

Bureau of Economic and Social Analysis

Preview of economic and social activities from January to November 2016

Summary: The economy of Panama keeps a positive performance, supported by activities such as the electricity power sector, where gross generation has grown, as well as the consumption of electricity by some of the population; local trade, by the sale of new vehicles, the import of household goods and non-durable consumption goods, but in regards to the situation with its main clients such as Colombia and Venezuela the commercial activity of the Colon Free Zone continued to fall; and transport, for the greatest number of passengers and cargo transported by the airlines.

Economic performance

1.1 Electricity Sector

The gross generation of electrical energy in the country grew 665.1 Gwh or 7.2% to November. 212.7 Gwh more of energy (2.7%) was sold, which meant a moderate growth in demand when compared to last year's (6.9%).

The generation of energy during the last four months is more dynamic because of the hydraulic plants that registered an average increase of 20.7%, resulting in a cumulative growth of 2.1% to November. As a result, the thermal and wind power generation also fell, but the latter due to seasonality.

1.2 Wholesale and retail Trade

The activity continued to grow mainly due to local trade. There was a cumulative sales growth to November of 3.2% of new automobiles. Wholesale local activity increased by means of imports of domestic utensils (7.7%), and non-durable consumer goods (7.6%), including food products.

The wholesale trade continued to fall at the commercial area of the Colon Free Zone, their sales or exports accumulated a decline of 8.0% to November, following four years of deterioration (2013: -5.9%; 2014: -12.6%; 2015: -13.7%), explained by the protectionist barriers levied by Colombia, foreign exchange restrictions and currency devaluation in Venezuela, and in general, by the slowdown many countries in Latin America are undergoing.

Indicators of electricity, commerce and logistics:
January to November 2015 and 2016

Detail	2015	2016	Percentage change
Electric Power Gwh			
Gross Generation	9,221.1	9,886.2	7.2
Billed consumption	7,822.0	8,034.7	2.7
Trade			
Sale of vehicles	59,521	61,455	3.2
Sedan.....	27,111	25,816	-4.8
Buses	16,169	18,099	11.9
Trucks	7,658	9,204	20.2
Rest of vehicles.....	8,583	8,336	-2.9
Merchandise exports, millions of dollars	649,770	590,770	-9.1
Imports of goods, CIF, millions of dollars	11,074,325	10,641,959	-3.9
Logistics Sector			
Panama Canal			
Number of ships that crossed.....	12,667	11,849	-6.5
Revenue, thou- sands of dollars	1,825,180	1,776,067	-2.7
Ports			
Cargo movement, metric tons.....	82,556,601	69,380,004	-16.0
Movement of con- tainers, TEU	6,349,266	5,689,451	-10.4
Colon Free Zone, thousands of dollars			
Total	20,272,768	18,327,810	-9.6
Imports	9,754,572	8,652,207	-11.3
Re-exports.....	10,518,197	9,675,602	-8.0

Source: National Institute of Statistics and Census.

1.3 Transportation

Continued to recover because of communications and air transportation of passengers, which increased 11.1% (from 6.8 million to 7.6 million) at the Tocumen International Airport. There was also an increase in transported cargo (7.5%), measured in metric tons.

Maritime transportation continued to decline, specially the transit of vessels (6.5%), the Panama Canal tolls (2.7%) and the volume of cargo (5.5%) accumulated to November.

However, it is important to highlight that toll revenues showed an improvement in the month of November (1.4%), when compared with the same month of 2015. The same happened with the movement of net tons (7.5%) and the volume of cargo (0.1%), this is right after the Panama Canal started operations of the third set of locks with the passage of new market segments (ships) called neopanaxmax (greater tonnage).

In regards to the movement of containers TEUS, by the National Port System, improved 5.6% in November compared to November of 2015; nevertheless, the accumulated figures to November fell 10.4% as well as the movement of cargo that fell 16.0%.

1.4 Banking

To November, total assets of the National Banking System accounted for B/.99,523.7 million, B/.1,846.9 million or 1.9% more than 2015. The loan portfolio grew (B/.2,682.5 million or 4.3%), same as security investments (B/.449.9 million or 2.8%).

Funding grew for the following activities: industry (22.5%), construction (16.7%), consumer (13.6%), and mortgage loans (11.8%).

