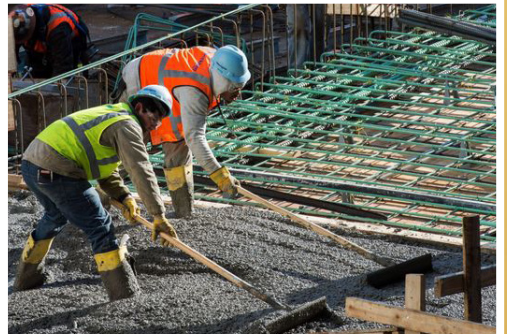




CAYMAN ISLANDS  
GOVERNMENT



# THE CAYMAN ISLANDS' FIRST QUARTER ECONOMIC REPORT 2024





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## Overview\*

- In real terms, gross domestic product (GDP) is estimated to have expanded at an annualised rate of 3.6% for the first three months of 2023. GDP is forecasted to expand by 2.8% for the year.
- The Consumer Price Index rose 1.5%, mainly due to cost increases for education, communication and housing.
- Total merchandise imports increased by 1.1% to \$358.2 million, driven by increases in non-oil imports.
- Work permits increased by 4.0% to 36,666. While civil service employment rose by 3.6%.
- Money supply (M2) expanded by 2.4%, due to a rise in foreign currency deposits. In contrast, CI dollar-denominated money fell during the quarter.
- Domestic credit expanded by 5.9%, as private and public sector borrowings rose by 6.2% and 2.8%, respectively.
- The number and value of properties under foreclosure increased during the quarter, however no foreclosures were completed for the period.
- The weighted average lending rate increased to 9.76% from 8.08%, while the prime lending rate rose to 8.50% from 7.38%.
- Bank and trust company licences fell by 10.4%, while insurance licences rose by 2.3%.
- The total number funds listed increased by 1.7% to 29,592. Private funds rose by 4.1%, while mutual funds declined by 1.2%.
- The number of listings on the Stock Exchange declined by 0.1%, while market capitalisation rose by 5.3%.
- New company registrations rose by 10.2% to 2,851, while new partnership registrations declined by 2.6% to 935.
- Air arrivals rose by 13.4% to 137,094 in the first quarter of 2022, while cruise arrivals fell by 15.2% to 399,725.
- The value of building permits fell by 40.5%, while project approvals fell by 15.3%.
- The value of property transfers increased by 22.3% to CI\$334.2 million.
- Electricity and water consumption rose by 5.8% and 7.8%, respectively.
- The central government's overall fiscal surplus improved to \$250.4 million, an 8.7% increase compared to the same period of 2023.
- The total outstanding debt of the central government declined to \$445.9 million from \$496.1 million a year ago.

\*Comparative data over the first quarter of 2023, except when otherwise indicated. Percentage calculations may not be exact due to rounding-off.





## 1. International Economy

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

Advanced economies experienced modest growth in the first three months of 2024. Real Gross Domestic Product (GDP) in the United States (US) and Canada increased at an annualised rate of 1.4% and 1.7%, respectively. In the US, the increase mainly reflected consumer spending, fixed investment, and government spending. Higher household spending on services was the main contributor to economic growth in Canada.

The United Kingdom's (UK) GDP was estimated to have increased by 0.6%, while Euro Area growth was 0.3% for the first quarter. Increased trade, household spending, and government spending were the main contributors in the UK, while growth in the Euro Area was due mainly to increased consumption expenditures by households.

### 1.2 Inflation

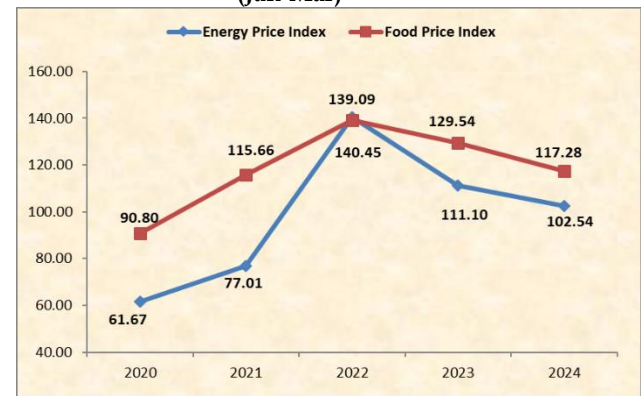
The world's major economies recorded lower inflation for the quarter compared to 2023. Average consumer prices in the Euro Area and UK rose by 2.6% and 3.9%, down from 8.0% and 9.0%, respectively. Similarly, the USA and Canada recorded average inflation rates of 3.2% and 2.8%, respectively.

<sup>1</sup> Data sourced from the US Bureau of Economic Analysis, Statistics Canada, Office for National Statistics in the UK and Eurostat.

<sup>2</sup> Data sourced from The World Bank's Commodity Price Data and represent the average of Brent, Dubai, and West Texas Intermediate prices.

Average energy and food prices fell by 7.7% and 9.5%, respectively, for the quarter relative to the same period of the previous year (see Figure 1). The decline in energy prices was due primarily to reductions in coal and natural gas prices. Conversely, average crude oil prices rose from US\$79.05 per barrel in January to March 2023 to US\$80.59 per barrel in January to March 2024, an increase of 2.0%<sup>2</sup>. Lower food prices were due to declines in the price of *grain* (down 18.1%) and *oils & meals* (down 16.7%). In contrast, the price of *other foods*<sup>3</sup> increased by 10.3%.

Figure 1: Global Energy and Food Price Indices (Jan-Mar)



Source: World Bank commodity prices (The Pink Sheet)

### 1.3 Interest Rates and Exchange Rates<sup>4</sup>

Central banks in most advanced economies, such as the Federal Reserve Bank in the U.S., the European Central Bank, and the Bank of England, paused their monetary tightening

<sup>3</sup> Other foods include bananas, beef, chicken, lamb, oranges, shrimp and sugar

<sup>4</sup> Data sourced from the US Federal Reserve, Bank of England, Bank of Canada and European Central Bank.



policies and maintained rates for the first quarter of 2024. The decision to hold rates was largely cited as been due to moderating inflation and slower than anticipated economic growth.

The US Federal Reserve Bank announced in its January and March meetings that the policy interest rate target range would be maintained at 5.25% to 5.50%. Similarly, the Bank of Canada maintained its policy rate at 5.0%. The Bank of England and the European Central Bank also maintained rates at 5.25% and 4.5%, respectively.

The US Dollar weakened against two of the major currencies. Over the period, the Great Britain Sterling Pound and the Euro declined by an average of 4.3% and 1.2%, respectively. Relative to the Canadian dollar, the US Dollar appreciated by 0.2%.

## 2. Real GDP Growth

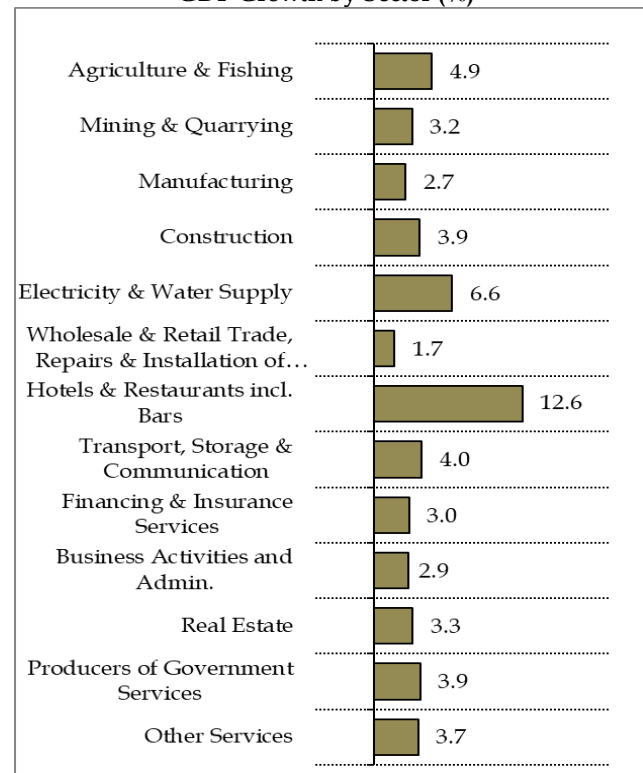
Cayman’s economy continued to expand in the first quarter of 2024, with real GDP estimated to have expanded by an annualized rate of 3.6% in the first quarter. Growth in the quarter accelerated from the 3.4% reported in the first quarter of 2023. The economic performance largely reflected a continued recovery in tourism-related services, which induced growth in auxiliary sectors. The finance and insurance sector also showed increased economic activity for the period.

Hotels and restaurants had an estimated growth of 12.6%, while transportation and communication expanded by 4.0%. Other

services, which include arts, entertainment, and household activities, rose by 3.7% for the quarter. The financial services sector, the most significant contributor to GDP, had an estimated growth of 3.0%, while business activities and administrative services rose by 2.9%. Key auxiliary sectors supporting tourism and financial services, such as wholesale & retail trade and utilities, also expanded with respective growth of 1.7% and 6.6%.

