CENTRAL BANK of BELIZE

Quarterly Review

MARCH 2018

Volume 42 No. 1

www.centralbank.org.bz

Correspondence and enquiries regarding the Review should be addressed to:

Director (Research)
Central Bank of Belize
P.O. Box 852
Belize City, Belize
Central America

Telephone: 501.223.6194 Fax: 501.223.6219

Email: research@centralbank.org.bz
Internet: www.centralbank.org.bz

ISSN 1025 1634 (PRINT)
ISSN 2304 6902 (ONLINE)

Typeset at the Central Bank of Belize

List of Acronyms and Abbreviations

Acronyms:

BEL	Belize Electricity Limited
BGA	Banana Growers Association
BSI	Belize Sugar Industries Limited
BSSB	Belize Social Security Board
BTB	Belize Tourism Board
BTL	Belize Telemedia Limited
BWSL	Belize Water Services Limited
CBB	Central Bank of Belize
CDB	Caribbean Development Bank
CFZ	Commercial Free Zone
CGA	Citrus Growers Association
CIF	Cost, Insurance and Freight
CPBL	Citrus Products of Belize Limited
CPI	Consumer Price Index
DFC	Development Finance Corporation
EU	European Union
FOB	Free On Board
FY	Fiscal Year
GDP	Gross Domestic Product
GST	General Sales Tax
IDB	Inter-American Development Bank
IMF	International Monetary Fund
MOF	Ministry of Finance
OPEC	Organisation of Petroleum Exporting Countries
ROC/Taiwan	Republic of China/Taiwan
SIB	Statistical Institute of Belize
SITC	Standard International Trade Classification
UHS	Universal Health Services
UK	United Kingdom
US	United States
VPCA	Venezuelan Petrocaribe Agreement
UNWTO	World Tourism Organization

Abbreviations and Conventions:

$	the Belize dollar unless otherwise stated
bn	billion
mn	million
ps	pound solids

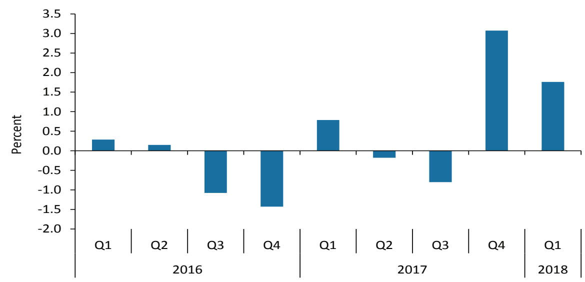
Notes:

1. Since May of 1976, the Belize dollar has been fixed to the US dollar at the rate of US$1.00 = BZ$2.00.
2. The 2018 figures in this report are provisional and the figures for 2017 have been revised.
3. Unless otherwise indicated, the Central Bank of Belize is the source of all tables and charts.
4. Ratios to GDP for 2018 are based on Central Bank's forecast of annual GDP 2018.

Table of Contents

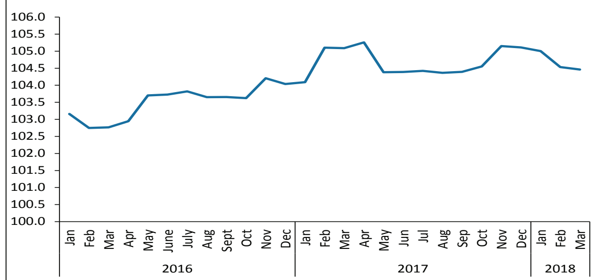
SUMMARY OF ECONOMIC INDICATORS

Chart I: Gross Domestic Product Growth Rate (Year-on-Year - Percentage Change)



Source: SIB

Chart II: Consumer Price Index (All Items)



Source: SIB

Chart III: Gross International Reserves and Import Cover

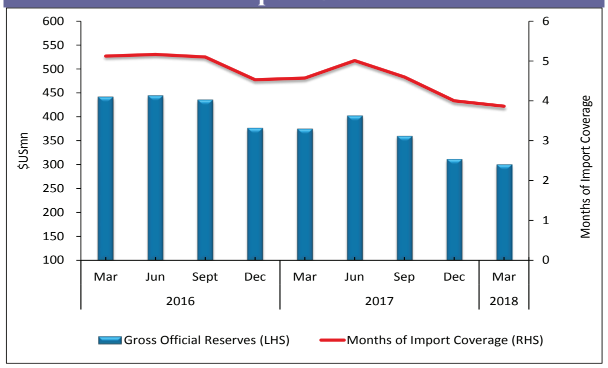


Chart IV: Current Account Balance to GDP

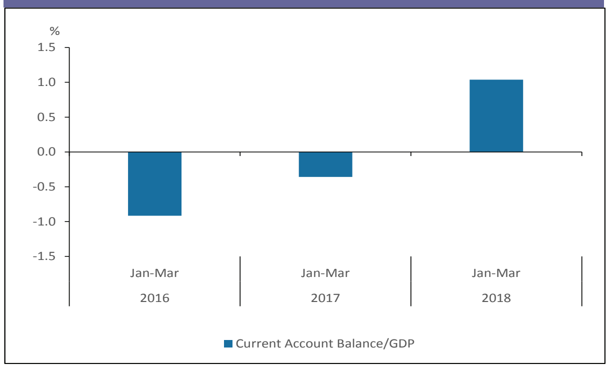


Chart V: Domestic Banks - Deposits and Loans and Advances

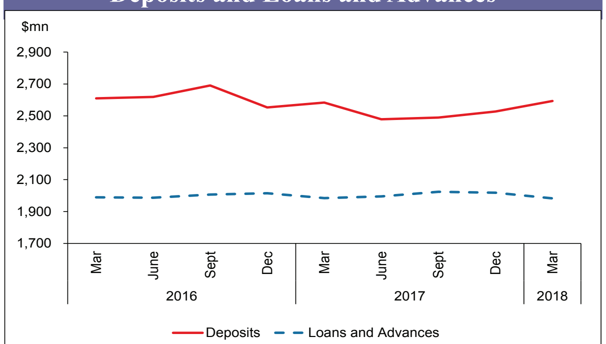
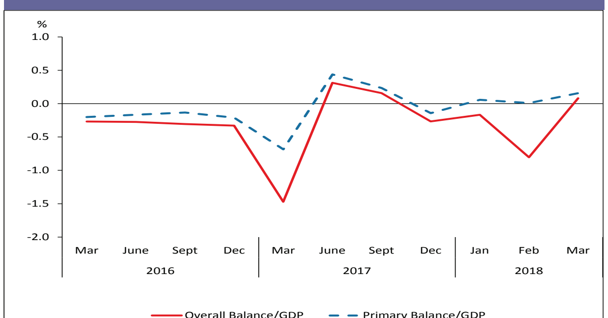


Chart VI: Primary and Overall Balances to GDP



Sources: CBB and MOF

Chart VII: Public Sector External Debt

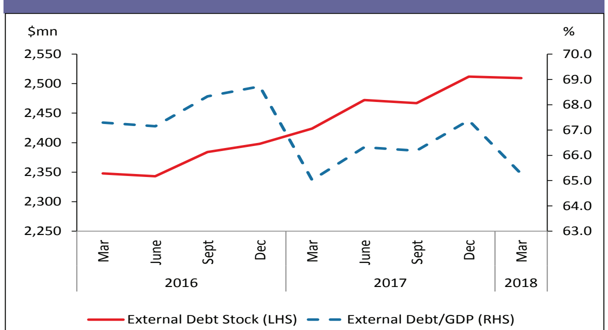
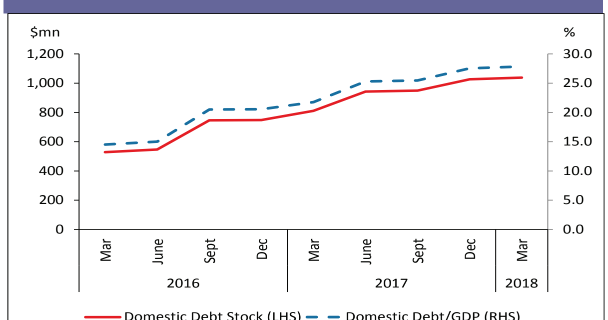


Chart VIII: Central Government Domestic Debt

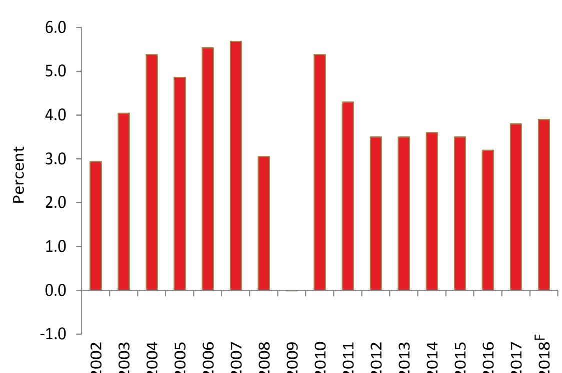


Overview

The IMF projected that the pace of global growth will accelerate from 3.7% in 2017 to 3.9% in 2018, driven by heighten consumer spending, expansion in United States (US) fiscal policy and a pickup in net exports. While global financial conditions remain supportive of the cyclical upswing, risks emanating from increased protectionism and adverse geopolitical events could dampen the outlook.

In the first quarter, GDP growth accelerated in the US and euro area (EA 19), supported by strong domestic demand, but slowed in the United Kingdom (UK) and Japan partly due to adverse weather. Compared with the first quarter of 2017, the US economy grew by 2.8%, driven by expansions in non-residential investments, personal expenditures, exports and government spending. Monetary policy normalization continued in the US with a 25 basis-point step-up in the target range to 1.5%-1.75% in March, while policy rates in other major advanced countries were unchanged. Growth in the euro area remained solid and broad-based, strengthening to 2.5%, with increases in consumer spending, investments and net exports. In contrast, growth in the UK slowed to 1.2%, when compared with the same quarter a year ago, reflecting weaker consumer-facing activities such as retail trade, food and beverage-servicing activities, arts, entertainment and recreation. This performance was influenced in part by adverse weather and the heightened uncertainty surrounding the outcome of the negotiations with the European Union on the country's withdrawal in March 2019. Growth in Japan also decelerated, declining from 1.4% in the first quarter of 2017 to 1.1%, as private consumption and net exports waned.

Chart 1.1: World Gross Domestic Product Growth (Year-on-Year Average)



Source: IMF
F - Forecast

Meanwhile, emerging markets maintained a solid growth pace. India was once again the world's fastest growing developing economy, expanding at an annualized rate of 7.3% in the first three months of 2018. Economic activity in China expanded by 6.8%, buoyed by heightened consumption and investment, since net trade was negative amid tariff disputes with the US. The economic recovery in Russia and Brazil was tepid, as real output expanded by 1.3% and by 1.2%, respectively, relative to the first quarter of 2017. Led by gains in the industrial and services sector, Mexico's economy expanded by 2.3% year--on-year despite uncertainty surrounding the NAFTA negotiations and threat of a trade dispute with the US.

Supported by the increase in global demand, growth strenghtened in the Caribbean with upturns in tourism, construction and mining activities. Preliminary data indicated that economic activity in The Bahamas expanded, spurred by strong growth in tourism and foreign investment-led construction activity, while the Government's fiscal performance improved with increased tax collection and reduced hurricane-related expenditure. Output in Jamaica is expected to strengthen between 1.0% and 2.0% from 0.1% in the same quarter of the previous year, boosted by a 6.8% increase in tourist arrivals, as well as heightened exports and investment spending. Meanwhile, higher oil and metal prices and increased mining activities should underpin a recovery in commodity exporting countries. In the case of Suriname, its economy is expected to emerge from three years of recession driven mainly by increased production of gold, oil and bauxite, while Trinidad and Tobago should return to positive growth, boosted by higher output of natural gases.

