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Review of Economic and Financial Developments

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OVERVIEW

The Belizean economy contracted by 2.2% in the first quarter of 2009 as a result of reduced activity in wholesale & retail trade, hotels & restaurants, and agriculture. The wholesale & retail subsector registered the largest decline of 14.0% primarily due to the falloff in commercial free zone trade while declines in stay over tourist arrivals and cruise ship disembarkations contributed to a 10.7% contraction in the hotel & restaurant subsector. Production downturns in banana and citrus were the main cause of the 6.8% contraction in 'agriculture, hunting and forestry'. On the positive side, there was increased economic activity in construction, manufacturing, electricity and water, and other private sector services.

The Statistical Institute of Belize reported that the Consumer Price Index fell by 1.6% over the quarter (November 2008 to February 2009) and rose by 1.5% over the year (February 2008 to February 2009). The latter reflected a heightening in prices in most categories of the index with the exceptions being 'Clothing & Footwear', 'Rent, Water, Fuel & Power', and 'Transportation & Communication'. Higher prices for basic food items caused the 'Food, Beverages, & Tobacco' subcategory to record the largest price increase in the review period.

The external current account deficit shrank by 54.1% quarter on quarter mainly due to a substantial fall in outflows for imports and dividends/ profits which outweighed the decline in receipts from domestic exports, tourism, other services and family remittances. The surplus on the capital and financial account was smaller, reflective of lower inflows from foreign direct investment and loan disbursements to the private sector as well as higher outflows for loan repayments by commercial banks and the private sector. By the end of the quarter, gross international reserves stood at $335.9mn, equivalent to 2.9 months of merchandise imports.

The lingering effects of the flood disasters in 2008 and the impact of the depressed international environment on the domestic economy significantly affected the fiscal outturn during January through March. Current, primary and overall deficits of $25.7mn, $24.2mn and $62.8mn, respectively, were generated in this period, which, as the last quarter of the 2008/09 fiscal year, was notable for lowest revenue collections and highest expenditure. The revenue downturn included lower collections of the general sales tax (GST), revenue replacement duties (RRD), import duties and petroleum royalties. The growth in expenditure reflected the semi-annual interest payment on the super bond as well as an end-of-fiscal-year spending spurt on goods, services and domestically funded capital projects. The government's overall deficit was financed from both external and domestic sources, the former including a disbursement of $25.0mn from the CDB policy based loan and the latter consisting of net domestic deposit withdrawals of $49.8mn.

While the government's domestic debt declined by $8.3mn to $324.5mn, the public sector's external debt rose by $24.3mn and stood at $1,935.6mn (71.2% of GDP). External loan disbursements for the first quarter totalled $45.7mn whereas principal and interest payments to external creditors amounted to $19.2mn and $32.5mn, respectively.

In monetary developments, the broad money supply grew by 4.8% fuelled by an expansion in net foreign assets and net domestic credit. With outflows for imports on the decline, the net foreign position of the commercial banks improved notably during the period with the banks using seasonal foreign exchange inflows to effect substantial reductions in short term liabilities owed to foreign creditors. Growth in net domestic credit was driven by the public sector with Central Government drawing down on its deposits (mostly from the Central Bank) to meet external debt obligations and the seasonal spike in spending as the fiscal year drew to a close. Credit to the private sector declined largely due to repayments by entities in tourism, professional services and distributive trade.

Heightened government outlays, the seasonal slowdown in private sector credit and the delay in effecting some import payments resulted in a 77.7% expansion in commercial banks' excess statutory liquidity and a more than quadrupling of their excess cash reserves. An increase of six basis points was recorded in the weighted average interest rate spread of the banks as the weighted average lending rate edged down by 3 basis points to 14.07% while the average deposit rate fell by 9 basis points to 6.26%.

DOMESTIC PRODUCTION AND PRICES

Facing the headwinds created by the global financial crisis and economic slowdown, the domestic economy contracted by 2.2% during the first quarter as compared to growth of 0.7% in the comparable period of the previous year. The decline was concentrated in distributive trade, tourism and agricultural activities. The steepest was in services as wholesale and retail trade contracted by 14.0% due in large part to a falloff in commercial free zone trade while declines in stay over tourist arrivals and cruise ship disembarkations precipitated a 10.7% downturn in hotels/restaurants. Agriculture, hunting and forestry declined by 6.8% as production downturns in banana and citrus overshadowed modest gains in sugarcane and papaya. Notwithstanding continued investment into the cellular network, transport/communications also contracted by 1.1% with lower import and tourist activities.

On the upside, fishing grew by a marginal 0.1%, reflecting higher lobster and farmed shrimp production. Secondary sector activities were on the upswing as construction increased by 6.2%. The addition of two wells expanded petroleum production by 30.4%, yielding a 5.5% growth in manufacturing, while the electricity and water subsector increased by 2.5% due to higher electricity production. Increases were also registered in other private services that grew by 10.4 % and government services that rose by 5.3%, reflecting the unfreezing of civil servants' increments and the ramping up of government's capital works.

Between November 2008 and February 2009, inflation abated by 1.6% mainly

Table 1.1: Growth Rate of Real GDP by Sector (%)

	Year on Year growth (%)	
	Jan-Mar 08(1) Over Jan-Mar 07	Jan-Mar 09(1) Over Jan-Mar 08
Agriculture, hunting & forestry	2.8	-6.8
Fishing	-22.0	0.1
Manufacturing (incl. mining & quarrying)	-7.8	5.5
Electricity & water	-27.5	2.5
Construction	-1.1	6.2
Wholesale & Retail	5.0	-14.0
Hotels & Restaurants	-3.9	-10.7
Transport & communication	7.6	-1.1
Other private services exc. FISIM	2.0	10.4
Producers of government services	4.8	5.3
All industries at basic prices	-0.4	-0.6
Taxes on products	8.1	-12.5
GDP at market prices	**0.7**	**-2.2**
GDP at market prices ($Bz mn) Constant 2000 prices	**615.4**	**601.6**

Source: Statistical Institute of Belize

(1) constant 2000 prices– changes in per cent

due to the decline in fuel prices. However, the annual point to point change in the Consumer Price Index (February 2009 over February 2008) was a 1.5% increase, with the largest cost driver being prices for basic food staples.

Sugar

The expected rebound from storm, flood and pest damage in sugarcane production was more modest than anticipated, with efficiency gains occurring more in crop quality than in biomass output.

During the first four months of the crop year, sugarcane deliveries increased by 5.9% to 592,721 long tons, notwithstanding the brief hiccup in delivery from the farmers' two week strike. The 32.5% surge in sugar production to 56, 175 long tons was proportionately larger due to the higher sucrose content (pol) of the sugarcane (12.28% compared to 10.52% in 2008) and a 4.8% gain in cane purity. The result was a substantial 19.6% improvement in the cane to sugar ratio. In contrast, molasses output contracted by 18.8% to 15,622 long tons, reflecting its inverse relationship with sugar production.

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

	Dec-Mar 2007/08	Dec-Mar 2008/09
Deliveries of Sugarcane to BSI (long tons)	559,839	592,721
Sugar Processed by BSI (long tons)	42,408	56,175
Molasses processed by BSI (long tons)	19,247	15,622
Performance		
Factory Time Efficiency (%)	89.92	93.43
Cane Purity (%)	80.9	84.75
Cane/Sugar	12.88	10.35

Source: Belize Sugar Industries

The final price for the 2008/2009 crop is projected to fall by 16.5% to $46.08 per long ton, as the EU sugar price cut effective since October 2008 (from €496.80 to €448.80) should exert the greatest influence on price. A significant reduction in freight rates along with exchange rate gains from the Euro average unit price negotiated on the futures market could however ameliorate the revenue losses.

Citrus

Up to March, citrus deliveries for the 2008/2009 crop were down by 4.3% to 3.5mn boxes. While the orange crop had been forecasted to contract by 19.7%, the 2.4mn boxes delivered equated to a 3.7% increase that was due to a sizeable first crop. In the case of grapefruit, production was originally forecasted to decrease by 5.6%, but low prices combined with fruit quality problems discouraged harvest and triggered a much sharper 18.3% fall in deliveries to 1.1mn boxes.