Activities in government services rose by 3.9% for the quarter, while real estate and construction increased by 3.3% and 2.9%, respectively (see Figure 2).

Figure 2: Estimated First Quarter 2024 Annualised Real GDP Growth by Sector (%)



Source: Economics and Statistics Office



The economic performance in the first quarter supports the macroeconomic outlook for the calendar year 2024. Economic activity measured by real GDP is projected to expand by 2.8% (see Table 1). As the sector approaches its pre-pandemic levels, a decelerating pace of expansion is expected in tourism services for the latter part of the year. Despite the normalization of accommodation services, activities in financial services are expected to remain robust for the year. Real estate and construction activities are expected to remain moderate for the remainder of the year as some large-scale commercial projects are completed. Utilities and auxiliary services are projected to remain strong for the year as temperatures continue to rise and the islands' population increases.

**Table 1: Macroeconomic Performance and Outlook**

	2021	2022	2023	Projection 2024
	Percent (%)			
Real GDP	4.9	5.2	4.2	2.8
CPI Inflation	3.3	9.5	3.8	2.1
Unemployment Rate	5.7	2.1	3.3	2.9

\* Real GDP is estimated for 2023

Source: Economics and Statistics Office

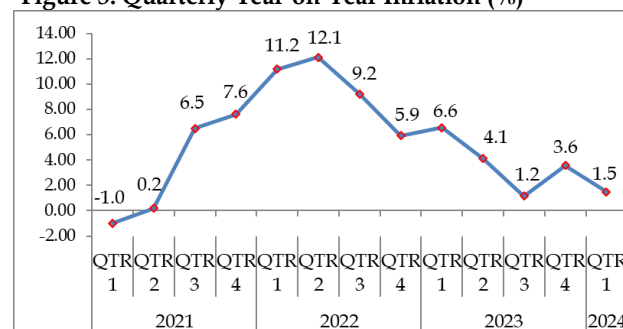
The consumer price index (CPI) inflation rate for the quarter is slightly below expectations. Notwithstanding, the inflation projection for the year is maintained at 2.1% for the full year. The forecast is maintained in the context of continued risks around geopolitical tension globally, albeit in an expected lower interest rate environment. The unemployment rate for the year is

maintained at 2.9%. The demand for labour is expected to remain strong, in line with the continued growth in economic activities.

### 3. Inflation<sup>5</sup>

The Consumer Price Index (CPI) increased to 132.5 at the end of March 2024 from 130.6 in March 2023. This equates to an inflation rate of 1.5% for the period (see Figure 3). Inflation slowed for the quarter, reflecting a continuation of the moderating trend observed in 2023. Notably, Inflation rose to a high of 11.2% in the first quarter of 2022 and moderated to 6.6% in the first of 2023.

**Figure 3: Quarterly Year-on-Year Inflation (%)**



Source: Economics and Statistics Office

Higher prices were observed among 10 of the 12 divisions of the CPI. The education and communication index reflected the highest divisional changes, with increases of 7.9% and 7.4%, respectively. The rise in the education index was traced mainly to a 10.9% increase in the cost of secondary education and a 10.4% increase in foreign tertiary education costs. The communication index was mainly influenced by the cost to purchase telephone and telefax equipment and services, which rose by 23.6%.

<sup>5</sup> The CPI Quarter 1 2024 Report is posted at [www.eso.ky](http://www.eso.ky)

The housing and utilities index rose by 2.6%, mainly due to the costs of rental and maintenance and repair of dwelling. These increases combined outweighed a decline in electricity prices, which generally mirrored a fall in energy prices in the international market. The influence of lower energy prices was reflected in the transport index, which declined by 2.7% for the quarter compared to the same quarter of 2023. Within the transport index, the cost of fuels and lubricants fell by 3.1%, while air transport cost was down by 13.1%.

5.1%, while the food sub-index grew by 0.1%.

Consistent with the reduction in international food prices and international travel demand tapering off, the restaurants and hotels index saw prices falling by 1.9% for the quarter compared to an increase of 8.1% in 2023. Catering services, which includes restaurants, declined by 1.3%, while accommodation services fell by 6.0%.

The clothing and footwear index increased modestly by 1.9%, while the ‘alcohol and tobacco’ index rose by 0.1%. The health, recreation, and culture indexes increased by 2.5% and 2.4%, respectively.

The Household Equipment index increased by 3.5% compared to the 11.2% in 2023. This was due to a 13.1% increase in small electric household appliances and a 10.5% increase in non-durable household goods.

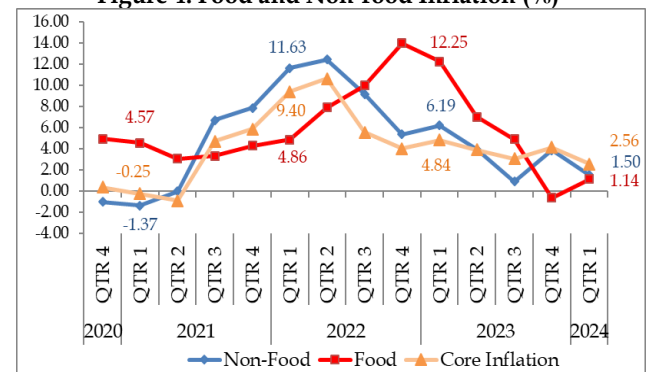
**Table 2: Inflation Rates by Categories**

Categories	Avg. Inflation Rates (%)	
	Q1 2023	Q1 2024
Food & Non-alcoholic Beverages	12.3	1.1
Alcohol and Tobacco	3.6	0.1
Clothing and Footwear	6.9	1.9
Housing and Utilities	7.6	2.6
Household Equipment	11.2	3.5
Health	1.5	2.5
Transport	4.9	(2.7)
Communication	1.2	7.4
Recreation and Culture	5.3	2.4
Education	2.3	7.9
Restaurants and Hotels	8.1	(1.9)
Misc. Goods and Services	4.4	1.2
<b>Overall CPI Inflation</b>	<b>6.6</b>	<b>1.5</b>

Source: Economics and Statistics Office

In the first quarter of 2024, global food prices generally eased, with wheat and maize prices reaching three-year lows. Consequently, food & non-alcoholic beverages inflation moderated to 1.1% relative to 12.3% in 2023. Notably, the sub-index for non-alcoholic beverages rose by

**Figure 4: Food and Non-food Inflation (%)**



Source: Economics and Statistics Office

With generally modest price increases, the non-food price index grew by 1.5%, compared to 6.2% in 2023. Core inflation, which is headline inflation excluding food, electricity, and fuels, increased by 2.6% for

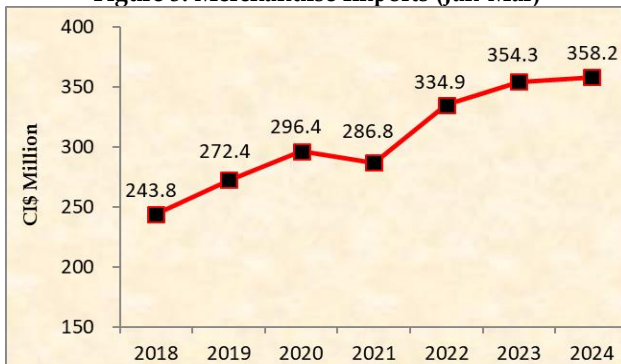


the quarter relative to the 4.8% in 2023 (see Figure 4).

#### 4. Trade<sup>6</sup>

The value of merchandise imports totalled \$358.2 million at the end of the quarter, reflecting a 1.1% increase over the previous year (see Figure 5). The growth in imports was due to increases in *machinery and transport equipment and commodities and transactions not classified elsewhere*, offsetting declines in the other eight import categories.

Figure 5: Merchandise Imports (Jan-Mar)



Source: Customs Department and ESO

*Machinery and transport equipment* accounted for the largest share of total imports (21.5%) over the review period, increasing by 10.9% (or \$7.6 million) to \$77.1 million. Similarly, *commodities and transactions not classified elsewhere*, which accounted for 6.1% of imports, rose by 141.3% (or \$12.8 million). Conversely, *miscellaneous manufactured articles* recorded the largest absolute decline, falling by 9.1% (or \$6.6 million).

The value of fuel also declined for the quarter, with the category ‘*mineral fuels, lubricants and related materials*’ decreasing by

1.9% (or \$0.9 million) to a total of \$48.7 million. The lower value of imported fuels was due to a combined decline in price and volume. According to the U.S. Energy Information Administration, diesel and jet fuel prices fell 9.2% and 12.8%, respectively.

The total quantity of fuel imported declined by 1.3% to 15.4 million imperial gallons (see Table 3). The fall-off was driven by a 31.1% drop in gasoline import to 3.8 million imperial gallons and an 8.7% drop in aviation fuel to 1.7 million imperial gallons. In contrast, diesel and propane imports increased.

