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**Review of Economic
and
Financial Developments**

June 2009



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Overview

The domestic economy experienced two consecutive quarterly downturns that resulted in an overall contraction of 1.7% during the first half of the year. The sources of recessionary pressures included reductions in the production of the major export crops largely due to the 2008 floods as well as the pass through effects of the depressed international environment on trade in goods and services, remittances and foreign direct investment. Production downturns in sugar, papaya, banana and citrus, caused a 10.9% contraction in the 'Agriculture, Hunting & Forestry' sub-sector while declines in stay over tourist arrivals contributed to reductions of 10.2% in 'Hotels & Restaurants' and 3.7% in 'Transport and Communications'. 'Wholesale & Retail' activity also declined by 8.7% with the drop in imports and reduction in cross border trade with Mexico via the commercial free zone. Softening these downturns was continued buoyancy in 'Construction', 'Manufacturing', 'Electricity & Water', and 'Other Private Sector Services' activities.

The Consumer Price Index fell by 0.1% over the quarter (February to May 2009) and by 1.7% over the year (May 2009 over May 2008) with inflationary pressures being dampened by lower fuel prices at the pump and sizeable declines in butane and kerosene costs, which deflated prices

for 'Transport & Communication' and 'Rent, Water, Fuel & Power'.

The external current account deficit shrank by 55.8% mainly due to a substantial fall in outflows for imports and profits repatriation that outweighed the lowering in receipts from domestic exports, tourism, other services and family remittances. The surplus on the capital and financial account was smaller, reflective of outflows by the private sector and commercial banks for loan repayments and lower inflows from foreign direct investment. By the end of the quarter, gross international reserves stood at \$353.9mn, the equivalent of 3.3 months of merchandise imports.

The Government's first quarter fiscal outturn (April through June) was influenced by the contraction in domestic consumption, the lowering of international crude oil prices and grant receipts. Revenues fell by \$2.9mn compared to the same period of the previous year largely due to a \$22.5mn drop in current revenue collection, while expenditures were held relatively stable. The slowdown in retail and tourist activities translated into a notable reduction in collections of the general sales tax, environmental tax and social fees on Commercial Free Zone imports, while the annual transfer of Central Bank profits, which usually boosted receipts, occurred before the budgeted period. Even so, the Government achieved current, primary and overall



surpluses of \$25.6mn, \$40.3mn and \$29.5mn, respectively, partly due to the postponement of capital outlays and the timely receipt of an \$18.0mn grant from the CARICOM Petroleum Fund. The fiscal surplus was used to reduce domestic obligations as loan balances were reduced by \$15.3mn and deposits rose by \$13.0mn.

While the Government's domestic debt stock declined by 7.3%, the public sector's external debt increased by 1.2%. External loan disbursements for the first half of the calendar year totaled \$66.2mn whereas principal and interest payments to external creditors amounted to \$42.4mn and \$35.6mn, respectively.

With reduced growth in net foreign assets and net domestic credit, money supply (M2) growth slowed to 5.0% in comparison with its 9.9% expansion in the first half of 2008. The net foreign asset position of the Central Bank and commercial banks both improved, the latter being able to reduce its short term foreign liabilities by almost 50.0% notwithstanding marked declines in inflows from tourism, foreign investments and exports. Meanwhile, the slowing economy and delays in effecting certain import payments underpinned a 74.5% expansion in commercial banks' excess statutory liquidity during the six month period. At the end of June, the banks' cash and other statutory holdings exceeded requirements by 21.7% and 25.3%. Their interest rate

spread increased by 13 basis points as a 15 basis points decline in the average deposit rate outpaced a decline in the weighted average lending rate of two basis points.



Domestic Production and Prices

Buffeted by the winds of the global economic downturn, the domestic economy contracted by 1.7%, compared to the 3.4% growth experienced in the first half of the previous year. The decline was concentrated in hotel, restaurant, agricultural and distributive activities. 'Agriculture, Hunting and Forestry' displayed the steepest decline of 10.9% due to contractions in the production of sugarcane, banana, citrus and papaya. Declines in stay-over visitors and the cross border trade with Mexico contributed to contractions of 10.2% in 'Hotels and Restaurants', 8.7% in 'Wholesale and Retail Trade' and 3.2% in 'Transport and Communications'. Production downturns in farmed fish outweighed modest increases in shrimp and lobster resulting in a 0.6% decline in fishing.

Activity remained strong in the secondary sector with continuing work on the Vaca Dam and co-generation plant contributing to a 24.8% increase in construction. Manufacturing was up by 12.3% due to an increase in petroleum production, while electricity and water grew by 3.2% mostly due to higher domestic output of electricity. Modest increases of 2.7% and 2.3%, respectively, were also seen in other private services and government services, the latter being due to the unfreezing of civil servants' increments. Like many of its Caribbean counterparts,

Table 1.1: Growth Rate of Real GDP by Sector (%) - (Constant 2000 prices)

	Year on Year growth (%)	
	Jan-June 08	Jan-June 09
	Over Jan-June 07	Over Jan-June 08
Agriculture, hunting & forestry	-0.5	-10.9
Fishing	20.8	-0.6
Manufacturing (incl. mining & quarrying)	-1.3	12.3
Electricity & water	-16.6	3.2
Construction	30.7	24.8
Wholesale & Retail	7.4	-8.7
Hotels & Restaurants	-6.7	-10.2
Transport & communication	4.9	-3.7
Other private services exc. FISIM	4.6	2.7
Producers of government services	4.1	2.3
All industries at basic prices	3.2	-0.30
Taxes on products	4.6	-9.8
GDP at market prices	3.4	-1.70
GDP at market prices (\$Bz mn)	1,247.30	1,226.50

Source: Statistical Institute of Belize

Belize's tourism sector was not immune to the global recessionary pressures. Stay-over arrivals declined for the second consecutive year, although cruise ship disembarkations increased with the diversion of ships to the country with the A(H1N1) Influenza scare in Mexico and the marketing drive of the cruise ship companies to counter the economic slowdown.

Between February 2009 and May 2009, prices dipped marginally by 0.1% while annual point to point inflation (May 2009 over May 2008) declined by a more noticeable 1.7%, largely in response to lower fuel prices at the pump.



Sugar

The 2008/2009 sugarcane crop year ended on June 5th after 186 days of operations. With the effects of flood and hurricane wind damage more far reaching than first envisaged, sugarcane deliveries declined by 5.8% to 917,723 long tons, the smallest harvest since 1988. A partially compensatory development was the relatively dry weather during the first half of the year that notably raised the sucrose content of the crop (pol of 12.32% compared to 10.52% in 2008) and improved its purity. Coupled with higher factory efficiency, this pushed sugar production up by 18.8% to 92,409 long tons, so the cane to sugar ratio improved from 12.52 to 9.93. Molasses output contracted by 29.1% to 27,707 long tons, reflecting its inverse relationship with sugar production.

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

	Dec-June 2007/08	Dec-June 2008/09
Deliveries of Sugarcane to BSI (long tons)	974,317	917,723
Sugar Processed by BSI (long tons)	77,810	92,409
Molasses processed by BSI (long tons)	39,084	27,707
Performance		
Factory Time Efficiency (%)	88.55	93.27
Cane Purity (%)	80.52	84.81
Cane/Sugar	12.46	9.93

Source: Belize Sugar Industries

Notwithstanding the 9.7% EU sugar price cut effective since October 2008, the final price for the 2008/2009 crop increased by 11.0% to \$61.28 per long ton, as the impact of the price cut was nullified by a significant reduction in international freight rates, exchange rate gains from the average Euro price negotiated on the futures market, the higher sugar outturn per unit of sugarcane and the sale of virtually all the limited sugar supply (99.8%) to the EU market where the highest export prices were realized.

