CAYMAN ISLANDS
GOVERNMENT

THE CAYMAN ISLANDS' FIRST QUARTER ECONOMIC REPORT 2025

The Economics and Statistics Office

August 2025

Contents

Overview*

- In real terms, gross domestic product (GDP) is estimated to have expanded at an annualised rate of 2.9% for the first three months of 2025. GDP is forecasted to expand by 2.6% for the year.
- The Consumer Price Index rose 1.8%, mainly due to cost increases for education, transport and restaurant & hotels.
- Total merchandise imports increased by 13.1% to $477.6 million, driven by increases in non-oil imports.
- Work permits increased by 0.8% to 36,950. While civil service employment rose by 4.2%.
- Money supply (M2) expanded by 4.1%, due to increases in both foreign currency and CI dollar-denominated money.
- Domestic credit expanded by 1.9%, as private borrowings rose by 3.3%, while credit to the public sector fell by 10.9%.
- The number properties under foreclosure increased during the quarter, however the total value of the properties in the inventory declined.
- The weighted average lending rate contracted to 8.50% from 9.76%, while the prime lending rate fell to 7.67% from 8.50%.
- Bank and trust
- licences fell by 8.1%, while insurance licences rose by 1.4%.
- The total number funds listed increased by 2.4% to 30,295. Private funds rose by 3.5%, while mutual funds rose by 0.9%.
- The number of listings on the Stock Exchange increased by 0.6%, while market capitalisation rose by 9.2%.
- New company registrations rose by 19.7% to 3,412, while new partnership registrations increased by 17.4% to 1,098.
- Air arrivals rose by 5.3%to 144,395 in the first quarter of 2025, while cruise arrivals increased by 13.3% to 452,774.
- The value of building permits rose by 112.6%, while project approvals fell by 50.4%.
- The value of property transfers decreased by 19.4% to CI$269.2 million.
- Electricity and water consumption rose by 1.6% and 9.2%, respectively.
- The central government's overall fiscal surplus slowed to $244.8 million, a 2.1% decline compared to the same period of 2024.
- The total outstanding debt of the central government declined to $396.9 million from $445.9 million a year ago.

*Comparative data over the first quarter of 2024, except when otherwise indicated. Percentage calculations may not be exact due to rounding-off.

1. International Economy

1.1 Economic Growth[1]

Despite economic expansions in most advanced countries, the United States economy contracted in the first quarter of 2025. During this period, U.S. real GDP declined at an annualised rate of 0.5%, primarily due to a reduction in government spending and an increase in imports.

Canada's economy expanded at an annualised rate of 2.2%, while the United Kingdom and the Euro Area recorded quarter-on-quarter growth of 0.7% and 0.3%, respectively. Canada's growth was driven by increased exports of goods and a build-up of business non-farm inventories. In the UK, economic expansion was supported by gains in the service sector, where 9 of 14 subsectors showed improvement, alongside a rise in production activity as firms ramped up in anticipation of new U.S. tariffs. Growth in the Euro Area was underpinned by stronger domestic demand.

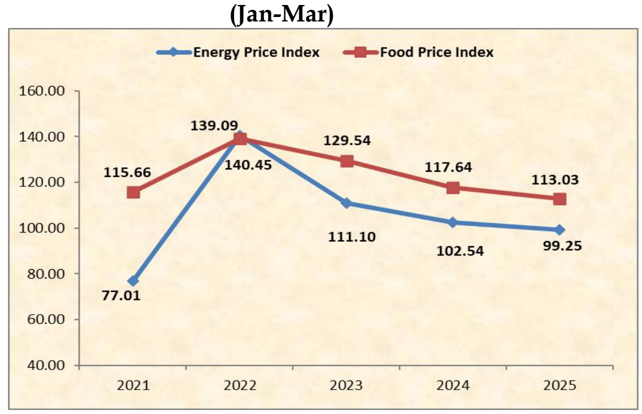
1.2 Inflation

Year-on-year inflation, as measured by the Consumer Price Index (CPI), eased across the world's major economies. In the United States and Canada, inflation moderated to 2.7% and 2.3%, respectively, down from 3.2% and 2.8% in the same quarter of 2024. In the United Kingdom, the inflation rate declined to 3.7% from 3.9%, while in the Euro Area, it eased to 2.4% from 2.6%.

The World Bank's global commodity indices contracted during the quarter compared to the same period last year, reflecting declines in both energy and food prices. The energy price index fell by 3.2% to 99.25, while the food price index declined by 3.9% to 113.03 (see Figure 1).

Lower prices for crude oil, coal, and liquefied natural gas drove the drop in energy prices. In particular, the average price of crude oil fell by 7.9%, with the per-barrel price dropping to US$74.23 from US$80.59 in the corresponding quarter of 2024. The decline in food prices was primarily due to a 16.7% reduction in prices for oils and meals, and an 18.1% decrease in grain prices

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[2]

Major central banks adopted a broadly accommodative monetary policy stance during the first quarter of 2025, reflecting

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

[2] Data sourced from the US Federal Reserve, Bank of England, Bank of Canada and European Central Bank.

both easing inflationary pressures and the need to support overall economic stability. The U.S. Federal Reserve maintained its policy rate within the target range of 4.25% to 4.50%. In contrast, the Bank of Canada, the Bank of England, and the European Central Bank each lowered their policy rates during the quarter. The Bank of Canada and the European Central Bank both cut rates by 0.5 percentage points, to 2.75% and 2.65%, respectively. Meanwhile, the Bank of England reduced its policy rate by 0.25 percentage points to 4.50%.

During the review period, the U.S. dollar appreciated against the three major currencies reviewed. The Dollar gained 3.0% against the Euro and 0.6% against the British pound sterling. Similarly, the U.S. dollar appreciated by 6.4% against the Canadian dollar. The Cayman Islands dollar mirrored these movements, owing to its fixed exchange rate with the U.S. dollar.

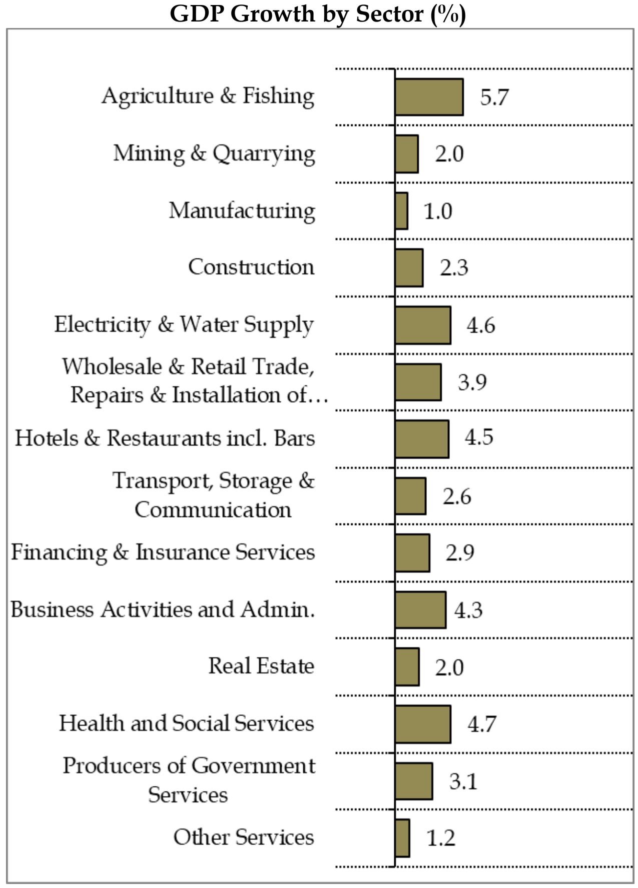
2. Real GDP Growth

Preliminary estimates indicate that the Cayman Islands' real Gross Domestic Product (GDP) expanded at an annualised rate of 2.9% during the first quarter of 2025. This represents a moderation in growth compared to the 3.6% increase estimated in the corresponding quarter of 2024. The expansion remained broad-based, supported primarily by sustained demand across service sectors. Notable contributions to growth were observed in utilities, hotels & restaurants, professional and business activities, as well as the finance and insurance industries.

During the review quarter, electricity and water supply services recorded an estimated expansion of 4.6%, while the accommodation and food services sector grew by 4.5%. Business and administrative services increased by approximately 4.3%, and health and social services registered a growth rate of 4.7%.

The finance and insurance services sector, the largest contributor to Gross Domestic Product (GDP), expanded by an estimated 2.9%. This was primarily driven by strong performance in insurance and auxiliary financial services.

Figure 2: Estimated First Quarter 2025 Annualised Real GDP Growth by Sector (%)



Source: Economics and Statistics Office

Expansions were also observed in key infrastructure and support sectors. Wholesale and retail trade increased by 3.9%, followed by producers of government services, which rose by 3.1%. The construction sector recorded an estimated growth of 2.3% (see Figure 2).

The economic performance in the first quarter of 2025 reinforces the macroeconomic outlook for the calendar year. Real Gross Domestic Product (GDP) is projected to expand by 2.6% for the year, underpinned by sustained demand for the Islands' services (see Table 1).

