

CENTRAL BANK OF BELIZE



OCTOBER 2010

MONTHLY ECONOMIC REPORT

Monetary Sector Developments

Chart 1: Broad Money Supply

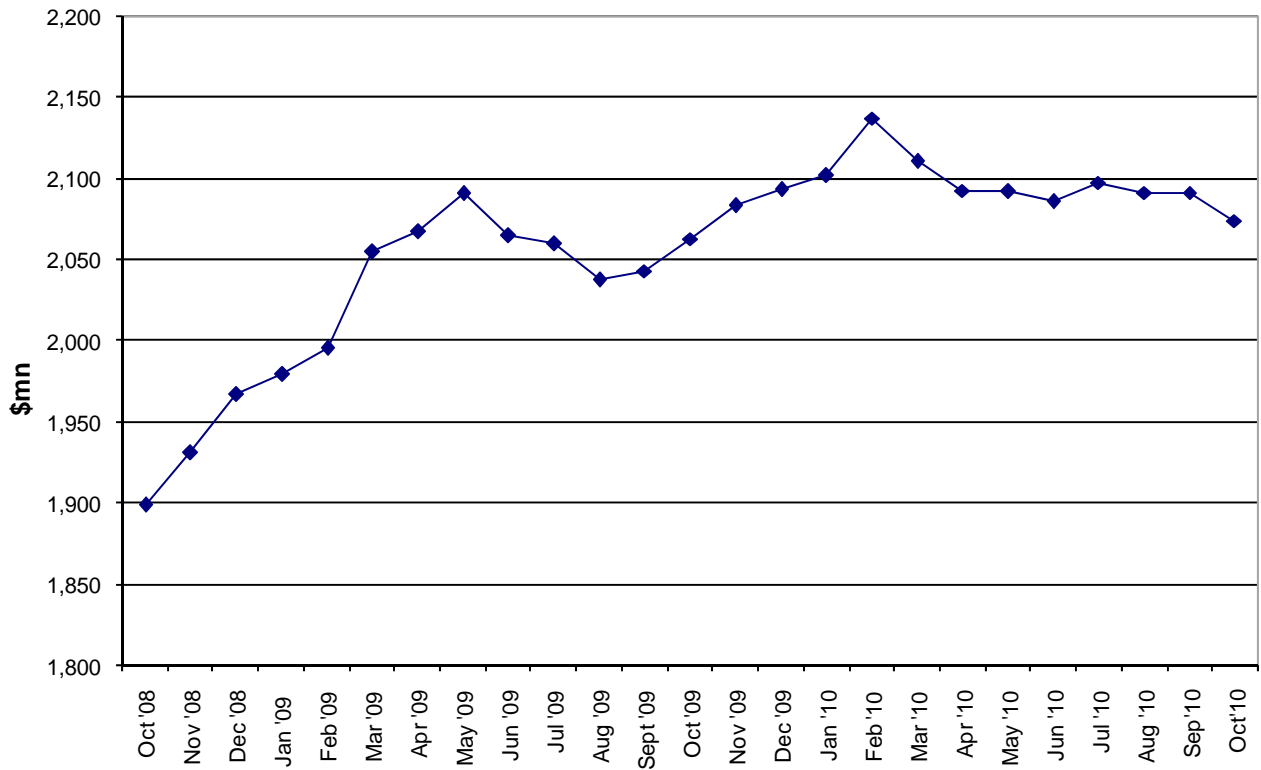


Chart 2: Central Bank's Gross Official Reserves

