



# **Review of Economic and Financial Developments**

**March 2006**



## Overview

The economy grew by an estimated 2.4% in the first quarter as increased deliveries of sugarcane and garment production coincided with contractions in outputs of sugar, citrus, papaya and marine products. Although most of the major domestic export commodities experienced production downturns, export earnings remained buoyant due to receipts from petroleum and higher earnings from sugar, citrus juices (sales of which were boosted from pre-existing stocks), banana and garments. With higher inflows from tourism and remittances also contributing, the negative balance on the current account was reversed to yield a surplus of \$19.3mn. The capital and financial accounts also yielded a surplus of \$18.1mn bringing gross international reserves to \$147.8mn, the equivalent of 1.6 months of imports.

Mounting pressure from fuel prices contributed to a 1.0% rise in the CPI between November 2005 to February 2006, and a 5.0% increase over the twelve month period from February 2005 to February 2006. As expected,

the largest price increases were in 'Transport & Communication', and in 'Rent, Water, Fuel & Power'.

Reflecting the need for continued credit restraint to support the balance of payments, the Central Bank implemented a further 1.0% increase in commercial bank reserve requirements on 1 January 2006. The co-mingling of resident and non-resident deposits also ceased in January as non-resident foreign currency deposits were shifted to offshore affiliates as required by the International Banking Act. Even with these measures, commercial bank excess liquidity expanded by \$27.7mn during the first quarter with deposit growth benefiting from foreign earnings from exports and tourism. Bank spreads narrowed somewhat as the weighted average lending rate edged down by 10 basis points to 14.2% while the weighted average deposit rate increased by 40 basis points to 5.9%.

At 1.2%, broad money growth was



moderate and driven by increases in net domestic credit and net foreign assets. Foreign exchange inflows were influenced by increased earnings (particularly from citrus exports and tourism) and loan disbursements that included \$30.0mn from ROC/Taiwan. The 2.5% growth in credit featured a \$24.3mn rise in net credit to Central Government and loans to the private sector of \$16.3mn that mainly targeted personal loans and funding for citrus and banana cultivation.

Tight controls on expenditure were maintained during the period and the result was a recurrent surplus of \$2.2mn and overall deficit of \$6.2mn during the period (the last quarter of Central Government's 2005/06 fiscal year). The outturn for the entire fiscal year included a lowering in the recurrent and overall deficits of 83.2% and 58.2%, respectively. Bolstered by higher tax rates revenues rose by 16.5% and total expenditure declined by 3.7%. The overall deficit was

financed from domestic sources and privatization proceeds.

During the quarter, Central Government experienced a 2.0% rise in its domestic debt as funds borrowed from a suspense account in December were shifted back in January. The result was a \$23.7mn expansion in its Central Bank overdraft that reflected the timing of these transactions and not actual use of the overdraft in the January- March period. Principal and interest payments amounted to \$11.9mn and \$5.7mn, respectively. Meanwhile, the public sector's external debt contracted by 0.4% as principal repayments of \$39.3mn outweighed disbursements of \$32.1mn. The largest disbursements came from ROC/Taiwan with multilateral agencies providing only \$2.1mn. Commercial creditors accounted for 61.8% of total principal payments and 66.8% of interest payments during the quarter.



## Domestic Production And Prices

During the first quarter, increases in sugarcane deliveries and garment production were outweighed by declines in output of sugar, citrus, papaya and marine products. While sugarcane yields benefited from rains during the crucial growing period, citrus deliveries reverted to norm after the bumper crop of the previous crop year. Citrus juice production consequently contracted. Marine production also declined due to a reduction in shrimp output as much of the industry shifted to a one-crop system that favored the production of larger shrimps. In the tourism sector, stay-over visitors rose by 0.5% to 73,108 while cruise ship arrivals declined by 20.0% to 226,313.

Domestic prices continued to reflect the impact of rising fuel prices as well as an increase in 'sin taxes'. Over the twelve month period (February 2004 to February 2006), the Consumer Price Index rose by 5.0% with all categories of goods and services being affected. Higher prices for fuel at the pump pushed the cost of transportation

**Table 1.1: Production of Main Domestic Exports**

	2006 Jan-Mar	2005 Jan-Mar
Sugar Deliveries (long tons)	536,954	479,665
Sugar (Long tons)	51,143	51,211
Molasses (long tons)	16,567	17,758
Bananas (metric tons)	15,315	14,190
Citrus Deliveries (boxes)	3,456,620	4,164,320
Citrus Juices (ps)	19,240,618	25,743,631
Marine Products (lbs)	3,635,692	3,926,848
<i>of which shrimp (lbs)</i>	<i>3,188,606</i>	<i>3,495,682</i>
Sawn Woods (bd ft)	57,581	156,068
Garments (lbs)	1,143,124	886,926
Papayas (lbs)	14,739,600	15,935,345

upward. Also notable were an increase in electricity rates and higher prices for cigarettes, soft drinks, and alcoholic beverages.

### Sugar

After commencing on November 28th, the 2005/2006 sugarcane harvest saw deliveries for the first four months of the crop year rising by 6.3% to 687,187 long tons. While a favourable outturn, sugarcane deliveries and sugar production for the crop year are actually forecasted to increase by 18.4% and 9.6%, respectively, and it is felt that deliveries were somewhat



below expectations due to poor harvest weather.

Notwithstanding the increase in deliveries, sugar production fell by 6.8% due to a significant decline in cane purity that worsened the cane/sugar ratio from 9.46 to 11.05. An unanticipated deluge of rains during the first quarter also diluted the sugar content in the crop and adversely affected the sugar extraction rate. Production of molasses also declined by 5.5% to 21,112 long tons.

After receiving an average price of \$54.20 for the 2004/2005 crop, the price paid to farmers is expected to decline by 1.29% to \$53.54 for the 2005/2006 crop. This is however expected to improve eventually as

record high world market prices exert upward pressure on prices in the US and regional markets, and the industry benefits from an improvement on the US dollar to Euro exchange rate obtained on the futures market. Regarding the former, the world price for raw sugar rose by 72.6% to US\$0.18 per pound in the first quarter of 2006 compared to the same period of 2005 as global consumption outstripped production that had been affected by poor harvests and storm damage.

### Citrus

After its previous bumper crop, citrus production returned to normal levels with flowering declining in line with cyclical production patterns. The initial forecast indicates gross production of 6.5mn boxes (down from the 8.8mn boxes of 2004/2005), of which 6.3mn boxes should be delivered to the factory. At 4.4mn boxes, deliveries since October (the start of the crop year) are 21.9% lower. It is expected that this harvest gap will narrow as the crop year progresses since three harvest cycles are expected instead of the one large, extended harvest of the

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

	Nov-Mar 2005/06	Nov-Mar 2004/05
<b>Sugarcane deliveries (long tons)</b>	<b>687,185</b>	<b>646,673</b>
<b>Sugar Processed by BSI (long tons)</b>	<b>61,183</b>	<b>65,638</b>
<b>Molasses processed by BSI (long tons)</b>	<b>21,112</b>	<b>22,339</b>
<b>Performance</b>		
Factory Time Efficiency (%)	92.59	91.70
Cane Purity (%)	84.11	86.72
Cane/Sugar	11.05	9.46

Source: Belize Sugar Industries



previous year.

With deliveries and the average yield of pound solids per box of fruit down, citrus juice production declined by 27.5% to 23.5mn ps, with output of concentrates falling by 27.6% to 23.1mn ps and NFC yields contracting by 25.8% to 0.4mn ps. The greater than proportionate fall in juice production was caused by reductions of more than 3.0% in the average yield of pound solids per box of orange and grapefruit. Production of pulp and oil also declined by 30.5% and 20.7% to 1.4mn pounds and 1.1mn pounds, respectively.

While world citrus production is forecasted to increase by 4.0%, the major factor influencing Belize's key export markets is the performance of Florida's citrus crop which has been affected by the spread of citrus canker and hurricane damage. With US stocks of orange and grapefruit juices at one of the lowest level in years and production expected to remain virtually stable, the export prices for orange and grapefruit juices should remain strong during the year. The estimated final

price for orange for the current crop year is \$1.47 per pound solid (pps) compared to \$0.95 pps for the 2004/2005 crop. The price for grapefruit should fall slightly to \$8.84 per box as compared to \$9.82 per box for the previous crop year.

