NATIONAL ECONOMIC REPORT OF BERMUDA 2012

GOVERNMENT OF BERMUDA
Ministry of Finance

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THE ECONOMY IN 2012

The Ministry of Finance estimates that Bermuda's GDP may have contracted by 1.75 – 2.25 per cent in 2012[1] following the decline of 2.8 per cent in 2011.

While many of the major economic indicators such as employment, construction activity, visitor arrivals and international businesses declined in 2012, there were some positive results with regard to retail sales and balance of payments.

Employment fell by 5.1 per cent and the official unemployment rate was calculated at 8.0 per cent in 2012.

In the international business sector, jobs declined by 5.2 per cent and the number of active international companies registered fell by 2.0 per cent.

In the tourism sector employment in hotels fell by 5.3 per cent while air visitors also decreased by 1.7 per cent.

Employment income contracted by 4.8 per cent over the first three quarters of 2012. Employment income declined in all major sectors with the exception of public administration & defense (0.7 per cent). The largest reductions occurred in the International business sector (4.4 per cent) and hotels & restaurants (11.1 per cent).

The gross turnover generated by retail stores increased by 0.5 per cent in 2012 while jobs in the sector fell by 9.0 percent.

Over the first three quarters of 2012 the level of construction activity grew for the first time since 2008 with the value of work put in place increasing by 28.8 per cent. However, the value of new projects started decreased by 76.9 per cent. Jobs in this industry fell by 10.8 per cent year-over-year.

The Consumer Price Index (CPI) measured 2.5 per cent for 2012. This level of inflation was slightly below the 2.7 per cent recorded in 2011 and marginally above the 2.4 per cent recorded in 2010.

Gross Domestic Product 2011

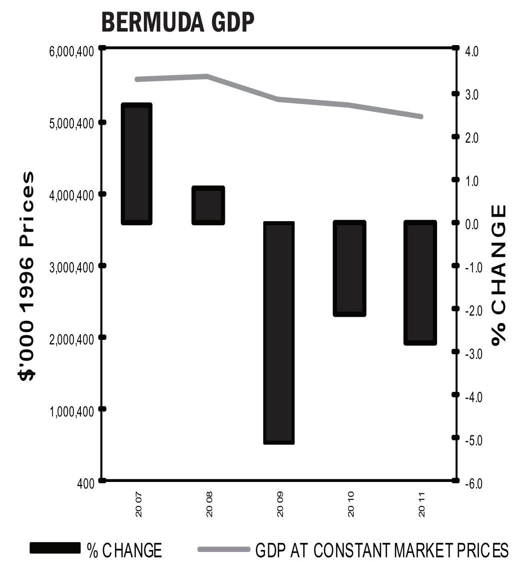
The most recent estimates by the Department of Statistics for GDP are for the year 2011.

In 2011, the Bermuda economy contracted by 3.5 per cent based in current market prices. Nominal GDP was reported to be approximately $5.5 billion reflecting a decline of $200.3 million below the 2010 revised figure of roughly $5.7 billion. When adjusted for inflation, the level of economic activity or real GDP decreased by 2.8 per cent. This rate was below the five year average (2007-2011) of negative 1.3 per cent. This result is marginally below the Ministry of Finance's estimate (made in February 2012) of a contraction in GDP of 1.5 – 2.5 per cent in 2011.

The larger than anticipated contraction in GDP of 3.5 per cent at current market prices and 2.8 per cent in real terms for 2011 was largely driven by continued job losses and business closures which adversely affected production.

The contraction in GDP was largely driven by a sharp decline of 23.2 per cent in the output of the construction and quarrying sector, an 8.3 per cent decline in the international business sector and a 7.4 per cent reduction in the wholesale and retail sector. These declines were offset by gains of 6.3 per cent in the real estate and renting sector, a 5.5 per cent increase in the education, health and social work sector and a 5.0 per cent gain in the financial intermediation sector.

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 Bermuda economy in 2011. This sector provided $1.34 billion in total output or 24.2 per cent of total GDP which was an 8.3 per cent decrease when compared to 2010. Contributing factors to the reduction in output included large catastrophe insurance losses related to natural disasters, job cuts, and the re-domicile of some

[1] Official 2012 GDP estimates are not yet available.

businesses to other jurisdictions. These factors, along with a prolonged softening of insurance rates and low investment returns ensured low profit margins for the industry.

In 2011, the value added by the international business sector declined for the fourth consecutive year. Although this sector's contribution to GDP experienced a decline of $122 million year-over-year, the value still measured nearly one quarter of the total GDP for 2011. 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.

The real estate and rental sector was the second largest contributor to GDP. This sector increased by 6.3 per cent and accounted for $965.0 million in output or 17.4 per cent of total GDP. This sector has been very resilient throughout the recession and has not experienced a year-over-year decline since 2002. The growth in this sector can be mainly attributed to cost cutting measures by the realty companies and the estimated increases in the imputed rent of owner occupied dwellings.

The financial intermediation sector was the next largest contributor to Bermuda's economy accounting for $735.6 million in output which represents 13.2 per cent of total GDP. The output in this sector grew by 5.0 per cent year-over-year.

The business activities sector which includes computer, accounting and legal services provides professional and other services to the international business sector. The sector contributed $526.4 million to the output of the economy representing 9.5 per cent of GDP. Output in this sector decreased by 5.7 per cent which was impacted by lower demand from international businesses for local business services.

Output generated in the education, health and social services was recorded at $458.5 million in 2011, which represents 8.3 per cent of total output. This sector experienced an increase of 5.5 per cent which was primarily driven by the rising costs of health services that propelled the economic contribution of health institutions to its highest level on record.

The wholesale, retail trade and repair services sector represented 6.9 per cent of GDP in 2011 with an output level of $382.0 million. This sector contracted by 7.4 per cent when compared to the 2010 figures. The decline in this sector can be attributed to store closures and an erosion of this sectors customer base due to job losses in other local industries. Two noteworthy declines were experienced in the sale of motor vehicles which recorded a 15 year low and the sale of building materials which fell by 10.8 per cent.

The construction and quarrying sector contracted by 23.2 per cent and accounted for $200.0 million in output for 2011. This output level is the lowest in the past 10 years as all businesses engaged in construction activity experienced declines in their contribution to GDP. Private sector construction activity for the year was driven mainly by the redevelopment of the King Edward VII Memorial Hospital project (public private partnership). Public sector activity consisted mainly of the redevelopment of the co-ed substance abuse drug treatment facility and finishing work on the police/courts building.

ECONOMIC TRENDS 2012

Domestic Demand

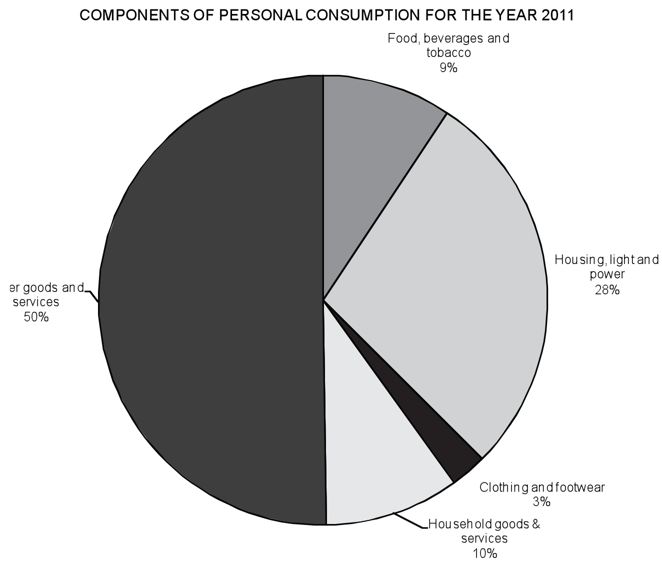
Personal Consumption and the Retail Sector

Employment income supports personal consumption and is estimated to have declined by 4.8 per cent for the first three quarters of 2012 compared to the same period in 2011. For the 12 month period ending September 2012, total employment income was $3.15 billion, $155 million or 4.7 per cent greater than the 12 month period ending September 2011.

The year-over-year level of employment income fell during all three quarters of 2012, a trend that began in the second quarter of last year. The decline measured 4.7 per cent in the first quarter, 5.8 per cent in the second quarter and 3.8 per cent in the third quarter. Based on the continued decline in the number of jobs on the island, it is anticipated that this trend will continue in the near term.

The most recent estimates by the Department of Statistics for household final consumption are for the year 2011. During that year, total household final consumption was $3.39 billion, reflecting an increase of 1.3 per cent over 2010.

FIGURE 2



While personal consumption estimates are not available for 2012, the Retail Sales Index (RSI) for that year provides insight into the expenditure trends of consumers in Bermuda's retail stores.

In 2012, gross turnover stood at $1,018.9 million which represents a 0.5 per cent increase compared to 2011. The financial uncertainty in the local economy and a soft labour market has caused consumers to be cautious in their spending. However, February 2012 experienced the first increase in retail sales activity since March 2009 and the first growth in the volume of retail sales since April 2008.

All sectors in the RSI recorded declines in sales in 2012 apart from food and liquor stores.

Liquor stores experienced the largest increase in sales of all sectors. The average level of sales in this sector grew by 8.9 per cent due to increased demand for alcohol products throughout the year.

Monthly sales in food stores advanced by 5.8 per cent due to steady sales growth in all months apart from April and May which recorded marginal sales declines.

Motor vehicle stores posted a decrease of 0.2 per cent in 2012, due to a strong fourth quarter when sales growth averaged over 30 per cent when compared to the same period in 2011.

