



CAYMAN ISLANDS
GOVERNMENT



THE CAYMAN ISLANDS' ANNUAL ECONOMIC REPORT 2016



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1. Executive Summary

1.1 Gross domestic product (GDP) expanded anew in 2016 at an estimated rate of 2.7 percent, marginally lower than the 2.8 percent growth recorded in 2015.

1.2 Growth was indicated in all sectors led by electricity and water supply; real estate, renting and business activities including legal and accounting services; construction; agriculture and fishing; and manufacturing.

1.3 Nominal GDP per capita income was estimated at \$47,864, lower relative to the \$48,167 recorded for 2015. A higher population pulled down the nominal per capita income in 2016.

1.4 The average inflation rate in 2016 was -0.6 percent, compared to -2.3 percent a year ago. The deflation resulted mainly from the continued impact of the downtrend in global oil prices.

1.5 Total employment increased by 3.3 percent to 40,411 from a year ago. The growth in employment coupled with a similar growth in the labour force kept the unemployment rate stable at 4.2 percent in 2016. The unemployment rate among Caymanians was estimated at 7.1 percent.

1.6 In 2016, merchandise imports grew by 2.8 percent to reach \$854.2 million, backed by a 5.1 percent increase in non-oil imports as oil-related imports declined by 14.3 percent.

1.7 Money supply (M2) expanded by 4.4 percent to register at \$6.2 billion in 2016. This monetary expansion was due mainly to a 10.2 percent increase in local currency deposits, augmented by a 2.6 percent growth in foreign currency-denominated deposits.

1.8 Domestic credit from commercial banks grew by \$102.7 million (or 3.4%) to settle at \$3,083.9 million. Credit to the private sector increased by 4.6 percent while that to the public sector contracted by 7.3 percent. The increase in private sector credit was mainly for the business sector's general business activity and households' domestic property. There were no new borrowings by the public sector.

1.9 Registration indicators for the financial services industry show a weak overall performance with only insurance services showing marginal growth of 0.4 percent, while all other services declined at varying degrees.

1.10 In 2016, total visitors to the Cayman Islands declined marginally to total 2.1 million. This decrease was due to a reduction of 0.3 percent in cruise passengers while stay-over arrivals remained relatively unchanged.

1.11 Building intention indicators were mixed in 2016. The value of building permits in Grand Cayman rose by 32.1 percent to \$247.0 million mainly reflecting higher outturns in the apartment and commercial categories. On the other hand, the value of planning approvals in Grand Cayman decreased by 11.4 percent to \$406.7 million. Approvals in the Sister Islands grew by 19.7 percent to \$7.3 million.

1.12 Real estate activity increased during the year as the total value of property transfers grew by 40.5 percent to \$860.3 million, due solely to freehold transfers as leasehold transfers declined in value

1.13 The central government's overall surplus in 2016 reached \$101.0 million (3.4% of GDP) compared with \$116.3 million (4.1% of GDP) in 2015. The lower surplus resulted from a higher increase in expenditure (8.6%) relative to the rise in revenue (4.9%).

1.14 The central government's total outstanding debt continued to decline, settling at \$483.9 million (16.5 percent of GDP) by the end of 2016, lower by \$27.1 million compared to the level at end 2015.

1.15 GDP is projected to grow in 2017 by 2.3 percent, due to expected growth in the construction of private and public sector projects, an expected recovery in tourism-related services as well as stable growth in financing and insurance. The inflation rate is expected at 1.8 percent arising principally from external pressures. The overall unemployment rate is projected to remain stable at 4.2 percent.

The Cayman Islands Economic Performance: Summary Indicators

Indicators	2014	2015	2016
Real GDP (\$million)*	2,549.6	2,621.8	2,691.6
GDP growth in real terms (%)*	2.2	2.8	2.7
Real GDP per capita (\$)*	44,735	44,397	43,938
Nominal GDP per capita (\$)*	48,344	48,167	47,864
Nominal GDP (\$million)*	2,755.3	2,844.5	2,932.1
Population (year-end)	58,238	60,414	61,361
<i>Of which</i> Caymanians	33,447	34,237	34,113
Population (mid-year)	56,993	59,054	61,259
Average inflation rate (%)	1.3	(2.3)	(0.6)
Employment	37,643	39,138	40,411
Unemployment rate (% of labour force)	4.6	4.2	4.2
Total imports (in \$million)	814.4	830.9	854.2
Total imports (% of GDP)	29.6	29.2	29.1
Total money supply (M2, in \$million)	4,932.4	5,898.0	6,155.3
Domestic credit (in \$million)	2,971.2	2,981.2	3,083.9
Mutual funds (including master funds)	11,010	10,940	10,586
Insurance licenses	788	739	740
Banking and trust licenses	198	184	159
Trust companies	110	118	117
Stock exchange listings	1,066	1,048	1,022
New company registrations	11,010	11,875	11,174
New partnership registrations	2,893	3,377	3,356
Stay-over tourists (in thousands)	382.8	385.4	385.5
Cruise ship passengers (in thousands)	1,609.6	1,716.8	1,711.8
Grand Cayman building permits (\$million)	356.1	186.9	247.0
Cayman Islands planning approvals (\$million)	417.0	464.9	416.8
Cayman Islands property transfers (\$million)	562.8	612.2	860.3
Overall fiscal balance of the central government (\$million)	95.2	116.3	101.0
Overall fiscal balance of the central government (% of GDP)	3.5	4.1	3.4
Outstanding debt of the central government (\$million)	534.0	511.0	483.9
Outstanding debt of the central government (% of GDP)	19.4	18.0	16.5

*Preliminary estimate for 2016 based on indicators.

2. Global and Regional Macroeconomic Environment

Global economic growth slowed in 2016, as the aggregate outputs of advanced and developing economies decelerated. This chapter review is culled from reports of the International Monetary Fund and other international organizations.

2.1 Economic Growth

Global growth weakened in 2016 as overall demand moderated in response to socio-economic and political uncertainties. The protracted reduction in commodity prices coupled with a general movement to inward-looking economic policies stymied investment growth over the period. Additionally, forces such as the United Kingdom's (UK) referendum result in favour of leaving the European Union (EU), uncertainty surrounding the United States (US) policy direction and the negative evolution of productivity growth dampened the increase in demand, particularly investment demand during the year.

In 2016, advanced economies grew by 1.7 percent, compared to 2.1 percent for the previous year (see Table 2.1). Most major economic groups recorded a deceleration in growth except Canada. The slowdown was also observed in emerging markets, particularly China and India.

Table 2.1: Global Economic Growth

	2013	2014	2015	2016
	in Percent (%)			
World GDP	3.4	3.5	3.4	3.1
Advanced economies	1.3	2.0	2.1	1.7
US	1.7	2.4	2.6	1.6
Euro area	-0.3	1.2	2.0	1.7
Japan	2.0	0.3	1.2	1.0
UK	1.9	3.1	2.2	1.8
Canada	2.5	2.6	0.9	1.4
Emerging market and developing countries	5.0	4.7	4.2	4.1
China	7.8	7.3	6.9	6.7
India	6.5	7.2	7.9	6.8

Source: International Monetary Fund (World Economic Outlook (WEO), April 2017)

The US economy expanded by 1.6 percent in 2016 relative to 2.6 percent in 2015, as weakness in non-residential investment weighed on growth. The weakness in

business fixed investment could reflect continued decline in capital spending in the energy sector as well as the impact of the recent strengthening of the US dollar on investment in export-oriented industries. In addition, the growth of private and public consumption moderated in 2016.

Economic momentum in the UK was tempered in 2016 despite stronger growth in private consumption as public consumption and investment demand decelerated. Similarly, the pace of economic activity in the Euro Area faded marginally as investment growth stalled in some of the larger economies. The UK and the Euro Area recorded growth of 1.8 percent and 1.7 percent respectively, lower than the 2.2 percent and 2.0 percent in 2015.

Growth in Japan slowed to 1.0 percent in comparison to 1.2 percent in 2015, notwithstanding a recovery in private consumption and investment demand as public consumption growth moderated. In contrast, the Canadian economy strengthened with a 1.4 percent growth relative to 0.9 percent in the preceding year, with improved growth in private and public consumption.

Table 2.2: Caribbean Region Economic Growth¹

	2013	2014	2015	2016
	in Percent (%)			
Caribbean	2.8	4.7	4.0	3.4
Bahamas	0.0	-0.5	-1.7	0.0
Barbados	-0.1	0.1	0.9	1.6
Trinidad & Tobago	2.7	-0.6	-0.6	-5.1
Jamaica	0.2	0.5	1.0	1.5
OECS				
Antigua & Barbuda	1.4	4.8	3.8	3.7
Dominica	0.8	4.2	-1.8	0.6
Grenada	2.4	7.3	6.2	3.1
St. Kitts & Nevis	6.6	5.1	4.9	2.9
St. Lucia	0.1	0.4	1.8	0.8
St. Vincent & the Grenadines	2.5	0.2	0.6	1.8

Source: International Monetary Fund (WEO, April 2017)

¹ The Caribbean comprises Antigua and Barbuda, The Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

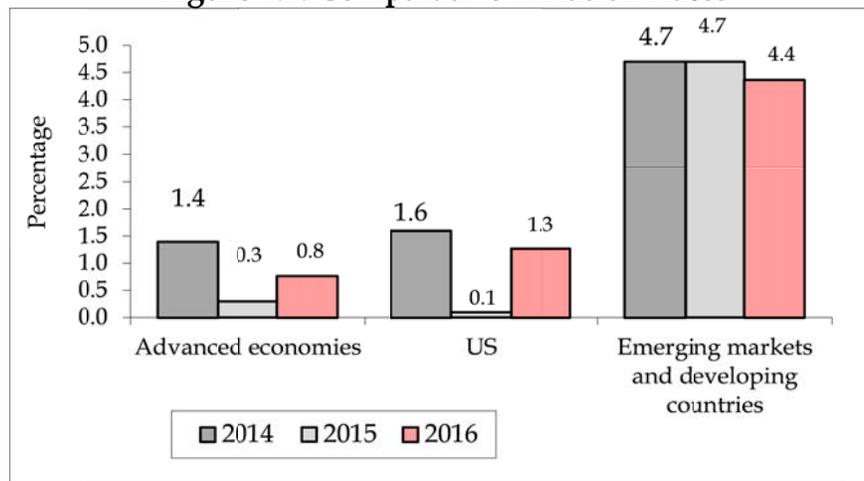
Emerging market and developing economies as a group expanded by 4.1 percent in 2016, lower than the 4.2 percent recorded in 2015. Growth weakened in China from 6.9 percent in 2015 to 6.7 percent in 2016.

The Caribbean region had an estimated economic growth of 3.4 percent in 2016, a deceleration relative to the previous year (see Table 2.2). Notwithstanding, some Caribbean countries improved on their economic performance, notably Barbados and Jamaica. In contrast, Trinidad and Tobago showed recessionary conditions over the last three consecutive years, mainly due to the continued decline in their key export (petroleum related products). Growth in the region continues to be dominated by the Dominican Republic, which expanded by 6.6 percent in 2016, following the 7.0 percent posted in 2015.

2.2 Inflation

Headline inflation in advanced economies increased to 0.8 percent in 2016 from 0.3 percent the previous year. Similarly, the average inflation in the US rose to 1.3 percent in 2016 from 0.1 percent in 2015 as commodity prices began to stabilize. However, the general inflation rate in emerging markets and developing economies decelerated slightly during the period.

Figure 2.1: Comparative Inflation Rates



Source: International Monetary Fund (WEO, April 2017)

In 2016, commodity prices were mostly lower than the previous year, albeit there was a slowdown in the pace of decline. Global oil prices² were lower by 15.7 percent as the average price was recorded at US\$42.84 a barrel. Prices of non-fuel primary commodities (based on world commodity exports weights) declined

² Simple average of prices of U.K. Brent, Dubai Fateh, and West Texas Intermediate crude oil.

on average by 1.9 percent, despite a 1.2 percent rise in the prices of food and beverages.

Inflation in the Caribbean reacted to the rebound in food prices as well as higher inflation among trading partners in advanced economies. The region recorded higher price levels by 2.8 percent, with prices in Barbados and Jamaica accelerating. Lower inflation rates were observed for the Bahamas and Trinidad & Tobago.

Table 2.3: Inflation Rates: Caribbean Region

	2013	2014	2015	2016
	in Percent (%)			
Caribbean	5.0	4.0	2.3	2.8
<i>of which:</i>				
Bahamas	0.4	1.2	1.9	0.4
Barbados	1.8	1.9	-1.1	0.3
Trinidad & Tobago	5.2	5.7	4.7	3.4
Jamaica	9.4	8.3	3.7	3.8

Source: International Monetary Fund (WEO, April 2017)

2.3 International Finance

The overall fiscal deficit as a percentage of GDP among advanced economies continued to improve, declining from 6.4 percent in 2011 to 3.0 percent in 2016. The United States of America (USA) general government's fiscal deficit or net borrowing³ narrowed consistently from 8.2 percent of GDP in 2011 to 3.9 percent of GDP in 2016. Similarly, the overall fiscal deficit of the Euro Area ameliorated from 3.9 percent of GDP in 2011 to 0.9 percent of GDP in 2016. The UK's fiscal deficit showed improvement to 3.0 percent of GDP in 2016 from 5.9 percent of GDP in 2011.

There were declines in the policy interest rates in the UK and the Euro Area while the Federal Funds Rate (FFR) increased in the USA. The Bank of Canada maintained its overnight target rate at 0.50 percent, stemming mainly from reduced uncertainty associated with the outlook for the global economy (see Table 2.4). The Bank of England lowered its official rate from 0.50 percent to 0.25

³ Net lending/borrowing is equal to total revenue less total expenditure less net acquisition of nonfinancial assets and liabilities. It is viewed as an indicator of the financial impact of governments' activities on the rest of the economy.

percent effective August 4, 2016. This formed part of a broader set of measures to provide additional support to economic growth and to attain a sustainable return of inflation to the target. The European Central Bank decreased the interest rate on its main refinancing operations from 0.05 percent to 0.00 percent effective March 16, 2016. This reflected a move towards easing financing conditions and stimulating credit provisions to achieve the Bank's price stability objective. In the USA, the Federal Reserve Bank increased its FFR from a range of 0.25 percent to 0.50 percent to a range of 0.50 percent to 0.75 percent effective December 14, 2016. This was against the background of the Federal Reserve's confidence in the strengthening of the economy and signs of higher inflation.

Table 2.4: Key Interest Rates (% , at the end of Quarter)

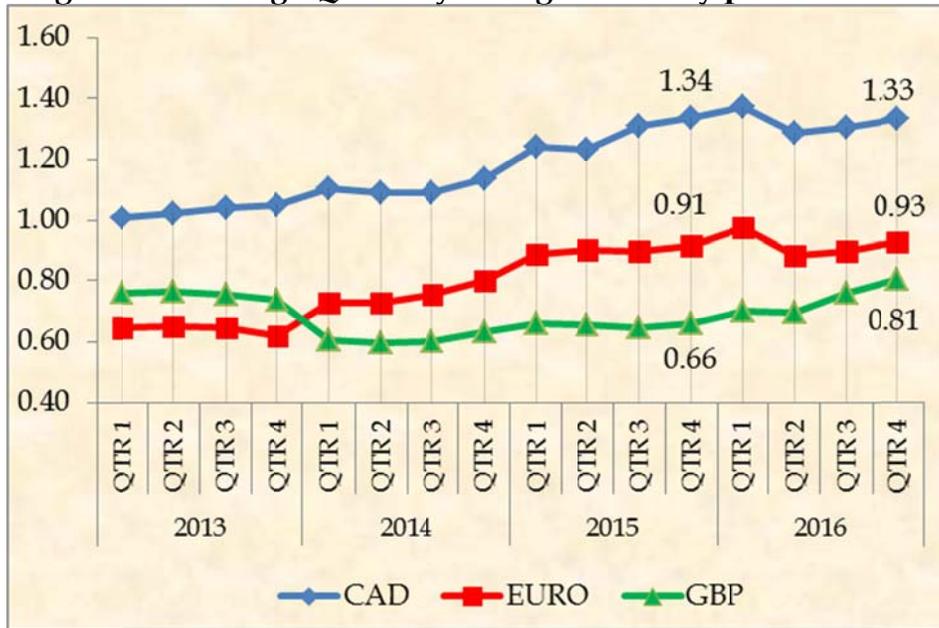
		USA ¹	UK	Canada	Euro Area
2015	Q1	0.13	0.50	0.75	0.05
	Q2	0.13	0.50	0.75	0.05
	Q3	0.13	0.50	0.50	0.05
	Q4	0.38	0.50	0.50	0.05
2016	Q1	0.38	0.50	0.50	0.00
	Q2	0.38	0.50	0.50	0.00
	Q3	0.38	0.25	0.50	0.00
	Q4	0.63	0.25	0.50	0.00

1. Mid-point of the federal funds rate used in this table

Source: Bank of England; US Federal Reserve Bank, European Central and Bank of Canada

The US Dollar gained value against three of the world's major trading currencies in 2016. The largest average gain for the US Dollar was against the Great Britain Pound Sterling (GBP), an appreciation of 13.2 percent due primarily to the perceived impact of "Brexit" on the UK economy. The Canadian Dollar depreciated against the US Dollar by 3.7 percent on average, as economic conditions in the USA were stronger than in Canada, and crude oil prices were lower which negatively affected export revenue for Canada. There was an average depreciation of 2.2 percent in the Euro against the US Dollar due to political instability in the Euro Area, higher interest rates in the USA relative to the Euro Area and improvements in key economic indicators in the USA. The Cayman Islands Dollar, by being pegged to the US Dollar, also strengthened against the major currencies mentioned above.

Figure 2.2: Average Quarterly Foreign Currency per U.S Dollar



Source: United States Federal Reserve Bank

2.4 Regional and International Tourism⁴

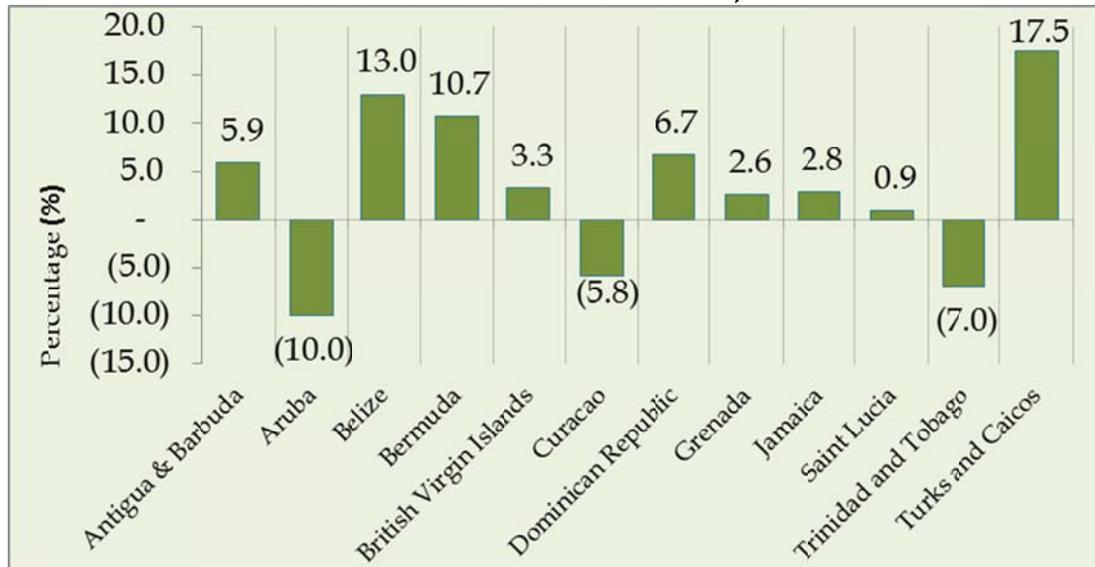
International tourism remained resilient amidst regional challenges in 2016. Global tourist arrivals grew by an estimated 3.9 percent (or 46 million travellers) over last year’s figures to tally at 1,235 million.