Liabilities totaled B/.1,022.1 million, 1.2% more compared to last year. Deposits accounted for 81.7% of total liabilities and grew B/.1,474.9 million or 2.1%, driven by the increase of local deposits (B/.1,677.8 million or 3.7% more).

In regards with earnings, the system accumulated B/.1,181.2 million in net profits, a decline of 3.4%. During this period gross profits increased (8.7%), however, the increase of 78.5 per cent in the provision for bad debt was the reason for the decline on profits.

1.5 Stock Exchange

Stock exchange transactions accounted B/.7,024.5 billion from January to November, a number that

exceeds by B/.2,152.9 million or 44.2% the correspondent figure to November 2015.

Stock market transactions, according to markets and financial instrument:
January to November 2015 and 2016

Stock and Markets	Millions of dollars		Variation	
	2015	2016	Abso-lute	Percen-tage
TOTAL.....	4,871.6	7,024.5	2,152.9	44.2
Market				
Primary.....	3,229.3	3,738.2	508.9	15.8
Secondary..	1,489.6	2,122.6	633.0	42.5
Other.....	152.7	1,163.7	1,011.0	662.1
Entity				
Private.....	3,485.3	4,519.2	1,034.0	30.0
Government	1,386.3	2,505.3	1,119.0	80.7

Source: Bolsa de Valores de Panama, S. A.

The boost came from the primary market transactions (B/.508.9 million more), secondary (B/.633.0 million) and from other transactions (B/.942.4 million).

1.6 Insurance

Insurance companies underwrote an average of 1,453,936 insurance policies (286,126 or 24.5% more). Their earnings were the same (B/.1,238.5 million) as the ones of 2015 and claim payments totaled B/.525.2 million (B/.3.1 million or 0.6%).

Undertaken Insurance policies average, premium earnings and payments per claim:
January to November 2015 and 2016

Year	Average underwrit-ten policies	Million of dollars	
		Premium earnings	Claim pay-ments
2015	1,167,810	1,238.5	522.1
2016	1,453,936	1,238.5	525.2

Source: Superintendencia de Seguros de Panama.

1.7 Manufacturing Industries

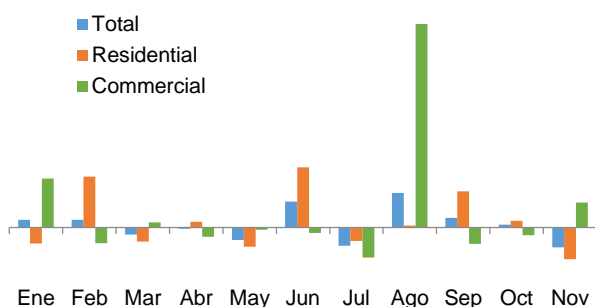
Continue to recover from the production downturn on some activities, especially those associated with domestic production of food such as: chicken meat (6.0%), evaporated milk, powder and condensed milk (6.0%) and pasteurized milk (2.6%). The production of alcoholic beverages (2.2%) and the export of fishmeal and fish oil (13.6) also grew. On

the other hand, non-metallic mineral production is still depressed as the manufacture for ready-mix concrete fell (14.2%) as well as gray cement (4.7%). Some other export indicators also showed a downward trend, such is the case of hides and skins (21.3%) and cattle meat (19.5%).

1.8 Construction

The value of construction permits amounted B/.1,847.1 million or 4.6% less, mainly because of a downturn in the commercial sector that reduced their accumulated investment in B/.51.4 million (6.7%) this year.

Monthly percentage change of the value of construction permits: Year 2016^{a/}



^{a/} Corresponds to the requests for building permits in the following districts: Aguadulce, Arraiján, Colón, Chitré, David, La Chorrera, Panama, San Miguelito and Santiago.

Source: National Institute of Statistics and Census.

However, compared to the previous month the value of this type of permits increased 55.9%, though it was negative in 2015. Despite the cumulative reduction, there were districts where there was an increase in the value of the permits, mainly commercial: Colon (239.3%) and La Chorrera (77.0%).

In addition, the area for residential construction recorded a slight increase (0.8%), driven by constructions in the district of San Miguelito.