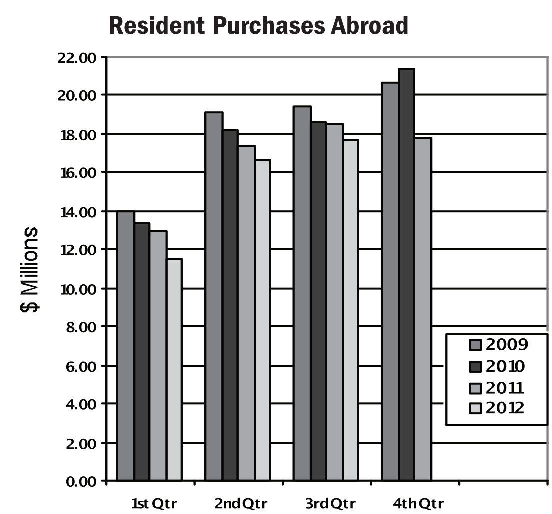
The sales levels of building material stores contracted by the greatest amount in 2012. This sector produced average monthly declines of 8.8 per cent in 2012 which were due in large part to the continued decline in new commercial and residential building projects. Also contributing to the decline is the near completion of major commercial projects.

During 2012, overseas purchases declared by residents returning to Bermuda decreased from $66.4 million to $65.1 million year-over-year, representing a 2.0 per cent reduction.

The declared value of overseas purchases during 2012 equated to 6.4 per cent of the estimated gross turnover in the local retail sector.

Residents travelling overseas during the first three quarters of 2012 declared that 50.0 per cent of their overseas expenditure was on clothing and footwear and 8.3 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.

FIGURE 3



Capital Formation and the Construction Industry

The 2007/2008 global recession, which began to negatively affect Bermuda in 2009, had a severe and lasting impact on the construction industry in Bermuda. In 2009, the estimated dollar value of new projects started declined by 38.3 per cent after increasing by 72.2 per cent the previous year. The 2009 reduction was followed by a further contraction of 16.4 per cent in 2010. During the same time period, the estimated value of work put in place declined by 37.1 percent and 30.5 per cent in 2009 and 2010 respectively after increasing by 38.6 per cent in 2008.

However, in 2011 the value of new projects started, rose by 85.1 per cent from $163.6 million in 2010 to 302.8 million in 2011. The 2011 figure was almost completely due to the estimated $260 million allocated to the redevelopment of the King Edward VII Memorial Hospital project which began in the first quarter of that year.

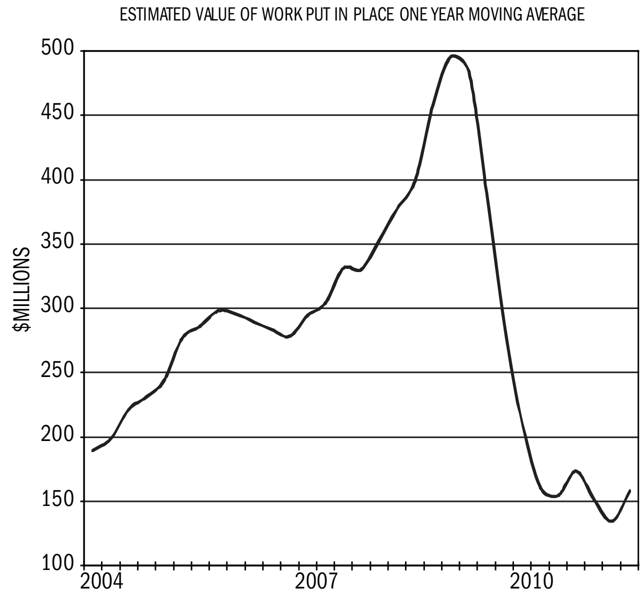
Although the value of new projects started in 2011 experienced a huge increase due to the commencement of the hospital project, that activity didn't translate into the work put in place during the year which declined by 33.5 per cent in 2011.

The negative momentum that had been plaguing the construction sector since 2009 stabilized in 2012. The value of new projects started returned to normal levels over the first three quarters of 2012 after being boosted by the redevelopment of the King Edward VII Memorial Hospital project in 2011. However, the estimated value of work put in place over the first nine months of 2012 grew for the first time since 2008. This figure rose from $102.1 million in 2011 to $131.5 in 2012, an increase of 28.8 per cent.

The growth in the expenditure was due to a 196.2 per cent hike in the figures which represent work done on schools, hospitals and community centers which is the result of work performed at the site of the new hospital redevelopment. These figures jumped from $21 million in the first three quarters of 2011 to $62.2 million in the corresponding quarters of the 2012.

As expected, work performed on schools, hospitals, and community centres accounted for 47.3 per cent of all construction activity recorded during the period while the erection of offices, shops, and warehouses represented 26.2 per cent. Work on residential construction projects contributed 17.2 per cent of total activity in the industry. Together, these three categories accounted for 90.6 per cent of all work put in place between January and September 2012. 50.3 per cent of the construction work performed during that time period was done by the public sector and 49.7 per cent by the private sector.

FIGURE 4



During the first nine months of 2012, 192 new units were created in the residential sector of the industry, which represented a decrease of 156 units or 44.8 per cent year-over-year. The units are arranged by studio apartments, one bedroom, two bedrooms and three bedrooms and over. The number of new studio apartments declined by 7 units to 10 (41.2 per cent), one bedroom apartment's figures rose by 7 units to 44 (18.9 per cent), two bedrooms fell by 126 units to 71 (64.0 per cent) and three bedrooms and over contracted by 30 units to 67 (30.9 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 2012 tourism and international business combined to provide at least $1,602 million (excluding financial services) in foreign currency receipts. This combined figure for 2012 declined by 4.2 per cent year-over-year. Individually, the amount of foreign exchange earnings produced by the international business sector declined by 2.7 per cent year-over-year with third quarter figures of $1.28 billion. The amount of foreign exchange earnings generated by tourism activity decreased by 9.4 per cent recording earnings of $326.3 million at the end of September. The amount of foreign currency received from these two sectors of the economy represents 67.7 per cent of the total balance of payments current account receipts for the first three quarters of 2012.

International Business

In 2012 this sector provided 3,867 jobs in the economy reflecting a decrease of 5.2 per cent year-over-year, or a loss of 210 posts. Some other indicators of the performance of this sector for 2012 are given below:

There were 14,590 active international companies registered in Bermuda at the end of 2012, a decline of 292 companies or 2.0 per cent less than the total at the end of 2011.

Over the first nine months of 2012, foreign exchange earnings of the international companies declined by $35.7 million to $1.28 billion representing a decrease of 2.7 per cent.

This sector creates benefits to the Bermudian economy by way of jobs for Bermudians and revenue for local businesses. It also provides business visitors that support the tourist industry and provides government with revenue from taxes and fees.

In total, 775 new exempted companies were incorporated in 2012, compared to 802 the year before, representing a reduction of 3.4 per cent. At the end of the second quarter of 2012, the total net asset value of collective investment schemes was $184.26 billion, a decline of 11.6 per cent year-over-year[2]. There was also a decrease of 18 mutual funds and unit trusts registered in Bermuda in the twelve months ending in June 2012.

Hurricane Sandy had a limited impact on the performance of large commercial (re-) insurers (Class 4 and 3B), whose capital levels remained high during the last year. Preliminary results indicate that last year's underwriting performance reflects a positive deviation from the recent trend of an increasing frequency of unusually large loss events. In fact, historical data on U.S. land-falling tropical cyclones since 1990 suggest that Hurricane Sandy was an example of a lower loss and more frequent event that normally occurs once every 10 or 20 years. Since the brunt of insured losses from severe flooding and business disruptions was borne by primary underwriters, the sector continues to be on track to recover from its negative performance in 2011. In spite of positive impulses from increased demand for flood and business interruption insurance, rising excess capacity has kept renewal rates at modest levels for most classes of business. While selective price increases have ranged between 4–5 per cent during the last year, they have only marginally outpaced the long-term loss trend of 3–4 per cent, suggesting resilient market price dynamics, which limit the potential of significant increases of renewal rates. However, net favourable reserve developments over the year have helped solidify the relative capital strength and liquidity position of the sector.

Profitability is still below the historical average but increased considerably over the second half of 2012 as insurers seek opportunities from diversifying operations. Premium income increased significantly but net profits remained below the average over the past five years (12.1 per cent) as return on equity declined to below 10 per cent. Firms reported greater operational efficiency as a result of enhanced underwriting performance. Moreover, there is a growing tendency of greater operational diversification, with some firms expanding their asset management services for sophisticated investors and/or establishing Special Purpose Insurers (SPIs) to capitalise on the associated fee income. However, lower investment returns perpetuate steadily building pressures on non-technical income amid a prolonged low-interest rate environment.

While a significant slowdown of U.S. economic growth caused by fiscal uncertainties would diminish top line premiums, the high risk-adjusted capitalisation and excess reserves of large commercial (re-)insurers (Class 4 and 3B) suggests continued capital strength and liquidity. Another recession in the United States (and its knock-on effects on insurance capacity in Bermuda) may affect future pricing as insurers adjust to changing demand. Lower demand might decrease premium revenues for standard commercial insurance product lines, such as property, transport, workers' compensation and general liability as well as personal insurance lines, but insurance claims should not be affected significantly. Although most firms stand to benefit from valuation gains on their high-grade fixed income portfolios amid low interest rates, there is growing reinvestment risk as the intensification of linkages to U.S. sovereign creditworthiness could incrementally pressure the credit profiles of (re-)insurers and offset recent asset appreciation. In addition, the potential for higher inflation in the United States could adversely affect provisioning and reserve adequacy.

Surging demand for cost-efficient (re-)insurance capacity to accommodate new business models has spurred growth in alternative risk transfer mechanisms. Although stock market valuations of most groups of Bermuda (re-)insurers have registered further gains during the last quarter, some firms are still priced at below book value, making capital raising more costly. At the same time, the flexibility of creating specialised pools of insured interest has shifted greater

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

focus to (less expensive) insurance-linked securities (ILSs) to fund underwriting exposures. The market capitalisation of ILSs issued during 2012 increased to $6.4 billion, with Bermuda increasingly becoming a global centre for the creation, listing and servicing of ILSs that are sponsored by SPIs. Total net issuance for the entire year amounted to $2.5 billion (or 40 per cent of global issuance), outperforming 2010 and 2011 when $1.2 billion and $1.6 billion were raised, respectively. During 2012, the BMA registered 27 SPIs, with 12 applications approved during the last quarter alone.