Growth is anticipated to be driven primarily by continued expansion in financial and business services. In contrast, activity within the accommodation and food services sector is expected to moderate, as the industry approaches pre-pandemic performance levels and cruise tourism softens. Moderate expansion is also forecasted across utilities, domestic trade, and construction, supported by the sustained multiplier effects generated by demand for local services and infrastructure. Meanwhile, health and public sector services are projected to remain robust for the year.

Table 1: Macroeconomic Performance and Outlook

	2022	2023	2024	Projection 2025
	Percent (%)			
Real GDP	5.8	5.8	3.1	2.6
CPI Inflation	9.5	3.8	2.6	2.5
Unemployment Rate	2.13	3.3	2.365	2.8

* Real GDP is estimated for 2024

Source: Economics and Statistics Office

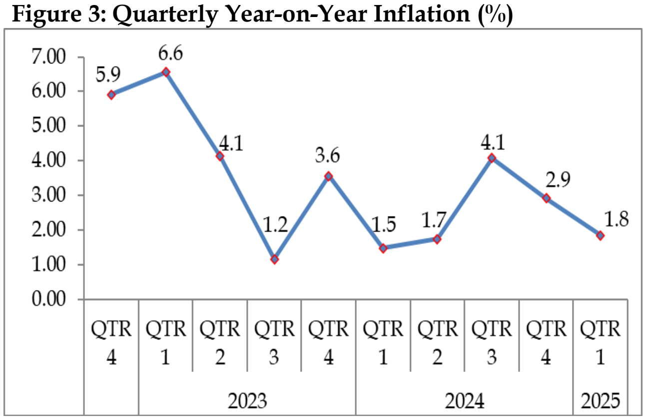
The Consumer Price Index (CPI) inflation rate for the first quarter came in marginally below expectations. Nonetheless, the annual inflation forecast remains at 2.5%, sustained by robust domestic demand, persistent uncertainties surrounding global trade tensions and potential tariff implications. Notably, prevailing low commodity prices and the possibility of a rate cut by the U.S. Federal Reserve could potentially prompt a downward revision in the inflation outlook later in the year.

Labour market conditions are projected to remain favourable, with the annual unemployment rate expected to hold steady at 2.8%. This reflects strong and sustained demand for labour, driven by ongoing growth in economic activities. Particularly, this is likely in service-oriented sectors, where workforce needs continue to rise.

3. Inflation[3]

Average prices in the Cayman Islands rose by an annual rate of 1.8% at the end of March 2025, as the Consumer Price Index (CPI) climbed to 135.0, up from 132.5 a year earlier (see Figure 3).

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



Source: Economics and Statistics Office

Price increases were recorded in 10 of the 12 CPI divisions during the quarter. The education index registered the largest increase, rising by 9.7%. This was mainly due to higher costs for pre-primary and primary education, which grew by 16.1%, followed by secondary education with a 7.3% increase, and tertiary education, which saw a rise of 1.9%. These increases were partially offset by a 13.2% decline in the category "*education not definable by level*".

Transport and restaurants & hotels also recorded notable increases, with the transport division rising by 7.3% and the restaurants & hotels division by 7.2%. Within transport, *purchase of motor vehicles* (up by 22.3%), *other purchased transport services* (up by 14.1%) and *maintenance and repair of personal transport equipment* (up by 11.5%) were the main contributors. In the restaurants & hotels division, price increases were attributed to restaurants, cafes, and similar establishments, which rose by 8.8%, and *accommodation services*, which increased by 3.3%. Prices at canteens within educational establishments and workplaces remained unchanged compared to 2024.

Table 2: Inflation Rates by Categories

	Avg. Inflation Rates (%)	
Categories	Q1 2024	Q1 2025
Food & Non-alcoholic Beverages	1.1	3.0
Alcohol and Tobacco	0.1	1.8
Clothing and Footwear	1.9	(2.8)
Housing and Utilities	2.6	(2.2)
Household Equipment	3.5	0.2
Health	2.5	3.8
Transport	(2.7)	7.3
Communication	7.4	5.0
Recreation and Culture	2.4	1.4
Education	7.9	9.7
Restaurants and Hotels	(1.9)	7.2
Misc. Goods and Services	1.2	1.6
Overall CPI Inflation	1.5	1.8

Source: Economics and Statistics Office

The communication index increased by 5.0%, primarily due to a 7.2% rise in *telephone and telefax services*. Health-related costs rose by 3.8%, with *pharmaceutical products* increasing by 9.0%, *other medicinal products* by 2.2%, and *medical services* by 1.1%.

The food and non-alcoholic beverages index showed a 3.0% increase, mainly influenced by rising food prices. In particular, the average cost of *milk, cheese, and eggs* surged

[3] The CPI Quarter 1 2024 Report is posted at www.eso.ky

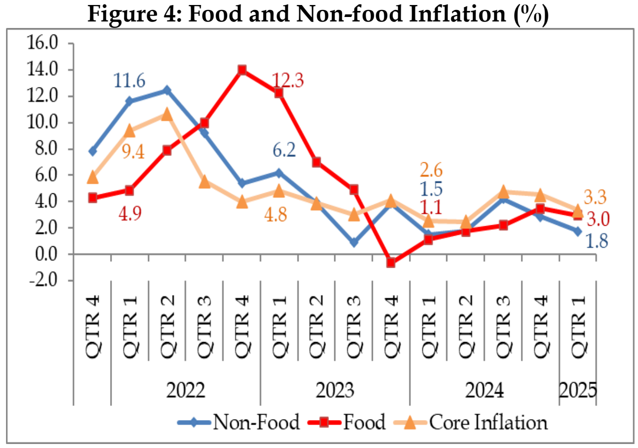
by 18.1%, *oils and fats* climbed 7.7%, and *sugar, sugar confectionery, and snacks* rose by 5.3%.

Categories with modest inflationary pressures were alcohol and tobacco (1.8%), miscellaneous goods and services (1.6%), and recreation and culture (1.4%). Higher prices for wine, beer, and tobacco products drove the increase in alcohol and tobacco. Rising costs for personal effects such as jewellery, clocks, and watches influenced price growth in the miscellaneous goods and services category. The recreation and culture division saw upward pressure from *reception and recording equipment*, as well as *recreation and sporting services*. The household equipment index remained relatively stable, recording a marginal increase of 0.2% in the first quarter of 2025.

Clothing and footwear, along with housing and utilities, were the only two Consumer Price Index (CPI) divisions to register price declines in the first quarter. The clothing and footwear index decreased by 2.8%, due to lower prices for footwear purchased abroad (down 7.9%), garments (down 4.4%), and shoes and other footwear (down 2.0%).

The housing and utilities index fell by 2.2%, attributed to lower prices for materials for the maintenance and repair of dwellings (down 11.4%), electricity (down 12.8%), and water supply (down 10.4%). Notably, the decline in electricity prices coincided with an 11.9% drop in the average diesel price, based on data from the U.S. Energy Information Administration (EIA). Diesel continues to be a key fuel source for electricity generation in the Cayman Islands.

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



Source: Economics and Statistics Office

Non-food prices saw a modest increase of 2.7% in the first quarter of 2025, slightly above the 2.6% recorded during the same period in 2024. Core inflation, which excludes food, electricity, and fuel prices, rose to 3.8%, up from 3.4% in the corresponding period of 2024 (see Figure 4).

4. Trade[4]

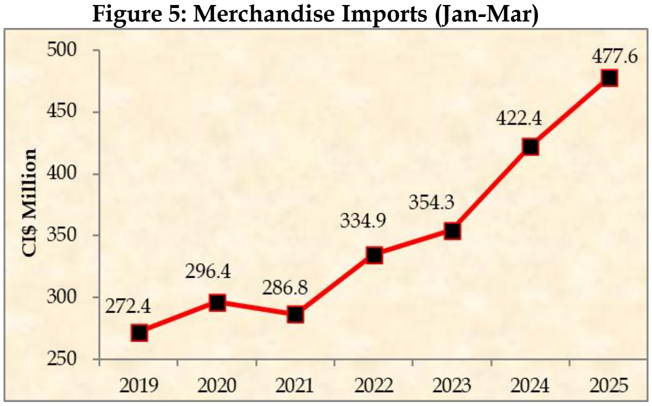
The total value of merchandise imports rose by 13.1% to a record $477.6 million, up from $422.4 million in the first quarter of 2024 (see Figure 5). The overall increase was driven by growth in eight of the ten Standard International Trade Classification[5] (SITC) categories, underscoring broad-based import activity across multiple sectors.

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

[5] a product classification of the United Nations (UN) used for external trade statistics (export and import values and volumes of goods), allowing for international comparisons of commodities and manufactured goods.

During the review period, the leading import categories were *miscellaneous manufactured articles* (up 29.5%), *machinery and transport equipment* (up 2.6%), and *food and live animals* (up 23.1%). When combined, these three categories accounted for 66.8% of non-fuel imports.

Figure 5: Merchandise Imports (Jan-Mar)



Source: Customs Department and ESO

Mineral fuels, lubricants, and related materials was one of only two import categories to decline compared to 2024, with its value falling by 6.9% to $51.8 million. The decrease in the value of imported fuels reflected a combination of lower import volumes and declining global energy prices. Data from the U.S. Energy Information Administration indicated that diesel and jet fuel prices dropped by 11.9% and 15.0%, respectively.