### **Banana**

First quarter banana production fell for the third consecutive year with yields declining by 4.2% to 0.8mn boxes primarily due to unfavourable growing conditions during the first part of the

**Table 1.3 : Output of Citrus Products**

	Oct-Mar 2005/06	Oct-Mar 2004/05
<b>Deliveries (boxes)</b>		
Orange	2,888,723	4,262,908
Grapefruit	<u>1,546,216</u>	<u>1,415,514</u>
<b>Total</b>	<b>4,434,939</b>	<b>5,678,422</b>
<b>Concentrate Produced (ps)</b>		
Orange	17,501,47	26,532,352
Grapefruit	<u>5,636,023</u>	<u>5,402,465</u>
<b>Total</b>	<b>23,137,49</b>	<b>31,934,817</b>
<b>Not from concentrate (ps)</b>		
Orange	14,605	218,728
Grapefruit	<u>386,976</u>	<u>322,486</u>
<b>Total</b>	<b>401,581</b>	<b>541,214</b>
<b>Pulp (pounds)</b>		
Orange	842,912	1,333,480
Grapefruit	<u>558,432</u>	<u>682,080</u>
<b>Total</b>	<b>1,401,344</b>	<b>2,015,560</b>
<b>Oil Produced (pounds)</b>		
Orange	847,785	1,181,150
Grapefruit	<u>213,000</u>	<u>155,785</u>
<b>Total</b>	<b>1,060,785</b>	<b>1,336,935</b>

Sources: Citrus Products of Belize, Citrus Growers Association



year and a lack of investment in the banana groves. Production is however expected to be higher in the second half of the year and the industry may therefore still be able to attain its forecast of 4.2mn boxes.

Acreage under harvestable trees in March 2006 stood at 6,034.6 acres as compared to 6,080.3 acres in December while those with young plants increased by 22.7% to 210 acres.

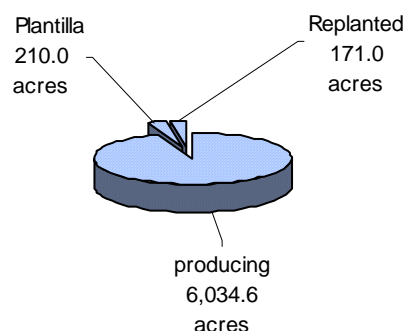
The marketing agreement for 2006 provides for a box price of US\$7.10 for the first 24 weeks of the year, and thereafter, a gradual reduction over four weeks to end at US\$6.00 for the rest of the year. As a result, the

negotiated average industry box price increased from US\$6.20 to US\$6.55. It has been agreed that "*deadfreight*" will be charged on weekly volumes below 76,500 boxes of fruit. The BGA will notify Fyffes of any potential volumes below the 76,500 box minimum and Fyffes will work to load other volumes to reduce or eliminate the "*deadfreight*" cost on its services, in which case the BGA will only be charged on any remaining "*deadfreight*".

### **Tourism**

During the first quarter, tourism activity across the Caribbean was buoyant, particularly in the Bahamas, Jamaica, Barbados and the Dominican Republic. Continuing an upward trend that started in the summer of 2005, the Bahamas had an upturn in its visitation and hotel occupancy numbers, while Jamaica reported a record 10 percent jump in stopover arrivals compared to the same period of 2005. The Dominican Republic, the Cayman Islands, Barbados and Puerto Rico all welcomed comparatively more visitors during the first quarter. Additionally, many Caribbean countries, Aruba in particular,

**Chart 1.1: Banana Acreage at**



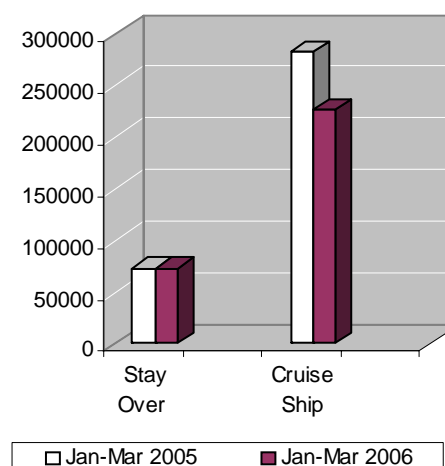


continued to see new, high-end resort properties being built, and many other tourism-related projects are under construction.

In Belize for the first quarter of the year, stay-over visitors increased marginally by 0.5% to 73,108 visitors. Cruise ship disembarkations declined by 20.0% to 226,313 as port calls fell from 102 to 78 with the reassignment elsewhere of a cruise ship that used to make weekly port calls. Stay-over visitors from the US remained almost constant at 49,173 while those from the EU declined by 4.5% to 8,840 and visitors from other countries increased by 6.6% to 15,094.

Visitors that travelled by air fell by 1.3% to 49,173 whereas those entering through the land border points and the seaports rose by 4.4% to

Chart 1.2: Tourist Arrivals



8,840 and 30.2% to 2,062, respectively.

### Consumer Price Index

The **Consumer Price Index** rose by 1.0% over the quarter (November 2005 to February 2006) as price levels increased across all categories of goods and services with the exception of 'Household goods and maintenance' and 'Medical care'.

Over the twelve month period (February 2004 to February 2006) the general price level rose by 5.0% with

Table 1.4: Bona Fide Tourist Arrivals  
Year to Date

	2006 Jan-Mar	2005 Jan-Mar
<b>Stay-over Arrivals</b>		
Air	57,809	58,532
Land	13,002	12,454
Sea	2,296	1,764
<b>Total</b>	<b>73,108</b>	<b>72,750</b>
<b>Cruise Ship</b>	<b>226,313</b>	<b>282,819</b>

Source: Immigration Department

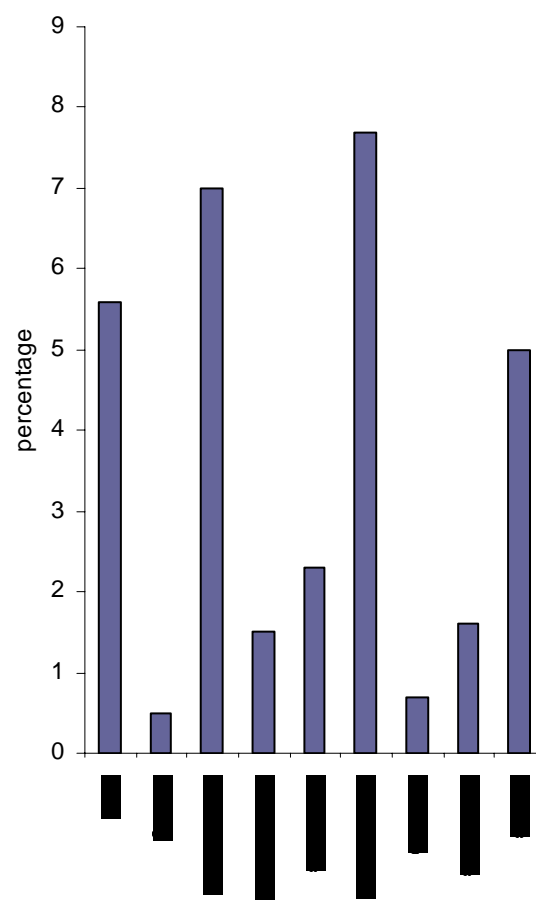




all categories of goods and services being affected. Pressured by higher acquisition costs for diesel and gasoline products, prices for 'Transport and Communication' rose by 7.7%. A 7.0% increase in the 'Rent, Water, Fuel & Power' category was primarily due to price hikes for electricity, butane and rent of 17.4%, 10.9% and 5.1%, respectively. The next largest increase in prices was a 5.6% rise in 'Food, Beverage and Tobacco' that reflected a general increase in the cost of basic foodstuffs coupled with higher 'sin taxes' on local cigarettes, beer and soft drinks.

Categories with a high import content, such as '*Personal Care*', '*Household goods & Maintenance*' and '*Clothing and Footwear*' experienced modest price increases of 1.6%, 1.5% and 0.5%, respectively. The cost of services such as '*Medical Care*' and '*Recreation, Education & Culture*' rose by 2.3% and 0.7%, respectively with the increase in business tax for professional services.

Chart 1.3: Annual Percentage Change in Consumer Price Index





## International Trade and Payments

An overall surplus of \$5.2mn was recorded on the balance of payments as an upsurge in inflows from tourism and remittances more than compensated for higher outlays on reinvested earnings and interest payments and lower net inflows from loans and foreign direct investment. At the end of the period, gross official international reserves stood at \$147.8mn, equivalent to 1.6 months worth of imports.

Reversing recent trends, the current account yielded a surplus of \$19.3mn compared to a deficit of \$42.3mn in the same period of 2005. Strong growth in inflows from tourism and private remittances more than compensated for a 15.6% worsening of the trade deficit and higher outlays on reinvested earnings and interest payments. Imports grew by 12.4% reflecting higher outlays on fuel, machinery, clothing, food products, Commercial Free Zone (CFZ) imports, cigarettes, chemical products, and construction materials.

