

# **CENTRAL BANK OF BELIZE**

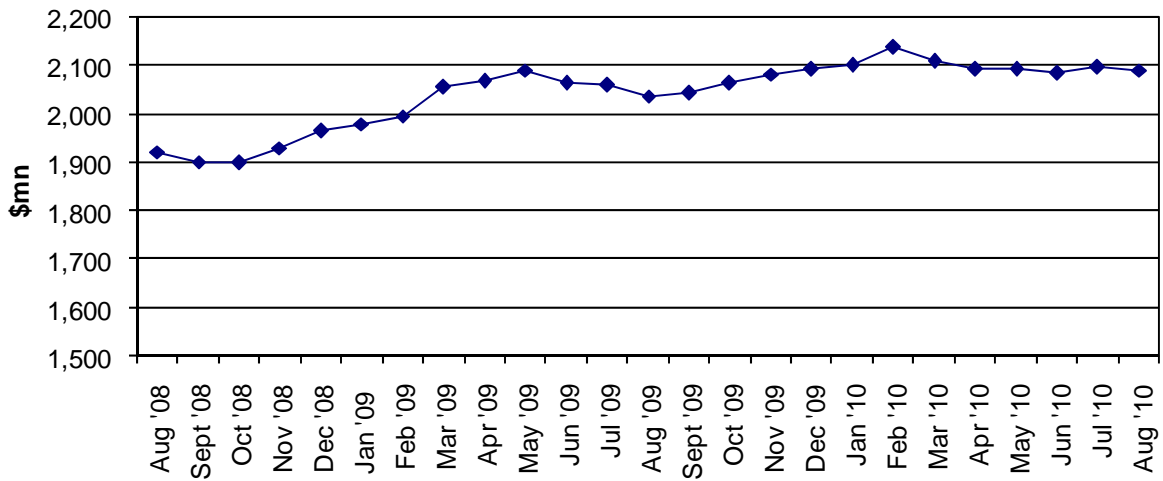


**AUGUST 2010**

**MONTHLY ECONOMIC REPORT**

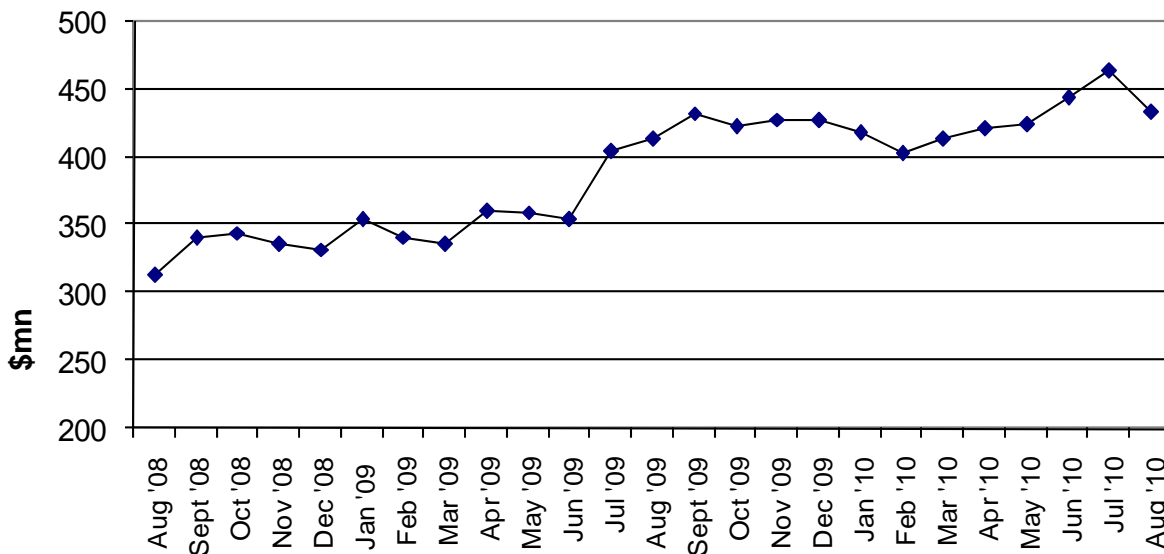
# Monetary Sector Developments

## Chart 1: Broad Money Supply



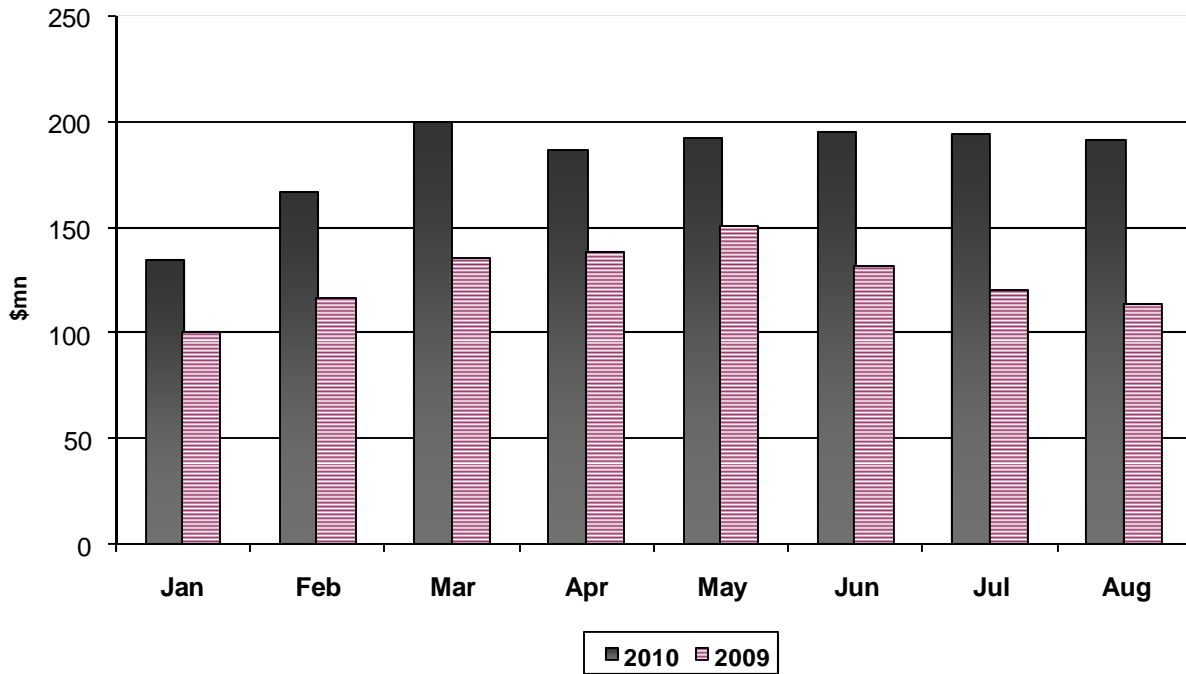
- Broad money fell 0.08% during the first eight months of the year in contrast to a 3.6% increase in the comparable period