Fuel imports totalled 11.8 million imperial gallons in the quarter, down from 15.4 million imperial gallons in the same period of 2024 (see Table 3). Import volumes declined across all fuel types except propane, which remained relatively steady at 0.7 million imperial gallons. Diesel, comprising 56.7% of total fuel imports, dropped by 26.9% to 6.7 million imperial gallons. Gasoline imports fell by 27.7% to 2.8 million imperial gallons, while aviation fuel declined by 7.0% to 1.6 million imperial gallons.

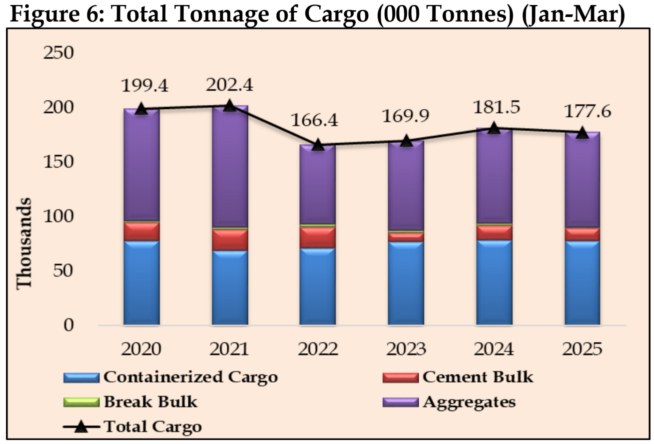
Table 3: Quantity of Fuel Imports (Jan-Mar)

	2023	2024	2025	% Change
	Millions of Imperial Gallons			
Total Fuel	**15.6**	**15.4**	**11.8**	**(23.4)**
Diesel	7.6	9.2	6.7	(26.9)
Gas	5.5	3.8	2.8	(27.7)
Aviation Fuel	1.9	1.7	1.6	(7.0)
Propane	0.6	0.7	0.7	3.3

Source: Cayman Islands Port Authority

Total landed cargo declined to 177.6 thousand tonnes in the quarter, a decline of 2.2% compared to 2024 (see Figure 7). Reductions were observed across all import categories. Aggregates fell by 0.7% to 87.1 thousand tonnes, while containerised cargo decreased by 1.3% to 77.7 thousand tonnes. Bulk cement imports dropped by 12.5% to 11.7 thousand tonnes, and break-bulk cargo fell to 1.1 thousand tonnes, down from 1.7 thousand tonnes.

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



Source: Cayman Islands Port Authority

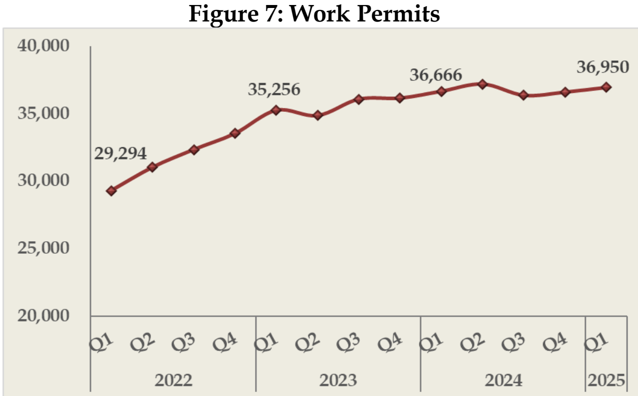
5. Labour Market Indicators

The labour market continued to expand in the first quarter of 2025, supported by increased demand across both the public and private sectors.

5.1. Work Permits

The number of active work permits reached 36,950 as of March 2025, representing a 0.8% increase compared to the same period in 2024 (see Figure 7). Approximately 60% of permit holders were concentrated in four key sectors: accommodation and food services (6,311), construction (6,199), wholesale and retail trade and repair (4,810), and activities of households (4,677). Compared to December 2024, the number of active work permits rose by 348, or 1.0%.

Figure 7: Work Permits

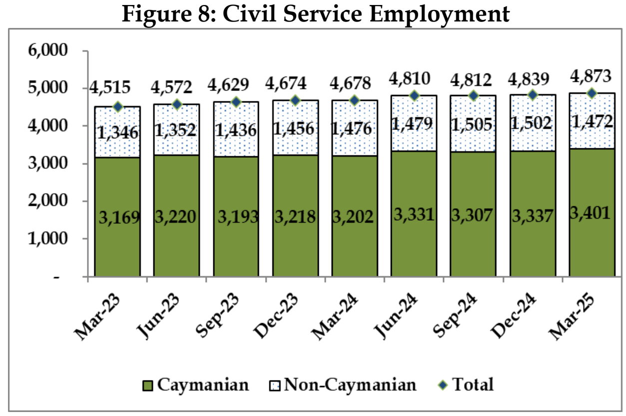


Sources: Immigration Department & ESO

5.2. Public Sector Employment

The Cayman Islands government employed 4,873 individuals as of March 2025, an increase of 4.2% or 195 persons compared to March 2024. Caymanian representation in the public service continued to strengthen during the quarter, with Caymanians now accounting for 69.8% of total government employment. This marks a notable increase of 6.2% year-over-year, adding 199 more Caymanian employees to the civil service. In contrast, non-Caymanian employment declined slightly by 0.3% during the same period. The upward trend reflects ongoing efforts to promote local workforce participation and strengthen Caymanian involvement in the public sector.

Figure 8: Civil Service Employment



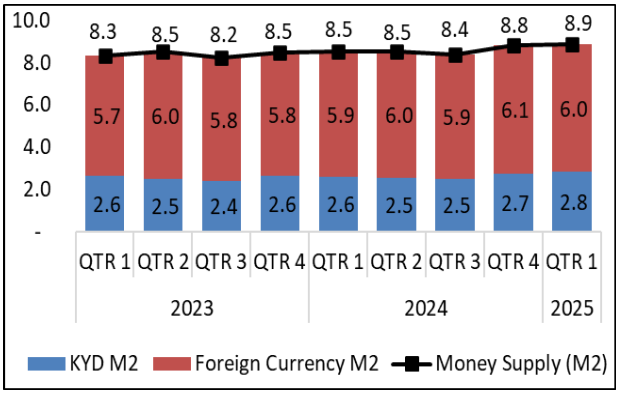
Source: Portfolio of the Civil Service

Compared to December 2024, overall public sector employment rose by 0.7%, or 34 individuals, further reinforcing a steady expansion in government staffing. Over the two quarters, Caymanian employment grew by 64, while non-Caymanian employment fell by 30.

6. Money & Banking

Robust economic activity and growing confidence in Cayman's banking system led to an uptick in domestic liquidity during the review quarter. Broad liquidity (M2) in the banking system expanded by 4.1% to $8,859.7 million for the first quarter of 2025. The rise in liquidity was driven by increases in both foreign currency-denominated and local currency-denominated deposits, which rose by 9.8% and 1.8%, respectively.

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



Source: Cayman Islands Monetary Authority & ESO

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

	Mar-24	Mar-25	% Change
Total Assets	**8,512.0**	**8,859.7**	4.1
Net Foreign Assets	**5,304.0**	**5,960.3**	12.4
Monetary Authority	193.1	206.9	7.2
Commercial Banks	5,110.9	5,753.5	12.6
Net Domestic Assets	**3,208.0**	**2,899.3**	(9.6)
Domestic credit	4,248.1	4,328.3	1.9
Claims on central government	405.1	358.8	(11.4)
Claims on other public sector	16.9	17.3	2.8
Claims on private sector	3,826.1	3,952.1	3.3
Other items net	(1,040.1)	(1,429.0)	37.4
Broad Liquidity	**8,512.0**	**8,859.7**	4.1
Broad money (KYD) M2	**2,605.8**	**2,847.0**	9.3
Currency in circulation	164.2	165.9	1.0
KYD Deposits	**2,441.6**	**2,681.1**	9.8
Demand deposits	955.4	987.8	3.4
Time and savings deposits	1,486.2	1,693.4	13.9
FOREX deposits	5,906.2	6,012.6	1.8
of which: US dollars	5,568.5	5,693.3	2.2
US dollars share (%)	*94.3*	*94.7*	

Source: Cayman Islands Monetary Authority & ESO

The growth in local currency liquidity was broad-based, with demand deposits growing by 3.4% and currency in circulation rising by 1.0%. Similarly, time and savings deposits rose by 13.9%. The uptick in demand deposits reflects increased transactional activity amid strong economic performance, while the surge in time and savings deposits continues to be supported by elevated interest rates (see Figure 9 and Table 4). The expansion in M2, which reflects the liabilities of the financial system, facilitated an increase in domestic asset holdings by financial institutions and supported a reduction in their foreign liabilities.

6.1 Net Foreign Assets. The net foreign assets (NFA) of commercial banks rose by 12.6% for the quarter, while the NFA of the Cayman Islands Monetary Authority (CIMA) increased by 7.2%. The growth in commercial bank's NFA reflected a reduction in foreign liabilities, the impact of which was partly mitigated by a contraction in foreign assets. Foreign liabilities declined by 34.2%, reflecting a 44.9% (or $1201.63 million) reduction in non-resident loans. In contrast, other liabilities increased by 25.3% to $600.4 million.

