

CENTRAL BANK OF BELIZE

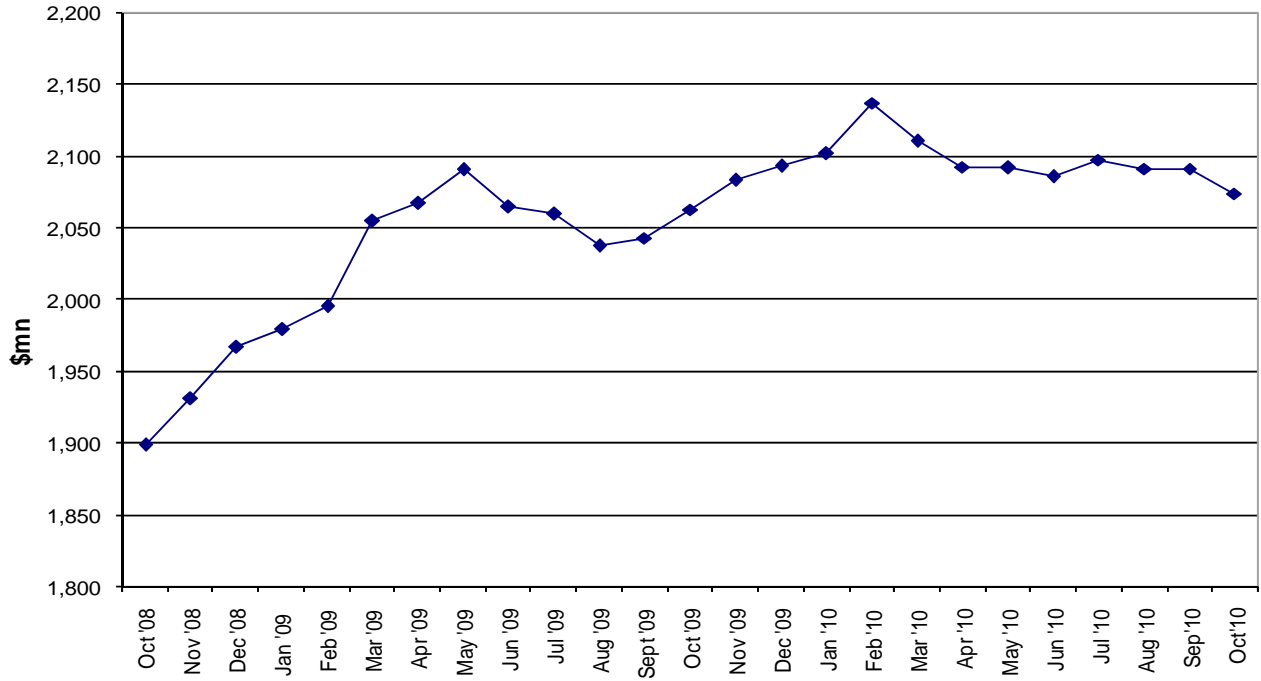


NOVEMBER 2010

MONTHLY ECONOMIC REPORT

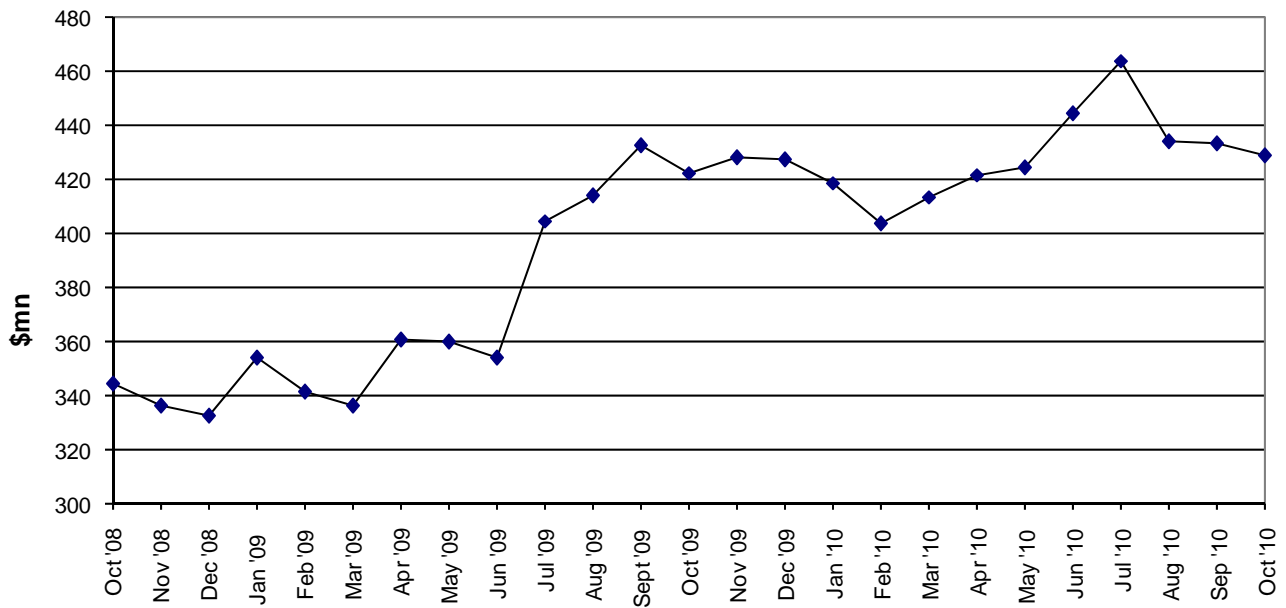
Monetary Sector Developments

Chart 1: Broad Money Supply



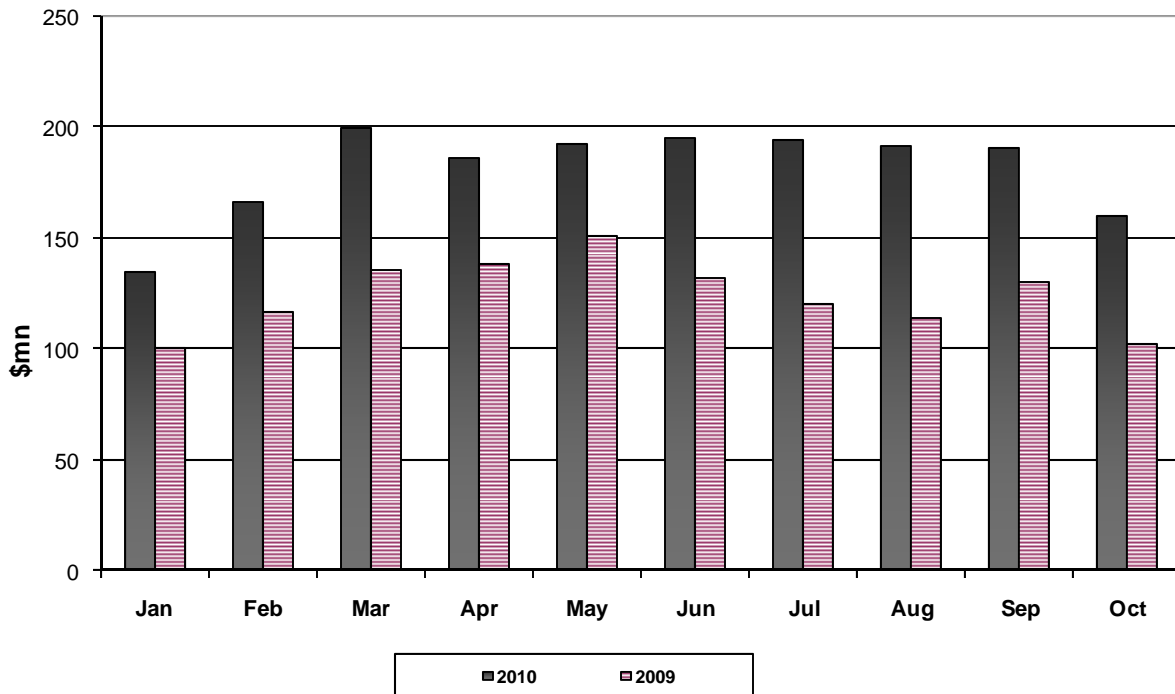
- For the first ten months, broad money supply fell by 0.9% as net domestic credit contracted by \$29.0mn, while net foreign assets rose by \$35.9mn due to improvements in commercial banks net position.

Chart 2: Central Bank's Gross Official Reserves



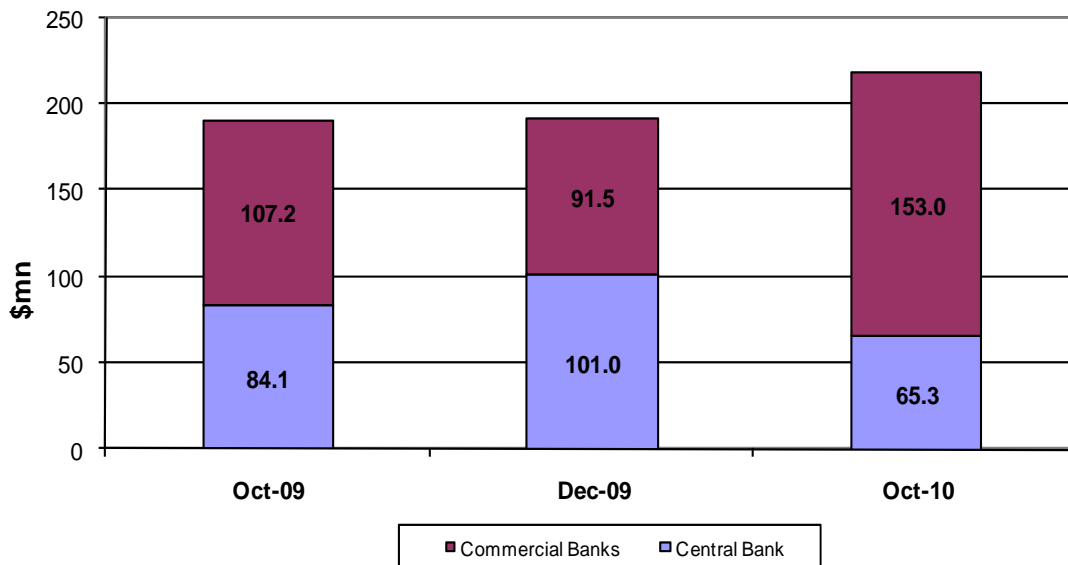
