



THE CAYMAN ISLANDS' SEMI-ANNUAL ECONOMIC REPORT 2011

September 2011



The Economics and Statistics Office

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Overview*

- Gross domestic product was estimated to have expanded at an annualised rate of 1.3% in the first half of 2011.
- The Consumer Price Index increased by 0.5%, as lower price indices for housing offset the oil price- induced increases for transport.
- Merchandise imports rose by 4.6% to register at \$360.9 million in contrast to a decline of 5.2% in the same period last year.
- Current work permits continued to fall but at a rate (-7.5%) lower compared to a year ago (-11.3%).
- Broad liquidity or money supply contracted by 11.6% due to reductions in foreign currency deposits held by residents.
- The weighted average lending rate fell by 12 basis points to 6.43% while prime lending rate remained stable at 3.25%.
- Domestic credit expanded anew by 2.7% as credit to the public sector increased by 55.4% while credit to the private sector fell by 2.3%.
- Bank and trust company licenses slid by 5.7% while insurance licenses also decreased by 4.4%.
- Mutual funds registration fell as compared to the previous year by 77 or 0.8%.
- Stock exchange listings contracted by 18.1% to settle at 1,106 while stock market capitalization for mutual funds sharply declined.
- New company registrations rebounded by 11.0% to total 4,844.
- Air arrivals grew by 8.0% while cruise passengers declined by 3.4%.
- Building permits fell by 34.1% to settle at 362, valued at \$99.5 million.
- The number of property transfers declined by 3.9% to 942 while the total value surged by 141.9% to \$408.5 million.
- Electricity production and consumption fell by 1.0% and 2.6% respectively. Similarly, water production and consumption fell by 0.9% and 1.1% respectively.

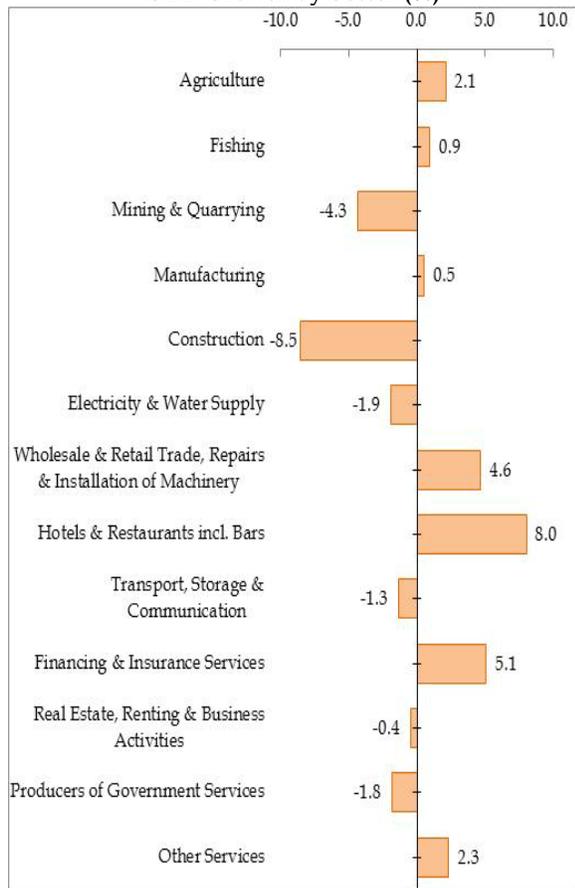
*Comparative data over the first six months of 2010, except when otherwise indicated. Percentage calculations may not be exact due to rounding-off

** This report excludes the section on fiscal operations of central government which was not available as of the preparation of this report. Please see the 'First Quarter 2011 Economic Report' at www.eso.ky for the first quarter fiscal operations of central government.

1. GDP Growth

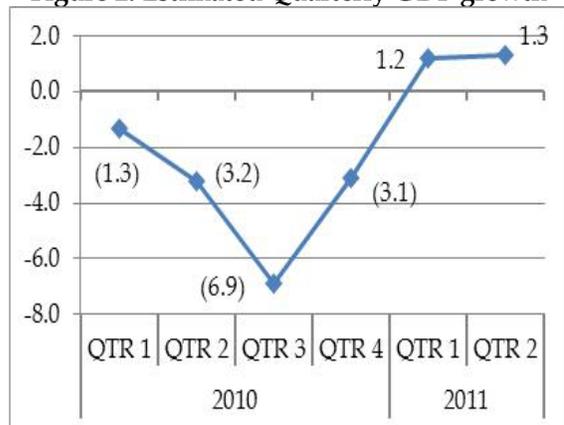
The first half of 2011 indicators suggest that the Cayman Islands' real GDP grew by an estimated annualised rate of 1.3% compared to a year ago when the estimated contraction was 4.1%. During the period, upbeat growth rates were indicated for financial and insurance services (5.1%), hotels and restaurants (8.0%) and wholesale and retail trade (4.6%). The major contracting sectors were construction; real estate, renting and business services; government services and utilities (see Figure 1).