Table 5: Net Foreign Assets (CI$ millions)

	Mar-24	Mar-25	% Change
Net Foreign Assets	**5,304.0**	**5,960.3**	12.4
Monetary Authority	193.1	206.9	7.2
Commercial Banks	5,110.9	5,753.5	12.6
Foreign Assets	**8,268.5**	**7,830.7**	(5.3)
Bal. with Banks & Branches	3,087.7	3,174.8	2.8
Total Investment	4,341.3	3,936.9	(9.3)
Total Non-Resident Loans	839.4	719.1	(14.3)
Foreign Liabilities	**3,157.5**	**2,077.3**	(34.2)
Total Non-Resident Deposits	2,678.5	1,476.9	(44.9)
Other Liabilities	479.0	600.4	25.3

Source: Cayman Islands Monetary Authority & ESO

Similarly, foreign assets contracted by 5.3% owing to draw-downs in foreign investments and non-residents' loans by 9.3% (or $404.5 million) and 14.3% (or $120.3 million), respectively. In contrast, balances with banks and branches rose by 2.8% (or $ 87.1 million).

6.2. Net Domestic Assets. Total credit extended within the domestic market expanded by 1.9% during the review quarter, driven by increased lending to both the private and public sectors.

Table 6 : Net Domestic Credit (CI$ millions)

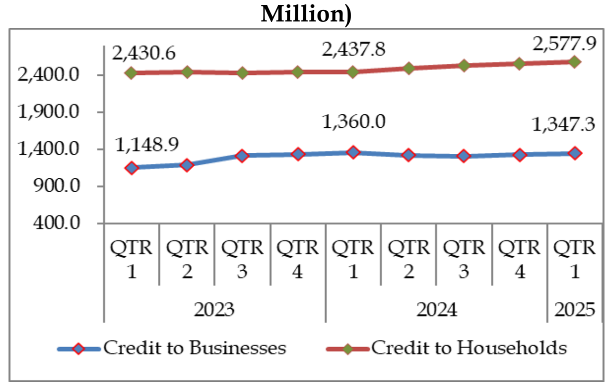
	Mar-24	Mar-25	% Change
Domestic Credit	**4,248.1**	**4,328.3**	**1.9**
Credit to Public Sector	422.0	376.2	(10.9)
Credit to Central Government	405.1	358.8	(11.4)
Credit to Other Public Sector	16.9	17.3	2.8
Credit to Private Sector	3,826.1	3,952.1	3.3

Source: Cayman Islands Monetary Authority & ESO

Loans to the private sector increased by 3.3% during the review quarter, largely reflecting stronger consumer demand. In contrast, overall public sector indebtedness contracted by 10.9%, driven by an 11.4% decline in central government borrowing. Meanwhile, credit extended to parastatal entities and public authorities rose by 2.8%, suggesting continued activity in quasi-government sectors.

The rise in private sector credit was primarily driven by an increase in household lending, as credit extended to businesses declined. Household loans grew by 5.7% to $2,577.9 million (see Figure 10), with most of the additional borrowing directed toward domestic property purchases, motor vehicles, and miscellaneous items. These segments recorded increases of 4.7% (or $102.2 million), 13.0% (or $8.2 million), and 14.6% (or $29.8 million), respectively (see Table 7). In contrast, credit extended for education and technology decreased by 6.9% (or $0.2 million).

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-24	Mar-25	% Change
Total Private Sector Credit	**3,826.1**	**3,951.9**	**3.3**
Credit to Businesses	**1,360.0**	**1,347.3**	**(0.9)**
Production & Manufacturing	**308.8**	**307.9**	**(0.3)**
Mining	5.1	6.1	20.9
Manufacturing	9.1	9.4	3.7
Utilities	63.2	6.0	(90.4)
Construction	231.4	286.3	23.7
Services	**143.4**	**151.1**	**5.4**
Accommodation, Food, Bar & Entertainment Services	62.9	61.5	(2.2)
Transportation, Storage & Communications	5.8	14.0	142.6
Education, Recreational & Other Professional Services	74.7	75.6	1.3
Trade and Commerce	**895.7**	**876.0**	**(2.2)**
Wholesale & Retail Sales Trade	139.9	148.8	6.4
Real Estate Agents, Rental and Leasing Companies	321.9	282.9	(12.1)
Other Business Activities (General Business Activity)	433.9	444.3	2.4
Other Financial Corporations	**12.1**	**12.3**	**1.2**
Credit to Households	**2,437.8**	**2,577.9**	**5.7**
Domestic Property	2,166.8	2,269.0	4.7
Motor Vehicles	63.6	71.8	13.0
Education and Technology	2.5	2.4	(6.9)
Miscellaneous*	204.9	234.7	14.6
NonProfit Organizations	**28.3**	**26.6**	**(5.9)**

Source: Cayman Islands Monetary Authority & ESO

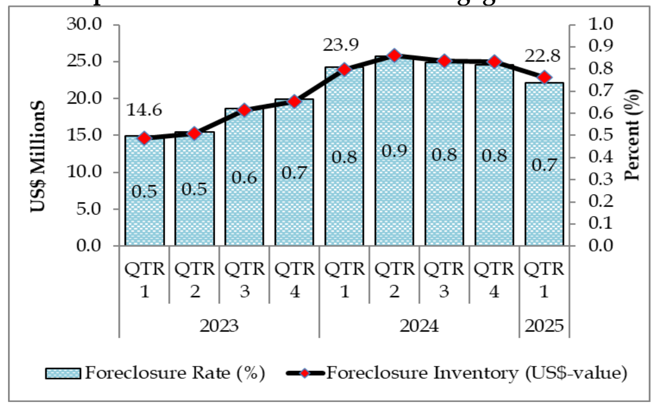
Credit to businesses contracted by 0.9%, totalling $1,347.3 million. The most significant declines were observed in the utilities sector, which fell by 90.4% (or $54.1 million), and real estate, rental, and leasing companies, which declined by 2.2% (or $39.0 million). Despite the overall decrease, notable increases were recorded in construction (up 23.7% or $54.9 million) and general business activities (up 2.4% or $10.3 million).

6.3. Residential Mortgage Foreclosures

As of March 2025, data from CIMA indicated that 77 properties, valued at US$22.8 million, were listed in the local foreclosure inventory. Although the number of foreclosed properties increased compared to the same period in 2024, the total value declined, implying a reduction in the average value of properties entering foreclosure.

The foreclosure rate, defined as the ratio of foreclosure inventory to total residential mortgages, declined to 0.7% in March 2025 from 0.8% in 2024. Mirroring the increase in foreclosure activity, the number of completed foreclosures rose to five (or 6.5% of the inventory), compared to one in the corresponding quarter of 2024.

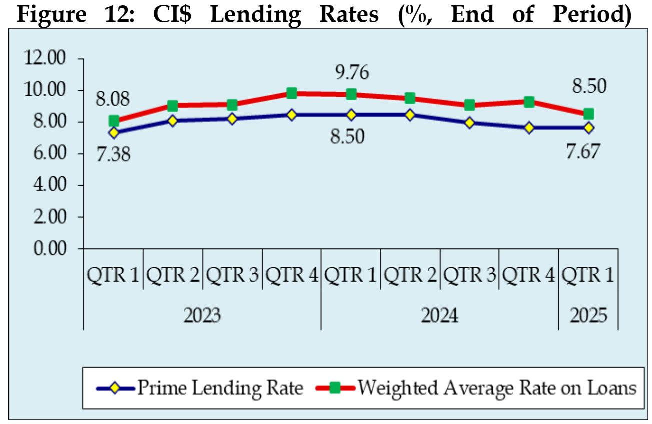
Figure 11: Residential Mortgages Foreclosures Inventory and Proportion to Total Residential Mortgages



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

6.4. Interest Rates. The Cayman Islands' prime lending rate declined by 83 basis points, settling at 7.67% as at March 2025. This downward shift was mirrored in the KYD weighted average lending rate, which contracted to 8.50% from 9.76% recorded in the same period of 2024 (see Figure 12). The decline reflects easing borrowing costs across the domestic lending landscape.

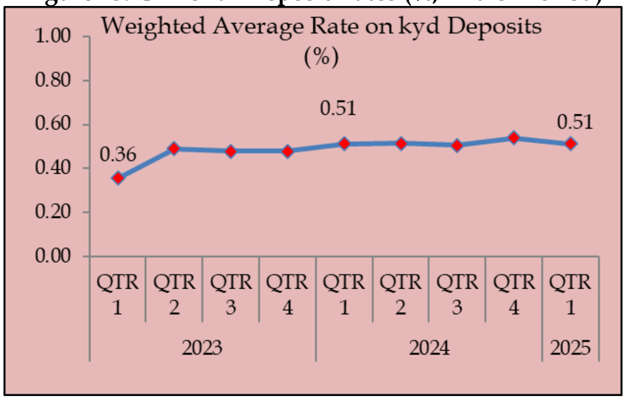
Figure 12: CI$ Lending Rates (%, End of Period)



Source: Cayman Islands Monetary Authority & ESO

The weighted average rate on KYD deposits was unchanged at 0.51% when compared to the same period in 2024 (see Figure 13).

