CAYMAN ISLANDS
GOVERNMENT

THE CAYMAN ISLANDS' SEMI-ANNUAL ECONOMIC REPORT 2024

ESO
The Economics and Statistics Office

December 2024

Contents

Overview*

- Advanced economies expanded in the second half of 2024, with the US economy growing by 3.0%.
- Cayman's gross domestic product is estimated to have grown in real terms at an annualised rate of 3.2% in the first half of 2024.
- The Consumer Price Index increased on average by 1.6%, mainly driven by higher costs rent, communication and education.
- The value of merchandise imports rose 8.7% to $827.3 million.
- Civil service employment rose by 5.2%, while work permits increased by 6.7%.
- Broad liquidity or money supply expanded by 0.2% to reach $8.5 billion.
- Domestic credit expanded by 4.0% as credit to the private sector rose by 4.9%; in contrast, public sector borrowings fell by 4.1%.
- The weighted average lending rate rose to 9.50% from 9.04%, while the prime lending rate increased to 8.5% from 8.13%.
- Bank and trust licences decreased by 9.4% to 87, while insurance licences rose by 3.1% to 724.
- Total number of funds registered in the Cayman Islands rose by 1.8% with private funds increasing by 3.8%, while mutual funds declined by 0.7%.
- Stock exchange listings and the market capitalisation fell by 0.5% and 1.6%, respectively.
- New company registrations increased by by 18.5% to 6,034, while new partnership registrations fell by 3.3% to 1,856.
- Stayover arrivals rose by 6.5%to 250,699, while cruise arrivals fell by 14.8% to 632,605.
- The value of building permits increased by 3.8% to $174.9 million, while project approvals rose by 25.8% to $254.7 million.
- The total value of property transfers increased by 4.2% to $662.8 million.
- Electricity consumption increased by 5.5%, while water consumption rose by 10.5%.
- The central government's overall fiscal surplus increased to $182.0 million compared with $145.4 million a year ago.
- The total outstanding debt of the central government fell to $420.1 million from $477.2 million a year ago.

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

1. International Economy

1.1 Economic Growth[1]

Global economic activity remained stable in the first half of the year, as noted in the April 2024 IMF World Economic Outlook. Among advanced economies, the United States (US) economy grew at an annualised rate of 3.0% in the second quarter, driven by higher Investments and consumer spending. Similarly, Canada experienced annualised growth of 2.1%, supported by government consumption expenditures, business investment, and household spending on services.

The United Kingdom (UK) and the Euro Area registered growth of 0.6% and 0.2%, respectively. In the UK, growth was driven by gross capital formation, government consumption, and household spending increases. Meanwhile, government consumption and net trade contributed positively to growth in the Euro Area.

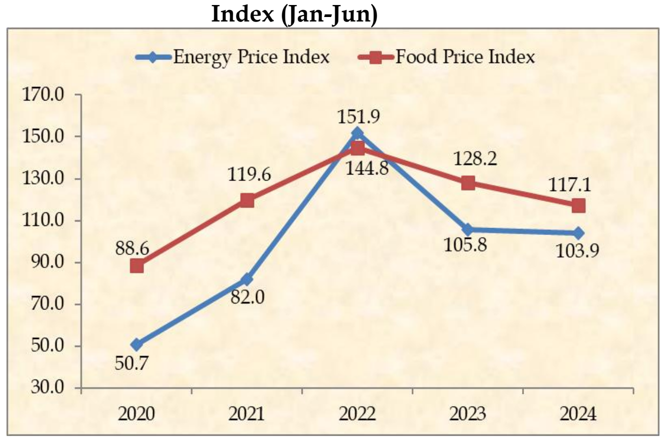
1.2 Inflation[2]

There was a general reduction in inflation rates across most advanced economies during the first six months of 2024. The UK and the Euro Area registered rates of 3.4% and 2.5% compared to 8.3% and 7.1% for the same period in 2023. Similarly, inflation in the US and Canada decelerated to 3.2% (down from 4.9%) and 2.8% (down from 4.5%), respectively.

The food price index declined by 8.6% for the first six months of the year compared to 2023. This was mainly driven by lower prices in oils and meat (down 13.2%) and grains (down 17.0%) (see Figure 1). Increased production of key food commodities was sufficient to counter the effects of poor weather conditions.

Energy prices remained relatively stable for the review period, showing a reduction of 1.7%. This was largely due to declines in jet fuel and diesel prices, which fell by 4.1% and 3.6%, respectively. Despite the lower energy prices, the cost of crude oil increased by 5.5% to an average of US$82.07 per barrel from January to June 2024 compared to the same period in 2023.

Figure 1: Global Crude Oil Prices and Food Prices Index (Jan-Jun)



Source: World Bank commodity prices (The Pink Sheet)

1.3 Interest Rates and Exchange Rates[3]

With improvements in the inflationary environment, the central banks in two of the four major economies monitored reduced their

[1] Data sourced from the US Bureau of Economic Analysis, Statistics Canada, UK Office for National Statistics and Eurostat.

[2] Data obtained from the US' Bureau of Labour Statistics, Bank of Canada, Office for National Statistics and Eurostat..

[3] Data obtained from the Federal Reserve Bank, Bank of England, Bank of Canada, European Central Bank

policy rates during the review period, while two kept their rates unchanged. The Bank of Canada and the European Central Bank (ECB) lowered their rates by 25 basis points (bps) to 3.65% and 4.25%, respectively. Additionally, the ECB lowered its marginal lending facility rate to 4.50% and the deposit facility rate to 3.75%, down by 25 basis points (bps).

The US Federal Reserve Bank and the Bank of England kept their target rates unchanged for the fourth consecutive quarter. The US Federal Reserve Bank held its target range at 5.0%-5.25%, while the Bank of England maintained a rate of 5.25%.

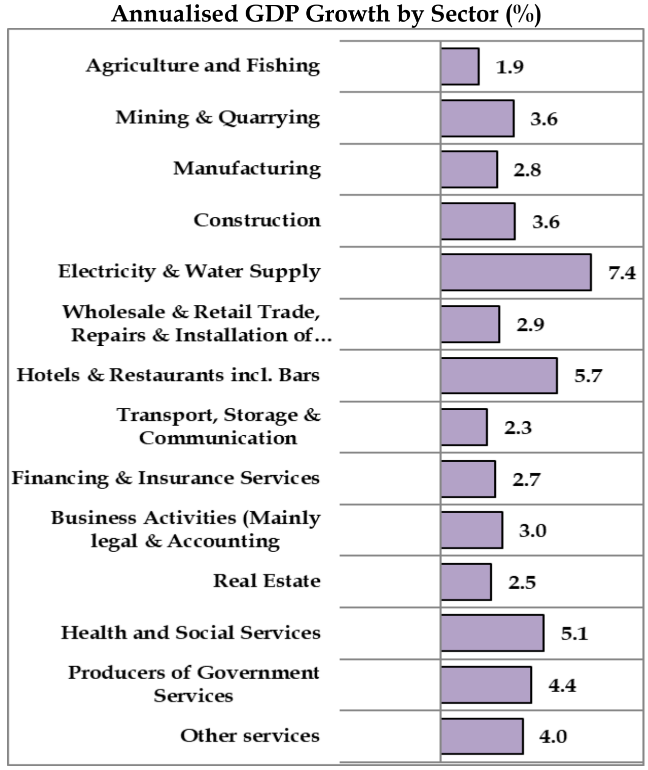
For the first half of 2024, the US Dollar strengthened nominally against the British Pound by an average of 2.6% and against the Canadian Dollar by 0.8% compared to the same period in 2023. However, the US dollar maintained the same valuation against the Euro, year over year.

2. Cayman Islands' Estimated GDP

Available indicators suggest that the Cayman Islands' gross domestic product (GDP) rose by an estimated 3.0% in real terms for the second quarter of 2024. This reflects a mild deceleration from the 3.6% estimated in the first quarter.

Indicators for the half-year period suggest that the economy expanded by 3.2% for the first six months of the year. The economic expansion over the period primarily reflected increased activities in the accommodation sector, which supported growth in utilities and other services. Notably, the hotel and restaurant industry expanded by 5.7% for the first half of the year. The increased demand for tourism-related activities largely occurred in the first quarter, while activities slowed in the second quarter.

Figure 2: Estimated First Half of 2024 Annualised GDP Growth by Sector (%)



Source: Economics and Statistics Office

Other sectors with moderate growth were electricity & water supply (up by 7.4%), government services (up by 4.4%), other services (up by 4.0%) and construction (up by 3.6%). Financing and insurance services, which continue to be the largest contributor to GDP, expanded by 2.7% during the review period (see Figure 2). Resilience in stayover visitor arrivals continues to support demand for tourism-related services. At the same time, increased population growth and a robust appetite for real estate continue to support growth in auxiliary sectors.

The economic performance for the first half of the year supports the macroeconomic outlook for the calendar year 2024, with economic activity measured by real GDP projected to expand by 2.8%. Growth in the year is premised on continued demand for financial and domestic activities. Some demand is also expected from tourism activities despite a slowdown in the second half of the year.

