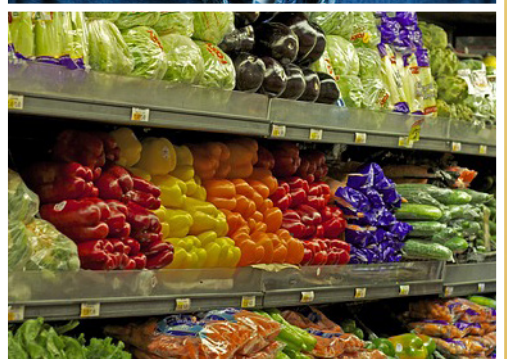




CAYMAN ISLANDS  
GOVERNMENT



# THE CAYMAN ISLANDS' ANNUAL ECONOMIC REPORT 2019



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## **1. Executive Summary**

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1.1 In 2019, the world economy recorded weaker growth due mainly to heightened trade tensions between the US and China. Inflation was unchanged as crude oil, and agriculture commodity prices declined.

1.2 The Cayman Islands' gross domestic product (GDP) expanded anew in 2019 at an estimated rate of 3.2 percent, lower than the 4.1 percent growth recorded in 2018.

1.3 Growth was indicated in all sectors led by hotels and restaurants, construction, wholesale and retail trade, and renting and business activities (mainly legal and accounting services).

1.4 Nominal GDP per capita income was estimated at \$73,694, higher relative to the \$71,369 recorded for 2018.

1.5 The average inflation rate in 2019 was 5.7 percent, compared to 3.3 percent a year ago. Inflationary pressures emanated mainly from increased domestic demand, particularly for housing.

1.6 Total employment increased by 5.6 percent to 47,394 in 2019. The growth in employment was outweighed by an increase in the labour force, which resulted in the unemployment rate rising to 3.5 percent. The unemployment rate among Caymanians was estimated at 5.6 percent.

1.7 In 2019, merchandise imports grew by 13.5 percent to reach \$1,183.3 million, supported by increases of 5.8 percent and 14.6 percent in oil-related and non-oil imports, respectively.

1.8 Money supply (M2) expanded by 2.6 percent to register at \$7.6 billion in 2019. This monetary expansion was due to a 12.5 percent increase in local currency deposits, while foreign currency-denominated deposits declined by 0.4 percent.

1.9 Domestic credit from commercial banks expanded by 7.6 percent to settle at \$3,300.9 million. Credit to the private sector rose by 5.8 percent while that to the public sector increased by 33.2 percent.

1.10 The Financial Services indicators generally declined in 2019. Bank and trust licences, insurance licences, mutual funds (including master funds), the number of new company and new partnership registrations contracted while stock exchange listings and stock market capitalization increased.

1.11 Total stay-over visitors increased by 8.6 percent. However, total arrivals declined by 2.1 percent as a 4.7 percent reduction in cruise arrivals outweighed the increase in stay-over visitors.

1.12 Indicators of construction increased in 2019. The value of building permits in Grand Cayman rose by 97.8 percent to \$490.3 million, mainly due to several apartment projects. Similarly, the value of planning approvals in Grand Cayman increased by 18.4 percent to \$890.4 million.

1.13 Real estate activity declined during the year as the total value of property transfers fell by 24.6 percent to \$862.2 million, as both freehold and leasehold transfers decreased.

1.14 The central government's overall surplus in 2019 moderated to \$102.1 million from \$132.4 million in 2018. The total outstanding debt of the government contracted by \$134.3 million to \$284.4 million (5.7 percent of GDP) at the end of 2019.

1.15 GDP is projected to contract in 2020 by 7.6 percent, primarily due to the expected impact of lower tourism and restrictions on economic activity. The inflation rate is expected at 0.4 percent arising principally from external pressures. The overall unemployment rate is projected at 7.1 percent.



## The Cayman Islands Economic Performance: Summary Indicators

Indicators	2017	2018	2019
Real GDP (\$million)*	4,176.2	4,348.6	4,489.2
GDP growth in real terms (%)*	3.1	4.1	3.2
Real GDP per capita (\$)*	66,169	67,504	65,943
Nominal GDP per capita (\$)*	68,036	71,369	73,694
Nominal GDP (\$million)*	4,294.1	4,597.6	5,016.8
Population (year-end)	63,415	65,813	69,914
Of which Caymanians	35,878	36,705	37,363
Population (mid-year)	63,115	64,420	68,076
Average inflation rate (%)	2.0	3.3	5.7
Employment	40,856	44,887	47,394
Unemployment rate (% of labour force)	4.9	2.8	3.5
Total imports (in \$million)	914.8	1,042.8	1,183.3
Total imports (% of GDP)	21.3	22.7	23.6
Total money supply (M2, in \$million)	7,285.9	7,374.5	7,566.2
Domestic credit (in \$million)	3,188.5	3,066.3	3,300.9
Mutual funds (including master funds)	10,559	10,992	10,857
Insurance licenses	724	730	672
Banking and trust licenses	148	133	125
Trust companies	118	117	115
Stock exchange listings	1,238	1,699	2,078
New company registrations	13,046	16,326	12,822
New partnership registrations	3,872	5,007	4,399
Stay-over tourists (in thousands)	418.4	463.0	502.7
Cruise ship passengers (in thousands)	1,728.4	1,921.1	1,831.0
Grand Cayman building permits (\$million)	234.7	247.9	490.3
Cayman Islands planning approvals (\$million)	798.7	752.3	890.4
Cayman Islands property transfers (\$million)	830.2	1,143.7	862.2
Net lending of the central government (\$million)	130.2	132.4	102.1
Net lending of the central government (% of GDP)	3.0	2.9	2.0
Outstanding debt of the central government (\$million)	449.1	418.7	284.4
Outstanding debt of the central government (% of GDP)	10.5	9.1	5.7

\*Preliminary estimate for 2019 based on indicators.

## 2. Global and Regional Macroeconomic Environment

*World economic growth was subdued in 2019 due to ongoing trade tensions which increased uncertainty and constrained economic activity. Inflation remained unchanged as international commodity prices generally fell.*

### 2.1 Economic Growth<sup>1</sup>

Growth in global economic activity slowed for the second consecutive year to 2.9 percent in 2019, relative to 3.6 percent in the previous year. The slowdown was due mainly to ongoing trade tensions between the United States (US) and China, which negatively impacted industrial activity across several major-manufacturing economies. Additionally, business confidence and investment fell as uncertainty permeated most markets. Further, the agreed departure of the United Kingdom (UK) from the European Union continued to weigh on growth in that region. Advanced economies recorded growth of 1.7 percent compared with 2.2 percent in 2018 while the emerging market and developing economies grew by 3.7 percent compared with 4.5 percent in the preceding year (see Table 2.1). Among the major advanced economies (G7), all countries registered lower growth rates with the exception of the UK and Japan.

**Table 2.1: Global Economic Growth**

	2016	2017	2018	2019
	<b>% Change in GDP</b>			
World	3.4	3.9	3.6	2.9
Advanced Economies	1.7	2.5	2.2	1.7
United States	1.6	2.4	2.9	2.3
United Kingdom	1.9	1.9	1.3	1.4
Canada	1.0	3.2	2.0	1.6
Euro Area	1.9	2.5	1.9	1.2
Emerging Market and Developing Economies	4.6	4.8	4.5	3.7

Source: International Monetary Fund (World Economic Outlook (WEO), April 2020)

The US economy grew by 2.3 percent in 2019, relative to 2.9 percent in 2018. Growth in the year was mainly due to higher levels of private inventory investment and increased government spending. Notwithstanding, a slowdown in non-residential fixed investment and personal consumption expenditure

<sup>1</sup> This review is culled from reports of the International Monetary Fund and other international organizations.

tempered the pace relative to 2018. Economic growth in the UK rose marginally to 1.4 percent from 1.3 percent in 2018. This was attributed mainly to higher demand associated with increased government spending and gross fixed investment which was partly offset by the continued uncertainty surrounding Brexit.

The deceleration in Canada's economic growth to 1.6 percent from 2.0 percent in 2018 was primarily due to weaker global trade and a decline in investment. Growth in 2019 was driven mainly by robust household spending on services. The Euro Area recorded weaker growth of 1.2 percent relative to 1.9 percent in 2018 primarily as a result of weaker demand for exports, particularly in Germany and France. There were also declines in private consumption and government spending in Italy, the region's third largest economy.

The Caribbean recorded growth of 3.3 percent in 2019 compared with growth of 4.7 percent in 2018 (see Table 2.2). This reflected, in part, lower growth rates for Antigua and Barbuda, Dominican Republic, Grenada and Jamaica. The slowdown in economic growth by the Caribbean resulted partly from weaker economic performances in the US, Canada and the Euro Area, which are the main source markets for tourists and trade. Antigua and Barbuda had the highest growth rate of the region, expanding by 5.3 percent relative to 7.4 percent in 2018.

**Table 2.2: Caribbean Region Economic Growth<sup>2</sup>**

	2016	2017	2018	2019
	% Change in GDP			
Caribbean	3.4	2.7	4.7	3.3
Antigua & Barbuda	5.5	3.1	7.4	5.3
The Bahamas	0.4	0.1	1.6	1.8
Barbados	2.5	0.5	-0.6	-0.1
Dominican Republic	7.0	4.7	7.0	5.1
Grenada	3.7	4.4	4.1	3.1
Jamaica	1.5	0.7	1.9	1.0
Trinidad & Tobago	-6.3	-2.3	-0.2	0.0

Source: International Monetary Fund (WEO, April 2020)

<sup>2</sup> 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.

## 2.2 Inflation

Global inflation remained unchanged at 3.6 percent in 2019, as lower inflation in advanced economies was offset by higher inflation in emerging markets and developing economies (see Table 2.3). Inflation in advanced economies decreased to 1.4 percent from 2.0 percent in the previous year, with the US and UK falling to 1.8 percent from 2.4 percent and 2.5 percent in 2018, respectively. Inflation in emerging markets and developing economies rose to 5.0 percent from 4.8 percent in 2018.

**Table 2.3: Global Inflation**

	2016	2017	2018	2019
	<b>% Change in Consumer Prices</b>			
World	2.8	3.2	3.6	3.6
Advanced Economies	0.8	1.7	2.0	1.4
United States	1.3	2.1	2.4	1.8
United Kingdom	0.7	2.7	2.5	1.8
Canada	1.4	1.6	2.3	1.9
Euro Area	0.2	1.5	1.8	1.2
Emerging Market and Developing Economies	4.3	4.3	4.8	5.0

Source: International Monetary Fund (WEO, April 2020)

International commodity prices decreased by 8.3 percent in 2019 according to the IMF's Primary Commodities Price Index. This reflected declines in the energy and agriculture indices. Within the energy index, there were declines in the prices of crude oil, natural gas and coal, while the reduction in agriculture was due to lower prices for food, beverages and agricultural raw materials. The impact of these declines was partially offset by a 6.8 percent rise in the price index for metals. The reduction in international energy and food prices was attributed to weaker demand associated with a slowdown in global demand. Energy prices benefitted from robust production and tempered demand while agriculture prices benefitted from favourable weather conditions in key producing regions and the lower energy costs.

Consistent with the trend reduction in international commodity prices and a moderation in economic activity, inflation in the Caribbean region fell to 2.8 percent in 2019 relative to 3.7 percent in 2018 (see Table 2.4). The Dominican Republic and the Bahamas showed the sharpest moderations, with inflation of 1.8 percent and 1.3 percent relative to 3.6 percent and 2.3 percent in 2018, respectively.

**Table 2.4: Inflation Rates: Caribbean Region**



	2016	2017	2018	2019
	<b>% Change in Consumer Prices</b>			
Caribbean	2.6	3.8	3.7	2.8
Antigua & Barbuda	-0.5	2.4	1.2	1.4
The Bahamas	-0.3	1.5	2.3	1.3
Barbados	1.5	4.4	3.7	4.1
Dominican Republic	1.6	3.3	3.6	1.8
Grenada	1.7	0.9	0.8	0.8
Jamaica	2.3	4.4	3.7	3.9
Trinidad & Tobago	3.1	1.9	1.0	1.0

Source: International Monetary Fund (WEO, April 2020)

## 2.3 International Finance<sup>3</sup>

Net borrowing<sup>4</sup> (overall fiscal deficit) as a percentage of GDP among advanced economies increased to 3.0 percent in 2019 from 2.6 percent in 2018. Within this category, the US and Euro Area's net borrowing as a percentage of GDP rose to 5.8 percent and 0.7 percent from 5.7 percent and 0.5 percent in 2018, respectively. In contrast, net borrowing as a percentage of GDP for the UK decreased to 2.1 percent from 2.2 percent in 2018. Canada's net borrowing as a proportion of GDP remained unchanged at 0.4 percent in 2019. Net borrowing for emerging market and developing economies declined to 4.7 percent of GDP from 3.7 percent of GDP in 2018.

Policy interest rates of the major central banks were stable during 2019 except for the US (see Table 2.5). The US' Federal Reserve Bank reduced interest rates on two occasions in the year, on September 18 and on October 30. On the second occasion, the Federal Reserve Bank lowered the interest rate from a range of 1.75 percent to 2.00 percent to a range of 1.50 percent to 1.75 percent. This monetary stance was chosen with the objectives of sustaining economic growth, maintaining high employment, and achieving the Bank's inflation target of 2.00 percent. The Bank of England retained its official rate at 0.75 percent, which has been in effect from August 1, 2018. This policy action was based on inflation and economic growth projections being consistent with the Bank's objectives, which assumed a systematic transition to a free trade agreement between the United Kingdom and the European Union. The Bank of Canada maintained its overnight target rate at 1.75 percent from October 24, 2018. This decision was made within the context of

<sup>3</sup> Source: International Monetary Fund (WEO, April 2019).

<sup>4</sup> Net lending/net borrowing is equal to total revenue less total expenditure. It is viewed as an indicator of the financial impact of governments' activities on the rest of the economy. A positive balance is referred to as net lending while a negative balance is referred to as net borrowing.

the main economic indicators moving in line with expectations. The European Central Bank maintained the interest rate on its main refinancing operations at 0.00 percent. This was due to the expectation of the Governing Council that the inflation outlook will be consistent with its target.

**Table 2.5: Key Interest Rates (% , at the end of Quarter)**

		US <sup>1</sup>	UK	Canada	Euro Area
		Rates in %			
2018	Q1	1.88	0.50	1.25	0.00
	Q2	1.88	0.50	1.25	0.00
	Q3	2.13	0.75	1.50	0.00
	Q4	2.38	0.75	1.75	0.00
2019	Q1	2.38	0.75	1.75	0.00
	Q2	2.38	0.75	1.75	0.00
	Q3	1.88	0.75	1.75	0.00
	Q4	1.63	0.75	1.75	0.00

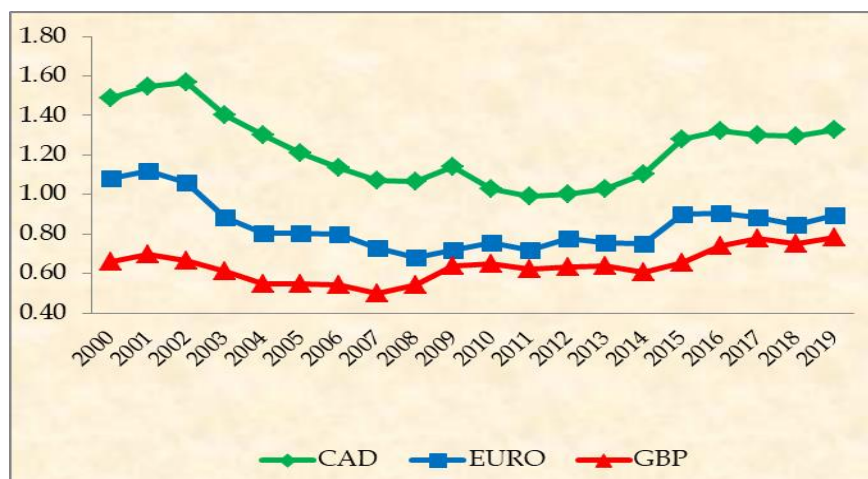
1. Mid-point of the federal funds rate range used in this table

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

The US Dollar strengthened in value against three of the world's major traded currencies. The US Dollar gained 4.7 percent and 5.6 percent in nominal terms against the Great Britain Pound Sterling (GBP) and the Euro, respectively. This was due mainly to the prolonged impact of Brexit<sup>5</sup> on growth expectations for the UK economy and higher interest rates in the US relative to the UK and Euro Area. The US Dollar increased in value nominally against the Canadian Dollar by 2.4 percent. The Cayman Islands Dollar, by being pegged to the US Dollar, moved in tandem with the greenback relative to the major traded currencies.

**Figure 2.1: Average Quarterly Foreign Currency per U.S Dollar**

<sup>5</sup> The UK officially commenced negotiations with the European Union (EU) on Brexit in June 2017. The UK is due to leave the EU on January 31, 2020 after Article 50 of the Treaty on the European Union was invoked by the UK government on March 29, 2017.



Source: United States Federal Reserve Bank

## 2.4 Regional and International Tourism<sup>6</sup>

International tourist arrivals grew by 3.8 percent in 2019 to reach 1.5 billion. The robust growth in arrivals was relative to growth of 6.0 percent in the previous year.

