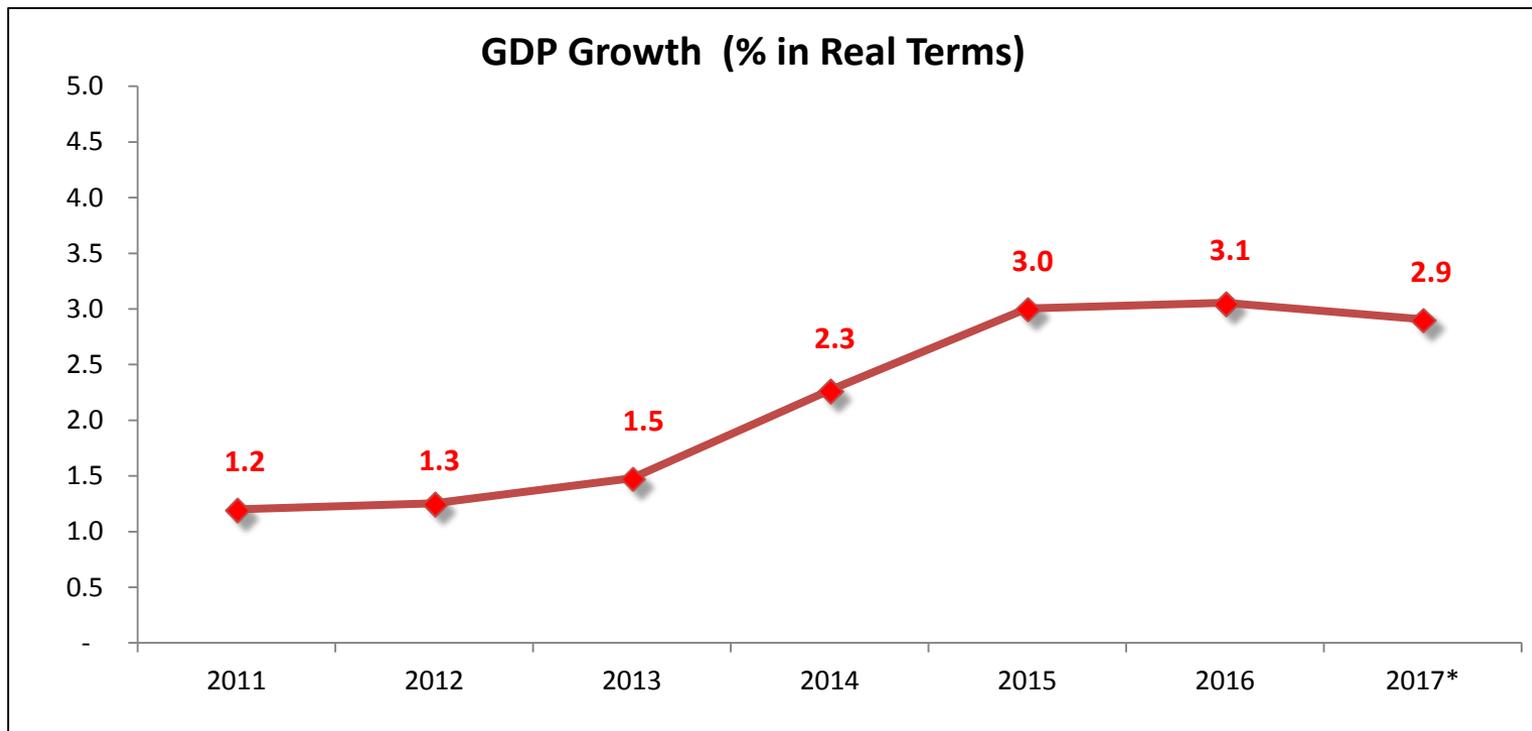




## Chamber of Commerce's Economic Forum

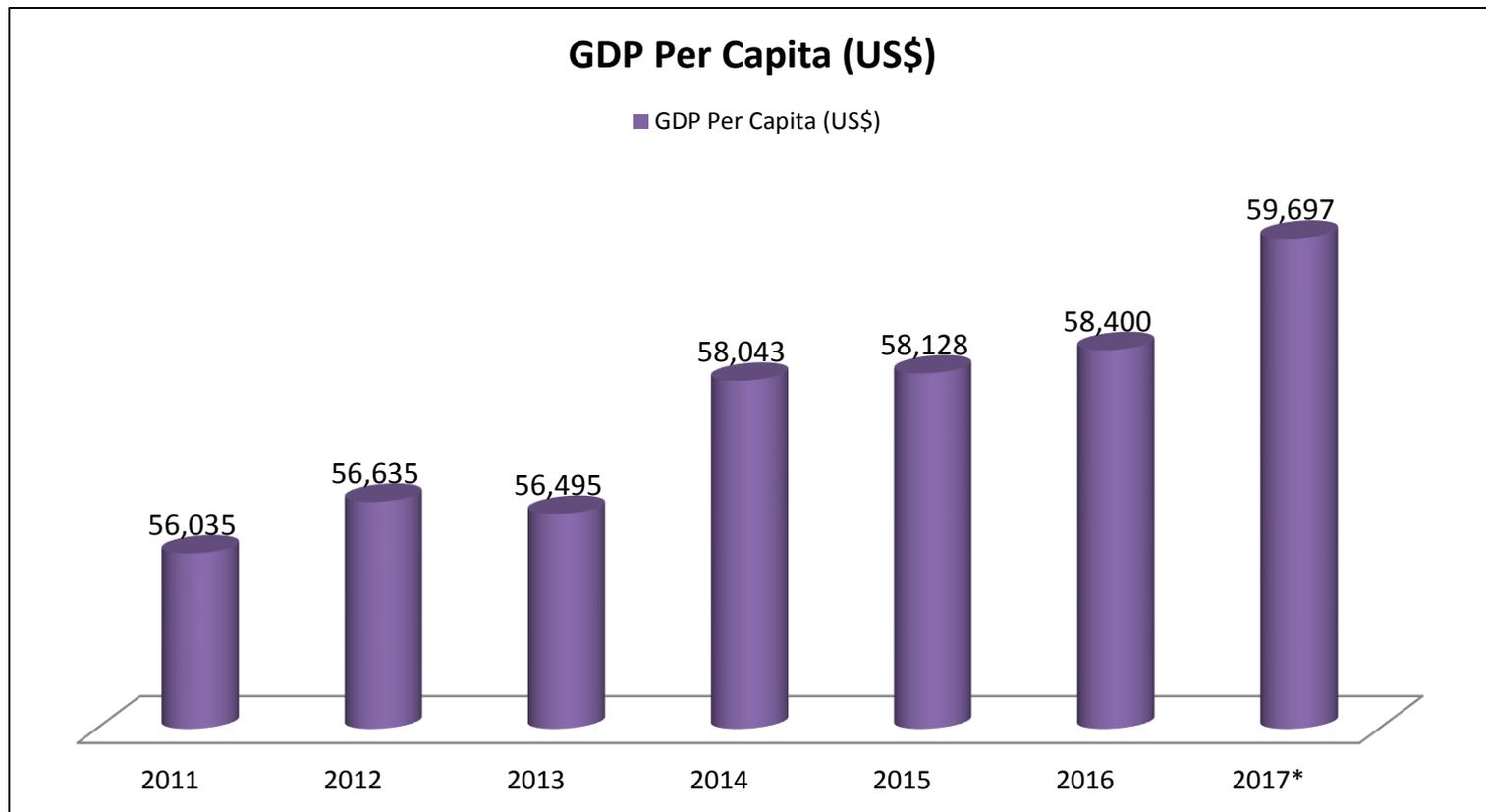
Address by the Honourable Roy McTaggart, JP

