MOODY'S INVESTORS SERVICE

CREDIT ANALYSIS

Cayman Islands, Government of

RATINGS

Cayman Islands

	Foreign Currency	Local Currency
Gov. Bond Rating	Aa3	--
Country Ceiling	Aa2	Aa2
Bank Deposit Ceiling	Aa3	Aa2

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This Credit Analysis provides an in-depth discussion of credit rating(s) for Cayman Islands, Government of and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website.

Overview and Outlook

The Cayman Islands' Aa3 rating balances one of the highest per capita GDP among rated sovereigns and a comparatively low debt burden against a small economy heavily dependent on two industries and a deterioration of the fiscal accounts in the wake of the global financial crisis. At $53,037 in 2012, Cayman's per capita GDP is a key support of the ratings. Higher economic development gives Cayman the ability to deal with regularly occurring natural disasters. But its economy is the fourth smallest among the countries that we rate, and tourism and financial services represent over 70% of GDP, a sign of limited diversification. Debt to GDP of 22.4% forecasted for 2013 is low, but has risen from 8% in 2007.

The country's strong institutions further support the rating. A long history of policy consensus and a sensible macroeconomic approach explains its high economic development and still low debt burden. Cayman scores highly and outperforms most of its peers in such measures as the World Bank's governance indicators. The United Kingdom (Aa1) provides further institutional support through fiscal oversight and ultimate judicial review.

Factors that limit upward movement in the rating include the exposure to hurricanes, limited fiscal flexibility given a narrow revenue base that excludes direct income taxation, and dependence on exogenous sources of growth. Significant negative structural changes in the Cayman Islands' main sources of growth coupled with a steady erosion of public finances could lead to negative rating actions. Upward rating movement is the least likely scenario, given already high ratings and the economic challenges facing the country. We would consider a positive outlook in the event of a significant reduction in the overall level of government debt and changes to the policy framework that make it unlikely debt will rise materially again.

This Credit Analysis elaborates on Cayman Islands' credit profile in terms of Economic Strength, Institutional Strength, Fiscal Strength and Susceptibility to Event Risk, which are the four main analytic factors in Moody's Sovereign Bond Rating Methodology.

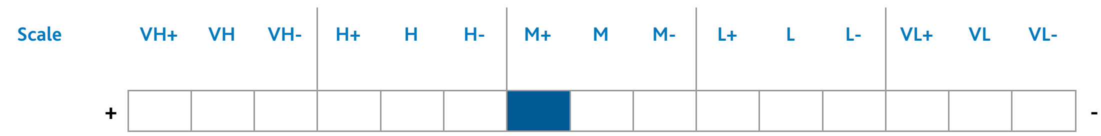
Rating Rationale

Our determination of a sovereign's government bond rating is based on the consideration of four rating factors: Economic Strength, Institutional Strength, Fiscal Strength and Susceptibility to Event Risk. When a direct and imminent threat becomes a constraint, that can only lower the preliminary rating range. For more information please see our Sovereign Bond Rating Methodology.

Economic Strength: Moderate (+)

High wealth is a key credit strength, offset by slow growth, small size and limited diversification of the economy

Factor 1



Economic strength evaluates the economic structure, primarily reflected in economic growth, the scale of the economy and wealth, as well as in structural factors that point to a country's long-term economic robustness and shock-absorption capacity. Economic strength is adjusted in case excessive credit growth is present and the risks of a boom-bust cycle are building. This 'Credit Boom' adjustment factor can only lower the overall score of economic strength.

The Cayman Islands' Moderate (+) economic strength balances a very high GDP-per-capita[1] (in excess of US$53,000 at the end of 2012, the 12th highest in our rating universe) against the very small scale of the economy (nominal GDP of just US$3.1 billion in 2012, the fourth lowest among our rated sovereigns) and limited diversification. In 2012 real GDP growth in Cayman Islands accelerated to 1.6% from 0.9% in 2011, driven by a moderate recovery in tourism and business services. In the wake of the global financial meltdown, real GDP fell for three consecutive years from 2008 through 2010, declining by 3.2% a year on average. For 2013 and 2014 we expect continued modest recovery at a pace of 1.5% per annum. The main industries, off-shore financial services and tourism, are very well established and barring major structural changes, should continue ensuring modest rates of growth in the medium term. Diversification efforts and private investment could bolster growth going forward and there are a few major projects in the pipeline.

Cayman's per capita GDP is significantly higher than the median for all Aa-rated sovereigns and a key ratings support. Cayman's high level of economic development increases its resiliency in the face of economic and natural disaster shocks, of particular importance given the country's vulnerability to hurricanes[2]. The economy is the smallest in the Aa-rating space and a tiny fraction of the US$429 billion median for this group (see Exhibit 1).

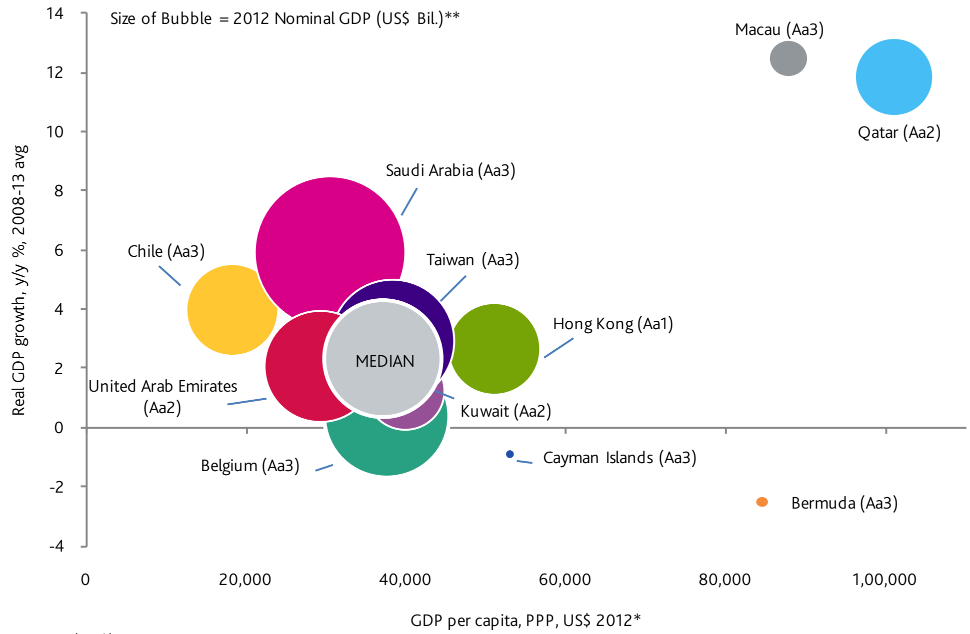
[1] We use nominal per capita GDP as a comparative measure since the preferred PPP numbers are unavailable for the Cayman Islands.