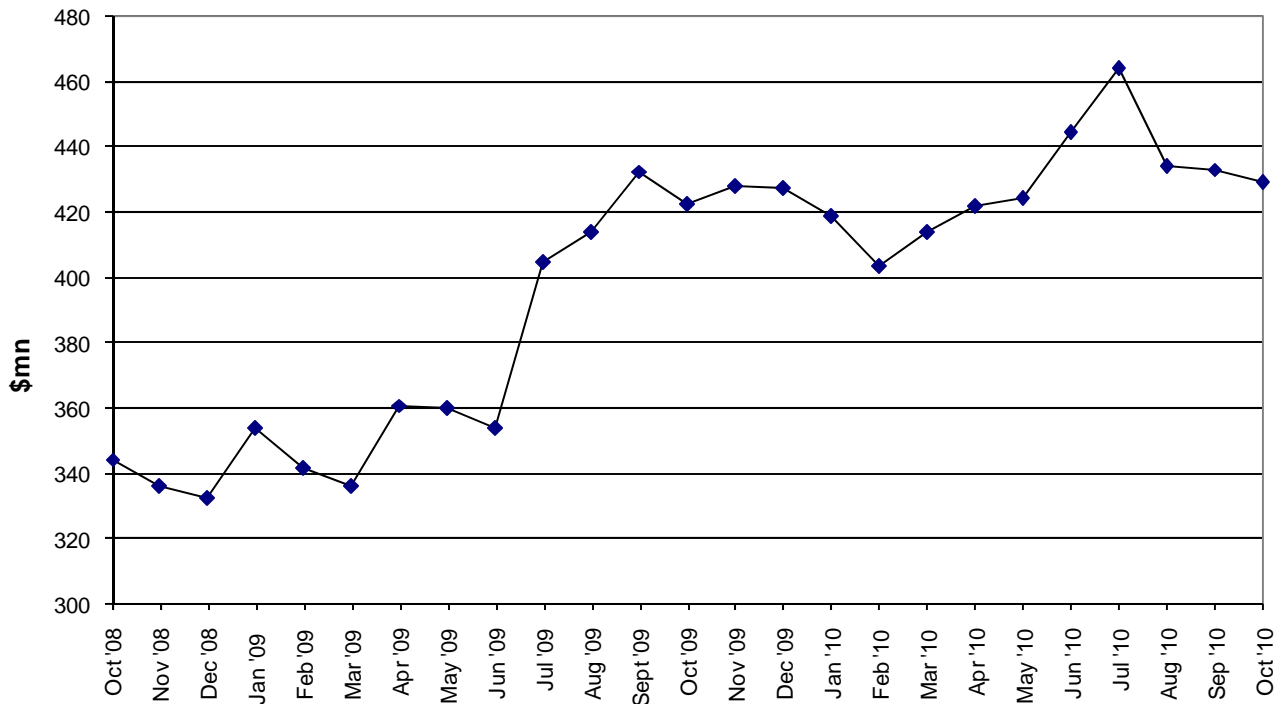


Chart 3: Commercial Banks' Net Foreign Assets

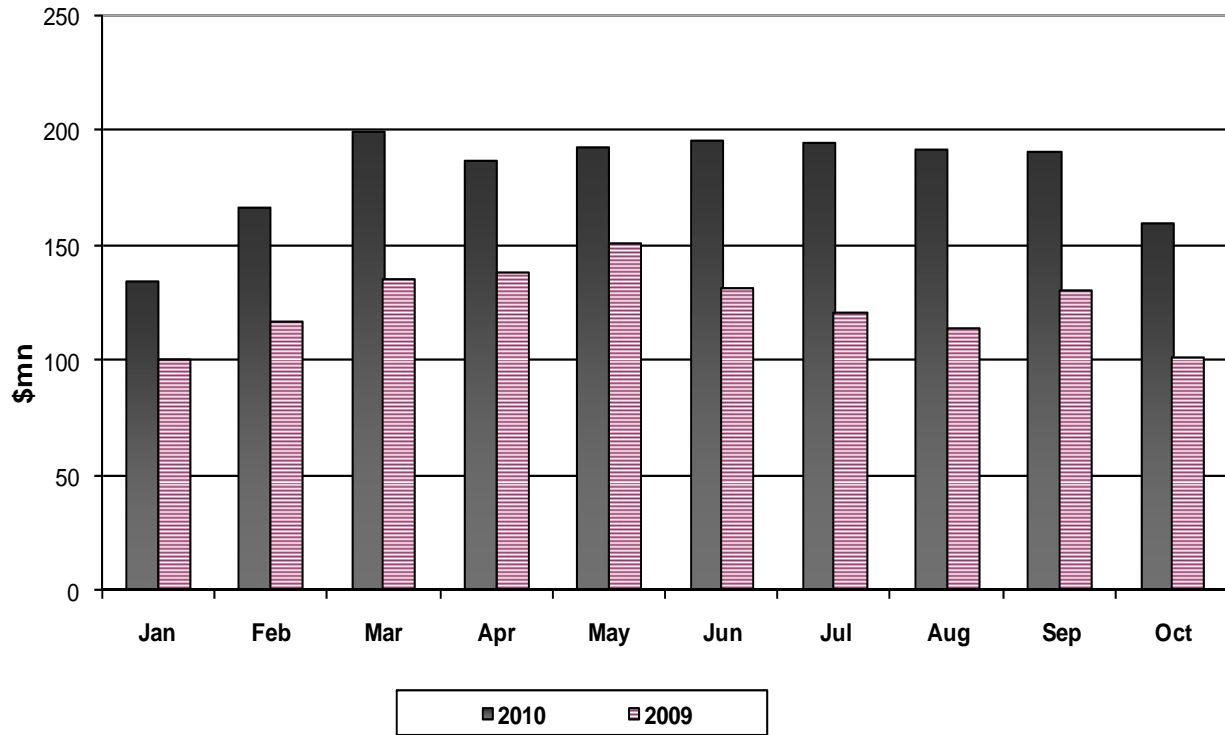


Chart 4: Net Credit to Central Government

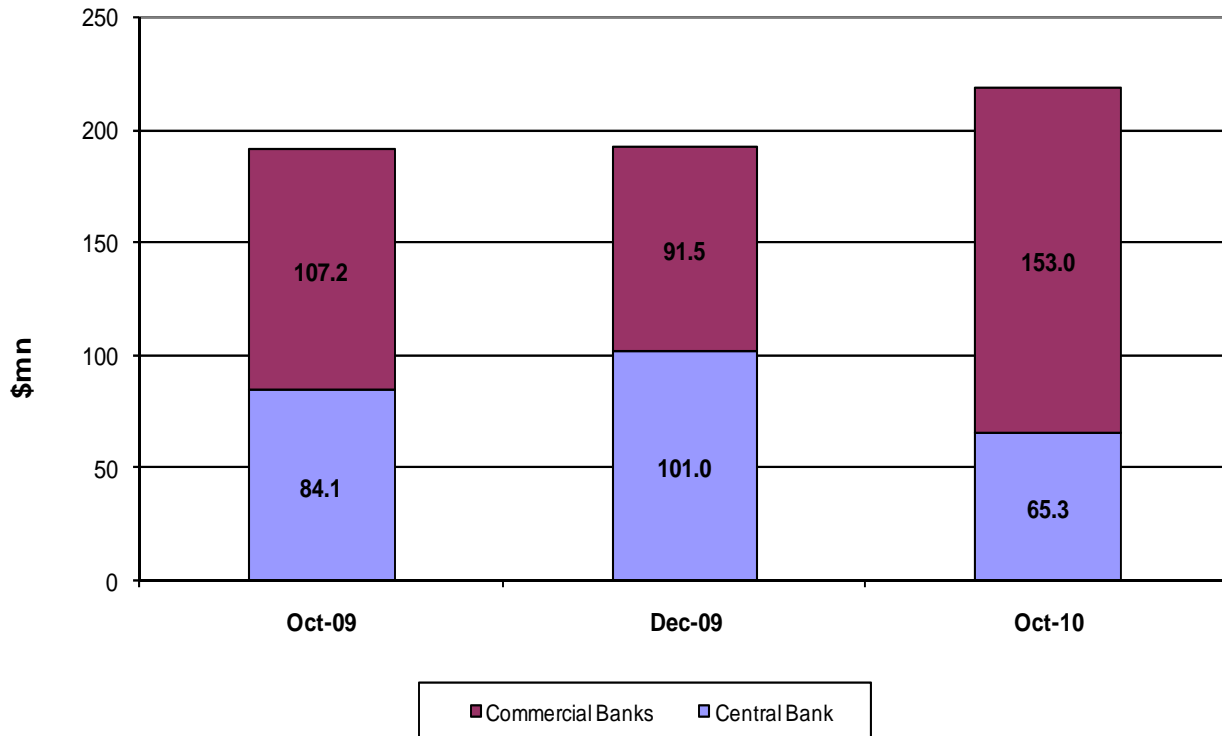
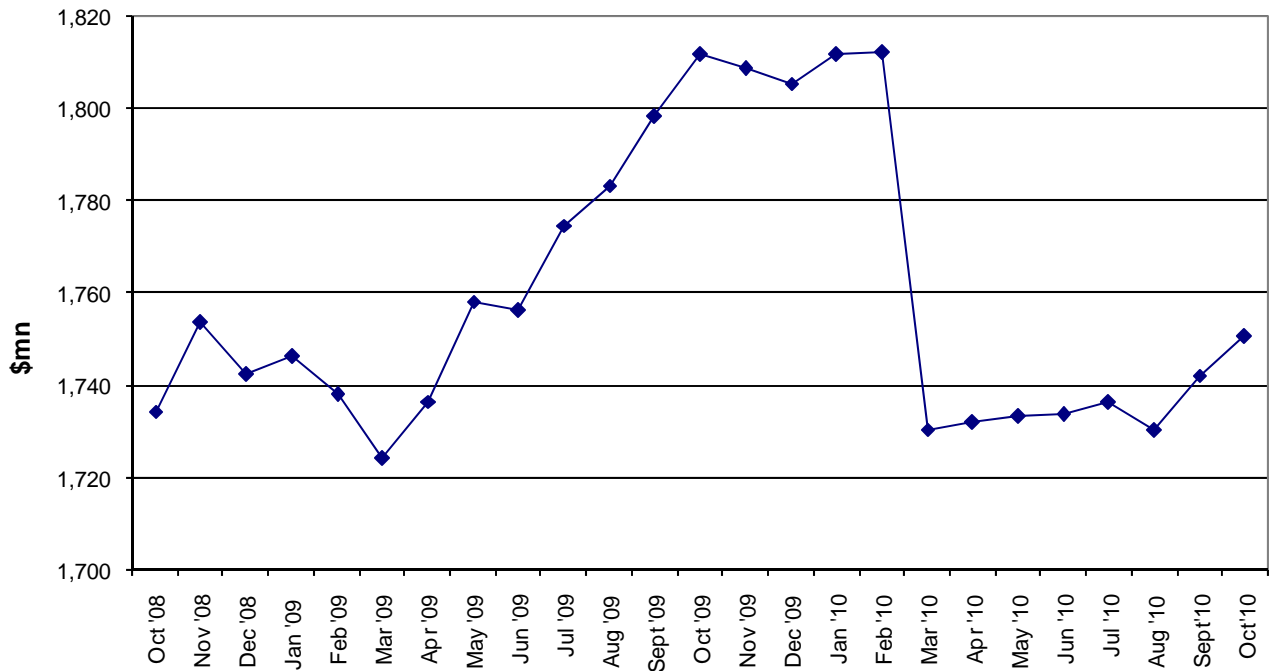