On the domestic front, Belize's real GDP grew by 1.8%, driven by expansion in tertiary (service) activities, as output declined in the primary and secondary sectors. Primary output contracted by 11.9%, as adverse weather and disease precipitated declines in *"Agriculture"* and *"Fishing"*. Meanwhile, downturns in agro-processing, beverage production, oil extraction and construction outweighed the value-added contribution from a surge in hydroelectricity production, which resulted in a 0.2% overall decline in the secondary sector. In contrast, growth across most service-based industries contributed to a 4.6% expansion in the tertiary sector. The Consumer Price Index (CPI) declined by 0.1%, in comparison to the same quarter of 2017, mainly due to lower prices for transport and cultural services.

Notwithstanding a widening in the merchandise trade deficit, the external current account swung from a deficit of $13.3mn (0.4% of GDP) to a surplus of $43.1mn (1.1% of GDP) in the first quarter due to a surge in tourism receipts and the absence of last year's bond restructuring fees. However, a reduction in official grant receipts shrunk the capital account surplus to $3.7mn, while the financial account netted a deficit of $35.3mn, as outflows stemming from net loan repayments and domestic banks' buildup of foreign assets abroad outweighed foreign direct investment inflows. Consequently, the gross official international reserves declined by $22.6mn to $601.4mn, the equivalent of 3.9 months of merchandise imports.

During the first quarter, broad money supply (M2) expanded by 2.1%, mostly due to a $47.5mn expansion in net foreign assets, as net domestic credit of the banking system rose by only $0.8mn. The former was due to a $72.5mn surge in the net foreign assets of domestic banks, which eclipsed a $25.0mn reduction in Central Bank's holdings. The notable growth in domestic banks' foreign assets was due to the sale of a group of banana farms to Fyffes Ltd. and the upswing in tourism earnings. Meanwhile, the uptick in net domestic credit reflected increased net lending of $36.7mn and $8.6mn to Central government and other public sector entities, respectively, which slightly outweighed a $44.5mn contraction in credit to the private sector. On the other hand, lending by the five largest credit unions declined by $11.4mn.

Supported by the expansion in foreign assets, bank liquidity remained buoyant despite a modest increase in domestic banks' Treasury bill holdings. At the end of March, statutory holdings were 46.4% above the required level, while excess cash reserves still doubled the legal requirement. Against this backdrop, the 12-month (rolling) weighted average interest rate on new loans fell by 39 basis points to 8.89%, while the comparative rate on new deposits contracted by 14 basis points to 1.72% over the year.

During the last quarter of the fiscal year (FY) 2017/2018, Central Government's operations yielded a primary surplus of 0.2% of GDP, compared to a deficit of 0.9% of GDP in FY 2016/2017. The overall deficit also improved, narrowing from $76.3mn (2.1% of GDP) to $34.2mn (0.9% of GDP), as revenue expanded by 14.1% and expenditure contracted by 5.2%. The gap was financed primarily from domestic sources, as the domestic debt rose by 1.1% to $1,038.1mn (28.0% of GDP), while the public sector's external debt fell by 0.1% to $2,509.2mn (67.7% of GDP).

Money and Credit

During the first quarter, broad money supply grew by 2.1% due to increases of $47.5mn in the net foreign assets and $0.8mn in net domestic credit of the banking system. Growth in net foreign assets was attributable to domestic banks since those of the Central Bank contracted, while lending to Central Government and public sector entities just outweighed a decline in credit to the private sector to bump up net domestic credit.

The Central Bank’s net foreign assets contracted by $25.0mn to $603.5mn, as outflows of $69.1mn exceeded inflows of $44.8mn, which was substantially lower than the $93.4mn received in the first quarter of 2017 due to lower loan disbursements, sugar exports and purchases from the banks. Central Government accounted for 92.5% of foreign currency outflows, most of which was used for external debt service payments, including the first bi-annual interest payment on the 2034 bond. In contrast,

Chart 2.1: Net Foreign Assets of the Banking System

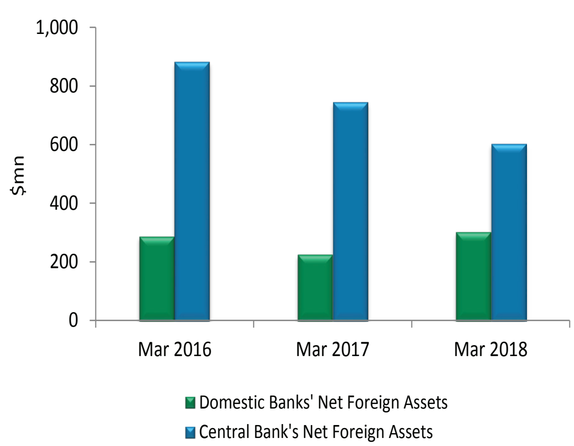
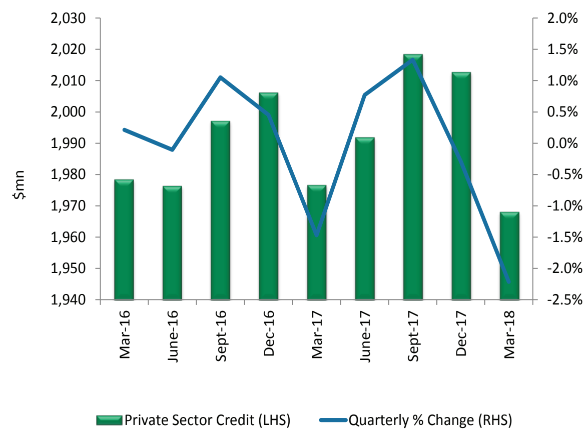


Chart 2.2: Domestic Banks’ Private Sector Credit

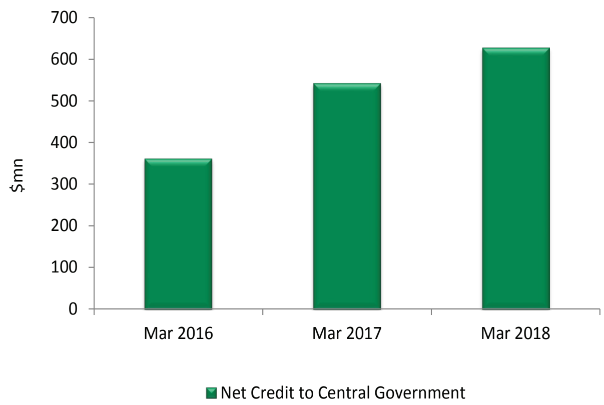


domestic banks’ net foreign assets surged by $72.5mn to $303.3mn due to the one-off sale of a group of banana farms to Fyffes in March and the customary peak-season earnings from tourism.

The boost in foreign assets raised domestic banks’ excess liquid asset holdings by 6.0% to 46.4% of the required level. In contrast, domestic banks’ first quarter excess cash reserves declined from 128.1% of the required level in December 2017 to 109.5% due to an expansion in their Treasury bill holdings.

Net credit to Central Government grew by $36.7mn, as Government increased its overdraft facility with the Central Bank by $11.5mn to $58.8mn (68.9% of the statutory limit) and reduced its deposits with the Central Bank by $22.3mn. Meanwhile, credit to other public sector entities rose by $8.6mn, boosted by lending to support telecommunication projects.

Chart 2.3: Net Credit to Central Government

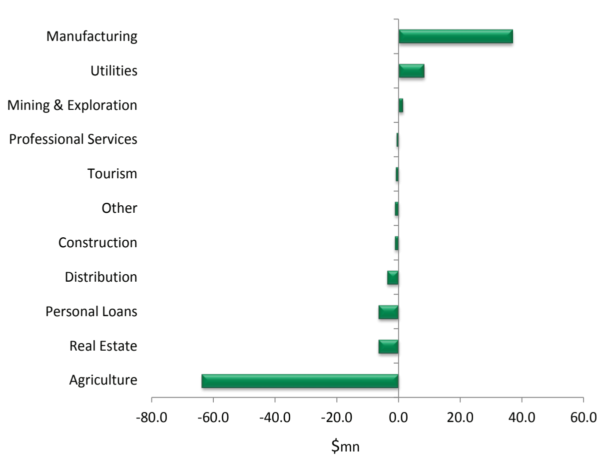


On the other hand, domestic bank credit to the private sector plunged by $44.5mn during the quarter, as the seasonal fall in borrowing was further deepened by the retirement of sizeable loan facilities held by the banana farms purchased by Fyffes. Consequently, notable loan decreases for banana ($58.2mn), real estate ($6.5mn), personal purposes ($6.5mn), merchandise trade ($3.7mn) and grain production outweighed increased lending for manufacturing ($36.9mn) and public utilities. Manufacturing loans were boosted by bringing on-shore a large loan previously held with an international bank.

Loan write-offs during the quarter amounted to $25.7mn, compared to $54.7mn in the same period of 2017, and were applied mostly against loans issued for agriculture, construction and personal purposes. Notwithstanding, the ratio of non-performing loans (net of specific provisions) to total loans (NPL ratio) worsened slightly from 2.4% at the end of December 2017 to 2.7% at the end of March, but still remained well below the international benchmark of 5.0%.

In other developments, net lending by the five largest credit unions shrank by $11.4mn, compared to a $3.5mn decline in the same period of 2017, with decreases mostly occurring in loans for personal

Chart 2.4: Changes in Domestic Banks' Loans and Advances, Dec 2017 - Mar 2018



Note: "Other" includes forestry, government services, financial institutions, marine products, transport and entertainment.

Chart 2.5: Domestic Banks' Weighted (Rolling) Average Interest Rates on New Loans

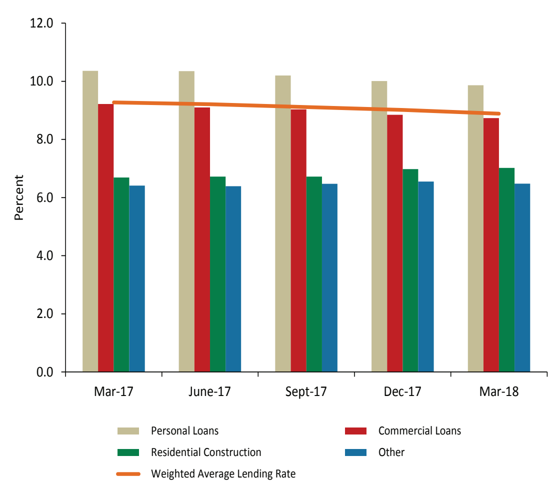
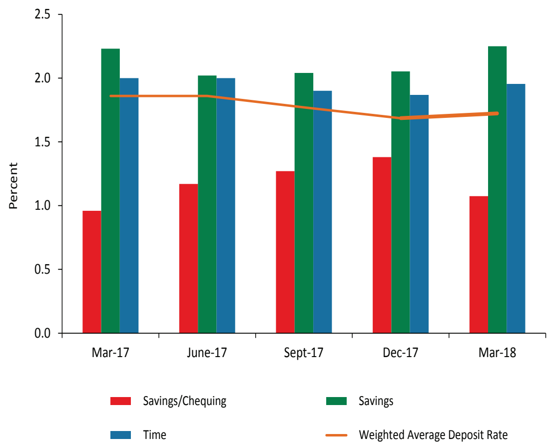


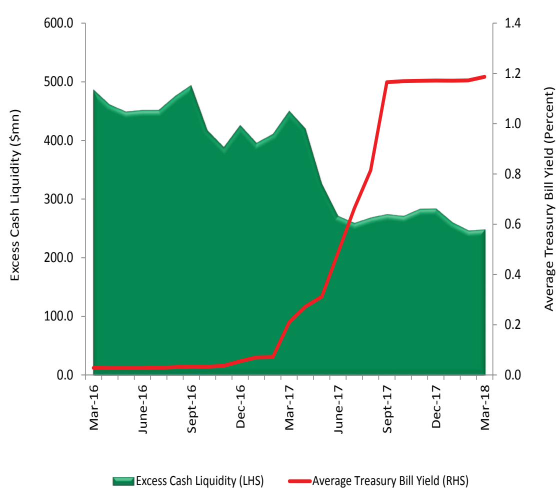
Chart 2.6: Domestic Banks' Weighted (Rolling) Average Interest Rates on Deposits



purposes ($7.2mn), construction ($4.5mn) and grain production ($0.7mn).