Partially countering this volume contraction was a higher average juice outturn per box, so citrus juice production fell by only 1.3% to 18.6mn ps. Concentrate output expanded by 2.5% to 18.6mn as a 9.8% increase in orange concentrate outweighed a 16.0% decline in that of grapefruit. Concentrate

Table 1.3: Output of Citrus Products

	Oct-Mar 2007/2008	Oct-Mar 2008/2009
Deliveries (boxes)		
Orange	2,299,152	2,383,632
Grapefruit	1,320,308	1,078,502
Total	**3,619,460**	**3,462,134**
Concentrate Produced (ps)		
Orange	12,997,279	14,270,866
Grapefruit	5,098,263	4,282,144
Total	**18,095,542**	**18,553,010**
Not from concentrate (ps)		
Orange	510,958	3,415
Grapefruit	185,397	0
Total	**696,355**	**3,415**
Pulp (pounds)		
Orange	561,800	1,525,732
Grapefruit	1,440	607,592
Total	**563,240**	**2,133,324**
Oil Produced (pounds)		
Orange	570,500	864,600
Grapefruit	197,000	156,600
Total	**767,500**	**1,021,200**

Sources: Citrus Products of Belize and Citrus Growers Association

juices were the industry's mainstay with production split unevenly between orange (76.9%) and grapefruit (23.1%). Less focus was on the not-from-concentrate (NFC) juices due to the lower profit margin, so outturn plummeted by 99.5% to 0.03mn ps. Output of by-products rose, however, as an increase in grapefruit pulp production led to a fourfold growth in pulp output, while oil production rose by 33.1% to 1.0mn ps.

During the first quarter of the year, orange juice export prices weakened in response to high beginning juice stocks in the US, declining per capita orange juice consumption by US consumers and a good orange harvest in Florida. Notwithstanding the rise in demand for grapefruit juice this season due to an increase in US consumption, large juice stocks in Florida at the beginning of the season and an increase in fruit processing volume kept the price improvement very modest. Consequently, the final estimated prices to be paid to local farmers for the current crop were $0.94 per pound solid for orange, compared to $1.41 in the previous year and $0.96 per pound solid for grapefruit, compared to $0.89 in the previous crop year.

Banana

Banana production decreased by 22.4% to 0.9mn boxes, as grove investments aimed at boosting yields are expected to mature in the latter half of the year. The strategy of ramping up production in the beginning months of the year to satisfy Fyffes' import schedule was abandoned. Unlike Fyffes, Dole, the new buyer, does not set any purchasing ceiling based on production in the first half of the year, so farmers have greater harvesting flexibility. With production expected to increase in the ensuing months, scope still exists for the industry to reach its projected annual target of 4.2mn boxes.

Table 1.4: Banana Production

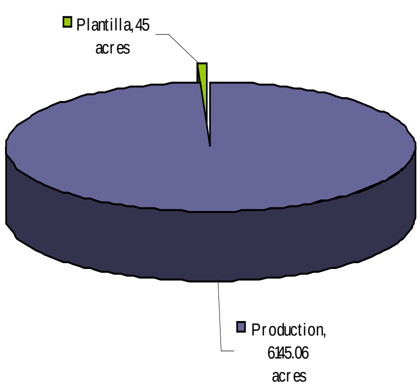
40 pound boxes

	2008	2009
January	386,137	304,163
February	433,966	237,973
March	285,251	315,521
Total	**1,105,354**	**857,657**

Source: Banana Grower's Association

At 6,145 acres, the area under harvestable trees was 135 acres less than that at the end of September 2008. The comparable plantilla (trees too young for harvesting) acreage decreased from 55 acres in the previous year to 45 acres, and approximately 30 acres were prepared and ready for planting.

Chart 1.1: Banana Acerage - February 2009



Tourism

After growth of 1.8% in 2008, world tourism is forecasted to contract by 2.0% in 2009 due to the economic downturn in some major economies and loss of consumer confidence brought on by the current economic uncertainties. While all regions should be impacted, the tourism markets in Europe and the Americas are projected to experience the worst effects in 2009. Against this backdrop, preliminary results show that the Caribbean region had an overall negative performance during the first quarter. Stay over arrivals decreased in all Caribbean countries except Grenada, Jamaica and Cuba. Anguilla posted the steepest decline in visitor arrivals of 21.4% while the Dominican Republic, US Virgin Islands and Barbados fared somewhat better, posting only single digit declines of -5.2%, -6.1% and -8.6%, respectively.

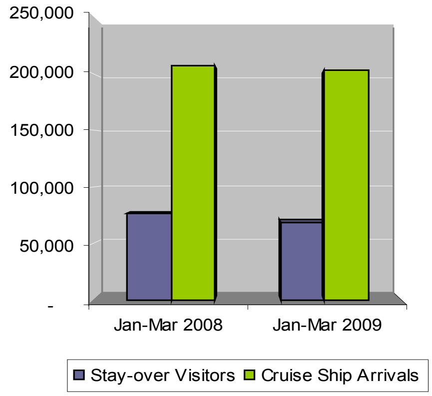
Belize likewise experienced a downturn in tourist arrivals. Stay over visitors declined by 10.1% to 68,814 persons in the first quarter as arrivals through the international airport fell by 13.2%, while visitors through the land and sea borders increased by 0.2% and 7.6%,

Table 1.5: Bona Fide Tourist Arrivals Year to Date

	2008 Jan-Mar	2009 Jan-Mar
Stay-over Arrivals		
Air	60,755	52,759
Land	12,983	13,004
Sea	2,835	3,051
Total	**76,574**	**68,814**
Cruise Ship	**206,951**	**203,007**

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

Chart 1.2: Tourist Arrivals



respectively. Reflective of the weak economy, visitors from the United States (the major market for Belize) fell by 10.7%, while those from the EU and other countries were up by 0.2% and 13.2%, respectively. The United States, nonetheless, remained the major market, accounting for 64.1% of the total long-stay tourists while the EU ranked second with 13.4%.

The negative trend in cruise ship disembarkations evident over the past four years continued into this year. Even with the diversion of some ships from Mexico to Belize because of the swine flu scare, the number of cruise visitors contracted by 1.9% to 203,007, while the number of port calls fell from 120 to 104.

Consumer Price Index

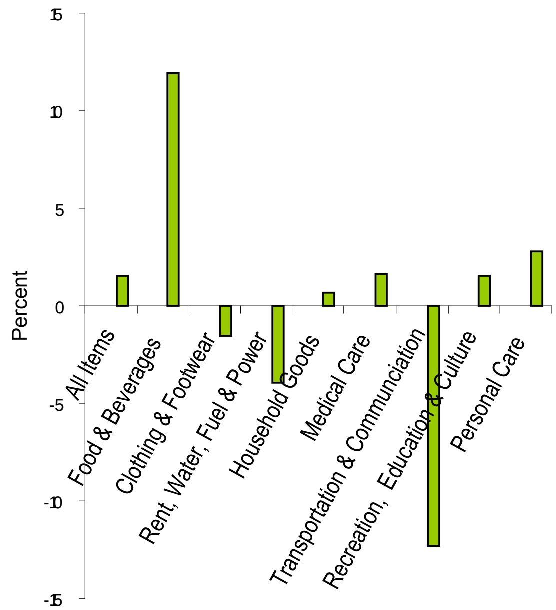
With lower fuel prices continuing to dampen inflationary pressures, the consumer price index (CPI) fell by 1.6% over the quarter (November 2008 to February 2009) and its annual increase of 1.5% over the February 2008 to February 2009 period was lower than the 4.7% increase of the previous year.

Year on year, prices increased across most categories of goods and services, except 'Clothing & Footwear', 'Rent, Water, Fuel& Power' and 'Transportation and Communication'. While the momentum in price growth has recently slowed, 'Food, Beverages and Tobacco' still had the largest price hike of 11.9%, which was driven mostly by higher prices for food staples such as R.K. beans, flour, bread, rice, cooking oil and whole chicken. Accounting for 9.3 of the 11.9 percentage points of the price hike were 'Bread & Cereals', 'Vegetables & Fruits' and 'Meat & Poultry', which were up by 28.5%, 17.5% and 8.9%, respectively.

Although the international prices of non-fuel goods may have moderated (as indicated by the 3.2% decrease in the US export price index up to February 2009) due to the recessionary decline in international consumer demand, the pass through of the lower prices to Belizean consumers has lagged for reasons cited by importers such as slow inventory turnover and forward purchase commitments made at the higher cost prevailing at the contract time. Consequently, 'Personal Care' and 'Household Goods

& Maintenance', categories with a high import content, increased by 2.8% and 0.7%, respectively. The cost of 'Medical Care' rose by 1.6% with an escalation in pharmaceutical prices, while 'Education, Recreation and Culture' increased by 1.5% due to higher airfare costs. Partially countering the inflationary pressures were the double digit declines in the prices of butane and fuel that contributed substantially to the 3.9% and 12.3% reductions in the average cost of 'Rent, Water, Fuel & Power' and 'Transportation & Communication' services, respectively.

Chart 1.3: Annual Percentage Change in Consumer Price Index



INTERNATIONAL TRADE AND PAYMENTS

The first quarter external current account deficit stood at $15.2mn, $18.0mn lower than the deficit recorded for the same period of 2008, as a sizeable decline in imports and dividend/profit payments more than compensated for lower receipts from domestic exports, tourism, other services and family remittances. The surplus on the capital and financial account was pared down substantially from $114.8mn to $16.1mn with lower inflows from foreign direct investment and loan disbursements to the private sector as well as higher outflows for loan repayments by commercial banks and the private sector. Nonetheless, gross international reserves edged up by $3.1mn to $335.9mn, the equivalent of 2.9 months of merchandise imports.