1.9 Agriculture, cattle growing, hunting and forestry

The slaughter of cattle continued to fall (12.8%) while pigs slaughter grew (8.9%). Although the production of chicken meat also grew (6.0%) November showed the lowest production level of the year.

1.10 Fishing

Exports of seafood decreased. Shrimp fell (18.2%) and fish fillets, fresh fish, and chilled or frozen fish also fell (19.3%).

1.11 Other community activities, social and personal services

Leisure activities such as gambling and games of chance fell 9.0%. Betting at the racetrack accumulated a downturn of 0.1% to November, although in September and October had evolved positively, while fell in November (6.5%). Betting on slot machines (A type) continue a positive trend during the second half of this year.

Fiscal Policy

Current cash revenue at Central Government totaled B/.5,856.5 million; exceeded those of 2015 by B/.368.4 million (6.7%), because of increased tax revenues (B/.439.2 million or 10.3%), but the aggregate of non-taxed revenue and other taxes decreased (B/.70.8 million or 5.8%). Most of the additional revenue (B/.307.1 million) came from income tax and corporate taxable income, payroll and capital gains obtained from the sale of assets. Meanwhile, public debt amounted to B/.21,518.7 million (B/.1,221.8 million or 6.0% more).

Current cash income of Central Government according to type:

January to November 2015 and 2016

(In millions of dollars)

Detail	2015	2016	Variation	
			Absolute	Percentage
Total	<u>5,488.1</u>	<u>5,856.5</u>	<u>368.4</u>	<u>6.7</u>
Tributary	<u>4,265.7</u>	<u>4,705.0</u>	<u>439.2</u>	<u>10.3</u>
Direct Taxes	2,106.9	2,419.9	313.0	14.9
Indirect Taxes ...	2,158.9	2,285.1	126.2	5.8
Non-taxable ...	<u>1,086.8</u>	<u>1,048.7</u>	<u>-38.1</u>	<u>-3.5</u>
Fees, duties and other	714.8	672.5	-42.3	-5.9
Profits of Government companies and contributions	372.0	376.1	4.2	1.1
Other	135.6	102.9	-32.7	-24.1

Source: Ministry of Economy and Finance.

Cost of living

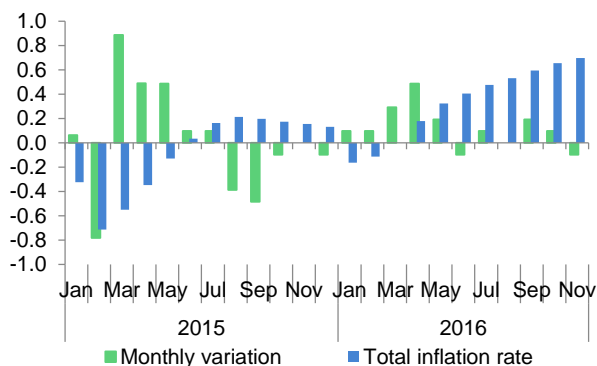
Up to the month of November the national inflation rate was 0.70%. In 2015 was 0.16%. The corresponding inflation on the districts of Panama City and San Miguelito was 0.38%, slightly lower than last year during the same period (0.39%) and the rest of the urban areas 0.70%, 0.4 percentage points more.

The group of goods and services that experienced a lower retail price were: Transportation (2.2%), Housing, water, electricity and gas (1.1%), clothing and footwear (0.94%) and entertainment and culture (0.04%). The remaining eight increased, stood out: Restaurants and hotels (5.5%), alcoholic beverages and tobacco (3.1%) and Health (2.8%). Throughout the year prices were more stable than the previous twelve months, they reflected a lower volatility (0.24 points in 2016 compared with 0.38 points in 2015); out of the 12 groups 10 had a lower price change compared with 2015, they were: Restaurants and hotels, transport and alcoholic beverages and tobacco.

On the other hand, the basic family food basket at the districts of Panamá and San Miguelito showed an average caloric cost of B/.307.46 (B/.6.35 or 2.1% more than in 2015) and the rest of the urban area of the country, B/.280.46 (B/.4.22 or 1.5% more).

Monthly variation of price index paid by the local consumer and inflation rate, per month:
Years 2015 and 2016

(In percentage)



Source: National Institute of Statistics and Census and Ministry of Economy and Finance.