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 average consumer price index (CPI) inflation forecast is maintained at 2.1% for the year. The general stabilisation of inflation in the US is expected to temper local inflationary pressures in the last two quarters of the year. Further, the slowdown in food and energy prices on the international market in the first half of the year is expected to further support stable prices. Notwithstanding, international geopolitical tensions and the risk of increased tariffs could add inflationary pressures.

The projected unemployment rate is also maintained at 2.9% for the year, which is in line with the projection for output growth. The expectation for resilience in service-related sectors is anticipated to minimize slack in the labour market and keep unemployment levels low for the year.

3. Inflation[4]

Average prices in the Cayman Islands increased by 1.6% for the first half of 2024, compared to 5.3% for the same period in 2023 (see Table 2 and Figure 3). The rise in prices for the period reflected increases of 1.5% and 1.7% in the first and second quarters, respectively.

Inflation in most categories slowed or declined during the review period, with only health, communication, and education accelerating relative to the previous year.

Table 2: Inflation Rates (%, Jan-June)

Categories	Avg. Inflation Rates (%) Half year 2023	Half year 2024
Food & Non-alcoholic Beverages	9.6	1.4
Alcohol and Tobacco	3.7	(0.1)
Clothing and Footwear	5.8	(0.5)
Housing and Utilities	6.8	3.0
Household Equipment	10.9	2.3
Health	1.6	2.2
Transport	2.4	(2.7)
Communication	(0.7)	8.9
Recreation and Culture	4.0	1.7
Education	2.7	8.7
Restaurants and Hotels	6.1	(1.3)
Misc. Goods and Services	4.3	1.6
Overall CPI Inflation	5.3	1.6

Source: Economics and Statistics Office

Energy-related inflation contracted in line with international energy prices. Specifically, the transport index contracted by 2.7%, primarily driven by lower fuel costs, reduced air passenger transport prices, and other personal transport equipment services. Similarly, the sub-indices for electricity, gas

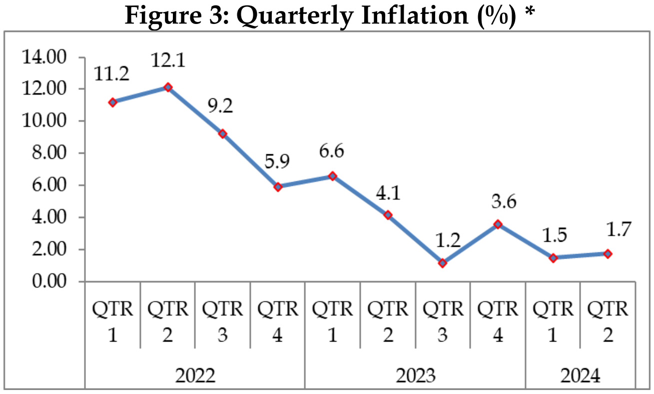
[4] A detailed inflation report is posted at www.eso.ky

and other fuels contracted by 4.7%. The impact of this subcategory was outweighed by increases in rental and maintenance costs, which led to a 3.0% rise in the housing and utilities index.

The index for food and non-alcoholic beverages rose by 1.4%, relative to 9.6% in 2023. This increase was traced to higher prices in several sub-categories, such as sugar, confectionery, oils, and meat products. The index for household equipment rose by 3.0% as four of the eight sub-categories increased. Similarly, the index for recreation and culture rose by 1.7%, while the miscellaneous goods and services index grew by 1.6%.

The restaurants and hotels index declined by 1.3%, driven by lower prices for accommodation services, restaurants, cafes, and similar establishments. Declines were also seen in the average prices for alcohol and tobacco and clothing and footwear, which fell by 0.1% and 0.5%, respectively.

Figure 3: Quarterly Inflation (%) *

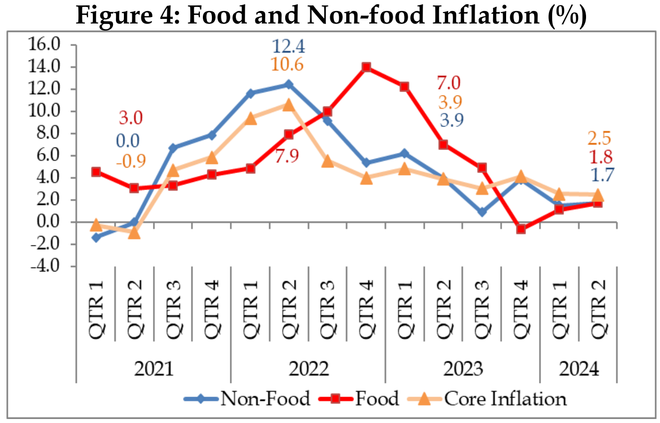


*Inflation of current quarter CPI over the same quarter a year ago.
Source: Economics and Statistics Office

Within the categories that reflected accelerated inflation, the health index rose by 2.2%, primarily due to higher costs for dental services and pharmaceutical products. Meanwhile, communication and education experienced price increases of 8.9% and 8.7%, respectively.

Core inflation (excluding food, electricity, and fuel) averaged 2.5% in the second quarter of 2024 compared to the 3.9% in 2023 (see figure 4). Meanwhile, prices for non-food items saw an increase of 1.7% during the quarter and 3.9% for the same period in the previous year.

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



Source: Economics and Statistics Office

4. Trade[5]

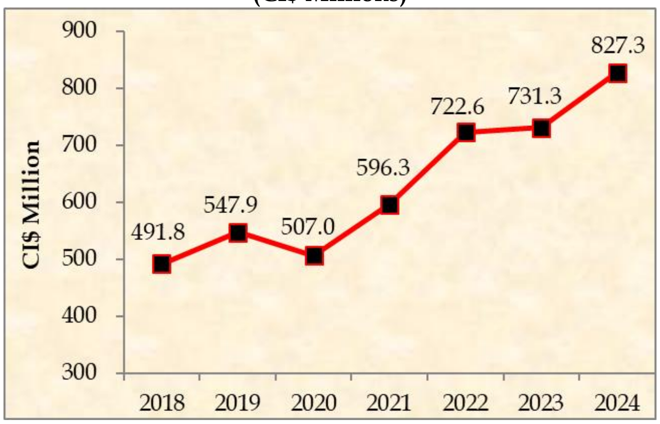
Merchandise imports increased by 8.7%, reaching $827.3 million for the first six months of 2024 (see Figure 5). This reflected an acceleration in growth, partly attributed to a general decline in international prices.

Non-petroleum products accounted for 86.0% of the total import and increased to $711.7 million, up 13.2% from the $628.9 million recorded in 2023. All non-petroleum import categories contributed to the increase, except inedible crude materials (excluding fuels), which fell by $1.4 million, or 13.5%. The two

[5] A detailed trade report is posted at www.eso.ky

largest contributors to the expansion were machinery and transport equipment, which rose by 19.2% (or $27.3 million), and food & live animals, which increased by 11.2% (or $14.6 million).

Figure 5: Merchandise Imports (Jan-June) (CI$ Millions)

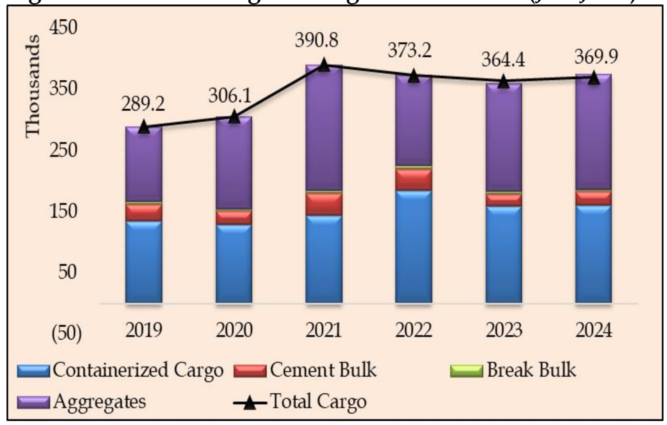


Source: Cayman Islands Customs & Border Control and ESO

Petroleum imports grew by 12.9% (or $13.2 million), reaching $115.6 million compared to the previous year. This increase occurred despite a decline in the total volume of fuels imported during the period.

The volume of cargo imports rose by 1.5% to 369.9 thousand tonnes from January to June 2024 (see Figure 6). This growth was driven by a 7.3% (or 12.8 thousand tonnes) increase in aggregates, a 15.8% (or 3.1 thousand tonnes) rise in cement bulk, and a 0.5% (or 0.8 thousand tonnes) uptick in containerized cargo. Break-bulk and bagged cement registered declines of 24.8% and 2.0%, respectively. Aggregates totalled 189.4 tonnes, and containerised cargo totalled 159.7 tonnes, which together represented 94.4% of cargo imports.

Figure 6: Total Tonnage of Cargo in thousands (Jan-June)



Source: Cayman Islands Port Authority

The quantity of imported fuel decreased by 4.6% to 28.0 million imperial gallons during the review period (see Table 3). This reduction was due to a 24.2% fall in gasoline to 6.7 million imperial gallons. Similarly, aviation fuel fell by 8.5% to 2.9 million imperial gallons, while propane fell by 18.5% to 1.2 million imperial gallons. Diesel import, which comprised 61.7% of total fuel imports, was the only category to increase, rising by 8.3% compared to 2023.