- Notwithstanding foreign exchange inflows from the taxation of oil production, new loan disbursements and sugar export receipts, Central Bank's gross official reserves rose by a mere \$2.2mn to \$429.5mn in October as notable external debt payments were made in February and August.

Chart 3: Commercial Banks' Net Foreign Assets



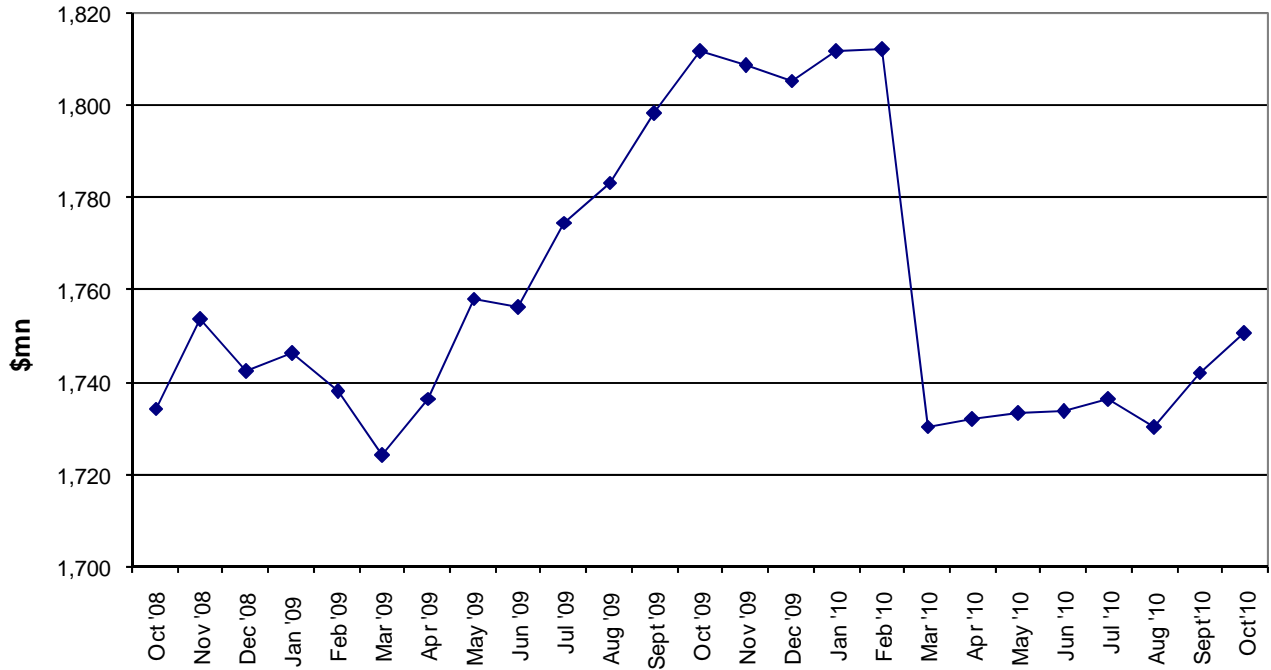
- The narrowing of the external current account deficit facilitated a 23.5% boost in the commercial banks' net foreign position during the first ten months of the year, as their foreign asset holdings rose by \$6.3mn while foreign liabilities fell by \$24.2mn.