Figure 1: Estimated First half of 2011 Annualized GDP Growth by Sector (%)



Source: Economics and Statistics office

Figure 2: Estimated Quarterly GDP growth



Source: Economics and Statistics Office

As depicted in Figure 2, for the first two quarters of 2011, GDP growth was estimated at 1.2% and 1.3% respectively. This can be compared to declines in the first two quarters of 2010 of 1.3% and 3.2% respectively. As a result of this improved economic performance, the macroeconomic outlook for the calendar year 2011 is as shown in Table 1. The annual GDP was maintained at 0.9% due to new potential downward risks in the major source markets.

Table 1: Macroeconomic Outlook Based on Semi-Annual Data

	2009	2010*	Forecast 2011
	Percent (%)		
Real GDP*	(7.0)	(4.0)	0.9
CPI Inflation	(1.5)	0.3	0.9
Unemployment Rate	6.0	6.7	6.5
BOP Current A/C (% of GDP)**	(16.6)	(15.2)	(14.8)

* 2010 is Estimated

** Balance of Payments Current Account

Source: Economics and Statistics Office

2. Inflation

Average inflation for the first half of 2011 was recorded at 0.5% (see Table 2). This resulted mainly from rising price indices for transport (11.3%), food and non-alcoholic beverages (2.2%), miscellaneous goods and services (2.6%) as housing and utilities declined (3.7%).

Given the low average inflation for the first two quarters of the year (see Table 1) the CPI forecast for 2011 was revised downwards to 0.9% from 1.9%.

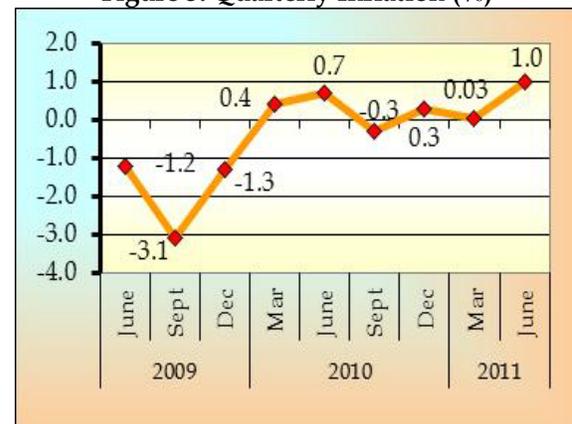
During the second quarter of 2011, the Consumer Price Index (CPI) stood at 100.5, higher by 1.0% compared to June 2010 (see Figure 3)¹. Rising price indices were recorded for transport (13.3%), alcohol and tobacco (0.3%), restaurants and hotels (1.6%), miscellaneous goods and services (2.3%), education (1.8%), recreation and culture (1.9%), food and non-alcoholic beverage (1.6%), communication (2.5%) and health (1.4%). However, these increases were offset by declines in housing and utilities (-2.9%), household equipment (-0.7%) and clothing and footwear (-1.1%).

Table 2: Average Semi-Annual Inflation (%)

Categories	Semi-Annual Average Inflation Rates	
	2010	2011
Food & Non Alcoholic Beverages	2.5	2.2
Alcohol and Tobacco	10.0	0.4
Clothing and Footwear	-1.4	-0.3
Housing and Utilities	-2.5	-3.7
Household Equipment	0.2	0.5
Health	1.7	0.9
Transport	7.5	11.3
Communication	2.8	0.9
Recreation and Culture	-0.5	1.7
Education	1.7	1.8
Restaurants and Hotels	6.6	1.3
Misc. Goods and Services	0.4	2.6
Overall CPI Inflation	0.5	0.5

Source: Economics and Statistics Office

Figure 3: Quarterly Inflation (%)



Source: Economics and Statistics Office

The decline in the price index for housing and utilities in the second quarter was mainly on account of decreases in actual and imputed rent by 1.3% and 11.1%, respectively. However, cost of utilities increased as water supply and miscellaneous services (13.8%) and electricity, gas and other fuels (23.8%) rose. The rising utility prices were caused largely by the price surge for international oil and oil-related products, which increased the

¹ See also 'The Cayman Islands Consumer Price Report June 2011,' www.eso.ky

production cost of electricity and the cost of pumping water.

Similarly, higher oil prices accounted mainly for the increase in the transport index by 13.3% during the second quarter.

The index for food and non-alcoholic beverages increased by 1.6% on account of higher international food prices, precipitated by adverse weather conditions in producing countries.

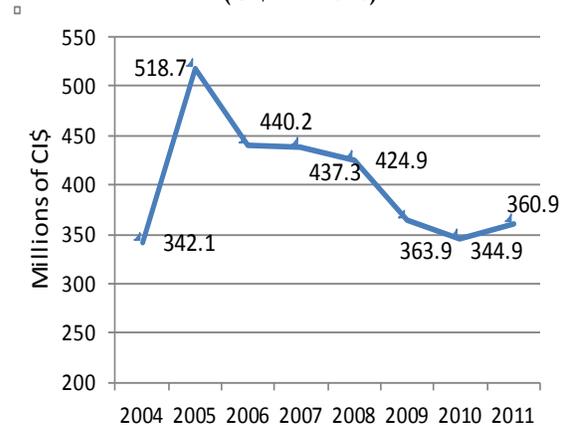
3. Trade

Merchandise imports for the first half of 2011 increased for the first time since 2005. This positive movement was due to an increase of 10.8% for the second quarter, following the first quarter decline of 1.6%. Preliminary data for the first half of 2011 indicates merchandise imports rose by 4.6% to \$360.9 million from the comparative period in 2010 (see Figure 4) as oil and petroleum-related products increased while non-oil merchandise imports declined by 3.5%.