Against the backdrop of continuing high banking system liquidity, interest rates maintained their downward movement. The 12-month (rolling) weighted average interest rate on new loans fell by 13 basis points over the quarter and by 39 basis

Chart 2.7: Excess Cash Holdings and Average Treasury Bill Yield



points over the 12-month period to 8.89%, as year-on-year decreases of 51 basis points on personal loans and 50 basis points on commercial loans outweighed respective increases of 33 and seven basis points on loans for residential construction and other activities.

Meanwhile, the 12-month (rolling) weighted average interest rate on new deposits rose by two basis points during the quarter but contracted by 14 basis points over the year to 1.72%. The year-on-year reduction reflected lower rates on demand and time deposits of three and five basis points, respectively, since rates on savings/chequing and savings deposits registered corresponding increases of 11 and two basis points.

With a resurgence of participation in the Treasury bill auctions, domestic banks held 65.2% ($159.6mn) of the Treasury bills at the end of March. Meanwhile, Central Bank's holdings declined from $107.2mn at the end of 2017 to $83.8mn (34.2%), while other institutional investors held the remaining 0.6% ($1.6mn). The average Treasury bill yield edged up from the 1.17161% registered for the last auction of 2017 to 1.20696% at the February auction, which was the last held during this quarter.

Domestic Production and Prices

During the first quarter of 2018, real GDP expanded by 1.8%, as growth in tertiary activities outweighed declines in the primary and secondary sectors. Lower production of all major agricultural and fishing commodities resulted in an 11.9% reduction in primary output. Adverse weather conditions suppressed production of sugarcane, banana, conch, lobster and fish, while farmed shrimp output plummeted due to difficulties in controlling the Early Mortality Syndrome outbreak. Citrus deliveries were hampered by heavy rains, citrus greening and the resurgence of citrus leprosis.

Output in the secondary sector contracted by 0.2%, as downturns in *"Manufacturing"* and *"Construction"* outweighed an expansion in hydroelectricity generation. Manufacturing output weakened with the continued decline in crude oil extraction and lower production of citrus juices and soft drink.

In contrast, the tertiary sector expanded by 4.6%, buoyed by growth across most service-based industries. A surge in tourist arrivals boosted *"Hotels and Restaurants"* up by 19.8%, while the uptick in merchandise imports underpinned the expansion in distribution and transport. Government services expanded by 5.2%, due to the impact of the final negotiated increase in public officers' wages. Other private services dipped by 0.3%.

Sugarcane and Sugar

The 2017/2018 sugarcane harvest in the North began on 7 December 2017 with the expectation that the factory would receive 1,350,000 long tons of sugarcane and produce 135,000 long tons of sugar. The harvest in the West began three months later on 7 March 2018, aiming to produce 60,000 long tons of sugar from 600,000 long tons of sugarcane.

Above normal rainfall adversely impacted the start of the harvest in both regions, slowing sugarcane deliveries in the North and delaying the start of the harvest by two weeks in the West. For the crop year up to March, sugarcane deliveries amounted to 708,293 long tons and 83,082 long tons of sugarcane in the North and West, respectively, reflecting a decline of 3.9% in the former, and an increase of 0.3% in the latter, when compared to the previous crop year. In aggregate, sugarcane deliveries fell by 3.5% to 791,375 long tons.

Table 3.1: Deliveries of Sugarcane and Production of Sugar and Molasses

	Dec - Mar 2016/2017	Dec - Mar 2017/2018
Deliveries of Sugarcane to BSI & Santander (long tons)	820,089	791,375
Sugar Processed by BSI & Santander (long tons)	88,256	83,953
Molasses processed by BSI & Santander (long tons)	23,642	20,287
Performance		
Factory Time Efficiency (%)	93.51	92.59
Cane Purity (%)	86.65	87.75
Cane/Sugar	9.29	9.43

Source: BSI and Santander Group

Total sugar production, however, fell by 4.9% to 83,953 long tons, as a 1.3% improvement in cane purity to 87.8% could not compensate for a further 1.0% loss in factory time efficiency. Consequently, the cane to sugar ratio worsened by 1.4% to 9.43. Molasses production also contracted by 14.2% to 20,287 long tons.

The abolition of the European Union (EU) sugar quota system on 30 September 2017 precipitated a decline in payment to farmers, which is expected to fall by 12.3% from $49.47 per long ton of sugarcane in the previous crop year to $43.40 per long ton this crop year with a first payment of $36.02 on delivery.

Table 3.2: Output of Citrus Products

	Oct - Mar 2016/2017	Oct - Mar 2017/2018
Deliveries (boxes)		
Orange	1,938,431	1,589,313
Grapefruit	130,255	186,142
Total	2,068,686	1,775,455
Concentrate Produced (ps)		
Orange	11,472,252	9,252,401
Grapefruit	464,318	705,759
Total	11,936,570	9,958,161
Not from Concentrate (ps)		
Orange	60,796	87,150
Grapefruit	20,460	35,637
Total	81,256	122,787
Pulp (pounds)		
Orange	1,640,032	942,976
Grapefruit	0	103,880
Total	1,640,032	1,046,856
Oil Produced (pounds)		
Orange	753,200	494,800
Grapefruit	21,200	20,200
Total	774,400	515,000

Sources: CGA and CPBL

Citrus

Citrus deliveries were initially projected to shrink by 4.7% to 3.3mn boxes for the 2017/2018 crop year. However, adverse weather at the beginning of the season caused excessive blossom drop and the resurgence of citrus leprosis (a viral disease transmitted by mites). As a result, crop production estimates for the 2017/2018 crop was revised downward to 2.7mn boxes of fruit, a decline of 18.9% from the previous crop year. The decrease was restricted to oranges, which is being forecasted to decline by 561,995 boxes.

For the 2017/2018 crop year to date, citrus deliveries contracted by 14.2% to 1.8mn boxes, as orange deliveries plummeted by 18.0% to 1.6mn boxes and grapefruit deliveries rose from 0.1mn boxes to 0.2mn boxes.

Citrus juice production fell by 16.1% to 10.1mn pound solids (ps), reflecting an overall 2.3% reduction in the average juice outturn per box of fruit. Orange juice production contracted by 19.0% to 9.3mn ps, while grapefruit juice production expanded by 52.9% to 0.7mn ps. The outturn of citrus pulp and citrus oil also contracted by 36.2% to 1.0mn pounds and by 33.5% to 0.5mn pounds, respectively.

Banana

Hampered by excessive rains and the closure of two small farms, banana production plummeted by 21.7% to 16,713 metric tons during the first quarter

Table 3.3: Banana Production

	Jan - Mar 2017	Jan - Mar 2018
		40 pound boxes
January	342,844	288,455
February	388,924	291,472
March	444,514	341,255
Total	1,176,282	921,182

Source: BGA

of 2018. Acreage under cultivation fell by 7.1% to 6,545.1 acres, with 6,414.5 acres under production and 96.6 acres under plantilla (trees too young to harvest).

As of 1 January 2018, a new one-year agreement between the Banana Growers Association and Fyffes came into effect, in which the average price for a 40-pound box of fruit fell by $0.50 to $20.00.

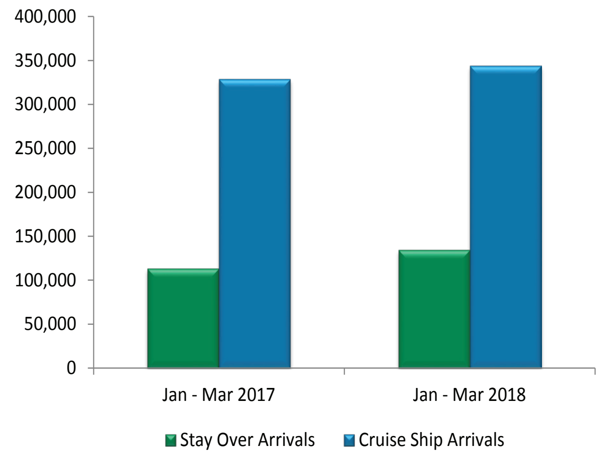
Petroleum

Extraction of crude oil fell by 18.1% to 79,931 barrels with the Spanish Lookout field producing 78,769 barrels, reflecting a decline of 197 barrels in the average daily extraction rate to 888 barrels per day. The Never Delay oilfield produced 1,162 barrels, as testing activities were sustained throughout the period.

Tourism

The World Tourism Organisation forecasted that stay-over arrivals in the Americas will grow between 3.5% and 4.5% in 2018. For the first quarter, Belize outperformed regional forecasts, with an 18.6% increase in stay-over arrivals to 134,433 visitors, underpinned by a 20.2% upswing in air arrivals.

Chart 3.1: Tourist Arrivals



Sources: BTB, CBB and Immigration Department

Arrivals from Belize's main source market, the US, expanded by 19.1%, pushing its market share up by 0.3 percentage points to 69.4%. Arrivals from Canada rose by 40.2%, boosting its market share by 1.4 percentage points to 10.1%. In contrast, the share of arrivals from the EU contracted by 0.7 percentage points to 10.3%, despite an 11.0% pick up in visitors, who originated mainly from the UK, France and Germany.

Table 3.4: Bona Fide Tourist Arrivals

	Jan - Mar 2017	Jan - Mar 2018
Stay Over Arrivals		
Air	93,519	112,441
Land	17,559	20,318
Sea	2,258	1,674
Total	113,336	134,433
Cruise Ship	329,072	344,187

Sources: BTB, CBB and Immigration Department

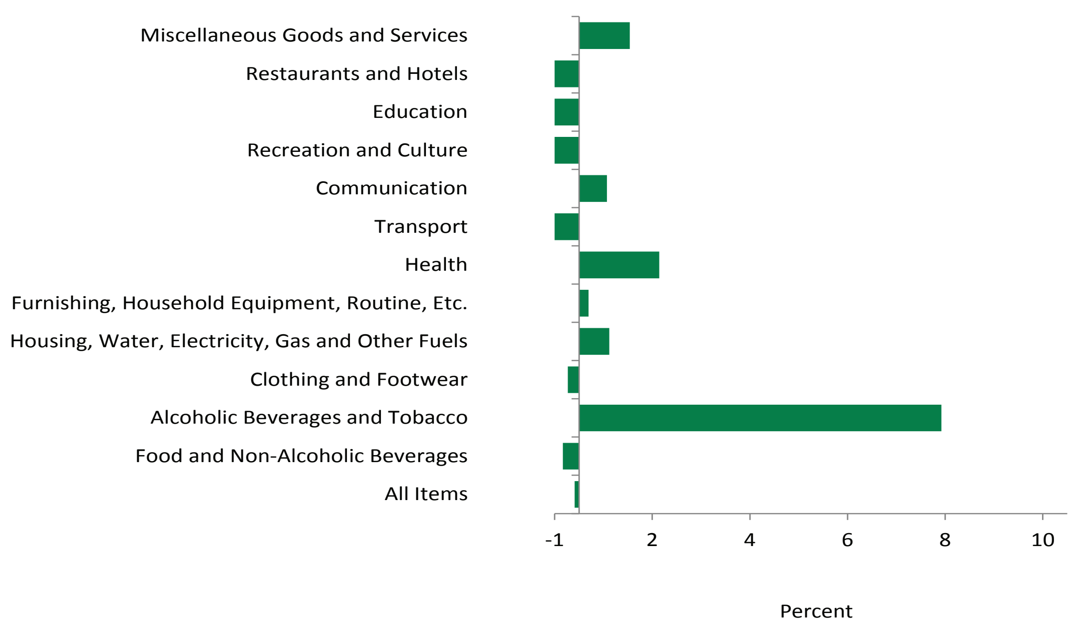
Cruise ship disembarkations rose by 4.6% to 344,187 visitors, reflecting a seven-ship increase in port calls to 142 for the first quarter of 2018. Port calls to Harvest Caye rose by seven to 42 ships and accounted for 31.3% of total disembarkations (107,796 visitors) with cruise ship visitors to this port up by 22.3%. Although port calls to Belize City remained unchanged at 101 ships, disembarkations there dipped by 1.9% to 236,391 visitors.