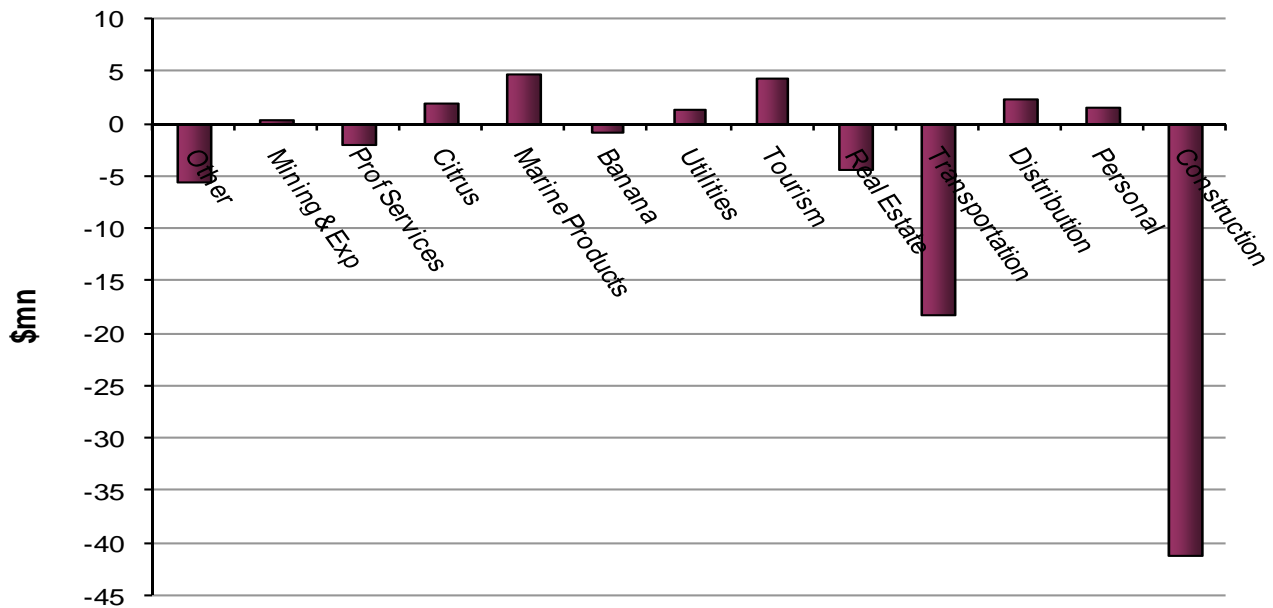


Chart 5: Commercial Banks' Loans and Advances



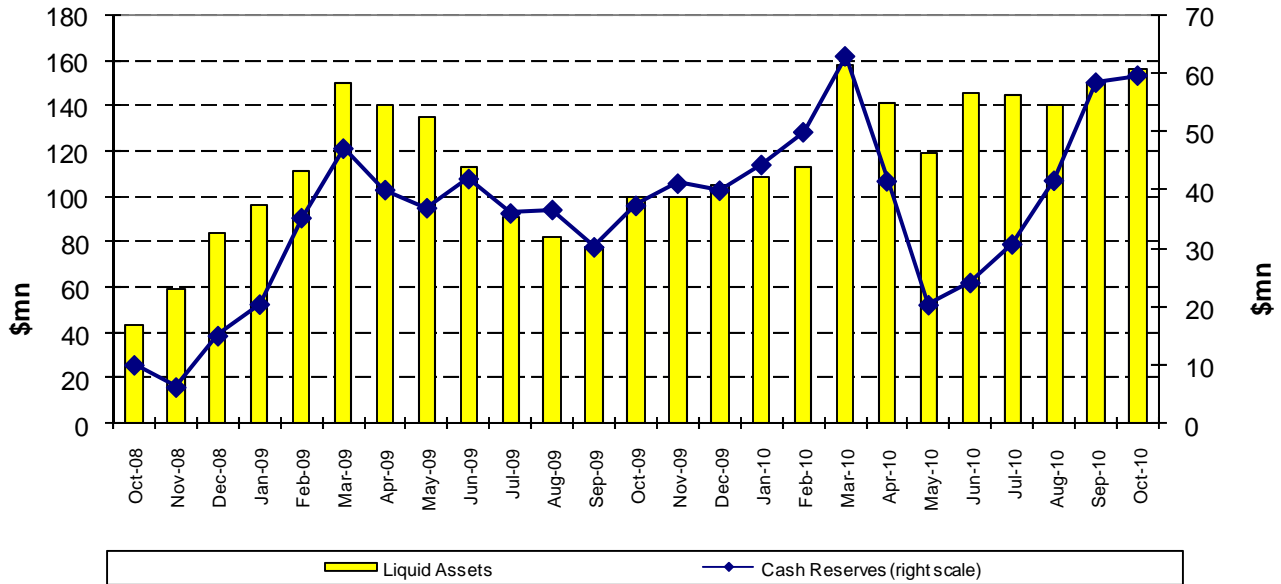
- Commercial banks' loans and advances contracted by \$54.8mn in the first ten months of the year.