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



Source: Cayman Islands Monetary Authority & ESO

7. Financial Services

Financial service indicators reflected broad-based growth in the first quarter of 2025. Notable increases were recorded in insurance licenses, fund registrations, stock exchange listings, market capitalisation, as well as new company and partnership registrations.

7.1 Banks & Trust

As of March 2025, the number of bank and trust licences declined to 79, representing a reduction of 8.1% (see Table 8). This decrease was entirely due to a fall in Class B licences, which dropped from 75 to 68, while Class A licences remained steady at 11 for the third consecutive year.

Table 8: Bank and Trust Companies

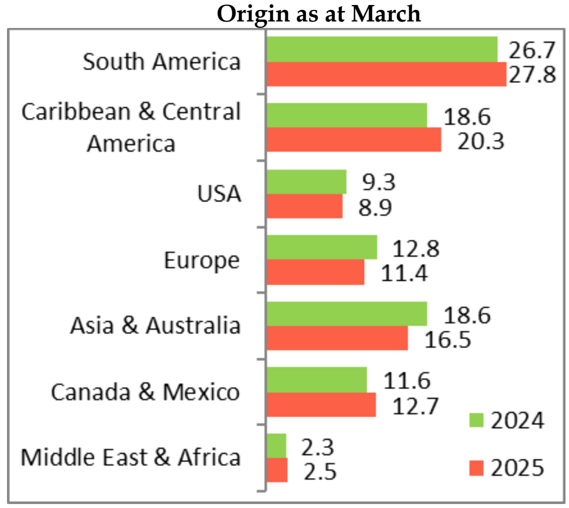
	Mar 2023	Mar 2024	Mar 2025	% Change
Banks & Trusts	**96**	**86**	**79**	**(8.1)**
Class A	11	11	11	0.0
Class B	85	75	68	(9.3)
Trust Companies	**113**	**111**	**111**	**0.0**
Restricted	56	55	54	(1.8)
Unrestricted	57	56	57	1.8

Source: Cayman Islands Monetary Authority

The total number of trust companies remained unchanged at 111. Within this figure, restricted trust licences decreased from 55 to 54, offset by a rise in unrestricted licences from 56 to 57.

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

At the end of the review period, the number of insurance licences rose by 1.4% to 725 (see Table 9). Class 'A' licences, which cover domestic insurers, remained unchanged at 24 for the second consecutive year.

Captive licences increased to 701, up from 691 in 2023. This growth was driven by an increase in Class 'B' licences, which rose by 8 to 674. Additionally, Class 'C' and Class 'D' licences each increased by one, reaching 18 and 9, respectively.

Table 9: Insurance Companies*

	Mar 2023	Mar 2024	Mar 2025	% Change
Domestic - Class 'A'	26	24	24	0.0
Captives	673	691	701	1.4
Class 'B'	645	666	674	1.2
Class 'C'	21	17	18	5.9
Class 'D'	7	8	9	12.5
Total	**699**	**715**	**725**	**1.4**

Source: Cayman Islands Monetary Authority
*Class B: captives and segregated portfolio companies (SPC); Class C: special purpose vehicles; Class D: other captives.

Healthcare, workers' compensation, and general liability companies comprised the largest segment of the captive insurance sector, representing a combined 62.8% of all insurance companies. During the period, there were 183 healthcare insurers, 151 workers' compensation providers, and 100 general liability companies. Property insurance recorded the strongest year-over-year growth, increasing by four to a total of 74 companies.

Table 10: Captive Insurance Licences by Primary Class of Business

	Mar 2024	Mar 2025	% Change	% Proportion
Healthcare	188	189	0.5	27.0
Workers' Compensation	153	151	-1.3	21.5
Property	70	74	5.7	10.6
General Liability	101	100	-1.0	14.3
Professional Liability	56	56	0.0	8.0
Other	123	131	6.5	18.7
Total	**691**	**701**	**1.4**	**100.0**

Source: Cayman Islands Monetary Authority

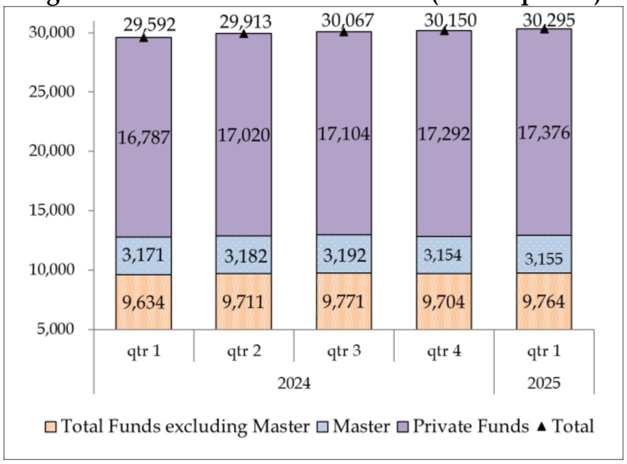
North America remained the leading risk location for insurance companies in the Cayman Islands, representing 89.4% or 618 companies.

7.3 Mutual and Private Funds

At the end of the quarter, a total of 30,295 funds were registered in Cayman, marking a 2.4% increase (or 703 funds) compared to the same period in 2024. This growth was driven by a 3.5% rise in private funds and a 0.9% uptick in mutual funds.

Private funds increased to 17,376, up from 16,787 in the corresponding period of 2024. Mutual funds grew by 114 to reach 12,919, primarily attributed to a 1.9% increase (or 169 funds) in registered mutual funds, which totalled 8,854.

Figure 15: Mutual and Private Funds (end of quarter)



Source: Cayman Islands Monetary Authority

In contrast, other mutual fund categories recorded declines: master funds fell by 0.5% to 3,155; limited investor funds declined by 3.6% to 612; administered funds dropped by 4.5% to 254; and licensed funds decreased by 8.3% to 44.

7.4 Stock Exchange

There were 2,751 instruments listed on the Cayman Islands' Stock Exchange for the review period, representing a 0.6% increase (or 16 additional listings) compared to the same period in 2024 (see Table 11). This growth was primarily driven by a 1.9% rise in specialist debt instruments, which totalled 2,416.

Conversely, sovereign debt securities and insurance-linked securities declined by 11.9% and 5.7%, respectively, reaching totals of 199 and 33 instruments. The number of investment funds and primary equity listings remained unchanged from the previous year, and no secondary equity or retail debt instruments were listed during the period.

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

Instrument	Mar 2023	Mar 2024	Mar 2025	% Change
Investment Fund	104	116	116	0.0
Specialist Debt	2,354	2,371	2,416	1.9
Sovereign Debt Security	254	226	199	(11.9)
Primary Equity	3	3	3	0.0
Secondary Equity	0	0	0	-
Insurance Linked Security	39	35	33	(5.7)
Retail Debt	1	0	0	-
Total	**2,755**	**2,751**	**2,767**	**0.6**

Source: Cayman Islands Stock Exchange

The total value of instruments listed on the Cayman Islands Stock Exchange rose by 9.2% to US$960.7 billion at the close of the first quarter of 2025 (see Table 12). This increase was largely driven by specialist debt instruments, which climbed 14.5% to US$835.0 billion, investment funds, which surged by 59.3% to US$11.1 billion, and primary equity, which rose by 10.0% to US$0.6 billion. By contrast, corporate and sovereign debt securities declined in value to US$110.3 billion, while insurance-linked securities dropped to US$3.7 billion.

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

Instrument	Mar 2023	Mar 2024	Mar 2025	% Change
Investment Fund	18.8	7.0	11.1	59.3
Specialist Debt	659.1	729.6	835.0	14.5
Corporate & Sovereign Debt Security	152.3	138.7	110.3	(20.5)
Primary Equity	0.5	0.5	0.6	10.0
Secondary Equity	0.0	0.0	0.0	-
Insurance Linked Security	4.5	3.9	3.7	(3.8)
Retail Debt	0.4	0.0	0.0	-
Total	**835.6**	**879.7**	**960.7**	**9.2**

Source: Cayman Islands Stock Exchange

7.5. Company Registrations

The total number of new companies registered on the Islands reached 3,412, an increase of 19.7% when compared to the same period of 2024 (see Table 13). Growth was observed across all six company categories. Exempt companies led the expansion, accounting for 77.5% of all new registrations. Their numbers rose by 18.5%, reaching a total of 2,643 companies.

Table 13: New Company Registrations (Jan-Mar)

	2022	2023	2024	2025
Total	**3,974**	**2,588**	**2,851**	**3,412**
Exempt	3,103	1,998	2,231	2,643
Non-Resident	6	1	1	9
Resident	233	218	175	186
Foreign	267	167	168	191
FDN	81	46	86	163
LLC	284	158	190	220
	Percentage Change (%)			
Total	**(14.5)**	**(34.9)**	**10.2**	**19.7**
Exempt	(15.4)	(35.6)	11.7	18.5
Non-Resident	-	(83.3)	-	800.0
Resident	(11.4)	(6.4)	(19.7)	6.3
Foreign	17.6	(37.5)	0.6	13.7
FDN	211.5	(43.2)	87.0	89.5
LLC	(38.1)	(44.4)	20.3	15.8

Source: Registrar of Companies
*Foundation companies began operations in February 2018.

