

	Millions of CI\$	
	2015	2016
Current account Balance	(935.3)	(778.2)
Credits	4,612.3	4,678.0
Debits	5,547.6	5,456.2
Goods and services	586.6	613.9
Credit	2,336.8	2,472.40
Debit	1,750.2	1,858.1
Goods	(394.9)	(307.8)
Exports (credit)	385.7	502.4
Imports (Debit)	780.6	810.1
Services	981.5	921.7
Credit	1,951.1	1,969.7
Debit	969.6	1,048.0
Primary income	(1,291.9)	(1,138.6)
Credit	1,980.8	1,841.9
Debit	3,272.7	2,980.5
Secondary income	(230.1)	(253.6)
Credit	294.7	364.0
Debit	524.8	617.6
Capital account	(26.3)	(30.4)
Net lending (+) / net borrowing (-) balance	(961.6)	(808.6)
Net lending (+) / net borrowing (-) balance Financial account	(278.3)	(260.5)
Direct investment	(3684.9)	2,479.9
Net acquisition of financial assets	(41.4)	104.3
Net incurrence of liabilities	3,643.5	2,584.4
Portfolio investment	11,744.9	4,523.4
Net acquisition of financial assets	8,502.3	1,329.4
Net incurrence of liabilities	(3,242.6)	(3,194.0)
Financial Derivatives	2,321.2	(259.7)
Net acquisition of financial assets	2,321.2	(259.7)
Net incurrence of liabilities	0.0	0.2
Other Investments	(10,672.6)	(2,051.0)
Net acquisition of financial assets	(4,099.3)	(12,602.0)
Net incurrence of liabilities	6,573.3	(10,551.0)
Reserve Assets	13.0	6.7
Net errors and omissions/unobserved flows	683.3	548.10

HOW ARE THE DATA OBTAINED?

The BOP requires a lot of data to be collected from a variety of sources. These data are constructed into the standard international format recommended by the International Monetary Fund (IMF). Generally, the Balance of Payments data are collected primarily through survey instruments and administrative records. It is therefore necessary to request information from all those engaged in international transactions, particularly private sector firms and the government departments.

CONFIDENTIALTY

The information collected in the survey is used for statistical purposes only and is protected by The Statistics Law (2011 Revision). No data on an individual company will be published, released to anyone, or disclosed in such a way so as to reveal any part of the data of an individual company.

YOUR ROLE

You can assist the Economic and Statistics Office in the production of useful and accurate Balance of Payments statistics annually by accurately completing and returning the Balance of Payments survey forms to the ESO.

Electronic copies of the forms can also be downloaded from the ESO website **www.eso.ky**

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BOP

The Cayman Islands' Balance of Payments



WHAT IS BALANCE OF PAYMENTS

A vast number of individual economic transactions takes place daily. Private individuals, companies and governments buy goods and services from all over the world and sell goods and services to the rest of the world. As a result of these numerous transactions, every country needs to keep an account of their transactions with the rest of the world. The BOP is such an account.

The BOP is a double entry system in which flows of international payments and receipts are recorded at a specific period of time. If a country receives money, this is known as a credit and if it pays or gives money, the transaction is recorded as a debit in the BOP.

INFORMATION REVEALED BY THE BOP

1. The Current Account records the outflow and inflow of goods and services from/into a country.

It is composed of four sub groups; goods, services, primary income and secondary income.

The current account reveals the following;

- The value of goods sold (exports) and purchased (imports) abroad.
- The value of services (including tourism, transportation and financial services) sold and purchased abroad.
- The value of payments made and receipts from abroad for factor services (i.e. dividends, interest, compensation of employees, etc.).
- The value of current transfers such as remittances received from and sent to relatives and friends living abroad.
- When receipts from overseas are greater than payments abroad, the current account of the BOP is said to be in **surplus**.
- On the other hand, when payments abroad are greater than receipts from abroad there is a deficit on the current account of the BOP.

2. The Capital Account records all international capital transfers received and payable and the acquisition and disposal of non-produced nonfinancial assets.

- Capital transfers include the level of foreign investments grants received by the government to acquire assets (example, foreign aid to build roads, schools etc), debt forgiveness, and non-life insurance claims.
- Non-produced nonfinancial assets includes natural resources, contracts, leases and licences which are recognized as economic assets.

3. The Financial Account records all international monetary flows related to investment in businesses, bonds and stocks such as the following:

- Inflows of foreign investment (both direct and indirect).
- Net inflows of public sector loans (government and government guaranteed).
- Net capital movements by the commercial banking system.



WHO USES BOP STATISTICS?

- Government uses the BOP to assist with economic, social and fiscal policy formulation. The Public Management and Financial Law (PMFL) of the Cayman Islands requires the forecasting of the Current Account.
- The BOP is used by agencies and businesses engaged in financial risk assessments e.g. Moody's Investors Services. Moody's provides sovereign credit ratings for the Cayman Islands.
- International Monetary Fund (IMF), United Nations (UN), and World Bank uses the BOP for international comparison with other countries.
- Central banks use the data to determine the level of foreign exchange of the country.

WHAT ARE THE USES OF THE BOP?

- BOP is used in assessing macro economic stability, which is important for the success of the private businesses in the country.
- BOP statistics are used as a key economic indicator due to the close relationship between domestic and external economic developments.
- The BOP can be used to monitor the payments for goods imported in comparison to the receipts for goods exported.
- The current account must be included in the annual Strategic Policy Statement as mandated by the Public Management and Financial Law.
- It is used to determine the competitiveness of a country's economy.