During the period, the value of oil and petroleum-related products increased by 48.0%. Other increases were recorded in the value of beverages and tobacco (38.5%), and inedible crude materials excluding fuels (9.1%). The categories of imports which declined were food and live animals (-0.8%), manufactured goods classified chiefly by materials (-16.2%), all chemical and

related-products (-8.8%), machinery and transport equipment (-1.1%).

Figure 4: Half-Year Merchandise Imports (CI\$ Millions)



Source: Customs Department and ESO

Despite an increase in the value of merchandise imports for the first half of 2011, the volume of imported cargo trended downwards but at a declining rate. The total tonnage of landed cargo declined by 5.6% (see Figure 5), a deceleration compared to the 13.1% decline a year ago.

Figure 5: Total Tonnage of Cargo (Jan-June)



Source: Cayman Islands Port Authority

As exhibited in Table 3, the quantity of imported fuel grew by 14.3% during the first half of 2011. Increases were shown across all fuel types.

Table 3: Quantity of Fuel Imports (Jan-June)

	Jun-09	Jun-10	Jun-11	% Change
	Millions of imperial gallons			
Total Fuel	23.66	22.55	25.78	14.3
Diesel	16.53	15.69	16.60	5.8
Gas	5.02	4.31	5.99	39.0
Aviation Fuel	1.79	2.15	2.48	15.3
Propane	0.32	0.40	0.71	77.5

Source: Cayman Islands Port Authority

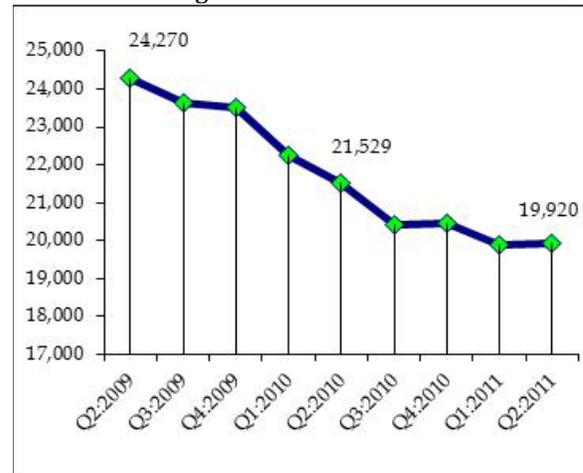
4. Work Permits

Following the decline in work permits of 11.3% a year ago, the contraction continued this period, this time by 7.5% to settle at 19,920.

When compared to the period ended March 2011, work permits grew by 0.2% but remain significantly lower than the level for the same period a year ago.

During the first half of 2011, civil service employment decreased by 1.8% (or 65 persons) to total 3,619.

Figure 6: Work Permits

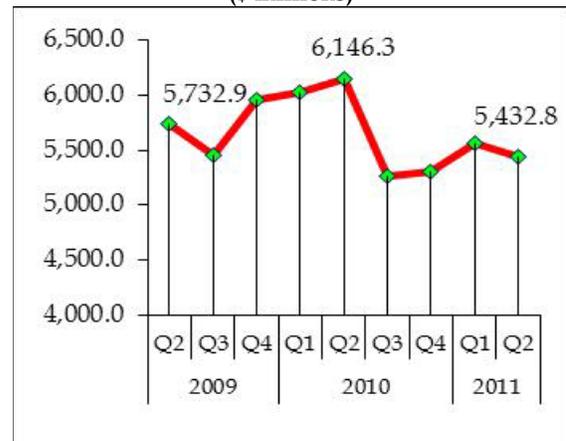


Sources: Immigration Department, Economics & Statistics Office

5. Money & Banking

Broad liquidity (M2) comprising CI dollar-denominated money and foreign exchange deposits contracted by 11.6% to settle at \$5,432.8 million in the first half of 2011. Foreign currency deposits declined by 14.7%, while CI dollar-denominated money grew by 4.7%.

Figure 7: Total Money Supply (M2) (\$ millions)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

According to the balance sheet concept, M2 also represents the liabilities of the monetary and banking sector as shown in Table 4. The corresponding asset side recorded a double-digit decrease in net foreign assets while net domestic assets increased.