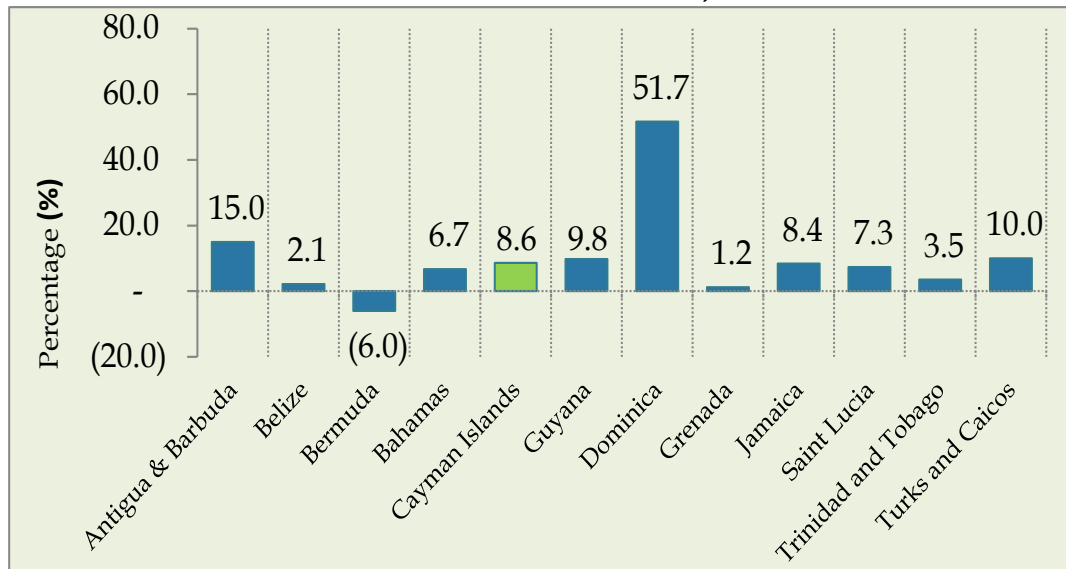
Growth continued to be led by the Middle East, which received 8.0 percent more tourists in the year. Arrivals to Asia and the Pacific rose by 5.0 percent, while the African and European regions both increased by 4.0 percent, continuing the rebound observed in 2017. Visitor numbers to the Americas trailed the global average with growth of 2.0 percent. The growth in tourist arrivals in recent years has exceeded global economic performance and is indicative of the growing importance of the sector to destination economies.

Arrivals to the Caribbean increased by 4.4 percent in the year to reach 31.5 million. This growth was traced to a rebound in destinations affected by Hurricane Maria in 2017. Growth in Stay-over arrivals was led by Dominica which increased by 51.7 percent, while Antigua and Barbuda rose by 15.0 percent. Significant growth was also recorded in the Turks and Caicos, Jamaica and St. Lucia, which rose by 10.0 percent, 8.4 percent and 7.3 percent, respectively (see Figure 2.2). Arrivals during the year was boosted by a rise in intra-Caribbean travel which rose by 7.4 percent to reach 2.0 million.

Cruise arrivals to the Caribbean recorded its seventh consecutive year of growth, increasing by 3.4 percent to 30.2 million.

<sup>6</sup> Source: World Tourism Organization and Caribbean Tourism Organization.

**Figure 2.2: Stay-Over Arrivals Growth (%)**  
**Select Caribbean Countries, 2019**



Source: World Tourism Organization, Caribbean Tourism Organization and other official sources.

## 3. Macroeconomic Performance

*Robust economic growth supported increased employment and a correspondent rise in average price levels.*

### 3.1 Economic Growth

The Cayman Islands' real Gross Domestic Product (GDP) is estimated to have grown by 3.2 percent in 2019, lower than the 4.1 percent recorded in 2018. In real terms, gross domestic product is estimated at \$4,489.2 million, relative to \$4,348.6 million in 2018 (see Table 3.1). The economic expansion in 2019 brings the average growth over the last five years to 3.3 percent.

**Table 3.1: Cayman Islands' Gross Domestic Product**

	2015	2016	2017	2018	2019E
GDP at Current Prices (CI\$M)	3,923.5	4,091.1	4,294.1	4,597.6	5,016.8
Current GDP growth (%)	3.2	4.3	5.0	7.1	9.1
Per Capita GDP at current prices (CI\$) <sup>1</sup>	66,438	66,705	68,036	71,369	73,694
GDP at constant 2015 prices (CI\$M)	3,923.5	4,050.6	4,176.2	4,348.6	4,489.2
Real GDP growth (%)	2.8	3.2	3.1	4.1	3.2
Per Capita GDP at constant 2015 prices (CI\$) <sup>1</sup>	66,438	66,045	66,169	67,504	65,943

<sup>1</sup> Using mid-year population figures.

E Preliminary based on sector economic indicators

Source: Economics and Statistics Office

The per capita income of residents in these Islands as measured by per capita GDP<sup>7</sup> at constant prices declined by 2.3 percent to \$65,943 as growth in the mid-year population outpaced growth in real income. In nominal terms, the estimated per capita income was \$73,694, approximately 3.3 percent higher than in 2018.

Actual indicators point to expansions across all sectors of the economy in 2019. The services sector, which accounted for 88.4 percent of GDP, led the economic performance with growth of 2.9 percent (see Table 3.2).

<sup>7</sup> Per Capita is defined as GDP at constant 2015 purchasers' prices and current prices divided by the mid-year population.



**Table 3.2: Real GDP (at 2015 Prices) by Sector**

	2016	2017	2018	2019E	% Change
Millions of Cayman Islands Dollars					
<b>Primary Sectors</b>	<b>24.3</b>	<b>24.8</b>	<b>25.3</b>	<b>26.1</b>	<b>3.2</b>
Agriculture & Fishing	15.2	15.6	15.8	16.2	2.4
Mining & Quarrying	9.0	9.2	9.5	10.0	4.5
<b>Secondary Sectors</b>	<b>183.3</b>	<b>187.7</b>	<b>201.9</b>	<b>213.6</b>	<b>5.8</b>
Manufacturing	35.2	36.1	38.5	40.7	5.8
Construction	148.0	151.6	163.4	172.8	5.8
<b>Services Sectors</b>	<b>3,618.2</b>	<b>3,734.7</b>	<b>3,856.7</b>	<b>3,970.3</b>	<b>2.9</b>
Electricity & Water Supply	95.1	97.9	99.9	104.7	4.7
Wholesale & Retail Trade, Repairs & Installation of Machinery	252.4	261.1	273.3	290.0	6.1
Hotels & Restaurants incl. Bars	203.9	214.0	231.6	243.8	5.3
Transport, Storage & Communication	252.8	257.8	264.0	272.2	3.1
Financing & Insurance Services	1,282.4	1,313.9	1,337.2	1,363.6	2.0
Business Activities and Admin	626.3	652.2	679.6	693.3	2.0
Real Estate	353.7	361.4	369.4	379.3	2.7
Health and Social Work	138.7	148.1	157.5	163.9	4.1
Producers of Government Services	301.1	309.7	320.7	330.7	3.1
Other Services	111.9	118.5	123.4	128.7	4.3
Taxes less Subsidies on Products	224.8	229.0	264.7	279.2	5.5
<b>GDP constant at purchasers' prices</b>	<b>4,050.6</b>	<b>4,176.2</b>	<b>4,348.6</b>	<b>4,489.2</b>	<b>3.2</b>
Growth (%)	3.2	3.1	4.1	3.2	

E- Preliminary estimates based on sector economic indicators

The hotel and restaurant sector recorded robust growth, as gross value added increased by an estimated 5.3 percent, following an increase of 8.2 percent in 2018. The expansion in the sector was driven by a sharp uptick in stay-over arrivals of 8.6 percent, while cruise arrivals declined by 4.7 percent for the year. The strong performance of the sector benefitted from continued growth in the global income coupled with additional local capacity.

Construction activity continued to play a key role in Cayman's economic growth for the review year with the sector's value added rising by 5.8 percent. Growth in the sector reflected the infrastructural capacity of the Islands keeping pace with the demand for residential, commercial and public facilities. Key indicators such

as the volume of building materials, including imported cement and aggregates, were higher during the period, sustaining the growth trend observed since 2012.

The financing and insurance services sector, which accounted for approximately 30 percent of GDP, was estimated to have expanded by 2.0 percent. The domestic banking sector is estimated to have grown by similar measure, due in part to increase loan activities as household and business credit expanded. Insurance services, included under this rubric, grew by an estimated 1.3 percent as premiums across most segments increased.

The business services sector comprising mainly of legal and accounting services grew by 2.0 percent in 2019. This industry directly contributes approximately 15 percent to total GDP, the second largest sectoral contribution. The industry's performance is mostly associated with robust company registrations and strong performance in stock exchange listings.

The wholesale and retail trade sector had an estimated growth of 6.1 percent, bolstered by non-oil merchandise imports, which grew by 13.5 percent (see Section 3.4). This sector largely benefitted from increased demand associated with higher employment in the year.

Electricity and water supply, other services and transport, storage and communication recorded robust growth of 4.7 percent, 4.3 percent and 3.1 percent, respectively. These performances may be partly associated with the higher population on the Islands, as well as increased economic activity in other sectors. Growth in the transport sector also benefitted from the higher volume of stay-over tourist and cargo transportation. Government services expanded anew in 2019 by 3.1 percent, mainly due to higher staff levels.

### **3.2 Inflation**

Consumer prices in the Cayman Islands spiked in 2019, rising by 5.7 percent relative to 3.3 percent for 2018. Inflation during the year was influenced by a rise in local demand associated with an increase in the domestic population and higher employment levels. Higher world income also spurred imported inflation as economic growth in the US, Cayman's primary source market for imports, drove higher prices.

**Table 3.3: Average Inflation Rates**

Categories	Avg. Inflation Rates (%)	
	2018	2019
Food & Non-alcoholic Beverages	4.4	2.1
Alcohol and Tobacco	-0.1	2.6
Clothing and Footwear	-0.1	4.2
Housing and Utilities	3.8	11.1
Household Equipment	2.3	2.4
Health	3.2	0.5
Transport	7.8	2.7
Communication	2.1	6.4
Recreation and Culture	0.8	7.0
Education	3.0	5.0
Restaurants and Hotels	-0.2	2.6
Misc. Goods and Services	0.7	0.5
Overall CPI Inflation	3.3	5.7

Source: Economics and Statistics Office

All divisional indices rose for the year with housing and utilities recording the sharpest increase. The price index for housing and utilities rose by 11.1 percent, driven by an increase in the average cost of rent by 19.6 percent. Transport cost rose by 2.7 percent due to increases in the cost of motor vehicles, parts and air transportation. The rise in transportation cost was tempered by the decline in energy prices which led to a 2.1 percent fall in the index for fuel and lubricants. Noticeable increases were also recorded for communication, education and recreation and

culture, which rose by 6.4 percent, 5.0 percent and 7.0 percent respectively. These could plausibly reflect the impact of increased demand as well as imported inflation.

**Table 3.4: Selected Quarterly Inflation Rates (%)**

		CPI Inflation	Non Food Inflation	Core Inflation*	CPI Excluding Housing & Utilities	Food Inflation	Housing & Utilities Inflation	Electricity and Fuel Inflation
% Change over the same Quarter a Year Ago								
2018	QTR 1	3.2	3.1	2.1	3.3	4.8	3.1	11.5
	QTR 2	4.8	4.8	3.6	5.4	4.1	3.6	15.2
	QTR 3	3.5	3.5	1.3	2.6	4.2	5.5	22.2
	QTR 4	1.7	1.5	0.4	1.1	4.6	3.0	11.2
Annual Average 2018		3.3	3.2	1.8	3.1	4.4	3.8	15.0
2019	QTR 1	4.5	4.7	4.8	1.2	1.3	11.1	-3.5
	QTR 2	3.8	4.0	5.0	0.6	1.5	10.4	-2.6
	QTR 3	6.0	6.3	7.5	3.7	2.4	10.6	3.1
	QTR 4	8.4	8.8	9.5	6.6	3.1	12.1	0.0
Annual Average 2019		5.7	5.9	6.7	3.0	2.1	11.1	-0.7

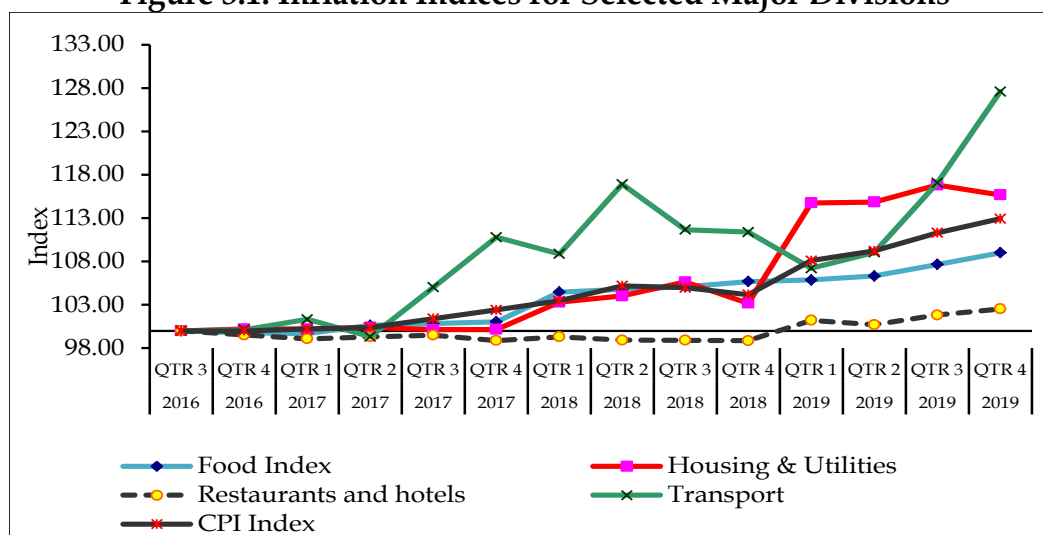
\* CPI Inflation excluding food and non-alcoholic beverages, electricity and fuels.

Source: Economics and Statistics Office

The food and non-alcoholic beverages index increased by 2.1 percent, reflecting annual increases of 20.5 percent in tea, coffee and cocoa, 5.6 percent in meat and meat products, 5.0 percent in fish and seafood, among others. The impact of higher imported prices and increased demand was also reflected in the price indices for clothing and footwear, which increased by 4.2 percent.

Core inflation, the overall inflation without food and non-alcoholic beverages, electricity and fuel, reflected an increase of 6.7 percent in 2019 compared to 1.8 percent a year ago (see Table 3.4). The average cost of electricity and fuels was lower by 0.7 percent for the year. While the index for food and non-alcoholic beverages recorded an average increase of 2.1 percent compared to a year ago when it went up by 4.4 percent.

**Figure 3.1: Inflation Indices for Selected Major Divisions**



Source: Economics and Statistics Office

## 3.3 Labour Force and Employment

The labour force continued to increase during the year, rising by 6.3 percent to 49,089. This expansion was attributed to growth in both the labour forces of Non-Caymanians and Permanent Residents with Rights to Work, which rose by 12.5 percent to 22,948 and 20.8 percent to 4,872, respectively. In contrast, the Caymanian labour force decreased by 2.2 percent to 21,269.

**Table 3.5: Summary of Labour Force Indicators**

FALL			
Labour Force Indicators	2018	2019	% Change
<b>Population</b>	<b>65,813</b>	<b>69,914</b>	<b>6.2</b>
Working Age Population	54,150	59,262	9.4
Labour Force	46,178	49,089	6.3
Employed	44,887	47,394	5.6
Unemployed	1,291	1,695	31.3
Unemployment Rate	2.8	3.5	25.2
Labour Force Participation Rate	85.3	82.8	-2.9
<b>Caymanian Population</b>	<b>36,705</b>	<b>37,363</b>	<b>1.8</b>
Working Age Population	28,106	29,359	4.5
Labour Force	21,747	21,269	-2.2
Employed	20,751	20,068	-3.3
Unemployed	996	1,201	20.6
Unemployment Rate	4.6	5.6	22.3
Labour Force Participation Rate	77.4	72.4	-6.4
<b>Permanent Residents WRW* Population</b>	<b>5,940</b>	<b>6,955</b>	<b>17.1</b>
Working Age Population	4,381	5,190	18.5
Labour Force	4,032	4,872	20.8
Employed	3,843	4,696	22.2
Unemployed	188	177	-5.9
Unemployment Rate	4.7	3.6	-22.8
Labour Force Participation Rate	92.0	93.9	2.0
<b>Non-Caymanian Population</b>	<b>23,168</b>	<b>25,596</b>	<b>10.5</b>
Working Age Population	21,663	24,713	14.1
Labour Force	20,400	22,948	12.5
Employed	20,292	22,630	11.5
Unemployed	108	318	194.4
Unemployment Rate	0.5	1.4	164.4
Labour Force Participation Rate	94.2	92.9	-1.3

\* With rights to work (WRW) only

Source: ESO Fall Labour Force Surveys (2019)

Despite the rise in the labour force, there was a reduction in the labour force Participation Rate (LFPR) to 82.8 percent from 85.3 percent in 2018. The decline in the LFPR was due to faster growth in the working age population relative to the labour force as some Caymanians left the labour force. There were declines in the LFPRs for Caymanians and Non-Caymanians while the LFPR for Permanent Residents WRW increased.



The overall growth in the labour force occurred in tandem with a rise in employment, which increased by 5.6 percent to 47,394. Increased employment was observed among Permanent Residents WRW and Non-Caymanians, which rose by 22.2 percent and 11.5 percent, respectively. In contrast, employment among Caymanians declined by 3.3 percent to 20,068.

The unemployment rate rose to 3.5 percent from 2.8 percent in 2018. This increase resulted from higher unemployment in the Caymanian and Non-Caymanian groups. The number of unemployed Caymanians and Non-Caymanians increased by 205 and 210 to 1,201 and 318, respectively. Conversely, the number of unemployed Permanent Residents WRW decreased by 11 to 177.