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



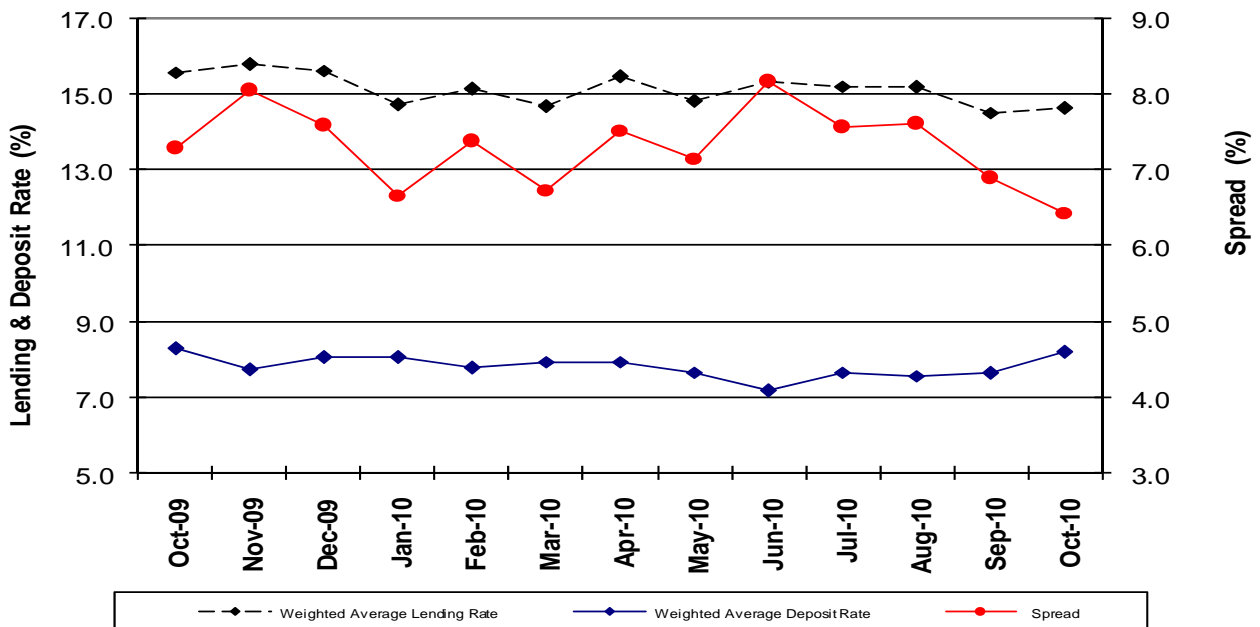
- Sizeable reductions in outstanding loans for construction and transportation were recorded mainly due to bullet payments at the end of March designed to reduce and restructure the debt of one group of affiliated companies.

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, year-to-date 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.

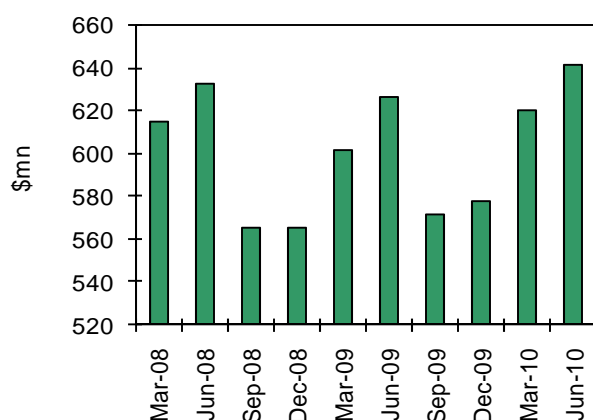
Chart 8: Weighted Average Interest Rates on New Loans and Deposits



- 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.

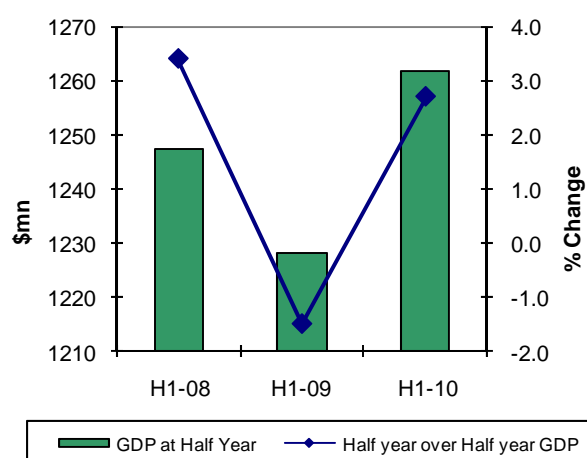
Production, Trade & Prices

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. 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-Sept 2009	Jan-Sept 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)	60,837	57,767
Citrus Deliveries (boxes)	5,781,408	4,450,671
Citrus Juices ('000)	35,015	24,712
Petroleum (barrels)	1,183,194	1,129,341