Tourism

The momentum gained in 2011, when the number of air arrivals increased for the first time since 2007, did not carry into 2012. It was anticipated that the momentum gained last year would flow into 2012 but unfortunately that was not to be. The reality is that 2012 experienced the worst visitor numbers since 2008 when the island was first hit by the global recession. That was the last time that both air and cruise figures declined in the same year.

The total number of air arrivals during 2012 fell from 236,038 in 2011 to 231,968 in 2012, a reduction of 1.7 per cent. Cruise passenger arrivals also declined this year, reducing from 415,464 in 2011 to 378,262 in 2012, which represents a decrease of 9.0 per cent. Total visitor arrivals in 2012 contracted by 41,272 or 6.3 per cent year-over-year.

There were some encouraging signs in 2012with the first and third quarters exhibiting growth in the number of air visitors; unfortunately the two negative quarters outweighed the positive ones. The decrease in the second quarter was mainly due to a decline of 62.0% in convention business as large incentive groups that visited Bermuda in the second quarter of 2011 were not repeated in 2012. The poor results in the fourth quarter were due in part to cancelled flights and cancelled hotel bookings as a result of Super Storm Sandy in late October. Delta, US Airways, AirTran, JetBlue, United Airlines and American Airlines all cancelled flights. Several hotels, including Rosewood Tucker's Point and the Fairmont Hotels reported cancelled bookings and early departures as a result of the storm.

The positive results of the first and third quarters of 2012 were aided by events sponsored by the Department of Tourism. These events include the Bermuda Marathon weekend (January), the Bermuda Spring Break and College Weekend Reunion (February and March), the Bermuda Triple Crown Billfish Championship (July) and Culture Fest (September).

The cruise arrival figures declined for the first time since 2008. Between 2008 and 2011, cruise arrival figures grew by 45.1 per cent. The large increases in visitors by ship coincided with the opening of the Heritage Wharf Cruise Pier in 2009. This pier allowed Bermuda the capacity to accommodate mega ships that can hold in excess of 3,200 passengers. In 2012, the number of visitor declined by 9.0 per cent overall. The first two quarters of the year exhibited positive numbers while the second two were negative. The third quarter figures fell by 4.3 per cent as a result of 5 less ships visiting the island, while the fourth quarter numbers contracted by 47.5 per cent due to 17 less calls to the island.

Hotel occupancy rates averaged 55.7 per cent in 2012 which represents a decline of 1.1 per cent year-over-year. The major hotels experienced the highest rate of occupancy at 58.7 per cent which equates to a reduction of 1.7 per cent when compared to 2011 rates. The small hotels enjoyed the next highest occupancy rate of 53.2 per cent, a 7.2 per cent decrease year-over-year. Cottage colonies recorded the lowest occupancy rate of 44.6 per cent which represents an increase of 7.2 per cent when compared to last year's level.

Over the last few years, the larger hotels have enjoyed the highest occupancy rates of the three categories. In 2011, the larger occupancy rates were due to a surge in convention business. There were approximately 23,000 extra room nights within the group due to large conventions taking place in Bermuda with State Farm and ADP the main contributors. However, in 2012 the group has lost approximately 20,000 group rooms and has recouped approximately 12,000 room nights through promotions and free nights. There was a strong marketing campaign in New York, Boston and Toronto pushing promotions such as the Island Wide Sizzling Summer and Endless Summer Promotions.

Total visitor expenditure for the first three quarters of 2012 decreased by 9.4 per cent year-over-year. During this period, total expenditure by air visitors declined, while cruise visitors expenditure increased marginally. The dollar value of the total expenditure by air visitors was an estimated $253.6 million, a contraction of $34.1 million or 11.9 per cent year-over-year. Spending by cruise visitors grew from $72.5 million in 2011 to $72.7 million in 2012, an increase of 0.3 per cent.

During the first three quarters of 2012, expenditure on air visitor accommodation and food fell by 13.4 per cent, decreasing from $228.3 million in 2011 to $197.6 million. Similarly, expenditure on shopping, entertainment and transport declined by 5.7 per cent from $59.4 million to $56.0 million during the same time period. From January to September 2012, per capita spending by visitors arriving by air was $1,351 compared to $1,504 in 2011, a loss of 10.2 per cent. Spending per cruise visitor in the first three quarters of 2011 compared to 2012 grew from $208 to $209, a 0.5 per cent increase.

Due to the islands close proximity to the east coast of the United States, the vast majority of tourists that travel to Bermuda originate from the U.S. With direct flights from cities such as New York, Boston, 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 U.S. is Bermuda's main source of visitors.

The number of air visitors from the U.S. over the first three quarters of 2012 declined from 74.6 per cent last year to 73.6 per cent of this year's total. Canada was the second largest market at 12.7 per cent of the total visitors, while the UK finished the third quarter with a percentage total of 8.5 per cent. The rest of the world weighed in at 3.2 per cent and Europe had the least amount of visitors at 2.0 per cent.

Of the five regions above, only Canada and the rest of the world experienced year-over-year growth in the number of air passengers visiting Bermuda. The number of visitors arriving from Canada increased by 9.5 per cent while air visitors from the rest of the world grew by 14.3 per cent. There was a reduction of 4,501 visitors from the U.S. when compared to the first nine months of 2012. This was due in part to the 62.0 per cent reduction in convention business in the second quarter which would have consisted mainly of U.S. residents.

Employment

In the 2012 Labour Force Survey, the unemployment rate was calculated at 8.0 per cent when the survey was performed during the week of 13 to 19 May 2012. This is the latest official unemployment rate that has been published.

Preliminary data from the 2012 Employment Survey indicates that the total number of jobs in Bermuda decreased by 1,905 from 37,399 in 2011 to 35,494 in 2012, which equates to a 5.1 per cent decline. 2012 marks the fourth year that the number of jobs in the economy has declined which corresponds with the reduction in the level of GDP or economic growth in the economy. Overall the island has lost 4,719 jobs since 2008, a reduction of 11.7 per cent.

Growth in the number of jobs began to moderate in 2007 when the increase was 0.4 per cent. The number of jobs peaked in 2008 at 40,213 reflecting year-over-year growth of 0.9 per cent. Since that time, the number of jobs in Bermuda has declined in four consecutive years; 1.7 per cent in 2009; 3.6 per cent in 2010; 1.8 per cent in 2011 and 5.1 per cent in 2012.

The construction sector and the retail trade & repair sector both lost 275 jobs in 2012. There were three other sectors that lost over 200 jobs this year; business services, financial intermediation and international business.

The construction sector recorded the highest number of jobs lost of any industrial sector for the third consecutive year. This sector's employment numbers fell from 2,549 in 2011 to 2,274 in 2012. These figures equated to a reduction in employment of 10.8 per cent in the sector.

The retail trade & repair sector experienced a decline in posts of 9.0 per cent, settling at 2,787 jobs in 2012 from 3,062 a year ago.

Employment levels in business services stood at 3,720 in 2012, a reduction of 256 posts or 6.4 per cent. The financial intermediation sector experienced 239 job losses registering a total of 5,508 posts in 2012, a reduction of 8.7 per cent year-over-year.

Of the remaining sectors, international business recorded the largest number of job losses. The number of positions in this sector fell to 3,867 in 2012 from 4,077 in 2011. This represents a decline of 210 posts or 5.2 per cent. This sector has lost 894 jobs since 2008 which is significant for a sector that produces approximately 25 per cent of GDP annually.

Collectively, the five divisions of economic activity mentioned above accounted for 1,255 job losses in 2012 which is 65.9 percent of the total losses. There was only one sector that recorded job growth in 2012, public administration. This sector grew by 14 posts or 0.3 per cent.

All major occupational groups experienced job losses in 2012. Of these groups, Clerks lost 477 posts, service workers and shop and market sales workers jobs declined by 350 and Craft and related trade workers positions were reduced by 279 jobs. Together, these groups accounted for 58.1 per cent of the total job losses in 2012.

The number of jobs occupied by Non-Bermudians declined by a total of 861 jobs while Bermudian occupied jobs fell by 1,020 positions. 45.2 per cent of the job losses for the year were positions held by Non-Bermudians while 53.5 per cent were occupied by Bermudians. Non-Bermudian Spouses accounted for 2.0 per cent of the losses. Permanent Residence Certificate holders actually increased their posts by 15 positions.

Inflation in Bermuda

Inflation has remained low but it is highly dependent on global commodity price developments as food and fuel constitute the largest proportion of imports. The Consumer Price Index (CPI) increased at an average annual rate of 2.5 per cent for 2012. The headline rate in December stood at 1.9 per cent year-over-year.

The average rate of 2.5 per cent is below the UK (3.2%) and above the U.S. (1.7%) and Canada (1.5%). These averages indicate that the local level of inflation has been moderate although it is higher than two of our main trading partners. However, the trend is heading in a positive direction as the average price increases over the last four months averaged below 2.0 per cent.

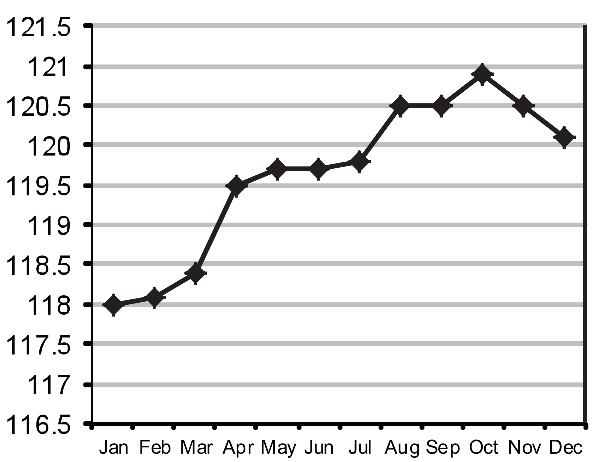
For the year, the largest price increases were recorded in the health & personal care, food, fuel & power and transport & vehicles sectors.