[2] In 2004 Hurricane Ivan hit Grenada, a much poorer Caribbean island, leading to a debt restructuring the following year. The same hurricane impacted Cayman with no major fiscal effect despite economic costs estimated at close to 200% of GDP.

The offshore financial industry is a key component of Cayman's economy. The country has a well-established offshore center, one of the largest in the world. The Cayman Islands is also one of the world's largest banking centers in terms of assets, one of the world's largest offshore insurance centers, and a leader in the offshore mutual funds industry. Finance and insurance services contributed around 42% of GDP in 2011 (the latest available information) and showed a modest but positive growth in that year, improving from a contraction of 4.0% in 2010.

EXHIBIT 1

Economic wealth, scale and growth relative to Aa-rated peers



* GDP per capita (US$) used for Bermuda and Cayman Islands
** Aa-rated economies larger than US$ 1 trillion (China, Japan, France, UK, and Korea) not shown in chart, but used in calculating the Median
Source: Moody's Investors Service

Concerns developed a few years ago about the financial industry's prospects in Cayman as scrutiny of offshore centers intensified and OECD/G20 launched an initiative focusing on "bilateral agreements for the exchange of tax information on request", also known as "TIEAS". Cayman's response to global tax and transparency matters include the signing of 33 TIEAs, with negotiations either completed, or underway, with a further 16 jurisdictions.

In November 2013, Cayman made announcements regarding several initiatives. It signed a FATCA-style intergovernmental agreement (IGA) with the UK, and weeks later became the first Overseas Territory to sign both a FATCA Model 1B intergovernmental agreement (IGA), and a new TIEA to replace the original 2001 agreement, with the US.

During that month, Cayman also received a ranking of 'largely compliant' for its legislative and regulatory framework, and was confirmed as a vice chair of the Peer Review Group, by the Global Forum on Transparency and Exchange of Information for Tax Purposes. Furthermore, it announced that the OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters will become effective in Cayman on 1 January 2014.

Earlier in 2013, Cayman volunteered to participate in the G5 pilot on multilateral automatic exchange of information, which is a key driver in the development of the new global standard for automatic exchange of information for tax purposes. While further international scrutiny on tax transparency is likely in the future, Cayman's authorities have proven adept at satisfying all such requirements, and our base scenario is that they will continue to do so.

Tourism is the other key industry in Cayman. In the 10 months through October 2013, stay-over arrivals increased by 6.6% y/y compared to the same period in 2012, however cruise passenger visits have decreased 11.5% y/y as of July. Cruise visitors tend to spend less per person than stay-over ones, but their spending power has risen together with their relative importance. In 1995 cruise arrivals were 60% of all visitors and in 2012 they reached 82%. Mindful of their growing importance and to boost this revenue stream, the government is planning to develop world-class cruise berthing facilities to expand current cruise docks and handle larger cruise ships.

Approximately 80% of tourists arrive from the US, leaving Cayman's tourism sector exposed to economic developments in the American economy. As part of the country's diversification efforts a 2,000 bed hospital and medical research center is planned[3]. The more than 10-year project is equivalent to two thirds of Cayman's 2012 GDP (US$2 billion) and when fully completed, is expected to increase tourist arrivals by 50% over current levels, and gradually raise average GDP growth to 2.5%- 3% during the construction phase from 1.5% today. The project includes a hospital, medical and nursing schools, as well as hotel and commercial real estate developments. The facilities will be built in phases and the first phase, a 140-bed hospital, is expected to be completed in H1 2014. In our view, medical tourism could merge well with Cayman's targeting of a more affluent tourist segment.

In another diversification effort, in 2012, the government launched Cayman Enterprise City (CEC), a technology-based special economic zone. The medical center and other initiatives may help push long-term growth, which in Cayman, like much of the Caribbean, is low, under 2% a year. But as Cayman is one of the richest islands in the region, its need for faster growth is less pronounced than in those other nations.

Institutional Strength: Very High

History of policy predictability and consensus remains a key credit strength

Factor 2

Scale	VH+	VH	VH-	H+	H	H-	M+	M	M-	L+	L	L-	VL+	VL	VL-	
+		■														-

Institutional strength evaluates whether the country's institutional features are conducive to supporting a country's ability and willingness to repay its debt. A related aspect of institutional strength is the capacity of the government to conduct sound economic policies that foster economic growth and prosperity. Institutional strength is adjusted for the track record of default. This adjustment can only lower the overall score of institutional strength.

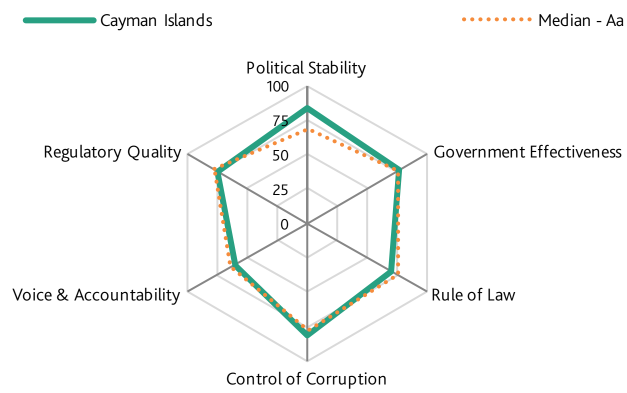
Moody's ranks the Cayman Islands' institutional strength as Very High on a global scale. Traditional governance indicators (such as those published by the World Bank) confirm this view. Indeed, the Cayman Islands' World Bank governance indicators[4] are the highest in the region and in the top 20th percentile of all sovereigns rated by Moody's, including highly developed countries. Exhibit 2

[3] See Cayman Islands' Health Tourism Project Supports Economic Diversification, a Credit Positive, February 2013

[4] Moody's uses the World Bank's governance indicators as a proxy of institutional strength across nations. The governance indicator ranges from -2.5 to +2.5, where the higher number indicates a better institutional framework.

highlights that Cayman's governance indicators are generally in line with the median for Aa-rated peers and outperform them in terms of political stability.