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

	2022	2023	2024	% Change
Millions of Imperial Gallons				
Total Fuel	9.5	15.6	15.4	(1.3)
Diesel	5.9	7.6	9.2	20.7
Gas	2.7	5.5	3.8	(31.1)
Aviation Fuel	-	1.9	1.7	(8.7)
Propane	0.8	0.6	0.7	19.0

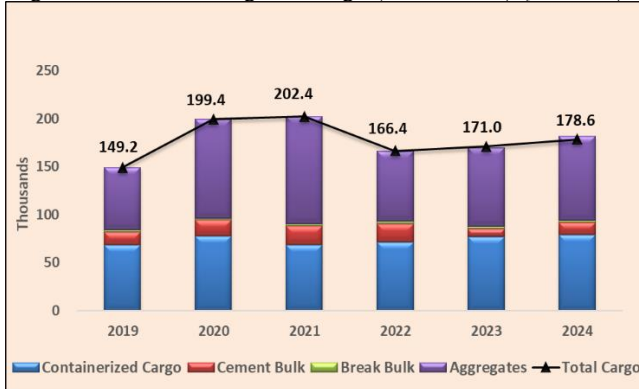
Source: Cayman Islands Port Authority

The total tonnage of landed cargo grew by 4.5% to 178,645 for the quarter (see Figure 6). Higher inflows were recorded for containerised cargo (up by 2.0% to 78,751 tonnes), cement bulk (up by 66.4% to 13,358 tonnes) and aggregates (up by 6.6% to 87,701 tonnes). In contrast, break bulk cargo declined by 27.7% to 1,723 tonnes.

<sup>6</sup> A detailed trade report is posted at [www.eso.ky](http://www.eso.ky)



Figure 6: Total Tonnage of Cargo (000 Tonnes) (Jan-Mar)



Source: Cayman Islands Port Authority

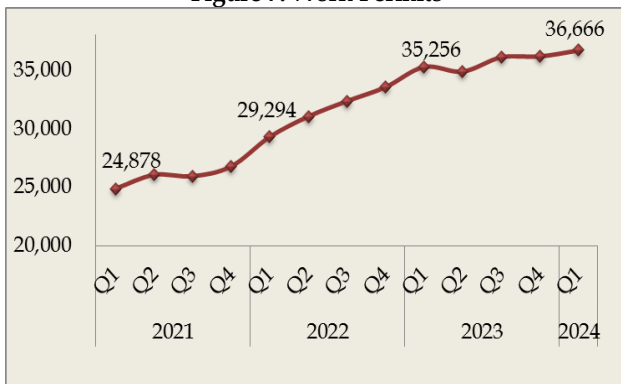
## 5. Labour Market Indicators

The labour market remained robust for the first quarter of 2024, with demand from the public and private sectors increasing.

### 5.1. Work Permits

The number of active work permits at the end of March 2024 was 36,666, an increase of 4.0% compared to the same period in 2023. Relative to December 2023, work permits increased by 513 or 1.4%. The sectors employing the most work permit holders for the quarter were construction (6,451), accommodation and food services (6,171), and households 4,595).

Figure 7: Work Permits

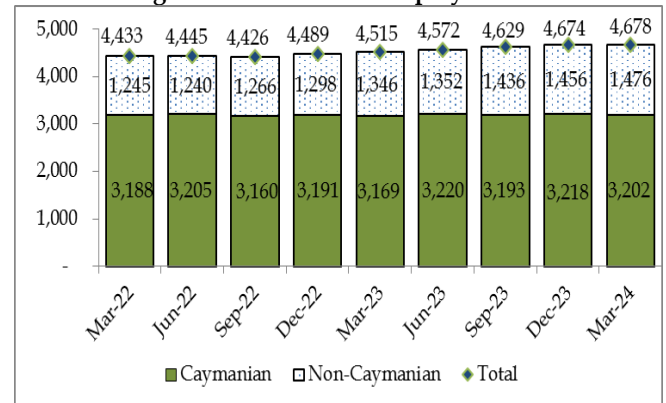


Sources: Immigration Department & ESO

### 5.2. Public Sector Employment

At the end of March 2024, the Cayman Islands government employed 4,678 civil servants, reflecting an increase of 3.6% (or 163 persons) relative to March 2023 and an increase of 0.1% (or 4 persons) compared to December 2023 (see Figure 8). This comprised of 3,202 Caymanian civil servants and 1,476 non-Caymanian civil servants.

Figure 8: Civil Service Employment



Source: Portfolio of the Civil Service

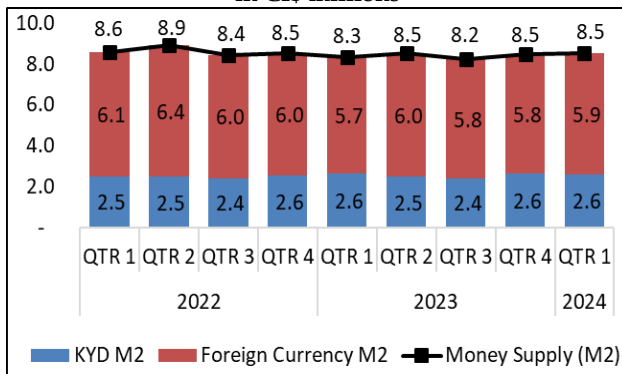
## 6. Money & Banking

Broad liquidity (M2) in the banking system expanded by 2.4% to \$8,512.0 million for the first quarter of 2024. The rise in liquidity was driven by an increase in foreign currency-denominated deposits as local currency-denominated deposits fell for the period. Foreign deposits rose by 3.8% to \$5,906.2 million, driven by US dollar deposits, which increased by 4.4%.

The fall in local currency liquidity was due to a fall in M1, as demand deposits fell by 5.7% (or \$57.8 million) to \$955.4 million. A 4.0% increase in currency moderated the impact of the fall in demand deposits on M1

circulated. Notably, local currency time and saving deposits rose for the period by 2.6% (see Figure 9 and Table 4).

**Figure 9: Total Money Supply (M2) in CI\$ millions**



Source: Cayman Islands Monetary Authority & ESO

The tighter KYD liquidity may be viewed in the context of higher interest rates, which incentivize depositors to shift funds from more liquid demand deposits to longer-term deposits with higher interest rates. Depositors may also need to withdraw funds to pay down high-interest debts.

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

	Mar-23	Mar-24	% Change
<b>Total Assets</b>	<b>8,309.3</b>	<b>8,512.0</b>	2.4
<b>Net Foreign Assets</b>	<b>5,280.0</b>	<b>5,304.0</b>	0.5
Monetary Authority	177.2	193.1	8.9
Commercial Banks	5,102.7	5,110.9	0.2
<b>Net Domestic Assets</b>	<b>3,029.3</b>	<b>3,208.0</b>	5.9
Domestic credit	4,012.1	4,248.1	5.9
Claims on central government	389.7	405.1	4.0
Claims on other public sector	20.6	16.9	(18.0)
Claims on private sector	3,601.8	3,826.1	6.2
Other items net	(982.8)	(1,040.1)	5.8
<b>Broad Liquidity</b>	<b>8,309.3</b>	<b>8,512.0</b>	2.4
Broad money (KYD) M2	2,620.0	2,605.8	(0.5)
Currency in circulation	157.8	164.2	4.0
<b>KYD Deposits</b>	<b>2,462.2</b>	<b>2,441.6</b>	(0.8)
Demand deposits	1,013.2	955.4	(5.7)
Time and savings deposits	1,449.0	1,486.2	2.6
FOREX deposits	5,689.3	5,906.2	3.8
of which: US dollars	5,332.5	5,568.5	4.4
US dollars share (%)	93.7	94.3	

Source: Cayman Islands Monetary Authority & ESO

The growth in M2, which also represents the liabilities of the monetary and banking system, provided funding for financial institutions to increase their foreign and domestic assets for the period.

**6.1 Net Foreign Assets.** The net foreign assets (NFA) of commercial banks rose by 0.2% for the quarter, while the NFA of the Cayman Islands Monetary Authority (CIMA) increased by 8.9%. The growth in commercial bank's NFA reflected a build-up in foreign assets, the impact of which was partly mitigated by a corresponding rise in foreign liabilities. Foreign assets increased by 0.1%, reflecting growth of 2.1% in foreign investments. The impact of the higher foreign investments was partly offset by declines in balances with banks and branches and non-resident loans by 2.1% and 1.4%, respectively.

**Table 5: Net Foreign Assets (CI\$ millions)**

	Mar-23	Mar-24	% Change
<b>Net Foreign Assets</b>	<b>5,280.0</b>	<b>5,304.0</b>	0.5
Monetary Authority	177.2	193.1	8.9
Commercial Banks	5,102.7	5,110.9	0.2
<b>Foreign Assets</b>	<b>8,258.0</b>	<b>8,268.5</b>	0.1
Bal. with Banks & Branches	3,155.2	3,087.7	(2.1)
Total Investment	4,251.5	4,341.3	2.1
Total Non-Resident Loans	851.3	839.4	(1.4)
<b>Foreign Liabilities</b>	<b>3,155.3</b>	<b>3,157.5</b>	0.1
Total Non-Resident Deposits	2,833.3	2,678.5	(5.5)
Other Liabilities	321.9	479.0	48.8

Source: Cayman Islands Monetary Authority & ESO

Foreign liabilities rose by 0.1%, as an increase in other liabilities outweighed a decline in non-resident deposits.

