



GOVERNMENT OF BERMUDA

Ministry of Finance

NATIONAL ECONOMIC REPORT OF BERMUDA 2009



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OF BERMUDA
2009**

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THE ECONOMY IN 2009

Ministry of Finance estimates that Bermuda's GDP may have contracted by as much as 2.5 per cent in 2009 following the small expansion of 0.7 per cent in 2008.¹

All of the major economic indicators such as employment, balance of payments, visitor arrivals, construction activity and retail sales declined in 2009.

Employment fell by 1.8 per cent and unemployment was recorded at 4.5 per cent in 2009.

In the international business sector, jobs declined by 6.9 per cent and the number of international companies registered fell by 1.5 per cent.

There was a similar picture in the tourism sector with employment in the hotels decreasing by 7.6 per cent as air visitors fell by 10.5 per cent.

It is estimated that the foreign exchange earnings provided by these two sectors declined by 2.7 per cent in the first three quarters of 2009.

Gross turnover in retail stores declined by 3.9 per cent in 2009 while the number of jobs in the sector fell by 2.2 per cent.

Between January and September 2009 the level of construction activity declined with the value of work put in place falling by 20.3 per cent and the value of new projects started falling by 49.3 per cent. Jobs in this industry fell by 4.2 per cent year over year.

The level of inflation in 2009 was relatively low which was a bright spot in the local economy as prices did not rise as quickly as in the past with the Consumer Price Index (CPI) measuring 1.8 per cent for the year.

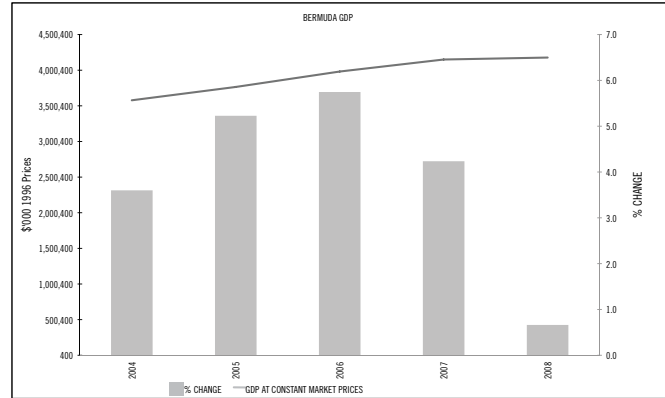
GROSS DOMESTIC PRODUCT 2008

In 2008 the Bermuda economy expanded 4.6 per cent based on current market prices. Nominal GDP was reported to be over \$6.0 billion reflecting an increase of approximately \$265.4 million over the 2007 revised estimate of \$5.8 billion. When adjusted for inflation, the level of economic activity or real GDP increased by 0.7 per cent. This growth rate was well below the five year average (2004-2008) of 3.8 per cent. This result was below the Ministry of Finance's estimate (made in February 2009) of real growth in the range of 2.0 - 2.5 per cent.

¹ Official 2009 GDP estimates are not yet available.

The less than anticipated expansion in the economy in 2008 may be attributed to the severity of the economic recession that had a negative impact across all leading industry sectors.

FIGURE 1



The industry analysis of GDP provides useful information concerning the output of the 15 sectors of the Bermuda economy. Table 1 provides this information in constant dollars while Table 2 presents it in current market prices.

In current market dollars, international business contributed the greatest amount to the expansion of the Bermuda economy in 2008. This sector provided \$1.5 billion in total output which represents 25.3 per cent of total GDP or a 3.1 per cent decrease compared to 2007. Although this sector's contribution to GDP experienced a marginal decline, the value still measured over one quarter of the total GDP for 2008. Companies in the insurance and reinsurance industry are the biggest contributors to this sector. Contributions to this sector also emanate from the trading operations of security and commodity brokerage, shipping, consultancy and other forms of international business activity. This sector is one of the main reasons for the growth in the economy. The ever increasing significance of international business to Bermuda's economy is reflected in the fact that this sector's share of GDP has grown from 20.9 per cent to 25.3 per cent over the last five years.

The financial intermediation sector was the second largest contributor to Bermuda's economy for the second consecutive year, accounting for \$922.4 million in output, expanding by 11.1 per cent over 2007 figure. This growth was associated with increased licensing, supervisory and incorporation fees collected as a result of the expansion of the number of international business entities registered in Bermuda. Similarly, lower lending rates created higher credit

demand resulting in an extra \$600 million in loans granted in 2008 compared to 2007.

The real estate and rental sector was the third largest contributor to GDP. This sector accounted for \$876.1 million in output or 14.4 per cent of total GDP. This sector grew by 6.1 per cent year over year which is just below the five-year average of 6.7 per cent. The real estate market in Bermuda remained strong while its counterpart in the US lost a significant amount of value. Many of the problems that the US market faced were not encountered locally due in large part to the conservative lending practices of the banks in Bermuda.

The business activities sector which includes computer, accounting and legal services provides professional and other services to the international business sector and benefited from increased demand for these services in 2008. The sector contributed \$596.7 million to the growth of the economy representing 9.8 per cent of GDP. Output in this sector advanced 12.0 per cent

The wholesale, retail trade and repair services sector represented 7.1 per cent of GDP in 2008 with an output level of \$435.4 million. This sector posted a gain of 2.2 per cent when compared to the 2007 figures. Growth was driven mainly by stores selling food, fuel, computers and office equipment. Domestic retail sales recorded growth of 1.6 per cent while overseas spending grew at a rate of 5.8 per cent year over year.

Output generated in the education, health and social services was \$397.4 million in 2008, an increase of nearly 12 per cent which was driven by increased demand for both public and private health services.

The construction and quarrying sector increased by 16.7 per cent and accounted for \$370.1 million in output for 2008. Public sector construction activity for the year was focused primarily on the new police/courts building, cruise pier development and golf course improvements. The private sector was driven by large commercial office building projects. The combined building activity of the private and public sector recorded increases of 36.4 per cent when compared to 2007.

ECONOMIC TRENDS 2009

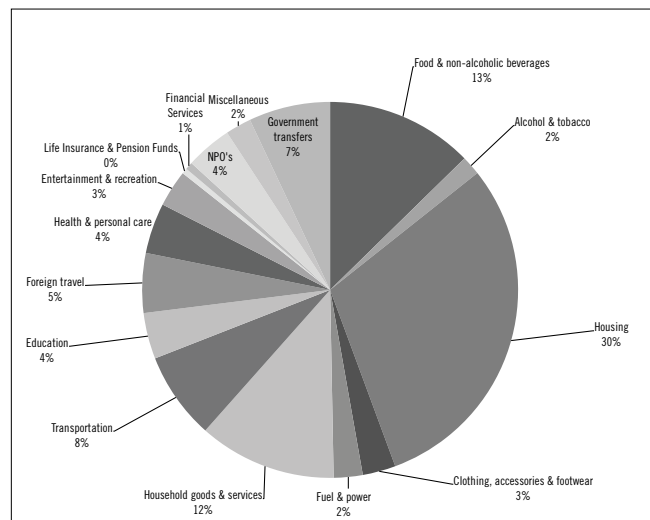
Domestic Demand

Personal Consumption and the Retail Sector

Employment income is estimated to have declined by 3.1 per cent for the first three quarters of 2009 compared to the same period in 2008. Falling incomes tend to result in decreased consumption which has a negative effect on GDP. For the 12 month period ending September 2009, total employment income was \$3.09 billion, \$55 million or 1.8 per cent higher than the 12 month period ending September 2008.