EXHIBIT 2
Cayman Islands' governance indicators



Source: World Bank, Moody's Investors Service

UK connection supports Cayman's strong institutions

The Cayman Islands has enjoyed a very stable political environment since opting for its present UK Overseas Territory status in 1962, when Jamaica (of which the Cayman Islands was a dependency) gained independence. The UK appoints a governor every three years, and general elections for a 15-member Legislative Assembly are held every four years. The UK governor heads the cabinet and has veto power, though in practice his or her role in policymaking is quite limited.

While the Cayman Islands does not benefit from direct financial assistance or explicit guarantees from the UK, the UK Foreign Commonwealth Office reviews its fiscal policies on a regular basis. The review includes several fiscal covenants limiting potential indebtedness. The UK has other Overseas Territories in the Caribbean and has, in some cases, intervened to prevent mismanagement of fiscal affairs.

Political dependence on the UK is credited for enhancing stability and strong international recognition, particularly with regard to the regulatory framework and respect for contracts. This helped establish the Cayman Islands' offshore financial services industry.

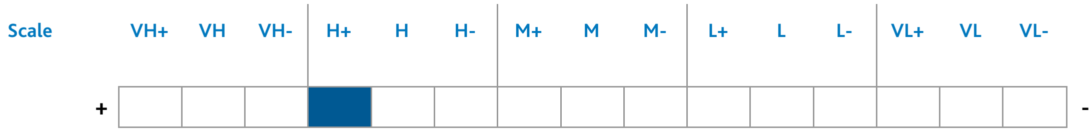
In late 2012 Cayman approved the Public Management and Finance Law, a fiscal responsibility framework (FRF) made in conjunction with the UK government. The law tightens prior fiscal constraints and is more comprehensive. Prior legislation limited debt service payments (interest and principal) to 10% of government revenues. Under the new rules, debt payments made for the public sector as a whole, not just the central government, are included.

The People's Progressive Movement (PPM) government of Prime Minister Alden McLaughlin is in the first year of its four-year term (elections were held in May 2013). The new administration is focused on implementing an immigration reform and delivering on its campaign promise to relax residency requirements. Despite encountering some significant backlash domestically, an amended Immigration Law was passed by the Legislative Assembly in late October. We think the reform could benefit the key financial sector, by helping to attract and retain a high-skilled labor force, thus improving the overall competitiveness of the industry.

Fiscal Strength: High (+)

Debt burden heavier compared to pre-crisis levels, but still relatively low and highly affordable

Factor 3

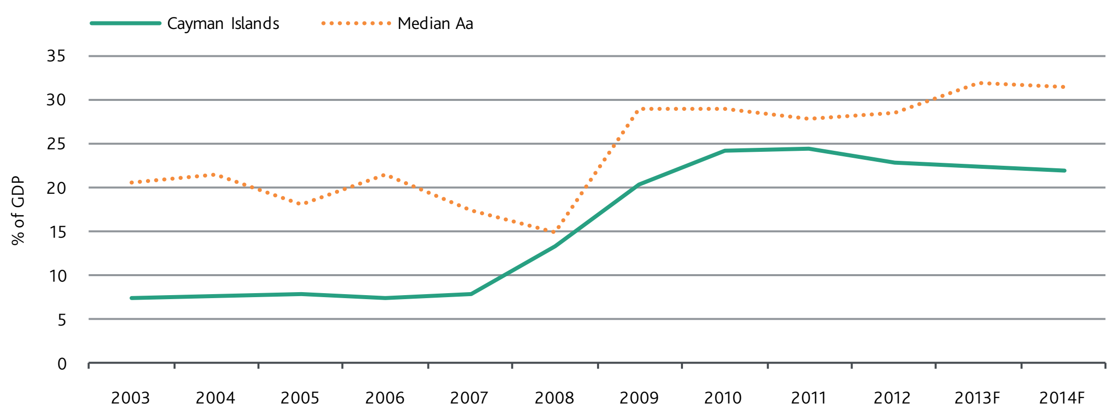


Fiscal strength captures the overall health of government finances, incorporating the assessment of relative debt burdens and debt affordability as well as the structure of government debt. Some governments have a greater ability to carry a higher debt burden at affordable rates than others. Fiscal strength is adjusted for the debt trend, the share of foreign currency debt in government debt, other public sector debt and for cases in which public sector financial assets or sovereign wealth funds are present. Depending on the adjustment factor the overall score of fiscal strength can be lowered or increased.

Moody's ranks the Cayman Islands' government financial strength as High (+), based on a combination of comparatively low levels of debt, high debt affordability and easy access to finance. The debt to GDP ratio peaked at 24.5% in 2011 (from a low of 7.3% in 2006) before decreasing to 22.8% in 2012, as result of the government's fiscal consolidation efforts that seek to reduce the debt burden by not issuing any debt. We forecast that debt to GDP will continue on a slight downward trajectory, declining to 22.4% in 2013 and 21.9% in 2014, remaining well below the Aa median (Exhibit 3)

EXHIBIT 3

Cayman Islands' government debt has increased significantly since 2007, but remains lower relative to rating peers



Source: Moody's Investors Service

Cayman's fiscal position deteriorated during the global crisis, but recent adjustments may reverse the debt increase

