

Cayman Islands' Balance of Payments (Current Account)

	Millions of CI\$	
	2009	2010
CURRENT ACCOUNT BALANCE*	-420.10	-408.23
Exports of Goods and Services	1,180.00	1,219.59
A. Goods	38.71	33.85
B. Services	1,141.29	1,185.74
Transportation	37.22	37.25
Travel	392.22	403.11
Financial services (excluding insurance)	379.02	395.66
Other services	332.83	349.72
C. Primary Income Receipts	2,130.44	1,617.65
Direct investment income	290.15	270.93
Portfolio investment income	711.14	367.48
Other investment income	1,129.15	979.23
D. Secondary Income Receipts	84.38	83.58
General Government	13.45	15.28
Financial corporations, Nonfinancial corporations, households, and NPISHs	70.83	68.30
Imports of Goods and Services	-1,335.10	-1,329.87
A. Goods	-658.40	-618.61
B. Services	-676.70	-711.25
Transportation	-125.31	-126.66
Travel	-102.40	-109.06
Financial services (excluding insurance)	-76.37	-82.23
Other services	-372.63	-393.30
C. Primary Income Receipts	-2,217.66	-1,773.26
Direct investment income	-986.63	-754.53
Portfolio investment income	-20.46	-25.91
Other investment income	-1,199.73	-982.77
D. Secondary Income Receipts	-262.05	-225.92
General Government	-0.54	-0.86
Financial corporations, Nonfinancial corporations, households, and NPISHs	-261.52	-225.06

Source: Economics and Statistics Office (ESO)

* Current Account Balance= Exports minus imports of goods, services and income (primary and secondary)

HOW ARE THE DATA OBTAINED?

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

CONFIDENTIALITY

The information collected in the surveys is used for statistical purposes only and is protected by the Statistics Law (1996 Revision) as amended in 2010. No data on an individual company will be published, released to anyone, or disclosed in such a way so as to reveal any part of the data of an individual company.

YOUR ROLE

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

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

QUERIES

For queries, or request for assistance you may contact

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BOP

THE CAYMAN ISLANDS' BALANCE OF PAYMENTS



ESO
ECONOMICS AND STATISTICS OFFICE
GOVERNMENT OF THE CAYMAN ISLANDS

Information on hand

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WHAT IS THE BALANCE OF PAYMENTS (BOP)?

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

The BOP is a double entry system in which flows of international payments and receipts are recorded at a specific period of time. If a country received money, this is known as a credit and if it has paid or given money, the transaction is recorded as a debit in the BOP. An example of the Current Account of the BOP of the Cayman Islands is shown at the back.

The BOP is divided into three main categories: the current account, the capital account and the financial account. Within each of these categories there are sub divisions.

INFORMATION REVEALED BY THE BOP

1. The Current Account records the outflow and inflow of goods and services from/into a country. It is composed of four sub groups; goods, services, primary income and secondary income.

The current account reveals the following;

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

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

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

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

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

4. Overall Balance of Payments is the sum of the current and capital and financial accounts.

WHO USES THE BOP STATISTICS?

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

WHAT ARE THE USES OF THE BOP?

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