FIGURE 2

COMPONENTS OF PERSONAL CONSUMPTION FOR THE YEAR 2008



Employment income did not begin to decline until the second quarter of 2009. Employment income in the first quarter rose by 3.4 per cent while the second quarter flow declined by 2.2 per cent. As job losses began to mount during the second quarter, the income forgone as a result of the reduction in employment became larger than the increase in the wages of the remaining jobs in the economy.

The most recent estimates by the Department of Statistics for household final consumption are for the year 2008. Total household final consumption was \$2.78 billion in 2008, reflecting an increase of 2.9 per cent over 2007. However, this increase is below the 2008 annual inflation rate of 4.8 per cent, which indicates that the volume of goods and services purchased in Bermuda decreased during that year.

While consumer expenditure estimates are not available for 2009, the Retail Sales Index (RSI) for 2009 provides insight into the expenditure trends of consumers in Bermuda's retail stores.

In 2009, gross turnover stood at \$1.1 billion which represents a 3.9 per cent decrease compared to 2008.

All sectors in the RSI recorded declines in sales in 2009 apart from food stores.

Sales in apparel stores fell by 13.9 per cent in 2009. The decline was mainly due to the economic downturn which has caused consumers to be conservative in their spending. The lower numbers of tourist visiting the island has also had an adverse effect on apparel store's sales. Receipts declined despite the store owners opening for longer hours and offering discounts towards the end of the year.

The service station sector posted a decrease of 11.3 per cent in 2009 due to declines in the cost of premium and mixed fuel as well as a lower volume of litres sold. Motor vehicle sales fell by 10.3 per cent as a result of lower stock levels and weak demand for vehicle models in stock in 2009.

Building material stores experienced revenue reductions of 7.1 per cent in 2009. Weaker demand for construction materials purchased locally can be attributed to a contraction in the amount of new construction starts and the completion of existing major projects.

Grocery store retailers were the only sector to experience a year over year increase in retail sales. The increase in sales of 5.2 per cent was largely the result of increases in the price of food throughout the year.

During the first three quarters of 2009, overseas purchases declared by residents returning to Bermuda decreased by 0.3 per cent from \$73.4 million to \$73.2 million.

The declared value of overseas purchases during 2009 equated to 6.7 per cent of the estimated gross turnover in the local retail sector.

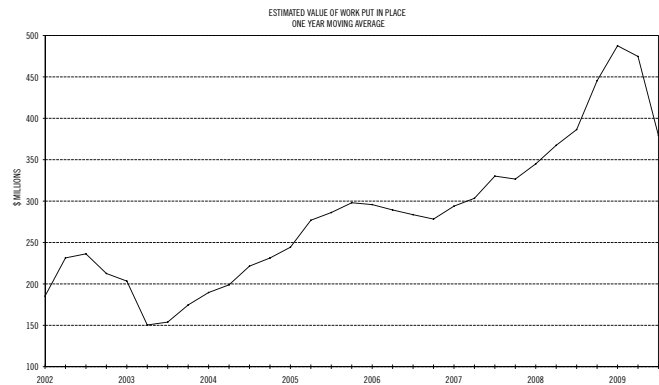
Residents travelling overseas during the first three quarters of 2009 declared that 49.5 per cent of their overseas expenditure was on clothing and footwear and 8.1 per cent was spent on electronic and photographic equipment. The value of goods declared by returning residents does not include the significant amount of shopping performed by residents through mail order and online purchases over the internet.

Capital Formation and the Construction Industry

During the first three quarters of 2009 the level of activity in the construction industry declined when compared to the corresponding levels of 2008. Although this sector experienced a reduction in activity, the sector still remained

active. The estimated dollar value of the work put in place between January and September 2009 decreased from \$326.8 million in 2008 to \$260.6 million in 2009, a reduction of 20.3 per cent. The value of new projects started during this time fell by 49.3 per cent from \$296.4 million to \$150.3 million.

FIGURE 3



The erection of offices, shops, and warehouses accounted for the vast majority of construction work completed during the first three quarters of 2009. The value of this segment's work put in place represented 63.4 per cent of all construction activity recorded during the period. The development of roads, bridges and the airport contributed 9.9 per cent of total activity in the industry. Work on residential construction projects added the next highest value of work put in place which accounted for 8.4 per cent of the total.

During the first nine months of 2009, 267 new units were created in the residential sector of the industry, which represented a marginal decline of 4 units or 1.5 per cent year over year. The units are arranged by studio apartments, one bedroom, two bedrooms and three bedrooms and over. Studio apartments remained unchanged at 29 units, one bedroom apartment's figures fell by 35 units (36.5 per cent), two bedrooms grew by 47 units (59.5 per cent) and three bedrooms and over declined by 16 units (23.9 per cent).

External Demand

International business and tourism are Bermuda's primary sources of foreign exchange earnings. The Department of Statistics estimates that in the first three quarters of 2009 tourism and international business combined to provide at least \$1,778 million (excluding financial services which can not be calculated accurately) in foreign currency receipts, a 2.7 per cent decline year over year. The amount of foreign currency received from these two sectors of the economy represents 66.5 per cent of the total balance of payments current account receipts of foreign exchange for the first three quarters of 2009.

International Business

In 2009 this sector provided 4,433 jobs in the economy reflecting a decrease of 6.9 per cent year over year, or a loss of 328 posts. Some other indicators of performance in this sector for 2009 are given below:

- There were 15,392 international companies registered in Bermuda at the end of 2009, a decline of 239 companies or 1.5 per cent less than the total at the end of 2008.
- Over the first nine months of 2009, foreign exchange earnings of the international companies grew by \$13 million to \$1.5 billion representing an increase of 0.9 per cent.

The sector provides benefits to the Bermudian economy by way of jobs for Bermudians, revenue for local businesses, providing business visitors that support the tourist industry, erecting buildings to support the construction industry and providing government with revenue from taxes and fees.

In total, 629 new exempted companies were incorporated in 2009, compared to 1,030 the year before representing a decline of 38.9 per cent. At the end of the third quarter of 2009, the total net asset value of collective investment schemes was \$154.5 billion, a loss of 21.3 per cent year over year². There was also a decrease of 372 mutual funds and unit trusts registered in Bermuda in the twelve months ending in September 2009.

The number of new (re)insurers in the Bermuda market increased slightly in 2009 with a total of 42 being established during the year, as compared to 40 the previous year. This is indicative of the prevailing trends in incorporations globally this year. The experience reflects the continuing soft market and negative impact of the global recession on markets worldwide.

Nonetheless, the Bermuda market maintained its characteristic resilience in the face of prolonged challenging economic conditions resulting from the global financial crisis. While some companies experienced losses over the past year, these were primarily related to impairments in their investment portfolios.

However, there were encouraging signs of recovery in the overall trend of positive results reported by firms at the end of 2009. Bermuda insurers' continued application of disciplined underwriting coupled with the Bermuda Monetary Authority's proactive and measured supervisory approach, contributed to the overall stability of the insurance sector in Bermuda during a difficult year.

²Reporting categories for collective investment schemes have been revised and simplified from the BMA's previously published format.

Most of the new market entrants for 2009 were once again Class 3 insurers, a combination of captive and commercial companies. With respect to the commercial sector in particular, 2009 saw the formation of two Class 4 companies. The greatest proportion of business came from the US during 2009, with respect to both the captive and commercial markets.

Just released underwriting results for 2008 show that Bermuda's insurers had aggregate total assets of \$473.0 billion in 2008, a 7 per cent increase over 2007. Gross premiums written amounted to \$123.6 billion reflecting a marginal decline of 0.6 per cent when compared to the 2007 result of \$124.4 billion. Of that total, the commercial sector and the captive sector wrote \$103.4 billion and \$19.6 billion respectively. The capital and surplus base for the industry stood at 156.8 billion.