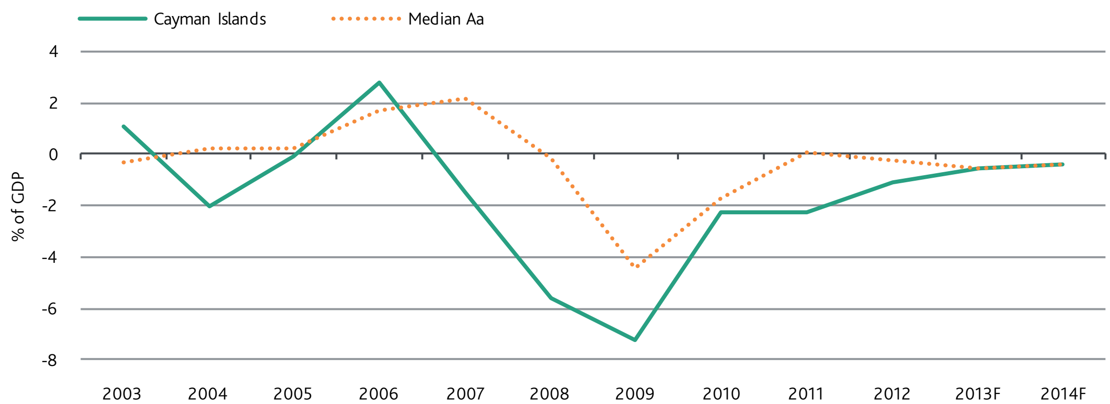
The fiscal deficit peaked at over 7% of GDP in 2009 but has averaged 1.9% per year since then, and we project it will fall below 1% of GDP in 2013 and 0.5% in 2014[5] (see Exhibit 4). From January to June 2013 (the latest information available), the central government actually achieved a fiscal surplus of about 3.6% of 2013 estimated GDP. This result represents a substantially improvement from the 1.1% surplus for the same period in 2012 when the whole year's result came out at a deficit of 1.1% of

5 The Cayman Islands fiscal year runs from July 1 to June 30. For greater international comparison we utilize calendar year debt and fiscal data, compiled by Cayman's Economic and Statistics Office, unless otherwise noted.

GDP and we think it signals a gradual convergence to the government's goal of a balanced budget. The fiscal adjustment is driven by both expenditure reductions and higher revenues. We expect revenues to rise from 18.5% of GDP in 2009 to 22.2% in 2013 and expenditures to fall from 26% to 22.8% of GDP in the same period.

EXHIBIT 4

The government's financial balance continues to improve

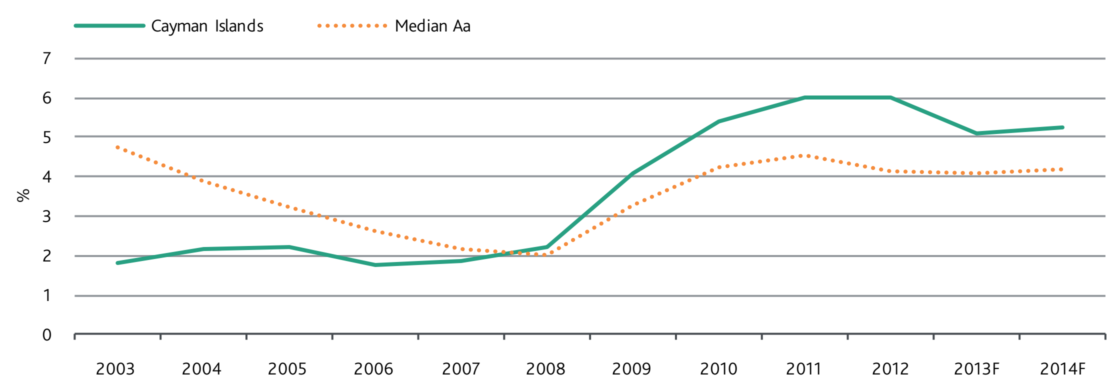


Source: Moody's Investors Service

Lower deficits have allowed Cayman to limit debt growth. Measured either relative to GDP or to revenues, the debt burden increased rapidly from 2007 to 2011, but declined in 2012 and we expect it to stabilize at around 22% of GDP in 2013-14. Government interest payments as a percentage of government revenues, a key measure for Moody's of government financial strength and debt affordability, have increased to 6% in 2012 from 1.8% in 2006, but remain relatively low.

EXHIBIT 5

The government interest payment/revenue ratio is low, despite recent increase



Source: Moody's Investors Service

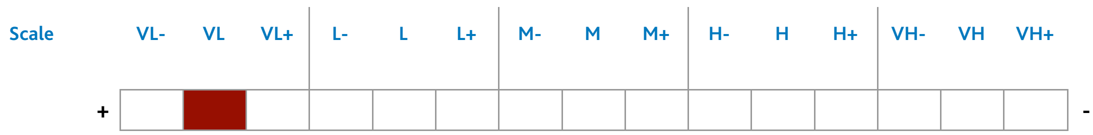
The government did not issue long-term debt during the 2012/2013 fiscal year. As of June 30 2013, central government debt was CI$573.2 million (approximately US$690 million or 21.6% of GDP), compared to a CI$599.4 million (approximately US$720 million or 23.4% of GDP) as of June 30 2012.[6] While the drop is modest, a decline in nominal debt is uncommon among rated sovereigns.

Despite the rise in the debt burden, Cayman's debt metrics remain comparable to those of its rating peers since most have also witnessed similar debt increases. We forecast Cayman's debt metrics will start trending down while the debt ratios for most Aa-rated sovereigns will continue to rise.

Susceptibility to Event Risk: Very Low

Strong economy and stable politics reduce the risk of shocks

Factor 4



Susceptibility to Event Risk evaluates a country's vulnerability to the risk that sudden events may severely strain public finances, thus increasing the country's probability of default. Such risks include political, government liquidity, banking sector and external vulnerability risks. Susceptibility of Event Risk is a constraint which can only lower the preliminary rating range as given by combining the first three factors.

Susceptibility to event risk is Very Low according to Moody's methodology. Politically there is very little risk of a destabilizing event, given strong institutions and UK fiscal oversight.

Long-term economic risks related to loss of competitiveness in the Cayman Islands' two key industries, tourism and financial services, could affect government finances and put pressure on the country's external accounts. But the likelihood of a major shock is low. Hurricanes are a recurrent threat given the Cayman Islands' geographic location. The country's relative wealth provides a strong buffer against weather-related shocks as evidenced by Hurricane Ivan in 2004 (which inflicted damage equivalent to 200% of GDP) and the subsequent quick recovery.