Chart 4: Net Credit to Central Government



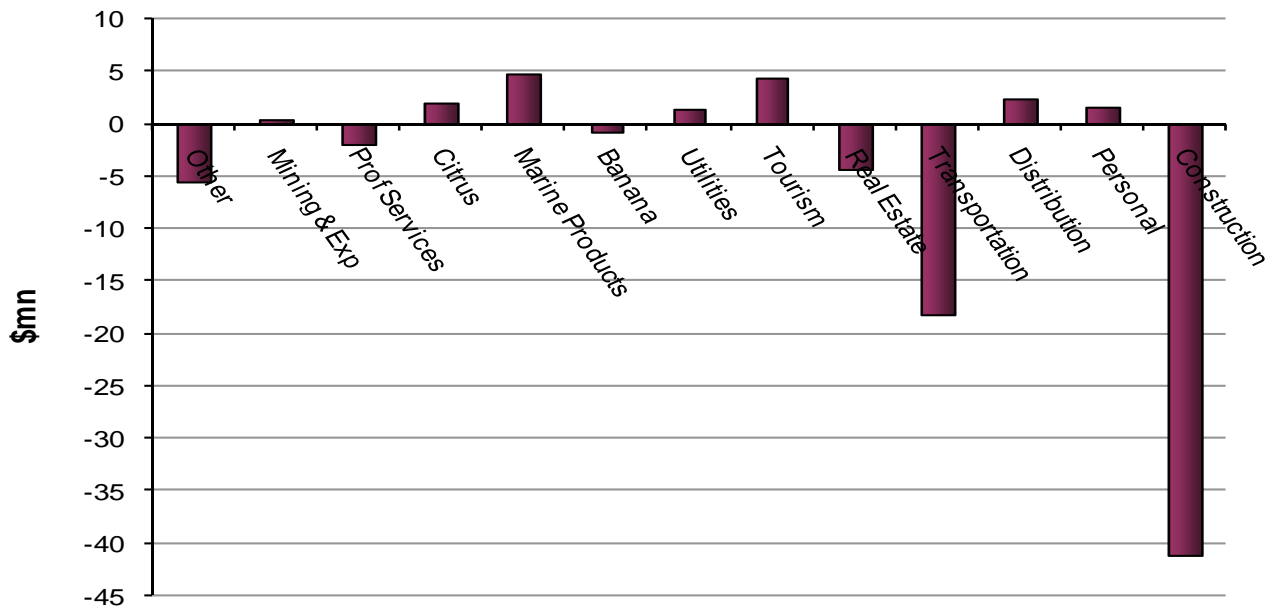
- From January through October, net credit to Central Government rose by \$25.7mn, attributable to a \$5.4mn drawdown in deposits and new issues of securities in the second and third quarters. Proceeds from the issue of securities reduced Central Government's overdraft balance by \$88.4mn, while commercial banks increased their holdings of Treasury bills by \$51.4mn to meet the new securities requirement and invest surplus cash.

Chart 5: Commercial Banks' Loans and Advances



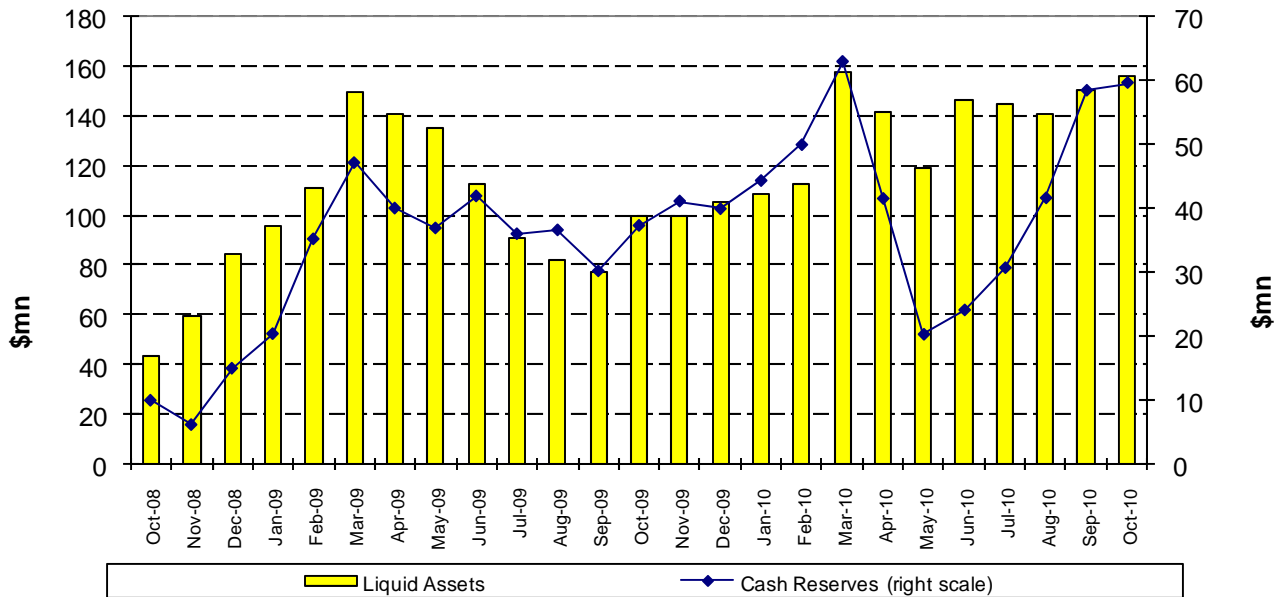
- Commercial banks' loans and advances contracted by \$54.7mn (3.0%) in the first ten months of the year.