Tourism

The global economic recession has had a negative impact on the tourism industry in Bermuda for the last two years. The last year in which positive growth was recorded for air arrivals was in 2007.

Air arrivals from the US led the decline in visitors over the last two years.

The number of cruise visitors was substantially reduced in 2008 due in large part to cruise lines selling their older, smaller ships that serviced Bermuda and moving them to new emerging markets.

The completion of the new Heritage Wharf mega-ship cruise port in the Royal Naval Dockyard in early 2009 provided the capacity for higher cruise arrivals. The outcome matched the rationale for the investment as there were higher cruise arrivals in 2009.

Cruise passenger arrivals grew from 286,408 in 2008 to 318,528 in 2009, an increase of 11.2 per cent.

The total number of air arrivals during 2009 fell by 10.5 per cent year over year. The number of air visitors declined from 263,613 in 2008 to 235,860 in 2009. Total visitor arrivals in 2009 rose by 4,367 or 0.8 per cent year over year.

Under the influence of an extremely volatile and unfavourable global economy, growth in tourism traffic decreased sharply on a global scale in 2009.

Consequently and consistent with the global trend, air travel from the US to Bermuda declined by 8.8 per cent year over year in 2009.

However, the months of July, September and October recorded positive numbers. Tourism sponsored events such as the Bermuda Triple Crown Billfish Championship (July), PGA Grand Slam of Golf (October) and The Bermuda Music Festival (October) would have assisted with the positive results during those months.

Hotel occupancy rates averaged 51.1 per cent in 2009 which represents a decline of 13.4 per cent year over year. The major hotels experienced the highest rate of occupancy at 54.8 per cent which equates to a reduction of 11.4 per cent when compared to last years figures. The small hotels enjoyed the next highest occupancy rate of 48.2 per cent, a 25.6 per cent decline year over year. Cottage colonies recorded the lowest occupancy rate for 2009 of 37.6 per cent which resulted in a percentage decrease of 15.0 per cent when compared to 2008 rates.

Over the last few years, small hotels have experienced the highest occupancy rates. In 2009 however, the tables were turned.

The major hotels posted comparatively higher occupancy levels due, in large part, to the major hotels' ability to introduce promotions such as the Ninety-Nine Hour Sale which was executed by Fairmont Southampton. This promotion afforded visitors a 99 hour window in which to book a room for \$99 per night for the duration of their stay. This was a very successful promotion which is estimated to have generated 13,500 room nights.

Total visitor expenditure for the first three quarters of 2009 declined by 16.0 per cent year over year. During this time total expenditures by air visitors declined while cruise visitor spending experienced positive changes. The dollar value of the total expenditure by air visitors was an estimated \$221.6 million, a reduction of \$57.3 million or 20.5 per cent less than the 2008 figures. Spending by cruise visitors grew from \$49.6 million in 2008 to \$54.4 million in 2009, an increase of 8.8 per cent.

During the first three quarters, expenditure on air visitor accommodation and food shrank by 21.1 per cent, from \$215.4 million in 2008 to \$170.0 million in 2009. Similarly, the expenditure on shopping, entertainment and transport decreased by 18.7 per cent from \$63.5 million to \$51.6 million during the same time period. From January to September, per capita spending by visitors arriving by air in 2009 was \$1,184 compared to \$1,305 in 2008, a decline of 9.3 per cent. Spending per cruise visitor in the first three quarters of 2008 compared to 2009 grew from \$201 to \$204, a 1.5 per cent increase.

Due to the Island's proximity to the east coast of the United

States, the vast majority of tourists that travel to Bermuda originate from the US. With direct flights from cities such as New York, Philadelphia, Atlanta and Miami, along with an average flight time from these locations of less than three hours, it is not difficult to understand why the US is Bermuda's main source of visitors.

The proportion of air visitors from the US for 2009 rose from 71.8 per cent last year to 73.2 per cent. Canada was the second largest market at 10.5 per cent of the total visitors, while the UK finished the year with a percentage total of 10.1 per cent. The rest of the world weighed in at 4.0 per cent and Europe had the least amount of visitors at 2.2 per cent. It is interesting to note that the percentage of air arrivals from our closest neighbors, the US and Canada increased while the percentage of visitors from all other categories decreased in 2009. This is further evidence of the effect that the global recession is having on leisure travel.

Employment

Preliminary data from the 2009 Employment Survey indicates that the total number of jobs in Bermuda decreased by 711 from 40,213 in 2008 to 39,502 in 2009, marking a decline of 1.8 per cent.

Growth in the number of jobs began to flatten in 2007 when the increase was 0.4 per cent and the level peaked in 2008 at 40,213 jobs, reflecting year over year growth of 0.9 per cent which was consistent with the growth in GDP of 0.7 per cent in 2008.

A Labour Force Survey conducted during the week May 13 to 19, 2009, recorded an unemployment rate of 4.5 per cent.

The international business sector recorded the highest number of jobs lost of any industrial sector. This sector's employment numbers fell to 4,433 in 2009 from 4,761 in the previous year. These 328 jobs equated to a reduction in employment of 6.9 per cent in that sector.

The amount of jobs in the business services sector shrank by 7.0 per cent to a total of 4,025.

Employment levels in the hotel sector declined from 2,942 in 2008 to 2,719 in 2009, representing a contraction of 223 jobs or 7.6 per cent year over year.

Although the net change in total employment during 2009 was a negative one, four of the sixteen major divisions of economic activity recorded growth in the number of jobs. The sector which recorded the largest increase in jobs was education, health and social work. The gain of 347 positions exceeded any other sector's rise in employment by 253 posts.

The expansion represents an increase of 10.6 per cent year over year.

Based on the data on the job market in Bermuda, there were four sectors of the economy that contributed significantly to the overall job losses in 2009. Collectively, international business, business services, hotels and construction accounted for 1,005 job losses in the economy. This decline was offset somewhat by sectors such as education, health & social work (347) where employment gains helped to lower the overall reduction in jobs.

There were also four major occupational groups that experienced a significant reduction in employment. These were clerks, senior officials and managers, craft and related trades workers and service workers and shop and market sales employees. Together, these groups accounted for 545 job losses.

Inflation in Bermuda

In the wake of the fall in fuel prices, the level of inflation fell below 2.0 per cent in 2009.

The Consumer Price Index (CPI) increased at an average annual rate of 1.8 per cent in 2009.

In 2009, the largest price increases were recorded in the Food, Health & Personal Care, Rent and Education, Recreation & Reading sectors. The sector with the greatest price declines in 2009 was Transport and Vehicles.

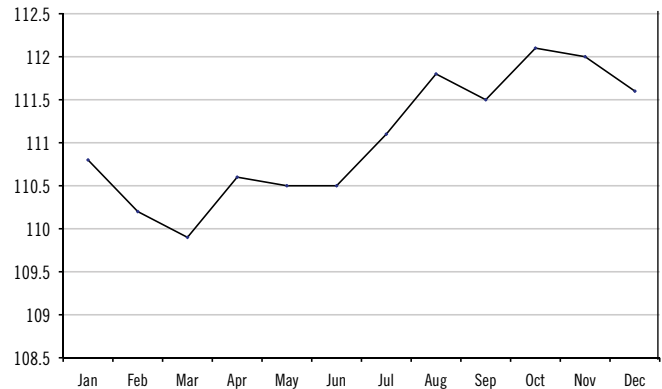
The increases in price levels of the Food sector contributed the most to the level of inflation in 2009. The average rate of price increases for food products was 5.4 per cent which was a direct result of marginal escalations in the costs of various food items over the last twelve months.