Citrus

Citrus deliveries were down by 6.0% year on year. While the orange crop had been forecasted to contract by 19.7%, the 5.4mn boxes delivered equated to only a 1.8% decrease as the second crop was larger than initially anticipated. In the case of grapefruit, low prices combined with fruit quality problems discouraged harvest and triggered a much sharper fall of 22.0% in deliveries to 1.1mn boxes. However, buoyed by a higher average juice outturn per box of fruit, production of citrus juices declined by only 1.6% to 38.0mn pound solids (ps), most of which consisted of concentrates. Output of concentrate fell by 0.4% to 33.2mn pound solids as a 21.1% decline in grapefruit concentrate just outweighed a 3.2% increase in that of orange. With the supply of quality fruit reduced by maturity problems experienced at the start of the second quarter, production of not-from-



Table 1.3: Output of Citrus Products

	Oct-June 2007/2008	Oct-June 2008/2009
Deliveries (boxes)		
Orange	5,476,949	5,379,636
Grapefruit	1,440,893	1,124,249
Total	6,917,842	6,503,867
Concentrate Produced (ps)		
Orange	32,190,919	33,221,789
Grapefruit	5,642,008	4,452,685
Total	37,832,927	37,674,474
Not from concentrate (ps)		
Orange	663,026	331,412
Grapefruit	185,397	38,378
Total	848,423	369,790
Pulp (pounds)		
Orange	1,848,776	2,404,350
Grapefruit	1,440	607,592
Total	1,850,216	3,011,942
Oil Produced (pounds)		
Orange	1,796,300	2,119,400
Grapefruit	218,200	164,600
Total	2,014,500	2,284,000

Sources: Citrus Products of Belize, Belize Citrus Growers Association

concentrate (NFC) juices plummeted by 56.4% to an insignificant 0.4mn ps. Meanwhile, output of by-products such as pulp and citrus oil soared by 62.8% and 13.4%, respectively, due to the processor's drive to maximize value added.

Notwithstanding large grapefruit juice stocks in Florida at the beginning of the season and an increase in grapefruit processing volume, grapefruit export prices inched up modestly. In contrast,

a 1.0% increase in US consumers' per capita orange juice consumption could not offset high beginning juice stocks and a good orange harvest in Florida, so orange juice export prices weakened. The final prices to be paid to local farmers for the 2008/2009 crop were therefore estimated to fall from \$1.41 to \$0.94 per pound solid for orange while those for grapefruit rose to \$0.96 per pound solid compared to \$0.89 in the previous crop year.

Banana

Banana production lagged behind that of the previous year, registering an 8.9% decline to 2.0mn boxes. With the EU funded meristem investments maturing in the latter half of the year, production is expected to gradually increase. There is therefore still a possibility that the industry will reach its projected target of 4.2mn boxes by year end.

Table 1.4: Banana Production

40 pound boxes

	2008	2009
Quarter I	1,105,354	857,657
Quarter II	1,075,872	1,128,893
Total	2,181,226	1,986,550

Source: Banana Grower's Association

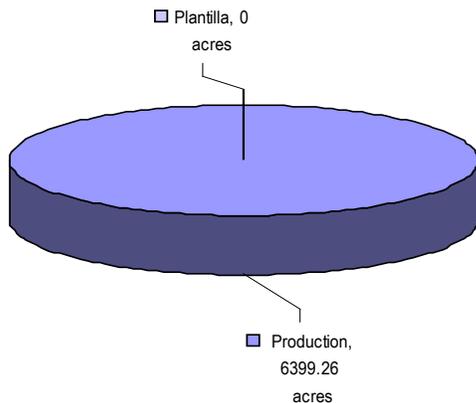
The average box price paid to farmers improved by 4.7% to US\$8.66 without the per box deduction that occurred in 2008 to meet the growers' share of the EU banana import tariffs incurred in



2007 and also in response to more value added packaging done on behalf of their marketers.

Acreage under harvestable trees in June 2009 stood at 6,399 compared to 6,145 acres in February 2009. There were no acres under plantilla (young trees not ready for harvesting), while an estimated 388 acres were prepared and ready for planting.

Chart 1.1: Banana Acreage - February 2009



Tourism

World tourism contracted by 8.0% during the first four months of 2009 in response to the economic downturn in most major economies, loss of consumer confidence precipitated by the current economic uncertainties and the travel scare brought on by the influenza A(H1N1) outbreak. All world regions posted negative growth except Africa. In the Western hemisphere, arrivals to North America, the Caribbean and Central America declined by 7.0%, 6.0% and 4.0%, respectively, while

South America held its ground with a 0.2% growth.

Table 1.5: Bona Fide Tourist Arrivals Year to Date

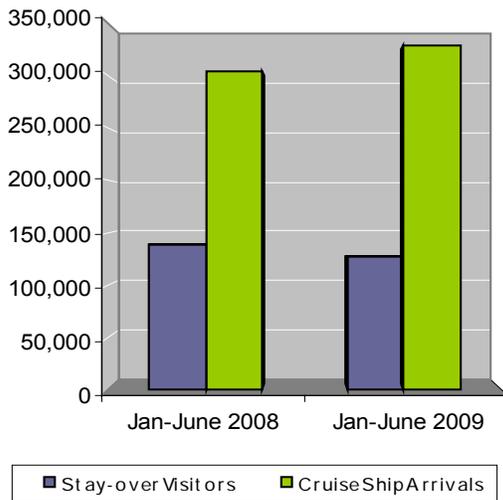
	2008 Jan-June	2009 Jan-June
Stay-over Arrivals		
Air	109,099	99,499
Land	24,134	21,920
Sea	4,973	5,406
Total	138,207	126,825
Cruise Ship	303,541	329,001

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

Like many of its Caribbean counterparts, Belize experienced a downturn in stay-over tourist arrivals during the first half of the year. Stay-over visitors declined by 8.2% to 126,825 persons, as arrivals through the international airport and the land borders fell by 8.8% and 9.2%, respectively, while visitors through the sea ports increased by 8.7%. Reflective of the weak economy, visitors from the United States (the major market for Belize) fell by 7.3%, while those from the EU and other countries declined by 6.9% and 11.7%, respectively. The United States, nonetheless, remained the major market, accounting for 66.8% of the total long-stay tourists, while the EU ranked second with 12.0%.



Chart 1.2: Tourist Arrivals

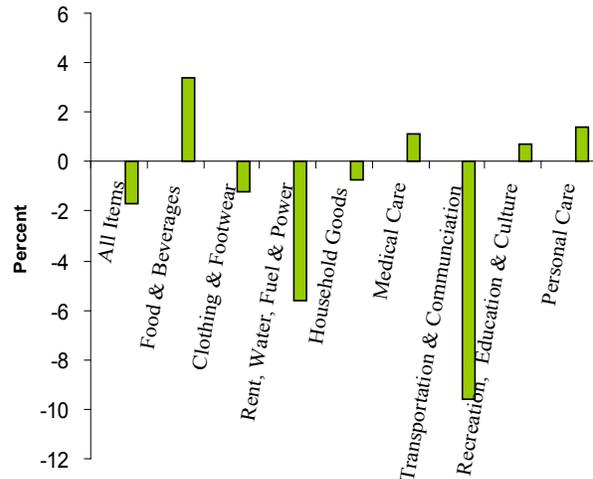


Notwithstanding the fall in port calls (162 to 155) year to date, the number of cruise visitors increased by 8.4% to 329,001, as tourists substituted destinations further from home for short-haul trips. The diversion of some ships from Mexico to Belize because of the swine flu scare also provided a boost.

Consumer Price Index

With lower fuel prices dampening inflationary pressures, the consumer price index fell by 0.1% over the quarter (February to May 2009) and by 1.7% year on year (May 2009 over May 2008) compared to the 6.9% annual point to point growth recorded in May 2008. Prices declined in most categories of goods and services, the exceptions being 'Food, Beverages & Tobacco', 'Medical Care', 'Recreation, Education & Culture' and 'Personal Care'.

Chart 1.3: Annual Percentage Change in Consumer Price Index



'Transportation & Communication' had the largest deflation of 9.6% due to the lower fuel prices at the pump. Double digit declines in the prices of butane and kerosene contributed substantially to the 5.6% contraction in 'Rent, Water, Fuel & Power', while 'Clothing & Footwear' and 'Household Goods & Maintenance' fell by 1.2% and 0.7%, respectively.

The largest price hike of 3.4% was in 'Food, Beverages and Tobacco' and reflected higher prices for food staples such as rice, bread and whole chicken. 'Personal Care' and 'Medical Care' had increases of 1.4% and 1.1%, respectively, while 'Recreation, Education & Culture' rose marginally by 0.7%.