**6.2. Net Domestic Assets.** The total credit extended within the domestic market expanded by 5.9% in the first quarter. The



increase was due to a rise in credit extended to the private and public sectors.

**Table 6 : Net Domestic Credit (CI\$ millions)**

	Mar-23	Mar-24	% Change
<b>Domestic Credit</b>	<b>4,012.1</b>	<b>4,248.1</b>	<b>5.9</b>
Credit to Public Sector	410.3	422.0	2.8
Credit to Central Government	389.7	405.1	4.0
Credit to Other Public Sector	20.6	16.9	(18.0)
Credit to Private Sector	3,601.8	3,826.1	6.2

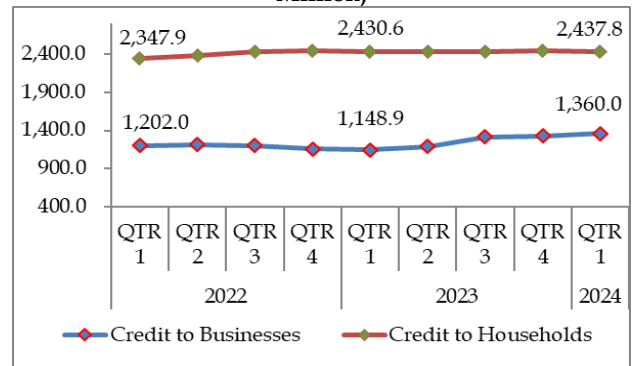
Source: Cayman Islands Monetary Authority & ESO

Loans to the private sector rose by 6.2%, while public sector indebtedness increased by 2.8%. The central government's borrowing expanded by 4.0%, while credit extended to parastatal and public authorities declined by 18.0%. Notably, the increase in credit to the central government is due to an existing loan balance being brought onto the local banking book and not due to new borrowing.

The rise in private sector credit was reflected in both household and business loans. Credit to businesses increased by 18.4% to \$1,360.0 million. The main sectors receiving higher credit were wholesale and retail trade, general business activities, and utilities, which increased by 94.8%, 21.9% and 215.0%, respectively. Credit to the construction sector also rose by 15.0%, while credit to accommodation services showed the highest absolute decline, falling by 22.2%.

Credit to households increased by 0.3% to CI\$2,437.8 million during the quarter (see Figure 10). The growth in household loans was due to a rise in borrowings for motor vehicles and miscellaneous activities, which rose by 15.8% and 1.8%, respectively (see Table 7). In contrast, credit extended for domestic properties and education & technology fell by 0.2% and 2.9%, respectively.

**Figure 10: Credit to Business and Households (CI\$ Million)**



Source: Cayman Islands Monetary Authority & ESO

**Table 7: Net Credit to the Private Sector (CI\$ Millions)**

	Mar-23	Mar-24	% Change
<b>Total Private Sector Credit</b>	<b>3,601.8</b>	<b>3,826.1</b>	<b>6.2</b>
<b>Credit to Businesses</b>	<b>1,148.9</b>	<b>1,360.0</b>	<b>18.4</b>
<b>Production &amp; Manufacturing</b>	<b>233.8</b>	<b>308.8</b>	<b>32.1</b>
Agriculture, Fishing and Mining	4.7	5.1	7.4
Manufacturing	7.8	9.1	16.7
Utilities	20.1	63.2	215.0
Construction	201.2	231.4	15.0
<b>Services</b>	<b>150.0</b>	<b>143.4</b>	<b>(4.4)</b>
Accommodation, Food, Bar & Entertainment Services	80.9	62.9	(22.2)
Transportation, Storage & Communications	21.6	5.8	(73.2)
Education, Recreational & Other			
Professional Services	47.6	74.7	57.0
<b>Trade and Commerce</b>	<b>751.5</b>	<b>895.7</b>	<b>19.2</b>
Wholesale & Retail Sales Trade	71.8	139.9	94.8
Real Estate Agents, Rental and Leasing Companies	323.7	321.9	(0.5)
Other Business Activities (General Business Activity)	356.0	433.9	21.9
<b>Other Financial Corporations</b>	<b>13.6</b>	<b>12.1</b>	<b>(11.3)</b>
<b>Credit to Households</b>	<b>2,430.6</b>	<b>2,437.8</b>	<b>0.3</b>
Domestic Property	2,171.7	2,166.8	(0.2)
Motor Vehicles	54.9	63.6	15.8
Education and Technology	2.6	2.5	(2.9)
Miscellaneous*	201.3	204.9	1.8
<b>NonProfit Organizations</b>	<b>22.3</b>	<b>28.3</b>	<b>26.9</b>

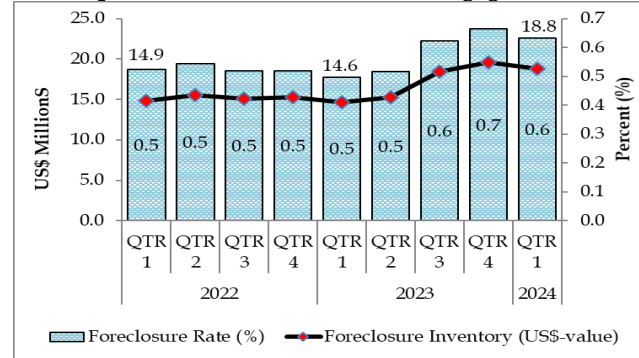
Source: Cayman Islands Monetary Authority & ESO

### 6.3. Residential Mortgage Foreclosures

At the end of March 2024, CIMA data shows that 63 properties valued at US\$18.8 million were in the local foreclosure inventory. This represents an increase from the 51 properties valued at US\$14.6 million in 2023.

The foreclosure rate (foreclosure inventory over total residential mortgages) as of March 2024 increased to 0.6% for 0.5% in 2023. Despite the rise in the number of properties under foreclosure, there were no completed foreclosures during the quarter, relative to 5 (or 9.8% of the foreclosure inventory) in 2023.

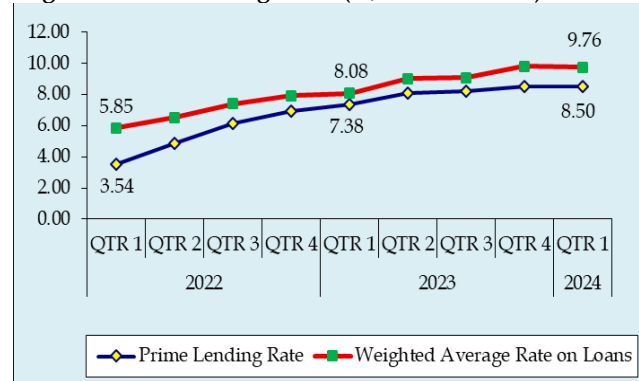
**Figure 11: Residential Mortgages Foreclosures Inventory and Proportion to Total Residential Mortgages**



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

**6.4. Interest Rates.** The Cayman Islands' prime lending rate rose by 113 basis points to 8.50% as at March 2024. Consistent with the rise in the prime rate, the KYD weighted average lending rate increased to 9.76% from 8.08% a year earlier (see Figure 12).

**Figure 12: CI\$ Lending Rates (% , End of Period)**

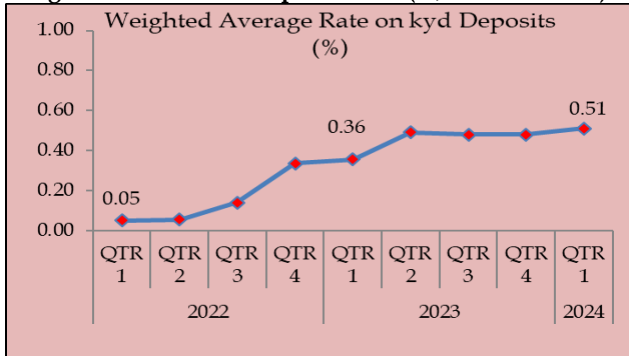


Source: Cayman Islands Monetary Authority & ESO

The weighted average rate on KYD deposits was increased to 0.51% from 0.36% in the first quarter of 2023 (see Figure 13).



Figure 13: CI Dollar Deposit Rates (% , End of Period)



Source: Cayman Islands Monetary Authority & ESO

## 7. Financial Services

Financial service indicators were mixed in the first quarter of 2024. This was reflected in declines in bank and trust licenses, stock exchange listings, and new partnership registrations. In contrast, insurance licenses, fund registrations, stock market capitalisation, and new company registrations increased.

### 7.1 Banks & Trust

The number of bank and trust licences decreased to 86 at the end of March 2024 (see Table 8). This reflected a 10.4% reduction, primarily due to Class 'B' licenses falling from 85 in 2023 to 75 in 2024. Class A licenses have remained unchanged at 11 over the last two years.

Trust company licensees declined by 1.8% to 111. This comprised 55 restricted and 56 unrestricted trust licences, each decreasing by one over the review periods (Table 8).