With weak international demand arising from the global economic slowdown pushing commodity prices downward and causing a 18.2% ($62.9mn) decline in imports (f.o.b.) as well as an 18.1% ($40.1mn) fall in export earnings, the trade deficit narrowed by 18.5% to $100.5mn. Imports into the Commercial Free Zone (CFZ) declined by $31.6mn with cross border sales being affected by the weakening of the Mexican peso. Imports into the domestic economy also fell by $31.4mn with the largest decline

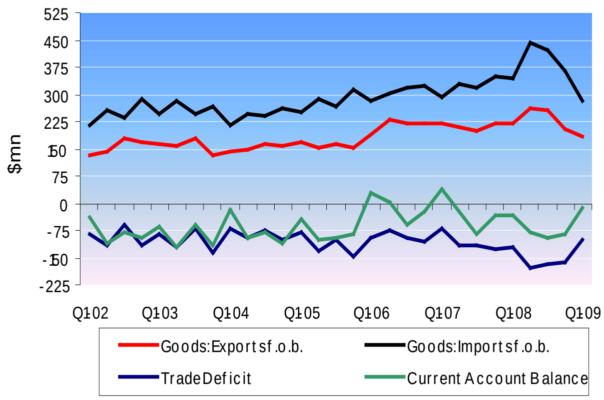
Table 2.1: Balance of Payments Summary

BZ$ mn

	2008[R] Jan-Mar	2009[P] Jan-Mar
A. CURRENT ACCOUNT (I+II+III+IV)	**-33.3**	**-15.2**
I. Goods (Trade Balance)	**-123.3**	**-100.5**
Exports, f.o.b.	221.6	181.5
Domestic Exports	136.5	116.1
CFZ Gross Sales	72.7	59.0
Re-exports	12.4	6.3
Imports, f.o.b.	**344.8**	**281.9**
Domestic Imports	284.2	252.9
CFZ Imports	60.6	29.1
II. Services	**169.2**	**138.7**
Transportation	-15.1	-12.9
Travel	166.6	151.9
Other Services	17.6	-0.2
III. Income	**-123.6**	**-88.0**
Compensation of Employees	-2.9	-2.9
Investment Income	-120.7	-85.8
IV. Current Transfers	**44.4**	**34.5**
Government	1.9	-1.2
Private	42.5	35.7
B. CAPITAL & FINANCIAL ACCOUNT (I+II)	**114.8**	**16.1**
I. Capital Account	**5.5**	**7.4**
II. Financial Account (1+2+3+4)	**109.3**	**8.8**
1. Direct Investment in Belize	93.0[1]	49.1
2. Portfolio Investment	-2.4	-2.6
Monetary Authorities	0.0	0.0
General Government	-2.3	-2.5
Banks	0.0	0.0
Other Sectors	-0.1	-0.2
3. Financial Derivatives	0.0	0.0
4. Other Investments	18.7	-37.7
Monetary Authorities	-0.3	13.3
General Government	5.0	13.5
Banks	-7.6	-40.4
Other Sectors	21.6	-24.0
C. NET ERRORS & OMISSIONS	**-76.1**	**2.2**
D. OVERALL BALANCE	**5.5**	**3.1**
E. RESERVE ASSETS[2]	**-5.5**	**-3.1**

P- indicates Provisional, R- indicates Revised
(1) Includes sale of UHS for $45.0mn.
(2) Minus = increase

Chart 2.1: Current Account vs. Trade Deficit



occurring in fuels as a 52.4% average price decline overshadowed a 13.7% volume increase. Notable declines were also recorded in outlays on electricity, telecommunications equipment, machinery and manufactured goods.

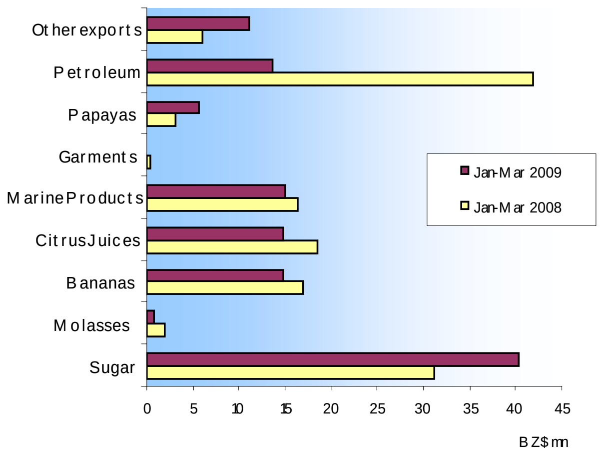
Export earnings slackened to $181.5mn with declines of $20.3mn in domestic exports, $13.7mn in CFZ sales and $6.1mn in re-exports. In domestic exports, petroleum earnings were the most deflated due to the slump in crude oil prices. A mixture of lower prices and/or volume led to revenue declines in molasses, banana, citrus juices and marine products, while larger volumes mostly accounted for higher sugar and papaya receipts.

A 17.4% increase in export volume coupled with an 8.3% improvement in the average unit price pushed sugar earnings up by 29.5% to $40.4mn. Almost all sales went to the EU market with only 39 long tons (0.1%) going to Canada. The increase in net returns to the industry was due to declining freight costs since sugar is sold on a cost, insurance and freight (c.i.f.) basis.

An increase in the quantity of orange concentrate boosted citrus juice export volume by 8.7% but weaker prices in all markets caused revenues to fall by 20.4% to $14.8mn with receipts from orange and grapefruit concentrates shrinking by 21.5% and 11.1%, respectively. Revenues from the US market plummeted by 41.8% due to a 40.3% drop in the average price per pound solid, prompted by higher US inventories at the start of the season and declining US per capita consumption of orange juice. Orange concentrate sales to the Caribbean were virtually unchanged while there was a rally in sales of orange concentrate to Japan. The export volume of grapefruit concentrate fell by 10.3% due to lower sales to Europe and Japan.

While marine export volume was stable at 3.9mn pounds, receipts dipped by 8.2% to $15.1mn. The revenue decline reflected smaller sale volumes of conch and finned fish as well as weaker average unit prices for lobster and shrimp. Earnings from shrimp declined marginally ($0.4mn) as a 12.9% volume increase almost fully compensated for a 14.7% fall in the average price per pound. The price of lobster, sensitive to the oversea

Chart 2.2: Domestic Exports



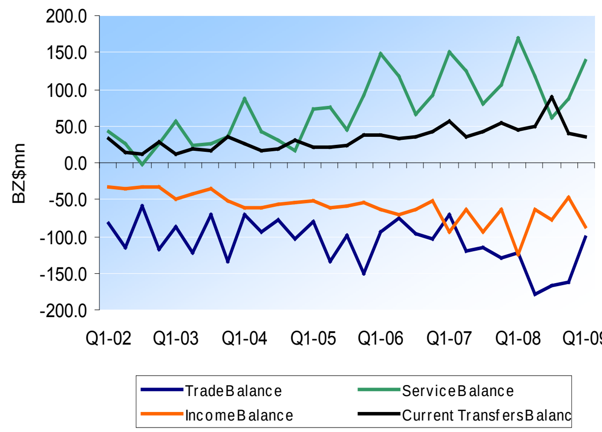
dining out market, plunged by $9.42 per pound while slumps in tilapia and cobia production caused a 43.2% reduction in finned fish exports to 0.4mn pounds with receipts being almost halved to $0.6mn.

Banana export volume declined by 24.0% while receipts decreased by 11.9% to $14.9mn. Even more notably, notwithstanding a 10.4% rise in the volume of petroleum exports to 249,788 barrels, earnings plunged by 67.6% to $13.6mn as the average f.o.b. price per barrel dropped from US$92.65 to US$27.19. First quarter crude oil prices remained low as demand slackened with the global economic downturn and buildup in oil inventories. On the other hand, revenues from papaya rose by 79.5% to $5.7mn with the continuing rebound in export volume from the previous year's storm damage. Receipts from other miscellaneous exports also rose substantially by 81.6% to $11.1mn due to higher sales of commodities such as orange oil and fresh orange.

The surplus on the services account amounted to $138.7mn, a quarter on quarter decline of 18.0% that was due to lower inflows from tourism and professional services. Net inflows for travel fell by 8.8% with the decrease in arrivals for stay-over and cruise ship visitors while earnings from other business services contracted by more than half. Net outflows for transportation services fell slightly due to reduction in international freight charges.