International Trade and Payments

A substantial decline in outflows for imports and profit repatriation more than compensated for lower foreign inflows from domestic exports, tourism, other services and family remittances in the first half of the year. The external current account deficit consequently more than halved to \$48.4mn, compared to the \$111.7mn gap recorded during the same period of the previous year. The surplus on the capital and financial account fell substantially as well from \$233.8mn to \$66.5mn due to lower inflows for foreign direct investments as well as higher net outflows for loan repayments by commercial banks and the private sector. At the end of June, gross international reserves amounted to \$353.9mn, the equivalent of 3.3 months of merchandise imports.

The trade deficit narrowed from \$303.0mn to \$231.0mn as imports and exports simultaneously declined by 23.8%. The significant contraction in imports, which stood at \$600.4mn at the end of June stemmed partly from an almost halving of fuel acquisition cost that eclipsed an increase in fuel volume. The value of electricity imports fell by \$23.1mn, reflective of cost indexing to crude oil prices. Declines were also recorded

Table 2.1: Balance of Payments Summary

	BZ\$m	
	2008 ^R Jan-June	2009 ^P Jan-June
A. CURRENT ACCOUNT		
(I+II+III+IV)	-111.7	-48.4
I. Goods (Trade Balance)	-303.0	-231.0
Exports, f.o.b.	485.0	369.4
Domestic Exports	309.4	246.9
CFZ Gross Sales	152.5	109.4
Re-exports	23.1	13.0
Imports, f.o.b.	787.9	600.4
Domestic Imports	657.2	533.1
CFZ Imports	130.7	67.2
II. Services	286.6	241.7
Transportation	-40.7	-31.9
Travel	289.8	269.4
Other Services	37.5	4.2
III. Income	-188.0	-148.4
Compensation of Employees	-5.7	-4.9
Investment Income	-182.3	-143.6
IV. Current Transfers	92.7	89.3
Government	-0.2	17.2
Private	92.9	72.1
B. CAPITAL & FINANCIAL ACCOUNT		
(I+II)	233.8	66.5
I. Capital Account	9.4	8.0
II. Financial Account (1+2+3+4)	224.4	58.5
1. Direct Investment in Belize	217.5 ⁽¹⁾	100.2
2. Portfolio Investment	1.7	-1.5
Monetary Authorities	0.0	0.0
General Government	-4.6	-1.2
Banks	6.6	0.0
Other Sectors	-0.3	-0.3
3. Financial Derivatives	0.0	0.0
4. Other Investments	5.2	-40.3
Monetary Authorities	-0.6	12.1
General Government	4.0	8.6
Banks	-20.4	-36.2
Other Sectors	22.2	-24.8
C. NET ERRORS & OMISSIONS	-63.2	3.0
D. OVERALL BALANCE	58.9	21.1
E. RESERVE ASSETS⁽²⁾	-58.9	-21.1

P- indicates Provisional, R- indicates Revised

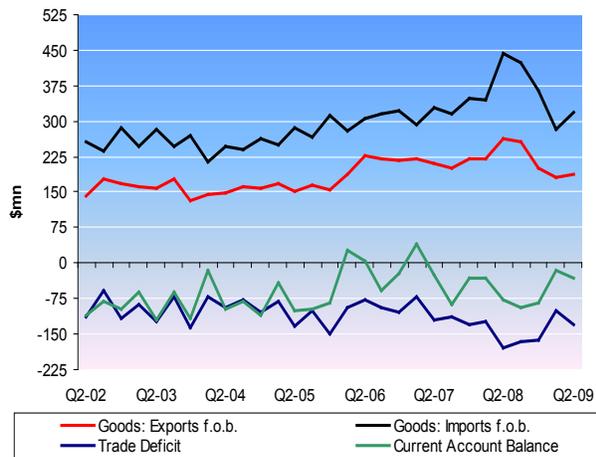
(1) Includes sale of UHS for \$45.0mn.

(2) Minus = increase



in imports of machinery, transport equipment and manufactured goods. Imports into the CFZ almost halved to \$67.2mn, as cross border trade fell with the loss in Mexican purchasing power caused by a depreciation of the Mexican peso against the US dollar and the economic malaise.

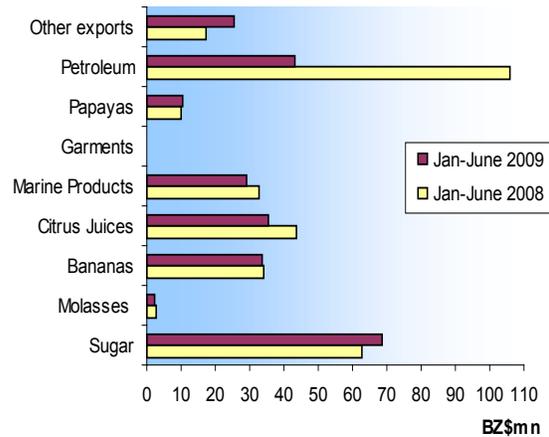
Chart 2.1: Current Account vs. Trade Deficit



The fall in export revenue to \$369.4mn reflected a \$62.4mn decline in domestic exports, a \$43.1mn decrease in CFZ sales and a \$10.1mn fall in re-exports. A significant contraction in petroleum earnings accounted for most of the fall in domestic exports. Earnings from citrus, banana, marine products and molasses also declined, while receipts from sugar, papaya and other miscellaneous exports were up.

Sugar export volume increased by 1.6% compared to the first half of 2008, and earnings grew by 9.8% to \$68.7mn due to EU market dynamics. With the

Chart 2.2: Domestic Exports



exception of 59 long tons that was sold to Canada, all remaining sugar was sold to the EU. The higher than anticipated growth in revenue reflected exchange rate gains from the euro denominated sugar price and a substantial decline in freight costs, as sugar is sold on a cost, insurance and freight (c.i.f.) basis. The fall in domestic production meant that sugar supplies were insufficient to meet the US and CARICOM market demand.

Citrus export volume increased by 4.4% to 17.6mn pound solids (ps), while earnings contracted by 18.6% to \$35.4mn as prices fell in key markets. Weak prices across all major markets resulted in a 19.7% decline in orange concentrate receipts to \$30.3mn. The largest revenue decline occurred in the US market, (the largest market for orange concentrate) where revenues fell by 50.7% as the average price per pound solid fell by 36.1% due to higher US inventories at



the start of the season. With a higher sale volume masking a \$0.45 drop in the average price per pound solid, earnings from the Caribbean rose. Sales of orange concentrate to Japan expanded significantly. Meanwhile, earnings from grapefruit concentrate fell by 11.6% to \$5.1mn as lower sale volumes to the Caribbean and Europe outweighed gains from higher prices received in these markets. Grapefruit concentrate sales to Japan amounted to 0.9mn ps valued at \$2.0mn.

Marine export volume rose by 1.8% to 7.7mn pounds, while receipts declined by 11.9% to \$29.0mn. The revenue decline was primarily attributed to lower average unit prices for lobster and shrimp, which outweighed increases in their export volumes. Earnings from shrimp exports fell by 10.3% to \$19.9mn as a 20.8% fall in the average price offset a 13.3% rise in exported volume. Similarly, lobster's export volume rose by 48.5%, but receipts only increased by 11.7% as the average price fell by 25.0%. Earnings from conch fell by 38.2% to \$1.9mn while contractions in tilapia and cobia production pushed fish export volume down by 43.2% to 0.9mn pounds, causing receipts to almost half to \$1.3mn.

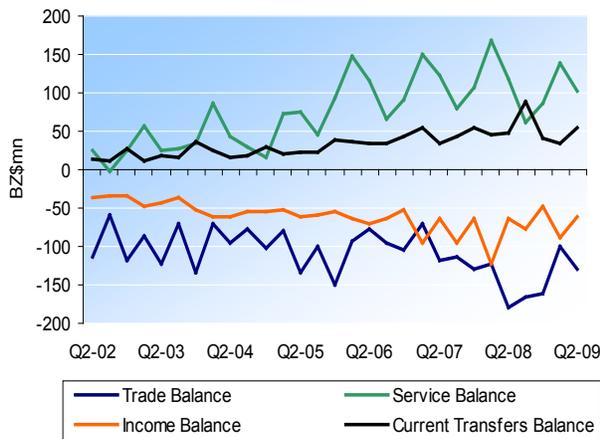
With the average unit price improving, a 6.4% decline in banana export volume yielded a smaller decline in receipts of 1.6%. On the other hand, while petroleum export volume increased by approximately

one-third to 612,666 barrels, earnings plunged by 59.3% to \$43.1mn due to a fall in the average price per barrel from US\$115.47 to US\$35.14. Crude oil prices fell dramatically during the first half of the year, as the global economic downturn and pessimistic expectations on the pace of the economic recovery caused oil demand to weaken and oil inventories to rise. Revenues from papaya were up by 4.7% to \$10.6mn notwithstanding the 15.8% decline in export volume due to significant increases in fungal and fruit diseases as a result of the 2008 floods. Receipts from other miscellaneous exports rose by 46.8% to \$25.4mn due to higher sales of non-traditional products, orange oil, fresh oranges, black eye peas, sawn wood and pepper sauce.

