | | -1,388 | -2,962 | |
| Transact with DFC (Debt) | | -130,000 | -127,998 | |
| Financing Abroad | | 466,631 | 320,352 | |
| Disbursements | | 686,516 | 553,038 | |
| Amortization | | -247,735 | -100,108 | |
| Change in Foreign Assets | | -1,150 | -18,578 | |
| Privatization proceeds (shares in BTL) | | 29,000 | -114,000 | |
| Other | | 14,175 | -17,263 | |

Source: Ministry of Finance and Central Bank of Belize



Table 5.5: Transactions of Disbursements and Payments by Creditors

(\$000)

| | DOD at: 31/12/2004 | Transactions (January to March) | | | | | DOD at: 31/03/2005 |
|--------------------------------------|-----------------------|---------------------------------|--------------------|-------------------|----------------|---------------|-----------------------|
| | | Disbursements | Principal Payments | Interest Payments | Other Payments | Parity Change | |
| CENTRAL GOVERNMENT | 1,605,151 | 328,897 | 10,208 | 26,595 | 10 | -651 | 1,923,184 |
| Banco Nacional de Comercio Exterior | 8,999 | 0 | 0 | 273 | 0 | 0 | 8,999 |
| Fondo de Fin. de las Exportaciones | 980 | 0 | 0 | 0 | 0 | 0 | 980 |
| Government of Great Britain | 12,359 | 0 | 0 | 0 | 0 | -312 | 12,045 |
| Government of Peoples Rep. of China | 116 | 0 | 0 | 0 | 0 | 0 | 116 |
| Government of the United States* | 7,792 | 0 | 234 | 42 | 0 | 2 | 7,559 |
| Government of Trinidad and Tobago | 24 | 0 | 0 | 0 | 0 | 0 | 24 |
| Kuwait Fund for Arab Economic Dev | 20,581 | 0 | 0 | 236 | 0 | 551 | 21,133 |
| Republic of China | 195,106 | 31,031 | 3,958 | 2,823 | 0 | 0 | 222,179 |
| Caribbean Development Bank | 84,468 | 4,099 | 27 | 28 | 0 | 0 | 88,540 |
| European Economic Community | 19,889 | 0 | 0 | 0 | 0 | -848 | 19,040 |
| European Investment Bank | 1,052 | 0 | 0 | 0 | 0 | -44 | 1,008 |
| Inter-American Development Bank | 139,373 | 1,323 | 1,627 | 1,072 | 0 | 0 | 139,068 |
| International Fund for Agric. Dev. | 2,060 | 0 | 0 | 0 | 0 | 0 | 2,060 |
| Intl. Bank for Reconstruction & Dev. | 68,348 | 30 | 2,589 | 764 | 0 | 0 | 65,790 |
| Opec Fund for Int'l. Development | 7,833 | 0 | 0 | 69 | 0 | 0 | 7,833 |
| Allfirst Bank of Maryland | 2,940 | 0 | 420 | 85 | 0 | 0 | 2,520 |
| Bear Stearns & C0. Inc. | 450,000 | 273,366 | 0 | 11,875 | 0 | 0 | 723,366 |
| Citibank, Trinidad & Tobago | 12,000 | 0 | 0 | 0 | 0 | 0 | 12,000 |
| Citicorp Merchant Bank Ltd. | 48,571 | 0 | 0 | 1,790 | 0 | 0 | 48,571 |
| CMFS Note Holders | 157,910 | 0 | 0 | 3,733 | 0 | 0 | 157,910 |
| International Bank of Miami | 92,505 | 0 | 0 | 2,180 | 10 | 0 | 92,505 |
| KBC Bank NV | 5,607 | 0 | 935 | 153 | 0 | 0 | 4,673 |
| Provident Bank & Trust of Belize | 374 | 0 | 0 | 0 | 0 | 0 | 374 |
| Royal Merchant Bank | 211,000 | 11,991 | 0 | 0 | 0 | 0 | 222,991 |
| Salomon Smith Barney | 52,030 | 0 | 0 | 1,346 | 0 | 0 | 52,030 |
| Belize Estate and Co. Ltd. | 1,628 | 0 | 326 | 78 | 0 | 0 | 1,302 |
| Caterpillar Financial Ser. Corp. | 1,325 | 0 | 0 | 0 | 0 | 0 | 1,325 |
| Export Import Bank of the U. S. | 280 | 0 | 93 | 13 | 0 | 0 | 187 |
| Manufacturers & Traders Trust Co. | 0 | 7,056 | 0 | 36 | 0 | 0 | 7,056 |
| NON-FINANCIAL PUBLIC SECTOR | 12,125 | 0 | 737 | 279 | 15 | 212 | 11,601 |
| Kuwait Fund for Arab Economic Dev | 8,141 | 0 | 343 | 164 | 0 | 212 | 8,011 |
| CIBC Bank & Trust Company | 3,984 | 0 | 394 | 115 | 15 | 0 | 3,590 |
| FINANCIAL PUBLIC SECTOR | 64,693 | 0 | 1,152 | 467 | 0 | -378 | 63,165 |
| Caribbean Development Bank | 43,210 | 0 | 848 | 415 | 0 | -4 | 42,359 |
| European Economic Community | 640 | 0 | 0 | 0 | 0 | -28 | 612 |
| European Investment Bank | 11,476 | 0 | 304 | 53 | 0 | -346 | 10,829 |
| Citibank, Trinidad & Tobago | 1,250 | 0 | 0 | 0 | 0 | 0 | 1,250 |
| Citicorp Merchant Bank Ltd. | 1,250 | 0 | 0 | 0 | 0 | 0 | 1,250 |
| Paine Webber Real Estate Sec. Inc. | 1,900 | 0 | 0 | 0 | 0 | 0 | 1,900 |
| N.V. De Smet S.A. Engineers | 2,825 | 0 | 0 | 0 | 0 | 0 | 2,825 |
| Government of the United States | 2,140 | 0 | 0 | 0 | 0 | 0 | 2,140 |
| GRAND TOTAL | 1,681,967 | 328,897 | 12,097 | 27,341 | 25 | -818 | 1,997,950 |