The surge in costs for health and personal care items had the most significant effect on the level of the CPI after the Food sector. The prices in this sector grew by 6.7 per cent over the course of 2009 and were mainly the result of higher costs for doctor's visits, medical supplies, prescription drugs and personal care services such as ladies hairstyling and facials.

The Rent sector experienced cost increases at an average rate of 1.8 per cent for the year. This sector followed closely behind the Health & Personal Care sector with regards to its effect on the level of the CPI. The expanded costs in rent were attributed to increases in payments for both rent controlled and non-rent controlled properties throughout the year.

Bermuda's Consumer Price Index

January 2009 – December 2009



The Education, Recreation & Reading Sector's prices climbed at an average rate of 5.3 per cent this year which for the most part can be credited to growing education costs. Locally, private school tuition fees surged by 5.3 per cent in September. During the same month, overseas college and university fees rose by 3.0 per cent in the US and Canada.

The relatively low CPI average for 2009 was assisted by the price declines in the Transport & Vehicles sector. This sector experienced price contractions at an average of 4.2 per cent which was the result of lower gas prices and travel costs including discounted airline ticket fares and cheaper hotel accommodation rates over the course of 2009.

Balance of Payments

Bermuda's current account surplus was recorded at \$698 million at the end of the third quarter of 2009. Although the current account surplus has shown positive results over the first three quarters of the year, the downturn in the global economy has resulted in a sharp reduction in total receipts. Over the first nine months of 2009 total receipts fell from \$3,253 million in 2008 to \$2,672 in 2009, a decline of 17.9 per cent year over year.

The current account surplus for the first three quarters of 2008 measured \$1.1 billion which indicates that the 2009 surplus deteriorated by 39.8 per cent year over year.

This decline is due in part to net losses in the travel and business services accounts, but the major factor behind the lower net balance was a \$496 million reduction in the investment income account. This account has been diminished by such a significant amount due to a reduction in dividends received from overseas investments.

The trade deficit on goods decreased from \$859 million over the first three quarters of 2008 to \$771 million over the same time period in 2009. This 10.2 per cent decline is the result of fewer imports due to the global economic recession.

Consumer demand has weakened during these tough economic times and retailers have not imported the level of goods that they did in the past. Also, demand for imported materials by the construction sector has waned as many major projects come nearer to completion.

It is anticipated that the 2009 fourth quarter balance of payment flows will be relatively flat year over year resulting in a full year surplus in the region of \$780 million.

GLOBAL ECONOMIC OUTLOOK 2010

The economies of the world have been in the midst a very severe recession over the last 18 to 24 months. This deep global economic slow down has negatively affected every country and economy to some degree. However, economic growth has begun to show positive signs as a range of policy interventions have supported demand and reduced uncertainty and systematic risk in financial markets.

Although growth is expected globally in 2010, the pace of recovery will proceed at different speeds around the world. Emerging markets, led by Asia are expected to recover at a faster pace than advanced economies that are still dependent on Government stimulus measures.

As individual economies improve at varying rates, the global economic recovery will be slow as financial markets remain weak and households are forced to rebuild savings against the backdrop of high unemployment. Also, stimulus measures will need to be strategically withdrawn while realizing that countries run the risk of returning to recession if anti-crisis measures are removed prematurely. As a result, the GDP for the global economy is predicted to grow 3.0 per cent in real terms in 2010.

United States of America: GDP growth in the US may rise by 2.8 per cent in 2010 but the recovery will be slow in contrast to historic trends that showed post-recession gains of about 5 per cent.

The key factor underlying the less robust estimate of GDP growth is the weakened state of personal consumption which accounts for about 70 per cent of GDP in the United States. During the US recession, households suffered significant losses in wealth and a marked increase in indebtedness. As a result, personal consumption expenditures are not likely to expand rapidly in the early course of 2010.

Job creation is another factor. Many of the 'shovel-ready' infrastructure projects did not get off to timely starts and so the stimulus impact may not occur until later in 2010 and into 2011.

US exports have potential to drive growth as emerging economies like Brazil, China and India are likely to achieve high rates of real growth in 2010-2011 and will seek inputs from the US to fuel their economies.

Canada: Canada is expected to have one of the strongest economies among the G7 in 2010. The anticipated real GDP growth of 2.6 per cent is due to a robust housing market, strong consumer spending, and more optimistic business sentiment.

Home prices should grow 9.4 per cent in 2010 which will result in the housing market continuing to support economic activity for the majority of the year. Consumer spending will be supported by extremely low interest rates, improvements in financial assets and housing wealth and a recuperating labor market.

One draw back to economic growth in 2010 will be that exporters will have to contend with relatively mild US demand and increasing competitive pressures from a high-valued Canadian dollar. Inflation is expected to be 1.7 per cent.

United Kingdom: The UK economy is recovering but there is still a lot of work to be done to keep the economy on the path to recovery. The real GDP for the UK is predicted to be 1.5 percent in 2010 despite several components of the economy still considered to be in a weak state.

The soft labor market, high indebtedness of British households and the end of tax cuts all serve to slow economic growth in 2010. In addition, the rising costs of energy, and the UK's mounting debts has caused concern for investors. Growing public liabilities may prompt investors to sell Government bonds which can potentially curb the current economic recovery during 2010.

In December 2009 consumer prices climbed 2.9 per cent year over year. The inflation rate is predicted to increase in the beginning of 2010 and then decelerate later in the year. These figures may cause officials to consider tightening policies to combat the growing price levels. Consumer prices are expected to average 2.4 per cent in 2010.

Euro-Zone: In 2010 economic prospects will remain subdued with real GDP forecasted to rise by 1.3 per cent during the year. Although the recession appears to be over, growth in 2010 will be restricted by the retraction of the fiscal stimulus, the restrictive credit conditions and further deterioration of the labor markets.

Private consumption is expected to rise marginally in 2010 while purchasing power could be stimulated by tax cuts especially in Germany. However, increases in unemployment

should foster growth in precautionary savings. Investment is expected to diminish further in the first quarter of 2010 but pick up in the second quarter.

Investment activities should continue to suffer from the low degree of capital utilization while the high level of unemployment should continue to weigh on wages. This will have the effect of moderating the level of inflation for labor intensive services, while excess capacities should moderate manufactured goods prices. The end result is a predicted level of inflation of 1.2 per cent in 2010.

Japan: Like most other industrial countries, the Japanese economy appears to have come out of a recessionary climate and entered into one of growth with real GDP anticipated to be 1.3 per cent in 2010. The growth is the result of decisive and prompt action by the Government which is an aspect of most economies recent change in fortunes. However, the recovery will be a slow one, with private demand and labor markets weak in 2010.

The Yen is expected to remain unstable in 2010. If the currency appreciates against the dollar, Japanese goods would become less competitive in international markets as their products become more expensive. Actions have been taken to weaken the Yen and the impact of those actions may start to increase the demand for Japanese exports in 2010.

Japanese consumers will still have to deal with issues of falling incomes, rising unemployment and the ongoing need to save in 2010. There is also the threat of increasing deflationary pressure as consumer prices are predicted to fall by 1.0 per cent during the year. The Government will need to ensure that policies remain appropriately supportive in an attempt to sustain the recovery.

2010 OUTLOOK FOR BERMUDA

The prognosis for the Bermuda economy is one of cautious optimism. The expectant mood is stemming from the fact that the US economy and indeed many of the larger economies around the world are beginning to exhibit signs that their individual recessions are over.

Once consumers in the US regain their confidence and start to spend money again Bermuda will reap the benefits. It is anticipated that just as Bermuda followed the US into recession, the US economic recovery will lead to a recovery in Bermuda.