Lower inflows from tourism and other services were the main cause of the 15.7% decline in the surplus on the services' account, which stood at \$241.7mn at the end of June. Travel receipts fell by 7.0% to \$269.4mn with the decrease in stay-over visitors. At the same time, inflows from other services plummeted by 88.7% to only \$4.2mn primarily due to lower inflows for a medley of business services and for embassies and military units. On the positive side, net outflows for transportation services fell by 21.6% to \$31.9mn, as a significant reduction in outlays on international freight charges more than outweighed lower earnings by port agents caused by the reduction in cruise ship port calls.



Chart 2.3: Service, Income, and Current Transfers Balances

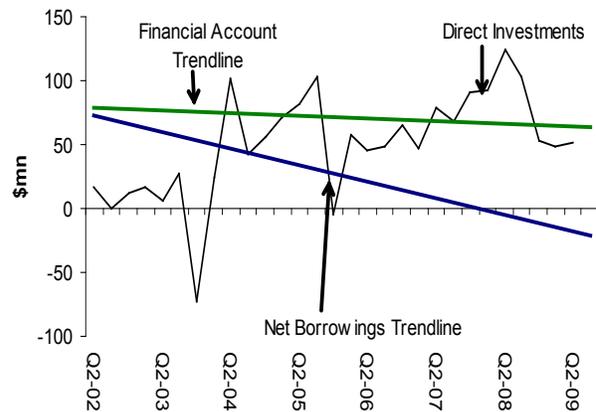


Contrasting with this, the income account improved markedly, as net outflows decreased by 21.0% to \$148.4mn with a significant reduction in the repatriation of profits/dividends. Meanwhile, net inflows from current transfers shrank by 3.7% to \$89.3mn due to a 22.4% drop in private transfers, coming mostly from inward remittances and insurance claims.

The capital and financial account netted a surplus of \$66.5mn, substantially lower than the \$233.8mn realized during the first half of 2008. The capital account surplus edged down marginally by \$1.0mn to \$8.0mn, as \$5.0mn in debt relief from the United Kingdom couldn't compensate for a \$6.8mn fall in capital donations. The smaller surplus of \$58.5mn on the financial account was attributable to the 53.9% slash in foreign direct investment inflows and net loan repayments by the commercial banks and private sector. In other developments, the monetary authorities registered

inflows of \$12.1mn that reflected an IMF Emergency National Disaster Assistance (ENDA) loan disbursement to the Central Bank for balance of payment support in response to the 2008 floods. Net inflows to government also increased by \$8.6mn as loan disbursements outweighed repayments.

Chart 2.4: Main Components of the Financial Account

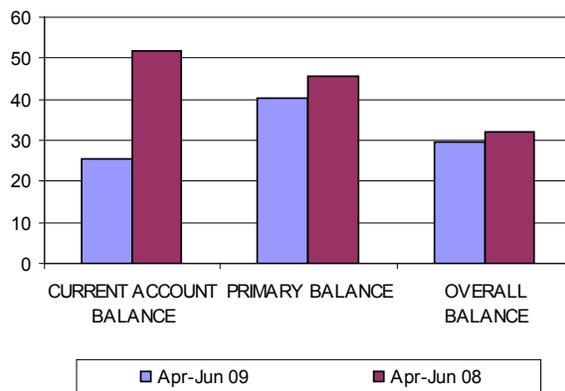




Government Operations and Public Debt

The sluggish economy and continued reliance on grants were the main influences on Central Government's fiscal out-turn for the first quarter of the 2009/2010 fiscal year. Compared to the same period of the previous fiscal year, total revenue dipped slightly by \$2.9mn to \$188.0mn, as the \$22.5mn nosedive in current revenue was mostly offset by \$20.2mn in grants. With expenditures holding virtually steady at \$158.5mn, the government generated current, primary and overall surpluses of \$25.6mn, \$40.3mn and \$29.5mn.

Chart 3.1: GOB Fiscal Operations



The overall surplus allowed a notable reduction in domestic obligations that occurred by way of a \$15.3mn reduction in net borrowing and \$13.0mn increase in deposits. External financing also fell by \$1.6mn.

Table 3.1: Central Government's Revenue and Expenditure

BZ\$m

	Apr-08 Jun-08	Apr-09 Jun-09
Total Revenue & Grants	190.9	188.0
<i>of which: Current Revenue</i>	188.3	165.8
<i>of which: Grants</i>	1.1	20.2
Total Expenditure	158.7	158.5
Current Expenditure	136.6	140.1
Capital Expenditure	22.1	18.3
Current Balance	51.6	25.6
Primary Balance	45.6	40.3
Overall Balance	32.2	29.5

The fall in current revenue reflected economic and timing factors with the larger decline of \$13.5mn in non-tax collections being due to the transfer of Central Bank profits prior to the reporting period as well as a reduction in petroleum royalties. Notwithstanding a substantial pickup in business taxes aided by the adjustments in taxes on commercial banks and casinos, tax collections were down by \$9.1mn due to the slowdown in imports, retail trade and tourist activities. Receipts from the General Sales Tax and petroleum operations fell by \$16.1mn and \$10.3mn, respectively, while the tax increase on imported fuel held the decline in collections from international trade and transactions to \$3.0mn. Petroleum taxes were affected by the weakening in international crude oil prices as well as a temporary delay in payments pending the outcome of a financial audit. Grants came mostly from the CARICOM Petroleum Fund, which supplied \$18.0mn for rehabilitation of



roads affected by the 2008 floods.

Current expenditures rose by 2.6%, as

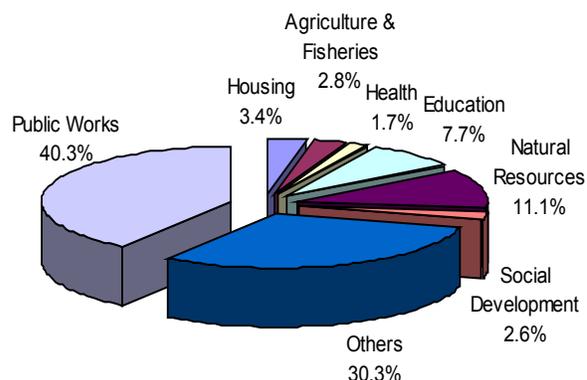
Table 3.2: Summary of Central Government's Revenue

	BZ\$m	
	Apr-08 Jun-08	Apr-09 Jun-09
Current revenue	188.3	165.8
Tax revenue	160.4	151.3
Income and profits	48.1	56.7
Taxes on property	1.8	2.3
Taxes on goods & services	66.8	51.6
Int'l trade and transactions	43.7	40.7
Non-Tax Revenue	27.9	14.4
Property income	9.0	0.4
Licenses	4.7	3.2
Other	14.2	10.9
Capital revenue	1.5	2.0
Grants	1.1	20.2

a \$6.4mn increase in goods & services, subsidies & transfers and wages & salaries was partly offset by a \$2.9mn decrease in interest payments and pensions. Notable increases in outlays went to contractors, payments for materials and supplies, maintenance costs and transfers to educational institutions and statutory bodies. In contrast, capital expenditures shrank by \$3.7mn due mostly to project delays. Of the \$17.5mn in development expenditures, some 40.3% went on infrastructural projects, which included the Placencia Road upgrade, completion of the Southern Highway, streets and drains. Security, contributions to international agencies and acquisition of furniture and vehicles accounted for another 30.3%.

Other smaller but notable allocations went

Chart 3.2: GOB Development Expenditure for FY08/09



on natural resources (11.1%) mainly for land development/management, education (7.7%), housing programs (3.4%), agricultural projects (2.8%) and social services (2.6%).