Table 4: Monetary and Banking Summary Indicators (\$ millions)

	Jun-10	Jun-11	% Change
Total Assets	6,146.3	5,432.8	(11.6)
Net Foreign Assets	3,950.5	3,108.1	(21.3)
Monetary Authority	82.8	89.7	8.3
Commercial Banks	3,867.7	3,018.4	(22.0)
Net Domestic Assets	2,195.9	2,324.7	5.9
Domestic credit	2,905.8	2,985.5	2.7
Claims on central government	187.9	302.7	61.1
Claims on other public sector	64.6	89.6	38.7
Claims on private sector	2,653.3	2,593.2	(2.3)
Other items net (assets +)	(710.0)	(660.8)	(6.9)
Broad Liquidity	6,146.3	5,432.8	(11.6)
Broad money (KYD) M2	987.2	1,033.8	4.7
Currency in circulation	78.0	84.9	8.8
KYD Deposits	909.2	948.9	4.4
Demand deposits	285.4	294.5	3.2
Time and savings deposits	623.8	654.4	4.9
FOREX deposits	5,159.1	4,399.0	(14.7)
of which: US dollars	4,547.3	3,798.9	(16.5)
<i>US\$ Contribution (%)</i>	<i>0.88</i>	<i>0.86</i>	

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

5.1. Net Foreign Assets (NFA). During the review period, net foreign assets of domestic commercial banks fell by 22.0% (see Table 5), while that of the Cayman Islands Monetary Authority increased by 8.3%, resulting in an overall contraction of \$842.4 million (or 21.3%). The decline in commercial banks' NFA resulted from a significant increase in foreign liabilities (21.1%) as non-resident deposits and other liabilities increased coupled with a

reduction in foreign assets (4.6%) as balances with banks and branches abroad declined.

Table 5: Net Foreign Assets (\$ millions)

	Jun-10	Jun-11	% Change
Net Foreign Assets	3,950.5	3,108.1	(21.3)
Monetary Authority	82.8	89.7	8.3
Commercial Banks	3,867.7	3,018.4	(22.0)
Foreign Assets	6,482.8	6,186.5	(4.6)
Bal. with Banks & Branches	4,272.3	3,612.0	(15.5)
Total Investment	724.8	938.7	29.5
Total Non-Resident Loans	1,486.1	1,635.8	10.1
Foreign Liabilities	2,615.2	3,168.1	21.1
Total Non-Resident Deposits	2,561.3	3,038.6	18.6
Other Liabilities	53.9	129.5	140.3

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

5.2. Net Domestic Assets. A 2.7% expansion in net domestic assets was driven by a 55.4% growth in public sector indebtedness and a reduction in credit to the private sector of 2.3% compared to a year ago (see Table 6).

The increase in public sector indebtedness by \$139.8 million is traced mainly to the central government (\$114.8 million). Other public sector entities also had a net increase in borrowings of \$25.0 million.

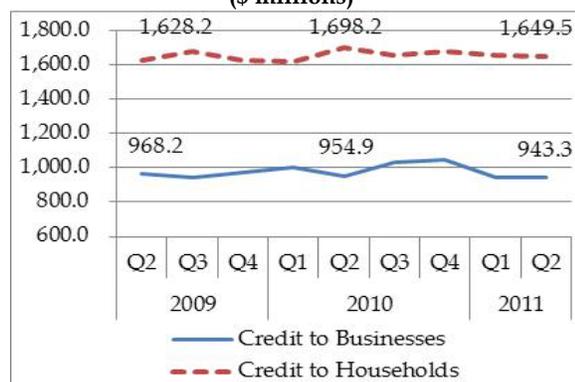
Table 6: Net Domestic Assets (\$ millions)

	Jun-10	Jun-11	% Change
Domestic Assets	2,905.8	2,985.5	2.7
Domestic Credit to Public Sector	252.5	392.3	55.4
Domestic Credit to Private Sector	2,653.3	2,593.2	(2.3)

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

Domestic lending to the private sector comprising of credit to businesses and households declined. As Figure 8 shows, both loans to households and businesses declined compared to the same period last year.

Figure 8: Credit to Business and Households (\$ millions)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

Loans to households contracted by 2.9% (or \$48.7 million) as of June 2011 compared to the preceding year. Loans for domestic property expanded marginally by 1.7%; however, this was outweighed by declines in motor vehicles, education and technology and miscellaneous (see Table 7). During the second quarter, new credit for vehicles dipped to \$5.8 million only while miscellaneous (consolidated debt, insurance, medical and travel) debt also fell as households paid off debts.

Despite increased lending to production and manufacturing, and services, overall loans to the business sector contracted by 1.2%. Lending to trade and commerce, and other financial corporations recorded double digit declines. Trade and commerce

borrowings fell by 32.9% as real estate agents, rental and leasing companies dropped their combined borrowings by 42.5%.

Credit to the service sectors increased by 9.4%, mainly for transportation, storage and communication.

Meanwhile, borrowings for construction expanded by \$146.4 million as compared to a year ago.