of 2009. This reflected \$54.2mn reduction in net domestic credit and an increase in other items net of \$22.2mn that outweighed a \$72.1mn increase in net foreign assets .

## Chart 2: Central Bank's Gross Official Reserves



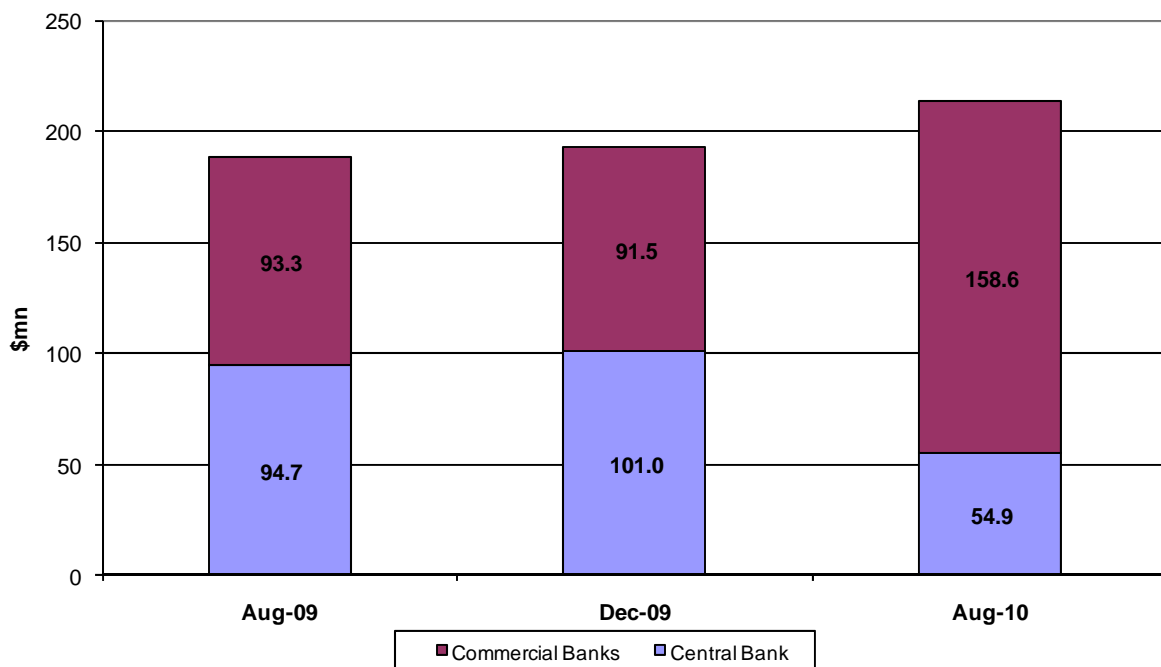
- At the end of August 2010, gross official reserves stood at \$433.8mn, up \$6.5mn since the end of December 2009.