Table 3.3: Central Government's FY Expenditure

	BZ\$m	
	Apr-08 Jun-08	Apr-09 Jun-09
Current Expenditure	136.6	140.1
Wages & Salaries	60.3	61.0
Pensions	12.1	4.5
Goods & Services	30.5	33.3
Interest Payments	13.4	10.8
of which: External	8.0	5.1
Subsidies & current transfers	20.4	23.1
Capital Expenditure	22.1	18.3
Capital II	12.2	11.1
Capital III	9.0	6.4
Net lending	0.8	0.8

Central Government's Domestic Debt

During the first half of the year, a decrease in its overdraft balance with the Central Bank (\$15.8mn) and the accelerated retirement of some loans underpinned a 7.3% reduction in Central Government's domestic debt, which stood at \$308.5mn.



Amortization payments totaled \$8.5mn, of which \$6.2mn and \$1.3mn went to pay-off the Belize Bank infrastructural development loan and the RECONDEV Cohune Walk Housing Loan, respectively. Some \$1.1mn went to Belize Social Security Board (BSSB) for the Hopeville Housing Loan and the Debt for Nature Swap.

In secondary trading, the Central Bank sold \$24.5mn worth of Treasury notes

Table 3.4: Central Government's Domestic Debt

BZ\$m

	Dec 2008	June 2009	Changes in Stock
Overdraft	130.9	115.2	-15.7
Loans	21.1	12.5	-8.6
Treasury Bills	100	100	0
Treasury Notes	65.8	65.8	0
Defence Bonds	15	15	0
Total	332.8	308.5	24.3

to the commercial banks and non-bank entities. The commercial banks, in turn, sold \$2.6mn worth of Treasury Bills to the Central Bank and non-bank entities. Interest payments amounted to \$12.4mn, 52.3% of which was paid on the overdraft balance with the Central Bank. Holders of Treasury notes and Treasury bills received \$3.4mn and \$1.6mn, respectively. Interest payments to the Belize Bank were \$0.1mn, while \$0.2mn went to BSSB. Debt for Nature Swap and Guardian Life received smaller amounts.

Public Sector External Debt

At the end of June, the public sector external debt had risen by 1.2% (\$23.2mn) to \$1,934.4mn, as disbursements of \$66.2mn exceeded amortization payments of \$42.4mn and downward valuation adjustments of \$0.6mn.

Of total disbursements, \$52.3mn went

Table 3.5: Public Sector's External Debt

BZ\$m

	DOD at: 31/12/08	DOD at: 30/06/09	Change in Debt Stock
Central Government	1,817.8	1,834.7	16.9
Bilateral	323.8	318.7	-5.1
Multilateral	394.5	416.5	22.0
Bonds	1,093.5	1,093.5	0
Commercial Banks	6.0	6.0	0
Export Credit	0	0	0
Rest of NFPS	35.2	33.9	-1.3
Bilateral	5.8	5.2	-0.6
Multilateral	28.5	28.0	-0.5
Commercial Banks	0.8	0.6	-0.2
Export Credit	0	0	0
Financial Public Sector	58.3	65.9	7.6
Bilateral	1.5	1.2	-0.3
Multilateral	16.5	29.4	12.9
Bonds	40.3	35.2	-5.1
Export Credit	0	0	0
Grand Total	1,911.2	1,934.4	23.2

to Central Government, with bilateral and multilateral lenders accounting for \$17.0mn and \$33.2mn, respectively. The CDB disbursed \$25.0mn as the second tranche of the policy based loan, while Venezuela provided \$17.0mn in



trade credit on fuel. Of the remaining untendered Bear Stearns notes, \$2.1mn was exchanged for the 'super bond'. The financial public sector also received \$13.9mn by way of an IMF disaster assistance facility (ENDA Loan) for balance of payments support.

Central Government amortized \$21.6mn to bilateral creditors, including \$11.8mn to the Government of Venezuela for short term credit on fuel imports and \$7.2mn to ROC/Taiwan for housing and highway rehabilitation. Multilateral creditors received \$11.1mn including payments of \$4.1mn to IDB, \$3.9mn to IBRD and \$2.0mn to CDB. The financial public sector paid \$5.0mn to the Belize Mortgage company, \$1.1mn to multilateral lenders and \$0.3mn to bilateral creditors, while the non-financial public sector amortized a total of \$1.1mn to CDB, Deutsche Bank and the Government of Kuwait.

Of the \$38.5mn in interest payments, Central Government accounted for 93.7% that included \$23.4mn on the 'super bond'. Additionally, bilateral and multilateral creditors received \$5.6mn and \$7.0mn, respectively. On the other hand, the financial public sector made interest payments totaling \$1.7mn to the Belize Mortgage Company and multilateral creditors. The non-financial public sector also paid \$0.4mn to CDB, Government of Kuwait and Deutsche Bank.

The debt stock fell by \$0.6mn as the

appreciation of the US dollar against the Kuwait dinar, Euro and the SDR's reduced the value of loans denominated in these currencies.



MONETARY DEVELOPMENTS

Coinciding with reduced economic activity, growth in the broad money supply slowed to 5.0% during the first semester, down from the 9.9% expansion recorded over the comparable period of 2008. This growth largely reflected a \$59.4mn improvement in the net foreign asset position of the banking system and, to a lesser extent, a \$23.7mn (1.4%) increase in credit to the private

sector. The former was facilitated by a reduction in the external current account deficit which allowed commercial banks to aggressively repay foreign obligations even in the face of waning inflows from tourism, remittances and foreign direct investments. Supporting this was the build-up in gross official reserves that was primarily attributed to bilateral and multilateral flows. Meanwhile, new disbursements for construction loans fuelled credit to the private sector, the bulk of which occurred during the second quarter.

Table 4.1: Factors Responsible for Money Supply Movements

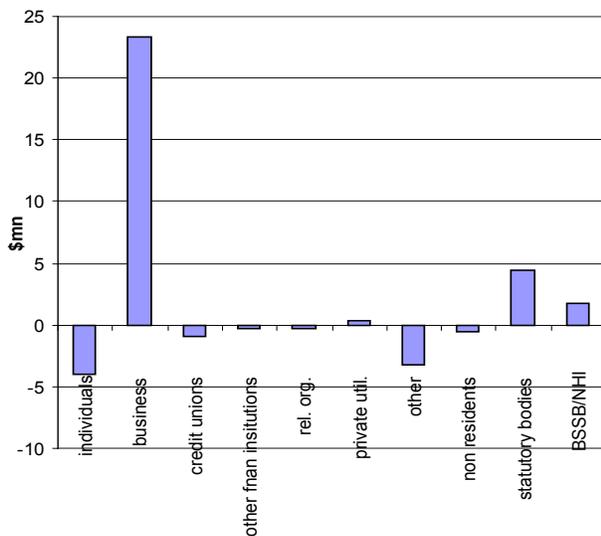
BZ\$m

	Position as at June 2009	Changes during	
		Dec 2008 to June 2009	Dec 2007 to June 2008
Net Foreign Assets	522.4	59.4	79.9
Central Bank	401.6	23.1	59.5
Commercial Bank	120.8	36.3	20.4
Net Domestic Credit	1927.4	23.7	65.7
Central Government (Net)	149.6	5.9	-2.1
Other Public Sector	9.9	-3.2	-2.7
Private Sector	1767.9	21.0	70.5
Central Bank Foreign Liabilities (Long-term)	13.9	13.9	0.0
Other Items (net)	375.9	-28.7	-25.8
Money Supply M2	2060.0	97.9	171.4



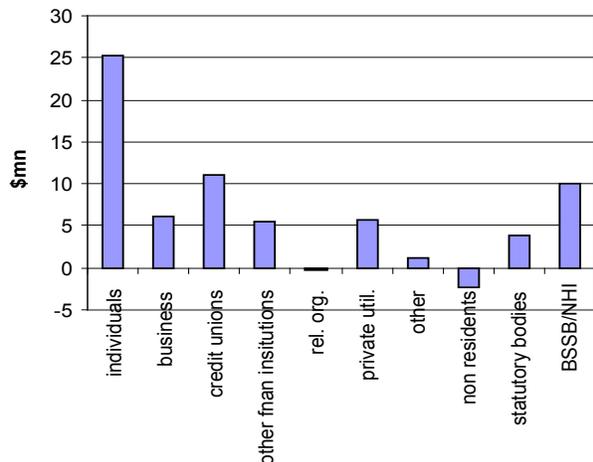
Narrow money rose by 3.3% (as compared to 7.9% in the first half of 2008) with an increase in demand deposits by businesses that not only reflected cyclical patterns in receipts but also a delay in payments for imported fuel.