The tourism industry is dependent heavily on economic

conditions in the US and as such, once the US economy has turned the corner, the hospitality industry should begin to benefit.

With the US recovery underway, it is anticipated that Bermuda's hotel industry will begin to turn around in the latter half of 2010 and generate a more positive contribution to GDP in 2011.

One of the major initiatives planned for 2010 that should help to increase air visitors is the introduction of WestJet Airlines. The service to Bermuda from Toronto will begin on May 3, 2010 and virtually double the passenger capacity from Canada.

The global recession has taken its toll on the international business sector as well given the extent of job losses in 2009. However, there were positive signs toward the end of 2009 especially in the insurance market as many firms reported positive results. With the economic recovery in the US, the international business sector can build on these results and consolidate in 2010 while working toward even stronger results in 2011.

It is anticipated that international business will continue to drive the economy and provide the largest positive contribution to GDP for the foreseeable future.

There is likely to be a lull in the construction industry through the first three quarters of 2010 as many of the major projects in the construction sector are nearing completion. The Government will continue to provide stimulus to this sector with projects such as the Hamilton Police Station and Magistrates Court continuing through to the end of 2010 and various ongoing housing initiatives.

Further stimulus will be added as work is anticipated to begin on the new hospital late in 2010 which should create several jobs in the construction industry for the duration of the project.

The inflation outlook for Bermuda depends very much on the stability of oil prices. Oil is presently trading in the range of \$70-\$80 per barrel. If this pricing is sustained then the inflation rate in Bermuda will likely track in the range of 2.0 – 2.5 per cent.

If the recovery in the US and other major economies around the world is sustained, Bermuda's economy should begin to see positive GDP growth in the latter half of 2010 with a return to stronger growth in 2011. For 2010, GDP growth is estimated to be between 0.5 per cent and 1.0 per cent in real terms.

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TABLE 1**GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN****(At constant market prices \$000) 1996 = 100**

INDUSTRIAL SECTIONS	2003	2004	2005	2006	2007	2008
01 Agriculture, forestry and fishing	30,011	32,035	32,440	34,843	36,309	35,951
03 Manufacturing	57,363	59,932	58,875	63,371	57,642	58,671
04 Electricity, gas and water supply	76,497	75,416	72,197	74,225	73,283	53,848
05/02 Construction & Quarrying	205,107	220,871	257,273	234,287	230,830	258,152
06 Wholesale and retail, repair serv.	331,749	352,603	361,523	361,937	371,391	365,303
07 Hotels and restaurants	192,132	190,779	208,037	231,188	237,501	220,814
08 Transport and communications	230,924	237,344	247,723	252,408	259,337	248,877
09 Financial intermediation	402,500	425,504	487,627	569,373	600,848	643,176
10 Real estate and renting activities	481,560	487,594	535,439	564,762	547,245	565,518
11 Business activities	291,615	300,457	311,221	318,605	331,060	340,935
12 Public administration	164,120	170,411	175,044	183,121	195,653	220,325
13 Education, health and social work	239,386	238,019	237,492	241,200	250,054	271,053
14 Comm., social and personal serv.	76,874	76,408	78,079	82,849	75,211	74,492
15 International business activity	670,807	728,970	785,515	935,661	1,090,598	1,042,106
Total	3,450,645	3,596,343	3,848,485	4,147,830	4,356,962	4,399,222
Less: Imputed bank service charge	174,930	207,769	281,346	359,723	393,887	403,816
Add: Taxes and duties on imports	177,503	189,789	198,281	193,687	187,351	182,497
GDP at market prices	3,453,218	3,578,362	3,765,420	3,981,794	4,150,426	4,177,903
Per cent change from previous year	2.9	3.6	5.2	5.7	4.2	0.7

Source: Department of Statistics

TABLE 2

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN
(At current \$ market prices) \$000's

INDUSTRIAL SECTIONS	2003	2004	2005	2006	2007	2008
01 Agriculture, forestry and fishing	34,407	37,858	39,025	46,389	45,249	48,247
03 Manufacturing	71,565	78,134	80,210	90,004	84,979	90,043
04 Electricity, gas and water supply	81,607	80,414	79,989	89,896	91,170	97,783
05/02 Construction & Quarrying	247,405	272,807	324,235	307,958	317,068	370,078
06 Wholesale and retail, repair serv.	359,300	391,093	375,616	399,731	425,927	435,354
07 Hotels and restaurants	229,765	234,633	274,211	299,012	320,063	308,039
08 Transport and communications	264,683	269,820	287,246	289,477	316,209	297,086
09 Financial intermediation	486,810	533,369	623,556	755,138	830,524	922,449
10 Real estate and renting activities	635,172	668,148	756,901	825,047	825,723	876,069
11 Business activities	371,304	397,273	432,101	493,719	532,977	596,677
12 Public administration	200,987	218,082	234,093	254,712	285,726	326,409
13 Education, health and social work	282,040	292,152	311,444	327,700	355,125	397,435
14 Comm., social and personal serv.	94,587	99,496	105,356	116,786	113,848	120,673
15 International business activity	821,493	932,894	1,050,496	1,301,453	1,592,675	1,543,872
Total	4,181,125	4,506,174	4,974,478	5,597,022	6,137,264	6,430,213
Less: Imputed bank service charge	209,276	257,670	359,636	475,019	543,525	583,021
Add: Import duties	196,994	216,072	231,305	234,444	233,942	245,902
GDP at market prices	4,168,843	4,464,576	4,846,147	5,356,447	5,827,681	6,093,094
Per cent change from previous year	6.4	7.1	8.5	10.5	8.8	4.6

Source: Department of Statistics

TABLE 3**NUMBER OF FILLED JOBS BY ECONOMIC ACTIVITY GROUP**

	2005	2006	2007	2008R	2009P
Agriculture, forestry and fishing	643	692	697	717	712
Manufacturing	1,003	965	935	915	907
Electricity, gas and water supply	390	372	394	412	409
Construction & Quarrying	3,500	3,653	3,544	3,649	3,496
Wholesale and retail, repair serv.	4,692	4,775	4,754	4,766	4,758
Hotels and restaurants	5,069	4,901	4,810	4,869	4,680
Transport and communications	2,782	2,829	2,756	2,602	2,491
Financial intermediation	2,859	2,902	2,952	2,907	2,905
Real estate and renting activities	535	518	614	625	605
Business activities	3,871	4,091	4,187	4,326	4,025
Public administration	4,056	4,069	4,113	4,223	4,317
Education, health & social work	3,122	3,221	3,251	3,279	3,626
Comm., social and personal serv.	2,212	2,209	2,155	2,162	2,138
International business activity	4,213	4,489	4,689	4,761	4,433
Total	38,947	39,686	39,851	40,213	39,502
P = Preliminary data					
R = Revised					