Consumer Price Index

For the first quarter of 2018, the consumer price index was down by 0.1% on average, when compared to the same period of 2017. Price declines of 1.5% for *"Transport"*, due to lower airfare costs, and of 2.7% for *"Recreation and Culture"*, owing to lower costs of cultural services, were largely responsible for the deflationary trend. Smaller price declines were recorded also for the *"Food and Non-Alcoholic Beverages"* (0.3%), *"Clothing and Footwear"* (0.2%), *"Education"* (0.5%) and *"Restaurants and Hotels"* (1.3%) categories.

Meanwhile, higher house rental and LPG prices contributed to a 0.6% increase in *"Housing, Water, Electricity, Gas, and Other Fuels"*, while the April 2017 rise in excise taxes raised the costs of alcoholic beverages and underpinned the 7.4% hike in the *"Alcoholic Beverages and Tobacco"* sales index. In addition, a rise in out-patient service costs pushed *"Health"* prices up by 1.6%.

Chart 3.2: Average Annual Percentage Change in Consumer Price Index
Jan to Mar 2018 over Jan to Mar 2017



Source: SIB

International Trade and Payments

During the first quarter, the external current account recorded a surplus of $43.1mn (1.1% of GDP), compared to a deficit of $13.3mn (0.4% of GDP) in 2017. This turnaround reflected an increase in tourism receipts and the absence of the one-off financial fees incurred for the 2017 bond restructuring, which more than compensated for a larger merchandise trade deficit. The capital account surplus was smaller due to a reduction in official grant receipts. Meanwhile, the net repayment of loans and the build-up of domestic banks' foreign assets abroad outweighed foreign direct investment inflows and caused a deficit on the financial account. Consequently, Central Bank's gross official international reserves declined by $22.6mn to $601.4mn, the equivalent of 3.9 months of merchandise imports.

The merchandise trade deficit expanded from $149.4mn in 2017 to $175.8mn, as

Chart 4.1: External Current Account and Trade Deficit

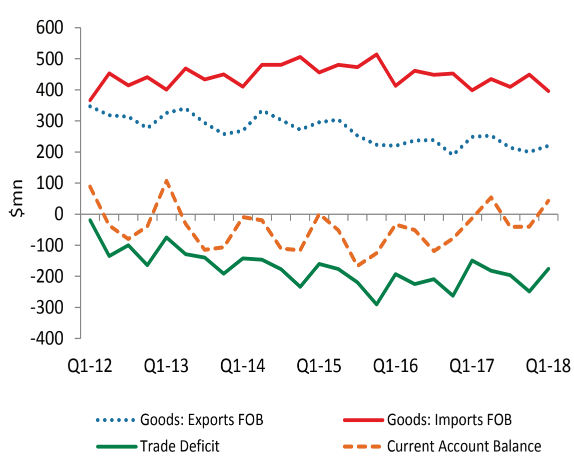


Table 4.1: Balance of Payments Summary

$mn

	Jan - Mar 2017R	Jan - Mar 2018P
A. CURRENT ACCOUNT		
(I+II+III+IV)	-13.3	43.1
I. Goods (Trade Balance)	-149.4	-175.8
Exports, Free on Board (FOB)	248.9	219.8
Domestic Exports	129.9	105.0
CFZ Gross Sales	94.9	94.7
Re-exports	24.2	20.1
Imports, FOB	398.3	395.6
Domestic Imports	339.2	334.7
CFZ Imports	59.1	61.0
II. Services	179.1	262.1
Transportation	-9.9	-19.2
Travel	212.3	254.6
Other Services	-23.3	26.7
III. Primary Income	-80.5	-75.3
Compensation of Employees	-3.0	-2.2
Investment Income	-77.4	-73.1
IV. Secondary Income	37.5	32.1
Government	-2.0	-1.4
Private	39.5	33.5
B. Capital Account	16.0	3.7
C. Financial Account	-48.3	35.3
D. NET ERRORS AND OMISSIONS	-54.0	-34.2
E. RESERVE ASSETS	-2.9	-22.6

R - Revised
P - Provisional

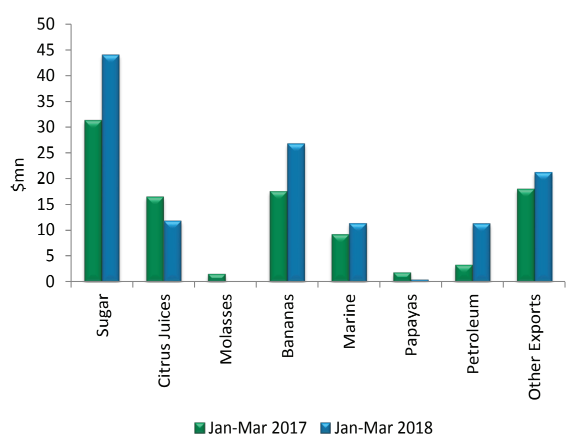
exports contracted by 11.7% and imports dipped by 0.7%. In the case of exports, domestic exports and re-exports shrank. The downturn in imports largely reflected lower outlays on "*Manufactured Goods*" (with reduced spending on aluminium/ zinc coils, cement and carton boxes), "*Chemical Products*" (with lower outlays on fertilizers, medicines and PVC pipes) and "*Crude Materials*" (with lower purchases of seeds, asphalt and utility poles).

Although the volume of sugar exports increased by 4.1% to 50,553 long tons, receipts fell by 18.4% to $35.8mn. The latter reflected a 22.2% decline in the average unit price to US$0.16 per pound on the EU market following the abolition of the EU sugar quota system on 30 September 2017. The EU accounted for almost all sales with 49,707 long tons of sugar valued at $34.9mn, while CARICOM received 845 long tons of bagged brown sugar valued at $0.9mn. Molasses exports amounted to 7,649 long tons valued at $1.2mn.

Citrus juice exports increased by 28.8% to 4.4mn ps, while revenue rose by 25.3% to $14.8mn with the bulk of sales directed to the Caribbean (44.9%) and the US (40.4%). Orange concentrate sales rose by 27.8% in volume to 4.0mn ps and by 20.0% in revenues to $12.9mn. Sales to the Caribbean increased by 45.5% to 1.9mn ps, while receipts grew by 50.5% to $7.1mn, owing to a 3.4% improvement in the average unit price on that market. Although sales to the US increased by 4.1% to 1.8mn ps, revenue contracted by 15.9% to 4.8mn, since the market was temporarily awash with citrus juices coming from a bumper 2016/2017 Brazilian crop. In other developments, the volume of grapefruit concentrate exports increased by 40.7% to 0.4mn ps valued at $1.9mn. Sales of grapefruit freeze concentrate to Japan was minimal at 0.1mn ps valued at $0.7mn.

The volume of marine exports almost halved to 0.5mn pounds, reflecting lower sales of all major marine commodities, while improved average unit prices for lobster and conch ameliorated the decline in export receipts to 34.9%. Shrimp export volume plunged by 58.7%, as lower-than-average temperatures compounded the difficulties in controlling the Early Mortality Syndrome disease. Exacerbated by a more than halving in shrimp prices, receipts plummeted by 82.2% to $0.8mn. Excessive rains reduced the lobster catch and lowered the export volume by 5.4% to 0.2mn pounds, while receipts grew by 13.8% to $4.8mn due to a higher average unit price. Conch receipts fell by 30.4% to $2.0mn, in tandem with a 35.8% reduction in export volume. There were no exports of other fish during the first quarter.

Chart 4.2: Domestic Exports



Sources: SIB and CBB

First quarter banana exports contracted by 29.1% to 16,713 metric tons, while receipts declined by 32.3% to $18.2mn due to a 4.7% fall in the average unit price.

With only one shipment this year, crude oil exports almost halved to 67,075 barrels compared to two shipments in the first quarter of 2017. Receipts fell disproportionately by 32.5% to $7.7mn, as the average price per barrel increased from US$42.50 in the first quarter of 2017 to US$57.28 due to supply cuts from the Organization of Petroleum Exporting Countries (OPEC) and Russia.

Papaya exports contracted by 65.5% to 0.4mn pounds valued at $0.2mn.

Net earnings from services increased by 46.4% to $262.1mn, underpinned by a boost in earnings from tourism and other services, which more than compensated for lower revenues from servicing international ships. Net travel receipts rose by 19.9% to $254.6mn, supported by increases of 18.6% and 4.6% in stay-over and cruise arrivals, respectively.

Chart 4.3: Trade, Services, Primary Income and Secondary Income Balances

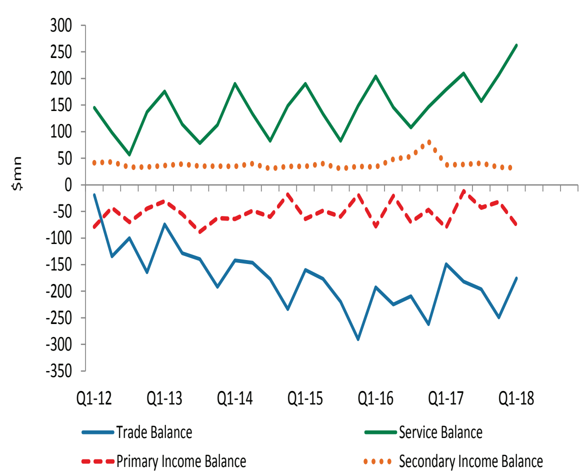


Table 4.2: Capital and Financial Account Summary

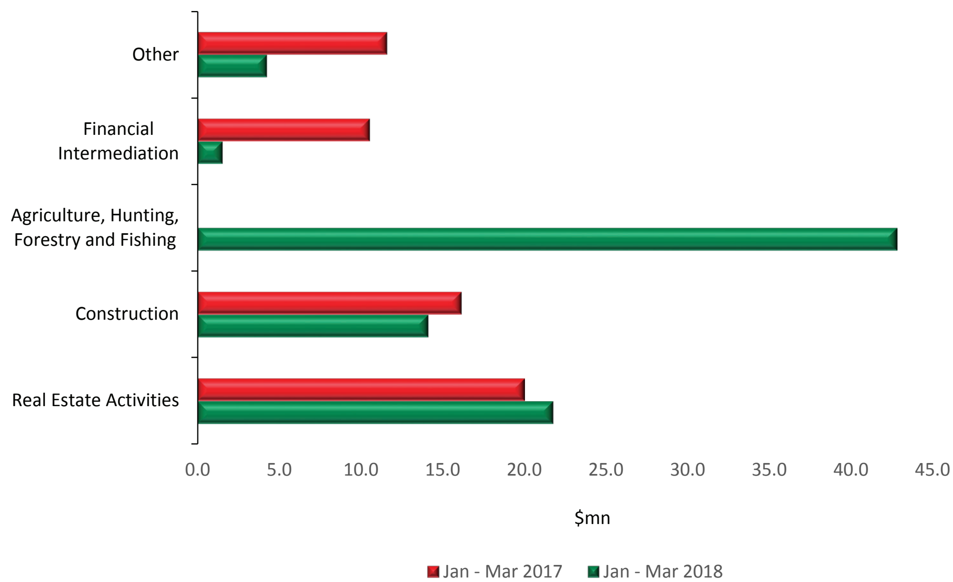
$mn

		Jan - Mar 2017[R]	Jan - Mar 2018[P]
A.	CAPITAL ACCOUNT	16.0	3.7
B.	FINANCIAL ACCOUNT (1+2+3+4)	-48.3	35.3
	1. Direct Investment in Belize	-47.4	-72.5
	2. Portfolio Investment	0.0	0.0
	Monetary Authorities	0.0	0.0
	General Government	0.0	0.0
	Banks	0.0	0.0
	Other Sectors	0.0	0.0
	3. Financial Derivatives	0.0	0.0
	4. Other Investments	-0.9	107.8
	Monetary Authorities	-1.6	-0.7
	General Government	-26.2	4.2
	Banks	-7.9	72.5
	Other Sectors	34.8	31.8
C.	NET ERRORS AND OMISSIONS	-54.0	-34.2
D.	OVERALL BALANCE	-2.9	-22.6
E.	RESERVE ASSETS	-2.9	-22.6

R - Revised
P - Provisional

Net flows for other services swung from a deficit of $23.3mn in 2017 to a surplus of $26.7mn due to the absence of the one-off fees incurred for restructuring the 2034 bond in 2017 and higher earnings from data processing, telecommunication and legal services. In contrast, net outflows for transportation services increased to $19.2mn with the fall in revenues to shipping agents.