7.6. Partnerships

At the end of March 2025, new partnership registrations rose by 17.4% to 1,098 (see Table 14). Growth was recorded across all partnership categories except for limited partnerships, which remained unchanged from the corresponding period in 2024, with one new registration. Exempt partnerships drove the overall increase, adding 143 registrations to reach a total of 1,044. Foreign partnerships and limited liability partnerships also recorded gains, with 50 and 3 new registrations, respectively.

Table 14: New Partnership Registrations (Jan–Mar)

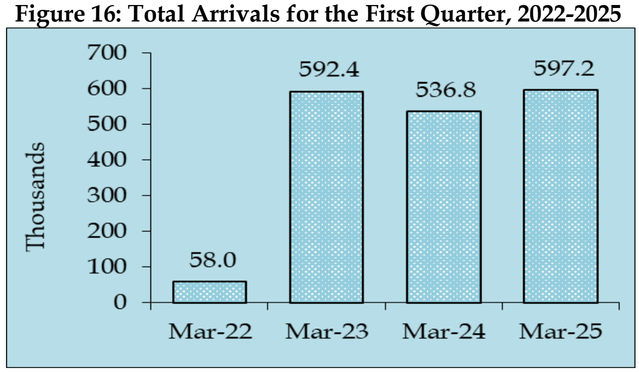
	2022	2023	2024	2025
Total	**1,393**	**960**	**935**	**1,098**
Exempt	1,338	905	901	1,044
Foreign	53	53	33	50
Limited Partnerships	0	0	1	1
LLP	2	2	0	3
	Percentage Change (%)			
Total	**(1.3)**	**(31.1)**	**(2.6)**	**17.4**
Exempt	(2.7)	(32.4)	(0.4)	15.9
Foreign	51.4	-	(37.7)	51.5
Limited	-	-	-	-
LLP	-	-	(100.0)	-

Source: Registrar of Companies

8. Tourism

Total visitor arrivals rose by 11.2% to 597,169 in the first quarter of 2025, driven by growth in both cruise and air arrivals.

Figure 16: Total Arrivals for the First Quarter, 2022-2025



Source: Department of Tourism

8.1. Air Arrivals

Air arrivals continued to grow steadily in the first quarter of 2025, rising by 5.3% to 144,395. The increase was driven by stronger performance from the USA and Canadian markets, which contributed 6.3% and 8.5% more visitors, respectively. In contrast, arrivals from Europe and other regions declined by 10.2% and 2.8%, respectively. The USA remained the leading source of air visitors, contributing 83.7% of total arrivals during the period.

Table 15: First Quarter Air Arrivals by Origin

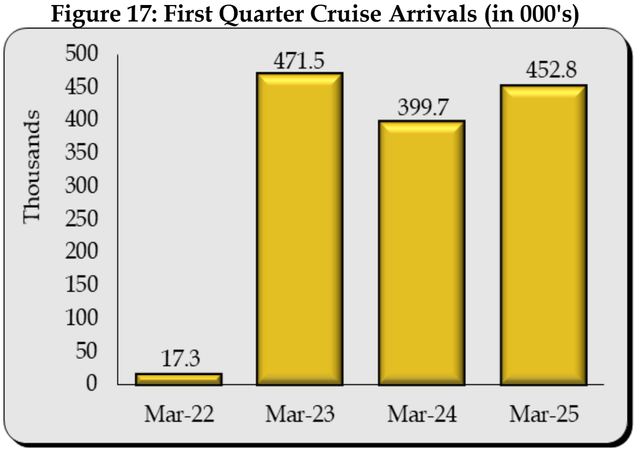
	2023	2024	2025	% Change
	In Thousands			
USA	98.4	113.6	120.8	6.3
Europe	5.8	6.7	6.0	(10.2)
Canada	12.4	11.4	12.4	8.5
Others	4.2	5.4	5.2	(2.8)
Total	120.9	137.1	144.4	5.3
USA (% share)	81.4	82.9	83.6	

Source: Cayman Islands Department of Tourism

8.2. Cruise Arrivals

Cruise tourism gained some momentum in the first quarter of 2025, with passenger arrivals climbing 13.3% to 452,774 compared to the same period in 2024. This growth was fuelled by a notable uptick in cruise ship visits, with the number of vessels calling at Cayman's port rising by 25.2% (or 33 ships) to 164 for the quarter.

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



Source: Department of Tourism

9. Construction

Indicators of intended construction for the first three months of the year were mixed, with the value of building permits increasing while the total value of project approvals declined.

9.1. Building Permits

The total value of building permits for the quarter increased by 112.6% (or $65.1 million) to $122.9 million, reflecting expansions in most categories (see Table 16).

The largest contribution to the overall growth came from the residential sector, where house and apartment permits rose by 49.5% ($11.8 million) and 183.1% ($38.1 million), respectively. These gains were driven by several approvals for high-value housing and apartment developments. Permits in the hotel sector increased by $11.0 million, reflecting the approval of a single hotel project during the quarter. The 'other' category also experienced substantial growth, with permit values rising by 404.5% ($10.3 million).

Table 16: Building Permits (Jan-Mar)

	Building Permits (CI$ Mil)			%
	2023	**2024**	**2025**	**Change**
Residential	45.4	44.7	94.7	111.8
Houses	*13.5*	*23.9*	*35.7*	*49.5*
Apartments	*31.9*	*20.8*	*59.0*	*183.1*
Commercial	51.6	9.7	4.4	(55.2)
Industrial	2.0	-	-	-
Hotel	-	-	11.0	-
Government	-	0.8	0.0	(97.6)
Other	4.6	2.5	12.8	404.5
Total	**103.6**	**57.8**	**122.9**	**112.6**

Source: Planning Department

In contrast, the value of commercial permits declined by 55.2% ($5.4 million), while government permits saw a sharper drop of 97.6% ($0.8 million). Despite these declines, the total number of building permits issued rose by 23.6% to reach 215, consistent with the overall rise in permit value.

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

	Number of Permits			%
	2023	2024	2025	Change
Residential	82	71	105	47.9
Houses	*45*	*49*	*69*	*40.8*
Apartments	*37*	*22*	*36*	*63.6*
Commercial	18	23	15	(34.8)
Industrial	5	2	4	100.0
Hotel	-	-	1	-
Government	2	3	12	300.0
Other	52	75	78	4.0
Total	**159**	**174**	**215**	**23.6**

Source: Planning Department

9.2. Project Approvals

Project approval value declined for the second consecutive year, falling by 50.4% to $49.4 million in the first quarter of 2025. The contraction was relatively widespread, with five of the seven major segments experiencing declines.

Table 18: Project Approvals (Jan-Mar)

	Project Approvals (CI$ Mil)			%
	2023	2024	2025	Change
Residential	82.2	59.0	17.0	(71.2)
Houses	*29.6*	*43.4*	*6.8*	*(84.3)*
Apartments	*52.7*	*15.6*	*10.2*	*(34.8)*
Commercial	15.2	7.1	24.7	248.7
Industrial	0.2	5.3	0.6	(88.7)
Hotel	12.0	18.0	-	(100.0)
Government	0.1	0.4	1.8	346.9
Other	12.5	9.8	5.4	(45.2)
Total	**122.3**	**99.6**	**49.4**	**(50.4)**

Source: Planning Department

The residential sector experienced the most pronounced decline, with approvals falling by 71.2 percent, or $42.1 million. Within this category, the house sub-segment led the downturn, contracting by 84.3 percent, or $36.6 million. Apartment approvals also declined, falling by 34.8 percent, or $16.3 million.

With no hotel projects approved during the quarter, the segment recorded a value of zero, down from $18.0 million in the corresponding period of 2024. Similarly, approvals in the industrial segment declined by 88.7 percent, or $4.7 million. The ‘other’ category also contracted, falling by 45.2 percent, or $4.4 million.

Despite the overall decline, the value of approvals for commercial buildings rose significantly, increasing by 248.7 percent, or $17.6 million, during the quarter. This surge was primarily driven by the approval of a single commercial building project valued at $17.0 million. The government category also recorded growth, rising by 346.9 percent, or $1.4 million.

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

	Number of Approvals			%
	2023	2024	2025	Change
Residential	105	124	21	(83.1)
Houses	*61*	*87*	*10*	*(88.5)*
Apartments	*44*	*37*	*11*	*(70.3)*
Commercial	10	7	6	(14.3)
Industrial	1	3	1	(66.7)
Hotel	1	1	-	(100.0)
Government	1	3	3	-
Other	101	138	84	(39.1)
Total	**219**	**276**	**115**	**(58.3)**

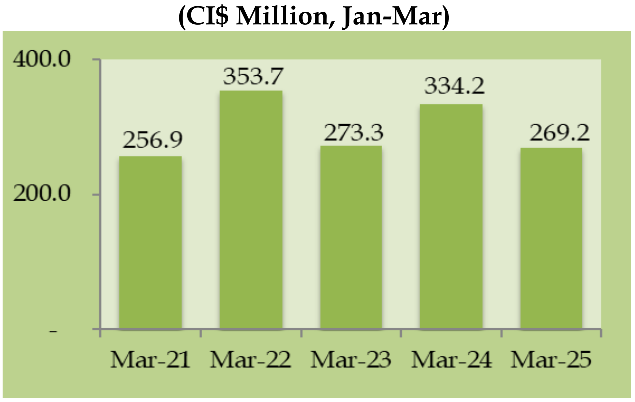
Source: Planning Department

Consistent with the trend in value, the number of project approvals granted during the quarter also declined, falling by 58.3 percent to 115 approvals.

