

# CENTRAL BANK OF BELIZE

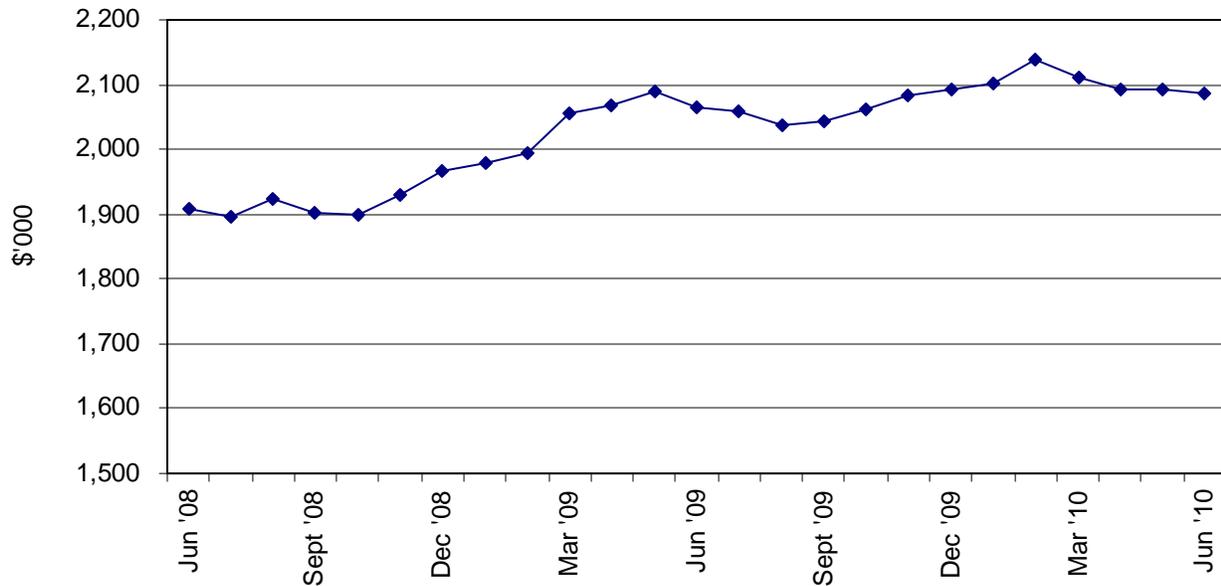


**JUNE 2010**

**MONTHLY ECONOMIC REPORT**

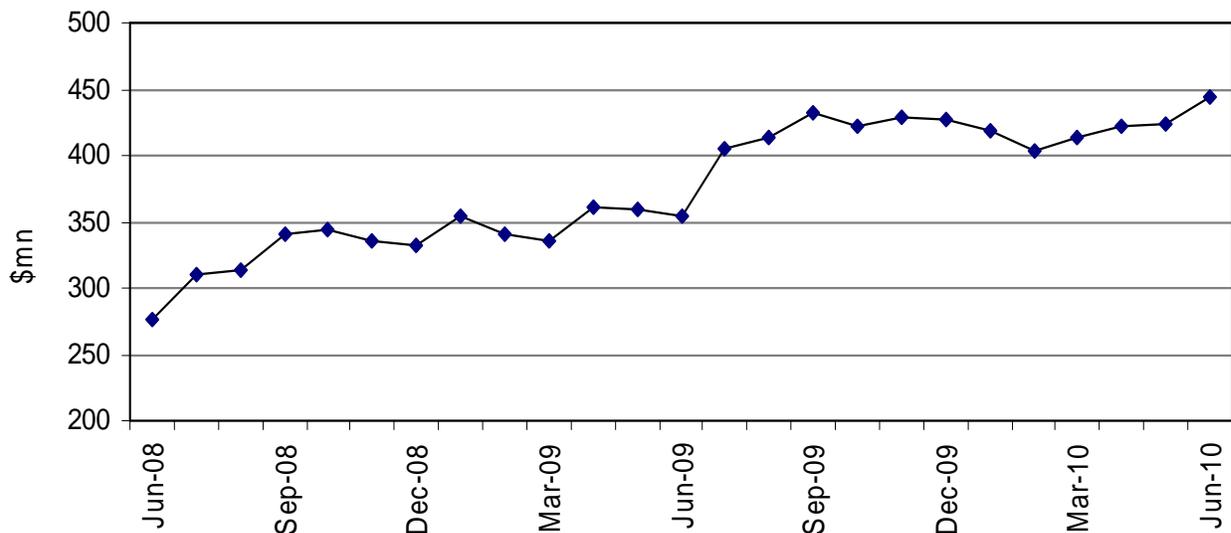
## Monetary Sector Developments

**Chart 1: Broad Money Supply**



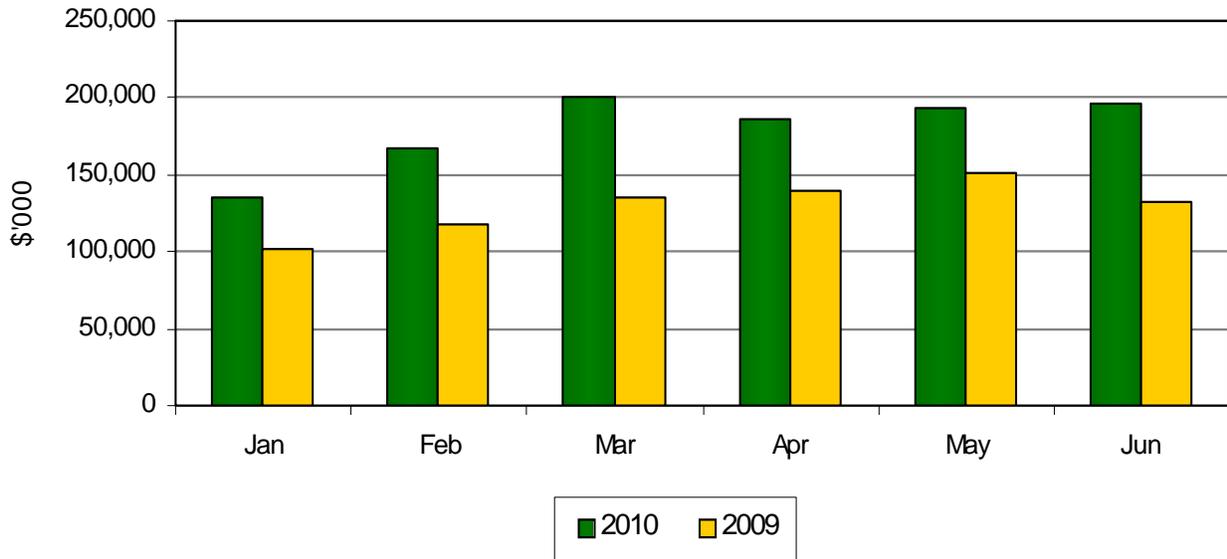
- Broad money declined by 0.3% in the first half of the year in contrast to a 5.0% increase in the comparable period of 2009. The decline