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



Growth in quasi money also fell from 11.2% to 5.9% with smaller increases in savings and time deposits. Individuals, credit unions and the BSSB accounted for approximately 70.0% of the \$66.0mn

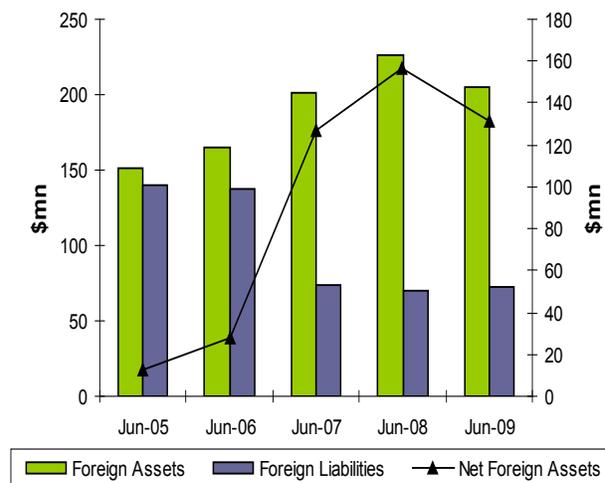
Chart 4.2: Changes in Time Deposits, by Sector Jan-June 2009



expansion in the latter .

The net foreign assets of the banking system grew by 14.0% with increases in the net positions of the commercial banks and Central Bank of \$36.3mn and \$23.1mn, respectively. The improvement in commercial banks' net foreign position reflected a 47.9% (\$67.1mn) reduction in short term foreign liabilities that

Chart 4.3: Commercial Banks' Net Foreign Asset Position



outpaced the \$30.8mn reduction in their foreign assets.

Meanwhile, the Central Bank recorded a \$21.3mn increase in foreign assets reflecting inflows of \$135.1mn and outflows of \$113.8mn. The major sources (accounting for 82.0%) of receipts included loan disbursements, sugar export earnings, a grant from the CARICOM Petroleum Fund, purchases from commercial banks and receipts from the domestic sale of Venezuelan fuel. Approximately 70.0% of the



Bank's outflows were used to facilitate Central Government's payments abroad expansion in net domestic credit with financing in 2009 being chiefly allocated

Table 4.2: Net Foreign Assets of the Banking System

BZ\$mnn

	Position as at June 2009	Changes during	
		Dec 2008 to June 2009	Dec 2007 to June 2008
Net Foreign Assets of Banking System	522.4	59.4	79.9
Net Foreign Assets of Central Bank	401.6	23.1	59.5
Central Bank Foreign Assets	405.1	21.3	58.9
Central Bank Foreign Liabilities (Demand)	3.5	-1.8	-0.6
Net Foreign Assets of Commercial Banks	120.8	36.3	20.4
Commercial Bank Foreign Assets	198.8	-30.8	23.0
Commercial Bank Foreign Liab. (Short-Term)	78.0	-67.1	2.6

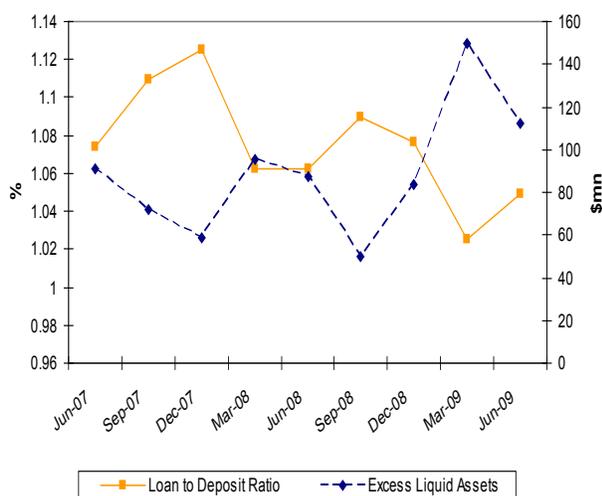
with the bulk going toward external debt obligations that included interest payments on the 'super-bond'.

Like the previous year, credit to the private sector dominated the 1.4%

for construction activities.

While net credit to Central Government rose by \$5.9mn, loans to the rest of the public sector continued on a downward trend with some \$3.2mn being repaid to the commercial banks.

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



Liquidity developments generally conformed to seasonal trends with a build up in the first quarter that began gradually tapering off in the second as lending increased. Over the six month period, excess statutory liquidity was up by 34.0% with commercial bank liquid asset holdings growing by \$66.1mn against a \$37.5mn increase in the required level. At the end of June, commercial banks' secondary reserves stood 25.3% above the legal requirement, while cash reserves were approximately 21.7% above the required level.



Exhibiting some degree of stickiness, the weighted average lending rate decreased by only 2 basis points to 14.08% over the review period, with declines being recorded for personal and commercial loans. Price adjustments on deposits were greater with the rates on all deposits except savings/checking accounts contributing to a 15 basis points decline in the weighted average deposit rate. Consequently, the weighted average interest rate spread rose by 13 basis points to settle at 7.88%.



ANNEX I



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

	Constant 2000 prices– BZ\$ million					
	07 Q1	07 Q2	08 Q1	08 Q2	09 Q1	09 Q2
Agriculture, hunting & forestry	74.2	73.0	73.7	72.7	66.2	64.3
Fishing	17.6	4.5	14.2	12.6	14.8	11.8
Manufacturing (incl. mining & quarrying)	78.6	73.0	71.0	78.6	73.8	94.3
Electricity & water	21.4	20.6	15.5	19.5	15.9	20.2
Construction	17.0	17.0	21.2	23.3	27.3	28.2
Wholesale & Retail	80.4	84.6	84.3	93.0	77.0	84.8
Hotels & Restaurants	32.6	24.7	30.7	22.7	27.2	20.8
Transport & communication	65.9	66.5	70.0	68.8	68.2	65.5
Other private services exc. FISIM	92.9	93.1	96.8	97.7	99.6	100.1
Producers of government services	50.2	51.2	53.1	52.5	56.7	51.4
All industries at basic prices	530.8	508.1	530.5	541.4	526.7	541.6
Taxes on products	80.8	86.8	83.9	91.4	75.4	82.8
GDP at market prices	611.6	595.0	614.5	632.8	602.1	624.4

Source: Statistical Institute of Belize

Table 5.2: Percentage Change of GDP by Activity at Constant 2000 Prices

	Quarter-on-quarter growth (%)					
	Q1-07	Q2-07	Q1-08	Q2-08	Q1-09	Q2-09
	Over Q1-06	Over Q2-06	Over Q1-07	Over Q2-07	Over Q1-08	Over Q2-08
Agriculture, hunting & forestry	-2.9	0.5	-2.5	-1.4	-10.2	-11.6
Fishing	-39.9	-74.6	-18.7	177.5	4.2	-6.1
Manufacturing (incl. mining & quarrying)	9.0	2.5	-10.2	-27.3	3.9	20.0
Electricity & water	35.5	4.6	-27.3	-5.2	2.7	3.6
Construction	-1.7	-5.5	32.5	44.4	28.8	21.2
Wholesale & Retail	5.8	8.1	4.3	9.5	-8.6	-8.8
Hotels & Restaurants	11.6	5.4	-5.6	-7.4	-11.4	-8.5
Transport & communication	9.6	13.9	5.0	2.2	-2.7	-4.8
Other private services exc. FISIM	4.5	2.8	3.9	4.5	2.9	2.5
Producers of government services	0.0	5.3	6.0	3.2	6.7	-2.1
All industries at basic prices	3.0	1.9	-0.4	6.3	-0.7	0.0
Taxes on products	17.3	19.5	3.2	5.0	-10.1	-9.4
GDP at market prices	4.7	4.1	0.1	6.1	-2.0	-1.3