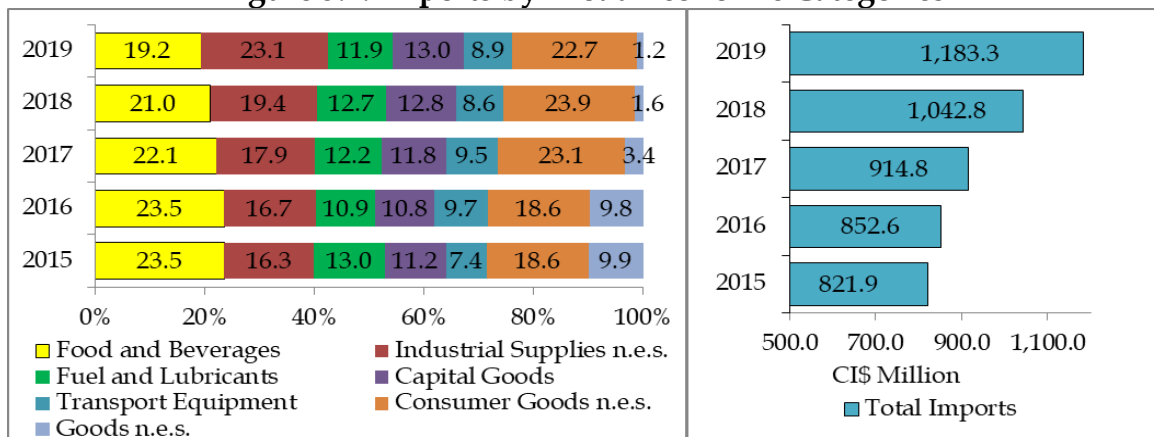
### 3.4 External Sector

**Merchandise Imports.** The value of merchandise imports rose by 13.5 percent to \$1,183.3 million, due to increases in the values of both fuel and non-fuel imports. The increase in imports was facilitated by a growing economy which in turn was supported by a higher population. Importation of fuel products rose by 5.8 percent to \$140.9 million, reflecting an increase in volume as the price of oil fell on the world market. Global crude oil prices declined to an average of US\$61.41 per barrel in 2019 from an average of US\$68.35 per barrel in 2018 according to the World Bank's Commodity Price Data. The share of fuel imports to total imports fell to 11.9 percent in 2019 from 12.8 percent the previous year.

Importation of non-fuel products rose by 14.6 percent to \$1,042.5 million. The major contributors to this increase were *commodities and transactions not elsewhere classified* (up 203.1 percent to \$72.4 million), *machinery and transport equipment* (up 16.6 percent to \$249.6 million), *miscellaneous manufactured articles* (up 7.0% to \$240.2 million) and *manufactured goods* (up 9.1% to \$135.7 million). There were no declines recorded in any of the categories.

With regards to imports by Broad Economic Category (BEC), all categories registered increases except for goods not elsewhere specified. Industrial supplies, which accounted for the largest share of imports (23.1%), increased by 35.4 percent to \$273.7 million. Food and beverages rose by 4.0 percent to \$227.7 million, while consumer goods rose by 7.7 percent to \$268.1 million. Additionally, there were increased imports for fuels and lubricants; capital goods excluding transport equipment; and transport equipment, parts and accessories.

**Figure 3.2: Imports by Broad Economic Categories**

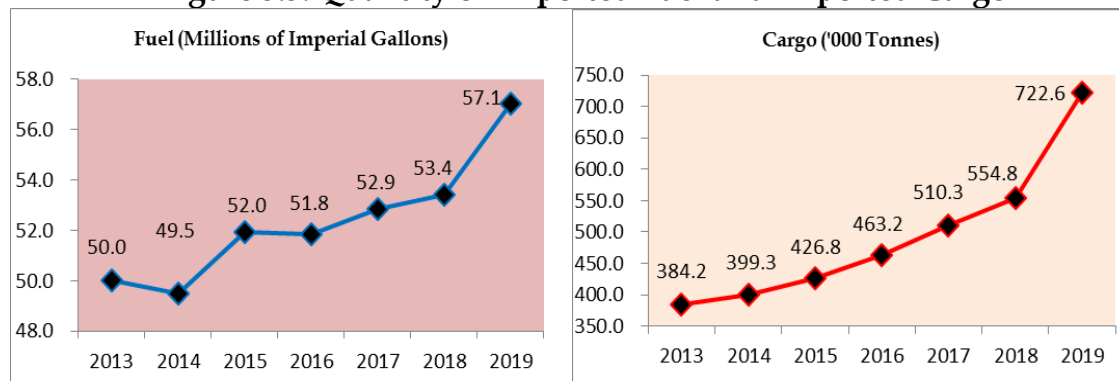


Source: Economics and Statistics Office

The volume of imported fuel grew by 6.8 percent to 57.1 million imperial gallons. This increase was evident in all categories with diesel contributing the most to the imported volume (60.1%) in 2019. Diesel and gas imports rose by 2.8 percent and 12.1 percent to 34.3 million imperial gallons and 14.7 million imperial gallons, respectively. Additionally, there were increases in aviation fuel and propane of 4.4 percent and 52.0 percent, respectively.

The imported volume of cargo increased by 30.2 percent to 722.6 thousand tonnes, the highest level on record. All components rose with containerized cargo (up by 6.7%), bulk cement (up by 18.8%) and aggregates (up by 13.7%).

**Figure 3.3: Quantity of Imported Fuel and Imported Cargo**



Source: Customs Department and Port Authority of the Cayman Islands

**Exports:** The value of merchandise exports, which consists mainly of re-exports, increased by 30.5 percent to \$44.9 million in 2019. This improvement was due mainly

to an increase of \$7.1 million in *miscellaneous manufactured articles* which rose to \$8.8 million.

**Current account<sup>8</sup>:** The current account deficit of the balance of payments is estimated to have deteriorated in 2019 to \$1,078.4 million or 21.5 percent of GDP (see Table 3.6). Higher deficits are estimated for the goods and income sub-accounts. The goods sub-account is estimated to have deteriorated in line with the rise in imports, the impact of which was partly offset by an increase in exports.

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

	2016R	2017R	2018	2019
Current Account Balances				
Trade balance	(434.0)	(518.6)	(705.9)	(840.9)
Exports	334.0	308.7	254.0	257.8
Imports, f.o.b.	(768.0)	(827.3)	(959.9)	(1098.7)
Services, net	1,644.3	1,836.3	1,952.2	1,909.8
Receipts	2,564.1	2,878.1	3,030.0	3,090.2
o/w tourism visitor expenditure	588.1	659.4	880.1	770.1
o/w financial services	1,070.3	1,102.2	1,135.5	1,130.1
Payments	(919.8)	(1,041.8)	(1,077.8)	(1,180.5)
Net income	(1,505.3)	(1,421.5)	(1,257.4)	(1,276.2)
Transfers, net	(398.5)	(622.5)	(846.9)	(871.1)
<b>Current Account Balance<sup>7</sup></b>	<b>(693.4)</b>	<b>(726.2)</b>	<b>(858.0)</b>	<b>(1,078.4)</b>
<i>Percent of GDP (%)</i>	<i>(17.0)</i>	<i>(16.9)</i>	<i>(18.7)</i>	<i>(21.5)</i>

<sup>8</sup> Estimated based on key economic indicators

\*Merchandise good exports plus goods procured in ports plus net export of goods under merchanting. Estimate for 2019 only includes merchandise goods and goods procured in port.

Source: Economics and Statistics Office

Within the services sub-account, the surplus moderated relative to 2018 largely due to higher net expenditure on transportation and lower receipts from financial, insurance and pension services. In contrast, net receipts for travel and other business services increased. The deterioration in the primary income sub-account was largely due to increased net outflow of direct investment. Transfers recorded

<sup>8</sup> 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.

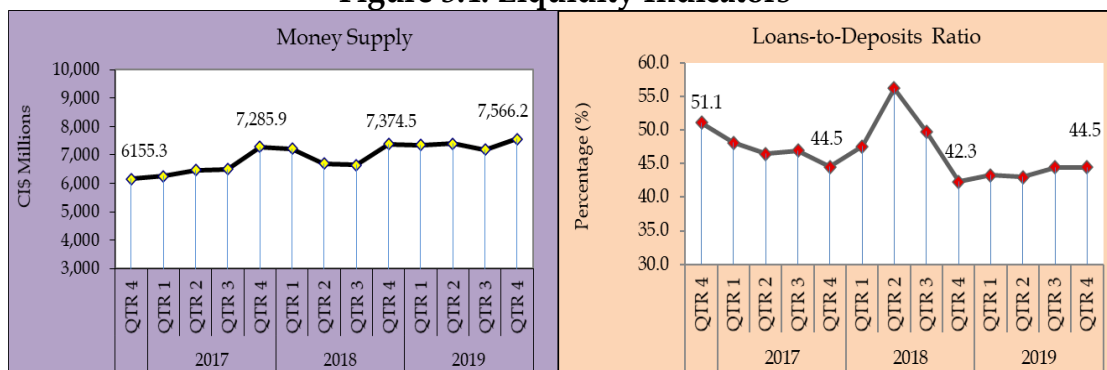
a higher deficit compared with 2018 as net outflow of workers' remittances is estimated to have increased.

## 3.5 Money and Credit<sup>9</sup>

**Broad liquidity:** Broad liquidity (M2) expanded by 2.6 percent (\$191.7 million) over the period, as households and businesses continued to rely on the commercial banking system for financing, saving and facilitating transactions (see Figure 3.4 and Table 3.7). The reliance on the banking system is also evidenced by the ratio of broad liquidity to nominal GDP (a measure of financial deepening) which stood at 150.8 percent at end 2019 relative to 160.4 percent at end 2018.

The expansion in money supply was due to a 12.4 percent rise in local currency-denominated money, which reflected increases of 12.5 percent and 10.9 percent in KYD deposits and currency in circulation, respectively. Foreign currency deposits by residents declined by 0.4 percent for the year to \$5.6 billion. The growth in KYD deposits meant that its share of the total money stock increased to 23.9 percent, while the share of foreign currency deposits fell to 74.2 percent. Currency in circulation accounted for the remaining 1.9 percent of total money supply.

**Figure 3.4: Liquidity Indicators**



Source: Cayman Islands Monetary Authority and ESO

The notable increase in deposits during the review period was outpaced by an expansion in credit. Consequently, the overall loans-to-deposits ratio of commercial banks improved to 44.5 percent relative to 42.3 percent at the end of 2018. Specifically, the increased funding through deposits allowed commercial banks to increase net foreign assets and net domestic assets by 0.1 percent and 8.0 percent, respectively.

<sup>9</sup> 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-17	Dec-18	Dec-19	% Change
<b>Total Assets</b>	<b>7,285.9</b>	<b>7,374.5</b>	<b>7,566.2</b>	2.6
<b>Net Foreign Assets</b>	<b>4,954.5</b>	<b>5,305.1</b>	<b>5,330.5</b>	0.5
Monetary Authority	126.6	135.8	153.8	13.2
Commercial Banks	4,827.9	5,169.3	5,176.7	0.1
<b>Net Domestic Assets</b>	<b>2,331.3</b>	<b>2,069.4</b>	<b>2,235.7</b>	8.0
Domestic credit	3,188.5	3,066.3	3,300.9	7.6
Claims on central government	182.8	157.2	230.9	46.9
Claims on other public sector	55.5	50.1	45.1	(10.0)
Claims on private sector	2,950.2	2,859.1	3,024.9	5.8
Other items net	(857.2)	(996.9)	(1,065.2)	6.9
<b>Broad Liquidity</b>	<b>7,285.9</b>	<b>7,374.5</b>	<b>7,566.2</b>	2.6
Broad money (KYD) M2	<b>1,649.8</b>	<b>1,737.6</b>	<b>1,953.2</b>	12.4
Currency in circulation	119.5	126.6	140.4	10.9
<b>KYD Deposits</b>	<b>1,530.3</b>	<b>1,611.0</b>	<b>1,812.9</b>	12.5
Demand deposits	648.0	643.4	775.3	20.5
Time and savings deposits	882.3	967.6	1,037.5	7.2
FOREX deposits	5,636.0	5,636.9	5,613.0	(0.4)
<i>of which: US dollars</i>	<i>5,235.4</i>	<i>5,262.0</i>	<i>5,203.1</i>	<i>(1.1)</i>
<i>US dollars share (%)</i>	<i>92.9</i>	<i>93.3</i>	<i>92.7</i>	

Source: Cayman Islands Monetary Authority and ESO

**Net foreign assets:** Net foreign assets (NFA) of the Cayman Islands Monetary Authority (CIMA) and commercial banks expanded by 13.2 percent and 0.1 percent, respectively (see Table 3.8). CIMA's NFA rose by \$18.0 million during the review period, higher than the increase of \$9.2 million seen a year earlier. The marginal build-up in commercial banks' NFA occurred in the context of a rise in foreign assets by 9.3 percent, which outweighed a 22.8 percent expansion in foreign liabilities.

The rise in foreign assets was due to a build-up of foreign currency balances held with banks and branches coupled with increased foreign investments. These were partly offset by a reduction in non-resident loans of 15.0 percent. Foreign liabilities increased on account of higher non-resident deposits and other liabilities, which rose by 22.5 percent and 26.4 percent, respectively.

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 84.0 percent in 2019, lower than the 84.2 percent recorded in 2018. The reduction was influenced by a decline in



resident's foreign currency deposits. Notwithstanding, foreign currency 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 currency deposits provides strong support for the fixed exchange rate under the currency board system.

**Table 3.8: Net Foreign Assets, CI\$ million**

	Dec-17	Dec-18	Dec-19	% Change
<b>Net Foreign Assets</b>	<b>4,954.5</b>	<b>5,305.1</b>	<b>5,330.5</b>	<b>0.5</b>
Monetary Authority	126.6	135.8	153.8	13.2
Commercial Banks	4,827.9	5,169.3	5,176.7	0.1
<b>Foreign Assets</b>	<b>8,802.2</b>	<b>8,664.5</b>	<b>9,467.7</b>	<b>9.3</b>
Bal. with Banks & Branches	4,310.3	4,172.8	4,606.7	10.4
Total Investment	2,475.9	2,741.9	3,373.3	23.0
Total Non-Resident Loans	2,015.9	1,749.8	1,487.7	(15.0)
<b>Foreign Liabilities</b>	<b>3,974.2</b>	<b>3,495.2</b>	<b>4,290.9</b>	<b>22.8</b>
Total Non-Resident Deposits	3,752.7	3,230.3	3,956.0	22.5
Other Liabilities	221.5	264.9	334.9	26.4

Source: Cayman Islands Monetary Authority and ESO

**Net domestic credit:** Domestic credit expanded by 7.6 percent to \$3,300.9 million in 2019, driven by increased lending to both the private and public sector. Credit extended to the private sector rose by 5.8 percent, reflecting expansions of 30.7 percent and 0.3 percent in businesses and household lending, respectively. The level of outstanding debt by the entire public sector increased by 33.2 percent due to a 46.9 percent rise in credit to the central government. The impact of this increase was partially offset by a 10.0 percent reduction in credit to parastatals.

**Table 3.9: Net Domestic Credit, CI\$ million**

	Dec-17	Dec-18	Dec-19	% Change
<b>Domestic Credit</b>	<b>3,188.5</b>	<b>3,066.3</b>	<b>3,300.9</b>	<b>7.6</b>
Credit to Public Sector	238.4	207.2	276.0	33.2
Credit to Central Government	182.8	157.2	230.9	46.9
Credit to Other Public Sector	55.5	50.1	45.1	(10.0)
Credit to Private Sector	2,950.2	2,859.1	3,024.9	5.8

Source: Cayman Islands Monetary Authority and ESO

Credit extended to businesses rose by \$220.1 million for the year to close at \$937.5 million (see Table 3.10). The trade and commerce sector reflected the largest expansion of \$221.3 million (or 60.9%). Credit to the services sector and the production and manufacturing sector rose by 7.5 percent and 0.7 percent,

respectively. The impact of these increases was partially offset by a 22.7 percent reduction in credit to other financial corporations.

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

	Dec-17	Dec-18	Dec-19	% Change
<b>Total Private Sector Credit</b>	<b>2,950.2</b>	<b>2,859.1</b>	<b>3,024.9</b>	<b>5.8</b>
<b>Credit to Businesses</b>	<b>884.1</b>	<b>717.4</b>	<b>937.5</b>	<b>30.7</b>
<b>Production &amp; Manufacturing</b>	<b>159.5</b>	<b>215.6</b>	<b>217.0</b>	<b>0.7</b>
Agriculture, Fishing and Mining	4.7	4.9	4.6	(7.4)
Manufacturing	14.1	13.8	8.0	(41.5)
Utilities	23.0	58.5	16.8	(71.3)
Construction	117.7	138.4	187.6	35.6
<b>Services</b>	<b>85.4</b>	<b>95.2</b>	<b>102.4</b>	<b>7.5</b>
Accommodation, Food, Bar & Entertainment Services	26.4	42.9	60.9	42.0
Transportation, Storage & Communications	24.1	23.4	21.5	(8.0)
Education, Recreational & Other Professional Services	34.9	28.9	20.0	(31.0)
<b>Trade and Commerce</b>	<b>578.6</b>	<b>363.3</b>	<b>584.6</b>	<b>60.9</b>
Wholesale & Retail Sales Trade	53.2	35.0	57.8	65.3
Real Estate Agents, Rental and Leasing Companies	132.0	145.2	262.6	80.8
Other Business Activities (General Business Activity)	393.4	183.1	264.2	44.3
<b>Other Financial Corporations</b>	<b>60.7</b>	<b>43.4</b>	<b>33.5</b>	<b>(22.7)</b>
<b>Credit to Households</b>	<b>1,992.5</b>	<b>2,063.1</b>	<b>2,068.8</b>	<b>0.3</b>
Domestic Property	1,719.8	1,780.9	1,771.8	(0.5)
Motor Vehicles	50.5	61.1	57.3	(6.2)
Education and Technology	6.4	5.8	4.7	(19.9)
Miscellaneous*	215.9	215.3	235.0	9.2
<b>NonProfit Organizations</b>	<b>73.6</b>	<b>78.6</b>	<b>18.6</b>	<b>(76.3)</b>

\*Miscellaneous include consolidated debt, insurance, medical & travel

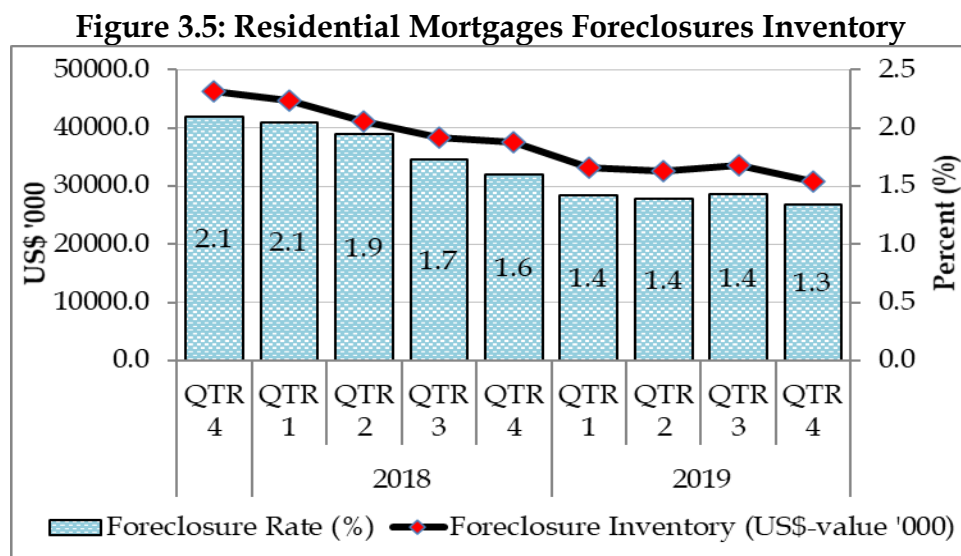
Source: Cayman Islands Monetary Authority and ESO

Credit to households, which accounted for more than two-thirds of the banking sector's domestic credit portfolio, increased by 0.3 percent (or \$5.7 million) to \$2,068.8 million in 2019. Growth in consumer loans was driven by a 9.2 percent expansion in credit for miscellaneous activities. In contrast, there were reductions in loans for domestic properties and motor vehicles, which fell by 0.5 percent and

6.2 percent, respectively. Credit extended to education and technology also declined by 19.9 percent.