this year mainly reflected across the board contractions in net domestic credit to Central Government, statutory bodies and the private sector of \$6.8mn, \$2.0mn and \$69.8mn, respectively.

**Chart 2: Central Bank Gross Official Reserves**



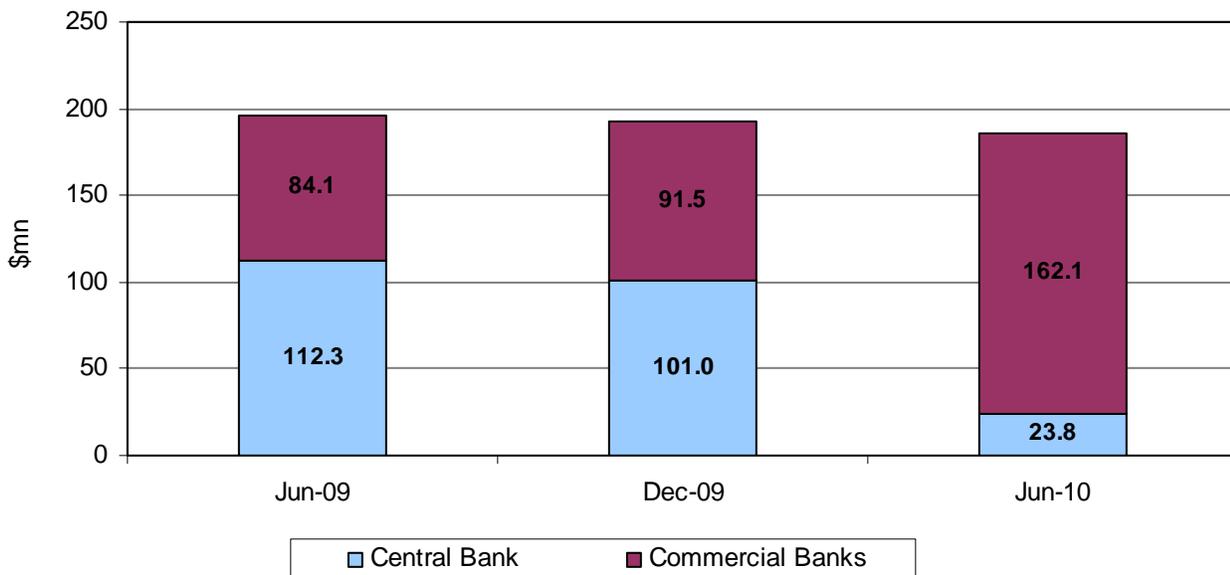
- At the end of June 2010, gross official reserves stood at \$444.3mn, up \$16.9mn since the end of December 2009.