The Africa, Asia and Pacific regions both recorded the fastest growth in international arrivals by 8.0 percent. This increase in economic activity was attributed to intra and interregional source markets. Similarly, the Americas region recorded a 4.0 percent growth, continuing the positive momentum from last year. Europe, however, had its arrivals growth moderated to 2.0 percent when compared to last year’s 5.5 percent growth. Visitors in the Middle-East region were estimated to have contracted by 4.0 percent.

Amongst the sub-regions, Sub-Saharan Africa and Oceania were frontrunners with 11.0 and 10.0 percent growth, respectively. The South Asia sub-region followed with a 9.0 percent growth while North-Asia and South-East Asia both recorded higher tourist arrivals of 8.0 percent.

⁴ Sources of basic information: World Tourism Organization website and Caribbean Tourism Organization websites.

**Figure 2.3: Stay-Over Arrivals Growth (%)
Selected Caribbean Countries, 2016**



Sources: World Tourism Organization and Caribbean Tourism Organization websites

The regional Caribbean Tourist arrivals continued to record robust growth, exceeding 29 million travellers and surpassing the global average with an increase of 4.2 percent in 2016. This was mainly due to the sustained economic growth in the United States (the largest regional market) and cheaper costs due to low oil prices. Other contributing factors cited by the Caribbean Tourism Organization (CTO) were the enhancement of infrastructures such as airport redevelopment and the development of hotels.

As depicted in Figure 2.3, the highest stay-over growth rate of 17.5 percent was recorded for Turks and Caicos, followed by Belize 13.0 percent and Bermuda 10.7 percent. The other countries recorded reasonable stay-over rates with Aruba, Dominica and Trinidad and Tobago declining by 10.0, percent, 5.8 percent and 7.0 percent, respectively.

Consistent with expectations, the regional cruise arrivals inched up by 1.3 percent totalling 26.3 million. The enhancement of ships and ports, in addition to new Caribbean destinations helped to increase the attractiveness of cruise holidays. In all, the Caribbean received 33.7 percent of all global cruise deployments.

3. Macroeconomic Performance

The year in review was marked by robust GDP growth, a stable unemployment rate at the lowest level since 2008 and deflation in the general price level.

3.1 Economic Growth

The Cayman Islands' Real Gross Domestic Product (GDP) is estimated to have grown by 2.7 percent in 2016, marginally lower than the 2.8 percent recorded in 2015. In real terms, gross domestic product is estimated at \$2,691.6 million, relative to \$2,621.8 million in 2015 (see Table 3.1). The economic expansion brings the average growth over the last five years to 2.1 percent.

Table 3.1: Cayman Islands' Gross Domestic Product

	2013	2014	2015	2016E
GDP at Current Prices (\$M)	2,649.1	2,755.3	2,844.5	2,932.1
<i>Current GDP growth (%)</i>	2.9	4.0	3.2	3.1
Per Capita GDP at current prices (CIS)	47,126	48,344	48,167	47,864
GDP at constant 2007 prices (\$M)	2,495.0	2,549.6	2,621.8	2,691.6
<i>Real GDP growth (%)</i>	1.5	2.2	2.8	2.7
Per Capita GDP at constant 2007 prices (CIS)	44,357	44,735	44,397	43,938

1 Using mid- year population figures.

E Preliminary based on sector economic indicators

Source: Economics and Statistics Office

The average income of residents in these Islands as measured by per capita GDP⁵ at constant prices decreased to \$43,938 from \$44,397 as the mid-year population growth outweighed real GDP growth. In nominal terms, the estimated average income was \$47,864, approximately 0.6 percent lower than in 2015, on account of the higher growth in the mid-year population.

Actual indicators for the year point to a stable level of activity in hotels and restaurants, and expansion across all other industrial sectors. The services sector, which accounted for 94.7 percent of GDP in 2016, led the economic performance with a 2.6 percent growth rate (see Table 3.2).

⁵ GDP at constant 2007 prices and current prices divided by the mid-year population.

Table 3.2: Real GDP (at 2007 Prices) by Sector (\$ million)

	2013	2014	2015	2016E	% Change
Millions of Cayman Islands Dollars					
Primary Sectors	28.6	28.1	29.9	30.5	2.0
Agriculture & Fishing	9.3	10.1	10.4	10.8	3.7
Mining & Quarrying	19.2	18.0	19.5	19.8	1.2
Secondary Sectors	101.4	103.3	108.3	112.8	4.2
Manufacturing	23.1	23.4	23.5	24.2	2.9
Construction	78.2	79.9	84.7	88.6	4.5
Services Sectors	2,364.7	2,418.1	2,483.7	2,548.3	2.6
Electricity & Water Supply	93.8	95.9	98.6	104.1	5.6
Wholesale & Retail Trade, Repairs & Installation of Machinery	208.0	212.5	215.8	220.2	2.0
Hotels & Restaurants incl. Bars	143.5	149.6	151.5	151.6	0.0
Transport, Storage & Communication	214.4	217.0	221.6	225.0	1.5
Financing & Insurance Services	1,042.6	1,051.4	1,073.9	1,089.8	1.5
Real Estate, Renting & Business Activities	622.1	641.3	660.8	691.3	4.6
Producers of Government Services	338.0	342.1	355.4	365.1	2.7
Other Services	79.7	83.6	85.0	86.9	2.3
Financial Services Indirectly Measured (FISIM)*	377.3	375.2	379.0	385.6	1.8
GDP constant at basic prices	2,494.6	2,549.6	2,621.8	2,691.6	2.7
Growth (%)	1.5	2.2	2.8	2.7	

E Preliminary estimates based on sector economic indicators

*Financial Intermediation Services Indirectly Measured (FISIM) is the difference between the interest rates charged to borrowers and the interest rates paid to lenders. It is an implicit charge to customers for the service provided by financial intermediaries.

The real estate, renting and business activities sector was estimated to have increased by 4.6 percent with property trading in the real estate dominating the growth (see Section 4.4). Business services expanded, albeit at a slower pace as registration of companies and partnerships slowed.

The construction industry, measured by the market value of goods and services produced in the sector, remained robust with an estimated expansion of 4.5 percent in 2016. Key indicators such as the volume of building materials

including imported cement was higher during the period, sustaining the growth trend observed since 2012. However, growth in the sector was weaker than the recorded growth of 6.1 percent in 2015 due to the completion of major development projects in the second half of 2016.

Robust economic performance was shown among electricity and water supply, other services and transport, storage and communication with growth of 5.6 percent, 2.3 percent and 1.5 percent, respectively. These performances may be partly associated with the higher level of population in the Islands, as well as the increase in economic activity across most sectors. The growth in utilities was also due to lower cost, particularly fuel cost, while the transport sector benefitted from the higher volume of cargo transportation. Government services expanded anew in 2016 by 2.7 percent, due mainly to higher staff levels.

The financing and insurance services sector which accounted for approximately 40.5 percent of GDP was estimated to have expanded by 1.5 percent. Despite relatively depressed demand from external markets, evidenced by declines in registrations across most financial segments, growth in the banking sector was boosted by continued expansion in domestic credit. The domestic banking sector is estimated to have grown by 1.8 percent in 2016, due mainly to higher interest income as domestic credit grew. Insurance services, included under this rubric, grew slower by 0.4 percent relative to 4.0 percent in 2015 as health insurance claims increased noticeably during the year.

The wholesale and retail trade sector had an estimated growth of 2.0 percent, bolstered by growth in non-oil merchandise imports which grew by 5.1 percent (see Section 3.4). This sector also benefitted from the multiplier effects of the performance of the construction sector as well as other sectors which altogether generated higher employment in 2016 compared to 2015.

The accommodation sector is estimated to have remained flat in 2016. The sector was impacted by a slowdown in the growth of arrivals in the fourth quarter of the year. During the latter period, arrivals from both the air and cruise segments fell by 12.6 percent compared to the same period in 2015, after a strong growth of 4.7 percent in the first three-quarters of 2016.

3.2 Inflation

The average consumer price index declined by 0.6 percent for 2016, compared to an average decline of 2.3 percent a year ago. The moderation in deflationary pressures during the year occurred in the context of a deceleration in the pace at

which crude oil prices fell. Notwithstanding, the declines in energy prices remained sufficient to outweigh upward pressures on prices caused by an expansion in employment levels and a larger population.

Table 3.3: Average Inflation Rates

Categories	Avg. Inflation Rates	
	2015	2016
Food & Non-alcoholic Beverages	1.6	0.1
Alcohol and Tobacco	0.6	0.6
Clothing and Footwear	3.0	1.4
Housing and Utilities	-6.9	-2.9
Household Equipment	0.2	-0.3
Health	0.3	-0.1
Transport	-4.8	-1.8
Communication	3.3	1.4
Recreation and Culture	1.5	1.9
Education	3.8	1.5
Restaurants and Hotels	-1.3	2.8
Misc. Goods and Services	-0.8	0.8
Overall CPI Inflation	-2.3	-0.6

Source: Economics and Statistics Office

Several price indices directly contributed to the overall deflation: housing and utilities, transport, household equipment and health. The price index for housing and utilities fell by 2.9 percent as the average cost of electricity, gas and other fuels, and water supply and miscellaneous services fell by 16.1 percent and 12.4 percent, respectively. The lower average cost of utilities was propelled by a decline in oil prices on the world market

albeit at a slower than in 2015. Specifically, the average spot price of crude oil⁶ declined by 15.7 percent in 2016 relative to 47.2 percent in 2015. Similarly, the transport index fell by 1.8 percent as the fuel component (operation of personal transport equipment) declined by 10.6 percent. The household equipment index fell by 0.3 percent as the average cost of goods and services for household maintenance declined.

Despite the overall decline in average inflation, the following categories registered increases: restaurants and hotels, miscellaneous goods and services, education, communication, clothing and footwear, food and non-alcoholic beverages and recreation and culture. The restaurants and hotels index was higher by 2.8 percent, as an increase in catering services outweighed a decline in accommodation services. There was a 0.8 percent growth in the miscellaneous goods and services index, attributable primarily to increases in the cost of personal care items and financial services.

⁶ Source: International Monetary Fund (WEO, April 2017), simple average of prices of U.K. Brent, Dubai Fateh, and West Texas Intermediate crude oil

Table 3.4: Selected Quarterly Inflation Rates (%)

		CPI Inflation	Non Food Inflation	Core Inflation*	CPI: Excluding; Housing & Utilities	Food Inflation	Housing & Utilities Inflation	Electricity Inflation
% Change over the same Quarter a Year Ago								
2015	QTR 1	-0.4	-0.7	0.7	-0.1	2.9	-1.1	-15.1
	QTR 2	-3.6	-4.1	-2.1	-0.7	1.2	-9.4	-23.3
	QTR 3	-2.9	-3.3	-1.8	0.1	1.5	-8.8	-18.1
	QTR 4	-2.5	-2.8	-1.2	0.5	0.8	-8.4	-18.7
Annual Average 2015		-2.3	-2.8	-1.1	0.0	1.6	-6.9	-18.8
2016	QTR 1	-2.8	-3.1	-2.2	0.2	0.3	-8.8	-12.8
	QTR 2	-0.8	-0.9	0.1	0.2	-0.1	-3.0	-15.7
	QTR 3	0.5	0.5	1.9	0.5	0.3	0.5	-13.4
	QTR 4	0.6	0.7	1.9	1.0	-0.2	-0.2	0.0
Annual Average 2016		-0.6	-0.7	0.4	0.5	0.1	-2.9	-10.5

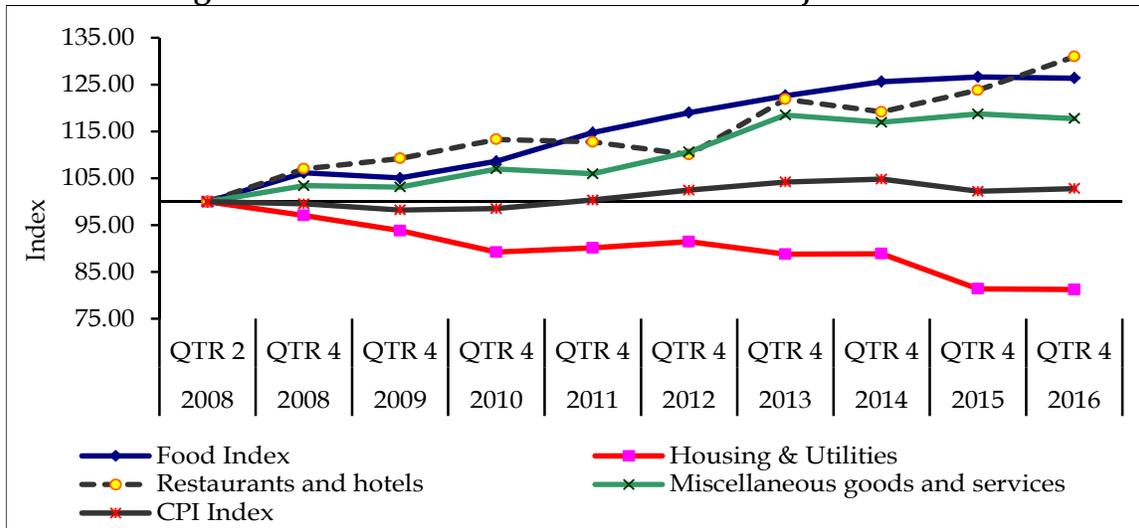
*Core inflation is CPI inflation which excludes food and non-alcoholic beverages, electricity and fuel

Source: Economics and Statistics Office

Core inflation, the overall inflation without food and non-alcoholic beverages, electricity and fuel, reflected an increase of 0.4 percent in 2016 compared to a year ago when there was a decline of 1.1 percent (see Table 3.4). The average electricity rate was lower by 12.4 percent during the year as the first three-quarters recorded double-digit declines while the last quarter remained flat. The index for food and non-alcoholic beverages recorded an average increase of 0.1 percent compared to a year ago when it went up by 1.6 percent. Non-food inflation was -0.7 percent as falling oil and related products is a component under this rubric.

The food and non-alcoholic beverages index decline marginally in 2016 relative to 2017 in contrast to the upward trend exhibited since the second quarter of 2008 (see Figure 3.1). The food index reached 126.4 in 2016, or 26.4 percent higher than the second quarter of 2008 (an average rise of 4.1% annually for the last six and a half years). The housing and utilities index trended downwards since the second quarter of 2008, declining by 18.8 percent to 81.2 at end 2016. This reflected an average decline of 2.9 percent annually for the last six and a half years and indicates lower housing and utilities cost over the period. Relative to 2008, hotels and restaurants and miscellaneous goods and services were higher by 31.0 percent and 17.7 percent, respectively.

Figure 3.1: Inflation Indices for Selected Major Divisions



Source: Economics and Statistics Office

3.3 Labour Force and Employment

Consistent with the continued expansion in economic activity, the labour market posted another year of expansion, with the labour force increasing by 3.2 percent to 42,196 persons. All status groups recorded growth with Caymanians, Non-Caymanians, and Permanent Residents With Rights to Work (WRW) increasing by 1.8 percent, 3.9 percent and 7.1 percent, respectively.

The growth in the demand for labour prompted more persons to enter the labour force. As a result, the overall labour force participation rate (LFPR) edged upward to 83.4 percent relative to 82.8 percent in the previous year. This was mainly due to increases in the Caymanian and non-Caymanian LFPR as the Permanent Residents LFPR declined.

The share of Caymanians in the labour force declined marginally to 47.2 percent from 47.9 percent. In contrast, the share of Non-Caymanians and Permanent Residents WRW improved to 41.9 percent and 10.8 percent, respectively⁷.

Overall employment increased by 3.3 percent (or 1,273) to 40,411 over the period. Employment among Non-Caymanians recorded the strongest growth, increasing

⁷ The Non-Caymanian labour force includes persons married to Caymanians and awaiting Permanent Residence and persons working by operation of law.

by 699 to 17,482. Permanent Residents WRW followed with an increase of 414 to 4,404 while Caymanian employment increased by 159 to reach 18,525.

Table 3.5: Summary of Labour Force Indicators

Labour Force Indicators	2015	2016
Population	60,413	61,361
Working Age Population	49,369	50,613
Labour Force	40,870	42,196
Total Employed	39,138	40,411
Total Unemployed	1,732	1,785
Unemployed Rate (%)	4.2	4.2
Caymanian Population	34,237	34,113
Working Age Population	25,906	26,365
Labour Force	19,575	19,931
Total Employed	18,366	18,525
Total Unemployed	1,209	1,406
Unemployed Rate (%)	6.2	7.1
Permanent Residents Population	5,188	5,467
Working Age Population	4,963	5,420
Labour Force	4,273	4,577
Total Employed	3,990	4,404
Total Unemployed	283	173
Unemployed Rate (%)	6.6	3.8
Non -Caymanian Population	20,988	21,781
Working Age Population	18,500	18,837
Labour Force	17,023	17,687
Total Employed	16,783	17,482
Total Unemployed	240	206
Unemployed Rate (%)	1.4	1.2

* With rights to work (WRW) only

Source: ESO Fall Labour Force Surveys (2015, 2016)

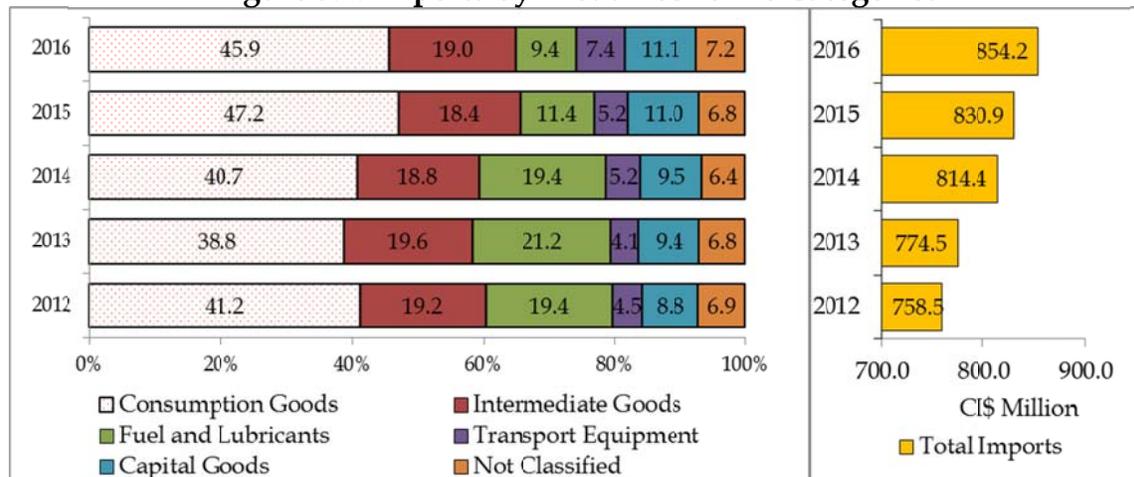
The unemployment rate was stable at 4.2 percent in 2016, albeit with a slight increase in the number of unemployed by 53. This increase in unemployment was attributed to the Caymanian unemployment group, as both Non-Caymanian and Permanent Residents WRW decreased. The low unemployment rate among Non-Caymanians is consistent with the requirements under the Immigration Law that allows only Non-Caymanians with work permits remain on the Island. Therefore, the unemployed Non-Caymanians in the labour force are dependants of work permit holders who are looking and available for employment.

3.4 External Sector

Merchandise Imports. Total merchandise imports in 2016 grew by 2.8 percent, accelerating from the 2.0 percent growth recorded in 2015. The increase brought total imports for the year to \$854.2 million and was due to a higher value of non-fuel product imports which outweighed a decline in the imports of fuel products. Imports of non-fuel products increased by 5.1 percent to \$768.8 million, driven primarily by machinery and transport equipment (up by 16.5% to \$171.5 million); manufactured goods (up by 5.0% to \$95.2 million); and chemicals and related products not elsewhere specified (up by 10.8% to \$43.5 million). Animal and vegetable oils, fats and waxes and other commodities and transactions were the only categories to record declines in the value of imports of non-fuel products.