Despite the relatively large size of the financial sector, the lack of a deposit guarantee poses only a small threat to the economy as a whole, or to the government's fiscal accounts. Cayman offshore banks cannot lend directly in the local market thus reducing risks of external contagion. Alternatively, a more relevant potential economic risk is that the financial sector could reduce its size as a result of tighter regulations from G20/OECD initiatives involving off-shore financial centers. This would lead to lower economic growth and negatively impact fiscal revenues but is a risk that would play out over the 5-7 year horizon.

We expect current account deficits of around 17% of GDP for 2013 and 2014. Cayman shares with most of the Caribbean a combination of high current account deficits, which have averaged 17.6% of GDP since 2008, and a fixed exchange rate. This combination has proven troublesome in other parts of the world but the high dollarization means there is a reduced risk of a forced exchange rate devaluation. Cayman currency is less than 20% of the monetary base and Moody's does not anticipate

[6] The central government also explicitly guarantees a portion of debt issued by other public entities (which include among others, Cayman Airways and the Cayman Islands' Turtle Farm, one of the main tourist attractions and the entity that generates the largest losses in the public sector), although none of these guarantees have ever been called.

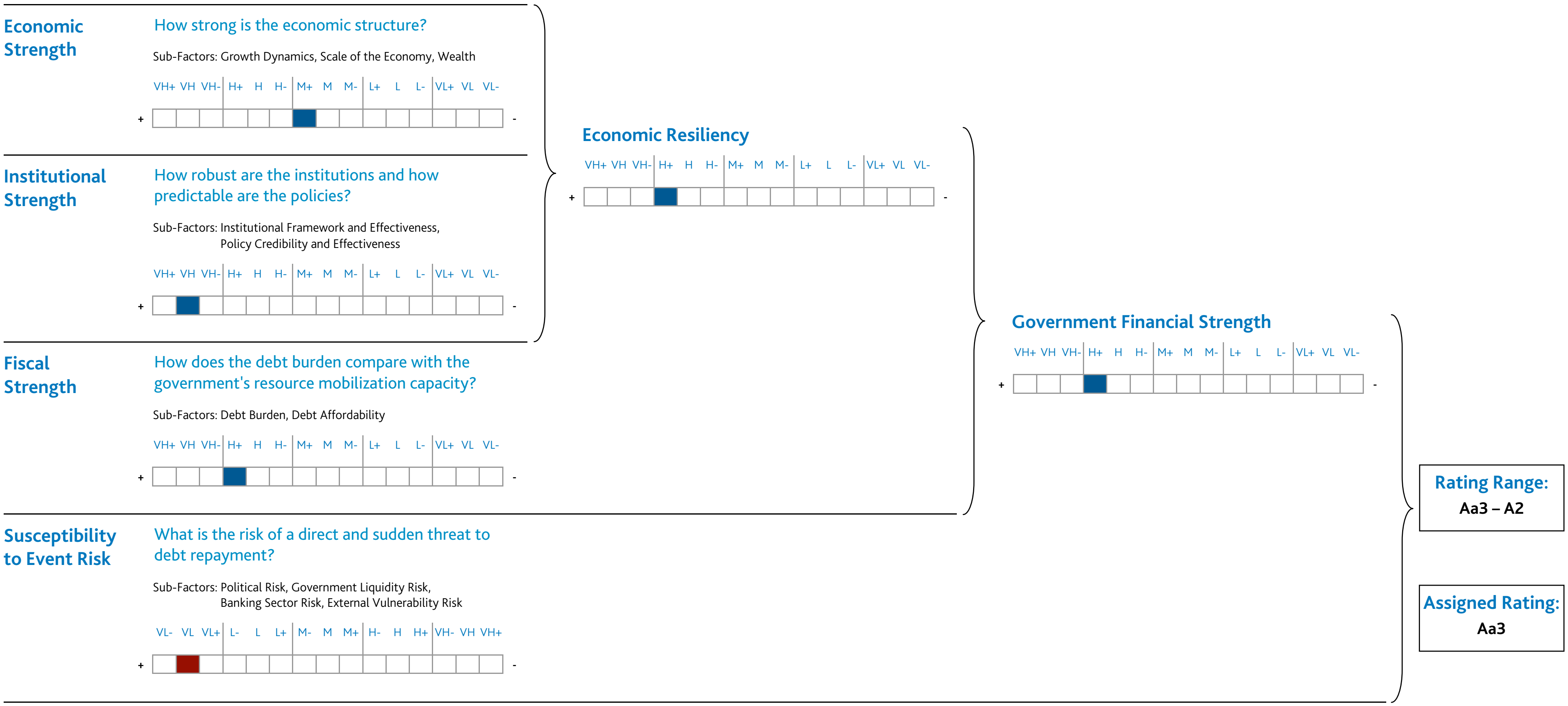
a challenge to the current monetary arrangement, which has been in place since 1971. The Cayman Islands Dollar is fixed to the US Dollar at a rate of 1.20 (CI $1 = US $1.2).

Because of the lack of an industrial base on the Cayman Islands, reflecting the lack of diversification and small size of the economy, virtually all construction materials, machinery and capital goods need to be imported. In addition, the Cayman Islands imports most of its consumption goods. Financing of a seemingly large external imbalance does not appear to have led to sizable debt accumulation, although no detailed official data exists for the capital account in the balance of payments. The stability of foreign currency reserves suggests that financing is not an issue of concern.

Rating Range

Combining the scores for individual factors provides an indicative rating range. While the information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the rating range. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the indicative rating range. For more information please see our Sovereign Bond Rating Methodology.

Sovereign Rating Metrics: Cayman Islands



Comparatives

This section compares credit relevant information regarding Cayman Islands with other sovereigns rated by Moody's Investors Service. It focuses on a comparison with sovereigns within the same rating range and shows the relevant credit metrics and factor scores.

Cayman, like most other Aa-rated sovereigns, benefits from a high level of economic development and strong institutions. Measured by GDP per capita, it is the fourth richest country out of 16 currently in the Aa category. However, it also has the smallest and least diversified economy in the group. Its relatively manageable debt burden is a key support to the rating but recent increases in the debt metrics, if unchecked, could lead to negative rating actions.