**Chart 3: Commercial Bank Net Foreign Assets**

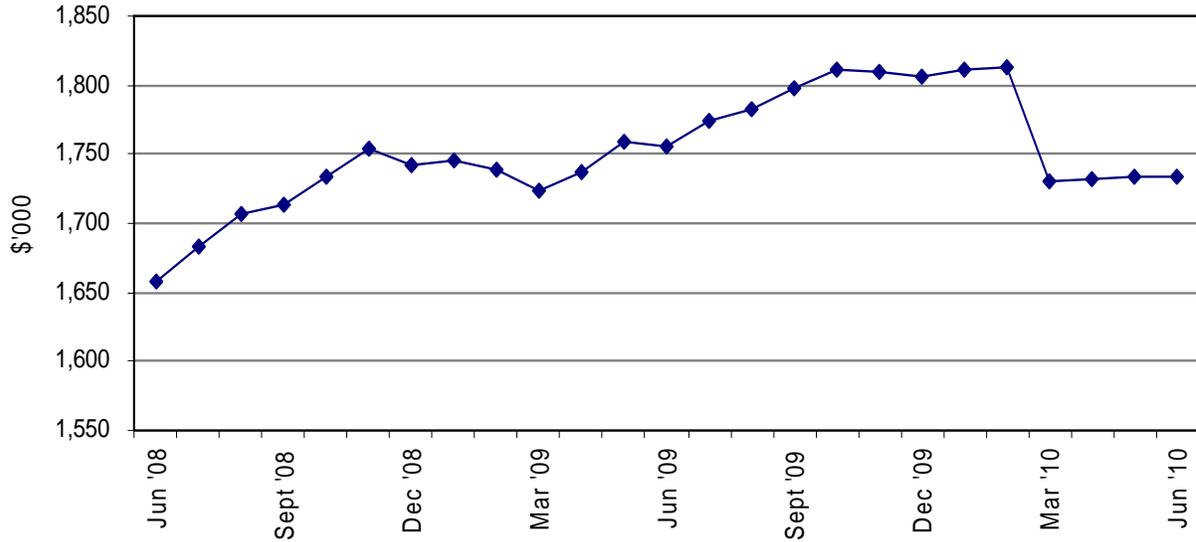


- The net foreign assets of the commercial banks also rose by \$66.7mn over the same period and stood at \$196.5mn.

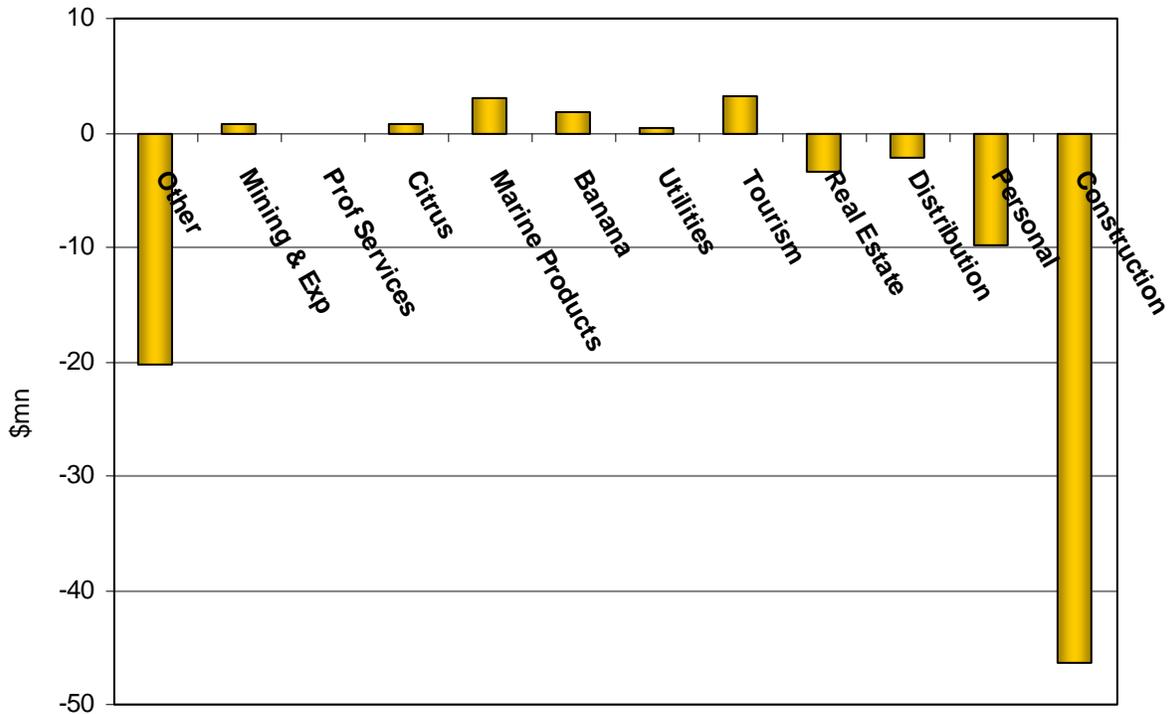
**Chart 4: Net Credit to Central Government**