For the year under review, the value of imported fuel products declined by 14.3 percent \$85.4 million as the average price of fuel fell by 13.3 percent. However, the total quantity of oil imports increased by 0.2 percent (see Figure 3.3).

Figure 3.2: Imports by Broad Economic Categories



Source: Economics and Statistics Office

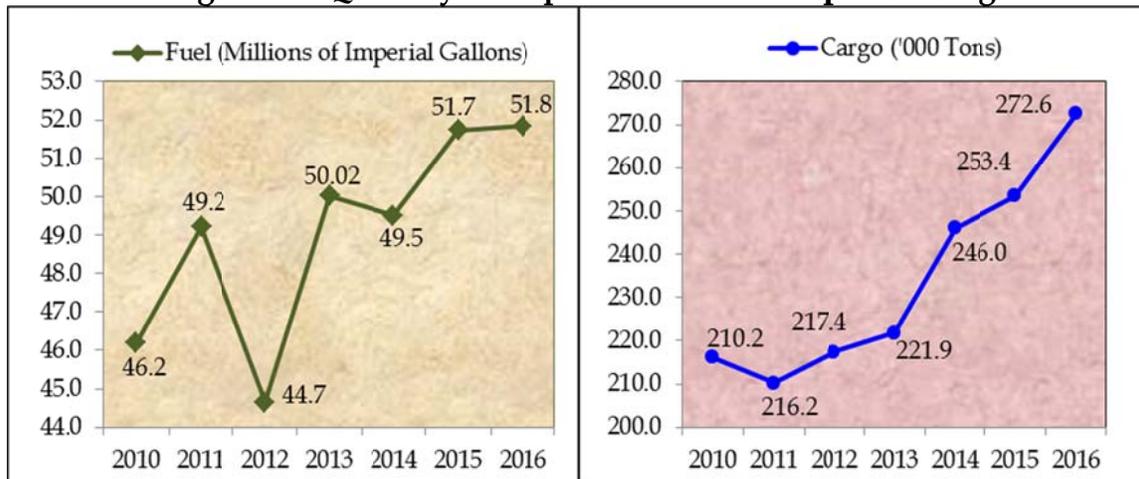
Analysing imports by Broad Economic Category (BEC) revealed that intermediate goods rose by 5.9 percent to \$162.3 million relative to 2015. Capital goods increased by 3.7 percent to \$94.5 million. The impact of these increases was partly offset by a 0.1 percent decline in consumption goods, which accounted for the largest share of imports (45.9%).

The imported volume of fuel posted double-digit growth for propane and aviation fuels of 13.2 percent and 10.6 percent, respectively. There was an

increase of 4.3 percent in the volume of imported gasoline while diesel recorded a 3.1 percent reduction.

The volume of imported cargo increased by 7.5 percent to 272.6 thousand tons, the highest since 2008 when the volume reached 316.2 thousand tons. As construction projects expanded, imported aggregates and other building materials increased by 9.1 percent and 6.4 percent, respectively.

Figure 3.3: Quantity of Imported Fuel and Imported Cargo



Source: Customs Department and Port Authority of the Cayman Islands

Exports: Mainly consisting of re-exports (temporary imports which are re-exported), total merchandise exports was estimated at CI\$73.6 million compared with \$78.3 million in 2015. The decline is due mainly to export of gold.

Current account⁸. In 2016, the current account deficit was estimated to have increased by 10.4 percent to \$692.4 million or 23.6 percent of GDP due mainly to deterioration in the goods and services sub-account. With respect to the goods category, there was a higher deficit in 2016 as an increase in imports was accompanied by a decline in exports. Regarding services, the surplus registered in 2016 decreased relative to 2015. This decline emanated mainly from higher payments overseas for travel; insurance and pension; and transportation services. In contrast, receipts from financial, telecommunication and business services increased during the period.

⁸ The current account of the balance of payments measures the total value of the country's transaction against the rest of the world in terms of trade in goods and services, income and transfers. A deficit in the current account means that the Cayman Islands made more payments to the rest of the world compared to its receipts from these transactions.

Table 3.6: Balance of Payments (in CI\$ million)

	2013	2014	2015	2016E
Current Account Balances				
Trade balance	(597.6)	(651.2)	(602.4)	(622.5)
Exports*	103.3	80.5	78.3	73.6
Imports, f.o.b.	(700.9)	(731.8)	(680.7)	(696.1)
Services, net	589.2	698.1	757.6	718.6
Receipts	1,500.2	1,582.3	1,694.1	1,725.0
o/w tourism visitor expenditure	506.5	569.4	557.1	559.2
o/w financial services	398.2	412.3	371.1	395.6
Payments	(911.0)	(884.2)	(936.5)	(1,006.4)
Net income	(441.5)	(563.67)	(629.00)	(609.99)
Transfers, net	(155.6)	(183.4)	(153.1)	(178.6)
Current Account Balance	(605.4)	(700.2)	(627.0)	(692.4)
<i>Percent of GDP (%)</i>	(22.9)	(25.4)	(22.0)	(23.6)
Financial and Capital Account, net**	607.5	698.7	640.2	701.2
Balance of Payments	2.1	(1.6)	13.2	8.8
Change in Reserves***	(2.1)	1.6	(13.2)	(8.8)

^E Estimated based on key economic indicators

*Merchandise good exports plus goods procured in ports plus net export of goods under merchanting. Estimate for 2016 only includes merchandise goods.

**Financial and capital account includes overall errors and omissions

***Changes in foreign currency reserves of the Cayman Islands Monetary Authority's Currency Board

Source: Economics and Statistics Office

The primary income sub-account recorded a slightly lower deficit while the secondary income sub-account recorded a higher deficit compared with 2015. Within the secondary income sub-account, the outflow of workers' remittances rose as foreign employment increased. Workers' remittance inflow was also estimated to have risen, but by a smaller amount than the increase in outflows.

3.5 Money and Credit⁹

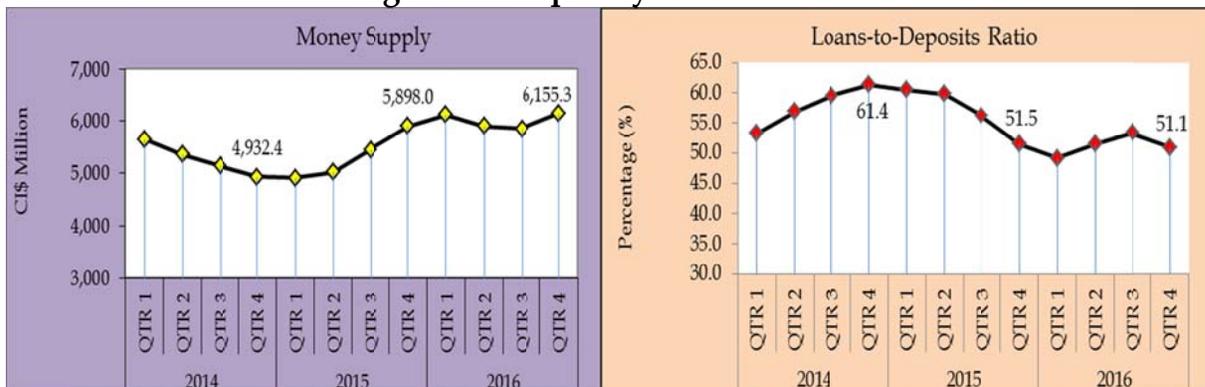
Broad liquidity: Broad liquidity (M2) comprising of CI dollar-denominated and foreign currency deposits expanded by 4.4 percent (\$257.3 million) over the previous year (see Figure 3.5 and Table 3.7). Consistent with the increase in money supply, financial deepening as measured by the ratio of broad liquidity to nominal GDP increased from 207.3 percent in 2015 to 209.9 percent in 2016. The increase shows that households and businesses continued to rely on commercial banking system for financing, saving and facilitating transactions. The combined effect was a higher money supply resulting from the money creation process within the banking system.

The expansion in total money supply was due to a 10.0 percent rise in local currency-denominated broad money owing to a 10.2 percent rise in KYD deposits and a 7.4 percent increase of currency in circulation. Additionally, there was a 2.6 percent increase in foreign currency deposits.

Foreign currency deposits remains the largest proportion of the overall money stock in 2016, with a share of 75.1 percent, followed by KYD deposits (23.0%) and KYD currency in circulation (1.9%).

During the review period, the overall loan-to-deposit ratio of commercial banks moderated, as higher deposits outweighed the increase in the domestic loan balance. As at end 2016, domestic credit reflected 51.1 percent of total deposits relative to 51.5 percent at the end of 2015, indicating that commercial banks could be more liquid than a year ago.

Figure 3.5: Liquidity Indicators



Source: Cayman Islands Monetary Authority and ESO

⁹ Some additions and percentage changes may not be exact due to rounding to one decimal place.

Table 3.7: Monetary and Banking Summary, in CI\$ million

	Dec-14	Dec-15	Dec-16	% Change
Total Assets	4,932.4	5,898.0	6,155.3	4.4
Net Foreign Assets	2,281.7	3,795.4	3,897.2	2.7
Monetary Authority	100.2	110.8	122.2	10.3
Commercial Banks	2,181.5	3,684.6	3,775.0	2.5
Net Domestic Assets	2,650.6	2,102.5	2,258.0	7.4
Domestic credit	2,971.2	2,981.2	3,083.9	3.4
Claims on central government	243.6	226.5	211.0	(6.9)
Claims on other public sector	70.1	70.0	64.0	(8.7)
Claims on private sector	2,657.5	2,684.7	2,809.0	4.6
Other items net	(320.6)	(878.7)	(825.8)	(6.0)
Broad Liquidity	4,932.4	5,898.0	6,155.3	4.4
Broad money (KYD) M2	1,209.1	1,394.5	1,534.3	10.0
Currency in circulation	95.5	107.7	115.6	7.4
KYD Deposits	1,113.5	1,286.8	1,418.7	10.2
Demand deposits	460.6	505.3	595.9	17.9
Time and savings deposits	653.0	781.6	822.8	5.3
FOREX deposits	3,723.3	4,503.4	4,621.0	2.6
<i>of which: US dollars</i>	3,382.0	4,158.6	4,216.6	1.4
<i>US dollars share (%)</i>	<i>90.8</i>	<i>92.3</i>	<i>91.2</i>	

Source: Cayman Islands Monetary Authority and ESO

The expansion of broad liquidity occurred in the context of a 2.7 percent increase in net foreign assets and a 7.4 percent rise in net domestic assets due largely to the growth in private sector borrowings.

Net foreign assets: Net foreign assets (NFA) of the Cayman Islands Monetary Authority (CIMA) and commercial banks expanded by 10.3 percent and 2.5 percent, respectively (see Table 3.8). CIMA's NFA rose by \$11.4 million during the review period, sustaining the 10.5 percent increase a year earlier. The improvement in commercial banks' NFA reflected a 1.1 percent decrease in foreign assets as well as a 3.9 percent reduction in foreign liabilities. The decline in foreign assets emanated from decreases in balance with banks and branches and non-resident loans, the impact of which was partly offset by a 16.2 percent

expansion in total investments. The reduction in foreign liabilities was due to a 5.0 percent decline in non-resident deposits, which offset a 23.7 percent increase in other liabilities.

The ratio of foreign currency-denominated liabilities to total liabilities (a financial soundness indicator which measures the relative importance of foreign currency funding within the banking system) stood at 86.2 percent in 2016 which is lower than the 87.4 percent recorded in 2015. The reduction was due to local currency deposits growing at a faster pace than foreign currency deposits. It also showed that foreign liabilities continued to be a primary source of funding in the Cayman Islands which can be considered a “pseudo dollarized economy.” The large ratio of foreign deposits provides strong support for the fixed exchange rate under the currency board system.

Table 3.8: Net Foreign Assets, CI\$ million

	Dec-14	Dec-15	Dec-16	% Change
Net Foreign Assets	2,281.7	3,795.4	3,897.2	2.7
Monetary Authority	100.2	110.8	122.2	10.3
Commercial Banks	2,181.5	3,684.6	3,775.0	2.5
Foreign Assets	5,132.9	8,416.4	8,323.8	(1.1)
Bal. with Banks & Branches	2,865.4	3,260.8	3,104.6	(4.8)
Total Investment	1,370.3	2,208.6	2,566.8	16.2
Total Non-Resident Loans	897.2	2,947.0	2,652.3	(10.0)
Foreign Liabilities	2,951.3	4,731.7	4,548.7	(3.9)
Total Non-Resident Deposits	2,806.8	4,549.1	4,322.7	(5.0)
Other Liabilities	144.6	182.7	226.0	23.7

Source: Cayman Islands Monetary Authority and ESO

Net domestic credit: During 2016 net domestic credit increased by 3.4 percent to \$3,083.9 million, driven by increased lending to the private sector. Credit to the private sector rose by 4.6 percent as loans to businesses and households expanded by 9.7 and 2.1 percent, respectively. In contrast, the total level of outstanding debt by the public sector declined by 7.3 percent as the central government continued a policy of debt amortization in adherence with the requirements of the Framework of Fiscal Responsibility (FFR) (see Table 3.9).

Table 3.9: Net Domestic Credit, CI\$ million

	Dec-14	Dec-15	Dec-16	% Change
Domestic Credit	2,971.2	2,981.2	3,083.9	3.4
Credit to Central Government	243.6	226.5	211.0	(6.9)
Credit to Other Public Sector	70.1	70.0	64.0	(8.7)
Credit to Private Sector	2,657.5	2,684.7	2,809.0	4.6

Source: Cayman Islands Monetary Authority and ESO

Business loans, which accounts for approximately a third of total domestic credit, increased by 9.7 percent (or \$80.3 million) for the year to close at \$907.6 million. There was a recovery of total credit advanced to the service sector which expanded by 10.0 percent (or \$6.6 million). The production and manufacturing sector also recorded an increase in borrowings of 4.0 percent (or \$6.7 million) due mostly to utilities and manufacturing. The largest credit amounting to \$277.6 million was advanced to other business activities which increased by 36.2 percent over 2015.

Notwithstanding the general increase in business loans, there were some notable declines, specifically, loans to accommodation, food, bar, and entertainment services which fell by 11.8 percent (or \$1.8 million) reflecting the third consecutive year of decline. Lower loan balances were also observed for construction, mining, wholesale and retail trade and real estate and leasing companies.

Credit to households which accounted for approximately two-thirds of the banking sector's domestic credit, increased by 2.1 percent (or \$39.6 million) to \$1,882.7 million. Growth in consumer loans was driven by expansions in credit for domestic property and motor vehicles which increased by 3.0 and 11.3 percent, respectively (see Table 3.10). These increases were offset by contractions in credit for miscellaneous activities, education and technology which declined by 5.8 and 4.9 percent, respectively.

Despite the increase in the demand for credit, the weighted average rate on loans remained flat possibly due to the higher increase in money supply.

Table 3.10: Net Credit to the Private Sector, CI\$ million

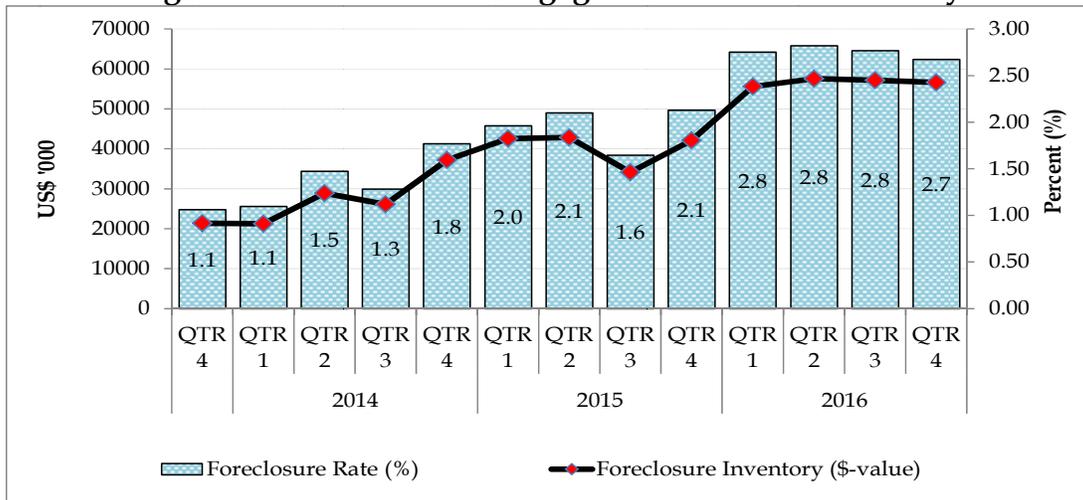
	Dec-14	Dec-15	Dec-16	% Change
Total Private Sector Credit	2657.5	2684.7	2809.0	4.6
Credit to Businesses	819.6	827.3	907.6	9.7
Production & Manufacturing	169.2	165.5	172.2	4.0
Agriculture, Fishing and Mining	20.0	8.3	4.3	(47.8)
Manufacturing	14.1	18.7	19.6	5.0
Utilities	15.7	12.9	36.9	186.7
Construction	119.4	125.6	111.3	(11.4)
Services	82.1	65.6	72.2	10.0
Accommodation, Food, Bar & Entertainment Services	27.7	15.4	13.6	(11.8)
Transportation, Storage & Communications	17.4	17.4	19.4	11.4
Education, Recreational & Other Professional Services	37.1	32.8	39.2	19.6
Trade and Commerce	465.4	483.9	525.6	8.6
Wholesale & Retail Sales Trade	72.3	68.5	53.4	(22.0)
Real Estate Agents, Rental and Leasing Companies	211.9	211.7	194.6	(8.0)
Other Business Activities (General Business Activity)	181.3	203.7	277.6	36.2
Other Financial Corporations	102.9	112.2	137.6	22.6
Credit to Households	1821.6	1843.1	1882.7	2.1
Domestic Property	1524.9	1553.6	1600.9	3.0
Motor Vehicles	34.2	41.2	45.8	11.3
Education and Technology	6.0	6.3	5.9	(5.8)
Miscellaneous*	256.5	242.0	230.0	(4.9)
NonProfit Organizations	16.3	14.3	18.7	30.4

Source: Cayman Islands Monetary Authority and ESQ

Residential mortgage foreclosures. Data from CIMA shows that the average foreclosure inventory in 2016 reached 152 properties amounting to US\$42.1 million. These represent a reduction from the 174 properties in 2015 (see Figure 3.6 for quarterly trends). However, the total value of foreclosure was higher in 2016 compared to US\$28.4 million in 2015.

Similarly, the average quarterly foreclosure rate (the value of foreclosure inventory over the total value of residential mortgages) inched upwards to 2.7 percent in 2016 from 2.1 percent in 2015.

Figure 3.6: Residential Mortgages Foreclosures Inventory



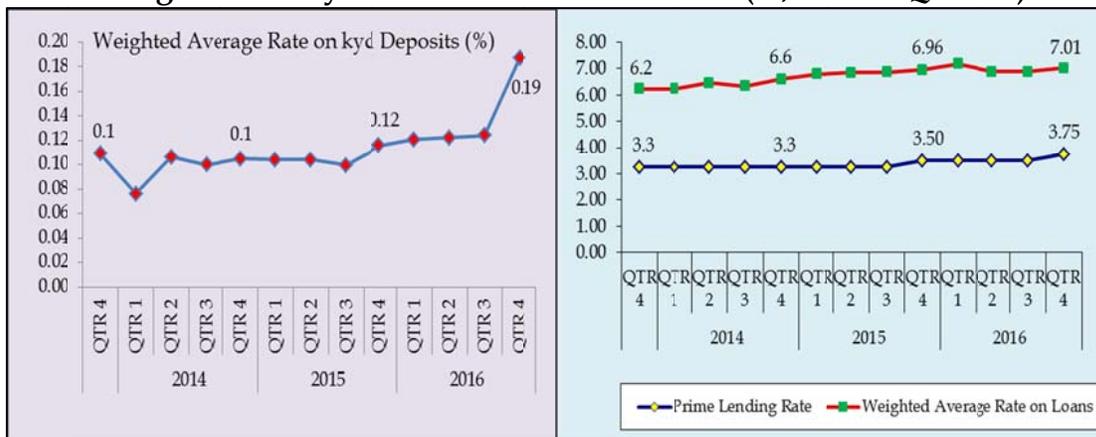
Source: Cayman Islands Monetary Authority and Economics and Statistics Office

Interest rates: Given the increase of the Federal Funds Target Rate (FFTR) in December 2016, the Cayman Islands prime lending rate increased for the second consecutive year, rising by 25 basis points to 3.75 percent from 3.50 percent a year ago.