Chart 4.4: Foreign Direct Investment Net Inflows
By Major Activity



Net outflows on the primary income account edged down from $80.5mn in 2017 to $75.3mn, due to lower profit repatriation by domestic banks and tourism-based entities. Notwithstanding a modest improvement in net remittance inflows, the surplus on the secondary income account declined by 14.3% to $32.1mn due to lower inflows to insurance companies and religious and non-profit organizations.

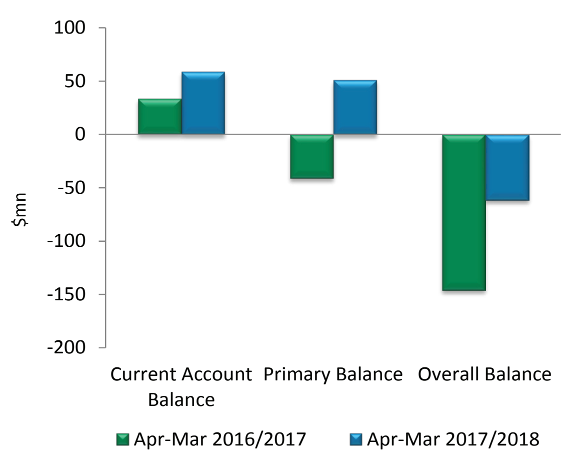
A marked decline in grant receipts by the Government, relative to the same period of 2017, reduced the surplus on the capital account from $16.0mn in 2017 to $3.7mn. The financial account recorded net outflows of $35.3mn, as net loan repayments by the public and the private sectors, totalling $9.5mn combined, and the $72.5mn build-up in the net foreign assets of domestic banks outweighed a $72.5mn expansion in net foreign direct investments. The latter principally consisted of inflows from the purchase of seven banana farms by Fyffes Ltd., representing 44.1% of 2017's annual banana production, and continued investments into real estate and tourism-related construction activities.

Government Operations and Public Debt

For **January through March 2018**, Central Government's revenue and grants increased by 14.1%, while spending declined by 1.5%, when compared to the same period of 2017. Consequently, the primary balance went from a $33.5mn deficit (0.9% of GDP) to a surplus of $8.6mn (0.2% of GDP), and the fiscal deficit narrowed from $76.3mn (2.1% of GDP) to $34.2mn (0.9% of GDP). The boost in revenues came from higher collections of excise duties, personal income tax and non-tax revenues, while the decline in expenditure reflected a 29.2% cut in capital spending. The deficit was financed mainly from domestic sources.

For the **2017/2018 fiscal year (FY)**, the major indicators of fiscal performance improved, with the overall deficit reducing from 4.0% of GDP for the 2016/2017 FY to 1.6% of GDP and the primary balance swinging from a deficit of 1.1% of GDP in 2016/2017 to a surplus of 1.4% of GDP, an improvement equivalent to 2.5% of GDP. Boosted by the revenue enhancement measures implemented at the beginning of the FY, revenue and grants increased by 1.6% of GDP ($59.0mn). Meanwhile, total expenditure and net lending contracted by 0.7% of GDP ($25.5mn), as the marked decline in capital spending more than compensated for the increase in recurrent expenditures.

Chart 5.1: Central Government Fiscal Operations



Sources: MOF and CBB

Tax receipts grew by 4.6% mostly due to higher collections of excise duty, personal income tax and business tax. Additionally, collections from foreign currency transactions, social fee and environmental taxes rose in tandem with the new tax measures that took effect in April 2017. Meanwhile, the General Sales Tax, the largest tax earner, rose by only $0.1mn due to a decline in imports. On the other hand, non-tax revenues rose by 41.5% to $112.0mn due to higher receipts from license fees, dividends from Belize Telemedia Ltd. (BTL) and the ship registry. At $29.9mn, grant receipts were 34.5% lower than the previous fiscal year.

The surge in current expenditure reflected an across-the-board increase in all major line items, except external interest payments and goods and services. The final 3.0% increase in the negotiated wages for public officers in July 2017 contributed to

Table 5.1: Central Government Revenue and Expenditure

$mn

	Jan 2017 to Mar 2017	Jan 2018 to Mar 2018	Apr 2016 to Mar 2017	Apr 2017 to Mar 2018
Total Revenue and Grants	261.2	298.0	1,052.1	1,111.1
Of which: Current Revenue	247.8	279.3	1,004.0	1,079.4
Of which: Grants	12.7	18.3	45.6	29.9
Total Expenditure	337.4	332.2	1,197.9	1,172.4
Current Expenditure	269.3	284.0	970.6	1,020.5
Capital Expenditure	68.2	48.3	227.3	151.9
Current Balance	-21.4	-4.6	33.4	58.9
Primary Balance	-33.5	8.6	-41.3	51.2
Overall Balance	-76.3	-34.2	-145.8	-61.3

Sources: MOF

increases of 5.7% in wages and salaries, 13.4% in pensions and 5.5% in domestic transfers. Domestic interest payments was $9.1mn above the previous fiscal year, with a surge in domestic borrowing to fund BTL acquisition.

Cost controls on developmental spending reduced capital spending and net lending by 33.2% to $151.9mn (1.5% above the budgeted amount). Of the total capital budget, 35.4% went on infrastructural projects, including rehabilitation of

Table 5.2: Summary of Central Government Revenue

$mn

	Jan 2017 to Mar 2017	Jan 2018 to Mar 2018	Apr 2016 to Mar 2017	Apr 2017 to Mar 2018
Current Revenue	247.8	279.3	1,004.0	1,079.4
Tax Revenue	234.2	247.5	924.9	967.4
Income and Profits	69.0	71.7	261.7	270.2
Taxes on Property	2.1	2.0	6.8	6.4
Taxes on Goods and Services	126.0	136.4	490.2	533.0
International Trade and Transactions	37.1	37.5	166.2	157.8
Non-Tax Revenue	13.6	31.8	79.1	112.0
Property Income	1.4	9.5	16.7	20.8
Licenses	4.4	6.6	11.9	20.3
Other	7.8	15.7	50.5	70.8
Capital Revenue	0.6	0.4	2.5	1.8
Grants	12.7	18.3	45.6	29.9

Sources: MOF

Table 5.3: Summary of Central Government Expenditure

$mn

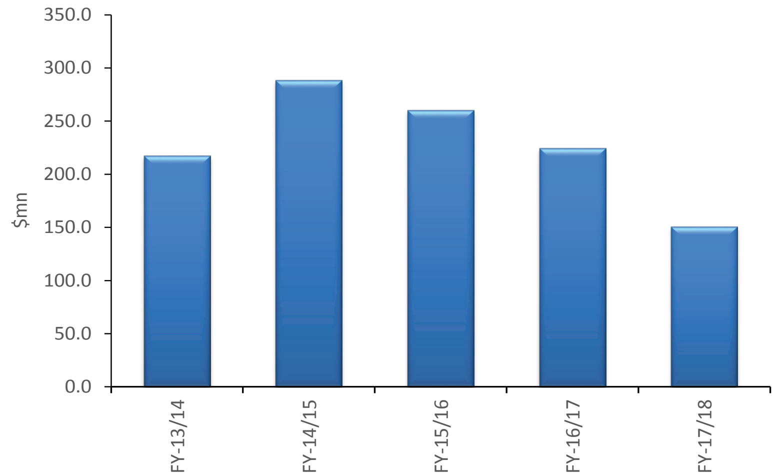
	Jan 2017 to Mar 2017	Jan 2018 to Mar 2018	Apr 2016 to Mar 2017	Apr 2017 to Mar 2018
Current Expenditure	269.3	284.0	970.6	1,020.5
Wages and Salaries	102.0	106.7	403.1	425.9
Pensions	21.0	21.2	83.5	94.7
Goods and Services	62.0	68.9	215.5	214.8
Interest Payments	42.7	42.8	104.5	112.5
of which: External	31.7	32.4	81.9	80.8
Subsidies and Current Transfers	41.6	44.4	164.1	172.7
Capital Expenditure	68.2	48.3	227.3	151.9
Capital II	44.4	16.9	113.6	58.9
Capital III	22.7	31.3	110.9	91.8
Net Lending	1.0	0.0	2.8	1.2

Sources: MOF

the Hummingbird and Philip Goldson Highways, maintenance of bridges, drains, roads and culverts, as well as works on the Southside of Belize City and the construction of the Macal Bridge. Land management and environmental projects accounted for 11.9% and 6.3%, respectively, while areas of education and social protection were allocated 4.9% and 4.4%, respectively. A medley of expenditures on sports, health, tourism, science, agriculture, housing and security accounted for another 11.4%. The remainder went to Belize Infrastructural Limited and to cover expenses on furniture, equipment and office building upgrades.

The 2017/2018 financing gap, comprised of the overall deficit, principal repayments and BTL settlement payments, amounted to $353.6mn. The majority (61.6%) was funded from domestic sources, particularly from the net issuance of $140.0mn in new government securities and from the sale proceeds of Belize Electricity Limited (BEL) and BTL shares. The remainder, 38.4%, came from external sources. The debt dependency ratio, defined as the ratio of new borrowings to government expenditure, stood at 28.0%, compared to the international benchmark of 20.0% that demarcates critical borderline sustainability. In a one-off development, the Government recognized the $90.1mn liability to the Belize Bank Limited for a Caribbean Court of Justice award, relating to the Universal Health Care Services loan guarantee. However, the payment has not yet been effected.

Chart 5.2: Central Government Development Expenditure



Sources: MOF

Domestic Debt

During the first quarter of 2018, Central Government's domestic debt increased by 1.1% to $1,038.1mn (28.0% of GDP), raising the share of domestic debt to total public sector debt from 29.0% at the end 2017 to 29.3%. The modest increase in borrowing was due to an $11.5mn expansion in Government's overdraft facility with the Central Bank.

Amortisation payments totalling $0.2mn were shared among a domestic bank and the Belize Social Security Board (BSSB). Interest payments amounted to $10.5mn with the annual effective interest rate edging up from an average of 3.4% at the end of March 2017 to 3.5%. This increase reflected the upward trajectory in Treasury bill yields, which increased by 98 basis points compared to the same period of 2017. The Central Bank received $5.9mn on the overdraft facility and holdings of securities, while non-bank entities and domestic banks were paid $3.0mn and $1.5mn, respectively.