In comparison with the previous year, the first quarter income account saw marked improvement with net outflows down

Chart 2.3: Service, Income, and Current Transfers Balances

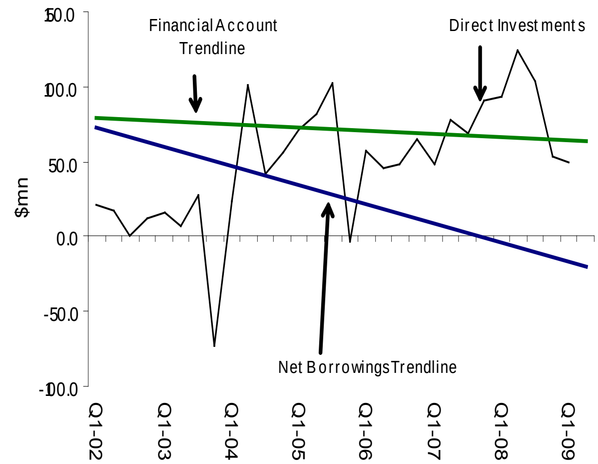


by 28.8% to $88.0mn mainly due to a significant reduction in the repatriation of commercial banks' profits/dividends. Meanwhile, rising unemployment and the economic slowdown in key developed economies translated into a 14.2% drop

in remittances and this, along with lower inflows to insurance companies, led to shrinkage of 22.3% in current transfer net receipts.

The capital and financial account netted a small surplus of $16.1mn, substantially lower than the $114.8mn realized during the first three months of 2008. The capital account surplus improved slightly due to $5.0mn in debt relief from the United Kingdom. On the other hand, a number of factors substantially reduced the surplus on the financial account from $109.3mn to $8.8mn. Foreign direct investment, which in 2008 was pumped up by $45.0mn for the transaction involving Universal Health Services, fell by $44.0mn with a slowdown/winding up of hotel and condominium developments. In addition, net inflows to government from loan disbursements were outweighed by significant loan repayments by the private sector and commercial banks on their short term debt.

Chart 2.4: Main Components of the Financial Account



GOVERNMENT OPERATIONS AND PUBLIC DEBT

The lingering effects of the flood disasters in 2008 and the impact of the depressed international environment diffusing through to the domestic economy were the largest determinants of fiscal performance during January through March. Current, primary and overall deficits of $25.7mn, $24.2mn and $62.8mn, respectively, were generated during this period, which was the last quarter of the 2008/09 fiscal year and was notable for lowest revenue collections and highest expenditure. The revenue downturn reflected lower collections of the general sales tax (GST), revenue replacement duties (RRD), import duties and petroleum royalties, which were due to the contraction in import/ retail activities, the removal of RRD on imported fuel since August 2008 and sharp fall in international fuel prices. In addition, petroleum tax payments were temporarily halted as the petroleum company claimed that it had overpaid taxes and was awaiting an end of year assessment. Notable revenue collections for this quarter included a profit transfer of $8.0mn from the Central Bank and $5.0mn in debt forgiveness from the UK Debt Initiative. The hike in expenditure during the period was due to the semi-annual interest payment on the super bond as well as a spending spurt on goods, services and domestically funded capital projects that could be indicative of the end-of-fiscal-year rush to use up budget allocations or meet budgeted commitments. The overall deficit was financed by both external and domestic sources. The former included a disbursement of $25.0mn from the CDB policy based loan, and the latter was in

Table 3.1: Central Government's Revenue and Expenditure

BZ$mn

	Apr-07 Mar-08	Apr-08 Mar-09 (1)
Total Revenue & Grants	770.7	775.6
of which: Current Revenue	675.3	704.1
of which: Grants	65.3	67.0
Total Expenditure	771.7	766.2
Current Expenditure	597.3	634.8
Capital Expenditure	174.4	131.3
Current Balance	78.0	69.3
Primary Balance	110.2	112.7
Overall Balance	-1.0	9.4

Source: Ministry of Finance
(1) Prelimary and subject to change.

Table 3.2: Summary of Central Government's Revenue

BZ$mn

	Apr-07 Mar-08	Apr-08 Mar-09 (1)
Current revenue	675.3	704.1
Tax revenue	591.7	594.0
Income and profits	180.1	196.7
Taxes on property	6.5	6.3
Taxes on goods & services	236.0	236.7
Int'l trade and transactions	169.1	154.3
Non-Tax Revenue	83.6	110.2
Property income	12.4	24.1
Licenses	13.2	14.7
Other	58.0	71.4
Capital revenue	30.1	4.4
Grants	65.3	67.0

Source: Ministry of Finance
(1) Prelimary and subject to change.

Table 3.3: Central Government's FY Expenditure

BZ$mn

	Apr-07 Mar-08	Apr-08 Mar-09(1)
Current Expenditure	597.3	634.8
Wages & Salaries	234.0	250.1
Pensions	42.3	47.5
Goods & Services	134.2	148.7
Interest Payments	111.2	103.3
of which: External	85.0	79.6
Subsidies &	75.7	85.1
Capital Expenditure	174.4	131.3
Capital II	71.8	76.5
Capital III	54.9	51.7
Net lending	47.7	3.2

Source: Ministry of Finance
(1) Prelimary and subject to change.

large part funded by the draw down of $49.8mn in deposits.

April 2008 to March 2009 marked the completion of the new administration's first fiscal year. Preliminary figures on Central Government's operations indicated current, primary and overall surpluses of $69.3mn (2.6% of GDP), $112.7mn (4.1% of GDP) and $9.4mn (0.3% of GDP), respectively, as revenues and grants rose by 0.6%, while expenditures contracted by 0.7%, compared to the previous fiscal year. The improved out-turn was heavily reliant on grants, which if excluded, would swing the overall surplus to a deficit of 2.1% of GDP and shrink the primary surplus to 1.6% of GDP. The fiscal surplus, supplemented by net external borrowing, facilitated a $24.2mn reduction in domestic financing.

Current revenues rose by 4.3% ($28.8mn) with non-tax revenues accounting for 92.0% of the increase mainly due to the Belize Bank's return in August of the $20.0mn Venezuelan grant (for housing assistance) and an $11.7mn increase in property income, the bulk of which consisted of Central Bank profits. Grants of $67.0mn were a substantial boost to revenues and included a lump sum of $50.0mn from Taiwan and $5.0mn in debt relief from the UK Debt Initiative program. Revenues from taxes were up by $2.3mn (0.4%) year on year, with the largest increase of some $16.6mn being generated by taxes on income & profits, which benefited from higher collections from the petroleum industry and successful legal action by the government to recover outstanding business taxes from Belize Telemedia Ltd. and Belize Bank Ltd. Almost neutralizing the preceding revenue gains was a $14.8mn drop in taxes on international trade as higher import and environmental taxes were outweighed by a $31.3mn fall in RRD receipts. In August, the RRD was completely removed from imported fuel and replaced by import duties fixed at a specific level as a result of government attempts to ease the pressures from surging international fuel prices on the populace.

The fall in expenditure was the result of a 24.7% reduction in the capital budget that reflected a $44.5mn contraction in capital transfers. (In the previous

Chart 3.1: GOB Fiscal Operations

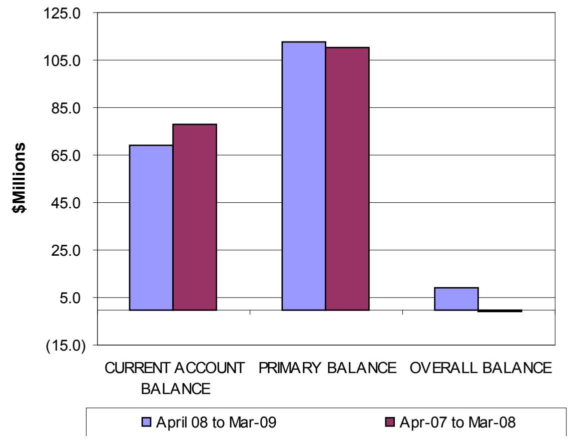
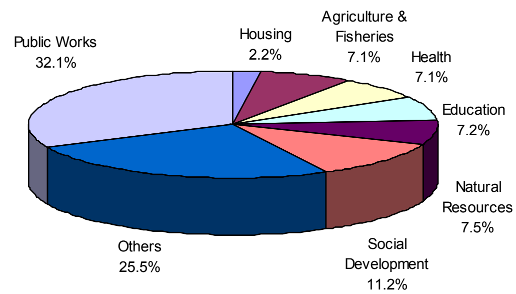


Chart 3.2: GOB Development Expenditure for FY08/09



year, transfers had been bumped up by $40.0mn because of the transfer of Taiwan and Venezuelan grant monies targeted for health and housing development to non-resident entities in connection with the Universal Health Services debt.) In contrast, current outlays rose by 6.3%, with across the board increases in all categories except interest payments, which contracted by $7.9mn (7.1%) as GOB reduced its loans balances during the year.

Developmental expenditures edged up by $1.5mn to $128.1mn. Of these outlays, some 26.2% was allocated to social projects that included $14.4mn for social development, $9.2mn for health and $9.3mn for education. Infrastructural projects, such as completion of the Southern Highway, upgrading of the Placencia Road, improvements for Belize City's south-side and maintenance of roads, bridges, streets and drains accounted for another 32.0%. Land development and management absorbed 7.5% and some 24.9% ($31.88mn) were for miscellaneous items, of which almost one fourth went to contributions to international organizations with the remainder being spent on vehicles, internal security and the modernization of the customs and excise department (ASYCUDA System).