The increases in price levels of the health & personal care sector was the most significant contributor to the level of inflation in 2012. The average rate of price increases for this sector was 6.7 per cent which can be mainly attributed to an 8.9 per cent increase in the average price of health insurance premiums in April 2012. Other categories experiencing higher costs in this sector were medical supplies and dental services.

During 2012 the monthly increases in the food sector ranged from 2.4 per cent to 4.5 per cent with the average rate of price growth for the year settling at 3.8 per cent. Eight of the 12 months recorded price increases of over 3.0 per cent.

FIGURE 5

Bermuda's Consumer Price Index 2012



The prices in the Fuel & Power sector climbed at an average rate of 11.8 per cent this year which can be mainly attributed to increases in the Belco Fuel Adjustment Clause (FAC). The rate remained constant for the first five months of the year before reaching its peak in July and then ending the year with a rate marginally below the rate recorded in January. Year-over-year, the FAC rate increased by 29.6 per cent during the first five months of 2012. It also surged by 36.8 per cent in June and 38.5 per cent in July when compared to the corresponding months of 2011. However, the rate began to decline in the last quarter of the year and November and December experienced year-over-year reductions of 8.6 per cent and 2.9 per cent respectively. The spikes in the rate were the result of higher fuel prices being used to determine the Fuel Adjustment Clause.

The transport & vehicle sector experienced cost increases at an average rate of 1.5 per cent for the year. The cost of fuel greatly attributed to the expanded costs in this sector. The price of gasoline grew by 1.9 per cent between January and December of 2012.

Balance of Payments

The international business sector and their interaction with the local economy have a positive effect on the balance of payments. The balance of payments continues to record relatively large current account surpluses which are an important strength in the Bermuda economy. Bermuda's current account surplus was recorded at $496 million at the end of the third quarter of 2012. This figure is 6.7 per cent greater than the $465 million recorded over the first three quarters of 2011

The increase was due in large part to the primary income account which grew by $71 million or 8.0 per cent year-over-year. The stabilisation of primary income suggests an end to the negative growth trend of international business activities, whose economic value added to GDP declined for the fourth consecutive year at the end of 2011. Within the primary income account, investment income experienced the largest growth over the first three quarters of 2012. Investment income payments to non-residents declined by $79 million while investment income received by residents advanced by $43 million which provided a net increase of $122 million in that account. This result is primarily due to increases in interest earnings and dividends received over the first three quarters of 2012.

The services account balances were down by $26 million or 7.4 per cent between January and September of 2012 with transportation, travel and business services declining during that period. The transportation balance fell due in large part to lower payments for import-related freight services. The reduction in the travel balance was mainly the result of decreased tourist expenditure in the first three quarters of the year. The decline in business services can be attributed to contractions in receipts of insurance, financial and other services such as legal, accounting and management consultancy services.

It is anticipated that the balance of payments flows for the last quarter of 2012 will continue to experience moderate year-over-year growth which will result in a full year BOP current account surplus slightly higher than the $561 million surplus posted in 2011.

Financial Sector

The movement in the money supply (Bermudian currency only) reflects the broad economic climate in Bermuda and the overall level of financial intermediation by local banks. Based on figures released from the Bermuda Monetary Authority (BMA), the money supply contracted by 3.4 per cent during the first three quarters of 2012 (and 5.0 per cent year-on-year) driven by negative lending growth and, to a lesser extent, by a drawdown of cash balances and inter-bank deposits in the sector. The banking sector's total assets declined by almost $2.0 billion (or 7.7 per cent) during the first three quarters of 2012 (and 2.1 per cent year-on-year). During the first three quarters of 2012, total loans and advances as well as total customer deposit liabilities (of which more than 83 per cent are denominated in foreign currency) decreased by $486 million (or 5.3 per cent) and $2.1 billion (or 9.3 per cent), respectively. While a deleveraging of balance sheets (and the resultant decrease in customer deposit liabilities) has contributed most to the decline in money supply, the amount of base money (i.e., coins and notes in circulation) remained broadly stable at an annual average of $122 million (or about 78 per cent of foreign exchange reserves held by the BMA at the end of 2011). The share of domestic financial intermediation in U.S. dollars remained at less than half of total sector assets.

While structural factors allowed credit conditions to remain favourable for most of 2012, recent developments suggest a slowdown of lending growth. Until mid-2012, the stable cost of funding resulting from a wide deposit base (primarily due to the international business sector) delayed the contraction of private sector credit to levels that would otherwise be expected during times of negative economic growth. Credit conditions had remained favourable as most banks preferred to reduce foreign currency-based investments and deposits with other financial institutions in lieu of curtailing domestic lending. Thus, credit supply had been high by historical comparison, which resulted in a highly positive credit-to-GDP gap for both local currency and FX-denominated lending. During the third quarter of 2012, however, this benign situation changed. Lending conditions became more stringent as the deleveraging of the sector was finally felt in a decline of domestic credit supply. Decreased lending (which fell by 7.0 per cent) together with high levels of loan charge-offs (relative to the historical experience) diminished the stock of credit significantly. The decline was most pronounced in BD$-denominated loans and advances (down by 8.4 per cent), which comprised more than half of total lending.

The retrenchment of credit improved the structural funding position and the external debt balance of the sector. The BD$ loan-to-deposit ratio fell to 142.3 per cent (down from 149.5 per cent at the end of 2011), which resulted in a reduction of the funding gap the difference between total loans and total deposits divided by total assets to 26.0 per cent at the end of the third quarter of 2012. The net foreign currency position shrunk dramatically to less than 0.1 per cent of net foreign currency liabilities (or $15 million) until Q3 2012, primarily due to a 10 per cent decrease of net foreign currency liabilities. This existing deficit is covered on an annualised basis by the combined amount of external claims resulting from the current account surplus alone.

The capital position of the banking sector has deteriorated slightly since the end of 2011. The aggregate risk asset ratio (RAR) decreased to 22.2 per cent (down from 23.2 per cent) on a consolidated basis during the first three quarters of 2012 due to a minimal increase in risk-weighted assets (RWAs) of 2.6 per cent and a 1.7 per cent decline in capital. The leverage ratio (equity to total assets) improved to 11.9 per cent during the same time (up from 10.8 per cent). The aggregate Tier 1 risk asset ratio (RAR) stood at 23.9 per cent (down from 25.0 per cent), well above the internationally recommended standard for capital adequacy under the Basel III regime but appropriately high given the limited segment and geographic diversification of the sector and the absence of sufficient shock absorbers in the local financial system.

Rising asset impairments have had a negative impact on the sector's ability to increase capital buffers through retained earnings. Despite stable interest margins and an 8.3 per cent reduction in operating expenses, additional provisioning weighed negatively on earnings as the sector enhanced its risk absorption capacity. The annualised return on equity (RoE) stood at 2.0 per cent in Q3 2012 (down from 5.8 per cent at the end of 2011). Banks increased in provisioning relative to total loans to 2.8 per cent (more than double the amount of a year ago) as a result of prudent efforts aimed at mitigating the impact of future asset impairments as non-performing loans surged to 10.2 per cent.

Global Economic Outlook

2012 has been a year of weak growth for most developed countries while developing nations experienced slowing economic growth. Although their output has slowed, developing countries are still the main driver of global growth. The sovereign debt crisis in Europe and policy uncertainty in the U.S. have constrained investment and hiring in those regions, causing subsequent declines in the demand for manufactured goods from developing nations, most notably China.

Investment and Industrial activity in the U.S. exhibited weakness most likely due to uncertainty of fiscal policy in the lead up to the November elections and the concerns over the fiscal cliff (the concerted spending cuts and tax hikes that were to come into effect in early 2013). In Europe, austerity measures along with Euro-Zone commitments to reform banking regulations and to bail out troubled national governments have served to partially contain the borrowing costs of struggling nations. In the third quarter of 2012, real GDP growth was essentially flat following three consecutive quarters of negative growth. However, the economy showed signs of weakness in the 4th quarter, which may have been the result of weak demand for capital goods from the U.S. and Japan. In Japan, the economy contracted in the 2nd and 3rd quarters of 2012 due to weak exports, political tensions with China and continued fallout from the 2011 years nuclear disaster and tsunami.

Growth in developing countries accelerated in the third quarter of 2012. This includes Brazil and China, who both experienced mid-year weakness which contributed to a global slowdown. Global financial conditions continued to improve in the fourth quarter with further acceleration in East Asia and the Pacific, Europe and Central and South Asia.

Overall, the global economic environment remains fragile and prone to risks. Global growth is expected to be a relatively weak at 2.4 per cent in 2013 and gradually strengthen to 3.1 and 3.3 percent in 2014 and 2015 respectively. GDP growth in developing countries during 2012 was 5.1 per cent and among the slowest in the last 10 years. An easing of monetary policy, improved financial environment and somewhat stronger high income country growth is anticipated to gradually raise developing country growth to 5.5 per cent in 2013, 5.7 per cent in 2014 and 5.8 per cent in 2015 which is roughly in line with these countries' underlying potential. For developed countries, high unemployment, fiscal consolidation and weak consumer and business confidence will continue to weigh on activity in 2013. However, growth should begin to expand during 2013 at 1.3 per cent and is anticipated to increase by 2.0 and 2.3 per cent in 2014 and 2015.

There are risks to these outlooks that could cause the GDP predictions to be lower than anticipated. In the U.S., policy uncertainty could lead to a loss of confidence in the currency and an overall increase in market tensions which could reduce the U.S. and global growth. In the Euro-Zone, should plans to reinforce schemes for a banking union and commitments to sovereign rescue funds not materialize, some of the more vulnerable countries in the Euro-Zone could find themselves frozen out of capital markets provoking a slowdown in the global economy. An interruption to the global oil supply and resurgence in the price of internationally traded food commodities remain risks to economic growth. On the upside, a rapid solution to policy uncertainty in the U.S., a decrease in tensions in Asia or an improvement in European confidence could speed the return of high-income countries to stronger growth with knock on positive effect for developing country exports and GDP.