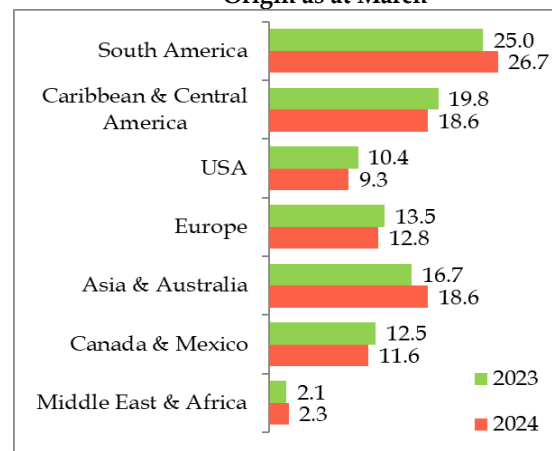
Table 8: Bank and Trust Companies

	Mar 2022	Mar 2023	Mar 2024	% Change
<b>Banks &amp; Trusts</b>	<b>100</b>	<b>96</b>	<b>86</b>	<b>(10.4)</b>
Class A	10	11	11	0.0
Class B	90	85	75	(11.8)
<b>Trust Companies</b>	<b>114</b>	<b>113</b>	<b>111</b>	<b>(1.8)</b>
Restricted	58	56	55	(1.8)
Unrestricted	56	57	56	(1.8)

Source: Cayman Islands Monetary Authority

The primary source markets for Cayman’s banking licenses were South America, the Caribbean, Asia and Australia, accounting for 26.7% (23), 18.6% (16), and 18.6% (16) of the total, respectively.

Figure 14: Percentage Proportion of Banks by Region of Origin as at March



Source: Cayman Islands Monetary Authority

### 7.2 Insurance

The total number of insurance licenses at the end of March 2024 rose to 715, reflecting a 2.3% increase over the corresponding period of 2023 (see Table 9). Insurance licenses rose due to an increase in captive insurers, which grew by 2.7% (or 18) to 691. The rise in captives was driven by Class ‘B’ licenses, which rose by 3.3% (or 21) to 666, and Class ‘D’ licences, which increased by 14.3% (or 1) to 8. Conversely, Class ‘A’ licences,



representing domestic insurers, declined by 7.7% (or 2) to 24.

**Table 9: Insurance Companies\***

	Mar 2022	Mar 2023	Mar 2024	% Change
Domestic - Class 'A'	26	26	24	(7.7)
Captives	657	673	691	2.7
Class 'B'	630	645	666	3.3
Class 'C'	21	21	17	(19.0)
Class 'D'	6	7	8	14.3
<b>Total</b>	<b>683</b>	<b>699</b>	<b>715</b>	<b>2.3</b>

Source: Cayman Islands Monetary Authority

\*Class B: captives and segregated portfolio companies (SPC); Class C: special purpose vehicles; Class D: other captives.

The main class of business contributing to the increase in the number of captives were General Liability, which grew by 13.5% (or 12) to 101. Healthcare and Workers' Compensation remained the dominant classes of insurance in the Cayman Islands, collectively holding a 49.3% share (see Table 10).

**Table 10: Captive Insurance Licences by Primary Class of Business**

	Mar 2023	Mar 2024	% Change	% Proportion
Healthcare	192	188	-2.1	27.2
Workers' Compensation	149	153	2.7	22.1
Property	73	70	-4.1	10.1
General Liability	89	101	13.5	14.6
Professional Liability	58	56	-3.4	8.1
Other	112	123	9.8	17.8
<b>Total</b>	<b>673</b>	<b>691</b>	<b>2.7</b>	<b>100.0</b>

Source: Cayman Islands Monetary Authority

North America remained the top risk location for insurance companies, with 89.4% or 618 companies.

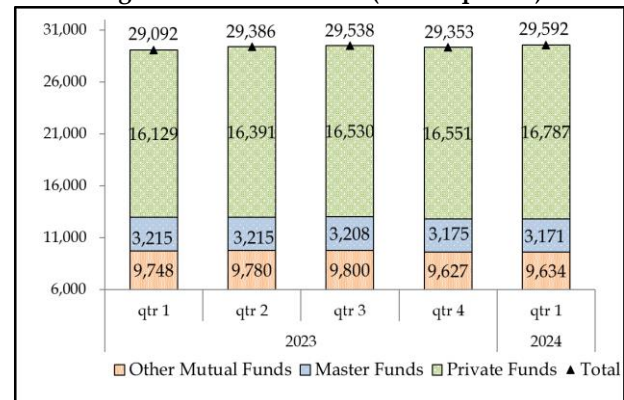
### 7.3 Mutual and Private Funds

At the end of the first quarter of 2024, 29,592 funds were registered in the Cayman Islands, reflecting an increase of 1.7% (or

500) relative to the corresponding period in 2023 (see Figure 15). The increase was driven by a 4.1% increase in the number of registered private funds, which rose to a total of 16,787.

In contrast, the number of mutual funds declined by 1.2% or 158 for the period. All categories of mutual funds saw declines, registered mutual funds decreased by 1.0% or 84, while master funds, administered funds, licenced funds, and limited investor funds fell by 1.4% (or 44), 7.3% (or 21), 7.7% (or 4), and 0.8% (or 5), respectively.

**Figure 15: Mutual Funds (end of quarter)**



Source: Cayman Islands Monetary Authority

### 7.4 Stock Exchange

The number of stocks listed on the Cayman Islands Stock Exchange fell by 0.1% to 2,751 at the end of March 2024 (see Table 11). Lower listings were seen for Sovereign Debt Security (down by 11.5% or 28), Insurance Linked Security (down by 10.3% or 4) and Retail Debt (down by 100% or 1). In contrast, Investment Fund and Specialist Debt increased by 11.5% (or 12) and 0.7% (or 17), respectively. There was no secondary equity instrument listed in the first quarter of 2024



and Primary Equity remained constant at a total listing of 3.

**Table 11: Number of Stock Listings by Instrument (as at end-March)**

Instrument	Mar 2022	Mar 2023	Mar 2024	% Change
Investment Fund	116	104	116	11.5
Specialist Debt	2,236	2,354	2,371	0.7
Sovereign Debt Security	272	254	226	(11.0)
Primary Equity	3	3	3	0.0
Secondary Equity	1	0	0	-
Insurance Linked Security	38	39	35	(10.3)
Retail Debt	1	1	0	(100.0)
<b>Total</b>	<b>2,667</b>	<b>2,755</b>	<b>2,751</b>	<b>(0.1)</b>

Source: Cayman Islands Stock Exchange

Notwithstanding the fall in listings, the value of instruments listed increased by 5.3% to US\$879.7 billion at the end of March 2024 (see Table 12). The expansion was due to a 10.7% increase in the value of specialist debt, which increased to \$729.6 billion from \$659.1 billion in 2023.

**Table 12: Market Capitalisation by Instrument (US\$ Billion, as at end-March)**

Instrument	Mar 2022	Mar 2023	Mar 2024	% Change
Investment Fund	15.7	18.8	7.0	(62.7)
Specialist Debt	636.3	659.1	729.6	10.7
Corporate & Sovereign Debt Security	149.5	152.3	138.7	(8.9)
Primary Equity	0.6	0.5	0.5	6.9
Secondary Equity	0.1	0.0	0.0	-
Insurance Linked Security	4.9	4.5	3.9	(13.5)
Retail Debt	0.5	0.4	0.0	(100.0)
<b>Total</b>	<b>807.6</b>	<b>835.6</b>	<b>879.7</b>	<b>5.3</b>

Source: Cayman Islands Stock Exchange

## 7.5. Company Registrations

New company registrations increased by 10.2% to 2,851 at the end of the quarter (see Table 13). The main contributor to this growth was a rise in exempt companies, which accounted for 78.3% of new registrations and grew by 11.7%, or 233.

**Table 13: New Company Registrations (Jan-Mar)**

	2021	2022	2023	2024
<b>Total</b>	<b>4,650</b>	<b>3,974</b>	<b>2,588</b>	<b>2,851</b>
Exempt	3,669	3,103	1,998	2,231
Non-Resident	6	6	1	1
Resident	263	233	218	175
Foreign	227	267	167	168
FDN	26	81	46	86
LLC	459	284	158	190
<b>Percentage Change (%)</b>				
<b>Total</b>	<b>45.9</b>	<b>(14.5)</b>	<b>(34.9)</b>	<b>10.2</b>
Exempt	45.0	(15.4)	(35.6)	11.7
Non-Resident	500.0	-	(83.3)	-
Resident	40.6	(11.4)	(6.4)	(19.7)
Foreign	5.1	17.6	(37.5)	0.6
FDN	136.4	211.5	(43.2)	87.0
LLC	88.9	(38.1)	(44.4)	20.3

Source: Registrar of Companies

\*Foundation companies began operations in February 2018.

## 7.6. Partnerships

The number of new partnership registrations fell by 2.6% to 935 (see Table 14). All partnership categories declined except limited partnerships, which saw 1 new entity registered for the first time since 2017. There were 901 exempt partnerships, 33 foreign partnerships, and 1 limited partnership registered in the period.