Social Climate

4.1 Labor Contracts

The registration of labor contracts amounted to 406,106 204 formal jobs, or 0.05% more than the same period of the previous year. Only the contracts for a fixed term exceeded those of the previous year (3,253 or 2.0%). The level of registrations in the central offices of Panama stood at 267,899; the number of new registrations were 12,865 or 5.0%. At a regional level the figures (138,208) kept going down (12,661 or 8.4% less) below those of the year before.

Number of registered labor contracts, by region and type: January to November 2015 and 2016

Region	2015	2016
Total.....	<u>405,902</u>	<u>406,106</u>
Fixed.....	160,230	163,483
Indefinite	99,279	96,586
Given work.....	146,393	146,037
Headquarters.....	<u>255,033</u>	<u>267,898</u>
Fixed.....	96,348	104,043
Indefinite	74,124	75,337
Given work.....	84,561	88,518
Regionals Offices.....	<u>150,869</u>	<u>138,208</u>
Fixed.....	63,882	59,440
Indefinite	25,155	21,249
Given work.....	61,832	57,519

Source: Ministry of Labor and Social Development.

4.2 Help to people with disabilities

Guardian Angel Program

B/.14.9 million have been invested in the Guardian Angel program aimed at helping people with severe disabilities, 16.4% more than last year, due to the increase of new handicapped 22.0%.

Angel Guardian budget implementation program:
January to November 2015 and 2016

(In millions of dollars)

Allocated Funds	2015	2016	Percentage Change
Total	<u>12.8</u>	<u>14.9</u>	<u>16.4</u>
Logistics	1.4	2.0	43.6
Funds Transfers...	11.4	12.9	13.1

Source: Ministry of Social Development.

Funds transfers amounted to B/.12.9 million, 13.1% more than last year, the largest number of beneficiaries are located at Panama (4.372) and Chiriquí (3.121) provinces.

Resources allocated to logistics amounted B/.1.98 million, 43.6% more, even after 15.879 people received their payment online through the banking system, 817 located in areas that are difficult to reach.

Other aid

4,187 people in social vulnerability benefited from this program, 1,105 or 35.9% more than 2015.

Aid programs for people with disabilities, at national level, per year:
January to November of 2015 and 2016

Program	2015		2016	
	Quantity	Amount	Quantity	Amount
TOTAL	<u>3,082</u>	<u>647,765</u>	<u>4,187</u>	<u>671,575</u>
Certification ^{1/}	1,885	-	2,823	-
Fami-Empresas (aid program)	273	257,209	339	273,088
Disability Revolving Fund	72	262,756	89	258,087
Economic Allowance.....	852	127,800	936	140,400

^{1/} Refers to parking permissions and tax exemptions.

Source: National Disability Secretariat

B/.671,575 were allocated (3.7% more) to benefit 1.364 people with disabilities, 38.4% pursuing technical aids for 89 people (17 or 23.6%); 40.7% for the implementation of 339 family businesses (66 more) and 20.9% to cover the costs of health and education for 936 people (84 or 9.9% more than 2015). Also issued 2,823 disability certificates and parking permits (933 more), slightly more than half among those under 36 years of age (741 or 53.2%).

4.3 Health

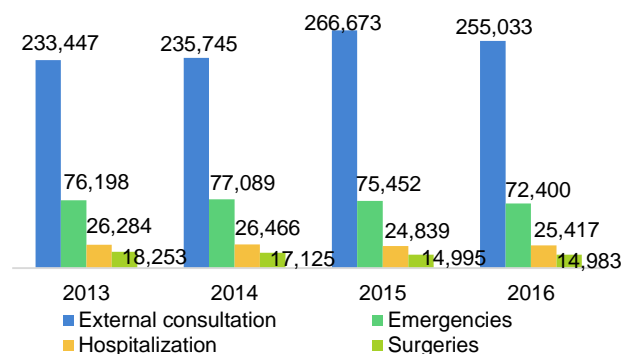
Adult Health

Santo Tomas Hospital admitted 25,417 patients in all its surgery and care rooms, 578 or 2.3% more than in 2015.

For external consultations 255,033 people were taken care of (11.640 or 4.4% less) within the different medical specialties; in medical emergencies 72,400 (3,052 or 4.0% less) and in surgeries 14,983 people (12 or 0.1% surgeries less).

