

BERMUDA MONETARY AUTHORITY



CIRCULATION LIST

1. _____
2. _____
3. _____
4. _____
5. _____

QUARTERLY NOTICE

FIRST QUARTER 2001



BERMUDA MONETARY AUTHORITY

Quarterly Notice

First Quarter 2001

CONTENTS

General Commentary	2
Bermuda Money Supply	3
BD\$ Deposit Profile - Combined Banks and Deposit Companies (Unconsolidated)	4
Combined Balance Sheets of Bermuda Banks and Deposit Companies (Consolidated)	5
Combined Banks and Deposit Companies Foreign Currency Position (Consolidated)	6
Balance of Payments Estimates	7
Balance of Payments Commentary.....	8
Companies, Partnerships and Permits Statistics.....	9
Collective Investment Schemes Statistics	10

Prepared and Published by the Bermuda Monetary Authority (© BMA 2001).

**All enquiries relating to this Notice should be directed to the General Manager of the Bermuda Monetary Authority.
The contents of this publication may be reproduced providing the source is acknowledged.**



BERMUDA MONETARY AUTHORITY

Quarterly Notice

First Quarter 2001

GENERAL COMMENTARY

- **Offshore Group of Collective Investment Scheme Supervisors (OGCISS)**

The fourth annual meeting of OGCISS was held in Tortola, British Virgin Islands on 25-26 January 2001. The Group held wide-ranging discussions on developments in the regulatory framework and approach for the mutual funds industry in the different jurisdictions, including an exchange of views on experience in dealing with some recent fund problems. The Group recognised the critical importance of training and agreed to pursue a programme dedicated to the specific needs of members. OGCISS is currently chaired by the Authority's General Manager.

- **Banking supervision**

The Authority took part in a further meeting of the Basel Cross-Border Group of Banking Supervisors in Miami on 14 and 15 February 2001. The Group, bringing together representatives of the G10 countries and Switzerland as well as of the Offshore Group of Banking Supervisors, remains an important forum for discussing developments in banking supervisory approaches and standards.

- **White paper review**

The Chairman and General Manager together with the Registrar of Companies attended a meeting with the UK Foreign & Commonwealth Office and HM Treasury, together with representatives of the Caribbean Overseas Territories, held in Miami on 27 February 2001. The meeting reviewed follow-up action taken and planned, in light of the recommendations of the KPMG Report, published in October 2000.

- **IMF Coordinated Portfolio Investment Survey (CPIS)**

The Manager, Policy, Research & Statistics Division attended a meeting held in Grand Cayman from 7-9 February 2001, bringing together national compilers from eleven smaller centres which have agreed to take part in the forthcoming 2001 CPIS. The meeting focussed on detailed planning for the 2001 CPIS.

- **Consultative papers**

As part of the Government's ongoing programme of updating Bermuda's financial services legislation, the Authority circulated during the quarter consultative papers to the relevant industry groups and other interested parties on

- amendments to trust services legislation
- amendments to the Investment Business Act 1998
- Amendments to the Bermuda Monetary Authority (Collective Investment Scheme Classification) Regulations 1998

The proposed legislation affecting trust service providers was the focus of particular discussion with the industry, the Ministry of Finance and the Attorney General's Chambers during the quarter, with a view to the early introduction of a Bill.



BERMUDA MONETARY AUTHORITY

Quarterly Notice

First Quarter 2001

BERMUDA MONEY SUPPLY

(BD\$ millions)

	1999-Q4	2000-Q1	2000-Q2	2000-Q3	2000-Q4	2001-Q1
Notes & Coins in Circulation*	91	73	74	71	84	76
Demand, Time & Savings Deposits						
Banks (unconsolidated basis)	1,520	1,542	1,593	1,555	1,530	1,562
Deposit Companies	956	960	972	966	973	983
	2,567	2,575	2,639	2,592	2,587	2,621
Less: Cash at Banks	30	15	15	16	28	20
Less: Deposit Company Balances at Banks	101	98	103	107	94	86
Bermuda Money Supply	2,436	2,462	2,521	2,469	2,465	2,515
% Growth on Previous Period	0.25%	1.07%	2.40%	-2.06%	-0.16%	2.03%
% Growth Year-on-Year	6.94%	5.85%	4.35%	1.61%	1.19%	2.15%

Totals may not add due to rounding

* This table includes the supply of Bermuda dollars only. United States currency is also in circulation in Bermuda but the amount has not been quantified.