**Chart 5: Commercial Bank Loans and Advances**

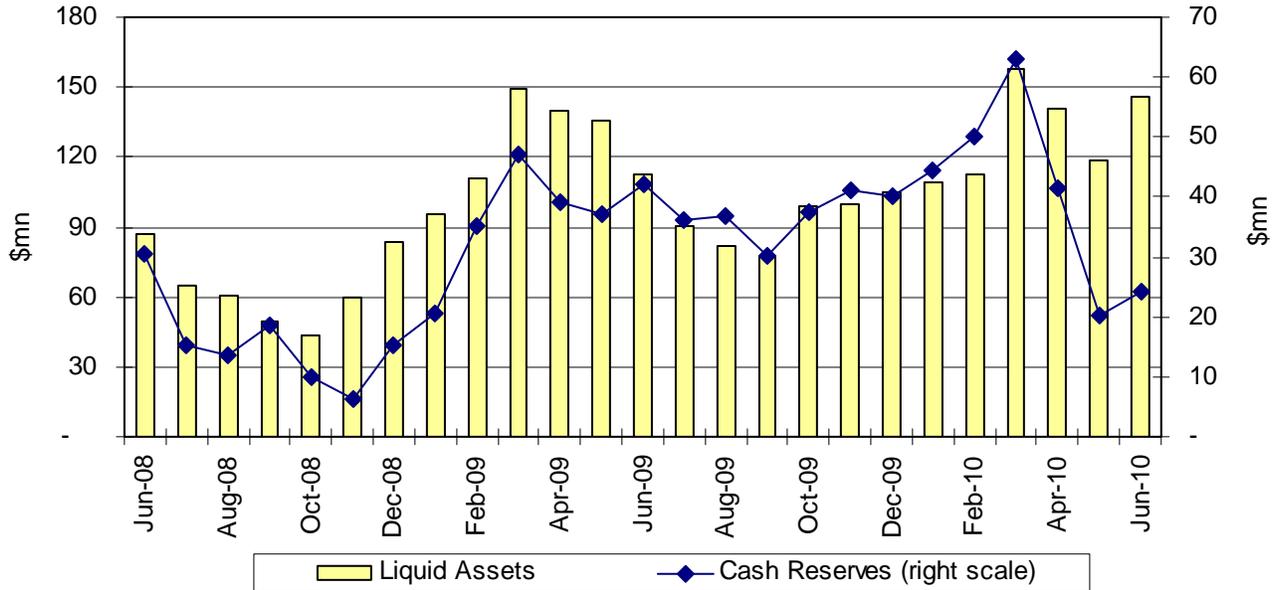


**Chart 6: Change in Loans and Advances by Sectors  
December 2009 - May 2010**



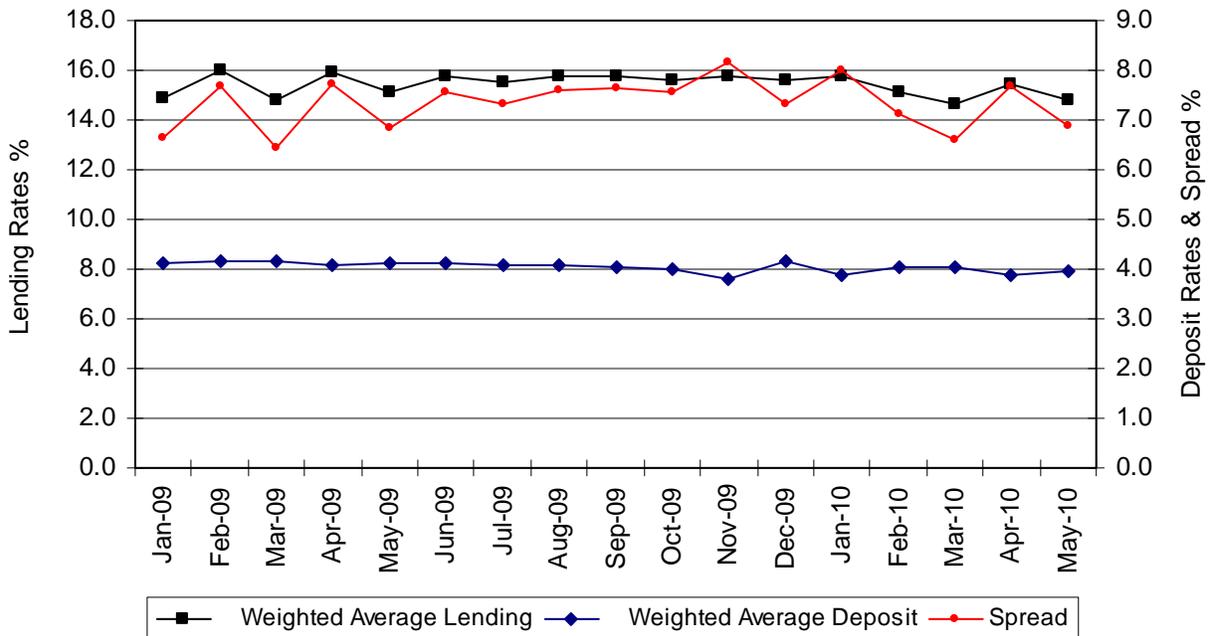
- Sizeable reductions in outstanding loans for construction and transportation were recorded mainly due to bullet payments at the end of March designed to reduce and restructure the debt of one group of affiliated companies.

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



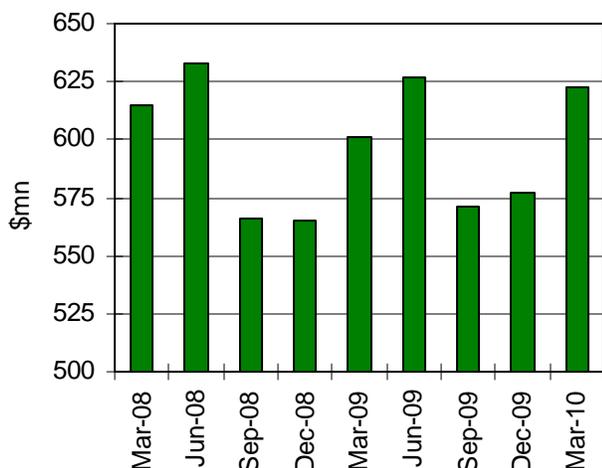
- Excess statutory liquidity increased by \$40.9mn to \$145.9mn in the first half of the year due to the contraction in credit and higher inflows from abroad.
- Excess cash reserves contracted by \$15.8mn to \$24.2mn mainly due to the institution of a commercial bank securities requirement in May (6.5% of average deposit liabilities)