10. Real Estate

Real estate activity, as measured by traded properties, declined in the first quarter of 2025 compared to the same period in 2024. The total value of traded properties fell by 19.4% to $269.2 million. This moderation occurred in the context of elevated transfer values recorded in previous years, with the highest level observed in 2022, followed by strong activity in 2024.

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

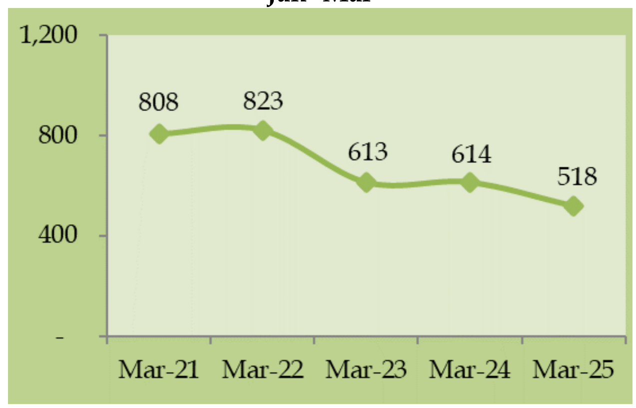


Source: Lands & Survey Department

The decline in traded property value during the quarter was evident across both freehold and leasehold segments. Freehold transfers fell by $56.2 million (or 17.9%), while leasehold transfers dropped by $8.7 million (or 43.1%).

The overall number of property transfers decreased by 15.6% to 518 transactions. This was driven by a reduction of 120 (or 21.1%) in freehold transfers, the impact of which was partially offset by an increase of 24 leasehold transfers or 52.2%.

Figure 19: Number of Property Transfers: Jan- Mar



Source: Lands & Survey Department

11. Utilities

11.1 Electricity

Electricity demand rose by 1.6% during the first quarter of 2025, driven by growth in both the customer base and overall economic activity. The increase was reflected across both the residential and commercial segments, with residential consumption rising by 1.0% and commercial consumption up by 2.3%. In contrast, 'other' consumption, such as street lighting, declined by 2.0%.

The uptick in consumption was primarily attributed to a 2.0% expansion in the customer base, led by a 2.1% increase in residential customers and a 1.6% rise in commercial customers. However, average consumption per customer fell during the period: residential consumption declined by 1.0%, outweighing a 0.7% increase in the average commercial consumption.

Table 20: Utilities Production and Consumption

	Mar-24	Mar-25	% Change
Millions of US Gallons			
Water Production	795.7	888.2	11.6
Water Consumption	653.3	713.2	9.2
'000 of megawatt hrs			
Electricity Production (Net)	169.4	174.3	2.9
Electricity Consumption	168.1	170.8	1.6
Residential	88.3	89.2	1.0
Commercial	78.7	80.5	2.3
Public	1.1	1.1	1.2
Total Customers	33,777	34,461	2.0
Residential	29,032	29,639	2.1
Commercial	4,745	4,822	1.6

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

Table 21: Telecommunication Sector Indicators

	Mar-24	Mar-25	% Change
Fixed and Mobile handsets in operation	153,233	159,832	4.3
Total fixed & mobile minutes ('000)	47,742	30,866	(35.3)
Fixed and mobile domestic minutes	41,561	24,924	(40.0)
Fixed and mobile int'l retail minutes	6,181	5,941	(3.9)
Broadband connections	32,564	32,258	(0.9)

Source: The Utility Regulation and Competition Office

11.2. Water

Water consumption rose by 9.2% during the review period, mirroring the upward trend observed in electricity usage. To meet the growing demand, water production also increased by 11.2%.

11.3 Telecommunications

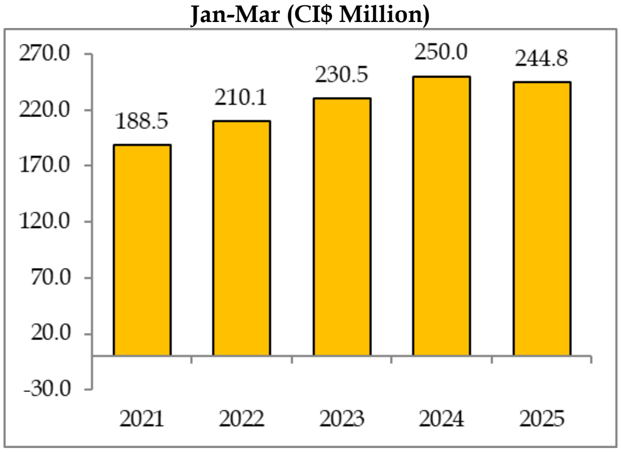
Telephone usage, as measured by domestic and international minutes, contracted by 35.3 percent in the quarter compared to the same period in the previous year. This decline was driven by a 40.0 percent reduction in domestic minutes and a 3.9 percent decrease in international minutes (see Table 21).

In contrast, the number of fixed and mobile handsets in operation increased by 4.3 percent to 159,832. Meanwhile, broadband connections declined by 0.9 percent, indicating a slight contraction in internet service uptake.

12. Fiscal Operations of the Central Government[6]

Net lending (overall surplus), which is revenue less expenditure, declined by 2.1% to $244.8 million at the end of the first quarter relative to the corresponding period of 2024 (see Figure 20 and Table 22).

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



Source: Cayman Islands Treasury Department & Economics and Statistics

The overall surplus contracted as expenditure growth outpaced an increase in revenue. This rise in expenditure was driven by higher operating costs and greater net investment in non-financial assets (formerly capital expenditure). The higher revenue was primarily due to increased tax receipts and was partially offset by a reduction in other revenue sources.

The **net operating balance (formerly current balance)**, revenue minus expense, rose to $260.4 million in 2025 from $250.3 million in 2024.

Table 22: Summary of Fiscal Operations

	Mar-24	Mar-25	% Change
	CI$ Million		
Revenue	**512.4**	**554.1**	**8.1**
Expense	**262.1**	**293.8**	**12.1**
Net Operating Balance	**250.3**	**260.4**	**4.0**
Net Investment in Nonfinancial Assets	0.3	15.6	5,785.4
Expenditure	**262.4**	**309.3**	**17.9**
Net Lending	**250.0**	**244.8**	**(2.1)**
Financing:			
Net Acquisition of Financial Assets	242.7	236.6	(2.5)
Net Incurrence of Liabilities	(7.3)	(8.2)	11.6

Source: Cayman Islands Treasury Department & Economics and Statistics Office

12.1. Revenue

Total revenue collected by the central government reached $554.1 million at the end of the first quarter, marking an 8.1% increase over the same period last year (see Table 23). This growth was primarily driven by a 9.3% rise in tax revenue, which was partially offset by a 13.2% decline in other revenue sources. The uptick in revenue reflects strong economic performance, increased tourist arrivals, and the effects of inflation.

[6] 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.

Table 23: Revenue of the Central Government

	Mar-24	Mar-25	% Change
	CI$ Million		
Revenue	**512.4**	**554.1**	**8.1**
Taxes	**486.7**	**531.8**	**9.3**
Taxes on International Trade & Transactions	63.1	57.0	(9.6)
Taxes on Goods & Services	400.5	446.3	11.4
Taxes on Property	22.7	28.4	25.3
Other Taxes	0.4	0.1	(85.3)
Other Revenue	**25.7**	**22.3**	**(13.2)**
Sale of Goods & Services	14.4	11.8	(18.5)
Investment Revenue	8.4	6.1	(27.2)
Fines, Penalties and Forfeits	2.8	2.5	(8.9)
Revenue n.e.c.	0.1	1.9	1,685.2

Source: Cayman Islands Treasury Department & Economics and Statistics Office

Taxes totalled $531.8 million, up from $486.7 million in the corresponding period of 2024. This increase was primarily driven by higher receipts from taxes on goods and services, which rose by 11.4%, and taxes on property, which surged by 25.3%. In contrast, revenue from international trade and transactions declined by 9.6%, while other taxes saw a sharp drop of 85.3%. Overall, tax revenue comprised 96.0% of total government revenue.

Taxes on goods & services generated $446.3 million in revenue, up from $400.5 million in 2024 (see Table 23 and Table 24). Financial services licenses accounted for 80.1% of this category, increasing by 12.8% to $357.5 million. Growth was evident across all sub-categories within financial services, led by exempt company fees, which posted the largest nominal increase of $16.0 million (or 17.0%). Additional increases were recorded in other stamp duties (up 25.2%), traders' licenses (up 4.5%), and other domestic taxes (up 22.5%).