Table 2.1: Balance of Payments Summary

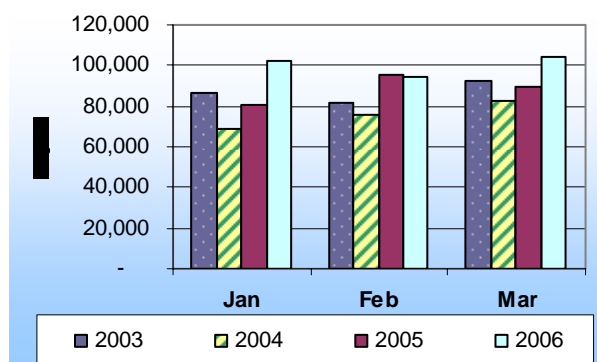
	(BZ\$mn)	
	2006 <sup>P</sup> Jan-Mar	2005 <sup>R</sup> Jan-Mar
<b>A. CURRENT ACCOUNT</b>		
<b>(I+II+III+IV)</b>	<b>19.3</b>	<b>-42.3</b>
<b>I. Goods (Trade Balance)</b>	<b>-92.4</b>	<b>-79.9</b>
Exports, f.o.b.	187.7	169.3
Domestic Exports	127.9	116.3
CFZ Gross Sales	51.2	46.6
Re-exports	8.5	6.4
Imports, f.o.b.	280.1	249.2
Domestic Imports	239.9	211.9
CFZ Imports	40.1	37.3
<b>II. Services</b>	<b>134.9</b>	<b>68.1</b>
Transportation	-8.0	-4.5
Travel	133.7	99.3
Other Services	9.1	-26.7
<b>III. Income</b>	<b>-56.2</b>	<b>-50.7</b>
Compensation of Employees	-0.5	-3.0
Investment Income	-55.7	-47.7
<b>IV. Current Transfers</b>	<b>33.0</b>	<b>20.3</b>
Government	0.9	-1.1
Private	32.1	21.3
<b>B. CAPITAL &amp; FINANCIAL ACCOUNT</b>		
<b>(I+II)</b>	<b>18.1</b>	<b>324.4</b>
<b>I. Capital Account</b>	<b>10.1</b>	<b>2.9</b>
<b>II. Financial Account (1+2+3+4)</b>	<b>8.1</b>	<b>321.5</b>
1. Direct Investment in Belize	43.9	71.8
2. Portfolio Investment	-21.4	281.2
Monetary Authorities	0.0	0.0
General Government	-21.3	281.3
Banks	0.0	0.0
Other Sectors	-0.1	-0.1
3. Financial Derivatives	0.0	0.2
4. Other Investments	-14.4	-31.8
Monetary Authorities	-0.2	0.1
General Government	-1.6	41.5
Banks	-1.3	-71.6
Other Sectors	-11.3	-1.7
<b>C. NET ERRORS &amp; OMISSIONS</b>	<b>-32.2</b>	<b>-41.9</b>
<b>D. OVERALL BALANCE</b>	<b>5.2</b>	<b>240.2</b>
<b>E. RESERVE ASSETS*</b>	<b>-5.2</b>	<b>-240.2</b>

*P- indicates Provisional, R- indicates Revised*

*\*Minus = increase*



Chart 2.1: Gross Imports

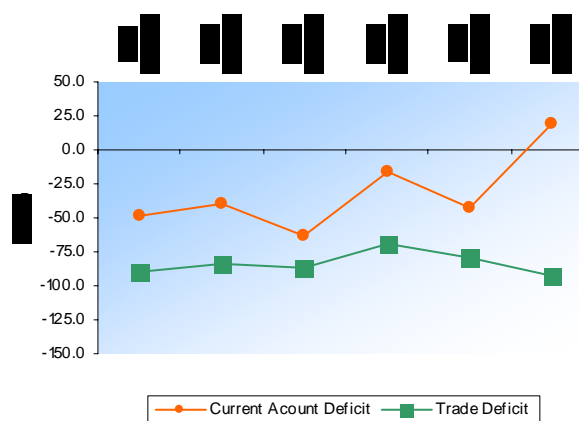


Total exports grew by 10.9% during the quarter with domestic exports being pushed upward by the commencement of petroleum sales and higher earnings from sugar, citrus juices, banana and garments which outweighed reduced earnings from marine products, papaya, molasses, sawn woods and other miscellaneous goods. CFZ sales and re-exports also rose.

Despite a 12.5% decline in sugar export volume, receipts nonetheless rose by 13.3% to \$31.0mn due to the strengthening of sugar prices across all markets and favourable currency movements. The world raw sugar price averaged US\$0.18 per pound during the first quarter of 2006, almost double the price realized a year ago and

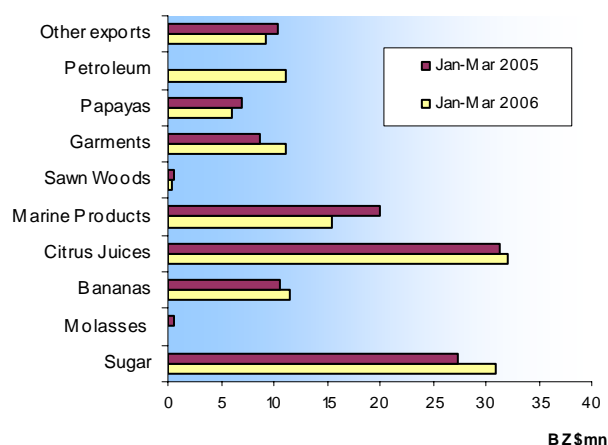
higher than at any time since 1980. The price rally reflected short supplies in the United States and Asian markets and the diversion of more Brazilian sugarcane into ethanol production. Tonnage to the EU rose by 19.7%, while receipts rose by 27.9% as an 11.3% gain in the Euro to US dollar exchange rate obtained in the futures market caused the average unit price to rise by 4.2% to US\$0.25 per pound. An increase in quota allocation accounted for a 4.1% volume increase in sales to the US market where the average price per pound was up by US\$0.04 to US\$0.21 and yielded a 28.4% rise in receipts. While the diversion of sales to the EU and US markets led to a 53.8% decline in sales of bagged brown sugar to CARICOM, other sales of bagged sugar into niche

Chart 2.2: Current Account vs. Trade Deficit





**Chart 2.3: Domestic Exports**



markets in Canada and Curacao benefited from a 16.8% volume increase and a 25.0% price improvement.

Although the volume of citrus juice exports fell by 10.8%, receipts rose by 2.4% to \$32.1mn as prices strengthened across most markets due to a projected fall in juice exports from Brazil and Florida. Concentrate juices accounted for virtually all sales. While sales of orange concentrate fell by 3.6%, this was more than offset by higher prices in the US market and the revival of sales to Europe, so revenues increased by 28.1% to \$21.9mn. A 25.9% contraction in grapefruit concentrate sales overshadowed price gains in all markets and resulted in a

26.1% contraction in revenues to \$10.2mn.

Better weather conditions during the first quarter led to a 40.0% increase in the volume of banana exports, which combined with a 5.5% increase in the negotiated box price to result in a 9.0% rise in export earnings to \$11.6mn. In contrast to the comparable period of 2005, the export mix contained no second class fruit.

Marine exports fell by 10.5% while receipts shrank by 23.0% to \$20.0mn due to a contraction in farmed shrimp. Exports of the latter fell by 10.5% to 3.2mn pounds while receipts declined by 32.6% to \$9.8mn due to a 24.6% drop in the average price. This was partly due to an increasing shift to exports of head-on shrimp to Mexico which garners a lower average price. On the other hand, conch sales rose by 54.0% to \$3.6mn with volume and average unit price up by 47.1% and 4.7%, respectively.

Petroleum exports amounted to 101,246 barrels valued at \$11.1mn. Revenues from garment exports rose



by 29.1% to \$11.2mn largely as a result of a 28.9% increase in export volume. On the other hand, papaya receipts fell by 13.9% to 6.0mn reflecting a 7.5% decline in export volume and a 6.8% decline in the average price per pound. Receipts from sales of sawn wood were minimal at \$0.3mn. Meanwhile, other miscellaneous domestic exports fell by 11.5% to \$9.2mn largely due to lower earnings from grapefruit oil, fresh orange and black eye peas.

Net earnings from services doubled to \$134.9mn largely due to a 34.7% increase in travel receipts and higher inflows from professional services and funds for the construction of the US Embassy. This was in contrast to the same period of 2005, when substantial outflows were recorded for financial fees and insurance premiums related to the Bear Stearns bond issue.

Meanwhile, net outflows in the income account rose by 10.7% to \$56.2mn largely due to an increase in commercial bank reinvested earnings and higher interest payments on public and private sector debt. An increase in

earnings of resident workers (mainly due to the construction of the US Embassy) partially offset payments to foreign workers. Net inflows from current transfers rose by 63.0% to \$33.0mn primarily as a result of an \$11.8mn rise in inward remittances.