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

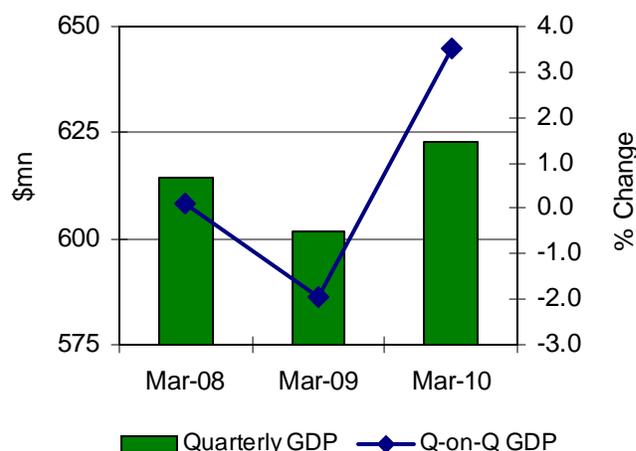


## Production, Trade & Prices

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



**Chart 10: Quarterly GDP (constant prices)**



- In the first quarter of 2010 the Belizean economy grew by 3.5%. Economic activity increased in all sectors with the exception of the fishing subsector.

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

	Jan-May 2009	Jan-May 2010
Sugarcane Deliveries (long tons)	779,442	704,996
Sugar (long tons)	81,190	65,938
Molasses (long tons)	23,116	29,575
Banana (metric tons)	28,868	32,483
Citrus Deliveries (boxes)	4,965,232	4,178,316
Citrus Juices ('000)	29,383	23,160
Petroleum (barrels)	625,559	651,297

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

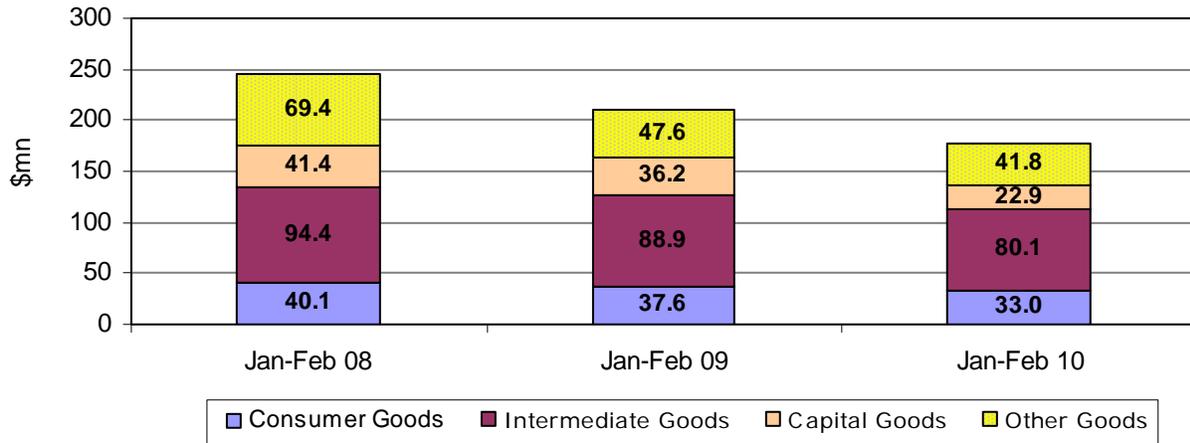
**Table 2: Value of Selected Domestic Exports**

	Jan-May 2009	Jan-May 2010
Sugar	56.6	34.0
Molasses <sup>(1)</sup>	2.1	0.9
Banana	27.5	32.7
Citrus <sup>(1)</sup>	27.7	48.9
Petroleum	30.5	76.4
<b>Total<sup>(2)</sup></b>	<b>144.4</b>	<b>192.9</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.

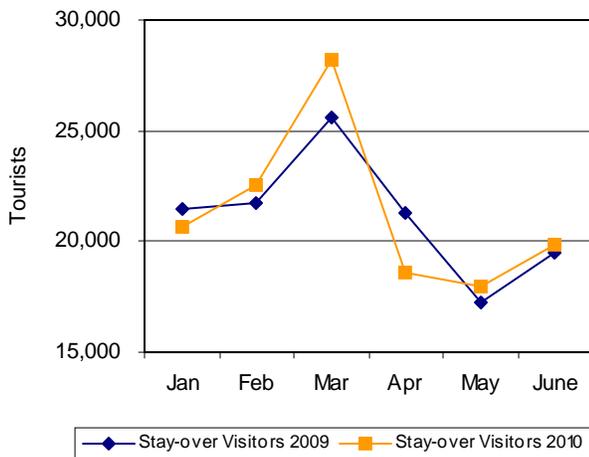
- Higher output of banana, molasses and petroleum coincided with lower production of sugarcane, sugar, citrus fruit and citrus juices. The downturn in sugarcane and sugar output was due to factory problems, while citrus juice production fell in line with citrus deliveries. On the upside, grove investments boosted banana outturn, while petroleum output rose by 4.1% to 651,297 barrels with the stabilizing of production from all ten wells.
- Earnings from selected domestic exports were up by 33.6%, driven primarily by the surge in petroleum revenues and higher earnings from citrus and banana. A rally in both price and volume was responsible for the increase in petroleum, banana and citrus revenues. On the