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



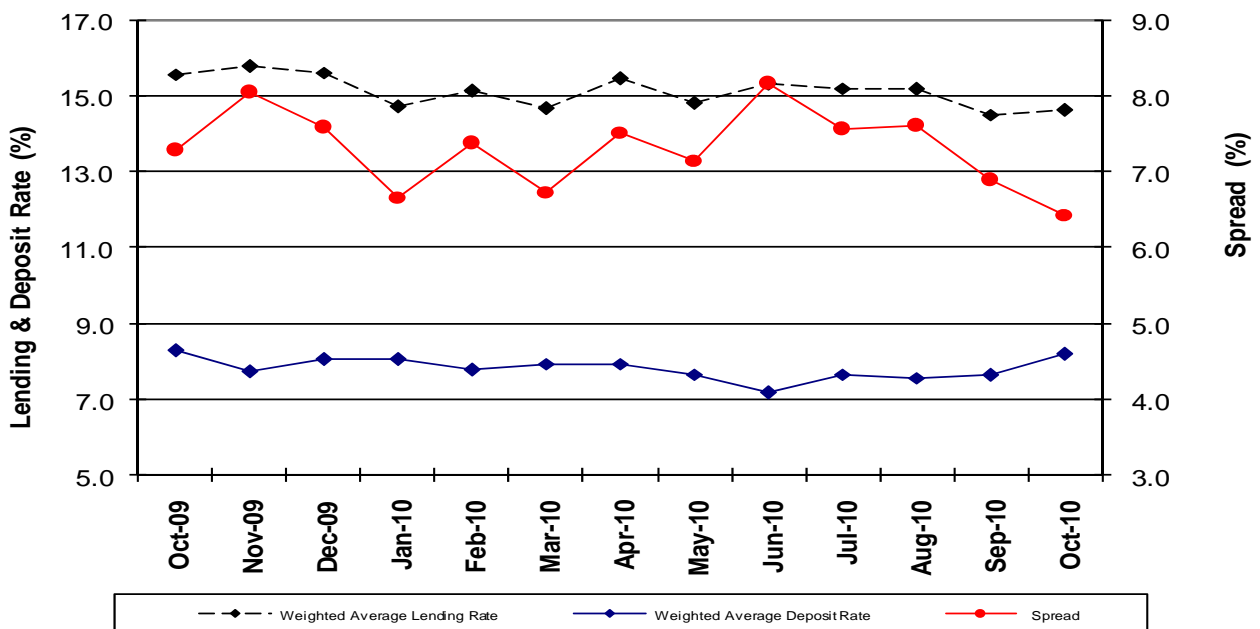
- Sizeable reductions in outstanding loans for construction and transportation were recorded mainly due to bullet payments at the end of March designed to reduce and restructure the debt of one group of affiliated companies.

Chart 7: Excess/Deficiency in Liquidity



- Excess statutory liquidity increased by \$50.9mn to \$155.8mn during the first ten months of the year due to the contraction in credit and higher inflows from abroad.
- Despite the sharp decline in May with the implementation of a 6.5% securities requirement, excess cash reserves rose by \$19.8mn to \$59.7mn as the cash reserve requirement fell from 10.0% to 8.5% of deposit liabilities.

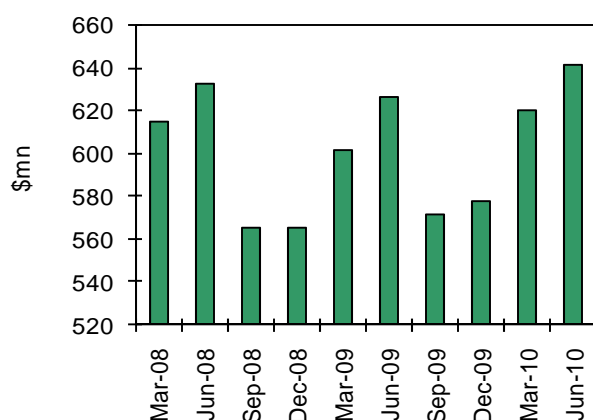
Chart 8: Weighted Average Interest Rates on New Loans and Deposits



- In October, weighted average lending rates were 99 basis points lower and weighted average deposit rates were 15 basis points higher than the values recorded in December 2009. Consequently, the weighted average spread fell from 7.58% in December 2009 to 6.44% in October 2010.

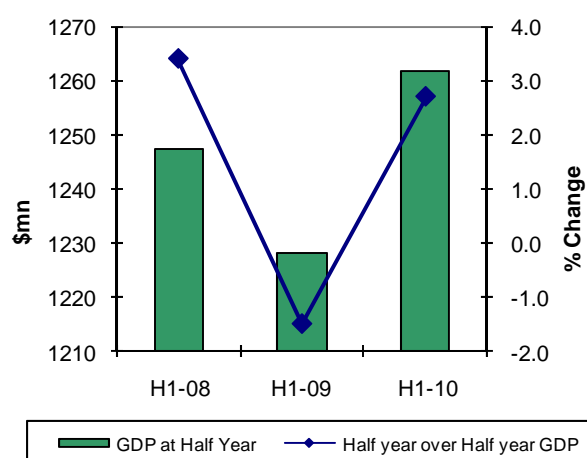
Production, Trade & Prices

Chart 9: Quarterly GDP
(constant prices)



Source: Statistical Institute of Belize (SIB)

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



Source: SIB

- For the first half of 2010, the Belizean economy grew by 2.7% compared to the 1.5% contraction in the comparative period of 2009. 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-Oct 2009	Jan-Oct 2010
Sugarcane Deliveries (long tons)	788,071	1,099,897
Sugar (long tons)	82,266	87,359
Molasses (long tons)	24,582	53,930
Banana (metric tons)	67,766	65,064
Citrus Deliveries (boxes)	5,781,408	4,597,917
Citrus Juices ('000 ps)	35,015	25,217
Petroleum (barrels)	1,328,748	1,252,301