In contrast to a surplus of \$320.9mn during the first quarter of 2005 when proceeds from the Bear Stearns bond issue and ECOM investment in BTL shares had been received, the financial account yielded net inflows of only \$8.1mn. Foreign direct investment inflows totaled \$43.9mn, a decline of 38.9% while net outflows of \$21.4mn were recorded in portfolio investments as a result of bond repayments by the government and mortgage securitization repayments by the DFC. External loan disbursements to the public sector fell by 43.7% to \$32.1mn during the first quarter compared to the previous year, while amortization payments rose by \$10.2mn to \$24.6mn. Furthermore, commercial banks' foreign assets rose marginally by \$0.9mn, while their external liabilities fell by \$9.7mn. Net foreign borrowing by the private sector fell as



Chart 2.4: Service, Income and Current Transfers Balances

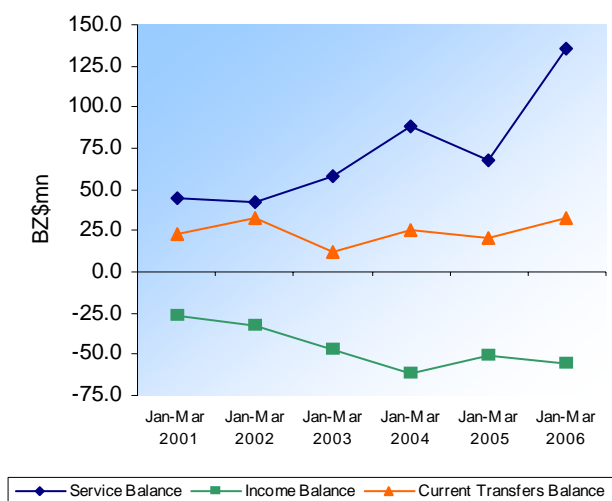
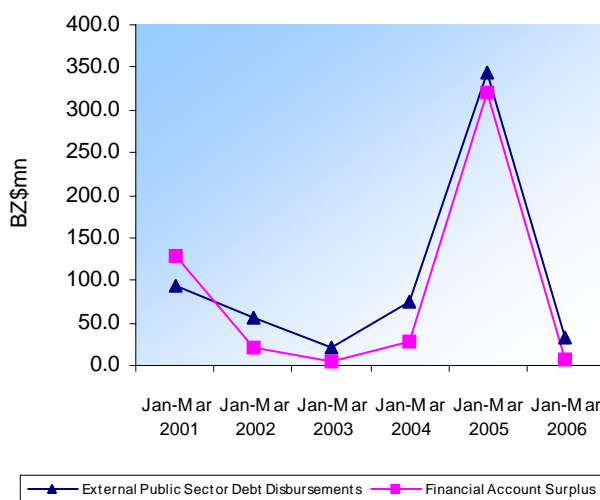


Chart 2.5: Public Sector Debt Disbursements and Financial Account Surplus



repayments exceed loan disbursements.

At \$10.1mn, the surplus on the capital account exhibited a quarter on quarter increase of 248.3% that was due to some \$9.1m received in debt forgiveness from the UK government.



## Monetary Developments

Broad money rose by 1.2% with increases of \$35.6mn in net domestic credit and \$16.0mn in net foreign assets being largely offset by a \$35.1mn expansion in other net liabilities of the banking system, approximately 50.0% of which was due to profits earned by the commercial banks. As the year began, the Central Bank further tightened monetary policy by implementing a 1.0% increase in commercial bank reserve requirements in order to moderate the impact of the first quarter seasonal expansion in liquidity. The co-mingling of domestic and offshore deposits also ceased in January with the commercial banks being required to transfer all non-resident foreign currency deposits to their offshore affiliates as stipulated under the International Banking Act.

During the quarter, narrow money rose by 3.0% with demand deposits posting a \$10.9mn increase that reflected additional holdings by BSSB, the private utilities, credit unions and business enterprises. Quasi-money rose by 0.4%, in comparison with the

**Table 3.1: Factors Responsible for Money Supply Movements**

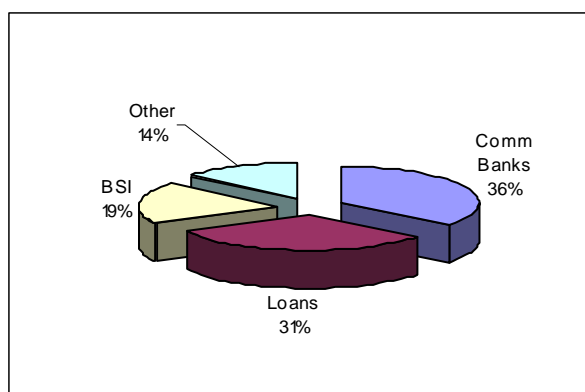
	Position as at Mar 2006	Changes during	
		Dec 2005 to Mar 2006	Dec 2004 to Mar 2005
<b>Net Foreign Assets</b>	<b>149.4</b>	<b>16.0</b>	<b>314.5</b>
Central Bank	145.3	5.4	240.1
Commercial Bank	4.1	10.6	74.4
<b>Net Domestic Credit</b>	<b>1,445.9</b>	<b>35.6</b>	<b>-288.3</b>
Central Government (Net)	170.0	24.3	-278.5
Other Public Sector	56.3	-5.0	-3.9
Private Sector	1,219.6	16.3	-5.9
<b>Other Items (net)</b>	<b>248.8</b>	<b>35.1</b>	<b>-12.9</b>
<b>Money Supply M2</b>	<b>1,346.5</b>	<b>16.5</b>	<b>39.1</b>

3.6% growth in the first quarter of 2005. The increase was dominated by a \$13.1mn rise in savings deposits as holdings by businesses rose and some \$6.0mn was reclassified from time to saving deposits. The contraction in time deposits also reflected the shift of non-resident foreign currency deposits to international banks.

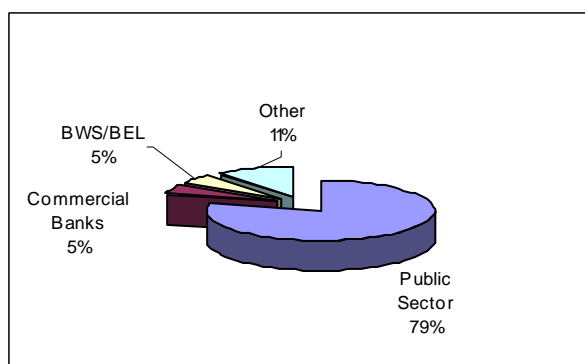
Net credit to Central Government from domestic sources rose by \$24.3mn with a net increase of \$16.7mn in financing



**Chart 3.1: Sources of Foreign Exchange Inflows to the Central Bank Jan- Mar 06**



**Chart 3.2: Central Bank Foreign Exchange Sales Jan - Mar 06**



by way of overdraft facilities and loans, and withdrawals of \$7.6mn from deposits held with the Central Bank and commercial banks. The expansion in Central Government's overdraft balance with the Central Bank reflected the timing of transactions that involved borrowings from a suspense account at the end of December and the repayment of these funds on the

3rd of January. In secondary trading, the commercial banks purchased \$11.9mn in Treasury bills from the Central Bank. Loans to statutory bodies fell by \$5.0mn as BWSL loan liabilities were shifted from the commercial banks to the Belize Social Security Board.

Credit to the private sector grew by 1.4% (\$16.5mn) as increases in personal loans and additional financing for citrus and banana outweighed net repayments by the utilities and sugar producers. The commercial banks also reclassified some \$19.0mn in loans from building and construction to the real estate sub-sector and some \$10.0mn in loans from real estate to the tourism sub-sector.

Meanwhile, loan proceeds from ROC/ Taiwan and export receipts from citrus and tourism contributed to a 12% (\$16.0mn) increase in net foreign assets of the banking system during the quarter.

The Central Bank's net foreign asset position improved with foreign asset holdings rising by \$5.2mn and short-





**Table 3.2: Net Foreign Assets of Banking System**

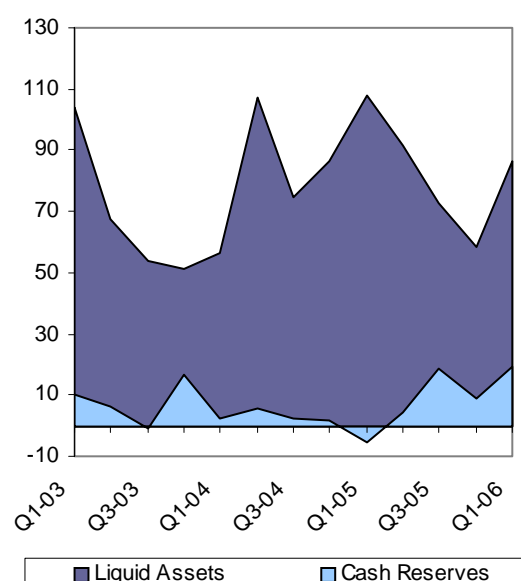
	Position as at Mar 2006	Changes during	
		Dec 2005 to Mar 2006	Dec 2004 to Mar 2005
<b>Net Foreign Assets</b>	<b>149.4</b>	<b>16.0</b>	<b>314.5</b>
<b>Central Bank</b>	<b>145.3</b>	<b>5.4</b>	<b>240.1</b>
Foreign Assets	147.8	5.2	240.2
*Foreign Liabilities (Demand)	2.5	-0.2	0.1
<b>Commercial Banks</b>	<b>4.1</b>	<b>10.6</b>	<b>74.4</b>
Foreign Assets	148.6	0.9	62.0
Foreign Liabilities (Short-Term)	144.5	-9.7	-12.4

term foreign liabilities declining by \$0.2mn. Inflows totaled \$98.5mn and came mostly from loan disbursements (31.4%) and purchases from the commercial banks (35.5%). Sugar receipts contributed 19% and the balance consisted of investment income and revaluation gains. Foreign exchange outflows were dominated by sales of some \$73.4mn to facilitate public sector external debt servicing. Sales to commercial banks declined to \$5.1 as compared with \$18.1mn over the same period in the previous year.