**Residential mortgage foreclosures:** Data from CIMA showed that the average foreclosure inventory in 2019 reached 110 properties valued at US\$30.8 million. This represents a reduction from the 136 properties valued at US\$37.6 million in 2018 (see Figure 3.5).

Similarly, the average foreclosure rate (the value of foreclosure inventory over the total value of residential mortgages) inched downwards to 1.3 percent in 2019 from 1.6 percent in 2018.



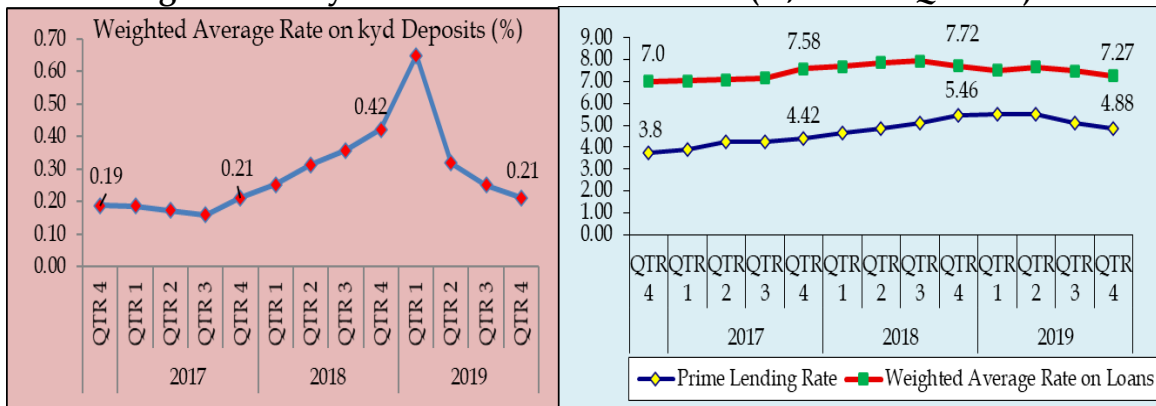
Source: Cayman Islands Monetary Authority and Economics and Statistics Office

**Interest rates:** Reductions in the Federal Funds Target Rate (FFTR) during 2019 supported a decline in Cayman's prime lending rate, which fell by 58 basis points to 4.88 percent at the end of 2019.

Consistent with the reduction in the prime rate, the weighted average rate on KYD loans fell during the period despite the increased demand for loans. As depicted in Figure 3.6, the KYD weighted average interest rate on outstanding loans declined by 45 basis points to 7.27 percent over the review period.

The weighted average rate on KYD deposits declined to 0.21 percent at the end of 2019 from 0.42 percent the previous year.

**Figure 3.6: Cayman Islands' Interest Rates (% , End of Quarter)**



Source: Cayman Islands Monetary Authority and ESO

## 4. Key Sector Developments

*Cayman's financial services industry weakened while stay-over tourist arrivals soared. The construction sector indicators suggest increased activity, while the total value of real estate transfers declined. The utilities sector comprising electricity and water grew during the year.*

### 4.1 Financial Services

Indicators of financial services generally declined in 2019, as increased uncertainty and regulatory constraints affected the sector during the year. All financial service indicators currently tracked declined, except for stock exchange listings and market capitalization.

**Banks & Trusts:** The Cayman Islands was ranked 14<sup>th</sup> in the world based on the values of the banking sector's positions in both cross border assets and liabilities. Despite the lower ranking relative to 2018 when the Islands was ranked 12<sup>th</sup>, the country continues to be a significant player in the world financial market. The value of international assets domiciled in the Cayman Islands declined by 1.5 percent to US\$660.4 billion despite an increase in global assets. Similarly, the value of international liabilities domiciled in Cayman fell by 1.7 percent to US\$659.8 billion.

Despite the decline in international assets and liabilities, the local and foreign currency positions held by local institutions increased over the period. Local foreign currency assets stood at US\$20.8 billion, while foreign currency liabilities stood at US\$50.1 billion. These assets and liabilities were registered in the domestic economy with other legally domiciled entities considered as resident entities<sup>10</sup>. On the other hand, assets denominated in the domestic currency (KYD) remained at US\$2.3 billion, while liabilities increased to US\$2.8 billion from US\$2.1 billion at the end of 2018.

The number of bank and trust licenses continued its downward trend, declining by 8 (or 6.0%) to 125 at the end of 2019. 'Class A' banks decreased by 2 (or 18.2%) to 9, while 'Class B' banks fell by 6 (or 4.9%) to 116. The number of banks was

<sup>10</sup> 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.).



comprised of branches (77), subsidiaries (31) and privates & affiliates (17) from mainly the Western Hemisphere.

**Table 4.1: Bank & Trust Companies, 2016-2019**

	2016	2017	2018	2019	% Change
<b>Bank and Trust Licences</b>	<b>159</b>	<b>148</b>	<b>133</b>	<b>125</b>	<b>(6.0)</b>
<i>Of which:</i> Class 'A'	11	11	11	9	(18.2)
Class 'B'	148	137	122	116	(4.9)
<b>Trust Companies</b>	<b>117</b>	<b>118</b>	<b>117</b>	<b>115</b>	<b>(1.7)</b>
Trust Companies (Unrestricted)	57	57	57	56	(1.8)
Trust Companies (Restricted)	60	61	60	59	(1.7)
<b>Assets and Liabilities</b>	<b>US\$ Billion</b>				
Total Position					
Assets	1,033.4	931.9	670.1	660.4	(1.5)
Liabilities	1,040.2	932.1	671.5	659.8	(1.7)
Cross-Border Position (Foreign and Domestic Currency)					
Assets	1,015.6	914.7	652.5	639.5	(2.0)
Liabilities	985.5	874.4	622.2	609.7	(2.0)
Domestic Position (Foreign Currency)					
Assets	17.8	17.2	17.7	20.8	17.9
Liabilities	54.8	57.7	49.3	50.1	1.6

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, continued to reflect both local and international regulatory changes. The decline in the number of bank and trust licences was reflected in declines from Europe, USA and the Caribbean & Central America. Europe's market share fell from 20.3 percent (27) to 16.0 percent (20), the USA's market share declined from 16.5 percent (22) to 16.0 percent (20) and the Caribbean & Central America's market share decreased from 18.0 percent (24) to 17.6 percent (22). In contrast, the South American market, the largest source market (22.4%), registered an increase in the number of licences from 25 to 28.

**Table 4.2: Number of Banks by Region, 2016-2019**

	2016	2017	2018	2019	% Change
	<b>Number of Banks</b>				
Europe	36	32	27	20	(25.9)
USA	25	24	22	20	(9.1)
Caribbean & Central America	21	20	24	22	(8.3)
Asia & Australia	21	21	20	20	-
Canada & Mexico	16	15	13	13	-
South America	35	33	25	28	12.0
Middle East & Africa	5	3	2	2	-
<b>Total</b>	<b>159</b>	<b>148</b>	<b>133</b>	<b>125</b>	<b>(6.0)</b>

Source: Cayman Islands Monetary Authority

**Insurance:** There was a contraction in the number of insurance licences in 2019. Specifically, the total number of insurers decreased by 58 (or 7.9%) to 672. This reduction was reflected in both 'domestic' and 'captive' insurers. (see Table 4.3).

Class A (domestic) insurers. The number of domestic insurers fell by 1 (or 3.7%) to 26 during the review period. This decline was due to a reduction in 'Class A' external insurers from 18 to 17 while 'Class A' local insurers remained unchanged at 9.

According to unaudited consolidated financial statements for the year, domestic insurance companies generated underwriting income of US\$188.7 million. This was reflected in net earned premium of US\$672.4 million, which was reduced by underwriting expenses of US\$483.7 million.

Gross premiums totalled US\$816.8 million, with ceded premiums<sup>11</sup> of -US\$256.1 million. Health insurance accounted for the largest share of gross premiums with US\$327.4 million (or 40.1%) followed by property with US\$237.3 million (or 29.1%). The largest share of ceded premiums was for property insurance with -US\$195.9 million (or 76.5%) followed by health with -US\$38.9 million (or 15.2%). Net claims and adjustment expenses, the largest component within underwriting expenses, amounted to US\$414.2 million.

**Table 4.3: Insurance Companies, 2016 - 2019**

<sup>11</sup> Ceded premiums are premiums paid or payable by the insurance company to another insurer for reinsurance protection. Negative figures indicate losses.

	2016	2017	2018	2019	% Change
<b>Total Insurance Licences</b>	<b>740</b>	<b>724</b>	<b>730</b>	<b>672</b>	<b>(7.9)</b>
Class 'A' Licences (Domestic)	29	28	27	26	(3.7)
Class 'B' Licences (Captives)	683	669	674	618	(8.3)
Class 'C' Licences (Captives)	25	24	25	23	(8.0)
Class 'D' Licences (Captives)	3	3	4	5	25.0
<b>Total Captives</b>	<b>711</b>	<b>696</b>	<b>703</b>	<b>646</b>	<b>(8.1)</b>
<b>Financial Position of Captives</b>	<b>US\$ Billion</b>				
Premiums	14.6	12.4	15.4	18.0	16.6
Total Assets	59.8	61.1	68.7	68.9	0.3

Source: Cayman Islands Monetary Authority

Class B, C, and D or captives (international) insurers: There was a decline of 57 (or 8.1%) in the number of captive insurers in 2019. 'Class B' licences {segregated portfolio companies (SPC)} fell by 8.3 percent to 618, while 'Class C' licences (special purpose vehicles) decreased by 8.0 percent to 23. In 'contrast Class D' licences rose by 1 (or 25.0%) to 5.

Despite the reduction in numbers, the financial performance of captives improved during the review period with total premiums increasing by 16.6 percent to US\$18.0 billion. Total assets increased by 0.3 percent to US\$68.9 billion.

As shown in Table 4.4, the composition of the captive industry was similar to preceding years. North America maintained its position as the dominant risk location, accounting for 90.6 percent of registered captives.

**Table 4.4: Captive Insurance Licences by Risk Location  
and Primary Class of Business, 2016-2019**

	2016	2017	2018	2019
Number of Companies				
Africa, Asia & Middle East	6	7	6	4
Caribbean & Latin America	20	19	19	18
Europe	14	12	11	7
North America	639	625	632	585
Pacific Rim	2	2	2	1
Other	30	31	33	31
	<b>711</b>	<b>696</b>	<b>703</b>	<b>646</b>

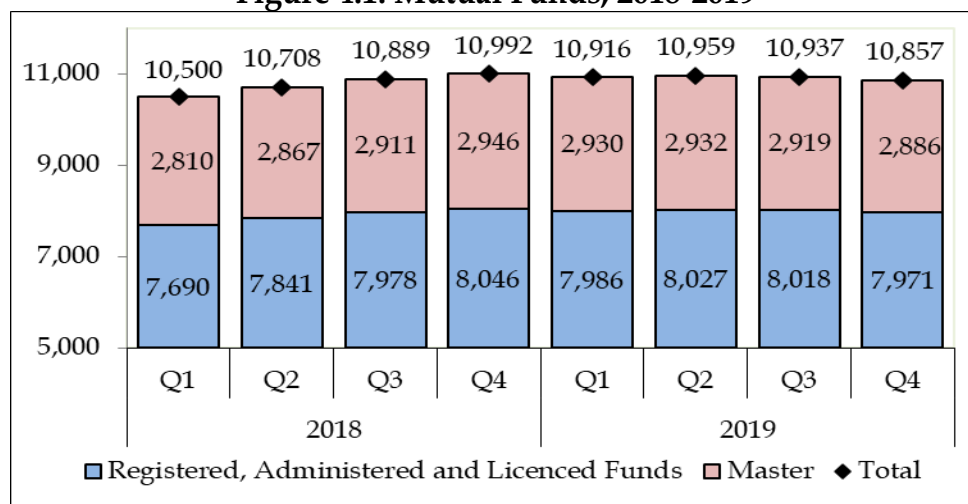
  

	2016	2017	2018	2019
Number of Companies				
Healthcare	232	223	227	210
Workers' Compensation	150	152	152	137
Property	68	66	69	64
General Liability	79	79	80	75
Professional Liability	64	62	59	55
Other	118	114	116	105
	<b>711</b>	<b>696</b>	<b>703</b>	<b>646</b>

Source: Cayman Islands Monetary Authority

**Mutual Funds:** The number of mutual funds totalled 10,857 at the end of 2019, 1.2 percent lower than at the end of 2018. This was due to declines in all categories with master funds down by 2.0 percent (or 60), registered funds down by 0.5 percent (or 42), administered funds down by 6.9 percent (or 22) and licenced funds down by 14.7 percent (or 11).

**Figure 4.1: Mutual Funds, 2018-2019**



Source: Cayman Islands Monetary Authority

**Stock Exchange.** During 2019, the number of stocks listed on the Cayman Islands Stock Exchange (CSX) increased by 379 to reach a record 2,078. This increase was

attributed to increased listings of specialist debt securities<sup>12</sup> (up 419 to 1,547). The impact of this was partly offset by lower listings for mutual funds (down 30 to 194), insurance-linked securities (down 6 to 41) and sovereign debt securities<sup>13</sup>. There were no changes in the listings for primary equities, secondary equities, and retail debt securities.

**Table 4.5: Stock Listings, 2017-2019.**

<b>Instruments</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>% Change</b>
<b>Total</b>	<b>1,238</b>	<b>1,699</b>	<b>2,078</b>	<b>22.3</b>
Mutual Funds	216	224	194	(13.4)
Specialist Debt Security	702	1,128	1,547	37.1
Insurance Linked Security	42	47	41	(12.8)
Sovereign Debt Security	272	293	289	(1.4)
Primary Equity	4	4	4	0.0
Secondary Equity	1	1	1	0.0
Retail Debt Security	1	2	2	0.0

Source: Cayman Islands Stock Exchange

Consistent with the increase in listings, market capitalization rose by 37.7 percent to a record US\$427.0 billion. This surge resulted from increases in specialist and sovereign debt securities, which rose by US\$73.5 billion and US\$44.1 billion to US\$263.9 billion and US\$14.0 billion, respectively. Specialist debt securities accounted for 61.8 percent of the total market value of traded shares. There were also marginal increases for secondary equities and retail debt securities. Reduced levels of market capitalization were recorded for mutual funds (down \$0.1 billion to \$11.4 billion), insurance-linked securities (down \$0.7 billion to \$5.4 billion) and primary equities (down \$0.1 billion to \$0.3 billion).

<sup>12</sup> Specialist Debt Securities include debentures, debenture stock, loan stock, bonds, certificates of deposit and any other instrument creating or acknowledging indebtedness.

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

**Table 4.6: Market Capitalization (US\$ Billions), 2017-2019<sup>14</sup>**

Instruments	2017	2018	2019	% Change
<b>Total</b>	<b>241.4</b>	<b>310.2</b>	<b>427.0</b>	<b>37.7</b>
Mutual Funds	11.0	11.5	11.4	(0.8)
Specialist Debt Security	132.1	190.4	263.9	38.6
Insurance Linked Security	5.4	6.1	5.4	(11.5)
Sovereign Debt Security	92.3	100.9	145.0	43.7
Primary Equity	0.2	0.4	0.3	(20.9)
Secondary Equity	0.1	0.0	0.1	12.5
Retail Debt Security	0.4	0.8	0.9	5.5

Source: Cayman Islands Stock Exchange

**Company Registration:** The total number of registered companies increased by 2.1 percent to a record 109,556 at the end of 2019 (see Table 4.7). This improvement emanated from the addition of 12,822 companies which offset the termination of 10,796 companies in the registry. The Exempt category continued to be the preferred vehicle for the conduct of business, accounting for 83.8 percent of all incorporated companies. The number of exempt and resident companies in the registry rose by 1.8 percent and 0.4 percent to 91,833 and 6,867, respectively. The number of foreign companies, which are companies registered in Cayman but incorporated elsewhere, increased by 5.9 percent to 5,326. Foundation companies (commenced operations in February 2018) rose by 57.0 percent to 146, while limited liability companies rose 39.8 percent to 2,390. In contrast, the number of non-resident companies recorded a decline of 13.5 percent to 2,994.