United States of America: In the U.S., uncertainty over future policy in the lead up to the November elections and the confusion regarding the outcome of the fiscal cliff contributed significantly to the dampening of the recovery in U.S. growth during the second half of 2012. Normally, with improving consumer demand and labour market conditions, business investment should be growing at a rapid pace. However, business investment contracted at a 1.8 per cent annualized pace in the third quarter. Growth prospects in the U.S. were brighter in the fourth quarter as the continuing housing market recovery and moderate labour market gains (the unemployment rate began the year at 8.5 per cent and ended it at 7.8 per cent) have helped sustain consumer spending. The last quarter of 2012 also saw U.S. lawmakers come to an agreeing which averted the fiscal cliff which helped to prevent the risk of another economic slowdown and possible recession.

Looking ahead to 2013, improving labour market conditions should help to support income and consumer demand growth. If the current fiscal uncertainty is resolved, these results should strengthen investment growth. Restructuring in the housing market appears to have reached a turning point. While this market continues to have issues such as underwater mortgages and regional oversupply, the overall market has begun to grow, supported by low mortgage rates. It is anticipated that the housing market sector could potentially add as much as 1.5 percentage points to the U.S. growth in 2013.

The housing market has surpassed business investment as the economy's growth engine. Another double-digit gain in residential construction is anticipated in 2013 in light of house formations and lean inventories. Due to the diminished risk of a recession, business investment including hire should improve in 2013. When employment increases, consumer spending will strengthen and be supported by improved household finances and pent-up demand. Exports should grow in 2013 as the emerging market economies strengthen during the year. Both state and local governments should also increase spending after three years of major cutbacks.

Any prospects or predictions will depend significantly on how the remaining fiscal challenges facing the U.S. are handled. While the January 1, 2013 agreement on tax measures resolved most of the immediate concerns surrounding the fiscal cliff, the legislation offers only a temporary reprieve before the remaining mandatory cuts to government spending take effect.

If no credible medium-term plan for fiscal consolidation can be found by the end of February and debt ceiling legislation is unchanged or only short-term extensions are provided for, the U.S. economy could be subjected to a series of mini-crises and political wrangling extending over the foreseeable future. This could have extremely negative consequences for the confidence in the U.S. and potentially affect the countries credit rating which could push borrowing costs higher and equity markets lower. Based on the data, the U.S. economy is forecast to grow 2.0 per cent in 2013 and 2.8 per cent in 2014.

Canada: Subdued growth was the theme of the Canadian economy in 2012 amid weak exports, debt-constrained consumers and a cooling housing market. Also, mining and energy sectors slowed in the face of lower base metal prices and a widening discount on crude oil relative to global benchmark prices. Other than automobile sales, retail sales growth remained weak, up only 1.1 per cent year-over-year through October excluding cars and gasoline. Personal loan growth is at a two year low due to heavier debt burdens. However, cash rich businesses continued to invest in commercial structures amid low office and retail vacancy rates. Job growth remained at a decent level, reducing the unemployment rate to a four-year low of 7.1 per cent in December.

As the cloud of economic uncertainty lifts in Europe and the U.S., economic activity is expected to strengthen modestly through 2013. Support for economic growth will be relatively balanced, with contributions from consumer spending, investment and exports. This support will be offset by weakness in housing-related activity and a slowdown in government spending. A key factor supporting growth is the relative health of corporate balance sheets.

Consumer and business investment have been the primary drivers of the Canadian economy since the recession ended and that is anticipated to continue in 2013. The Canadian labour market has tracked better than expected, while unemployment has fallen to 7.2 per cent which is below its long-run average of 7.8 per cent. New entrants into the labour market will limit improvements in the unemployment rate; however the rate is expected to drop to 7.2 per cent by the end of 2013. The housing market is expected to cool in 2013. Home sales are anticipated to decline by 2.5 per cent following a flat trend in 2012. Prices are expected to decline, dropping 1.5 per cent following a gain of nearly 5.0 per cent in 2012.

GDP for Canada is predicted to grow by 1.8 per cent in 2013 and 2.4 per cent in 2014. The risks to this outlook include any back-tracking by policy makers in Europe or the U.S. which will continue to weaken confidence in the economy.

Euro-Zone: In the Euro-Zone, output slowed tremendously in the second quarter of 2012 amid heightened financial tensions related to concerns that policy reform was occurring too slowly. In the third quarter, improved market perceptions led to an easing of the pace of contraction in the Euro-Zone. GDP is expected to have declined further in the fourth quarter and into 2013 before the continental economy begins to expand again later in the year.

The steep weakening of activity in Germany and France towards the end of 2012 serves as a stark reminder of the importance that confidence will play in the Euro-Zone recovery. The more policy makers persist in pursuing the reform agenda of strengthening Euro-Zone institutions, improving fiscal balances and improving structural policies, the better the chance that improving confidence will support recovery.

Fiscal consolidation is expected to continue, contributing to a modest firming of growth during the course of 2013. Fiscal consolidation, banking sector consolidation and a lackluster expansion in the U.S. will continue to weigh on European growth in 2013. Assuming continued progress in addressing fiscal sustainability issues and reforming institutions, Euro-

Zone GDP is projected to decline by 0.1 per cent in 2013 but grow by 0.9 per cent in 2014.

United Kingdom: In 2012, the United Kingdom saw inflationary pressure subside and business confidence grow in the first half of the year. However, weaknesses such as a decline in business productivity existed and by the end of the second quarter of 2012, the UK economy had contracted 1.2 per cent in the last three quarters. The 'Jubilee' effect has been blamed for the contraction in Q2 2012 due to lost working days. In July, services, manufacturing and industrial production posted strong results culminating in a 1.0 per cent growth in the third quarter. However, the economy contracted by 0.3 per cent in the fourth quarter.

Forecast for 2013 indicate that the UK economy is expected to grow by 0.3 per cent in the first quarter of 2013 thus avoiding a triple-dip recession. With the Euro-Zone enjoying a period of relative stability, gains in the stock market and improvements in the U.S. economy, the foundation is there for the UK economy to experience a slow but sustained growth recovery over the next three years.

The expansion is anticipated to be weak by historical standards with GDP expected to be below its pre-crisis level until 2015. Trade, manufacturing and business investment are expected to grow in the coming months. Inflation is predicted to continue to rise in the first half of 2013 from its current level of 2.7 per cent and then decline to around 2.0 per cent and remain at the level through 2014. The forecasts are not without risks such as Euro-Zone tensions flaring up again and tough conditions in the UK domestic market. The UK economy is predicted to grow by 1.0 percent in 2013 and 1.7 per cent in 2014.

Asia-Pacific: The forecast for the region's economies is a positive one. Their risk levels appear manageable, domestic policy remains highly accommodative, Corporates are experiencing positive results, and the credit markets are functioning well. After a solid fourth quarter in 2012, many of the economies anticipate growth as export manufacturing accelerates.

In Japan, real GDP may rise by 0.7 per cent in 2013 and by 1.0 per cent in 2014. Temporary headwinds such as the car subsidies and disruptions to trade with China are not expected to persist in the long term. The economy will also be boosted by a large fiscal stimulus package, further monetary easing, growth in external demand and a weaker yen.

China is the largest economy in the region and the biggest trading partner for most Asian economies. China is expected to experience steady improvement in demand in 2013 which will be assisted by a stable external environment. The economy is expected to grow at 8.2 per cent in 2013 which is faster than in 2012. Investment is expected to continue to be a strong driving force with household income and domestic consumption also growing.

India's economy is anticipated to grow by 6.5 per cent in 2013 driven by a favorable external demand outlook and domestic structural reforms. The growth will be facilitated by reductions in policy rates and a continuation of government reforms which have boosted confidence and growth trends.

2013 Outlook for Bermuda

The economic situation remains difficult, and structural changes are still too tentative for a financial-service driven recovery. The lack of economic diversification and continued structural imbalances have delayed the eventual recovery process, which will be less forceful than required to restore historical growth rates in the near future. Since any meaningful economic recovery centres on renewed growth in international business income, the long-term convergence to the historical growth rate of about 3.0 per cent appears doubtful. Further structural adjustments are still needed to continue the rebalancing of the local economy away from debt-based growth. Despite some progress in private sector deleveraging and supportive pro-growth policies, demand shocks have not been accompanied by higher productivity.

However, current developments — both domestically and abroad —provide a short time window for decisive action. The current stabilisation of international business activity can have an important and positive impact on economic recovery, but seems tentative without sufficiently improving private sector dynamism. A rebound in construction, tourism, and business investment are essential to reducing unemployment. Given the limited fiscal flexibility to adopt counter-cyclical measures, restarting private sector demand and improving the external balance will be essential going forward. Capital formation by businesses can help offset reductions in public sector expenditure and lower household spending. With the United States having already restored pre-crisis output growth, partly due to the impending energy revolution, external demand could help strengthen the international business sector as the economic recovery depends almost exclusively on the restoration of sustainable service exports.

The reduction in the level of employment has been one of the main contributors to the lingering recession that Bermuda is currently facing. The economy has lost 4,719 jobs since 2008 when employment levels were at their peak with 40,213. The 35,494 lobs recorded in 2012 were 11.7 per cent less than the 2008 figures. The current unemployment rate was calculated at 8 per cent in 2012, up from the last rate of 6 per cent which was calculated in 2010.

Lower levels of employment will continue to weigh heavily on household consumption and retail sales.

The Government will implement specific pro-growth economic policies to stimulate much-needed foreign investment and create new jobs.