Even with net sales to the Central Bank of \$29.9mn over the period, the commercial banks registered an increase of \$10.6mn in net foreign assets. The improvement was facilitated by higher export earnings from citrus and tourism that offset payments to foreign suppliers and loan repayments to affiliates and other financial institutions. As a result of the latter, the banks' short-term foreign liabilities declined by \$9.7mn.

Notwithstanding the hike in commercial bank reserve requirements as the year began, excess statutory liquidity expanded by \$27.7mn during the first

**Chart 3.3: Commercial Banks' Excess Statutory Liquidity & Excess Cash Reserves**





quarter. Holdings of approved liquid assets rose by \$21.5mn while required liquid assets declined by \$6.2mn, the latter being partly due to the shift offshore of non-resident foreign currency deposits. The growth in liquid asset holdings included a \$16.3mn expansion in balances held with the Central Bank and a \$6.0mn rise in Treasury Bills holdings. Excess cash reserves also rose by \$10.4mn with a \$15.5mn rise in daily average holdings of cash reserves relative to a \$5.1mn increase in required cash reserves.

The weighted average interest rate on deposits increased by 40 basis points to 5.9% while the weighted average lending rate fell by 10 basis points to 14.2% as the lending rate on residential, commercial and personal loans all edged downward. The weighted average interest rate spread of the commercial banks consequently tightened by 50 basis points to 8.3% during the quarter.



## Government Operations

Fiscal operations during the **fourth quarter FY 2005/06** resulted in an overall deficit of \$6.2mn. Revenues and grants totaled \$148.3mn and expenditure amounted to \$154.5mn with recurrent operational costs accounting for 86.5% and capital outlays absorbing the remaining 13.5%.

Tax revenues rose by 15.9% as revenues from taxes on income and goods and services taxes grew strongly. These accounted for 65.6% of total tax revenue. Taxes on international trade continued to be an important source making up one third of the total. Non-tax revenue was also buoyant, a 41.4% increase being largely due to transfers of government departments, rent & royalties, issuance of licenses, and repayment of old loans.

At \$1.8mn, capital revenue (mainly derived from the sale of crown lands) was \$4.3mn below the comparable period of the previous fiscal year.

Grant receipts came mainly from the UK debt initiative.

Approximately 40.9% of current expenditure was earmarked for wages and salaries and 26.0% for interest payments. The balance was shared between goods and services (19.1%), pensions, and subsidies/current transfers.

Of the \$20.8mn devoted to capital expenditure, \$15.5mn was classified as Capital II and covered major outlays for the University of Belize, tertiary level scholarships, technical and vocational training, resealing of the Western Highway, the Silver Creek Bridge, and Vector Control. Smaller amounts were expended for purchase of equipment, NICH, upgrade of medical buildings, SIF, health reform, general administration, and land and tourism development.

Expenditures classified as Capital III totaled \$4.5mn and included \$1.2mn for the Commonwealth Debt Initiative, \$1.0mn to strengthen the vocational



and technical sector, and \$0.6mn for the land management program. Smaller outlays went to the agriculture credit fund, the Orange Walk Bypass, housing projects, SIF, and tourism development.

The overall deficit of \$6.2mn was financed from domestic and foreign sources as loan repayments to the non-bank entities (\$11.3mn) and increases in deposits held with the Central Bank (\$4.9mn) were offset by some \$9.3mn in funds provided by domestic commercial banks, \$11.8 in net borrowing from the Central Bank, and net foreign loan disbursements of \$3.9mn.

At the end of **FY 2005/2006**, the targeted fiscal measures undertaken by Central Government reduced the recurrent deficit by 83.2% to \$12.9mn and the overall deficit by 58.2% to \$73.1mn (3.3% of GDP). This improvement could also be seen in the swing of the primary balance from a deficit of \$1.1mn in 2004/2005 to a surplus of \$76.7mn.

Boosted by higher tax rates, current

**Table 4.1: Central Government's Revenue and Expenditure**

	\$mn	
	Apr-05 Mar-06	Apr-04 Mar-05
Total Revenue & Grants	561.7	482.3
Of which:		
Current Revenue	531.6	456.2
Grants	22.9	4.6
Total Expenditure	634.8	659.3
Current Expenditure	544.5	533.0
Capital Expenditure	90.3	126.3
Current Balance	-12.9	-76.8
Overall Balance	-73.1	-177.0

revenues posted a 16.5% growth to \$531.6mn (94.6% of total revenues and grants). Collections from taxes on goods and services contributed the largest share (38.3%) of taxes with an incremental growth of 29.0%, partly attributed to the reclassification of excise duties from *"International Trade & Transactions"* to *"Goods & Services"*. As a consequence of this reclassification, the latter reflected a 7.5% decline combined with a fall in revenue replacement tax. The largest growth of 29.7% occurred in revenues from *"Income and Profits"*, spurred by the increases in the business tax. Property income (\$8.6mn), rent and royalties (\$9.7mn) and transfers from other government departments (\$22.8mn) were the main contributors to the 41.4% increase in non-tax



Table 4.2: Summary of Government's  
Revenue

	\$mn	
	Apr-05 Mar-06	Apr-04 Mar-05
<b>Current revenue</b>	531.6	456.2
Tax revenue	474.7	416.0
Income and profits	129.5	99.8
Taxes on property	5.5	4.5
Taxes on goods & services	181.8	141.0
Int'l trade and transactions	157.9	170.7
<b>Non-Tax Revenue</b>	56.9	40.2
Property income	8.6	5.4
Licenses	10.2	10.3
Other	38.0	24.5
<b>Capital revenue</b>	7.2	11.4
<b>Grants</b>	22.9	4.6
<b>Debt services receipts</b>	0	10.2

revenues. In contrast, receipts from capital revenues were down by \$4.3mn, while grant receipts increased by \$8.2mn.

Current expenditure also rose by 2.2% to \$544.5mn with increases in most categories of expenditures except interest payments that declined by 14.8%, since the extraordinary payments associated with the US\$136.7mn Bear Stearns bonds issued in March 2005 were not repeated in 2006/07. The greatest increases were in payments for goods and services (\$16.2mn) and wages & salaries (\$10.2mn). The most substantial recurrent costs, however,

Table 4.3: Summary of Government's  
Expenditure

	\$mn	
	Apr-05 Mar-06	Apr-04 Mar-05
<b>Current Expenditure</b>	544.5	533.0
Wages & Salaries	222.9	212.6
Pensions	40.1	32.3
Goods & Services	94.7	78.5
Interest Payments	149.8	175.9
of which: External	129.4	158.2
Subsidies & current transfers	36.9	33.7
<b>Capital Expenditure</b>	90.3	126.3
Capital II	54.5	51.1
Capital III	27.8	75.2
Net lending	8.1	0.0

remained wages/salaries and interest payments that were equivalent to 41.9% and 28.2%, respectively, of current revenue.

A 36.0% decrease in capital expenditures to \$90.3mn reduced total expenditures by 3.7% to \$634.8mn. While expenditures on locally funded capital projects increased by \$3.4mn over past fiscal year 2004/05, outlays on externally funded projects contracted by almost half. Capital transfers & net lending to the DFC accounted for the remaining 9.0% of capital spending.



Of the \$54.5mn in Capital II expenditures, notable outlays were on UB (\$8.8mn), tertiary level scholarships (\$2.9mn), technical and vocational training (\$2.1mn), land development/acquisition (\$2.0mn) and DFC Soya Bean project and NICH (\$1.9mn each). Other sizable disbursements went to construction of the road from Mussel Creek to Willow Bank, National Printers, the debt swap initiative with the US government, resealing of the Western Hwy, streets and drains, SIF and constituency/house committees among others.

Capital III expenditures declined by 63.1% to \$27.8mn. Projects attracting significant outlays included strengthening of vocational and technical training (\$12.5mn), Commonwealth Debt Initiative (\$3.0mn), BNTF (\$2.1mn), land management program (\$1.8mn), community agricultural credit fund (\$1.3mn), tourism development plan (\$1.2mn), roads and municipal drainage project and health reform (\$1.1mn each). Other smaller outlays included hurricane preparedness, SIF,

housing projects and the Southern Highway.

A combination of higher revenues and lower capital spending accounted for the sharp reduction in the overall deficit. Financing came from domestic sources and the privatization proceeds of the BTL shares with net financing from the Central Bank and commercial banks of \$250.0mn and \$19.6mn, respectively. In contrast, external loan disbursements of \$116.4mn were outmatched by amortization payments of \$327.1mn.

### **Central Government's Domestic Debt**

Central Government experienced a 2.0% increase in its domestic debt to \$295.3mn largely due to a \$23.7mn rise in its overdraft balance with the Central Bank to \$113.3mn during the first quarter of 2006. Use of the overdraft was actually not extensive during the period, the recorded increase being largely a reflection of the timing of certain transactions that involved the borrowing of funds from a suspense account at the end of the calendar year and the repayment of



**Table 4.4: Central Government's Domestic Debt**

	<b>March 2006</b>	<b>December 2005</b>
Overdraft	113.6	96.3
Loans	42.7	54.6
Treasury Bills	100.0	100.0
Treasury Notes	24.0	24.0
Defence Bonds	15.0	15.0
<b>Total</b>	<b>295.3</b>	<b>289.9</b>

these funds on 3rd January 2006. In other developments, the Government reduced its overdraft balances with commercial banks by \$6.4mn and made principal repayments totalling \$11.9mn that were assigned to the DFC, the commercial banks, the debt for nature swap and the suspense account already mentioned.