As depicted in Figure 3.7, KYD weighted average interest rate on outstanding loans remained relatively stable at 7.01 percent.

The weighted average rate on KYD deposits increased to 0.19 percent at the end of 2016 from 0.12 percent the previous year (see Figure 3.7).

Figure 3.7: Cayman Islands' Interest Rates (% End of Quarter)



Source: Cayman Islands Monetary Authority and ESO

4. Key Sector Developments

Cayman's financial services industry posted mixed performance while tourism services remain subdued as total tourist arrivals declined. The construction sector leading indicators posted mixed signals while the total value of real estate transfers continued to grow. The utilities sector comprising electricity and water grew during the year.

4.1 Financial Services

Similar to preceding years, the financial services industry posted mixed results. Active partnerships, insurance licences, the financial position of captives and market capitalization recorded growth while other indicators declined.

Banks & Trusts: The Cayman Islands maintained its position as a conduit of international finance, ranking eighth in the world based on the value of the banking sector's international position on assets and seventh based on liabilities. However, within the context of a slowdown in global flows as at end-2016, the value of international assets declined by 12.1 percent to US\$1,033.4 billion and liabilities decreased by 14.9 percent to US\$1,040.2 billion.

The international position included \$17.8 billion of foreign currency assets and \$54.8 billion of foreign currency liabilities booked by domestic banks; these were booked in the domestic economy with other legally domiciled licensed entities considered as resident entities¹⁰. On the other hand, assets denominated in domestic currency (KYD) stood at US\$2.2 billion while liabilities amounted to US\$1.9 billion at the end of 2016.

The number of bank and trust licenses maintained a downward trend, decreasing by 25 to 159 at the end of 2016. This was the largest decline since 2004 when the number of licences fell by 29 to 318. As shown in Table 4.1, 'Class A' banks contracted by 1 to 11 and 'Class B' banks decreased by 24 to 148. The majority of 'Class B' banks are branches (101) and subsidiaries (32) of international banks from North America, Europe, and South America.

¹⁰ Inclusive of domestic positions in foreign currency of non-banks which are all entities that are non-deposit taking institutions (General Government, Non-Financial Corporations, Households, Non-Bank Financial Corporations, etc.).

Table 4.1: Bank & Trust Companies, 2013-2016

	2013	2014	2015	2016	2016/2015 % Change
Bank and Trust Licences	213	198	184	159	(13.6)
<i>Of which:</i> Class 'A'	15	13	12	11	(8.3)
Class 'B'	198	185	172	148	(14.0)
Trust Companies	117	110	118	117	(0.8)
Trust Companies (Unrestricted)	50	47	57	57	-
Trust Companies (Restricted)	67	63	61	60	(1.6)
Assets and Liabilities	US\$ Billion				
International Positions					
Assets	1,405.7	1,439.8	1,175.3	1,033.4	(12.1)
Liabilities	1,457.4	1,493.6	1,221.8	1,040.2	(14.9)
Cross-Border Positions (Foreign and Domestic Currency)					
Assets	1,375.4	1,415.0	1,148.0	1,015.6	(11.5)
Liabilities	1,416.7	1,443.3	1,158.8	985.5	(15.0)
Domestic Positions (Foreign Currency)					
Assets	30.3	24.8	27.3	17.8	(34.9)
Liabilities	40.7	50.3	63.0	54.8	(13.1)

Source: Cayman Islands Monetary Authority, Bank of International Settlements (BIS)

The contraction in the number of 'Class B' banks, which are legally restricted to conduct business offshore with non-residents, reflects the increased challenges faced by Caribbean banks to maintain correspondent banking relationships with global banks who engage in 'de-risking' behaviour. In 'de-risking', banks resort to engaging in cost efficiencies following increased competition, consolidations and mergers, risk considerations and the heightened regulatory¹¹ compliance requirements.

Declines in the number of bank and trust licences from the United States and Europe, the leading source markets, were the main contributors to the reduction in bank licences. Their combined share fell to 61 (33.2%) in 2016, relative to 79 (42.9%) 2015. The South America, Caribbean & Central America, Asia &

¹¹ The regulatory requirements include the requirements of the Financial Action Task Force (FATF) anti-money laundering and counterterrorism financing (AML/CTF) standards and the supplementary guidelines issued by the Bank for International Settlements (BIS).

Australia and Canada & Mexico regions recorded declines in active licences while the Middle East & Africa remained unchanged.

Table 4.2: Total Number of Banks by Region, 2013- 2016

	2013	2014	2015	2016
	Number of Banks			
Europe	56	48	44	36
USA	45	42	35	25
Caribbean & Central America	22	23	23	21
Asia & Australia	24	22	23	21
Canada & Mexico	18	18	18	16
South America	39	37	36	35
Middle East & Africa	9	8	5	5
Total	213	198	184	159

Source: Cayman Islands Monetary Authority

Insurance. Insurance licences improved marginally by 1 (or 0.1%) to 740 in 2016. This increase was due to a rise in ‘captive’ insurance licenses while domestic insurers decreased during the review period.

Class A (domestic) insurers. At the end of 2016, the number of domestic insurers decreased by 2 (or 6.5%) to 29 (see Table 4.3). During the review period, ‘Class A’ external insurers approved to operate in the domestic market fell by 2 to 20 while ‘Class A’ locally incorporated insurers remained unchanged.

Based on unaudited consolidated financial statements as at December 2016, gross premium of domestic insurance licensees amounted to \$441.8 million. Health insurance accounted for the largest share of total premiums with 48.7 percent, followed by liability (16.7%) and property (11.0%).

Ceded premiums¹² amounted to \$98.1 million, which was equivalent to 22.2 percent share of the gross premium. The largest share (61.0%) of ceded premiums was for property insurance followed by health (31.1%).

Net claims amounted to \$292.7 million with the majority of payments (68.2%) being health-related claims.

¹² Ceded premiums are premiums paid or payable by the insurance company to another insurer for reinsurance protection.

Table 4.3: Insurance Companies, 2013-2016

	2013	2014	2015	2016	% Change
Total Insurance Licences	788	788	739	740	0.1
Class 'A' Licences (Domestic)	27	28	31	29	(6.5)
Class 'B' Licences (Captives)	719	725	679	683	0.6
Class 'C' Licences (Captives)	40	34	28	25	(10.7)
Class 'D' Licences (Captives)	2	1	1	3	200.0
Total Captives	761	760	708	711	0.4
Financial Position of Captives	US\$ Billion				
Premiums	12.6	12.1	12.8	14.6	14.8
Total Assets	69.2	51.5	59.1	59.8	1.2

Source: Cayman Islands Monetary Authority

Class B, C and D or captives (international) insurers. For the year in review, the total number of licences increased to 711. Class B (captives and segregated portfolio companies) and Class D (reinsurance) licences rose to 683 and 3, respectively. Class C licences, which comprise the special purpose vehicles, declined to 25.

Consistent with the improvement in licence registration, the financial performance of captives as measured by key variables strengthened in 2016. Net premiums totalled US\$14.6 billion, 14.8 percent higher than in 2015. Total assets also increased by 1.2 percent to US\$59.8 billion.

As shown in Table 4.4, the composition of the captive industry is similar to previous years. North America continued to remain the dominant risk location, accounting for 89.9 percent of insurance captives registered. The shares of captives from other regions were as follows: the Africa, Asia and Middle East (0.8%); the Caribbean and Latin America (2.8%); Europe (2.0%); Pacific Rim (0.3 %); and the rest of the world (4.2%).

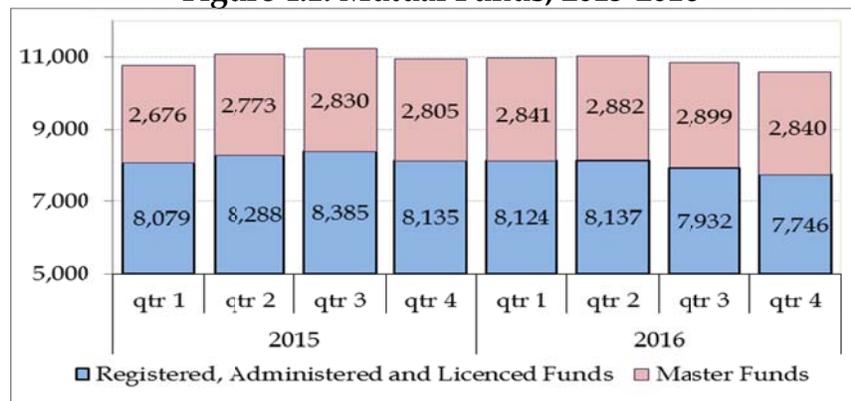
Table 4.4: Captive Insurance Licences by Risk Location and Primary Class of Business, 2013-2016

	2013	2014	2015	2016
Number of Companies				
Africa, Asia & Middle East	6	6	7	6
Caribbean and Latin America	24	23	22	20
Europe	14	15	14	14
North America	687	685	636	639
Pacific Rim	2	2	2	2
Other	28	29	27	30
	761	760	708	711
Number of Companies				
Healthcare	271	270	239	232
Workers' Compensation	162	167	149	150
Property	91	84	76	68
General Liability	76	78	76	79
Professional Liability	68	68	61	64
Other	93	93	107	118
	761	760	708	711

Source: Cayman Islands Monetary Authority

Mutual funds. The number of mutual funds totalled 10,586 at the end of 2016, 3.2 percent lower than a year earlier. Registered mutual funds maintained a downward trend, declining by 4.7 percent to 7,293 at the end of 2016. Administered and licenced mutual funds also declined at the end of the same period, falling by 4.5 percent to 363 and 10.9 percent to 90, respectively

Figure 4.1: Mutual Funds, 2015-2016



Source: Cayman Islands Monetary Authority

The number of terminated mutual funds totalled 1,425, which exceeded the 1,203 new registrations. During 2016, the Cayman Islands Monetary Authority (CIMA) executed an administrative ‘clean-up’ of funds that remained in Licence Under Liquidation (LUL) and Licence Under Termination (LUT) for more than six months which resulted in higher terminations. Other reasons for terminating funds included liquidation, the culmination of the fund, transfer to other jurisdictions, the fund never having carried on business and the fund no longer being economically viable.

Stock exchange. In 2016, the number of stock listings on the Cayman Islands Stock Exchange (CSX) declined by 26 to settle at 1,022. Declines in the listings of specialist debt securities (down 75 to 489), insurance linked securities (down 9 to 34) and primary equity (down 3 to 3) offset growth in the listings of sovereign debt securities¹³ and mutual funds.

Table 4.5: Stock Listings, 2013-2016.

Instruments	2013	2014	2015	2016
Total	1,116	1,066	1,048	1,022
Mutual Funds	320	279	246	260
Specialist Debt Security	587	562	564	489
Insurance Linked Security	82	67	43	34
Sovereign Debt Security	121	150	186	234
Primary Equity	4	6	6	3
Secondary Equity	2	2	1	1
Retail Debt Security	-	-	2	1

Source: Cayman Islands Stock Exchange

Despite the reduction in the number of stock listings, market capitalization increased marginally by 0.1 percent to US\$195.6 billion, the highest level attained since the inception of the CSX. This increase was due to higher specialist debt securities¹⁴, which rose by US\$9.7 billion to US\$93.6 billion and accounted for 47.8 percent of the total market capitalization. Of the instruments that decreased in market capitalization, sovereign debt securities registered the largest decline of US\$8.0 billion.

¹³ Sovereign debt securities issued by a national government within a given country and denominated in a foreign currency.

¹⁴ Specialist Debt Securities include debentures, debenture stock, loan stock, bonds, certificates of deposit and any other instrument creating or acknowledging indebtedness.

Table 4.6: Market Capitalization (US\$ Billions), 2013-2016¹⁵

Instruments	2013	2014	2015	2016
Total	172.6	169.3	195.3	195.6
Mutual Funds	11.3	9.4	10.0	9.1
Specialist Debt Security	78.0	79.2	83.9	93.6
Insurance Linked Security	11.5	8.1	5.9	5.0
Sovereign Debt Security	68.6	72.2	95.3	87.3
Primary Equity	2.3	0.3	0.2	0.2
Secondary Equity	0.9	0.1	0.1	0.1
Retail Debt Security			0.0	0.4

Source: Cayman Islands Stock Exchange

Companies registry. The total number of registered companies declined by 2.6 percent to 96,248 at the end of 2016 (see Table 4.7). This reduction stemmed from a rise in the removal of companies which outweighed the addition of companies to the registry.

Table 4.7: Company Registrations, 2013-2016

	2013	2014	2015	2016/2015	
				2016	% Change
Total Company Registrations	95,530	99,459	98,838	96,248	-2.6
Exempt	78,070	82,413	83,045	80,658	-2.9
Non-Resident	7,200	6,213	5,462	4,566	-16.4
Resident	6,755	7,037	6,186	6,399	3.4
Foreign	3,505	3,796	4,145	4,433	6.9
Limited Liability Companies	-	-	-	192	-
New Company Registrations	9,433	11,010	11,875	11,174	-5.9
Exempt	8,380	9,981	10,672	9,812	-8.1
Non-Resident	48	29	40	29	-27.5
Resident	430	408	506	518	2.4
Foreign	575	592	657	610	-7.2
Limited Liability Companies	-	-	-	205	-

Source: Cayman Islands General Registry

¹⁵ The figures for mutual funds and domestic equity refer to market capitalization. Figures for specialist debt, Eurobond and secondary equity is based on par values.

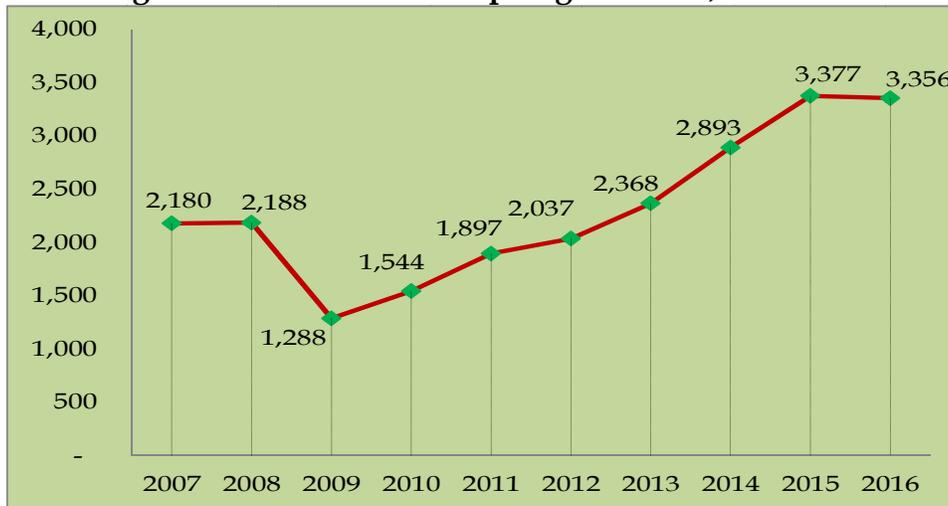
Exempt company continued to be the preferred vehicle for the conduct of business, accounting for 83.8 percent of all registered companies, albeit this fell by 2.9 percent to 80,658. Similarly, the number of non-resident companies declined by 16.4 percent and closed at 4,566. Foreign companies, which are companies registered in Cayman but incorporated elsewhere, rose by 6.9 percent to 4,433, while the number of resident companies increased by 3.4 percent to 6,399. There were also 192 active limited liability companies at the end of 2016 relative to none at the end of 2015.

New company registrations contracted by 5.9 percent to 11,174 in 2016 (Table 4.7), a contrast to the growth recorded in the previous year. Exempt companies, which represented 87.8 percent of all new registrations, decreased by 8.1 percent to 9,812. There were also declines for non-resident companies (down by 27.5%) and foreign companies (down by 7.2%). On the contrary, there were increases in new registrations for resident companies (up by 2.4%), while limited liability companies numbered 205.

The number of terminated companies increased during the review period, rising from 12,062 in 2015 to 14,101 in 2016. Of the terminations in 2016, 75.3 percent were removed by the Registrar, which originated mainly from the exempt category, 21.0 percent were voluntarily dissolutions primarily from the exempt category, and 1.6 percent was voluntary cessation of foreign companies. There were increases in the number of terminations for all categories except resident companies. Termination of exempt companies registered the largest increase, rising to 12,534 from 9,641 in 2015.

Partnerships registration. Registration of new partnerships in 2016 totalled 3,356 relative to 3,377 in 2015. This decline was due to a reduction of 23 exempt limited partnerships to 3,277. Foreign partnerships, which were introduced in August 2014, rose to 79 from 77 in 2015, while the number of active partnerships increased by 11.5 percent to 20,122 in 2016.

Figure 4.2: New Partnership Registrations, 2007-2016

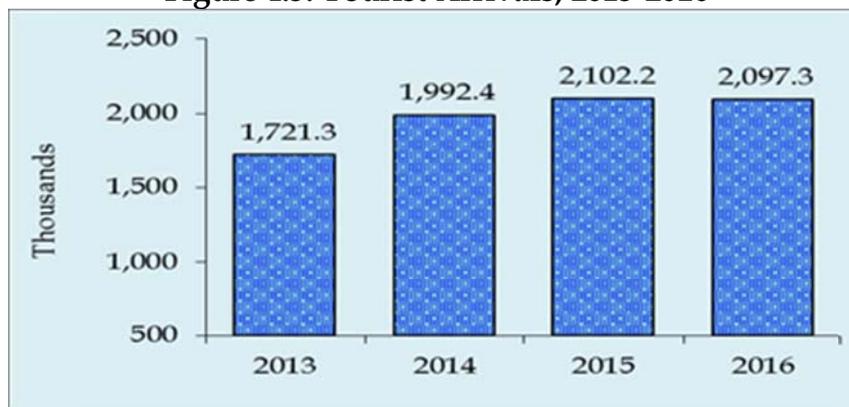


Source: Cayman Islands General Registry

4.2 Tourism

Total visitor arrivals declined marginally by 0.2 percent in 2016, after peaking a year earlier. The decline was associated with cruise arrivals which slipped by 0.3 percent while stay-over arrivals remained relatively constant.

Figure 4.3: Tourist Arrivals, 2013-2016



Source: Department of Tourism

Stay-over arrivals: Stay-over arrivals to the Cayman Islands totalled 385,451 in 2016, increasing by 0.02 percent over a year ago. The increase slightly eclipsed the previous year to become the highest number of stay-over arrivals on record for a given year. Notwithstanding the record arrival level, the pace of growth lagged regional and global averages for the second consecutive year. Regional and global tourist arrivals increased by 4.2 percent and 3.9 percent, respectively for 2016.

The increase in stay-over arrivals was attributable to a 3.0 percent rise in visitors from the USA as arrivals from the European, Canadian and other regional markets declined. Arrivals from the European market contracted by 14.8 percent, while the Canadian market and other markets contracted by 4.2 percent by 7.5 percent, respectively. The general depreciation of foreign currencies against the US dollars (and therefore the CI dollar) may partially explain the decline in arrivals from outside the USA market.