- In 2017, indicators show that Cayman's gross domestic product (GDP) grew in real terms by 2.9%.
- The economy's performance in 2017 sustained the strong growth performance in 2015 (3.0%) and 2016 (3.1%).

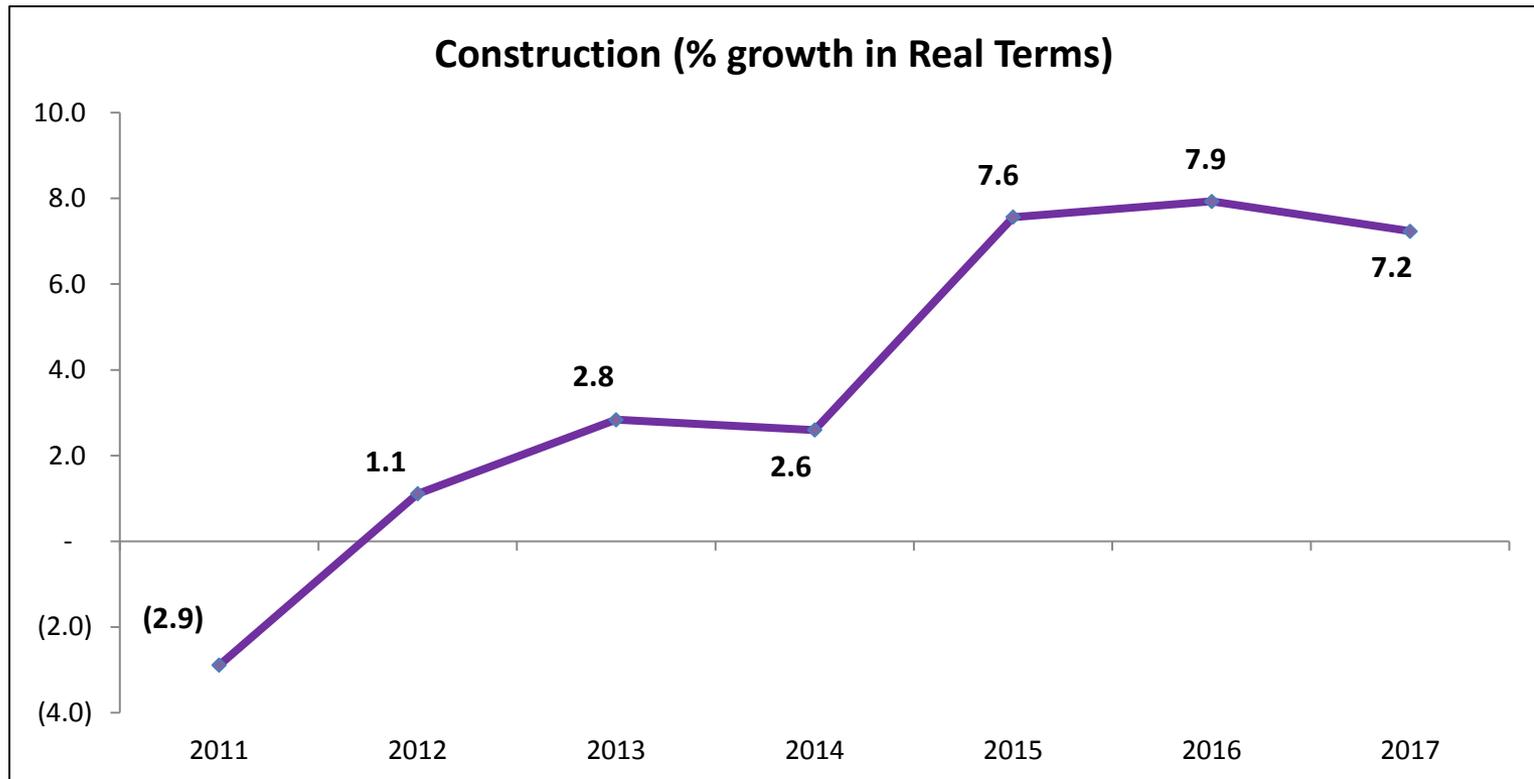


\*2017 is estimate based on indicators

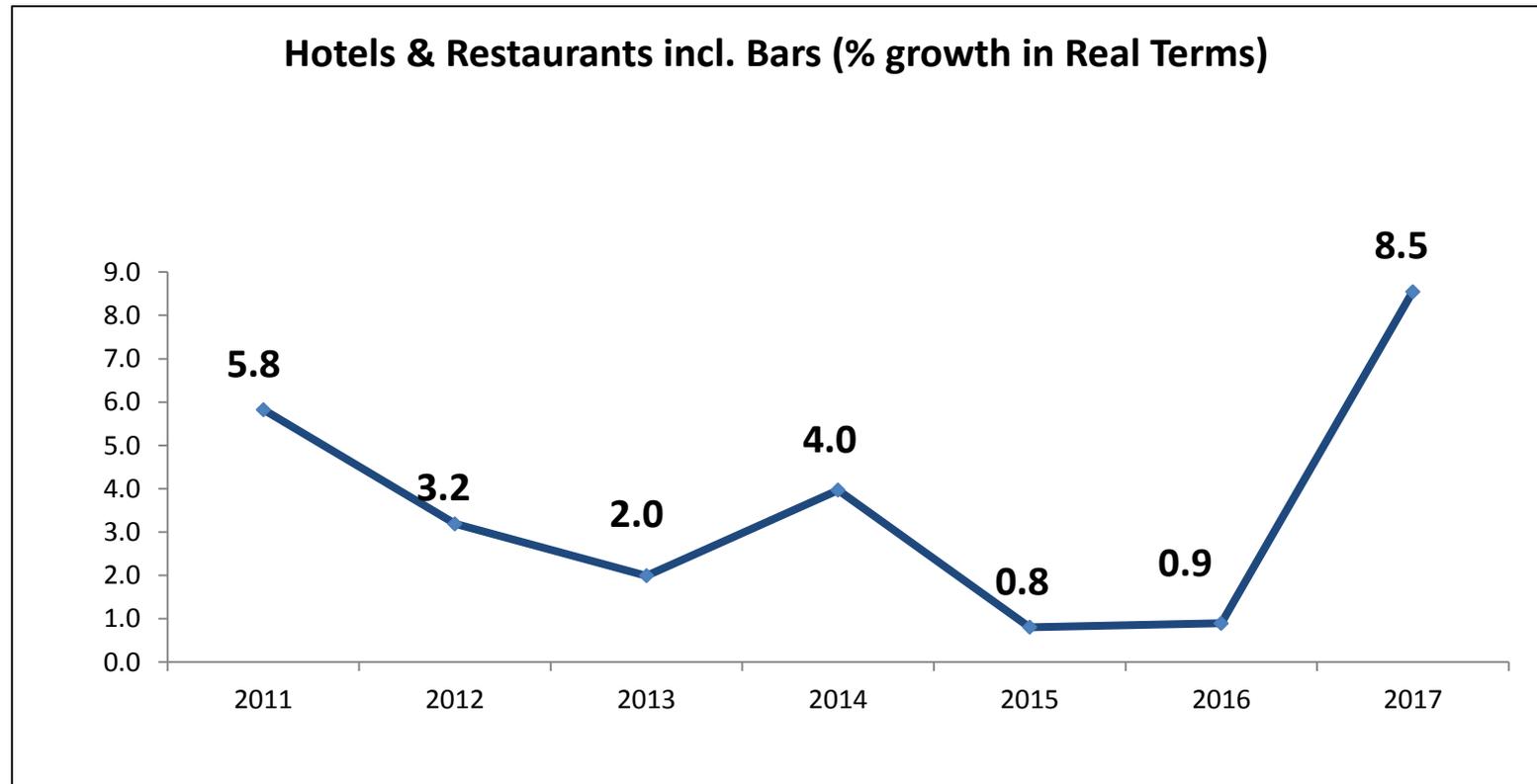
The latter figure, CI\$3.1 billion, represents a per capita income of approximately CI\$49,748 or US\$59,697. Based on comparative data from the International Monetary Fund, this is estimated to be the 7th highest in the world, ahead of