Source: Statistical Institute of Belize (YTD): year to date



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

Major Commodity Group	Weight	Quarterly Change					Annual Change
		May-08	Aug-08	Nov-08	Feb-09	May-09	
Food, Beverage & Tobacco	346.6	4.3	5.8	0.9	0.4	-3.6	3.4
Clothing & Footwear	92.0	-0.1	-0.1	-1	-0.3	0.3	-1.2
Rent, Water, Fuel, & Power	167.6	1	0.7	-1.4	-4.2	-0.8	-5.6
Household goods & maintenance	85.3	1.3	0.5	-1	-0.1	-0.2	-0.7
Medical care	20.1	0.7	1.4	-1.1	0.6	0.2	1.1
Transport & Communication	170.1	5.5	1.3	-12.7	-6	8.8	-9.6
Recreation, Education & Culture	80.4	0.8	0.2	0.3	0.2	0.0	0.7
Personal care	37.9	1.9	1.3	0.3	-0.6	0.5	1.4
ALL ITEMS	1000	3.1	2.7	-2.7	-1.6	-0.1	-1.7

Source: Statistical Institute of Belize

Table 5.4: Gross Imports (CIF) by SITC

BZ\$mn

SITC Section	Jan-June 2008	Jan-June 2009
0 Food and Live Animals	83.9	83.2
1 Beverages and Tobacco	8.1	10.2
2 Crude Materials	5.8	6.5
3 Minerals, Fuels and Lubricants	126.9	77.0
<i>of which electricity</i>	45.8	22.7
4 Oils and Fats	2.7	2.9
5 Chemical Products	61.0	64.6
6 Manufactured Goods	112.0	92.4
7 Machinery and Transport Equipment	184.3	143.6
8 Other Manufactures	48.7	46.2
9 Commodities N.E.S	1.6	0.0
Export Processing Zones	43.7	40.6
Commercial Free Zone	143.6	73.9
Personal Goods	1.5	1.0
Total	823.8	642.1

Source: Statistical Institute of Belize



Table 5.5: Balance of Payments

BZ\$mn

	2008 ^R	2009 ^P
	Jan-Jun	Jan-Jun
CURRENT ACCOUNT	-111.7	-48.4
Goods: Exports f.o.b.	485.0	369.4
Goods: Imports f.o.b.	-787.9	-600.4
Trade Balance	-303.0	-231.0
Services: Credit	451.9	396.5
Transportation	27.5	20.7
Travel	326.0	305.6
Other Goods & Services	66.3	44.2
Gov't Goods & Services	32.1	26.0
Services: Debit	-165.3	-154.8
Transportation	-68.2	-52.6
Travel	-36.2	-36.2
Other Goods & Services	-53.0	-57.4
Gov't Goods & Services	-7.8	-8.6
Balance on Goods & Services	-16.4	10.7
Income: Credit	6.1	4.5
Compensation of Employees	2.4	2.4
Investment Income	3.7	2.1
Income: Debit	-194.1	-152.9
Compensation of Employees	-8.1	-7.2
Investment Income	-186.0	-145.7
Balance on Goods, Services & Income	-204.4	-137.7
Current Transfers: Credit	118.0	113.2
Current Transfers: Debit	-25.3	-23.9
CAPITAL ACCOUNT	9.4	8.0
Capital Account: Credit	10.4	8.3
Capital Account: Debit	-0.9	-0.3
FINANCIAL ACCOUNT	224.4	58.5
Direct Investment Abroad	-5.4	-0.3
Direct Investment in Reporting Economy	222.9 ⁽¹⁾	100.6
Portfolio Investment Assets	6.3	-0.3
Portfolio Investment Liabilities	-4.6	-1.2
Financial Derivatives	0.0	0.0
Other Investment Assets	-21.0	32.7
Other Investment Liabilities	26.2	-73.0
NET ERRORS & OMISSIONS	-63.2	3.0
OVERALL BALANCE	58.9	21.1
RESERVE ASSETS⁽²⁾	-58.9	-21.1

Source: Central Bank of Belize

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

(2) Minus = increase

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 June '09)			DOD as at 30/06/09
		Disbursements	Principal Payments	Interest Payments	
Long Term:					
Agricultural Production	11,198	0	889	49	10,309
Air Transport	63,302	506	3,327	1,309	60,481
Banana	1,592	0	500	15	1,092
Citrus	58,217	2,101	780	619	59,708
Development of Port Facilities	50,137	10,000	130	2,913	60,008
Education & Training	292	0	21	0	271
Energy (Electricity)	126,641	4,858	6,206	1,773	125,038
Ground Transport	2,388	0	108	72	2,280
Land (Purchase & Development)	410	0	15	5	395
Marine Products	158,777	3,000	4,645	3,425	157,152
Maritime Transport	2,461	0	214	24	2,247
Telecommunications	45,502	0	0	2,724	45,502
Tourism & Hotel Industry	53,758	0	3,173	1,204	50,515
Other	4,615	720	51	143	5,263
Grand Total	579,291	21,184	20,060	14,276	580,262

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

(2) At the time of reporting not all companies had submitted their balance sheets to the Central Bank of Belize.



Table 5.7: Central Government's Revenue and Expenditure

BZ\$'000

	Approved Budget 21009/2010	June-09	Apr-09 to June-09	Apr 08 to June-08	Actual YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	807,330	58,042	187,997	190,925	23.3%
1). Current revenue	751,271	54,995	165,788	188,309	22.1%
Tax revenue	670,112	51,826	151,337	160,394	22.6%
Income and profits	210,472	19,145	56,751	48,072	27.0%
Taxes on property	7,706	702	2,322	1,760	30.1%
Taxes on goods and services	261,525	16,915	51,576	66,853	19.7%
Int'l trade and transactions	190,409	15,064	40,688	43,709	21.4%
Non-Tax Revenue	81,158	3,169	14,451	27,915	17.8%
Property income	10,734	77	365	8,973	3.4%
Licenses	9,447	731	3,156	4,728	33.4%
Other	60,977	2,360	10,930	14,215	17.9%
2). Capital revenue	5,600	1,048	2,027	1,510	36.2%
3). Grants	50,459	2,000	20,182	1,106	40.0%
TOTAL EXPENDITURE (1+2)	856,426	54,671	158,496	158,725	18.5%
1). Current Expenditure	689,760	47,206	140,149	136,651	20.3%
Wages and Salaries	276,521	19,795	61,053	60,286	22.1%
Pensions	43,916	4,540	11,807	12,073	26.9%
Goods and Services	169,386	11,508	33,333	30,549	19.7%
Interest Payments on Public Debt	105,942	3,599	10,804	13,368	10.2%
Subsidies & current transfers	93,996	7,765	23,152	20,373	24.6%
2). Capital Expenditure	166,665	7,465	18,347	22,074	11.0%
Capital II (local sources)	63,379	5,775	11,154	12,244	17.6%
Capital III (foreign sources)	100,078	1,691	6,391	9,029	6.4%
Capital Transfer & Net Lending	3,208	0	802	802	25.0%
CURRENT BALANCE	61,510	7,789	25,639	51,659	41.7%
Primary Balance	56,846	6,970	40,305	45,569	70.9%
OVERALL BALANCE	-49,096	3,371	29,501	32,200	-60.1%
PB less Grants	6,386	4,970	20,123	44,463	315.1%
OB less Grants	-99,555	1,371	9,319	31,094	-9.4%
FINANCING		-3,371	-29,501	-32,200	
Domestic Financing		-2,415	-28,296	-45,076	
Central Bank		4,114	-22,260	-49,551	
Net Borrowing		-329	-9,089	-59,799	
Change in Deposits		4,443	-13,171	10,248	
Commercial Banks		-8,793	11,635	4,979	
Net Borrowing		-6,721	-12,622	3,664	
Change in Deposits		-2,072	987	1,315	
Other Domestic Financing		2,264	5,599	-504	
Financing Abroad		-874	-1,571	1,873	
Disbursements		3,878	17,045	23,225	
Amortization		-4,752	-18,616	-21,351	
Other		-82	366	11,002	