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

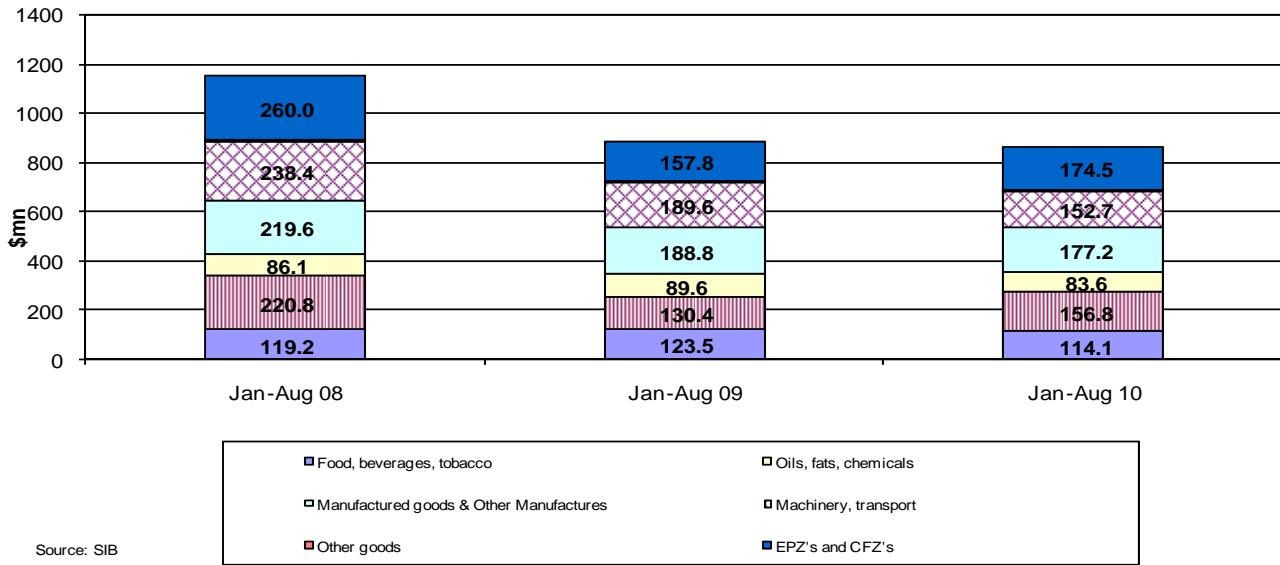
Table 2: Value of Selected Domestic Exports

	Jan-Oct 2009	Jan-Oct 2010
Sugar	89.0	59.0
Molasses	3.2	4.3
Banana	57.4	60.9
Citrus	61.0	85.8
Petroleum	95.4	160.7
Total⁽¹⁾	306.0	370.7

Sources: BSI, CPBL, B.G.A., Geology & Petroleum Dept.
(1) Total may not equal to sum due to rounding.

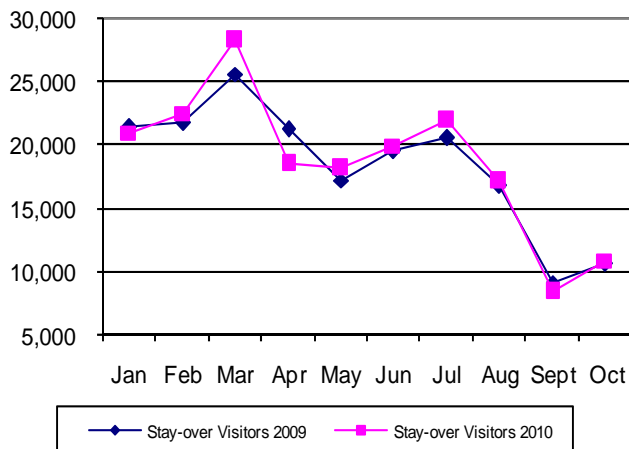
- The January - October period was marked by higher output of sugarcane, molasses and sugar while production of banana, petroleum, citrus deliveries and citrus juices was down, compared to the same period of 2009.

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

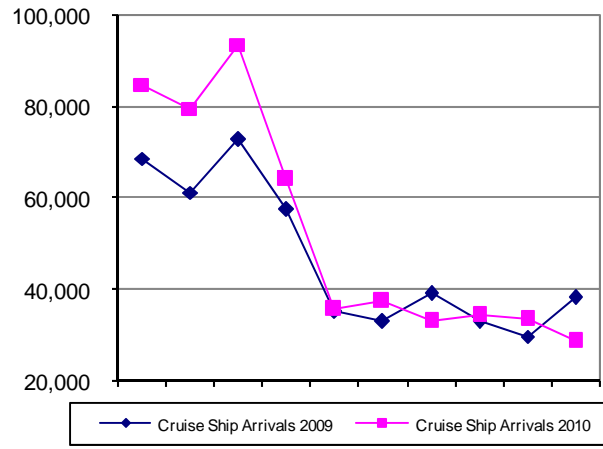


- Imports declined by 2.3% to \$860.8mn for the first eight months of the year with all categories declining except 'Fuel, Lubricants & Crude Materials' and 'EPZ's and CFZ's'.
- Imports of 'Fuel, Lubricants and Crude Materials' increased sharply by 20.3% due to rising gasoline prices while the 'Machinery & Transport' category fell by 19.5%.

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



Source: Belize Tourism Board (BTB)

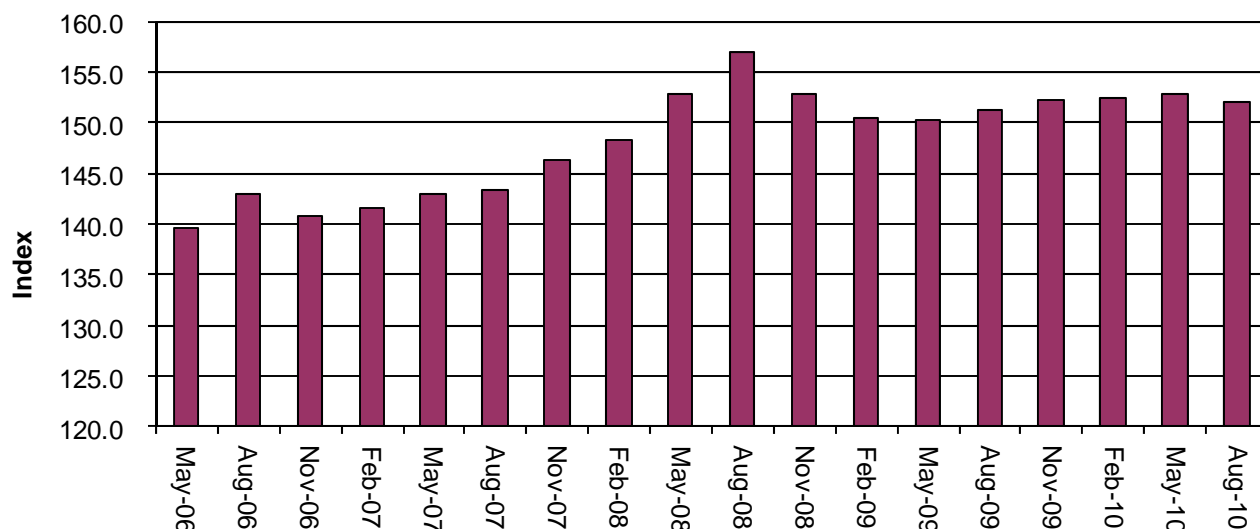


Source: BTB

For January to October 2010:

- Stay over visitors rose by 1.5% to 186,756 persons.
- The number of overnight visitors entering the country through the land borders and international airport increased by 4.1% and 1.2% respectively, while arrivals through the sea ports decreased by 4.2%.
- Cruise ship passenger disembarkations increased by 11.8% to 524,613 persons.

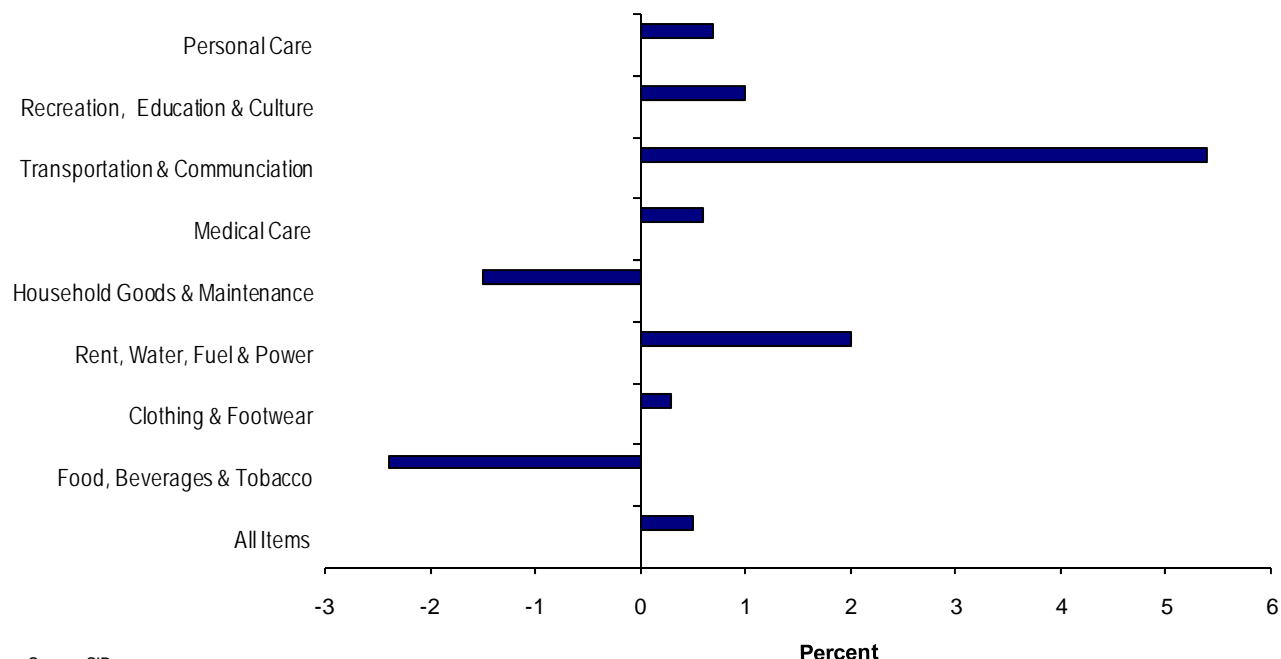
Chart 14: Consumer Price Index



Source: SIB

- Inflation fell by 0.4% over the quarter (May-10 to August-10).
- Annual point to point inflation increased by 0.5% (August 2009 to August 2010).
- Annual inflation was driven by higher fuel acquisition costs, an increase in import costs and a 25.0% increase in GST.

Chart 15: Annual Percentage Change in Consumer Price Index

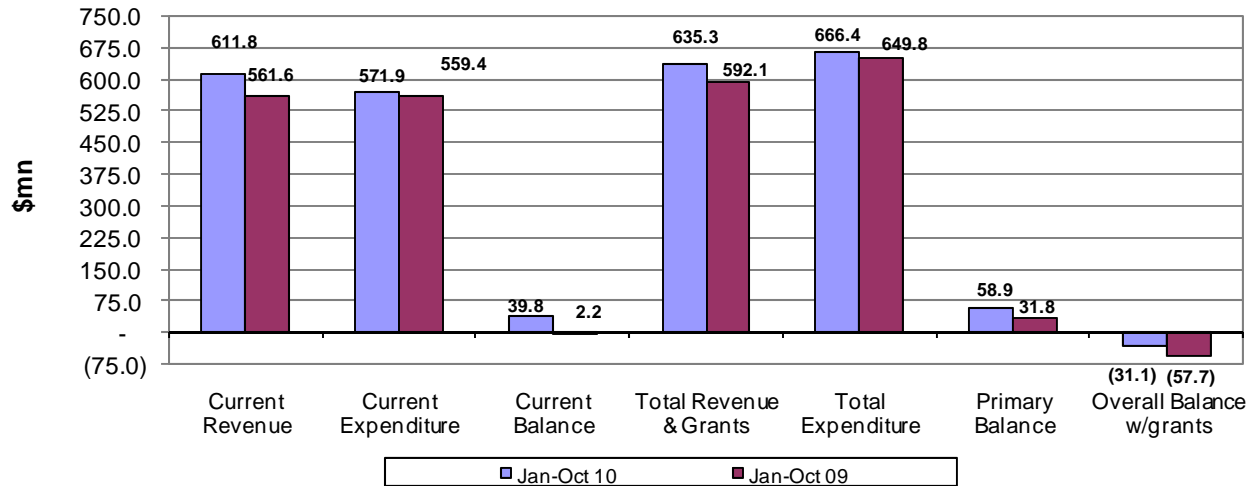


Source: SIB

- 'Rent, Water, Fuel & Power' and 'Transportation & Communication' had the steepest price hikes of 2.0% and 5.4%, respectively, reflecting higher acquisition costs for fuel.
- Countering these price hikes were a 2.4% decline in the 'Food, Beverage and Tobacco' and a 1.5% decline in 'Household Goods & Maintenance'. The magnitude of the cost push expected from an increased GST was tempered by the zero rating of basic food items such as rice, red kidney beans and cooking oils, and major household durables.