many OECD countries. The USA ranks 8th with a per capita income of \$59,501 in 2017.



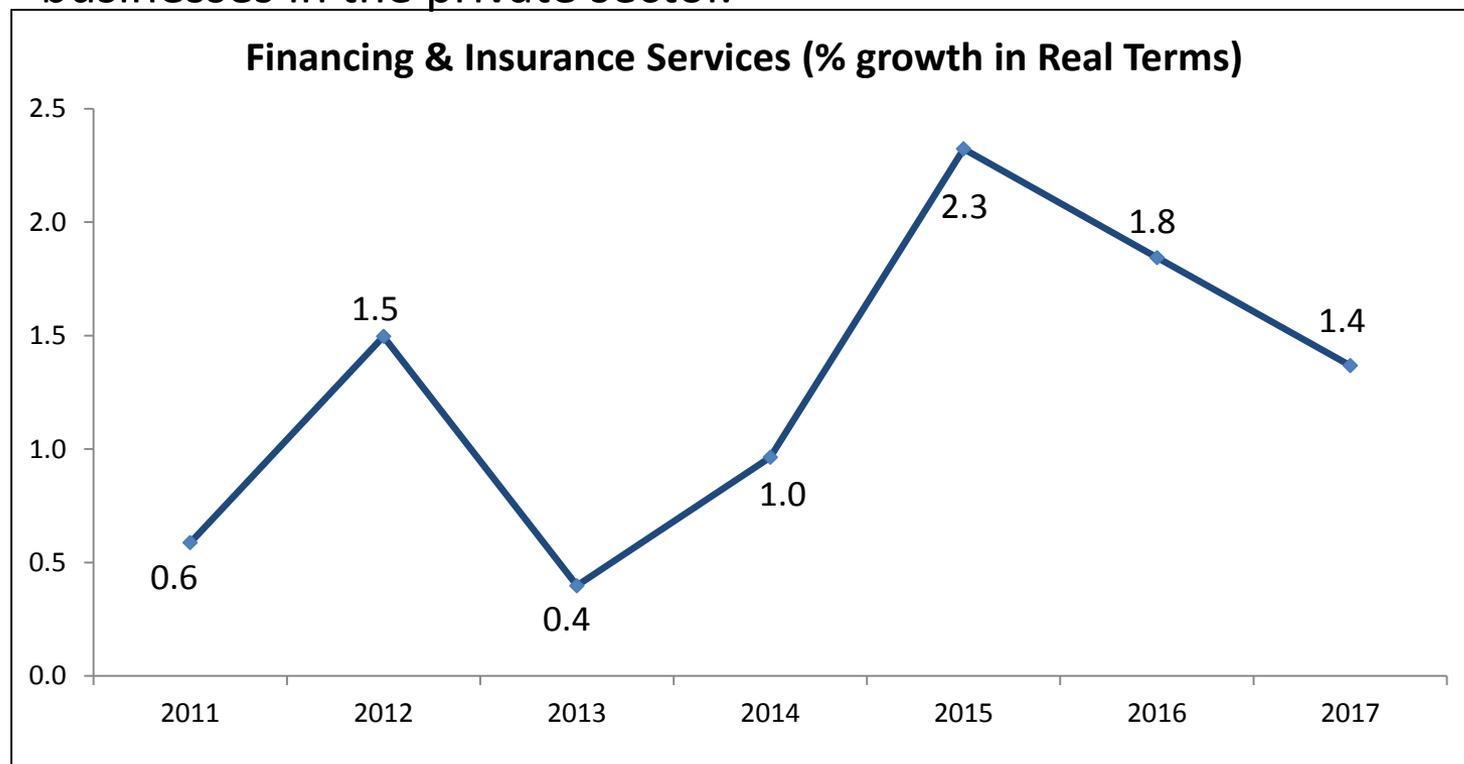
- The most dynamic is the construction sector, with its gross value added growing at the rate of 7.2% for 2017, following similar sharp performances of 7.6% in 2015 and 7.9% in 2016.
- The construction sector's growth reflects the infrastructural capacity of the Islands keeping pace with the demand for residential, commercial and public facilities - arising from a higher population base which is estimated at 63,415 at the end of 2017.