As per their election platform, the new Government will provide a two year payroll tax holiday to employers for new Bermudian hiring. The Government has also formed the Economic Development Committee whose purpose is to reduce the time it takes to receive approvals for major capital projects from various government departments. Both of these initiatives are designed to stimulate job creation and foreign investment. It is anticipated that the abolishment of term limits will improve Bermuda's competitiveness thus creating jobs for Bermudians.

Since the height of the construction industry in 2008, this sector has shed jobs and reduced output at an alarming rate. However, 2012 saw some improvement in the industry mainly due to the redevelopment of the King Edward Memorial Hospital. The figures that track work performed on hospitals increased over four times when compared to the corresponding levels in 2011. However, the employment situation in the industry remains bleak as the amount of jobs fell by 10.8 per cent year-over-year in 2012. The work put in place figures should continue to show improved results through 2013 as work continues on the KEMH redevelopment project.

The Government is eager to encourage other major construction development in Bermuda which would drive the industry forward when the King Edward VII Memorial Hospital redevelopment is completed. To this end, the Government has stated that all hotel and resort development proposals are to be handled by the Economic Development Committee in order to accelerate approvals and clear away red tape thereby encouraging inward direct investment to the island.

The Government will also repeal the Park Hyatt Resort (St. George's) Act 2008 and make every effort to select a new developer for the former Club Med site in St. George's.

The Government will continue to provide stimulus to this sector with its capital expenditure program. Although capital expenditure has been curtailed in recent years, the Government still anticipates expanding the Tynes Bay Waste Treatment Facility, upgrading the Heritage Wharf in Dockyard and continuing the improvements to Government's infrastructure in 2013.

2012 was not a very good year in the Tourism industry. Air visitor arrivals and cruise visitor numbers both declined during the year, which has not occurred since 2008. Air arrivals were down due to a lack of convention business this year while cruise visitor numbers fell due to fewer ships visiting the island in 2012. These developments led to lower visitor expenditure and hotel occupancy rates. However, the government has proposed several initiatives aimed at improving the results of this very important industr

In 2013, a Tourism Authority will be established along with a Transition Task Force which will supervise the transition from the Department of Tourism to the Tourism Authority. A product Development Bureau will also be formed, which will be tasked with enhancing the products and services that are available to visitors. Also, the Heritage Wharf in Dockyard will be upgraded to accommodate ships with the capacity to carry up to 4,000 passengers. With the greater number of passengers arriving in Dockyard, the Government has committed to increase the number of busses and ferry lift capacity to accommodate the visitors.

Despite recent contraction, the international business sector remains the key driver of the local economy. To ensure that this sector remains robust, the, the Government has created the Ministry of Economic Development which is committed to growing Bermuda's international business sector. To accomplish this, the Ministry will establish the Bermuda Business Development Corporation which will function as the principal marketing and business development body for international business. Amendments to legislation will also be made to make the islands partnership laws more effective and to encourage more private equity, asset management and trust business.

In light of local indicators, and expectations for the U.S. economy and financial market conditions, the Ministry of Finance anticipates that the current economic slowdown will persist through 2013. Although there are several initiatives being put in place to help the economy grow, the effects of these changes may not be seen until later in 2013.

Taking all of the above information into account the Ministry of Finance estimates that Bermuda's GDP will decline slightly in the region of 1.5 – 0.0 per cent in 2013.

While the outlook for growth over the next year remains negative, the proposed reform measures in the areas of employment, international business, tourism and construction are all expected to have a positive impact on the economy beginning in the second half of 2013 and beyond. All of these measures will help the economy to eventually grow and in turn assist the Government in its goal of sustainable growth and debt reduction.

These measures combined with sustained growth from Bermuda's largest trading partner, the United States should contribute to economic stabilization in the second half of 2013 and modest growth in 2014. It is anticipated that the Government's implementation of the specific pro-growth economic policies outlined in the 2013/14 Budget will stimulate much-needed foreign investment, restore confidence in the Island as a place to do business and create new jobs.

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The Bermuda Department of Statistics

The Bermuda Department of Tourism

Tables

TABLE 1

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN (At constant market prices $000) 1996 = 100						
INDUSTRIAL SECTIONS	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
01 Agriculture, forestry and fishing	46,389	48,280	50,897	48,343	47,896	45,963
03 Manufacturing	90,004	89,532	86,063	85,992	79,613	74,981
04 Electricity, gas and water supply	89,896	86,706	63,187	65,536	69,655	70,715
05/02 Construction & Quarrying	307,958	306,496	320,573	283,951	239,636	226,139
06 Wholesale and retail, repair serv.	399,731	393,137	381,920	374,368	356,728	341,810
07 Hotels and restaurants	299,012	277,546	246,059	207,979	233,923	243,613
08 Transport and communications	306,906	308,482	294,716	274,689	267,603	242,527
09 Financial intermediation	786,068	774,024	777,680	684,249	705,464	734,057
10 Real estate and renting activities	829,104	829,841	876,769	906,268	900,275	866,179
11 Business activities	493,719	483,335	496,907	478,935	446,477	438,024
12 Public administration	254,712	281,521	297,070	291,126	294,313	280,489
13 Education, health and social work	327,700	342,188	358,388	373,970	364,172	379,646
14 Comm., social and personal serv.	116,786	113,515	112,336	104,255	102,549	97,468
15 International business activity	1,301,453	1,462,507	1,443,926	1,336,043	1,311,773	1,269,043
Total	5,649,439	5,797,109	5,806,490	5,515,702	5,420,079	5,310,653
Less: Imputed bank service charge	469,583	474,941	439,476	422,000	436,952	470,146
Add: Taxes and duties on imports	234,444	240,572	240,961	228,894	224,926	220,385
GDP at market prices	5,414,299	5,562,740	5,607,975	5,322,596	5,208,053	5,060,892
Per cent change from previous year	5.5	2.7	0.8	-5.1	-2.2	-2.8

Source: Department of Statistics

TABLE 2

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

INDUSTRIAL SECTIONS	2006	2007	2008	2009	2010	2011
01 Agriculture, forestry and fishing	46,389	45,249	45,249	48,301	42,971	43,782
03 Manufacturing	90,004	84,979	90,043	76,916	74,799	65,214
04 Electricity, gas and water supply	89,896	91,170	97,783	96,825	96,518	97,644
05/02 Construction & Quarrying	307,958	317,068	370,078	317,531	260,556	200,009
06 Wholesale and retail, repair serv.	399,731	425,927	435,354	419,377	412,488	381,961
07 Hotels and restaurants	299,012	320,063	308,039	253,103	269,554	263,751
08 Transport and communications	306,906	337,012	322,177	307,079	288,390	265,327
09 Financial intermediation	786,068	863,588	943,800	685,821	700,561	735,628
10 Real estate and renting activities	829,104	831,867	861,776	861,632	907,590	964,954
11 Business activities	493,719	532,977	587,677	578,749	558,124	526,384
12 Public administration	254,712	285,726	326,409	342,463	350,202	343,095
13 Education, health and social work	327,700	355,125	399,600	400,218	434,582	458,524
14 Comm., social and personal serv.	116,786	113,848	122,659	116,753	126,685	122,650
15 International business activity	1,301,453	1,592,675	1,547,210	1,479,051	1,464,521	1,342,842
Total	5,649,439	6,197,275	6,460,906	5,978,503	5,987,540	5,811,767
Less: Imputed bank service charge	469,583	536,169	578,228	395,483	425,232	444,139
Add: Import duties	234,444	233,942	227,250	223,358	195,125	189,500
GDP at market prices	5,414,299	5,895,048	6,109,928	5,806,378	5,757,433	5,557,128
Per cent change from previous year	11.2	8.9	3.6	-5.0	-0.8	-3.5

Source: Department of Statistics

TABLE 3

NUMBER OF FILLED JOBS BY ECONOMIC ACTIVITY GROUP

	2008	2009	2010	2011F	2012P
Agriculture, forestry and fishing	717	710	692	639	600
Manufacturing	915	907	841	792	753
Electricity, gas and water supply	412	409	426	389	386
Construction & Quarrying	3,649	3,488	3,042	2,549	2,274
Wholesale and retail, repair serv.	4,766	4,752	4,658	4,529	4,136
Hotels and restaurants	4,869	4,674	4,349	4,533	4,393
Transport and communications	2,602	2,471	2,322	2,293	2,178
Financial intermediation	2,907	2,781	2,741	2,747	2,508
Real estate and renting activities	625	606	574	491	490
Business activities	4,326	4,197	4,033	3,976	3,720
Public administration	4,223	4,318	4,296	4,284	4,298
Education, health & social work	3,279	3,624	3,625	3,895	3,756
Other comm., social and personal	2,162	2,152	2,211	2,205	2,135
International business activity	4,761	4,431	4,287	4,077	3,867
Total	40,213	39,520	38,097	37,399	35,494