EXHIBIT 6

Cayman Islands Key Peers

	Year	Cayman Islands	Kuwait	Estonia	Taiwan	Korea	United Arab Emirates	Aa3 Median	Latin America & Caribbean Median
Rating/Outlook		Aa3/STA	Aa2/STA	A1/STA	Aa3/STA	Aa3/STA	Aa2/STA	Aa3	Ba2
Rating Range		Aa3 - A2	Aa3 - A2	Aa2 - A1	Aa2 - A1	Aa1 - Aa3	Aa2 - A1	Aa2 - A1	Baa3 - Ba2
Factor 1		**M+**	**VH-**	**M-**	**H+**	**VH+**	**VH+**	**H+**	**M-**
Nominal GDP (US$ Bn)	2012	3.1	184.5	22.4	474.1	1129.6	383.8	478.7	31.6
GDP per Capita (PPP, US$)	2012	--	39,889	21,713	38,749	32,272	49,012	34,269	11,776
Avg. Real GDP (% change)	2008-2017	0.1	2.0	1.4	3.5	3.3	2.9	3.4	3.3
Volatility in Real GDP growth (ppts)	2003-2012	3.7	6.9	7.5	3.5	1.8	5.6	2.5	2.6
Global Competitiveness Index, percentile [1]	2012	--	69.7	73.3	89.9	77.9	83.4	82.5	24.8
Factor 2		**VH**	**M+**	**VH**	**VH+**	**VH+**	**H+**	**VH+**	**M**
Government Effectiveness, percentile [1]	2012	79.3	38.0	78.5	76.0	80.1	68.5	78.1	35.5
Rule of Law, percentile [1]	2012	71.0	58.6	80.1	76.8	73.5	57.8	75.2	28.0
Control of Corruption, percentile [1]	2012	80.9	52.8	71.0	69.4	64.4	76.8	74.8	36.3
Avg. Inflation (% change)	2008-2017	1.5	4.5	3.6	1.7	3.1	2.6	2.8	5.0
Volatility in Inflation (ppts)	2003-2012	3.5	2.7	2.9	1.3	0.8	4.4	1.6	2.7
Factor 3		**H+**	**VH+**	**VH+**	**VH-**	**VH+**	**VH+**	**VH+**	**M+**
Gen. Gov. Debt/GDP	2012	22.8	6.6	9.8	44.2	35.0	22.9	28.6	33.4
Gen. Gov. Debt/Revenues	2012	103.8	9.4	25.1	267.6	142.9	65.1	142.9	163.3
Gen. Gov. Interest Payments/Revenue	2012	6.0	0.1	0.4	5.4	4.5	1.8	5.4	9.0
Gen. Gov. Interest Payments/GDP	2012	1.3	0.1	0.2	0.9	1.1	0.6	1.1	1.9
Gen. Gov. Financial Balance/GDP	2012	-1.1	33.9	-0.2	-2.5	1.5	8.6	-1.4	-2.1
Factor 4		**VL**	**M**	**L**	**M-**	**M**	**M**	**L+**	**M**
Current Account Balance/GDP	2012	-18.1	43.2	-1.8	10.5	3.8	17.3	3.1	-3.5
Gen. Gov. External Debt/Gen. Gov. Debt	2012	--	47.8	64.0	--	13.1	29.6	13.1	50.2
External Vulnerability Indicator	2014F	15.0	61.2	--	30.9	52.1	250.5	24.0	57.4

Notes:

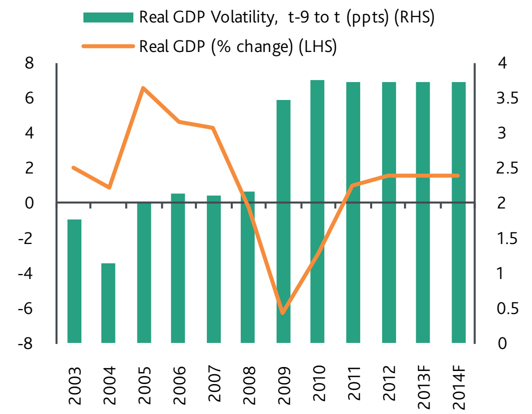
[1] Moody's calculations. Percentiles based on our rated universe.