Interest payments amounted to \$5.7mn, with \$3.0mn going to the Central Bank for overdraft financing. Holders of Treasury bills and notes received \$0.9mn and \$0.2mn, respectively. The Belize Bank was paid a total of \$0.6mn for housing and infrastructure loans. Other smaller payments went to the DFC, the debt for nature swap, Guardian Life Belize, and the Atlantic Bank.

## **Public Sector External Debt**

For the first quarter of 2006, the public sector's external debt fell by 0.4% as principal repayments of \$39.3mn outweighed disbursements of \$32.1mn and upward valuation adjustments of \$0.7mn. Interest and other payments amounted to \$30.7mn.

During the review period, Central Government accounted for all disbursements, the largest portion of

**Table 4.5: Sources of Public Sector's External Debt**

	<b>DOD at: 31/12/05</b>	<b>DOD at: 31/03/06</b>	<b>Change in Debt Stock</b>
<b>Central Government</b>	<b>1,763.6</b>	<b>1,759.4</b>	<b>-4.2</b>
Bilateral	289.7	315.6	25.9
Multilateral	331.0	329.7	-1.3
Bonds	978.5	961.7	-16.8
Commercial Banks	163.0	151.6	-11.4
Export Credit	1.4	0.8	-0.6
<b>Rest of NFPS</b>	<b>46.4</b>	<b>45.2</b>	<b>-1.2</b>
Bilateral	7.5	7.5	0
Multilateral	34.5	34.2	-0.3
Commercial Banks	2.3	1.8	-0.5
Export Credit	2.1	1.5	-0.6
<b>Financial Public Sector</b>	<b>55.2</b>	<b>54.2</b>	<b>-1.0</b>
Bilateral	1.7	1.7	0
Multilateral	50.0	48.9	-1.1
Commercial Banks	1.8	1.8	0
Export Credit	1.7	1.7	0
<b>Grand Total</b>	<b>1,865.2</b>	<b>1,858.7</b>	<b>-6.5</b>



which came from ROC (\$30.0mn). Other disbursements of \$2.1mn came from multilateral institutions.

Notable principal repayments went to Bear Stearns (\$14.3mn) and Ruser Financial (\$10.0mn). Other payments included \$4.2mn to bilateral and \$3.9mn to multilateral creditors with \$0.6mn going to other commercial suppliers. The financial public sector paid \$0.9mn to CDB and \$0.3mn to the EIB. The non-financial public sector made payments totalling \$1.2mn to the CIBC Bank, Amtrade Int'l, and CDB.

Approximately 98.0% (\$36.8mn) of interest payments were made by Central Government and included \$20.5mn to bond holders, \$4.2mn to bilateral lenders, \$2.8mn to

commercial banks, and \$2.4mn to multilateral creditors. The financial public sector made payments to multilateral creditors totalling \$0.5mn, while the non-financial public sector paid interest of \$0.2mn to Amtrade International, CDB, and CIBC Bank.

The pound sterling and the euros appreciated against the US dollar, so loans denominated in these currencies were adjusted upwards. Of the total, the euros-denominated loans made the biggest adjustment of \$0.6mn. Sterling-denominated loans were adjusted by \$0.1mn.





## **ANNEX**



## ANNEX

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

Major Commodity Group	Weights	Quarterly Change				Annual Change
		May-05	Aug-05	Nov-05	Feb-06	
Food, Beverage & Tobacco	346.6	2.6	2.7	-0.4	0.7	5.6
Clothing & Footwear	92.0	0.3	0.3	-0.9	0.7	0.5
Rent, Water, Fuel, & Power	167.6	3.0	-0.1	2.2	1.8	7.0
Household goods & maintenance	85.3	0.6	0.5	0.5	-0.1	1.5
Medical care	20.1	0.4	1.2	1.1	-0.4	2.3
Transport & Communication	170.1	2.9	2.3	0.6	1.7	7.7
Recreation, Education & Culture	80.4	-0.1	0.5	0.0	0.2	0.7
Personal care	37.9	0.4	0.8	-0.9	1.4	1.6
<b>ALL ITEMS</b>	<b>1000.0</b>	<b>2.1</b>	<b>1.5</b>	<b>0.3</b>	<b>1.0</b>	<b>5.0</b>

Source: Central Statistical Office

**Table 5.2: Gross Imports (CIF) by SITC**

SITC Section	Jan- Mar 2006	Jan- Mar 2005
0 Food and Live Animals	29,072,992	25,797,084
1 Beverages and Tobacco	5,282,661	2,371,842
2 Crude Materials	1,042,842	2,319,850
3 Minerals, Fuels and Lubricants	52,599,770	39,471,695
of which electricity	9,205,670	9,057,337
4 Oils and Fats	1,041,231	826,241
5 Chemical Products	21,311,968	18,634,782
6 Manufactured Goods	35,793,938	32,729,380
7 Machinery and Transport Equipment	48,523,806	44,813,166
8 Other Manufactures	29,299,664	24,238,635
9 Commodities N.E.S	627	181
Export Processing Zones	31,546,115	32,603,238
Commercial Free Zone	44,105,728	41,034,772
Personal Goods	883,282	527,705
<b>Total</b>	<b>300,504,624</b>	<b>265,368,571</b>

Sources: Central Statistical Office, Central Bank of Belize



**Table 5.3: Balance of Payments Summary**

	\$mn	
	2006 <sup>P</sup> Jan-Mar	2005 <sup>R</sup> Jan-Mar
<b>CURRENT ACCOUNT</b>	<b>19.3</b>	<b>-42.3</b>
Goods: Exports f.o.b.	187.7	169.3
Goods: Imports f.o.b.	-280.1	-249.2
<i>Trade Balance</i>	<i>-92.4</i>	<i>-79.9</i>
Services: Credit	207.4	157.5
Transportation	16.8	18.0
Travel	150.8	117.2
Other Goods & Services	28.7	15.4
Gov't Goods & Services	11.2	6.9
Services: Debit	-72.6	-89.4
Transportation	-24.8	-22.5
Travel	-17.1	-17.9
Other Goods & Services	-25.9	-43.7
Gov't Goods & Services	-4.8	-5.3
<i>Balance on Goods &amp; Services</i>	<i>42.4</i>	<i>-11.8</i>
Income: Credit	4.6	1.8
Compensation of Employees	3.4	1.2
Investment Income	1.2	0.6
Income: Debit	-60.7	-52.5
Compensation of Employees	-3.9	-4.2
Investment Income	-56.8	-48.3
<i>Balance on Goods, Services &amp; Income</i>	<i>-13.7</i>	<i>-62.5</i>
Current Transfers: Credit	41.4	28.5
Current Transfers: Debit	-8.4	-8.3
<b>CAPITAL ACCOUNT</b>	<b>10.1</b>	<b>2.9</b>
Capital Account: Credit	10.5	3.3
Capital Account: Debit	-0.4	-0.4
<b>FINANCIAL ACCOUNT</b>	<b>8.1</b>	<b>321.5</b>
Direct Investment Abroad	-0.5	0.0
Direct Investment in Reporting Economy	44.4	71.8
Portfolio Investment Assets	-0.1	-0.1
Portfolio Investment Liabilities	-21.3	281.3
Financial Derivatives	0.0	0.2
Other Investment Assets	-0.5	-61.5
Other Investment Liabilities	-13.9	29.8
<b>NET ERRORS &amp; OMISSIONS</b>	<b>-32.2</b>	<b>-41.9</b>
<b>OVERALL BALANCE</b>	<b>5.2</b>	<b>240.2</b>
<b>RESERVE ASSETS*</b>	<b>-5.2</b>	<b>-240.2</b>

\*(Minus = Increase)