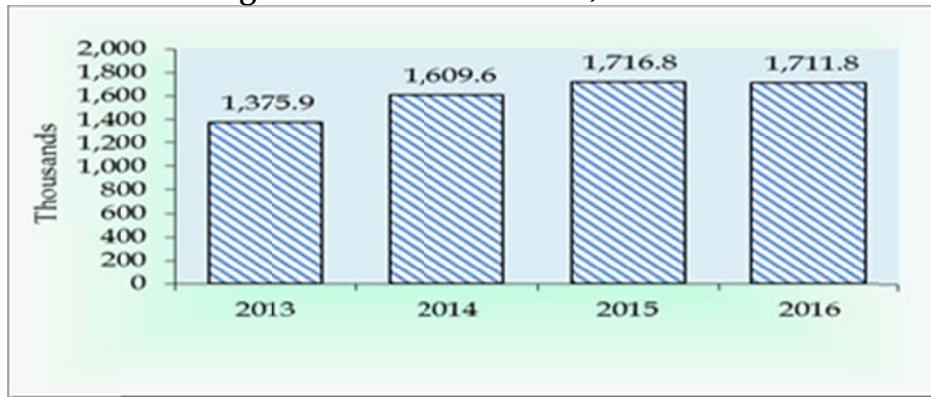
Table 4.8: Stay-over Arrivals by Country of Origin, 2013-2016

	2013	2014	2015	2016	Absolute Change	% Change
In thousands						
USA	265.4	288.0	291.8	300.6	8.8	3.0
Europe	27.8	36.4	34.3	29.2	(5.1)	(14.8)
Canada	23.6	24.9	24.3	23.3	(1.0)	(4.2)
Other	28.5	33.5	35.0	32.4	(2.6)	(7.5)
Total	345.4	382.8	385.4	385.5	0.1	0.0
% Share of USA	76.9	75.2	75.7	78.0		

Source: Department of Tourism

Cruise market. Cruise arrivals to the Cayman Islands eased down to 1,711,849 in 2016, marking the first contraction since 2013. This contraction can be traced to lower cruise arrivals in the final quarter of the year relative to a strong performance in the corresponding quarter of 2015. During the December quarter, total arrivals fell by 12.6 percent compared to the same period in 2015, after a strong growth of 4.7 percent in the first three quarters.

Figure 4.4: Cruise Arrivals, 2013-2016



Source: Department of Tourism

4.3 Construction

Construction intentions as measured by planning permits and project approvals recorded another year of mixed performance in 2016.

Building Permits: Following a slowdown in the previous year, the value of building permits in Grand Cayman increased by 32.1 percent to \$247.0 million during 2016. This increase is traced to a recovery across all categories except the hotel sector (see Table 4.9).

Table 4.9: Grand Cayman Building Permits 2013-2016

	Millions of CIS				% Change	Number of Permits				% Change	
	2013	2014	2015	2016		2013	2014	2015	2016		
Residential	113.1	171.9	138.0	156.0	13.0	Residential	336	297	288	285	(1.0)
Houses	86.2	99.6	96.5	84.9	(12.0)	Houses	290	252	223	236	5.8
Apartments	26.9	72.3	41.6	71.1	70.9	Apartments	46	45	65	49	(24.6)
Commercial	44.3	25.7	26.3	40.2	52.9	Commercial	116	73	75	79	5.3
Industrial	3.6	0.2	1.4	3.9	182.6	Industrial	3	3	7	6	(14.3)
Hotel	-	142.1	4.6	4.4	(3.3)	Hotel	0	4	5	13	160.0
Government	0.4	5.9	6.3	11.6	83.5	Government	3	9	7	16	128.6
Other	20.1	10.4	10.3	30.8	198.4	Other	187	153	354	405	14.4
Total	181.5	356.1	186.9	247.0	32.1	Total	645	539	736	804	9.2

Source: Cayman Islands Planning Department

In the residential sector, the apartment category rebounded by 70.9 percent, pushing the total permit values for the sector to \$156.0 million. This represented

a 13.0 percent improvement when compared to the previous year. Large scale residential permits were issued for both apartments and condominiums during the year.

On the non-residential side, permit values rose anew by 86.0 percent to \$90.9 million. The “other” category was the largest contributor to the rebound with an increase of \$20.5 million, boosted by the \$18.0 million Entropy solar farm project in the first half of the year. The government category continued to post year-on-year increases for building expenditure, registering consecutive increases since 2009. Projects in the government category included the expansion of John Gray High School (\$9.2 million) and building for HM Custom’s Department (\$1.0 million).

The commercial sector gained momentum during the review period, increasing by 52.9 percent to \$40.2 million. The industrial category increased by 182.6 percent to \$3.9 million.

The total volume of building permits increased to 804, edging upward by 9.2 percent. The increase in the volume building permits was the second consecutive year of increase, led by higher permits in the “other” category.

Project Approvals. For the review period, project approvals in Grand Cayman declined in value by 11.4 percent to \$406.7 million. This proxy for future construction intentions reflected a fall in most categories, which overshadowed significant growth in the commercial and hotel categories.

Table 4.11: Grand Cayman Planning Approvals, 2013-2016

	Millions of C\$				%		Number of approvals				%
	2013	2014	2015	2016			Change	2013	2014	2015	
Residential	149.1	258.4	268.2	177.9	(33.7)		305	303	277	295	6.5
Houses	100.9	125.9	115.6	106.4	(7.9)		273	247	235	238	1.3
Apartments	48.2	132.5	152.7	71.5	(53.2)		32	56	42	57	35.7
Hotels	143.0	4.6	0.1	1.9	2986.7		3	2	1	5	400.0
Commercial	118.8	9.2	39.7	152.8	284.7		53	30	40	39	(2.5)
Government	5.1	3.4	50.1	14.2	(71.6)		10	15	15	6	(60.0)
Industrial	5.2	17.0	48.5	20.2	(58.4)		14	6	14	13	(7.1)
Other	42.5	119.0	52.2	39.8	(23.7)		586	673	643	614	(4.5)
Total	463.7	411.6	458.3	406.7	(11.4)		971	1,029	990	972	(1.8)

Source: Cayman Islands Planning Department

During the year, the value of residential project approvals totalled \$177.9 million, a 33.7 percent decline when compared to the \$268.2 million recorded in the previous year. The decline largely reflects a 53.2 percent contraction in building approvals for apartments relative to 2015.

The government and industrial categories weakened to \$14.2 million (71.6%) and \$20.2 million (58.4%), respectively. Other project approvals also declined, falling to \$39.8 million from the \$52.2 million recorded in 2015.

On the other hand, commercial project approvals accelerated during the year, increasing by 284.7 percent to \$152.8 million. This was dominated by two large commercial buildings located in the George Town district. Similarly, project approvals for hotel development increased to \$1.9 million relative to \$0.1 million in the previous year. The improvement was chiefly due to some hotel renovations initiated during the period.

The number of project approvals also contracted, largely due to a significant decline in the other projects category. Increases in the residential and hotel categories partially offset the impact of the declines in the other categories.

Certificates of Occupancy. Certificates of occupancy (CO) recorded mixed movements in value and volume for 2016. The total value slid by 6.9 percent to \$123.7 million, continuing the pattern observed in the previous year. The decline was spread across all categories except apartments. In contrast, the volume of CO edged upward by 8.7 percent to 324. The hotel category recorded the strongest increase, rising to 11 from one in the previous year.

Table 4.13: Certificates of Occupancy Grand Cayman, 2013-2016

Sectors	Millions of C\$				%	Sectors	Number of Certificates				%
	2013	2014	2015	2016			Change	2013	2014	2015	
Residential	90.2	129.4	94.5	98.6	4.4	Residential	223	244	216	225	4.2
Houses	52.9	85.8	71.5	64.7	(9.6)	Houses	176	218	171	174	1.8
Apartments	37.3	43.6	22.9	33.9	48.0	Apartments	47	26	45	51	13.3
Hotel	0.0	1.0	10.0	5.4	(46.2)	Hotel	0	1	1	11	1000.0
Government	8.4	1.7	0.8	0.5	(37.3)	Government	5	2	3	2	(33.3)
Commercial	11.8	29.7	23.1	14.2	(38.3)	Commercial	68	65	62	58	(6.5)
Industrial	1.6	0.6	-	4.60		Industrial	3	3	-	8	
Other	6.8	9.3	4.7	0.5	(89.9)	Other	16	23	16	20	25.0
Total	118.8	171.7	132.9	123.7	(6.9)	Total	315	338	298	324	8.7

Source: Cayman Islands Planning Department

4.4 Real Estate

The real estate sector showed a sharp growth in 2016. Following last year’s improvement, property transfers rose anew in terms of value and volume.

Table 4.15: Property Transfers, 2013-2016

	2013	2014	2015	2016	% Change
Freehold					
number	1,569	1,718	1,787	1,792	0.3
value (CIS\$M)	538.8	533.7	592.4	844.3	42.5
Leasehold					
number	197	159	131	183	39.7
value (CIS\$M)	38.7	29.1	19.8	16.0	(19.4)
Total					
number	1,766	1,877	1,918	1,975	3.0
value (CIS\$M)	577.5	562.8	612.2	860.3	40.5

Source: Lands and Survey Department

The total value of property transfers recorded robust growth by 40.5 percent totalling \$860.3 million. The trading of freehold properties largely contributed with a 42.5 percent increase to \$844.3 million, as leasehold activity declined. In terms of volume, both freehold and leasehold transfers increased by 0.3 percent and 39.7 percent, respectively.

4.5 Utilities and Telecommunications

Utilities. Overall, indicators for utilities displayed positive growth in 2016.

Water production increased by 13.9 percent to 2,193.0 million US gallons, while water consumption rose by 7.9 percent to 1,854 million US gallons.

Electricity consumption increased to 606.7 thousand megawatts hours in the review period. This increase was mainly due to a larger customer base which edged upwards by 1.7 percent. The demand for electricity may also have been positively impacted by declining electricity and water rates during the year.

Table 4.16 Utilities Production/Consumption, 2013-2016

	2013	2014	2015	2016	% Change
Millions of US Gallons					
Water Production	1,888.9	2,053.1	1,925.0	2,193.0	13.9
Water Consumption	1,630.9	1,710.8	1,718.1	1,854.0	7.9
'000 of megawatt hrs					
Electricity Production (Net)	595.6	604.7	623.7	650.3	4.3
Electricity Consumption	555.7	564.1	582.0	606.7	4.2
Residential	261.0	266.7	276.9	299.1	8.0
Commercial	288.1	290.7	298.3	300.8	0.9
Public	6.6	6.7	6.7	6.8	0.7
Total Customers	27,364	27,784	28,204	28,678	1.7
Residential	23,358	23,685	24,007	24,429	1.8
Commercial	4,006	4,099	4,197	4,249	1.2

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

Telecommunications: Fixed and mobile handsets in operation increased for the second consecutive year. Nevertheless, total fixed and mobile domestic and international minutes continued to trend downwards by 2.3 percent and 2.2 percent, respectively. Broadband services edged downward by 0.2 percent, recording its first decline since 2009.

Table 4.17: Telecommunication Sector Indicators, 2013-2016

	2013	2014	2015	2016	% Change
Fixed and mobile handsets in operation	134,753	123,962	126,778	129,772	2.4
Total fixed & mobile domestic & int'l minutes ('000)	267,959	247,162	229,393	224,204	(2.3)
Fixed and mobile domestic minutes ('000)	190,711	178,737	162,380	158,638	(2.3)
Fixed and mobile int'l retail minutes ('000)	77,248	68,425	67,013	65,566	(2.2)
Broadband connections	20,335	23,380	24,576	24,535	(0.2)

Source: Information Communication and Technology Authority (ICTA)

5. Fiscal Operations of the Central Government

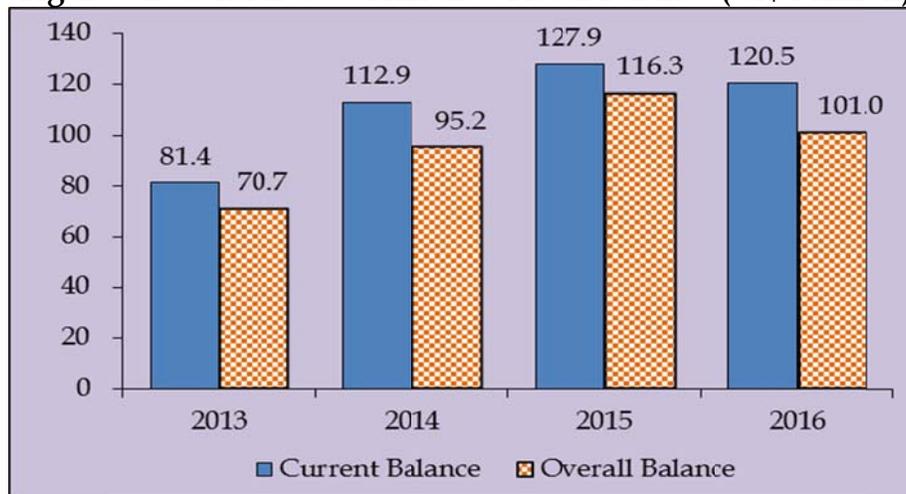
The central government posted its fourth consecutive year of fiscal surplus in 2016, as increased revenue collections continued to outpace expenditure. The performance resulted in the continued reduction of the government’s outstanding debt.

5.1 Overview

The central government recorded an overall fiscal surplus of \$101.0 million for 2016 (see Figure 5.1). The outturn reflected the fourth consecutive year of positive balance in the government’s account.

During the year in review, total revenue increased by 4.9 percent to \$705.8 million arising from growth in both coercive and non-coercive revenue. However, there was a stronger increase in total expenditure by 8.6 percent to \$639.0 million. The rise in both current and capital expenditure for the year exceeded the increase in revenue collection thus resulting in the lower overall surplus relative to the previous year (see Table 5.1).

Figure 5.1: Central Government’s Fiscal Balance (CI\$ Million)



Source: Cayman Islands Treasury Department and ESO

Similarly, there was a decline in the central government’s current surplus from \$127.9 million in 2015 to \$120.5 million as the increase in current expenditure of 7.4 percent exceeded the increase in total revenue.

Table 5.1: Summary of Fiscal Operations, 2013-2016

	2013	2014	2015	2016	% Change 2016/15
	Millions of Cayman Islands Dollars				
Total Revenue	635.1	664.2	672.9	705.8	4.9
Total Expenditure	590.5	595.4	588.6	639.0	8.6
Current Expenditure	553.7	551.2	545.0	585.3	7.4
<i>of which :</i>					
Other Executive Expenses	4.0	3.5	4.5	5.7	25.8
Gross Capital Expenditure & Net Lending	36.8	44.1	43.7	53.7	23.0
Net Capital Expenditure & Net Lending (Gross less Depreciation)	10.7	17.8	11.6	19.5	68.5
Current Balance	81.4	112.9	127.9	120.5	(5.8)
Overall Balance	70.7	95.2	116.3	101.0	(13.2)
Financing	(70.7)	(95.2)	(116.3)	(101.0)	(13.2)
Net Borrowing	(16.5)	(33.9)	(22.8)	(27.1)	18.8
Change in Cash	54.2	61.3	93.5	73.8	(21.0)

Source: Cayman Islands Treasury Department

5.2 Revenue

Total revenue of the central government grew by 4.9 percent during the year to reach \$705.8 million. This growth was greater than the increase in the overall revenue base (nominal GDP), thus the revenue-to-GDP ratio increased to 24.1 percent relative to 23.7 percent for 2015.

Higher collection levels reflected increases in coercive revenue by 4.6 percent to \$666.0 million, and non-coercive revenue by 10.5 percent to \$39.8 million. The stronger performance in revenue during 2016 was shown across all categories of taxes except “other taxes” which declined by 66.7 percent to \$4.6 million (see Table 5.2).

Table 5.2: Revenue Collection of Central Government

Revenue Sources	2013	2014	2015	2016	% Change 2016/15
Millions of Cayman Islands Dollars					
Total Revenue	635.1	664.2	672.9	705.8	4.9
Coercive Revenue	584.7	630.1	636.9	666.0	4.6
Taxes on Int'l Trade & Transactions	173.3	177.9	172.0	174.3	1.4
Domestic Taxes on Goods & Services	377.3	408.6	407.9	425.2	4.2
Taxes on Property	31.3	41.6	41.1	58.7	42.7
Fines	1.6	1.6	2.1	3.2	52.6
Other Taxes	1.2	0.3	13.8	4.6	(66.7)
Non-Coercive Revenue	50.5	34.1	36.0	39.8	10.5
Sale of Goods & Services	48.9	33.0	34.7	36.0	3.6
Investment Revenue	1.1	0.8	1.0	3.5	245.8
Other Operating Revenue	0.4	0.4	0.3	0.3	4.4

Source: Cayman Islands Treasury Department

Domestic taxes on goods and services. Domestic taxes yielded a total revenue of \$425.2 million in 2016, 4.2 percent higher than in the preceding year (see Table 5.3). Higher collections were realized from all major categories.

Table 5.3: Domestic Taxes on Goods and Services

	2013	2014	2015	2016	% Change 2016/15
Millions of Cayman Islands Dollars					
Domestic Taxes					
Various Financial Services Licences	215.0	239.9	234.9	246.4	4.9
ICTA Licences & Royalties	9.0	5.4	7.7	8.2	5.8
Work Permit and Residency Fees	71.6	77.0	78.2	79.6	1.7
Other Stamp Duties	8.3	7.8	7.6	9.4	23.8
Traders' Licences	6.0	5.9	5.3	6.1	13.7
Other Domestic Taxes	67.4	72.7	74.0	75.5	2.0
<i>Of which:</i>					
Tourist Accommodation Charges	15.8	19.5	21.5	20.2	(6.1)
Motor Vehicle Charges	10.7	11.6	10.1	10.1	0.0
Domestic Taxes on Good & Services	377.3	408.6	407.9	425.2	4.2

Source: Cayman Islands Treasury Department

Revenue collected from financial service licenses increased by 4.9 percent to \$246.4 million (see Table 5.4). This was due primarily to changes in fees in 2015 which had their full impact in 2016. Revenue from all financial services categories increased with the exception of other company fees for residents and non-residents. The most significant increases were registered by partnership fees

(up by \$4.5 million to \$40.7 million), mutual fund administrators' fees (up by \$3.2 million to \$45.8 million), and other company fees. Under the latter, exempt company fees rose by \$1.2 million to \$89.3 million. Security investment business licences went up by \$1.1 million to \$14.3 million.

Table 5.4: Domestic Taxes on Goods and Services

	2013	2014	2015	2016	Absolute	%
					Change	Change
Millions of Cayman Islands Dollars						
Various Financial Services Licences	215.0	239.9	234.9	246.4	11.4	4.9
Bank and Trust Licences	34.9	34.4	31.6	31.9	0.3	1.1
Insurance Licences	8.7	9.3	8.7	9.3	0.6	7.0
Other Company Fees - Resident	2.3	3.0	2.5	2.4	(0.1)	(5.1)
Other Company Fees - Non-Resident	4.7	4.0	3.7	3.3	(0.4)	(12.1)
Other Company Fees - Exempt	73.6	89.4	88.1	89.3	1.2	1.4
Other Company Fees - Foreign	4.6	5.8	6.0	6.7	0.7	12.5
Partnership Fees	26.5	33.1	36.1	40.7	4.5	12.6
Mutual Fund Administrators	45.0	45.3	42.7	45.8	3.2	7.4
Money Services Licences	2.4	2.4	2.5	2.8	0.3	11.3
Security Investment Business Licences	12.2	13.2	13.1	14.3	1.1	8.7

Source: Cayman Islands Treasury Department

Consistent with increased activity in the real estate market, other stamp duties rose by 23.8 percent to \$9.4 million. Similarly, there was a rise in revenue collected from work permits and residency fees by 1.7 percent to \$79.6 million. This increase benefitted from a 2.4 percent growth in the number of work permits.

Revenue sourced from traders' licences increased by 13.7 percent to \$6.1 million in 2016, while collections from Information and Communication Technology Authority (ICTA) licence fees grew by 5.8 percent to \$8.2 million.