New company registrations decreased by 21.5 percent to 12,822 in 2019 (Table 4.7). Exempt companies, which represented 81.5 percent of all new registrations, fell by 24.4 percent to 10,448. The number of terminated companies increased from 8,340 in 2018 to 10,796 in 2019. Of the terminations in 2019, 64.8 percent were removed by the Registrar, 28.6 percent were voluntary dissolutions and 2.7 percent represented voluntary cessation of foreign companies. Exempt companies registered the largest rate of termination with 9,073 leaving the register in 2019 relative to 7,642 in 2018.

**Table 4.7: Company Registrations, 2016-2019**

<sup>14</sup> 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.



	2016	2017	2018	2019	% Change
<b>Total Company Registrations</b>	<b>96,259</b>	<b>99,327</b>	<b>107,309</b>	<b>109,556</b>	<b>2.1</b>
Exempt	80,658	83,675	90,179	91,833	1.8
Non-Resident	4,566	3,871	3,461	2,994	-13.5
Resident	6,399	6,291	6,837	6,867	0.4
Foreign	4,433	4,601	5,029	5,326	5.9
Foundation*	-	-	93	146	57.0
Limited Liability Companies	203	889	1,710	2,390	39.8
<b>New Company Registrations</b>	<b>11,174</b>	<b>13,046</b>	<b>16,326</b>	<b>12,822</b>	<b>-21.5</b>
Exempt	9,812	11,138	13,812	10,448	-24.4
Non-Resident	29	25	15	25	66.7
Resident	518	583	726	738	1.7
Foreign	610	589	761	694	-8.8
Foundation*	-	-	84	55	-34.5
Limited Liability Companies	205	711	928	862	-7.1

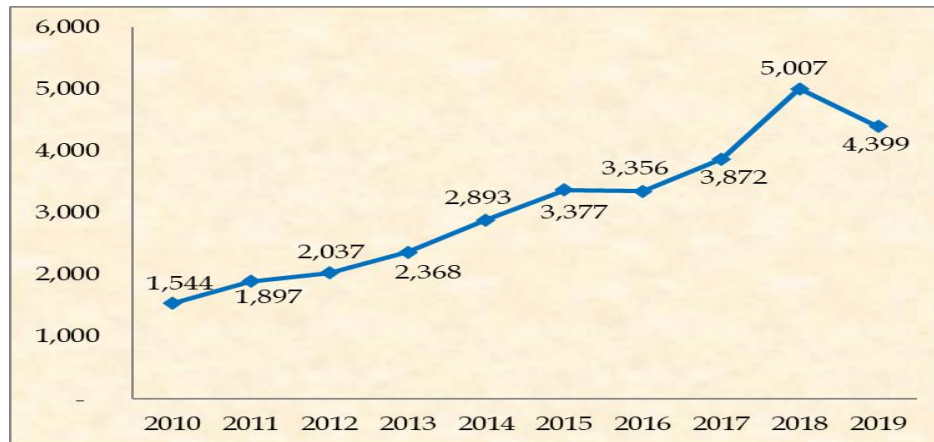
Source: Cayman Islands General Registry

**Partnership Registration:** The total number of registered partnerships increased by 9.7 percent to 28,939, as the number of new partnerships exceeded the number of terminated partnerships. Exempt limited partnerships on record increased by 9.4 percent to 28,469, while the number of foreign partnerships rose by 28.7 percent to 449. The number of limited partnerships remained unchanged at 21.

The improvement in the number of registered partnerships was due to new partnership registrations exceeding the number partnerships removed from the register during the year. Registration of new partnerships in 2019 totalled 4,339, relative to 5,007 in the preceding year. This decline was due to a fall in exempt limited partnerships by 12.8 percent to 4,289. Foreign partnerships recorded growth of 22.2 percent to 110. There were no limited partnerships in 2018 and 2019.

The number of terminated partnerships increased to 1,665 from 1,208 in 2018. This improvement was mainly due to an increase in exempt limited partnerships to 1,658 from 1,197 in 2018.

**Figure 4.2: New Partnership Registrations, 2010-2019**

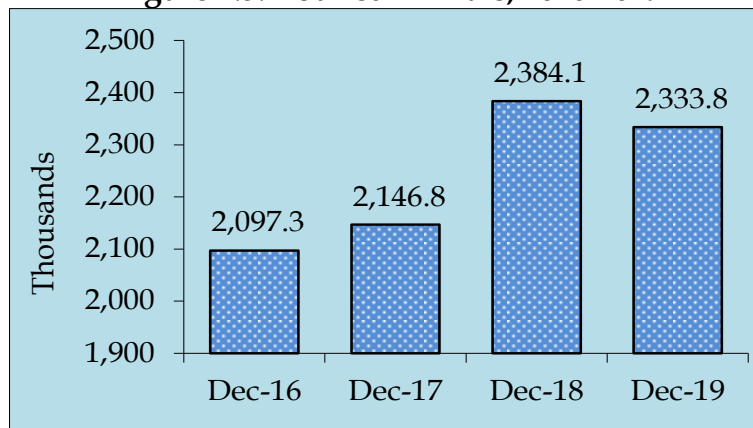


Source: Cayman Islands General Registry

## 4.2 Tourism

Stay-over visitor arrivals to the Cayman Islands expanded during 2019 as the islands continued to benefit from higher international demand coupled with strategic marketing and increased capacity. However, a reduction in cruise arrivals resulted in total visitor arrivals declining by 2.1 percent to 2,333,750 visitors.

**Figure 4.3: Tourist Arrivals, 2016-2019**



Source: Department of Tourism

**Stay-over arrivals** The Cayman Islands recorded a decade of consecutive annual growth in stay-over arrivals. Arrivals increased by 8.6 percent to 502,800 in the year, with arrivals from all source markets increasing. Visitors from the USA and Canada accounted for the bulk of increase with expansions of 8.6 percent and 13.3 percent, respectively. The rise in visitors from the US was in the context of increased demand for travel associated with a general rise in employment and

income levels. Arrivals from Europe rose for the first time since 2014, increasing by 5.5 percent for the year. Visitors from 'other' regions increased by 5.0 percent.

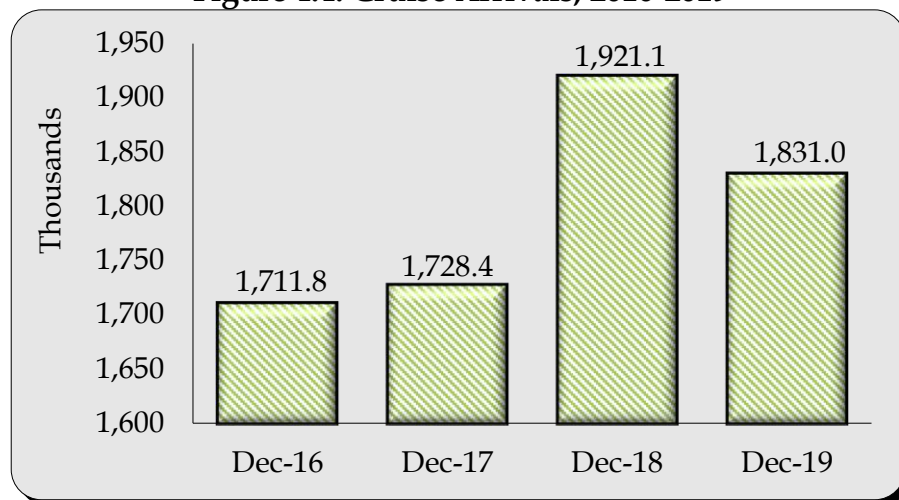
**Table 4.8: Stay-over Arrivals by Country of Origin, 2016-2019**

	2016	2017	2018	2019	% Change
In Thousands					
USA	300.6	341.0	385.3	418.6	8.6
Europe	29.2	24.3	22.8	24.1	5.5
Canada	23.3	24.8	26.6	30.1	13.3
Others	32.4	28.4	28.2	29.9	5.9
<b>Total</b>	<b>385.5</b>	<b>418.4</b>	<b>463.0</b>	<b>502.7</b>	<b>8.6</b>
USA (% share)	78.0	81.5	83.2	83.3	

Source: Department of Tourism

**Cruise market.** Cruise passenger arrivals contracted by 4.7 percent to 1,831,001 for the year. Despite the reduction, cruise arrival numbers was the second-highest on record. Consistent with the decline in cruise passengers, the number of port calls declined by 5.5 percent to 601.

**Figure 4.4: Cruise Arrivals, 2016-2019**



Source: Department of Tourism

## 4.3 Construction

Indicators for building intentions was buoyant for the year with all indicators increasing. The total value of building permits, project approvals and certificate of occupancy all increased for the review period.

**Building Permits:** The total value of building permits increased by 97.8 percent to reach \$490.3 million. The rise in value was driven by the residential and ‘other’ sectors. Building permits for residential properties increased sharply by 127.2 percent to \$348.5 million for the year. This growth largely reflected an uptick in permits for apartments which rose by 268.8 percent to \$220.7 million. The increase in value was due to approvals for several large-scale apartment projects during the period.

The ‘other’ category rose by 108.7 percent or \$69.4 million and reflected permits for several projects including a large solar panel installation, foundation for a multi-use building, and swimming pools. Industrial and hotel activity grew marginally for the in the year, in the context of no activity in the previous year. In contrast, permits for commercial and government buildings fell by \$20.4 million and \$4.8 million, respectively.

Consistent with the rise in building permit values, the volume of permits increased by 30.1 percent to 1,249.

**Table 4.9: Grand Cayman Building Permits 2016-2019**

	Building Permits (CIS Mil)				%
	2016	2017	2018	2019	Change
Residential	156.0	170.3	153.4	348.5	127.2
Houses	84.9	107.8	93.5	127.8	36.6
Apartments	71.1	62.5	59.8	220.7	268.8
Commercial	40.2	41.4	42.1	21.7	(48.5)
Industrial	3.9	3.6	-	3.0	-
Hotel	4.4	2.8	-	0.2	-
Government	11.6	0.2	14.0	9.2	(34.03)
Other	30.8	16.5	38.4	107.8	180.7
<b>Total</b>	<b>247.0</b>	<b>234.7</b>	<b>247.9</b>	<b>490.3</b>	<b>97.8</b>

	Number of Permits				%
	2016	2017	2018	2019	Change
Residential	285	336	379	516	36.1
Houses	236	255	260	350	34.6
Apartments	49	81	119	166	39.5
Commercial	79	89	93	86	(7.5)
Industrial	6	5	2	6	200.0
Hotel	13	2	1	1	-
Government	16	8	16	22	37.5
Other	405	439	469	618	31.8
<b>Total</b>	<b>804</b>	<b>879</b>	<b>960</b>	<b>1,249</b>	<b>30.1</b>

Source: Cayman Islands Planning Department

**Project Approvals:** The total value of project approvals in Grand Cayman rose by 18.4 percent to \$890.4 million for the year. This improvement reflected increases in all categories except “other” which declined.

Residential approvals rose by 23.1 percent to \$314.1 million, reflecting increases of 4.2 percent and 36.3 percent in houses and apartments, respectively. Proposed

projects for both categories included the Opus Townhouse complex, Phase 2 of One Canal point, and several high-end homes.

The hotels sector recorded the largest absolute increase for the year with two hotel projects valued at \$187.7 million being approved relative to no activity in the previous year. Increases were also observed in the commercial, industrial and government sectors which rose by \$11.4 million, \$2.8 million and \$6.4 million, respectively.

The “other” category declined by a noticeable 28.3 percent or \$138.1 million largely due to the non-recurrence of a large-scale modification project in the previous year.

The number of project approvals increased by 3.6 percent for the year with all categories except one growing over the period.

**Table 4.10: Grand Cayman Planning Approvals, 2016-2019**

	Project Approvals (CIS\$ Mil)				%
	2016	2017	2018	2019	Change
Residential	177.9	338.6	255.1	314.1	23.1
Houses	106.4	118.4	104.6	109.0	4.2
Apartments	71.5	220.3	150.5	205.2	36.3
Commercial	152.8	50.1	37.4	48.9	30.6
Industrial	20.2	74.2	1.6	4.4	182.3
Hotel	1.9	246.8	-	187.7	-
Government	14.2	4.5	1.3	7.7	491.8
Other	39.8	84.5	456.9	327.6	(28.3)
<b>Total</b>	<b>406.7</b>	<b>798.7</b>	<b>752.3</b>	<b>890.4</b>	<b>18.4</b>

	Number of Approvals				%
	2016	2017	2018	2019	Change
Residential	295	359	245	320	30.6
Houses	238	276	191	245	28.3
Apartments	57	83	54	75	38.9
Commercial	39	34	17	32	88.2
Industrial	13	19	5	7	40.0
Hotel	5	3	-	2	-
Government	8	14	4	10	150.0
Other	613	727	451	377	(16.4)
<b>Total</b>	<b>973</b>	<b>1,156</b>	<b>722</b>	<b>748</b>	<b>3.6</b>

Source: Cayman Islands Planning Department

**Certificates of Occupancy:** The value of certificates of occupancy (CO) increased by 20.5 percent, to \$208.6 million for 2019, its highest level since 2009 when the value was \$279.6 million. Certificates for apartments showed the strongest absolute growth of 31.8 percent followed by houses with a growth of 15.0 percent.

The total number of occupancy certificates issued improved by 18.2 percent to 435.

**Table 4.11: Certificates of Occupancy Grand Cayman, 2016-2019**

	Certificate of Occupancy (CI\$ Million)				%
	2016	2017	2018	2019	Change
Residential	34.2	88.9	138.3	169.1	22.2
Houses	30.5	72.5	78.8	90.6	15.0
Apartments	3.8	16.4	59.5	78.4	31.8
Commercial	5.6	13.5	24.3	25.1	3.2
Industrial	0.3	-	2.5	2.4	(1.6)
Hotel	0.3	2.3	3.7	4.9	34.5
Government	0.4	9.5	0.5	3.6	620.0
Other	3.0	3.2	3.8	3.5	(8.8)
<b>Total</b>	<b>43.8</b>	<b>117.4</b>	<b>173.1</b>	<b>208.6</b>	<b>20.5</b>

	Number of Certificates				%
	2016	2017	2018	2019	Change
Residential	102	246	269	318	18.2
Houses	93	207	194	242	24.7
Apartments	9	39	75	76	1.3
Commercial	33	68	66	86	30.3
Industrial	1	1	7	4	(42.9)
Hotel	1	8	2	2	-
Government	2	5	5	3	(40.0)
Other	2	13	19	22	15.8
<b>Total</b>	<b>141</b>	<b>341</b>	<b>368</b>	<b>435</b>	<b>18.2</b>

Source: Cayman Islands Planning Department

## 4.4 Real Estate

Real estate activity, as indicated by property transfer value and volume contracted in 2019. The value of property transfers totalled \$862.2 million; a decline of 24.6 percent relative to the previous year. The reduction was traced to lower values for freehold and leasehold properties transfers, which fell by 4.6 percent and 84.1 percent, respectively. Consistently, the total number of property transfers declined by 7.7 percent to reach 2,114.

**Table 4.12: Property Transfers, 2016-2019**

	2016	2017	2018	2019	% Change
<b>Freehold</b>					
number	1,792	1,875	2,070	1,922	(7.1)
value (CI\$M)	844.3	798.0	855.8	816.4	(4.6)
<b>Leasehold</b>					
number	183	194	220	192	(12.7)
value (CI\$M)	16.0	32.2	287.9	45.8	(84.1)
<b>Total</b>					
number	1,975	2,069	2,290	2,114	(7.7)
value (CI\$M)	860.3	830.2	1,143.7	862.2	(24.6)

Source: Lands and Survey Department

## 4.5 Utilities

**Utilities:** Rising population levels during the year continued to support increased demand for utilities relative to the previous year.



Water consumption increased by 2.5 percent to 2,058.9 million gallons. This was exceeded by a 3.9 percent increase in water production as major distributors ensured adequate supply.

Electricity consumption increased by 6.2 percent to 667.7 thousand megawatt-hours for 2019. The higher consumption level resulted from a higher customer base as well as a general rise in the average consumption per customer for the year. Residential consumption levels increased by 9.0 percent to 342.1 thousand megawatt-hours, while commercial consumption increased by 3.8 percent to 320.1 thousand megawatt-hours. Public consumption declined for the second consecutive year, falling by 14.2 percent to settle at 5.5 thousand megawatt-hours. Residential customers consumed 13.2 megawatt-hours of electricity on average in 2019, up from 12.4 megawatt-hours in the previous year. Commercial customers consumed 70.9 megawatt-hours on average, up from 69.9 megawatt-hours in 2018.

**Table 4.13 Utilities Production/Consumption, 2016-2019**

	Dec-16	Dec-17	Dec-18	Dec-19	% Change
Millions of US Gallons					
Water Production	2,192.6	2,279.1	2,424.0	2,518.8	3.9
Water Consumption	1,854.4	1,907.2	2,009.4	2,058.9	2.5
'000 of megawatt hrs					
Electricity Production (Net)	650.3	654.4	641.8	678.8	5.8
Electricity Consumption	606.7	621.8	628.8	667.7	6.2
Residential	299.1	312.8	314.0	342.1	9.0
Commercial	300.8	302.1	308.4	320.1	3.8
Public	6.8	6.9	6.5	5.5	(14.2)
Total Customers	28,678	29,160	29,822	30,537	2.4
Residential	24,429	24,853	25,409	26,023	2.4
Commercial	4,249	4,307	4,413	4,514	2.3

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

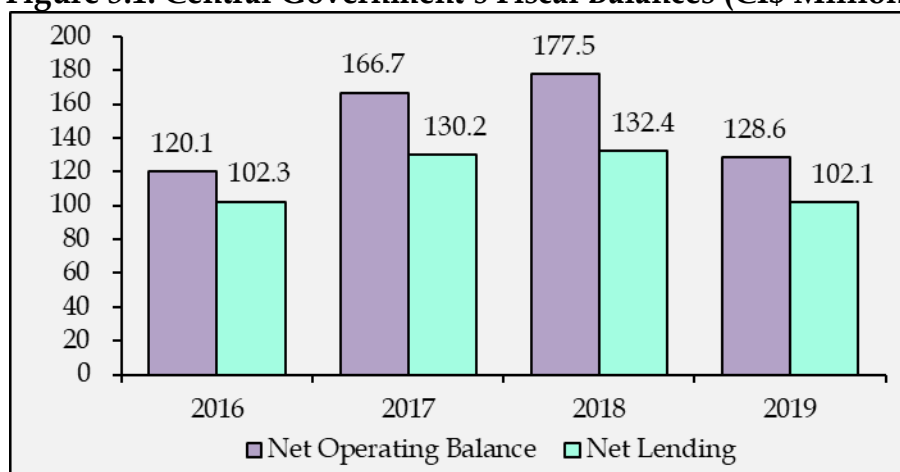
## 5. Fiscal Operations of the Central Government

*The central government posted its seventh consecutive year of surplus in 2019, facilitated by increased revenue, which provided fiscal space for continued debt reduction.*

## 5.1 Overview

The central government recorded net lending (overall surplus) of \$102.1 million in 2019 down from \$132.4 million in 2018 (see Figure 5.1). The positive balance reflected the seventh consecutive year of surplus by the central government as revenue of \$860.0 million outweighed expenditure of \$757.9 million.