Source: Central Bank of Belize

P: Indicates Provisional

R: Indicated Revised



**Table 5.4: Central Government's Revenue and Expenditure**

BZ \$'000

	Approved Budget 2005/2006	January to March 2006	April 05 to March 06	April 04 to March 05	Actual to date as % of Budget
<b>TOTAL REVENUE &amp; GRANTS (1+2+3)</b>	<b>567,088</b>	<b>148,315</b>	<b>561,667</b>	<b>482,305</b>	<b>99.0%</b>
1). Current revenue	539,241	135,923	531,599	456,221	<b>98.6%</b>
Tax revenue	494,188	122,996	474,746	416,017	<b>96.1%</b>
Income and profits	135,579	35,388	129,458	99,811	<b>95.5%</b>
Taxes on property	9,506	1,074	5,519	4,535	<b>58.1%</b>
Taxes on goods and services	146,159	46,134	181,834	140,997	<b>109.1%</b>
Int'l trade and transactions	202,945	40,400	157,935	170,674	<b>86.6%</b>
Non-Tax Revenue	45,053	12,926	56,853	40,205	<b>126.2%</b>
Property income	3,600	250	8,588	5,419	<b>238.6%</b>
Licenses	12,343	2,941	10,247	10,333	<b>83.0%</b>
Other	29,110	9,735	38,018	24,453	<b>130.6%</b>
2). Capital revenue	3,500	1,804	7,150	11,405	<b>204.3%</b>
3). Grants	24,347	10,588	22,917	14,679	<b>94.1%</b>
<b>TOTAL EXPENDITURE (1+2)</b>	<b>634,094</b>	<b>154,471</b>	<b>634,801</b>	<b>659,289</b>	<b>100.1%</b>
1). Current Expenditure	500,751	133,691	544,491	532,994	<b>108.7%</b>
Wages and Salaries	235,600	54,719	222,884	212,643	<b>94.6%</b>
Pensions	36,425	8,623	40,102	32,280	<b>110.1%</b>
Goods and Services	75,027	25,509	94,726	78,526	<b>126.3%</b>
Interest Payments on Public Debt	118,340	34,784	149,830	175,868	<b>126.6%</b>
Subsidies & current transfers	35,359	10,057	36,949	33,677	<b>104.5%</b>
2). Capital Expenditure & Net Lending	133,343	20,780	90,310	126,295	<b>67.7%</b>
Capital II (local sources)	75,132	15,494	54,472	51,069	<b>72.5%</b>
Capital III (foreign sources)	58,211	4,484	27,765	76,225	<b>47.7%</b>
Capital Transfer & Net Lending	0	802	8,073	0	
<b>CURRENT BALANCE</b>	<b>38,490</b>	<b>2,232</b>	<b>-12,892</b>	<b>-76,773</b>	<b>-33.5%</b>
<b>PRIMARY BALANCE</b>	<b>51,334</b>	<b>28,627</b>	<b>76,696</b>	<b>-1,115</b>	<b>149.4%</b>
<b>OVERALL BALANCE</b>	<b>-67,006</b>	<b>-6,156</b>	<b>-73,134</b>	<b>-176,983</b>	<b>109.1%</b>
<b>FINANCING</b>		6,156	73,134	176,983	
Domestic Financing		4,890	266,657	-306,149	
Central Bank		6,849	249,995	-165,883	
Net Borrowing		11,755	32,074	-9,216	
Change in Deposits		-4,906	217,921	-156,667	
Commercial Banks		9,321	19,608	-9,458	
Net Borrowing		5,584	-8,189	25,232	
Change in Deposits		3,737	27,797	-34,690	
Other Domestic Financing <sup>1</sup>		-11,280	-2,946	-808	
Transaction with DFC debt		0	0	-130,000	
Financing Abroad		3,945	-210,746	449,946	
Disbursements <sup>2</sup>		34,199	116,401	703,797	
Amortization <sup>2</sup>		-40,269	-327,146	-252,701	
Change in Foreign Assets		10,016	0	-1,150	
Privatization Proceeds		0	65,000	29,000	
Nationalization Investment		0	-49,609	0	
Other		-2,679	1,832	4,186	

Sources: Ministry of Finance and Central Bank of Belize

<sup>1</sup> GOB withdrew \$10.4mn from a suspense account at the end of December '05 and reversed the transaction on January 3rd, '06

<sup>2</sup> NB: Disbursements and Amortization includes Venezuela oil purchases (\$2.2mn) and payment (\$1.5mn)



**Table 5.5: Public Sector External Debt By Creditor**

\$'000

	DOD at: 31/12/2005	Transaction (January to March '06)				DOD at: 31/03/2006
		Disbursements	Principal Payments	Interest & Other Payments	Parity Change	
<b>CENTRAL GOVERNMENT</b>	<b>1,763,658</b>	<b>32,108</b>	<b>36,847</b>	<b>30,053</b>	<b>473</b>	<b>1,759,394</b>
Banco Nacional de Comercio Exterior	8,999	0	0	274	0	8,999
Fondo de Financ. de las Exportaciones	762	0	0	0	0	762
Government of Great Britain	7,772	0	0	0	72	7,843
Government of Peoples Rep. of China	58	0	0	0	0	58
Government of the United States*	6,375	0	241	35	0	6,134
Government of Trinidad and Tobago	20	0	0	0	0	20
Kuwait Fund for Arab Economic Dev	19,631	0	0	0	0	19,631
Republic of China	246,076	30,000	3,958	3,916	0	272,118
Caribbean Development Bank	99,814	1,415	164	312	0	101,064
European Economic Community	16,688	0	0	0	385	17,074
European Investment Bank	752	0	0	0	17	769
Inter-American Development Bank	142,013	615	1,646	1,512	0	140,982
International Fund for Agric. Dev.	2,003	20	0	0	0	2,023
Intl. Bank for Reconstruction & Dev.	62,625	58	2066	505	0	60,617
Opec Fund for Int'l. Development	7,199	0	0	60	0	7,199
Allfirst Bank of Maryland	2,100	0	420	59	0	1,680
Belize Bank Ltd.	12,668	0	0	0	0	12,668
Bear Stearns & C0. Inc.	709,072	0	14,294	18,705	0	694,777
BWS Finance Limited	19,844	0	0	0	0	19,844
Ruser Financial Ltd	10,000	0	10,000	252	0	0
Citibank, Trinidad & Tobago	8,571	0	0	0	0	8,571
Citicorp Merchant Bank Ltd.	45,714	0	2,500	1,796	0	43,214
International Bank of Miami	101,737	0	0	2,230	0	101,737
KBC Bank NV	3,738	0	935	100	0	2,804
Manufacturers & Traders Trust Co.	7,056	0	0	194	0	7,056
Provident Bank & Trust of Belize	117	0	38	3	0	79
Royal Merchant Bank	220,891	0	0	0	0	220,891
Belize Estate and Co. Ltd.	326	0	326	78	0	0
Caterpillar Financial Services Corp.	850	0	166	16	0	685
Export Import Bank of the United States	187	0	93	7	0	94
<b>NON-FINANCIAL PUBLIC SECTOR</b>	<b>46,387</b>	<b>0</b>	<b>1,191</b>	<b>234</b>	<b>-1</b>	<b>45,195</b>
Kuwait Fund for Arab Economic Dev	7,532	0	0	0	0	7,532
CIBC Bank & Trust Company	2,338	0	441	67	0	1,897
Amtrade International Bank of Georgia <sup>(1)</sup>	2,060	0	526	57	0	1,534
Caribbean Development Bank <sup>(1)</sup>	34,457	0	224	109	-1	34,233
<b>FINANCIAL PUBLIC SECTOR</b>	<b>55,205</b>	<b>0</b>	<b>1,218</b>	<b>450</b>	<b>179</b>	<b>54,166</b>
Caribbean Development Bank	39,681	0	906	407	2	38,778
European Economic Community	535	0	0	0	12	548
European Investment Bank	9,757	0	313	43	164	9,608
Paine Webber Real Estate Securities Inc.	1,800	0	0	0	0	1,800
N.V. De Smet S.A. Engineers	1,695	0	0	0	0	1,695
Government of the United States	1,737	0	0	0	0	1,737
<b>GRAND TOTAL</b>	<b>1,865,250</b>	<b>32,108</b>	<b>39,259</b>	<b>30,737</b>	<b>651</b>	<b>1,858,755</b>

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

<sup>(1)</sup> Loans for the Water Company were re-classified as part of the non-financial public sector after the GOB bought the majority shares in the company on 3rd October 2005.



**Table 5.6: Public Sector Domestic Debt By Creditor**

\$'000

	Disbursed Outstanding Debt 31/12/05R	Transactions (January to March 2006)				Disbursed Outstanding Debt 31/03/06 P
		Disbursement/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
<b>Overdraft / Loans</b>	<b>96,317</b>	<b>0</b>	<b>0</b>	<b>2,972</b>	<b>17,276</b>	<b>113,593</b>
Central Bank	89,642	0	0	2,972	23,659	113,301
Commercial Banks	6,675	0	0	0	-6,383	292
<b>Treasury Bills</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>877</b>	<b>0</b>	<b>100,000</b>
Central Bank	73,185	0	0	547	-11,904	61,281
Commercial Banks	23,840	0	0	277	11,885	35,725
Other	2,975	0	0	53	19	2,994
<b>Treasury Notes</b>	<b>24,000</b>	<b>0</b>	<b>0</b>	<b>225</b>	<b>0</b>	<b>24,000</b>
Central Bank	9,000	0	0	84	0	9,000
Commercial Banks	14,269	0	0	131	0	14,269
Other	731	0	0	10	0	731
<b>Defence Bonds</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>625</b>	<b>0</b>	<b>15,000</b>
Central Bank	10,000	0	0	400	0	10,000
Commercial Banks	100	0	0	45	0	100
BSSB	0	0	0	0	0	0
Other	4,900	0	0	180	0	4,900
<b>DFC Loan (Debt Restructuring)</b>	<b>7,398</b>	<b>0</b>	<b>140</b>	<b>139</b>	<b>0</b>	<b>7,258</b>
<b>BSSB Housing Loan</b>	<b>662</b>	<b>0</b>	<b>4</b>	<b>13</b>	<b>0</b>	<b>658</b>
<b>GOB (Debt For Nature Swap)</b>	<b>10,140</b>	<b>0</b>	<b>597</b>	<b>141</b>	<b>0</b>	<b>9,543</b>
<b>Cohune Walk Loan Belize Bank</b>	<b>2,403</b>	<b>0</b>	<b>83</b>	<b>89</b>	<b>0</b>	<b>2,320</b>
<b>Infrastructure Dev. Loan Belize Bank</b>	<b>21,845</b>	<b>0</b>	<b>550</b>	<b>525</b>	<b>0</b>	<b>21,295</b>
<b>Guardian Life Belize \$1mn Loan</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>1,000</b>
<b>Atlantic Bank Airstrip Loan</b>	<b>699</b>	<b>0</b>	<b>66</b>	<b>12</b>	<b>0</b>	<b>633</b>
<b>Other Borrowings</b>	<b>10,456</b>	<b>0</b>	<b>10,456</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>289,920</b>	<b>0</b>	<b>11,896</b>	<b>5,663</b>	<b>17,276</b>	<b>295,300</b>