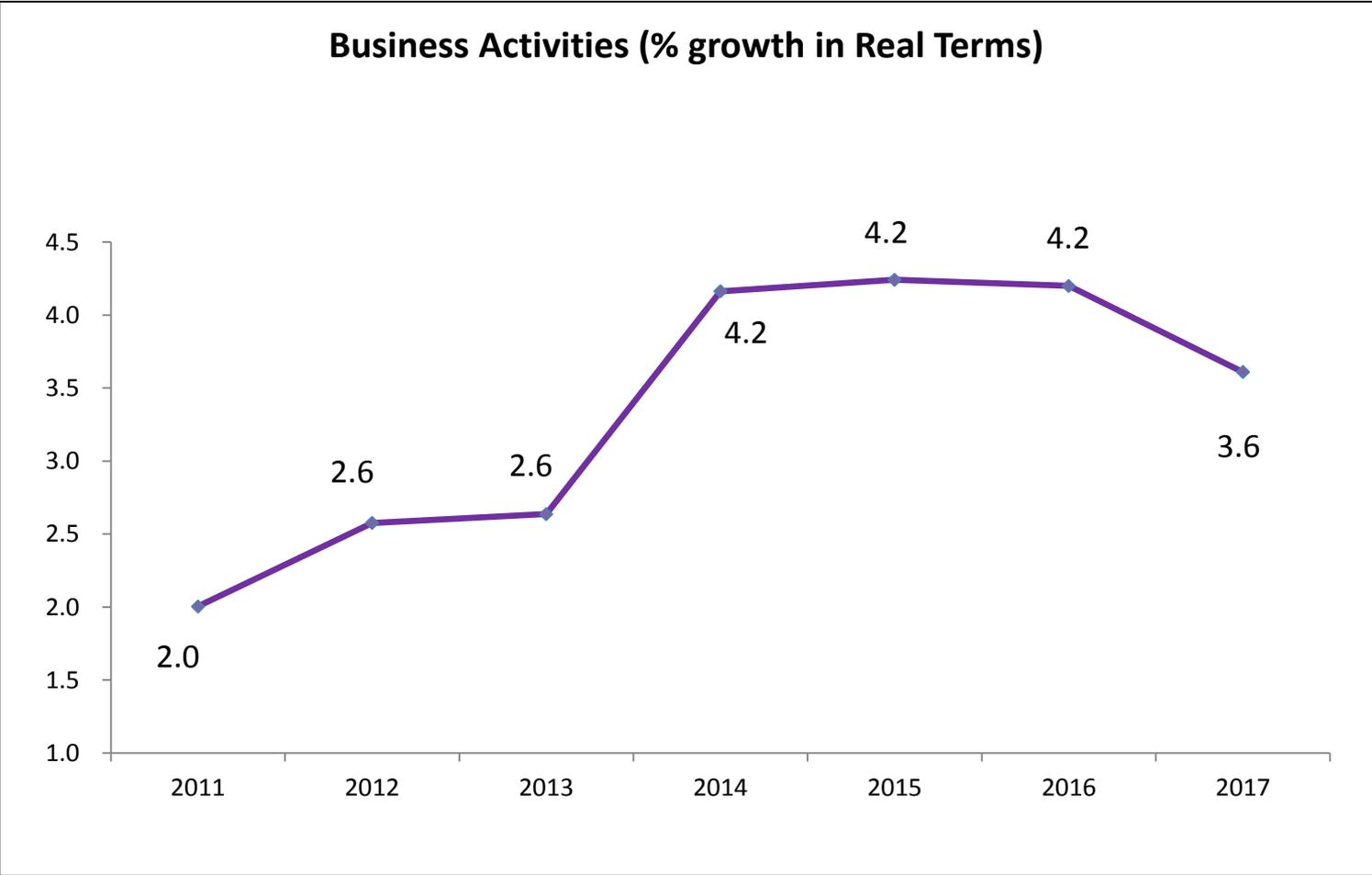
- Services related to tourism were on recovery mode in 2017 after two years of modest growth. Growth in stay-over tourist arrivals benefited from the temporary closure of some markets in the region due to hurricanes Irma and Maria. Tourist arrivals in 2017 reached 2.15 million in 2017, higher by 2.4% compared to 2016.
- Consequently, the sector comprising of hotels, restaurants and bars is estimated to have its combined value added rising by a similar 8.5% in 2017.