Central Government's Domestic Debt

During the first quarter, Central Government's domestic debt contracted by 2.5% to $324.5mn with $7.7mn in amortization payments that included the accelerated pay-offs of $6.2mn for the Belize Bank infrastructural loan and $1.3mn for the RECONDEV Cohune Walk Housing project. Government's overdraft balance with the Central Bank also fell by $0.6mn to $130.3mn, which was equivalent to 19.3% of the previous

Table 3.4: Central Government's Domestic Debt

BZ$mn

	Dec 2008	March 2009	Changes in Stock
Overdraft	130.9	130.3	-0.6
Loans	21.1	13.4	-7.7
Treasury Bills	100.0	100.0	0.0
Treasury Notes	65.8	65.8	0.0
Defence Bonds	15.0	15.0	0.0
Total	**332.8**	**324.5**	**-8.3**

fiscal year's current revenue. This modest net movement in the overdraft belied substantial outlays to cover the February interest payment on the super bond and the end-of-fiscal-year spending splurge as well as equally substantial inflows from loan disbursements, tax revenues, royalties and the Central Bank profit transfer. At the end of March, the domestic debt consisted of government securities (55.7%), overdraft facility (40.2%) and non-bank loans (4.1%).

Of the $5.9mn in interest payments, Central Bank received $3.4mn for short term credit such as the overdraft and Treasury bills and $1.6mn for long term credit such as Treasury notes. Commercial banks also received $0.7mn on infrastructural development loans and government securities, while non-bank entities received $0.2mn.

With the seasonal build up in the system's liquidity and the depressing effect of the global financial crisis on international interest rates, the domestic banks' appetite for government securities sharpened. In secondary trading, the Central Bank sold off all its holdings of Treasury bills ($10.1mn) to the commercial banks and other non-bank entities. In addition, commercial banks bought $19.0mn worth of Treasury Notes from the Central Bank and non-bank entities.

Public Sector External Debt

The public sector external debt rose by 1.3% ($24.3mn) to $1,935.6mn during the first quarter, as disbursements of $45.7mn exceeded amortization payments of $19.2mn and downward valuation adjustments of $2.2mn. At 94.7%, the Central Government accounted for the bulk of this debt, with the financial and non-financial public sectors being responsible for the remaining 3.6% and 1.8%, respectively.

Of total disbursements, $31.9mn went to Central Government and consisted of $5.2mn from Venezuela as credit for fuel imports and $26.6mn from two multilateral lenders. CDB provided $26.3mn for the second tranche of a policy based loan, Health Sector Reform and the Placencia Road upgrade, while IDB sourced $0.3mn. The financial public sector obtained $13.9mn from the IMF as an Emergency Natural Disaster

Table 3.5: Public Sector's External Debt

BZ$mn

	DOD at: 31/03/08	DOD at: 31/03/09	Change in Debt Stock
Central Government	**1,835.5**	**1,832.4**	**-3.1**
Bilateral	333	319.5	-13.5
Multilateral	398.1	413.4	15.3
Bonds	1,093.50	1,093.50	0
Commercial Banks	10.9	6	-4.9
Export Credit	0	0	0
Rest of NFPS	**38**	**34.3**	**-3.7**
Bilateral	6.8	5.5	-1.3
Multilateral	30.1	28	-2.1
Commercial Banks	1.1	0.8	-0.3
Export Credit	0	0	0
Financial Public Sector	**77.4**	**68.9**	**-8.5**
Bilateral	2.1	1.5	-0.6
Multilateral	27.9	29.6	1.7
Bonds	47.4	37.8	-9.6
Export Credit	0	0	0
Grand Total	**1,950.90**	**1,935.60**	**-15.3**

Assistance loan for balance of payment support, while the non-financial public sector received a small amount from CDB.

Central Government amortized $8.8mn to bilateral creditors, including $3.1mn to Venezuela for short term credit on fuel imports and $4.0mn to ROC/Taiwan for housing and highway rehabilitation, while multilateral creditors received $6.6mn including $2.2mn to IBRD and $2.0mn each to CDB and IDB. The financial public sector repaid $0.7mn to multilateral lenders and $2.5mn to the Belize Mortgage Company. The Belize Water Services Limited also made a small payment to CDB.

Interest and other payments amounted to $32.5mn, of which Central Government paid $31.2mn that included $23.4mn on the 'super bond. Bilateral and multilateral creditors received $4.1mn and $3.6mn, respectively. The financial public sector payments went mostly to the Belize Mortgage Company ($0.9mn), while the non-financial public sector made a single interest payment to CDB ($0.3mn).

The debt stock fell by $2.2mn as the US dollar appreciated against the Euro and Kuwait dinar, causing downward valuation to the loans denominated in these currencies.

MONETARY DEVELOPMENTS

Broad money (M2) rose by 4.5% fuelled by expansions in net foreign assets of $44.1mn and net domestic credit of $28.1mn. Inflows from tourism, exports and foreign direct investments enabled commercial banks to reduce their short term obligations to foreign creditors significantly while Central Government made substantial deposit withdrawals to cover external debt payments and heightened spending from unused budgetary allocations at the end of the 2008/09 fiscal year. In other developments, the Central Bank received $13.9mn in February by way of an IMF Emergency National Disaster Assistance (ENDA) loan that was approved to support the balance of payments following the damage inflicted in the previous year by Tropical Storm Arthur and the Tropical Depression No. 16.

The narrow measure of money was up by 4.1% (compared to growth of 6.1% in the first quarter of 2008) with businesses and private utilities accounting for most of a $31.6mn build up in demand deposits that was not only due to cyclical patterns in business receipts but also the result of a delay in effecting import payments for fuel. At 4.7%, growth in quasi-money was just below the 5.3% recorded in 2008 and largely reflected a hike in time deposit holdings of businesses, individuals, the Belize Social Security Board/NHI and credit unions.

Net foreign assets expanded by $44.1mn, growth that was more than triple that

Table 4.1: Factors Responsible for Money Supply Movements

BZ$mn

	Position as at Mar 2009	Changes during Dec 2008 to Mar 2009	Changes during Dec 2007 to Mar 2008
Net Foreign Assets	**469.5**	**44.1**	**13.4**
Central Bank	333.7	3.7	5.8
Commercial Bank	135.8	40.4	7.6
Net Domestic Credit	**1959.9**	**28.1**	**37.9**
Central Government (Net)	230.3	39.9	42.5
Other Public Sector	10.2	-2.7	-3
Private Sector	1719.4	-9.1	-1.6
Central Bank Foreign Liabilities (Long-term)	**13.9**	**13.9**	**0**
Other Items (net)	**360.4**	**-30.1**	**-46.2**
Money Supply M2	**2055.1**	**88.4**	**97.5**

Chart 4.1: Changes in Demand Deposits, by Sector Jan-Mar 2009

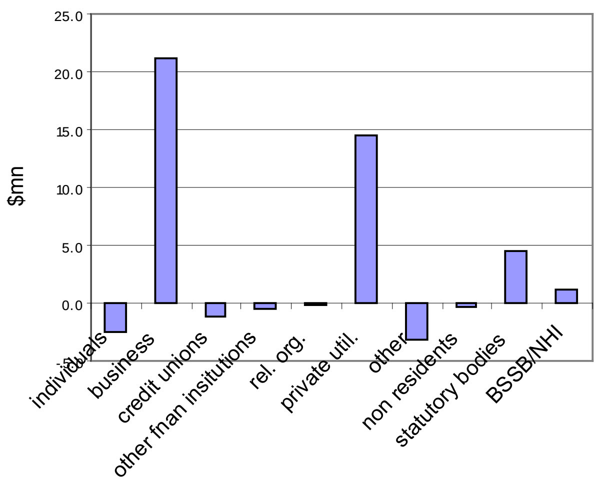
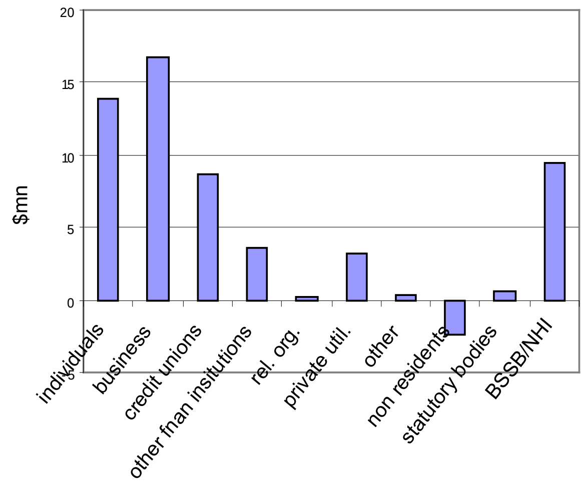


Chart 4.2: Changes in Time Deposits, by Sector Jan-Mar 2009



of the same period of the previous year as foreign exchange demand eased in tandem with the declining level of imports and shrinking current account deficit. Commercial banks accounted for 90.6% of the financial system's increase with their net foreign asset position improving by 42.4% during the quarter mainly due to the aforesaid reduction in their foreign liabilities of some $47.8mn. In comparison the Central Bank's foreign assets rose by only $3.1mn, with inflows of $73.2mn exceeding outflows of $70.1mn. The major sources of inflows to the Bank were loan disbursements, sugar export earnings and purchases from commercial banks, which accounted for 80.2% of total receipts. Of total outflows, Central Government was facilitated with $55.0mn, of which a substantial portion was used to meet external debt obligations that included interest payments on the 'super-bond'.