Effective 31st March 2001, WASA loans were re-classified as private sector debt as a result of its full privatization.

Effective 31st December, 2002 BPA Loans of Bz \$23.8 mn were re-classified as private sector debt as a result of its full privatization.

Outstanding external debt of private entities remained as a contingent liability of Central Government.

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



Table 5.6: Public Sector Domestic Debt By Creditor

\$'000

| | Disbursed Outstanding Debt 31/12/04R | Transactions (January to March) | | | | Disbursed Outstanding Debt 31/03/05P |
|---|---|---|---|--------------|---|---|
| | | Disbursement/New Issue of Securities | Amortization/ Reduction in Securities | Interest | Net Change in Overdraft/ Securities | |
| Overdraft / Loans | 91,987 | 0 | 0 | 2,144 | -2,673 | 89,314 |
| Central Bank | 82,498 | 0 | 0 | 2,144 | -2,633 | 79,865 |
| Commercial Banks | 94,489 | 0 | 0 | 0 | -40 | 9,449 |
| Treasury Bills | 100,000 | 0 | 0 | 798 | 0 | 100,000 |
| Central Bank | 72,637 | 0 | 0 | 598 | -994 | 71,643 |
| Commercial Banks | 24,874 | 0 | 0 | 180 | 931 | 25,805 |
| Other | 2,489 | 0 | 0 | 20 | 63 | 2,552 |
| Treasury Notes | 24,000 | 0 | 0 | 225 | 0 | 24,000 |
| Central Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Commercial Banks | 23,269 | 0 | 0 | 223 | 0 | 23,269 |
| Other | 731 | 0 | 0 | 2 | 0 | 731 |
| Defence Bonds | 15,000 | 0 | 0 | 0 | 0 | 15,000 |
| Central Bank | 10,000 | 0 | 0 | 0 | 0 | 10,000 |
| Commercial Banks | 100 | 0 | 0 | 0 | 0 | 100 |
| BSSB | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 4,900 | 0 | 0 | 0 | 0 | 4,900 |
| DFC Loan (Debt Restructuring) | 7,931 | 0 | 0 | 149 | 0 | 7,801 |
| BSSB Housing Loan | 678 | 0 | 0 | 14 | 0 | 674 |
| GOB (Debt For Nature Swap) | 13,613 | 0 | 580 | 159 | 0 | 13,033 |
| Cohune Walk Loan Belize Bank | 2,700 | 0 | 24 | 100 | 0 | 2,629 |
| Marine Parade Blvd. Belize. Bank | 24,000 | 0 | 175 | 555 | 0 | 23,491 |
| Guardian Life Belize \$1mn Loan | 1,000 | 0 | 0 | 45 | 0 | 1,000 |
| Total | 280,909 | 0 | 1,294 | 4,189 | -2,673 | 276,942 |

P: Indicates Provisional
R: Indicates Revised



Table 5.7: Commercial Banks' Weighted Average Interest Rates

| | Position as at Mar 2005 | Percentages | |
|--------------------------------|-------------------------------|----------------------------|----------------------------|
| | | Changes during | |
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| Weighted Lending Rates | | | |
| Personal Loans | 15.5 | 0.0 | -0.3 |
| Commercial Loans | 14.2 | 0.2 | -0.1 |
| Residential Construction | 12.8 | 0.3 | 0.2 |
| Other | 10.4 | 0.4 | -0.7 |
| Weighted Average | 14.2 | 0.2 | -0.2 |
| Weighted Deposit Rates | | | |
| Demand | 0.5 | -0.1 | 0.2 |
| Savings/Cheque | 5.1 | 0.0 | 0.0 |
| Savings | 5.1 | 0.0 | 0.1 |
| Time | 7.5 | -0.1 | 0.0 |
| Weighted Average | 5.3 | 0.0 | 0.0 |
| Weighted Average Spread | 9.0 | 0.2 | -0.3 |