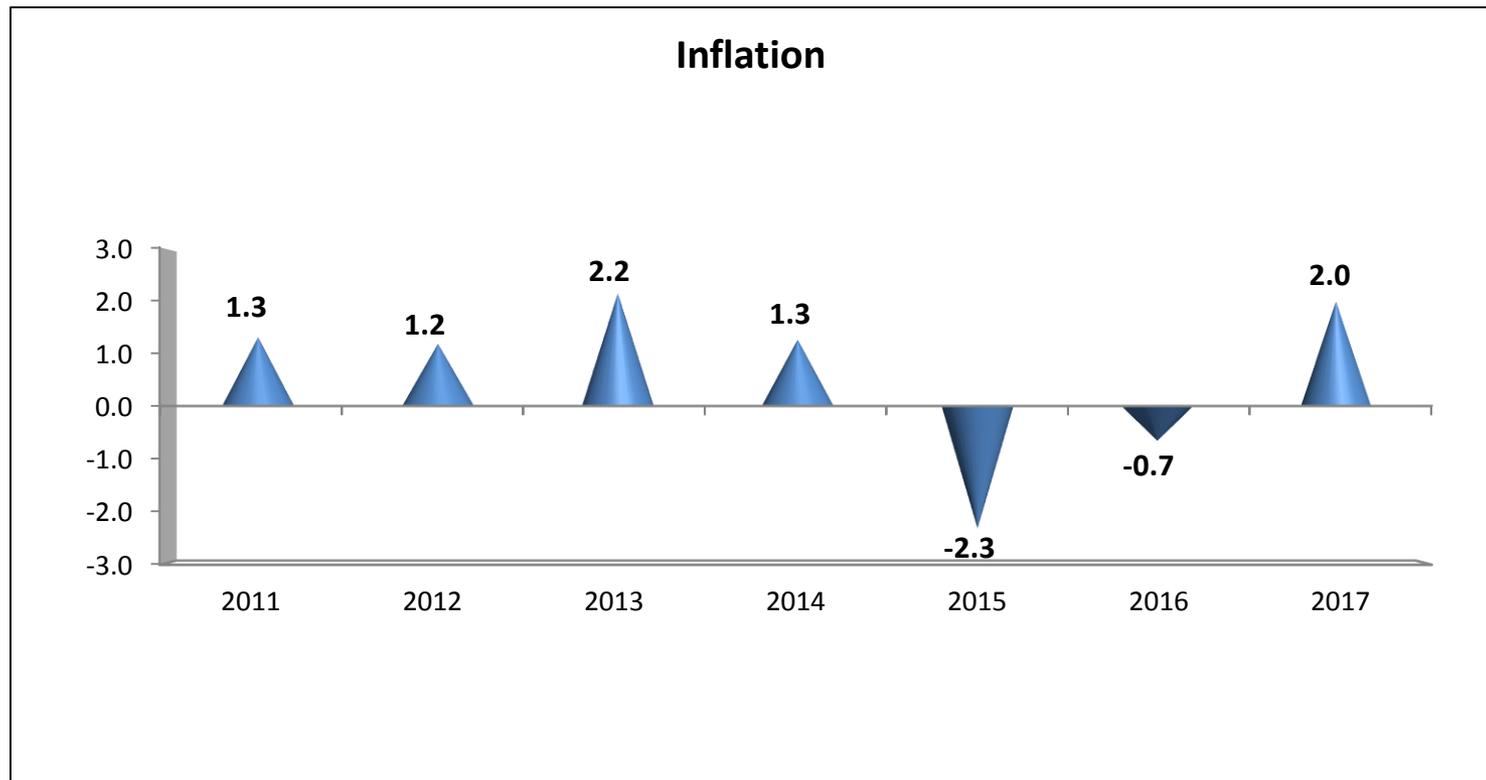
- The largest sector of the economy is the financial and insurance services industry which consists mainly of domestic banking and insurance services. This industry directly contributes 41% of GDP and has grown by an estimated 1.4% in 2017.
- Growth of this sector of the economy may have been partly impacted in 2017, by the decline in the demand for domestic credit by the Public Sector (primarily a decline by Core Government), as well as by businesses in the private sector.



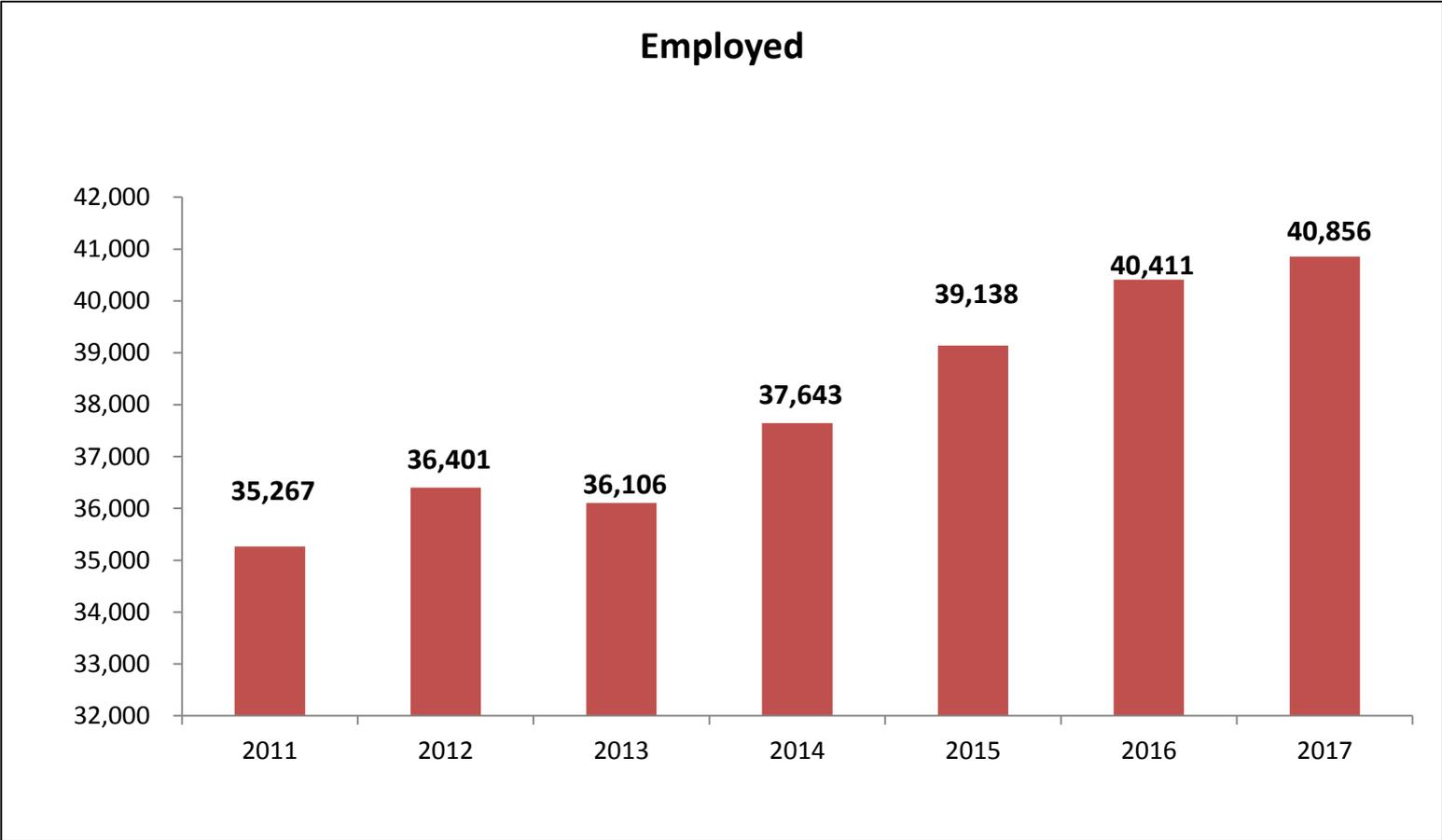
The professional, scientific and technical services sector/industry, which is comprised mainly of legal and accounting services, grew by 3.6% in 2017. This industry directly contributes 14.6% to total GDP, the second largest sectoral contribution to GDP.