Table 7: Net Credit to the Private Sector (\$ millions)

	Jun-10	Jun-11	% Change
Total	2,653.3	2,593.2	(2.3)
Credit to Businesses	954.8	943.3	(1.2)
Production & Manufacturing	253.8	396.1	56.1
Agriculture, Fishing and Mining	7.0	6.9	(1.4)
Manufacturing	8.8	33.1	276.1
Utilities	51.5	23.2	(55.0)
Construction	186.5	332.9	78.5
Services	177.7	194.4	9.4
Accommodation, Food, Bar & Entertainment Services	130.0	111.4	(14.3)
Transportation, Storage & Communications	4.3	44.1	925.6
Education, Recreational & Other Professional Services	43.5	38.9	(10.6)
Trade and Commerce	478.2	320.8	(32.9)
Wholesale & Retail Sales Trade	67.3	65.8	(2.2)
Real Estate Agents, Rental and Leasing Companies	388.8	223.7	(42.5)
Other Business Activities (General Business Activity)	22.1	31.3	41.6
Other Financial Corporations	45.2	32.0	(29.2)
Credit to Households	1,698.2	1,649.5	(2.9)
Domestic Property	1,435.8	1,459.8	1.7
Motor Vehicles	59.4	45.5	(23.4)
Education and Technology	6.4	5.4	(15.6)
Miscellaneous*	196.6	138.8	(29.4)
NonProfit Organizations	0.2	0.4	100.0

*Miscellaneous include consolidated debt, insurance, medical & travel

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

5.3. Broad Liquidity. As referenced in Table 4, broad liquidity (M2) in the

Cayman Islands reached \$5,432.8 million in June 2011, compared to \$6,146.3 million for the same period last year. This represents an 11.6% decline which directly follows from a decrease in foreign currency deposits as local currency broad money grew.

Foreign currency deposits recorded a decline of 14.7%, predominantly due to a fall-off in the holdings of US dollar-denominated deposits.

Total CI dollar deposits rose by 4.4% while currency in circulation grew by 8.8% during the period compared to a year ago. The increase in currency in circulation is an indication of possible higher level of economic transactions.

5.4. Interest Rates. As depicted in Figure 9, the weighted average lending rate fell by 12 basis points from 6.55% in June 2010 to 6.43% in the same period of 2011. The Cayman Islands prime lending rate remained constant at 3.25%.

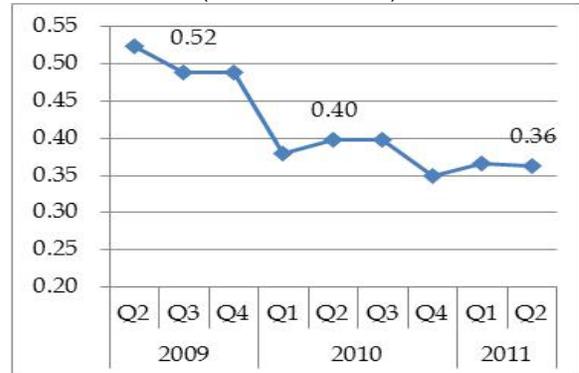
Figure 9: KYD Lending Rates (% End of Period)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

As depicted in Figure 10, the weighted average savings rate declined by 4 basis points from a year ago to 0.36%.

Figure 10: KYD Weighted Average Savings Rates (% End of Period)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

6. Financial Services

Cayman’s financial services sector recorded mixed performance as at June 2011.

6.1 Banks & Trust

Similar to previous downtrends owing to consolidations and restructuring, total number of licensed bank and trust companies dipped to 250 by mid-year 2011, a 5.7% decrease from the June 2010 figure. Meanwhile, total trust company licenses was reduced by 3.1% to 124.

Table 8: Bank & Trust Companies

	Jun 2010	Jun 2011	% Change
Bank and Trust	265	250	-5.7
Class "A"	18	16	-11.1
Class "B"	247	234	-5.3
Trust Companies	128	124	-3.1
Restricted	78	71	-9.0
Unrestricted	50	53	6.0

Source: Cayman Islands Monetary Authority

Class 'A' bank & trust licences decreased to 16, while Class 'B' licences declined by 13 to settle at 234.

Europe and USA are the main origins of licenses accounting for 29.1% and 27.1% respectively of all banking licensees. The rest are sourced from the following: South America 17.0%; Asia and Australia, 10.1%; Caribbean and Central America, 8.1%; Canada and Mexico, 5.3%; and Middle East and Africa, 3.2%.

6.2 Insurance

The total number of insurance licences fell by 35 (or 4.4%) from 789 in June 2010, to 754 as at June 2011.

Class 'A' insurance licences remained constant at 29, while Class 'B' (captive) licences contracted by 35 over the review period mainly due to the property class which fell from 111 a year ago to 88. Nonetheless, total premiums for Class 'B' insurance surged.

Table 9: Insurance Companies

	Jun 2010	Jun 2011	% Change
Class 'A'	29	29	0.0
Class 'B'	760	725	-4.6
Total	789	754	-4.4

Source: Cayman Islands Monetary Authority

The composition of captive insurance licences remained relatively constant during the period. Healthcare remains the primary class of business in the captive insurance sector constituting 35.4% followed by the workers' compensation coverage (21.7%). Other significant classes of business include: property (12.1%), general liability (9.7%) and professional liability (9.0%). However, the share of the property class was lower during the period compared to the 14.6% a year ago.