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

	Mar-24	Mar-25	% Change
	CI$ Million		
Financial Services Licences	316.8	357.5	12.8
ICTA Licences & Royalties	2.4	2.1	(11.3)
Work Permit and Residency Fees	31.8	30.1	(5.3)
Other Stamp Duties	3.7	4.6	25.2
Traders' Licences	3.3	3.4	4.5
Other Domestic Taxes	42.6	48.6	14.2
Of which:			
Tourist Accommodation Charges	16.3	18.2	11.5
Motor Vehicle Charges	3.0	2.6	(14.0)
Taxes on Goods & Services	**400.5**	**446.3**	**11.4**

Source: Cayman Islands Treasury Department & Economics and Statistics Office

Taxes on property rose by 25.3% to $28.4 million (see Table 23). Stamp duty on land transfers comprised approximately 94.1% of this total, increasing by $5.0 million (or 23.1%) to $26.7 million. Infrastructure fund fees, levied on select property developments to support initiatives such as roadwork and affordable housing, rose by $1.1 million (or 311.0%) to $1.5 million.

International trade and transactions totalled $57.0 million, reflecting a 9.6% decline (or $6.1 million) compared to the end of March 2024 (see Table 23). This outcome was primarily due to an 11.5% reduction in import duties, partially offset by an 18.9% increase in other levies

Import duties fell to $52.4 million from $59.2 million, with all five categories recording lower collections. Motor vehicle duties dropped sharply by 38.0% to $4.1 million, while other import duties decreased by 4.5%

to $39.2 million. Duties on gasoline & diesel, alcoholic beverages, and tobacco products also declined, falling by 31.0% to $2.4 million, 13.9% to $5.1 million, and 26.7% to $1.4 million, respectively.

In contrast, receipts from other levies rose to $4.6 million from $3.9 million in the previous year. Cruise departure charges increased by 12.9% to $2.1 million, and environmental protection fund fees rose by 28.6% to $1.9 million, reflecting the increase in cruise ship arrivals. **Other taxes** declined sharply by 85.3% to $62,000.

Other government revenue declined to $22.3 million from $25.7 million in 2024 (Table 23), reflecting lower receipts across major components. Revenue from the sale of goods and services fell by 18.5% to $11.8 million, investment revenue decreased by 27.2% to $6.1 million, and fines, penalties, and forfeits dropped by 8.9% to $2.5 million. In contrast, revenue not elsewhere classified rose to $1.9 million, up from $108,000 in the previous year.

12.2. Expenditure

Total expenditure from January to March 2025 reached $309.3 million (Table 22), reflecting a 17.9% increase over the same period in the previous year. This rise was driven by higher central government operating expenses and increased net investment in non-financial assets.

Central government expenses (formerly current expenditure rose to $293.8 million from $262.1 million at the end of the first quarter of 2024. The increased spending was reflected across all major categories except interest payments (see Table 25).

Table 25: Expenses of the Central Government

	Mar-24	Mar-25	% Change
	CI$ Million		
Expense	**262.1**	**293.8**	**12.1**
Compensation of Employees	112.8	124.5	10.4
Use of Goods and Services	34.8	36.1	3.8
Consumption of Fixed Capital	14.3	14.4	0.4
Subsidies	70.4	74.8	6.3
Social Benefits	23.4	35.4	51.3
Interest	4.5	3.9	(14.6)
Other Expense	1.9	4.8	144.7

Source: Cayman Islands Treasury Department & Economics and Statistics Office

Compensation of employees is the largest expenditure item with a share of 42.4%, increased by 10.4% (or $11.7 million) to $124.5 million for the period. This was partly due to the filling of vacant positions and the implementation of a cost-of-living adjustment during the period. Consequently, salaries and wages rose by 11.3% to $90.8 million, healthcare expenses increased by 6.6% to $21.5 million, pension contributions climbed by 6.3% to $10.1 million, and other personnel costs expanded by 37.3% to $434,000.

Expenditure on the use of goods and services rose to $36.1 million, reflecting an increase of $1.3 million (or 3.8%). This was largely attributed to higher spending on purchased services, general supplies and consumables, as well as recruitment and training efforts. Consumption of fixed capital (depreciation), remained relatively stable at $14.4 million. Depreciation related to buildings, computer hardware, roads, and sidewalks accounted for 69.1% of this expense.

Subsidies paid to statutory authorities, government-owned companies, and private entities increased to $74.8 million from $70.4 million in 2024. The additional $4.4 million supported increased funding for the Cayman Islands National Insurance Company, privately provided primary and secondary education, the University College of the Cayman Islands, and the public school meals programme.

Social benefits rose substantially by 51.3% to $35.4 million in the quarter. Scholarships and bursaries amounted to $17.4 million, while financial assistance reached $7.8 million during the review period.

Interest payments fell by 14.6% to $3.9 million, while other expenses climbed to $4.8 million from $1.9 million in the previous year, driven primarily by the settlement of claims.

11.3. Investment in Non-financial Assets

Gross investment in non-financial assets (capital expenditure) increased to $30.0 million at the end of the quarter (see Table 26). This growth reflected increased spending on both fixed assets, which rose by 98.8%, and inventories, which surged by 213.3%. As the rise of gross expenditures outpaced the level of depreciation, net investment in non-financial assets climbed to $15.6 million, up from $0.3 million in 2024.

Table 26: Investment in Non-financial Assets

	Mar-24	Mar-25	% Change
	CI$ Million		
Gross Investment in Nonfinancial Assets	**14.6**	**30.0**	**105.4**
Fixed Assets	14.9	29.6	98.8
Capital Investment in Ministries and Portfolios	2.2	8.9	306.1
Capital Investment in Statutory Authorities and Government Owned Companies	7.7	4.1	(47.1)
Executive Assets	5.0	16.6	234.1
Inventories	(0.3)	0.4	213.3
Net Investment in Nonfinancial Assets[1]	**0.3**	**15.6**	**5,785.4**

Source: Cayman Islands Treasury Department and Economics and Statistics Office

Within fixed assets, capital investment in executive assets registered the largest nominal increase, rising by $11.6 million (or 234.1%) to $16.6 million. Increased land acquisitions primarily drove this. Capital investment in ministries and portfolios also saw a significant expansion, rising by 306.1% to $8.9 million. The increase was primarily attributable to higher expenditure by the Ministries of Education, Youth, Sports, Agriculture & Lands, and District Administration. In contrast, capital investment in statutory authorities and government-owned companies declined by 47.1% to $4.1 million, reflecting a reduced allocation to the National Housing Development Trust.

12.4. Net Financing and Debt

Net acquisition of financial assets[7], including the assumed cash balance from the fiscal surplus, declined by 2.5% to $236.6 million at the end of the review period (see Table 27). While, the net incurrence of liabilities (net borrowing) recorded a deficit of $8.2 million, slightly larger than the $7.3 million deficit reported in the corresponding period of the prior year. The increased deficit was primarily due to higher debt repayments, as no new loans were disbursed during the quarter.

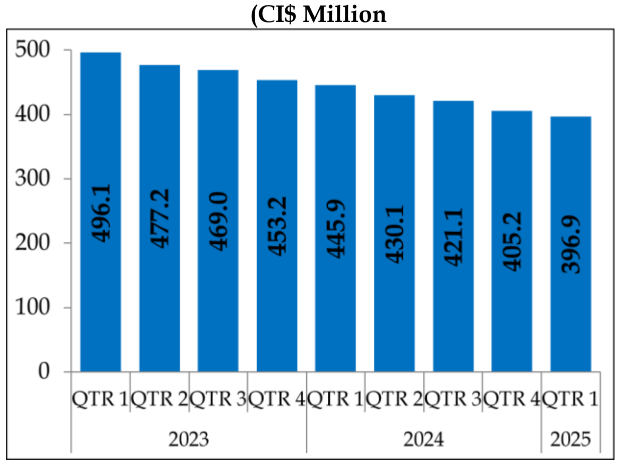
Table 27: Net Financing

	Mar-24	Mar-25	% Change
	CI$ Million		
Financing:			
Net Acquisition of Financial Assets	242.7	236.6	(2.5)
Net Incurrence of Liabilities	(7.3)	(8.2)	11.6
Incurrence (Disbursement)	0.0	0.0	-
Reduction (Loan Repayment)	7.3	8.2	11.6

Source: Cayman Islands Treasury Department

As of March 2025, the total outstanding debt declined by 11.0% to $396.9 million relative to March 2024. The debt service-to-revenue ratio eased to 2.2%, down from 2.3% a year earlier. Likewise, the ratio of interest expenses to total expenses fell to 1.3% from 1.7%, while interest expenses as a share of total revenue decreased to 0.7% to 0.9% over the period.

Figure 21: Central Government Outstanding Debt (CI$ Million



Source: Cayman Islands Treasury Department

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

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 Department
Cayman Islands Department of Tourism
Cayman Islands General Registry
Cayman Islands Monetary Authority
Cayman Islands Planning Department
Cayman Islands Stock Exchange
Cayman Islands Water Company
Department of Workforce Opportunities & Residency Cayman
Lands and Survey Department
Port Authority of the Cayman Islands
Portfolio of the Civil Service
Utility Regulation and Competition Office

This report was produced by the Economics Unit of the ESO, with selected data provided by the Statistics Section.