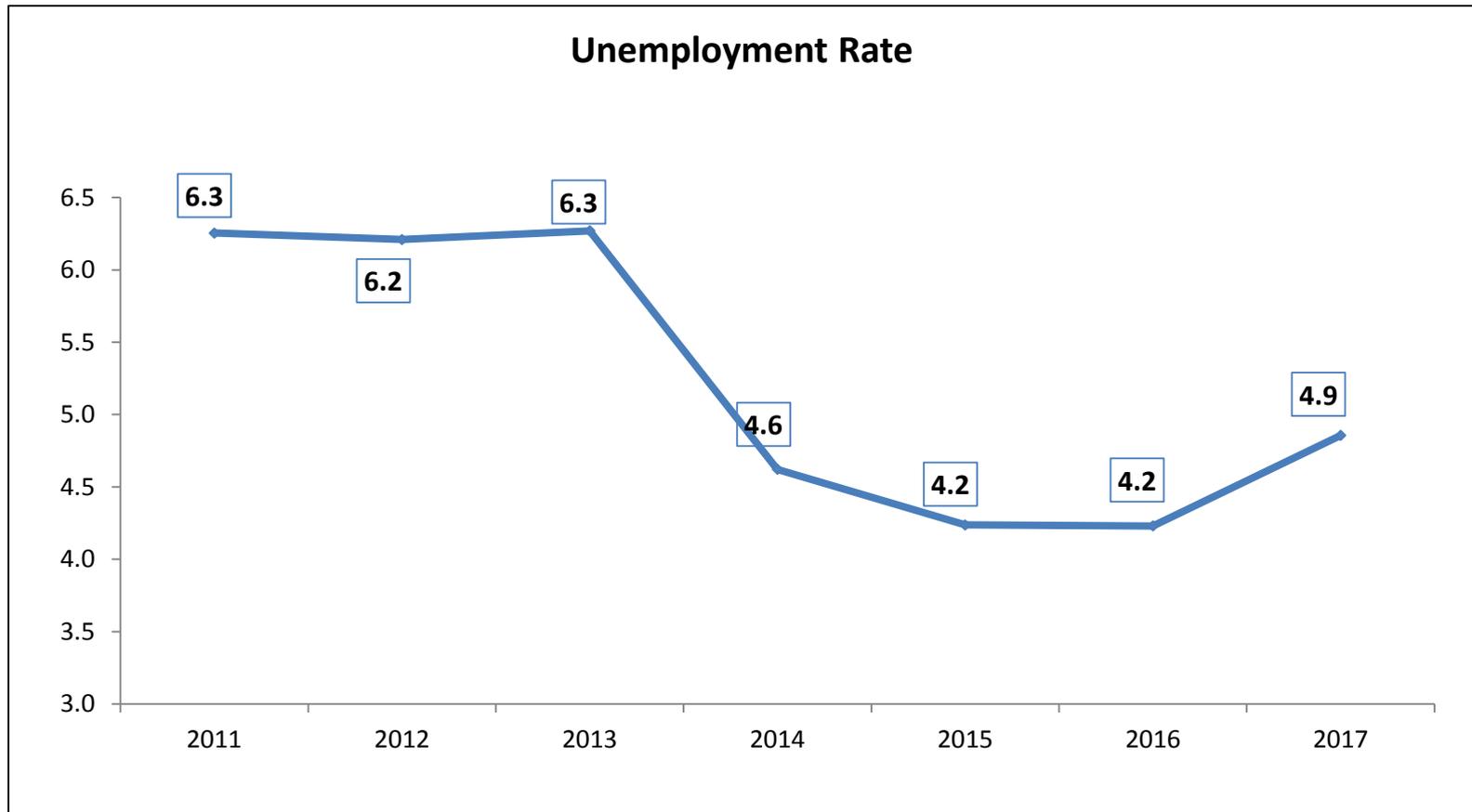
- Following the recovery of oil prices as well as other commodity prices in the international market, the inflation rate turned positive in 2017 at 2.0% after two consecutive years of deflation.
- Housing rentals also started to recover from their persistent downtrend in prior years. The sustained growth in population generated an upward pressure on the demand for housing.