Central Government Operations

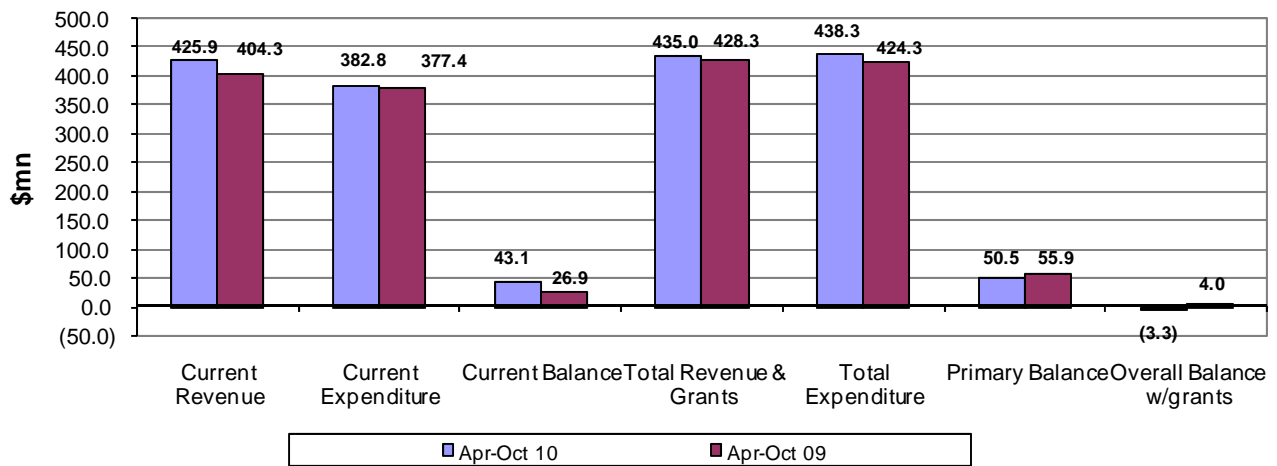
Chart 16: Central Government's Operations (Calendar Year)



Source: Ministry of Finance

- The outturn for the first ten months of 2010 featured current and primary surpluses of \$39.8mn and \$58.9mn, respectively and an overall deficit of \$31.1mn in the government accounts.
- When compared with the same period of the previous year, revenue collections increased by 7.3%, as taxes from petroleum production and GST trended upwards.

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

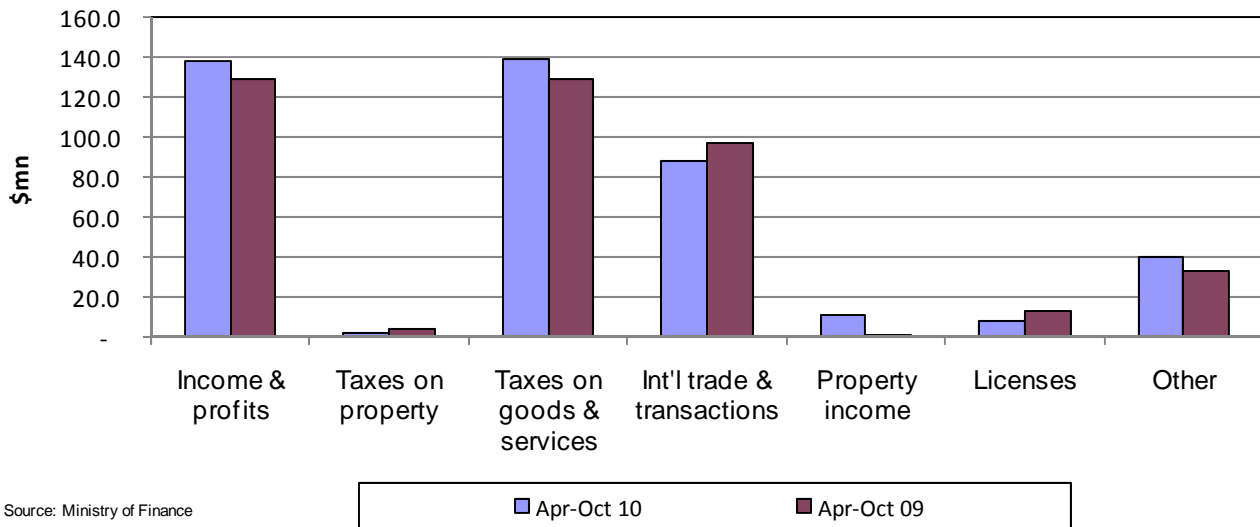


Source: Ministry of Finance

- For the first seven months of the 2010/11 fiscal year, revenue collections rose by 1.6% as GST and taxes from petroleum production increased.
- The outturn for the seven months featured surpluses in government's current and primary balances of \$43.1mn and \$50.5mn, respectively and an overall deficit of \$3.3mn.