**Chart 3: Commercial Banks' Net Foreign Assets**

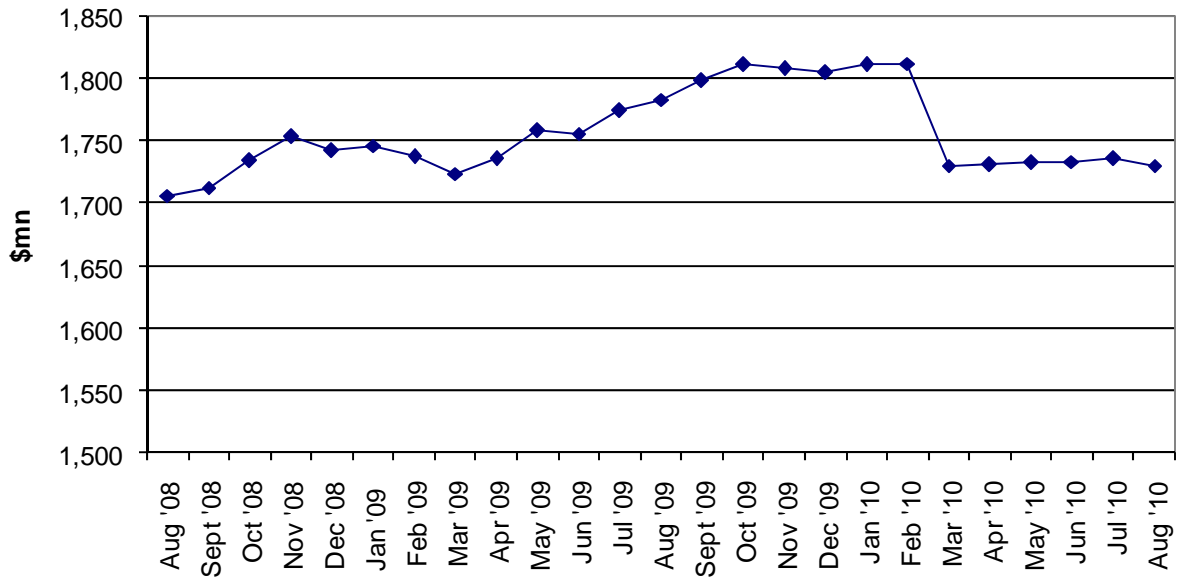


- The net foreign assets of the commercial banks rose by \$62.1mn during the eight months of 2010 and stood at \$191.9mn at the end of August 2010.

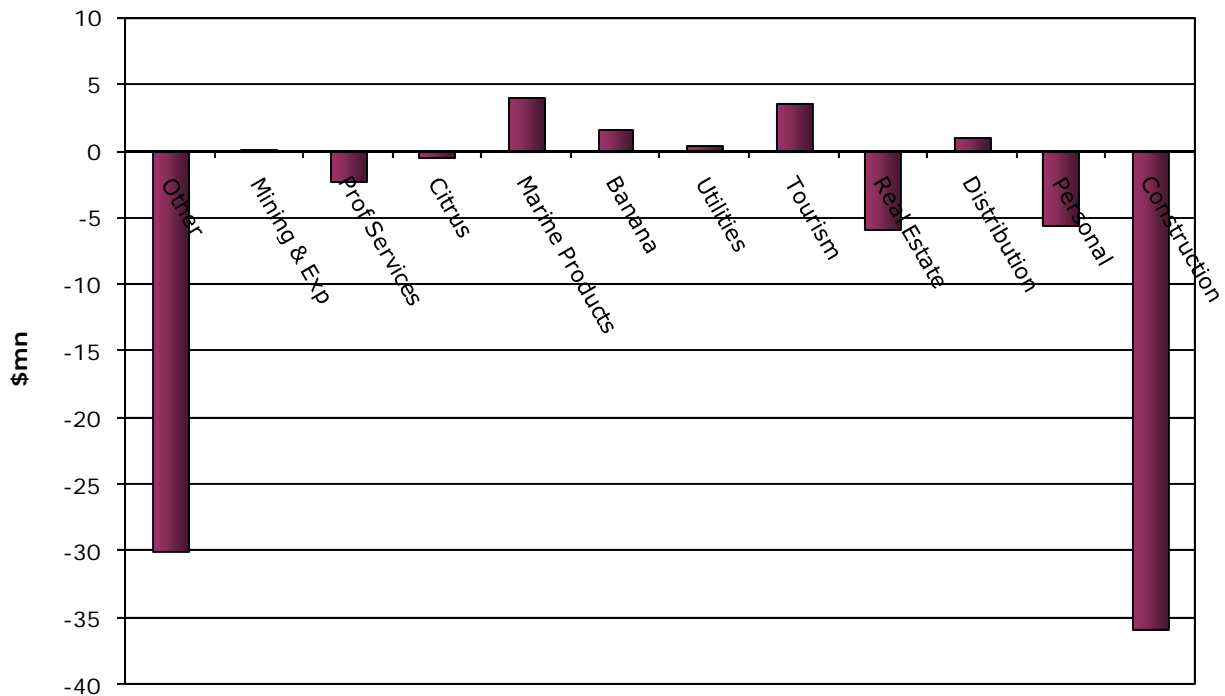
**Chart 4: Net Credit to Central Government**