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	
2006	100.0	*+4.0*	100.0	*+6.1*	100.0	*+3.6*	100.0	*-1.5*	100.0	*+11.7*	100.0	*+7.0*	100.0	*-9.0*	100.0	*+7.6*
2007	104.3	*+4.2*	106.5	*+6.5*	104.4	*+4.4*	95.1	*-5.1*	106.0	*+6.0*	96.4	*-3.6*	109.3	*+9.3*	106.2	*+6.1*
2008	106.0	*+1.6*	114.9	*+7.8*	105.2	*+0.8*	90.7	*-4.6*	116.9	*+10.3*	93.0	*-3.5*	104.3	*-4.6*	106.8	*+0.6*
2009	102.1	*-3.6*	119.9	*+4.4*	112.7	*+7.1*	82.0	*-9.6*	106.0	*-9.3*	86.1	*-7.4*	89.7	*-14.0*	100.3	*-6.1*
2010	97.3	*-4.7*	120.5	*+0.5*	115.6	*+2.5*	67.7	*-17.5*	111.5	*+5.2*	64.3	*-25.3*	87.6	*-2.4*	95.7	*-4.6*
*2011	94.2	*-3.1*	119.9	*-0.4*	113.4	*-1.9*	48.8	*-27.8*	116.2	*+4.2*	63.1	*-1.9*	89.0	*+1.6*	92.5	*-3.3*
2010																
Nov	93.6	*-2.6*	110.2	*-0.4*	111.1	*-1.5*	62.6	*-6.6*	105.9	*+0.5*	60.7	*-26.3*	93.6	*+2.5*	96.4	*+0.5*
Dec	119.1	*-3.2*	132.8	*+0.6*	162.4	*-3.0*	59.2	*-24.3*	109.2	*+2.4*	43.7	*-24.3*	180.3	*+0.2*	131.0	*-3.8*
2011																
Jan	83.5	*-5.6*	112.1	*-2.2*	85.8	*-7.7*	57.2	*-19.2*	103.4	*+1.4*	55.9	*-13.6*	57.0	*-5.3*	79.6	*-5.2*
Feb	78.4	*-5.9*	104.8	*-1.7*	90.3	*-4.4*	59.3	*-26.8*	98.9	*+1.2*	50.4	*-15.8*	52.3	*+1.3*	72.9	*-3.8*
Mar	93.9	*-4.9*	116.3	*-3.0*	102.2	*-4.7*	69.9	*-21.3*	116.8	*+2.0*	63.3	*-15.9*	64.7	*+1.6*	89.5	*-1.5*
Apr	96.3	*-0.8*	124.7	*+6.7*	122.0	*+5.4*	51.9	*-18.0*	121.0	*+4.6*	67.1	*-9.2*	83.0	*-0.2*	91.3	*-6.0*
May	92.4	*-4.0*	115.2	*-4.6*	90.7	*-7.4*	63.2	*-2.0*	125.0	*+4.6*	66.4	*-8.4*	93.0	*-3.5*	91.8	*-4.6*
Jun	101.4	*-2.6*	123.0	*-1.6*	111.7	*-1.2*	52.0	*-26.4*	127.2	*+7.1*	64.5	*-0.4*	111.8	*+4.2*	101.0	*-2.8*
Jul	100.3	*-5.1*	135.4	*-1.7*	141.6	*-5.7*	38.3	*-44.7*	128.9	*+9.4*	65.3	*-1.6*	86.5	*+5.8*	97.4	*-6.6*
Aug	93.9	*-1.0*	116.8	*+0.4*	122.8	*+1.5*	50.2	*-14.2*	123.6	*+7.0*	62.1	*-13.4*	85.0	*+2.5*	93.2	*+0.3*
Sep	91.5	*-1.0*	116.3	*-3.2*	116.6	*-4.3*	42.1	*-25.3*	117.6	*+7.1*	68.2	*+11.2*	83.8	*+13.1*	88.6	*-0.8*
Oct	90.8	*-3.4*	123.5	*-0.7*	96.1	*-2.8*	38.1	*-47.9*	112.3	*+0.3*	71.3	*+25.3*	78.7	*+3.2*	84.4	*-2.1*
Nov	90.5	*-3.3*	114.0	*+3.4*	110.6	*-0.5*	32.9	*-47.4*	108.8	*+2.8*	66.7	*+10.0*	86.9	*-7.1*	93.4	*-3.1*
Dec[R]	117.9[R]	*-1.0*	137.1[R]	*+3.2*	170.0	*+4.7*	30.9[R]	*-41.9*	110.9	*+1.6*	55.5[R]	*+26.9*	185.2[R]	*+2.7*	126.7[R]	*-3.3*
2012																
Jan	81.6	*-2.3*	114.0	*+1.7*	89.6	*+4.5*	40.5	*-29.3*	104.3	*+0.8*	61.9	*+10.7*	55.7	*-2.4*	75.8	*-4.7*
Feb	81.3	*+3.7*	113.8	*+8.6*	98.9	*+9.5*	48.9	*-17.5*	102.3	*+3.4*	55.3	*+9.9*	50.3	*-3.7*	74.9	*+2.8*
Mar	96.1	*+2.4*	126.3	*+8.5*	117.9	*+15.4*	54.7	*-21.7*	116.6	*-0.2*	66.1	*+4.5*	65.3	*+0.9*	90.3	*+0.9*
Apr	91.9	*-4.5*	123.3	*-1.1*	115.8	*-5.1*	46.9	*-9.7*	115.6	*-4.5*	67.6	*+0.7*	78.1	*-5.8*	82.9	*-9.3*
May	93.0	*+0.7*	112.9	*-2.0*	97.5	*+7.6*	38.0	*-39.8*	121.2	*-3.0*	69.6	*+4.8*	88.9	*-4.4*	96.5	*+5.2*
Jun	101.8	*+0.5*	133.8	*+8.7*	122.2	*+9.5*	42.3	*-18.7*	120.5	*-5.2*	53.7	*-16.8*	104.3	*-6.7*	102.3	*+1.4*
Jul	106.5	*+6.2*	142.2	*+5.0*	145.1	*+2.4*	62.8	*+64.2*	121.6	*-5.6*	69.9	*+7.0*	87.6	*+1.3*	101.1	*+3.8*
Aug	94.3	*+0.5*	127.8	*+9.4*	146.9	*+19.6*	41.4	*-17.5*	120.8	*-2.2*	54.2	*-12.7*	82.2	*-3.3*	88.7	*-4.8*
Sep	92.2	*+0.8*	129.0	*+10.9*	146.3	*+25.5*	40.9	*-2.8*	118.7	*+0.9*	49.6	*-27.3*	76.8	*-8.3*	84.8	*-4.4*
Oct	91.5	*+0.7*	131.1	*+6.2*	103.3	*+7.5*	54.6	*+43.3*	114.1	*+1.6*	53.9	*-24.4*	72.3	*-8.1*	79.2	*-6.2*
Nov	91.7	*+1.3*	122.4	*+7.4*	121.8	*+10.1*	36.1	*+9.6*	117.2	*+7.7*	47.6	*-28.7*	87.9	*+1.1*	90.7	*-2.9*
Dec	116.7	*-1.0*	145.2	*+5.9*	170.2	*+0.1*	42.6	*+37.9*	113.7	*+2.5*	36.9	*-33.5*	171.3	*-7.5*	120.4	*-5.0*

(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 & Communica-tions	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
2004 WEIGHT	1000	146	325	37	20	30	140	139	71	92
ANNUAL AVERAGE (per cent)										
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
2010	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
2011	+2.7	+2.3	+1.1	+5.7	+3.1	+11.3	+2.0	+0.6	+2.6	+7.5
MONTHLY (per cent)										
2010										
Dec	Nil	-1.6	Nil	Nil	+0.5	Nil	Nil	+1.5	+0.1	Nil
2011										
Jan	Nil	+0.8	+0.1	-0.1	+0.6	Nil	+0.7	-1.4	+0.1	Nil
Feb	+0.6	+0.8	+0.1	Nil	+0.7	Nil	Nil	+3.4	-0.1	Nil
Mar	-0.1	Nil	+0.2	Nil	+0.2	Nil	-0.1	-1.3	+0.1	+0.1
Apr	+1.3	-0.6	Nil	+4.7	Nil	Nil	-0.1	+3.8	+0.2	+6.6
May	-0.3	+0.4	+0.3	+0.1	Nil	Nil	Nil	-3.6	-0.1	Nil
Jun	+0.3	+0.5	+0.1	Nil	+0.2	+2.8	+1.2	-0.4	-0.4	+0.1
Jul	+0.2	-0.2	-0.1	-0.3	+0.6	+1.8	+0.1	+1.1	+0.4	+0.1
Aug	Nil	+2.1	Nil	+0.1	+0.2	+3.8	+0.2	-4.2	+0.2	+0.1
Sep	+1.2	+0.1	-0.4	Nil	+0.1	+3.7	+0.4	+8.0	+2.0	+0.1
Oct	+0.5	+0.4	+0.1	+4.6	+0.2	+0.6	+0.1	+1.5	-0.1	+0.1
Nov	-0.6	+0.2	Nil	Nil	+0.1	+0.1	+0.1	-4.9	+0.1	Nil
Dec	-0.2	-1.4	-0.1	Nil	+0.1	Nil	-0.1	+0.5	+0.1	0.2
2012										
Jan	+0.1	+1.6	Nil	Nil	-0.1	Nil	+0.1	-1.7	Nil	Nil
Feb	+0.1	-0.2	+0.1	Nil	+0.4	Nil	+0.1	+1.0	-0.1	Nil
Mar	+0.2	+0.9	+0.1	Nil	+0.2	Nil	+0.1	+0.4	-0.1	+0.1
Apr	+0.9	Nil	+0.1	+1.5	+0.7	Nil	Nil	+1.3	+0.2	+5.6
May	+0.2	+0.5	-0.1	+0.2	-0.1	Nil	Nil	+1.1	+0.2	Nil
Jun	Nil	+0.2	+0.2	Nil	+0.4	+5.3	-0.7	-1.8	+0.3	+0.1
Jul	+0.1	+0.2	-0.1	-1.8	+0.5	+2.4	+0.2	-0.5	Nil	-0.1
Aug	+0.6	+0.6	+0.3	Nil	+0.1	-1.8	+0.1	+4.1	-0.1	+0.1
Sep	Nil	+0.1	-0.2	Nil	+0.2	Nil	+0.3	-1.0	+2.1	+0.3
Oct	+0.3	+0.4	Nil	-2.0	+0.3	-1.9	+0.2	+1.3	+0.3	+1.5
Nov	-0.4	-0.4	+0.1	Nil	Nil	-7.8	Nil	Nil	+0.1	+0.1
Dec	-0.3	-1.0	Nil	Nil	+0.1	+2.9	Nil	-2.0	Nil	-0.1
Dec 12	120.1	125.9	111.1	118.0	129.1	154.1	110.9	108.2	129.3	153.8
Dec 12 / Dec 11	+1.9	+2.9	+0.5	-2.2	+2.6	-1.3	+0.3	+2.0	+2.9	+7.7