Table 3: Oil Imports (Jan-June)

	2022	2023	2024	% Change
	Millions of Imperial Gallons			
Total Fuel	**24.8**	**29.3**	**28.0**	**(4.6)**
Diesel	16.5	15.9	17.3	8.3
Gas	6.2	8.8	6.7	(24.2)
Aviation Fuel	0.9	3.1	2.9	(8.5)
Propane	1.2	1.4	1.2	(18.5)

Source: Cayman Islands Port Authority

5. Employment

5.1. Labour Force[6]

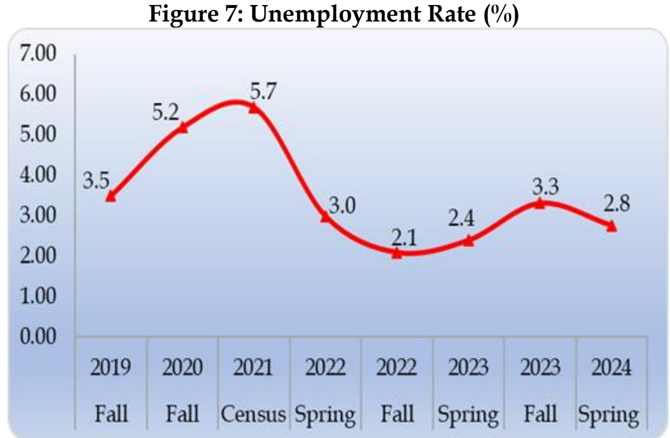
The Spring 2024 Labour Force Survey (LFS) reported an estimated 5.0% growth in the Cayman Islands' population, bringing the total to 87,866, up from 83,671 in Spring 2023. This increase was attributed to a 2.5% (or 971) increase in Caymanians, a 21.6% (or 1,389) rise in Permanent Residents and a 4.8% (or 1,836) rise in non-Caymanians.

The working-age population (age 15+) increased by 6.7% to a total of 75,067 persons, representing 85.4% of the population. There was a similar expansion in the labour force (up 6.9%), increasing the overall labour force participation rate[7] (LFPR). The LFPR increased to 83.6%, with Permanent Residents with Right to Work (WRW) showing the highest rate at 93.0%. Caymanians and non-Caymanians had participation rates of 72.0% and 92.3%, respectively.

A total of 61,003 persons were employed in the Spring 2024 LFS, up from 57,266 in the Spring 2023 LFS. The employed labour force comprised 22,181 Caymanians (up 2.6%), 5,691 Permanent Residents WRW (up 45.8%), and 33,131 non-Caymanians (up 4.4%).

Despite the increase in employment, the unemployment rate also increased to 2.8% compared to 2.4% in 2023 (see Figure 7). The number of unemployed persons rose to 1,740 from 1,404. Unemployment levels among both Caymanians and non-Caymanians increased, growing by 35.7% and 13.9%, respectively. In contrast, unemployment among Permanent Residents WRW fell by 10.3% to 156 persons.

Figure 7: Unemployment Rate (%)

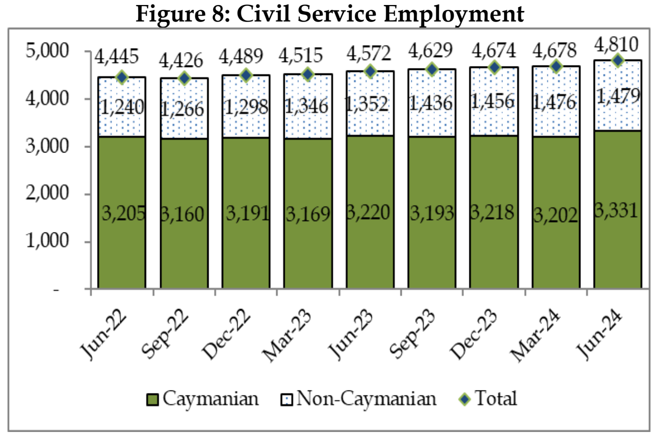


Source: Economics and Statistics Office

5.1 Central Government Employment

As of June 2024, the Cayman Islands' government employed 4,810 civil servants, an increase of 5.2% from the 4,572 employed in June 2023 (see Figure 8). Of the total number of employees, 3,331 were Caymanian, up from 3,220 (or 3.4%), and 1,479 were non-Caymanian, up from 1,352 (9.4%). Employed Caymanians accounted for 69.3% of the civil service, while non-Caymanians represented 30.7%.

Figure 8: Civil Service Employment



Source: Portfolio of the Civil Service

[6] See also "The Cayman Islands' Labour Force Survey Report Spring 2023," www.eso.ky

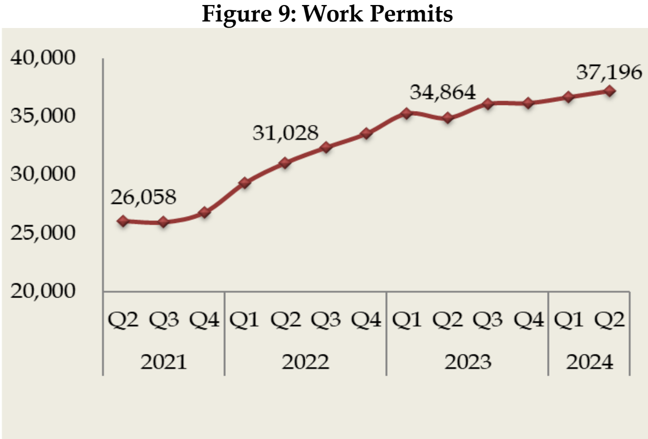
[7] calculated as the labour force divided by the total working-age population

5.2. Work Permits

At the end of June 2024, there were 37,196 active work permits, an increase of 6.7% (or 2,332) compared to the 34,864 permits at the end of June 2023 (see Figure 9). For the quarter, the main three industries utilizing work permit holders were construction, with a share of 17.5% (or 6,524 permits), followed by accommodation and food services, with 16.9% (or 6,284), and wholesale and retail trade, with 13.1% (or 4,883).

The number of work permits fell by 1.4%, or 530, compared to the March 2024 quarter. Wholesale and retail trade (162), accommodation and food service (113), and households as employers (91) recorded the largest nominal increase for the quarter.

Figure 9: Work Permits

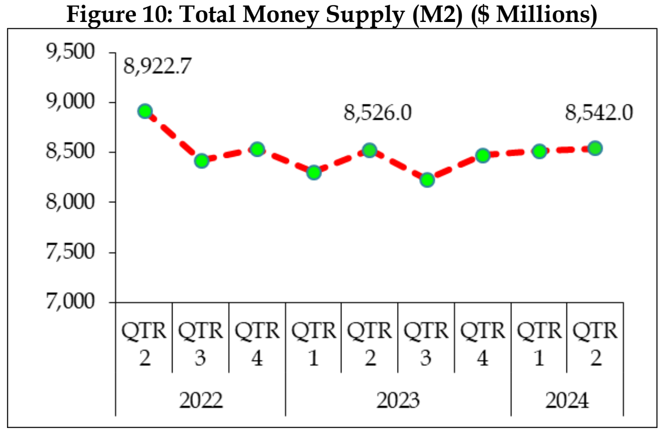


Source: Workforce Opportunities & Residency Cayman

6. Money & Banking

Residents' deposits in the domestic banking system supported a rise in local currency deposits for the first half of the year. This increase facilitated a 0.2% increase in Broad liquidity for the period. KYD-denominated deposits rose by 1.8%, while foreign currency-denominated deposits contracted by 0.6%. Notably, the growth in local currency deposits was due to a 5.0% increase in time and savings deposits, which outweighed a 2.8% fall in demand deposits.

Figure 10: Total Money Supply (M2) ($ Millions)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

The counteractive movement in the two deposit classes continues to suggest that depositors are favouring longer-term deposits at the expense of demand deposits. Despite the dynamics in deposit tenure, currency in circulation rose by 6.9% for the period (see Figure 10 and Table 4).

The increase in broad liquidity (M2), which represents the liabilities of the monetary and banking system, induced a 1.8% buildup in net foreign assets. The rise in foreign assets was also partly funded by a 2.8% reduction in domestic assets.

Table 4: Monetary and Banking Indicators ($ Millions)

	Jun-23	Jun-24	% Change
Total Assets	**8,526.0**	**8,542.0**	0.2
Net Foreign Assets	**5,553.3**	**5,653.9**	1.8
Monetary Authority	179.5	201.1	12.0
Commercial Banks	5,373.8	5,452.8	1.5
Net Domestic Assets	**2,972.6**	**2,888.1**	(2.8)
Domestic credit	4,081.8	4,244.5	4.0
Claims on central government	412.0	397.6	(3.5)
Claims on other public sector	17.7	14.5	(17.8)
Claims on private sector	3,652.0	3,832.4	4.9
Other items net	(1,109.1)	(1,356.4)	22.3
Broad Liquidity	**8,526.0**	**8,542.0**	0.2
Broad money (KYD) M2	**2,491.2**	**2,543.3**	2.1
Currency in circulation	158.5	169.5	6.9
KYD Deposits	**2,332.7**	**2,373.8**	1.8
Demand deposits	980.6	953.6	(2.8)
Time and savings deposits	1,352.1	1,420.2	5.0
FOREX deposits	6,034.7	5,998.6	(0.6)
of which: US dollars	5,699.3	5,671.6	(0.5)
US dollars share (%)	*94.4*	*94.5*	

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

6.1. Net Foreign Assets (NFA). Commercial banks improved their net foreign asset position during the quarter by 1.5%. This was achieved by reducing foreign liabilities, which outweighed a fall in foreign assets. The foreign assets of the Cayman Islands Monetary Authority (CIMA) also improved, rising by 12.0% for the period (see Table 5).