Table 10: Captive Insurance Licences by Primary Class of Business, June 2011

	licences	%
Healthcare	257	35.4
Workers' Compensation	157	21.7
Property	88	12.1
General Liability	70	9.7
Professional Liability	65	9.0
Others	88	12.1
Total	725	100

Source: Cayman Islands Monetary Authority

North America remains the prime geographical source for captive insurance companies (90.5%).

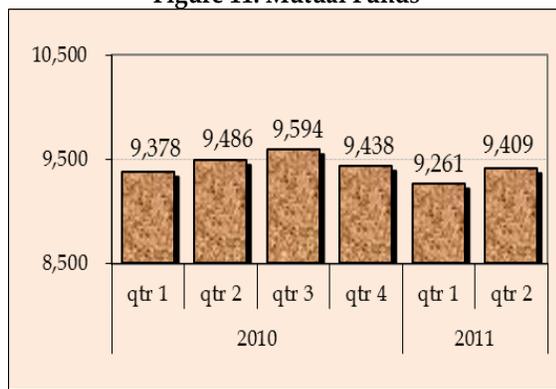
Premiums for captive insurance reached US\$9.07 billion at the end of June 2011, an increase of about US\$1.6 billion from June 2010.

6.3 Mutual Funds

This industry continued to moderate from a year ago amidst concerns on US debt levels and the euro-zone debt crisis.

During the review period, total mutual funds contracted by 0.8% (or 77) since June 2010, to total 9,409 by the end of June 2011. However it improved by 1.6% over the previous quarter.

Figure 11: Mutual Funds



Source: Cayman Islands Monetary Authority

6.4 Stock Exchange

The Cayman Islands Stock Exchange total stock listings fell from 1,351 in June 2010 to 1,106 in June 2011, an 18.1% decrease (see Table 11). This reduction was largely fuelled by a 46.9% decline in mutual funds listings which also translated into lower market capitalization for mutual funds (see Table 12).

Both Specialist Debt and Eurobond instruments continued their upward trajectory. A total of 3 listings were added to Specialist Debt amounting to an increase of 2.0% or US\$1.6 billion in its nominal value. Meanwhile,

Eurobond registered a double-digit increase of 19.7% or 14 additional stock listings with its total nominal value improving by US\$1.5 billion (or 5.1%).

Table 11: Number of Stock Listings by Instruments

Instruments	2009	2010	2011	% Change
Mutual Funds	571	557	296	(46.9)
Specialist Debt	689	718	721	0.4
Eurobond	65	71	85	19.7
International Equity	3	2	2	-
Domestic Equity	2	3	2	(33.3)
Total	1,330	1,351	1,106	(18.1)

Source: Cayman Islands Stock Exchange

Table 12: Market Capitalization by Instruments (US\$ billions)²

Instruments	2009	2010	2011	% Change
Mutual Funds	48.4	49.3	30.4	-38.3
Specialist Debt	80.3	81.6	83.2	2.0
Eurobond	31.9	29.3	30.8	5.1
International Equity	0.9	0.6	1.0	66.7
Domestic Equity	0.12	0.20	0.17	-15.0

Source: Cayman Islands Stock Exchange

6.5 New Company Registration

During the first half of 2011, total new company registrations stood at 4,844, an 11.0% increase compared to a year ago (see Table 13). With the exception of non-resident companies (which moderated by 30.5%), all remaining sub-categories accelerated. This overall performance represents the second consecutive year of positive growth for

² The figures for mutual funds and domestic equity refer to market capitalization. Figures for specialist debt, Eurobond and international equity are based on par values.

new company registrations within the past five years since falling to its lowest level in 2009.

**Table 13: New Company Registrations:
Jan-June**

	2009	2010	2011
Total	3,683	4,362	4,844
Exempt	3,159	3,766	4,245
Non-Resident	93	128	89
Resident	238	252	278
Foreign	193	216	232
Percentage change (%)			
Total	-46.2	18.4	11.0
Exempt	-48.2	19.2	12.7
Non-Resident	-38.8	37.6	-30.5
Resident	-22.2	5.9	10.3
Foreign	-32.0	11.9	7.4

Source: Registrar of Companies

7. Tourism

Total visitor arrivals to the Cayman Islands as at June 2011 stood at 1,011,641, representing a decrease of 1.6% when compared to the same period in 2010.

7.1 Air Arrivals

Air arrivals increased during the review period by 8.0% from 162,070 in 2010 to 175,046 this year.

All major markets contributed to the improvement in air arrivals, notably Canada which rose by 32.5 percent (see Table 14). However non-major markets ("others") dipped by 5.5%. Meanwhile,

arrivals from all regions of USA also grew led by the Southeast region.