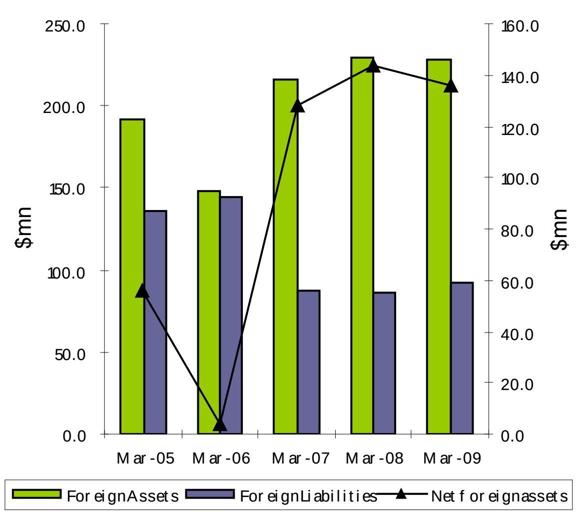
Table 4.2: Net Foreign Assets of the Banking System

BZ$mn

	Position as at Mar 2009	Changes during: Dec 2008 to Mar 2009	Changes during: Dec 2007 to Mar 2008
Net Foreign Assets of Banking System	**469.5**	**44.1**	**13.4**
Net Foreign Assets of Central Bank	**333.7**	**3.7**	**5.8**
Central Bank Foreign Assets	336.3	3.1	5.5
Central Bank Foreign Liabilities (Demand)	2.6	-0.6	-0.3
Net Foreign Assets of Commercial Banks	**135.8**	**40.4**	**7.6**
Commercial Bank Foreign Assets	228.1	-7.4	26.6
Commercial Bank Foreign Liab. (Short-Term)	92.3	-47.8	19

As in the case of the previous year, net lending to Central Government accounted for the entire first quarter increase in net domestic credit, as some $49.7mn in deposits, most of which had been held with the Central Bank, was drawn down to meet external debt service obligations, settle outstanding commitments at the end of the fiscal year and accelerate the retirement of commercial banks' loans. In contrast, credit to the private sector contracted by 0.5% due largely to repayments by entities involved in tourism, professional services and distributive trade. Also of note was the commercial banks' consolidation of loans across several categories, which were subsequently refinanced under the building and construction sub-category. The latter resulted in a fall in credit to the tertiary sector while inflating credit growth in the secondary sector.

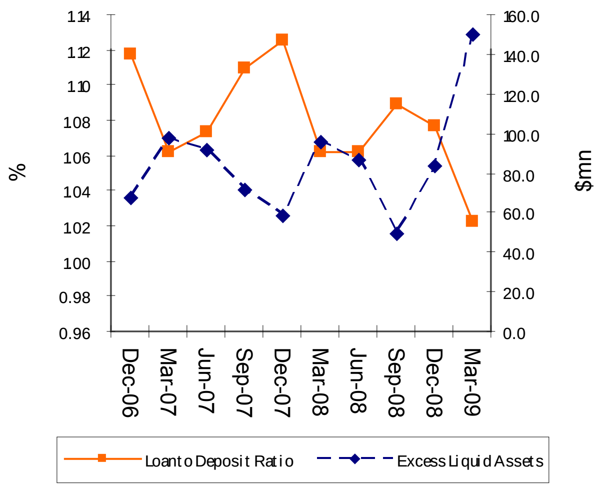
Chart 4.3: Commerical Banks Net Foreign Asset Position



Boosted by heightened government expenditure, the seasonal slowdown in private sector credit and the unusual delay in import payments, excess statutory liquidity rose by 77.7% to $149.6mn as commercial banks' holdings of liquid assets grew by $81.6mn relative to the $16.2mn increase in the statutory level. Four out of the five commercial banks experienced growth in excess liquidity, with two banks accounting for a combined 78.2% of the increase. The most significant portfolio changes were shown in increased holdings of cash, short term foreign balances and Treasury bills of $37.0mn, $18.6mn and $13.5mn, respectively. Excess cash reserves also grew by $32.1mn, as a $39.2mn increase in daily average holdings outpaced a $7.1mn rise in the required reserves.

The weighted average lending rate of the banks edged down by 3 basis points to 14.07% during the quarter, with the most significant declines being in rates applied to personal and residential loans. Marginally lower rates on deposits (except for those in savings accounts) led to a 9 basis points decline in the weighted average deposit rate. The weighted average interest rate spread consequently rose by 6 basis points

Chart 4.4: Private Sector Loan to Deposit Ratio vs. Excess Statutory Liquidity



to 7.81%. As regards new loans, the contraction in private sector lending during the quarter prompted a 119 basis point decline in the weighted average lending rate, with a notable decline of 244 basis points in the commercial loan rate. Despite the sizeable build up in deposits, the weighted average rate for new deposits fell by a mere 8 basis points solely due to a 10 basis points decline in the time deposit rate. The marginal spread consequently narrowed by 111 basis points to 6.53%.

ANNEX I

Table 5.1: GDP by Activity at Constant 2000 Prices (BZ$ million)

	2008				2009
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Agriculture, hunting & forestry	73.7	72.7	42.8	42.9	65.3
Fishing	14.2	12.6	14.2	11.0	14.8
Manufacturing (incl. mining & quarrying)	71.0	78.6	58.7	59.8	73.1
Electricity & water	15.5	19.5	34.5	25.9	15.9
Construction	21.2	23.3	23.7	24.8	27.3
Wholesale & Retail	85.5	95.0	89.6	77.6	67.7
Hotels & Restaurants	30.7	22.7	16.8	17.0	27.2
Transport & communication	70.0	68.8	61.3	62.4	68.2
Other private services exc. FISIM	96.8	97.7	98.3	99.2	99.6
Producers of government services	53.1	52.5	42.2	57.0	56.7
All industries at basic prices	531.8	543.4	482.1	477.6	515.8
Taxes on products	85.1	93.3	87.9	76.7	66.5
GDP at market prices	**616.8**	**636.6**	**570.0**	**554.3**	**582.3**

Source: Statistical Institute of Belize

Table 5.2: Pecentage Share of GDP by Activity at Constant 2000 Prices

	2008				2009
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Agriculture, hunting & forestry	11.9	11.4	7.5	7.7	11.2
Fishing	2.3	2.0	2.5	2.0	2.5
Manufacturing (incl. mining & quarrying)	11.5	12.4	10.3	10.8	12.5
Electricity & water	2.5	3.1	6.0	4.7	2.7
Construction	3.4	3.7	4.1	4.5	4.7
Wholesale & Retail	13.9	14.9	15.7	14.0	11.6
Hotels & Restaurants	5.0	3.6	2.9	3.1	4.7
Transport & communication	11.4	10.8	10.8	11.2	11.7
Other private services exc. FISIM	15.7	15.3	17.2	17.9	17.1
Producers of government services	8.6	8.2	7.4	10.3	9.7
All industries at basic prices	86.2	85.3	84.6	86.2	88.6
Taxes on products	13.8	14.7	15.4	13.8	11.4
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Statistical Institute of Belize

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

Major Commodity Group	Weight	Quarterly Change					Annual Change
		8-Feb	8-May	8-Aug	8-Nov	9-Feb	
Food, Beverage & Tobacco	346.6	3.6	4.3	5.8	0.9	0.4	11.9
Clothing & Footwear	92.0	-0.7	-0.1	-0.1	-1.0	-0.3	-1.5
Rent, Water, Fuel, & Power	167.6	-0.3	1.0	0.7	-1.4	-4.2	-3.9
Household goods & maintenance	85.3	0.2	1.3	0.5	-1.0	-0.1	0.7
Medical care	20.1	1.4	0.7	1.4	-1.1	0.6	1.6
Transport & Communication	170.1	0.2	5.5	1.3	-12.7	-6.0	-12.3
Recreation, Education & Culture	80.4	0.0	0.8	0.2	0.3	0.2	1.5
Personal care	37.9	-0.1	1.9	1.3	0.3	-0.6	2.8
ALL ITEMS	**1000**	**1.3**	**3.1**	**2.7**	**-2.7**	**-1.6**	**1.5**