Table 5: Net Foreign Assets ($ Millions)

	Jun-23	Jun-24	% Change
Net Foreign Assets	**5,553.3**	**5,653.9**	1.8
Monetary Authority	179.5	201.1	12.0
Commercial Banks	5,373.8	5,452.8	1.5
Foreign Assets	**8,666.1**	**8,377.6**	(3.3)
Bal. with Banks & Branches	3,494.3	3,187.9	(8.8)
Total Investment	4,386.1	4,399.2	0.3
Total Non-Resident Loans	785.7	790.5	0.6
Foreign Liabilities	**3,292.3**	**2,924.8**	(11.2)
Total Non-Resident Deposits	2,935.8	2,346.6	(20.1)
Other Liabilities	356.5	578.2	62.2

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

Foreign liabilities contracted by 11.2% during the period, driven by a 20.1% (or $589.2 million) fall in non-resident deposits. The foreign assets of commercial banks fell by 3.3%, owing to an 8.8% ($306.4 million) reduction in foreign currency holdings in other banks. Despite the general decline, foreign investments and non-resident loans rose by 0.3% ($13.4 million) and 0.6% ($4.9 million), respectively.

6.2. Net Domestic Assets/Domestic Credit. Domestic borrowings rose by 4.0% for the review period despite a 4.2% reduction in loans to public institutions. The continued growth in credit for the half-year period reflected robust borrowings by the private sector, which increased its credit demand by 4.9% (see Table 6). The contraction in public sector borrowings was driven by reductions in credit to the central government of 3.5% and parastatals of 17.8%.

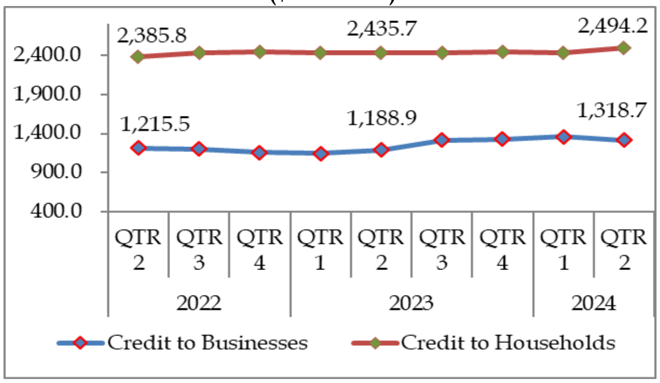
Table 6: Net Domestic Assets ($ Millions)

	Jun-23	Jun-24	% Change
Domestic Credit	**4,081.8**	**4,244.5**	**4.0**
Credit to Public Sector	429.7	412.1	(4.1)
Credit to Central Government	412.0	397.6	(3.5)
Credit to Other Public Sector	17.7	14.5	(17.8)
Credit to Private Sector	3,652.0	3,832.4	4.9

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

The increase in credit to the private sector resulted from a rise in loans to both businesses and households. Business lending increased by 10.9%, while household loans rose by 2.4% (Figure 11 and Table 7).

Figure 11: Credit to Business and Households ($ Millions)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

Credit advances to businesses rose by $129.8 million (or 10.9%) to $1,318.7 million during the review period. Loans to trade and commerce companies, particularly other business activities and wholesale & retail trade, were the main drivers of the increase. Credit to other business activities increased by $63.9 million (or 17.2%), while credit to wholesale and retail trade expanded by $83.3 million (or 109.3%). Overall, loans to the trade and commerce sector rose by 14.4% (or $114.9 million). Loans to production and manufacturing increased by 3.9%, while credit to service-related companies and other financial corporations expanded by 3.5% and 6.1%, respectively.

Credit to households increased by $58.5 million (or 2.4%) to $2,494.2 million. The expansion was traced to increased credit for domestic properties, motor vehicles and miscellaneous activities, which rose by 1.1%, 21.3% and 11.2%, respectively. In contrast, loans for education and technology fell by $0.5 million (or 19.85).

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

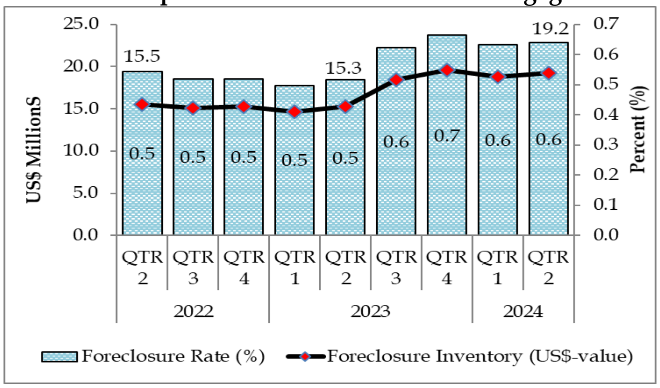
	Jun-23	Jun-24	% Change
Total Private Sector Credit	**3,652.0**	**3,832.4**	**4.9**
Credit to Businesses	**1,188.9**	**1,318.7**	**10.9**
Production & Manufacturing	**230.3**	**239.3**	**3.9**
Mining	4.5	5.0	10.0
Manufacturing	7.7	8.6	11.3
Utilities	43.7	13.9	(68.2)
Construction	174.4	211.8	21.5
Services	**149.3**	**154.5**	**3.5**
Accommodation, Food, Bar & Entertainment Services	72.6	66.9	(8.0)
Transportation, Storage & Communications	19.9	4.7	(76.4)
Education, Recreational & Other Professional Services	56.8	83.0	46.1
Trade and Commerce	**797.5**	**912.4**	**14.4**
Wholesale & Retail Sales Trade	76.2	159.5	109.3
Real Estate Agents, Rental and Leasing Companies	349.8	317.5	(9.3)
Other Business Activities (General Business Activity)	371.5	435.4	17.2
Other Financial Corporations	**11.8**	**12.5**	**6.1**
Credit to Households	**2,435.7**	**2,494.2**	**2.4**
Domestic Property	2,175.9	2,200.6	1.1
Motor Vehicles	54.9	66.6	21.3
Education and Technology	2.6	2.1	(19.8)
Miscellaneous*	202.3	225.0	11.2
NonProfit Organizations	**27.4**	**19.4**	**(29.0)**

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

6.3. Residential Mortgage Foreclosures

Data from CIMA shows that as of June 2024, 56 properties valued at US$19.2 million were in the foreclosure inventory of local commercial banks. This was slightly above the 55 properties valued at US$15.3 million in 2023.

Figure 12: Residential Mortgages Foreclosures Inventory and Proportion to Total Residential Mortgages

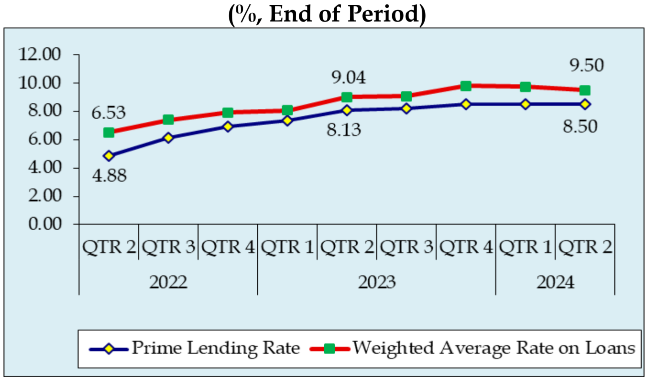


Source: Cayman Islands Monetary Authority & Economics and Statistics Office

The foreclosure rate (foreclosure inventory over total residential mortgages) as of June 2023 was unchanged at 0.6%. There was one completed foreclosure in the quarter similar to the corresponding period in 2023.

6.4. Interest Rates. The Cayman Islands' prime lending rate increased by 38 bps to 8.50% in the quarter. Consistent with the rise in the prime rate, the **KYD**-weighted average lending rate rose to 9.50% relative to 9.04 % in the same period in 2023 (see Figure 13).