**Chart 5: Commercial Banks' Loans and Advances**

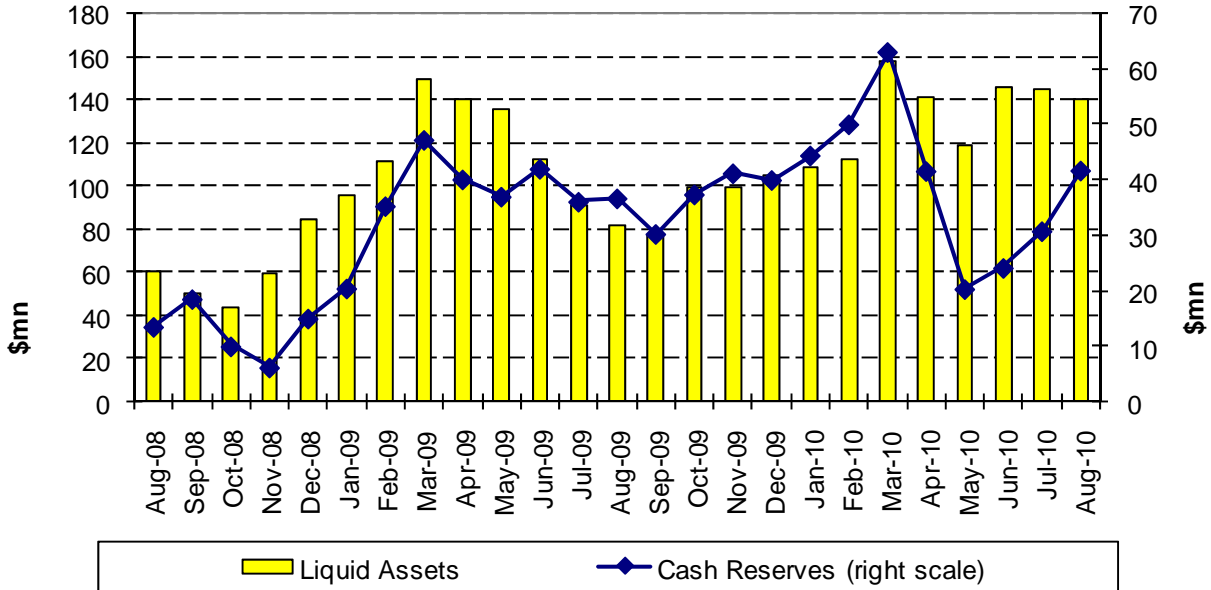


**Chart 6: Change in Loans and Advances by Sectors  
December 2009 - July 2010**



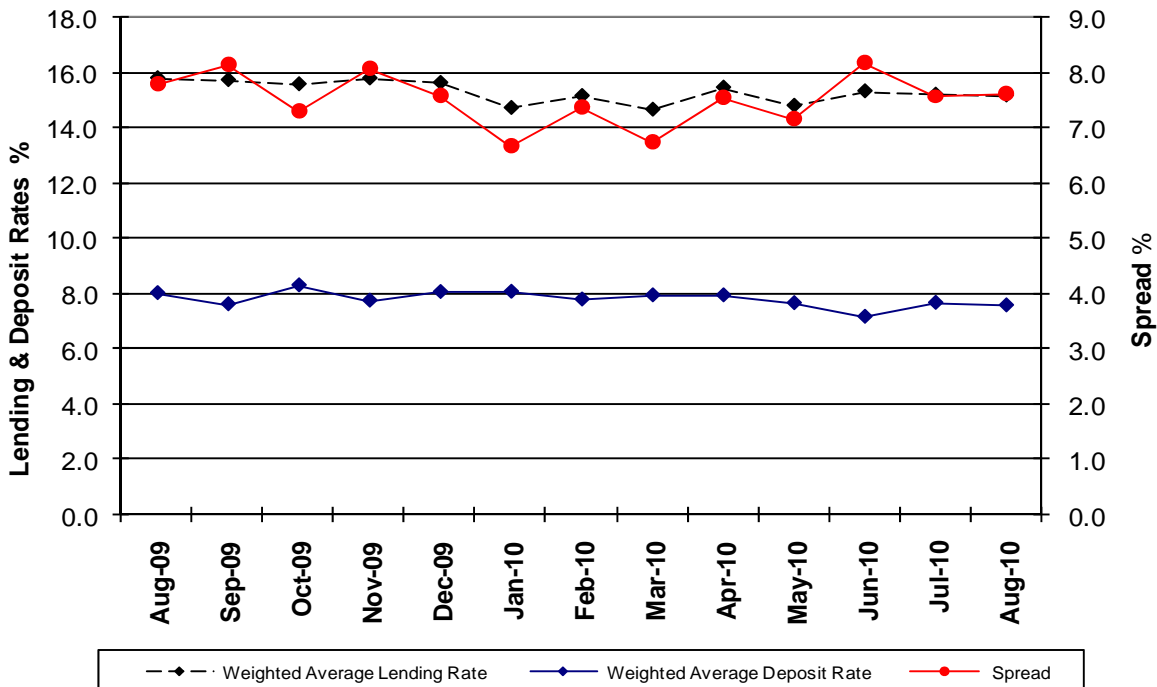
- Sizeable reductions in outstanding loans for construction and transportation were recorded mainly due to bullet payments at the end of March designed to reduce and restructure the debt of one group of affiliated companies.

**Chart 7: Excess/Deficiency in Liquidity**



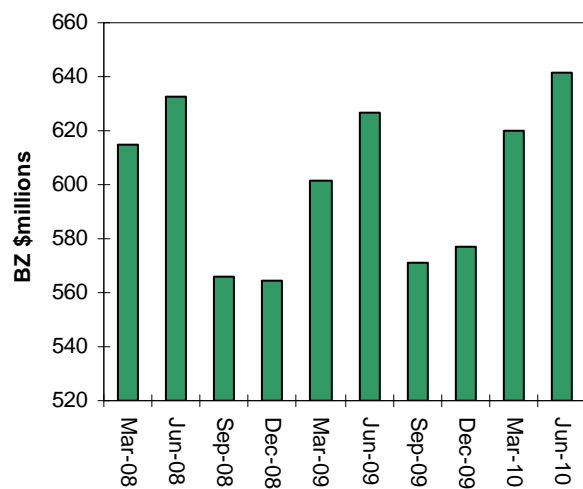
- Excess statutory liquidity increased by \$35.2mn to \$140.4mn during the first eight months of the year due to the contraction in credit and higher inflows from abroad.
- Excess cash reserves rose by only \$1.6mn to \$41.7mn mainly due to the institution of a commercial bank securities requirement in May (6.5% of average deposit liabilities).