Source: Department of Statistics Employment Survey

TABLE 4

RETAIL SALES INDEX
Average Monthly Sales (1)
2006 = 100

Period	Total Retail Stores		Food Stores (2)		Liquor Stores (3)		Motor Vehicle Stores		Service Stations		Building Material Stores		Apparel Stores		All Other Store Types	
	Index	% Chg	Index	% Chg	Index	% Chg	Index	% Chg	Index	% Chg	Index	% Chg	Index	% Chg	Index	% Chg
2005	96.2	+8.2	94.2	+10.0	96.6	+8.2	101.6	+22.0	89.5	+14.6	93.5	+12.6	109.9	-7.8	93.0	+6.5
2006	100.0	+3.9	100.0	+6.1	100.0	+3.6	100.0	-1.6	100.0	+11.7	100.0	+7.0	100.0	-9.0	100.0	+7.6
2007	104.3	+4.3	106.5	+6.5	104.4	+4.4	95.1	-5.0	106.0	+6.0	96.4	-3.6	109.3	+9.3	106.2	+6.1
2008	106.0	+1.7	114.2	+7.2	115.9	+11.0	90.7	-4.6	116.9	+10.3	93.0	-3.5	104.3	-4.6	106.8	+0.6
*2009	102.0	-3.8	120.0	-.04	115.5	-3.3	81.4	-10.2	103.3	-11.7	86.7	-6.8	90.6	-13.2	100.7	-5.7
2007																
Oct	106.2	+7.3	110.7	+10.3	84.0	+7.3	107.4	-0.6	111.8	+7.4	105.2	+9.5	98.3	+4.2	105.0	+8.5
Nov	103.1	+1.9	102.2	+4.7	100.2	+4.2	87.1	-16.6	102.4	+6.8	99.1	-0.8	112.3	+12.0	109.4	+2.7
Dec	125.7	+2.5	119.5	+7.6	142.3	+2.1	70.0	-14.2	103.1	+5.8	69.5	-6.7	214.6	+2.1	144.2	+2.0
2008																
Jan	93.7	+0.0	105.2	+6.8	75.8	-0.5	85.6	-22.9	100.4	+8.7	93.2	-10.1	75.9	+6.1	91.3	+4.5
Feb	91.0	+7.5	99.5	+5.7	82.8	+4.0	89.2	-0.9	97.0	+11.7	84.6	+9.3	70.1	+11.0	92.2	+11.5
Mar	100.7	-1.6	107.9	+2.0	98.8	+6.1	96.7	-6.6	111.6	+10.7	95.0	-18.7	91.5	-3.8	98.0	+1.2
Apr	106.3	+9.1	111.5	+8.2	93.7	-3.9	99.3	+17.3	120.4	+10.5	107.7	+7.6	100.0	+7.8	103.1	+8.9
May	106.3	-2.4	117.1	+9.4	116.3	+5.8	85.1	-27.0	125.5	+9.2	100.8	+6.8	116.4	+1.1	108.5	-0.3
Jun	111.5	+1.4	114.4	+3.4	112.4	-4.3	92.3	+9.8	127.1	+12.7	99.1	-3.2	131.3	+2.1	109.6	-4.4
Jul	117.5	+3.7	128.4	+13.9	151.0	+6.7	104.8	-1.6	140.7	+15.4	90.6	-14.4	100.4	-8.2	120.4	+2.6
Aug	107.6	+3.2	119.3	+12.0	110.5	-1.8	85.7	-7.1	130.9	+22.3	93.7	-3.0	102.7	-3.4	105.7	-1.7
Sep	102.3	+0.2	110.0	+2.2	98.6	-0.3	94.3	+7.8	121.3	+10.6	94.9	+10.0	94.4	-10.0	99.1	-6.1
Oct	105.7	-0.5	121.6	+9.8	84.9	+1.0	94.0	-12.5	121.7	+8.9	92.7	-11.9	89.4	-9.0	103.0	-1.9
Nov	103.5	+0.4	113.8	+11.4	101.9	+1.6	76.0	-12.7	106.2	+3.7	94.8	-4.3	98.8	-12.0	108.2	-1.0
Dec ^R	125.9	+0.2	129.8	+8.6	136.2	-4.3	85.5	+22.2	100.4	-2.6	69.2	-0.5	181.1	-15.6	142.6	-1.1
2009																
Jan	94.3	+0.6	116.3	+10.5	80.7	+6.5	90.0	+5.2	88.1	-12.2	76.6	-17.9	64.8	-14.7	92.1	+0.8
Feb	85.8	-5.7	107.7	+8.3	79.3	-4.3	71.6	-19.7	81.2	-16.3	75.2	-11.1	55.2	-21.2	84.9	-8.0
Mar	98.8	-1.8	113.6	+5.2	83.9	-15.1	88.6	-8.4	94.3	-15.5	105.1	+10.6	72.7	-20.5	97.2	-0.8
Apr	103.1	-2.9	120.1	+7.7	99.6	+6.3	99.8	+0.5	98.1	-18.6	102.6	-4.7	84.0	-16.0	94.8	-8.1
May	100.1	-5.8	121.2	+3.5	112.5	-3.3	74.3	-12.7	104.9	-16.4	92.2	-8.5	96.8	-16.8	101.2	-6.7
Jun	106.5	-4.5	121.5	+6.2	110.7	-1.5	81.3	-11.9	105.1	-17.4	90.6	-8.5	105.0	-20.0	107.0	-2.3
Jul	111.9	-4.8	136.4	+6.2	145.4	-3.7	98.3	-6.2	117.2	-16.7	91.9	+1.5	82.5	-17.8	106.0	-11.9
Aug	104.5	-2.9	123.6	+3.7	115.3	+4.4	84.7	-1.2	116.4	-11.1	92.7	-1.1	82.5	-19.7	101.6	-3.9
Sep	97.1	-5.1	116.2	+5.7	98.9	+0.3	71.5	-24.2	108.2	-10.8	90.9	-4.2	85.4	-9.6	90.7	-8.5
Oct	102.4	-3.1	124.7	+2.6	86.8	+2.3	82.3	-12.4	112.6	-7.5	81.8	-11.8	87.1	-2.6	99.6	-3.3
Nov	97.0	-6.3	113.5	-0.3	93.7	-8.0	66.9	-12.0	106.0	-0.2	82.4	-13.1	91.3	-7.6	97.1	-10.3
Dec	122.9	-2.4	133.9	+3.2	139.4	+2.3	67.9	-20.6	107.2	+6.8	57.9	-16.4	179.9	-0.6	136.6	-4.2