**Figure 5.1: Central Government's Fiscal Balances (CI\$ Million)**



Source: Cayman Islands Treasury Department and ESO

The surplus as a percentage of GDP fell to 2.0 percent from 2.9 percent in 2018, due to the reduction in net lending. The moderation in net lending resulted from a \$60.1 million increase in expenditure which outweighed a \$29.8 million expansion in revenue (see Table 5.1). The expansion in revenue stemmed from increases in both taxes (coercive revenue) and other revenue (non-coercive revenue). Expenditure increased due to higher expenses (current expenditure), as net investment in non-financial assets (capital expenditure) declined during the review period.

Consistent with the positive overall balance, the central government generated a surplus in the net operating balance<sup>15</sup> of \$128.6 million in 2019 relative to \$177.5 million in 2018.

**Table 5.1: Summary of Fiscal Operations, 2016-2019**

<sup>15</sup> Net operating balance is revenue minus expense.

	2016	2017	2018	2019	% Change 2019/18
Millions of Cayman Islands Dollars					
<b>Revenue</b>	<b>705.9</b>	<b>753.2</b>	<b>830.2</b>	<b>860.0</b>	<b>3.6</b>
<b>Expense</b>	<b>585.8</b>	<b>586.4</b>	<b>652.6</b>	<b>731.4</b>	<b>12.1</b>
<b>Net Operating Balance</b>	<b>120.1</b>	<b>166.7</b>	<b>177.5</b>	<b>128.6</b>	<b>(27.6)</b>
Net Investment in Non-Financial Assets	17.8	36.5	45.2	26.5	(41.3)
<b>Expenditure</b>	<b>603.6</b>	<b>623.0</b>	<b>697.8</b>	<b>757.9</b>	<b>8.6</b>
<b>Net Lending</b>	<b>102.3</b>	<b>130.2</b>	<b>132.4</b>	<b>102.1</b>	<b>(22.9)</b>
<b>Financing:</b>					
Net Acquisition of Financial Assets	75.2	95.4	101.5	(184.9)	(282.2)
Net Incurrence of Liabilities	(27.1)	(34.8)	(30.9)	(287.0)	829.3

Source: Cayman Islands Treasury Department

## 5.2 Revenue

Revenue increased by 3.6 percent to \$860.0 million, reflecting expansions in taxes, up 2.5 percent to \$792.5 million, and other revenue, up 18.2 percent to \$67.5 million. All revenue categories, except taxes on property and other taxes rose during the year. The revenue-to-GDP ratio fell to 17.1 percent in 2019 from 18.1 percent in 2018 as growth in output outweighed the increase in revenue.

**Table 5.2: Revenue Collection of Central Government**

	2016	2017	2018	2019	% Change 2019/18
Millions of Cayman Islands Dollars					
<b>Revenue</b>	<b>705.9</b>	<b>753.2</b>	<b>830.2</b>	<b>860.0</b>	<b>3.6</b>
<b>Taxes</b>	<b>662.8</b>	<b>702.4</b>	<b>773.0</b>	<b>792.5</b>	<b>2.5</b>
Taxes on Int'l Trade & Transactions	174.3	178.0	199.1	210.9	5.9
Taxes on Goods & Services	425.2	451.0	469.4	511.0	8.9
Taxes on Property	58.7	69.7	83.0	67.0	(19.4)
Other Taxes	4.6	3.7	21.5	3.6	(83.3)
<b>Other Revenue</b>	<b>43.2</b>	<b>50.7</b>	<b>57.2</b>	<b>67.5</b>	<b>18.2</b>
Sale of Goods & Services	36.0	40.0	40.2	43.6	8.6
Investment Revenue	3.5	7.1	12.2	18.4	51.7
Fines, Penalties and Forfeits	3.2	2.6	2.7	2.9	8.8
Transfers n.e.c.	0.4	1.0	2.1	2.5	18.7

Source: Cayman Islands Treasury Department

**Taxes on goods and services:** Revenue from this category amounted to \$511.0 million, 8.9 percent higher than the revenue collected in 2018 (see Table 5.3). As a share of tax revenue, taxes on goods and services fell to 60.7 percent from 64.2 percent in 2018. Financial services licences accounted for the largest increase in revenue within the category with only traders' licences declining.

**Table 5.3: Taxes on Domestic Goods and Services**

	2016	2017	2018	2019	% Change 2019/18
<b>Millions of Cayman Islands Dollars</b>					
Financial Services Licences	246.4	251.8	263.8	277.2	5.1
ICTA Licences & Royalties	8.2	8.9	7.5	8.6	14.3
Work Permit and Residency Fees	79.7	88.9	87.3	99.5	13.9
Other Stamp Duties	9.4	10.6	10.6	13.4	26.5
Traders' Licences	6.1	5.8	5.9	5.7	(2.4)
Other Domestic Taxes	75.5	85.1	94.4	106.7	13.0
<i>Of which:</i>					
Tourist Accommodation Charges	20.2	24.6	32.7	36.5	11.8
Motor Vehicle Charges	10.1	11.1	11.5	11.4	(0.9)
<b>Taxes on Goods &amp; Services</b>	<b>425.2</b>	<b>451.0</b>	<b>469.4</b>	<b>511.0</b>	<b>8.9</b>

Source: Cayman Islands Treasury Department

Revenue inflow from financial services licences increased by 5.1 percent to \$277.2 million (see Table 5.4). Four of the ten financial services categories increased, with partnership fees (up 16.6% to \$60.4 million) and other company fees - exempt (up 6.6% to \$104.4 million) recording the largest increases.

**Table 5.4: Financial Services Licences**

	2016	2017	2018	2019	Absolute Change	% Change 2019/18
<b>Millions of Cayman Islands Dollars</b>						
<b>Financial Services Licences</b>	<b>246.4</b>	<b>251.8</b>	<b>263.8</b>	<b>277.2</b>	<b>13.4</b>	<b>5.1</b>
Bank and Trust Licences	31.9	29.2	29.4	28.5	(0.9)	(2.9)
Insurance Licences	9.3	8.8	8.8	8.7	(0.1)	(1.5)
Other Company Fees - Resident	2.4	2.5	2.9	2.6	(0.3)	(8.8)
Other Company Fees - Non-Resident	3.3	2.9	2.5	2.2	(0.2)	(10.0)
Other Company Fees - Exempt	89.3	95.6	98.0	104.4	6.4	6.6
Other Company Fees - Foreign	6.7	6.7	7.1	8.4	1.3	18.3
Partnership Fees	40.7	47.1	51.8	60.4	8.6	16.6
Mutual Fund Administrators	45.8	41.9	44.0	43.1	(0.9)	(2.1)
Money Services Licences	2.8	2.8	3.1	3.5	0.4	14.7
Security Investment Business Licences	14.3	14.3	16.2	15.3	(1.0)	(5.9)

Source: Cayman Islands Treasury Department

Work permit and residency fees increased by 13.9 percent to \$99.5 million. Within this category, work permit fees rose by 12.1 percent to \$78.5 million in line with an

increase in the number of work permits issued. Revenue collected from ICTA licences and royalties rose by 14.3 percent to \$8.6 million.

Other domestic taxes recorded an increase of 13.0 percent to \$106.7 million. Notably, revenue from tourist accommodation charges rose by 11.8 percent to \$36.5 million due to growth of 8.6 percent in stayover arrivals. The revenue generated from motor vehicle charges declined by 0.9 percent to \$11.4 million.

Other stamp duties increased by 26.5 percent to \$13.4 million, while revenue collected from traders' licences decreased by 2.4 percent to \$5.7 million.

**Taxes on international trade and transactions:** Collections in this category rose by 5.9 percent to \$210.9 million as all categories increased except cruise ship departure charges (see Table 5.5). The share of tax revenue contributed by international trade increased to 26.6 percent from 25.8 percent in 2018.

Import duties rose by 6.6 percent to \$12.0 million as all categories of duties increased. Duties collected on gasoline/diesel and alcoholic beverages rose by 9.0 percent and 6.9 percent to \$16.0 million and \$23.8 million, respectively. Motor vehicle duties increased by 5.0 percent to \$18.0 million, while duties collected from tobacco products rose by 8.6 percent to \$8.5 million. Other import duties rose by 6.4 percent to \$126.8 million.

**Table 5.5: Taxes on International Trade and transactions**

	2016	2017	2018	2019	Absolute Change	% Change 2019/18
Millions of Cayman Islands Dollars						
<b>Import Duties</b>	<b>158.4</b>	<b>161.9</b>	<b>181.1</b>	<b>193.1</b>	<b>12.0</b>	<b>6.6</b>
Gasoline/Diesel	14.4	14.2	14.7	16.0	1.3	9.0
Alcoholic Beverages	19.9	20.8	22.3	23.8	1.5	6.9
Motor Vehicles	16.8	16.6	17.2	18.0	0.9	5.0
Tobacco Products	8.1	7.0	7.8	8.5	0.7	8.6
Other Import Duties	99.2	103.4	119.2	126.8	7.6	6.4
Cruise Ship Departure Charges	10.3	10.4	11.5	11.0	(0.5)	(4.6)
Environmental Protection Fund Fees	5.7	5.7	6.4	6.8	0.4	5.8
<b>Taxes on International Trade and Transactions</b>	<b>174.3</b>	<b>178.0</b>	<b>199.1</b>	<b>210.9</b>	<b>11.8</b>	<b>5.9</b>

Source: Cayman Islands Treasury Department

Environmental protection fund fees rose by 5.8 percent to \$6.8 million, while revenue collected from cruise ship departures fell by 4.6 percent to \$11.0 million. The reduction in cruise ship departure charges resulted from a decline in the number of cruise passengers visiting the Islands.

**Taxes on Property:** Property tax revenue fell by 19.4 percent to \$67.0 million in 2019 (Table 5.2). This reduction was largely driven by stamp duty on land transfers which declined by 20.0 percent to \$64.5 million.

**Other taxes:** Other tax revenues declined by 83.3 percent to \$3.6 million. This decline was in the context of non-recurrent proceeds from liquidated entities, which occurred in 2018.

**Other revenue (non-coercive revenue):** Non-tax revenue increased by 18.2 percent to \$67.5 million in 2019. This improvement stemmed from increases in all categories. Sale of goods and services rose by 8.6 percent to \$43.6 million; investment revenue increased by 51.7 percent to \$18.4 million; fines, penalties and forfeits advanced by 8.8 percent to \$2.9 million; and transfers not elsewhere classified (other operating revenue) increased by 18.7 percent to \$2.5 million.

## 5.3 Expenditure

Central government spent a total of \$757.9 million during 2019 compared with \$697.8 million in 2018 (Table 5.1). As a proportion of GDP, expenditure decreased to 15.1 percent from 15.2 percent in 2018 as the expansion in expenditure was outweighed by the growth in GDP. The higher level of expenditure was due to an increase of \$78.8 million in expense which offset a decline of \$18.7 million in net investment in non-financial assets.

**Expense (current expenditure):** The operational expense of the central government increased by 12.1 percent to \$731.4 million, reflecting higher spending in five of the seven categories (see Table 5.6).

**Table 5.6: Expense of the Central Government**

	2016	2017	2018	2019	% Change 2019/18
<b>Millions of Cayman Islands Dollars</b>					
<b>Expense</b>	<b>585.8</b>	<b>586.4</b>	<b>652.6</b>	<b>731.4</b>	<b>12.1</b>
Compensation of Employees	254.5	273.6	283.5	330.6	16.6
Use of Goods and Services	93.6	86.7	97.3	112.5	15.6
Subsidies	137.8	133.1	166.5	180.0	8.1
Social Benefits	32.4	29.9	36.2	39.5	9.0
Consumption of Fixed Capital	34.2	32.8	32.6	36.0	10.4
Interest	27.1	25.6	24.0	22.1	(8.2)
Other Expense	6.2	4.8	12.6	10.8	(13.9)

Source: Cayman Islands Treasury Department



Compensation of employees (personnel costs) rose by 16.6 percent to \$330.6 million in 2019. This was due to increases of \$19.3 million to \$240.3 million in salaries and wages (including employee pension contributions) and \$19.2 million to \$40.3 million in the government's pension expense. An increase in the number of employees by 164 to 4,124 could partly explain the higher labour costs. Additional payments were also announced for to seamen and veterans during the year.

Use of goods and services (supplies and consumables spending) increased by 15.6 percent to total \$112.5 million. This reflected increased spending on all categories except travel and subsistence. Higher spending on services, up 19.5 percent to \$66.2 million, and the supply of goods, up 9.7 percent to \$17.6 million, were the main contributors.

Payment of subsidies to public entities (statutory authorities and government owned companies) and non-governmental organizations increased by 8.1 percent to \$180.0 million. Public entities received 8.9 percent more in subsidies to total \$129.9 million while non-governmental organizations received 6.2 percent more subsidy to reach \$50.1 million. With regards to public entities, the Cayman Islands National Insurance Company (up \$6.6 million to \$39.5 million), Health Services Authority (up \$3.2 million to \$37.8 million) and University College of the Cayman Islands (up \$1.2 million to \$5.5 million) accounted for the largest increases in subsidies. With respect to non-governmental organizations, medical care for overseas providers (up \$2.2 million to \$35.8 million) received the largest increase in subsidies.

Social benefits<sup>16</sup> (transfer payments) rose by 9.0 percent to \$39.5 million. Housing assistance registered the largest increase, advancing by \$1.5 million to \$1.9 million. There were also increases in financial assistance for the poor (up \$1.3 million to \$8.6 million) and seamen ex-gratia payments (up \$1.0 million to \$7.7 million).

Consumption of fixed capital (depreciation) increased by 10.4 percent to \$36.0 million. The main contributors were the depreciation of buildings, which rose by 6.4 percent to \$18.3 million, and computer hardware, which rose by 51.0 percent to \$3.0 million. Interest payments fell by 8.2 percent to \$22.1 million, following a reduction in the debt stock.

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<sup>16</sup> These are current transfers receivable by households intended to provide for needs that arise from social risks associated with sickness, unemployment, retirement, housing, education or family circumstances.

Other expense, comprising central government's non-capital spending not classified elsewhere, declined by 13.9 percent to \$10.8 million. Payments to the University of the West Indies (down 92.5% to \$0.2 million) and judiciary expenses (down 27.7% to \$1.4 million) accounted for most of the reduced spending in this category.

**Investment in non-financial assets (formerly capital expenditure):** The Central government invested \$62.5 million (1.2% of GDP) in non-financial assets for 2019, relative to \$77.7 million (1.7% of GDP) in 2018. Net investment in non-financial assets, which is total investment in non-financial assets less depreciation, declined by 41.3 percent to \$26.5 million.

**Table 5.7: Investment in Non-Financial Assets of the Central Government**

	2016	2017	2018	2019	% Change 2019/18
Millions of Cayman Islands Dollars					
<b>Gross Investment in Non-Financial Assets</b>	<b>51.9</b>	<b>69.4</b>	<b>77.7</b>	<b>62.5</b>	<b>(19.6)</b>
Fixed Assets	51.9	69.4	77.7	62.5	(19.6)
Capital Investment in Ministries and Portfolio:	18.9	9.6	20.2	23.5	16.6
Capital Investment in Statutory Authorities and Government Owned Companies	22.3	43.8	31.6	23.0	(27.1)
Executive Assets	12.1	15.5	24.8	15.5	(37.4)
Net Lending	(1.4)	0.5	1.2	0.4	(65.5)
<b>Net Investment in Non-Financial Assets</b>	<b>17.8</b>	<b>36.5</b>	<b>45.2</b>	<b>26.5</b>	<b>(41.3)</b>
Consumption of Fixed Capital	34.2	32.8	32.6	36.0	10.4

Source: Cayman Islands Treasury Department

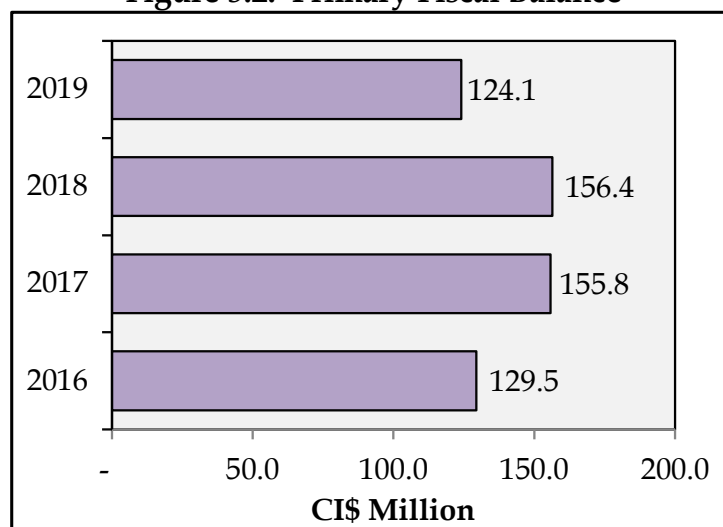
Within fixed assets, capital investment in ministries and portfolios rose by 16.6 percent to \$23.5 million. Increased spending in the Ministry of Human Resources and Immigration (up \$5.4 million to \$8.6 million) and the Ministry of Education, Youth, Sports, Agriculture and Lands (up \$2.1 million to \$6.0 million) were the primary recipients. Capital investment in statutory authorities and government-owned companies declined by 27.1 percent to \$23.0 million. This decline stemmed primarily from the reduced expenditure of \$7.9 million to \$4.7 million on Cayman Airways Limited. Capital expenditure on executive assets decreased by 37.4 percent to \$15.5 million. This outturn emanated mainly from a \$10.7 million reduction in spending on land purchases.