BERMUDA MONETARY AUTHORITY
Quarterly Notice

First Quarter 2001

**BD\$ DEPOSIT PROFILE –
 COMBINED BANKS AND DEPOSIT COMPANIES (Unconsolidated)**

(BD\$ millions)	1999-Q4	2000-Q1	2000-Q2	2000-Q3	2000-Q4	2001-Q1
Bank Deposit Liabilities	1,520	1,542	1,593	1,555	1,530	1,562
Deposit Company Deposit Liabilities	956	960	972	966	973	983
	2,476	2,502	2,565	2,521	2,503	2,545
Less:						
Deposit Company Balances at Banks	(101)	(98)	(103)	(107)	(94)	(86)
Total Deposit Liabilities	2,375	2,404	2,462	2,414	2,409	2,459
Less:						
Bank Loans & Advances	(1,135)	(1,177)	(1,182)	(1,221)	(1,234)	(1,271)
Deposit Company Loans & Mortgages	(784)	(793)	(810)	(808)	(845)	(866)
Total Loans, Advances and Mortgages	(1,919)	(1,970)	(1,992)	(2,029)	(2,079)	(2,137)
SURPLUS DEPOSITS	456	434	470	385	330	322
Percentage of Deposit Liabilities Lent	80.8%	81.9%	80.9%	84.1%	86.3%	86.9%
Totals may not add due to rounding						



BERMUDA MONETARY AUTHORITY
Quarterly Notice

First Quarter 2001

**COMBINED BANKS AND DEPOSIT COMPANIES FOREIGN CURRENCY POSITION
(CONSOLIDATED)**

(BD\$ millions)	1999 - Q4	2000 - Q1	2000 - Q2	2000 - Q3	2000 - Q4	2001 - Q1
Total Foreign Currency Assets	13,466	14,417	14,136	15,175	14,749	14,793
Less: Other Assets	181	249	245	201	193	283
Less: Foreign Currency Loans to Residents	277	273	280	271	314	253
Net Foreign Currency Assets	13,008	13,895	13,611	14,703	14,242	14,257
Foreign Currency Liabilities	12,296	13,189	12,877	13,957	13,563	13,484
Add: BD\$ Deposits of Non-Residents	71	71	96	113	121	146
Net Foreign Currency Liabilities	12,367	13,260	12,973	14,071	13,684	13,630
Net Foreign Currency Position (consolidated)	641	635	638	632	558	627



BERMUDA MONETARY AUTHORITY

Quarterly Notice

First Quarter 2001

BALANCE OF PAYMENTS ESTIMATES

(BD) MILLIONS	1998	1999	2000	2001 YTD	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
CURRENT ACCOUNT									
PAYMENTS									
Merchandise(Imports)	629	712	719	200	178	187	170	184	200
Shipping & Other Transportation	101	108	114	26	30	30	28	26	26
Travel	222	212	216	32	30	53	79	54	32
Investment Income	61	56	64	15	14	17	18	15	15
Profess. Man. & Tech. Service	59	77	93	25	21	23	24	25	25
Other Goods Services & Income	211	220	233	65	52	57	63	61	65
Current Transfers	109	164	174	47	37	44	46	47	47
	1392	1549	1613	410	362	411	428	412	410
RECEIPTS									
Merchandise(Exports)	33	51	51	9	11	20	8	12	9
Shipping & Other Transportation	16	20	26	9	6	11	5	4	9
Travel	481	483	434	37	47	164	154	69	37
Investment Income	188	208	232	159	68	54	49	61	159
Profess. Man. & Tech. Service	759	912	930	221	216	218	250	246	221
Other Goods Services & Income	123	120	123	33	32	28	31	32	33
Current Transfers	15	15	14	4	4	3	3	4	4
	1615	1809	1810	472	384	498	500	428	472
NET BALANCE									
Merchandise (Trade)	(596)	(661)	(668)	(191)	(167)	(167)	(162)	(172)	(191)
Shipping & Other Transportation	(85)	(88)	(88)	(17)	(24)	(19)	(23)	(22)	(17)
Travel	259	271	218	5	17	111	75	15	5
Investment Income	127	152	168	144	54	37	31	46	144
Profess. Man. & Tech. Service	700	835	837	196	195	195	226	221	196
Other Goods Services & Income	(88)	(100)	(110)	(32)	(20)	(29)	(32)	(29)	(32)
Current Transfers	(94)	(149)	(160)	(43)	(33)	(41)	(43)	(43)	(43)
Current A/C Surplus/Deficit	223	260	197	62	22	87	72	16	62
CAPITAL & FINANCIAL ACCOUNT									
CAPITAL ACCOUNT	0	0	2	0	0	0	1	1	0
FINANCIAL ACCOUNT									
Net Long Term Investment	(109)	(173)	(119)	(127)	(28)	(35)	(26)	(30)	(127)
Net Short Term Investment	(230)	11	(40)	102	(27)	(12)	9	(10)	102
of which : Authorised Dealers	(229)	33	(41)	95	(42)	(10)	7	4	95
: BMA	(1)	(22)	1	7	15	(2)	2	(14)	7
Capital & Financial A/C Balance	(339)	(162)	(157)	(25)	(55)	(47)	(16)	(39)	(25)
BALANCING ITEM	116	(98)	(40)	(37)	33	(40)	(56)	23	(37)
Totals may not add due to rounding									