P: Indicates Provisional

R: Indicates Revised



**Table 5.7: Commercial Banks' Weighted Average Interest Rates**

Percentages

	Position as at Mar 2006	Changes during		
		Dec 2005 to Mar 2006	Dec 2004 to Mar 2005	Mar 2005 to Mar 2006
<b>Weighted Lending Rates</b>				
Personal Loans	15.9	-0.1	0.0	0.4
Commercial Loans	13.9	-0.2	0.4	-0.3
Residential Construction	13.0	-0.1	0.3	0.2
Other	12.9	0.7	0.6	2.4
<b>Weighted Average</b>	<b>14.2</b>	<b>-0.1</b>	<b>0.2</b>	<b>0.0</b>
<b>Weighted Deposit Rates</b>				
Demand	0.7	0.0	-0.1	0.2
Savings/Cheque	5.3	0.0	0.0	0.2
Savings	5.2	0.0	0.0	0.1
Time	8.2	0.3	0.2	0.7
<b>Weighted Average</b>	<b>5.9</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>
<b>Weighted Average Spread</b>	<b>8.3</b>	<b>-0.5</b>	<b>-0.1</b>	<b>-0.6</b>

**Table 5.8: Commercial Banks Liquidity Position and Cash Reserves\***

\$mn

	Position as at Mar 2006	Changes during		
		Dec 2005 to Mar 2006	Dec 2004 to Dec 2005	Dec 2005 to Mar 2006
<b>Holdings of Approved Liquid Assets</b>	<b>351.7</b>	<b>21.5</b>	<b>5.8</b>	<b>21.5</b>
Notes and Coins	35.7	0.1	1.9	0.1
Balances with Central Bank	128.2	16.3	30.1	16.3
Money at Call and Foreign Balances (due 90 days)	120.9	0.8	17.1	0.8
Treasury Bills maturing in not more than 90 days	28.8	6.0	-3.1	6.0
Other Approved assets	38.1	-1.7	-40.2	-1.7
of which: Treasury Notes	14.3	-1.3	-7.8	-1.3
<b>Required Liquid Assets</b>	<b>265.4</b>	<b>-6.2</b>	<b>33.7</b>	<b>-6.2</b>
<b>Excess/(Deficiency) Liquid Assets</b>	<b>86.3</b>	<b>27.7</b>	<b>-27.9</b>	<b>27.7</b>
Daily Average holdings of Cash Reserves	127.6	15.5	27.4	15.5
Required Cash Reserves	108.6	5.1	20.2	5.1
<b>Excess/(Deficiency) Cash Reserves</b>	<b>19.0</b>	<b>10.4</b>	<b>7.2</b>	<b>10.4</b>

\* Calculated using the commercial banks' average four week monthly position



Table 5.9: Net Domestic Credit

\$mn

	Position as at Mar 2006	Changes during		
		Dec 2005 to Mar 2006	Dec 2004 to Mar 2005	Mar 2005 to Mar 2006
<b>Total Credit to Central Government</b>	<b>265.9</b>	<b>16.7</b>	<b>-4.9</b>	<b>23.8</b>
<b>From Central Bank</b>	<b>193.6</b>	<b>11.8</b>	<b>-3.8</b>	<b>32.0</b>
Loans and Advances	113.3	23.7	-2.6	33.4
Government Securities	80.3	-11.9	-1.2	-1.4
<b>From Commercial Banks</b>	<b>72.3</b>	<b>4.9</b>	<b>-1.1</b>	<b>-8.2</b>
Loans and Advances	22.2	-7.0	-2.1	-9.1
Government Securities	50.1	11.9	1.0	0.9
(of which) Treasury Bills	35.7	11.9	1.0	9.9
Treasury Notes	14.3	0.0	0.0	-9.0
Other	0.1	0.0	0.0	0.0
<b>Less Central Government Deposits</b>	<b>95.9</b>	<b>-7.6</b>	<b>269.6</b>	<b>-245.3</b>
With Central Bank	80.2	-3.9	239.3	-217.5
With Commercial Banks	15.7	-3.7	30.3	-27.8
<b>Net Credit to Central Government</b>	<b>170.0</b>	<b>24.3</b>	<b>-274.5</b>	<b>269.1</b>
<b>Credit to Other Public Sector</b>	<b>56.3</b>	<b>-5.0</b>	<b>-3.9</b>	<b>13.3</b>
From Central Bank	27.5	0.0	-2.5	-2.5
From Commercial Banks	28.8	-5.0	-1.4	15.8
(of which) Local Government	4.8	0.4	-0.2	-0.4
Public Financial Institutions	2.4	-0.1	0.0	-0.4
Public Utilities	17.0	-5.0	0.0	17.0
Other Statutory Bodies	4.6	-0.3	-1.2	1.1
Securities	0.0	0.0	0.0	-1.5
<b>Plus Credit to the Private Sector</b>	<b>1,219.6</b>	<b>16.3</b>	<b>-5.9</b>	<b>94.2</b>
Loans and Advances*	1,208.8	16.5	-5.9	84.4
Securities	10.8	-0.2	0.0	9.8
<b>Net Domestic Credit of the Banking System</b>	<b>1,445.9</b>	<b>35.6</b>	<b>-284.3</b>	<b>376.6</b>

\* Includes CBB Advances to Staff

Table 5.10: Money Supply

\$mn

	Position as at Mar 2006	Changes during		
		Dec 2005 to Mar 2006	Dec 2004 to Mar 2005	Mar 2005 to Mar 2006
<b>Money Supply (M2)</b>	<b>1,346.4</b>	<b>16.5</b>	<b>39.1</b>	<b>59.0</b>
<b>Money Supply (M1)</b>	<b>435.9</b>	<b>12.7</b>	<b>7.6</b>	<b>21.5</b>
Currency with the Public	119.3	1.8	-3.0	6.9
Demand Deposits	316.6	10.9	10.6	14.6
Savings/Cheque Deposits	0.0	0.0	0.0	0.0
<b>Quasi-Money</b>	<b>910.5</b>	<b>3.8</b>	<b>31.5</b>	<b>37.5</b>
Savings Deposits	221.5	13.1	7.2	16.1
Time Deposits	689.0	-9.3	24.3	21.4

\*Includes Non-Residents Foreign Currency Time Deposits of \$0.0 mn





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

	Position as at Mar 2006	Changes during		
		Dec 2005 to Mar 2006	Dec 2004 to Mar 2005	Mar 2005 to Mar 2006
<b>PRIMARY SECTOR</b>	<b>146.4</b>	<b>4.7</b>	<b>-4.2</b>	<b>5.5</b>
Agriculture	99.1	3.2	-0.3	3.2
Sugar	8.0	-1.5	-1.4	-0.5
Citrus	18.9	2.9	-1.5	1.4
Bananas	60.6	2.6	3.4	4.3
Other	11.6	-0.8	-0.8	-2.0
Marine Products	19.9	0.3	-4.2	-1.0
Forestry	1.7	0.0	-0.1	0.0
Mining & Exploration	25.7	1.2	0.4	3.3
<b>SECONDARY SECTOR</b>	<b>315.8</b>	<b>-28.7</b>	<b>3.4</b>	<b>-26.8</b>
Manufacturing	17.5	-1.7	1.3	1.3
Building & Construction	248.7	-15.0	4.7	-14.7
Utilities	49.6	-12.0	-2.6	-13.4
<b>TERTIARY SECTOR</b>	<b>532.9</b>	<b>23.4</b>	<b>-4.1</b>	<b>42.4</b>
Transport	32.5	-0.8	-0.9	-5.3
Tourism	84.0	12.5	-4.3	3.8
Distribution	156.0	-1.6	1.0	-10.2
Other*	260.4	13.3	0.1	54.1
<b>Personal Loans</b>	<b>264.0</b>	<b>5.0</b>	<b>-4.5</b>	<b>71.4</b>
<b>TOTAL</b>	<b>1,259.1</b>	<b>4.4</b>	<b>-9.4</b>	<b>92.5</b>

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