## 5.4 Primary Balance

The primary balance, defined as net lending excluding interest payments, which is a standard indicator of the central government's capacity to service debt obligations recorded a surplus of \$124.1 million in 2019 relative to \$156.4 million

in 2018. As a percentage of GDP, the primary balance decreased to 2.5 percent in the review period from 3.4 percent in 2018.

**Figure 5.2: Primary Fiscal Balance**



Sources: Cayman Islands Treasury Department and ESO

## 5.5 Financing and Debt Service Indicators

Net acquisition of financial assets, which includes the assumed cash balance from the overall surplus, fell by 282.2 percent to -\$184.9 million in 2019 (see Table 5.8). The negative value is in the context of the government reducing its cash position to repay debt. Consequently, the government reduced its liabilities during the year by \$287.0 million relative to a reduction of \$30.9 million in 2018.

**Table 5.8: Financing of Central Government**

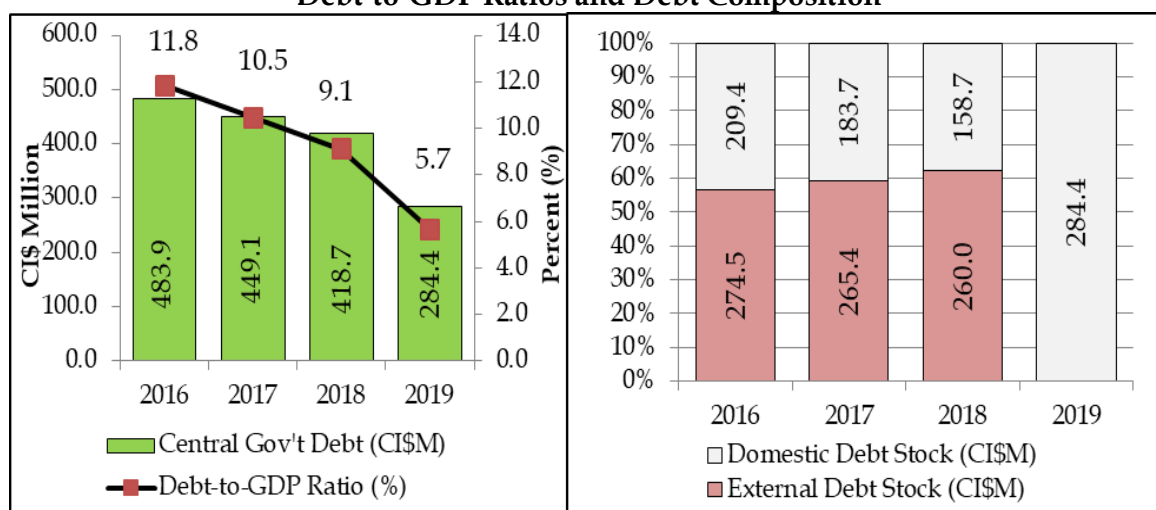
	2016	2017	2018	2019	% Change 2019/18
Millions of Cayman Islands Dollars					
<b>Financing:</b>					
Net Acquisition of Financial Assets	75.2	95.4	101.5	(184.9)	(282.2)
Net Incurrence of Liabilities	(27.1)	(34.8)	(30.9)	(287.0)	829.3
Disbursements	0.0	0.0	0.0	0.0	-
Loan Repayment	27.1	34.8	30.9	287.0	829.3

Source: Cayman Islands Treasury Department

The loan repayments in the review period, particularly a bond payment in November 2019, resulted in the largest reduction in the central government's outstanding debt in a given year, down to \$284.4 million at the end of 2019 from

\$418.7 million at the end of 2018 (see Figure 5.3)<sup>17</sup>. The reduction in debt and increase in GDP placed the debt-to-GDP ratio at 5.7 percent relative to 9.1 percent at the end of 2018. The payment also allowed the government to eliminate its external debt obligations with all outstanding debt at the end of 2019 being owed to 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 interest payments-to-revenue ratio, which was the only debt service indicator to decline in 2019, fell to 2.6 percent from 2.9 percent in 2018 (see Table 5.9). As a result of the bond payment in 2019, the debt service-to-GDP and debt service-to-revenue ratios increased to 6.2 percent and 35.9 percent from 1.2 percent and 6.6 percent in 2018, respectively.

**Table 5.9: Central Government Debt Service Indicators**

Debt Service Indicators	2016	2017	2018	2019
Interest Payments-to-Revenue Ratio	3.8	3.4	2.9	2.6
Debt Service-to-GDP Ratio	1.3	1.4	1.2	6.2
Debt Service-to-Revenue Ratio	7.7	8.0	6.6	35.9

Source: Cayman Islands Treasury Department, Economics and Statistics Office

<sup>17</sup> Central government's outstanding debt comprises debt managed directly by the Treasury Department and excludes government-guaranteed debt and other contingent liabilities.

## 6. Macroeconomic Outlook for 2020

*The Islands' economy is projected to contract in 2020 as consumers and suppliers navigate the consequences of the COVID-19 pandemic. Domestic inflation is expected to decelerate relative to 2019 as demand subsides, while unemployment is expected to rise amidst declining production.*

### 6.1 Global Outlook<sup>18</sup>

The global lockdown resulting from the COVID-19 pandemic is expected restrict economic activity and lead to contraction of 4.9 percent in world output for 2020 (see Table 6.1). This decline is relative average annual growth of 3.4 percent in the five years before 2020. Output in advanced economies is anticipated to contract by 8.0 percent in 2020, followed by 4.5 percent recovery in 2021. The US economy is projected to contract 8.0 percent in 2020, before recovering by 4.8 percent in 2021. The economic contraction in the U.S. is also expected to be hindered by continued uncertainty surrounding trade tensions as well as current civil protests.

**Table 6.1: Macroeconomic Indicators 2016-2021**

	2016	2017	2018	2019	Projections	
					2020	2021
<b>Real GDP growth (%)</b>						
Cayman Islands	3.2	3.1	4.1	3.2	-7.6	5.3
United States	1.6	2.2	2.9	2.3	-8.0	4.8
World	3.4	3.8	3.6	2.9	-4.9	5.4
Advanced Economies	1.7	2.4	2.2	1.7	-8.0	4.5
<b>Consumer Prices Index (avg. %)</b>						
Cayman Islands	(0.7)	2.0	3.3	5.7	0.4	1.6
United States	1.3	2.1	2.4	1.8	0.6	2.0
Advanced Economies	0.8	1.7	2.0	1.4	0.3	1.1
<b>Unemployment (%)</b>						
Cayman Islands	4.2	4.9	2.8	3.5	7.1	5.5
United States	4.9	4.4	3.9	3.7	10.4	9.1
Advanced Economies	6.2	5.6	5.1	4.8	8.3	7.2

Sources: International Monetary Fund (April 2020 and June 2020 update) for data on the US, World, and Advanced Economies, and the Economics and Statistics Office for Cayman Islands data.

<sup>18</sup> This global outlook is based on information culled from the International Monetary Fund (April 2020 and June 2020 update) and other international organizations.

Global headline inflation is projected to decelerate over the medium term mainly due to diminishing demand as well as receding oil and commodity prices<sup>19</sup>. Oil prices are projected to fall by 41.1 percent in 2020, while non-fuel commodity prices are expected to grow by a minuscule 0.2 percent for the year. In the United States, average inflation is projected at 0.6 percent, lower than the 1.4 percent recorded in 2019. Average inflation among advanced economies is expected at 0.3 percent for 2020 and 1.1 percent for 2021.

## 6.2 Domestic Growth

Economic activity in the Cayman Islands is expected to contract as business production decline in line with imposed restrictions by the government. The closure of the Islands borders for the second and third quarters of the year will effectively reduce all tourism-related activity. Further, the latest outlook on the world economy, particularly, expected economic contractions in the US and advanced economies is likely to weigh on the demand for Cayman's major services. Notwithstanding, stimulus measures implemented by the government aimed at boosting construction and increasing disposable income should add some demand impetus for the year. Economic output in the Cayman Islands is projected to contract by 7.6 percent in 2020 before recovering to a growth of 5.3 percent in 2021. For 2020, most sectors are expected to contribute to the contraction led by hotels and restaurants, transport and real estate activities (see Tables 6.1 and 6.2).

Despite a relatively robust performance in the first quarter of the year, the **hotels and restaurant** sector is expected to contract by 74.6 percent. The closure of the Islands' hotels and cruise sector is expected to persist throughout the second and third quarters of the year with limited activity occurring mostly in the restaurant and bar segment. Consequently, the sector's capacity is expected to be significantly reduced for the year.

The **transport and communication** sector is projected to contract by 15.2 percent, as the decline in transport outweighs a moderate growth in communication. The closure of the Islands air and seaports to passengers, coupled with the associated impact on tour and public transport operators should result in the sector contributing the second-largest decline for the year.

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<sup>19</sup> Simple average of prices of U.K. Brent, Dubai Fateh, and West Texas Intermediate Crude Oil.  
Source: *World Economic Outlook (WEO)* by the International Monetary Fund (IMF).



**Table 6.2: Real GDP at (2015 Prices) by Sector (\$ million)\***

	2017	2018	2019E	2020P	% Change
Millions of CI\$					
<b>Primary Sectors</b>	<b>24.8</b>	<b>25.3</b>	<b>26.1</b>	<b>26.3</b>	0.8
Agriculture & Fishing	15.6	15.8	16.2	17.8	9.9
Mining & Quarrying	9.2	9.5	10.0	8.6	(14.1)
<b>Secondary Sectors</b>	<b>187.7</b>	<b>201.9</b>	<b>213.6</b>	<b>204.4</b>	(4.3)
Manufacturing	36.1	38.5	40.7	45.0	10.5
Construction	151.6	163.4	172.8	159.3	(7.8)
<b>Services Sectors</b>	<b>3,734.7</b>	<b>3,856.7</b>	<b>3,970.3</b>	<b>3,647.4</b>	(8.1)
Electricity & Water Supply	97.9	99.9	104.7	108.1	3.3
Wholesale & Retail Trade, Repairs & Installation of Machinery	261.1	273.3	290.0	261.1	(10.0)
Hotels & Restaurants incl. Bars	214.0	231.6	243.8	61.8	(74.6)
Transport, Storage & Communication	257.8	264.0	272.2	230.7	(15.2)
Financing & Insurance Services	1,313.9	1,337.2	1,363.6	1,312.3	(3.8)
Business Activities and Admin	652.2	679.6	693.3	689.1	(0.6)
Real Estate	361.4	369.4	379.3	341.1	(10.1)
Health and Social Work	148.1	157.5	163.9	191.7	16.9
Producers of Government Services	309.7	320.7	330.7	358.4	8.4
Other Services	118.5	123.4	128.7	93.1	(27.6)
<b>Taxes less Subsidies on Products</b>	<b>229.0</b>	<b>264.7</b>	<b>279.2</b>	<b>268.1</b>	(4.0)
<b>GDP constant at purchasers prices</b>	<b>4,176.2</b>	<b>4,348.6</b>	<b>4,489.2</b>	<b>4,146.2</b>	(7.6)
Growth (%)	3.1	4.1	3.2	(7.6)	

Source: Economics and Statistics Office

\* 2018 figures are advance estimates based on key indicators; 2019 figures are projections.

As economic activity slows and a significant portion of the population grapples with employment and income challenges, activities in the **real estate** sector is expected to contract moderately. The impact on the sector is likely to be further affected by dislocated expatriate workers who will need to leave the jurisdiction. Additionally, as uncertainty permeates the economy in the near term, future demand in the sector is expected to be timid at best. Consequently, the sector is anticipated to contract by 10.1 percent.

**Finance and insurance services** is projected to decline by 3.8 percent for the year. The sector is expected to show some resilience in the short term as the industry

has been able to get employees to work effectively remotely. Additionally, with most services already integrated with online platforms prior to the constraints associated with the pandemic, the sector was able to offer most services virtually seamlessly. **Business activities**<sup>20</sup> which have also been relatively unimpeded by current restrictions are expected to be impacted by the general fallout in domestic and international activities in the latter part of the year. Consequently, the sector is anticipated to fall by 5.5 percent for the year. Notably, there is a considerable downside risk to the forecast in both sectors. Activities could be impacted if the stock market recovery lingers after the first quarter sell-off, and remaining uncertainty in international stock markets become a trend over the latter half of 2020.

Notwithstanding the contractions in most sectors, additional spending by the government on health and other essential services is expected to boost economic activity in health and social services and other government services. Additionally, with individuals confined to their homes, consumption of electricity and water supply is expected to remain robust for the year.

### 6.3 Domestic Inflation

The consumer price index (CPI) inflation rate is forecasted at 0.4 percent in 2020, lower than the high observed in 2019. A reduction in both domestic and international demand is expected to relieve pressures on domestic prices. Additionally, falling international commodity prices are expected to further support stability in the consumer basket. Consequently, inflation is expected to slow to 0.4 percent and 1.6 percent in 2020 and 2021, respectively.

### 6.4 Domestic Labour Market

The unemployment rate in 2020 is forecasted at 7.1 percent of the labour force, as the fall-off in labour demand associated with the closure and consolidation of some industries is expected to contribute to higher unemployment levels. The demand for labour is expected to track the GDP growth forecasts with a decline in employment opportunities expected in the industries primarily affected. Over the medium-term, new employment is expected from the recovery of labour-intensive industries such as tourism.

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<sup>20</sup> This sector is comprised mainly of legal services, accounting and auditing services, business management and consultancy firms, corporate managers and corporate service providers, engineering services, architectural quantity surveying and mapping services, construction-related project management, etc.

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## **7. Acknowledgement**

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**Table A1: Gross Domestic Product**

Year	Nominal GDP (CI\$M)	Real GDP 2015 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	3,523.0	3,861.2	52.0	73,104	4.6
2007	3,721.9	3,983.3	54.1	73,658	3.2
2008	3,821.7	3,969.1	56.0	70,880	-0.4
2009	3,568.0	3,683.3	56.5	65,183	-7.2
2010	3,464.0	3,583.3	55.5	64,540	-2.7
2011	3,488.4	3,625.2	55.3	65,846	1.2
2012	3,575.8	3,669.8	56.1	65,387	1.2
2013	3,671.5	3,716.7	56.2	66,088	1.3
2014	3,802.4	3,815.4	56.9	66,945	2.7
2015	3,923.5	3,923.5	59.1	66,438	2.8
2016	4091.1	4,050.6	61.3	66,045	3.2
2017	4294.1	4,176.2	63.1	66,169	3.1
2018	4597.6	4,348.6	64.4	67,504	4.1
2019	5016.8	4,489.2	68.1	65,943	3.2

Source: Cayman Islands Government, Economics and Statistics Office

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**Table A2: Consumer Price Index and Inflation**  
(September 2016=100)

Year	Index Year-end	Index Average	Average Rate (%)	Inflation
1995	65.5	65.0		2.5
1996	67.5	66.6		2.5
1997	69.4	68.4		2.7
1998	71.1	70.5		3.0
1999	76.7	75.4		7.0
2000	77.8	77.3		2.6
2001	78.4	78.2		1.2
2002	80.7	80.2		2.5
2003	81.2	80.6		0.5
2004	90.3	84.2		4.5
2005	90.3	90.4		7.3
2006	91.8	91.0		0.7
2007	93.3	93.7		2.9
2008	97.0	97.6		4.1
2009	95.7	96.1		-1.5
2010	96.0	96.4		0.3
2011	97.8	97.6		1.3
2012	99.8	98.8		1.2
2013	101.5	100.9		2.2
2014	102.1	102.2		1.2
2015	99.6	99.8		-2.3
2016	100.0	99.1		-0.7
2017	102.4	101.1		2.0
2018	104.2	104.5		3.3
2019	112.9	110.4		5.7

Source: Cayman Islands Government, Economics and Statistics Office

**Table A3: Labour Force and Employment**

Year	Labour Force	Total Employed	Total Unemployed	Unemployment Rate (%)
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
2017	42,941	40,856	2,085	4.9
2018	46,178	44,887	1,291	2.8
2019	49,089	47,394	1,695	3.5

Source: Cayman Islands Government, Economics and Statistics Office

Note:

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



**Table A4: Composition of the Employed Labour Force**

<i>Year</i>	<b>Total</b>	<b>Caymanian</b>	<b>Permanent Resident WRW</b>	<b>Non-Caymanian</b>
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	4,537	14,979
2015	39,138	18,366	3,990	16,783
2016	40,411	18,525	4,404	17,482
2017	40,856	19,259	4,158	17,439
2018	44,887	20,751	3,843	20,292
2019	47,394	20,068	4,696	22,630

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	Caymanian	Permanent Residents WRW	Non-Caymanian
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
2017	2,085	1,515	190	380
2018	1,291	996	188	108
2019	1,695	1,201	177	318

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	24,158
2017	25,305
2018	26,657
2019	27,514

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

**Table A7: Merchandise Trade (CI\$ Million)**

Year	Imports	Exports	Trade Balance
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	19.7	(526.5)
2004	718.9	11.9	(707.0)
2005	976.3	42.8	(933.5)
2006	873.5	13.9	(859.6)
2007	857.6	17.9	(839.7)
2008	898.7	27.1	(871.6)
2009	779.6	23.0	(756.6)
2010	726.3	20.3	(706.0)
2011	801.6	30.6	(771.0)
2012	800.4	32.4	(768.0)
2013	816.6	42.8	(773.8)
2014	852.9	40.1	(812.8)
2015	821.9	54.0	(767.9)
2016	852.6	48.1	(804.5)
2017	914.8	32.2	(882.5)
2018R	1,042.8	34.4	(1,008.4)
2019P	1,183.3	44.9	(1,138.4)