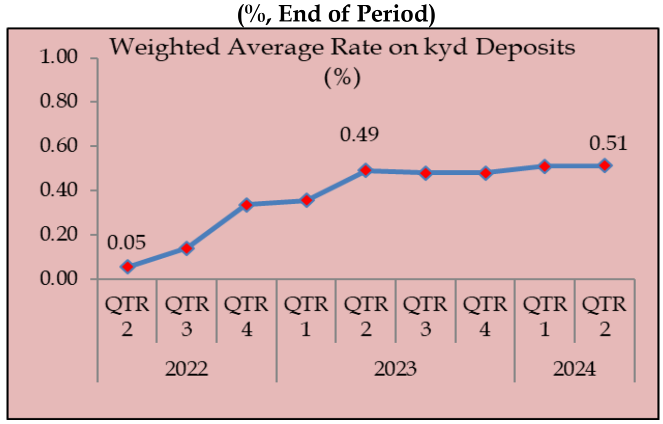
Figure 13: KYD Lending Rates (%, End of Period)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

The weighted average savings rate on KYD deposits increased to 0.51% relative to 0.49% a year ago.

Figure 14: Weighted Average KYD Deposit Rates (%, End of Period)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

7. Financial Services

In the first six months of 2024, bank and trust licences, new partnership registrations, stock exchange listings, and stock market capitalisation declined. Conversely, Fund registrations, insurance licences, and new company registrations increased.

7.1 Banks & Trusts

The number of bank and trust licences fell to 87 from 96, reflecting a decline of 9.4% from the same period in 2023 (see Table 8). The decrease was due to a fall in Class 'B' licences, which fell to 76 from 85 in 2023. Class 'A' licences remained unchanged at 11 for the third consecutive year.

The number of trust company licences decreased by 1.8% to 111 at the end of the review period. This decline resulted from unrestricted licences, which fell by two, while restricted licences remained at 56.

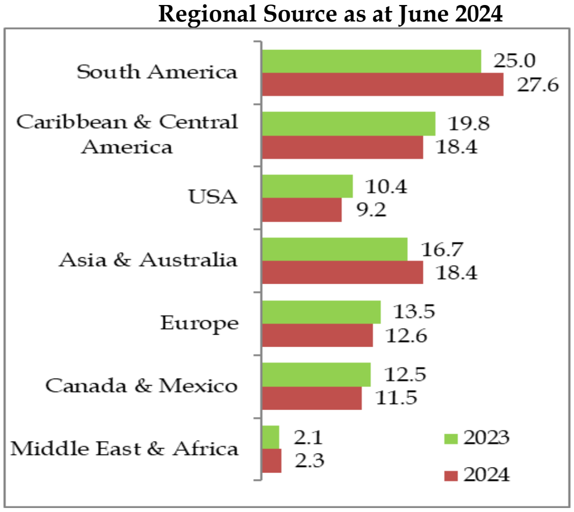
Table 8: Bank & Trust Companies

	Jun 2022	Jun 2023	Jun 2024	% Change
Banks and Trusts	**99**	**96**	**87**	**(9.4)**
Class A	11	11	11	-
Class B	88	85	76	(10.6)
Trust Companies	**115**	**113**	**111**	**(1.8)**
Restricted	57	56	56	0.0
Unrestricted	58	57	55	(3.5)

Source: Cayman Islands Monetary Authority

South America continued to be the largest source market for banking licences, with 24 licences accounting for 27.6% of the total (see Figure 15). The Caribbean and Central America, and Asia and Australia followed, with contributions of 18.4% or 16 licences each.

Figure 15: Percentage Proportion of Registered Banks by Regional Source as at June 2024



Source: Cayman Islands Monetary Authority

7.2 Insurance

At the end of June 2024, the number of insurance licences increased to 724, marking a 3.1% rise from 702 in 2023 (see Table 9). The growth was attributed to Class 'B' licences, which saw an increase of 24 (or 3.7%), and Class 'C' licences, which added 1 (or 12.5%). In contrast, Class 'A' licences decreased to 24 from 27 (or by 11.1%) in the prior year. Class 'C' licences remained unchanged at 18.

Table 9: Insurance Companies

	Jun 2022	Jun 2023	Jun 2024	% Change
Domestic - Class 'A'	25	27	24	(11.1)
Captives	664	675	700	3.7
Class 'B'	637	649	673	3.7
Class 'C'	21	18	18	0.0
Class 'D'	6	8	9	12.5
Total	**689**	**702**	**724**	3.1

Class B: Captives and Segregated Portfolio Companies.
Class C: Special Purpose Vehicles
Source: Cayman Islands Monetary Authority

In the captive insurance category, general liability licences, representing 14.7% of the market, led the growth with a 12.0% increase (or 11 additional licences). Similarly, 'other captives increased by 18.4% (or 16 additional licences). Conversely, healthcare licences, which hold the largest market share at 26.9%, declined by 2 licences (or 1.1%). Property and professional liabilities licences also declined for the period (see Table 10).

Table 10: Captive Insurance Licences by Primary Class of Business, June 2024

	Jun-23	Jun-24	% Change	% Proportion
Healthcare	190	188	(1.1)	26.9
Workers' Compensation	150	154	2.7	22.0
Property	72	71	(1.4)	10.1
General Liability	92	103	12.0	14.7
Professional Liability	58	55	(5.2)	7.9
Other	113	129	14.2	18.4
Total	**675**	**700**	**3.7**	**100.0**

Source: Cayman Islands Monetary Authority

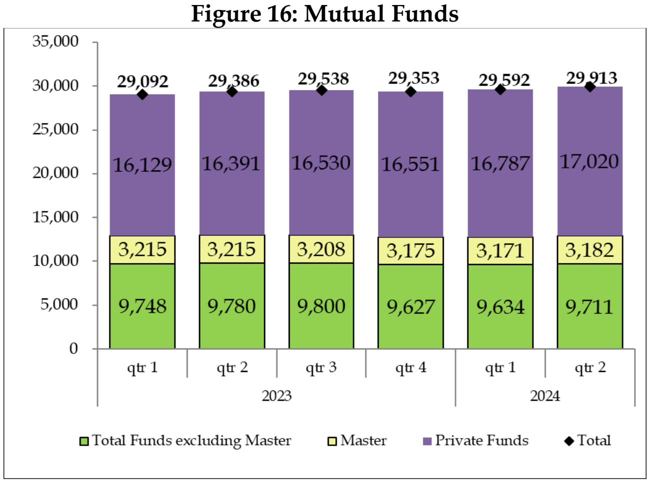
North America remains the dominant source market for the Cayman Islands captive insurance business, accounting for 89.5% of the market with 623 insurance companies. Caribbean and Latin America, Africa, Asia and the Middle East, and Europe together make up an additional 6.1% of the market.

7.3 Registered Funds

At the end of June 2024, 29,913 funds were registered in Cayman, an increase of 1.8% or 527 funds (see Figure 16). The number of private funds rose by 3.8% or 629 funds, while mutual funds declined by 0.7% or 69 funds.

Within mutual funds, all sub-categories declined. Specifically, registered funds decreased by 0.4% (or 35) to 8,769, master funds fell by 1.0% (or 33), administered funds dropped by 7.0% (or 20), licensed funds decreased by 7.7% (or 4), and limited liability funds declined by 1.6% (or 10).

Figure 16: Mutual Funds



Source: Cayman Islands Monetary Authority

7.4 Stock Exchange

At the end of June 2024, the number of stocks listed on the Cayman Islands Stock Exchange decreased by 0.5% to 2,750. This decline was largely attributed to a 15.6% fall in corporate & sovereign listings, which fell to 217 and an 11.1% reduction in insurance-linked security, down to 32. Despite the overall decline, investment fund security and specialist debt security, both grew by 13.9 % (or 14) and 0.7% (or 16), respectively. The number of primary equity securities has remained at 3 listings since 2022 (see Table 11).

Table 11: Number of Stock Listings by Instruments, end June

Instrument	2022	2023	2024	% Change
Investment Fund Security	110	101	115	13.9
Specialist Debt Security	2,259	2,367	2,383	0.7
Corporate & Sovereign Debt Security	253	257	217	(15.6)
Primary Equity Security	3	3	3	0.0
Secondary Equity Security	1	0	0	-
Insurance Linked Security	40	36	32	(11.1)
Retail Debt Security	1	1	0	(100.0)
Total	**2,667**	**2,765**	**2,750**	**(0.5)**

Source: Cayman Islands Stock Exchange

The market capitalisation of the stock exchange totalled US$865.6 billion, down from US$880.0 billion in 2023. The decline was driven by decreases in value for four of the six traded instruments: investment fund (down by 59.7%), corporate & sovereign debt securities (down by 26.6%), insurance-linked security (down by 20.9%) and retail debt (down by 100.0%). Conversely, specialist debt rose to US$740.4 billion (up 5.7%), and primary equity increased to US$0.5 billion (up 10.9%).

Table 12: Market Capitalisation by Instruments (US$ Billions), end June

Instrument	2022	2023	2024	% Change
Investment Fund	17.2	19.4	7.8	(59.7)
Specialist Debt	618.4	700.8	740.4	5.7
Corporate & Sovereign Debt Security	147.0	154.4	113.2	(26.6)
Primary Equity	0.6	0.4	0.5	10.9
Secondary Equity	0.1	0.0	0.0	-
Insurance Linked Security	4.6	4.6	3.6	(20.9)
Retail Debt	0.4	0.4	0.0	(100.0)
Total	**788.3**	**880.0**	**865.6**	**(1.6)**

Source: Cayman Islands Stock Exchange

7.5 New Company Registrations

New company registrations increased by 18.5% (or 944) to 6,034, marking a rebound after two consecutive years of decline (see Table 13). All categories contributed to the growth, except resident companies, which dropped by 6.3% (or 25). 'Exempt' companies comprised 76.7% of new registrations, rose by 18.4% to reach a total of 4,626.