Table 5.4: Central Government Domestic Debt

$mn

	Dec 2017	March 2018	Changes in Stock
Overdraft	47.2	58.8	11.5
Loans	94.3	94.3	0.0
Treasury Bills	245.0	245.0	0.0
Treasury Notes	640.0	640.0	0.0
Total	1,026.5	1,038.1	11.5

Domestic banks held the bulk of the domestic debt, as their share rose from 39.0% at the end of 2017 to 40.8% with an increase of $22.9mn in their holdings of Treasury bills, which was prevously held by the Central Bank. Meanwhile, the Central Bank bought $2.2mn in Treasury notes from non-bank entities. As a result, the share of domestic debt held by the

Chart 5.3: External Debt Service

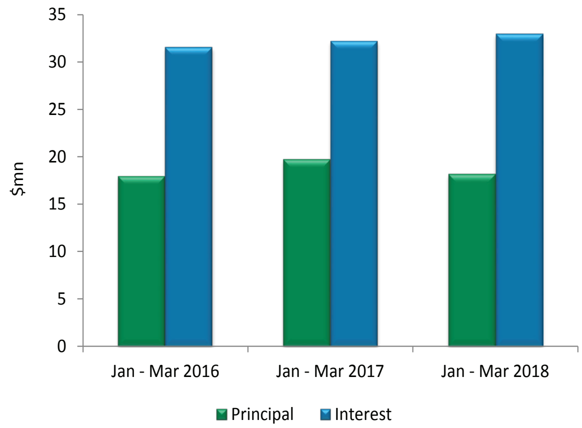
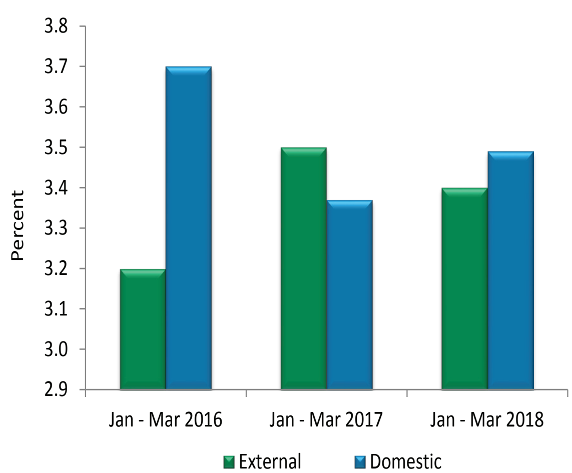


Chart 5.4: Average Interest Rate on Central Government Domestic Debt and Public Sector External Debt



Central Bank and non-bank entities fell from 37.8% at year end to 36.5% and from 23.2% to 22.8%, respectively, over the same period.

Public Sector External Debt

During the first quarter, the public sector's external debt fell by 0.1% to $2,509.2mn (67.7% of GDP), as principal payments of $18.2mn exceeded disbursements of $14.0mn and upward valuation adjustments. Disbursements to Central Government totalled $13.7mn, of which $7.0mn (in local currency funds) was from the Venezuelan Petrocaribe Agreement initiative. Multilateral lenders disbursed $6.7mn, including $5.5mn from the Caribbean Development Bank (CDB) mainly for infrastructural projects, such as the rehabilitation of the Philip Goldson Highway and funding for Social Investment Fund programmes. The $1.2mn received from the International Bank for Reconstruction and Development (IBRD) was for construction of the Santa Elena/San Ignacio Road. In addition, BEL received $0.3mn from CDB.

Central Government amortised $17.2mn, of which $8.7mn and $8.5mn went to bilateral and multilateral creditors, respectively. Meanwhile, the Development Finance Corporation (DFC) and the non-financial public sector repaid a combined $1.0mn to the CDB.

Interest and other payments totalled $33.0mn. Of this amount, the 2034 bond

Table 5.5: Public Sector External Debt

	DOD at: 12/31/2017	DOD at: 31/03/2018	Change in Debt Stock
			$mn
Central Government	2,415.4	2,412.4	-3.1
Bilateral	737.7	736.2	-1.6
Multilateral	624.7	623.2	-1.5
Bonds	1,053.0	1,053.0	0.0
Non-Financial Public Sector	22.6	22.2	-0.5
Bilateral	0.0	0.0	0.0
Multilateral	22.6	22.2	-0.5
Bonds	0.0	0.0	0.0
Financial Public Sector	73.9	74.7	0.8
Bilateral	0.0	0	0.0
Multilateral	73.9	74.7	0.8
Bonds	0.0	0.0	0.0
Grand Total	2,512.0	2,509.3	-2.7

P - Provisional

holders received $26.0mn or 78.7%, while bilateral creditors were paid $3.7mn, and multilateral lenders received $3.3mn. At 3.4%, the annualised effective interest rate was lower than the 3.5% averaged at the end of March 2017.

At the end of March, Central Government held 96.1% of the public sector external debt, of which the 2034 bond holders and the Government of Venezuela – the two largest creditors – accounted for a combined share of 62.3%. The portions held by the financial and non-financial public sectors were much lower at 3.0% and 0.9%, respectively.

ANNEX I

Table 6.1: Gross Domestic Product Growth Rates of Selected Countries

Percent

	Dec 2017	Mar 2018
US[2]	2.9	2.8
UK[1]	1.4	1.2
Euro Zone[1]	2.8	2.5
Japan[2]	1.4	1.1

[1] Percentage change compared to the same quarter of the previous year.
[2] Percentage change on an annualised basis.
Source: Respective Statistical Bureaus

Table 6.2: Factors Responsible for Money Supply Movements[1]

$mn

	Position as at Mar 2018	Changes During Dec 2017 to Mar 2018	Changes During Dec 2016 to Mar 2017
Net Foreign Assets	906.8	47.5	-13.8
Central Bank	603.5	-25.0	-5.9
Domestic Bank	303.3	72.5	-7.9
Net Domestic Credit	2,616.1	0.8	-2.0
Central Government (Net)	627.7	36.7	28.6
Other Public Sector	15.3	8.6	-1.0
Private Sector	1,973.1	-44.5	-29.6
Central Bank Foreign Liabilities (Long-term)	52.0	1.1	0.4
Other Items (Net)	470.4	-14.8	-33.7
Money Supply (M2)	3,000.5	62.0	17.5

[1] Transactions associated with the Universal Health Services (UHS) loan with the Belize Bank Limited are not included in this table.

Table 6.3: Money Supply

			$mn
		Changes During	
	Position as at Mar 2018	Dec 2017 to Mar 2018	Dec 2016 to Mar 2017
Money Supply (M2)	3,000.5	62.0	17.5
Money Supply (M1)	1,607.7	41.8	52.0
Currency with the Public	320.9	-4.3	-10.8
Demand Deposits	1,259.6	47.3	62.9
Savings/Chequing Deposits	27.2	-1.2	-0.1
Quasi-Money	1,392.8	20.2	-34.5
Savings Deposits	688.6	9.7	6.1
Time Deposits	704.2	10.5	-40.6

Table 6.4: Net Foreign Assets of the Banking System

			$mn
		Changes During	
	Position as at Mar 2018	Dec 2017 to Mar 2018	Dec 2016 to Mar 2017
Net Foreign Assets of Banking System	906.8	47.5	-13.8
Net Foreign Assets of Central Bank	603.5	-25.0	-5.9
Central Bank Foreign Assets	606.0	-24.3	-3.7
Central Bank Foreign Liabilities (Demand)	2.5	0.7	2.2
Net Foreign Assets of Domestic Banks	303.3	72.5	-7.9
Domestic Bank Foreign Assets	310.8	74.9	0.7
Domestic Bank Foreign Liabilities (Short-Term)	7.5	2.4	8.6

Table 6.5: Net Domestic Credit

$mn

	Position as at Mar 2018	Changes During Dec 2017 to Mar 2018	Changes During Dec 2016 to Mar 2017
Total Credit to Central Government	711.5	13.7	47.8
From Central Bank	378.6	-9.6	55.1
Loans and Advances	58.8	11.5	14.0
Goverment Securities[1]	319.8	-21.1	41.1
From Domestic Banks	332.9	23.3	-7.3
Loans and Advances	1.6	0.4	-0.4
Government Securities	331.3	22.9	-6.9
Of which: Treasury Bills[2]	159.6	22.9	-10.0
Treasury Notes	171.7	0.0	3.1
Other	0.0	0.0	0.0
Less Central Government Deposits	83.8	-23.0	19.2
With Central Bank	65.8	-22.3	12.4
With Domestic Banks	18.0	-0.7	6.8
Net Credit to Central Government	627.7	36.7	28.6
Credit to Other Public Sector	15.3	8.6	-1.0
From Central Bank	0.0	0.0	0.0
From Domestic Banks	15.3	8.6	-1.0
Of which: Local Government	1.9	0.0	-0.1
Public Financial Institutions	0.0	0.0	0.0
Public Utilities	8.6	8.2	-0.8
Other Statutory Bodies	2.2	0.4	-0.1
Securities	2.6	0.0	0.0
Plus Credit to the Private Sector	1,973.1	-44.5	-29.6
Loans and Advances	1,972.7	-44.5	-29.6
Securities	0.4	0.0	0.0
Net Domestic Credit of the Banking System	2,616.1	0.8	-2.0

[1] Includes Central Bank's holdings of Government Treasury bills and Treasury notes.
[2] Treasury bill holdings reported by domestic banks reflect a mix of par and market values.

Table 6.6: Sectoral Composition of Domestic Banks' Loans and Advances

$mn

	Position as at Mar 2018	Changes During Dec 2017 to Mar 2018	Changes During Dec 2016 to Mar 2017
PRIMARY SECTOR	214.8	-62.5	17.2
Agriculture	176.7	-63.7	34.2
Sugar	86.8	-0.8	18.3
Citrus	14.6	-0.1	-6.2
Bananas	23.1	-58.2	17.4
Other	52.2	-4.6	4.7
Marine Products	33.3	-0.3	-2.7
Forestry	0.6	0.1	-0.1
Mining and Exploration	4.2	1.4	-14.2
SECONDARY SECTOR	663.6	44.0	-21.6
Manufacturing	71.7	36.9	4.1
Building and Construction	570.1	-1.2	-25.7
Utilities	21.8	8.3	0.0
TERTIARY SECTOR	670.2	-10.6	-11.6
Transport	57.5	0.2	-0.5
Tourism	115.3	-0.9	-11.3
Distribution	154.6	-3.7	7.6
Real Estate	284.4	-6.5	-3.2
Professional Services	49.4	-0.7	-0.5
Other[1]	9.0	1.0	-3.7
PERSONAL LOANS[2]	434.0	-6.5	-14.8
TOTAL	1,982.6	-35.6	-30.8

[1] Includes Government services, financial institutions and entertainment.
[2] Changes due to reclassification from personal loans mainly to building and construction in 2016.