**Table 14: New Partnership Registrations (Jan-Mar)**

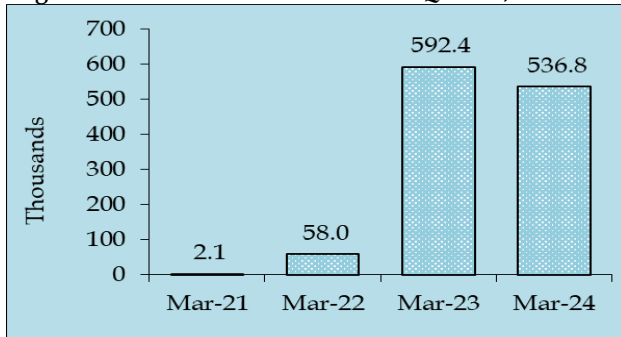
	2021	2022	2023	2024
<b>Total</b>	<b>1,412</b>	<b>1,393</b>	<b>960</b>	<b>935</b>
Exempt	1,375	1,338	905	901
Foreign	35	53	53	33
Limited Partnerships	0	0	0	1
LLP	2	2	2	0
<b>Percentage Change (%)</b>				
<b>Total</b>	<b>12.4</b>	<b>(1.3)</b>	<b>(31.1)</b>	<b>(2.6)</b>
Exempt	13.5	(2.7)	(32.4)	(0.4)
Foreign	(22.2)	51.4	-	(37.7)
Limited	-	-	-	-
LLP	-	-	-	(100.0)

Source: Registrar of Companies

## 8. Tourism

Total visitor arrivals declined by 9.4% to 536,819 in the review period. The fall in arrivals reflected a contraction in cruise arrivals, while air arrivals increased.

Figure 16: Total Arrivals for the First Quarter, 2019-2023



Source: Department of Tourism

### 8.1. Air Arrivals

Air arrivals rose by 13.4% to 137,094 for the first three months of 2024. Arrivals from all regional markets increased except for the Canadian market (see Table 15). The largest arrivals continue to be generated by the USA market, which supplied 15.5% more visitors. Total arrivals from the USA totalled 113,598 for the quarter. Arrivals from Europe and other markets increased by 14.9% and 26.5%, respectively. Arrivals from Canada fell by 8.3% to 11,409 for the period.

Table 15: First Quarter Air Arrivals by Origin

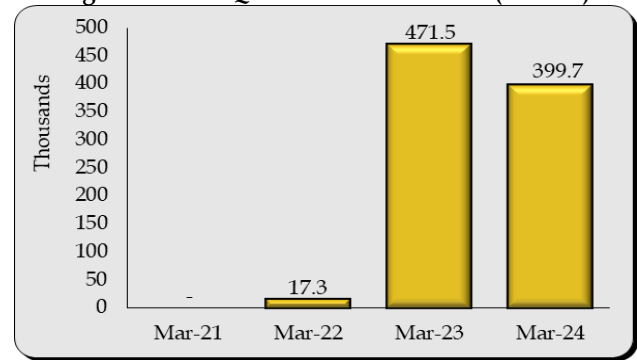
	2022	2023	2024	% Change
In Thousands				
USA	31.2	98.4	113.6	15.5
Europe	3.5	5.8	6.7	14.9
Canada	4.2	12.4	11.4	(8.3)
Others	1.8	4.2	5.4	26.5
<b>Total</b>	<b>40.7</b>	<b>120.9</b>	<b>137.1</b>	<b>13.4</b>
USA (% share)	76.7	81.4	82.9	

Source: Cayman Islands Department of Tourism

### 8.2. Cruise Arrivals

Cruise passenger arrivals fell by 15.2% to 399,725, relative to the same period of 2023. The decrease in cruise arrivals occurred due to a decline in the number of vessels calling on Cayman’s port. Specifically, the number of cruise vessels calling at the port contracted by 22.9% (or 39) to 131 for the year.

Figure 17: First Quarter Cruise Arrivals (in 000's)



Source: Department of Tourism

## 9. Construction

Construction indicators contracted for the first three months of the year, with both the value of building permits and project approvals declining.

### 9.1. Building Permits

The total value of building permits declined by 40.5% to \$61.6 million, reflecting contractions in most categories. (see Table 16).

The largest contraction occurred in the commercial category, which fell by 80.2% or \$41.4 million. Notably, the contraction in the category was due to the non-recurrence of some large-scale projects in the previous year. The commercial category led the





growth in building permits for the same quarter in 2023. The apartments category fell by 26.6% or \$8.5 million as the number of projects contracted.

**Table 16: Building Permits (Jan-Mar)**

	Building Permits (CI\$ Mil)			%
	2022	2023	2024	Change
Residential	60.9	45.4	47.3	4.1
<i>Houses</i>	38.6	13.5	23.9	76.3
<i>Apartments</i>	22.2	31.9	23.4	(26.6)
Commercial	10.8	51.6	10.2	(80.2)
Industrial	3.5	2.0	-	(100.0)
Hotel	-	-	-	-
Government	1.3	-	0.8	-
Other	13.6	4.6	3.3	(27.9)
<b>Total</b>	<b>90.0</b>	<b>103.6</b>	<b>61.6</b>	<b>(40.5)</b>

Source: Planning Department

Despite the decline in the value of permits for the apartments category, the total value of residential permits increased as the values of permits for houses rose by 76.3%, or \$10.3 million. The higher value of houses was traced to the construction of some high-value houses in George Town and West Bay.

**Table 17: Number of Building Permits (Jan-Mar)**

	Number of Permits			%
	2022	2023	2024	Change
Residential	123	82	70	(14.6)
<i>Houses</i>	101	45	48	6.7
<i>Apartments</i>	22	37	22	(40.5)
Commercial	25	18	23	27.8
Industrial	3	5	3	(40.0)
Hotel	-	-	-	-
Government	6	2	3	50.0
Other	105	52	78	50.0
<b>Total</b>	<b>262</b>	<b>159</b>	<b>177</b>	<b>11.3</b>

Source: Planning Department

Notwithstanding the fall in value, the total number of building permits issued in the period rose by 22.8% to 269.

## 9.2. Project Approvals

The total value of project approvals declined by 15.3% to \$103.7 million for the first quarter of 2024. Similar to building permits, the contraction was driven by reductions in the apartment and commercial categories.

**Table 18: Project Approvals (Jan-Mar)**

	Project Approvals (CI\$ Mil)			%
	2022	2023	2024	Change
Residential	120.2	82.2	59.4	(27.7)
<i>Houses</i>	51.8	29.6	45.9	55.1
<i>Apartments</i>	68.4	52.7	13.6	(74.2)
Commercial	13.7	15.2	9.2	(39.7)
Industrial	9.1	0.2	5.3	2,564.8
Hotel	34.0	12.0	18.0	50.0
Government	7.8	0.1	0.4	192.9
Other	13.4	12.5	11.3	(9.8)
<b>Total</b>	<b>198.1</b>	<b>122.3</b>	<b>103.7</b>	<b>(15.3)</b>

Source: Planning Department

The value of residential approvals fell by 27.7%, or \$22.8 million. Approvals in the apartment category led to the decline, contracting 74.2%, or \$39.1 million. The housing category partially offset the decline, increasing by 55.1%, or \$16.3 million.

The commercial category contracted by 39.7% to \$9.2 million, owing to fewer large-scale commercial projects for the quarter. The 'other' category also declined by 9.8% to \$11.3 million.

Despite the overall decline, the hotel category rose by 50.0% or \$6.0 million as Phase Two of Morritt's property boosted it. The industrial and government categories also increased, rising by \$5.1 million and \$0.3 million, respectively.



**Table 19: Number of Project Approvals (Jan-Mar)**

	Number of Approvals			% Change
	2022	2023	2024	
Residential	110	105	118	12.4
Houses	96	61	90	47.5
Apartments	14	44	28	(36.4)
Commercial	12	10	6	(40.0)
Industrial	6	1	3	200.0
Hotel	1	1	1	-
Government	2	1	2	100.0
Other	124	101	139	37.6
<b>Total</b>	<b>255</b>	<b>219</b>	<b>269</b>	<b>22.8</b>

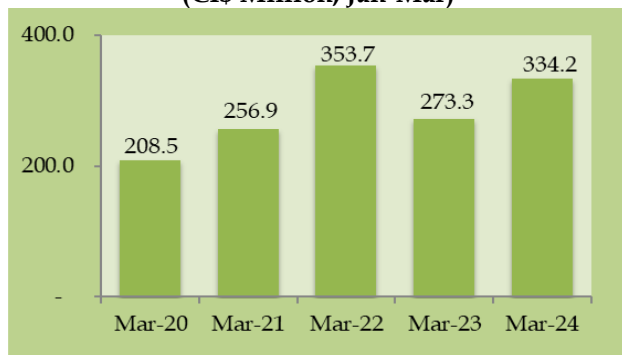
Source: Planning Department

The number of project approvals granted for the quarter increased by 22.8% to 269.