<sup>R</sup> Revised

<sup>P</sup> Preliminary

Source: Cayman Islands Customs Department and ESO

**Table A8: Imports by Standard International Trade Classification**  
(CI\$ Million)

	2010	2011	2012	2013	2014	2015	2016	2017	2018R	2019P
<b>Total Imports</b>	<b>726.3</b>	<b>801.6</b>	<b>800.4</b>	<b>816.6</b>	<b>852.3</b>	<b>821.4</b>	<b>852.1</b>	<b>914.8</b>	<b>1,042.8</b>	<b>1,183.3</b>
Food and Live Animals	113.7	119.9	128.0	138.9	162.0	166.3	171.0	175.0	188.1	195.0
Beverages and Tobacco	27.5	27.4	28.9	30.0	31.5	30.9	34.4	34.1	41.6	43.5
Inedible Crude Materials	8.9	9.3	9.0	9.9	11.2	12.5	14.5	16.4	17.2	23.3
Mineral Fuels, Lubricants and Related Materials	140.3	202.1	173.0	189.3	178.5	106.8	93.2	112.2	133.2	140.9
Animal and Vegetable Oils, Fats and Waxes	0.3	0.3	0.2	0.2	0.6	1.5	1.1	0.6	1.6	1.7
Chemicals and Related Products n.e.s.	31.5	32.3	36.9	38.4	39.8	39.3	43.5	54.8	74.1	81.0
Manufactured Goods (classified chiefly by material)	78.5	77.4	92.7	94.5	91.7	90.7	95.2	110.7	124.4	135.7
Machinery and Transport Equipment	97.9	108.3	115.9	117.3	126.9	147.1	171.2	193.1	214.1	249.6
Miscellaneous Manufactured Articles	134.5	131.2	131.2	120.9	131.9	114.2	116.4	185.0	224.5	240.2
Commodities and Transactions n.e.s.	93.2	93.4	84.6	77.2	78.2	112.0	111.6	33.1	23.9	72.4

<sup>R</sup> Revised

<sup>P</sup> Preliminary

n.e.s. – not elsewhere specified

Source: Cayman Islands Customs Department and ESO

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

	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	<b>4,932.4</b>	<b>5,898.0</b>	<b>6,155.3</b>	<b>7,285.9</b>	<b>7,374.5</b>	<b>7,566.2</b>
<b>Net Foreign Assets</b>	<b>2,281.7</b>	<b>3,795.4</b>	<b>3,883.0</b>	<b>4,954.5</b>	<b>5,305.1</b>	<b>5,330.5</b>
Monetary Authority	100.2	110.8	122.2	126.6	135.8	153.8
Commercial Banks	2,181.5	3,684.6	3,760.8	4,827.9	5,169.3	5,176.7
<b>Net Domestic Assets</b>	<b>2,650.7</b>	<b>2,102.5</b>	<b>2,272.3</b>	<b>2,331.3</b>	<b>2,069.4</b>	<b>2,235.7</b>
<b>Domestic Credit</b>	<b>2,971.2</b>	<b>2,981.2</b>	<b>3,083.9</b>	<b>3,188.5</b>	<b>3,066.3</b>	<b>3,300.9</b>
Claims on central Government	243.6	226.5	211.0	182.8	157.2	230.9
Claims on other public sector	70.1	70.0	64.0	55.5	50.1	45.1
Claims on private sector	2,657.5	2,684.7	2,809.0	2,950.2	2,859.1	3,024.9
<b>Other Items (net)</b>	<b>(320.5)</b>	<b>(878.7)</b>	<b>(947.2)</b>	<b>(1,085.1)</b>	<b>(996.9)</b>	<b>(1,065.2)</b>
<b>Broad Liquidity</b>	<b>4,932.4</b>	<b>5,898.0</b>	<b>6,155.3</b>	<b>7,285.9</b>	<b>7,374.5</b>	<b>7,566.2</b>
<b>Broad money (KYD) M2</b>	<b>1,209.1</b>	<b>1,394.5</b>	<b>1,534.3</b>	<b>1,649.8</b>	<b>1,737.6</b>	<b>1,953.2</b>
Currency in circulation	95.5	107.7	115.6	119.5	126.6	140.4
KYD Deposits	1,113.6	1,286.8	1,418.7	1,530.3	1,611.0	<b>1,812.9</b>
Demand Deposits	460.6	505.3	595.9	648.0	643.4	775.3
Time and savings deposits	653.0	781.6	822.8	882.3	967.6	1,037.5
<b>FOREX deposits</b>	<b>3,723.3</b>	<b>4,503.4</b>	<b>4,621.0</b>	<b>5,636.0</b>	<b>5,636.9</b>	<b>5,613.0</b>
Of which: US dollars	3,382.0	4,158.6	4,216.6	5,235.4	5,262.0	5,203.1

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**

	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
<b>Total</b>	<b>2,657.5</b>	<b>2,684.7</b>	<b>2,809.0</b>	<b>2,950.2</b>	<b>2,859.1</b>	<b>3,024.9</b>
<b>Credit to Businesses</b>	<b>819.6</b>	<b>827.3</b>	<b>907.6</b>	<b>884.1</b>	<b>717.4</b>	<b>937.5</b>
<b>Production &amp; Manufacturing</b>	<b>169.2</b>	<b>165.5</b>	<b>172.2</b>	<b>159.5</b>	<b>215.6</b>	<b>217.0</b>
Agriculture, Fishing and Mining	20.0	8.3	4.3	4.7	4.9	4.6
Manufacturing	14.1	18.7	19.6	14.1	13.8	8.0
Utilities	15.7	12.9	36.9	23.0	58.5	16.8
Construction	119.4	125.6	111.3	117.7	138.4	187.6
<b>Services</b>	<b>82.1</b>	<b>65.6</b>	<b>72.2</b>	<b>85.4</b>	<b>95.2</b>	<b>102.4</b>
Accommodation, Food, Bar & Entertainment Services	27.7	15.4	13.6	26.4	42.9	60.9
Transportation, Storage & Communications	17.4	17.4	19.4	24.1	23.4	21.5
Education, Recreational & Other Professional Services	37.1	32.8	39.2	34.9	28.9	20.0
<b>Trade and Commerce</b>	<b>465.4</b>	<b>483.9</b>	<b>525.6</b>	<b>578.6</b>	<b>363.3</b>	<b>584.6</b>
Wholesale & Retail Sales Trade	72.3	68.5	53.4	53.2	35.0	57.8
Real Estate Agents, Rental and Leasing Companies	211.9	211.7	194.6	132.0	145.2	262.6
Other Business Activities (General Business Activity)	181.3	203.7	277.6	393.4	183.1	264.2
<b>Other Financial Corporations</b>	<b>102.9</b>	<b>112.2</b>	<b>137.6</b>	<b>60.7</b>	<b>43.4</b>	<b>33.5</b>
<b>Credit to Households</b>	<b>1,821.6</b>	<b>1,843.1</b>	<b>1,882.7</b>	<b>1,992.5</b>	<b>2,063.1</b>	<b>2,068.8</b>
Domestic Property	1,524.9	1,553.6	1,600.9	1,719.8	1,780.9	1,771.8
Motor Vehicles	34.2	41.2	45.8	50.5	61.1	57.3
Education and Technology	6.0	6.3	5.9	6.4	5.8	4.7
Miscellaneous*	256.5	242.0	230.0	215.9	215.3	235.0
<b>NonProfit Organizations</b>	<b>16.3</b>	<b>14.3</b>	<b>18.7</b>	<b>73.6</b>	<b>78.6</b>	<b>18.6</b>

\*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
2006	291	767	7.1	8,134	12,277	111.5	1,225
2007	281	793	7.5	9,413	14,232	168.3	1,748
2008	278	805	7.7	9,870	11,861	167.7	1,579
2009	266	808	7.5	9,523	7,863	163.0	1,312
2010	246	768	8.7	9,438	8,157	145.7	1,113
2011	234	766	11.8	9,258	9,064	143.8	1,156
2012	222	768	11.8	10,841	8,971	166.5	1,157
2013	213	788	12.6	11,379	9,433	172.6	1,116
2014	198	788	12.1	11,010	11,010	169.3	1,066
2015	184	739	12.8	10,940	11,875	195.3	1,048
2016	159	741	14.6	10,586	11,174	195.6	1,022
2017	148	724	12.4	10,559	13,046	241.4	1,238
2018	133	730	15.4	10,992	16,326	310.2	1,699
2019	125	672	18.0	10,857	12,822	427.0	2,078

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			Overall Total
	Bank & Trust	Bank	Total	Bank & Trust	Bank	Total	
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
2017	8	3	11	52	85	137	148
2018	8	3	11	46	76	122	133
2019	6	3	9	42	74	116	125

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
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	586	139	760	788
2015	31	539	140	708	739
2016	29	536	147	711	740
2017	28	521	148	696	724
2018	27	525	149	703	730
2019	26	490	128	646	672

Source: Cayman Islands Monetary Authority

**Table A14: Mutual Funds Domiciled in the Cayman Islands**

Year	Administered Funds	Licensed Funds	Registered Funds	Master Funds	Total
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
2017	331	81	7,331	2,816	10,559
2018	317	75	7,654	2,946	10,992
2019	295	64	7,612	2,886	10,857

Source: Cayman Islands Monetary Authority

**Table A15: New Companies Registered in the Cayman Islands**

Year	Exempt	Non-Resident	Resident	Foreign	Foundation*	LLC	Total
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
2017	11,138	25	583	589	-	711	13,046
2018	13,812	15	726	761	84	928	16,326
2019	10,448	25	738	694	55	862	12,822

Source: Companies Registrar

\*Commenced in February 2018.

**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	611
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	271.9	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	321.6	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
2017	418.4	1,728.4	2,146.8	569
2018	463.0	1,921.1	2,384.1	636
2019	502.1	1,831.0	2,333.8	601

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
2017	341.0	24.3	24.8	28.4	418.4
2018	385.3	22.8	26.6	28.2	463.3
2019	418.6	24.1	30.1	29.9	502.7

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 <sup>R</sup>	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
2017	1,875	798.0	194	32.2	2,069	830.2
2018	2,070	855.8	220	287.9	2,290	1,143.7
2019	1,922	816.4	192	45.8	2,114	862.2

Source: Cayman Islands Lands and Survey Department

<sup>R</sup> = 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
2017	83	276	34	14	3	19	727	1156
2018	54	191	17	4	0	5	451	722
2019	75	245	32	10	2	7	377	748

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
2017	220.3	118.4	50.1	4.5	246.8	74.2	84.5	798.7
2018	150.5	104.6	37.4	1.3	-	1.6	456.9	752.3
2019	205.2	109.0	48.9	7.7	187.7	4.4	327.6	890.4

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
2017	25	1	-	3	2	-	29	60
2018	15	2	-	2	1	-	38	57
2019	18	3	0	2	2	0	22	47

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
2017	4.7	-	-	0.4	0.1	-	1.1	6.2
2018	3.5	0.3	-	1.7	0.2	-	0.8	6.5
2019	3.9	2.9	0	2.1	0.2	0	0.2	9.2

Source: Cayman Islands Planning Department

**Table A24: Building Permits in Grand Cayman**

Category	Number					Value, CI\$ Million				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Apartment/ Condo	65	49	81	119	166	41.6	71.1	62.5	59.8	220.7
Houses	223	236	255	260	350	96.5	84.9	107.8	92.5	127.8
Commercial	75	79	89	93	86	26.3	40.2	41.4	42.1	21.7
Government	7	16	8	16	22	6.3	11.6	0.2	14.0	9.2
Hotel	5	13	2	1	1	4.6	4.4	2.8	0	0.2
Industrial	7	6	5	2	1	1.4	3.9	3.6	0	3.0
Other	354	405	439	469	618	10.3	30.8	16.5	38.4	107.8
<b>Total</b>	<b>736</b>	<b>804</b>	<b>879</b>	<b>960</b>	<b>1249</b>	<b>186.9</b>	<b>247.0</b>	<b>234.7</b>	<b>247.9</b>	<b>490.3</b>

Source: Cayman Islands Planning Department

**Table A25: Water Production and Consumption**

**Millions of US Gallons**

<b>Year</b>	<b>Production<sup>1</sup></b>	<b>Consumption</b>
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	2,192.6	1,854.4
2017	2,279.1	1,907.2
2018	2,424.0	2,009.4
2019	2,518.8	2,058.9

Source: Cayman Islands Water Authority, Cayman Water Company

<sup>1</sup> 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
2017	654.4	312.8	302.1	6.9	621.8
2018	641.8	314.0	308.1	6.5	628.8
2019	678.8	342.1	320.1	5.5	667.7

Source: Caribbean Utilities Company

\*Net generation/production is reported from 2007

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

Year	Revenue	Expense	Net Operating Balance	Net Investment in Non-Financial Assets	Expenditure	Net Lending (+)/Net Borrowing (-)
2002	314.0	278.0	36.0	17.7	295.7	18.3
2003	326.2	283.7	42.5	21.5	305.2	21.0
2004	336.4	349.2	(13.2)	28.9	378.1	(41.7)
2005	428.5	381.8	46.7	48.5	430.3	(1.8)
2006	500.4	393.5	106.9	39.6	433.1	67.3
2007	513.0	446.1	66.9	105.9	552.0	(39.0)
2008	522.2	502.7*	19.5	150.6	653.3	(131.1)
2009	473.7	535.6	(61.9)	141.7	677.3	(203.6)
2010	517.7	517.3	0.4	76.2	593.5	(75.8)
2011	545.8	525.2	20.6	98.3	623.5	(77.7)
2012	564.6	547.1	17.5	41.7	588.8	(24.2)
2013	635.1	553.7	81.4	10.9	564.6	70.5
2014	664.2	551.2	112.9	16.6	567.9	96.3
2015	672.7	545.0	127.7	10.9	555.8	116.8
2016	705.9	585.8	120.1	17.8	603.6	102.3
2017	753.2	586.4	166.7	36.5	623.0	130.2
2018	830.2	652.6	177.5	45.2	697.8	132.4
2019	860.0	731.4	128.6	26.5	757.9	102.1

\*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**

Year	Disbursed Outstanding Debt	Drawings	Exchange (Gain)/ Loss	Amortisation	Interest Payments
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
2017	449.1	-	0.11	34.8	25.6
2018	418.7	-	0.023	30.9	24.0
2019	284.4	-	-	287.0	22.1

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**

	2015	2016	2017	2018	2019
<b>Revenue</b>	<b>672.7</b>	<b>705.9</b>	<b>753.2</b>	<b>830.2</b>	<b>860.0</b>
<b>Taxes</b>	<b>634.4</b>	<b>662.8</b>	<b>702.4</b>	<b>773.0</b>	<b>792.5</b>
Taxes on International Trade & Transactions	172.0	174.3	178.0	199.1	210.9
Taxes on Goods & Services	407.6	425.2	451.0	469.4	511.0
Taxes on Property	41.1	58.7	69.7	83.0	67.0
Other Taxes	13.8	4.6	3.7	21.5	3.6
<b>Other Revenue</b>	<b>38.2</b>	<b>43.2</b>	<b>50.7</b>	<b>57.2</b>	<b>67.5</b>
Sale of Goods & Services	34.7	36.0	40.0	40.2	43.6
Investment Revenue	1.0	3.5	7.1	12.2	18.4
Fines, Penalties and Forfeits	2.1	3.2	2.6	2.7	2.9
Transfers n.e.c.	0.3	0.4	1.0	2.1	2.5
<b>Expenditure</b>	<b>555.8</b>	<b>603.6</b>	<b>623.0</b>	<b>697.8</b>	<b>757.9</b>
<b>Expense</b>	<b>545.0</b>	<b>585.8</b>	<b>586.4</b>	<b>652.6</b>	<b>731.4</b>
Compensation of Employees	243.8	254.5	273.6	283.5	330.6
Use of Goods and Services	83.8	93.6	86.7	97.3	112.5
Subsidies	125.2	137.8	133.1	166.5	180.0
Social Benefits	27.5	32.4	29.9	36.2	39.5
Consumption of Fixed Capital	32.1	34.2	32.8	32.6	36.0
Interest	28.0	27.1	25.6	24.0	22.1
Other Expense	4.5	6.2	4.8	12.6	10.8
<b>Gross Investment in Non-Financial Assets</b>	<b>42.9</b>	<b>51.9</b>	<b>69.4</b>	<b>77.7</b>	<b>62.5</b>
Capital Investment in Ministries and Portfolios	14.8	18.9	9.6	20.2	23.5
Capital Investment in Statutory Authorities and Government Owned Companies	19.6	22.3	43.8	31.6	23.0
Executive Assets	8.9	12.1	15.5	24.8	15.5
Net Lending	-0.4	-1.4	0.5	1.2	0.4
<b>Net Investment in Non-Financial Assets</b>	<b>10.9</b>	<b>17.8</b>	<b>36.5</b>	<b>45.2</b>	<b>26.5</b>
Consumption of Fixed Capital	32.1	34.2	32.8	32.6	36.0
<b>Primary Balance (Overall Balance w/o Interest Payments)</b>	<b>144.9</b>	<b>129.5</b>	<b>155.8</b>	<b>156.4</b>	<b>124.1</b>
<b>Net Operating Balance</b>	<b>127.7</b>	<b>120.1</b>	<b>166.7</b>	<b>177.5</b>	<b>128.6</b>
<b>Net Lending (+)/Net Borrowing (-)</b>	<b>116.8</b>	<b>102.3</b>	<b>130.2</b>	<b>132.4</b>	<b>102.1</b>
<b>Financing:</b>					
Net Acquisition of Financial Assets	94.0	75.2	95.4	101.5	-184.9
Net Incurrence of Liabilities	-22.8	-27.1	-34.8	-30.9	-287.0
Incurrence (Disbursement)	0.0	0.0	0.0	0.0	0.0
Reduction (Loan Repayment)	22.8	27.1	34.8	30.9	287.0

Source: Economics & Statistics Office and Treasury Department