Table 14: Air Arrivals by Regions

	2009	2010	2011	% Change
In Thousands				
USA	125.0	130.9	140.2	7.1
Northeast	44.8	48.9	51.3	4.9
Midwest	29.0	31.4	33.9	8.0
Southeast	23.8	22.5	24.0	6.7
Southwest	19.1	20.1	22.4	11.4
West Coast	8.4	8.0	8.6	7.5
Europe	10.5	10.7	11.2	4.7
Canada	10.7	11.4	15.1	32.5
Others	8.4	9.1	8.6	-5.5
Total	154.6	162.1	175.1	8.0
<i>of Which: USA (%)</i>	80.9	80.8	80.1	

Source: Department of Tourism

Accommodation

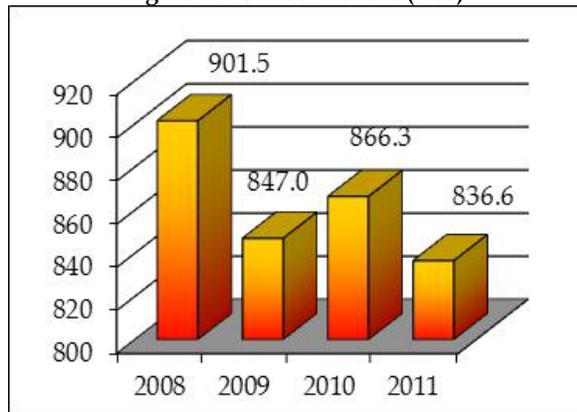
Occupancy levels for hotels weakened slightly from 68.2% in 2010 to 64.3% in 2011. In contrast, apartment occupancy levels improved from 44.1% to 47.3%.

Meanwhile, the average length of stay for hotels and apartments rose, increasing from 4.4 to 4.5 days, and 6.8 to 7.4 days, respectively.

7.2 Cruise Arrivals

For the first six months of this year, cruise visitors declined by 3.4% to 836,595. This occurred despite an improvement in the number of cruise ships as of June from 312 in 2010 to 323 in 2011. Meanwhile, cruise passengers per day averaged 4,648 persons, 165 visitors fewer than in the first half 2010.

Figure 12: Cruise Visitors ('000)



Source: Department of Tourism

8. Construction

Construction indicators in the first six months of the year recorded one of its weakest performances in six years with building intentions trending downwards.

8.1 Building Permits

During the review period, strong pullback in both residential and non-residential sectors resulted in building permit values declining by 21.3% to \$99.5 million, the lowest level since 2005. This decline follows the 28.0% fall recorded in the previous year.

Table 15: Building Permits (Jan-June)

	2009	2010	2011	% Change
Millions CI\$				
Houses	80.4	51.2	38.0	(25.8)
Apartments	64.4	33.1	32.0	(3.3)
Commercial	8.0	35.5	19.1	(46.2)
Government	0.2	-	6.5	
Industrial	-	1.3	0.5	(61.5)
Other	22.6	5.3	3.4	(35.8)
Total	175.6	126.4	99.5	(21.3)

Source: Planning Department

In the residential sector, building permits values decreased by 17.0% to \$70.0 million as the significant slowdown in the second quarter eroded the slight upturn (2.1%) recorded in the first quarter of the year.

Compared to a year ago, values for houses, apartment and condominiums were down by 25.8% and 3.3% respectively.

Non-residential intentions recorded a combined drop of 29.1% from a year ago to \$26.1 million, mainly due to the commercial building intentions (-46.2%).

The government category rose to \$6.5 million on account of upgrading to the primary school infrastructure.

Correspondingly, building permit numbers fell by 34.1% from 549 in 2010 to 362. All categories, with the exception of government, contracted.

Table 16: Number of Building Permits (Jan-June)

	2009	2010	2011	% Change
Houses	234	221	147	(33.5)
Apartments	89	68	42	(38.2)
Hotels	-	-	-	-
Commercial	48.0	78.0	45.0	(42.3)
Government	4.0	2.0	7.0	250.0
Industrial	-	3.0	1.0	(66.7)
Other	153	177	120	(32.2)
Total	528	549	362	(34.1)

Source: Planning Department

8.2 Project Approvals

Project approvals - another indicator of construction intentions- deteriorated sharply in the review period, as values plunged by 44.8% to its lowest level on record (see Table 17).

Majority of the decline emanated from the commercial category, as project approval values plunged to \$4.4 from \$71.9 million in 2010 and \$15.0 million in 2009.

However, approvals in both the industrial and government categories rose to \$2.3 million and \$5.8 million respectively.

Table 17: Project Approvals (Jan- June)

	2009	2010	2011	% Change
	Millions CI\$			
Houses	72.7	46.8	62.5	33.5
Apartments	100.2	23.4	10.7	(54.3)
Commercial	15.0	71.9	4.4	(93.9)
Government	0.1	0.1	5.8	5700.0
Industrial	1.1	0.6	2.3	283.3
Other	71.9	30.5	10.0	(67.2)
Total	261.0	173.3	95.7	(44.8)

Source: Planning Department

In the residential sector, project approval values rose by 4.3% to \$73.2 million, majority of which is traced to house approvals. The latter rose by 33.5% which offset the marked decline in the apartment/condominium category (-54.3%).