## 10. Real Estate

Real estate activity expanded during the first quarter of 2024, with the value and volume of property transfers increasing. The total value of traded properties rose to \$334.2 million, an expansion of 22.3% relative to the same period in 2023. The value of both freehold and leasehold traded properties rose, with the value of freehold transfers increasing by 20.5% to \$ 313.8 million and the value of leasehold transfers rising by 58.0% to \$20.4 million.

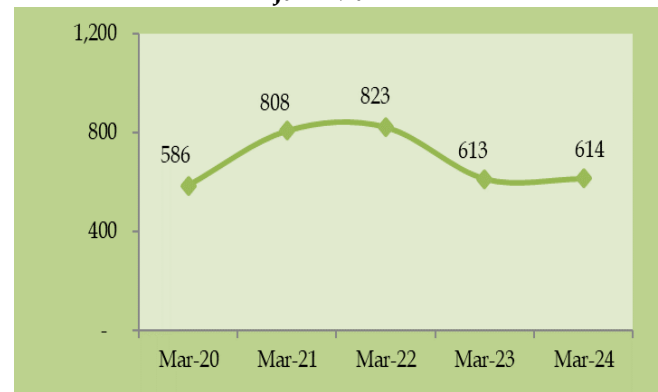
**Figure 18: Value of Property Transfers: (CIS\$ Million, Jan-Mar)**



Source: Lands & Survey Department

The total number of properties transferred during the quarter rose by 0.2% (or 1) to 614. The increase was due to an expansion in leasehold transfers, which grew by 39.4% (or 13) to 46 properties. In contrast, freehold transfers declined by 2.1% (or 12) to 568 properties.

**Figure 19: Number of Property Transfers: Jan- Mar**



Source: Lands & Survey Department

## 11. Utilities

### 11.1 Electricity

Energy consumption continued to trend upwards in the first three months of the year as increased economic activities and a rising population level propelled higher demand. Consequently, electricity consumption increased by 5.8% compared to the same period of 2023. The rise in demand was reflected across both residential and commercial customers. Specifically, residential consumption rose by 6.9%, while commercial consumption increased by 4.9%. In contrast, other consumption, which includes street lighting, fell by 11.1% for the period.



**Table 20: Utilities Production and Consumption**

	Mar-23	Mar-24	% Change
Millions of US Gallons			
Water Production	728.4	795.7	9.2
Water Consumption	606.0	653.3	7.8
'000 of megawatt hrs			
Electricity Production (Net)	159.3	169.4	6.3
Electricity Consumption	158.8	168.1	5.8
Residential	82.6	88.3	6.9
Commercial	75.0	78.7	4.9
Public	1.2	1.1	(11.1)
Total Customers	33,214	33,777	1.7
Residential	28,525	29,032	1.8
Commercial	4,689	4,745	1.2

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

The rise in consumption was due to both a rise in the customer base and an increase in the average consumption of customers. The number of electricity customers rose by 1.7% due to increases of 1.8% and 1.2% in residential and commercial customers, respectively. The average consumption of a residential customer rose by 5.1%, while the average consumption of a commercial customer increased by 3.7%.

### 11.2. Water

Similar to electricity consumption, water consumption increased by 7.8% for the review period. Consistently, water production increased by 9.2% as suppliers moved to keep pace with demand.

### 11.3 Telecommunications

Telephone usage, as indicated by domestic and international minutes used, contracted

by 8.7% for the quarter relative to the previous year. This resulted from a decline of 17.8% and 7.2% in international and domestic minutes, respectively (see Table 21). Fixed and mobile handsets in operation rose by 9.1% to 152,828, while broadband connections grew by 15.9%

**Table 21: Telecommunication Sector Indicators**

	Mar-23	Mar-24	% Change
Fixed and Mobile handsets in operation	140,524	152,828	8.8
Total fixed & mobile minutes ('000)	51,103	46,674	(8.7)
Fixed and mobile domestic minutes	43,947	40,791	(7.2)
Fixed and mobile int'l retail minutes	7,156	5,883	(17.8)
Broadband connections	28,107	32,564	15.9

Source: The Utility Regulation and Competition Office

## 12. Fiscal Operations of the Central Government<sup>7</sup>

**Net lending (overall surplus)**, of the government, which is the excess of its revenue above expenditure, rose to \$250.4 million at the end of the quarter compared to \$230.5 million in the corresponding quarter of 2023 (see Figure 20 and Table 22).

The improved surplus resulted from revenue growth outpacing an increase in expenditure. The higher revenue resulted from increases in both taxes and other revenues, while the rise in expenditure was due to higher expenses as net investment in

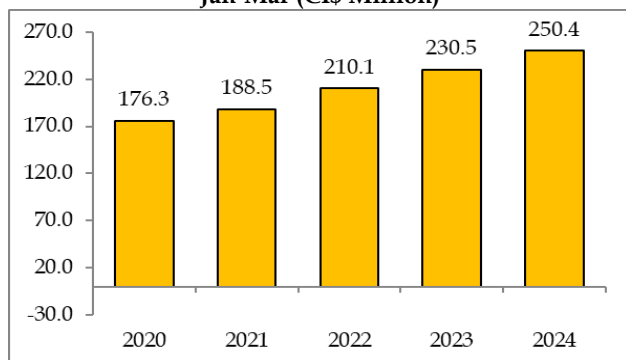
<sup>7</sup> The tables, graphs and information presented in this section has been adjusted to conform with the

Government Finance Statistics Manual 2014 published by the IMF.



non-financial assets (formerly net capital expenditure and net lending) declined.

Figure 20: Central Government's Net Lending Jan-Mar (CI\$ Million)



Source: Cayman Islands Treasury Department & Economics and Statistics

The **net operating balance (formerly current balance)**, revenue minus expense, rose to \$250.7 million in 2024 from \$233.6 million in 2023.

Table 22: Summary of Fiscal Operations

	Mar-23	Mar-24	% Change
CI\$ Million			
Revenue	473.4	512.8	8.3
Expense	239.8	262.1	9.3
<b>Net Operating Balance</b>	<b>233.6</b>	<b>250.7</b>	<b>7.3</b>
Net Investment in Nonfinancial Assets	3.2	0.3	(91.6)
<b>Expenditure</b>	<b>243.0</b>	<b>262.4</b>	<b>8.0</b>
<b>Net Lending</b>	<b>230.5</b>	<b>250.4</b>	<b>8.7</b>
<b>Financing:</b>			
Net Acquisition of Financial Assets	220.1	243.1	10.4
Net Incurrence of Liabilities	(10.3)	(7.3)	(29.1)

Source: Cayman Islands Treasury Department & Economics and Statistics Office

### 12.1. Revenue

Total revenue totalled \$512.8 million at the end of the quarter compared to \$473.4 million in the same period of 2023 (see Table 23). The 8.3% collection increase was bolstered by a 7.1% increase in taxes and a

36.4% growth in other revenue. The boost in revenue resulted from increased economic activity, higher property values, greater demand for labour, and a rise in prices.

**Taxes** amounted to \$486.7 million, reflecting a 7.1% increase over the same period in 2023. All categories contributed to the increased tax collection, specifically a 5.4% rise in taxes on international trade and transactions, a 6.6% increase in taxes on goods and services, a 21.9% rise in property taxes, and a 729.4% uptick in other taxes. Notwithstanding the higher collections, tax revenue as a share of total revenue decreased to 94.9% at the end of March 2024, relative to 96.0% for the same period in 2023.

Table 23: Revenue of the Central Government

	Mar-23	Mar-24	% Change
CI\$ Million			
<b>Revenue</b>	<b>473.4</b>	<b>512.8</b>	<b>8.3</b>
<b>Taxes</b>	<b>454.3</b>	<b>486.7</b>	<b>7.1</b>
Taxes on International Trade & Transactions	62.6	66.0	5.4
Taxes on Goods & Services	373.1	397.6	6.6
Taxes on Property	18.6	22.7	21.9
Other Taxes	0.1	0.4	729.4
<b>Other Revenue</b>	<b>19.1</b>	<b>26.1</b>	<b>36.4</b>
Sale of Goods & Services	10.8	14.8	36.3
Investment Revenue	6.4	8.4	32.2
Fines, Penalties and Forfeits	1.6	2.8	75.4
Revenue n.e.c.	0.3	0.1	(67.4)

Source: Cayman Islands Treasury Department & Economics and Statistics Office

**Revenue collected from taxes on goods & services** reached \$397.6 million at the end of the quarter, up by \$24.6 million. The category contributed the highest nominal increase to overall tax collections (see Table 24 and Table 23), with each sub-category of local taxes adding to the higher collections, except for other domestic taxes. Financial services licenses, which accounted for 79.7%





of the collection in the category, rose to \$316.8 million (up 9.3% or \$26.9 million). The increase was largely due to higher collection from exempt company fees.