**Chart 8: Weighted Average Interest Rates on New Loans and Deposits**

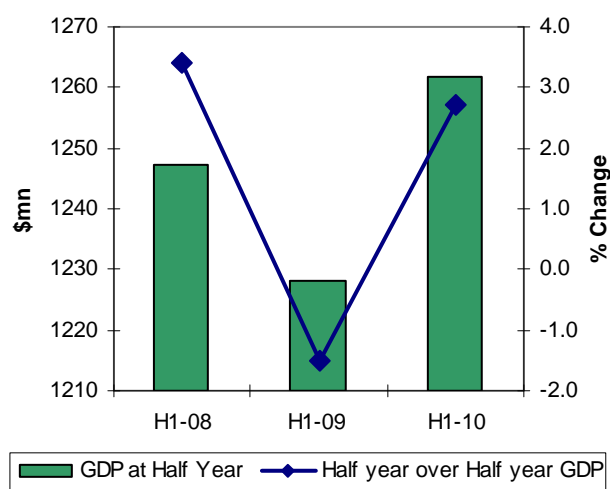


## Production, Trade & Prices

**Chart 9: Quarterly GDP (constant prices)**



**Chart 10: GDP for First Half of Year (constant prices)**



- For the first half of 2010, the Belizean economy grew by 2.7% compared to the 1.5% contraction in the comparative period. The service sector drove economic expansion with growth emanating mainly from government services and hotels and restaurants.
- The secondary sector contracted by 0.9% as the growth in construction was eclipsed by declines in manufacturing and electricity. The primary sector also declined albeit marginally (0.1%) as growth in agriculture was overshadowed by a contraction in fishing.

**Table 1: Production of Selected Domestic Products**

	Jan-July 2009	Jan-July 2010
Sugarcane Deliveries (long tons)	788,071	989,559
Sugar (long tons)	82,266	81,779
Molasses (long tons)	24,582	46,849
Banana (metric tons)	44,180	43,896
Citrus Deliveries (boxes)	5,781,408	4,450,671
Citrus Juices ('000 ps)	35,015	24,712
Petroleum (barrels)	891,202	903,931

Sources: Belize Sugar Industries (BSI), Citrus Products of Belize (CPBL), Citrus Growers Association, Geology & Petroleum Department, Banana Growers Association (BGA)

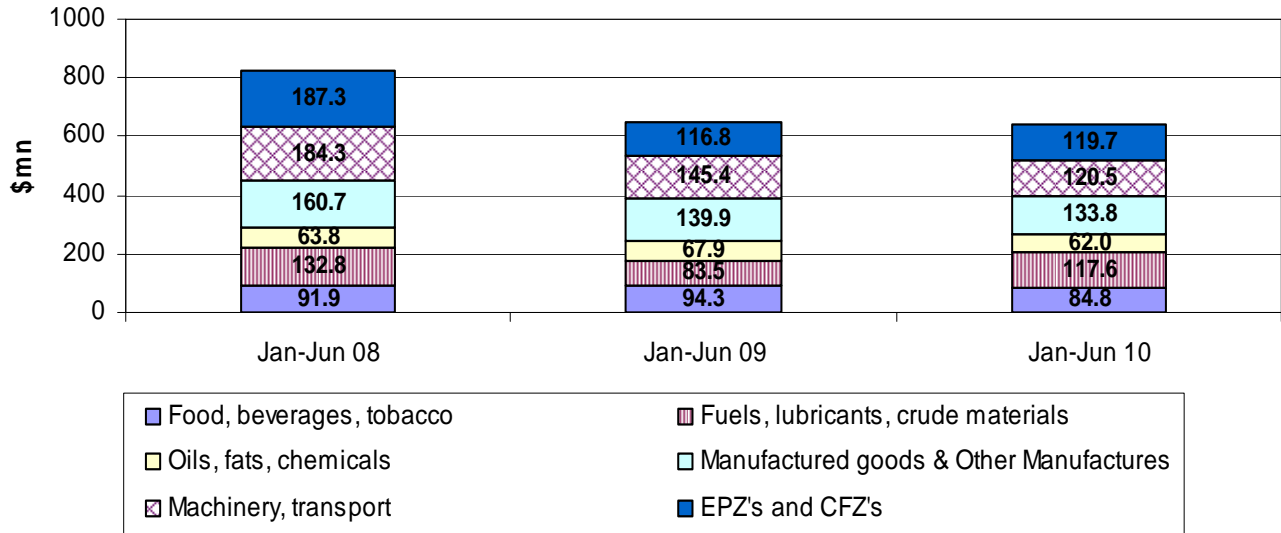
**Table 2: Value of Selected Domestic Exports<sup>(1)</sup>**

	\$mn	
	Jan-July 2009	Jan-July 2010
Sugar	84.3	55.1
Molasses	2.1	2.5
Banana	40.5	43.3
Citrus	40.2	66.2
Petroleum	51.1	110.2
<b>Total<sup>(2)</sup></b>	<b>218.2</b>	<b>277.3</b>

Sources: BSI, CPBL, B.G.A., Geology & Petroleum Dept.  
 (1) Value of sales and not shipments as reported by the SIB.  
 (2) Total may not equal to sum due to rounding.

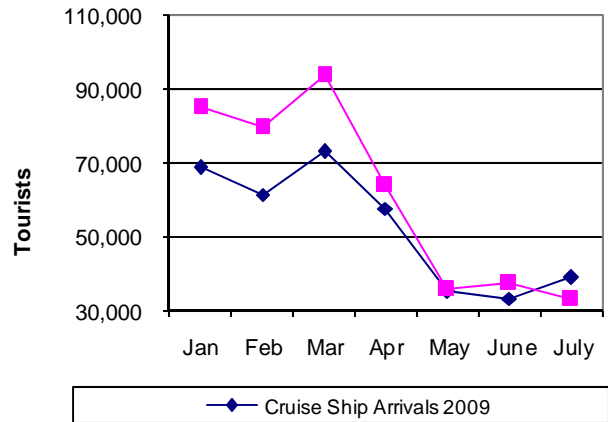
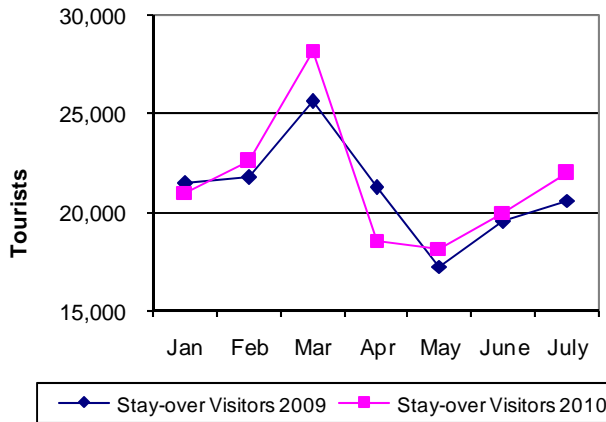
- The January - July period was marked by higher output of sugarcane, molasses and petroleum while production of banana, sugar, citrus deliveries and citrus juices were down, compared to the same period of 2009.
- Earnings from selected domestic exports were up by 22.7%, driven by higher earnings from petroleum, citrus and banana.