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

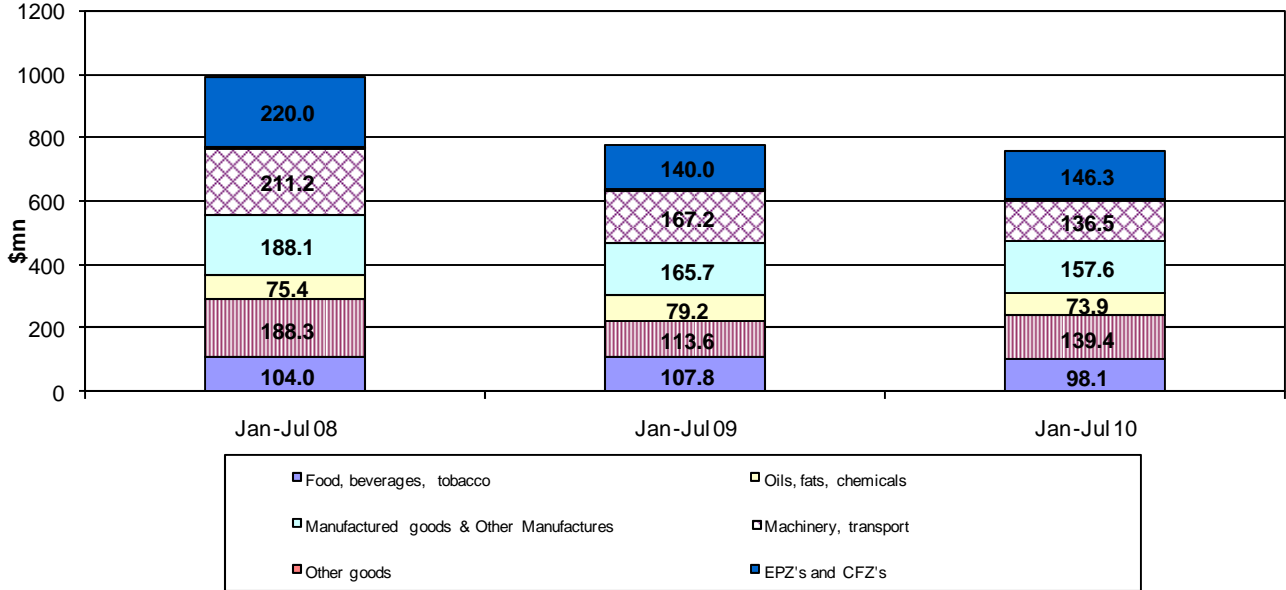
Table 2: Value of Selected Domestic Exports

	\$mn	
	Jan-Sept 2009	Jan-Sept 2010
Sugar	89.0	59.0
Molasses	3.2	4.0
Banana	52.2	54.9
Citrus	56.0	81.0
Petroleum	80.5	139.6
Total⁽¹⁾	280.9	338.4

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

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

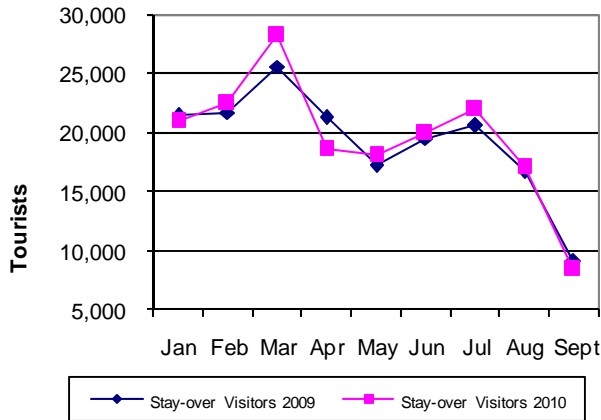
Chart 11: Gross Imports by SITC Classification (excluding electricity)



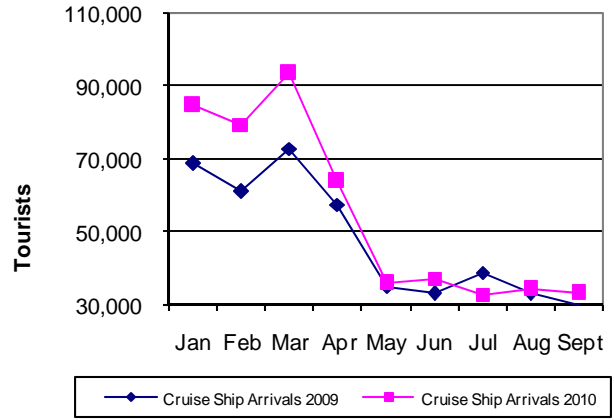
Source: SIB

- Imports declined by 2.7% to \$753.6mn for the first seven months of the year.

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



Source: Belize Tourism Board (BTB)

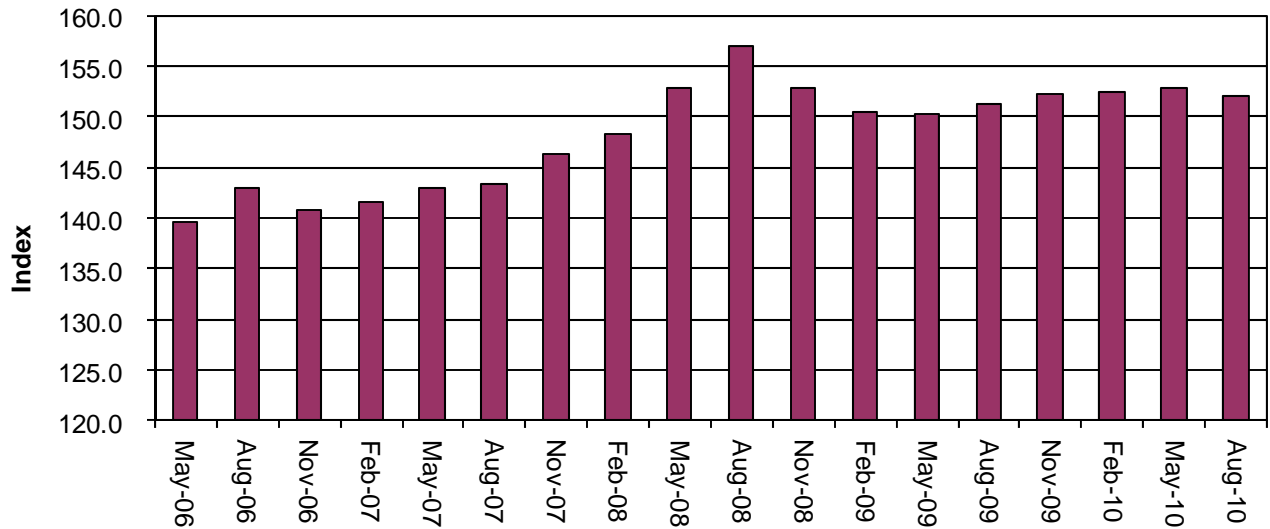


Source: BTB

For January to September 2010:

- Stay over visitors rose by 1.5% to 175,897 persons.
- The number of overnight visitors entering the country through the land borders and international airport increased by 5.7% and 0.7% respectively, while arrivals through the sea ports decreased by 3.5%.
- Cruise ship passenger disembarkations increased by 15.1% to 496,047 persons.