Table 6.7: Domestic Banks' Liquidity Position and Cash Reserves

$mn

	Position as at Mar 2018	Changes During Dec 2017 to Mar 2018	Changes During Dec 2016 to Mar 2017
Holdings of Approved Liquid Assets	899.8	31.0	0.1
Notes and Coins	81.6	6.1	-3.0
Balances with Central Bank	476.6	-31.1	18.3
Money at Call and Foreign Balances (due in 90 days)	170.9	77.6	10.3
Treasury Bills maturing in not more than 90 days	169.6	10.7	-10.0
Other Approved Assets	1.1	-32.3	-15.5
Of which: Treasury Notes	0.0	0.0	-26.3
Required Liquid Assets	614.7	14.9	-0.1
Excess/(Deficiency) Liquid Assets	285.1	16.1	0.2
Daily Average Holdings of Cash Reserves	475.9	-29.8	24.1
Required Cash Reserves	227.2	5.5	0.0
Excess/(Deficiency) Cash Reserves	248.7	-35.3	24.1
Actual Securities Balances	149.6	12.9	-10.0
Excess/(Deficiency) Securities	149.6	12.9	-10.0

Table 6.8: Domestic Banks' Weighted Average Interest Rates

Percent

	Position as at Mar 2018	Changes During Dec 2017 to Mar 2018	Changes During Dec 2016 to Mar 2017
Weighted Lending Rates			
Personal Loans	10.75	-0.56	-0.09
Commercial Loans	8.98	-0.14	-0.17
Residential Construction	7.10	-0.07	-0.21
Other	6.61	-0.12	-0.24
Weighted Average	9.13	-0.21	-0.15
Weighted Deposit Rates			
Demand	0.01	0.00	0.00
Savings/Chequing	0.48	-0.01	-0.15
Savings	2.47	-0.03	0.00
Time	2.04	-0.04	-0.04
Weighted Average	1.18	-0.03	-0.05
Weighted Average Spread	7.95	-0.18	-0.10

Table 6.9: Domestic Banks' Weighted Average Interest Rates on New Loans and Deposits

Percent

	Twelve Month Rolling Averages At			Changes	
	Mar 2018	Dec 2017	Mar 2017	Mar 2018 over Dec 2017	Mar 2018 over Mar 2017
Weighted Lending Rates					
Personal Loans	9.86	10.01	10.37	-0.15	-0.51
Commercial Loans	8.73	8.85	9.23	-0.12	-0.50
Residential Construction	7.02	6.98	6.69	0.04	0.33
Other	6.48	6.47	6.41	0.01	0.07
Weighted Average	8.89	9.02	9.28	-0.13	-0.39
Weighted Deposit Rates					
Demand	0.00	0.00	0.03	0.00	-0.03
Savings/Chequing	1.07	1.38	0.96	-0.31	0.11
Savings	2.25	2.05	2.23	0.20	0.02
Time	1.95	1.92	2.00	0.03	-0.05
Weighted Average	1.72	1.70	1.86	0.02	-0.14
Weighted Average Spread	7.16	7.31	7.42	-0.15	-0.26

Table 6.10: Real Gross Domestic Product Growth Rates[1]

	Year on Year Growth (%)	
	Jan - Mar 2017[1] over Jan - Mar 2016	Jan - Mar 2018[1] over Jan - Mar 2017
Agriculture, hunting and forestry	12.8	-8.2
Fishing	20.5	-44.7
Manufacturing (including Mining and Quarrying)	-2.4	-7.3
Electricity and Water	-9.8	18.3
Construction	1.1	-6.0
Wholesale and Retail	7.3	4.8
Hotels and Restaurants	-4.3	19.8
Transport and Communication	3.9	4.8
Other Private Services excluding Financial Services Indirectly Measured	-2.4	-0.3
Producers of Government Services	1.5	5.2
All Industries at Basic Prices	2.5	1.4
Taxes on Products	-9.2	4.0
GDP at Constant 2000 Prices	0.8	1.8

Source: SIB
[1] *constant 2000 prices– changes in percent*
R - Revised
P - Provisional

Table 6.11: Gross Domestic Product by Activity at Constant 2000 Prices

$mn

	Quarter 1 2017[R]	Quarter 1 2018[P]
Agriculture, Hunting and Forestry	81.7	75.0
Fishing	9.4	5.2
Manufacturing (including Mining and Quarrying)	56.3	52.2
Electricity and Water	31.2	36.9
Construction	28.1	26.4
Wholesale and Retail	134.6	141.0
Hotels and Restaurants	33.3	39.9
Transport and Communication	81.8	85.7
Other Private services excluding Financial Services Indirectly Measured	115.4	115.0
Producers of Government Services	75.3	79.2
All Industries at Basic Prices	647.2	656.4
Taxes on Products	96.6	100.5
GDP at Constant 2000 Prices	743.8	756.9

Source: SIB
[R] - Revised
[P] - Provisional

Table 6.12: Consumer Price Index Commodity Group

% Change

Major Commodity	Weights	Jan 2018	Feb 2018	Mar 2018	Mar 2017 over Feb 2017	YTD 2018 over YTD 2017
Food and Non-Alcoholic Beverages	195	105.1	104.7	104.4	-0.3	-0.3
Alcoholic Beverages and Tobacco	17	107.5	107.3	108.0	0.7	7.4
Clothing and Footwear	83	97.9	97.8	97.8	0.0	-0.2
Housing, Water, Electricty, Gas, and Other Fuels	265	103.9	103.8	103.9	0.1	0.6
Furnishing, Household Equipment, and Routine Household Maintenance	69	101.2	101.5	101.5	0.0	0.2
Health	41	113.9	116.3	116.2	-0.1	1.6
Transport	136	112.3	108.8	108.5	-0.2	-1.5
Communication	33	101.2	101.7	101.7	0.0	0.6
Recreation and Culture	69	104.3	104.1	104.1	-0.0	-2.7
Education	32	104.1	102.7	102.7	0.0	-0.5
Restaurants and Hotels	7	111.1	114.6	114.6	0.0	-1.3
Miscellaneous Goods and Services	52	104.7	104.4	104.4	-0.1	1.0
All Items	1,000	105.0	104.5	104.5	-0.1	-0.1

Source: SIB

Table 6.13: Gross Imports at Cost, Insurance and Freight (CIF) by Standard International Trade Classification (SITC)

$'000

SITC Section	Jan - Mar 2017	Jan - Mar 2018	$ Change	% Change
0. Food and Live Animals	51,309	51,924	615	1.2
1. Beverages and Tobacco	9,044	8,086	(958)	(10.6)
2. Crude Materials	9,070	7,045	(2,025)	(22.3)
3. Minerals, Fuels and Lubricants	63,738	70,532	6,794	10.7
of which electricity	9,622	7,379.6	(2,242)	(23.3)
4. Oils and Fats	4,487	3,945	(542)	(12.1)
5. Chemical Products	39,103	33,858	(5,244)	(13.4)
6. Manufactured Goods	62,104	51,448	(10,657)	(17.2)
7. Machinery and Transport Equipment	90,443	91,787	1,344	1.5
8. Other Manufactures	38,561	38,985	424	1.1
9. Commodities not elsewhere specified	321	0	(321)	0
10. Export Processing Zones	7,957	12,943	4,987	62.7
11. Commercial Free Zone	64,031	66,045	2,014	3.1
12. Personal Goods	1,069	639	(429)	(40.2)
Total	441,238	437,238	(4,000)	(0.9)

Sources: CBB and SIB

Table 6.14: Balance of Payments

	Jan - Mar 2017R	Jan - Mar 2018P
		$mn
CURRENT ACCOUNT	-13.3	43.1
Goods: Exports FOB	248.9	219.8
Goods: Imports FOB	398.3	395.6
Trade Balance	-149.4	-175.8
Services: Credit	310.4	346.2
Transportation	20.4	10.9
Travel	234.6	275.6
Other Goods and Services	38.7	51.9
Government Goods and Services	16.7	7.8
Services: Debit	131.3	84.1
Transportation	30.3	30.1
Travel	22.3	21.0
Other Goods and Services	66.4	24.8
Government Goods and Services	12.3	8.3
Balance on Goods and Services	29.7	86.3
Primary Income: Credit	3.6	4.2
Compensation of Employees	1.2	1.2
Investment Income	2.5	3.0
Primary Income: Debit	84.1	79.5
Compensation of Employees	4.2	3.4
Investment Income	79.9	76.1
Balance on Goods, Services and Primary Income	-50.8	11.0
Secondary Income: Credit	61.4	53.7
Secondary Income: Debit	24.0	21.6
CAPITAL ACCOUNT	16.0	3.7
Capital Account: Credit	16.0	3.7
Capital Account: Debit	0.0	0.0
FINANCIAL ACCOUNT	-48.3	35.3
Direct Investment Abroad	0.2	0.2
Direct Investment in Reporting Economy	47.7	72.7
Portfolio Investment Assets	0.0	0.0
Portfolio Investment Liabilities	0.0	0.0
Financial Derivatives	0.0	0.0
Other Investment Assets	0.4	74.0
Other Investment Liabilities	1.3	-33.8
NET ERRORS AND OMISSIONS	-54.0	-34.2
OVERALL BALANCE	-2.9	-22.6
RESERVE ASSETS	-2.9	-22.6

Source: CBB

R - Revised

P - Provisional

Table 6.15: International Investment Position

			$mn
	Sept - Dec 2017	**Jan - Mar 2018**	**Quarterly Change**
Net position	-6,149.6	-6,154.5	-4.9
A. Assets	989.6	1,031.5	41.9
1. Direct Investment Abroad	137.7	137.9	0.2
2. Portfolio Investment	34.8	25.1	-9.7
2.1 Equity Securities	20.4	16.8	-3.5
2.2 Debt Securities	14.4	8.2	-6.1
3. Other Investment	193.2	267.2	74.0
3.1 Trade Credits	-1.3	-1.3	0.0
3.2 Loans	6.2	6.7	0.5
3.3 Currency and Deposits	235.4	236.4	1.0
3.4 Other Assets	7.1	6.1	-1.0
4 . Reserve Assets	624.0	601.4	-22.6
4.1 Monetary Gold	0.0	0.0	0.0
4.2 Special Drawing Rights	57.1	58.4	1.2
4.3 Reserve Position in the Fund	17.7	18.1	0.4
4.4 Foreign Exchange	530.3	506.1	-24.2
4.5 Other Claims	18.8	18.8	0.0
B. Liabilities	7,139.2	7,186.0	46.8
1. Direct Investment	4,249.1	4,321.8	72.7
2. Portfolio Investment	1,053.0	1,053.0	0.0
2.1 Equity Securities	0.0	0.0	0.0
2.2 Debt Securities	1,053.0	1,053.0	0.0
3. Other Investment	1,837.1	1,811.2	-25.9
3.1 Trade Credits	0.0	2.9	3.0
3.2 Loans	1,772.1	1,739.5	-32.6
3.3 Currency and Deposits	64.4	68.3	4.0
3.4 Other Liabilities	0.7	0.4	-0.2

Table 6.16: Extended Balance of Payment Services Classifications (EBOPS)

$mn

		Jan - Mar 2017	Jan - Mar 2018
Total Services	Net	179.1	262.1
	Credits	310.4	346.2
	Debits	131.3	84.1
Manufacturing Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Maintenance and Repair Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Transportation	Net	-9.9	-19.2
	Credits	20.4	10.9
	Debits	30.3	30.1
Travel	Net	212.3	254.6
	Credits	234.6	275.6
	Debits	22.3	21.0
Telecommunications, Computer, and Information Services	Net	5.1	8.2
	Credits	10.3	12.0
	Debits	5.2	3.8
Construction Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Insurance and Pension Services	Net	-18.4	-10.2
	Credits	0.2	0.2
	Debits	18.6	10.4
Financial Services	Net	1.6	0.9
	Credits	2.9	2.3
	Debits	1.3	1.4
Charges for the use of Intellectual Property, n.i.e.	Net	-1.4	-0.6
	Credits	0.0	0.0
	Debits	1.4	0.6
Other Business Services	Net	-14.3	29.2
	Credits	25.3	37.5
	Debits	39.6	8.2
Personal, Cultural and Recreational Services	Net	-0.3	-0.4
	Credits	0.0	0.0
	Debits	0.3	0.4
Government Services, n.i.e.	Net	4.4	-0.4
	Credits	16.7	7.8
	Debits	12.3	8.3

Table 6.17: Private Sector External Debt by Economic Sector[1,2]

Economic Sectors	DOD as at 31/12/2017	Transactions (Jan - Mar 2018) Disbursements	Principal Payments	Interest Payments	DOD as at 31/03/2018
Long Term:					
Agriculture	57,119	0	0	0	57,119
Arts, Entertainment and Recreation	1,700	0	0	0	1,700
Construction	42,748	0	1,457	1,372	41,290
Economic Diversification	556	0	0	0	556
Education	198	0	0	0	198
Electricity and Gas	5,133	0	10	670	5,123
Financial and Insurance Activities	111	0	0	0	111
Fishing	82,121	0	1,741	354	80,380
Information and Communication	218	0	65	3	153
Real Estate Activities	1,258	0	0	0	1,258
Toursim Activities	40,263	0	0	0	40,263
Transportation	41,495	0	1,015	502	40,480
Wholesale and retail trade	1,072	0	9	2	1,063
Other	2,556	0	0	0	2,556
Total	276,547	0	4,297	2,903	272,250

(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 have submitted their balance sheets to the Central Bank of Belize.