**Chart 11: Gross Imports by SITC Classification (excluding electricity)**



- Imports declined by 1.4% to \$639.8mn for the first half of the year.
- The largest declines were recorded in the categories machinery and transport (-17.0%) and food and beverages (10.1%). On the other hand, imports of fuels, lubricants and crude materials increased by 40.8%.

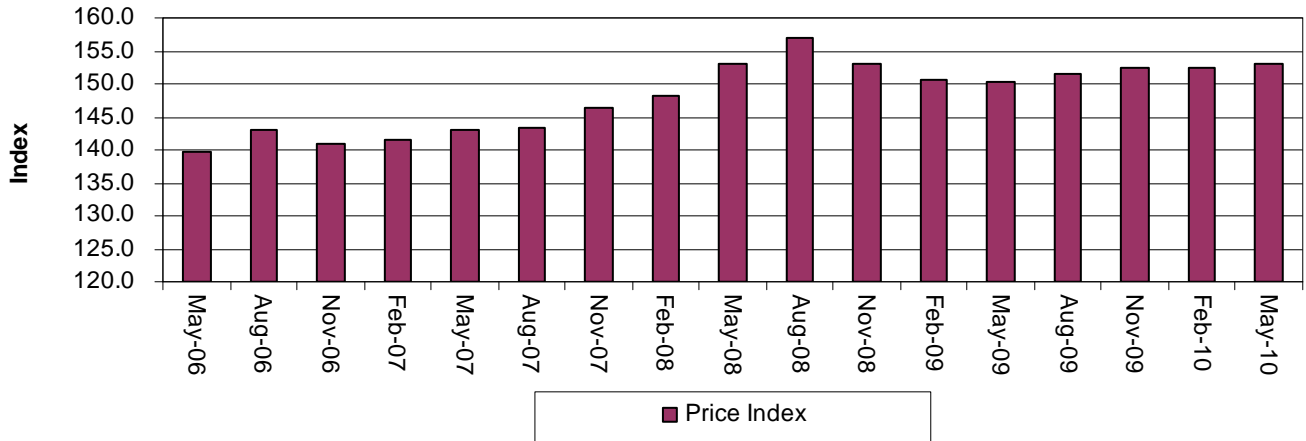
**Chart 12: Arrivals of Stay Over Tourists**      **Chart 13: Cruise Ship Disembarkations**



For January to July 2010:

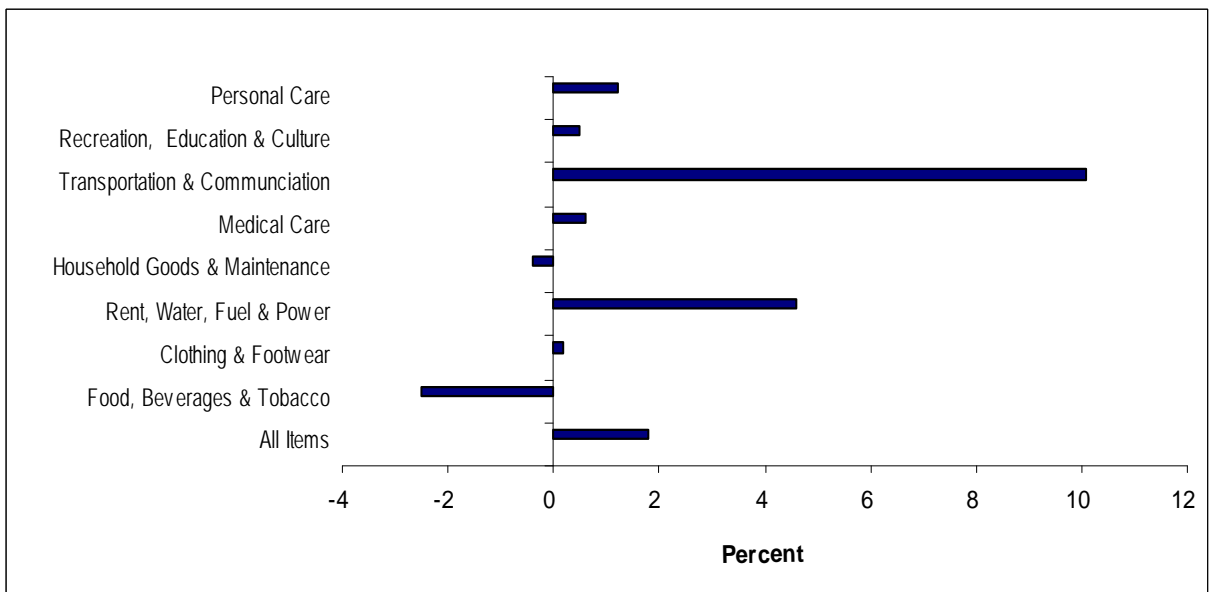
- Stay over visitors rose by 2.0% to 150,366 persons.
- The number of overnight visitors entering the country through the international airport and land borders increased by 1.3% and 7.0%, respectively, while arrivals through the sea ports decreased by 4.8%.
- Cruise ship passenger disembarkations increased by 16.4% to 428,328 persons.