BERMUDA MONETARY AUTHORITY

Quarterly Notice

First Quarter 2001

BALANCE OF PAYMENTS COMMENTARY

Introduction

The balance of payments figures are, to a large extent, based on estimated and historical data; they should therefore be interpreted with a suitable degree of caution. The estimates for **professional, managerial and technical services** receipts for 1999 and 2000 have been revised in light of the findings of *International Companies 1999*, a study conducted by Dr. Brian Archer as a consultant to the Ministry of Finance. Certain **current account** payment categories which have a relationship with the **professional, managerial and technical services** receipts have been revised also.

Current Account

Provisional estimates for the first quarter of 2001 recorded a surplus on **current account** of \$62 million, significantly above the level seen in the first quarter of 2000.

- **Payments**
Payments in the first quarter of 2001 increased by \$48 million compared to the first quarter of 2000.
- **Receipts**
Receipts in the first quarter of 2001 increased by \$88 million compared to the first quarter of 2000. This increase is largely attributable to investment profits realised by pension funds.

Capital and Financial Account

The **capital and financial account**, which comprises **capital transfers, long term investment and short term investment**, recorded an estimated net outflow of \$25 million in the first quarter of 2001 resulting from: -

- **net long term investment** outflow of \$127 million reflecting reinvestment of realised profits, offset by continuing inflows of foreign capital; and
- **net short term investment** inflow of \$102 million, attributable to an decrease of \$95 million and \$7 million in the external holdings of authorised dealers and the Bermuda Monetary Authority respectively.

Note

Where Bermudian exempted companies do not carry on business in Bermuda, their financial flows (other than direct purchases of goods and services from, and their capital account transactions with, Bermuda residents) are excluded from these estimates.



BERMUDA MONETARY AUTHORITY

Quarterly Notice

First Quarter 2001

COMPANIES PARTNERSHIPS & PERMITS STATISTICS

APPLICATIONS APPROVED SUMMARY

	1999-Q4	2000-Q1	2000-Q2	2000-Q3	2000-Q4	2001-Q1
Exempted Companies (Bermuda companies exempted from the 60% Bermudian ownership requirement)	370	399	492	392	378	343
Exempted Partnerships (partnerships established in Bermuda to carry on business in or from within Bermuda)	16	11	40	35	25	31
Overseas Partnerships (overseas partnerships applying for permits to carry on business in or from within Bermuda)	1	6	1	1	3	5
Overseas Companies Permit (overseas companies applying for permits to carry on business in or from within Bermuda)	12	17	12	13	24	19
Unit Trusts	2	3	1	2	1	1
Continuation Companies (companies from other jurisdictions continuing into Bermuda as exempted companies)	7	2	7	12	6	7
Unlimited Liability Companies	0	5	0	0	0	0
Local Companies	43	50	67	50	38	63
Total Applications Approved	451	493	620	505	475	469
Statistics for earlier periods have been revised to reflect more recent data. Detailed statistics may be accessed on the Authority's website www.bma.bm						



BERMUDA MONETARY AUTHORITY
Quarterly Notice

First Quarter 2001

COLLECTIVE INVESTMENT SCHEMES STATISTICS

	1999-Q4	2000-Q1	2000-Q2	2000-Q3	2000-Q4	2001-Q1
Mutual Funds	574	606	630	651	688	736
Sub-Funds	246	262	263	281	285	294
Umbrella Funds	85	87	88	88	88	88
Sub-Funds	169	169	178	185	185	184
Feeder-Funds	58	60	63	70	76	79
Total Mutual Funds	1,132	1,184	1,222	1,275	1,322	1,381
Unit Trusts	84	85	85	86	86	88
Umbrella Trusts	10	11	11	11	11	11
Sub-Trusts	17	19	19	19	19	19
Feeder Trusts	2	2	2	2	2	2
Total Unit Trusts	113	117	117	118	118	120
TOTAL	1,245	1,301	1,339	1,393	1,440	1,501
TOTAL NET ASSET VALUE (IN BILLIONS)	\$33.93	\$36.70	\$39.10	\$42.79	\$46.03	\$48.17