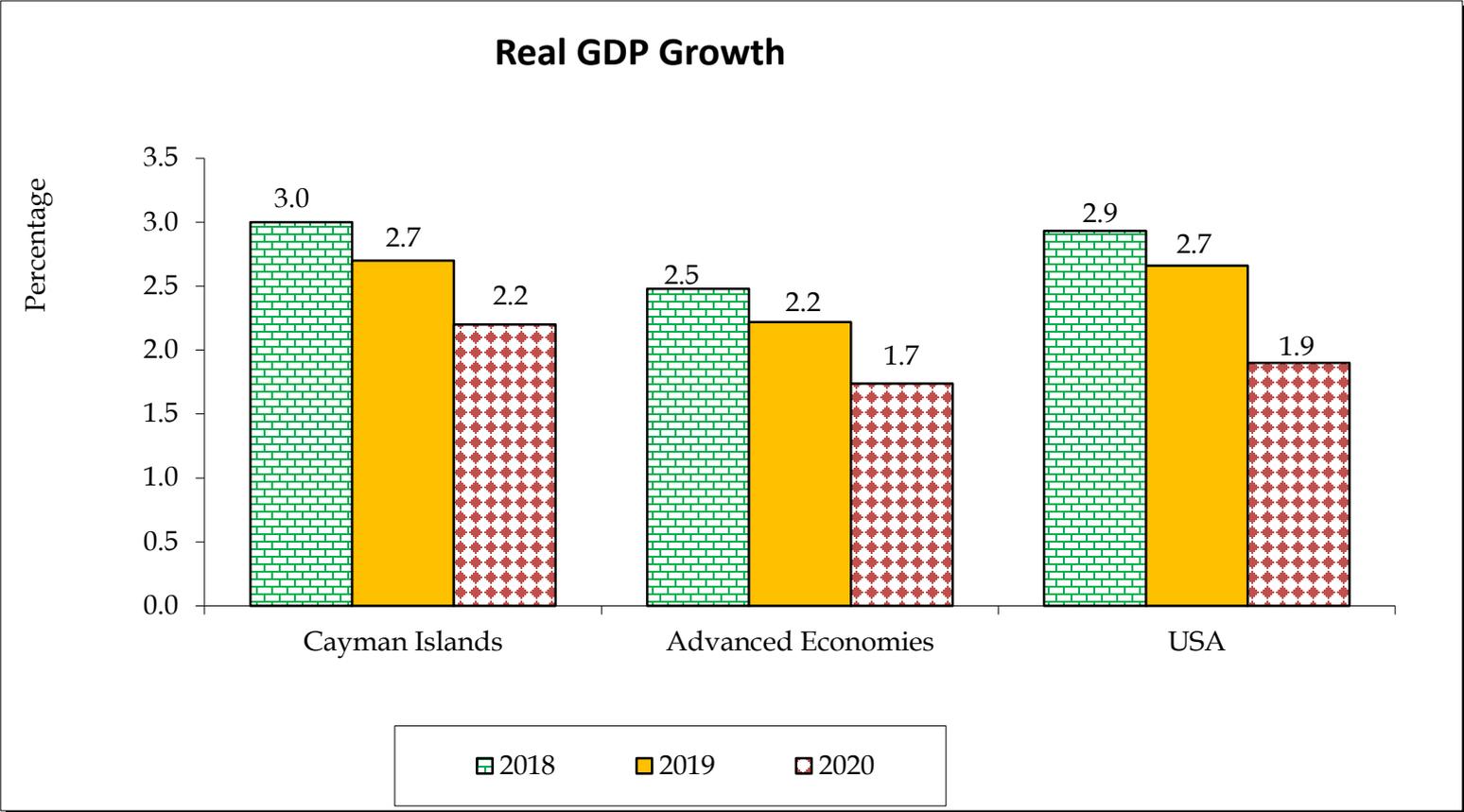
The robust growth in the domestic economy spurred an increase in demand for labour. Total employment at the end of 2017, reached 40,856 persons. 1.1% higher compared to 2016.



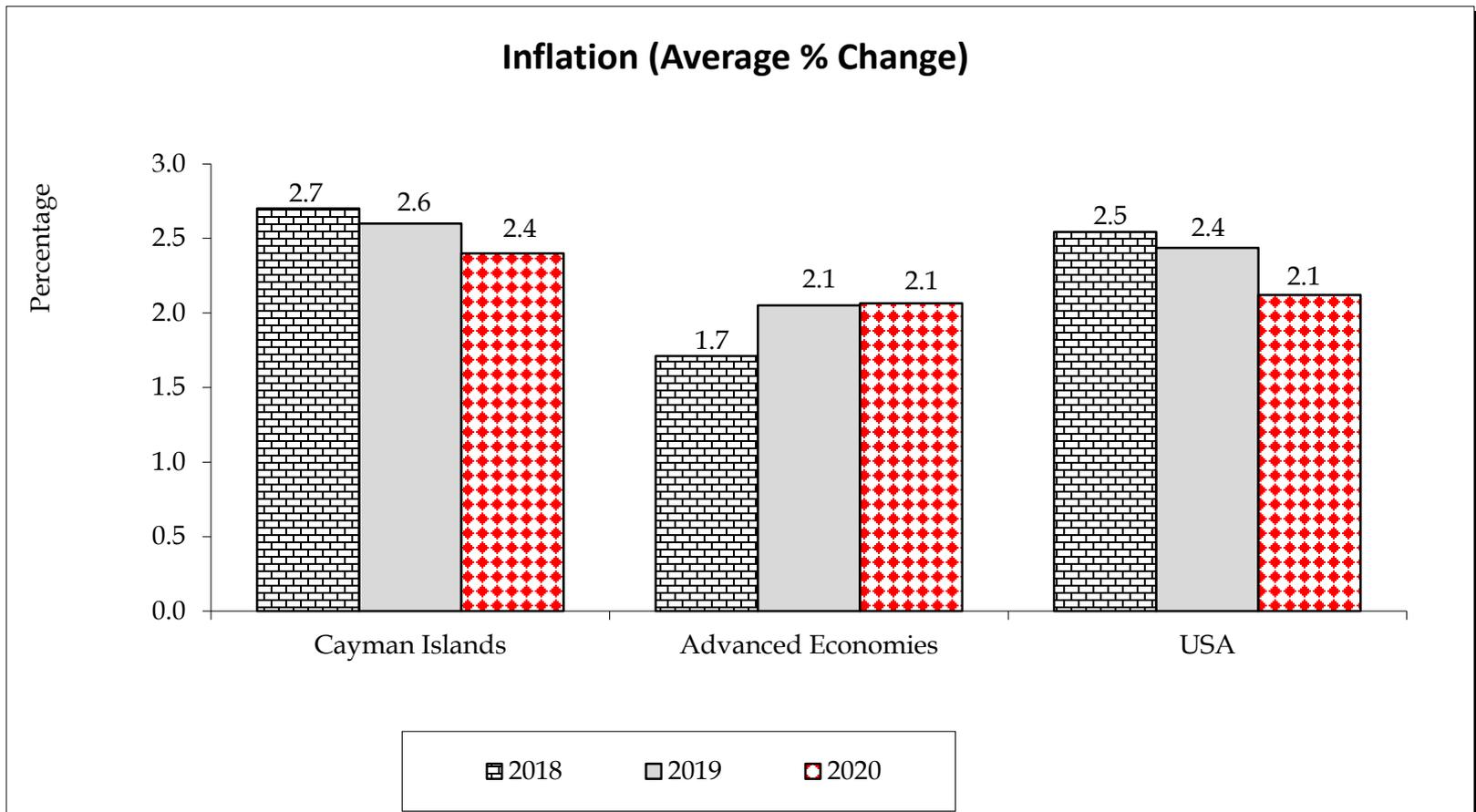
Despite an increase in the number of jobs provided in 2017, there was a faster pace of growth in the demand for jobs and consequently the overall unemployment rate increased to 4.9% in 2017 from 4.2% in 2015 and 2016.