(1) Index numbers are subject to revisions

(2) Includes household supplies but excludes alcoholic beverages

(3) Does not include sales to bars, clubs, hotels and restaurants

* The yearly series reflect annual changes

TABLE 5

**CONSUMER PRICE INDEX
APRIL 2006 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communications	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
2004 WEIGHT	1000	146	325	37	20	30	140	139	71	92
ANNUAL AVERAGE (per cent)										
2004	+3.6	+2.5	+2.2	+1.9	+5.2	+1.9	+1.6	+4.0	+6.2	+9.1
2005	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
2006	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
2007	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
2008	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
2009	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
MONTHLY (per cent)										
2007										
Nov	+0.4	+0.1	+0.2	+0.2	+0.5	+1.5	-0.1	+1.5	+0.2	+0.1
Dec	-0.5	-0.7	+0.2	Nil	+1.1	+4.6	Nil	-4.5	+0.1	Nil
2008										
Jan	+0.1	+1.5	+0.2	-0.6	+1.0	+0.1	+0.1	-1.3	-0.1	-0.1
Feb	+0.2	+0.4	+0.2	Nil	-0.2	+2.8	+0.1	-0.2	-0.1	Nil
Mar	+1.3	+0.5	+0.2	Nil	+2.8	+1.2	Nil	+7.6	+0.8	+0.1
Apr	+1.5	+1.0	+0.4	+7.3	+2.9	Nil	+1.0	+2.5	+0.1	+5.1
May	+0.3	-0.1	+0.3	Nil	+1.1	+2.0	-0.1	+0.4	+0.3	+0.2
June	+0.3	+1.5	+0.1	Nil	+0.4	+0.4	+0.5	-0.5	Nil	+0.4
July	+0.5	Nil	+0.3	-0.2	Nil	+8.9	+0.7	Nil	+0.2	+0.1
Aug	+0.3	+1.0	+0.3	Nil	+0.5	Nil	+0.6	-0.4	Nil	+0.1
Sept	+1.1	+0.4	+0.1	Nil	+0.5	+14.0	+0.3	-0.1	+4.4	+0.3
Oct	Nil	+2.0	+0.2	+1.1	+0.2	Nil	+0.1	-3.4	+0.6	+0.6
Nov	Nil	+0.4	+0.2	Nil	+0.9	-0.1	+0.1	-1.1	+0.5	Nil
Dec	-0.7	+0.1	+0.3	Nil	0.5	-3.5	-2.7	-2.7	+0.2	Nil
2009										
Jan	+0.3	+0.9	+0.2	-1.2	+0.5	-2.1	+0.3	+1.5	+0.2	Nil
Feb	-0.5	+0.3	+0.2	Nil	+0.3	-10.1	+0.2	-1.4	-0.4	Nil
Mar	-0.3	-0.3	+0.2	Nil	+0.1	-5.3	+0.1	-1.3	+0.2	+0.3
Apr	+0.7	Nil	+0.1	+1.7	+0.3	-0.1	+0.5	+1.6	+0.4	+2.8
May	-0.2	+0.3	+0.1	Nil	+0.1	Nil	+0.2	-3.4	-0.6	+2.1
Jun	+0.1	-0.1	-0.1	Nil	+0.3	Nil	+Nil	+0.3	+0.7	+0.2
Jul	+0.5	-0.3	-0.1	+0.9	+0.5	-3.6	+1.0	+4.4	+0.3	Nil
Aug	+0.6	+1.4	+0.1	Nil	+0.9	Nil	Nil	+2.6	+0.1	+0.1
Sep	-0.3	Nil	+0.3	Nil	+0.1	Nil	+0.4	-4.2	+1.8	+0.2
Oct	+0.5	Nil	Nil	-0.4	-0.3	Nil	+0.1	+3.1	Nil	+1.5
Nov	-0.1	0.3	0.1	Nil	0.3	0.1	Nil	-1.8	Nil	Nil
Dec	-0.3	-0.7	0.1	Nil	1.1	Nil	0.3	-2.2	-0.1	-0.1
Dec '09	111.6	116.0	108.5	107.3	121.2	127.1	107.2	102.1	119.3	124.1
<u>Dec'09</u>										
<u>Dec'08</u>	+1.0	+1.8	+1.1	+1.0	+4.1	-19.8	+3.2	-1.2	+2.5	+7.2

MAJOR CONSTRUCTION PROJECTS¹

Estimated value of work put in place during period (\$ millions)

	Type of Project							Sector		
	Value of New Projects Started	Residential Shops, Ware-houses, etc.	Offices, Guest Houses, etc.	Hotels, Hospitals, Community Centres, etc.	Schools, Bridges, Airports, etc.	Roads, Plant and Other	Industrial	Total	Public	Private
2005	59.6	69.5	80.9	76.0	59.9	9.1	2.6	298.0	64.0	234.0
2006	143.9	63.8	63.8	109	18.5	8.2	9.5	277.3	30.5	246.9
2007	234.9	108.6	60.2	132.7	16.3	0.9	8.0	326.6	63.2	263.3
2008	317.3	83.3	143.3	103.1	43.6	62.5	9.2	445.4	54.5	390.9
2005	0.9	16.4	27.1	15.6	9.6	1.8	0.7	71.2	11.7	59.5
2006	45.3	16.2	24.4	15.6	22.9	2.1	0.7	81.9	20.8	61.0
2007	7.0	21.7	15.9	22.2	12.9	3.1	0.6	76.4	15.5	60.9
2008	6.4	15.2	13.5	22.6	14.5	2.1	0.6	68.5	16.0	52.6
2006	19.9	17.1	16.4	27.4	5.3	2.1	0.7	69.0	6.7	62.4
2007	41.9	19.7	16.2	30.7	5.9	2.4	0.5	75.4	8.3	67.1
2008	63.2	14.6	16.8	28.7	5.2	1.2	4.2	70.7	8.7	62.0
2007	18.9	16.9	14.4	22.2	2.1	2.5	4.1	63.2	6.8	55.4
2008	19.8	22.7	21.7	30.6	5.0	0.7	4.0	84.6	16.8	67.8
2009	61.3	35.8	13.7	29.3	4.0	0.1	2.0	84.9	14.7	70.4
2008	132.8	24.4	14.2	53.2	3.6	0.1	2.0	97.5	16.0	81.5
2009	21.0	25.7	10.6	19.6	3.7	0.0	0.0	59.6	15.7	43.9
2008	86.4	29.2	18.6	28.4	11.5	13.0	2.3	103.0	23.6	79.6
2009	81.8	23.0	31.8	22.7	21.8	5.7	2.3	107.3	12.7	94.6
2008	128.9	16.1	37.0	33.0	3.8	24.0	2.3	116.5	11.2	105.3
2009	20.9	15.0	55.9	19.0	6.5	19.8	2.3	118.6	7.0	111.4
2009	135.3	12.2	87.9	17.0	6.0	19.9	2.3	145.2	8.8	136.5
2008	3.4	7.0	71.7	3.0	5.2	4.6	2.9	94.4	14.0	80.4
2009	11.6	2.6	15.5	0.0	1.5	1.2	0.0	21.0	6.5	14.5

¹Projects valued at \$0.5 million or more
Source: Department of Statistics

TABLE 7**GROSS ADDITIONS TO THE STOCK OF RESIDENTIAL DWELLING UNITS**

Number of Units		Studio apartments	One bedroom	Two bedroom	Three bedroom and over	Total units completed
2005		31	94	134	72	331
2006		30	83	111	80	304
2007		38	59	118	54	269
2008		40	122	95	91	348
2005	Q1	6	12	19	15	52
	Q2	9	21	22	15	67
	Q3	4	24	46	22	96
	Q4	12	37	47	20	116
2006	Q1	4	27	37	22	90
	Q2	4	16	20	17	57
	Q3	9	17	30	18	74
	Q4	13	23	24	23	83
2007	Q1	11	14	19	9	53
	Q2	10	16	53	24	103
	Q3	9	7	17	10	43
	Q4	8	22	29	11	70
2008	Q1	7	49	49	13	118
	Q2	13	22	10	18	63
	Q3	9	25	20	36	90
	Q4	11	26	16	24	77
2009	Q1	10	19	27	12	68
	Q2	8	23	53	31	115
	Q3	11	19	46	8	84