Source: Moody's, Haver Analytics, Official National Sources, IMF, World Bank

Appendices

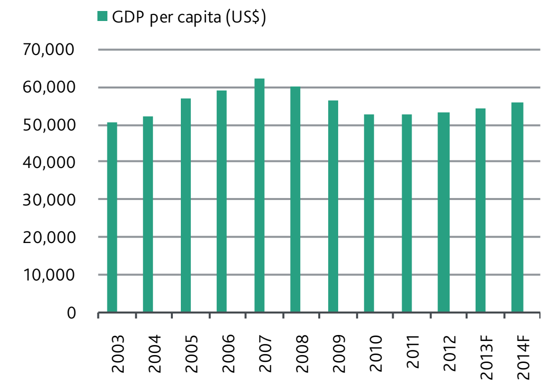
Chart Pack

EXHIBIT 7
Economic Growth



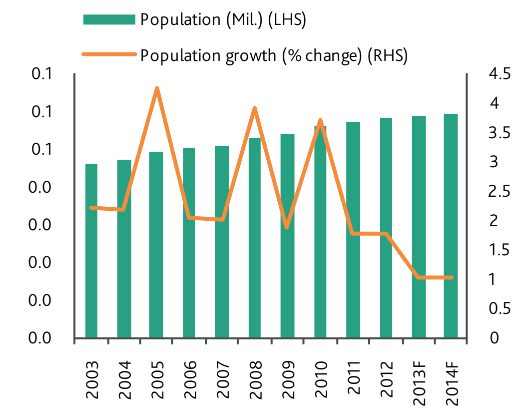
Source: Moody's,

EXHIBIT 8
National Income



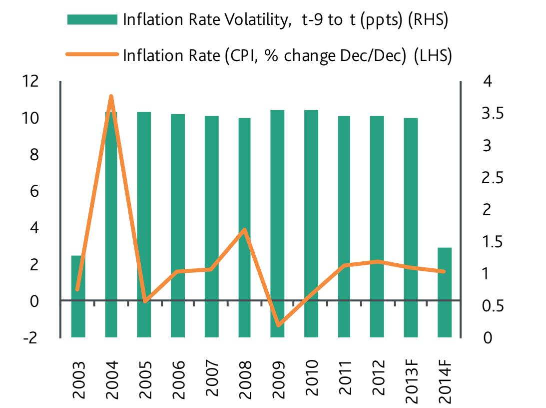
Source: Moody's,

EXHIBIT 9
Population



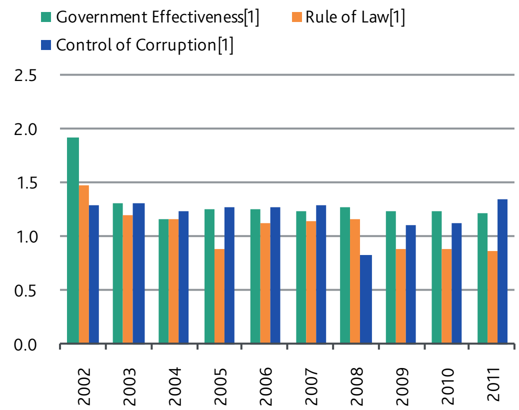
Source: Moody's,

EXHIBIT 10
Inflation and Inflation Volatility



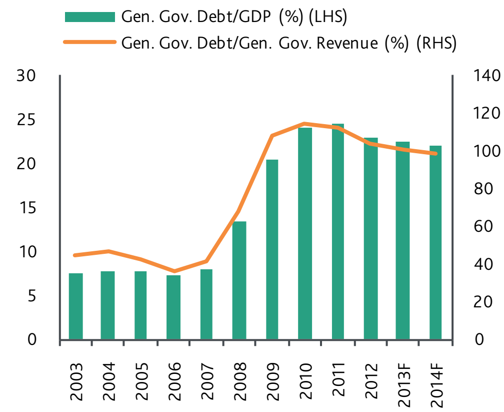
Source: Moody's,

EXHIBIT 11
Institutional Framework and Effectiveness



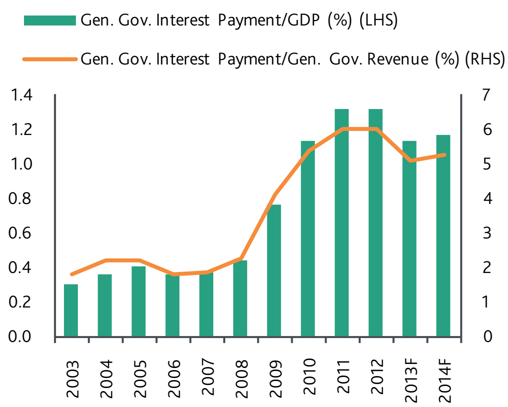
Notes: [1] Composite index with values from about -2.50 to 2.50: higher values correspond to better governance.
Source: World Bank Governance Indicators

EXHIBIT 12
Debt Burden



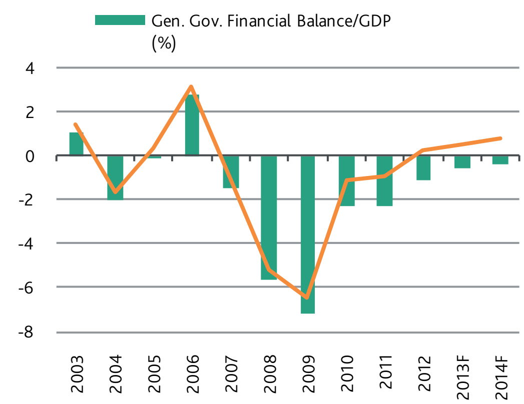
Source: Moody's,

EXHIBIT 13
Debt Affordability



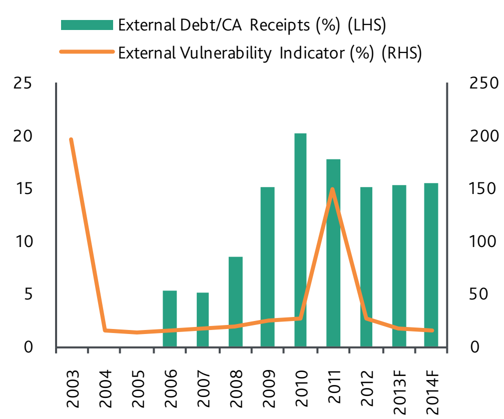
Source: Moody's,

EXHIBIT 14
Financial Balance



Source: Moody's,

EXHIBIT 15
External Vulnerability Risk



Source: Moody's,

Rating History

Cayman Islands

	Government Bonds			Foreign Currency Ceilings				
	Foreign Currency	Local Currency	Outlook	Bonds & Notes		Bank Deposit		Date
				Long-term	Short-term	Long-term	Short-term	
Rating Lowered	--	--	--	Aa2	--	--	--	February-13
Rating Raised	--	--	--	Aaa	--	--	--	May-06
Rating Assigned	Aa3	--	Stable	--	--	--	--	October-00
Rating Assigned	--	--	--	Aa3	P-1	--	--	December-97
Rating Assigned	--	--	--	--	--	Aa3	P-1	September-89