Other domestic taxes recorded an increase of 2.0 percent in revenue to \$75.5 million. Within other domestic taxes, tourist accommodation charges declined by 6.1 percent to \$20.2 million, possibly due to the dampened growth in stay-over arrivals for the period. The revenue generated from motor vehicle charges remained relatively stable at \$10.1 million.

Coercive revenue from international trade and transactions. Taxes on international trade and transactions rose by 1.4 percent to \$174.3 million during the year. Despite the increase, receipts from international trade and transactions

as a share of coercive revenue decreased from 27.0 percent in 2015 to 26.2 percent during 2016.

The increased revenue from this category resulted mainly from imports of motor vehicles, other products and alcoholic beverages. Duties collected for motor vehicle imports increased by 27.2 percent, to \$16.8 million in 2016, consistent with the uptick in the value of vehicles imported for the year. Other import duties rose by 3.0 percent to \$99.2 million as a result of increases in several non-oil import categories. On the contrary, revenue from fuel imports declined by 29.8 percent to \$14.4 million partly due to a 3.1 percent reduction in the quantity of diesel imports.

Table 5.5: Revenue from Import Duties

	2013	2014	2015	2016	Absolute Change	% Change 2016/15
Millions of Cayman Islands Dollars						
Import Duties	158.2	162.6	156.0	158.4	2.4	1.5
Gasoline/Diesel	35.1	33.2	20.5	14.4	(6.1)	(29.8)
Alcoholic Beverages	17.1	17.8	18.8	19.9	1.1	5.9
Motor Vehicles	10.3	12.3	13.2	16.8	3.6	27.2
Tobacco Products	7.0	8.4	7.2	8.1	0.9	13.2
Other Import Duties	88.7	90.9	96.3	99.2	2.9	3.0
Cruise Ship Departure Charges	8.2	9.7	10.3	10.3	(0.0)	(0.5)
Environmental Protection Fund Fees	5.2	5.6	5.7	5.7	(0.0)	(0.2)
Departure Tax	1.7					
Taxes on International Trade and Transactions	173.3	177.9	172.0	174.3	2.3	1.4

Source: Cayman Islands Treasury Department

Revenue collected from cruise ship departure charges and environmental protection fund fees were almost stable at \$10.3 million and \$5.7 million, respectively.

Other coercive revenue. As depicted in Table 5.2, revenue from taxes on property rose in 2016 by 42.7 percent to \$58.7 million, with the majority of collections emanating from the sale of properties along West Bay Road. Additionally, fines increased by 52.6 percent to \$3.2 million which was dominated by higher court, procedural and immigration fines. Other taxes registered a decrease in revenue of 66.7 percent to \$4.6 million in 2016.

Non-coercive revenue. Non-coercive revenue increased by 10.5 percent to total \$39.8 million. This improvement emanated mainly from increased investment

revenue, which grew by \$2.5 million to \$3.5 million, and sales of goods and services, which rose by 3.6 percent to \$36.0 million.

5.3 Expenditure

Total expenditure for 2016 amounted to \$639.0 million, 8.6 percent higher than in 2015 (see Table 5.1). As a proportion of GDP, total expenditure increased to 21.8 percent from 20.7 percent in 2015. The higher level of total expenditure was due to respective increases of 7.4 percent and 23.0 percent in current expenditure and gross capital expenditure and net lending.

Current expenditure. Current expenditure rose by \$40.3 million to \$585.3 million in 2016, the first increase since 2013 (see Table 5.6). This increase reflected higher spending in all categories except interest payments.

Table 5.6: Current Expenditure of the Central Government

	2013	2014	2015	2016	% Change 2016/15
Millions of Cayman Islands Dollars					
Current Expenditure	553.7	551.2	545.0	585.3	7.4
Personnel Costs	235.7	244.8	243.8	254.5	4.4
Supplies & Consumables	86.8	93.1	83.8	93.6	11.8
Subsidies	137.0	126.7	125.2	137.8	10.0
Transfer Payments	32.3	27.6	27.5	32.4	17.8
Depreciation	26.1	26.3	32.1	34.2	6.5
Interest Payments	31.8	29.2	28.0	27.1	(3.2)
Other Executive Expenses	4.0	3.5	4.5	5.7	25.8

Source: Cayman Islands Treasury Department

Personnel costs rose by 4.4 percent to \$254.5 million, which is partly attributed to an increase in the number of employees to 3,652 from 3,591 in 2015. Payment for wages and salaries rose by \$11.0 million to \$197.8 million and health care costs increased by \$0.7 million to \$34.0 million. “Other personnel costs” was relatively stable during the year, increasing by \$0.1 million.

Expenditure on supplies and consumables increased by 11.8 percent to total \$93.6 million. More spending was diverted to the purchase of goods and services as spending for both utilities and general insurance was reduced.

Payment of subsidies to public entities and non-governmental organizations recorded an increase of 10.0 percent to \$137.8 million. Public entities received additional subsidies of \$4.8 million while non-governmental organizations were allocated \$7.8 million more. Within public entities, those that received the highest

increase in allocation were the Cayman Islands Monetary Authority (up by \$3.0 million to \$11.0 million), Cayman Islands National Insurance Company (up by \$1.1 million to \$29.7 million) and Health Services Authority (up by \$1.1 million to \$29.5 million). In relation to non-governmental organizations, medical care payments for overseas providers (up by \$4.5 million to \$20.8 million) received the highest increase in subsidies.

Transfer payments, which are social benefits to support a target segment of the population against certain social risks, rose by 17.8 percent to \$32.4 million. Scholarships and bursaries registered the largest increase of \$2.7 million to \$12.9 million. Transfer payments for financial assistance to the poor (“Poor Relief”) fell by \$0.2 million to \$5.7 million.

Interest payments fell by 3.2 percent to \$27.1 million as debt repayments lowered the outstanding debt to \$483.9 million from \$511.0 million in 2015.

Other executive expenses. Other executive expenses comprise expenditures mainly for social intervention projects and other government measures which are not classified as transfer payments or subsidies to public authorities. In 2016, these expenses rose by \$1.2 million to \$5.7 million. The significant increases emanated from claims settlement totalling \$0.5 million, judiciary expenses (up \$0.3 million to \$1.3 million) and contribution to the Caribbean Regional Technical Assistance Centre totalling \$0.3 million.

Capital expenditure and net lending. Spending on gross capital expenditure and net lending amounted to \$53.7 million (1.8% of GDP) relative to \$43.7 million (or 1.5% of GDP) in 2015.

Table 5.7: Capital Expenditure and Net Lending of Central Government

	2013	2014	2015	2016	% Change 2016/15
	Millions of Cayman Islands Dollars				
Gross Capital Expenditure and Net Lending	36.8	44.1	43.7	53.7	23.0
Capital Acquisition (now Equity Investments)	9.5	10.9	14.8	18.9	27.3
Equity Injections and Working Capital support to Public Entities	19.2	26.8	19.6	22.3	14.1
Capital Development (now Executive Assets)	8.1	5.8	8.9	12.1	36.2
Net Lending	(0.1)	0.6	0.4	0.4	-
Net Capital Expenditure and Net Lending	10.7	17.8	11.6	19.5	68.5
Depreciation	26.1	26.3	32.1	34.2	6.5

Source: Cayman Islands Treasury Department

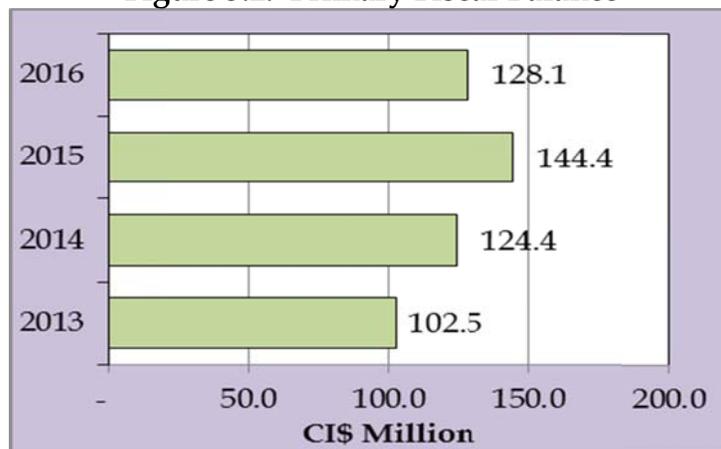
The government investment in equity/capital acquisition grew by 27.3 percent to \$18.9 million during the year, while expenditure on executive assets amounted to \$12.1 million, up by 36.2 percent compared to 2015. The growth in equity investments was due mainly to increased expenditure by the Ministry of Health, Youth, Sports and Culture (up by \$2.3 million to \$6.8 million); Ministry of Education, Employment and Gender Affairs (up by \$1.8 million to \$5.7 million); and Ministry of Planning, Lands, Agriculture, Housing and Infrastructure (up by \$0.9 million to \$1.5 million). Additionally, equity injections and working capital support to public entities rose by 14.1 percent to \$22.3 million.

Net capital expenditure and net lending (or gross capital expenditure and net lending less depreciation) increased by \$7.9 million to \$19.5 million during the period.

5.4 Primary Balance

The primary balance is the overall fiscal balance excluding interest payments and is a standard indicator of the central government’s capacity to service debt obligations. The primary balance decreased from a surplus of \$144.4 million or 5.1 percent of GDP in 2015 to a surplus of \$128.1 million or 4.4 percent of GDP in 2016 following the reduction in the overall fiscal surplus.

Figure 5.2: Primary Fiscal Balance



Sources: Cayman Islands Treasury Department and ESO

5.5 Net Financing and Debt Service Indicators

A decline in the overall surplus to \$101.0 million resulted in a smaller increase in net cash of \$73.8 million during 2016 compared to an increase of \$93.5 million in

the previous year (see Table 5.8). Debt payments during the review period totalled \$27.1 million.

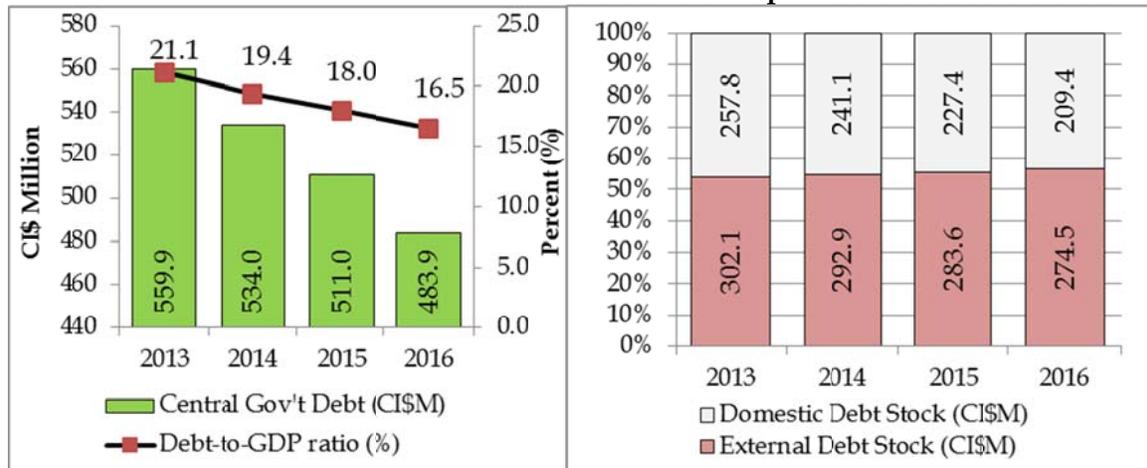
Table 5.8: Financing of Central Government

	2013	2014	2015	2016	% Change 2016/15
Millions of Cayman Islands Dollars					
Financing	(70.7)	(95.2)	(116.3)	(101.0)	(13.2)
Net Borrowing	(16.5)	(33.9)	(22.8)	(27.1)	18.8
Disbursements	10.0	0.0	0.0	0.0	-
Loan Repayment	(26.5)	(33.9)	(22.8)	(27.1)	18.8
Change in Cash	54.2	61.3	93.5	73.8	(21.0)

Source: Cayman Islands Treasury Department

Loan repayments resulted in a reduction in the central government’s outstanding debt to \$483.9 million at the end of 2016 (see Figure 5.3) from \$511.0 million as at the end of 2015, which was a reduction of \$27.1 million.¹⁶ The reduction in debt placed the debt-to-GDP ratio at 16.5 percent, lower than the 18.0 percent as at the end of 2015. At the end of 2016, the outstanding debt comprised 56.7 percent from external sources and 43.3 percent from domestic commercial banks.

Figure 5.3: Central Government’s Outstanding Debt, Debt-to-GDP Ratios and Debt Composition



Source: Cayman Islands Treasury Department, ESO

The central government’s debt service-to-current revenue and debt service-to-GDP ratios rose to 7.7 percent and 1.9 percent from 7.6 percent and 1.8 percent in

¹⁶ Central government’s outstanding debt is comprised of debt managed directly by the Treasury Department and excludes government-guaranteed debt and other contingent liabilities.

2015, respectively (see Table 5.9). The interest payments-to-current revenue ratio declined from 4.2 percent to 3.8 percent in 2016.

Table 5.9: Central Government Debt Service Indicators

Debt Service Indicators	2013	2014	2015	2016
	Percentage (%)			
Interest Payments - to - Current Revenue Ratio	5.0	4.4	4.2	3.8
Debt Service - to - GDP Ratio	2.2	2.3	1.8	1.9
Debt Service - to - Current Revenue Ratio	9.2	9.5	7.6	7.7

Source: Cayman Islands Treasury Department, Economics and Statistics Office

6. Macroeconomic Outlook for 2017

The Islands' economic growth in 2017 is projected at 2.3 percent, conditional on the timing of some investment projects, upbeat growth in tourism and stable demand for financial services. Domestic inflation is expected to turn positive after two consecutive years of deflation, due to an expected recovery in global prices and rising demand for housing.

6.1 Global Outlook¹⁷

Global growth is forecasted at 3.5 percent in 2017, higher than the 3.1 percent recorded in 2016 (see Table 6.1). The advanced economies are anticipated to expand by 2.0 percent in both 2017 and 2018 with the U.S. foreseen to generate an improving output growth of 2.3 percent in 2017, and 2.5 percent in 2018. Economic growth in the U.S. is expected to reflect fiscal expansion and deregulation amidst continued buoyancy in the financial market. Notwithstanding, a foreseen continued tightening of interest rates could dampen the growth momentum in the U.S. and emerging markets.

Table 6.1: Macroeconomic Indicators 2014-2018

	2014	2015	2016	Projections	
				2017	2018
Real GDP growth (%)					
Cayman Islands	2.2	2.8	2.7 ^P	2.3	2.6
United States	2.4	2.6	1.6	2.3	2.5
World	3.5	3.4	3.1	3.5	3.6
Consumer Prices Index (avg. %)					
Cayman Islands	1.3	(2.3)	(0.6)	1.8	2.3
United States	1.6	0.1	1.3	2.7	2.4
Advanced Economies	1.4	0.3	0.8	2.0	1.9
Unemployment (%)					
Cayman Islands	4.6	4.2	4.2	4.2	3.6
United States	6.2	5.3	4.9	4.7	4.6
Advanced Economies	7.3	6.7	6.2	6.0	5.8

¹⁷ This global outlook is based on information culled from the International Monetary Fund (April 2017) and other international organizations.

Sources: International Monetary Fund (April 2017) for data on the US, World, and Advanced Economies, and the Economics and Statistics Office for Cayman Islands data.

The Euro area is expected to sustain its cyclical recovery from the crises of 2008–09 and 2011–12 and is projected to grow by 1.7 percent and 1.6 percent in 2017 and 2018, respectively. Economic expansion in the Canadian economy is expected to accelerate marginally as oil prices recover over the medium term and grow by 1.9 percent and 2.0 percent in 2017 and 2018, respectively. Robust private demand is expected to spur growth in the U.K., which is projected to expand by 2.0 percent in 2017 and 1.5 percent in 2018.

Headline inflation is projected to accelerate over the medium term, mainly due to higher global oil and commodity prices. Oil prices¹⁸ are projected to increase by 28.9 percent on average while non-fuel commodity prices will also be higher by 8.5 percent in 2017. In the United States, average inflation is projected at 2.7 percent, higher than the 1.3 percent in 2016. Average inflation among the advanced economies is expected at 2.0 percent for 2017 and 1.9 percent for 2018.

6.2 Domestic Growth

Economic output in the Cayman Islands is projected to expand by 2.3 percent in 2017 before rising to 2.6 percent in 2018. Most sectors of the economy are expected to contribute to growth led by construction, hotels and restaurants, other services, financing and insurance and wholesale and retail trade (see Tables 6.1 and 6.2).

The construction sector is expected to continue leading the economic expansion, with an acceleration in activity foreseen starting in the second half of 2017 from private sector investment projects such as the Ironwood Golf course, expansion of the Esterley Tibbetts highway and the planned construction of a new five-star hotel. Additionally, approved public sector projects such as the George Town Cruise Berthing project and continuation of the Linford Pierson highway and the Owen Roberts airport expansion projects are also expected to contribute to growth over the medium-term.

¹⁸ Simple average of prices of U.K. Brent, Dubai Fateh, and West Texas Intermediate Crude Oil. The average price of oil in U.S. dollars a barrel was \$42.84 in 2016; the assumed price based on futures market is \$55.24 in 2017 and \$55.06 in 2018. *Source: World Economic Outlook (WEO) by the International Monetary Funds (IMF).*

Given the Framework for Financial Responsibility, the Government's direct expenditure is not expected to increase its contribution to economic growth.

Table 6.2: Real GDP at 2007 Prices by Sector (\$ million)*

	2016E	2017P	% Change
Millions of CI\$			
Primary Sectors	30.5	31.9	4.4
Agriculture & Fishing	10.8	11.0	2.4
Mining & Quarrying	19.8	20.9	5.6
Secondary Sectors	112.8	117.0	3.8
Manufacturing	24.2	25.0	3.3
Construction	88.6	92.0	3.9
Services Sectors	2,548.3	2,604.3	2.2
Electricity & Water Supply	104.1	107.7	3.4
Wholesale & Retail Trade, Repairs & Installation of Machinery	220.2	225.5	2.4
Hotels & Restaurants incl. Bars	151.6	155.1	2.3
Transport, Storage & Communication	225.0	230.3	2.4
Financing & Insurance Services	1,089.8	1,107.2	1.6
Real Estate, Renting & Business Activities	691.3	712.5	3.1
Producers of Government Services	365.1	368.7	1.0
Other Services	86.9	88.2	1.5
Financial Services Indirectly Measured (FISIM)*	385.6	390.9	1.4
GDP constant at basic prices	2,691.6	2,753.2	2.3
Growth (%)	2.7	2.3	

Source: Economics and Statistics Office

* 2016 figures are advance estimates based on key indicators; 2017 figures are projections.

The recently completed and forthcoming projects aimed at increasing the accommodation capacity for tourist arrivals are assumed to boost growth in hotels and restaurants, and recreation and culture. This forecast is also conditional on improving markets particularly the U.S. which remains the

dominant market for the Islands' tourist services. The forecast for tourism-related services further assumes continued product enhancements and diversification of source markets.

The above-cited sectors are expected to boost employment and stimulate growth in domestic demand for services in several sectors such as wholesale and retail trade; transport, storage and communication; real estate, renting and business activities; and electricity and water supply.

The financial services sector is assumed to sustain its recent performance over the medium-term, conditional mainly on continuing growth in domestic lending and a rebound in the financial listing and licensing business. A downside risk is posed by the current monetary stance of the US Federal Reserve Bank to gradually increase interest rates which is likely to impact domestic lending rates and may dampen demand for borrowings.