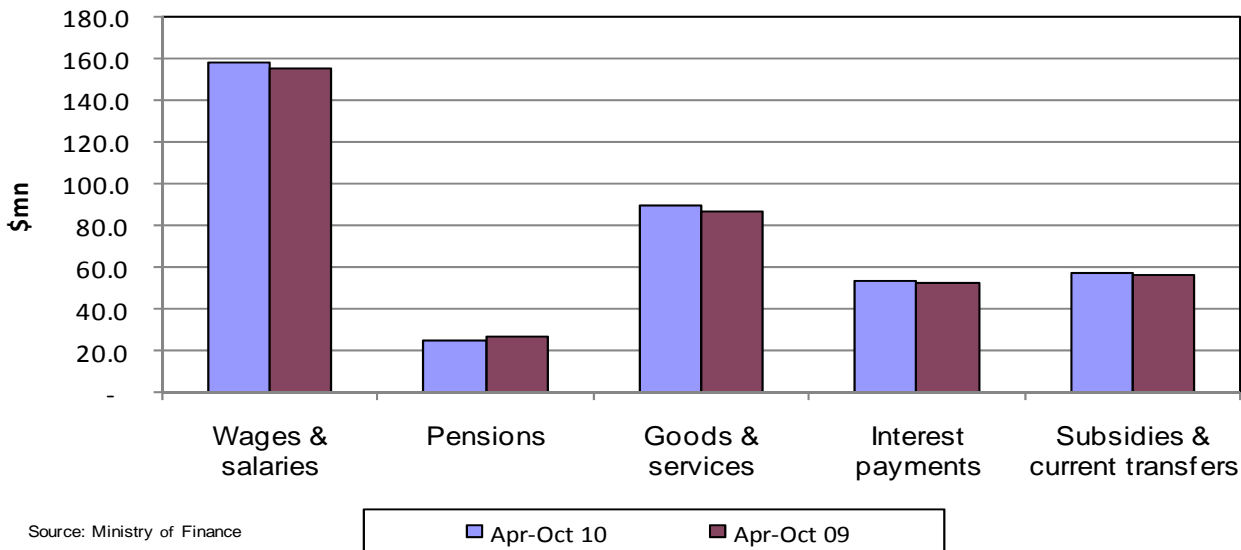
Central Government Operations

Chart 18: Central Government's Current Revenue



- For the first seven months of fiscal year 10/11, current revenue rose by 5.3% to \$425.9mn compared to the same period of 2009.
- Receipts from the domestic oil industry (income tax, royalty payments and working interest) accounted for 79.2% of the increase.
- GST rose by 17.6% in response to the 25.0% rate increase in April.

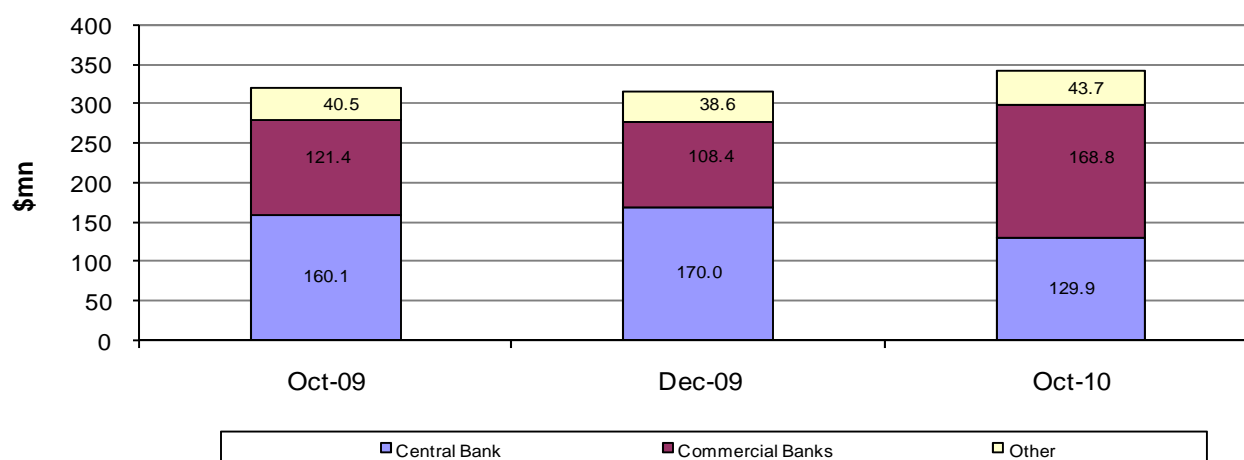
Chart 19: Central Government's Current Expenditure



- For the first seven months of the 2010/10 fiscal year, current expenditure rose by 1.4% when compared to the same period of 2009.
- Interest payments rose by 3.5% as the second bi-annual payment on the 'super bond' became due and the interest rate on the bond stepped up from 4.25% to 6.0% in August.

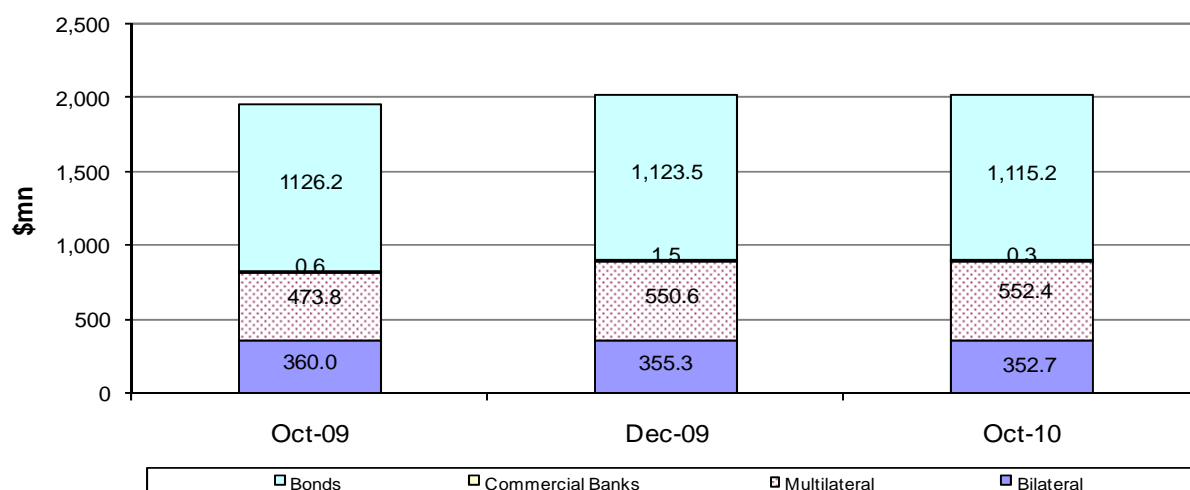
Public Sector Outstanding Debt

Chart 18: Central Government's Domestic Debt



- Central Government's domestic debt stood at \$342.4mn at the end of October, 8.0% above the December 2009 position.
- Of this, 49.3% (\$168.8mn) was owed to the commercial banks, with the largest single item being Treasury bills of \$149.8mn, \$51.4mn above the December 2009 position.

Chart 19: Public Sector's External Debt



- At the end of October, the public sector's external debt stood at \$2,020.6mn, a 0.5% decrease over December 2009.
- Principal repayments amounted to \$60.8mn, of which \$23.0mn was for bilateral creditors and \$28.3mn was for multilateral agencies.
- Interest payments amounted to \$78.4mn, of which payment to the BNY for the 'super bond' accounted for 74.4%.
- Disbursements totaled \$50.7mn, of which \$20.0mn came from the Republic of China and \$20.0mn from CDB.