(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 6

MAJOR CONSTRUCTION PROJECTS[1]
Estimated value of work put in place during period | $ millions

			Type of Project							Sector	
		Value of New Projects Started	Residential	Offices, Shops, Warehouses,	Hotels, Guesthouses	Schools, Hospitals, Community Centres	Roads Bridges, Airports	Industrial Plant and Other	Total	Public	Private
2008		317.3	83.4	143.3	114.0	43.6	62.6	10.9	457.8	100.8	357.1
2009		195.8	29.1	188.5	22.5	14.2	27.2	6.3	287.8	77.6	210.1
2010		163.6	55.1	120.6	0.0	4.6	4.7	14.9	199.9	66.2	133.7
2011		302.8	43.5	48.4	0.3	29.6	1.0	10.2	133.0	59.3	73.7
2008	Q1	86.4	29.2	18.6	31.7	11.5	13.1	3.4	107.5	26.9	80.6
	Q2	81.8	23.0	31.8	25.2	21.8	5.7	2.5	110.0	15.2	94.8
	Q3	128.9	16.2	37.0	35.6	3.8	24.0	2.5	119.1	31.4	87.8
	Q4	20.9	15.0	55.9	21.5	6.5	19.8	2.5	121.2	27.3	93.9
2009	Q1	132.3	12.2	87.9	17.0	6.0	19.7	2.3	145.1	29.6	115.5
	Q2	7.6	9.8	72.9	3.0	5.3	4.5	2.9	98.4	21.0	77.4
	Q3	51.9	3.5	18.0	0.0	1.9	1.7	0.1	25.2	16.9	8.2
	Q4	4.0	3.6	9.7	2.5	1.0	1.3	1.0	19.1	10.1	9.0
2010	Q1	4.7	17.5	41.9	0.0	0.4	2.3	4.5	66.6	19.9	46.7
	Q2	12.2	7.0	62.1	0.0	0.4	1.0	1.3	71.8	6.6	65.2
	Q3	66.3	9.4	6.6	0.0	1.8	0.8	3.7	22.3	14.1	8.2
	Q4	80.4	21.2	10.0	0.0	2.0	0.6	5.4	39.2	25.6	13.6
2011	Q1	261.6	15.4	12.3	0.0	8.2	0.5	2.4	38.8	24.5	14.3
	Q2	4.5	12.4	7.2	0.0	5.3	0.0	3.0	27.9	15.2	12.7
	Q3	22.3	10.0	14.9	0.0	7.5	0.0	2.6	35.4	10.0	25.4
	Q4	14.4	5.3	14.0	0.3	8.6	0.5	2.2	30.9	9.6	21.3
2012	Q1	23.8	6.2	4.0	0.3	8.2	1.4	3.0	23.1	10.5	12.6
	Q2	34.9	7.3	5.0	0.2	20.8	3.7	1.6	38.6	21.7	16.9
	Q3	7.9	9.1	25.4	0.5	33.2	0.2	1.4	69.8	33.9	35.9

[1]Projects 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
2008		40	122	95	91	348
2009		53	89	141	77	360
2010		20	64	193	98	375
2011		26	50	209	108	393
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
	Q4	24	28	15	26	93
2010	Q1	6	13	28	27	74
	Q2	2	27	41	20	90
	Q3	5	13	91	36	145
	Q4	7	11	33	15	66
2011	Q1	10	13	168	73	264
	Q2	4	14	12	4	34
	Q3	3	10	17	20	50
	Q4	9	13	12	11	45
2012	Q1	4	12	9	11	36
	Q2	5	15	14	26	60
	Q3	1	17	48	30	96

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
2007		305,548	354,024	659,572	2.2	5.3	3.8
2008		263,613	286,408	550,021	-13.7	-19.1	-16.6
2009		235,866	318,528	554,394	-10.5	11.2	0.8
2010		232,262	347,931	580,193	-1.5	9.2	4.7
2011		236,038	415,464	651,502	1.6	19.4	12.3
2012		231,968	378,262	610,230	-1.7	-9.0	-6.3
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	-5.7
	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	74,985	124,553	199,538	-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
2010	Q1	28,865	985	29,850	-10.5	n.a.	-7.4
	Q2	77,512	171,295	248,807	3.4	37.5	24.7
	Q3	78,806	149,015	227,821	-1.4	5.1	2.7
	Q4	47,079	26,636	73,715	-3.3	-48.9	-26.9
2011	Q1	30,824	675	31,499	6.8	-31.5	5.5
	Q2	80,462	161,036	241,498	3.8	-6.0	-2.9
	Q3	79,917	187,240	267,157	1.4	25.7	17.3
	Q4	44,835	66,513	111,348	-4.8	149.7	51.1
2012	Q1	31,619	2,719	34,338	2.6	302.8	9.0
	Q2	75,186	161,351	236,537	-6.6	0.2	-2.1
	Q3	80,852	179,124	259,976	1.2	-4.3	-2.7
	Q4	44,311	35,068	79,379	-1.2	-47.5	-28.7

[1]Including those passengers arriving by ship and departing by air.
[2]Excluding passengers arriving by ship and departing by air.
Source: Department of Tourism

TABLE 9

NUMBER OF BEDNIGHTS SOLD	2006	2007	2008	2009	2010	2011	2012
Large hotels	681,555	633,073	540,086	462,388	460,364	487,692	478,893
Small hotels	161,244	157,837	138,930	163,541	211,190	217,680	212,730
Cottage colonies	147,305	150,706	123,670	112,044	85,642	85,167	77,104
Private clubs	31,193	33,207	26,224	18,094	18,332	18,758	19,011
House-keeping cottages	109,228	112,351	93,274	50,968	48,020	46,877	39,870
Guest houses	11,033	10,833	8,062	7,195	7,266	5,995	7,774
Other	17,693	21,932	17,666	12,739	14,297	13,491	12,473
Total commercial properties	1,159,251	1,119,939	947,912	826,870	845,111	875,660	847,855
Private homes	770,426	774,333	727,725	606,285	587,022	545,404	560,540
Unallocated	1,759	3,389	3,230	4,184	10,085	8,412	7,438
Total	1,931,436	1,897,661	1,678,867	1,437,339	1,442,218	1,429,476	1,415,833
Percentage change (year-on-year)	11.7	-1.7	-11.5	-14.4	0.3	-0.9	-1.0

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]	
2008	1,030	133	39	1,202	13,859	1,168	589	15,616	1.7
2009	629	82	27	738	13,796	1,250	588	15,634	0.1
2010	691	52	47	790	13,145	1,302	630	15,077	-3.6
2011	802	48	27	877	12,870	1,317	638	14,825	-1.7
2012	775	67	46	888	12,582	1,368	628	14,578	-1.7
2008 Q1	246	20	10	276	14,001	964	574	15,539	7.2
Q2	263	26	9	298	13,763	1,090	577	15,430	2.8
Q3	305	43	11	359	14,170	1,133	588	15,891	8.0
Q4	216	44	9	269	13,859	1,168	589	15,616	1.7
2009 Q1	156	31	5	192	13,879	1,199	594	15,672	0.9
Q2	158	13	6	177	13,797	1,212	600	15,609	1.2
Q3	127	18	7	152	13,892	1,230	606	15,728	-1.0
Q4	188	20	9	217	13,796	1,250	588	15,634	0.1
2010 Q1	162	13	17	192	13,802	1,263	604	15,669	0.0
Q2	145	13	7	165	13,670	1,276	611	15,557	-0.3
Q3	168	10	6	184	13,637	1,286	614	15,537	-1.2
Q4	216	16	17	249	13,145	1,302	630	15,077	-3.6
2011 Q1	184	8	3	195	13,108	1,310	633	15,051	-3.9
Q2	206	13	7	226	12,989	1,323	640	14,952	-3.9
Q3	185	10	8	203	12,889	1,329	641	14,859	-4.4
Q4	227	17	9	253	12,870	1,317	638	14,825	-1.7
2012 Q1	169	17	18	204	12,801	1,269	667	14,737	-2.1
Q2	194	17	6	217	12,807	1,337	655	14,799	-1.0
Q3	185	16	10	211	12,819	1,302	633	14,754	-0.7
Q4	227	17	12	256	12,582	1,368	628	14,578	-1.7

[1]Net of companies in liquidation
[2]Including 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
2009	119.8	106.3	496.1	182.1
2010	107.7	94.2	524.7	185.2

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

TABLE 12

BALANCE OF PAYMENTS ESTIMATES
$ millions

	2008	2009	2010	2011	2012*
Exports	24	29	15	13	7
Imports	1,159	1,064	988	916	701
Merchandise Trade Balance	-1,136	-1,036	-973	-903	-693
Services & Income – receipts	3,866	3,217	3,234	3,166	2,364
Services & Income- payments	2,957	2,637	2,528	2,605	1,868
Current account balance	908	580	706	561	496
Financial Account					
Direct Investment	323	11	-14	-337	249
Portfolio Investment	-1,935	1,574	1,406	2,252	-588
Financial Derivatives	22	52	59	107	66
Other Investments	1,866	-2,380	605	1,459	-627
Reserve Assets	-5	18	3	11	-11
Net Acquisition of Financial Assets	271	-724	2,060	3,493	-910
Direct Investment	172	-71	249	-109	179
Portfolio Investment	877	-63	470	-121	211
Financial Derivatives	-79	-108	-1	8	19
Other Investments	-1,173	-167	650	3,670	-1,681
Net Incurrence of Financial Liability	-203	-409	1,368	3,447	-1,273
Total Net Financial Account	-474	315	-692	-45	-363
Total Net Capital Account	0	0	0	0	0
Total Net Lending (+)/ Net Borrowing (-)	474	-315	692	45	363
Balancing Item	-433	-927	-32	-516	-134

* 2012 Q1 – Q3 provisional estimates

Source: Department of Statistics