The 2017 UNWTO forecasts for world tourism arrivals are between 3.0 percent and 4.0 percent for 2017. The Americas is expected to outperform the world with a projection between 4.0 and 5.0 percent as low oil prices increase the demand for travel. In the Cayman Islands, for the first four months of 2017, stay-over visitors grew by 1.9 percent compared to the same period in 2016; overall stay-over visitors is expected to be higher by 2.5 percent by the end of December 2017. Cruise arrivals to the Cayman Islands in the first four months of 2017 totalled 696,597, 7.7 percent lower than the same period a year ago. Cruise arrivals is expected to rebound in the remaining months and improve by 2.2 percent for 2017.

6.3 Domestic Inflation

The consumer price index (CPI) inflation rate is forecasted at 1.8 percent in 2017, reversing the deflation in 2016 and 2015. A gradual increase in the population level and higher demand for construction-related goods and services are assumed to push up the general price levels over the medium-term. The forecasted acceleration of consumer prices in the U.S. is also expected to induce inflationary pressure on local prices, given that majority of merchandise imports are sourced from U.S. markets. In addition, oil prices are foreseen to rise by 28.9 percent in 2017 but will decline marginally by 0.3 percent in 2018.

6.4 Domestic Labour Market

The demand for labour is expected to track the GDP growth forecasts. An increase in employment opportunities is expected from planned development projects including those that are anticipated to start in the second half of 2017. Over the medium-term, new employment is also expected from the Islands' hotel industry with the completion of new facilities and the renovation of existing ones. The National Pension (Amendment) Law, 2016 is foreseen by some business leaders to impact the employment of Non-Caymanians. It is assumed that a proportion of unemployed Caymanians will replace resigning expatriate workers beginning in the last quarter of 2017 and continuing in 2018.

The supply of local labour force is assumed to increase at the average historical growth rate of the working-age population. The forecasted increase in local labour supply (Caymanians and Permanent Residents with rights to work) stems mainly from the natural increase in the working age population. Given the projected rise in the labour force and employment, the unemployment rate is forecasted at 4.2 percent of the labour force in 2017.

7. Acknowledgement

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**Caribbean Utilities Company
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Cayman Islands General Registry
Cayman Islands Land and Surveys Department
Cayman Islands Monetary Authority
Cayman Islands Planning Department
Cayman Islands Stock Exchange
Cayman Islands Treasury Department
Cayman Islands Water Authority
Cayman Water Company
Department of Immigration
Information & Communication Technology Authority
Maritime Authority of Cayman Islands
Port Authority of the Cayman Islands**

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Table A1: Gross Domestic Product

Year	Nominal GDP (CI\$M)	Real GDP 2007 Prices (CI\$M)	Mid-Year Population (000s)	Real GDP Per Capita (\$)	Real GDP Growth (%)
1998	1,534.7	2,065.0	38.1	54,200	5.8
1999	1,663.9	2,134.9	39.0	54,740	3.4
2000	1,739.0	2,155.8	40.2	53,628	1.0
2001	1,784.0	2,167.8	41.4	52,362	0.6
2002	1,860.6	2,205.2	42.5	51,888	1.7
2003	1,929.5	2,249.3	43.6	51,590	2.0
2004	2,032.5	2,269.5	44.2	51,300	0.9
2005	2,322.7	2,416.9	48.4	49,986	6.5
2006	2,448.9	2,528.1	52.0	48,627	4.6
2007	2,637.1	2,637.1	54.1	48,744	4.3
2008	2,657.9	2,630.5	56.0	46,975	(0.2)
2009	2,528.9	2,464.8	56.5	43,619	(6.3)
2010	2,472.7	2,399.0	55.5	43,209	(2.7)
2011	2,519.3	2,427.8	55.3	43,920	1.2
2012	2,575.4	2,458.2	56.1	43,799	1.3
2013	2,649.1	2,494.6	56.2	44,357	1.5
2014	2,755.3	2,549.6	58.2	44,735	2.2
2015	2,844.5	2,621.8	60.4	44,397	2.8
2016	2,932.1 ^P	2,691.6 ^P	61.4	43,938 ^P	2.7 ^P

Source: Cayman Islands Government, Economics and Statistics Office

^P Preliminary

Table A2: Consumer Price Index and Inflation

(June 2008=100)

Year	Index Year-end	Index Average	Average Inflation Rate (%)
1995	67.2	66.7	2.5
1996	69.3	68.4	2.6
1997	71.3	70.3	2.7
1998	73.0	72.4	3.0
1999	78.7	77.3	6.8
2000	79.9	79.4	2.7
2001	80.5	80.3	1.1
2002	82.9	82.3	2.4
2003	83.4	82.8	0.6
2004	92.7	86.5	4.4
2005	92.7	92.8	7.3
2006	94.2	93.5	0.8
2007	95.8	96.2	2.9
2008	99.5	100.1	4.1
2009	98.2	98.6	(1.5)
2010	98.5	98.9	0.3
2011	100.4	100.2	1.3
2012	102.5	101.4	1.2
2013	104.2	103.6	2.2
2014	104.8	104.9	1.3
2015	102.2	102.4	(2.3)
2016	102.8	101.8	(0.6)

Source: Cayman Islands Government, Economics and Statistics Office

Table A3: Labour Force and Employment

Year	Labour Force	Total Employed	Total Unemployed	Unemployment Rate (%)
1995	19,820	18,845	980	4.9
1996	20,410	19,370	1,040	5.1
1997	21,620	20,725	895	4.1
1998	22,725	21,820	905	4.0
2001	27,971	25,862	2,109	7.5
2002	28,905	27,355	1,550	5.4
2003	29,905	28,827	1,079	3.6
2004	30,257	28,946	1,311	4.3
2005	36,767	35,464	1,303	3.5
2006	35,959	35,016	943	2.6
2007	37,431	36,026	1,405	3.8
2008	38,999	37,450	1,549	4.0
2009	38,269	35,958	2,311	6.0
2010	37,313	34,983	2,330	6.2
2011	37,620	35,267	2,353	6.3
2012	38,811	36,401	2,410	6.2
2013	38,521	36,106	2,415	6.3
2014	39,467	37,643	1,824	4.6
2015	40,870	39,138	1,732	4.2
2016	42,196	40,411	1,785	4.2

Source: Cayman Islands Government, Economics and Statistics Office

Note:

No Labour Force Surveys were conducted in 1999 and 2000. Data for 2004 are derived from Spring LFS and not Fall 2004 LFS on account of hurricane Ivan in September 2004. All other years reflect the results of Fall LFS.

Table A4: Composition of the Employed Labour Force

<i>Year</i>	Total	Caymanian	Non-Caymanian	Permanent Resident WRW
1995	18,845	10,490	8,355	-
1996	19,370	10,705	8,665	-
1997	20,725	10,390	10,335	-
1998	21,820	11,525	10,295	-
2001	25,862	12,479	13,383	-
2002	27,355	12,993	14,362	-
2003	28,827	13,973	14,854	-
2004	28,946	14,775	14,171	-
2005	35,464	18,025	17,439	-
2006	35,016	17,621	17,395	-
2007	36,026	16,520	19,506	-
2008	37,450	16,518	20,932	-
2009	35,958	16,048	19,910	-
2010	34,983	15,794	19,189	-
2011	35,267	15,969	19,298	-
2012	36,401	16,493	19,908	-
2013	36,106	17,518	18,588	-
2014	37,643	18,127	14,979	4,537
2015	39,138	18,366	16,783	3,990
2016	40,411	18,525	17,482	4,404

Source: Cayman Islands Government, Economics and Statistics Office

Note:

No Labour Force Surveys were conducted in 1999 and 2000. 2004 results are derived from Spring LFS and not Fall 2004 LFS on account of hurricane Ivan in September 2004.

WRW: with rights to work. PR-WRW data for the years prior to 2014 are included as part of Non-Caymanian data.

Table A5: Composition of the Unemployed Labour Force

Year	Total Unemployed	Caymanian	Permanent Residents WRW	Non-Caymanian
1995	978	703	-	275
1996	1,049	692	-	357
1997	895	579	-	316
1998	907	609	-	298
2001	2,109	1,311	-	798
2002	1,550	1,058	-	492
2003	1,079	857	-	222
2004	1,311	887	-	424
2005	1,303	1,039	-	264
2006	943	682	-	261
2007	1,405	1,029	-	376
2008	1,549	1,169	-	380
2009	2,311	1,680	-	631
2010	2,330	1,713	-	617
2011	2,353	1,732	-	621
2012	2,410	1,925	-	485
2013	2,415	1,818	-	597
2014	1,824	1,562	129	134
2015	1,732	1,209	283	240
2016	1,785	1,406	173	206

Source: Cayman Islands Government, Economics and Statistics Office

Note:

No Labour Force Surveys were conducted in 1999 and 2000. 2004 results are derived from Spring LFS and not Fall 2004 LFS on account of hurricane Ivan in September 2004.

WRW: with rights to work. PR-WRW data for the years prior to 2014 are included as part of Non-Caymanian data.

Table A6: Work Permits

Year	Total
1995	10,198
1996	9,951
1997	11,314
1998	12,885
1999	...
2000	14,284
2001	13,883
2002	15,779
2003	17,123
2004	20,508
2005	21,763
2006	22,393
2007	26,350
2008	26,516
2009	23,531
2010	20,452
2011	19,852
2012	20,789
2013	19,432
2014	21,076
2015	22,756
2016	23,298

Source: Immigration Department.
 1995-1999 data from Economics and
 Statistics Office

Table A7: Merchandise Trade, CI\$ Million

Year	Imports (cif)	Exports (fob)	Trade Balance
1996	314.9	2.2	(312.7)
1997	423.7	1.8	(421.9)
1998	447.8	1.0	(446.8)
1999	452.2	1.2	(451.0)
2000	575.7	2.0	(573.7)
2001	514.5	2.4	(512.1)
2002	496.1	3.0	(493.1)
2003	546.2	19.5	(526.7)
2004	718.9	11.9	(707.0)
2005	976.4	42.8	(933.6)
2006	868.7	13.9	(854.8)
2007	867.8	17.9	(849.9)
2008	898.7	12.4	(886.3)
2009	744.5	16.0	(728.5)
2010	690.4	11.1	(679.3)
2011	759.5	18.1	(741.4)
2012	758.5	17.0	(741.6)
2013	774.5	25.1	(749.3)
2014	814.4	21.9	(792.4)
2015	830.9	82.2	(748.7)
2016	854.2	73.6	(780.6)

Source of basic data: Cayman Islands Customs Department and ESO

Table A8: Imports by Standard International Trade Classification, CI\$ Million

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Imports	867.8	898.7	744.5	690.4	759.5	758.5	774.5	814.4	830.9	854.2
Food and Live Animals	91.8	95.1	90.8	113.2	119.0	127.4	137.9	162.0	166.3	170.5
Beverages and Tobacco	25.2	28.9	29.4	27.5	27.4	29.0	30.0	31.5	30.9	34.4
Inedible Crude Materials	9.5	12.6	9.3	8.9	9.3	8.9	9.9	11.2	12.5	14.6
Mineral Fuels, Lubricants and Related Materials	126.9	185.3	112.8	128.0	184.4	155.1	170.9	163.9	99.7	85.4
Animal and Vegetable Oils, Fats and Waxes	0.0	0.1	0.0	0.3	0.3	0.2	0.2	0.6	1.5	1.3
Chemicals and Related Products N.E.S.	28.1	31.2	26.6	31.5	32.3	36.9	38.4	39.8	39.3	43.5
Manufactured Goods (classified chiefly by material)	118.1	96.1	85.8	78.5	77.4	92.8	94.5	91.7	90.7	95.2
Machinery and Transport Equipment	138.0	119.7	92.6	97.9	108.3	116.1	117.3	126.9	147.1	171.5
Miscellaneous Manufactured Articles	273.3	268.9	226.2	134.5	131.2	131.0	120.9	131.9	114.2	116.7
Commodities and Transactions N.E.S.	56.9	60.9	70.9	70.2	69.9	61.3	54.4	54.9	128.7	121.2

Source of basic data: Cayman Islands Customs Department and Economics & Statistics Office

NES: Not Elsewhere Classified

Table A9: Monetary Assets and Liabilities, CI\$ Million

	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16
Total Assets	4,752.9	5,248.7	5,888.4	4,932.4	5,898.0	6,155.3
Net Foreign Assets	2,446.7	2,801.9	3,249.3	2,281.7	3,795.4	3,897.2
Monetary Authority	94.6	99.1	101.5	100.2	110.8	122.2
Commercial Banks	2,352.1	2,702.7	3,147.8	2,181.5	3,684.6	3,775.0
Net Domestic Assets	2,306.1	2,446.8	2,639.1	2,650.6	2,102.5	2,258.0
Domestic Credit	3,106.5	3,050.6	2,974.7	2,971.2	2,981.2	3,083.9
Central Government	293.7	278.3	262.7	243.6	226.5	211.0
Other Public Sector	88.6	80.4	75.2	70.1	70.0	64.0
Private Sector	2,724.3	2,691.9	2,636.8	2,657.5	2,684.7	2,809.0
Other Items	(800.4)	(603.8)	(335.6)	(320.6)	(878.7)	(825.8)
Monetary Liabilities (M1 + M2)	4,752.9	5,248.7	5,888.4	4,932.4	5,898.0	6,155.3
Broad money (M2 + FOREX depo)	4,752.9	5,248.7	5,888.4	4,932.4	5,898.0	6,155.3
Broad money (KYD M2)	935.9	1,110.4	1,106.6	1,209.1	1,394.5	1,534.3
Currency With the public	89.7	86.9	96.2	95.5	107.7	115.6
KYD Deposits	846.1	1,023.4	1,010.5	1,113.5	1,286.8	1,418.7
Demand Deposits	237.7	337.0	403.1	460.6	505.3	595.9
Time and savings deposits	608.4	686.4	607.4	653.0	781.6	822.8
FOREX Deposits	3,817.0	4,138.3	4,781.8	3,723.3	4,503.4	4,621.0

Source: Cayman Islands Monetary Authority and Economics & Statistics Office

**Table A10: Domestic Credit to the Private Sector by Retail Banks,
CI\$ Million as of Year-End**

	2011	2012	2013	2014	2015	2016
Total	2,677.5	2,650.7	2,604.9	2,657.5	2,684.7	2,809.0
Credit to Businesses	961.1	797.0	807.0	819.6	827.3	907.6
Production & Manufacturing	410.5	324.1	301.3	169.2	165.5	172.2
Agriculture, Fishing and Mining	15.8	11.9	12.7	20.0	8.3	4.3
Manufacturing	25.1	27.2	20.5	14.1	18.7	19.6
Utilities	17.6	2.6	2.4	15.7	12.9	36.9
Construction	351.9	282.4	265.7	119.4	125.6	111.3
Services	167.1	129.4	95.5	82.1	65.6	72.2
Accommodation, Food, Bar & Entertainment Services	116.3	92.6	55.0	27.7	15.4	13.6
Transportation, Storage & Communications	25.8	14.9	18.5	17.4	17.4	19.4
Education, Recreational & Other Professional Services	24.9	21.8	22.0	37.1	32.8	39.2
Trade and Commerce	383.6	343.5	410.3	465.4	483.9	525.6
Wholesale & Retail Sales Trade	78.1	58.0	71.3	72.3	68.5	53.4
Real Estate Agents, Rental and Leasing Companies	136.5	128.6	140.7	211.9	211.7	194.6
Other Business Activities (General Business Activity)	169.0	156.9	198.2	181.3	203.7	277.6
Other Financial Corporations	-	-	-	102.9	112.2	137.6
Credit to Households	1,716.2	1,853.7	1,797.9	1,821.6	1,843.1	1,882.7
Domestic Property	1,487.1	1,540.9	1,537.6	1,524.9	1,553.6	1,600.9
Motor Vehicles	36.8	33.0	30.6	34.2	41.2	45.8
Education and Technology	4.5	4.3	5.2	6.0	6.3	5.9
Miscellaneous*	187.8	275.5	224.5	256.5	242.0	230.0
Non-Profit Organizations	0.2	0.1	-	16.3	14.3	18.7

*Miscellaneous include consolidated debt, insurance, medical and travel

Source: Cayman Islands Monetary Authority

Table A11: Financial Services Indicators

Year	Bank & Trust Licences	Insurance Licences	Captive Insurance Premiums (US\$B)	Mutual Funds*	New Companies Registered	Stock Market Cap**. (US\$B)	Stock Listings
2005	301	759	6.7	7,106	10,210	75.56	1,015
2006	291	767	7.1	8,134	12,277	111.52	1,225
2007	281	793	7.5	9,413	14,232	168.33	1,748
2008	278	805	7.7	9,870	11,861	167.70	1,579
2009	266	808	7.5	9,523	7,863	162.92	1,312
2010	246	768	8.7	9,438	8,157	145.65	1,113
2011	234	766	11.8	9,258	9,064	143.84	1,156
2012	222	768	11.8	10,841	8,971	166.50	1,157
2013	213	788	12.6	11,379	9,433	172.60	1,116
2014	198	788	12.1	11,010	11,010	169.26	1,066
2015	184	739	12.8	10,940	11,875	195.32	1,048
2016	159	740	14.6	10,586	11,174	195.60	1,022

Source: Cayman Islands Monetary Authority, Cayman Islands Stock Exchange, Cayman Islands General Registry

* Includes a new category called master funds starting in 2012

**Cap = Capitalization

Table A12: Banks & Trust Licences

Year	Class A Banks			Class B Banks			Total
	Bank & Trust	Bank	Total Bank & Trust	Bank & Trust	Bank	Total Bank & Trust	
2005	16	3	19	113	169	282	301
2006	16	3	19	112	160	272	291
2007	14	5	19	106	156	262	281
2008	13	5	18	96	164	260	278
2009	12	5	17	95	154	249	266
2010	12	5	17	87	142	229	246
2011	12	3	15	83	136	219	234
2012	12	3	15	78	129	207	222
2013	12	3	15	73	125	198	213
2014	10	3	13	66	119	185	198
2015	9	3	12	61	111	172	184
2016	7	4	11	53	95	148	159

Source: Cayman Islands Monetary Authority

Table A13: Insurance Licences

	Total Class A (Domestic Insurers)	Class B Captives Excluding SPCs	Class B Captives- SPCs Only	Total Class B,C,D (International Insurers)	Total Insurers
2004	27	604	89	693	720
2005	26	632	101	733	759
2006	27	623	117	740	767
2007	28	641	124	765	793
2008	28	652	125	777	805
2009	28	650	130	780	808
2010	30	619	119	738	768
2011	27	615	124	739	766
2012	27	608	133	741	768
2013	27	571	148	761	788
2014	28	585	140	760	788
2015	31	539	140	708	739
2016	29	536	147	711	740

Source: Cayman Islands Monetary Authority

Table A14: Mutual Funds Domiciled in the Cayman Islands

Year	Administered Funds	Licensed Funds	Registered Funds	Master Funds	Total
2004	616	67	5,249	-	5,932
2005	598	79	6,429	-	7,106
2006	548	105	7,481	-	8,134
2007	543	119	8,751	-	9,413
2008	510	129	9,231	-	9,870
2009	448	131	8,944	-	9,523
2010	435	133	8,870	-	9,438
2011	424	120	8,714	-	9,258
2012	408	121	8,421	1,891	10,841
2013	398	111	8,235	2,635	11,379
2014	386	104	7,835	2,685	11,010
2015	380	101	7,654	2,805	10,940
2016	363	90	7,293	2,840	10,586

Source: Cayman Islands Monetary Authority

Table A15: New Companies Registered in the Cayman Islands

Year	Exempt	Non-Resident	Resident	Foreign	LLC	Total
2003	5,941	692	439	182	-	7,254
2004	7,480	674	530	208	-	8,892
2005	8,694	595	650	271	-	10,210
2006	10,735	569	588	385	-	12,277
2007	12,691	533	531	477	-	14,232
2008	10,536	293	510	522	-	11,861
2009	6,764	220	487	392	-	7,863
2010	7,104	230	432	391	-	8,157
2011	7,980	156	485	443	-	9,064
2012	7,940	69	506	456	-	8,971
2013	8,380	48	430	575	-	9,433
2014	9,981	29	408	592	-	11,010
2015	10,672	40	506	657	-	11,875
2016	9,812	29	518	610	205	11,174