**Chart 14: Consumer Price Index**



- Inflation rose by 0.2% over the quarter (February-10 to May-10).
- Annual point to point inflation increased by 1.8% (May 2009 to May 2010).
- Annual inflation was driven by higher fuel acquisition costs, an increase in import costs and a 25.0% increase in GST.
- 'Rent, Water, Fuel & Power' and 'Transportation & Communication' had the steepest price hikes of 4.6% and 10.1%, respectively, reflecting higher acquisition costs.
- Countering these price hikes were a 2.5% decline in the 'Food, Beverage and Tobacco' and a 0.4% decline in 'Household Goods & Maintenance'. The magnitude of the cost push expected from GST was tempered by the zero rating of basic food items such as rice, red kidney beans and cooking oils, and major household durables.

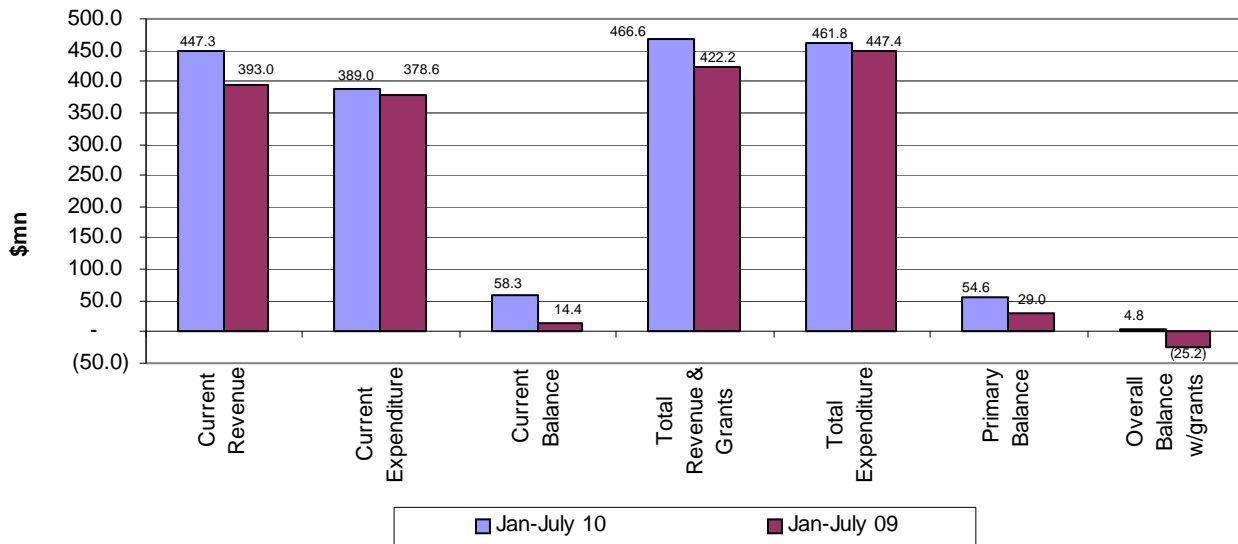
**Chart 15: Annual Percentage Change in Consumer Price Index**





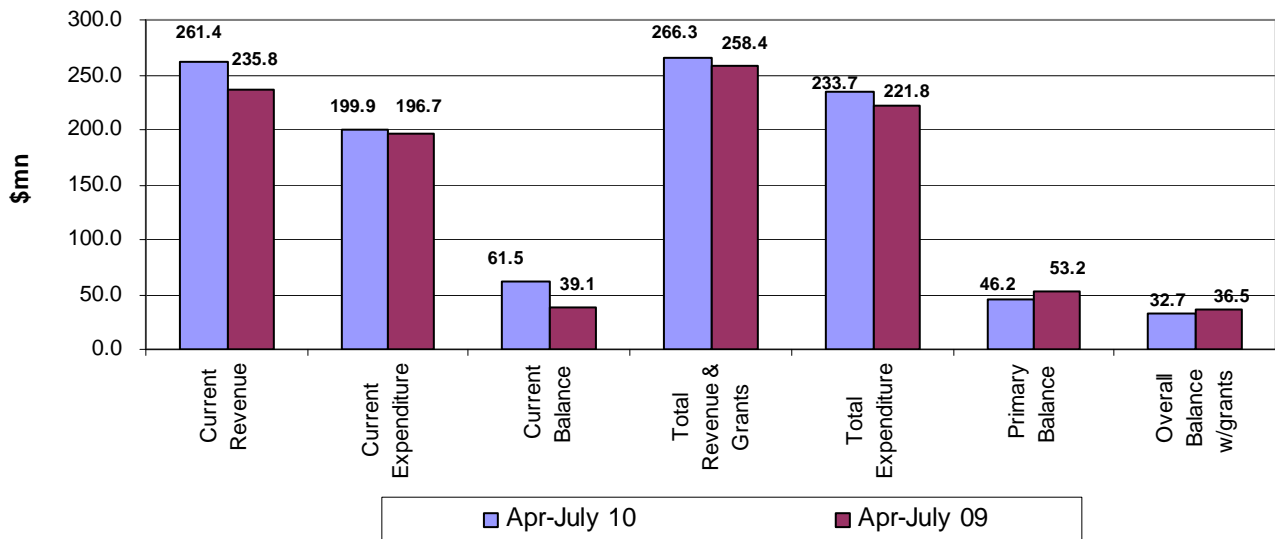
## Central Government Operations

**Chart 16: Central Government's Operations (Calendar Year)**



- The outturn for the first seven months of 2010 featured current primary and overall surpluses of \$58.3mn, \$54.6 and \$4.8mn, respectively, in the government accounts
- When compared with the same period of the previous year, revenue collections increased by 10.5%, as taxes from petroleum production, GST and import duties trended upwards.