Major medical services provided at the Santo Tomas Hospital: January to November 2013 - 2016

(In thousands)



Source: Santo Tomas Hospital.

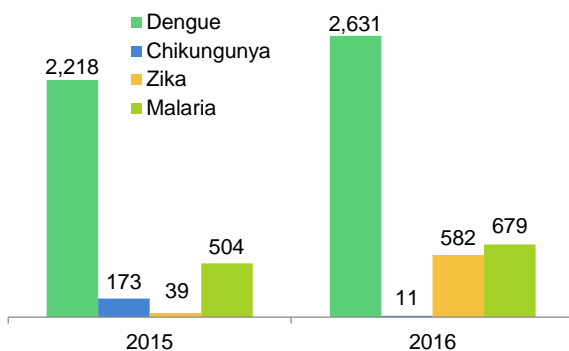
Maternal health

The maternity room at the Santo Tomas Hospital took care of 13,270 births (337 or 2.6% more), 10,033, or 75.6% were natural births and 3.237 or 24.4% by cesarean section. Natural births increased (433, or 4.5%), while the cesarean section decreased (96 or 2.9%). Health care was given primarily to patients without health insurance (92.6%), only 7.4% were insured.

4.4 Epidemiology

The Ministry of Health reported 2.631 (430 more than 2015) dengue infections, while those by Chikungunya virus accounted for 11 cases. On the other hand, the Zika virus increased substantially from its last year November's appearance, from 39 to 582 cases in 2016, resulting in the deaths of three toddlers. Malaria increased too (175 cases) and it is the second leading cause of infestation of the viruses considered in this report to November, with 679 cases, being the health region of Kuna Yala, Panama and Darien where the virus concentrated more with 78.1% of the cases.

Confirmed cases, according to the type of virus:
January to November 2015 and 2016



Source: Ministry of Health. Department of Epidemiology.

4.5 Housing allocations

Housing Solidarity Fund

Allocated B/.48.5 million for the acquisition of 5,332 housing solutions, 2,365 or 79.7% more, for the benefit of 24,627 people of scarce resources (families with monthly income of no higher than B/.1,200.00).

Number of resolutions issued, beneficiaries and amount of transfers from the Housing Solidarity Fund Program: January to November 2015

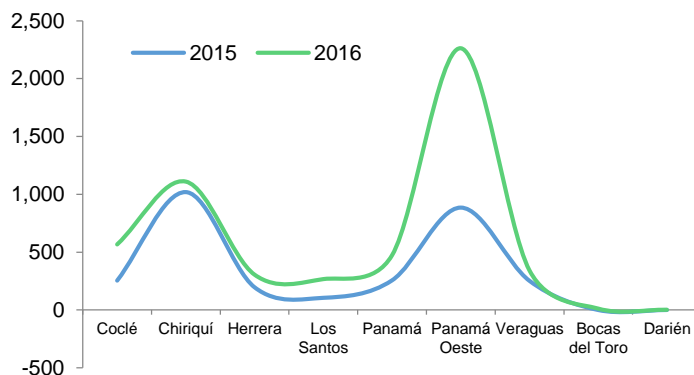
Detail	2015	2016
Resolutions issued ^{1/}	2,967	5,332
Beneficiaries	14,938	24,627
Total Amount (Millions of dollars) ^{1/} ...	18.5	48.5

^{1/} Includes the 5 thousand and 10 thousand dollar bonus.

Source: Ministry of Housing and Land.

More housing solutions were allocated: Panama West, 2,262 (1,377 more); Chiriquí, 1,109 (90 more); Coclé, 566 (312 more), and Panama, 472 (216 more). B/.39.6 million dollars or 70.7% of the total allocations were distributed among these households.

Number of resolutions issued by the Solidarity Housing Fund, according to provinces:
January to November 2015 and 2016



Source: Ministry of Housing and Land.

Urban renewal of Colon

To November 2016 budget execution was 90.0% or B/.121.4 million, distributed for labor, material supplies and equipment. On average, the construction works show a physical progress of 25.4%.

Ceilings of Hope

Their budgetary implementation reached 66.0% or B/.90.6 million, out of a total of B/.137.2 million (amended budget) for the 2016 fiscal period. The works show an average progress of 27.1%.



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