**Table 24: Domestic Taxes on Goods & Services of the Central Government (CI\$ Million)**

	Mar-23	Mar-24	% Change
CI\$ Million			
Financial Services Licences	289.9	316.8	9.3
ICTA Licences & Royalties	1.9	2.4	25.3
Work Permit and Residency Fees	31.4	31.8	1.4
Other Stamp Duties	3.6	3.7	2.3
Traders' Licences	3.2	3.3	1.3
Other Domestic Taxes	43.1	39.7	(7.9)
Of which:			
Tourist Accommodation Charges	17.2	16.3	(5.1)
Motor Vehicle Charges	3.5	0.1	(97.1)
<b>Taxes on Goods &amp; Services</b>	<b>373.1</b>	<b>397.6</b>	<b>6.6</b>

Source: Cayman Islands Treasury Department & Economics and Statistics Office

Other domestic taxes declined by 7.9% to \$43.1 million. This reduction stemmed from lower tourist accommodation charges (down 5.1%) and motor vehicle charges (down 97.1%).

**Revenue from international trade and transactions** rose to \$66.0 million at the end of March 2024, representing a 5.4% increase (or \$3.4 million) (Table 23). The increase was primarily due to a 7.2% rise in import duties as collections from other levies decreased by 16.2%.

Import duties increased to \$62.1 million from \$57.9 million in 2023, partly due to a 104.6% (or \$3.3 million) increase in duty revenue from gasoline and diesel. This increase coincided with a 16.6% (or \$6.6 million) increase in duty on motor vehicle imports. Additionally, duties on alcoholic beverages and other import duties

contributed positively to the overall rise, while duties on tobacco products decreased.

Inflows from other levies amounted to \$3.9 million, with cruise ship departure charges contributing \$2.4 million and the environmental protection fund fee accounting for \$1.5 million. This is in line with the decline in the number of cruise ship visitors for the quarter.

**Taxes on property** rose to \$22.7 million, a 21.9% increase from the same period in 2023 (Table 23). This increase was due primarily to higher stamp duty on land transfers and timeshare ownership charges. The rise in property tax collection corresponds with the rise in the value of property transfers during the quarter. **Other taxes** also increased to \$423,000 from \$51,000.

**Other government revenue** grew to \$26.1 million, up 36.4% from the previous year (Table 23). Receipts from the sale of goods & services, investment revenue, and fines, penalties & forfeits collectively contributed to the overall increase, with inflows of \$14.8 million (up 36.3%), \$8.4 million (up 32.2%) and \$2.8 million (up 75.4%), respectively. In contrast, revenue not elsewhere classified decreased 67.4% to \$108,000 at the end of March 2024.

## 12.2. Expenditure

From January to March 2024, government expenditure totalled \$262.4 million, an increase of 8.0% relative to the same period in 2023 (Table 22). This increase was linked to a rise in the central government expenses, which surpassed a reduction in net investment in non-financial assets.



**Table 25: Expenses of the Central Government**

Expense	Mar-23	Mar-24	%
	CIS\$ Million		Change
<b>Expense</b>	<b>239.8</b>	<b>262.1</b>	<b>9.3</b>
Compensation of Employees	106.7	112.8	5.7
Use of Goods and Services	32.4	34.8	7.4
Consumption of Fixed Capital	13.2	14.3	8.3
Subsidies	62.9	70.4	11.8
Social Benefits	18.3	23.4	27.5
Interest	4.3	4.5	4.8
Other Expense	1.9	1.9	1.4

Source: Cayman Islands Treasury Department & Economics and Statistics Office

Central government expenses (formerly current expenditure) rose by 9.3% to \$262.1 million as spending on all categories increased (see Table 25). Compensation of employees (formerly personnel costs) rose by 5.7% to \$112.8 million, primarily due to the filling of vacant positions. Salaries and wages increased by 4.3% (or \$3.3 million), healthcare costs rose by 13.0% (or \$2.3 million), and pension expenses grew by 2.5% (\$0.2 million).

Use of goods and services (formerly supplies and consumables) increased to \$34.8 million from the \$32.4 million recorded at the end of March 2023. Overall, the category rose by 7.4%, driven by higher costs for goods, utilities, and most services.

Consumption of fixed capital<sup>8</sup> (formerly depreciation) rose to \$14.3 million or 8.3% (Table 25). This increase was mainly due to the depreciation of buildings, computer hardware, and computer software.

Subsidies paid to statutory authorities, government-owned companies, and private

entities totalled \$70.4 million, up 11.8% relative to 2023. The Health Services Authority, the Cayman Islands National Insurance Company, and medical care at various overseas providers were the key beneficiaries, with payments of \$3.8 million (up 28.0%), \$1.0 million (up 7.4%), and \$2.5 million (up 24.9%), respectively.

Social benefits (formerly transfer payments) rose by 27.5% to \$23.4 million. The increase in spending primarily supported a 30.5% increase in scholarships and bursaries to \$10.6 million and a 17.5% increase in financial assistance to \$5.8 million.

Interest payments increased to \$4.5 million, up from \$4.3 million at the end of the first quarter of 2023, while other expenses remained unchanged at \$1.9 million (Table 25).

### 11.3. Investment in Non-financial Assets

During the first quarter of 2024, gross investment in non-financial assets (formerly gross capital expenditure and net lending) fell by 10.9% to \$14.6 million (see Table 26). This decline was due to reduced spending on fixed assets<sup>9</sup>. Net investment in non-financial assets decreased to \$0.3 million (or 91.6%) as a decline in gross capital investments outweighed the increase in depreciation. Within fixed assets, capital investment in ministries and portfolios declined by 67.8% to \$2.2 million, mainly due to a reduction in expenditures by the Ministry of Education, Youth, Sports, Agriculture, and Lands.

<sup>8</sup> Depreciation captures the decline in the value of fixed assets due to physical deterioration, normal obsolescence or normal accidental damage.

<sup>9</sup> Includes expenditure on buildings and structures as well as machinery and equipment.



Capital investment in statutory authorities and government-owned companies rose by 50.8% to \$7.7 million, reflecting increased allocation towards the Cayman Turtle Farm Limited. Capital investment in executive assets increased by 192.7% to \$4.6 million, due mainly to road work expansion projects.

**Table 26: Investment in Non-financial Assets**

	Mar-23	Mar-24	% Change
CI\$ Million			
Gross Investment in Nonfinancial Assets	16.4	14.6	(10.9)
Fixed Assets	16.1	14.9	(7.8)
Capital Investment in Ministries and Portfolios	6.8	2.2	(67.8)
Capital Investment in Statutory Authorities and Government Owned Companies	5.1	7.7	50.8
Executive Assets	4.2	5.0	18.2
Inventories	0.2	(0.3)	(238.0)
Net Investment in Nonfinancial Assets <sup>1</sup>	3.2	0.3	(91.6)

Source: Cayman Islands Treasury Department and Economics and Statistics Office

### 12.4. Net Financing and Debt

Net acquisition of financial assets<sup>10</sup>, including the assumed cash balance from the fiscal surplus, increased to \$243.1 million for the review period from \$220.1 million in 2023 (see Table 27).

**Table 27: Net Financing**

	Mar-23	Mar-24	% Change
CI\$ Million			
<b>Financing:</b>			
Net Acquisition of Financial Assets	220.1	243.1	10.4
Net Incurrence of Liabilities	(10.3)	(7.3)	(29.1)
Incurrence (Disbursement)	0.0	0.0	-
Reduction (Loan Repayment)	10.3	7.3	(29.1)

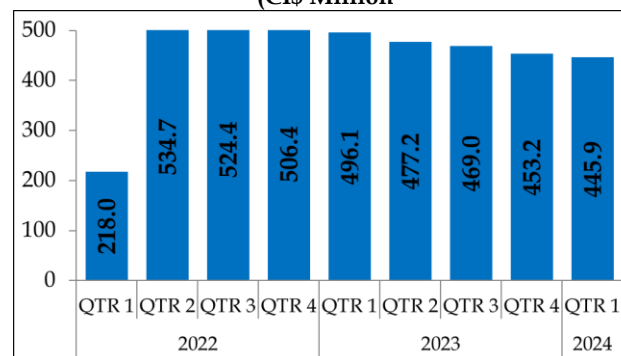
Source: Cayman Islands Treasury Department

<sup>10</sup> Calculated as the sum of net lending (overall balance) and net incurrence of liabilities. It assumes that the surplus generated is additional funds that the government has for

Net incurrence of liabilities, which represent net borrowing, decreased from a debt repayment of \$10.3 million to a repayment of \$7.3 million for the quarter. There were no loan disbursements from January to March 2024.

The government's total outstanding debt stood at \$455.9 million, falling by 10.1% (or \$50.1 million) compared to the stock at the end of March 2023. Compared to December 2023, the debt decreased by 1.6%, or \$7.3 million.

**Figure 22: Central Government Outstanding Debt (CI\$ Million)**



Source: Cayman Islands Treasury Department

The debt service-to-revenue ratio fell to 2.3% at the end of March 2024, compared to 3.1% in March 2023. Similarly, the interest expenses-to-total expenses ratio decreased to 1.7%, down from 1.8%. Meanwhile, the share of interest expenses relative to revenue remained steady at 0.9%.

financing which when combined with additional financing reflect new funding that the government has access to.



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