Source: Companies Registrar

Table A16: Visitor Arrivals ('000) and Cruise Ship Calls

Year	Stay-Over	Cruise	Total Arrivals	Cruise Ship Calls
1999	394.7	1,035.5	1,430.2	638
2000	354.1	1,030.9	1,385.0	612
2001	334.1	1,214.8	1,548.9	711
2002	302.8	1,574.8	1,877.6	732
2003	293.5	1,819.0	2,112.5	825
2004	259.9	1,693.3	1,953.2	732
2005	167.8	1,799.0	1,966.8	784
2006	267.3	1,930.1	2,197.4	802
2007	291.5	1,715.7	2,007.2	657
2008	302.9	1,553.1	1,855.9	570
2009	272.0	1,520.4	1,792.3	547
2010	288.3	1,597.8	1,886.1	570
2011	309.1	1,401.5	1,710.6	523
2012	321.7	1,507.4	1,829.0	525
2013	345.4	1,375.9	1,721.3	480
2014	382.8	1,609.6	1,992.4	562
2015	385.4	1,716.8	2,102.2	575
2016	385.5	1,711.8	2,097.3	577

Source: Immigration Department, Port Authority and Department of Tourism

Table A17: Occupancy Rates and Length of Stay

Year	Hotel Occupancy Rates (%)	Apt/Condo Occupancy Rates (%)	Hotel Length of Stay (Days)	Apt/Condo Length of Stay (Days)
1999	71.8	46.9	4.7	5.8
2000	62.4	46.8	4.6	7.0
2001	55.3	43.1	4.5	7.3
2002	50.6	40.2	4.8	7.3
2003	51.2	37.7	4.7	7.4
2004	61.7	43.1	4.9	6.8
2005	55.8	46.0	4.9	6.7
2006	59.4	40.7	4.5	6.6
2007	61.7	42.5	4.7	6.7
2008	62.2	44.0	4.5	6.4
2009	59.0	43.9	4.4	6.9
2010	68.2	44.1	4.4	6.8
2011	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a

Source: Cayman Islands Department of Tourism

Table A18: Total Stay-Over Arrivals by Country of Origin ('000)

Year	USA	Europe	Canada	Others	Total Arrivals
1995	266.2	37.3	14.1	43.8	361.4
1996	274.7	33.5	16.2	48.8	373.2
1997	278.7	32.7	18.2	51.6	381.2
1998	295.2	34.7	18.4	55.9	404.2
1999	280.3	34.5	18.9	61.0	394.7
2000	281.6	22.6	15.0	34.3	354.1
2001	270.1	20.4	13.6	34.9	334.1
2002	244.9	17.9	13.6	26.2	302.8
2003	232.4	18.2	14.1	28.8	293.5
2004	205.2	15.3	12.1	27.3	259.9
2005	118.8	12.7	10.5	25.8	167.8
2006	217.4	16.7	14.9	18.3	267.3
2007	231.9	20.4	17.4	21.9	291.5
2008	240.5	21.3	18.5	22.6	302.9
2009	215.0	19.1	17.3	20.6	272.0
2010	228.5	19.9	19.5	20.5	288.3
2011	242.9	21.1	24.6	20.4	309.1
2012	253.2	21.4	24.1	23.0	321.7
2013	265.4	27.8	23.6	28.5	345.4
2014	288.0	36.4	24.9	33.5	382.8
2015	291.8	34.3	24.3	35.0	385.4
2016	300.6	29.2	23.3	32.4	385.5

Source: Immigration Department and Department of Tourism

Table A19: Property Transfers: Number and Value, in CI\$ Million

Year	Freehold		Leasehold		Total Transfers	
	Number	Value	Number	Value	Number	Value
1995	1,729	191.2	127	3.6	1,856	194.8
1996	2,055	267.2	153	3.3	2,208	270.5
1997	2,151	281.8	125	6.1	2,279	287.9
1998	2,344	317.2	128	2.3	2,472	319.5
1999	2,293	222.5	201	7.4	2,494	229.9
2000	1,868	257.3	143	2.3	2,011	259.6
2001	1,846	172.8	181	0.8	2,027	173.6
2002	1,842	269.9	147	4.1	1,989	274.0
2003	2,357	324.3	205	1.7	2,562	326.0
2004	2,335	339.2	127	1.9	2,462	341.1
2005	2,640	450.8	245	1.4	2,885	452.2
2006 ^R	2,777	691.1	179	4.1	2,956	695.2
2007	2,190	544.7	360	23.3	2,512	551.0
2008	2,289	558.1	323	76.2	2,612	634.3
2009	2,045	397.0	242	19.5	2,287	416.5
2010	1,619	307.2	168	9.2	1,787	316.4
2011	1,708	632.1	178	25.8	1,886	657.9
2012	1,696	418.1	116	11.9	1,812	430.0
2013	1,569	538.8	197	38.7	1,766	577.5
2014	1,718	533.7	159	29.1	1,877	562.8
2015	1,787	592.4	131	19.8	1,918	612.2
2016	1,792	844.3	183	16.0	1,975	860.3

Source: Cayman Islands Lands and Survey Department

^R = Revised

Leasehold transfers include lease transfers and subleases.

Table A20: Number of Project Approvals in Grand Cayman

Year	Apts/ Condos	Houses	Commercial	Government	Hotel	Industrial	Other	Total
2001	79	309	45	7	3	11	442	896
2002	88	327	83	4	5	17	424	948
2003	129	385	67	12	-	34	504	1,131
2004	111	359	52	6	1	17	427	973
2005	132	532	95	15	4	26	394	1,198
2006	222	336	70	15	1	30	574	1,248
2007	112	437	56	10	1	14	493	1,123
2008	103	424	43	7	-	11	580	1,168
2009	109	426	46	3	-	12	526	1,122
2010	73	327	43	9	-	5	505	962
2011	52	332	36	14	-	9	496	939
2012	38	313	46	7	-	16	570	990
2013	31	244	53	10	3	14	586	971
2014	56	225	30	15	2	6	673	1029
2015	42	225	40	15	1	14	643	990
2016	57	238	39	6	5	13	614	972

Source: Cayman Islands Planning Department

Table A21: Value of Project Approvals in Grand Cayman, CI\$ Million

Year	Apt/ Condos	Houses	Commercial	Government	Hotel	Industrial	Other	Total
2001	44.5	54.2	18.0	0.8	1.7	5.5	24.4	149.1
2002	82.0	60.6	48.9	0.8	9.7	9.9	24.4	236.3
2003	65.9	80.0	29.0	55.1	-	7.1	29.4	266.5
2004	153.7	67.5	133.2	3.9	45.0	7.3	45.7	456.3
2005	194.9	105.8	103.9	3.7	16.2	20.5	66.1	511.2
2006	294.3	74.8	119.8	7.5	6.0	44.4	74.2	620.9
2007	88.9	131.3	71.7	54.5	55.0	8.4	59.1	468.9
2008	141.5	110.3	125.4	18.5	-	11.1	74.0	480.9
2009	170.0	122.0	29.0	0.1	-	2.6	97.5	421.2
2010	35.9	93.9	92.5	3.6	-	1.0	84.8	311.7
2011	27.5	116.5	25.8	15.1	-	16.6	40.3	241.8
2012	17.3	81.9	11.7	5.2	-	8.1	28.1	152.3
2013	48.2	100.9	118.8	5.1	143.0	5.2	42.5	463.7
2014	132.5	129.9	9.2	3.4	4.6	17.0	119.0	411.6
2015	152.7	115.6	39.7	50.1	0.1	48.5	52.2	458.8
2016	71.5	106.4	152.8	14.2	1.9	20.2	39.8	406.7

Source: Cayman Islands Planning Department

Table A22: Number of Project Approvals in the Sister Islands

Year	Houses	Apt/Condo	Hotel	Government	Commercial	Industrial	Other	Total
2000	49	3	-	7	6	7	53	125
2001	41	7	-	5	9	3	46	111
2002	21	2	-	5	2	9	74	113
2003	29	3	-	4	14	2	60	112
2004	36	1	-	11	13	4	75	140
2005	43	4	-	5	9	1	73	135
2006	39	-	1	10	5	10	67	132
2007	35	6	-	9	5	-	49	104
2008	40	5	2	3	5	1	53	109
2009	34	2	-	3	2	-	62	103
2010	27	2	-	8	5	1	71	114
2011	35	-	-	2	2	1	62	102
2012	21	-	-	7	5	1	56	90
2013	29	1	-	3	2	1	56	92
2014	22	-	-	1	6	-	30	59
2015	10	-	-	-	9	-	44	63
2016	12	1	-	2	11	1	35	62

Source: Cayman Islands Planning Department

Table A23: Value of Project Approvals in the Sister Islands, CI\$ Million

Year	Houses	Apt/Condo	Hotel	Government	Commercial	Industrial	Other	Total
2000	5.2	3.2	-	1.0	0.5	1.6	1.0	12.4
2001	-	2.8	-	2.1	1.1	1.1	0.8	8.0
2002	3.2	0.2	-	0.3	0.3	1.2	2.3	7.6
2003	4.1	0.8	-	0.1	1.4	0.4	0.7	7.4
2004	6.6	0.1	-	0.3	1.9	4.0	0.7	13.7
2005	5.9	1.3	-	0.2	0.6	0.5	0.8	9.3
2006	6.7	-	5.5	2.7	0.7	1.6	0.8	17.9
2007	6.5	23.9	-	2.1	0.3	-	3.5	36.2
2008	7.8	8.2	6.9	0.1	1.0	-	3.9	27.9
2009	5.8	0.7	-	2.0	1.1	-	3.3	12.8
2010	6.0	0.4	-	9.1	1.3	0.4	1.8	19.0
2011	7.4	-	-	0.1	0.1	1.6	0.8	9.9
2012	4.2	-	-	7.1	1.0	1.5	4.9	18.7
2013	5.9	0.5	-	0.7	0.2	0.0	2.6	9.8
2014	3.8	-	-	0.08	0.6	-	0.93	5.4
2015	3.4	-	-	-	2.1	-	0.7	6.1
2016	3.8	0.3	-	1.3	0.3	2.7	1.7	10.1

Source: Cayman Islands Planning Department

Table A24: Building Permits in Grand Cayman

Category	Number					Value, CI\$ Million				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Apartment/ Condo	54	46	45	65	49	15.4	26.9	72.3	41.6	71.1
Houses	347	290	252	223	236	103.0	86.2	99.6	96.5	84.9
Commercial	100	116	73	75	79	15.1	44.3	25.7	26.3	40.2
Government	17	3	9	7	16	3.0	0.4	5.9	6.3	11.6
Hotel	1	-	3	5	13	10.0	-	142.1	4.6	4.4
Industrial	4	3	3	7	6	1.2	3.6	0.2	1.4	3.9
Other	214	187	153	354	405	8.7	20.1	10.4	10.3	30.8
Total	737	645	539	736	804	156.4	181.5	356.1	186.9	247.0

Source: Cayman Islands Planning Department

**Table A25: Water Production and Consumption,
Millions of US Gallons**

Year	Production¹	Consumption
1995	592.9	637.6
1996	631.0	678.1
1997	730.7	779.8
1998	808.9	849.4
1999	874.3	908.8
2000	986.5	1,028.5
2001	1,097.4	1,069.2
2002	1,147.9	1,056.1
2003	1,197.9	1,173.7
2004	1,291.3	1,252.7
2005	1,371.6	1,301.7
2006	1,639.6	1,560.7
2007	1,720.8	1,657.7
2008	1,730.3	1,646.1
2009	1,959.1	1,741.8
2010	1,970.9	1,704.5
2011	1,977.6	1,697.8
2012	2,012.5	1,752.6
2013	1,888.9	1,630.9
2014	2,053.1	1,710.8
2015	1,925.0	1,718.1
2016	2,193.0	1,854.0

Source: Cayman Islands Water Authority, Cayman Water Company

¹ Excludes Non-Potable Water

**Table A26: Electricity Production and Consumption in
Grand Cayman ('000 megawatt hours)**

Year	Production*	Consumption			
		Residential	Industrial/ Commercial	Public Lighting	Total
1995	297.4	118.1	147.5	3.3	268.9
1996	309.7	124.6	153.8	3.1	281.4
1997	347.8	140.3	168.7	3.3	312.3
1998	381.1	158.9	181.3	3.3	343.5
1999	390.4	168.2	191.5	3.3	363.0
2000	426.5	179.5	203.1	3.4	386.0
2001	449.3	189.7	213.9	3.5	407.0
2002	466.1	200.4	221.0	4.2	425.6
2003	489.7	211.2	228.5	4.5	444.2
2004	433.4	183.1	191.5	4.1	378.7
2005	463.2	200.3	222.4	5.0	427.8
2006	535.7	228.2	258.0	5.3	491.5
2007	546.1	249.4	279.4	5.4	534.2
2008	578.4	251.7	290.3	5.7	547.7
2009	597.4	263.1	290.7	6.0	559.8
2010	593.5	262.5	284.9	6.2	553.8
2011	594.0	258.8	289.0	6.2	554.0
2012	587.1	254.4	287.1	6.3	547.8
2013	595.6	261.0	288.1	6.6	555.7
2014	604.7	266.7	290.7	6.7	564.1
2015	623.7	276.9	298.3	6.7	582.0
2016	650.3	299.1	300.8	6.8	606.7

Source: Caribbean Utilities Company

*Net generation/production is reported from 2007

Table A27: Summary of Central Government Operations, CI\$ Million

Year	Total Revenue	Current Expenditure	Gross Capital Expenditure and Net Lending	Total Expenditure	Current Balance	Overall Balance
2000	278.2	268.4	43.2	311.2	9.3	(33.0)
2001	285.4	290.6	26.1	316.6	(6.2)	(31.2)
2002	314.1	278	17.6	295.7	36.1	18.4
2003	326.2	283.7	21.2	305.2	42.5	21.0
2004	336.4	349.2	29.2	378.1	(13.2)	(41.7)
2005	428.6	381.8	48.5	430.3	87.5	(1.7)
2006	500.4	393.5	39.6	433.1	106.9	67.3
2007	513.0	446.1	105.9	552.0	66.9	(39.0)
2008	522.2	521.5*	150.6	672.0	0.8	(131.0)
2009	473.7	535.6	141.7	677.3	(61.8)	(181.9)
2010	517.7	517.2	76.3	593.5	0.5	(55.8)
2011	545.9	525.1	98.3	623.4	20.8	(56.8)
2012	564.6	547.1	68.5	615.6	17.5	(27.6)
2013	635.1	553.7	36.8	590.5	81.4	70.7
2014	664.2	551.2	44.1	595.4	112.9	95.2
2015	672.9	545.0	43.7	588.6	127.9	116.3
2016	705.8	585.3	53.7	639.0	120.5	101.0

*Annual depreciation is added to current expenditure but deducted from total expenditure starting 2008

Source: Cayman Islands Treasury Department

Table A28: Central Government Debt and Self- Financing Debt, CI\$ Million a/

Year	Disbursed Outstanding Debt	Drawings	Exchange (Gain)/ Loss	Amortisation	Interest Payments
1997	82.9	25.5		8.7	4.5
1998	93.8	21.5		10.9	5.9
1999	98.3	18.2		13.1	5.6
2000	107.8	23.8		14.3	7.0
2001	143.5	49.7		14.0	6.8
2002	132.1	10.9	(0.3)	21.3	3.8
2003	143.9	136.9		124.5	5.1
2004	157.6	23.3		9.5	7.3
2005	180.9	39.0		11.4	9.5
2006	179.7	10.0		14.5	8.9
2007	210.5	52.3	(0.2)	16.4	9.6
2008	354.9	166.2	(0.5)	20.7	11.7
2009	513.5	184.3		25.9	19.4
2010	592.7	106.7	(0.2)	25.9	27.9
2011	613.4	154.2	0.3	133.9	32.9
2012	586.2	-	(0.2)	25.9	33.8
2013	559.9	10.0	0.1	26.5	31.8
2014	534.0	-	(0.05)	33.9	29.2
2015	511.0	-	(0.12)	22.8	28.0
2016	483.9	-	(0.03)	27.1	27.1

Source: Cayman Islands Treasury Department

a/ Self-financing debt refers to the loans raised by the central government on behalf of agencies which are required to reimburse the servicing of these loans.

Table A29: Fiscal Operations, CI\$ Million

	2010	2011	2012	2013	2014	2015	2016
	CI\$	CI\$	CI\$	CI\$	CI\$	CI\$	CI\$
Total Revenue	517.7	545.9	564.6	635.1	664.2	672.9	705.8
Current Revenue	517.7	545.9	564.6	635.1	664.2	672.9	705.8
Coercive Revenue	460.8	489.3	504.9	584.7	630.1	636.9	666.0
Taxes on International Trade & Transactions	158.5	162.2	167.2	173.3	177.9	172.0	174.3
Domestic Taxes on Goods & Services	279.4	289.5	296.6	377.3	408.6	407.9	425.2
Taxes on Property	21.3	36.4	36.7	31.3	41.6	41.1	58.7
Fines	1.6	1.2	1.3	1.6	1.6	2.1	3.2
Other Taxes	0.0	0.0	3.1	1.2	0.3	13.8	4.6
Non-Coercive Revenue	56.9	56.6	59.7	50.5	34.1	36.0	39.8
Sale of Goods & Services	56.2	55.8	55.0	48.9	33.0	34.7	36.0
Investment Revenue	0.1	0.6	0.3	1.1	0.8	1.0	3.5
Other Operating Revenue	0.6	0.2	4.4	0.4	0.4	0.3	0.3
Total Expenditure	593.5	623.4	615.6	590.5	595.4	588.6	639.0
Current Expenditure	517.2	525.1	547.1	553.7	551.2	545.0	585.3
Personnel Costs	224.8	216.4	226.5	235.7	244.8	243.8	254.5
Supplies & Consumables	86.4	89.2	94.1	86.8	93.1	83.8	93.6
Subsidies	125.2	131.6	131.7	137.0	126.7	125.2	137.8
Transfer Payments	29.7	31.0	30.5	32.3	27.6	27.5	32.4
Depreciation	20.0	20.7	23.4	26.1	26.3	32.1	34.2
Interest Payments	27.9	32.9	33.8	31.8	29.2	28.0	27.1
Extraordinary Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Executive Expenses	3.2	3.3	7.1	4.0	3.5	4.5	5.7
Gross Capital Expenditure & Net Lending	76.3	98.3	68.5	36.8	44.1	43.7	53.7
Capital Acquisition (now Equity Injections)	28.1	62.2	37.6	9.5	10.9	14.8	18.9
Equity Injections and Working Capital support to Public Entities	14.9	20.0	20.8	19.2	26.8	19.6	22.3
Capital Development (now Executive Assets)	37.7	16.0	8.4	8.1	5.8	8.9	12.1
Net Lending	(4.4)	0.1	1.7	(0.1)	0.6	0.4	0.4
Net Capital Expenditure & Net Lending	56.3	77.6	45.1	10.7	17.8	11.6	19.5
Depreciation	20.0	20.7	23.4	26.1	26.3	32.1	34.2
Primary Balance (Overall Balance w/o Interest Payments)	(27.9)	(23.9)	6.2	102.5	124.4	144.4	128.1
Current Balance	0.5	20.8	17.5	81.4	112.9	127.9	120.5
Overall Balance	(55.8)	(56.8)	(27.6)	70.7	95.2	116.3	101.0
Financing	55.8	56.8	27.6	(70.7)	(95.2)	(116.3)	(101.0)
Net Borrowing	80.7	20.3	(25.9)	(16.5)	(33.9)	(22.8)	(27.1)
Disbursements	106.7	154.2	0.0	10.0	0.0	0.0	0.0
Loan Repayment	(25.9)	(133.9)	(25.9)	(26.5)	(33.9)	(22.8)	(27.1)
Change in Cash	24.9	(36.5)	(53.5)	54.2	61.3	93.5	73.8

Source: Economics & Statistics Office and Treasury Department