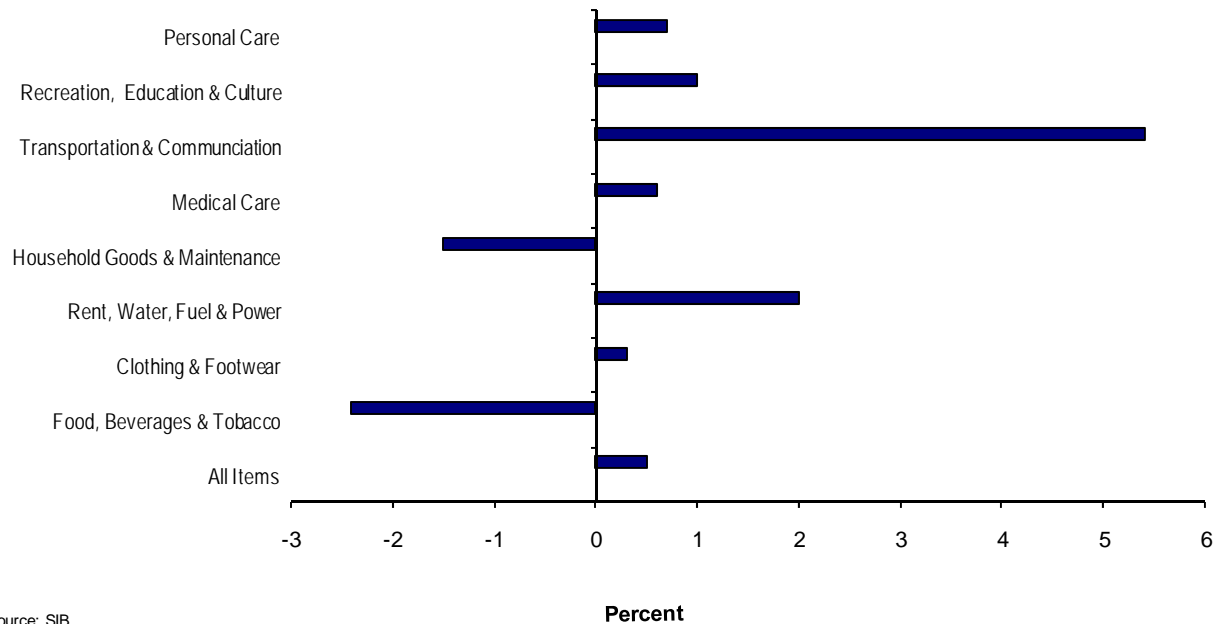
Chart 14: Consumer Price Index



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

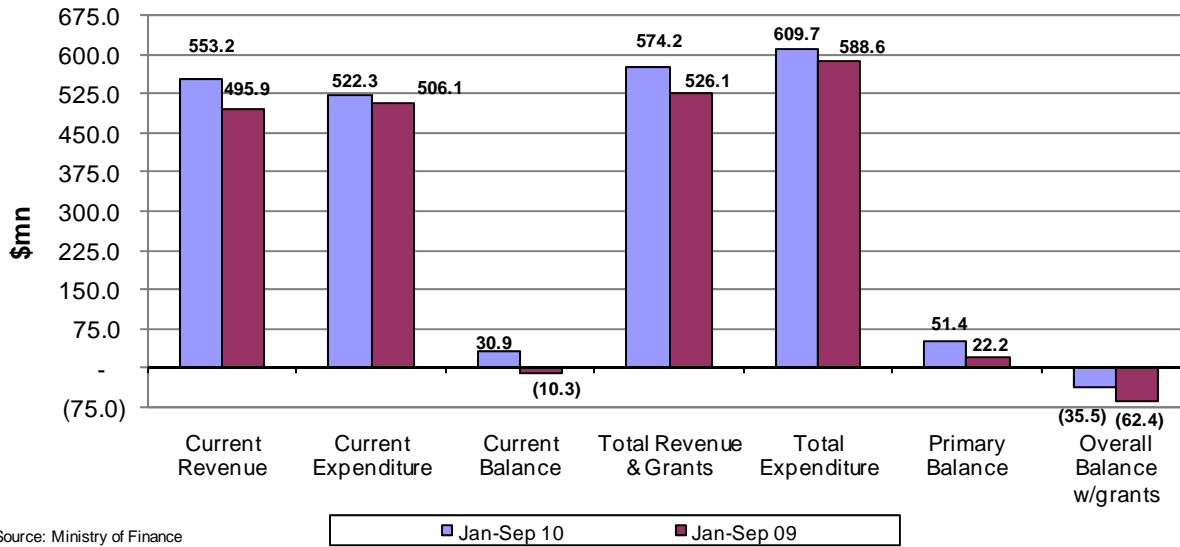


Source: SIB

- '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.