Table 6.18: Exports of Sugar and Molasses

	Jan - Mar 2017		Jan - Mar 2018	
	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)
Sugar	48,585	43,906	50,553	35,817
E.U.	48,561	43,878	49,707	34,930
USA	0	0	0	0
Caricom	25	28	845	888
Other	0	0	0	0
Molasses	9,968	2,114	7,649	1,243

Source: SIB

Table 6.19: Export Sales of Citrus Products

	Jan - Mar 2017		Jan - Mar 2018	
	Pound Solid (‘000)	**Value ($‘000)**	**Pound Solid (‘000)**	**Value ($‘000)**
Citrus Concentrates				
U.S.A.				
Orange	1,709.7	5,747	1,780.0	4,834
Grapefruit	0.0	0	0.0	0
Caribbean				
Orange	1,311.3	4,703	1,908.4	7,080
Grapefruit	98.9	369	68.0	361
Europe				
Orange	102.2	286	269.5	855
Grapefruit	185.3	660	199.5	799
Other				
Orange	0.0	0	34.0	112
Grapefruit	0.0	0	132.5	714
Sub-Total[(1)]	3,407.4	11,766	4,391.8	14,756
Orange	3,123.2	10,737	3,991.9	12,882
Grapefruit	284.2	1,029	399.9	1,874
Not-From-Concentrate				
Sub-Total	12.4	67	12.7	64.7
Orange	10.5	55	11.3	57
Grapefruit	1.9	12	1.4	8
Total Citrus Juices	3,419.8	11,833	4,404.5	14,821
Pulp (pounds ‘000)				
Total[(1)]	28.4	29	1,043.1	789
Orange	28.4	29	990.1	748
Grapefruit	0.0	0	53.0	41

Source: CPBL

[(1)] Values may not be equal to total due to rounding.

Table 6.20: Exports of Marine Products

	Jan - Mar 2017		Jan - Mar 2018	
	Volume ('000 pounds)	Value ($'000)	Volume ('000 pounds)	Value ($'000)
Lobster	233	4,251	220.0	4,838
Shrimp	405	4,478	167.0	796
Conch	239	2834	154	1,974
Other Fish	121	129.0	0	0
Total	998	11,692	541	7,608

Sources: SIB and CBB

Table 6.21: Banana Exports

	Jan - Mar 2017	Jan - Mar 2018
Volume (metric tons)	23,558	16,713
Value ($'000)	26,891	18,185

Source: BGA

Table 6.22: Petroleum Exports

	Jan - Mar 2017	Jan - Mar 2018
Volume (Barrels)	133,866	67,075
Value ($'000)	11,385	7,684

Source: Geology and Petroleum Department

Table 6.23: Other Major Exports

	Jan - Mar 2017	Jan - Mar 2018
Other Miscellaneous Exports ($'000)	21,785	19,649
of which:		
Papaya		
Volume ('000 lbs)	1,096	378
Value ($'000)	468	161

Sources: SIB and CBB

Table 6.24: Central Government Domestic Debt by Creditor

$'000

	Disbursed Outstanding Debt 31/12/17[R]	TRANSACTIONS THROUGH MARCH 2018				Disbursed Outstanding Debt 31/03/18[P]
		Disbursement/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft/Loans	47,235	0	0	1,207	11,536	58,772
Central Bank	47,235	0	0	1,207	11,536	58,772
Domestic Banks	0	0	0	0	0	0
Treasury Bills	245,000	0	0	804	0	245,000
Central Bank	106,823	0	0	316	(23,297)	83,526
Domestic Banks	136,700	0	0	481	22,885	159,585
Other	1,477	0	0	7	412	1,889
Treasury Notes	640,000	0	0	8,412	0	640,000
Central Bank	234,100	0	0	4,420	2,153	236,253
Domestic Banks	171,771	0	0	1,000	(46)	171,725
Other	234,129	0	0	2,992	(2,107)	232,022
Belize Bank Limited[(1)]	91,000	0	0	0	0	91,000
Heritage Bank Limited	1,020	0	189	24	0	831
Belize Social Security Board[(2)]	311	0	11	6	0	300
Fort Street Tourism Village	0	215	0	0	0	215
Debt for Nature Swap	1,970	0	0	0	0	1,970
Total	1,026,537	215	201	10,454	11,536	1,038,088

R - Revised
P - Provisional
(1) Caribbean Court of Justice award in November 2017 against the Government of Belize in favor of Belize Bank relating to the loan guarantee
(2) Government has outstanding loan with BSSB for Hopeville Housing Project.

Table 6.25: Central Government Revenue and Expenditure

$'000

	Approved Budget 2017/2018	Jan 2017 to Mar 2017	Jan 2018 to Mar 2018^P	Apr 2016 to Mar 2017	Apr 2017 to Mar 2018^P	Fiscal YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	1,186,770	261,152	298,020	1,052,133	1,111,100	93.6%
1). Current Revenue	1,134,105	247,809	279,319	1,004,029	1,079,441	95.2%
Tax Revenue	1,032,903	234,227	247,543	924,898	967,445	93.7%
Income and Profits	270,781	68,972	71,662	261,707	270,223	99.8%
Taxes on Property	6,230	2,133	2,007	6,799	6,384	102.5%
Taxes on Goods and Services	551,881	126,021	136,371	490,192	533,031	96.6%
International Trade and Transactions	204,011	37,100	37,503	166,200	157,808	77.4%
Non-Tax Revenue	101,202	13,582	31,776	79,131	111,995	110.7%
Property Income	31,025	1,445	9,525	16,742	20,832	67.1%
Licences	10,039	4,380	6,564	11,884	20,343	202.6%
Other	60,138	7,757	15,687	50,504	70,820	117.8%
2). Capital Revenue	5,984	629	446	2,522	1,799	30.1%
3). Grants	46,682	12,715	18,254	45,581	29,860	64.0%
TOTAL EXPENDITURE (1+2)	1,180,103	337,412	332,235	1,197,916	1,172,427	99.3%
1). Current Expenditure	1,030,405	269,252	283,967	970,603	1,020,542	99.0%
Wages and Salaries	422,373	101,981	106,726	403,054	425,868	100.8%
Pensions	79,080	20,981	21,160	83,486	94,672	119.7%
Goods and Services	235,564	61,985	68,921	215,510	214,776	91.2%
Interest Payments on Public Debt	109,055	42,736	42,806	104,471	112,500	103.2%
Subsidies and Current Transfers	184,333	41,569	44,354	164,082	172,725	93.7%
2). Capital Expenditure	149,698	68,159	48,269	227,313	151,885	101.5%
Capital II (Local Sources)	66,243	44,420	16,929	113,598	58,882	88.9%
Capital III (Foreign Sources)	81,156	22,704	31,340	110,888	91,826	113.1%
Capital Transfer and Net Lending	2,299	1,035	0	2,827	1,177	51.2%
CURRENT BALANCE	103,700	(21,443)	(4,647)	33,426	58,899	56.8%
Primary Balance	115,722	(33,523)	8,590	(41,313)	51,173	44.2%
OVERALL BALANCE	6,667	(76,259)	(34,216)	(145,784)	(61,327)	-919.8%
Primary Balance less Grants	69,040	(46,237)	(9,664)	(86,894)	21,313	30.9%
Overall Balance less Grants	(40,014)	(88,974)	(52,470)	(191,365)	(91,187)	227.9%
FINANCING	(6,667)	76,259	34,216	145,784	61,327	
Domestic Financing		44,591	34,376	250,161	302,378	
Central Bank		42,786	12,719	128,509	(39,805)	
Net Borrowing		55,076	(9,607)	152,116	(47,015)	
Change in Deposits		(12,290)	22,326	(23,607)	7,210	
Commercial Banks		(13,835)	23,327	51,406	124,329	
Net Borrowing		(7,038)	22,650	59,890	107,922	
Change in Deposits		(6,797)	677	(8,484)	16,407	
Assumption of UHS liability		0	0	0	91,000	
International Banks		(44)	(179)	4,738	2,000	
Other Domestic Financing		15,684	(1,492)	65,505	124,853	
Financing Abroad		25,966	(3,002)	78,126	61,050	
Disbursements		45,015	14,244	161,731	145,015	
Amortization		(19,049)	(17,247)	(83,605)	(83,965)	
Nationalization of BEL		0	0	0	0	
Nationalization of BTL		0	0	(196,522)	(208,316)	
Other		5,902	2,842	14,022	(93,785)	

Sources: MOF and CBB estimates
P - Provisional

Table 6.26: Public Sector External Debt by Creditor

$'000

	Disbursed Outstanding Debt 31/12/17[R]	*TRANSACTIONS THROUGH MARCH 2018*				Disbursed Outstanding Debt 31/03/18[P]
		Disbursements	*Principal Payments*	*Interest & Other Payments*	*Parity Change*	
CENTRAL GOVERNMENT	2,415,444	13,732	17,247	32,670	448	2,412,378
Government of Venezuela [(1)]	419,615	7,046	0	159	-0	426,660
Kuwait Fund for Arab Economic Development	26,512	0	0	144	151	26,663
Mega International Commercial Bank Company	50,000	0	0	1,010	0	50,000
Republic of China	241,601	0	8,751	2,426	0	232,850
Caribbean Development Bank	259,805	5,487	5,824	2,110	0	259,468
Caricom Development Fund	799	0	0	0	0	799
European Economic Community	8,442	0	122	9	237	8,557
Inter-American Development Bank	228,478	0	1,975	645	0	226,503
International Fund for Agriculture Development	2,924	0	0	0	61	2,985
International Bank for Reconstruction and Development	32,242	1,200	0	0	0	33,442
Opec Fund for International Development	70,574	0	396	104	0	70,178
Central American Bank for Economic Integration	21,447	0	179	68	0	21,269
Bank of New York	1,053,004	0	0	25,996	0	1,053,004
NON-FINANCIAL PUBLIC SECTOR	22,620	282	751	149	0	22,151
Caribbean Development Bank[(2) (3)]	22,620	282	751	149	-0	22,151
FINANCIAL PUBLIC SECTOR	73,905	0	216	223	1,060	74,749
Caribbean Development Bank	22,845	0	216	199	0	22,629
European Investment Bank	0	0	0	24	0	0
European Economic Community	93	0	0	0	3	95
International Monetary Fund[(4)]	50,968	0	0	0	1,057	52,025
GRAND TOTAL	2,511,969	14,014	18,213	33,043	1,508	2,509,278

[R] - Revised
[P] - Provisional
[(1)] Since September 2017, debt service payments for oil imports have been suspended due to U.S. sanctions on Petroleos de Venezuela, S.A. Unpaid debt service payments up to the end of March 2018 amount to principal of $7.6mn and interest of $1.8mn.
[(2)] Effective 21 June 2011, the nationalization of BEL caused an increase ($23.1mn) in debt, which was matched by Government's acquisition of assets of equal value.
[(3)] Effective 3 October 2005, loans to BWSL were reclassified as public sector debt as a result of Government of Belize's repurchase of the company.
[(4)] International Monetary Fund Special Drawing Rights allocation is included as part of the financial public sector external debt obligation.