**Chart 11: Gross Imports C.I.F. by End Use**

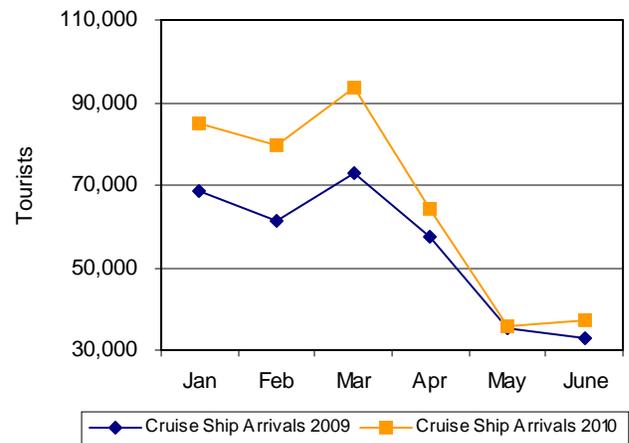


- Gross imports (excluding electricity) decreased by 15.5% to \$177.8mn for January-February 2010 vis-à-vis January-February 2009.
- “Consumer Goods” fell by 12.2% due to lower expenditure on transport equipment.
- “Intermediate Goods” decreased by 9.9% due to lower expenditure on ‘Parts and Accessories’.
- “Capital Goods” plunged by 36.7%.
- “Other Goods” experienced a 12.2% decline mainly due to lower expenditures on passenger motor cars and EPZ goods.

**Chart 12: Stay Over Arrivals**



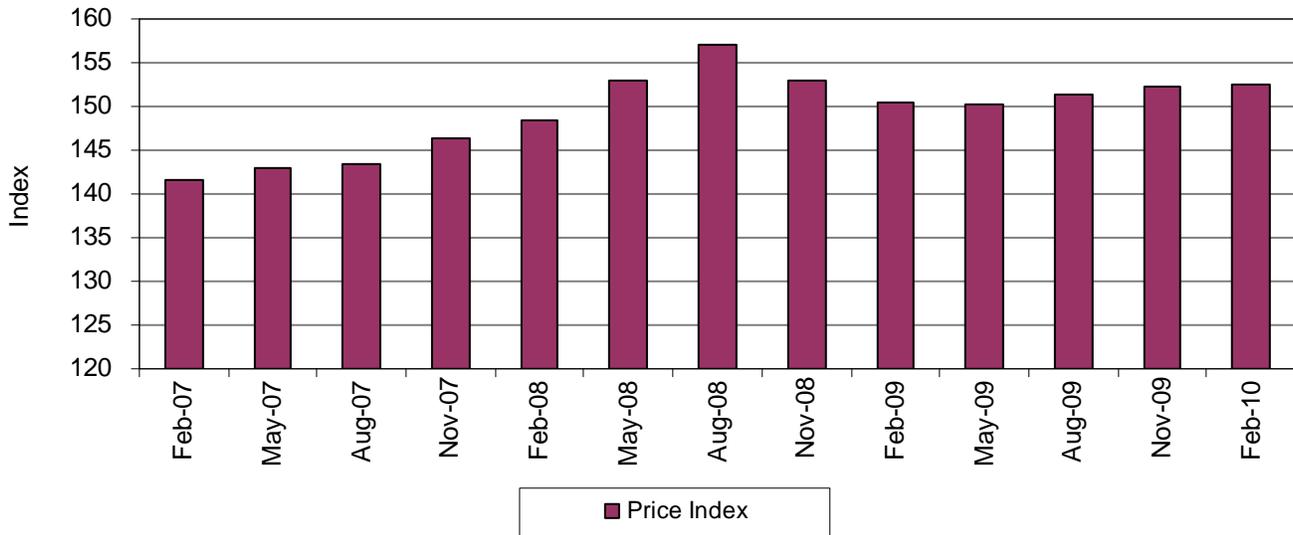
**Chart 13: Cruise Ship Arrivals**



For January to June 2010:

- Stay over visitors rose by 1.1% to 128,158 persons.
- The number of overnight visitors entering the country through the international airport and land borders increased by 0.7% and 4.3% respectively, while arrivals through the sea ports declined by 4.8%.
- Cruise ship passenger arrivals continued its strong performance increasing by 20.2% to 395,361 persons.