Table 13: New Company Registrations, end of June

	2021	2022	2023	2024
Total	**8,899**	**7,085**	**5,090**	**6,034**
Exempt	7,156	5,462	3,907	4,626
Non-Resident	9	11	3	8
Resident	442	406	397	372
Foreign	400	514	331	348
FDN	70	161	115	277
LLC	822	531	337	403
Percentage Change (%)				
Total	**59.0**	**(20.4)**	**(28.2)**	**18.5**
Exempt	60.6	(23.7)	(28.5)	18.4
Non-Resident	200.0	22.2	(72.7)	166.7
Resident	53.5	(8.1)	(2.2)	(6.3)
Foreign	(5.9)	28.5	(35.6)	5.1
FDN*	366.7	130.0	(28.6)	140.9
LLC	101.0	(35.4)	(36.5)	19.6

Source: Registrar of Companies
* Started in February 2018

7.6 New Partnership Registrations

The number of new partnerships registered at the end of June 2024 totalled 1,856, a decrease from 1,920 in the previous year (Table 14). New registrations for exempt partnerships fell to 1,797 from 1,831, foreign partnerships decreased to 57 from 87, and limited liability partnerships (LLP) declined to 1 from 2. There was one new registered limited partnership at the end of the review period.

Table 14: New Partnership Registrations, end June

	2021	2022	2023	2024
Total	**2,915**	**2,696**	**1,920**	**1,856**
Exempt	2,836	2,596	1,831	1,797
Foreign	72	97	87	57
Limited				1
LLP	7	3	2	1
Percentage Change (%)				
Total	**27.0**	**(7.5)**	**(28.8)**	**(3.3)**
Exempt	27.6	(8.5)	(29.5)	(1.9)
Foreign	0.0	34.7	(10.3)	(34.5)
Limited				
LLP	-	(57.1)	(33.3)	(50.0)

Source: Registrar of Companies

8. Tourism

Total visitor arrivals declined to 883,304 for the first half of the year. The decline was due to a reduction in cruise arrivals, as air arrivals increased for the period.

8.1 Air Arrivals

Stay-over arrivals increased by 6.5% to 250,699, with visitors from only one regional market increasing.

The USA market continued to be the largest generator of arrivals, increasing by 7.0% to 210,710. Other regional markets followed with a 13.1% increase to 11,657 arrivals. Arrivals from the European market increased by 6.6% to 11,144. Meanwhile, visitors from the Canadian market fell by 3.0%.

Table 15: Air Arrivals by Regional Market (Jan – June)

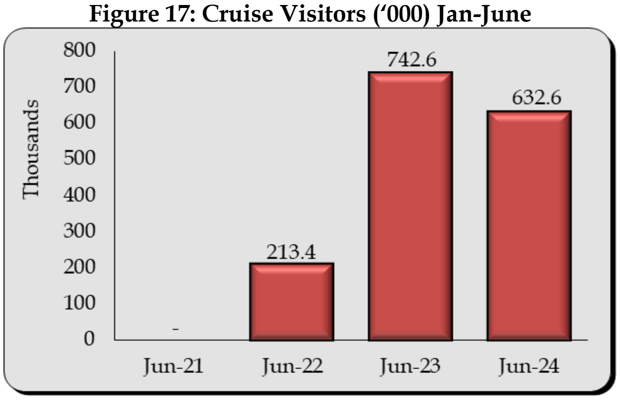
	2022	2023	2024	% Change
	In Thousands			
USA	92.3	196.9	210.7	7.0
Europe	7.5	10.5	11.1	6.6
Canada	8.4	17.7	17.2	(3.0)
Others	5.4	10.3	11.7	13.1
Total	113.6	235.4	250.7	6.5
USA (% share)	81.3	83.6	84.0	

Source: Tourism Department

8.2 Cruise Arrivals

Cruise arrivals declined by 14.8% to 632,605 in the first half of 2024. This decline reflected 51 fewer port calls in the quarter, reducing the total for first half of the year to 197.

Figure 17: Cruise Visitors ('000) Jan-June



Source: Tourism Department

9. Construction

Indicators of construction intention increased in the first six months of 2024. Both the value and volume of building permits and project approvals rose for the review period.

9.1 Building Permits

The value of building permits expanded by 3.8% to $174.9 million. The expansion was attributed to increases in the residential government and 'other' categories (see Table 16).

Table 16: Value of Building Permits (Jan- Jun)

	Building Permits (CI$ Mil)			%
	2022	2023	2024	Change
Residential	203.3	102.8	119.8	16.5
Houses	*115.0*	*33.5*	*61.1*	*82.5*
Apartments	*88.3*	*69.3*	*58.6*	*(15.4)*
Commercial	55.6	56.0	46.3	(17.3)
Industrial	8.1	2.0	-	(100.0)
Hotel	116.9	-	-	-
Government	1.5	-	0.8	-
Other	44.0	7.7	8.0	3.7
Total	**429.4**	**168.5**	**174.9**	**3.8**

Source: Planning Department

The value of residential permits (houses and apartments) rose by 16.5% to $119.8 million, reflecting an 82.5% (or $27.6 million) increase in the value of permits for houses. The rise in value largely reflected permits for several high-value permits in the period. In contrast, the value of permits for apartments fell by 15.4% (or $10.7 million). The 'other' category increased by 3.7% (or $0.3 million) to $8.0 million, mainly reflecting auxiliary additions to apartment projects. Similarly, the government category expanded to $0.8 million from no permits in the previous year.

Commercial permits contracted by $9.7 million to $17.3 million, while there were no industrial permits in the period relative to $2.0 million in 2023.

Consistent with the rise in value, the number of building permits increased by 16.0% to 399, relative to the same period last year. Industrial and apartment permits were the only categories to decline for the period.

Table 17: Number of Building Permits (Jan-Jun)

	Number of Permits			%
	2022	2023	2024	Change
Residential	273	161	188	16.8
Houses	*241*	*77*	*124*	*61.0*
Apartments	*32*	*84*	*64*	*(23.8)*
Commercial	51	38	45	18.4
Industrial	6	6	4	(33.3)
Hotel	1	-	-	-
Government	8	5	6	20.0
Other	224	134	156	16.4
Total	**563**	**344**	**399**	**16.0**

Source: Planning Department

9.2 Project Approvals

The value of project approvals increased by 25.8% for the review. The value of residential approvals rose by 11.2% to $154.5 million for the period, with apartment and house approvals rising by 28.6% and 1.1%, respectively. The increase was linked to approvals for several high-value houses and complexes.

Table 18: Value of Project Approvals (Jan-Jun)

	Project Approvals (CI$ Mil)			%
	2022	2023	2024	Change
Residential	243.5	138.9	154.5	11.2
Houses	*136.5*	*51.1*	*65.7*	*28.6*
Apartments	*107.0*	*87.8*	*88.8*	*1.1*
Commercial	40.5	18.0	36.3	101.3
Industrial	11.6	7.9	5.3	(32.7)
Hotel	34.0	12.0	18.0	50.0
Government	7.8	0.5	1.0	113.6
Other	28.9	25.2	39.7	57.4
Total	**366.2**	**202.5**	**254.7**	**25.8**

Source: Planning Department

The hotel category grew by 50.0% (or $6.0 million), mainly reflecting a project valued at $18.0 million. The value of commercial approvals increased by 101.3% to reach $36.3 million. Similarly, the 'other' category rose by 57.4% (or $14.5 million), while the government category increased by 113.6% (or $0.5 million). In contrast the industrial category contracted by 32.7% (or $2.6 million).

The total number of project approvals rose by 3.6%, boosted by increases in the houses and 'other' categories.

Table 19: Number of Project Approvals (Jan-Jun)

	Number of Approvals			%
	2022	2023	2024	Change
Residential	244	194	173	(10.8)
Houses	*216*	*115*	*125*	*8.7*
Apartments	*28*	*79*	*48*	*(39.2)*
Commercial	15	15	10	(33.3)
Industrial	8	4	3	(25.0)
Hotel	1	2	1	(50.0)
Government	2	3	3	-
Other	221	193	236	22.3
Total	**491**	**411**	**426**	**3.6**

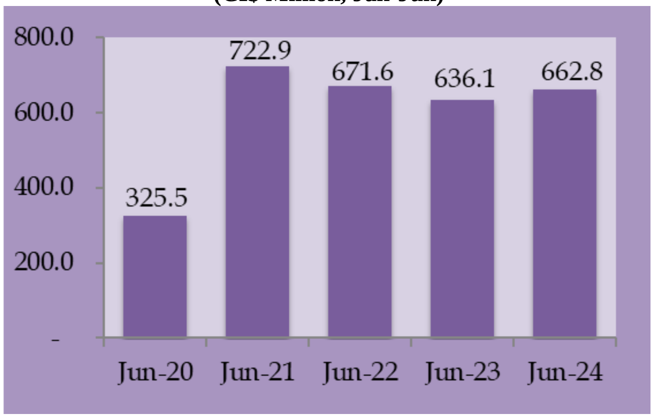
Source: Planning Department

10. Real Estate

Real estate activity, as measured by the value of traded properties, increased during the first half of 2024 despite reducing the number of traded properties.