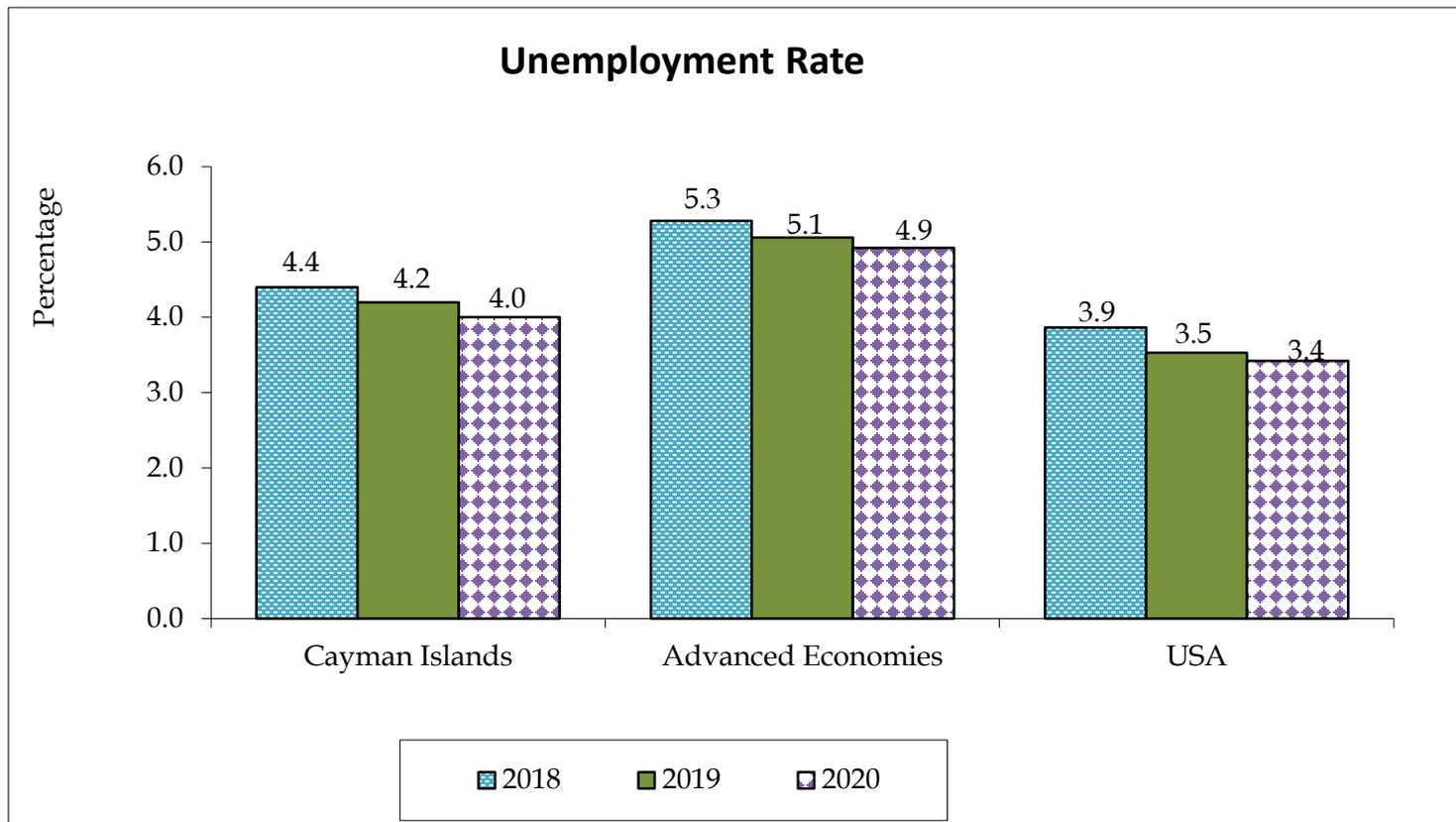
The GDP growth of the Cayman Islands in 2018 is projected at 3.0%, slightly higher than the estimated growth for 2017 of 2.9%. Further growth is projected at 2.7% in 2019 and 2.2% in 2020. This outlook for 2018 to 2020 partly reflects the potential impact of the projections of the IMF for the US and the advanced economies.



With stronger demand for domestic goods and services, Cayman's annual inflation is projected at 2.7% in 2018, 2.6% in 2019 and 2.4% in 2020. This is also in line with projections for the US, our main source of consumption goods. Nonetheless, the overall price movement is expected to remain amongst the most stable in the region.



- Contingent on the sustained strong recovery of the labour-intensive tourism services as well as the implementation of planned infrastructure projects, greater employment opportunities are expected to push down the unemployment rate.
- The current estimated unemployment rate for 2018 is 4.4%. This is expected to improve to 4.2% in 2019 and 4.0% in 2020.



<b>Financial Results for Central Government</b>						
	<b>2013/14 Actual Results</b>	<b>2014/15 Actual Results</b>	<b>2015/16 Actual Results</b>	<b>2016/17 (18-month period) Unaudited Actual Results (Preliminary)</b>	<b>2018 Budget</b>	<b>2019 Budget</b>
	<b>CI\$'000s</b>	<b>CI\$'000s</b>	<b>CI\$'000s</b>	<b>CI\$'000s</b>	<b>CI\$'000s</b>	<b>CI\$'000s</b>
<b>Operating Revenue</b>	647,255	659,639	712,421	1,022,757	730,738	722,838
<b>Operating and Financing</b>	547,288	534,780	584,469	886,364	644,111	657,772
<b>Operating Surplus</b>	104,814	146,690	148,532	137,586	81,028	59,285
<b>Bank Balances</b>	173,901	271,384	408,619	459,945	373,556	234,856
<b>Debt Balance at Year End</b>	548,499	523,322	503,318	451,081	420,745	286,682

## Principles of Responsible Financial Management

Principle	<b>Unaudited Actual Results (Preliminary) 2016/17</b>
<b>Operating Surplus:</b> Should be positive	<b>Complies</b>
	\$137.6 million for 18-month period / \$161.9 million for 12-month period
<b>Net Worth:</b> should be positive	<b>Complies</b>
	\$1,046.3 million
<b>Borrowing:</b> Debt servicing cost for the year should be no more than 10% of Central Government	<b>Complies</b>
	8.9%
<b>Net Debt:</b> should be no more than 80% of Central Government revenue	<b>Complies</b>
	14.5%
<b>Cash Reserves:</b> should be no less than estimated executive expenses for 90 days	<b>Complies</b>
	217.1 days
<b>Financial risks:</b> should be managed prudently so as to minimize risk	<b>Complies</b>
	Insurance cover exists for all Government buildings, vehicles and major potential liabilities. Hurricane Preparedness & Response Strategy in place.