Table 18: Number of Project Approvals, (Jan-June)

	2009	2010	2011	% Change
Houses	191	137	137	-
Apartments	52	33	21	(36.4)
Hotels	0	0	0	-
Commercial	23	22	12	(45.5)
Government	2	2	8	300.0
Industrial	7	2	5	150.0
Other	208	240	204	(15.0)
Total	483	436	387	(11.2)

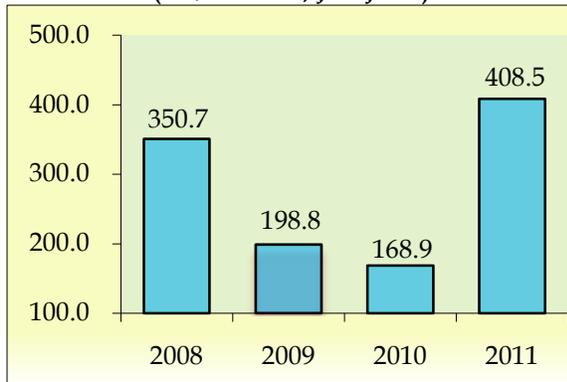
Source: Planning Department

The number of approvals also decreased from 436 recorded a year ago to 387. Only the government and industrial categories recorded growth during the review period.

9. Real Estate

Real estate performance as measured by the total value of traded properties improved in the first six months of 2011. This soared by 141.9% to \$408.5 million, traced mainly to the sale of prime Seven Mile Beach properties. This same period a year ago, traded properties recorded a combined decline of 15.0%.

**Figure 13: Value Property Transfers:
(CIS\$ Million, Jan-June)**



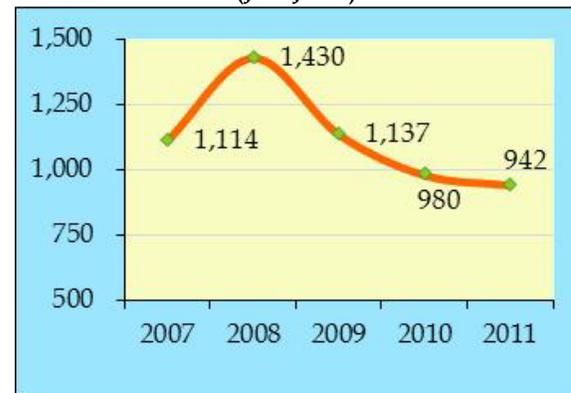
Source: Lands & Survey Department

The value of traded freehold properties increased by 145.8% to a record \$395.2 million. Property sales along the Seven Mile Beach accounted for a third of this figure.

Similarly, the value of traded leasehold properties increased by 64.2% to \$13.3 million.

The volume of traded properties, after rising at the start of the year, registered a 3.9% drop to 942 by the end of the first half of 2011. Nevertheless, this rate of decline is lower when compared to the activity in 2010 and 2009 when decreases of 13.8% and 21.0% respectively were recorded.

**Figure 14: Number of Property Transfers:
(Jan-June)**



Source: Lands & Survey Department

10. Utilities

Both electricity and water production and consumption fell during the first half of the year in the midst of rising utility prices.

10.1 Electricity

Local electricity production fell by 1.0% to 296.2 kWh as at June 2011 (see Table 19). Similarly total consumption fell by 2.6% to 266.2 kWh as at June 2011 due to reductions in consumption by both residential and commercial customers.

Residential consumption fell by 3.3% despite an increase in the number of customers by 2.5% to 22,582. This is plausibly due to a general adverse response to the increase in electricity prices.

Commercial consumption fell by 1.9% despite the number of commercial customers increasing by 0.3% to total 3,805. Public lighting consumption

declined as well by 3.2% during the period.

10.2 Water

When compared to the first half of 2011, water consumption and production decreased by 0.9% and 1.1% respectively, due likely to the rise in water prices.

Table 19: Utilities Production and Consumption

	As at end		
	Jun-10	Jun-11	% Change
Millions of US Gallons			
Water Production	1,080.0	1,070.3	-0.9
Water Consumption	970.4	959.9	-1.1
'000 of megawatt hrs			
Electricity Production	299.3	296.2	-1.0
Electricity Consumption	273.2	266.2	-2.6
Residential	126.7	122.5	-3.3
Commercial	143.4	140.7	-1.9
Public	3.1	3.0	-3.2
Total Metered Customers	25,817	26,387	2.2
Residential	22,024	22,582	2.5
Commercial	3,793	3,805	0.3

Source: Cayman Islands Water Authority, Cayman Water Company, Caribbean Utilities Company

10.3 Telecommunications

This sector showed signs of weakening in the first half of 2011.

The total number of paid domestic and international communication minutes decreased by 14.2% and 16.6%, respectively, for the first six months of 2011. This coincided with a 3.3% reduction in the total number of telephones in service as at end of June 2011.

Table 20: Telecommunication Sector Indicators

	%		
	Jun-10	Jun-11	Change
Fixed and mobile lines in service	137,656	133,177	-3.3
Total domestic minutes ('000)	67,426	57,835	-14.2
Total international minutes ('000)	54,654	45,577	-16.6

Source: Information Communication and technology Authority (ICTA)

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Cayman Islands Water Company
Department of Immigration
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