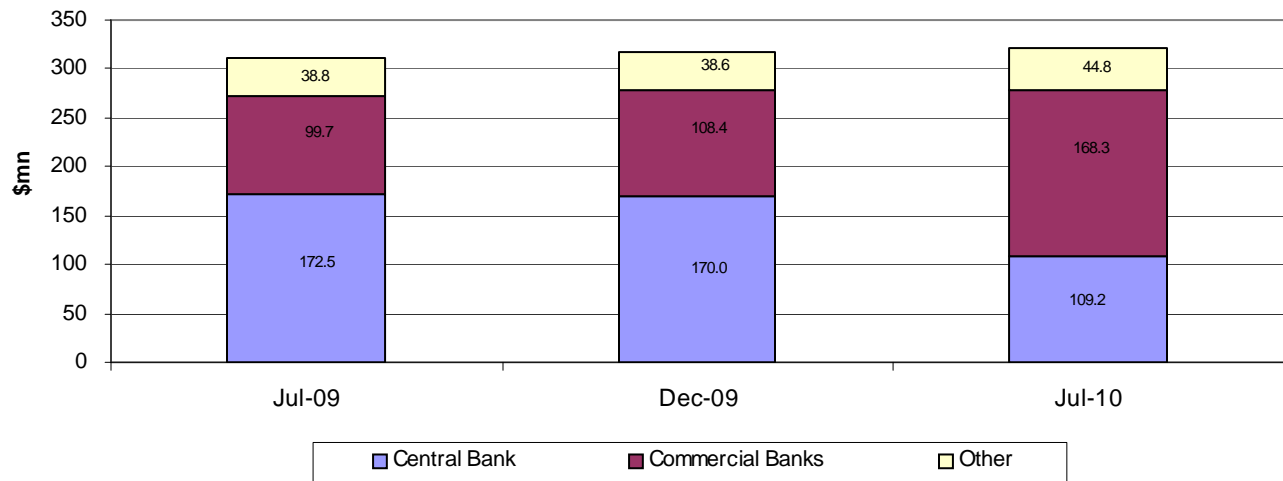
**Chart 17: Central Government's Operations (Fiscal Year)**



- For the first four months of the 2010/11 fiscal year, revenue collections rose by 3.1% as GST and taxes from petroleum production increased.
- The outturn for the four months featured surpluses in government's current, primary and overall balances of \$61.5mn, \$46.2mn and \$32.7mn, respectively.

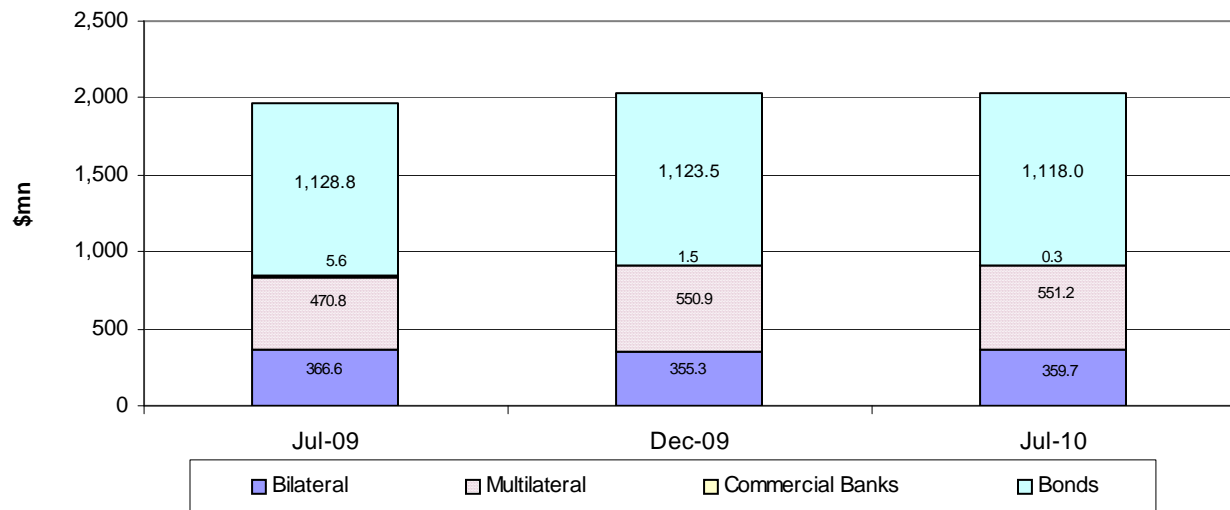
## Public Sector Outstanding Debt

**Chart 18: Central Government's Domestic Debt**



- Central Government's domestic debt stood at \$322.3mn at the end of July 2010, 1.7% above the December 2009 position.
- Of this, some 52.2% (\$178.5mn) was owed to the commercial banks, with the largest single item being Treasury bills of \$149.3mn.

**Chart 19: Public Sector's External Debt**



- At the end of July, the public sector's external debt stood at \$2,029.2mn, a 0.1% decrease over December 2009.
- Principal repayments amounted to \$43.7mn, of which \$15.6mn was for bilateral creditors and \$21.4mn was for multilateral agencies.
- Interest payments amounted to \$39.6mn, of which payment to the BNY for the 'super bond' accounted for 59.2%.
- Disbursements totaled \$45.5mn, of which \$20.0mn came from the Republic of China and \$16.6mn from CDB.