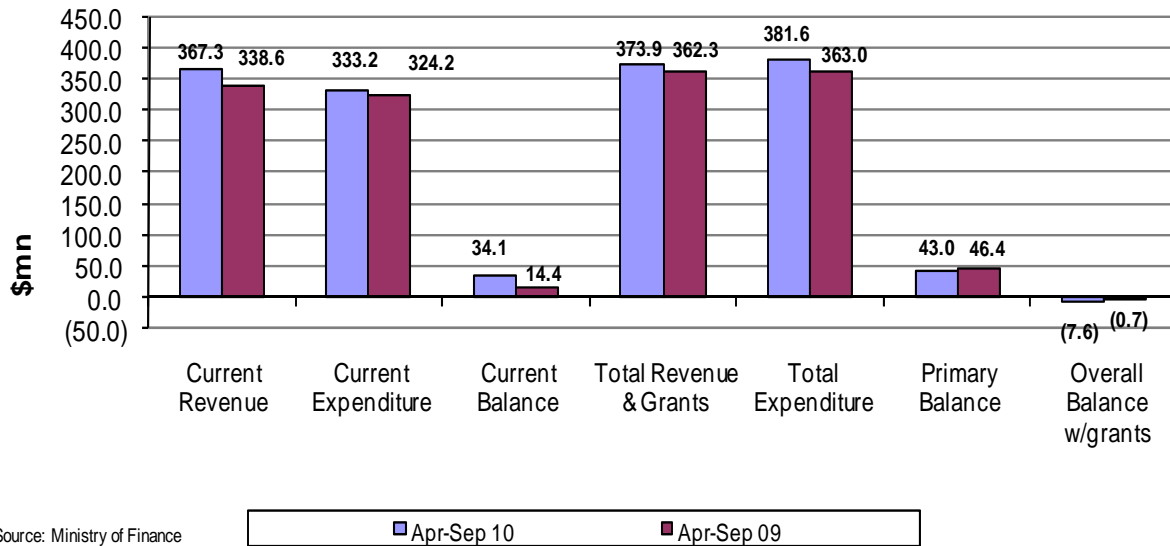
Central Government Operations

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



- The outturn for the first nine months of 2010 featured current and primary surpluses of \$30.9mn and \$51.4mn, respectively and an overall deficit of \$35.5mn in the government accounts.
- When compared with the same period of the previous year, revenue collections increased by 9.1%, as taxes from petroleum production, GST and import duties trended upwards.

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



- For the first six months of the 2010/11 fiscal year, revenue collections rose by 3.2% as GST and taxes from petroleum production increased.
- The outturn for the six months featured surpluses in government's current and primary balances of \$34.1mn and \$43.0mn, respectively and an overall deficit of \$7.6mn.

Central Government Operations

Chart 18: Central Government's Current Revenue

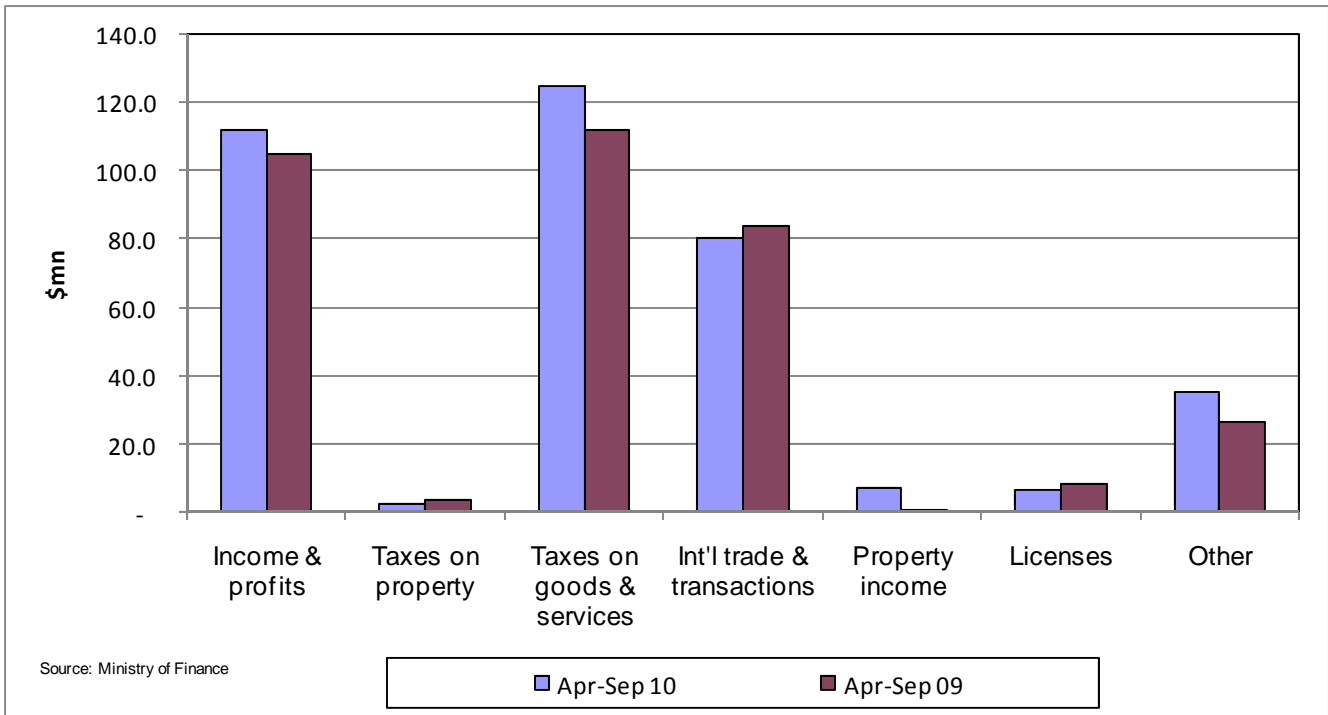
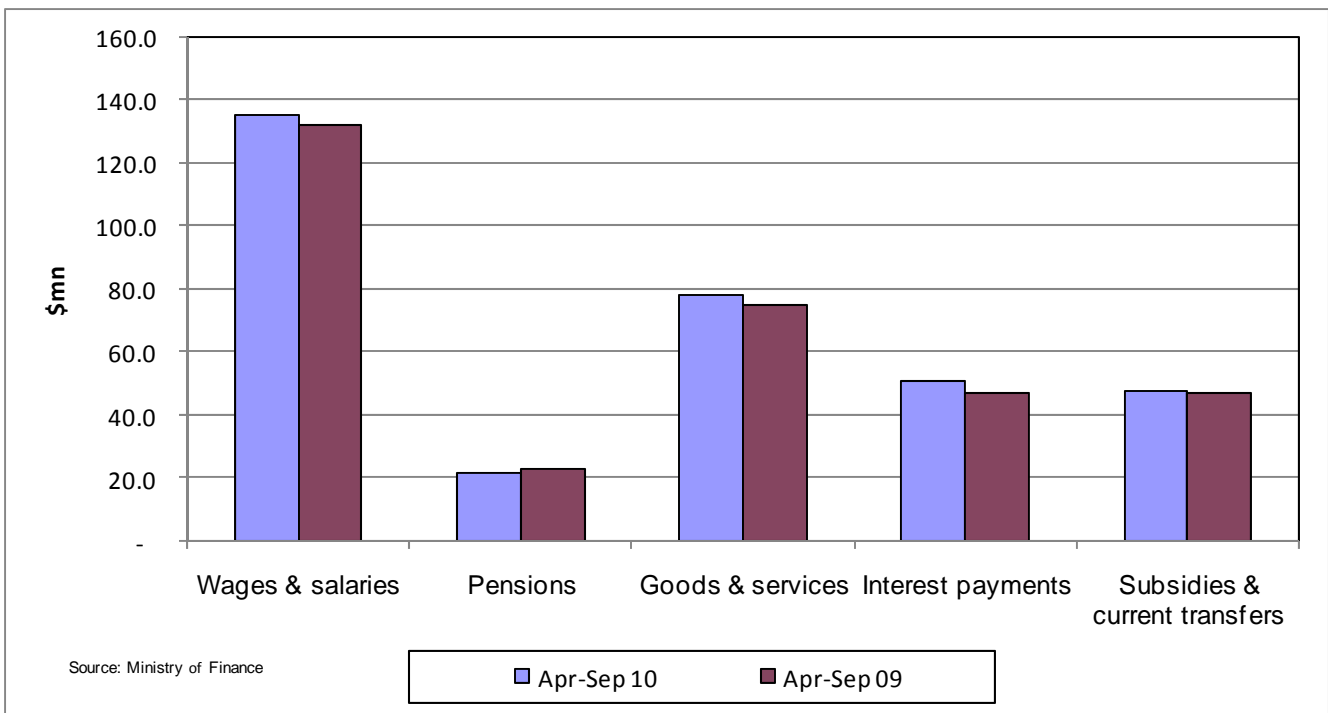