Annual Statistics

Cayman Islands

	2005	2006	2007	2008	2009	2010	2011	2012	2013F	2014F
Economic Structure and Performance										
GDP Nominal (US$ Bil.)	2.8	2.9	3.2	3.2	3.0	2.9	3.0	3.1	3.2	3.3
Population (Mil.) [1]	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
GDP per capita (US$)	56,881	58,773	62,048	60,179	56,197	52,674	52,695	53,037	54,447	55,579
GDP per capita (PPP basis, US$)	--	--	--	--	--	--	--	--	--	--
Nominal GDP (% change, local currency)	14.3	5.4	7.7	0.8	-4.9	-2.8	1.8	2.8	3.3	3.1
Real GDP (% change)	6.5	4.6	4.3	-0.2	-6.3	-2.9	0.9	1.6	1.5	1.5
Inflation Rate (CPI, % change, Dec/Dec)	0.0	1.6	1.7	3.9	-1.3	0.3	1.9	2.1	1.8	1.6
Gross Investment/GDP	--	--	--	--	--	--	--	--	--	--
Gross Domestic Savings/GDP	--	--	--	--	--	--	--	--	--	--
Nominal Exports of G & S (% change)	--	--	-0.9	8.6	-9.9	4.8	3.2	5.0	5.0	5.2
Nominal Imports of G & S (% change)	--	--	3.9	5.4	-9.3	-1.2	8.6	5.0	4.9	5.1
Openness of the Economy	--	104.9	99.0	105.0	99.8	104.3	108.6	99.0	98.0	100.1
Government Effectiveness [2]	1.25	1.25	1.24	1.27	1.24	1.23	1.22	1.23	--	--
Government Finance [3]										
Gen. Gov. Revenue/GDP	18.4	20.4	19.5	19.6	18.7	21.1	21.8	21.9	22.2	22.3
Gen. Gov. Expenditures/GDP	18.5	17.7	20.9	25.3	25.9	23.3	24.1	23.0	22.8	22.6
Gen. Gov. Financial Balance/GDP	-0.1	2.7	-1.5	-5.6	-7.2	-2.3	-2.3	-1.1	-0.6	-0.4
Gen. Gov. Primary Balance/GDP	0.3	3.1	-1.1	-5.2	-6.4	-1.1	-1.0	0.2	0.6	0.8
Gen. Gov. Debt (US$ Bil.)	0.22	0.22	0.25	0.43	0.62	0.71	0.74	0.70	0.71	0.72
Gen. Gov. Debt/GDP	7.8	7.3	8.0	13.4	20.3	24.1	24.5	22.8	22.4	21.9
Gen. Gov. Debt/Gen. Gov. Revenue	42.2	35.9	41.0	68.0	108.4	114.5	112.4	103.8	100.8	98.4
Gen. Gov. Int. Pymt/Gen. Gov. Revenue	2.2	1.8	1.9	2.2	4.1	5.4	6.0	6.0	5.1	5.2
Gen. Gov. FC & FC-indexed Debt/GG Debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gross Borrowing Requirements/GDP	0.6	-2.2	2.1	6.4	8.2	3.3	7.6	2.1		
General Government External Debt/Total General Government Debt								100.0		

Cayman Islands

	2005	2006	2007	2008	2009	2010	2011	2012	2013F	2014F
External Payments and Debt										
Nominal Exchange Rate (local currency per US$, Dec)	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83
Real Eff. Exchange Rate (% change)	--	--	--	--	--	--	--	--	--	--
Current Account Balance (US$ Bil.)	--	-0.62	-0.70	-0.67	-0.62	-0.61	-0.66	-0.67	-0.67	-0.67
Current Account Balance/GDP	--	-17.7	-18.3	-17.4	-17.0	-17.1	-18.2	-18.1	-17.6	-16.9
External Debt (US $Bil) [5]	0.22	0.22	0.25	0.43	0.62	0.71	0.74	0.70	0.71	0.72
Public Sector External Debt/Total External Debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-Term External Debt/Total External Debt	--	--	--	--	--	--	--	--	--	--
External Debt/GDP	7.8	7.3	8.0	13.4	20.3	24.1	24.5	22.9	22.4	21.9
External Debt/CA Receipts	--	5.3	5.1	8.5	15.1	20.2	17.7	15.0	15.3	15.5
Interest Paid on External Debt (US$ Bil.) [4]	0.01	0.01	0.01	0.01	0.02	0.03	0.04	0.04	0.04	0.04
Amortization Paid on External Debt (US$ Bil.) [6]	0.01	0.02	0.02	0.02	0.03	0.03	0.16	0.03	0.02	0.02
Net Foreign Direct Investment/GDP	--	--	--	--	--	--	--	--	--	--
Net International Investment Position/GDP	--	--	--	--	--	--	--	--	--	--
Official Foreign Exchange Reserves (US$ Bil.)	0.11	0.12	0.13	0.12	0.12	0.11	0.11	0.12	0.12	0.13
Net Foreign Assets of Domestic Banks (US$ Bil)	0.05	0.01	0.02	0.00	-0.02	-0.03	-0.04	-0.02	--	--
Monetary, External Vulnerability and Liquidity Indicators										
M2 (% change, Dec/Dec)	--	--	--	--	-5.5	2.0	-4.6	18.6	--	--
Short-term Nominal Interest Rate (% per annum, Dec 31)	--	--	--	3.75	3.25	3.25	3.25	3.25	--	--
Domestic Credit (% change Dec/Dec)	--	--	--	--	2.7	6.0	3.3	-1.8	--	--
Domestic Credit/GDP	--	--	--	91.7	102.7	111.0	108.8	104.6	--	--
M2/Official Forex Reserves (X)	--	--	--	10.0	9.6	11.0	9.9	11.2	--	--
Total External Debt/Official Forex Reserves	201.5	181.1	197.5	349.4	511.2	663.2	648.4	591.5	595.0	553.8
Debt Service Ratio [4]	--	0.7	0.6	0.8	1.3	1.8	4.8	1.5	1.3	1.2
External Vulnerability Indicator [5]	13.1	16.2	16.5	19.4	25.5	25.8	149.8	27.4	16.8	15.0
Liquidity Ratio [6] [7]	17.1	16.7	17.1	13.1	17.1	19.2	21.2	29.5	--	--
Total Liab. due BIS banks/Total Assets held in BIS banks	101.7	106.1	101.2	84.3	93.4	96.0	101.5	104.8	--	--

Notes:

[1] Cayman Islands' population is below 50,000 and appears as 0.0 million in data series due to rounding

[2] Composite index with values from -2.50 to 2.50: higher values suggest greater maturity and responsiveness of government institutions

[3] Central Government

[4] (Interest + Current-Year Repayment of Principal)/Current Account Receipts

[5] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Total Nonresident Deposits Over One Year)/Official Foreign Exchange Reserves

[6] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks

[7] 2003 reflects debt prepayment and refinancing

Moody's Related Research

Credit Opinion:

» Cayman Islands, Government of

Rating Action:

» Moody's Affirms the Cayman Islands' Aa3 Sovereign Rating, Maintains Stable Outlook

Issuer Comment:

» Cayman Islands' Health Tourism Project Supports Economic Diversification, a Credit Positive, February 2013 (149748)

Rating Methodology:

» Sovereign Bond Ratings, September 2013 (157547)

Special Comment:

» Sovereign Default and Recovery Rates, June 2013 (154805)

Moody's Website Links:

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» Sovereign Ratings List

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For additional information, please see:

» Cayman Islands Economics and Statistics Office

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