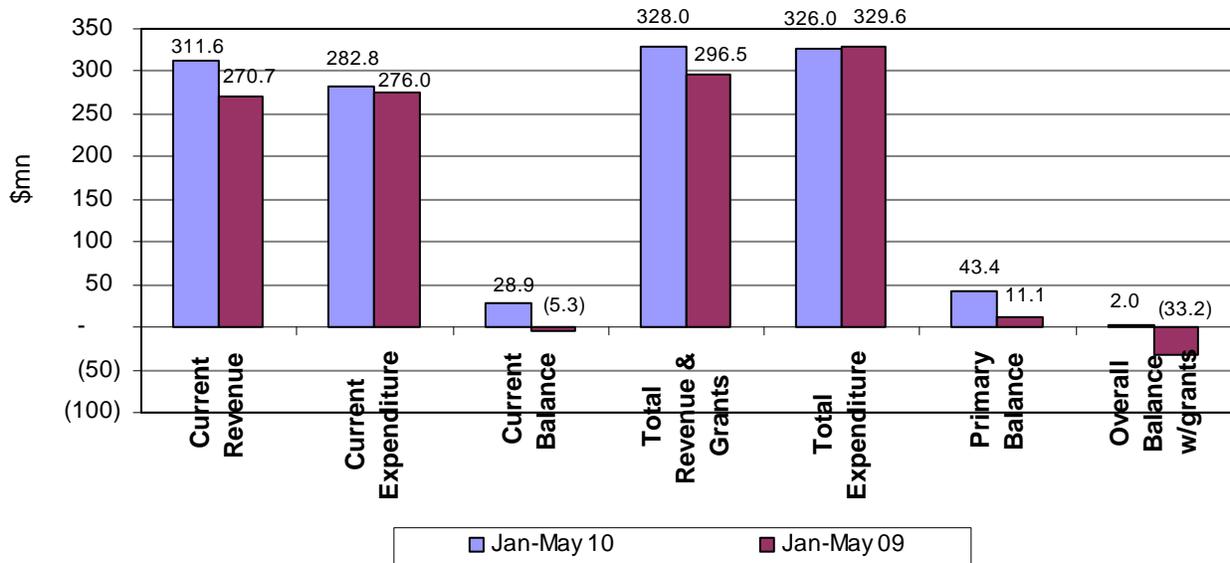
**Chart 14: Consumer Price Index**



- Inflation rose by 0.2% over the quarter (November-09 to February-10)
- Annual point to point inflation increased by 1.4% (February 2009 to February 2010)
- Annual inflation was driven by higher fuel acquisition costs reflected in the 4.1% and 15.2% respective increases in the 'Rent, Water, Fuel & Power' and 'Transportation & Communication' categories.
- Countering these price hikes was a 4.9% decline in the 'Food, Beverage and Tobacco' sub category.

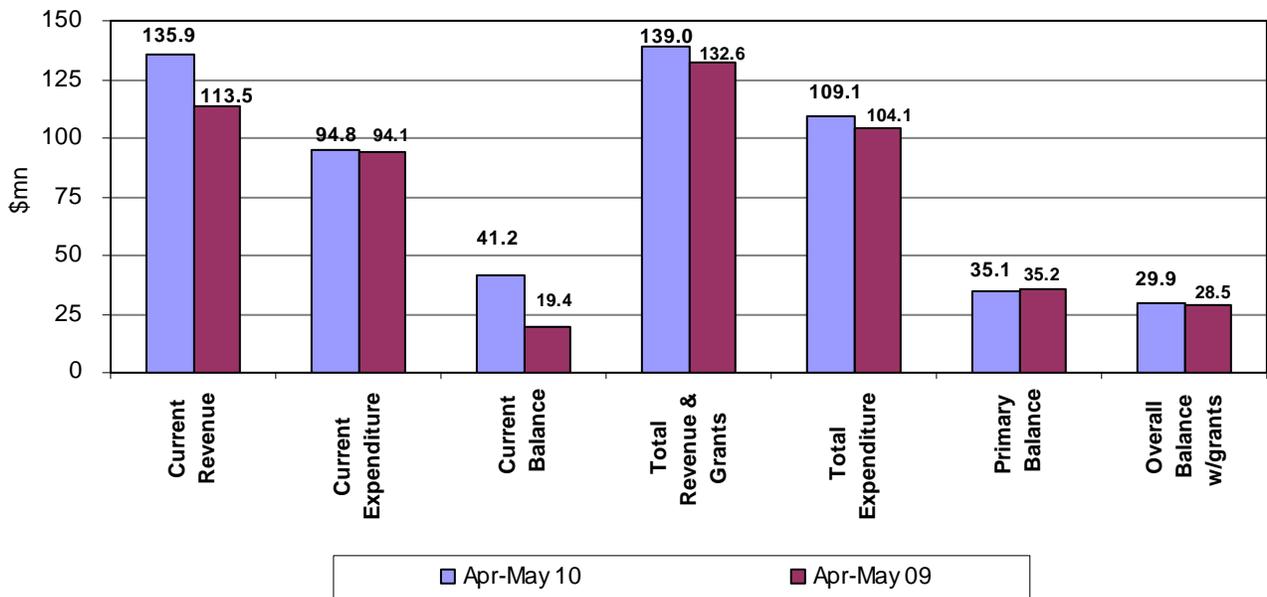
## Central Government Operations

**Chart 15: Central Government's Operations (Calendar Year)**



- The outturn for the first five months of 2010 featured current, primary and overall surpluses of \$28.9mn, \$43.4mn and \$2.0mn, respectively, in the Government accounts.
- When compared with the same period of the previous year, revenue collections increased by 10.6%, as taxes from petroleum production, GST and import duties trended upwards.