The value of traded properties increased by 4.2% to $662.8 million, reflecting expansions in the value of both freehold and leasehold transfers. Freehold transfers increased by 2.1% (or $12.7 million), while leasehold transfers rose from $42.1 million to $56.2 million.

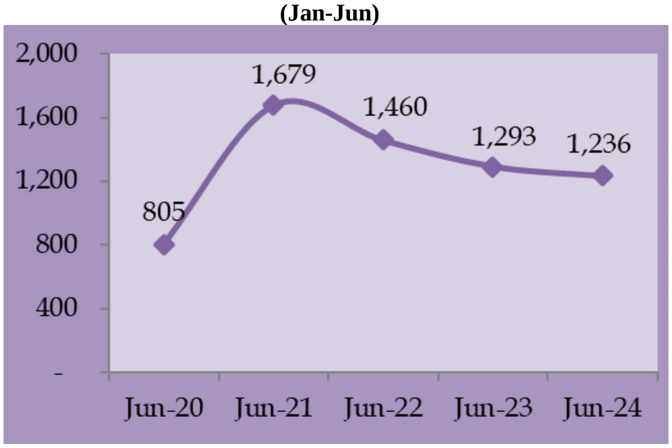
Figure 18: Value of Property Transfers (CI$ Million, Jan-Jun)



Source: Lands & Survey Department

The number of transferred properties declined, falling by 4.4% to 1,236. The volume of freehold property transfers contracted by 4.3% to 1,13485, while leasehold transfers fell by 5.6% to 102.

Figure 19: Number of Property Transfers (Jan-Jun)



Source: Lands & Survey Department

11. Utilities

11.1 Electricity

Electricity demand increased by 5.5% to 362.9 thousand megawatts hours (MWh) in the first half of 2024. Residential consumption rose by 5.8%, while commercial consumption increased by 5.4%. In contrast, public consumption decreased by 12.8%. An increase matched the rise in electricity consumption in net production, which rose by a similar 5.9% to 367.2 thousand MWh.

The higher electricity consumption for the period is traced to increases in the number of customers and the average consumption per customer simultaneously. The total number of residential and commercial customers increased by 1.8% and 1.4%, respectively.

Similarly, the average consumption per customer rose by 3.6%. Specifically, the average consumption of residential customers increased by 3.9%, while average commercial consumption rose by 4.0%.

Table 20: Utilities Production/Consumption

	Jun-23	Jun-24	% Change
Millions of US Gallons			
Water Production	1,443.1	1,581.9	9.6
Water Consumption	1,187.4	1,312.3	10.5
'000 of megawatt hrs			
Electricity Production (Net)	347.0	367.5	5.9
Electricity Consumption	344.1	362.9	5.5
Residential	184.9	195.6	5.8
Commercial	156.7	165.1	5.4
Public	2.5	2.1	(12.8)
Total Customers	33,356	33,949	1.8
Residential	28,650	29,179	1.8
Commercial	4,706	4,770	1.4

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

11.2 Water

Similar to the trend in electricity, the production and consumption of domestic water rose by 9.6% and 10.5%, respectively. The increased demand for both utility services was fueled by a hot summer, higher population levels, and an expansion in economic activities.

11.3 Telecommunications

Telephone usage, as indicated by domestic and international minutes used, contracted by 9.0% for the quarter relative to the previous year. This resulted from a decline of 18.3% and 7.6% in international and domestic minutes, respectively (see Table 21). Fixed and mobile handsets in operation rose by 3.0% to 151,348 at the end of the period.

Table 21: Telecommunication Sector Indicators

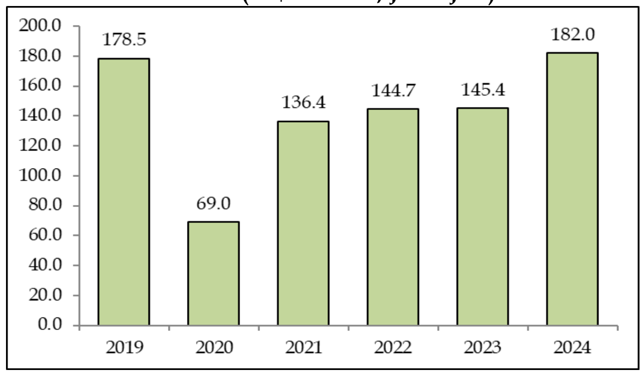
	Jun-23	Jun-24	% Change
Fixed and Mobile handsets in operation	146,937	151,348	3.0
Total fixed & mobile minutes ('000)	100,549	91,475	(9.0)
Fixed and mobile domestic minutes	86,910	80,330	(7.6)
Fixed and mobile int'l retail minutes	13,639	11,145	(18.3)

Source: The Utility Regulation and Competition Office

12. Fiscal Operations of the Central Government

Net lending (overall surplus) for the first six months of 2024 increased to $182.0 million, up by 25.2% compared to the $145.4 million recorded in 2023 (see Figure 20 & Table 22).

Figure 20: Central Government Overall Fiscal Balance (CI$ Million, Jan – Jun)



Source: Treasury Department

The rise in the overall surplus was driven by revenue growth outpacing an increase in expenditures. The boost in revenue was attributed to higher taxes and other revenue. The increase in expenditures was primarily due to higher expenses as net investment in non-financial assets (capital expenditures) declined.

Table 22: Summary of Fiscal Operations (Jan-Jun)

	Jun-23	Jun-24	% Change
	CI$ Million		
Revenue	**656.1**	**714.8**	**8.9**
Expense	**493.1**	**516.8**	**4.8**
Net Operating Balance	**163.1**	**197.9**	**21.4**
Net Investment in Nonfinancial Assets[1]	17.7	15.9	(10.0)
Expenditure	**510.8**	**532.8**	**4.3**
Net Lending (Overall Surplus)	**145.4**	**182.0**	**25.2**
Financing:			
Net Acquisition of Financial Assets	116.1	158.8	36.7
Net Incurrence of Liabilities	(29.2)	(23.2)	(20.6)

Source: Treasury Department & Economics and Statistics Office

The **net operating balance (current balance)**, which is revenue minus expense, rose by 21.4% to a total of $197.9 million for the review period.

12.1 Revenue

As of June 2024, the central government's revenue totalled $714.8 million, an increase of 8.9% or $58.6 million compared to the previous year (see Table 23). This growth was driven by an 8.1% rise in taxes, which accounted for 93.5% of total revenue. The remaining 6.5% came from other revenue, which saw a 22.2% increase. Total revenue collected for the half-year period represents the fourth consecutive year of increase since 2020.

Taxes collected amounted to $668.0 million, up from the $617.9 million collected at the end of June 2023 (see Table 23). Higher collections across all sub-categories contributed to the increase, with taxes on goods and services reflecting the largest nominal growth.

Table 23: Revenue of the Central Government (Jan-Jun)

	Jun-23	Jun-24	% Change
	CI$ Million		
Revenue	**656.1**	**714.8**	**8.9**
Taxes	**617.9**	**668.0**	**8.1**
Taxes on International Trade & Transactions	123.6	124.7	0.8
Taxes on Goods & Services	454.3	495.4	9.0
Taxes on Property	39.5	47.5	20.2
Other Taxes	0.4	0.5	11.1
Other Revenue	**38.3**	**46.8**	22.2
Sale of Goods & Services	21.2	24.4	14.7
Investment Revenue	13.3	16.7	25.8
Fines, Penalties and Forfeits	3.3	5.1	54.0
Transfers n.e.c.	0.4	0.6	42.0

Source: Treasury Department & Economics and Statistics Office

Revenue collected from taxes on goods and services increased by 9.0% to $495.4 million (see Table 24). Inflows from financial services licences and fees were the main source of the increased collection, growing 10.3% (or $31.7 million). Specifically, exempt company fees, partnership fees, and private fund fees rose by 20.8%, 10.2%, and 6.5%, respectively.

Other notable increases were seen in other stamp duty (up by 14.1%), traders' licences (up by 14.1%), work permit and residency fees (up by 7.4%) and other domestic taxes (up by 4.8%). Despite the general increase, tourist accommodation charges and motor vehicle charges declined during the period.