Chart 19: Central Government's Current Expenditure



Public Sector Outstanding Debt

Chart 18: Central Government's Domestic Debt

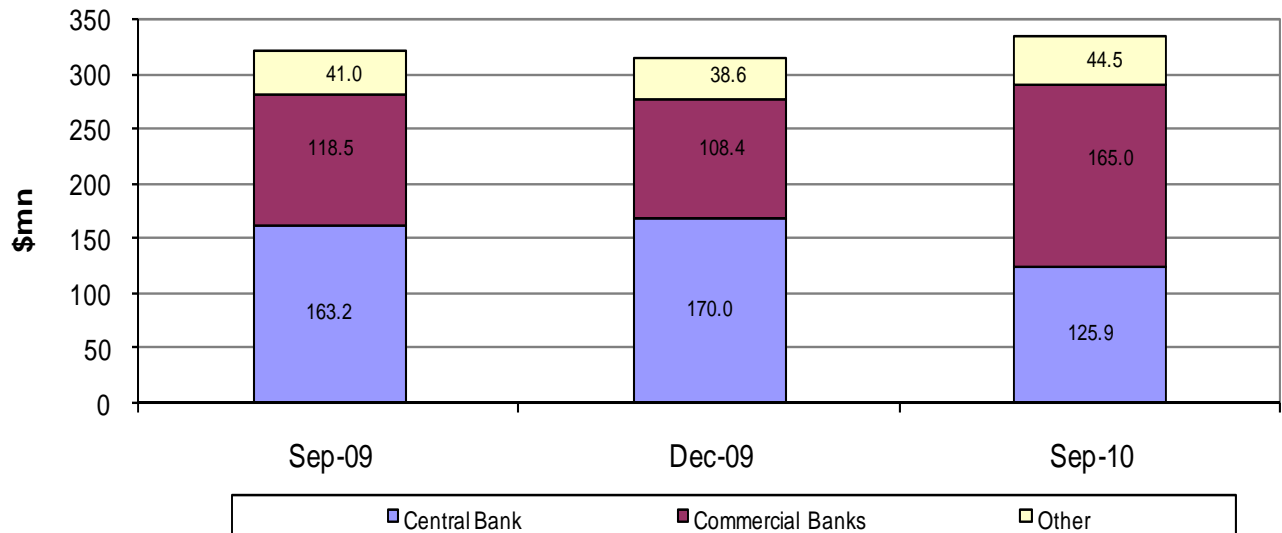
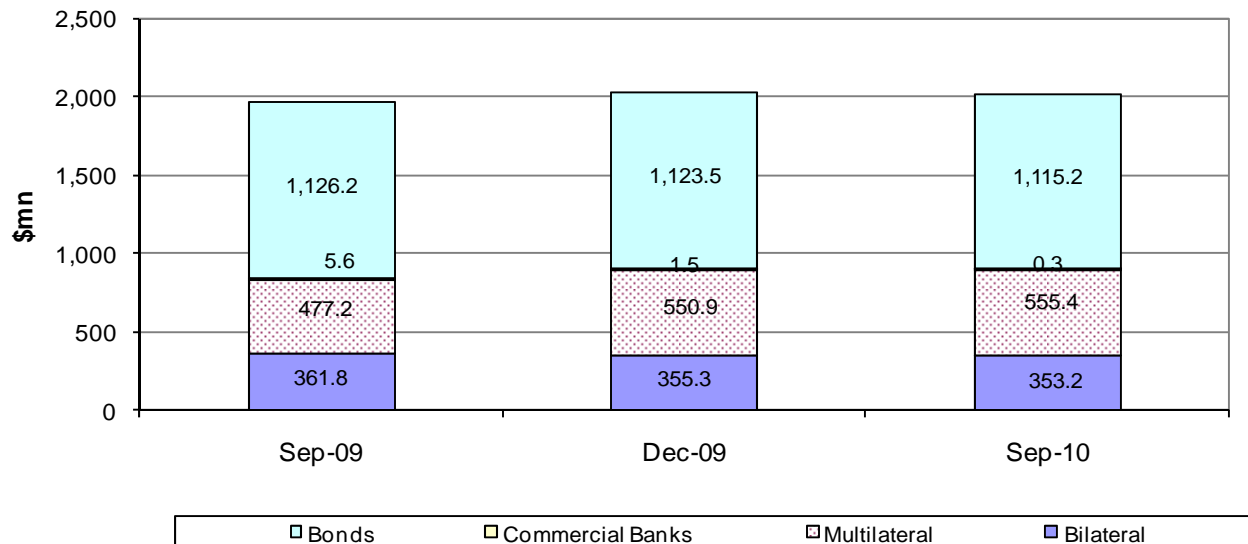


Chart 19: Public Sector's External Debt



- At the end of September, the public sector's external debt stood at \$2,024.1mn, a 0.3% decrease over December 2009.
- Principal repayments amounted to \$54.9mn, of which \$22.2mn was for bilateral creditors and \$23.2mn was for multilateral agencies.
- Interest payments amounted to \$76.5mn, of which payment to the BNY for the 'super bond' accounted for 73.9%.
- Disbursements totaled \$49.5mn, of which \$20.0mn came from the Republic of China and \$18.8mn from CDB.