Table 5.8: Commercial Banks Liquidity Position and Cash Reserves

| | Position as at Mar 2005 | Changes during | |
|--|-------------------------------|----------------------------|----------------------------|
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| Holdings of Approved Liquid Assets | 352.1 | 27.6 | 11.5 |
| Notes and Coins | 33.6 | -0.1 | 0.3 |
| Balances with Central Bank | 79.5 | -2.3 | -11.8 |
| Money at Call and Foreign Balances (due 90 days) | 130.1 | 27.1 | 24.8 |
| Treasury Bills maturing in not more than 90 days | 28.6 | 2.6 | -13.1 |
| Other Approved assets | 80.3 | 0.3 | 11.3 |
| of which: Treasury Notes | 23.3 | 0.0 | 0.0 |
| Loans for New Residential Construction | 0.0 | 0.0 | 0.9 |
| Loans for Non-Traditional Exports | 0.0 | 0.0 | 0.0 |
| Required Liquid Assets | 246.8 | 8.9 | 6.0 |
| Excess/(Deficiency) Liquid Assets | 105.3 | 18.7 | 5.5 |
| Daily Average holdings of Cash Reserves | 80.8 | -3.9 | -12.7 |
| Required Cash Reserves | 86.4 | 3.1 | 1.5 |
| Excess/(Deficiency) Cash Reserves | -5.6 | -7.0 | -14.2 |



Table 5.9: Net Domestic Credit

\$mn

| | Position as at Mar 2005 | Changes during | |
|--|-------------------------------|----------------------------|----------------------------|
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| Total Credit to Central Government | 241.9 | -4.9 | 5.4 |
| From Central Bank | 161.5 | -3.8 | 5.2 |
| Loans and Advances | 79.9 | -2.6 | 0.4 |
| Government Securities | 81.6 | -1.2 | 4.8 |
| From Commercial Banks | 80.4 | -1.1 | 0.2 |
| Loans and Advances | 31.3 | -2.1 | 2.6 |
| Government Securities | 49.1 | 1.0 | -2.4 |
| Less Central Government Deposits | 341.1 | 269.6 | 20.8 |
| With Central Bank | 297.6 | 239.3 | 18.7 |
| With Commercial Banks | 43.5 | 30.3 | 2.1 |
| Net Credit to Central Government | -99.2 | -274.5 | -15.4 |
| Credit to Other Public Sector | 43.0 | -3.9 | 8.5 |
| From Central Bank | 30.0 | -2.5 | 10.5 |
| From Commercial Banks | 13.0 | -1.4 | -2.0 |
| Plus Credit to the Private Sector | 1,125.8 | -5.4 | 11.4 |
| Loans and Advances | 1,124.8 | -5.4 | 11.4 |
| Securities | 1.0 | 0.0 | 0.0 |
| Net Domestic Credit of the Banking System | 1,069.6 | -283.8 | 4.5 |

Table 5.10: Money Supply

\$mn

| | Position as at Mar 2005 | Changes during | |
|--------------------------|-------------------------------|----------------------------|----------------------------|
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| Money Supply (M2) | 1,287.3 | 39.1 | 8.3 |
| Money Supply (M1) | 414.3 | 7.6 | 19.3 |
| Currency with the Public | 112.3 | -3.0 | -0.8 |
| Demand Deposits | 302.0 | 10.6 | 20.1 |
| Savings/Cheque Deposits | 0.0 | 0.0 | 0.0 |
| Quasi-Money | 873.0 | 31.5 | -11.0 |
| Savings Deposits | 205.5 | 7.2 | -15.0 |
| * Time Deposits | 667.5 | 24.3 | 4.0 |

*Includes Non-Residents Foreign Currency Time Deposits of \$32.8mn



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

\$mn

| | Position as at Mar 2005 | Changes during | |
|-------------------------|-------------------------------|----------------------------|----------------------------|
| | | Dec 2004 to Mar 2005 | Dec 2003 to Mar 2004 |
| PRIMARY SECTOR | 140.9 | -4.2 | 2.3 |
| Agriculture | 95.9 | -0.3 | 0.6 |
| Sugar | 8.5 | -1.4 | -1.7 |
| Citrus | 17.5 | -1.5 | -0.3 |
| Bananas | 56.3 | 3.4 | 0.5 |
| Other | 13.6 | -0.8 | 2.1 |
| Marine Products | 20.9 | -4.2 | 2.2 |
| Forestry | 1.7 | -0.1 | -1.2 |
| Mining & Exploration | 22.4 | 0.4 | 0.7 |
| SECONDARY SECTOR | 343.0 | 3.8 | 3.6 |
| Manufacturing | 16.2 | 1.3 | -1.7 |
| Building & Construction | 263.8 | 5.1 | 3.2 |
| Utilities | 63.0 | -2.6 | 2.1 |
| TERTIARY SECTOR | 490.6 | -4.0 | 7.4 |
| Transport | 37.8 | -0.9 | -1.1 |
| Tourism | 80.2 | -4.3 | -0.5 |
| Distribution | 166.2 | 1.0 | -3.1 |
| Other* | 206.4 | 0.2 | 12.1 |
| Personal Loans | 192.6 | -4.5 | -0.4 |
| TOTAL | 1,167.1 | -8.9 | 12.9 |

* Includes government services, real estate, financial institutions, professional services and entertainment.