Source: Department of Statistics

TABLE 8**VISITOR ARRIVALS**

	Number of visitors			Year-on-year % changes		
	Regular Visitors ¹	Cruise Ship Visitors ²	All Visitors	Regular Visitors	Cruise Ship Visitors	All Visitors
2004	271,621	206,133	477,754	5.9	-8.8	-1.0
2005	269,568	247,259	516,827	-0.8	20.0	8.2
2006	299,018	335,998	635,027	10.9	35.9	22.9
2007	305,548	354,024	659,572	2.2	5.4	3.9
2008	263,613	286,408	550,021	-13.7	-19.1	-16.6
2009	235,860	318,528	554,388	-10.5	11.2	0.8
2004 Q1	35,072	743	35,815	-7.0	545.3	-5.3
Q2	88,674	76,365	165,039	-5.1	0.9	-2.4
Q3	92,222	101,295	193,517	12.2	-13.3	-2.8
Q4	55,653	27,730	83,383	28.6	-17.1	8.7
2005 Q1	39,415	497	39,912	12.4	-33.1	11.4
Q2	92,105	82,773	174,878	3.9	8.4	6.0
Q3	83,468	112,027	195,495	-9.5	10.6	1.0
Q4	54,580	51,962	106,542	-1.9	87.4	27.8
2006 Q1	38,896	425	39,321	-1.3	-14.5	-1.5
Q2	101,133	122,560	223,693	9.8	48.1	27.9
Q3	96,653	164,467	261,120	15.8	46.8	33.6
Q4	62,336	48,546	110,882	14.2	-6.6	4.1
2007 Q1	45,825	2,765	48,590	17.8	550.6	23.6
Q2	99,594	130,304	229,898	-1.5	6.3	2.8
Q3	97,875	175,148	273,023	1.3	6.5	4.6
Q4	62,254	45,807	108,061	-0.1	-6.2	-2.8
2008 Q1	41,729	2,799	44,528	-8.9	1.2	-8.4
Q2	87,455	129,344	216,799	-12.2	-0.7	-4.7
Q3	84,463	114,233	198,696	-13.7	-34.8	-27.2
Q4	49,966	40,032	89,998	-19.7	-12.6	-16.7
2009 Q1	32,235	0	32,235	-22.8	-100.0	-27.6
Q2	74,979	124,553	199,532	-14.3	-3.7	-8.0
Q3	79,947	141,828	221,775	-5.3	24.2	11.6
Q4	48,699	52,147	100,846	-2.5	30.3	12.1

¹Including those passengers arriving by ship and departing by air.

²Excluding passengers arriving by ship and departing by air.

Source: Department of Tourism

TABLE 9**NUMBER OF BEDNIGHTS SOLD**

	2003	2004	2005	2006	2007	2008	2009
Large hotels	549,164	561,535	595,957	681,555	633,073	540,086	462,388
Small hotels	171,653	168,738	156,585	161,244	157,837	138,930	163,541
Cottage colonies	131,022	160,146	141,617	147,305	150,706	123,670	112,044
Private clubs	29,752	33,149	32,209	31,193	33,207	26,224	18,094
House-keeping cottages	88,987	100,970	94,797	109,228	112,351	93,274	50,869
Guest houses	6,298	11,388	7,758	11,033	10,833	8,062	7,195
Other	17,800	20,617	18,149	17,693	21,932	17,666	12,739
Total commercial properties	994,676	1,056,543	1,047,072	1,159,251	1,119,939	947,912	826,870
Private homes	601,744	674,924	679,588	770,426	774,333	727,725	606,285
Unallocated	1,257	1,699	1,931	1,759	3,389	3,230	4,184
Total	1,597,677	1,733,166	1,728,591	1,931,436	1,897,661	1,678,867	1,437,339
Percentage change (year-on-year)	-12.3	8.5	-0.3	11.7	-1.7	-11.5	-14.4

Source: Department of Tourism

TABLE 10

INTERNATIONAL BUSINESS REGISTRATIONS

	New registrations during period				Number on register at end-period				Year-on-year % change in total number of businesses on register
	Exempted Companies	Exempted Partnerships	Non-resident ² Entities	Total	Exempted Companies ¹	Exempted Partnerships	Non-resident ² Entities	Total ¹	
2005	1,021	109	40	1,161	12,599	644	598	13,841	2.0
2006	1,084	167	55	1,296	12,861	804	582	14,247	2.9
2007	1,426	230	37	1,693	13,850	944	564	15,358	7.8
2008	1,030	133	39	1,202	13,859	1,168	604	15,631	1.8
2009	629	82	27	738	13,539	1,250	603	15,392	-1.5
2005 Q1	258	24	13	293	12,624	582	593	13,799	2.3
Q2	233	31	6	270	12,768	612	596	13,976	5.1
Q3	251	24	6	279	12,517	632	592	13,741	2.1
Q4	279	30	15	319	12,599	644	598	13,841	2.0
2006 Q1	289	23	13	325	12,788	660	599	14,047	1.8
Q2	255	73	6	334	12,917	733	587	14,237	1.9
Q3	252	19	5	276	13,146	752	592	14,490	5.5
Q4	288	52	21	361	12,861	804	582	14,247	2.9
2007 Q1	252	41	11	304	13,097	839	566	14,502	3.2
Q2	459	44	4	507	13,583	883	543	15,009	5.4
Q3	277	42	11	330	13,314	841	554	14,709	1.5
Q4	438	103	11	552	13,850	944	564	15,358	7.8
2008 Q1	246	20	10	276	14,001	964	589	15,554	7.3
Q2	263	26	9	298	13,763	1,090	593	15,446	2.9
Q3	305	43	11	359	14,170	1,133	599	15,902	8.1
Q4	216	44	9	269	13,859	1,168	604	15,631	1.8
2009 Q1	156	31	5	192	13,621	1,199	608	15,428	-0.8
Q2	158	13	6	177	13,539	1,212	615	15,366	-0.5
Q3	127	18	7	152	13,634	1,230	621	15,485	-2.6
Q4	188	20	9	217	13,539	1,250	603	15,392	-1.5

¹Net of companies in liquidation.

²Including overseas partnerships

Source: Registrar of Companies

TABLE 11

THE BERMUDA INSURANCE MARKET
\$ billions

	Gross premiums written	Net premiums written	Total assets	Capital and surplus
1983	6.5	4.7	17.1	8.4
1984	7.6	5.4	22.2	9.9
1985	10.1	8.1	24.5	10.2
1986	12.4	10.4	30.9	12.5
1987	10.3	8.0	34.9	15.0
1988	11.1	8.4	38.7	14.4
1989	12.0	9.4	44.5	17.4
1990	13.0	10.1	48.0	18.2
1991	15.4	11.8	52.3	19.9
1992	15.1	11.3	58.8	21.9
1993	17.9	13.4	69.9	29.0
1994	18.8	14.9	76.1	29.8
1995	23.4	18.4	95.0	36.9
1996	25.1	19.8	99.9	42.5
1997	25.4	20.4	111.8	48.4
1998	26.6	21.2	116.4	51.2
1999	30.4	23.8	131.6	54.4
2000	38.1	32.0	146.0	59.2
2001	48.5	40.9	165.3	64.9
2002	63.3	52.3	204.0	75.6
2003	94.7	84.1	236.0	87.3
2004	95.3	82.9	290.5	106.7
2005	100.7	86.3	329.9	110.0
2006	115.8	100.4	440.4	157.8
2007	124.4	100.8	441.3	167.1
2008	123.6	107.9	473.0	156.8

Source: Bermuda Monetary Authority's Statutory Financial Returns For All International Insurers

TABLE 12

BALANCE OF PAYMENTS ESTIMATES
\$ millions

	2005	2006	2007	2008	2009*
Exports	49	25	25	25	17
Imports	985	1,094	1,091	1160	788
Merchandise Trade Balance	-936	-1,069	-1,066	-1,135	-771
Services & Income – receipts	2,470	3,299	3,990	3,982	2,525
Services & Income- payments	881	1,246	1,611	1,617	1,056
Net invisible receipts	1,589	2,053	2,379	2,365	1,469
Transfer (net)	-176	-7	39	9	1
Current account balance	477	977	1,353	1,239	698
Capital & Financial Account					
Net Financial Account Balances					
Direct Investment	11	-318	576	-692	-274
Portfolio Investment	-188	409	479	-1,302	-3,206
Other Investments	15	1,287	-281	-5,388	-1,339
Total Net Financial Account	-162	1,378	774	-7,382	-4,819
Total Net Capital Account	0	0	0	0	0
Total Net Reserve Assets	366	-10	-7	11	-12
Total Capital, Financial Account & Reserve Assets	204	1,368	767	-7,371	-4,831
Balancing Item	-682	-2,495	-2,120	-229	-460

* 2009 Q1 – Q3 provisional estimates

Source: Department of Statistics