Sources: Ministry of Finance and Central Bank of Belize



Table 5.8: Central Government's Domestic Debt by Creditor⁽¹⁾

BZ\$'000

	Disbursed Outstanding Debt 31/12/08	Transactions (January to June 2009)				Disbursed Outstanding Debt 30/06/09
		Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft / Loans	130,959	0	0	6,463	-15,750	115,210
Central Bank	130,959	0	0	6,463	-15,750	115,210
Commercial Banks	0	0	0	0	0	0
Treasury Bills	100,000	0	0	1,607	0	100,000
Central Bank	10,069	0	0	194	2,505	12,574
Commercial Banks	88,625	0	0	1,399	-2,622	86,003
Other	1,306	0	0	14	117	1,423
Treasury Notes	65,800	0	0	3,447	0	65,800
Central Bank	61,197	0	0	2,275	-24,475	36,722
Commercial Banks	0	0	0	0	15,000	15,000
Other	4,603	0	0	1,172	9,475	14,078
Defence Bonds	15,000	0	0	400	0	15,000
Central Bank	10,000	0	0	400	5	10,005
Commercial Banks	100	0	0	0	0	100
Other	4,900	0	0	0	-5	4,895
Infrastructure Dev. Ln (BBL)	6,238	0	6,238	67	0	0
BSSB Loan⁽²⁾	6,126	0	367	226	0	5,758
GOB (debt for Nature Swap)	6,419	0	653	85	0	5,766
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	8,537	12,364	-15,750	308,534

(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 June '09)				DOD at: 30/06/2009
		Disbursements	Principal Payments	Interest & Other Payments	Parity Change	
CENTRAL GOVERNMENT	1,817,774	52,267	34,782	36,152	-556	1,834,703
Banco Nacional de Comercio Exterior	6,881	0	529	217	0	6,352
Fondo de Financ. de las Exportaciones	109	0	109	3	0	0
Government of the United States ⁽²⁾	2,578	0	419	56	0	2,160
Government of Trinidad and Tobago	8	0	4	0	0	4
Government of Venezuela	36,494	17,019	11,842	0	0	41,671
Kuwait Fund for Arab Economic Dev	14,711	0	622	135	-517	13,572
Republic of China	258,660	0	7,187	5,113	0	251,472
Caribbean Development Bank	135,803	29,545	1,989	1,640	-1	163,358
European Economic Community	17,353	0	265	44	19	17,107
European Investment Bank	284	0	0	0	0	284
Inter-American Development Bank	188,522	3,395	4,100	4,105	0	187,818
International Fund for Agric. Dev.	994	0	61	26	-58	875
Intl. Bank for Reconstruction & Dev.	38,456	0	3,945	895	0	34,511
Opec Fund for Int'l. Development	13,116	219	767	306	0	12,567
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
Bear Stearns & Co.	7,994	0	2,078	0	0	5,916
Bank of New York (New Bond Issue)	1,085,525	2,089	0	23,441	0	1,087,613
NON-FINANCIAL PUBLIC SECTOR	35,162	16	1,086	416	-225	33,867
Kuwait Fund for Arab Economic Dev	5,791	0	343	110	-225	5,223
Deutsche Bank	818	0	173	27	0	644
Caribbean Development Bank ⁽³⁾	28,553	16	570	279	0	28,000
FINANCIAL PUBLIC SECTOR	58,290	13,870	6,491	1,994	210	65,878
Caribbean Development Bank	14,919	0	783	188	0	14,136
European Economic Community	529	0	18	2	0	510
European Investment Bank	1,022	0	342	11	0	680
Paine Webber Real Estate Securities Inc.	1,100	0	100	2	0	1,000
Belize Mortgage Company	40,267	0	5,023	1,733	0	35,244
International Monetary Fund	0	13,870	0	51	210	14,080
Government of the United States	454	0	225	7	0	229
GRAND TOTAL	1,911,226	66,153	42,360	35,562	-572	1,934,447

(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

BZ\$mn

	Position as at Jun 2009	Changes during	
		Dec 2008 to Jun 2009	Dec 2007 to Jun 2008
Money Supply (M2)	2064.5	97.9	171.4
Money Supply (M1)	729.4	23.2	55.6
Currency with the Public	148.0	-5.9	-0.9
Demand Deposits	388.6	20.6	38.6
Savings/Cheque Deposits	192.8	8.5	17.9
Quasi-Money	1335.1	74.7	115.8
Savings Deposits	174.2	8.7	10.5
Time Deposits	1160.9	66.0	105.3



Table 5.11: Net Domestic Credit

BZ\$mn

	Position as at Jun 2009	Changes during	
		Dec 2008 to Jun 2009	Dec 2007 to Jun 2008
Total Credit to Central Government	275.6	-31.6	-15.6
From Central Bank	174.5	-37.8	-14.4
Loans and Advances	115.2	-15.8	-6.1
Gov't Securities ⁽¹⁾	59.3	-22.0	-8.3
From Commercial Banks	101.1	6.2	-1.2
Loans and Advances	0.0	-6.2	-9.1
Gov't Securities	101.1	12.4	7.9
(of which) Treasury Bills	86.0	-2.6	17.9
Treasury Notes	15.0	15.0	-10.0
Other	0.1	0.0	0.0
Less Central Government Deposits	79.2	-37.5	-13.5
With Central Bank	62.2	-47.1	-5.5
With Commercial Banks	17.0	9.6	-8.0
Net Credit to Central Government	196.4	5.9	-2.1
Credit to Other Public Sector	9.8	-3.2	-2.7
From Central Bank	0.0	0.0	0.0
From Commercial Banks	9.8	-3.2	-2.7
(of which) Local Government	7.0	-0.7	-0.3
Public Financial Institutions	0.0	-1.3	-0.2
Public Utilities	0.0	0.0	0.0
Other Statutory Bodies	2.7	-1.2	-2.2
Securities	0.0	0.0	0.0
Plus Credit to the Private Sector	1749.5	21.0	70.5
Loans and Advances	1748.3	23.7	70.4
Securities	1.2	-2.7	0.1
Net Domestic Credit of the Banking System⁽²⁾	1955.7	23.7	65.7

(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 Jun 2009	Changes during	
		Dec 2008 to Jun 2009	Dec 2007 to Jun 2008
PRIMARY SECTOR	191.4	-3.8	2.2
Agriculture	127.2	-6.5	3.1
Sugar	15.9	-1.4	-0.4
Citrus	16.5	-2.1	-1.2
Bananas	77.5	-1.4	1.1
Other	17.3	-1.6	3.6
Marine Products	31.7	3.8	0.1
Forestry	2.5	0.3	0.3
Mining & Exploration	30.0	-1.4	-1.3
SECONDARY SECTOR	460.9	40.7	-4.8
Manufacturing	46.9	6.2	4.6
Building & Construction	391.7	27.9	-21.8
Utilities	22.3	6.6	12.4
TERTIARY SECTOR	637.9	-39.3	26.4
Transport	77.5	2.7	-6.2
Tourism	121.2	-8.6	-10.9
Distribution	208.7	-13.5	26.2
Other ⁽¹⁾	230.5	-19.9	17.3
Personal Loans	466.0	16.2	34.9
TOTAL	1756.2	13.8	58.7

(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 Jun 2009	Changes during	
		Dec 2008 to Jun 2009	Dec 2007 to Jun 2008
Holdings of Approved Liquid Assets	557.5	66.1	66.9
Notes and Coins	47.7	0.7	3.4
Balances with Central Bank	234.0	39.6	34.5
Money at Call and Foreign Balances (due 90 days)	165.3	16.1	29.1
Treasury Bills maturing in not more than 90 days	86.0	6.6	9.8
Other Approved assets	24.5	3.1	-9.9
of which: Treasury Notes	0.0	0.0	-10.0
Required Liquid Assets	444.8	37.5	38.5
Excess/(Deficiency) Liquid Assets	112.7	28.6	28.4
Daily Average holdings of Cash Reserves	235.4	43.3	38.7
Required Cash Reserves	193.4	16.3	16.7
Excess/(Deficiency) Cash Reserves	42.0	27.0	22.0

Table 5.14: Commercial Banks' Weighted Average Interest Rates

Percentages

	Position as at Jun 2009	Changes during	
		Dec 2008 to Jun 2009	Dec 2007 to Jun 2008
Weighted Lending Rates			
Personal Loans	15.54	-0.40	-0.17
Commercial Loans	13.54	-0.01	-0.07
Residential Construction	12.82	0.04	-0.38
Other	13.49	0.04	-0.10
Weighted Average	14.08	-0.02	-0.09
Weighted Deposit Rates			
Demand	0.94	-0.16	0.53
Savings/ Cheque	5.11	0.02	-0.03
Savings	5.30	0.02	0.04
Time	8.32	-0.19	0.10
Weighted Average	6.20	-0.15	0.14
Weighted Average Spread	7.88	0.13	-0.23