Table 24: Domestic Tax Collection of the Central Government (Jan-Jun)

	Jun-23	Jun-24	% Change
	CI$ Million		
Financial Services Licences	307.8	339.5	10.3
ICTA Licences & Royalties	4.7	4.7	0.2
Work Permit and Residency Fees	60.2	64.7	7.4
Other Stamp Duties	7.0	8.0	14.1
Traders' Licences	4.4	5.0	14.1
Other Domestic Taxes	70.2	73.6	4.8
Of which:			
Tourist Accommodation Charges	28.9	28.0	(2.9)
Motor Vehicle Charges	6.6	5.3	(19.4)
Taxes on Goods & Services	**454.3**	**495.4**	**9.0**

Source: Treasury Department & Economics and Statistics Office

Tax receipts from international trade and transactions rose to $124.7 million, up from $123.6 million for the same period in 2023 (see Table 23). The primary contributor to this growth was import duties, which increased by 1.5% to $118.0 million. In contrast, cruise ship departure charge and environmental protection fund fees fell by 14.9% and 2.0%, respectively, reflecting a decline in cruise ship arrivals. The sub-categories that saw higher duty collections included motor vehicle duty (up by 14.4% or $1.5 million), gasoline and diesel duties (up by 4.9% or $0.4 million) and other import duties (up 0.5% or $0.4 million).

Taxes on property rose by 20.2%, reaching $47.5 million at the end of the review period (see Table 23). This increase was primarily driven by stamp duty on land transfers, which rose by 25.3% (or $9.2 million) and accounted for 96.2% of property tax collections. The higher revenue aligns with an increase in the value of property transfers during the review period (see Chapter 10). **Other taxes** remained relatively stable, with total collections amounting to $0.5 million. For the second consecutive year

Other revenue continued to show strong growth, with collection rising by 22.2% to a high of $46.8 million (see Table 23). This increase was led by sales of goods and services, and investment revenue, which together accounted for 87.8% of other revenue. Sales of goods and services grew by 14.7%, reaching $24.4 million, while investment revenue increased by 25.8%, totalling $16.7 million. Additionally, fines, penalties, and forfeits, along with transfers "not elsewhere classified," rose by 54.0% and 42.0%, respectively.

12.2. Expenditure

Central government's Expenditure increased by 4.3% (or $22.0 million) to $532.8 million for the review period. This increase was due to higher expenses, while net investment in non-financial assets[8] declined.

Expenses (current expenditure) increased to $516.8 million relative to the $493.1 million for the same period in 2023. Higher spending was seen in five of the seven categories (see Table 25). Compensation of employees (personnel costs), which remains the largest expense component (43.9%), rose to $227.1 million, an increase of 5.2% or $11.1 million, year-over-year. The higher spending in this category was due to salaries and wages (including employee pension contributions), healthcare and employer/government pension expenses, which rose by 4.9% (or $7.7 million), 6.8% (or $2.5 million) and 1.9% (or $0.4 million), respectively.

Use of goods and services (supplies and consumables) increased to $76.9 million, up by 7.6% or $5.4 million. The increase was mainly attributed to higher general insurance cost (up by 45.0% or $2.0 million), purchase of services (up by 4.0% or $1.5 million), travel and subsistence (up by 26.7% or $0.5 million) and other supplies and consumables (up by 24.5% or $0.7 million).

Consumption of fixed capital (depreciation); which is a decline in the value of fixed assets due to physical deterioration, normal obsolescence or normal accidental damage, increased by 4.8% to $27.7 million (see Table 25). Increased depreciation expense was recorded for building (up by 5.9% or $0.8 million) and computer hardware (up by 34.9% or $0.6 million).

[8] Net investment in nonfinancial assets is gross investment in nonfinancial assets less consumption of fixed capital.

Table 25: Expenses of the Central Government (Jan-Jun)

	Jun-23	Jun-24	% Change
	CI$ Million		
Expense	**493.1**	**516.8**	**4.8**
Compensation of Employees	216.0	227.1	5.2
Use of Goods and Services	71.5	76.9	7.6
Consumption of Fixed Capital	26.5	27.7	4.8
Subsidies	134.6	136.9	1.7
Social Benefits	31.9	35.8	12.3
Interest	9.0	8.9	(1.8)
Other Expense	3.6	3.4	(4.6)

Source: Treasury Department & Economics and Statistics Office

Subsidies payment, the second-largest expense category, contributing 26.5%, increased by 1.7% to a total of $136.9 million. The additional funding was directed towards the Health Services Authority, Cayman Islands National Insurance Company, Cayman Airways Ltd, and the University College of the Cayman Islands.

Social benefits (transfer payments) grew by 12.3% to $35.8 million. The largest payment increases during the review period were directed towards financial assistance (poor relief) and seamen's ex-gratia payments.

Interest expense and other expenses were the only two categories with lower spending compared to the corresponding period in 2023. Interest payments totalled $8.9 million, a decline of 1.8%, while other expenses amounted to $3.4 million, down by 4.6%.

12.3. Investment in Non-financial Assets

Gross investment in non-financial assets (gross capital expenditure) fell by 1.2% to $43.7million (see Table 26). This reduction was due to lower inventories, which was partially offset by an increase in fixed assets[9]. Consistently, net investment in non-financial assets fell by 10.0% to $15.9 million.

Fixed assets rose to $43.3 million (up 0.6%) for the review period. Capital investments in statutory authorities and government-owned companies rose by 10.4% for the period. Specifically, expenditures increased for Cayman Airways Limited, Cayman Turtle Farm Limited, and the Cayman Islands Airport Authority.

Table 26: Investment in Non-Financial assets (Jan-Jun)

	Jun-23	Jun-24	% Change
	CI$ Million		
Gross Investment in Non-Financial Assets	**44.2**	**43.7**	**(1.2)**
Fixed Assets	43.1	43.3	0.6
Capital Investment in Ministries and Portfolios	11.7	7.0	(40.3)
Statutory Authorities and Government Owned Companies	14.6	16.1	10.4
Executive Assets	16.7	20.2	20.8
Inventories	1.1	0.4	(68.0)
Net Investment in Non-Financial Assets	**17.7**	**15.9**	**(10.0)**

Source: Treasury Department & Economics and Statistics Office

Spending on executive assets rose by 20.8%, reaching $20.2 million. This increase was mainly driven by acquisitions of conservation land and road expansion projects.

In contrast, capital investment in ministries and portfolios declined by 40.3% to $7.0 million. This resulted largely from lower

[9] Includes expenditure on buildings and structures as well as machinery and equipment.

spending by the Ministry of Education, Youth, Sports, Agriculture and Lands.

12.4. Financing and Debt

Net acquisition of financial assets, including the assumed cash balance from the surplus, rose by 36.7% to $158.7 million at the end of June 2024 (see Table 27).

Net incurrence of liabilities, which includes net borrowing, totalled -$23.2 million for the period. This is reflects loan repayment for the first half of the year and is relative to loan repayment of $29.2 Million in the same period of 2023. No new loans were disbursed during the period

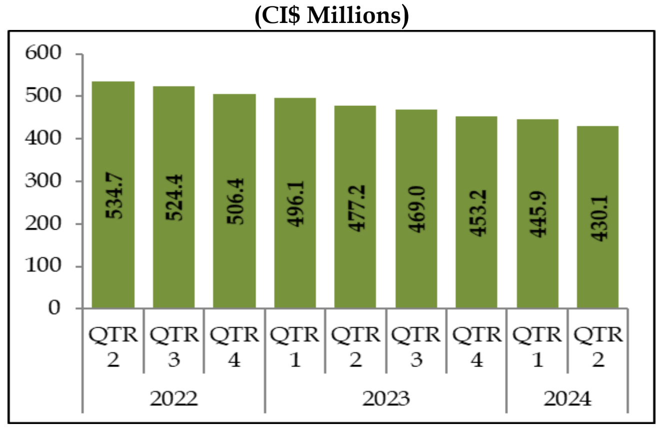
Table 27: Net Financing (Jan-Jun)

	Jun-23	Jun-24	% Change
	CI$ Million		
Financing:			
Net Acquisition of Financial Assets	116.1	158.8	36.7
Net Incurrence of Liabilities	(29.2)	(23.2)	20.6
Incurrence (Disbursement)	0.0	0.0	-
Reduction (Loan Repaymen	29.2	23.2	(20.6)

Source: Treasury Department & Economics and Statistics Office

Central government's outstanding debt declined by 9.9% (or $47.1 million) to $430.1 million at the end of June 2024 relative to June 2023 (see Figure 21). Compared to the March 2024 quarter, the total public debt stock fell by 3.6% or $15.9 million.

Figure 21: Central Government Outstanding Debt (CI$ Millions)



Source: Treasury Department

The central government's debt service-to-revenue ratio dropped to 4.5% for the period, down from 5.8% in the corresponding period of 2023. Interest expense as a share of total expense decreased to 1.7% in 2024, relative to 1.8% in 2023. Similarly, interest expenses as a proportion of revenue fell to 1.2%, compared to 1.4% for the same period in 2023.

ACKNOWLEDGMENT

The Economics and Statistics Office (ESO) gratefully acknowledges the assistance of the following local companies, government offices and statutory authorities in generating the data sets used in this edition of the quarterly report:

Caribbean Utilities Company
Cayman Islands Customs & Border Control
Department of Tourism
General Registry
Cayman Islands Monetary Authority
Planning Department
Cayman Islands Stock Exchange
Treasury Department
Cayman Islands Water Authority
Cayman Water Company
Workforce Opportunities & Residency Cayman
Lands and Survey Department
Port Authority of the Cayman Islands
Portfolio of the Civil Service

This report was produced by the Economics Unit of the ESO. General support from the staff of the ESO is gratefully acknowledged.