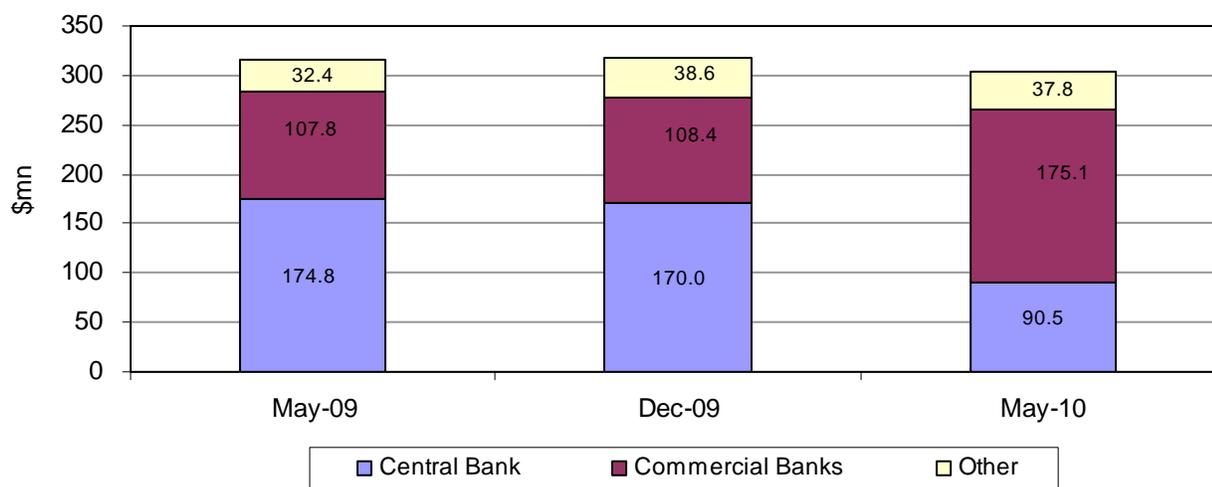
**Chart 16: Central Government's Operations (Fiscal Year)**



- For the first two months of the 2010/11 fiscal year, revenue collections rose by 4.9% as GST, taxes from petroleum production and international trade and transactions increased.
- The outturn for the two months featured surpluses in government's primary and overall balances of \$35.1mn and \$29.9mn, respectively.

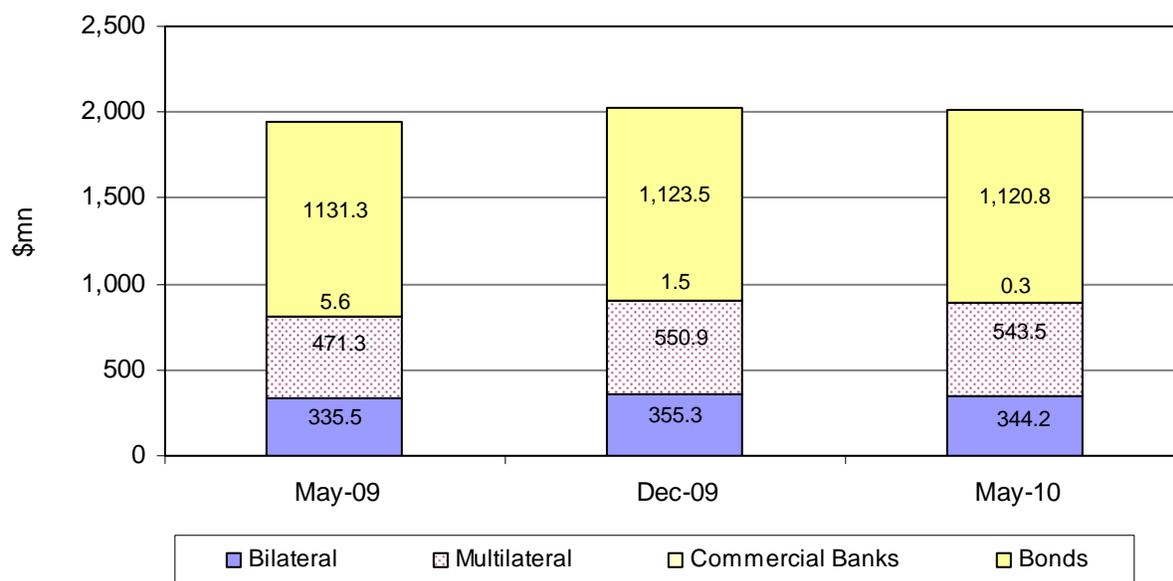
## Public Sector Outstanding Debt

**Chart 17: Central Government's Domestic Debt**



- Central Government's domestic debt stood at \$303.5mn at the end of May 2010, 4.3% below the December 2009 position.
- Of this, some 57.8% (\$175.1mn) was owed to the commercial banks, with the largest single item being Treasury bills of \$160.1mn.

**Chart 18: Public Sector's External Debt**



- At the end of May, the public sector's external debt stood at \$2,008.7mn, a 1.1% decrease over December 2009.
- Principal repayments amounted to \$29.8mn, of which \$10.8mn was for bilateral creditors and \$15.1mn was for multilateral agencies.
- Interest payments amounted to \$34.8mn, of which payment to the BNY for the 'super bond' accounted for 67.4%.