Source: Statistical Institute of Belize

Table 5.4: Gross Imports (CIF) by SITC

BZ$mn

SITC Section	Jan-Mar 2008	Jan-Mar 2009
0 Food and Live Animals	34.7	38.2
1 Beverages and Tobacco	3.6	3.6
2 Crude Materials	3.3	3.1
3 Minerals, Fuels and Lubricants	83.9	44.3
of which electricity	*21.1*	*9.3*
4 Oils and Fats	1.1	1.4
5 Chemical Products	22.3	26.3
6 Manufactured Goods	47.8	43.9
7 Machinery and Transport Equipment	77.9	75.0
8 Other Manufactures	21.8	20.6
9 Commodities N.E.S	1.6	0.0
Export Processing Zones	16.0	23.6
Commercial Free Zone	66.6	31.9
Personal Goods	0.5	0.6
Total	**381.0**	**312.6**

Source: Statistical Institute of Belize

Table 5.5: Balance of Payments

BZ$mn

	2008R Jan-Mar	2009P Jan-Mar
CURRENT ACCOUNT	**-33.3**	**-15.2**
Goods: Exports f.o.b.	221.6	181.5
Goods: Imports f.o.b.	-344.8	-281.9
Trade Balance	-123.3	-100.5
Services: Credit	248.9	209.9
Transportation	15.1	12.0
Travel	185.0	168.6
Other Goods & Services	35.4	17.2
Gov't Goods & Services	13.5	12.1
Services: Debit	-79.8	-71.2
Transportation	-30.2	-24.9
Travel	-18.4	-16.6
Other Goods & Services	-28.0	-25.2
Gov't Goods & Services	-3.2	-4.4
Balance on Goods & Services	45.9	38.3
Income: Credit	3.1	2.3
Compensation of Employees	1.2	1.2
Investment Income	2.0	1.1
Income: Debit	-126.7	-90.3
Compensation of Employees	-4.1	-3.4
Investment Income	-122.6	-86.9
Balance on Goods, Services & Income	-77.7	-49.8
Current Transfers: Credit	55.2	46.0
Current Transfers: Debit	-10.8	-11.5
CAPITAL ACCOUNT	**5.5**	**7.4**
Capital Account: Credit	5.9	7.5
Capital Account: Debit	-0.4	-0.1
FINANCIAL ACCOUNT	**109.3**	**8.8**
Direct Investment Abroad	-5.1	-0.1
Direct Investment in Reporting Economy	98.1(1)	49.2
Portfolio Investment Assets	-0.1	-0.2
Portfolio Investment Liabilities	-2.3	-2.5
Financial Derivatives	0.0	0.0
Other Investment Assets	-25.6	8.3
Other Investment Liabilities	44.3	-46
NET ERRORS & OMISSIONS	**-76.1**	**2.2**
OVERALL BALANCE	**5.5**	**3.1**
RESERVE ASSETS*	**-5.5**	**-3.1**

*(Minus = Increase)

Source: Central Bank of Belize

(1) Includes the sale of UHS for $45.0mn

P: Indicates Provisional

R: Indicated Revised

Table 5.6: Private Sector External Debt by Economic Sector[1]

BZ$'000

Economic Sectors	DOD at 31/12/08	Transactions (January to March '09) Disbursements	Principal Payments	Interest Payments	DOD as at 31/03/09
Long Term:					
Agricultural Production	6,572	0	531	33	6,041
Air Transport	49,082	353	2,868	1,047	46,567
Banana	660	0	250	15	410
Citrus	27,236	1,312	545	83	28,003
Development of Port Facilities	50,202	0	65	1,007	50,137
Education & Training	337	0	7	3	330
Energy (Electricity)	111,541	78	1,875	1,305	109,744
Ground Transport	2,186	0	63	27	2,123
Land (Purchase & Development)	185	0	15	5	170
Marine Products	122,834	0	450	90	122,384
Maritime Transport	1,929	0	107	25	1,821
Telecommunications	22,549	0	0	0	22,549
Tourism & Hotel Industry	39,346	0	1,652	93	37,694
Other	15,296	0	41	259	15,256
Grand Total	**449,955**	**1,743**	**8,468**	**3,991**	**443,230**

(1) The loans only cover that portion of the private sector debt that is reported to the Central Bank of Belize.

Table 5.7: Central Government's Revenue and Expenditure

BZ$'000

	Approved Budget 2008/2009	January to March-09(1)	Apr-08 to Mar-09 (1)	Apr 07 to Mar-08	Actual YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	**824,940**	**163,855**	**775,555**	**770,690**	**94.0%**
1).Current revenue	729,032	157,277	704,126	675,303	**96.6%**
Tax revenue	636,802	130,962	593,960	591,664	**93.3%**
Income and profits	233,780	48,952	196,674	180,093	**84.1%**
Taxes on property	7,016	1,348	6,323	6,521	**90.1%**
Taxes on goods and services	244,406	47,950	236,703	235,974	**96.8%**
Int'l trade and transactions	151,600	32,712	154,259	169,076	**101.8%**
Non-Tax Revenue	92,230	26,316	110,166	83,639	**119.4%**
Property income	12,800	10,006	24,113	12,425	**188.4%**
Licenses	14,973	4,480	14,684	13,219	**98.1%**
Other	64,457	11,829	71,369	57,995	**110.7%**
2). Capital revenue	8,508	655	4,383	30,124	**51.5%**
3). Grants	87,400	5,922	67,046	65,263	**76.7%**
TOTAL EXPENDITURE (1+2)	**824,775**	**226,610**	**766,172**	**771,696**	**92.9%**
1). Current Expenditure	649,599	182,995	634,823	597,281	**97.7%**
Wages and Salaries	262,868	64,358	250,104	233,920	**95.1%**
Pensions	39,902	11,148	47,528	42,299	**119.1%**
Goods and Services	156,403	48,680	148,721	134,186	**95.1%**
Interest Payments on Public Debt	108,885	38,580	103,326	111,188	**94.9%**
Subsidies & current transfers	81,540	20,229	85,144	75,688	**104.4%**
2). Capital Expenditure	175,176	43,615	131,349	174,415	**75.0%**
Capital II (local sources)	78,664	31,843	76,476	71,786	**97.2%**
Capital III (foreign sources)	93,305	10,970	51,666	54,888	**55.4%**
Capital Transfer & Net Lending	3,206	802	3,207	47,741	**100.0%**
CURRENT BALANCE	**79,432**	**-25,717**	**69,303**	**78,022**	**87.2%**
Primary Balance	**109,050**	**-24,175**	**112,709**	**110,182**	**103.4%**
OVERALL BALANCE	**165**	**-62,755**	**9,383**	**-1,006**	**5690.6%**
PB less Grants	**21,650**	**-30,097**	**45,663**	**44,919**	**210.9%**
OB less Grants	**-87,235**	**-68,677**	**-57,663**	**-66,269**	**66.1%**
FINANCING		62,755	-9,383	1,006	
Domestic Financing		36,790	-24,205	-34,246	
Central Bank		31,693	-79,858	-31,023	
Net Borrowing		-28,626	-91,305	148	
Change in Deposits		60,319	11,446	-31,171	
Commercial Banks		8,211	47,299	13,599	
Net Borrowing		18,762	53,758	5,895	
Change in Deposits		-10,551	-6,459	7,704	
Other Domestic Financing		-3,114	8,354	-16,822	
Financing Abroad		19,682	4,818	51,752	
Disbursements		35,082	86,165	139,311	
Amortization		-15,401	-81,347	-87,559	
Other		6,283	10,005	-16,500	

Source: Ministry of Finance and Central Bank of Belize

(1) Prelimary and subject to change.

Table 5.8: Central Government's Domestic Debt by Creditor[1]

$'000

	Disbursed Outstanding Debt 31/12/08	Transactions (January to March 2009)				Disbursed Outstanding Debt 31/03/09
		Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft / Loans	**130,959**	**0**	**0**	**3,171**	**-642**	**130,317**
Central Bank	130,959	0	0	3,171	-642	130,317
Commercial Banks	0	0	0	0	0	0
Treasury Bills	**100,000**	**0**	**0**	**804**	**0**	**100,000**
Central Bank	10,069	0	0	194	-10,069	0
Commercial Banks	88,625	0	0	603	6,030	94,655
Other	1,306	0	0	7	4,039	5,345
Treasury Notes	**65,800**	**0**	**0**	**1,649**	**0**	**65,800**
Central Bank	61,197	0	0	1,559	-17,915	43,282
Commercial Banks	0	0	0	0	18,970	18,970
Other	4,603	0	0	90	-1,055	3,548
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
Other	4,900	0	0	0	0	4,900
Infrastructure Dev. Ln (BBL)	**6,238**	**0**	**6,238**	**67**	**0**	**0**
BSSB Loan[2]	**6,126**	**0**	**182**	**115**	**0**	**5,944**
GOB (debt for Nature Swap)	**6,419**	**0**	**0**	**0**	**0**	**6,419**
Guardian Life Bze $1mn Loan	**1,000**	**0**	**0**	**45**	**0**	**1,000**
Cohune Walk Loan	**1,278**	**0**	**1,278**	**23**	**0**	**0**
Total	**332,820**	**0**	**7,698**	**5,874**	**-642**	**324,480**

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

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

Table 5.9: Public Sector External Debt by Creditor[1]

BZ$'000

	DOD at: 31/12/2008	Transaction (January to March '09)				DOD at: 31/03/2009
		Disbursements	Principal Payments	Interest & Other Payments	Parity Change	
CENTRAL GOVERNMENT	**1,817,774**	**31,866**	**15,400**	**31,220**	**-1,878**	**1,832,360**
Banco Nacional de Comercio Exterior	6,881	0	529	216	0	6,352
Fondo de Financ. de las Exportaciones	109	0	0	0	0	109
Government of the United States[2]	2,578	0	263	13	0	2,315
Government of Trinidad and Tobago	8	0	0	0	0	8
Government of Venezuela	36,494	5,233	3,144	0	0	38,584
Kuwait Fund for Arab Economic Dev	14,711	0	0	43	-767	13,944
Republic of China	258,660	0	3,958	3,745	0	254,701
Caribbean Development Bank	135,803	26,344	1,989	1,598	0	160,158
European Economic Community	17,353	0	0	0	-991	16,361
European Investment Bank	284	0	0	0	-16	267
Inter-American Development Bank	188,522	288	1,966	1,562	0	186,843
International Fund for Agric. Dev.	994	0	61	26	-104	829
Intl. Bank for Reconstruction & Dev.	38,456	0	2,224	349	0	36,232
Opec Fund for Int'l. Development	13,116	0	400	70	0	12,716
BWS Finance Limited	4,961	0	0	0	0	4,961
Manufacturers & Traders Trust Co.	4,325	0	865	123	0	3,460
Provident Bank & Trust of Belize	1,000	0	0	45	0	1,000
Bank of New York (New Bond Issue)	1,093,519	0	0	23,429	0	1,093,519
NON-FINANCIAL PUBLIC SECTOR	**35,162**	**8**	**570**	**279**	**-302**	**34,298**
Kuwait Fund for Arab Economic Dev	5,791	0	0	0	-302	5,489
Deutsche Bank	818	0	0	0	0	818
Caribbean Development Bank[3]	28,553	8	570	279	0	27,992
FINANCIAL PUBLIC SECTOR	**58,290**	**13,870**	**3,217**	**1,000**	**-30**	**68,912**
Caribbean Development Bank	14,919	0	391	95	0	14,528
European Economic Community	529	0	0	0	-30	498
European Investment Bank	1,022	0	342	11	0	680
Paine Webber Real Estate Securities Inc.	1,100	0	0	0	0	1,100
Belize Mortgage Company	40,267	0	2,484	894	0	37,783
International Monetary Fund	0	13,870	0	0	0	13,870
Government of the United States	454	0	0	0	0	454
GRAND TOTAL	**1,911,225**	**45,744**	**19,188**	**32,499**	**-2,211**	**1,935,571**

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

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

(3) *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 5.10: Money Supply

	Position as at Mar 2009	Changes during Dec 2008 to Mar 2009	Changes during Dec 2007 to Mar 2008
Money Supply (M2)	**2,055.1**	**88.4**	**97.5**
Money Supply (M1)	**735.4**	**29.2**	**42.8**
Currency with the Public	148.5	-5.4	1.7
Demand Deposits	399.6	31.6	27.7
Savings/Cheque Deposits	187.3	3.0	13.4
Quasi-Money	**1,319.7**	**59.2**	**54.7**
Savings Deposits	170.6	5.1	8.1
Time Deposits	1149.1	54.1	46.6

Table 5.11: Net Domestic Credit

BZ$mn

	Position as at Mar 2009	Changes during Dec 2008 to Mar 2009	Changes during Dec 2007 to Mar 2008
Total Credit to Central Government	**297.3**	**-9.8**	**40.5**
From Central Bank	**183.6**	**-28.6**	**45.4**
Loans and Advances	130.3	-0.6	48.4
Gov't Securities[1]	53.3	-28.0	-3.0
From Commercial Banks	**113.7**	**18.8**	**-4.9**
Loans and Advances	0.0	-6.2	-7.8
Gov't Securities	113.7	25.0	2.9
(of which) Treasury Bills	98.6	10.0	2.9
Treasury Notes	15.0	15.0	0.0
Other	0.1	0.0	0.0
Less Central Government Deposits	**67.0**	**-49.7**	**-2.0**
With Central Bank	49.0	-60.3	4.7
With Commercial Banks	18.0	10.6	-6.7
Net Credit to Central Government	**230.3**	**39.9**	**42.5**
Credit to Other Public Sector	**10.2**	**-2.7**	**-3.0**
From Central Bank	0.0	0.0	0.0
From Commercial Banks	10.2	-2.7	-3.0
(of which) Local Government	7.2	-0.5	-0.8
Public Financial Institutions	0.0	-1.3	-0.1
Public Utilities	0.0	0.0	0.0
Other Statutory Bodies	3.0	-0.9	-2.1
Securities	0.0	0.0	0.0
Plus Credit to the Private Sector	**1,719.4**	**-9.1**	**-1.6**
Loans and Advances	1,715.4	-9.2	-1.7
Securities	4.0	0.1	0.1
Net Domestic Credit of the Banking System[2]	**1,959.9**	**28.1**	**37.9**

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

(2) Differences due to rounding

Table 5.12: Sectoral Composition of Commercial Banks' Loans and Advances

BZ$mn

	Position as at Mar 2009	Changes during Dec 08 to Mar 2009	Changes during Dec 2007 to Mar 2008
PRIMARY SECTOR	**196.3**	**1.1**	**-1.6**
Agriculture	134.8	1.1	0.4
Sugar	16.2	-1.1	-0.5
Citrus	19.9	1.3	-1.4
Bananas	81.3	2.4	0.0
Other	17.4	-1.5	2.3
Marine Products	29.3	1.4	-1.6
Forestry	2.3	0.1	0.3
Mining & Exploration	29.9	-1.5	-0.7
SECONDARY SECTOR	**444.3**	**24.1**	**-17.8**
Manufacturing	41.7	1.0	0.3
Building & Construction	387.6	23.8	-25.3
Utilities	15.0	-0.7	7.2
TERTIARY SECTOR	**631.8**	**-45.4**	**-7.9**
Transport	76.2	1.4	1.4
Tourism	121.1	-8.7	-16.3
Distribution	207.3	-14.9	5.0
Other(1)	227.2	-23.2	2.0
Personal Loans	**451.8**	**2.0**	**14.9**
TOTAL	**1,724.2**	**-18.2**	**-12.4**

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

Table 5.13: Commercial Banks' Liquidity Position and Cash Reserves

BZ$mn

	Position as at Mar 2009	Changes during	
		Dec 2008 to Mar 2009	Dec 2007 to Mar 2008
Holdings of Approved Liquid Assets	**573.1**	**81.6**	**53.9**
Notes and Coins	51.6	4.6	3.0
Balances with Central Bank	231.4	37.0	11.9
Money at Call and Foreign Balances (due 90 days)	167.9	18.6	26.6
Treasury Bills maturing in not more than 90 days	92.9	13.5	7.7
Other Approved assets	29.3	7.9	4.7
of which: Treasury Notes	0.0	0.0	0.0
Required Liquid Assets	**423.5**	**16.2**	**17.1**
Excess/(Deficiency) Liquid Assets	**149.6**	**65.4**	**36.8**
Daily Average holdings of Cash Reserves	231.3	39.2	14.4
Required Cash Reserves	184.1	7.1	7.4
Excess/(Deficiency) Cash Reserves	**47.2**	**32.1**	**7.0**

Table 5.14: Commercial Banks' Weighted Average Interest Rates

Percentages

	Position as at Mar 2009	Changes during	
		Dec 2008 to Mar 2009	Dec 2007 to Mar 2008
Weighted Lending Rates			
Personal Loans	15.76	-0.18	0.10
Commercial Loans	13.51	-0.04	-0.12
Residential Construction	12.68	-0.10	-0.12
Other	14.07	0.62	0.60
Weighted Average	**14.07**	**-0.03**	**0.00**
Weighted Deposit Rates			
Demand	0.97	-0.13	0.29
Savings/ Cheque	5.05	-0.04	-0.16
Savings	5.29	0.01	0.06
Time	8.49	-0.02	0.07
Weighted Average	**6.26**	**-0.09**	**0.06**
Weighted Average Spread	**7.81**	**0.06**	**-0.06**